

## Selected notes to and forming part of the Condensed Interim Financial Statements (Unaudited)

For The Nine Months Ended March 31, 2010

### 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 financial statements of the 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.

	<b>March 31, 2010</b>	<b>June 30, 2009</b>
	<b>(Rupees in thousand)</b>	
<b>3. RESERVES</b>		
Capital reserves	5,948	5,948
Revenue reserves		
Special reserve for expansion / modernisation - note 3.1	4,111,364	4,668,148
Investment reserve - note 3.2	3,762,775	3,762,775
General reserve	55	55
Unappropriated profit	1,483,542	857,273
	<b>9,357,736</b>	<b>9,288,251</b>
	<b>9,363,684</b>	<b>9,294,199</b>

#### 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 3,879 million on upgradation and expansion projects from July 1, 1997 to March 31, 2010 (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 (June 30,2009 : 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.

	March 31, 2010	June 30, 2009
	(Rupees in thousand)	
<b>5. TRADE AND OTHER PAYABLES</b>		
Creditors - note 5.1	<b>29,319,632</b>	22,995,072
Due to the Attock Oil Company Limited - Holding Company	<b>170,365</b>	84,985
Due to associated companies		
Pakistan Oilfields Limited	<b>1,727,031</b>	837,348
Attock Petroleum Limited	<b>2,168</b>	-
Attock Information Technology Services (Private) Limited	<b>1,324</b>	3,044
Accrued liabilities and provisions - note 5.1	<b>3,103,513</b>	2,830,079
Due to the Government under the pricing formula	<b>8,169,603</b>	2,527,290
Advance payments and deposits from customers	<b>35,935</b>	30,298
Sales tax payable	<b>1,160,649</b>	441,691
Payable to statutory authorities in respect of petroleum development levy and excise duty	<b>803,066</b>	176,189
Payable to employees funds	<b>255,486</b>	332,773
Security deposits	<b>48,336</b>	48,866
Unclaimed dividends	<b>3,661</b>	3,774
	<b><u>44,800,769</u></b>	<b><u>30,311,409</u></b>

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 interest bearing accounts. The amounts withheld alongwith accumulated profits amounted to Rs 3,150.054 million (June 30, 2009 : Rs 4,368.984 million).

#### 6. CONTINGENCIES AND COMMITMENTS

6.1 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 has 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.

6.2 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.

6.3 Capital commitments outstanding as at March 31, 2010 were Rs 128.904 million (June 30, 2009 : Rs 280.919 million).

	Nine Months ended March 31, 2010	Year ended June 30, 2009
	(Rupees in thousand)	
<b>7. OPERATING ASSETS</b>		
Opening written down value	2,521,903	2,459,520
Additions during the period / year	26,116	264,796
Written down value of disposals / adjustments	(537)	(75,570)
Depreciation during the period / year	(89,482)	(126,843)
Closing written down value	<u>2,458,000</u>	<u>2,521,903</u>

**8. LONG TERM INVESTMENTS - AT COST**

	<u>March 31, 2010</u>		<u>June 30, 2009</u>	
	% age	(Rupees in thousand)	% age	(Rupees in thousand)
	Holding		Holding	
<b>Associated Companies</b>				
<b><u>Quoted</u></b>				
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	21.88	4,463,485
<b><u>Unquoted</u></b>				
Attock Gen Limited	30	748,296	30	727,500
Attock Information Technology Services (Private) Limited	10	4,500	10	4,500
<b>Subsidiary Company</b>				
<b><u>Unquoted</u></b>				
Attock Hospital (Private) Limited	100	2,000	100	2,000
		<u>13,264,916</u>		<u>13,244,120</u>

8.1 Based on a valuation analysis at June 30, 2009, 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 March 31, 2010, stock-in-trade include stocks carried at net realisable value of Rs 1,667 million (June 30, 2009 : Rs 910 million). Adjustments amounting to Rs 49 million (June 30, 2009 : Rs 88 million) have been made to closing inventory to write down stocks-in-trade to net realizable value.

**10. TRADE DEBTS**

All trade debtors are unsecured and considered good. These include amount receivable from associated companies Attock Petroleum Limited Rs 5,496 million (June 30, 2009 : Rs 3,902 million) and Pakistan Oilfields Limited Rs 15 million (June 30, 2009 : Rs 8 million).

	March 31, 2010	June 30, 2009
	(Rupees in thousand)	
<b>11. LOANS, ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES</b>		
Due from Subsidiary Company - Attock Hospital (Private) Limited	3,065	682
Due from associated companies		
National Refinery Limited	2,478	2,478
Attock Petroleum Limited	-	4,913
Attock Gen Limited	18,472	22,304
Attock Cement Pakistan Limited	-	46
National Cleaner Production Centre Foundation	4,240	2,053
Attock Leisure and Management Associates (Pvt) Limited	28	594
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	28,076	67,276
Income accrued on bank deposits	7,830	80,494
Amount adjustable against Insurance claim	-	75,000
Loans, deposit, prepayments and other receivables	<u>158,289</u>	<u>121,294</u>
	<u>222,478</u>	<u>377,134</u>

## 12. CASH AND BANK BALANCES

**12.1** Balances with banks include Rs 2,827 million (June 30, 2009 : 2,000 million) payable in respect of deposits placed in a designated interest-bearing account consequent to a directives issued by the Ministry of Petroleum and Natural Resources (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 6.2.

	3 Months to		9 Months to	
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
	(Rupees in thousand)		(Rupees in thousand)	

## 13. SALES

Gross sales	26,540,331	19,170,474	73,243,043	74,023,820
Naphtha export proceeds	<u>2,991,101</u>	1,449,711	<u>6,842,862</u>	6,826,339
Less : Cost of Naphtha purchased from third parties and related handling charges recovered	<u>310,521</u>	169,220	<u>700,457</u>	915,901
	2,680,580	1,280,491	6,142,405	5,910,438
Less : Duties, taxes and levies	<u>5,833,233</u>	7,301,862	<u>16,524,735</u>	18,655,507
	<u>23,387,678</u>	<u>13,149,103</u>	<u>62,860,713</u>	<u>61,278,751</u>

## 14. REIMBURSEMENT DUE FROM THE GOVERNMENT UNDER THE PRICING FORMULA

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

	3 Months to		9 Months to	
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
	(Rupees in thousand)		(Rupees in thousand)	
<b>15. COST OF SALES</b>				
Crude oil consumed - note 15.1	22,658,953	10,765,517	62,246,240	57,068,980
Transportation and handling charges	357,607	317,568	872,506	956,431
Salaries, wages and other employees' benefits	92,647	80,908	269,717	249,643
Chemicals consumed	78,774	56,603	215,903	248,267
Fuel and power	185,595	82,462	460,925	348,730
Repairs and maintenance	48,488	51,505	128,859	111,544
Staff transport and travelling	2,187	1,982	5,759	5,770
Insurance	32,077	26,402	79,434	61,012
Cost of receptacles	3,781	3,283	10,761	10,789
Other operating costs	4,580	3,095	11,494	9,911
Depreciation	27,525	38,874	81,834	88,327
Cost of goods manufactured	23,492,214	11,428,199	64,383,432	59,159,404
Changes in stock	(32,605)	(185,835)	(840,171)	1,314,970
	<u>23,459,609</u>	<u>11,242,364</u>	<u>63,543,261</u>	<u>60,474,374</u>

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

## 16. FINANCE COST

This includes an amount of Rs 220 million (March 31, 2009 : Rs 1,401 million) exchange loss related to crude oil purchase in 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 March 31, 2010 at the closing rate of exchange.

	3 Months to		9 Months to	
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
	(Rupees in thousand)		(Rupees in thousand)	
<b>17. PROVISION FOR TAXATION</b>				
Current	40,800	224,381	75,800	270,535
Deferred	3,824	26,351	6,891	33,355
	<u>44,624</u>	<u>250,732</u>	<u>82,691</u>	<u>303,890</u>
<b>18. INCOME FROM NON-REFINERY OPERATIONS LESS APPLICABLE CHARGES AND TAXATION</b>				
Dividend income from associated companies	275,660	126,001	714,557	735,835
Less: Related charges				
Workers' Profit Participation fund	12,023	36,792	12,023	36,792
Workers' Welfare fund	4,809	14,717	4,809	14,717
Taxation	27,566	12,601	71,456	73,584
	<u>44,398</u>	<u>64,110</u>	<u>88,288</u>	<u>125,093</u>
	<u>231,262</u>	<u>61,891</u>	<u>626,269</u>	<u>610,742</u>

## 19. RELATED PARTY TRANSACTIONS

	<u>3 Months to</u>		<u>9 Months to</u>	
	<u>March 31,</u> <u>2010</u>	<u>March 31,</u> <u>2009</u>	<u>March 31,</u> <u>2010</u>	<u>March 31,</u> <u>2009</u>
	(Rupees in thousand)		(Rupees in thousand)	
<b>Associated companies</b>				
Sale of goods and services	<u>8,473,987</u>	4,524,225	<u>25,488,187</u>	<u>19,038,513</u>
Purchase of goods and services	<u>2,536,224</u>	<u>1,129,802</u>	<u>6,763,671</u>	<u>6,077,590</u>
<b>Other related parties</b>				
Contribution to employees' pension and provident funds	<u>7,327</u>	<u>6,937</u>	<u>22,030</u>	<u>20,917</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 March 31, 2010.

### 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 April 20, 2010.

**SD/-**

Chief Executive

**SD/-**

Director