



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

Company's Information

- 02 Vision, Mission
- 04 Strategy
- 05 Corporate Information
- 06 Products
- 07 Core Values
- 08 Code of Conduct
- 09 Awards
- 10 Global Compact

02-11
Company's Information

Management

- 12 Management
- 13 Board of Directors

12-15
Management

Chairman's Statement

- 16 Chairman's Statement
- 18 Financial Highlights

16-19
Chairman's Statement

Directors' Report

- 20 Directors' Report
- 44 Pattern of Shareholding

20-47
Directors' Report

Shareholders' Interest

- 49 Statement of Value Added
- 50 Vertical Analysis
- 52 Horizontal Analysis
- 54 Six Years at a Glance
- 59 Balance Sheet Composition
- 60 Shareholding in Exploration Licenses

48-60
Shareholders' Interest

Financial Statements

- 62 Review Report to the Members
- 63 Statement of Compliance
- 65 Auditor's Report to the Members
- 66 Financial Statements
- 71 Notes to the Financial Statements

61-103
Financial Statements

Consolidated Financial Statements

- 105 Consolidated Auditor's Report to the Members
- 106 Consolidated Financial Statements
- 111 Notes to the Consolidated Financial Statements

104-146
Consolidated Financial Statements

Notice of Annual General Meeting/Glossary

- 147 Notice of Annual General Meeting
- 150 Glossary

147-150
Notice of Annual General Meeting/Glossary



Vision

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

Mission

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

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



Strategy

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



Corporate Information

Directors

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

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

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

Mr. Arif Kemal

Mr. Abdus Sattar

Mr. Muhammad Najam Ali

Mr. Shuaib A. Malik
Chairman

Mr. Sajid Nawaz
Chief Executive

Company Secretary

Syed Khalid Nafees Zaidi

Audit Committee

Mr. Abdus Sattar

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

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

Auditors and Tax Advisor

A.F. Ferguson & Co.,
Chartered Accountants

Legal Advisors

Khan & Piracha
Ali Sibtain Fazli & Associates

Registered Office

Pakistan Oilfields Limited
P.O.L. House, Morgah,
Rawalpindi
Telephone: +92 51 5487589-97
Fax: + 92 51 5487598-99
E-mail: polcms@pakoil.com.pk
Website: www.pakoil.com.pk

Shareholder Enquiries

For enquiries about your shareholding, including information relating to dividends or share certificates, please:

E-mail to: cs@pakoil.com.pk

or
Write to:
The Company Secretary,
Pakistan Oilfields Limited
P.O.L. House, Morgah,
Rawalpindi, Pakistan

Annual Report

The annual report may be downloaded from the Company's website:
www.pakoil.com.pk
or
printed copies obtained by writing to:

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

Products



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.



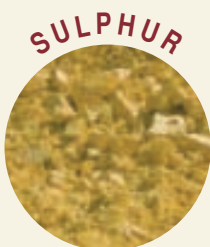
Solvent oil is one of the five major oil products closely related to people's daily life. Its application sectors also have a constant expansion. There are also extensive uses in rubber, leather and adhesive sectors.



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 is a mixture of gases, chiefly 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.



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

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

Core Values

Leadership

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

Continuous quality improvement

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

Ethics and integrity

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

Profitability

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

Employees, growth and development

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

Community involvement

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

Safety, health and environment

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



Code of Conduct

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

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

Awards



Environment Excellence Award 2009
Organized by National Forum for
Environment & Health



Best Corporate Report Award 2008
2nd Prize in Fuel and Energy Sector
Organized by The Institute of Chartered
Accountants of Pakistan and The Institute
of Cost and Management Accountants
of Pakistan



Global Compact

Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure that they are not complicit in human rights abuses.

Labor Standards

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labor;

Principle 5: the effective abolition of child labor; and

Principle 6: the elimination of discrimination in respect of employment and occupation.

Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; 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.







Sajid Nawaz (Chief Executive)

Our operating and growth strategy is to expand production, reserve base, geographic footprint, market share strength and asset utilization.

Management

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

Executive Committee

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

Review and Appraisal Committee

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

Risk Management Committee

The Risk Management Committee is responsible for ensuring that procedures to identify and continuously update risks are in place. The Committee oversees the process of assessment of the possible impact and likelihood of occurrence of identified risks. The Committee is also responsible for formulating a risk management response to effectively address and manage risks.

Business Strategy Committee

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

Systems and Technology Committee

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

Budget Committee

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

Safety Committee

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

Board of Directors



Ghaith R. Pharaon



Shuaib A. Malik
Chairman



Laith G. Pharaon



Wael G. Pharaon



Arif Kemal



Abdus Sattar



Muhammad Najam Ali



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



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



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



Sajid Nawaz
Chief Executive





Board of Directors

Board Meeting in progress

Company's Information
02-11

Management
12-15

Chairman's Statement
16-19

Directors' Report
20-47

Shareholders' Interest
48-60

Financial Statements
61-103

Consolidated Financial Statements
104-146

Notice/Annual General Meeting (Ossay)
147-150



Chairman's Statement

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

On behalf of the board of directors it gives me immense pleasure to welcome you on Fifty Eighth Annual General Meeting of the Company and to present the Company's Annual Audited Financial Statements for the year ended June 30, 2009.

Results

During this year the company has made profit after tax of Rs 5.618 billion (2008: Rs 8.616 billion) which is lower by Rs 2.998 billion from the previous year. The decrease in profitability is primarily due to the lower production/sales which have been offset by a favorable exchange rate variance between rupee vs. dollar and recognition of Rs 516 million being the difference between the provisional and final prices for Minwal and Turkwal upon finalization of their respective crude oil sales agreements from Government of Pakistan. Another factor, which has contributed to the lower profitability, is the impact of the relatively higher exploration expenditure incurred primarily in Kirthar South, Ikhlas and Margala blocks. I would also like to remind you that last year the Company had booked capital gains on the sale of shares of Attock Petroleum Limited valued Rs 1.558 billion and subsequently re-purchased the same number of shares.

Dividend

The Directors have recommended a final cash
Pakistan Oilfields Limited

dividend @100% (Rs 10 per share). This is in addition to interim cash dividend @80% (Rs 8 per share) already declared and paid to the shareholders thereby making a total cash dividend of 180% for the year 2008-09 (2007-08: cash dividend of Rs 16 per share plus 20% bonus shares).

Exploration and development activities

Our exploration performance program in 2008-09 delivered four successes from development wells. These successes included Development of Manzalai-5, Manzalai-7, Pariwali-7 and Chaknaurang-5A. Six wells (including one Re-entry) in the operated and non-operated joint ventures are under drilling and we are hopeful to find new discoveries.

During the year 2009-10, we also have an aggressive work program. Manzalai Gas Processing Facility will start working on its full capacity to process 250 mmscfd of gas in the early fourth quarter of 2009. Lease of Kotra joint venture has been granted by the government and partners have started working to develop this field on fast track basis.

We are committed to the principles of good corporate governance. We assure that business is properly directed and managed for the benefits of our shareholders and employees, and firmly believe in honesty, integrity and professionalism.

As part of our policy to explore new areas and enhanced our reserve base two new Exploration Licenses have been applied.

Outlook

The global economic downturn has affected all industries including the oil and gas sector where companies are battling to deal with low oil prices. The company remains committed to its strategy to pursue aggressive exploration and development work programme.

We are committed to the principles of good corporate governance. We assure that business is properly directed and managed for the benefits of our shareholders and employees,

and firmly believe in honesty, integrity and professionalism.

On behalf of the Board

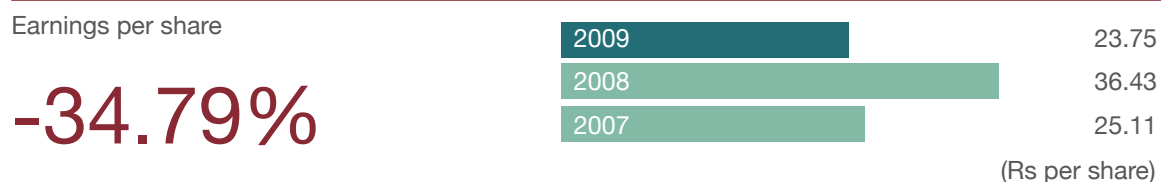
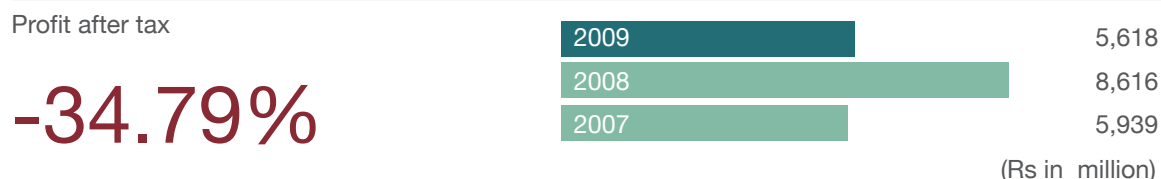
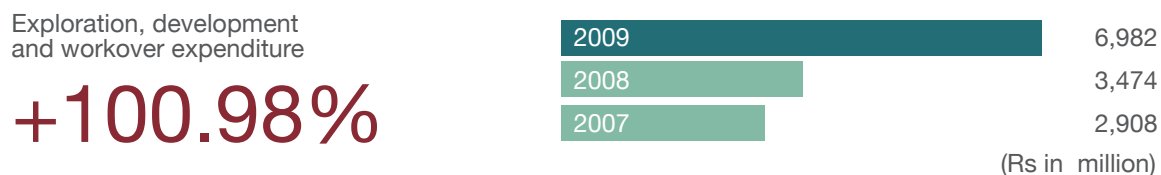
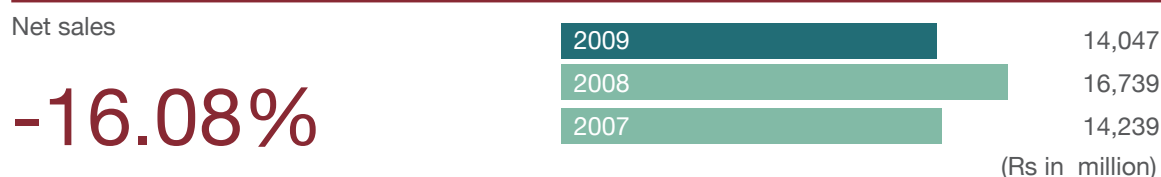


Shuaib A. Malik
Chairman

Damascus, Syria
October 01, 2009

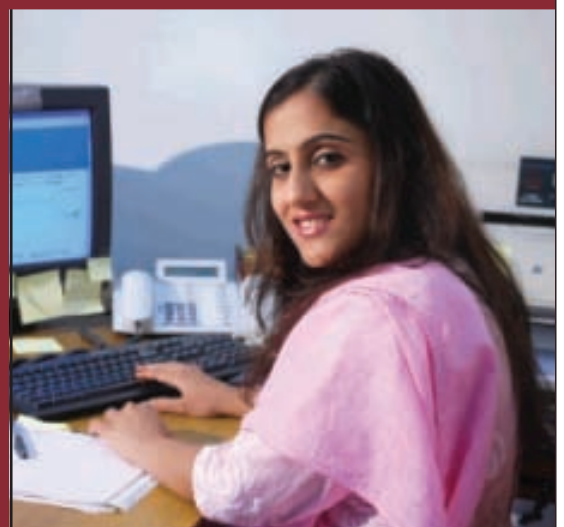
The Company continues to play a vital role in the oil and gas sector of the country. During the year the Company saved foreign exchange for the country in excess of US\$ 229 million (2008: US\$ 370 million).

Financial Highlights





We are committed to equality of opportunity for all regardless of gender, age race physical ability, religion, political conviction or sexual orientation as laid down in the Company's Statement of Ethics and Business Practices. The Company takes seriously its obligation to the disabled and seeks not to discriminate against current or prospective employees because of any disability.





Directors' Report

The Directors have pleasure in presenting their Annual Report and Audited Financial Statements of the Company for the year ended June 30, 2009.

Financial Results

These are summarized below: Rs ('000)

Profit for the year after providing for all expenses including depreciation, exploration, amortization and workers' funds.	7,184,818
Less: provision for taxation	1,566,531
Profit after tax	5,618,287

This year was a difficult year for your company. Beside decrease in crude oil prices of Arabian Light which ranged between as low as US \$35 per barrel to as high as US \$141 per barrel, there was also decrease in crude production by 27.5% partially due to workover activities at Pindori-3 and Pindori-4. Subsequent to the work-over activities, production has been revived from both wells.

Profit after tax for the year decreased by 34.8% to Rs 5,618 million (2008: Rs 8,616 million).

Earnings per share decreased from Rs 36.43 to Rs 23.75 per share as compared to last year. Last year the company had booked capital gains on the sale of shares of an associated company valued Rs 1,558 million.

During the year oil prices decline unprecedently, which resulted in decline in average crude oil price by 26.8%, however there was an increased in gas price by 36.9%, POLGAS price by 15.7%, solvent oil price by 16.8% and sulphur price by 72.3% as compared to last year. Crude oil sales volumes decreased by 27.5%, Gas by 14.3% and POLGAS 25.0%. The cumulative effect of products price fluctuation and the decrease in volumes has led to a decrease of 16.1% in net sales to Rs 14,047 million.

The company is in continuous process to improve its reserve base through aggressive exploration activities. Enhanced exploration activities are under progress at TAL Block, Ikhlas, Gurgalot and Margala & Margala North Blocks.

The details of exploration and development activities are covered separately for each geographical area later in this report.

An amount of Rs 385.9 million has been set aside for Workers' Profit Participation Fund and Rs 146.6 million for Workers' Welfare Fund. Other operating income increased by 46.7% to Rs 2,041.9 million. This increase is mainly due to good returns on bank deposits, dividend income from subsidiary and associated companies.

Cash flows

Cash flows provided from operating activities remained strong at Rs 5,489 million though it was 40% lower as compared to last year. The decrease is due to the lower sales and higher exploration activities.

Contribution towards the economy

The Company continues to play a vital role in the oil and gas sector of the country. During the year Company saved foreign exchange for the country in excess of US\$ 228.9 million (2008 : US\$ 369.5 million). The contribution to the national exchequer in the shape of royalty and other government levies was Rs 4,475 million (2008: Rs 6,647 million).

Dividend

The Directors have recommended a final cash dividend @100% (Rs 10 per share). This is in addition to interim cash dividend @80% (Rs 8 per share) already declared and paid to the shareholders thereby making a total cash dividend of 180% for the year 2008-09 (2007-08: cash dividend of Rs 16 per share plus 20% bonus shares).

Production

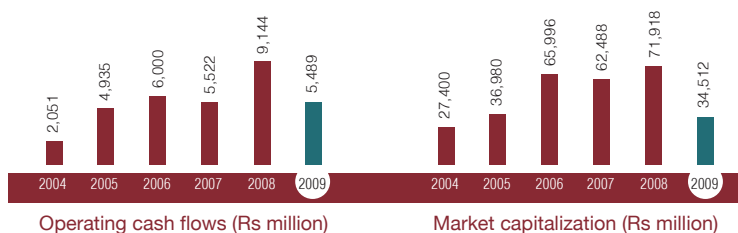
The following is a comparison of production from the Company's 100% own fields and its share from all operated and non-operated joint ventures:

	2008 - 09	2007 - 08
Crude Oil/Condensate (US Barrels)	1,352,630	1,846,330
Gas (Million Cubic Feet)	13,834	16,100
LPG (Metric Tones)	34,097	42,703
Sulphur (Metric Tones)	2,033	2,720
Solvent Oil (US Barrels)	30,934	37,319



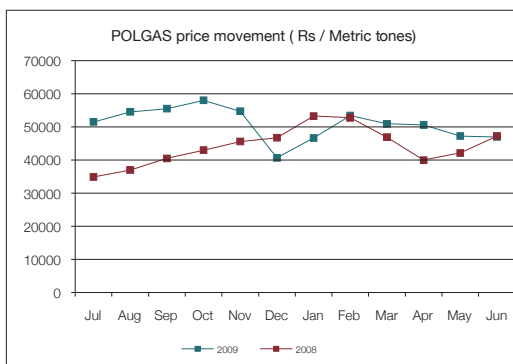
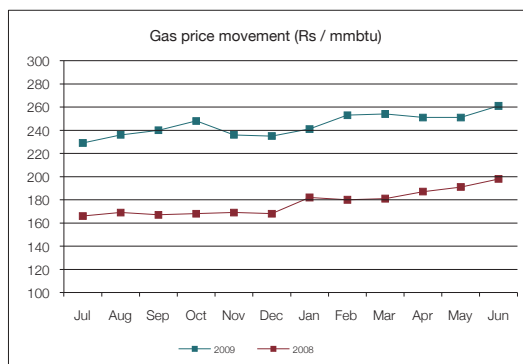
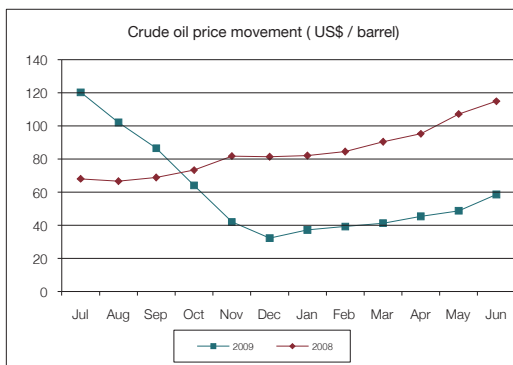
Revenue mix by product (%)

■ Crude oil 50% ■ POLGAS 21%
■ Natural Gas 27% ■ Others 2%





Manzalai-5 Well was drilled down to target depth and various DST were carried out to test different formations and well tested with 24.34 MMSCFD of gas and 320 BPD of condensate.



POL's share in production including that from joint ventures for the year under review averaged at 3,706 barrels of crude oil per day (BOPD) and 37.90 million standard cubic feet per day (MMSCFD) of gas, 85 barrels per day (BPD) of solvent oil and 93.42 metric tones per day (MT/D) of LPG.

Production from POL's 100% owned fields namely Balkassar, Meyal, Dhullian, Joya Mair and Khaur continued throughout the year with an average of 979 BOPD, 6.04 MMSCFD of gas, 84 BPD of solvent oil, 31.45 MT/D of LPG and 5.55 MT/D Sulphur.

In the Joint Venture fields operated by POL namely Pindori, Pariwali, Turkwal and Minwal, POL's share of production was 1,678 BOPD, 13.82 MMSCFD of gas, 46.46 MT/D of LPG and 0.41 BPD of solvent oil.

Operations Review and Future Prospects

Own Producing Fields

Meyal

A slick line job was conducted at Meyal-4 and Meyal-8. At well-8, 20-ft perforations were added in top Chorgali formation. After the job, a minor improvement in production profile was observed.

Meyal/Uchhri

Bela Exploratory Well -1 was drilled down to 15,000 ft. During reaming, string got stuck. Several attempts were made to release the stuck pipe but without success. Milled the fish to 13,580 ft. It was decided to perform the sidetrack, which resulted in achieving target depth. Preparation for testing Lockhart in open-hole is in progress.

Balkassar

Due to drop in production at Balkassar A-3, a workover was conducted. The normal production was revived after the workover. Drop in production profile of Balkassar P-2 was also observed due to anticipated leakage in the bottom-hole assembly. The well was put back on production after the workover with improved production.

Khaur

Re-interpretation of 3-D seismic has been completed.

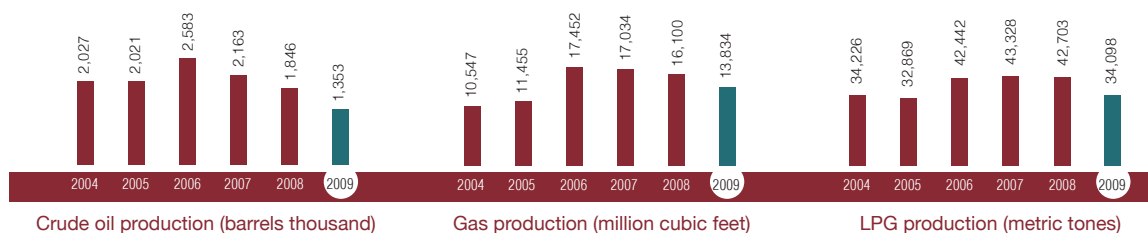
Dhulian

To enhance the production from Dhulian well - 10, a slick line job and acid stimulation was carried out. After these jobs, the productivity of well has improved. A workover was conducted at Dhulian-43. Drop in production of Dhulian-39 was observed. Two rigless interventions were conducted on the well to clear anticipated obstruction in the tubing. However, no significant improvement was observed and a slick line job which was conducted at the well that indicated restriction in tubing which was cleared with jarring. An improvement in production was observed from 9 BOPD to 42 BOPD. A study for re-entry of Dhulian-8 for deeper drilling to the Permian aged Wargal Limestone is in progress.

Joyamair

Flow from the well Joyamair-4 ceased and a workover was conducted. The well was put back on production with improved production.

Work on the deeper potential of Joyamair has been examined, while similar deeper objectives in the adjacent well at Chak Naurang Field has proved an initial increase in production by 200 BOPD.



Operated Joint Ventures Producing Fields

Soan Concession (Pindori Development & Production Lease)

Pindori-3 (Workover)

The well was deepened from 13,625 ft down to 13,655 ft. After perforations & testing well was put on production from Lockhart formation. Well is producing at rates of 305 BOPD and 0.78 MMSCFD of Gas and 450 BPD \pm of water.

Pindori-4 (Workover)

The objective of workover at Pindori - 4 was, to recover the fish and deepen well down to \pm 13,630 ft in. The well was put on production again and flowing with an average rates of 1,334 BOPD and 3.66 MMSCFD of Gas.

Pindori-7

Pindori-7 well was plugged and abandoned in view of the severe loss conditions experienced.

Pindori-8

Pindori-8, a development well has been spudded and drilling is in progress.

The Pindori Field Reservoir Study has been completed. The main objective of the study update was to provide an independent seismic interpretation, upscale static and dynamic reservoir simulation model to confirm oil/gas reserves (primary & secondary) considering water influx and water breakthrough in the producing wells.

Two additional development wells (Pindori-8 & 9) at the crestal region and two major workovers are recommended to fully exploit the reserves. Continued water injection for pressure maintenance and areal sweep is also recommended.

Ahmadal Concession (Pariwali Development & Production Lease)

Production ceased from Pariwali-1 on Nov 03, 2008 due to plugging of open hole. After scale

clean out slick line job, BHP survey was conducted. Attempted to kick off with coiled tubing but no flow was observed. Subsequently, the well was pressurized with PPF gas with WHSIP of 390 psi.

Production from Pariwali-3 has dropped to an average of 22 BOPD and 0.87 MMSCFD gas. A rig less work over was conducted at Pariwali-3 to isolate Lockhart formation and activate Chorgali/ Sakesar. After the intervention, the well is currently producing 165 BOPD and 1.894 MMSCFD of Gas.

Pariwali-7 well was completed in Lockhart Formation and tested 92 BPD of condensate and 0.614 MMSCFD of gas. Production survey at Pariwali-7 could not be conducted due to restriction at 14,663 ft inside the Packer tail. Two tubing clean out jobs with through tubing milling tools were conducted, however, the restriction could not be removed. Efforts will be made to clean the restriction in future well interventions.

Minwal Development & Production Lease

Minwal -2

Minwal - 2 was drilled down to the total depth 7,800 ft but the crestal Eocene seen on the seismic was not found. The well was plugged and abandoned as a dry hole.





Company's Information
02-11

Management
12-15

Chairman's Statement
16-19

Directors' Report
20-47

Shareholders' Interest
48-60

Financial Statements
61-103

Consolidated Financial Statements
104-146

Notes of Annual General Meeting (AGM)
147-150



Non Operated Joint Ventures Producing Fields

Ratana (North Potwar Concession)

Ratana -2 re-entry is in progress. The main objective of re-entry is to deepen the well up to 17,349 ft and test the potential of Datta and Kingriali Formations.

Bhangali

Joint venture partners have approved deepening of Bhangali Well-1 to explore the hydrocarbon potential.

Adhi

2D seismic acquisition has been completed. 241L k.m seismic data has been acquired. Newly acquired & processed 2D seismic data interpretation is in progress. Basin Modeling and Geochemical Study over the Adhi Structure was completed. About 225 L k.m 2D seismic survey was planned to image the sub thrust in southern part of Adhi structure.

Chak Naurang

2D seismic data reprocessing has been completed. In house data interpretation is in progress on newly processed lines.

Chak Naurang Well -5A

Chaknaurang-5A was spudded on November 27, 2008 as a replacement of Chaknaurang-5 which was abandoned due to drilling complications.

After reaching the target depth various DST were carried out. Installed X-mass tree and rig was released. The sucker rod pump was installed and an initial production of 200 BOPD was achieved.

Manzalai

Acquisition of 515 sq kms 3D seismic data on Mamikhel area was approved. Manzalai 3D seismic prestack depth migration processing/interpretation is in process on final processed volume.

Manzalai - 5 (Side Track - 1)

Well was drilled down to target depth and various DST were carried out to test different formations and well tested with 24.34 MMSCFD of gas and 320 BPD of condensate.

Manzalai - 7

As part of Manzalai gas field development plan, Manzalai-7 Well was spudded on October 24, 2008. The primary objective of the well was to test the potential of Lockhart, Hangu and Lumshiwai Formations. After successful completion, well produced 48 MMSCFD of Gas and 914 BPD of condensate.



Company's Information
02-11

Management
12-15

Chairman's Statement
16-19

Directors' Report
20-47

Shareholders' Interest
48-60

Financial Statements
61-103

Consolidated Financial Statements
104-148

Notes of Annual General Meeting (AGM)
147-150



Manzalai-7 Well was spudded on October 24, 2008. The primary objective of the well was to test the potential of Lockhart, Hangu and Lumshiwai Formations. After successful completion, well produced 48 MMSCFD of Gas and 914 BPD of condensate.

Exploration

Ikhlas Block

Interpretation of North-East Ikhlas has been finalized. Three additional leads have also been finalized. Final work on the Langrial and Ratterian lead expected to be completed soon and one location to be finalized for drilling.

Domial-1

The well was drilled down to 16,391 ft. Conducted wire line logging. The well is planned to drill down to 17,388 ft. Plans to sidetrack the well to bypass fish is underway.

Kirthar South Block

Pirane-1 (Exploratory)

The well was drilled to target depth of 7,653 ft. Three DST's were conducted in Dunghan and Ranikot Formations, 0.3 mmscfd gas flowed from Ranikot Formation. However, the well was plugged and abandoned based on non-commercial test results.

Margala and Margala North Blocks

Seismic data acquisition of 875.525 L.Kms is completed. Seismic data processing / reprocessing of newly acquired and old 2D lines is in progress. Time processing products have been received for quality check. Initial interpretation has been received and location of the two wells are being planned.

Gurgalot Block

Khawaja-1 (Exploratory well)

The well was spudded on June 30, 2008 in the Murree Formation. The target depth of the well would be $\pm 18,850$ ft in the Datta Formation. The Lockhart objective was encountered at the prognosed depth. Presently, the well is under drilling at 16,876 ft.

Tal Block

Mami Khel

In order to calculate hydrocarbon of the discovery area, the operator has recommended processing and interpretation on minimum

300 sq Kms 3D seismic data. It was decided that appraisal well would be drilled after observing early well production behavior of Mami Khel-1 for at least six months in order to record, monitor and analyze the reservoir behaviour.

Makori - 2

Makori-2 well was spudded on May 02, 2008. The well was drilled down to target depth of 12,304 ft. On the basis of evaluation of geological data it was decided to plug and abandon the well.

Maramzai - 1

Exploratory Well Maramzai-01 was spudded on May 24, 2009. In the Lockhart Formation, upper 75 meters of the drilled section produced around 12 MMSCFD of gas and 430 BPD of condensate



during barefoot DST @ 32/64" fixed choke size at flowing wellhead pressure of 2,483 psi. The discovery was made in the uppermost reservoir section of the well and drilling is in progress to penetrate and test the lower potentially prospective zones.

Makori West - 1

Makori West 1 drilled down to 7,087 ft. Currently drilling is in progress.

Kotra Block

The Development Plan for the declaration of commerciality over the Jhal Magsi discovery area has been approved by the Government.

New Applications for Grant of Exploration Licenses

POL has applied for two new Exploration Licenses in the DG Khan/Rajanpur in prospectivity Zone-II.

Subsidiary

CAPGAS (Private) Limited (CAPGAS)

CAPGAS has earned a profit before tax of Rs 72.2 million during the year (2007-08: Rs 26.7 million). It has declared a total dividend of 820% for the year 2008-09 (2007-08: 1280%). The company is receiving 24.MT/D LPG from Adhi plant and 6.5 MT/D of LPG from PARCO.

Crude Oil Transportation

Khaur Crude Oil Decanting Facility (KCDF) continued to operate satisfactorily. Up to June 30, 2009, a total of 4.3 million barrels of crude oil arriving from southern part of the country were pumped to Attock Refinery Limited through this facility and pipeline during the year.

Risk Management

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



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

- 1. Oil price volatility:** The pricing for the Company's oil and gas production is benchmarked with international prices of crude oil and related products. Any unfavorable variance in the international prices is likely to adversely affect the Company's profitability.
- 2. Exploration risk:** Exploration activity includes the risks of incorrect selection of exploration acreage, error in processing or interpretation of seismic data, wrong selection of drilling site. The company is mitigating exploration risks by using latest technologies, having experienced and efficient team, entering into joint venture agreements to dilute risks and also consulting with other experts.
- 3. Drilling risk:** Oil and gas drilling inherently is a high risk activity. The Company is exposed to a variety of hazards during drilling of wells including well blow out, fishing, fire hazard 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 team and also having a very strict criteria for selecting rig and other allied services/equipment. Further, the company is also having a control of well insurance policy for its all drilling wells and also having a variety of insurance policies for risk mitigation.

- 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 department. Vulnerability in the procurement process can be seen as a weakness or possible threat to the Company.

The vulnerability can rise following risks:

- | Commercial risks
- | Process- reconciliation supply with demand
- | Operational - not having materials
- | Strategic - inappropriate product from the market
- | Contractual - exposure to liquidated damages

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

6. **Engineering and process:** Upon the estimation of reserves and production the engineering department is allowed to design the processing plant for the crude oil and gas. During processing the input of Oil and Gas is dependent of production figures. The over estimation of Reserves and production can lead to investment of huge capital in the form of Plant design. In this case, the company gets the third party reserves certification.
7. **Environmental regulations:** The Company is subject to various laws and regulations relating to health, safety and the environment. Changes to these laws and regulations could result in increased costs of compliance as well as penalties for non-compliance.
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 face higher competition than previously. 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 to join hands with other E & P companies by way of farm-in and farm-out agreements. In LPG marketing business, the Company has already established a good storage capacity for continuous supply to keep margins intact.

9. **Information technology failures:** The Company's operations may be adversely affected due to information technology failures especially in today's environment of reliance on IT systems, regulation and reporting deadlines.

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

10. **Economic and political risks:** Volatile economic and financial market conditions resulting from economic or political instability.
11. **Joint Venture and Partners:** We are also operating in the 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 shares in non-operated operations. Non-alignment on various strategic decisions in joint ventures may result in operational of production inefficiencies or delay. We mitigate risk by continuous and regular engagement of joint venture partners in operated and non-operated projects.
12. **Terrorist Attack:** A terrorist attack could have a material and adverse effect on our business. The Company has beefed up its security staff and security arrangements. The company has taken a terrorist insurance cover of all its material installations to mitigate this risk.





Business Process Reengineering (BPR)/ Development Activities

The Company believes that quality and an unyielding commitment to continuous improvement are indispensable ingredients for achieving success. All processes are subject to continuous evaluation and improvement. Being an oil and gas exploration and production company, research is an integral part of the Company's operations and a significant part of exploration activity. Data acquisition, processing and interpretation during geophysical activities involve the selection of optimum data acquisition parameters through careful experimental investigation. The Company undertakes

comprehensive research to understand the behavior of sub-surface locations of any area, using latest sub-surface imaging technology, before a drillable project is developed. Research is also conducted to study reservoir behavior to optimize recovery from a field. Apart from the drilling of development wells already mentioned earlier by geographical location the major business development projects undertaken during the year are as follows:

ERP Integration

As a part of Business Process Reengineering (BPR), after successful installation and smooth running of Oracle Financials and HRMS Modules for Human Resource Management and Payroll process, implementation of other two Modules of Oracle E-Business suite namely Oracle Purchasing and Oracle Inventory have been completed in test environment and expected to go live in the near future when the legacy system will be completely abandoned resulting in maximum integration of the Management Information System.

To make implementation of Oracle Inventory more fruitful, another exercise was undertaken wherein the existing inventory data has been cleansed by a third party.

An add-on software named Standard Modifier Dictionary (SMD) has also been acquired to bring the existing and all new inventory items description in a logical and symmetrical order. For efficient handling of inventory through bar codes a pilot project of Stock Receiving and Issuance Automation (SRIA) has been completed and tested satisfactorily. It is planned to acquire the complete SRIA Solution during the 2009-10.

To further support this integration, infrastructure has also been improved by extending existing radio connectivity to Balkassar and Meyal fields and within various locations in Khaur field.

Quality Management System

The company has certification for ISO 9001:2000 quality management system. By adopting ISO 9001:2000, the company is in a continuous process of improving and following set standards and procedures with a view to meeting and exceeding organization objectives.



Company's Information
02-11

Management
12-15

Chairman's Statement
16-19

Directors' Report
20-27

Shareholders' Interest
48-60

Financial Statements
61-103

Consolidated Financial Statements
104-146

Notes of Annual General Meeting / Glossary
147-150

Corporate Social Responsibility

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

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



Company's Information
02-11

Management
12-15

Chairman's Statement
16-19

Directors' Report
20-41

Shareholders' Interest
48-60

Financial Statements
61-103

Consolidated Financial Statements
104-146

Notes of Annual General Meeting / Glossary
147-150



Community Development and Support

The Company has a proud history of supporting community projects. We implemented a visionary Community Development Program that focuses on providing education, supporting healthcare and financing infrastructure projects including supplying free clean water are some of the ways by which we try to reach out for our community.

We endure to change the lifestyle of the society by building schools and colleges. The Company continues to undertake community projects in consultation with local communities and administration. Areas in which the company has been focusing on include health and medical facilities, education and development of infrastructure.

Highlights of our community development projects are as follows:

Education

Education is a leading instrument of nation building and economic growth of people. Here,

at POL, our key focus lies in education, which we are keenly supporting in number of ways. POL focuses on education at the basic, primary, secondary and higher secondary levels.

POL 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. All thirty students who appeared in SSC-2009 examination passed with excellent grades.

POL is also operating an Intermediate College at Khaur. College has a library and laboratories of physics, Chemistry, Biology and Computers. This project is of a permanent benefit to the community. Khaur Intermediate College is a leading provider of post secondary education in the area.

During the year, we have spent Rs. 7.1 million on the construction/renovation of many class rooms, boundary walls and also provided furniture and fans to different government schools in the vicinity of our operated areas.

Electrification

We continue to undertake community projects for electrification in remote areas in consultation with the local communities and administration. During the year we have spent Rs. 1.4 million for different electrification schemes.

Water Supply Schemes

We are running several drinking water supply schemes in collaboration with the district and local Government. During the year we have spent Rs. 1.5 million for up-gradation of different water supply schemes.

Civil Works and Roads

We associate with local communities and administration by financing infrastructure projects including concrete pavement of streets, drainage facilities and construction and repair of roads valued Rs. 7.2 million.

Human Resource

As leading oil & gas exploration and production organization, we have maintained distinctive corporate culture that is driven and influenced by a team of dedicated Engineers, Geologists, business executives, financial managers and many experts from other disciplines. With our firm belief that 'People Make the Difference' we ensure that the operations are resourced with committed workforce equipped with essential skills, have predefined performance targets, and ensure that staff successes are duly recognized. Our reward structure consider all aspects of salary, incentives and benefits as a total package with intention of providing competitive levels of remuneration and enhanced earning opportunities in recognition of business success.

The Company remains committed to ensuring that all employees are treated with dignity and respect and that working environment is one where each employee's contribution is recognized and valued.

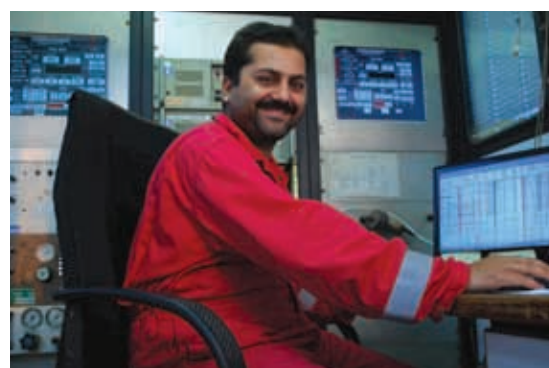
POL is an equal opportunity employer, provides equal chances to the people from every corner of the society, without discrimination based on religion, cast, race, political conviction or gender. We value and encourage continuous improvement at all levels and structure to ensure that opportunity for growth, and challenging and

varied career experiences are provided to all employees. We are fully committed to creating a culture of performance excellence which starts with attracting and retaining extraordinary talent.

Training and Development of Human Resource

The Company remains committed to invest in the human capital through quality training both formally and informally to keep staff fully abreast with the best business practices prevailing in the energy sector.

During the year more than 200 staff members attended development courses, training programs, seminars and workshops held both in-house as well as in the reputable training institutions of the country.





Health, Safety and Environment Review

The health, safety and environment performance of the Company is one of the key indicators used to measure the continuous improvement necessary to keep our employees, contractors and members of the public safe. We believe that achieving and maintaining high standards of health, safety and environment is integral to the success of the 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. The Company has been providing free medical facilities to all the employees and their dependant family members which include indoor/outdoor medical facility.

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

Khaur Hospital

The Company is maintaining a state of the art secondary care hospital to provide healthcare facilities at a remote location of Khaur. The hospital provides quality medial care, vital health services and free emergency assistance round the clock.

The hospital is equipped with state of the art operation theatre, fixed and mobile X-ray machines, sophisticate medial laboratory and latest medical facilities. The hospital indoor facilities comprise of 40 bed air conditioned wards.

Modern emergency services are provided free of cost to the 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 are available only at Rawalpindi. It is the only hospital in the area providing such facilities to the general public.

Other Healthcare Facilities at fields

- | A free dispensary for the local community of the Pindori area.
- | Field hospital / dispensaries at Meyal and Balkassar.
- | Annual vaccination program is launched in collaboration with district health department.

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

The Company has well defined health policy. The Company seeks to identify and eliminate occupational health hazards. We are strongly committed to provide our employees with the healthy working conditions in all our locations. We believe that occupational safety and health (OSH) is an essential component of CSR and successful occupational health and safety practice requires the collaboration and participation of both employers and workers in health and safety program. The Company is striving hard to provide all kind of necessary training, equipment and management system in this regard.

The structure of "Emergency Response Team" is well defined and required contingency plan has been established which regulates emergency organization, responsibilities,

list of key personnel, important telephone numbers, communication plan and sequence of activities to mitigate the situation.

All emergency plans are well defined and available to all stakeholders including local communities. The Company is striving for provision of safe workplaces to all of its employees and struggling for zero accidents. The company is gradually improving its occupational health and safety infrastructure in compliance with the regulatory requirements of OSHAS 18001.

Safety

The Company has well defined health and safety policies. At POL we believe in a policy of no harm to people - be it our employees, contractors, supplier and their staff.

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, defensive 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.



Environment

As a multidimensional leading oil and gas (E&P) company, we at Pakistan Oilfields Limited, are well conversant with our role towards sustainable development, the threats and challenges posed by the industrial growth. We are committed to play our part to ensure that global environment is not harmed by effluents, emission and waste.

We have ranked health, safety and environment as one of the Company's core value, we have formulated an executive committee on HSE issues. Our continuous efforts to establish an effective "HSE Management System" enables us to achieve an un-interrupted development in the field of environmental protection.

This year we celebrated "World Earth Day", "World Environment Day" and "Work Permit Week" at various locations. We have launched an environmental based scheme "Landscaping with Green". In addition we embarked on Bio - remedification project to convert oil contaminated soil into a green patch of land. We launched numerous projects in the field of education, health care, potable water, electrification of villages, uplifting of infrastructure and environmental protection, which reflects our commitments in area of community development.



For its efforts Pakistan Oilfields was given “Annual Environment Excellence Award” for the third year in a row by “National Forum for Environment & Health”. The Company aims to comply with all applicable legal requirements as its minimum standard and works actively to reduce emissions and waste from its products and processes. In this respect, we have made progress and we have set ourselves even higher targets for the future.



Targets achieved include:

A summary of our performance against 2008 targets is given below;

Targets	Status
Three in house HSE training sessions by certified experts from accredited third parties	Achieved
Feasibility studies for the installation of at least 02 waste heat recovery units at field	In- Progress
Introduction of Kavelear as Gasket Material	Achieved
Measurable improvements in solid waste disposal program	Achieved
Capacity building (acquisition of laboratory/ analytical equipment, chemical, reference materials and training of manpower) for the complete in-house testing/analysis of the effluent at Meyal Field)	Achieved
Regular / periodic monitoring of emissions by third party	In - Progress
Development and implementation of PTW audit	In - Progress
Mechanical Integrity of the Meyal LPG Plant and associated pipe lines	Achieved
Off-Site, ISO-14001 training of 04 persons (from Safety/ Operations Department)	Will be achieved in this fiscal year
Implementation of Good Office Ergonomics at Fields	Achieved
Provision of “Three Spill Control Kits” at Fields	Achieved

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, management and disposal of waste. Currently we have installed a waste water recycling plant at Khaur; recycled water is being used for gardening purpose.*
- ▮ *Construction of API evaporation ponds for the disposal of produced water.*
- ▮ *Development of a children park at Khaur.*
- ▮ *Established and maintained noise monitoring system and marked the high noise zone at the plants.*

- | *Laying of high quality geo-membrane in waste water & drilling fluid pits at new drilling sites.*
- | *Conducting "Initial Environment Examination" (IEE) for non-sensitive areas and "Environmental Impact Assessment" (EIA) in environmentally sensitive area and stringent monitoring and compliance of National Environmental Regulation.*
- | *We developed a disposal system for spent lube oil.*
- | *Safe disposal (incineration) of hazardous hospital waste.*
- | *Established effluents monitoring system and arrangement to separate oil contents in power houses and compressor stations discharge water.*
- | *Planning for renewable energy and alternative energy, we have installed solar energy based traffic signals at Khaur.*
- | *At Pindori produced water is being disposed-off by injecting back into the same reservoir after going through a series of treatments and filtration. A state of the art, Multi-million dollars' facility is in operation just to save environment and community around us.*

Sports activities

The Company organizes sports activities and competitions with active participation of local communities. We have established a Public Park at Khaur.



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.



Corporate Governance

The concept of corporate governance has unquestionably climbed 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, 2009, 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, 2008 are as follows:

Management Staff Pension Fund	Rs 571.36 million
Staff Provident Fund	Rs 245.68 million
General Staff Provident Fund	Rs 349.62 million

- m) During the year the Board of Directors held five meetings. The attendance of each director is as follows :

1. Dr. Ghaith R. Pharaon/ Mr. Shuaib A. Malik*	5
2. Mr. Laith G. Pharaon/ Mr. Babar Bashir Nawaz*	4
3. Mr. Wael G. Pharaon/ Mr. Bashir Ahmad*, Mr. I.A. Khwaja*	3
4. Mr. Abdus Sattar	5
5. Mr. Muhammad Najam Ali	2
6. Mr. Shuaib A. Malik (Chairman)	5
7. Mr. Arif Kemal	2

* Denotes alternate director

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



Auditors

The auditors, Messer A.F. Ferguson & Co., Chartered Accountants, retire and offer themselves for reappointment. The Audit Committee has recommended the reappointment of Messers A. F. Ferguson & Co., Chartered Accountants, as auditors for the financial year ending June 30, 2010.

Shareholding

The pattern of shareholding as at June 30, 2009 is annexed. All trades in the shares of the Company, if any, carried out by the directors, CEO, CFO and Company Secretary and their spouses and minor children are also annexed.

Holding Company

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

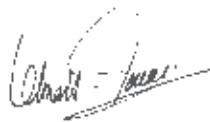
Consolidated Financial Statements

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

Acknowledgement

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

On behalf of the Board



Shuaib A. Malik
Chairman

Damascus, Syria
October 01, 2009



Group Photo of Board of Directors: (From left to right) Mr. Iqbal A. Khwaja, Mr. Abdus Sattar, Mr. Sajid Nawaz, Mr. Shuaib A. Malik, Dr. Ghaith R. Pharaon, Mr. Muhammed Abdullah Yusuf, Mr. Arif Kemal, Mr. Babar Bashir Nawaz, Syed Khalid Nafees Zaidi.

Pattern of Shareholding as at June 30, 2009

S.No.	From	To	Shares	Form - 34 No. of Shareholders
1	1	100	83,083	1218
2	101	500	826,690	2567
3	501	1000	1,227,054	1480
4	1001	5000	5,284,094	2152
5	5001	10000	3,485,307	462
6	10001	15000	2,390,860	189
7	15001	20000	2,115,168	117
8	20001	25000	1,777,724	78
9	25001	30000	1,462,312	52
10	30001	35000	1,125,287	34
11	35001	40000	1,004,875	27
12	40001	45000	728,243	17
13	45001	50000	1,020,158	21
14	50001	55000	743,473	14
15	55001	60000	1,048,568	18
16	60001	65000	440,058	7
17	65001	70000	534,840	8
18	70001	75000	806,860	11
19	75001	80000	550,056	7
20	80001	85000	748,669	9
21	85001	90000	709,343	8
22	90001	95000	468,400	5
23	95001	100000	390,380	4
24	100001	105000	411,040	4
25	105001	110000	321,130	3
26	115001	120000	359,300	3
27	120001	125000	616,421	5
28	125001	130000	514,832	4
29	130001	135000	396,784	3
30	135001	140000	552,607	4
31	140001	145000	287,776	2
32	145001	150000	596,600	4
33	150001	155000	154,900	1
34	155001	160000	155,360	1
35	160001	165000	646,880	4
36	165001	170000	498,480	3
37	170001	175000	692,090	4
38	185001	190000	190,000	1
39	190001	195000	582,924	3
40	195001	200000	399,560	2
41	200001	205000	203,384	1
42	205001	210000	628,800	3
43	215001	220000	216,000	1
44	225001	230000	453,100	2
45	235001	240000	713,600	3
46	245001	250000	250,000	1
47	260001	265000	264,384	1
48	265001	270000	266,400	1
49	270001	275000	1,092,940	4
50	275001	280000	554,580	2
51	290001	295000	292,320	1

Pattern of Shareholding as at June 30, 2009

S.No.	From	To	Shares	Form - 34 No. of Shareholders
52	295001	300000	300,000	1
53	300001	305000	304,000	1
54	310001	315000	310,044	1
55	315001	320000	633,335	2
56	340001	345000	683,120	2
57	350001	355000	707,336	2
58	355001	360000	1,079,000	3
59	360001	365000	361,200	1
60	365001	370000	365,500	1
61	370001	375000	742,737	2
62	380001	385000	380,080	1
63	385001	390000	388,560	1
64	390001	395000	392,140	1
65	420001	425000	425,000	1
66	425001	430000	427,171	1
67	430001	435000	431,068	1
68	440001	445000	445,000	1
69	445001	450000	447,110	1
70	450001	455000	454,700	1
71	490001	495000	492,360	1
72	495001	500000	500,000	1
73	500001	505000	500,240	1
74	545001	550000	550,000	1
75	550001	555000	553,500	1
76	600001	605000	602,424	1
77	635001	640000	640,000	1
78	650001	655000	651,000	1
79	675001	680000	675,800	1
80	680001	685000	684,920	1
81	780001	785000	781,100	1
82	810001	815000	811,407	1
83	815001	820000	817,840	1
84	870001	875000	870,720	1
85	930001	935000	935,000	1
86	960001	965000	961,000	1
87	995001	1000000	2,000,000	2
88	1005001	1010000	2,014,040	2
89	1030001	1035000	2,067,340	2
90	1060001	1065000	1,062,500	1
91	1100001	1105000	1,104,000	1
92	1295001	1300000	1,296,604	1
93	1515001	1520000	1,519,080	1
94	2415001	2420000	2,415,759	1
95	2955001	2960000	2,955,360	1
96	3805001	3810000	3,806,580	1
97	4160001	4165000	4,162,046	1
98	10645001	10650000	10,648,860	1
99	12760001	12765000	12,762,221	1
100	127140001	127145000	127,143,424	1
			236,545,920	8,634

Categories of Shareholders

Categories of Shareholders	Number of Shareholders	Number of Shares held	Percentage %
Investment Corporation of Pakistan	1	116	0.00
National Bank of Pakistan Trustee Department	1	4,162,046	1.76
Banks & Financial Institutions	50	20,655,459	8.73
Associated Companies	02	127,407,808	53.87
Public Sectors Companies	204	6,182,916	2.61
Leasing Companies	4	107,740	0.05
Modaraba Companies	10	50,388	0.02
Mutual Funds	55	13,729,145	5.80
Investment Companies	22	2,289,011	0.97
Insurance Companies	23	16,306,408	6.89
Individuals	8184	30,444,810	12.87
Others:			
Employees Old Age Benefits Institution	1	10,648,860	4.50
Deputy Administrator Abandoned Properties	1	13,900	0.01
Employees Pension / Provident Fund	51	2,462,803	1.04
Charitable Trusts & Foundation	25	2,084,510	0.88
TOTAL	8634	236,545,920	100.00

Categories of Shareholders



■ NBP Trustee Department 1.76%	■ Mutual Funds 5.80%
■ Banks & Financial Institutions 8.73%	■ Investment Companies 0.97%
■ Associated Companies 53.87%	■ Insurance Companies 6.89%
■ Public Sectors Companies 2.61%	■ Individuals 12.87%
■ Leasing Companies 0.05%	■ Others 6.43%
■ Modaraba Companies 0.02%	

Key Shareholding and Shares Traded

Categories	Number of Shareholders	Number of Shares held
Associated Companies		
1 The Attock Oil Company Limited.	01	127,143,424
2 Laith Trading & Contracting Company Ltd.	01	264,384
NIT & ICP		
1 National Bank of Pakistan, Trustee Department (NIT)	01	4,162,046
2 Investment Corporation of Pakistan (ICP)	01	116
Directors and their spouses and minor children		
1 Mr. Shuaib A. Malik (Chairman)	01	284
2 Mr. Iqbal Ahmad Khwaja	01	9,338
Executives		
Public sector companies and corporations	01	1,800
Banks, Development Finance Institution, Non Banking Finance Institutions, Insurance Companies, Modarabas & Mutual Funds	206	133,590,724
	164	53,138,151
Shareholders holding 10% or more voting interest		
The Attock Oil Company Limited	01	127,143,424
Trade in Shares of the Company by Directors, CEO, CFO, Company Secretary and their spouses and minor children	Nil	

Shareholders' Interest

Statement of Value Added

	2009 Rs (000)	2008 Rs (000)
Gross revenue	15,082,346	18,245,832
Less: Operating and exploration expenses	5,130,193	4,069,511
	<u>9,952,153</u>	<u>14,176,321</u>
Add: Income from investments	1,278,094	888,804
Other income	804,608	2,076,303
Total value added	<u>12,034,855</u>	<u>17,141,428</u>
Distributed as follows:		
Employees remuneration	695,194	420,170
Government as:		
Company taxation	1,566,531	2,804,217
Levies	1,035,526	1,506,371
Excise duty & development surcharge	134,517	161,804
Royalty	1,206,106	1,527,387
Workers' funds	532,603	646,915
	<u>4,475,283</u>	<u>6,646,694</u>
Shareholders as:		
Dividend	4,257,826	3,153,946
Bonus shares	-	394,243
	<u>4,257,826</u>	<u>3,548,189</u>
Retained in business:		
Depreciation	344,463	341,689
Amortization	901,628	1,116,381
Net earnings	1,360,461	5,068,305
	<u>2,606,552</u>	<u>6,526,375</u>
	<u>12,034,855</u>	<u>17,141,428</u>

Distribution of value addition - 2009



■ Government as taxes 37%
 ■ Shareholders as dividends 35%
 ■ Retained within the business 22%
 ■ Employees as remuneration 6%

Distribution of value addition - 2008



■ Government as taxes 39%
 ■ Shareholders as dividends 21%
 ■ Retained within the business 38%
 ■ Employees as remuneration 2%

Vertical Analysis

	2004	2005	2006	2007	2008	2009
	(Rs in million)	(Rs in million)	(Rs in million)	(Rs in million)	(Rs in million)	(Rs in million)
	%	%	%	%	%	%
BALANCE SHEET						
SHARE CAPITAL AND RESERVES						
Authorised capital	2,000	2,000	2,000	5,000	5,000	5,000
Issued, subscribed and paid-up capital	1,314	1,314	1,971	1,971	1,971	2,365
Revenue reserves	200	200	200	200	200	200
Insurance reserve	0.00%	0.00%	0.86%	0.79%	0.61%	0.58%
Investment reserve	-	-	-	0.00%	0.00%	0.00%
Unappropriated profit	7,488	9,608	12,448	17,522	23,182	21,801
	60.52%	61.92%	54.42%	69.88%	71.14%	62.78%
Fair value gain on available-for-sale investments	6	10	5	20	17	10
	0.05%	0.26%	0.02%	0.08%	0.05%	0.03%
	9,008	11,132	14,624	19,713	25,370	25,994
	70.91%	70.28%	62.92%	77.73%	77.19%	74.68%
NON CURRENT LIABILITIES						
Long term Loans and murabaha finance	-	-	1,620	-	-	-
Long term deposits	395	413	445	471	477	457
Deferred liabilities	2,088	2,530	2,602	3,266	4,091	5,565
	16.41%	15.97%	11.20%	12.88%	12.45%	16.03%
	2,483	2,943	4,667	3,737	4,568	6,022
	19.55%	18.58%	20.06%	14.74%	13.90%	17.34%
CURRENT LIABILITIES AND PROVISIONS						
Current portion of long term loans and murabaha finance	-	-	1,080	-	-	-
Interest accrued on long term loans and murabaha finance	-	-	70	-	-	-
Trade and other payables	1,212	1,554	2,158	1,602	2,227	2,292
Provision for income tax	-	211	642	308	703	477
	9.54%	11.14%	17.00%	7.53%	8.91%	7.97%
	1,212	1,765	3,850	1,910	2,930	2,769
	9.54%	11.14%	17.00%	7.53%	8.91%	7.97%
TOTAL EQUITY AND LIABILITIES	12,703	15,840	23,241	25,360	32,868	34,725
	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
FIXED ASSETS						
Property, plant and equipment	1,024	1,250	1,639	2,109	2,642	4,013
Development & decommissioning costs	3,651	4,580	4,861	6,012	6,435	7,664
Exploration & evaluation assets	-	-	-	372	1,282	3,494
	0.00%	0.00%	0.00%	1.47%	3.90%	10.06%
	4,675	5,830	6,500	8,493	10,359	15,171
	36.80%	36.81%	27.97%	33.49%	31.52%	43.69%
LONG TERM INVESTMENT IN SUBSIDIARY & ASSOCIATED COMPANIES	9	2,168	8,056	8,056	9,616	9,616
	0.07%	13.69%	34.66%	31.77%	29.26%	27.69%
OTHER LONG TERM INVESTMENTS	519	375	279	603	522	128
	4.09%	2.37%	1.20%	2.38%	1.59%	0.37%
LONG TERM LOANS AND ADVANCES	14	13	12	7	11	10
	0.11%	0.08%	0.05%	0.03%	0.03%	0.03%
CURRENT ASSETS						
Stores and spares	740	685	1,567	2,280	2,288	2,794
Stock in trade	21	30	63	69	58	89
Trade debts	770	1,083	2,490	2,344	1,800	1,827
Advances, deposits, prepayments and other receivables	536	273	229	260	702	1,144
Short term investments	357	133	121	75	77	-
Cash and bank balances	5,062	39,853	5,240	3,173	7,425	3,946
	39.85%	252.53%	22.54%	12.51%	22.59%	11.36%
	7,486	40,874	8,394	8,201	12,360	9,800
	58.93%	252.53%	36.12%	32.34%	37.60%	28.22%
TOTAL ASSETS	12,703	15,840	23,241	25,360	32,868	34,725
	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

	2004	2005	2006	2007	2008	2009
	(Rs in million)	(Rs in million)	(Rs in million)	(Rs in million)	(Rs in million)	(Rs in million)
	%	%	%	%	%	%
PROFIT & LOSS ACCOUNT						
Net Sales	6,342	8,463	14,650	14,239	16,739	14,047
	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Cost of Sales	2,517	3,072	4,894	5,689	6,156	5,755
	39.69%	36.30%	33.41%	39.95%	36.78%	40.97%
Gross profit	3,825	5,391	9,756	8,550	10,583	8,292
	60.31%	63.70%	66.59%	60.05%	63.22%	59.03%
Exploration cost	804	703	1,239	923	1,024	2,057
	12.68%	8.31%	8.46%	6.48%	6.12%	14.64%
	3,021	4,688	8,517	7,627	9,559	6,235
	47.63%	55.39%	58.14%	53.56%	57.11%	44.39%
Administration expenses	42	32	52	50	53	47
	0.66%	0.38%	0.35%	0.35%	0.32%	0.33%
Finance cost	-	15	377	226	389	512
	0.00%	0.18%	2.57%	1.59%	2.32%	3.64%
Other charges	231	315	553	568	647	533
	3.64%	3.72%	3.77%	3.99%	3.87%	3.79%
	273	362	982	844	1,089	1,092
	4.30%	4.28%	6.70%	5.93%	6.51%	7.77%
	2,748	4,326	7,535	6,783	8,470	5,143
	43.33%	51.12%	51.43%	47.64%	50.60%	36.61%
Other operating income	613	611	739	913	1,392	2,042
	9.67%	7.22%	5.04%	6.41%	8.32%	14.54%
Operating profit	3,361	4,937	8,274	7,696	9,862	7,185
	53.00%	58.34%	56.48%	54.05%	58.92%	51.15%
Gain on sale of shares of an associated company	-	-	-	-	1,558	-
	0.00%	0.00%	0.00%	0.00%	9.31%	0.00%
PROFIT BEFORE TAXATION	3,361	4,937	8,274	7,696	11,420	7,185
	53.00%	58.34%	56.48%	54.05%	68.22%	51.15%
Provision for taxation	866	1,174	2,149	1,757	2,804	1,567
	13.65%	13.87%	14.67%	12.34%	16.75%	11.16%
PROFIT FOR THE YEAR	2,495	3,763	6,126	5,939	8,616	5,618
	39.34%	44.46%	41.82%	41.71%	51.47%	39.99%
CASH FLOWS						
Operating activities	2,051	4,935	6,000	5,522	9,144	5,489
	40.51%	94.18%	152.91%	174.03%	123.15%	139.10%
Investing activities	(413)	(3,186)	(7,229)	(1,969)	(2,129)	(4,333)
	-8.16%	-60.80%	-184.23%	-62.05%	-28.67%	-109.81%
Financing activities	(577)	(1,622)	(100)	(4,313)	(2,959)	(5,034)
	-11.40%	-30.95%	-2.55%	-135.93%	-39.85%	-127.57%
Cash and cash equivalents at year end	5,063	5,240	3,924	3,173	7,425	3,946
	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Horizontal Analysis

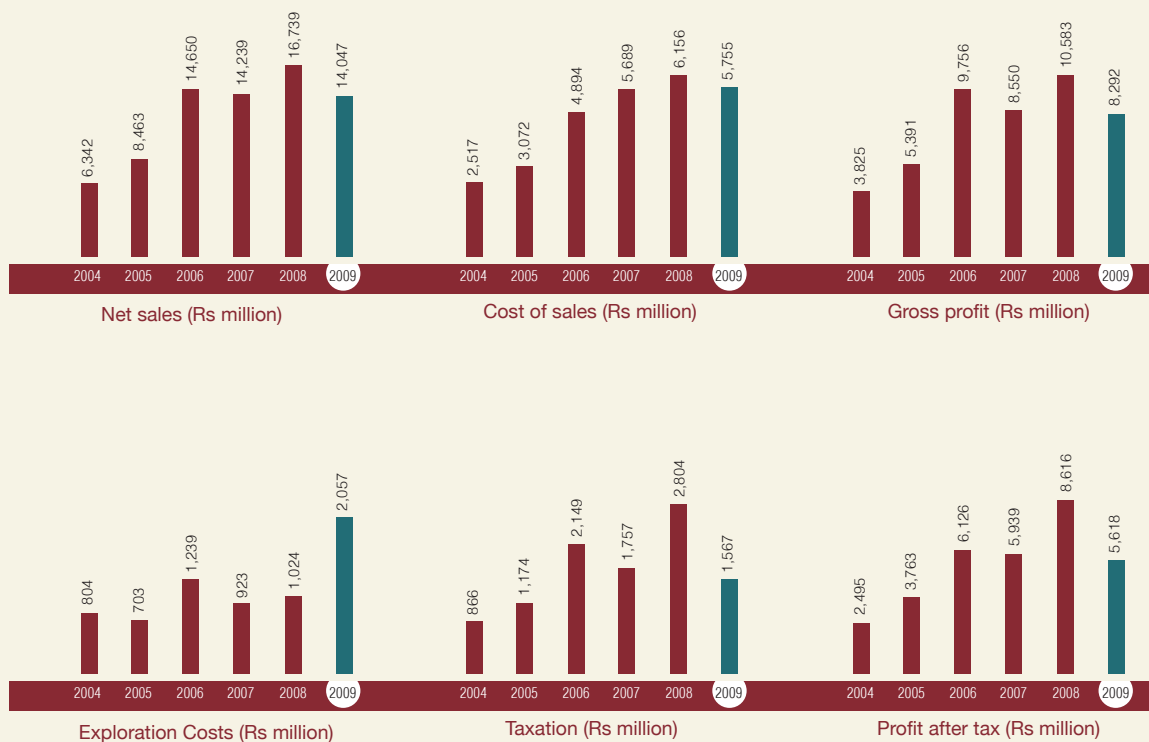
	2004	2005	2006	2007	2008	2009
	(Rs in million)	(Rs in million)	(Rs in million)	(Rs in million)	(Rs in million)	(Rs in million)
	%	%	%	%	%	%
BALANCE SHEET						
SHARE CAPITAL AND RESERVES						
Authorised capital	2,000	2,000	2,000	5,000	5,000	5,000
Issued, subscribed and paid-up capital	1,314	1,314	1,971	1,971	1,971	2,365
Revenue reserves	200	200	200	200	200	200
Insurance reserve	-	-	-	-	-	1,568
Investment reserve	7,488	9,608	12,448	17,522	23,182	21,801
Unappropriated profit	7,688	9,808	12,648	17,722	23,382	23,559
Fair value gain on available-for-sale investments	6	10	5	20	17	10
	9,008	11,132	14,624	19,713	25,370	25,994
	100.00%	123.58%	162.34%	218.84%	281.64%	288.67%
	250.00%	250.00%	250.00%	250.00%	250.00%	250.00%
	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
	150.00%	150.00%	150.00%	150.00%	150.00%	150.00%
	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
	128.31%	166.24%	166.24%	234.00%	309.59%	309.59%
	127.58%	164.52%	164.52%	230.52%	304.14%	304.14%
	86.67%	83.33%	83.33%	333.33%	283.33%	283.33%
	123.58%	162.34%	162.34%	218.84%	281.64%	281.64%
	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
	104.56%	112.66%	112.66%	119.24%	120.76%	120.76%
	121.17%	124.62%	124.62%	156.42%	195.93%	195.93%
	118.53%	187.96%	187.96%	150.50%	183.97%	183.97%
	1,620	471	471	477	477	457
	445	3,266	3,266	4,091	4,091	5,565
	2,602	3,737	3,737	4,568	4,568	6,022
	1,080	-	-	-	-	-
	70	-	-	-	-	-
	1,602	1,602	1,602	2,227	2,227	2,292
	308	308	308	703	703	477
	1,910	1,910	1,910	2,930	2,930	2,769
	325.91%	325.91%	325.91%	241.75%	241.75%	228.47%
	182.96%	182.96%	182.96%	199.64%	199.64%	199.64%
	124.69%	124.69%	124.69%	157.59%	157.59%	157.59%
	15,840	23,241	23,241	32,868	32,868	34,725
	100.00%	100.00%	100.00%	205.96%	205.96%	205.96%
	122.07%	133.14%	133.14%	164.67%	164.67%	164.67%
	1,639	2,109	2,109	2,642	2,642	4,013
	4,861	6,012	6,012	6,435	6,435	7,664
	-	372	372	1,282	1,282	3,494
	6,500	8,493	8,493	10,359	10,359	15,171
	139.04%	139.04%	139.04%	181.67%	181.67%	221.58%
	89,511.11%	89,511.11%	89,511.11%	106,844.44%	106,844.44%	106,844.44%
	53.76%	53.76%	53.76%	100.58%	100.58%	100.58%
	12	7	7	11	11	10
	85.71%	85.71%	85.71%	78.57%	78.57%	71.43%
	211.76%	211.76%	211.76%	308.11%	308.11%	310.54%
	63	69	69	58	58	89
	2,490	2,344	2,344	1,800	1,800	1,827
	229	260	260	702	702	1,144
	121	75	75	77	77	-
	3,924	3,173	3,173	7,425	7,425	3,946
	8,394	8,201	8,201	12,360	12,360	9,800
	112.13%	112.13%	112.13%	165.11%	165.11%	130.91%
	182.96%	182.96%	182.96%	199.64%	199.64%	199.64%
	124.69%	124.69%	124.69%	157.59%	157.59%	157.59%
	15,840	23,241	23,241	32,868	32,868	34,725
	100.00%	100.00%	100.00%	205.96%	205.96%	205.96%
	122.07%	133.14%	133.14%	164.67%	164.67%	164.67%
	1,639	2,109	2,109	2,642	2,642	4,013
	4,861	6,012	6,012	6,435	6,435	7,664
	-	372	372	1,282	1,282	3,494
	6,500	8,493	8,493	10,359	10,359	15,171
	139.04%	139.04%	139.04%	181.67%	181.67%	221.58%
	89,511.11%	89,511.11%	89,511.11%	106,844.44%	106,844.44%	106,844.44%
	53.76%	53.76%	53.76%	100.58%	100.58%	100.58%
	12	7	7	11	11	10
	85.71%	85.71%	85.71%	78.57%	78.57%	71.43%
	211.76%	211.76%	211.76%	308.11%	308.11%	310.54%
	63	69	69	58	58	89
	2,490	2,344	2,344	1,800	1,800	1,827
	229	260	260	702	702	1,144
	121	75	75	77	77	-
	3,924	3,173	3,173	7,425	7,425	3,946
	8,394	8,201	8,201	12,360	12,360	9,800
	112.13%	112.13%	112.13%	165.11%	165.11%	130.91%
	182.96%	182.96%	182.96%	199.64%	199.64%	199.64%
	124.69%	124.69%	124.69%	157.59%	157.59%	157.59%
	15,840	23,241	23,241	32,868	32,868	34,725
	100.00%	100.00%	100.00%	205.96%	205.96%	205.96%
	122.07%	133.14%	133.14%	164.67%	164.67%	164.67%
	1,639	2,109	2,109	2,642	2,642	4,013
	4,861	6,012	6,012	6,435	6,435	7,664
	-	372	372	1,282	1,282	3,494
	6,500	8,493	8,493	10,359	10,359	15,171
	139.04%	139.04%	139.04%	181.67%	181.67%	221.58%
	89,511.11%	89,511.11%	89,511.11%	106,844.44%	106,844.44%	106,844.44%
	53.76%	53.76%	53.76%	100.58%	100.58%	100.58%
	12	7	7	11	11	10
	85.71%	85.71%	85.71%	78.57%	78.57%	71.43%
	211.76%	211.76%	211.76%	308.11%	308.11%	310.54%
	63	69	69	58	58	89
	2,490	2,344	2,344	1,800	1,800	1,827
	229	260	260	702	702	1,144
	121	75	75	77	77	-
	3,924	3,173	3,173	7,425	7,425	3,946
	8,394	8,201	8,201	12,360	12,360	9,800
	112.13%	112.13%	112.13%	165.11%	165.11%	130.91%
	182.96%	182.96%	182.96%	199.64%	199.64%	199.64%
	124.69%	124.69%	124.69%	157.59%	157.59%	157.59%
	15,840	23,241	23,241	32,868	32,868	34,725
	100.00%	100.00%	100.00%	205.96%	205.96%	205.96%
	122.07%	133.14%	133.14%	164.67%	164.67%	164.67%
	1,639	2,109	2,109	2,642	2,642	4,013
	4,861	6,012	6,012	6,435	6,435	7,664
	-	372	372	1,282	1,282	3,494
	6,500	8,493	8,493	10,359	10,359	15,171
	139.04%	139.04%	139.04%	181.67%	181.67%	221.58%
	89,511.11%	89,511.11%	89,511.11%	106,844.44%	106,844.44%	106,844.44%
	53.76%	53.76%	53.76%	100.58%	100.58%	100.58%
	12	7	7	11	11	10
	85.71%	85.71%	85.71%	78.57%	78.57%	71.43%
	211.76%	211.76%	211.76%	308.11%	308.11%	310.54%
	63	69	69	58	58	89
	2,490	2,344	2,344	1,800	1,800	1,827
	229	260	260	702	702	1,144
	121	75	75	77	77	-
	3,924	3,173	3,173	7,425	7,425	3,946
	8,394	8,201	8,201	12,360	12,360	9,800
	112.13%	112.13%	112.13%	165.11%	165.11%	130.91%
	182.96%	182.96%	182.96%	199.64%	199.64%	199.64%
	124.69%	124.69%	124.69%	157.59%	157.59%	157.59%
	15,840	23,241	23,241	32,868	32,868	34,725
	100.00%	100.00%	100.00%	205.96%	205.96%	205.96%
	122.07%	133.14%	133.14%	164.67%	164.67%	164.67%
	1,639	2,109	2,109	2,642	2,642	4,013
	4,861	6,012	6,012	6,435	6,435	7,664
	-	372	372	1,282	1,282	3,494
	6,500	8,493	8,493	10,359	10,359	15,171
	139.04%	139.04%	139.04%	181.67%	181.67%	221.58%
	89,511.11%	89,511.11%	89,511.11%	106,844.44%	106,844.44%	106,844.44%
	53.76%	53.76%	53.76%	100.58%	100.58%	100.58%
	12	7	7	11	11	10
	85.71%	85.71%	85.71%	78.57%	78.57%	71.43%
	211.76%	211.76%	211.76%	308.11%	308.11%	310.54%
	63	69	69	58	58	89
	2,490	2,344	2,344	1,800	1,800	1,827
	229	260	260	702	702	1,144
	121	75	75	77	77	-
	3,924	3,173	3,173	7,425	7,425	3,946
	8,394	8,201	8,201	12,360	12,360	9,800
	112.13%	112.13%	112.13%	165.11%	165.11%	130.91%
	182.96%	182.96%	182.96%	199.64%	199.64%	199.64%
	124.69%	124.69%	124.69%	157.59%	157.59%	157.59%
	15,840	23,241	23,241	32,868	32,868	34,725
	100.00%	100.00%	100.00%	205.96%	205.96%	205.96%
	122.07%	133.14%	133.14%	164.67%	164.67%	164.67%
	1,639	2,109	2,109	2,642	2,642	4,013
	4,861	6,012	6,012	6,435	6,435	7,664
	-	372	372	1,282	1,282	3,494
	6,500	8,493	8,493	10,359	10,359	15,171
	139.04%	139.04%	139.04%	181.67%	181.67%	221.58%
	89,511.11%	89,511.11%	89,511.11%	106,844.44%	106,844.44%	106,844.44%
	53.76%	53.76%	53.76%	100.58%	100.58%	100.58%
	12	7	7	11	11	10
	85.71%	85.71%	85.71%	78.57%	78.	

	2004	2005	2006	2007	2008	2009
	(Rs in million)	(Rs in million)	(Rs in million)	(Rs in million)	(Rs in million)	(Rs in million)
	%	%	%	%	%	%
PROFIT & LOSS ACCOUNT						
Net Sales	6,342	8,463	14,650	14,239	16,739	14,047
	100.00%	133.44%	231.00%	224.52%	263.94%	212.49%
Cost of Sales	2,517	3,072	4,894	5,689	6,156	5,755
	100.00%	122.05%	194.44%	226.02%	244.58%	228.65%
Gross profit	3,825	5,391	9,756	8,550	10,583	8,292
	100.00%	140.94%	255.06%	223.53%	276.68%	216.78%
Exploration cost	804	703	1,239	923	1,024	2,057
	100.00%	87.44%	154.10%	114.80%	127.36%	255.85%
	3,021	4,688	8,517	7,627	9,559	6,235
	100.00%	155.18%	281.93%	252.47%	316.42%	206.39%
Administration expenses	42	32	52	50	53	47
	100.00%	76.19%	123.81%	119.05%	126.19%	111.90%
Finance cost	-	15	377	226	389	512
Other charges	231	315	553	568	647	533
	100.00%	136.36%	239.39%	245.89%	280.09%	230.74%
	273	362	982	844	1,089	1,092
	100.00%	132.60%	359.71%	309.16%	398.90%	400.00%
Other operating income	2,748	4,326	7,535	6,783	8,470	5,143
	100.00%	157.42%	274.20%	246.83%	308.22%	187.15%
Operating profit	613	611	739	913	1,392	2,042
	100.00%	99.67%	120.55%	148.94%	227.08%	333.12%
Operating profit	3,361	4,937	8,274	7,696	9,862	7,185
	100.00%	146.89%	246.18%	228.98%	293.42%	213.78%
Gain on sale of shares of an associated company	-	-	-	-	1,558	-
PROFIT BEFORE TAXATION	3,361	4,937	8,274	7,696	11,420	7,185
	100.00%	146.89%	246.18%	228.98%	339.78%	213.78%
Provision for taxation	866	1,174	2,149	1,757	2,804	1,567
	100.00%	135.57%	248.15%	202.89%	323.79%	180.95%
PROFIT FOR THE YEAR	2,495	3,763	6,126	5,939	8,616	5,618
	100.00%	150.82%	245.53%	238.04%	345.33%	225.17%
CASH FLOWS						
Operating activities	2,051	4,935	6,000	5,522	9,144	5,489
	100.00%	240.61%	292.54%	269.23%	445.83%	267.63%
Investing activities	(413)	(3,186)	(7,229)	(1,969)	(2,129)	(4,333)
	100.00%	771.43%	1,750.36%	476.76%	515.50%	1,049.15%
Financing activities	(577)	(1,622)	(100)	(4,313)	(2,959)	(5,034)
	100.00%	281.11%	17.33%	747.49%	512.82%	872.44%
Cash and cash equivalents at year end	5,063	5,240	3,924	3,173	7,425	3,946
	100.00%	103.50%	77.50%	62.67%	146.65%	77.94%

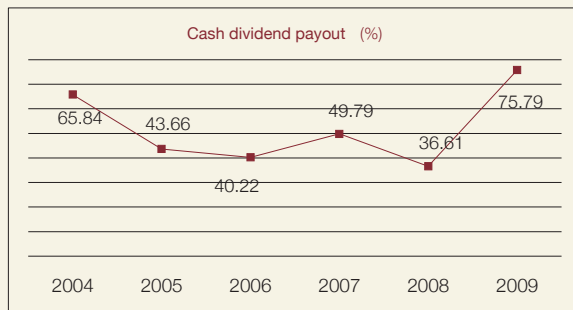
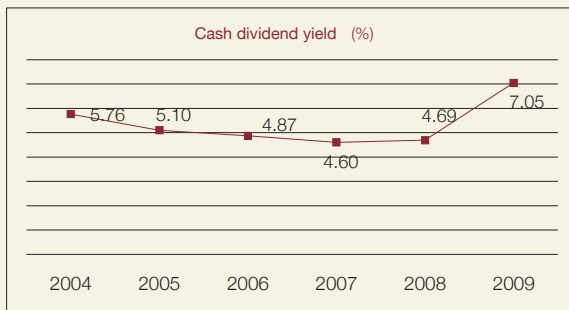
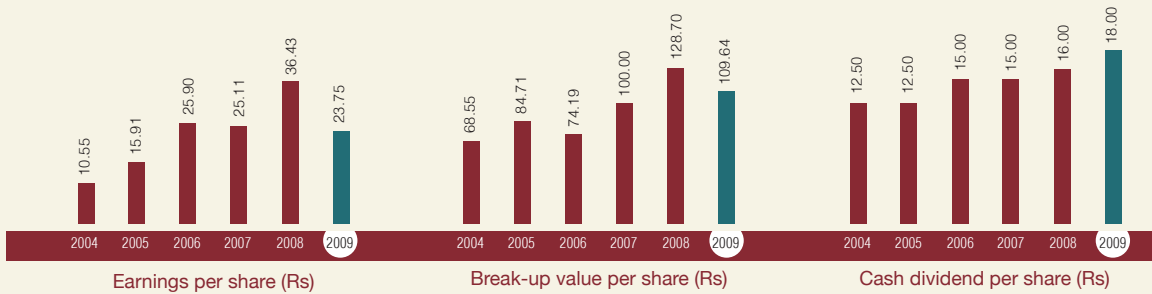
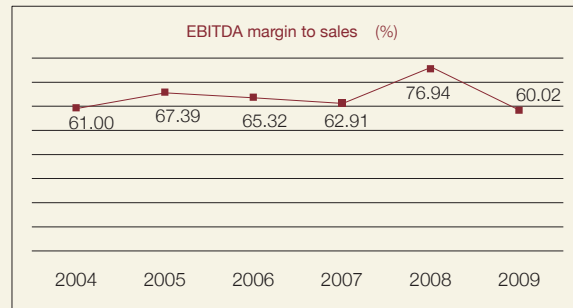
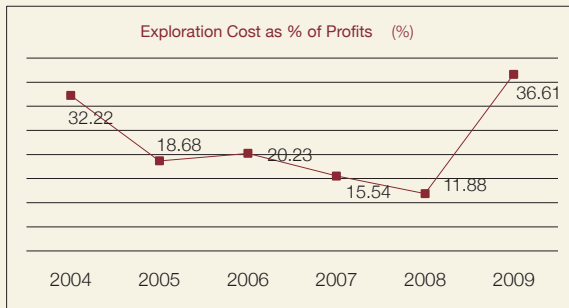
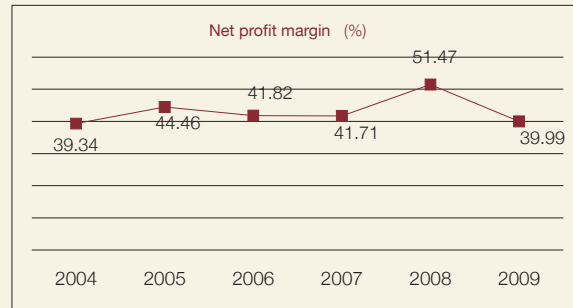
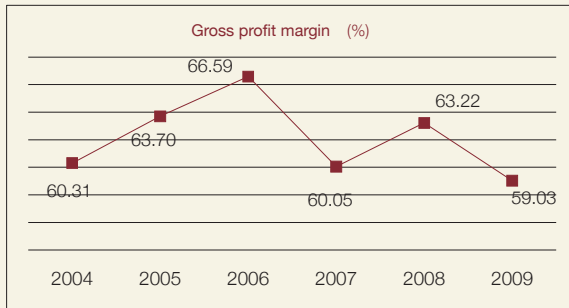
Six years at a Glance

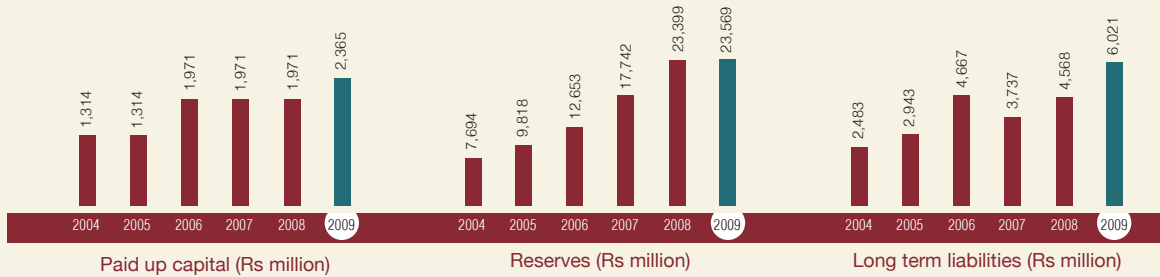
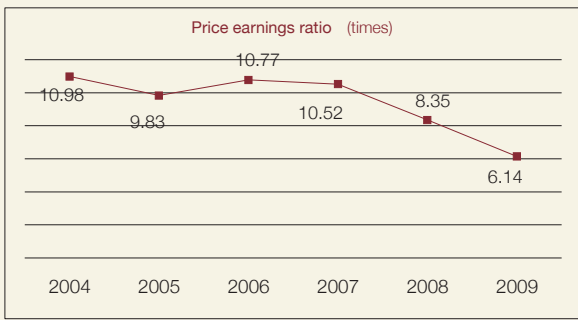
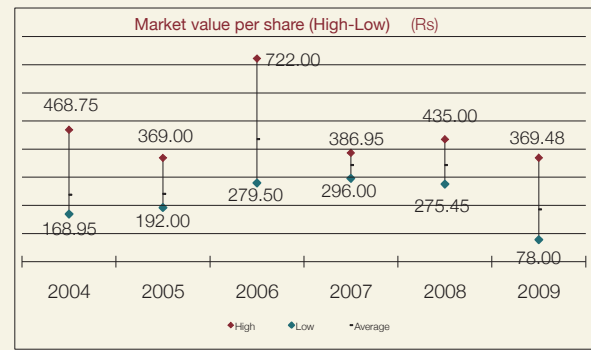
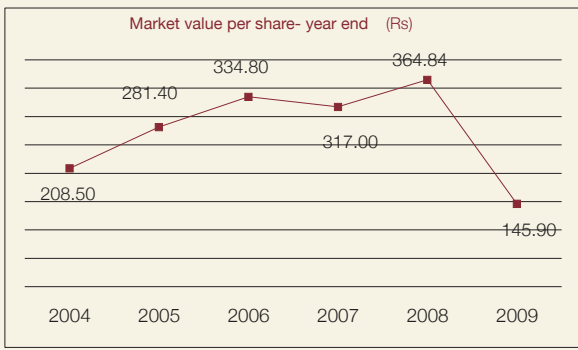
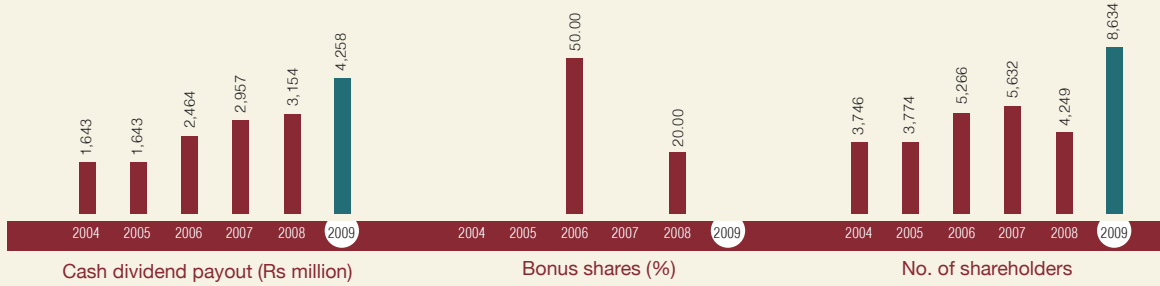
	2004	2005	(Rupees millions unless otherwise stated)				
			2006	2007	2008	2009	
PROFIT & LOSS SUMMARY							
Net Sales							
Crude oil	3,397	5,011	9,034	7,676	9,811	7,052	
Gas	1,533	1,863	3,187	3,187	3,185	3,734	
POLGAS-Refill of Cylinders	1,292	1,337	2,164	3,116	3,437	2,984	
LPG	44	47	31	4	3	4	
Solvent oil	58	58	214	237	231	228	
Sulphur	18	23	20	19	72	45	
Reversal of Sales Tax Provision	-	124	-	-	-	-	
Total Net Sales	6,342	8,463	14,650	14,239	16,739	14,047	
Cost of Sales	2,517	3,072	4,894	5,689	6,156	5,755	
Gross Profit	3,825	5,391	9,756	8,550	10,583	8,292	
Exploration Cost	804	703	1,239	923	1,024	2,057	
Administration Expenses	42	32	52	50	53	47	
Other Charges	231	315	553	568	647	533	
Finance cost	-	15	377	226	389	512	
Other operating income	613	611	739	913	1,392	2,042	
Operating profit	3,361	4,937	8,274	7,696	9,862	7,185	
Gain on sale of shares of an associated company	-	-	-	-	1,558	-	
Profit before tax	3,361	4,937	8,274	7,696	11,420	7,185	
Taxation	866	1,174	2,149	1,757	2,804	1,567	
Extraordinary items	-	-	-	-	-	-	
Profit after tax	2,495	3,763	6,126	5,939	8,616	5,618	
Earnings before interest, taxes, depreciation and amortization (EBITDA)	3,869	5,704	9,569	8,958	12,879	8,431	
Dividends	1,643	1,643	2,464	2,957	3,154	4,258	
BALANCE SHEET SUMMARY							
Paid-up capital	1,314	1,314	1,971	1,971	1,971	2,365	
Reserves	206	210	205	220	217	1,768	
Unappropriated profit	7,488	9,608	12,448	17,522	23,182	21,801	
Deferred liabilities	2,088	2,530	2,602	3,266	4,091	5,564	
Long term deposits	395	413	445	471	477	457	
Long term Loan	-	-	1,620	-	-	-	
Current liabilities	1,212	1,765	3,950	1,910	2,930	2,769	
Fixed assets (less depreciation)	1,024	1,250	1,639	2,109	2,642	4,013	
Development & decommissioning costs	3,651	4,580	4,861	6,012	6,435	7,664	
Exploration & evaluation assets	-	-	-	372	1,282	3,494	
Long term investment	528	2,543	8,335	8,659	10,138	9,744	
Other long term assets	14	13	12	7	11	10	
Current assets	7,486	7,454	8,394	8,201	12,360	9,800	
CASH FLOWS							
Operating activities	2,051	4,935	6,000	5,522	9,144	5,489	
Investing activities	(413)	(3,186)	(7,229)	(1,969)	(2,129)	(4,333)	
Financing activities	(577)	(1,622)	(100)	(4,313)	(2,959)	(5,034)	
Cash and cash equivalents at year end	5,063	5,240	3,924	3,173	7,425	3,946	
KEY FINANCIAL RATIOS							
Net profit	%	39.34	44.46	41.82	41.71	51.47	39.99
Gross profit	%	60.31	63.70	66.59	60.05	63.22	59.03
Current ratio	Time	6.18	4.22	2.13	4.29	4.22	3.54
Quick ratio	Time	5.54	3.81	1.71	3.05	3.41	2.50
Inventory turnover	Time	3.28	3.41	3.08	2.09	2.03	1.92
Debtors turnover	Time	9.59	9.13	8.20	5.89	8.08	7.75
Average collection period	Days	38.06	39.98	44.51	61.97	45.17	47.10
Creditors Turnover	Time	1.57	1.93	2.42	2.73	2.83	2.27
Average Payment Period	Days	232.48	189.12	150.83	133.70	128.98	160.79
Operating cycle	Time	11.30	10.61	8.86	5.25	7.28	7.40
Total assets turnover	Time	0.54	0.59	0.75	0.59	0.57	0.42
Fixed assets turnover	Time	1.38	1.61	2.38	1.90	1.78	1.10
Return on average capital employed	%	32.16	37.36	47.57	34.59	38.22	21.90
Return on equity	%	27.70	33.80	41.89	30.13	33.96	21.66
Debt: equity ratio	%	41.02	42.29	58.92	28.65	29.55	33.90
EBITDA margin to sales	%	61.00	67.39	65.32	62.91	76.94	60.02
Interest cover	Time	-	361.71	30.61	86.33	-	-

		2004	2005	(Rupees millions unless otherwise stated)			
				2006	2007	2008	2009
SHARES AND EARNINGS							
Break-up value (Net assets/shares)	Rs	68.55	84.71	74.19	100.00	128.70	109.64
Market value /share at year end	Rs	208.50	281.40	334.80	317.00	364.84	145.90
Market value/share-high during the year	Rs	468.75	369.00	722.00	386.95	435.00	369.48
Market value/share-low during the year	Rs	168.95	192.00	279.50	296.00	275.45	78.00
Market value/share-average during the year	Rs	237.91	241.38	435.45	343.47	343.69	185.73
Price earning ratio	Times	10.98	9.83	10.77	10.52	8.35	6.14
Earnings per share - basic	Rs	18.99	28.63	31.08	30.13	43.71	23.75
Earnings per share - restated	Rs	10.55	15.91	25.90	25.11	36.43	23.75
Cash dividend per share	Rs	12.50	12.50	15.00	15.00	16.00	18.00
Cash dividend Payout	%	65.84	43.66	40.22	49.79	36.61	75.79
Cash dividend Yield	%	5.76	5.10	4.87	4.60	4.69	7.05
Cash dividend cover	%	151.86	229.03	248.62	200.85	273.18	131.94
Bonus shares	%	-	-	50.00	-	20.00	-
OTHER INFORMATION							
Contribution to national exchequer		3,145	2,813	5,624	5,579	6,647	4,475
Foreign exchange savings (US \$ million)		108	180	299	278	370	229
Market Capitalization (Rs millions)		27,400	36,980	65,996	62,488	71,918	34,512

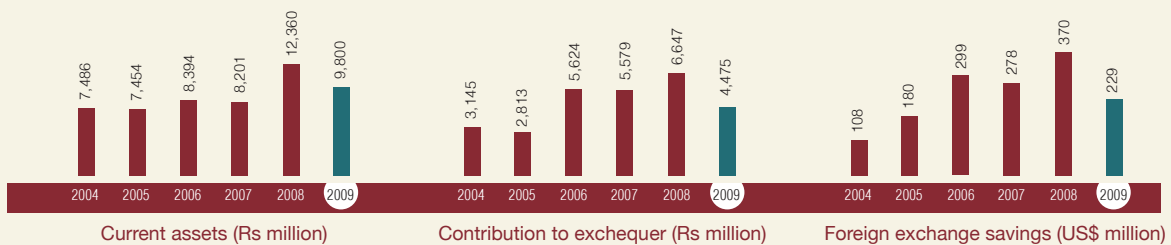
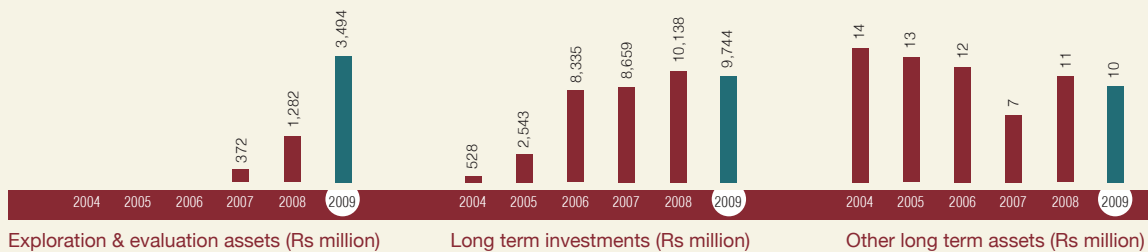
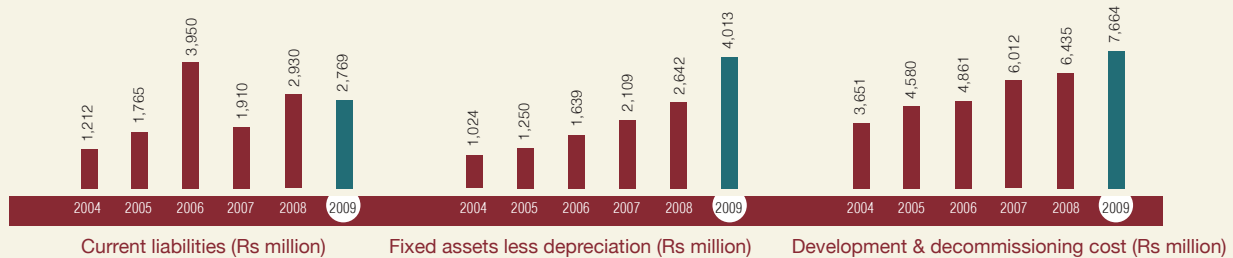


Six years at a Glance





Six years at a Glance



Balance Sheet Composition

Share Capital & Reserves
as on June 30, 2009



■ Shareholders' equity 75%
■ Non-current liabilities 17%

■ Current liabilities and provision 8%

Share Capital & Reserves
as on June 30, 2008



■ Shareholders' equity 77%
■ Non-current liabilities 14%

■ Current liabilities and provision 9%

Assets as on June 30, 2009



■ Fixed assets 44%
■ Investment in subsidiary and associated companies 28%

■ Other long term investments and advances 0%
■ Current assets 28%

Assets as on June 30, 2008



■ Fixed assets 31%
■ Investment in subsidiary and associated companies 29%

■ Other long term investments and advances 2%
■ Current assets 38%

Shareholding in exploration licenses and D & P / mining leases

Exploration License	Operator	
Ikhlas	Pakistan Oilfields Limited	80.00
Kirthar South	Pakistan Oilfields Limited	85.00
Gurgalot	Oil & Gas Development Company Limited	20.00
Tal Block	MOL Pakistan Oil and Gas Co. B.V.	25.00
Margala	MOL Pakistan Oil and Gas Co. B.V.	30.00
Margala North	MOL Pakistan Oil and Gas Co. B.V.	30.00
D&P / Mining Lease		
Balkassar	Pakistan Oilfields Limited	100.00
Dhulian	Pakistan Oilfields Limited	100.00
Joyamair	Pakistan Oilfields Limited	100.00
Khaur	Pakistan Oilfields Limited	100.00
Meyal / Uchri	Pakistan Oilfields Limited	100.00
Minwal	Pakistan Oilfields Limited	82.50
Pariwali	Pakistan Oilfields Limited	82.50
Pindori	Pakistan Oilfields Limited	35.00
Turkwal	Pakistan Oilfields Limited	67.37
Adhi	Pakistan Petroleum Limited	11.00
Chaknaurang	Oil & Gas Development Company Limited	15.00
Bhangali	Orient Petroleum International Inc.	7.00
Dhurnal	Orient Petroleum International Inc.	5.00
Ratana	Orient Petroleum International Inc.	4.5450
Sara / Suri	Tullow Pakistan (Developments) Limited	14.5451
Kotra	Oil & Gas Development Company Limited	24.00
Manzalai	MOL Pakistan Oil and Gas Co. B.V.	25*00
* Pre-Commerciality Interest		

Financial Statements

Review Report to the Members

A.F. FERGUSON & CO.

CHARTERED ACCOUNTANTS

KARACHI-LAHORE-ISLAMABAD

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

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

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance, as applicable to the Company for the year ended June 30, 2009.



Chartered Accountants

Islamabad
October 01, 2009

Statement of Compliance with the Code of Corporate Governance for the year ended June 30, 2009

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

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

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

15. The meetings of the audit committee were held at least once every quarter prior to approval of the interim and final results of the Company and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.
16. The Board has set up an effective internal audit function.
17. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on the code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.
18. 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.
19. The related party transactions have been placed before the audit committee and approved by the Board of Directors to comply with the requirements of listing regulations of the Karachi Stock Exchange (Guarantee) Limited.
20. We confirm that all other material principles contained in the Code have been complied.

▪

Sajid Nawaz
Chief Executive

Damascus, Syria
October 01, 2009

Auditor's Report to the Members

A.F. FERGUSON & CO.

CHARTERED ACCOUNTANTS

KARACHI-LAHORE-ISLAMABAD

We have audited the annexed balance sheet of Pakistan Oilfields Limited as at June 30, 2009 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- (a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- (b) in our opinion
 - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - (ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2009 and of the profit, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Chartered Accountants

Islamabad
October 01, 2009

Name of the audit engagement partner: M. Imtiaz Aslam

Balance Sheet

as at June 30, 2009

	Note	2009 Rupees ('000)	2008 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	1,971,216
Revenue reserves	7	23,559,280	23,381,549
Fair value gain on available-for-sale investments		9,703	17,151
		<u>25,934,442</u>	<u>25,369,916</u>
NON CURRENT LIABILITIES			
Long term deposits	8	456,653	477,042
Deferred liabilities	9	5,564,589	4,090,849
		<u>6,021,242</u>	<u>4,567,891</u>
CURRENT LIABILITIES AND PROVISIONS			
Trade and other payables	10	2,292,210	2,226,699
Provision for income tax		476,704	703,482
		<u>2,768,914</u>	<u>2,930,181</u>
CONTINGENCIES AND COMMITMENTS			
	11		
		<u>34,724,598</u>	<u>32,867,988</u>

	Note	2009 Rupees ('000)	2008 Rupees ('000)
FIXED ASSETS			
Property, plant and equipment	12	4,012,534	2,641,866
Development and decommissioning costs	13	7,664,320	6,435,556
Exploration and evaluation assets	14	3,494,244	1,281,794
		15,171,098	10,359,216
LONG TERM INVESTMENTS IN SUBSIDIARY AND ASSOCIATED COMPANIES	15	9,615,603	9,615,603
OTHER LONG TERM INVESTMENTS	16	128,208	522,365
LONG TERM LOANS AND ADVANCES	17	10,379	10,636
CURRENT ASSETS			
Stores and spares	18	2,793,760	2,298,593
Stock in trade	19	89,371	57,611
Trade debts	20	1,826,472	1,800,233
Advances, deposits, prepayments and other receivables	21	1,144,027	702,048
Short term investments	22	-	76,958
Cash and bank balances	23	3,945,680	7,424,725
		9,799,310	12,360,168
		34,724,598	32,867,988

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

Sajid Nawaz
Chief Executive

Abdus Sattar
Director

Profit and Loss Account

for the year ended June 30, 2009

	Note	2009 Rupees ('000)	2008 Rupees ('000)
SALES		15,082,346	18,245,832
Less: Sales tax		1,035,526	1,506,371
NET SALES	24	14,046,820	16,739,461
Operating costs	25	3,512,244	3,350,552
Excise duty and development surcharge		134,517	161,804
Royalty		1,206,106	1,527,387
Amortisation of development and decommissioning costs		901,628	1,116,381
		5,754,495	6,156,124
GROSS PROFIT		8,292,325	10,583,337
Exploration costs	26	2,057,509	1,023,784
		6,234,816	9,559,553
Administration expenses	27	46,852	52,559
Finance cost	28	512,412	389,054
Other charges	29	532,603	646,915
		1,091,867	1,088,528
		5,142,949	8,471,025
Other operating income	30	2,041,869	1,391,892
		7,184,818	9,862,917
Gain on sale of shares of an associated company	31	-	1,557,794
PROFIT BEFORE TAXATION		7,184,818	11,420,711
Provision for taxation	32	1,566,531	2,804,217
PROFIT FOR THE YEAR		5,618,287	8,616,494
Earnings per share (Rupees)	37	23.75	36.43

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

Sajid Nawaz
Chief Executive

Abdus Sattar
Director

Cash Flow Statement

for the year ended June 30, 2009

	2009 Rupees ('000)	2008 Rupees ('000)
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	14,372,698	17,548,016
Operating and exploration costs paid	(6,830,571)	(4,856,356)
Royalty paid	(1,294,322)	(1,477,474)
Taxes paid	(758,309)	(2,070,413)
Cash provided by operating activities	5,489,496	9,143,773
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed assets additions	(6,138,686)	(3,133,981)
Proceeds from disposal of property, plant and equipment	30,701	41,727
Proceeds from sale of shares of an associated company	-	1,561,302
Purchase of shares of an associated company	-	(1,562,938)
Other investments	443,423	107,372
Income on bank deposits and held-to-maturity investments	797,093	428,354
Dividend income received	534,874	428,901
Cash used in investing activities	(4,332,595)	(2,129,263)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(5,033,749)	(2,958,908)
Cash used in financing activities	(5,033,749)	(2,958,908)
EFFECT OF EXCHANGE RATE CHANGES	397,803	195,820
INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(3,479,045)	4,251,422
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	7,424,725	3,173,303
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	3,945,680	7,424,725

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

Sajid Nawaz
Chief Executive

Abdus Sattar
Director

Statement of Changes in Equity

for the year ended June 30, 2009

	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, 2007	1,971,216	200,000	-	17,521,879	20,427	19,713,522
Final dividend @ Rs 15 per share relating to the year ended June 30, 2007	-	-	-	(2,956,824)	-	(2,956,824)
Profit for the year ended June 30, 2008	-	-	-	8,616,494	-	8,616,494
Fair value loss on available-for-sale investments	-	-	-	-	(3,276)	(3,276)
Balance at June 30, 2008	1,971,216	200,000	-	23,181,549	17,151	25,369,916
Issue of Bonus Shares	394,243	-	-	(394,243)	-	-
Final dividend @ Rs 16 per share relating to the year ended June 30, 2008	-	-	-	(3,153,946)	-	(3,153,946)
Transfer to investment reserve	-	-	1,557,794	(1,557,794)	-	-
Profit for the year ended June 30, 2009	-	-	-	5,618,287	-	5,618,287
Interim dividend @ Rs 8 per share relating to the year ended June 30, 2009	-	-	-	(1,892,367)	-	(1,892,367)
Fair value loss on available-for-sale investments	-	-	-	-	(7,448)	(7,448)
Balance at June 30, 2009	2,365,459	200,000	1,557,794	21,801,486	9,703	25,934,442

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

Sajid Nawaz
Chief Executive

Abdus Sattar
Director

Notes to and Forming Part of the Financial Statements

for the year ended June 30, 2009

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

- (a) Standards, amendments and interpretations effective in 2009.

IFRS 7 (Financial Instruments: Disclosures) was effective from the period beginning on July 1, 2008 however the Company had early adopted IFRS 7 in the previous year.

- (b) Standards, amendments and interpretations effective during the year but not relevant.

IAS 29 Financial Reporting in Hyperinflationary Economies
 IFRIC 7 Applying the Restatement Approach under IAS 29
 IFRIC 11 Group and Treasury Share Transactions
 IFRIC 13 Customer Loyalty Programmes
 IFRIC 14 IAS 19 - The Limit on a defined benefit asset, minimum funding requirements and their interaction.

- (c) Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company.

	Effective for periods beginning on or after
IFRS 1	First time adoption of IFRS (Revised) July 1, 2009
IFRS 2	Share-based payment (Amendments) January 1, 2009
IFRS 3	Business combinations (Revised) July 1, 2009
IFRS 4	Insurance contracts (Amendments) January 1, 2009
IFRS 5	Non-current assets held-for-sale and discontinued operations (Amendments) January 1, 2009
IFRS 7	Financial instruments: Disclosure (Amendments) January 1, 2009
IFRS 8	Operating segments January 1, 2009
IAS 1	Presentation of financial statements (Revised) January 1, 2009
IAS 7	Statement of cash flows (Amendments) January 1, 2009
IAS12	Income taxes (Amendments) January 1, 2009
IAS 16	Property, plant and equipment (Amendments) January 1, 2009
IAS 18	Revenue (Amendments) January 1, 2009
IAS 19	Employee benefits (Amendments) January 1, 2009
IAS 20	Government grants and disclosure of government assistance (Amendments) January 1, 2009
IAS 21	The effects of changes in foreign exchange rates (Amendments) January 1, 2009

Notes to and Forming Part of the Financial Statements

for the year ended June 30, 2009

		Effective for periods beginning on or after
IAS 23	Borrowing costs (Revised)	January 1, 2009
IAS 27	Consolidated and separate financial statements (Amendments)	July 1, 2009
IAS 28	Investment in associates (Amendments)	January 1, 2009
IAS 31	Interests in joint ventures (Amendments)	January 1, 2009
IAS 32	Financial Instruments: Presentation (Amendments)	January 1, 2009
IAS 33	Earnings per share (Amendments)	January 1, 2009
IAS 34	Interim financial reporting (Amendments)	January 1, 2009
IAS 36	Impairment of assets (Amendments)	January 1, 2009
IAS 38	Intangible assets (Amendments)	January 1, 2009
IAS 39	Financial instruments: Recognition and measurement (Amendments)	January 1, 2009
IAS 40	Investment property (Amendments)	January 1, 2009
IAS 41	Agriculture (Amendments)	January 1, 2009
IFRIC 1	Changes in existing decommissioning, restoration and similar liabilities (Amendments)	January 1, 2009
IFRIC 2	Member's share in corporate entities and similar liabilities (Amendments)	January 1, 2009
IFRIC 4	Determining whether an Arrangement contains a Lease	July 1, 2010
IFRIC 12	Service Concession Arrangements	July 1, 2010
IFRIC 14	The limit on a defined benefit asset, minimum funding requirements and their interaction (Amendments)	January 1, 2009
IFRIC 15	Agreements for the construction of real estate	January 1, 2009
IFRIC 16	Hedges of a net investment in a foreign operation	October 1, 2008
IFRIC 17	Distributions of non-cash assets to owners	July 1, 2009

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of measurement

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

4.2 Staff retirement benefits

The Company operates 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 gratuity fund. Actuarial valuations are conducted annually using the "Projected Unit Credit Method" and the latest valuation was conducted as at June 30, 2009. Since both are complementary plans, combined details and valuation for pension plan and gratuity plan are given in note 36. Actuarial gains and losses are amortized over the expected remaining service of employees.
- (ii) Approved contributory provident funds for all employees for which contributions of Rs 18,834 thousand (2008: Rs 14,418 thousand) are charged to income for the year.

4.3 Employee compensated absences

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

4.4 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.

4.5 Provisions

Provisions are recognised when the Company has a legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

4.6 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 cost are constantly changing, as well as 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 real discount rate of 5% p.a. (2008: 5%). The increase in provision due to unwinding of discount is recorded as finance cost.

4.7 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.

4.8 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.

Notes to and Forming Part of the Financial Statements

for the year ended June 30, 2009

4.9 Exploration assets/costs and development costs

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

4.9.2 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.

4.9.3 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.

4.10 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 with in 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.

4.11 Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument and de-recognised when the Company loses control of the contractual rights that comprise the financial assets and when the obligation specified in the contract is discharged, cancelled or expires. All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortised cost or cost, as the case may be.

4.12 Financial Assets

The Company classifies its financial assets in the following categories: 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) 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.

(ii) 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 'Trade debts', 'Advances, deposits, prepayments and other receivables', 'Long term loans and advances' 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 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.

(iii) Available-for-sale investments

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

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

4.13 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.

4.14 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.

4.15 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.

4.16 Impairment

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use.

4.17 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 payment is established.

Notes to and Forming Part of the Financial Statements

for the year ended June 30, 2009

4.18 Joint ventures

The Company's share in transactions and balances related to joint venture operations in which the Company has a working interest are 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.

4.19 Dividend distribution

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

4.20 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.

4.21 Foreign currency transactions

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.

4.22 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.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

- i) Estimate of recoverable amount of investment in associated companies - note 15
- ii) Estimated crude oil/gas reserves used for amortisation of development and decommissioning costs - note 13
- iii) Estimated useful life of property, plant and equipment - note 12
- iv) Estimated costs and discount rate used for provision for decommissioning cost - note 9
- v) Price adjustment related to crude oil sales - note 4.17
- vi) Staff retirement benefits - note 36
- vii) Provision for income tax - note 32

6. SHARE CAPITAL

Authorised capital

500,000,000 (2008: 500,000,000) ordinary shares of Rs 10 each

Issued, subscribed and paid up capital

Shares issued for cash

20,200,000 (2008: 20,200,000) ordinary shares

Shares issued as fully paid bonus shares

At beginning of the year

Shares issued during the year

216,345,920 (2008: 176,921,600) ordinary shares

236,545,920 (2008: 197,121,600) ordinary shares of Rs 10 each

	2009 Rupees ('000)	2008 Rupees ('000)
Authorised capital	5,000,000	5,000,000
Issued, subscribed and paid up capital		
Shares issued for cash	202,000	202,000
Shares issued as fully paid bonus shares		
At beginning of the year	1,769,216	1,769,216
Shares issued during the year	394,243	-
216,345,920 (2008: 176,921,600) ordinary shares	2,163,459	1,769,216
236,545,920 (2008: 197,121,600) ordinary shares of Rs 10 each	2,365,459	1,971,216

The Company is a subsidiary of The Attock Oil Company Limited which held 127,143,424 (2008: 105,952,854) ordinary shares at the year end.

7. REVENUE RESERVES

Insurance reserve - note 7.1

Investment reserve - note 7.2

Unappropriated profit

	2009 Rupees ('000)	2008 Rupees ('000)
Insurance reserve - note 7.1	200,000	200,000
Investment reserve - note 7.2	1,557,794	-
Unappropriated profit	21,801,486	23,181,549
	23,559,280	23,381,549

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 reserves to meet any future losses/impairment on investments.

Notes to and Forming Part of the Financial Statements

for the year ended June 30, 2009

	2009 Rupees (‘000)	2008 Rupees (‘000)
8. LONG TERM DEPOSITS		
Security deposits from distributors against POLGAS equipment	419,759	439,850
Security deposits from distributors against POLGAS distributorship and others	36,894	37,192
	<u>456,653</u>	<u>477,042</u>
9. DEFERRED LIABILITIES		
Provision for deferred income tax - note 9.1	3,197,350	2,162,350
Provision for decommissioning cost - note 9.2	2,358,481	1,920,312
Provision for staff compensated absences	8,758	8,187
	<u>5,564,589</u>	<u>4,090,849</u>
9.1 Provision for deferred income tax		
The provision for deferred income tax represents:		
Temporary differences between accounting and tax depreciation/amortisation	3,221,743	2,186,743
Provision for stores and spares	(24,300)	(24,300)
Provision for doubtful receivable	(93)	(93)
	<u>3,197,350</u>	<u>2,162,350</u>
9.2 Provision for decommissioning cost		
Balance brought forward	1,920,312	1,351,065
Revision due to change in estimates	(124,765)	144,765
Provision during the year	56,979	47,177
Utilized during the year	-	(10,030)
Unwinding of discount - note 28	141,726	219,153
Exchange loss - note 28	364,229	168,182
	<u>2,358,481</u>	<u>1,920,312</u>

	2009 Rupees ('000)	2008 Rupees ('000)
10. TRADE AND OTHER PAYABLES		
Creditors	145,215	175,078
Due to related parties		
Attock Petroleum Limited	-	20,192
Attock Hospital (Pvt) Limited	82	213
Attock Information Technology Services (Pvt) Limited	13,740	10,915
Capgas (Pvt) Limited	425	874
Staff Provident Fund	639	3,971
Gratuity Fund - note 36.1	183,208	174,270
General Staff Provident Fund	3,916	722
Workers' Profit Participation Fund - note 10.1	509,236	534,890
Joint venture partners		
The Attock Oil Company Limited	20,075	38,263
Others	539,781	277,103
Accrued liabilities	394,797	449,305
Advance payment from customers	29,039	30,551
Royalty	124,578	212,794
Sales tax	29,053	36,722
Excise duty	7,251	8,950
Workers' Welfare Fund	247,501	222,958
Liability for staff compensated absences	8,369	6,187
Unclaimed dividends	35,305	22,741
	<u>2,292,210</u>	<u>2,226,699</u>
10.1 Workers' Profit Participation Fund		
Balance at beginning of the year	534,890	445,986
Add: Amount allocated for the year	385,944	521,874
Less: Amount paid to the Fund's trustees	411,598	432,970
	<u>509,236</u>	<u>534,890</u>
11. CONTINGENCIES AND COMMITMENTS		
(i) Tax demands raised in respect of tax years 2004, 2005 and 2006 consequent to difference in interpretation by tax authorities related to calculation of tax liability and depletion allowance, which has not been accepted by the Company and presently contested at the Income Tax Appellate Tribunal (ITAT) forum.	446,857	446,857
(ii) Capital expenditure commitments outstanding		
Share in Joint Ventures	4,278,912	8,513,586
Own fields	662,060	2,637,222
(iii) Guarantee's issued by banks on behalf of the Company to third parties	40,175	-
12. PROPERTY, PLANT AND EQUIPMENT		
Operating assets - note 12.1	1,860,913	2,008,025
Capital work in progress - note 12.5	2,151,621	633,841
	<u>4,012,534</u>	<u>2,641,866</u>

Notes to and Forming Part of the Financial Statements

for the year ended June 30, 2009

12.1 Operating assets

	Freehold	Buildings	Pipelines	Plant and machinery		Gas	Motor	Chattels	Computer and	Total
	land		and pumps	Field plants	Rigs	cylinders	vehicles		software development	
-----Rupees ('000)-----										
As at July 1, 2007										
Cost	12,337	186,092	543,183	2,862,324	288,667	434,507	164,440	68,149	104,547	4,664,246
Accumulated depreciation	-	(80,415)	(316,676)	(1,468,861)	(214,497)	(282,444)	(69,563)	(47,117)	(79,668)	(2,559,241)
Net book value	12,337	105,677	226,507	1,393,463	74,170	152,063	94,877	21,032	24,879	2,105,005
Year ended June 30, 2008										
Opening net book value	12,337	105,677	226,507	1,393,463	74,170	152,063	94,877	21,032	24,879	2,105,005
Additions	149	6,625	4,123	230,027	31,229	21,700	36,564	6,112	12,109	348,638
Disposals										
Cost	-	(2,175)	(90,792)	(32,555)	(1,468)	(6,738)	(2,835)	(5,713)	(7,913)	(150,189)
Depreciation	-	132	26,660	25,681	1,468	6,719	2,596	4,562	7,855	75,673
	-	(2,043)	(64,132)	(6,874)	-	(19)	(239)	(1,151)	(58)	(74,516)
Depreciation charge	-	(9,007)	(23,875)	(232,196)	(16,233)	(41,902)	(28,847)	(4,979)	(14,063)	(371,102)
Closing net book value	12,486	101,252	142,623	1,384,420	89,166	131,842	102,355	21,014	22,867	2,008,025
As at July 1, 2008										
Cost	12,486	190,542	456,514	3,059,796	318,428	449,469	198,169	68,548	108,743	4,862,695
Accumulated depreciation	-	(89,290)	(313,891)	(1,675,376)	(229,262)	(317,627)	(95,814)	(47,534)	(85,876)	(2,854,670)
Net book value	12,486	101,252	142,623	1,384,420	89,166	131,842	102,355	21,014	22,867	2,008,025
Year ended June 30, 2009										
Opening net book value	12,486	101,252	142,623	1,384,420	89,166	131,842	102,355	21,014	22,867	2,008,025
Additions	1,302	3,128	29,900	119,374	36,065	27,927	27,979	5,847	36,370	287,892
Disposals										
Cost	-	(1,058)	(734)	(49,399)	(31,642)	(48,923)	(7,885)	(14,249)	(8,871)	(162,761)
Depreciation	-	934	704	45,333	20,814	37,514	6,851	13,043	8,703	133,896
	-	(124)	(30)	(4,066)	(10,828)	(11,409)	(1,034)	(1,206)	(168)	(28,865)
Depreciation charge	-	(9,950)	(26,368)	(235,616)	(22,667)	(56,759)	(32,976)	(4,901)	(16,902)	(406,139)
Closing net book value	13,788	94,306	146,125	1,264,112	91,736	91,601	96,324	20,754	42,167	1,860,913
As at June 30, 2009										
Cost	13,788	192,612	485,680	3,129,771	322,851	428,473	218,263	60,146	136,242	4,987,826
Accumulated depreciation	-	(98,306)	(339,555)	(1,865,659)	(231,115)	(336,872)	(121,939)	(39,392)	(94,075)	(3,126,913)
Net book value	13,788	94,306	146,125	1,264,112	91,736	91,601	96,324	20,754	42,167	1,860,913
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 15,938 thousand; cost of Rs 77,614 thousand and depreciation of Rs 61,676 thousand (2008: book value of Rs 72,654 thousand; cost of Rs 102,067 thousand and depreciation of Rs 29,413 thousand).

12.2 Cost and accumulated depreciation include:

	Cost		Accumulated depreciation	
	2009 Rupees '000)	2008 Rupees '000)	2009 Rupees '000)	2008 Rupees '000)
Share in Joint Ventures operated by the Company	1,182,325	1,143,687	651,507	578,938
Share in Joint Ventures operated by others (assets not in possession of the Company)	931,559	862,574	373,957	290,798
	<u>2,113,884</u>	<u>2,006,261</u>	<u>1,025,464</u>	<u>869,736</u>

12.3 The depreciation charge has been allocated as follows:

Operating cost - note 25		303,630	326,268
Other income - Rig rental		26,151	-
- Crude transportation income		14,682	15,421
		40,833	15,421
Inter-transfers		61,676	29,413
		<u>406,139</u>	<u>371,102</u>

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)-----				
Cylinders	444	58	500	Insurance Claim	EFU Insurance Company Limited
Cylinders	14,397	462	18,918	Forfeiture of distributors security deposit	Various distributors

Notes to and Forming Part of the Financial Statements

for the year ended June 30, 2009

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, 2007	3,586	470	-	4,056
Additions during the year	1,515	626,248	6,078	633,841
Transfers during the year	(3,586)	(470)	-	(4,056)
Balance as at June 30, 2008	1,515	626,248	6,078	633,841
Balance as at July 1, 2008	1,515	626,248	6,078	633,841
Additions during the year	-	1,520,007	10,974	1,530,981
Transfers during the year	-	(13,201)	-	(13,201)
Balance as at June 30, 2009	1,515	2,133,054	17,052	2,151,621

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

	2009 Rupees ('000)	2008 Rupees ('000)
Own fields	35,511	8,087
Share in Joint Ventures operated by the Company		
- Ahmadal	-	2,131
- Pindori	-	101
Share in Joint Ventures operated by others		
MOL Pakistan Oil and Gas Company B.V. - TAL Block	2,114,086	610,676
Pakistan Petroleum Limited - Adhi	2,024	12,846
	2,151,621	633,841

13. DEVELOPMENT AND DECOMMISSIONING COSTS

Development cost		
Balance brought forward	6,105,966	5,664,653
Additions during the year	1,906,905	1,348,171
Successful well cost transferred from exploration and evaluation assets - note 14	291,273	-
	8,304,144	7,012,824
Amortisation for the year	(867,156)	(906,858)
	7,436,988	6,105,966
Decommissioning cost		
Balance brought forward	329,590	347,171
Revision due to change in estimates	(124,765)	144,765
Additions during the year	56,979	47,177
	261,804	539,113
Amortisation for the year	(34,472)	(209,523)
	227,332	329,590
	7,664,320	6,435,556

	2009 Rupees (‘000)	2008 Rupees (‘000)
14. EXPLORATION AND EVALUATION ASSETS		
Balance brought forward	1,281,794	372,340
Additions during the year	3,373,607	1,849,679
	<u>4,655,401</u>	<u>2,222,019</u>
Successful wells cost of Kotra Joint Venture transferred to development cost - note 13	(291,273)	-
Dry and abandoned wells cost charged to the profit and loss account - note 26	(869,884)	(940,225)
	<u>3,494,244</u>	<u>1,281,794</u>
14.1 Break up of exploration and evaluation assets at June 30 is as follows:		
Own fields - Meyal Uchri	1,929,430	404,409
Share in Joint Ventures operated by the Company		
- Kirthar South	24,921	123,380
- Ikhlas	702,025	15,530
Share in Joint Ventures operated by others		
MOL Pakistan Oil and Gas Company B.V. - TAL Block	588,478	440,841
Oil and Gas Development Company Limited - Kotra	-	290,447
- Gurgalot	249,390	7,187
	<u>3,494,244</u>	<u>1,281,794</u>

Notes to and Forming Part of the Financial Statements

for the year ended June 30, 2009

	2009		2008	
	Percentage holding	Amount Rupees ('000)	Percentage holding	Amount Rupees ('000)
15. LONG TERM INVESTMENTS IN SUBSIDIARY AND ASSOCIATED COMPANIES - AT COST				
Subsidiary company				
Unquoted				
Capgas (Private) Limited 344,250 (2008: 344,250) fully paid ordinary shares of Rs 10 each	51	1,530	51	1,530
Associated companies				
Quoted				
National Refinery Limited - note 15.1 19,991,640 (2008: 19,991,640) fully paid ordinary shares including 3,331,940 (2008: 3,331,940) bonus shares of Rs 10 each Quoted market value as at June 30, 2009: Rs 4,398,561 thousand (2008: Rs 5,946,913 thousand)	25	8,046,635	25	8,046,635
Attock Petroleum Limited (APL) - 15.2 4,042,080 (2008: 3,368,400) fully paid ordinary shares including 673,680 (2008: Nil) bonus shares of Rs 10 each Quoted market value as at June 30, 2009: Rs 1,287,443 thousand; (2008: Rs 1,456,092 thousand)	7	1,562,938	7	1,562,938
Unquoted				
Attock Information Technology Services (Pvt) Limited (AITSL) 450,000 (2008: 450,000) fully paid ordinary shares of Rs 10 each	10	4,500	10	4,500
		<u>9,615,603</u>		<u>9,615,603</u>

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 gross profit margin of 5.38% (2008: 5.4%), terminal growth rate of 3% (2008: 4%) and capital asset pricing model based discount rate of 18.05% (2008:18.64%).
- 15.2** Based on a valuation analysis carried out by the Company, the recoverable amount of investment in Attock Petroleum Limited exceeds its carrying amount. The recoverable amount has been estimated based on a value in use calculation. These calculations have been made on discounted cash flow based valuation methodology which assumes gross profit margin of 5.16%, terminal growth rate of 4.5% and capital asset pricing model based discount rate of 18.05%.

16. OTHER LONG TERM INVESTMENTS

Held-to-maturity investments - at cost - note 16.1

Term Finance Certificates of listed companies	-	53,298
Pakistan Investment Bonds - note 16.2	54,029	55,036
	54,029	108,334

Investments maturing within next twelve months shown under current assets	-	24,966
	54,029	83,368

Available-for-sale investments - at fair value - note 16.3

	74,179	438,997
	128,208	522,365

- 16.1** The fair value of held-to-maturity investments at June 30, 2009 was Rs 49,312 thousand (2008: 87,664 thousand).

	Final Maturity date	Mark up %	2009 Rupees ('000)	2008 Rupees ('000)
16.2 Pakistan Investment Bonds	30-06-2013	9.00	54,029	55,036

16.3 Available-for-sale investments - at fair value

Balance at the beginning of the year	438,997	439,663
Additions during the year	-	323,120
Deletions during the year	(323,120)	(320,510)
Impairment loss recognized during the year	(34,250)	-
Fair value (loss) transferred to equity	(7,448)	(3,276)
Balance at the end of the year	74,179	438,997

Notes to and Forming Part of the Financial Statements

for the year ended June 30, 2009

Number of shares/units	2009			Fair value	2008
	Cost	Impairment loss	Adjustment arising from remeasurement to fair value		Fair value
Rupees ('000)					

16.3.1 Available-for-sale investments include the following:

Listed securities:

Atlas Fund of Funds	5,250,000	50,000	(34,250)	-	15,750	46,777
Pakistan Telecommunication Company Limited	250,000	9,462	-	(5,152)	4,310	9,660
Hub Power Company Limited	250,000	9,263	-	(2,490)	6,773	7,150
Oil and Gas Development Company Limited	29	1	-	1	2	4

Unlisted securities:

AMZ Plus Income Fund	-	-	-	-	-	165,980
UTP Income Fund	-	-	-	-	-	165,060
Atlas Asset Management Company	92,251	30,000	-	17,344	47,344	44,366
		<u>98,726</u>	<u>(34,250)</u>	<u>9,703</u>	<u>74,179</u>	<u>438,997</u>

16.3.2 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, 2009 as quoted by the respective Asset Management Company.

17. LONG TERM LOANS AND ADVANCES, CONSIDERED GOOD

	2009 Rupees ('000)	2008 Rupees ('000)
Chief Executive and Executives - note 17.1	7,339	6,243
Other employees	20,161	20,041
	<u>27,500</u>	<u>26,284</u>
Less: Amount due within twelve months, shown under current loans and advances - note 21	17,121	15,648
	<u>10,379</u>	<u>10,636</u>

17.1 Movement in loans to Chief Executive and Executives

	Balance as at June 30, 2008	Disbursements	Repayments	Balance as at June 30, 2009
-----Rupees ('000)-----				
Chief Executive	871	-	871	-
Executives	5,372	12,040	10,073	7,339
	<u>6,243</u>	<u>12,040</u>	<u>10,944</u>	<u>7,339</u>

- 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 instalments respectively and are secured by a charge on the asset purchased and/or amount due to the employee against provident fund. These loans and advances are interest free. These do not include any amount receivable from Directors. The aggregate maximum amount due from the Chief Executive and Executives at the end of any month during the year was Rs 762 thousand and Rs 8,884 thousand (2008: Rs 2,069 and Rs 7,269 thousand) respectively.

	2009 Rupees (‘000)	2008 Rupees (‘000)
18. STORES AND SPARES		
Stores and spares - note 18.1	2,874,760	2,379,593
Less: Provision for slow moving items - note 18.2	81,000	81,000
	<u>2,793,760</u>	<u>2,298,593</u>
18.1 Stores and spares include:		
Share in Joint Ventures operated by the Company	133,622	144,478
Share in Joint Ventures operated by others (assets not in possession of the Company)	479,880	370,798
	<u>613,502</u>	<u>515,276</u>
18.2 Provision for slow moving items		
Balance brought forward	81,000	47,488
Provision for the year	-	34,154
Stores written off during the year	-	(642)
	<u>81,000</u>	<u>81,000</u>
19. STOCK IN TRADE		
Crude oil and other products	89,371	57,611

These include Rs 15,192 thousand (2008: Rs 15,056 thousand) being the Company's share in Joint Ventures operated by the Company.

	2009 Rupees (‘000)	2008 Rupees (‘000)
20. TRADE DEBTS		
Due from related parties - note 20.1	1,245,754	1,257,920
Others	580,718	542,313
	<u>1,826,472</u>	<u>1,800,233</u>
20.1 Due from related parties		
Associated companies		
Attock Refinery Limited	1,233,559	1,257,920
Attock Petroleum Limited	12,195	-
	<u>1,245,754</u>	<u>1,257,920</u>

Notes to and Forming Part of the Financial Statements

for the year ended June 30, 2009

	2009 Rupees (‘000)	2008 Rupees (‘000)
21. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES		
Loans and advances - considered good		
Employees - note 17	17,121	15,648
Suppliers	5,058	24,700
	22,179	40,348
Trade deposits and short term prepayments		
Deposits	25,991	942
Short-term prepayments	199,439	21,654
	225,430	22,596
Interest income accrued	46,946	65,562
Other receivables		
Joint venture partners		
The Attock Oil Company Limited	308,528	19,506
Others	326,555	432,986
Due from related parties		
Parent company		
The Attock Oil Company Limited	9,192	5,554
Associated company		
National Refinery Limited	14,893	10,115
Management Staff Pension Fund - note 36.1	154,619	96,646
Other receivables	35,685	8,735
	849,472	573,542
	1,144,027	702,048
22. SHORT TERM INVESTMENTS		
Held-to-maturity investments - at cost		
Carry Over Transactions	-	51,992
Held-to-maturity investments maturing within next twelve months	-	24,966
	-	76,958

	2009 Rupees ('000)	2008 Rupees ('000)
23. CASH AND BANK BALANCES		
Bank balance on		
Short term deposits	3,265,250	5,897,204
Interest/mark-up bearing saving accounts	594,940	1,434,547
Current accounts	82,545	88,185
	<u>3,942,735</u>	<u>7,419,936</u>
Cash in hand	2,945	4,789
	<u>3,945,680</u>	<u>7,424,725</u>

Balance with banks include foreign currency balances of US \$ 10,828 thousand (2008: US \$ 29,942 thousand). The balances in saving accounts and short term deposits earned interest/mark-up ranging from 4.89% to 19% (2008: 0.2% to 12.7%).

	2009 Rupees ('000)	2008 Rupees ('000)
24. NET SALES		
Crude oil - note 24.1	7,052,369	9,811,117
Gas	3,733,645	3,184,422
POLGAS - Refill of cylinders	2,984,285	3,437,216
Solvent oil	227,500	231,269
Sulphur	45,278	72,335
Liquefied petroleum gas	3,743	3,102
	<u>14,046,820</u>	<u>16,739,461</u>

24.1 During the year crude oil sale agreements for certain fields were approved by the Government of Pakistan. As a result the difference between provisional and final prices relating to prior periods sales amounting to Rs 516,075 thousand has been recognised during the year.

Notes to and Forming Part of the Financial Statements

for the year ended June 30, 2009

	2009 Rupees (‘000)	2008 Rupees (‘000)
25. OPERATING COSTS		
Operating cost - Own fields	249,434	212,760
- Share in Joint Ventures	1,105,709	792,932
Well work over	514,602	192,862
POLGAS -Cost of gas/LPG & carriage etc	1,316,394	1,752,991
Head office and insurance charges	34,875	40,634
Pumping and transportation cost	19,360	20,509
Depreciation - note 12.3	303,630	326,268
	<u>3,544,004</u>	<u>3,338,956</u>
Opening stock of crude oil and other products	57,611	69,207
Closing stock of crude oil and other products	(89,371)	(57,611)
	<u>3,512,244</u>	<u>3,350,552</u>
26. EXPLORATION COSTS		
Geological and geophysical cost		
Own fields	107,637	563
Share in Joint Ventures operated by the Company		
- Kirthar South	48,316	(32,122)
- Hyderabad	67	3,111
- Ikhlas	272,559	11,707
- Pindori	282	-
Share in Joint Ventures operated by the others		
Pakistan Petroleum Limited - Adhi	34,761	-
Oil and Petroleum Inc. - Dhurnal	7,488	-
MOL Pakistan Oil and Gas Company B.V. - TAL Block	85,329	54,060
- Margalla Block	292,590	16,968
- Margalla North Block	294,361	19,563
Oil and Gas Development Company Limited - Kotra	20,470	13,718
- Gurgalot	12,228	1,991
- Chak Naurang	11,516	263
Tullow Pakistan Developments Limited - Nawabshah	-	(4,318)
ENI Pakistan Limited - Manchar Block	21	(1,945)
	<u>1,187,625</u>	<u>83,559</u>
Dry and abandoned wells cost - note 14		
Own fields - Khaur	-	595,443
Share in Joint Ventures operated by the Company		
- Kirthar South	854,354	344,782
- Ikhlas	15,530	-
	<u>869,884</u>	<u>940,225</u>
	<u>2,057,509</u>	<u>1,023,784</u>

	2009 Rupees ('000)	2008 Rupees ('000)
27. ADMINISTRATION EXPENSES		
Establishment charges	67,996	78,938
Telephone and telex	907	945
Medical expenses	3,900	3,657
Printing, stationery and publications	5,747	4,313
Insurance	2,538	2,924
Travelling expenses	3,343	1,471
Motor vehicle running expenses	5,929	9,232
Rent, repairs and maintenance	6,654	6,517
Auditors' remuneration - note 27.1	3,574	1,978
Legal and professional charges	1,591	4,171
Stock exchange and CDC fee	1,681	397
Computer support and maintenance charges	6,561	5,085
Donations *	3,020	693
Other expenses	-	888
	113,441	121,209
Less: Amount allocated to field expenses	66,589	68,650
	46,852	52,559
* No director or his spouse had any interest in the donee institutions.		
27.1 Auditor's remuneration:		
Statutory audit	750	530
Review of half yearly accounts, audit of consolidated accounts, staff funds, special certifications	699	586
Tax services	2,000	700
Out of pocket expenses	125	162
	3,574	1,978
28. FINANCE COST		
Provision for decommissioning cost - note 9.2		
- Unwinding of discount	141,726	219,153
- Exchange loss	364,229	168,182
Banks' commission and charges	6,457	1,719
	512,412	389,054
29. OTHER CHARGES		
Workers' profit participation fund	385,944	521,874
Workers' welfare fund	146,659	125,041
	532,603	646,915

Notes to and Forming Part of the Financial Statements

for the year ended June 30, 2009

	2009 Rupees (‘000)	2008 Rupees (‘000)
30. OTHER OPERATING INCOME		
Income from financial assets		
Income on bank deposits	770,492	438,605
Income on held-to-maturity investments	6,978	21,298
Exchange gain on financial assets	397,803	195,820
Dividend on available-for-sale investments	4,188	11,312
Profit on disposal of available-for-sale investments	15,014	32,497
Impairment loss on available-for-sale investments	(34,250)	-
Income from investments in subsidiary and associated companies		
Dividend from subsidiary and associated companies - note 30.1	530,686	417,589
Other income		
Rental income (net of related expenses Rs 8,684 thousand; 2008: Rs Nil)	104,371	88,224
Rig rental (net of related expenses Rs 137,177 thousand; 2008: Rs Nil)	95,750	-
Crude oil/gas transportation income (net of related expenses Rs 36,293 thousand; 2008: Rs 28,295 thousand)	100,972	126,796
Gas processing fee	20,812	16,281
Profit on sale of property, plant and equipment	17,774	39,865
Sale of stores and scrap	1,640	1,002
Other	9,639	2,603
	<u>2,041,869</u>	<u>1,391,892</u>
30.1 Dividend from subsidiary and associated companies		
Subsidiary company		
Capgas (Pvt) Limited	23,064	45,097
Associated companies		
National Refinery Limited	399,833	333,194
Attock Petroleum Limited	107,789	39,298
	<u>530,686</u>	<u>417,589</u>
31. GAIN ON SALE OF SHARES OF AN ASSOCIATED COMPANY		
Proceeds from sale of shares of Attock Petroleum Limited (net of expenses incurred on disposal)	-	1,561,303
Cost of investment disposed off	-	(3,509)
	<u>-</u>	<u>1,557,794</u>

	2009 Rupees ('000)	2008 Rupees ('000)
32. PROVISION FOR TAXATION		
Current	531,531	2,465,836
Deferred	1,035,000	338,381
	<u>1,566,531</u>	<u>2,804,217</u>

32.1 Reconciliation of tax charge for the year

Accounting profit	7,184,818	11,420,711
* Tax at applicable tax rate of 50.20% (2008: 50.59%)	3,606,779	5,778,195
Tax effect of income that is not taxable or taxable at reduced rates	(684,986)	(1,083,735)
Tax effect of depletion allowance and royalty payments	(1,355,262)	(1,890,243)
Tax charge	<u>1,566,531</u>	<u>2,804,217</u>

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

	2009 Rupees ('000)	2008 Rupees ('000)
33. POLGAS OPERATING RESULTS		
Gross sales	3,461,723	3,952,793
Less: Sales tax	477,438	515,577
Net sales	<u>2,984,285</u>	<u>3,437,216</u>
Operating costs	2,307,645	3,076,821
Operating profit	<u>676,640</u>	<u>360,395</u>

Notes to and Forming Part of the Financial Statements

for the year ended June 30, 2009

34. 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	
	2009 Rupees ('000)	2008	2009 Rupees ('000)	2008
Managerial remuneration	4,184	3,483	49,883	33,368
Bonus	1,741	1,395	16,132	10,835
Housing, utility and conveyance	3,194	2,619	48,711	27,144
Company's contribution to pension and provident funds	1,263	1,045	16,478	9,894
Leave passage	532	532	6,036	5,063
Other benefits	1,477	1,204	13,297	9,009
	<u>12,391</u>	<u>10,278</u>	<u>150,537</u>	<u>95,313</u>
No. of persons, including those who worked part of the year	1	1	53	39

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

An honorarium of Rs 919 thousand (2008: Rs 919 thousand) was paid to two Non-Executive Directors.

Remuneration of Executives are net of charge to subsidiary and associated companies amounting to Rs 8,310 thousand (2008: Rs 5,399 thousand).

35. FINANCIAL INSTRUMENTS

35.1 Financial assets and liabilities

	Held to Maturity Investments	Loans and receivables	Available-for- sale Investments	Total
	----- Rupees ('000) -----			
June 30, 2009				
Financial Assets				
Maturity up to one year				
Trade debts	-	1,826,472	-	1,826,472
Advances , deposits and other receivables	-	939,530	-	939,530
Cash and cash equivalents	-	3,945,680	-	3,945,680
Maturity after one year				
Other long term investments	54,029	-	74,179	128,208
Long term loans and advances	-	10,379	-	10,379
	<u>54,029</u>	<u>6,722,061</u>	<u>74,179</u>	<u>6,850,269</u>

Financial Liabilities

	Other financial liabilities	Total
	-----Rupees ('000)-----	
Maturity up to one year		
Trade and other payables	2,263,171	2,263,171
Maturity after one year		
Long term deposits	456,653	456,653
Provision for decommissioning cost	2,358,481	2,358,481
Provision for staff compensated absences	8,758	8,758
	<u>5,087,063</u>	<u>5,087,063</u>

	Held to Maturity Investments	Loans and receivables	Available-for- sale Investments	Total
	----- Rupees ('000) -----			

June 30, 2008

Financial Assets

Maturity up to one year				
Trade debts	-	1,800,233	-	1,800,233
Advances , deposits and other receivables	-	655,694	-	655,694
Short term investments	76,958	-	-	76,958
Cash and cash equivalents	-	7,424,725	-	7,424,725
Maturity after one year				
Other long term investments	83,368	-	438,997	522,365
Long term loans and advances	-	10,636	-	10,636
	<u>160,326</u>	<u>9,891,288</u>	<u>438,997</u>	<u>10,490,611</u>

Financial Liabilities

	Other financial liabilities	Total
	-----Rupees ('000)-----	
Maturity up to one year		
Trade and other payables	2,196,148	2,196,148
Maturity after one year		
Long term deposits	477,042	477,042
Provision for decommissioning cost	1,920,312	1,920,312
Provision for staff compensated absences	8,187	8,187
	<u>4,601,689</u>	<u>4,601,689</u>

Notes to and Forming Part of the Financial Statements

for the year ended June 30, 2009

35.2 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.

	2009		2008	
	Rating	Balance Rupees ('000)	Rating	Balance Rupees ('000)
Held-to-maturity investments				
Counterparties with external credit rating		-	A A -	4,000
		-	A	6,800
Counterparties without external credit rating				
Securities issued/supported by Government of Pakistan with no default in the past		54,029		97,534
Others		-		51,992
		<u>54,029</u>		<u>160,326</u>
Available for sale investments				
Counterparties with external credit rating	5-Star	15,750	5-Star	377,817
	A M 3 +	47,344	A M 3 +	44,366
	A A A	2	A A A	4
Counterparties without external credit rating				
Equity securities with no defaults in the past		11,083		16,810
		<u>74,179</u>		<u>438,997</u>
Trade debts				
Counterparties with external credit rating	A 1 +	1,789,489	A 1 +	1,747,769
	A 1	-	A 1	4,380
Counterparties without external credit rating				
Existing customers/joint venture partners with no default in the past		36,983		48,084
		<u>1,826,472</u>		<u>1,800,233</u>
Advances, deposits and other receivables				
Counterparties with external credit rating	A 1 +	164,021	A 1 +	70,960
	A 1	4,953	A 1	13,372
Counterparties without external credit rating				
Existing customers/joint venture partners with no default in the past		253,930		434,008
Receivable from employees/employee benefit plans		171,740		112,294
Receivable from parent company		317,720		25,060
Others		27,166		-
		<u>939,530</u>		<u>655,694</u>
Bank balances				
Counterparties with external credit rating	A 1 +	3,939,077	A 1 +	6,292,985
	A 1	2,219	A 1	284,895
	A 2 (RW)	124	A 2 (RW)	629,616
	A 3	1,315	A 3	212,440
		<u>3,942,735</u>		<u>7,419,936</u>

35.3 FINANCIAL RISK MANAGEMENT

35.3.1 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, 2009, trade debts of Rs 436,169 thousand (2008: Rs 438,359 thousand) were past due but not impaired. The ageing analysis of these trade receivables is as follows:

	2009 Rupees '000)	2008 Rupees '000)
Up to 3 months	100,882	71,217
3 to 6 months	2,475	40,200
6 to 12 months	70,226	39,738
Above 12 months	262,586	287,204
	<u>436,169</u>	<u>438,359</u>

(b) Liquidity risk

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

The Company manages liquidity risk by maintaining sufficient cash and marketable securities. At June 30, 2009, the Company had financial assets of Rs 6,850,269 thousand (2008: Rs 10,490,611 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, 2009			
Long term deposits	-	456,653	-
Provision for decommissioning cost	-	2,238,732	3,160,209
Provision for staff compensated absences	-	8,758	-
Trade and other payables	2,263,171	-	-
At June 30, 2008			
Long term deposits	-	477,042	-
Provision for decommissioning cost	-	1,783,952	3,348,601
Provision for staff compensated absences	-	8,187	-
Trade and other payables	2,196,148	-	-

Notes to and Forming Part of the Financial Statements

for the year ended June 30, 2009

(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 the foreign exchange risk is restricted to trade debts, bank balances, receivable from/payable to joint venture partners, payable to suppliers and provision for decommissioning cost.

Financial assets include Rs 2,759,979 thousand (2008: Rs 3,962,848 thousand) and financial liabilities include Rs 3,085,203 thousand (2008: Rs 2,481,517 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 32,522 thousand (2008: Rs 148,133 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 3,914,219 thousand (2008: Rs 7,492,077 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 36,901 thousand (2008: Rs 34,762 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 investment policy of the Company.

Available for sale investments include Rs 74,179 thousand (2008: Rs 438,997 thousand) which were subject to price risk.

35.3.2 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 objective, 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.

35.3.3 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.

36. STAFF RETIREMENT BENEFITS

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

	2009 Rupees ('000)	2008 Rupees ('000)
36.1 The amounts recognized in the balance sheet are as follows:		
Present value of defined benefit obligations	760,087	640,154
Fair value of plan assets	(590,119)	(537,513)
	169,968	102,641
Unrecognized actuarial gains (losses)	(141,379)	(25,017)
Net liability	28,589	77,624
Amounts in the balance sheet:		
Liability - Gratuity Fund - note 10	183,208	174,270
Asset - Management Staff Pension Fund - note 21	(154,619)	(96,646)
Net liability	28,589	77,624
36.2 The amounts recognized in the profit and loss account are as follows:		
Current service cost	27,572	25,340
Interest cost	81,479	63,223
Expected return on plan assets	(73,264)	(56,677)
Past service cost	4,010	(2,921)
Net actuarial losses recognized during the year	2,175	1,167
Contribution from an associated company	-	(2,794)
	41,972	27,338
36.3 Actual return on plan assets	13,663	35,287

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

Notes to and Forming Part of the Financial Statements

for the year ended June 30, 2009

	2009 Rupees (‘000)	2008 Rupees (‘000)
36.4 Changes in the present value of defined benefit obligation are as follows:		
Opening defined benefit obligation	640,154	592,705
Current service cost	27,572	25,340
Interest cost	81,479	63,223
Past service cost	4,010	3,386
Actuarial losses	58,936	19,278
Holding company share of obligation	-	(26,909)
Benefits paid	(52,064)	(36,869)
Closing defined benefit obligation	<u>760,087</u>	<u>640,154</u>

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

Opening fair value of plan assets	537,513	508,042
Expected return	73,264	56,677
Actuarial (losses)	(59,601)	(21,390)
Contribution by employer	91,007	37,068
Holding company share of plan assets	-	(20,602)
Benefits paid	(52,064)	(22,282)
Closing fair value of plan assets	<u>590,119</u>	<u>537,513</u>

The Company expects to contribute Rs 100 million to its defined benefit plans during the year ending June 30, 2010.

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

	2009		2008	
	Rupees (‘000)	%age	Rupees (‘000)	%age
Government bonds	104,583	18	156,275	29
Unit trusts	87,385	15	145,154	27
Shares	16,771	3	28,080	5
Term deposits	393,084	66	167,554	31
Other assets	10,464	2	61,052	12
Allocated to holding company	(22,168)	(4)	(20,602)	(4)
	<u>590,119</u>	<u>100</u>	<u>537,513</u>	<u>100</u>

36.7 Principal actuarial assumptions

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

	2009 %	2008 %
Discount rate	12.5	13.2
Expected rate of salary increase	10.4	11.1
Expected rate of pension increase	7.1	7.9
Expected rate of return on investments	12.5	13.3

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

	2009	2008	2007	2006	2005
	----- Rupees ('000) -----				
Defined benefit obligation	760,087	640,154	592,705	552,713	489,072
Plan assets	(590,119)	(537,513)	(508,042)	(425,053)	(379,488)
Deficit / (surplus)	<u>169,968</u>	<u>102,641</u>	<u>84,663</u>	<u>127,660</u>	<u>109,584</u>
Experience adjustments on plan liabilities	<u>58,936</u>	<u>19,278</u>	<u>(16,063)</u>	<u>16,143</u>	<u>34,075</u>
Experience adjustments on plan assets	<u>(59,601)</u>	<u>(21,390)</u>	<u>38,253</u>	<u>2,715</u>	<u>(4,426)</u>

37. EARNINGS PER SHARE

	2009	2008
Profit after tax (in thousand rupees)	<u>5,618,287</u>	<u>8,616,494</u>
Weighted average number of ordinary shares in issue during the year (in thousand shares)	<u>236,546</u>	<u>236,546</u>
Basic earnings per share (Rupees)	<u>23.75</u>	<u>36.43</u>

Basic earnings per share previously reported at Rs 43.71 in the financial statements for the year ended June 30, 2008 has been restated to Rs 36.43 for 39,424,320 bonus shares issued during the year ended June 30, 2009.

A diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at June 30, 2008 and 2009 which would have any effect on the earnings per share if the option to convert is exercised.

Notes to and Forming Part of the Financial Statements

for the year ended June 30, 2009

38. 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:

	2009 Rupees ('000)	2008 Rupees ('000)
Parent company - The Attock Oil Company Limited		
Purchase of petroleum products	21,085	83,252
Purchase of services	-	53
Sale of services	444	212
Subsidiary company - Cap Gas (Pvt) Limited		
Sale of services	8,989	7,562
Purchase of services	4,273	3,569
Associated companies		
Attock Refinery Limited		
Sale of crude oil and gas	6,585,561	9,694,274
Crude oil and gas transmission charges	88,610	91,028
Sale of services	5,195	4,735
Purchase of fuel	6,000	5,836
Purchase of services	10,726	1,225
Purchase of LPG	288,940	278,132
Attock Petroleum Limited		
Purchase of fuel and lubricants	787,894	509,490
Purchase of services	430	764
Sale of solvent oil	282,983	172,269
Sale of services	5,008	3,619
National Refinery Limited		
Purchase of services	1,056	976
Sale of services	-	298
Purchase of LPG	311,507	375,398
Attock Information Technology (Private) Limited		
Purchase of services	12,075	8,355
Attock Cement Pakistan Limited		
Purchase of services	-	108
Sale of services	-	59
Attock Hospital (Private) Limited		
Purchase of medical services	3,107	2,135
Other related parties		
Contribution to staff retirement benefits plans		
Management Staff Pension Fund and Gratuity Fund	91,007	37,068
Approved Contributory Provident Funds	18,834	14,418
Contribution to Workers' Profit Participation Fund	385,944	521,874

39. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in their meeting held on October 01, 2009 have proposed a final cash dividend for the year ended June 30, 2009 @ Rs 10 per share, amounting to Rs 2,365,459 thousand for approval of the members in the Annual General Meeting to be held on October 29, 2009.

40. GENERAL

40.1 Capacity

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

40.2 Number of employees

Total number of employees at the end of the year were 786 (2008: 810).

40.3 Date of authorization

These financial statements were authorized for issue by the Board of Directors of the Company on October 01, 2009.

Sajid Nawaz
Chief Executive

Abdus Sattar
Director

Consolidated Financial Statements

Consolidated Financial Statements

Auditor's Report to the Members

A.F. FERGUSON & CO. CHARTERED ACCOUNTANTS

KARACHI-LAHORE-ISLAMABAD

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of Pakistan Oilfields Limited and its subsidiary company, Capgas (Private) Limited as at June 30, 2009 and the related consolidated profit and loss account, 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 the fact that the subsidiary company has no agreement for purchase of LPG from OGDCL, which is the major supplier of LPG to the subsidiary and consequently sales and profits may be decreased significantly in future. 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, 2009 and the results of their operations for the year then ended.



Chartered Accountants

Islamabad
October 01, 2009

Name of the audit engagement partner: M. Imtiaz Aslam

Consolidated Balance Sheet

as at June 30, 2009

	Note	2009 Rupees ('000)	2008 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	1,971,216
Capital Reserves	7	557,087	1,226,460
Revenue reserves	8	24,587,947	23,777,832
Fair value gain on available-for-sale investments		10,788	21,065
		27,521,281	26,996,573
MINORITY INTEREST IN EQUITY OF CONSOLIDATED SUBSIDIARY COMPANY			
		57,942	47,473
NON CURRENT LIABILITIES			
Long term deposits	9	579,772	599,265
Deferred liabilities	10	5,568,852	4,092,054
		6,148,624	4,691,319
CURRENT LIABILITIES AND PROVISIONS			
Trade and other payables	11	2,327,328	2,265,312
Provision for income tax		476,704	706,888
		2,804,032	2,972,200
CONTINGENCIES AND COMMITMENTS			
	12		
		36,531,879	34,707,565

	Note	2009 Rupees ('000)	2008 Rupees ('000)
FIXED ASSETS			
Property, plant and equipment	13	4,074,612	2,704,405
Development and decommissioning costs	14	7,664,320	6,435,556
Exploration and evaluation assets	15	3,494,244	1,281,794
		15,233,176	10,421,755
LONG TERM INVESTMENTS IN ASSOCIATED COMPANIES	16	11,142,136	11,192,851
OTHER LONG TERM INVESTMENTS	17	188,268	618,116
LONG TERM LOANS AND ADVANCES	18	10,379	10,636
CURRENT ASSETS			
Stores and spares	19	2,794,512	2,299,562
Stock in trade	20	95,971	62,960
Trade debts	21	1,827,533	1,801,756
Advances, deposits, prepayments and other receivables	22	1,158,525	717,263
Short term investments	23	6,623	83,841
Cash and bank balances	24	4,074,756	7,498,825
		9,957,920	12,464,207
		36,531,879	34,707,565

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



Sajid Nawaz
Chief Executive



Abdus Sattar
Director

Consolidated Profit and Loss Account

for the year ended June 30, 2009

	Note	2009 Rupees ('000)	2008 Rupees ('000)
SALES		15,660,558	18,722,408
Less: Sales tax		1,115,279	1,568,533
NET SALES	25	14,545,279	17,153,875
Operating costs	26	3,884,192	3,713,428
Excise duty and development surcharge		134,517	161,804
Royalty		1,206,106	1,527,387
Amortisation of development and decommissioning costs		901,628	1,116,381
		6,126,443	6,519,000
GROSS PROFIT		8,418,836	10,634,875
Exploration costs	27	2,057,509	1,023,784
		6,361,327	9,611,091
Administration expenses	28	58,157	62,044
Finance cost	29	512,785	389,390
Other charges	30	541,244	650,893
		1,112,186	1,102,327
		5,249,141	8,508,764
Other operating income	31	1,521,807	996,549
		6,770,948	9,505,313
Profit / (loss) on investment in associated companies	32	(143,357)	70,935
		6,627,591	9,576,248
PROFIT BEFORE TAXATION		6,627,591	9,576,248
Provision for taxation	33	1,611,209	2,837,474
		5,016,382	6,738,774
PROFIT AFTER TAXATION		5,016,382	6,738,774
Share in profits of associated companies		600,264	1,687,200
		5,616,646	8,425,974
Minority interest in profit of consolidated subsidiary company		(35,348)	(13,097)
		5,581,298	8,412,877
PROFIT FOR THE YEAR		5,581,298	8,412,877
Earnings per share (Rupees)	39	23.59	35.57

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



Sajid Nawaz
Chief Executive



Abdus Sattar
Director

Consolidated Cash Flow Statement

for the year ended June 30, 2009

	2009 Rupees ('000)	2008 Rupees ('000)
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	14,870,061	17,976,989
Operating and exploration costs paid	(7,214,627)	(5,224,959)
Royalty paid	(1,294,322)	(1,477,474)
Taxes paid	(805,384)	(2,105,266)
Cash provided by operating activities	5,555,728	9,169,290
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed assets additions	(6,149,411)	(3,176,318)
Proceeds from disposal of property, plant and equipment	30,701	46,470
Proceeds from sale of shares of an associated company	-	1,561,302
Purchase of shares of an associated company	-	(1,562,938)
Other investments	461,639	108,802
Income on bank deposits and held-to-maturity investments	818,821	444,393
Dividend received from associated companies	507,622	372,492
Dividend received on available-for-sale investment	8,937	17,143
Cash used in investing activities	(4,321,691)	(2,188,654)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid to company shareholders	(5,033,749)	(2,958,908)
Dividend paid to minority interest	(22,160)	(43,328)
Cash used in financing activities	(5,055,909)	(3,002,236)
EFFECT OF EXCHANGE RATE CHANGES	397,803	195,820
INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(3,424,069)	4,174,220
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	7,498,825	3,324,605
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	4,074,756	7,498,825

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



Sajid Nawaz
Chief Executive



Abdus Sattar
Director

Consolidated Statement of Changes in Equity

for the year ended June 30, 2009

	Share capital	Capital reserves		Insurance reserve	Revenue reserves		Unappropriated profit	Fair value gain/ (loss) on available-for-sale investments	Total
		Bonus shares issued by subsidiary/ associated companies	Special reserves		Investment reserve	General reserve			
Rupees ('000)									
Balance at June 30, 2007	1,971,216	26,474	451,373	200,000	-	258,825	18,611,567	27,054	21,546,509
Final dividend @ Rs 15 per share relating to the year ended June 30, 2007	-	-	-	-	-	-	(2,956,824)	-	(2,956,824)
Bonus shares issued by associated companies	-	33,319	-	-	-	-	(33,319)	-	-
Sale of bonus shares of an associated company	-	(24,561)	-	-	-	-	24,561	-	-
Transfer to special reserve by associated companies	-	-	739,855	-	-	-	(739,855)	-	-
Transfer to general reserve by an associated company	-	-	-	-	-	561,100	(561,100)	-	-
Profit for the year ended June 30, 2008	-	-	-	-	-	-	8,412,877	-	8,412,877
Fair value loss on available-for-sale investments	-	-	-	-	-	-	-	(5,989)	(5,989)
Balance at June 30, 2008	1,971,216	35,232	1,191,228	200,000	-	819,925	22,757,907	21,065	26,996,573
Issue of Bonus shares	394,243	-	-	-	-	-	(394,243)	-	-
Final dividend @ Rs 16 per share relating to the year ended June 30, 2008	-	-	-	-	-	-	(3,153,946)	-	(3,153,946)
Bonus shares issued by an associated company	-	6,737	-	-	-	-	(6,737)	-	-
Transfer to investment reserve	-	-	-	-	70,935	-	(70,935)	-	-
Transfer to general reserve by an associated company	-	-	-	-	-	364,150	(364,150)	-	-
Transfer from special reserve by associated companies	-	-	(676,110)	-	-	-	676,110	-	-
Interim dividend @ Rs 8 per share relating to the year ended June 30, 2009	-	-	-	-	-	-	(1,892,367)	-	(1,892,367)
Profit for the year ended June 30, 2009	-	-	-	-	-	-	5,581,298	-	5,581,298
Impairment loss on investment in associated company transferred from unappropriated profit to investment reserve	-	-	-	-	(70,935)	-	70,935	-	-
Fair value loss on available-for-sale investments	-	-	-	-	-	-	-	(10,277)	(10,277)
Balance at June 30, 2009	2,365,459	41,969	515,118	200,000	-	1,184,075	23,203,872	10,788	27,521,281

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



Sajid Nawaz
Chief Executive



Abdus Sattar
Director

Notes to and Forming Part of the Consolidated Financial Statements

for the year ended June 30, 2009

1. LEGAL STATUS AND OPERATIONS

Pakistan Oilfields Limited (POL), the holding 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 (Private) limited, 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 accounts, 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

- (a) Standards, amendments and interpretations effective in 2009.

IFRS 7 (Financial Instruments: Disclosures) was effective from the period beginning on July 1, 2008 however the Company had early adopted IFRS 7 in the previous year.

- (b) Standards, amendments and interpretations effective during the year but not relevant.

IAS 29	Financial Reporting in Hyperinflationary Economies
IFRIC 7	Applying the Restatement Approach under IAS 29
IFRIC 11	Group and Treasury Share Transactions
IFRIC 13	Customer Loyalty Programmes
IFRIC 14	IAS 19 - The Limit on a defined benefit asset, minimum funding requirements and their interaction

- (c) Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company.

	Effective for periods beginning on or after
IFRS 1	First time adoption of IFRS (Revised) July 1, 2009
IFRS 2	Share-based payment (Amendments) January 1, 2009
IFRS 3	Business combinations (Revised) July 1, 2009
IFRS 4	Insurance contracts (Amendments) January 1, 2009
IFRS 5	Non-current assets held-for-sale and discontinued operations (Amendments) January 1, 2009

Notes to and Forming Part of the Consolidated Financial Statements

for the year ended June 30, 2009

	Effective for periods beginning on or after	
IFRS 7	Financial Instruments: Disclosure (Amendments)	January 1, 2009
IFRS 8	Operating Segments	January 1, 2009
IAS 1	Presentation of Financial Statements (Revised)	January 1, 2009
IAS 7	Statement of cash flows (Amendments)	January 1, 2009
IAS 12	Income taxes (Amendments)	January 1, 2009
IAS 16	Property, plant and equipment (Amendments)	January 1, 2009
IAS 18	Revenue (Amendments)	January 1, 2009
IAS 19	Employee benefits (Amendments)	January 1, 2009
IAS 20	Government grants and disclosure of government assistance (Amendments)	January 1, 2009
IAS 21	The effects of changes in foreign exchange rates (Amendments)	January 1, 2009
IAS 23	Borrowing costs (Revised)	January 1, 2009
IAS 27	Consolidated and separate financial statements (Amendments)	July 1, 2009
IAS 28	Investment in associates (Amendments)	January 1, 2009
IAS 31	Interests in joint ventures (Amendments)	January 1, 2009
IAS 32	Financial Instruments: Presentation (Amendments)	January 1, 2009
IAS 33	Earnings per share (Amendments)	January 1, 2009
IAS 34	Interim financial reporting (Amendments)	January 1, 2009
IAS 36	Impairment of assets (Amendments)	January 1, 2009
IAS 38	Intangible assets (Amendments)	January 1, 2009
IAS 39	Financial instruments: Recognition and measurement (Amendments)	January 1, 2009
IAS 40	Investment property (Amendments)	January 1, 2009
IAS 41	Agriculture (Amendments)	January 1, 2009
IFRIC 1	Changes in existing decommissioning, restoration and similar liabilities (Amendments)	January 1, 2009
IFRIC 2	Member's share in corporate entities and similar liabilities (Amendments)	January 1, 2009
IFRIC 4	Determining whether an Arrangement contains a Lease	July 1, 2010
IFRIC 12	Service Concession Arrangements	July 1, 2010
IFRIC 14	The limit on a defined benefit asset, minimum funding requirements and their interaction (Amendments)	January 1, 2009
IFRIC 15	Agreements for the construction of real estate	January 1, 2009
IFRIC 16	Hedges of a net investment in a foreign operation	October 1, 2008
IFRIC 17	Distributions of non-cash assets to owners	July 1, 2009

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

3.1 Basis of consolidation

The consolidated financial statements include the financial statements of POL and its subsidiary Caggas (Private) Limited with 51% holding (2008: 51%).

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.

Minority 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. Minority interest are presented as a separate item in the consolidated financial statements.

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 Staff retirement benefits

The Company operates 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 gratuity fund. Actuarial valuations are conducted annually using the "Projected Unit Credit Method" and the latest valuation was conducted as at June 30, 2009. 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) Approved contributory provident funds for all employees for which contributions of Rs 18,834 thousand (2008: 14,418 thousand) are charged to income for the year.

4.3 Employee compensated absences

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

4.4 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.

4.5 Provisions

Provisions are recognised when the Company has a legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

Notes to and Forming Part of the Consolidated Financial Statements

for the year ended June 30, 2009

4.6 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 cost are constantly changing, as well as 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 real discount rate of 5% p.a. (2008: 5%). The increase in provision due to unwinding of discount is recorded as finance cost.

4.7 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.

4.8 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.

4.9 Exploration assets/costs and development costs

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

4.9.2 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.

4.9.3 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.

4.10 Investments in associated companies

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.

4.11 Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument and de-recognised when the Company loses control of the contractual rights that comprise the financial assets and when the obligation specified in the contract is discharged, cancelled or expires. All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortised cost or cost, as the case may be.

4.12 Financial Assets

The Company classifies its financial assets in the following categories: 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) 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.

(ii) 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 'Trade debts', 'Advances, deposits, prepayments and other receivables', 'Long term loans and advances' 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.

Notes to and Forming Part of the Consolidated Financial Statements

for the year ended June 30, 2009

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 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.

(iii) Available-for-sale investments

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

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

4.13 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.

4.14 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.

4.15 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.

4.16 Impairment

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use.

4.17 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 payment is established.

4.18 Joint ventures

The Company's share in transactions and balances related to joint venture operations in which the Company has a working interest are 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.

4.19 Dividend distribution

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

4.20 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.

4.21 Foreign currency transactions

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.

4.22 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.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

- i) Estimate of recoverable amount of investment in associated companies - note 16
- ii) Estimated crude oil/gas reserves used for amortisation of development and decommissioning costs - note 14
- iii) Estimated useful life of property, plant and equipment - note 13
- iv) Estimated costs and discount rate used for provision for decommissioning cost - note 10
- v) Price adjustment related to crude oil sales - note 4.17
- vi) Staff retirement benefits - note 38
- vii) Provision for income tax - note 33

Notes to and Forming Part of the Consolidated Financial Statements

for the year ended June 30, 2009

6. SHARE CAPITAL

Authorised capital

500,000,000 (2008: 500,000,000) ordinary shares of Rs 10 each

2009
Rupees
('000)

2008
Rupees
('000)

5,000,000

5,000,000

Issued, subscribed and paid up capital

Shares issued for cash

20,200,000 (2008: 20,200,000) ordinary shares

202,000

202,000

Shares issued as fully paid bonus shares

At beginning of the year

1,769,216

1,769,216

Shares issued during the year

394,243

-

216,345,920 (2008: 176,921,600) ordinary shares

2,163,459

1,769,216

236,345,920 (2008: 197,121,600) ordinary shares of Rs 10 each

2,365,459

1,971,216

The Company is a subsidiary of The Attock Oil Company Limited which held 127,143,424 (2008: 105,952,854) ordinary shares at the year end.

7. CAPITAL RESERVE

Bonus shares issued by

subsidiary/associated companies

41,969

35,232

Special reserves - note 7.1

515,118

1,191,228

557,087

1,226,460

7.1 This represents the Company's share of post-acquisition profit set aside as a special reserve by National Refinery Limited, as a result of the directive of the Government to divert net profit after tax above 50 percent of paid-up capital to offset against any future loss or to make investment for expansion or up gradation of refineries.

	2009 Rupees ('000)	2008 Rupees ('000)
8. REVENUE RESERVES		
Insurance reserve - note 8.1	200,000	200,000
General reserve	1,184,075	819,925
Unappropriated profit	23,203,872	22,757,907
	<u>24,587,947</u>	<u>23,777,832</u>

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

	2009 Rupees ('000)	2008 Rupees ('000)
9. LONG TERM DEPOSITS		
Security deposits from distributors against equipment	542,878	562,073
Security deposits from distributors against distributorship and others	36,894	37,192
	<u>579,772</u>	<u>599,265</u>
10. DEFERRED LIABILITIES		
Provision for deferred income tax - note 10.1	3,201,613	2,163,555
Provision for decommissioning cost - note 10.2	2,358,481	1,920,312
Provision for staff compensated absences	8,758	8,187
	<u>5,568,852</u>	<u>4,092,054</u>
10.1 Provision for deferred income tax		
The provision for deferred income tax represents:		
Temporary differences between accounting and tax depreciation/amortisation	3,226,006	2,187,948
Provision for stores and spares	(24,300)	(24,300)
Provision for doubtful receivable	(93)	(93)
	<u>3,201,613</u>	<u>2,163,555</u>
10.2 Provision for decommissioning cost		
Balance brought forward	1,920,312	1,351,065
Revision due to change in estimates	(124,765)	144,765
Provision during the year	56,979	47,177
Utilized during the year	-	(10,030)
Unwinding of discount - note 29	141,726	219,153
Exchange loss - note 29	364,229	168,182
	<u>2,358,481</u>	<u>1,920,312</u>

Notes to and Forming Part of the Consolidated Financial Statements

for the year ended June 30, 2009

	2009 Rupees ('000)	2008 Rupees ('000)
11. TRADE AND OTHER PAYABLES		
Creditors	164,298	203,303
Due to related parties		
Attock Petroleum Limited	-	20,192
Attock Hospital (Pvt) Limited	82	213
Attock Information Technology Services (Pvt) Limited	13,740	10,915
Staff Provident Fund	639	3,971
Gratuity Fund - note 38.1	183,208	174,270
General Staff Provident Fund	3,916	722
Workers' Profit Participation Fund - note 11.1	515,507	538,088
Joint venture partners		
The Attock Oil Company Limited	20,075	38,263
Others	539,781	277,103
Accrued liabilities	394,988	449,648
Advance payment from customers	33,131	35,256
Royalty	124,578	212,794
Sales tax	31,055	36,722
Excise duty	7,251	8,950
Workers' Welfare Fund	249,869	223,738
Liability for staff compensated absences	8,369	6,187
Unclaimed dividends	35,305	22,741
Others	1,536	2,236
	<u>2,327,328</u>	<u>2,265,312</u>
11.1 Workers' Profit Participation Fund		
Balance at beginning of the year	538,088	449,204
Add: Amount allocated for the year	392,217	525,072
Less: Amount paid to the Fund's trustees	414,798	436,188
	<u>515,507</u>	<u>538,088</u>

	2009 Rupees ('000)	2008 Rupees ('000)
12. CONTINGENCIES AND COMMITMENTS		
(i) Tax demands raised in respect of tax years 2004, 2005 and 2006 consequent to difference in interpretation by tax authorities related to calculation of tax liability and depletion allowance, which has not been accepted by the Company and presently contested at the Income Tax Appellate Tribunal (ITAT) forum.	446,857	446,857
(ii) Guarantee's issued by banks on behalf of the Company to third parties	40,175	-
(iii) Capital expenditure commitments outstanding		
- Share in Joint Ventures	4,278,912	8,513,586
- Own fields	662,060	2,637,222
(iv) Company's share in contingencies of associated companies		
a) Corporate guarantees and indemnity bonds issued by an associated company to the collector sales tax and Federal Excise, Islamabad	339,990	216,006
b) Claims not acknowledged as debt including claims in respect of delayed payment charges by a crude oil supplier.	136,460	27,888
c) Claims on certain Oil Marketing Companies (OMCs) in respect of delayed payment charges.	310,000	62,500
13. PROPERTY, PLANT AND EQUIPMENT		
Operating assets - note 13.1	1,922,991	2,060,090
Capital work in progress - note 13.5	2,151,621	644,315
	4,074,612	2,704,405

Notes to and Forming Part of the Consolidated Financial Statements

for the year ended June 30, 2009

13.1 Operating assets

	Freehold land	Leasehold land	Buildings	Pipelines and pumps	Plant and machinery Field plants	Rigs	Gas cylinders	Motor vehicles	Chattels	Computer and software development	Total
Rupees (000)											
As at July 1, 2007											
Cost	12,337	252	190,160	543,183	2,895,443	288,667	536,659	173,542	68,824	105,320	4,814,387
Accumulated depreciation	-	(252)	(82,820)	(316,879)	(1,497,977)	(214,497)	(361,311)	(77,855)	(47,709)	(80,395)	(2,679,695)
Net book value	12,337	-	107,340	226,304	1,397,466	74,170	175,348	95,687	21,115	24,925	2,134,692
Year ended June 30, 2008											
Opening net book value	12,337	-	107,340	226,304	1,397,466	74,170	175,348	95,687	21,115	24,925	2,134,692
Additions	149	-	6,625	4,123	230,666	31,229	41,122	48,217	6,117	12,253	380,501
Disposals	-	-	(2,175)	(90,792)	(32,555)	(1,468)	(11,358)	(2,835)	(5,713)	(7,913)	(154,809)
Depreciation	-	-	132	26,660	25,681	1,468	10,284	2,596	4,562	7,855	79,238
Depreciation charge	-	-	(2,043)	(64,132)	(6,874)	-	(1,074)	(239)	(1,151)	(58)	(75,571)
Closing net book value	12,486	-	102,712	142,420	1,388,099	89,166	168,076	113,083	21,059	22,989	2,060,090
As at July 1, 2008											
Cost	12,486	252	194,610	456,514	3,093,554	318,428	566,423	218,924	69,228	109,660	5,040,079
Accumulated depreciation	-	(252)	(91,898)	(314,094)	(1,705,455)	(229,262)	(398,347)	(105,841)	(48,169)	(86,671)	(2,979,989)
Net book value	12,486	-	102,712	142,420	1,388,099	89,166	168,076	113,083	21,059	22,989	2,060,090
Year ended June 30, 2009											
Opening net book value	12,486	-	102,712	142,420	1,388,099	89,166	168,076	113,083	21,059	22,989	2,060,090
Additions	1,302	-	3,128	29,900	140,573	36,065	27,927	27,979	5,847	36,370	309,091
Disposals	-	-	(1,058)	(734)	(49,399)	(31,642)	(49,094)	(7,885)	(14,249)	(8,871)	(162,932)
Depreciation	-	-	934	704	45,333	20,814	37,643	6,851	13,043	8,703	134,025
Depreciation charge	-	-	(124)	(30)	(4,066)	(10,828)	(11,451)	(1,034)	(1,206)	(168)	(28,907)
Closing net book value	13,788	-	95,562	145,922	1,285,937	91,736	121,806	105,231	20,772	42,237	1,922,991
As at June 30, 2009											
Cost	13,788	252	196,680	485,680	3,184,728	322,851	545,257	239,018	60,826	137,158	5,186,238
Accumulated depreciation	-	(252)	(101,118)	(339,758)	(1,898,791)	(231,115)	(423,451)	(133,787)	(40,054)	(94,921)	(3,263,247)
Net book value	13,788	-	95,562	145,922	1,285,937	91,736	121,806	105,231	20,772	42,237	1,922,991
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 15,938 thousand; cost of Rs 77,614 thousand and depreciation of Rs 61,676 thousand (2008: book value of Rs 72,654 thousand; cost of Rs 102,067 thousand and depreciation of Rs 29,413 thousand).

13.2 Cost and accumulated depreciation include:

	Cost		Accumulated depreciation	
	2009 Rupees ('000)	2008 Rupees ('000)	2009 Rupees ('000)	2008 Rupees ('000)
Share in Joint Ventures operated by the Company	1,182,325	1,143,687	651,507	578,938
Share in Joint Ventures operated by others (assets not in possession of the Company)	931,559	862,574	373,957	290,798
	<u>2,113,884</u>	<u>2,006,261</u>	<u>1,025,464</u>	<u>869,736</u>

13.3 The depreciation charge has been allocated as follows:

Operating cost - note 26	314,449	334,354
Other income - Rig rental	26,151	-
- Crude oil/gas transportation income	14,682	15,421
	40,833	15,421
Administration expenses	325	344
Inter-transfers	61,676	29,413
	<u>417,283</u>	<u>379,532</u>

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)-----				
Cylinders	444	58	500	Insurance Claim	EFU Insurance Company Limited
Cylinders	14,397	462	18,918	Forfeiture of distributors security deposit	Various distributors

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, 2007	3,586	470	-	4,056
Additions during the year	1,515	636,722	6,078	644,315
Transfers during the year	(3,586)	(470)	-	(4,056)
Balance as at June 30, 2008	<u>1,515</u>	<u>636,722</u>	<u>6,078</u>	<u>644,315</u>
Balance as at July 1, 2008	1,515	636,722	6,078	644,315
Additions during the year	-	1,520,007	10,974	1,530,981
Transfers during the year	-	(23,675)	-	(23,675)
Balance as at June 30, 2009	<u>1,515</u>	<u>2,133,054</u>	<u>17,052</u>	<u>2,151,621</u>

Notes to and Forming Part of the Consolidated Financial Statements

for the year ended June 30, 2009

	2009 Rupees ('000)	2008 Rupees ('000)
13.6 Break up of capital work in progress at June 30 is as follows:		
Own fields	35,511	18,561
Share in Joint Ventures operated by the Company		
- Ahmadal	-	2,131
- Pindori	-	101
Share in Joint Ventures operated by others		
MOL Pakistan Oil and Gas Company B.V. - TAL Block	2,114,086	610,676
Pakistan Petroleum Limited - Adhi	2,024	12,846
	<u>2,151,621</u>	<u>644,315</u>
14. DEVELOPMENT AND DECOMMISSIONING COSTS		
Development cost		
Balance brought forward	6,105,966	5,664,653
Additions during the year	1,906,905	1,348,171
Successful well cost transferred from exploration and evaluation assets - note 15	291,273	-
	8,304,144	7,012,824
Amortisation for the year	(867,156)	(906,858)
	<u>7,436,988</u>	<u>6,105,966</u>
Decommissioning cost		
Balance brought forward	329,590	347,171
Revision due to change in estimates	(124,765)	144,765
Additions during the year	56,979	47,177
	261,804	539,113
Amortisation for the year	(34,472)	(209,523)
	<u>227,332</u>	<u>329,590</u>
	<u>7,664,320</u>	<u>6,435,556</u>

	2009 Rupees ('000)	2008 Rupees ('000)
15. EXPLORATION AND EVALUATION ASSETS		
Balance brought forward	1,281,794	372,340
Additions during the year	3,373,607	1,849,679
	<u>4,655,401</u>	<u>2,222,019</u>
Successful wells cost of Kotra Joint Venture transferred to development cost - note 14	(291,273)	-
Dry and abandoned wells cost charged to the profit and loss account - note 27	(869,884)	(940,225)
	<u>3,494,244</u>	<u>1,281,794</u>
15.1 Break up of exploration and evaluation assets at June 30 is as follows:		
Own fields - Meyal Uchri	1,929,430	404,409
Share in Joint Ventures operated by the Company		
- Kirthar South	24,921	123,380
- Ikhlas	702,025	15,530
Share in Joint Ventures operated by others		
MOL Pakistan Oil and Gas Company B.V. - TAL Block	588,478	440,841
Oil and Gas Development Company Limited - Kotra	-	290,447
- Gurgalot	249,390	7,187
	<u>3,494,244</u>	<u>1,281,794</u>
16. LONG TERM INVESTMENTS IN ASSOCIATED COMPANIES - EQUITY BASIS		
Beginning of the year	11,192,851	9,805,573
Sale of investment in associated company	-	(319,956)
Purchase of shares of associated company	-	1,562,938
Share of profit of associated companies - note 16.2	600,264	1,687,200
Impairment loss against investment in NRL	(143,357)	(1,170,412)
Dividend received during the year	(507,622)	(372,492)
End of the year	<u>11,142,136</u>	<u>11,192,851</u>

Notes to and Forming Part of the Consolidated Financial Statements

for the year ended June 30, 2009

16.1 The Company's interest in associates are as follows:

Quoted

National Refinery Limited - note 16.3

19,991,640 (2008: 19,991,640) fully paid ordinary shares including

3,331,940 (2008: 3,331,940) bonus shares of Rs 10 each

Cost Rs 8,046,635 thousand (2008: Rs 8,046,635 thousand)

Quoted market value as at June 30, 2009:

Rs 4,398,561 thousand (2008: Rs 5,946,913 thousand)

2009
Rupees
('000)

2008
Rupees
('000)

9,396,071

9,556,004

Attock Petroleum Limited (APL) - 16.4

4,042,080 (2008: 3,368,400) fully paid ordinary shares including

673,680 (2008: Nil) bonus shares of Rs 10 each

Cost Rs 1,562,938 thousand (2008: Rs 1,562,938 thousand)

Quoted market value as at June 30, 2009:

Rs 1,287,443 thousand; (2008: Rs 1,456,092 thousand)

1,739,980

1,631,460

Unquoted

Attock Information Technology Services (Pvt) Limited (AITSL)

Cost Rs 4,500 thousand (2008: Rs 4,500 thousand)

450,000 (2008: 450,000) fully paid ordinary shares of Rs 10 each

6,085

5,387

11,142,136

11,192,851

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

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

	Assets	Liabilities	Revenues	Profit	%holding
	-----Rupees-----				
2009					
National Refinery Limited	10,586,153	6,247,968	27,394,591	383,257	25
Attock Petroleum Limited	1,282,122	785,124	4,341,247	216,309	7
Attock Information Technology Services (Private) Limited	6,596	511	2,837	698	10
	<u>11,874,871</u>	<u>7,033,603</u>	<u>31,738,675</u>	<u>600,264</u>	
2008					
National Refinery Limited	11,651,154	7,296,393	32,346,454	1,501,358	25
Attock Petroleum Limited	1,088,648	700,170	3,736,281	185,371	7
Attock Information Technology Services (Private) Limited	6,085	698	1,952	471	10
	<u>12,745,887</u>	<u>7,997,261</u>	<u>36,084,687</u>	<u>1,687,200</u>	

- 16.3** The carrying value of investment in National Refinery Limited at June 30, 2009 is net of impairment loss of Rs 1,313,769 thousand (2008: Rs 1,170,412 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 gross profit margin of 5.38% (2008: 5.4%), terminal growth rate of 3% (2008: 4%) and capital asset pricing model based discount rate of 18.05% (2008:18.64%).
- 16.4** Based on a valuation analysis carried out by the Company, the recoverable amount of investment in Attock Petroleum Limited exceeds its carrying amount. The recoverable amount has been estimated based on a value in use calculation. These calculations have been made on discounted cash flow based valuation methodology which assumes gross profit margin of 5.16%, terminal growth rate of 4.5% and capital asset pricing model based discount rate of 18.05%.

17. OTHER LONG TERM INVESTMENTS

Held-to-maturity investments - at cost

Term Finance Certificates of listed companies - note 17.1

Pakistan Investment Bonds - note 17.2

Term deposit - note 17.3

Investments maturing within next twelve months shown under current assets - note 23

Available-for-sale investments - at fair value - note 17.4

	2009 Rupees ('000)	2008 Rupees ('000)
	13,276	83,790
	54,029	55,036
	29,000	30,000
	96,305	168,826
	6,623	31,849
	89,682	136,977
	98,586	481,139
	188,268	618,116

Notes to and Forming Part of the Consolidated Financial Statements

for the year ended June 30, 2009

	Number of certificates	Nominal value of each certificate	Final Maturity date	Mark up %	2009 Rupees ('000)	2008 Rupees ('000)
17.1 Term Finance Certificates of listed companies						
United Bank Ltd	1,000	5,000	15-03-2013	9.49	4,999	4,999
Soneri Bank Ltd	1,000	5,000	05-05-2013	12.05	4,992	4,994
Royal Bank of Scotland (formerly Prime Bank Ltd)	658	5,000	10-02-2013	12.21	3,285	3,286
Pakistan International Airlines Corporation					-	59,497
Al-Zamin Leasing Modaraba					-	6,800
Pakistan Mobile Communications Ltd					-	4,000
Pakistan Services Ltd					-	214
					13,276	83,790
17.2 Pakistan Investment Bonds			30-06-2013	9.00	54,029	55,036
17.3 Term deposit						

This represent amount deposited with Crescent Standard Investment Bank Limited (CSIBL) by Caggas (Private) Limited 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.

	2009 Rupees ('000)	2008 Rupees ('000)
17.4 Available-for-sale investments - at fair value		
Balance at the beginning of the year	481,139	487,124
Additions during the year	-	323,120
Deletions during the year	(323,120)	(320,510)
Impairment loss recognized during the year	(46,437)	-
Fair value (loss) transferred to equity	(12,996)	(8,595)
Balance at the end of the year	98,586	481,139

	2009				2008
	Number of shares/units	Cost	Impairment Loss	Adjustment arising from remeasurement to fair value	Fair value
17.4.1 Available-for-sale investments include the following:					
				Rupees ('000)	
Listed securities:					
Atlas Fund of Funds	5,250,000	50,000	(34,250)	-	15,750
Pakistan Telecommunication Company Limited	250,000	9,462	-	(5,152)	4,310
Hub Power Company Limited	250,000	9,263	-	(2,490)	6,773
Oil and Gas Development Company Limited	45,992	1,469	-	2,127	3,596
Meezan Balance Fund	2,000,000	20,000	(8,740)	-	11,260
Unlisted securities:					
AMZ Plus Income Fund	-	-	-	-	-
UTP Income Fund	-	-	-	-	-
National Investments Trust Units	355,776	13,000	(3,447)	-	9,553
Atlas Asset Management Company	92,251	30,000	-	17,344	47,344
		133,194	(46,437)	11,829	98,586
					481,139

17.4.2 The fair value of listed securities is based on quoted market prices at the balance sheet date. The quoted market price used is the current bid price. The fair values of unlisted securities are the Net Asset Values (NAV) as at June 30, 2009 as quoted by the respective Asset Management Company.

	2009 Rupees ('000)	2008 Rupees ('000)
18. LONG TERM LOANS AND ADVANCES, CONSIDERED GOOD		
Chief Executive and Executives - note 18.1	7,339	6,243
Other employees	20,237	20,048
	<u>27,576</u>	<u>26,291</u>
Less: Amount due within twelve months, shown under current loans and advances - note 22	17,197	15,655
	<u>10,379</u>	<u>10,636</u>

18.1 Movement in loans to Chief Executive and Executives

	Balance as at June 30, 2008	Disbursements	Repayments	Balance as at June 30, 2009
	-----Rupees ('000)-----			
Chief Executive	871	-	871	-
Executives	5,372	12,040	10,073	7,339
	<u>6,243</u>	<u>12,040</u>	<u>10,944</u>	<u>7,339</u>

18.2 Loans and advances to employees are for general purpose and for house rent advance which are recoverable in upto 60 and 36 equal monthly instalments respectively and are secured by a charge on the asset purchased and/or amount due to the employee against provident fund. These loans and advances are interest free. These do not include any amount receivable from Directors. The aggregate maximum amount due from the Chief Executive and Executives at the end of any month during the year was Rs 762 thousand and Rs 8,884 thousand (2008: Rs 2,069 and Rs 7,269 thousand) respectively.

	2009 Rupees ('000)	2008 Rupees ('000)
19. STORES AND SPARES		
Stores and spares - note 19.1	2,875,512	2,380,562
Less: Provision for slow moving items - note 19.2	81,000	81,000
	<u>2,794,512</u>	<u>2,299,562</u>
19.1 Stores and spares include:		
Share in Joint Ventures operated by the Company	133,622	144,478
Share in Joint Ventures operated by others (assets not in possession of the Company)	479,880	370,798
	<u>613,502</u>	<u>515,276</u>
19.2 Provision for slow moving items		
Balance brought forward	81,000	47,488
Provision for the year	-	34,154
Stores written off during the year	-	(642)
	<u>81,000</u>	<u>81,000</u>

Notes to and Forming Part of the Consolidated Financial Statements

for the year ended June 30, 2009

	2009 Rupees ('000)	2008 Rupees ('000)
20. STOCK IN TRADE		
Crude oil and other products	95,971	62,960

These include Rs 15,192 thousand (2008: Rs 15,056 thousand) being the Company's share in Joint Ventures operated by the Company.

	2009 Rupees ('000)	2008 Rupees ('000)
21. TRADE DEBTS		
Due from related parties - note 21.1	1,245,754	1,257,920
Others	581,779	543,836
	<u>1,827,533</u>	<u>1,801,756</u>

21.1 Due from related parties

Associated companies		
Attock Refinery Limited	1,233,559	1,257,920
Attock Petroleum Limited	12,195	-
	<u>1,245,754</u>	<u>1,257,920</u>

22. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Loans and advances - considered good		
Employees - note 18	17,197	15,655
Suppliers	5,058	24,700
	<u>22,255</u>	<u>40,355</u>
Trade deposits and short term prepayments		
Deposits	32,352	7,921
Short-term prepayments	204,550	27,199
Income tax receivable	2,049	-
	<u>238,951</u>	<u>35,120</u>
Interest income accrued	47,847	68,246
Other receivables		
Joint venture partners		
The Attock Oil Company Limited	308,528	19,506
Others	326,555	432,986
Due from related parties		
Parent company		
The Attock Oil Company Limited	9,192	5,554
Associated company		
National Refinery Limited	14,893	10,115
Management Staff Pension Fund - note 38.1	154,619	96,646
Other receivables	35,685	8,735
	<u>849,472</u>	<u>573,542</u>
	<u>1,158,525</u>	<u>717,263</u>

	2009 Rupees ('000)	2008 Rupees ('000)
23. SHORT TERM INVESTMENTS		
Held-to-maturity investments - at cost		
Carry Over Transactions	-	51,992
Held-to-maturity investments maturing within next twelve months - note 17	6,623	31,849
	<u>6,623</u>	<u>83,841</u>
24. CASH AND BANK BALANCES		
Bank balance on		
Short term deposits	3,300,250	5,932,204
Interest/mark-up bearing saving accounts	688,921	1,473,114
Current accounts	82,583	88,624
	<u>4,071,754</u>	<u>7,493,942</u>
Cash in hand	3,002	4,883
	<u>4,074,756</u>	<u>7,498,825</u>

Balance with banks include foreign currency balances of US \$ 10,828 thousand (2008: US \$ 29,942 thousand). The balances in saving accounts and short term deposits earned interest/mark-up ranging from 4.89% to 19% (2008: 0.2% to 13.5%).

	2009 Rupees ('000)	2008 Rupees ('000)
25. NET SALES		
Crude oil - note 25.1	7,052,369	9,811,117
Gas	3,733,645	3,184,422
POLGAS/CAPGAS - Refill of cylinders	3,482,744	3,851,630
Solvent oil	227,500	231,269
Sulphur	45,278	72,335
Liquefied petroleum gas	3,743	3,102
	<u>14,545,279</u>	<u>17,153,875</u>

25.1 During the year crude oil sale agreements for certain fields were approved by the Government of Pakistan. As a result the difference between provisional and final prices relating to prior periods sales amounting to Rs 516,075 thousand has been recognised during the year.

Notes to and Forming Part of the Consolidated Financial Statements

for the year ended June 30, 2009

	2009 Rupees ('000)	2008 Rupees ('000)
26. OPERATING COSTS		
Operating cost - Own fields	258,624	224,246
- Share in Joint Ventures	1,105,709	792,932
Well work over	514,602	192,862
POLGAS/CAPGAS - Cost of gas/LPG & carriage etc	1,668,833	2,096,350
Head office and insurance charges	35,626	41,329
Pumping and transportation cost	19,360	20,509
Depreciation - note 13.3	314,449	334,354
	<u>3,917,203</u>	<u>3,702,582</u>
Opening stock of crude oil and other products	62,960	73,806
Closing stock of crude oil and other products	(95,971)	(62,960)
	<u>3,884,192</u>	<u>3,713,428</u>
27. EXPLORATION COSTS		
Geological and geophysical cost		
Own fields	107,637	563
Share in Joint Ventures operated by the Company		
- Kirthar South	48,316	(32,122)
- Hyderabad	67	3,111
- Ikhlas	272,559	11,707
- Pindori	282	-
Share in Joint Ventures operated by the others		
Pakistan Petroleum Limited - Adhi	34,761	-
Oil and Petroleum Inc - Dhurnal	7,488	-
MOL Pakistan Oil and Gas Company B.V.		
- TAL Block	85,329	54,060
- Margalla Block	292,590	16,968
- Margalla North Block	294,361	19,563
Oil and Gas Development Company Limited		
- Kotra	20,470	13,718
- Gurgalot	12,228	1,991
- Chak Naurang	11,516	263
Tullow Pakistan Developments Limited - Nawabshah	-	(4,318)
ENI Pakistan Limited - Manchar Block	21	(1,945)
	<u>1,187,625</u>	<u>83,559</u>
Dry and abandoned wells cost - note 15		
Own fields - Khaur	-	595,443
Share in Joint Ventures operated by the Company		
- Kirthar South	854,354	344,782
- Ikhlas	15,530	-
	<u>869,884</u>	<u>940,225</u>
	<u>2,057,509</u>	<u>1,023,784</u>

	2009 Rupees ('000)	2008 Rupees ('000)
28. ADMINISTRATION EXPENSES		
Establishment charges	76,739	86,278
Telephone and telex	1,116	1,154
Medical expenses	3,900	3,657
Printing, stationery and publications	5,784	4,345
Insurance	2,604	2,991
Travelling expenses	3,577	1,786
Motor vehicle running expenses	5,998	9,280
Rent, repairs and maintenance	6,654	6,517
Auditors' remuneration - note 28.1	3,574	1,978
Legal and professional charges	2,461	4,524
Stock exchange and CDC fee	1,681	397
Computer support and maintenance charges	6,561	5,085
Donations *	3,020	693
Depreciation	325	344
Other expenses	752	1,665
	124,746	130,694
Less: Amount allocated to field expenses	66,589	68,650
	58,157	62,044
* No director or his spouse had any interest in the donee institutions.		
28.1 Auditor's remuneration:		
Statutory audit	750	530
Review of half yearly accounts, audit of consolidated accounts, staff funds, special certifications	699	586
Tax services	2,000	700
Out of pocket expenses	125	162
	3,574	1,978
29. FINANCE COST		
Provision for decommissioning cost - note 10.2		
- Unwinding of discount	141,726	219,153
- Exchange loss	364,229	168,182
Banks' commission and charges	6,830	2,055
	512,785	389,390
30. OTHER CHARGES		
Workers' profit participation fund	392,217	525,072
Workers' welfare fund	149,027	125,821
	541,244	650,893

Notes to and Forming Part of the Consolidated Financial Statements

for the year ended June 30, 2009

	2009 Rupees ('000)	2008 Rupees ('000)
31. OTHER OPERATING INCOME		
Income from financial assets		
Income on bank deposits	787,603	449,875
Income on held-to-maturity investments	9,812	24,633
Exchange gain on financial assets	397,803	195,820
Dividend on available-for-sale investments	8,937	17,143
Profit on disposal of available-for-sale investments	15,014	32,497
Impairment loss on available-for-sale investments	(46,437)	-
Other income		
Rental income (net of related expenses Rs 8,684 thousand; 2008: Rs Nil)	102,691	86,544
Rig rental (net of related expenses Rs 137,177 thousand; 2008: Rs Nil)	95,750	-
Crude oil/gas transportation income (net of related expenses Rs 36,293 thousand; 2008: Rs 28,295 thousand)	100,972	126,796
Gas processing fee	20,812	16,281
Profit on sale of property, plant and equipment	17,732	43,553
Sale of stores and scrap	1,642	1,025
Other	9,476	2,382
	<u>1,521,807</u>	<u>996,549</u>
32. PROFIT/(LOSS) ON INVESTMENT IN ASSOCIATED COMPANY		
Proceeds from sale of shares of Attock Petroleum Limited (net of expenses incurred on disposal)	-	1,561,303
Carrying value of investment	-	(319,956)
	-	1,241,347
Impairment Loss on investment in National Refinery Limited	(143,357)	(1,170,412)
	<u>(143,357)</u>	<u>70,935</u>
33. PROVISION FOR TAXATION		
Current - for current year	572,623	2,479,217
- for prior year	528	18,671
	573,151	2,497,888
Deferred	1,038,058	339,586
	<u>1,611,209</u>	<u>2,837,474</u>

33.1 Reconciliation of tax charge for the year

	2009 Rupees ('000)	2008 Rupees ('000)
Accounting profit	7,227,855	11,263,448
* Tax at applicable tax rate of 50.14% (2008: 50.39%)	3,624,046	5,675,651
Tax effect of income that is not taxable or taxable at reduced rates	(483,358)	(756,709)
Tax effect of share of profit of associated companies taxed on the basis of dividend income	(175,606)	(217,519)
Tax effect of depletion allowance and royalty payments	(1,354,401)	(1,882,620)
Tax effect of prior year	528	18,671
Tax charge	1,611,209	2,837,474

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

34. SHARE IN PROFIT OF ASSOCIATED COMPANIES

Share in profit of associated companies is based on the audited financial statements of the associated companies for the year ended June 30, 2009.

35. LIQUEFIED PETROLEUM GAS CYLINDERS REFILL OPERATIONS

	2009 Rupees ('000)	2008 Rupees ('000)
Gross sales	4,039,935	4,429,369
Less: Sales tax	557,191	577,739
Net sales	3,482,744	3,851,630
Operating costs	2,683,414	3,442,712
Operating profit	799,330	408,918

Notes to and Forming Part of the Consolidated Financial Statements

for the year ended June 30, 2009

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	
	2009 Rupees (‘000)	2008 Rupees (‘000)	2009 Rupees (‘000)	2008 Rupees (‘000)
Managerial remuneration	4,184	3,483	51,387	34,298
Bonus	1,741	1,395	16,578	11,116
Housing, utility and conveyance	3,194	2,619	49,986	27,921
Company's contribution to pension and provident funds	1,263	1,045	17,184	10,173
Leave passage	532	532	6,218	5,213
Other benefits	1,477	1,204	14,519	9,939
	12,391	10,278	155,872	98,660

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

1	1	55	40
---	---	----	----

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

An honorarium of Rs 919 thousand (2008: Rs 919 thousand) was paid to two Non-Executive Directors.

Remuneration of Executives are net of charge to associated companies amounting to Rs 4,584 thousand (2008: Rs 2,712 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, 2009				
Financial Assets				
Maturity up to one year				
Trade debts	-	1,827,533	-	1,827,533
Advances , deposits and other receivables	-	946,868	-	946,868
Short term investments	6,623	-	-	6,623
Cash and cash equivalents	-	4,074,756	-	4,074,756
Maturity after one year				
Other long term investments	89,682	-	98,586	188,268
Long term loans and advances	-	10,379	-	10,379
	<u>96,305</u>	<u>6,859,536</u>	<u>98,586</u>	<u>7,054,427</u>
Financial Liabilities				
			Other financial liabilities	Total
			-----Rupees ('000)-----	
Maturity up to one year				
Trade and other payables			2,294,197	2,294,197
Maturity after one year				
Long term deposits			579,772	579,772
Provision for decommissioning cost			2,358,481	2,358,481
Provision for staff compensated absences			8,758	8,758
			<u>5,241,208</u>	<u>5,241,208</u>

Notes to and Forming Part of the Consolidated Financial Statements

for the year ended June 30, 2009

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, 2008				
Financial Assets				
Maturity up to one year				
Trade debts	-	1,801,756	-	1,801,756
Advances , deposits and other receivables	-	665,364	-	665,364
Short term investments	83,841	-	-	83,841
Cash and cash equivalents	-	7,498,825	-	7,498,825
Maturity after one year				
Other long term investments	136,977	-	481,139	618,116
Long term loans and advances	-	10,636	-	10,636
	<u>220,818</u>	<u>9,976,581</u>	<u>481,139</u>	<u>10,678,538</u>
Financial Liabilities				
			Other financial liabilities	Total
			-----Rupees ('000)-----	
Maturity up to one year				
Trade and other payables			2,230,056	2,230,056
Maturity after one year				
Long term deposits			599,265	599,265
Provision for decommissioning cost			1,920,312	1,920,312
Provision for staff compensated absences			8,187	8,187
			<u>4,757,820</u>	<u>4,757,820</u>

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.

	2009		2008	
	Rating	Balance Rs ('000)	Rating	Balance Rs ('000)
Held-to-maturity investments				
Counterparties with external credit rating	A+	4,992	A+	-
	A A -	3,285	A A -	12,280
	AA	4,999	AA	4,999
	A	-	A	7,014
	A-	29,000	A-	30,000
Counterparties without external credit rating				
Securities issued/supported by Government of Pakistan with no default in the past		54,029		114,533
Others		-		51,992
		<u>96,305</u>		<u>220,818</u>
Available for sale investments				
Counterparties with external credit rating	5-Star	36,563	5-Star	414,243
	A M 3 +	47,344	A M 3 +	44,366
	A A A	3,596	A A A	5,720
Counterparties without external credit rating				
Equity securities with no defaults in the past		11,083		16,810
		<u>98,586</u>		<u>481,139</u>
Trade debts				
Counterparties with external credit rating	A 1 +	1,789,489	A 1 +	1,747,769
	A 1	-	A 1	4,380
Counterparties without external credit rating				
Existing customers/joint venture partners with no default in the past		38,044		49,607
		<u>1,827,533</u>		<u>1,801,756</u>
Advances, deposits and other receivables				
Counterparties with external credit rating	A 1 +	170,382	A 1 +	77,939
	A 1	4,953	A 1	14,018
Counterparties without external credit rating				
Existing customers/joint venture partners with no default in the past		253,930		434,008
Receivable from employees/employee benefit plans		171,816		112,301
Receivable from parent company		317,720		25,060
Others		28,067		2,038
		<u>946,868</u>		<u>665,364</u>
Bank balances				
Counterparties with external credit rating	A 1 +	4,033,096	A 1 +	6,331,991
	A 1	2,219	A 1	284,895
	A 2 (RW)	35,124	A 2 (RW)	629,616
	A 3	1,315	A 3	247,440
		<u>4,071,754</u>		<u>7,493,942</u>

Notes to and Forming Part of the Consolidated Financial Statements

for the year ended June 30, 2009

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, 2009, trade debts of Rs 437,230 thousand (2008: Rs 439,881 thousand) were past due but not impaired. The ageing analysis of these trade receivables is as follows:

	2009 Rupees ('000)	2008 Rupees ('000)
Up to 3 months	101,943	72,739
3 to 6 months	2,475	40,200
6 to 12 months	70,226	39,738
Above 12 months	262,586	287,204
	437,230	439,881

(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, 2009, the Company had financial assets of Rs 7,054,427 thousand (2008: Rs 10,678,538 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
At June 30, 2009	----- Rupees ' 000 -----		
Long term deposits	-	579,772	-
Provision for decommissioning cost	-	2,238,732	3,160,209
Provision for staff compensated absences	-	8,758	-
Trade and other payables	2,294,197	-	-
At June 30, 2008			
Long term deposits	-	599,265	-
Provision for decommissioning cost	-	1,783,952	3,348,601
Provision for staff compensated absences	-	8,187	-
Trade and other payables	2,230,056	-	-

(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 the foreign exchange risk is restricted to trade debts, bank balances, receivable from/payable to joint venture partners, payable to suppliers and provision for decommissioning cost.

Financial assets include Rs 2,759,979 thousand (2008: Rs 3,962,848 thousand) and financial liabilities include Rs 3,085,203 thousand (2008: Rs 2,481,517 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 32,522 thousand (2008: Rs 148,133 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 4,085,475 thousand (2008: Rs 7,626,136 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 37,894 thousand (2008: Rs 35,890 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 investment policy of the Company.

Available for sale investments include Rs 98,586 thousand (2008: Rs 481,139 thousand) which were subject to price risk.

Notes to and Forming Part of the Consolidated Financial Statements

for the year ended June 30, 2009

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 objective, 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 The amounts recognized in the balance sheet are as follows:

	2009 Rupees ('000)	2008 Rupees ('000)
Present value of defined benefit obligations	760,087	640,154
Fair value of plan assets	(590,119)	(537,513)
	169,968	102,641
Unrecognized actuarial gains (losses)	(141,379)	(25,017)
Net liability	28,589	77,624
Amounts in the balance sheet:		
Liability - Gratuity Fund - note 11	183,208	174,270
Asset - Management Staff Pension Fund - note 22	(154,619)	(96,646)
Net liability	28,589	77,624

38.2 The amounts recognized in the profit and loss account are as follows:

Current service cost	27,572	25,340
Interest cost	81,479	63,223
Expected return on plan assets	(73,264)	(56,677)
Past service cost	4,010	(2,921)
Net actuarial losses recognized during the year	2,175	1,167
Contribution from an associated company	-	(2,794)
	41,972	27,338
	13,663	35,287

38.3 Actual return on plan assets

The expected return on plan assets is based on the market expectations and depend 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.

	2009 Rupees ('000)	2008 Rupees ('000)
38.4 Changes in the present value of defined benefit obligation are as follows:		
Opening defined benefit obligation	640,154	592,705
Current service cost	27,572	25,340
Interest cost	81,479	63,223
Past service cost	4,010	3,386
Actuarial losses	58,936	19,278
Holding company share of obligation	-	(26,909)
Benefits paid	(52,064)	(36,869)
Closing defined benefit obligation	<u>760,087</u>	<u>640,154</u>
38.5 Changes in fair value of plan assets are as follows:		
Opening fair value of plan assets	537,513	508,042
Expected return	73,264	56,677
Actuarial (losses)	(59,601)	(21,390)
Contribution by employer	91,007	37,068
Holding company share of plan assets	-	(20,602)
Benefits paid	(52,064)	(22,282)
Closing fair value of plan assets	<u>590,119</u>	<u>537,513</u>

The Company expects to contribute Rs 100 million to its defined benefit plans during the year ending June 30, 2010.

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

	2009		2008	
	Rupees ('000)	%age	Rupees ('000)	%age
Government bonds	104,583	18	156,275	29
Unit trusts	87,385	15	145,154	27
Shares	16,771	3	28,080	5
Term deposits	393,084	66	167,554	31
Other assets	10,464	2	61,052	12
Allocated to holding company	(22,168)	(4)	(20,602)	(4)
	<u>590,119</u>	<u>100</u>	<u>537,513</u>	<u>100</u>

38.7 Principal actuarial assumptions

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

	2009 %	2008 %
Discount rate	12.5	13.2
Expected rate of salary increase	10.4	11.1
Expected rate of pension increase	7.1	7.9
Expected rate of return on investments	12.5	13.3

Notes to and Forming Part of the Consolidated Financial Statements

for the year ended June 30, 2009

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

	2009	2008	2007	2006	2005
	----- Rupees ('000) -----				
Defined benefit obligation	760,087	640,154	592,705	552,713	489,072
Plan assets	(590,119)	(537,513)	(508,042)	(425,053)	(379,488)
Deficit / (surplus)	169,968	102,641	84,663	127,660	109,584
Experience adjustments on plan liabilities	58,936	19,278	(16,063)	16,143	34,075
Experience adjustments on plan assets	<u>(59,601)</u>	<u>(21,390)</u>	<u>38,253</u>	<u>2,715</u>	<u>(4,426)</u>

39. EARNINGS PER SHARE

	2009 Rupees ('000)	2008 Rupees ('000)
Profit after tax (in thousand rupees)	5,581,298	8,412,877
Weighted average number of ordinary shares in issue during the year (in thousand shares)	236,546	236,546
Basic earnings per share (Rupees)	23.59	35.57

Basic earnings per share previously reported at Rs 42.68 in the financial statements for the year ended June 30, 2008 has been restated to Rs 35.57 for 39,424,320 bonus shares issued during the year ended June 30, 2009.

A diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at June 30, 2008 and 2009 which would have any effect on the earnings per share if the option to convert is exercised.

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:

	2009 Rupees ('000)	2008 Rupees ('000)
Parent company - The Attock Oil Company Limited		
Purchase of petroleum products	21,085	83,252
Purchase of services	-	53
Sale of services	444	212
Associated companies		
Attock Refinery Limited		
Sale of crude oil and gas	6,585,561	9,694,274
Crude oil and gas transmission charges	88,610	91,028
Sale of services	5,195	4,735
Purchase of fuel	6,000	5,836
Purchase of services	10,726	1,225
Purchase of LPG	288,940	278,132
Attock Petroleum Limited		
Purchase of fuel and lubricants	787,894	509,490
Purchase of services	430	764
Sale of solvent oil	282,983	172,269
Sale of services	5,008	3,619
National Refinery Limited		
Purchase of services	1,056	976
Sale of services	-	298
Purchase of LPG	311,507	375,398
Attock Information Technology (Private) Limited		
Purchase of services	12,075	8,355
Attock Cement Pakistan Limited		
Purchase of services	-	108
Sale of services	-	59
Attock Hospital (Private) Limited		
Purchase of medical services	3,107	2,135
Other related parties		
Contribution to staff retirement benefits plans		
Management Staff Pension Fund and Gratuity Fund	91,007	37,068
Approved Contributory Provident Funds	18,834	14,418
Contribution to Workers' profit participation fund	392,217	525,072

Notes to and Forming Part of the Consolidated Financial Statements

for the year ended June 30, 2009

41. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in their meeting held on October 01, 2009 have proposed a final cash dividend for the year ended June 30, 2009 @ Rs 10 per share, amounting to Rs 2,365,459 thousand for approval of the members in the Annual General Meeting to be held on October 29, 2009.

42. GENERAL

42.1 Capgas (Private) Limited has no agreement for purchase of LPG from Oil and Gas Development Company Limited, which is the major supplier of LPG to Capgas.

42.2 Capacity

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

42.3 Number of employees

Total number of employees at the end of the year were 798 (2008: 823).

42.4 Date of authorization

These financial statements were authorized for issue by the Board of Directors of the Company on October 01, 2009.



Sajid Nawaz
Chief Executive



Abdus Sattar
Director

Notice of Annual General Meeting

Notice is hereby given that the FIFTY EIGHT Annual General Meeting (being the SEVENTY FIFTH General Meeting) of the Company will insha'Allah be held at Hotel Pearl Continental, Rawalpindi, on Thursday October 29, 2009 at 10:00 A.M. to transact the following business: -

ORDINARY BUSINESS

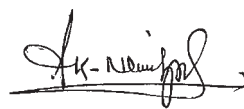
1. To receive, consider and approve the audited accounts of the Company together with Directors' and Auditors' Reports for the year ended June 30, 2009.
2. To declare final cash dividend of 100% (Rs 10 per share) as recommended by the Board of Directors. It is in addition to the interim cash dividend of Rs. 8 per share i.e. 80% already paid to the shareholders, thus making a total dividend of Rs. 18 per share i.e. 180% for the year ended June 30, 2009.
3. To appoint auditors for the year ending June 30, 2010 and fix their remuneration. The present auditors Messrs A. F. Ferguson & Co., Chartered Accountants, retire and being eligible, offer themselves for reappointment.
4. To transact any other business with the permission of the Chairman.

SPECIAL BUSINESS

5. The Company in its 57th Annual General Meeting had obtained approval of the shareholders for investments under Section 208 of the Companies Ordinance, 1984 and accordingly the shareholders of the Company are presented with the statement under Section 160 (1)(b) of the Companies Ordinance, 1984 in compliance with the SRO 865(1)/2000 dated December 06, 2000 in case of decision to make investments that have been made by the shareholders previously and have not yet been implemented.

A statement under SRO 865(1)/2000 dated December 06, 2000 is being enclosed in this notice.

BY ORDER OF THE BOARD



Syed Khalid Nafees Zaidi
Company Secretary

Registered Office
POL House,
Morgah, Rawalpindi.
October 08, 2009

Notice of Annual General Meeting

NOTES:

1. CLOSURE OF SHARE TRANSFER BOOKS

The share transfer books of the Company will remain closed and no transfer of shares will be accepted for registration from October 21, 2009 to October 29, 2009 (both days inclusive). Transfers received in order at the Registered Office of the Company by the close of business on October 20, 2009 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 holding meeting.

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

a. For attending the meeting

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

b. For appointing proxies

- i. In case of individuals, the account holders or sub account holders whose registration details are uploaded as per regulations, shall submit the proxy form as per the above requirements.
- ii. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- iii. Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iv. The proxies shall produce their original CNIC or original passport at the time of the meeting.
- v. In case of corporate entities, the Board of Directors' resolution/power of attorney with specimen signature of the person nominated to represent and vote on behalf of the corporate entity, shall be submitted (unless it has been provided earlier) along with proxy form to the company.

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

In the fifty seventh AGM held on October 31, 2008 shareholders resolved to make investments in shares of the following associated Companies:

National Refinery Limited	(NRL)
Attock Refinery Limited	(ARL)
Attock Petroleum Limited	(APL)
Attock Cement Pakistan Limited	(ACPL)

a. Reasons for not making investment

During the year, no investment was made in the above mentioned companies due to deteriorating growth in Gross Domestic Products and macro economic indicators.

b. Major change in financial position of investee companies since the date of last resolution

Changes in financial position are as follows :

i. Earnings per share:

	Year ended June 30,	
	2009	2008
	Rs.	Rs.
NRL	19.17	75.10
ARL	11.92	72.08
APL	53.51	45.86
ACPL	20.69	6.03

ii. Break-up value per share:

	Year ended	At the time
	June 30, 2009	of Resolution 2008
	Rs.	Rs.
NRL	217.00	184.02
ARL	149.50	102.24
APL	122.96	94.99
ACPL	66.21	47.39

5. CHANGE IN ADDRESS

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

6. Accounts of the company for the year ended June 30, 2009 has been provided on the website www.pakoil.com.pk.

Glossary

Workover job	To perform one or more of a variety of remedial operations on producing oil and gas wells to try to increase production
Seismic interpretation	To interpret the extent and geometry of rocks in the subsurface from 2D or 3D seismic data
Acid stimulation job	A job conducted to remove formation damage of a well
Jarring	A job to release stuck drill string/wirelines
Crestal region	The top most part of the geological structure
Areal sweep	To recover hydrocarbons by injecting fluids in the reservoir
BHP survey	Survey conducted to measure bottom hole pressure
PPF	Pariwali production facility
WHSIP	Well head shut in pressure
PSI	Pounds per square inch
Permian aged Wargal Limestone	Geological Formation
Chorgali	Geological Formation
Lockhart	Geological Formation
Sakesar	Geological Formation
Datta	Geological Formation
Kingriali	Geological Formation
Hangu	Geological Formation
Lumshiwai	Geological Formation
Dunghan	Geological Formation
Ranikot	Geological Formation
Murree	Geological Formation
Crestal eocene	Geological ages
Interpretation of Seismic Data	To interpret the extent and geometry of rocks in the subsurface
DST	Drill stem test
Prestack depth migration	The seismic is migrated before stacking depth domain
Wire line logging	Formation evaluation process
3-D	3 Dimensional
L.Kms	Line kilometer of 2D Seismic Data
Barefoot DST	Drill stem test in open holes
Slick line job	To conduct subsurface jobs
PTW	Permit to work
API	American Petroleum Institute

The Secretary

Pakistan Oilfields Limited

P.O.L House, Morgah, Rawalpindi,

Tel: (051) 5487589-97, Fax: (051) 5487598-99

PAKISTAN OILFIELDS LIMITED

P.O.L. House, Morgah, Rawalpindi-46600, Pakistan

Tel: (051) 5487589-97 Fax: (051) 5487598-99

Website: www.pakoil.com.pk

YDESIGNS
visual communication

