

Financial Statements

AUDITOR'S REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Attock Petroleum Limited as at June 30, 2013 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- (a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- (b) in our opinion
 - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - (ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2013 and of the profit, total comprehensive income, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.



Chartered Accountants
Islamabad
August 14, 2013

Engagement partner: M. Imtiaz Aslam

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Balance Sheet

As at June 30, 2013

	Note	2013 Rupees ('000)	2012
SHARE CAPITAL AND RESERVES			
Authorised capital	6	1,500,000	1,500,000
Issued, subscribed and paid up capital	6	691,200	691,200
Reserves			
Special reserves	7	85,584	54,864
Revenue reserve			
Unappropriated profit		13,266,673	11,637,259
		14,043,457	12,383,323
NON CURRENT LIABILITIES			
Long term deposits	8	265,871	245,729
Deferred income tax liability	9	197,000	167,000
		462,871	412,729
CURRENT LIABILITIES			
Trade and other payables	10	15,413,808	17,666,747
Provision for income tax		177,383	68,342
		15,591,191	17,735,089
CONTINGENCIES AND COMMITMENTS			
	11	30,097,519	30,531,141

	Note	2013 Rupees ('000)	2012
NON CURRENT ASSETS			
Property, plant and equipment	12	1,862,742	1,601,576
Long term investments in associated companies	13	878,111	856,037
Long term prepayments	14	-	10,733
CURRENT ASSETS			
Stores and spares		27,565	15,620
Stock in trade	15	5,156,298	4,165,895
Trade debts	16	9,309,671	15,351,310
Advances, deposits, prepayments and other receivables	17	949,032	843,072
Short term investments	18	1,943,783	873,168
Cash and bank balances	19	9,970,317	6,813,730
		27,356,666	28,062,795
		30,097,519	30,531,141

The annexed notes 1 to 38 form an integral part of these financial statements.



Shuaib A. Malik
Chief Executive



Abdus Sattar
Director

Profit and Loss Account

For the year ended June 30, 2013

	Note	2013 Rupees ('000)	2012
Sales	20	191,181,800	176,812,437
Sales tax		(26,471,623)	(23,969,000)
NET SALES		164,710,177	152,843,437
Cost of products sold	21	(159,533,376)	(148,255,584)
GROSS PROFIT		5,176,801	4,587,853
Other income	22	1,164,542	1,351,963
Operating expenses	23	(1,467,988)	(889,356)
OPERATING PROFIT		4,873,355	5,050,460
Finance income	24	2,750,456	2,196,786
Finance costs	24	(1,666,129)	(1,211,047)
Net finance income	24	1,084,327	985,739
Share of profit of associated companies	13	46,241	26,506
Other charges	25	(410,519)	(415,965)
PROFIT BEFORE TAXATION		5,593,404	5,646,740
Provision for taxation	26	(1,686,870)	(1,526,425)
PROFIT FOR THE YEAR		3,906,534	4,120,315
Earnings per share - Basic and diluted (Rupees)	27	56.52	59.61

The annexed notes 1 to 38 form an integral part of these financial statements.



Shuaib A. Malik
Chief Executive



Abdus Sattar
Director

Statement of Comprehensive Income

For the year ended June 30, 2013

	2013	2012
	Rupees ('000)	
PROFIT FOR THE YEAR	3,906,534	4,120,315
Other comprehensive income	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	3,906,534	4,120,315

The annexed notes 1 to 38 form an integral part of these financial statements.



Shuaib A. Malik
Chief Executive



Abdus Sattar
Director

Cash Flow Statement

For the year ended June 30, 2013

	2013	2012
	Rupees ('000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Cash receipts from customers	171,767,168	149,782,129
Price differential claims received from Government	-	19,110
Payments for purchase of products and operating expenses	(163,930,670)	(143,332,420)
Other charges paid	(273,060)	(348,900)
Long term deposits received	20,142	36,413
Income tax paid	(1,547,829)	(1,942,623)
Cash flow from operating activities	6,035,751	4,213,709
CASH FLOW FROM INVESTING ACTIVITIES		
Addition to property, plant and equipment	(485,684)	(402,248)
Proceeds from sale of property, plant and equipment	610	477
Long term investments in associated companies	-	(11,578)
Short term investments	(965,033)	(296,331)
Income received on bank deposits and short term investments	789,881	528,789
Dividend received from associated companies	24,167	25,004
Cash flow from investing activities	(636,059)	(155,887)
CASH FLOW FROM FINANCING ACTIVITIES		
Dividends paid	(2,244,902)	(3,278,768)
Cash used in financing activities	(2,244,902)	(3,278,768)
Effect of exchange rate changes	1,797	4,470
INCREASE IN CASH AND CASH EQUIVALENTS	3,156,587	783,524
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	6,813,730	6,030,206
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	9,970,317	6,813,730

The annexed notes 1 to 38 form an integral part of these financial statements.



Shuaib A. Malik
Chief Executive



Abdus Sattar
Director

Statement of Changes in Equity

For the year ended June 30, 2013

	Share capital	Special reserves	Unappropriated profit	Total
	Rupees ('000)			
BALANCE AS AT JUNE 30, 2011	691,200	27,407	10,827,601	11,546,208
Total comprehensive income for the year	-	-	4,120,315	4,120,315
Transferred to special reserves by associated companies	-	27,457	(27,457)	-
Transaction with owners:				
Final dividend @ 300% relating to year ended June 30, 2011	-	-	(2,073,600)	(2,073,600)
Interim dividend @ 175% relating to year ended June 30, 2012	-	-	(1,209,600)	(1,209,600)
Total transactions with owners	-	-	(3,283,200)	(3,283,200)
BALANCE AS AT JUNE 30, 2012	691,200	54,864	11,637,259	12,383,323
Total comprehensive income for the year	-	-	3,906,534	3,906,534
Transferred to special reserves by associated companies	-	30,720	(30,720)	-
Transaction with owners:				
Final dividend @ 325% relating to year ended June 30, 2012	-	-	(2,246,400)	(2,246,400)
Total transactions with owners	-	-	(2,246,400)	(2,246,400)
BALANCE AS AT JUNE 30, 2013	691,200	85,584	13,266,673	14,043,457

The annexed notes 1 to 38 form an integral part of these financial statements.



Shuaib A. Malik
Chief Executive



Abdus Sattar
Director

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2013

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 was listed on Karachi Stock Exchange on March 7, 2005. 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% (2012: 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.

3. ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company:

		Effective date (annual reporting periods beginning on or after)
IFRS 7	Financial instruments: Disclosures (Amendments)	January 1, 2013
IAS 1	Presentation of financial statements (Amendments)	January 1, 2013
IAS 16	Property, Plant and Equipment (Amendments)	January 1, 2013
IAS 19	Employee benefits (Amendments)	January 1, 2013
IAS 27	Separate Financial Statements (Revised)	January 1, 2013
IAS 28	Investments in Associates and Joint Venture (Revised)	January 1, 2013
IAS 32	Financial instruments: Presentation (Amendments)	January 1, 2013
		& 2014
IAS 34	Interim Financial Reporting (Amendments)	January 1, 2013
IAS 36	Impairment of assets (Amendments)	January 1, 2014
IAS 39	Financial instruments: Recognition and measurement (Amendments)	January 1, 2014
IFRIC 20	Stripping costs in the production phase of a surface mine	January 1, 2013

The management anticipates that, except for the effects on the financial statements of amendments to IAS 19 "Employee Benefits", the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the Company's financial statements other than in presentation / disclosures.

The amendments to IAS 19 require immediate recognition of actuarial gains / losses in other comprehensive income in the period of initial recognition, this change will remove the corridor method and eliminate the ability for entities to recognise all changes in the defined benefit obligation and in plan assets in profit or loss, which currently is allowed under IAS 19; and that the expected return on plan assets recognised in profit or loss is calculated based on the rate used to discount the defined benefit obligation. Further, the changes require immediate recognition

of previously unrecognised past service cost. Following these changes unrecognised actuarial gains/losses and unrecognised past service cost will be recorded immediately in other comprehensive income and profit and loss account respectively.

Unrecognised actuarial losses at June 30, 2013 amount to Rs 297 thousand and unrecognised past service cost at June 30, 2013 amounts to Rs. 5,796 thousand.

Further, the following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which are yet to be notified by the Securities and Exchange Commission of Pakistan, for the purpose of their applicability in Pakistan:

		Effective date (annual periods beginning on or after)
IFRS 1	First-time adoption of International Financial Reporting standards	July 1, 2009
IFRS 9	Financial instruments	January 1, 2015
IFRS 10	Consolidated financial statements	January 1, 2013
IFRS 11	Joint arrangements	January 1, 2013
IFRS 12	Disclosure of interests in other entities	January 1, 2013
IFRS 13	Fair value measurement	January 1, 2013
IFRIC 21	Levies	January 1, 2014

The following interpretations issued by the IASB have been waived of by SECP effective January 16, 2012:

IFRIC 4	Determining whether an arrangement contains lease
IFRIC 12	Service concession arrangements

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of measurement

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

4.2 Staff retirement benefits

The Company operates following staff retirement benefit funds:

- i) Approved defined benefit funded gratuity 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, 2013. The details of the valuation are given in note 29. Past service cost in respect of vested benefits is recognised immediately as an expense whereas past service cost related to non-vested benefits is recognised as expense on a straight-line basis over the average period until such benefits become vested. 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 6,831 thousand (2012: Rs 4,185 thousand) are charged to income for the year.

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2013

4.3 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decision. The management has determined that the Company has a single reportable segment as the Board of Directors views the Company's operations as one reportable segment.

4.4 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.

4.5 Foreign currency transactions and translations

Transactions in foreign currencies are converted into Rupees at the rates of exchange ruling on the date of the transaction. All assets and liabilities denominated in foreign currencies are translated into functional currency at exchange rate prevailing at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary items at year-end exchange rates, are charged to income for the year.

4.6 Trade and other payables

Liabilities for creditors and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for the goods and/or services received whether or not billed to the Company.

4.7 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.

4.8 Dividend distribution

Final dividend distributions to the Company's shareholders are recognised as a liability in the financial statements in the period in which the dividends are approved by the Company's shareholders at the Annual General Meeting, while interim dividend distributions are recognised in the period in which the dividends are declared by the Board of Directors.

4.9 Property, plant and equipment

Operating fixed assets except freehold land are stated at cost less accumulated depreciation and any accumulated 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. Depreciation on additions is charged from the month in which the asset is available for use and on disposals up to the preceding month of disposal.

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

4.10 Impairment of non-financial assets

Assets that have an indefinite useful life, for example land, are not subject to depreciation and are tested annually for impairment. Assets that are subject to depreciation are reviewed for impairment at each balance sheet date, or wherever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount for which the assets' carrying amount exceeds its recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels, for which there are separately identifiable cash flows. Non-financial assets that suffered an impairment, are reviewed for possible reversal of the impairment at each balance sheet date. Reversals of the impairment loss are restricted to the extent that asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised. An impairment loss or reversal of impairment loss is recognised in income for the year.

4.11 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.

Unrealised gains on transactions between the Company and its associate are eliminated to the extent of the Company's interest in the associate.

4.12 Stores and spares

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

4.13 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.

4.14 Financial instruments

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 in case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. All financial assets and liabilities are initially recognised at fair value plus transaction costs for all financial assets and liabilities not carried at fair value through profit or loss. Financial assets and liabilities carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are charged to income for the year. These are subsequently measured at fair value, amortised cost or cost, as the case may be. Any gain or loss on derecognition of financial assets and financial liabilities is included in income for the year.

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2013

4.15 Financial Assets

The Company classifies its financial assets in the following categories: investments at fair value through profit or loss, held-to-maturity investments, loans and receivables and available for sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. Regular purchases and sales of financial assets are recognised on the trade date - the date on which the Company commits to purchase or sell the asset.

4.15.1 Investment at fair value through profit or loss

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 charged directly to income. The fair value of such investments is determined on the basis of prevailing market prices. The Company's investments at fair value through profit or loss comprise "Short term investment in mutual funds".

4.15.2 Held-to-maturity investments

Investments with fixed payments and maturity that the Company has the intent and ability to hold to maturity are classified as held-to-maturity investments and are carried at amortised cost less impairment losses. The Company's held to maturity investments comprise "Short term deposits" and "Short term investments".

4.15.3 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The Company's loans and receivables comprise "Trade debts", "Advances, deposits and other receivables" and "Cash and bank balances" in the balance sheet. Loans and receivables are carried at amortized cost using the effective interest method.

4.15.4 Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Available-for-sale investments are initially recognised at cost and carried at fair value at the balance sheet date. Fair value of a quoted investment is determined in relation to its market value (current bid prices) at the balance sheet date. If the market for a financial asset is not active (and for unlisted securities), the Company establishes fair value by using valuation techniques. Adjustment arising from remeasurement of investment to fair value is recorded in other comprehensive income and taken to income on disposal of investment or when the investment is determined to be impaired.

4.16 Impairment

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

4.17 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.

4.18 Trade debts

Trade debts are recognised initially at fair value and subsequently measured at cost less provision for doubtful debts. A provision for doubtful debts is established when there is objective evidence that Company will not be able to collect all amounts due according to the original terms of the trade debts. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default of delinquency in payments are considered indicators that the trade debt is doubtful. The provision for doubtful debts is charged to income for the year. When the trade debt is uncollectible, it is written off against the provision. Subsequent recoveries of amounts previously written off are credited to the income.

4.19 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 with original maturities of three months or less, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

4.20 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 and short term investments 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 charged to income, 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 charged to income.

4.21 Operating lease

Lease in which significant portion of risk and reward of ownership are retained by the lessor are classified as operating leases. Payment made under operating leases are charged to income on straight line basis over the period of lease.

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2013

4.22 Taxation

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

Deferred income tax is accounted for using the balance sheet 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 to the extent that it relates to items recognised in other comprehensive income or directly in the equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

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 taxation - note 26; and
- iii) Estimated useful life of property, plant and equipment - note 12.1
- iv) Staff retirement benefits - note 29

	2013	2012
	Rupees ('000)	
6. SHARE CAPITAL		
AUTHORISED CAPITAL		
150,000,000 ordinary shares of Rs 10 each (2012: 150,000,000 ordinary shares of Rs 10 each)	1,500,000	1,500,000
ISSUED, SUBSCRIBED AND PAID UP CAPITAL		
Shares issued for cash		
5,000,000 ordinary shares of Rs 10 each (2012: 5,000,000 ordinary shares of Rs 10 each)	50,000	50,000
Shares issued as fully paid bonus shares		
64,120,000 (2012: 64,120,000) ordinary shares	641,200	641,200
69,120,000 (2012: 69,120,000) ordinary shares of Rs 10 each	691,200	691,200

The associated company Attock Refinery Limited held 15,120,115 (2012: 15,120,115) ordinary shares at the year end.

7. SPECIAL RESERVES

Special reserves includes Rs 83,118 thousand (2012: Rs 52,608 thousand) for expansion and modernisation and Rs 2,466 thousand (2012: Rs 2,256 thousand) on account of maintenance reserve. Reserve for expansion and modernisation 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 upgradation of refineries. Maintenance reserve represents amount retained by Attock Gen Limited (an associate of Attock Refinery Limited) to pay for major maintenance expenses in terms of the Power Purchase Agreement. 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.

	2013	2012
	Rupees ('000)	
9. DEFERRED INCOME TAX LIABILITY		
Deferred tax liability arising due to accelerated tax depreciation	225,000	198,000
Deferred tax asset arising in respect of certain provisions	(28,000)	(31,000)
	<u>197,000</u>	<u>167,000</u>
10. TRADE AND OTHER PAYABLES		
Creditors	8,385	9,855
Due to related parties (unsecured) - note 10.1	11,950,192	14,800,352
Accrued liabilities	1,680,454	1,050,290
Advance from customers	1,355,755	1,504,526
Retention money	59,283	54,910
Workers' welfare fund	342,491	231,064
Unclaimed dividend	17,248	15,750
	<u>15,413,808</u>	<u>17,666,747</u>
10.1 Due to related parties:		
National Refinery Limited	6,683,904	1,459,779
Attock Refinery Limited	5,256,796	13,306,444
Pakistan Oilfields Limited	9,492	15,561
The Attock Oil Company Limited	-	15,796
APL Employees provident fund	-	2,772
	<u>11,950,192</u>	<u>14,800,352</u>

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2013

	2013	2012
	Rupees ('000)	
11. CONTINGENCIES AND COMMITMENTS		
11.1 CONTINGENCIES		
(i) Tax contingency related to proration of expenses against local and export sales for prior years, as per show cause notices of tax department. The Company has filed its response against the show cause notice and no further action has yet been taken by the department.	699,972	850,348
(ii) Corporate guarantees and indemnity bonds issued by the Company to the Collector of Customs.	2,100,602	2,013,101
(iii) Guarantees issued by bank on behalf of the Company.	77,054	78,304
11.2 COMMITMENTS		
(i) Capital expenditure commitments	309,252	323,371
(ii) Commitments for rentals of assets under operating lease agreements as at June 30, 2013 amounting to Rs 1,556,478 thousand (2012: Rs 1,381,421 thousand) payable as follows:		
Not later than one year	126,429	65,572
Later than one year and not later than five years	346,378	311,458
Later than five years	1,083,671	1,004,391
12. PROPERTY, PLANT AND EQUIPMENT		
Operating assets - note 12.1	1,569,820	1,342,228
Capital work in progress - note 12.2	292,922	259,348
	1,862,742	1,601,576

12.1 Operating assets

	Freehold land	Buildings on		Pipelines, pumps, tanks and meters	Equipment signage	Electrical and fire fighting equipment	Furniture, fixture and equipment	Computer and auxiliary equipment	Motor vehicles	Total
		Freehold land	Lease hold land							
Rupees ('000)										
As at July 1, 2011										
Cost	192,444	136,887	113,180	582,010	401,682	74,466	17,446	26,120	82,101	1,626,336
Accumulated depreciation	-	(15,550)	(26,870)	(228,407)	(210,068)	(27,720)	(7,289)	(14,244)	(57,898)	(588,046)
Net book value	192,444	121,337	86,310	353,603	191,614	46,746	10,157	11,876	24,203	1,038,290
Year ended June 30, 2012										
Opening net book value	192,444	121,337	86,310	353,603	191,614	46,746	10,157	11,876	24,203	1,038,290
Additions	-	-	50,283	293,865	104,889	13,812	1,190	2,914	12,424	479,377
Disposals										
Cost	-	-	-	-	(454)	-	-	-	(1,481)	(1,935)
Depreciation	-	-	-	-	454	-	-	-	1,481	1,935
	-	-	-	-	-	-	-	-	-	-
Depreciation charge	-	(8,208)	(5,659)	(66,000)	(71,245)	(7,332)	(1,643)	(4,223)	(11,129)	(175,439)
Closing net book value	192,444	113,129	130,934	581,468	225,258	53,226	9,704	10,567	25,498	1,342,228
As at July 1, 2012										
Cost	192,444	136,887	163,463	875,875	506,117	88,278	18,636	29,034	93,044	2,103,778
Accumulated depreciation	-	(23,758)	(32,529)	(294,407)	(280,859)	(35,052)	(8,932)	(18,467)	(67,546)	(761,550)
Net book value	192,444	113,129	130,934	581,468	225,258	53,226	9,704	10,567	25,498	1,342,228
Year ended June 30, 2013										
Opening net book value	192,444	113,129	130,934	581,468	225,258	53,226	9,704	10,567	25,498	1,342,228
Additions	-	-	70,069	167,915	165,077	35,303	2,322	2,539	8,885	452,110
Disposals										
Cost	-	-	-	-	(826)	-	-	-	(2,154)	(2,980)
Depreciation	-	-	-	-	635	-	-	-	2,154	2,789
	-	-	-	-	(191)	-	-	-	-	(191)
Depreciation charge	-	(5,656)	(10,334)	(91,087)	(89,474)	(10,006)	(1,832)	(4,135)	(11,803)	(224,327)
Closing net book value	192,444	107,473	190,669	658,296	300,670	78,523	10,194	8,971	22,580	1,569,820
As at June 30, 2013										
Cost	192,444	136,887	233,532	1,043,790	670,368	123,581	20,958	31,573	99,775	2,552,908
Accumulated depreciation	-	(29,414)	(42,863)	(385,494)	(369,698)	(45,058)	(10,764)	(22,602)	(77,195)	(983,088)
Net book value	192,444	107,473	190,669	658,296	300,670	78,523	10,194	8,971	22,580	1,569,820
Annual rate of										
Depreciation (%)	-	5	5	10	20	10	10	20	20	

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For the year ended June 30, 2013

	Civil works	Pipelines, pumps tanks and equipment	Advances to contractors	Total
	Rupees ('000)			
12.2. Capital work in progress				
As at July 1, 2011	37,695	216,784	81,998	336,477
Additions during the year	24,996	334,666	40,406	400,068
Transfers during the year	(44,118)	(365,810)	(67,269)	(477,197)
Balance as at June 30, 2012	18,573	185,640	55,135	259,348
As at July 1, 2012	18,573	185,640	55,135	259,348
Additions during the year	67,025	325,643	90,159	482,827
Transfers during the year	(70,071)	(370,398)	(8,784)	(449,253)
Balance as at June 30, 2013	15,527	140,885	136,510	292,922

	2013	2012
	Rupees ('000)	
12.3 Cost of Property, plant and equipment held by dealers of retail outlets of the Company are as follows:		
Pipelines, pumps, tanks and meters	384,899	269,091
Equipment - signage	661,778	495,547
Buildings	187,893	120,248
Electric and fire fighting equipment	43,162	12,699

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.

The above assets are not in possession of the company as these have been provided to dealers of retail outlets to facilitate them to promote and sell company's products.

12.4 Property, plant and equipment disposals:

All the items of property, plant and equipment disposed during the year had net book value below Rs 50,000.

	2013	2012
	Rupees ('000)	
13. LONG TERM INVESTMENTS IN ASSOCIATED COMPANIES		
Balance at beginning of the year	856,037	842,957
Investment in associated company	-	11,578
Share of profit of associated companies	66,155	76,966
Impairment loss related to investment in National Refinery Limited	(19,914)	(50,460)
	46,241	26,506
Dividend from associated companies	(24,167)	(25,004)
Balance at end of the year	878,111	856,037

- 13.1 Share of profit of associated companies is based on the unaudited financial statements for the nine months ended March 31, 2013 (2012: unaudited financial statements for the nine months ended March 31, 2012) since the audited financial statements for the year ended June 30, 2013 are not presently available.

	2013	2012
	Rupees ('000)	
13.2 The Company's interest in associated companies is as follows:		
National Refinery Limited - Quoted 799,666 (2012: 799,666) fully paid ordinary shares of Rs 10 each including 133,278 (2012: 133,278) bonus shares of Rs 10 each; Cost Rs 321,865 thousand (2012: Rs 321,865 thousand); Quoted market value as at June 30, 2013: Rs 192,384 thousand (2012: Rs 185,035 thousand) - note 13.5	514,495	502,577
Attock Refinery Limited - Quoted 1,432,000 (2012: 1,432,000) fully paid ordinary shares of Rs 10 each including 222,000 (2012: 222,000) bonus shares of Rs 10 each; Cost Rs 310,502 thousand (2012: Rs 310,502 thousand); Quoted market value as at June 30, 2013: Rs 247,092 thousand (2012: Rs 175,950 thousand) - note 13.6	481,515	452,798
Attock Information Technology Services (Private) Limited - Unquoted 450,000 (2012: 450,000) fully paid ordinary shares of Rs 10 each; Cost Rs 4,500 thousand (2012: Rs 4,500 thousand); Value based on net assets as at March 31, 2013 Rs 10,357 thousand (2012: Rs 9,004 thousand)	10,357	9,004
Carrying value on equity method	1,006,367	964,379
Less: Impairment loss - National Refinery Limited	(128,256)	(108,342)
	878,111	856,037
All associated companies are incorporated in Pakistan.		

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2013

13.3 The Company's share in assets, liabilities, revenues and profit of associated companies based on the most recent available financial statements is as follows:

	Assets	Liabilities	Revenues	Profit after tax	Holding
	Rupees ('000)				%
March 31, 2013					
National Refinery Limited	479,896	220,268	1,775,612	23,912	1.00
Attock Refinery Limited	1,457,079	931,847	2,776,937	40,890	1.68
Attock Information Technology Services (Private) Limited	11,104	747	4,962	1,353	10.00
	1,948,079	1,152,862	4,557,511	66,155	
March 31, 2012					
National Refinery Limited	632,911	385,199	1,681,995	38,857	1.00
Attock Refinery Limited	1,584,987	1,102,694	2,404,893	37,105	1.68
Attock Information Technology Services (Private) Limited	9,444	440	4,022	1,004	10.00
	2,227,342	1,488,333	4,090,910	76,966	

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, 2013 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 an average gross profit margin of 3.5% (2012: 5.15%), terminal growth rate of 4% (2012: 3.5%) and capital asset pricing model based discount rate of 18.27% (2012: 20.13%).

13.6 Based on a valuation analysis carried out by the Company, the recoverable amount of investment in Attock Refinery Limited exceeds its carrying amount. 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 1.28% (2012: 1.79%), terminal growth rate of 4% (2012: 3.5%) and capital asset pricing model based discount rate of 18.27% (2012: 20.13%).

	2013	2012
	Rupees ('000)	
14. LONG TERM PREPAYMENTS		
Prepaid rent	10,733	16,099
Less: Shown under current assets - note 17	(10,733)	(5,366)
	-	10,733
15. STOCK IN TRADE		
Petroleum products - note 15.1	5,154,029	4,164,559
Packing material	2,269	1,336
	5,156,298	4,165,895

- 15.1 It includes the Company's share of pipeline stock amounting to Rs 3,801,764 thousand (2012: Rs 2,196,602 thousand) and Rs 263,087 thousand (2012: Rs 1,039,752 thousand) held by Pak-Arab Pipeline Company Limited and Pak Arab Refinery Limited respectively.

	2013	2012
	Rupees ('000)	
16. TRADE DEBTS		
Considered good		
Secured	1,895,843	1,226,681
Unsecured		
Due from related parties - note 16.1	4,141,235	13,191,027
Others	3,272,593	933,602
	7,413,828	14,124,629
	9,309,671	15,351,310
Considered doubtful - unsecured	31,000	31,000
Provision for doubtful debts	(31,000)	(31,000)
	-	-
	9,309,671	15,351,310
16.1 Due from related parties		
Attock Gen Limited	4,099,518	13,148,890
Pakistan Oilfields Limited	21,358	29,264
Attock Cement Pakistan Limited	17,525	12,082
Attock Refinery Limited	1,798	791
National Refinery Limited	1,036	-
	4,141,235	13,191,027
17. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES		
Advances - considered good		
Suppliers	619,335	303,522
Employees against expenses		
Executives	208	101
Other employees	1,388	1,072
	1,596	1,173
	620,931	304,695
Trade deposits and short-term prepayments		
Trade deposits	18,550	8,530
Short-term prepayments	40,962	32,551
	59,512	41,081
Current account balances with statutory authorities in respect of:		
Sales tax	39,400	40,155
Federal excise duty and petroleum levy	12,533	17,749
	51,933	57,904
Accrued income on bank deposits	95,662	20,184

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2013

	2013	2012
	Rupees ('000)	
Other receivables		
Price differential claim receivable from the Government	28,528	28,528
Receivable from oil marketing companies under freight pool	67,678	339,918
Due from related parties - unsecured		
Attock Leisure Management Associates	105	-
APL Gratuity fund	3,050	2,690
Attock Information Technology Services (Private) Limited	281	936
The Attock Oil Company Limited	387	-
Attock Cement Pakistan Limited	57	196
Workers' profit participation fund - note 17.1	20,908	46,940
	120,994	419,208
	949,032	843,072
17.1 Workers' profit participation fund		
Balance at beginning of the year	46,940	1,100
Amount allocated for the year - note 25	(299,092)	(303,060)
Amount paid to Fund's trustees	273,060	348,900
Balance at end of the year	20,908	46,940
18. SHORT TERM INVESTMENTS		
Held to maturity investment in treasury bills - at amortized cost - Note 18.1		
Upto three months	940,713	-
Later than three months but not later than six months	-	-
Later than six months but not later than one year	244,912	545,503
	1,185,625	545,503
Investment in mutual funds at fair value through profit or loss - Note 18.2	758,158	327,665
	1,943,783	873,168
18.1 Short term investments in treasury bills earned interest at effective rate of 10.40% per annum (2012: 12.31%).		
18.2 Units of open ended mutual funds		
NAFA Government Securities Liquid Fund 16,815,367 (2012: 10,859,607) units	168,791	109,164
Askari Sovereign Cash Fund 1,590,713 (2012: 540,564) units	159,957	54,633
UBL Liquidity plus Fund 1,190,661 (2012: 1,089,360) units	119,157	109,320
Meezan Sovereign Fund 3,130,966 (2012: 1,060,017) units	159,804	54,548
MCB Cash Management Optimizer Fund 1,489,149 (2012: Nil) units	150,449	-
	758,158	327,665

	2013	2012
	Rupees ('000)	
19. CASH AND BANK BALANCES		
Cash in hand	3,370	1,947
Bank balances		
On short term deposits	7,902,000	5,500,000
On interest/mark-up bearing saving accounts (includes US \$ 103 thousand; 2012: US \$ 103 thousand)	1,117,881	958,719
On current accounts (includes US \$ 180 thousand; 2012: US \$ 189 thousand)	947,066	353,064
	9,966,947	6,811,783
	9,970,317	6,813,730

19.1 Short term deposits of Rs 80,402 thousand (2012: Rs 81,014 thousand) were under lien with banks against letters of guarantees and letters of credits.

19.2 Balances in short term deposits and saving accounts earned interest/mark-up at weighted average rate of 9.85% per annum (2012: 11.05% per annum).

	2013	2012
	Rupees ('000)	
20. SALES		
Local sales	189,674,330	172,144,825
Export sales	1,867,194	5,181,795
Gross sales	191,541,524	177,326,620
Rebates/discount	(359,724)	(514,183)
	191,181,800	176,812,437
21. COST OF PRODUCTS SOLD		
Opening stock	4,165,895	5,246,705
Purchase of petroleum products and packing material	151,550,103	141,187,387
Excise duty	-	30,579
Petroleum levy	8,973,676	5,956,808
	160,523,779	147,174,774
Closing stock	(5,156,298)	(4,165,895)
	159,533,376	148,255,584
22. OTHER INCOME		
Commission and handling income	1,106,794	1,315,211
Tender and joining fee	10,965	9,458
Gain on sale of property, plant and equipment	419	477
Hospitality income	13,681	8,011
Others	32,683	18,806
	1,164,542	1,351,963

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2013

	2013	2012
	Rupees ('000)	
23. OPERATING EXPENSES		
Salaries and benefits	334,978	292,670
Rent, taxes and other fees - note 23.1	581,188	171,746
Travelling and staff transport	27,536	24,405
Repairs and maintenance	76,407	59,558
Advertising and publicity	9,515	8,008
Printing and stationery	12,129	12,214
Electricity, gas and water	17,639	16,262
Insurance	32,351	27,442
Communication	8,467	7,815
Legal and professional charges	13,334	7,935
Subscription and fees	2,002	1,176
Transportation	10,827	8,405
Auditor's remuneration - note 23.2	5,057	2,774
Exchange loss	48,379	21,168
Depreciation - note 12.1	224,327	175,439
Trade debts written-off during the year	-	642
Others	63,852	51,697
	1,467,988	889,356

23.1 Rent, taxes and other fees include Rs 89,422 thousand (2012: Rs 79,364 thousand) paid under operating lease agreements.

	2013	2012
	Rupees ('000)	
23.2 Auditor's remuneration		
Annual audit	1,188	1,100
Review of half yearly financial statements, audit of staff funds and special certifications	511	422
Tax services	2,980	1,002
Out of pocket expenses	378	250
	5,057	2,774
24. FINANCE INCOME AND COSTS		
Finance income		
Income on bank deposits	865,359	781,468
Income from short term investments measured at amortised cost	75,089	80,294
Gain on re-measurement of fair value of open ended mutual fund units	30,493	27,665
Mark-up on late payments	1,779,515	1,307,359
	2,750,456	2,196,786
Finance costs		
Bank charges	31,345	15,798
Late payment charges	1,634,784	1,195,249
	1,666,129	1,211,047
Net finance income	1,084,327	985,739

	2013	2012
	Rupees ('000)	
25. OTHER CHARGES		
Workers' profit participation fund	299,092	303,060
Workers' welfare fund	111,427	112,905
	<u>410,519</u>	<u>415,965</u>
26. PROVISION FOR TAXATION		
Current tax - For the year	1,660,000	1,574,000
- For prior years	(3,130)	(103,575)
	<u>1,656,870</u>	<u>1,470,425</u>
Deferred	30,000	56,000
	<u>1,686,870</u>	<u>1,526,425</u>
26.1 Reconciliation of tax charge for the year		
	%	%
Applicable tax rate	35.00	35.00
Tax effect of income taxed under final tax regime	(4.94)	(6.55)
Tax effect of income exempt from tax	(0.19)	(0.17)
Tax effect of share of profit of associated companies taxed on the basis of dividend income	(0.25)	(0.12)
Others	0.54	(1.13)
Average effective tax rate charged to income	<u>30.16</u>	<u>27.03</u>
27. EARNINGS PER SHARE		
Profit for the year Rupees ('000)	3,906,534	4,120,315
Weighted average number of ordinary shares in issue during the year (in thousand)	69,120	69,120
Basic and diluted earnings per share (Rupees)	<u>56.52</u>	<u>59.61</u>

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28. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

28.1 Financial assets and liabilities

	Loans and Receivables	Held to maturity investments	Fair value through profit or loss	Total
June 30, 2013	Rupees ('000)			
Financial Assets				
Maturity up to one year				
Trade debts	9,309,671	-	-	9,309,671
Advances, deposits and other receivables	206,678	-	-	206,678
Short term investments	-	1,185,625	758,158	1,943,783
Cash and bank balances	2,068,317	7,902,000	-	9,970,317
	11,584,666	9,087,625	758,158	21,430,449

	Other financial liabilities	Total
	Rupees ('000)	
Financial Liabilities		
Maturity up to one year		
Trade and other payables	14,058,053	14,058,053
Maturity after one year		
Long term deposits	265,871	265,871
	14,323,924	14,323,924

	Loans and Receivables	Held to maturity investments	Fair value through profit or loss	Total
June 30, 2012	Rupees ('000)			
Financial Assets				
Maturity up to one year				
Trade debts	15,351,310	-	-	15,351,310
Advances, deposits and other receivables	419,394	-	-	419,394
Short term investments	-	545,503	327,665	873,168
Cash and bank balances	1,313,730	5,500,000	-	6,813,730
	17,084,434	6,045,503	327,665	23,457,602

	Other financial liabilities	Total
	Rupees ('000)	
Financial Liabilities		
Maturity up to one year		
Trade and other payables	16,162,221	16,162,221
Maturity after one year		
Long term deposits	245,729	245,729
	16,407,950	16,407,950

28.2 Credit quality of financial assets

The credit quality of the Company's financial assets have been assessed below by reference to external credit ratings of counterparties determined by The Pakistan Credit Rating Agency Limited (PACRA) and JCR-VIS Credit Rating Company Limited (JCR-VIS). The counterparties for which external credit ratings were not available have been assessed by reference to internal credit rating determined based on their historical information for any defaults in meeting obligations.

	Rating	2013 Balance Rupees ('000)	2012 Balance
Trade debts			
Counterparties with external credit rating	A1+	2,834	791
	A1	1,888,392	-
Counterparties without external credit rating			
Secured against bank guarantee & letter of credit		1,895,843	1,226,681
Due from related parties		4,138,401	13,190,236
Others		1,384,201	933,602
		9,309,671	15,351,310
Advances, deposits and other receivables			
Counterparties with external credit rating	A1+	94,778	-
	A1	884	-
Counterparties without external credit rating			
		111,016	419,394
		206,678	419,394
Short term investments			
Counterparties with external credit rating	AA+	119,157	273,117
	AAA	328,748	-
	AA	310,253	54,548
Counterparties without external credit rating			
Investment in treasury bills		1,185,625	545,503
		1,943,783	873,168
Bank balances			
	A1+	9,847,423	6,202,453
	A1	119,508	500,015
	A2	16	109,315
		9,966,947	6,811,783

28.3 FINANCIAL RISK MANAGEMENT

28.3.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including currency risk, interest rate risk and price risk). The Company's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

Notes to and Forming Part of the Financial Statements

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(a) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Company's credit risk is primarily attributable to its trade debts and balances at banks. Credit sales are primarily to related parties. The credit risk on liquid funds is limited because counter parties are banks with reasonably high credit ratings.

As of June 30, 2013, trade debts of Rs 4,889,656 thousand (2012: Rs 11,412,635 thousand) were past due but not impaired. The ageing analysis of these trade receivables is as follows:

	2013	2012
	Rupees ('000)	
Due from related parties		
Up to 6 months	1,616,987	7,999,627
6 to 12 months	76	2,549,937
12 months and above	-	-
	1,617,063	10,549,564
Others		
Up to 6 months	3,154,578	790,309
6 to 12 months	11,237	8,104
12 months and above	106,778	64,658
	3,272,593	863,071
	4,889,656	11,412,635

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities.

The Company manages liquidity risk by maintaining sufficient cash and cash equivalents.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the maturity date. The amounts disclosed in the table are undiscounted cash flows.

	Less than 1 Year	Above 1 Year
	Rupees ('000)	
At June 30, 2013		
Long term deposits	-	265,871
Trade and other payables	14,058,053	-
At June 30, 2012		
Long term deposits	-	245,729
Trade and other payables	16,162,221	-

(c) **Market risk**

(i) **Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

Financial assets include Rs 29,557 thousand (2012: Rs 27,218 thousand) and financial liabilities include Rs 56,958 thousand (2012: nil) which were subject to currency risk.

The following significant exchange rates were applied during the year:

	2013	2012
Rupees per USD		
Average rate	96.69	89.44
Reporting date rate	97.68	92.98

At June 30, 2013, the currency had weekend or strengthening by 10% against USD with all other variables at constant, profit after tax would have been Rs 53,640 thousand (2012: Rs 2,722 thousand) lower /higher.

(ii) **Interest rate risk**

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company has no long term interest bearing financial assets and liabilities whose fair value or future cash flows will fluctuate because of changes in market interest rates.

Financial assets and liabilities include balances of Rs 14,012,362 thousand (2012: Rs 20,480,777 thousand) and Rs 2,994,069 thousand (2012: nil) respectively, which are subject to interest rate risk. Applicable interest rates for financial assets have been indicated in respective notes.

If interest rates had been 1% higher/lower with all other variables held constant, profit after tax for the year would have been Rs 70,318 thousand (2012: Rs 157,026 thousand) higher/lower, mainly as a result of higher/lower interest income from these financial assets.

(iii) **Other price risk**

Price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Company is exposed to price risk, because of the investments held by the Company in money market mutual funds, and classified on the balance sheet as fair value through profit and loss. To manage its price risk arising from investments in mutual funds, the Company diversifies its portfolio.

Short term investments include fair value through profit and loss investments of Rs 758,158 thousand (2012: Rs 327,665 thousand) which were subject to price risk.

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2013

If redemption price on mutual funds, at the year end date, fluctuate by 5% higher / lower with all other variables held constant, profit after tax for the year would have been Rs 37,908 thousand (2012: Rs 16,402 thousand) higher / lower, mainly as a result of higher / lower redemption price on units of mutual funds.

28.3.2 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 objectives, 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.

Since inception the gearing ratio of the Company is nil and the Company has financed all its projects and business expansions through only equity financing and never resorted to debt financing.

28.4 Fair value of financial assets and liabilities

The carrying value of financial assets and liabilities approximate their fair value.

29. STAFF RETIREMENT BENEFITS

The latest actuarial valuation of the defined benefit plan was conducted as at June 30, 2013 using the projected unit credit method. Details of the defined benefit plan are:

	2013	2012
	Rupees ('000)	
29.1	The amounts recognised in the balance sheet:	
Present value of defined benefit obligations	18,615	13,552
Fair value of plan assets	(15,572)	(10,748)
Deficit	3,043	2,804
Unrecognised actuarial gain/(loss)	(297)	826
Unrecognised past service cost	(5,796)	(6,320)
Asset recognised in the balance sheet	(3,050)	(2,690)
29.2	The amounts recognised in the balance sheet are as follows:	
Balance as at July 01,	(2,690)	-
Expense recognised in profit and loss account	3,579	8,058
Contributions made during the year	(3,939)	(10,748)
Balance as at June 30,	(3,050)	(2,690)

	2013	2012
	Rupees ('000)	
29.3	The amounts recognised in profit and loss account are as follows:	
	2,983	2,125
Current service cost	1,792	1,505
Interest cost	(1,673)	-
Expected return on plan assets	(47)	-
Recognition of loss (gain)	524	4,428
Past service cost	3,579	8,058
Expense recognised in profit and loss account		
29.4	Changes in the present value of defined benefit obligation are as follows:	
	13,552	-
Present value of defined obligation as at July 01,	1,792	1,505
Interest cost	2,983	2,125
Current service cost	-	10,748
Past service cost	(52)	-
Benefits paid	340	(826)
Actuarial (gain)/loss on obligation	18,615	13,552
Present value of defined obligation as at June 30,		
29.5	Changes in fair value of plan assets are as follows:	
	10,748	-
Fair value of plan assets as at July 01,	1,673	-
Expected return	3,939	10,748
Contributions during the year	(52)	-
Benefits paid	(736)	-
Actuarial gain/(loss)	15,572	10,748
Fair value of plan assets as at June 30,		

The Company expects to contribute Rs 3,667 thousand to its defined benefit gratuity plan during the year 2013-14.

	2013	2012
	Percentage of total investment	
29.6	The major categories of plan assets are as follows:	
	98	-
Investment in treasury bills	2	100
Cash / Bank	100	100
	%	%
29.7	Significant actuarial assumptions at the balance sheet date are as follows:	
	11.25	13.25
Discount rate	11.25	13.25
Expected rate of return on plan assets	9.13	11.00
Expected rate of increase in salaries		

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2013

		2013	2012
		Rupees ('000)	
29.8	Salaries, wages and benefits as appearing in note 23 include amounts in respect of the following:		
	Provident fund	6,831	4,185
	Gratuity fund	3,579	8,058
		10,410	12,243
30.	APL EMPLOYEES PROVIDENT FUND		
a)	Size of the fund (total assets)	24,559	8,988
	Cost of investments made	24,113	6,807
	Fair value of investments made	24,457	6,807
		%	%
	Percentage of investments made	99	76

		2013		2012	
		Amount	% age	Amount	% age
		Rupees ('000)		Rupees ('000)	
b)	Breakup of investment - at cost				
	Treasury bills	21,686	90	-	-
	Investment plus deposit certificates	1,135	5	-	-
	Investment in saving account with bank	1,292	5	6,807	100
		24,113	100	6,807	100

- c) Investments out of provident trust have been made in accordance with the provisions of section 227 of Companies Ordinance, 1984 and the rules formulated for the purpose.

31. 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 32, were as follows:

	2013	2012
	Rupees ('000)	
Associated companies		
Attock Refinery Limited		
Purchase of petroleum products	42,076,254	41,517,038
Purchase of services	88,795	77,791
Late payment charges	1,634,784	1,195,249
Sale of petroleum products	11,295	9,781
Commission and handling income	336,589	330,485
National Refinery Limited		
Purchase of petroleum products	84,595,741	75,131,368
Purchase of services	46,740	16,743
Sale of petroleum products	16,305	17,491
Handling income	770,204	984,727
Attock Gen Limited		
Sale of petroleum products	18,618,970	18,048,609
Mark-up earned on late payments	1,777,138	1,294,629
Pakistan Oilfields Limited		
Purchase of petroleum products	244,110	220,469
Purchase of services	6,476	6,709
Sale of petroleum products	718,723	662,392
Sale of services	282	254
CNG Commission income	1,889	-
The Attock Oil Company Limited		
Purchase of services	57,552	40,566
Sale of services	4,520	2,704
Attock Cement Pakistan Limited		
Purchase of services	2,083	4,123
Sale of petroleum products	283,180	253,972
Sale of services	1,055	949
Attock Information Technology Services (Private) Limited		
Sale of services	5,137	4,558
Attock Hospital (Private) Limited		
Purchase of medical services	2,228	2,035
Other related parties		
Contribution to staff retirement benefits plans		
APL Employees provident fund	6,831	4,185
APL Gratuity fund	3,579	8,058
Contribution to Workers' profit participation fund	299,092	303,060

Notes to and Forming Part of the Financial Statements

For the year ended June 30, 2013

32. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Director		Executives	
	2013	2012	2013	2012	2013	2012
	Rupees ('000)					
Managerial remuneration	9,637	8,158	2,769	2,596	36,798	27,154
Bonus	13,863	13,344	4,091	4,010	20,310	15,298
Company's contribution to provident, pension and gratuity funds	946	2,139	283	1,526	4,403	3,286
Housing and utilities	3,983	3,574	1,130	1,042	17,128	11,595
Other perquisites and benefits	1,350	1,347	1,769	1,667	11,181	7,499
Leave passage	716	716	223	223	291	450
	30,495	29,278	10,265	11,064	90,111	65,282
No. of person(s)	1	1	1	1	37	23

32.1 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.

32.2 In addition, four non-executive directors of the Company were paid meeting fee aggregating Rs 2,192 thousand (2012: Rs 2,012 thousand).

33. SEGMENT REPORTING

33.1 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:

	2013	2012
	Rupees ('000)	
Product		
High Speed Diesel	82,650,011	83,295,518
Furnace Fuel Oil	64,582,376	48,301,129
Premier Motor Gasoline	26,234,611	22,384,651
Bitumen	11,398,949	13,428,862
Others	6,315,853	9,402,277
	191,181,800	176,812,437

33.2 Revenues of Rs 18,618,970 thousand (2012: Rs 18,048,609 thousand) are derived from a single external customer.

34. CORRESPONDING FIGURES

During the year mark-up on late payment has been reclassified from 'Other income' in the corresponding figures to 'Finance income' to conform to current year's presentation.

35. NUMBER OF EMPLOYEES

Total number of employees at the end of year was 251 (2012: 220). Average number of employees was 237 (2012: 210).

36. CAPACITY AND PRODUCTION

Considering the nature of the Company's business, the information regarding capacity has no relevance.

37. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on August 14 , 2013 has proposed a final cash dividend for the year ended June 30, 2013 @ Rs. 45/- per share, amounting to Rs. 3,110,400 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 September 27, 2013.

38. DATE OF AUTHORISATION

These financial statements were authorised for issue by the Board of Directors of the Company on August 14, 2013.



Shuaib A. Malik
Chief Executive



Abdus Sattar
Director

Notice of Annual General Meeting

Notice is hereby given that the 18th Annual General Meeting (being 29th General Meeting) of the Company will be held at Attock House, Morgah, Rawalpindi, on September 27, 2013 at 11:30 a.m. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited financial statements of the Company together with Directors' and Auditor's Reports for the year ended June 30, 2013.
2. To approve a final cash dividend of 450% i.e. Rs. 45/- per share of Rs. 10/- each, as recommended by the Board of Directors for the year ended June 30, 2013.
3. To appoint auditors for the year ending June 30, 2014 and to fix their remuneration.

SPECIAL BUSINESS

4. To consider and, if thought fit, to pass the following Resolution as an ordinary resolution:

"Resolved:

- a. that a sum of Rs. 138.240 million be capitalized out of the free reserves of the Company and applied towards issue of 13.824 million ordinary shares of Rs. 10/- each as fully paid bonus shares in the proportion of one (1) ordinary share for every five (5) ordinary shares held by the members of the Company whose names appear on the register of members as at close of business on September 18, 2013;
- b. that the bonus shares so allotted shall not be entitled for final cash dividend for the year 2012-13;
- c. that the bonus shares so allotted shall rank pari passu in every respect with the existing shares;
- d. that the members entitled to fractions of a share shall be given sale proceeds of their fractional entitlement for which purpose the fractions shall be consolidated into whole shares and sold in the stock market; and

- e. that the Company Secretary be authorised and empowered to give effect to this resolution and to do or cause to do all acts, deeds and things that may be necessary or required for issue, allotment and distribution of bonus shares or payment of the sale proceeds of the fractions. In the case of non resident member(s), the Secretary is further authorised to issue/export the bonus shares after fulfilling the statutory requirements."

BY ORDER OF THE BOARD



Rehmat Ullah Bardaie
Company Secretary

Registered Office:
Attock House,
Morgah, Rawalpindi
September 05, 2013

NOTES:

PARTICIPATION IN THE ANNUAL MEETING:

A member entitled to attend and vote at the meeting is entitled to appoint any other person/representative as his/her proxy to attend and vote. Proxies in order to be effective must be received at the Registered Office of the Company duly stamped and signed not less than 48 hours before the meeting.

CDC Account Holders will further have to follow the under mentioned guidelines as laid down in Circular 1 dated January 26, 2000 issued by the Securities & Exchange Commission of Pakistan.

A. FOR ATTENDING THE MEETING:

- i. In case of individuals, the account holders or sub-account holders and/or the persons whose securities are in group account and their registration details are uploaded as per the regulations, shall authenticate their identity by showing their original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.

- ii. In case of corporate entities, the Board of Directors' resolution/power of attorney with specimen signature of the nominees shall be produced (unless it has been provided earlier) at the time of the meeting.

B. FOR APPOINTING PROXIES:

- i. In case of individuals, the account holders or sub-account holders and/or the persons whose securities are in group account and their registration details are uploaded as per the regulations, shall submit the proxy form as per the above requirements.
- ii. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- iii. Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iv. The proxies shall produce their original CNIC or original passport at the time of meeting.
- v. In case of corporate entities, the Board of Directors resolution/power of attorney with specimen signature of the person nominated to represent and vote on behalf of the corporate entity, shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

EXEMPTION FROM DEDUCTION OF INCOME TAX / ZAKAT:

Members who may be seeking exemption from deduction of income tax or are eligible for deduction at a reduce rate are requested to submit a valid tax certificate or necessary documentary evidence as the case may be. Members desiring non-deduction of zakat are also requested to submit a valid declaration for non-deduction of zakat. Necessary advice in either case must be submitted as required under the law.

CLOSURE OF SHARE TRANSFER BOOKS:

The Share transfer books of the Company will remain closed and no transfer of shares will be accepted for registration from September 19, 2013 to September 27, 2013 (both days inclusive). Transfers received in order at the office of the Company's share registrar, THK Associates

(Private) Limited, Ground Floor, State Life Building-3, Dr. Ziauddin Ahmed Road, Karachi at the close of business on September 18, 2013 will be treated in time for the purpose of payment of final cash dividend and issue of bonus shares, if approved by the shareholders.

COMPUTERIZED NATIONAL IDENTITY CARD NUMBER (CNIC) / NATIONAL TAXPAYER NUMBER (NTN):

Members are requested to provide attested photocopy of their CNIC or NTN (in case of corporate entities) directly to our share registrar in order to meet the mandatory requirement of the SECP, SRO 831(I)/2012 dated July 05, 2012 which requires that the dividend warrant should bear CNIC number of the member.

CHANGE OF ADDRESS:

Members are requested to promptly notify any change of address to the Company's share registrar.

DIVIDEND MANDATE OPTION:

In accordance with the SECP's Circular No.18 of 2012 dated June 5, 2012, the shareholders have been given an opportunity to authorise the Company to make payment of cash dividend through direct credit to shareholder's bank account, if any, declared by the Company in future. To opt for the dividend mandate option as stated, the Dividend Mandate Form available at Company's website i.e. www.apl.com.pk, needs to be duly filled and submitted to our share registrar at the earliest.

STATEMENT UNDER SECTION 160(1)(b) OF THE COMPANIES ORDINANCE, 1984.

A. ISSUE OF BONUS SHARES:

The Directors are of the view that with the existing profitability, the Company's financial position justifies capitalization of Rs. 138.240 million out of the free reserves as at June 30, 2013, by issuing fully paid bonus shares in the proportion of one share for every five shares held. The Directors of the Company, directly or indirectly, are not personally interested in this issue, except to the extent of their shareholding in the Company.

Notice of Annual General Meeting

B. STATEMENT UNDER SRO 27(I)/2012 DATED JANUARY 16, 2012:

Status of the investment in Associated Companies

Information as required under the Regulation 4(2) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2012, the status of the investments in Associated Companies against approval held by the Company in the AGM held on September 27, 2007 is as under:

1. Total investment approved:

The Company has approved equity investment in the following Associated Companies to the extent of maximum 2.5% of the paid up capital of each investee company with overall amount not exceeding Rs. 2,500 million:

National Refinery Limited	(NRL)
Attock Refinery Limited	(ARL)
Pakistan Oilfields Limited	(POL)
Attock Cement Pakistan Limited	(ACPL)

2. Amount of Investment made to date:

Except for ARL, no investment has been made in any other Associated Concern. Investment of Rs. 310.502 million has been made against this approval to date which represents 1.679% of paid up capital of Attock Refinery Limited.

3. Reasons for not having made complete investment to date:

Partial investment has been made in ARL and no investment has been made in other Associated Companies due to change in the Government policies, less than satisfactory growth and improvement in GDP and other macroeconomic indicators respectively. The investment will be made in future depending on the improved macroeconomic factors and feasible investment environment.

4. Major change in financial position of investee companies since the date of last resolution:

Changes in financial position are as follow:

i. Earnings per share (restated):

Name of the Company	Year ended June 30, 2007	Year ended June 30, 2012	Nine Months ended March 31, 2013*
Rs. Per Share			
NRL	52.56	32.74	24.21
ARL	8.78	32.07	37.94
POL	25.11	50.11	36.46
ACPL	9.18	14.43	14.85

ii. Break-up value per share:

Name of the Company	March 31, 2007	June 30, 2012	March 31, 2013*
Rs. Per Share			
NRL	164.21	315.00	324.67
ARL	90.62	174.64	204.07
POL	92.30	149.11	130.00
ACPL	44.52	76.55	73.20

* The above figures are based on latest available financial statements.

Glossary

ACPL	Attock Cement Pakistan Limited
AGM	Annual General Meeting
APL	Attock Petroleum Limited
ARL	Attock Refinery Limited
BPPL(MKTG)	Byco Petroleum Pakistan Limited (Marketing)
BTCPL	Bakri Trading Company Pakistan Limited
CAA	Civil Aviation Authority
CDC	Central Depository Company of Pakistan
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CNIC	Computerized National Identity Card
CNG	Compressed Natural Gas
CPL	Chevron Pakistan Limited
CSR	Corporate Social Responsibility
EBITDA	Earnings before Interest, Taxes, Depreciation and Amortization
EHS	Environment, Health & Safety
EPS	Earnings Per Share
ERP	Enterprise Resource Planning
ETA	Estimated Time of Arrival
FO	Furnace Oil
GDP	Gross Domestic Product
GoP	Government of Pakistan
HOBC	High Octane Blended Component
HRS	Hydrant Refueling System
HSD	High Speed Diesel
HSE	Health, Safety and Environment
IFAC	International Federation of Accountants
IPP	Independent Power Plant
IT	Information Technology
KPK	Khyber Pakhtunkhwa
KW	Kilo Watt
LED	Light Emitting Diode
M.TON	Metric Ton
MBT	Machike Bulk Oil Terminal
MP & NR	Ministry of Petroleum & Natural Resources
NRL	National Refinery Limited
OCAC	Oil Companies Advisory Committee
OGRA	Oil and Gas Regulatory Authority
OMC	Oil Marketing Company
OOTCL	Overseas Oil Trading Company Pakistan
PARCO	Pak-Arab Refinery Company
PMG	Premier Motor Gasoline
POL	Pakistan Oilfields Limited
PSOCL	Pakistan State Oil Company Limited
Pvt.	Private
RBT	Rawalpindi Bulk Oil Terminal
Rs.	Rupees
RVP	Reid Vapour Pressure
SECP	Securities and Exchange Commission of Pakistan
SPL	Shell Pakistan Limited
TPPL	Total-Parco Pakistan Limited
US\$/USD	United States Dollar
WPPF	Workers' Profit Participation Fund
WWF	Workers Welfare Fund

Form of Proxy

18th Annual General Meeting

ATTOCK PETROLEUM LIMITED

I/We M/s _____ of _____ being a member(s) of Attock Petroleum Limited and holding _____ ordinary shares as per Share Register Folio No. _____ CDC Participant I.D. No. _____ CNIC No./Passport No. _____ hereby appoint _____ of _____ or failing him/her _____ of _____ as my/our proxy to vote and act for me/our behalf at the 18th Annual General Meeting of the Company to be held on September 27, 2013 at 11:30 a.m. at Attock House, Morgah, Rawalpindi and at any adjournment thereof.



Signature of Shareholder
(The signature should agree with the specimen registered with the Company)

Dated this _____ day of _____ 2013 Signature of Proxy _____

Witnesses:

1. Signature: _____ 2. Signature: _____

Name: _____ Name: _____

Address: _____ Address: _____

CNIC/ Passport No. _____ CNIC/ Passport No. _____

Important:

1. This Proxy Form, duly completed and signed, must be received at the Registered Office of the Company at Attock House, Morgah, Rawalpindi not less than 48 hours before the time of holding the meeting.
2. For CDC Account Holders / Corporate Entities
In addition to the above the following requirements have to be met.
 - I. Attested copies of CNIC or the passport of the shareholders and the proxy shall be provided with the proxy form.
 - II. The proxy shall produce his/her original CNIC or original passport at the time of the meeting.
 - III. In case of a corporate entity, the Board of Directors resolution / power of attorney with specimen signature shall be submitted along with proxy form to the Company.



AFFIX
CORRECT
POSTAGE

The Secretary,
Attock Petroleum Limited
Attock House, Morgah
Rawalpindi, Pakistan.

www.apl.com.pk



Attock

Attock Petroleum Limited

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