

A.F. FERGUSON & CO.

CHARTERED ACCOUNTANTS

KARACHI-LAHORE-ISLAMABAD

AUDITOR'S REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Attock Petroleum Limited as at June 30, 2005 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- b) in our opinion
- i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with the accounting policies consistently applied except for the change referred to in note 2.2 to the financial statements, with which we concur;
- ii) the expenditure incurred during the year was for the purpose of the Company's business; and
- iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2005 and of the profit, its cash flows and changes in equity for the year then ended; and
- d) in our opinion Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XV111 of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Chartered Accountants



Islamabad
September 11, 2005

ATTOCK PETROLEUM LIMITED

BALANCE SHEET AS AT JUNE 30, 2005

	Note	2005 Rupees	2004 Rupees		Note	2005 Rupees	2004 Rupees
SHARE CAPITAL AND RESERVES							
Authorised capital 75,000,000 ordinary shares of Rs10 each (2004: 75,000,000 ordinary shares of Rs 10 each)		<u>750,000,000</u>	<u>750,000,000</u>	PROPERTY, PLANT AND EQUIPMENT	8	302,973,257	279,665,577
Issued, subscribed and paid up capital	3	400,000,000	300,000,000	CAPITAL WORK IN PROGRESS	9	<u>32,229,183</u> 335,202,440	<u>8,911,034</u> 288,576,611
Revenue reserve Unappropriated profit		<u>613,130,878</u> <u>1,013,130,878</u>	<u>372,681,909</u> <u>672,681,909</u>	LONG TERM INVESTMENTS	10	90,848,704	2,250,000
NON CURRENT LIABILITIES				CURRENT ASSETS			
Long term deposits	4	<u>84,099,000</u>	<u>59,650,000</u>	Stores and spares		<u>601,429</u>	<u>234,793</u>
Deferred income tax liability	5	<u>14,000,000</u> 98,099,000	<u>14,050,000</u> 73,700,000	Stock in trade	11	110,076,276	21,456,954
CURRENT LIABILITIES				Trade debts	12	277,118,491	233,105,279
Trade and other payables	6	1,336,684,794	587,353,181	Advances, deposits, prepayments and other receivables	13	291,401,912	82,044,769
CONTINGENCIES AND COMMITMENTS				Income tax refundable		75,591,219	75,762,661
	7			Short term investments	14	-	34,980,000
		<u>2,447,914,672</u>	<u>1,333,735,090</u>	Cash and bank balances	15	<u>1,267,074,201</u> 2,021,863,528	<u>595,324,023</u> 1,042,908,479
						<u>2,447,914,672</u>	<u>1,333,735,090</u>

The annexed notes form an integral part of these financial statements.

Sd/-
Chief Executive

Sd/-
Director

ATTOCK PETROLEUM LIMITED**CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2005**

	2005 Rupees	2004 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	559,872,300	533,563,901
Adjustment for		
Depreciation	32,117,769	22,962,382
Gain on sale of items of property, plant and equipment	(824,234)	-
Income on bank deposits and investments	<u>(29,459,963)</u>	<u>(14,591,557)</u>
	561,705,872	541,934,726
Movement in working capital		
(Increase)/decrease in stores and spares	(366,636)	120,936
(Increase)/decrease in stock in trade	(88,619,322)	5,530,266
(Increase) in trade debts	(44,013,212)	(153,913,747)
(Increase) in advances, deposits, prepayments and other receivables	(208,154,447)	(72,395,035)
Increase in trade and other payables	749,331,613	137,901,776
Taxes paid	<u>(99,301,889)</u>	<u>(86,444,728)</u>
Net cash provided by operating activities	870,581,979	372,734,194
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(79,091,619)	(55,171,974)
Proceeds from sale of property, plant and equipment	1,172,255	-
Long term investments	(88,598,704)	-
Short term investments	34,980,000	14,990,000
Income received on bank deposits and investments	28,257,267	14,643,295
Net cash used in investing activities	(103,280,801)	(25,538,679)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(120,000,000)	(96,187,500)
Long term deposits received	24,449,000	13,550,000
Net cash used in financing activities	<u>(95,551,000)</u>	<u>(82,637,500)</u>
INCREASE IN CASH AND CASH EQUIVALENTS	671,750,178	264,558,015
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	<u>595,324,023</u>	<u>330,766,008</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	<u><u>1,267,074,201</u></u>	<u><u>595,324,023</u></u>

Sd/-
Chief ExecutiveSd/-
Director

ATTOCK PETROLEUM LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2005

1. LEGAL STATUS AND OPERATIONS

Attock Petroleum Limited was incorporated in Pakistan as a public limited company on December 3, 1995, commenced its operations in 1998 and listed on Karachi Stock Exchange on March 7, 2005. The Company is engaged in marketing of petroleum products. Pharaon Commercial Investment Group Limited has a controlling interest in the Company.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These financial statements have been prepared under the historical cost convention and in accordance with approved accounting standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984. Approved accounting standards comprise of such International Accounting Standards as notified under the provisions of the Companies Ordinance, 1984. Wherever, the requirements of the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan differ with the requirements of these standards, the requirements of Companies Ordinance, 1984 or the requirements of the said directives take precedence.

2.2 The Fourth Schedule to the Companies Ordinance 1984 has been amended during the year. This has resulted in the change in accounting policy pertaining to the recognition of dividends proposed after the balance sheet date but before the financial statements are authorised for issue. Previously such dividends were accounted for as a liability at the balance sheet date. From the current year, such dividend has not been recognised as a liability at the balance sheet date. The change in accounting policy has been accounted for retrospectively and the comparative figures have been restated. The effect of change in accounting policy has been reflected in the statement of changes in equity. The change in accounting policy has not resulted in any change in the profit.

2.3 Retirement benefits

The Company operates:

- i) approved defined benefit funded pension plan for all eligible employees. The expense is recognised on the basis of actuarial valuation. Net actuarial gains and losses are recognised over the expected remaining service life of the employees. The latest actuarial valuation was carried out as at June 30, 2005. The details of the valuation are given in note 24.
- ii) approved contributory provident fund for all employees for which contributions of Rs 933,556 (2004: Rs 750,986) were charged to income for the year.

2.4 Taxation

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

Deferred income tax is accounted for using the liability method in respect of all timing 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 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 to income currently.

2.5 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 will be required to settle the obligation and a reliable estimate of the amount can be made.

2.6 Trade and other payables

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

2.7 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation, except for freehold land and capital work in progress which are stated at cost. Depreciation is provided on the straight line method to write off the cost of an asset over its estimated useful life at the rates specified in note 8. Full year's depreciation is charged on additions during the year, while no depreciation is charged on assets deleted during the year.

2.8 Investments

Investment in associated company is carried at cost less impairment losses.

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 cost less impairment losses.

2.9 Stores and spares

These are stated at moving average cost less any provision for obsolete and slow moving items.

2.10 Stock in trade

Stock in trade is valued at the lower of cost, calculated on a first-in first-out basis, and net realisable value. Charges such as excise duty and similar levies incurred on unsold stock of products are added to the value of the stock and carried forward.

Net realisable value signifies the sale price in the ordinary course of business less costs necessary to make the sale.

2.11 Revenue recognition

Sales are recorded on despatch of goods to customers. Commission and handling income is recognised on shipment of products.

Income on investments and bank deposits is recognized on accrual basis.

2.12 Foreign currency transactions

Transactions in foreign currencies are converted into rupees at the rates of exchange ruling on the date of the transaction. All assets and liabilities in foreign currencies are translated at exchange rates prevailing at the balance sheet date. Exchange gains and losses are taken to income currently.

2.13 Financial assets and liabilities

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 expires. 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.

2.14 Cash and cash equivalents

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

	2005 Rupees	2004 Rupees
3. ISSUED, SUBSCRIBED AND PAID UP CAPITAL		
Shares issued for cash		
5,000,000 ordinary shares of Rs 10 each (2004: 5,000,000 ordinary shares of Rs 10 each)	50,000,000	50,000,000
Shares issued as fully paid bonus shares		
At beginning of the year	250,000,000	85,000,000
Shares issued during the year	100,000,000	165,000,000
35,000,000 (2004: 25,000,000) ordinary shares	350,000,000	250,000,000
40,000,000 (2004: 30,000,000) ordinary shares of Rs 10 each	400,000,000	300,000,000
4. LONG TERM DEPOSITS		
These represent interest free security deposits received from distributors, retailers and contractors and are refundable on cancellation of respective contracts or termination of related services.		
5. DEFERRED INCOME TAX LIABILITY		
Deferred income tax liability represents temporary differences between accounting and tax depreciation.		
	2005 Rupees	2004 Rupees
6. TRADE AND OTHER PAYABLES		
Creditors	347,652,935	43,457,537
Due to related parties - unsecured (note 6.1)	604,686,537	287,817,027
Accrued liabilities	100,124,938	77,867,024
Retention money	2,673,797	3,012,626
Advance from customers	252,079,624	147,369,935
Workers' profit participation fund (note 6.2)	29,466,963	27,729,240
Staff Pension fund	-	99,792
	1,336,684,794	587,353,181
6.1 The amount due to related parties comprises of:		
Attock Refinery Limited	588,083,657	283,061,677
Pakistan Oilfields Limited	14,014,082	3,311,206
Attock Oil Company	2,320,301	1,444,144
Attock Cement Pakistan Limited	268,497	-
	604,686,537	287,817,027
6.2 Workers' profit participation fund		
Balance at beginning of the year	27,729,240	15,646,929
Allocation for the year	29,466,963	28,082,311
Amount paid to fund's trustees	(27,729,240)	(16,000,000)
Balance at end of the year	29,466,963	27,729,240
7. CONTINGENCIES AND COMMITMENTS		
(i) Claims for government levies not accepted by the Company Rs 47.391 million (2004: Rs 32.832 million).		
(ii) Capital expenditure commitments outstanding at June 30, 2005 amounted to Rs 57.543 million (2004: Rs 38.867 million).		
(iii) Commitment for long term investment in shares of National Refinery Limited Rs 235.516 million (2004: Rs nil).		

8. PROPERTY, PLANT AND EQUIPMENT

	C o s t			D e p r e c i a t i o n			Written down value at June 30, 2005 Rs	Annual rate of depreciation %
	At July 1, 2004	Additions/ (deletions)	At June 30, 2005	At July 1, 2004	Charge for the year/ (on deletions)	At June 30, 2005		
	Rs	Rs	Rs	Rs	Rs	Rs		
Freehold land	172,667,262		172,667,262	-		-	172,667,262	-
Buildings on leasehold land	16,558,693	1,437,598	17,996,291	3,057,943	899,815	3,957,758	14,038,533	5
Pipelines, pumps, tanks and meters	72,613,073	7,324,498	79,937,571	27,227,994	8,040,420	35,268,414	44,669,157	10
Equipment - signage	52,733,935	32,132,643 (543,250)	84,323,328	19,533,133	16,677,165 (241,705)	35,968,593	48,354,735	20
Electrical and fire fighting equipment	11,056,124	325,540	11,381,664	4,053,170	1,152,254	5,205,424	6,176,240	10
Furniture, fixture and equipment	2,967,549	1,956,761 (13,225)	4,911,085	1,310,623	491,109	1,801,732	3,109,353	10
Computer and auxiliary equipment	4,191,921	1,261,652 (33,250)	5,420,323	3,033,895	704,303	3,738,198	1,682,125	20
Motor vehicles	14,286,710	11,334,778 (904,010)	24,717,478	9,192,932	4,152,703 (904,009)	12,441,626	12,275,852	20
Rupees June 2005	<u>347,075,267</u>	<u>55,773,470</u> <u>(1,493,735)</u>	<u>401,355,002</u>	<u>67,409,690</u>	<u>32,117,769</u> <u>(1,145,714)</u>	<u>98,381,745</u>	<u>302,973,257</u>	
Rupees June 2004	<u>257,665,141</u>	<u>89,410,126</u>	<u>347,075,267</u>	<u>44,447,308</u>	<u>22,962,382</u>	<u>67,409,690</u>	<u>279,665,577</u>	

8.1 Cost of assets held by a large number of dealers of retail outlets of the Company are as follows:

	2005 Rupees	2004 Rupees
Equipment - Signage	82,951,488	52,273,515
Pipelines, pumps, tanks and meters	16,942,220	11,660,755

Due to large number of dealers it is impracticable to disclose the name of each person having possession of these assets, as required under para 5 of Part 1 of the 4th Schedule to the Companies Ordinance 1984.

8.2 Items of property, plant and equipment disposed off during the year include the following:

	Original cost Rs	Book value Rs	Sale proceeds Rs	Mode of disposal	Particulars of purchaser
Equipment - signage	543,250	301,545	462,000	Insurance claim	Efu General Insurance Co.
Furniture, fixture and equipment	13,225	13,225	13,225	Insurance claim	Efu General Insurance Co.
Computer and auxiliary equipment	33,250	33,250	33,250	Insurance claim	Efu General Insurance Co.
Motor vehicles	904,010	1	663,780	Tender	Ch. Mohammad Saleem

	2005 Rupees	2004 Rupees
9. CAPITAL WORK IN PROGRESS		
Pumps, tanks and equipment	29,377,605	6,356,101
Advances to contractors	2,851,578	2,554,933
	<u>32,229,183</u>	<u>8,911,034</u>
10. LONG TERM INVESTMENTS - AT COST		
Investment in associated company (note 10.1)	4,500,000	2,250,000
Advance against purchase of shares of a listed company (note 10.2)	86,348,704	-
	<u>90,848,704</u>	<u>2,250,000</u>

10.1 This represents investment in 10% shares of Attock Information Technology Services (Private) Limited. A total investment of Rs 4.5 million was approved by the shareholders in 8th General Meeting of the Company held on June 16, 2001 of which Rs 2.25 million was subscribed for against right issue of shares in October 2004.

10.2 This represents advance against purchase of 666,388 shares of National Refinery Limited (NRL) from the Government at Rs 483 per share, as part of consortium of Attock Oil Group of Companies to purchase 51% shares of NRL. The Company's share of total purchase price was Rs 321.865 million, out of which Rs 86.349 million was paid before the balance sheet date and the balance amount of Rs 235.516 million has been paid subsequent to the year end. The ownership of shares has been transferred to the Company subsequent to the year end.

	2005 Rupees	2004 Rupees
11. STOCK IN TRADE		
Petroleum products	107,792,134	20,339,575
Packing material	2,284,142	1,117,379
	<u>110,076,276</u>	<u>21,456,954</u>

	2005 Rupees	2004 Rupees
12. TRADE DEBTS, considered good		
Secured	157,487,311	207,769,786
Unsecured	87,198,981	19,884,871
Due from related parties		
Attock Refinery Limited	421,172	-
Pakistan Oilfields Limited	26,638,011	3,071,120
Attock Cement Pakistan Limited	5,373,016	2,379,502
	<u>277,118,491</u>	<u>233,105,279</u>
13. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES		
Loans and advances - considered good		
Advances to suppliers	17,595,835	10,305,646
Advances to employees against expenses	67,851	92,950
	17,663,686	10,398,596
Deposits, prepayments and current account balances with statutory authorities		
Security deposits	419,952	364,952
Prepayments	1,977,871	2,347,551
Sales tax refundable	157,380,093	45,795,174
	159,777,916	48,507,677
Accrued income		
Income on bank deposits and short term investment	1,745,243	542,547
Indenting commission on exports	-	7,124,329
	1,745,243	7,666,876
Price Differential Claim receivable from the Government	100,693,508	-
Claims receivable	10,401,467	14,032,502
Due from related parties - unsecured		
Attock Information Technology Services (Private) Limited	475,917	550,637
Staff provident fund	325,244	360,120
Staff pension fund	126,000	-
Freight pool	-	475,361
Others	192,931	53,000
	<u>291,401,912</u>	<u>82,044,769</u>
14. SHORT TERM INVESTMENTS		
Held to maturity investments		
Investment in Term Finance Certificates	-	24,980,000
Investment in Carry Over Transactions	-	10,000,000
	<u>-</u>	<u>34,980,000</u>

	2005 Rupees	2004 Rupees
15. CASH AND BANK BALANCES		
Cash in hand	226,760	164,776
Balance with bank		
On savings account (includes US \$ 108,011; 2004: US \$ 7,483)	1,266,842,955	595,154,761
On current account	4,486	4,486
	<u>1,267,074,201</u>	<u>595,324,023</u>

15.1 Deposits of Rs 33.658 million (2004: Rs 33.267 million) were held with banks under lien to secure bank guarantees against advance received from customers.

15.2 Bank balances on savings account carried interest ranging between 2.15 % to 6.50 % per annum (2004: 0.5% to 4% per annum).

	2005 Rupees	2004 Rupees
16. SALES		
Gross Sales	11,217,026,156	8,563,204,650
Less: Rebates/Discount	(20,567,722)	(6,245,866)
	<u>11,196,458,434</u>	<u>8,556,958,784</u>

17. COST OF PRODUCTS SOLD		
Opening stock	21,456,954	26,987,220
Add: Purchase of petroleum products and packing material	9,249,379,148	6,429,244,479
Excise duty	242,472,038	224,377,272
Development surcharge	75,407,004	434,771,026
	<u>9,567,258,190</u>	<u>7,088,392,777</u>
Closing stock	(110,076,276)	(21,456,954)
	<u>9,478,638,868</u>	<u>7,093,923,043</u>

18. ADMINISTRATIVE AND MARKETING EXPENSES		
Salaries and benefits	48,889,192	43,506,974
Rent, taxes and other fees	7,636,545	2,518,820
Repairs and maintenance	4,597,174	2,741,218
Communication	2,657,102	1,968,862
Insurance	1,484,656	1,118,243
Travelling and staff transport	8,189,868	5,400,775
Transportation expenses	1,187,816	1,708,758
Printing and stationery	2,462,204	1,026,189
Consultancy charges	1,164,903	2,879,356
Legal and professional charges	2,502,048	1,193,356
Electricity, gas and water	2,773,832	2,764,864
Advertising and publicity	9,658,540	1,433,724
Depreciation	32,117,769	22,962,382
Subscription and fees	1,305,990	1,514,104
Other expenses	4,069,582	1,211,843
Auditor's remuneration and expenses		
Statutory audit	225,000	180,000
Half yearly audit, special certifications and audit of staff funds	188,600	269,035
Out-of-pocket expenses	28,941	17,900
	<u>442,541</u>	<u>466,935</u>
	<u>131,139,762</u>	<u>94,416,403</u>

	2005 Rupees	2004 Rupees
19. OTHER OPERATING EXPENSES		
Workers' profit participation fund	29,466,963	28,082,311
Bank charges	3,554,434	3,415,730
Exchange loss	683,544	3,685
	<u>33,704,941</u>	<u>31,501,726</u>
20. OTHER OPERATING INCOME		
Commission and handling income	260,022,429	151,702,268
Income on bank deposits	22,263,239	8,238,523
Income on Term Finance Certificates	1,445,760	6,353,034
Income from Carry Over Transactions	5,750,964	862,981
Tender and joining fee	1,549,000	-
Gain on sale of items of property, plant and equipment	824,234	-
Others	1,818,215	44,885
	<u>293,673,841</u>	<u>167,201,691</u>
21. PROVISION FOR TAXATION		
Current - for the year	167,000,000	192,200,000
- for prior years	(67,526,669)	550,000
Deferred - for the year	(50,000)	5,050,000
	<u>99,423,331</u>	<u>197,800,000</u>
21.1 Reconciliation of tax charge for the year		
	%	%
Applicable tax rate	35.00	41.00
Add: Tax effect of export sales which are taxable @ 1% of sales	(5.09)	(3.84)
Tax effect of amounts that are not deductible for tax purposes	0.13	0.04
Tax effect of prior year tax	(12.06)	0.10
Tax effect of deferred tax due to reduced tax rate	(0.22)	(0.23)
Average effective tax rate charged to income	<u>17.76</u>	<u>37.07</u>
22. BASIC EARNINGS PER SHARE		
Profit after tax (Rupees)	<u>460,448,969</u>	<u>335,763,901</u>
Number of Ordinary Shares outstanding	<u>40,000,000</u>	<u>40,000,000</u>
Basic earnings per share (Rupees)	11.51	8.39 *

* Basic earnings per share for 2004 of Rs 11.19 has been restated for 10 million bonus shares issued during the year ended June 30, 2005.

22.1 The Board of Directors in its meeting held on September 11, 2005 proposed a final dividend of Rs 5 per share for the year ended June 30, 2005, amounting to Rs 200 million for approval of the members at the Annual General meeting to be held on October 17, 2005. These financial statements do not include the effect of this proposed dividend.

23. FINANCIAL INSTRUMENTS

23.1 Financial assets and liabilities

	2005			2004		
	Interest/mark-up bearing Rupees	Non-interest/mark-up bearing Rupees	Total Rupees	Interest/mark-up bearing Rupees	Non-interest/mark-up bearing Rupees	Total Rupees
FINANCIAL ASSETS						
Maturity upto one year						
Trade debts	-	277,118,491	277,118,491	-	233,105,279	233,105,279
Advances, deposits and other receivables	-	271,760,355	271,760,355	-	69,298,622	69,298,622
Short term investments (note 14)	-	-	-	34,980,000	-	34,980,000
Cash and bank balances (note 15)						
Foreign currency - US \$	6,438,560	-	6,438,560	430,786	-	430,786
Local currency	1,260,404,395	231,246	1,260,635,641	594,723,975	169,262	594,893,237
Maturity after one year						
Long term investments	-	90,848,704	90,848,704	-	2,250,000	2,250,000
	<u>1,266,842,955</u>	<u>639,958,796</u>	<u>1,906,801,751</u>	<u>630,134,761</u>	<u>304,823,163</u>	<u>934,957,924</u>
FINANCIAL LIABILITIES						
Maturity upto one year						
Trade and other payables	-	1,084,605,170	1,084,605,170	-	439,983,246	439,983,246
Maturity after one year						
Long term deposits	-	84,099,000	84,099,000	-	59,650,000	59,650,000
	<u>-</u>	<u>1,168,704,170</u>	<u>1,168,704,170</u>	<u>-</u>	<u>499,633,246</u>	<u>499,633,246</u>
OFF BALANCE SHEET ITEMS						
Commitments (note 7)	-	293,059,890	293,059,890	-	38,867,046	38,867,046

23.2 Credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties failed completely to perform as contracted. The Company's credit risk is primarily attributable to its trade debts, investments and balances at banks. Credit sales are against letters of credit/bank drafts/agreements and to other Oil Marketing Companies or reputable organizations. The management does not expect these organizations to fail to meet their obligations, therefore credit risk against trade debts is minimal. The credit risk on bank balances and investments is limited because the counter parties are banks/companies with reasonably high credit ratings.

23.3 Foreign exchange risk

Financial assets of Rs 27.30 million (2004: Rs 7.55 million) and financial liabilities of Rs 60.78 million (2004: Rs 43.07 million) were in foreign currency and subject to foreign exchange risk.

23.4 Fair value of financial assets and liabilities

The carrying value of financial assets and liabilities approximate their fair value except for short term investments and long term investments which are stated at cost.

24. RETIREMENT BENEFITS

The details of actuarial valuation of defined benefit funded pension plan are as follows:

	2005 Rs in million
Reconciliation of payable to /(receivable from) defined benefit plan	
Present value of defined benefit obligation	5.714
Fair value of plan assets	(6.110)
Net actuarial gains not recognized	0.270
	<u>(0.126)</u>
Movement in net liability/(asset)	
Opening net liability	0.099
Expense	1.378
Benefits paid	(1.603)
Closing net (asset)	<u>(0.126)</u>
Charge/ (income) for the defined benefit plan	
Current service cost	1.372
Interest cost	0.265
Expected return on plan assets	(0.259)
	<u>1.378</u>

The Projected Unit Credit Method using the following significant assumptions was used for the valuation of the plan:

Valuation discount rate	10% p.a.
Salary increase rate	10% p.a.
Expected return on plan assets	6.10% p.a.
Pension indexation	0% p.a.

25. TRANSACTIONS WITH RELATED PARTIES

Aggregate transactions with related parties, other than remuneration to the chief executive, directors and executives of the Company under their terms of employment, were as follows:

	2005 Rupees	2004 Rupees
Purchase of petroleum products	8,229,595,491	5,828,323,283
Sale of petroleum products	245,039,291	101,181,493
Commission and handling income	246,030,356	123,916,179
Administrative services expense	22,805,264	18,326,634
Investment in associated company	2,250,000	-

Transactions with related parties are at arm's length prices determined in accordance with the prescribed methods. The prices for purchase and sale of regulated products are based on prices

notified by the Government. The prices for other products and commission and handling income are based on the principles of normal commercial practices between independent businesses. Administrative services expense is based on allocated cost.

26. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		*Executives	
	2005 Rupees	2004 Rupees	2005 Rupees	2004 Rupees	2005 Rupees	2004 Rupees
Managerial remuneration	4,568,973	4,568,973	2,261,060	2,770,202	1,449,306	-
Bonus	2,704,921	2,704,921	886,720	701,500	158,000	-
Company's contribution to provident and pension funds	685,584	685,584	371,263	484,200	343,866	-
Housing and utilities	1,485,432	1,485,432	486,189	538,800	749,677	-
Leave passage	380,880	380,880	421,693	241,753	149,604	-
	<u>9,825,790</u>	<u>9,825,790</u>	<u>4,426,925</u>	<u>4,736,455</u>	<u>2,850,453</u>	<u>-</u>

No. of persons, including those who worked part of the year	1	1	2	2	2	-

26.1 The above includes amounts charged by an associated company for share of chief executive's and 1 director's remuneration as approved by Board of Directors of the Company. One of the directors, who worked as executive director upto February 2005, was provided with use of company maintained car, medical facilities and unfurnished accommodation as per company policy. Executives were also provided with use of company maintained cars and medical facilities as per company policy.

*26.2 The definition of executive under the Companies Ordinance, 1984 was revised during the year with respect to the minimum basic salary requirement from Rs 100,000 to Rs 500,000 in a financial year. The 2004 figures have been restated for the purpose of comparison.

27. NUMBER OF EMPLOYEES

Total number of employees at the end of the year were 84 (2004: 63).

28. CORRESPONDING FIGURES

Previous year's figures have been rearranged, wherever necessary, for the purpose of comparison. Major changes of presentation are as follows:

Reclassification from	Reclassification to	Nature	Rupees
Net sales	Cost of products sold	Excise duty and development surcharge	659,148,298
Other operating income	Cost of products sold	Product shortages claims realised	3,777,113
Other operating expenses	Administrative and marketing expenses	Employee retirement benefits	2,093,848

29. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors of the Company on September 11, 2005.

Sd/-
Chief Executive

Sd/-
Director

ATTOCK PETROLEUM LIMITED**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2005**

	Note	2005 Rupees	2004 Rupees
Sales	16	11,196,458,434	8,556,958,784
Less: Sales tax		<u>1,286,776,404</u>	<u>970,755,402</u>
NET SALES		9,909,682,030	7,586,203,382
Cost of products sold	17	<u>9,478,638,868</u>	<u>7,093,923,043</u>
GROSS PROFIT		431,043,162	492,280,339
Administrative and marketing expenses	18	<u>131,139,762</u>	<u>94,416,403</u>
Other operating expenses	19	<u>33,704,941</u>	<u>31,501,726</u>
		<u>164,844,703</u>	<u>125,918,129</u>
		266,198,459	366,362,210
Other operating income	20	<u>293,673,841</u>	<u>167,201,691</u>
PROFIT BEFORE TAXATION		559,872,300	533,563,901
Provision for taxation	21	<u>99,423,331</u>	<u>197,800,000</u>
PROFIT FOR THE YEAR		<u>460,448,969</u>	<u>335,763,901</u>
Basic earnings per share	22	11.51	8.39

The annexed notes form an integral part of these financial statements.

Sd/-
Chief Executive

Sd/-
Director

ATTOCK PETROLEUM LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2005

	Share capital	Reserve for issue of bonus shares	Unappropriated profit	Total
	Rupees	Rupees	Rupees	Rupees
Balance as at June 30, 2003 - as previously reported	135,000,000	33,750,000	210,355,508	379,105,508
Change in accounting policy for dividend			54,000,000	54,000,000
Balance as at June 30, 2003 - restated	<u>135,000,000</u>	<u>33,750,000</u>	<u>264,355,508</u>	<u>433,105,508</u>
Final dividend @ 40% relating to 2002-2003			(54,000,000)	(54,000,000)
Interim dividend @ 25% relating to 2003-2004			(42,187,500)	(42,187,500)
Issue of bonus shares	165,000,000	(33,750,000)	(131,250,000)	-
Profit for the year			335,763,901	335,763,901
Balance as at June 30, 2004	<u><u>300,000,000</u></u>	<u><u>-</u></u>	<u><u>372,681,909</u></u>	<u><u>672,681,909</u></u>
Balance as at June 30, 2004 - as previously reported	300,000,000		252,681,909	552,681,909
Change in accounting policy for dividend			120,000,000	120,000,000
Balance as at June 30, 2004 - restated	<u>300,000,000</u>	<u>-</u>	<u>372,681,909</u>	<u>672,681,909</u>
Final dividend @ 40% relating to 2003-2004			(120,000,000)	(120,000,000)
Issue of bonus shares	100,000,000		(100,000,000)	-
Profit for the year			460,448,969	460,448,969
Balance as at June 30, 2005	<u><u>400,000,000</u></u>	<u><u>-</u></u>	<u><u>613,130,878</u></u>	<u><u>1,013,130,878</u></u>

The annexed notes form an integral part of these financial statements.

Sd/-
Chief Executive

Sd/-
Director