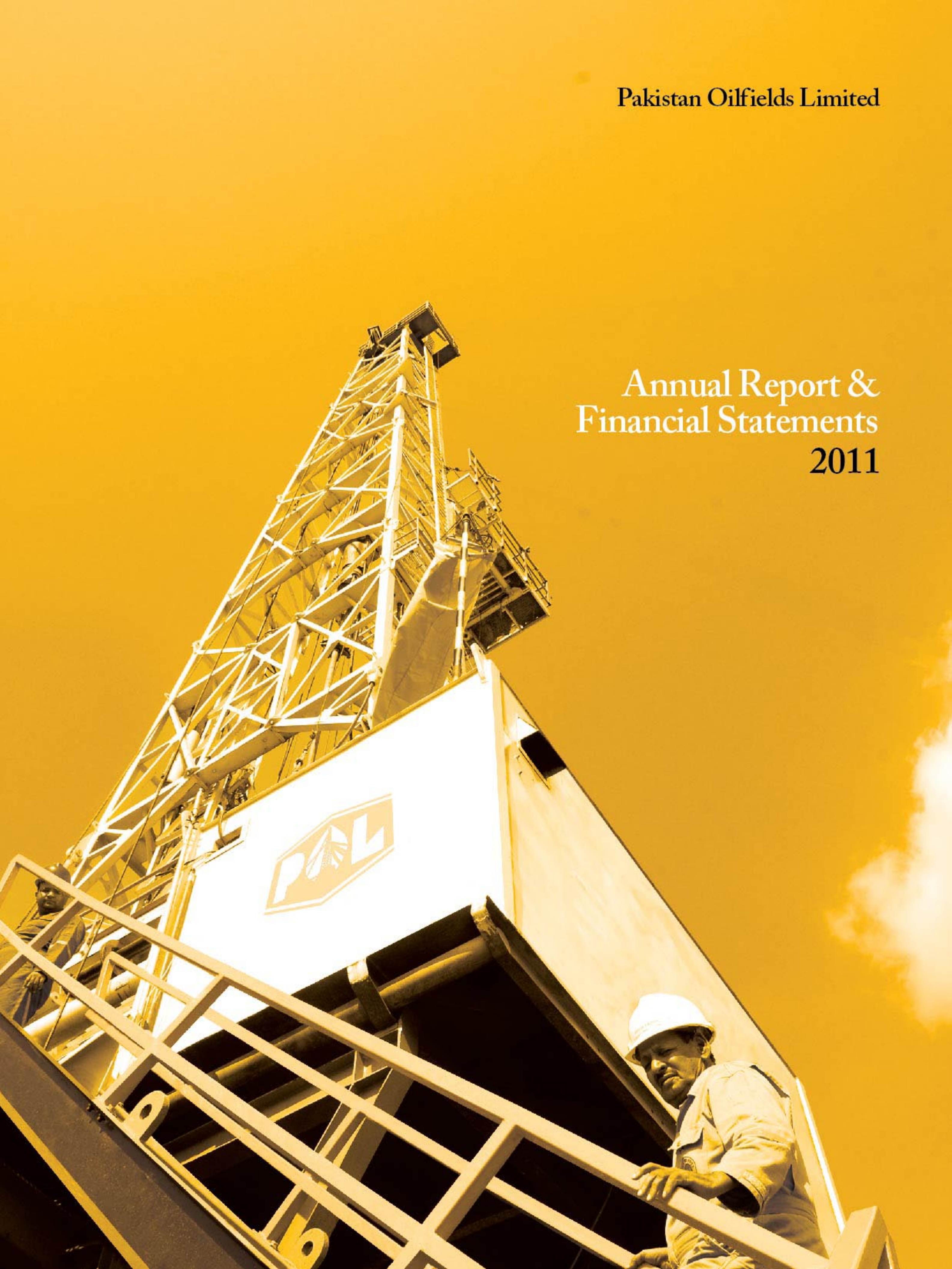
Pakistan Oilfields Limited

Annual Report & Financial Statements 2011



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.

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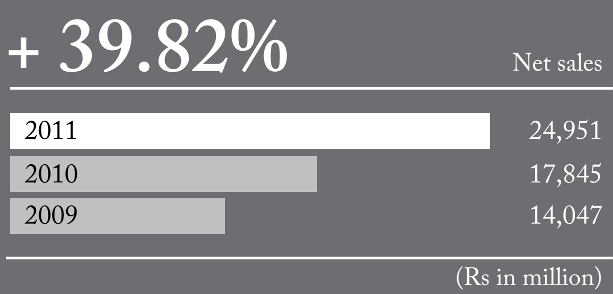
Financial Highlights

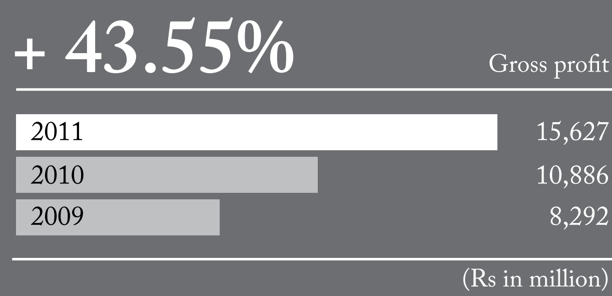
POL achieved the highest ever twelve month sales and profit after tax in the Company's history.

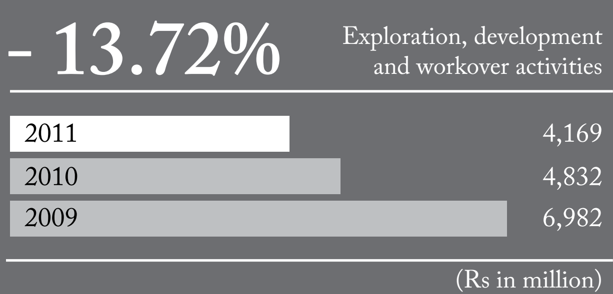
The Company continues to play a vital role in the oil and gas sector of the country.

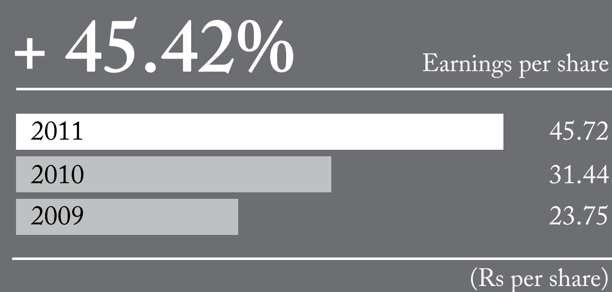
During the year, the Company saved foreign exchange for the country in excess of USD 572 million (2010: USD 410 million).

The contribution to the national exchequer, in the shape of royalty and other government levies, was Rs 9,344 million (2010: Rs 5,399 million).



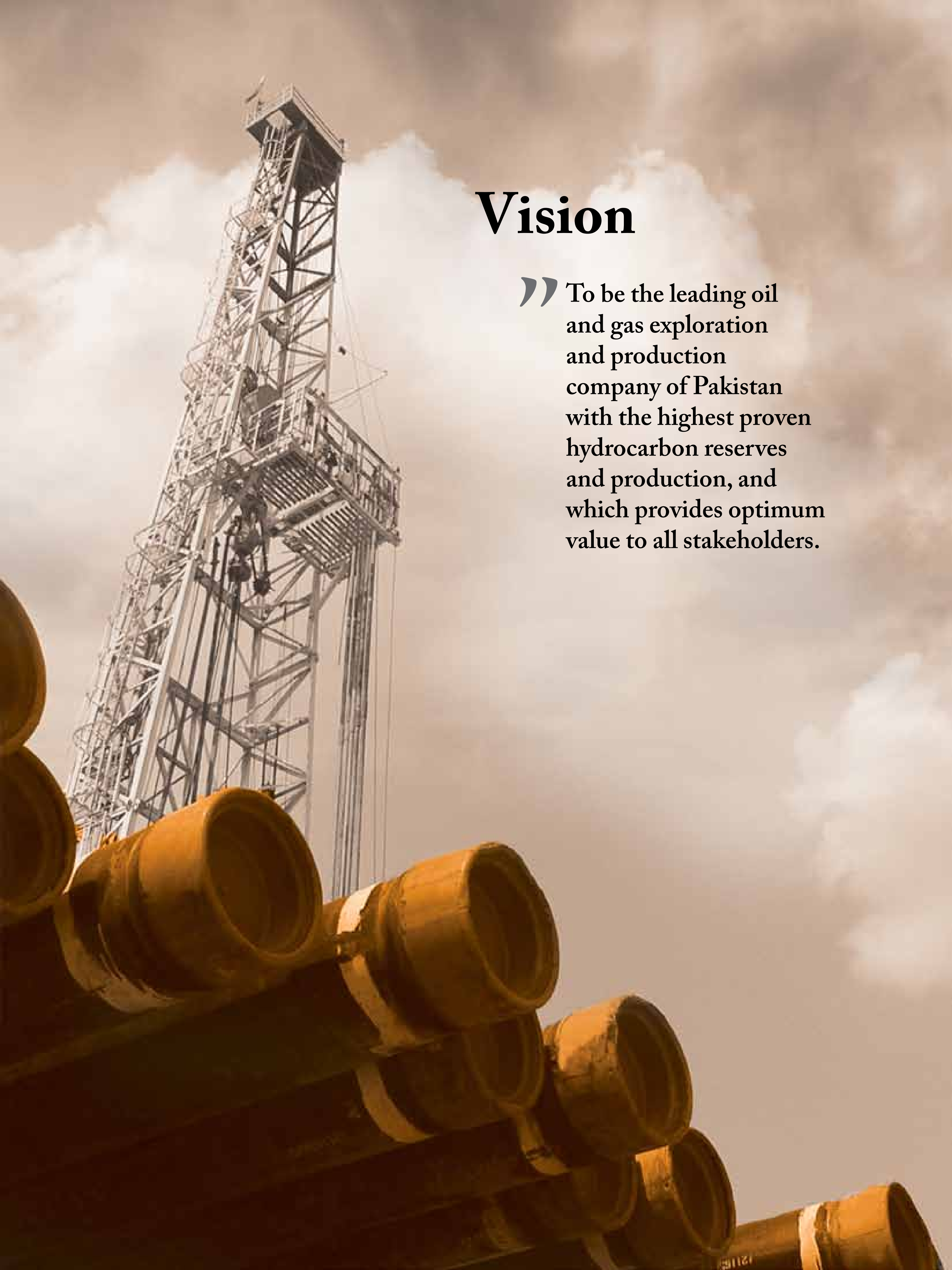






Earnings Per Share by Quarter

Period	Q-1	Q-2	Q-3	Q-4	Total
June 30, 2011	9.44	12.55	11.15	12.58	45.72
June 30, 2010	6.03	8.00	9.63	7.78	31.44

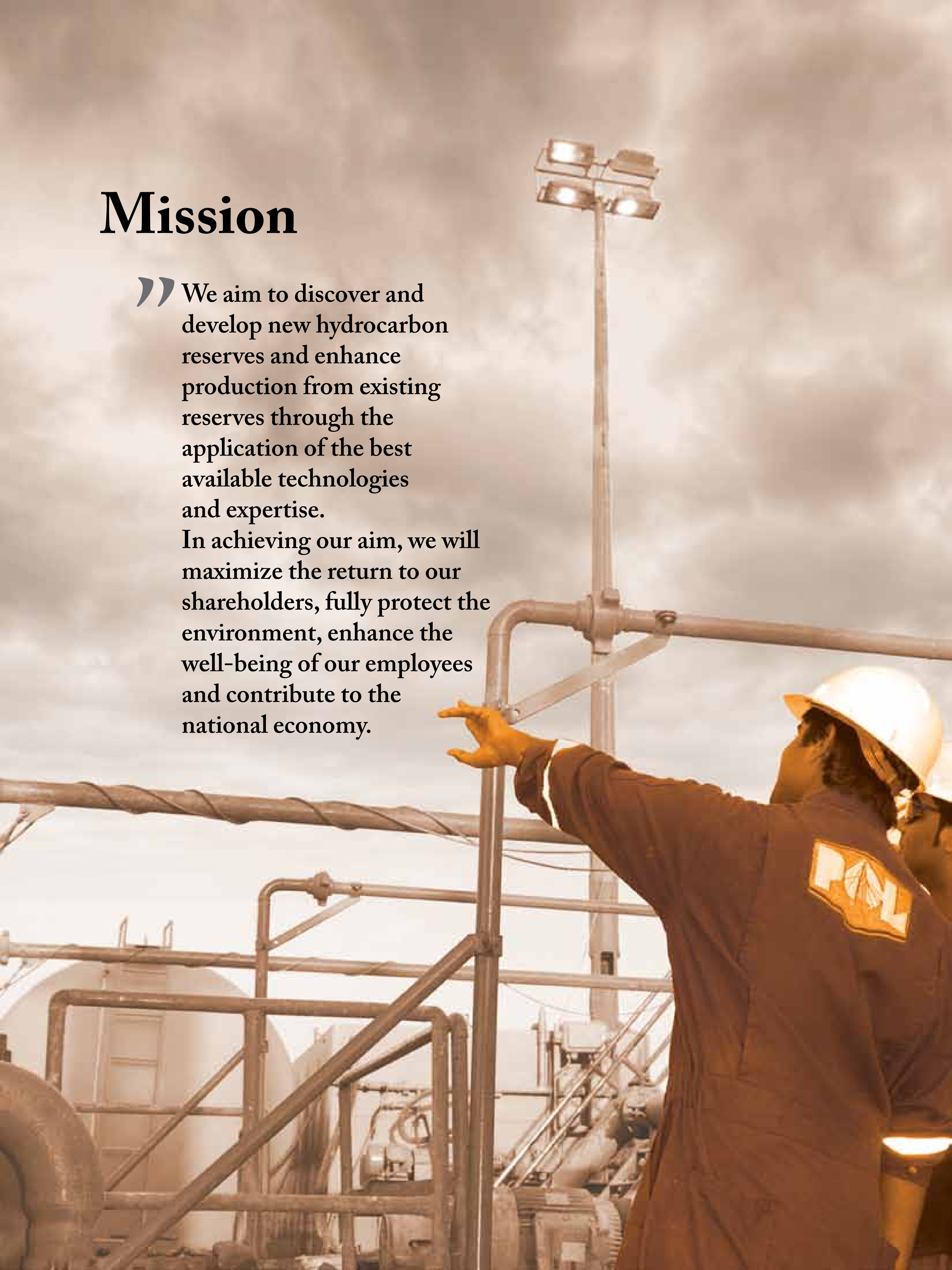


Vision

"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.

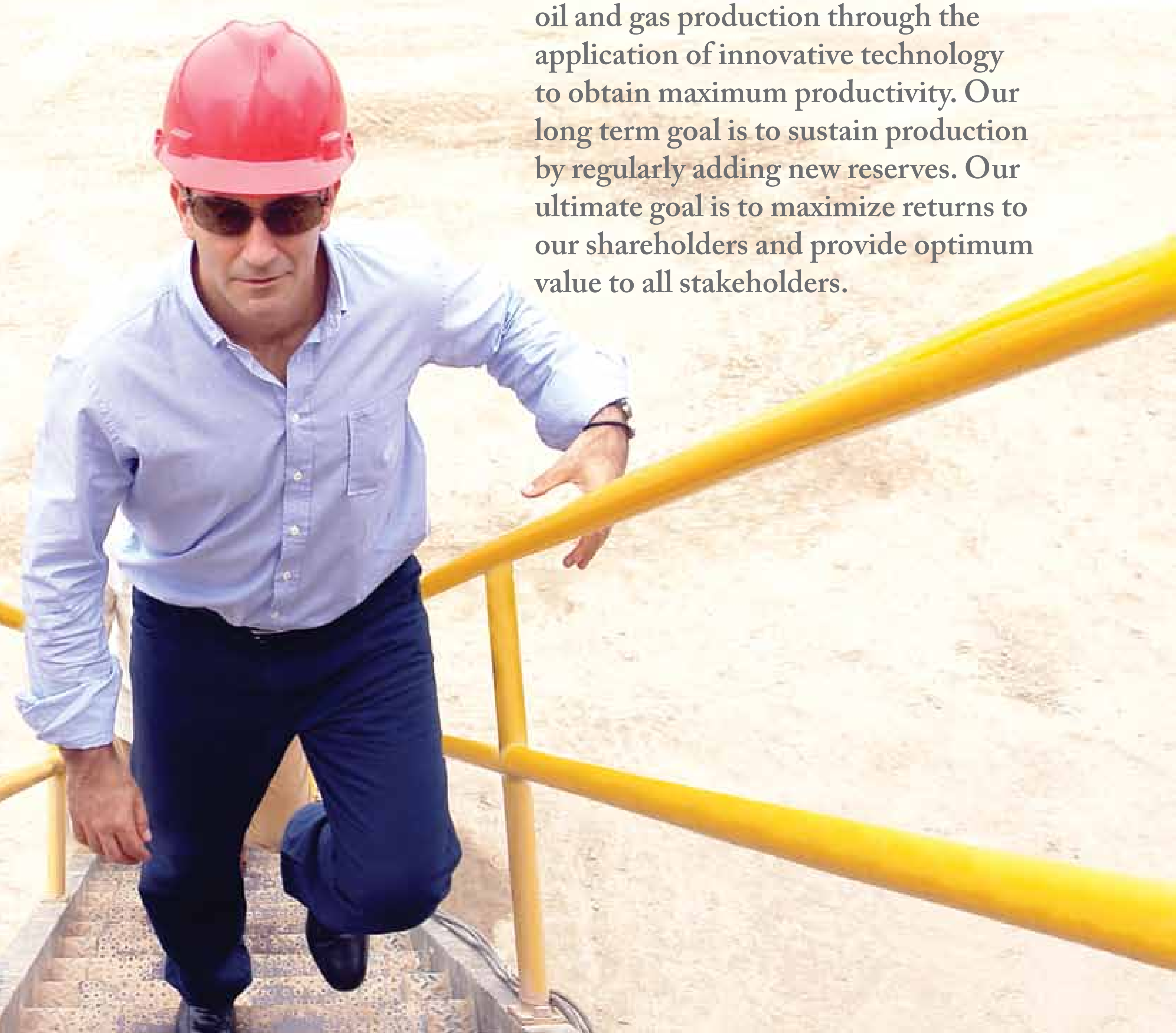
Mission

"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.



Core Values

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

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

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

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

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

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

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

Board of Directors

Dr. Ghaith R. Pharaon

Shuaib A. Malik

Laith G. Pharaon

Wael G. Pharaon

Arif Kemal

Abdus Sattar

Nihal Cassim

Babar Bashir Nawaz
(Alternate director to Wael G. Pharaon)

Iqbal A. Khwaja
(Alternate director to Laith G. Pharaon)

Bilal Ahmad Khan
(Alternate director to Dr. Ghaith R. Pharaon)

Corporate Information

Directors

Dr. Ghaith R. Pharaon
Alternate director:
Mr. Bilal Ahmad Khan

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

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

Mr. Arif Kemal

Mr. Abdus Sattar

Mr. Nihal Cassim

Mr. Shuaib A. Malik
Chairman & Chief Executive

CFO/Company Secretary

Syed Khalid Nafees Zaidi

Audit Committee

Mr. Abdus Sattar

Chairman

Mr. Iqbal A. Khwaja
Member

Mr. Babar Bashir Nawaz
Member

Mr. Bilal Ahmad Khan
Member

Auditors and Tax Advisor

A.F. Ferguson & Co.,
Chartered Accountants

Legal Advisors

Khan & Piracha

Ali Sibtain Fazli & Associates

Registered Office

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

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

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

Shareholder Enquiries

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

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

Annual Report

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

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

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

Management Committees

Various committees have been constituted to look after the operational and financial matters of the Company.

A brief description of the composition and terms of reference of the various management 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".

Code of Conduct

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.

- 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 gender, and will treat everyone with dignity and with full respect for their private lives. This is expected also to apply to relations between members of personnel.

Global Compact

Responsibility Act

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

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

Human Rights

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

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

Labor Standards

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

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

Principle 5: The effective abolition of child labor; and

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

Environment

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

Principle 8: Undertake initiatives to promote greater environmental responsibility;

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

Anti-Corruption

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

Products

Crude Oil

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

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

Natural Gas

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

LPG

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

Solvent oil

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

Sulphur

Solid Sulphur occurs principally in three forms, all of which are brittle, yellow in color, odorless, tasteless, and insoluble in water. It is a chemically active element and forms many compounds, both by itself (sulfides) and in combination with other elements. It is part of many organic compounds.
Sulphur is used in black gunpowder, matches and fireworks; in the vulcanization of rubber; as a fungicide and insecticide; and in the treatment of certain skin diseases. The principal use of Sulphur is in the preparation of its compounds. The most important Sulphur compound is Sulphuric acid.

Chairman's Statement

Our drilling program in 2011 achieved successes in Domial-1, Makori East-1 and Tolanj X-1. Presently five wells are under drilling in our operated and non-operated joint ventures and we are hopeful of finding new discoveries of oil and gas.

بسم الله الرحمن الرحيم

During the year the Company earned a profit of Rs 10.815 billion (2010: Rs 7.437 billion), an increase of 45.4% over last year.

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

It gives me great pleasure to welcome you to the Sixtieth Annual General Meeting of the Company and to present the Company's Annual Report and Audited Financial Statements for the year ended June 30, 2011.

The Board

I welcome the newly elected Board and hope that it will continue to guide the management of your company to build a stronger and more vibrant Company for the future and sustain the strategic momentum that has been built over the years.

Results

The performance of your Company during the year ended June 30, 2011 clearly reflects the success of our strategy of focusing on sustaining production from producing fields and enhancing the Company's below ground reserves.

During 2011, production of oil increased by 186 thousand barrels and gas by 8,889 million cubic feet, translating into increases of 13% and 39% respectively. As a consequence, net sales of Rs 25 billion, achieved during the year, are the highest ever in the history of the Company.

I am also pleased to inform you that this is also the second consecutive year of highest achievements. During the year, your Company earned a profit of Rs 10.815 billion (2010: Rs 7.437 billion), an increase of 45.4% over last year.

As we expect new discoveries to be connected to production lines during the coming year, this will further enhance profitability and have a positive impact on the national economy.

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

Exploration and development activities

Our drilling program in 2011 achieved successes in Domial-1, Makori East-1 and Tolanj X-1. Presently five wells are under drilling in our operated and non-operated joint ventures and we are hopeful of finding new discoveries of oil and gas.

We remain committed to having a strong presence in high-potential exploration opportunities to enhance our reserves base.

Outlook

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

Acknowledgment

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

I would also like to thank all the shareholders for their continued support.

Shuaib A. Malik

Chairman and Chief Executive

Damascus, Syria

September 11, 2011

The Directors have pleasure in presenting the Annual Report and Audited Financial Statements of the Company for the year ended June 30, 2011.

Directors' Report

Financial Results	
These are summarized below:	Rs (`000)
Profit for the year after providing for all expenses including depreciation, exploration, amortization and workers' funds.	14,950,010
Less: Provision for taxation	4,135,000
Profit after tax	10,815,010

Financial Results

The Company has made a profit after tax of Rs 10,815 million (2010: Rs 7,437 million), which is the highest ever profit in the Company's history and is higher by 45.4% as compared to last year. The profit translates into earnings per share of Rs 45.72 (2010: Rs 31.44). The increase in profit is primarily driven by strong production growth in both oil and gas by 13% and 39% respectively supported by increase in crude oil and gas prices by 24% and 7% respectively as compared to the last year.

SALES

Rs 24,951m

Net sales increased by 39.8%. Both volume and price variances are favorable.

In line with the strategy to enhance our below ground reserves, the company continues to pursue a balanced exploration

We are driven by our vision to be the leading oil and gas exploration and production company of Pakistan with the highest proven hydrocarbon reserves and production.

policy. The details of the exploration activities are covered in detail by each geographical area later in this report.

Cash Flows

Cash and cash equivalents increased by Rs 3,614 million during the year (2010: Rs 2,372 million). Cash flows generated from operating activities at Rs 12,427 million were 34% higher as compared to last year mainly due to the increased sales.

Contribution Towards the Economy

The Company continues to play a vital role in the oil and gas sector of the Country. During the year the Company saved foreign exchange in excess of USD 572 million (2010 :USD 409.5 million) for the country. The contribution to the national exchequer, in the shape of royalty and other government levies, was Rs 9,344 million (2010: Rs 5,399 million).

Directors

At the eighteenth Extraordinary General Meeting held on June 20, 2011, a new Board of Directors was elected for a term of three years, commencing from June 20, 2011 as under:

1. Dr. Ghaith R. Pharaon
2. Mr. Laith G. Pharaon
3. Mr. Wael G. Pharaon
4. Mr. Shuaib A.Malik
   Chairman and Chief Executive
5. Mr. Abdus Sattar
6. Mr. Arif Kemal
7. Mr. Nihal Cassim

The Board includes six non-executive directors including three independent directors.

Audit Committee

The Board has formed an Audit Committee comprising the following directors:

1. Mr. Abdus Sattar
   Chairman
2. Mr. Babar Bashir Nawaz
   Member
   Alternate Director to Mr. Wael G. Pharaon
3. Mr. Iqbal A. Khwaja
   Member
   Alternate Director to Mr. Laith G. Pharaon
4. Mr. Bilal Ahmad Khan
   Member
   Alternate Director to Dr. Ghaith R. Pharaon

Dividend

The Directors have recommended a final cash dividend of Rs 25 per share i.e. 250 %. This is in addition to the interim cash dividend of Rs 10 per share i.e. 100% already declared and paid to the shareholders thereby making it a total cash dividend of Rs 35 per share for the year 2010-11 (2009-10: cash dividend of Rs 25.5 per share).

Production

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

	Unit	2010-11	2009-10
Crude Oil/Condensate	(US Barrels)	**1,659,192**	1,472,825
Gas	(Million Cubic Feet)	**31,530**	22,641
LPG	(Metric Tones)	**29,994**	34,119
Sulphur	(Metric Tones)	**1,062**	1,131
Solvent Oil	(US Barrels)	**24,034**	29,777

The Company's share in production, including that from joint ventures, for the year under review averaged at 4,546 barrels per day (bpd) of crude oil, 86.38 million standard cubic feet per day (mmscfd) of gas, 82.18 metric tons per day (MTD) of LPG, 2.91 MTD of Sulphur and 66 bpd of solvent oil.

Operations Review and Future Prospects

Producing Fields

At Dhulian field (operated by POL with a 100% share), drilling is in progress at a new well, Dhulian Deep-1. At Pindori field (operated by POL with a 35% share), further options for field development are under consideration and the location for a new well, Pindori-9, are being evaluated. At Pariwali (operated by POL with a 82.5% share), studies are underway to evaluate the potential for an additional well.

In Tal block (operated by MOL where POL has a pre-commerciality share of 25%), Manzalai-9 well was spudded on June 24, 2011 and drilling is in progress.

At Adhi field (operated by Pakistan Petroleum Limited where POL has a 11% share), the location of Adhi-19 well is under review.

The Board remains committed to the philosophy of effective business risk management as a core managerial competency.

At Ikhlas block, the exploratory well Domial-1 was completed after delivery of optimum completion equipment and is producing 510 barrels of oil and 5.7 million cubic feet of gas per day.

+12.65% Crude oil production

2011	1,659
2010	1,473
2009	1,353
2008	1,846
2007	2,163
2006	2,583

(barrels thousand)

+39.26% Gas production

2011	31,530
2010	22,641
2009	13,834
2008	16,100
2007	17,034
2006	17,452

(million cubic feet)

-12.09% LPG production

2011	29,994
2010	34,119
2009	34,098
2008	42,703
2007	43,328
2006	42,442

(metric tons)

At Ratana field (operated by Ocean Pakistan Limited where POL has 4.545% share), Ratana-4 well was spudded on July 4, 2011 and drilling is in progress.

Exploration

At Ikhlas block, the exploratory well Domial-1 was completed after delivery of optimum completion equipment and is producing 510 barrels of oil and 5.7 million cubic feet of gas per day. Presently, extended well testing is in progress to determine the full potential of the well. Domial-2 well, also in the Ikhlas block, was spudded on October 22, 2010 and has been drilled down to its target depth at 17,808 ft. Presently, the well is being prepared for testing prospective zones. The Company has decided to drill another exploratory well in the block.

At Margalla Block, MGL-1 an exploratory well was plugged and abandoned because the target zone was not encountered.

At Tal block, the Makori East-1 well was drilled down to the target depth of 4,900 meters. The well was completed in the three bottom most reservoirs and tested a co-mingled production of 5,476 barrels of oil per day and 16.9 million cubic feet of gas per day at a choke of 36/64" with a flowing well head pressure of 4,610 psi. The other three upper reservoirs are behind the pipe with a provision to perforate later through completion when required. Production from the Makori-East-1 well is expected in the 1st half of 2012. The Makori East-2 well was spudded on July 5, 2011 and drilling is in progress.

Also in Tal block, the Tolanj X-1 well drilled down to the target depth of 5,500 meters. The well produced 125 barrels of oil and 23.19 million cubic feet of gas per day. Subsequently, a measurable drop in pressure was observed at the well, which is being evaluated.

NET PROFIT

Rs 10,815m

which is highest ever in the history of Company.

Two new appraisal wells' location Mamikhel-2 and Maramzai-2 have been approved by the Joint Venture partner.

At Chak Naurang block, operated by OGDCL, an exploratory well, Chak Naurang South-1 has failed to show measurable quantity of hydrocarbons despite several nitrogen jobs.

New Prospects

In DG Khan and Rajanpur blocks, 2D seismic acquisition of 450 line kilometers has been planned.

Subsidiary

CAPGAS(Private) Limited

CAPGAS earned a profit after tax of Rs. 51.23 million during the year (2009-10: Rs. 35.07 million). It declared a total dividend of 550% for the year 2010-11 (2009-10: 390%). The Company received an average of 20 metric tons per day LPG from the Adhi plants and an average of 5.7 metric tons per day of LPG from PARCO.

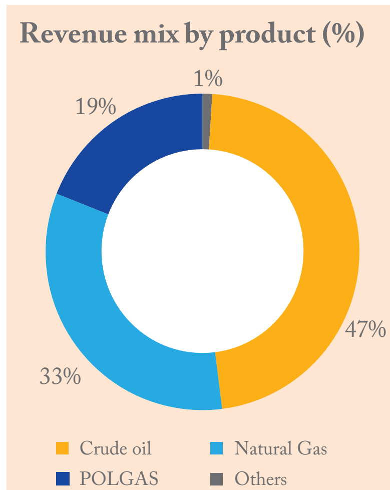
"At Tal block, the Makori East-1 well was completed in the three bottom most reservoirs and tested a co-mingled production of 5,476 barrels of oil and 16.9 million cubic feet of gas per day.

The Company believes that quality and an unyielding commitment to continuous improvement are indispensable ingredients to achieving success. All processes are subject to continuous evaluation and improvement.

Also in Tal block, the Tolanj X-1 well drilled down to the target depth of 5,500 meters. The well produced 125 barrels of oil and 23.19 million cubic feet of gas per day.

Crude Oil Transportation

Khaur Crude Oil Decanting Facility (KCDF) continued to operate satisfactorily. During the year, a total of 1.6 million barrels of crude oil arriving from the southern part of the country were pumped to Attock Refinery Limited through this facility and pipeline.



Risk Management

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

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

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

2. **Exploration risk:** Exploration activity includes the risks of incorrect selection of exploration acreage, error in processing or interpretation of seismic data, incorrect selection of drilling site. The Company is mitigating exploration risks by using latest technologies, having experienced and efficient teams, entering into joint venture agreements to dilute risks and also consulting with external experts.

3. **Drilling risk:** Oil and gas drilling inherently is a high risk activity. The Company is exposed to a number of hazards during drilling of wells including well blow out, fishing, fire hazards and personal injury. In addition, the risk of not discovering oil and / or

As part of a new initiative, a reporting mechanism is being introduced that will enable real time, online monitoring and reporting of producing assets. This will eventually be extended to include key assets across the Company.

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 strict criterion for selecting rig and other allied services/equipment. Further, the Company also obtains control of well insurance cover for all drilling wells.

4. **Underperformance of major oil and gas fields:** The Company's future earnings and profitability is dependent upon the production and reserves of its oil and gas fields. The actual production from fields may differ materially from estimates due to possible underperformance of the oil and gas reservoirs or other production related factors.

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

   The vulnerability can give rise to the following risks:
   - Commercial risks
   - Operational – not having materials
   - Contractual – exposure to liquidated damages

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

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

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

8. **Increased competition:** With increased competition in the oil and gas exploration and production sector, particularly in relation to the application and award of exploration concessions, the Company may be faced with higher competition than before. In addition, the Company's LPG marketing business may be adversely affected due to increased competition, decline in margins or disruption to LPG supply sources. The Company is in a continuous process to explore new opportunities with joining hands with other E & P companies by way of farm-in and farm-out agreements. In LPG marketing business, the Company has established a good storage capacity for continuous supply to keep margins intact and continues to remain on the lookout for sustainable cost-effective sources of further supplies.

9. **Information technology failures:** The Company's operations may be adversely affected due to information

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

We believe that we are an integral part of the community wherever we work. Investing in the communities in which we operate is not just a demand that must be met; it is philosophy that we buy into.

technology failures especially in today's environment of reliance on IT systems, regulation and reporting deadlines.

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

10. **Economic and political risks:** Volatile economic and financial market conditions resulting from economic or political instability.

11. **Joint Venture Partners:** We are also operating in a joint venture environment and many of our projects are operated by other partners. Our ability to influence partners is sometimes limited, due to our small share in non-operated ventures. Non-alignment on various strategic decisions in joint ventures may result in operational of production inefficiencies or delay. We mitigate this risk by continuous and regular engagement of joint venture partners in operated and non-operated projects.

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

13. **Third Party Liability:** A third party liability could have a material and adverse effect on our business. The company has taken a third party liability insurance cover for it drilling areas and pipeline and its material installations to mitigate this risk.

Business Process Reengineering (BPR) / Development Activities

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

Hydrocarbon Software (HYSYS- Process design software)

This software contributed significantly in optimization of process parameters at LPG plant Pindori and added value in terms of enhanced LPG recovery under very rigorous capacity turn down ratio with worst reduced gas throughput. Using the same software, a process simulation model was developed for processing of Domial gas for

We believe that achieving and maintaining high standards of health, safety and environment is integral to the success of our business performance and objectives.

H2S removal on our existing plant at Meyal. High concentration of H2S in Domial gas is dealt effectively at purification unit due to guidelines on process parameters received from the simulated model.

Process optimization and development followed by revenue enhancement is outgrowth of this software.

CCTV System

The Company is to integrate a LAN based CCTV System into the POL Security Mechanism to improve and enhance security at key installations. The said system will provide extensive monitoring capabilities. In next phase, alarms and alerts can be generated from within the system to activate local response at each installation.

Communication

The Company continues to enhance, improve and modernize its communication setup. Head Office to Fields and Inter Fields communications has been streamlined with the provision to integrate new fields and locations in future for data and voice communication.

Plant Online Monitoring

As part of a new initiative, a reporting mechanism is being introduced that will enable real time, online monitoring and reporting of producing assets. This will eventually be extended to include key assets across the Company.

Quality Management System

Our vision is to set the standard of excellence in our work. We are certified for ISO 9001:2000 quality management system. By adopting ISO9001:2000, the Company is in a continuous process of improving and following set standards and procedures with a view of meeting and exceeding organization objectives.

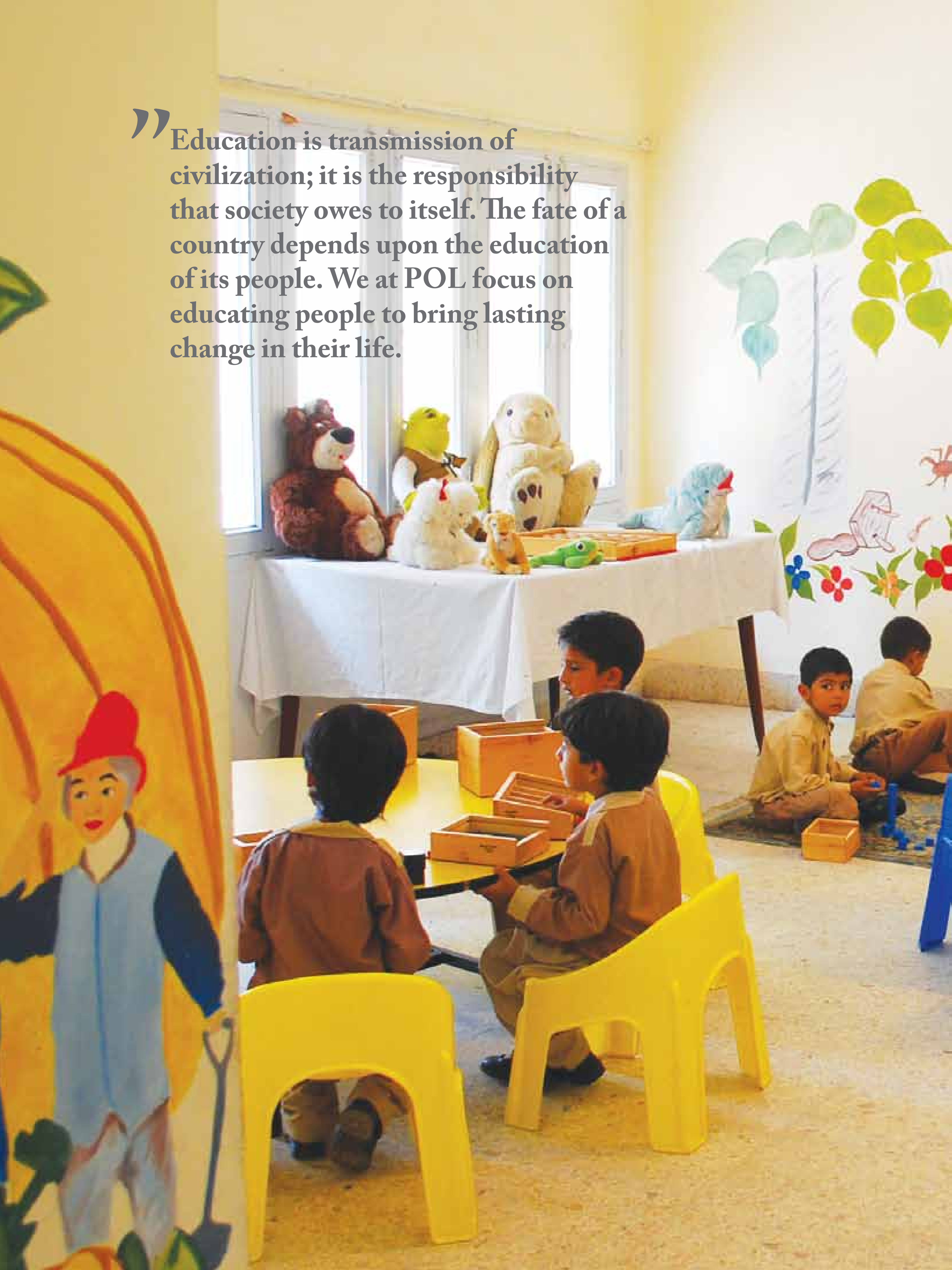
We at POL believe that we are an integral part of a community wherever we work. Investing in the communities in which we operate is not just a demand that must be met; it is philosophy that we buy into. As part of its core values, the Company places tremendous importance towards contributing to the well being of the communities in which it operates.

Our commitment to being a good corporate citizen includes:

- Protecting our environment.
- Operating in a socially responsible manner.
- Developing the communities in which we operate.
- Maintaining standards of excellence in our work and advocating healthy lifestyles.
- Acting with integrity and adhering to the highest ethical standards.
- Promoting diversity in our work force and partnering with diverse suppliers.
- Ensuring a safe, healthy workplace.

Our Commitment to the Community

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



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


LITTLE MISS MUFFET
Little Miss Muffet
Sat on a tuffet,
Eating her curds and whey;
There came a big spider,
Who sat down beside her
And frightened Miss Muffet
away.
CLASS II

We implemented a visionary Community Development Program that focuses on providing education, supporting healthcare and financing infrastructure projects.

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

change for people in need.

We believe that all human beings are born with unique gifts; the healthy functioning of our community depends on its capacity to develop each gift and realize the importance of strengthening and developing human resource. We implemented a visionary Community Development Program that focuses on providing education, supporting healthcare and financing infrastructure projects including supplying free clean water. These are some of the ways we try to reach out to our community.

Our social investment projects are a testimony to the Company's commitment. One can see through our actions the story of dreams come true in developing an educated society, a healthy human resource, a clean environment and a safe workplace. Support for community development continued to be a significant element of POL's CSR initiative during the 2011. Highlights of our community development projects are as follows:

Education

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

High School at Khaur

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

Degree College at Khaur

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

Renovation / construction of schools in the vicinity of our operated areas

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

Water Supply Schemes

We are running several drinking water supply schemes in collaboration with the district and local governments. During the year, we spent Rs 1 million for up-gradation of different water supply schemes.

Civil Works and Roads

During the year Rs 13.5 million was spent on projects undertaken for the benefit of local communities including construction of roads, drains and concrete pavements.

Electrification

Rs. 1 million was spent, during current year, on providing poles and equipment for electrification in local communities.

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

Sports activities

The Company organizes sports activities and competitions with active participation of local communities. POL Cricket and Hockey tournament is an annual event.

Others

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

Supporting Our People

Our employees continually strive for the benefit of all stakeholders. To maximize our performance, we attract, retain and develop quality people, providing them with personal and professional growth opportunities that are aligned with organizational goals and strategies. To assist employees to meet their challenges and grow, they are supported through leadership experiences, training, secondments, rotations, projects, promotions and other opportunities.

We believe that our people are our most valuable assets because it is they who ultimately determine our success. With our firm belief that 'People Make the Difference', we ensure that the operations are resourced with a committed workforce equipped with the essential skills, have predefined performance targets and also ensure that their achievements are duly recognized. Our reward structures consider all aspects of salary, incentives and benefits as a total package with intention of providing competitive levels of remuneration and enhanced earning opportunities in recognition of business success. The Company remains committed to ensuring that all employees are treated with dignity and respect and that working environment is one where each employee's contribution is recognized and valued.

Training and Development of Human Resource

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

Health, Safety and Environment Review

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

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

Khaur Hospital

The Company is maintaining an end-to-end smart hospital with state of the art medical technologies at Khaur with a mission to provide quality patient care establish a

The Company has instituted a safety management system built on comprehensive and structured programs designed to reduce accidents and eliminate injuries at all our locations.

collaborative working environment and promote informed participation in decisions related to care, quality of life and optimal level of wellness. The hospital provides quality medical care, vital health services and free emergency assistance round the clock.

Khaur hospital provides residents with greater accessibility to medical expertise and clinical services that typically would not be available in a rural community. The hospital is equipped with state of the art operation theatre, fixed and mobile X-ray machines, sophisticated medical laboratory and latest facilities. The hospital has indoor facilities of 40 bed air conditioned wards and provides services of consultants and specialist doctors.

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

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

Other Healthcare Facilities

Other healthcare facilities provided by the Company at fields are:

- Regular free dispensaries have been organized for the local community of the Pindori and Balkassar area.
- Field hospital / dispensaries at Meyal.
- Annual vaccination program launched in collaboration with district health department.
- POL is running a Poor Patient Fund (Contributed by Chairman and employees) catering for about 250 plus registered persons providing day to day medical care.

Community Health Program

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

Occupational health and safety (OH&S)

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

Our primary objectives are to ensure the safety of our people in occupational and operational environments and to ensure safe and knowledgeable use of hazardous materials used during operations.

In addition to regulatory requirements, occupational and research activities at POL are guided by internal policies. Department heads and managers all have the responsibility to develop, implement and maintain all elements of the safety program.

The Company has instituted

Health and safety training is provided to employees to ensure that they perform their work in accordance with the Company's standards and targets.

We are committed to managing environmental risks and opportunities in accordance with applicable legislation while aiming to operate as efficiently as possible and reduce its impact on the environment. Environmental management systems are in place, which assist in reducing environmental risks, and minimizing the consumption of energy, water and waste. Environmental considerations are taken into account when procuring goods and services, and when redeveloping or upgrading facilities.

a safety management system built on comprehensive and structured programs designed to reduce accidents and eliminate injuries at all our locations. The structure of "Emergency Response Teams" is well defined and the required contingency plans have been established which regulate emergency organization, responsibilities, list of key personnel, important telephone numbers, communication plans and sequence of activities to mitigate the situation.

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

co-workers, including immediate reporting of accidents, injuries and unsafe practices or conditions. Employees are also expected to work free from the influence of any substance that could prevent or impair them from performing their jobs safely and effectively.

Procedures and processes are regularly reviewed to ensure that the standards set are linked to industry best practices. Health and safety training is provided to employees to ensure that they perform their work in accordance with the Company's standards and targets. In this respect, in-house training for fire safety, first aid, safe driving and occupational health and safety is carried out routinely.

The Company ensures that employees and where applicable,

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

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

Safety

We are committed to providing a safe and healthy work environment and preventing accidents. Employees are accountable for observing the safety and health rules and practices that apply to their jobs. They are expected to take precautions necessary to protect themselves and their

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.

Our primary objectives are to ensure the safety of our people in occupational and operational environments and to ensure safe and knowledgeable use of hazardous materials used during operations.

Four (04 Nos.) Engineers (3 HSE Engineers & 1 Process Engineer) were sent for NEBOS-IGC (National Examination Board of Occupational Health & Safety) International General certificate UK exam and they successfully qualified.

Civil defense trainings in Khaur, Meyal & Pindori were arranged by HSE Department in which total 75 Nos. of participants successfully passed their exams.

Basic Life Support (BLS) & Automatic External Defibrillator (AED) trainings were conducted by HSE Department in co-operation with POL hospital in Khaur in which total 40 Nos. of participants appeared & qualified.

Furthermore, POL is also in process of acquiring certification of OHSAS 18001 (occupational health & safety assessment series) for PPF (Pariwali Production Facility).

Tool box talks and on Field training sessions are conducted by HSE department in each field on regular basis. Following is the comparison of the trainings given by HSE department in last 2 years.

Year	Trainings	Participants
2011	536	4,961
2010	469	4,374

Helping Our Environment

We are committed to managing environmental risks and opportunities in accordance with applicable legislation while aiming to operate as efficiently as possible and reduce its impact on the environment. Environmental management systems are in place, which assist in reducing environmental risks, and minimizing the consumption of energy, water and waste. Environmental considerations are taken into account when procuring goods and services, and when redeveloping or upgrading facilities. We work with local communities, governments, and employees to identify and implement initiatives that are positive for the environment. Our fields and offices represent the most significant environmental footprint and its greatest opportunities. A range of initiatives were deployed during the year which will assist the efficient use of water and energy in a growing business including new intelligent sub metering technologies installed, air-conditioning systems upgraded, and replacement of lights with new energy efficient lighting. Independent parties are engaged to regularly verify the Company's environmental management systems and performance in line with applicable legislation from the below programs. The Company seeks to minimize our ecological footprint. The Company has formulated an executive committee on HSE issues. The executive committee provides regulatory requirements and technical guidance to all stakeholders to:

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

  Some of 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

”POL is operating a Degree College at Khaur. This project has a permanent benefit to the community. Khaur Degree College is a leading provider of post secondary education in the area.

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

Supporting Our People

issues of effluent treatment and management & disposal of waste. Currently we have installed a waste water recycling plant at Khaur; recycled water is being used for gardening purpose.

- Construction of API evaporation ponds for the disposal of produced water.
- Development of a children parks in the areas of our operation.
- Established and maintained noise monitoring system and marked the high noise zone at the plants.
- Laying of high quality geo-membrane in waste water & drilling fluid pits at new drilling sites.
- Conducting "Initial Environment Examination" (IEE) for non-sensitive areas and "Environmental Impact Assessment (EIA) in environmentally sensitive area and stringent monitoring & compliance of National Environmental Regulation.
- We developed a disposal system for used lube oil.
- Safe disposal (incineration) of hazardous hospital waste.
- Established effluents monitoring system and arrangement to separate oil contents in power houses & compressor stations discharge water.
- Acquired system for Flue gas analysis to control the emission of noxious gases in environment.
- Bio-remediation project for the removal oil from contaminated soil.
- POL is also in process of acquiring certification of ISO 14001 for LPG plant.
- Planning for renewable energy and alternative energy.

We have installed solar energy based traffic signals at Khaur.

Codes of Practice

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

Corporate Governance

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

On adopting the current code of corporate governance, the Board determined that the appropriate approach to governance is to adopt a framework that draws on the governance requirements and best practices across the globe.

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, 2011, 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, 2010 are as follows:

Management Staff Pension Fund	Rs 603.8 million
Gratuity Fund	Rs 108.4 million
Staff Provident Fund	Rs 273.1 million
General Staff Provident Fund	Rs 328.4 million

Directors and Board Meetings

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

Directors	Meetings Attended
Dr. Ghaith R. Pharaon	5*
Mr. Laith G. Pharaon	4*
Mr. Wael G. Pharaon	5*
Mr. Shuaib A. Malik *(Chairman and Chief Executive)*	5
Mr. Abdus Sattar	5
Mr. Mohammad Raziuddin**	4
Mr. Arif Kemal	5*

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

** The Board nominated Mr. Mohammad Raziuddin to fill a casual vacancy on August 9, 2010.

The above information relates to meetings of the Board as standing prior to the election of directors held on June 20, 2011. The new Board did not hold a meeting till June 30, 2011.

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

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

Auditors

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

Shareholding

The pattern of shareholding as at June 30, 2011 is annexed. All trades in the shares of the Company, if any, carried out by the directors, CEO, CFO and Company Secretary and their spouses and minor children are also annexed.

Holding Company

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

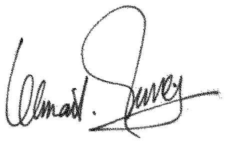
Consolidated Financial Statements

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

Acknowledgement

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

On behalf of the Board



Shuaib A. Malik
Chairman and Chief Executive

Damascus, Syria
September 11, 2011

Shareholders` Information

Pattern of Shareholding

As at June 30, 2011

Form - 34

S.No.	From	To	Shares	No. of Shareholders
1	1	100	42,134	868
2	101	500	343,535	1,170
3	501	1000	530,998	658
4	1001	5000	2,625,129	1,082
5	5001	10000	1,952,287	265
6	10001	15000	1,439,016	113
7	15001	20000	1,362,457	76
8	20001	25000	1,077,286	48
9	25001	30000	927,964	33
10	30001	35000	1,128,719	34
11	35001	40000	638,469	17
12	40001	45000	940,093	22
13	45001	50000	873,611	18
14	50001	55000	365,125	7
15	55001	60000	350,400	6
16	60001	65000	501,600	8
17	65001	70000	476,453	7
18	70001	75000	220,840	3
19	75001	80000	544,992	7
20	80001	85000	81,000	1
21	85001	90000	529,020	6
22	90001	95000	182,324	2
23	95001	100000	690,883	7
24	100001	105000	102,300	1
25	105001	110000	878,400	8
26	110001	115000	222,856	2
27	115001	120000	234,800	2
28	120001	125000	123,600	1
29	125001	130000	518,380	4
30	130001	135000	263,507	2
31	140001	145000	285,011	2
32	145001	150000	297,700	2
33	150001	155000	612,961	4
34	155001	160000	477,520	3
35	160001	165000	326,700	2
36	165001	170000	673,257	4
37	170001	175000	175,000	1
38	180001	185000	552,480	3
39	185001	190000	185,215	1
40	190001	195000	192,800	1
41	195001	200000	600,000	3
42	200001	205000	200,200	1
43	205001	210000	416,812	2
44	210001	215000	426,900	2
45	215001	220000	436,000	2
46	220001	225000	221,578	1
47	225001	230000	686,025	3
48	230001	235000	695,654	3
49	235001	240000	477,400	2
50	240001	245000	494,273	2
51	250001	255000	251,000	1
52	260001	265000	791,472	3
53	265001	270000	267,100	1

Pattern of Shareholding

As at June 30, 2011

Form - 34

S.No.	From	To	Shares	No. of Shareholders
54	275001	280000	551,050	2
55	300001	305000	300,500	1
56	305001	310000	305,200	1
57	320001	325000	321,069	1
58	330001	335000	663,000	2
59	335001	340000	339,632	1
60	340001	345000	345,000	1
61	345001	350000	345,500	1
62	350001	355000	355,000	1
63	355001	360000	720,000	2
64	390001	395000	394,890	1
65	395001	400000	1,597,640	4
66	405001	410000	408,585	1
67	415001	420000	415,905	1
68	435001	440000	872,610	2
69	445001	450000	450,000	1
70	450001	455000	453,863	1
71	480001	485000	485,000	1
72	500001	505000	504,830	1
73	510001	515000	1,021,854	2
74	575001	580000	575,891	1
75	595001	600000	600,000	1
76	605001	610000	608,176	1
77	640001	645000	643,000	1
78	660001	665000	664,260	1
79	695001	700000	1,400,000	2
80	700001	705000	703,400	1
81	720001	725000	720,858	1
82	795001	800000	800,000	1
83	810001	815000	811,407	1
84	850001	855000	855,000	1
85	855001	860000	857,440	1
86	860001	865000	864,000	1
87	1110001	1115000	1,115,000	1
88	1145001	1150000	1,150,000	1
89	1275001	1280000	1,277,322	1
90	1335001	1340000	1,338,529	1
91	1495001	1500000	1,500,000	1
92	1505001	1510000	1,509,474	1
93	1780001	1785000	1,784,437	1
94	2095001	2100000	2,099,951	1
95	2365001	2370000	2,365,459	1
96	2385001	2390000	2,388,607	1
97	2410001	2415000	2,412,000	1
98	2880001	2885000	2,881,539	1
99	5430001	5435000	5,433,500	1
100	9690001	9695000	9,693,949	1
101	10645001	10650000	10,648,860	1
102	13300001	13305000	13,304,532	1
103	124775001	124780000	124,776,965	1
TOTAL			236,545,920	4,586

Categories of Shareholders

As at June 30, 2011

Categories of Shareholders	Number of Shareholders	Number of Shares held	Percentage %
Investment Corporation of Pakistan	1	97	0.00
National Bank of Pakistan, Trustee Department (NIT)	1	2,881,539	1.22
Banks & Financial Institutions	39	27,034,312	11.43
Associated Companies	2	125,041,349	52.86
Public Sectors Companies	135	4,217,457	1.78
Modaraba Companies	4	17,780	0.01
Mutual Funds	68	11,608,945	4.91
Investment Companies	13	1,406,402	0.59
Insurance Companies	19	17,221,713	7.28
Individuals	4,210	29,732,188	12.57
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	58	3,738,007	1.58
Charitable Trusts & Foundation	34	2,983,371	1.26
TOTAL	4,586	236,545,920	100.00

Key Shareholding and Shares Traded

As at June 30, 2011

	Categories	Number of Shareholders	Number of Shares held
	Associated Companies		
1	The Attock Oil Company Limited	01	124,776,965
2	Laith Trading & Contracting Company Ltd.	01	264,384
	NIT & ICP		
1	National Bank of Pakistan, Trustee Department (NIT)	01	2,881,539
2	Investment Corporation of Pakistan (ICP)	01	97
	Directors and their spouses and minor children		
1	Dr. Ghaith R. Pharaon	01	*200
2	Mr. Laith G. Pharaon	01	*200
3	Mr. Wael G. Pharaon	01	*200
4	Mr. Abdus Sattar	01	*200
5	Mr. Arif Kemal	01	*200
6	Mr. Nihal Cassim	01	400,000
7	Mr. Shuaib A. Malik (Chairman and Chief Executive)	01	2,365,743
	Executives	09	12,757
	Public sector companies and corporations	136	128,994,422
	Banks, Development Finance Institution, Non Banking Finance Institutions, Insurance Companies, Modarabas & Mutual Funds	158	57,289,152
	Shareholders holding 10% or more voting interest		
	** The Attock Oil Company Limited	01	124,776,965

No trade has been made in Shares of the Company by Directors, CEO, CFO, Company Secretary and their spouses and minor children except for mentioned below:

Mr. Babar Bashir Nawaz (Alternate Director)	01	22,500

* 200 shares shown against the name of each director are held in trust

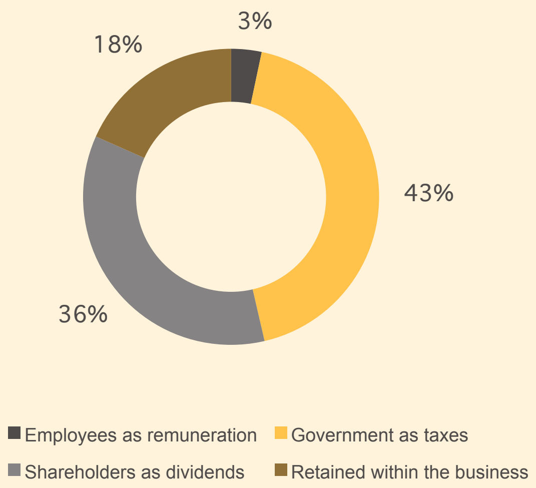
** also shown under associated companies and public sector companies

Statement of Value Added

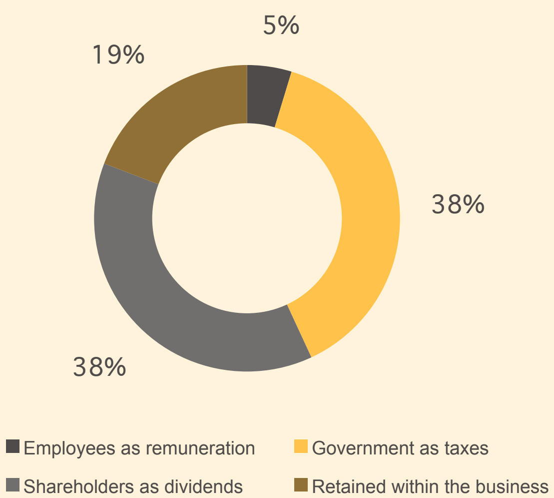
	2011	2010
	Rupees ('000)	
Gross revenue	27,102,437	19,305,844
Less: Operating and exploration expenses	5,547,453	4,825,694
	21,554,984	14,480,150
Add: Income from investments	1,330,267	799,428
Other income	500,738	627,387
Total value added	23,385,989	15,906,965
Distributed as follows:		
Employees remuneration	793,555	741,168
Government as:		
Company taxation	4,135,000	2,154,000
Levies	2,151,730	1,461,237
Excise duty and development surcharge	352,485	172,174
Royalty	2,310,470	1,595,972
Workers' funds	1,104,237	709,163
	10,053,922	6,092,546
Shareholders as:		
Dividend	8,279,107	6,031,921
Retained in business:		
Depreciation	601,304	528,947
Amortization	1,122,198	1,107,538
Net earnings	2,535,903	1,404,845
	4,259,405	3,041,330
	23,385,989	15,906,965

Statement of Value Added

DISTRIBUTION OF VALUE ADDITION - 2011



DISTRIBUTION OF VALUE ADDITION - 2010



Vertical Analysis

	2006		2007		2008		2009		2010		2011	
	(Rs in million)	%	(Rs in million)	%	(Rs in million)	%	(Rs in million)	%	(Rs in million)	%	(Rs in million)	%
BALANCE SHEET												
SHARE CAPITAL AND RESERVES												
Issued, subscribed and paid-up capital	1,971	8.48%	1,971	7.77%	1,971	6.00%	2,365	6.81%	2,365	6.01%	2,365	5.03%
Revenue reserves												
Insurance reserve	200	0.86%	200	0.79%	200	0.61%	200	0.58%	200	0.51%	200	0.43%
Investment reserve	-	0.00%	-	0.00%	-	0.00%	1,558	4.49%	1,558	3.96%	1,558	3.31%
Unappropriated profit	12,448	53.56%	17,522	69.09%	23,182	70.53%	21,801	62.78%	24,981	63.53%	29,290	62.27%
	12,648	54.42%	17,722	69.88%	23,382	71.14%	23,559	67.84%	26,739	68.00%	31,048	66.00%
Fair value gain on available-for-sale investments	5	0.02%	20	0.08%	17	0.05%	10	0.03%	21	0.05%	10	0.02%
	14,624	62.92%	19,713	77.73%	25,370	77.19%	25,934	74.68%	29,125	74.07%	33,423	71.05%
NON CURRENT LIABILITIES												
Long term loans and murabaha finance	1,620	6.97%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Long term deposits	445	1.91%	471	1.86%	477	1.45%	457	1.32%	467	1.19%	487	1.04%
Deferred liabilities	2,602	11.20%	3,266	12.88%	4,091	12.45%	5,565	16.03%	6,398	16.27%	7,710	16.39%
	4,667	20.08%	3,737	14.74%	4,568	13.90%	6,022	17.34%	6,865	17.46%	8,197	17.43%
CURRENT LIABILITIES AND PROVISIONS												
Current portion of long term loans and murabaha finance	1,080	4.65%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Interest accrued on long term loans and murabaha finance	70	0.30%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Trade and other payables	2,158	9.29%	1,602	6.32%	2,227	6.78%	2,292	6.60%	2,287	5.82%	4,045	8.60%
Provision for income tax	642	2.76%	308	1.21%	703	2.14%	477	1.37%	1,045	2.66%	1,374	2.92%
	3,950	17.00%	1,910	7.53%	2,930	8.91%	2,769	7.97%	3,332	8.47%	5,419	11.52%
TOTAL EQUITY AND LIABILITIES	23,241	100.00%	25,360	100.00%	32,868	100.00%	34,725	100.00%	39,322	100.00%	47,039	100.00%
FIXED ASSETS												
Property, plant and equipment	1,639	7.05%	2,109	8.32%	2,642	8.04%	4,013	11.56%	4,095	10.41%	4,258	9.05%
Development and decommissioning costs	4,861	20.92%	6,012	23.71%	6,435	19.58%	7,664	22.07%	10,476	26.64%	10,568	22.47%
Exploration and evaluation assets	-	0.00%	372	1.47%	1,282	3.90%	3,494	10.06%	2,705	6.88%	4,811	10.23%
	6,500	27.97%	8,493	33.49%	10,359	31.52%	15,171	43.69%	17,276	43.93%	19,637	41.75%
LONG TERM INVESTMENTS IN SUBSIDIARY AND ASSOCIATED COMPANIES	8,056	34.66%	8,056	31.77%	9,616	29.26%	9,616	27.69%	9,616	24.45%	9,616	20.44%
OTHER LONG TERM INVESTMENTS	279	1.20%	603	2.38%	522	1.59%	128	0.37%	138	0.35%	70	0.15%
LONG TERM LOANS AND ADVANCES	12	0.05%	7	0.03%	11	0.03%	10	0.03%	13	0.03%	20	0.04%
CURRENT ASSETS												
Stores and spares	1,567	6.74%	2,280	8.99%	2,298	6.99%	2,794	8.05%	2,641	6.72%	2,632	5.60%
Stock in trade	63	0.27%	69	0.27%	58	0.18%	89	0.26%	87	0.22%	126	0.27%
Trade debts	2,490	10.71%	2,344	9.24%	1,800	5.48%	1,827	5.26%	2,584	6.57%	4,343	9.23%
Advances, deposits, prepayments and other receivables	229	0.99%	260	1.03%	702	2.14%	1,144	3.29%	650	1.65%	663	1.41%
Short term investments	121	0.52%	75	0.30%	77	0.23%	-	0.00%	2,277	5.79%	3,227	6.86%
Cash and bank balances	3,924	16.88%	3,173	12.51%	7,425	22.59%	3,946	11.36%	4,040	10.27%	6,705	14.25%
	8,394	36.12%	8,201	32.34%	12,360	37.60%	9,800	28.22%	12,279	31.23%	17,696	37.62%
TOTAL ASSETS	23,241	100.00%	25,360	100.00%	32,868	100.00%	34,725	100.00%	39,322	100.00%	47,039	100.00%

Vertical Analysis

	2006		2007		2008		2009		2010		2011	
	(Rs in million)	%	(Rs in million)	%	(Rs in million)	%	(Rs in million)	%	(Rs in million)	%	(Rs in million)	%
PROFIT AND LOSS ACCOUNT												
Net Sales	14,650	100.00%	14,239	100.00%	16,739	100.00%	14,047	100.00%	17,845	100.00%	**24,951**	**100.00%**
Cost of Sales	4,894	33.41%	5,689	39.95%	6,156	36.78%	5,755	40.97%	6,959	39.00%	**9,324**	**37.37%**
Gross Profit	9,756	66.59%	8,550	60.05%	10,583	63.22%	8,292	59.03%	10,886	61.00%	**15,627**	**62.63%**
Exploration costs	1,239	8.46%	923	6.48%	1,024	6.12%	2,057	14.64%	1,606	9.00%	**1,075**	**4.31%**
	8,517	58.14%	7,627	53.56%	9,559	57.11%	6,235	44.39%	9,280	52.00%	**14,552**	**58.32%**
Administration expenses	52	0.35%	50	0.35%	53	0.32%	47	0.33%	73	0.41%	**83**	**0.33%**
Finance cost	377	2.57%	226	1.59%	389	2.32%	512	3.64%	284	1.59%	**224**	**0.90%**
Other charges	553	3.77%	568	3.99%	647	3.87%	533	3.79%	709	3.97%	**1,104**	**4.42%**
	982	6.70%	844	5.93%	1,089	6.51%	1,092	7.77%	1,066	5.97%	**1,411**	**5.66%**
	7,535	51.43%	6,783	47.64%	8,470	50.60%	5,143	36.61%	8,214	46.03%	**13,141**	**52.67%**
Other operating income	739	5.04%	913	6.41%	1,392	8.32%	2,042	14.54%	1,377	7.72%	**1,809**	**7.25%**
Operating profit	8,274	56.48%	7,696	54.05%	9,862	58.92%	7,185	51.15%	9,591	53.75%	**14,950**	**59.92%**
Gain on sale of shares of an associated company	-	0.00%	-	0.00%	1,558	9.31%	-	0.00%	-	0.00%	**-**	**0.00%**
PROFIT BEFORE TAXATION	8,274	56.48%	7,696	54.05%	11,420	68.22%	7,185	51.15%	9,591	53.75%	**14,950**	**59.92%**
Provision for taxation	2,149	14.67%	1,757	12.34%	2,804	16.75%	1,567	11.16%	2,154	12.07%	**4,135**	**16.57%**
PROFIT FOR THE YEAR	6,126	41.82%	5,939	41.71%	8,616	51.47%	5,618	39.99%	7,437	41.68%	**10,815**	**43.34%**
CASH FLOWS												
Operating activities	5,822	148.37%	5,387	169.78%	9,144	123.15%	5,489	139.10%	9,297	147.17%	**12,427**	**125.12%**
Investing activities	(7,229)	-184.23%	(1,969)	-62.05%	(2,129)	-28.67%	(4,333)	-109.81%	(2,770)	-43.85%	**(2,318)**	**-23.34%**
Financing activities	79	2.01%	(4,178)	-131.67%	(2,959)	-39.85%	(5,034)	-127.57%	(4,248)	-67.25%	**(6,496)**	**-65.40%**
Cash and cash equivalents at year end	3,924	100.00%	3,173	100.00%	7,425	100.00%	3,946	100.00%	6,317	100.00%	**9,932**	**100.00%**

Horizontal Analysis

	2006		2007		2008		2009		2010		2011	
	(Rs in million)	%	(Rs in million)	%	(Rs in million)	%	(Rs in million)	%	(Rs in million)	%	(Rs in million)	%
BALANCE SHEET												
SHARE CAPITAL AND RESERVES												
Issued, subscribed and paid-up capital	1,971	100.00%	1,971	100.00%	1,971	100.00%	2,365	119.99%	2,365	119.99%	2,365	119.99%
Revenue reserves												
Insurance reserve	200	100.00%	200	100.00%	200	100.00%	200	100.00%	200	100.00%	200	100.00%
Investment reserve	-		-		-		1,558		1,558		1,558	
Unappropriated profit	12,448	100.00%	17,522	140.76%	23,182	186.23%	21,801	175.14%	24,981	200.68%	29,290	235.30%
	12,648	100.00%	17,722	140.12%	23,382	184.87%	23,559	186.27%	26,739	211.41%	31,048	245.48%
Fair value gain on available-for-sale investments	5	100.00%	20	400.00%	17	340.00%	10	200.00%	21	420.00%	10	200.00%
	14,624	100.00%	19,713	134.80%	25,370	173.48%	25,934	177.34%	29,125	199.16%	33,423	228.55%
NON CURRENT LIABILITIES												
Long term loans and murabaha finance	1,620	100.00%	-		-		-		-		-	
Long term deposits	445	100.00%	471	105.84%	477	107.19%	457	102.70%	467	104.94%	487	109.44%
Deferred liabilities	2,602	100.00%	3,266	125.52%	4,091	157.23%	5,565	213.87%	6,398	245.89%	7,710	296.31%
	4,667	100.00%	3,737	80.07%	4,568	97.88%	6,022	129.03%	6,865	147.10%	8,197	175.64%
CURRENT LIABILITIES AND PROVISIONS												
Current portion of long term loans and murabaha finance	1,080	100.00%	-		-		-		-		-	
Interest accrued on long term loans and murabaha finance	70	100.00%	-		-		-		-		-	
Trade and other payables	2,158	100.00%	1,602	74.24%	2,227	103.20%	2,292	106.21%	2,287	105.98%	4,045	187.44%
Provision for income tax	642	100.00%	308	47.98%	703	109.50%	477	74.30%	1,045	162.77%	1,374	214.02%
	3,950	100.00%	1,910	48.35%	2,930	74.18%	2,769	70.10%	3,332	84.35%	5,419	137.19%
TOTAL EQUITY AND LIABILITIES	23,241	100.00%	25,360	109.12%	32,868	141.42%	34,725	149.41%	39,322	169.19%	47,039	202.40%
FIXED ASSETS												
Property, plant and equipment	1,639	100.00%	2,109	128.68%	2,642	161.20%	4,013	244.84%	4,095	249.85%	4,258	259.79%
Development and decommissioning costs	4,861	100.00%	6,012	123.68%	6,435	132.38%	7,664	157.66%	10,476	215.51%	10,568	217.40%
Exploration and evaluation assets	-		372		1,282		3,494		2,705		4,811	
	6,500	100.00%	8,493	130.66%	10,359	159.37%	15,171	233.40%	17,276	265.78%	19,637	302.11%
LONG TERM INVESTMENTS IN SUBSIDIARY AND ASSOCIATED COMPANIES	8,056	100.00%	8,056	100.00%	9,616	119.36%	9,616	119.36%	9,616	119.36%	9,616	119.36%
OTHER LONG TERM INVESTMENTS	279	100.00%	603	216.13%	522	187.10%	128	45.88%	138	49.46%	70	25.09%
LONG TERM LOANS AND ADVANCES	12	100.00%	7	58.33%	11	91.67%	10	83.33%	13	108.33%	20	166.67%
CURRENT ASSETS												
Stores and spares	1,567	100.00%	2,280	145.50%	2,298	146.65%	2,794	178.30%	2,641	168.54%	2,632	167.96%
Stock in trade	63	100.00%	69	109.52%	58	92.06%	89	141.27%	87	138.10%	126	200.00%
Trade debts	2,490	100.00%	2,344	94.14%	1,800	72.29%	1,827	73.37%	2,584	103.78%	4,343	174.42%
Advances, deposits, prepayments and other receivables	229	100.00%	260	113.54%	702	306.55%	1,144	499.56%	650	283.84%	663	289.52%
Short term investments	121	100.00%	75	61.98%	77	63.64%	-	0.00%	2,277	1881.82%	3,227	2666.94%
Cash and bank balances	3,924	100.00%	3,173	80.86%	7,425	189.22%	3,946	100.56%	4,040	102.96%	6,705	170.87%
	8,394	100.00%	8,201	97.70%	12,360	147.25%	9,800	116.75%	12,279	146.28%	17,696	210.82%
TOTAL ASSETS	23,241	100.00%	25,360	109.12%	32,868	141.42%	34,725	149.41%	39,322	169.19%	47,039	202.40%

Horizontal Analysis

	2006		2007		2008		2009		2010		2011	
	(Rs in million)	%	(Rs in million)	%	(Rs in million)	%	(Rs in million)	%	(Rs in million)	%	(Rs in million)	%
PROFIT AND LOSS ACCOUNT												
Net Sales	14,650	100.00%	14,239	97.19%	16,739	114.26%	14,047	95.88%	17,845	121.81%	24,951	170.31%
Cost of Sales	4,894	100.00%	5,689	116.24%	6,156	125.79%	5,755	117.59%	6,959	142.19%	9,324	190.52%
Gross Profit	9,756	100.00%	8,550	87.64%	10,583	108.48%	8,292	84.99%	10,886	111.58%	15,627	160.18%
Exploration costs	1,239	100.00%	923	74.50%	1,024	82.65%	2,057	166.02%	1,606	129.62%	1,075	86.76%
	8,517	100.00%	7,627	89.55%	9,559	112.23%	6,235	73.21%	9,280	108.96%	14,552	170.86%
Administration expenses	52	100.00%	50	96.15%	53	101.92%	47	90.38%	73	140.38%	83	159.62%
Finance cost	377	100.00%	226	59.95%	389	103.18%	512	135.81%	284	75.33%	224	59.42%
Other charges	553	100.00%	568	102.71%	647	117.00%	533	96.38%	709	128.21%	1,104	199.64%
	982	100.00%	844	85.95%	1,089	110.90%	1,092	111.20%	1,066	108.55%	1,411	143.69%
	7,535	100.00%	6,783	90.02%	8,470	112.41%	5,143	68.25%	8,214	109.01%	13,141	174.40%
Other operating income	739	100.00%	913	123.55%	1,392	188.36%	2,042	276.32%	1,377	186.33%	1,809	244.79%
Operating profit	8,274	100.00%	7,696	93.01%	9,862	119.19%	7,185	86.84%	9,591	115.92%	14,950	180.69%
Gain on sale of shares of an associated company	-		-		1,558		-		-		-	
PROFIT BEFORE TAXATION	8,274	100.00%	7,696	93.01%	11,420	138.02%	7,185	86.84%	9,591	115.92%	14,950	180.69%
Provision for taxation	2,149	100.00%	1,757	81.76%	2,804	130.48%	1,567	72.92%	2,154	100.23%	4,135	192.42%
PROFIT FOR THE YEAR	6,126	100.00%	5,939	96.95%	8,616	140.65%	5,618	91.71%	7,437	121.40%	10,815	176.54%
CASH FLOWS												
Operating activities	5,822	100.00%	5,387	92.53%	9,144	157.06%	5,489	94.28%	9,297	159.69%	12,427	213.45%
Investing activities	(7,229)	100.00%	(1,969)	27.24%	(2,129)	29.45%	(4,333)	59.94%	(2,770)	38.32%	(2,318)	32.07%
Financing activities	79	100.00%	(4,178)	-5288.61%	(2,959)	-3745.57%	(5,034)	-6372.15%	(4,248)	-5377.22%	(6,496)	-8222.78%
Cash and cash equivalents at year end	3,924	100.00%	3,173	80.86%	7,425	189.22%	3,946	100.56%	6,317	160.98%	9,932	253.11%

Six Years at a Glance

(Rupees millions unless otherwise stated)

	2006	2007	2008	2009	2010	2011
PROFIT AND LOSS SUMMARY						
Net sales						
Crude oil	9,034	7,676	9,811	7,052	8,238	**11,804**
Gas	3,187	3,187	3,185	3,734	5,587	**8,166**
POLGAS-Refill of cylinders	2,164	3,116	3,437	2,984	3,784	**4,745**
LPG	31	4	3	4	1	**-**
Solvent oil	214	237	231	228	224	**212**
Sulphur	20	19	72	45	11	**24**
Total net sales	14,650	14,239	16,739	14,047	17,845	**24,951**
Cost of sales	4,894	5,689	6,156	5,755	6,959	**9,324**
Gross profit	9,756	8,550	10,583	8,292	10,886	**15,627**
Exploration cost	1,239	923	1,024	2,057	1,606	**1,075**
Administration expenses	52	50	53	47	73	**83**
Other charges	553	568	647	533	709	**1,104**
Finance cost	377	226	389	512	284	**224**
Other operating income	739	913	1,392	2,042	1,377	**1,809**
Operating profit	8,274	7,696	9,862	7,185	9,591	**14,950**
Gain on sale of shares of an associated company	-	-	1,558	-	-	**-**
Profit before tax	8,274	7,696	11,420	7,185	9,591	**14,950**
Taxation	2,149	1,757	2,804	1,567	2,154	**4,135**
Profit after tax	6,126	5,939	8,616	5,618	7,437	**10,815**
Earnings before interest, taxes, depreciation and amortization (EBITDA)	9,599	8,986	12,879	8,431	11,227	**16,674**
Dividends	2,464	2,957	3,154	4,258	6,032	**8,279**
BALANCE SHEET SUMMARY						
Authorized capital	2,000	5,000	5,000	5,000	5,000	**5,000**
Paid-up capital	1,971	1,971	1,971	2,365	2,365	**2,365**
Reserves	205	220	217	1,768	1,779	**1,768**
Unappropriated profit	12,448	17,522	23,182	21,801	24,981	**29,290**
Deferred liabilities	2,602	3,266	4,091	5,565	6,398	**7,710**
Long term deposits	445	471	477	457	467	**487**
Long term Loans	1,620	-	-	-	-	**-**
Current liabilities	3,950	1,910	2,930	2,769	3,332	**5,419**
Fixed assets (less depreciation)	1,639	2,109	2,642	4,013	4,095	**4,258**
Development and decommissioning costs	4,861	6,012	6,435	7,664	10,476	**10,568**
Exploration and evaluation assets	-	372	1,282	3,494	2,705	**4,811**
Long term investments	8,335	8,659	10,138	9,744	9,754	**9,686**
Other long term assets	12	7	11	10	13	**20**
Curent assets	8,394	8,201	12,360	9,800	12,279	**17,696**
CASH FLOWS						
Operating activities	5,822	5,387	9,144	5,489	9,297	**12,427**
Investing activities	(7,229)	(1,969)	(2,129)	(4,333)	(2,770)	**(2,318)**
Financing activities	79	(4,178)	(2,959)	(5,034)	(4,248)	**(6,496)**
Cash and cash equivalents at year end	3,924	3,173	7,425	3,946	6,317	**9,932**

Six Years at a Glance

KEY FINANCIAL RATIOS		2006	2007	2008	2009	2010	2011
Profitability Ratios							
Gross profit	%	66.59	60.05	63.22	59.03	61.00	**62.63**
Net profit	%	41.82	41.71	51.47	39.99	41.68	**43.34**
EBITDA margin to sales	%	65.52	63.11	76.94	60.02	62.92	**66.83**
Operating leverage	Time	0.99	3.20	2.66	2.30	1.24	**1.40**
Return on equity	%	41.89	30.13	33.96	21.66	25.53	**32.36**
Return on average capital employed	%	47.57	34.59	38.22	21.90	27.01	**34.58**
Liquidity Ratios							
Current ratio	Time	2.13	4.29	4.22	3.54	3.69	**3.27**
Quick ratio	Time	1.71	3.05	3.41	2.50	2.83	**2.73**
Cash to current liabilities	Time	0.99	1.66	2.53	1.43	1.90	**1.83**
Cash flow from operations to sales	%	39.74	37.83	54.63	39.08	52.10	**49.81**
Activity / Turnover Ratios							
Inventory turnover[1]	Time	-	-	-	-	-	-
Inventory turnover[1]	Days	-	-	-	-	-	-
Debtors turnover	Time	8.20	5.89	8.08	7.75	8.09	**7.20**
Average collection period	Days	44.51	61.97	45.17	47.10	45.12	**50.69**
Creditors turnover[1]	Time	-	-	-	-	-	-
Average payment period[1]	Days	-	-	-	-	-	-
Total assets turnover	Time	0.75	0.59	0.57	0.42	0.48	**0.58**
Fixed assets turnover	Time	2.38	1.90	1.78	1.10	1.10	**1.35**
Operating cycle[1]	Time	-	-	-	-	-	-
Investment / Market Ratios							
Earnings per share - basic[2]	Rs	31.08	30.13	43.71	23.75	31.44	**45.72**
Earnings per share - restated[3]	Rs	25.90	25.11	36.42	23.75	31.44	**45.72**
Price earning ratio	Times	10.77	10.52	8.35	6.14	6.87	**7.85**
Cash dividend yield	%	4.87	4.60	4.69	7.05	14.10	**12.18**
Cash dividend payout	%	40.22	49.79	36.61	75.79	81.11	**76.55**
Cash dividend cover	%	248.62	200.85	273.18	131.94	123.29	**130.63**
Cash dividend per share	Rs	15.00	15.00	16.00	18.00	25.50	**35.00**
Bonus shares	%	50.00	-	20.00	-	-	-
Market value/share at year end	Rs	334.80	317.00	364.84	145.90	215.90	**359.01**
Market value/share-high during the year	Rs	722.00	386.95	435.00	369.48	254.00	**370.75**
Market value/share-low during the year	Rs	279.50	296.00	275.45	78.00	146.15	**209.99**
Market value/share-average during the year	Rs	435.45	343.47	343.69	185.73	216.51	**286.27**
Break-up value (Net assets/shares)	Rs	74.19	100.00	128.70	109.64	123.13	**141.30**
Capital Structure Ratios							
Financial leverage ratio[4]	%	18.46	-	-	-	-	-
Weighted average cost of debt[4]	%	10.33	-	-	-	-	-
Debt: equity ratio[4]	%	15.59	-	-	-	-	-
Interest cover [4]	Time	30.61	86.33	-	-	-	-
OTHER INFORMATION							
Contribution to national exchequer (Rs in million)		5,624	5,579	6,647	4,475	5,399	**9,344**
Foreign exchange savings (US $ million)		299	278	370	229	410	**572**
Market Capitalization (Rs in million)		65,996	62,488	71,918	34,512	51,070	**80,473**

Notes:

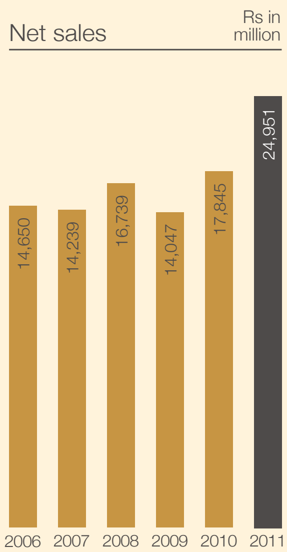
1- Not applicable in view of the nature of the company's business.

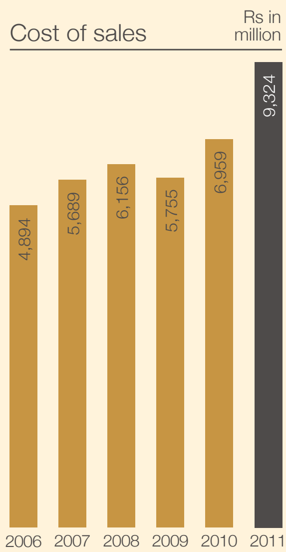
2- Calculated on shares outstanding as at June 30, of each year

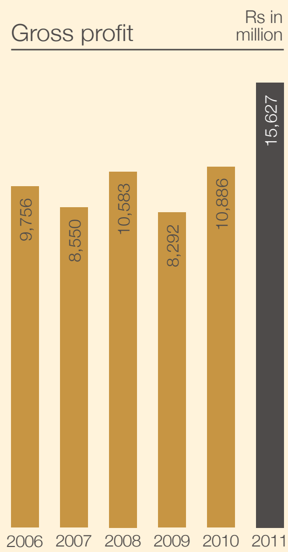
3- Calculated on shares outstanding as at June 30, 2011

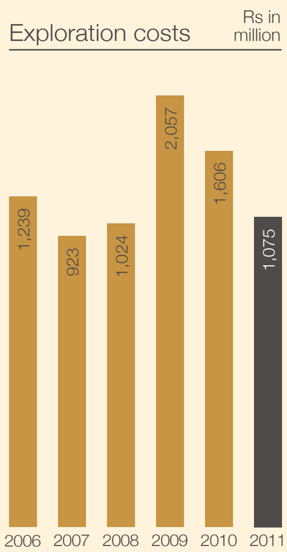
4- Not applicable as the company does not have debt.

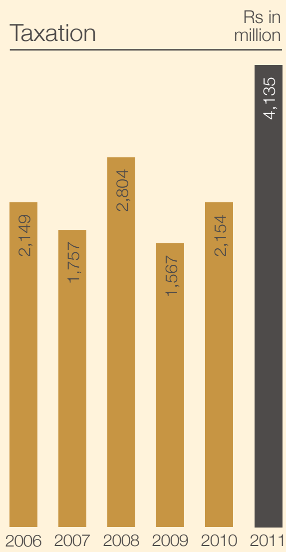
Six Years at a Glance

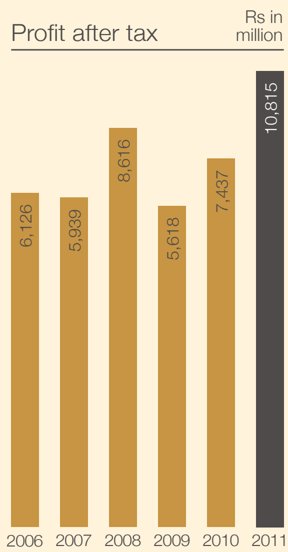




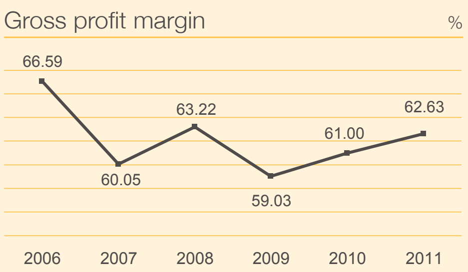


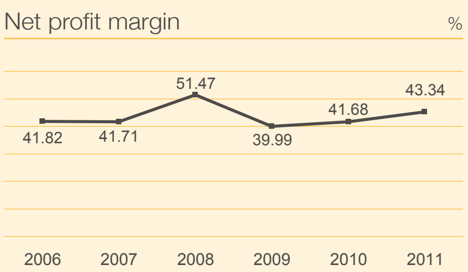


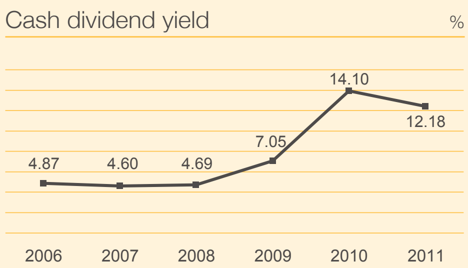


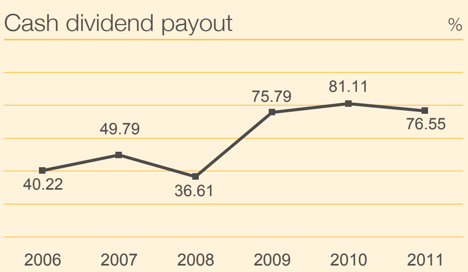


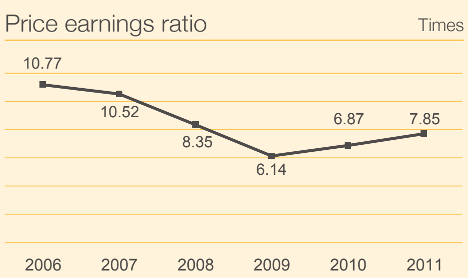
Six Years at a Glance



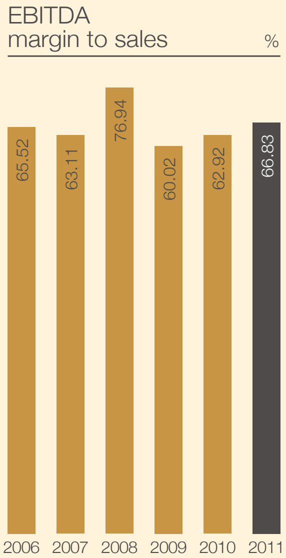


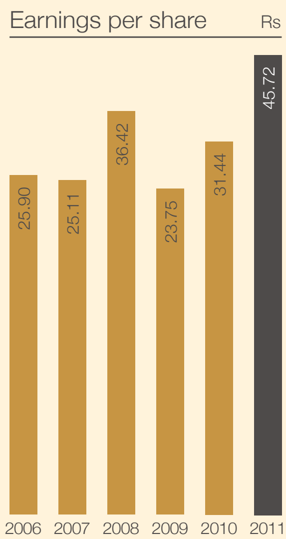


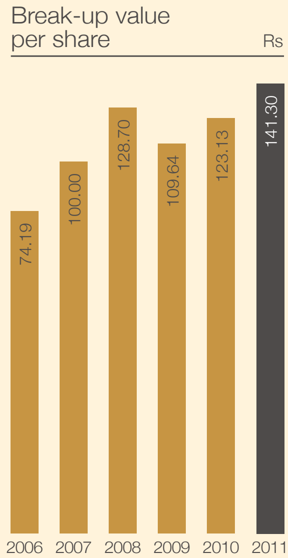


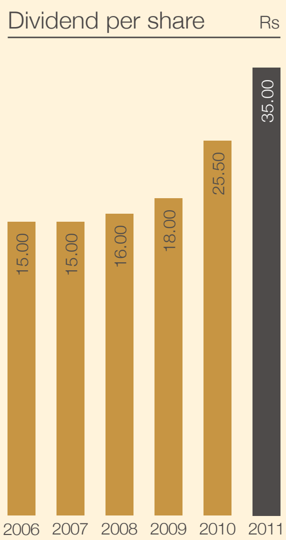


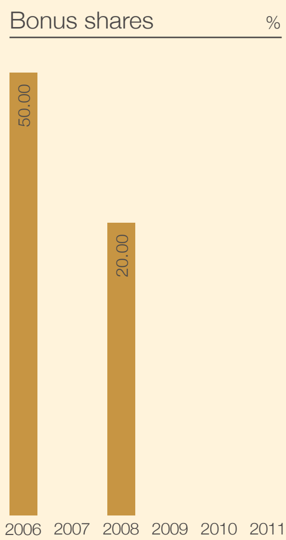
Six Years at a Glance

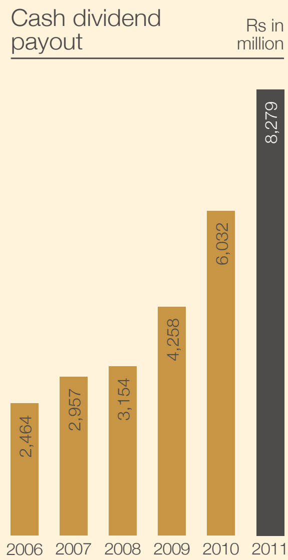




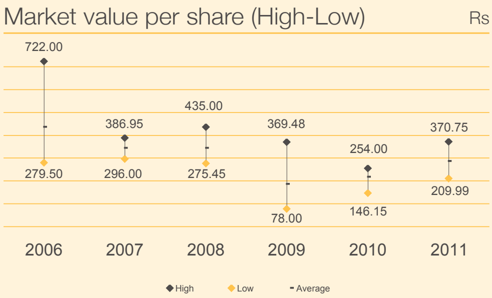


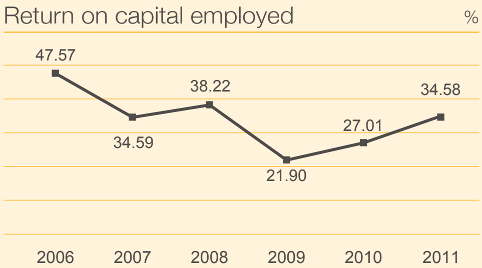


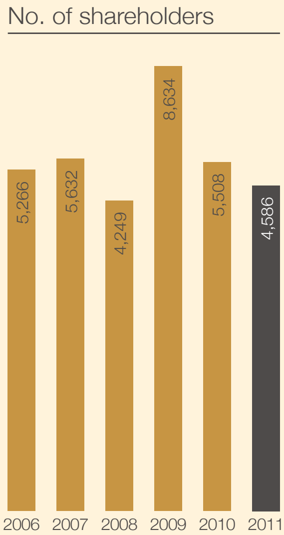


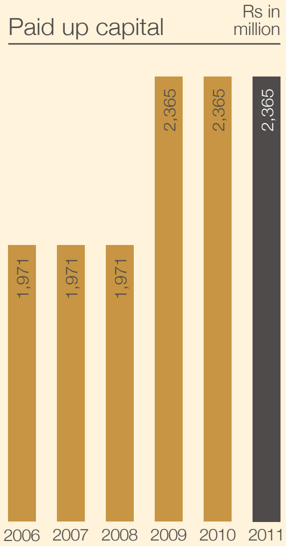


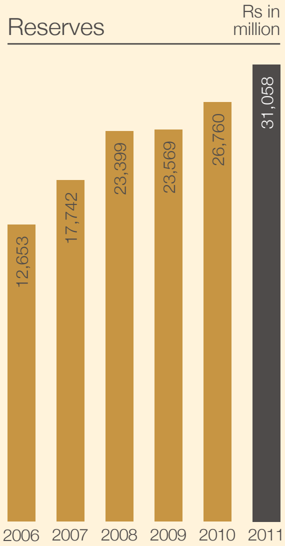
Six Years at a Glance

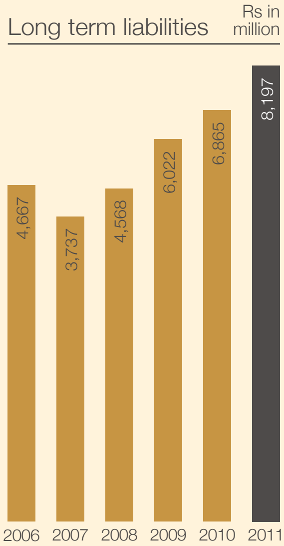




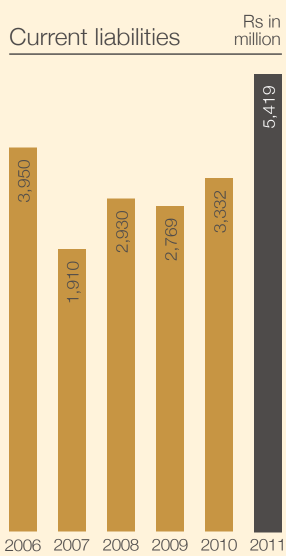


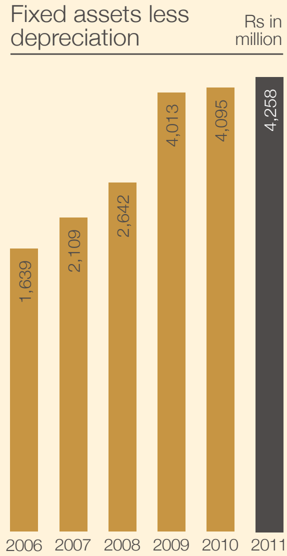


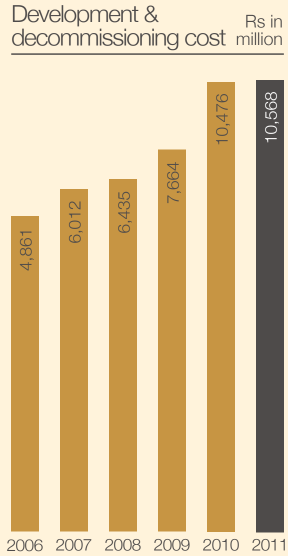


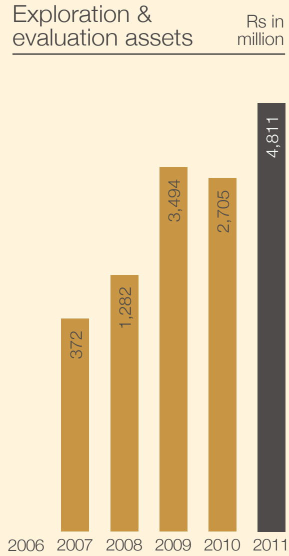


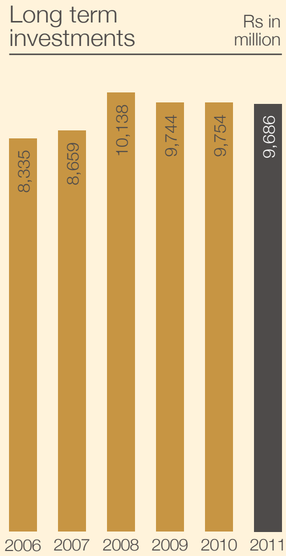
Six Years at a Glance

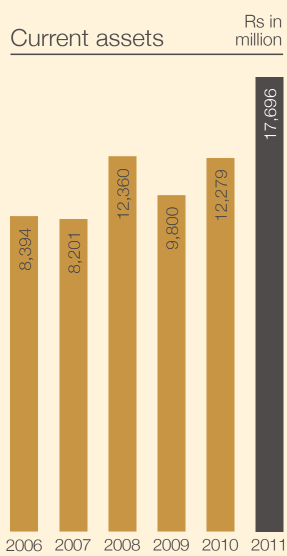


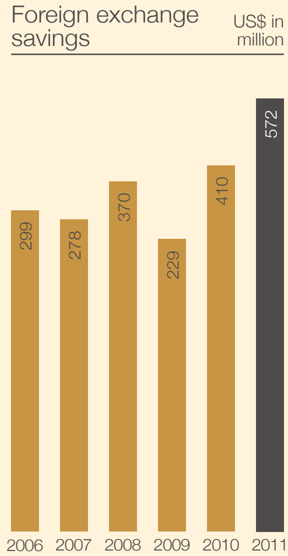


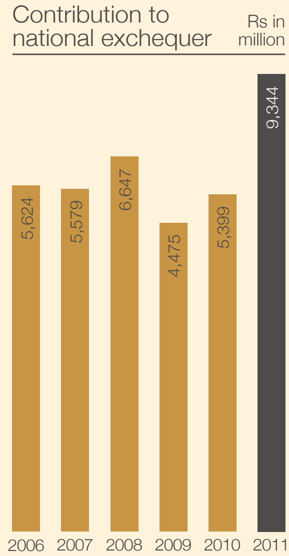








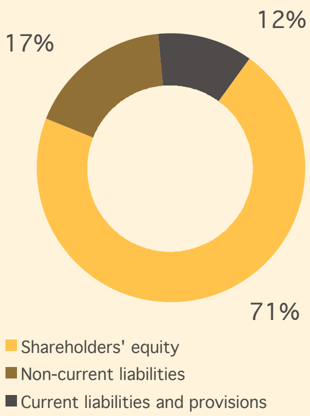




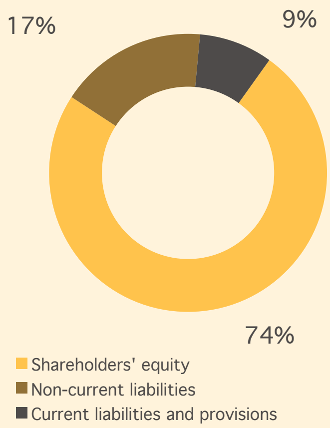
Balance Sheet Composition

SHARE CAPITAL, RESERVES AND LIABILITIES

June 30, 2011

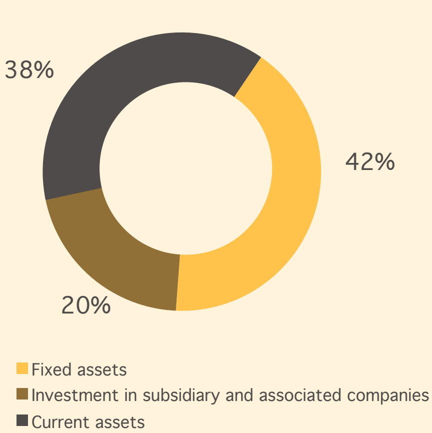


June 30, 2010

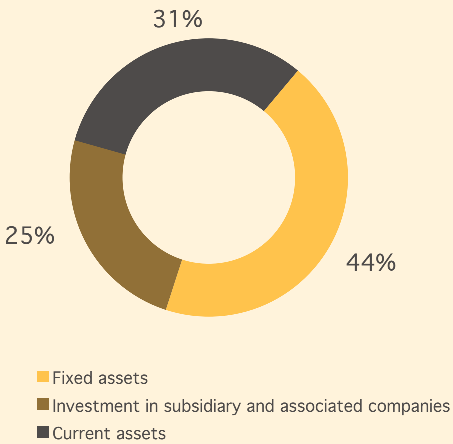


ASSETS

June 30, 2011



June 30, 2010



Shareholding in Exploration Licenses and D&P / Mining Leases

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

* Pre-Commerciality interest

Financial Statements

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

For the year ended June 30, 2011

pwc **A.F. Ferguson & Co.**

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

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance, as applicable to the Company for the year ended June 30, 2011.

Afferguson & Co.

Chartered Accountants
Islamabad
September 11, 2011

Engagement partner: M. Imtiaz Aslam

Statement of Compliance with the Code of Corporate Governance

For the year ended June 30, 2011

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 includes six non-executive directors of whom three are independent directors.

2. None of the directors is serving as a director in more than ten listed companies, including this Company.

3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI. None of the directors is a member of a stock exchange.

4. Casual vacancy, occurred on the Board on August 09, 2010 was filled within a period of 30 days from the creation of the vacancy.

5. The Company has prepared a 'Statement of Ethics and Business Practices', which has been signed by all the directors and employees of the Company.

6. The Board has developed vision and mission statements, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with dates on which they were approved or amended has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms of conditions of employment of the CEO and other executive directors, have been taken by the Board.

8. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter. Written notices of Board meetings, along with the agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The Board has been provided with detailed in-house briefings to apprise the directors of their duties and responsibilities.

10. The Board has approved the appointment of the CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment, as determined by the CEO.

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

12. The financial statements of the Company were duly endorsed by the CEO and CFO before approval of the Board.

Statement of Compliance with the Code of Corporate Governance

For the year ended June 30, 2011

13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

14. The Company has complied with all the corporate and financial reporting requirements of the Code.

15. The Board has formed an audit committee. It comprises four members, out of which three are non-executive directors including the chairman of the committee.

16. The meetings of the audit committee were held at least once every quarter prior to approval of the interim and final results of the Company and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The Board has set up an effective internal audit function.

18. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on the code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.

19. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

20. The related party transactions have been placed before the audit committee and approved by the Board of Directors to comply with the requirements of listing regulations of the Karachi Stock Exchange (Guarantee) Limited.

21. We confirm that all other material principles contained in the Code have been complied.

Shuaib A. Malik
Chief Executive

Damascus, Syria
September 11, 2011

Auditor's Report to the Members

pwc

A.F. Ferguson & Co.

We have audited the annexed balance sheet of Pakistan Oilfields Limited as at June 30, 2011 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

(a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

(b) in our opinion

  (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

  (ii) the expenditure incurred during the year was for the purpose of the Company's business; and

  (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2011 and of the profit, total comprehensive income, its cash flows and changes in equity for the year then ended; and

(d) in our opinion Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

AFFerguson & Co.

Chartered Accountants
Islamabad
September 11, 2011

Engagement Partner: M. Imtiaz Aslam

Balance Sheet

As at June 30, 2011

	Note	2011	2010
		Rupees ('000)	
SHARE CAPITAL AND RESERVES			
Authorised capital	6	5,000,000	5,000,000
Issued, subscribed and paid up capital	6	2,365,459	2,365,459
Revenue reserves	7	31,048,217	26,738,220
Fair value gain on available-for-sale investments		9,412	21,067
		33,423,088	29,124,746
NON CURRENT LIABILITIES			
Long term deposits	8	487,314	466,963
Deferred liabilities	9	7,710,102	6,398,264
		8,197,416	6,865,227
CURRENT LIABILITIES AND PROVISIONS			
Trade and other payables	10	4,045,039	2,287,213
Provision for income tax		1,373,662	1,045,053
		5,418,701	3,332,266
CONTINGENCIES AND COMMITMENTS	11		
		47,039,205	39,322,239

	Note	2011	2010
		Rupees ('000)	
FIXED ASSETS			
Property, plant and equipment	12	4,257,760	4,095,007
Development and decommissioning costs	13	10,568,414	10,475,686
Exploration and evaluation assets	14	4,810,730	2,705,298
		19,636,904	17,275,991
LONG TERM INVESTMENTS IN SUBSIDIARY AND ASSOCIATED COMPANIES	15	9,615,603	9,615,603
OTHER LONG TERM INVESTMENTS	16	69,677	138,565
LONG TERM LOANS AND ADVANCES	17	20,067	12,939
CURRENT ASSETS			
Stores and spares	18	2,632,488	2,641,060
Stock in trade	19	126,411	87,533
Trade debts	20	4,343,528	2,583,641
Advances, deposits, prepayments and other receivables	21	662,879	649,686
Short term investments	22	3,226,550	2,276,865
Cash and bank balances	23	6,705,098	4,040,356
		17,696,954	12,279,141
		47,039,205	39,322,239

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

Shuaib A. Malik
Chief Executive

Abdus Sattar
Director

Profit and Loss Account
For the year ended June 30, 2011

	Note	2011	2010
		Rupees ('000)	
SALES		27,102,437	19,305,844
Sales tax		(2,151,730)	(1,461,237)
NET SALES	24	24,950,707	17,844,607
Operating costs	25	(5,537,827)	(4,082,487)
Excise duty and development surcharge		(352,485)	(172,174)
Royalty		(2,310,470)	(1,595,972)
Amortisation of development and decommissioning costs		(1,122,198)	(1,107,538)
		(9,322,980)	(6,958,171)
GROSS PROFIT		15,627,727	10,886,436
Exploration costs	26	(1,075,045)	(1,606,385)
		14,552,682	9,280,051
Administration expenses	27	(83,101)	(73,326)
Finance cost	28	(223,930)	(283,746)
Other charges	29	(1,104,237)	(709,163)
		(1,411,268)	(1,066,235)
		13,141,414	8,213,816
Other operating income	30	1,808,596	1,376,950
PROFIT BEFORE TAXATION		14,950,010	9,590,766
Provision for taxation	31	(4,135,000)	(2,154,000)
PROFIT FOR THE YEAR		10,815,010	7,436,766
Earnings per share - Basic and diluted (Rupees)	36	45.72	31.44

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

Shuaib A. Malik
Chief Executive

Abdus Sattar
Director

Statement of Comprehensive Income

For the year ended June 30, 2011

	2011	2010
	Rupees ('000)	
Profit for the year	10,815,010	7,436,766
Other comprehensive income		
Fair value gain/(loss) on available-for-sale investments - net of tax	(11,655)	11,364
Total comprehensive income	10,803,355	7,448,130

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

Shuaib A. Malik
Chief Executive

Abdus Sattar
Director

Cash Flow Statement

For the year ended June 30, 2011

	Note	2011	2010
		Rupees ('000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers		23,678,915	17,604,531
Operating and exploration costs paid		(5,940,691)	(5,654,772)
Royalty paid		(2,214,441)	(1,503,566)
Taxes paid		(3,096,391)	(1,149,651)
Cash provided by operating activities		12,427,392	9,296,542
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed assets additions		(3,758,358)	(3,626,428)
Proceeds from disposal of property, plant and equipment		76,179	21,936
Proceeds from sale of available-for-sale investments		84,627	-
Income on bank deposits and held-to-maturity investments		729,818	463,483
Dividend income received		549,435	371,037
Cash used in investing activities		(2,318,299)	(2,769,972)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(6,495,633)	(4,247,951)
EFFECT OF EXCHANGE RATE CHANGES		967	92,922
INCREASE IN CASH AND CASH EQUIVALENTS		3,614,427	2,371,541
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		6,317,221	3,945,680
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	38	9,931,648	6,317,221

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

Shuaib A. Malik
Chief Executive

Abdus Sattar
Director

Statement of Changes in Equity

For the year ended June 30, 2011

	Share capital	Revenue reserves			Fair value gain/ (loss) on available-for-sale investments	Total
		Insurance reserve	Investment reserve	Unappropri-ated profit		
	Rupees ('000)					
Balance at June 30, 2009	2,365,459	200,000	1,557,794	21,801,486	9,703	25,934,442
Total comprehensive income for the year:						
Profit for the year after taxation	-	-	-	7,436,766	-	7,436,766
Other comprehensive income	-	-	-	-	11,364	11,364
	-	-	-	7,436,766	11,364	7,448,130
Transactions with owners:						
Final dividend @ Rs 10 per share - Year ended June 30, 2009	-	-	-	(2,365,459)	-	(2,365,459)
Interim dividend @ Rs 8 per share - Year ended June 30, 2010	-	-	-	(1,892,367)	-	(1,892,367)
Total transactions with owners	-	-	-	(4,257,826)	-	(4,257,826)
Balance at June 30, 2010	2,365,459	200,000	1,557,794	24,980,426	21,067	29,124,746
Total comprehensive income for the year:						
Profit for the year after taxation	-	-	-	10,815,010	-	10,815,010
Other comprehensive income	-	-	-	-	(11,655)	(11,655)
	-	-	-	10,815,010	(11,655)	10,803,355
Transactions with owners:						
Final dividend @ Rs 17.5 per share - Year ended June 30, 2010	-	-	-	(4,139,554)	-	(4,139,554)
Interim dividend @ Rs 10 per share - Year ended June 30, 2011	-	-	-	(2,365,459)	-	(2,365,459)
Total transactions with owners	-	-	-	(6,505,013)	-	(6,505,013)
Balance at June 30, 2011	2,365,459	200,000	1,557,794	29,290,423	9,412	33,423,088

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

Shuaib A. Malik
Chief Executive

Abdus Sattar
Director

Notes to and forming part of the Financial Statements

For the year ended June 30, 2011

1. LEGAL STATUS AND OPERATIONS

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

2. STATEMENT OF COMPLIANCE

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

3. ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS

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

		Effective date (annual periods beginning on or after)
IFRS 7	Financial instruments: Disclosures (Amendments)	January 1, 2011 & July 1, 2011
IAS 1	Presentation of financial statements (Amendments)	January 1, 2011 & July 1, 2012
IAS 12	Income taxes (Amendments)	January 1, 2012
IAS 19	Employee benefits (Amendments)	January 1, 2013
IAS 24	Related party disclosures (Revised)	January 1, 2011
IAS 27	Separate financial statements (Revised)	January 1, 2013
IAS 28	Investments in associates and joint venture (Revised)	January 1, 2013
IAS 34	Interim financial reporting (Amendments)	January 1, 2011
IFRIC 13	Customer loyalty programmes (Amendments)	January 1, 2011
IFRIC 14	The limit on a defined benefit asset, minimum funding requirements and their interaction (Amendments)	January 1, 2011

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of measurement

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

4.2 Operating segments

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

4.3 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Pakistan Rupees, which is the Company's functional currency.

4.4 Foreign currency transactions and translation

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

4.5 Taxation

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

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

4.6 Provisions

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

4.7 Provision for decommissioning cost

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

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

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

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

The decommissioning cost has been discounted at a real discount rate of 3.4% p.a. (2010: 5%). The increase in provision due to unwinding of discount is recorded as finance cost.

4.8 Employee compensated absences

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

4.9 Staff retirement benefits

The Company operates the following staff retirement benefits plans:

(i) A pension plan for its management staff and a gratuity plan for its management and non-management staff. The pension and gratuity plans are invested through approved trust funds. Both are defined benefit final salary plans. The pension and gratuity plans are complementary plans for management staff. Pension payable to management staff is reduced by an amount determined by the actuary equivalent to amount paid by the gratuity fund. Actuarial valuations are conducted annually using the "Projected Unit Credit Method" and the latest valuation was conducted as at June 30, 2011. Since both are complementary plans, combined details and valuation for pension plan and gratuity plan are given in note 35. Actuarial gains and losses are amortized over the expected remaining service of employees.

(ii) Approved contributory provident funds for all employees for which contributions of Rs 19,096 thousand (2010: Rs 18,114 thousand) are charged to income for the year.

4.10 Trade and other payables

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

4.11 Contingent liabilities

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

4.12 Property, plant and equipment

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

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

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

4.13 Exploration assets/costs and development costs

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

4.13.2 Exploration costs

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

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

4.13.3 Development costs

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

4.14 Investments in subsidiary and associated companies

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

4.15 Stores and spares

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

4.16 Stock in trade

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

4.17 Impairment of non-financial assets

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

4.18 Financial instruments

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument and de-recognised when the Company loses control of the contractual rights that comprise the financial assets and in case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. All financial assets and liabilities other than at fair value through profit or loss assets and liabilities are initially recognised at fair value plus transaction costs. Financial assets and liabilities carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are charged to income for the year. These are subsequently measured at fair value, amortised cost or cost, as the case may be. Any gain or loss on derecognition of financial assets and financial liabilities is included in income for the year.

4.19 Financial Assets

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

(i) Investments at fair value through profit or loss

Investments classified as investments at fair value through profit or loss are initially measured at cost being fair value of consideration given. At subsequent dates these investments are measured at fair value with any resulting gains or losses charged directly to income. The fair value of such investments is determined on the basis of prevailing market prices.

(ii) Held-to-maturity investments

Investments with fixed payments and maturity that the Company has the intent and ability to hold to maturity are classified as held-to-maturity investments and are carried at amortised cost less impairment losses.

(iii) Loans and receivables

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

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

(iv) Available-for-sale investments

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

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

4.20 Impairment of financial assets

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

4.21 Offsetting

Financial assets and liabilities are offset and the net amount is reported in the balance sheet if the Company has a legally enforceable right to setoff the recognised amounts and the Company intends to settle on a net basis, or realise the asset and settle the liability simultaneously.

4.22 Revenue recognition

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

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

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

4.23 Joint ventures

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

4.24 Cash and cash equivalents

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

4.25 Dividend distribution

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

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

i) Estimate of recoverable amount of investment in associated companies - note 15
ii) Estimated crude oil/gas reserves used for amortisation of development and decommissioning costs - note 13
iii) Estimated costs and discount rate used for provision for decommissioning cost - note 9
iv) Estimated useful life of property, plant and equipment - note 12
v) Price adjustment related to crude oil sales - note 4.22
vi) Staff retirement benefits - note 35
vii) Provision for taxation - note 31

	2011	2010
	Rupees ('000)	
6. SHARE CAPITAL		
Authorised capital		
500,000,000 (2010: 500,000,000) ordinary shares of Rs 10 each	5,000,000	5,000,000
Issued, subscribed and paid up capital		
Shares issued for cash		
20,200,000 (2010: 20,200,000) ordinary shares	202,000	202,000
Shares issued as fully paid bonus shares		
216,345,920 (2010: 216,345,920) ordinary shares	2,163,459	2,163,459
236,545,920 (2010: 236,545,920) ordinary shares of Rs 10 each	2,365,459	2,365,459

The Company is a subsidiary of The Attock Oil Company Limited which held 124,776,965 (2010: 127,143,424) ordinary shares at the year end.

	2011	2010
	Rupees ('000)	
7. REVENUE RESERVES		
Insurance reserve - note 7.1	200,000	200,000
Investment reserve - note 7.2	1,557,794	1,557,794
Unappropriated profit	29,290,423	24,980,426
	31,048,217	26,738,220

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

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

		2011	2010
		Rupees ('000)	
8.	LONG TERM DEPOSITS		
	Security deposits from distributors against POLGAS equipment	446,128	429,150
	Security deposits from distributors against POLGAS distributorship and others	41,186	37,813
		487,314	466,963
9.	DEFERRED LIABILITIES		
	Provision for deferred income tax - note 9.1	4,343,350	3,633,350
	Provision for decommissioning cost - note 9.2	3,358,125	2,755,741
	Provision for staff compensated absences	8,627	9,173
		7,710,102	6,398,264
9.1	Provision for deferred income tax		
	The provision for deferred income tax represents:		
	Temporary differences between accounting and tax depreciation/amortisation	4,382,122	3,665,515
	Provision for stores and spares	(38,679)	(32,072)
	Provision for doubtful receivable	(93)	(93)
		4,343,350	3,633,350
9.2	Provision for decommissioning cost		
	Balance brought forward	2,755,741	2,358,481
	Revision due to change in estimates	322,661	(89,802)
	Provision during the year	57,172	205,182
	Unwinding of discount - note 28	208,204	158,511
	Exchange loss - note 28	14,347	123,369
		3,358,125	2,755,741

	2011	2010
	Rupees ('000)	
10. TRADE AND OTHER PAYABLES		
Creditors	205,100	153,532
Due to related parties		
Attock Hospital (Pvt) Limited	134	214
Attock Information Technology Services (Pvt) Limited	-	9,328
Capgas (Pvt) Limited	-	1,187
Staff Provident Fund	176	-
Gratuity Fund - note 35.1	135,226	127,569
General Staff Provident Fund	915	-
Workers' Profit Participation Fund - note 10.1	800,132	511,172
Joint venture partners		
The Attock Oil Company Limited	14,469	25,815
Others	595,492	98,164
Accrued liabilities	1,119,101	543,178
Advance payment from customers	41,640	22,863
Royalty	313,013	216,984
Sales tax	27,709	100,591
Excise duty	8,333	7,837
Workers' Welfare Fund	718,843	414,778
Liability for staff compensated absences	10,196	8,821
Unclaimed dividends	54,560	45,180
	4,045,039	2,287,213

10.1 Workers' Profit Participation Fund

	2011	2010
Balance at beginning of the year	511,172	509,236
Add: Amount allocated for the year	800,172	513,886
Less: Amount paid to the Fund's trustees	511,212	511,950
	800,132	511,172

	2011	2010
	Rupees ('000)	
11. CONTINGENCIES AND COMMITMENTS		
(i) Tax demands raised in respect of tax years 2004, 2005 and 2006 consequent to difference in interpretation by tax authorities related to calculation of tax liability and depletion allowance, which has not been accepted by the Company and presently contested at the Income Tax Appellate Tribunal (ITAT) forum.	446,857	446,857
(ii) Capital expenditure commitments outstanding		
Share in Joint Ventures	7,564,611	7,167,820
Own fields	2,148,567	894,124
(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	4,122,436	3,989,650
Capital work in progress - note 12.5	135,324	105,357
	4,257,760	4,095,007

12.1 Operating assets

	Freehold land	Buildings	Pipelines and pumps	Plant and machinery: Field plants	Plant and machinery: Rigs	Gas cylinders	Motor vehicles	Chattels	Computer and software development	Total
	Rupees ('000)									
As at July 1, 2009										
Cost	13,788	192,612	485,680	3,129,771	322,851	428,473	218,263	60,146	136,242	4,987,826
Accumulated depreciation	-	(98,306)	(339,555)	(1,865,659)	(231,115)	(336,872)	(121,939)	(39,392)	(94,075)	(3,126,913)
Net book value	13,788	94,306	146,125	1,264,112	91,736	91,601	96,324	20,754	42,167	1,860,913
Year ended June 30, 2010										
Opening net book value	13,788	94,306	146,125	1,264,112	91,736	91,601	96,324	20,754	42,167	1,860,913
Additions	4,611	6,697	353,110	2,279,049	66,917	12,717	9,439	21,704	37,682	2,791,926 *
Disposals										
Cost	-	-	(590)	(133,569)	(2,441)	(4,276)	(4,933)	-	-	(145,809)
Depreciation	-	-	541	78,050	2,362	3,925	4,933	-	-	89,811
	-	-	(49)	(55,519)	(79)	(351)	-	-	-	(55,998)
Depreciation charge	-	(9,071)	(101,705)	(365,859)	(28,491)	(35,327)	(33,195)	(6,570)	(26,973)	(607,191)*
Closing net book value	18,399	91,932	397,481	3,121,783	130,083	68,640	72,568	35,888	52,876	3,989,650
As at July 1, 2010										
Cost	18,399	199,309	838,200	5,275,251	387,327	436,914	222,769	81,850	173,924	7,633,943
Accumulated depreciation	-	(107,377)	(440,719)	(2,153,468)	(257,244)	(368,274)	(150,201)	(45,962)	(121,048)	(3,644,293)
Net book value	18,399	91,932	397,481	3,121,783	130,083	68,640	72,568	35,888	52,876	3,989,650
Year ended June 30, 2011										
Opening net book value	18,399	91,932	397,481	3,121,783	130,083	68,640	72,568	35,888	52,876	3,989,650
Additions	403	12,810	232,793	433,217	53,585	12,628	17,534	10,672	17,536	791,178 *
Disposals										
Cost	-	(16)	(122,391)	(2,115)	(13,431)	(12,054)	(9,850)	(826)	(558)	(161,241)
Depreciation	-	16	72,417	2,040	9,847	12,054	9,742	791	558	107,465
	-	-	(49,974)	(75)	(3,584)	-	(108)	(35)	-	(53,776)
Depreciation charge	-	(8,475)	(51,485)	(435,835)	(22,793)	(20,079)	(34,143)	(7,718)	(24,088)	(604,616)*
Closing net book value	18,802	96,267	528,815	3,119,090	157,291	61,189	55,851	38,807	46,324	4,122,436
As at June 30, 2011										
Cost	18,802	212,103	948,602	5,706,353	427,481	437,488	230,453	91,696	190,902	8,263,880
Accumulated depreciation	-	(115,836)	(419,787)	(2,587,263)	(270,190)	(376,299)	(174,602)	(52,889)	(144,578)	(4,141,444)
Net book value	18,802	96,267	528,815	3,119,090	157,291	61,189	55,851	38,807	46,324	4,122,436
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 Nil; cost of Rs 3,312 thousand and depreciation of Rs 3,312 thousand (2010: book value of Rs 55,568 thousand; cost of Rs 133,812 thousand and depreciation of Rs 78,244 thousand).

12.2 Cost and accumulated depreciation include:

	Cost 2011	Cost 2010	Accumulated depreciation 2011	Accumulated depreciation 2010
	Rupees ('000)		Rupees('000)	
Share in Joint Ventures operated by the Company	1,357,358	1,190,378	795,956	721,342
Share in Joint Ventures operated by others (assets not in possession of the Company)	3,713,733	3,394,642	907,556	636,862
	5,071,091	4,585,020	1,703,512	1,358,204

12.3 The depreciation charge has been allocated as follows:

		2011	2010
Operating cost	- note 25	578,895	479,082
Other income	- Rig rental	-	31,418
	- Crude transportation income	22,409	18,447
		22,409	49,865
Inter-transfers		3,312	78,244
		604,616	607,191

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)				
Pipelines and pumps	122,386	49,974	64,482	Purchaser Valuation	Sui Northern Gas Pipelines Limited
Plant and machinery - Rigs					
Drill pipes	2,163	1,906	2,398	Replacement cost	Pindori Joint Venture
Motor vehicles	542	108	337	Auction	Mr. Rizwan Ellahi

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, 2009	1,515	2,133,054	17,052	2,151,621
Additions during the year	1,125	225,034	3,687	229,846
Transfers during the year	-	(2,257,349)	(18,761)	(2,276,110)
Balance as at June 30, 2010	2,640	100,739	1,978	105,357
Balance as at July 1, 2010	2,640	100,739	1,978	105,357
Additions during the year	66,875	73,170	2,204	142,249
Transfers during the year	(6,163)	(106,119)	-	(112,282)
Balance as at June 30, 2011	63,352	67,790	4,182	135,324

		2011	2010
		Rupees ('000)	
12.6 Break up of capital work in progress at June 30 is as follows:			
Own fields		122,729	37,107
Share in Joint Ventures operated by the Company	- Ikhlas	10,012	64,786
	- Pindori	212	-
Share in Joint Ventures operated by others			
MOL Pakistan Oil and Gas Company B.V.	- TAL Block	734	143
	- Margala Block	117	-
Pakistan Petroleum Limited	- Adhi	1,520	2,619
Oil and Gas Development Company Limited	- Chak Naurang	-	702
		135,324	105,357

13. DEVELOPMENT AND DECOMMISSIONING COSTS

	Development Cost	Decommiss-ioning Cost	Total
		Rupees ('000)	
As at July 1, 2009			
Cost	13,589,977	1,237,111	14,827,088
Accumulated amortisation	(6,152,989)	(1,009,779)	(7,162,768)
Net book value	7,436,988	227,332	7,664,320
Year ended June 30, 2010			
Opening net book value	7,436,988	227,332	7,664,320
Additions	857,764	205,182	1,062,946
Revision due to change in estimates	-	(89,802)	(89,802)
Successful wells cost transferred from exploration and evaluation assets - note 14	2,945,760	-	2,945,760
Amortisation for the year	(1,064,418)	(43,120)	(1,107,538)
Closing net book value	10,176,094	299,592	10,475,686
As at July 1, 2010			
Cost	17,393,501	1,352,491	18,745,992
Accumulated amortisation	(7,217,407)	(1,052,899)	(8,270,306)
Net book value	10,176,094	299,592	10,475,686
Year ended June 30, 2011			
Opening net book value	10,176,094	299,592	10,475,686
Additions	67,529	57,172	124,701
Revision due to change in estimates	-	322,661	322,661
Successful wells cost transferred from exploration and evaluation assets - note 14	767,564	-	767,564
Amortisation for the year	(1,080,810)	(41,388)	(1,122,198)
Closing net book value	9,930,377	638,037	10,568,414
As at June 30, 2011			
Cost	18,228,594	1,732,324	19,960,918
Accumulated amortisation	(8,298,217)	(1,094,287)	(9,392,504)
Net book value	9,930,377	638,037	10,568,414

		2011	2010
		Rupees ('000)	
14. EXPLORATION AND EVALUATION ASSETS			
Balance brought forward		2,705,298	3,494,244
Additions during the year		3,232,301	3,004,169
		5,937,599	6,498,413
Successful wells cost transferred to development cost - note 13		(767,564)	(2,945,760)
Dry and abandoned wells cost charged to the profit and loss account - note 26		(359,305)	(847,355)
		4,810,730	2,705,298
14.1 Break up of exploration and evaluation assets at June 30 is as follows:			
Share in Joint Ventures operated by the Company	- Ikhlas	3,387,675	1,893,493
Share in Joint Ventures operated by others			
MOL Pakistan Oil and Gas Company B.V.	- TAL Block	984,356	787,649
	- Margala Block	-	8,308
Oil and Gas Development Company Limited	- Chak Naurang	438,699	15,848
		4,810,730	2,705,298

	2011 Percentage holding	2011 Amount Rs ('000)	2010 Percentage holding	2010 Amount Rs ('000)
15. LONG TERM INVESTMENTS IN SUBSIDIARY AND ASSOCIATED COMPANIES - AT COST				
Subsidiary company				
Unquoted				
Capgas (Private) Limited 344,250 (2010: 344,250) fully paid ordinary shares including 191,250 (2010: 191,250) bonus shares of Rs 10 each	51	1,530	51	1,530
Associated companies				
Quoted				
National Refinery Limited - note 15.1 19,991,640 (2010: 19,991,640) fully paid ordinary shares including 3,331,940 (2010: 3,331,940) bonus shares of Rs 10 each Quoted market value as at June 30, 2011: Rs 7,042,255 thousand (2010: Rs 3,655,471 thousand)	25	8,046,635	25	8,046,635
Attock Petroleum Limited (APL) 4,850,496 (2010: 4,042,080) fully paid ordinary shares including 1,482,096 (2010: 673,680) bonus shares of Rs 10 each Quoted market value as at June 30, 2011: Rs 1,815,395 thousand; (2010: Rs 1,171,193 thousand)	7	1,562,938	7	1,562,938
Unquoted				
Attock Information Technology Services (Pvt) Limited (AITSL) 450,000 (2010: 450,000) fully paid ordinary shares of Rs 10 each	10	4,500	10	4,500
		9,615,603		9,615,603

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

15.1 Based on a valuation analysis carried out by an external investment advisor engaged by the Company, the recoverable amount of investment in National Refinery Limited exceeds its carrying amount. The recoverable amount has been estimated based on a value in use calculation. These calculations have been made on discounted cash flow based valuation methodology which assumes a gross profit margin of 6.50% (2010: 3.91%), a terminal growth rate of 4% (2010: 3%) and a capital asset pricing model based discount rate of 20.00% (2010:17.90%).

	2011	2010
	Rupees ('000)	
16. OTHER LONG TERM INVESTMENTS		
Held-to-maturity investments		
Pakistan Investment Bonds - note 16.1	52,015	53,022
Available-for-sale investments - note 16.2	17,662	85,543
	69,677	138,565

	Final Maturity date	Mark up %	2011	2010
16.1 Pakistan Investment Bonds	30-06-2013	9.00	52,015	53,022

The fair value of held-to-maturity investments at June 30, 2011 was Rs 47,643 thousand (2010: 48,494 thousand).

16.2 Available-for-sale investments

	2011	2010
Balance at the beginning of the year	85,543	74,179
Additions during the year	-	100,000
Deletions during the year	(65,800)	(100,000)
Impairment loss reversed during the year	9,574	-
Fair value gain transferred from statement of comprehensive income to profit and loss account on disposal of investment	(18,827)	-
Fair value gain transferred to statement of comprehensive income	7,172	11,364
Balance at the end of the year	17,662	85,543

		2011				2010
		Number of shares/units	Cost less impairment loss	Adjustment arising from remeasurement to fair value	Fair value	Fair value
			Rupees ('000)			
16.2.1	Available-for-sale investments at June 30 include the following:					
	Listed securities:					
	Atlas Fund of Funds	2,517,422	7,552	8,811	16,363	21,000
	Pakistan Telecommunication Company Limited	-	-	-	-	4,450
	Hub Power Company Limited	-	-	-	-	7,990
	Oil and Gas Development Company Limited	-	-	-	-	4
	Unlisted securities:					
	Atlas Asset Management Company	2,529	698	601	1,299	52,099
			8,250	9,412	17,662	85,543

16.2.2 The fair value of listed securities is based on quoted market prices at the balance sheet date. The quoted market price used is the current bid price. The fair values of unlisted securities are the Net Asset Values (NAV) as at June 30, 2011 as quoted by the respective Asset Management Company.

	2011	2010
	Rupees ('000)	
17. LONG TERM LOANS AND ADVANCES, CONSIDERED GOOD		
Executives - note 17.1	13,292	10,767
Other employees	30,580	22,897
	43,872	33,664
Less: Amount due within twelve months, shown under current loans and advances - note 21	23,805	20,725
	20,067	12,939

17.1 Movement in loans to Executives

	Balance as at June 30, 2010	Disbursements	Repayments	Balance as at June 30, 2011
	Rupees ('000)			
Executives	10,767	15,023	12,498	13,292

17.2 Loans and advances to employees are for general purpose and for house rent advance which are recoverable in upto 60 and 36 equal monthly installments respectively and are secured by an amount due to the employee against provident fund. These loans and advances are interest free. These do not include any amount receivable from the Chief Executive and Directors. The aggregate maximum amount due from Executives at the end of any month during the year was Rs 13,292 thousand (2010: Rs 11,662 thousand).

		2011	2010
		Rupees ('000)	
18.	STORES AND SPARES		
	Stores and spares - note 18.1	2,761,419	2,747,966
	Less: Provision for slow moving items - note 18.2	128,931	106,906
		2,632,488	2,641,060
18.1	Stores and spares include:		
	Share in Joint Ventures operated by the Company	145,622	125,719
	Share in Joint Ventures operated by others (assets not in possession of the Company)	709,297	706,581
		854,919	832,300
18.2	Provision for slow moving items		
	Balance brought forward	106,906	81,000
	Provision for the year	77,558	26,000
	Stores written off during the year	(55,533)	(94)
		128,931	106,906
19.	STOCK IN TRADE		
	Crude oil and other products	126,411	87,533

These include Rs 27,209 thousand (2010: Rs 18,699 thousand) being the Company's share in Joint Ventures operated by the Company.

		2011	2010
		Rupees ('000)	
20.	TRADE DEBTS - Considered good		
	Due from related parties - note 20.1	2,785,821	1,192,422
	Others	1,557,707	1,391,219
		4,343,528	2,583,641

	2011	2010
	Rupees ('000)	
20.1 Due from related parties		
Associated companies		
Attock Refinery Limited	2,778,628	1,179,743
Attock Petroleum Limited	7,193	12,679
	2,785,821	1,192,422

21. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES		
Loans and advances - considered good		
Employees - note 17	23,805	20,725
Suppliers	29,578	36,807
	53,383	57,532
Trade deposits and short term prepayments		
Deposits	62,434	55,548
Short-term prepayments	186,220	136,659
	248,654	192,207
Interest income accrued	64,882	12,861
Other receivables		
Joint venture partners	43,943	145,244
Due from related parties		
Parent company		
The Attock Oil Company Limited	146,323	77,223
Associated company		
National Refinery Limited	21	12,566
Attock Information Technology Services (Pvt) Limited	44	-
Attock Cement Limited	15	-
Attock Leisure Management Association	71	-
Subsidiary company		
Capgas (Pvt) Limited	1,916	-
Staff Provident Fund	-	2,708
General Staff Provident Fund	-	386
Management Staff Pension Fund - note 35.1	62,790	84,155
Other receivables (net of provision for doubtful receivable Rs 310 thousand (2010: Rs 310 thousand))	40,837	64,804
	295,960	387,086
	662,879	649,686

	2011	2010
	Rupees ('000)	
22. SHORT TERM INVESTMENTS		
Held-to-maturity Investments:		
Treasury bills maturing		
within next three months - note 22.1	3,226,550	2,276,865

22.1 The effective interest on Treasury bills ranges between 12.44% to 13.53% per annum (2010: 12.01% to 12.10% per annum).

	2011	2010
23. CASH AND BANK BALANCES		
Bank balance on		
Short term deposits	3,582,194	1,790,214
Interest/mark-up bearing saving accounts	3,039,664	2,210,724
Current accounts	81,369	36,021
	6,703,227	4,036,959
Cash in hand	1,871	3,397
	6,705,098	4,040,356

Balance with banks include foreign currency balances of US $ 41,806 thousand (2010: US $ 21,114 thousand). The balances in saving accounts and short term deposits earned interest/mark-up ranging from 0.2% to 12.75% (2010: 0.7% to 12.5%).

	2011	2010
	Rupees ('000)	
24. NET SALES		
Crude oil	11,803,699	8,237,631
Gas	8,165,606	5,587,224
POLGAS - Refill of cylinders	4,745,078	3,783,745
Solvent oil	212,285	223,672
Sulphur	24,039	11,568
Liquefied petroleum gas	-	767
	24,950,707	17,844,607

		2011	2010
		Rupees ('000)	

25. OPERATING COSTS

		2011	2010
Operating cost	- Own fields	607,253	311,338
	- Share in Joint Ventures	1,475,446	1,054,973
Well workover		153,697	210,880
POLGAS -Cost of gas/LPG, carriage etc		2,646,753	1,953,602
Head office and insurance charges		84,953	54,704
Pumping and transportation cost		29,708	16,070
Depreciation - note 12.3		578,895	479,082
		5,576,705	4,080,649
Opening stock of crude oil and other products		87,533	89,371
Closing stock of crude oil and other products		(126,411)	(87,533)
		5,537,827	4,082,487

26. EXPLORATION COSTS

		2011	2010
Geological and geophysical cost			
Own fields		1,189	(51)
Share in Joint Ventures operated by the Company			
	- Kirthar South	14,940	33,732
	- Ikhlas	427,976	82,045
	- Pindori	31	6,757
	- D.G Khan	17,020	12,412
	- Rajanpur	22,667	12,647
Share in Joint Ventures operated by others			
Ocean Pakistan Limited	- Dhurnal	538	255
MOL Pakistan Oil and Gas Company B.V.	- TAL Block	131,333	541,958
	- Margala Block	35,465	28,641
	- Margala North Block	17,831	20,452
Oil and Gas Development Company Limited	- Kotra	2,243	6,832
	- Gurgalot	42,911	10,023
	- Chak Naurang	1,596	3,327
		715,740	759,030

		2011	2010
		Rupees ('000)	
Dry and abandoned wells cost - note 14			
Share in Joint Ventures operated by the Company	- Kirthar South	-	25,164
Share in Joint Ventures operated by others			
MOL Pakistan Oil and Gas Company B.V.	- TAL Block	-	331,462
	- Margala Block	359,305	-
Oil and Gas Development Company Limited	- Gurgalot	-	490,729
		359,305	847,355
		1,075,045	1,606,385

27. ADMINISTRATION EXPENSES

	2011	2010
Establishment charges	140,630	116,805
Telephone and telex	721	1,035
Medical expenses	3,662	5,110
Printing, stationery and publications	8,400	8,047
Insurance	3,741	3,174
Travelling expenses	2,222	4,813
Motor vehicle running expenses	7,047	6,533
Rent, repairs and maintenance	7,564	8,146
Auditor's remuneration - note 27.1	3,138	4,079
Legal and professional charges	3,867	2,015
Stock exchange and CDC fee	710	1,572
Computer support and maintenance charges	6,832	11,206
Donations *	-	300
Other expenses	1,950	1,145
	190,484	173,980
Less: Amount allocated to field expenses	107,383	100,654
	83,101	73,326

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

Notes to and forming part of the Financial Statements

For the year ended June 30, 2011

		2011	2010
		Rupees ('000)	
27.1	Auditor's remuneration:		
	Statutory audit	1,000	1,000
	Review of half yearly accounts, audit of consolidated accounts, staff funds, special certifications	853	799
	Tax services	1,100	2,100
	Out of pocket expenses	185	180
		3,138	4,079
28.	FINANCE COST		
	Provision for decommissioning cost - note 9.2		
	- Unwinding of discount	208,204	158,511
	- Exchange loss	14,347	123,369
	Banks' commission and charges	1,379	1,866
		223,930	283,746
29.	OTHER CHARGES		
	Workers' Profit Participation Fund	800,172	513,886
	Workers' Welfare Fund	304,065	195,277
		1,104,237	709,163
30.	OTHER OPERATING INCOME		
	Income from financial assets		
	Income on bank deposits	422,433	358,533
	Income on held-to-maturity investments	358,399	69,858
	Exchange gain on financial assets	967	92,922
	Dividend on available-for-sale investments	1,964	1,500
	Profit on disposal of available-for-sale investments	18,827	694
	Impairment loss reversed on available-for-sale investments	9,574	-
	Income from investments in subsidiary and associated companies		
	Dividend from subsidiary and associated companies - note 30.1	547,471	369,537
	Other income		
	Rental income (net of related expenses Rs 22,496 thousand; 2010: Rs 21,637 thousand)	144,616	154,245

	2011	2010
	Rupees ('000)	
Rig rental (net of related expenses Rs Nil; 2010: Rs 152,219 thousand)	-	137,893
Crude oil/gas transportation income (net of related expenses Rs 55,114 thousand; 2010: Rs 40,429 thousand)	104,329	119,550
Gas processing fee	126,694	39,665
Profit on sale of property, plant and equipment	22,403	21,506
Sale of stores and scrap	46,821	6,595
Other	4,098	4,452
	1,808,596	1,376,950

30.1 Dividend from subsidiary and associated companies

Subsidiary company		
Capgas (Pvt) Limited	11,016	18,590
Associated companies		
National Refinery Limited	399,833	249,895
Attock Petroleum Limited	136,622	101,052
	547,471	369,537

31. PROVISION FOR TAXATION

Current		
- for the year	3,425,000	1,460,000
- for prior period	-	258,000
	3,425,000	1,718,000
Deferred		
- for the year	710,000	773,000
- for prior period	-	(337,000)
	710,000	436,000
	4,135,000	2,154,000

31.1 Reconciliation of tax charge for the year

Accounting profit	14,950,010	9,592,604
* Tax at applicable tax rate of 51.39% (2010: 50.54%)	7,682,810	4,847,173
Tax effect of income that is not taxable or taxable at reduced rates	(197,368)	(198,729)
Tax effect of depletion allowance and royalty payments	(3,350,442)	(2,415,444)
Tax effect of prior year	-	(79,000)
Tax charge for the year	4,135,000	2,154,000

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

32. OPERATING SEGMENTS

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

Revenue from two major customers of the Company constitutes 78% of the total revenue during the year ended June 30, 2011 (June 30, 2010: 74%).

33. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	Chief Executive		Executives	
	2011	2010	2011	2010
	Rupees ('000)		Rupees ('000)	
Managerial remuneration	5,068	4,640	65,245	55,155
Bonus	2,822	2,091	29,951	19,243
Housing, utility and conveyance	3,707	3,428	60,599	51,039
Company's contribution to pension, gratuity and provident funds	1,980	1,816	26,092	22,861
Leave passage	701	728	9,164	7,870
Other benefits	1,409	1,540	19,369	17,022
	15,687	14,243	210,420	173,190
No. of persons, including those who worked part of the year	1	1	68	59

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

An honorarium of Rs 320 thousand (2010: Rs 319 thousand) was paid to one non-executive director (2010: one non-executive director). In addition seven directors and the Chief Executive of the Company were paid meeting fee aggregating Rs 3,638 thousand (2010: Rs 3,560 thousand) based on actual attendance.

Remuneration of executives are net of charge to subsidiary and associated companies amounting to Rs 13,257 thousand (2010: Rs 10,424 thousand).

34. FINANCIAL INSTRUMENTS

34.1 Financial assets and liabilities

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

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

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

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

34.2 Credit quality of financial assets

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

	Rating	2011	2010
		Rupees ('000)	
Held-to-maturity investments			
Counterparties without external credit rating			
Securities issued/supported by Government of Pakistan		3,278,565	2,329,887
Available-for-sale investments			
Counterparties with external credit rating	5-Star	16,363	21,000
	A M 2	1,299	-
	A M 3 +	-	52,099
	A A A	-	4
	A A +	-	7,990
Counterparties without external credit rating			
Equity securities with no defaults in the past		-	4,450
		17,662	85,543
Trade debts			
Counterparties with external credit rating	A 1 +	4,251,037	2,521,254
	A 1	-	11,973
Counterparties without external credit rating			
Existing customers/joint venture partners with no default in the past		92,491	50,414
		4,343,528	2,583,641
Advances, deposits and other receivables			
Counterparties with external credit rating	A 1 +	80,176	73,852
	A 1	-	6,375
Counterparties without external credit rating			
Existing customers/joint venture partners with no default in the past		49,170	147,378
Receivable from employees/employee benefit plans		86,595	107,974
Receivable from parent company		146,323	77,223
Others		84,817	63,418
		447,081	476,220
Bank balances			
Counterparties with external credit rating	A 1 +	6,589,152	4,034,289
	A 1	-	213
	A 2	114,075	2,457
		6,703,227	4,036,959
Long term loans and advances			
Counterparties without external credit rating			
Receivable from employees		20,067	12,939

34.3 FINANCIAL RISK MANAGEMENT

34.3.1 Financial risk factors

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

(a) Credit risk

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

As of June 30, 2011, trade debts of Rs 249,064 thousand (2010: Rs 250,747 thousand) were past due but not impaired. The ageing analysis of these trade receivables is as follows:

	2011	2010
	Rupees ('000)	
Up to 3 months	20,278	16,520
3 to 6 months	2,338	4,478
6 to 12 months	1,512	8,361
Above 12 months	224,936	221,388
	249,064	250,747

(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, 2011, the Company had financial assets of Rs 14,812,001 thousand (2010: Rs 9,528,586 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, 2011			
Long term deposits	-	487,314	-
Provision for decommissioning cost	-	2,990,350	4,487,453
Provision for staff compensated absences	-	8,627	-
Trade and other payables	4,003,399	-	-
At June 30, 2010			
Long term deposits	-	466,963	-
Provision for decommissioning cost	-	2,130,436	6,231,054
Provision for staff compensated absences	-	9,173	-
Trade and other payables	2,264,350	-	-

(c) Market risk

(i) Currency risk

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

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

Financial assets include Rs 3,950,212 thousand (2010: Rs 2,990,639 thousand) and financial liabilities include Rs 4,276,071 thousand (2010: Rs 3,078,642 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 21,181 thousand (2010: Rs 5,720 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 9,900,423 thousand (2010: Rs 6,330,825 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 52,752 thousand (2010: Rs 40,697 thousand) higher/lower, mainly as a result of higher/lower interest income from these financial assets.

(iii) Price risk

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

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

Available for sale investments include Rs 17,662 thousand (2010: Rs 85,543 thousand) which were subject to price risk.

34.3.2 Capital risk management

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

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

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

34.3.3 Fair value of financial assets and liabilities

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

35. STAFF RETIREMENT BENEFITS

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

35.1 The amounts recognized in the balance sheet are as follows:

	2011	2010
	Rupees ('000)	
Present value of defined benefit obligations	1,003,442	887,722
Fair value of plan assets	(743,391)	(667,011)
	260,051	220,711
Unrecognized actuarial gains (losses)	(187,615)	(177,297)
Net liability	72,436	43,414
Amounts in the balance sheet:		
Liability - Gratuity Fund - note 10	135,226	127,569
Asset - Management Staff Pension Fund - note 21	(62,790)	(84,155)
Net liability	72,436	43,414

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

	2011	2010
Current service cost	37,570	32,474
Interest cost	111,276	91,830
Expected return on plan assets	(77,562)	(69,259)
Net actuarial losses recognized during the year	13,977	10,929
	85,261	65,974
35.3 Actual return on plan assets	85,642	78,175

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

	2011	2010
	Rupees ('000)	
35.4 Changes in the present value of defined benefit obligation are as follows:		
Opening defined benefit obligation	887,722	760,087
Current service cost	37,570	32,474
Interest cost	111,276	91,830
Actuarial losses	32,375	55,763
Benefits paid	(65,501)	(52,432)
Closing defined benefit obligation	1,003,442	887,722
35.5 Changes in fair value of plan assets are as follows:		
Opening fair value of plan assets	667,011	590,119
Expected return	77,562	69,259
Actuarial gain	8,080	8,916
Contribution by employer	56,239	51,149
Benefits paid	(65,501)	(52,432)
Closing fair value of plan assets	743,391	667,011

The Company expects to contribute Rs 62 million to its defined benefit plans during the year ending June 30, 2012.

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

	2011		2010	
	Rupees ('000)	%age	Rupees ('000)	%age
Treasury bills	628,113	84	449,460	67
Government bonds	101,384	14	105,607	16
Regular income certificates	20,124	3	20,125	3
Term finance certificates	8,782	1	-	-
Unit trusts	6,934	1	101,161	15
Shares	-	-	11,437	2
Other assets	4,114	1	307	-
Allocated to holding company	(26,060)	(4)	(21,086)	(3)
	743,391	100	667,011	100

35.7 Principal actuarial assumptions

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

	2011	2010
	%	%
Discount rate	14.0	13.0
Expected rate of salary increase	11.8	10.9
Expected rate of pension increase	8.5	7.6
Expected rate of return on investments	14.0	13.0

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

	2011	2010	2009	2008	2007
			Rupees ('000)		
Defined benefit obligation	1,003,442	887,722	760,087	640,154	592,705
Plan assets	(743,391)	(667,011)	(590,119)	(537,513)	(508,042)
Deficit	260,051	220,711	169,968	102,641	84,663
Experience adjustments on plan liabilities	32,375	55,763	58,936	19,278	(16,063)
Experience adjustments on plan assets	8,080	8,916	(59,601)	(21,390)	38,253

36. EARNINGS PER SHARE - BASIC AND DILUTED

	2011	2010
Profit for the year (Rupees in thousand)	10,815,010	7,436,766
Weighted average number of ordinary shares in issue during the year (Shares in thousand)	236,546	236,546
Basic and diluted earnings per share (Rupees)	45.72	31.44

37. TRANSACTIONS WITH RELATED PARTIES

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

	2011	2010
	Rupees ('000)	
Parent company - The Attock Oil Company Limited		
Purchase of petroleum products	111,077	86,903
Sale of services	893	785
Purchase of services	-	402
Subsidiary company - Capgas (Private) Limited		
Sale of services	11,564	10,321
Purchase of services	4,123	5,890
Associated companies		
Attock Refinery Limited		
Sale of crude oil and gas	11,794,567	8,252,344
Crude oil and gas transmission charges	107,320	99,336
Sale of services	4,467	5,086
Purchase of fuel	6,543	6,994
Purchase of services	21,187	12,569
Purchase of LPG	725,154	460,778
Attock Petroleum Limited		
Purchase of fuel and lubricants	504,066	502,901
Purchase of services	181	173
Sale of solvent oil	251,393	263,267
Sale of services	6,345	5,919
National Refinery Limited		
Purchase of services	1,312	1,161
Purchase of LPG	405,763	369,501
Attock Information Technology (Private) Limited		
Purchase of services	15,858	19,233
Sale of services	44	-
Attock Cement Pakistan Limited		
Purchase of services	280	550

	2011	2010
	Rupees ('000)	
Attock Hospital (Private) Limited		
Purchase of medical services	3,958	3,976
Attock Leisure Management Association		
Sale of services	71	-
Other related parties		
Contribution to staff retirement benefits plans		
Management Staff Pension Fund and Gratuity Fund	56,239	51,149
Approved Contributory Provident Funds	19,096	18,114
Contribution to Workers' Profit Participation Fund	800,172	513,886

38. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise

	2011	2010
Cash and bank balances	6,705,098	4,040,356
Short term investments - maturing within next three months	3,226,550	2,276,865
	9,931,648	6,317,221

39. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on September 11, 2011 has proposed a final dividend for the year ended June 30, 2011 @ Rs 25 per share, amounting to Rs 5,913,648 thousand for approval of the members in the Annual General Meeting to be held on October18, 2011.

40. GENERAL

40.1 Capacity

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

40.2 Date of authorization

These financial statements were authorized for issue by the Board of Directors of the Company on September 11, 2011.

Shuaib A. Malik
Chief Executive

Abdus Sattar
Director

Consolidated Financial Statements

Auditor's Report to the Members

pwc

A.F. Ferguson & Co.

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, 2011 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinion on the separate financial statements of Pakistan Oilfields Limited. Financial statements of subsidiary company Capgas (Private) Limited have been audited by another firm of chartered accountants and whose report has been furnished to us, which report, without qualifying their opinion, draws attention to contingencies referred in note 12 (ii) to the consolidated financial statements, which may affect operations of the subsidiary. Our opinion in so far as it relates to the amounts included in respect of this subsidiary company, is based solely on the report of such other auditor. These financial statements are the responsibility of Pakistan Oilfields Limited's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the consolidated financial statements present fairly the financial position of Pakistan Oilfields Limited and its subsidiary company as at June 30, 2011 and the results of their operations for the year then ended.

Affergusonu & Co.

Chartered Accountants
Islamabad
September 11, 2011

Engagement Partner: M. Imtiaz Aslam

Consolidated Balance Sheet

As at June 30, 2011

	Note	2011	2010
		Rupees ('000)	
SHARE CAPITAL AND RESERVES			
ATTRIBUTABLE TO OWNERS OF PAKISTAN OILFIELDS LIMITED			
Authorised capital	6	5,000,000	5,000,000
Issued, subscribed and paid up capital	6	2,365,459	2,365,459
Capital reserves	7	552,309	378,996
Revenue reserves	8	33,661,101	28,631,247
Fair value gain on available-for-sale investments		9,412	23,640
		36,588,281	31,399,342
NON - CONTROLLING INTEREST		70,744	58,695
		36,659,025	31,458,037
NON CURRENT LIABILITIES			
Long term deposits	9	618,050	589,593
Deferred liabilities	10	7,715,347	6,403,621
		8,333,397	6,993,214
CURRENT LIABILITIES AND PROVISIONS			
Trade and other payables	11	4,108,330	2,339,110
Provision for income tax		1,373,662	1,045,053
		5,481,992	3,384,163
CONTINGENCIES AND COMMITMENTS	12		
		50,474,414	41,835,414

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

	Note	2011	2010
		Rupees ('000)	
FIXED ASSETS			
Property, plant and equipment	13	4,319,799	4,159,878
Development and decommissioning costs	14	10,568,414	10,475,686
Exploration and evaluation assets	15	4,810,730	2,705,298
		19,698,943	17,340,862
LONG TERM INVESTMENTS IN ASSOCIATED COMPANIES	16	12,707,166	11,829,109
OTHER LONG TERM INVESTMENTS	17	80,483	187,009
LONG TERM LOANS AND ADVANCES	18	20,067	12,939
CURRENT ASSETS			
Stores and spares	19	2,632,611	2,641,426
Stock in trade	20	133,966	104,073
Trade debts	21	4,343,778	2,584,625
Advances, deposits, prepayments and other receivables	22	687,693	674,932
Short term investments	23	3,227,373	2,282,908
Cash and bank balances	24	6,942,334	4,177,531
		17,967,755	12,465,495
		50,474,414	41,835,414

Shuaib A. Malik
Chief Executive

Abdus Sattar
Director

Consolidated Profit and Loss Account

For the year ended June 30, 2011

	Note	2011	2010
		Rupees ('000)	
SALES		27,944,878	19,971,385
Sales tax		(2,274,134)	(1,553,036)
NET SALES	25	25,670,744	18,418,349
Operating costs	26	(6,167,082)	(4,579,004)
Excise duty and development surcharge		(352,485)	(172,174)
Royalty		(2,310,470)	(1,595,972)
Amortisation of development and decommissioning costs		(1,122,198)	(1,107,538)
		(9,952,235)	(7,454,688)
GROSS PROFIT		15,718,509	10,963,661
Exploration costs	27	(1,075,045)	(1,606,385)
		14,643,464	9,357,276
Administration expenses	28	(102,575)	(90,084)
Finance cost	29	(224,882)	(284,452)
Other charges	30	1,110,829	(714,525)
		(1,438,286)	(1,089,061)
		13,205,178	8,268,215
Other operating income	31	1,280,527	1,013,106
		14,485,705	9,281,321
Share in profits of associated companies	32	1,941,911	1,074,452
Impairment loss on investment in associated company	16	(527,399)	(36,532)
PROFIT BEFORE TAXATION		15,900,217	10,319,241
Provision for taxation	33	(4,166,932)	(2,179,022)
PROFIT FOR THE YEAR		11,733,285	8,140,219
Attributable to:			
Owners of Pakistan Oilfields Limited (POL)		11,708,180	8,123,035
Non - controlling interests		25,105	17,184
		11,733,285	8,140,219
Earnings per share - Basic and diluted (Rupees)	38	49.50	34.34

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

Shuaib A. Malik
Chief Executive

Abdus Sattar
Director

Consolidated Statement of Comprehensive Income

For the year ended June 30, 2011

	2011	2010
	Rupees ('000)	
Profit for the year	11,733,285	8,140,219
Other comprehensive income		
Fair value gain/(loss) on available-for-sale investments - net of tax	(16,699)	14,282
Total comprehensive income	11,716,586	8,154,501
Attributable to:		
Owners of Pakistan Oilfields Limited (POL)	11,693,952	8,135,887
Non - controlling interests	22,634	18,614
	11,716,586	8,154,501

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

Shuaib A. Malik
Chief Executive

Abdus Sattar
Director

Consolidated Cash Flow Statement

For the year ended June 30, 2011

	Note	2011	2010
		Rupees ('000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers		24,407,402	18,176,315
Operating and exploration costs paid		(6,567,783)	(6,162,090)
Royalty paid		(2,214,441)	(1,503,566)
Taxes paid		(3,128,165)	(1,175,888)
Cash provided by operating activities		12,497,013	9,334,771
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed assets additions		(3,767,545)	(3,642,949)
Proceeds from disposal of property, plant and equipment		76,179	23,221
Proceeds from sale of investments		121,702	824
Income on bank deposits and held-to-maturity investments		751,864	480,738
Dividend received from associated companies		536,455	350,947
Dividend received on available-for-sale investments		4,071	4,978
Cash used in investing activities		(2,277,274)	(2,782,241)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(6,495,633)	(4,247,951)
Dividend paid to non - controlling interest holders		(10,585)	(17,861)
Cash used in financing activities		(6,506,218)	(4,265,812)
EFFECT OF EXCHANGE RATE CHANGES		967	92,922
INCREASE IN CASH AND CASH EQUIVALENTS		3,714,488	2,379,640
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		6,454,396	4,074,756
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	40	10,168,884	6,454,396

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

Shuaib A. Malik
Chief Executive

Abdus Sattar
Director

Consolidated Statement of Changes in Equity

For the year ended June 30, 2011

	Attributable to owners of Pakistan Oilfields Limited									
		Capital reserves		Revenue reserves						
	Share capital	Bonus shares issued by subsidiary/ associated companies	Special reserves	Insurance reserve	General reserve	Unappro- priated profit	Fair value gain/ (loss) on available- for-sale investments	Total	Non - controlling interest	Total
	Rupees ('000)									
Balance at June 30, 2009	2,365,459	41,969	515,118	200,000	1,184,075	23,203,872	10,788	27,521,281	57,942	27,579,223
Total comprehensive income for the year:										
Profit for the year	-	-	-	-	-	8,123,035	-	8,123,035	17,184	8,140,219
Other comprehensive income	-	-	-	-	-	-	12,852	12,852	1,430	14,282
	-	-	-	-	-	8,123,035	12,852	8,135,887	18,614	8,154,501
Transfer to general reserve by an associated company	-	-	-	-	800,000	(800,000)	-	-	-	-
Transfer from special reserve by associated companies	-	-	(178,091)	-	-	178,091	-	-	-	-
Transactions with owners:										
POL dividends:										
Final dividend @ Rs 10 per share - Year ended June 30, 2009	-	-	-	-	-	(2,365,459)	-	(2,365,459)	-	(2,365,459)
Interim dividend @ Rs 8 per share - Year ended June 30, 2010	-	-	-	-	-	(1,892,367)	-	(1,892,367)	-	(1,892,367)
Dividend to CAPGAS non - controlling interest holders:										
Final dividend @ Rs 37 per share - Year ended June 30, 2009	-	-	-	-	-	-	-	-	(12,238)	(12,238)
Interim dividend @ Rs 17 per share - Year ended June 30, 2010	-	-	-	-	-	-	-	-	(5,623)	(5,623)
Total transactions with owners	-	-	-	-	-	(4,257,826)	-	(4,257,826)	(17,861)	(4,275,687)
Balance at June 30, 2010	2,365,459	41,969	337,027	200,000	1,984,075	26,447,172	23,640	31,399,342	58,695	31,458,037
Total comprehensive income for the year:										
Profit for the year	-	-	-	-	-	11,708,180	-	11,708,180	25,105	11,733,285
Other comprehensive income	-	-	-	-	-	-	(14,228)	(14,228)	(2,471)	(16,699)
	-	-	-	-	-	11,708,180	(14,228)	11,693,952	22,634	11,716,586
Bonus shares issued by an associated company	-	8,084	-	-	-	(8,084)	-	-	-	-
Transfer to general reserve by an associated company	-	-	-	-	600,000	(600,000)	-	-	-	-
Transfer from special reserve by associated companies	-	-	165,229	-	-	(165,229)	-	-	-	-
Transactions with owners:										
POL dividends:										
Final dividend @ Rs 17.50 per share - Year ended June 30, 2010	-	-	-	-	-	(4,139,554)	-	(4,139,554)	-	(4,139,554)
Interim dividend @ Rs 10 per share - Year ended June 30, 2011	-	-	-	-	-	(2,365,459)	-	(2,365,459)	-	(2,365,459)
Dividend to CAPGAS non - controlling interest holders:										
Final dividend @ Rs 22 per share - Year ended June 30, 2010	-	-	-	-	-	-	-	-	(7,277)	(7,277)
Interim dividend @ Rs 10 per share - Year ended June 30, 2011	-	-	-	-	-	-	-	-	(3,308)	(3,308)
Total transactions with owners	-	-	-	-	-	(6,505,013)	-	(6,505,013)	(10,585)	(6,515,598)
Balance at June 30, 2011	2,365,459	50,053	502,256	200,000	2,584,075	30,877,026	9,412	36,588,281	70,744	36,659,025

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

Shuaib A. Malik
Chief Executive

Abdus Sattar
Director

Notes to and forming part of the Consolidated Financial Statements

For the year ended June 30, 2011

1. LEGAL STATUS AND OPERATIONS

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

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

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

2. STATEMENT OF COMPLIANCE

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

3. ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS

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

		Effective date (annual periods beginning on or after)
IFRS 7	Financial instruments: disclosures (Amendments)	January 1, 2011 & July 1, 2011
IAS 1	Presentation of financial statements (Amendments)	January 1, 2011 & July 1, 2012
IAS 12	Income taxes (Amendments)	January 1, 2012
IAS 19	Employee benefits (Amendments)	January 1, 2013
IAS 24	Related party disclosures (Revised)	January 1, 2011
IAS 27	Separate financial statements (Revised)	January 1, 2013
IAS 28	Investments in associates and joint venture (Revised)	January 1, 2013
IAS 34	Interim financial reporting (Amendments)	January 1, 2011
IFRIC 13	Customer loyalty programmes (Amendments)	January 1, 2011
IFRIC 14	The limit on a defined benefit asset, minimum funding requirements and their interaction (Amendments)	January 1, 2011

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of measurement

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

4.2 Basis of consolidation

The consolidated financial statements include the financial statements of POL and its subsidiary CAPGAS with 51% holding (2010: 51%).

a) Subsidiary

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

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

Material intra-group balances and transactions have been eliminated.

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

b) Associates

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

4.3 Operating segments

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

4.4 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Pakistan Rupees, which is the Company's functional currency.

4.5 Foreign currency transactions and translation

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

4.6 Taxation

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

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

4.7 Provisions

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

4.8 Provision for decommissioning cost

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

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

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

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

The decommissioning cost has been discounted at a real discount rate of 3.4% p.a. (2010: 5%). The increase in provision due to unwinding of discount is recorded as finance cost.

4.9 Employee compensated absences

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

4.10 Staff retirement benefits

The Company and its subsidiary operate the following staff retirement benefits plans:

POL

(i) A pension plan for its management staff and a gratuity plan for its management and non-management staff. The pension and gratuity plans are invested through approved trust funds. Both are defined benefit final salary plans. The pension and gratuity plans are complementary plans for management staff. Pension payable to management staff is reduced by an amount determined by the actuary equivalent to amount paid by the gratuity fund. Actuarial valuations are conducted annually using the "Projected Unit Credit Method" and the latest valuation was conducted as at June 30, 2011. Since both are complementary plans, combined details and valuation for pension plan and gratuity plan are given in note 37. Actuarial gains and losses are amortized over the expected remaining service of employees.

(ii) Approved contributory provident funds for all employees for which contributions of Rs 19,096 thousand (2010: Rs 18,114 thousand) are charged to income for the year.

CAPGAS

During the year the Subsidiary has introduced a non funded gratuity plan for its permanent employees. The liability for gratuity plan is provided on the basis of basic salary for completed year of service at the balance sheet date.

4.11 Trade and other payables

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

4.12 Contingent liabilities

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

4.13 Property, plant and equipment

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

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

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

4.14 Exploration assets/costs and development costs

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

4.14.2 Exploration costs

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

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

4.14.3 Development costs

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

4.15 Stores and spares

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

4.16 Stock in trade

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

4.17 Impairment of non-financial assets

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

4.18 Financial instruments

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument and de-recognised when the Company loses control of the contractual rights that comprise the financial assets and in case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. All financial assets and liabilities other than at fair value through profit or loss assets and liabilities are initially recognised at fair value plus transaction costs. Financial assets and liabilities carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are charged to income for the year. These are subsequently measured at fair value, amortised cost or cost, as the case may be. Any gain or loss on derecognition of financial assets and financial liabilities is included in income for the year.

4.19 Financial assets

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

(i) Investments at fair value through profit or loss

Investments classified as investments at fair value through profit or loss are initially measured at cost being fair value of consideration given. At subsequent dates these investments are measured at fair value with any resulting gains or losses charged directly to income. The fair value of such investments is determined on the basis of prevailing market prices.

(ii) Held-to-maturity investments

Investments with fixed payments and maturity that the Company has the intent and ability to hold to maturity are classified as held-to-maturity investments and are carried at amortised cost less impairment losses.

(iii) Loans and receivables

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

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

(iv) Available-for-sale investments

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

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

4.20 Impairment of financial assets

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

4.21 Offsetting

Financial assets and liabilities are offset and the net amount is reported in the balance sheet if the Company has a legally enforceable right to setoff the recognised amounts and the Company intends to settle on a net basis, or realise the asset and settle the liability simultaneously.

4.22 Revenue recognition

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

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

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

4.23 Joint ventures

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

4.24 Cash and cash equivalents

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

4.25 Dividend distribution

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

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

i) Estimate of recoverable amount of investment in associated companies - note 16

ii) Estimated crude oil/gas reserves used for amortisation of development and decommissioning costs - note 14

iii) Estimated costs and discount rate used for provision for decommissioning cost - note 10

iv) Estimated useful life of property, plant and equipment - note 13

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

vi) Staff retirement benefits - note 37

vii) Provision for taxation - note 33

	2011	2010
	Rupees ('000)	
6. SHARE CAPITAL		
Authorised capital		
500,000,000 (2010: 500,000,000) ordinary shares of Rs 10 each	5,000,000	5,000,000
Issued, subscribed and paid up capital		
Shares issued for cash 20,200,000 (2010: 20,200,000) ordinary shares	202,000	202,000
Shares issued as fully paid bonus shares 216,345,920 (2010: 216,345,920) ordinary shares	2,163,459	2,163,459
	2,365,459	2,365,459

The Company is a subsidiary of The Attock Oil Company Limited which held 124,776,965 (2010: 127,143,424) ordinary shares at the year end.

	2011	2010
	Rupees ('000)	
7. CAPITAL RESERVE		
Bonus shares issued by subsidiary/associated companies	50,053	41,969
Special reserves - note 7.1	502,256	337,027
	552,309	378,996

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

		2011	2010
		Rupees ('000)	
8.	REVENUE RESERVES		
	Insurance reserve - note 8.1	200,000	200,000
	General reserve	2,584,075	1,984,075
	Unappropriated profit	30,877,026	26,447,172
		33,661,101	28,631,247

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.

		2011	2010
		Rupees ('000)	
9.	LONG TERM DEPOSITS		
	Security deposits from distributors against equipment	576,864	551,780
	Security deposits from distributors against distributorship and others	41,186	37,813
		618,050	589,593
10.	DEFERRED LIABILITIES		
	Provision for deferred income tax - note 10.1	4,347,743	3,638,707
	Provision for decommissioning cost - note 10.2	3,358,125	2,755,741
	Provision for staff compensated absences	8,627	9,173
	Provision for un-funded gratuity plan - CAPGAS	852	-
		7,715,347	6,403,621
10.1	Provision for deferred income tax		
	The provision for deferred income tax represents:		
	Temporary differences between accounting and tax depreciation/amortisation	4,386,515	3,670,872
	Provision for stores and spares	(38,679)	(32,072)
	Provision for doubtful receivable	(93)	(93)
		4,347,743	3,638,707

		2011	2010
		Rupees ('000)	
10.2	Provision for decommissioning cost		
	Balance brought forward	2,755,741	2,358,481
	Revision due to change in estimates	322,661	(89,802)
	Provision during the year	57,172	205,182
	Unwinding of discount - note 29	208,204	158,511
	Exchange loss - note 29	14,347	123,369
		3,358,125	2,755,741
11.	TRADE AND OTHER PAYABLES		
	Creditors	251,271	193,468
	Due to related parties		
	Attock Hospital (Pvt) Limited	140	214
	Attock Information Technology Services (Pvt) Limited	-	9,328
	Staff Provident Fund	176	-
	Gratuity Fund - note 37.1	135,226	127,569
	General Staff Provident Fund	915	-
	Workers' Profit Participation Fund - note 11.1	804,900	515,159
	Joint venture partners		
	The Attock Oil Company Limited	14,469	25,815
	Others	595,492	98,164
	Accrued liabilities	1,119,237	543,568
	Advance payment from customers	49,005	26,665
	Royalty	313,013	216,984
	Sales tax	29,688	100,591
	Excise duty	8,333	7,837
	Workers' Welfare Fund	720,667	416,195
	Liability for staff compensated absences	10,196	8,821
	Unclaimed dividends	54,560	45,180
	Others	1,042	3,552
		4,108,330	2,339,110

	2011	2010
	Rupees ('000)	
11.1 Workers' Profit Participation Fund		
Balance at beginning of the year	515,159	515,507
Add: Amount allocated for the year	804,940	517,873
Less: Amount paid to the Fund's trustees	515,199	518,221
	804,900	515,159

12. CONTINGENCIES AND COMMITMENTS

(i) POL

	2011	2010
(a) Tax demands raised in respect of tax years 2004, 2005 and 2006 consequent to difference in interpretation by tax authorities related to calculation of tax liability and depletion allowance, which has not been accepted by the Company and presently contested at the Income Tax Appellate Tribunal (ITAT) forum.	446,857	446,857
(b) Capital expenditure commitments outstanding		
Share in Joint Ventures	7,564,611	7,167,820
Own fields	2,148,567	894,124
(c) Guarantee's issued by banks on behalf of the Company to third parties	-	40,175

(ii) CAPGAS

The total LPG being received by CAPGAS is 26 M.Tons/day in which OGDCL's share contribute to 22 M.Tons/day from its Adhi Plant-I and II. In case, if OGDCL ceases to supply LPG, the Company's sales and profit may be decreased significantly.

OGDCL has advertised to sell off additional LPG of approximately 45 M.Tons/day (in lots of 5 M.Tons each) from Adhi through bidding. Presently, CAPGAS is getting approximately 15 M.Tons of LPG per

	2011	2010
	Rupees ('000)	
day from OGDCL. The subsidiary company - CAPGAS had participated and placed the highest bid of Rs 35.1 million on May 11, 2011 for one lot of additional quota. In order to protect its existing supplies of LPG from OGDCL, CAPGAS has filed a petition which was heard on May 24, 2011 and a "stay order" was granted whereby the Honorable Court allowed the respondent "to continue bidding process and proceed further in opening the tender; however it will be subject to determination by the Court in the quota already allocated in terms of the Contractual Price to the petitioner be preserved".		
(iii) Company's share in contingencies of associated companies		
a) Corporate guarantees and indemnity bonds issued by an associated company to the Commissioner Inland Revenue, Islamabad.	170,747	366,524
b) Claims not acknowledged as debt including claims in respect of delayed payment charges by a crude oil supplier.	722,500	352,500
c) Claims on certain Oil Marketing Companies in respect of delayed payment charges.	900,000	597,500
d) Tax contingency related to proration of expenses against local and export sales for prior years, as per show cause notices of tax department.	62,014	62,794
13. PROPERTY, PLANT AND EQUIPMENT		
Operating assets - note 13.1	4,184,045	4,054,371
Capital work in progress - note 13.5	135,754	105,507
	4,319,799	4,159,878

13.1 Operating assets

	Freehold land	Leasehold land	Buildings	Pipelines and pumps	Plant and machinery: Field plants	Plant and machinery: Rigs	Gas cylinders	Motor vehicles	Chattels	Computer and software development	Total
	Rupees ('000)										
As at July 1, 2009											
Cost	13,788	252	196,680	485,680	3,184,728	322,851	545,257	239,018	60,826	137,158	5,186,238
Accumulated depreciation	-	(252)	(101,118)	(339,758)	(1,898,791)	(231,115)	(423,451)	(133,787)	(40,054)	(94,921)	(3,263,247)
Net book value	13,788	-	95,562	145,922	1,285,937	91,736	121,806	105,231	20,772	42,237	1,922,991
Year ended June 30, 2010											
Opening net book value	13,788	-	95,562	145,922	1,285,937	91,736	121,806	105,231	20,772	42,237	1,922,991
Additions	4,611	-	6,697	353,110	2,282,321	66,917	25,638	9,439	21,722	37,842	2,808,297 *
Disposals											
Cost	-	-	-	(590)	(133,569)	(2,441)	(5,793)	(4,933)	-	-	(147,326)*
Depreciation	-	-	-	541	78,050	2,362	5,037	4,933	-	-	90,923 *
	-	-	-	(49)	(55,519)	(79)	(756)	-	-	-	(56,403)*
Depreciation charge	-	-	(9,274)	(101,705)	(369,176)	(28,491)	(41,392)	(36,842)	(6,585)	(27,049)	(620,514)*
Closing net book value	18,399	-	92,985	397,278	3,143,563	130,083	105,296	77,828	35,909	53,030	4,054,371
As at July 1, 2010											
Cost	18,399	252	203,377	838,200	5,333,480	387,327	565,102	243,524	82,548	175,000	7,847,209
Accumulated depreciation	-	(252)	(110,392)	(440,922)	(2,189,917)	(257,244)	(459,806)	(165,696)	(46,639)	(121,970)	(3,792,838)
Net book value	18,399	-	92,985	397,278	3,143,563	130,083	105,296	77,828	35,909	53,030	4,054,371
Year ended June 30, 2011											
Opening net book value	18,399	-	92,985	397,278	3,143,563	130,083	105,296	77,828	35,909	53,030	4,054,371
Additions	7,347	-	12,810	232,793	434,917	53,585	12,628	17,534	10,672	18,336	800,622 *
Disposals											
Cost	-	(252)	(16)	(122,391)	(5,112)	(13,431)	(12,236)	(9,850)	(1,064)	(973)	(165,325)*
Depreciation	-	252	16	72,417	5,037	9,847	12,205	9,742	1,029	973	111,518 *
	-	-	-	(49,974)	(75)	(3,584)	(31)	(108)	(35)	-	(53,807)*
Depreciation charge	-	-	(8,857)	(51,282)	(439,484)	(22,793)	(26,173)	(36,476)	(7,733)	(24,343)	(617,141)*
Closing net book value	25,746	-	96,938	528,815	3,138,921	157,291	91,720	58,778	38,813	47,023	4,184,045
As at June 30, 2011											
Cost	25,746	-	216,171	948,602	5,763,285	427,481	565,494	251,208	92,156	192,363	8,482,506
Accumulated depreciation	-	-	(119,233)	(419,787)	(2,624,364)	(270,190)	(473,774)	(192,430)	(53,343)	(145,340)	(4,298,461)
Net book value	25,746	-	96,938	528,815	3,138,921	157,291	91,720	58,778	38,813	47,023	4,184,045
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 Nil; cost of Rs 3,849 thousand and depreciation of Rs 3,849 thousand (2010: book value of Rs 55,568 thousand; cost of Rs 133,812 thousand and depreciation of Rs 78,244 thousand).

13.2 Cost and accumulated depreciation include:

	Cost 2011	Cost 2010	Accumulated depreciation 2011	Accumulated depreciation 2010
	Rupees ('000)		Rupees ('000)	
Share in Joint Ventures operated by the Company	1,357,358	1,190,378	795,956	721,342
Share in Joint Ventures operated by others (assets not in possession of the Company)	3,713,733	3,394,642	907,556	636,862
	5,071,091	4,585,020	1,703,512	1,358,204

13.3 The depreciation charge has been allocated as follows:

		2011	2010
Operating cost- note 26		590,625	492,060
Other income	- Rig rental	-	31,418
	- Crude transportation income	22,409	18,447
		22,409	49,865
Administration expenses		258	345
Inter-transfers		3,849	78,244
		617,141	620,514

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)				
Pipelines and pumps	122,386	49,974	64,482	Purchaser Valuation	Sui Northern Gas Pipelines Limited
Plant and machinery - Rigs					
Drill pipes	2,163	1,906	2,398	Replacement cost	Pindori Joint Venture
Motor vehicles	542	108	337	Auction	Mr. Rizwan Ellahi

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, 2009	1,515	2,133,054	17,052	2,151,621
Additions during the year	1,125	225,034	3,837	229,996
Transfers during the year	-	(2,257,349)	(18,761)	(2,276,110)
Balance as at June 30, 2010	2,640	100,739	2,128	105,507
Balance as at July 1, 2010	2,640	100,739	2,128	105,507
Additions during the year	67,295	73,180	2,204	142,679
Transfers during the year	(6,163)	(106,119)	(150)	(112,432)
Balance as at June 30, 2011	63,772	67,800	4,182	135,754

		2011	2010
		Rupees ('000)	
13.6 Break up of capital work in progress at June 30 is as follows:			
POL			
Own fields		122,729	37,107
Share in Joint Ventures operated by the Company	- Ikhlas	10,012	64,786
	- Pindori	212	-
Share in Joint Ventures operated by others			
MOL Pakistan Oil and Gas Company B.V.	- TAL Block	734	143
	- Margala Block	117	-
Pakistan Petroleum Limited	- Adhi	1,520	2,619
Oil and Gas Development Company Limited	- Chak Naurang	-	702
CAPGAS		430	150
		135,754	105,507

14. DEVELOPMENT AND DECOMMISSIONING COSTS

	Development Cost	Decommissioning Cost	Total
		Rupees ('000)	
As at July 1, 2009			
Cost	13,589,977	1,237,111	14,827,088
Accumulated amortisation	(6,152,989)	(1,009,779)	(7,162,768)
Net book value	7,436,988	227,332	7,664,320
Year ended June 30, 2010			
Opening net book value	7,436,988	227,332	7,664,320
Additions	857,764	205,182	1,062,946
Revision due to change in estimates	-	(89,802)	(89,802)
Successful wells cost transferred from exploration and evaluation assets - note 15	2,945,760	-	2,945,760
Amortisation for the year	(1,064,418)	(43,120)	(1,107,538)
Closing net book value	10,176,094	299,592	10,475,686
As at July 1, 2010			
Cost	17,393,501	1,352,491	18,745,992
Accumulated amortisation	(7,217,407)	(1,052,899)	(8,270,306)
Net book value	10,176,094	299,592	10,475,686
Year ended June 30, 2011			
Opening net book value	10,176,094	299,592	10,475,686
Additions	67,529	57,172	124,701
Revision due to change in estimates	-	322,661	322,661
Successful wells cost transferred from exploration and evaluation assets - note 15	767,564	-	767,564
Amortisation for the year	(1,080,810)	(41,388)	(1,122,198)
Closing net book value	9,930,377	638,037	10,568,414
As at June 30, 2011			
Cost	18,228,594	1,732,324	19,960,918
Accumulated amortisation	(8,298,217)	(1,094,287)	(9,392,504)
Net book value	9,930,377	638,037	10,568,414

		2011	2010
		Rupees ('000)	
15. EXPLORATION AND EVALUATION ASSETS			
Balance brought forward		2,705,298	3,494,244
Additions during the year		3,232,301	3,004,169
		5,937,599	6,498,413
Successful wells cost transferred to development cost - note 14		(767,564)	(2,945,760)
Dry and abandoned wells cost charged to the profit and loss account - note 27		(359,305)	(847,355)
		4,810,730	2,705,298

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

		2011	2010
Share in Joint Ventures operated by the Company	- Ikhlas	3,387,675	1,893,493
Share in Joint Ventures operated by others			
MOL Pakistan Oil and Gas Company B.V.	- TAL Block	984,356	787,649
	- Margala Block	-	8,308
Oil and Gas Development Company Limited	- Chak Naurang	438,699	15,848
		4,810,730	2,705,298

16. LONG TERM INVESTMENTS IN ASSOCIATED COMPANIES - EQUITY BASIS

	2011	2010
Beginning of the year	11,829,109	11,142,136
Share of profit of associated companies - note 16.2	1,941,911	1,074,452
Impairment loss against investment in National Refinery Limited	(527,399)	(36,532)
Dividend received during the year	(536,455)	(350,947)
End of the year	12,707,166	11,829,109

	2011	2010
	Rupees ('000)	
16.1 The Company's interest in associates are as follows:		
Quoted		
National Refinery Limited - note 16.3 19,991,640 (2010: 19,991,640) fully paid ordinary shares including 3,331,940 (2010: 3,331,940) bonus shares of Rs 10 each Cost Rs 8,046,635 thousand (2010: Rs 8,046,635 thousand) Quoted market value as at June 30, 2011: Rs 7,042,255 thousand; (2010: Rs 3,655,471 thousand)	10,645,748	9,930,847
Attock Petroleum Limited (APL) - note 16.4 4,850,496 (2010: 4,042,080) fully paid ordinary shares including 1,482,096 (2010: 673,680) bonus shares of Rs 10 each Cost Rs 1,562,938 thousand (2010: Rs 1,562,938 thousand) Quoted market value as at June 30, 2011: Rs 1,815,395 thousand; (2010: Rs 1,171,193 thousand)	2,053,237	1,891,158
Unquoted		
Attock Information Technology Services (Pvt) Limited (AITSL) Cost Rs 4,500 thousand (2010: Rs 4,500 thousand) 450,000 (2010: 450,000) fully paid ordinary shares of Rs 10 each	8,181	7,104
	12,707,166	11,829,109

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

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 ('000)		
2011					
National Refinery Limited	14,173,565	8,021,771	37,139,623	1,642,133	25
Attock Petroleum Limited	1,717,909	907,653	7,676,775	298,701	7
Attock Information Technology Services (Private) Limited	8,744	563	3,834	1,077	10
	15,900,218	8,929,987	44,820,232	1,941,911	
2010					
National Refinery Limited	12,909,780	8,000,287	27,546,594	821,203	25
Attock Petroleum Limited	1,504,738	856,561	5,809,923	252,230	7
Attock Information Technology Services (Private) Limited	7,745	640	3,687	1,019	10
	14,422,263	8,857,488	33,360,204	1,074,452	

16.3 The carrying value of investment in National Refinery Limited at June 30, 2011 is net of impairment loss of Rs 1,877,700 thousand (2010: Rs 1,350,301 thousand). The carrying value is based on a valuation analysis carried out by an external investment advisor engaged by the Company. The recoverable amount has been estimated based on a value in use calculation. These calculations have been made on discounted cash flow based valuation methodology which assumes a gross profit margin of 6.50% (2010: 3.91%), a terminal growth rate of 4% (2010: 3%) and a capital asset pricing model based discount rate of 20.00% (2010:17.90%).

16.4 Based on a valuation analysis carried out by the Company, the recoverable amount of investment in Attock Petroleum Limited exceeds its carrying amount. The recoverable amount has been estimated based on a value in use calculation. These calculations have been made on discounted cash flow based valuation methodology which assumes a gross profit margin of 4.33% (2010: 4.58%), a terminal growth rate of 4% (2010: 3%) and a capital asset pricing model based discount rate of 20.00% (2010: 17.90%).

	2011	2010
	Rupees ('000)	
17. OTHER LONG TERM INVESTMENTS		
Held-to-maturity investments		
Term Finance Certificates of listed companies - note 17.1	11,629	12,452
Pakistan Investment Bonds - note 17.2	52,015	53,022
Term deposit - note 17.3	15,950	29,000
Less: Provision for doubtful investment	(15,950)	(15,950)
	-	13,050
	63,644	78,524
Less: Investments maturing within next twelve months shown under current assets - note 23	823	6,043
	62,821	72,481
Available-for-sale investments - note 17.4	17,662	114,528
	80,483	187,009

	Number of certificates	Nominal value of each certificate	Final Maturity date	Mark up %	2011	2010
					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	15.38	4,988	4,990
Faysal Bank Ltd (Formerly Royal Bank of Scotland)	658	5,000	10-02-2013	15.68	1,642	2,463
					11,629	12,452
17.2 Pakistan Investment Bonds			30-06-2013	9.00	52,015	53,022

17.3 Term deposit

This represent amount deposited with Crescent Standard Investment Bank Limited (CSIBL) by CAPGAS as a short term deposit. CSIBL went into financial difficulty and finally merged with Innovative Housing Finance Limited (IHFL) on June 28, 2007 which was renamed as Innovative Investment Bank Limited (IIBL). In terms of scheme announced by IIBL payment will be made in installments over the period of sixty one months from the date of take over by IIBL. During the year ended 2010, IIBL defaulted on the redemption of the first periodic installment of Rs 5.8 million, which was due on July 29, 2009, along with the interest for four quarters of the financial year ended June 30, 2010. After the appointment of Administrator by SECP on January 28, 2010 with the mandate to safeguard the interests of depositors, the Bank could not revive as per proposed rehabilitation plan. Finally SECP filed a petition No. 46 of 2010 at the Honorable High Court, Lahore for winding up of IIBL. The Court appointed a Provisional Manager and the case would be fixed in the first week of October 2011 to submit the report with proposals. Out of Rs 29,000 thousand receivable from IIBL, Rs 13,050 thousand has been written off during the year.

	2011	2010
	Rupees ('000)	
17.4 Available-for-sale investments - at fair value		
Balance at the beginning of the year	114,528	98,586
Additions during the year	-	100,000
Deletions during the year	(94,110)	(100,000)
Impairment loss reversed/(recognized) during the year	13,943	1,660
Fair value gain transferred from consolidated statement of comprehensive income to profit and loss account on disposal of investment	(26,769)	-
Fair value gain transferred to consolidated statement of comprehensive income	10,070	14,282
Balance at the end of the year	17,662	114,528

	2011				2010
	Number of shares/units	Cost less impairment loss	Adjustment arising from remeasurement to fair value	Fair value	Fair value
		Rupees ('000)			
17.4.1 Available-for-sale investments at June 30, include the following:					
Listed securities:					
Atlas Fund of Funds	2,517,422	7,552	8,811	16,363	21,000
Pakistan Telecommunication Company Limited	-	-	-	-	4,450
Hub Power Company Limited	-	-	-	-	7,990
Oil and Gas Development Company Limited	-	-	-	-	6,516
Meezan Balance Fund	-	-	-	-	12,500
Unlisted securities:					
National Investments Trust Units	-	-	-	-	9,973
Atlas Asset Management Company	2,529	698	601	1,299	52,099
		8,250	9,412	17,662	114,528

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, 2011 as quoted by the respective Asset Management Company.

	2011	2010
	Rupees ('000)	
18. LONG TERM LOANS AND ADVANCES, CONSIDERED GOOD		
Executives - note 18.1	13,292	10,767
Other employees	30,645	22,950
	43,937	33,717
Less: Amount due within twelve months, shown under current loans and advances - note 22	23,870	20,778
	20,067	12,939

18.1 Movement in loans to Executives

	Balance as at June 30, 2010	Disbursements	Repayments	Balance as at June 30, 2011
	Rupees ('000)			
Executives	10,767	15,023	12,498	13,292

18.2 Loans and advances to employees are for general purpose and for house rent advance which are recoverable in upto 60 and 36 equal monthly installments respectively and are secured by an amount due to the employee against provident fund. These loans and advances are interest free. These do not include any amount receivable from the Chief Executive and Directors. The aggregate maximum amount due from Executives at the end of any month during the year was Rs 13,292 thousand (2010: Rs 11,662 thousand).

	2011	2010
	Rupees ('000)	
19. STORES AND SPARES		
Stores and spares - note 19.1	2,761,542	2,748,332
Less: Provision for slow moving items - note 19.2	128,931	106,906
	2,632,611	2,641,426

	2011	2010
	Rupees ('000)	
19.1 Stores and spares include:		
Share in Joint Ventures operated by the Company	145,622	125,719
Share in Joint Ventures operated by others (assets not in possession of the Company)	709,297	706,581
	854,919	832,300
19.2 Provision for slow moving items		
Balance brought forward	106,906	81,000
Provision for the year	77,558	26,000
Stores written off during the year	(55,533)	(94)
	128,931	106,906
20. STOCK IN TRADE		
Crude oil and other products	133,966	104,073

These include Rs 27,209 thousand (2010: Rs 18,699 thousand) being the Company's share in Joint Ventures operated by the Company.

	2011	2010
21. TRADE DEBTS - Considered good		
Due from related parties - note 21.1	2,785,821	1,192,422
Others	1,557,957	1,392,203
	4,343,778	2,584,625
21.1 Due from related parties		
Associated companies		
Attock Refinery Limited	2,778,628	1,179,743
Attock Petroleum Limited	7,193	12,679
	2,785,821	1,192,422

	2011	2010
	Rupees ('000)	
22. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES		
Loans and advances - considered good		
Employees - note 18	23,870	20,778
Suppliers	29,578	43,752
	53,448	64,530
Trade deposits and short term prepayments		
Deposits	84,364	67,859
Short-term prepayments	187,220	137,459
	271,584	205,318
Sales tax refundable	-	273
Income tax receivable	3,236	4,358
Interest income accrued	65,381	13,388
Other receivables		
Joint venture partners	43,943	145,244
Due from related parties		
Parent company		
The Attock Oil Company Limited	146,323	77,223
Associated company		
National Refinery Limited	21	12,566
Attock Information Technology Services (Pvt) Limited	44	-
Attock Cement Limited	15	-
Attock Leisure Management Association	71	-
Staff Provident Fund	-	2,708
General Staff Provident Fund	-	386
Management Staff Pension Fund - note 37.1	62,790	84,155
Other receivables (net of provision for doubtful receivable Rs 310 thousand (2010: Rs 310 thousand))	40,837	64,783
	294,044	387,065
	687,693	674,932

		2011	2010
		Rupees ('000)	
23.	**SHORT TERM INVESTMENTS**		
	Held to maturity Investments:		
	Treasury bills maturing within next three months - note 23.1	3,226,550	2,276,865
	Other held to maturity investments maturing within next twelve months - note 17	823	6,043
		3,227,373	2,282,908

23.1 The effective interest on Treasury bills ranges between 12.44% to 13.53% per annum (2010: 12.01% to 12.10% per annum)

		2011	2010
24.	**CASH AND BANK BALANCES**		
	Bank balance on		
	Short term deposits	3,617,194	1,825,214
	Interest/mark-up bearing saving accounts	3,240,888	2,312,795
	Current accounts	82,347	36,039
		6,940,429	4,174,048
	Cash in hand	1,905	3,483
		6,942,334	4,177,531

Balance with banks include foreign currency balances of US $ 41,806 thousand (2010: US $ 21,114 thousand). The balances in saving accounts and short term deposits earned interest/mark-up ranging from 0.2% to 13.50% (2010: 0.7% to 14.25%).

		2011	2010
		Rupees ('000)	
25.	**NET SALES**		
	Crude oil	11,803,699	8,237,631
	Gas	8,165,606	5,587,224
	POLGAS/CAPGAS - Refill of cylinders	5,465,115	4,357,487
	Solvent oil	212,285	223,672
	Sulphur	24,039	11,568
	Liquefied petroleum gas	-	767
		25,670,744	18,418,349

		2011	2010
		Rupees ('000)	
26. OPERATING COSTS			
Operating cost	- Own fields	619,677	321,272
	- Share in Joint Ventures	1,475,446	1,054,973
Well workover		153,697	210,880
POLGAS/CAPGAS - Cost of gas/LPG, carriage etc		3,241,959	2,436,332
Head office and insurance charges		85,863	55,519
Pumping and transportation cost		29,708	16,070
Depreciation - note 13.3		590,625	492,060
		6,196,975	4,587,106
Opening stock of crude oil and other products		104,073	95,971
Closing stock of crude oil and other products		(133,966)	(104,073)
		6,167,082	4,579,004
27. EXPLORATION COSTS			
Geological and geophysical cost			
Own fields		1,189	(51)
Share in Joint Ventures operated by the Company	- Kirthar South	14,940	33,732
	- Ikhlas	427,976	82,045
	- Pindori	31	6,757
	- DG Khan	17,020	12,412
	- Rajanpur	22,667	12,647
Share in Joint Ventures operated by others			
Ocean Pakistan Limited	- Dhurnal	538	255
MOL Pakistan Oil and Gas Company B.V.	- TAL Block	131,333	541,958
	- Margala Block	35,465	28,641
	- Margala North Block	17,831	20,452
Oil and Gas Development Company Limited	- Kotra	2,243	6,832
	- Gurgalot	42,911	10,023
	- Chak Naurang	1,596	3,327
		715,740	759,030

		2011	2010
		Rupees ('000)	
Dry and abandoned wells cost - note 15			
Share in Joint Ventures operated by the Company	- Kirthar South	-	25,164
Share in Joint Ventures operated by others			
MOL Pakistan Oil and	- TAL Block	-	331,462
Gas Company B.V.	- Margala Block	359,305	-
Oil and Gas Development Company Limited	- Gurgalot	-	490,729
		359,305	847,355
		1,075,045	1,606,385

28. ADMINISTRATION EXPENSES

	2011	2010
Establishment charges	152,534	127,317
Telephone and telex	915	1,319
Medical expenses	3,662	5,110
Printing, stationery and publications	8,458	8,094
Insurance	3,771	3,206
Travelling expenses	2,560	5,030
Motor vehicle running expenses	7,132	6,653
Rent, repairs and maintenance	7,564	8,146
Auditor's remuneration - note 28.1	3,138	4,079
Legal and professional charges	8,127	4,109
Stock exchange and CDC fee	710	1,572
Computer support and maintenance charges	6,832	11,206
Donations *	-	300
Depreciation	258	345
Other expenses	4,297	4,252
	209,958	190,738
Less: Amount allocated to field expenses	107,383	100,654
	102,575	90,084

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

		2011	2010
		Rupees ('000)	
28.1	Auditor's remuneration:		
	Statutory audit	1,000	1,000
	Review of half yearly accounts, audit of consolidated accounts, staff funds, special certifications	853	799
	Tax services	1,100	2,100
	Out of pocket expenses	185	180
		3,138	4,079
29.	FINANCE COST		
	Provision for decommissioning cost - note 10.2		
	- Unwinding of discount	208,204	158,511
	- Exchange loss	14,347	123,369
	Banks' commission and charges	2,331	2,572
		224,882	284,452
30.	OTHER CHARGES		
	Workers' Profit Participation Fund	804,940	517,873
	Workers' Welfare Fund	305,889	196,652
		1,110,829	714,525
31.	OTHER OPERATING INCOME		
	Income from financial assets		
	Income on bank deposits	442,924	373,711
	Income on held-to-maturity investments	359,926	71,561
	Exchange gain on financial assets	967	92,922
	Dividend on available-for-sale investments	4,071	4,978
	Profit on disposal of available-for-sale investments	26,769	694
	Impairment loss reversed on available-for-sale investments	13,943	1,660
	Provision for doubtful held-to-maturity investments	-	(15,950)
	Held-to-maturity investments written off	(13,050)	-
	Other income		
	Rental income (net of related expenses Rs 22,496 thousand; 2010: Rs 21,637 thousand)	142,768	152,397
	Rig rental (net of related expenses Rs Nil; 2010: Rs 152,219 thousand)	-	137,893

	2011	2010
	Rupees ('000)	
Crude oil/gas transportation income (net of related expenses Rs 55,114 thousand; 2010: Rs 40,429 thousand)	104,329	119,550
Gas processing fee	126,694	39,665
Profit on sale of property, plant and equipment	22,372	22,386
Sale of stores and scrap	46,821	6,596
Other	1,993	5,043
	1,280,527	1,013,106

32. SHARE IN PROFITS OF ASSOCIATED COMPANIES

Share in profits of associated companies is net of taxation and based on the audited financial statements of the associated companies for the year ended June 30, 2011.

33. PROVISION FOR TAXATION

	2011	2010
Current		
- for the year	3,457,896	1,483,928
- for prior period	-	258,000
	3,457,896	1,741,928
Deferred		
- for the year	709,036	774,094
- for prior period	-	(337,000)
	709,036	437,094
	4,166,932	2,179,022

33.1 Reconciliation of tax charge for the year

	2011	2010
Accounting profit	15,900,217	10,319,241
* Tax at applicable tax rate of 51.30% (2010: 49.44%)	8,156,733	5,101,832
Tax effect of income that is not taxable or taxable at reduced rates	(18,694)	(190,505)
Tax effect of share of profit of associated companies taxed on the basis of dividend income	(672,138)	(478,053)
Tax effect of depletion allowance and royalty payments	(3,298,969)	(2,175,252)
Tax effect of prior year	-	(79,000)
Tax charge for the year	4,166,932	2,179,022

* 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. OPERATING SEGMENTS

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

Revenue from two major customers of the Company constitutes 76% of the total revenue during the year ended June 30, 2011 (June 30, 2010: 72%).

35. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	Chief Executive		Executives	
	2011	2010	2011	2010
	Rupees ('000)		Rupees ('000)	
Managerial remuneration	5,068	4,640	67,757	56,873
Bonus	2,822	2,091	29,951	19,763
Housing, utility and conveyance	3,707	3,428	60,599	52,431
Company's contribution to pension, gratuity and provident funds	1,980	1,816	26,092	23,285
Leave passage	701	728	9,164	8,148
Other benefits	1,409	1,540	25,738	18,845
	15,687	14,243	219,301	179,345
No. of persons, including those who worked part of the year	1	1	71	61

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

An honorarium of Rs 320 thousand (2010: Rs 319 thousand) was paid to one non-executive director (2010: one non-executive director). In addition seven directors and the Chief Executive of the Company were paid meeting fee aggregating Rs 3,638 thousand (2010: Rs 3,560 thousand) based on actual attendance.

Remuneration of executives are net of charge to associated companies amounting to Rs 5,449 thousand (2010: Rs 3,878 thousand).

36. FINANCIAL INSTRUMENTS

36.1 Financial assets and liabilities

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

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

	Held to maturity investments	Loans and receivables	Available-for-sale investments	Total
		Rupees ('000)		
June 30, 2010				
Financial assets				
Maturity up to one year				
Trade debts	-	2,584,625	-	2,584,625
Advances, deposits and other receivables	-	489,363	-	489,363
Short term investments	2,282,908	-	-	2,282,908
Cash and bank balances	-	4,177,531	-	4,177,531
Maturity after one year				
Other long term investments	72,481	-	114,528	187,009
Long term loans and advances	-	12,939	-	12,939
	2,355,389	7,264,458	114,528	9,734,375

Financial liabilities	Other financial liabilities	Total
	Rupees ('000)	
Maturity up to one year		
Trade and other payables	2,312,445	2,312,445
Maturity after one year		
Long term deposits	589,593	589,593
Provision for decommissioning cost	2,755,741	2,755,741
Provision for staff compensated absences	9,173	9,173
	5,666,952	5,666,952

36.2 Credit quality of financial assets

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

	Rating	2011	2010
		Rupees ('000)	
Held-to-maturity investments			
Counterparties with external credit rating	A+	-	4,990
	A A -	4,988	2,463
	A A	6,641	4,999
	A-	-	13,050
Securities issued/supported by Government of Pakistan		3,278,565	2,329,887
		3,290,194	2,355,389
Available-for-sale investments			
Counterparties with external credit rating	5-Star	16,363	33,500
	A M 2	1,299	9,972
	A M 3 +	-	52,099
	A A A	-	6,517
	A A +	-	7,990
Counterparties without external credit rating			
Equity securities with no defaults in the past		-	4,450
		17,662	114,528
Trade debts			
Counterparties with external credit rating	A 1 +	4,251,037	2,521,254
	A 1	-	11,973
Counterparties without external credit rating			
Existing customers/joint venture partners with no default in the past		92,741	51,398
		4,343,778	2,584,625
Advances, deposits and other receivables			
Counterparties with external credit rating	A 1 +	102,605	86,163
	A 1	-	6,375
Counterparties without external credit rating			
Existing customers/joint venture partners with no default in the past		49,170	147,378
Receivable from employees/employee benefit plans		86,660	108,027
Receivable from parent company		146,323	77,223
Others		82,901	64,197
		467,659	489,363

	Rating	2011	2010
		Rupees ('000)	
Bank balances			
Counterparties with external credit rating	A 1 +	6,791,354	4,136,378
	A 1	-	213
	A 2	149,075	37,457
		6,940,429	4,174,048
Long term loans and advances			
Counterparties without external credit rating			
Receivable from employees		20,067	12,939

36.3 FINANCIAL RISK MANAGEMENT

36.3.1 Financial risk factors

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

(a) Credit risk

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

As of June 30, 2011, trade debts of Rs 249,314 thousand (2010: Rs 251,732 thousand) were past due but not impaired. The ageing analysis of these trade receivables is as follows:

	2011	2010
	Rupees ('000)	
Up to 3 months	20,528	17,505
3 to 6 months	2,338	4,478
6 to 12 months	1,512	8,361
Above 12 months	224,936	221,388
	249,314	251,732

(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, 2011, the Company had financial assets of Rs 15,081,694 thousand (2010: Rs 9,734,375 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, 2011			
Long term deposits	-	618,050	-
Provision for decommissioning cost	-	2,990,350	4,487,453
Provision for staff compensated absences	-	8,627	-
Provision for gratuity	-	852	-
Trade and other payables	4,059,325	-	-
At June 30, 2010			
Long term deposits	-	589,593	-
Provision for decommissioning cost	-	2,130,436	6,231,054
Provision for staff compensated absences	-	9,173	-
Trade and other payables	2,312,445	-	-

(c) Market risk

(i) Currency risk

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

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

Financial assets include Rs 3,950,212 thousand (2010: Rs 2,990,639 thousand) and financial liabilities include Rs 4,276,071 thousand (2010: Rs 3,078,642 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 21,181 thousand (2010: Rs 5,720 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 10,148,276 thousand (2010: Rs 6,493,398 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 54,085 thousand (2010: Rs 41,781 thousand) higher/lower, mainly as a result of higher/lower interest income from these financial assets.

(iii) Price risk

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

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

Available for sale investments include Rs 17,662 thousand (2010: Rs 114,528 thousand) which were subject to price risk.

36.3.2 Capital risk management

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

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

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

36.3.3 Fair value of financial assets and liabilities

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

37. STAFF RETIREMENT BENEFITS

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

37.1 The amounts recognized in the balance sheet are as follows:

	2011	2010
	Rupees ('000)	
Present value of defined benefit obligations	1,003,442	887,722
Fair value of plan assets	(743,391)	(667,011)
	260,051	220,711
Unrecognized actuarial gains (losses)	(187,615)	(177,297)
Net liability	72,436	43,414
Amounts in the balance sheet:		
Liability - Gratuity Fund - note 11	135,226	127,569
Asset - Management Staff Pension Fund - note 22	(62,790)	(84,155)
Net liability	72,436	43,414

		2011	2010
		Rupees ('000)	
37.2	The amounts recognized in the profit and loss account are as follows:		
	Current service cost	37,570	32,474
	Interest cost	111,276	91,830
	Expected return on plan assets	(77,562)	(69,259)
	Net actuarial losses recognized during the year	13,977	10,929
		85,261	65,974
37.3	Actual return on plan assets	85,642	78,175

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

		2011	2010
		Rupees ('000)	
37.4	Changes in the present value of defined benefit obligation are as follows:		
	Opening defined benefit obligation	887,722	760,087
	Current service cost	37,570	32,474
	Interest cost	111,276	91,830
	Actuarial losses	32,375	55,763
	Benefits paid	(65,501)	(52,432)
	Closing defined benefit obligation	1,003,442	887,722
37.5	Changes in fair value of plan assets are as follows:		
	Opening fair value of plan assets	667,011	590,119
	Expected return	77,562	69,259
	Actuarial gain	8,080	8,916
	Contribution by employer	56,239	51,149
	Benefits paid	(65,501)	(52,432)
	Closing fair value of plan assets	743,391	667,011

The Company expects to contribute Rs 62 million to its defined benefit plans during the year ending June 30, 2012.

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

	2011		2010	
	Rupees ('000)	%age	Rupees ('000)	%age
Treasury bills	628,113	84	449,460	67
Government bonds	101,384	14	105,607	16
Regular income certificates	20,124	3	20,125	3
Term finance certificates	8,782	1	-	-
Unit trusts	6,934	1	101,161	15
Shares	-	-	11,437	2
Other assets	4,114	1	307	-
Allocated to holding company	(26,060)	(4)	(21,086)	(3)
	743,391	100	667,011	100

37.7 Principal actuarial assumptions

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

	2011	2010
	%	%
Discount rate	14.0	13.0
Expected rate of salary increase	11.8	10.9
Expected rate of pension increase	8.5	7.6
Expected rate of return on investments	14.0	13.0

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

	2011	2010	2009	2008	2007
			Rupees ('000)		
Defined benefit obligation	1,003,442	887,722	760,087	640,154	592,705
Plan assets	(743,391)	(667,011)	(590,119)	(537,513)	(508,042)
Deficit	260,051	220,711	169,968	102,641	84,663
Experience adjustments on plan liabilities	32,375	55,763	58,936	19,278	(16,063)
Experience adjustments on plan assets	8,080	8,916	(59,601)	(21,390)	38,253

38. EARNINGS PER SHARE - BASIC AND DILUTED

	2011	2010
Profit for the year (Rupees in thousand)	11,708,180	8,123,035
Weighted average number of ordinary shares in issue during the year (Shares in thousand)	236,546	236,546
Basic and diluted earnings per share (Rupees)	49.50	34.34

39. TRANSACTIONS WITH RELATED PARTIES

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

	2011	2010
	Rupees ('000)	
Parent company - The Attock Oil Company Limited		
Purchase of petroleum products	111,077	86,903
Sale of services	893	785
Purchase of services	-	402
Associated companies		
Attock Refinery Limited		
Sale of crude oil and gas	11,794,567	8,252,344
Crude oil and gas transmission charges	107,320	99,336
Sale of services	4,467	5,086
Purchase of fuel	6,543	6,994
Purchase of services	21,187	12,569
Purchase of LPG	725,154	460,778
Attock Petroleum Limited		
Purchase of fuel and lubricants	504,066	502,901
Purchase of services	181	173
Sale of solvent oil	251,393	263,267
Sale of services	6,345	5,919
National Refinery Limited		
Purchase of services	1,312	1,161
Purchase of LPG	405,763	369,501
Attock Information Technology (Private) Limited		
Purchase of services	15,858	19,233
Sale of services	44	-
Attock Cement Pakistan Limited		
Purchase of services	280	550
Attock Hospital (Private) Limited		
Purchase of medical services	3,958	3,976
Attock Leisure Management Association		
Sale of services	71	-

	2011	2010
	Rupees ('000)	
Other related parties		
Contribution to staff retirement benefits plans		
Management Staff Pension Fund and Gratuity Fund	56,239	51,149
Approved Contributory Provident Funds	19,096	18,114
Contribution to Workers' Profit Participation Fund	804,940	517,873

40. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise

	2011	2010
Cash and bank balances	6,942,334	4,177,531
Short term investments - maturing within next three months	3,226,550	2,276,865
	10,168,884	6,454,396

41. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on September 11, 2011 has proposed a final dividend for the year ended June 30, 2011 @ Rs 25 per share, amounting to Rs 5,913,648 thousand for approval of the members in the Annual General Meeting to be held on October 18, 2011.

42. GENERAL

42.1 Capacity

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

42.2 Date of authorization

These financial statements were authorized for issue by the Board of Directors of the Company on September 11, 2011.

Shuaib A. Malik
Chief Executive

Abdus Sattar
Director

Notice of Annual General Meeting

Notice is hereby given that the SIXTIETH Annual General Meeting (being the SEVENTY SEVENTH General Meeting) of the Company will INSHA'ALLAH be held on Tuesday October 18, 2011 at 1215 hours at Morgah Club, Morgah, Rawalpindi, to transact the following business:

ORDINARY BUSINESS

i. To receive, consider and approve the audited accounts of the Company together with Directors' and Auditors' Reports for the year ended June 30, 2011.

ii. To approve final cash dividend of Rs 25 per share i.e. 250% as recommended by the Board of Directors. It is in addition to the interim cash dividend of Rs 10 per share i.e. 100% already paid to the shareholders, thus making a total dividend of Rs 35 per share i.e. 350% for the year ended June 30, 2011.

iii. To appoint auditors for the year ending June 30, 2012 and fix their remuneration. The present auditors Messrs A. F. Ferguson & Co., Chartered Accountants, retire and being eligible, offer themselves for reappointment.

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

BY ORDER OF THE BOARD

Registered Office
POL House,
Morgah, Rawalpindi.
September 26, 2011

Syed Khalid Nafees Zaidi
Company Secretary

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 12, 2011 to October 18, 2011 (both days inclusive). Transfers received in order at the Registered Office of the Company by the close of business on October 11, 2011 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

Notice of Annual General Meeting

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.

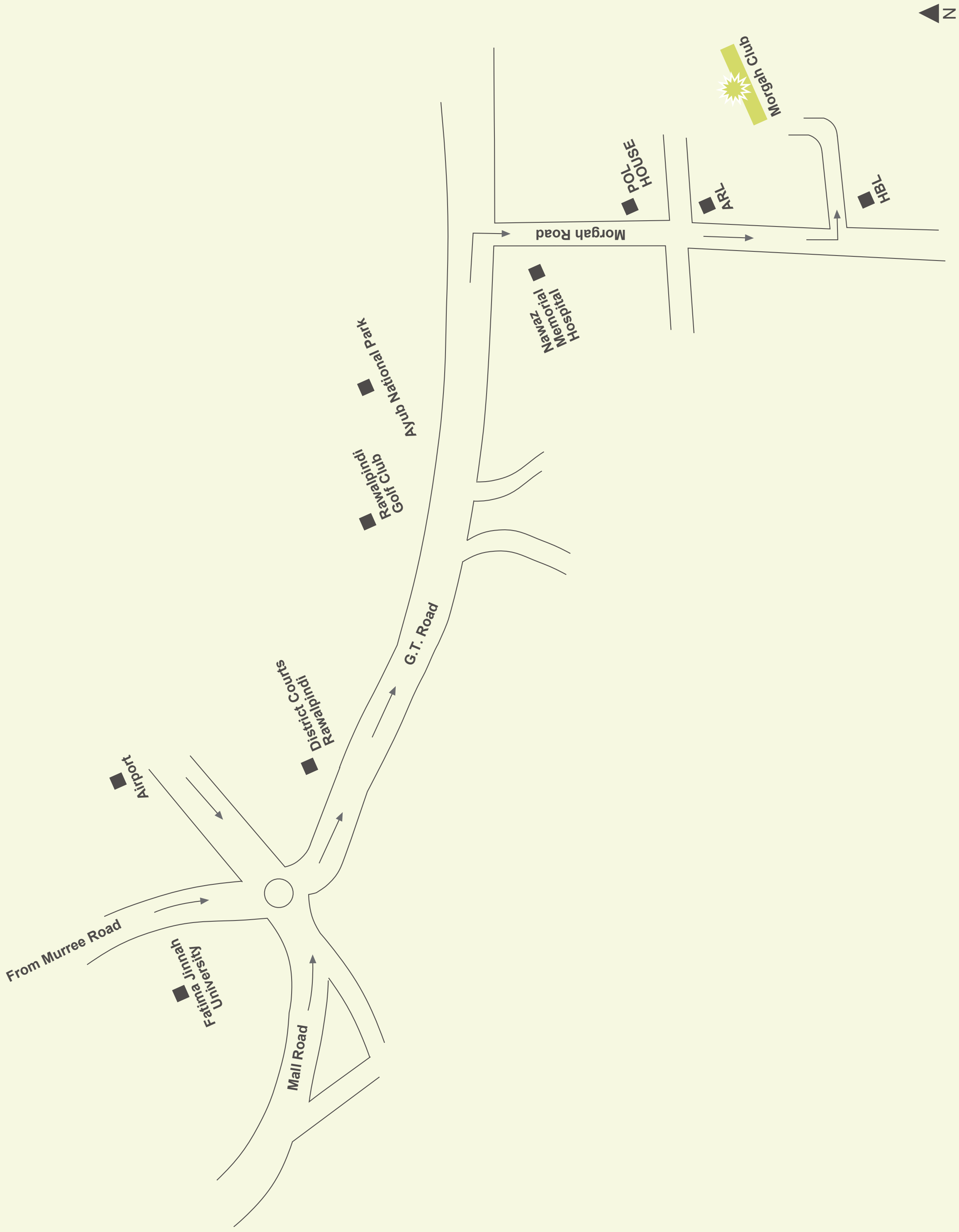
v. In case of corporate entities, the Board of Directors' resolution / power of attorney with specimen signature of the person nominated to represent and vote on behalf of the corporate entity, shall be submitted (unless it has been provided earlier) along with proxy form to the company.

4. CHANGE IN ADDRESS

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

5. Accounts of the company for the year ended June 30, 2011 has been provided on the website www.pakoil.com.pk.

Annual General Meeting Location Map



Glossary

2D Seismic	Exploration method of sending energy waves or sound waves into the earth and recording the wave reflections to indicate the type, size, shape, and depth of subsurface rock formations. 2-D seismic provides two dimensional information.
CCTV System	Closed circuit television
Exploratory well	A well drilled to find and produce oil or gas in an unproved area, find a new reservoir in a field previously found to be productive in another reservoir, or extend a known reservoir.
G & G	Geological and geophysical.
H2S	Hydrogen sulfide.
HSE	Health, safety and environmental
Hydrocarbon	An organic compound of hydrogen and carbon (i.e., oil, gas, and NGL).
LPG	Liquefied petroleum gas.
Plug and abandon	Act of sealing off a well, and often abbreviated as P&A. Cement plugs are inserted in the hole, and the property is abandoned.
PSI	Pounds per square inch.
Reservoir	Porous and permeable underground formation that contains a natural accumulation of producible oil or gas. The formation is confined by impermeable rock or water barriers and is individual and separate from other reservoirs.
Spud	Commencement of actual drilling operations.
Zone	Stratigraphic interval containing one or more reservoirs.

FORM OF PROXY

SIXTIETH Annual General Meeting

I/We ____ of___________ being a member of

Pakistan Oilfields Limited and holder of ___________ ordinary Shares as per Share Register Folio No.________

hereby appoint ____of__________ another member

of the company Folio No._______ (or failing him/her _________________________________of__________

who is also a member of the Company, Folio No________

For beneficial owners as per CDC List

CDC Participant I.D. No. ____________________ Sub-Account No. ____________________

CNIC No. | | | | | | | | | | | | | | | or Passport No. ____________________

hereby appoint ________________________________of ___________ who is also a member of the

Company, Folio No. _______or failing him/her _________________________________of ___________

who is also a member of the Company, Folio No________ as my/our proxy to vote and act for me/our behalf at the SIXTIETH Annual General Meeting of the Company to be held on Tuesday, October 18, 2011 or at any adjournment thereof.

Please affix
Rupees five
revenue stamp

Signature of Shareholder________________________

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

Dated this _____ day of ___________2011

Signature of Proxy______________________________

For beneficial owners as per CDC list

1. WITNESS:

Signature: ______________________________

Name: ______________________________

Address: ______________________________

____

CNIC | | | | | | | | | | | | | | |

or Passport No. ______________________________

2. WITNESS:

Signature: ______________________________

Name: ______________________________

Address: ______________________________

____

CNIC | | | | | | | | | | | | | | |

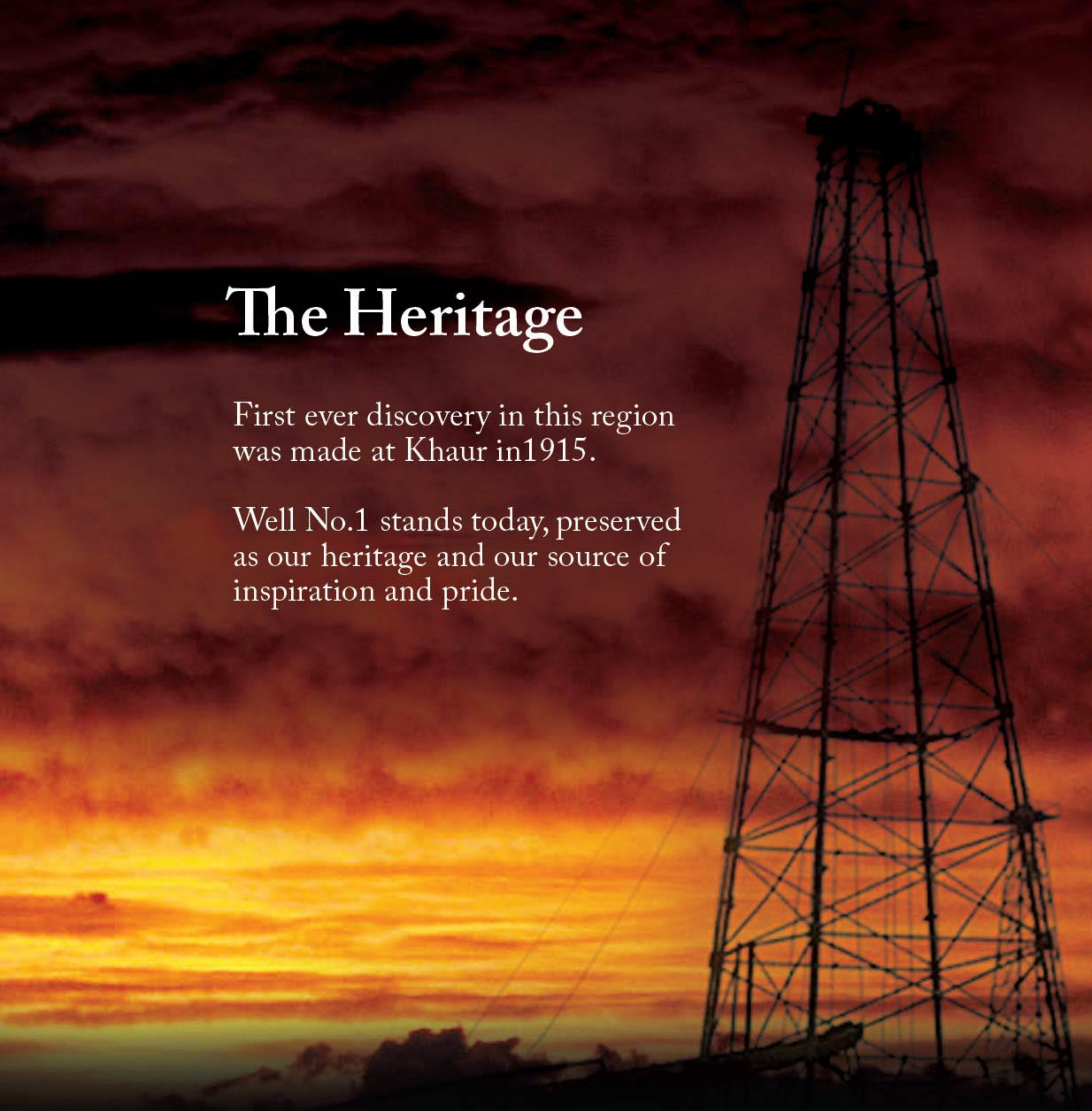
or Passport No. ______________________________

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

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

The Secretary
PAKISTAN OILFIELDS LIMITED
P.O.L House, Morgah, Rawlpindi,
Tel: (051) 5487589-97, Fax: (051) 5487598-99

Designed & Produced by **ASTRAL HATCH INC** Islamabad. **0323 5748053**



The Heritage

First ever discovery in this region was made at Khaur in1915.

Well No.1 stands today, preserved as our heritage and our source of inspiration and pride.

PAKISTAN OILFIELDS LIMITED
P.O.L HOUSE, MORGAH, RAWALPINDI
TEL: (051) 5487589-97, FAX: (051) 5487598-99