



Attock

Attock Petroleum Limited



Interim Report & Financial Statements

For the 1st Quarter Ended September 30, 2012

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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. Abdus Sattar

Mr. Babar Bashir Nawaz

Mr. M. Adil Khattak

Mr. Shuaib A. Malik
Chief Executive

→ **Company Secretary**

Mr. Rehmat Ullah Bardaie

→ **Audit Committee**

Mr. Abdus Sattar
Chairman

Mr. Babar Bashir Nawaz

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

→ **Auditors**

A. F. Ferguson & Co.
Chartered Accountants

→ **Registered Office**

Attock House, Morgah,
Rawalpindi

→ **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

→ **Correspondence Address**

Attock House, Morgah, Rawalpindi
Tel:92-51-5127250-4
Email: contact@apl.com.pk
Website: www.apl.com.pk

DIRECTORS' REVIEW

IN THE NAME OF ALLAH, THE MOST BENEVOLENT, THE MOST GRACIOUS

The Board of Directors of Attock Petroleum Limited feels pleasure in presenting the report on the affairs of the Company together with financial statements for the first quarter ended September 30, 2012.

The Company's sales revenue for the three months period ended September 30, 2012 increased by 2% mainly due to increase in prices whereas the sales volume decreased by 6%. Profit after tax increased by 18% to Rs 1,291 million as against the profit of Rs 1,098 million earned during the corresponding period last year mainly due to increase in prices of products and better product mix and stock management. This translated into earnings per share of Rs 18.67 against Rs 15.88 during same period last year.

Despite heavy rainfalls late into the monsoon season in some parts of the country, and occurrence of Holy month of Ramadan and Eid-ul-Fitr during the period under review, your Company was still able to achieve its goal of consolidating the business activities, enabling APL to further improve its processes/systems and overcome the daunting challenges. APL begun its petroleum supplies to Pakistan Airforce and Jet Fuels to Pakistan Army and was able to successfully manage all related activities in a very smooth and seamless manner. On retail development side, 5 new retail outlets were commissioned in highly targeted geographical locations while several others are in the pipeline. Perhaps the most significant change that everyone faced had been the implementation of the weekly pricing structure in September 2012. This caused some operational disturbance within the market; currently all the stake holders (from oil companies to end customers) are trying to find an optimum balance to operate under such frequently changing prices. However, the confirmation of guaranteed per liter margin on High Speed Diesel for all Oil Marketing Companies towards end of the quarter is a very positive and motivating step by the Government of Pakistan.

Your Company is still on the way to progress due to its ever increasing customer base, the confidence of our current clients on our premium quality and unmatched services, the instant response-time to issues and incidents, the will and expertise to design a tailor-made, one-window solution for all the energy needs of our existing as well as potential clients.

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

On Behalf of the Board



SHUAIB A. MALIK
Chief Executive

Rawalpindi,
October 17, 2012

CONDENSED INTERIM BALANCE SHEET (UNAUDITED)

AS AT SEPTEMBER 30, 2012

	Note	September 30, 2012	June 30, 2012
		Rupees ('000)	
SHARE CAPITAL AND RESERVES			
Authorised capital 150,000,000 (June 30, 2012: 150,000,000) ordinary shares of Rs 10 each		1,500,000	1,500,000
Issued, subscribed and paid up capital 69,120,000 (June 30, 2012: 69,120,000) ordinary shares of Rs 10 each		691,200	691,200
Reserves			
Special reserve		54,760	54,864
Revenue reserve			
Unappropriated profit		12,928,033	11,637,259
		13,673,993	12,383,323
NON CURRENT LIABILITIES			
Long term deposits		253,373	245,729
Deferred income tax liability		164,000	167,000
		417,373	412,729
CURRENT LIABILITIES			
Trade and other payables	4	23,394,912	17,666,747
Provision for income tax		230,112	68,342
		23,625,024	17,735,089
CONTINGENCIES AND COMMITMENTS			
	5		
		37,716,390	30,531,141

	Note	September 30, 2012	June 30, 2012
		Rupees ('000)	
NON CURRENT ASSETS			
Property, plant and equipment	6	1,652,236	1,601,576
Long term investments in associated companies	7	849,469	856,037
Long term prepayments		-	10,733
CURRENT ASSETS			
Stores and spares		16,623	15,620
Stock in trade	8	5,110,301	4,165,895
Trade debts	9	20,448,534	15,351,310
Advances, deposits, prepayments and other receivables	10	503,963	843,072
Short term investments		1,363,874	873,168
Cash and bank balances	11	7,771,390	6,813,730
		35,214,685	28,062,795
		37,716,390	30,531,141

The annexed notes 1 to 19 form an integral part of these condensed interim financial statements.



Chief Executive



Director

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)

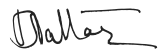
FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2012

	Note	Three months period ended	
		September 30, 2012	September 30, 2011
		Rupees ('000)	
SALES		42,347,027	41,409,638
Sales tax		(5,774,680)	(5,475,464)
NET SALES		36,572,347	35,934,174
Cost of products sold		(34,785,794)	(34,717,872)
GROSS PROFIT		1,786,553	1,216,302
Other operating income	12	718,506	559,965
Operating expenses		(352,647)	(162,265)
OPERATING PROFIT		2,152,412	1,614,002
Finance cost	13	(379,128)	(230,379)
Income on bank deposits and short term investments		263,750	226,416
Share of profit of associated companies		(6,568)	23,282
Other charges	14	(139,796)	(110,493)
PROFIT BEFORE TAXATION		1,890,670	1,522,828
Provision for taxation	15	(600,000)	(425,000)
PROFIT FOR THE PERIOD		1,290,670	1,097,828
Earnings per share - Basic and diluted (Rupees)		18.67	15.88

The annexed notes 1 to 19 form an integral part of these condensed interim financial statements.



Chief Executive



Director

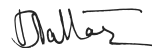
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
 FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2012

	Three months period ended	
	September 30, 2012	September 30, 2011
	Rupees ('000)	
PROFIT FOR THE PERIOD	1,290,670	1,097,828
Other comprehensive income	-	-
TOTAL COMPREHENSIVE INCOME	<u>1,290,670</u>	<u>1,097,828</u>

The annexed notes 1 to 19 form an integral part of these condensed interim financial statements.



Chief Executive



Director

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)

FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2012

Three months period ended

September 30, 2012 September 30, 2011

Rupees ('000)

CASH FLOW FROM OPERATING ACTIVITIES

Receipts from customers	32,039,161	32,492,052
Payments for purchase of products and operating expenses	(30,342,225)	(30,875,405)
Other charges received	46,940	6,100
Long term deposits received	7,644	13,402
Income tax paid	(441,230)	(519,322)
Cash flow from operating activities	1,310,290	1,116,827

CASH FLOW FROM INVESTING ACTIVITIES

Addition to property, plant and equipment	(99,996)	(88,164)
Proceeds from sale of property, plant and equipment	149	84
Long term investments in associated companies	-	(11,579)
Short term investments	(459,660)	523,029
Income received on bank deposits and short term investments	207,286	214,111
Cash flow from investing activities	(352,221)	637,481

CASH FLOW FROM FINANCING ACTIVITIES

Dividends paid	(605)	(812)
Cash used in financing activities	(605)	(812)

EFFECT OF EXCHANGE RATE CHANGES

	196	2,515
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INCREASE IN CASH AND CASH EQUIVALENTS

	957,660	1,756,011
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CASH AND CASH EQUIVALENTS AT JULY 1

	6,813,730	5,218,037
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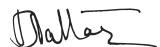
CASH AND CASH EQUIVALENTS AT SEPTEMBER 30

	7,771,390	6,974,048
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Chief Executive



Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

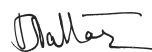
FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2012

	Share capital	Special reserve	Unappropriated profit	Total
	Rupees ('000)			
BALANCE AS AT JUNE 30, 2011	691,200	27,407	10,827,601	11,546,208
Total comprehensive income for the three months period ended September 30, 2011	-	-	1,097,828	1,097,828
Transfer to special reserves by associated companies	-	12,469	(12,469)	-
BALANCE AS AT SEPTEMBER 30, 2011	691,200	39,876	11,912,960	12,644,036
Total comprehensive income for the nine months period ended June 30, 2012	-	-	3,022,487	3,022,487
Transfer to special reserves by associated companies	-	14,988	(14,988)	-
Transaction with owners:				
Final dividend @ 300% relating to year ended June 30, 2011	-	-	(2,073,600)	(2,073,600)
Interim dividend @ 175% relating to year ended June 30, 2012	-	-	(1,209,600)	(1,209,600)
Total transactions with owners	-	-	(3,283,200)	(3,283,200)
BALANCE AS AT JUNE 30, 2012	691,200	54,864	11,637,259	12,383,323
Total comprehensive income for the three months period ended September 30, 2012	-	-	1,290,670	1,290,670
Transfer from special reserves by associated companies	-	(104)	104	-
BALANCE AS AT SEPTEMBER 30, 2012	691,200	54,760	12,928,033	13,673,993

The annexed notes 1 to 19 form an integral part of these condensed interim financial statements.



Chief Executive



Director

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

FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2012

1. LEGAL STATUS AND OPERATIONS

Attock Petroleum Limited (the Company) was incorporated in Pakistan as a public limited company on December 3, 1995 and it commenced its operations in 1998. The Company was listed on Karachi Stock Exchange on March 7, 2005. The registered office of the Company is situated at Attock House, Morgah, Rawalpindi, Pakistan. The Company is domiciled in Rawalpindi. The principal activity of the Company is procurement, storage and marketing of petroleum and related products. Pharaon Investment Group Limited Holding s.a.l holds 34.38% (June 30, 2012: 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, 2012 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, 2012.

September 30, June 30,
2012 2012
Rupees ('000)

4. TRADE AND OTHER PAYABLES

Creditors	16,606	9,855
Due to related parties (Unsecured) -note 4.1	19,976,764	14,800,352
Accrued liabilities	1,703,095	1,050,290
Advance from customers	1,350,207	1,504,526
Retention money	64,086	54,910
Workers' welfare fund	269,009	231,064
Unclaimed dividend	15,145	15,750
	23,394,912	17,666,747

	September 30, 2012	June 30, 2012
	Rupees ('000)	
4.1 Due to related parties		
National Refinery Limited	3,136,647	1,459,779
Attock Refinery Limited	16,704,397	13,306,444
Pakistan Oilfields Limited	13,657	15,561
The Attock Oil Company Limited	19,422	15,796
Workers' profit participation fund	101,852	-
APL Employees Provident fund	789	2,772
	19,976,764	14,800,352

5. CONTINGENCIES AND COMMITMENTS

(i) Tax contingency related to proration of expenses against local and export sales for prior years, as per show cause notices of tax department. The Company has filed its response against the show cause notice and no further action has yet been taken by the department.	850,348	850,348
(ii) Corporate guarantees and indemnity bonds issued by the Company to the Commissioner Inland Revenue, Islamabad	2,013,101	2,013,101
(iii) Guarantees issued by bank on behalf of the Company	83,304	78,304
(iv) Capital expenditure commitments	310,530	323,371
(v) Commitments for rentals of assets under operating lease agreements	1,369,846	1,381,421

Three months to September 30, 2012	Year ended June 30, 2012
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Rupees ('000)

6. PROPERTY, PLANT AND EQUIPMENT

Opening net book value	1,342,228	1,038,290
Additions	36,275	479,377
Disposals		
Cost	(1,531)	(1,935)
Depreciation	1,531	1,935
	-	-
Depreciation charge	49,336	175,439
Closing net book value	1,329,167	1,342,228
Capital work in progress	323,069	259,348
	1,652,236	1,601,576

**Three months to
September 30,
2012**

Year ended
June 30,
2012

Rupees ('000)

7. LONG TERM INVESTMENTS IN ASSOCIATED COMPANIES

Movement during the period/year

Balance at beginning of the period / year	856,037	842,957
Investment in associated companies	-	11,578
Share of profit/(loss) of associated companies	(2,015)	76,966
Impairment loss of investment in National Refinery Limited	(4,553)	(50,460)
	(6,568)	26,506
Dividend from associated companies	-	(25,004)
Balance at end of the period / year	849,469	856,037

September 30, 2012

June 30, 2012

September 30, 2012		June 30, 2012	
Holding %	Amount Rs ('000)	Holding %	Amount Rs ('000)

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

National Refinery Limited - Quoted	1	507,130	1	502,577
Attock Refinery Limited - Quoted	1.68	446,071	1.68	452,798
Attock Information Technology Services (Private) Limited - Unquoted	10	9,163	10	9,004
Carrying value on equity method		962,364		964,379
Less: Impairment loss - National Refinery Limited (note 7.2)		(112,895)		(108,342)
		849,469		856,037

7.2 Impairment loss is based on a valuation analysis carried out as at June 30, 2012 by an external investment advisor engaged by the Company. The recoverable amount has been estimated on a value in use calculation.

8. STOCK IN TRADE

It includes the Company's share of pipeline stock amounting to Rs 3,270,959 thousand (June 30, 2012: Rs 2,196,602 thousand) and Rs 406,311 thousand (June 30, 2012: Rs 1,039,752 thousand) held by Pak-Arab Pipeline Company Limited and Pak-Arab Refinery Limited respectively.

September 30,
2012

June 30,
2012

Rupees ('000)

9. TRADE DEBTS

Trade debts include following balances due from related parties.

Attock Gen Limited	15,572,058	13,148,890
Pakistan Oilfields Limited	33,554	29,264
Attock Cement Pakistan Limited	16,590	12,082
Attock Refinery Limited	953	791
	15,623,155	13,191,027

10. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Advances to suppliers and employees	142,256	304,695
Trade deposits and short term prepayments	28,072	41,081
Current account balances with statutory authorities	51,933	57,904
Accrued income on bank deposits	45,602	20,184
Price differential claim receivable from the Government	28,528	28,528
Receivable from oil marketing companies under freight pool	205,036	339,918
Due from related parties - unsecured		
APL Gratuity fund	1,789	2,690
Attock Information Technology Services (Private) Limited	701	936
Attock Cement Pakistan Limited	46	196
Workers' profit participation fund	-	46,940
	503,963	843,072

11. CASH AND BANK BALANCES

Cash in hand	2,808	1,947
Bank balances		
On short term deposits	5,315,000	5,500,000
On interest/mark-up bearing saving accounts (includes US \$ 103 thousand; 2012: US \$103 thousand)	1,815,873	958,719
On current accounts (includes US \$ 189 thousand; 2012: US \$ 189 thousand)	637,709	353,064
	7,768,582	6,811,783
	7,771,390	6,813,730

11.1 Short term deposits of Rs 96,241 thousand (June 30, 2012: Rs 81,014 thousand) were under lien with banks against letters of guarantees and letters of credits.

Three months period ended
September 30, 2012 September 30, 2011

Rupees ('000)

12. OTHER OPERATING INCOME

Commission and handling income	293,850	287,731
Mark-up on late payments	410,611	250,259
Exchange gain	91	14,987
Other income	13,954	6,988
	718,506	559,965

13. FINANCE COST

Bank charges	3,717	3,871
Late payment charges	375,411	226,508
	379,128	230,379

14. OTHER CHARGES

Workers' profit participation fund	101,852	80,502
Workers' welfare fund	37,944	29,991
	139,796	110,493

15. PROVISION FOR TAXATION

Current	603,000	427,000
Deferred	(3,000)	(2,000)
	600,000	425,000

16. TRANSACTIONS WITH RELATED PARTIES

Associated companies		
Purchase of petroleum products	28,540,953	26,982,128
Sale of petroleum products	5,088,200	4,650,420
Commission and handling income	293,850	287,732
Mark-up earned on late payments	409,988	248,662
Late payment charges	375,411	226,508
Administrative services expense	41,783	31,190

	Three months period ended	
	September 30, 2012	September 30, 2011
	Rupees ('000)	
Other related parties		
Remuneration of Chief Executive and key management personnel including benefits and perquisites	7,728	8,595
Contribution to staff retirement benefits plans		
APL Employees provident fund	1,902	-
APL Gratuity fund	902	-
Contribution to workers' profit participation fund	101,852	80,502

17. OPERATING SEGMENT

17.1 The financial information has been prepared on the basis of a single reportable segment. Revenue from external customers for products of the Company are as follows:

	Three months period ended	
	September 30, 2012	September 30, 2011
	Rupees ('000)	
Product		
High Speed Diesel	19,140,090	18,669,856
Furnace Fuel Oil	13,818,899	12,143,586
Premier Motor Gasoline	5,512,313	5,835,997
Bitumen	2,437,647	2,320,197
Others	1,438,078	2,440,002
	42,347,027	41,409,638

17.2 Revenues of Rs 4,846,630 thousand (2011: Rs 4,404,070 thousand) were derived from a single customer.

18. NON-ADJUSTED EVENT AFTER THE BALANCE SHEET DATE

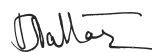
The Board of Directors in their meeting held on September 15, 2012 have proposed a final cash dividend for the year ended June 30, 2012 @ Rs. 32.50 per share, amounting to Rs 2,246,400 thousand for the approval of the members in the Annual General Meeting to be held on October 17, 2012.

19. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue by the Board of Directors of the Company on October 17, 2012.



Chief Executive



Director



Attock

Attock House, Morgah, Rawalpindi-Pakistan. Tel: 051-5127250-4
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