

**ATTOCK PETROLEUM LIMITED**  
**SELECTED NOTES TO AND FORMING PART OF THE**  
**CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2010**

**1. LEGAL STATUS AND OPERATIONS**

Attock Petroleum Limited (Company) was incorporated in Pakistan as a public limited company on December 3, 1995 and it commenced its operations in 1998. The Company was listed on Karachi Stock Exchange on March 7, 2005. The registered office of the Company is situated at 6, Faisal Avenue, F-7/1, Islamabad, Pakistan. The Company is domiciled in Islamabad. The principal activity of the Company is procurement, storage and marketing of petroleum and related products. Pharaon Investment Group Limited Holding s.a.l holds 34.38% (June 30, 2010: 34.38%) shares of the Company.

**2. STATEMENT OF COMPLIANCE**

The condensed interim financial information of the company for the six months period ended December 31, 2010 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, 2010.

**4. TRADE AND OTHER PAYABLES**

	December 31, 2010	June 30, 2010
	Rs ('000)	
Creditors	5,058	2,159
Due to related parties (note 4.1)	9,878,866	9,393,768
Accrued liabilities	644,233	628,211
Advance from customers	821,227	1,410,407
Retention money	13,143	14,687
Workers' welfare fund	46,415	96,279
Unclaimed dividend	12,973	8,546
	<u>11,421,915</u>	<u>11,554,057</u>
4.1 Due to related parties		
National Refinery Limited	2,794,338	2,704,554
Attock Refinery Limited	6,945,161	6,670,647
Pakistan Oilfields Limited	11,163	18,414
The Attock Oil Company	1,759	-
Attock Cement Pakistan Limited	21	153
Attock Hospital (Private) Limited	101	-
Workers' profit participation fund	126,323	-
	<u>9,878,866</u>	<u>9,393,768</u>

	December 31, 2010	June 30, 2010
	Rs ('000)	
<b>5. CONTINGENCIES AND COMMITMENTS</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	883,709	894,813
(ii) Corporate guarantees and indemnity bonds issued by the Company to the Commissioner Inland Revenue, Islamabad	2,602,789	5,223,003
(iii) Guarantees issued by bank on behalf of the Company	40,345	40,345
(iv) Capital expenditure commitments	287,577	137,485
(v) Commitments for rentals of assets under operating lease agreements as at December 31, 2010 amounting to Rs 826,755 thousand (June 30, 2010: Rs 215,756 thousand) payable as follows:		
Not later than one year	32,452	20,282
Later than one year and not later than five years	189,145	78,540
Later than five years	605,158	116,934
	Six months to December 31, 2010	Year ended June 30, 2010
	Rs ('000)	
<b>6. PROPERTY, PLANT AND EQUIPMENT</b>		
Opening net book value	1,019,742	939,780
Additions	77,517	209,016
Disposals		
Cost	(8,244)	(30,441)
Depreciation	5,416	28,685
	(2,828)	(1,756)
Depreciation charge	69,592	127,298
Closing net book value	1,024,839	1,019,742
Capital work in progress	216,572	197,475
	<u>1,241,411</u>	<u>1,217,217</u>
<b>7. LONG TERM INVESTMENTS IN ASSOCIATED COMPANIES</b>		
Balance at beginning of the period / year	765,739	733,397
Share of profit of associated companies	53,226	37,302
Impairment reversal of investment in National Refinery Limited	-	5,035
	53,226	42,337
Dividend from associated companies	(15,993)	(9,995)
Balance at end of the period / year	<u>802,972</u>	<u>765,739</u>

	December 31, 2010		June 30, 2010	
	Holding %	Amount Rs ('000)	Holding %	Amount Rs ('000)
7.1 The Company's interest in associated companies is as follows:				
Quoted				
National Refinery Limited	1	448,746	1	438,067
Attock Refinery Limited	1.56	387,670	1.56	361,613
Unquoted				
Attock Information Technology Services (Private) Limited	10	7,389	10	6,892
Carrying value on equity method		843,805		806,572
Less: Impairment loss - National Refinery Limited (note 7.2)		(40,833)		(40,833)
		<u>802,972</u>		<u>765,739</u>

7.2 Impairment loss is based on a valuation analysis carried out as at June 30, 2010 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 Company's share of pipeline stock amounting to Rs 1,283,529 thousand (June 30, 2010: Rs 304,729 thousand) and Rs 517,530 thousand (June 30, 2010: Rs 109,970 thousand) held by Pak-Arab Pipeline Company Limited and Pak-Arab Refinery Limited respectively.

## 9. TRADE DEBTS

Trade debts include following balances due from related parties:

	December 31, 2010	June 30, 2010
	Rs ('000)	
Attock Gen Limited	5,718,582	5,799,693
Pakistan Oilfields Limited	26,419	10,787
Attock Cement Pakistan Limited	21,326	13,296
Attock Refinery Limited	857	791
	<u>5,767,184</u>	<u>5,824,567</u>

	December 31, 2010	June 30, 2010
	Rs ('000)	
<b>10. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES</b>		
Loans and advances	242,328	312,463
Trade deposits and short term prepayments	45,302	27,492
Current account balances with statutory authorities	84,653	103,176
Accrued income	61,096	92,569
Price differential claim receivable from the Government	47,638	47,638
Receivable from oil marketing companies under freight pool	161,020	116,238
Claims receivable	332	844
Due from related parties- unsecured		
Staff Pension Fund	10,700	10,700
Staff Provident Fund	1,863	522
Attock Information Technology Services (Private) Limited	308	615
The Attock Oil Company Limited	-	232
Workers' profit participation fund	-	7,060
Others	393	355
	<u>655,633</u>	<u>719,904</u>

**11. CASH AND BANK BALANCES**

Cash in hand	2,986	901
Bank balances		
On short term deposits	5,485,000	8,159,000
On interest/mark-up bearing saving accounts (includes US \$ 103 thousand; 2010: US \$103 thousand)	1,332,796	632,798
On current accounts (includes US \$ 2,280 thousand; 2010: US \$2,288 thousand)	592,922	482,904
	<u>7,410,718</u>	<u>9,274,702</u>
	<u>7,413,704</u>	<u>9,275,603</u>

11.1 Short term deposits of Rs 49,111 thousand (June 30, 2010: Rs 53,405 thousand) were under lien with banks against letters of guarantees and letters of credits.

	<u>Quarter ended</u>		<u>Six months period ended</u>	
	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
	Rs ('000)		Rs ('000)	
<b>12. OTHER OPERATING INCOME</b>				
Commission and handling income	269,482	213,730	496,648	393,313
Mark-up on late payments	176,525	103,454	346,216	103,454
Exchange gain	3,522	-	35,451	-
Other income	6,015	6,282	13,111	12,258
	<u>455,544</u>	<u>323,466</u>	<u>891,426</u>	<u>509,025</u>

	Quarter ended		Six months period ended	
	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
	Rs ('000)		Rs ('000)	
<b>13. FINANCE COST</b>				
Late payment charges	156,861	101,774	320,026	101,774
Bank charges	7,171	6,580	13,725	17,099
	<u>164,032</u>	<u>108,354</u>	<u>333,751</u>	<u>118,873</u>
<b>14. OTHER CHARGES</b>				
Workers' profit participation fund	63,867	56,962	126,323	110,298
Worker's welfare fund	23,794	127,463	47,062	127,463
	<u>87,661</u>	<u>184,425</u>	<u>173,385</u>	<u>237,761</u>
<b>15. PROVISION FOR TAXATION</b>				
Current	326,000	191,500	646,000	472,500
Deferred	6,000	(1,500)	1,000	3,500
	<u>332,000</u>	<u>190,000</u>	<u>647,000</u>	<u>476,000</u>
<b>16. CASH AND CASH EQUIVALENTS</b>				
Cash and bank balances			7,413,704	6,431,885
Short term investments - Held to maturity investment in treasury bills			<u>711,632</u>	<u>-</u>
			<u>8,125,336</u>	<u>6,431,885</u>
<b>17. TRANSACTIONS WITH RELATED PARTIES</b>				
<b>Associated companies</b>				
Purchase of petroleum products	17,299,371	16,120,018	33,095,910	30,073,702
Sale of petroleum products	3,000,832	2,806,632	5,987,105	5,684,549
Commission and handling income	269,482	213,730	496,648	393,313
Mark-up on late payments	163,136	103,454	332,827	103,454
Late payment charges	156,861	101,774	320,026	101,774
Administrative services expense	18,250	7,941	41,191	13,808
<b>Other related parties</b>				
Remuneration of Chief Executive and key management personnel including benefits and perquisites	24,073	18,615	30,078	27,060
Contribution to staff retirement benefits plans				
Staff Pension fund trust	-	-	-	1,647
Staff Provident fund trust	-	-	-	838
Contribution to workers' profit participation fund	63,867	56,962	126,323	110,298

## 18. OPERATING SEGMENT

18.1 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:

Product	Quarter ended		Six months period ended	
	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
	Rs ('000)			
High Speed Diesel	10,128,582	10,996,925	16,523,432	18,094,620
Furnace Fuel Oil	7,771,960	4,919,511	15,052,659	8,894,854
Premier Motor Gasoline	2,860,741	1,703,590	5,384,649	3,926,842
Bitumen	2,382,299	3,801,324	4,597,539	7,121,735
Others	2,450,877	2,480,985	5,193,246	4,837,466
	<u>25,594,459</u>	<u>23,902,335</u>	<u>46,751,525</u>	<u>42,875,517</u>

18.2 Revenues of Rs 5,677,161 thousand (2009: Rs 5,344,592 thousand) were derived from a single customer.

## 19. EARNINGS PER SHARE

Earnings per share previously reported at Rs 25.86 in the financial statements for the half year ended December 31, 2009 has been restated to Rs 21.55 for 11,520,000 bonus shares issued during the year ended June 30, 2010.

## 20. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for circulation to the shareholders by the Board of Directors of the Company on January 28, 2011.

Chief Executive

Director