



**AUDITOR'S REPORT TO THE MEMBERS**

We have audited the annexed balance sheet of Attock Petroleum Limited as at June 30, 2011 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, 2011 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  
Date: September 10, 2011

Engagement partner: M. Imtiaz Aslam

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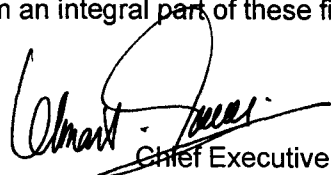
ATTOCK PETROLEUM LIMITED

BALANCE SHEET  
AS AT JUNE 30, 2011

	Note	2011 Rupees ('000)	2010 Rupees ('000)		Note	2011 Rupees ('000)	2010 Rupees ('000)
<b>SHARE CAPITAL AND RESERVES</b>				<b>NON CURRENT ASSETS</b>			
Authorised capital	6	<u>1,500,000</u>	<u>1,500,000</u>	Property, plant and equipment	12	1,374,767	1,217,217
Issued, subscribed and paid up capital	6	691,200	576,000	Long term investments in associated companies	13	842,957	765,739
Reserves				Long term prepayments	14	15,231	30,463
Special reserves	7	27,407	17,043				
Revenue reserve							
Unappropriated profit		<u>10,827,601</u>	<u>8,643,534</u>				
		<u>11,546,208</u>	<u>9,236,577</u>				
<b>NON CURRENT LIABILITIES</b>				<b>CURRENT ASSETS</b>			
Long term deposits	8	<u>209,316</u>	<u>178,908</u>	Stores and spares		<u>9,729</u>	<u>6,630</u>
Deferred income tax liability	9	<u>111,000</u>	<u>110,000</u>	Stock in trade	15	<u>5,246,705</u>	<u>993,282</u>
		<u>320,316</u>	<u>288,908</u>	Trade debts	16	<u>9,297,292</u>	<u>7,602,060</u>
				Advances, deposits, prepayments and other receivables	17	<u>1,459,703</u>	<u>719,904</u>
<b>CURRENT LIABILITIES</b>							
Trade and other payables	10	<u>12,073,287</u>	<u>11,554,057</u>	Short term investments	18	<u>1,015,930</u>	<u>831,754</u>
Provision for income tax		<u>540,540</u>	<u>363,110</u>	Cash and bank balances	19	<u>5,218,037</u>	<u>9,275,603</u>
		<u>12,613,827</u>	<u>11,917,167</u>			<u>22,247,396</u>	<u>19,429,233</u>
<b>CONTINGENCIES AND COMMITMENTS</b>							
	11	<u>24,480,351</u>	<u>21,442,652</u>			<u>24,480,351</u>	<u>21,442,652</u>

The annexed notes 1 to 36 form an integral part of these financial information.



  
Chief Executive

  
Director

**ATTOCK PETROLEUM LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED JUNE 30, 2011**

	Note	2011 Rupees ('000)	2010
Sales	20	127,036,966	94,897,866
Sales tax		<u>(17,642,241)</u>	<u>(12,105,948)</u>
<b>NET SALES</b>		109,394,725	82,791,918
Cost of products sold	21	<u>(104,680,507)</u>	<u>(79,032,034)</u>
<b>GROSS PROFIT</b>		4,714,218	3,759,884
Other operating income	22	1,978,931	1,308,904
Operating expenses	23	<u>(611,315)</u>	<u>(480,860)</u>
<b>OPERATING PROFIT</b>		<u>6,081,834</u>	<u>4,587,928</u>
Finance cost	24	(682,666)	(319,865)
Income on bank deposits and short term investments	25	962,838	980,736
Share of profit of associated companies	13	93,211	42,337
Other charges	26	<u>(437,706)</u>	<u>(444,827)</u>
<b>PROFIT BEFORE TAXATION</b>		6,017,511	4,846,309
Provision for taxation	27	<u>(1,761,000)</u>	<u>(1,252,000)</u>
<b>PROFIT FOR THE YEAR</b>		<u><u>4,256,511</u></u>	<u><u>3,594,309</u></u>
Earnings per share - Basic and diluted (Rupees)	28	61.58	52.00

The annexed notes 1 to 36 form an integral part of these financial information.

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 Chief Executive

  
 Director

**ATTOCK PETROLEUM LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED JUNE 30, 2011**

	2011	2010
	Rupees ('000)	
<b>PROFIT FOR THE YEAR</b>	4,256,511	3,594,309
Other comprehensive income	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<u>4,256,511</u>	<u>3,594,309</u>

The annexed notes 1 to 36 form an integral part of these financial information.

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Chief Executive

  
Director

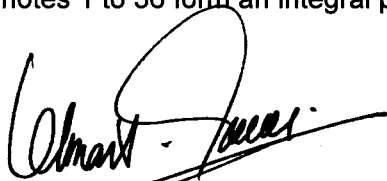
**ATTOCK PETROLEUM LIMITED**

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2011**

	Note	2011 Rupees ('000)	2010
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash receipts from customers		109,434,933	84,410,059
Price differential claims received from Government		-	672,210
Payments for purchase of products and operating expenses		(110,141,454)	(80,318,170)
Other charges paid		(409,866)	(345,807)
Long term deposits received		30,408	19,370
Income tax paid		<u>(1,582,570)</u>	<u>(1,078,883)</u>
Cash flow from operating activities		(2,668,549)	3,358,779
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Addition to property, plant and equipment		(308,200)	(215,396)
Proceeds from sale of property, plant and equipment		6,786	6,584
Short term investments		317,588	(386,014)
Income received on bank deposits and short term investments		933,940	902,945
Dividend received from associated company		15,993	9,995
Cash flow from investing activities		966,107	318,114
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Dividends paid		(1,944,108)	(1,437,573)
Cash used in financing activities		(1,944,108)	(1,437,573)
Effect of exchange rate changes		<u>1,903</u>	<u>623</u>
<b>(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>		(3,644,647)	2,239,943
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>		<u>9,674,853</u>	<u>7,434,910</u>
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>	29	<u><u>6,030,206</u></u>	<u><u>9,674,853</u></u>

The annexed notes 1 to 36 form an integral part of these financial information.

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Chief Executive

  
Director

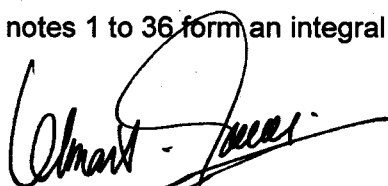
**ATTOCK PETROLEUM LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED JUNE 30, 2011**

	Share capital	Special reserves	Unappropriated profit	Total
	-----Rupees ('000)-----			
<b>BALANCE AS AT JUNE 30, 2009</b>	576,000	34,097	6,472,171	7,082,268
Total comprehensive income for the year	-	-	3,594,309	3,594,309
Transferred from special reserves by associated companies	-	(17,054)	17,054	-
<b>Transaction with owners:</b>				
Final dividend @ 150% relating to year ended June 30, 2009	-	-	(864,000)	(864,000)
Interim dividend @ 100% relating to year ended June 30, 2010	-	-	(576,000)	(576,000)
Total transactions with owners	-	-	(1,440,000)	(1,440,000)
<b>BALANCE AS AT JUNE 30, 2010</b>	576,000	17,043	8,643,534	9,236,577
Total comprehensive income for the year	-	-	4,256,511	4,256,511
Transferred to special reserves by associated companies	-	10,364	(10,364)	-
<b>Transaction with owners:</b>				
Bonus shares @ 20% relating to the year ended June 30, 2010	115,200	-	(115,200)	-
Final dividend @ 200% relating to year ended June 30, 2010	-	-	(1,152,000)	(1,152,000)
Interim dividend @ 115% relating to year ended June 30, 2011	-	-	(794,880)	(794,880)
Total transactions with owners	115,200	-	(2,062,080)	(1,946,880)
<b>BALANCE AS AT JUNE 30, 2011</b>	<u>691,200</u>	<u>27,407</u>	<u>10,827,601</u>	<u>11,546,208</u>

The annexed notes 1 to 36 form an integral part of these financial information.

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Chief Executive

  
Director

**ATTOCK PETROLEUM LIMITED**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

**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 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% (2010: 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 periods beginning on or after)
IFRS 7 Financial instruments: Disclosures (Amendments)	January 1, 2011 & July 1, 2011
IAS 1 Presentation of financial statements (Amendments)	January 1, 2011 & July 1, 2012
IAS 12 Income taxes (Amendments)	January 1, 2012
IAS 19 Employee benefits (Amendments)	January 1, 2013
IAS 24 Related party disclosures (Revised)	January 1, 2011
IAS 27 Separate Financial Statements (Revised)	January 1, 2013
IAS 28 Investments in Associates and Joint Venture (Revised)	January 1, 2013
IAS 34 Interim Financial Reporting (Amendments)	January 1, 2011
IFRIC 13 Customer Loyalty Programmes (Amendments)	January 1, 2011
IFRIC 14 The limit on a defined benefit asset, minimum funding requirements and their interaction (Amendments)	January 1, 2011

The management anticipates that adoption of above standards, amendments and interpretations in future periods will have no material impact on the Company's financial statements except for additional disclosures.

Further, the following new standards 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, 2013
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

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#### **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 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.

##### **4.3 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.

##### **4.4 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.

##### **4.5 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.

##### **4.6 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.

##### **4.7 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.

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#### **4.8 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. Depreciation on additions is charged from the month in which the asset is available for use and on disposals upto 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.

#### **4.9 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 original cost of the asset. An impairment loss or reversal of impairment loss is recognised in income for the year.

#### **4.10 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.

#### **4.11 Stores and spares**

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

#### **4.12 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.



#### **4.13 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.

#### **4.14 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.

##### **4.14.1 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.

##### **4.14.2 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".

##### **4.14.3 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.

##### **4.14.4 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.

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#### **4.15 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.

#### **4.16 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.

#### **4.17 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.

#### **4.18 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.

#### **4.19 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.



#### 4.20 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.

#### 4.21 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 27; and
- iii) Estimated useful life of property, plant and equipment - note 12.1

### 6. SHARE CAPITAL

	2011	2010
	Rupees ('000)	
<b>AUTHORISED CAPITAL</b>		
150,000,000 ordinary shares of Rs 10 each (2010: 150,000,000 ordinary shares of Rs 10 each)	<u>1,500,000</u>	<u>1,500,000</u>
<b>ISSUED, SUBSCRIBED AND PAID UP CAPITAL</b>		
<b>Shares issued for cash</b>		
5,000,000 ordinary shares of Rs 10 each (2010: 5,000,000 ordinary shares of Rs 10 each)	50,000	50,000
Shares issued as fully paid bonus shares 64,120,000 (2010: 52,600,000) ordinary shares	641,200	526,000
69,120,000 (2010: 57,600,000) ordinary shares of Rs 10 each	<u>691,200</u>	<u>576,000</u>

*Affected*

**7. SPECIAL RESERVES**

Special reserves includes Rs 25,340 thousand for expansion and modernisation and Rs 2,067 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 up gradation 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.

	2011	2010
	Rupees ('000)	
<b>9. DEFERRED INCOME TAX LIABILITY</b>		
Deferred tax liability arising due to accelerated tax depreciation	143,000	142,000
Deferred tax asset arising in respect of certain provisions	(32,000)	(32,000)
	<u>111,000</u>	<u>110,000</u>
<b>10. TRADE AND OTHER PAYABLES</b>		
Creditors	90,051	2,159
Due to related parties (unsecured) - note 10.1	9,594,695	9,393,768
Accrued liabilities	1,053,416	628,211
Advance from customers	1,170,019	1,410,407
Retention money	35,629	14,687
Worker's welfare fund	118,159	96,279
Unclaimed dividend	11,318	8,546
	<u>12,073,287</u>	<u>11,554,057</u>
<b>10.1 Due to related parties:</b>		
National Refinery Limited	2,356,045	2,704,554
Attock Refinery Limited	7,221,552	6,670,647
Pakistan Oilfields Limited	15,946	18,414
The Attock Oil Company Limited	1,010	-
Attock Cement Pakistan Limited	142	153
	<u>9,594,695</u>	<u>9,393,768</u>
<b>11. CONTINGENCIES AND COMMITMENTS</b>		
<b>11.1 CONTINGENCIES</b>		
(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.	883,709	894,813
(ii) Corporate guarantees and indemnity bonds issued by the Company to the Commissioner Inland Revenue, Islamabad.	2,433,157	5,223,003
(iii) Guarantees issued by bank on behalf of the Company	40,745	40,345
<b>11.2 COMMITMENTS</b>		
(i) Capital expenditure commitments	286,471	137,485
(ii) Commitments for rentals of assets under operating lease agreements as at June 30, 2011 amounting to Rs 859,732 thousand (2010: Rs 215,756 thousand) payable as follows:		
Not later than one year	35,028	20,282
Later than one year and not later than five years	186,616	78,540
Later than five years	638,088	116,934

*Attock*

2011 2010  
Rupees ('000)

12. PROPERTY, PLANT AND EQUIPMENT

Operating assets - note 12.1	1,038,290	1,019,742
Capital work in progress - note 12.2	336,477	197,475
	<u>1,374,767</u>	<u>1,217,217</u>

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	Freehold land	Lease hold land							
	Rupees ('000)									
<b>As at July 1, 2009</b>										
Cost	192,444	134,376	97,689	458,561	258,626	62,089	12,226	16,271	62,070	1,294,352
Accumulated depreciation	-	(3,457)	(14,620)	(133,345)	(135,946)	(15,582)	(5,264)	(9,480)	(36,878)	(354,572)
Net book value	<u>192,444</u>	<u>130,919</u>	<u>83,069</u>	<u>325,216</u>	<u>122,680</u>	<u>46,507</u>	<u>6,962</u>	<u>6,791</u>	<u>25,192</u>	<u>939,780</u>
<b>Year ended June 30, 2010</b>										
Opening net book value	192,444	130,919	83,069	325,216	122,680	46,507	6,962	6,791	25,192	939,780
Additions	-	2,511	13,980	69,548	100,842	2,131	1,492	6,884	11,628	209,016
Disposals										
Cost	-	-	-	-	(29,269)	-	-	-	(1,172)	(30,441)
Depreciation	-	-	-	-	27,513	-	-	-	1,172	28,685
	-	-	-	-	(1,756)	-	-	-	-	(1,756)
Depreciation charge	-	(5,249)	(6,603)	(45,901)	(47,335)	(5,869)	(1,183)	(3,191)	(11,967)	(127,298)
Closing net book value	<u>192,444</u>	<u>128,181</u>	<u>90,446</u>	<u>348,863</u>	<u>174,431</u>	<u>42,769</u>	<u>7,271</u>	<u>10,484</u>	<u>24,853</u>	<u>1,019,742</u>
<b>As at July 1, 2010</b>										
Cost	192,444	136,887	111,669	528,109	330,199	64,220	13,718	23,155	72,526	1,472,927
Accumulated depreciation	-	(8,706)	(21,223)	(179,246)	(155,768)	(21,451)	(6,447)	(12,671)	(47,673)	(453,185)
Net book value	<u>192,444</u>	<u>128,181</u>	<u>90,446</u>	<u>348,863</u>	<u>174,431</u>	<u>42,769</u>	<u>7,271</u>	<u>10,484</u>	<u>24,853</u>	<u>1,019,742</u>
<b>Year ended June 30, 2011</b>										
Opening net book value	192,444	128,181	90,446	348,863	174,431	42,769	7,271	10,484	24,853	1,019,742
Additions	-	-	1,511	59,836	75,939	10,298	4,231	5,873	11,510	169,198
Disposals/adjustments										
Cost	-	-	-	(5,935)	(4,456)	(52)	(503)	(2,908)	(1,935)	(15,789)
Depreciation	-	-	-	1,938	3,739	-	503	2,853	1,170	10,203
	-	-	-	(3,997)	(717)	(52)	-	(55)	(765)	(5,586)
Depreciation charge	-	(6,844)	(5,647)	(51,099)	(58,039)	(6,269)	(1,345)	(4,426)	(11,395)	(145,064)
Closing net book value	<u>192,444</u>	<u>121,337</u>	<u>86,310</u>	<u>353,603</u>	<u>191,614</u>	<u>46,746</u>	<u>10,157</u>	<u>11,876</u>	<u>24,203</u>	<u>1,038,290</u>
<b>As at June 30, 2011</b>										
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	<u>192,444</u>	<u>121,337</u>	<u>86,310</u>	<u>353,603</u>	<u>191,614</u>	<u>46,746</u>	<u>10,157</u>	<u>11,876</u>	<u>24,203</u>	<u>1,038,290</u>
Annual rate of Depreciation (%)	-	5	5	10	20	10	10	20	20	

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**12.2 Capital work in progress**

	Civil works	Pipelines, pumps, tanks and equipment	Advances to contractors	Total
	Rupees ('000)			
As at July 1, 2009	1,185	144,015	45,895	191,095
Additions during the year	19,753	177,005	13,683	210,441
Transfers during the year	(16,491)	(171,022)	(16,548)	(204,061)
Balance as at June 30, 2010	<u>4,447</u>	<u>149,998</u>	<u>43,030</u>	<u>197,475</u>
As at July 1, 2010	4,447	149,998	43,030	197,475
Additions during the year	36,420	206,501	53,349	296,270
Transfers during the year	(3,172)	(139,715)	(14,381)	(157,268)
Balance as at June 30, 2011	<u>37,695</u>	<u>216,784</u>	<u>81,998</u>	<u>336,477</u>

**12.3 Cost of Property, plant and equipment held by dealers of retail outlets of the Company are as follows:**

	2011	2010
	Rupees ('000)	
Pipelines, pumps, tanks and meters	199,777	149,593
Equipment - signage	391,586	322,288
Buildings	88,671	57,616
Electric and fire fighting equipment	2,002	1,650

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 Property, plant and equipment disposals:**

The detail of property, plant and equipment disposal, having net book value in excess of Rs 50,000 is as follows:

	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposals	Particulars of purchaser
	Rupees ('000)					
Equipment - signage	932	746	186	212	Trade in by negotiation	M&S Graphics
	1,465	1,318	147	426	Trade in by negotiation	Metaflex Sign System
Motor vehicles	805	40	765	765	Insurance Claim	EFU General Insurance Ltd
Pipelines, pumps	656	68	588	660	Insurance Claim	EFU General Insurance Ltd
Furniture	555	503	52	30	Trade in by negotiation	Jehangir Taj
Computer and auxiliary equipment	2,908	2,853	55	125	Trade in by negotiation	Mind Share Computers

*As per*

2011 2010  
Rupees ('000)

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

Balance at beginning of the year	765,739	733,397
Share of profit of associated companies	110,260	37,302
Impairment (loss)/reversal of investment in National Refinery Limited	(17,049)	5,035
	93,211	42,337
Dividend from associated company	(15,993)	(9,995)
Balance at end of the year	<u>842,957</u>	<u>765,739</u>

**13.1** Share of profit of associated companies is based on the unaudited financial statements for the nine months ended March 31, 2011 (2010: unaudited financial statements for the nine months ended March 31, 2010) since the audited financial statements for the year ended June 30, 2011 are not presently available.

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

2011 2010  
Rupees ('000)

<b>National Refinery Limited - Quoted</b>		
799,666 (2010:799,666) fully paid ordinary shares including 133,278 (2010: 133,278) bonus shares of Rs 10 each; Cost Rs 321,865 thousand (2010: Rs 321,865 thousand); Quoted market value as at June 30, 2011: Rs 281,690 thousand (2010: Rs 146,219 thousand) - note 13.5		
	483,712	438,067
<b>Attock Refinery Limited - Quoted</b>		
1,332,000 (2010: 1,332,000) fully paid ordinary shares of Rs 10 each including 222,000 (2010: 222,000) bonus shares of Rs 10 each; Cost Rs 298,924 thousand (2010: Rs 298,924 thousand); Quoted market value as at June 30, 2011: Rs 163,476 thousand (2010: Rs 107,306 thousand) - note 13.6		
	409,127	361,613
<b>Attock Information Technology Services (Private) Limited - Unquoted</b>		
450,000 (2010: 450,000) fully paid ordinary shares of Rs 10 each; Cost Rs 4,500 thousand (2010: Rs 4,500 thousand); Value based on net assets as at March 31, 2011 Rs 8,000 thousand (2010: Rs 6,892 thousand )		
	8,000	6,892
Carrying value on equity method	900,839	806,572
Less: Impairment loss - National Refinery Limited	(57,882)	(40,833)
	<u>842,957</u>	<u>765,739</u>

All associated companies are incorporated in Pakistan.

**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)-----				
<b>March 31, 2011</b>					
National Refinery Limited	582,883	354,037	1,418,474	61,638	1.00
Attock Refinery Limited	1,335,189	1,040,103	1,673,235	47,514	1.56
Attock Information Technology Services (Private) Limited	8,334	334	3,839	1,108	10.00
	<u>1,926,406</u>	<u>1,394,474</u>	<u>3,095,548</u>	<u>110,260</u>	
<b>March 31, 2010</b>					
National Refinery Limited	501,496	318,296	969,948	26,463	1.00
Attock Refinery Limited	964,717	730,708	1,218,803	9,589	1.56
Attock Information Technology Services (Private) Limited	7,254	362	3,952	1,250	10.00
	<u>1,473,467</u>	<u>1,049,366</u>	<u>2,192,703</u>	<u>37,302</u>	

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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, 2011 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 6.5% (2010: 3.91%), terminal growth rate of 4% (2010: 3%) and capital asset pricing model based discount rate of 20% (2010: 17.90%).

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 2.16% (2010: 3.07%), terminal growth rate of 4% (2010: 3%) and capital asset pricing model based discount rate of 20% (2010: 17.90%).

	2011	2010
	Rupees ('000)	
<b>14 LONG TERM PREPAYMENTS</b>		
Prepaid rent	30,463	46,564
Less: Shown under current assets - note 17	(15,232)	(16,101)
	<u>15,231</u>	<u>30,463</u>
<b>15. STOCK IN TRADE</b>		
Petroleum products - note 15.1	5,243,724	990,632
Packing material	2,981	2,650
	<u>5,246,705</u>	<u>993,282</u>
<b>15.1</b> It includes the Company's share of pipeline stock amounting to Rs 2,225,212 thousand (2010: Rs 304,729 thousand) and Rs 1,208,695 thousand (2010: Rs 109,970 thousand) held by Pak-Arab Pipeline Company Limited and Pak Arab Refinery Limited respectively.		
	2011	2010
	Rupees ('000)	
<b>16. TRADE DEBTS</b>		
Considered good		
Secured	1,076,616	908,071
Unsecured	1,842,777	869,422
Due from related parties (unsecured) - note 16.1	6,377,899	5,824,567
	<u>9,297,292</u>	<u>7,602,060</u>
Considered doubtful - unsecured	31,000	31,000
Provision for doubtful debts	(31,000)	(31,000)
	-	-
	<u>9,297,292</u>	<u>7,602,060</u>
<b>16.1 Due from related parties</b>		
Attock Gen Limited	6,352,555	5,799,693
Pakistan Oilfields Limited	10,501	10,787
Attock Cement Pakistan Limited	14,141	13,296
Attock Refinery Limited	702	791
	<u>6,377,899</u>	<u>5,824,567</u>

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	2011	2010
	Rupees ('000)	
<b>17. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES</b>		
Advances - considered good		
Suppliers	532,970	311,471
Employees against expenses		
Executives	279	129
Other employees	1,119	863
	1,398	992
	534,368	312,463
Trade deposits and short-term prepayments		
Trade deposits	5,868	3,608
Short-term prepayments	27,247	23,884
	33,115	27,492
Current account balances with statutory authorities in respect of:		
Sales tax	54,727	85,388
Federal excise duty and petroleum levy	17,788	17,788
	72,515	103,176
Accrued income on bank deposits	32,622	92,569
Other receivables		
Price differential claim receivable from the Government	47,638	47,638
Receivable from oil marketing companies under freight pool	736,788	116,238
Claims receivable	332	844
Due from related parties - unsecured		
Staff Pension Fund	-	10,700
Staff Provident Fund	-	522
Attock Information Technology Services (Private) Limited	1,044	615
The Attock Oil Company Limited	-	232
Workers' profit participation fund - note 17.1	1,100	7,060
Others	181	355
	787,083	184,204
	1,459,703	719,904
<b>17.1 Workers' profit participation fund</b>		
Balance at beginning of the year	7,060	9,801
Amount allocated for the year - note 26	(318,900)	(262,940)
Amount paid to Fund's trustees	312,940	260,199
Balance at end of the year	1,100	7,060
<b>18. SHORT TERM INVESTMENTS</b>		
Held to maturity investment in treasury bills - at amortized cost		
Upto three months	812,169	399,250
Later than three months but not later than six months	203,761	432,504
	1,015,930	831,754
<b>18.1</b> Balance in short term investment earned interest at weighted average rate of 12.74% per annum (2010: Rs 12.17%).		

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	2011	2010
	Rupees ('000)	
<b>19. CASH AND BANK BALANCES</b>		
Cash in hand	1,570	901
Bank balances		
On short term deposits	3,717,000	8,159,000
On interest/mark-up bearing saving accounts (includes US \$ 103 thousand; 2010: US \$ 103 thousand)	826,999	632,798
On current accounts (includes US \$ 2,274 thousand; 2010: US \$ 2,288 thousand)	672,468	482,904
	<u>5,216,467</u>	<u>9,274,702</u>
	<u>5,218,037</u>	<u>9,275,603</u>

19.1 Short term deposits of Rs 68,515 thousand (2010: Rs 53,405 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 11.07% per annum (2010: 11.27% per annum).

	2011	2010
	Rupees ('000)	
<b>20. SALES</b>		
Local sales	120,724,804	87,192,518
Export sales	6,597,087	7,950,153
Gross sales	<u>127,321,891</u>	<u>95,142,671</u>
Rebates/discount	(284,925)	(244,805)
	<u>127,036,966</u>	<u>94,897,866</u>

**21. COST OF PRODUCTS SOLD**

Opening stock	993,282	141,507
Purchase of petroleum products and packing material	105,078,721	73,914,394
Excise duty	90,762	82,887
Petroleum levy	3,764,447	5,886,528
	108,933,930	79,883,809
Closing stock	(5,246,705)	(993,282)
	<u>104,680,507</u>	<u>79,032,034</u>

**22. OTHER OPERATING INCOME**

Commission and handling income	1,160,868	906,595
Mark-up on late payments	707,536	305,431
Exchange gain	82,098	70,311
Tender and joining fee	6,956	4,839
Gain on sale of property, plant and equipment	1,200	4,828
Hospitality income	3,805	3,784
Other income	16,468	13,116
	<u>1,978,931</u>	<u>1,308,904</u>

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	2011	2010
	Rupees ('000)	
<b>23. OPERATING EXPENSES</b>		
Salaries and benefits	210,134	180,169
Rent, taxes and other fees - note 23.1	78,474	40,345
Travelling and staff transport	20,713	16,841
Repairs and maintenance	42,961	39,342
Donations - note 23.2	555	-
Advertising and publicity	6,337	5,143
Printing and stationery	11,416	9,072
Electricity, gas and water	11,766	9,898
Insurance	23,292	16,248
Communication	7,333	6,108
Legal and professional charges	13,949	5,521
Subscription and fees	1,459	949
Transportation	6,860	4,884
Auditor's remuneration - note 23.3	3,001	2,558
Depreciation - note 12.1	145,064	127,298
Others	28,001	16,484
	<u>611,315</u>	<u>480,860</u>

23.1 Rent, taxes and other fees include Rs 51,706 thousand (2010: Rs 19,726 thousand) paid under operating lease agreements.

23.2 No director or his spouse had any interest in the donations made by the Company.

	2011	2010
	Rupees ('000)	
<b>23.3 Auditor's remuneration</b>		
Annual audit	1,000	1,000
Review of half yearly financial statements, audit of staff funds and special certifications	358	353
Tax services	1,460	1,036
Out of pocket expenses	183	169
	<u>3,001</u>	<u>2,558</u>

**24. FINANCE COST**

Bank charges	20,822	27,276
Late payment charges	661,844	292,589
	<u>682,666</u>	<u>319,865</u>

**25. INCOME ON BANK DEPOSITS AND SHORT TERM INVESTMENTS**

Income on bank deposits	873,993	934,246
Income from short term investments	88,845	46,490
	<u>962,838</u>	<u>980,736</u>

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	2011	2010
	Rupees ('000)	
<b>26. OTHER CHARGES</b>		
Workers' profit participation fund	318,900	262,940
Worker's welfare fund - for the year	118,806	96,279
- for prior year	-	85,608
	118,806	181,887
	437,706	444,827
<b>27. PROVISION FOR TAXATION</b>		
Current	1,760,000	1,234,000
Deferred	1,000	18,000
	1,761,000	1,252,000
<b>27.1 Reconciliation of tax charge for the year</b>		
	%	%
Applicable tax rate	35.00	35.00
Effect of surcharge	2.11	-
Tax effect of income taxed under final tax regime	(7.33)	(8.91)
Tax effect of income exempt from tax	-	(0.01)
Tax effect of share of profit of associated companies taxed on the basis of dividend income	(0.52)	(0.29)
Others	-	0.04
Average effective tax rate charged to income	29.26	25.83
<b>28. EARNINGS PER SHARE</b>		
Profit for the year (Rupees in thousand)	4,256,511	3,594,309
Weighted average number of ordinary shares in issue during the year (in thousand)	69,120	69,120
Basic and diluted earnings per share (Rupees)	61.58	52.00
Earnings per share previously reported at Rs 62.40 in the financial statements for the year ended June 30, 2010 has been restated to Rs 52.00 for 11,520,000 bonus shares issued during the year ended June 30, 2011.		
	2011	2010
	Rupees ('000)	
<b>29. CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	5,218,037	9,275,603
Short term investments	812,169	399,250
	6,030,206	9,674,853

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**30. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

**30.1 Financial assets and liabilities**

<b>June 30, 2011</b>	Loans and Receivables	Held to maturity investments	Total
	-----Rupees ('000)-----		
<b>Financial Assets</b>			
Maturity up to one year			
Trade debts	9,297,292	-	9,297,292
Advance, deposits and other receivables	777,935	-	777,935
Short term investments	-	1,015,930	1,015,930
Cash and bank balances	1,501,037	3,717,000	5,218,037
	<u>11,576,264</u>	<u>4,732,930</u>	<u>16,309,194</u>

<b>Financial Liabilities</b>	Other financial liabilities	Total
	-----Rupees ('000)-----	
Maturity up to one year		
Trade and other payables	10,903,268	10,903,268
Maturity after one year		
Long term deposits	209,316	209,316
	<u>11,112,584</u>	<u>11,112,584</u>

<b>June 30, 2010</b>	Loans and Receivables	Held to maturity investments	Total
	-----Rupees ('000)-----		
<b>Financial Assets</b>			
Maturity up to one year			
Trade debts	7,602,060	-	7,602,060
Advance, deposits and other receivables	232,743	-	232,743
Short term investments	-	831,754	831,754
Cash and bank balances	1,116,603	8,159,000	9,275,603
	<u>8,951,406</u>	<u>8,990,754</u>	<u>17,942,160</u>

<b>Financial Liabilities</b>	Other financial liabilities	Total
	-----Rupees ('000)-----	
Maturity up to one year		
Trade and other payables	10,143,650	10,143,650
Maturity after one year		
Long term deposits	178,908	178,908
	<u>10,322,558</u>	<u>10,322,558</u>

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### 30.2 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	2011 Balance Rs (000')	2010 Balance Rs (000')
<b>Trade debts</b>			
Counterparties with external credit rating	A1+	702	791
Counterparties without external credit rating			
Secured against letters of credit / bank guarantee		1,076,616	908,071
Due from related parties		6,377,197	5,823,776
Others		1,842,777	869,422
		<u>9,297,292</u>	<u>7,602,060</u>
<b>Advances, deposits and other receivables</b>			
Counterparties without external credit rating		<u>777,935</u>	<u>232,743</u>
<b>Short term investments</b>			
Counterparties without external credit rating		<u>1,015,930</u>	<u>831,754</u>
<b>Bank balances</b>			
	A1+	5,098,629	9,168,118
	A1	-	21
	A2	117,838	106,563
		<u>5,216,467</u>	<u>9,274,702</u>

### 30.3 FINANCIAL RISK MANAGEMENT

#### 30.3.1 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.

#### (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.

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As of June 30, 2011, trade debts of Rs 6,679,135 thousand (2010: Rs 6,347,026 thousand) were past due but not impaired. The ageing analysis of these trade receivables is as follows:

	2011	2010
	Rupees ('000)	
Up to 3 months	4,669,825	3,635,243
3 to 6 months	1,938,455	1,803,712
6 to 9 months	18,488	-
Above 9 months	52,367	908,071
	<u>6,679,135</u>	<u>6,347,026</u>

**(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)-----	
<b>At June 30, 2011</b>		
Long term deposits	-	209,316
Trade and other payables	10,903,268	-
<b>At June 30, 2010</b>		
Long term deposits	-	178,908
Trade and other payables	10,143,650	-

**(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 201,142 thousand (2010: Rs 200,427 thousand) which were subject to currency risk.

A 10% strengthening of the functional currency against USD at June 30 would have decreased profit and loss by Rs 20,114 thousand (2010: Rs 20,043 thousand). A 10% weakening of the functional currency against USD at June 30 would have had the equal but opposite effect of these amounts. The analysis assumes that all other variables remain constant.

*Affected*



**(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 include balances of Rs 11,794,623 thousand (2010: Rs 9,623,552 thousand) 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 94,773 thousand (2010: Rs 56,215 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.

At the year end the Company is not exposed to price risk since there are no financial instruments, whose fair value or future cash flows will fluctuate because of changes in market prices.

**30.3.2 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.

**30.4 Fair value of financial assets and liabilities**

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

*Atsa*

### 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-33, were as follows:

	2011	2010
	Rupees ('000)	
<b>Associated companies</b>		
<b>Attock Refinery Limited</b>		
Purchase of petroleum products	34,360,461	33,446,468
Purchase of services	63,487	75,058
Late payment charges	661,841	292,589
Sale of petroleum products	9,038	6,635
Commission and handling income	290,812	167,829
<b>National Refinery Limited</b>		
Purchase of petroleum products	48,834,829	30,755,709
Purchase of services	2,513	11,692
Sale of petroleum products	19,127	16,140
Handling income	870,057	738,766
<b>Attock Gen Limited</b>		
Purchase of services	184	184
Sale of petroleum products	13,589,943	11,199,932
Mark-up earned on late payments	689,174	301,627
<b>Pakistan Oil fields Limited</b>		
Purchase of petroleum products	174,169	170,162
Purchase of services	6,078	5,743
Sale of petroleum products	472,405	498,811
Sale of services	181	173
<b>The Attock Oil Company Limited</b>		
Purchase of services	21,383	19,467
<b>Attock Cement Pakistan Limited</b>		
Purchase of services	3,510	5,115
Sale of petroleum products	217,737	167,103
<b>Attock Information Technology Services (Private) Limited</b>		
Sale of services	3,708	3,314
<b>Attock Hospital (Private) Limited</b>		
Purchase of medical services	1,173	810
<b>Other related parties</b>		
<b>Contribution to staff retirement benefits plans</b>		
Staff pension fund trust	-	1,853
Curtailment gain on staff pension fund trust	-	7,857
Staff provident fund trust	-	838
Contribution to Workers' profit participation fund	318,900	262,940

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### 32. SEGMENT REPORTING

32.1 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:

Product	2011	2010
	Rupees ('000)	
High Speed Diesel	51,747,347	38,394,177
Furnace Fuel Oil	38,391,772	20,478,884
Premier Motor Gasoline	13,793,937	8,921,565
Bitumen	12,428,392	15,799,063
Others	10,675,518	11,304,177
	<u>127,036,966</u>	<u>94,897,866</u>

32.2 Revenues of Rs 13,589,943 thousand (2010: Rs 11,199,932 thousand) are derived from a single external customer.

### 33. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives	
	2011	2010	2011	2010	2011	2010
	-----Rupees ('000)-----					
Managerial remuneration	5,865	6,644	2,006	1,980	16,201	15,658
Bonus	8,934	7,274	2,656	2,223	9,419	7,656
Company's contribution to provident and pension funds	1,533	1,617	-	256	1,131	1,937
Housing and utilities	2,638	2,771	876	785	6,668	6,656
Other perquisites and benefits	1,089	1,169	1,498	1,340	4,231	2,915
Leave passage	650	650	193	193	338	1,067
	<u>20,709</u>	<u>20,125</u>	<u>7,229</u>	<u>6,777</u>	<u>37,988</u>	<u>35,889</u>
No. of person(s)	1	1	1	1	15	12

33.1 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.

33.2 In addition, four non-executive directors of the Company were paid meeting fee aggregating Rs 1,929 thousand (2010: Rs 1,974 thousand).

### 34. CAPACITY AND PRODUCTION

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

*Attest.*

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

The Board of Directors in its meeting held on September 10, 2011 have proposed a final dividend for the year ended June 30, 2011 @ Rs 30 per share, amounting to Rs 2,073,600 thousand for approval of the members in the Annual General Meeting to be held on October 18, 2011.

**36. DATE OF AUTHORISATION**

These financial statements were authorised for issue by the Board of Directors of the Company on September 10, 2011.



Chief Executive



Director