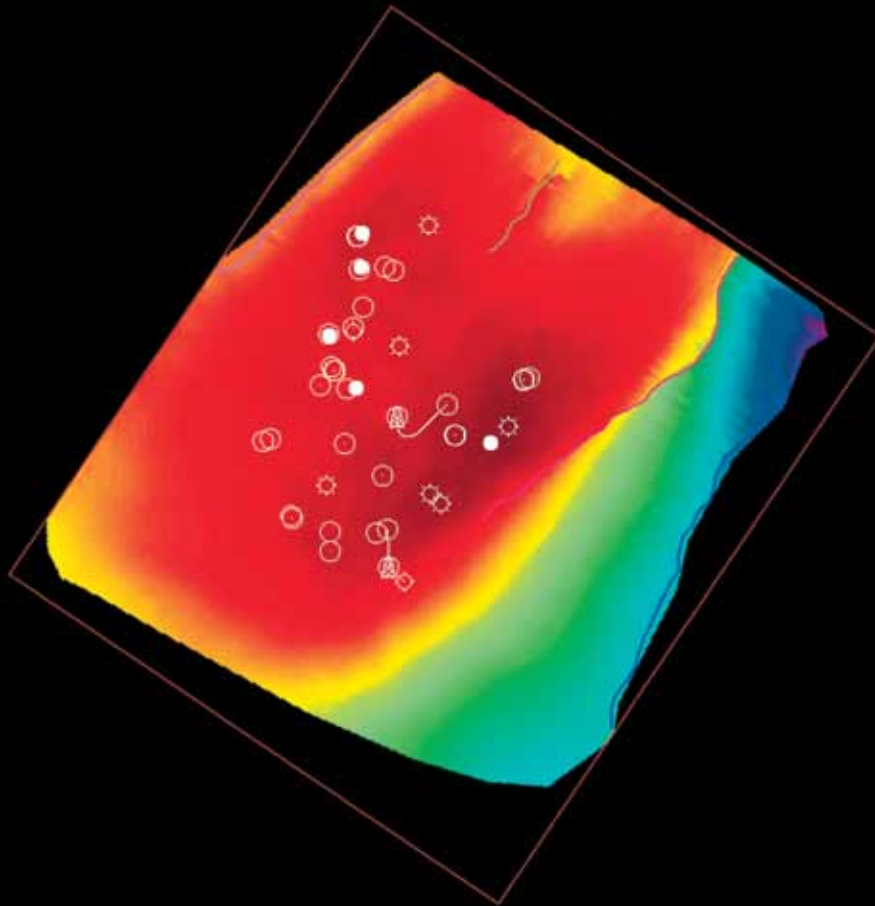




Pakistan Oilfields Limited

Annual Report &
Financial Statements **2010**

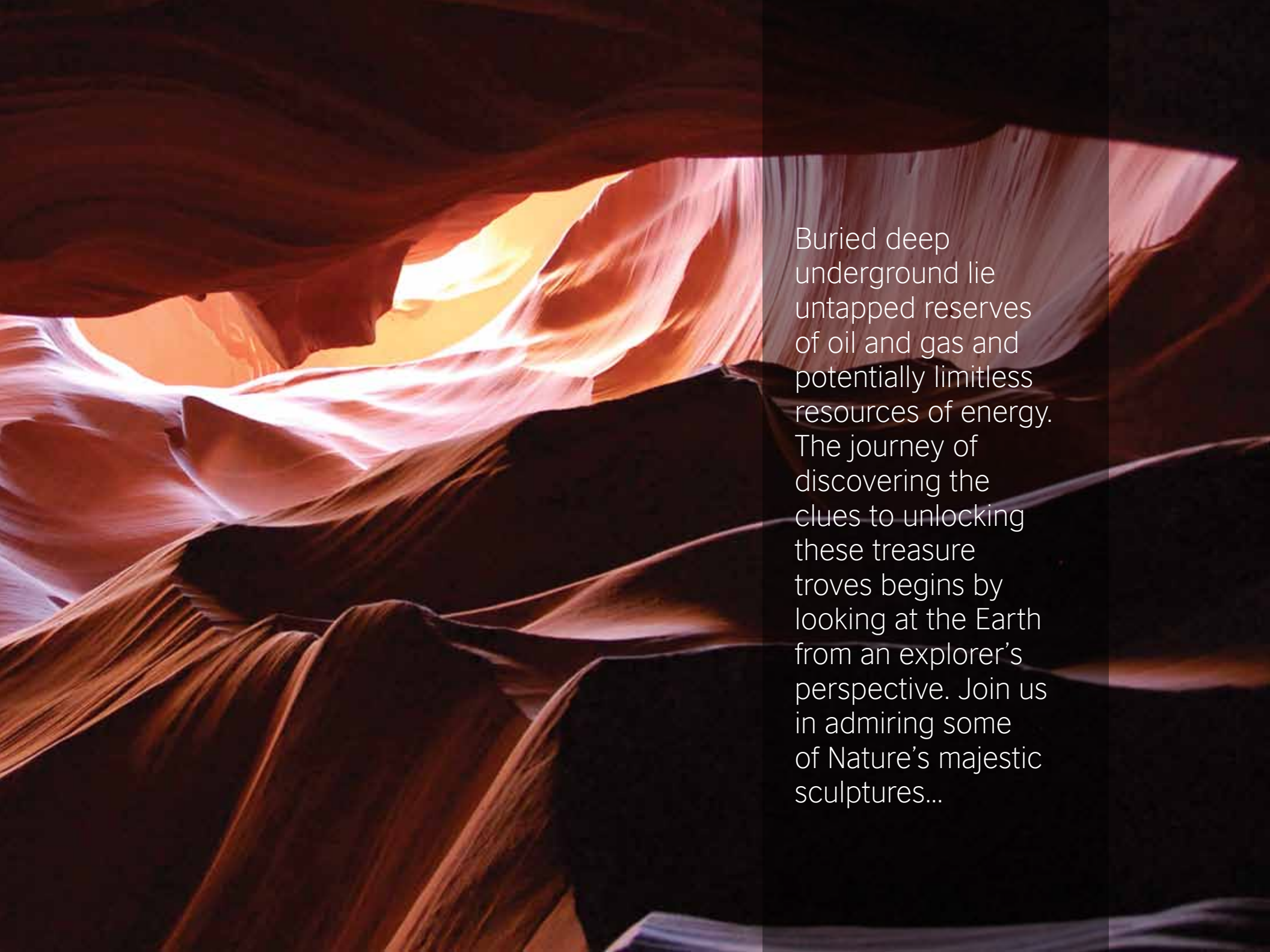
Pakistan Oilfields Limited is a leading oil and gas exploration and production company listed on all the three stock exchanges of Pakistan. The Company's prime focus is to deliver performance through excellence in the field of exploration, drilling and production of crude oil and gas.



Pakistan Oilfields Limited (POL), a subsidiary of The Attock Oil Company Limited (AOC), was incorporated on November 25, 1950. AOC was founded in 1913 and made its first oil discovery in 1915 at Khaur, District Attock. AOC has, therefore, pioneered exploration and production of oil and gas in this region nearly a century ago. In 1978, POL took over the exploration and production business of AOC. Since then, POL has been investing independently and in joint venture with various exploration and production companies for the search of oil and gas in the country.

In addition to exploration and production of oil and gas, POL plants also manufacture LPG, solvent oil and sulphur. POL markets LPG under its own brand named POLGAS as well as through its subsidiary CAPGAS (Private) Limited. POL also operates a network of pipelines for transportation of its own as well as other companies' crude oil to Attock Refinery Limited.

In 2005, the Company acquired a 25% share in National Refinery Limited, which is the only refining complex in the country producing fuel products as well as lube base oils.



Buried deep underground lie untapped reserves of oil and gas and potentially limitless resources of energy. The journey of discovering the clues to unlocking these treasure troves begins by looking at the Earth from an explorer's perspective. Join us in admiring some of Nature's majestic sculptures...



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Vision

To be the leading oil and gas exploration and production Company of Pakistan with the highest proven hydrocarbon reserves and production, and which provides optimum value to all stakeholders.





Mission

We aim to discover and develop new hydrocarbon reserves and enhance production from existing reserves through the application of the best available technologies and expertise.

In achieving our aim, we will maximize the return to our shareholders, fully protect the environment, enhance the well-being of our employees and contribute to the national economy.



Strategy

Pakistan Oilfields Limited is a **growth oriented** leading exploration and production company of Pakistan. Our prime focus is to deliver **performance through excellence** in the field of exploration and exploitation. We plan to increase our current level of oil and gas production through the application of **innovative technology** to obtain maximum productivity. Our long term goal is to sustain production by regularly adding **new reserves**. Our ultimate goal is to **maximize returns** to our shareholders and **provide optimum value** to all stakeholders.

Board of Directors



Dr. Ghaith R. Pharaon



Shuaib A. Malik
Chairman and
Chief Executive



Laith G. Pharaon



Wael G. Pharaon



Arif Kemal



Abdus Sattar



Mohammad Raziuddin



Iqbal A. Khwaja
(Alternate director to
Dr. Ghaith R. Pharaon)



Babar Bashir Nawaz
(Alternate director to
Mr. Laith G. Pharaon)



Muhammad Abdullah Yusuf
(Alternate director to
Mr. Wael G. Pharaon)

Corporate Information

Directors

Dr. Ghaith R. Pharaon
Alternate director:
Mr. Iqbal A. Khwaja

Mr. Laith G. Pharaon
Alternate director:
Mr. Babar Bashir Nawaz

Mr. Wael G. Pharaon
Alternate director:
Mr. Muhammad Abdullah Yusuf

Mr. Arif Kemal

Mr. Abdus Sattar

Mr. Mohammad Raziuddin

Mr. Shuaib A. Malik
Chairman & Chief Executive

Chief Financial Officer

Mr. Bilal Ahmad Khan

Company Secretary

Syed Khalid Nafees Zaidi

Audit Committee

Mr. Abdus Sattar

Mr. Iqbal A. Khwaja
(Alternate director to
Dr. Ghaith R. Pharaon)

Mr. Babar Bashir Nawaz
(Alternate director to
Mr. Laith G. Pharaon)

Auditors and Tax Advisor

A.F. Ferguson & Co.,
Chartered Accountants

Legal Advisors

Khan & Piracha

Ali Sibtain Fazli & Associates

Registered Office

Pakistan Oilfields Limited
P.O.L. House, Morgah, Rawalpindi

Telephone: +92 51 5487589-97
Fax: + 92 51 5487598-99

E-mail: polcms@pakoil.com.pk
Website: www.pakoil.com.pk

Shareholder Enquiries

For enquiries about your shareholding, including information relating to dividends or share certificates, please:
E-mail to: cs@pakoil.com.pk
or
Write to:

The Company Secretary,
Pakistan Oilfields Limited
P.O.L. House, Morgah, Rawalpindi,
Pakistan

Annual Report

The annual report may be downloaded from the Company's website:

www.pakoil.com.pk
or
printed copies may be obtained by writing to:

The Company Secretary,
Pakistan Oilfields Limited
P.O.L. House, Morgah, Rawalpindi,
Pakistan

Products

Crude Oil



An oily, flammable liquid that occurs naturally in deposits, usually beneath the surface of the earth. It consists principally of a mixture of hydrocarbons, with traces of various nitrogenous and sulphurous compounds. During the past 600 million years, incompletely decayed plant and animal remains have become buried under thick layers of rock. It is believed that petroleum consists of the remains of these organisms but it is the small microscopic plankton organism remains that are largely responsible for the relatively high organic carbon content of fine-grained sediments which are the principle source rocks for petroleum.

Little use other than as lamp fuel was made of petroleum until the development of the gasoline engine and its application to automobiles, trucks, tractors and airplanes. Today the world is heavily dependent on petroleum for motive power, lubrication, fuel, dyes, drugs and many synthetics.

Natural Gas



Natural mixture of gaseous hydrocarbons found issuing from the ground or obtained from specially driven wells. The composition of natural gas varies in different localities. Its chief component, methane, usually makes up from 70% to 95% and the balance is composed of varying amounts of ethane, propane, butane and other hydrocarbon compounds. Although commonly associated with deposits, it also occurs separately in sand, sandstone and limestone deposits. Some geologists theorize that natural gas is a byproduct of decaying vegetable matter in underground strata, while others think it may be primordial gases that rise up from the mantle. Because of its flammability and high calorific value, natural gas is used extensively as an illuminant and a fuel.

LPG



LPG is a mixture of gases, mainly propane and butane, produced commercially from petroleum and stored under pressure to keep it in a liquid state. The boiling point of liquefied petroleum gas varies from about -44°C to 0°C , so that the pressure required to liquefy it is considerable and the containers for it must be of heavy steel. Common uses are for cooking and heating and lighting. It is also used for powering automotive vehicles. LPG is an attractive fuel for internal-combustion engines because it burns with little air pollution and little solid residue.

Solvent Oil



Solvent oil is one of the five major oil products closely related to people's daily life. Its application sectors also have a constant expansion. There are also extensive uses in rubber, leather and adhesive sectors.

Sulphur



Solid Sulphur occurs principally in three forms, all of which are brittle, yellow in color, odorless, tasteless, and insoluble in water. It is a chemically active element and forms many compounds, both by itself (sulfides) and in combination with other elements. It is part of many organic compounds.

Sulphur is used in black gunpowder, matches and fireworks; in the vulcanization of rubber; as a fungicide and insecticide; and in the treatment of certain skin diseases. The principal use of Sulphur is in the preparation of its compounds. The most important Sulphur compound is Sulphuric acid.

Core Values



Leadership

We value leadership qualities with the necessary managerial and professional competence coupled with integrity, energy and the drive to challenge the status quo.

Continuous quality improvement

We strongly believe that quality and an unyielding commitment to continuous improvement are indispensable ingredients to achieving success. At POL, we encourage and promote an environment conducive to the development of breakthrough ideas leading to innovative solutions.

Ethics and integrity

Honesty, ethical behaviour and integrity combined with the highest professional and personal standards form the cornerstone of all our activities.

Profitability

We believe in maximizing the return to our shareholders and enhancing the long term profitability of the Company through the application of the best available technology and expertise.

Employees, growth and development

We believe in the creation of an environment focused on encouraging and empowering employees to contribute to the Company's success through personal growth and development.

Community involvement

We strongly believe actively involving the communities in which we operate for the advancement of their cultural and social life.

Safety, health and environment

We care about the health and safety of our employees and of the communities in which we conduct our business. We remain deeply committed to respect and protect the environment.

Code of Conduct

It is the Company's policy to conduct its operations in accordance with the highest business ethical considerations, to comply with all statutory regulations and to conform to the best accepted standards of good corporate citizenship. This policy applies to all directors and employees of the Company regardless of function, grade or standing.

- The Company's activities and operations will be carried out in strict compliance with all applicable laws and the highest ethical standards. The directors and employees will ensure that the Company deals in all fairness with its customers, suppliers and competitors.
- Employees, irrespective of their function, grade or standing, and the directors must avoid conflict of interest situations between their direct or indirect (including members of immediate family) personal interests and the interest of the Company.
- Employees must notify their direct supervisor of any actual or potential conflict of interest situation and obtain a written ruling as to their individual case. In case of directors, such ruling can only be given by the Board, and will be disclosed to the shareholders.
- The directors and employees may not take advantage of the Company's information or property, or their position with the Company, to develop inappropriate personal gains or opportunities. They may, however, receive gifts of token value or accept invitations only if such gifts or invitations have no influence on their decision making and are not illegal under any applicable law. No director or employee may receive from any customer, supplier or business associate of Pakistan Oilfields Limited cash, gifts or invitations with other than nominal monetary value.
- Trading by directors and employees of the Company in Pakistan Oilfields Limited shares is possible only in accordance with the more detailed guidelines issued from time to time by corporate management in accordance with applicable laws.
- In its relations with governmental agencies, customers and suppliers, the Company will not, directly or indirectly, engage in bribery, kick-backs, payoffs, or any other corrupt business practices.
- The use, directly or indirectly, of Company funds for political contributions to any organization or to any candidate for public office is strictly prohibited.
- Corporate funds and assets will be utilized solely for lawful and proper purposes in line with the Company's objectives.
- No false or artificial entries shall be made in the Company's books and records for any reason, and all financial transactions must be accurately and properly accounted for in the books and records.
- All benefits provided to the directors and employees of Pakistan Oilfields Limited in addition to their standard remuneration will be awarded in full compliance with the Company's official policies.
- Pakistan Oilfields Limited will respect the privacy of data relating to individual persons (whether employees or third parties) which it may hold or handle as part of its information processing activities or otherwise.
- Employees will maintain the confidentiality of the Company's and its customers' confidential information which is disclosed to them.
- Pakistan Oilfields Limited will support a precautionary approach to environmental challenges, and, within its sphere of influence, undertake initiatives to promote greater environmental responsibility and encourage the development and diffusion of environmentally friendly technologies.
- Pakistan Oilfields Limited will support and respect the protection of international human rights within its sphere of influence, in particular the effective elimination of all sorts of compulsory labour and child labour, and it will make this a criterion in the choice and management of its suppliers and sub-contractors.
- Pakistan Oilfields Limited will not discriminate against any employee for any reason such as race, religion, political convictions or sex, and will treat everyone with dignity and with full respect for their private lives. This is expected also to apply to relations between members of personnel.

Recognition

Environment Excellence Award 2010

Organized by National Forum for Environment & Health



Global Compact

Human Rights

- Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
- Principle 2: Make sure that they are not complicit in human rights abuses.

Labor Standards

- Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- Principle 4: The elimination of all forms of forced and compulsory labor;
- Principle 5: The effective abolition of child labor; and
- Principle 6: The elimination of discrimination in respect of employment and occupation.

Environment

- Principle 7: Businesses should support a precautionary approach to environmental challenges;
- Principle 8: Undertake initiatives to promote greater environmental responsibility;
- Principle 9: Encourage the development and diffusion of environmentally friendly technologies; and

Anti-Corruption

- Principle 10: Businesses should work against all forms of corruption, including extortion and bribery.



Management Committees

Various committees have been constituted to look after the operational and financial matters of the Company. A brief description of the composition and terms of reference of the various committees are as follows:

Executive Committee

The Committee meets under the chairmanship of the Chief Executive to coordinate the activities and operations of the Company.

Review and Appraisal Committee

The Review and Appraisal Committee is responsible for ensuring that procurement of assets, goods and services is made in accordance with Company policies and procedures on competitive and transparent terms.

Risk Management Committee

The Risk Management Committee is responsible for ensuring that procedures to identify and continuously update risks are in place. The Committee oversees the process of assessment of the possible impact and likelihood of occurrence of identified risks. The Committee is also responsible

for formulating a risk management response to effectively address and manage risks.

Business Strategy Committee

The Business Strategy Committee is responsible for preparing the strategic plan for the future growth of the Company. The Committee also reviews major projects and formulates recommendations after evaluation from technical and commercial aspects.

Systems and Technology Committee

The Systems and Technology Committee is responsible for developing and implementing an IT strategy for the Company. The Committee oversees the automation of processes and systems in line with latest technology. The Committee is also responsible for development of contingency and disaster recovery plans.

Budget Committee

The Budget Committee reviews and approves the annual budget proposals prior to being presented for the approval of the Board. The Committee also monitors utilization of the approved budget.

Safety Committee

The Safety Committee reviews and monitors Company's wide safety practices. It oversees the safety planning function of the Company and is responsible for safety training and awareness initiatives. The Committee is also responsible for publishing the Company's monthly safety newsletter "Safety Bulletin".





Net sales achieved during the year are the **highest ever** in the history of the Company.

Total cash dividend payout to the shareholders at Rs 6 billion (including proposed final dividend) is our **highest ever**.

Cash flows from operating activities at Rs 9.3 billion increased by 69.4% and are the **highest ever** in the Company's history.



Chairman's Statement

During the year the Company earned a profit of Rs 7.437 billion (2009: Rs 5.618 billion), an increase of 32.4% over last year.

I am happy to report that the enhanced profits are driven by a healthy increase in production numbers in addition to the impact of the higher prices.

We believe that Pakistan Oilfields Limited has a strong foundation to maintain future strategic momentum.



In the name of Allah,
Most Gracious, Most Merciful.

On behalf of the Board of Directors, it gives me immense pleasure to welcome you to the Fifty Ninth Annual General Meeting of the Company and to present the Company's Annual Report and Audited Financial Statements for the year ended June 30, 2010.

RESULTS

During the year the Company earned a profit of Rs 7.437 billion (2009: Rs 5.618 billion), an increase of 32.4% over last year. I am happy to report that the enhanced profits are driven by a healthy increase in production numbers in addition to the impact of the higher prices.

I am also pleased to inform you that net sales achieved during the year are the highest ever in the history of the Company at Rs 17.8 billion and with the successful commissioning of the Manzalai Central Gas Processing Facility further discoveries coming on-line from the Tal Block and the potential from Domial, we expect this trend to continue in the future insha'Allah.

The results of the Company's operations are dealt with in further detail in the annexed Directors' Report and Financial Statements.



DIVIDEND

The Directors have recommended a final cash dividend @ 175% (Rs 17.50 per share). This is in addition to an interim cash dividend of 80% (Rs 8 per share) already declared and paid to the shareholders thereby making a total cash dividend of Rs 25.50 per share.

EXPLORATION, DEVELOPMENT AND WORKOVER ACTIVITIES

Our drilling program in 2010 delivered success in Bela-1, Manzalia-8, Makori-3 and Ratana well-2 (Deep re-entry). Presently five wells in our operated and non-operated joint ventures are under drilling and we are hopeful of finding new discoveries of oil and gas.

OUR PEOPLE

On behalf of the Board, I would like to thank all our employees for their dedication, hard work and commitment, which has contributed to this year's results. There is much more to do, and I look forward to working with them, in my additional capacity as Chief Executive of the Company, as we move forward.



OUTLOOK

We look forward to the future with the confidence that comes from knowing that we have the resources, both financial and human, to seize new opportunities and drive performance to new levels. We believe that Pakistan Oilfields Limited has a strong foundation to maintain future strategic momentum.

On behalf of the Board I would like to thank all shareholders for their continued support.

Shuaib A. Malik
Chairman & Chief Executive

Damascus, Syria
September 30, 2010

The Company continues to play a vital role in the oil and gas sector of the country.

During the year the Company saved foreign exchange for the country in excess of US\$ 410 million (2009: US\$ 229 million).

Financial Highlights

+ 27.04%

Net sales

2010	17,845
2009	14,047
2008	16,739

(Rs in million)

- 30.79%

Exploration, development & workover expenditure

2010	4,832
2009	6,982
2008	3,474

(Rs in million)

+ 31.28%

Gross profit

2010	10,886
2009	8,292
2008	10,583

(Rs in million)

+ 32.38%

Earnings per share

2010	31.44
2009	23.75
2008	36.43

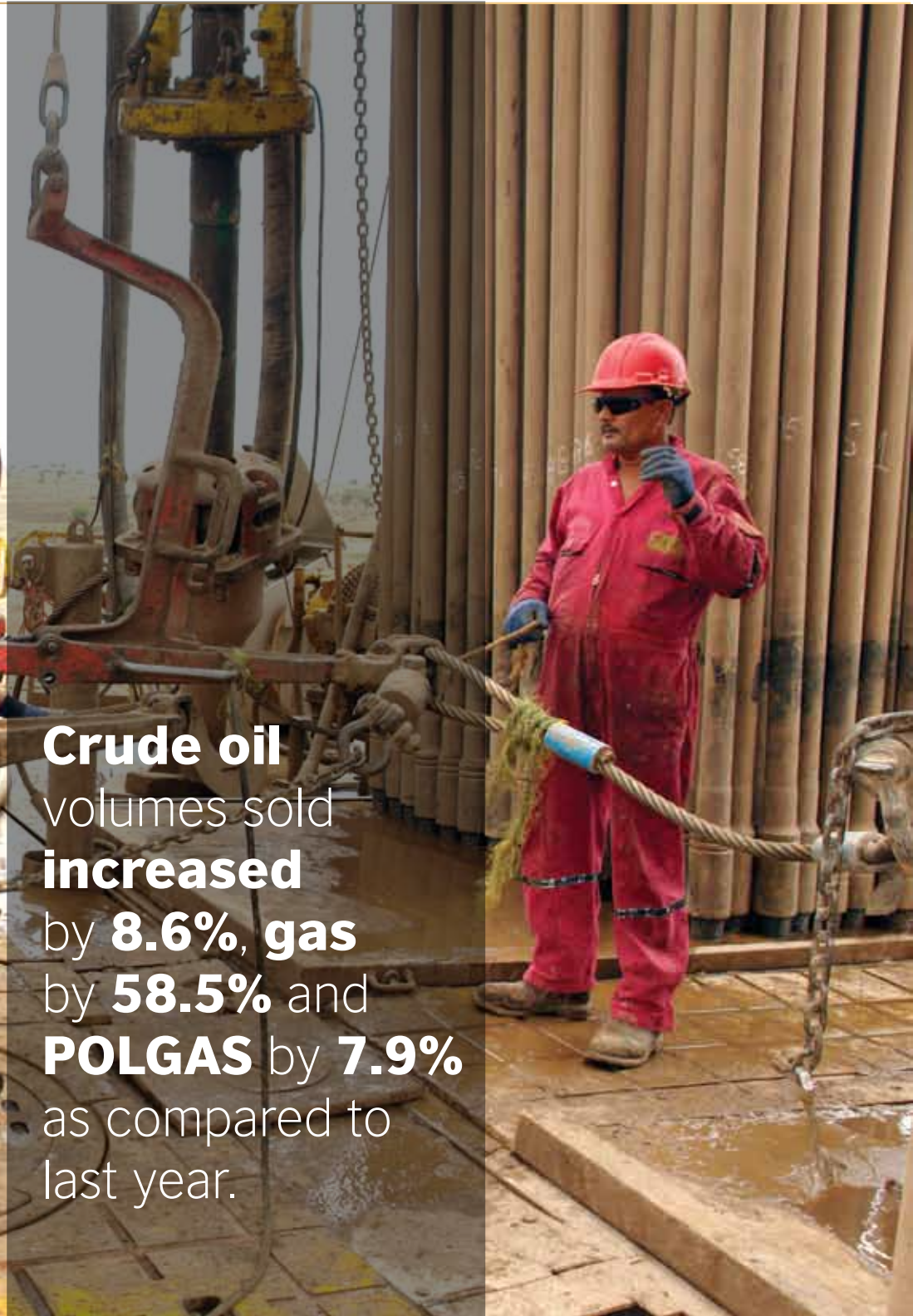
(Rs per share)



Directors' Report



The Directors
have pleasure in
presenting the
Annual Report and
Audited Financial
Statements of the
Company for the
year ended
June 30, 2010.



Crude oil
volumes sold
increased
by **8.6%**, **gas**
by **58.5%** and
POLGAS by **7.9%**
as compared to
last year.

Financial Results

	Rs (000)
These are summarized below:	
Profit for the year after providing for all expenses including depreciation, exploration, amortization and workers' funds.	9,590,766
Less: provision for taxation	2,154,000
Profit after tax	7,436,766

During the period, the "Manzalai Central Processing Facility" was commissioned successfully and started contribution to the country's energy needs and also to the Company's profitability. This facility is currently producing 240 million standard cubic feet per day (mmscfd) of gas and 4,600 barrels per day (bpd) of condensate.

The Company has made a profit after tax of Rs 7,437 million (2009: Rs 5,618 million), which is higher by 32.4% from the last year. Earnings per share is Rs 31.44 (2009: Rs 23.75 per share)

The Company is in a continuous process to improve its reserve base through aggressive exploration activities. The details of the exploration activities are covered in detail by each geographical area later in this report.

Cash flows

Cash and cash equivalents increased by Rs 2,372 million during the year (2009: decrease of Rs 3,479 million). Cash flows provided from operating activities at Rs 9,297 million were 69.4% higher as compared to last year due to a combination of factors including enhanced sales and comparatively lower exploration expenditure.

Contribution towards the economy

The Company continues to play a vital role in the oil and gas sector of the Country. During the year the Company saved foreign exchange for the country in excess of US\$ 409.5 million (2009 : US\$ 228.9 million). The contribution to the national exchequer in the shape of royalty and other government levies was Rs 5,021 million (2009: Rs 4,475 million).

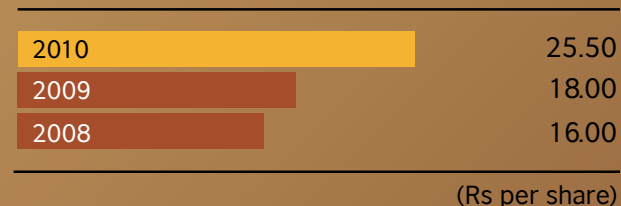
Dividend

The Directors have recommended a final cash dividend @175% (Rs17.50 per share). This is in addition to interim cash dividend @ 80% (Rs 8 per share) already declared and paid to the shareholders thereby making a total cash dividend of 255% for the year 2009-10 (2008-09: cash dividend of Rs18 per share).

Production

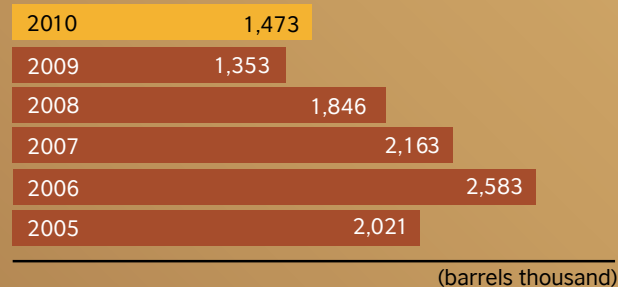
	2009 – 10	2008 - 09
Crude Oil/Condensate (US Barrels)	1,472,825	1,352,630
Gas (Million Cubic Feet)	22,641	13,834
LPG (Metric Tones)	34,119	34,097
Sulphur (Metric Tones)	1,131	2,033
Solvent Oil (US Barrels)	29,777	30,934

+41.67% Cash dividend per share

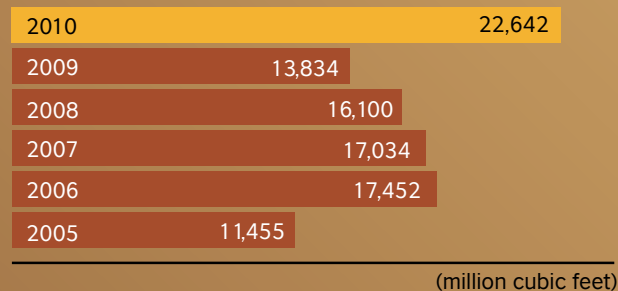


(Rs per share)

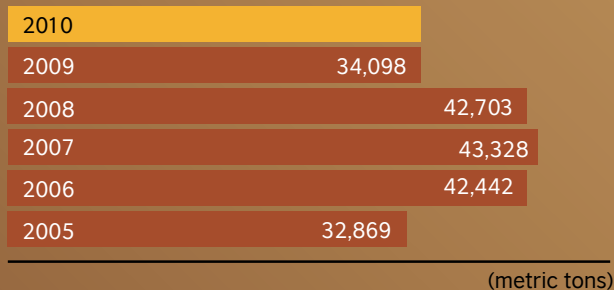
+8.87% Crude Oil Production



+63.67% Gas Production



+0.06% LPG Production



The following is a comparison of production from the Company's 100% own fields and its share from all operated and non-operated joint ventures:

The Company's share in production, including that from joint ventures, for the year under review averaged at 4,035 bpd of crude, 62.03 mmscfd of gas, 82 bpd of solvent oil, 93.48 metric tons per day (MTD) of LPG and 3.10 MTD of Sulphur.

Operations Review and Future Prospects

Producing Fields

Bela well-1 was successfully completed during the year. The well produced at an average of 138 bpd of condensate and 1.9 mmscfd of gas. Subsequent to the year end, due to the floods, production from the well was suspended temporarily but has since been resumed. In the Soan Concession, Pindori-8, a development well, failed to provide commercial hydrocarbons and was declared unsuccessful. Presently, further options for the Pindori field development, including interpretation of data and the location for a Pindori-9 well are being evaluated.

In the non-operated joint ventures, Ratana well -2 (deep re-entry) was successfully completed and is presently producing 500 bpd of condensate and 12.14 mmscfd of gas. At Adhi field, operated by Pakistan Petroleum Limited, data interpretation for newly acquired and processed seismic data is underway. A reservoir simulation study is also in progress. At Chak Naurang field, drilling of Chak Naurang-South well-1 is in progress. The operator has proposed a reservoir simulation and artificial lift study of the area. In Tal block, Manzalai-8 was drilled to 13,796 feet and produced 156 bpd of condensate and 13.99 mmscfd of gas. The well is presently shut-in awaiting line pipe for the flow line.

Exploration

The exploratory well Domial (side-track-2) was drilled down to 16,405 ft. Due to high pressure the well was killed and temporarily plugged. The orders for optimum completion equipment have been placed and the well completion followed by commercial testing is expected by January 2011.

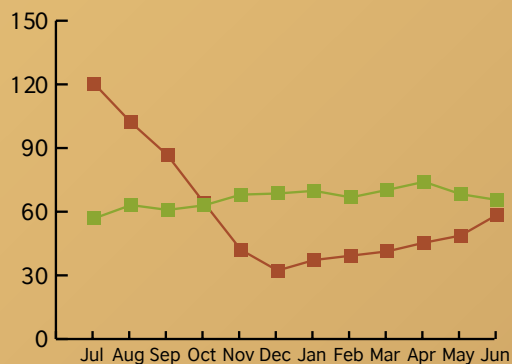
In Ikhlas block, interpretation of data on the Sadrial lead is in progress. Shooting of 2D seismic lines covering approximately 300 line kilometers are planned over Sadrial north east and south west of Ikhlas. In Kirthar South block, the Company has been given an eighteen months extension for its work program but due to non-availability of security clearance, we remain unable to carry out any activities. In the Margala block, drilling is in progress at an exploratory well. In Gurgalot block, Khwaja-1, an exploratory well, was drilled down to 17,619 ft. The well was plugged and abandoned due to unsuccessful results.

At Tal block, the merged 3D seismic data processing of Manzalai, Makori and Maramzai area is in progress. Mapping has been completed based on old and newly processed 2D seismic lines on the upside potential of Tal block and seismic data acquisition of approx 318 line kilometers has been proposed. Also Tal block, the Makori field development study has been completed.

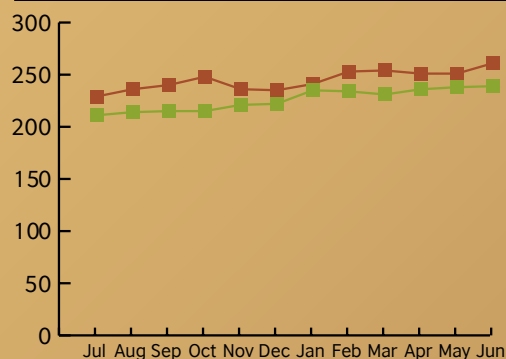
The Makori-3 well, at Tal block was spudded on January 4, 2010 and drilled down to 11,171 feet. The well was a success and is presently producing 1,600 bpd of crude and 22 mmscfd of gas. On the other hand, another exploratory well at Tal block, Makori West -1 proved to be unsuccessful.

The Tolanj X-1, also in the Tal block, was spudded on May 21, 2010 and drilling is in progress.

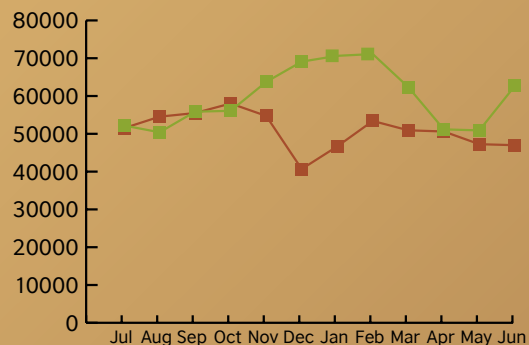
—■— 2010
—■— 2009
Crude Oil Price Movement
(US\$ per barrel)



Gas Price Movement
(Rs per mmbtu)



POLGAS Price Movement
(Rs per m ton)



+69.38% Operating Cash Flows

2010	9,297
2009	5,489
2008	9,144
2007	5,387
2006	5,822
2005	4,953

(Rs in million)

+47.98% Market Capitalization

2010	51,070
2009	34,512
2008	71,918
2007	62,488
2006	65,996
2005	36,980

(Rs in million)

New Applications for Grant of Exploration Licenses

POL has been awarded two new Exploration Licenses in the D.G.Khan and Rajanpur areas by the Government of Pakistan.

Subsidiary

CAPGAS (Private) Limited (CAPGAS)

CAPGAS earned a profit before tax of Rs 35.07 million during the year (2008-09: Rs. 72.1 million). It declared a total dividend of 390% for the year 2009-10 (2008-09: 820%). The Company received an average of 22 metric tons per day LPG from the Adhi plants and an average of 4 metric tons per day of LPG from PARCO.

Crude Oil Transportation

Khaur Crude Oil Decanting Facility (KCDF) continued to operate satisfactorily. Up to June 30, 2010, a total of 3.6 million barrels of crude oil arriving from the southern part of the country were pumped to Attock Refinery Limited through this facility and pipeline during the year.

Risk Management

The Board remains committed to the philosophy of effective business risk management as a core managerial competency. The Board has established a structured approach to risk management through the formulation of a risk management policy and system. The Company is in a continuous process to implement, monitor and improve its risk management policy. The Company's risk management system requires approaching risk identification in a systematic way by developing a sound understanding of the Company's strategic and operational objectives, including critical success factors, and the opportunities and threats related to the achievement of these objectives as well as analyzing the significant functions undertaken within the Company to identify significant risks which flow from these activities. Risks are required to be formally identified, prioritized and incorporated into a risk management response to effectively address risks. The risk management response includes assigning formal responsibility and accountability for the management of risks to individuals within the Company, who have the required level of technical expertise as well as authority to effectively manage the risks.



The following is an outline of some of the material risks being faced by the Company:

1. Oil price volatility: The pricing for the Company's oil and gas production is benchmarked with international prices of crude oil and related products. Any unfavorable variance in the international prices is likely to adversely affect the Company's profitability.
2. Exploration risk: Exploration activity includes the risks of incorrect selection of exploration acreage, error in processing or interpretation of seismic data, incorrect selection of drilling site. The Company is mitigating exploration risks by using latest technologies, having experienced and efficient teams, entering into joint venture agreements to dilute risks and also consulting with external experts.
3. Drilling risk: Oil and gas drilling inherently is a high risk activity. The Company is exposed to a number of hazards during drilling of wells including well blow out, fishing, fire hazards and personal injury. In addition, the risk of not discovering oil and / or gas as expected would have an adverse affect on earnings. The Company is mitigating these risks by selecting efficient and professional teams and also having strict criterion for selecting rig and other allied services/equipment. Further, the Company also obtains control of well insurance cover for all drilling wells.
4. Underperformance of major oil and gas fields: The Company's future earnings and profitability is dependent upon the production and reserves of its oil and gas fields. The actual production from fields may differ materially

from estimates due to possible underperformance of the oil and gas reservoirs or other production related factors.

5. Procurement planning related risk: Managing risk in business is not a new phenomenon, but managing it well in a changing global environment is producing some significant challenges, especially for the procurement function. Vulnerability in the procurement process can be seen as a weakness or possible threat to the Company's profitability.

The vulnerability can give rise to the following risks

- Commercial risks
- Operational – not having materials
- Contractual – exposure to liquidated damages

The company is mitigating these risks by preparation of detailed well prognosis well before the spud date and timely placement of procurement orders for long lead items.

6. Engineering and process: The over estimation of reserves and production can lead to investment of significant capital in the form of plant design by the engineering function. As far as practical, the Company obtains third party reserve certification to mitigate this risk.



7. Environmental regulations: The Company is bound to comply with laws and regulations relating to health, safety and the environment. Changes to these laws and regulations may result in increased costs of compliance as well as penalties for non-compliance.
8. Increased competition: With increased competition in the oil and gas exploration and production sector, particularly in relation to the application and award of exploration concessions, the Company may be faced with higher competition than before. In addition, the Company's LPG marketing business may be adversely affected due to increased competition, decline in margins or disruption to LPG supply sources. The Company is in a continuous process to explore new opportunities with joining hands with other E & P companies by way of farm-in and farm-out agreements. In LPG marketing business, the Company has established a good storage capacity for continuous supply to keep margins intact and continues to remain on the lookout for sustainable cost-effective sources of further supplies.
9. Information technology failures: The Company's operations may be adversely affected due to information technology failures especially in today's environment of reliance on IT systems, regulation and reporting deadlines.

The company has a separate IT wing to control and monitor all related functions especially in relation to back up policy for continuous function.

10. Economic and political risks: Volatile economic and financial market conditions resulting from economic or political instability.
11. Joint venture partners: We are also operating in a joint venture environment and many of our projects are operated by other partners. Our ability to influence partners is sometimes limited, due to our small share in non-operated ventures. Non-alignment on various strategic decisions in joint ventures may result in operational inefficiencies or delay. We mitigate this risk by continuous and regular engagement of joint venture partners in operated and non-operated projects.
12. Terrorist attack: A terrorist attack could have a material and adverse effect on our business. The company has taken a terrorism insurance cover of all its material installations to mitigate this risk.



Business Process Reengineering (BPR)/ Development Activities

The Company believes that quality and an unyielding commitment to continuous improvement are indispensable ingredients to achieving success. All processes are subject to continuous evaluation and improvement. Being an oil and gas exploration and production company, research is an integral part of the Company's operations and a significant part of exploration activity. Data acquisition, processing and interpretation during geophysical activities involve selection of optimum data acquisition parameters through careful experimental investigation. The Company undertakes comprehensive research to understand the behavior of sub-surface locations of any area, using latest sub-surface imaging technology, before a drillable project is developed. Research is also conducted to study reservoir behavior to optimize recovery from a field. Apart from the drilling of development wells already mentioned earlier by geographical location the major business development projects undertaken during the year are as follows:

ERP Integration

In line with Company's commitment to continuous improvement, implementation of Procurement and Inventory modules has been completed in test environment and it is now in phase of final user acceptance testing in real environment. Its integration with existing five modules of Oracle Financials will improve management information system in real time environment.

Further, to cope with latest developments in Oracle Applications all concerned users have been trained in Release 12 (R12) of the Application for which up-gradation is scheduled to be carried out soon.

To strengthen data security and remote LAN accessibility, inter-field connectivity has been enhanced during the year.

Quality Management System

Our vision is to set the standard of excellence in our work. We are certified for ISO 9001:2000 quality management system. By adopting ISO 9001:2000, the Company is in a continuous process of improving and following set standards and procedures with a view to meeting and exceeding organization objectives.





Corporate Social Responsibility (CSR)

The Company has taken a leadership role in contributing to society through a structured social investment program. Investing in the communities in which we operate is not just a demand that must be met, it is philosophy that we buy into. As part of its core values, the Company places tremendous importance towards contributing to the well being of the communities in which it operates.

Our CSR initiative covers a wide spectrum of activities from the construction of roads and bridges to building schools and colleges, healthcare centers and hospitals, sport events and support to humanitarian and social work organizations.

Corporate Social Responsibility

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Our commitment to being a good corporate citizen includes:

- Protecting our environment.
- Maintaining standards of excellence in our work and advocating healthy lifestyles.
- Acting with integrity and adhering to the highest ethical standards.
- Promoting diversity in our work force and partnering with diverse suppliers.
- Ensuring a safe, healthy workplace.

Our CSR initiative covers a wide spectrum of

activities from the construction of roads and bridges to building schools and colleges, healthcare centers and hospitals, conducting sport events and support to humanitarian and social work organizations. We are proud of our progress, but there is still much that we plan to do.

Community Development and Support

We realize the importance of strengthening and developing human resource. We implemented a visionary Community Development Program that focuses on providing education, supporting healthcare and financing infrastructure projects including supplying free clean water. These are some of the ways we try to reach out to our community.

Our social investment projects are a testimony to the Company's commitment. One can see through our actions the story of dreams come true in developing an educated society, a healthy human resource, a clean environment and a safe workplace. Support for community development continued to be a

significant element of POL's CSR initiative during the 2010. Highlights of our community development projects are as follows:

Education

Education is a leading instrument of nation building and economic growth of people. The Company focuses on education at the basic, primary, secondary and higher secondary levels.

The Company is operating a Model High School at Khaur. This school has a spacious building, laboratory and a play ground. The school is run by an efficient team of qualified teachers delivering commendable results.

POL is also operating a Degree College at Khaur. The College has a library and laboratories of physics, chemistry, biology and computers. This project has a permanent benefit to the community. This College is a leading provider of post secondary education in the area.



During the year, the Company constructed/renovated many class rooms, constructed boundary walls and also provided furniture and fans to different schools in the vicinity of our operated areas. In this respect, Rs 4.9 million were spent during the year for enhancement of educational facilities and infrastructures of Government Schools.

Water Supply Schemes

We are running several drinking water supply schemes in collaboration with the district and local governments. During the year, we spent Rs 1.4 million for up-gradation of different water supply schemes.

Civil Works and Roads

During the year Rs 6.8 million were spent on projects undertaken for the benefit of local communities including construction of metalled roads, drains and concrete pavements.

Sports Activities

The Company organizes sports activities and competitions with active participation of local communities. POL Cricket and Hockey tournament is an annual event. This year our hockey tournament was a mega event. Sixteen teams from all over Pakistan participated in the event. POL won the tournament after an interesting but tough competition.

Others

Vocational Training Centre at Khaur providing training to women of the surrounding areas to equip them with necessary skills to earn a respectable livelihood.

Human Resource

Our people are our most valuable assets. The Company remains committed to creating a

culture of performance excellence which starts with attracting and retaining extraordinary talent. With our firm belief that 'People Make the Difference', we ensure that the operations are resourced with a committed workforce equipped with the essential skills, have predefined performance targets and also ensure that their achievements are duly recognized. Our reward structures consider all aspects of salary, incentives and benefits as a total package with intention of providing competitive levels of remuneration and enhanced earning opportunities in recognition of business success. The Company remains committed to ensuring that all employees are treated with dignity and respect and that working environment is one where each employee's contribution is recognized and valued.

Training and Development of Human Resource

The Company remains committed to invest in human capital through quality training both formally and informally to keep staff fully abreast with the best business practices prevailing in the energy sector. During the year, staff members attended development courses, training programs, seminars and workshops held both in-house as well as at reputable training institutions of the country.

Health, Safety and Environment Review

We believe that achieving and maintaining high standards of health, safety and environment is integral to the success of our business performance and objectives. POL is committed to operate in an ethically responsible way and to protect and improve the health of our people, suppliers, customers and communities that we operate in.





A summary of our efforts in the area of healthcare is given below.

Khaur Hospital

The Company is maintaining a state of the art hospital to provide healthcare facilities at Khaur. The hospital provides quality medical care, vital health services and free emergency assistance round the clock. The hospital is equipped with state of the art operation theatre, fixed and mobile X-ray machines, sophisticated medical laboratory and latest facilities. The hospital indoor facilities comprise of 40 bed air conditioned wards.

An average of 90 outdoor patients per day from the local community are getting high grade medical care.

Modern emergency services are provided free of cost to road accident injured persons which helps to save lives. Prior to the establishment of the hospital, there was no arrangement of emergency services in the area; the emergency facilities were available only at Rawalpindi. It is the only hospital in the area providing such facilities to the general public.

Other Healthcare Facilities provided by the Company at fields:

- Regular free dispensaries have been organized for the local community of the Pindori and Balkassar area.
- Field hospital / dispensaries at Meyal.
- Annual vaccination program launched in collaboration with district health department.
- POL is running a Poor Patient Fund

(Contributed by Chairman and employees) catering for about 250 plus registered persons providing day to day medical care.

Community Health Program

Besides, facilitating the general public through POL Hospital, medical camps in different areas were arranged where medical check ups and medicines were distributed free of cost at their door steps.

Occupational Health

Our primary objectives are to ensure the safety of our people in occupational and operational environments and to ensure safe and knowledgeable use of hazardous materials used during operations. In addition to regulatory requirements, occupational and research activities at POL are guided by internal policies. Department heads and managers all have the responsibility to develop, implement and maintain all elements of the safety program. The Company has instituted a safety management system built on comprehensive and structured programs designed to reduce accidents and eliminate injuries at all our locations. The structure of "Emergency Response Teams" is well defined and the required contingency plans have been established which regulate emergency organization, responsibilities, list of key personnel, important telephone numbers, communication plans and sequence of activities to mitigate the situation.

The Company is gradually improving its occupational health and safety infrastructure in compliance with the regulatory requirements of OSHAS 18001.



A worker in a blue uniform and white hard hat with green earmuffs is working on red industrial machinery. The background shows more industrial equipment, including large cylindrical tanks and pipes.

Health, Safety & Environment

The **Company ensures** that **employees** and where applicable, **contractors** are **aware of** potential hazards and of the Company's requirements for **healthy, safe and environment friendly** working **practices**.

During the year a total of **460 safety training sessions** covering a wide area of safety topics were carried out. A total of **4,560 employees benefited** from these training sessions.

Safety

We are committed to providing a safe and healthy work environment and preventing accidents. Employees are accountable for observing the safety and health rules and practices that apply to their jobs. They are expected to take precautions necessary to protect themselves and their co-workers, including immediate reporting of accidents, injuries and unsafe practices or conditions. Employees are also expected to work free from the influence of any substance that could prevent or impair them from performing their jobs safely and effectively.

Procedures and processes are regularly reviewed to ensure that the standards set are linked to industry best practices. Health and safety training is provided to employees to ensure that they perform their work in accordance with the Company's standards

and targets. In this respect, in-house training for fire safety, first aid, safe driving and occupational health and safety is carried out routinely. During the year a total of 460 safety training sessions covering a wide area of safety topics were carried. A total of 4,560 employees benefited from these training sessions.

The Company ensures that employees and where applicable, contractors are aware of potential hazards and of the Company's requirements for healthy, safe and environment friendly working practices. POL issues a monthly Safety bulletin for all employees. These initiatives have helped in the reduction of workplace injuries.

Safety drills are carried out regularly to ensure that the state of preparedness and emergency response times remain within established limits. Safety planning is carried out for each concession area of the Company separately.



Environment

The Company seeks to minimize our ecological footprint. The Company has formulated an executive committee on HSE issues. The executive committee provides regulatory requirements and technical guidance to all stakeholders to:

- Minimize the environmental impact of operations.
- Mitigate environmental risks.
- Prevent and control spills and releases to the environment.

Some of the notable achievements of the Company in this area are:

- Daily ambient air toxic gas monitoring and logging.
- Development of standard operating procedures for handling, storage and disposal of chemicals.
- Zero accident/incidents rate during annual turn around.
- Labeling and tagging of all process/production pipelines at Meyal field.
- Improvement in the performance of tail gas incinerator to reduce emissions.
- Implementation of a system of regular monitoring of engine exhausts to reduce emissions.
- Installation of knockout vessels on flare lines to reduce smoke/solid particulate emissions.
- Third party environmental audit to identify areas for improvement.
- Effluent water study of POL work sites.
- Safe disposal of hospital waste.
- Implementation of solid waste management system at plants, involving collection in color coded bins and proper disposal.
- Implementation of IEE (Initial Environment Examination) for all new projects / new drilling sites.

- Development of post drilling environmental checklist and its implementation.
- Laying of geo-membrane liners to eliminate chances of seepage of waste water into the ground
- Implementation of a noise monitoring system for systematic monitoring of noise levels at POL's premises and perimeters.

Environmental Awareness Initiatives Sensitizing our Employees

The Company organizes a series of events to sensitize our employees on environmental issues. We celebrate "World Earth Day", "World Environment Day" and "Work Permit Week" at various locations to educate our employees. We have launched an environmental based scheme "Landscaping with Green". In addition, we embarked on a special project to convert oil contaminated soil into a green patch of land.

Spreading Awareness among Students

We also understand that our children are the custodian of environment. To inculcate our children with knowledge and a sense of responsibility for protecting and restoring the environment and natural resources, we are spreading awareness among children. We celebrate events to create a positive influence on attitudes of children. This year we celebrated "Creativity Day" on environmental issues at POL School, Khaur. The young artists participated in a competition of paintings highlighting importance of protection of the environment.

Recognition

For its efforts in protecting the environment, Pakistan Oilfields was given the "Annual Environment Excellence Award" for the fourth year in a row by the "National Forum for Environment & Health".





Environmental Objectives

The Company is committed to achieving the following environmental objectives in order to enhance environmental management through a continuous improvement process.

- Identify, assess and mitigate significant environmental risk/impacts associated with our operations.
- Establish and maintain proper procedures to adhere all applicable local and international Environment laws and legislations and other requirements related to our operations.
- Set Environmental and objectives and targets to reduce water pollution, air emissions, waste generation, and also to measure & report the performances.
- Provide forum for employees, contractors and customers to actively participate in Environmental Management Program.
- Ensure all employees, contractors and customers are informed, well trained, engaged and committed to managing environmental risks.
- Ensure minimal impact on wild life by POL operations.
- Ensure periodic monitoring of stack emissions, waste water, drain channels, vehicular emissions and noise level.
- Ensure environmental documents are up to date and can be easily located.
- Ensure all information about environmental hazards is easily available to all stakeholders.
- Maintain effective oil spill management and response plan.
- Report and record all non-conformances regarding Environment Management System.
- Conduct internal and external audits to ascertain the

gaps in our existing system and implementation of appropriate corrective actions.

- Ensure continual improvement in Environmental Management System through management review.

Some of our innovative projects and achievements are given below:

- We contributed in reduction of Green House Gases emission through minimizing the gas flaring by using better operations techniques.
- We are also addressing the issues of effluent treatment and management & disposal of waste. Currently we have installed a waste water recycling plant at Khaur; recycled water is being used for gardening purpose.
- Construction of API evaporation ponds for the disposal of produced water.
- Development of a children park at Khaur.
- Established and maintained noise monitoring system and marked the high noise zone at the plants.
- Laying of high quality geo-membrane in waste water & drilling fluid pits at new drilling sites.
- Conducting “Initial Environment Examination” (IEE) for non-sensitive areas and “Environmental Impact Assessment (EIA) in environmentally sensitive area and stringent monitoring & compliance of National Environmental Regulation.
- We developed a disposal system for used lube oil.
- Safe disposal (incineration) of hazardous hospital waste.
- Established effluents monitoring system and arrangement to separate oil contents in power houses & compressor stations discharge water.
- Planning for renewable energy and alternative energy, we have installed solar energy based traffic signals at Khaur.



The **contribution to the national exchequer** in the shape of royalty and other government levies was **Rs 5,021 million** (2009: Rs 4,475 million).

Corporate Governance

The concept of corporate governance has unquestionably climbed up the corporate agenda. Across the globe we have witnessed a proliferation of regulations, codes, recommendations and principles on the subject. On adopting the current code of corporate governance, the Board determined that the appropriate approach to governance was to adopt a framework that drew on the governance requirements and best practices across the globe.

- a. The financial statements, prepared by the management, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- b. Proper books of account of the Company have been maintained.
- c. Appropriate accounting policies have been consistently applied in preparation of the financial statements. Accounting estimates are based on reasonable and prudent judgment.
- d. International Accounting Standards, as applicable in Pakistan, have been followed in the preparation of the financial statements.
- e. The system of internal control is sound in design and has been effectively implemented and monitored.
- f. There are no doubts upon the Company's ability to continue as a going concern.
- g. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- h. Significant deviations from last year's operating results have been disclosed as appropriate in the Directors' Report / Chairman's review and in the notes to the accounts, annexed to this report.
- i. The Company does not envisage corporate restructuring or discontinuation of its operations in the foreseeable future.
- j. Key operating and financial data of the last six years in summarized form is annexed.
- k. All major Government levies in the normal course of business, payable as at June 30, 2010, have been cleared subsequent to the year-end.
- l. The values of investments in employee retirement funds based on the latest accounts as of June 30, 2009 are as follows:

Management Staff Pension Fund	Rs 626.58 million
Staff Provident Fund	Rs 242.82 million
General Staff Provident Fund	Rs 323.93 million



Directors and Board Meetings

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

	Directors	No. of meetings attended
1	Dr. Ghaith R. Pharaon	5*
2	Mr. Laith G. Pharaon	5*
3	Mr. Wael G. Pharaon	4*
4	Mr. Abdus Sattar	5
5	Mr. Shuaib A. Malik (Chairman & Chief Executive)	5
6	Mr. Muhammad Najam Ali**	1
7	Mr. Arif Kemal	3*
8	Mr. Sajid Nawaz	2

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

** The Board nominated Mr. Sajid Nawaz to fill a vacancy created due to the resignation of Mr. Muhammad Najam Ali in March 2010

Leave of absence was approved by the Board in all cases where a director could not attend a Board Meeting during the year.



Auditors

The auditors, Messer A.F. Ferguson & Co., Chartered Accountants, retire and offer themselves for reappointment.

Shareholding

The pattern of shareholding as at June 30, 2010 is annexed. All trades in the shares of the Company, if any, carried out by the directors, CEO, CFO and Company Secretary and their spouses and minor children are also annexed.

Holding Company

The Attock Oil Company Limited, incorporated in England, is the holding company of Pakistan Oilfields Limited.

Consolidated Financial Statements

The consolidated accounts of the Company and its subsidiary are annexed.

Acknowledgement

The results for the year could not have been made possible without the loyalty, devotion, hard work and commitment of all employees. The Board of Directors acknowledges and deeply appreciates their contribution toward achievement of the Company's goals.

On behalf of the Board



Shuaib A. Malik
Chairman

Damascus
September 30, 2010



Shareholders' Interest

PATTERN OF SHAREHOLDING

as at June 30, 2010

Form - 34

S. No.	From	To	Shares	No. of Shareholders
1	1	100	53,114	963
2	101	500	433,969	1,471
3	501	1000	666,680	822
4	1001	5000	3,166,613	1,321
5	5001	10000	2,505,118	339
6	10001	15000	1,527,978	119
7	15001	20000	1,472,998	81
8	20001	25000	1,348,121	59
9	25001	30000	1,338,187	48
10	30001	35000	593,439	18
11	35001	40000	925,387	25
12	40001	45000	595,540	14
13	45001	50000	881,475	18
14	50001	55000	796,046	15
15	55001	60000	521,144	9
16	60001	65000	629,996	10
17	65001	70000	607,145	9
18	70001	75000	361,737	5
19	75001	80000	154,600	2
20	80001	85000	412,051	5
21	85001	90000	529,456	6
22	90001	95000	95,000	1
23	95001	100000	986,792	10
24	100001	105000	617,781	6
25	105001	110000	434,501	4
26	110001	115000	227,251	2
27	115001	120000	713,369	6
28	120001	125000	125,000	1
29	125001	130000	385,380	3
30	130001	135000	664,042	5
31	135001	140000	274,106	2
32	140001	145000	429,776	3
33	145001	150000	447,700	3

PATTERN OF SHAREHOLDING

as at June 30, 2010

Form - 34

S. No.	From	To	Shares	No. of Shareholders
34	150001	155000	308,500	2
35	155001	160000	478,900	3
36	160001	165000	322,200	2
37	165001	170000	505,900	3
38	170001	175000	175,000	1
39	175001	180000	537,260	3
40	180001	185000	181,711	1
41	185001	190000	560,224	3
42	195001	200000	400,000	2
43	200001	205000	406,500	2
44	205001	210000	625,032	3
45	210001	215000	425,860	2
46	215001	220000	651,976	3
47	220001	225000	224,389	1
48	230001	235000	232,300	1
49	245001	250000	250,000	1
50	255001	260000	258,000	1
51	260001	265000	264,384	1
52	265001	270000	534,202	2
53	270001	275000	1,087,325	4
54	275001	280000	551,050	2
55	285001	290000	289,180	1
56	295001	300000	1,195,100	4
57	305001	310000	305,025	1
58	315001	320000	320,000	1
59	320001	325000	325,000	1
60	325001	330000	325,514	1
61	345001	350000	345,752	1
62	350001	355000	354,336	1
63	355001	360000	720,000	2
64	370001	375000	741,538	2
65	390001	395000	394,890	1
66	395001	400000	400,000	1

PATTERN OF SHAREHOLDING

as at June 30, 2010

Form - 34

S. No.	From	To	Shares	No. of Shareholders
67	425001	430000	427,171	1
68	435001	440000	437,110	1
69	445001	450000	899,000	2
70	465001	470000	935,080	2
71	485001	490000	485,640	1
72	495001	500000	500,000	1
73	510001	515000	511,401	1
74	540001	545000	543,785	1
75	545001	550000	545,932	1
76	570001	575000	572,971	1
77	600001	605000	601,676	1
78	615001	620000	615,610	1
79	620001	625000	624,400	1
80	635001	640000	1,277,327	2
81	660001	665000	663,407	1
82	690001	695000	694,950	1
83	745001	750000	750,000	1
84	750001	755000	754,851	1
85	810001	815000	811,407	1
86	815001	820000	820,000	1
87	870001	875000	874,132	1
88	975001	980000	975,607	1
89	995001	1000000	1,000,000	1
90	1005001	1010000	1,005,673	1
91	1045001	1050000	1,046,960	1
92	1100001	1105000	1,101,722	1
93	1170001	1175000	1,173,521	1
94	1275001	1280000	1,276,013	1
95	1465001	1470000	1,469,924	1
96	1510001	1515000	1,514,765	1
97	1950001	1955000	1,951,000	1
98	2015001	2020000	2,020,000	1
99	2080001	2085000	2,080,169	1

PATTERN OF SHAREHOLDING

as at June 30, 2010

Form - 34

S. No.	From	To	Shares	No. of Shareholders
100	2115001	2120000	2,117,540	1
101	2505001	2510000	2,506,651	1
102	4685001	4690000	4,686,500	1
103	5730001	5735000	5,730,980	1
104	10645001	10650000	10,648,860	1
105	13130001	13135000	13,132,221	1
106	127140001	127145000	127,143,424	1
TOTAL			236,545,920	5,508

CATEGORIES OF SHAREHOLDERS

Categories of Shareholders	Number of Shareholders	Number of Shares held	Percentage %
Investment Corporation of Pakistan	1	97	0.00
National Bank of Pakistan Trustee Department (NIT)	2	2,681,651	1.13
Banks & Financial Institutions	42	19,484,578	8.24
Associated Companies	2	127,407,808	53.86
Public Sectors Companies	178	5,705,971	2.41
Leasing Companies	4	74,103	0.03
Modaraba Companies	9	45,488	0.02
Mutual Funds	66	19,595,875	8.29
Investment Companies	14	1,442,517	0.61
Insurance Companies	23	17,413,485	7.36
Individuals	5,083	25,152,392	10.63
Others:			
Employees Old Age Benefits Institution	1	10,648,860	4.50
Deputy Administrator Abandoned Properties	1	13,900	0.01
Employees Pension / Provident Fund	44	3,889,621	1.65
Charitable Trusts & Foundation	38	2,989,574	1.26
TOTAL	5,508	236,545,920	100.00

KEY SHAREHOLDING AND SHARES TRADED

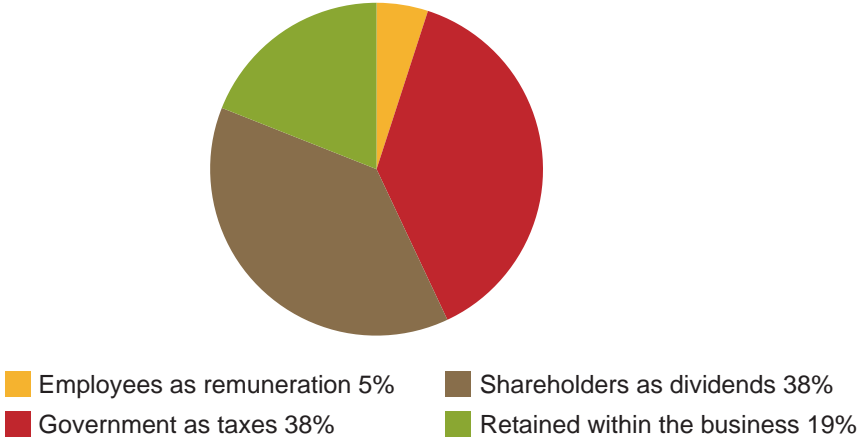
	Categories	Number of Shareholders	Number of Shares held
Associated Companies			
1	The Attock Oil Company Limited	01	127,143,424
2	Laith Trading & Contracting Company Limited	01	264,384
NIT & ICP			
1	National Bank of Pakistan, Trustee Department (NIT)	02	2,681,651
2	Investment Corporation of Pakistan (ICP)	01	97
Directors and their spouses and minor children			
1	Mr. Shuaib A. Malik (Chairman & Chief Executive)	01	284
2	Mr. Iqbal Ahmad Khwaja	01	9,338
Executives			
	Public sector companies and corporations	07	1,851
	Banks, Development Finance Institution, Non Banking Finance Institutions, Insurance Companies, Modarabas & Mutual Funds	179	132,849,395
		158	58,056,046
Shareholders holding 10% or more voting interest			
	The Attock Oil Company Limited	01	127,143,424
	Trade in Shares of the Company by Directors, CEO, CFO, Company Secretary and their spouses and minor children	Nil	

STATEMENT OF VALUE ADDED

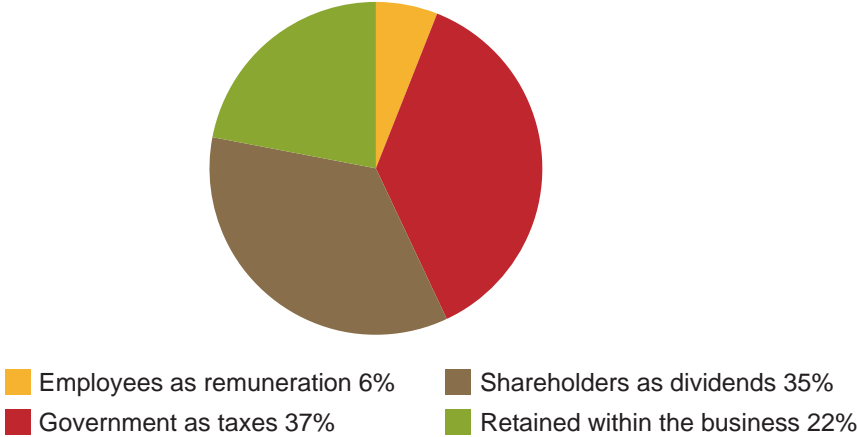
	2010	2009
	Rupees ('000)	
Gross revenue	19,305,844	15,082,346
Less: Operating and exploration expenses	4,825,694	5,130,193
	14,480,150	9,952,153
Add: Income from investments	799,428	1,278,094
Other income	627,387	804,608
Total value added	15,906,965	12,034,855
Distributed as follows:		
Employees remuneration	741,168	695,194
Government as:		
Company taxation	2,154,000	1,566,531
Levies	1,461,237	1,035,526
Excise duty & development surcharge	172,174	134,517
Royalty	1,595,972	1,206,106
Workers' funds	709,163	532,603
	6,092,546	4,475,283
Shareholders as:		
Dividend	6,031,921	4,257,826
	6,031,921	4,257,826
Retained in business:		
Depreciation	528,947	344,463
Amortization	1,107,538	901,628
Net earnings	1,404,845	1,360,461
	3,041,330	2,606,552
	15,906,965	12,034,855

STATEMENT OF VALUE ADDED

Distribution of Value Addition – 2010



Distribution of Value Addition – 2009



VERTICAL ANALYSIS

	2005		2006		2007		2008		2009		2010	
	(Rs in million)	%	(Rs in million)	%	(Rs in million)	%	(Rs in million)	%	(Rs in million)	%	(Rs in million)	%
BALANCE SHEET												
SHARE CAPITAL AND RESERVES												
Authorised capital	2,000		2,000		5,000		5,000		5,000		5,000	
Issued, subscribed and paid-up capital	1,314	8.30%	1,971	8.48%	1,971	7.77%	1,971	6.00%	2,365	6.81%	2,365	6.01%
Revenue reserves												
Insurance reserve	200	1.26%	200	0.86%	200	0.79%	200	0.61%	200	0.58%	200	0.51%
Investment reserve	-	0.00%	-	0.00%	-	0.00%	-	0.00%	1,558	4.49%	1,558	3.96%
Unappropriated profit	9,608	60.66%	12,448	53.56%	17,522	69.09%	23,182	70.53%	21,801	62.78%	24,981	63.53%
	9,808	61.92%	12,648	54.42%	17,722	69.88%	23,382	71.14%	23,559	67.84%	26,739	68.00%
Fair value gain on available-for-sale investments	10	0.06%	5	0.02%	20	0.08%	17	0.05%	10	0.03%	21	0.05%
	11,132	70.28%	14,624	62.92%	19,713	77.73%	25,370	77.19%	25,934	74.68%	29,125	74.07%
NON CURRENT LIABILITIES												
Long term loans and murabaha finance	-	0.00%	1,620	6.97%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Long term deposits	413	2.61%	445	1.91%	471	1.86%	477	1.45%	457	1.32%	467	1.19%
Deferred liabilities	2,530	15.97%	2,602	11.20%	3,266	12.88%	4,091	12.45%	5,565	16.03%	6,398	16.27%
	2,943	18.58%	4,667	20.08%	3,737	14.74%	4,568	13.90%	6,022	17.34%	6,865	17.46%
CURRENT LIABILITIES AND PROVISIONS												
Current portion of long term loans and murabaha finance	-	0.00%	1,080	4.65%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Interest accrued on long term loans and murabaha finance	-	0.00%	70	0.30%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Trade and other payables	1,554	9.81%	2,158	9.29%	1,602	6.32%	2,227	6.78%	2,292	6.60%	2,287	5.82%
Provision for income tax	211	1.33%	642	2.76%	308	1.21%	703	2.14%	477	1.37%	1,045	2.66%
	1,765	11.14%	3,950	17.00%	1,910	7.53%	2,930	8.91%	2,769	7.97%	3,332	8.47%
CONTINGENCIES AND COMMITMENTS												
TOTAL EQUITY AND LIABILITIES	15,840	100.00%	23,241	100.00%	25,360	100.00%	32,868	100.00%	34,725	100.00%	39,322	100.00%
FIXED ASSETS												
Property, plant and equipment	1,250	7.89%	1,639	7.05%	2,109	8.32%	2,642	8.04%	4,013	11.56%	4,095	10.41%
Development and decommissioning costs	4,580	28.91%	4,861	20.92%	6,012	23.71%	6,435	19.58%	7,664	22.07%	10,476	26.64%
Exploration and evaluation assets	-	0.00%	-	0.00%	372	1.47%	1,282	3.90%	3,494	10.06%	2,705	6.88%
	5,830	36.81%	6,500	27.97%	8,493	33.49%	10,359	31.52%	15,171	43.69%	17,276	43.93%
LONG TERM INVESTMENT IN SUBSIDIARY AND ASSOCIATED COMPANIES	2,168	13.69%	8,056	34.66%	8,056	31.77%	9,616	29.26%	9,616	27.69%	9,616	24.45%
OTHER LONG TERM INVESTMENTS	375	2.37%	279	1.20%	603	2.38%	522	1.59%	128	0.37%	138	0.35%
LONG TERM LOANS AND ADVANCES	13	0.08%	12	0.05%	7	0.03%	11	0.03%	10	0.03%	13	0.03%
CURRENT ASSETS												
Stores and spares	695	4.39%	1,567	6.74%	2,280	8.99%	2,298	6.99%	2,794	8.05%	2,641	6.72%
Stock in trade	30	0.19%	63	0.27%	69	0.27%	58	0.18%	89	0.26%	87	0.22%
Trade debts	1,083	6.84%	2,490	10.71%	2,344	9.24%	1,800	5.48%	1,827	5.26%	2,584	6.57%
Advances, deposits, prepayments and other receivables	273	1.72%	229	0.99%	260	1.03%	702	2.14%	1,144	3.29%	650	1.65%
Short term investments	133	0.84%	121	0.52%	75	0.30%	77	0.23%	-	0.00%	2,277	5.79%
Cash and bank balances	5,240	33.08%	3,924	16.88%	3,173	12.51%	7,425	22.59%	3,946	11.36%	4,040	10.27%
	7,454	47.06%	8,394	36.12%	8,201	32.34%	12,360	37.60%	9,800	28.22%	12,279	31.23%
TOTAL ASSETS	15,840	100.00%	23,241	100.00%	25,360	100.00%	32,868	100.00%	34,725	100.00%	39,322	100.00%

VERTICAL ANALYSIS

	2005		2006		2007		2008		2009		2010	
	(Rs in million)	%	(Rs in million)	%	(Rs in million)	%	(Rs in million)	%	(Rs in million)	%	(Rs in million)	%
PROFIT & LOSS ACCOUNT												
Net Sales	8,463	100.00%	14,650	100.00%	14,239	100.00%	16,739	100.00%	14,047	100.00%	17,845	100.00%
Cost of Sales	3,072	36.30%	4,894	33.41%	5,689	39.95%	6,156	36.78%	5,755	40.97%	6,959	39.00%
Gross profit	5,391	63.70%	9,756	66.59%	8,550	60.05%	10,583	63.22%	8,292	59.03%	10,886	61.00%
Exploration costs	703	8.31%	1,239	8.46%	923	6.48%	1,024	6.12%	2,057	14.64%	1,606	9.00%
	4,688	55.39%	8,517	58.14%	7,627	53.56%	9,559	57.11%	6,235	44.39%	9,280	52.00%
Administration expenses	32	0.38%	52	0.35%	50	0.35%	53	0.32%	47	0.33%	73	0.41%
Finance cost	15	0.18%	377	2.57%	226	1.59%	389	2.32%	512	3.64%	284	1.59%
Other charges	315	3.72%	553	3.77%	568	3.99%	647	3.87%	533	3.79%	709	3.97%
	362	4.28%	982	6.70%	844	5.93%	1,089	6.51%	1,092	7.77%	1,066	5.97%
	4,326	51.12%	7,535	51.43%	6,783	47.64%	8,470	50.60%	5,143	36.61%	8,214	46.03%
Other operating income	611	7.22%	739	5.04%	913	6.41%	1,392	8.32%	2,042	14.54%	1,377	7.72%
Operating profit	4,937	58.34%	8,274	56.48%	7,696	54.05%	9,862	58.92%	7,185	51.15%	9,591	53.75%
Gain on sale of shares of an associated company	-	0.00%	-	0.00%	-	0.00%	1,558	9.31%	-	0.00%	-	0.00%
PROFIT BEFORE TAXATION	4,937	58.34%	8,274	56.48%	7,696	54.05%	11,420	68.22%	7,185	51.15%	9,591	53.75%
Provision for taxation	1,174	13.87%	2,149	14.67%	1,757	12.34%	2,804	16.75%	1,567	11.16%	2,154	12.07%
PROFIT FOR THE YEAR	3,763	44.46%	6,126	41.82%	5,939	41.71%	8,616	51.47%	5,618	39.99%	7,437	41.68%
CASH FLOWS												
Operating activities	4,953	94.52%	5,822	148.37%	5,387	169.78%	9,144	123.15%	5,489	139.10%	9,297	147.17%
Investing activities	(3,186)	-60.80%	(7,229)	-184.23%	(1,969)	-62.05%	(2,129)	-28.67%	(4,333)	-109.81%	(2,770)	-43.85%
Financing activities	(1,640)	-31.30%	79	2.01%	(4,178)	-131.67%	(2,959)	-39.85%	(5,034)	-127.57%	(4,248)	-67.25%
Cash and cash equivalents at year end	5,240	100.00%	3,924	100.00%	3,173	100.00%	7,425	100.00%	3,946	100.00%	6,317	100.00%

HORIZONTAL ANALYSIS

	2005		2006		2007		2008		2009		2010	
	(Rs in million)	%	(Rs in million)	%	(Rs in million)	%	(Rs in million)	%	(Rs in million)	%	(Rs in million)	%
BALANCE SHEET												
SHARE CAPITAL AND RESERVES												
Authorised capital	2,000	100.00%	2,000	100.00%	5,000	250.00%	5,000	250.00%	5,000	250.00%	5,000	250.00%
Issued, subscribed and paid-up capital	1,314	100.00%	1,971	150.00%	1,971	150.00%	1,971	150.00%	2,365	179.98%	2,365	179.98%
Revenue reserves												
Insurance reserve	200	100.00%	200	100.00%	200	100.00%	200	100.00%	200	100.00%	200	100.00%
Investment reserve	-		-		-		-		1,558		1,558	
Unappropriated profit	9,608	100.00%	12,448	129.56%	17,522	182.37%	23,182	241.28%	21,801	226.90%	24,981	260.00%
	9,808	100.00%	12,648	128.96%	17,722	180.69%	23,382	238.40%	23,559	240.20%	26,739	272.62%
Fair value gain on available-for-sale investments	10	100.00%	5	50.00%	20	200.00%	17	170.00%	10	100.00%	21	210.00%
	11,132	100.00%	14,624	131.37%	19,713	177.08%	25,370	227.90%	25,934	232.97%	29,125	261.63%
NON CURRENT LIABILITIES												
Long term loans and murabaha finance	-		1,620		-		-		-		-	
Long term deposits	413	100.00%	445	107.75%	471	114.04%	477	115.50%	457	110.65%	467	113.08%
Deferred liabilities	2,530	100.00%	2,602	102.85%	3,266	129.09%	4,091	161.70%	5,565	219.96%	6,398	252.89%
	2,943	100.00%	4,667	158.58%	3,737	126.98%	4,568	155.22%	6,022	204.62%	6,865	233.27%
CURRENT LIABILITIES AND PROVISIONS												
Current portion of long term loans and murabaha finance	-		1,080		-		-		-		-	
Interest accrued on long term loans and murabaha finance	-		70		-		-		-		-	
Trade and other payables	1,554	100.00%	2,158	138.87%	1,602	103.09%	2,227	143.31%	2,292	147.49%	2,287	147.17%
Provision for income tax	211	100.00%	642	304.27%	308		703	333.18%	477	226.07%	1,045	495.26%
	1,765	100.00%	3,950	223.80%	1,910	108.22%	2,930	166.01%	2,769	156.88%	3,332	188.78%
CONTINGENCIES AND COMMITMENTS												
TOTAL EQUITY AND LIABILITIES	15,840	100.00%	23,241	146.72%	25,360	160.10%	32,868	207.50%	34,725	219.22%	39,322	248.24%
FIXED ASSETS												
Property, plant and equipment	1,250	100.00%	1,639	131.12%	2,109	168.72%	2,642	211.36%	4,013	321.04%	4,095	327.60%
Development and decommissioning costs	4,580	100.00%	4,861	106.14%	6,012	131.27%	6,435	140.50%	7,664	167.34%	10,476	228.73%
Exploration and evaluation assets	-		-		372		1,282		3,494		2,705	
	5,830	100.00%	6,500	111.49%	8,493	145.68%	10,359	177.68%	15,171	260.22%	17,276	296.33%
LONG TERM INVESTMENT IN SUBSIDIARY AND ASSOCIATED COMPANIES												
	2,168	100.00%	8,056	371.59%	8,056	371.59%	9,616	443.54%	9,616	443.54%	9,616	443.54%
OTHER LONG TERM INVESTMENTS												
	375	100.00%	279	74.40%	603	160.80%	522	139.20%	128	34.13%	138	36.80%
LONG TERM LOANS AND ADVANCES												
	13	100.00%	12	92.31%	7	53.85%	11	84.62%	10	76.92%	13	100.00%
CURRENT ASSETS												
Stores and spares	695	100.00%	1,567	225.47%	2,280	328.06%	2,298	330.65%	2,794	402.01%	2,641	380.00%
Stock in trade	30	100.00%	63	210.00%	69	230.00%	58	193.33%	89	296.67%	87	290.00%
Trade debts	1,083	100.00%	2,490	229.92%	2,344	216.44%	1,800	166.20%	1,827	168.70%	2,584	238.60%
Advances, deposits, prepayments and other receivables	273	100.00%	229	83.88%	260	95.24%	702	257.14%	1,144	419.05%	650	238.10%
Short term investments	133	100.00%	121	90.98%	75	56.39%	77	57.89%	-	0.00%	2,277	1,712.03%
Cash and bank balances	5,240	100.00%	3,924	74.89%	3,173	60.55%	7,425	141.70%	3,946	75.31%	4,040	77.10%
	7,454	100.00%	8,394	112.61%	8,201	110.02%	12,360	165.82%	9,800	131.47%	12,279	164.73%
TOTAL ASSETS	15,840	100.00%	23,241	146.72%	25,360	160.10%	32,868	207.50%	34,725	219.22%	39,322	248.24%

HORIZONTAL ANALYSIS

	2005		2006		2007		2008		2009		2010	
	(Rs in million)	%	(Rs in million)	%	(Rs in million)	%	(Rs in million)	%	(Rs in million)	%	(Rs in million)	%
PROFIT & LOSS ACCOUNT												
Net Sales	8,463	100.00%	14,650	173.11%	14,239	168.25%	16,739	197.79%	14,047	165.98%	17,845	210.86%
Cost of Sales	3,072	100.00%	4,894	159.31%	5,689	185.19%	6,156	200.39%	5,755	187.34%	6,959	226.53%
Gross profit	5,391	100.00%	9,756	180.97%	8,550	158.60%	10,583	196.31%	8,292	153.81%	10,886	201.93%
Exploration costs	703	100.00%	1,239	176.24%	923	131.29%	1,024	145.66%	2,057	292.60%	1,606	228.45%
	4,688	100.00%	8,517	181.68%	7,627	162.69%	9,559	203.90%	6,235	133.00%	9,280	197.95%
Administration expenses	32	100.00%	52	162.50%	50	156.25%	53	165.63%	47	146.88%	73	228.13%
Finance cost	15	100.00%	377	2513.33%	226	1506.67%	389	2593.33%	512	3413.33%	284	1,893.33%
Other charges	315	100.00%	553	175.56%	568	180.32%	647	205.40%	533	169.21%	709	225.08%
	362	100.00%	982	271.27%	844	233.15%	1,089	300.83%	1,092	301.66%	1,066	294.48%
	4,326	100.00%	7,535	174.18%	6,783	156.80%	8,470	195.79%	5,143	118.89%	8,214	189.88%
Other operating income	611	100.00%	739	120.95%	913	149.43%	1,392	227.82%	2,042	334.21%	1,377	225.37%
Operating profit	4,937	100.00%	8,274	167.59%	7,696	155.88%	9,862	199.76%	7,185	145.53%	9,591	194.27%
Gain on sale of shares of an associated company	-		-		-		1,558		-		-	
PROFIT BEFORE TAXATION	4,937	100.00%	8,274	167.59%	7,696	155.88%	11,420	231.31%	7,185	145.53%	9,591	194.27%
Provision for taxation	1,174	100.00%	2,149	183.05%	1,757	149.66%	2,804	238.84%	1,567	133.48%	2,154	183.48%
PROFIT FOR THE YEAR	3,763	100.00%	6,126	162.80%	5,939	157.83%	8,616	228.97%	5,618	149.30%	7,437	197.63%
CASH FLOWS												
Operating activities	4,953	100.00%	5,822	117.55%	5,387	108.76%	9,144	184.62%	5,489	110.82%	9,297	187.70%
Investing activities	(3,186)	100.00%	(7,229)	226.90%	(1,969)	61.80%	(2,129)	66.82%	(4,333)	136.00%	(2,770)	86.94%
Financing activities	(1,640)	100.00%	79	-4.82%	(4,178)	254.76%	(2,959)	180.43%	(5,034)	306.95%	(4,248)	259.02%
Cash and cash equivalents at year end	5,240	100.00%	3,924	74.89%	3,173	60.55%	7,425	141.70%	3,946	75.31%	6,317	120.55%

SIX YEARS AT A GLANCE

(Rupees millions unless otherwise stated)

	2005	2006	2007	2008	2009	2010
PROFIT & LOSS SUMMARY						
Net Sales						
Crude oil	5,011	9,034	7,676	9,811	7,052	8,238
Gas	1,863	3,187	3,187	3,185	3,734	5,587
POLGAS-Refill of cylinders	1,337	2,164	3,116	3,437	2,984	3,784
LPG	47	31	4	3	4	1
Solvent oil	58	214	237	231	228	224
Sulphur	23	20	19	72	45	11
Reversal of sales tax provision	124	-	-	-	-	-
Total Net sales	8,463	14,650	14,239	16,739	14,047	17,845
Cost of sales	3,072	4,894	5,689	6,156	5,755	6,959
Gross profit	5,391	9,756	8,550	10,583	8,292	10,886
Exploration costs	703	1,239	923	1,024	2,057	1,606
Administration expenses	32	52	50	53	47	73
Other charges	315	553	568	647	533	709
Finance cost	15	377	226	389	512	284
Other operating income	611	739	913	1,392	2,042	1,377
Operating profit	4,937	8,274	7,696	9,862	7,185	9,591
Gain on sale of shares of an associated company	-	-	-	1,558	-	-
Profit before tax	4,937	8,274	7,696	11,420	7,185	9,591
Taxation	1,174	2,149	1,757	2,804	1,567	2,154
Profit after tax	3,763	6,126	5,939	8,616	5,618	7,437
Earnings before interest, taxes, depreciation and amortization (EBITDA)	5,704	9,569	8,958	12,879	8,431	11,227
Dividends	1,643	2,464	2,957	3,154	4,258	6,032
BALANCE SHEET SUMMARY						
Paid-up capital	1,314	1,971	1,971	1,971	2,365	2,365
Reserves	210	205	220	217	1,768	1,779
Unappropriated profit	9,608	12,448	17,522	23,182	21,801	24,981
Deferred liabilities	2,530	2,602	3,266	4,091	5,564	6,398
Long term deposits	413	445	471	477	457	467
Long term loan	-	1,620	-	-	-	-
Current liabilities	1,765	3,950	1,910	2,930	2,769	3,332
Fixed assets (less depreciation)	1,250	1,639	2,109	2,642	4,013	4,095
Development and decommissioning costs	4,580	4,861	6,012	6,435	7,664	10,476
Exploration and evaluation assets	-	-	372	1,282	3,494	2,705
Long term investments	2,543	8,335	8,659	10,138	9,744	9,754
Other long term assets	13	12	7	11	10	13
Current assets	7,454	8,394	8,201	12,360	9,800	12,279
CASH FLOWS						
Operating activities	4,953	5,822	5,387	9,144	5,489	9,297
Investing activities	(3,186)	(7,229)	(1,969)	(2,129)	(4,333)	(2,770)
Financing activities	(1,640)	79	(4,178)	(2,959)	(5,034)	(4,248)
Cash and cash equivalents at year end	5,240	3,924	3,173	7,425	3,946	6,317

SIX YEARS AT A GLANCE

(Rupees millions unless otherwise stated)

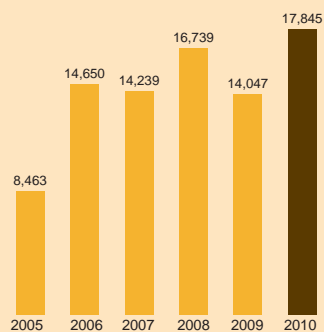
		2005	2006	2007	2008	2009	2010
KEY FINANCIAL RATIOS							
Net profit	%	44.46	41.82	41.71	51.47	39.99	41.68
Gross profit	%	63.70	66.59	60.05	63.22	59.03	61.00
Current ratio	Time	4.22	2.13	4.29	4.22	3.54	3.69
Quick ratio	Time	3.81	1.71	3.05	3.41	2.50	2.83
Debtors turnover	Time	9.13	8.20	5.89	8.08	7.75	8.09
Average collection period	Days	39.98	44.51	61.97	45.17	47.10	45.12
Total assets turnover	Time	0.59	0.75	0.59	0.57	0.42	0.48
Fixed assets turnover	Time	1.61	2.38	1.90	1.78	1.10	1.10
Return on average capital employed	%	37.36	47.57	34.59	38.22	21.90	27.01
Return on equity	%	33.80	41.89	30.13	33.96	21.66	25.53
Debt: equity ratio ¹	%	-	15.59	-	-	-	-
EBITDA margin to sales	%	67.39	65.32	62.91	76.94	60.02	62.92
Interest cover	Time	-	30.61	86.33	-	-	-
Inventory turnover ²	Time	-	-	-	-	-	-
Inventory turnover ²	Days	-	-	-	-	-	-
Creditors turnover ²	Time	-	-	-	-	-	-
Average payment period ²	Days	-	-	-	-	-	-
Operating cycle ²	Time	-	-	-	-	-	-
SHARES AND EARNINGS							
Break-up value (Net assets/shares)	Rs	84.71	74.19	100.00	128.70	109.64	123.13
Market value /share at year end	Rs	281.40	334.80	317.00	364.84	145.90	215.90
Market value/share-high during the year	Rs	369.00	722.00	386.95	435.00	369.48	254.00
Market value/share-low during the year	Rs	192.00	279.50	296.00	275.45	78.00	146.15
Market value/share-average during the year	Rs	241.38	435.45	343.47	343.69	185.73	216.51
Price earning ratio	Times	9.83	10.77	10.52	8.35	6.14	6.87
Earnings per share - basic	Rs	28.63	31.08	30.13	43.71	23.75	31.44
Earnings per share - restated	Rs	15.91	25.90	25.11	36.42	23.75	31.44
Cash dividend per share	Rs	12.50	15.00	15.00	16.00	18.00	25.50
Cash dividend payout	%	43.66	40.22	49.79	36.61	75.79	81.11
Cash dividend yield	%	5.10	4.87	4.60	4.69	7.05	14.10
Cash dividend cover	%	229.03	248.62	200.85	273.18	131.94	123.29
Bonus shares	%	-	50.00	-	20.00	-	-
OTHER INFORMATION							
Contribution to national exchequer		2,813	5,624	5,579	6,647	4,475	5,021
Foreign exchange savings(US \$ million)		180	299	278	370	229	410
Market capitalization (Rs millions)		36,980	65,996	62,488	71,918	34,512	51,070

¹ Not applicable as the Company does not have debt.

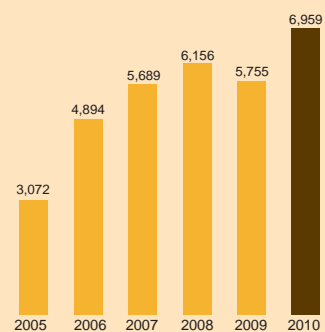
² Not applicable in view of the nature of the Company's business

SIX YEARS AT A GLANCE

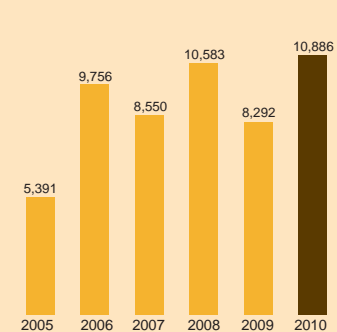
Net sales (Rs in million)



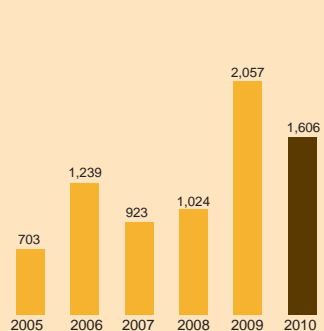
Cost of sales (Rs in million)



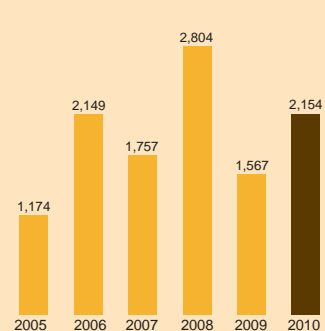
Gross profit (Rs in million)



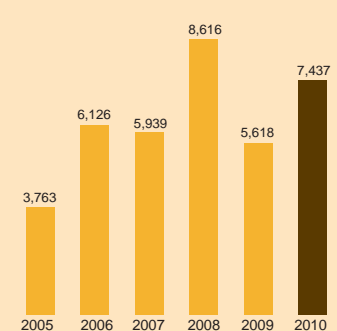
Exploration costs (Rs in million)



Taxation (Rs in million)

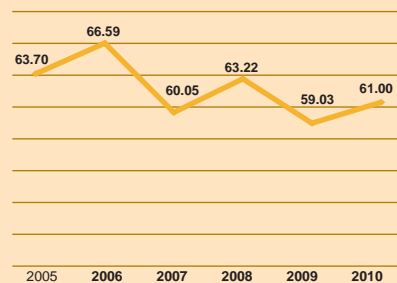


Profit after tax (Rs in million)

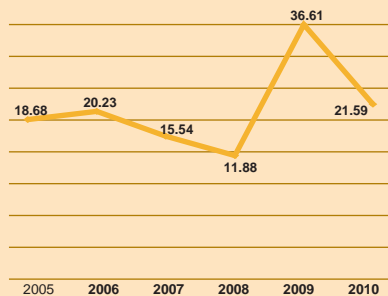


SIX YEARS AT A GLANCE

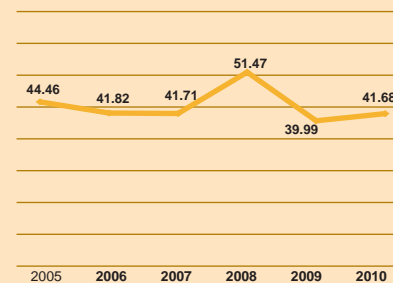
Gross profit margin (%)



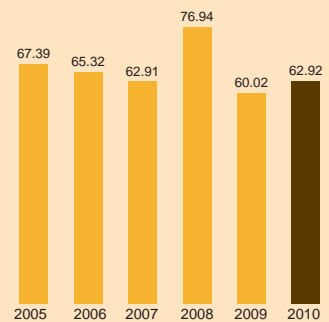
Exploration Cost as % of Profits (%)



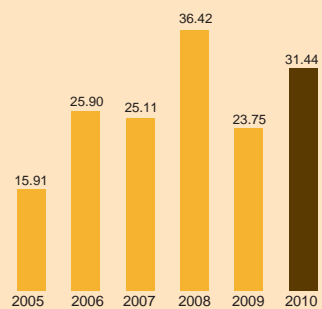
Net profit margin (%)



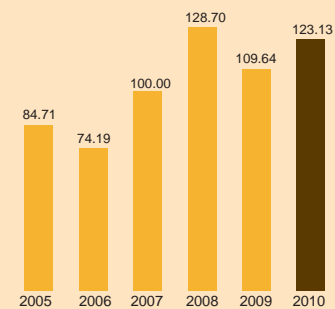
EBITDA margin to sales (Rs in million)



Earning per share (Rs)

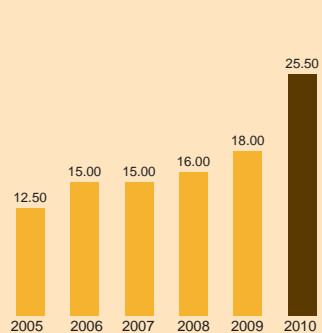


Break-up value per share (Rs)

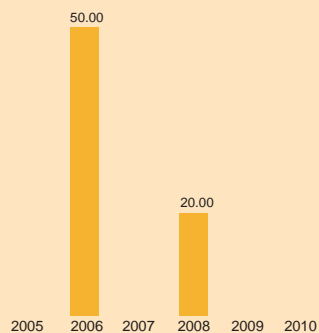


SIX YEARS AT A GLANCE

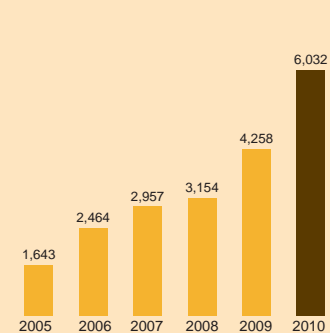
Dividend per share (Rs)



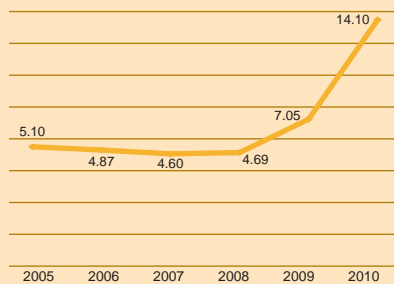
Bonus shares (%)



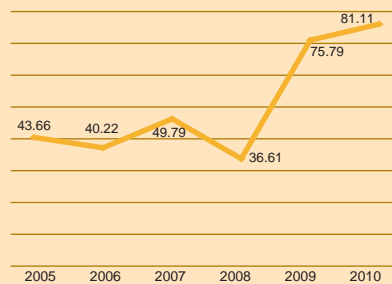
Cash dividend payout (Rs in million)



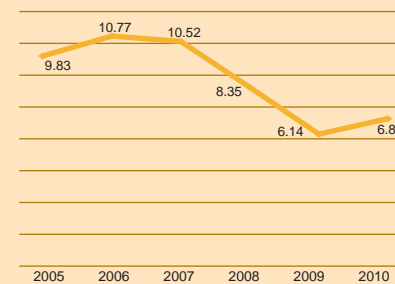
Cash dividend yield (%)



Cash dividend payout (%)

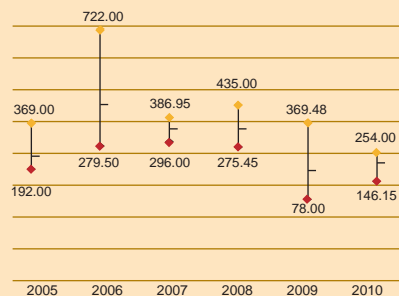


Price earnings ratio (%)

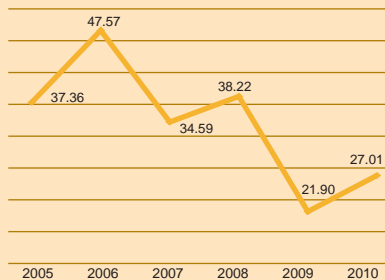


SIX YEARS AT A GLANCE

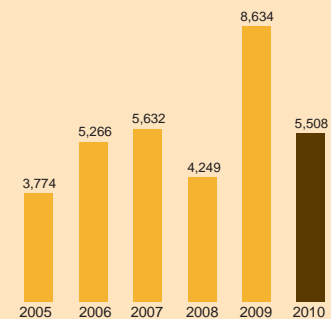
Market value per share (High-Low) (Rs)



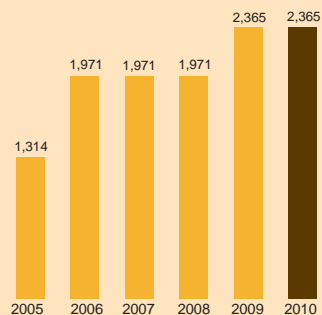
Return on capital employed (%)



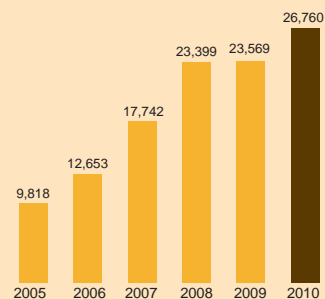
No. of shareholders



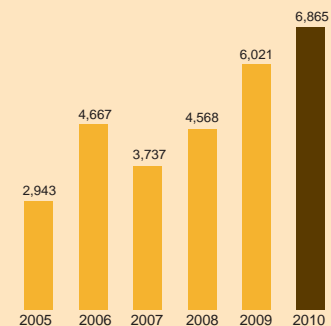
Paid up capital (Rs in million)



Reserves (Rs in million)

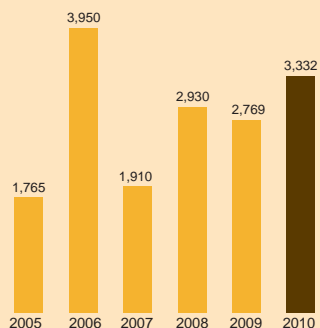


Non current liabilities (Rs in million)

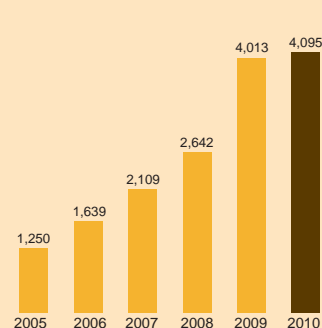


SIX YEARS AT A GLANCE

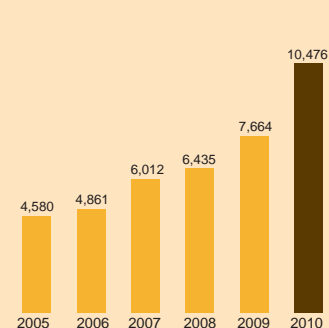
Current liabilities (Rs in million)



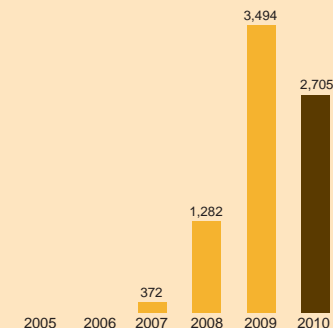
Fixed assets (Rs in million)



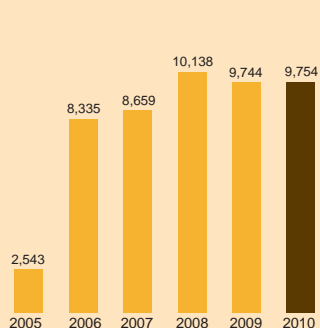
Development and decommissioning cost (Rs in million)



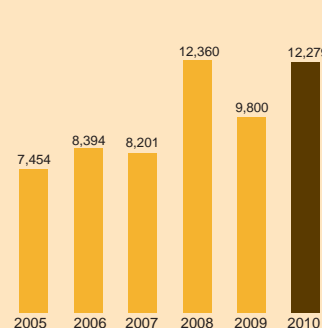
Exploration and evaluation assets (Rs in million)



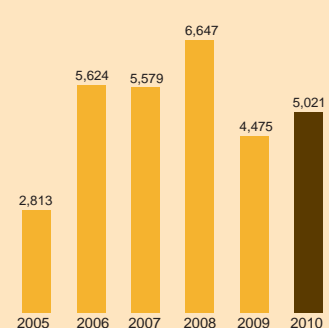
Long term investments (Rs in million)



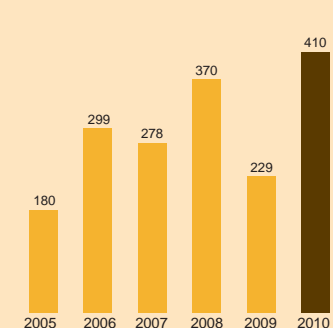
Current assets (Rs in million)



Contribution to exchequer (Rs in million)



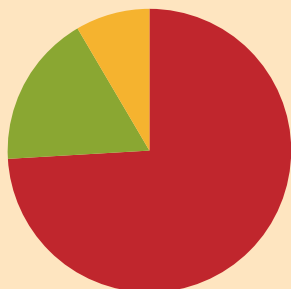
Foreign exchange savings (US\$ in million)



BALANCE SHEET COMPOSITION

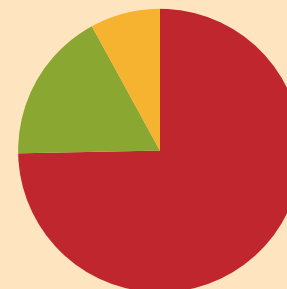
SHARE CAPITAL & RESERVES

June 30, 2010



- Shareholders' equity 74%
- Non-current liabilities 17%
- Current liabilities and provisions 9%

June 30, 2009



- Shareholders' equity 75%
- Non-current liabilities 17%
- Current liabilities and provisions 8%

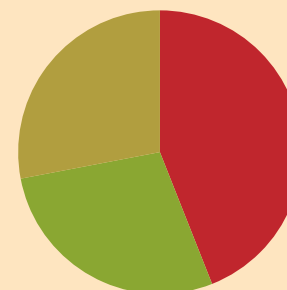
ASSETS

June 30, 2010



- Fixed assets 44%
- Investment in subsidiary and associated companies 25%
- Current assets 31%

June 30, 2009



- Fixed assets 44%
- Investment in subsidiary and associated companies 28%
- Current assets 28%

SHAREHOLDING IN EXPLORATION LICENSES AND D&P / MINING LEASES

Exploration License	Operator	Interest %
Ikhlas	Pakistan Oilfields Limited	80.00
Kirthar South	Pakistan Oilfields Limited	85.00
D.G. Khan	Pakistan Oilfields Limited	100.00
Rajanpur	Pakistan Oilfields Limited	100.00
Gurgalot	Oil & Gas Development Company Limited	20.00
Tal Block	MOL Pakistan Oil and Gas Co. B.V	25.00
Margala	MOL Pakistan Oil and Gas Co. B.V	30.00
Margala North	MOL Pakistan Oil and Gas Co. B.V	30.00
D&P / Mining Lease		
Balkassar	Pakistan Oilfields Limited	100.00
Dhulian	Pakistan Oilfields Limited	100.00
Joyamair	Pakistan Oilfields Limited	100.00
Khaur	Pakistan Oilfields Limited	100.00
Meyal / Uchri	Pakistan Oilfields Limited	100.00
Minwal	Pakistan Oilfields Limited	82.50
Pariwali	Pakistan Oilfields Limited	82.50
Pindori	Pakistan Oilfields Limited	35.00
Turkwal	Pakistan Oilfields Limited	67.37
Adhi	Pakistan Petroleum Limited	11.00
Chaknaurang	Oil & Gas Development Company Limited	15.00
Bhangali	Orient Petroleum International Inc.	7.00
Dhurnal	Orient Petroleum International Inc.	5.00
Ratana	Orient Petroleum International Inc.	4.5450
Sara / Suri	Tullow Pakistan (Developments) Limited	14.5451
Kotra	Oil & Gas Development Company Limited	24.00
Manzalai	MOL Pakistan Oil and Gas Co. B.V	25.00 *
Makori	MOL Pakistan Oil and Gas Co. B.V	25.00 *

* Pre-Commerciality interest



Financial Statements

REVIEW REPORT TO THE MEMBERS

A.F. FERGUSON & CO.

CHARTERED ACCOUNTANTS

KARACHI - LAHORE - ISLAMABAD

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Pakistan Oilfields Limited (the Company) to comply with the Listing Regulations of the respective Stock Exchanges, where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

Further, Sub - Regulation (xiii a) of Listing Regulations 35 notified by The Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated January 19, 2009 requires the Company to place before the board of directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the board of directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance, as applicable to the Company for the year ended June 30, 2010.



Chartered Accountants
Islamabad
September 30, 2010

Engagement partner: M. Imtiaz Aslam

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

for the year ended June 30, 2010

This statement is being presented to comply with the Code of Corporate Governance contained in the listing regulations of the Karachi, Lahore and Islamabad Stock Exchanges for the purpose of establishing a framework of good corporate governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the Board comprises of seven directors out of which five are non-executive directors and two are independent directors.
2. None of the directors is serving as a director in more than ten listed companies, including this Company.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs. None of the directors is a member of a stock exchange.
4. Casual vacancy, occurred on the Board on March 15, 2010 was filled within a period of 30 days from the creation of the vacancy.
5. The Company has prepared a 'Statement of Ethics and Business Practices', which has been signed by all the directors and employees of the Company.
6. The Board has developed vision and mission statements, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms of conditions of employment of the CEO and other executive directors, have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter. Written notices of Board meetings, along with the agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Board has been provided with detailed in-house briefings to apprise the directors of their duties and responsibilities.
10. The Board has approved the appointment of the CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment, as determined by the CEO.
11. The directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters to be disclosed.

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

for the year ended June 30, 2010

12. The financial statements of the Company were duly endorsed by the CEO and CFO before approval of the Board.
13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the Code.
15. The Board has formed an audit committee. It comprises three members, all of whom are non-executive directors including the chairman of the committee.
16. The meetings of the audit committee were held at least once every quarter prior to approval of the interim and final results of the Company and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The Board has set up an effective internal audit function.
18. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on the code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.
19. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
20. The related party transactions have been placed before the audit committee and approved by the Board of Directors to comply with the requirements of listing regulations of the Karachi stock Exchange (Guarantee) Limited.
21. We confirm that all other material principles contained in the Code have been complied.



Shuaib A. Malik
Chief Executive

Damascus, Syria
September 30, 2010

AUDITOR'S REPORT TO THE MEMBERS

A.F. FERGUSON & CO.

CHARTERED ACCOUNTANTS

KARACHI - LAHORE - ISLAMABAD

We have audited the annexed balance sheet of Pakistan Oilfields Limited as at June 30, 2010 and the related profit and loss account, statement of comprehensive income, 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 the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the changes as stated in note 3.1 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, statement of comprehensive income, 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, 2010 and of the profit, total comprehensive income, 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.



Chartered Accountants

Islamabad
September 30, 2010

Engagement Partner: M. Imtiaz Aslam

BALANCE SHEET

As at June 30, 2010

	Note	2010 Rupees ('000)	2009
SHARE CAPITAL AND RESERVES			
Authorised capital	6	5,000,000	5,000,000
Issued, subscribed and paid up capital	6	2,365,459	2,365,459
REVENUE RESERVES			
Fair value gain on available-for-sale investments	7	26,738,220	23,559,280
		21,067	9,703
		29,124,746	25,934,442
NON CURRENT LIABILITIES			
Long term deposits	8	466,963	456,653
Deferred liabilities	9	6,398,264	5,564,589
		6,865,227	6,021,242
CURRENT LIABILITIES AND PROVISIONS			
Trade and other payables	10	2,287,213	2,292,210
Provision for income tax		1,045,053	476,704
		3,332,266	2,768,914
CONTINGENCIES AND COMMITMENTS			
	11		
		39,322,239	34,724,598

BALANCE SHEET

As at June 30, 2010

	Note	2010	2009
		Rupees ('000)	
FIXED ASSETS			
Property, plant and equipment	12	4,095,007	4,012,534
Development and decommissioning costs	13	10,475,686	7,664,320
Exploration and evaluation assets	14	2,705,298	3,494,244
		17,275,991	15,171,098
LONG TERM INVESTMENTS IN SUBSIDIARY AND ASSOCIATED COMPANIES			
	15	9,615,603	9,615,603
OTHER LONG TERM INVESTMENTS			
	16	138,565	128,208
LONG TERM LOANS AND ADVANCES			
	17	12,939	10,379
CURRENT ASSETS			
Stores and spares	18	2,641,060	2,793,760
Stock in trade	19	87,533	89,371
Trade debts	20	2,583,641	1,826,472
Advances, deposits, prepayments and other receivables	21	649,686	1,144,027
Short term investments	22	2,276,865	-
Cash and bank balances	23	4,040,356	3,945,680
		12,279,141	9,799,310
		39,322,239	34,724,598

The annexed notes 1 to 40 form an integral part of these financial statements.



Shuaib A. Malik
Chief Executive



Abdus Sattar
Director

PROFIT AND LOSS ACCOUNT

for the year ended June 30, 2010

	Note	2010 Rupees ('000)	2009 Rupees ('000)
SALES		19,305,844	15,082,346
Sales tax		(1,461,237)	(1,035,526)
NET SALES	24	17,844,607	14,046,820
Operating costs	25	(4,082,487)	(3,512,244)
Excise duty and development surcharge		(172,174)	(134,517)
Royalty		(1,595,972)	(1,206,106)
Amortisation of development and decommissioning costs		(1,107,538)	(901,628)
		(6,958,171)	(5,754,495)
GROSS PROFIT		10,886,436	8,292,325
Exploration costs	26	(1,606,385)	(2,057,509)
		9,280,051	6,234,816
Administration expenses	27	(73,326)	(46,852)
Finance cost	28	(283,746)	(512,412)
Other charges	29	(709,163)	(532,603)
		(1,066,235)	(1,091,867)
		8,213,816	5,142,949
Other operating income	30	1,376,950	2,041,869
PROFIT BEFORE TAXATION		9,590,766	7,184,818
Provision for taxation	31	(2,154,000)	(1,566,531)
PROFIT FOR THE YEAR		7,436,766	5,618,287
Earnings per share - Basic and diluted (Rupees)	36	31.44	23.75

The annexed notes 1 to 40 form an integral part of these financial statements.



Shuaib A. Malik
Chief Executive



Abdus Sattar
Director

STATEMENT OF COMPREHENSIVE INCOME

for the year ended June 30, 2010

	2010	2009
	Rupees ('000)	
Profit for the year	7,436,766	5,618,287
Other comprehensive income		
Fair value gain/(loss) on available-for-sale investments - net of tax	11,364	-
TOTAL COMPREHENSIVE INCOME	7,448,130	5,618,287

The annexed notes 1 to 40 form an integral part of these financial statements.



Shuaib A. Malik
Chief Executive



Abdus Sattar
Director

CASH FLOW STATEMENT

for the year ended June 30, 2010

	Note	2010	2009
		Rupees ('000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers		17,604,531	14,372,698
Operating and exploration costs paid		(5,654,772)	(6,830,571)
Royalty paid		(1,503,566)	(1,294,322)
Taxes paid		(1,149,651)	(758,309)
Cash provided by operating activities		9,296,542	5,489,496
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed assets additions		(3,626,428)	(6,138,686)
Proceeds from disposal of property, plant and equipment		21,936	30,701
Other investments		-	443,423
Income on bank deposits and held-to-maturity investments		463,483	797,093
Dividend income received		371,037	534,874
Cash used in investing activities		(2,769,972)	(4,332,595)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(4,247,951)	(5,033,749)
Cash used in financing activities		(4,247,951)	(5,033,749)
EFFECT OF EXCHANGE RATE CHANGES			
		92,922	397,803
INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		2,371,541	(3,479,045)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		3,945,680	7,424,725
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		6,317,221	3,945,680

The annexed notes 1 to 40 form an integral part of these financial statements.



Shuaib A. Malik
Chief Executive



Abdus Sattar
Director

STATEMENT OF CHANGES IN EQUITY

for the year ended June 30, 2010

	Share capital	Revenue reserves			Fair value gain/ (loss) on available-for-sale investments	Total
		Insurance reserve	Investment reserve	Unappropriated profit		
-----Rupees ('000) -----						
Balance at June 30, 2008	1,971,216	200,000	-	23,181,549	17,151	25,369,916
Total comprehensive income for the year:						
Profit for the year after taxation	-	-	-	5,618,287	-	5,618,287
Other comprehensive income	-	-	-	-	(7,448)	(7,448)
	-	-	-	5,618,287	(7,448)	5,610,839
Transfer to investment reserve	-	-	1,557,794	(1,557,794)	-	-
Transactions with owners:						
Final dividend @ Rs 16 per share relating to the year ended June 30, 2008	-	-	-	(3,153,946)	-	(3,153,946)
Issue of Bonus Shares	394,243	-	-	(394,243)	-	-
Interim dividend @ Rs 8 per share relating to the year ended June 30, 2009	-	-	-	(1,892,367)	-	(1,892,367)
Total transactions with owners	394,243	-	-	(5,440,556)	-	(5,046,313)
Balance at June 30, 2009	2,365,459	200,000	1,557,794	21,801,486	9,703	25,934,442
Total comprehensive income for the year:						
Profit for the year after taxation	-	-	-	7,436,766	-	7,436,766
Other comprehensive income	-	-	-	-	11,364	11,364
	-	-	-	7,436,766	11,364	7,448,130
Transactions with owners:						
Final dividend @ Rs 10 per share relating to the year ended June 30, 2009	-	-	-	(2,365,459)	-	(2,365,459)
Interim dividend @ Rs 8 per share relating to the year ended June 30, 2010	-	-	-	(1,892,367)	-	(1,892,367)
Total transactions with owners	-	-	-	(4,257,826)	-	(4,257,826)
Balance at June 30, 2010	2,365,459	200,000	1,557,794	24,980,426	21,067	29,124,746

The annexed notes 1 to 40 form an integral part of these financial statements.



Shuaib A. Malik
Chief Executive



Abdus Sattar
Director

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended June 30, 2010

1. LEGAL STATUS AND OPERATIONS

The Company is incorporated in Pakistan as a public limited company and its shares are quoted on Stock Exchanges in Pakistan. The registered office of the Company is situated at Morgah, Rawalpindi. The Company is principally engaged in exploration, drilling and production of crude oil and gas. Its activities also include marketing of liquefied petroleum gas under the brand name POLGAS and transmission of petroleum. The Company is a subsidiary of The Attock Oil Company Limited, UK and its ultimate parent is Bay View International Group S.A.

2. STATEMENT OF COMPLIANCE

These are separate financial statements of the Company. These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

3. ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS

3.1 Changes in accounting policies and disclosures:

- (i) International Accounting Standard - 1 (Revised) (IAS 1 (Revised)), 'Presentation of Financial Statements' (effective for annual periods beginning on or after January 1, 2009). All 'non-owner changes in equity' are required to be presented separately in a performance statement. Companies can choose either to present one performance statement (statement of comprehensive income) or two statements (profit and loss account and statement of comprehensive income). The Company has adopted the two statements approach to reflect these changes. The adoption of IAS 1 (Revised) does not materially affect the computations of the results except some changes in presentation and disclosures.
- (ii) IFRS - 8, 'Operating Segments' IFRS - 8 replaces IAS - 14, 'Segment Reporting' (effective for annual periods beginning on or after January 1, 2009). The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions. The management has determined that the Company has a single reportable segment as the Board of Directors views the Company's operations as one reportable segment. The adoption of this standard has therefore only resulted in some additional entity-wide disclosures as given in note 32 to these financial statements.

3.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company:

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended June 30, 2010

	Effective for periods beginning on or after
IFRS 2 Share-based Payment (Amendments)	January 1, 2010
IFRS 5 Non-current Assets Held for Sale and Discontinued Operations (Amendments)	January 1, 2010
IFRS 8 Operating Segments (Amendments)	January 1, 2010
IAS 1 Presentation of Financial Statements (Amendments)	January 1, 2010
IAS 7 Statement of Cash Flows (Amendments)	January 1, 2010
IAS 17 Leases (Amendments)	January 1, 2010
IAS 24 Related Party Disclosures (Revised)	January 1, 2011
IAS 32 Financial Instruments: Presentation (Amendments)	February 1, 2010
IAS 36 Impairment of Assets (Amendments)	January 1, 2010
IAS 39 Financial instruments: Recognition and Measurement (Amendments)	January 1, 2010
IFRIC 14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (Amendments)	January 1, 2011
IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments	July 1, 2010

Management anticipates that adoption of the above standards, amendments and interpretations in future periods will have no material impact on the Company's financial statements except for changes in presentation and disclosures.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of measurement

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

4.2 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions. The management has determined that the Company has a single reportable segment as the Board of Directors views the Company's operations as one reportable segment.

4.3 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 Pakistan Rupees, which is the Company's functional currency.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended June 30, 2010

4.4 Foreign currency transactions and translation

Transactions in foreign currencies are recorded at the rates of exchange ruling on the date of transaction. All assets and liabilities in foreign currencies are translated into rupees at the rates of exchange ruling on the date of the balance sheet. Exchange differences are dealt with through the profit and loss account.

4.5 Taxation

Provision for current taxation is based on taxable income at applicable tax rates, adjusted for royalty payments to the Government.

Deferred tax is accounted for on all temporary differences using the liability method. Deferred tax liability has been calculated at the estimated effective rate of 30% after taking into account availability of future depletion allowance and set off available in respect of royalty payments to the Government.

4.6 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.

4.7 Provision for decommissioning cost

Provision for decommissioning cost is recognised in full for development wells and production facilities. The amount recognised is the present value of the estimated cost to abandon a well and remove production facilities. A corresponding intangible asset of an amount equivalent to the provision is also created and is amortized on unit of production basis over the total proved developed reserves of the field or @ 5% where the life of a field is more than 20 years.

Most of these abandonment and removal events are many years in the future and the precise requirements that will have to be met when the abandonment and removal event actually occurs are uncertain. Abandonment and asset removal technologies and costs are constantly changing, as are political, environmental, safety and public expectations. Consequently, the timing and amount of future cash flows are subject to significant uncertainty.

The timing and amount of future expenditures are reviewed annually, together with the interest rate to be used in discounting the cash flows.

The effect of changes resulting from revisions to the estimate of the liability are incorporated on a prospective basis.

The decommissioning cost has been discounted at a real discount rate of 5% p.a. (2009: 5%). The increase in provision due to unwinding of discount is recorded as finance cost.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended June 30, 2010

4.8 Employee compensated absences

The Company provides for compensated absences for all eligible employees in accordance with the rules of the Company.

4.9 Staff retirement benefits

The Company operates the following staff retirement benefits plans:

- (i) A pension plan for its management staff and a gratuity plan for its management and non-management staff. The pension and gratuity plans are invested through approved trust funds. Both are defined benefit final salary plans. The pension and gratuity plans are complementary plans for management staff. Pension payable to management staff is reduced by an amount determined by the actuary equivalent to amount paid by the gratuity fund. Actuarial valuations are conducted annually using the "Projected Unit Credit Method" and the latest valuation was conducted as at June 30, 2010. Since both are complementary plans, combined details and valuation for pension plan and gratuity plan are given in note 35. Actuarial gains and losses are amortized over the expected remaining service of employees.
- (ii) Approved contributory provident funds for all employees for which contributions of Rs 18,114 thousand (2009:Rs 18,834 thousand) are charged to income for the year.

4.10 Trade and other payables

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

4.11 Contingent liabilities

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

4.12 Property, plant and equipment

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended June 30, 2010

Depreciation is provided on straight line method at rates specified in note 12 to the financial statements. Depreciation is charged on additions from the month the asset become available for the intended use upto the month in which these are derecognized.

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

4.13 Exploration assets/costs and development costs

4.13.1 Exploration and development costs are accounted for using the “Successful Efforts Method” of accounting.

4.13.2 Exploration costs

All exploration costs, other than those relating to exploratory drilling, are charged to income as incurred. Exploratory drilling costs i.e. costs directly associated with drilling of an exploratory well, are initially capitalized pending determination of proven reserves. These costs are either charged to income if no proved reserves are found or transferred to development costs if proved reserves are found.

All capitalized costs are subject to review for impairment at least once a year and any impairment determined is immediately charged to income.

4.13.3 Development costs

Development costs are stated at cost less accumulated amortization and impairment losses. Expenditure on drilling of development wells, including unsuccessful development wells, is capitalized within development costs. Capitalized development costs are amortized on a unit of production basis over the total proved developed reserves of the field or @ 5% per annum where the life of the field is more than 20 years.

4.14 Investments in subsidiary and associated companies

These investments are carried at cost less impairment losses. The profits and losses of the subsidiary and associated companies are carried forward in the financial statements of the subsidiary and associated companies and not dealt within or for the purpose of these financial statements except to the extent of dividend declared by the subsidiary and associated companies. Gain and loss on disposal of investment is included in income currently.

4.15 Stores and spares

Stores and spares are valued at cost determined on moving average formula less allowance for obsolete items. Stores in transit are stated at invoice value plus other charges paid thereon.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended June 30, 2010

4.16 Stock in trade

Stocks are valued at the lower of average annual cost (including appropriate production overheads) and net realisable value. Net realisable value is determined on the basis of estimated selling price of the product in the ordinary course of business less costs necessary to be incurred for its sale.

4.17 Impairment of non-financial assets

Assets that have an indefinite useful life, for example land, are not subject to depreciation and are tested annually for impairment. Assets that are subject to depreciation are reviewed for impairment at each balance sheet date, or wherever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount for which the asset's carrying amount exceeds its recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each balance sheet date. Reversals of the impairment loss are restricted to the original cost of the asset. An impairment loss or reversal of impairment loss is recognised in income for the year.

4.18 Financial instruments

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 in case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. All financial assets and liabilities other than at fair value through profit or loss assets and liabilities are initially recognised at fair value plus transaction costs. Financial assets and liabilities carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are charged to income for the year. These are subsequently measured at fair value, amortised cost or cost, as the case may be. Any gain or loss on derecognition of financial assets and financial liabilities is included in income for the year.

4.19 Financial assets

The Company classifies its financial assets in the following categories: investments at fair value through profit or loss, held-to-maturity investments, loans and receivables, and available for sale investments. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the company commits to purchase or sell the asset.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended June 30, 2010

(i) Investments at fair value through profit or loss

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 charged directly to income. The fair value of such investments is determined on the basis of prevailing market prices.

(ii) Held-to-maturity investments

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 amortised cost less impairment losses.

(iii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The Company's loans and receivables comprise 'Long term loans and advances', 'Trade debts', 'Advances, deposits, prepayments and other receivables', and 'Cash and bank balances' in the balance sheet. Loans and receivables are carried at amortized cost using the effective interest method less allowance for any uncollectible amounts.

An allowance for uncollectible amounts is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms. Significant financial difficulties of the counter party, probability that the counter party will enter bankruptcy or financial reorganization, and default or delinquency in payments (more than the credit period specified in sales agreements) are considered indicators that the amount is uncollectible. When the amount is uncollectible, it is written off against the allowance.

(iv) Available-for-sale investments

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Available-for-sale investments are initially recognised at cost and carried at fair value at the balance sheet date. Fair value of a quoted investment is determined in relation to its market value (current bid prices) at the balance sheet date. If the market for a financial asset is not active (and for unlisted securities), the Company establishes fair value by using valuation techniques/ Net Asset Values (NAVs) quoted by the respective Asset Management Company. Adjustment arising from remeasurement of investment to fair value is recorded in the statement of comprehensive income and taken to income on disposal of the investment or when the investment is determined to be impaired.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended June 30, 2010

4.20 Impairment of financial assets

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

4.21 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 setoff the recognised amounts and the Company intends to settle on a net basis, or realise the asset and settle the liability simultaneously.

4.22 Revenue recognition

Revenue from sales is recognised on despatch of products to customers. Revenue from services is recognised when the related services are rendered. Effect of adjustment, if any, arising from revision in sale price is reflected as and when the prices are finalized with the customers and/or approved by the Government.

Income on held-to-maturity investments and bank deposits is recognised on time proportion basis using the effective yield method.

Dividend income is recognised when the right to receive dividend is established.

4.23 Joint ventures

The Company's share in transactions and balances related to joint venture operations in which the Company has a working interest is accounted for on the basis of latest available audited accounts of the joint venture and where applicable, the cost statements received from the operator of the joint venture, for the intervening period up to the balance sheet date.

4.24 Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash in hand, demand deposits and other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value, and finances under mark up arrangements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended June 30, 2010

4.25 Dividend distribution

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

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with approved accounting standards requires the use of certain accounting estimates. It also requires management to exercise judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectation of future events that are believed to be reasonable under the circumstances. The areas where various 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 investment in associated companies - note 15
- ii) Estimated crude oil/gas reserves used for amortisation of development and decommissioning costs - note 13
- iii) Estimated useful life of property, plant and equipment - note 12
- iv) Estimated costs and discount rate used for provision for decommissioning cost - note 9
- v) Price adjustment related to crude oil sales - note 4.22
- vi) Staff retirement benefits - note 35
- vii) Provision for taxation - note 31

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended June 30, 2010

	2010	2009
	Rupees ('000)	
6. SHARE CAPITAL		
Authorised capital		
500,000,000 (2009: 500,000,000) ordinary shares of Rs 10 each	5,000,000	5,000,000
Issued, subscribed and paid up capital		
Shares issued for cash		
20,200,000 (2009: 20,200,000) ordinary shares	202,000	202,000
Shares issued as fully paid bonus shares		
At beginning of the year	2,163,459	1,769,216
Shares issued during the year	-	394,243
216,345,920 (2009: 216,345,920) ordinary shares	2,163,459	2,163,459
236,545,920 (2009: 236,545,920) ordinary shares of Rs 10 each	2,365,459	2,365,459

The Company is a subsidiary of The Attock Oil Company Limited which held 127,143,424 (2009: 127,143,424) ordinary shares at the year end.

	2010	2009
	Rupees ('000)	
7. REVENUE RESERVES		
Insurance reserve - note 7.1	200,000	200,000
Investment reserve - note 7.2	1,557,794	1,557,794
Unappropriated profit	24,980,426	21,801,486
	26,738,220	23,559,280

7.1 The Company has set aside an insurance reserve for self insurance of assets which have not been insured and for deductibles against insurance claims.

7.2 The Company has set aside gain on sale of investments as investment reserve to meet any future losses/impairment on investments.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended June 30, 2010

	2010	2009
	Rupees ('000)	
8. LONG TERM DEPOSITS		
Security deposits from distributors against POLGAS equipment	429,150	419,759
Security deposits from distributors against POLGAS distributorship and others	37,813	36,894
	466,963	456,653
9. DEFERRED LIABILITIES		
Provision for deferred income tax - note 9.1	3,633,350	3,197,350
Provision for decommissioning cost - note 9.2	2,755,741	2,358,481
Provision for staff compensated absences	9,173	8,758
	6,398,264	5,564,589
9.1 Provision for deferred income tax		
The provision for deferred income tax represents:		
Temporary differences between accounting and tax depreciation/amortisation	3,665,515	3,221,743
Provision for stores and spares	(32,072)	(24,300)
Provision for doubtful receivable	(93)	(93)
	3,633,350	3,197,350
9.2 Provision for decommissioning cost		
Balance brought forward	2,358,481	1,920,312
Revision due to change in estimates	(89,802)	(124,765)
Provision during the year	205,182	56,979
Unwinding of discount - note 28	158,511	141,726
Exchange loss - note 28	123,369	364,229
	2,755,741	2,358,481

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended June 30, 2010

	2010	2009
	Rupees ('000)	
10. TRADE AND OTHER PAYABLES		
Creditors	153,532	145,215
Due to related parties		
Attock Hospital (Pvt) Limited	214	82
Attock Information Technology Services (Pvt) Limited	9,328	13,740
Capgas (Pvt) Limited	1,187	425
Staff Provident Fund	-	639
Gratuity Fund - note 35.1	127,569	183,208
General Staff Provident Fund	-	3,916
Workers' Profit Participation Fund - note 10.1	511,172	509,236
Joint venture partners		
The Attock Oil Company Limited	25,815	20,075
Others	98,164	539,781
Accrued liabilities	543,178	394,797
Advance payment from customers	22,863	29,039
Royalty	216,984	124,578
Sales tax	100,591	29,053
Excise duty	7,837	7,251
Workers' Welfare Fund	414,778	247,501
Liability for staff compensated absences	8,821	8,369
Unclaimed dividends	45,180	35,305
	2,287,213	2,292,210

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended June 30, 2010

	2010	2009
	Rupees ('000)	
10.1 Workers' Profit Participation Fund		
Balance at beginning of the year	509,236	534,890
Add: Amount allocated for the year	513,886	385,944
Less: Amount paid to the Fund's trustees	511,950	411,598
	511,172	509,236
11. CONTINGENCIES AND COMMITMENTS		
(i) Tax demands raised in respect of tax years 2004, 2005 and 2006 consequent to difference in interpretation by tax authorities related to calculation of tax liability and depletion allowance, which has not been accepted by the Company and presently contested at the Income Tax Appellate Tribunal (ITAT) forum.	446,857	446,857
(ii) Capital expenditure commitments outstanding		
Share in Joint Ventures	7,167,820	4,278,912
Own fields	894,124	662,060
(iii) Guarantee's issued by banks on behalf of the Company to third parties	40,175	40,175
12. PROPERTY, PLANT AND EQUIPMENT		
Operating assets - note 12.1	3,989,650	1,860,913
Capital work in progress - note 12.5	105,357	2,151,621
	4,095,007	4,012,534

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended June 30, 2010

12.1 Operating assets

	Freehold land	Buildings	Pipelines and pumps	Plant and machinery Field plants	Rigs	Gas cylinders	Motor vehicles	Chattels	Computer and software development	Total
-----Rupees ('000)-----										
As at July 1, 2008										
Cost	12,486	190,542	456,514	3,059,796	318,428	449,469	198,169	68,548	108,743	4,862,695
Accumulated depreciation	-	(89,290)	(313,891)	(1,675,376)	(229,262)	(317,627)	(95,814)	(47,534)	(85,876)	(2,854,670)
Net book value	12,486	101,252	142,623	1,384,420	89,166	131,842	102,355	21,014	22,867	2,008,025
Year ended June 30, 2009										
Opening net book value	12,486	101,252	142,623	1,384,420	89,166	131,842	102,355	21,014	22,867	2,008,025
Additions	1,302	3,128	29,900	119,374	36,065	27,927	27,979	5,847	36,370	287,892 *
Disposals										
Cost	-	(1,058)	(734)	(49,399)	(31,642)	(48,923)	(7,885)	(14,249)	(8,871)	(162,761) *
Depreciation	-	934	704	45,333	20,814	37,514	6,851	13,043	8,703	133,896 *
Depreciation charge	-	(124)	(30)	(4,066)	(10,828)	(11,409)	(1,034)	(1,206)	(168)	(28,865) *
Closing net book value	13,788	94,306	146,125	1,264,112	91,736	91,601	96,324	20,754	42,167	1,860,913
As at July 1, 2009										
Cost	13,788	192,612	485,680	3,129,771	322,851	428,473	218,263	60,146	136,242	4,987,826
Accumulated depreciation	-	(98,306)	(339,555)	(1,865,659)	(231,115)	(336,872)	(121,939)	(39,392)	(94,075)	(3,126,913)
Net book value	13,788	94,306	146,125	1,264,112	91,736	91,601	96,324	20,754	42,167	1,860,913
Year ended June 30, 2010										
Opening net book value	13,788	94,306	146,125	1,264,112	91,736	91,601	96,324	20,754	42,167	1,860,913
Additions	4,611	6,697	353,110	2,279,049	66,917	12,717	9,439	21,704	37,682	2,791,926 *
Disposals										
Cost	-	-	(590)	(133,569)	(2,441)	(4,276)	(4,933)	-	-	(145,809) *
Depreciation	-	-	541	78,050	2,362	3,925	4,933	-	-	89,811 *
Depreciation charge	-	-	(49)	(55,519)	(79)	(351)	-	-	-	(55,998) *
Closing net book value	18,399	91,932	397,481	3,121,783	130,083	68,640	72,568	35,888	52,876	3,989,650
As at June 30, 2010										
Cost	18,399	199,309	838,200	5,275,251	387,327	436,914	222,769	81,850	173,924	7,633,943
Accumulated depreciation	-	(107,377)	(440,719)	(2,153,468)	(257,244)	(368,274)	(150,201)	(45,962)	(121,048)	(3,644,293)
Net book value	18,399	91,932	397,481	3,121,783	130,083	68,640	72,568	35,888	52,876	3,989,650
Annual rate of Depreciation (%)	-	5	10	10	10	10	20	12.5	25	

* Additions and disposals include inter-transfers of assets having book value of Rs 55,568 thousand; cost of Rs 133,812 thousand and depreciation of Rs 78,244 thousand (2009: book value of Rs 15,938 thousand; cost of Rs 77,614 thousand and depreciation of Rs 61,676 thousand).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended June 30, 2010

12.2 Cost and accumulated depreciation include:

	Cost		Accumulated depreciation	
	2010	2009	2010	2009
	Rupees ('000)		Rupees ('000)	
Share in Joint Ventures operated by the Company	1,190,378	1,182,325	721,342	651,507
Share in Joint Ventures operated by others (assets not in possession of the Company)	3,394,642	931,559	636,862	373,957
	4,585,020	2,113,884	1,358,204	1,025,464

12.3 The depreciation charge has been allocated as follows:

Operating cost - note 25		479,082	303,630
Other income - Rig rental		31,418	26,151
- Crude transportation income		18,447	14,682
		49,865	40,833
Inter-transfers		78,244	61,676
		607,191	406,139

12.4 Property, plant and equipment disposals:

The detail of property, plant and equipment disposals, having net book value in excess of Rs 50,000 is as follows:

	Original cost	Book value	Sale proceeds	Mode of disposal	Particulars of purchaser
	-----Rupees ('000) -----				
Plant and machinery – Rigs					
Drill collars	1,184	79	5,561	Replacement cost	Pindori Joint Venture

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended June 30, 2010

12.5 Capital work in progress

	Buildings	Plant and machinery / Pipelines and pumps	Computers and software development	Total
	----- Rupees ('000) -----			
Balance as at July 1, 2008	1,515	626,248	6,078	633,841
Additions during the year	-	1,520,007	10,974	1,530,981
Transfers during the year	-	(13,201)	-	(13,201)
Balance as at June 30, 2009	1,515	2,133,054	17,052	2,151,621
Balance as at July 1, 2009	1,515	2,133,054	17,052	2,151,621
Additions during the year	1,125	225,034	3,687	229,846
Transfers during the year	-	(2,257,349)	(18,761)	(2,276,110)
Balance as at June 30, 2010	2,640	100,739	1,978	105,357

	2010	2009
	Rupees ('000)	

12.6 Break up of capital work in progress at June 30 is as follows:

Own fields		37,107	35,511
Share in Joint Ventures operated by the Company	- Ikhlas	64,786	-
Share in Joint Ventures operated by others			
MOL Pakistan Oil and Gas Company B.V.	- TAL Block	143	2,114,086
Pakistan Petroleum Limited	- Adhi	2,619	2,024
Oil and Gas Development Company Limited	- Chak Naurang	702	-
		105,357	2,151,621

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended June 30, 2010

	2010	2009
	Rupees ('000)	
13. DEVELOPMENT AND DECOMMISSIONING COSTS		
Development cost		
Balance brought forward	7,436,988	6,105,966
Additions during the year	857,764	1,906,905
Successful wells cost transferred from exploration and evaluation assets – note 14	2,945,760	291,273
	11,240,512	8,304,144
Amortisation for the year	(1,064,418)	(867,156)
	10,176,094	7,436,988
Decommissioning cost		
Balance brought forward	227,332	329,590
Revision due to change in estimates	(89,802)	(124,765)
Additions during the year	205,182	56,979
	342,712	261,804
Amortisation for the year	(43,120)	(34,472)
	299,592	227,332
	10,475,686	7,664,320
14. EXPLORATION AND EVALUATION ASSETS		
Balance brought forward	3,494,244	1,281,794
Additions during the year	3,004,169	3,373,607
	6,498,413	4,655,401
Successful wells cost transferred to development cost – note 13	(2,945,760)	(291,273)
Dry and abandoned wells cost charged to the profit and loss account – note 26	(847,355)	(869,884)
	2,705,298	3,494,244

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended June 30, 2010

		2010	2009
		Rupees ('000)	
14.1 Break up of exploration and evaluation assets at June 30 is as follows:			
Own fields	- Meyal Uchri	-	1,929,430
Share in Joint Ventures operated by the Company	- Kirthar South	-	24,921
	- Ikhlas	1,893,493	702,025
Share in Joint Ventures operated by others			
MOL Pakistan Oil and Gas Company B.V.	- TAL Block	787,649	588,478
Oil and Gas Development Company Limited	- Margala	8,308	-
	- Gurgalot	-	249,390
	- Chak Naurang	15,848	-
		2,705,298	3,494,244

	2010		2009	
	Percentage holding	Amount Rs ('000)	Percentage holding	Amount Rs ('000)
15. LONG TERM INVESTMENTS IN SUBSIDIARY AND ASSOCIATED COMPANIES - AT COST				
Subsidiary company				
Unquoted				
Capgas (Private) Limited				
344,250 (2009: 344,250) fully paid ordinary shares including				
191,250 (2009: 191,250) bonus shares of Rs 10 each	51	1,530	51	1,530
Associated companies				
Quoted				
National Refinery Limited - note 15.1				
19,991,640 (2009: 19,991,640) fully paid ordinary shares including				
3,331,940 (2009: 3,331,940) bonus shares of Rs 10 each				
Quoted market value as at June 30, 2010:				
Rs 3,655,471 thousand (2009: Rs 4,398,561 thousand)	25	8,046,635	25	8,046,635
Attock Petroleum Limited (APL) - 15.2				
4,042,080 (2009: 4,042,080) fully paid ordinary shares including				
673,680 (2009: 673,680) bonus shares of Rs 10 each				
Quoted market value as at June 30, 2010:				
Rs 1,171,193 thousand; (2009: Rs 1,287,443 thousand)	7	1,562,938	7	1,562,938
Unquoted				
Attock Information Technology Services (Pvt) Limited (AITSL)				
450,000 (2009: 450,000) fully paid ordinary shares of Rs 10 each	10	4,500	10	4,500
		9,615,603	9,615,603	

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended June 30, 2010

All associated and subsidiary companies are incorporated in Pakistan. Although the Company has less than 20 percent shareholding in APL and AITSL, these have been treated as associates since the Company has representation on their Board of Directors.

- 15.1** 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 a gross profit margin of 3.91% (2009: 5.38%), a terminal growth rate of 3% (2009: 3%) and a capital asset pricing model based discount rate of 17.90% (2009:18.05%).
- 15.2** Based on a valuation analysis carried out by the Company, the recoverable amount of investment in Attock Petroleum 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 a gross profit margin of 4.58% (2009: 5.16%), a terminal growth rate of 3% (2009: 4.5%) and a capital asset pricing model based discount rate of 17.90% (2009: 18.05%).

		2010	2009
		Rupees ('000)	
16.	OTHER LONG TERM INVESTMENTS		
	Held-to-maturity investments - at cost		
	Pakistan Investment Bonds - note 16.1	53,022	54,029
	Available-for-sale investments - at fair value - note 16.2	85,543	74,179
		138,565	128,208
16.1	Pakistan Investment Bonds		
	Final Maturity date		
	Mark up %		
	30-06-2013	53,022	54,029

The fair value of held-to-maturity investments at June 30, 2010 was Rs 48,494 thousand (2009: 49,312 thousand).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended June 30, 2010

	2010	2009
	Rupees ('000)	
16.2 Available-for-sale investments - at fair value		
Balance at the beginning of the year	74,179	438,997
Additions during the year	100,000	-
Deletions during the year	(100,000)	(323,120)
Impairment loss recognized during the year	-	(34,250)
Fair value gain/(loss) transferred to statement of comprehensive income	11,364	(7,448)
Balance at the end of the year	85,543	74,179

	2010			2009	
	Number of shares/units	Cost less impairment loss	Adjustment arising from remeasurement to fair value	Fair value	Fair value
	-----	-----	-----	----- Rupees ('000) -----	
16.2.1 Available-for-sale investments at June 30 include the following:					
Listed securities:					
Atlas Fund of Funds	5,250,000	15,750	5,250	21,000	15,750
Pakistan Telecommunication Company Limited	250,000	9,462	(5,012)	4,450	4,310
Hub Power Company Limited	250,000	9,263	(1,273)	7,990	6,773
Oil and Gas Development Company Limited	29	1	3	4	2
Unlisted securities:					
Atlas Asset Management Company	92,251	30,000	22,099	52,099	47,344
		64,476	21,067	85,543	74,179

16.2.2 The fair value of listed securities is based on quoted market prices at the balance sheet date. The quoted market price used is the current bid price. The fair values of unlisted securities are the Net Asset Values (NAV) as at June 30, 2010 as quoted by the respective Asset Management Company.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended June 30, 2010

	2010	2009
	Rupees ('000)	
17. LONG TERM LOANS AND ADVANCES, CONSIDERED GOOD		
Executives - note 17.1	10,767	7,339
Other employees	22,897	20,161
	33,664	27,500
Less: Amount due within twelve months, shown under current loans and advances - note 21	20,725	17,121
	12,939	10,379

17.1 Movement in loans to Executives

	Balance as at June 30, 2009	Disbursements	Repayments	Balance as at June 30, 2010
	----- Rupees ('000) -----			
Executives	7,339	15,349	11,921	10,767

17.2 Loans and advances to employees are for general purpose and for house rent advance which are recoverable in upto 60 and 36 equal monthly installments respectively and are secured by an amount due to the employee against provident fund. These loans and advances are interest free. These do not include any amount receivable from the Chief Executive and Directors. The aggregate maximum amount due from the Chief Executive and Executives at the end of any month during the year was Rs Nil and Rs 11,662 thousand (2009: Rs 762 and Rs 8,884 thousand) respectively.

	2010	2009
	Rupees ('000)	
18. STORES AND SPARES		
Stores and spares - note 18.1	2,747,966	2,874,760
Less: Provision for slow moving items - note 18.2	106,906	81,000
	2,641,060	2,793,760

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended June 30, 2010

	2010	2009
	Rupees ('000)	
18.1 Stores and spares include:		
Share in Joint Ventures operated by the Company	125,719	133,622
Share in Joint Ventures operated by others (assets not in possession of the Company)	706,581	479,880
	<u>832,300</u>	<u>613,502</u>
18.2 Provision for slow moving items		
Balance brought forward	81,000	81,000
Provision for the year	26,000	-
Stores written off during the year	(94)	-
	<u>106,906</u>	<u>81,000</u>
19. STOCK IN TRADE		
Crude oil and other products	87,533	89,371
These include Rs 18,699 thousand (2009: Rs 15,192 thousand) being the Company's share in Joint Ventures operated by the Company.		
20. TRADE DEBTS - CONSIDERED GOOD		
Due from related parties - note 20.1	1,192,422	1,245,754
Others	1,391,219	580,718
	<u>2,583,641</u>	<u>1,826,472</u>
20.1 Due from related parties		
Associated companies		
Attock Refinery Limited	1,179,743	1,233,559
Attock Petroleum Limited	12,679	12,195
	<u>1,192,422</u>	<u>1,245,754</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended June 30, 2010

	2010	2009
	Rupees ('000)	
21. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES		
Loans and advances - considered good		
Employees - note 17	20,725	17,121
Suppliers	36,807	5,058
	57,532	22,179
Trade deposits and short term prepayments		
Deposits	55,548	25,991
Short-term prepayments	136,659	199,439
	192,207	225,430
Interest income accrued	12,861	46,946
Other receivables		
Joint venture partners	145,244	326,555
Due from related parties		
Parent company		
The Attock Oil Company Limited	77,223	317,720
Associated company		
National Refinery Limited	12,566	14,893
Staff Provident Fund	2,708	-
General Staff Provident Fund	386	-
Management Staff Pension Fund - note 35.1	84,155	154,619
Other receivables (net of provision for doubtful receivable Rs 310 thousand (2009: Rs 310 thousand))	64,804	35,685
	387,086	849,472
	649,686	1,144,027

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended June 30, 2010

	2010	2009
	Rupees ('000)	
22. SHORT TERM INVESTMENTS		
Held to maturity Investments:		
Treasury bills maturing within next three months - note 22.1	2,276,865	-
22.1 The effective interest on Treasury bills ranges between 12.01% to 12.10% per annum.		
23. CASH AND BANK BALANCES		
Bank balance on		
Short term deposits	1,790,214	3,265,250
Interest/mark-up bearing saving accounts	2,210,724	594,940
Current accounts	36,021	82,545
	4,036,959	3,942,735
Cash in hand	3,397	2,945
	4,040,356	3,945,680
Balance with banks include foreign currency balances of US \$ 21,114 thousand (2009: US \$ 10,828 thousand). The balances in saving accounts and short term deposits earned interest/mark-up ranging from 0.7% to 12.5% (2009: 4.89% to 19%).		
24. NET SALES		
Crude oil	8,237,631	7,052,369
Gas	5,587,224	3,733,645
POLGAS - Refill of cylinders	3,783,745	2,984,285
Solvent oil	223,672	227,500
Sulphur	11,568	45,278
Liquefied petroleum gas	767	3,743
	17,844,607	14,046,820

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended June 30, 2010

		2010	2009
		Rupees ('000)	
25. OPERATING COSTS			
Operating cost - Own fields		311,338	249,434
- Share in Joint Ventures		1,054,973	1,105,709
Well work over		210,880	514,602
POLGAS -Cost of gas/LPG, carriage etc		1,953,602	1,316,394
Head office and insurance charges		54,704	34,875
Pumping and transportation cost		16,070	19,360
Depreciation - note 12.3		479,082	303,630
		4,080,649	3,544,004
Opening stock of crude oil and other products		89,371	57,611
Closing stock of crude oil and other products		(87,533)	(89,371)
		4,082,487	3,512,244
26. EXPLORATION COSTS			
Geological and geophysical cost			
Own fields		(51)	107,637
Share in Joint Ventures operated by the Company	- Kirthar South	33,732	48,316
	- Hyderabad	-	67
	- Ikhlas	82,045	272,559
	- Pindori	6,757	282
	- DG Khan	12,412	-
	- Rajanpur	12,647	-
Share in Joint Ventures operated by the others			
Pakistan Petroleum Limited	- Adhi	-	34,761
Orient Petroleum International Inc.	- Dhurnal	255	7,488
MOL Pakistan Oil and Gas Company B.V.	- TAL Block	541,958	85,329
	- Margala Block	28,641	292,590
	- Margala North Block	20,452	294,361
Oil and Gas Development Company Limited	- Kotra	6,832	20,470
	- Gurgalot	10,023	12,228
	- Chak Naurang	3,327	11,516
ENI Pakistan Limited	- Manchar Block	-	21
		759,030	1,187,625
Dry and abandoned wells cost - note 14			
Share in Joint Ventures operated by the Company	- Kirthar South	25,164	854,354
	- Ikhlas	-	15,530
Share in Joint Ventures operated by others			
MOL Pakistan Oil and Gas Company B.V.	- TAL Block	331,462	-
Oil and Gas Development Company Limited	- Gurgalot	490,729	-
		847,355	869,884
		1,606,385	2,057,509

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended June 30, 2010

	2010	2009
	Rupees ('000)	
27. ADMINISTRATION EXPENSES		
Establishment charges	116,805	67,996
Telephone and telex	1,035	907
Medical expenses	5,110	3,900
Printing, stationery and publications	8,047	5,747
Insurance	3,174	2,538
Travelling expenses	4,813	3,343
Motor vehicle running expenses	6,533	5,929
Rent, repairs and maintenance	8,146	6,654
Auditor's remuneration - note 27.1	4,079	3,574
Legal and professional charges	2,015	1,591
Stock exchange and CDC fee	1,572	1,681
Computer support and maintenance charges	11,206	6,561
Donations *	300	3,020
Other expenses	1,145	-
	173,980	113,441
Less: Amount allocated to field expenses	100,654	66,589
	73,326	46,852
* No director or his spouse had any interest in the donee institutions.		
27.1 Auditor's remuneration:		
Statutory audit	1,000	750
Review of half yearly accounts, audit of consolidated accounts, staff funds, special certifications	799	699
Tax services	2,100	2,000
Out of pocket expenses	180	125
	4,079	3,574

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended June 30, 2010

	2010	2009
	Rupees ('000)	
28. FINANCE COST		
Provision for decommissioning cost - note 9.2		
- Unwinding of discount	158,511	141,726
- Exchange loss	123,369	364,229
Banks' commission and charges	1,866	6,457
	283,746	512,412
29. OTHER CHARGES		
Workers' profit participation fund	513,886	385,944
Workers' welfare fund	195,277	146,659
	709,163	532,603
30. OTHER OPERATING INCOME		
Income from financial assets		
Income on bank deposits	358,533	770,492
Income on held-to-maturity investments	69,858	6,978
Exchange gain on financial assets	92,922	397,803
Dividend on available-for-sale investments	1,500	4,188
Profit on disposal of available-for-sale investments	694	15,014
Impairment loss on available-for-sale investments	-	(34,250)
Income from investments in subsidiary and associated companies		
Dividend from subsidiary and associated companies - note 30.1	369,537	530,686
Other income		
Rental income (net of related expenses Rs 21,637 thousand; 2009: Rs 8,684 thousand)	154,245	104,371
Rig rental (net of related expenses Rs 152,219 thousand; 2009: Rs 137,177 thousand)	137,893	95,750
Crude oil/gas transportation income (net of related expenses Rs 40,429 thousand; 2009: Rs 36,293 thousand)	119,550	100,972
Gas processing fee	39,665	20,812
Profit on sale of property, plant and equipment	21,506	17,774
Sale of stores and scrap	6,595	1,640
Other	4,452	9,639
	1,376,950	2,041,869

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended June 30, 2010

	2010	2009
	Rupees ('000)	
30.1 Dividend from subsidiary and associated companies		
Subsidiary company		
Capgas (Pvt) Limited	18,590	23,064
Associated companies		
National Refinery Limited	249,895	399,833
Attock Petroleum Limited	101,052	107,789
	369,537	530,686
31. PROVISION FOR TAXATION		
Current		
- for the year	1,460,000	531,531
- for prior period	258,000	-
	1,718,000	531,531
Deferred		
- for the year	773,000	1,035,000
- for prior period	(337,000)	-
	436,000	1,035,000
	2,154,000	1,566,531
31.1 Reconciliation of tax charge for the year		
Accounting profit	9,590,766	7,184,818
* Tax at applicable tax rate of 50.54% (2009: 50.20%)	4,847,173	3,606,779
Tax effect of income that is not taxable or taxable at reduced rates	(198,729)	(684,986)
Tax effect of depletion allowance and royalty payments	(2,415,444)	(1,355,262)
Tax effect of prior year	(79,000)	-
Tax charge for the year	2,154,000	1,566,531

* The applicable tax rate is the weighted average of tax rates applicable to income from oil and gas concessions and income from other activities.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended June 30, 2010

32. OPERATING SEGMENTS

The financial statements have been prepared on the basis of a single reportable segment. Revenue from external customers for products of the Company is disclosed in note 24.

Revenue from two major customers of the Company constitutes 74% of the total revenue during the year ended June 30, 2010 (June 30, 2009: 73%).

33. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in these financial statement in respect of remuneration, including benefits and perquisites to the chief executive, directors and executives of the company are given below:

	Chief Executive		Executives	
	2010	2009	2010	2009
	Rupees ('000)		Rupees ('000)	
Managerial remuneration	4,640	4,184	55,155	49,883
Bonus	2,091	1,741	19,243	16,132
Housing, utility and conveyance	3,428	3,194	51,039	48,711
Company's contribution to pension, gratuity and provident funds	1,816	1,263	22,861	16,478
Leave passage	728	532	7,870	6,036
Other benefits	1,540	1,477	17,022	13,297
	14,243	12,391	173,190	150,537
No. of persons, including those who worked part of the year	1	1	59	53

In addition to remuneration, the Chairman, the Chief Executive and certain executives were provided with use of the Company's cars and residential telephone facilities. The Company also provides medical facilities to its staff.

An honorarium of Rs 319 thousand (2009: Rs 919 thousand) was paid to one non-executive director (2009: two non-executive directors). In addition seven directors and the Chief Executive of the Company were paid meeting fee aggregating Rs 3,560 thousand (2009: Rs Nil) based on actual attendance.

Remuneration of executives are net of charge to subsidiary and associated companies amounting to Rs 10,424 thousand (2009: Rs 8,310 thousand).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended June 30, 2010

34. FINANCIAL INSTRUMENTS

34.1 Financial assets and liabilities

	Held to maturity investments	Loans and receivables	Available-for-sale investments	Total
	----- Rupees ('000) -----			
June 30, 2010				
Financial Assets				
Maturity up to one year				
Trade debts	-	2,583,641	-	2,583,641
Advances , deposits and other receivables	-	476,220	-	476,220
Short term investments	2,276,865	-	-	2,276,865
Cash and bank balances	-	4,040,356	-	4,040,356
Maturity after one year				
Other long term investments	53,022	-	85,543	138,565
Long term loans and advances	-	12,939	-	12,939
	2,329,887	7,113,156	85,543	9,528,586

	Other financial liabilities	Total
	-----Rupees ('000) -----	
Maturity up to one year		
Trade and other payables	2,264,350	2,264,350
Maturity after one year		
Long term deposits	466,963	466,963
Provision for decommissioning cost	2,755,741	2,755,741
Provision for staff compensated absences	9,173	9,173
	5,496,227	5,496,227

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended June 30, 2010

	Held to maturity investments	Loans and receivables	Available-for-sale investments	Total
	----- Rupees ('000) -----			
June 30, 2009				
Financial Assets				
Maturity up to one year				
Trade debts	-	1,826,472	-	1,826,472
Advances , deposits and other receivables	-	939,530	-	939,530
Cash and bank balances	-	3,945,680	-	3,945,680
Maturity after one year				
Other long term investments	54,029	-	74,179	128,208
Long term loans and advances	-	10,379	-	10,379
	54,029	6,722,061	74,179	6,850,269
Financial Liabilities				
			Other financial liabilities	Total
			-----Rupees ('000) -----	
Maturity up to one year				
Trade and other payables			2,263,171	2,263,171
Maturity after one year				
Long term deposits			456,653	456,653
Provision for decommissioning cost			2,358,481	2,358,481
Provision for staff compensated absences			8,758	8,758
			5,087,063	5,087,063

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended June 30, 2010

34.2 Credit quality of financial assets

The credit quality of Company's financial assets have been assessed below by reference to external credit ratings of counterparties determined by The Pakistan Credit Rating Agency Limited (PACRA) and JCR - VIS Credit Rating Company Limited (JCR-VIS). The counterparties for which external credit ratings were not available have been assessed by reference to internal credit ratings determined based on their historical information for any defaults in meeting obligations.

	Rating	2010 Balance Rs ('000)	2009 Balance Rs ('000)
Held-to-maturity investments			
Counterparties without external credit rating			
Securities issued/supported by Government of Pakistan		2,329,887	54,029
Available for sale investments			
Counterparties with external credit rating	5-Star	21,000	15,750
	A M 3 +	52,099	47,344
	A A A	4	2
	A A +	7,990	-
Counterparties without external credit rating			
Equity securities with no defaults in the past		4,450	11,083
		85,543	74,179
Trade debts			
Counterparties with external credit rating	A 1 +	2,521,254	1,789,489
	A 1	11,973	-
Counterparties without external credit rating			
Existing customers/joint venture partners with no default in the past		50,414	36,983
		2,583,641	1,826,472

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended June 30, 2010

	Rating	2010 Balance Rs ('000)	2009 Balance Rs ('000)
Advances, deposits and other receivables			
Counterparties with external credit rating	A 1 +	73,852	164,021
	A 1	6,375	4,953
Counterparties without external credit rating			
Existing customers/joint venture partners with no default in the past		147,378	253,930
Receivable from employees/employee benefit plans		107,974	171,740
Receivable from parent company		77,223	317,720
Others		63,418	27,166
		476,220	939,530
Bank balances			
Counterparties with external credit rating	A 1 +	4,034,289	3,939,077
	A 1	213	2,219
	A 2	2,457	-
	A 2 (RW)	-	124
	A 3	-	1,315
		4,036,959	3,942,735
Long term loans and advances			
Counterparties without external credit rating			
Receivable from employees		12,939	10,379

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended June 30, 2010

34.3 FINANCIAL RISK MANAGEMENT

34.3.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including currency risk, interest rates risk and price risk). The Company's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

(a) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

As of June 30, 2010, trade debts of Rs 250,747 thousand (2009: Rs 436,169 thousand) were past due but not impaired. The ageing analysis of these trade receivables is as follows:

	2010	2009
	Rupees ('000)	
Up to 3 months	16,520	100,882
3 to 6 months	4,478	2,475
6 to 12 months	8,361	70,226
Above 12 months	221,388	262,586
	<u>250,747</u>	<u>436,169</u>

(b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company manages liquidity risk by maintaining sufficient cash and marketable securities. At June 30, 2010, the Company had financial assets of Rs 9,528,586 thousand (2009: Rs 6,850,269 thousand).

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the maturity date. The amounts disclosed in the table are undiscounted cash flows which have been inflated using appropriate inflation rate, where applicable .

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended June 30, 2010

	Less than 1 year	Between 1 to 5 years	Over 5 years
	----- Rupees ' 000 -----		
At June 30, 2010			
Long term deposits	-	466,963	-
Provision for decommissioning cost	-	2,130,436	6,231,054
Provision for staff compensated absences	-	9,173	-
Trade and other payables	2,264,350	-	-
At June 30, 2009			
Long term deposits	-	456,653	-
Provision for decommissioning cost	-	2,238,732	3,160,209
Provision for staff compensated absences	-	8,758	-
Trade and other payables	2,263,171	-	-

(c) Market risk

(i) Currency risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign exchange risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

The Company is exposed to currency risk arising from currency exposure with respect to the US dollar. Currently foreign exchange risk is restricted to trade debts, bank balances, receivable from/payable to joint venture partners, payable to suppliers and provision for decommissioning cost.

Financial assets include Rs 2,990,639 thousand (2009: Rs 2,759,979 thousand) and financial liabilities include Rs 3,078,642 thousand (2009: Rs 3,085,203 thousand) which were subject to currency risk.

If exchange rate had been 10% higher/lower with all other variables held constant, profit after tax for the year would have been Rs 5,720 thousand (2009: Rs 21,139 thousand) lower/higher.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended June 30, 2010

(ii) Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company has no significant long term interest bearing financial assets and liabilities whose fair value or future cash flows will fluctuate because of changes in market interest rates.

Financial assets include balances of Rs 6,330,825 thousand (2009: Rs 3,914,219 thousand) which are subject to interest rate risk. Applicable interest rates for financial assets have been indicated in respective notes.

If interest rates had been 1% higher/lower with all other variables held constant, profit after tax for the year would have been Rs 40,697 thousand (2009: Rs 36,901 thousand) higher/lower, mainly as a result of higher/lower interest income from these financial assets.

(iii) Price risk

Price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Company is exposed to equity securities price risk because of investments held by the Company and classified on the balance sheet as available for sale. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the investment policy of the Company.

Available for sale investments include Rs 85,543 thousand (2009: Rs 74,179 thousand) which were subject to price risk.

34.3.2 Capital risk management

The Company's objectives when managing capital are to ensure the Company's ability not only to continue as a going concern but also to meet its requirements for expansion and enhancement of its business, maximize return of shareholders and optimize benefits for other stakeholders to maintain an optimal capital structure and to reduce the cost of capital.

In order to achieve the above objectives, the Company may adjust the amount of dividends paid to shareholders, issue new shares through bonus or right issue or sell assets to reduce debts or raise debts, if required.

Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. The gearing ratio of the Company has

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended June 30, 2010

always been low since its inception and the Company has mostly financed its projects and business expansions through equity financing. Further, the Company is not subject to externally imposed capital requirements.

34.3.3 Fair value of financial assets and liabilities

Financial assets and liabilities are stated at fair value except for investment in held-to-maturity investments which are stated at amortised cost.

35. STAFF RETIREMENT BENEFITS

The details of actuarial valuation of defined benefit funded plans carried out as at year end are as follows:

	2010	2009
	Rupees ('000)	
35.1 The amounts recognized in the balance sheet are as follows:		
Present value of defined benefit obligations	887,722	760,087
Fair value of plan assets	(667,011)	(590,119)
	220,711	169,968
Unrecognized actuarial gains (losses)	(177,297)	(141,379)
Net liability	43,414	28,589
Amounts in the balance sheet:		
Liability - Gratuity Fund - note 10	127,569	183,208
Asset - Management Staff Pension Fund - note 21	(84,155)	(154,619)
Net liability	43,414	28,589
35.2 The amounts recognized in the profit and loss account are as follows:		
Current service cost	32,474	27,572
Interest cost	91,830	81,479
Expected return on plan assets	(69,259)	(73,264)
Past service cost	-	4,010
Net actuarial losses recognized during the year	10,929	2,175
	65,974	41,972
35.3 Actual return on plan assets	78,175	13,663

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended June 30, 2010

	2010	2009
	Rupees ('000)	
35.4 Changes in the present value of defined benefit obligation are as follows:		
Opening defined benefit obligation	760,087	640,154
Current service cost	32,474	27,572
Interest cost	91,830	81,479
Past service cost	-	4,010
Actuarial losses	55,763	58,936
Benefits paid	(52,432)	(52,064)
Closing defined benefit obligation	887,722	760,087

35.5 Changes in fair value of plan assets are as follows:

Opening fair value of plan assets	590,119	537,513
Expected return	69,259	73,264
Actuarial gain/(losses)	8,916	(59,601)
Contribution by employer	51,149	91,007
Benefits paid	(52,432)	(52,064)
Closing fair value of plan assets	667,011	590,119

The Company expects to contribute Rs 54 million to its defined benefit plans during the year ending June 30, 2011.

35.6 The major categories of plan assets as a percentage of total plan assets of defined pension plan are as follows:

	2010		2009	
	Rupees ('000)	%age	Rupees ('000)	%age
Treasury bills	449,460	67	-	-
Government bonds	105,607	16	104,583	18
Regular income certificates	20,125	3	-	-
Unit trusts	101,161	15	87,385	15
Shares	11,437	2	16,771	3
Term deposits	-	-	393,084	66
Other assets	307	-	10,464	2
Allocated to holding company	(21,086)	(3)	(22,168)	(4)
	667,011	100	590,119	100

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended June 30, 2010

	2010	2009
	%	%
35.7 Principal actuarial assumptions		
The principal assumptions used in the actuarial valuation are as follows:		
Discount rate	13.0	12.5
Expected rate of salary increase	10.9	10.4
Expected rate of pension increase	7.6	7.1
Expected rate of return on investments	13.0	12.5

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

	2010	2009	2008	2007	2006
	----- Rupees ('000) -----				
Defined benefit obligation	887,722	760,087	640,154	592,705	552,713
Plan assets	(667,011)	(590,119)	(537,513)	(508,042)	(425,053)
Deficit / (surplus)	220,711	169,968	102,641	84,663	127,660
Experience adjustments on plan liabilities	55,763	58,936	19,278	(16,063)	16,143
Experience adjustments on plan assets	8,916	(59,601)	(21,390)	38,253	2,715

	2010	2009
36. EARNINGS PER SHARE - BASIC AND DILUTED		
Profit for the year (in thousand rupees)	7,436,766	5,618,287
Weighted average number of ordinary shares in issue during the year (in thousand shares)	236,546	236,546
Basic and diluted earnings per share (Rupees)	31.44	23.75

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended June 30, 2010

37. TRANSACTIONS WITH RELATED PARTIES

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

	2010	2009
	Rupees ('000)	
Parent company - The Attock Oil Company Limited		
Purchase of petroleum products	86,903	21,085
Sale of services	785	444
Purchase of services	402	-
Subsidiary company - Capgas (Private) Limited		
Sale of services	10,321	8,989
Purchase of services	5,890	4,273
Associated companies		
Attock Refinery Limited		
Sale of crude oil and gas	8,252,344	6,585,561
Crude oil and gas transmission charges	99,336	88,610
Sale of services	5,086	5,195
Purchase of fuel	6,994	6,000
Purchase of services	12,569	10,726
Purchase of LPG	460,778	288,940
Attock Petroleum Limited		
Purchase of fuel and lubricants	502,901	787,894
Purchase of services	173	430
Sale of solvent oil	263,267	266,532
Sale of services	5,919	5,008
National Refinery Limited		
Purchase of services	1,161	1,056
Purchase of LPG	369,501	311,507
Attock Information Technology (Private) Limited		
Purchase of services	19,233	12,075
Attock Cement Pakistan Limited		
Purchase of services	550	-
Attock Hospital (Private) Limited		
Purchase of medical services	3,976	3,107

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended June 30, 2010

	2010	2009
	Rupees ('000)	
Other related parties		
Contribution to staff retirement benefits plans		
Management Staff Pension Fund and Gratuity Fund	51,149	91,007
Approved Contributory Provident Funds	18,114	18,834
Contribution to Workers' profit participation fund	513,886	385,944
38. CASH AND CASH EQUIVALENTS		
Cash and cash equivalents comprise		
Cash and bank balances	4,040,356	3,945,680
Short term investments - maturing within next three months	2,276,865	-
	6,317,221	3,945,680

39. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on September 30, 2010 has proposed a final dividend for the year ended June 30, 2010 @ Rs 17.50 per share, amounting to Rs 4,139,554 thousand for approval of the members in the Annual General Meeting to be held on October 28, 2010.

40. GENERAL

40.1 Capacity

Considering the nature of the Company's business, information regarding capacity has no relevance.

40.2 Date of authorization

These financial statements were authorized for issue by the Board of Directors of the Company on September 30, 2010.



Shuaib A. Malik
Chief Executive



Abdus Sattar
Director



Consolidated Financial Statements

BLANK

AUDITOR'S REPORT TO THE MEMBERS

A.F. FERGUSON & CO.

CHARTERED ACCOUNTANTS

KARACHI - LAHORE - ISLAMABAD

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of Pakistan Oilfields Limited and its subsidiary company, Caggas (Private) Limited as at June 30, 2010 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinion on the separate financial statements of Pakistan Oilfields Limited. Financial statements of subsidiary company Caggas (Private) Limited have been audited by another firm of chartered accountants and whose report has been furnished to us, which report, without qualifying their opinion, draws attention to contingencies referred in note 12 (ii) to the consolidated financial statements, which may affect operations of the subsidiary. Our opinion in so far as it relates to the amounts included in respect of this subsidiary company, is based solely on the report of such other auditor. These financial statements are the responsibility of Pakistan Oilfields Limited's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Our audit was conducted in accordance with the International Standards on Auditing and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements present fairly the financial position of Pakistan Oilfields Limited and its subsidiary company as at June 30, 2010 and the results of their operations for the year then ended.



Chartered Accountants

Islamabad
September 30, 2010

Engagement Partner: M. Imtiaz Aslam


CONSOLIDATED BALANCE SHEET

As at June 30, 2010

	Note	2010	2009
		Rupees ('000)	
SHARE CAPITAL AND RESERVES			
ATTRIBUTABLE TO OWNERS OF PAKISTAN OILFIELDS LIMITED			
Authorised capital	6	5,000,000	5,000,000
Issued, subscribed and paid up capital	6	2,365,459	2,365,459
Capital reserves	7	378,996	557,087
Revenue reserves	8	28,631,247	24,587,947
Fair value gain on available-for-sale investments		23,640	10,788
		31,399,342	27,521,281
NON - CONTROLLING INTEREST		58,695	57,942
		31,458,037	27,579,223
NON CURRENT LIABILITIES			
Long term deposits	9	589,593	579,772
Deferred liabilities	10	6,403,621	5,568,852
		6,993,214	6,148,624
CURRENT LIABILITIES AND PROVISIONS			
Trade and other payables	11	2,339,110	2,327,328
Provision for income tax		1,045,053	476,704
		3,384,163	2,804,032
CONTINGENCIES AND COMMITMENTS			
	12	41,835,414	36,531,879

	Note	2010	2009
		Rupees ('000)	
FIXED ASSETS			
Property, plant and equipment	13	4,159,878	4,074,612
Development and decommissioning costs	14	10,475,686	7,664,320
Exploration and evaluation assets	15	2,705,298	3,494,244
		17,340,862	15,233,176
LONG TERM INVESTMENTS IN ASSOCIATED COMPANIES	16	11,829,109	11,142,136
OTHER LONG TERM INVESTMENTS	17	187,009	188,268
LONG TERM LOANS AND ADVANCES	18	12,939	10,379
CURRENT ASSETS			
Stores and spares	19	2,641,426	2,794,512
Stock in trade	20	104,073	95,971
Trade debts	21	2,584,625	1,827,533
Advances, deposits, prepayments and other receivables	22	674,932	1,158,525
Short term investments	23	2,282,908	6,623
Cash and bank balances	24	4,177,531	4,074,756
		12,465,495	9,957,920
		41,835,414	36,531,879

The annexed notes 1 to 42 form an integral part of these financial statements.


Shuaib A. Malik
Chief Executive


Abdus Sattar
Director

CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the year ended June 30, 2010

	Note	2010 Rupees ('000)	2009
SALES		19,971,385	15,660,558
Sales tax		(1,553,036)	(1,115,279)
NET SALES	25	18,418,349	14,545,279
Operating costs	26	(4,579,004)	(3,884,192)
Excise duty and development surcharge		(172,174)	(134,517)
Royalty		(1,595,972)	(1,206,106)
Amortisation of development and decommissioning costs		(1,107,538)	(901,628)
		(7,454,688)	(6,126,443)
GROSS PROFIT		10,963,661	8,418,836
Exploration costs	27	(1,606,385)	(2,057,509)
		9,357,276	6,361,327
Administration expenses	28	(90,084)	(58,157)
Finance cost	29	(284,452)	(512,785)
Other charges	30	(714,525)	(541,244)
		(1,089,061)	(1,112,186)
		8,268,215	5,249,141
Other operating income	31	1,013,106	1,521,807
		9,281,321	6,770,948
Share in profits of associated companies	32	1,074,452	600,264
Impairment loss on investment in associated company	16	(36,532)	(143,357)
PROFIT BEFORE TAXATION		10,319,241	7,227,855
Provision for taxation	33	(2,179,022)	(1,611,209)
PROFIT FOR THE YEAR		8,140,219	5,616,646
Attributable to:			
Owners of Pakistan Oilfields Limited (POL)		8,123,035	5,581,298
Non - controlling interests		17,184	35,348
		8,140,219	5,616,646
Earnings per share - Basic and diluted (Rupees)	38	34.34	23.59

The annexed notes 1 to 42 form an integral part of these financial statements.



Shuaib A. Malik
Chief Executive



Abdus Sattar
Director

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended June 30, 2010

	2010	2009
	Rupees ('000)	
Profit for the year	8,140,219	5,616,646
Other comprehensive income		
Fair value gain/(loss) on available-for-sale investments - net of tax	14,282	(12,996)
TOTAL COMPREHENSIVE INCOME	8,154,501	5,603,650
Attributable to:		
Owners of Pakistan Oilfields Limited (POL)	8,135,887	5,571,021
Non - controlling interests	18,614	32,629
	8,154,501	5,603,650

The annexed notes 1 to 42 form an integral part of these financial statements.



Shuaib A. Malik
Chief Executive



Abdus Sattar
Director

CONSOLIDATED CASH FLOW STATEMENT

for the year ended June 30, 2010

	Note	2010	2009
		Rupees ('000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers		18,176,315	14,870,061
Operating and exploration costs paid		(6,162,090)	(7,214,627)
Royalty paid		(1,503,566)	(1,294,322)
Taxes paid		(1,175,888)	(805,384)
Cash provided by operating activities		9,334,771	5,555,728
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed assets additions		(3,642,949)	(6,149,411)
Proceeds from disposal of property, plant and equipment		23,221	30,701
Other investments		824	461,639
Income on bank deposits and held-to-maturity investments		480,738	818,821
Dividend received from associated companies		350,947	507,622
Dividend received on available-for-sale investment		4,978	8,937
Cash used in investing activities		(2,782,241)	(4,321,691)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(4,247,951)	(5,033,749)
Dividend paid to minority interest		(17,861)	(22,160)
Cash used in financing activities		(4,265,812)	(5,055,909)
EFFECT OF EXCHANGE RATE CHANGES			
		92,922	397,803
INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS			
		2,379,640	(3,424,069)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR			
		4,074,756	7,498,825
CASH AND CASH EQUIVALENTS AT END OF THE YEAR			
	40	6,454,396	4,074,756

The annexed notes 1 to 42 form an integral part of these financial statements.



Shuaib A. Malik
Chief Executive




Abdus Sattar
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended June 30, 2010

	Attributable to owners of Pakistan Oilfields Limited							Total	Non - controlling interest	Total	
	Share capital	Capital reserves		Revenue reserves			Fair value gain/ (loss) on available-for-sale investments				
	Bonus shares issued by subsidiary/ associated companies	Special reserves	Insurance reserve	Investment reserve	General reserve	Unappropriated profit					
----- Rupees ('000) -----											
Balance at June 30, 2008	1,971,216	35,232	1,191,228	200,000	-	819,925	22,757,907	21,065	26,996,573	47,473	27,044,046
Total comprehensive income for the year:											
Profit for the year	-	-	-	-	-	-	5,581,298	-	5,581,298	35,348	5,616,646
Other comprehensive income	-	-	-	-	-	-	-	(10,277)	(10,277)	(2,719)	(12,996)
	-	-	-	-	-	-	5,581,298	(10,277)	5,571,021	32,629	5,603,650
Transfer to investment reserve	-	-	-	-	70,935	-	(70,935)	-	-	-	-
Impairment loss on investment in associated company transferred to unappropriated profit from investment reserve	-	-	-	-	(70,935)	-	70,935	-	-	-	-
Bonus shares issued by an associated company	-	6,737	-	-	-	-	(6,737)	-	-	-	-
Transfer to general reserve by an associated company	-	-	-	-	-	364,150	(364,150)	-	-	-	-
Transfer from special reserve by associated companies	-	-	(676,110)	-	-	-	676,110	-	-	-	-
Transactions with owners:											
POL dividends:											
Final dividend @ Rs 16 per share relating to the year ended June 30, 2008	-	-	-	-	-	-	(3,153,946)	-	(3,153,946)	-	(3,153,946)
Issue of Bonus Shares	394,243	-	-	-	-	-	(394,243)	-	-	-	-
Interim dividend @ Rs 8 per share relating to the year ended June 30, 2009	-	-	-	-	-	-	(1,892,367)	-	(1,892,367)	-	(1,892,367)
Dividend to Capgas (Private) Limited (CAPGAS) non - controlling interest holders:											
Final dividend @ Rs 22 per share relating to the year ended June 30, 2008	-	-	-	-	-	-	-	-	-	(7,276)	(7,276)
Interim dividend @ Rs 45 per share relating to the year ended June 30, 2009	-	-	-	-	-	-	-	-	-	(14,884)	(14,884)
Total transactions with owners	394,243	-	-	-	-	-	(5,440,556)	-	(5,046,313)	(22,160)	(5,068,473)
Balance at June 30, 2009	2,365,459	41,969	515,118	200,000	-	1,184,075	23,203,872	10,788	27,521,281	57,942	27,579,223
Total comprehensive income for the year:											
Profit for the year	-	-	-	-	-	-	8,123,035	-	8,123,035	17,184	8,140,219
Other comprehensive income	-	-	-	-	-	-	-	12,852	12,852	1,430	14,282
	-	-	-	-	-	-	8,123,035	12,852	8,135,887	18,614	8,154,501
Transfer to general reserve by an associated company	-	-	-	-	-	800,000	(800,000)	-	-	-	-
Transfer from special reserve by associated companies	-	-	(178,091)	-	-	-	178,091	-	-	-	-
Transactions with owners:											
POL dividends:											
Final dividend @ Rs 10 per share relating to the year ended June 30, 2009	-	-	-	-	-	-	(2,365,459)	-	(2,365,459)	-	(2,365,459)
Interim dividend @ Rs 8 per share relating to the year ended June 30, 2010	-	-	-	-	-	-	(1,892,367)	-	(1,892,367)	-	(1,892,367)
Dividend to CAPGAS non - controlling interest holders:											
Final dividend @ Rs 37 per share relating to the year ended June 30, 2009	-	-	-	-	-	-	-	-	-	(12,238)	(12,238)
Interim dividend @ Rs 17 per share relating to the year ended June 30, 2010	-	-	-	-	-	-	-	-	-	(5,623)	(5,623)
Total transactions with owners	-	-	-	-	-	-	(4,257,826)	-	(4,257,826)	(17,861)	(4,275,687)
Balance at June 30, 2010	2,365,459	41,969	337,027	200,000	-	1,984,075	26,447,172	23,640	31,399,342	58,695	31,458,037

The annexed notes 1 to 42 form an integral part of these financial statements.


Shuaib A. Malik
Chief Executive


Abdus Sattar
Director

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 30, 2010

1. LEGAL STATUS AND OPERATIONS

The Company is incorporated in Pakistan as a public limited company and its shares are quoted on Stock Exchanges in Pakistan. The registered office of the Company is situated at Morgah, Rawalpindi. The Company is principally engaged in exploration, drilling and production of crude oil and gas. Its activities also include marketing of liquefied petroleum gas under the brand name POLGAS and transmission of petroleum. The Company is a subsidiary of The Attock Oil Company Limited, UK and its ultimate parent is Bay View International Group S.A.

CAPGAS, the subsidiary company is incorporated in Pakistan as a private limited company under the Companies Ordinance, 1984 and is principally engaged in buying, filling, distribution and dealing in Liquefied Petroleum Gas (LPG).

For the purpose of these financial statements, POL and its consolidated subsidiary are referred as the Company.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

3. ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS

3.1 Changes in accounting policies and disclosures:

- (i) International Accounting Standard - 1 (Revised) (IAS 1 (Revised)), 'Presentation of Financial Statements' (effective for annual periods beginning on or after January 1, 2009). All 'non-owner changes in equity' are required to be presented separately in a performance statement. Companies can choose either to present one performance statement (statement of comprehensive income) or two statements (profit and loss account and statement of comprehensive income). The Company has adopted the two statements approach to reflect these changes. The adoption of IAS 1 (Revised) does not materially affect the computations of the results except some changes in presentation and disclosures.
- (ii) IFRS - 8, 'Operating Segments' IFRS - 8 replaces IAS - 14, 'Segment Reporting' (effective for annual periods beginning on or after January 1, 2009). The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions. The management has determined that the Company has a single reportable segment as the Board of Directors views the Company's operations as one reportable segment. The adoption of this standard has therefore only resulted in some additional entity-wide disclosures as given in note 34 to these financial statements.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 30, 2010

- (iii) IAS 27 (revised), 'Consolidated and separate financial statements,' (effective for annual periods beginning on or after July 1, 2009). The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. The Company has applied IAS 27 (revised) from current year.

3.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company:

	Effective for periods beginning on or after	
IFRS 2	Share-based Payment (Amendments)	January 1, 2010
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations (Amendments)	January 1, 2010
IFRS 8	Operating Segments (Amendments)	January 1, 2010
IAS 1	Presentation of Financial Statements (Amendments)	January 1, 2010
IAS 7	Statement of Cash Flows (Amendments)	January 1, 2010
IAS 17	Leases (Amendments)	January 1, 2010
IAS 24	Related Party Disclosures (Revised)	January 1, 2011
IAS 32	Financial Instruments: Presentation (Amendments)	February 1, 2010
IAS 36	Impairment of Assets (Amendments)	January 1, 2010
IAS 39	Financial instruments: Recognition and Measurement (Amendments)	January 1, 2010
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (Amendments)	January 1, 2011
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	July 1, 2010

Management anticipates that adoption of the above standards, amendments and interpretations in future periods will have no material impact on the Company's financial statements except for changes in presentation and disclosures.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 30, 2010

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of measurement

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

4.2 Basis of consolidation

The consolidated financial statements include the financial statements of POL and its subsidiary CAPGAS with 51% holding (2009: 51%).

a) Subsidiary

Subsidiaries are those enterprises in which parent company directly or indirectly controls, beneficially owns or holds more than 50% of the voting securities or otherwise has power to elect and appoint more than 50% of its directors. The financial statements of the subsidiary are included in the consolidated financial statements from the date control commences until the date that control ceases.

The assets and liabilities of subsidiary company have been consolidated on a line by line basis and the carrying value of investments held by the parent company is eliminated against the subsidiary shareholders' equity in the consolidated financial statements.

Material intra-group balances and transactions have been eliminated.

Non - controlling interests are that part of the net results of the operations and of net assets of the subsidiary attributable to interests which are not owned by the parent company. Non - controlling interest are presented as a separate item in the consolidated financial statements.

b) Associates

Associates are all entities over which the company has significant influence but not control. Investment in associated companies is accounted for using the equity method. Under this method the investments are stated at cost plus the Company's share in undistributed earnings and losses after acquisition, less any impairment in the value of individual investments.

4.3 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions. The management has determined that the Company has a single reportable segment as the Board of Directors views the Company's operations as one reportable segment.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 30, 2010

4.4 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 Pakistan Rupees, which is the Company's functional currency.

4.5 Foreign currency transactions and translation

Transactions in foreign currencies are recorded at the rates of exchange ruling on the date of transaction. All assets and liabilities in foreign currencies are translated into rupees at the rates of exchange ruling on the date of the balance sheet. Exchange differences are dealt with through the profit and loss account.

4.6 Taxation

Provision for current taxation is based on taxable income at applicable tax rates, adjusted for royalty payments to the Government.

Deferred tax is accounted for on all temporary differences using the liability method. Deferred tax liability of POL has been calculated at the estimated effective rate of 30% after taking into account availability of future depletion allowance and set off available in respect of royalty payments to the Government whereas, deferred tax liability of CAPGAS has been calculated at current tax rate of 35%.

4.7 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.

4.8 Provision for decommissioning cost

Provision for decommissioning cost is recognised in full for development wells and production facilities. The amount recognised is the present value of the estimated cost to abandon a well and remove production facilities. A corresponding intangible asset of an amount equivalent to the provision is also created and is amortized on unit of production basis over the total proved developed reserves of the field or @ 5% where the life of a field is more than 20 years.

Most of these abandonment and removal events are many years in the future and the precise requirements that will have to be met when the abandonment and removal event actually occurs are uncertain. Abandonment and asset removal technologies and costs are constantly changing, as are political, environmental, safety and public expectations. Consequently, the timing and amount of future cash flows are subject to significant uncertainty.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 30, 2010

The timing and amount of future expenditures are reviewed annually, together with the interest rate to be used in discounting the cash flows.

The effect of changes resulting from revisions to the estimate of the liability are incorporated on a prospective basis.

The decommissioning cost has been discounted at a real discount rate of 5% p.a. (2009: 5%). The increase in provision due to unwinding of discount is recorded as finance cost.

4.9 Employee compensated absences

The Company provides for compensated absences for all eligible employees in accordance with the rules of the Company.

4.10 Staff retirement benefits

The Company operates the following staff retirement benefits plans:

- (i) A pension plan for its management staff and a gratuity plan for its management and non-management staff. The pension and gratuity plans are invested through approved trust funds. Both are defined benefit final salary plans. The pension and gratuity plans are complementary plans for management staff. Pension payable to management staff is reduced by an amount determined by the actuary equivalent to amount paid by the gratuity fund. Actuarial valuations are conducted annually using the "Projected Unit Credit Method" and the latest valuation was conducted as at June 30, 2010. Since both are complementary plans, combined details and valuation for pension plan and gratuity plan are given in note 37. Actuarial gains and losses are amortized over the expected remaining service of employees.
- (ii) Approved contributory provident funds for all employees for which contributions of Rs 18,114 thousand (2009:Rs 18,834 thousand) are charged to income for the year.

4.11 Trade and other payables

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

4.12 Contingent liabilities

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 30, 2010

4.13 Property, plant and equipment

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

Depreciation is provided on straight line method at rates specified in note 13 to the financial statements. Depreciation is charged on additions from the month the asset become available for the intended use upto the month in which these are derecognized.

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

4.14 Exploration assets/costs and development costs

4.14.1 Exploration and development costs are accounted for using the “Successful Efforts Method” of accounting.

4.14.2 Exploration costs

All exploration costs, other than those relating to exploratory drilling, are charged to income as incurred. Exploratory drilling costs i.e. costs directly associated with drilling of an exploratory well, are initially capitalized pending determination of proven reserves. These costs are either charged to income if no proved reserves are found or transferred to development costs if proved reserves are found.

All capitalized costs are subject to review for impairment at least once a year and any impairment determined is immediately charged to income.

4.14.3 Development costs

Development costs are stated at cost less accumulated amortization and impairment losses. Expenditure on drilling of development wells, including unsuccessful development wells, is capitalized within development costs. Capitalized development costs are amortized on a unit of production basis over the total proved developed reserves of the field or @ 5% per annum where the life of the field is more than 20 years.

4.15 Stores and spares

Stores and spares are valued at cost determined on moving average formula less allowance for obsolete items. Stores in transit are stated at invoice value plus other charges paid thereon.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 30, 2010

4.16 Stock in trade

Stocks are valued at the lower of average annual cost (including appropriate production overheads) and net realisable value. Net realisable value is determined on the basis of estimated selling price of the product in the ordinary course of business less costs necessary to be incurred for its sale.

4.17 Impairment of non-financial assets

Assets that have an indefinite useful life, for example land, are not subject to depreciation and are tested annually for impairment. Assets that are subject to depreciation are reviewed for impairment at each balance sheet date, or wherever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount for which the asset's carrying amount exceeds its recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each balance sheet date. Reversals of the impairment loss are restricted to the original cost of the asset. An impairment loss or reversal of impairment loss is recognised in income for the year.

4.18 Financial instruments

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 in case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. All financial assets and liabilities other than at fair value through profit or loss assets and liabilities are initially recognised at fair value plus transaction costs. Financial assets and liabilities carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are charged to income for the year. These are subsequently measured at fair value, amortised cost or cost, as the case may be. Any gain or loss on derecognition of financial assets and financial liabilities is included in income for the year.

4.19 Financial assets

The Company classifies its financial assets in the following categories: investments at fair value through profit or loss, held-to-maturity investments, loans and receivables, and available for sale investments. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the company commits to purchase or sell the asset.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 30, 2010

(i) Investments at fair value through profit or loss

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 charged directly to income. The fair value of such investments is determined on the basis of prevailing market prices.

(ii) Held-to-maturity investments

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 amortised cost less impairment losses.

(iii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The Company's loans and receivables comprise 'Long term loans and advances', 'Trade debts', 'Advances, deposits, prepayments and other receivables', and 'Cash and bank balances' in the balance sheet. Loans and receivables are carried at amortized cost using the effective interest method less allowance for any uncollectible amounts.

An allowance for uncollectible amounts is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms. Significant financial difficulties of the counter party, probability that the counter party will enter bankruptcy or financial reorganization, and default or delinquency in payments (more than the credit period specified in sales agreements) are considered indicators that the amount is uncollectible. When the amount is uncollectible, it is written off against the allowance.

(iv) Available-for-sale investments

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 30, 2010

Available-for-sale investments are initially recognised at cost and carried at fair value at the balance sheet date. Fair value of a quoted investment is determined in relation to its market value (current bid prices) at the balance sheet date. If the market for a financial asset is not active (and for unlisted securities), the Company establishes fair value by using valuation techniques/ Net Asset Values (NAVs) quoted by the respective Asset Management Company. Adjustment arising from remeasurement of investment to fair value is recorded in the statement of comprehensive income and taken to income on disposal of the investment or when the investment is determined to be impaired.

4.20 Impairment of financial assets

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

4.21 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 setoff the recognised amounts and the Company intends to settle on a net basis, or realise the asset and settle the liability simultaneously.

4.22 Revenue recognition

Revenue from sales is recognised on despatch of products to customers. Revenue from services is recognised when the related services are rendered. Effect of adjustment, if any, arising from revision in sale price is reflected as and when the prices are finalized with the customers and/or approved by the Government.

Income on held-to-maturity investments and bank deposits is recognised on time proportion basis using the effective yield method.

Dividend income is recognised when the right to receive dividend is established.

4.23 Joint ventures

The Company's share in transactions and balances related to joint venture operations in which the Company has a working interest is accounted for on the basis of latest available audited accounts of the joint venture and where applicable, the cost statements received from the operator of the joint venture, for the intervening period up to the balance sheet date.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 30, 2010

4.24 Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash in hand, demand deposits and other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value, and finances under mark up arrangements.

4.25 Dividend distribution

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

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with approved accounting standards requires the use of certain accounting estimates. It also requires management to exercise judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectation of future events that are believed to be reasonable under the circumstances. The areas where various 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 investment in associated companies - note 16
- ii) Estimated crude oil/gas reserves used for amortisation of development and decommissioning costs - note 14
- iii) Estimated useful life of property, plant and equipment - note 13
- iv) Estimated costs and discount rate used for provision for decommissioning cost - note 10
- v) Price adjustment related to crude oil sales - note 4.22
- vi) Staff retirement benefits - note 37
- vii) Provision for taxation - note 33

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 30, 2010

	2010	2009
	Rupees ('000)	
6. SHARE CAPITAL		
Authorised capital		
500,000,000 (2009: 500,000,000) ordinary shares of Rs 10 each	5,000,000	5,000,000
Issued, subscribed and paid up capital		
Shares issued for cash		
20,200,000 (2009: 20,200,000) ordinary shares	202,000	202,000
Shares issued as fully paid bonus shares		
At beginning of the year	2,163,459	1,769,216
Shares issued during the year	-	394,243
216,345,920 (2009: 216,345,920) ordinary shares	2,163,459	2,163,459
236,545,920 (2009: 236,545,920) ordinary shares of Rs 10 each	2,365,459	2,365,459
<p>The Company is a subsidiary of The Attock Oil Company Limited which held 127,143,424 (2009: 127,143,424) ordinary shares at the year end.</p>		
7. CAPITAL RESERVE		
Bonus shares issued by subsidiary/associated companies	41,969	41,969
Special reserves - note 7.1	337,027	515,118
	378,996	557,087

- 7.1** This represents the Company's share of post-acquisition profit 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 above 50 percent of paid-up capital to offset against any future loss or to make investment for expansion or up gradation of refineries.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 30, 2010

	2010	2009
	Rupees ('000)	
8. REVENUE RESERVES		
Insurance reserve - note 8.1	200,000	200,000
General reserve	1,984,075	1,184,075
Unappropriated profit	26,447,172	23,203,872
	<u>28,631,247</u>	<u>24,587,947</u>
8.1 The Company has set aside an insurance reserve for self insurance of assets which have not been insured and for deductibles against insurance claims.		
9. LONG TERM DEPOSITS		
Security deposits from distributors against equipment	551,780	542,878
Security deposits from distributors against distributorship and others	37,813	36,894
	<u>589,593</u>	<u>579,772</u>
10. DEFERRED LIABILITIES		
Provision for deferred income tax - note 10.1	3,638,707	3,201,613
Provision for decommissioning cost - note 10.2	2,755,741	2,358,481
Provision for staff compensated absences	9,173	8,758
	<u>6,403,621</u>	<u>5,568,852</u>
10.1 Provision for deferred income tax		
The provision for deferred income tax represents:		
Temporary differences between accounting and tax depreciation/amortisation	3,670,872	3,226,006
Provision for stores and spares	(32,072)	(24,300)
Provision for doubtful receivable	(93)	(93)
	<u>3,638,707</u>	<u>3,201,613</u>

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 30, 2010

	2010	2009
	Rupees ('000)	
10.2 Provision for decommissioning cost		
Balance brought forward	2,358,481	1,920,312
Revision due to change in estimates	(89,802)	(124,765)
Provision during the year	205,182	56,979
Unwinding of discount - note 29	158,511	141,726
Exchange loss - note 29	123,369	364,229
	2,755,741	2,358,481
11. TRADE AND OTHER PAYABLES		
Creditors	193,468	164,298
Due to related parties		
Attock Hospital (Pvt.) Limited	214	82
Attock Information Technology Services (Pvt.) Limited	9,328	13,740
Staff Provident Fund	-	639
Gratuity Fund - note 37.1	127,569	183,208
General Staff Provident Fund	-	3,916
Workers' Profit Participation Fund - note 11.1	515,159	515,507
Joint venture partners		
The Attock Oil Company Limited	25,815	20,075
Others	98,164	539,781
Accrued liabilities	543,568	394,988
Advance payment from customers	26,665	33,131
Royalty	216,984	124,578
Sales tax	100,591	31,055
Excise duty	7,837	7,251
Workers' Welfare Fund	416,195	249,869
Liability for staff compensated absences	8,821	8,369
Unclaimed dividends	45,180	35,305
Others	3,552	1,536
	2,339,110	2,327,328

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 30, 2010

	2010	2009
	Rupees ('000)	
11.1 Workers' Profit Participation Fund		
Balance at beginning of the year	515,507	538,088
Add: Amount allocated for the year	517,873	392,217
Less: Amount paid to the Fund's trustees	518,221	414,798
	515,159	515,507
12. CONTINGENCIES AND COMMITMENTS		
(i) POL		
(a) Tax demands raised in respect of tax years 2004, 2005 and 2006 consequent to difference in interpretation by tax authorities related to calculation of tax liability and depletion allowance, which has not been accepted by the Company and presently contested at the Income Tax Appellate Tribunal (ITAT) forum.	446,857	446,857
(b) Capital expenditure commitments outstanding		
Share in Joint Ventures	7,167,820	4,278,912
Own fields	894,124	662,060
(c) Guarantee's issued by banks on behalf of the Company to third parties	40,175	40,175
(ii) CAPGAS		
(a) The subsidiary company - CAPGAS has no contract for the purchase of Liquefied Petroleum Gas from Oil and Gas Development Company Limited (OGDCL), which is a major supplier of LPG to the subsidiary and if OGDCL ceases to supply LPG to the subsidiary, the subsidiary's sales and profits may be decreased significantly in future.		
(b) The subsidiary company - CAPGAS has deposited Rs.6.94 million in the government treasury for the acquisition of land on which subsidiary company's LPG plant is situated. The land was previously leased from the owners who after termination of lease were demanding an exorbitant rate. Upon filing of an application by the subsidiary, the title of the land was awarded during the year in favour of the subsidiary company by the Land Acquisition Collector, Lahore. The owners of the land had filed an appeal before Lahore High Court, Rawalpindi Bench, Rawalpindi which was dismissed. Subsequently a petition along with stay application has been filed by the owners before the Honourable Supreme Court of Pakistan, Islamabad. The management believes that this case is likely to be decided in favour of the subsidiary company and will not affect company's operations.		

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 30, 2010

	2010	2009
	Rupees ('000)	
(iii) Company's share in contingencies of associated companies		
a) Corporate guarantees and indemnity bonds issued by an associated company to the Collector Sales Tax and Federal Excise, Islamabad.	366,524	339,990
b) Claims not acknowledged as debt including claims in respect of delayed payment charges by a crude oil supplier.	352,500	136,460
c) Claims on certain Oil Marketing Companies in respect of delayed payment charges.	597,500	310,000
d) Tax contingency related to proration of expenses against local and export sales for prior years, as per show cause notices of tax department.	62,794	-
13. PROPERTY, PLANT AND EQUIPMENT		
Operating assets - note 13.1	4,054,371	1,922,991
Capital work in progress - note 13.5	105,507	2,151,621
	4,159,878	4,074,612

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 30, 2010

13.1 Operating assets

	Freehold land	Leasehold land	Buildings	Pipelines and pumps	Plant and machinery		Gas cylinders	Motor vehicles	Chattels	Computer and software development	Total
					Field plants	Rigs					
As at July 1, 2008											
Cost	12,486	252	194,610	456,514	3,093,554	318,428	566,423	218,924	69,228	109,660	5,040,079
Accumulated depreciation	-	(252)	(91,898)	(314,094)	(1,705,455)	(229,262)	(398,347)	(105,841)	(48,169)	(86,671)	(2,979,989)
Net book value	12,486	-	102,712	142,420	1,388,099	89,166	168,076	113,083	21,059	22,989	2,060,090
Year ended June 30, 2009											
Opening net book value	12,486	-	102,712	142,420	1,388,099	89,166	168,076	113,083	21,059	22,989	2,060,090
Additions	1,302	-	3,128	29,900	140,573	36,065	27,927	27,979	5,847	36,370	309,091 *
Disposals	-	-	(1,058)	(734)	(49,399)	(31,642)	(49,094)	(7,885)	(14,249)	(8,871)	(162,932) *
Cost	-	-	(1,058)	(734)	(49,399)	(31,642)	(49,094)	(7,885)	(14,249)	(8,871)	(162,932) *
Depreciation	-	-	934	704	45,333	20,814	37,643	6,851	13,043	8,703	134,025 *
Depreciation charge	-	-	(124)	(30)	(4,066)	(10,828)	(11,451)	(1,034)	(1,206)	(168)	(28,907) *
Depreciation charge	-	-	(10,154)	(26,368)	(238,669)	(22,667)	(62,746)	(34,797)	(4,928)	(16,954)	(417,283)
Closing net book value	13,788	-	95,562	145,922	1,285,937	91,736	121,806	105,231	20,772	42,237	1,922,991
As at July 1, 2009											
Cost	13,788	252	196,680	485,680	3,184,728	322,851	545,257	239,018	60,826	137,158	5,186,238
Accumulated depreciation	-	(252)	(101,118)	(339,758)	(1,898,791)	(231,115)	(423,451)	(133,787)	(40,054)	(94,921)	(3,263,247)
Net book value	13,788	-	95,562	145,922	1,285,937	91,736	121,806	105,231	20,772	42,237	1,922,991
Year ended June 30, 2010											
Opening net book value	13,788	-	95,562	145,922	1,285,937	91,736	121,806	105,231	20,772	42,237	1,922,991
Additions	4,611	-	6,697	353,110	2,282,321	66,917	25,638	9,439	21,722	37,842	2,808,297 *
Disposals	-	-	-	(590)	(133,569)	(2,441)	(5,793)	(4,933)	-	-	(147,326) *
Cost	-	-	-	(590)	(133,569)	(2,441)	(5,793)	(4,933)	-	-	(147,326) *
Depreciation	-	-	-	541	78,050	2,362	5,037	4,933	-	-	90,923 *
Depreciation charge	-	-	(9,274)	(101,705)	(369,176)	(28,491)	(41,392)	(36,842)	(6,585)	(27,049)	(620,514)
Closing net book value	18,399	-	92,985	397,278	3,143,563	130,083	105,296	77,828	35,909	53,030	4,054,371
As at June 30, 2010											
Cost	18,399	252	203,377	838,200	5,333,480	387,327	565,102	243,524	82,548	175,000	7,847,209
Accumulated depreciation	-	(252)	(110,392)	(440,922)	(2,189,917)	(257,244)	(459,806)	(165,696)	(46,639)	(121,970)	(3,792,838)
Net book value	18,399	-	92,985	397,278	3,143,563	130,083	105,296	77,828	35,909	53,030	4,054,371
Annual rate of Depreciation (%)	-	-	5	10	10	10	10	20	12.5-20	25	

* Additions and disposals include inter-transfers of assets having book value of Rs 55,568 thousand; cost of Rs 133,812 thousand and depreciation of Rs 78,244 thousand (2009: book value of Rs 15,938 thousand; cost of Rs 77,614 thousand and depreciation of Rs 61,676 thousand).

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 30, 2010

13.2 Cost and accumulated depreciation include:

	Cost		Accumulated depreciation	
	2010	2009	2010	2009
	Rupees ('000)		Rupees ('000)	
Share in Joint Ventures operated by the Company	1,190,378	1,182,325	721,342	651,507
Share in Joint Ventures operated by others (assets not in possession of the Company)	3,394,642	931,559	636,862	373,957
	4,585,020	2,113,884	1,358,204	1,025,464

13.3 The depreciation charge has been allocated as follows:

Operating cost - note 26		492,060	314,449
Other income - Rig rental		31,418	26,151
- Crude transportation income		18,447	14,682
		49,865	40,833
Administration expenses		345	325
Inter-transfers		78,244	61,676
		620,514	417,283

13.4 Property, plant and equipment disposals:

The detail of property, plant and equipment disposals, having net book value in excess of Rs 50,000 is as follows:

	Original cost	Book value	Sale proceeds	Mode of disposal	Particulars of purchaser
	-----Rupees ('000) -----				
Plant and machinery – Rigs					
Drill collars	1,184	79	5,561	Replacement cost	Pindori Joint Venture
Gas cylinders	274	53	26	Negotiation	Scrap dealer
Gas cylinders	1,244	353	1,259	Adjustment of security deposit	Various distributors

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 30, 2010

13.5 Capital work in progress

	Buildings	Plant and machinery / Pipelines and pumps	Computers and software development	Total
	----- Rupees ('000) -----			
Balance as at July 1, 2008	1,515	636,722	6,078	644,315
Additions during the year	-	1,520,007	10,974	1,530,981
Transfers during the year	-	(23,675)	-	(23,675)
Balance as at June 30, 2009	1,515	2,133,054	17,052	2,151,621
Balance as at July 1, 2009	1,515	2,133,054	17,052	2,151,621
Additions during the year	1,125	225,034	3,837	229,996
Transfers during the year	-	(2,257,349)	(18,761)	(2,276,110)
Balance as at June 30, 2010	2,640	100,739	2,128	105,507

		2010	2009
		Rupees ('000)	
13.6 Break up of capital work in progress at June 30 is as follows:			
Own fields		37,257	35,511
Share in Joint Ventures operated by the Company	- Ikhlas	64,786	-
Share in Joint Ventures operated by others			
MOL Pakistan Oil and Gas Company B.V.	- TAL Block	143	2,114,086
Pakistan Petroleum Limited	- Adhi	2,619	2,024
Oil and Gas Development Company Limited	- Chak Naurang	702	-
		105,507	2,151,621

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 30, 2010

	2010	2009
	Rupees ('000)	
14. DEVELOPMENT AND DECOMMISSIONING COSTS		
Development cost		
Balance brought forward	7,436,988	6,105,966
Additions during the year	857,764	1,906,905
Successful wells cost transferred from exploration and evaluation assets – note 15	2,945,760	291,273
	11,240,512	8,304,144
Amortisation for the year	(1,064,418)	(867,156)
	10,176,094	7,436,988
Decommissioning cost		
Balance brought forward	227,332	329,590
Revision due to change in estimates	(89,802)	(124,765)
Additions during the year	205,182	56,979
	342,712	261,804
Amortisation for the year	(43,120)	(34,472)
	299,592	227,332
	10,475,686	7,664,320
15. EXPLORATION AND EVALUATION ASSETS		
Balance brought forward	3,494,244	1,281,794
Additions during the year	3,004,169	3,373,607
	6,498,413	4,655,401
Successful wells cost transferred to development cost – note 14	(2,945,760)	(291,273)
Dry and abandoned wells cost charged to the profit and loss account – note 27	(847,355)	(869,884)
	2,705,298	3,494,244

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 30, 2010

		2010	2009
		Rupees ('000)	
15.1 Break up of exploration and evaluation assets at June 30 is as follows:			
Own fields	- Meyal Uchri	-	1,929,430
Share in Joint Ventures operated by the Company			
	- Ikhlas	1,893,493	702,025
	- Kirthar South	-	24,921
Share in Joint Ventures operated by others			
MOL Pakistan Oil and Gas Company B.V.	- TAL Block	787,649	588,478
	- Margala	8,308	-
Oil and Gas Development Company Limited	- Chak Naurang	15,848	-
	- Gurgalot	-	249,390
		2,705,298	3,494,244
16. LONG TERM INVESTMENTS IN ASSOCIATED COMPANIES - EQUITY BASIS			
Beginning of the year		11,142,136	11,192,851
Share of profit of associated companies - note 16.2		1,074,452	600,264
Impairment loss against investment in National Refinery Limited		(36,532)	(143,357)
Dividend received during the year		(350,947)	(507,622)
End of the year		11,829,109	11,142,136

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 30, 2010

	2010	2009
	Rupees ('000)	
16.1 The Company's interest in associates are as follows:		
Quoted		
National Refinery Limited - note 16.3		
19,991,640 (2009: 19,991,640) fully paid ordinary shares including		
3,331,940 (2009: 3,331,940) bonus shares of Rs 10 each		
Cost Rs 8,046,635 thousand (2009: Rs 8,046,635 thousand)		
Quoted market value as at June 30, 2010:		
Rs 3,655,471 thousand (2009: Rs 4,398,561 thousand)	9,930,847	9,396,071
Attock Petroleum Limited (APL) - 16.4		
4,042,080 (2009: 4,042,080) fully paid ordinary shares including		
673,680 (2009: 673,680) bonus shares of Rs 10 each		
Cost Rs 1,562,938 thousand (2009: Rs 1,562,938 thousand)		
Quoted market value as at June 30, 2010: Rs 1,171,193 thousand;		
(2009: Rs 1,287,443 thousand)	1,891,158	1,739,980
Unquoted		
Attock Information Technology Services (Pvt) Limited (AITSL)		
Cost Rs 4,500 thousand (2009: Rs 4,500 thousand)		
450,000 (2009: 450,000) fully paid ordinary shares of Rs 10 each	7,104	6,085
	11,829,109	11,142,136

All associated companies are incorporated in Pakistan. Although the Company has less than 20 percent shareholding in APL and ATISL, these have been treated as associates since the Company has representation on their board of directors.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 30, 2010

16.2 The Company's share in assets, liabilities, revenue and profit/loss of associated companies are as follows (Rs '000):

	Assets	Liabilities	Revenues	Profit	%holding
2010					
National Refinery Limited	12,909,780	8,000,287	27,546,594	821,203	25
Attock Petroleum Limited	1,504,738	856,561	5,809,923	252,230	7
Attock Information Technology Services (Private) Limited	7,745	640	3,687	1,019	10
	14,422,263	8,857,488	33,360,204	1,074,452	
2009					
National Refinery Limited	10,586,153	6,247,968	27,394,591	383,257	25
Attock Petroleum Limited	1,282,268	785,270	4,341,247	216,309	7
Attock Information Technology Services (Private) Limited	6,596	511	2,837	698	10
	11,875,017	7,033,749	31,738,675	600,264	

16.3 The carrying value of investment in National Refinery Limited at June 30, 2010 is net of impairment loss of Rs 1,350,301 thousand (2009: Rs 1,313,769 thousand). The carrying value is based on a valuation analysis carried out by an external investment advisor engaged by the Company. 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 a gross profit margin of 3.91% (2009: 5.38%), a terminal growth rate of 3% (2009: 3%) and a capital asset pricing model based discount rate of 17.90% (2009:18.05%).

16.4 Based on a valuation analysis carried out by the Company, the recoverable amount of investment in Attock Petroleum 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 a gross profit margin of 4.58% (2009: 5.16%), a terminal growth rate of 3% (2009: 4.5%) and a capital asset pricing model based discount rate of 17.90% (2009: 18.05%).

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 30, 2010

	2010	2009
	Rupees ('000)	
17. OTHER LONG TERM INVESTMENTS		
Held-to-maturity investments - at cost		
Term Finance Certificates of listed companies - note 17.1	12,452	13,276
Pakistan Investment Bonds - note 17.2	53,022	54,029
Term deposit - note 17.3	29,000	29,000
Less: Provision for doubtful investment	(15,950)	-
	13,050	29,000
	78,524	96,305
Investments maturing within next twelve months shown under current assets - note 23	6,043	6,623
	72,481	89,682
Available-for-sale investments - at fair value - note 17.4	114,528	98,586
	187,009	188,268

	Number of certificates	Nominal value of each certificate	Final Maturity date	Mark up %	2010 Rupees ('000)	2009 Rupees ('000)
17.1 Term Finance Certificates of listed companies						
United Bank Ltd	1,000	5,000	15-03-2013	9.49	4,999	4,999
Soneri Bank Ltd	1,000	5,000	05-05-2013	13.97	4,990	4,992
Royal Bank of Scotland	658	5,000	10-02-2013	14.27	2,463	3,285
					12,452	13,276

17.2 Pakistan Investment Bonds	30-06-2013	9.00	53,022	54,029
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17.3 Term deposit

This represent amount deposited with Crescent Standard Investment Bank Limited (CSIBL) by CAPGAS as a short term deposit. CSIBL went into financial difficulty and finally merged with Innovative Housing Finance Limited (IHFL) on June 28, 2007 which was renamed as Innovative Investment Bank Limited (IIBL). In terms of scheme announced by IIBL payment will be made in installments over the period of sixty one months from the date of take over by IIBL. During the year ended 2010, IIBL defaulted on the redemption of the first periodic installment of Rs 5.8 million, which was due on July 29, 2009, along with the interest for four quarters of the financial year ended June 30, 2010. On January 28, 2010, SECP appointed an Administrator to look after the affairs of IIBL with the mandate to safeguard the interest of the depositors. The administrator is in process of finalizing a rehabilitation plan for IIBL.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 30, 2010

	2010	2009
	Rupees ('000)	
17.4 Available-for-sale investments - at fair value		
Balance at the beginning of the year	98,586	481,139
Additions during the year	100,000	-
Deletions during the year	(100,000)	(323,120)
Impairment loss reversed/(recognized) during the year	1,660	(46,437)
Fair value gain/(loss) transferred to consolidated statement of comprehensive income	14,282	(12,996)
Balance at the end of the year	114,528	98,586

	2010			2009	
	Number of shares/units	Cost less impairment loss	Adjustment arising from remeasurement to fair value	Fair value	Fair value
	-----	----- Rupees ('000) -----			-----
17.4.1 Available-for-sale investments include the following:					
Listed securities:					
Atlas Fund of Funds	5,250,000	15,750	5,250	21,000	15,750
Pakistan Telecommunication Company Limited	250,000	9,462	(5,012)	4,450	4,310
Hub Power Company Limited	250,000	9,263	(1,273)	7,990	6,773
Oil and Gas Development Company Limited	45,992	1,469	5,047	6,516	3,596
Meezan Balance Fund	2,000,000	12,500	-	12,500	11,260
Unlisted securities:					
National Investments Trust Units	355,776	9,973	-	9,973	9,553
Atlas Asset Management Company	92,251	30,000	22,099	52,099	47,344
		88,417	26,111	114,528	98,586

17.4.2 The fair value of listed securities is based on quoted market prices at the balance sheet date. The quoted market price used is the current bid price. The fair values of unlisted securities are the Net Asset Values (NAV) as at June 30, 2010 as quoted by the respective Asset Management Company.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 30, 2010

	2010	2009
	Rupees ('000)	
18. LONG TERM LOANS AND ADVANCES, CONSIDERED GOOD		
Executives - note 18.1	10,767	7,339
Other employees	22,950	20,237
	33,717	27,576
Less: Amount due within twelve months, shown under current loans and advances - note 22	20,778	17,197
	12,939	10,379

18.1 Movement in loans to Executives

	Balance as at June 30, 2009	Disbursements	Repayments	Balance as at June 30, 2010
	----- Rupees ('000) -----			
Executives	7,339	15,349	11,921	10,767

18.2 Loans and advances to employees are for general purpose and for house rent advance which are recoverable in upto 60 and 36 equal monthly installments respectively and are secured by an amount due to the employee against provident fund. These loans and advances are interest free. These do not include any amount receivable from the Chief Executive and Directors. The aggregate maximum amount due from the Chief Executive and Executives at the end of any month during the year was Rs Nil and Rs 11,662 thousand (2009: Rs 762 and Rs 8,884 thousand) respectively.

	2010	2009
	Rupees ('000)	
19. STORES AND SPARES		
Stores and spares - note 19.1	2,748,332	2,875,512
Less: Provision for slow moving items - note 19.2	106,906	81,000
	2,641,426	2,794,512

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 30, 2010

	2010	2009
	Rupees ('000)	
19.1 Stores and spares include:		
Share in Joint Ventures operated by the Company	125,719	133,622
Share in Joint Ventures operated by others (assets not in possession of the Company)	706,581	479,880
	<u>832,300</u>	<u>613,502</u>
19.2 Provision for slow moving items		
Balance brought forward	81,000	81,000
Provision for the year	26,000	-
Stores written off during the year	(94)	-
	<u>106,906</u>	<u>81,000</u>
20. STOCK IN TRADE		
Crude oil and other products	104,073	95,971
These include Rs 18,699 thousand (2009: Rs 15,192 thousand) being the Company's share in Joint Ventures operated by the Company.		
21. TRADE DEBTS - CONSIDERED GOOD		
Due from related parties - note 21.1	1,192,422	1,245,754
Others	1,392,203	581,779
	<u>2,584,625</u>	<u>1,827,533</u>
21.1 Due from related parties		
Associated companies		
Attock Refinery Limited	1,179,743	1,233,559
Attock Petroleum Limited	12,679	12,195
	<u>1,192,422</u>	<u>1,245,754</u>

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 30, 2010

	2010	2009
	Rupees ('000)	
22. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES		
Loans and advances - considered good		
Employees - note 18	20,778	17,197
Suppliers	43,752	5,058
	64,530	22,255
Trade deposits and short term prepayments		
Deposits	67,859	32,352
Short-term prepayments	137,459	204,550
	205,318	236,902
Sales tax refundable	273	-
Income tax receivable	4,358	2,049
Interest income accrued	13,388	47,847
Other receivables		
Joint venture partners	145,244	326,555
Due from related parties		
Parent company		
The Attock Oil Company Limited	77,223	317,720
Associated company		
National Refinery Limited	12,566	14,893
Staff Provident Fund	2,708	-
General Staff Provident Fund	386	-
Management Staff Pension Fund - note 37.1	84,155	154,619
Other receivables (net of provision for doubtful receivable Rs 310 thousand (2009: Rs 310 thousand))	64,783	35,685
	387,065	849,472
	674,932	1,158,525

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 30, 2010

	2010	2009
	Rupees ('000)	
23. SHORT TERM INVESTMENTS		
Held to maturity Investments:		
Treasury bills - note 23.1	2,276,865	-
Other held to maturity investments maturing within next twelve months - note 17	6,043	6,623
	<u>2,282,908</u>	<u>6,623</u>
23.1 The effective interest on Treasury bills ranges between 12.01% to 12.10% per annum.		
24. CASH AND BANK BALANCES		
Bank balance on		
Short term deposits	1,825,214	3,300,250
Interest/mark-up bearing saving accounts	2,312,795	688,921
Current accounts	36,039	82,583
	<u>4,174,048</u>	<u>4,071,754</u>
Cash in hand	3,483	3,002
	<u>4,177,531</u>	<u>4,074,756</u>

Balance with banks include foreign currency balances of US \$ 21,114 thousand (2009: US \$ 10,828 thousand). The balances in saving accounts and short term deposits earned interest/mark-up ranging from 0.7% to 14.25% (2009: 4.89% to 19%).

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 30, 2010

	2010	2009
	Rupees ('000)	
25. NET SALES		
Crude oil	8,237,631	7,052,369
Gas	5,587,224	3,733,645
POLGAS/CAPGAS - Refill of cylinders	4,357,487	3,482,744
Solvent oil	223,672	227,500
Sulphur	11,568	45,278
Liquefied petroleum gas	767	3,743
	18,418,349	14,545,279
26. OPERATING COSTS		
Operating cost - Own fields	321,272	258,624
- Share in Joint Ventures	1,054,973	1,105,709
Well work over	210,880	514,602
POLGAS/CAPGAS -Cost of gas/LPG, carriage etc	2,436,332	1,668,833
Head office and insurance charges	55,519	35,626
Pumping and transportation cost	16,070	19,360
Depreciation - note 13.3	492,060	314,449
	4,587,106	3,917,203
Opening stock of crude oil and other products	95,971	62,960
Closing stock of crude oil and other products	(104,073)	(95,971)
	4,579,004	3,884,192

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 30, 2010

	2010	2009
	Rupees ('000)	
27. EXPLORATION COSTS		
Geological and geophysical cost		
Own fields	(51)	107,637
Share in Joint Ventures operated by the Company		
- Kirthar South	33,732	48,316
- Hyderabad	-	67
- Ikhlas	82,045	272,559
- Pindori	6,757	282
- DG Khan	12,412	-
- Rajanpur	12,647	-
Share in Joint Ventures operated by the others		
Pakistan Petroleum Limited - Adhi	-	34,761
Orient Petroleum International Inc. - Dhurnal	255	7,488
MOL Pakistan Oil and Gas Company B.V. - TAL Block	541,958	85,329
- Margala Block	28,641	292,590
- Margala North Block	20,452	294,361
Oil and Gas Development Company Limited - Kotra	6,832	20,470
- Gurgalot	10,023	12,228
- Chak Naurang	3,327	11,516
ENI Pakistan Limited - Manchar Block	-	21
	759,030	1,187,625
Dry and abandoned wells cost - note 15		
Share in Joint Ventures operated by the Company		
- Kirthar South	25,164	854,354
- Ikhlas	-	15,530
Share in Joint Ventures operated by others		
MOL Pakistan Oil and Gas Company B.V. - TAL Block	331,462	-
Oil and Gas Development Company Limited - Gurgalot	490,729	-
	847,355	869,884
	1,606,385	2,057,509

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 30, 2010

	2010	2009
	Rupees ('000)	
28. ADMINISTRATION EXPENSES		
Establishment charges	127,317	76,739
Telephone and telex	1,319	1,116
Medical expenses	5,110	3,900
Printing, stationery and publications	8,094	5,784
Insurance	3,206	2,604
Travelling expenses	5,030	3,577
Motor vehicle running expenses	6,653	5,998
Rent, repairs and maintenance	8,146	6,654
Auditor's remuneration - note 28.1	4,079	3,574
Legal and professional charges	4,109	2,461
Stock exchange and CDC fee	1,572	1,681
Computer support and maintenance charges	11,206	6,561
Donations *	300	3,020
Depreciation	345	325
Other expenses	4,252	752
	190,738	124,746
Less: Amount allocated to field expenses	100,654	66,589
	90,084	58,157

* No director or his spouse had any interest in the donee institutions.

28.1 Auditor's remuneration

Statutory audit	1,000	750
Review of half yearly accounts, audit of consolidated accounts, staff funds, special certifications	799	699
Tax services	2,100	2,000
Out of pocket expenses	180	125
	4,079	3,574

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 30, 2010

	2010	2009
	Rupees ('000)	
29. FINANCE COST		
Provision for decommissioning cost - note 10.2		
- Unwinding of discount	158,511	141,726
- Exchange loss	123,369	364,229
Banks' commission and charges	2,572	6,830
	284,452	512,785
30. OTHER CHARGES		
Workers' profit participation fund	517,873	392,217
Workers' welfare fund	196,652	149,027
	714,525	541,244
31. OTHER OPERATING INCOME		
Income from financial assets		
Income on bank deposits	373,711	787,603
Income on held-to-maturity investments	71,561	9,812
Exchange gain on financial assets	92,922	397,803
Dividend on available-for-sale investments	4,978	8,937
Profit on disposal of available-for-sale investments	694	15,014
Reversal/(impairment loss) on available-for-sale investments	1,660	(46,437)
Provision for doubtful held-to-maturity investments	(15,950)	-
Other income		
Rental income (net of related expenses Rs 21,637 thousand; 2009: Rs 8,684 thousand)	152,397	102,691
Rig rental (net of related expenses Rs 152,219 thousand; 2009: Rs 137,177 thousand)	137,893	95,750
Crude oil/gas transportation income (net of related expenses Rs 40,429 thousand; 2009: Rs 36,293 thousand)	119,550	100,972
Gas processing fee	39,665	20,812
Profit on sale of property, plant and equipment	22,386	17,732
Sale of stores and scrap	6,596	1,642
Other	5,043	9,476
	1,013,106	1,521,807

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 30, 2010

32. SHARE IN PROFITS OF ASSOCIATED COMPANIES

Share in profit of associated companies is net of taxation and based on the audited financial statements of the associated companies for the year ended June 30, 2010.

	2010	2009
	Rupees ('000)	
33. PROVISION FOR TAXATION		
Current		
- for the year	1,483,928	572,623
- for prior period	258,000	528
	1,741,928	573,151
Deferred		
- for the year	774,094	1,038,058
- for prior period	(337,000)	-
	437,094	1,038,058
	2,179,022	1,611,209

33.1 Reconciliation of tax charge for the year

Accounting profit	10,319,241	7,227,855
* Tax at applicable tax rate of 49.44% (2009: 50.14%)	5,101,832	3,624,046
Tax effect of income that is not taxable or taxable at reduced rates	(190,505)	(483,358)
Tax effect of share of profit of associated companies taxed on the basis of dividend income	(478,053)	(175,606)
Tax effect of depletion allowance and royalty payments	(2,175,252)	(1,354,401)
Tax effect of prior year	(79,000)	528
Tax charge for the year	2,179,022	1,611,209

* The applicable tax rate is the weighted average of tax rates applicable to income from oil and gas concessions and income from other activities.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 30, 2010

34. OPERATING SEGMENTS

The financial statements have been prepared on the basis of a single reportable segment. Revenue from external customers for products of the Company is disclosed in note 25.

Revenue from two major customers of the Company constitutes 72% of the total revenue during the year ended June 30, 2010 (June 30, 2009: 70%).

35. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in these financial statement in respect of remuneration, including benefits and perquisites to the chief executive, directors and executives of the company are given below:

	Chief Executive		Executives	
	2010	2009	2010	2009
	Rupees ('000)		Rupees ('000)	
Managerial remuneration	4,640	4,184	56,873	51,387
Bonus	2,091	1,741	19,763	16,578
Housing, utility and conveyance	3,428	3,194	52,431	49,986
Company's contribution to pension, gratuity and provident funds	1,816	1,263	23,285	17,184
Leave passage	728	532	8,148	6,218
Other benefits	1,540	1,477	18,845	14,519
	14,243	12,391	179,345	155,872

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

1	1	61	55
---	---	----	----

In addition to remuneration, the Chairman, the Chief Executive and certain executives were provided with use of the Company's cars and residential telephone facilities. The Company also provides medical facilities to its staff.

An honorarium of Rs 319 thousand (2009: Rs 919 thousand) was paid to one non-executive director (2009: two non-executive directors). In addition seven directors and the Chief Executive of the Company were paid meeting fee aggregating Rs 3,560 thousand (2009: Rs Nil) based on actual attendance.

Remuneration of executives are net of charge to associated companies amounting to Rs 3,878 thousand (2009: Rs 4,584 thousand).

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 30, 2010

36. FINANCIAL INSTRUMENTS

36.1 Financial assets and liabilities

	Held to Maturity Investments	Loans and receivables	Available-for-sale Investments	Total
	----- Rupees ('000) -----			
June 30, 2010				
Financial Assets				
Maturity up to one year				
Trade debts	-	2,584,625	-	2,584,625
Advances , deposits and other receivables	-	489,363	-	489,363
Short term investments	2,282,908	-	-	2,282,908
Cash and bank balances	-	4,177,531	-	4,177,531
Maturity after one year				
Other long term investments	72,481	-	114,528	187,009
Long term loans and advances	-	12,939	-	12,939
	2,355,389	7,264,458	114,528	9,734,375
Financial Liabilities				
			Other financial liabilities	Total
			----- Rupees ('000) -----	
Maturity up to one year				
Trade and other payables			2,312,445	2,312,445
Maturity after one year				
Long term deposits			589,593	589,593
Provision for decommissioning cost			2,755,741	2,755,741
Provision for staff compensated absences			9,173	9,173
			5,666,952	5,666,952

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 30, 2010

	Held to Maturity Investments	Loans and receivables	Available-for-sale Investments	Total
	----- Rupees ('000) -----			
June 30, 2009				
Financial Assets				
Maturity up to one year				
Trade debts	-	1,827,533	-	1,827,533
Advances , deposits and other receivables	-	946,868	-	946,868
Short term investments	6,623	-	-	6,623
Cash and bank balances	-	4,074,756	-	4,074,756
Maturity after one year				
Other long term investments	89,682	-	98,586	188,268
Long term loans and advances	-	10,379	-	10,379
	<u>96,305</u>	<u>6,859,536</u>	<u>98,586</u>	<u>7,054,427</u>

	Other financial liabilities	Total
	----- Rupees ('000) -----	
Maturity up to one year		
Trade and other payables	2,294,197	2,294,197
Maturity after one year		
Long term deposits	579,772	579,772
Provision for decommissioning cost	2,358,481	2,358,481
Provision for staff compensated absences	8,758	8,758
	<u>5,241,208</u>	<u>5,241,208</u>

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 30, 2010

36.2 Credit quality of financial assets

The credit quality of Company's financial assets have been assessed below by reference to external credit ratings of counterparties determined by The Pakistan Credit Rating Agency Limited (PACRA) and JCR - VIS Credit Rating Company Limited (JCR-VIS). The counterparties for which external credit ratings were not available have been assessed by reference to internal credit ratings determined based on their historical information for any defaults in meeting obligations.

	Rating	2010 Balance	2009 Balance
		Rupees ('000)	
Held-to-maturity investments			
Counterparties with external credit rating	A+	4,990	4,992
	A A -	2,463	3,285
	AA	4,999	4,999
	A-	13,050	29,000
Counterparties without external credit rating			
Securities issued/supported by Government of Pakistan		2,329,887	54,029
		2,355,389	96,305
Available for sale investments			
Counterparties with external credit rating	5-Star	33,500	36,563
	A M 2	9,972	-
	A M 3 +	52,099	47,344
	A A A	6,517	3,596
	A A +	7,990	-
Counterparties without external credit rating			
Equity securities with no defaults in the past		4,450	11,083
		114,528	98,586

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 30, 2010

	Rating	2010 Balance Rupees ('000)	2009 Balance
Trade debts			
Counterparties with external credit rating	A 1 +	2,521,254	1,789,489
	A 1	11,973	-
Counterparties without external credit rating			
Existing customers/joint venture partners with no default in the past		51,398	38,044
		2,584,625	1,827,533
Advances, deposits and other receivables			
Counterparties with external credit rating	A 1 +	86,163	170,382
	A 1	6,375	4,953
Counterparties without external credit rating			
Existing customers/joint venture partners with no default in the past		147,378	253,930
Receivable from employees/employee benefit plans		108,027	171,816
Receivable from parent company		77,223	317,720
Others		64,197	28,067
		489,363	946,868
Bank balances			
Counterparties with external credit rating	A 1 +	4,136,378	4,033,096
	A 1	213	2,219
	A 2	37,457	-
	A 2 (RW)	-	35,124
	A 3	-	1,315
		4,174,048	4,071,754
Long term loans and advances			
Counterparties without external credit rating			
Receivable from employees		12,939	10,379

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 30, 2010

36.3 FINANCIAL RISK MANAGEMENT

36.3.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including currency risk, interest rates risk and price risk). The Company's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

(a) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

As of June 30, 2010, trade debts of Rs 251,732 thousand (2009: Rs 437,230 thousand) were past due but not impaired. The ageing analysis of these trade receivables is as follows:

	2010	2009
	Rupees ('000)	
Up to 3 months	17,505	101,943
3 to 6 months	4,478	2,475
6 to 12 months	8,361	70,226
Above 12 months	221,388	262,586
	<u>251,732</u>	<u>437,230</u>

(b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company manages liquidity risk by maintaining sufficient cash and marketable securities. At June 30, 2010, the Company had financial assets of Rs 9,734,375 thousand (2009: Rs 7,054,427 thousand).

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the maturity date. The amounts disclosed in the table are undiscounted cash flows which have been inflated using appropriate inflation rate, where applicable .

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 30, 2010

	Less than 1 year	Between 1 to 5 years	Over 5 years
	----- Rupees (' 000) -----		
At June 30, 2010			
Long term deposits	-	589,593	-
Provision for decommissioning cost	-	2,130,436	6,231,054
Provision for staff compensated absences	-	9,173	-
Trade and other payables	2,312,445	-	-
At June 30, 2009			
Long term deposits	-	579,772	-
Provision for decommissioning cost	-	2,238,732	3,160,209
Provision for staff compensated absences	-	8,758	-
Trade and other payables	2,294,197	-	-

(c) Market risk

(i) Currency risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign exchange risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

The Company is exposed to currency risk arising from currency exposure with respect to the US dollar. Currently foreign exchange risk is restricted to trade debts, bank balances, receivable from/payable to joint venture partners, payable to suppliers and provision for decommissioning cost.

Financial assets include Rs 2,990,639 thousand (2009: Rs 2,759,979 thousand) and financial liabilities include Rs 3,078,642 thousand (2009: Rs 3,085,203 thousand) which were subject to currency risk.

If exchange rate had been 10% higher/lower with all other variables held constant, profit after tax for the year would have been Rs 5,720 thousand (2009: Rs 21,139 thousand) lower/higher.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 30, 2010

(ii) Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company has no significant long term interest bearing financial assets and liabilities whose fair value or future cash flows will fluctuate because of changes in market interest rates.

Financial assets include balances of Rs 6,493,398 thousand (2009: Rs 4,085,475 thousand) which are subject to interest rate risk. Applicable interest rates for financial assets have been indicated in respective notes.

If interest rates had been 1% higher/lower with all other variables held constant, profit after tax for the year would have been Rs 41,781 thousand (2009: Rs 37,894 thousand) higher/lower, mainly as a result of higher/lower interest income from these financial assets.

(iii) Price risk

Price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Company is exposed to equity securities price risk because of investments held by the Company and classified on the balance sheet as available for sale. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the investment policy of the Company.

Available for sale investments include Rs 114,528 thousand (2009: Rs 98,568 thousand) which were subject to price risk.

36.3.2 Capital risk management

The Company's objectives when managing capital are to ensure the Company's ability not only to continue as a going concern but also to meet its requirements for expansion and enhancement of its business, maximize return of shareholders and optimize benefits for other stakeholders to maintain an optimal capital structure and to reduce the cost of capital.

In order to achieve the above objectives, the Company may adjust the amount of dividends paid to shareholders, issue new shares through bonus or right issue or sell assets to reduce debts or raise debts, if required.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 30, 2010

Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. The gearing ratio of the Company has always been low since its inception and the Company has mostly financed its projects and business expansions through equity financing. Further, the Company is not subject to externally imposed capital requirements.

36.3.3 Fair value of financial assets and liabilities

Financial assets and liabilities are stated at fair value except for investment in held-to-maturity investments which are stated at amortised cost.

37. STAFF RETIREMENT BENEFITS

The details of actuarial valuation of defined benefit funded plans carried out as at year end are as follows:

	2010	2009
	Rupees ('000)	
37.1 The amounts recognized in the balance sheet are as follows:		
Present value of defined benefit obligations	887,722	760,087
Fair value of plan assets	(667,011)	(590,119)
	220,711	169,968
Unrecognized actuarial gains (losses)	(177,297)	(141,379)
Net liability	43,414	28,589
Amounts in the balance sheet:		
Liability - Gratuity Fund - note 11	127,569	183,208
Asset - Management Staff Pension Fund - note 22	(84,155)	(154,619)
Net liability	43,414	28,589
37.2 The amounts recognized in the profit and loss account are as follows:		
Current service cost	32,474	27,572
Interest cost	91,830	81,479
Expected return on plan assets	(69,259)	(73,264)
Past service cost	-	4,010
Net actuarial losses recognized during the year	10,929	2,175
	65,974	41,972

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 30, 2010

	2010	2009
	Rupees ('000)	
37.3 Actual return on plan assets	78,175	13,663

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

	2010	2009
	Rupees ('000)	
37.4 Changes in the present value of defined benefit obligation are as follows:		
Opening defined benefit obligation	760,087	640,154
Current service cost	32,474	27,572
Interest cost	91,830	81,479
Past service cost	-	4,010
Actuarial losses	55,763	58,936
Benefits paid	(52,432)	(52,064)
Closing defined benefit obligation	887,722	760,087

37.5 Changes in fair value of plan assets are as follows:		
Opening fair value of plan assets	590,119	537,513
Expected return	69,259	73,264
Actuarial gain/(losses)	8,916	(59,601)
Contribution by employer	51,149	91,007
Benefits paid	(52,432)	(52,064)
Closing fair value of plan assets	667,011	590,119

The Company expects to contribute Rs 54 million to its defined benefit plans during the year ending June 30, 2011.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 30, 2010

37.6 The major categories of plan assets as a percentage of total plan assets of defined pension plan are as follows:

	2010		2009	
	Rupees ('000)	%age	Rupees ('000)	%age
Treasury bills	449,460	67	-	-
Government bonds	105,607	16	104,583	18
Regular income certificates	20,125	3	-	-
Unit trusts	101,161	15	87,385	15
Shares	11,437	2	16,771	3
Term deposits	-	-	393,084	66
Other assets	307	-	10,464	2
Allocated to holding company	(21,086)	(3)	(22,168)	(4)
	667,011	100	590,119	100

37.7 Principal actuarial assumptions

The principal assumptions used in the actuarial valuation are as follows:

	2010	2009
	%	%
Discount rate	13.0	12.5
Expected rate of salary increase	10.9	10.4
Expected rate of pension increase	7.6	7.1
Expected rate of return on investments	13.0	12.5

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 30, 2010

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

	2010	2009	2008	2007	2006
	----- Rupees ('000) -----				
Defined benefit obligation	887,722	760,087	640,154	592,705	552,713
Plan assets	(667,011)	(590,119)	(537,513)	(508,042)	(425,053)
Deficit / (surplus)	220,711	169,968	102,641	84,663	127,660
Experience adjustments on plan liabilities	55,763	58,936	19,278	(16,063)	16,143
Experience adjustments on plan assets	8,916	(59,601)	(21,390)	38,253	2,715

38. EARNINGS PER SHARE - BASIC AND DILUTED

	2010	2009
Profit for the year attributable to owners of Pakistan Oilfields Limited (in thousand rupees)	8,123,035	5,581,298
Weighted average number of ordinary shares in issue during the year (in thousand shares)	236,546	236,546
Basic and diluted earnings per share (Rupees)	34.34	23.59

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 30, 2010

39. TRANSACTIONS WITH RELATED PARTIES

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

	2010	2009
	Rupees ('000)	
Parent company - The Attock Oil Company Limited		
Purchase of petroleum products	86,903	21,085
Sale of services	785	444
Purchase of services	402	-
Associated companies		
Attock Refinery Limited		
Sale of crude oil and gas	8,252,344	6,585,561
Crude oil and gas transmission charges	99,336	88,610
Sale of services	5,086	5,195
Purchase of fuel	6,994	6,000
Purchase of services	12,569	10,726
Purchase of LPG	460,778	288,940
Attock Petroleum Limited		
Purchase of fuel and lubricants	502,901	787,894
Purchase of services	173	430
Sale of solvent oil	263,267	266,532
Sale of services	5,919	5,008
National Refinery Limited		
Purchase of services	1,161	1,056
Purchase of LPG	369,501	311,507
Attock Information Technology (Private) Limited		
Purchase of services	19,233	12,075
Attock Cement Pakistan Limited		
Purchase of services	550	-
Attock Hospital (Private) Limited		
Purchase of medical services	3,976	3,107

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 30, 2010

	2010	2009
	Rupees ('000)	
Other related parties		
Contribution to staff retirement benefits plans Management Staff Pension Fund and Gratuity Fund Approved Contributory Provident Funds	51,149 18,114	91,007 18,834
Contribution to Workers' profit participation fund	517,873	392,217
40. CASH AND CASH EQUIVALENTS		
Cash and cash equivalents comprise		
Cash and bank balances	4,177,531	4,074,756
Short term investments - maturing within next three months	2,276,865	-
	6,454,396	4,074,756

41. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on September 30, 2010 has proposed a final dividend for the year ended June 30, 2010 @ Rs 17.50 per share, amounting to Rs 4,139,554 thousand for approval of the members in the Annual General Meeting to be held on October 28, 2010.

42. GENERAL

42.1 Capacity

Considering the nature of the Company's business, information regarding capacity has no relevance.

42.2 Date of authorization

These financial statements were authorized for issue by the Board of Directors of the Company on September 30, 2010.



Shuaib A. Malik
Chief Executive



Abdus Sattar
Director

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the FIFTY NINTH Annual General Meeting (being the SEVENTY SIXTH General Meeting) of the Company will INSHA'ALLAH be held on Friday October 29, 2010 at 4 P.M. at Morgah Club, Morgah, Rawalpindi, to transact the following business: -

ORDINARY BUSINESS

1. To receive, consider and approve the audited accounts of the Company together with Directors' and Auditor's Reports for the year ended June 30, 2010.
2. To declare final cash dividend of 175% (Rs 17.50 per share) as recommended by the Board of Directors. This is in addition to the interim cash dividend of Rs. 8 per share i.e. 80% already paid to the shareholders, thus making a total cash dividend of Rs. 25.50 per share i.e. 255% for the year ended June 30, 2010.
3. To appoint auditors for the year ending June 30, 2011 and fix their remuneration. The present auditors Messrs A. F. Ferguson & Co., Chartered Accountants, retire and being eligible, offer themselves for reappointment.
4. To transact any other business with the permission of the Chairman.

SPECIAL BUSINESS

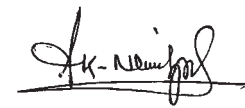
5. To approve and adopt a new set of Articles of Association and for this purpose to pass the following resolution as a Special Resolution:

“RESOLVED THAT the regulations contained in the printed document submitted to this meeting, be approved and adopted as the Articles of Association of the Company, in substitution for, and to the exclusion of, all the existing Articles thereof.”

Statements of materials facts under section 160(1)(b) of the Companies Ordinance, 1984 pertaining to the Special Business referred above under agenda item 5 are annexed to this Notice of Meeting being sent to the members.

Registered Office
POL House,
Morgah, Rawalpindi
October 07, 2010

BY ORDER OF THE BOARD



Syed Khalid Nafees Zaidi
Company Secretary

NOTICE OF ANNUAL GENERAL MEETING

NOTES:

1) CLOSURE OF SHARE TRANSFER BOOKS

The share transfer books of the Company will remain closed and no transfer of shares will be accepted for registration from October 19, 2010 to October 29, 2010 (both days inclusive). Transfers received in order at the Registered Office of the Company by the close of business on October 18, 2010 will be treated in time for the purpose of payment of the final cash dividend, if approved by the shareholders.

2) PARTICIPATION IN THE ANNUAL GENERAL MEETING

A member entitled to attend and vote at this meeting is entitled to appoint another member as his / her proxy to attend and vote. Proxies in order to be effective must be received at the Registered Office of the Company duly stamped and signed not less than 48 hours before the meeting.

3) CDC ACCOUNT HOLDERS WILL FURTHER HAVE TO FOLLOW THE UNDER MENTIONED GUIDELINES AS LAID DOWN BY THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

a. For attending the meeting

- i. In case of individuals, the account holders or sub-account holders whose registration details are uploaded as per regulations shall authenticate their identity by showing their original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.
- ii. In case of corporate entities, the Board of Directors' resolution / power of attorney with specimen signature of the nominees shall be produced (unless it has been provided earlier) at the time of the meeting.

b. For appointing proxies

- i. In case of individuals, the account holders or sub account holders whose registration details are uploaded as per regulations, shall submit the proxy form as per the above requirements.
- ii. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- iii. Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.

NOTICE OF ANNUAL GENERAL MEETING

- iv. The proxies shall produce their original CNIC or original passport at the time of the meeting.
- v. In case of corporate entities, the Board of Directors' resolution/power of attorney with specimen signature of the person nominated to represent and vote on behalf of the corporate entity, shall be submitted (unless it has been provided earlier) along with proxy form to the company.

4) **STATEMENT UNDER SECTION 160(1) (B) OF THE COMPANIES ORDINANCE, 1984 REQUIRED UNDER SRO 865(1)/2000 DATED DECEMBER 06, 2000**

Statement of Material Facts

The material facts concerning the special businesses to be transacted at the Annual General Meeting of the Company to be held on Friday, October 29, 2010.

Alteration in the Articles of Association of the Company

The Board of Directors of the Company has recommended that the Company's Articles of Association be substituted for, and to the exclusion, of all the existing articles by a new set of Articles of Association. The new set of the articles of association updates the Company's existing Articles of Association by taking into account the several changes made in the Companies Ordinance, 1984 since the time that the articles were last amended.

A copy of new set of Articles of Association is attached.

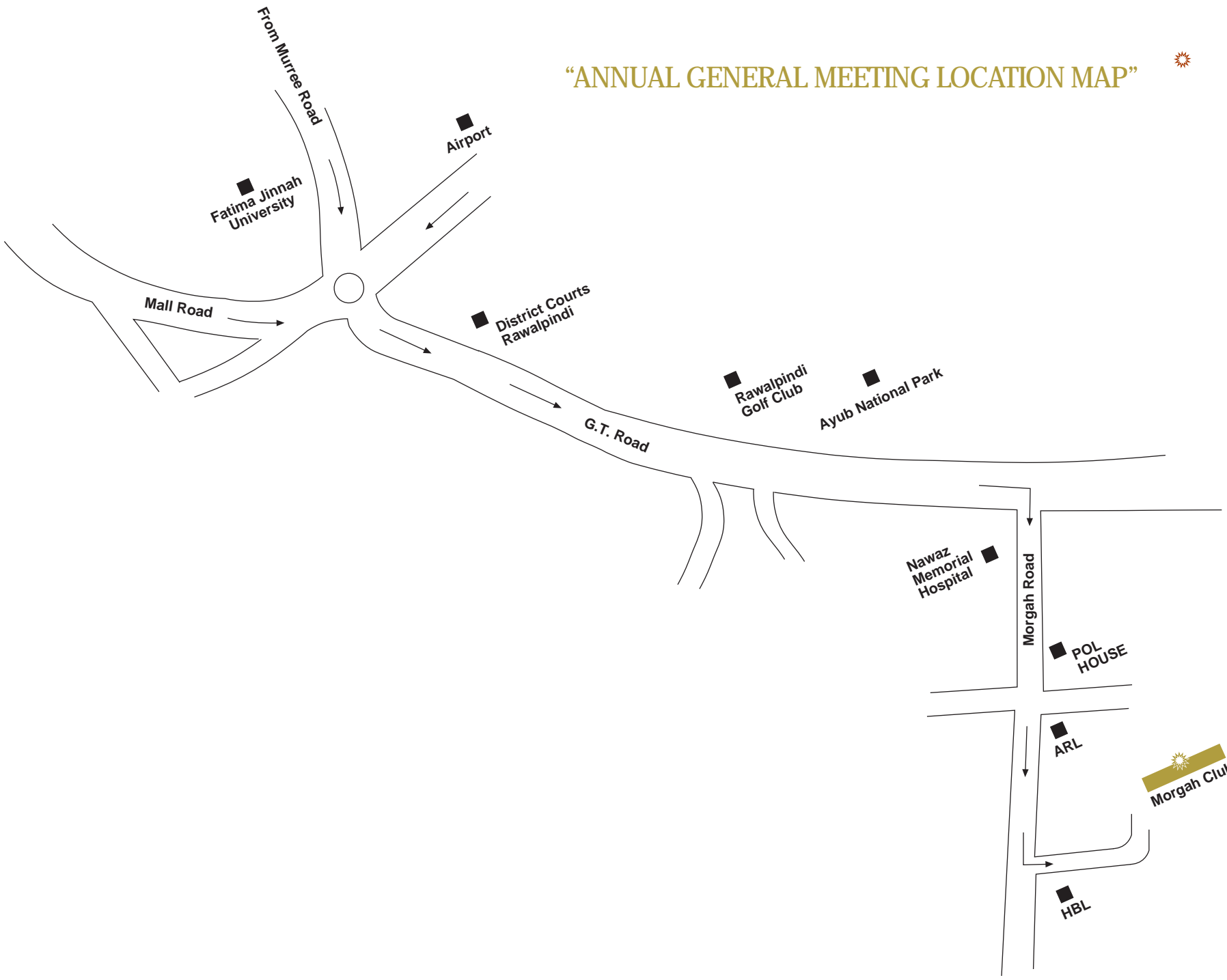
The resolution required for the above purpose is set forth at item No.5 in the notice convening the Annual General Meeting and that resolution will be proposed and passed as a Special Resolution.

5) **CHANGE IN ADDRESS**

The members are requested to promptly notify any change in their addresses.

6) **Accounts of the company for the year ended June 30, 2010 have been provided on the website: www.pakoil.com.pk**

"ANNUAL GENERAL MEETING LOCATION MAP"



Fatima Jinnah University

Airport

Mall Road

District Courts Rawalpindi

Rawalpindi Golf Club

Ayub National Park

G.T. Road

Nawaz Memorial Hospital

Morgah Road

POL HOUSE

ARL

HBL

Morgah Club



The Secretary

PAKISTAN OILFIELDS LIMITED

P.O.L House, Morgah, Rawalpindi,

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