ATTOCK PETROLEUM LIMITED

NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that the 13th Annual General Meeting (being 22nd General Meeting) of the Company will be held at Serena Hotel, Islamabad, on Friday, October 31, 2008 at 3:30 pm 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, 2008.

2. To approve a final cash dividend of 200% i.e. Rs. 20/- per share of Rs. 10/- each, as recommended by the Board of Directors for the year ended June 30, 2008.

3. To appoint auditors for the year ending June 30, 2009 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. 96 million out of profits of the Company available for appropriation as at June 30, 2008, be capitalized and applied for issue of 9.6 million ordinary shares of Rs. 10/- each allotted as fully paid bonus shares to the members of the Company whose names appear on the register of members as at close of business on October 21, 2008 in the proportion of one share for every five shares held;

   b. that the bonus shares so allotted shall not be entitled for final cash dividend for the year 2007-08;

   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. In the case of non resident member(s), the Secretary is further authorised to issue/export the bonus shares after fulfilling the statutory requirements."

5. To consider and if thought appropriate, pass the following resolution as a special resolution as required under Article 29 of the Articles of Association of the Company:

"Resolved:

a. that the Authorised Capital of the Company be and is hereby increased from Rs.750,000,000/- divided into 75,000,000 shares of Rs. 10/- each to Rs. 1,500,000,000 divided into 150,000,000 shares of Rs. 10/- each by the creation of 75,000,000 additional ordinary shares at nominal value of Rs. 10/- each to rank pari passu in every respect with the existing shares of the Company.

b. that the Memorandum and Articles of Association of the Company be and are hereby altered for the increase in Authorised Share Capital from Rs. 750 Million to Rs. 1,500 Million by substituting the clause v. and 6 by:

v. that the Authorised Share Capital of the Company is Rupees One Billion Five Hundred Million (Rs.1,500,000,000) divided into One Hundred Fifty Million (150,000,000) ordinary shares of Rupees Ten (Rs. 10/-) each, with power to increase the capital and to sub-divide the share capital into different classes consisting of ordinary shares only and;

6. The Authorised Share capital of the Company is Rupees One Billion Five Hundred Million (Rs.1,500,000,000/-) divided into One Hundred Fifty Million (150,000,000) ordinary shares having a par value of Rupees Ten (Rs. 10/-) each;

c. that the CEO and/or Company Secretary be and is hereby 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 in connection with the above resolution."

BY ORDER OF THE BOARD

Registered Office:
6, Faisal Avenue, F-7/1, Islamabad

Rehmat Ullah Bardaie
Company Secretary

October 10, 2008

NOTES:

<u>PARTICIPATION IN THE ANNUAL MEETING</u>:

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 by the Securities & Exchange Commission of Pakistan.

A. <u>FOR ATTENDING THE MEETING</u>:

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 regulation, shall authenticate their identity by showing their original 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. <u>FOR APPOINTING PROXIES</u>:

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.

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 declaration for non-deduction of zakat. Necessary advice in either case must be submitted within not more than 15 days from the date of dividend entitlement.

<u>CLOSURE OF SHARE TRANSFER BOOKS</u>:

The Share Transfer Books of the Company will remain closed and no transfer of shares will be accepted for registration from October 22, 2008 to October 31, 2008 (both days inclusive). Transfers received in order at the office of the Company's Share Registrar, THK Associates (Pvt.) Limited, Ground Floor, State Life Building-3, Dr. Ziauddin Ahmed Road, Karachi at the close of business on October 21, 2008 will be treated in time for the purpose of payment of final cash dividend and issue of bonus shares, if approved by the members.

CHANGE IN ADDRESS:

Members are requested to promptly notify any change of address to the Company's Share Registrar.

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

1. **Issue Of Bonus Shares:**

   The Directors are of the view that with the existing profitability, the Company's financial position justifies capitalization of Rs. 96 million out of profits available for appropriation as at June 30, 2008, 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

2. **Increase in Authorised Share Capital:**

   The present Authorised Capital and Paid-up Capital of the Company are Rs. 750 Million and Rs. 480 Million respectively. Keeping in view the expected future growth, the Company may require additional capital to finance the upcoming projects and capital expenditure in the years to come. Therefore, it is proposed to increase the Authorised Capital in accordance with Article 29 (a) of the Articles of Association of the Company and section 92 of the Companies Ordinance 1984 from Rs. 750 Million to Rs. 1,500 Million divided into 150,000,000 ordinary shares of Rs. 10/- each.

STATEMENT UNDER SRO 865(1)/2000 DATED DECEMBER 06, 2000.

In the last AGM held on September 27, 2007 shareholders approved investments in following Associated Companies:

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

Except for ARL, no investment has been made in any other associated concern.

1. **Reasons for not having investment made**

   Due to political transition and deteriorating growth in GDP and macro economic indicators.

2. **Major Change in financial position of investee companies since the date of last resolution**

   There has been no major change in financial position of the NRL, POL and ACPL.

A.F. FERGUSON & CO.

CHARTERED ACCOUNTANTS

KARACHI-LAHORE-ISLAMABAD

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Attock Petroleum Limited as at June 30, 2008 and the related profit and loss account, 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 conduct 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, 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, 2008 and of the profit, 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

ATTOCK PETROLEUM LIMITED

BALANCE SHEET AS AT JUNE 30, 2008

	Note	2008 Rupees ('000)	2007 Rupees ('000)
SHARE CAPITAL AND RESERVES			
Authorised capital	6	750,000	750,000
Issued, subscribed and paid up capital	6	480,000	400,000
Reserves			
Special reserve	7	53,272	18,004
Revenue reserve			
Unappropriated profit		5,002,577	3,036,293
		5,535,849	3,454,297
NON CURRENT LIABILITIES			
Long term deposits	8	121,137	113,821
Deferred income tax liability	9	14,000	13,000
		135,137	126,821
CURRENT LIABILITIES			
Trade and other payables	10	9,813,929	5,296,183
Provision for income tax		28,421	106,466
		9,842,350	5,402,649
CONTINGENCIES AND COMMITMENTS	11		
		15,513,336	8,983,767

	Note	2008 Rupees ('000)	2007 Rupees ('000)
PROPERTY, PLANT AND EQUIPMENT	12	922,621	601,326
LONG TERM INVESTMENTS IN ASSOCIATED COMPANIES	13	709,081	387,246
CURRENT ASSETS			
Stores and spares		5,164	3,163
Stock in trade	14	299,092	341,702
Trade debts	15	5,825,869	2,502,998
Advances, deposits, prepayments and other receivables	16	1,303,249	878,498
Short term investments	17	330,369	202,025
Cash and bank balances	18	6,117,891	4,066,809
		13,881,634	7,995,195
		15,513,336	8,983,767

The annexed notes 1 to 32 form an integral part of these financial statements.

S/d-
Chief Executive

S/d-
Director

ATTOCK PETROLEUM LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2008

	2008	2007
	Rupees ('000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	3,529,552	2,435,606
Adjustment for		
Depreciation	77,187	63,428
Gain on sale of property, plant and equipment	(1,105)	(296)
Income on bank deposits and short term investments	(381,910)	(351,747)
Share of profit of associated companies	(58,918)	(42,319)
	3,164,806	2,104,672
Changes in working capital		
(Increase) in stores and spares	(2,001)	(1,324)
Decrease/(Increase) in stock in trade	42,610	(267,482)
(Increase) in trade debts	(3,322,871)	(522)
(Increase)/Decrease in advances, deposits, prepayments and other receivables	(445,454)	10,698
Increase in trade and other payables	4,516,861	1,237,075
	789,145	978,445
Taxes paid	(965,045)	(985,925)
Net cash from operating activities	2,988,906	2,097,192
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(399,198)	(144,324)
Proceeds from sale of property, plant and equipment	1,821	814
Long term investments in associated companies	(276,245)	-
Short term investments	(100,000)	(200,000)
Income received on bank deposits and short term investments	374,269	330,015
Dividend received from associated companies	13,328	8,330
Net cash used in investing activities	(386,025)	(5,165)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(559,115)	(319,305)
Long term deposits received	7,316	13,183
Net cash used in financing activities	(551,799)	(306,122)
INCREASE IN CASH AND CASH EQUIVALENTS	2,051,082	1,785,905
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	4,066,809	2,280,904
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	6,117,891	4,066,809

The annexed notes 1 to 32 form an integral part of these financial statements.

S/d-
Chief Executive

S/d-
Director

ATTOCK PETROLEUM LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2008

	Share capital	Special reserve	Unappropriated profit	Total
	---------------------------Rupees ('000)------------------------			
Balance as at June 30, 2006	400,000	13,082	1,632,609	2,045,691
Final dividend @ 80% relating to year ended June 30, 2006	-	-	(320,000)	(320,000)
Profit for the year ended June 30, 2007	-	-	1,728,606	1,728,606
Transfer to special reserve by an associated company	-	4,922	(4,922)	-
Balance as at June 30, 2007	400,000	18,004	3,036,293	3,454,297
Final dividend @ 140% relating to year ended June 30, 2007	-	-	(560,000)	(560,000)
Issue of bonus shares	80,000	-	(80,000)	-
Profit for the year ended June 30, 2008	-	-	2,641,552	2,641,552
Transferred to special reserve by associated companies		35,268	(35,268)	-
Balance as at June 30, 2008	480,000	53,272	5,002,577	5,535,849

The annexed notes 1 to 32 form an integral part of these financial statements.

S/d-
Chief Executive

S/d-
Director

ATTOCK PETROLEUM LIMITED

DIRECTORS' REPORT

The Board of Directors of Attock Petroleum Limited (APL) is pleased to present the Annual Report and the audited accounts of the Company for the year ended June 30, 2008.

2007-08 was a tough year for the industry due to the fact that international crude oil prices rose from USD 67/bbl in June 2007 to USD 128/bbl in June 2008 while the Government continued to subsidize the oil prices during the year. The Oil Marketing Companies (OMCs) carried the burden of diesel subsidy through Price Differential Claim (PDC) on High Speed Diesel which increased from Rs 5.21 per liter in June 2007 to Rs 35.03 per liter in June 2008. As a consequence, the companies faced liquidity problems due to piling up of its working capital on account of PDC receivable from the Government of Pakistan (GoP).

The year under review witnessed volumetric growth of around 7% from last year in total industrial trade mainly on account of increase in consumption of white oil. Despite stiff competition your Company managed to increase its market share in white oil from 2.11% during last year to 2.57% during the year and resultantly the year ended with best ever financial results.

Subsequent to the year end, the Government has squeezed OMC's margin on regulated products which will affect the profitability of the OMCs and investment plans. Further Inland Freight Equalization Margin, which used to be self managed by the industry, has been handed over to Oil and Gas Regulatory Authority (OGRA) with depots reduced from 29 to 13.

FINANCIAL REVIEW.

During the year 2007-08, the net sales revenue jumped to Rs 53,242 million compared to Rs 44,131 million in the previous year reflecting an increase of Rs 9,111 million (21 %). The increase in sales revenue has supported in achieving profit after tax of Rs 2,642 million showing an increase of Rs 913 million. This improved performance is attributable to higher international oil prices, improved product mix and effective inventory management. Consequently, earnings per share increased from Rs 36.01 to Rs 55.03.

The cash generated from operations during the year was Rs 2,989 million (2007: Rs 2,097 million) against which net cash used in various investing and financing activities amounted to Rs 386 million and Rs 552 million respectively.

Financial results and appropriations for the year ended June 30, 2008 have been summarized below:

	Rupees in Million
Profit before taxation	3,529.552
Less: Provision for taxation	880.000
Profit after taxation	2,641.552
Add: un-appropriated profit brought forward	2,396.293
Profit available for appropriation	5,037.845
Appropriations:	
Transfer to special reserve by associated Companies	35.268
Final cash dividend @ 200% (Rs 20/- per share of Rs 10/- each)	960.000
Transfer to reserve for issue of bonus shares in the proportion of one share for every five shares held i.e. 20%	96.000
	1091.268
Un-appropriated profit carried forward	**3,946.577**

DIVIDEND

The directors have recommended a final cash dividend @ 200% (Rs 20/- per share of Rs 10/- each) and bonus issue of 20% i.e. one share for every five shares held.

MARKETING & OPERATIONS

Actively pursuing a policy to develop the regional infrastructure and supply chain to cater our customers' needs across the country and abroad, we are contributing to the development and expansion of the petroleum sector of Pakistan in a significant way. Our storage terminals have been specifically designed to meet the existing and future requirements of the Company. The terminals are equipped with most modern facilities like modern computerized metering, international level safety and fire fighting system, certified facility for the calibration of road oil tankers etc. The terminals are directly linked with Refineries through piping network, ensuring unadulterated product supplies. The terminals have a storage facility for High Speed Diesel, Premier Motor Gasoline, Kerosene Oil and Furnace oil.

In order to enhance the filling capacity at Rawalpindi Bulk Oil Terminal (RBT), two new bays with three additional filling points for HSD, PMG, and Naphtha have been added during the year, thus increasing the total filling capacity by around 40%. Capacity of firewater storage has also been increased by 200 kiloliters. Further, building of road network inside terminal and gantry expansion are also being carried out to ensure safe movement of POL products and handling the additional volume to meet the growing demand of feeding products to the upcoming retail outlets.

We remain focused on expanding the retail infrastructure across the Country and to strengthen existing network of retail outlets. 32 pumps were commissioned during the year bringing the total number of operational petrol pumps to 209 as on June 30, 2008. The Company's investment in these pumps stands at Rs. 283 million. In addition to this, 54 retail outlets are currently under construction and an additional 164 are at different stages of securing the necessary licenses. The Company's outlets are fully equipped with modern hardware and best service techniques to provide efficient service to the customers. Other facilities such as highly accurate electronic dispensing units, service stations, tyre shop, tuck shop, mosques and rest areas are also on sight for customers' convenience and satisfaction.

A substantial portion of our sales revenue is generated through the marketing of petroleum products to industrial consumers. These include Furnace Oil, Asphalt, Light Diesel Oil, Solvent Oil, Mineral Turpentine Tar and Jute Batching Oil. These products are marketed throughout Pakistan by selling both to the end-users and through a vast network of distributors.

On export side, the successful launch of the new arrangements for exports to Afghanistan has improved profitability of the Company despite major logistic difficulties. Further, another milestone was achieved by commissioning first international retail outlet at Jalalabad, Afghanistan in November 2007. The Company is also facilitating export of Naphtha to the Middle East, Far East and South Asia.

CONTRIBUTION TOWARDS THE ECONOMY

The Company contributed Rs 8,406 million towards national ex-chequer in the form of taxes and levies and earned precious foreign exchange of US$ 122 million through export of products and commission on related services. The Company is providing premier quality petroleum products even in remote areas particularly the Northern Areas and interior Sindh through its network of retail outlets and distributors contributing for the development of the local labor force, thus promoting employment, technical know-how and improving the earning capacities of the residents.

BUSINESS RISKS & CHALLENGES

Volatility in International Oil Prices

POL prices are the key drivers of an OMC's performance. Higher prices translate into increased revenues. If POL prices decline then the downward movement is going to hit the bottom line growth. The persistent strong though moderating demand together with the perception of tighter supply and rising cost have contributed to the higher oil prices.

Geo-political Risk

The operations of the Company are dependent on timely availability of the POL products provided by the refineries. Refineries, in turn, are dependent upon the availability of crude oil from the gulf region, except for ARL, which uses indigenous crude oil. There is a risk that due to political instability in the region there may be a disruption in the supply thereby affecting negatively the operations of the Company.

However, acquisition of NRL by Attock Group and due to recent thawing of relations between Pakistan and India, the risk of political instability in the region has been reduced. Furthermore, the Company enjoys the support of refineries under proper agreements thereby ensuring smooth supply of POL products for the Company.

Regulatory Risk

Imposition / enhancement of duties, taxes, other levies and revision in pricing formula of regulated products remain a possibility. The Company continues to focus on a product mix of deregulated products generating growth and higher margins. GoP has demonstrated a strong commitment and taken a number of steps to deregulate the Oil & Gas sector in line with the overall vision of a liberalized economy.

Intense Competition

Lately, the oil sector has been the focus of deregulatory reforms that have been undertaken by the GoP which inturn paved the way for fierce competition compelling OMCs to adopt better marketing practices so as to retain market share. In the long term, market based mechanism is likely to intensify the competition among the existing & upcoming OMCs which may have an adverse impact on the Company.

The Company is a member of the only fully integrated group in Pakistan with upstream and downstream operations. With aggressive retail outlets rollout plan and increased marketing efforts, the Company's management is well placed to compete effectively in this increasingly competitive industry.

Environment regulations

The Company is subject to various laws and regulations relating to health, safety and the environment. Changes to these laws and regulations could result in increased costs of compliance as well as penalties for non-compliance.

A comprehensive Health, Safety & Environment policy and related practices ensure 100% commitment from all employees and contractual workers towards the preservation of environment and propagation of health and safety procedures which is further strengthened by Company's accreditation to ISO – 9001 and ISO – 14001.

INVESTMENT IN HUMAN CAPITAL:

The Company has various programs for human resource development with the intention of developing creative employees that are eager to take on challenges and training professionals with early tracking into specialized fields.

The Company approaches the development of these employees with the philosophy that people grow through their work and that the source of growth is one's own drive. Based on this belief, the Company supports its employees to grow and improve their skills by providing them with an environment in which new abilities are constantly required. The Company also gives employees opportunities to rise to challenges by relying on their own determination and hard work.

For this reason, our system of human resource is rooted in skills improvement through actual work or on-the-job training, seminars, conferences and exhibitions.

CORPORATE CITIZENSHIP:

The Company is committed to contribute towards social welfare, development of human capital and upliftment of the people. Donations, scholarships, and regular sponsorships ensure that the welfare of our local communities are looked after and encouraged at all levels within the organization. The Company seeks to contribute to society by contributing towards social welfare. It pursues social contribution initiatives as environmental conservation to protect the planet and all life on it, education to foster the next generation of future leaders, study and research that contribute to the sustainability of society and community activities befitting a responsible member of each local neighborhood.

The Company remains steadfast in its role to promote education within Pakistan. Through the Employee Welfare Trust, the Company regularly awards Educational scholarships to employees' children based on financial need and academic excellence. The Trust has also made significant contributions in meeting the medical, housing and wedding expenses of the needy staff members and their families.

HEALTH, SAFETY AND ENVIRONMENT CONSCIOUSNESS:

The Company is dedicated to building an environment that ensures employees can work with peace of mind. The Company strives to maintain and enhance employees health and to prevent occupational injuries and eliminate any chance of recurrence if one does occur.

Our continued commitment to Health & Safety, Environment & Quality Management has been recognized by completing a successful surveillance audit of the Company's Integrated Management System which maintains accreditation to:

- ISO – 9001:2000 Quality Management Systems
- ISO – 14001:2004 Environmental Management Systems

INFORMATION TECHNOLOGY

In line with the Company's vision to become a proactive and forward thinking Company, marked efforts have been made to introduce a streamlined and integrated IT infrastructure. The Company utilizes the latest ERP system with enhanced features to maintain improved invoicing for customers, accurate product stock statements, improved credit control management and early closing of financial accounts.

AWARDS AND ACHIEVEMENTS

It is a matter of honour that the Company secured 4th and 1st position for presenting the Best Annual Report 2006 and 2007 respectively in the Energy and Fuel sector. This competition was jointly organised by the Institute of Chartered Accountants of Pakistan and Institute of Cost and Management Accountants of Pakistan. The Company was also selected amongst the "Top Twenty Five Companies" by Karachi Stock Exchange for the year 2007 in recognition of Company's policy and practice of transparency, disclosure of required information and compliance with financial reporting standards, provisions of Companies Ordinance 1984 and listing regulations.

CORPORATE GOVERNANCE:

The Board considers that maintaining high standard of Corporate Governance is central to achieving the Company's objective of maximising shareholders' value. The Company is fully compliant with the code of corporate governance as per the requirements of the Listing Regulations. Specific statements are being given hereunder:

1) The financial statements, prepared by the management, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
2) Proper books of account of the Company have been maintained.
3) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgement.
4) International Financial Reporting Standards, as applicable in Pakistan have been followed in the preparation of financial statements.
5) The system of internal control is sound in design and has been effectively implemented and monitored.
6) There are no doubts upon the Company's ability to continue as a going concern.
7) There has been no material departure from the best practices of corporate governance as detailed in the listing regulations.
8) Significant deviations from the last year's operating results have been disclosed in the Directors' Report.
9) The Company does not envisage corporate restructuring or discontinuation of its operations in the foreseeable future.
10) Key operating and financial data of the last 6 years in summarised form is annexed with the report.
11) All major Government levies in the normal course of business, payable as at June 30, 2008, have been cleared subsequent to the year-end.
12) The value of investments in employee retirement funds based on the latest audited accounts as of June 30, 2008 are as follows:

Employees' pension fund	Rs 19.054 million
Employees' provident fund	Rs.12.116 million

A separate statement of compliance signed by the Chief Executive Officer is included in this Annual Report.

DIRECTORS AND BOARD MEETINGS:

During the year, the Board of Directors met five times. The number of meetings attended by each director during the year is shown below:

SR. NO.	NAME	NUMBER OF MEETINGS ATTENDED
1	Dr. Ghaith R. Pharaon *	5
2	Mr. Laith Ghaith Pharaon *	5
3	Mr. Wael Ghaith Pharaon *	5
4	Mr. Shuaib A. Malik	5
5	Mr. M. Adil Khattak	5
6	Mr. Babar Bashir Nawaz	5
7	Mr. Munaf Ibrahim	4

* Overseas directors attended the meetings either in person or through alternate directors.

AUDIT COMMITTEE:

The management of your Company believes in Good Corporate Governance, implemented through a well-defined and efficiently applied system of checks and balances and the provision of transparent, accurate and timely financial information. Towards this end, an independent Internal Audit Division has been established. The Head of Internal Audit Division reports directly to the Audit Committee of the Board and the committee comprises of three non-executive directors who ensure that the internal control system is efficiently maintained, including financial and operational controls, accounting system and reporting structures. Terms of reference of the committee which is in line with the code of Corporate Governance has been presented and approved by the Board of Directors.

The audit committee held four meetings in 2007-08. The Chief financial officer, internal auditor as well as external auditors were invited to the meeting.

AUDITORS

The auditors Messrs A. F. Ferguson & Co., Chartered Accountants, retire and offer themselves for re-appointment. The audit committee of the Board has recommended for the re-appointment of the retiring auditors.

FUTURE PLANS & PROJECTS:

To dominate the down stream petroleum sector and to continue the Company's track record of building state of the art infrastructure, following projects have been planned to be undertaken:

- To meet industry challenges in this competitive market, we intend to launch capital re-injection process in the form of NEW VISION in the retail network. In this regard core network has been identified and we plan to re-inject approximately Rs. 70-100 million so as to launch our new vision in the market.
- In order to meet the mid country fuel demands, a terminal is under construction at Machike and is likely to be commissioned during calendar year 2008 at a total cost of Rs. 300 million. The terminal will have a storage facility for HSD, PMG & SKO. This facility will further increase the Company's market share and will be a step towards Company's prosperous future.
- Another terminal at Port Qasim, Karachi is in designing phase. Material procurement is in process and terminal will be commissioned by 2010 subject to approvals from relevant regulatory authorities. This Terminal has been estimated to be constructed at a total cost of Rs. 600 million and will help the Company to import/export petroleum products at its ease and also to meet the demand of southern region of the country.
- In addition to the above, the Company is actively considering installing storage terminals at other strategic locations of the country like Mehmood Kot, Multan and Tarru Jabba, Peshawar.
- A fuel supply agreement has been signed with Attock Gen Limited for supplying Furnace Fuel Oil (FFO) to their upcoming 150MW FFO based power plant at Morgah, Rawalpindi. For this purpose necessary arrangements including the installation of piping system are being made.
- The Company is also working to re-launch its lubricants brand with new vision and it is expected to be launched in the first half of the financial year 2008-09.

SHAREHOLDING:

The total number of Company's shareholders as at June 30, 2008 was 2,094. The pattern of shareholding as at June 30, 2008 along with necessary disclosures as required under the Code of Corporate Governances is annexed.

ACKNOWLEDGEMENT:

We would like to take this opportunity to thank our employees, customers and strategic partners for their hard work and commitment towards helping us achieve new heights of success and commendable results. The Board also thanks and appreciates the continued interest and support of the esteemed shareholders, Government of Pakistan and regulatory bodies.

On Behalf of the Board

Damascus, Syria.
October 08, 2008

S/d-
Chief Executive

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.

6. SHARE CAPITAL

	2008	2007
	Rupees ('000)	
AUTHORISED CAPITAL		
75,000,000 ordinary shares of Rs 10 each (2007: 75,000,000 ordinary shares of Rs 10 each)	750,000	750,000
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	480,000	400,000

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	(32,000)	(28,000)
		14,000	13,000
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	(765)	569
		9,813,929	5,296,183
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
		8,087,993	3,922,563
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

	2008	2007
Operating assets - note 12.1	532,512	491,106
Capital work in progress - note 12.2	390,109	110,220
	922,621	601,326

12.1 Operating assets

	Cost			Depreciation			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	706,217	119,309 (3,388)	822,138	215,111	77,187 (2,672)	289,626	532,512	491,106	
2007	642,314	64,828 (925)	706,217	152,089	63,428 (406)	215,111	491,106		

12.2 Capital work in progress

	Cost 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	110,220	394,771	(114,882)	390,109	110,220
2007	30,723	148,021	(68,524)	110,220	

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

	2008	2007
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	709,081	387,246

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
	709,081	387,246

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)--------------------				(%)
June 30, 2008					
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
	1,178,276	834,824	1,627,742	105,734	
June 30, 2007					
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
	331,670	199,290	914,629	42,319	

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%).

14. STOCK IN TRADE

	2008	2007
	Rupees ('000)	
Petroleum products	296,462	338,910
Packing material	2,630	2,792
	299,092	341,702

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
	5,825,869	2,502,998
Considered doubtful - unsecured	31,000	31,000
Provision for doubtful debts	(31,000)	(31,000)
	-	-
	5,825,869	2,502,998

15.1 Due from related parties

	2008	2007
Pakistan Oilfields Limited (POL)	30,030	3,153
Attock Cement Pakistan Limited (ACPL)	3,778	2,441
Attock Refinery Limited (ARL)	352	87
	34,160	5,681

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
	1,401	425
	71,386	38,359
Trade deposits and short-term prepayments		
Trade deposits	2,601	2,581
Short-term prepayments	8,354	2,402
	10,955	4,983
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
	308,415	433,415
Accrued income		
Income on bank deposits	16,833	37,536
Commission and handling income	-	50,899
	16,833	88,435
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
	895,660	313,306
	1,303,249	878,498

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	1,634	5,599

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 (includes US $ 112 thousand; 2007: US $ 110 thousand)	2,753,771	932,428
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)
	60,130,125	49,939,190

	2008	2007
	Rupees ('000)	

20. COST OF PRODUCTS SOLD

	2008	2007
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)
	50,493,929	42,085,565

21. OTHER OPERATING INCOME

	2008	2007
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
	896,359	406,218

22. OPERATING EXPENSES

	2008	2007
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
	372,670	283,248

	2008	2007
	Rupees ('000)	

22.1 Auditor's remuneration

	2008	2007
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
	1,114	783

23. INCOME ON BANK DEPOSITS AND SHORT TERM INVESTMENTS

	2008	2007
Income on bank deposits	353,566	349,722
Gain on re-measurement of short term investments	28,344	2,025
	381,910	351,747

24. PROVISION FOR TAXATION

		2008	2007
Current	- for the year	924,000	723,000
	- for prior years	(37,000)	-
		887,000	723,000
Deferred	- for the year	1,000	(16,000)
		888,000	707,000

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	25.16	29.03

25. EARNINGS PER SHARE

	2008	2007
Profit after tax (Rupees in thousand)	2,641,552	1,728,606
Weighted average number of ordinary shares in issue during the year (in thousand)	48,000	48,000
Basic earnings per share (Rupees)	55.03	36.01

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	Total	Interest/mark-up bearing	Non-interest/ mark-up bearing	Total
	Rupees ('000)					
FINANCIAL ASSETS						
Maturity upto one year						
Trade debts	-	5,825,869	5,825,869	-	2,502,998	2,502,998
Advances, deposits and other receivables	-	1,223,509	1,223,509	-	837,737	837,737
Short term investments	-	330,369	330,369	-	202,025	202,025
Cash and bank balances	6,113,460	4,431	6,117,891	4,063,550	3,259	4,066,809
	6,113,460	7,384,178	13,497,638	4,063,550	3,546,019	7,609,569
FINANCIAL LIABILITIES						
Maturity upto one year						
Trade and other payables	-	8,862,403	8,862,403	-	4,429,702	4,429,702
Maturity after one year						
Long term deposits	-	121,137	121,137	-	113,821	113,821
	-	8,983,540	8,983,540	-	4,543,523	4,543,523
OFF BALANCE SHEET ITEMS						
Contingencies and commitments	-	3,238,245	3,238,245	-	1,292,465	1,292,465

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	(765)	569
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	(1,278)	(551)
		3,619	3,325
27.3	Actual return on plan assets	1,327	978

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	17,681	14,725

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	19,056	12,776

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
	19,056	100	12,776	100

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	(1,375)	1,949	(270)	(396)	272
Experience adjustments on plan liabilities	1,941	(2,077)	-	304	103
Experience adjustments on plan assets	49	426	-	103	20

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
	13,296	14,160	3,338	3,134	13,677	12,618
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

ATTOCK PETROLEUM LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2008

	Note	2008	2007
		Rupees ('000)	
Sales	19	60,130,125	49,939,190
Sales tax		(6,887,795)	(5,808,654)
NET SALES		53,242,330	44,130,536
Cost of products sold	20	(50,493,929)	(42,085,565)
GROSS PROFIT		2,748,401	2,044,971
Other operating income	21	896,359	406,218
Operating expenses	22	(372,670)	(283,248)
OPERATING PROFIT		3,272,090	2,167,941
Income on bank deposits and short term investments	23	381,910	351,747
Share of profit of associated companies	13	58,918	42,319
Workers' profit participation fund		(183,366)	(126,401)
PROFIT BEFORE TAXATION		3,529,552	2,435,606
Provision for taxation	24	(888,000)	(707,000)
PROFIT FOR THE YEAR		2,641,552	1,728,606
Earnings per share (Rupees)	25	55.03	36.01

The annexed notes 1 to 32 form an integral part of these financial statements.

S/d
Chief Executive

S/d
Director