Annual Report & Financial Statements 2013

Pakistan Oilfields Limited

Pakistan Oilfields Limited is a leading oil and gas exploration and production company listed on all the three stock exchanges of Pakistan.

The Company's prime focus is to deliver performance through excellence in the field of exploration, drilling and production of crude oil and gas.

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

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

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

Contents

“During 2013, Company achieved net sales of

Rs 28.878 billion

the highest ever

sales in the Company’s history

Exploration costs
+201.99%

Workovers
+699.69%

Cash dividend payout
98.31%

Cash dividend
Rs 10,645
millions

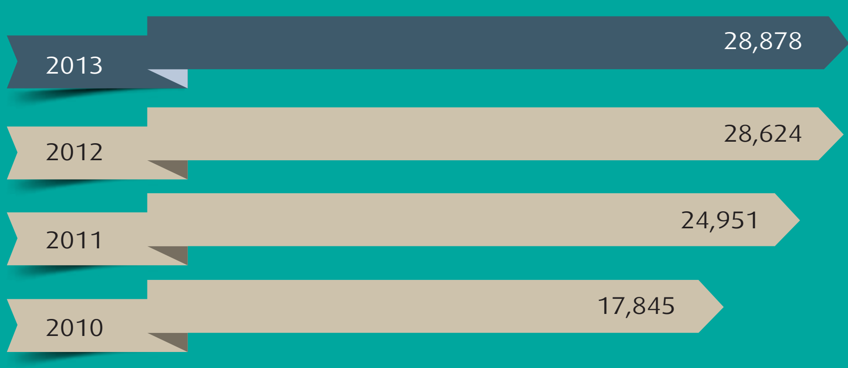
Financial Highlights

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

During the year the Company saved foreign exchange for the country in excess of US$ 593 million (2012: US$ 708 million).

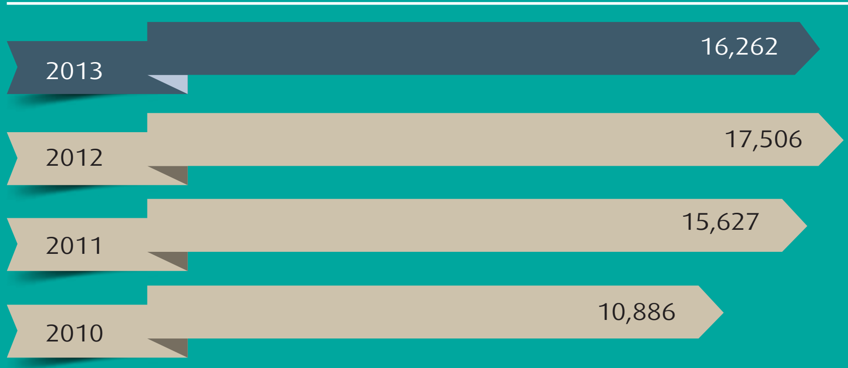
The contribution to the national exchequer, in the shape of royalty and other government levies, was Rs 9,145 million (2012: Rs 11,345 million).

Net Sales



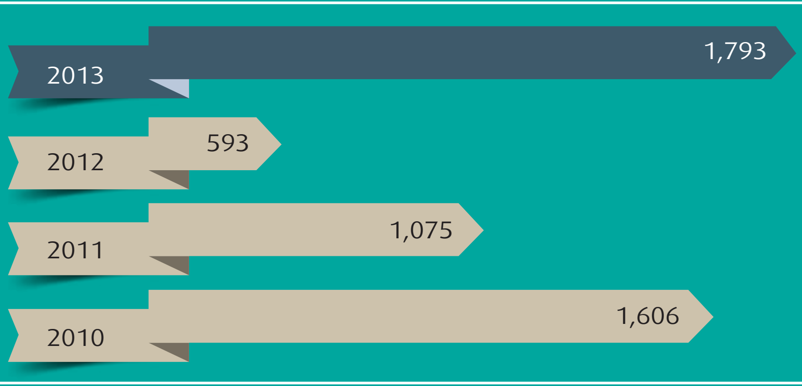
(Rs in million)

Gross profit



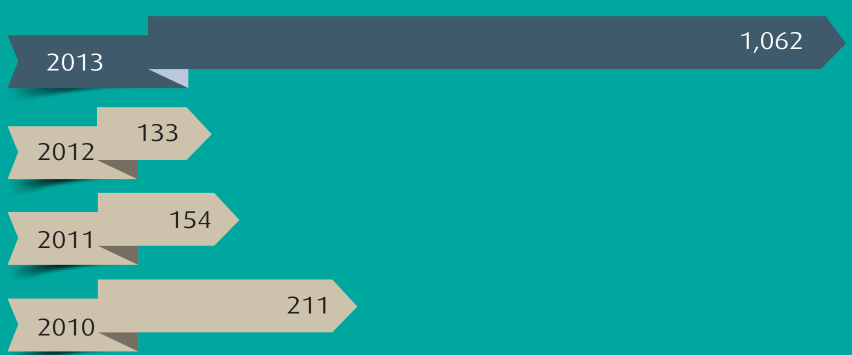
(Rs in million)

Exploration Costs



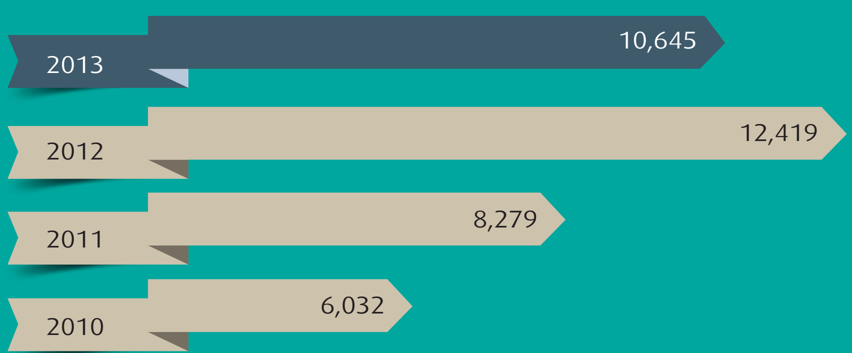
(Rs in million)

Workovers



(Rs in million)

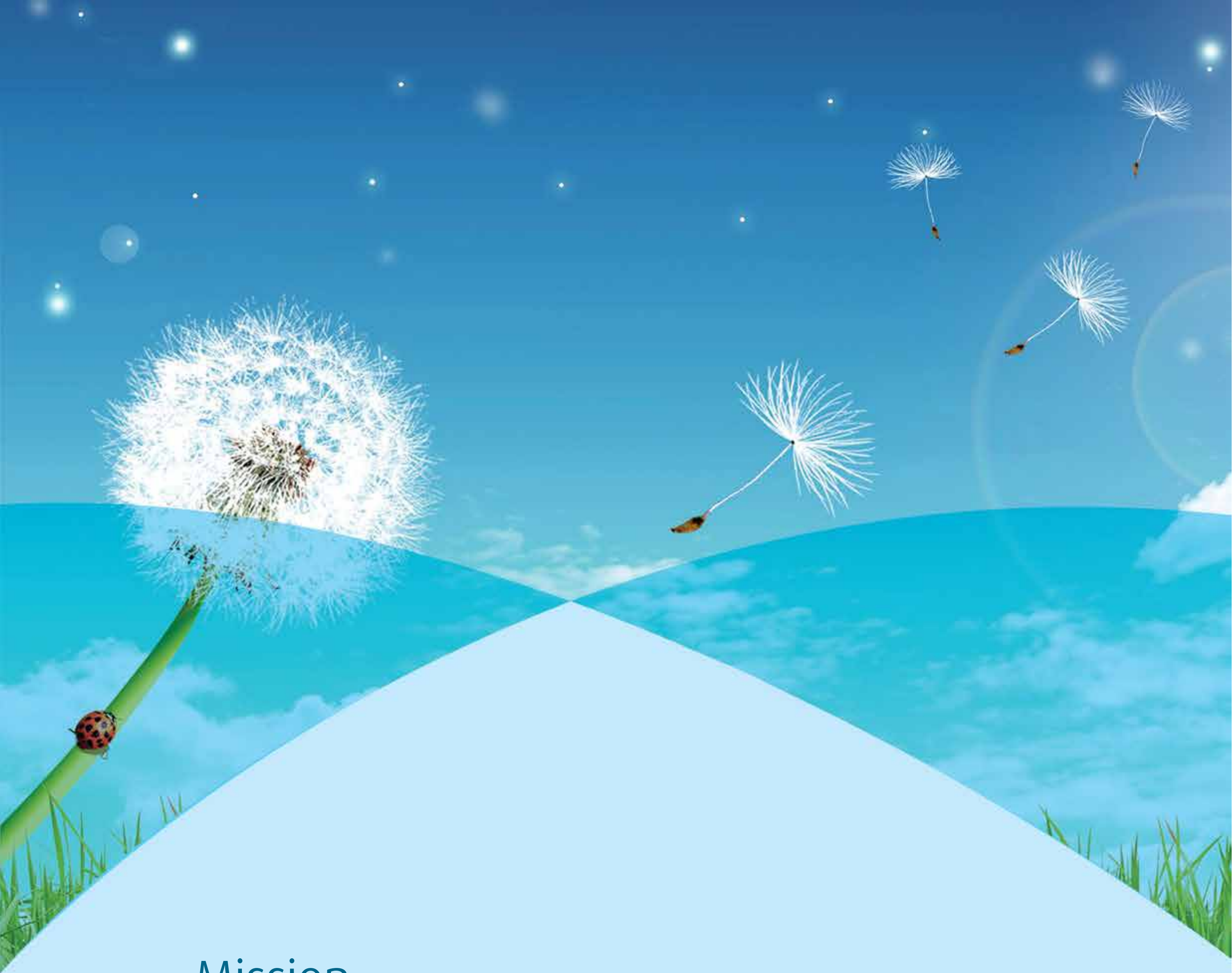
Cash dividend payout



(Rs in million)

Vision

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



Mission

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

In achieving our aim, we will maximize the return to our shareholders, fully protect the environment, enhance the wellbeing 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.

"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."

Chairman Attock Group of Companies

Board of Directors

Dr. Ghaith R. Pharaon

Mr. Abdus Sattar

Mr. Shuaib A. Malik

Mr. Nihal Cassim

Mr. Laith G. Pharaon

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

Mr. Wael G. Pharaon

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

Mr. Arif Kemal

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

Corporate Information

Directors

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

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

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

Mr. Arif Kemal
Alternate Director:
Mr. Shuaib A. Malik

Mr. Abdus Sattar

Mr. Nihal Cassim

Mr. Shuaib A. Malik
Chairman & Chief Executive

Audit Committee

Mr. Abdus Sattar
Chairman

Mr. Babar Bashir Nawaz
Member

Mr. Iqbal A. Khwaja
Member

Mr. Bilal Ahmad Khan
Member

Mr. Nihal Cassim
Member

Human Resource and Remuneration (HR & R) Committee

Mr. Babar Bashir Nawaz
Chairman

Mr. Shuaib A. Malik
Member

Mr. Iqbal A. Khwaja
Member

Company Secretary / Chief Financial Officer

Syed Khalid Nafees Zaidi

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

Legal Advisor

Khan & Piracha

Ali Sibtain Fazli
& Associates

Auditors and Tax Advisor

A.F. Ferguson & Co.
Chartered Accountants

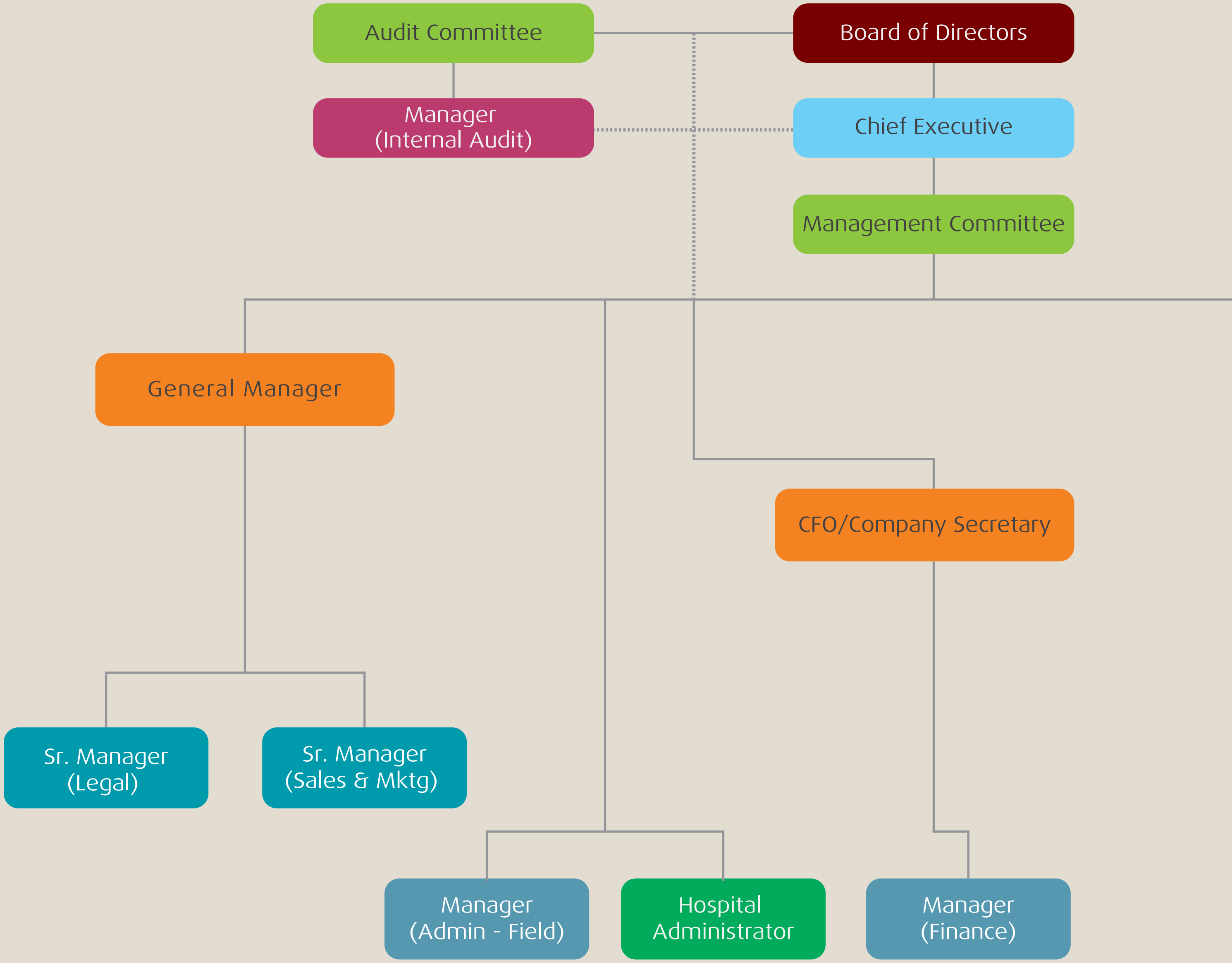
Shareholder Enquiries

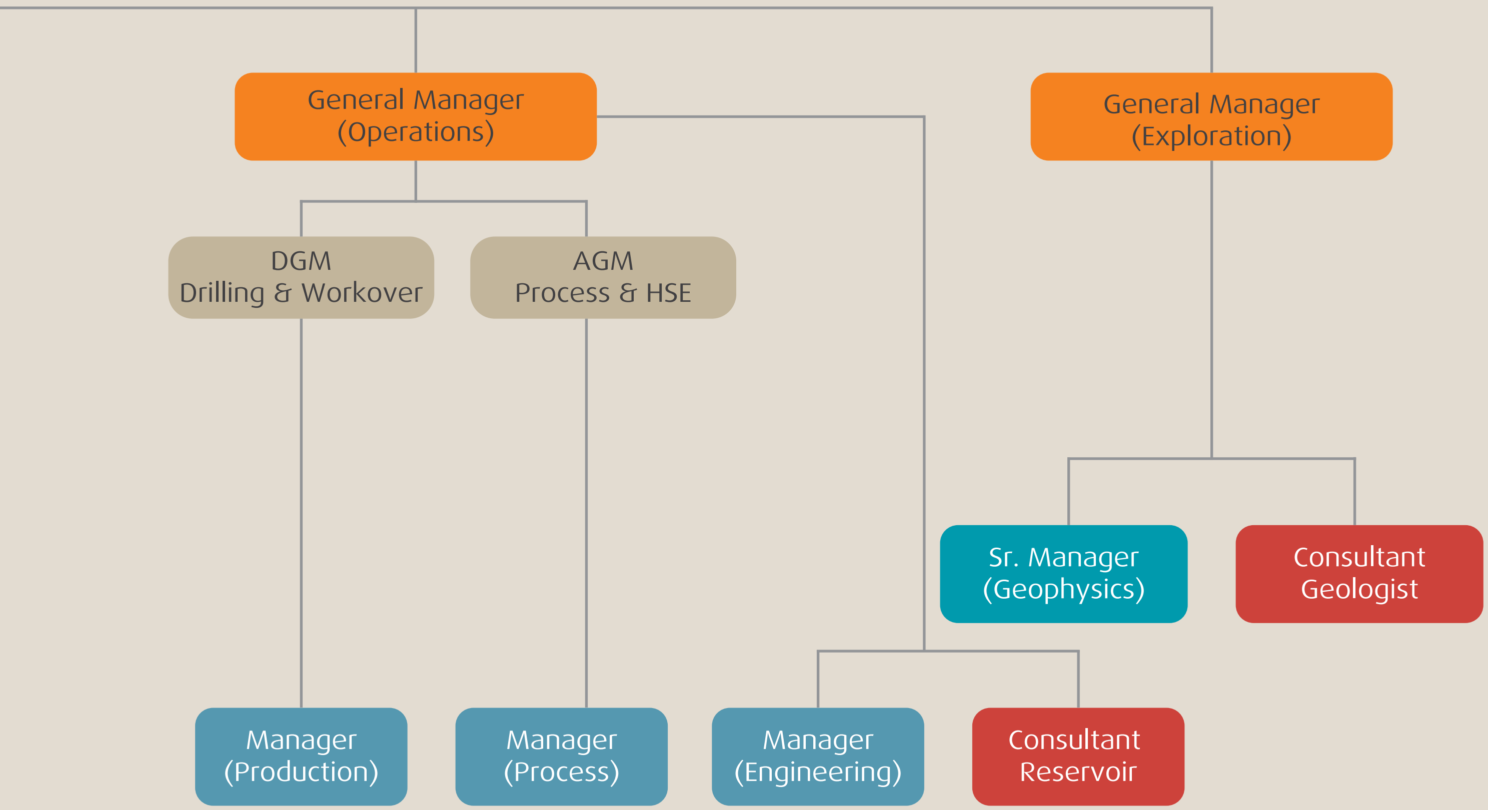
For enquiries about your shareholding, including information relating to dividends or share certificates, please:
E-mail to: cs@pakoil.com.pk or
Write to: The Company Secretary,
Pakistan Oilfields Limited
P.O.L. House, Morgah,
Rawalpindi, Pakistan

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

Organogram


Audit Committee
Board of Directors
Manager
(Internal Audit)
Chief Executive
Management Committee
General Manager
CFO/Company Secretary
Sr. Manager
(Legal)
Sr. Manager
(Sales & Mktg)
Manager
(Admin - Field)
Hospital
Administrator
Manager
(Finance)


General Manager (Operations)
General Manager (Exploration)
DGM Drilling & Workover
AGM Process & HSE
Sr. Manager (Geophysics)
Consultant Geologist
Manager (Production)
Manager (Process)
Manager (Engineering)
Consultant Reservoir

Board Committees

Human Resource and Remuneration (HR&R) Committee

Composition

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

Term of reference

The committee shall be responsible for:

i) Recommending human resource management policies to the board.

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

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

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

Audit Committee

Composition

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

Term of reference

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

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

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

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

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

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

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

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

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

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

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

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

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

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

xiv) Determination of compliance with relevant statutory requirements.

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

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

Code of Conduct

- The Company's activities and operations will be carried out in strict compliance with all applicable laws and the highest ethical standards. The directors and employees will ensure that the Company deals in all fairness with its customers, suppliers and competitors.
- Employees, irrespective of their function, grade or standing, and the directors must avoid conflict of interest situations between their direct or indirect (including members of immediate family) personal interests and the interest of the Company.
- Employees must notify their direct supervisor of any actual or potential conflict of interest situation and obtain a written ruling as to their individual case. In case of directors, such ruling can only be given by the Board, and will be disclosed to the shareholders.
- The directors and employees may not take advantage of the Company's information or property, or their position with the Company, to develop inappropriate personal gains or opportunities. They may, however, receive gifts of token value or accept invitations only if such gifts or invitations have no influence on their decision making and are not illegal under any applicable law. No director or employee may receive from any customer, supplier or business associate of Pakistan Oilfields Limited cash, gifts or invitations with other than nominal monetary value.
- Trading by directors and employees of the Company in Pakistan Oilfields Limited shares is possible only in accordance with the more detailed guidelines issued from time to time by corporate management in accordance with applicable laws.

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

- In its relations with governmental agencies, customers and suppliers, the Company will not, directly or indirectly, engage in bribery, kickbacks, payoffs, or any other corrupt business practices.
- The use, directly or indirectly, of Company funds for political contributions to any organization or to any candidate for public office is strictly prohibited.
- Corporate funds and assets will be utilized solely for lawful and proper purposes in line with the Company's objectives.
- No false or artificial entries shall be made in the Company's books and records for any reason, and all financial transactions must be accurately and properly accounted for in the books and records.
- All benefits provided to the directors and employees of Pakistan Oilfields Limited in addition to their standard remuneration will be awarded in full compliance with the Company's official policies.
- Pakistan Oilfields Limited will respect the privacy of data relating to individual persons (whether employees or third parties) which it may hold or handle as part of its information processing activities or otherwise.
- Employees will maintain the confidentiality of the Company's and its customers' confidential information which is disclosed to them.
- Pakistan Oilfields Limited will support a precautionary approach to environmental challenges, and, within its sphere of influence, undertake initiatives to promote greater environmental responsibility and encourage the development and diffusion of environment friendly technologies
- Pakistan Oilfields Limited will support and respect the protection of international human rights within its sphere of influence, in particular the effective elimination of all sorts of compulsory labour and child labour, and it will make this a criterion in the choice and management of its suppliers and sub- contractors.
- Pakistan Oilfields Limited will not discriminate against any employee for any reason such as race, religion, political convictions or sex, and will treat everyone with dignity and with full respect for their private lives. This is expected also to apply to relations between members of personnel.

Management Committees

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

Executive Committee

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

Review and Appraisal Committee

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

Risk Management Committee

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

“We work to offer our partners mutually beneficial opportunities and ultimately build trust and shared loyalty.

The result is a family of long-lasting partnerships in which both sides are highly regarded.”

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".

Recognition & Awards


SGS
Pakistan Oilfields Limited
ISO 14001:2004
LPG Processing
SGS
Pakistan Oilfields Limited
OHSAS 18001:2007
Natural Gas Processing & Crude Stabilization
EMPLOYERS' FEDERATION OF PAKISTAN
This certificate is awarded to
M/s. Pakistan Oil Fields Ltd.
in appreciation of their participation in the
EFP Award Competition
on
Best Pracyices
Occuupational Safety & Health
Organized by: EFP / ILO
at
the International Day on Safety & Health
Saturday 27 April, 2013
K.M.Nauman
President, EFP
Syed Saud Alam
Officer-in-charge
Pakistan Oil Field Limited

Global Compact

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

Human Rights

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

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

Labor Standards

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

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

Principle 5: the effective abolition of child labor; and

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

Environment

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

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

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

Anti-Corruption

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

Products

Crude Oil

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

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

Natural Gas

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

LPG

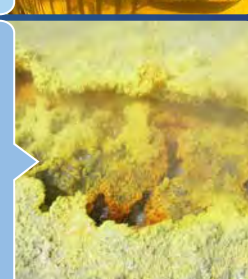
LPG is a mixture of gases, mainly propane and butane, produced commercially from petroleum and stored under pressure to keep it in a liquid state. The boiling point of liquefied petroleum gas varies from about -44°C to 0°C, so that the pressure required to liquefy it is considerable and the containers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

Solvent oil

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

Sulphur

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



Chairman's Statement

It gives me great pleasure to welcome you to the Sixty second Annual General Meeting of the Company and to present the Company's Annual Report and Audited Financial Statements for the year ended June 30, 2013.

Results

During 2013, your Company achieved net sales of Rs 28.878 billion, the highest ever sales in the Company's history. This year's profit after tax of Rs 10.828 billion (2012: Rs 11.859 billion) which is lower by 8.7% as compared to last year. The decrease in profitability is mainly attributable to enhanced work over activities at Bela, Pariwali and Domial as well as 3D/2D seismic acquisitions carried out at Tolanj area of TAL block, Adhi field, Rajanpur and D.G. Khan blocks. 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 2013 achieved successes in Manzalai-10, Maramzai-2 and Mamikhel-2. 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

The new Makori Gas Processing Plant, with a capacity to handle 150 mmscfd of gas, 20,000 barrels of oil/condensate per day and 420 metric tons of LPG per day is expected to be completed in the month of October, 2013. Maramzai-2, Mamikhel-2 and Manzalai-10 have been connected to the production in the last quarter of this financial year. As new discoveries are connected to production lines, we expect profitability to enhance and have a positive impact on the national economy. We are driven by our vision to be the leading oil and gas exploration and production company of Pakistan with ever increasing proven hydrocarbon reserves and continuous and improved production. As we move forward, we have a number of factors in our favor; the strength of our balance sheet, our strong cash generation, our unmatched expertise and most of all, the dedication and will of our people.

Acknowledgment

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

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

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

Dr. Ghaith R. Pharaon
Chairman
Attock Group of Companies

Rawalpindi, August 14, 2013

Directors' Report

The Directors have pleasure in presenting their Annual Report and Audited Financial Statements of the Company for the year ended June 30, 2013.

The Company has made a profit after tax of Rs 10,828 million (2012: Rs 11,859 million), which is lower by 8.7% as compared to the corresponding period last year.

Financial Results

	Rs (000)
Profit for the year after providing for all expenses including depreciation, exploration, amortization and workers' funds	**14,550,726**
Provision for taxation	**(3,722,372)**
Profit after tax	**10,828,354**

The profit translates into earnings per share of Rs 45.78 (2012: Rs 50.13 per share). Total sales are higher by Rs 254 million, while gas sales have decreased by Rs 646 million, mainly due to decreased production from Manzalai field because of water incursion. Installation of compression facility is under way to arrest this issue. The decrease in profit is mainly due to enhanced work over and exploration activities in comparison to last year. In the coming years we are confident Inshallah, that production from Makori East field at its full potential would enhance our production numbers.

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

Cash flows

Cash and cash equivalents decreased by Rs 5,332 million during the year (2011: increased by Rs 2,650 million). Cash flows provided from operating activities at Rs 12,559 million were 17% lower as compared to last year mainly due to the higher workovers and exploration activities.

Contribution towards the economy

The Company continues to play a vital role in the oil and gas sector of the Country. During the year the Company saved foreign exchange in excess of US$ 593 million (2012 : US$ 708 million) for the country. The contribution to the national exchequer, in the shape of royalty and other government levies, was Rs 9,145 million (2012: Rs 11,345 million).

Dividend

The Directors have recommended a final cash dividend @ 250 % (Rs 25 per share). This is in addition to the interim cash dividend @ 200 % (Rs 20 per share) already declared and paid to the shareholders thereby making it a total cash dividend of Rs 45 per share for the year 2012-13 (2011-12: cash dividend of Rs 52.5 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:

	2012-13	2011-12
Crude Oil/Condensate (US Barrels)	**1,717,730**	1,676,385
Gas (Million Cubic Feet)	**27,165**	31,959
LPG (Metric Tones)	**22,872**	26,306
Sulphur (Metric Tones)	**1,535**	2,904
Solvent Oil (US Barrels)	**21,942**	21,152

The Company's share in production, including that from joint ventures, for the year under review averaged at 4,706 barrels per day (bpd) of crude, 74.43 million standard cubic feet per day (mmscfd) of gas, 60 bpd of solvent oil, 62.66 metric tons per day (mtd) of LPG and 4.21 mtd of Sulphur.

Operations Review and Future Prospects

Producing Fields

As reported earlier, Bela-1 well was completed successfully and produced 100 barrels of condensate per day and 4 mmscfd of gas. Production was commenced on March 16, 2013 through Dhakni Gas Processing Plant operated by OGDCL. The well did not produce regularly due to hydrates problem and later on due to gas handling problems at plant site, the well was shut down on May 21, 2013. It is expected that production will be resumed in the month of Sep-2013.

At Dhulian (operated by POL with a 100% share), Dhulian deep-1 was drilled down to 11,531 ft. A work over was carried out to test the well in Chorgali/Sakesar Formation which was also found to be water bearing.

At Pindori (operated by POL with a 35% share), the joint venture partners (OGDCL) have agreed to drill another exploratory cum development well, Pindori-9, to test the deeper reservoir potential of the field and to recover the existing up-dip reserves to a maximum level. The well will be drilled down to the top Salt Range Formation. If the well economically produces from Permian/Cambrian reservoirs, the well will be treated as an exploratory well. In case the well does not produce from the above horizons or the well does not achieve the exploratory target, the well will be tested in the Eocene/ Paleocene reservoirs and shall be considered as a development well. This well is expected to be spudded in the month of September, 2013.

At Pariwali (operated by POL with a 82.50% share), 240 sq.km 3D & 2D data has been reprocessed to re-evaluate remaining potential for further drilling in the area.

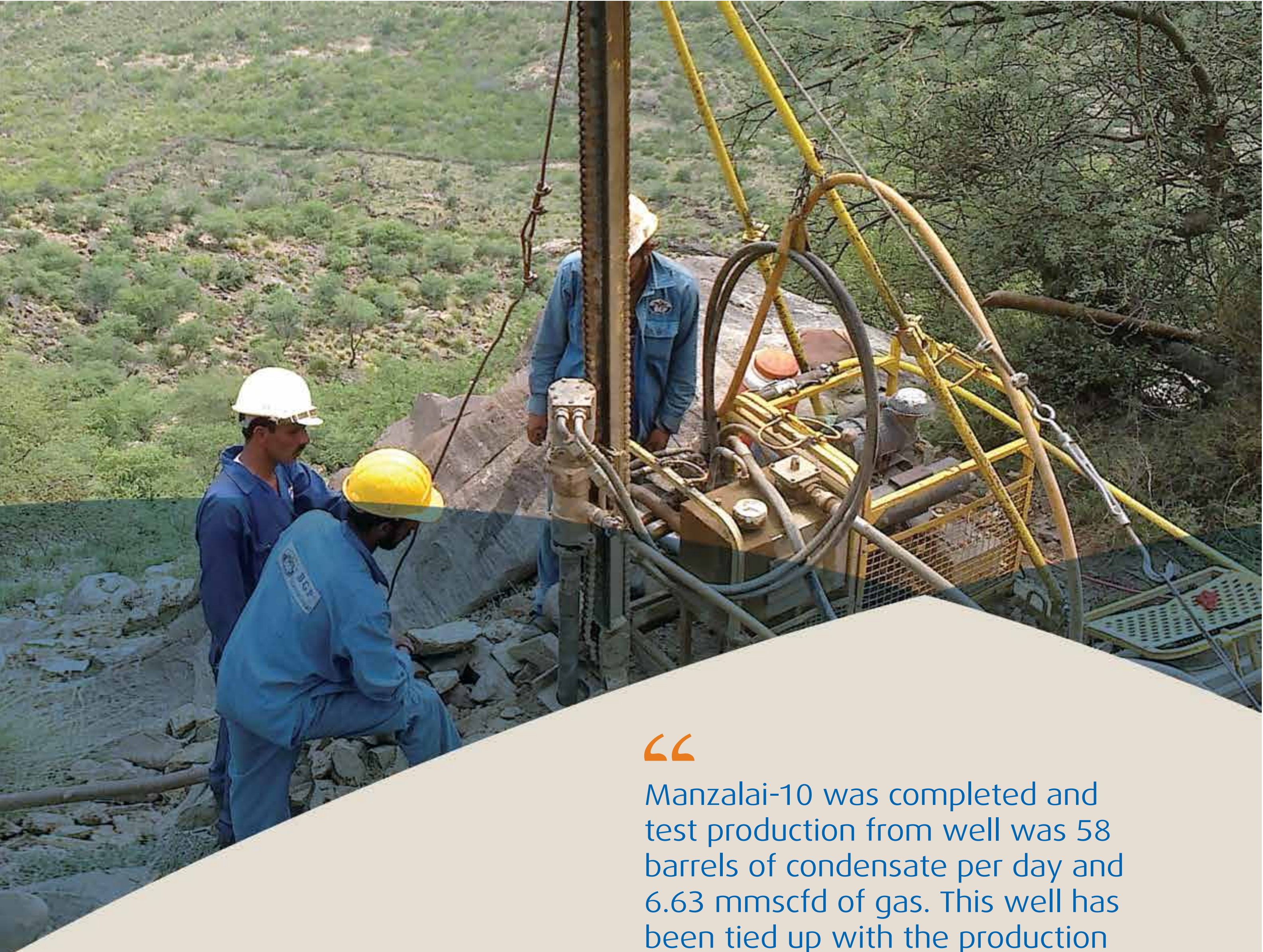
Pariwali -7 work over was conducted with the objective to clear the obstruction and re-perforate Lockhart Formation with deep penetration guns. The well was completed in Ranikot/Patala and Lockhart formations. A small production facility was installed at well site. Currently the well is flowing with sluggish behavior.

At Ikhlas block (operated by POL with a 80% share), Domial-2 work over production testing was conducted in Sakesar formation (vertical hole). The well did not produce. However presence of hydrocarbons was indicated. The well was side tracked from top of Chorgali to Patala formation, which was tested and found non hydrocarbon bearing. Currently preparations are in progress to test the Sakesar formation (Side Track).

At Tal block, (operated by MOL, where POL has a pre-commerciality share of 25%), Mamikhel-2 well was completed in Lockhart, Hungu and Lumshiwal formations and comingled test production from these formations was 931 barrels of condensate per day and 19.2 mmscfd of gas. The well has been put on production in the last quarter of current financial year.

Maramzai-2 was completed and test production from well was 866 barrels of condensate per day and 21.11 mmscfd of gas. The well has been put on production in the last quarter of current financial year.

Manzalai-10 was completed and test production from well was 58 barrels of condensate per day and 6.63 mmscfd of gas. This well has been tied up with the production line in the month of June-2013.



> Manzalai-10 was completed and test production from well was 58 barrels of condensate per day and 6.63 mmscfd of gas. This well has been tied up with the production line in June 2013

Makori East-3 was spudded on January 01, 2013 and was drilled down to 5,008 meters and further drilling is in progress. During drilling as open hole DST was conducted in Lockhart formation and produced 2,687 barrels of oil per day and 8.56 mmscfd of gas.

Maramzai -3 and Manzalai-11 wells have been approved and will be drilled during 2013–14.

Makori Gas Processing Plant with a capacity to handle 150 mmscfd of gas, 20,000 barrels of oil/condensate per day and 420 Metric Tons per day of LPG is expected to be completed in the month of October, 2013.

At Ratana, (operated by Ocean Pakistan Limited, where POL has a 4.545% share), Ratana-4 was drilled to the target depth of 18,100 ft. The well tested and produced 17.5 mmscfd of gas from Wargal formation, however, the wellhead pressure and gas production declined steeply and early water breakthrough was also observed in Wargal. In view of the current situation, rig has been mobilized to conduct a work over to test the Datta Main Sands.

At Adhi field (operated by Pakistan Petroleum Limited, where POL has 11% share), 3D seismic acquisition of 447.937 square kilometers has been completed and processing is in progress.

Adhi-19 well was spudded on November 2, 2012 and has been drilled down to 2,651 meters and further drilling is in progress.

Two wells location i.e.Adhi-20 and Adhi-21 have been finalized, while location for Adhi-22 would be finalized after data reviewing of Adhi-19.

Exploration

At Ikhlas block (operated by POL with 80% share), Sadrial-1 well entered the fault zone and after evaluation of logs, open hole DST was carried out to evaluate the potential of Chorgali carbonates drilled in sidetrack-2. On the basis of open hole DST results, it was decided that further drilling activity on the well be put on hold pending technical evaluation. Acquisition of 3D seismic data is in planning stage.

At Margala and Margala North Blocks (operated by MOL where POL has a 30% share), 2D reprocessing has been completed, based on the interpretation of reprocessed data the location of Exploratory Well (MGN-01) is under review. Approximately 30-35 line kilometers of 2D Seismic Data Acquisition and around 400 line kilometers of 2D seismic reprocessing has also been approved to evaluate the remaining potential of the Exploration Licenses.

At Tal block, in Tolanj area, acquisition of 3D Seismic data of 555 sq.km has been completed while data processing is ongoing. Reprocessing of 2D data of 227.57 line kilometers has been firmed up to identify the structural culmination in the western part of the Manzalai D&PL.

> **Kot-1** (an exploratory well in TAL license) was spudded on May 26, 2013 and was drilled down to 3,517 meters where further drilling is in progress. The objective of the well is to explore the hydrocarbon potential of Lockhart, Hangu, Lumshiwal, SamanaSuk and Datta formations.

Two more exploratory wells Mardankhel-01 and Malgin-01 are in plan and civil work has been completed.

At Gurgalot Block (operated by OGDCL where POL has a 20% share), 2D Seismic Data acquisition of 130 line kilometers has been completed. The processing of acquired 2D Seismic data is ongoing. The interpretation of the data is in progress to mature all possible leads within the Exploration License.

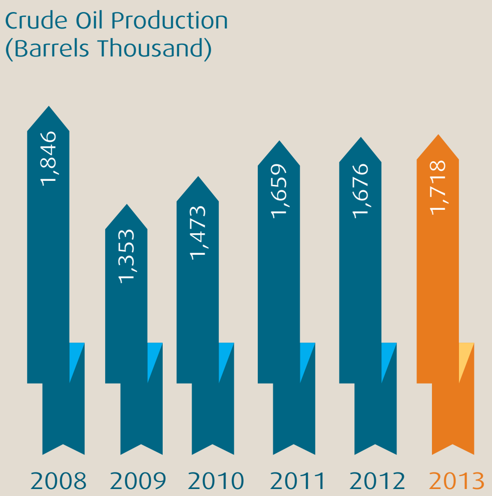
At Chak Naurang block (operated by OGDCL where POL has a 15% share), Chak Naurang south-2 was spudded on September 15, 2012 and was drilled down 3,214 meters based on different DST the well was declared a dry hole and plugged and abandoned.

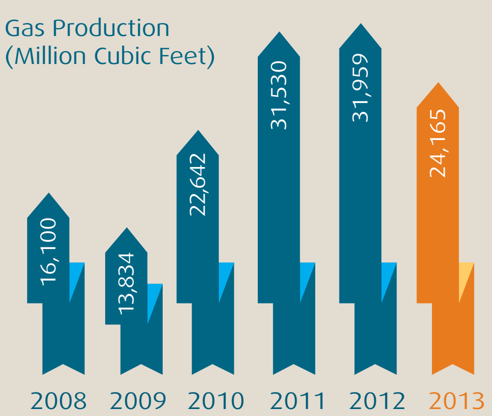
At Bhangali field (operated by OPI, where POL has 7% share), Bhangali-3 well has been approved by the Joint Venture Partners.

In Rajanpur Exploration Block, 215.6 line kilometers 2D seismic data was acquired and processed. In House Interpretation and evaluation is in progress.

In DG Khan Exploration Block, 271 line kilometers seismic acquisition is in progress.

After the approval of 2012 Petroleum Policy, new bidding round was announced. Pakistan Oilfields Limited has won three blocks.





"Maramzai-2 was completed and test production from well was 866 barrels of condensate per day and 21.11 mmscfd of gas. The well has been put on production in the last quater of current financial year."

> At Tal block, (operated by MOL, where POL has a pre-commerciality share of 25%), Mamikhel-2 well was completed in Lockhart, Hungu and Lumshiwal formations and comingled test production from these formations was 931barrels of condensate per day and 19.2 mmscfd of gas. The well has been put on production in the last quarter of current financial year.

Subsidiary CAPGAS (Private) Limited (CAPGAS)

CAPGAS earned a profit after tax of Rs. 76.38 million during the year (2011-12: Rs. 88.56 million). It declared a total dividend of 875% for the year 2012-13 (2011-12: 950%). The Company received an average of 22 metric tons per day LPG from the Adhi plants and an average of 5 metric tons per day of LPG from PARCO.

Crude Oil Transportation

Khaur Crude Oil Decanting Facility (KCDF) continued to operate satisfactorily. During the year, a total of 6.33 million barrels of crude oil from Nashpa and TAL Block were pumped to Attock Refinery Limited through this facility and pipeline.

Risk Management

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

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

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

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.

Drilling risk: Oil and gas drilling inherently is a high risk activity. The Company is exposed to a number of hazards during drilling of wells including well blow out, fishing, fire hazards and personal injury. In addition, the risk of not discovering oil and / or gas as expected would have an adverse affect on earnings. The Company is mitigating these risks by selecting efficient and professional teams and also having strict criterion for selecting rig and other allied services/equipment. Further, the Company also obtains control of well insurance cover for all drilling wells.

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.

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.

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.

Environmental regulations: The Company is subject 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.

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.

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

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

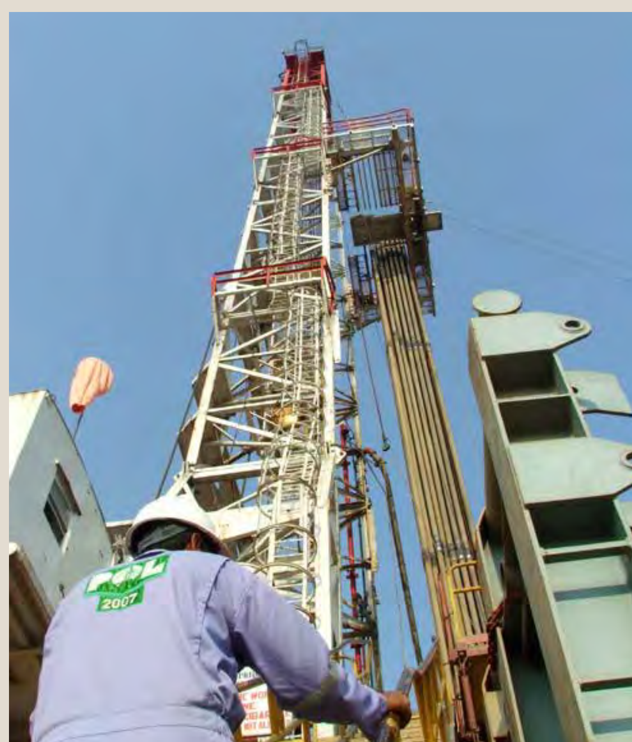
Economic and political risks: Volatile economic and financial market conditions resulting from economic or Political instability.

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. Nonalignment 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.

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.

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

Lost in Hole (LIH)/Damage Beyond Repair (DBR): During drilling costly equipment are run in the hole for several jobs at different depths. In order to mitigate the risk the Company has its strong control and also taking insurance coverage.



Business Process Re-engineering (BPR) / Development Activities

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

Historian Software

Historian is a stand-alone application, which allows Trend Log and alarm data to be permanently archived in a standard SQL database. Thousands of trend logs can be stored in a single Historian server by simple setups or intelligent scheduling. The system has been installed for POL LPG Plant at Meyal field and maintains history of its operational parameters. This system also allows Real Time Plant Monitoring. Proposed linking of other plants/sites and Head Office will enable real time, monitoring & debugging from remote locations. During this year the Server has been linked with KCDF Plant at Khaur for its real time monitoring over local area network (LAN), maintaining history of operational parameters and debugging from remote location. The software is successfully being utilized for Real Time Plant Monitoring, Trends Analysis and Performance Tuning using archived data.

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

Up gradation of Oracle E-business suite Software
The Oracle E-business System was upgraded from version 11i to R12 for improved processes and better reporting. To reduce procurement time cycle, online approval process for Indenting and Purchase Order has also been adopted

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

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

In House development of Shares Management System
During the year old Access based Shares Management System was replaced by a new in house Oracle based system. Interim Dividend 2012-13 was successfully disbursed through this new System. Work is in progress to enhance the System for additional functionalities not available in old system.

> "The Oracle E-business System was upgraded from version 11i to R12 for improved processes and better reporting. To reduce procurement time cycle, online approval process for Indenting and Purchase Order has also been adopted"

Online Production, Stocks and Sales Management System for POL Crude, Gas and other products
Development of an integrated web based system is in progress wherein data of daily Production, Sales and Stocks (inventory) of all POL products will be recorded Online to generate various Management Information Reports and monitoring operations. This system will provide a single source of data for POL Process and Finance Departments, and will help in timely preparation of Sales Invoices and submission of various statutory returns.

POL IT Future Assignments: 2013 -14

A number of Pilot Assignments have been planned including:

- KCDF Crude Oil Pipeline Leakage Detection.
- Integration of additional Sites/ Plants with Historian
- Business Intelligence

Corporate Social Responsibility (CSR)

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

Corporate Social Responsibility (CSR)

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

Our commitment to being a good corporate citizen includes:

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

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

Our Commitment to the Community

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

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

Education

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

- **High School at Khaur**

The Company is operating a model high school at Khaur. This school has a spacious building, laboratory and a play ground. The school is run by an efficient team of qualified teachers delivering commendable results. The school provides education from pre nursery to matriculation and has a fully equipped Montessori branch.

> "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."

- **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 Intermediate 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 1 million were spent during the year for enhancement of educational facilities and infrastructures of Government Schools.

Water supply schemes

During the year, we spent Rs 4 million for up-gradation of different water supply schemes in collaboration with the district and local governments.

Civil Works and Roads

During the year Rs 36 million was spent on projects undertaken for the benefit of local communities including construction of roads, drains and concrete pavements.

Sports activities

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

Others

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

Human Resource

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

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

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

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

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

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

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

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

Health, Safety and Environment Review

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

POL has developed it HSE Management system on basis of OHSAS-18001 and ISO-14001. Our Sites PPF is OHSAS-18001 certified and Meyal and Balkassar are in process of this certification. Whereas Meyal LPG plant is ISO-14001 certified. Following are achievements for year 2012-13.

- 1st Surveillance audit of OHSAS-18001 (PPF) and ISO-14001 (LPG- Meyal) was successfully conducted by SGS. Not a single non-conformance was reported and certification remained continued for next year.
- System is developed as per guidelines of OHSAS-18001 for Meyal and Balkassar and audit is planned by SGS in Aug, 2013.

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

Khaur Hospital

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

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

The primary care structure comprise of 6 physicians giving round the clock medical coverage to outdoor and indoor patients.

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

Modern emergency services are provided free of cost to road accident injured persons which helps to save lives. 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 up's and medicines were distributed free of cost at their door steps.

Occupational health and safety (OH&S)

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

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

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

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

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

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

Incident	2011	2012	2013
Fatal	00	00	00
Fire	03	03	04
Reportable Incident(Serious Injury)	00	00	02
Reportable Incident(Minor Injury)	02	02	02
Major Environment	00	00	00
First Aid Cases	14	00	10
Near Misses	03	04	02

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

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

Safety

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

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

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

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

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

	Year 2011		Year 2012		Year 2013	
	No. of Training	No. of Participant	No. of Training	No. of Participant	No. of Training	No. of Participant
	536	4,961	570	5,657	564	5,318

Furthermore international accredited HSE Courses are also arranged at POL for staff. 07 Engineers from Process, HSE and Engineering department has passed NEBOSH – International General Certificate in HSE.
16 Executives of all departments has gone through IOSH- managing safely international certificate in HSE.
20 Staff members have gone through Lead Auditor courses of OHSAS-18001 and ISO-14001.

Helping our environment

We seek to minimize the impacts of our activities on the earth's resources and ecosystems. Our environmental practices include efficient water use, proper waste treatment and disposal, emissions reductions, and pollution prevention measures.

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

Some of our innovative projects and achievements are given below:

- We contributed in reduction of Green House Gases emission through minimizing the gas flaring by using better operations techniques.
- We are also addressing the issues of effluent treatment and management & disposal of waste. Currently we have installed a waste water recycling plant at Khaur; recycled water is being used for gardening purpose.
- Construction of API evaporation ponds for the disposal of produced water.
- Development of a children parks in the areas of our operation.
- Established and maintained noise monitoring system and marked the high noise zone at the plants.
- Laying of high quality geo-membrane in waste water & drilling fluid pits at new drilling sites.
- Conducting "Initial Environment Examination" (IEE) for non-sensitive areas and "Environmental Impact Assessment (EIA) in environmentally sensitive area and stringent monitoring & compliance of National Environmental Regulation.
- We developed a disposal system for used lube oil.
- Safe disposal (incineration) of hazardous hospital waste.
- Established effluents monitoring system and arrangement to separate oil contents in power houses & compressor stations discharge water.
- Acquired testing system for Fuel gas analysis to control the emission of noxious gases in environment.
- Bio-remediation project for the removal oil from contaminated soil.
- 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 was to adopt a framework that drew on the governance requirements and best practices across the globe.

a) The financial statements, prepared by the management, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
b) Proper books of account of the Company have been maintained.
c) Appropriate accounting policies have been consistently applied in preparation of the financial statements. Accounting estimates are based on reasonable and prudent judgment.
d) International Accounting Standards, as applicable in Pakistan, have been followed in the preparation of the financial statements.
e) The system of internal control is sound in design and has been effectively implemented and monitored.
f) There are no doubts upon the Company's ability to continue as a going concern.
g) There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
h) Significant deviations from last year's operating results have been disclosed as appropriate in the Directors' Report / Chairman's review and in the notes to the accounts, annexed to this report.
i) The Company does not envisage corporate restructuring or discontinuation of its operations in the foreseeable future.
j) Key operating and financial data of the last six years in summarized form is annexed.
k) All major Government levies in the normal course of business, payable as at June 30, 2013, 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, 2013 are as follows:

Management Staff Pension Fund	Rs 809 million
Gratuity Fund	Rs 312 million
Staff Provident Fund	Rs 307 million
General Staff Provident Fund	Rs 358 million

Directors and Board Meetings

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

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

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

Auditors

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

Shareholding

The pattern of shareholding as at June 30, 2013 is annexed. All trades in the shares of the Company, if any, carried out by the directors, CEO, CFO, Company Secretary, Executives and their spouses and minor children are also annexed.

Holding Company

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

Consolidated Financial Statements

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

Acknowledgement

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

On behalf of the Board

Mr. Shuaib A. Malik
Chairman & Chief Executive

Rawalpindi
August 14, 2013

SHAREHOLDERS' INFORMATION

Pattern of Shareholding As on June 30, 2013

S. No.	From	To	Shares	Total No. of Shareholders
1	1	100	38,856	809
2	101	500	310,223	1,037
3	501	1000	468,394	570
4	1001	5000	2,464,257	984
5	5001	10000	1,972,959	263
6	10001	15000	1,278,168	101
7	15001	20000	1,177,499	64
8	20001	25000	1,269,173	57
9	25001	30000	946,893	34
10	30001	35000	724,105	22
11	35001	40000	861,157	23
12	40001	45000	684,612	16
13	45001	50000	936,061	19
14	50001	55000	745,566	14
15	55001	60000	287,800	5
16	60001	65000	379,892	6
17	65001	70000	470,040	7
18	70001	75000	218,388	3
19	75001	80000	237,000	3
20	80001	85000	331,183	4
21	85001	90000	263,480	3
22	95001	100000	1,187,130	12
23	100001	105000	209,000	2
24	105001	110000	765,050	7
25	110001	115000	455,165	4
26	115001	120000	234,800	2
27	120001	125000	368,898	3
28	125001	130000	384,079	3
29	130001	135000	399,894	3
30	135001	140000	275,500	2
31	140001	145000	425,000	3
32	145001	150000	444,700	3
33	150001	155000	463,117	3
34	155001	160000	317,904	2
35	165001	170000	165,600	1
36	170001	175000	520,910	3
37	175001	180000	353,900	2
38	180001	185000	180,500	1
39	185001	190000	187,296	1
40	190001	195000	191,464	1
41	195001	200000	200,000	1
42	200001	205000	407,224	2
43	205001	210000	622,000	3
44	210001	215000	854,757	4
45	215001	220000	655,352	3
46	225001	230000	228,169	1
47	230001	235000	465,300	2
48	235001	240000	239,200	1
49	240001	245000	242,725	1
50	245001	250000	742,745	3
51	260001	265000	527,216	2
52	270001	275000	1,098,700	4
53	275001	280000	276,050	1
54	280001	285000	283,826	1

Pattern of Shareholding As on June 30, 2013

S. No.	From	To	Shares	Total No. of Shareholders
55	285001	290000	865,200	3
56	295001	300000	598,000	2
57	300001	305000	301,000	1
58	310001	315000	629,000	2
59	315001	320000	631,797	2
60	330001	335000	669,141	2
61	340001	345000	345,000	1
62	350001	355000	355,000	1
63	355001	360000	360,000	1
64	360001	365000	725,073	2
65	375001	380000	378,126	1
66	395001	400000	800,000	2
67	405001	410000	410,000	1
68	420001	425000	422,899	1
69	425001	430000	427,500	1
70	470001	475000	474,091	1
71	495001	500000	500,000	1
72	500001	505000	504,830	1
73	505001	510000	507,726	1
74	530001	535000	533,654	1
75	535001	540000	537,445	1
76	575001	580000	580,000	1
77	645001	650000	650,000	1
78	655001	660000	656,200	1
79	665001	670000	666,800	1
80	675001	680000	679,700	1
81	685001	690000	689,760	1
82	755001	760000	757,600	1
83	790001	795000	794,600	1
84	810001	815000	811,407	1
85	850001	855000	851,300	1
86	895001	900000	900,000	1
87	995001	1000000	1,000,000	1
88	1115001	1120000	1,116,895	1
89	1135001	1140000	1,137,700	1
90	1225001	1230000	1,229,000	1
91	1290001	1295000	1,294,905	1
92	1305001	1310000	1,306,310	1
93	1305001	1310000	1,306,700	1
94	1600001	1605000	1,602,900	1
95	1825001	1830000	1,828,910	1
96	2050001	2055000	2,050,047	1
97	2075001	2080000	2,079,472	1
98	2365001	2370000	2,365,459	1
99	2635001	2640000	2,639,435	1
100	2775001	2780000	2,780,000	1
101	4010001	4015000	4,014,060	1
102	8875001	8880000	8,876,000	1
103	12265001	12270000	12,268,404	1
104	13420001	13425000	13,421,032	1
105	124775001	124780000	124,776,965	1
Total			236,545,920	4,190

Categories of Shareholders As on June 30, 2013

Categories of Shareholders	No. of Shareholders	No. of Shares held	Percentage %
Investment Corporation of Pakistan	1	97	0.00
National Bank of Pakistan Trustee Department (NIT)	1	2,079,472	1.22
Banks & Financial Institutions	69	39,132,902	11.43
Associated Companies	2	125,041,349	52.86
Public Sectors Companies	114	3,326,740	1.78
Modaraba Companies	1	360	0.01
Mutual Funds*	67	11,882,129	4.91
Investment Companies	20	3,344,200	0.59
Insurance Companies	18	16,197,852	7.28
Individuals	3,760	26,608,129	12.57
Others:			
Employees Old Age Benefits Institution	1	4,014,060	4.50
Deputy Administrator Abandoned Properties	1	13,900	0.01
Employees Pension / Provident Fund	101	2,284,256	1.58
Charitable Trusts & Foundation	34	2,620,474	1.26
Total	4,190	236,545,920	100

Detail of Mutual Funds As on June 30, 2013

S. No.	* Detail of Mutual Funds	No. of Shares held
1	WORLD INVESTMENT OPPORTUNITIES FUND	3,800
2	STICHTING SHELL PENSIOENFONDS	315,541
3	GOLDMAN SACHS TRUST -GOLDMAN SACHS N-11 EQUITY FUND	427,500
4	THE NOMURA TRUST AND BANKING CO., LTD.	29,000
5	RENAISSANCE ASSET MANAGERS GLOBAL FUNDS	23,600
6	FAMANDSFORENINGEN LAERERNES PENSION INVEST	25,000
7	INTEREFFEKT INVESTMENT FUNDS N.V.	42,000
8	BMA FUNDS LIMITED	757,600
9	CDC - TRUSTEE PAKISTAN STOCK MARKET FUND	134,187
10	MCBFSL - TRUSTEE JS VALUE FUND	205,500
11	CDC - TRUSTEE PAKISTAN CAPITAL MARKET FUND	42,681
12	CDC - TRUSTEE PICIC INVESTMENT FUND	851,300
13	CDC - TRUSTEE PICIC GROWTH FUND	1,828,910
14	CDC - TRUSTEE PAK STRATEGIC ALLOC. FUND	42,453
15	CDC - TRUSTEE ATLAS STOCK MARKET FUND	210,000
16	CDC - TRUSTEE MEEZAN BALANCED FUND	242,725
17	CDC - TRUSTEE JS ISLAMIC FUND	13,000
18	CDC - TRUSTEE ALFALAH GHP VALUE FUND	61,792
19	CDC - TRUSTEE UNIT TRUST OF PAKISTAN	109,600
20	CDC - TRUSTEE AKD INDEX TRACKER FUND	25,854
21	CDC - TRUSTEE PICIC ENERGY FUND	537,445
22	CDC-TRUSTEE PAK. INT. ELEMENT ISLAMIC ASSET ALLOCATION FUND	30,111
23	MC FSL - TRUSTEE JS KSE-30 INDEX FUND	5,512
24	CDC - TRUSTEE AL MEEZAN MUTUAL FUND	474,091
25	CDC - TRUSTEE MEEZAN ISLAMIC FUND	2,050,047
26	CDC - TRUSTEE UBL STOCK ADVANTAGE FUND	100,000
27	CDC - TRUSTEE ATLAS ISLAMIC STOCK FUND	298,000
28	CDC - TRUSTEE UBL SHARIA STOCK FUND	105,000
29	CDC - TRUSTEE NAFA STOCK FUND	24,580
30	CDC - TRUSTEE NAFA MULTI ASSET FUND	12,119
31	CDC - TRUSTEE MCB DYNAMIC STOCK FUND	153,217
32	CDC - TRUSTEE ASKARI ASSET ALLOCATION FUND	26,300
33	CDC - TRUSTEE MEEZAN TAHAFFUZ PENSION FUND - EQUITY SUB FUND	107,050
34	CDC - TRUSTEE APF-EQUITY SUB FUND	22,000
35	CDC - TRUSTEE ALFALAH GHP ISLAMIC FUND	54,000
36	CDC - TRUSTEE HBL - STOCK FUND	360,573
37	CDC - TRUSTEE NAFA ISLAMIC MULTI ASSET FUND	6,960
38	CDC - TRUSTEE APIF - EQUITY SUB FUND	26,000
39	MC FSL - TRUSTEE JS GROWTH FUND	314,000
40	CDC - TRUSTEE HBL MULTI - ASSET FUND	55,000

Detail of Mutual Funds As on June 30, 2013

S. No.	* Detail of Mutual Funds	No. of Shares held
41	CDC - TRUSTEE KASB ASSET ALLOCATION FUND	34,500
42	CDC - TRUSTEE MCB DYNAMIC ALLOCATION FUND	15,000
43	FIRST CAPITAL MUTUAL FUND LIMITED	40,000
44	CDC - TRUSTEE JS ISLAMIC PENSION SAVINGS FUND-EQUITY ACCOUNT	11,800
45	CDC - TRUSTEE IGI STOCK FUND	17,800
46	CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	689,760
47	CDC - TRUSTEE ABL STOCK FUND	139,500
48	MC FSL-TRUSTEE ASKARI ISLAMIC ASSET ALLOCATION FUND	42,700
49	CDC - TRUSTEE FIRST HABIB STOCK FUND	27,269
50	CDC - TRUSTEE LAKSON EQUITY FUND	18,000
51	CDC - TRUSTEE CROSBY DRAGON FUND	6,648
52	MCBFSL-TRUSTEE URSF-EQUITY SUB FUND	22,000
53	MCBFSL-TRUSTEE UIRSF-EQUITY SUB FUND	17,500
54	CDC-TRUSTEE NAFA ASSET ALLOCATION FUND	97
55	CDC-TRUSTEE PAKISTAN PREMIER FUND	67,480
56	CDC-TRUSTEE HBL ISLAMIC STOCK FUND	84,913
57	TRUSTEE - PAKISTAN PENSION FUND - EQUITY SUB FUND	17,594
58	TRUSTEE - PAKISTAN ISLAMIC PENSION FUND - EQUITY SUB FUND	15,670
59	CDC-TRUSTEE MEEZAN CAPITAL PROTECTED FUND-II	20,000
60	CDC - TRUSTEE PICIC STOCK FUND	15,000
61	CDC - TRUSTEE HBL IPF EQUITY SUB FUND	11,500
62	CDC - TRUSTEE HBL PF EQUITY SUB FUND	7,900
63	CDC - TRUSTEE ASKARI EQUITY FUND	28,500
64	CDC - TRUSTEE KSE MEEZAN INDEX FUND	191,464
65	CDC-TRUSTEE FIRST HABIB ISLAMIC BALANCED FUND	33,600
66	MCBFSL - TRUSTEE ABL ISLAMIC STOCK FUND	141,000
67	MERCANTILE CO-OPERATIVE	10,886
	Total	11,882,129

Key Shareholding and Shares Traded

Categories		No. of Shareholders	No. 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	2,079,472
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	37,200
7	Mr. Shuaib A. Malik (Chairman)	01	2,365,743
8	Mr. Iqbal Ahmad Khwaja		10,338
9	Mr. Babar Bashir Nawaz		Nil
10	Mr. Bilal Ahmad Khan		Nil
	Executives	23	5,960
	Public sector companies and corporations	130	128,004,705
	Banks, Development Finance Institution, Non Banking Finance Institutions, Insurance Companies, Modarabas & Mutual Funds	171	70,557,443
	Shareholders holding 05% or more voting interest		
**	The Attock Oil Company Limited	01	124,776,965
	State Life Insurance Corp. of Pakistan	01	13,421,032

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

Mr. Nihal Cassim (Director)	362,800
Mr.Babar Bashir Nawaz (Alternate Director to Mr. Wael G. Pharaon)	30,000

*200 shares shown against the name of each director are held in trust
**also shown under associated companies and public sector companies

Six Years at a Glance

(Rupees millions unless otherwise stated)

Description	2008	2009	2010	2011	2012	2013
PROFIT & LOSS SUMMARY						
Net sales						
Crude oil	9,811	7,052	8,238	11,804	14,396	15,390
Gas	3,185	3,734	5,587	8,166	8,804	8,157
POLGAS-Refill of cylinders	3,437	2,984	3,784	4,745	5,140	5,054
LPG	3	4	1	-	-	-
Solvent oil	231	228	224	212	220	245
Sulphur	72	45	11	24	64	32
Total net sales	16,739	14,047	17,845	24,951	28,624	28,878
Cost of sales	6,156	5,755	6,959	9,324	11,118	12,616
Gross profit	10,583	8,292	10,886	15,627	17,506	16,262
Exploration costs	1,024	2,057	1,606	1,075	593	1,793
Administration expenses	53	47	73	83	99	93
Finance cost	389	512	284	224	684	830
Other charges	647	533	709	1,104	1,288	949
Other income	1,392	2,042	1,377	1,809	2,547	1,954
Operating profit	9,862	7,185	9,591	14,950	17,389	14,554
Gain on sale of shares of an associated company	1,558	-	-	-	-	-
Profit before tax	11,420	7,185	9,591	14,950	17,389	14,554
Taxation	2,804	1,567	2,154	4,135	5,529	3,723
Profit after tax	8,616	5,618	7,437	10,815	11,859	10,828
Earnings before interest, taxes, depreciation & amortization (EBITDA)	12,879	8,431	11,227	16,674	19,827	17,314
Dividends	3,154	4,258	6,032	8,279	12,419	10,645
BALANCE SHEET SUMMARY						
Paid-up capital	1,971	2,365	2,365	2,365	2,365	2,365
Reserves	217	1,768	1,779	1,768	1,817	1,760
Unappropriated profit	23,182	21,801	24,981	29,156	30,972	28,824
Deferred liabilities	4,091	5,565	6,398	7,650	10,448	12,234
Long term deposits	477	457	467	487	504	518
Current liabilities	2,930	2,769	3,332	5,551	6,145	7,939
Fixed assets (less depreciation)	2,642	4,013	4,095	4,258	4,164	7,801
Development & decommissioning costs	6,435	7,664	10,476	10,568	15,688	16,610
Exploration & evaluation assets	1,282	3,494	2,705	4,811	2,883	2,979
Long term investment	10,138	9,744	9,754	9,686	10,275	9,621
Other long term assets	11	10	13	20	16	16
Current assets	12,360	9,800	12,279	17,633	19,225	16,612
CASH FLOWS						
Operating activities	9,144	5,489	9,297	12,427	15,268	12,559
Investing activities	(2,129)	(4,333)	(2,770)	(2,318)	(3,004)	(5,202)
Financing activities	(2,959)	(5,034)	(4,248)	(6,496)	(10,022)	(12,995)
Cash and cash equivalents at year end	7,425	3,946	6,317	9,932	12,581	7,249

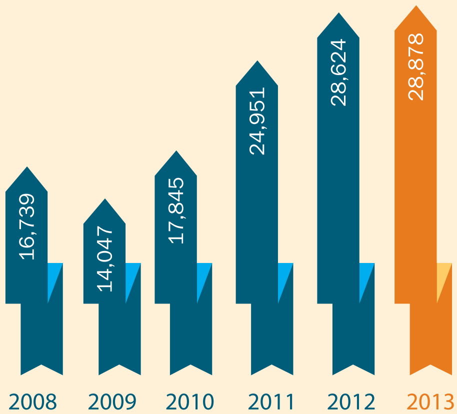
Six Years at a Glance

Description		2008	2009	2010	2011	2012	2013
KEY FINANCIAL RATIOS							
Profitability Ratios							
Gross profit	%	63.22	59.03	61.00	62.63	61.16	56.31
Net profit	%	51.47	39.99	41.68	43.34	41.43	37.50
EBITDA margin to sales	%	76.94	60.02	62.92	66.83	69.27	59.84
Operating leverage	Time	2.66	2.31	1.24	1.40	1.17	0.78
Return on equity	%	33.96	21.66	25.53	32.49	33.73	32.86
Return on average capital employed	%	38.22	21.90	27.01	34.66	34.65	31.80
Liquidity Ratios							
Current ratio	Time	4.22	3.54	3.69	3.18	3.13	2.09
Quick ratio	Time	3.41	2.50	2.83	2.66	2.61	1.61
Cash to current liabilities	Time	2.53	1.43	1.90	1.79	2.05	0.91
Cash flow from operations to sales	%	54.63	39.08	52.10	49.81	53.34	43.49
Activity / Turnover Ratios							
Inventory turnover [1]	Time	-	-	-	-	-	-
Inventory turnover [1]	Days	-	-	-	-	-	-
Debtors turnover	Time	8.08	7.75	8.09	7.20	7.79	7.33
Average collection period	Days	45.17	47.10	45.12	50.69	46.85	49.80
Creditors turnover [1]	Time	-	-	-	-	-	-
Average payment period [1]	Days	-	-	-	-	-	-
Total assets turnover	Time	0.57	0.42	0.48	0.58	0.58	0.55
Fixed assets turnover	Time	1.78	1.10	1.10	1.35	1.35	1.15
Operating cycle [1]	Time	-	-	-	-	-	-
Investment / Market Ratios							
Earnings per share - basic [2]	Rs	43.71	23.75	31.44	45.72	50.13	45.78
Earnings per share - restated [3]	Rs	36.42	23.75	31.44	45.72	50.13	45.78
Price earnings ratio	Times	8.35	6.14	6.87	7.85	7.32	10.87
Cash dividend yield	%	4.69	7.05	14.10	12.18	14.46	10.41
Cash dividend payout	%	36.61	75.79	81.11	76.55	104.72	98.31
Cash dividend cover	%	273.18	131.94	123.29	130.63	95.49	101.72
Cash dividend per share	Rs	16.00	18.00	25.50	35.00	52.50	45.00
Bonus shares	%	20.00	-	-	-	-	-
Market value / share at year end	Rs	364.84	145.90	215.90	359.01	366.94	497.37
Market value/share-high during the year	Rs	435.00	369.48	254.00	370.75	399.99	530.00
Market value/share-low during the year	Rs	275.45	78.00	146.15	209.99	325.25	368.99
Market value/share-average during the year	Rs	343.69	185.73	216.51	286.27	364.32	445.55
Break-up value (Net assets/shares)	Rs	128.70	109.64	123.13	140.73	148.61	139.29
Capital Structure Ratios							
Financial leverage ratio	%	-	-	-	-	-	-
Weighted average cost of debt [4]	%	-	-	-	-	-	-
Debt: equity ratio [4]	%	-	-	-	-	-	-
Interest cover	Time	-	-	-	-	-	-
OTHER INFORMATION							
Contribution to national exchequer (Rs millions)		6,647	4,475	5,399	9,344	11,345	9,145
Foreign exchange savings (US $ million)		370	229	410	572	708	593
Market Capitalization (Rs millions)		71,918	34,512	51,070	84,922	86,798	117,651

Notes:

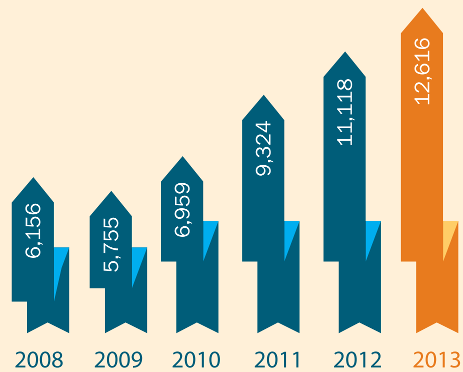
1 - Not applicable in view of the nature of the company's business
2 - Calculated on shares outstanding as at June 30, of each year
3 - Calculated on shares outstanding as at June 30, 2013
4 - Not applicable as the company does not have debt

Six Years at a Glance - Infographics



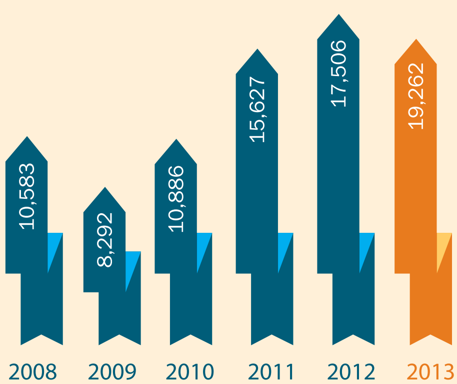
(Rs in million)

Net sales



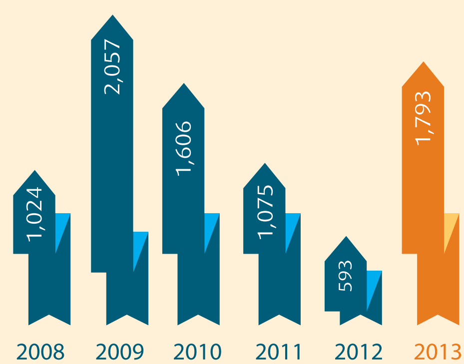
(Rs in million)

Cost of sales



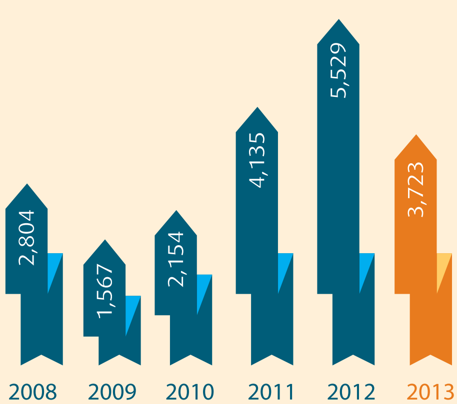
(Rs in million)

Gross profit



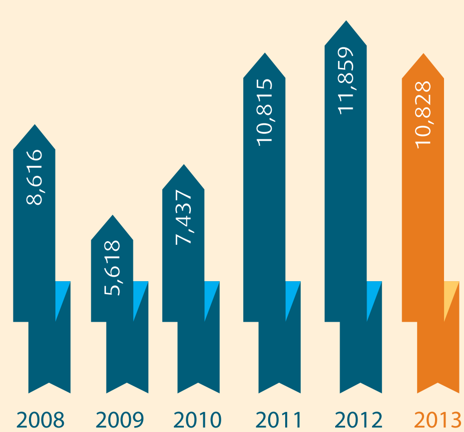
(Rs in million)

Exploration costs



(Rs in million)

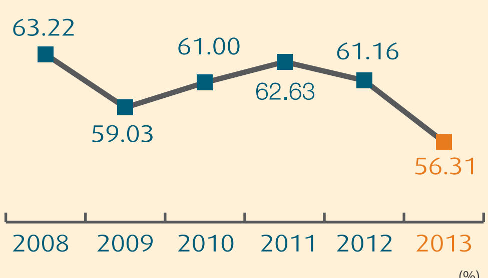
Taxation



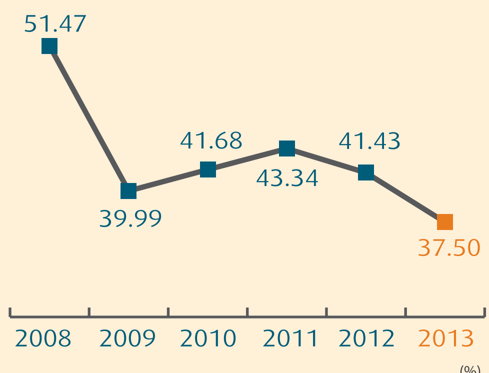
(Rs in million)

Profit after tax

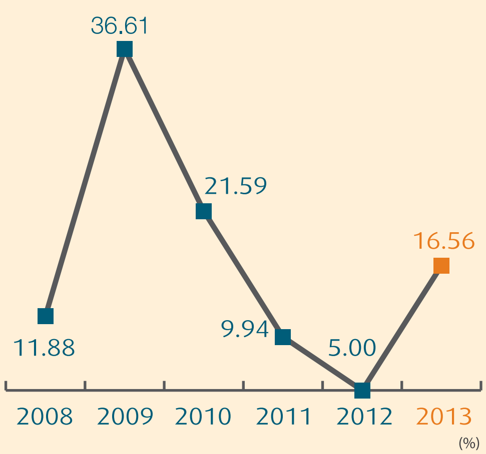
Six Years at a Glance - Infographics



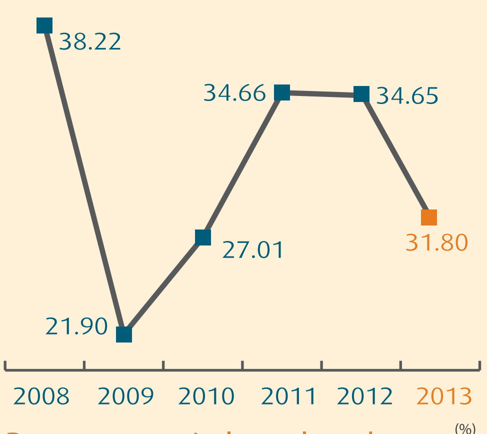
Gross profit margin



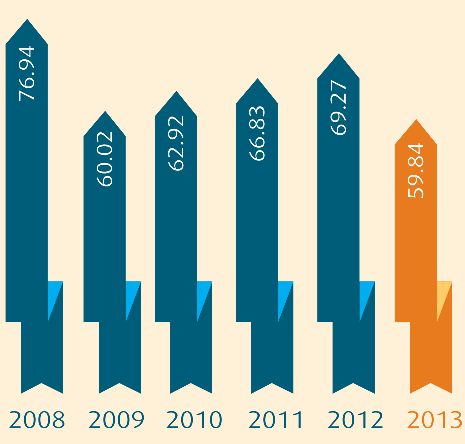
Net profit margin



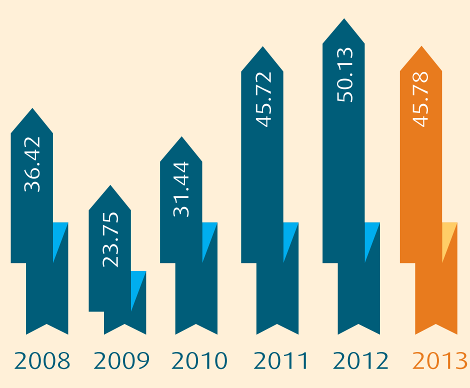
Exploration cost as % of profits



Return on capital employed

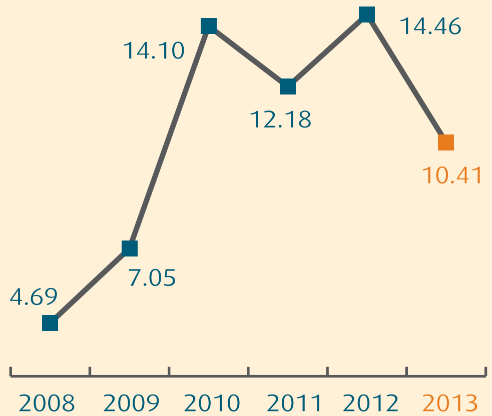


EBITDA margin to sales

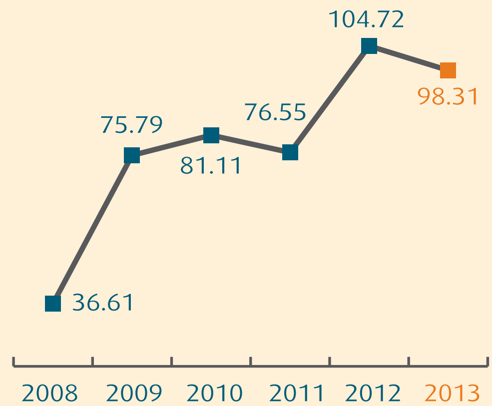


Earnings per share

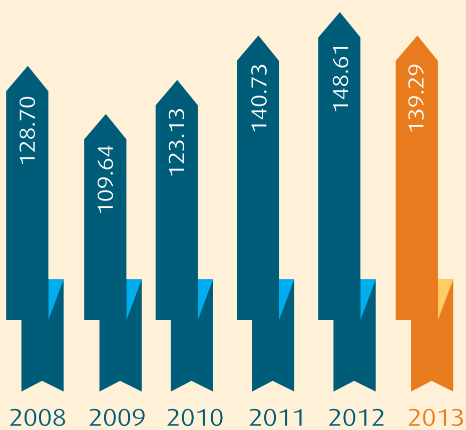
Six Years at a Glance - Infographics



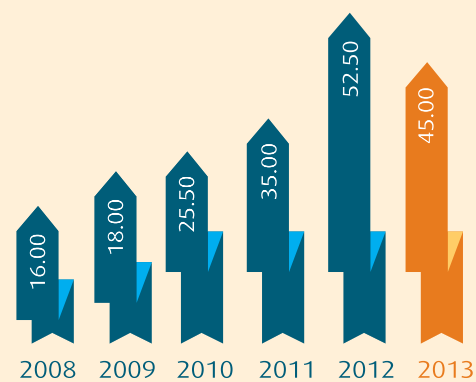
Cash dividend yield



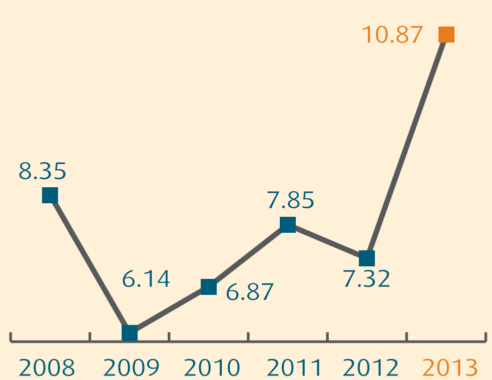
Cash dividend payout



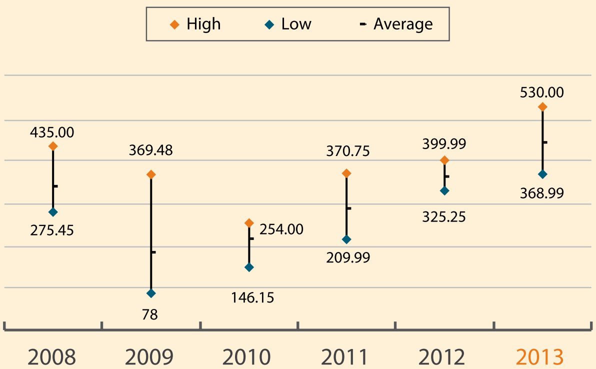
Break-up value per share



Cash dividend per share

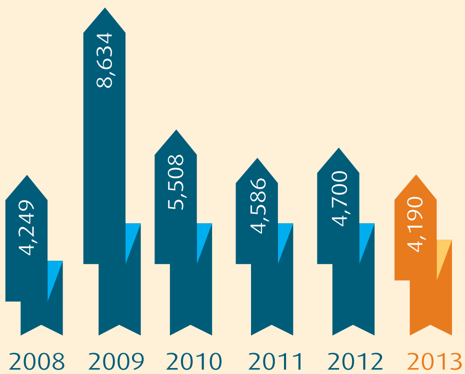


Price earnings ratio

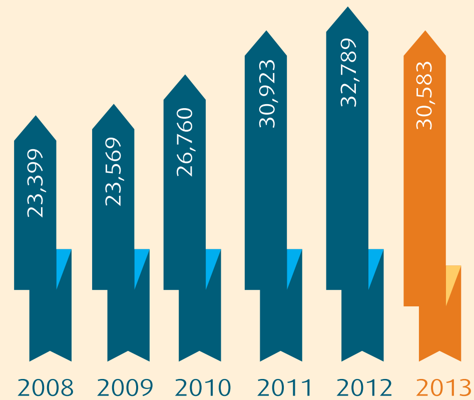


Market value per share (High-Low)

Six Years at a Glance - Infographics

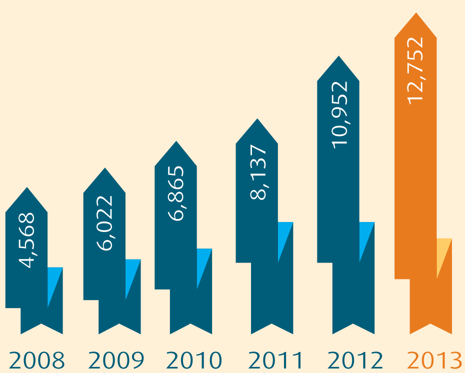


No. of shareholders



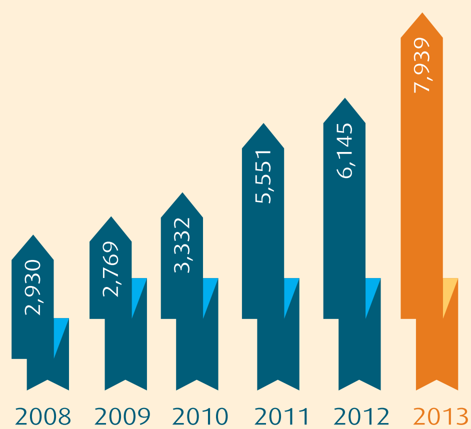
(Rs in million)

Reserves



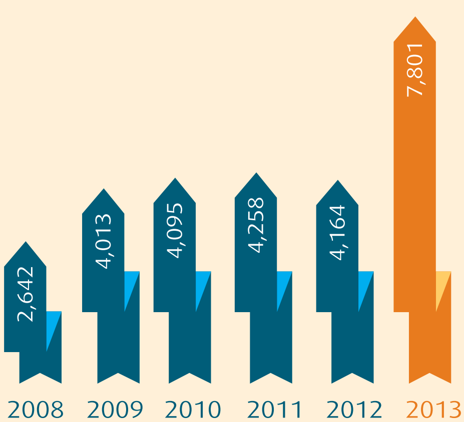
(Rs in million)

Long term liabilities



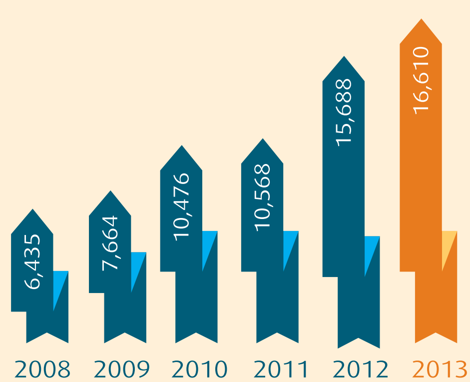
(Rs in million)

Current liabilites



(Rs in million)

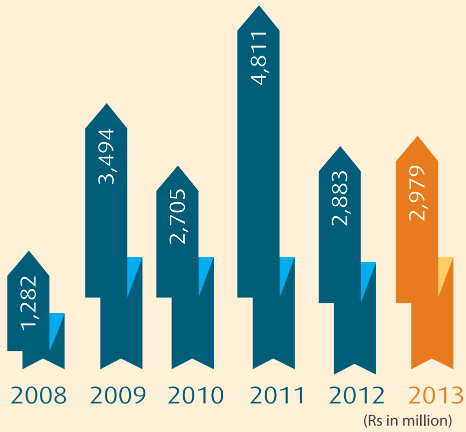
Fixed assets less depreciation



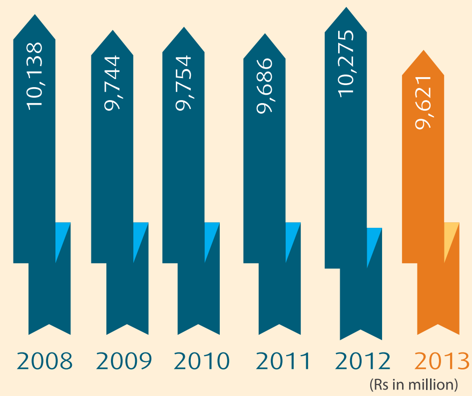
(Rs in million)

Development & decommissioning cost

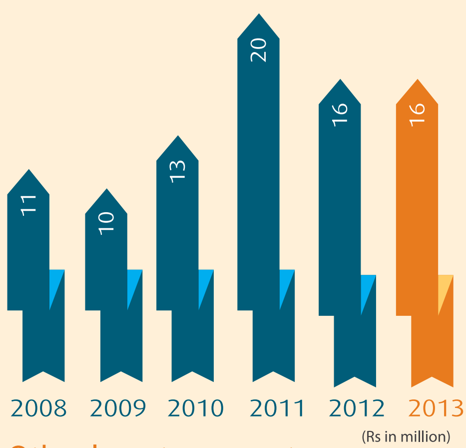
Six Years at a Glance - Infographics



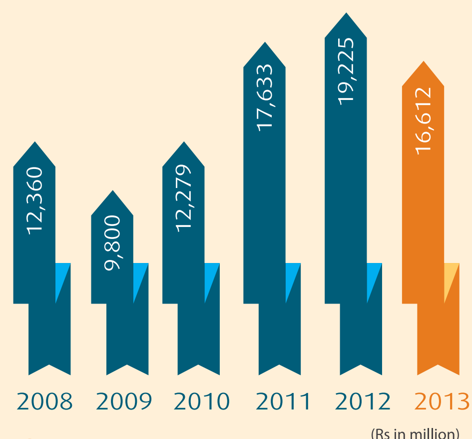
Exploration & evaluation assets



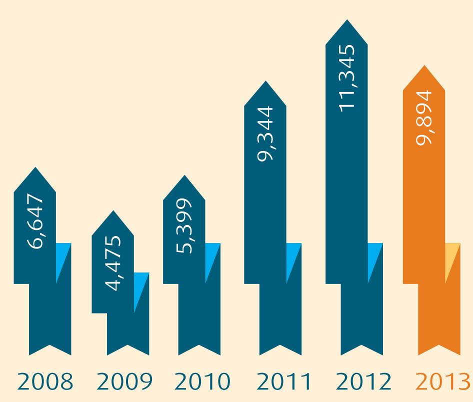
Long term investments



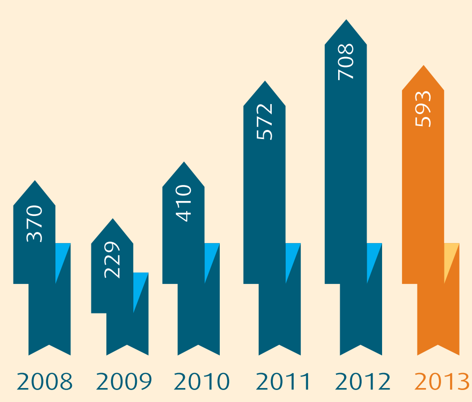
Other long term assets



Current assets



Contribution to National exchequer

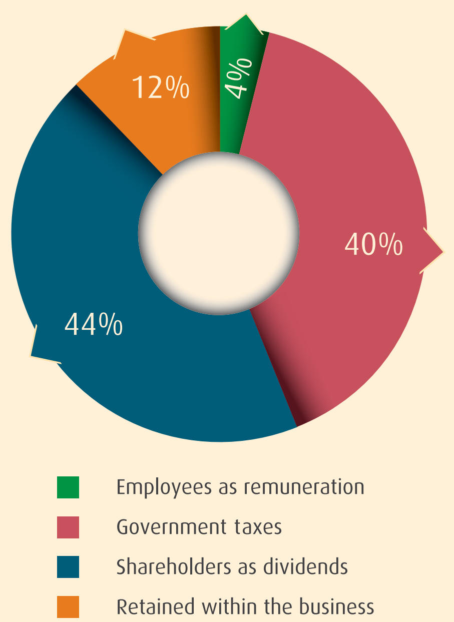


Foreign exchange savings

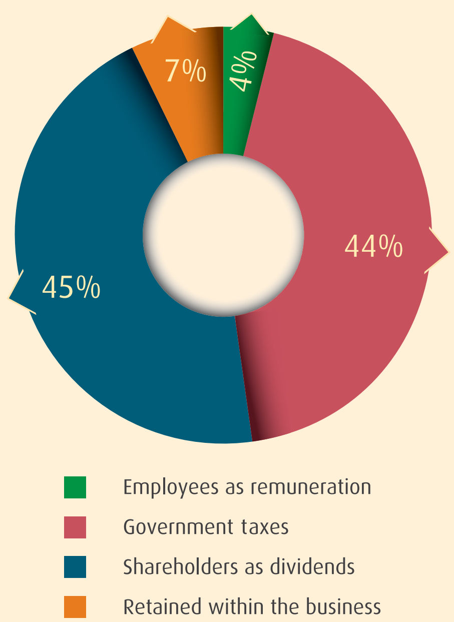
Statement of Value Added

	2013	2012
	Rupees ('000)	
Gross revenue	30,954,539	30,822,659
Less: Operating and exploration expenses	8,576,164	5,971,457
	22,378,375	24,851,202
Add: Income from investments	997,387	1,741,010
Other income	969,631	851,067
Total value added	24,345,393	27,443,279
Distributed as follows:		
Employees remuneration	1,039,121	1,082,439
Government as:		
Company taxation	3,722,372	5,529,285
Levies	2,076,402	2,198,604
Excise duty & development surcharge	265,009	317,532
Royalty	2,734,190	2,730,542
Workers' funds	948,911	1,287,544
	9,746,884	12,063,507
Shareholders as:		
Dividend	10,644,566	12,418,661
Retained in business:		
Depreciation	679,544	630,949
Amortization	2,051,490	1,807,191
Net earnings	183,788	(559,468)
	2,914,822	1,878,672
	24,345,393	27,443,279

Distribution of value addition - 2013



Distribution of value addition - 2012



Vertical Analysis

BALANCE SHEET	2008 (Rs in million)	%	2009 (Rs in million)	%	2010 (Rs in million)	%	2011 (Rs in million)	%	2012 (Rs in million)	%	2013 (Rs in million)	%
SHARE CAPITAL AND RESERVES												
Authorised capital	5,000		5,000		5,000		5,000		5,000		5,000	
Issued, subscribed and paid-up capital	1,971	6.00%	2,365	6.81%	2,365	6.01%	2,365	5.03%	2,365	4.53%	2,365	4.41%
Revenue reserves:												
Insurance reserves	200	0.61%	200	0.58%	200	0.51%	200	0.43%	200	0.38%	200	0.37%
Investment reserves	-	0.00%	1,558	4.49%	1,558	3.96%	1,558	3.32%	1,558	2.98%	1,558	2.90%
Unappropriated profit	23,182	70.53%	21,801	62.78%	24,981	63.53%	29,156	62.07%	30,972	59.28%	28,824	53.74%
	23,382	71.14%	23,559	67.84%	26,739	68.00%	30,914	65.81%	32,730	62.64%	30,582	57.01%
Fair value gain on available-for-sale investments	17	0.05%	10	0.03%	21	0.05%	9	0.02%	59	0.11%	1	0.00%
	25,370	77.19%	25,934	74.68%	29,125	74.07%	33,288	70.86%	35,154	67.28%	32,948	61.43%
NON CURRENT LIABILITIES												
Long term deposits	477	1.45%	457	1.32%	467	1.19%	487	1.04%	504	0.96%	518	0.97%
Deferred liabilities	4,091	12.45%	5,565	16.03%	6,398	16.27%	7,650	16.28%	10,448	20.00%	12,234	22.81%
	4,568	13.90%	6,022	17.34%	6,865	17.46%	8,137	17.32%	10,952	20.96%	12,752	23.77%
CURRENT LIABILITIES AND PROVISIONS												
Trade and other payables	2,227	6.78%	2,292	6.60%	2,287	5.82%	4,171	8.88%	4,538	8.69%	6,293	11.73%
Provision for income tax	703	2.14%	477	1.37%	1,045	2.66%	1,380	2.94%	1,607	3.08%	1,646	3.07%
	2,930	8.91%	2,769	7.97%	3,332	8.47%	5,551	11.82%	6,145	11.76%	7,939	14.80%
TOTAL EQUITY AND LIABILITIES	32,868	100.00%	34,725	100.00%	39,322	100.00%	46,976	100.00%	52,251	100.00%	53,639	100.00%
FIXED ASSETS												
Property, plant and equipment	2,642	8.04%	4,013	11.56%	4,095	10.41%	4,258	9.06%	4,164	7.97%	7,801	14.54%
Development & decommissioning costs	6,435	19.58%	7,664	22.07%	10,476	26.64%	10,568	22.50%	15,688	30.02%	16,610	30.97%
Exploration & evaluation assets	1,282	3.90%	3,494	10.06%	2,705	6.88%	4,811	10.24%	2,883	5.52%	2,979	5.55%
	10,359	31.52%	15,171	43.69%	17,276	43.93%	19,637	41.80%	22,735	43.51%	27,390	51.06%
LONG TERM INVESTMENT IN SUBSIDIARY & ASSOCIATED COMPANIES	9,616	29.26%	9,616	27.69%	9,616	24.45%	9,616	20.47%	9,616	18.40%	9,616	17.93%
OTHER LONG TERM INVESTMENTS	522	1.59%	128	0.37%	138	0.35%	70	0.15%	659	1.26%	5	0.01%
LONG TERM LOANS AND ADVANCES	11	0.03%	10	0.03%	13	0.03%	20	0.04%	16	0.03%	16	0.03%
CURRENT ASSETS												
Stores and spares	2,298	6.99%	2,794	8.05%	2,641	6.72%	2,632	5.60%	2,939	5.62%	3,525	6.57%
Stock in trade	58	0.18%	89	0.26%	87	0.22%	126	0.27%	134	0.26%	151	0.28%
Trade debts	1,800	5.48%	1,827	5.26%	2,584	6.57%	4,343	9.25%	3,007	5.75%	4,871	9.08%
Advances, deposits, prepayments and other receivables	702	2.14%	1,144	3.29%	650	1.65%	600	1.28%	513	0.98%	816	1.52%
Short term investments	77	0.23%	-	0.00%	2,277	5.79%	3,227	6.87%	3,899	7.46%	-	0.00%
Cash and bank balances	7,425	22.59%	3,946	11.36%	4,040	10.27%	6,705	14.27%	8,733	16.71%	7,249	13.51%
	12,360	37.60%	9,800	28.22%	12,279	31.23%	17,633	37.54%	19,225	36.79%	16,612	30.97%
TOTAL ASSETS	32,868	100.00%	34,725	100.00%	39,322	100.00%	46,976	100.00%	52,251	100.00%	53,639	100.00%

Vertical Analysis

	2008 (Rs in million)	%	2009 (Rs in million)	%	2010 (Rs in million)	%	2011 (Rs in million)	%	2012 (Rs in million)	%	2013 (Rs in million)	%
PROFIT & LOSS ACCOUNT												
Net Sales	16,739	100.00%	14,047	100.00%	17,845	100.00%	24,951	100.00%	28,624	100.00%	28,878	100.00%
Cost of Sales	6,156	36.78%	5,755	40.97%	6,959	39.00%	9,324	37.37%	11,118	38.84%	12,616	43.69%
Gross profit	10,583	63.22%	8,292	59.03%	10,886	61.00%	15,627	62.63%	17,506	61.16%	16,262	56.31%
Exploration costs	1,024	6.12%	2,057	14.64%	1,606	9.00%	1,075	4.31%	593	2.07%	1,793	6.21%
	9,559	57.11%	6,235	44.39%	9,280	52.00%	14,552	58.32%	16,913	59.09%	14,469	50.10%
Administration expenses	53	0.32%	47	0.33%	73	0.41%	83	0.33%	99	0.35%	93	0.32%
Finance cost	389	2.32%	512	3.64%	284	1.59%	224	0.90%	685	2.39%	830	2.87%
Other charges	647	3.87%	533	3.79%	709	3.97%	1,104	4.42%	1,288	4.50%	949	3.29%
	1,089	6.51%	1,092	7.77%	1,066	5.97%	1,411	5.66%	2,072	7.24%	1,872	6.48%
	8,470	50.60%	5,143	36.61%	8,214	46.03%	13,141	52.67%	14,841	51.85%	12,597	43.62%
Other income	1,392	8.32%	2,042	14.54%	1,377	7.72%	1,809	7.25%	2,547	8.90%	1,954	6.77%
Operating profit	9,862	58.92%	7,185	51.15%	9,591	53.75%	14,950	59.92%	17,388	60.75%	14,551	50.39%
Gain on sale of shares of an associated company	1,558	9.31%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
PROFIT BEFORE TAXATION	11,420	68.22%	7,185	51.15%	9,591	53.75%	14,950	59.92%	17,388	60.75%	14,551	50.39%
Provision for taxation	2,804	16.75%	1,567	11.16%	2,154	12.07%	4,135	16.57%	5,529	19.32%	3,723	12.89%
PROFIT FOR THE YEAR	8,616	51.47%	5,618	39.99%	7,437	41.68%	10,815	43.34%	11,859	41.43%	10,828	37.50%
CASH FLOWS												
Operating activities	9,144	123.15%	5,489	139.10%	9,297	147.17%	12,427	125.12%	15,268	121.36%	12,559	173.25%
Investing activities	(2,129)	-28.67%	(4,333)	-109.81%	(2,770)	-43.85%	(2,318)	-23.34%	(3,004)	-23.88%	(5,202)	-71.76%
Financing activities	(2,959)	-39.85%	(5,034)	-127.57%	(4,248)	-67.25%	(6,496)	-65.40%	(10,022)	-79.66%	(12,995)	-179.27%
Cash and cash equivalents at year end	7,425	100.00%	3,946	100.00%	6,317	100.00%	9,932	100.00%	12,581	100.00%	7,249	100.00%

Horizontal Analysis

BALANCE SHEET	2008 (Rs in million)	%	2009 (Rs in million)	%	2010 (Rs in million)	%	2011 (Rs in million)	%	2012 (Rs in million)	%	2013 (Rs in million)	%
SHARE CAPITAL AND RESERVES												
Authorised capital	5,000	100.00%	5,000	100.00%	5,000	100.00%	5,000	100.00%	5,000	100.00%	5,000	100.00%
Issued, subscribed and paid-up capital	1,971	100.00%	2,365	119.99%	2,365	119.99%	2,365	119.99%	2,365	119.99%	2,365	119.99%
Revenue reserves:												
Insurance reserves	200	100.00%	200	100.00%	200	100.00%	200	100.00%	200	100.00%	200	100.00%
Investment reserves	-		1,558		1,558		1,558		1,558		1,558	
Unappropriated profit	23,182	100.00%	21,801	94.04%	24,981	107.76%	29,156	125.77%	30,972	133.60%	28,824	124.34%
	23,382	100.00%	23,559	100.76%	26,739	114.36%	30,914	132.21%	32,730	139.98%	30,582	130.79%
Fair value gain on available-for-sale investments	17	100.00%	10	58.82%	21	123.53%	9	52.94%	59	347.06%	1	5.88%
	25,370	100.00%	25,934	102.22%	29,125	114.80%	33,288	131.21%	35,154	138.57%	32,948	129.87%
NON CURRENT LIABILITIES												
Long term deposits	477	100.00%	457	95.81%	467	97.90%	487	102.10%	504	105.66%	518	108.60%
Deferred liabilities	4,091	100.00%	5,565	136.03%	6,398	156.39%	7,650	187.00%	10,448	255.39%	12,234	299.05%
	4,568	100.00%	6,022	131.83%	6,865	150.28%	8,137	178.13%	10,952	239.75%	12,752	279.16%
CURRENT LIABILITIES AND PROVISIONS												
Trade and other payables	2,227	100.00%	2,292	102.92%	2,287	102.69%	4,171	187.29%	4,538	203.77%	6,293	282.58%
Provision for income tax	703	100.00%	477	67.85%	1,045	148.65%	1,380	196.30%	1,607	228.59%	1,646	234.14%
	2,930	100.00%	2,769	94.51%	3,332	113.72%	5,551	189.45%	6,145	209.73%	7,939	270.96%
CONTINGENCIES AND COMMITMENTS												
TOTAL EQUITY AND LIABILITIES	32,868	100.00%	34,725	105.65%	39,322	119.64%	46,976	142.92%	52,251	158.97%	53,639	163.20%
FIXED ASSETS												
Property, plant and equipment	2,642	100.00%	4,013	151.89%	4,095	155.00%	4,258	161.17%	4,164	157.61%	7,801	295.27%
Development & decommissioning costs	6,435	100.00%	7,664	119.10%	10,476	162.80%	10,568	164.23%	15,688	243.79%	16,610	258.12%
Exploration & evaluation assets	1,282	100.00%	3,494	272.54%	2,705	211.00%	4,811	375.27%	2,883	224.88%	2,979	232.37%
	10,359	100.00%	15,171	146.45%	17,276	166.77%	19,637	189.56%	22,735	219.47%	27,390	264.41%
LONG TERM INVESTMENT IN SUBSIDIARY & ASSOCIATED COMPANIES	9,616	100.00%	9,616	100.00%	9,616	100.00%	9,616	100.00%	9,616	100.00%	9,616	100.00%
OTHER LONG TERM INVESTMENTS	522	100.00%	128	24.52%	138	26.44%	70	13.41%	659	126.25%	5	0.96%
LONG TERM LOANS AND ADVANCES	11	100.00%	10	90.91%	13	118.18%	20	181.82%	16	145.45%	16	145.45%
CURRENT ASSETS												
Stores and spares	2,298	100.00%	2,794	121.58%	2,641	114.93%	2,632	114.53%	2,939	127.89%	3,525	153.39%
Stock in trade	58	100.00%	89	153.45%	87	150.00%	126	217.24%	134	231.03%	151	260.34%
Trade debts	1,800	100.00%	1,827	101.50%	2,584	143.56%	4,343	241.28%	3,007	167.06%	4,871	270.61%
Advances, deposits, prepayments and other receivables	702	100.00%	1,144	162.96%	650	92.59%	600	85.47%	513	73.08%	816	116.24%
Short term investments	77	100.00%	-	0.00%	2,277	2957.14%	3,227	4190.91%	3,899	5063.64%	-	0.00%
Cash and bank balances	7,425	100.00%	3,946	53.14%	4,040	54.41%	6,705	90.30%	8,733	117.62%	7,249	97.63%
	12,360	100.00%	9,800	79.29%	12,279	99.34%	17,633	142.66%	19,225	155.54%	16,612	134.40%
TOTAL ASSETS	32,868	100.00%	34,725	105.65%	39,322	119.64%	46,976	142.92%	52,251	158.97%	53,639	163.20%

Horizontal Analysis

	2008 (Rs in million)	%	2009 (Rs in million)	%	2010 (Rs in million)	%	2011 (Rs in million)	%	2012 (Rs in million)	%	2013 (Rs in million)	%
PROFIT & LOSS ACCOUNT												
Net Sales	16,739	100.00%	14,047	83.92%	17,845	106.61%	24,951	149.06%	28,624	171.00%	28,878	172.52%
Cost of Sales	6,156	100.00%	5,755	93.49%	6,959	113.04%	9,324	151.46%	11,118	180.60%	12,616	204.94%
Gross profit	10,583	100.00%	8,292	78.35%	10,886	102.86%	15,627	147.66%	17,506	165.42%	16,262	153.66%
Exploration costs	1,024	100.00%	2,057	200.88%	1,606	156.84%	1,075	104.98%	593	57.91%	1,793	175.10%
	9,559	100.00%	6,235	65.23%	9,280	97.08%	14,552	152.23%	16,913	176.93%	14,469	151.37%
Administration expenses	53	100.00%	47	88.68%	73	137.74%	83	156.60%	99	186.79%	93	175.47%
Finance cost	389	100.00%	512	131.62%	284	73.01%	224	57.58%	685	176.09%	830	213.37%
Other charges	647	100.00%	533	82.38%	709	109.58%	1,104	170.63%	1,288	199.07%	949	146.68%
	1,089	100.00%	1,092	100.28%	1,066	97.89%	1,411	129.57%	2,072	190.27%	1,872	171.90%
	8,470	100.00%	5,143	60.72%	8,214	96.98%	13,141	155.15%	14,841	175.22%	12,597	148.72%
Other income	1,392	100.00%	2,042	146.70%	1,377	98.92%	1,809	129.96%	2,547	182.97%	1,954	140.37%
Operating profit	9,862	100.00%	7,185	72.86%	9,591	97.25%	14,950	151.59%	17,388	176.31%	14,551	147.55%
Gain on sale of shares of an associated company	1,558		-		-		-		-		-	
PROFIT BEFORE TAXATION	11,420	100.00%	7,185	62.92%	9,591	83.98%	14,950	130.91%	17,388	152.26%	14,551	127.42%
Provision for taxation	2,804	100.00%	1,567	55.88%	2,154	76.82%	4,135	147.47%	5,529	197.18%	3,723	132.77%
PROFIT FOR THE YEAR	8,616	100.00%	5,618	65.20%	7,437	86.32%	10,815	125.52%	11,859	137.64%	10,828	125.67%
CASH FLOWS												
Operating activities	9,144	100.00%	5,489	60.03%	9,297	101.67%	12,427	135.90%	15,268	166.97%	12,559	137.35%
Investing activities	(2,129)	100.00%	(4,333)	203.52%	(2,770)	130.11%	(2,318)	108.88%	(3,004)	141.10%	(5,202)	244.34%
Financing activities	(2,959)	100.00%	(5,034)	170.13%	(4,248)	143.56%	(6,496)	219.53%	(10,022)	338.70%	(12,995)	439.17%
Cash and cash equivalents at year end	7,425	100.00%	3,946	53.14%	6,317	85.08%	9,932	133.76%	12,581	169.44%	7,249	97.63%

Financial Analysis

Analysis of Balance Sheet

Assets

Fixed assets increased by Rs 3,637 million. It consists of additions of Rs 342 million in POL own fields, Rs 14 million in POL operated joint ventures and Rs 3,968 million in POL non-operated joint ventures. Development and decommissioning costs increased by Rs 923 million, Development cost of Rs 1,396 million were incurred during the period, which includes Rs 46 million at Ratana, Rs 177 million at Adhi, Rs 321 million at Maramzai, Rs 227 million at Mamikhel, Rs 314 million at Makori East and Rs 326 million at Manzalai. Due to start of production from Makori East Rs 1,170 million was transferred from exploration and evaluation assets to Development cost. Decommissioning cost is also increased by Rs 297 million which related to revision in estimates and Rs 111 million related to additions of new wells. Due to amortization of Rs 2,051 million the net increase is Rs 923 million.

During the period Rs 1,484 million was incurred under exploration and evaluation assets. It consists of Rs 1,108 million at Ikhlas (Sadrial-1), Rs 207 million at Chaknaurang, Malgin Rs 12 million, KOT Rs 124 million, Mardan Khel Rs 5 million and Makori East Rs 25 million. Further due to success of Makori East Rs 1,170 million transfers to development cost and Rs 219 million of Chaknaurang charged to profit and loss account due to negative results.

Trade debts increased by Rs 1,864 million due to year end sales to National Refinery Limited. During the year other long term investments decreased to Rs 5 million (2012: Rs 658 million) due to encashment of available-for-sales investments.

Liabilities

Non-current liabilities increased by Rs 2,200 million which is attributed to increase in deferred tax by Rs 941 million and decommissioning cost by Rs 1,180 million. During the year current liabilities and provisions increased to Rs 7,537 million (2012: Rs 6,145 million) mainly because of outstanding cash calls and bills payable related to seismic acquisition at year end by Rs 1,755 million.

Analysis of Profit and Loss

Sales

During the year, sales revenue increased by 0.89%; from Rs 28,624 million to Rs 28,878 million. Analyzing the net sales increase of Rs 254 million from a product perspective, Crude Oil increased by Rs 994 million and Solvent Oil by Rs 24 million. These increases were offset by decrease in Gas sales by Rs 646 million, POLGAS by Rs 86 million and Sulphur by Rs 33 million.

Cost of Sales

Cost of sales was Rs 12,616 million (2012: 11,118 million). It mostly related to higher activities of workover and other increases relate to depreciation and field operating cost. Increased in amortization of development and decommissioning cost of Rs 224 million is due to increased development cost in Ratana, Makori East, Maramzai, Mamikhel and Manzalai fields. Domial field cost amortized based on conservative reserves. Royalty increased by Rs 4 million because of higher sales value of Crude oil.

Exploration Costs

Current period cost of Rs 1,792 million related to Ikhlas Rs 60 million, Rajanpur Rs 371 million, DG Khan Rs 176, Kirthar South Rs 18 million, Margala block Rs 45 million, Gurgalot Rs 90 million, Tal Rs 633 million, Chaknaurang South-2 well cost of Rs 219 million charged due to negative results and Adhi Rs 142 million related to 2D/3D data acquisition and geological and geophysical work.

Financial Analysis

Finance Cost

Finance cost is increased by Rs 146 million. It includes re- measurement of decommissioning cost which is lower by Rs 53 million and unwinding cost increased by Rs 196 million as compared to the last year.

Other Income

Other operating income decreased by Rs 593 million. Income from held to maturity and income from bank deposits decreased by Rs 475 million due to lesser cash balance and decreased deposit rates. Dividend income decreased by Rs 268 million and Exchange gain decreased by Rs 103 million. These decreases were offset by increase in capital gain by Rs 84 million on disposal of available-for-sale investments, rental income by Rs 8 million, profit on sale of property, plant and equipment by Rs 71 million, crude transportation income by Rs 72 million and gas processing income by Rs 25 million.

Taxation

Taxation charge of Rs 3,722 million (2012: Rs 5,523 million) due to underlying lower profit.

Profit for the year

Profit after tax of Rs 10,828 million (2012: Rs 11, 853 million)

Analysis of Cash flow Statement

Operating Activities

A total of Rs 12,581 million was available as cash and cash equivalents at the beginning of the year. Cash generated from operations in 2013 lower by 18% to Rs 12,599 million (2012: Rs 15,268 million) related to higher sales value which is offset by increase in payment of operating, royalty and exploration costs.

Investing activities

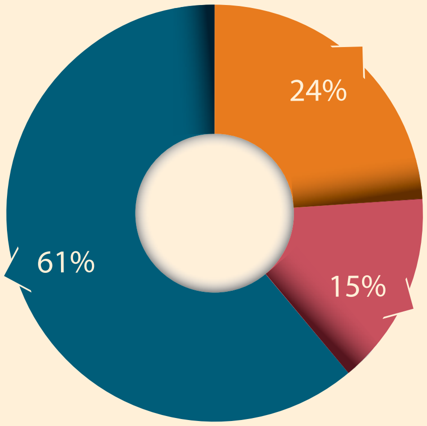
A total of Rs 5,202 million of cash was utilised in investing activities (2012: Rs 3,004 million) which consists of addition in fixed assets of Rs 6,986 million, offset by income on bank deposits by Rs 582 million, dividend income of Rs 493 million and proceeds from disposal of available-for-sale investments Rs 681 million.

Financing activities

An amount of Rs 12, 995 million of cash was used in financing activities (2012: Rs 10,022 million) which is related to payment of dividends. The cash balance includes effect of exchange rate changes of Rs 305 million during the year. Cash and cash equivalents at the end of year 2013 was Rs 7,249 million (2012: Rs 12,581 million).

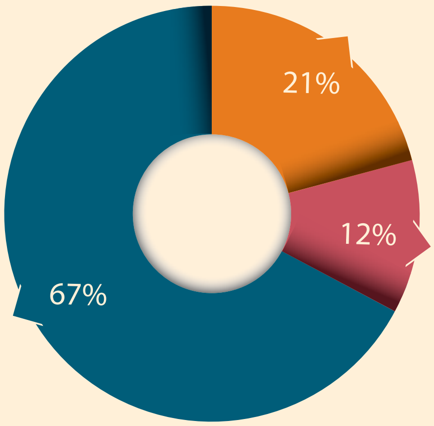
Balance Sheet Composition

Share Capital & Reserves as on June 30, 2013



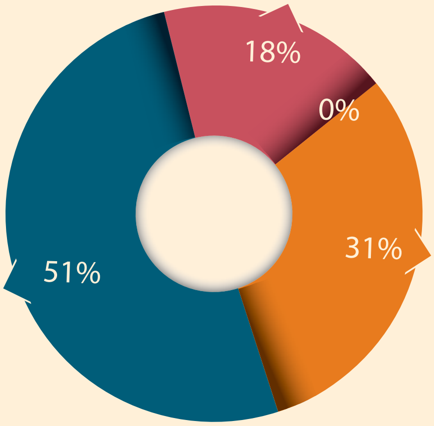
Shareholder's Equity
Non Current Liabilities
Current Liabilities and provisions

Share Capital & Reserves as on June 30, 2012



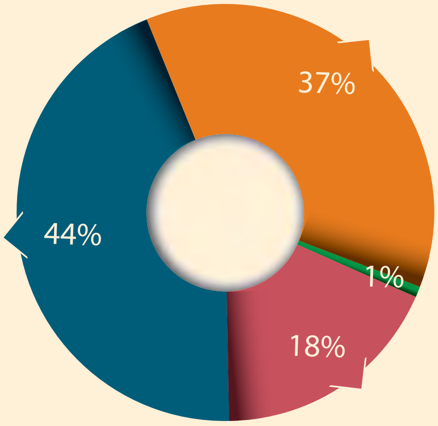
Shareholder's Equity
Non Current Liabilities
Current Liabilities and provisions

Assets as on June 30, 2013



Fixed Assets
Investment in subsidiary & associated companies
Other long term investments and advances
Current Assets

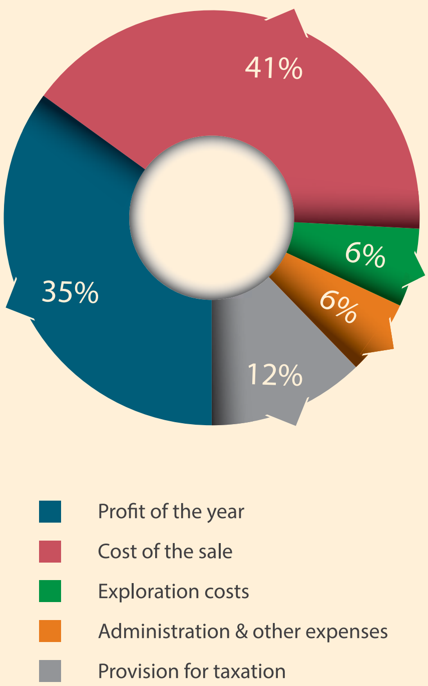
Assets as on June 30, 2012



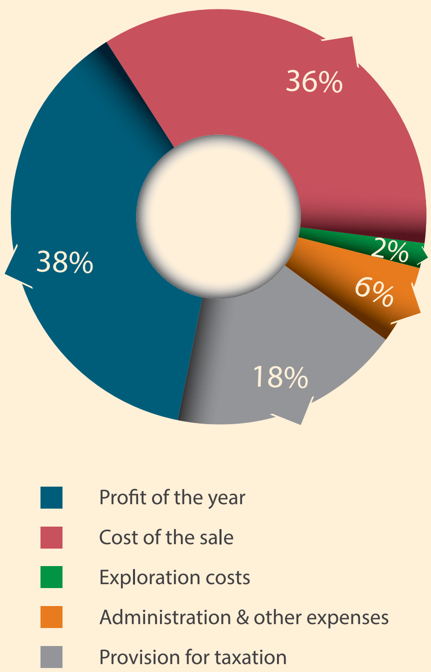
Fixed Assets
Investment in subsidiary & associated companies
Other long term investments and advances
Current Assets

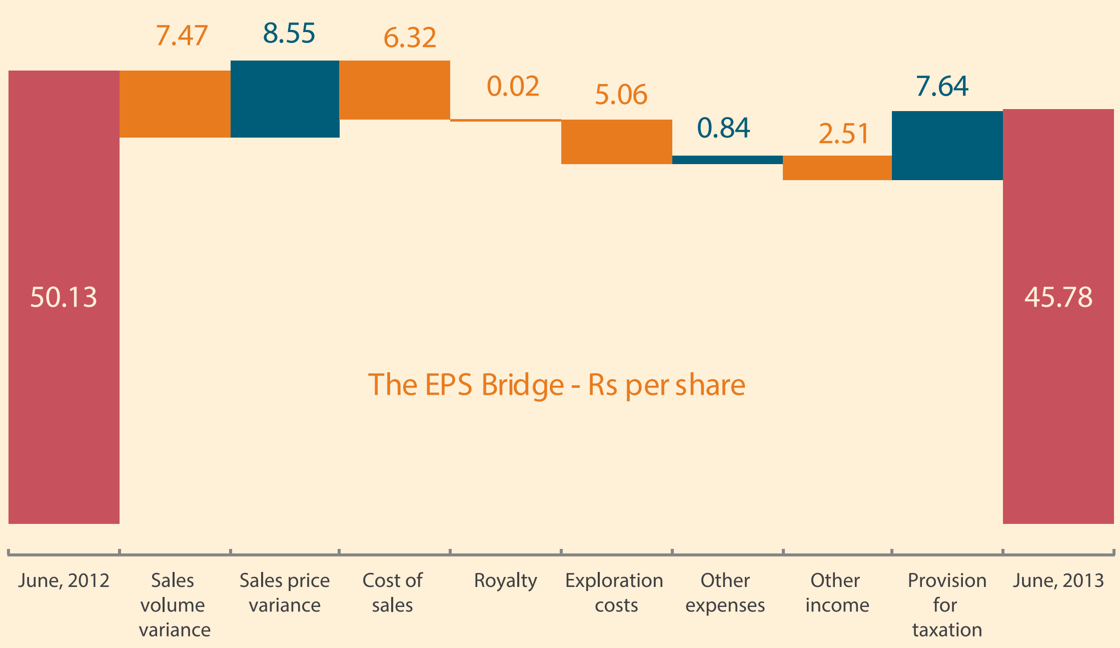
Profit and Loss Account Analysis

Analysis of Revenues - for the year ended June 30, 2013



Analysis of Revenues - for the year ended June 30, 2012

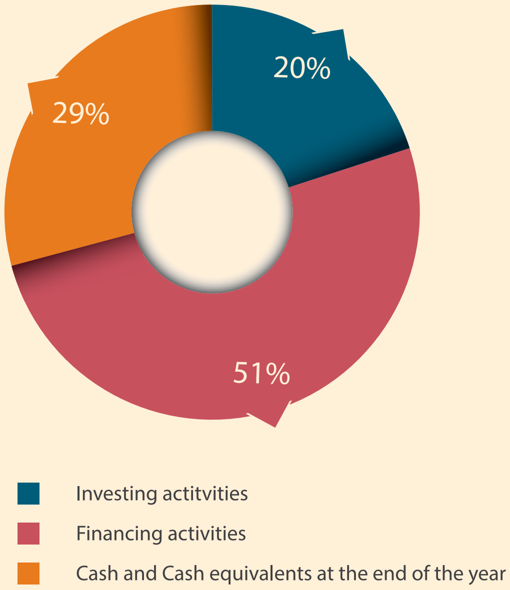




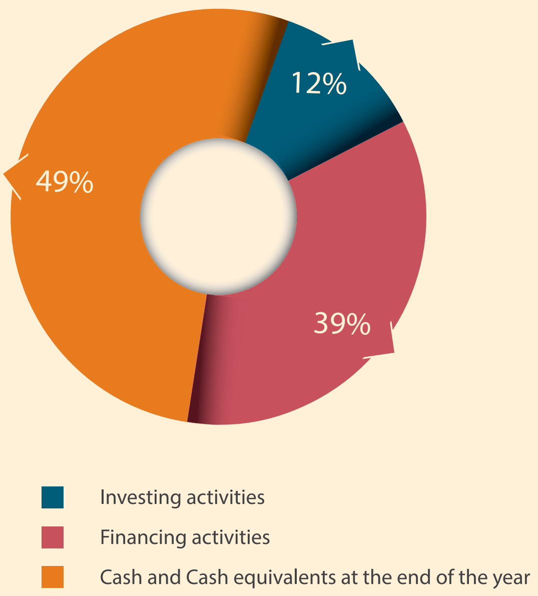
The EPS Bridge - Rs per share

Cash Flow Statement Analysis

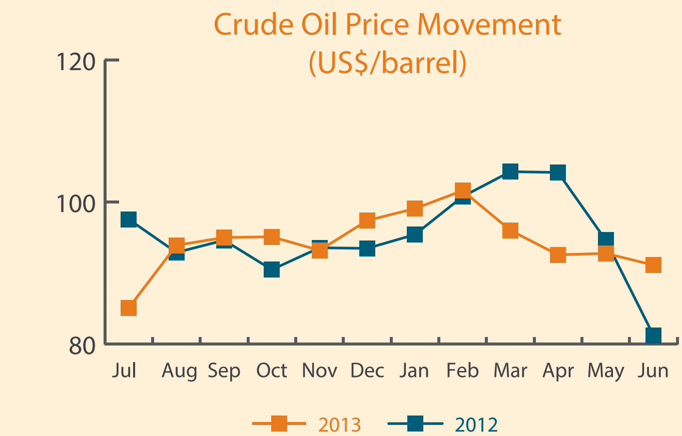
Analysis of Cash Flow - for the year ended June 30, 2013

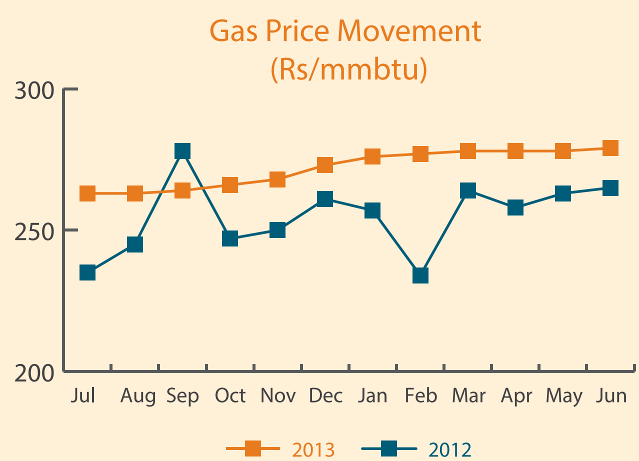


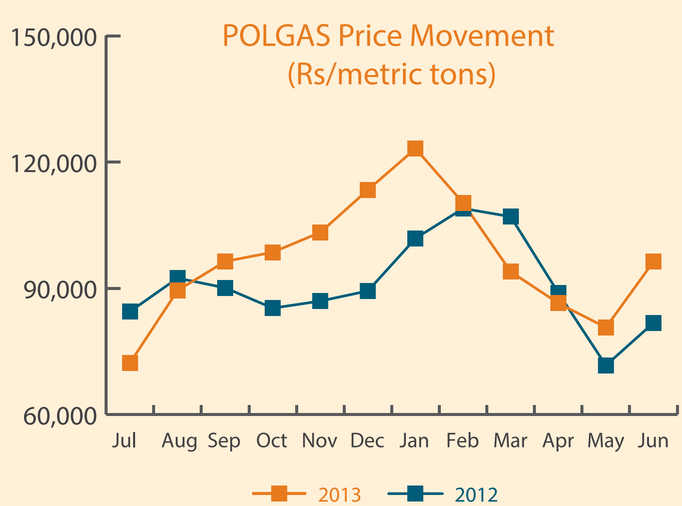
Analysis of Cash Flow - for the year ended June 30, 2012

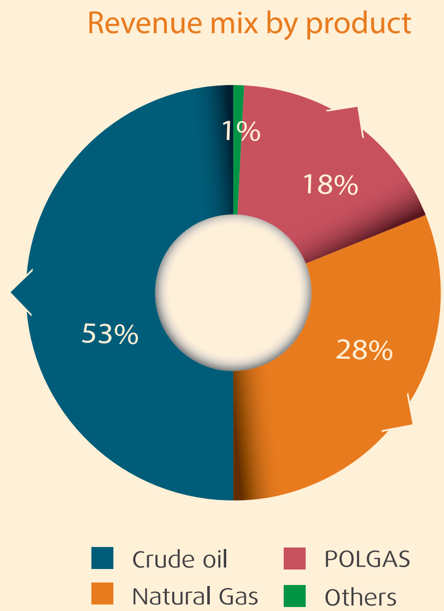


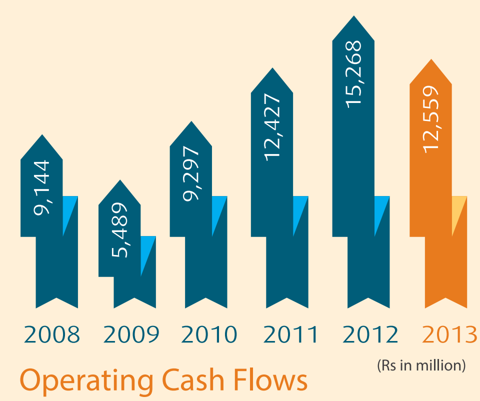
Other Information

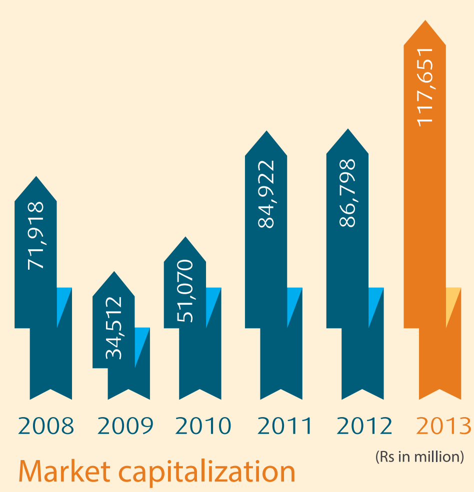












Shareholding in Exploration Licenses and D&P/Mining Leases

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
Kotra	Oil & Gas Development Company Limited	24.00
Bhangali	Ocean Pakistan Limited	7.00
Dhurnal	Ocean Pakistan Limited	5.00
Ratana	Ocean Pakistan Limited	4.5450
Manzalai	MOL Pakistan Oil and Gas Co. B.V	25.00*
Makori	MOL Pakistan Oil and Gas Co. B.V	25.00*
Makori East	MOL Pakistan Oil and Gas Co. B.V	25.00*

* Pre-Commerciality interest

FINANCIAL STATEMENTS

A. F. FERGUSON & CO.

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

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance for the year ended June 30, 2013 prepared by the Board of Directors of Pakistan Oilfields Limited, to comply with the Listing Regulations of the respective Stock exchanges, where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance 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, Listing Regulations of the respective Stock exchanges require 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, 2013.

Chartered Accountants
Islamabad
August 14, 2013

Engagement Partner: Sohail M. Khan

Statement of Compliance, with the Code of Corporate Governance for the year ended June 30, 2013

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

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

1. The company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. The elections of the present board of directors was held on June 30, 2011 and the board includes:

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

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

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

3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

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

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

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

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

8. Most of the directors meet the exemption requirement of the directors’ training program. One of the directors has conducted directors training program during the year 2013. The remaining directors shall obtain certification under directors’ training program upto 2016.

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

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

11. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.

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

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

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

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

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

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

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

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

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

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

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

Shuaib A. Malik
Chairman & Chief Executive
Rawalpindi
August 14, 2013

Auditors' Report to the Members

We have audited the annexed balance sheet of Pakistan Oilfields Limited as at June 30, 2013 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

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

(b) in our opinion

   (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the changes as stated in note 4.9 with which we concur;

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

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

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2013 and of the profit, total comprehensive income, its cash flows and changes in equity for the year then ended; and

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

Chartered Accountants
Islamabad
August 14, 2013

Engagement Partner: Sohail M. Khan

Balance Sheet

As at June 30, 2013

	Note	2013	(Restated) 2012	(Restated) 2011
			Rupees ('000)	
SHARE CAPITAL AND RESERVES				
Authorised capital	6	5,000,000	5,000,000	5,000,000
Issued, subscribed and paid up capital	6	2,365,459	2,365,459	2,365,459
Revenue reserves	7	30,581,348	32,729,942	30,913,428
Fair value gain on available-for-sale investments		1,396	57,973	9,412
		32,948,203	35,153,374	33,288,299
NON CURRENT LIABILITIES				
Long term deposits	8	517,861	504,448	487,314
Deferred liabilities	9	12,234,362	10,448,481	7,649,624
		12,752,223	10,952,929	8,136,938
CURRENT LIABILITIES AND PROVISIONS				
Trade and other payables	10	6,292,407	4,537,743	4,170,829
Provision for income tax		1,646,088	1,606,862	1,380,349
		7,938,495	6,144,605	5,551,178
CONTINGENCIES AND COMMITMENTS	11			
		53,638,921	52,250,908	46,976,415

	Note	2013	(Restated) 2012	(Restated) 2011
			Rupees ('000)	
FIXED ASSETS				
Property, plant and equipment	12	7,801,187	4,163,781	4,257,760
Development and decommissioning costs	13	16,610,402	15,687,791	10,568,414
Exploration and evaluation assets	14	2,978,577	2,883,055	4,810,730
		27,390,166	22,734,627	19,636,904
LONG TERM INVESTMENTS IN SUBSIDIARY AND ASSOCIATED COMPANIES	15	9,615,603	9,615,603	9,615,603
OTHER LONG TERM INVESTMENTS	16	5,063	658,672	69,677
LONG TERM LOANS AND ADVANCES	17	15,557	16,273	20,067
CURRENT ASSETS				
Stores and spares	18	3,524,800	2,939,308	2,632,488
Stock in trade	19	151,345	134,199	126,411
Trade debts	20	4,871,092	3,006,567	4,343,528
Advances, deposits, prepayments and other receivables	21	816,263	513,349	600,089
Short term investments	22	-	3,898,907	3,226,550
Cash and bank balances	23	7,249,032	8,733,403	6,705,098
		16,612,532	19,225,733	17,634,164
		53,638,921	52,250,908	46,976,415

The annexed notes 1 to 41 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, 2013

	Note	2013	(Restated) 2012
		Rupees ('000)	
SALES		30,954,539	30,822,659
Sales tax		(2,076,402)	(2,198,604)
NET SALES	24	28,878,137	28,624,055
Operating costs	25	(7,565,725)	(6,262,362)
Excise duty and development surcharge		(265,009)	(317,532)
Royalty		(2,734,190)	(2,730,542)
Amortisation of development and decommissioning costs		(2,051,490)	(1,807,191)
		(12,616,414)	(11,117,627)
GROSS PROFIT		16,261,723	17,506,428
Exploration costs	26	(1,792,468)	(593,554)
		14,469,255	16,912,874
Administration expenses	27	(93,211)	(99,483)
Finance cost	28	(830,372)	(684,576)
Other charges	29	(948,911)	(1,287,544)
		(1,872,494)	(2,071,603)
		12,596,761	14,841,271
Other income	30	1,953,965	2,547,207
PROFIT BEFORE TAXATION		14,550,726	17,388,478
Provision for taxation	31	(3,722,372)	(5,529,285)
PROFIT FOR THE YEAR		10,828,354	11,859,193
Earnings per share - Basic and diluted (Rupees)	36	45.78	50.13

The annexed notes 1 to 41 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, 2013

	2013	(Restated) 2012
	Rupees ('000)	
Profit for the year	10,828,354	11,859,193
Other comprehensive income		
Fair value adjustments on available-for-sale investments	(56,577)	48,561
Actuarial gain on staff retirement benefit plans	47,253	15,033
Tax credit related to actuarial gain on staff retirement benefit plans	(14,176)	(4,510)
	33,077	10,523
	(23,500)	59,084
Total comprehensive income	10,804,854	11,918,277

The annexed notes 1 to 41 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, 2013

	Note	2013	2012
		Rupees ('000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers		27,573,579	30,412,542
Operating and exploration costs paid		(9,237,503)	(7,867,074)
Royalty paid		(2,695,255)	(2,685,334)
Taxes paid		(3,081,354)	(4,592,122)
Cash provided by operating activities		12,559,467	15,268,012
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed assets additions		(6,985,838)	(4,137,557)
Proceeds from disposal of property, plant and equipment		19,964	10,453
Proceeds from disposal of working interest in a concession		8,387	-
Proceeds from sale of available-for-sale investments		681,000	16,384
Income on bank deposits and held-to-maturity investments		581,776	945,202
Other long term investments		-	(600,000)
Dividend income received		492,802	761,172
Cash used in investing activities		(5,201,909)	(3,004,346)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(12,994,960)	(10,021,988)
EFFECT OF EXCHANGE RATE CHANGES		305,131	407,977
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(5,332,271)	2,649,655
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		12,581,303	9,931,648
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	38	7,249,032	12,581,303

The annexed notes 1 to 41 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, 2013

	Share capital	Revenue reserves			Fair value gain/ (loss) on available-for-sale investments	Total
		Insurance reserve	Investment reserve	Unappropriated profit (Restated)		
	Rupees ('000)					
Balance at June 30, 2011 as previously reported	2,365,459	200,000	1,557,794	29,290,423	9,412	33,423,088
Change in accounting policy for recognition of actuarial gains and losses on staff retirement benefit plans - note 4.9	-	-	-	(134,789)	-	(134,789)
Balance at June 30, 2011 - restated	2,365,459	200,000	1,557,794	29,155,634	9,412	33,288,299
Total comprehensive income for the year:						
Profit for the year after taxation - restated	-	-	-	11,859,193	-	11,859,193
Other comprehensive income - restated	-	-	-	10,523	48,561	59,084
	-	-	-	11,869,716	48,561	11,918,277
Transactions with owners:						
Final dividend @ Rs 25 per share - Year ended June 30, 2011	-	-	-	(5,913,648)	-	(5,913,648)
Interim dividend @ Rs 17.5 per share - Year ended June 30, 2012	-	-	-	(4,139,554)	-	(4,139,554)
Total transactions with owners	-	-	-	(10,053,202)	-	(10,053,202)
Balance at June 30, 2012 - restated	2,365,459	200,000	1,557,794	30,972,148	57,973	35,153,374
Total comprehensive income for the year:						
Profit for the year after taxation	-	-	-	10,828,354	-	10,828,354
Other comprehensive income	-	-	-	33,077	(56,577)	(23,500)
	-	-	-	10,861,431	(56,577)	10,804,854
Transactions with owners:						
Final dividend @ Rs 35 per share - Year ended June 30, 2012	-	-	-	(8,279,107)	-	(8,279,107)
Interim dividend @ Rs 20 per share - Year ended June 30, 2013	-	-	-	(4,730,918)	-	(4,730,918)
Total transactions with owners	-	-	-	(13,010,025)	-	(13,010,025)
Balance at June 30, 2013	2,365,459	200,000	1,557,794	28,823,554	1,396	32,948,203

The annexed notes 1 to 41 form an integral part of these financial statements.

Shuaib A. Malik
Chief Executive

Abdus Sattar
Director

1. LEGAL STATUS AND OPERATIONS

The Company is incorporated in Pakistan as a public limited company and its shares are quoted on all the three 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

In the current year, the Company has adopted IAS 19 (Employee Benefits) before its effective date, whereby, the actuarial gains and losses on employees' retirement benefit plans are recognised immediately in other comprehensive income. Previously, the actuarial gains/losses in excess of the corridor limit were recognised in profit and loss account over the remaining service life of the employees. The change in accounting policy has been accounted for retrospectively and the comparative figures have thereby been restated. The effect of the restatement has been disclosed in note 4.9 of the financial statements.

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

		Effective date (annual periods beginning on or after)
IFRS 7	Financial instruments: Disclosures (Amendments)	January 1, 2013
IAS 1	Presentation of financial statements (Amendments)	January 1, 2013
IAS 16	Property, Plant and Equipment (Amendments)	January 1, 2013
IAS 27	Separate Financial Statements (Revised)	January 1, 2013
IAS 28	Investments in Associates and Joint Venture (Revised)	January 1, 2013
IAS 32	Financial instruments: Presentation (Amendments)	January 1, 2013 & & 2014
IAS 34	Interim Financial Reporting (Amendments)	January 1, 2013
IAS 36	Impairment of assets (Amendments)	January 1, 2014
IAS 39	Financial instruments: Recognition and measurement (Amendments)	January 1, 2014
IFRIC 20	Stripping costs in the production phase of a surface mine	January 1, 2013

The management anticipate that the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the financial statements other than in presentation / disclosures.

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

		Effective date (annual periods beginning on or after)
IFRS 1	First-time adoption of International Financial Reporting standards	July 1, 2009
IFRS 9	Financial instruments	January 1, 2015
IFRS 10	Consolidated financial statements	January 1, 2013
IFRS 11	Joint arrangements	January 1, 2013
IFRS 12	Disclosure of interests in other entities	January 1, 2013
IFRS 13	Fair value measurement	January 1, 2013
IFRIC 21	Levies	January 1, 2014

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of measurement

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

4.2 Operating segments

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

4.3 Functional and presentation currency

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

4.4 Foreign currency transactions and translation

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

4.5 Taxation

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

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

4.6 Provisions

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

4.7 Provision for decommissioning cost

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

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

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

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

The decommissioning cost has been discounted at a real discount rate of 2.5% p.a. (2012: 3.4% p.a.). The increase in provision due to unwinding of discount is recorded as finance cost.

4.8 Employee compensated absences

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

4.9 Staff retirement benefits

The Company operates the following staff retirement benefits plans:

(i) A pension plan for its management staff and a gratuity plan for its management and non-management staff. The pension and gratuity plans are invested through approved trust funds. Both are defined benefit final salary plans. The pension and gratuity plans are complementary plans for management staff. Pension payable to management staff is reduced by an amount determined by the actuary equivalent to amount paid by the gratuity fund. Management staff hired after January 1, 2012 are only entitled to benefits under gratuity fund. Actuarial valuations are conducted annually using the "Projected Unit Credit Method" and the latest valuation was conducted as at June 30, 2013. Since both are complementary plans, combined details and valuation for pension plan and gratuity plan are given in note 35.

In the current year, the Company has adopted revised IAS 19 'Employee Benefits'. The change in accounting policy has been accounted for retrospectively and the comparative figures have been restated as below. The adoption of above accounting policy has no impact on the cash flow statement.

	Effect for the year ended June 30, 2012	Cumulative effect upto June 30, 2011
	Rupees ('000)	
Profit and loss account		
Increase in current tax	(6,502)	(6,687)
Increase in Workers' Welfare Fund	(263)	(266)
Increase in Workers' Profit Participation Fund	(693)	(699)
Decrease in administration expenses	13,856	13,977
Increase in profit for the year	6,398	6,325
Other Comprehensive Income		
(Increase)/Decrease in actuarial gain/ (losses) for the year	15,033	(201,592)
(Increase) / Decrease in deferred tax expense for the year	(4,510)	60,478
Increase / (Decrease) in total comprehensive income for the year	10,523	(141,114)
Increase / (Decrease) in equity	16,921	(134,789)

Balance Sheet	Cumulative effect upto June 30, 2012
(Increase) in trade and other payables	(72,030)
(Increase) in provision for taxation	(13,189)
(Decrease) in advances, deposits, prepayments and other receivables	(88,617)
Decrease in deferred tax liability	55,968
Decrease in equity	(117,868)

(ii) Separate approved contributory provident funds for management and non-management employees for which contributions are made by the company and the employee at the rate of 10% of basic salary.

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 a straight line method at rates specified in note 12 to the financial statements. Depreciation is charged on additions from the month the asset becomes available for the intended use upto the month in which they are derecognised.

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

4.13 Exploration assets/costs and development costs

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

4.13.2 Exploration costs

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

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

4.13.3 Development costs

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

4.14 Investments in subsidiary and associated companies

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

4.15 Stores and spares

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

4.16 Stock in trade

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

4.17 Impairment of non-financial assets

Assets that have an indefinite useful life, for example land, are not subject to depreciation and are tested annually for impairment. Assets that are subject to depreciation are reviewed for impairment at each balance sheet date, or wherever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount for which the asset's carrying amount exceeds its recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each balance sheet date. Reversals of the impairment loss are restricted to the extent that asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no new impairment loss had been recognised. An impairment loss or reversal of impairment loss is recognised in income for the year.

4.18 Financial instruments

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument and derecognised 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 de-recognition 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 re-measurement 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 ventures 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 4.7

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 4.5

	2013	2012
	Rupees ('000)	
6. SHARE CAPITAL		
Authorised capital		
500,000,000 (2012: 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 (2012: 20,200,000) ordinary shares	202,000	202,000
Shares issued as fully paid bonus shares		
216,345,920 (2012: 216,345,920) ordinary shares	2,163,459	2,163,459
236,545,920 (2012: 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 (2012: 124,776,965) ordinary shares at the year end.

	2013	(Restated) 2012
	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	28,823,554	30,972,148
	30,581,348	32,729,942

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.

		2013	2012
		Rupees ('000)	
8.	LONG TERM DEPOSITS		
	Security deposits from distributors for cylinders/equipment	475,172	461,689
	Security deposits from distributors and others	42,689	42,759
		517,861	504,448

		2013	(Restated) 2012
		Rupees ('000)	
9.	DEFERRED LIABILITIES		
	Provision for deferred income tax - note 9.1	5,599,824	4,998,032
	Provision for decommissioning cost - note 9.2	6,623,828	5,443,309
	Provision for staff compensated absences	10,710	7,140
		12,234,362	10,448,481
9.1	Provision for deferred income tax		
	The provision for deferred income tax represents:		
	Temporary differences between accounting and tax depreciation/amortisation	5,702,790	5,102,072
	Provision for stores and spares	(61,081)	(47,979)
	Provision for doubtful receivable	(93)	(93)
	Deferred tax on actuarial losses	(41,792)	(55,968)
		5,599,824	4,998,032

		2013	2012
		Rupees ('000)	
9.2	Provision for decommissioning cost		
	Balance brought forward	5,443,309	3,358,125
	Revision due to change in estimates	297,197	1,314,647
	Provision during the year	110,839	86,985
	Unwinding of discount	565,793	369,268
	Exchange loss	263,183	314,284
	Reversal of provision related to disposal of working interest in a concession	(56,493)	-
		6,623,828	5,443,309

		2013	(Restated) 2012
		Rupees ('000)	
10.	TRADE AND OTHER PAYABLES		
	Creditors	220,591	232,285
	Due to related parties		
	Attock Petroleum Limited	-	11,355
	Attock Hospital (Pvt.) Limited	161	7
	Capgas (Pvt.) Limited	-	1,170
	Management Staff Pension Fund	16,521	70,109
	General Staff Provident Fund	2,119	-
	Workers' Profit Participation Fund - note 10.1	770,533	933,305
	Joint venture partners		
	The Attock Oil Company Limited	9,589	47,286
	Others	1,479,380	453,576
	Accrued liabilities	2,141,501	1,096,696
	Advance payment from customers	42,467	48,902
	Royalty	397,156	358,221
	Sales tax	59,053	111,482
	Excise duty	3,740	3,609
	Workers' Welfare Fund	1,038,017	1,073,651
	Liability for staff compensated absences	10,740	10,315
	Unclaimed dividends	100,839	85,774
		6,292,407	4,537,743
10.1	Workers' Profit Participation Fund		
	Balance at beginning of the year	933,305	800,830
	Amount allocated for the year	770,150	933,004
	Amount paid to the Fund's trustees	(932,922)	(800,529)
		770,533	933,305

		2013	2012
		Rupees ('000)	
11.	CONTINGENCIES AND COMMITMENTS		
	Capital expenditure commitments outstanding		
	Share in Joint Ventures	10,423,047	9,767,929
	Own fields	3,371,591	1,013,951
12.	PROPERTY, PLANT AND EQUIPMENT		
	Operating assets - note 12.1	4,364,144	3,975,111
	Capital work in progress - note 12.5	3,437,043	188,670
		7,801,187	4,163,781

12.1 Operating assets

	Freehold land	Buildings	Pipelines and pumps	Plant and machinery		Gas cylinders	Motor vehicles	Chattels	Computer and software development	Total
				Field plants	Rigs					
	Rupees ('000)									
As at July 1, 2011										
Cost	18,802	212,103	948,602	5,706,353	427,481	437,488	230,453	91,696	190,902	8,263,880
Accumulated depreciation	-	(115,836)	(419,787)	(2,587,263)	(270,190)	(376,299)	(174,602)	(52,889)	(144,578)	(4,141,444)
Net book value	18,802	96,267	528,815	3,119,090	157,291	61,189	55,851	38,807	46,324	4,122,436
Year ended June 30, 2012										
Opening net book value	18,802	96,267	528,815	3,119,090	157,291	61,189	55,851	38,807	46,324	4,122,436
Additions	2,574	98,475	25,626	175,197	41,594	19,211	79,512	19,409	29,909	491,507
Disposals										
Cost	-	-	(94)	(6,556)	(3,561)	(6,947)	(11,889)	(836)	(12,007)	(41,890)
Depreciation	-	-	94	4,786	1,325	6,583	11,273	782	12,005	36,848
	-	-	-	(1,770)	(2,236)	(364)	(616)	(54)	(2)	(5,042)
Depreciation charge	-	(10,345)	(69,716)	(443,191)	(27,655)	(13,377)	(34,618)	(9,082)	(25,806)	(633,790)
Closing net book value	21,376	184,397	484,725	2,849,326	168,994	66,659	100,129	49,080	50,425	3,975,111
As at July 1, 2012										
Cost	21,376	310,578	974,134	5,874,994	465,514	449,752	298,076	110,269	208,804	8,713,497
Accumulated depreciation	-	(126,181)	(489,409)	(3,025,668)	(296,520)	(383,093)	(197,947)	(61,189)	(158,379)	(4,738,386)
Net book value	21,376	184,397	484,725	2,849,326	168,994	66,659	100,129	49,080	50,425	3,975,111
Year ended June 30, 2013										
Opening net book value	21,376	184,397	484,725	2,849,326	168,994	66,659	100,129	49,080	50,425	3,975,111
Additions	-	17,934	295,401	515,579	62,740	11,551	62,750	7,571	102,964	1,076,490
Disposals										
Cost	-	-	(14,696)	(50,169)	(8,394)	(4,993)	(7,120)	(727)	(75)	(86,174)
Depreciation	-	-	14,680	44,154	8,064	4,899	6,282	706	75	78,860
	-	-	(16)	(6,015)	(330)	(94)	(838)	(21)	-	(7,314)
Depreciation charge	-	(14,457)	(76,676)	(460,819)	(28,408)	(20,434)	(38,030)	(9,773)	(31,546)	(680,143)
Closing net book value	21,376	187,874	703,434	2,898,071	202,996	57,682	124,011	46,857	121,843	4,364,144
As at June 30, 2013										
Cost	21,376	328,512	1,254,839	6,340,404	519,860	456,310	353,706	117,113	311,693	9,703,813
Accumulated depreciation	-	(140,638)	(551,405)	(3,442,333)	(316,864)	(398,628)	(229,695)	(70,256)	(189,850)	(5,339,669)
Net book value	21,376	187,874	703,434	2,898,071	202,996	57,682	124,011	46,857	121,843	4,364,144
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 13 thousand; cost of Rs 612 thousand and depreciation of Rs 599 thousand (2012 : book value of Rs. 1,716; cost of Rs 4,557 thousand and depreciation of Rs 2,841 thousand).

	Cost		Accumulated depreciation	
	2013	2012	2013	2012
	Rupees ('000)		Rupees ('000)	

12.2 Cost and accumulated depreciation include:

Share in Joint Ventures operated by the Company	1,386,807	1,392,199	966,379	888,537
Assets not in possession of the Company				
Share in Joint Ventures operated by others	4,426,437	3,754,965	1,606,370	1,271,270
Gas cylinders - in possession of distributors	437,752	434,464	382,719	370,607
	6,250,996	5,581,628	2,955,468	2,530,414

12.3 The depreciation charge has been allocated as follows:

	2013	2012
Operating cost	666,491	586,079
Other income - Crude transportation income	13,053	44,870
Inter-transfers	599	2,841
	680,143	633,790

12.4 Property, plant and equipment disposals:

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

	Original cost	Book value	Sale proceeds	Mode of disposal	Particulars of purchaser
	Rupees ('000)				
Motor vehicles	986	822	965	Insurance claim	EFU Insurance
Plant & Machinery	11,101	5,439	14,133	As per agreement	Pakistan Petroleum Limited - ADHI Joint venture partner
Plant & Machinery	46,835	318	66,109	As per agreement	SPUD Energy Pty Limited, sale of working interest in East Badin Joint venture

	Buildings	Plant and machinery/ Pipelines and pumps	Computers and software development	Total
	Rupees ('000)			
12.5 Capital work in progress				
Balance as at July 1, 2011	63,352	67,790	4,182	135,324
Additions during the year	24,088	195,904	1,372	221,364
Transfers during the year	(82,372)	(83,268)	(2,378)	(168,018)
Balance as at June 30, 2012	5,068	180,426	3,176	188,670
Balance as at July 1, 2012	5,068	180,426	3,176	188,670
Additions / (Reversals) during the year	(1,076)	3,259,243	9,010	3,267,177
Transfers during the year	(3,992)	(14,812)	-	(18,804)
Balance as at June 30, 2013	-	3,424,857	12,186	3,437,043

		2013	2012
		Rupees ('000)	
12.6 Break up of capital work in progress at June 30 is as follows:			
Own fields		26,262	24,654
Share in Joint Ventures operated by others			
MOL Pakistan Oil and	- TAL Block	3,385,568	148,093
Gas Company B.V.	- Margala Block	270	270
Oil and Gas Development Company Limited	- Kotra	24,943	2,143
Pakistan Petroleum Limited	- Adhi	-	12,869
Ocean Pakistan Limited	- Ratana	-	641
		3,437,043	188,670

13. DEVELOPMENT AND DECOMMISSIONING COSTS

	Development Cost	Decommissioning Cost	Total
		Rupees ('000)	
As at July 1, 2011			
Cost	18,228,594	1,732,324	19,960,918
Accumulated amortisation	(8,298,217)	(1,094,287)	(9,392,504)
Net book value	9,930,377	638,037	10,568,414
Year ended June 30, 2012			
Opening net book value	9,930,377	638,037	10,568,414
Additions	1,754,843	86,985	1,841,828
Revision due to change in estimates	-	1,314,647	1,314,647
Wells cost transferred from exploration and evaluation assets - note 14	3,770,093	-	3,770,093
Amortisation for the year	(1,646,529)	(160,662)	(1,807,191)
Closing net book value	13,808,784	1,879,007	15,687,791
As at July 1, 2012			
Cost	23,753,530	3,133,956	26,887,486
Accumulated amortisation	(9,944,746)	(1,254,949)	(11,199,695)
Net book value	13,808,784	1,879,007	15,687,791
Year ended June 30, 2013			
Opening net book value	13,808,784	1,879,007	15,687,791
Additions	1,396,368	110,839	1,507,207
Revision due to change in estimates	-	297,197	297,197
Wells cost transferred from exploration and evaluation assets - note 14	1,169,697	-	1,169,697
Disposals			
Cost	(178,524)	(24,111)	(202,635)
Accumulated Amortisation	178,524	24,111	202,635
	-	-	-
Amortisation for the year	(1,876,160)	(175,330)	(2,051,490)
Closing net book value	14,498,689	2,111,713	16,610,402
As at June 30, 2013			
Cost	26,141,071	3,517,881	29,658,952
Accumulated amortisation	(11,642,382)	(1,406,168)	(13,048,550)
Net book value	14,498,689	2,111,713	16,610,402

		2013	2012
		Rupees ('000)	
14. EXPLORATION AND EVALUATION ASSETS			
Balance brought forward		2,883,055	4,810,730
Additions during the year		1,484,272	1,958,900
		4,367,327	6,769,630
Wells cost transferred to development cost - note 13		(1,169,697)	(3,770,093)
Dry and abandoned wells cost charged to the profit and loss account - note 26		(219,053)	(116,482)
		2,978,577	2,883,055
14.1 Break up of exploration and evaluation assets at June 30 is as follows:			
Share in Joint Ventures operated by the Company			
	- Ikhlas	1,878,123	769,247
Share in Joint Ventures operated by others			
MOL Pakistan Oil and Gas Company B.V.	- TAL Block	664,311	1,665,406
Oil and Gas Development Company Limited	- Chak Naurang	436,143	448,402
		2,978,577	2,883,055

	2013 Percentage holding	2013 Amount Rs ('000)	2012 Percentage holding	2012 Amount Rs ('000)
15. LONG TERM INVESTMENTS IN SUBSIDIARY AND ASSOCIATED COMPANIES - AT COST				
Subsidiary company				
Unquoted				
CAPGAS (Private) Limited 344,250 (2012: 344,250) fully paid ordinary shares including 191,250 (2012: 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 (2012: 19,991,640) fully paid ordinary shares including 3,331,940 (2012: 3,331,940) bonus shares of Rs 10 each Quoted market value as at June 30, 2013: Rs 4,809,589 thousand (2012:Rs 4,625,866 thousand)	25	8,046,635	25	8,046,635
Attock Petroleum Limited (APL) 4,850,496 (2012: 4,850,496) fully paid ordinary shares including 1,482,096 (2012: 1,482,096) bonus shares of Rs 10 each Quoted market value as at June 30, 2013: Rs 2,721,710 thousand; (2012:Rs 2,300,930 thousand)	7	1,562,938	7	1,562,938
Unquoted				
Attock Information Technology Services (Pvt.) Limited (AITSL) 450,000 (2012: 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 3.5% (2012: 5.15%), a terminal growth rate of 4.0% (2012: 3.5%) and a capital asset pricing model based discount rate of 18.27% (2012: 20.13%).

	2013	2012
	Rupees ('000)	
16. OTHER LONG TERM INVESTMENTS		
Held-to-maturity investments		
Pakistan Investment Bonds - note 16.1	-	51,007
Available-for-sale investments - note 16.2	5,063	658,672
	5,063	709,679
Investments maturing within twelve months shown under current assets - note 22	-	(51,007)
	5,063	658,672

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

The fair value of held-to-maturity investments at June 30, 2012 was Rs 48,638 thousand.

16.2 Available-for-sale investments

	2013	2012
Balance at the beginning of the year	658,672	17,662
Investment during the year	-	600,000
Fair value adjustment	27,391	48,561
Disposals during the year	(681,000)	(16,384)
Reversal of impairment loss	-	8,833
Balance at the end of the year	5,063	658,672

	2013				2012
	Number of shares/units	Cost less impairment loss	Adjustment arising from re-measurement to fair value	Fair value	Fair value
			Rupees ('000)		
16.2.1 Available-for-sale investments at June 30 include the following:					
Listed securities:					
Meezan Sovereign Fund	8,843	378	73	451	175,024
Pakistan Cash Management Fund	10,124	429	82	511	141,940
IGI Money Market Fund	10,249	862	176	1,038	142,957
Atlas Money Market Fund	963	404	79	483	142,579
UBL Liquidity Plus Fund	10,678	896	173	1,069	54,793
Unlisted securities:					
Atlas Asset Management Company	3,001	698	813	1,511	1,379
	-	3,667	1,396	5,063	658,672

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, 2013 as quoted by the respective Asset Management Company.

	2013	2012
	Rupees ('000)	
17. LONG TERM LOANS AND ADVANCES, CONSIDERED GOOD		
Executives - note 17.1	15,343	13,277
Other employees	23,008	26,017
	38,351	39,294
Less: Amount due within twelve months, shown under current loans and advances - note 21	22,794	23,021
	15,557	16,273

17.1 Movement in loans to Executives

	Balance as at June 30, 2013	Disbursements	Repayments	Balance as at June 30, 2012
		Rupees ('000)		
Executives	13,277	20,191	(18,125)	15,343

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 16,839 thousand (2012: Rs 20,974 thousand) respectively.

		2013	2012
		Rupees ('000)	
18.	**STORES AND SPARES**		
	Stores and spares - note 18.1	3,728,315	3,099,239
	Less: Provision for slow moving items - note 18.2	203,515	159,931
		3,524,800	2,939,308
18.1	**Stores and spares include:**		
	Share in Joint Ventures operated by the Company	313,926	155,920
	Share in Joint Ventures operated by others (assets not in possession of the Company)	1,228,543	1,005,398
		1,542,469	1,161,318
18.2	**Provision for slow moving items**		
	Balance brought forward	159,931	128,931
	Provision for the year	43,584	31,000
		203,515	159,931
19.	**STOCK IN TRADE**		
	Crude oil and other products	151,345	134,199

These include Rs 38,171 thousand (2012: Rs 38,483 thousand) being the Company's share in Joint Ventures operated by the Company.

		2013	2012
20.	**TRADE DEBTS - Considered good**		
	Due from related parties - note 20.1	2,892,041	1,450,931
	Others	1,979,051	1,555,636
		4,871,092	3,006,567
20.1	**Due from related parties**		
	Associated companies		
	Attock Refinery Limited	1,535,504	1,450,931
	National Refinery Limited	1,355,420	-
	Attock Petroleum Limited	1,117	-
		2,892,041	1,450,931

Ageing analysis of trade debts receivable from related parties is given in note 34.3 to the financial statements.

		2013	(Restated) 2012
		Rupees ('000)	
21.	**ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES**		
	Loans and advances - considered good		
	Employees - note 17	22,794	23,021
	Suppliers	20,003	39,168
		42,797	62,189
	Trade deposits and short term prepayments		
	Deposits	143,411	128,670
	Short-term prepayments	261,136	132,362
		404,547	261,032
	Interest income accrued	24,342	100,526
	Other receivables		
	Joint venture partners	80,506	11,471
	Due from related parties		
	Parent company		
	The Attock Oil Company Limited	118,846	7,377
	Associated company		
	National Refinery Limited	-	15,138
	Attock Leisure Management Association	26	110
	Attock Cement Limited	-	3
	Subsidiary company		
	Capgas (Pvt.) Limited	23	-
	Staff Provident Fund	8,738	5,403
	Gratuity Fund - note 35.1	21,035	9,453
	PIBs encashment proceeds receivables	50,000	-
	Other receivables (net of provision for doubtful receivable Rs 310 thousand (2012: Rs 310 thousand))	65,403	40,647
		344,577	89,602
		816,263	513,349

		2013	2012
		Rupees ('000)	
22.	**SHORT TERM INVESTMENTS**		
	Held to maturity Investments:		
	Treasury bills maturing within next three months - note 22.1	-	3,847,900
	Held-to-maturity investments maturing within next twelve months - note 16	-	51,007
		-	3,898,907

22.1 The effective interest on Treasury bills ranges between 11.78% to 11.87% per annum (2012: 11.55% to 13.53% per annum)

	2013	2012
	Rupees ('000)	
23. CASH AND BANK BALANCES		
Bank balance on		
Short term deposits	5,912,106	6,454,667
Interest/mark-up bearing saving accounts	1,246,177	2,198,831
Current accounts	85,755	76,190
	7,244,038	8,729,688
Cash in hand	4,994	3,715
	7,249,032	8,733,403

Balance with banks include foreign currency balances of US $ 61,668 thousand (2012: US $ 63,147 thousand). The balances in saving accounts and short term deposits earned interest/mark-up ranging from 0.1% to 12.00% (2012: 0.25% to 12.75%).

	2013	2012
	Rupees ('000)	
24. NET SALES		
Crude oil	15,390,239	14,395,895
Gas	8,157,446	8,803,724
POLGAS - Refill of cylinders	5,053,909	5,139,770
Solvent oil	244,805	220,469
Sulphur	31,738	64,197
	28,878,137	28,624,055

	2013	2012
	Rupees ('000)	
25. OPERATING COSTS		
Operating cost - Own fields	652,473	527,687
- Share in Joint Ventures	2,109,204	1,796,865
Well work over	1,061,873	132,785
POLGAS -Cost of gas/LPG, carriage etc	3,033,885	3,044,418
Head office and insurance charges	1,714	140,456
Pumping and transportation cost	57,231	41,860
Depreciation	666,491	586,079
	7,582,871	6,270,150
Opening stock of crude oil and other products	134,199	126,411
Closing stock of crude oil and other products	(151,345)	(134,199)
	7,565,725	6,262,362

		2013	2012
		Rupees ('000)	
26. EXPLORATION COSTS			
Geological and geophysical cost			
Own fields		1,938	12,113
Share in Joint Ventures operated by the Company			
	- Kirthar South	17,595	19,617
	- Ikhlas	59,832	37,538
	- Ahmadal	32,885	-
	- DG Khan	175,556	21,506
	- Rajanpur	371,286	25,147
Share in Joint Ventures operated by the others			
Ocean Pakistan Limited	- Dhurnal	717	524
	- Bhangali	37	15,924
MOL Pakistan Oil and Gas Company B.V.	- TAL Block	633,565	195,533
	- Margala Block	23,343	40,050
	- Margala North Block	21,908	93,594
Oil and Gas Development Company Limited	- Kotra	773	1,834
	- Gurgalot	90,068	(1,856)
	- Chak Naurang	1,419	1,591
Pakistan Petroleum Limited	- Adhi	142,493	13,957
		1,573,415	477,072
Dry and abandoned wells cost - note 14			
Share in Joint Ventures operated by others			
Oil and Gas Development Company Limited	- Chaknaurang	219,053	-
	- Gurgalot	-	116,482
		219,053	116,482
		1,792,468	593,554

		2013	(Restated) 2012
		Rupees ('000)	
27.	**ADMINISTRATION EXPENSES**		
	Establishment charges	148,757	190,556
	Telephone and telex	1,075	1,108
	Medical expenses	4,180	3,422
	Printing, stationery and publications	6,512	3,846
	Insurance	4,544	3,509
	Travelling expenses	3,415	3,419
	Motor vehicle running expenses	8,712	7,022
	Rent, repairs and maintenance	12,826	11,364
	Auditor's remuneration - note 27.1	3,863	3,210
	Legal and professional charges	6,753	4,644
	Stock exchange and CDC fee	1,313	1,540
	Computer support and maintenance charges	15,558	9,883
	Other expenses	4,283	1,011
		221,791	244,534
	Less: Amount allocated to field expenses	128,580	145,051
		93,211	99,483

		2013	2012
		Rupees ('000)	
27.1	**Auditor's remuneration:**		
	Statutory audit	1,210	1,100
	Review of half yearly accounts, audit of consolidated accounts, staff funds, special certifications	938	910
	Tax services	1,500	1,000
	Out of pocket expenses	215	200
		3,863	3,210
28.	**FINANCE COST**		
	Provision for decommissioning cost - note 9.2		
	- Unwinding of discount	565,793	369,268
	- Exchange loss	263,183	314,284
	Banks' commission and charges	1,396	1,024
		830,372	684,576

	2013	(Restated) 2012
	Rupees ('000)	
29. OTHER CHARGES		
Workers' Profit Participation Fund	770,150	933,003
Workers' Welfare Fund	178,761	354,541
	948,911	1,287,544

	2013	2012
	Rupees ('000)	
30. OTHER INCOME		
Income from financial assets		
Income on bank deposits	369,446	562,043
Income on held-to-maturity investments	135,139	417,795
Exchange gain on financial assets	305,131	407,977
Profit on disposal of available-for-sale investments	83,968	-
Impairment loss reversed on available-for-sale investments	-	8,833
Income from investments in subsidiary and associated companies		
Dividend from subsidiary and associated companies - note 30.1	492,802	761,172
Income from assets other than financial assets		
Rental income (net of related expenses Rs 14,280 thousand; 2012: Rs 23,048 thousand)	170,227	162,397
Crude oil/gas transportation income (net of related expenses Rs 73,976 thousand; 2012: Rs 52,260 thousand)	131,663	59,686
Gas processing fee	179,360	154,157
Profit on sale of property, plant and equipment	12,663	7,127
Gain on disposal of working interest in a concession	65,791	-
Sale of stores and scrap	638	1157
Others	7,137	4,863
	1,953,965	2,547,207

30.1 Dividend from subsidiary and associated companies

	2013	2012
Subsidiary company		
Capgas (Pvt.) Limited	35,286	30,982
Associated companies		
National Refinery Limited	299,875	499,791
Attock Petroleum Limited	157,641	230,399
	492,802	761,172

		2013	(Restated) 2012
		Rupees ('000)	
31.	PROVISION FOR TAXATION		
	Current		
	- for the year	3,120,580	4,371,635
	- for prior period	-	447,000
		3,120,580	4,818,635
	Deferred		
	- for the year	601,792	710,650
		3,722,372	5,529,285
31.1	Reconciliation of tax charge for the year		
	Accounting profit	14,550,726	17,388,478
	* Tax at applicable tax rate of 51.73 % (2012: 50.40%)	7,527,091	8,763,793
	Tax effect of depletion allowance and royalty payments	(2,918,762)	(3,300,912)
	Tax effect of income that is not taxable or taxable at reduced rates	(739,356)	(380,596)
	Other	(146,601)	-
	Tax effect of prior year	-	447,000
	Tax charge for the year	3,722,372	5,529,285

* 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 75% of the total revenue during the year ended June 30, 2013 (June 30, 2012: 79%).

33. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	Chief Executive		Executives	
	2013	2012	2013	2012
	Rupees ('000)		Rupees ('000)	
Managerial remuneration	6,151	5,896	85,611	79,278
Bonus	3,844	4,337	43,063	52,672
Housing, utility and conveyance	4,675	4,434	89,287	82,815
Company's contribution to pension, gratuity and provident funds	960	2,317	35,088	32,314
Leave passage	839	835	10,904	10,625
Other benefits	2,584	1,447	24,651	26,877
	19,053	19,266	288,604	284,581
No. of persons, including those who worked part of the year	1	1	84	80

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.

Seven directors and the Chief Executive of the Company were paid meeting fee aggregating Rs 3,351 thousand (2012: Rs 3,070 thousand) based on actual attendance. An honorarium of Rs Nil (2012: Rs 319 thousand) was paid to a non-executive director.

Remuneration of executives are net of charge to subsidiary and associated companies amounting to Rs 17,434 thousand (2012: Rs 17,150 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, 2013				
Financial Assets				
Maturity up to one year				
Trade debts	-	4,871,092	-	4,871,092
Advances , deposits and other receivables	-	535,124	-	535,124
Cash and bank balances	-	7,249,032	-	7,249,032
Maturity after one year				
Other long term investments	-	-	5,063	5,063
Long term loans and advances	-	15,557	-	15,557
	-	12,670,805	5,063	12,675,868

	Other financial liabilities	Total
	Rupees ('000)	
Financial Liabilities		
Maturity up to one year		
Trade and other payables	6,249,940	6,249,940
Maturity after one year		
Long term deposits	517,861	517,861
Provision for decommissioning cost	6,623,828	6,623,828
Provision for staff compensated absences	10,710	10,710
	13,402,339	13,402,339

	Held to Maturity investments	Loans and receivables	Available-for-sale investments	Total
	Rupees ('000)			
June 30, 2012 - restated				
Financial Assets				
Maturity up to one year				
Trade debts	-	3,006,567	-	3,006,567
Advances, deposits and other receivables	-	341,819	-	341,819
Short term investments	3,898,907	-	-	3,898,907
Cash and bank balances	-	8,733,403	-	8,733,403
Maturity after one year				
Other long term investments	-	-	658,672	658,672
Long term loans and advances	-	16,273	-	16,273
	3,898,907	12,098,062	658,672	16,655,641

	Other financial liabilities	Total
	Rupees ('000)	
Financial Liabilities		
Maturity up to one year		
Trade and other payables	4,488,841	4,488,841
Maturity after one year		
Long term deposits	504,448	504,448
Provision for decommissioning cost	5,443,309	5,443,309
Provision for staff compensated absences	7,140	7,140
	10,443,738	10,443,738

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	2013	2012
		Rupees ('000)	
Held-to-maturity investments			
Counterparties without external credit rating			
Securities issued/supported by Government of Pakistan		-	3,898,907
Available for sale investments			
Counterparties with external credit rating	A M 2	1,511	1,379
	A A	1,972	-
	A A A	511	141,940
	A A +	1,069	197,372
Counterparties without external credit rating			
Equity securities with no defaults in the past		-	317,981
		5,063	658,672
Trade debts			
Counterparties with external credit rating	A 1 +	4,762,568	2,932,307
Counterparties without external credit rating			
Existing customers/joint venture partners with no default in the past		108,524	74,260
		4,871,092	3,006,567

	Rating	2013	(Restated) 2012
		Rupees ('000)	
Advances, deposits and other receivables			
Counterparties with external credit rating	A 1 +	125,555	77,387
	A 1	15	3,320
	A 2	75,381	-
	A 3	144	
Counterparties without external credit rating			
Existing customers/joint venture partners with no default in the past		97,164	105,510
Receivable from employees/employee benefit plans		67,324	38,227
Receivable from parent company		118,846	7,377
Others		50,695	109,998
		535,124	341,819

	Rating	2013	2012
		Rupees ('000)	
Bank balances			
Counterparties with external credit rating	A 1 +	7,123,283	8,461,315
	A 1	102,915	121,850
	A 2	23	22
	A 3	17,817	146,501
		7,244,038	8,729,688
Long term loans and advances			
Counterparties without external credit rating			
Receivable from employees		15,557	16,273

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, 2013, trade debts of Rs 1,409,847 thousand (2012: Rs 352,855 thousand) were past due but not impaired. The ageing analysis of these trade receivables is as follows:

	2013	2012
	Rupees ('000)	
Due from related parties		
Up to 3 months	445,628	-
3 to 6 months	6,808	-
6 to 12 months	2,274	1,449
Above 12 months	91,015	196,677
	545,725	198,126
Due from others		
Up to 3 months	780,172	60,385
3 to 6 months	39,430	-
6 to 12 months	21,963	33
Above 12 months	22,557	94,311
	864,122	154,729
	1,409,847	352,855

(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, 2013, the Company had financial assets of Rs 12,675,868 thousand (2012: Rs 16,655,641 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 year	Over 5 years
		Rupees ('000)	
At June 30, 2013			
Long term deposits	-	517,861	-
Provision for decommissioning cost	-	7,008,680	4,621,524
Provision for staff compensated absences	-	10,710	-
Trade and other payables	6,249,940	-	-
At June 30, 2012 - restated			
Long term deposits	-	504,448	-
Provision for decommissioning cost	-	3,575,673	7,287,037
Provision for staff compensated absences	-	7,140	-
Trade and other payables	4,488,841	-	-

(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 9,422,072 thousand (2012: Rs 7,155,983 thousand) and financial liabilities include Rs 9,053,090 thousand (2012: Rs 6,110,452 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 23,984 thousand (2012: Rs 67,959 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 Rs 7,158,283 thousand (2012: Rs 12,552,405 thousand) and financial liabilities include Rs 6,623,828 thousand (2012: Rs 5,443,309 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 25,957 thousand (2012: Rs 49,466 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 5,063 thousand (2012: Rs 658,672 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:

	2013	(Restated) 2012
	Rupees ('000)	
35.1 The amounts recognized in the balance sheet are as follows:		
Present value of defined benefit obligations	1,120,439	1,092,285
Fair value of plan assets	(1,124,953)	(1,031,629)
	(4,514)	60,656
Amounts in the balance sheet:		
Gratuity Fund (Asset)	(21,035)	(9,453)
Management Staff Pension Fund Liability	16,521	70,109
Net (asset)/ liability	(4,514)	60,656
35.2 The amounts recognized in the profit and loss account are as follows:		
Current service cost	33,802	41,296
Past service cost	10,552	-
Net interest cost	4,381	35,572
	48,735	76,868
35.3 Changes in the present value of defined benefit obligation are as follows:		
Opening defined benefit obligation	1,092,285	1,003,442
Current service cost	33,802	41,296
Past service cost	10,552	-
Interest cost	139,009	135,522
Re-measurement	(56,420)	(14,726)
Benefits paid	(91,956)	(73,249)
Transfer	(6,833)	-
Closing defined benefit obligation	1,120,439	1,092,285
35.4 Changes in fair value of plan assets are as follows:		
Opening fair value of plan assets	1,031,629	743,391
Interest income	134,628	99,950
Re-measurement	(9,167)	307
Contribution by employer	66,652	261,230
Benefits paid	(91,956)	(73,249)
Transfer	(6,833)	-
Closing fair value of plan assets	1,124,953	1,031,629

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

	2013		2012	
	Rupees ('000)	%age	Rupees ('000)	%age
Government bonds	120,174	11	227,255	22
National savings deposits	20,126	2	20,125	2
Corporate bonds	1,859	-	2,802	-
Unit trusts	-	-	7,453	1
Cash and cash equivalents	988,742	88	806,625	78
Allocated to holding company	(5,948)	(1)	(32,631)	(3)
	1,124,953	100	1,031,629	100

Government bonds are valued at quoted market price and are therefore level 1. Corporate bonds are level 2 assets. Cash equivalents and National Savings deposits include level 2 assets.

Both funds covered were invested within limits specified by regulations governing investment of approved retirement funds in Pakistan. The funds have no investment in the company's own securities.

35.6 Principal actuarial assumptions

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

	2013	2012
	Percentage (%)	
Discount rate	11.00	13.25
Expected rate of salary increase	9.00	11.00
Expected rate of pension increase	5.80	7.80
Expected rate of return on investments	-	13.25

35.7 Mortality was assumed to be 70% of the EFU(61-66) Table at valuations on both dates, June 30, 2012 and 2013.

35.8 The pension gratuity plans are defined benefits final salary plans both plans are invested through approved trust funds. The trustees of the funds are responsible for plan administration and investment. The Company appoints the trustees. All trustees are employees of the Company.

The plans expose the Company to various actuarial risks: investment risk and salary risk from both plans and longevity risk from the pension plan.

The asset ceiling does not apply. The Company can use the surplus in the gratuity fund to reduce its future contributions or can apply to the commissioner of Income Tax for a refund.

35.9 Sensitivity analysis

The calculation of the defined benefit obligation is sensitive to assumptions set out above. The following table summarizes how the impact on the defined benefit obligation at the end of the reporting period would have increased (decreased) as a result of a change in respective assumptions by one percent.

	Defined benefit obligation	
	1 percent increase	1 percent decrease
	Rupees ('000)	
Discount rate	(89,827)	107,663
Salary increase	30,366	(26,746)
Pension increase	77,555	66,302

If life expectancy increases by 1 year, the obligation increases by Rs 28,014.

The impact of changes in financial assumptions has been determined by revaluation of the obligations on different rates. The impact of increase in longevity has been calculated on the aggregate for each class of employees.

35.10 The weighted average number of the defined benefit obligation is given below:

	Pension	Gratuity
	Rupees ('000)	
Plan Duration		
June 30, 2012	12.7	4.9
June 30, 2013	12.2	4.6

35.11 The Company contributes to the pension and gratuity funds on the advice of the fund's actuary. The contributions are equal to the current service cost with adjustment for any deficit.

	Pension	Gratuity
	Rupees ('000)	
Projected payments		
Contributions FY 2014	20,554	-
Benefit payments:		
FY 2014	47,262	39,009
FY 2015	52,396	44,832
FY2016	59,331	60,464
FY 2017	64,947	63,440
FY 2018	70,660	54,475
FY 2019-23	443,528	214,609

	2013	(Restated) 2012
	Rupees ('000)	

36. EARNINGS PER SHARE - BASIC AND DILUTED

	2013	2012
Profit for the year (in thousand rupees)	10,828,354	11,859,193
Weighted average number of ordinary shares in issue during the year (in thousand shares)	236,546	236,546
Basic and diluted earnings per share (Rupees)	45.78	50.13

Earnings per share for the year 2012 has been restated from Rs 50.11 per share to Rs 50.13 per share as a result of early adoption of IAS - 19 as explained in note 4.9 to the financial statements.

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:

	2013	2012
	Rupees ('000)	
Parent company - The Attock Oil Company Limited		
Purchase of petroleum products	82,720	119,356
Purchase of services	7,211	-
Sale of services	326	203
Subsidiary company - Capgas (Private) Limited		
Sale of services	14,268	13,771
Purchase of services	3,748	5,531
Associated companies		
Attock Refinery Limited		
Sale of crude oil and gas	14,039,124	14,396,928
Crude oil and gas transmission charges	11,377	19,651
Sale of services	4,286	4,663
Purchase of LPG	732,860	780,359
Purchase of fuel	11,608	8,736
Purchase of services	17,661	14,858
National Refinery Limited		
Sale of crude oil	1,355,741	-
Purchase of LPG	352,312	361,015
Purchase of services	1,572	1,405

	2013	2012
	Rupees ('000)	
Attock Petroleum Limited		
Purchase of fuel and lubricants	707,610	661,565
Purchase of services	675	869
Sale of solvent oil	283,204	256,071
Sale of services	6,464	7,962
Attock Information Technology (Private) Limited		
Purchase of services	21,272	18,836
Attock Cement Pakistan Limited		
Purchase of services	38	53
Attock Hospital (Private) Limited		
Purchase of medical services	6,241	6,909
Attock Leisure Management Association		
Sale of services	570	577
Other related parties		
Contribution to staff retirement benefits plans		
Management Staff Pension Fund and Gratuity Fund	66,652	261,230
Approved Contributory Provident Funds	23,645	23,300
Contribution to Workers' Profit Participation Fund	770,150	933,004

38. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise

	2013	2012
Cash and bank balances	7,249,032	8,733,403
Short term investments - maturing within next three months	-	3,847,900
	7,249,032	12,581,303

39. CONTRIBUTORY PROVIDENT FUND

Details of the provident funds are as follows:

	2013	2012
Net assets	734,928	759,472
Cost of investments made	691,187	710,143
%age of investments made	94%	94%
Fair value of investments made	699,478	716,207

	2013		2012	
	Rupees ('000)	%age	Rupees ('000)	%age
Breakup of investments - at cost				
Term Finance Certificates	925	0.13%	3,421	0.48%
Mutual Funds	6,722	0.97%	6,722	0.95%
Government bonds	91,247	13.20%	306,350	43.14%
Cash and cash equivalents	592,293	85.70%	393,650	55.43%
	691,187	100.00%	710,143	100.00%

Investments out of provident fund have been made in accordance with the provisions of section 227 of the Companies Ordinance, 1984 and the rules formulated for the purpose.

40. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on August 14, 2013 has proposed a final dividend for the year ended June 30, 2013 @ 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 September 27, 2013.

41. GENERAL

41.1 Capacity

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

41.2 Number of employees

Total number of employees at the end of the year were 793 (2012: 823). Average number of employees during the year were 804 (2012: 822).

41.3 Corresponding figures

Certain corresponding figures have been changed as a result of restatement of prior year figures as referred in note 4.9.

41.4 Date of authorization

These financial statements were authorized for issue by the Board of Directors of the Company on August 14, 2013.

Shuaib A. Malik
Chief Executive

Abdus Sattar
Director

CONSOLIDATED FINANCIAL STATEMENTS

A. F. FERGUSON & CO.

Auditors' Report to the Members

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of Pakistan Oilfields Limited and its subsidiary company, Capgas (Private) Limited as at June 30, 2013 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinion on the separate financial statements of Pakistan Oilfields Limited. Financial statements of subsidiary company Capgas (Private) Limited have been audited by another firm of chartered accountants and whose report has been furnished to us, which report, without qualifying their opinion, draws attention to contingency referred in note 12 (ii) (a) to the consolidated financial statements, which may affect operations of the subsidiary. Our opinion in so far as it relates to the amounts included in respect of this subsidiary company, is based solely on the report of such other auditor. These financial statements are the responsibility of Pakistan Oilfields Limited's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the consolidated financial statements present fairly the financial position of Pakistan Oilfields Limited and its subsidiary company as at June 30, 2013 and the results of their operations for the year then ended.

Chartered Accountants
Islamabad

Engagement Partner: Sohail M. Khan

Consolidated Balance Sheet

As at June 30, 2013

	Note	2013	(Restated) 2012	(Restated) 2011
		Rupees ('000)		
SHARE CAPITAL AND RESERVES				
Authorised capital	6	5,000,000	5,000,000	5,000,000
Issued, subscribed and paid up capital	6	2,365,459	2,365,459	2,365,459
Capital reserves	7	527,061	524,905	552,309
Revenue reserves	8	32,430,062	34,654,870	33,526,312
Fair value gain on available-for-sale investments		1,396	57,973	9,412
		35,323,978	37,603,207	36,453,492
NON - CONTROLLING INTEREST		87,896	84,372	70,744
NON CURRENT LIABILITIES				
Long term deposits	9	657,147	642,534	618,050
Deferred liabilities	10	12,241,882	10,454,083	7,654,869
		12,899,029	11,096,617	8,272,919
CURRENT LIABILITIES AND PROVISIONS				
Trade and other payables	11	6,362,595	4,600,405	4,234,120
Provision for income tax		1,652,914	1,607,770	1,380,349
		8,015,509	6,208,175	5,614,469
CONTINGENCIES AND COMMITMENTS	12			
		56,326,412	54,992,371	50,411,624

	Note	2013	(Restated) 2012	(Restated) 2011
		Rupees ('000)		
FIXED ASSETS				
Property, plant and equipment	13	7,874,657	4,227,978	4,319,799
Development and decommissioning costs	14	16,610,402	15,687,791	10,568,414
Exploration and evaluation assets	15	2,978,577	2,883,055	4,810,730
Other intangible assets	16	23,400	30,420	-
		27,487,036	22,829,244	19,698,943
LONG TERM INVESTMENTS IN SUBSIDIARY AND ASSOCIATED COMPANIES	17	11,899,896	11,977,621	12,707,166
OTHER LONG TERM INVESTMENTS	18	5,063	658,672	80,483
LONG TERM LOANS AND ADVANCES	19	15,557	16,273	20,067
CURRENT ASSETS				
Stores and spares	20	3,525,938	2,939,746	2,632,611
Stock in trade	21	179,750	150,799	133,966
Trade debts	22	4,871,286	3,007,355	4,343,778
Advances, deposits, prepayments and other receivables	23	838,108	532,281	624,903
Short term investments	24	-	4,009,915	3,227,373
Cash and bank balances	25	7,503,778	8,870,465	6,942,334
		16,918,860	19,510,561	17,904,965
		56,326,412	54,992,371	50,411,624

The annexed notes 1 to 44 form an integral part of these financial statements.

Shuaib A. Malik
Chief Executive

Abdus Sattar
Director

Consolidated Profit and Loss Account

For the year ended June 30, 2013

	Note	2013	(Restated) 2012
		Rupees ('000)	
SALES		32,065,587	31,857,011
Sales tax		(2,230,201)	(2,341,273)
NET SALES	26	29,835,386	29,515,738
Operating costs	27	(8,398,140)	(7,010,096)
Excise duty and development surcharge		(265,009)	(317,532)
Royalty		(2,734,190)	(2,730,542)
Amortisation of development and decommissioning costs		(2,051,490)	(1,807,191)
		(13,448,829)	(11,865,361)
GROSS PROFIT		16,386,557	17,650,377
Exploration costs	28	(1,792,468)	(593,554)
		14,594,089	17,056,823
Administration expenses	29	(113,184)	(117,826)
Finance cost	30	(831,358)	(685,437)
Other charges	31	(957,536)	(1,297,684)
		(1,902,078)	(2,100,947)
		12,692,011	14,955,876
Other income	32	1,482,293	1,807,990
		14,174,304	16,763,866
Share in profits in associated companies	33	986,948	944,720
Impairment loss on investment in associated company		(607,157)	(944,075)
PROFIT BEFORE TAXATION		14,554,095	16,764,511
Provision for taxation	34	(3,762,373)	(5,577,282)
PROFIT FOR THE YEAR		10,791,722	11,187,229
Attributable to:			
Owners of Pakistan Oilfields Limited (POL)		10,754,296	11,143,833
Non - Controlling Interests		37,426	43,396
		10,791,722	11,187,229
Earnings per share - Basic and diluted (Rupees)	39	45.46	47.11

The annexed notes 1 to 44 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, 2013

	2013	(Restated) 2012
	Rupees ('000)	
Profit for the year	10,791,722	11,187,229
Other comprehensive income		
Fair value adjustments on available-for-sale investments	(56,577)	48,561
Actuarial gain on staff retirement benefit plans	47,253	15,033
Tax credit related to actuarial gain on staff retirement benefit plans	(14,176)	(4,510)
	33,077	10,523
	(23,500)	59,084
Total comprehensive income	10,768,222	11,246,313
Attributable to:		
Owners of Pakistan Oilfields Limited (POL)	10,730,796	11,202,967
Non - Controlling Interests	37,426	43,346
	10,768,222	11,246,313

The annexed notes 1 to 44 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, 2013

	Note	2013	2012
		Rupees ('000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers		28,539,075	31,305,269
Operating and exploration costs paid		(10,095,611)	(8,631,466)
Royalty paid		(2,695,255)	(2,685,334)
Taxes paid		(3,117,334)	(4,636,076)
Cash provided by operating activities		12,630,875	15,352,393
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed assets additions		(7,005,876)	(4,187,104)
Proceeds from disposal of property, plant and equipment		19,964	11,363
Proceeds from disposal of working interest in a concession		8,387	-
Proceeds from sale of available-for-sale investments		689,554	16,384
Income on bank deposits and held-to-maturity investments		606,030	972,728
Other long term investments		-	(600,000)
Dividend received from associated companies		457,516	730,190
Cash used in investing activities		(5,224,425)	(3,056,439)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(12,994,960)	(10,021,988)
Dividend paid to non - controlling interest holders		(33,902)	(29,768)
Cash used in financing activities		(13,028,862)	(10,051,756)
EFFECT OF EXCHANGE RATE CHANGES		305,131	407,977
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(5,317,281)	2,652,175
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		12,821,059	10,168,884
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	41	7,503,778	12,821,059

The annexed notes 1 to 44 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, 2013

	Attributable to owners of Pakistan Oilfields Limited									
	Share capital	Capital Reserves		Revenue reserves			Fair value gain/ (loss) on available-for-sale investments	Total	Non-controlling interest	Total
		Bonus shares issued by subsidiary/ associated companies	Special reserve	Insurance reserve	General reserve	Unappropriated profit (Restated)				
	Rupees ('000)									
Balance at June 30, 2011 as previously reported	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
Change in accounting policy for recognition of actuarial gains and losses on staff retirement benefit plans - note 4.9	-	-	-	-	-	(134,789)	-	(134,789)	-	(134,789)
Balance at June 30, 2011 - restated	2,365,459	50,053	502,256	200,000	2,584,075	30,742,237	9,412	36,453,492	70,744	36,524,236
Total comprehensive income for the year:										
Profit for the year after taxation - restated	-	-	-	-	-	11,143,833	-	11,143,833	43,396	11,187,229
Other comprehensive income - restated	-	-	-	-	-	10,523	48,561	59,084	-	59,084
	-	-	-	-	-	11,154,356	48,561	11,202,917	43,396	11,246,313
Transferred to general reserve by an associated company	-	-	-	-	975,000	(975,000)	-	-	-	-
Transfer from special reserve by associated companies	-	-	(27,404)	-	-	27,404	-	-	-	-
									-	-
POL dividends:										
Final dividend @ Rs 25 per share - Year ended June 30, 2011	-	-	-	-	-	(5,913,648)	-	(5,913,648)		(5,913,648)
Interim dividend @ Rs 17.5 per share - Year ended June 30, 2012	-	-	-	-	-	(4,139,554)	-	(4,139,554)		(4,139,554)
Dividend to CAPGAS non - controlling interest holders										
Final dividend @ Rs 45 per share - Year ended June 30, 2011	-	-	-	-	-	-	-	-	(14,884)	(14,884)
Interim dividend @ Rs 45 per share - Year ended June 30, 2012	-	-	-	-	-	-	-	-	(14,884)	(14,884)
Total transactions with owners	-	-	-	-	-	(10,053,202)	-	(10,053,202)	(29,768)	(10,082,970)
Balance at June 30, 2012 - restated	2,365,459	50,053	474,852	200,000	3,559,075	30,895,795	57,973	37,603,207	84,372	37,687,579
Total comprehensive income for the year:										
Profit for the year after taxation	-	-	-	-	-	10,754,296	-	10,754,296	37,426	10,791,722
Other comprehensive income	-	-	-	-	-	33,077	(56,577)	(23,500)	-	(23,500)
	-	-	-	-	-	10,787,373	(56,577)	10,730,796	37,426	10,768,222
Transferred to general reserve by an associated company	-	-	-	-	393,250	(393,250)	-	-	-	-
Transfer from special reserve by associated companies	-	-	2,156	-	-	(2,156)	-	-	-	-
POL dividends:										
Final dividend @ Rs 35 per share - Year ended June 30, 2012	-	-	-	-	-	(8,279,107)	-	(8,279,107)	-	(8,279,107)
Interim dividend @ Rs 20 per share - Year ended June 30, 2013	-	-	-	-	-	(4,730,918)	-	(4,730,918)	-	(4,730,918)
Dividend to CAPGAS non - controlling interest holders	-	-	-	-	-	-	-	-	-	-
Final dividend @ Rs 50 per share - Year ended June 30, 2012	-	-	-	-	-	-	-	-	(16,538)	(16,538)
Interim dividend @ Rs 52.5 per share - Year ended June 30, 2013	-	-	-	-	-	-	-	-	(17,364)	(17,364)
Total transactions with owners	-	-	-	-	-	(13,010,025)	-	(13,010,025)	(33,902)	(13,043,927)
Balance at June 30, 2013	2,365,459	50,053	477,008	200,000	3,952,325	28,277,737	1,396	35,323,978	87,896	35,411,874

The annexed notes 1 to 44 form an integral part of these financial statements.

Shuaib A. Malik
Chief Executive

Abdus Sattar
Director

1. LEGAL STATUS AND OPERATIONS

The Company is incorporated in Pakistan as a public limited company and its shares are quoted on all the three 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

In the current year, the Company has adopted IAS 19 (Employee Benefits) before its effective date, whereby, the actuarial gains and losses on employees' retirement benefit plans are recognised immediately in other comprehensive income. Previously, the actuarial gains/losses in excess of the corridor limit were recognised in profit and loss account over the remaining service life of the employees. The change in accounting policy has been accounted for retrospectively and the comparative figures have thereby been restated. The effect of the restatement has been disclosed in note 4.9 of the financial statements.

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

		Effective date (annual periods beginning on or after)
IFRS 7	Financial instruments: Disclosures (Amendments)	January 1, 2013
IAS 1	Presentation of financial statements (Amendments)	January 1, 2013
IAS 16	Property, Plant and Equipment (Amendments)	January 1, 2013
IAS 27	Separate Financial Statements (Revised)	January 1, 2013
IAS 28	Investments in Associates and Joint Venture (Revised)	January 1, 2013
IAS 32	Financial instruments: Presentation (Amendments)	January 1, 2013 & 2014
IAS 34	Interim Financial Reporting (Amendments)	January 1, 2013
IAS 36	Impairment of assets (Amendments)	January 1, 2014

IAS 39	Financial instruments: Recognition and measurement (Amendments)	January 1, 2014
IFRIC 20	Stripping costs in the production phase of a surface mine	January 1, 2013

The management anticipate that the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the financial statements other than in presentation / disclosures.

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

		Effective date (annual periods beginning on or after)
IFRS 1	First-time adoption of International Financial Reporting standards	July 1, 2009
IFRS 9	Financial instruments	January 1, 2015
IFRS 10	Consolidated financial statements	January 1, 2013
IFRS 11	Joint arrangements	January 1, 2013
IFRS 12	Disclosure of interests in other entities	January 1, 2013
IFRS 13	Fair value measurement	January 1, 2013
IFRIC 21	Levies	January 1, 2014

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of measurement

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

4.2 Basis of consolidation

The consolidated financial statements include the financial statements of POL and its subsidiary CAPGAS with 51% holding (2012: 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 where as deferred tax liability of CAPGAS has been calculated at applicable tax rate.

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 2.5% p.a. (2012: 3.4% p.a.). The increase in provision due to unwinding of discount is recorded as finance cost.

4.9 Employee compensated absences

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

4.10 Staff retirement benefits

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

POL

The Company operates the following staff retirement benefits plans:

(i) A pension plan for its management staff and a gratuity plan for its management and non-management staff. The pension and gratuity plans are invested through approved trust funds. Both are defined benefit final salary plans. The pension and gratuity plans are complementary plans for management staff. Pension payable to management staff is reduced by an amount determined by the actuary equivalent to amount paid by the gratuity fund. Management staff hired after January 1, 2012 are only entitled to benefits under gratuity fund. Actuarial valuations are conducted annually using the "Projected Unit Credit Method" and the latest valuation was conducted as at June 30, 2013. Since both are complementary plans, combined details and valuation for pension plan and gratuity plan are given in note 38.

In the current year, the Company has adopted revised IAS 19 'Employee Benefits'. The change in accounting policy has been accounted for retrospectively and the comparative figures have been restated as below. The adoption of above accounting policy has no impact on the cash flow statement.

	Effect for the year ended June 30, 2012	Cumulative effect upto June 30, 2011
	Rupees ('000)	
Profit and loss account		
Increase in current tax	(6,502)	(6,687)
Increase in Workers' Welfare Fund	(263)	(266)
Increase in Workers' Profit Participation Fund	(693)	(699)
Decrease in administration expenses	13,856	13,977
Increase in profit for the year	6,398	6,325
Other Comprehensive Income		
(Increase)/Decrease in actuarial gain/ (losses) for the year	15,033	(201,592)
(Increase) / Decrease in deferred tax expense for the year	(4,510)	60,478
Increase / (Decrease) in total comprehensive income for the year	10,523	(141,114)
Increase / (Decrease) in equity	16,921	(134,789)

Balance Sheet	Cumulative effect upto June 30, 2012
(Increase) in trade and other payables	(72,030)
(Increase) in provision for taxation	(13,189)
(Decrease) in advances, deposits, prepayments and other receivables	(88,617)
Decrease in deferred tax liability	55,968
Decrease in equity	(117,868)

(ii) Separate approved contributory provident funds for management and non-management employees for which contributions are made by the company and the employee at the rate of 10% of basic salary.

CAPGAS

The subsidiary is operating a non funded gratuity plan for management and non-management employees. The liability for gratuity plan is provided on the basis of actuarial valuation conducted as at June 30, 2013 using the “Project Unit Credit Method”.

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

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

4.14 Intangible assets

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

4.15 Exploration assets/costs and development costs

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

4.15.2 Exploration costs

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

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

4.15.3 Development costs

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

4.16 Stores and spares

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

4.17 Stock in trade

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

4.18 Impairment of non-financial assets

Assets that have an indefinite useful life, for example land, are not subject to depreciation and are tested annually for impairment. Assets that are subject to depreciation are reviewed for impairment at each balance sheet date, or wherever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount for which the asset's carrying amount exceeds its recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each balance sheet date. Reversals of the impairment loss are restricted to the extent that asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no new impairment loss had been recognised. An impairment loss or reversal of impairment loss is recognised in income for the year.

4.19 Financial instruments

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

4.20 Financial Assets

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

(i) Investments at fair value through profit or loss

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

(ii) Held-to-maturity investments

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

(iii) Loans and receivables

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

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

(iv) Available-for-sale investments

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

4.21 Impairment of financial assets

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

4.22 Offsetting

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

4.23 Revenue recognition

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

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

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

4.24 Joint Ventures

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

4.25 Cash and cash equivalents

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

4.26 Dividend distribution

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

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

i) Estimate of recoverable amount of investment in associated companies - note 17

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

iii) Estimated costs and discount rate used for provision for decommissioning cost - note 4.8

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

v) Price adjustment related to crude oil sales - note 4.23

vi) Staff retirement benefits - note 38

vii) Provision for taxation - note 4.6

		2013	2012
		Rupees ('000)	
6.	**SHARE CAPITAL**		
	Authorised capital		
	500,000,000 (2012: 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 (2012: 20,200,000) ordinary shares	202,000	202,000
	Shares issued as fully paid bonus shares		
	216,345,920 (2012: 216,345,920) ordinary shares	2,163,459	2,163,459
	236,545,920 (2012: 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 (2012: 124,776,965) ordinary shares at the year end.

		2013	2012
		Rupees ('000)	
7.	**CAPITAL RESERVES**		
	Bonus shares issued by subsidiary/associated companies	50,053	50,053
	Special reserves - note 7.1	477,008	474,852
		527,061	524,905

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.

		2013	(Restated) 2012
		Rupees ('000)	
8.	**REVENUE RESERVES**		
	Insurance reserve - note 8.1	200,000	200,000
	General Reserve	3,952,325	3,559,075
	Unappropriated profit	28,277,737	30,895,795
		32,430,062	34,654,870

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.

		2013	2012
		Rupees ('000)	
9.	LONG TERM DEPOSITS		
	Security deposits from distributors against equipment	614,458	599,775
	Security deposits from distributors against distributorship and others	42,689	42,759
		657,147	642,534

		2013	(Restated) 2012
		Rupees ('000)	
10.	DEFERRED LIABILITIES		
	Provision for deferred income tax - note 10.1	5,605,017	5,002,324
	Provision for decommissioning cost - note 10.2	6,623,828	5,443,309
	Provision for staff compensated absences	10,710	7,140
	Provision for un-funded gratuity plan - CAPGAS	2,327	1,310
		12,241,882	10,454,083

10.1 Provision for deferred income tax

The provision for deferred income tax represents:

	2013	2012
Temporary differences between accounting and tax depreciation/amortisation	5,707,983	5,106,364
Provision for stores and spares	(61,081)	(47,979)
Provision for doubtful receivable	(93)	(93)
Deferred tax on actuarial losses	(41,792)	(55,968)
	5,605,017	5,002,324

		2013	2012
		Rupees ('000)	
10.2	Provision for decommissioning cost		
	Balance brought forward	5,443,309	3,358,125
	Revision due to change in estimates	297,197	1,314,647
	Provision during the year	110,839	86,985
	Unwinding of discount	565,793	369,268
	Exchange loss	263,183	314,284
	Reversal of provision related to disposal of working interest in a concession	(56,493)	-
		6,623,828	5,443,309

	2013	(Restated) 2012
	Rupees ('000)	

11. TRADE AND OTHER PAYABLES

	2013	2012
Creditors	268,370	272,929
Due to related parties		
Attock Petroleum Limited	-	11,355
Attock Hospital (Pvt) Limited	192	27
Management Staff Pension Fund	16,521	70,109
General Staff Provident Fund	2,119	-
Workers' Profit Participation Fund - note 11.1	776,783	940,640
Joint venture partners		
The Attock Oil Company Limited	9,589	47,286
Others	1,479,380	453,576
Accrued liabilities	2,141,571	1,096,738
Advance payment from customers	51,010	53,687
Royalty	397,156	358,221
Sales tax	59,053	113,346
Excise duty	3,740	3,609
Workers' Welfare Fund	1,040,392	1,076,456
Liability for staff compensated absences	10,740	10,315
Unclaimed dividends	100,839	85,774
Others	5,140	6,337
	6,362,595	4,600,405

11.1 Workers' Profit Participation Fund

	2013	2012
Balance at beginning of the year	940,640	805,598
Amount allocated for the year	776,400	940,339
Amount paid to the Fund's trustees	(940,257)	(805,297)
	776,783	940,640

		2013	2012
		Rupees ('000)	

12. CONTINGENCIES AND COMMITMENTS

Capital expenditure commitments outstanding

(i) POL

	2013	2012
Share in Joint Ventures	10,423,047	9,767,929
Own fields	3,371,591	1,013,951

(ii) CAPGAS

Contingencies

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

(b) For tax years 2004 through 2009 the Tax Authorities attempted to tax security deposits of Rs 92.5 million received by the Company as its income which issue was decided by the Commissioner Inland Revenue (Appeals) CIR(A) in Company's favour. The Department has approached Appellate Tribunal Revenue against the decision of the CIR(A) which is pending.

(c) Guarantees and letter of credit issued by banks on behalf of the Company amounted Rs 12.621 million (2012: Rs 12.621 million) in favour of LPG suppliers.

	2013	2012
	Rupees ('000)	
(iii) Company's share in contingencies of associated companies		
a) Claims not acknowledged as debt including claims in respect of delayed payment charges by crude oil suppliers	1,142,500	1,087,500
b) Claims on certain Oil Marketing Companies in respect of delayed payment charges	1,270,000	1,245,000
c) Tax contingency related to proration of expenses against local and export sales for prior years, as per show cause notices of tax department.	49,121	59,673
d) Corporate guarantees and indemnity bonds issued by associated companies	239,227	220,664

13. PROPERTY, PLANT AND EQUIPMENT

	2013	2012
Operating assets - note 13.1	4,429,991	4,039,308
Capital work in progress - note 13.5	3,444,666	188,670
	7,874,657	4,227,978

13.1 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, 2011										
Cost	25,746	216,171	948,602	5,763,285	427,481	565,494	251,208	92,156	192,363	8,482,506
Accumulated depreciation	-	(119,233)	(419,787)	(2,624,364)	(270,190)	(473,774)	(192,430)	(53,343)	(145,340)	(4,298,461)
Net book value	25,746	96,938	528,815	3,138,921	157,291	91,720	58,778	38,813	47,023	4,184,045
Year ended June 30, 2012										
Opening net book value	25,746	96,938	528,815	3,138,921	157,291	91,720	58,778	38,813	47,023	4,184,045
Additions	3,987	100,120	25,626	175,372	41,594	28,162	81,918	19,696	29,909	506,384
Disposals										
Cost	-	-	(94)	(6,556)	(3,561)	(8,010)	(11,889)	(836)	(12,007)	(42,953)
Depreciation	-	-	94	4,786	1,325	7,258	11,273	782	12,005	37,523
	-	-	-	(1,770)	(2,236)	(752)	(616)	(54)	(2)	(5,430)
Depreciation charge	-	(10,532)	(69,716)	(446,195)	(27,655)	(19,307)	(37,106)	(9,135)	(26,045)	(645,691)
Closing net book value	29,733	186,526	484,725	2,866,328	168,994	99,823	102,974	49,320	50,885	4,039,308
As at July 1, 2012										
Cost	29,733	316,291	974,134	5,932,101	465,514	585,646	321,237	111,016	210,265	8,945,937
Accumulated depreciation	-	(129,765)	(489,409)	(3,065,773)	(296,520)	(485,823)	(218,263)	(61,696)	(159,380)	(4,906,629)
Net book value	29,733	186,526	484,725	2,866,328	168,994	99,823	102,974	49,320	50,885	4,039,308
Year ended June 30, 2013										
Opening net book value	29,733	186,526	484,725	2,866,328	168,994	99,823	102,974	49,320	50,885	4,039,308
Additions	-	17,934	295,401	518,462	62,740	20,320	62,750	7,590	103,708	1,088,905
Disposals										
Cost	-	-	(14,696)	(50,169)	(8,394)	(4,993)	(10,498)	(727)	(75)	(89,552)
Depreciation	-	-	14,680	44,154	8,064	4,899	9,660	706	75	82,238
	-	-	(16)	(6,015)	(330)	(94)	(838)	(21)	-	(7,314)
Depreciation charge	-	(14,644)	(76,676)	(463,893)	(28,408)	(26,217)	(39,356)	(9,835)	(31,879)	(690,908)
Closing net book value	29,733	189,816	703,434	2,914,882	202,996	93,832	125,530	47,054	122,714	4,429,991
As at June 30, 2013										
Cost	29,733	334,225	1,254,839	6,400,394	519,860	600,973	373,489	117,879	313,898	9,945,290
Accumulated depreciation	-	(144,409)	(551,405)	(3,485,512)	(316,864)	(507,141)	(247,959)	(70,825)	(191,184)	(5,515,299)
Net book value	29,733	189,816	703,434	2,914,882	202,996	93,832	125,530	47,054	122,714	4,429,991
Annual rate of Depreciation (%)	-	5	10	10	10	10	20	12.5-20	25	

* Additions and disposals include inter-transfers of assets having book value of Rs 13 thousand; cost of Rs 612 thousand and depreciation of Rs 599 thousand (2012: book value of Rs 1,716; cost of Rs 4,557 thousand and depreciation of Rs 2,841 thousand).

13.2 Cost and accumulated depreciation include:

	Cost 2013	Cost 2012	Accumulated depreciation 2013	Accumulated depreciation 2012
	Rupees ('000)		Rupees ('000)	
Share in Joint Ventures operated by the Company	1,386,807	1,392,199	966,379	888,537
Assets not in possession of the Company				
Share in Joint Ventures operated by others	4,426,437	3,754,965	1,606,370	1,271,270
Gas cylinders - in possession of distributors	437,752	434,464	382,719	370,607
	6,250,996	5,581,628	2,955,468	2,530,414

13.3 The depreciation charge has been allocated as follows:

	2013	2012
Operating cost - note 27	683,899	602,379
Other income - Crude transportation income	13,053	44,870
Administrative Expenses	377	281
Inter-transfers	599	2,841
	697,928	650,371

13.4 Property, plant and equipment disposals:

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

	Original cost	Book value	Sale proceeds	Mode of disposal	Particulars of purchaser
		Rupees ('000)			
Motor vehicles	986	822	965	Insurance claim	EFU Insurance
Plant & Machinery	11,101	5,439	14,133	As per agreement	Pakistan Petroleum Limited - ADHI Joint venture partner
Plant & Machinery	46,835	318	66,109	As per agreement	SPUD Energy Pty Limited, sale of working interest in East Badin Joint venture

		Buildings	Plant and machinery/ Pipelines and pumps	Computers and software development	Total
		Rupees ('000)			
13.5	Capital work in progress				
	Balance as at July 1, 2011	63,772	67,800	4,182	135,754
	Additions during the year	24,088	195,904	1,372	221,364
	Transfers during the year	(82,792)	(83,278)	(2,378)	(168,448)
	Balance as at June 30, 2012	5,068	180,426	3,176	188,670
	Balance as at July 1, 2012	5,068	180,426	3,176	188,670
	Additions / (Reversals) during the year	(1,076)	3,266,866	9,010	3,274,800
	Transfers during the year	(3,992)	(14,812)	-	(18,804)
	Balance as at June 30, 2013	-	3,432,480	12,186	3,444,666

			2013	2012
			Rupees ('000)	
13.6	Break up of capital work in progress at June 30 is as follows:			
	POL			
	Own fields		26,262	24,654
	Share in Joint Ventures operated by others			
	MOL Pakistan Oil and	- TAL Block	3,385,568	148,093
	Gas Company B.V.	- Margala Block	270	270
	Oil and Gas Development Company Limited	- Kotra	24,943	2,143
	Pakistan Petroleum Limited	- Adhi	-	12,869
	Ocean Pakistan Limited	- Ratana	-	641
	CAPGAS		7,623	-
			3,444,666	188,670

14. DEVELOPMENT AND DECOMMISSIONING COSTS

	Development Cost	Decommissioning Cost	Total
		Rupees ('000)	
As at July 1, 2011			
Cost	18,228,594	1,732,324	19,960,918
Accumulated amortisation	(8,298,217)	(1,094,287)	(9,392,504)
Net book value	9,930,377	638,037	10,568,414
Year ended June 30, 2012			
Opening net book value	9,930,377	638,037	10,568,414
Additions	1,754,843	86,985	1,841,828
Revision due to change in estimates	-	1,314,647	1,314,647
Wells cost transferred from exploration and evaluation assets - note 15	3,770,093	-	3,770,093
Amortisation for the year	(1,646,529)	(160,662)	(1,807,191)
Closing net book value	13,808,784	1,879,007	15,687,791
As at July 1, 2012			
Cost	23,753,530	3,133,956	26,887,486
Accumulated amortisation	(9,944,746)	(1,254,949)	(11,199,695)
Net book value	13,808,784	1,879,007	15,687,791
Year ended June 30, 2013			
Opening net book value	13,808,784	1,879,007	15,687,791
Additions	1,396,368	110,839	1,507,207
Revision due to change in estimates	-	297,197	297,197
Wells cost transferred from exploration and evaluation assets - note 15	1,169,697	-	1,169,697
Disposals			
Cost	(178,524)	(24,111)	(202,635)
Accumulated Amortisation	178,524	24,111	202,635
	-	-	-
Amortisation for the year	(1,876,160)	(175,330)	(2,051,490)
Closing net book value	14,498,689	2,111,713	16,610,402
As at June 30, 2013			
Cost	26,141,071	3,517,881	29,658,952
Accumulated amortisation	(11,642,382)	(1,406,168)	(13,048,550)
Net book value	14,498,689	2,111,713	16,610,402

		2013	2012
		Rupees ('000)	
15. EXPLORATION AND EVALUATION ASSETS			
Balance brought forward		2,883,055	4,810,730
Additions during the year		1,484,272	1,958,900
		4,367,327	6,769,630
Wells cost transferred to development cost - note 14		(1,169,697)	(3,770,093)
Dry and abandoned wells cost charged to the profit and loss account - note 28		(219,053)	(116,482)
		2,978,577	2,883,055
15.1 Break up of exploration and evaluation assets at June 30 is as follows:			
Share in Joint Ventures operated by the Company	- Ikhlas	1,878,123	769,247
Share in Joint Ventures operated by others			
MOL Pakistan Oil and Gas Company B.V.	- TAL Block	664,311	1,665,406
Oil and Gas Development Company Limited	- Chak Naurang	436,143	448,402
		2,978,577	2,883,055
16. OTHER INTANGIBLE ASSETS			
LPG Quota			
Written down value		30,420	35,100
Less: Amortisation for the year		7,020	4,680
		23,400	30,420
Annual rate of amortization (%) - straight line		20	20
17. LONG TERM INVESTMENTS IN ASSOCIATED COMPANIES - EQUITY BASIS			
Beginning of the year		11,977,621	12,707,166
Share of profit of associated companies - note 17.2		986,948	944,720
Impairment loss against investment in National Refinery Limited		(607,157)	(944,075)
Dividend received during the year		(457,516)	(730,190)
End of the year		11,899,896	11,977,621

	2013	2012
	Rupees ('000)	
17.1 The Company's interest in associates are as follows:		
Quoted		
National Refinery Limited - note 17.3 19,991,640 (2012: 19,991,640) fully paid ordinary shares including 3,331,940 (2012: 3,331,940) bonus shares of Rs 10 each Cost Rs 8,046,635 thousand (2012: 8,046,635 thousand) Quoted market value as at June 30, 2013: Rs 4,809,589 thousand (2012: Rs 4,625,866 thousand)	9,660,560	9,856,478
Attock Petroleum Limited (APL) 4,850,496 (2012: 4,850,496) fully paid ordinary shares including 1,482,096 (2012: 1,482,096) bonus shares of Rs 10 each Cost Rs 1,562,938 thousand (2012: 1,562,938 thousand) Quoted market value as at June 30, 2013: Rs 2,721,710 thousand; (2012: Rs 2,300,930 thousand)	2,228,481	2,111,981
Unquoted		
Attock Information Technology Services (Pvt) Limited (AITSL) 450,000 (2012: 450,000) fully paid ordinary shares of Rs 10 each	10,855	9,162
	11,899,896	11,977,621

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.

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

	Assets	Liabilities	Revenues	Profit	%holding
	Rupees ('000)				
2013					
National Refinery Limited	13,919,230	7,201,391	44,796,104	711,114	25
Attock Petroleum Limited	2,112,093	1,126,594	11,558,536	274,141	7
Attock Information Technology Services (Private) Limited	11,607	752	5,424	1,693	10
	16,042,930	8,328,737	56,360,064	986,948	
2012					
National Refinery Limited	14,278,607	7,972,008	43,699,269	654,596	25
Attock Petroleum Limited	2,142,523	1,273,523	10,725,788	289,143	7
Attock Information Technology Services (Private) Limited	9,732	570	4,050	981	10
	16,430,862	9,246,101	54,429,107	944,720	

17.3 The carrying value of investment in National Refinery Limited at June 30, 2013 is net of impairment loss of Rs 3,428,932 thousand (2012: Rs 2,821,775 thousand). The carrying value is based on a valuation analysis carried out by an external investment advisor engaged by the Company. The recoverable amount has been estimated based on a value in use calculation. These calculations have been made on discounted cash flow based valuation methodology which assumes a gross profit margin of 3.5% (2012: 5.15%), a terminal growth rate of 4.0% (2012: 3.5%) and a capital asset pricing model based discount rate of 18.27% (2012: 20.13%).

	2013	2012
	Rupees ('000)	
18. OTHER LONG TERM INVESTMENTS		
Held-to-maturity investments		
Term Finance Certificates of listed companies - note 18.1	-	8,314
Pakistan Investment Bonds - note 18.2	-	51,007
Available-for-sale investments - note 18.3	5,063	658,672
	5,063	717,993
Investments maturing within twelve months		
shown under current assets - note 24	-	(59,321)
	5,063	658,672

		Number of certificates	Nominal value of each certificates	Maturity date	Mark up %	2013	2012
						Rupees ('000)	
18.1	Term Finance Certificates of listed companies:						
	United Bank Ltd	1,000	5,000	15-03-2013	9.49	-	4,999
	Soneri Bank Ltd	1,000	5,000	05-05-2013	13.66	-	2,494
	Faysal Bank Ltd	658	5,000	10-02-2013	13.96	-	821
						-	8,314
18.2	Pakistan Investment Bonds			30-06-2013	9.00	-	51,007

The fair value of held-to-maturity investments at June 30, 2012 was Rs 48,638 thousand.

		2013	2012
18.3	Available-for-sale investment - at fair value		
	Balance at the beginning of the year	658,672	17,662
	Additions during the year	-	600,000
	Fair value adjustment	27,391	48,561
	Disposals during the year	(681,000)	(16,384)
	Reversal of impairment loss	-	8,833
	Balance at the end of the year	5,063	658,672

		2013				2012
		Number of shares/units	Cost less impairment loss	Adjustment arising from re-measurement to fair value	Fair value	Fair value
				Rupees ('000)		
18.3.1	Available-for-sale investments at June 30 include the following:					
	Listed securities:					
	Meezan Sovereign Fund	8,843	378	73	451	175,024
	Pakistan Cash Management Fund	10,124	429	82	511	141,940
	IGI Money Market Fund	10,249	862	176	1,038	142,957
	Atlas Money Market Fund	963	404	79	483	142,579
	UBL Liquidity Plus Fund	10,678	896	173	1,069	54,793
	Unlisted securities:					
	Atlas Asset Management Company	3,001	698	813	1,511	1,379
			3,667	1,396	5,063	658,672

18.3.2 The fair value of listed securities is based on quoted market prices at the balance sheet date. The quoted market price used is the current bid price. The fair values of unlisted securities are the Net Asset Values (NAV) as at June 30, 2013 as quoted by the respective Asset Management Company.

	2013	2012
	Rupees ('000)	
19. LONG TERM LOANS AND ADVANCES, CONSIDERED GOOD		
Executives - note 19.1	15,343	13,277
Other employees	23,073	26,083
	38,416	39,360
Less: Amount due within twelve months, shown under current loans and advances - note 23	22,859	23,087
	15,557	16,273

19.1 Movement in loans to Executives

	Balance as at June 30, 2012	Disbursements	Repayments	Balance as at June 30, 2013
	Rupees ('000)			
Executives	13,277	20,191	(18,125)	15,343

9.2 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 16,839 thousand (2012: Rs 20,974 thousand) respectively.

	2013	2012
	Rupees ('000)	
20. STORES AND SPARES		
Stores and spares - note 20.1	3,729,453	3,099,677
Less: Provision for slow moving items - note 20.2	203,515	159,931
	3,525,938	2,939,746
20.1 Stores and spares include:		
Share in Joint Ventures operated by the Company	313,926	155,920
Share in Joint Ventures operated by others (assets not in possession of the Company)	1,228,543	1,005,398
	1,542,469	1,161,318

		2013	2012
		Rupees ('000)	
20.2	Provision for slow moving items		
	Balance brought forward	159,931	128,931
	Provision for the year	43,584	31,000
		203,515	159,931
21.	STOCK IN TRADE		
	Crude oil and other products	179,750	150,799

These include Rs 38,171 thousand (2012: Rs 38,483 thousand) being the Company's share in Joint Ventures operated by the Company.

		2013	2012
		Rupees ('000)	
22.	TRADE DEBTS - Considered good		
	Due from related parties - note 22.1	2,892,041	1,450,931
	Others	1,979,245	1,556,424
		4,871,286	3,007,355
22.1	Due from related parties		
	Associated companies		
	Attock Refinery Limited	1,535,504	1,450,931
	National Refinery Limited	1,355,420	-
	Attock Petroleum Limited	1,117	-
		2,892,041	1,450,931

Ageing analysis of trade debts receivable from related parties is given in note 37.3 to the financial statements.

		2013	(Restated) 2012
		Rupees ('000)	
23.	**ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES**		
	Loans and advances - considered good		
	Employees - note 19	22,859	23,087
	Suppliers	20,003	39,168
		42,862	62,255
	Trade deposits and short term prepayments		
	Deposits	161,576	145,630
	Short-term prepayments	262,136	133,359
		423,712	278,989
	Interest income accrued	24,342	101,435
	Sales tax refundable	2,640	-
	Other receivables		
	Joint venture partners	80,506	11,471
	Due from related parties		
	Parent company		
	The Attock Oil Company Limited	118,846	7,377
	Associated company		
	National Refinery Limited	-	15,138
	Attock Leisure Management Association	26	110
	Attock Cement Limited	-	3
	Staff Provident Fund	8,738	5,403
	Gratuity Fund	21,035	9,453
	PIBs encashment proceeds receivable	50,000	-
	Other receivables (net of provision for doubtful receivable Rs 310 thousand (2012: Rs 310 thousand))	65,401	40,647
		344,552	89,602
		838,108	532,281

		2013	2012
		Rupees ('000)	
24.	**SHORT TERM INVESTMENTS**		
	Held to maturity Investments:		
	Treasury bills maturing within next three months	-	3,950,594
	Held-to-maturity investments maturing within next twelve months - note 18	-	59,321
		-	4,009,915

24.1 The effective interest on Treasury bills ranges between 11.78% to 11.87% per annum (2012: 11.55% to 13.53% per annum)

		2013	2012
		Rupees ('000)	
25.	**CASH AND BANK BALANCES**		
	Bank balance on		
	Short term deposits	6,059,321	6,489,667
	Interest/mark-up bearing saving accounts	1,352,554	2,299,780
	Current accounts	86,833	77,234
		7,498,708	8,866,681
	Cash in hand	5,070	3,784
		7,503,778	8,870,465

Balance with banks include foreign currency balances of US $ 61,668 thousand (2012: US $ 63,147 thousand). The balances in saving accounts and short term deposits earned interest/mark-up ranging from 0.1% to 12.75% (2012: 0.25% to 13.75%).

		2013	2012
		Rupees ('000)	
26.	**NET SALES**		
	Crude oil	15,390,239	14,395,895
	Gas	8,157,446	8,803,724
	POLGAS/CAPGAS - Refill of cylinders	6,011,158	6,031,453
	Solvent oil	244,805	220,469
	Sulphur	31,738	64,197
		29,835,386	29,515,738
27.	**OPERATING COSTS**		
	Operating cost - Own fields	668,695	541,884
	- Share in Joint Ventures	2,109,204	1,796,865
	Well work over	1,061,873	132,785
	POLGAS -Cost of gas/LPG, carriage etc	3,843,368	3,769,709
	Head office and insurance charges	2,821	141,447
	Pumping and transportation cost	57,231	41,860
	Depreciation	683,899	602,379
		8,427,091	7,026,929
	Opening stock of crude oil and other products	150,799	133,966
	Closing stock of crude oil and other products	(179,750)	(150,799)
		8,398,140	7,010,096

		2013	2012
		Rupees ('000)	
28. EXPLORATION COSTS			
Geological and geophysical cost			
Own fields		1,938	12,113
Share in Joint Ventures operated by the Company			
	- Kirthar South	17,595	19,617
	- Ikhlas	59,832	37,538
	- Ahmadal	32,885	-
	- DG Khan	175,556	21,506
	- Rajanpur	371,286	25,147
Share in Joint Ventures operated by the others			
Ocean Pakistan Limited	- Dhurnal	717	524
	- Bhangali	37	15,924
MOL Pakistan Oil and Gas Company B.V.	- TAL Block	633,565	195,533
	- Margala Block	23,343	40,050
	- Margala North Block	21,908	93,594
Oil and Gas Development	- Kotra	773	1,834
Company Limited	- Gurgalot	90,068	(1,856)
	- Chak Naurang	1,419	1,591
Pakistan Petroleum Limited	- Adhi	142,493	13,957
		1,573,415	477,072
Dry and abandoned wells cost - note 15			
Share in Joint Ventures operated by others			
Oil and Gas Development	- Chaknaurang	219,053	-
Company Limited	- Gurgalot	-	116,482
		219,053	116,482
		1,792,468	593,554

	2013	(Restated) 2012
	Rupees ('000)	
29. ADMINISTRATION EXPENSES		
Establishment charges	164,851	205,463
Telephone and telex	1,238	1,307
Medical expenses	4,180	3,422
Printing, stationery and publications	6,576	3,904
Insurance	4,576	3,539
Travelling expenses	3,703	3,798
Motor vehicle running expenses	8,807	7,129
Rent, repairs and maintenance	12,826	11,364
Auditor's remuneration - note 29.1	3,863	3,210
Legal and professional charges	8,194	5,337
Stock exchange and CDC fee	1,313	1,540
Computer support and maintenance charges	15,558	9,883
Depreciation	377	281
Other expenses	5,702	2,700
	241,764	262,877
Less: Amount allocated to field expenses	128,580	145,051
	113,184	117,826

	2013	2012
	Rupees ('000)	
29.1 Auditor's remuneration:		
Statutory audit	1,210	1,100
Review of half yearly accounts, audit of consolidated accounts, staff funds, special certifications	938	910
Tax services	1,500	1,000
Out of pocket expenses	215	200
	3,863	3,210
30. FINANCE COST		
Provision for decommissioning cost - note 10.2		
- Unwinding of discount	565,793	369,268
- Exchange loss	263,183	314,284
Banks' commission and charges	2,382	1,885
	831,358	685,437

		2013	(Restated) 2012
		Rupees ('000)	
31.	**OTHER CHARGES**		
	Workers' Profit Participation Fund	776,400	940,338
	Workers' Welfare Fund	181,136	357,346
		957,536	1,297,684

		2013	2012
		Rupees ('000)	
32.	**OTHER INCOME**		
	Income from financial assets		
	Income on bank deposits	383,043	582,153
	Income on held-to-maturity investments	145,129	422,306
	Exchange gain on financial assets	305,131	407,977
	Profit on disposal of available-for-sale investments	83,968	-
	Impairment loss reversed on available-for-sale investments	-	8,833
	Income from assets other than financial assets		
	Rental income (net of related expenses Rs 14,280 thousand; 2012: Rs 23,048 thousand)	168,823	160,549
	Crude oil/gas transportation income (net of related expenses Rs 73,976 thousand; 2012: Rs 52,260 thousand)	131,663	59,686
	Gas processing fee	179,360	154,157
	Profit on sale of property, plant and equipment	13,470	7,649
	Gain on disposal of working interest in a concession	65,791	-
	Sale of stores and scrap	638	1,157
	Others	5,277	3,523
		1,482,293	1,807,990

33. SHARE IN PROFITS OF ASSOCIATED COMPANIES

Share in profits of associated companies is net of taxation and based on the audited financial statements of the associated companies for the year ended June 30, 2013.

	2013	(Restated) 2012
	Rupees ('000)	

34. PROVISION FOR TAXATION

	2013	2012
Current		
- for the year	3,159,679	4,419,733
- for prior period	-	447,000
	3,159,679	4,866,733
Deferred		
- for the year	602,694	710,549
	3,762,373	5,577,282

34.1 Reconciliation of tax charge for the year

	2013	2012
Accounting profit	14,554,095	16,751,611
* Tax at applicable tax rate of 51.72% (2012: 50.27%)	7,527,378	8,421,035
Tax effect of depletion allowance and royalty payments	(2,918,762)	(3,300,912)
Tax effect of income that is not taxable or taxable at reduced rates	(827,313)	127,017
Others	(18,930)	(116,858)
Tax effect of prior year	-	447,000
Tax charge for the year	3,762,373	5,577,282

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

35. OPERATING SEGMENTS

The financial statements have been prepared on the basis of a single reportable segment. Revenue from external customers for products of the Company is disclosed in note 26.

Revenue from two major customers of the Company constitutes 72% of the total revenue during the year ended June 30, 2013 (June 30, 2012: 79%).

36. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	Chief Executive		Executives	
	2013	2012	2013	2012
	Rupees ('000)		Rupees ('000)	
Managerial remuneration	6,151	5,896	89,140	82,345
Bonus	3,844	4,337	43,063	52,672
Housing, utility and conveyance	4,675	4,434	89,287	82,815
Company's contribution to pension, gratuity and provident funds	960	2,317	35,088	32,314
Leave passage	839	835	10,904	10,625
Other benefits	2,584	1,447	33,565	34,651
	19,053	19,266	301,047	295,422
No. of persons, including those who worked part of the year	1	1	87	82

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.

Seven directors and the Chief Executive of the Company were paid meeting fee aggregating Rs 3,351 thousand (2012: Rs 3,070 thousand) based on actual attendance. An honorarium of Rs Nil (2012: Rs 319 thousand) was paid to a non-executive director.

Remuneration of executives are net of charge to associated companies amounting to Rs 5,799 thousand (2012: Rs 5,696 thousand).

37. FINANCIAL INSTRUMENTS

37.1 Financial assets and liabilities

	Held to Maturity investments	Loans and receivables	Available-for-sale investments	Total
	Rupees ('000)			
June 30, 2013				
Financial Assets				
Maturity up to one year				
Trade debts	-	4,871,286	-	4,871,286
Advances, deposits and other receivables	-	555,969	-	555,969
Short term investments	-	-	-	-
Cash and bank balances	-	7,503,778	-	7,503,778
Maturity after one year				
Other long term investments	-	-	5,063	5,063
Long term loans and advances	-	15,557	-	15,557
	-	12,946,590	5,063	12,951,653

	Other financial liabilities	Total
	Rupees ('000)	
Financial Liabilities		
Maturity up to one year		
Trade and other payables	6,362,595	6,362,595
Maturity after one year		
Long term deposits	657,147	657,147
Provision for decommissioning cost	6,623,828	6,623,828
Provision for staff compensated absences	10,710	10,710
Provision for gratuity	2,327	2,327
	13,656,607	13,656,607

	Held to Maturity investments	Loans and receivables	Available-for-sale investments	Total
	Rupees ('000)			
June 30, 2012 - restated				
Financial Assets				
Maturity up to one year				
Trade debts	-	3,007,355	-	3,007,355
Advances, deposits and other receivables	-	359,754	-	359,754
Short term investments	4,009,915	-	-	4,009,915
Cash and bank balances	-	8,870,465	-	8,870,465
Maturity after one year				
Other long term investments	-	-	658,672	658,672
Long term loans and advances	-	16,273	-	16,273
	4,009,915	12,253,847	658,672	16,922,434

	Other financial liabilities	Total
	Rupees ('000)	
Financial Liabilities		
Maturity up to one year		
Trade and other payables	4,600,405	4,600,405
Maturity after one year		
Long term deposits	642,534	642,534
Provision for decommissioning cost	5,443,309	5,443,309
Provision for staff compensated absences	7,140	7,140
Provision for gratuity	1,310	1,310
	10,694,698	10,694,698

37.2 Credit quality of financial assets

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

	Rating	2013	2012
		Rupees ('000)	
Held-to-maturity investments			
Counterparties with external credit rating	A A -	-	821
	A A	-	4,999
	A +	-	2,494
Counterparties without external credit rating			
Securities issued/supported by Government of Pakistan		-	4,001,601
		-	4,009,915
Available for sale investments			
Counterparties with external credit rating	A M 2	1,511	1,379
	A A	1,972	-
	A A A	511	141,940
	A A +	1,069	197,372
Counterparties without external credit rating			
Equity securities with no defaults in the past		-	317,981
		5,063	658,672
Trade debts			
Counterparties with external credit rating	A 1 +	4,762,568	2,932,307
Counterparties without external credit rating			
Existing customers/joint venture partners with no default in the past		108,718	75,048
		4,871,286	3,007,355

		2013	(Restated) 2012
		Rupees ('000)	
Advances, deposits and other receivables			
Counterparties with external credit rating	A 1 +	125,555	94,347
	A 1	15	3,320
	A 2	75,381	-
	A 3	144	-
Counterparties without external credit rating			
Existing customers/joint venture partners with no default in the past		97,164	105,510
Receivable from employees/employee benefit plans		67,389	54,024
Receivable from parent company		118,846	7,377
Others		71,475	95,110
		555,969	359,688

	Rating	2013	2012
		Rupees ('000)	
Bank balances			
Counterparties with external credit rating	A 1 +	7,377,953	8,563,307
	A 1	102,915	121,850
	A 2	23	35,022
	A 3	17,817	146,502
		7,498,708	8,866,681
Long term loans and advances			
Counterparties without external credit rating			
Receivable from employees		15,557	16,273

37.3 Financial Risk Management

37.3.1 Financial risk factors

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

(a) Credit risk

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

As of June 30, 2013, trade debts of Rs 1,410,041 thousand (2012: Rs 353,643 thousand) were past due but not impaired. The ageing analysis of these trade receivables is as follows:

	2013	2012
	Rupees ('000)	
Due from related parties		
Up to 3 months	445,628	-
3 to 6 months	6,808	-
6 to 12 months	2,274	1,449
Above 12 months	91,015	196,677
	545,725	198,126
Due from others		
Up to 3 months	780,366	61,122
3 to 6 months	39,430	-
6 to 12 months	21,963	33
Above 12 months	22,557	94,362
	864,316	155,517
	1,410,041	353,643

(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, 2013, the Company had financial assets of Rs 12,951,653 thousand (2012: Rs 16,922,434 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 year	Over 5 years
		Rupees ('000)	
At June 30, 2013			
Long term deposits	-	657,147	-
Provision for decommissioning cost	-	7,008,680	4,621,524
Provision for staff compensated absences	-	10,710	-
Provision for gratuity plan - CAPGAS	-	2,327	-
Trade and other payables	6,362,595	-	-
At June 30, 2012 - restated			
Long term deposits	-	642,534	-
Provision for decommissioning cost	-	3,575,673	7,287,037
Provision for staff compensated absences	-	7,140	-
Provision for gratuity plan - CAPGAS	-	1,310	-
Trade and other payables	4,600,405	-	-

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 9,422,072 thousand (2012: Rs 7,155,983 thousand) and financial liabilities include Rs 9,053,090 thousand (2012: Rs 6,110,452 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 23,984 thousand (2012: Rs 67,959 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 Rs 7,411,875 thousand (2012: Rs 12,799,362 thousand) and financial liabilities include Rs 6,623,828 thousand (2012: Rs 5,443,309 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 27,601 thousand (2012: Rs 49,466 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 5,063 thousand (2012: Rs 658,672 thousand) which were subject to price risk.

37.3.2 Capital risk management

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

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

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

37.3.3 Fair value of financial assets and liabilities

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

38. STAFF RETIREMENT BENEFITS

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

38.1 Funded gratuity and pension plan

	2013	(Restated) 2012
	Rupees ('000)	
38.1.1 The amounts recognized in the balance sheet are as follows:		
Present value of defined benefit obligations	1,120,439	1,092,285
Fair value of plan assets	(1,124,953)	(1,031,629)
	(4,514)	60,656
Amounts in the balance sheet:		
Gratuity Fund (Asset)	(21,035)	(9,453)
Management Staff Pension Fund Liability	16,521	70,109
Net (asset)/ liability	(4,514)	60,656
38.1.2 The amounts recognized in the profit and loss account are as follows:		
Current service cost	33,802	41,296
Past service cost	10,552	-
Net interest cost	4,381	35,572
	48,735	76,868
38.1.3 Changes in the present value of defined benefit obligation are as follows:		
Opening defined benefit obligation	1,092,285	1,003,442
Current service cost	33,802	41,296
Past service cost	10,552	-
Interest cost	139,009	135,522
Remeasurement	(56,420)	(14,726)
Benefits paid	(91,956)	(73,249)
Transfer	(6,833)	-
Closing defined benefit obligation	1,120,439	1,092,285
38.1.4 Changes in fair value of plan assets are as follows:		
Opening fair value of plan assets	1,031,629	743,391
Interest income	134,628	99,950
Remeasurement	(9,167)	307
Contribution by employer	66,652	261,230
Benefits paid	(91,956)	(73,249)
Transfer	(6,833)	-
Closing fair value of plan assets	1,124,953	1,031,629

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

	2013		2012	
	Rupees (‘000)	%age	Rupees (‘000)	%age
Government bonds	120,174	11	227,255	22
National savings deposits	20,126	2	20,125	2
Corporate bonds	1,859	-	2,802	-
Unit trusts	-	-	7,453	1
Cash and cash equivalents	988,742	88	806,625	78
Allocated to holding company	(5,948)	(1)	(32,631)	(3)
	1,124,953	100	1,031,629	100

Government bonds are valued at quoted market price and are therefore level 1. Corporate bonds are level 2 assets. Cash equivalents and National Savings deposits include level 2 assets.

Both funds covered were invested within limits specified by regulations governing investment of approved retirement funds in Pakistan. The funds have no investment in the company’s own securities.

38.1.6 Principal actuarial assumptions

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

	2013	2012
	Percentage (%)	
Discount rate	11.00	13.25
Expected rate of salary increase	9.00	11.00
Expected rate of pension increase	5.80	7.80
Expected rate of return on investments	-	13.25

38.1.7 Mortality was assumed to be 70% of the EFU(61-66) Table at valuations on both dates, June 30, 2012 and 2013.

38.1.8 The pension gratuity plans are defined benefits final salary plans both plans are invested through approved trust funds. The trustees of the funds are responsible for plan administration and investment. The Company appoints the trustees. All trustees are employees of the Company.

The plans expose the Company to various actuarial risks: investment risk and salary risk from both plans and longevity risk from the pension plan.

The asset ceiling does not apply. The Company can use the surplus in the gratuity fund to reduce its future contributions or can apply to the commissioner of Income Tax for a refund.

38.1.9 Sensitivity analysis

The calculation of the defined benefit obligation is sensitive to assumptions set out above. The following table summarizes how the impact on the defined benefit obligation at the end of the reporting period would have increased (decreased) as a result of a change in respective assumptions by one percent.

	Defined benefit obligation	
	1 percent increase	1 percent decrease
	Rupees ('000)	
Discount rate	(89,827)	107,663
Salary increase	30,366	(26,746)
Pension increase	77,555	66,302

If life expectancy increases by 1 year, the obligation increases by Rs 28,014.

The impact of changes in financial assumptions has been determined by revaluation of the obligations on different rates. The impact of increase in longevity has been calculated on the aggregate for each class of employees.

38.1.10 The weighted average number of the defined benefit obligation is given below:

	Pension	Gratuity
	Rupees ('000)	
Plan Duration		
June 30, 2012	12.7	4.9
June 30, 2013	12.2	4.6

38.1.11 The Company contributes to the pension and gratuity funds on the advice of the fund's actuary. The contributions are equal to the current service cost with adjustment for any deficit.

	Pension	Gratuity
	Rupees ('000)	
Projected payments		
Contributions FY 2014	20,554	-
Benefit payments:		
FY 2014	47,262	39,009
FY 2015	52,396	44,832
FY 2016	59,331	60,464
FY 2017	64,947	63,440
FY 2018	70,660	54,475
FY 2019-23	443,528	214,609

	2013	(Restated) 2012
	Rupees ('000)	

39. EARNINGS PER SHARE - BASIC AND DILUTED

	2013	2012
Profit for the year attributable to owners of POL (in thousand rupees)	10,754,296	11,143,833
Weighted average number of ordinary shares in issue during the year (in thousand shares)	236,546	236,546
Basic and diluted earnings per share (Rupees)	45.46	47.11

Earnings per share for the year 2012 has been restated from Rs 47.08 per share to Rs 47.11 per share as a result of early adoption of IAS - 19 as explained in note 4.9 to the financial statements.

40. TRANSACTIONS WITH RELATED PARTIES

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

	2013	2012
	Rupees ('000)	
Parent company - The Attock Oil Company Limited		
Purchase of petroleum products	82,720	119,356
Purchase of services	7,211	-
Sale of services	326	203
Associated companies		
Attock Refinery Limited		
Sale of crude oil and gas	14,039,124	14,396,928
Crude oil and gas transmission charges	11,377	19,651
Sale of services	4,286	4,663
Purchase of LPG	732,860	780,359
Purchase of fuel	11,608	8,736
Purchase of services	17,661	14,858
National Refinery Limited		
Sale of crude oil	1,355,741	-
Purchase of LPG	352,312	361,015
Purchase of services	1,572	1,405
Attock Petroleum Limited		
Purchase of fuel and lubricants	707,610	661,565
Purchase of services	675	869
Sale of solvent oil	283,204	256,071
Sale of services	6,464	7,962

	2013	2012
	Rupees ('000)	
Attock Information Technology (Private) Limited		
Purchase of services	21,272	19,316
Attock Cement Pakistan Limited		
Purchase of services	38	53
Attock Hospital (Private) Limited		
Purchase of medical services	6,241	6,909
Attock Leisure Management Association		
Sale of services	570	577
Other related parties		
Contribution to staff retirement benefits plans		
Management Staff Pension Fund and Gratuity Fund	66,652	261,230
Approved Contributory Provident Funds	23,645	23,300
Contribution to Workers' Profit Participation Fund	776,400	940,339

41. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise

	2013	2012
Cash and bank balances	7,503,778	8,870,465
Short term investments - maturing within next three months	-	3,950,594
	7,503,778	12,821,059

42. CONTRIBUTORY PROVIDENT FUND

Details of the provident funds are as follows:

	2013	2012
Net assets	734,928	759,472
Cost of investments made	691,187	710,143
%age of investments made	94%	94%
Fair value of investments made	699,478	716,207

	2013		2012	
	Rupees ('000)	%age	Rupees ('000)	%age
Breakup of investments - at cost				
Term Finance Certificates	925	0.13%	3,421	0.48%
Mutual Funds	6,722	0.97%	6,722	0.95%
Government bonds	91,247	13.20%	306,350	43.14%
Cash and cash equivalents	592,293	85.70%	393,650	55.43%
	691,187	100.00%	710,143	100.00%

Investments out of provident fund have been made in accordance with the provisions of section 227 of the Companies Ordinance, 1984 and the rules formulated for the purpose.

43. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on August 14, 2013 has proposed a final dividend for the year ended June 30, 2013 @ 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 September 27, 2013.

44. GENERAL

44.1 Capacity

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

44.2 Number of employees

Total number of employees at the end of the year were 808 (2012: 837). Average number of employees during the year were 819 (2012: 836).

44.3 Corresponding figures

Certain corresponding figures have been changed as a result of restatement of prior year figures as referred in note 4.9.

44.4 Date of authorization

These financial statements were authorized for issue by the Board of Directors of the Company on August 14, 2013.

Shuaib A. Malik
Chief Executive

Abdus Sattar
Director

Notice of Annual General Meeting

Notice is hereby given that the Sixty Second Annual General Meeting (being the EIGHTYTH General Meeting) of the Company will be held on Friday, September 27, 2013 at 1045 hours at Attock House, Morgah, Rawalpindi, to transact the following business: -

ORDINARY BUSINESS

i. To receive, consider and approve the audited accounts of the Company together with the Directors' and Auditors' Reports for the year ended June 30, 2013.

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. 20 per share i.e. 200% already paid to the shareholders, thus making a total cash dividend of Rs. 45 per share i.e. 450% for the year ended June 30, 2013.

iii. To appoint auditors for the year ending June 30, 2014 and fix their remuneration. The present auditors Messrs A. F. Ferguson & Co., Chartered Accountants, retire and being eligible, offer themselves for reappointment.

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

BY ORDER OF THE BOARD

Syed Khalid Nafees Zaidi
Company Secretary

Registered Office
POL House,
Morgah, Rawalpindi.
September 05, 2013

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 September 19, 2013 to September 27, 2013 (both days inclusive). Transfers received in order at the Registered Office of the Company by the close of business on September 18, 2013 will be treated in time for the purpose of payment of the final cash dividend, if approved by the shareholders.

2. PARTICIPATION IN THE ANNUAL GENERAL MEETING.

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

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

a. For attending the meeting

i. In case of individuals, the account holders or sub-account holders whose registration details are uploaded as per regulations shall authenticate their identity by showing their original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.

ii. In case of corporate entities, the Board of Directors' resolution / power of attorney with specimen signature of the nominees shall be produced (unless it has been provided earlier) at the time of the meeting.

b. For appointing proxies

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

4. DIVIDEND MANDATE OPTION

In pursuance of the directions given by the Securities and Exchange Commission of Pakistan through its Circular No.18 of 2012 dated June 5, 2012, the Company have informed the shareholders about the mandate option vide its letter dated July 18, 2012.

It was informed that a shareholder may if so desire, direct the Company to pay dividend through his/he/ their bank account as empowered under section 250 of the Companies Ordinance, 1984. To opt for the dividend mandate option, the shareholders were requested to send mandate instruction by filling the mandate form.

The dividend form is again enclosed to facilitate shareholders to opt the mandate option and provide required information to make payment of cash dividend through direct credit to shareholder's bank account, declared by the Company. The Dividend Mandate Form is also available at Company's website www.pakoil.com.pk,

CDC account holders are requested to submit their mandate instruction to relevant member stock exchange.

5. SUBMISSION OF CNIC

The Securities and Exchange Commission of Pakistan (SECP) through its notification SRO 831 (1) 2012 of 5th July 2012, has directed all listed companies to mention CNIC Number on the dividend warrant(s) of the registered shareholders.

In pursuance of the directions given by the Securities and Exchange Commission of Pakistan (SECP), the Company have requested the shareholders vide its letter dated February 1, 2013 to provide valid CNIC.

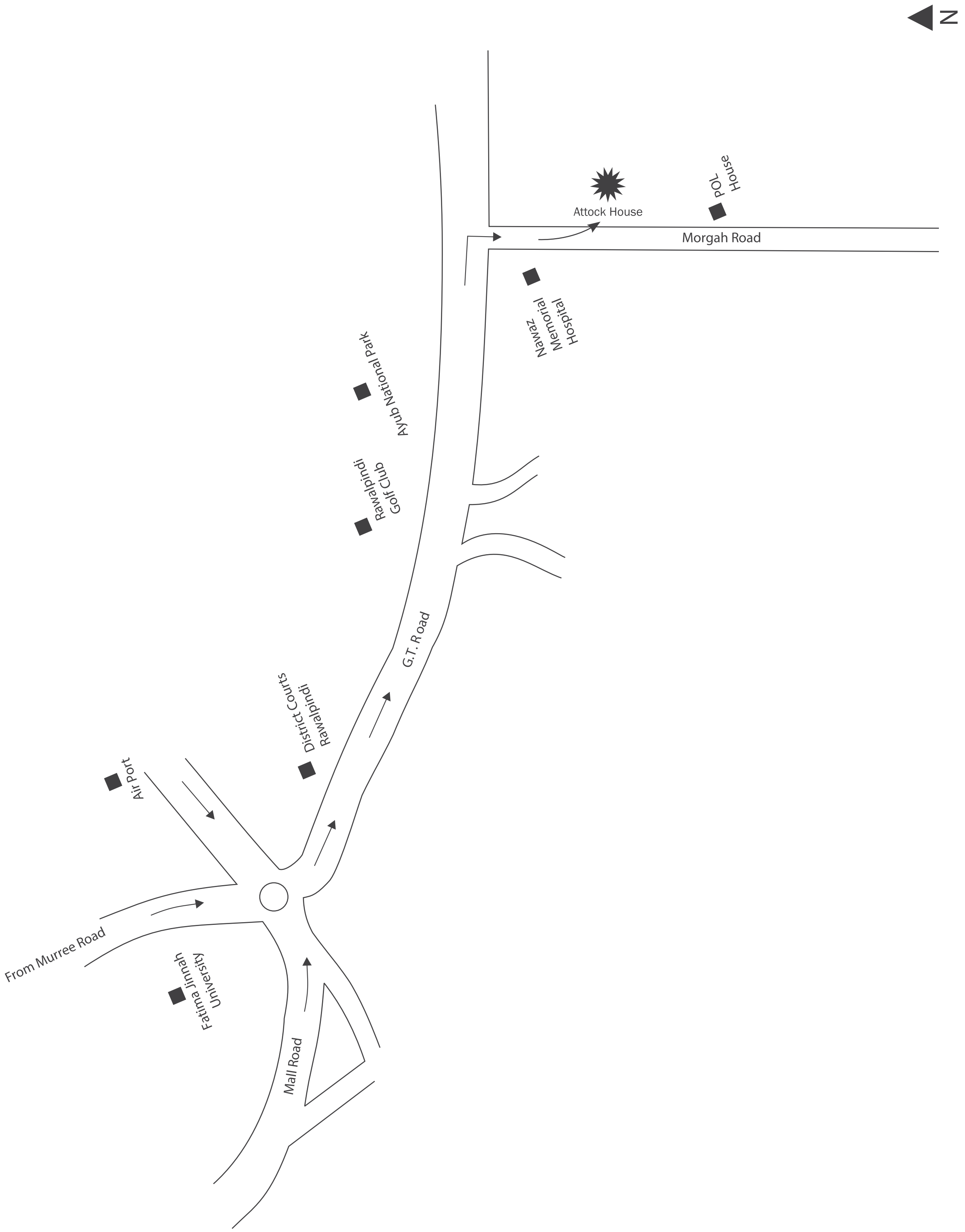
If you have not yet sent, please send us a copy of your valid CNIC so that your CNIC number can be mentioned, on your dividend warrant in compliance with the directions given by the SECP through the SRO, to ensure timely disbursement of your dividend.

6. CHANGE IN ADDRESS

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

7. Audited accounts of the Company for the year ended June 30, 2013 have been provided on the website www.pakoil.com.pk.

Location Map for Annual General Meeting



Glossary

2D/3D seismic	Exploration method of sending energy waves or sound waves into the earth and recording the wave reflections to indicate the type, size, shape, and depth of subsurface rock formations. 2D/3D seismic provides two/three dimensional information
API	American Petroleum Institute
Chorgali formation	Geological formation
Eocene	Formation age
Exploratory well	A well drilled to find and produce oil or gas in an unproved area, find a new reservoir in a field previously found to be productive in another reservoir, or extend a known reservoir
Hangu formations	Geological formation
HSE	Health, safety and environment
Hydrocarbon	An organic compound of hydrogen and carbon (i.e., oil, gas, and NGL)
IOSH	Institution of Occupational Safety and Health
Khewara (Cambrian)	Geological formation
L.kms	Line kilometers
Lockhart formation	Geological formation
LPG	Liquefied petroleum gas
Lumshiwal formations	Geological formation
Mscf	Million standard cubic feet per day
Mtd	Metric ton per day
NEBOSH	National Examination Board in Occupational Safety and Health
OHSAS	Occupational Health & Safety Advisory Services
Open hole DST	Open hole drill stem test
Patala formation	Geological formation
Paleocene reservoirs	Formation age
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
Ranikot formations	Geological formation
Reservoir	Porous and permeable underground formation that contains a natural accumulation of producible oil or gas. The formation is confined by impermeable rock or water barriers and is individual and separate from other reservoirs
Sakesar formation	Geological formation
Samanasuk formation	Geological formation
Seismic interpretation	To interpret the extent and geometry of rocks in the subsurface from 2D or 3D seismic data
SGS	Societe Generale de Surveillance
Spud	Commencement of actual drilling operations
Tobra (Permian)	Geological formation
Wargal formation	Geological formation
Well blowout	A blowout is the uncontrolled release of crude oil and/or natural gas from an oil well or gas well after pressure control systems have failed
Workover job	To perform one or more of a variety of remedial operations on producing oil and gas wells to try to increase production
Zone	Stratigraphic interval containing one or more reservoirs

FORM OF PROXY

62nd Annual General Meeting

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

For beneficial owners as per CDC List
CDC Participant I.D. No. ________________ Sub-Account No. ______________________

CNIC No. ☐☐☐☐☐-☐☐☐☐☐☐☐-☐ or Passport No. ____________________

hereby appoint ____________________ of ______________ who is also a member of the Company, Folio No. ________ or failing him/her ________________ of _____________ who is also a member of the Company, Folio No______ as my/our proxy to vote and act for me/our behalf at the SIXTY SECOND Annual General Meeting of the Company to be held on Friday, September 27, 2013 or at any adjournment thereof.

Five Rupees
Revenue Stamp

____
Signature of Shareholder
(The signature should agree with the specimen registered with the Company)

Dated this ________ day of ________ 2013

Signature of Proxy ____________________

For beneficial owners as per CDC list
Witnesses:

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

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

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

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

The Secretary,

PAKISTAN OILFIELDS LIMITED

POL House, Morgah, Rawalpindi.

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

Pakistan Oilfields Limited
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Web: www.pakoil.com.pk

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