

Interim Report & Financial Statements

For the 1st Quarter Ended September 30, 2011



Attock Petroleum Limited



Attock

COMPANY INFORMATION

Directors

Dr. Ghaith R. Pharaon
Chairman
(Alternate Director
Mr. Shuaib A. Malik)

Mr. Laith G. Pharaon
(Alternate Director
Mr. Iqbal A. Khwaja)

Mr. Wael G. Pharaon
(Alternate Director
Mr. Rehmat Ullah Bardaie)

Mr. Babar Bashir Nawaz

Mr. M. Adil Khattak

Mr. Munaf Ibrahim

Mr. Shuaib A. Malik
Chief Executive

Company Secretary

Mr. Rehmat Ullah Bardaie

Audit Committee

Mr. Babar Bashir Nawaz
Chairman

Mr. M. Adil Khattak

Mr. Iqbal A. Khwaja
(Alternate Director to
Mr. Laith G. Pharaon)

Auditors

A. F. Ferguson & Co.
Chartered Accountants

Bankers

Habib Bank Limited
National Bank of Pakistan
United Bank Limited
Allied Bank Limited

Share Registrar

THK Associates (Pvt.) Limited
Ground Floor, State Life Building -3
Dr. Ziauddin Ahmed Road, Karachi
Tel: 92-21-111-000-322
Fax: 92-21-35655595

Legal Advisor

Ali Sibtain Fazli & Associates
Mall Mansions, 30-The Mall,
Lahore

Registered Office

6, Faisal Avenue, F-7/1,
Islamabad

Correspondence Address

6, Faisal Avenue, F-7/1,
Islamabad
Tel:92-51-2611600
Email: contact@apl.com.pk
Website: www.apl.com.pk

DIRECTORS' REVIEW

The Board of Directors of Attock Petroleum Limited feel pleasure in presenting the report on the affairs of the Company together with financial statements for the first quarter ended September 30, 2011.

The Company's profit after tax increased significantly by 25% to Rs 1,098 million as against the profit of Rs 875 million earned during the corresponding period last year mainly due to increase in prices and volumes and better stock management. This translated into earnings per share of Rs 15.88 against Rs 12.66 during same period last year.

Operations of the Company remained smooth and efficient during the period. Total oil industry trade for Petroleum Oil Lubricants products increased by around 6% as compared to same period last year, wherein High Speed Diesel (HSD) sales grew by 4%, Premier Motor Gasoline (PMG) by 31% and Furnace Oil (FO) by 4%. However, the Company due to its aggressive and proactive marketing strategies and expansion of retail network has managed to increase its sales volume of HSD by 121%, PMG by 84% and FO by 12%.

Continuing its focus on the development of infrastructure, enhancement of storage capacity at Rawalpindi Bulk Oil Terminal and Machike Bulk Oil Terminal is in progress which will result in significant increase in storage capacity. The Company is also actively considering establishing storage terminals at other strategic locations of the Country like Mehmood Kot-Multan, Gatti-Faisalabad and Shikarpur.

With the intention to broaden its business portfolio, the Company applied and succeeded in pre-qualification of bidding for the development of Fuel Farms and Operation and Maintenance of Hydrant Refueling System at the New Benazir Bhutto International Airport Islamabad.

The Board would like to extend its gratitude to the staff members for their dedication and thanks to Government authorities, customers, suppliers, contractors and shareholders and for their continued trust and cooperation.

Islamabad,
October 17, 2011

On Behalf of the Board



SHUAIB A. MALIK
CHIEF EXECUTIVE

CONDENSED INTERIM BALANCE SHEET (UNAUDITED)

AS AT SEPTEMBER 30, 2011

	Note	September 30, 2011	June 30, 2011
		Rupees ('000)	
SHARE CAPITAL AND RESERVES			
Authorised capital		1,500,000	1,500,000
150,000,000 (June 30, 2011: 150,000,000) ordinary shares of Rs 10 each			
Issued, subscribed and paid up capital		691,200	691,200
69,120,000 (June 30, 2011: 69,120,000) ordinary shares of Rs 10 each			
Reserves			
Special reserve		39,876	27,407
Revenue reserve			
Unappropriated profit		11,912,960	10,827,601
		12,644,036	11,546,208
Surplus on revaluation of freehold land	4	106,421	-
		12,750,457	11,546,208
NON CURRENT LIABILITIES			
Long term deposits		222,718	209,316
Deferred income tax liability		109,000	111,000
		331,718	320,316
CURRENT LIABILITIES			
Trade and other payables	5	17,034,593	12,073,287
Provision for income tax		448,219	540,540
		17,482,812	12,613,827
CONTINGENCIES AND COMMITMENTS			
	6	30,564,987	24,480,351

	September 30, 2011	June 30, 2011
Note	Rupees ('000)	
NON CURRENT ASSETS		
Property, plant and equipment	7 1,424,483	1,374,767
Long term investments in associated companies	8 984,239	842,957
Long term prepayments	11,283	15,231
CURRENT ASSETS		
Stores and spares	9,708	9,729
Stock in trade	9 6,033,754	5,246,705
Trade debts	10 13,311,499	9,297,292
Advances, deposits, prepayments and other receivables	11 1,302,658	1,459,703
Short term investments	513,315	1,015,930
Cash and bank balances	12 6,974,048	5,218,037
	28,144,982	22,247,396
	30,564,987	24,480,351

The annexed notes 1 to 22 form an integral part of these condensed interim financial information.


Chief Executive


Director

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)

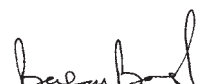
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2011

	Note	Quarter ended	
		September 30, 2011	September 30, 2010
		Rupees ('000)	
Sales		41,409,638	21,157,066
Sales tax		(5,475,464)	(2,774,197)
NET SALES		35,934,174	18,382,869
Cost of products sold		(34,717,872)	(17,541,611)
GROSS PROFIT		1,216,302	841,258
Other operating income	13	559,965	435,882
Operating expenses		(162,265)	(137,499)
OPERATING PROFIT		1,614,002	1,139,641
Finance cost	14	(230,379)	(169,719)
Income on bank deposits and short term investments		226,416	279,199
Share of profit of associated companies		23,282	26,716
Other charges	15	(110,493)	(85,724)
PROFIT BEFORE TAXATION		1,522,828	1,190,113
Provision for taxation	16	(425,000)	(315,000)
PROFIT FOR THE PERIOD		1,097,828	875,113
Earnings per share - Basic and diluted (Rupees)	20	15.88	12.66

The annexed notes 1 to 22 form an integral part of these condensed interim financial information.



Chief Executive



Director

STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

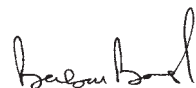
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2011

	Note	Quarter ended	
		September 30, 2011	September 30, 2010
		Rupees ('000)	
PROFIT FOR THE PERIOD		1,097,828	875,113
Share of other comprehensive income of an associated company	4	106,421	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>1,204,249</u>	<u>875,113</u>

The annexed notes 1 to 22 form an integral part of these condensed interim financial information.



Chief Executive



Director

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)

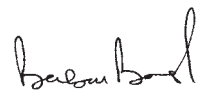
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2011

	Quarter ended	
	September 30, 2011	September 30, 2010
	Rupees ('000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Cash receipts from customers	32,492,052	19,351,887
Payments for purchase of products and operating expenses	(30,875,405)	(20,116,132)
Other charges received	6,100	7,060
Long term deposits received	13,402	6,701
Income tax paid	(519,322)	(313,651)
Cash flow from operating activities	1,116,827	(1,064,135)
CASH FLOW FROM INVESTING ACTIVITIES		
Addition to property, plant and equipment	(88,164)	(62,854)
Proceeds from sale of property, plant and equipment	84	1,788
Long term investment in associated company	(11,579)	-
Short term investments	523,029	640,139
Income received on bank deposits and short term investments	214,111	270,680
Cash flow from investing activities	637,481	849,753
CASH FLOW FROM FINANCING ACTIVITIES		
Dividends paid	(812)	(276)
Cash flow from financing activities	(812)	(276)
Effect of exchange rate changes	2,515	1,150
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	1,756,011	(213,508)
CASH AND CASH EQUIVALENTS AT JULY 1	5,218,037	9,275,603
CASH AND CASH EQUIVALENTS AT SEPTEMBER 30 (Note 17)	6,974,048	9,062,095

The annexed notes 1 to 22 form an integral part of these condensed interim financial information.



Chief Executive



Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2011

	<u>Share capital</u>	<u>Special reserve</u>	<u>Unappropriated profit</u>	<u>Surplus on Revaluation of Freehold land</u>	<u>Total</u>
	Rupees ('000)				
BALANCE AS AT JUNE 30, 2010	576,000	17,043	8,643,534	-	9,236,577
Total comprehensive income for the quarter ended September 30, 2010	-	-	875,113	-	875,113
Transfer from special reserve by associated companies	-	(2,347)	2,347	-	-
BALANCE AS AT SEPTEMBER 30, 2010	576,000	14,696	9,520,994	-	10,111,690
Total comprehensive income for the nine months period ended June 30, 2011	-	-	3,381,398	-	3,381,398
Transfer to special reserve by associated companies	-	12,711	(12,711)	-	-
Transaction with owners:					
Bonus shares @ 20% relating to the year ended June 30, 2010	115,200	-	(115,200)	-	-
Final dividend @ 200% relating to the year ended June 30, 2010	-	-	(1,152,000)	-	(1,152,000)
Interim dividend @ 115% relating to the year ended June 30, 2011	-	-	(794,880)	-	(794,880)
Total transactions with owners	115,200	-	(2,062,080)	-	(1,946,880)
BALANCE AS AT JUNE 30, 2011	691,200	27,407	10,827,601	-	11,546,208
Total comprehensive income for the quarter ended September 30, 2011	-	-	1,097,828	106,421	1,204,249
Transfer to special reserve by associated companies	-	12,469	(12,469)	-	-
BALANCE AS AT SEPTEMBER 30, 2011	691,200	39,876	11,912,960	106,421	12,750,457

The annexed notes 1 to 22 form an integral part of these condensed interim financial information.



Chief Executive



Director

SELECTED NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

FOR THE FIRST QUARTER ENDED SEPTEMBER 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% (June 30, 2011: 34.38%) shares of the Company.

2. STATEMENT OF COMPLIANCE

The condensed interim financial information of the company for the three months period ended September 30, 2011 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

3. ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements for the year ended June 30, 2011.

4. SURPLUS ON REVALUATION OF FREEHOLD LAND

This represents Company's share in surplus over book value resulting from revaluation of freehold land by our associated company.

	September 30, 2011	June 30, 2011
	Rupees ('000)	
5 TRADE AND OTHER PAYABLES		
Creditors	14,191	90,051
Due to related parties (note 5.1)	14,482,956	9,594,695
Accrued liabilities	1,141,239	1,053,416
Advance from customers	1,197,210	1,170,019
Retention money	40,341	35,629
Workers' welfare fund	148,150	118,159
Unclaimed dividend	10,506	11,318
	<u>17,034,593</u>	<u>12,073,287</u>
5.1 Due to related parties		
Attock Refinery Limited	11,276,565	7,221,552
National Refinery Limited	3,110,389	2,356,045
Pakistan Oilfields Limited	13,852	15,946
The Attock Oil Company Limited	1,387	1,010
Attock Cement Pakistan Limited	261	142
Workers' profit participation fund	80,502	-
	<u>14,482,956</u>	<u>9,594,695</u>
6. CONTINGENCIES AND COMMITMENTS		
(i) Tax contingency related to proration of expenses against local and export sales for prior years, as per show cause notices of tax department	883,709	883,709
(ii) Corporate guarantees and indemnity bonds issued by the Company to the Collectorate of Customs, Islamabad.	2,433,157	2,433,157
(iii) Guarantees issued by bank on behalf of the Company	42,357	40,745
(iv) Capital expenditure commitments	245,465	286,471
(v) Commitments for rentals of assets under operating lease agreements	891,211	859,732

	Three months to September 30, 2011	Year ended June 30, 2011
	Rupees ('000)	
7. PROPERTY, PLANT AND EQUIPMENT		
Opening net book value	1,038,290	1,019,742
Additions	44,769	169,198
Disposals		
Cost	(454)	(15,789)
Depreciation	454	10,203
	-	(5,586)
Depreciation charge	38,449	145,064
Closing net book value	1,044,610	1,038,290
Capital work in progress	379,873	336,477
	1,424,483	1,374,767

8. LONG TERM INVESTMENTS IN ASSOCIATED COMPANIES

Balance at beginning of the period / year	842,957	765,739
Investment in associated companies	11,579	-
Share of profit of associated companies	23,282	110,260
Share of other comprehensive income of associated company	106,421	-
Impairment loss of investment in National Refinery Limited	-	(17,049)
	129,703	93,211
Dividend from associated companies	-	(15,993)
Balance at end of the period / year	984,239	842,957

September 30, 2011		June 30, 2011	
Holding %	Amount Rs ('000)	Holding %	Amount Rs ('000)

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

National Refinery Limited -Quoted	1.00	500,939	1.00	483,712
Attock Refinery Limited -Quoted	1.68	533,001	1.56	409,127
Attock Information Technology Services (Private) Limited -Unquoted	10.00	8,181	10.00	8,000
Carrying value on equity method		1,042,121		900,839
Less: Impairment loss - National Refinery Limited (note 8.2)		(57,882)		(57,882)
		984,239		842,957

8.2 Impairment loss is based on a valuation analysis carried out as at June 30, 2011 by an external investment advisor engaged by the Company. The recoverable amount has been estimated on a value in use calculation.

9. STOCK IN TRADE

It includes Company's share of pipeline stock amounting to Rs 3,234,690 thousand (June 30, 2011: Rs 2,225,212 thousand) and Rs 1,034,752 thousand (June 30, 2011: Rs 1,208,695 thousand) held by Pak-Arab Pipeline Company Limited and Pak-Arab Refinery Limited respectively.

	September 30, 2011	June 30, 2011
	Rupees ('000)	
10. TRADE DEBTS		
Trade debts include following balances due from related parties.		
Attock Gen Limited	10,489,013	6,352,555
Pakistan Oilfields Limited	20,660	10,501
Attock Cement Pakistan Limited	19,266	14,141
Attock Refinery Limited	477	702
National Refinery Limited	556	-
	<u>10,529,972</u>	<u>6,377,899</u>

11. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Loans and advances	413,055	534,368
Trade deposits and short term prepayments	45,479	33,115
Current account balances with statutory authorities	62,596	72,515
Accrued income	24,514	32,622
Price differential claim receivable from the Government	47,638	47,638
Receivable from oil marketing companies under freight pool	707,721	736,788
Claims receivable	773	332
Due from related parties- unsecured		
Attock Information Technology Services (Private) Limited	701	1,044
Workers' profit participation fund	-	1,100
Others	181	181
	<u>1,302,658</u>	<u>1,459,703</u>

12. CASH AND BANK BALANCES

Cash in hand	2,887	1,570
Bank balances		
On short term deposits	3,640,000	3,717,000
On interest/mark-up bearing saving accounts (includes US \$ 103 thousand; June 30, 2011: US \$103 thousand)	1,418,598	826,999
On current accounts (includes US \$ 196 thousand; June 30, 2011: US \$ 2,274 thousand)	1,912,563	672,468
	<u>6,971,161</u>	<u>5,216,467</u>
	<u>6,974,048</u>	<u>5,218,037</u>

12.1 Short term deposits of Rs 48,497 thousand (June 30, 2011: Rs 68,515 thousand) were under lien with banks against letters of guarantees and letters of credits.

	Quarter ended	
	September 30, 2011	September 30, 2010
	Rupees ('000)	
13. OTHER OPERATING INCOME		
Commission and handling income	287,731	227,166
Mark-up on late payments	250,259	169,691
Exchange gain	14,987	31,929
Other income	6,988	7,096
	<u>559,965</u>	<u>435,882</u>

	Quarter ended	
	September 30, 2011	September 30, 2010
	Rupees ('000)	
14. FINANCE COST		
Late payment charges	226,508	163,165
Bank charges	3,871	6,554
	230,379	169,719
15. OTHER CHARGES		
Workers' profit participation fund	80,502	62,456
Worker's welfare fund	29,991	23,268
	110,493	85,724
16. PROVISION FOR TAXATION		
Current	427,000	320,000
Deferred	(2,000)	(5,000)
	425,000	315,000
17. CASH AND CASH EQUIVALENTS		
Cash and bank balances	6,974,048	8,454,588
Short term investments	-	607,507
	6,974,048	9,062,095
18. TRANSACTIONS WITH RELATED PARTIES		
Associated companies		
Purchase of petroleum products	26,982,128	15,796,539
Sale of petroleum products	4,650,420	2,986,273
Commission, handling and other income	287,732	227,166
Mark-up on late payments	248,662	169,691
Late payment charges	226,508	163,165
Administrative services expense	31,190	22,941
Other related parties		
Remuneration of Chief Executive and key management personnel including benefits and perquisites	8,595	6,005
Contribution to workers' profit participation fund	80,502	62,456

19. SEGMENT REPORTING

19.1. 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	Quarter ended	
	September 30, 2011	September 30, 2010
	Rupees ('000)	
High Speed Diesel	18,669,856	6,394,850
Furnace Fuel Oil	12,143,586	7,280,699
Premier Motor Gasoline	5,835,997	2,523,908
Bitumen	2,320,197	2,215,240
Others	2,440,002	2,742,369
	<u>41,409,638</u>	<u>21,157,066</u>

19.2. Revenues of Rs 4,404,070 thousand (2010: Rs 2,863,014 thousand) are derived from a single external customer.

20. EARNINGS PER SHARE

Earnings per share previously reported at Rs 15.19 in the financial statements for the three months ended September 30, 2010 has been restated to Rs 12.66 for 11,520,000 bonus shares issued during the year ended June 30, 2011.

21. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

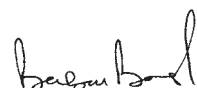
The Board of Directors in their meeting held on September 10, 2011 have proposed a final cash dividend for the year ended June 30, 2011 @ Rs 30 per share, amounting to Rs 2,073,600 thousand for the approval of the members in the Annual General Meeting to be held on October 18, 2011.

22. DATE OF AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

These condensed interim financial statements were authorised for circulation to the shareholders by the Board of Directors of the Company on October 17, 2011.



Chief Executive



Director



Attock

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