

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

For the Third Quarter & Nine Months Ended March 31, 2008

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 financial statements have been prepared in accordance with the requirements of International Accounting Standard 34 'Interim Financial Reporting'.

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

3. RESERVE

	March 31, 2008	June 30, 2007
	(Rupees in thousand)	
Capital reserve	5,948	5,948
Revenue reserve		
Special reserve for expansion / modernisation - note 3.1	3,851,842	2,546,162
General reserve	55	55
Unappropriated profit	775,510	657,879
	4,627,407	3,204,096
	4,633,355	3,210,044

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. A substantial portion of this reserve has already been utilised in Refinery Upgradation and Expansion Projects from 1999 to date.

4. SHORT TERM FINANCE

During the period, the Company has negotiated running finance facilities with various banks and accepted Facility Offer Letters to the extent of Rs 3.5 Billion. As and when required, these facilities shall be secured by joint hypothecation by way of 1st registered charges over the Company's current assets.

March 31,
2008
(Rupees in thousand)

June 30,
2007

5. TRADE AND OTHER PAYABLES

Creditors and accrued liabilities - note 5.1	18,348,452	18,758,552
Due to the Attock Oil Company Limited - Holding Company - note 5.1	165,085	275,108
Due to associated companies		
Pakistan Oilfields Limited - note 5.1	1,381,615	1,384,104
Attock Petroleum Limited	-	1,430
Attock Information Technology Services (Private) Limited	19,734	5,543
Due to the Government under the pricing formula - note 5.2	3,187,354	4,707,073
Advance payments and deposits from customers	3,948	6,804
Sales tax payable	850,565	7,198
Current account balances with statutory authorities in respect of petroleum development levy, excise duty	84,209	-
Payable to employees funds	325,310	197,829
Security deposits	48,909	48,940
Unclaimed dividends	1,669	939
	<u>24,416,850</u>	<u>25,393,520</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 & Natural Resources (the Ministry) pending finalization of prices in respect of certain crude purchases. Further, as per directives of the Ministry such withheld amounts are being retained in a designated 90 days interest bearing accounts. The amounts retained alongwith accumulated profits on designated bank accounts amounted to Rs 6,193.371 million (June 30, 2007: Rs 5,812.029 million).

5.2 The amount due to the Government under pricing formula is net of Rs 2,404 million (June 30, 2007: Rs 2,404 million) price differential claim as referred to in note 13.1 with a corresponding effect in creditors and accrued liabilities.

6. CONTINGENCIES AND COMMITMENTS

6.1 Claims/guarantees for which the Company may be contingently liable amount to Rs 46.700 million (June 30, 2007 : Rs 215.855 million). Further, there may be some price adjustment related to crude oil purchases as referred to in note 15 below, the amount of which cannot be presently quantified.

6.2 Capital commitments outstanding as at March 31, 2008 were Rs 184.586 million (June 30, 2007 : Rs 181.199 million).

7. OPERATING ASSETS

Nine Months ended
March 31,
2008
(Rupees in thousand)

Year ended
June 30,
2007

Opening written down value	2,730,262	2,945,709
Additions during the period/year	8,095	141,530
Written down value of disposals/adjustments	(1,728)	(108)
Depreciation during the period/year	(269,955)	(356,869)
Closing written down value	<u>2,466,674</u>	<u>2,730,262</u>

8. LONG TERM INVESTMENTS - AT COST

	March 31, 2008		June 30, 2007	
	% age Holding	(Rupees in thousand)	% age Holding	(Rupees in thousand)
Associated Companies				
National Refinery Limited	25	8,046,635	25	8,046,635
Attock Petroleum Limited	21.70	668,204	21.70	668,204
Attock Gen Limited	30	540,000	30	540,000
Attock Information Technology Services (Private) Limited	10	4,500	10	4,500
Subsidiary Company				
Attock Hospital (Private) Limited	100	2,000	100	2,000
		<u>9,261,339</u>		<u>9,261,339</u>

9. STOCK-IN-TRADE

As at March 31, 2008, finished products include stocks carried at net realisable value of Rs 389 million (June 30, 2007: Rs 236 million). As at March 31, 2008, adjustments amounting to Rs 25.8 million (June 30, 2007: Rs 43.8 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 1,748.934 million from Attock Petroleum Limited (June 30, 2007 : Rs 1,100.200 million) and Rs 4.787 million from Pakistan Oilfields Limited (June 30, 2007 : Rs Nil).

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

	March 31, 2008 (Rupees in thousand)	June 30, 2007
Current account balances with statutory authorities in respect of petroleum development levy, excise duty and sales tax	2,547	287
Due from Subsidiary Company - Attock Hospital (Private) Limited	2,513	1,966
Due from associated companies		
Attock Petroleum Limited	3,243	-
National Refinery Limited	2,610	4,677
Attock Gen Limited	3,588	2,415
National Cleaner Production Centre Foundation - note 11.1	3,545	2,465
Attock Cement Pakistan Limited	-	155
Attock Industrial Products Limited (net of provision of Rs 3,015,145 ; June 30, 2007 : Rs 3,015,145)	-	-
Income accrued on bank deposits	75,376	78,867
Crude oil freight recoverable through inland freight equalisation margin	-	39,221
Loans, advances and other receivables	84,925	61,202
	<u>178,347</u>	<u>191,255</u>

11.1 This is a 'not for profit' company limited by guarantee and was originally formed with the support of four petroleum refineries to promote use of cleaner production process in the refineries and other industries.

12. CASH AND BANK BALANCES

- 12.1** Balances with banks include Rs 5,016.933 million (June 30, 2007: Rs 5,381.864 million) in respect of deposits placed on 90-day interest-bearing account consequent to a directive issued by the Ministry on account of amounts withheld as referred to in note 5.1 alongwith related interest 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		9 Months to	
	March 31, 2008 (Rupees in thousand)	March 31, 2007	March 31, 2008 (Rupees in thousand)	March 31, 2007
13. SALES				
Gross sales - note 13.1	23,026,158	14,968,806	62,330,163	48,248,139
Naphtha export proceeds	3,677,844	2,205,090	8,539,997	5,761,691
Less : Cost of Naphtha purchased from third parties and related handling charges	454,320 3,223,524	256,733 1,948,357	1,148,975 7,391,022	890,213 4,871,478
Less : Duties, taxes and levies	2,612,288 23,637,394	3,412,952 13,504,211	8,837,757 60,883,428	10,735,488 42,384,129

- 13.1** Under the products import parity pricing formula, effective July 1, 2000, the Government had imposed a cap on an element of pricing of Premium Motor Gasoline (PMG) which had not been accepted by the Company. The Company had strongly urged the Government to remove this cap. The sales revenue to the extent of related price differential claim is not being reflected in sales till this matter is resolved. These price differential claims accumulated to Rs 2,404 million upto June 30, 2007 after which date with the ceasing of the publication of Caltex Bahrain price for 87 Ron PMG this price differential is not available.

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		9 Months to	
	March 31, 2008 (Rupees in thousand)	March 31, 2007	March 31, 2008 (Rupees in thousand)	March 31, 2007
15. COST OF SALES				
Crude oil consumed - note 15.1	22,258,016	12,800,687	57,907,268	41,208,381
Transportation and handling charges	322,424	307,892	857,522	778,674
Salaries, wages and other employees' benefits	90,641	64,135	214,027	176,913
Chemicals consumed	78,522	92,411	257,049	271,848
Fuel and power	135,888	59,357	354,027	182,460
Repairs and maintenance	48,599	23,712	101,182	81,716
Staff transport and travelling	2,380	2,247	7,887	7,200
Insurance	16,837	11,768	41,628	34,705
Cost of receptacles	4,980	1,409	11,478	6,050
Other operating costs	3,170	2,699	9,568	8,891
Depreciation	93,926	82,954	261,481	247,337
Cost of goods manufactured	23,055,383	13,449,271	60,023,117	43,004,175
Changes in stock	800,042 23,855,425	(52,871) 13,396,400	(466,548) 59,556,569	(323,301) 42,680,874

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.

	3 Months to		9 Months to	
	March 31, 2008 (Rupees in thousand)	March 31, 2007	March 31, 2008 (Rupees in thousand)	March 31, 2007
16. PROVISION FOR TAXATION				
Current	126,700	69,719	796,700	201,100
Deferred	(18,133)	23,359	(50,247)	(12,618)
	<u>108,567</u>	<u>93,078</u>	<u>746,453</u>	<u>188,482</u>
17. INCOME FROM NON-REFINERY OPERATIONS LESS APPLICABLE CHARGES AND TAXATION				

This represents net amount of dividend income from associated companies.

18. RELATED PARTY TRANSACTIONS

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

	3 Months to		9 Months to	
	March 31, 2008 (Rupees in thousand)	March 31, 2007	March 31, 2008 (Rupees in thousand)	March 31, 2007
Sale of goods and services	<u>7,064,102</u>	<u>2,443,585</u>	<u>16,199,126</u>	<u>9,482,397</u>
Purchase of goods and services	<u>2,659,496</u>	<u>2,084,226</u>	<u>8,292,031</u>	<u>6,938,428</u>

19. GENERAL

19.1 EARNINGS PER SHARE

Basic earning per share for the nine months ended March 31, 2007 reported in the previous nine months accounts was Rs 3.52. This has been restated on account of 14,215,500 bonus shares issued without consideration subsequent to March 31, 2007.

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

19.2 BASIS FOR PRESENTATION OF FINANCIAL STATEMENTS

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

19.3 DATE OF AUTHORIZATION

These financial statements were authorised for circulation to the shareholders by the Board of Directors of the Company on April 22, 2008.

Sd/-
Chief Executive

Sd/-
Director