

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

For The Half Year Ended December 31, 2008

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 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 are separate condensed interim financial statements of Company. These condensed interim financial statements have been prepared in accordance with the requirements of International Accounting Standard 34 'Interim Financial Reporting'.

2.2 The accounting policies adopted for the preparation of these condensed interim financial statements are the same as those applied in preparation of the preceding separate annual published financial statements of the Company.

	December 31, 2008 (Rupees in thousand)	June 30, 2008
3. RESERVE		
Capital reserve	5,948	5,948
Revenue reserve		
Special reserve for expansion / modernisation -note 3.1	3,170,079	4,407,932
Investment reserve - note 3.2	3,762,775	-
General reserve	55	55
Unappropriated profit	649,582	4,574,281
	<u>7,582,491</u>	<u>8,982,268</u>
	<u>7,588,439</u>	<u>8,988,216</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 of profit / (loss) to 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 3,818 million on upgradation and expansion projects from July 1, 1997 to December 31, 2008 (July 1, 1997 to June 30, 2008: Rs 3,770 million).

3.2 The Company has set aside gain on sale of investment 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 3.5 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.

	December 31, 2008 (Rupees in thousand)	June 30, 2008
5. TRADE AND OTHER PAYABLES		
Creditors - note 5.1	22,257,228	24,371,362
Due to the Attock Oil Company Limited - Holding Company	101,651	256,739
Due to associated companies		
Pakistan Oilfields Limited	869,555	1,685,628
Attock Information Technology Services (Private) Limited	18,140	17,429
Accrued liabilities and provisions - note 5.1	2,197,653	1,714,975
Due to the Government under the pricing formula	10,602,273	7,138,356
Advance payments and deposits from customers	16,086	2,677
Sales tax payable	880,095	1,037,929
Payable to statutory authorities in respect of petroleum development levy & excise duty	1,697,357	13,475
Payable to employees funds	199,662	378,407
Crude oil freight adjustable through inland freight equalisation margin	123,030	21,479
Security deposits	48,874	48,890
Unclaimed dividends	13,768	1,576
	<u>39,025,372</u>	<u>36,688,922</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) pending finalisation of prices in respect of certain crude purchases. Further, as per directive of the Ministry such withheld amounts are being retained in designated 90 days interest bearing accounts. The amounts retained alongwith accumulated profits amounted to Rs 9,843.810 million (June 30, 2008: Rs 6,630.371 million).

6. CONTINGENCIES AND COMMITMENTS

6.1 Claims/guarantees for which the Company may be contingently liable amount to Rs 1.650 million (June 30, 2008 : Rs 1.600 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 expenditure commitments outstanding as at December 31, 2008 were Rs 138.626 million (June 30, 2008 : Rs 216.681 million).

Half year ended
December 31,
2008
(Rupees in thousand)

Year ended
June 30,
2008

7. OPERATING ASSETS

Opening written down value	2,459,520	2,730,262
Additions during the period/year	55,380	128,787
Written down value of disposals/adjustments	(438)	(8,023)
Depreciation during the period/year	(54,732)	(391,506)
Closing written down value	<u>2,459,730</u>	<u>2,459,520</u>

8. LONG TERM INVESTMENTS - AT COST

	December 31, 2008		June 30, 2008	
	% age (Rupees in thousand)		% age (Rupees in thousand)	
	Holding		Holding	
Associated Companies				
Quoted				
National Refinery Limited - note 8.1	25	8,046,635	25	8,046,635
Attock Petroleum Limited - note 8.1	21.88	4,463,485	21.70	4,438,944
Unquoted				
Attock Gen Limited	30	727,500	30	643,500
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
		<u>13,244,120</u>		<u>13,135,579</u>

8.1 Based on a valuation analysis, the recoverable amount of investment in National Refinery Limited and Attock Petroleum Limited exceeds their carrying amounts. The recoverable amount has been estimated based on a value in use calculation.

9. STOCK-IN -TRADE

As at December 31, 2008, stock in trade includes stocks carried at net realisable value of Rs 3,071 million (June 30, 2008: Rs 2 million) and adjustments amounting to Rs 3,188 million (June 30, 2008: Rs. 1 million) have been made to closing inventory to write down stock in trade to net realizable value.

10. TRADE DEBTS

These included amounts receivable from associated companies Rs 852 million from Attock Petroleum Limited (June 30, 2008 : Rs 2,327 million) and Rs 4 million from Pakistan Oilfields Limited (June 30, 2008 : Rs 11 million).

	December 31, 2008 (Rupees in thousand)	June 30, 2008
11. LOANS, ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES		
Due from Subsidiary Company - Attock Hospital (Private) Limited	2,502	1,279
Due from associated companies		
Attock Petroleum Limited	3,995	9,308
National Refinery Limited	2,478	2,610
Attock Gen Limited	3,124	5,394
National Cleaner Production Centre Foundation	4,781	2,992
Attock Leisure and Management Associates (Pvt) Limited	385	115
Income accrued on bank deposits	119,806	108,888
Loans, advances and other receivables	<u>166,122</u>	<u>114,109</u>
	<u>303,193</u>	<u>244,695</u>

12. CASH AND BANK BALANCES

- 12.1** Balances with banks include Rs 8,866.930 million (June 30, 2008: Rs 4,817.269 million) in respect of deposits placed in a 90-day interest-bearing account consequent to a directive of the Ministry of Petroleum & Natural Resources (the Ministry) on account of amounts withheld as referred to in note 5.1 alongwith related interest earned thereon.
- 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		6 Months to	
	December 31, 2008	December 31, 2007	December 31, 2008	December 31, 2007
	(Rupees in thousand)		(Rupees in thousand)	
13. SALES				
Gross sales	24,167,043	19,566,439	54,853,346	39,304,005
Naphtha export proceeds	832,111	2,817,286	5,376,628	4,862,153
Less : Cost of Naphtha purchased From third parties and related handling Charges	<u>145,120</u>	421,102	<u>746,681</u>	694,655
	686,991	2,396,184	4,629,947	4,167,498
Less : Duties, taxes and levies	<u>6,975,205</u>	2,717,297	<u>11,353,645</u>	6,225,469
	<u>17,878,829</u>	19,245,326	<u>48,129,648</u>	37,246,034

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		6 Months to	
	December 31, 2008	December 31, 2007	December 31, 2008	December 31, 2007
	(Rupees in thousand)		(Rupees in thousand)	
15. COST OF SALES				
Crude oil consumed - note 15.1	16,261,663	18,772,508	46,303,463	35,568,911
Transportation and handling charges	290,436	277,850	638,863	535,098
Salaries, wages and other employees' benefits	84,037	59,973	168,735	123,386
Chemicals consumed	106,804	85,980	191,664	178,527
Fuel and power	118,146	129,729	266,268	218,139
Repairs and maintenance	26,379	34,323	60,039	52,583
Staff transport and traveling	1,711	2,938	3,788	5,507
Insurance	21,765	11,927	34,610	24,791
Cost of receptacles	3,507	4,267	7,506	6,498
Other operating costs	3,181	3,014	6,816	6,398
Depreciation	24,713	82,891	49,453	167,555
Cost of goods manufactured	16,942,342	19,465,400	47,731,205	36,887,393
Changes in stock	1,499,222	(597,706)	1,500,805	(1,266,590)
	18,441,564	18,867,694	49,232,010	35,620,803

15.1 Certain crude purchases have been incorporated in the accounts based on provisional prices notified by the Government and any subsequent adjustment arising therefrom shall be accounted for as and when the prices are finalised.

16. FINANCE COST

This includes Rs 1,335 million (December 31, 2007: Rs 80 million) exchange loss related to crude oil purchases in foreign currency and represents differential of price calculated at initial recognition of liability and due date of payment or but outstanding not due at December 31, 2008 at the closing rate of exchange.

	3 Months to		6 Months to	
	December 31, 2008	December 31, 2007	December 31, 2008	December 31, 2007
	(Rupees in thousand)		(Rupees in thousand)	
17. PROVISION FOR TAXATION				
Current	6,848	210,800	46,154	670,000
Deferred	1,357	(11,631)	7,004	(32,114)
	8,205	199,169	53,158	637,886
18. INCOME FROM NON-REFINERY OPERATIONS LESS APPLICABLE CHARGES AND TAXATION				
Dividend income from associated companies	609,834	-	609,834	454,734
Less: related charges				
Workers' Profit Participation fund	-	-	-	22,737
Workers' Welfare fund	-	-	-	8,640
Taxation	60,983	-	60,983	45,473
	60,983	-	60,983	76,850
	548,851	-	548,851	377,884

19. RELATED PARTY TRANSACTIONS

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

	3 Months to		6 Months to	
	December 31, 2008	December 31, 2007	December 31, 2008	December 31, 2007
	(Rupees in thousand)		(Rupees in thousand)	
Associated companies				
Sale of goods and services	<u>5,429,233</u>	<u>5,137,661</u>	<u>14,514,288</u>	<u>9,135,024</u>
Purchase of goods and services	<u>1,554,794</u>	<u>3,199,704</u>	<u>4,947,788</u>	<u>5,632,535</u>
Other related parties				
Contribution to employees' pension and provident funds	<u>7,557</u>	<u>5,761</u>	<u>13,980</u>	<u>11,631</u>

20. GENERAL**20.1 EARNINGS PER SHARE**

Basic earning per share for the half year ended December 31, 2007 reported in the previous half yearly accounts was Rs 22.97. This has been restated on account of 14,215,500 bonus shares issued without consideration subsequent to December 31, 2007.

There is no dilutive effect on the basic earnings per share of the Company for the period ended December 31, 2008.

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. The figures for the half year ended December 31, 2008 have been reviewed by external auditors as required by the Code of Corporate Governance.

20.3 DATE OF AUTHORIZATION

These condensed financial statements were authorised for circulation to the shareholders by the Board of Directors of the Company on February 26, 2009.

Sd/-

Chief Executive

Sd/-

Director