A.F. FERGUSON & CO.

CHARTERED ACCOUNTANTS

KARACHI-LAHORE-ISLAMABAD

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Attock Petroleum Limited as at June 30, 2007 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 conduct 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 the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

   (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, 2007 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 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

----S/d----
Chartered Accountants

Islamabad
August 17, 2007

ATTOCK PETROLEUM LIMITED

BALANCE SHEET AS AT JUNE 30, 2007

	Note	2007 Rupees ('000)	2006 Rupees ('000)
SHARE CAPITAL AND RESERVES			
Authorised capital	5	750,000	750,000
Issued, subscribed and paid up capital	5	400,000	400,000
Reserves			
Special reserve	6	18,004	13,082
Revenue reserve			
Unappropriated profit		3,036,293	1,632,609
		3,454,297	2,045,691
NON CURRENT LIABILITIES			
Long term deposits	7	113,821	100,638
Deferred tax liability	8	13,000	29,000
		126,821	129,638
CURRENT LIABILITIES			
Trade and other payables	9	5,296,183	4,058,413
Provision for income tax		106,466	369,391
		5,402,649	4,427,804
CONTINGENCIES AND COMMITMENTS	10		
		8,983,767	6,603,133

	Note	2007 Rupees
PROPERTY, PLANT AND EQUIPMENT	11	491,106
CAPITAL WORK IN PROGRESS	12	110,220
		601,326
LONG TERM INVESTMENTS IN ASSOCIATED COMPANIES	13	387,246
CURRENT ASSETS		
Stores and spares		3,163
Stock in trade	14	341,702
Trade debts	15	2,502,998
Advances, deposits, prepayments and other receivables	16	878,498
Short term investments	17	202,025
Cash and bank balances	18	4,066,809
		7,995,195
		8,983,767

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

S/d-
Chief Executive

S/d-
Director

2006
s ('000)
490,225
30,723
520,948
353,257
1,839
74,220
2,502,476
869,489
-
2,280,904
5,728,928
6,603,133

ATTOCK PETROLEUM LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2007

	2007	2006
	Rupees ('000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	2,435,606	1,945,606
Adjustment for		
Depreciation	63,428	55,785
Gain on sale of property, plant and equipment	(296)	(364)
Property, plant and equipment written off	-	2,204
Income on bank deposits and investments	(351,747)	(118,190)
Share of profit of associated companies	(42,319)	(34,268)
	2,104,672	1,850,773
Changes in working capital		
(Increase) in stores and spares	(1,324)	(1,238)
(Increase)/Decrease in stock in trade	(267,482)	35,856
(Increase) in trade debts	(522)	(2,225,357)
Decrease/(Increase) in advances, deposits, prepayments and other receivables	10,698	(542,986)
Increase in trade and other payables	1,237,075	2,700,768
	978,445	(32,957)
Taxes paid	(985,925)	(93,018)
Net cash from operating activities	2,097,192	1,724,798
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(144,324)	(244,037)
Proceeds from sale of property, plant and equipment	814	667
Long term investments in associated companies	-	(235,516)
Short term investments	(200,000)	-
Income received on bank deposits and investments	330,015	102,106
Dividend received from associated companies	8,330	7,330
Net cash used in investing activities	(5,165)	(369,450)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(319,305)	(358,057)
Long term deposits received	13,183	16,539
Net cash used in financing activities	(306,122)	(341,518)
INCREASE IN CASH AND CASH EQUIVALENTS	1,785,905	1,013,830
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	2,280,904	1,267,074
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	4,066,809	2,280,904

S/d-
Chief Executive

S/d-
Director

ATTOCK PETROLEUM LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2007

	Share capital	Special reserve	Unappropriated profit	Total
	-----------------------------	Rupees ('000)	-----------------------------	
Balance as at June 30, 2005	400,000	-	613,085	1,013,085
Final dividend @ Rs 5 per share relating to year ended June 30, 2005	-	-	(200,000)	(200,000)
Profit for the year ended June 30, 2006	-	-	1,392,606	1,392,606
Transfer to special reserve by an associated company	-	13,082	(13,082)	-
Interim dividend @ Rs 4 per share relating to year ended June 30, 2006	-	-	(160,000)	(160,000)
Balance as at June 30, 2006	400,000	13,082	1,632,609	2,045,691
Final dividend @ Rs 8 per share relating to year ended June 30, 2006	-	-	(320,000)	(320,000)
Profit for the year ended June 30, 2007	-	-	1,728,606	1,728,606
Transfer to special reserve by an associated company	-	4,922	(4,922)	-
Balance as at June 30, 2007	400,000	18,004	3,036,293	3,454,297

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

S/d-
Chief Executive

S/d-
Director

ATTOCK PETROLEUM LIMITED

DIRECTORS' REPORT

The Board of Directors of Attock Petroleum Limited (APL) is pleased to present its Annual Report together with the audited accounts of the Company for the year ended June 30, 2007.

In 2007 the industry witnessed volumetric growth of around 12% from last year mainly due to increase in demand of Furnace fuel oil due to scarcity of hydel power and gas. On the other hand, reduction in OMC's margins due to change in pricing formula of regulated products in 2006 affected profitability of the whole industry. APL mitigated such negative impact through improved product mix and effective inventory management that led to marked increase in the revenues of the Company. The Company also managed to retain its market share around 7 %.

Government of Pakistan continued to subsidize the oil prices during the year on the backdrop of steeply rising international oil prices. Several countries which had subsidized the critical fuels such as diesel and gasoline were forced to either reduce or completely withdraw the fuel subsidies during the year. The subsidies had become too expensive in an environment of rapidly rising international oil prices. OMCs are carrying the burden of diesel subsidy through Price Differential Claim (PDC). The companies are facing liquidity problems due to piling up its working capital on account of PDC. APL has a receivable of Rs 289 million from the Government against PDC at the year end. Further, Inland Freight Equalization Margin (IFEM) which is self managed by the industry is being proposed to be handed over to OGRA.

FINANCIAL REVIEW.

Your Company crossed a milestone by achieving net sales revenue of Rs 44,131 million, showing an increase of Rs 3,291 million (8 %) from the last year. This increase in sales has supported in achieving gross profit of Rs 2,045 million showing an increase of Rs 233 million and profit after tax of Rs 1,729 million reflecting an increase of Rs 336 million. This improved performance is attributable to an increase in sales volume and improved product mix.

Other operating income increased from Rs 323 million to Rs 406 million, mainly due to the increase in the commission and handling of export related services. Income on bank deposits and investments increased by Rs 234 million representing higher yield through better fund management and increase in average bank balances. The tax charge and workers' profit participation fund have increased in line with increase in profitability. Consequently, earnings per share increased from Rs 34.82 to Rs 43.22 because of the afore mentioned reasons.

The cash generated from operations during the year was Rs 2,097 million (2006: Rs 1,725 million) against which cash used in various capital projects and payment of dividend amounts to Rs 144 million and Rs 319 million respectively.

Financial results and appropriations for the year ended June 30, 2007 have been summarized below:

	Rupees in Million
Profit before taxation	2,435.606
Less: Provision for taxation	707.000
Profit after taxation	1,728.606
Add: un-appropriated profit brought forward	1,312.609
Profit available for appropriation	3,041.215
Appropriations:	
Transfer to special reserve by associated Company	4.922
Final cash dividend @ 140% (Rs 14/- per share of Rs 10/- each)	560.000
Transfer to reserve for issue of bonus shares in the proportion of one share for every five shares held i.e. 20%	80.000
	644.922
Un-appropriated profit carried forward	**2,396.293**

DIVIDEND

The directors have recommended a final cash dividend @ 140 % (Rs 14/- per share of Rs 10/- each) and bonus issue of 20% i.e. one share for every five shares held.

MARKETING & OPERATIONS

In order to meet efficiently the demand of the customers, the Company took a quantum leap in 2006 by setting up a terminal at Karachi with the total cost of over Rs 100 million. It played a vital role in making prompt and regular supplies of POL products to our valued customers in southern area of the country. The Terminal has been specifically designed to meet the existing & future requirements of the Company equipped with most modern facilities.

The Bulk oil terminal Rawalpindi has a storage facility for High Speed Diesel, Premier Motor Gasoline, Kerosene Oil, and Furnace oil. In order to enhance the storage facility, a new storage tank of capacity 2,700 M.Tons for HSD has been commissioned during the year. By this, storage capacity of terminal has increased to 7,461 M.Tons which represents an increase of 57 % over last year.

Product Sales

A substantial portion of our sales revenue is generated through the marketing of petroleum products. These include Furnace Oil, Asphalt, Lube Base Oil, Light Diesel Oil, Solvent Oil, Mineral Turpentine Tar and Jute Batching Oil. These products are marketed throughout Pakistan by selling both to the end-users and through a vast network of distributors.

During the year the Company has entered into an arrangement in collaboration with another OMC for supply of Low Sulphur Furnace Oil to KAPCO and also supplied POL products to other OMCs under sale/purchase agreements.

Retail Outlets

Focusing on tapping the prime locations and in order to strengthen existing network of retail outlets, the Company extended its operations towards Karachi and the rest of the Sindh. In this regard, 32 pumps were commissioned during the year all over Pakistan bringing the total number of operational petrol pumps to 177 as on June 30, 2007. The Company's investment in these pumps stands at Rs. 224 million. In addition to this, 62 retail outlets are currently under construction, and an additional 137 are at different stages of securing the necessary licenses. The Company’s outlets are fully equipped with modern hardware and best service techniques to provide efficient service to the customers. Other facilities, such as highly accurate electronic dispensing units, service stations, tyre shop, tuck shop, mosques and rest areas are also on sight for customers convenience and satisfaction.

Further, GoP has decided to allow the OMCs having valid oil marketing licenses to set up LPG dispensing stations at the retail outlets for refueling auto vehicles.

Exports & Related Services

The Company has been able to maintain its upward thrust in export of petroleum products despite several strikes and hostile environment. Apart from export of petroleum products to Afghanistan, the Company is also facilitating export of Naphtha to the Middle East, Far East and South Asia.

Lubricants

The Company has taken initiative to focus on its lubricants by further improving its quality to target various industries. In this regard Franchise Arrangement Offers have been floated across the globe to Wartsila recommended lubricant suppliers.

CONTRIBUTION TOWARDS THE ECONOMY

The Company contributed Rs 8,849 million towards national ex-chequer in the form of taxes and levies and earned precious foreign exchange of US$ 97.92 million through export of products and commission on related services. The Company is providing premier quality petroleum products even in remote areas particularly the northern areas and interior sindh through its network of retail outlets and distributors contributing for the development of the local labor force thus promoting employment, technical know-how and improving the earning capacities of the residents.

BUSINESS RISKS & CHALLENGES

Regulatory Risk

Imposition / enhancement of duties, taxes, other levies and revision in pricing formula of regulated products remain a possibility. The Company continues to focus on a product mix of deregulated products generating growth and higher margins. GoP has demonstrated a strong commitment and taken a number of steps to deregulate the Oil & Gas sector in keeping with the overall vision of a liberalized economy.

Volatility in International Oil Prices

POL prices are the key drivers of an OMC’s performance. Higher prices translate into increased revenues. If POL prices decline then the downward movement is going to hit the top line growth. The persistent strong though moderating demand together with the perception of tighter supply and rising cost have contributed to the higher oil prices. Since the domestic POL prices are linked to international markets where the oil price is currently firm the risk of any significant negative impact in the near future is minimal.

Geo-political Risk

The operations of the Company are dependent on timely availability of the POL products provided by refineries. Refineries, in turn, are dependent upon the availability of crude oil from the gulf region, except for ARL, which uses indigenous crude oil. There is a risk that due to political instability in the region, there may be a disruption in the supply, thereby affecting negatively the operations of the Company.

However, acquisition of NRL by Attock Group and due to recent thawing of relations between Pakistan and India the risk of political instability in the region has been reduced. Furthermore, the Company enjoys the support of refineries under proper agreements thereby ensuring smooth supply of POL products for the Company.

Intense Competition

Lately, the oil sector has been the focus of deregulatory reforms that have been undertaken by the GoP which have paved the way for fierce competition, compelling OMCs to adopt better marketing practices so as to retain market share. In the long term, market based mechanism is likely to intensify the competition among the existing & upcoming OMCs which may have an adverse impact on the Company.

The Company is a member of the only fully integrated group in Pakistan with upstream and downstream operations. With aggressive retail outlets rollout plan and increased marketing efforts, the Company's management is well placed to compete effectively in this increasingly competitive industry.

Environment regulations

The Company is subject to various laws and regulations relating to health, safety and the environment. Changes to these laws and regulations could result in increased costs of compliance as well as penalties for non-compliance.

A comprehensive Health, Safety & Environment policy and related practices ensure 100% commitment from all employees and contractual workers towards the preservation of environment and propagation of health and safety procedures which is further strengthened by Company's accreditation to ISO – 9001 and ISO – 14001.

INVESTMENT IN HUMAN CAPITAL:

The key resource of your company is the employees. Being aware of the increased significance and importance of human resources for the growth and development of the organization your company has created a favorable work environment that encourages innovation and meritocracy. An efficient recruitment and human resource management process has been put in place to attract and retain high caliber employees. The company deputes its management staff for training, seminars, conferences and exhibitions both within the country and abroad. The Company continues to motivate its employees through competitive benefits, pension plans rewards and recognition programs.

CORPORATE CITIZENSHIP:

The Company is committed to contribute towards social welfare, development of human capital and upliftment of the people. Donations, scholarships, and regular sponsorships ensure that the welfare of our local communities are looked after and encouraged at all levels within the organization.

The Company remains steadfast in its role to promote education within Pakistan. Through the Employee Welfare Trust, the Company regularly awards Educational scholarships to employees' children based on financial need and academic excellence. The Trust has also made significant contributions in meeting the medical, housing and wedding expenses of the needy staff members and their families.

HEALTH, SAFETY AND ENVIRONMENT CONSCIOUSNESS:

Health, safety and well-being of our staff members and other stakeholders associated with the Company's activities remained APL's top priority. The Company seeks to identify and eliminate occupational health hazards and strives for zero lost time injuries.

Our continued commitment to Health & Safety, Environment & Quality Management has been recognized by completing a successful surveillance audit of the Company's Integrated Management System which maintains accreditation to:

- ISO – 9001 Quality Management Systems
- ISO – 14001 Environmental Management Systems

A comprehensive Quality Policy ensures 100% commitment from all the Company employees and contractual workers towards the preservation and propagation of high quality standards and safety procedures. In this respect, regular fire drills, briefing sessions, defensive driving courses and mock emergencies are routine and contribute towards the promotion of a 'safety first' culture at APL.

INFORMATION TECHNOLOGY

In line with the Company's vision to become a proactive and forward thinking Company, marked efforts have been made to introduce a streamlined and integrated IT infrastructure. The Company utilizes the latest ERP system with enhanced features to maintain improved invoicing for customers, accurate product stock statements, improved credit control management and early closing of financial accounts.

CORPORATE GOVERNANCE:

The Board considers that maintaining high standard of Corporate Governance is central to achieving the Company's objective of maximising shareholders' value. The Company is fully compliant with the code of corporate governance as per the requirements of the Listing Regulations. Specific statements are being given hereunder:

1) The financial statements, prepared by the management, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
2) Proper books of account of the Company have been maintained.
3) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgement.
4) International Financial Reporting Standards, as applicable in Pakistan, have been followed in the preparation of financial statements.
5) The system of internal control is sound in design and has been effectively implemented and monitored.
6) There are no doubts upon the Company's ability to continue as a going concern.
7) There has been no material departure from the best practices of corporate governance as detailed in the listing regulations.
8) Significant deviations from the last year's operating results have been disclosed in the Directors' Report.
9) The Company does not envisage corporate restructuring or discontinuation of its operations in the foreseeable future.
10) Key operating and financial data of the last 6 years in summarised form is annexed with the report.
11) All major Government levies in the normal course of business, payable as at June 30, 2007, have been cleared subsequent to the year-end.
12) The value of investments in employee retirement funds based on the latest audited accounts as of June 30, 2006 are as follows:

Employees' pension fund	Rs. 8.994 million
Employees' provident fund	Rs. 6.104 million

A separate statement of compliance signed by the Chief Executive Officer is included in this Annual Report.

DIRECTORS AND BOARD MEETINGS:

During the year, the Board of Directors met five times. The number of meetings attended by each director during the year is shown below:

SR. NO.	NAME	NUMBER OF MEETINGS ATTENDED
1	Dr. Ghaith R. Pharaon *	5
2	Mr. Laith Ghaith Pharaon *	5
3	Mr. Wael Ghaith Pharaon *	5
4	Mr. Shuaib A. Malik	5
5	Mr. M. Adil Khattak	5
6	Mr. Babar Bashir Nawaz	4
7	Mr. Munaf Ibrahim	4

* Overseas directors attended the meetings either in person or through alternate directors.

AUDIT COMMITTEE:

The management of your Company believes in Good Corporate Governance, implemented through a well-defined and efficiently applied system of checks and balances, and the provision of transparent, accurate and timely financial information. Towards this end, an independent Internal Audit Division has been established. The Head of Internal Audit Division reports directly to the Audit Committee of the Board and the committee comprises of three non-executive directors who ensure that the internal control system is efficiently maintained, including financial and operational controls, accounting system and reporting structures. Terms of reference of the committee which is in line with the code of Corporate Governance has been presented and approved by the Board of Directors.

The audit committee held four meetings in 2006-07. The Chief financial officer, internal auditor as well as external auditors were invited to the meeting.

AUDITORS

The auditors Messrs A. F. Ferguson & Co., Chartered Accountants, retire and offer themselves for re-appointment. The audit committee of the Board has recommended for the re-appointment of the retiring auditors.

FUTURE PLANS & PROJECTS:

To dominate the down stream petroleum sector and to continue the Company's track record of building state of the art infrastructure following projects have been planned to be undertaken:

- In order to meet the mid country fuel demands a terminal is under construction at Machike and is likely to be commissioned by mid 2008 at a total cost of Rs. 300 million. The terminal will have a storage facility of HSD, PMG & SKO. This facility will further increase the Company's market share and will be a step towards Company's prosperous future.
- Another terminal at Port Qasim is in designing phase. Material procurement is in process and terminal is expected to be commissioned by end 2009 subject to approvals from relevant regulatory authorities. This Terminal has been estimated to be constructed at a total cost of Rs. 600 million and will help the Company to import/export petroleum products at its ease and also to meet the demand of southern region of the country.
- In addition to the above, the Company is actively considering installing storage terminals at other strategic locations of the country like Mehmood Kot (Multan) and Tarru jabba (Peshawar).
- Followed by significant enhancement of HSD storage at Rawalpindi Bulk Oil Terminal in the last two years, enhancement of storage of other products has been planned in the ensuing year. Further, building of road network inside terminal and gantry expansion are also being carried out to ensure safe movement of POL products and handling the additional volume to meet the growing demand of feeding products to the upcoming retail outlets. Fire fighting network is also being upgraded to pledge safety measures.
- A fuel supply agreement has been signed with Attock Gen Limited for supplying FO to upcoming 150MW FFO based power plant at Morgah, Rawalpindi. For this purpose necessary arrangements including the installation of piping system are being made.
- In order to cater the growing demand of Furnace Oil in the country the Company is planning to import Furnace oil.

SHAREHOLDING:

The total number of Company's shareholders as at June 30, 2007 was 1,772. The pattern of shareholding as at June 30, 2007 along with necessary disclosures as required under the Code of Corporate Governances is annexed.

ACKNOWLEDGEMENT:

We would like to take this opportunity to thank our employees, customers and strategic partners for their hard work and commitment towards helping us achieve new heights of success and commendable results. The Board also thanks and appreciates the continued interest and support of the esteemed shareholders, Government of Pakistan and regulatory bodies.

On Behalf of the Board

Damascus, Syria.
August 17, 2007

_____S/d-_____
Chief Executive

1. LEGAL STATUS AND OPERATIONS

Attock Petroleum Limited (Company) was incorporated in Pakistan as a public limited company on December 3, 1995 and it commenced its operations in 1998. The Company was listed on Karachi Stock Exchange on March 7, 2005. The registered office of the Company is situated at 6, Faisal Avenue, F-7/1, Islamabad, Pakistan. The Company is domiciled in Islamabad. The principal activity of the Company is procurement, storage and marketing of petroleum and related products. Pharaon Investment Group Limited Holding s.a.l (formerly Pharaon Commercial Investment Group Limited) holds 34.38% (2006: 34.38%) shares of the Company.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) as notified under the related provisions of the Companies Ordinance, 1984 (the Ordinance). Wherever, the requirements of the Ordinance or directives issued by the Securities and Exchange Commission of Pakistan (SECP) differ with the requirements of the aforesaid accounting standards, the requirements of the Ordinance or the requirements of the said directives take precedence.

3. BASIS OF PREPARATION

These financial statements have been prepared under the historical cost convention except as otherwise disclosed in the respective accounting policies notes.

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 disclosed in note 32 to these financial statements.

Amendments to the published IFRS and new interpretations effective for accounting periods beginning on or after January 1, 2006:

IAS 19 (Amendment) – Employee Benefits is mandatory for the Company’s accounting periods beginning on or after January 1, 2006. This amendment introduces the option of an alternate recognition approach for actuarial gains and losses and requires new disclosures. As the Company does not intend to change its accounting policy adopted for the recognition of actuarial gains and losses, the adoption of this amendment only impacts the format and extent of disclosures as given in note 28 to these financial statements.

Amendments to published IFRS and interpretations effective for accounting periods beginning on or after January 1, 2006 but not relevant:

The other new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after January 1, 2006 are not considered to be relevant or do not have any significant effect on the Company's financial statements.

IFRS and interpretations not yet effective but relevant:

The following accounting standards and amendments to existing accounting standards have been published that are mandatory for the Company's accounting periods beginning on or after January 1, 2006 but have not been notified as yet by SECP:

i) IAS 1 Presentation of Financial Statements - Capital Disclosures

ii) IFRS 7 - Financial Instruments: Disclosures

iii) IAS 39 and IFRS 4 - Amendment for Financial - Guarantee Contracts

Adoption of the above accounting standards is not considered to have any significant effect on the Company's financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Staff retirement benefits

The Company operates following staff retirement benefit funds.

i) Approved defined benefit funded pension plan for all eligible employees. Actuarial valuation is conducted periodically using the "Projected Unit Credit Method" and the latest valuation was carried out as at June 30, 2007. The details of the valuation are given in note 28. Net actuarial gains and losses are recognised over the expected remaining service life of the employees.

ii) Approved contributory provident fund for all employees for which contributions of Rs. 1,692 thousand (2006: Rs 1,374 thousand) are charged to income for the year.

4.2 Taxation

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

Deferred income tax is accounted for using 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.

4.3 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.

4.4 Trade and other payables

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

4.5 Property, plant, equipment and capital work in progress

Property, plant and equipment are stated at cost less accumulated depreciation and impairment loss, if any, except for freehold land and capital work in progress which are stated at cost.

Depreciation is charged to income on the straight line method to write off the cost of an asset over its estimated useful life at the rates specified in note 11. Full year's depreciation is charged on additions during the year, while no depreciation is charged on assets deleted during the year.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are retired. Gains and losses on disposal of assets are included in income.

4.6 Investments

4.6.1 Investments in associated companies

Investments in associated companies are accounted for using the equity method. Under this method the 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 investment.

4.6.2 Short term investments

Short term 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 recognized directly in the profit and loss account. The fair value of such investments is determined on the basis of prevailing market prices.

4.7 Impairment

Assets are reviewed for impairment 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. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use.

4.8 Stores and spares

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

4.9 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.

4.10 Trade debts and other receivables

Trade debts and other receivables are carried at original invoice amount less provision for any uncollectible amounts.

4.11 Revenue recognition

Sales are recorded on dispatch of goods to customers.

Commission and handling income is recognised on shipment of products.

Income on bank deposits is recognised on time proportion basis using the effective yield method.

Income on investments 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 companies is recognised in the profit and loss account, and its share of post-acquisition movements in reserves is recognised in reserves. Dividend distribution by the associated companies is adjusted against the carrying amount of the investment.

Gains or losses resulting from remeasurement of investments at fair value through profit or loss are recognised in the profit and loss account.

4.12 Dividend distribution

Dividend distribution to the shareholders is accounted for in the period in which dividend is declared.

4.13 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 rate prevailing at the balance sheet date. Exchange gains and losses are taken to income.

4.14 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 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.

4.15 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.

4.16 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.

4.17 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. SHARE CAPITAL

	2007	2006
	Rupees ('000)	
AUTHORISED CAPITAL		
75,000,000 ordinary shares of Rs 10 each (2006: 75,000,000 ordinary shares of Rs 10 each)	750,000	750,000
ISSUED, SUBSCRIBED AND PAID UP CAPITAL		
Shares issued for cash 5,000,000 ordinary shares of Rs 10 each (2006: 5,000,000 ordinary shares of Rs 10 each)	50,000	50,000
Shares issued as fully paid bonus shares 35,000,000 (2006: 35,000,000) ordinary shares	350,000	350,000
40,000,000 (2006: 40,000,000) ordinary shares of Rs 10 each	400,000	400,000

6. SPECIAL RESERVE

This represents the Company's share of amount set aside as a special reserve by National Refinery Limited, as a result of the directive of the Government to divert net profit after tax (if any) from refinery operations above 50 percent of paid-up capital as at July 1, 2002 to offset against any future loss or to make investment for expansion or up gradation of refineries. The amount transferred to special reserve is not available for distribution to the shareholders.

7. 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.

8. DEFERRED TAX LIABILITY

	2007	2006
	Rupees ('000)	
Deferred tax liability arising due to accelerated tax depreciation	41,000	41,600
Deferred tax asset arising in respect of certain provisions	(28,000)	(12,600)
	13,000	29,000

Amendments to published IFRS and interpretations effective for accounting periods beginning on or after January 1, 2006 but not relevant:

The other new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after January 1, 2006 are not considered to be relevant or do not have any significant effect on the Company's financial statements.

IFRS and interpretations not yet effective but relevant:

The following accounting standards and amendments to existing accounting standards have been published but are not effective:

i) IAS 1 - Presentation of Financial Statements - Capital Disclosures (disclosures relating to objectives, policies and processes for managing capital).

ii) IFRS 7 - Financial Instruments: Disclosures

Adoption of the above accounting standards is not considered to have any significant effect on the Company's financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Staff retirement benefits

The Company operates following staff retirement benefit funds.

i) Approved defined benefit funded pension plan for all eligible employees. Actuarial valuation is conducted periodically using the "Projected Unit Credit Method" and the latest valuation was carried out as at June 30, 2007. The details of the valuation are given in note 28. Net actuarial gains and losses are recognised over the expected remaining service life of the employees.

ii) Approved contributory provident fund for all employees for which contributions of Rs. 1,692 thousand (2006: Rs 1,374 thousand) are charged to income for the year.

9. TRADE AND OTHER PAYABLES

	2007	2006
	Rupees ('000)	
Creditors	66,519	42,163
Due to related parties - unsecured - note 9.1	3,922,563	3,255,656
Accrued liabilities	426,657	362,556
Advance from customers	866,481	379,107
Retention money	10,756	16,988
Unclaimed dividend	2,638	1,943
Staff pension fund - note 28	569	-
	5,296,183	4,058,413

9.1 Due to related parties:

	2007	2006
National Refinery Limited	2,829,940	2,082,095
Attock Refinery Limited	1,080,679	1,168,588
Pakistan Oilfields Limited	8,836	3,741
The Attock Oil Company	1,680	1,019
Attock Cement Pakistan Limited	1,369	192
Attock Hospital (Private) Limited	59	-
Attock Sahara Foundation	-	21
	3,922,563	3,255,656

10. CONTINGENCIES AND COMMITMENTS

		2007	2006
(i)	Claims of Government levies not accepted by the Company and currently under appeal	23,064	25,874
(ii)	Corporate guarantees issued by the Company to the Collector Sales Tax and Federal Excise, Islamabad	1,116,091	-
(iii)	Capital expenditure commitments	123,250	35,647

11. PROPERTY, PLANT AND EQUIPMENT

	Cost			Depreciation			Written down value at June 30 2007	Written down value at June 30 2006	Annual rate of depreciation %
	At July 1, 2006	Additions/ (deletions)	At June 30, 2007	At July 1, 2006	Charge for the year/ (on deletions)	At June 30, 2007			
	Rupees ('000)								
Freehold land	192,044	-	192,044	-	-	-	192,044	192,044	-
Buildings on:									
- Freehold land	8,685	-	8,685	426	434	860	7,825	8,259	5
- Leasehold land	41,741	597	42,338	6,053	2,073	8,126	34,212	35,688	5
Pipelines, pumps, tanks and meters	202,890	29,918	232,808	55,542	23,033	78,575	154,233	147,348	10
Equipment - signage	119,742	24,481 (358)	143,865	57,319	26,580 (143)	83,756	60,109	62,423	20
Electrical and fire fighting equipment	24,690	1,407 (138)	25,959	7,463	2,289 (14)	9,738	16,221	17,227	10
Furniture, fixture and equipment	7,969	1,733 (41)	9,661	2,201	966 (8)	3,159	6,502	5,768	10
Computer and auxiliary equipment	7,309	2,568 (226)	9,651	4,616	1,350 (209)	5,757	3,894	2,693	20
Motor vehicles	37,244	4,124 (162)	41,206	18,469	6,703 (32)	25,140	16,066	18,775	20
Total Rupees	642,314	64,828 (925)	706,217	152,089	63,428 (406)	215,111	491,106	490,225	
2006 Rupees	401,355	245,544 (4,585)	642,314	98,382	55,785 (2,078)	152,089	490,225		

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

	2007	2006
	Rupees ('000)	
Pipelines, pumps, tanks and meters	36,642	19,199
Equipment - signage	133,308	109,747

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 10 of Part 1 of the 4th Schedule to the Companies Ordinance 1984.

11.2 The details of property, plant and equipment disposed off during the year are as follows:

	Cost	Accumulated Depreciation	Net Book Value	Sales Proceeds	Mode of disposals	Particulars of Purchaser
	Rupees ('000)					
Equipment - signage	358	143	215	464	Insurance Claim	EFU General Insurance Ltd
Electrical and fire fighting equipment	138	14	124	140	Insurance Claim	EFU General Insurance Ltd
Furniture, fixture and equipment	41	8	33	33	Insurance Claim	EFU General Insurance Ltd
Computer and auxiliary equipment	226	209	17	20	Trade In	Mind Share Computers
Motor vehicles	162	32	130	159	Insurance Claim	EFU General Insurance Ltd

	2007	2006
	Rupees ('000)	
12. CAPITAL WORK IN PROGRESS		
Pumps, tanks and equipment	93,439	28,325
Advances to contractors	16,781	2,398
	110,220	30,723
13. LONG TERM INVESTMENTS IN ASSOCIATED COMPANIES		
Balance at beginning of the year	353,257	4,454
Investment in associated companies during the year	-	321,865
Share of profit for the year	42,319	34,268
Dividend received during the year	(8,330)	(7,330)
Balance at end of the year	387,246	353,257

13.1 The Company's interest in associates companies is as follows:

	2007	2006
National Refinery Limited - Quoted (666,388 fully paid ordinary shares of Rs 10 each Cost Rs 321,865 thousand (2006: Rs 321,865 thousand) Quoted market value as at June 30, 2007: Rs 227,238 thousand (2006: Rs. 177,926 thousand))	382,330	348,633
Attock Information Technology Services (Private) Limited - Unquoted Cost Rs 4,500 thousand (2006: Rs 4,500 thousand) (450,000 fully paid ordinary shares of Rs 10 each)	4,916	4,624
	387,246	353,257

13.2 The Company's share in associated companies is as follows:

	Assets	Liabilities	Revenues	Profits	Holding
	Rupees ('000)				(%)
2006					
National Refinery Limited	249,225	155,458	808,940	34,098	1
Attock Information Technology Services (Private) Limited	4,906	282	1,037	170	10
	254,131	155,740	809,977	34,268	
2007					
National Refinery Limited	326,416	198,952	913,265	42,027	1
Attock Information Technology Services (Private) Limited	5,254	338	1,364	292	10
	331,670	199,290	914,629	42,319	

13.3 Although the Company has less than 20 percent shareholding in National Refinery Limited and Attock Information Technology Services (Private) Limited, these companies have been treated as associates since the Company has representation on their board of directors.

13.4 Based on a valuation analysis carried out by an external investment advisor engaged by the Company, the recoverable amount of investment in National Refinery 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 6.40% (2006: 6.30%), terminal growth rate of 5% (2006: 5%) and capital asset pricing model based discount rate of 14.30% (2006:13.40%).

	2007	2006
14. STOCK IN TRADE	Rupees ('000)	
Petroleum products	338,910	72,371
Packing material	2,792	1,849
	341,702	74,220

15. TRADE DEBTS

	2007	2006
	Rupees ('000)	
Considered good		
Secured	2,089,864	1,818,351
Unsecured	407,453	663,335
Due from related parties - (unsecured) - note 15.1	5,681	20,790
	2,502,998	2,502,476
Unsecured- considered doubtful	31,000	16,000
Provision for doubtful debts	(31,000)	(16,000)
	-	-
	2,502,998	2,502,476

15.1 Due from related parties

	2007	2006
Pakistan Oilfields Limited (POL)	3,153	18,694
Attock Cement Pakistan Limited (ACPL)	2,441	1,685
Attock Refinery Limited (ARL)	87	411
	5,681	20,790

The aggregate maximum amount due from POL, ACPL and ARL at the end of any month during the year was Rs 34,497 thousands (2006: Rs 32,814 thousands), Rs 5,814 thousands (2006: Rs 13,577 thousands) and Rs 516 thousands (2006: Rs 421 thousands) respectively.

16. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2007	2006
Advances - considered good		
Suppliers	37,934	34,794
Employees against expenses	425	248
	38,359	35,042
Trade deposits and short-term prepayments		
Trade deposits	2,581	1,052
Short-term prepayments	2,402	2,492
	4,983	3,544
Current account balances with statutory authorities in respect of:		
Sales tax	415,627	413,757
Federal excise duty and petroleum development levy	17,788	15,442
	433,415	429,199
Accrued income		
Income on bank deposits	37,536	17,829
Commission and handling income	50,899	-
	88,435	17,829
Other receivables		
Price differential claim receivable from the Government	288,616	334,247
Receivable from oil marketing companies under freight pool	11,831	17,064
Claims receivable-net of provision of Rs. 9,552 thousand (2006: nil)	4,882	12,167
Due from related party - unsecured		
Attock Information Technology Services (Private) Limited (AITSL)- note 16.1	2,034	1,273
Workers' profit participation fund - note 16.2	5,599	19,017
Others	344	107
	313,306	383,875
	878,498	869,489

16.1 The aggregate maximum amount due from AITSL at the end of any month during the year was Rs 2,034 thousand (2006: Rs 1,273 thousand)

	2007	2006
	Rupees ('000)	

16.2 Workers' profit participation fund

	2007	2006
Balance at beginning of the year- receivable/(payable)	19,017	(29,467)
Amount allocated for the year	(126,401)	(100,983)
Amount paid to fund's trustees	112,983	149,467
Balance at end of the year	5,599	19,017

17. SHORT TERM INVESTMENTS

Investment in mutual funds at fair value through profit or loss

	2007	2006
AMZ Plus Income Fund (902 thousand units - Cost Rs 100,000 thousands)	101,123	-
UTP - Income Fund (181 thousand units - Cost Rs 100,000 thousands)	100,902	-
	202,025	-

18. CASH AND BANK BALANCES

	2007	2006
Cash in hand	616	1,120
Bank balances		
On short term deposits	3,131,122	1,806,668
On interest/markup bearing saving accounts (includes US $ 110 thousand; 2006: US $ 106 thousand)	932,428	473,112
On current accounts	2,643	4
	4,066,193	2,279,784
	4,066,809	2,280,904

18.1 Deposits of Rs 39,226 thousand (2006: Rs 29,524 thousand) were under lien with banks against letters of guarantees and letters of credits.

18.2 Balances in short term deposits and saving accounts earned interest/mark-up at weighted average rate of 10.92% per annum (2006: 8.8% per annum).

	2007	2006
	Rupees ('000)	

19. SALES

	2007	2006
Gross sales	49,965,900	46,223,802
Rebates/discount	(26,710)	(21,730)
	49,939,190	46,202,072

	2007	2006
	Rupees ('000)	

20. COST OF PRODUCTS SOLD

	2007	2006
Opening stock	74,220	110,076
Purchase of petroleum products and packing material	40,126,392	36,906,751
Excise duty	1,876,545	1,716,094
Development levy	350,110	368,743
	42,353,047	38,991,588
Closing stock	(341,702)	(74,220)
	42,085,565	39,027,444

21. OTHER OPERATING INCOME

	2007	2006
Commission and handling income	378,420	305,202
Tender and joining fee	3,407	5,761
Exchange gain	9,389	2,462
Gain on sale of property, plant and equipment	296	364
Other income	14,706	9,672
	406,218	323,461

22. OPERATING EXPENSES

	2007	2006
Salaries and benefits	88,652	68,443
Rent, taxes and other fees	18,574	15,250
Traveling and staff transport expenses	15,077	14,795
Repairs and maintenance	19,068	9,092
Donation	-	5,000
Advertising and publicity	2,889	4,759
Printing and stationery expenses	5,438	4,478
Electricity, gas and water	7,006	3,430
Insurance	6,024	3,388
Communication expenses	4,982	3,112
Legal and professional charges	3,008	2,703
Property, plant and equipment written off	-	2,204
Subscription and fees	1,814	1,742
Transportation expenses	524	1,005
Auditors' remuneration -note 22.1	783	786
Bank charges	13,568	21,625
Depreciation	63,428	55,785
Provision for doubtful debts and other receivables	24,552	16,000
Other expenses	7,861	7,588
	283,248	241,185

	2007	2006
	Rupees ('000)	

22.1 Auditor's remuneration

Statutory audit	322	293
Review of half yearly financial statements, audit of staff funds and special certifications	373	400
Out of pocket expenses	88	93
	783	786

23. INCOME ON BANK DEPOSITS AND INVESTMENTS

Income on bank deposits	349,722	118,190
Gain on re-measurement of short term investments	2,025	-
	351,747	118,190

24. SHARE OF PROFIT OF ASSOCIATED COMPANIES

Share of profit of associated companies is based on the audited financial statements of the associated companies for the year ended June 30, 2007.

	2007	2006
	Rupees ('000)	

25. PROVISION FOR TAXATION

For the year - Current	723,000	538,000
- Deferred	(16,000)	15,000
	707,000	553,000

25.1 Reconciliation of tax charge for the year

	%	%
Applicable tax rate	35.00	35.00
Tax effect of export sales which are taxable @ 1% of sales	(5.38)	(6.02)
Tax effect of amounts that are not deductible for tax purposes	-	0.01
Tax effect of income exempt from tax	(0.03)	-
Tax effect of profit of associated companies taxed on the basis of divided income	(0.59)	(0.60)
Others	0.03	0.03
Average effective tax rate charged to income	29.03	28.42

26. BASIC EARNINGS PER SHARE

Profit after tax (Rupees in thousand)	1,728,606	1,392,606
Weighted average number of ordinary shares in issue during the year (in thousand)	40,000	40,000
Basic earnings per share (Rupees)	43.22	34.82

27. FINANCIAL INSTRUMENTS

27.1 Financial assets and liabilities

	2007			2006		
	Interest/mark-up bearing	Non-interest/ mark-up bearing	Total	Interest/mark-up bearing	Non-interest/ mark-up bearing	Total
	Rupees ('000)					
FINANCIAL ASSETS						
Maturity upto one year						
Trade debts	-	2,502,998	2,502,998	-	2,502,476	2,502,476
Advances, deposits and other receivables	-	837,737	837,737	-	831,955	831,955
Short term investments	-	202,025	202,025	-	-	-
Cash and bank balances - note 18						
Foreign currency - US $	6,612	-	6,612	6,375	-	6,375
Local currency	4,056,938	3,259	4,060,197	2,273,405	1,124	2,274,529
Maturity after one year						
Investments in associated companies	-	387,246	387,246	-	353,257	353,257
	4,063,550	3,933,265	7,996,815	2,279,780	3,688,812	5,968,592
FINANCIAL LIABILITIES						
Maturity upto one year						
Trade and other payables	-	4,429,702	4,429,702	-	3,679,306	3,679,306
Maturity after one year						
Long term deposits	-	113,821	113,821	-	100,638	100,638
	-	4,543,523	4,543,523	-	3,779,944	3,779,944
OFF BALANCE SHEET ITEMS						
Commitments - note 10	-	123,250	123,250	-	35,647	35,647

27.2 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 credit risk on investments and bank balances is limited because the counter parties are companies/banks with reasonably high credit ratings.

27.3 Foreign currency risk

Financial assets of Rs 304,200 thousand (2006: Rs 460,970 thousand) and financial liabilities of Rs 442,694 thousand (2006: Rs 70,790 thousand) were in foreign currency and subject to foreign exchange risk.

27.4 Fair value of financial assets and liabilities

The carrying value of financial assets and liabilities approximate their fair value except for investments in associated companies which are stated under equity method.

28. STAFF RETIREMENT BENEFITS

The details of actuarial valuation of defined benefit funded pension plan carried out as at June 30, 2007 are as follows:

	2007	2006
	Rupees ('000)	
28.1 The amounts recognised in the balance sheet are as follows:		
Present value of defined benefit obligation	14,725	8,772
Fair value of plan assets	(12,776)	(9,042)
Net actuarial losses not recognized	(1,380)	270
Net liability	569	-
28.2 The amounts recognised in profit and loss account are as follows:		
Current service cost	2,999	2,487
Interest cost	877	571
Expected return on plan assets	(551)	(373)
	3,325	2,685
28.3 Actual return on plan assets	978	373

The expected return on plan assets is based on the market expectations and depend upon the asset portfolio of the Fund, at the beginning of the year. Expected yield on fixed interest investments is based on gross redemption yields as at the balance sheet date.

	2007	2006
	Rupees ('000)	
28.4 Changes in the present value of defined benefit obligation:		
Opening defined benefit obligation	8,772	5,714
Current service cost	2,999	2,487
Interest cost	877	571
Actuarial loss	2,077	-
Benefits paid	-	-
Closing defined benefit obligations	14,725	8,772
28.5 Changes in fair value of plan assets:		
Opening fair value of plan assets	9,042	6,110
Expected return	551	373
Actuarial gain	426	-
Contributions by employer	2,757	2,559
Benefits paid	-	-
Closing fair value of plan assets	12,776	9,042

The Company expects to contribute Rs 3,619 thousands to its defined benefit pension plan during 2008.

	2007		2006	
	Rupees ('000)	%age	Rupees ('000)	%age
28.6 Break-up of category of assets:				
Bonds	11,539	90.32	8,391	92.8
Cash and net current assets	1,237	9.68	651	7.2
	12,776	100	9,042	100

28.7 Principal actuarial assumptions:

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

	2007	2006
Valuation discount rate - per annum	10%	10%
Expected rate of increase in salaries - per annum	10%	10%
Expected rate of return on plan assets- per annum	10%	6.1%
Pension indexation rate - per annum	0%	0%

28.8 Amounts for current and previous four annual periods are as follows:

					Rupees ('000)
	2007	2006	2005	2004	2003
As at June 30,					
Defined benefit obligation	14,725	8,772	5,714	4,417	2,965
Plan assets	(12,776)	(9,042)	(6,110)	(4,145)	(2,937)
Deficit/(Surplus)	1,949	(270)	(396)	272	28
Experience adjustments on plan liabilities	(2,077)	-	304	103	(143)
Experience adjustments on plan assets	426	-	103	20	(30)

29. 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 disclosed in note-30, were as follows:

	2007	2006
	Rupees ('000)	
Associated companies		
Attock Refinery Limited		
Purchase of petroleum products	12,708,356	15,244,796
Purchase of services	5,924	6,857
Sale of petroleum products	2,223	1,024
Handling income	165,657	177,006
Sale of services	469	509
National Refinery Limited		
Purchase of petroleum products	24,958,805	19,357,587
Purchase of services	17,085	19,270
Sale of petroleum products	1,343	910
Handling income	161,864	128,196
Sale of services	-	259
Pakistan Oilfield Limited		
Purchase of petroleum products	147,733	93,435
Purchase of services	4,468	3,908
Sale of petroleum products	359,954	402,752
Sale of services	580	2,213
Attock Oil Company Limited		
Purchase of petroleum products	6,728	35,775
Purchase of services	15,683	20,847
Attock Cement Pakistan Limited		
Purchase of services	2,369	3,159
Sale of petroleum products	67,871	60,633
Attock Information Technology Services (Private) Limited		
Sale of services	1,115	1,364
Attock Hospital (Private) Limited		
Purchase of medical services	523	-
Attock Sahara Foundation		
Purchase of goods	-	58

The prices for purchase and sale of regulated products are based on prices notified by the Government. The prices for purchase of other products are based on market prices or at discounted prices determined in relation to the quantity purchased and the distribution margin for the regulated products. Commission and handling income is based on commercially negotiated terms. Purchase and sale of services are based on allocated cost.

30. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives	
	2007	2006	2007	2006	2007	2006
	----------Rupees ('000)----------					
Managerial remuneration	6,955	7,267	1,399	1,343	6,683	4,213
Commission / bonus	3,930	3,909	943	1,034	1,044	961
Company's contribution to provident and pension funds	884	893	221	194	1,542	914
Housing and utilities	1,971	1,992	479	432	2,852	1,842
Leave passage	420	420	92	92	497	377
	14,160	14,481	3,134	3,095	12,618	8,307
No. of person(s)	1	1	1	2	7	5

30.1 The above includes amounts charged by an associated company for share of chief executive's and one director's remuneration as approved by the Board of Directors of the Company. Executives were also provided with use of Company maintained cars and medical facilities as per Company policy.

31. NUMBER OF EMPLOYEES

Total number of employees at the end of the year were 117 (2006: 98).

32. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. The area where assumptions and estimates are significant to the Company's financial statements or where judgment was exercised in application of accounting policies are as follows:

i) Estimate of recoverable amount of investments in associated companies - note 13;
ii) Provision for doubtful debts and other receivables - notes 15 and 16;
iii) Provision for taxation - note 25; and
iv) Staff retirement benefits - note 28.

33. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in their meeting held on August 17, 2007 have proposed a final dividend for the year ended June 30, 2007 @ Rs 14 per share, amounting to Rs 560,000 thousand and bonus issue @ one share for every five shares held for approval of the members in the Annual General Meeting to be held on September 28, 2007.

34. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors of the Company on August 17, 2007.

S/d-	S/d-
Chief Executive	Director

ATTOCK PETROLEUM LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2007

	Note	2007	2006
		Rupees ('000)	
Sales	19	49,939,190	46,202,072
Sales tax		(5,808,654)	(5,362,773)
NET SALES		44,130,536	40,839,299
Cost of products sold	20	(42,085,565)	(39,027,444)
GROSS PROFIT		2,044,971	1,811,855
Other operating income	21	406,218	323,461
Operating expenses	22	(283,248)	(241,185)
OPERATING PROFIT		2,167,941	1,894,131
Income on bank deposits and investments	23	351,747	118,190
Share of profit of associated companies	24	42,319	34,268
Workers' profit participation fund		(126,401)	(100,983)
PROFIT BEFORE TAXATION		2,435,606	1,945,606
Provision for taxation	25	(707,000)	(553,000)
PROFIT FOR THE YEAR		1,728,606	1,392,606
Basic earnings per share (Rupees)	26	43.22	34.82

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

S/d-
Chief Executive

S/d-
Director