

Notes to and Forming Part of the Consolidated Financial Statements for the year ended June 30, 2009

1. LEGAL STATUS AND OPERATIONS

Attock Refinery Limited (the Company) was incorporated in Pakistan on November 8, 1978 as a private limited company and was converted into a public 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 subsidiary of the Attock Oil Company Limited, UK and its ultimate parent is Bay View International Group S.A.

Attock Hospital (Private) Limited (AHL) was incorporated in Pakistan on August 24, 1998 as a private limited company and commenced its operations from September 1, 1998. AHL is engaged in providing medical services. AHL is a wholly owned subsidiary of Attock Refinery Limited. For the purpose of these financial statements, ARL and its above referred wholly owned subsidiary AHL is referred to as the Company.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

3. ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS

Standards, amendments and interpretations effective during the year and adopted by the Company

In the current year, the Company has adopted IFRS 7 - Financial Instruments: Disclosure. Adoption of this standard only impacts the format and extent of disclosures as presented in note 36 to the financial statements.

Standards, amendments and interpretations effective during the year but not relevant

IAS 29	Financial Reporting in Hyperinflationary Economies
IFRIC 7	Applying the Restatement Approach under IAS 29
IFRIC 11	Group and Treasury Share Transactions
IFRIC 13	Customer Loyalty Programmes
IFRIC 14	IAS 19 - The Limit on a defined benefit asset, minimum funding requirements and their interaction

Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company

	Effective for periods beginning on or after
IFRS 1	First time adoption of IFRS (Revised) July 1, 2009
IFRS 2	Share-based payment (Amendments) January 1, 2009
IFRS 3	Business combinations (Revised) July 1, 2009
IFRS 4	Insurance contracts (Amendments) January 1, 2009
IFRS 5	Non-current assets held-for-sale and discontinued operations (Amendments) January 1, 2009
IFRS 7	Financial instruments: Disclosure (Amendments) January 1, 2009
IFRS 8	Operating segments January 1, 2009
IAS 1	Presentation of financial statements (Revised) January 1, 2009
IAS 7	Statement of cash flows (Amendments) January 1, 2009
IAS12	Income taxes (Amendments) January 1, 2009
IAS 16	Property, plant and equipment (Amendments) January 1, 2009
IAS 18	Revenue (Amendments) January 1, 2009
IAS 19	Employee benefits (Amendments) January 1, 2009

Notes to and Forming Part of the Consolidated Financial Statements for the year ended June 30, 2009

		Effective for periods beginning on or after
IAS 20	Government grants and disclosure of government assistance (Amendments)	January 1, 2009
IAS 21	The effects of changes in foreign exchange rates (Amendments)	January 1, 2009
IAS 23	Borrowing costs (Revised)	January 1, 2009
IAS 27	Consolidated and separate financial statements (Amendments)	July 1, 2009
IAS 28	Investment in associates (Amendments)	January 1, 2009
IAS 31	Interests in joint ventures (Amendments)	January 1, 2009
IAS 32	Financial Instruments: Presentation (Amendments)	January 1, 2009
IAS 33	Earnings per share (Amendments)	January 1, 2009
IAS 34	Interim financial reporting (Amendments)	January 1, 2009
IAS 36	Impairment of assets (Amendments)	January 1, 2009
IAS 38	Intangible assets (Amendments)	January 1, 2009
IAS 39	Financial instruments: Recognition and measurement (Amendments)	January 1, 2009
IAS 40	Investment property (Amendments)	January 1, 2009
IAS 41	Agriculture (Amendments)	January 1, 2009
IFRIC 1	Changes in existing decommissioning, restoration and similar liabilities (Amendments)	January 1, 2009
IFRIC 2	Member's share in corporate entities and similar liabilities (Amendments)	January 1, 2009
IFRIC 4	Determining whether an Arrangement contains a Lease	July 1, 2010
IFRIC 12	Service Concession Arrangements	July 1, 2010
IFRIC 14	The limit on a defined benefit asset, minimum funding requirements and their interaction (Amendments)	January 1, 2009
IFRIC 15	Agreements for the construction of real estate	January 1, 2009
IFRIC 16	Hedges of a net investment in a foreign operation	October 1, 2008
IFRIC 17	Distributions of non-cash assets to owners	July 1, 2009

The management anticipates that adoption of above standards, amendments and interpretations in future periods will have no material impact on the Company's financial statements except for additional disclosures.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of measurement

These financial statements have been prepared under the historical cost convention modified by revaluation of freehold land referred to in note 4.8 and certain other modifications as required by approved accounting standards referred to in the accounting policies given below.

4.2 Basis of consolidation

The consolidated financial statements include the financial statements of Attock Refinery Limited and its wholly owned subsidiary, Attock Hospital (Private) Limited.

Subsidiaries are all entities over which the Company has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights or otherwise has power to elect and appoint more than one half of its directors. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are de-consolidated from the date that control ceases.

The assets and liabilities of subsidiary company have been consolidated on a line by line basis and the carrying value of investments held by the parent company is eliminated against the subsidiary shareholders' equity in the consolidated financial statements.

Material intra-company balances and transactions have been eliminated for consolidated purposes.

4.3 Dividend appropriation

Dividend is recognised as a liability in the financial statements in the period in which it is declared.

Notes to and Forming Part of the Consolidated Financial Statements for the year ended June 30, 2009

4.4 Employee retirement benefits

The main features of the retirement benefit schemes operated by the Company for its employees are as follows:

(i) Defined benefits plans

The Company operates a pension plan for its management staff and a gratuity plan for its non-management staff. Pension plan is invested through an approved trust fund while the gratuity plan is book reserve plan. Contributions are made in accordance with actuarial recommendations. Actuarial valuations are conducted through an independent actuary, annually using projected unit credit method. The obligation at the balance sheet date is measured at the present value of the estimated future cash outflows.

Unrealised net gains and losses are amortised over the expected remaining service of current members.

(ii) Defined contribution plans

The company operates an approved contributory provident fund for all employees. Equal monthly contribution is made both by the Company and the employee to the fund at the rate of 10% of basic salary.

4.5 Employee compensated absences

The company also provides for compensated absences for all employees in accordance with the rules of the Company.

4.6 Taxation

Provision for current taxation is based on taxable income at the current rates of tax.

Deferred income tax is accounted for using the balance sheet liability method in respect of all temporary differences arising between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on the tax rates that have been enacted. Deferred tax is charged or credited to income except in the case of items credited or charged to equity in which case it is included in equity.

4.7 Provisions

Provisions are recognised when the Company has a legal or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation and a reliable estimate of the amount can be made.

4.8 Property, plant and equipment

a) Cost

Operating fixed assets except freehold land are stated at cost less accumulated depreciation. Freehold land is stated at revalued amount. Capital work-in-progress and stores held for capital expenditure are stated at cost. Cost in relation to certain plant and machinery items include borrowing cost related to the financing of major projects during construction phase.

b) Depreciation

Operating assets depreciation is calculated using the straight-line method to allocate their cost over their estimated useful lives at the rates specified in note 12.

c) Repairs and maintenance

Maintenance and normal repairs, including minor alterations, are charged to income as and when incurred. Renewals and improvements are capitalised and the assets so replaced, if any, are retired.

Notes to and Forming Part of the Consolidated Financial Statements for the year ended June 30, 2009

d) Gains and losses on deletion

Gains and losses on deletions of assets are included in income currently.

4.9 Investments in associated companies

Investments in associated companies are accounted for using the equity method. Under this method investments are stated at cost plus the company's equity in undistributed earnings and losses after acquisition, less any impairment in the value of individual investments.

4.10 Impairment of non-financial assets

Assets that have an indefinite useful life, for example land, are not subject to amortisation or depreciation and are tested annually for impairment. Assets that are subject to depreciation/amortisation are reviewed for impairment at each balance sheet date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Reversals of the impairment losses are restricted to the original cost of the asset. An impairment loss or reversal of impairment loss is recognised in the profit and loss account.

4.11 Stores, spares and loose tools

These are valued at moving average cost less allowance for obsolete and slow moving items. Items in transit are stated at invoice value plus other charges paid thereon.

4.12 Stock-in-trade

Stock-in-trade is valued at the lower of cost and net realisable value. Crude oil in transit is valued at cost comprising invoice value. Cost in relation to crude oil is determined on the basis of annual average cost of purchases during the year on the principles of import parity and in relation to semi-finished and finished products it represents the cost of crude oil and refining charges consisting of direct expenses and appropriate production overheads. Direct expenses are arrived at on the basis of average cost for the year per barrel of throughput. Production overheads, including depreciation, are allocated to throughput proportionately on the basis of nameplate capacity.

Net realisable value in relation to finished product represents selling prices in the ordinary course of business less costs necessarily to be incurred for its sale, as applicable, and in relation to crude oil represents replacement cost at the balance sheet date.

4.13 Revenue recognition

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is recognised as follows:

- i) Revenue from sales is recognised on delivery of products ex-refinery to the customers with the exception that Naphtha export sales are recognised on the basis of products shipped to customers.
- ii) The Company is operating under the import parity pricing formula, as modified from time to time, whereby it is charged the cost of crude on 'import parity' basis and is allowed product prices equivalent to the 'import parity' price, calculated under prescribed parameters.

Effective July 1, 2007, the Government made certain modifications in the prescribed parameters effectively reducing the price of Kerosene oil, Light Diesel Oil (LDO) and JP-8 in 2007 and 2008. The Government has further modified the refineries pricing formula in August, 2008 whereby the 10% duty included in pricing of HSD has been cut to 7.5% and the motor gasoline pricing has been unilaterally revised by linking its price to Arab Gulf 95 RON prices and calculating the price of 87 RON motor gasoline on a unitary method basis. This revision adversely affect the pricing of HSD and motor gasoline which are Company's two major products.

Earlier in July, 2002, the Government had modified the pricing formula that was applicable to the Company restricting the distribution of net profits after tax (if any) from refinery operations to 50% of paid-up capital as at July 1, 2002 and diverting the surplus profits, if any, to a special reserve to offset any future loss or make investment for expansion or upgradation of Refinery. Further the Government had abolished the minimum rate of

Notes to and Forming Part of the Consolidated Financial Statements for the year ended June 30, 2009

return of 10% which continues to be contested by the Company as it represented to the Government that the already existing agreement for guaranteed return could be modified only with the mutual consent of both the parties.

- iii) Income on investment in associated companies is recognised using the equity method. Under this method, the company's share of post-acquisition profit or loss of the associated company is recognised in the profit and loss account, and its share of post-acquisition movements in reserve is recognised in reserves. Dividend distribution by the associated companies is adjusted against the carrying amount of the investment.
- iv) Dividend income is recognised when the right to receive dividend is established.
- v) Income on bank deposits is recognised using the effective yield method.

4.14 Borrowing cost

Borrowing cost related to the financing of major projects during the construction phase is capitalised. All other borrowing costs are expensed as incurred.

4.15 Foreign currency transactions and balances

Transactions in foreign currencies are converted into rupees at the rates of exchange ruling on the date of the transaction. All monetary assets and liabilities denominated in foreign currencies at the year end are translated at exchange rates prevailing at the balance sheet date. Exchange differences are dealt with through the profit and loss account.

4.16 Financial instruments

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument and de-recognised when the Company loses control of the contractual rights that comprise the financial assets and when the obligation specified in the contract is discharged, cancelled or expired. All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These are subsequently measured at fair value, amortised cost or cost, as the case may be.

4.17 Financial Assets

The Company classifies its financial assets in the following categories: held-to-maturity investments, loans and receivables, available for sale investments and investments at fair value through profit or loss. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. Regular purchases and sales of financial assets are recognized on the trade-date-the date on which the company commits to purchase or sell the asset.

4.17.1 Held-to-maturity investments

Investments with fixed payments and maturity that the Company has the intent and ability to hold to maturity are classified as held-to-maturity investments and are carried at amortised cost less impairment losses.

4.17.2 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The Company's loans and receivables comprise "Trade debts", "Advances, deposits and other receivables" and "Cash and bank balances" in the balance sheet. Loans and receivables are carried at amortized cost using the effective interest method.

4.17.3 Available-for-sale investments

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Notes to and Forming Part of the Consolidated Financial Statements for the year ended June 30, 2009

Available-for-sale investments are initially recognised at cost and carried at fair value at the balance sheet date. Fair value of a quoted investment is determined in relation to its market value (current bid prices) at the balance sheet date. If the market for a financial asset is not active (and for unlisted securities), the Company establishes fair value by using valuation techniques. Adjustment arising from remeasurement of investment to fair value is recorded in equity and taken to income on disposal of investment or when the investment is determined to be impaired.

4.17.4 Investment at fair value through profit or loss

Investments classified as investments at fair value through profit or loss are initially measured at cost being fair value of consideration given. At subsequent dates these investments are measured at fair value with any resulting gains or losses recognised directly in the profit and loss account. The fair value of such investments is determined on the basis of prevailing market prices.

4.18 Trade and other payables

Liabilities for trade and other amounts payable including amounts payable to related parties are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received.

4.19 Offsetting

Financial assets and liabilities are offset and the net amount is reported in the balance sheet if the Company has a legally enforceable right to set off the recognised amounts and the Company intends to settle on a net basis or realise the asset and settle the liability simultaneously.

4.20 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, bank balances and highly liquid short term investments.

4.21 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Pakistani Rupees, which is the Company's functional currency.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with the approved accounting standards requires the use of certain accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are as follows:

- i) Estimate of recoverable amount of investments in associated companies - note 14
- ii) Revaluation surplus on freehold land - note 12.2
- iii) Estimated useful life of property, plant and equipment - note 12
- iv) Provision for taxation - note 31
- v) Provision for employee retirement benefits - note 29

Notes to and Forming Part of the Consolidated Financial Statements for the year ended June 30, 2009

	2009 Rs '000	2008 Rs '000
6. SHARE CAPITAL		
Authorised		
100,000,000 (2008: 100,000,000) ordinary shares of Rs 10 each	1,000,000	1,000,000
Issued, subscribed and paid up		
Shares issued for cash		
8,000,000 ordinary shares of Rs 10 each	80,000	80,000
Shares issued as fully paid bonus shares		
77,293,000 (2008 : 63,077,500) ordinary shares of Rs 10 each	772,930	630,775
85,293,000 (2008 : 71,077,500) ordinary shares of Rs 10 each	852,930	710,775
The Attock Oil Company Limited held 48,039,224 (2008 : 40,032,687) ordinary shares and Attock Petroleum Limited held 1,332,000 respectively (2008 : 1,000,000) ordinary shares at the year end.		

	2009 Rs '000	2008 Rs '000
7. RESERVES AND SURPLUS		
Capital reserve		
Liabilities taken over from The Attock Oil Company Limited no longer required	4,800	4,800
Capital gain on sale of building	654	654
Insurance and other claims realised relating to pre-incorporation period	494	494
Donation received for purchase of hospital equipment	4,000	4,000
Bonus share issued by associated companies	54,320	33,320
	64,268	43,268
Special reserve for expansion / modernisation - note 7.1		
Additional revenue under processing fee formula related to 1990-91 and 1991-92	32,929	32,929
Surplus profits under the import parity pricing formula	4,635,219	4,375,003
Surplus profits of associates under the import parity pricing formula	517,497	1,197,692
	5,185,645	5,605,624
Maintenance reserve - note 7.2	46,680	-
Revenue reserve		
Investment reserve	1,566,330	-
General reserve	1,184,130	819,980
Surplus - unappropriated profit	3,309,524	4,233,236
	6,059,984	5,053,216
	11,356,577	10,702,108

Notes to and Forming Part of the Consolidated Financial Statements for the year ended June 30, 2009

7.1 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 3,855 million on upgradation and expansion projects from July 1, 1997 to June 30, 2009 (July 1, 1997 to June 30, 2008: Rs 3,770 million).

7.2 Represents amount retained by Attock Gen Limited to pay for major maintenance expenses in terms of the Power Purchase Agreement.

8. SURPLUS ON REVALUATION OF FREEHOLD LAND

This represents surplus over book value resulting from revaluation of freehold land as referred to in note 12.2 and is not available for distribution to shareholders.

9. 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 year 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.

	2009 Rs '000	2008 Rs '000
10. TRADE AND OTHER PAYABLES		
Creditors - note 10.1	22,996,573	24,371,972
Due to The Attock Oil Company Limited - Holding Company	84,968	256,723
Due to associated companies		
Pakistan Oilfields Limited	836,481	1,684,783
Attock Information Technology Services (Private) Limited	3,044	17,429
Attock Cement Pakistan Limited	21	72
Accrued liabilities and provisions - note 10.1	2,834,903	1,717,026
Due to the Government under pricing formula	2,527,290	7,138,356
Advance payments from customers	30,298	2,677
Sales tax payable	441,691	1,037,929
Workers' Welfare Fund	234,750	196,966
Workers' Profit Participation Fund - note 10.2	94,754	181,441
General staff provident fund	1,357	-
Staff provident fund	1,912	-
Deposits from customers adjustable against freight and Government levies payable on their behalf	376	376
Payable to statutory authorities in respect of petroleum development levy and excise duty	175,813	13,099
Crude oil freight adjustable through inland freight equalisation margin	-	21,479
Security deposits	49,086	49,110
Unclaimed dividends	3,774	1,576
	30,317,091	36,691,014

10.1 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 4,368.984 million (2008: Rs 6,630.371 million).

Notes to and Forming Part of the Consolidated Financial Statements for the year ended June 30, 2009

	2009 Rs '000	2008 Rs '000
10.2 Workers' Profit Participation Fund		
Balance at the beginning of the year	181,441	65,840
Add: Interest on funds utilised in the Company's business	7,009	3,889
	188,450	69,729
Less: Amount paid to the Fund	188,156	65,959
	294	3,770
Add: Amount allocated for the year - notes 28 and 33	94,460	177,671
	94,754	181,441

	2009 Rs '000	2008 Rs '000
11. CONTINGENCIES AND COMMITMENTS		
Contingencies:		
i) Due to huge circular debt in the oil industry, certain payments due from / to the oil marketing companies (OMCs) and crude oil suppliers respectively have not been made on their due dates of payment. As a result the Company and an associated company have raised claims on OMCs in respect of mark-up on delayed payments as well as received counter claims from some crude oil suppliers which have not been recognized in the financial statements as these have not been acknowledged as debt by either parties.		
ii) Guarantees issued by banks on behalf of the Company	350	300
iii) Claims for land compensation contested by the Company	1,300	1,300
iv) Price adjustment related to crude oil purchases as referred to in note 24.1, the amount of which can not be presently quantified		
v) Company's share in guarantees and indemnity bonds issued by associated companies	1,226,832	784,033
Commitments outstanding:		
i) Capital expenditure	37,876	43,959
ii) Letters of credit other than for capital expenditure	243,043	172,722

Notes to and Forming Part of the Consolidated Financial Statements for the year ended June 30, 2009

12. OPERATING ASSETS

	Freehold land (note 12.2)	Buildings on freehold land	Plant and machinery	Computer equipment	Furniture, fixtures and equipment	Vehicles	Total
Rs '000							
As at July 1, 2007							
Cost	1,927,250	84,731	3,918,672	56,151	63,395	70,319	6,120,518
Accumulated depreciation	-	(32,547)	(3,214,713)	(49,370)	(38,614)	(51,147)	(3,386,391)
Net book value	<u>1,927,250</u>	<u>52,184</u>	<u>703,959</u>	<u>6,781</u>	<u>24,781</u>	<u>19,172</u>	<u>2,734,127</u>
Year ended June 30, 2008							
Opening net book value	1,927,250	52,184	703,959	6,781	24,781	19,172	2,734,127
Additions	-	16,918	99,922	2,356	6,056	4,486	129,738
Disposals							
Cost	-	-	(24,703)	(10,244)	(10,084)	(852)	(45,883)
Depreciation	-	-	18,222	10,215	8,232	852	37,521
	-	-	(6,481)	(29)	(1,852)	-	(8,362)
Depreciation charge	-	(5,573)	(368,993)	(2,994)	(5,931)	(9,047)	(392,538)
Closing net book value	<u>1,927,250</u>	<u>63,529</u>	<u>428,407</u>	<u>6,114</u>	<u>23,054</u>	<u>14,611</u>	<u>2,462,965</u>
As at July 1, 2008							
Cost	1,927,250	101,649	3,993,891	48,263	59,367	73,953	6,204,373
Accumulated depreciation	-	(38,120)	(3,565,484)	(42,149)	(36,313)	(59,342)	(3,741,408)
Net book value	<u>1,927,250</u>	<u>63,529</u>	<u>428,407</u>	<u>6,114</u>	<u>23,054</u>	<u>14,611</u>	<u>2,462,965</u>
Year ended June 30, 2009							
Opening net book value	1,927,250	63,529	428,407	6,114	23,054	14,611	2,462,965
Additions	50,310	9,618	192,951	4,510	3,099	4,875	265,363
Disposals							
Cost	-	-	(75,063)	(6,250)	(389)	(4,528)	(86,230)
Depreciation	-	-	53	6,247	243	4,107	10,650
	-	-	(75,010)	(3)	(146)	(421)	(75,580)
Depreciation charge	-	(5,744)	(105,671)	(3,535)	(5,316)	(7,666)	(127,932)
Closing net book value	<u>1,977,560</u>	<u>67,403</u>	<u>440,677</u>	<u>7,086</u>	<u>20,691</u>	<u>11,399</u>	<u>2,524,816</u>
As at June 30, 2009							
Cost	1,977,560	111,267	4,111,779	46,523	62,077	74,300	6,383,506
Accumulated depreciation	-	(43,864)	(3,671,102)	(39,437)	(41,386)	(62,901)	(3,858,690)
Net book value	<u>1,977,560</u>	<u>67,403</u>	<u>440,677</u>	<u>7,086</u>	<u>20,691</u>	<u>11,399</u>	<u>2,524,816</u>
Annual rate of Depreciation (%)	-	5	10	20	10	20	

Notes to and Forming Part of the Consolidated Financial Statements for the year ended June 30, 2009

12.1 Fixed assets disposed off during the year are as follows:

	Original cost	Book value	Sale proceeds	Mode of disposal	Particulars of purchaser
Rs '000					
Assets with individual book value exceeding Rs 50,000					
Plant and machinery	75,000	75,000*	–	Insurance claim	EFU General Insurance Company Limited (EFU)
Vehicles	1,001	350	350	Company policy	Dr. Ilyas Fazil, ex-employee
Assets disposed off to executives:					
Vehicles	941	–	94	Company policy	Mr. S. Ahmed Abid
	857	–	85	Company policy	Mr. Malik Masood Sadiq
	504	–	50	Company policy	Mr. Zia ul Haq Mirza
	561	–	56	Company policy	Mr. Salman Tariq
	532	–	53	Company policy	Mr. Raja Nadeem Khalid

* This amount is adjustable against insurance claim lodged based on replacement cost of the asset.

12.2 Value of freehold land includes revaluation surplus of Rs 1,923.339 million arising from revaluation of freehold land in January 2001 carried out by an independent valuer. Valuation was made on the basis of market value. The original cost of the land as at June 30, 2009 is Rs 54.221 million.

	2009 Rs '000	2008 Rs '000
12.3 The depreciation charge for the year has been allocated as follows:		
Cost of sales	114,446	378,170
Administration expenses	11,417	12,405
Distribution cost	347	298
Desalter operating cost	633	633
Depreciation of Subsidiary company	1,089	1,032
	<u>127,932</u>	<u>392,538</u>
13. CAPITAL WORK-IN-PROGRESS		
Civil works	242	2,191
Plant and machinery	307,410	411,820
Pipeline project	28,420	28,420
	<u>336,072</u>	<u>442,431</u>
14. INVESTMENT IN ASSOCIATED COMPANIES		
Balance at beginning of the year	14,842,438	11,416,312
Sale of investment in associated company	–	(1,550,881)
Purchase of shares of associated companies	108,541	4,542,444
Share of profit after tax of associated companies	1,227,431	2,059,708
Dividend received from associated companies	(735,835)	(454,734)
Impairment loss on investment	(143,357)	(1,170,411)
Balance at end of the year	<u>15,299,218</u>	<u>14,842,438</u>

Notes to and Forming Part of the Consolidated Financial Statements for the year ended June 30, 2009

	2009		2008	
	% age holding	Rs '000	% age holding	Rs '000
14.1 LONG TERM INVESTMENTS				
Associated companies				
Quoted				
National Refinery Limited (NRL) - note 14.2 19,991,640 (2008: 19,991,640) fully paid ordinary shares including 3,331,940 (2008: 3,331,940) bonus shares of Rs 10 each Market value as at June 30, 2009: Rs 4,399 million (June 30, 2008: Rs 5,947 million)	25	9,396,071	25	9,556,004
Attock Petroleum Limited (APL) - note 14.3 12,600,096 (2008: 10,417,680) fully paid ordinary shares including 2,100,016 (2008: nil) bonus shares of Rs 10 each Market value as at June 30, 2009: Rs 4,013 million (June 30, 2008: Rs 4,503 million)	21.88	4,986,521	21.70	4,627,293
Unquoted				
Attock Gen Limited (AGL) - note 14.4 7,275,000 (2008: 6,435,000) fully paid ordinary shares of Rs 100 each	30	910,541	30	653,754
Attock Information Technology Services (Private) Limited (AITSL) - note 14.5 & 14.6 450,000 (2008: 450,000) fully paid ordinary shares of Rs 10 each	10	6,085	10	5,387
		15,299,218		14,842,438

All associated and subsidiary companies are incorporated in Pakistan.

	Number of shares	Carrying value Rs '000
14.2 Investment in NRL		
As at July 1, 2008	19,991,640	9,556,004
Dividend received	-	(399,833)
Share in profit of NRL	-	383,257
Impairment loss adjustment to fair value	-	(143,357)
As at June 30, 2009	19,991,640	9,396,071

The carrying value of investment in National Refinery Limited at June 30, 2009 is net of impairment loss of Rs 1,313,768 thousand (2008: Rs 1,170,411 thousand). The carrying value is based on valuation analysis carried out by an external investment advisor engaged by the Company. The recoverable amount has been estimated based on a value in use calculation. These calculations have been made on discounted cash flow based valuation methodology which assumes gross profit margin of 5.38% (2008: 5.34%), terminal growth rate of 3% (2008: 4%) and capital asset pricing model based discount rate of 18.05% (2008: 18.64%).

Notes to and Forming Part of the Consolidated Financial Statements for the year ended June 30, 2009

	Number of shares	Carrying value Rs '000
14.3 Investment in APL		
As at July 1, 2008	10,417,680	4,627,293
Bonus shares received during the year	2,100,016	–
Dividend received	–	(336,002)
Purchase of shares during the year	82,400	24,541
Share in profit of APL	–	670,689
As at June 30, 2009	12,600,096	4,986,521

Based on a valuation analysis carried out by the Company, the recoverable amount of investment in Attock Petroleum Limited exceeds its carrying amount. The recoverable amount has been estimated based on a value in use calculation. These calculations have been made on discounted cash flow based valuation methodology which assumes gross profit margin of 5.16%, terminal growth rate of 4.5% and capital asset pricing model based discount rate of 18.05%.

	Number of shares	Carrying value Rs '000
14.4 Investment in AGL		
As at July 1, 2008	6,435,000	653,754
Right shares acquired during the year	840,000	84,000
Share in profit of AGL	–	172,787
As at June 30, 2009	7,275,000	910,541
14.5 Investment in AITSL		
As at July 1, 2008	450,000	5,387
Share in profit of AITSL	–	698
As at June 30, 2009	450,000	6,085

14.6 Although the company has less than 20 percent shareholding in Attock Information Technology Services (Private) Limited, this company has been treated as associates since the Company has representation on its Board of Directors.

	2009 Rs '000	2008 Rs '000
15. LONG TERM LOANS AND DEPOSITS		
Loans to employees - considered good - note 15.1	28,546	25,879
Less: Amounts due within next twelve months shown under current assets - note 20	(17,057)	(14,095)
	11,489	11,784
Security deposits	948	948
	12,437	12,732

15.1 Loans to employees are for miscellaneous purposes which are recoverable in 24, 36 and 60 equal monthly installments depending on case to case basis and are secured by a charge on the asset purchased and /or amount due to the employee against provident fund or a third party guarantee. These are interest free loans. These include an amount of Rs 5.218 million (2008: Rs 4.366 million) receivable from Executives of the Company and does not include any amount receivable from Directors or Chief Executive. The maximum amount due from executives of the Company at the end of any month during the year was Rs 6.913 million (2008: Rs 4.720 million).

Notes to and Forming Part of the Consolidated Financial Statements for the year ended June 30, 2009

	2009 Rs '000	2008 Rs '000
15.2 Reconciliation of carrying amount of loans to executives:		
Opening balance as at July 1	4,366	3,552
Add: Disbursements during the year	5,753	7,164
	10,119	10,716
Less: Repayments during the year	4,901	6,350
Closing balance as at June 30	5,218	4,366
16. DEFERRED TAXATION		
Debit balances arising on		
Provisions for obsolete stores, doubtful debts and gratuity	66,036	55,014
Difference between accounting and tax depreciation	118,506	164,574
	184,542	219,588
17. STORES, SPARES AND LOOSE TOOLS		
Stores (including items in transit Rs 57.27 million; 2008: Rs 99.03 million)	336,212	351,123
Spares	279,955	228,053
Loose tools	509	624
	616,676	579,800
Less: Provision for slow moving items - note 17.1	43,472	37,300
	573,204	542,500
17.1 Provision for slow moving items		
Opening balance	37,300	36,000
Add: Provision for the year	10,600	1,300
	47,900	37,300
Less: stores and spares written off	4,428	-
	43,472	37,300
18. STOCK-IN-TRADE		
Crude oil - in stock	1,222,627	902,525
- in transit	219,165	375,967
	1,441,792	1,278,492
Semi-finished products	377,749	436,792
Finished products - note 18.1	3,049,435	3,129,569
Medical supplies	752	574
	4,869,728	4,845,427

Notes to and Forming Part of the Consolidated Financial Statements for the year ended June 30, 2009

18.1 Finished products include stocks carried at net realisable value of Rs 910 million (2008: Rs 2 million). Adjustments amounting to Rs 88 million (2008: Rs 1 million) have been made to closing inventory to write down stocks of finished products to their net realizable value.

19. TRADE DEBTS

All debtors are unsecured and considered good. These include amount receivable from associated companies Attock Petroleum Limited Rs 3,902 million (2008: Rs 2,327 million) and Pakistan Oilfields Limited Rs 8 million (2008: Rs 11 million).

	2009 Rs '000	2008 Rs '000
20. LOANS, ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES		
LOANS AND ADVANCES - CONSIDERED GOOD		
Current portion of long-term loans to employees - note 15	17,057	14,095
Advances to suppliers	35,681	61,874
Advances to employees	2,619	2,236
	55,357	78,205
DEPOSITS AND PREPAYMENTS		
Trade deposits	286	286
Short term prepayments	33,950	14,705
	34,236	14,991
OTHER RECEIVABLES		
Due from associated companies		
National Refinery Limited	2,478	2,610
Attock Petroleum Limited	5,016	9,436
Attock Leisure and Management Associates (Pvt) Limited	594	115
Attock Gen Limited	22,319	5,394
National Cleaner Production Centre Foundation	2,053	2,992
Due from Staff Pension Fund	28,820	15,404
Income accrued on bank deposits	80,494	108,888
Crude oil freight adjustable through inland freight equalisation margin	67,276	-
Amount adjustable against insurance claim - note 12.1	75,000	-
Income tax refundable	6,621	4,738
Other receivables	2,908	5,534
	293,579	155,111
	383,172	248,307
21. CASH AND BANK BALANCES		
Cash in hand	465	955
With banks:		
Current accounts	28,626	2,731
Deposit accounts	2,000,000	6,317,269
Savings accounts (including US \$ 363,249; 2008: US \$ 366,766)	4,774,904	12,624,245
	6,803,995	18,945,200

Notes to and Forming Part of the Consolidated Financial Statements for the year ended June 30, 2009

21.1 Balances with banks include Rs 2,000.000 million (2008: 4,817.269 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 10.1.

21.2 Bank deposits of Rs 0.350 million (2008: Rs 0.300 million) were under lien with bank against a bank guarantee issued on behalf of the Company.

21.3 Balances with banks include Rs 48.866 million (2008: Rs 48.890 million) in respect of security deposits received.

21.4 Balances with banks earned weighted average interest / mark-up @ 14.04% (2008: @ 9.61%) per annum.

	2009 Rs '000	2008 Rs '000
22. SALES		
Gross sales (excluding Naphtha export sales)	92,766,859	93,428,851
Naphtha export sales	9,131,088	12,509,719
Less: Cost of Naphtha purchased from third parties and related handling charges recovered	1,058,823	1,684,095
	8,072,265	10,825,624
Less: Duties, taxes and levies - note 22.1	24,292,676	12,343,772
	<u>76,546,448</u>	<u>91,910,703</u>
22.1 Duties, taxes and levies		
Sales tax	11,675,167	10,418,456
Petroleum development levy	12,600,264	1,903,321
Custom duties and other levies	17,245	21,995
	<u>24,292,676</u>	<u>12,343,772</u>

23. REIMBURSEMENT DUE FROM THE GOVERNMENT UNDER IMPORT PARITY 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.

Notes to and Forming Part of the Consolidated Financial Statements for the year ended June 30, 2009

	2009 Rs '000	2008 Rs '000
24. COST OF SALES		
Opening stock of semi-finished products	436,792	311,633
Crude oil consumed - note 24.1	72,606,265	88,115,513
Transportation and handling charges	1,076,227	1,174,592
Salaries, wages and other benefits - note 24.2	342,936	296,102
Printing and stationery	1,965	1,922
Chemicals consumed	322,132	354,582
Fuel and power	458,308	449,483
Rent, rates and taxes	6,934	6,047
Telephone and telex charges	1,316	2,283
Professional charges for technical services	4,350	3,506
Insurance	81,463	52,935
Repairs and maintenance (including stores and spares consumed Rs 75.980 million; 2008: Rs 64.345 million)	163,067	162,555
Staff transport and traveling	7,679	10,449
Cost of receptacles	15,665	15,912
Research and development	165	749
Depreciation	114,446	378,170
	<u>75,639,710</u>	<u>91,336,433</u>
Closing stock of semi-finished products	(377,749)	(436,792)
	<u>75,261,961</u>	<u>90,899,641</u>
Opening stock of finished products	3,129,569	1,876,301
Closing stock of finished products	(3,049,434)	(3,129,569)
	<u>80,135</u>	<u>(1,253,268)</u>
	<u>75,342,096</u>	<u>89,646,373</u>
24.1 Crude oil consumed		
Stock at the beginning of the year	1,278,493	1,664,712
Purchases	72,769,565	87,729,294
	<u>74,048,058</u>	<u>89,394,006</u>
Stock at the end of the year	(1,441,793)	(1,278,493)
	<u>72,606,265</u>	<u>88,115,513</u>

Certain crude purchases have been recorded based on provisional prices notified by the Government and may require adjustment in subsequent periods. Cost of purchases include Rs Nil (2008: 706.120 million) related to purchases in prior years.

24.2 Salaries, wages and other benefits under cost of sales, administration expenses, distribution cost and income from crude desalter operations include the Company's contribution to the Provident Fund amounting to Rs 14.708 million (2008: Rs 13.245 million).

Notes to and Forming Part of the Consolidated Financial Statements for the year ended June 30, 2009

	2009 Rs '000	2008 Rs '000
25. ADMINISTRATION EXPENSES		
Salaries, wages and other benefits - note 24.2	132,070	108,425
Staff transport, traveling and entertainment	9,956	12,768
Telephone and telex charges	2,000	1,521
Electricity, gas and water	6,060	5,570
Printing and stationery	3,437	3,937
Auditor's remuneration - note 25.1	1,639	1,074
Legal and professional charges	7,319	4,145
Repairs and maintenance	31,697	33,605
Subscription	5,218	5,214
Publicity	3,473	3,061
Scholarship scheme	1,748	1,909
Rent, rates and taxes	2,157	1,766
Insurance	1,289	790
Donations*	2,742	324
Training expenses	501	2,582
Other expenses	99	240
Depreciation	11,417	12,405
	222,822	199,336
* No director or his spouse had any interest in the donee institutions.		
25.1 Auditor's remuneration		
Annual audit	750	440
Review of half yearly accounts, audit of consolidated accounts, staff funds and special certifications	454	520
Tax services	300	-
Out of pocket expenses	135	114
	1,639	1,074
26. DISTRIBUTION COST		
Salaries, wages and other benefits - note 24.2	14,861	13,426
Staff transport, traveling and entertainment	576	652
Telephone and telex charges	161	221
Electricity, gas, fuel and water	2,020	1,857
Printing and stationery	101	137
Repairs and maintenance including packing and other stores consumed	1,932	2,066
Rent, rates and taxes	464	339
Legal and professional charges	347	144
Depreciation	347	298
	20,809	19,140

Notes to and Forming Part of the Consolidated Financial Statements for the year ended June 30, 2009

	2009 Rs '000	2008 Rs '000
27. FINANCE COST		
Exchange loss	1,464,423	1,240,244
Interest on Workers' Profit Participation Fund - note 10.2	7,009	3,889
Bank and other charges	93	240
	<u>1,471,525</u>	<u>1,244,373</u>
28. OTHER CHARGES		
Employees' retirement benefits		
Staff gratuity benefits	31,120	20,764
Staff pension benefits	1,278	597
Less: Contribution to subsidiary and associated companies	(2,137)	(995)
	(859)	(398)
Contribution to employees old age benefits scheme	2,723	2,580
	32,984	22,946
Fixed assets shortages /damages written off	-	648
Provision for slow moving stores	10,600	1,300
Workers' Profit Participation Fund	57,668	154,934
Workers' Welfare Fund	23,067	55,883
	<u>124,319</u>	<u>235,711</u>

Notes to and Forming Part of the Consolidated Financial Statements for the year ended June 30, 2009

29. EMPLOYEES' DEFINED BENEFIT PLANS

The latest actuarial valuation of the employees' defined benefit plans was conducted at June 30, 2009 using the projected unit credit method. Details of the defined benefit plans are:

	Funded defined benefit pension plan		Unfunded defined benefit gratuity plan	
	2009	2008	2009	2008
	Rs '000		Rs '000	
a) The amounts recognised in the profit and loss account:				
Current service cost	14,462	13,773	4,680	3,818
Interest on obligation	41,710	31,449	19,721	12,890
Expected return on plan assets	(51,074)	(39,591)	-	-
Contribution from an associated company	-	(144)	-	-
Net actuarial losses / (gains) recognised during the year	(3,820)	(4,890)	6,719	4,056
	1,278	597	31,120	20,764
b) The amounts recognised in the balance sheet:				
Fair value of plan assets	340,186	385,053	-	-
Present value of defined benefit obligations	(387,196)	(321,136)	(163,030)	(152,656)
	(47,010)	63,917	(163,030)	(152,656)
Unrecognised actuarial (gains) / losses	75,830	(48,513)	42,900	55,767
Net asset / (liability)	28,820	15,404	(120,130)	(96,889)
c) Movement in the present value of defined benefit obligation:				
Present value of defined benefit obligation as at July 1	321,136	291,335	152,656	121,894
Current service cost	14,462	13,773	4,680	3,818
Interest cost	41,710	31,449	19,721	12,890
Benefits paid	(13,105)	(11,158)	(7,880)	(9,675)
Actuarial (gains) / losses	22,993	(4,263)	(6,147)	23,729
Present value of defined benefit obligation as at June 30	387,196	321,136	163,030	152,656
d) Changes in the fair value of plan assets:				
Fair value of plan assets as at July 1	385,053	359,485	-	-
Expected return	51,074	39,591	-	-
Benefits paid	(13,105)	(11,158)	-	-
Contributions by employer	14,693	11,904	-	-
Contributions by associated company	(358)	144	-	-
Actuarial gains / (losses)	(97,171)	(14,913)	-	-
Fair value of plan assets as at June 30	340,186	385,053	-	-
Actual return on plan assets	(46,577)	24,677	-	-

The Company expects to contribute Rs 17.3 million to its defined benefit pension plans during 2009 - 2010.

Notes to and Forming Part of the Consolidated Financial Statements for the year ended June 30, 2009

	Funded defined benefit pension plan		Unfunded defined benefit gratuity plan	
	2009	2008	2009	2008
	Rs '000		Rs '000	
e) The major categories of plan assets:				
Investment in equities	88,231	119,841	-	-
Investment in mixed funds	60,845	103,448	-	-
Cash	191,110	161,764	-	-
	<u>340,186</u>	<u>385,053</u>	<u>-</u>	<u>-</u>
f) Significant actuarial assumptions at the balance sheet date:				
Discount rate	12.50%	13.25%	-	-
Expected return on plan assets	12.50%	13.25%	-	-
Future salary increases	10.36%	11.09%	-	-
Future pension increases	7.14%	7.86%	-	-

	2009	2008	2007	2006	2005
	Rs '000				
g) Comparison for five years:					
Defined Benefit Pension Plan					
Present value of defined benefit obligation	(387,196)	(321,136)	(291,335)	(263,054)	(215,382)
Fair value of plan assets	340,186	385,053	359,485	280,495	225,121
Surplus / (deficit)	<u>(47,010)</u>	<u>63,917</u>	<u>68,150</u>	<u>17,441</u>	<u>9,739</u>
Experience adjustments on plan liabilities	22,993	(4,262)	(609)	23,265	9,382
Experience adjustments on plan assets	97,171	14,914	(48,803)	29,017	13,388
Defined Benefit Gratuity Plan					
Present value of defined benefit obligation	(163,030)	(152,656)	(121,894)	(96,058)	(88,578)
Fair value of plan assets	-	-	-	-	-
Deficit	<u>(163,030)</u>	<u>(152,656)</u>	<u>(121,894)</u>	<u>(96,058)</u>	<u>(88,578)</u>
Experience adjustments on plan liabilities	(6,147)	23,729	17,982	(1,087)	3,611
Experience adjustments on plan assets	-	-	-	-	-

Notes to and Forming Part of the Consolidated Financial Statements for the year ended June 30, 2009

	2009 Rs '000	2008 Rs '000
30. OTHER INCOME		
Income from financial assets		
Income on bank deposits	891,045	483,492
Exchange gain	4,761	16,852
	895,806	500,344
Income from non - financial assets		
Income from crude decanting	14,458	15,262
Income from crude desalter operations - note 30.1	13,168	9,715
Insurance agency commission	7,624	4,140
Rental income	19,375	6,983
Sale of scrap	15,658	12,930
Profit on disposal of fixed assets	1,001	2,637
Calibration charges	3,431	2,892
Handling and service charges	14,882	16,586
Registration charges from carriage contractors	-	200
Penalties from carriage contractors	1,694	4,816
Miscellaneous	6,603	1,346
	97,894	77,507
	993,700	577,851
30.1 Income from crude desalter operations		
Income	54,245	51,997
Less: Operating costs		
Salaries, wages and other benefits - note 24.2	1,260	1,080
Chemical consumed	8,380	8,098
Fuel and power	22,865	22,889
Repairs and maintenance	7,939	9,582
Depreciation	633	633
	41,077	42,282
	13,168	9,715
31. PROVISION FOR TAXATION		
Current - for the year	631,700	1,054,100
- for prior years	-	(112,900)
	631,700	941,200
Deferred - for the year	34,913	(61,547)
	666,613	879,653

Notes to and Forming Part of the Consolidated Financial Statements for the year ended June 30, 2009

	2009 Rs '000	2008 Rs '000
31.1 Relationship between tax expense and accounting profit		
Accounting profit	1,072,629	2,887,223
Tax @ 35%	375,420	1,010,528
Income chargeable to tax at special rate	291,193	(17,975)
Prior years	-	(112,900)
	<u>666,613</u>	<u>879,653</u>
32. SHARE IN PROFIT OF ASSOCIATED COMPANIES		
National Refinery Limited	383,257	1,501,358
Attock Petroleum Limited	670,764	563,407
Less: Unrealised profit from intra-group transactions included in closing stock in trade	75	13,728
	670,689	549,679
Attock Gen Limited	172,787	8,200
Attock Information Technology Services (Private) Limited	698	471
	<u>1,227,431</u>	<u>2,059,708</u>
Less: Related charges		
Workers' Profit Participation Fund - note 9.4	36,792	22,737
Workers' Welfare Fund	14,717	9,095
Taxation	73,584	45,473
	<u>125,093</u>	<u>77,305</u>
	<u>1,102,338</u>	<u>1,982,403</u>
Profit of Attock Hospital (Private) Limited, a wholly owned subsidiary - note 33.1	247	276
	<u>1,102,585</u>	<u>1,982,679</u>
33. PROFIT / (LOSS) ON INVESTMENT IN ASSOCIATED COMPANIES		
Proceeds from sale of shares of Attock Petroleum Limited (net of expenses incurred on disposal)	-	4,430,979
Carrying value of investment	-	(1,550,881)
	-	2,880,098
Impairment loss on investment in National Refinery Limited	(143,357)	(1,170,411)
	<u>(143,357)</u>	<u>1,709,687</u>

Notes to and Forming Part of the Consolidated Financial Statements for the year ended June 30, 2009

33.2 SUMMARISED FINANCIAL STATEMENTS OF THE ASSOCIATED COMPANIES

The aggregate assets, liabilities, revenue and profit of associated companies based on their audited financial statement are as follows:

	2009 Rs '000	2008 Rs '000
ASSETS		
National Refinery Limited	42,344,611	46,604,615
Attock Petroleum Limited	18,270,355	15,513,336
Attock Gen Limited	15,437,050	10,546,408
Attock Information Technology Services (Private) Limited	65,964	60,852
	76,117,980	72,725,211
LIABILITIES		
National Refinery Limited	24,991,870	29,185,570
Attock Petroleum Limited	11,188,087	9,977,487
Attock Gen Limited	12,401,914	8,367,227
Attock Information Technology Services (Private) Limited	5,110	6,982
	48,586,981	47,537,266
REVENUE		
National Refinery Limited	109,578,364	129,385,816
Attock Petroleum Limited	61,863,152	53,242,330
Attock Gen Limited	3,173,763	69,848
Attock Information Technology Services (Private) Limited	28,367	19,515
	174,643,646	182,717,509
PROFIT		
National Refinery Limited	1,533,028	6,005,432
Attock Petroleum Limited	3,082,419	2,641,552
Attock Gen Limited	575,955	53,147
Attock Information Technology Services (Private) Limited	6,984	4,707
	5,198,386	8,704,838
The Company's share in shareholders' equity		
National Refinery Limited	25.00%	25.00%
Attock Petroleum Limited	21.88%	21.70%
Attock Information Technology Services (Private) Limited	10.00%	10.00%
Attock Gen Limited	30.00%	30.00%

Notes to and Forming Part of the Consolidated Financial Statements for the year ended June 30, 2009

34. RELATED PARTY TRANSACTIONS

Attock Oil Company Limited holds 56.32% (2008: 56.32%) shares of the Company at the year end. Therefore, all subsidiaries and associated undertakings of Attock Oil Company Limited are related parties of the Company. The related parties also comprise of directors, major shareholders, key management personnel, entities over which the directors are able to exercise significant influence on financial and operating policy decisions and employees' funds. Amount due from and due to these undertakings are shown under receivables and payables. The remuneration of Chief Executive, directors and executives is disclosed in note 35 to the financial statements.

	2009 Rs '000	2008 Rs '000
Associated companies		
Sale of goods	25,803,489	24,713,370
Sale of services	78,191	95,703
	25,881,680	24,809,073
Purchase of goods	6,689,896	10,154,897
Purchase of services	363,476	409,827
	7,053,372	10,564,724
Holding company		
Sale of services	-	424
Purchase of goods	428,679	1,106,675
Purchase of services	4,657	3,833
	433,336	1,110,508
Contribution to employees' pension and provident funds	29,401	25,149

35. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in the accounts for remuneration, including benefits and perquisites, were as follows:

	Chief Executive		Directors		Executives	
	2009	2008	2009	2008	2009	2008
	Rs '000					
Managerial remuneration / honorarium	4,567	3,525	1,219	1,219	39,302	28,020
Company's contribution to provident and pension funds	942	731	-	-	8,195	6,150
Housing and utilities	2,696	2,208	-	-	28,564	18,728
Leave passage	420	420	-	-	3,520	3,328
	8,625	6,884	1,219	1,219	79,581	56,226
No of person(s)	1	1	3	3	32	25

35.1 In addition, the Chief Executive and 22 (2008: 23) executives were provided with limited use of the Company's cars. The Chief Executive and all executives were provided with medical facilities and 7 (2008: 8) executives were provided with unfurnished accommodation in Company owned bungalows. Limited residential telephone facility was also provided to the Chief Executive and 14 (2008: 15) executives.

Notes to and Forming Part of the Consolidated Financial Statements for the year ended June 30, 2009

36. FINANCIAL INSTRUMENTS

36.1 Financial assets and liabilities

	Loans and receivables	
	2009 Rs '000	2008 Rs '000
Financial assets :		
Maturity upto one year		
Trade debts	15,510,180	9,207,878
Loans, advances, deposits and other receivables	313,541	166,990
Cash and bank balances		
Foreign currency - US \$	29,684	25,642
Local currency	6,774,311	18,919,558
Maturity after one year		
Long term Loans and deposits	12,437	12,732
	<u>22,640,153</u>	<u>28,332,800</u>

	Other financial liabilities	
	2009 Rs '000	2008 Rs '000
Financial liabilities :		
Maturity upto one year		
Trade and other payables	30,286,793	36,688,337
Maturity after one year		
Staff gratuity	120,130	96,889
	<u>30,406,923</u>	<u>36,785,226</u>

36.2 Credit quality of financial assets

The credit quality of Company's financial assets have been assessed below by reference to external credit ratings of counterparties determined by The Pakistan Credit Rating Agency Limited (PACRA) and JCR - VIS Credit Rating Company Limited (JCR-VIS). The counterparties for which external credit ratings were not available have been assessed by reference to internal credit ratings determined based on their historical information for any defaults in meeting obligations.

	2009		2008	
	Rating	Balance Rs '000	Rating	Balance Rs '000
Trade debts				
Counterparties with external credit rating	A 1+	10,153,763	A 1+	2,605,852
Counterparties without external credit rating				
Due from associated companies		3,910,073		2,337,902
Others *		1,446,344		4,264,124
		<u>15,510,180</u>		<u>9,207,878</u>
Bank Balances				
Counterparties with external credit rating	A 1+	6,447,576	A 1+	18,147,102
	A 1	344,855	A 1	736,219
	A 2	44	A 2	50,759
	A 3	11,056	A 3	10,164
		<u>6,803,531</u>		<u>18,944,244</u>

* These balances represent receivable from oil marketing companies and defence agencies.

Notes to and Forming Part of the Consolidated Financial Statements for the year ended June 30, 2009

36.3 Financial risk management

36.3.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including currency risk, interest rate risk and price risk). The Company's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

a) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Company's credit risk is primarily attributable to its trade debts and placements with banks. The sales are essentially to oil marketing companies and reputable foreign customers. The Company's placements are with banks having satisfactory credit rating. Due to the high credit worthiness of counter parties the credit risk is considered minimal.

At June 30, 2009, trade debts of Rs 12,165,131 thousand (2008: Rs 2,692,658 thousand) were past due but not impaired. The ageing analysis of these trade receivables is as follows:

	2009 Rs '000	2008 Rs '000
0 to 6 months	12,075,267	2,626,482
6 to 12 months	14,589	9,130
Above 12 months	75,275	57,046
	<u>12,165,131</u>	<u>2,692,658</u>

b) Liquidity risk

Liquidity risk reflects an enterprise's inability in raising funds to meet commitments. The Company follows an effective cash management and planning policy to ensure availability of funds and to take appropriate measures for new requirements.

c) Market risk

i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies. Financial assets include Rs 36 million (2008: Rs 840 million) and financial liabilities include Rs 6,390 million (2008: Rs 18,470 million) which were subject to currency risk.

At June 30, 2009, if the currency had weakened /strengthened by 10% against US dollar with all other variables held constant, profit after tax for the year would have been Rs 413 million (2008: Rs 1,146 million) lower/higher.

ii) Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Financial assets and liabilities include balances of Rs 8,344 million (2008: Rs 19,436 million) and Rs 4,489 million (2008: Rs 6,727 million) respectively, which are subject to interest rate risk.

At June 30, 2009, if interest rates had been 1% higher/lower with all other variables held constant, profit after tax for the year would have been Rs 15 million (2008: Rs 79 million) higher/lower.

iii) Price risk

Price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

At the year end the Company is not exposed to price risk since there are no financial instruments, whose fair value or future cash flows will fluctuate because of changes in market prices.

Notes to and Forming Part of the Consolidated Financial Statements for the year ended June 30, 2009

36.3.2 Capital risk management

The Company is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital and the level of dividend to ordinary shareholders. There was no change to the Company's approach to the capital management during the year and the company is not subject to externally imposed capital requirement.

	2009 Rs '000	2008 Rs '000
37. EARNINGS PER SHARE		
Profit after taxation from refinery operations	406,016	2,007,570
Profit after taxation from non-refinery operations	959,228	3,692,366
	<u>1,365,244</u>	<u>5,699,936</u>
Number of fully paid weighted average ordinary shares ('000)	85,293	85,293
Earnings per share - Basic (Rs)		
Refinery operations	4.76	23.54
Non-refinery operations	11.25	43.29
	<u>16.01</u>	<u>66.83</u>

Basic earnings per share for the year 2008 reported in the previous year was Rs 28.24 from refinery operations and Rs 51.95 from non-refinery operations. This has been restated on account of 14,215,500 bonus shares issued without consideration during the year ended June 30, 2009.

There is no dilutive effect on the basic earnings per share of the Company.

38. GENERAL

38.1 Capacity and production

Against the designed annual refining capacity of 14.784 million (2008: 14.320 million) US barrels the actual throughput during the year was 13.126 million (2008: 14.901 million) US barrels.

38.2 Number of employees

Total number of employees at the end of the year were 730 (2008: 751).

38.3 Date of authorisation

These financial statements have been authorised for issue by the Board of Directors of the Company on October 01, 2009.

SD/-

Chief Executive

SD/-

Director