report &
financial statements
2012

Pakistan Oilfields Limited

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.

Contents

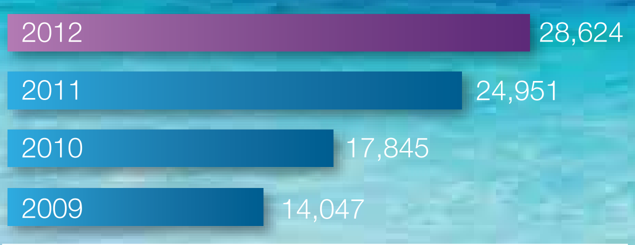
Financial Highlights

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$ 708 million (2011: US$ 572 million).

The contribution to the national exchequre, in the shape of royalty and other government levies, was Rs 11,345 million (2011: Rs 9,344 million).

+ 14.72%

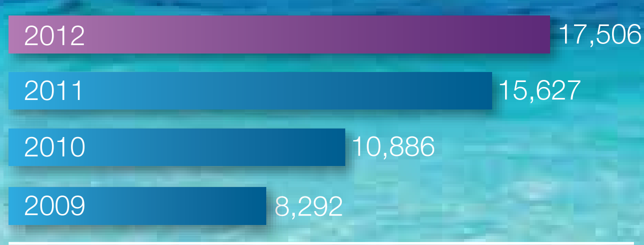
Net sales



(Rs in million)

+ 12.02%

Gross Profit



(Rs in million)


+ 9.60%
Earnings per share
2012 50.11
2011 45.72
2010 31.44
2009 23.75
(Rs per share)
+50.00%
Cash Dividend Payout
2012 12,419
2011 8,279
2010 6,032
2009 4,258
(Rs in million)

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.

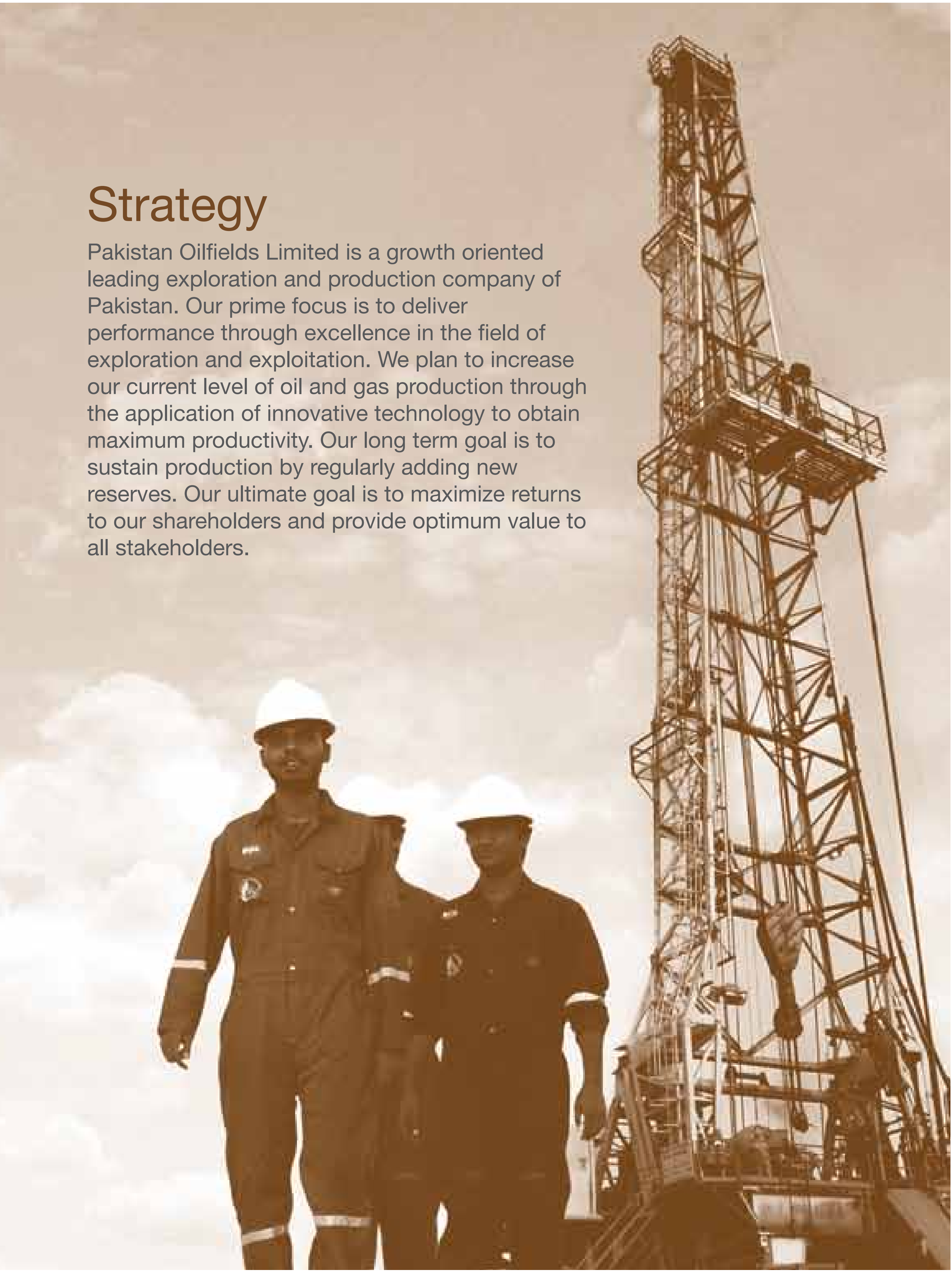
Mission

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.

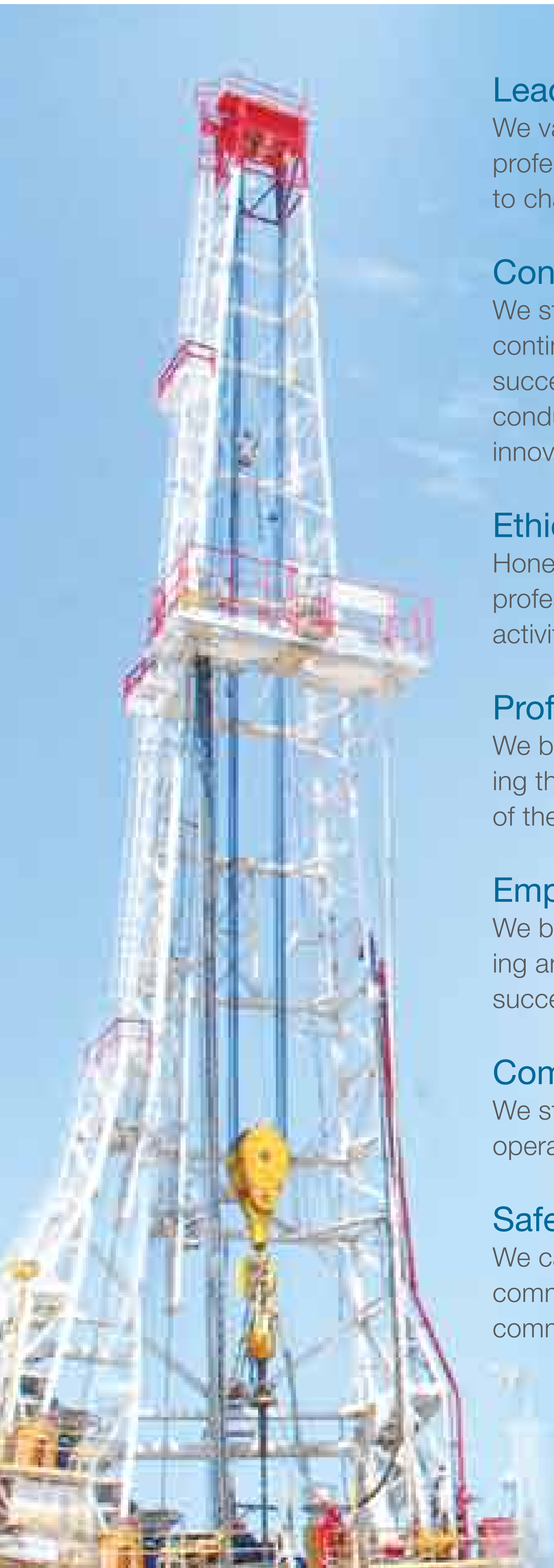
In achieving our aim, we will maximize the return to our shareholders, fully protect the environment, enhance the well-being of our emplyees and contribute to the national economy.

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.



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 in 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

- 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, kickbacks, 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.

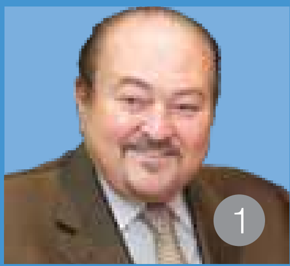
- Employees will maintain the confidentiality of the Company's and its customers' confidential information which is disclosed to them.

- 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.

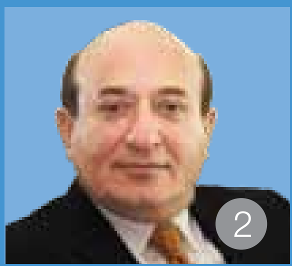
- Pakistan Oilfields Limited will support and respect the protection of international human rights within its sphere of influence, in particular the effective elimination of all sorts of compulsory labour and child labour, and it will make this a criterion in the choice and management of its suppliers and sub-contractors.

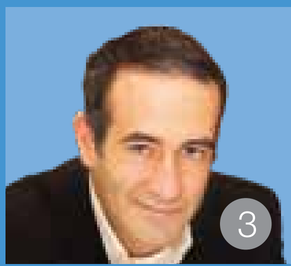
- Pakistan Oilfields Limited will not discriminate against any employee for any reason such as race, religion, political convictions or gender, and will treat everyone with dignity and with full respect for their private lives. This is expected also to apply to relations between members of personnel.

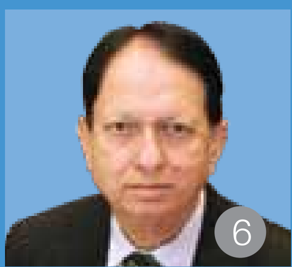
Chairman Attock Group of Companies

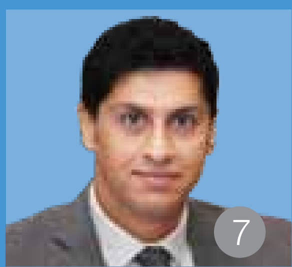


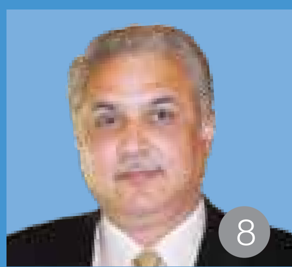
Board of Directors

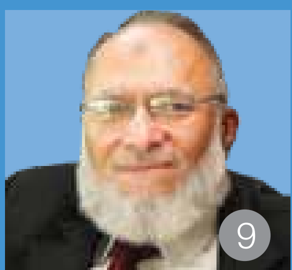


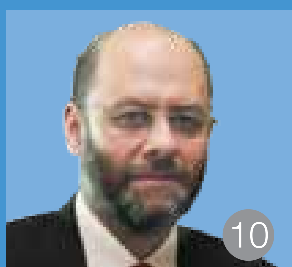












1. Dr. Gaith R. Pharaon
2. Shuaib A. Malik
3. Laith G. Pharaon
4. Wael G. Pharaon
5. Arif Kemal
6. Abdus Sattar
7. Nihal Cassim
8. Babar Bashir Nawaz
   Alternate director to Mr. Wael G. Pharaon
9. Iqbal A. Khwaja
   Alternate director to Mr. Laith G. Pharaon
10. Bilal Ahmad Khan
    Alternate director to Dr. Ghaith R. Pharaon

Corporate Information

Directors

Dr. Ghaith R. Pharaon
Chairman Attock Group of Companies
Alternate director: Mr. Bilal Ahmad Khan

Mr. Laith G. Pharaon
Alternate director: Mr. Iqbal A. Khwaja

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

Mr. Arif Kemal

Mr. Abdus Sattar

Mr. Nihal Cassim

Mr. Shuaib A. Malik
Chairman & Chief Executive

Audit Committee

Mr. Abdus Sattar
Chairman Audit Committee

Mr. Babar Bashir Nawaz
Member

Mr. Iqbal A. Khwaja
Member

Mr. Bilal Ahmad Khan
Member

Mr. Nihal Cassim
Member

Human Resource and Remuneration (HR&R) Committee

Mr. Babar Bashir Nawaz
Chairman Human Resource Committee

Mr. Shuaib A. Malik
Member

Mr. Iqbal A. Khwaja
Member

CFO/ Company Secretary

Syed Khalid Nafees Zaidi

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

Board Committees

Human Resource and Remuneration (HR&R) Committee

Composition

- Mr. Babar Bashir Nawaz — Chairman
- Mr. Shuaib A. Malik — Member
- Mr. Iqbal A. Khwaja — Member

Term of reference

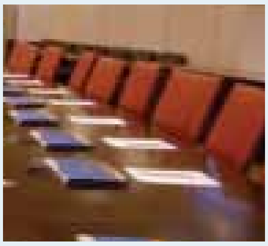
The committee shall be responsible for:

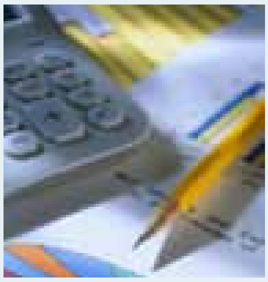
i) Recommending human resource management policies to the board.

ii) Recommending to the board the selection, evaluation, compensation (including retirement benefits) and succession planning of the CEO.

iii) Recommending to the board the selection, evaluation, compensation (including retirement benefits) of COO, CFO, Company Secretary and Head of Internal Audit; and

iv) Consideration and approval on recommendations of CEO on such matters for key management positions who report directly to CEO or COO.





Audit Committee

Composition

• Mr. Abdus Sattar	Chairman
• Mr. Iqbal A. Khwaja	Member
• Mr. Babar Bashir Nawaz	Member
• Mr. Bilal Ahmad Khan	Member
• Mr. Nihal Cassim	Member

Terms of reference

i) Recommending to the Board of Directors the appointment of external auditors.

ii) Consideration of questions regarding resignation or removal of external auditors, audit fees and provision by the external auditors of any service to the Company in addition to audit of its financial statements.

iii) Determination of appropriate measures to safeguard the Company's assets.

iv) Review of preliminary announcements of results prior to publication.

v) Review of quarterly, half-yearly and annual financial statements of the company, prior to their approval by the Board of Directors, focusing on:

- major judgmental areas
- significant adjustments resulting from the audit
- the going concern assumption
- any changes in accounting policies and practices
- compliance with applicable accounting standards
- compliance with listing regulations and other statutory and regulatory requirements and
- significant related party transactions.

vi) Facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary).

vii) Review of management letter issued by external auditors and management's response thereto.

viii) Ensuring coordination between the internal and external auditors of the Company.

ix) Review of the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company.

x) Consideration of major findings of internal investigations and management's response thereto.

xi) Ascertaining that the internal control systems including financial and operational controls, accounting systems and reporting structure are adequate and effective.

xii) Review of the Company's statement on internal control systems prior to endorsement by the Board of Directors.

xiii) Instituting special projects, value for money studies or other investigations on any matter specified by the Board of Directors, in consultation with the Chief Executive and to consider remittance of any matter to the external auditors or to any other external body.

xiv) Determination of compliance with relevant statutory requirements.

xv) Monitoring compliance with the best practices of corporate governance and identification of significant violations thereof; and

xvi) Consideration of any other issue or matter as may be assigned by the Board of Directors.

Management Committees

Various committees have been consituted 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".

Global Compact

Through the power of collective action, Global compact seeks to advance responsible corporate citizenship so that business can be part of the solution to the challenges of globalization. Today, hundreds of companies from all regions of the world, international labour and civil organizations are engaged in Global Compact.

The Company fully supports the principles of Global Compact. The Company aims to incorporate the principles of Global Compact into its strategy, culture and day to day operations.

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; and
Principle 9:	encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

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

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

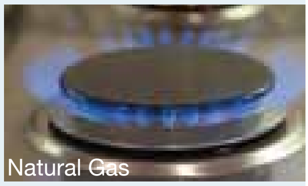
LPG is a mixture of gases, mainly propane and butane, produced commercially from petroleum and stored under pressure to keep it in a liquid state. The boiling point of liquefied petroleum gas varies from about -44°C to 0°C, so that the pressure required to liquefy it is considerable and the containers 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

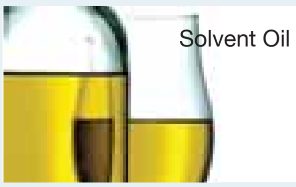
Solvent oil is one of the five major oil products closely related to people's daily life. Its application sectors also have a constant expansion. There are also extensive uses in rubber, leather and adhesive sectors.

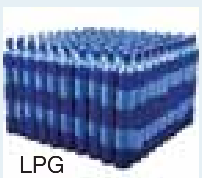
Sulphur

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.


Natural Gas


Crude Oil


Solvent Oil


LPG


Sulpher

Chairman's Statement

بِسۡمِ ٱللَّهِ ٱلرَّحۡمَٰنِ ٱلرَّحِيمِ

It gives me great pleasure to welcome you to the Sixty first Annual General Meeting of the Company and to present the Company's Annual Report and Audited Financial Statements for the year ended June 30, 2012.

Results

I am pleased to report another year of record profitability. This year's profit after tax of Rs 11.853 billion, is higher by 9.6% from Rs 10.815 billion last year, and is the highest ever in the history of the Company as well as the third consecutive year of record earnings. Earnings per share increased to Rs 50.11from Rs 45.72 last year.

During 2012, your Company achieved net sales of Rs 28.624 billion the highest ever twelve months sale, with an increase of 14.7% from Rs 24.951 billion last year. This is mainly due to the continuous improved production and a favorable price variance. As, new discoveries are connected to production lines during the coming year, we expect profitability to enhance further and have a positive impact on the national economy. The results of the Company's operations are dealt with in further detail in the annexed Directors' Report and Financial Statements.

Exploration and development activities

Our drilling program in 2012 achieved successes in Manzalai-9, Makori East -2, Mamikhel - 2 and Bela-1. Presently four wells are under drilling in our operated and nonoperated joint ventures and we are hopeful of finding new discoveries of oil and gas. We remain committed to having a strong presence in high-potential exploration opportunities to enhance our reserves base.

Outlook

The new Makori Gas Processing Plant, with a capacity to handle 150 mmscfd of gas, 20,000 barrels of oil/condensate per day and LPG 420 Metric Tons per day is expected to be completed in around seventeen months. Makori East-1 has been connected to the production line through Makori-EPF. Current off takes from the well are around 6.6 mmscfd of gas and 1,850 barrels of oil per day. Makori East-2 well, will be connected to the production line in the coming months.

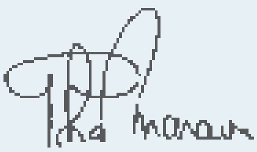
We are driven by our vision to be the leading oil and gas exploration and production company of Pakistan with ever increasing proven hydrocarbon reserves and continuous and improved production. As we move forward, we have a number of factors in our favor; the strength of our balance sheet, our strong cash generation, our unmatched expertise and most of all, the dedication and will of our people.

Our drilling program in 2012 achieved successes in Manzalai-9, Makori East -2, Mamikhel - 2 and Bela-1. Presently four wells are under drilling in our operated and non-operated joint ventures and we are hopeful of finding new discoveries of oil and gas.

Acknowledgment

Our employees have worked in a challenging environment. Their success and efforts have been rewarded by our record performance. Our future success depends on their continued efforts.

On behalf of the Board, I would like to acknowledge with thanks the contributions made by the management staff, employees, regulatory authorities and various Government functionaries. Without their support these results would not have been possible. I would also like to thank all the shareholders for their continued support.



Dr. Ghaith R. Pharaon
Chairman
Attock Group of Companies
Dubai, September 15, 2012

Directors' Report

The Company has made a profit after tax of Rs 11,853 million (2011: Rs 10,815 million), which is the highest ever profit in the Company's history.

The Directors have pleasure in presenting their Annual Report and Audited Financial Statements of the Company for the year ended June 30, 2012.

Financial Results

	Rs (000)
These are summarized below:	
Profit for the year after providing for all expenses including depreciation, exploration, amortization and workers' funds	17,375,578
Provision for taxation	(5,522,783)
Profit after tax	11,852,795

The Company has made a profit after tax of Rs 11,853 million (2011: Rs 10,815 million), which is the highest ever profit in the Company's history and is higher by 9.6% as compared to corresponding period last year. The profit translates into earnings per share of Rs 50.11 (2011: Rs 45.72 per share). This historic profit is primarily driven by continuance strong production and supported by increase in products prices.

In the coming years we are confident Inshallah, that production from Makori East field would enhance our production numbers. 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 2,650 million during the year (2011: Rs 3,614 million). Cash flows provided from operating activities at Rs 15,268 million were 23% higher as compared to last year mainly due to the increased sales.

The contribution to the national exchequre, in the shape of royalty and other government levies, was Rs 11,345 million (2011: Rs 9,344 million).

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 in excess of US$ 708 million (2011 : US$ 572 million) for the country . The contribution to the national exchequer, in the shape of royalty and other government levies, was Rs 11,345 million (2011: Rs 9,344 million).

Dividend

The Directors have recommended a final cash dividend @ 350% (Rs 35.0 per share). This is in addition to the interim cash dividend @ 175% (Rs 17.5 per share) already declared and paid to the shareholders thereby making it a total cash dividend of Rs 52.5 per share (2011: cash dividend of Rs 35 per share).

Production

The following is a comparison of production from the Company's fields including proportionate share from all operated and non-operated joint ventures:

	2011-12	2010-11
Crude Oil/Condensate (US Barrels)	1,676,385	1,659,192
Gas (Million Cubic Feet)	31,959	31,530
LPG (Metric Tones)	26,306	29,994
Sulphur (Metric Tones)	2,904	1,062
Solvent Oil (US Barrels)	21,152	24,034

The Company's share in production, including that from joint ventures, for the year under review averaged at 4,593 barrels per day (bpd) of crude, 87.56 million standard cubic feet per day (mmscfd) of gas, 58 bpd of solvent oil, 72.07 metric tons per day (MTD) of LPG and 7.96 MTD of Sulphur.

Operations Review & Future Prospects

Producing Fields

Bela-1 well was on production from Patala formation since April 19, 2010, due to decline in production/well head pressure this well was completed in Chorgali and Sakesar formation and produced around 100 barrels of Condensate per day and 4 Million Standard Cubic Feet of Gas per day (mmscfd) at choke size of 24/64" at flowing wellhead pressure of 1,550 psi.

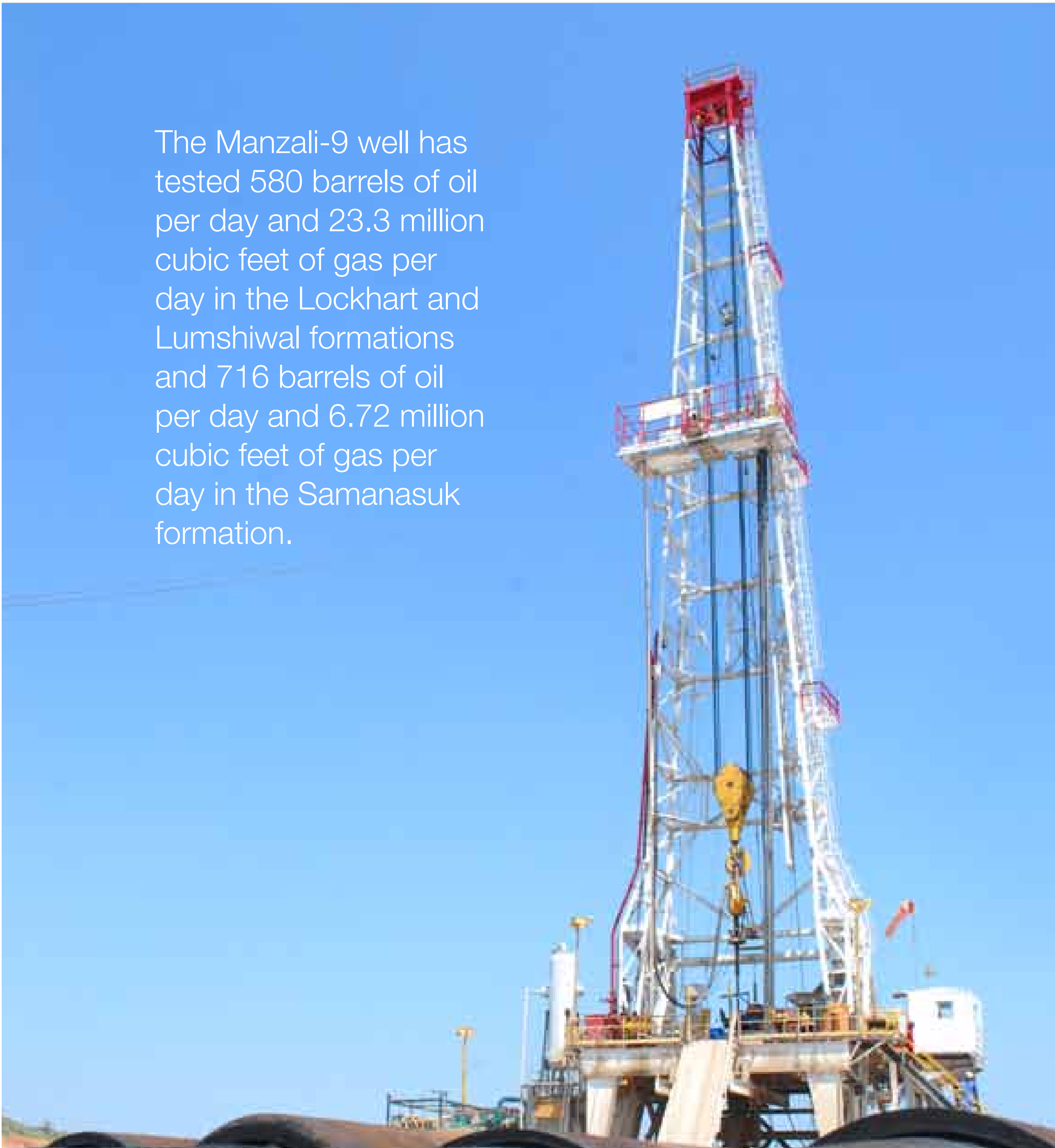
At Dhulian (operated by POL with a 100% share), Dhulian deep-1 was drilled down to 11,531ft. Test results of the well have indicated that except the upper reservoir, where some indication of hydrocarbons was observed, all deeper reservoirs were water bearing. A work over is being planned to test the well in Sakesar Formation.

At Pindori (operated by POL with a 35% share), the joint venture partners have principally agreed to drill another well to test the up dip potential of the field and recover the existing reserves to a maximum level. POL in its efforts to enhance exploratory efforts also mapped the deeper reservoir horizons and delineated sizeable prospects at Tobra (Permian) and Khewara (Cambrian) levels. Discussions are under way to finalize an optimum well location.

At Pariwali (operated by POL with a 82.50% share), seismic reprocessing is in progress to reinterpret the area and to identify any remaining potential for further drilling in the area.

At Tal Block (operated by MOL, where POL has a pre-commerciality share of 25%), Makori East-2 was tested and hydrocarbons encountered at Lockhart Formation, the well has tested 4,106 bbls per day of oil (API gravity 37) and 14.8 mmscfd of gas per day at 32/64" fixed choke size at flowing wellhead pressure of 4531 psi, while Lumshiwal and Hangu formations have tested 794 bbls per day of oil (API gravity 38) and 2.5 mmscfd of gas at 32/64" fixed choke size at flowing wellhead pressure of 795 psi. The well will be put on production in the coming months.

The Manzali-9 well has tested 580 barrels of oil per day and 23.3 million cubic feet of gas per day in the Lockhart and Lumshiwal formations and 716 barrels of oil per day and 6.72 million cubic feet of gas per day in the Samanasuk formation. This well will be connected to the production line in the coming months.



The Manzali-9 well has tested 580 barrels of oil per day and 23.3 million cubic feet of gas per day in the Lockhart and Lumshiwal formations and 716 barrels of oil per day and 6.72 million cubic feet of gas per day in the Samanasuk formation.

Makori East-1 has been tied up to the production line through Makori-EPF. Current off takes from the well are around 6.6 mmscfd of gas and 1,850 barrels of oil per day. A contract is awarded to install Makori Gas Processing Plant with a capacity to handle 150 mmscfd of gas, 20,000 barrels of oil/condensate per day and LPG 420 Matric Tons per day and its completion time is around seventeen months.

Mamikhel-2 well has reached the target depth (3,026m), tested Lockhart Formation at 741 barrels of condensate per day and 18.5 mmscfd of gas at 32/64" fixed choke size with flowing wellhead pressure of 3,003 psi. While Lumshiwal Formation tested 280 barrels of condensate and 7.73 mmscfd of gas at 36/64" fixed choke with flowing wellhead pressure of 1240 psi. Hungu Formation will be tested after the testing of Lumshiwal Formation. Maramzai-2 is under drilling at 2,586 meters the target depths of the well is 3020 M. The location of Manzalai-10 has been finalized based on the economic feasibility.

At Ratana (operated by Ocean Pakistan Limited, where POL has a 4.545% share), Ratana-4 (development well) was drilled to the target depth of 18,100 ft, during cement job liner setting tool got stuck and approximately 2,453 ft fish was left in the hole out of which 1005 ft were recovered.

At Adhi field (operated by Pakistan Petroleum Limited, where POL has 11% share), 3D Seismic acquisition is in progress and the location of Adhi-19 has been finalized.

Exploration

At Ikhlas block Sadrial well was spuded on February 12, 2012 and drilled down to 11,914 ft, where BHA twisted off leaving fish in hole. Extensive efforts were made to recover the fish without success. The well has been side tracked from 10,565 ft and drilling is in progress.

At Margalla and Margalla North blocks 192 L.kms of 2D Seismic Data was acquired to confirm the identified lead. Seismic Data comprising 257 line kilometers was sent for processing & reprocessing. The initial processed seismic data has been received and is under review. Exploration license extension for both blocks till June 30, 2013 is pending with the DGPC.

At Tal block in Tolanj area 3D Seismic acquisition is in progress, out of targeted 559 Sq.km around 107.53 Sq.Kms have been acquired.

At Chak Naurang block operated by OGDCL, an exploratory well, Chak Naurang South-1 was drilled down to the target depth and tested. Considering the low API gravity of the crude oil it was decided to install the jet pump to establish the flow, for this purpose its procurement is in process. The location of Chak Naurang South-2 has been approved and it is expected that drilling operations will commence by the end of September 2012.

In D.G Khan Block geological mapping has been completed and final report was submitted by the contractor. In D.G Khan and Rajanpur blocks, 2D seismic acquisition of approximately 425 line kilometers has been planned, out of which 393 line kilometers are firm and 31 line kilometers are contingent.

Subsidiary

CAPGAS (Private) Limited (CAPGAS)

CAPGAS earned a profit after tax of Rs. 88.56 million during the year (2011: Rs. 51.23 million). It declared a total dividend of 950% for this year (2011: 550%). The Company received an average of 22 metric tons per day of LPG from the Adhi plant and an average of 5 metric tons per day of LPG from PARCO.

Crude Oil Transportation

Khaur Crude Oil Decanting Facility (KCDF) continued to operate satisfactorily. During the year, a total of 370,792 barrels of crude oil arriving from the south up to Feb, 2012 and thereafter 1.968 milion barrels of crude oil from Nashpa and TAL Block were pumped to Attock Refinery Limited through this facility and pipeline.

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 manner by developing an understanding of the Company's strategic and operational objectives, 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 following is an outline of some of the material risks being faced by the Company:

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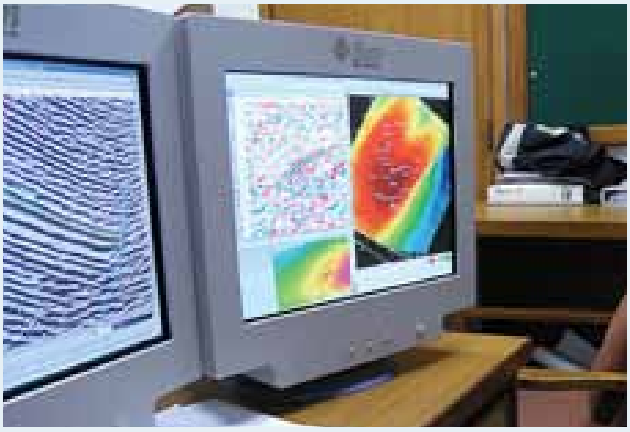

1. **Oil price volatility:**
   The pricing for the Company's oil and gas production is benchmarked with international prices of crude oil and related products. Any unfavorable variance in the international prices is likely to adversely affect the Company's profitability.

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 order 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 subject to 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, regulations 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.

Best Corporate Report Award

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 of production inefficiencies or delay. We mitigate this risk by continuous and regular engagement of joint venture partners in operated and non-operated projects.

12. Terrorist Attacks:

A terrorist attack could have a material and adverse effect on our business. The company has taken a terrorist insurance cover of all its material installations to mitigate this risk.

13. Third Party Liability:

A third party liability could have a material and adverse effect on our business. In order to mitigate the risk, the company is continuously evaluating the areas where insurance cover is required and also taken a third party liability insurance cover for its drilling areas, pipelines and its material installations.

14. Lost in Hole (LIH)/Damage Beyond Repair (DBR):

During drilling costly equipment are run in the hole for several jobs at different depths. In order to mitigate the risk the Company has its strong control and also taking insurance coverages.

Business Process Reengineering (BPR) / Development Activities

The Company believes that quality and an unyielding commitment to continuous improvement are indispensable ingredients to achieve success. All processes are subject to continuous evaluation and improvement. Being an Oil and Gas Exploration and Production company, research is an integral activity. Seismic data acquisition, processing and interpretation during geophysical activities involve selection of optimum data acquisition parameters through careful experimental investigation in the field. The Company undertakes comprehensive analysis to calculate the volume of sub-surface hydrocarbon's trap of any area, also uses latest sub-surface imaging technology, before drilling any prospect. Research is also conducted by in-house and outsourced G & G and reservoir studies. Research is also conducted to study to enhance and to maintain recovery from the fields. Apart from the drilling of development wells already mentioned earlier by geographical location the major business development projects under taken during the year are as follows:

Historian Software

Historian is a stand-alone application, which allows Trend Log and alarm data to be permanently archived in a standard SQL database. Thousands of trend logs can be stored in a single Historian server by simple setups or intelligent scheduling. The system has been installed for POL LPG Plant at Meyal field and maintains history of its operational parameters. This system also allows Real Time Plant Monitoring. Proposed linking of other plants/sites and Head Office will enable real time, monitoring & debugging from remote locations.

Up gradation of Oracle E-business suite Software

The Oracle E-business System was upgraded from version 11i to R12 for improved processes and better reporting. It was tested during the year and implemented from July 01, 2012. To reduce procurement time cycle, online approval process for Indenting and Purchase Order has also been adopted.

Online LPG Production, Sales and Stock Management System

A Web based, Centralized LPG Sales and Stock Management System is now in place for real time stock management, control and reporting requirements.

Attendance Management System

A new Biometrics based Attendance Management System has been installed at POL Head Office.

Corporate Social Responsibility (CSR)

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.

We at POL believe that we are an integral part of a community wherever we work. 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 commitment to being a good corporate citizen includes:

- Protecting our environment.
- Operating in a socially responsible manner.
- Developing the communities in which we operate.
- 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.

Our commitment to the community

At the heart of our community involvement is POL's continuing commitment to work with community in a way that delivers positive and lasting change for people in need.

Support for community development continued to be a significant element of POL's CSR initiative during the 2012. Highlights of our community development projects are as follows:

Education

Education is transmission of civilization; it is the responsibility that society owes to itself. The fate of a country depends upon the education of its people. We at POL focus on educating people to bring lasting change in their life.

- High School at Khaur
  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. The school provides education from pre nursery to matriculation and has a fully equipped Montessori branch.

- Degree College at Khaur
  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. Khaur Degree College is a leading provider of a quality education in the area.

- Renovation / construction of schools in the vicinity of our operated areas
  During the year, the Company constructed/ renovated many class rooms, constructed boundary walls and also provided furniture, electric water coolers and fans to different schools in the vicinity of our operated areas. In this respect, Rs 2.9 million were spent during the year for enhancement of educational facilities and infrastructures of Government Schools.

Water supply schemes

During the year, we spent Rs 5.9 million for up-gradation of different water supply schemes in collaboration with the district and local governments.

Makori East-2 was tested and hydrocarbons encountered at Lockhart Formation, the well has tested 4,106 bbls per day of oil (API gravity 37) and 14.8 mmscfd of gas per day at 32/64" fixed choke size at flowing wellhead pressure of 4531 psi, while Lumshiwal and Hangu formations have tested 794 bbls per day of oil (API gravity 38) and 2.5 mmscfd of gas at 32/64" fixed choke size at flowing wellhead pressure of 795 psi.

Civil Works and Roads

During the year Rs 41 million was spent on projects undertaken for the benefit of local communities including construction of 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.

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

POL believes that adoption of effective Human Resource (HR) management and development policies are vital for achieving organizational goals and objectives as HR polices have a measurable impact on the growth of the organization.

POL considers its employees the most valuable asset. The selection procedures and employment policies are geared to attract and retain capable and qualified employees who are willing to contribute their best efforts to accomplish the objectives of the Company.

Our reward structures consider all aspects of salary, incentives and benefits as a total package with the intention of providing competitive levels of remuneration and enhanced earning opportunities in recognition of business success. Compensation and benefits package provided by POL acknowledge high achievers; these packages are market competitive and are revised periodically.

Employees are trained on soft and technical skills to narrow the gap between actual and required performance. Trainings are conducted regularly to provide employees with opportunities to acquire knowledge and develop skills through training and self-development to the mutual advantage of the employees and the company.

POL considers it a social responsibility to assist the Universities of the country in improving its human resources pool, and therefore actively participates in any scheme that trains the professional youth of the country. For this purpose internships are offered to students from various universities.

Annual Performance Appraisal offers a valuable opportunity to focus on work activities and goals, to identify and correct existing problems, and to encourage better future performance.

Considering the growth needs of current staff, replacement policy defined in POL's Manual clearly defines Replacement / Succession plan. This provides an inventory of the quality and quantity of management employee's relation pool; it not only creates a pool of ready replacement / successor for the separated staff but also summarizes the performance and advancement potential of job incumbents and replacement candidates.

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 operating 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 an end-to-end smart hospital with state of the art medical technologies at Khaur with a mission to provide quality patient care establish a collaborative working environment and promote informed participation in decisions related to care, quality of life and optimal level of wellness. The hospital provides quality medical care, vital health services and free emergency assistance round the clock.

Presently the hospital is manned by specialists in the field of Medicine, Surgery, Gynecology and obstetrics, pediatrics, anesthesiology, family medicine aided by visiting specialist in field on ENT, Eye, Gastroenterology, skin and ultrasonolgy.

The primary care structure comprise of six physicians giving round the clock medical coverage to outdoor and indoor patients.

Khaur hospital provides residents with greater accessibility to medical expertise and clinical services that typically would not be available in a rural community. 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 has indoor facilities of 40 bed air conditioned wards and provides services of consultants and specialist doctors.

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

Other healthcare facilities provided by the Company at fields are:

Bela-1 well was on production from Patala formation since April 19, 2010, due to decline in production/well head pressure this well was completed in Chorgali and Sakesar formation and produced around 100 barrels of Condensate per day and 4 Million Standard Cubic Feet of Gas per day (mmscfd) at choke size of 24/64” at flowing wellhead pressure of 1,550 psi.

- Regular free dispensaries have been organize for the local community of the Pindori and Balkassar areas.
- 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 up’s and medicines were distributed free of cost at their door steps.

Occupational health and safety (OH&S)

Safety committee oversees safety, health and wellbeing within the workplace. The committee regularly monitors the effectiveness of OH & S systems, policies and programs to reduce workplace risks and promote safe and healthy working environments and key OH &S issues and performance.

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.

Our increased focus on the management of OH &S risks and opportunities over recent years has resulted in a reduction in the workplace accidents, which can be seen in the comparison of workplace accidents, during last three years given below:

Year 2010		Year 2011		Year 2012	
No. of Training	No. of Participant	No. of Trainings	No. of Participants	No. of Trainings	No. of Participants
469	4,374	536	4,961	570	5,657

Incident	2010	2011	2012
Fatal	00	00	00
Fire	09	03	03
Reportable Incident (Serious Injury)	02	00	00
Reportable Incident (Minor Injury)	03	02	02
Major Environment	00	00	00
First Aid Cases	18	14	00
Near Misses	04	03	04

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

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.

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.

Tool box talks and on Field training sessions are conducted by HSE department in each field on regular basis. Following is the comparison of the trainings given by HSE department in last three years.

Helping our environment

We seek to minimize the impacts of our activities on the earth's resources and ecosystems. Our environmental

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practices include efficient water use, proper waste treatment and disposal, emissions reductions, and pollution prevention measures.

A range of initiatives were deployed during the year which will assist the efficient use of water and energy in a growing business including new intelligent sub metering technologies installed, air-conditioning systems upgraded, and replacement of lights with new energy efficient lighting.

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 parks in the areas of our operation.
- 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.
- Acquired testing system for Flue gas analysis to control the emission of noxious gases in environment.
- Bio-remediation project for the removal oil from contaminated soil.
- lanning for renewable energy and alternative energy we have installed solar energy based traffic signals at Khaur.

Codes of practice

Company maintains a leadership position in the industry, being one of the first Pakistani Exploration and Production companies we have developed effective policies and procedures over the period of time in all areas of our activity. The Company has codes of practice in place for each of its divisions, and, where appropriate, for businesses within a division.

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, 2012, 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, 2012 are as follows:

Management Staff Pension Fund	Rs 753.2 million
Gratuity Fund	Rs 310.9 million
Staff Provident Fund	Rs 329.2 million
General Staff Provident Fund	Rs 365.2 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:

	Director	No. of meetings attended
1	Dr. Ghaith R. Pharaon	5*
2	Mr. Laith G. Pharaon	5*
3	Mr. Wael G. Pharaon	5*
4	Mr. Arif Kemal	5*
5	Mr. Abdus Sattar	5
6	Mr. Nihal Cassim	5
7	Mr. Shuaib A. Malik	5

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

Auditors

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

Shareholding

The pattern of shareholding as at June 30, 2012 is annexed. All trades in the shares of the Company, if any, carried out by the directors, CEO, CFO, Company Secretary, Executives 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 & Chief Executive
Dubai, September 15, 2012

Shareholder's Information

Pattern of Shareholding As at June 30, 2012

Form 34

S.No.	From	To	Shares	Total No. of Shareholders
1	1	100	44,375	899
2	101	500	345,649	1,166
3	501	1000	560,495	684
4	1001	5000	2,676,000	1,091
5	5001	10000	2,149,006	288
6	10001	15000	1,564,945	123
7	15001	20000	1,157,516	65
8	20001	25000	1,305,808	58
9	25001	30000	1,190,503	43
10	30001	35000	764,728	23
11	35001	40000	1,017,623	27
12	40001	45000	735,570	17
13	45001	50000	1,029,996	21
14	50001	55000	689,202	13
15	55001	60000	460,637	8
16	60001	65000	502,793	8
17	65001	70000	478,360	7
18	70001	75000	290,068	4
19	75001	80000	469,545	6
20	80001	85000	336,862	4
21	85001	90000	267,280	3
22	90001	95000	92,760	1
23	95001	100000	688,611	7
24	100001	105000	515,320	5
25	105001	110000	874,747	8
26	110001	115000	115,000	1
27	115001	120000	352,780	3
28	125001	130000	516,380	4
29	130001	135000	532,668	4
30	135001	140000	135,606	1
31	140001	145000	284,778	2
32	145001	150000	739,826	5
33	150001	155000	309,900	2
34	155001	160000	160,000	1
35	165001	170000	502,000	3
36	170001	175000	518,360	3
37	175001	180000	359,000	2
38	180001	185000	365,093	2
39	185001	190000	377,296	2
40	190001	195000	195,000	1
41	195001	200000	195,180	1
42	200001	205000	205,000	1
43	205001	210000	625,886	3
44	215001	220000	655,352	3
45	225001	230000	229,287	1
46	230001	235000	931,400	4
47	235001	240000	235,399	1
48	240001	245000	487,531	2
49	245001	250000	250,000	1
50	260001	265000	527,216	2
51	265001	270000	538,000	2
52	270001	275000	548,278	2

Pattern of Shareholding As at June 30, 2012

Form 34

S.No.	From	To	Shares	Total No. of Shareholders
53	275001	280000	553,050	2
54	280001	285000	852,667	3
55	285001	290000	579,300	2
56	300001	305000	907,800	3
57	315001	320000	631,797	2
58	325001	330000	652,570	2
59	340001	345000	341,000	1
60	345001	350000	347,500	1
61	350001	355000	706,200	2
62	355001	360000	1,077,640	3
63	375001	380000	378,126	1
64	395001	400000	800,000	2
65	410001	415000	411,291	1
66	420001	425000	420,745	1
67	480001	485000	483,585	1
68	495001	500000	1,000,000	2
69	500001	505000	504,830	1
70	520001	525000	525,000	1
71	530001	535000	530,173	1
72	555001	560000	555,500	1
73	565001	570000	569,626	1
74	575001	580000	575,073	1
75	590001	595000	593,320	1
76	620001	625000	620,959	1
77	640001	645000	645,000	1
78	655001	660000	655,700	1
79	675001	680000	675,024	1
80	700001	705000	702,500	1
81	710001	715000	712,000	1
82	765001	770000	769,726	1
83	805001	810000	810,000	1
84	810001	815000	811,407	1
85	855001	860000	860,000	1
86	965001	970000	970,000	1
87	995001	1000000	997,951	1
88	1310001	1315000	1,311,595	1
89	1360001	1365000	1,360,047	1
90	1410001	1415000	1,414,500	1
91	1445001	1450000	1,445,954	1
92	2040001	2045000	2,041,305	1
93	2250001	2255000	2,250,407	1
94	2365001	2370000	2,365,459	1
95	2765001	2770000	2,770,000	1
96	2775001	2780000	2,778,772	1
97	5355001	5360000	5,357,000	1
98	10190001	10195000	10,193,860	1
99	10730001	10735000	10,731,349	1
100	13420001	13425000	13,421,032	1
101	124775001	124780000	124,776,965	1
TOTAL			236,545,920	4,700

Categories of Shareholders

As at June 30, 2012

Categories of Shareholders	No. of Shareholders	No. of Shares held	Percentage %
Investment Corporation of Pakistan	1	97	0.00
National Bank of Pakistan Trustee Department (NIT)	1	2,778,772	1.17
Banks & Financial Institutions	62	28,213,133	11.93
Associated Companies	2	125,041,349	52.86
Public Sectors Companies	129	3,949,489	1.67
Modaraba Companies	3	23,280	0.01
Mutual Funds	*71	9,988,781	4.22
Investment Companies	18	3,851,948	1.63
Insurance Companies	17	17,394,448	7.35
Individuals	4,287	29,925,259	12.65
Others:			
Employees Old Age Benefits Institution	1	10,193,860	4.31
Deputy Administrator Abandoned Properties	1	13,900	0.01
Employees Pension / Provident Fund	76	2,604,950	1.10
Charitable Trusts & Foundation	31	2,566,654	1.09
TOTAL	4,700	236,545,920	100.00

* Detail of Mutual Funds	No. of Shares held
1. WORLD INVESTMENT OPPORTUNITIES FUND.	17,550
2. STICHTING SHELL PENSIOENFONDS	315,541
3. CITY OF PHILADELPHIA PUBLIC EMPLOYEES RETIRMENT SYS	9,000
4. CDC - TRUSTEE PAKISTAN STOCK MARKET FUND	229,287
5. JS VALUE FUND LIMITED	268,000
6. CDC - TRUSTEE PAKISTAN CAPITAL MARKET FUND	24,080
7. CDC - TRUSTEE PICIC INVESTMENT FUND	327,370
8. CDC - TRUSTEE JS LARGE CAP. FUND	179,000
9. CDC - TRUSTEE PICIC GROWTH FUND	620,959
10. CDC - TRUSTEE PAK STRATEGIC ALLOC. FUND	70,653
11. CDC - TRUSTEE ATLAS STOCK MARKET FUND	185,000
12. CDC - TRUSTEE MEEZAN BALANCED FUND	232,025
13. CDC - TRUSTEE FIRST DAWOOD MUTUAL FUND	10,000
14. CDC - TRUSTEE JS ISLAMIC FUND	53,500
15. CDC - TRUSTEE ALFALAH GHP VALUE FUND	82,112
16. CDC - TRUSTEE UNIT TRUST OF PAKISTAN	235,399
17. ASIAN STOCK FUND LIMITED	190,000
18. CDC - TRUSTEE AKD INDEX TRACKER FUND	13,554

Detail of Mutual Funds

* Detail of Mutual Funds	No. of Shares held
19. CDC - TRUSTEE PICIC ENERGY FUND	420,745
20. SAFEWAY MUTUAL FUND LIMITED	166,500
21. CDC-TRUSTEE PAK. INT. ELEMENT ISLAMIC ASSET ALLOCATION FUND	68,511
22. MC FSL - TRUSTEE JS KSE-30 INDEX FUND	9,147
23. CDC - TRUSTEE AL MEEZAN MUTUAL FUND	411,291
24. CDC - TRUSTEE MEEZAN ISLAMIC FUND	1,360,047
25. CDC - TRUSTEE UNITED STOCK ADVANTAGE FUND	270,000
26. PAK QATAR INDIVIDUAL FAMILY PARTICIPANT INVEST FUND	6,000
27. CDC - TRUSTEE ATLAS ISLAMIC STOCK FUND	195,000
28. CDC - TRUSTEE UNITED COMPOSITE ISLAMIC FUND	105,000
29. CDC - TRUSTEE NAFA STOCK FUND	195,180
30. CDC - TRUSTEE NAFA MULTI ASSET FUND	63,819
31. CDC - TRUSTEE MCB DYNAMIC STOCK FUND	180,093
32. CDC - TRUSTEE KASB STOCK MARKET FUND	30,115
33. CDC - TRUSTEE ASKARI ASSET ALLOCATION FUND	44,843
34. CDC - TRUSTEE MEEZAN TAHAFFUZ PENSION FUND - EQUITY SUB FUND	77,150
35. CDC - TRUSTEE APF-EQUITY SUB FUND	8,000
36. CDC - TRUSTEE JS PENSION SAVINGS FUND - EQUITY ACCOUNT	4,500
37. CDC - TRUSTEE ALFALAH GHP ISLAMIC FUND	70,000
38. CDC - TRUSTEE HBL - STOCK FUND	530,173
39. CDC - TRUSTEE NAFA ISLAMIC MULTI ASSET FUND	37,860
40. CDC - TRUSTEE APIF - EQUITY SUB FUND	18,000
41. MC FSL - TRUSTEE JS GROWTH FUND	712,000
42. CDC - TRUSTEE HBL MULTI - ASSET FUND	80,000
43. CDC - TRUSTEE KASB ASSET ALLOCATION FUND	63,814
44. FIRST CAPITAL MUTUAL FUND LIMITED	38,000
45. CDC - TRUSTEE JS ISLAMIC PENSION SAVINGS FUND-EQUITY ACCOUNT	10,000
46. CDC - TRUSTEE IGI STOCK FUND	61,100
47. CDC - TRUSTEE ALFALAH GHP ALPHA FUND	27,781
48. CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	997,951
49. CDC - TRUSTEE ABL STOCK FUND	54,961
50. MC FSL-TRUSTEE ASKARI ISLAMIC ASSET ALLOCATION FUND	33,265
51. CDC - TRUSTEE FIRST HABIB STOCK FUND	11,351
52. CDC - TRUSTEE LAKSON EQUITY FUND	21,000
53. CDC - TRUSTEE CROSBY DRAGON FUND	33,798
54. MCBFSL-TRUSTEE URSF-EQUITY SUB FUND	8,050
55. MCBFSL-TRUSTEE UIRSF-EQUITY SUB FUND	13,000
56. MCBFSL-TRUSTEE AH DOW JONES SAFE PAK TITANS 15 INDEX FUND	16,833
57. CDC-TRUSTEE NAFA ASSET ALLOCATION FUND	15,300
58. CDC-TRUSTEE PAKISTAN PREMIER FUND	117,980
59. CDC-TRUSTEE NAFA SAVINGS PLUS FUND - MT	11,944
60. CDC - TRUSTEE AKD AGGRESSIVE INCOME FUND - MT	11,201
61. CDC-TRUSTEE HBL ISLAMIC STOCK FUND	95,413
62. TRUSTEE - PAKISTAN PENSION FUND - EQUITY SUB FUND	8,894
63. TRUSTEE - PAKISTAN ISLAMIC PENSION FUND - EQUITY SUB FUND	14,345
64. CDC-TRUSTEE MEEZAN CAPITAL PROTECTED FUND-II	16,000
65. CDC - TRUSTEE PICIC STOCK FUND	25,000
66. CDC - TRUSTEE HBL IPF EQUITY SUB FUND	11,500
67. CDC - TRUSTEE HBL PF EQUITY SUB FUND	5,100
68. CDC - TRUSTEE ASKARI EQUITY FUND	26,900
69. MCBFSL - TRUSTEE NAMCO BALANCED FUND - MT	7,650
70. CDC - TRUSTEE KSE MEEZAN INDEX FUND	92,760
71. MERCANTILE CO-OPERATIVE	10,886
Total	9,988,781

Key Shareholding and Shares Traded

	Categories	Number of Shareholders	Number of Shares held
	Associated Companies		
1	The Attock Oil Company Limited	01	124,776,965
2	Laith Trading & Contracting Company Ltd.	01	264,384
	NIT & ICP		
1	National Bank of Pakistan, Trustee Department (NIT)	01	2,778,772
2	Investment Corporation of Pakistan (ICP)	01	97
	Directors and their spouses and minor children		
1	Dr. Ghaith R. Pharaon	01	*200
2	Mr. Laith G. Pharaon	01	*200
3	Mr. Wael G. Pharaon	01	*200
4	Mr. Abdus Sattar	01	*200
5	Mr. Arif Kemal	01	*200
6	Mr. Nihal Cassim	01	400,000
7	Mr. Shuaib A. Malik (Chairman)	01	2,365,743
	Executives	25	15,846
	Public sector companies and corporations	130	128,994,422
	Banks, Development Finance Institution, Non Banking Finance Institutions, Insurance Companies, Modarabas & Mutual Funds	171	57,289,152
	Shareholders holding 5% or more voting interest		
**	The Attock Oil Company Limited	01	124,776,965
	State life Insurance Corporation of Pakistan	01	13,421,032
	No trade in has been made in Shares of the Company by Directors, CEO, CFO, Company Secretary and their spouses and minor children except for shares mentioned below:		
	Mr. Babar Bashir Nawaz (Alternate Director to Mr. Wael G. Pharaon)	01	7,500
	Mr. Iqbal A. Khwaja (Alternate Director to Mr. Laith G. Pharaon)	01	1,000
	Mr. Wasim Abbas (Executive)	01	1,000
*	200 shares shown against the name of each director are held in trust		
**	also shown under associated companies and public sector companies		

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	Ocean Pakistan Limited	7.00
Dhurnal	Ocean Pakistan Limited	5.00
Ratana	Ocean Pakistan Limited	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

Six Years at a Glance

(Rupees millions unless otherwise stated)

	2007	2008	2009	2010	2011	2012
PROFIT & LOSS SUMMARY						
Net sales						
Crude oil	7,676	9,811	7,052	8,238	11,804	14,396
Gas	3,187	3,185	3,734	5,587	8,166	8,804
POLGAS-Refill of cylinders	3,116	3,437	2,984	3,784	4,745	5,140
LPG	4	3	4	1	-	-
Solvent oil	237	231	228	224	212	220
Sulphur	19	72	45	11	24	64
Total Net Sales	14,239	16,739	14,047	17,845	24,951	28,624
Cost of sales	5,689	6,156	5,755	6,959	9,324	11,118
Gross profit	8,550	10,583	8,292	10,886	15,627	17,506
Exploration cost	923	1,024	2,057	1,606	1,075	593
Administration expenses	50	53	47	73	83	113
Other charges	568	647	533	709	1,104	1,287
Finance cost	226	389	512	284	224	684
Other operating income	913	1,392	2,042	1,377	1,809	2,547
Operating profit	7,696	9,862	7,185	9,591	14,950	17,376
Gain on sale of shares of an associated company	-	1,558	-	-	-	-
Profit before tax	7,696	11,420	7,185	9,591	14,950	17,376
Taxation	1,757	2,804	1,567	2,154	4,135	5,523
Profit after tax	5,939	8,616	5,618	7,437	10,815	11,853
Earnings before interest, taxes, depreciation and amortization (EBITDA)	8,986	12,879	8,431	11,227	16,674	19,814
Dividends	2,957	3,154	4,258	6,032	8,279	12,419
BALANCE SHEET SUMMARY						
Paid-up capital	1,971	1,971	2,365	2,365	2,365	2,365
Reserves	220	217	1,768	1,779	1,768	1,817
Unappropriated profit	17,522	23,182	21,801	24,981	29,290	31,090
Deferred liabilities	3,266	4,091	5,565	6,398	7,710	10,504
Long term deposits	471	477	457	467	487	504
Current liabilities	1,910	2,930	2,769	3,332	5,419	6,060
Fixed assets (less depreciation)	2,109	2,642	4,013	4,095	4,258	4,164
Development & decommissioning costs	6,012	6,435	7,664	10,476	10,568	15,688
Exploration & evaluation assets	372	1,282	3,494	2,705	4,811	2,883
Long term investment	8,659	10,138	9,744	9,754	9,686	10,275
Other long term assets	7	11	10	13	20	16
Curent assets	8,201	12,360	9,800	12,279	17,696	19,314
CASH FLOWS						
Operating activities	5,387	9,144	5,489	9,297	12,427	15,268
Investing activities	(1,969)	(2,129)	(4,333)	(2,770)	(2,318)	(3,004)
Financing activities	(4,178)	(2,959)	(5,034)	(4,248)	(6,496)	(10,022)
Cash and cash equivalents at year end	3,173	7,425	3,946	6,317	9,932	12,581

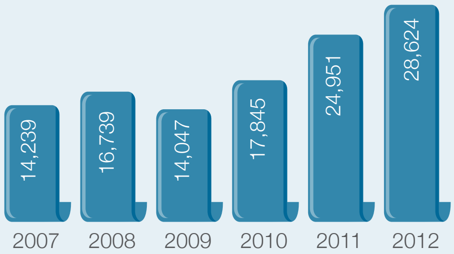
Six Years at a Glance

Key Financial Ratios		2007	2008	2009	2010	2011	2012
Profitability Ratios							
Gross profit	%	60.05	63.22	59.03	61.00	62.63	61.16
Net profit	%	41.71	51.47	39.99	41.68	43.34	41.41
EBITDA margin to sales	%	63.11	76.94	60.02	62.92	66.83	49.26
Operating leverage	Time	3.20	2.66	2.30	1.24	1.40	0.99
Return on equity	%	30.13	33.96	21.66	25.53	32.36	33.60
Return on average capital employed	%	34.59	38.22	21.90	27.01	34.58	34.51
Liquidity Ratios							
Current ratio	Time	4.29	4.22	3.54	3.69	3.27	3.19
Quick ratio	Time	3.05	3.41	2.50	2.83	2.73	2.66
Cash to current liabilities	Time	1.66	2.53	1.43	1.90	1.83	2.08
Cash flow from operations to sales	%	0.38	0.55	0.39	0.52	0.50	0.53
Activity / Turnover Ratios							
Inventory turnover [1]	Time	-	-	-	-	-	-
Inventory turnover [1]	Days	-	-	-	-	-	-
Debtors turnover	Time	5.89	8.08	7.75	8.09	7.20	7.79
Average collection period	Days	61.97	45.17	47.10	45.12	50.69	46.85
Creditors turnover [1]	Time	-	-	-	-	-	-
Average payment period [1]	Days	-	-	-	-	-	-
Total assets turnover	Time	0.59	0.57	0.42	0.48	0.58	0.58
Fixed assets turnover	Time	1.90	1.78	1.10	1.10	1.35	1.35
Operating cycle [1]	Time	-	-	-	-	-	-
Investment / Market Ratios							
Earnings per share - basic [2]	Rs	30.13	43.71	23.75	31.44	45.72	50.11
Earnings per share - restated [3]	Rs	25.11	36.42	23.75	31.44	45.72	50.11
Price earning ratio	Times	10.52	8.35	6.14	6.87	7.85	7.32
Cash dividend yield	%	4.60	4.69	7.05	14.10	12.18	14.46
Cash dividend payout	%	49.79	36.61	75.79	81.11	76.55	104.78
Cash dividend cover	%	200.85	273.18	131.94	123.29	130.63	95.44
Cash dividend per share	Rs	15.00	16.00	18.00	25.50	35.00	52.50
Bonus shares	%	-	20.00	-	-	-	-
Market value / share at year end	Rs	317.00	364.84	145.90	215.90	359.01	366.94
Market value/share-high during the year	Rs	386.95	435.00	369.48	254.00	370.75	399.99
Market value/share-low during the year	Rs	296.00	275.45	78.00	146.15	209.99	325.25
Market value/share-average during the year	Rs	343.47	343.69	185.73	216.51	286.27	364.32
Break-up value (Net assets/shares)	Rs	100.00	128.70	109.64	123.13	141.30	149.11
Capital Structure Ratios							
Financial leverage ratio		-	-	-	-	-	-
Weighted average cost of debt [4]		-	-	-	-	-	-
Debt: equity ratio [4]	%	-	-	-	-	-	-
Interest cover	Time	86.33	-	-	-	-	-
OTHER INFORMATION							
Contributuin to national exchequer (Rs millions)		5,579	6,647	4,475	5,399	9,344	11,345
Foreign exchange savings(US $ million)		278	370	229	410	572	708
Market Capitalization (Rs millions)		62,488	71,918	34,512	51,070	84,922	86,798

Notes:
1- Not applicable in view of the nature of the company's business.
2- Calculated on shares outstanding as at June 30, of each year
3- Calculated on shares outstanding as at June 30, 2012
4- Not applicable as the company does not have debt.

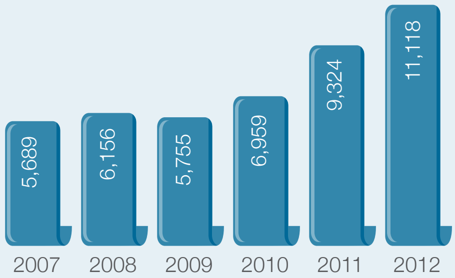
Net Sales

(Rs in million)



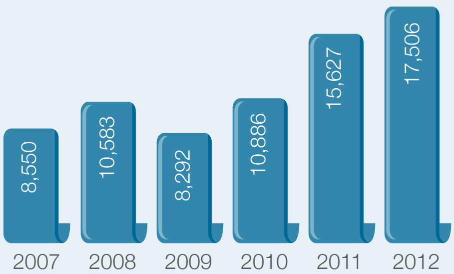
Cost of Sales

(Rs in million)



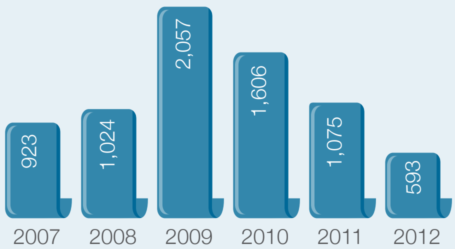
Gross profit

(Rs in million)



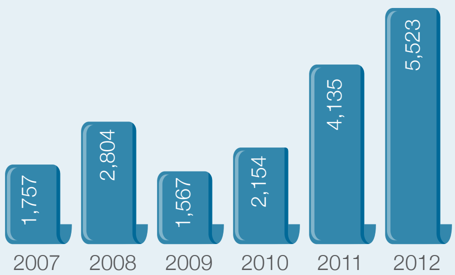
Exploration Costs

(Rs in million)



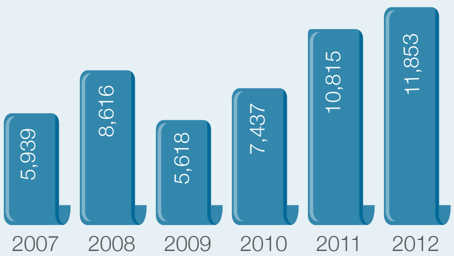
Taxation

(Rs in million)

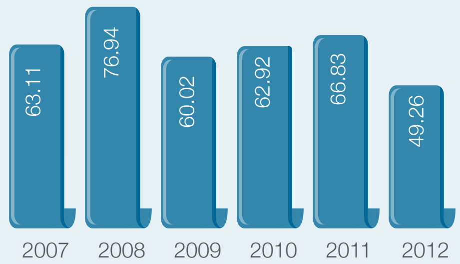


Profit after tax

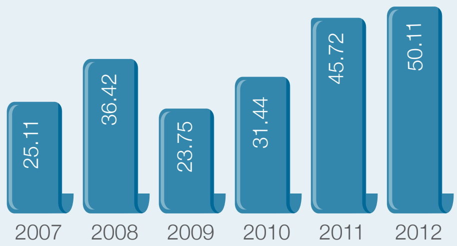
(Rs in million)



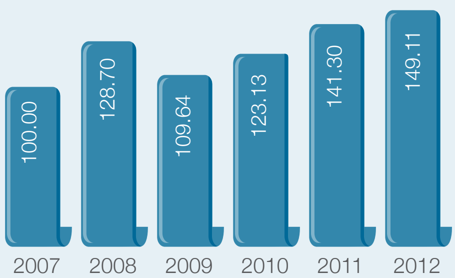
EBITDA margin to sales (%)



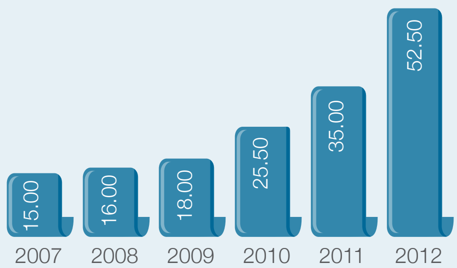
Earnings per share (Rs)



Break-up value per share (Rs)

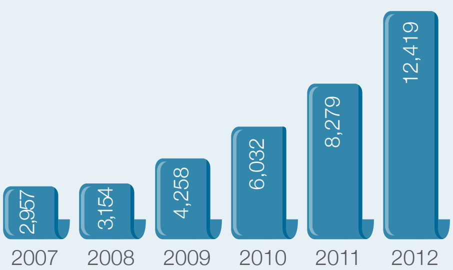


Dividend per share (Rs)

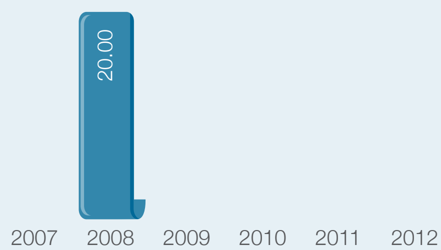


Cash dividend payout

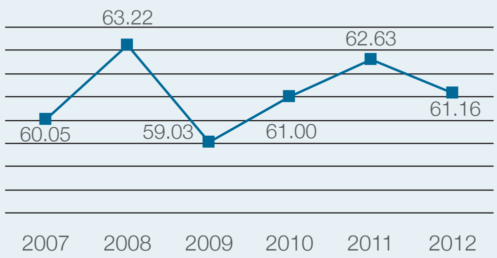
(Rs in million)



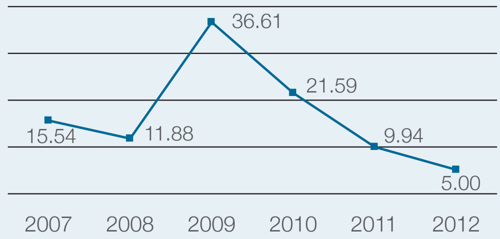
Bonus shares (%)



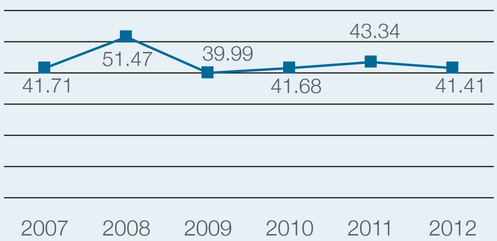
Gross profit margin (%)



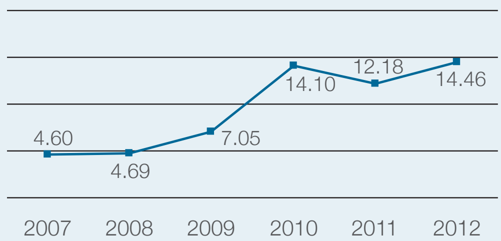
Exploration Cost as % of Profits (%)



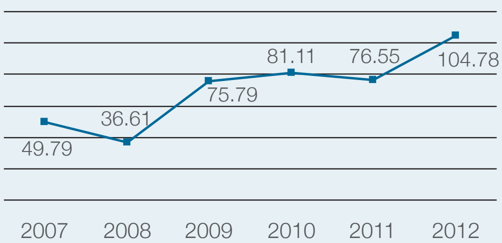
Net profit margin (%)



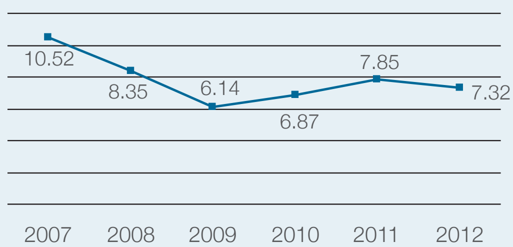
Cash dividend yield (%)



Cash dividend payout (%)

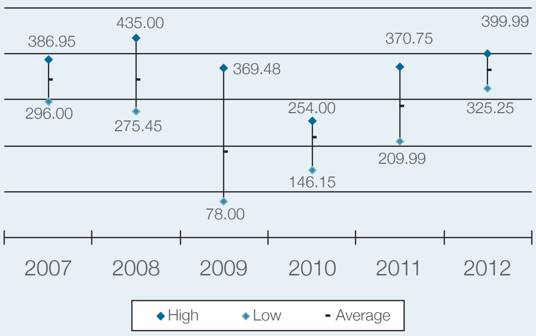


Price earnings ratio (%)



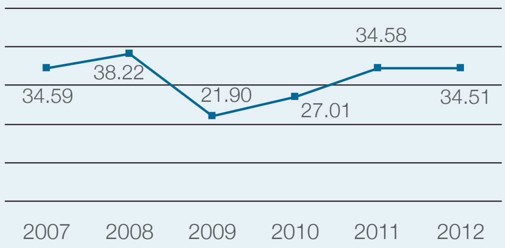
Market value per share (High-Low)

(Rs)

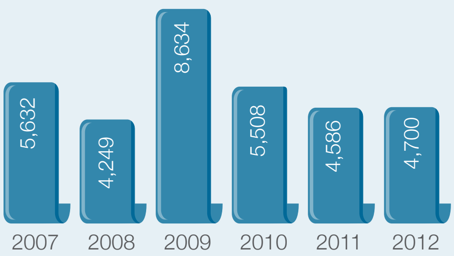


Return on capital employed

(%)

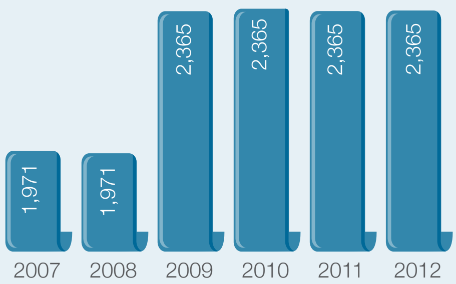


No. of shareholders



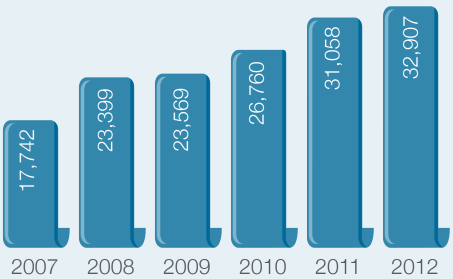
Paid up capital

(Rs in million)



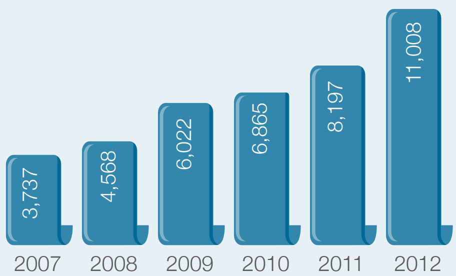
Reserves

(Rs in million)

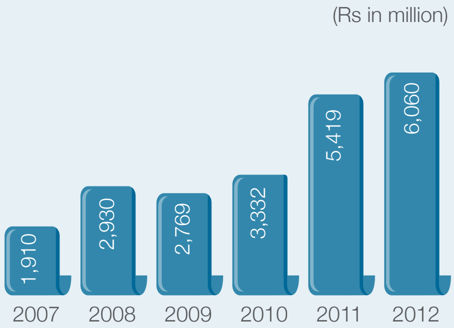


Long term liabilities

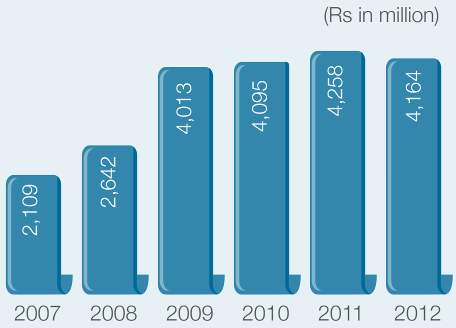
(Rs in million)



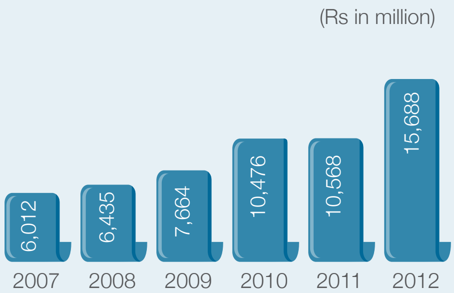
Current liabilities



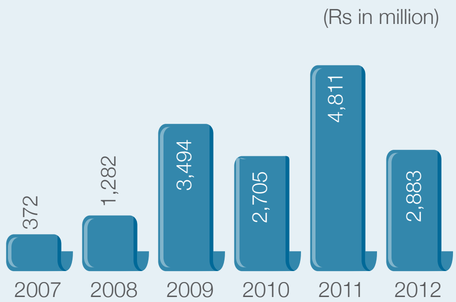
Fixed assets less depreciation



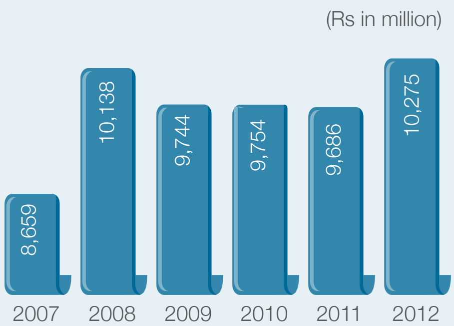
Development & decommissioning cost



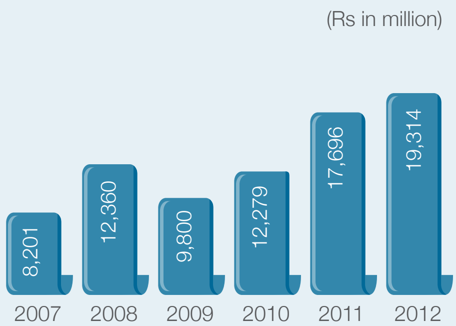
Exploration & evaluation assets



Long term investments



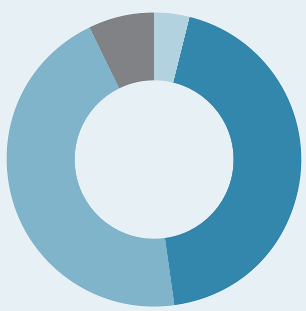
Current assets



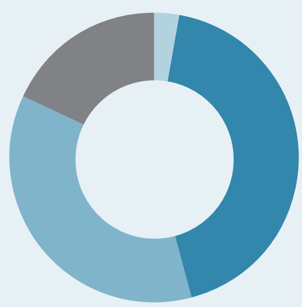
Statement of Value Added

	2012	2011
	Rupees ('000)	
Gross revenue	30,822,659	27,102,437
Less: Operating and exploration expenses	5,985,313	5,547,453
	24,837,346	21,554,984
Add: Income from investments	1,741,010	1,330,267
Other income	851,067	500,738
Total value added	27,429,423	23,385,989
Distributed as follows:		
Employees remuneration	1,082,439	793,555
Government as:		
Company taxation	5,522,783	4,135,000
Levies	2,198,604	2,151,730
Excise duty & development surcharge	317,532	352,485
Royalty	2,730,542	2,310,470
Workers' funds	1,286,588	1,104,237
	12,056,049	10,053,922
Shareholders as:		
Dividend	12,418,661	8,279,107
Retained in business:		
Depreciation	630,949	601,304
Amortization	1,807,191	1,122,198
Net earrings	(565,866)	2,535,903
	1,872,274	4,259,405
	27,429,423	23,385,989

Distribution of value addition - 2012



Distribution of value addition - 2011



Vertical Analysis

BALANCE SHEET	2007 (Rs in million)	%	2008 (Rs in million)	%	2009 (Rs in million)	%	2010 (Rs in million)	%	2011 (Rs in million)	%	2012 (Rs in million)	%
Share Capital and Reserves												
Authorised capital	5,000		5,000		5,000		5,000		5,000		5,000	
Issued, subscribed and paid-up capital	1,971	7.77%	1,971	6.00%	2,365	6.81%	2,365	6.01%	2,365	5.03%	2,365	4.52%
Revenue reserves												
Insurance reserve	200	0.79%	200	0.61%	200	0.58%	200	0.51%	200	0.43%	200	0.38%
Investment reserve	-	0.00%	-	0.00%	1,558	4.49%	1,558	3.96%	1,558	3.31%	1,558	2.98%
Unappropriated profit	17,522	69.09%	23,182	70.53%	21,801	62.78%	24,981	63.53%	29,290	62.27%	31,090	59.40%
	17,722	69.88%	23,382	71.14%	23,559	67.84%	26,739	68.00%	31,048	66.00%	32,848	62.76%
Fair value gain on available-for-sale investments	20	0.08%	17	0.05%	10	0.03%	21	0.05%	10	0.02%	59	0.11%
	19,713	77.73%	25,370	77.19%	25,934	74.68%	29,125	74.07%	33,423	71.05%	35,272	67.39%
NON CURRENT LIABILITIES												
Long term deposits	471	1.86%	477	1.45%	457	1.32%	467	1.19%	487	1.04%	504	0.96%
Deferred liabilities	3,266	12.88%	4,091	12.45%	5,565	16.03%	6,398	16.27%	7,710	16.39%	10,504	20.07%
	3,737	14.74%	4,568	13.90%	6,022	17.34%	6,865	17.46%	8,197	17.43%	11,008	21.03%
CURRENT LIABILITIES AND PROVISIONS												
Trade and other payables	1,602	6.32%	2,227	6.78%	2,292	6.60%	2,287	5.82%	4,045	8.60%	4,466	8.53%
Provision for income tax	308	1.21%	703	2.14%	477	1.37%	1,045	2.66%	1,374	2.92%	1,594	3.05%
	1,910	7.53%	2,930	8.91%	2,769	7.97%	3,332	8.47%	5,419	11.52%	6,060	11.58%
TOTAL EQUITY AND LIABILITIES	25,360	100.00%	32,868	100.00%	34,725	100.00%	39,322	100.00%	47,039	100.00%	52,340	100.00%
FIXED ASSETS												
Property, plant and equipment	2,109	8.32%	2,642	8.04%	4,013	11.56%	4,095	10.41%	4,258	9.05%	4,164	7.96%
Development & decommissioning costs	6,012	23.71%	6,435	19.58%	7,664	22.07%	10,476	26.64%	10,568	22.47%	15,688	29.97%
Exploration & evaluation assets	372	1.47%	1,282	3.90%	3,494	10.06%	2,705	6.88%	4,811	10.23%	2,883	5.51%
	8,493	33.49%	10,359	31.52%	15,171	43.69%	17,276	43.93%	19,637	41.75%	22,735	43.44%
LONG TERM INVESTMENT IN SUBSIDIARY & ASSOCIATED COMPANIES	8,056	31.77%	9,616	29.26%	9,616	27.69%	9,616	24.45%	9,616	20.44%	9,616	18.37%
OTHER LONG TERM INVESTMENTS	603	2.38%	522	1.59%	128	0.37%	138	0.35%	70	0.15%	659	1.26%
LONG TERM LOANS AND ADVANCES	7	0.03%	11	0.03%	10	0.03%	13	0.03%	20	0.04%	16	0.03%
CURRENT ASSETS												
Stores and spares	2,280	8.99%	2,298	6.99%	2,794	8.05%	2,641	6.72%	2,632	5.60%	2,939	5.62%
Stock in trade	69	0.27%	58	0.18%	89	0.26%	87	0.22%	126	0.27%	134	0.26%
Trade debts	2,344	9.24%	1,800	5.48%	1,827	5.26%	2,584	6.57%	4,343	9.23%	3,007	5.75%
Advances, deposits, prepayments and other receivables	260	1.03%	702	2.14%	1,144	3.29%	650	1.65%	663	1.41%	602	1.15%
Short term investments	75	0.30%	77	0.23%	-	0.00%	2,277	5.79%	3,227	6.86%	3,899	7.45%
Cash and bank balances	3,173	12.51%	7,425	22.59%	3,946	11.36%	4,040	10.27%	6,705	14.25%	8,733	16.69%
	8,201	32.34%	12,360	37.60%	9,800	28.22%	12,279	31.23%	17,696	37.62%	19,314	36.90%
TOTAL ASSETS	25,360	100.00%	32,868	100.00%	34,725	100.00%	39,322	100.00%	47,039	100.00%	52,340	100.00%

Vertical Analysis

	2007		2008		2009		2010		2011		2012	
	(Rs in million)	%	(Rs in million)	%	(Rs in million)	%	(Rs in million)	%	(Rs in million)	%	(Rs in million)	%
PROFIT & LOSS ACCOUNT												
Net Sales	14,239	100.00%	16,739	100.00%	14,047	100.00%	17,845	100.00%	24,951	100.00%	28,624	100.00%
Cost of Sales	5,689	39.95%	6,156	36.78%	5,755	40.97%	6,959	39.00%	9,324	37.37%	11,118	38.84%
Gross profit	8,550	60.05%	10,583	63.22%	8,292	59.03%	10,886	61.00%	15,627	62.63%	17,506	61.16%
Exploration cost	923	6.48%	1,024	6.12%	2,057	14.64%	1,606	9.00%	1,075	4.31%	593	2.07%
	7,627	53.56%	9,559	57.11%	6,235	44.39%	9,280	52.00%	14,552	58.32%	16,913	59.09%
Administration expenses	50	0.35%	53	0.32%	47	0.33%	73	0.41%	83	0.33%	113	0.39%
Finance cost	226	1.59%	389	2.32%	512	3.64%	284	1.59%	224	0.90%	684	2.39%
Other charges	568	3.99%	647	3.87%	533	3.79%	709	3.97%	1,104	4.42%	1,287	4.50%
	844	5.93%	1,089	6.51%	1,092	7.77%	1,066	5.97%	1,411	5.66%	2,084	7.28%
	6,783	47.64%	8,470	50.60%	5,143	36.61%	8,214	46.03%	13,141	52.67%	14,829	51.81%
Other operating income	913	6.41%	1,392	8.32%	2,042	14.54%	1,377	7.72%	1,809	7.25%	2,547	8.90%
Operating profit	7,696	54.05%	9,862	58.92%	7,185	51.15%	9,591	53.75%	14,950	59.92%	17,376	60.70%
Gain on sale of shares of an associated company	-	0.00%	1,558	9.31%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
PROFIT BEFORE TAXATION	7,696	54.05%	11,420	68.22%	7,185	51.15%	9,591	53.75%	14,950	59.92%	17,376	60.70%
Provision for taxation	1,757	12.34%	2,804	16.75%	1,567	11.16%	2,154	12.07%	4,135	16.57%	5,523	19.29%
PROFIT FOR THE YEAR	5,939	41.71%	8,616	51.47%	5,618	39.99%	7,437	41.68%	10,815	43.34%	11,853	41.41%
CASH FLOWS												
Operating activities	5,387	169.78%	9,144	123.15%	5,489	139.10%	9,297	147.17%	12,427	125.12%	15,268	121.36%
Investing activities	(1,969)	-62.05%	(2,129)	-28.67%	(4,333)	-109.81%	(2,770)	-43.85%	(2,318)	-23.34%	(3,004)	-23.88%
Financing activities	(4,178)	-131.67%	(2,959)	-39.85%	(5,034)	-127.57%	(4,248)	-67.25%	(6,496)	-65.40%	(10,022)	-79.66%
Cash and cash equivalents at year end	3,173	100.00%	7,425	100.00%	3,946	100.00%	6,317	100.00%	9,932	100.00%	12,581	100.00%

Horizontal Analysis

BALANCE SHEET	2007 (Rs in million)	%	2008 (Rs in million)	%	2009 (Rs in million)	%	2010 (Rs in million)	%	2011 (Rs in million)	%	2012 (Rs in million)	%
SHARE CAPITAL AND RESERVES												
Authorised capital	5,000	100.00%	5,000	100.00%	5,000	100.00%	5,000	100.00%	5,000	100.00%	5,000	100.00%
Issued, subscribed and paid-up capital	1,971	100.00%	1,971	100.00%	2,365	119.99%	2,365	119.99%	2,365	119.99%	2,365	119.99%
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		1,558		1,558	
Unappropriated profit	17,522	100.00%	23,182	132.30%	21,801	124.42%	24,981	142.57%	29,290	167.16%	31,090	177.43%
	17,722	100.00%	23,382	131.94%	23,559	132.94%	26,739	150.88%	31,048	175.19%	32,848	185.35%
Fair value gain on available-for-sale investments	20	100.00%	17	85.00%	10	50.00%	21	105.00%	10	50.00%	59	295.00%
	19,713	100.00%	25,370	128.70%	25,934	131.56%	29,125	147.75%	33,423	169.55%	35,272	178.93%
NON CURRENT LIABILITIES												
Long term deposits	471	100.00%	477	101.27%	457	97.03%	467	99.15%	487	103.40%	504	107.01%
Deferred liabilities	3,266	100.00%	4,091	125.26%	5,565	170.39%	6,398	195.90%	7,710	236.07%	10,504	321.62%
	3,737	100.00%	4,568	122.24%	6,022	161.15%	6,865	183.70%	8,197	219.35%	11,008	294.57%
CURRENT LIABILITIES AND PROVISIONS												
Trade and other payables	1,602	100.00%	2,227	139.01%	2,292	143.07%	2,287	142.76%	4,045	252.50%	4,466	278.78%
Provision for income tax	308	100.00%	703	228.25%	477	154.87%	1,045	339.29%	1,374	446.10%	1,594	517.53%
	1,910	100.00%	2,930	153.40%	2,769	144.97%	3,332	174.45%	5,419	283.72%	6,060	317.28%
CONTINGENCIES AND COMMITMENTS												
TOTAL EQUITY AND LIABILITIES	25,360	100.00%	32,868	129.61%	34,725	136.93%	39,322	155.06%	47,039	185.49%	52,340	206.39%
FIXED ASSETS												
Property, plant and equipment	2,109	100.00%	2,642	125.27%	4,013	190.28%	4,095	194.17%	4,258	201.90%	4,164	197.44%
Development & decommissioning costs	6,012	100.00%	6,435	107.04%	7,664	127.48%	10,476	174.25%	10,568	175.78%	15,688	260.94%
Exploration & evaluation assets	372	100.00%	1,282	344.62%	3,494	939.25%	2,705	727.15%	4,811	1293.28%	2,883	775.00%
	8,493	100.00%	10,359	121.97%	15,171	178.63%	17,276	203.41%	19,637	231.21%	22,735	267.69%
LONG TERM INVESTMENT IN SUBSIDIARY & ASSOCIATED COMPANIES	8,056	100.00%	9,616	119.36%	9,616	119.36%	9,616	119.36%	9,616	119.36%	9,616	119.36%
OTHER LONG TERM INVESTMENTS	603	100.00%	522	86.57%	128	21.23%	138	22.89%	70	11.61%	659	109.29%
LONG TERM LOANS AND ADVANCES	7	100.00%	11	157.14%	10	142.86%	13	185.71%	20	285.71%	16	228.57%
CURRENT ASSETS												
Stores and spares	2,280	100.00%	2,298	100.79%	2,794	122.54%	2,641	115.83%	2,632	115.44%	2,939	128.90%
Stock in trade	69	100.00%	58	84.06%	89	128.99%	87	126.09%	126	182.61%	134	194.20%
Trade debts	2,344	100.00%	1,800	76.79%	1,827	77.94%	2,584	110.24%	4,343	185.28%	3,007	128.28%
Advances, deposits, prepayments and other receivables	260	100.00%	702	270.00%	1,144	440.00%	650	250.00%	663	255.00%	602	231.54%
Short term investments	75	100.00%	77	102.67%	-	0.00%	2,277	3036.00%	3,227	4302.67%	3,899	5198.67%
Cash and bank balances	3,173	100.00%	7,425	234.01%	3,946	124.36%	4,040	127.32%	6,705	211.31%	8,733	275.23%
	8,201	100.00%	12,360	150.71%	9,800	119.50%	12,279	149.73%	17,696	215.78%	19,314	235.51%
TOTAL ASSETS	25,360	100.00%	32,868	129.61%	34,725	136.93%	39,322	155.06%	47,039	185.49%	52,340	206.39%

Horizontal Analysis

	2007 (Rs in million)	%	2008 (Rs in million)	%	2009 (Rs in million)	%	2010 (Rs in million)	%	2011 (Rs in million)	%	2012 (Rs in million)	%
PROFIT & LOSS ACCOUNT												
Net Sales	14,239	100.00%	16,739	17.56%	14,047	-16.08%	17,845	125.32%	24,951	175.23%	28,624	201.03%
Cost of Sales	5,689	100.00%	6,156	108.21%	5,755	101.16%	6,959	122.32%	9,324	163.90%	11,118	195.43%
Gross profit	8,550	100.00%	10,583	123.78%	8,292	96.98%	10,886	127.32%	15,627	182.77%	17,506	204.75%
Exploration cost	923	100.00%	1,024	110.94%	2,057	222.86%	1,606	174.00%	1,075	116.47%	593	64.25%
	7,627	100.00%	9,559	125.33%	6,235	81.75%	9,280	121.67%	14,552	190.80%	16,913	221.75%
Administration expenses	50	100.00%	53	106.00%	47	94.00%	73	146.00%	83	166.00%	113	226.00%
Finance cost	226	100.00%	389	0.00%	512	0.00%	284	125.66%	224	99.12%	684	302.65%
Other charges	568	100.00%	647	113.91%	533	93.84%	709	124.82%	1,104	194.37%	1,287	226.58%
	844	100.00%	1,089	129.03%	1,092	129.38%	1,066	126.30%	1,411	167.18%	2,084	246.92%
	6,783	100.00%	8,470	124.87%	5,143	75.82%	8,214	121.10%	13,141	193.73%	14,829	218.62%
Other operating income	913	100.00%	1,392	152.46%	2,042	223.66%	1,377	150.82%	1,809	198.14%	2,547	278.97%
Operating profit	7,696	100.00%	9,862	128.14%	7,185	93.36%	9,591	124.62%	14,950	194.26%	17,376	225.78%
Gain on sale of shares of an associated company	-		1,558		-		-		-		-	
PROFIT BEFORE TAXATION	7,696	100.00%	11,420	148.39%	7,185	93.36%	9,591	124.62%	14,950	194.26%	17,376	225.78%
Provision for taxation	1,757	100.00%	2,804	159.59%	1,567	89.19%	2,154	122.60%	4,135	235.34%	5,523	314.34%
PROFIT FOR THE YEAR	5,939	100.00%	8,616	145.07%	5,618	94.60%	7,437	125.22%	10,815	182.10%	11,853	199.58%
CASH FLOWS												
Operating activities	5,387	100.00%	9,144	169.74%	5,489	101.89%	9,297	172.58%	12,427	230.68%	15,268	283.42%
Investing activities	(1,969)	100.00%	(2,129)	108.13%	(4,333)	220.06%	(2,770)	140.68%	(2,318)	117.72%	(3,004)	152.56%
Financing activities	(4,178)	100.00%	(2,959)	70.82%	(5,034)	120.49%	(4,248)	101.68%	(6,496)	155.48%	(10,022)	239.88%
Cash and cash equivalents at year end	3,173	100.00%	7,425	234.01%	3,946	124.36%	6,317	199.09%	9,932	313.02%	12,581	396.50%

Financial Analysis

Analysis of Balance Sheet

Assets:

Fixed assets increased by Rs 540 million. It consists of additions of Rs 302 million in POL own fields, Rs 35 million in POL operated joint ventures and Rs 203 million in POL non-operated joint ventures. Development and decommissioning costs increase by Rs 6,840 million. It includes Rs 864 million incurred at Dhulian, Rs 433 million at Ikhlas, Rs 105 million at Ratana, Rs 255 million at Manzalai, Rs 71 million at Mamikhel and Rs 31 million at Maramzai. It also includes transfer of Rs 3,770 million from exploration and evaluation assets related to Domial field. Due to changes in estimates, there is addition of Rs 1,314 million in development & decommissioning cost. This increase was offset by depreciation of fixed assets of Rs 631 million and amortization of Rs 1,807 million.

During the period Rs 1,959 million was incurred under exploration and evaluation assets. It consists of Rs 1,152 million at Ikhlas, Rs 10 million at Chaknaurang, Rs 116 million at Gurgalot, Rs 676 million at Makori East and Rs 8 million at Mardankhel. Domial well cost amounting to Rs 3,770 million transfered to development cost and Rs 117 million of Gurgalot charged to exploration cost due to unsuccessful results.

Trade debts decreased by Rs 1,337 million due to early receipts from customers. During the year other long term investments increased to Rs. 658 million (2011: Rs 69 million). It includes amount of Rs 600 million made in the mutual funds and an increase in fair value of funds by Rs 40 million.

Liabilities:

During the year current liabilities and provisions increased to Rs. 6,059 million (2011: Rs 5,419 million) largely because of increase in trade and other payables by Rs 421 million; whereas non-current liabilities increased by Rs 2,812 million which is mainly attributed to increase in deferred tax by Rs 710 million and decommissioning cost by Rs 2,085 million.

Analysis of Profit and Loss

Sales:

During current year, sales revenue increased by 15%, from Rs 24,951 million to Rs 28,624 million. Analyzing the net sales increase of Rs 3,673 million from a product perspective crude contributed increase of Rs 2,592 million, Gas contributed by Rs 638 million, POLGAS by Rs 395 million, Solvent Oil by Rs 8 million and Sulphur by Rs 40 million.

Cost of sales:

Cost of sales was Rs 11,118 million (2011: Rs 9,323 million). Amortization costs increased mainly because of amortization of Rs 685 million related to Ikhlas, Dhulian & Ratana. Royalty increased by Rs 420 million because of higher sales value of crude oil and natural gas. Finance cost is higher by Rs 461 million. It includes re- measurement of decommissioning cost higher by Rs 300 million due to devaluation of Rupee against US $ i.e. US $ 94.20 as against US $ 86.05 in June 30, 2011 and unwinding cost by Rs 161 million as compared to the last year.

Other income:

Other operating income increased by Rs 737 million. It consist of Rs 199 million on bank deposits, Exchange gain of Rs 407 million, dividend income of Rs 214 million and gas processing income by Rs 28 million. These increases were offset by decrease in profit on sale of property, plant & equipment by Rs 15 million and on sale of scrap by Rs 46 million.

Taxation:

Taxation charge totaled Rs 5,523 million (2011: Rs 4,135 million) due to underlying higher profit. It includes prior year's provision of Rs 447 million related to difference in interpretation by tax authorities related to calculation of tax liability and depletion allowance.

Profit for the year:

Profit after tax reached a record amount of Rs 11,853 million (2011: Rs 10,815 million) which is the highest ever profit after tax in company's history.

Analysis of Cash flow Statement

Operating activities:

A total of Rs 9,932 million was available as cash and cash equivalents at the beginning of the year. Cash generated from operations in 2012 grew by 23% to Rs 15,268 million (2011: Rs 1,227 million) related to higher sales value which is offset by increased operating, royalty, taxes and exploration costs paid.

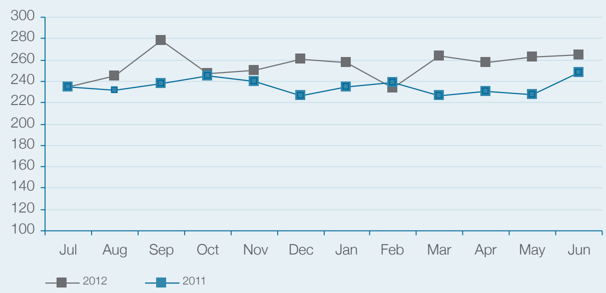
Investing activities:

A total of Rs 3,004 million cash was expended on investing activities (2011: Rs 2,318 million) which consists of addition in fixed assets of Rs 4,137 million and other long term investments in mutual funds of Rs 600 million, offset by income on bank deposits by Rs 945 million and dividend income of Rs 761 million.

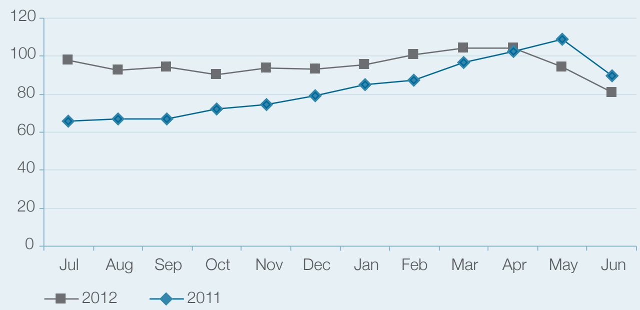
Financing activities:

Rs 10,021 million of cash were used in financing activities which is related to payment of dividends. The cash balance includes effect of exchange rate changes of Rs 407 million during the year. Cash and cash equivalents at the end of year 2012 was Rs 12,581 million (2011: Rs 9,931 million).

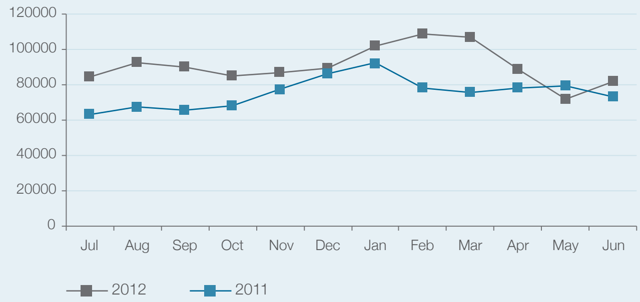
Gas price movement (Rs / mmbtu)



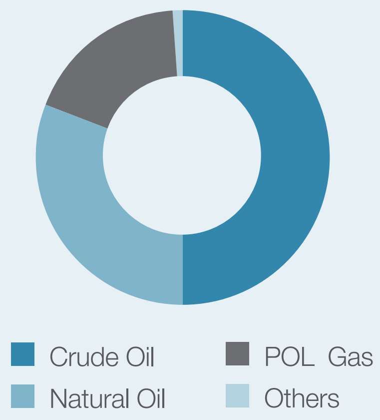
Crude oil price movement (US$ / barrel)



POLGAS price movement (Rs / Metric Tons)



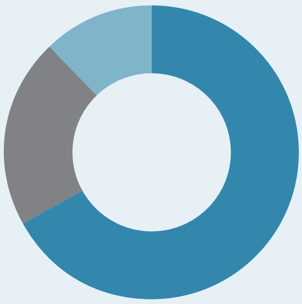
Revenue mix by product (%)



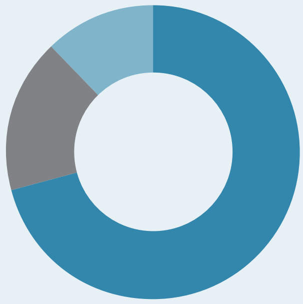
Balance Sheet Composition

Share Capital & Reserves

June 30, 2012



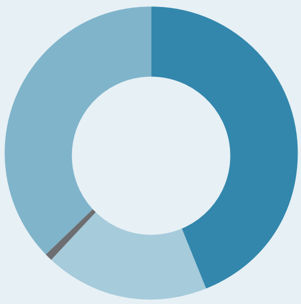
June 30, 2011



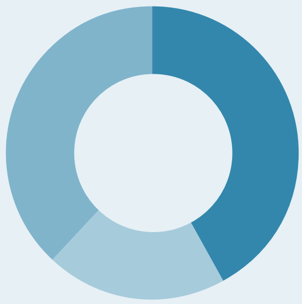
- Shareholders' equity
- Non-current liabilities
- Current liabilities and provisions

Assets

June 30, 2012

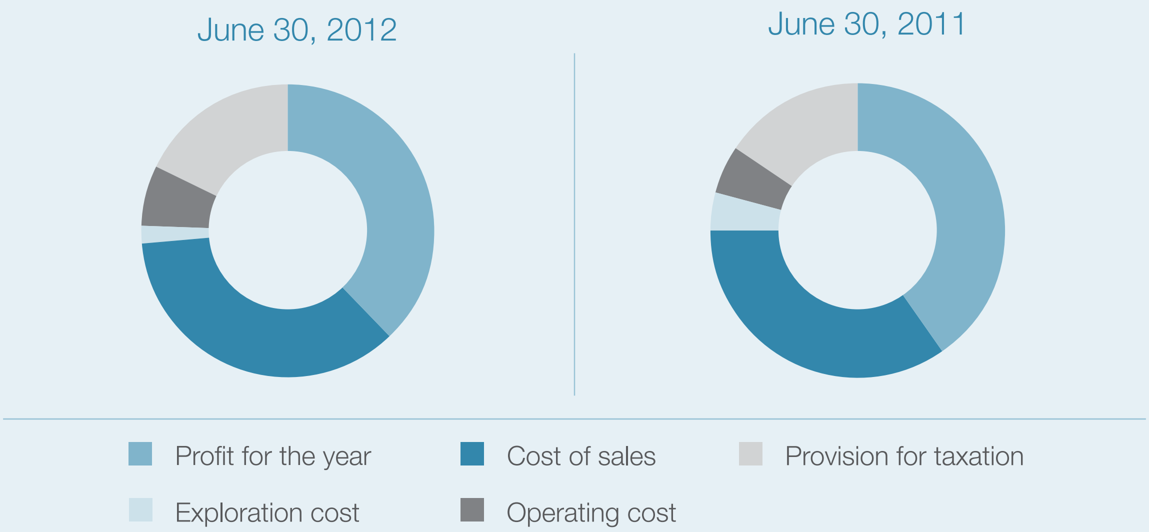


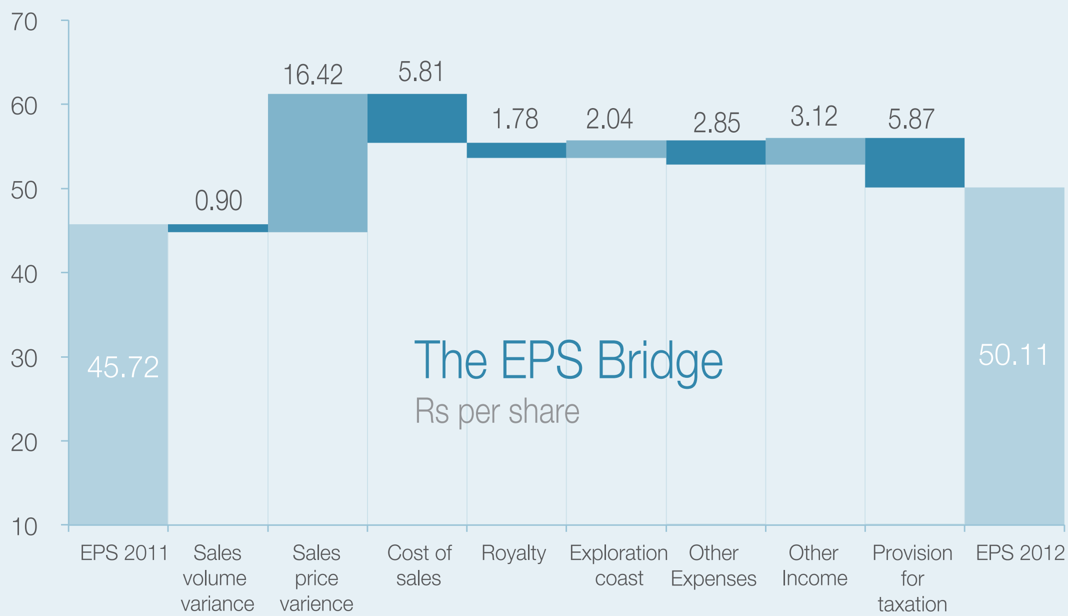
June 30, 2011



- Fixed assets
- Investment in subsidiary and associated companies
- Current assets
- Other long term investments and advances

Profit and Loss Account Analysis





Cash Flow Statement Analysis

Financial Statements

Review Report to the Members on Statement of Compliance with the Code of Corporate Governance

We have reviewed the Statement of Compliance with the Code of Corporate Governance prepared by the Board of Directors of Pakistan Oilfields Limited, 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 (the Code) 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 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, the Code requires the company to place before the audit committee, and upon recommendation of the audit committee, before the board of directors for their review 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. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the board of directors upon recommendation of 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, 2012.

Affergusonr &Co.

Chartered Accountants
Islamabad
September15, 2012

Engagement partner: M. Imtiaz Aslam

Statement of Compliance, with the Code of Corporate Governance for the year ended June 30, 2012

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. The elections of the present Board of Directors was held on June 20, 2011 and the Board includes:

Category	Names
Independent Directors	Mr. Abdus Sattar Mr. Arif Kemal Mr. Nehal Cassim
Executive Directors	Mr. Shuaib A. Malik
Non-Executive Directors	Dr. Ghaith R. Pharaon* Mr. Laith G. Pharaon** Mr. Wael G. Pharaon***

*Alternate Director Mr. Bilal A. Khan, G.M-POL
** Alternate Director Mr. Iqbal A. Khwaja
*** Alternate Director Mr. Babar Bashir Nawaz

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).

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 NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

6. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board/shareholders.

7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

8. Most of the directors meet the exemption requirement of the directors' training program and one of the alternate directors has completed this program during the year 2010-11.

9. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.

10. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

11. The financial statements of the company were duly

endorsed by CEO and CFO before approval of the board.

12. 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.

13. The company has complied with all the corporate and financial reporting requirements of the CCG.

14. The board has formed an Audit Committee. It comprises five members, of whom two are independent three are non-executive directors and the chairman of the committee is an independent director.

15. The board has formed an Human Resourse and Remuneration (HR & R) Committee. It comprises three members, of whom one is executive director and two are non-executive directors. The chairman of the committee is a non executive director.

16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company as required by the CCG. 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 ICAP, 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 code of ethics as adopted by the ICAP.

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 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s).

21. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).

22. We confirm that all other material principles enshrined in the CCG have been complied with.

Shuaib A. Malik
Chairman & Chief Executive
Dubai, September 15, 2012

A. F. FERGUSON & CO.

Auditor's Report to the Members

We have audited the annexed balance sheet of Pakistan Oilfields Limited as at June 30, 2012 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;
  (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, 2012 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.

Affergusons & Co.

Chartered Accountants
Islamabad
September 15, 2012
Engagement Partner: M. Imtiaz Aslam

Balance Sheet

As at June 30, 2012

	Note	2012	2011
		Rupees ('000)	
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	7	32,847,810	31,048,217
Fair value gain on available-for-sale investments		57,973	9,412
		35,271,242	33,423,088
NON CURRENT LIABILITIES			
Long term deposits	8	504,448	487,314
Deferred liabilities	9	10,504,449	7,710,102
		11,008,897	8,197,416
CURRENT LIABILITIES AND PROVISIONS			
Trade and other payables	10	4,465,713	4,045,039
Provision for income tax		1,593,673	1,373,662
		6,059,386	5,418,701
CONTINGENCIES AND COMMITMENTS	11		
		52,339,525	47,039,205

	Note	2012	2011
		Rupees ('000)	
FIXED ASSETS			
Property, plant and equipment	12	4,163,781	4,257,760
Development and decommissioning costs	13	15,687,791	10,568,414
Exploration and evaluation assets	14	2,883,055	4,810,730
		22,734,627	19,636,904
LONG TERM INVESTMENTS IN SUBSIDIARY AND ASSOCIATED COMPANIES	15	9,615,603	9,615,603
OTHER LONG TERM INVESTMENTS	16	658,672	69,677
LONG TERM LOANS AND ADVANCES	17	16,273	20,067
CURRENT ASSETS			
Stores and spares	18	2,939,308	2,632,488
Stock in trade	19	134,199	126,411
Trade debts	20	3,006,567	4,343,528
Advances, deposits, prepayments and other receivables	21	601,966	662,879
Short term investments	22	3,898,907	3,226,550
Cash and bank balances	23	8,733,403	6,705,098
		19,314,350	17,696,954
		52,339,525	47,039,205

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, 2012

	Note	2012	2011
		Rupees ('000)	
SALES		30,822,659	27,102,437
Sales tax		(2,198,604)	(2,151,730)
NET SALES	24	28,624,055	24,950,707
Operating costs	25	(6,262,362)	(5,537,827)
Excise duty and development surcharge		(317,532)	(352,485)
Royalty		(2,730,542)	(2,310,470)
Amortisation of development and decommissioning costs		(1,807,191)	(1,122,198)
		(11,117,627)	(9,322,980)
GROSS PROFIT		17,506,428	15,627,727
Exploration costs	26	(593,554)	(1,075,045)
		16,912,874	14,552,682
Administration expenses	27	(113,339)	(83,101)
Finance cost	28	(684,576)	(223,930)
Other charges	29	(1,286,588)	(1,104,237)
		(2,084,503)	(1,411,268)
		14,828,371	13,141,414
Other operating income	30	2,547,207	1,808,596
PROFIT BEFORE TAXATION		17,375,578	14,950,010
Provision for taxation	31	(5,522,783)	(4,135,000)
PROFIT FOR THE YEAR		11,852,795	10,815,010
Earnings per share - Basic and diluted (Rupees)	36	50.11	45.72

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, 2012

	2012	2011
	Rupees ('000)	
Profit for the year	11,852,795	10,815,010
Other comprehensive income		
Fair value gain/(loss) on available-for-sale investments - net of tax	48,561	(11,655)
Total comprehensive income	11,901,356	10,803,355

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, 2012

	Note	2012	2011
		Rupees ('000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers		30,412,542	23,678,915
Operating and exploration costs paid		(7,867,074)	(5,940,691)
Royalty paid		(2,685,334)	(2,214,441)
Taxes paid		(4,592,122)	(3,096,391)
Cash provided by operating activities		15,268,012	12,427,392
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed assets additions		(4,137,557)	(3,758,358)
Proceeds from disposal of property, plant and equipment		10,453	76,179
Proceeds from sale of available-for-sale investments		16,384	84,627
Income on bank deposits and held-to-maturity investments		945,202	729,818
Other long term investments		(600,000)	-
Dividend income received		761,172	549,435
Cash used in investing activities		(3,004,346)	(2,318,299)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(10,021,988)	(6,495,633)
EFFECT OF EXCHANGE RATE CHANGES		407,977	967
INCREASE IN CASH AND CASH EQUIVALENTS		2,649,655	3,614,427
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		9,931,648	6,317,221
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	38	12,581,303	9,931,648

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, 2012

	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, 2010	2,365,459	200,000	1,557,794	24,980,426	21,067	29,124,746
Total comprehensive income for the year:						
Profit for the year after taxation	-	-	-	10,815,010	-	10,815,010
Other comprehensive income	-	-	-	-	(11,655)	(11,655)
	-	-	-	10,815,010	(11,655)	10,803,355
Transactions with owners:						
Final dividend @ Rs 17.5 per share - Year ended June 30, 2010	-	-	-	(4,139,554)	-	(4,139,554)
Interim dividend @ Rs 10 per share - Year ended June 30, 2011	-	-	-	(2,365,459)	-	(2,365,459)
Total transactions with owners	-	-	-	(6,505,013)	-	(6,505,013)
Balance at June 30, 2011	2,365,459	200,000	1,557,794	29,290,423	9,412	33,423,088
Total comprehensive income for the year:						
Profit for the year after taxation	-	-	-	11,852,795	-	11,852,795
Other comprehensive income	-	-	-	-	48,561	48,561
	-	-	-	11,852,795	48,561	11,901,356
Transactions with owners:						
Final dividend @ Rs 25 per share - Year ended June 30, 2011	-	-	-	(5,913,648)	-	(5,913,648)
Interim dividend @ Rs 17.5 per share - Year ended June 30, 2012	-	-	-	(4,139,554)	-	(4,139,554)
Total transactions with owners	-	-	-	(10,053,202)	-	(10,053,202)
Balance at June 30, 2012	2,365,459	200,000	1,557,794	31,090,016	57,973	35,271,242

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, 2012

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

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

		Effective date (annual periods beginning on or after)
IFRS 7	Financial instruments: Disclosures (Amendments)	January 1, 2013
IAS 1	Presentation of financial statements (Amendments)	July 1, 2012 & January 1, 2013
IAS 12	Income taxes (Amendments)	January 1, 2012
IAS 16	Property, Plant and Equipment (Amendments)	January 1, 2013
IAS 19	Employee benefits (Amendments)	January 1, 2013
IAS 27	Separate Financial Statements (Revised)	January 1, 2013
IAS 28	Investments in Associates and Joint Venture (Revised)	January 1, 2013
IAS 32	Financial instruments: Presentation (Amendments)	January 1, 2013 & 2014
IAS 34	Interim Financial Reporting (Amendments)	January 1, 2013
IFRIC 20	Stripping costs in the production phase of a surface mine	January 1, 2013

The management anticipate that, except for the effects on the financial statements of amendments to IAS 19 "Employee Benefits", the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the financial statements other than in presentation / disclosures. The application of the amendments to IAS 19 would result in the recognition of cumulative unrecognized actuarial gains / losses in other comprehensive income in the period of initial application, which cannot be presently quantified on the balance sheet date.

Further, the following new standards have been issued by the International Accounting Standards Board (IASB), which are yet to be notified by the Securities and Exchange Commission of Pakistan, for the purpose of their applicability in Pakistan:

		Effective date (annual periods beginning on or after)
IFRS 1	First-time adoption of International Financial Reporting standards	July 1, 2009
IFRS 9	Financial instruments	January 1, 2015
IFRS 10	Consolidated financial statements	January 1, 2013
IFRS 11	Joint arrangements	January 1, 2013
IFRS 12	Disclosure of interests in other entities	January 1, 2013
IFRS 13	Fair value measurement	January 1, 2013

The following interpretations issued by the IASB have been waived of by SECP effective January 16, 2012:

IFRIC 4	Determining whether an arrangement contains lease
IFRIC 12	Service concession arrangements

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.

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 3.4% p.a. (2011: 3.4%). The increase in provision due to unwinding of discount is recorded as finance cost.

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. Management staff hired after January 1, 2012 are only entitled to gratuity fund. Actuarial valuations are conducted annually using the "Projected Unit Credit Method" and the latest valuation was conducted as at June 30, 2012. 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) Separate approved contributory provident funds for management and non-management employees for which contributions of Rs 23,300 thousand (2011: Rs 19,096 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.

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.

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 extent that asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no new impairment loss had been recognised. 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.

(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 off 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.

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.

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 costs and discount rate used for provision for decommissioning cost - note 9

(iv) Estimated useful life of property, plant and equipment - note 12

(v) Price adjustment related to crude oil sales - note 4.22

(vi) Staff retirement benefits - note 35

(vii) Provision for taxation - note 31

		2012	2011
		Rupees ('000)	

6. SHARE CAPITAL

Authorised capital

	2012	2011
500,000,000 (2011: 500,000,000) ordinary shares of Rs 10 each	5,000,000	5,000,000

Issued, subscribed and paid up capital

	2012	2011
Shares issued for cash		
20,200,000 (2011: 20,200,000) ordinary shares	202,000	202,000
Shares issued as fully paid bonus shares		
216,345,920 (2011: 216,345,920) ordinary shares	2,163,459	2,163,459
236,545,920 (2011: 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 124,776,965 (2011: 124,776,965) ordinary shares at the year end.

	2012	2011
	Rupees ('000)	

7. REVENUE RESERVES

	2012	2011
Insurance reserve - note 7.1	200,000	200,000
Investment reserve - note 7.2	1,557,794	1,557,794
Unappropriated profit	31,090,016	29,290,423
	32,847,810	31,048,217

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.

		2012	2011
		Rupees ('000)	
8.	**LONG TERM DEPOSITS**		
	Security deposits from distributors against POLGAS equipment	461,689	446,128
	Security deposits from distributors against POLGAS distributorship and others	42,759	41,186
		504,448	487,314
9.	**DEFERRED LIABILITIES**		
	Provision for deferred income tax - note 9.1	5,054,000	4,343,350
	Provision for decommissioning cost - note 9.2	5,443,309	3,358,125
	Provision for staff compensated absences	7,140	8,627
		10,504,449	7,710,102

9.1 Provision for deferred income tax

The provision for deferred income tax represents:

	2012	2011
Temporary differences between accounting and tax depreciation/amortisation	5,102,072	4,382,122
Provision for stores and spares	(47,979)	(38,679)
Provision for doubtful receivable	(93)	(93)
	5,054,000	4,343,350

9.2 Provision for decommissioning cost

	2012	2011
Balance brought forward	3,358,125	2,755,741
Revision due to change in estimates	1,314,647	322,661
Provision during the year	86,985	57,172
Unwinding of discount - note 28	369,268	208,204
Exchange loss - note 28	314,284	14,347
	5,443,309	3,358,125

		2012	2011
		Rupees ('000)	
10.	**TRADE AND OTHER PAYABLES**		
	Creditors	232,285	205,100
	Due to related parties		
	Attock Petroleum Limited	11,355	-
	Attock Hospital (Pvt) Limited	7	134
	Capgas (Pvt) Limited	1,170	-
	Staff Provident Fund	-	176
	Gratuity Fund - note 35.1	-	135,226
	General Staff Provident Fund	-	915
	Workers' Profit Participation Fund - note 10.1	931,913	800,132
	Joint venture partners		
	The Attock Oil Company Limited	47,286	14,469
	Others	453,576	595,492
	Accrued liabilities	1,096,696	1,119,101
	Advance payment from customers	48,902	41,640
	Royalty	358,221	313,013
	Sales tax	111,482	27,709
	Excise duty	3,609	8,333
	Workers' Welfare Fund	1,073,122	718,843
	Liability for staff compensated absences	10,315	10,196
	Unclaimed dividends	85,774	54,560
		4,465,713	4,045,039
10.1	**Workers' Profit Participation Fund**		
	Balance at beginning of the year	800,132	511,172
	Add: Amount allocated for the year	932,310	800,172
	Less: Amount paid to the Fund's trustees	800,529	511,212
		931,913	800,132
11.	**CONTINGENCIES AND COMMITMENTS**		
	Capital expenditure commitments outstanding		
	Share in Joint Ventures	9,767,929	7,564,611
	Own fields	1,013,951	2,148,567
12.	**PROPERTY, PLANT AND EQUIPMENT**		
	Operating assets - note 12.1	3,975,111	4,122,436
	Capital work in progress - note 12.5	188,670	135,324
		4,163,781	4,257,760

12.1 Operating assets

	Freehold land	Buildings	Pipelines and pumps	Plant and machinery Field plants	Plant and machinery Rigs	Gas cylinders	Motor vehicles	Chattels	Computer and software development	Total
	Rupees ('000)									
As at July 1, 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
Year ended June 30, 2011										
Opening 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
Additions	403	12,810	232,793	433,217	53,585	12,628	17,534	10,672	17,536	791,178*
Disposals										
Cost	-	(16)	(122,391)	(2,115)	(13,431)	(12,054)	(9,850)	(826)	(558)	(161,241)*
Depreciation	-	16	72,417	2,040	9,847	12,054	9,742	791	558	107,465*
	-	-	(49,974)	(75)	(3,584)	-	(108)	(35)	-	(53,776)*
Depreciation charge	-	(8,475)	(51,485)	(435,835)	(22,793)	(20,079)	(34,143)	(7,718)	(24,088)	(604,616)*
Closing net book value	18,802	96,267	528,815	3,119,090	157,291	61,189	55,851	38,807	46,324	4,122,436
As at July 1, 2011										
Cost	18,802	212,103	948,602	5,706,353	427,481	437,488	230,453	91,696	190,902	8,263,880
Accumulated depreciation	-	(115,836)	(419,787)	(2,587,263)	(270,190)	(376,299)	(174,602)	(52,889)	(144,578)	(4,141,444)
Net book value	18,802	96,267	528,815	3,119,090	157,291	61,189	55,851	38,807	46,324	4,122,436
Year ended June 30, 2012										
Opening net book value	18,802	96,267	528,815	3,119,090	157,291	61,189	55,851	38,807	46,324	4,122,436
Additions	2,574	98,475	25,626	175,197	41,594	19,211	79,512	19,409	29,909	491,507*
Disposals										
Cost	-	-	(94)	(6,556)	(3,561)	(6,947)	(11,889)	(836)	(12,007)	(41,890)*
Depreciation	-	-	94	4,786	1,325	6,583	11,273	782	12,005	36,848*
	-	-	-	(1,770)	(2,236)	(364)	(616)	(54)	(2)	(5,042)*
Depreciation charge	-	(10,345)	(69,716)	(443,191)	(27,655)	(13,377)	(34,618)	(9,082)	(25,806)	(633,790)*
Closing net book value	21,376	184,397	484,725	2,849,326	168,994	66,659	100,129	49,080	50,425	3,975,111
As at June 30, 2012										
Cost	21,376	310,578	974,134	5,874,994	465,514	449,752	298,076	110,269	208,804	8,713,497
Accumulated depreciation	-	(126,181)	(489,409)	(3,025,668)	(296,520)	(383,093)	(197,947)	(61,189)	(158,379)	(4,738,386)
Net book value	21,376	184,397	484,725	2,849,326	168,994	66,659	100,129	49,080	50,425	3,975,111
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 1,716 thousand; cost of Rs 4,557 thousand and depreciation of Rs 2,841 thousand (2011: book value of Rs Nil; cost of Rs 3,312 thousand and depreciation of Rs 3,312 thousand).

12.2 Cost and accumulated depreciation include:

	Cost 2012	Cost 2011	Accumulated depreciation 2012	Accumulated depreciation 2011
	Rupees ('000)		Rupees ('000)	
Share in Joint Ventures operated by the Company	1,392,199	1,357,358	888,537	795,956
Share in Joint Ventures operated by others (assets not in possession of the Company)	3,754,965	3,713,733	1,271,270	907,556
	5,147,164	5,071,091	2,159,807	1,703,512

12.3 The depreciation charge has been allocated as follows:

		2012	2011
Operating cost	- note 25	586,079	578,895
Other income	- Crude transportation income	44,870	22,409
Inter-transfers		2,841	3,312
		633,790	604,616

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)				
Motor vehicles	933	218	332	Transfer of employee to associated company	Attock Refinery Limited - associated company
Motor vehicles	1,043	348	104	As per Company policy	Mr. Sajid Nawaz - ex employee

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, 2010	2,640	100,739	1,978	105,357
Additions during the year	66,875	73,170	2,204	142,249
Transfers during the year	(6,163)	(106,119)	-	(112,282)
Balance as at June 30, 2011	63,352	67,790	4,182	135,324
Balance as at July 1, 2011	63,352	67,790	4,182	135,324
Additions during the year	24,088	195,904	1,372	221,364
Transfers during the year	(82,372)	(83,268)	(2,378)	(168,018)
Balance as at June 30, 2012	5,068	180,426	3,176	188,670

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

		2012	2011
		Rupees ('000)	
Own fields		24,654	122,729
Share in Joint Ventures operated by the Company			
	- Ikhlas	-	10,012
	- Pindori	-	212
Share in Joint Ventures operated by others			
MOL Pakistan Oil and Gas Company B.V.	- TAL Block	148,093	734
	- Margala Block	270	117
Pakistan Petroleum Limited	- Adhi	12,869	1,520
Oil and Gas Development Company Limited	- Kotra	2,143	-
Ocean Pakistan Limited	- Ratana	641	-
		188,670	135,324

13. DEVELOPMENT AND DECOMMISSIONING COSTS

	Development Cost	Decommissioning Cost	Total
		Rupees ('000)	
As at July 1, 2010			
Cost	17,393,501	1,352,491	18,745,992
Accumulated amortisation	(7,217,407)	(1,052,899)	(8,270,306)
Net book value	10,176,094	299,592	10,475,686
Year ended June 30, 2011			
Opening net book value	10,176,094	299,592	10,475,686
Additions	67,529	57,172	124,701
Revision due to change in estimates	-	322,661	322,661
Wells cost transferred from exploration and evaluation assets - note 14	767,564	-	767,564
Amortisation for the year	(1,080,810)	(41,388)	(1,122,198)
Closing net book value	9,930,377	638,037	10,568,414
As at July 1, 2011			
Cost	18,228,594	1,732,324	19,960,918
Accumulated amortisation	(8,298,217)	(1,094,287)	(9,392,504)
Net book value	9,930,377	638,037	10,568,414
Year ended June 30, 2012			
Opening net book value	9,930,377	638,037	10,568,414
Additions	1,754,843	86,985	1,841,828
Revision due to change in estimates	-	1,314,647	1,314,647
Wells cost transferred from exploration and evaluation assets - note 14	3,770,093	-	3,770,093
Amortisation for the year	(1,646,529)	(160,662)	(1,807,191)
Closing net book value	13,808,784	1,879,007	15,687,791
As at June 30, 2012			
Cost	23,753,530	3,133,956	26,887,486
Accumulated amortisation	(9,944,746)	(1,254,949)	(11,199,695)
Net book value	13,808,784	1,879,007	15,687,791

		2012	2011
		Rupees ('000)	

14. EXPLORATION AND EVALUATION ASSETS

	2012	2011
Balance brought forward	4,810,730	2,705,298
Additions during the year	1,958,900	3,232,301
	6,769,630	5,937,599
Wells cost transferred to development cost - note 13	(3,770,093)	(767,564)
Dry and abandoned wells cost charged to the profit and loss account - note 26	(116,482)	(359,305)
	2,883,055	4,810,730

14.1 Break up of exploration and evaluation assets at June 30 is as follows:

		2012	2011
Share in Joint Ventures operated by the Company	- Ikhlas	769,247	3,387,675
Share in Joint Ventures operated by others			
MOL Pakistan Oil and Gas Company B.V.	-TAL Block	1,665,406	984,356
Oil and Gas Development Company Limited	-Chak Naurang	448,402	438,699
		2,883,055	4,810,730

	2012 Percentage holding	2012 Amount Rs ('000)	2011 Percentage holding	2011 Amount Rs ('000)
15. LONG TERM INVESTMENTS IN SUBSIDIARY AND ASSOCIATED COMPANIES - AT COST				
Subsidiary company				
Unquoted				
Capgas (Private) Limited 344,250 (2011: 344,250) fully paid ordinary shares including 191,250 (2011: 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 (2011: 19,991,640) fully paid ordinary shares including 3,331,940 (2011: 3,331,940) bonus shares of Rs 10 each Quoted market value as at June 30, 2012: Rs 4,625,866 thousand (2011: Rs 7,042,255 thousand)	25	8,046,635	25	8,046,635
Attock Petroleum Limited (APL) 4,850,496 (2011: 4,850,496) fully paid ordinary shares including 1,482,096 (2011: 1,482,096) bonus shares of Rs 10 each Quoted market value as at June 30, 2012: Rs 2,300,930 thousand; (2011: Rs 1,815,395 thousand)	7	1,562,938	7	1,562,938
Unquoted				
Attock Information Technology Services (Pvt) Limited (AITSL) 450,000 (2011: 450,000) fully paid ordinary shares of Rs 10 each	10	4,500	10	4,500
		9,615,603		9,615,603

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 5.15% (2011: 6.5%), a terminal growth rate of 3.5% (2011: 4%) and a capital asset pricing model based discount rate of 20.13% (2011: 20%).

	2012	2011
	Rupees ('000)	
16. OTHER LONG TERM INVESTMENTS		
Held-to-maturity investments		
Pakistan Investment Bonds - note 16.1	51,007	52,015
Available-for-sale investments - note 16.2	658,672	17,662
	709,679	69,677
Investments maturing within twelve months shown under current assets - note 22	(51,007)	-
	658,672	69,677

	Final Maturity date	Mark up %	2012	2011
16.1 Pakistan Investment Bonds	30-06-2013	9.00	51,007	52,015

The fair value of held-to-maturity investments at June 30, 2012 was Rs 48,638 thousand (2011: Rs 47,643 thousand).

16.2 Available-for-sale investments

	2012	2011
Balance at the beginning of the year	17,662	85,543
Additions during the year	600,000	-
Disposals during the year	(16,384)	(65,800)
Impairment loss reversed during the year	8,833	9,574
Fair value gain transferred from statement of comprehensive income to profit and loss account on disposal of investment	-	(18,827)
Fair value gain transferred to statement of comprehensive income	48,561	7,172
Balance at the end of the year	658,672	17,662

	Number of shares/units	2012 Cost less impairment loss	2012 Adjustment arising from remeasurement to fair value	2012 Fair value	2011 Fair value
		Rupees ('000)			

16.2.1 Available-for-sale investments at June 30 include the following:

	Number of shares/units	Cost less impairment loss	Adjustment arising from remeasurement to fair value	Fair value (2012)	Fair value (2011)
Listed securities:					
Meezan Sovereign Fund	3,403,493	160,000	15,024	175,024	-
Pakistan Cash Management Fund	2,834,308	130,000	11,940	141,940	-
IGI Money Market Fund	1,407,983	130,000	12,957	142,957	-
Atlas Money Market Fund	283,638	130,000	12,579	142,579	-
UBL Liquidity Plus Fund	545,565	50,000	4,793	54,793	-
Atlas Fund of Funds	-	-	-	-	16,363
Unlisted securities:					
Atlas Asset Management Company	2,748	698	681	1,379	1,299
		600,698	57,974	658,672	17,662

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, 2012 as quoted by the respective Asset Management Company.

17. LONG TERM LOANS AND ADVANCES, CONSIDERED GOOD

	2012	2011
	Rupees ('000)	
Executives - note 17.1	13,277	13,292
Other employees	26,017	30,580
	39,294	43,872
Less: Amount due within twelve months, shown under current loans and advances - note 21	23,021	23,805
	16,273	20,067

17.1 Movement in loans to Executives

	Balance as at June 30, 2011	Disbursements	Repayments	Balance as at June 30, 2012
	Rupees ('000)			
Executives	13,292	17,128	17,143	13,277

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 Executives at the end of any month during the year was Rs 20,974 thousand (2011: Rs 13,292 thousand) respectively.

	2012	2011
	Rupees ('000)	
18. STORES AND SPARES		
Stores and spares - note 18.1	3,099,239	2,761,419
Less: Provision for slow moving items - note 18.2	159,931	128,931
	2,939,308	2,632,488
18.1 Stores and spares include:		
Share in Joint Ventures operated by the Company	155,920	145,622
Share in Joint Ventures operated by others (assets not in possession of the Company)	1,005,398	709,297
	1,161,318	854,919
18.2 Provision for slow moving items		
Balance brought forward	128,931	106,906
Provision for the year	31,000	77,558
Stores written off during the year	-	(55,533)
	159,931	128,931
19. STOCK IN TRADE		
Crude oil and other products	134,199	126,411

These include Rs 38,483 thousand (2011: Rs 27,209 thousand) being the Company's share in Joint Ventures operated by the Company.

	2012	2011
	Rupees ('000)	
20. TRADE DEBTS - Considered good		
Due from related parties - note 20.1	1,450,931	2,785,821
Others	1,555,636	1,557,707
	3,006,567	4,343,528

	2012	2011
	Rupees ('000)	

20.1 Due from related parties

	2012	2011
Associated companies		
Attock Refinery Limited	1,450,931	2,778,628
Attock Petroleum Limited	-	7,193
	1,450,931	2,785,821

21. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2012	2011
Loans and advances - considered good		
Employees - note 17	23,021	23,805
Suppliers	39,168	29,578
	62,189	53,383
Trade deposits and short term prepayments		
Deposits	128,670	62,434
Short-term prepayments	132,362	186,220
	261,032	248,654
Interest income accrued	100,526	64,882
Other receivables		
Joint venture partners	11,471	43,943
Due from related parties		
Parent company		
The Attock Oil Company Limited	7,377	146,323
Associated company		
National Refinery Limited	15,138	21
Attock Information Technology Services (Pvt) Limited	-	44
Attock Cement Limited	3	15
Attock Leisure Management Association	110	71
Subsidiary company		
Capgas (Pvt) Limited	-	1,916
Gratuity Fund - note 35.1	57,166	-
Staff Provident Fund	5,403	-
Management Staff Pension Fund - note 35.1	40,904	62,790
Other receivables (net of provision for doubtful receivable Rs 310 thousand (2011: Rs 310 thousand))	40,647	40,837
	178,219	295,960
	601,966	662,879

	2012	2011
	Rupees ('000)	

22. SHORT TERM INVESTMENTS

	2012	2011
Held to maturity Investments:		
Treasury bills maturing within next three months - note 22.1	3,847,900	3,226,550
Held-to-maturity investments maturing within next twelve months - note 16	51,007	-
	3,898,907	3,226,550

22.1 The effective interest on Treasury bills ranges between 11.55% to 13.53% per annum (2011: 12.44% to 13.53% per annum)

23. CASH AND BANK BALANCES

	2012	2011
Bank balance on		
Short term deposits	6,454,667	3,582,194
Interest/mark-up bearing saving accounts	2,198,831	3,039,664
Current accounts	76,190	81,369
	8,729,688	6,703,227
Cash in hand	3,715	1,871
	8,733,403	6,705,098

Balance with banks include foreign currency balances of US $ 63,147 thousand (2011: US $ 41,806 thousand). The balances in saving accounts and short term deposits earned interest/mark-up ranging from 0.25% to 12.75% (2011: 0.2% to 12.75%).

	2012	2011
	Rupees ('000)	

24. NET SALES

	2012	2011
Crude oil	14,395,895	11,803,699
Gas	8,803,724	8,165,606
POLGAS - Refill of cylinders	5,139,770	4,745,078
Solvent oil	220,469	212,285
Sulphur	64,197	24,039
	28,624,055	24,950,707

		2012	2011
		Rupees ('000)	

25. OPERATING COSTS

		2012	2011
Operating cost	- Own fields	527,687	607,253
	- Share in Joint Ventures	1,796,865	1,475,446
Well workover		132,785	153,697
POLGAS -Cost of gas/LPG, carriage etc.		3,044,418	2,646,753
Head office and insurance charges		140,456	84,953
Pumping and transportation cost		41,860	29,708
Depreciation - note 12.3		586,079	578,895
		6,270,150	5,576,705
Opening stock of crude oil and other products		126,411	87,533
Closing stock of crude oil and other products		(134,199)	(126,411)
		6,262,362	5,537,827

26. EXPLORATION COSTS

		2012	2011
Geological and geophysical cost			
Own fields		12,113	1,189
Share in Joint Ventures operated by the Company			
	- Kirthar South	19,617	14,940
	- Ikhlas	37,538	427,976
	- Pindori	-	31
	- DG Khan	21,506	17,020
	- Rajanpur	25,147	22,667
Share in Joint Ventures operated by the others			
Ocean Pakistan Limited			
	- Dhurnal	524	538
	- Bhangali	15,924	-
MOL Pakistan Oil and Gas Company B.V.			
	- TAL Block	195,533	131,333
	- Margala Block	40,050	35,465
	- Margala North Block	93,594	17,831
Oil and Gas Development Company Limited			
	- Kotra	1,834	2,243
	- Gurgalot	(1,856)	42,911
	- Chak Naurang	1,591	1,596
Pakistan Petroleum Limited	- Adhi	13,957	-
		477,072	715,740

		2012	2011
		Rupees ('000)	
Dry and abandoned wells cost - note 14			
Share in Joint Ventures operated by others			
MOL Pakistan Oil and Gas Company B.V.	- Margala Block	-	359,305
Oil and Gas Development Company Limited	- Gurgalot	116,482	-
		116,482	359,305
		593,554	1,075,045

27. ADMINISTRATION EXPENSES

	2012	2011
Establishment charges	204,412	140,630
Telephone and telex	1,108	721
Medical expenses	3,422	3,662
Printing, stationery and publications	3,846	8,400
Insurance	3,509	3,741
Travelling expenses	3,419	2,222
Motor vehicle running expenses	7,022	7,047
Rent, repairs and maintenance	11,364	7,564
Auditor's remuneration - note 27.1	3,210	3,138
Legal and professional charges	4,644	3,867
Stock exchange and CDC fee	1,540	710
Computer support and maintenance charges	9,883	6,832
Other expenses	1,011	1,950
	258,390	190,484
Less: Amount allocated to field expenses	145,051	107,383
	113,339	83,101

27.1 Auditor's remuneration:

	2012	2011
Statutory audit	1,100	1,000
Review of half yearly accounts, audit of consolidated accounts, staff funds, special certifications	910	853
Tax services	1,000	1,100
Out of pocket expenses	200	185
	3,210	3,138

	2012	2011
	Rupees ('000)	

28. FINANCE COST

	2012	2011
Provision for decommissioning cost - note 9.2		
- Unwinding of discount	369,268	208,204
- Exchange loss	314,284	14,347
Banks' commission and charges	1,024	1,379
	684,576	223,930

29. OTHER CHARGES

	2012	2011
Workers' Profit Participation Fund	932,310	800,172
Workers' Welfare Fund	354,278	304,065
	1,286,588	1,104,237

30. OTHER OPERATING INCOME

	2012	2011
Income from financial assets		
Income on bank deposits	562,043	422,433
Income on held-to-maturity investments	417,795	358,399
Exchange gain on financial assets	407,977	967
Dividend on available-for-sale investments	-	1,964
Profit on disposal of available-for-sale investments	-	18,827
Impairment loss reversed on available-for-sale investments	8,833	9,574
Income from investments in subsidiary and associated companies		
Dividend from subsidiary and associated companies - note 30.1	761,172	547,471
Other income		
Rental income (net of related expenses Rs 23,048 thousand; 2011: Rs 22,496 thousand)	162,397	144,616
Crude oil/gas transportation income (net of related expenses Rs 52,260 thousand; 2011: Rs 55,114 thousand)	59,686	104,329
Gas processing fee	154,157	126,694
Profit on sale of property, plant and equipment	7,127	22,403
Sale of stores and scrap	1,157	46,821
Other	4,863	4,098
	2,547,207	1,808,596

	2012	2011
	Rupees ('000)	

30.1 Dividend from subsidiary and associated companies

	2012	2011
Subsidiary company		
Capgas (Pvt) Limited	30,982	11,016
Associated companies		
National Refinery Limited	499,791	399,833
Attock Petroleum Limited	230,399	136,622
	761,172	547,471

31. PROVISION FOR TAXATION

	2012	2011
Current		
- for the year	4,365,133	3,425,000
- for prior period	447,000	-
	4,812,133	3,425,000
Deferred		
- for the year	710,650	710,000
	5,522,783	4,135,000

31.1 Reconciliation of tax charge for the year

	2012	2011
Accounting profit	17,375,578	14,950,010
* Tax at applicable tax rate of 50.40% (2011: 51.39%)	8,757,291	7,682,810
Tax effect of income that is not taxable or taxable at reduced rates	(380,596)	(197,368)
Tax effect of depletion allowance and royalty payments	(3,300,912)	(3,350,442)
Tax effect of prior year	447,000	-
Tax charge for the year	5,522,783	4,135,000

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

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 79% of the total revenue during the year ended June 30, 2012 (June 30, 2011: 78%).

33. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	Chief Executive		Executives	
	2012	2011	2012	2011
	Rupees ('000)		Rupees ('000)	
Managerial remuneration	5,896	5,068	79,278	65,245
Bonus	4,337	2,822	52,672	29,951
Housing, utility and conveyance	4,434	3,707	82,815	60,599
Company's contribution to pension, gratuity and provident funds	2,317	1,980	32,314	26,092
Leave passage	835	701	10,625	9,164
Other benefits	1,447	1,409	26,877	19,369
	19,266	15,687	284,581	210,420
No. of persons, including those who worked part of the year	1	1	80	68

In addition to remuneration, 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 (2011: Rs 320 thousand) was paid to one non-executive director (2011: one non-executive director). In addition seven directors and the Chief Executive of the Company were paid meeting fee aggregating Rs 3,070 thousand (2011: Rs 3,638 thousand) based on actual attendance.

Remuneration of executives are net of charge to subsidiary and associated companies amounting to Rs 17,150 thousand (2011: Rs 13,257 thousand).

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, 2012				
Financial Assets				
Maturity up to one year				
Trade debts	-	3,006,567	-	3,006,567
Advances, deposits and other receivables	-	430,436	-	430,436
Short term investments	3,898,907	-	-	3,898,907
Cash and bank balances	-	8,733,403	-	8,733,403
Maturity after one year				
Other long term investments	-	-	658,672	658,672
Long term loans and advances	-	16,273	-	16,273
	3,898,907	12,186,679	658,672	16,744,258

	Other financial liabilities	Total
	Rupees ('000)	
Financial Liabilities		
Maturity up to one year		
Trade and other payables	4,416,811	4,416,811
Maturity after one year		
Long term deposits	504,448	504,448
Provision for decommissioning cost	5,443,309	5,443,309
Provision for staff compensated absences	7,140	7,140
	10,371,708	10,371,708

	Held to Maturity Investments	Loans and receivables	Available-for-sale Investments	Total
	Rupees ('000)			
June 30, 2011				
Financial Assets				
Maturity up to one year				
Trade debts	-	4,343,528	-	4,343,528
Advances , deposits and other receivables	-	447,081	-	447,081
Short term investments	3,226,550	-	-	3,226,550
Cash and bank balances	-	6,705,098	-	6,705,098
Maturity after one year				
Other long term investments	52,015	-	17,662	69,677
Long term loans and advances	-	20,067	-	20,067
	3,278,565	11,515,774	17,662	14,812,001

	Other financial liabilities	Total
	Rupees ('000)	
Financial Liabilities		
Maturity up to one year		
Trade and other payables	4,003,399	4,003,399
Maturity after one year		
Long term deposits	487,314	487,314
Provision for decommissioning cost	3,358,125	3,358,125
Provision for staff compensated absences	8,627	8,627
	7,857,465	7,857,465

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	2012	2011
		Rupees ('000)	
Held-to-maturity investments			
Counterparties without external credit rating			
Securities issued/supported by Government of Pakistan		3,898,907	3,278,565
Available for sale investments			
Counterparties with external credit rating	5-Star	-	16,363
	A M 2	1,379	1,299
	A A A	141,940	-
	A A +	197,372	-
Counterparties without external credit rating			
Equity securities with no defaults in the past		317,981	-
		658,672	17,662
Trade debts			
Counterparties with external credit rating	A 1 +	2,932,307	4,251,037
Counterparties without external credit rating			
Existing customers/joint venture partners with no default in the past		74,260	92,491
		3,006,567	4,343,528
Advances, deposits and other receivables			
Counterparties with external credit rating	A 1 +	77,387	80,176
	A 1	3,320	-
Counterparties without external credit rating			
Existing customers/joint venture partners with no default in the past		105,510	49,170
Receivable from employees/employee benefit plans		126,844	86,595
Receivable from parent company		7,377	146,323
Others		109,998	84,817
		430,436	447,081
Bank balances			
Counterparties with external credit rating	A 1 +	8,461,315	6,589,152
	A 1	121,850	-
	A 2	22	114,075
	A 3	146,501	-
		8,729,688	6,703,227
Long term loans and advances			
Counterparties without external credit rating			
Receivable from employees		16,273	20,067

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, 2012, trade debts of Rs 352,855 thousand (2011: Rs 249,064 thousand) were past due but not impaired. The ageing analysis of these trade receivables is as follows:

	2012	2011
	Rupees ('000)	
Up to 3 months	60,385	20,278
3 to 6 months	-	2,338
6 to 12 months	1,482	1,512
Above 12 months	290,988	224,936
	352,855	249,064

(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, 2012, the Company had financial assets of Rs 16,744,258 thousand (2011: Rs 14,812,001 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.

	Less than 1 year	Between 1 to 5 years Rupees ('000)	Over 5 years
At June 30, 2012			
Long term deposits	-	504,448	-
Provision for decommissioning cost	-	3,575,673	7,287,037
Provision for staff compensated absences	-	7,140	-
Trade and other payables	4,416,811	-	-
At June 30, 2011			
Long term deposits	-	487,314	-
Provision for decommissioning cost	-	2,990,350	4,487,453
Provision for staff compensated absences	-	8,627	-
Trade and other payables	4,003,399	-	-

(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 7,155,983 thousand (2011: Rs 3,950,212 thousand) and financial liabilities include Rs 6,110,452 thousand (2011: Rs 4,276,071 thousand) which were subject to currency risk.

If exchange rates had been 10% higher/lower with all other variables held constant, profit after tax for the year would have been Rs 67,959 thousand (2011: Rs 21,181 thousand) lower/higher.

(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 12,552,405 thousand (2011: Rs 9,900,423 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 72,972 thousand (2011: Rs 52,752 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 658,672 thousand (2011: Rs 17,662 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 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:

	2012	2011
	Rupees ('000)	
35.1 The amounts recognized in the balance sheet are as follows:		
Present value of defined benefit obligations	1,092,285	1,003,442
Fair value of plan assets	(1,031,629)	(743,391)
	60,656	260,051
Unrecognized actuarial gains (losses)	(158,726)	(187,615)
Net (asset) / liability	(98,070)	72,436
Amounts in the balance sheet:		
Gratuity Fund (Asset) / Liability - note 21/10	(57,166)	135,226
Management Staff Pension Fund (Asset) - note 21	(40,904)	(62,790)
Net (asset) / liability	(98,070)	72,436
35.2 The amounts recognized in the profit and loss account are as follows:		
Current service cost	41,296	37,570
Interest cost	135,522	111,276
Expected return on plan assets	(99,950)	(77,562)
Net actuarial losses recognized during the year	13,856	13,977
	90,724	85,261
35.3 Actual return on plan assets	100,257	85,642

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.

	2012	2011
	Rupees ('000)	
35.4 Changes in the present value of defined benefit obligation are as follows:		
Opening defined benefit obligation	1,003,442	887,722
Current service cost	41,296	37,570
Interest cost	135,522	111,276
Actuarial (gain) / losses	(14,726)	32,375
Benefits paid	(73,249)	(65,501)
Closing defined benefit obligation	1,092,285	1,003,442

	2012	2011
	Rupees ('000)	

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

	2012	2011
Opening fair value of plan assets	743,391	667,011
Expected return	99,950	77,562
Actuarial gain / (loss)	307	8,080
Contribution by employer	261,230	56,239
Benefits paid	(73,249)	(65,501)
Closing fair value of plan assets	1,031,629	743,391

The Company expects to contribute Rs 33 million to its defined benefit plans during the year ending June 30, 2013.

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

	2012		2011	
	Rupees ('000)	%age	Rupees ('000)	%age
Government bonds	227,255	22	729,497	98
Regular income certificates	20,125	2	20,124	3
Term finance certificates	2,802	-	8,782	1
Unit trusts	7,453	1	6,934	1
Other assets	806,625	78	4,114	1
Allocated to holding company	(32,631)	(3)	(26,060)	(4)
	1,031,629	100	743,391	100

35.7 Principal actuarial assumptions

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

	2012	2011
	Percentage (%)	
Discount rate	13.3	14.0
Expected rate of salary increase	11.0	11.8
Expected rate of pension increase	7.8	8.5
Expected rate of return on investments	13.3	14.0

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

	2012	2011	2010	2009	2008
			Rupees ('000)		
Defined benefit obligation	1,092,285	1,003,442	887,722	760,087	640,154
Plan assets	(1,031,629)	(743,391)	(667,011)	(590,119)	(537,513)
Deficit	60,656	260,051	220,711	169,968	102,641
Experience adjustments on plan liabilities	(14,726)	32,375	55,763	58,936	19,278
Experience adjustments on plan assets	307	8,080	8,916	(59,601)	(21,390)

36. EARNINGS PER SHARE - BASIC AND DILUTED

	2012	2011
Profit for the year (in thousand rupees)	11,852,795	10,815,010
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)	50.11	45.72

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:

	2012	2011
	Rupees ('000)	
Parent company - The Attock Oil Company Limited		
Purchase of petroleum products	119,356	111,077
Sale of services	203	893
Subsidiary company - Capgas (Private) Limited		
Sale of services	13,771	11,564
Purchase of services	5,531	4,123

	2012	2011
	Rupees ('000)	
Associated companies		
Attock Refinery Limited		
Sale of crude oil and gas	14,396,928	11,794,567
Crude oil and gas transmission charges	19,651	107,320
Sale of services	4,663	4,467
Purchase of fuel	8,736	6,543
Purchase of services	14,858	21,187
Purchase of LPG	780,359	725,154
Attock Petroleum Limited		
Purchase of fuel and lubricants	661,565	504,066
Purchase of services	869	181
Sale of solvent oil	256,071	251,393
Sale of services	7,962	6,345
National Refinery Limited		
Purchase of services	1,405	1,312
Purchase of LPG	361,015	405,763
Attock Information Technology (Private) Limited		
Purchase of services	18,836	15,858
Sale of services	-	44
Attock Cement Pakistan Limited		
Purchase of services	53	280
Attock Hospital (Private) Limited		
Purchase of medical services	6,909	3,958
Attock Leisure Management Association		
Sale of services	577	71
Other related parties		
Contribution to staff retirement benefits plans		
Management Staff Pension Fund and Gratuity Fund	261,230	56,239
Approved Contributory Provident Funds	23,300	19,096
Contribution to Workers' Profit Participation Fund	932,310	800,172

	2012	2011
	Rupees ('000)	

38. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise

	2012	2011
Cash and bank balances	8,733,403	6,705,098
Short term investments - maturing within next three months	3,847,900	3,226,550
	12,581,303	9,931,648

39. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on September 15, 2012 has proposed a final dividend for the year ended June 30, 2012 @ Rs 35 per share, amounting to Rs 8,279,107 thousand for approval of the members in the Annual General Meeting to be held on October 17, 2012.

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 15, 2012.

Shuaib A. Malik
Chief Executive

Abdus Sattar
Director

Consolidated Financial Statements

Auditor's Report to the Members

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of Pakistan Oilfields Limited and its subsidiary company, Capgas (Private) Limited as at June 30, 2012 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 Capgas (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 contingency referred in note 12 (ii)(a) 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, 2012 and the results of their operations for the year then ended.

Affergusson & Co.

Chartered Accountants
Islamabad
September 15, 2012

Engagement Partner: M. Imtiaz Aslam

Consolidated Balance Sheet

As at June 30, 2012

	Note	2012	2011
		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	524,905	552,309
Revenue reserves	8	34,772,738	33,661,101
Fair value gain on available-for-sale investments		57,973	9,412
		37,721,075	36,588,281
NON - CONTROLLING INTEREST		84,372	70,744
		37,805,447	36,659,025
NON CURRENT LIABILITIES			
Long term deposits	9	642,534	618,050
Deferred liabilities	10	10,510,051	7,715,347
		11,152,585	8,333,397
CURRENT LIABILITIES AND PROVISIONS			
Trade and other payables	11	4,528,375	4,108,330
Provision for income tax		1,594,581	1,373,662
		6,122,956	5,481,992
CONTINGENCIES AND COMMITMENTS	12		
		55,080,988	50,474,414

	Note	2012	2011
		Rupees ('000)	
FIXED ASSETS			
Property, plant and equipment	13	4,227,978	4,319,799
Development and decommissioning costs	14	15,687,791	10,568,414
Exploration and evaluation assets	15	2,883,055	4,810,730
Other intangible assets	16	30,420	-
		22,829,244	19,698,943
LONG TERM INVESTMENTS IN ASSOCIATED COMPANIES	17	11,977,621	12,707,166
OTHER LONG TERM INVESTMENTS	18	658,672	80,483
LONG TERM LOANS AND ADVANCES	19	16,273	20,067
CURRENT ASSETS			
Stores and spares	20	2,939,746	2,632,611
Stock in trade	21	150,799	133,966
Trade debts	22	3,007,355	4,343,778
Advances, deposits, prepayments and other receivables	23	620,898	687,693
Short term investments	24	4,009,915	3,227,373
Cash and bank balances	25	8,870,465	6,942,334
		19,599,178	17,967,755
		55,080,988	50,474,414

The annexed notes 1 to 43 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, 2012

	Note	2012	2011
		Rupees ('000)	
SALES		31,857,011	27,944,878
Sales tax		(2,341,273)	(2,274,134)
NET SALES	26	29,515,738	25,670,744
Operating costs	27	(7,010,096)	(6,167,082)
Excise duty and development surcharge		(317,532)	(352,485)
Royalty		(2,730,542)	(2,310,470)
Amortisation of development and decommissioning costs		(1,807,191)	(1,122,198)
		(11,865,361)	(9,952,235)
GROSS PROFIT		17,650,377	15,718,509
Exploration costs	28	(593,554)	(1,075,045)
		17,056,823	14,643,464
Administration expenses	29	(131,682)	(102,575)
Finance cost	30	(685,437)	(224,882)
Other charges	31	(1,296,728)	(1,110,829)
		(2,113,847)	(1,438,286)
		14,942,976	13,205,178
Other operating income	32	1,807,990	1,280,527
		16,750,966	14,485,705
Share in profits in associated companies	33	944,720	1,941,911
Impairment loss on investment in associated company		(944,075)	(527,399)
PROFIT BEFORE TAXATION		16,751,611	15,900,217
Provision for taxation	34	(5,570,780)	(4,166,932)
PROFIT FOR THE YEAR		11,180,831	11,733,285
Attributable to:			
Owners of Pakistan Oilfields Limited (POL)		11,137,435	11,708,180
Non - Controlling Interests		43,396	25,105
		11,180,831	11,733,285
Earnings per share - Basic and diluted (Rupees)	39	47.08	49.50

The annexed notes 1 to 43 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, 2012

	2012	2011
	Rupees ('000)	
Profit for the year	11,180,831	11,733,285
Other comprehensive income		
Fair value gain/(loss) on available-for-sale investments - net of tax	48,561	(16,699)
Total comprehensive income	11,229,392	11,716,586
Attributable to:		
Owners of Pakistan Oilfields Limited (POL)	11,185,996	11,693,952
Non - Controlling Interests	43,396	22,634
	11,229,392	11,716,586

The annexed notes 1 to 43 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, 2012

	Note	2012	2011
		Rupees ('000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers		31,305,269	24,407,402
Operating and exploration costs paid		(8,631,466)	(6,567,783)
Royalty paid		(2,685,334)	(2,214,441)
Taxes paid		(4,636,076)	(3,128,165)
Cash provided by operating activities		15,352,393	12,497,013
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed assets additions		(4,187,104)	(3,767,545)
Proceeds from disposal of property, plant and equipment		11,363	76,179
Proceeds from sale of available-for-sale investments		16,384	121,702
Income on bank deposits and held-to-maturity investments		972,728	751,864
Other long term investments		(600,000)	-
Dividend received from associated companies		730,190	536,455
Dividend received on available-for-sale investments		-	4,071
Cash used in investing activities		(3,056,439)	(2,277,274)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(10,021,988)	(6,495,633)
Dividend paid to non - controlling interest holders		(29,768)	(10,585)
Cash used in financing activities		(10,051,756)	(6,506,218)
EFFECT OF EXCHANGE RATE CHANGES		407,977	967
INCREASE IN CASH AND CASH EQUIVALENTS		2,652,175	3,714,488
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		10,168,884	6,454,396
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	41	12,821,059	10,168,884

The annexed notes 1 to 43 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, 2012

	Attributable to owners of Pakistan Oilfields Limited									
	Share capital	Capital Reserves		Revenue reserves			Fair value gain/ (loss) on available-for-sale investments	Total	Non-controlling interest	Total
		Bonus shares issued by subsidiary/ associated companies	Special reserve	Insurance reserve	General reserve	Unappropriated profit				
	Rupees ('000)									
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
Total comprehensive income for the year:										
Profit for the year after taxation	-	-	-	-	-	11,708,180	-	11,708,180	25,105	11,733,285
Other comprehensive income	-	-	-	-	-	-	(14,228)	(14,228)	(2,471)	(16,699)
	-	-	-	-	-	11,708,180	(14,228)	11,693,952	22,634	11,716,586
Bonus shares issued by associated company	-	8,084	-	-	-	(8,084)	-	-	-	-
Transferred to general reserve by an associated company	-	-	-	-	600,000	(600,000)	-	-	-	-
Transfer from special reserve by associated companies	-	-	165,229	-	-	(165,229)	-	-	-	-
Transactions with owners:										
POL dividends:										
Final dividend @ Rs 17.5 per share - Year ended June 30, 2010	-	-	-	-	-	(4,139,554)	-	(4,139,554)	-	(4,139,554)
Interim dividend @ Rs 10 per share - Year ended June 30, 2011	-	-	-	-	-	(2,365,459)	-	(2,365,459)	-	(2,365,459)
Dividend to CAPGAS non - controlling interest holders :										
Final dividend @ Rs 22 per share - Year ended June 30, 2010	-	-	-	-	-	-	-	-	(7,277)	(7,277)
Interim dividend @ Rs 10 per share - Year ended June 30, 2011	-	-	-	-	-	-	-	-	(3,308)	(3,308)
Total transactions with owners	-	-	-	-	-	(6,505,013)	-	(6,505,013)	(10,585)	(6,515,598)
Balance at June 30, 2011	2,365,459	50,053	502,256	200,000	2,584,075	30,877,026	9,412	36,588,281	70,744	36,659,025
Total comprehensive income for the year:										
Profit for the year after taxation	-	-	-	-	-	11,137,435	-	11,137,435	43,396	11,180,831
Other comprehensive income	-	-	-	-	-	-	48,561	48,561	-	48,561
	-	-	-	-	-	11,137,435	48,561	11,185,996	43,396	11,229,392
Transferred to general reserve by an associated company	-	-	-	-	975,000	(975,000)	-	-	-	-
Transfer from special reserve by associated companies	-	-	(27,404)	-	-	27,404	-	-	-	-
Transactions with owners:										
POL dividends:										
Final dividend @ Rs 25 per share - Year ended June 30, 2011	-	-	-	-	-	(5,913,648)	-	(5,913,648)	-	(5,913,648)
Interim dividend @ Rs 17.5 per share - Year ended June 30, 2012	-	-	-	-	-	(4,139,554)	-	(4,139,554)	-	(4,139,554)
Dividend to CAPGAS non - controlling interest holders :										
Final dividend @ Rs 45 per share - Year ended June 30, 2011	-	-	-	-	-	-	-	-	(14,884)	(14,884)
Interim dividend @ Rs 45 per share - Year ended June 30, 2012	-	-	-	-	-	-	-	-	(14,884)	(14,884)
Total transactions with owners	-	-	-	-	-	(10,053,202)	-	(10,053,202)	(29,768)	(10,082,970)
Balance at June 30, 2012	2,365,459	50,053	474,852	200,000	3,559,075	31,013,663	57,973	37,721,075	84,372	37,805,447

The annexed notes 1 to 43 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, 2012

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

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

		Effective date (annual periods beginning on or after)
IFRS 7	Financial instruments: Disclosures (Amendments)	January 1, 2013
IAS 1	Presentation of financial statements (Amendments)	July 1, 2012 & January 1, 2013
IAS 12	Income taxes (Amendments)	January 1, 2012
IAS 16	Property, Plant and Equipment (Amendments)	January 1, 2013
IAS 19	Employee benefits (Amendments)	January 1, 2013
IAS 27	Separate Financial Statements (Revised)	January 1, 2013
IAS 28	Investments in Associates and Joint Venture (Revised)	January 1, 2013
IAS 32	Financial instruments: Presentation (Amendments)	January 1, 2013 & 2014
IAS 34	Interim Financial Reporting (Amendments)	January 1, 2013
IFRIC 20	Stripping costs in the production phase of a surface mine	January 1, 2013

The management anticipate that, except for the effects on the financial statements of amendments to IAS 19 “Employee Benefits”, the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the financial statements other than in presentation / disclosures. The application of the amendments to IAS 19 would result in the recognition of cumulative unrecognized actuarial gains / losses in other comprehensive income in the period of initial application, which cannot be presently quantified on the balance sheet date.

Further, the following new standards have been issued by the International Accounting Standards Board (IASB), which are yet to be notified by the Securities and Exchange Commission of Pakistan, for the purpose of their applicability in Pakistan:

		Effective date (annual periods beginning on or after)
IFRS 1	First-time adoption of International Financial Reporting standards	July 1, 2009
IFRS 9	Financial instruments	January 1, 2015
IFRS 10	Consolidated financial statements	January 1, 2013
IFRS 11	Joint arrangements	January 1, 2013
IFRS 12	Disclosure of interests in other entities	January 1, 2013
IFRS 13	Fair value measurement	January 1, 2013

The following interpretations issued by the IASB have been waived off by SECP effective January 16, 2012:

IFRIC 4	Determining whether an arrangement contains lease
IFRIC 12	Service concession arrangements

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 (2011: 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.

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.

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 3.4% p.a. (2011: 3.4%). 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 and its subsidiary operates the following staff retirement benefits plans:

POL

(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. Management staff hired after January 1, 2012 are only entitled to gratuity fund. Actuarial valuations are conducted annually using the "Projected Unit Credit Method" and the latest valuation was conducted as at June 30, 2012. Since both are complementary plans, combined details and valuation for pension plan and gratuity plan are given in note 38. Actuarial gains and losses are amortized over the expected remaining service of employees.

(ii) Seperate approved contributory provident funds for management and non-management employees for which contributions of Rs 23,300 thousand (2011: Rs 19,096 thousand) are charged to income for the year.

CAPGAS

The subsidiary is operating a non funded gratuity plan for its permanent employees. The liability for gratuity plan is provided on the basis of actuarial valuation. Details of the actuarial valuation are disclosed in note 38.2. Actuarial Valuatin using the "Project Unit Credit Method" is conducted as at June 30, 2012.

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.

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 Intangible assets

These are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Amortisation is calculated using the straight line method over the period of useful life of the asset at the rates specified in note 16. Costs associated with maintaining intangibles are recognised as expense as and when incurred. Amortisation on additions is charged from the month in which an intangible asset is acquired or capitalised, while no amortisation is charged for the month in which the intangible asset is disposed off.

4.15 Exploration assets/costs and development costs

4.15.1 Exploration and development costs are accounted for using the "Successful Efforts Method" of accounting.

4.15.2 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.

4.15.3 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.

4.16 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.

4.17 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.

4.18 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.

4.19 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.

4.20 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.

(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 off 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.

4.21 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.

4.22 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.

4.23 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.

4.24 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.

4.25 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.

4.26 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 17

(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 4.23

(vi) Staff retirement benefits - note 38

(vii) Provision for taxation - note 34

	2012	2011
	Rupees ('000)	

6. SHARE CAPITAL

Authorised capital

	2012	2011
500,000,000 (2011: 500,000,000) ordinary shares of Rs 10 each	5,000,000	5,000,000

Issued, subscribed and paid up capital

	2012	2011
Shares issued for cash		
20,200,000 (2011: 20,200,000) ordinary shares	202,000	202,000
Shares issued as fully paid bonus shares		
216,345,920 (2011: 216,345,920) ordinary shares	2,163,459	2,163,459
	2,365,459	2,365,459

The Company is a subsidiary of The Attock Oil Company Limited which held 124,776,965 (2011: 124,776,965) ordinary shares at the year end.

7. CAPITAL RESERVE

	2012	2011
	Rupees ('000)	
Bonus shares issued by		
subsidiary/associated companies	50,053	50,053
Special reserves - note 7.1	474,852	502,256
	524,905	552,309

7.1 This represents the Company's share of post-acquisition profit set aside as a special reserve by associated companies, 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.

8. REVENUE RESERVES

	2012	2011
	Rupees ('000)	
Insurance reserve - note 8.1	200,000	200,000
General reserve	3,559,075	2,584,075
Unappropriated profit	31,013,663	30,877,026
	34,772,738	33,661,101

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.

	2012	2011
	Rupees ('000)	

9. LONG TERM DEPOSITS

	2012	2011
Security deposits from distributors against equipment	599,775	576,864
Security deposits from distributors against distributorship and others	42,759	41,186
	642,534	618,050

10. DEFERRED LIABILITIES

	2012	2011
Provision for deferred income tax - note 10.1	5,058,292	4,347,743
Provision for decommissioning cost - note 10.2	5,443,309	3,358,125
Provision for staff compensated absences	7,140	8,627
Provision for un-funded gratuity plan - CAPGAS - note 38.2	1,310	852
	10,510,051	7,715,347

10.1 Provision for deferred income tax

The provision for deferred income tax represents:

	2012	2011
Temporary differences between accounting and tax depreciation/amortisation	5,106,364	4,386,515
Provision for stores and spares	(47,979)	(38,679)
Provision for doubtful receivable	(93)	(93)
	5,058,292	4,347,743

10.2 Provision for decommissioning cost

	2012	2011
Balance brought forward	3,358,125	2,755,741
Revision due to change in estimates	1,314,647	322,661
Provision during the year	86,985	57,172
Unwinding of discount - note 30	369,268	208,204
Exchange loss - note 30	314,284	14,347
	5,443,309	3,358,125

		2012	2011
		Rupees ('000)	

11. TRADE AND OTHER PAYABLES

	2012	2011
Creditors	272,929	251,271
Due to related parties		
Attock Petroleum Limited	11,355	-
Attock Hospital (Pvt) Limited	27	140
Staff Provident Fund	-	176
Gratuity Fund - note 38.1	-	135,226
General Staff Provident Fund	-	915
Workers' Profit Participation Fund - note 11.1	939,248	804,900
Joint venture partners		
The Attock Oil Company Limited	47,286	14,469
Others	453,576	595,492
Accrued liabilities	1,096,738	1,119,237
Advance payment from customers	53,687	49,005
Royalty	358,221	313,013
Sales tax	113,346	29,688
Excise duty	3,609	8,333
Workers' Welfare Fund	1,075,927	720,667
Liability for staff compensated absences	10,315	10,196
Unclaimed dividends	85,774	54,560
Others	6,337	1,042
	4,528,375	4,108,330

11.1 Workers' Profit Participation Fund

	2012	2011
Balance at beginning of the year	804,900	515,159
Add: Amount allocated for the year	939,645	804,940
Less: Amount paid to the Fund's trustees	805,297	515,199
	939,248	804,900

12. CONTINGENCIES AND COMMITMENTS

i) Capital expenditure commitments outstanding

	2012	2011
POL		
Share in Joint Ventures	9,767,929	7,564,611
Own fields	1,013,951	2,148,567

ii) Contingencies

CAPGAS

(a) The total LPG being received by CAPGAS is 27 M.Ton/day in which OGDCL's share contribute to 22 M.Ton/day. Out of this 22 M.Ton/day, 5 M.Ton/day is covered by the agreement between the Company and OGDCL and there is no agreement between the Company and OGDCL for the remaining 17 M.Ton/day. Consequently, if OGDCL ceases to supply LPG, the Company's sales and profit may decrease significantly.

(b) In response to the company's appeal against the charge of additional tax of Rs 1,506,733 u/s 205(1) for tax year 2003 and also against the charge of additional tax u/s 205(2) for purpose of payment of advance tax u/s 147, the CIR (Appeals) has directed the assessing officer to follow the directions of the ATIR relating to the remand back.

The company has an appeal u/s 221 against the order of ACIR for not allowing credit for WWF paid amounting to Rs 1,128,318 and short allowing the tax paid / suffered amounting to Rs 80,597 for tax year 2007.

The department has filed an appeal with the ATIR against the appellate order for allowing credit to the company for taxes paid / suffered and allowability of certain expenses amounting to Rs 12,812,472 for tax year 2008.

The department has filed an appeal with the ATIR against the appellate order for assessing the dividend income u/s 5 of the Ordinance and allowing credit for payments made by the company under protest amounting to Rs 4,018,565 for tax year 2009.

	2012	2011
	Rupees ('000)	
(c) Guarantees and letter of credit issued by banks on behalf of the Company issued in favour of LPG suppliers.	12,621	-

(iii) Company's share in contingencies of associated companies

a) Corporate guarantees and indemnity bonds issued by associated companies	220,664	170,747
b) Claims not acknowledged as debt including claims in respect of delayed payment charges by a crude oil supplier.	1,087,500	722,500
c) Tax contingency related to proration of expenses against local and export sales for prior years, as per show cause notices of tax department.	59,673	62,014
d) Claims on certain Oil Marketing Companies in respect of delayed payment charges.	1,245,000	900,000

13. PROPERTY, PLANT AND EQUIPMENT

Operating assets - note 13.1	4,039,308	4,184,045
Capital work in progress - note 13.5	188,670	135,754
	4,227,978	4,319,799

13.1 Operating assets

	Freehold land	Leasehold land	Buildings	Pipelines and pumps	Plant and machinery Field plants	Plant and machinery Rigs	Gas cylinders	Motor vehicles	Chattels	Computer & software development	Total
	Rupees ('000)										
As at July 1, 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
Year ended June 30, 2011											
Opening 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
Additions	7,347	-	12,810	232,793	434,917	53,585	12,628	17,534	10,672	18,336	800,622*
Disposals											
Cost	-	(252)	(16)	(122,391)	(5,112)	(13,431)	(12,236)	(9,850)	(1,064)	(973)	(165,325)*
Depreciation	-	252	16	72,417	5,037	9,847	12,205	9,742	1,029	973	111,518*
	-	-	-	(49,974)	(75)	(3,584)	(31)	(108)	(35)	-	(53,807)*
Depreciation charge	-	-	(8,857)	(51,282)	(439,484)	(22,793)	(26,173)	(36,476)	(7,733)	(24,343)	(617,141)*
Closing net book value	25,746	-	96,938	528,815	3,138,921	157,291	91,720	58,778	38,813	47,023	4,184,045
As at July 1, 2011											
Cost	25,746	-	216,171	948,602	5,763,285	427,481	565,494	251,208	92,156	192,363	8,482,506
Accumulated depreciation	-	-	(119,233)	(419,787)	(2,624,364)	(270,190)	(473,774)	(192,430)	(53,343)	(145,340)	(4,298,461)
Net book value	25,746	-	96,938	528,815	3,138,921	157,291	91,720	58,778	38,813	47,023	4,184,045
Year ended June 30, 2012											
Opening net book value	25,746	-	96,938	528,815	3,138,921	157,291	91,720	58,778	38,813	47,023	4,184,045
Additions	3,987	-	100,120	25,626	175,372	41,594	28,162	81,918	19,696	29,909	506,384*
Disposals											
Cost	-	-	-	(94)	(6,556)	(3,561)	(8,010)	(11,889)	(836)	(12,007)	(42,953)*
Depreciation	-	-	-	94	4,786	1,325	7,258	11,273	782	12,005	37,523*
	-	-	-	-	(1,770)	(2,236)	(752)	(616)	(54)	(2)	(5,430)*
Depreciation charge	-	-	(10,532)	(69,716)	(446,195)	(27,655)	(19,307)	(37,106)	(9,135)	(26,045)	(645,691)*
Closing net book value	29,733	-	186,526	484,725	2,866,328	168,994	99,823	102,974	49,320	50,885	4,039,308
As at June 30, 2012											
Cost	29,733	-	316,291	974,134	5,932,101	465,514	585,646	321,237	111,016	210,265	8,945,937
Accumulated depreciation	-	-	(129,765)	(489,409)	(3,065,773)	(296,520)	(485,823)	(218,263)	(61,696)	(159,380)	(4,906,629)
Net book value	29,733	-	186,526	484,725	2,866,328	168,994	99,823	102,974	49,320	50,885	4,039,308
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 1,716 thousand; cost of Rs 4,557 thousand and depreciation of Rs 2,841 thousand (2011: book value of Rs Nil; cost of Rs 3,849 thousand and depreciation of Rs 3,849 thousand).

13.2 Cost and accumulated depreciation include:

	Cost		Accumulated depreciation	
	2012	2011	2012	2011
	Rupees ('000)		Rupees ('000)	
Share in Joint Ventures operated by the Company	1,392,199	1,357,358	888,537	795,956
Share in Joint Ventures operated by others (assets not in possession of the Company)	3,754,965	3,713,733	1,271,270	907,556
	5,147,164	5,071,091	2,159,807	1,703,512

13.3 The depreciation charge has been allocated as follows:

	2012	2011
Operating cost - note 27	602,379	590,625
Other income - Crude transportation income	44,870	22,409
Administrative expense	281	258
Inter-transfers	2,841	3,849
	650,371	617,141

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)				
Motor vehicles	933	218	332	Transfer of employee to associated company	Attock Refinery Limited - associated company
Motor vehicles	1,043	348	104	As per Company policy	Mr. Sajid Nawaz - ex employee

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, 2010	2,640	100,739	2,128	105,507
Additions during the year	67,295	73,180	2,204	142,679
Transfers during the year	(6,163)	(106,119)	(150)	(112,432)
Balance as at June 30, 2011	63,772	67,800	4,182	135,754
Balance as at July 1, 2011	63,772	67,800	4,182	135,754
Additions during the year	24,088	195,904	1,372	221,364
Transfers during the year	(82,792)	(83,278)	(2,378)	(168,448)
Balance as at June 30, 2012	5,068	180,426	3,176	188,670

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

		2012	2011
		Rupees ('000)	
POL			
Own fields		24,654	122,729
Share in Joint Ventures operated by the Company			
	- Ikhlas	-	10,012
	- Pindori	-	212
Share in Joint Ventures operated by others			
MOL Pakistan Oil and Gas Company B.V.	- TAL Block	148,093	734
	- Margala Block	270	117
Pakistan Petroleum Limited	- Adhi	12,869	1,520
Oil and Gas Development Company Limited	- Kotra	2,143	-
Ocean Pakistan Limited	- Ratana	641	-
CAPGAS		-	430
		188,670	135,754

14. DEVELOPMENT AND DECOMMISSIONING COSTS

	Development Cost	Decommissioning Cost	Total
		Rupees ('000)	
As at July 1, 2010			
Cost	17,393,501	1,352,491	18,745,992
Accumulated amortisation	(7,217,407)	(1,052,899)	(8,270,306)
Net book value	10,176,094	299,592	10,475,686
Year ended June 30, 2011			
Opening net book value	10,176,094	299,592	10,475,686
Additions	67,529	57,172	124,701
Revision due to change in estimates	-	322,661	322,661
Wells cost transferred from exploration and evaluation assets - note 15	767,564	-	767,564
Amortisation for the year	(1,080,810)	(41,388)	(1,122,198)
Closing net book value	9,930,377	638,037	10,568,414
As at July 1, 2011			
Cost	18,228,594	1,732,324	19,960,918
Accumulated amortisation	(8,298,217)	(1,094,287)	(9,392,504)
Net book value	9,930,377	638,037	10,568,414
Year ended June 30, 2012			
Opening net book value	9,930,377	638,037	10,568,414
Additions	1,754,843	86,985	1,841,828
Revision due to change in estimates	-	1,314,647	1,314,647
Wells cost transferred from exploration and evaluation assets - note 15	3,770,093	-	3,770,093
Amortisation for the year	(1,646,529)	(160,662)	(1,807,191)
Closing net book value	13,808,784	1,879,007	15,687,791
As at June 30, 2012			
Cost	23,753,530	3,133,956	26,887,486
Accumulated amortisation	(9,944,746)	(1,254,949)	(11,199,695)
Net book value	13,808,784	1,879,007	15,687,791

		2012	2011
		Rupees ('000)	

15. EXPLORATION AND EVALUATION ASSETS

	2012	2011
Balance brought forward	4,810,730	2,705,298
Additions during the year	1,958,900	3,232,301
	6,769,630	5,937,599
Wells cost transferred to development cost - note 14	(3,770,093)	(767,564)
Dry and abandoned wells cost charged to the profit and loss account - note 28	(116,482)	(359,305)
	2,883,055	4,810,730

15.1 Break up of exploration and evaluation assets at June 30 is as follows:

		2012	2011
Share in Joint Ventures operated by the Company	- Ikhlas	769,247	3,387,675
Share in Joint Ventures operated by others			
MOL Pakistan Oil and Gas Company B.V.	- TAL Block	1,665,406	984,356
Oil and Gas Development Company Limited	- Chak Naurang	448,402	438,699
		2,883,055	4,810,730

16. OTHER INTANGIBLE ASSETS

	2012	2011
LPG Quota		
Cost	35,100	-
Less: Amortization for the year	4,680	-
	30,420	-
Annual rate of amortization (%)	20	-

17. LONG TERM INVESTMENTS IN ASSOCIATED COMPANIES - EQUITY BASIS

	2012	2011
Beginning of the year	12,707,166	11,829,109
Share of profit of associated companies - note 17.2	944,720	1,941,911
Impairment loss against investment in National Refinery Limited	(944,075)	(527,399)
Dividend received during the year	(730,190)	(536,455)
End of the year	11,977,621	12,707,166

	2012	2011
	Rupees ('000)	
17.1 The Company's interest in associates are as follows:		
Quoted		
National Refinery Limited - note 17.3 19,991,640 (2011: 19,991,640) fully paid ordinary shares including 3,331,940 2011: 3,331,940) bonus shares of Rs 10 each Cost Rs 8,046,635 thousand (2011: 8,046,635 thousand) Quoted market value as at June 30, 2012: Rs 4,625,866 thousand (2011: Rs 7,042,255 thousand)	9,856,478	10,645,748
Attock Petroleum Limited (APL) 4,850,496 (2011: 4,850,496) fully paid ordinary shares including 1,482,096 (2011: 1,482,096) bonus shares of Rs 10 each Cost Rs 1,562,938 thousand (2011: 1,562,938 thousand) Quoted market value as at June 30, 2012: Rs 2,300,930 thousand; (2011: Rs 1,815,395 thousand)	2,111,981	2,053,237
Unquoted		
Attock Information Technology Services (Pvt) Limited (AITSL) Cost Rs 4,500 thousand (2011: 4,500 thousand) 450,000 (2011: 450,000) fully paid ordinary shares of Rs 10 each	9,162	8,181
	11,977,621	12,707,166

All associated 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.

17.2 The Company's share in assets, liabilities, revenue and profit/loss of associated companies are as follows:

	Assets	Liabilities	Revenues	Profit	%holding
			Rupees ('000)		
2012					
National Refinery Limited	14,278,607	7,972,008	43,699,269	654,596	25
Attock Petroleum Limited	2,142,523	1,273,523	10,725,788	289,143	7
Attock Information Technology Services (Private) Limited	9,732	570	4,050	981	10
	16,430,862	9,246,101	54,429,107	944,720	
2011					
National Refinery Limited	14,173,565	8,021,771	37,139,623	1,642,133	25
Attock Petroleum Limited	1,717,909	907,653	7,676,775	298,701	7
Attock Information Technology Services (Private) Limited	8,744	563	3,834	1,077	10
	15,900,218	8,929,987	44,820,232	1,941,911	

17.3 The carrying value of investment in National Refinery Limited at June 30, 2012 is net of impairment loss of Rs 2,821,775 thousand (2011: Rs 1,877,700 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 5.15% (2011: 6.5%), a terminal growth rate of 3.5% (2011: 4%) and a capital asset pricing model based discount rate of 20.13% (2011: 20%).

	2012	2011
	Rupees ('000)	
18. OTHER LONG TERM INVESTMENTS		
Held-to-maturity investments		
Term Finance Certificates of listed companies - note 18.1	8,314	11,629
Pakistan Investment Bonds - note 18.2	51,007	52,015
Term Deposit - note 18.3	-	5,950
Less: Provision for doubtful investment - 18.4	-	(15,950)
	-	-
Available-for-sale investments - note 18.5	658,672	17,662
	717,993	81,306
Investments maturing within twelve months shown under current assets - note 24	(59,321)	(823)
	658,672	80,483

	Number of certificates	Nominal value of each certificate	Final Maturity date	Mark up %	2012	2011
					Rupees ('000)	
18.1 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	13.66	2,494	4,988
Faysal Bank Ltd	658	5,000	10-02-2013	13.96	821	1,642
					8,314	11,629
18.2 Pakistan Investment Bonds			30-06-2013	9.00	51,007	52,015

The fair value of held-to-maturity investments at June 30, 2012 was Rs 48,638 thousand (2011: Rs 47,643 thousand).

18.3 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 instalments 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. After the appointment of Administrator by SECP on January 28, 2010 with the mandate to safeguard the interests of depositors, the Bank could not revive as per proposed rehabilitation plan. Finally SECP filed a petition No.46 of 2010 at the Honorable High Court, Lahore for winding up of IIBL. In view of foregoing, the management has decided to write-off the investment against Provision.

	2012	2011
	Rupees ('000)	
18.4 Provision for doubtful investment		
Opening balance	15,950	-
Charge for the year	-	15,950
Investment written off against provision	(15,950)	-
	-	15,950
18.5 Available-for-sale investments - at fair value		
Balance at the beginning of the year	17,662	114,528
Additions during the year	600,000	-
Disposals during the year	(16,384)	(94,110)
Impairment loss reversed during the year	8,833	13,943
Fair value gain transferred from consolidated statement of comprehensive income to profit and loss account on disposal of investment	-	(26,769)
Fair value gain transferred to consolidated statement of comprehensive income	48,561	10,070
Balance at the end of the year	658,672	17,662

	2012				2011
	Number of shares/units	Cost less impairment loss	Adjustment arising from remeasurement to fair value	Fair value	Fair value
			Rupees ('000)		
18.5.1 Available-for-sale investments at June 30 include the following:					
Listed securities:					
Meezan Sovereign Fund	3,403,493	160,000	15,024	175,024	-
Pakistan Cash Management Fund	2,834,308	130,000	11,940	141,940	-
IGI Money Market Fund	1,407,983	130,000	12,957	142,957	-
Atlas Money Market Fund	283,638	130,000	12,579	142,579	-
UBL Liquidity Plus Fund	545,565	50,000	4,793	54,793	-
Atlas Fund of Funds	-	-	-	-	16,363
Unlisted securities:					
Atlas Asset Management Company	2,748	698	681	1,379	1,299
		600,698	57,974	658,672	17,662

18.5.2 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, 2012 as quoted by the respective Asset Management Company.

	2012	2011
	Rupees ('000)	
19. LONG TERM LOANS AND ADVANCES, CONSIDERED GOOD		
Executives - note 19.1	13,277	13,292
Other employees	26,083	30,645
	39,360	43,937
Less: Amount due within twelve months, shown under current loans and advances - note 23	23,087	23,870
	16,273	20,067

19.1 Movement in loans to Executives

	Balance as at June 30, 2011	Disbursements	Repayments	Balance as at June 30, 2012
		Rupees ('000)		
Executives	13,292	17,128	17,143	13,277

19.2 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 Executives at the end of any month during the year was Rs 20,974 thousand (2011: Rs 13,292 thousand) respectively.

	2012	2011
	Rupees ('000)	
20. STORES AND SPARES		
Stores and spares - note 20.1	3,099,677	2,761,542
Less: Provision for slow moving items - note 20.2	159,931	128,931
	2,939,746	2,632,611

20.1 Stores and spares include:

Share in Joint Ventures operated by the Company	155,920	145,622
Share in Joint Ventures operated by others (assets not in possession of the Company)	1,005,398	709,297
	1,161,318	854,919

	2012	2011
	Rupees ('000)	

20.2 Provision for slow moving items

	2012	2011
Balance brought forward	128,931	106,906
Provision for the year	31,000	77,558
Stores written off during the year	-	(55,533)
	159,931	128,931

21. STOCK IN TRADE

	2012	2011
Crude oil and other products	150,799	133,966

These include Rs 38,483 thousand (2011: Rs 27,209 thousand) being the Company's share in Joint Ventures operated by the Company.

	2012	2011
	Rupees ('000)	

22. TRADE DEBTS - Considered good

	2012	2011
Due from related parties - note 22.1	1,450,931	2,785,821
Others	1,556,424	1,557,957
	3,007,355	4,343,778

22.1 Due from related parties

	2012	2011
Associated companies		
Attock Refinery Limited	1,450,931	2,778,628
Attock Petroleum Limited	-	7,193
	1,450,931	2,785,821

	2012	2011
	Rupees ('000)	

23. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2012	2011
Loans and advances - considered good		
Employees - note 19	23,087	23,870
Suppliers	39,168	29,578
	62,255	53,448
Trade deposits and short term prepayments		
Deposits	145,630	84,364
Short-term prepayments	133,359	187,220
	278,989	271,584
Interest income accrued	101,435	65,381
Income tax receivable	-	3,236
Other receivables		
Joint venture partners	11,471	43,943
Due from related parties		
Parent company		
The Attock Oil Company Limited	7,377	146,323
Associated company		
National Refinery Limited	15,138	21
Attock Information Technology Services (Pvt) Limited	-	44
Attock Cement Limited	3	15
Attock Leisure Management Association	110	71
Subsidiary company		
Gratuity Fund - note 38.1	57,166	-
Staff Provident Fund	5,403	-
Management Staff Pension Fund - note 38.1	40,904	62,790
Other receivables (net of provision for doubtful receivable Rs 310 thousand (2011: Rs 310 thousand)	40,647	40,837
	178,219	294,044
	620,898	687,693

	2012	2011
	Rupees ('000)	

24. SHORT TERM INVESTMENTS

	2012	2011
Held to maturity Investments:		
Treasury bills maturing within next three months - note 24.1	3,950,594	3,226,550
Held-to-maturity investments maturing within next twelve months - note 18	59,321	823
	4,009,915	3,227,373

24.1 The effective interest on Treasury bills ranges between 11.55% to 13.53% per annum (2011: 12.44% to 13.53% per annum)

25. CASH AND BANK BALANCES

	2012	2011
Bank balance on		
Short term deposits	6,489,667	3,617,194
Interest/mark-up bearing saving accounts	2,299,780	3,240,888
Current accounts	77,234	82,347
	8,866,681	6,940,429
Cash in hand	3,784	1,905
	8,870,465	6,942,334

Balance with banks include foreign currency balances of US $ 63,147 thousand (2011: US $ 41,806 thousand). The balances in saving accounts and short term deposits earned interest/mark-up ranging from 0.25% to 13.75% (2011: 0.2% to 13.5%).

	2012	2011
	Rupees ('000)	

26. NET SALES

	2012	2011
Crude oil	14,395,895	11,803,699
Gas	8,803,724	8,165,606
POLGAS/CAPGAS - Refill of cylinders	6,031,453	5,465,115
Solvent oil	220,469	212,285
Sulphur	64,197	24,039
	29,515,738	25,670,744

		2012	2011
		Rupees ('000)	

27. OPERATING COSTS

		2012	2011
Operating cost	- Own fields	541,884	619,677
	- Share in Joint Ventures	1,796,865	1,475,446
Well work over		132,785	153,697
POLGAS -Cost of gas/LPG, carriage etc		3,769,709	3,241,959
Head office and insurance charges		141,447	85,863
Pumping and transportation cost		41,860	29,708
Depreciation - note 13.3		602,379	590,625
		7,026,929	6,196,975
Opening stock of crude oil and other products		133,966	104,073
Closing stock of crude oil and other products		(150,799)	(133,966)
		7,010,096	6,167,082

28. EXPLORATION COSTS

		2012	2011
Geological and geophysical cost			
Own fields		12,113	1,189
Share in Joint Ventures operated by the Company			
	- Kirthar South	19,617	14,940
	- Ikhlas	37,538	427,976
	- Pindori	-	31
	- DG Khan	21,506	17,020
	- Rajanpur	25,147	22,667
Share in Joint Ventures operated by the others			
Ocean Pakistan Limited	- Dhurnal	524	538
	- Bhangali	15,924	-
MOL Pakistan Oil and Gas Company B.V.	- TAL Block	195,533	131,333
	- Margala Block	140,050	35,465
	- Margala North Block	93,594	17,831
Oil and Gas Development Company Limited	- Kotra	1,834	2,243
	- Gurgalot	(1,856)	42,911
	- Chak Naurang	1,591	1,596
Pakistan Petroleum Limited	- Adhi	13,957	-
		477,072	715,740
Dry and abandoned wells cost - note 16			
Share in Joint Ventures operated by others			
MOL Pakistan Oil and Gas Company B.V.	- Margala Block	-	359,305
Oil and Gas Development Company Limited	- Gurgalot	116,482	-
		116,482	359,305
		593,554	1,075,045

		2012	2011
		Rupees ('000)	
29.	**ADMINISTRATION EXPENSES**		
	Establishment charges	219,319	152,534
	Telephone and telex	1,307	915
	Medical expenses	3,422	3,662
	Printing, stationery and publications	3,904	8,458
	Insurance	3,539	3,771
	Travelling expenses	3,798	2,560
	Motor vehicle running expenses	7,129	7,132
	Rent, repairs and maintenance	11,364	7,564
	Auditor's remuneration - note 29.1	3,210	3,138
	Legal and professional charges	5,337	8,127
	Stock exchange and CDC fee	1,540	710
	Computer support and maintenance charges	9,883	6,832
	Depreciation	281	258
	Other expenses	2,700	4,297
		276,733	209,958
	Less: Amount allocated to field expenses	145,051	107,383
		131,682	102,575
29.1	**Auditor's remuneration:**		
	Statutory audit	1,100	1,000
	Review of half yearly accounts, audit of consolidated accounts, staff funds, special certifications	910	853
	Tax services	1,000	1,100
	Out of pocket expenses	200	185
		3,210	3,138
30.	**FINANCE COST**		
	Provision for decommissioning cost - note 10.2		
	- Unwinding of discount	369,268	208,204
	- Exchange loss	314,284	14,347
	Banks' commission and charges	1,885	2,331
		685,437	224,882
31.	**OTHER CHARGES**		
	Workers' Profit Participation Fund	939,645	804,940
	Workers' Welfare Fund	357,083	305,889
		1,296,728	1,110,829

	2012	2011
	Rupees ('000)	
32. OTHER OPERATING INCOME		
Income from financial assets		
Income on bank deposits	582,153	442,924
Income on held-to-maturity investments	422,306	359,926
Exchange gain on financial assets	407,977	967
Dividend on available-for-sale investments	-	4,071
Profit on disposal of available-for-sale investments	-	26,769
Impairment loss reversed on available-for-sale investments	8,833	13,943
Held-to-maturity investments written off	-	(13,050)
Other income		
Rental income (net of related expenses Rs 23,048 thousand; 2011: Rs 22,496 thousand)	160,549	142,768
Crude oil/gas transportation income (net of related expenses Rs 52,260 thousand; 2011: Rs 55,114 thousand)	59,686	104,329
Gas processing fee	154,157	126,694
Profit on sale of property, plant and equipment	7,649	22,372
Sale of stores and scrap	1,157	46,821
Other	3,523	1,993
	1,807,990	1,280,527

33. SHARE IN PROFITS OF ASSOCIATED COMPANIES

Share in profits of associated companies is net of taxation and based on the audited financial statements of the associated companies for the year ended June 30, 2012.

	2012	2011
	Rupees ('000)	
34. PROVISION FOR TAXATION		
Current		
- for the year	4,413,231	3,457,896
- for prior period	447,000	-
	4,860,231	3,457,896
Deferred		
- for the year	710,549	709,036
	5,570,780	4,166,932

	2012	2011
	Rupees ('000)	

34.1 Reconciliation of tax charge for the year

	2012	2011
Accounting profit	16,751,611	15,900,217
*Tax at applicable tax rate of 50.27% (2011: 51.30%)	8,421,035	8,156,733
Tax effect of income that is taxable or taxable at enhanced/(reduced) rates	47,813	(289,250)
Tax effect of amounts not allowed for tax purposes	474,586	270,556
Tax effect of share of profie of associated companies taxed on the basis of dividend income	(401,884)	(672,138)
Tax effect of depletion allowance and royalty payments	(3,417,770)	(3,298,969)
Tax effect of prior year	447,000	-
Tax charge for the year	5,570,780	4,166,932

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

35. 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 26.

Revenue from two major customers of the Company constitutes 77% of the total revenue during the year ended June 30, 2012 (June 30, 2011: 76%).

36. 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	
	2012	2011	2012	2011
	Rupees ('000)		Rupees ('000)	
Managerial remuneration	5,896	5,068	82,345	67,757
Bonus	4,337	2,822	52,672	29,951
Housing, utility and conveyance	4,434	3,707	82,815	60,599
Company's contribution to pension, gratuity and provident funds	2,317	1,980	32,314	26,092
Leave passage	835	701	10,625	9,164
Other benefits	1,447	1,409	34,651	25,738
	19,266	15,687	295,422	219,301
No. of persons, including those who worked part of the year	1	1	82	71

In addition to remuneration, 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 (2011: Rs 320 thousand) was paid to one non-executive director (2011: one non-executive director). In addition seven directors and the Chief Executive of the Company were paid meeting fee aggregating Rs 3,070 thousand (2011: Rs 3,638 thousand) based on actual attendance.

Remuneration of executives are net of charge to associated companies amounting to Rs 5,696 thousand (2011: Rs 5,449 thousand).

37. FINANCIAL INSTRUMENTS

37.1 Financial assets and liabilities

	Held to Maturity Investments	Loans and receivables	Available-for-sale Investments	Total
	Rupees ('000)			
June 30, 2012				
Financial Assets				
Maturity up to one year				
Trade debts	-	3,007,355	-	3,007,355
Advances, deposits and other receivables	-	448,371	-	448,371
Short term investments	4,009,915	-	-	4,009,915
Cash and bank balances	-	8,870,465	-	8,870,465
Maturity after one year				
Other long term investments	-	-	658,672	658,672
Long term loans and advances	-	16,273	-	16,273
	4,009,915	12,342,464	658,672	17,011,051

	Other financial liabilities	Total
	Rupees ('000)	
Financial Liabilities		
Maturity up to one year		
Trade and other payables	4,474,688	4,474,688
Maturity after one year		
Long term deposits	642,534	642,534
Provision for decommissioning cost	5,443,309	5,443,309
Provision for staff compensated absences	7,140	7,140
Provision for gratuity	1,310	1,310
	10,568,981	10,568,981

	Held to Maturity Investments	Loans and receivables	Available-for-sale Investments	Total
			Rupees ('000)	
June 30, 2011				
Financial Assets				
Maturity up to one year				
Trade debts	-	4,343,778	-	4,343,778
Advances , deposits and other receivables	-	467,659	-	467,659
Short term investments	3,227,373	-	-	3,227,373
Cash and bank balances	-	6,942,334	-	6,942,334
Maturity after one year				
Other long term investments	62,821	-	17,662	80,483
Long term loans and advances	-	20,067	-	20,067
	3,290,194	11,773,838	17,662	15,081,694

	Other financial liabilities	Total
	Rupees ('000)	
Financial Liabilities		
Maturity up to one year		
Trade and other payables	4,059,325	4,059,325
Maturity after one year		
Long term deposits	618,050	618,050
Provision for decommissioning cost	3,358,125	3,358,125
Provision for staff compensated absences	8,627	8,627
Provision for gratuity	852	852
	8,044,979	8,044,979

37.2 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.

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2012

	Rating	2012 Rs ('000)	2011 Rs ('000)
Held-to-maturity investments			
Counterparties without external credit rating			
	AA-	821	4,988
	AA	4,999	6,641
	A+	2,494	-
Securities issued/supported by Government of Pakistan		4,001,601	3,278,565
		4,009,915	3,290,194
Available for sale investments			
Counterparties with external credit rating	5-Star	-	16,363
	AM2	1,379	1,299
	AAA	141,940	-
	AA +	197,372	-
Counterparties without external credit rating			
Equity securities with no defaults in the past		317,981	-
		658,672	17,662
Trade debts			
Counterparties with external credit rating	A1+	2,932,307	4,251,037
Counterparties without external credit rating			
Existing customers/joint venture partners with no default in the past		75,048	92,741
		3,007,355	4,343,778
Advances, deposits and other receivables			
Counterparties with external credit rating	A1+	94,347	102,605
	A1	3,320	-
Counterparties without external credit rating			
Existing customers/joint venture partners with no default in the past		105,510	49,170
Receivable from employees/employee benefit plans		126,910	86,660
Receivable from parent company		7,377	146,323
Others		110,907	82,901
		448,371	467,659
Bank balances			
Counterparties with external credit rating	A1+	8,563,307	6,791,354
	A1	121,850	-
	A2	35,022	149,075
	A3	146,502	-
		8,866,681	6,940,429
Long term loans and advances			
Counterparties without external credit rating			
Receivable from employees		16,273	20,067

37.3 FINANCIAL RISK MANAGEMENT

37.3.1 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, 2012, trade debts of Rs 353,643 thousand (2011: Rs 249,314 thousand) were past due but not impaired. The ageing analysis of these trade receivables is as follows:

	2012	2011
	Rupees ('000)	
Up to 3 months	61,122	20,528
3 to 6 months	-	2,338
6 to 12 months	1,482	1,512
Above 12 months	291,039	224,936
	353,643	249,314

(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, 2012, the Company had financial assets of Rs 17,011,051 thousand (2011: Rs 15,081,694 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.

	Less than 1 year	Between 1 to 5 years	Over 5 years
		Rupees ('000)	
At June 30, 2012			
Long term deposits	-	642,534	-
Provision for decommissioning cost	-	3,575,673	7,287,037
Provision for staff compensated absences	-	7,140	-
Provision for gratuity	-	1,310	-
Trade and other payables	4,474,688	-	-
At June 30, 2011			
Long term deposits	-	618,050	-
Provision for decommissioning cost	-	2,990,350	4,487,453
Provision for staff compensated absences	-	8,627	-
Provision for gratuity	-	852	-
Trade and other payables	4,059,325	-	-

(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 7,155,983 thousand (2011: Rs 3,950,212 thousand) and financial liabilities include Rs 6,110,452 thousand (2011: Rs 4,276,071 thousand) which were subject to currency risk.

If exchange rates had been 10% higher/lower with all other variables held constant, profit after tax for the year would have been Rs 67,959 thousand (2011: Rs 21,181 thousand) lower/higher.

(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 12,799,362 thousand (2011: Rs 10,148,276 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 74,580 thousand (2011: Rs 54,085 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 658,672 thousand (2011: Rs 17,662 thousand) which were subject to price risk.

37.3.2 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 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.

37.3.3 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.

38. STAFF RETIREMENT BENEFITS

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

38.1 Funded gratuity and pension plan

	2012	2011
	Rupees ('000)	
38.1.1 The amounts recognized in the balance sheet are as follows:		
Present value of defined benefit obligations	1,092,285	1,003,442
Fair value of plan assets	(1,031,629)	(743,391)
	60,656	260,051
Unrecognized actuarial (losses)	(158,726)	(187,615)
Net (asset) / liability	(98,070)	72,436
Amounts in the balance sheet:		
Gratuity Fund (Asset) / Liability - note 23/11	(57,166)	135,226
Management Staff Pension Fund (Asset) - note 23	(40,904)	(62,790)
Net (asset) / liability	(98,070)	72,436
38.1.2 The amounts recognized in the profit and loss account are as follows:		
Current service cost	41,296	37,570
Interest cost	135,522	111,276
Expected return on plan assets	(99,950)	(77,562)
Net actuarial losses recognized during the year	13,856	13,977
	90,724	85,261
38.1.3 Actual return on plan assets	100,257	85,642

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.

	2012	2011
	Rupees ('000)	
38.1.4 Changes in the present value of defined benefit obligation are as follows:		
Opening defined benefit obligation	1,003,442	887,722
Current service cost	41,296	37,570
Interest cost	135,522	111,276
Actuarial (gain) / losses	(14,726)	32,375
Benefits paid	(73,249)	(65,501)
Closing defined benefit obligation	1,092,285	1,003,442

	2012	2011
	Rupees ('000)	

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

	2012	2011
Opening fair value of plan assets	743,391	667,011
Expected return	99,950	77,562
Actuarial gains / (losses)	307	8,080
Contribution by employer	261,230	56,239
Benefits paid	(73,249)	(65,501)
Closing fair value of plan assets	1,031,629	743,391

The Company expects to contribute Rs 33 million to its defined benefit plans during the year ending June 30, 2013.

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

	2012		2011	
	Rupees ('000)	%age	Rupees ('000)	%age
Government bonds	227,255	22	729,497	98
Regular income certificates	20,125	2	20,124	3
Term finance certificates	2,802	-	8,782	1
Unit trusts	7,453	1	6,934	1
Other assets	806,625	78	4,114	1
Allocated to holding company	(32,631)	(3)	(26,060)	(4)
	1,031,629	100	743,391	100

38.1.7 Principal actuarial assumptions

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

	2012	2011
	%	%
Discount rate	13.3	14.0
Expected rate of salary increase	11.0	11.8
Expected rate of pension increase	7.8	8.5
Expected rate of return on investments	13.3	14.0

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

	2012	2011	2010	2009	2008
			Rupees ('000)		
Defined benefit obligation	1,092,285	1,003,442	887,722	760,087	640,154
Plan assets	(1,031,629)	(743,391)	(667,011)	(590,119)	(537,513)
Deficit	60,656	260,051	220,711	169,968	102,641
Experience adjustments on plan liabilities	(14,726)	32,375	55,763	58,936	19,278
Experience adjustments on plan assets	307	8,080	8,916	(59,601)	(21,390)

38.2 Non funded gratuity plan

	2012	2011
	Rupees ('000)	

38.2.1 The amount recognised in balance sheet

	2012	2011
Present value of define benefits obligation		
Balance at the beginning of the year	852	-
Expense for the year - note 38.2.2	458	852
Balance at end of the year	1,310	852

38.2.2 The amount recognised in the profit and loss account are as follow:

	2012	2011
Current service cost	97	852
Interest cost	149	-
Unrecognized transitional liability	212	-
Expense for the year	458	852

38.2.3 Changes in the present valuse of defined benefits obligations

	2012	2011
Present value of obligations as at beginning of the year	852	-
Current service cost	97	852
Interest cost	149	-
Unrecognized transitional liability	212	-
Closing defined benefit obligation	1,310	852

38.2.4 Principal actuarial assumptions

The principal assumptions used in the actuarial are as follows:

	2012 %	2011 %
Discount rate	13.3	-
Expected rate of salary increase	11.0	-

39. EARNINGS PER SHARE - BASIC AND DILUTED

	2012	2011
Profit for the year (in thousand rupees)	11,137,435	11,708,180
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)	47.08	49.50

40. 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:

	2012	2011
	Rupees ('000)	
Parent company - The Attock Oil Company Limited		
Purchase of petroleum products	119,356	111,077
Sale of services	203	893
Associated companies		
Attock Refinery Limited		
Sale of crude oil and gas	14,396,928	11,794,567
Crude oil and gas transmission charges	19,651	107,320
Sale of services	4,663	4,467
Purchase of fuel	8,736	6,543
Purchase of services	14,858	21,187
Purchase of LPG	780,359	725,154
Attock Petroleum Limited		
Purchase of fuel and lubricants	661,565	504,066
Purchase of services	869	181
Sale of solvent oil	256,071	251,393
Sale of services	7,962	6,345

	2012	2011
	Rupees ('000)	
National Refinery Limited		
Purchase of services	1,405	1,312
Purchase of LPG	361,015	405,763
Attock Information Technology (Private) Limited		
Purchase of services	19,316	15,858
Sale of services	-	44
Attock Cement Pakistan Limited		
Purchase of services	53	280
Attock Hospital (Private) Limited		
Purchase of medical services	6,909	3,958
Attock Leisure Management Association		
Sale of services	577	71
Other related parties		
Contribution to staff retirement benefits plans		
Management Staff Pension Fund and Gratuity Fund	261,230	56,239
Approved Contributory Provident Funds	23,300	19,096
Contribution to Workers' Profit Participation Fund	939,645	804,940

41. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise

	2012	2011
Cash and bank balances	8,870,465	6,942,334
Short term investments - maturing within next three months	3,950,594	3,226,550
	12,821,059	10,168,884

42. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on September 15, 2012 has proposed a final dividend for the year ended June 30, 2012 @ Rs 35 per share, amounting to Rs 8,279,107 thousand for approval of the members in the Annual General Meeting to be held on October 17, 2012.

43. GENERAL

43.1 Capacity

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

43.2 Date of authorization

These financial statements were authorized for issue by the Board of Directors of the Company on September 15, 2012.

Shuaib A. Malik
Chief Executive

Abdus Sattar
Director

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Sixty First Annual General Meeting (being the SEVENTY NINTH General Meeting) of the Company will be held on Wednesday, October 17, 2012 at 1145 hours at Morgah Club, Morgah, Rawalpindi, to transact the following business: -

ORDINARY BUSINESS

i. To receive, consider and approve the audited accounts of the Company together with the Directors' and Auditors' Reports for the year ended June 30, 2012.

ii. To approve final cash dividend of Rs 35 per share i.e. 350% as recommended by the Board of Directors. It is in addition to the interim cash dividend of Rs 17.5 per share i.e. 175% already paid to the shareholders, thus making a total cash dividend of Rs. 52.5 per share i.e. 525% for the year ended June 30, 2012.

iii. To appoint auditors for the year ending June 30, 2013 and fix their remuneration. The present auditors Messrs A. F. Ferguson & Co., Chartered Accountants, retire and being eligible, offer themselves for reappointment.

iv. To transact any other business with the permission of the Chairman.

BY ORDER OF THE BOARD

Syed Khalid Nafees Zaidi
Company Secretary

Registered Office
POL House,
Morgah, Rawalpindi.
September 25, 2012

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 11, 2012 to October 17, 2012 (both days inclusive). Transfers received in order at the Registered Office of the Company by the close of business on October 10, 2012 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 later than 48 hours before the time of the meeting.

3. CDC ACCOUNT HOLDERS WILL HAVE TO FOLLOW FURTHER 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

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. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form. Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form. The proxies shall produce their original CNIC or original passport at the time of the meeting.

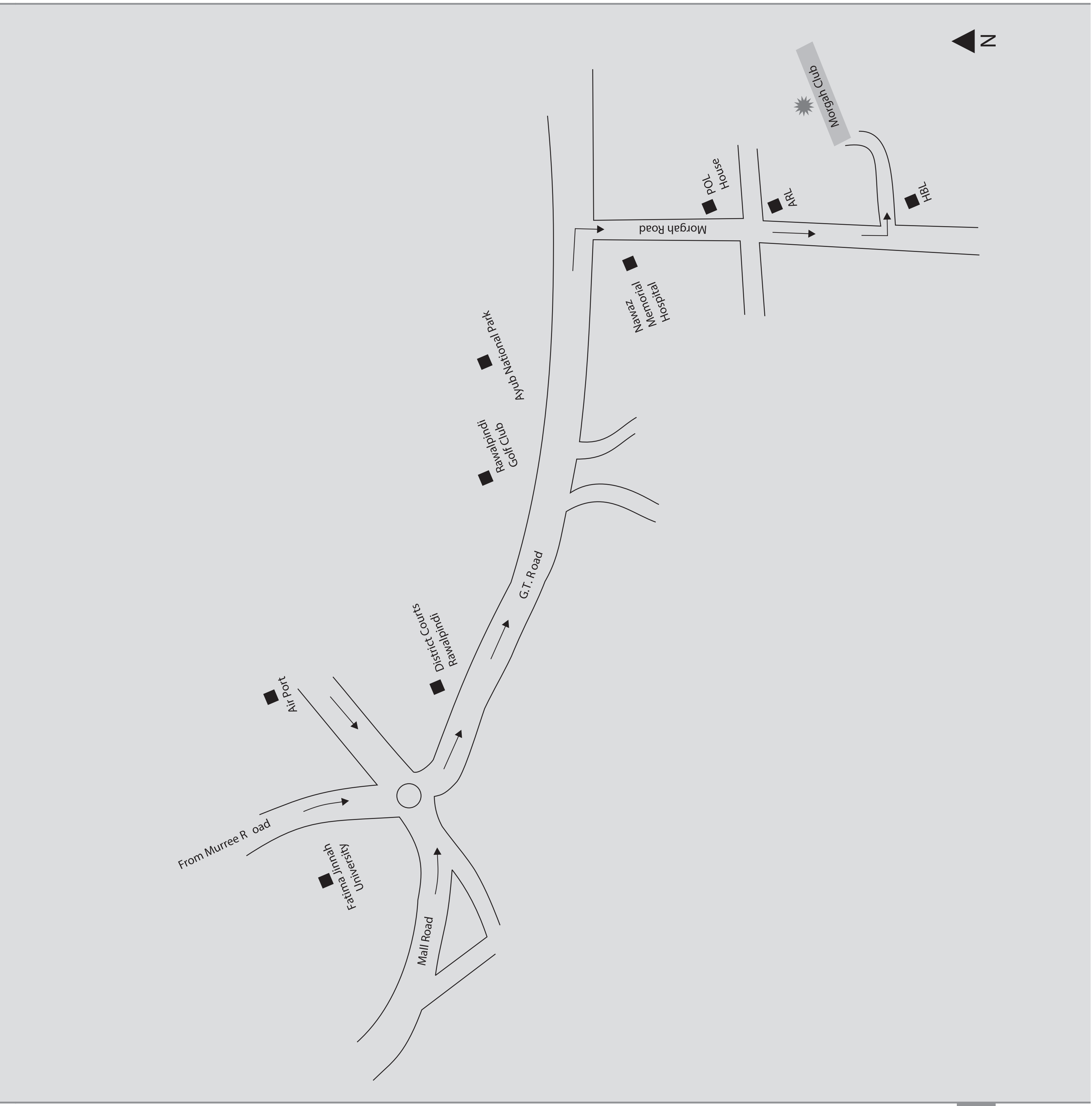
In case of corporate entities, the Board of Directors' resolution / power of attorney with specimen signature of the person nominated to represent and vote on behalf of the corporate entity, shall be submitted (unless it has been provided earlier) along with proxy form to the company.

4. CHANGE IN ADDRESS

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

5. Audited accounts of the Company for the year ended June 30, 2012 have been provided on the website www.pakoil.com.pk.

LOCATION MAP FOR ANNUAL GENERAL MEETING



GLOSSARY

3D Seismic	Exploration method of sending energy waves or sound waves into the earth and recording the wave reflections to indicate the type, size, shape, and depth of subsurface rock formations. 3-D seismic provides two dimensional information.
API	American Petroleum Institute
Chorgali Formation	Geological Formation
Exploratory well	A well drilled to find and produce oil or gas in an unproved area, find a new reservoir in a field previously found to be productive in another reservoir, or extend a known reservoir.
Hangu formations	Geological Formation
HSE	Health, safety and environmental
Hydrocarbon	An organic compound of hydrogen and carbon (i.e., oil, gas, and NGL).
Khewara (Cambrian)	Geological Formation
L.kms	Line kilometers
Lockhart Formation	Geological Formation
LPG	Liquefied petroleum gas.
Lumshiwal formations	Geological Formation
Patala Formation	Geological Formation
Plug and abandon	Act of sealing off a well, and often abbreviated as P&A. Cement plugs are inserted in the hole, and the property is abandoned.
PSI	Pounds per square inch.
Reservoir	Porous and permeable underground formation that contains a natural accumulation of producible oil or gas. The formation is confined by impermeable rock or water barriers and is individual and separate from other reservoirs.
Sakesar Formation	Geological Formation
Samanasuk formation	Geological Formation
Seismic interpretation	To interpret the extent and geometry of rocks in the subsurface from 2D or 3D seismic data
Spud	Commencement of actual drilling operations.
Tobra (Permian)	Geological Formation
Workover job	To perform one or more of a variety of remedial operations on producing oil and gas wells to try to increase production
Zone	Stratigraphic interval containing one or more reservoirs.

FORM OF PROXY

61st Annual General Meeting

I/We ______________________________ of __________ being a member of Pakistan Oilfields Limited and holder of ____________ ordinary Shares as per share register Folio No. __________ hereby appoint ______________________________ of ________ another member of the company Folio No. ______ (or failing him/her ____________ ______________________ of __________ who is also member of the Company,

Folio No. ______________________________________

For beneficial owners as per CDC List

CDC Participant I.D. No. ______________ Sub-Account No. ________________

CNIC No. ☐☐☐☐☐-☐☐☐☐☐☐☐-☐ or Passport No. ________________

hereby appoint ______________________ of ________________ who is also a member of the Company, Folio No. __________ or failing him/her ____________________ of ________________ who is also a member of the Company, Folio No ______ as my/our proxy to vote and act for me/our behalf at the SIXTY FIRST Annual General Meeting of the Company to be held on Wednesday, October 17, 2012 or at any adjournment thereof.

Five Rupees Revenue Stamp

____

Signature of Shareholder

(The signature should agree with the specimen registered with the Company)

Dated this ________ day of ________ 2012

Signature of Proxy ________________

For beneficial owners as per CDC list

Witnesses:

1. Signature ____________________
   Name ____________________
   Address ____________________
   ____
   CNIC ☐☐☐☐☐-☐☐☐☐☐☐☐-☐
   or Passport No. ____________________

2. Signature ____________________
   Name ____________________
   Address ____________________
   ____
   CNIC ☐☐☐☐☐-☐☐☐☐☐☐☐-☐
   or Passport No. ____________________

Note: Proxies, in order to be effective, must be received at the Registered Office of the Company at P.O.L. House, Morgah, Rawalpindi not less than 48 hours before the meeting.

CDC Shareholders and their Proxies are each requested to attach an attested photocopy of their CNIC or Passport with the proxy form before submission to the Company.

The Secretary,
PAKISTAN OILFIELDS LIMITED
POL House, Morgah, Rawalpindi.
Tel: (051) 5487589-97, Fax: (051) 5487598-99

Pakistan Oilfields Limited
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