

Attock Petroleum Limited



**Interim Report
&
Financial Statements**

For the 1st Quarter
Ended September 30, 2008



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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. Bilal A. Khan)

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. Bilal A. Khan
(Alternate Director to
Mr. Laith G. Pharaon)

Auditors

A. F. Ferguson & Co.
Chartered Accountants

Registered Office

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

Bankers

Faysal Bank Limited
Habib 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: 92-21-5655595

Legal Advisor

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

Correspondence Address

6, Faisal Avenue, F-7/1, Islamabad
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Website: www.apl.com.pk

DIRECTORS' REVIEW

The Board of Directors of Attock Petroleum Limited (APL) is pleased to present the financial statements for the first quarter of the financial year 2008-09.

The first quarter witnessed downward trend in international crude oil prices after unprecedented rise during financial year 2007-08. Oil Petroleum Exporting Countries' (OPEC) average crude prices came down to US \$ 96/bbl in September 2008 from US \$ 128/bbl in June 2008. However, devaluation of Pak Rupee against US Dollar remained the major challenge for the industry as well as for the overall economy and partly offset the favourable impact of receding oil prices.

The substantial increase in the receivable from Government of Pakistan (GOP) on account of Price Differential Claim (PDC) on HSD and delayed payments from Government agencies in connection with fuel supplies created problems in honouring our committed payments on the due dates. However, presently, Government's subsidy on HSD has reduced to nil due to reducing oil prices which is expected to overcome the liquidity issues of the industry.

During this quarter our focus was much more on improving efficiency in all segments of business. The Company earned profit after tax of Rs 785 million as against a profit of Rs 549 million during corresponding period last year. This has resulted in earnings per share of Rs 16.36 against Rs 11.43 during same period last year. This improvement in the profitability is mainly driven by increase in international oil prices, better product mix and efficient inventory management.

During the quarter under review, 15 new pumps were commissioned bringing the total number of operational gas stations to 224 as on September 30, 2008. Further, we are in the process of restructuring our existing retail outlets in terms of looks and services. In this area the Company is making significant investments in order to better address the needs of customers by providing state-of-the-art facilities.

In order to capture the potential market in down stream oil sector, efforts are continuously pouring in to increase the muscles of our infra-structure. Strategic planning and customer satisfaction are the main focal points to achieve consistency. Machike terminal is near completion and will be commissioned by the end of this year. The Company is making all the endeavours to start construction of terminal at Port Qasim which has been held in abeyance due to certain possession related legal issues.

DIRECTORS' REVIEW

The management remain focused on enhancing the position of the Company for the longer term and is firmly of the opinion that the fundamentals of the Company are such that this strengthening will continue.

Islamabad
October 30, 2008

On Behalf of the Board



SHUAIB A. MALIK
CHIEF EXECUTIVE

CONDENSED INTERIM BALANCE SHEET (UNAUDITED)

AS AT SEPTEMBER 30, 2008

	Note	September 30, 2008	June 30, 2008
		Rupees ('000)	
SHARE CAPITAL AND RESERVES			
Authorised capital		<u>750,000</u>	750,000
Issued, subscribed and paid up capital		<u>480,000</u>	480,000
Reserves			
Special reserve		31,376	53,272
Revenue reserve			
Unappropriated profit		<u>5,809,606</u>	5,002,577
		<u>6,320,982</u>	5,535,849
NON CURRENT LIABILITIES			
Long term deposits		<u>132,847</u>	121,137
Deferred tax liability		<u>18,000</u>	14,000
		<u>150,847</u>	135,137
CURRENT LIABILITIES			
Trade and other payables	3	<u>11,152,373</u>	9,814,694
Provision for income tax		<u>138,003</u>	28,421
		<u>11,290,376</u>	9,843,115
CONTINGENCIES AND COMMITMENTS			
	4	<u>17,762,205</u>	15,514,101

	Note	September 30, 2008	June 30, 2008
		Rupees ('000)	
PROPERTY, PLANT AND EQUIPMENT	5	982,306	922,621
LONG TERM INVESTMENTS IN ASSOCIATED COMPANIES	6	717,766	709,081
CURRENT ASSETS			
Stores and spares		5,029	5,164
Stock in trade		124,513	299,092
Trade debts	7	8,305,811	5,825,869
Advances, deposits, prepayments and other receivables	8	2,073,744	1,304,014
Short term investments		114,184	330,369
Cash and bank balances	9	5,438,852	6,117,891
		16,062,133	13,882,399
		17,762,205	15,514,101

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


Chief Executive


Director

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2008

	Note	THREE MONTHS TO	
		September 30, 2008	September 30, 2007
		Rupees ('000)	
Sales		22,404,560	12,623,355
Sales tax		(2,660,829)	(1,371,268)
NET SALES		19,743,731	11,252,087
Cost of products sold		(18,862,839)	(10,650,280)
GROSS PROFIT		880,892	601,807
Other operating income	10	299,864	155,558
Operating expenses	11	(164,965)	(64,657)
OPERATING PROFIT		1,015,791	692,708
Income on bank deposits and short term investments		164,255	104,309
Share of (loss)/profit of associated companies		(13,994)	5,552
Workers' profit participation fund		(59,002)	(39,851)
PROFIT BEFORE TAXATION		1,107,050	762,718
Provision for taxation		(321,917)	(214,000)
PROFIT FOR THE PERIOD		785,133	548,718
Basic earnings per share (Rupees)		16.36	11.43

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



Chief Executive



Director

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2008

	THREE MONTHS TO	
	September 30, 2008	September 30, 2007
	Rupees ('000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1,107,050	762,718
Adjustment for:		
Depreciation	18,368	15,487
Gain on sale of property, plant and equipment	(22)	-
Income on bank deposits and short term investments	(164,255)	(104,309)
Share of loss/(profit) of associated companies	13,994	(5,552)
	975,135	668,344
Changes in working capital		
Decrease/(Increase) in stores and spares	135	(4,907)
Decrease/(Increase) in stock in trade	174,579	(87,732)
(Increase)/Decrease in trade debts	(2,479,942)	1,356,875
(Increase) in advances, deposits, prepayments and other receivables	(763,809)	(335,131)
Increase/(Decrease) in trade and other payables	1,337,753	(1,995,676)
	(1,731,284)	(1,066,571)
Taxes paid	(208,335)	(156,961)
Net cash flow from operating activities	(964,484)	(555,188)
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(78,086)	(111,862)
Proceeds from sale of property, plant and equipment	54	-
Long term investment in associated companies	(22,679)	-
Short term investments	200,000	(100,000)
Income received on bank deposits and investments	174,519	91,653
Net cash flow from investing activities	273,808	(120,209)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(73)	(19,355)
Long term deposits received	11,710	2,006
Net cash flow from financing activities	11,637	(17,349)
(DECREASE) IN CASH AND CASH EQUIVALENTS	(679,039)	(692,746)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	6,117,891	4,066,809
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	5,438,852	3,374,063

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



Chief Executive



Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2008

	Share capital	Special reserve	Unappropriated profit	Rupees ('000) Total
Balance as at June 30, 2007	400,000	18,004	3,036,293	3,454,297
Final dividend @ 140% relating to year ended June 30, 2007	-	-	(560,000)	(560,000)
Issue of bonus shares	80,000	-	(80,000)	-
Profit for the period	-	-	548,718	548,718
Balance as at September 30, 2007	480,000	18,004	2,945,011	3,443,015
Profit for the period	-	-	2,092,834	2,092,834
Transfer to special reserve by associated companies	-	35,268	(35,268)	-
Balance as at June 30, 2008	480,000	53,272	5,002,577	5,535,849
Profit for the period	-	-	785,133	785,133
Transfer from special reserve by associated companies	-	(21,896)	21,896	-
Balance as at September 30, 2008	480,000	31,376	5,809,606	6,320,982

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



Chief Executive



Director

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

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2008

1. LEGAL STATUS AND OPERATIONS

Attock Petroleum Limited (the Company) was incorporated in Pakistan as a public limited company on December 3, 1995, commenced its operations in 1998 and was listed on Karachi Stock Exchange on March 7, 2005. The Company is engaged in marketing of petroleum products. Pharaon Investment Group Limited Holding s.a.l has controlling interest in the Company.

2. BASIS OF PREPARATION

- 2.1** These financial statements have been prepared in accordance with the requirements of International Accounting Standard 34 'Interim Financial Reporting'.
- 2.2** All accounting policies adopted for the preparation of these financial statements are the same as those applied in preparation of the preceding annual published financial statements of the Company.

3. TRADE AND OTHER PAYABLES

	September 30, 2008	June 30, 2008
	Rupees ('000)	
Creditors	152,658	190,476
Due to related parties - unsecured - note 3.1	9,489,913	8,087,993
Accrued liabilities	691,789	562,221
Advance from customers	701,481	951,526
Retention money	24,455	18,955
Payable to oil marketing companies under freight pool	31,259	-
Workers' profit participation fund	57,369	-
Unclaimed dividend	3,449	3,523
	<u>11,152,373</u>	<u>9,814,694</u>
3.1 Due to related parties		
National Refinery Limited	7,617,562	5,567,988
Attock Refinery Limited	1,863,339	2,512,462
Pakistan Oilfields Limited	8,925	6,988
The Attock Oil Company Limited	-	365
Attock Cement Pakistan Limited	87	190
	<u>9,489,913</u>	<u>8,087,993</u>

	September 30, 2008	June 30, 2008
	Rupees ('000)	
4. CONTINGENCIES AND COMMITMENTS		
(i) Claims of Government levies not accepted by the Company and currently under appeal	23,064	23,064
(ii) Corporate guarantees and indemnity bonds issued by the Company to the Collector Sales Tax and Federal Excise, Islamabad	4,058,245	3,078,111
(iii) Guarantees issued by bank on behalf of the Company	40,052	34,392
(iv) Capital expenditure commitments	116,617	102,678
	Three months to September 30, 2008	Year ended June 30, 2008
	Rupees ('000)	
5. PROPERTY, PLANT AND EQUIPMENT		
Cost		
Opening balance	822,138	706,217
Additions during the period/ year	52,892	119,309
Disposals during the period/ year	(54)	(3,388)
Closing balance	<u>874,976</u>	<u>822,138</u>
Accumulated depreciation		
Opening balance	289,626	215,111
Charge for the period/ year	18,368	77,187
Relating to disposals	(22)	(2,672)
Closing balance	<u>307,972</u>	<u>289,626</u>
Operating assets-Written down value	567,004	532,512
Capital Work in Progress	415,302	390,109
	<u>982,306</u>	<u>922,621</u>
6. LONG TERM INVESTMENTS IN ASSOCIATED COMPANIES		
Balance at beginning of the period/ year	709,081	387,246
Investment in associated companies during the period/ year	22,679	276,245
Share of (loss)/profit	(13,994)	105,734
Impairment loss-National Refinery Limited	-	(46,816)
Dividend received	-	(13,328)
Balance at end of the period/ year	<u>717,766</u>	<u>709,081</u>

These represent 1% shareholding in National Refinery Limited, 1.56% shareholding in Attock Refinery Limited and 10% shareholding in Attock Information Technology Services (Private) Limited.

	September 30, 2008	June 30, 2008
	Rupees ('000)	
7. TRADE DEBTS		
Considered good		
Secured	7,544,726	4,845,529
Unsecured	696,501	946,180
Due from related parties - (unsecured) - note 7.1	64,584	34,160
	<u>8,305,811</u>	<u>5,825,869</u>
Unsecured- Considered Doubtful	31,000	31,000
Provision for doubtful debts	(31,000)	(31,000)
	<u>8,305,811</u>	<u>5,825,869</u>
7.1 Due from related parties		
Pakistan Oilfields Limited	52,996	30,030
Attock Cement Pakistan Limited	10,656	3,778
Attock Refinery Limited	523	352
National Refinery Limited	409	-
	<u>64,584</u>	<u>34,160</u>
8. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES		
Advances - considered good	23,635	71,386
Trade deposits and short-term prepayments	17,988	10,955
Current account balances with statutory authorities	229,867	308,415
Accrued income	22,754	16,833
Price differential claim receivable from the Government	1,761,808	872,542
Receivable from oil marketing companies under freight pool	-	16,581
Claims receivable	11,623	515
Due from related party - unsecured		
Attock Information Technology Services	4,791	4,044
The Attock Oil Company Limited	162	-
Workers' profit participation fund	-	1,634
Staff pension fund	765	765
Other receivables	351	344
	<u>2,073,744</u>	<u>1,304,014</u>
9. CASH AND BANK BALANCES		
Cash in hand	1,901	904
Bank balances		
On short term deposits	4,354,752	3,359,689
On interest/markup bearing saving accounts	1,078,745	2,753,771
On current accounts	3,454	3,527
	<u>5,438,852</u>	<u>6,117,891</u>

9.1. Deposits of Rs 53,406 thousand (June 2008: Rs 47,986 thousand) were under lien with banks against letters of guarantees and letters of credits.

10. OTHER OPERATING INCOME

Commission and handling income
Other income

	Three months to September 30, 2008	September 30, 2007
	Rupees ('000)	
	297,192	152,768
	2,672	2,790
	<u>299,864</u>	<u>155,558</u>

11. OTHER OPERATING EXPENSE

This includes exchange loss of Rs 79,424 thousand (September 2007: Rs 1,104 thousand).

12. TRANSACTIONS WITH RELATED PARTIES

Purchase of petroleum products
Sale of petroleum products
Commission and handling income
Administrative services expenses

	Three months to September 30, 2008	September 30, 2007
	Rupees ('000)	
	19,179,715	9,792,820
	306,668	114,243
	297,192	135,339
	7,789	2,828

Other related parties

Remuneration of Chief Executive and
key management personnel including
benefits and perquisites

Contribution to staff retirement benefits plans
Staff Pension fund trust
Staff Provident fund trust

Contribution to workers' profit participation fund

	4,437	3,559
	1,617	1,191
	808	562
	59,002	39,851

13. NON-ADJUSTING EVENT AFTER BALANCE SHEET DATE

The Board of Directors in their meeting held on October 08, 2008 have proposed a final cash dividend for the year ended June 30, 2008 @ Rs 20 per share, amounting to Rs 960,000 thousand and bonus issue @ 20% i.e. one share for every five shares held for approval of the members in the Annual General Meeting to be held on October 31, 2008.

14. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors of the Company on October 30, 2008.


Chief Executive


Director



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