

Selected Notes To and Forming part of the Condensed Interim Financial Statements (Unaudited)

For The First Quarter Ended September 30, 2009

1. LEGAL STATUS AND OPERATIONS

The Company was incorporated in Pakistan on November 8, 1978 as a private limited company and was converted into a public limited company on June 26, 1979. The registered office of the Company is situated at Morgah, Rawalpindi. Its shares are quoted on the Karachi, Lahore and Islamabad Stock Exchanges in Pakistan. It is principally engaged in the refining of crude oil.

The Company is a subsidiary of The Attock Oil Company Limited, UK and its ultimate parent is Bay View International Group S.A.

2. BASIS OF PREPARATION

2.1 These condensed interim 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 condensed interim financial statements are the same as those applied in preparation of the preceding annual published financial statements of the Company.

3. RESERVE

	September 30, 2009 (Rupees in thousand)	June 30, 2009
Capital reserve	5,948	5,948
Revenue reserve		
Special reserve for expansion / modernisation - note 3.1	4,114,966	4,668,148
General reserve	55	55
Investment reserve - note 3.2	3,762,775	3,762,775
Unappropriated profit	1,014,206	857,273
	<u>8,892,002</u>	<u>9,288,251</u>
	<u>8,897,950</u>	<u>9,294,199</u>

3.1 SPECIAL RESERVE FOR EXPANSION / MODERNISATION

Represents amounts retained as per stipulations of the Government under the pricing formula and is available only for offsetting any future loss or making investment in expansion or upgradation of the refinery. Transfer to / from special reserve is recognised at each quarter end and is reviewed for adjustment based on profit / loss on an annual basis. The company has incurred capital expenditure of Rs 3,865 million on Upgradation and Expansion Projects from July 1, 1997 to September 30, 2009 (July 1, 1997 to June 30, 2009 : Rs 3,855 million).

3.2 The Company has set aside gain on sale of investments as investment reserve to meet any future losses / impairment on investments.

4. SHORT TERM FINANCE

The Company has negotiated running finance facilities with various banks and accepted facility offer letters to the extent of Rs 3 billion, which were unutilised at the period end. As and when required, these facilities shall be secured by joint hypothecation by way of 1st registered charges over the Company's current assets.

	September 30, 2009	June 30, 2009
	(Rupees in thousand)	
5. TRADE AND OTHER PAYABLES		
Creditors and accrued liabilities - note 5.1	23,912,515	25,825,151
Due to the Attock Oil Company Limited - Holding Company	168,747	84,985
Due to associated companies		
Pakistan Oilfields Limited	1,508,875	837,348
Attock Information Technology Services (Private) Limited	5,689	3,044
Due to the Government under the pricing formula	5,244,400	2,527,290
Advance payments and deposits from customers	19,748	30,298
Sales tax payable	959,475	441,691
Payable to statutory authorities in respect of petroleum development levy and excise duty	696,053	176,189
Payable to employees funds	251,851	332,773
Security deposits	48,866	48,866
Unclaimed dividends	3,764	3,774
	<u>32,819,983</u>	<u>30,311,409</u>

5.1 These balances include amounts retained from payments to crude suppliers for purchase of local crude as per the directives of the Ministry of Petroleum and Natural Resources (the Ministry). Further, as per directive of the Ministry such withheld amounts are to be retained in designated 90 days interest bearing accounts. The amounts withheld alongwith accumulated profits amounted to Rs 3,001.083 million (June 30, 2009: Rs 4,368.984 million).

6. CONTINGENCIES AND COMMITMENTS

6.1 Claims / guarantees for which the Company may be contingently liable amount to Rs 1.694 million (June 30, 2009 : Rs 1.650 million) for which a lien has been marked by the bank as referred to in note 12.2. Further, there may be some price adjustment related to crude oil purchases, as referred to in note 15.1 below, the amount of which cannot be presently quantified.

6.2 Capital commitments outstanding as at September 30, 2009 were Rs 179.343 million (June 30, 2009 : Rs 280.919 million).

Three Months ended
September 30,
2009
(Rupees in thousand)

Year ended
June 30,
2009

7. OPERATING ASSETS

Opening written down value	2,521,903	2,459,520
Additions during the period / year	5,134	264,796
Written down value of disposals / adjustments	(475)	(75,570)
Depreciation during the period / year	(29,591)	(126,843)
Closing written down value	2,496,971	2,521,903

8. LONG TERM INVESTMENTS - AT COST

	September 30, 2009		June 30, 2009	
	% age Holding	(Rupees in thousand)	% age Holding	(Rupees in thousand)
Associated Companies				
Quoted				
National Refinery Limited	25	8,046,635	25	8,046,635
Attock Petroleum Limited	21.88	4,463,485	21.88	4,463,485
Unquoted				
Attock Gen Limited	30	748,296	30	727,500
Attock Information Technology Services (Pvt) Limited	10	4,500	10	4,500
Subsidiary Company				
Unquoted				
Attock Hospital (Private) Limited	100	2,000	100	2,000
		13,264,916		13,244,120

9. STOCK - IN - TRADE

As at September 30, 2009, finished products include stocks carried at net realisable value of Rs 2,118 million (June 30, 2009: Rs 910 million). Adjustments amounting to Rs 223 million (June 30, 2009: Rs 88 million) have been made to closing inventory to write down stocks of finished products to their net realizable value.

10. TRADE DEBTS

All debtors are unsecured and considered good. These include amount receivable from associated companies Attock Petroleum Limited Rs 3,243 million (June 30, 2009: Rs 3,902 million) and Pakistan Oilfields Limited Rs 16 million (June 30, 2009: Rs 8 million).

September 30,
2009
(Rupees in thousand)

June 30,
2009

11. LOANS, ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Due from Subsidiary Company - Attock Hospital (Private) Limited	1,404	682
Due from associated companies		
Attock Petroleum Limited	5,416	4,913
National Refinery Limited	2,489	2,478
Attock Gen Limited	27,042	22,304
Attock Leisure and Management Associates (Pvt) Limited	670	594
National Cleaner Production Centre Foundation	2,908	2,053
Attock Cement Pakistan Limited	-	46
Attock Industrial Products Limited (net of provision of Rs 3,015,145 ; June 30, 2009 : Rs 3,015,145)	-	-
Crude oil freight adjustable through inland freight equalisation margin	33,437	67,276
Income accrued on bank deposits	79,679	80,494
Insurance claims receivable	-	75,000
Loans, advances and other receivables	103,243	121,294
	<u>256,288</u>	<u>377,134</u>

12. CASH AND BANK BALANCES

12.1 Balances with banks include Rs 2,056 million (June 30, 2009: 2,000 million) in respect of deposits placed in a 90-day interest-bearing account consequent to directives of the Ministry of Petroleum & Natural Resources on account of amounts withheld alongwith related interest earned thereon, as referred to in note 5.1.

12.2 A lien on the Company's savings account has been marked by a bank to the extent of guarantees issued on behalf of the Company as referred to in note 6.1.

	3 Months to	
	September 30, 2009	September 30, 2008
	(Rupees in thousand)	
13. SALES		
Gross sales	22,516,243	30,686,303
Naphtha export proceeds	2,101,070	4,544,517
Less : Cost of Naphtha purchased from third parties and related handling charges recovered	148,337	601,561
	1,952,733	3,942,956
Less : Duties, taxes and levies	5,212,906	4,378,440
	<u>19,256,070</u>	<u>30,250,819</u>

14. REIMBURSEMENT DUE FROM THE GOVERNMENT UNDER THE PRICING FORMULA

This represents amount due from the Government of Pakistan on account of shortfall in ex-refinery prices of certain petroleum products under the import parity pricing formula.

3 Months to
September 30, 2009 September 30, 2008
(Rupees in thousand)

15. COST OF SALES

Crude oil consumed - note 15.1	19,105,250	30,041,800
Transportation and handling charges	255,936	348,427
Salaries, wages and other employees' benefits	82,963	84,698
Chemicals consumed	67,003	84,860
Fuel and power	117,116	148,122
Repairs and maintenance	30,389	33,660
Staff transport and travelling	1,642	2,077
Insurance	25,980	12,845
Cost of receptacles	3,562	3,999
Other operating costs	2,560	3,635
Depreciation	27,085	24,740
Cost of goods manufactured	<u>19,719,486</u>	<u>30,788,863</u>
Changes in stock	59,643	1,583
	<u>19,779,129</u>	<u>30,790,446</u>

15.1 Certain crude purchases have been recorded based on provisional prices notified by the Government and may require adjustment in subsequent periods.

16. FINANCE COST

This includes an amount of Rs 127 million (September 30, 2008 : Rs 1,240 million) exchange loss related to crude purchase foreign currency transaction and represents differential of price calculated at initial recognition of liability and due date of payment or outstanding but not due at September 30, 2009 at the closing rate of exchange.

3 Months to
September 30, 2009 September 30, 2008
(Rupees in thousand)

17. PROVISION FOR TAXATION

Current	20,000	39,306
Deferred	1,062	5,647
	<u>21,062</u>	<u>44,953</u>

18. INCOME FROM NON-REFINERY OPERATIONS LESS APPLICABLE CHARGES AND TAXATION

Dividend income from associated companies	189,077	-
Less: Related charges		
Workers' Profit Participation fund	9,454	-
Workers' Welfare fund	3,782	-
Taxation	18,908	-
	<u>32,144</u>	-
	<u>156,933</u>	<u>-</u>

19. RELATED PARTY TRANSACTIONS

Aggregate transactions with holding company, associated companies and subsidiary during the period were as follows:

	3 Months to	
	September 30,	September 30,
	2009	2008
	(Rupees in thousand)	
Associated companies		
Sale of goods and services	<u>8,631,051</u>	<u>9,085,055</u>
Purchase of goods and services	<u>1,888,530</u>	<u>3,392,994</u>
Other related parties		
Contribution to employees' pension and provident funds	<u>7,435</u>	<u>6,423</u>

20. GENERAL**20.1 EARNINGS PER SHARE**

There is no dilutive effect on the basic earnings per share of the Company for the period ended September 30, 2009.

20.2 BASIS FOR PRESENTATION OF FINANCIAL STATEMENTS

These condensed interim financial statements are being submitted to the shareholders as required under the Companies Ordinance, 1984.

20.3 DATE OF AUTHORIZATION

These condensed interim financial statements were authorised for circulation to the shareholders by the Board of Directors of the Company on October 22, 2009.

SD/-

Chief Executive

SD/-

Director