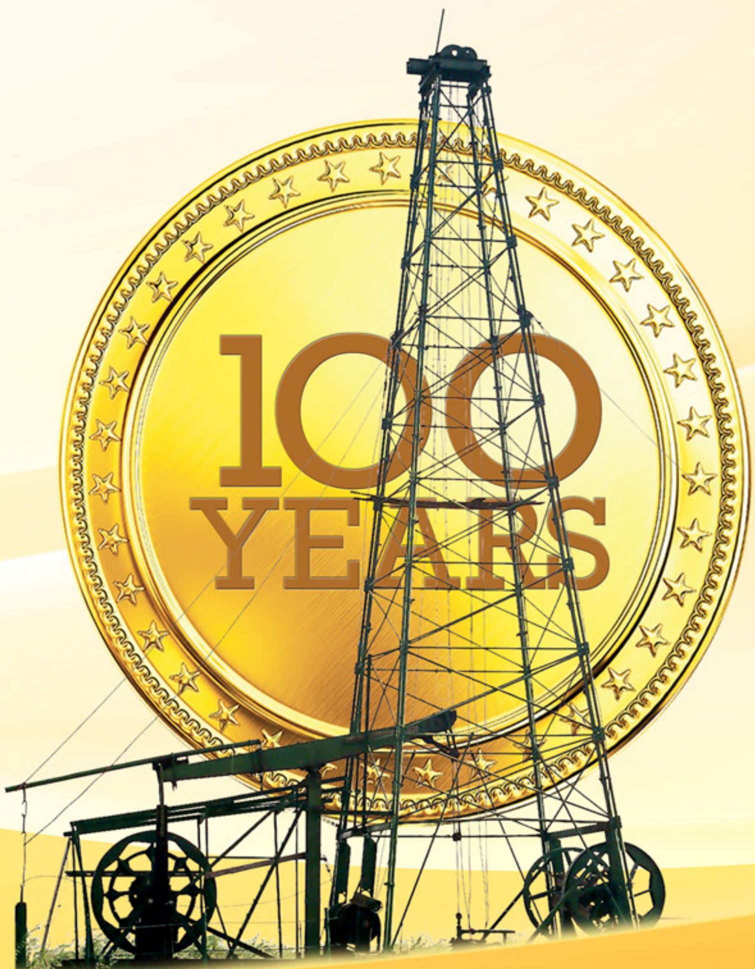
ANNUAL REPORT 2014

100 YEARS OF EXPLORATION
1915-2014



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 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 ventures with various exploration and production companies for the search of oil and gas in the country.

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

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

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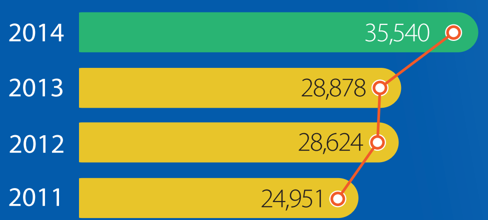
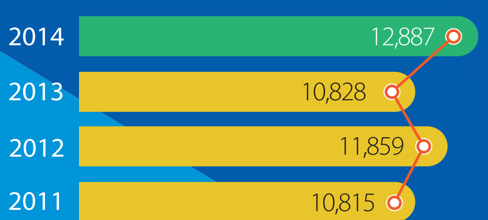
Company Achievements

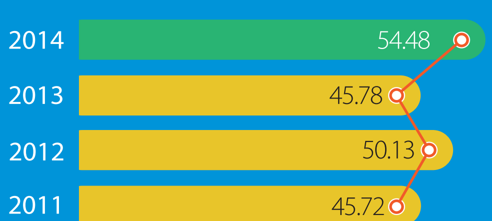
Net Sales
(Rs in million)



Profit for the year
(Rs in million)



Earnings per share
(Rs per share)



DURING 2014
COMPANY ACHIEVED
NET SALES OF

Rs **35.54**
billion

THE HIGHEST
EVER SALES IN
THE COMPANY'S
HISTORY

Net sales
23.07%

Profit after tax
19.0%

Earning per share
19.0%

Cash dividend
Rs 12,419
million

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$ 650 Million

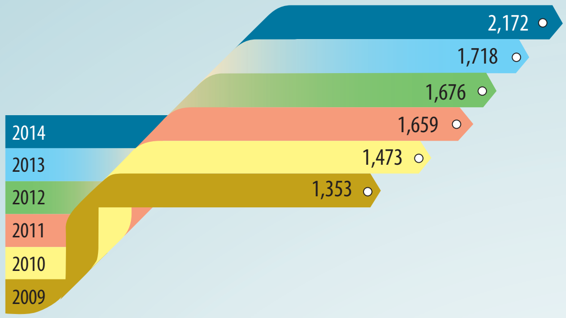
(2013: US$ 593 million).

The contribution to the national exchequer, in the shape of royalty and other government levies, was

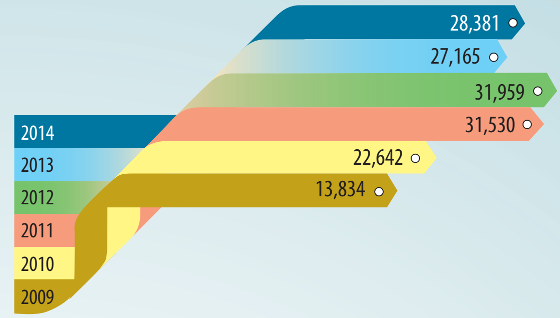
Rs 11,192 Million

(2013: Rs 9,145 million).

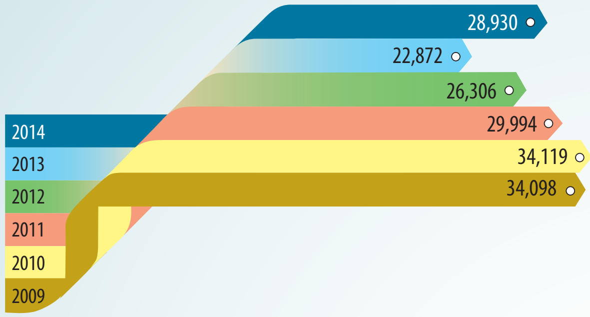
Crude oil production
(barrels thousand)



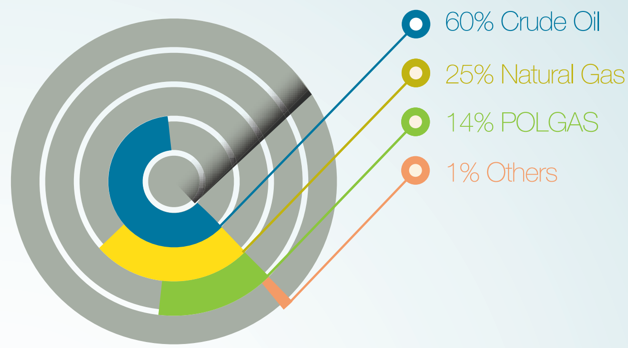
Gas production
(million cubic feet)



LPG production
(metric tons)



Revenue mix by product



Earnings per share By quarter

	2013	2014
Q1	10.85	15.25
Q2	13.10	13.94
Q3	12.52	13.52
Q4	9.31	11.77

Jun 30, 2014 - Total = **54.48** | Jun 30, 2013 - Total = **45.78**

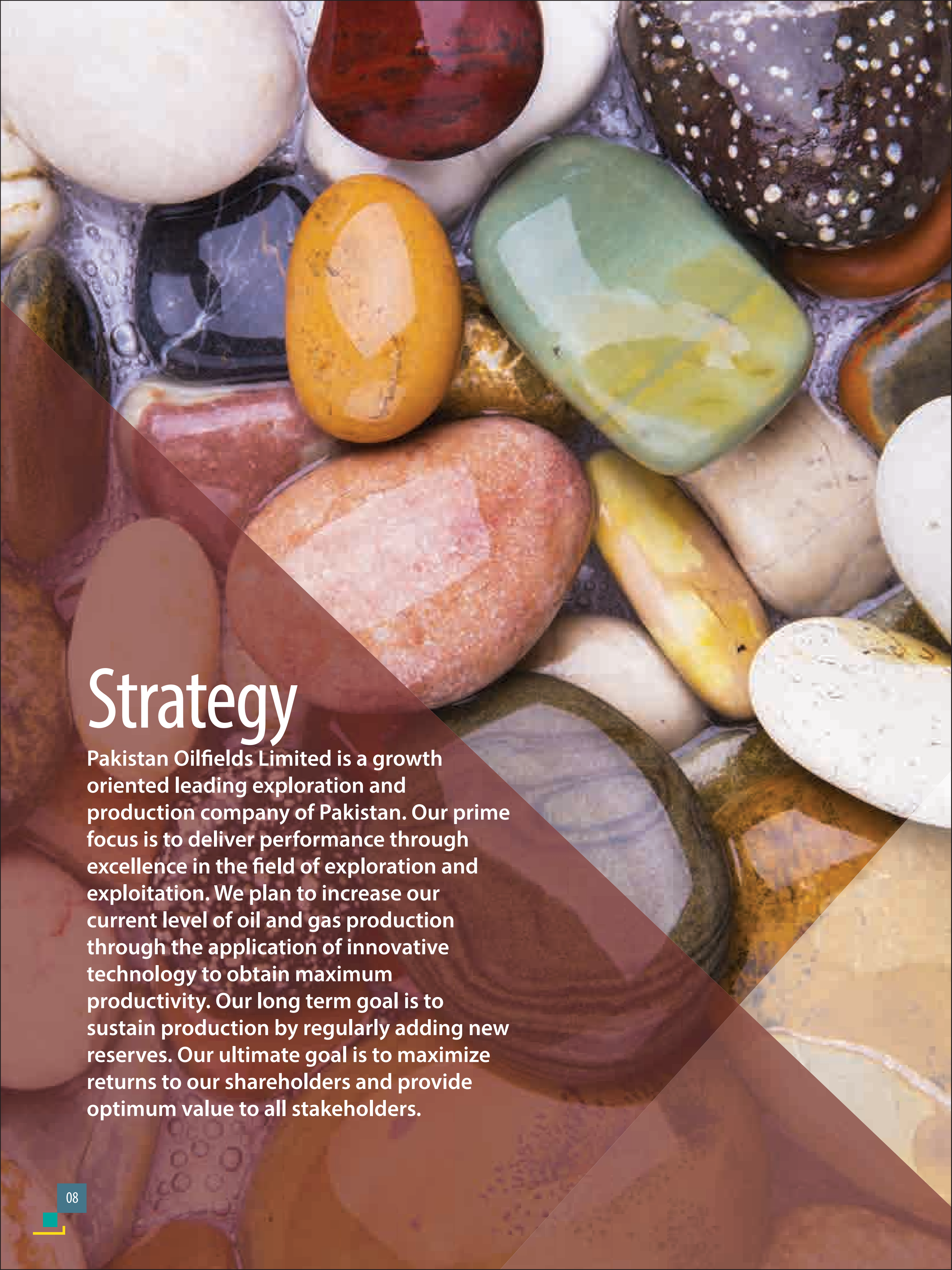
Vision

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

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

Continuous quality improvement

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

Ethics and integrity

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

Profitability

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

Employees' growth and development

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

Community involvement

We strongly believe 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.

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.

Code of Conduct

- The Company's activities and operations will be carried out in strict compliance with all applicable laws and the highest ethical standards. The directors and employees will ensure that the Company deals in all fairness with its customers, suppliers and competitors.

- Employees, irrespective of their function, grade or standing, and the directors must avoid conflict of interest situations between their direct or indirect (including members of immediate family) personal interests and the interest of the Company.

- Employees must notify their direct supervisor of any actual or potential conflict of interest situation and obtain a written ruling as to their individual case. In case of directors, such ruling can only be given by the Board, and will be disclosed to the shareholders.

- The directors and employees may not take advantage of the Company's information or property, or their position with the Company, to develop inappropriate personal gains or opportunities. They may, however, receive gifts of token value or accept invitations only if such gifts or invitations have no influence on their decision making and are not illegal under any applicable law. No director or employee may receive from any customer, supplier or business associate of Pakistan Oilfields Limited cash, gifts or invitations with other than nominal monetary value.

- Trading by directors and employees of the Company in Pakistan Oilfields Limited shares is possible only in accordance with the more detailed guidelines issued from time to time by corporate management in accordance with applicable laws.

- In its relations with governmental agencies, customers and suppliers, the Company will not, directly or indirectly, engage in bribery, kickbacks, payoffs, or any other corrupt business practices.

- The use, directly or indirectly, of Company funds for political contributions to any organization or to any candidate for public office is strictly prohibited.

- Corporate funds and assets will be utilized solely for lawful and proper purposes in line with the Company's objectives.

- No false or artificial entries shall be made in the Company's books and records for any reason, and all financial transactions must be accurately and properly accounted for in the books and records.

- All benefits provided to the directors and employees of Pakistan Oilfields Limited in addition to their standard remuneration will be awarded in full compliance with the Company's official policies.

- Pakistan Oilfields Limited will respect the privacy of data relating to individual persons (whether employees or third parties) which it may hold or handle as part of its information processing activities or otherwise.

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

- Pakistan Oilfields Limited will support a precautionary approach to environmental challenges, and, within its sphere of influence, undertake initiatives to promote greater environmental responsibility and encourage the development and diffusion of environmentally friendly technologies

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

- Pakistan Oilfields Limited will not discriminate against any employee for any reason such as race, religion, political convictions or 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.

Chairman: Attock Group of Companies

Board of Directors

Dr. Ghaith R. Pharaon

Mr. Laith G. Pharaon

Mr. Wael G. Pharaon

Mr. Shuaib A. Malik

Mr. Abdus Sattar

Mr. Nihal Cassim

Mr. Tariq Iqbal Khan

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

Mr. Arif Kemal
Alternate Director to
Mr. Laith G. Pharaon

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

Profile of the Board of Directors

Dr. Ghaith R. Pharaon

An international investor and industrialist who has financial and trading interests in Pakistan and other parts of the world in various sectors like petroleum, power generation, chemical, real estate and cement etc. He holds an MBA from Harvard University and Masters in Petroleum Engineering from University of Colorado and Stanford University. He is also Chairman of The Attock Oil Company Limited, Attock Cement Pakistan Limited, Attock Petroleum Limited and National Refinery Limited and Director on the Board of various Companies in the Group. Under his supervision and guidance, group companies are amongst the top performing listed companies of Pakistan.

Mr. Laith G. Pharaon

A businessman and an international investor who has financial and trading interests in Pakistan and other parts of the world in various sectors like petroleum, power generation, chemical, real estate and cement etc. Mr. Laith holds a graduate degree from the University of Southern California. He is also Director on the Board of various Companies in the Group.

Mr. Wael G. Pharaon

A businessman and an international investor who has financial and trading interests in Pakistan and other parts of the world in various sectors like petroleum, power generation, chemical, real estate and cement etc. Mr. Wael holds a graduate degree. He is also Director on the Board of various Companies in the Group.

Mr. Shuaib A. Malik

Mr. Shuaib A. Malik has been associated with Attock Group of Companies for around 35 years. He started his career as an Executive Officer in The Attock Oil Company Limited in July 1977 and served in different Companies in the Group at various times with the responsibility to supervise and oversee the operations and affairs of these Companies. He has exhaustive experience related to various aspects of upstream, midstream and downstream petroleum business. He holds a graduate degree and attended many international management programs, workshops and conferences including two such programs at British Institute of Management, UK and Harvard Business School, USA. Presently, he is holding the position of Group Chief Executive of the Attock Group of Companies, Chairman and Chief Executive of Pakistan Oilfields Limited, Chairman Attock Refinery Limited besides being the Director on the Board of all the Companies in the Group.

Mr. Abdus Sattar

Mr. Abdus Sattar has over 35 years of Financial Management experience at key positions of responsibility in various Government organizations / ministries, commercial organizations with the main objective of controlling costs of various commodities, to watch consumer interest, minimize government subsidies, improve government revenues, eliminate wasteful expenses / leakages and fixation of gas and POL prices. After serving as Financial Advisor to Ministry of Petroleum & Natural Resources, Government of Pakistan, he also remained Financial Advisor for Mari Gas Company Limited for around 8 years including 6 years as its Director on the Board. While working as Financial Advisor in Ministry of Petroleum he also served as Director on a number of boards like OGDCL, PPL, SNGPL, SSGCL, PSO, PARCO, ARL, POL, NRL, PMDC etc. as a nominee of Government of Pakistan for about seven years. He is a fellow member of Institute of Cost and Management Accountant of Pakistan (ICMAP) and was also nominated as council member of ICMAP for the three years (Jan 2000 to Dec 2002) by the Government of Pakistan. He has attended many advance financial management courses, programs and trainings in institutions of international repute in Pakistan and abroad. Presently, he is on the Board of ARL, POL, ACPL and NRL and a visiting faculty member of a number of reputed universities and professional institutions.

Mr. Nihal Cassim

Mr. Nihal Cassim is the Chief Executive of Safeway Fund Limited, an asset management company managing two equity funds in Karachi. Before taking this position, he was engaged in his own corporate finance practice in Pakistan and concluded various assignments including advisory services to the seller of Crescent Leasing and certain sellers of PICIC including NIT. In Canada, Mr. Nihal was Vice-President and Head of small-cap Investment Banking for First Associates' (now Blackmont Capital, a CI Financial Company) eastern Canadian operations and he conducted several transactions in M&A, equity financing and corporate finance advisory. Prior to this, Mr. Nihal was responsible for the corporate development of TVX Gold Inc. and was involved in its C$4 billion merger with Kinross Gold. He began his investment banking career at HSBC Securities, Canada. Mr. Nihal is an MBA (Finance & MIS) from McGill University. He is currently a Director on the Boards of Safeway Fund Limited, Pakistan Oilfields Limited and Ferozsons laboratories Limited. He is also a member of Pakistan Oilfields Limited's Audit Committee, Ferozsons Laboratories Limited's Investment Committee, Remuneration Committee and Chairs their Audit Committee. Mr. Nihal has served two terms as director on the Board of Mutual Funds Association of Pakistan. He takes particular interest in facilitating the development of the capital market and the protection of minority shareholders through improvements to the regulatory framework.

Profile of the Board of Directors

Mr. Tariq Iqbal Khan

Mr. Tariq Iqbal Khan is a fellow member of Institute of Chartered Accountants, Pakistan, with diversified experience of more than 40 years. He was pivotal in founding Islamabad Stock Exchange where he subsequently served as President as well. He has also served as the Member Tax Policy & Co-ordination in the Central Board of Revenue, followed by being appointed as Commissioner SECP, where he was instrumental in restructuring the SECP. He also held the charge of Chairman SECP (acting) for a brief period. He served on prominent national level committees like Committee for formulation of Take Over law. CLA Committee for review of Security and Exchange Ordinance 1969, Committee for formulation of CDC law and regulations and Prime Minister's Committee for Revival of Stock Market. He served as the Chairman and MD of NIT for more than 8 years, which played the role of a catalyst in establishing, strengthening and stabilizing the capital markets. Additionally, during this period, he held the charge of Chairman & MD of ICP, for almost 5 years. He has served on Boards of the top companies like CDC, Faysal Bank, Bank Al Habib, GSK, ICI, Siemens, and Packages etc. Presently he is a member of the Boards of Gillette Pakistan Limited, International Steels Limited, Lucky Cement Limited, National Refinery Limited, Packages Limited, Silk Bank Limited and PICIC Insurance Limited.

Mr. Babar Bashir Nawaz

Mr. Babar Bashir Nawaz has over 30 years of experience with the Attock Group. During this period he has held various positions in Finance, Personnel, Marketing & General Management before being appointed as the Chief Executive of Attock Cement Company Limited in 2002. Mr. Bashir holds a Master's degree in Business Administration from the Quaid-e-Azam University in Islamabad and at present is also a Director on the Board of all the listed companies of the Group in Pakistan. He has attended various courses, workshops and seminars in Pakistan and abroad on the business management. Currently he is also a member of the Management Committee of the Overseas Investors Chamber of Commerce and Industry.

Mr. Arif Kemal

Mr. Arif Kemal is a member of the Society of Petroleum Engineers, the American Association of Petroleum Geologist and the Houston Geological Society. Mr. Arif Kemal holds a BSc Hons in Geology and Master Degree in Petroleum Geology, Post Graduate Course in Petroleum Engineering from French Institute of Petroleum, France, Executive Management Course from Canada and numerous courses both at local and International level. He has more than 45 years of experience in Oil and Gas Sector out of which he spent 32 years with OGDCL. He held positions of Geologist to Chief Geologist and from General Manager to Executive Director. After having long association with OGDCL he joined Pakistan Oilfields Limited and worked as a Chief Executive. He was Chairman Society of Petroleum Engineers (SPE) during the year 1992-93. He was Chairman of PAPG during the year 1996-98, an affiliated body of AAPG. He was President of Pakistan Petroleum Exploration and Production Companies Association (PPEPCA) and Vice President of Rawalpindi Golf Club.

Mr. Bilal Ahmad Khan

Mr. Bilal Ahmad Khan is a Fellow member of the Institute of Chartered Accountants of Pakistan. He has experience of working in the energy and telecom sectors as well exposure to consulting and the academia. He is presently employed as General Manager and a member of the Management Committee of Pakistan Oilfields Limited (POL), he has also served on the Audit Committee of the Board of Directors. He has previously held the position of CFO & Company Secretary at POL. Prior to working at POL, he has worked in the telecom sector in Pakistan and performed assignments in Europe, the Americas, Africa and Asia for fixed and mobile telephone clients for a Luxembourg based company. In the recent past, he has taught at the graduate and undergraduate level at LUMS and worked as a management consultant in Libya.

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. Arif Kemal
- Mr. Wael G. Pharaon
  Alternate Director:
  Mr. Babar Bashir Nawaz
- Mr. Abdus Sattar
- Mr. Nihal Cassim
- Mr. Tariq Iqbal Khan
- Mr. Shuaib A. Malik
  Chairman &
  Chief Executive

Audit Committee

Mr. Abdus Sattar	Chairman
Mr. Nihal Cassim	Member
Mr. Tariq Iqbal Khan	Member
Mr. Babar Bashir Nawaz	Member
Mr. Bilal Ahmad Khan	Member

Human Resource & Remuneration (HR & R) Committee

- Mr. Babar Bashir Nawaz
  Chairman
- Mr. Shuaib A. Malik
  Member
- Mr. Abdus Sattar
  Member
- Mr. Bilal Ahmad Khan
  Member

Company Secretary / Chief Financial Officer

- Syed Khalid Nafees

Head 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 & Tax Advisor

A.F. Ferguson & Co.
Chartered Accountants

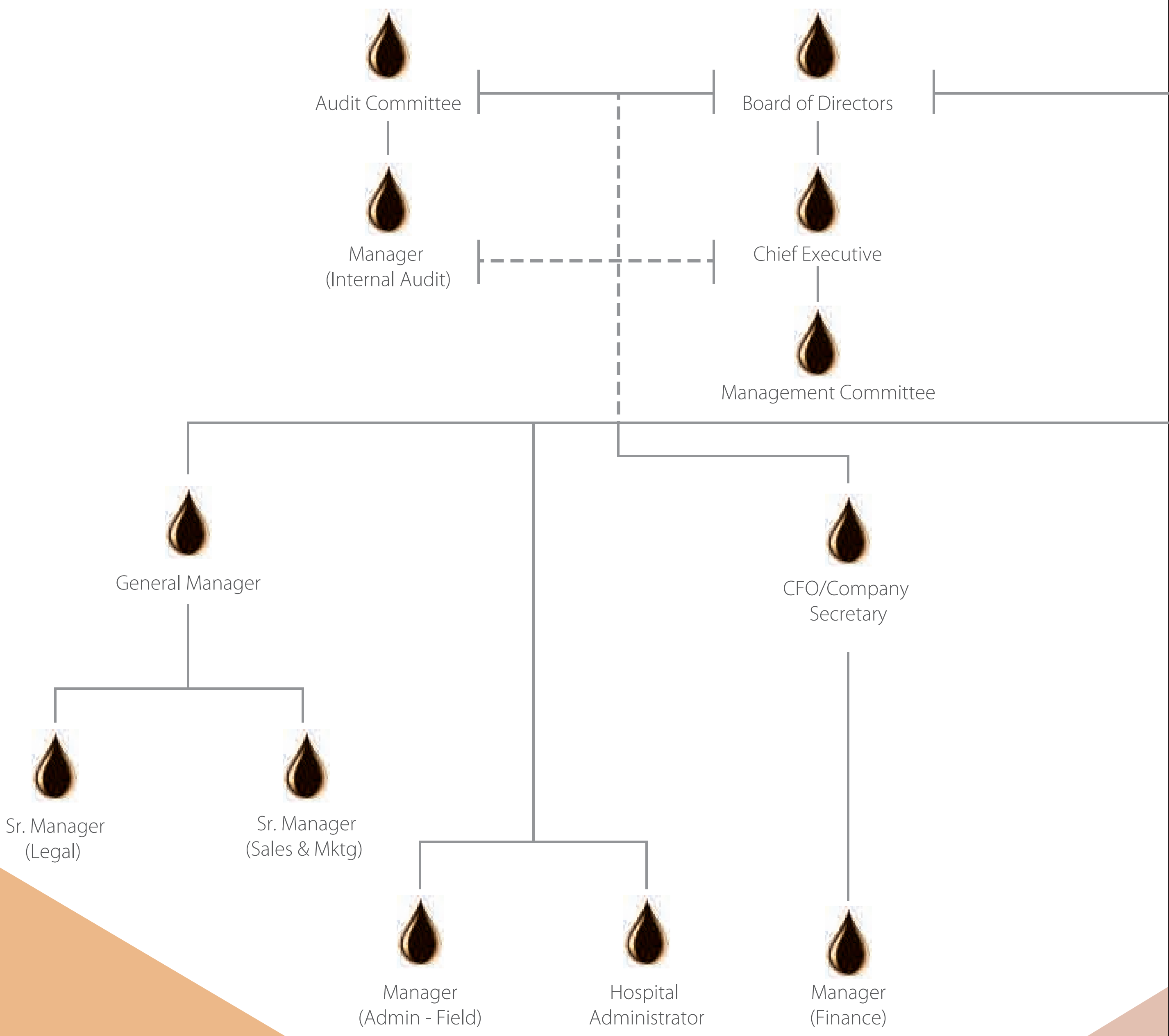
Shareholder Enquiries

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

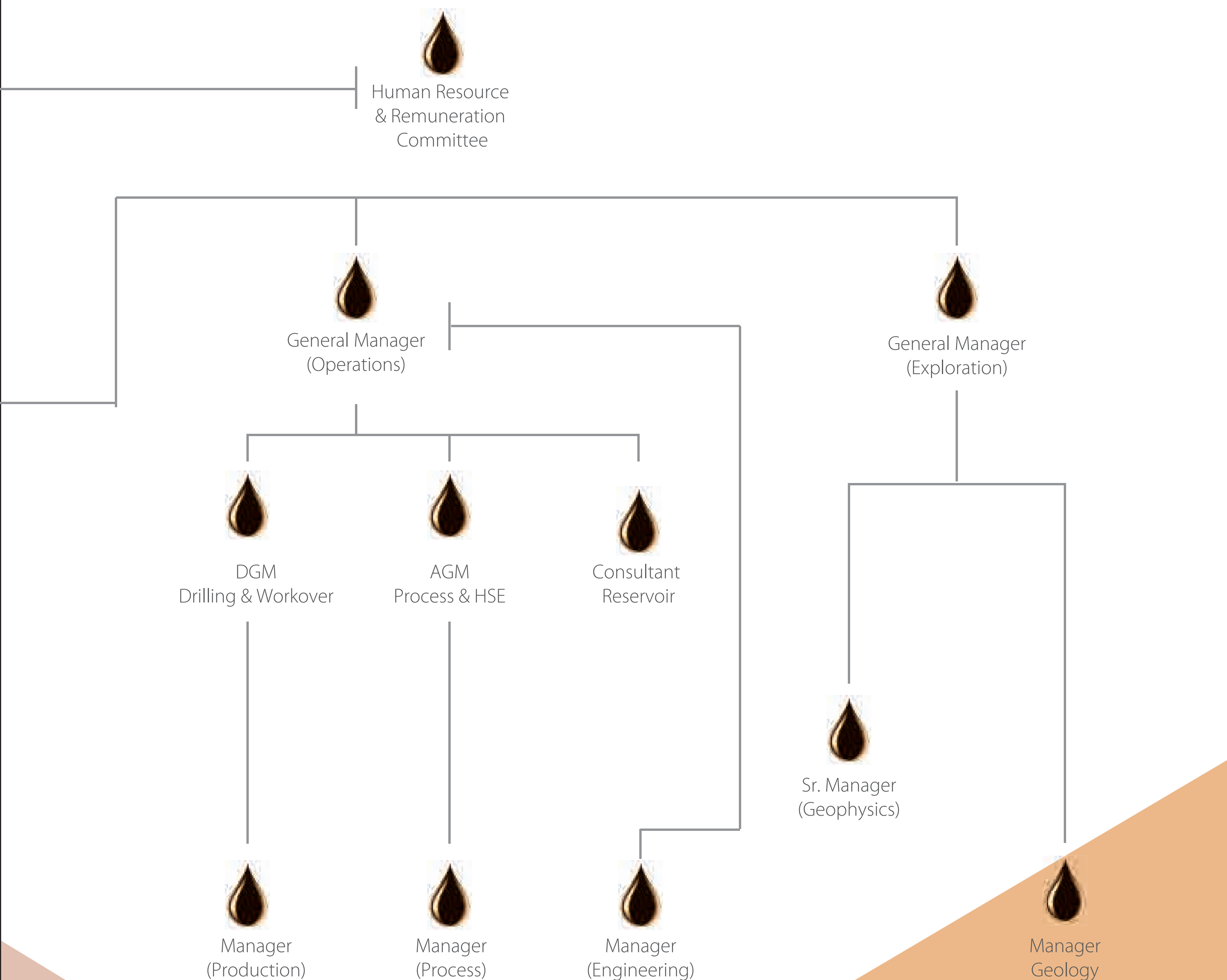
Annual Report

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)


Human Resource
& Remuneration
Committee
General Manager
(Operations)
General Manager
(Exploration)
DGM
Drilling & Workover
AGM
Process & HSE
Consultant
Reservoir
Sr. Manager
(Geophysics)
Manager
(Production)
Manager
(Process)
Manager
(Engineering)
Manager
Geology

Board Committees

Human Resource and Remuneration (HR&R) Committee

Composition

■ Mr. Babar Bashir Nawaz	Chairman
■ Mr. Shuaib A. Malik	Member
■ Mr. Abdus Sattar	Member
■ Mr. Bilal Ahmad Khan	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. Tariq Iqbal Khan	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.

Management Committees

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

Executive Committee

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

Review and Appraisal Committee

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

Risk Management Committee

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

Business Strategy Committee

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

Systems and Technology Committee

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

Budget Committee

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

Safety Committee

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

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

I am pleased to report another historic financial year. In this year the Company has earned a highest ever profit in the Company's history.

It gives me great pleasure to welcome you to the Sixty third Annual General Meeting of the Company and to present the Company's Annual Report and Audited Financial Statements for the year ended June 30, 2014.

The Board

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

Results

I am pleased to report another historic financial year. In this year the Company has earned a highest ever profit in the Company's history. This year's profit after tax of Rs12,887.4 million (2013: Rs 10,828.4 million) which is higher by 19% in comparison to last year.

During 2014, your Company achieved net sales of Rs 35,539.7 million the highest ever twelve months sale. The increase in profitability is mainly because of enhanced oil production by 26.5%. The results of the Company's operations are dealt with in further detail in the annexed Directors' Report and Financial Statements.

Outlook

During this year Makori Gas Plant Facility was commissioned and in addition to oil and gas production LPG production has been increased substantially. In the next year there would be a full year impact. Presently, six wells are under drilling and out of which three are exploratory wells. We remain committed to having a strong presence in high-potential exploration opportunities to enhance our reserves base. Your Company is investing a substantial amount to increase its reserve base and with the Grace of Allah we are pretty much hopeful to get successes. We expect profitability to enhance further 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

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

Beirut, Lebanon
August 15, 2014

Directors' Report

We are pleased to announce that during this year, the Company has achieved the highest ever profit of its history.

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

Assalam-u-Alaikum!

The Directors have pleasure in presenting a brief review of the operations and financial results of the Company for the year ended June 30, 2014.

Financial Results

These are summarized below:

	Rs (000)
Profit for the year after providing for all expenses including depreciation, exploration, amortization and workers' funds.	17,206,809
Less: provision for taxation	(4,319,415)
Profit after tax	12,887,394

We are pleased to announce that during this year, the Company has achieved the highest ever profit of its history. Gross sales of Rs 37,857 million are also the highest ever in the Company's history.

In this year, the Company made a profit after tax of Rs 12,887 million (2013: Rs 10,828 million), which is higher by 19 % as compared to last year. The profit translates into earnings per share of Rs 54.48 (2013: Rs 45.78 per share). Overall net sales are higher by Rs 6,662 million (23%), which is mainly because of higher production of crude oil, which increased by 26.5 % in comparison to last year. Increase in crude oil production is mainly from Makori East, Maramzai and Mamikhel fields which offset decline in production from Manzalai and Makori fields. Due to start of LPG production from Makori Gas Plan Facility the increase in LPG production is around 26.5% in comparison to last year. Increase in cost of sale is mainly because of increased amortisation of development costs, royalty expense, operating costs and depreciation.

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

Cash flows

Cash and cash equivalents increased by Rs 3,577 million during the year (2013: decreased by Rs 5,332 million). Cash flows provided from operating activities were Rs 18,248 million were 45.3% higher as compared to last year mainly due to strong sales.

Contribution towards the economy

The Company continues to play a vital role in the oil and gas sector of the Country. During the year the Company saved foreign exchange in excess of US$ 650 million (2013: US$ 593 million) for the country. The contribution to the national exchequer, in the shape of royalty and other government levies, was Rs 11,192 million (2013: Rs 9,145 million).

Directors

At the nineteenth (19th) Extraordinary General Meeting held on June 27, 2014, a new Board of Directors was elected for a term of three years as under:

1. Dr. Ghaith R. Pharaon	2. Mr. Laith G. Pharaon	3. Mr. Wael G. Pharaon
4. Mr. Shuaib A. Malik	5. Mr. Abdus Sattar	6. Mr. Nihal Cassim
7. Mr. Tariq Iqbal Khan		

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

Audit Committee

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

1. Mr. Abdus Sattar Chairman	2. Mr. Nihal Cassimi Member	3. Mr. Tariq Iqbal Khan Member
4. Mr. Babar Bashir Nawaz Member Alternate Director to Mr. Wael G. Pharaon	5. Mr. Bilal Ahmad Khan Member Alternate Director to Dr. Ghaith R. Pharaon	

Human Resource & Remuneration (HR&R) Committee

The Board has formed Human Resource & Remuneration (HR&R) Committee comprising the following directors:

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

Dividend

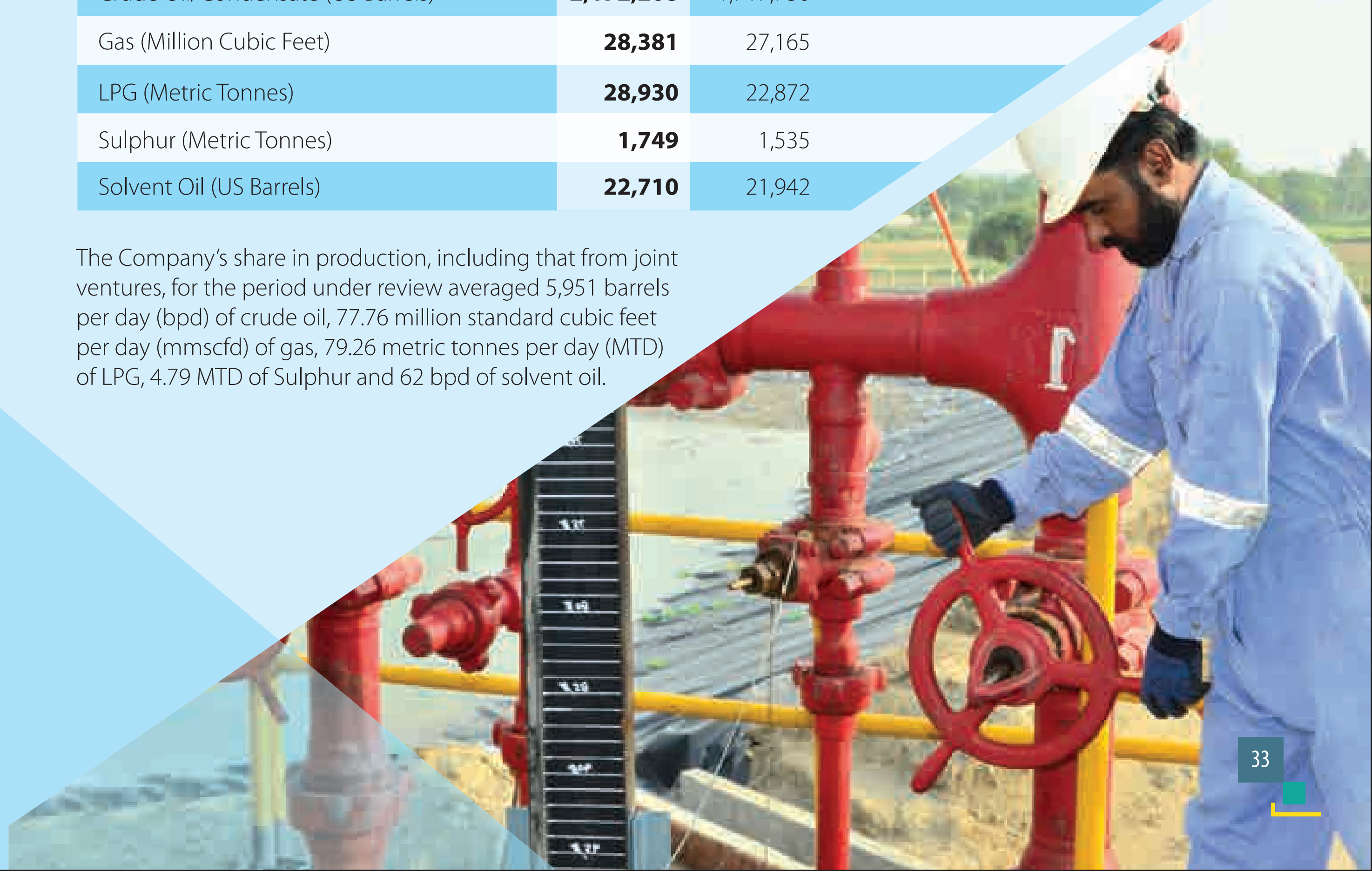
The Directors have recommended a final cash dividend @ 325 % (Rs 32.50 per share). This is in addition to the interim cash dividend @ 200 % (Rs 20 per share) already declared and paid to the shareholders thereby making it a total cash dividend of Rs 52.50 per share for the year 2013-14 (2012-13: cash dividend of Rs 45 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:

	2013-14	2012-13
Crude Oil/Condensate (US Barrels)	**2,172,208**	1,717,730
Gas (Million Cubic Feet)	**28,381**	27,165
LPG (Metric Tonnes)	**28,930**	22,872
Sulphur (Metric Tonnes)	**1,749**	1,535
Solvent Oil (US Barrels)	**22,710**	21,942

The Company's share in production, including that from joint ventures, for the period under review averaged 5,951 barrels per day (bpd) of crude oil, 77.76 million standard cubic feet per day (mmscfd) of gas, 79.26 metric tonnes per day (MTD) of LPG, 4.79 MTD of Sulphur and 62 bpd of solvent oil.



Manzalai-11 well was spudded on December 27, 2013, drilled 6" hole down to 11,670 feet. Conducted bare foot drill stem test (BFDST) in Lockhart Formation and well produced 245 barrels per day of condensate and 7.25 mmscf of gas per day

Exploration and Development Activities

Producing Fields

At Balkassar (100% owned by POL), Balkassar X-1 and Balkassar 7A have been stacked. These wells will be drilled back to back. Well location is under construction and hopefully that one well will be spudded in the month of Aug/Sep-2014.

At Pindori (operated by POL with a 35% share), Pindori-9 well has been drilled to a depth of 14,654 feet and further drilling is in progress. The objective of the well is to test the deeper potential of the field and to recover the existing up-dip reserves to a maximum level.

At Tal block, (operated by MOL, where POL has a pre-commerciality share of 25%), Manzalai-11 well was spudded on December 27, 2013, drilled 6" hole down to 11,670 feet. Conducted bare foot drill stem test (BFDST) in Lockhart Formation and well produced 245 barrels per day of condensate and 7.25 mmscf of gas per day at 1,290 psi of well head pressure @ 32/64" choke size. Drilled 6" hole down to 15,092 feet (Well Target Depth). DST in Lamshiwal formation is in progress. The objective of the well is to explore the hydrocarbon potential of Lockhart, Lumshiwal and Samanasuk Formations.

Also at Tal block, the well location of Maramzai-3 has been finalized and Makori East-4 and Makori East-5 wells have been approved for drilling during 2014–15.

The Makori Gas Processing Facility (MGPF) received its first gas on February 18, 2014. Due to the commencement of production from this facility, daily production to date for the Tal block has gradually increased by around 32-35 million cubic feet of gas per day (mmscfd) and by 8000-9,000 barrels per day (bpd) of crude oil/condensate. At present, all hydrocarbons from Makori East and Mamikhel fields constitute the feed stock for MGPF. Another 50 mmscfd (approximately) gas from Maramzai fields will be diverted from the existing production facilities towards MGPF for recovery of additional LPG and presently plant is producing around +/- 300 Metric tonnes of LGP per day.

At Adhi field (operated by Pakistan Petroleum Limited, where POL has 11% share),

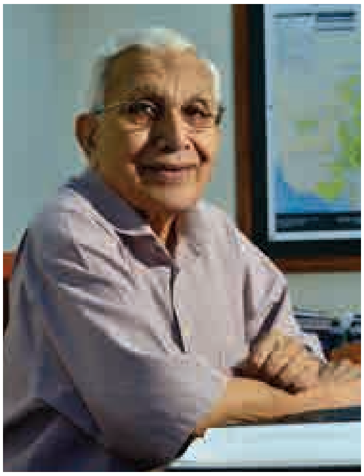
Adhi-19: The well which was spudded on November 2, 2012 has been successfully commissioned at Plant facility on October 05, 2013. After hydraulic fracturing, the well is producing 498 barrels of oil and 7.6 mmscf of gas per day.

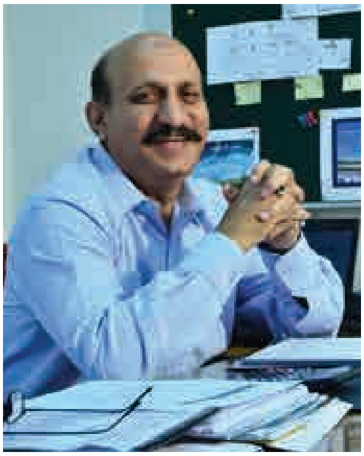
Adhi-20: The well was spudded on November 8, 2013 and drilled down to 10,119 feet and completed as commingled Gas/Condensate producer. Rig was released on May 19, 2014.

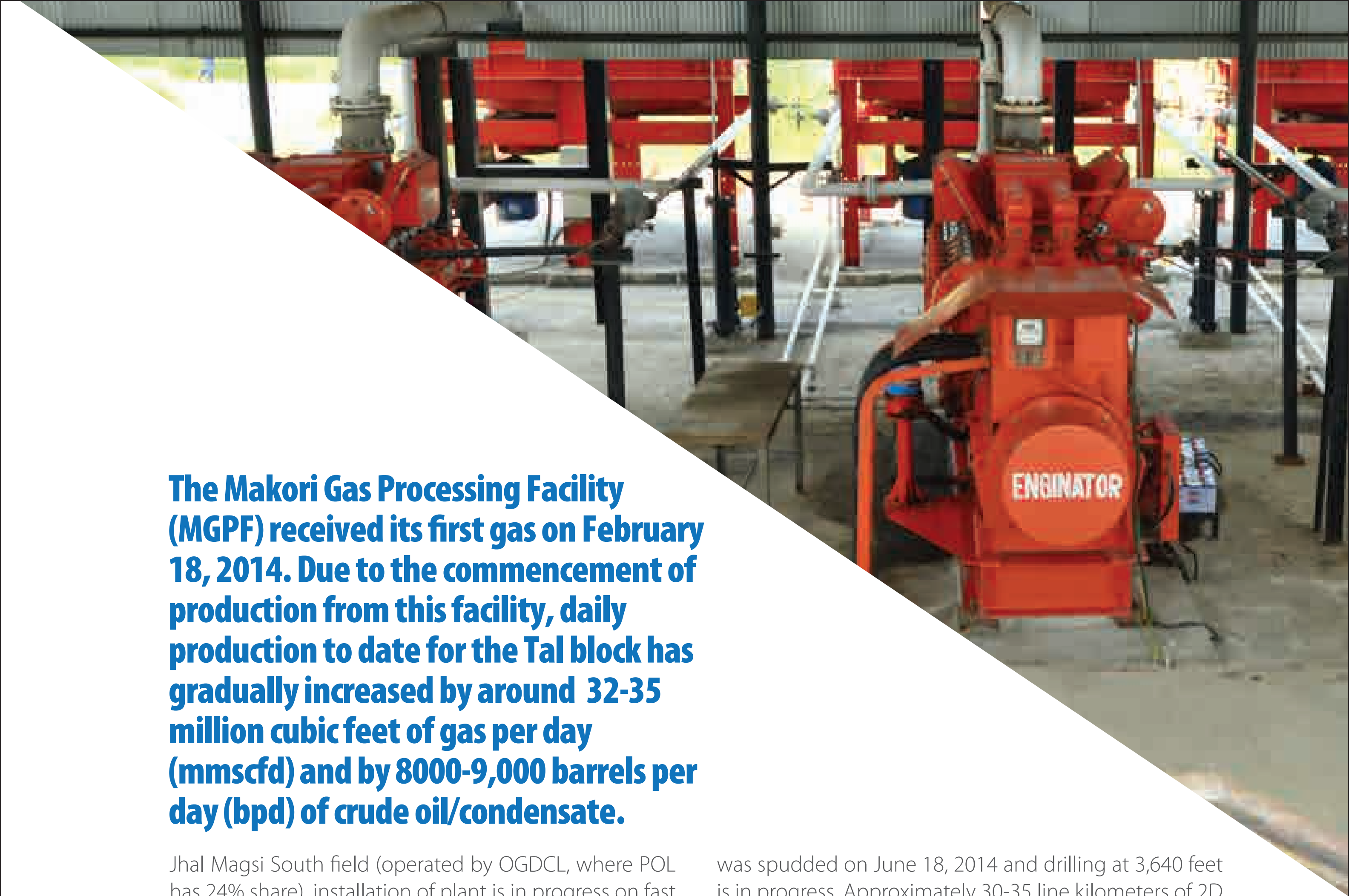
Adhi-21: The well was spudded on November 18, 2013 and drilled down to 10,171 feet, and completed as commingled Gas/Condensate producer. Rig was released on May 31, 2014.
Hydraulic Fracturing has been planned for Adhi-20 and Adhi-21.

Adhi-22: The well has been spudded on July 24, 2014 and drilling is in progress.

Adhi-24 (T/K): Newly acquired 3D data has been processed and seismic data interpretation on Enhanced PSTM is in progress. Location of development well Adhi-24 has been agreed by Joint Venture Partners. Adhi-23 well will be drilled after drilling of Adhi-24.







The Makori Gas Processing Facility (MGPF) received its first gas on February 18, 2014. Due to the commencement of production from this facility, daily production to date for the Tal block has gradually increased by around 32-35 million cubic feet of gas per day (mmscfd) and by 8000-9,000 barrels per day (bpd) of crude oil/condensate.

Jhal Magsi South field (operated by OGDCL, where POL has 24% share), installation of plant is in progress on fast track basis.

At Bhangali field (operated by Ocean Pakistan Limited, where POL has 7% share), Bhangali-3 well was spudded on February 01, 2014 and drilled down to 10,638 feet and further drilling is in progress.

At Ratana field (operated by Ocean Pakistan Limited, where POL has 4.545% share), plan to deepen Ratana-3 (Ratana Deep-1) into Wargal Formation using a slant hole technique. The primary objective will be Wargal Formation and Secondary objective will be Datta/Lockhart formation as a contingent plan.

Exploration blocks

At Ikhlas block (operated by POL with an 80% share), acquisition of 166.3 square kilometers 3D seismic data is in progress over the Sadrial structure. Around 53% work has been completed.

At Margala and Margala North Blocks (operated by MOL where POL has a 30% share), exploratory Well (MGN-01) was spudded on June 18, 2014 and drilling at 3,640 feet is in progress. Approximately 30-35 line kilometers of 2D seismic data acquisition has also been approved by the joint venture partners and interpretation of 422 line kilometers of 2D reprocessed data is in progress.

At Tal block 3D seismic data processing of 547 sq. km in the Tolanj area and reprocessing of 2D data of 282 line km in the western part of the block has been completed. To confirm the Tolanj-West lead, 150 line kilometers of 2D seismic data is planned to be acquired. Kot-1 (an exploratory well in TAL block) was drilled down to the target depth of 16,630 feet but did not find any hydrocarbons. Malgin-1 (an exploratory well) was spudded on February 28, 2014 and drilling at 4,089 feet is in progress. Makori Deep-1 (an exploratory well) location has been finalised.

At Gurgalot Block (operated by OGDCL where POL has a 20% share), based on 2D seismic data interpretation an exploratory well Surqamar-1 has been approved by the joint venture partners and civil work is in progress. Newly acquired 260.45 line kilometers 2D seismic data processing has been completed and interpretation is in progress.

Subsidiary

CAPGAS (Private) Limited (CAPGAS)

CAPGAS earned a profit after tax of Rs. 50.90 million during the year (2012-13: Rs 76.38 million). It declared a total dividend of 715% for the year 2013-14 (2012-13: 875%). The Company received an average of 22 metric tonnes per day LPG from the Adhi plants and an average of 5 metric tonnes 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 7.3 million barrels (2013: 6.33 million barrels) of crude oil from Nashpa and TAL Blocks 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

The well Adhi-21 was spudded on November 2, 2012 has been successfully commissioned at Plant facility on October 05, 2013. After hydraulic fracturing, the well is producing 498 barrels of oil and 7.6 mmscf of gas per day.

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:

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

Further, the Company also obtains control of well insurance cover for all drilling wells.

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

5. Procurement planning related risk: Managing risk in business is not a new phenomenon, but managing it well in a changing global environment is producing some significant challenges, especially for the procurement function.

   Vulnerability in the procurement process can be seen as a weakness or possible threat to the Company's profitability.

   The vulnerability can give rise to the following risks

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

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

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

7. Environmental regulations: The Company is 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.

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

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

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

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

11. Joint Venture Partners: We are also operating in a joint venture environment and many of our projects are operated by other partners. Our ability to influence partners is sometimes limited, due to our small share

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

in non-operated ventures. Non-alignment on various strategic decisions in joint ventures may result in operational of production inefficiencies or delay. We mitigate this risk by continuous and regular engagement of joint venture partners in operated and non-operated projects.

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

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

14. Lost in hole/damage beyond repair: During drilling costly equipments 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 Reengineering (BPR) / Development Activities

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

Historian Software

POL Historian Server which was integrated with Meyal LPG Plant and KCDF has now been integrated with Crude Metering Station at Attock Refinery Limited. This has enabled real time monitoring of Crude oil pumping and sale quantities.

Online Production, Stocks and Sales Management System (PSSM)

The said system is near implementation and will provide a single source of data for POL Process and Finance Departments regarding Crude oil, Gas and other POL products.

Business Intelligence (BI)

Development of a new reporting mechanism using BI tool and technologies is underway. This is meant to provide better visibility of data across POL.

HR Job Description Library

Job functions and associated tasks for all departments have been compiled and documented. These will now be integrated with the POL HRMS software.

IT Future Assignments: 2014 -15

Pilot Assignments planned:

1- Maintenance Management System
2- HRMS enhancements

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, bridges, schools, colleges and healthcare centers, 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.

Education

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

- High School at Khaur

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

- Degree College at Khaur

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

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.

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 areas.
- Field hospital / dispensaries at Meyal.
- Annual vaccination program launched in collaboration with district health department.
- POL is running a Poor Patient Fund (Contributed by Chairman and employees) catering for about 250 plus registered persons providing day to day medical care.

Community Health Program

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

Occupational Health and Safety (OH&S)

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

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

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

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.

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.

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.

Comparison of workplace accidents, during last three years given below:

Incident	2014	2013	2012
Fatal	00	00	00
Fire	06	04	03
Reportable Incident (Serious Injury)	00	02	00
Reportable Incident (Minor Injury)	00	02	02
Major Environment	00	00	00
First Aid Cases	16	10	00
Near Misses	07	02	04

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

Safety

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

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

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

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

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

Year 2014		Year 2013		Year 2012	
No. of Trainings	No. of Trainings	No. of Trainings	No. of Trainings	No. of Trainings	No. of Trainings
563	5,737	564	5,318	570	5,657

Helping our Environment

We are committed to minimize and manage environmental impacts of our operational activities on our employees, contractors, surrounding neighborhood and earth's resources without affecting ecosystems. Keeping in view of our continual environment friendly activities, POL has been acknowledged and awarded for environmental awards through National Forum for Environment and Health, ISO 14001:2004 certification for LPG plant site Meyal.

The mitigation measures taken to defy environmental impacts include use of new and alternative technologies, management and physical controls, up gradation of systems, increased monitoring level of environmental parameters keeping in view environmental receptors, applicable legislative controls and good industrial practices etc.

Following good practices have been followed throughout the year to ensure efficient utilization of resources without any adverse impact on environment.

- Efficient use of water through sub metering/measuring techniques
- Waste Management procedure compliance in all operational fields
- Emissions controlling through preventive maintenance of machines
- Monitoring and controlling Environmental emissions and effluents
- Minimize gas flaring by using better operational/process techniques
- Drinking Water purification units installation at plant site and messes
- Noise level monitoring and mitigation measures
- Use 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
- Construction of pits to separate oil contents in power houses & compressor stations discharge water
- Safe disposal of used lubrication oil
- Safe disposal of hazardous hospital waste
- Flue gas analysis to control the emission of noxious gases in environment
- Plantation in different fields areas by growing plants at POL nursery Khaur field

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 activities. 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, 2014, 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, 2014 are as follows:

Management Staff Pension Fund	Rs 873 million
Gratuity Fund	Rs 335 million
Staff Provident Fund	Rs 323 million
General Staff Provident Fund	Rs 378 million

Directors and Board Meetings

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

	Directors	No. of meetings attended
1	Dr. Ghaith R. Pharaon	5*
2	Mr. Laith G. Pharaon	5*
3	Mr. Wael G. Pharaon	5*
4	Mr. Arif Kemal	5*
5	Mr. Abdus Sattar	5
6	Mr. Nihal Cassim	3
7	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, 2014 is annexed. All trades in the shares of the Company, if any,

carried out by the directors, CEO, CFO, Company Secretary, Executives and their spouses and minor children are also annexed.

Holding Company

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

Consolidated Financial Statements

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

Acknowledgement

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

On behalf of the Board

Shuaib A. Malik
Chairman & Chief Executive
Beirut, Lebanon
August 15, 2014

Shareholder's Information

Pattern of Shareholding

As on June 30, 2014

S.No.	From	To	Shares	Total No. of Shareholders
1	1	100	39,059	820
2	101	500	283,894	939
3	501	1000	455,081	552
4	1001	5000	2,459,918	971
5	5001	10000	2,032,200	269
6	10001	15000	1,297,129	102
7	15001	20000	1,150,869	63
8	20001	25000	1,331,038	59
9	25001	30000	859,629	31
10	30001	35000	844,418	26
11	35001	40000	1,130,946	30
12	40001	45000	553,904	13
13	45001	50000	1,119,818	23
14	50001	55000	684,900	13
15	55001	60000	179,334	3
16	60001	65000	126,500	2
17	65001	70000	612,314	9
18	70001	75000	221,500	3
19	75001	80000	471,350	6
20	80001	85000	165,104	2
21	85001	90000	435,680	5
22	95001	100000	689,286	7
23	100001	105000	308,250	3
24	105001	110000	763,187	7
25	110001	115000	333,165	3
26	115001	120000	240,000	2
27	120001	125000	368,260	3
28	125001	130000	508,141	4
29	130001	135000	131,200	1
30	135001	140000	135,130	1
31	140001	145000	1,137,730	8
32	145001	150000	741,037	5
33	150001	155000	155,000	1
34	155001	160000	318,400	2
35	160001	165000	165,000	1
36	165001	170000	330,680	2
37	170001	175000	175,000	1
38	175001	180000	711,700	4
39	180001	185000	181,200	1
40	185001	190000	750,506	4
41	195001	200000	796,400	4
42	200001	205000	401,734	2
43	210001	215000	639,697	3
44	215001	220000	650,500	3
45	225001	230000	455,869	2
46	230001	235000	931,831	4
47	245001	250000	247,237	1
48	260001	265000	788,763	3
49	265001	270000	270,000	1
50	270001	275000	272,250	1
51	275001	280000	1,106,675	4
52	285001	290000	860,800	3
53	295001	300000	300,000	1

Pattern of Shareholding

As on June 30, 2014

S.No.	From	To	Shares	Total No. of Shareholders
54	305001	310000	618,400	2
55	310001	315000	315,000	1
56	315001	320000	315,541	1
57	330001	335000	331,800	1
58	340001	345000	344,300	1
59	350001	355000	352,000	1
60	355001	360000	360,000	1
61	365001	370000	365,100	1
62	375001	380000	378,126	1
63	380001	385000	382,252	1
64	395001	400000	400,000	1
65	405001	410000	406,407	1
66	415001	420000	416,256	1
67	440001	445000	882,100	2
68	475001	480000	477,091	1
69	490001	495000	492,100	1
70	495001	500000	993,245	2
71	545001	550000	548,845	1
72	550001	555000	555,000	1
73	585001	590000	587,075	1
74	595001	600000	600,000	1
75	655001	660000	659,760	1
76	665001	670000	665,676	1
77	675001	680000	1,353,430	2
78	695001	700000	2,100,000	3
79	735001	740000	739,250	1
80	775001	780000	776,200	1
81	790001	795000	792,100	1
82	895001	900000	900,000	1
83	945001	950000	948,650	1
84	1065001	1070000	1,066,400	1
85	1210001	1215000	1,210,954	1
86	1305001	1310000	1,306,700	1
87	1320001	1325000	1,324,060	1
88	1620001	1625000	1,624,355	1
89	1710001	1715000	1,714,300	1
90	1715001	1720000	1,719,485	1
91	1825001	1830000	1,827,472	1
92	2170001	2175000	2,174,610	1
93	2365001	2370000	2,365,459	1
94	2735001	2740000	2,739,160	1
95	2800001	2805000	2,802,000	1
96	2830001	2835000	2,834,647	1
97	10355001	10360000	10,359,500	1
98	11900001	11905000	11,903,904	1
99	13420001	13425000	13,421,032	1
100	124775001	124780000	124,776,965	1
		Total	**236,545,920**	**4,086**

Categories of Shareholders

As at June 30, 2014

Categories of Shareholders	No. of Shareholders	No. of Shares held	Percentage %
Investment Corporation of Pakistan		97	0.00
Banks & Financial Institutions	1	38,858,556	16.43
Associated Companies	65	125,041,349	52.86
Public Sectors Companies	2	3,744,616	1.58
Modaraba Companies	102	360	0.00
Mutual Funds *	1	12,069,067	5.10
Investment Companies	59	3,800,480	1.61
Insurance Companies	17	16,955,283	7.17
Individuals	18	28,403,085	12.01
	3,670		
Others:			
Employees Old Age Benefits Institution	1	2,739,160	1.16
Deputy Administrator Abandoned Properties	1	12,900	0.01
Employees Pension / Provident Fund	104	2,423,913	1.02
Charitable Trusts & Foundation	45	2,497,054	1.06
Total	**4,086**	**236,545,920**	**100**

Detail of Mutual Funds

As at June 30, 2014

S.No.	Detail of Mutual Funds	No. of Shares held
1	Cdc - Trustee Pakistan Capital Market Fund	531
2	Mc Fsl - Trustee Js Kse-30 Index Fund	4,843
3	Cdc - Trustee Js Islamic Pension Savings Fund-Equity Account	5,500
4	Cdc - Trustee Crosby Dragon Fund	8,598
5	Cdc - Trustee Kasb Asset Allocation Fund	9,750
6	Cdc - Trustee Alfalah GHP Alpha Fund	10,000
7	Cdc - Trustee Askari Equity Fund	13,000
8	Cdc - Trustee First Habib Stock Fund	13,269
9	Cdc - Trustee Apf-Equity Sub Fund	15,000
10	Cdc - Trustee Piml Islamic Equity Fund	15,000
11	Cdc - Trustee Al-ameen Islamic Asset Allocation Fund	16,000
12	MCFS I-Trustee Askari Islamic Asset Allocation Fund	18,560
13	Cdc - Trustee Alfalah GHP Value Fund	19,700
14	Cdc - Trustee IGI Stock Fund	20,000
15	Cdc - Trustee Picic Islamic Stock Fund	20,000
16	Cdc-Trustee First Habib Islamic Balanced Fund	20,800
17	The Nomura Trust and Banking Co., Ltd.	21,100
18	Trustee - Pakistan Islamic Pension Fund - Equity Sub Fund	22,170
19	Cdc - Trustee Apif - Equity Sub Fund	24,000
20	Famandsforeningen Laerernes Pension Invest	25,000
21	Cdc - Trustee First Capital Mutual Fund	25,000
22	Cdc - Trustee Akd Index Tracker Fund	26,254
23	Cdc - Trustee Pak Strategic Alloc. Fund	27,503
24	Cdc- Trustee Meezan Capital Protected Fund-II	29,250
25	Cdc - Trustee Askari Asset Allocation Fund	30,950
26	Renaissance Asset Managers Global Funds	32,300
27	Trustee - Pakistan Pension Fund - Equity Sub Fund	32,794
28	Cdc - Trustee Lakson Equity Fund	37,000
29	Cdc - Trustee Alfalah GHP Islamic Fund	37,300
30	Cdc-Trustee Al-ameen Islamic Ret. Sav. Fund-Equity Sub Fund	38,300
31	BMA Funds Limited	41,200
32	Intereffekt Investment Funds N.V.	42,000
33	Cdc- Trustee Pak. Int. Element Islamic Asset Allocation Fund	42,611
34	Cdc - Trustee Hbl Multi - Asset Fund	45,600
35	Cdc - Trustee Picic Stock Fund	49,800
36	Cdc - Trustee Nafa Islamic Asset Allocation Fund	54,360
37	Cdc - Trustee Pakistan Stock Market Fund	59,334
38	Cdc - Trustee Nafa Multi Asset Fund	67,519
39	Cdc-Trustee Hbl Islamic Stock Fund	102,800
40	Cdc - Trustee Atlas Stock Market Fund	120,000
41	Cdc - Trustee Nafa Islamic Principal Protected Fund - I	120,200
42	Cdc-Trustee Nafa Asset Allocation Fund	127,600
43	Cdc - Trustee Nafa Stock Fund	135,130
44	Cdc - Trustee Abl Stock Fund	140,400

Detail of Mutual Funds

As at June 30, 2014

S.No.	Detail of Mutual Funds	No. of Shares held
45	Cdc - Trustee Kse Meezan Index Fund	144,664
46	Cdc - Trustee Atlas Islamic Stock Fund	150,000
47	Cdc - Trustee Meezan Tahaffuz Pension Fund - Equity Sub Fund	200,050
48	Cdc - Trustee Meezan Balanced Fund	276,725
49	Stichting Shell Pensioenfonds	315,541
50	Mcbfsl - Trustee Abl Islamic Stock Fund	365,100
51	Cdc - Trustee Al-Ameen Shariah Stock Fund	441,100
52	Cdc - Trustee Al Meezan Mutual Fund	477,091
53	Cdc - Trustee Picic Energy Fund	497,745
54	Cdc - Trustee Nit-Equity Market Opportunity Fund	659,760
55	Cdc - Trustee Picic Investment Fund	776,200
56	Cdc - Trustee Picic Growth Fund	1,324,06
57	Cdc - Trustee National Investment (Unit) Trust	1,827,47
58	Cdc - Trustee Meezan Islamic Fund	2,834,64
59	Mercantile Co-Operative	10,886
	Total	12,069,067

Key Shareholding and Shares Traded

Categories		Number of Shareholders	Number of Shares held
	Associated Companies		
1	The Attock Oil Company Limited.	01	124,776,965
2	Laith Trading & Contracting Company Ltd.	01	264,384
	ICP		
	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. Tariq Iqbal Khan	01	*200
6	Mr. Nihal Cassim	01	37,200
7	Mr. Shuaib A. Malik	01	2,365,743
	Executives	21	5,440
	Public sector companies and corporations	103	128,521,581
	Banks, Development Finance Institution, Non Banking Finance Institutions, Insurance Companies, Modarabas & Mutual Funds	160	71,683,746
	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.

* 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

Description	2009	2010	2011	2012	2013	2014
			(Rupees in million unless otherwise stated)			
PROFIT & LOSS SUMMARY						
Net sales						
Crude oil	7,052	8,238	11,804	14,396	15,390	**21,451**
Gas	3,734	5,587	8,166	8,804	8,157	**8,945**
POLGAS-Refill of cylinders	2,984	3,784	4,745	5,140	5,054	**4,831**
LPG	4	1	-	-	-	**-**
Solvent oil	228	224	212	220	245	**273**
Sulphur	45	11	24	64	32	**40**
Total net sales	14,047	17,845	24,951	28,624	28,878	**35,540**
Cost of sales	5,755	6,959	9,324	11,118	12,616	**16,531**
Gross profit	8,292	10,886	15,627	17,506	16,262	**19,009**
Exploration costs	2,057	1,606	1,075	593	1,793	**1,710**
Administration expenses	47	73	83	99	93	**122**
Finance costs	512	284	224	685	830	**654**
Other charges	533	709	1,104	1,288	949	**1,140**
Other income	2,042	1,377	1,809	2,547	1,954	**1,823**
Profit before taxation	7,185	9,591	14,950	17,388	14,551	**17,206**
Provision for taxation	1,567	2,154	4,135	5,529	3,723	**4,319**
Profit for the year	5,618	7,437	10,815	11,859	10,828	**12,887**
Earnings before interest, taxes, depreciation and amortization (EBITDA)	8,431	11,227	16,674	19,827	17,282	**23,351**
Dividends	4,258	6,032	8,279	12,419	10,645	**12,419**
BALANCE SHEET SUMMARY						
Paid-up capital	2,365	2,365	2,365	2,365	2,365	**2,365**
Reserves	1,768	1,779	1,767	1,817	1,759	**1,760**
Unappropriated profit	21,801	24,981	29,156	30,972	28,824	**31,071**
Deferred liabilities	5,565	6,398	7,650	10,448	12,234	**13,701**
Long term deposits	457	467	487	504	518	**638**
Current liabilities	2,769	3,332	5,551	6,145	7,939	**8,334**
Fixed assets (less depreciation)	4,013	4,095	4,258	4,164	7,801	**9,306**
Development & decommissioning costs	7,664	10,476	10,568	15,688	16,610	**13,161**
Exploration & evaluation assets	3,494	2,705	4,811	2,883	2,979	**4,667**
Long term investment	9,744	9,754	9,686	10,275	9,621	**9,621**
Other long term assets	10	13	20	16	16	**16**
Curent assets	9,800	12,279	17,633	19,225	16,612	**21,098**
CASH FLOWS						
Operating activities	5,489	9,297	12,427	15,268	12,559	**18,248**
Investing activities	(4,333)	(2,770)	(2,318)	(3,004)	(5,202)	**(4,276)**
Financing activities	(5,034)	(4,248)	(6,496)	(10,022)	(12,995)	**(10,624)**
Exchange rate effect	398	92	2	407	306	**229**
Cash and cash equivalents at year end	3,946	6,317	9,932	12,581	7,249	**10,826**

Six Years at a Glance

Description		2009	2010	2011	2012	2013	2014
KEY FINANCIAL RATIOS							
Profitability Ratios							
Gross profit	%	59.03	61.00	62.63	61.16	56.31	**53.49**
Net profit	%	39.99	41.68	43.34	41.43	37.50	**36.26**
EBITDA margin to sales	%	60.02	62.92	66.83	69.27	59.84	**65.70**
Operating leverage	Time	2.31	1.24	1.40	1.17	0.78	**0.91**
Return on equity	%	21.66	25.53	32.49	33.73	32.86	**36.61**
Return on average capital employed	%	21.90	27.01	34.66	34.65	31.80	**37.82**
Liquidity Ratios							
Current ratio	Time	3.54	3.69	3.18	3.13	2.09	**2.53**
Quick ratio	Time	2.50	2.83	2.66	2.61	1.61	**2.04**
Cash to current liabilities	Time	1.43	1.90	1.79	2.05	0.91	**1.30**
Cash flow from operations to sales	%	39.08	52.10	49.81	53.34	43.49	**51.34**
Activity / Turnover Ratios							
Inventory turnover [1]	Time	-	-	-	-	-	-
Inventory turnover [1]	Days	-	-	-	-	-	-
Debtors turnover	Time	7.75	8.09	7.20	7.79	7.33	**7.13**
Average collection period	Days	47.10	45.12	50.69	46.85	49.80	**51.19**
Creditors turnover [1]	Time	-	-	-	-	-	-
Average payment period [1]	Days	-	-	-	-	-	-
Total assets turnover	Time	0.42	0.48	0.58	0.58	0.55	**0.64**
Fixed assets turnover	Time	1.10	1.10	1.35	1.35	1.15	**1.30**
Operating cycle [1]	Time	-	-	-	-	-	-
Investment / Market Ratios							
Earnings per share - basic [2]	Rs	23.75	31.44	45.72	50.13	45.78	**54.48**
Earnings per share - restated [3]	Rs	23.75	31.44	45.72	50.13	45.78	**54.48**
Price earning ratio	Times	6.14	6.87	7.85	7.32	10.87	**10.54**
Cash dividend yield	%	7.05	14.10	12.18	14.46	10.41	**9.80**
Cash dividend payout	%	75.79	81.11	76.55	104.72	98.31	**96.37**
Cash dividend cover	%	131.94	123.29	130.63	95.49	101.72	**103.77**
Cash dividend per share	Rs	18.00	25.50	35.00	52.50	45.00	**52.50**
Bonus shares	%	-	-	-	-	-	-
Market value / share at year end	Rs	145.90	215.90	359.01	366.94	497.37	**574.30**
Market value/share-high during the year	Rs	369.48	254.00	370.75	399.99	530.00	**580.00**
Market value/share-low during the year	Rs	78.00	146.15	209.99	325.25	368.99	**425.00**
Market value/share-average during the year	Rs	185.73	216.51	286.27	364.32	445.55	**510.22**
Break-up value (Net assets/shares)	Rs	109.64	123.13	140.73	148.61	139.29	**148.79**
Capital Structure Ratios							
Financial leverage ratio [4]	%	-	-	-	-	-	-
Weighted average cost of debt [4]	%	-	-	-	-	-	-
Debt: equity ratio [4]	%	-	-	-	-	-	-
Interest cover	Time	-	-	-	-	-	-
OTHER INFORMATION							
Contributuin to national exchequer (Rs millions)		4,475	5,399	9,344	11,345	9,145	**11,192**
Foreign exchange savings (US $ million)							
Market Capitalization (Rs millions)		229	410	572	708	593	**650**
		34,512	51,070	84,922	86,798	117,651	**135,848**

Notes:

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

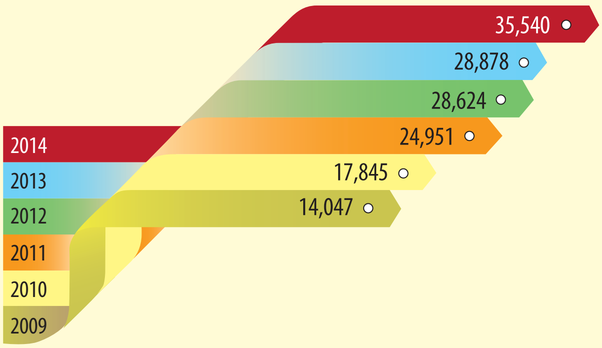
2- Calculated on shares outstanding as at June 30, of each year

3- Calculated on shares outstanding as at June 30, 2014

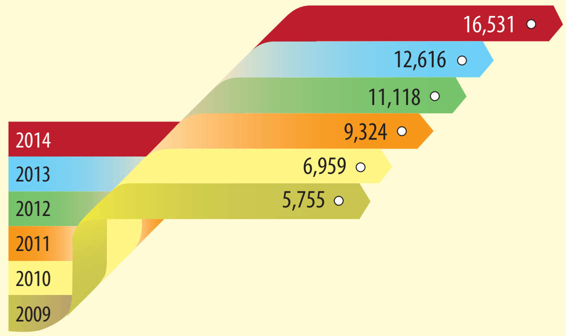
4- Not applicable as the company does not have debt.

Six Years at a Glance - Infographics

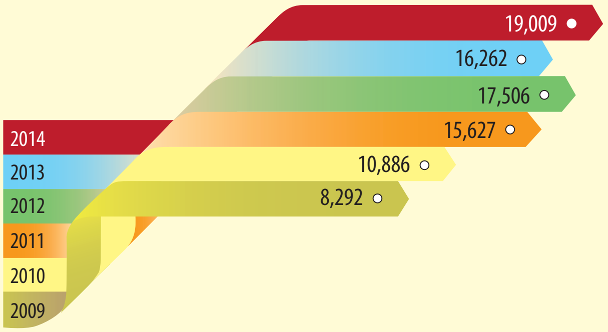
Net Sales
(Rs in million)



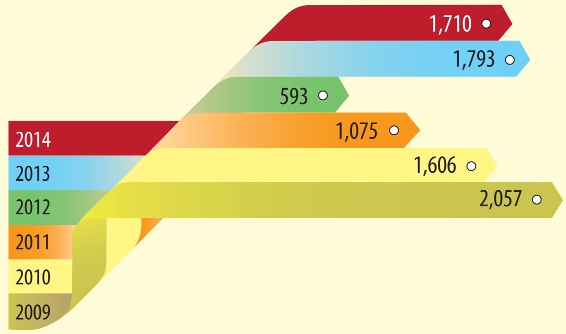
Cost of Sales
(Rs in million)



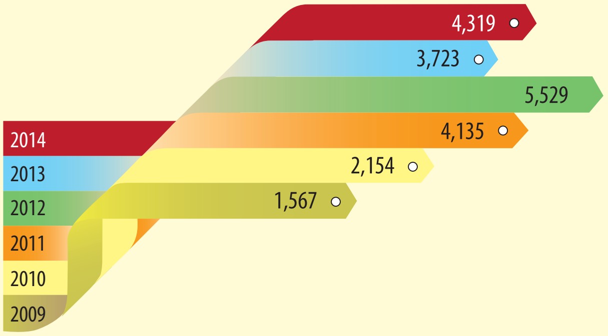
Gross Profit
(Rs in million)



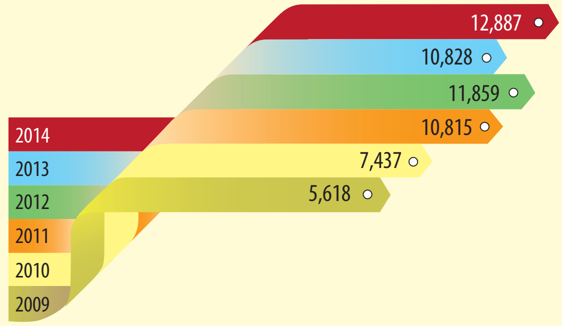
Exploration Costs
(Rs in million)



Taxation
(Rs in million)

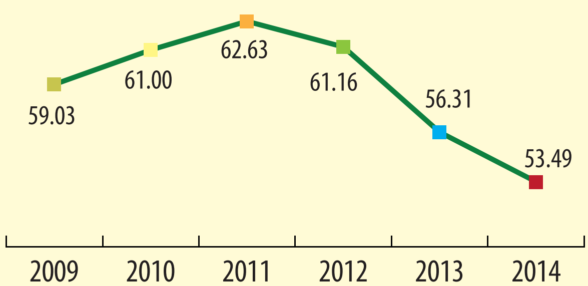


Profit after tax
(Rs in million)

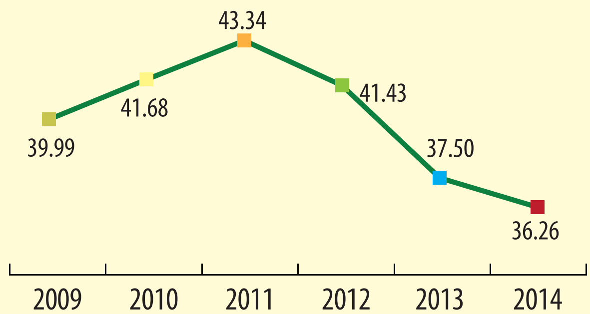


Six Years at a Glance - Infographics

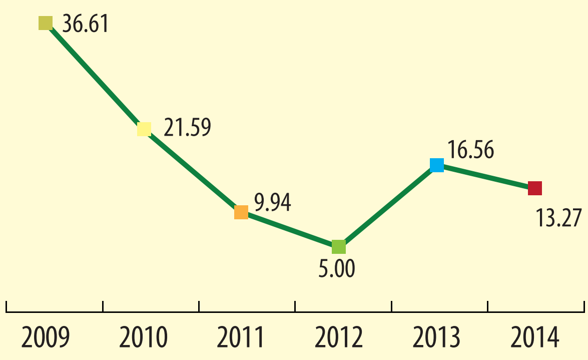
Gross profit margin (%)



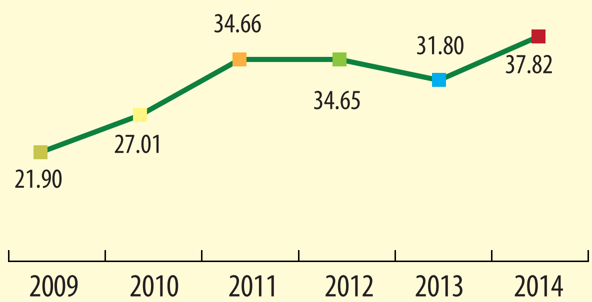
Net profit margin (%)



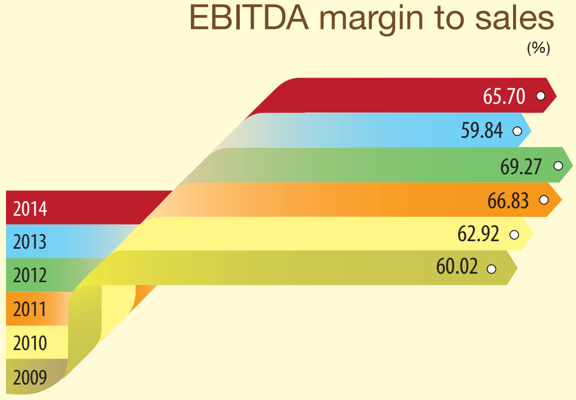
Exploration Cost as % of Profits (%)



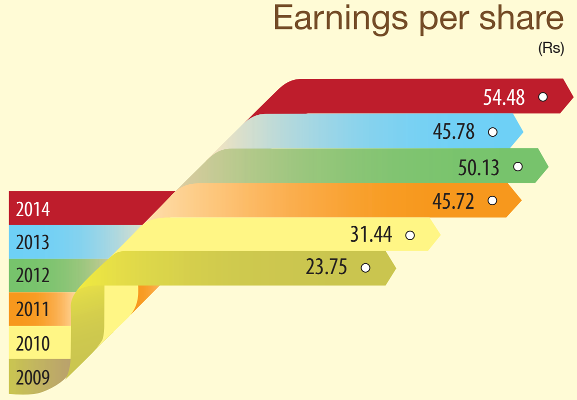
Return on capital employed (%)



EBITDA margin to sales

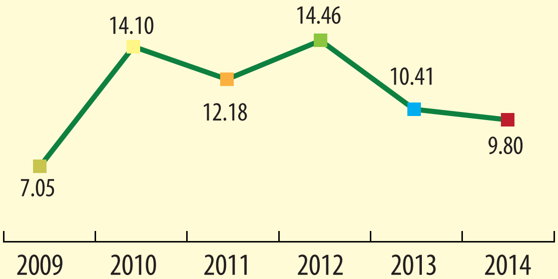


Earnings per share

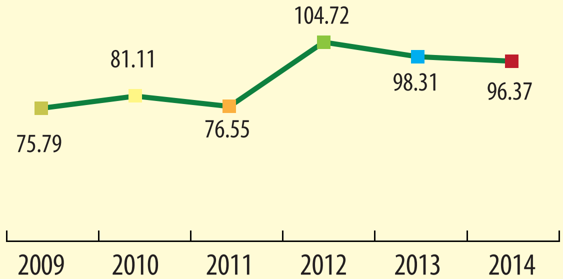


Six Years at a Glance - Infographics

Cash dividend yield (%)

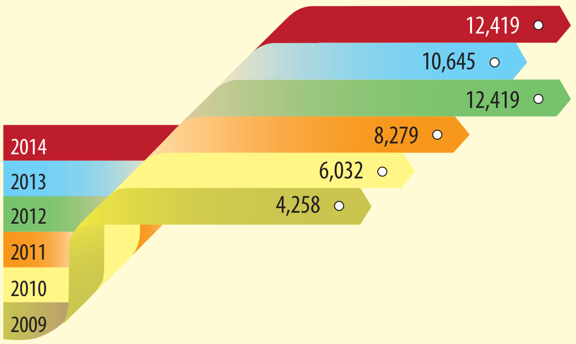


Cash dividend payout (%)



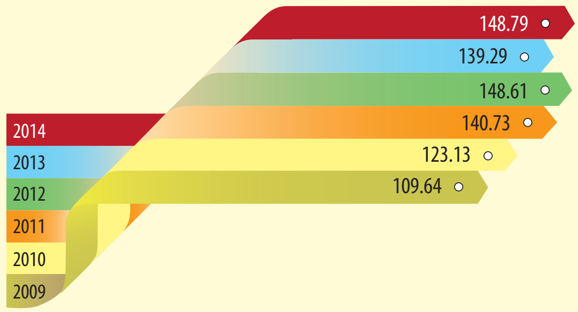
Cash dividend payout

(Rs in million)

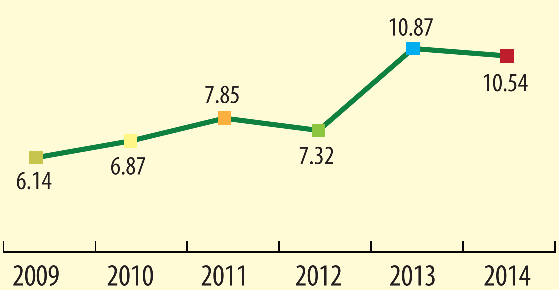


Break-up value per share

(Rs)

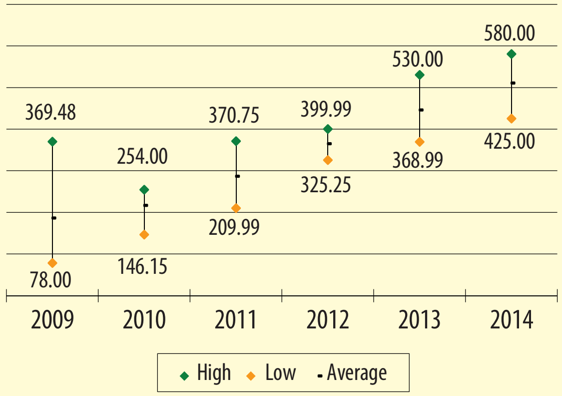


Price earnings ratio (%)



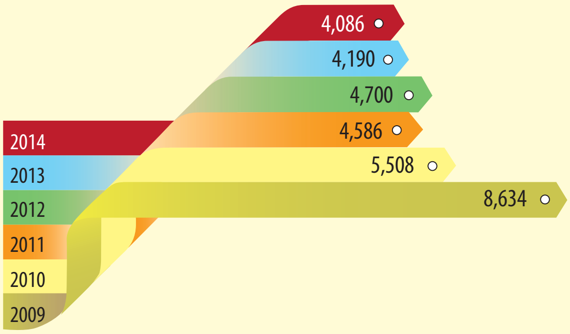
Market value per share

(High-Low) (Rs)

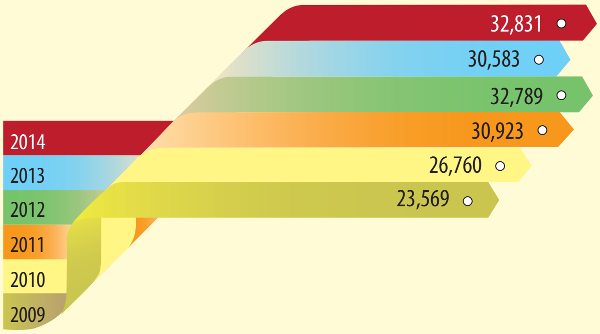


Six Years at a Glance - Infographics

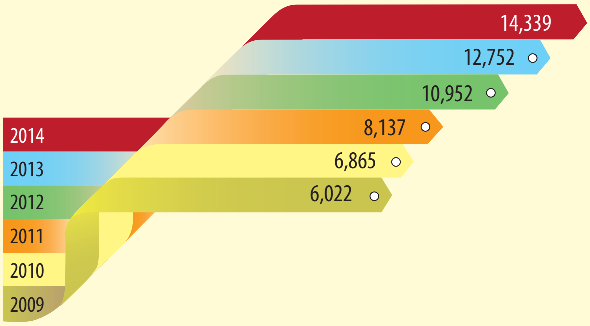
No. of shareholders



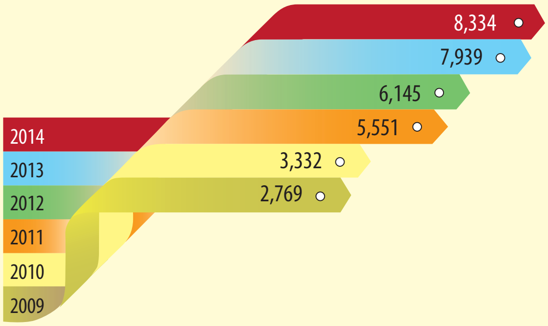
Reserves
(Rs in million)



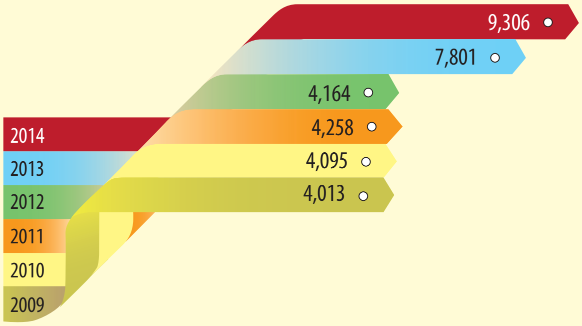
Long term liabilities
(Rs in million)



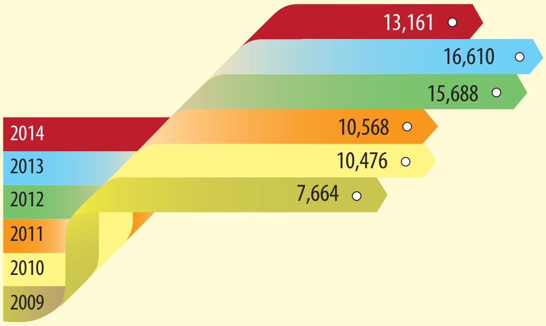
Current liabilities
(Rs in million)



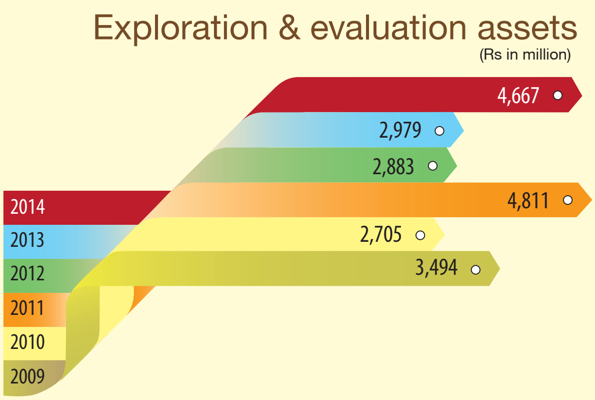
Fixed assets less depreciation
(Rs in million)

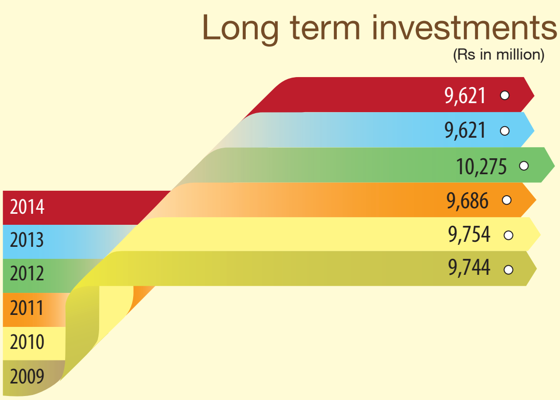


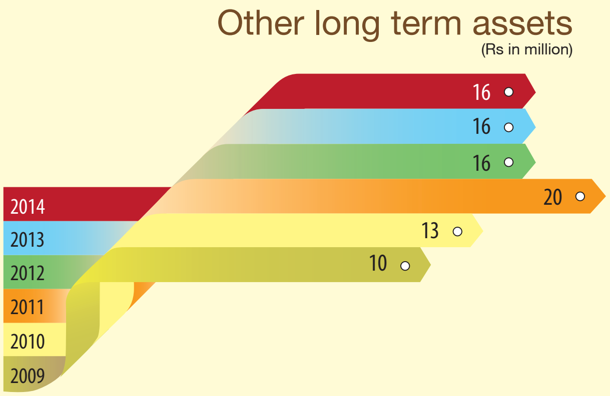
Development & decommissioning costs
(Rs in million)

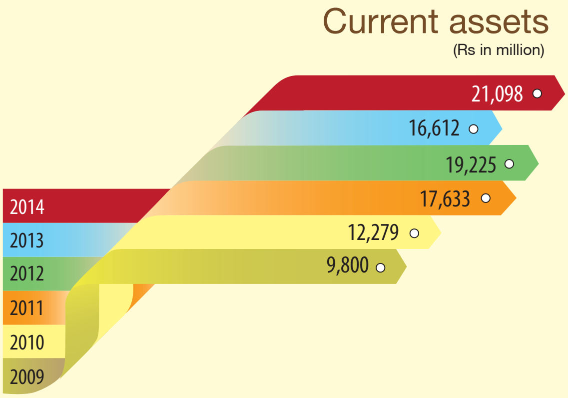


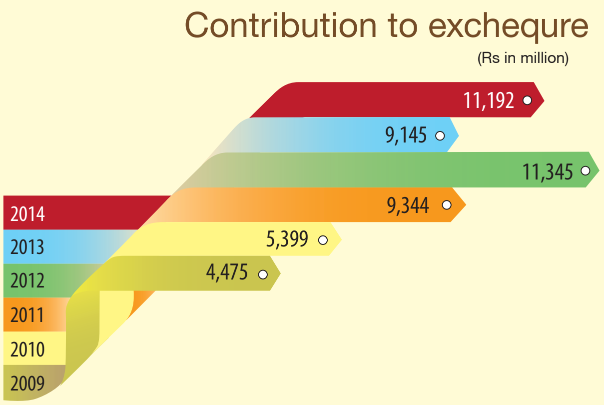
Six Years at a Glance - Infographics

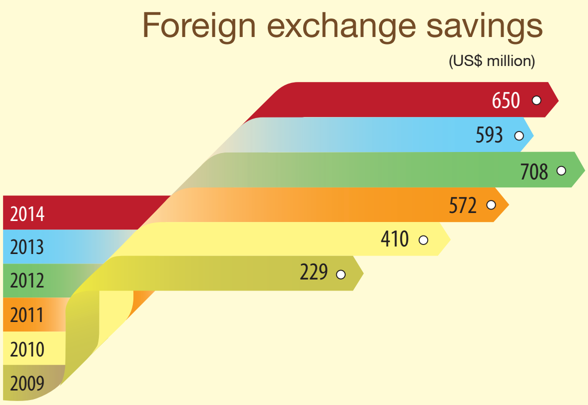








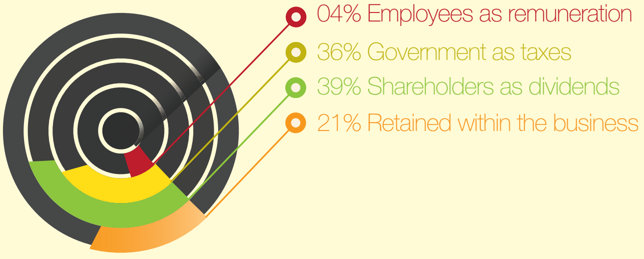




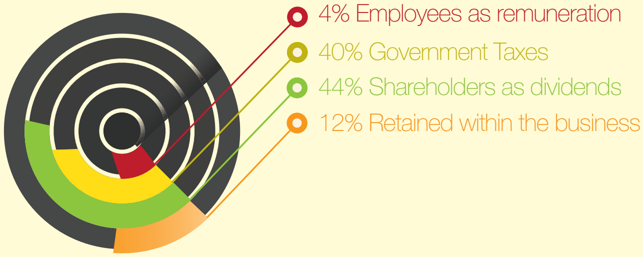
Statement of Value Added

	2014	2013
	Rupees ('000)	
Gross revenue	37,857,154	30,954,539
Less: Operating and exploration expenses	8,060,826	8,576,164
	29,796,328	22,378,375
Add: Income from investments	1,081,001	997,387
Other income	758,347	969,631
Total value added	31,635,676	24,345,393
Distributed as follows:		
Employees remuneration	1,105,872	1,039,121
Government as:		
Company taxation	4,319,415	3,722,372
Levies	2,317,453	2,076,402
Excise duty & development surcharge	281,912	265,009
Royalty	3,438,680	2,734,190
Workers' funds	1,140,355	948,911
	11,497,815	9,746,884
Shareholders as:		
Dividend		
	12,418,661	10,644,566
Retained in business:		
Depreciation	943,772	679,544
Amortization	5,200,823	2,051,490
Net earnings	468,733	183,788
	6,613,328	2,914,822
	31,635,676	24,345,393

Distribution of Value addition - 2014



Distribution of Value addition - 2013



Vertical Analysis

BALANCE SHEET	2009 (Rs in million)	%	2010 (Rs in million)	%	2011 (Rs in million)	%	2012 (Rs in million)	%	2013 (Rs in million)	%	2014 (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	2,365	6.81%	2,365	6.01%	2,365	5.03%	2,365	4.53%	2,365	4.41%	2,365	4.09%
Revenue reserves												
Insurance reserve	200	0.58%	200	0.51%	200	0.43%	200	0.38%	200	0.37%	200	0.35%
Investment reserve	1,558	4.49%	1,558	3.96%	1,558	3.32%	1,558	2.98%	1,558	2.90%	1,558	2.69%
Unappropriated profit	21,801	62.78%	24,981	63.53%	29,156	62.07%	30,972	59.28%	28,824	53.74%	31,071	53.69%
	23,559	67.84%	26,739	68.00%	30,914	65.81%	32,730	62.64%	30,582	57.01%	32,829	56.73%
Fair value gain on available-for-sale investments	10	0.03%	21	0.05%	9	0.02%	59	0.11%	1	0.00%	2	0.00%
	25,934	74.68%	29,125	74.07%	33,288	70.86%	35,154	67.28%	32,948	61.43%	35,196	60.82%
NON CURRENT LIABILITIES												
Long term deposits	457	1.32%	467	1.19%	487	1.04%	504	0.96%	518	0.97%	638	1.10%
Deferred liabilities	5,565	16.03%	6,398	16.27%	7,650	16.28%	10,448	20.00%	12,234	22.81%	13,701	23.68%
	6,022	17.34%	6,865	17.46%	8,137	17.32%	10,952	20.96%	12,752	23.77%	14,339	24.78%
CURRENT LIABILITIES AND PROVISIONS												
Trade and other payables	2,292	6.60%	2,287	5.82%	4,171	8.88%	4,538	8.69%	6,293	11.73%	5,782	9.99%
Provision for income tax	477	1.37%	1,045	2.66%	1,380	2.94%	1,607	3.08%	1,646	3.07%	2,552	4.41%
	2,769	7.97%	3,332	8.47%	5,551	11.82%	6,145	11.76%	7,939	14.80%	8,334	14.40%
TOTAL EQUITY AND LIABILITIES	34,725	100.00%	39,322	100.00%	46,976	100.00%	52,251	100.00%	53,639	100.00%	57,869	100.00%
FIXED ASSETS												
Property, plant and equipment	4,013	11.56%	4,095	10.41%	4,258	9.06%	4,164	7.97%	7,801	14.54%	9,306	16.08%
Development & decommissioning costs	7,664	22.07%	10,476	26.64%	10,568	22.50%	15,688	30.02%	16,610	30.97%	13,161	22.74%
Exploration & evaluation assets	3,494	10.06%	2,705	6.88%	4,811	10.24%	2,883	5.52%	2,979	5.55%	4,667	8.06%
	15,171	43.69%	17,276	43.93%	19,637	41.80%	22,735	43.51%	27,390	51.06%	27,134	46.89%
LONG TERM INVESTMENT IN SUBSIDIARY & ASSOCIATED COMPANIES	9,616	27.69%	9,616	24.45%	9,616	20.47%	9,616	18.40%	9,616	17.93%	9,616	16.62%
OTHER LONG TERM INVESTMENTS	128	0.37%	138	0.35%	70	0.15%	659	1.26%	5	0.01%	5	0.01%
LONG TERM LOANS AND ADVANCES	10	0.03%	13	0.03%	20	0.04%	16	0.03%	16	0.03%	16	0.03%
CURRENT ASSETS												
Stores and spares	2,794	8.05%	2,641	6.72%	2,632	5.60%	2,939	5.62%	3,525	6.57%	3,663	6.33%
Stock in trade	89	0.26%	87	0.22%	126	0.27%	134	0.26%	151	0.28%	264	0.46%
Trade debts	1,827	5.26%	2,584	6.57%	4,343	9.25%	3,007	5.75%	4,871	9.08%	5,094	8.80%
Advances, deposits, prepayments and other receivables	1,144	3.29%	650	1.65%	600	1.28%	513	0.98%	816	1.52%	1,251	2.16%
Short term investments	-	0.00%	2,277	5.79%	3,227	6.87%	3,899	7.46%	-	0.00%	-	0.00%
Cash and bank balances	3,946	11.36%	4,040	10.27%	6,705	14.27%	8,733	16.71%	7,249	13.51%	10,826	18.71%
	9,800	28.22%	12,279	31.23%	17,633	37.54%	19,225	36.79%	16,612	30.97%	21,098	36.46%
TOTAL ASSETS	34,725	100.00%	39,322	100.00%	46,976	100.00%	52,251	100.00%	53,639	100.00%	57,869	100.00%

Vertical Analysis

	2009 (Rs in million)	%	2010 (Rs in million)	%	2011 (Rs in million)	%	2012 (Rs in million)	%	2013 (Rs in million)	%	2014 (Rs in million)	%
PROFIT & LOSS ACCOUNT												
Net Sales	14,047	100.00%	17,845	100.00%	24,951	100.00%	28,624	100.00%	28,878	100.00%	35,540	100.00%
Cost of Sales	5,755	40.97%	6,959	39.00%	9,324	37.37%	11,118	38.84%	12,616	43.69%	16,531	46.51%
Gross profit	8,292	59.03%	10,886	61.00%	15,627	62.63%	17,506	61.16%	16,262	56.31%	19,009	53.49%
Exploration costs	2,057	14.64%	1,606	9.00%	1,075	4.31%	593	2.07%	1,793	6.21%	1,710	4.81%
	6,235	44.39%	9,280	52.00%	14,552	58.32%	16,913	59.09%	14,469	50.10%	17,299	48.67%
Administration expenses	47	0.33%	73	0.41%	83	0.33%	99	0.35%	93	0.32%	122	0.34%
Finance costs	512	3.64%	284	1.59%	224	0.90%	685	2.39%	830	2.87%	654	1.84%
Other charges	533	3.79%	709	3.97%	1,104	4.42%	1,288	4.50%	949	3.29%	1,140	3.21%
	1,092	7.77%	1,066	5.97%	1,411	5.66%	2,072	7.24%	1,872	6.48%	1,916	5.39%
	5,143	36.61%	8,214	46.03%	13,141	52.67%	14,841	51.85%	12,597	43.62%	15,383	43.28%
Other income	2,042	14.54%	1,377	7.72%	1,809	7.25%	2,547	8.90%	1,954	6.77%	1,823	5.13%
PROFIT BEFORE TAXATION	7,185	51.15%	9,591	53.75%	14,950	59.92%	17,388	60.75%	14,551	50.39%	17,206	48.41%
Provision for taxation	1,567	11.16%	2,154	12.07%	4,135	16.57%	5,529	19.32%	3,723	12.89%	4,319	12.15%
PROFIT FOR THE YEAR	5,618	39.99%	7,437	41.68%	10,815	43.34%	11,859	41.43%	10,828	37.50%	12,887	36.26%
CASH FLOWS												
Operating activities	5,489	139.10%	9,297	147.17%	12,427	125.12%	15,268	121.36%	12,559	173.25%	18,248	168.56%
Investing activities	(4,333)	-109.81%	(2,770)	-43.85%	(2,318)	-23.34%	(3,004)	-23.88%	(5,202)	-71.76%	(4,276)	-39.50%
Financing activities	(5,034)	-127.57%	(4,248)	-67.25%	(6,496)	-65.40%	(10,022)	-79.66%	(12,995)	-179.27%	(10,624)	-98.13%
Effect of Exchange rate changes	398	10.09%	92	1.46%	2	0.02%	407	3.24%	306	4.22%	229	2.12%
Cash and cash equivalents at year end	3,946	100.00%	6,317	100.00%	9,932	100.00%	12,581	100.00%	7,249	100.00%	10,826	100.00%

Horizontal Analysis

BALANCE SHEET	2009 (Rs in million)	%	2010 (Rs in million)	%	2011 (Rs in million)	%	2012 (Rs in million)	%	2013 (Rs in million)	%	2014 (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	2,365	100.00%	2,365	100.00%	2,365	100.00%	2,365	100.00%	2,365	100.00%	2,365	100.00%
Revenue reserves												
Insurance reserve	200	100.00%	200	100.00%	200	100.00%	200	100.00%	200	100.00%	200	100.00%
Investment reserve	1,558	100.00%	1,558	100.00%	1,558	100.00%	1,558	100.00%	1,558	100.00%	1,558	100.00%
Unappropriated profit	21,801	100.00%	24,981	114.59%	29,156	133.74%	30,972	142.07%	28,824	132.21%	31,071	142.52%
	23,559	100.00%	26,739	113.50%	30,914	131.22%	32,730	138.93%	30,582	129.81%	32,829	139.35%
Fair value gain on available-for-sale investments	10	100.00%	21	210.00%	9	90.00%	59	590.00%	1	10.00%	2	20.00%
	25,934	100.00%	29,125	112.30%	33,288	128.36%	35,154	135.55%	32,948	127.05%	35,196	135.71%
NON CURRENT LIABILITIES												
Long term deposits	457	100.00%	467	102.19%	487	106.56%	504	110.28%	518	113.35%	638	139.61%
Deferred liabilities	5,565	100.00%	6,398	114.97%	7,650	137.47%	10,448	187.74%	12,234	219.84%	13,701	246.20%
	6,022	100.00%	6,865	114.00%	8,137	135.12%	10,952	181.87%	12,752	211.76%	14,339	238.11%
CURRENT LIABILITIES AND PROVISIONS												
Trade and other payables	2,292	100.00%	2,287	99.78%	4,171	181.98%	4,538	197.99%	6,293	274.56%	5,782	252.27%
Provision for income tax	477	100.00%	1,045	219.08%	1,380	289.31%	1,607	336.90%	1,646	345.07%	2,552	535.01%
	2,769	100.00%	3,332	120.33%	5,551	200.47%	6,145	221.92%	7,939	286.71%	8,334	300.98%
CONTINGENCIES AND COMMITMENTS												
TOTAL EQUITY AND LIABILITIES	34,725	100.00%	39,322	113.24%	46,976	135.28%	52,251	150.47%	53,639	154.47%	57,869	166.65%
FIXED ASSETS												
Property, plant and equipment	4,013	100.00%	4,095	102.04%	4,258	106.11%	4,164	103.76%	7,801	194.39%	9,306	231.90%
Development & decommissioning costs	7,664	100.00%	10,476	136.69%	10,568	137.89%	15,688	204.70%	16,610	216.73%	13,161	171.72%
Exploration & evaluation assets	3,494	100.00%	2,705	77.42%	4,811	137.69%	2,883	82.51%	2,979	85.26%	4,667	133.57%
	15 ,171	100.00%	17,276	113.88%	19,637	129.44%	22,735	149.86%	27,390	180.54%	27,134	179.85%
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	128	100.00%	138	107.81%	70	54.69%	659	514.84%	5	3.91%	5	3.91%
LONG TERM LOANS AND ADVANCES	10	100.00%	13	130.00%	20	200.00%	16	160.00%	16	160.00%	16	160.00%
CURRENT ASSETS												
Stores and spares	2,794	100.00%	2,641	94.52%	2,632	94.20%	2,939	105.19%	3,525	126.16%	3,663	131.10%
Stock in trade	89	100.00%	87	97.75%	126	141.57%	134	150.56%	151	169.66%	264	296.63%
Trade debts	1,827	100.00%	2,584	141.43%	4,343	237.71%	3,007	164.59%	4,871	266.61%	5,094	278.82%
Advances, deposits, prepayments and other receivables	1,144	100.00%	650	56.82%	600	52.45%	513	44.84%	816	71.33%	1,251	109.35%
Short term investments	-		2,277		3,227		3,899		-		-	
Cash and bank balances	3,946	100.00%	4,040	102.38%	6,705	169.92%	8,733	221.31%	7,249	183.71%	10,826	274.35%
	9,800	100.00%	12,279	125.30%	17,633	179.93%	19,225	196.17%	16,612	169.51%	21,098	215.29%
TOTAL ASSETS	34,725	100.00%	39,322	113.24%	46,976	135.28%	52,251	150.47%	53,639	154.47%	57,869	166.65%

Horizontal Analysis

	2009 (Rs in million)	%	2010 (Rs in million)	%	2011 (Rs in million)	%	2012 (Rs in million)	%	2013 (Rs in million)	%	2014 (Rs in million)	%
PROFIT & LOSS ACCOUNT												
Net Sales	14,047	100.00%	17,845	127.04%	24,951	177.63%	28,624	203.77%	28,878	205.58%	35,540	253.01%
Cost of Sales	5,755	100.00%	6,959	120.92%	9,324	162.02%	11,118	193.19%	12,616	219.22%	16,531	287.25%
Gross profit	8,292	100.00%	10,886	131.28%	15,627	188.46%	17,506	211.12%	16,262	196.12%	19,009	229.25%
Exploration costs	2,057	100.00%	1,606	78.07%	1,075	52.26%	593	28.83%	1,793	87.17%	1,710	83.13%
	6,235	100.00%	9,280	148.84%	14,552	233.39%	16,913	271.26%	14,469	232.06%	17,299	277.45%
Administration expenses	47	100.00%	73	155.32%	83	176.60%	99	210.64%	93	197.87%	122	259.57%
Finance costs	512	100.00%	284	55.47%	224	43.75%	685	133.79%	830	162.11%	654	127.73%
Other charges	533	100.00%	709	133.02%	1,104	207.13%	1,288	241.65%	949	178.05%	1,140	213.88%
	1,092	100.00%	1,066	97.62%	1,411	129.21%	2,072	189.74%	1,872	171.43%	1,916	175.46%
	5,143	100.00%	8,214	159.71%	13,141	255.51%	14,841	288.57%	12,597	244.93%	15,383	299.11%
Other income	2,042	100.00%	1,377	67.43%	1,809	88.59%	2,547	124.73%	1,954	95.69%	1,823	89.28%
PROFIT BEFORE TAXATION	7,185	100.00%	9,591	133.49%	14,950	208.07%	17,388	242.00%	14,551	202.52%	17,206	239.47%
Provision for taxation	1,567	100.00%	2,154	137.46%	4,135	263.88%	5,529	352.84%	3,723	237.59%	4,319	275.62%
PROFIT FOR THE YEAR	5,618	100.00%	7,437	132.38%	10,815	192.51%	11,859	211.09%	10,828	192.74%	12,887	229.39%
CASH FLOWS												
Operating activities	5,489	100.00%	9,297	169.38%	12,427	226.40%	15,268	278.16%	12,559	228.80%	18,248	332.45%
Investing activities	(4,333)	100.00%	(2,770)	63.93%	(2,318)	53.50%	(3,004)	69.33%	(5,202)	120.06%	(4,276)	98.68%
Financing activities	(5,034)	100.00%	(4,248)	84.39%	(6,496)	129.04%	(10,022)	199.09%	(12,995)	258.14%	(10,624)	211.04%
Effect of Exchange rate changes	398	100.00%	92	23.12%	2	0.50%	407	102.26%	306	76.88%	229	57.54%
Cash and cash equivalents at year end	3,946	100.00%	6,317	160.09%	9,932	251.70%	12,581	318.83%	7,249	183.71%	10,826	274.35%

Financial Analysis

Analysis of Balance Sheet

Assets

Fixed assets increased by Rs 1,505 million. It consists of additions of Rs 916 million in POL own fields, Rs 10 million in POL operated joint ventures and Rs 1,523 million in POL non-operated joint ventures. Development and decommissioning costs decreased by Rs 3,449 million, Development cost of Rs 1,262 million were incurred during the period, which includes additions of Rs 23 million at Domial, Rs 501 million at Adhi, Rs 237 million at Makori East, Rs 423 million at Manzalai, Rs 86 million at Bhangali and Rs 4 million in Maramzai. Decommissioning cost increased by Rs 489 million comprises of Rs 425 million related to revision due to change in estimates and Rs 65 million related to decommissioning provision of new wells. Due to amortization of Rs 5,201 million and net decrease of Rs 3,449 million.

During the period Rs 2,318 million costs were incurred. It consisted of Rs 18 million at Balkassar, Rs 1,325 million at Pindori, KOT Rs 506 million, Chak Naurang Rs 11 million, Malgin Rs 334 million, Margala North Rs 129 million and Tolanj Rs 7 million. These increases were offset by a decrease due to dry well cost of KOT-1 amount to Rs 630 million transfers to exploration cost.

Trade debts decreased by Rs 186 million due to decrease in receivable from NRL.

Liabilities

During the year current liabilities and provisions increased to Rs 396 million (2013: Rs 3,537 million) largely because of increase in non-current liabilities by Rs 1,587 million which is mainly attributed to increase in deferred tax by Rs 325 million and decommissioning cost by Rs 1,142 million.

Analysis of Profit and Loss Account

Sales

During current year, sales revenue increased by 23.1%, from Rs 28,878 million to Rs 35,540 million. Analyzing the net sales increase of Rs 6,661 million from a product perspective, Crude sales increased by Rs 6,060 million, Gas sales by Rs 788 million, Solvent Oil by Rs 28 million and Sulphur by Rs 8 million. These increases were offset by decreased in POLGAS by Rs 223 million.

Cost of sales

Cost of sales was Rs 16,530 million (2013: Rs 12,616 million). Higher amortization is mainly because of reduction in recoverable reserves of Makori field and all unamortized cost of Domial was expensed out as production ceased w.e.f. April 2014. Royalty increased by Rs 704.5 million due to higher sales of crude oil and natural gas. Re-measurement of decommissioning cost due to exchange difference is lower by Rs 266.5 million due to appreciation of Rupees against US $ and unwinding cost increased by Rs 90.0 million as compared to last year.

Exploration costs

Current period cost of Rs 1,709.9 million related to Ikhlas Rs 206.3 million, Rajanpur Rs 28.1 million, D G Khan Rs 698.6 million, Kirthar Rs 45.8 million, Pindori Rs 40.0 million, Margala block Rs 30.1 million and dry well cost of KOT-1 amounting to Rs 641.5 million.

Financial Analysis

Other income

Other income decreased by Rs 131 million. Income from held to maturity and income from bank deposits decreased by Rs 71 million, exchange gain decreased by Rs 76 million, capital gain lower by Rs 84 million, gas processing income decreased by Rs 26 million and profit on sale of property, plant and equipment by Rs 5 million. These decreases were offset by increase in dividend income by Rs 154 million, rental income by Rs 6 million, crude transportation income by Rs 15 million.

Taxation

Taxation charge totaled Rs 4,319 million (2013: Rs 3,722 million) due to higher profit.

Profit for the year

Profit after tax of Rs 12,887 million (2013: Rs 10,828 million)

Analysis of Cash flow statement

Operating activities:

A total of Rs 7,249 million was available as cash and cash equivalents at the beginning of the year. Cash generated from operations in 2014 higher by 45% to Rs 18,248 million (2013: Rs 12,559 million) related to higher sales value which is offset by increased operating, royalty and exploration costs paid.

Investing activities:

A total of Rs 4,276 million cash was expended on investing activities (2013: Rs 5,202 million) which consists of addition in fixed assets of Rs 5,399 million, offset by income on bank deposits by Rs 12,018 million and dividend income of Rs 647 million.

Financing activities:

Rs 10,624 million of cash were used in financing activities which is related to payment of dividends. The cash balance includes effect of exchange rate changes of Rs 229 million during the year. Cash and cash equivalents at the end of year 2014 was Rs 10,826 million (2013: Rs 7,249 million).

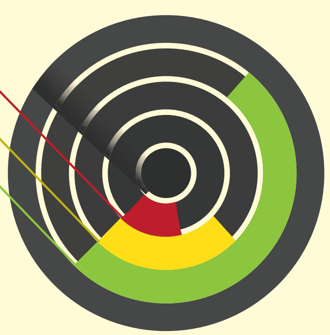
Balance Sheet Composition

Share Capital & Reserves as on June 30, 2014

14% Current Liabilities and Provisions
25% Non Current Liabilities
61% Shareholders Equity

Share Capital & Reserves as on June 30, 2013

Current Liabilities and Provisions 15%
Non Current Liabilities 24%
Shareholders Equity 61%



Assets as on June 30, 2014

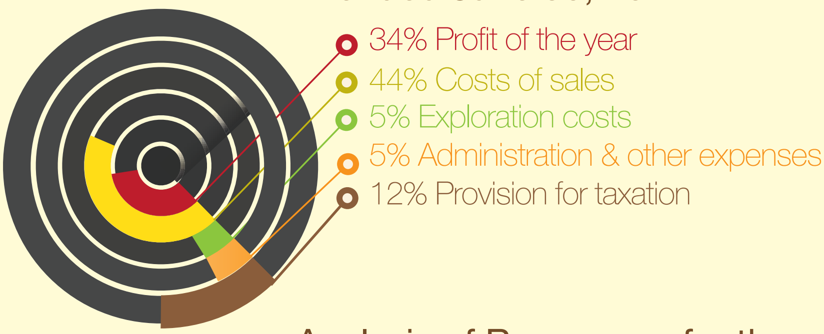
47% Fixed Assets
17% Investment in subsidiary & associated companies
0% Other long term investments & advances
36% Current Assets

Assets as on June 30, 2013

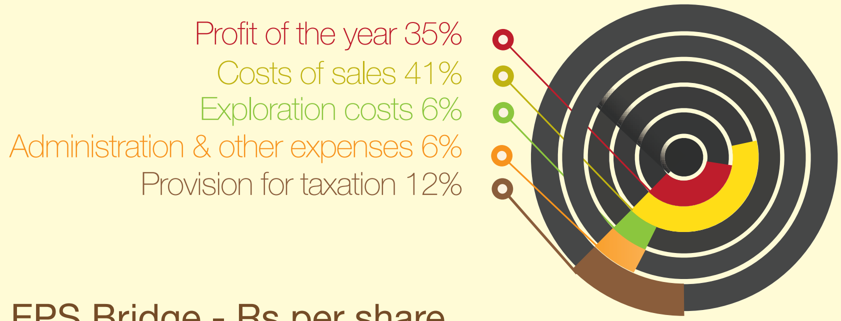
Fixed Assets 51%
Investment in subsidiary & associated companies 18%
Other long term investments & advances 0%
Current Assets 31%

Profit and Loss Account Analysis

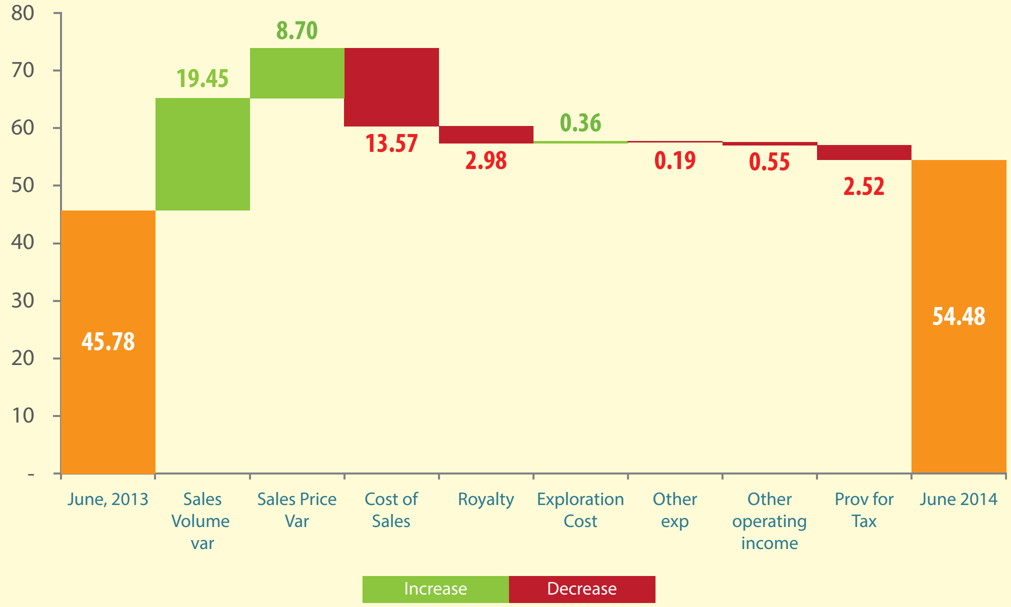
Analysis of Revenues - for the year ended June 30, 2014



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

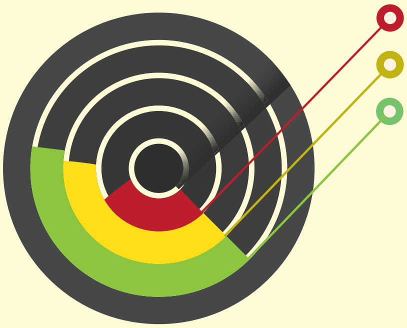


The EPS Bridge - Rs per share



Cash Flow Analysis

Analysis of Cashflow- for the year ended June 30, 2014



17% Investing activities

41% Financing activities

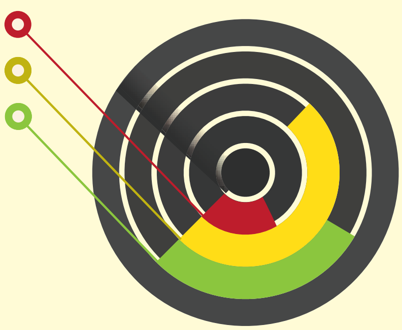
42% Cash and Cash equivalents at the end of the year

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

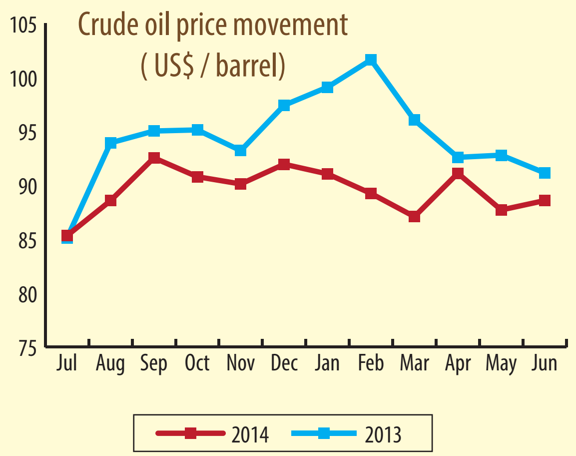
20% Investing activities

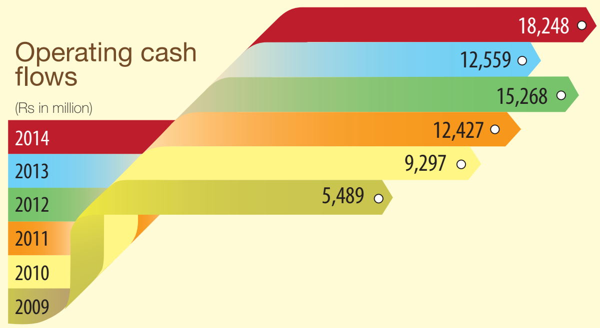
51% Financing activities

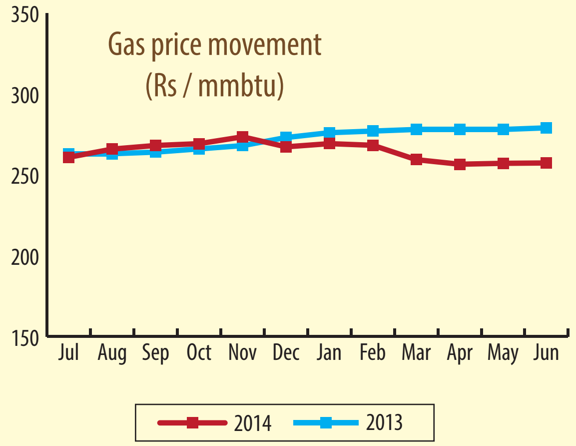
29% Cash and Cash equivalents at the end of the year

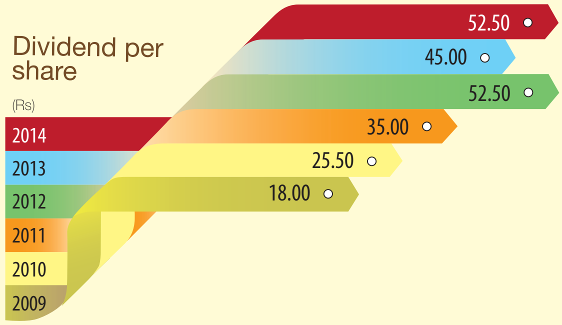


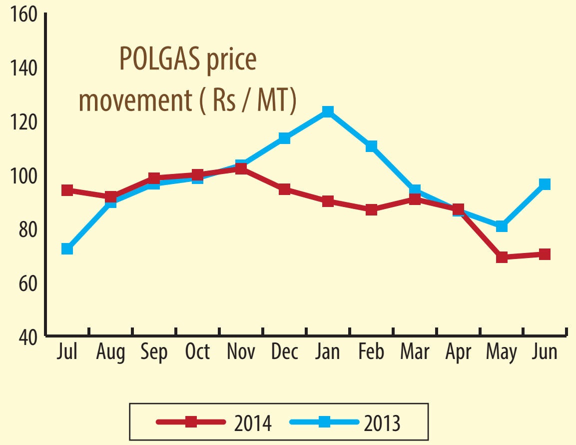
Other Information

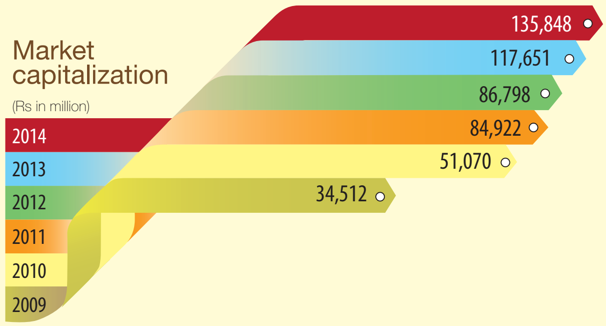












Shareholding in Exploration Licenses and D&P / Mining Leases

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	25.00
Margala	MOL Pakistan Oil and Gas	30.00
Margala North	MOL Pakistan Oil and Gas	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.

Auditors' Report to the Members

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the code) prepared by the Board of Directors of Pakistan Oilfields Limited for the year ended June 30, 2014 to comply with the requirements of Listing Regulations of the respective Stock exchanges, where the Company is listed.

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

As a part of our audit of the 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 of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal control, the Company's corporate governance procedures and risks.

The Code requires the Company to place before, the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its 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 and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine' whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2014.

Chartered Accountants
Islamabad
August 15, 2014

Engagement Partner: Sohail M. Khan

Statement of Compliance, with the Code of Corporate Governance for the year ended June 30, 2014

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 election of the present board of directors was held on June 27, 2014 and the board includes:

Category	Names
Independent Directors	Mr. Tariq Iqbal Khan Mr.Nihal Cassim
Executive Director	Mr. Shuaib A. Malik
Non-Executive Directors	Dr. Ghaith R. Pharaon* Mr. Laith G. Pharaon** Mr. Wael G. Pharaon*** Mr. Abdus Sattar

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

The independent directors meet the criteria of independence under clause i(b) of CCG.

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. 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. One of the non-executive director is repersented by an alternate director who is an executive of the Company.

15. 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.

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

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 exchanges.

21. Material/price sensitive information has been disseminated among all market participants at once through stock exchanges.

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

Shuaib A. Malik
Chairman & Chief Executive

August 15, 2014
Beirut, Lebanon

Auditors' Report to the Members

We have audited the annexed balance sheet of Pakistan Oilfields Limited as at June 30, 2014 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

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

(b) in our opinion

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

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

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

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2014 and of the profit, total comprehensive income, its cash flows and changes in equity for the year then ended; and

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

AFFerguson

Chartered Accountants
Islamabad
August 15, 2014

Engagement Partner: Sohail M. Khan

Balance Sheet
As at June 30, 2014

	Note	2014	2013
		Rupees ('000)	
SHARE CAPITAL AND RESERVES			
Authorised capital	6	5,000,000	5,000,000
Issued, subscribed and paid up capital	6	2,365,459	2,365,459
Revenue reserves	7	32,828,727	30,581,348
Fair value gain on available-for-sale investments		1,818	1,396
		35,196,004	32,948,203
NON CURRENT LIABILITIES			
Long term deposits	8	638,295	517,861
Deferred liabilities	9	13,700,892	12,234,362
		14,339,187	12,752,223
CURRENT LIABILITIES AND PROVISIONS			
Trade and other payables	10	5,781,653	6,292,407
Provision for income tax		2,552,469	1,646,088
		8,334,122	7,938,495
CONTINGENCIES AND COMMITMENTS	11		
		57,869,313	53,638,921

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	Note	2014	2013
		Rupees ('000)	
FIXED ASSETS			
Property, plant and equipment	12	9,306,101	7,801,187
Development and decommissioning costs	13	13,161,001	16,610,402
Exploration and evaluation assets	14	4,666,461	2,978,577
		27,133,563	27,390,166
LONG TERM INVESTMENTS IN SUBSIDIARY AND ASSOCIATED COMPANIES	15	9,615,603	9,615,603
OTHER LONG TERM INVESTMENTS	16	5,485	5,063
LONG TERM LOANS AND ADVANCES	17	16,196	15,557
CURRENT ASSETS			
Stores and spares	18	3,663,109	3,524,800
Stock in trade	19	264,170	151,345
Trade debts	20	5,093,725	4,871,092
Advances, deposits, prepayments and other receivables	21	1,251,141	816,263
Cash and bank balances	22	10,826,321	7,249,032
		21,098,466	16,612,532
		57,869,313	53,638,921

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

Shuaib A. Malik
Chief Executive

Abdus Sattar
Director

Profit And Loss Account
For the year ended June 30, 2014

	Note	2014	2013
		Rupees ('000)	
SALES		37,857,154	30,954,539
Sales tax		(2,317,453)	(2,076,402)
NET SALES	23	35,539,701	28,878,137
Operating costs	24	(7,608,311)	(7,565,725)
Excise duty		(281,912)	(265,009)
Royalty		(3,438,680)	(2,734,190)
Amortisation of development and decommissioning costs		(5,200,823)	(2,051,490)
		(16,529,726)	(12,616,414)
GROSS PROFIT		19,009,975	16,261,723
Exploration costs	25	(1,709,863)	(1,792,468)
		17,300,112	14,469,255
Administration expenses	26	(122,148)	(93,211)
Finance costs	27	(653,930)	(830,372)
Other charges	28	(1,140,355)	(948,911)
		(1,916,433)	(1,872,494)
		15,383,679	12,596,761
Other income	29	1,823,130	1,953,965
PROFIT BEFORE TAXATION		17,206,809	14,550,726
Provision for taxation	30	(4,319,415)	(3,722,372)
PROFIT FOR THE YEAR		12,887,394	10,828,354
Earnings per share - Basic and diluted (Rupees)	35	54.48	45.78

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

Shuaib A. Malik
Chief Executive

Abdus Sattar
Director

Statement of Comprehensive Income
For the year ended June 30, 2014

	2014	2013
	Rupees ('000)	
Profit for the year	12,887,394	10,828,354
Other comprehensive income for the year:		
Items that will not be reclassified to profit or loss		
Remeasurement gain on staff retirement benefit plans	6,502	47,253
Tax charge relating to remeasurement gain on staff retirement benefit plans	(1,951)	(14,176)
	4,551	33,077
Items that may be subsequently reclassified to profit or loss		
Fair value adjustments on availabe for sale investments	422	(56,577)
Other comprehensive income for the year, net of tax	4,973	(23,500)
Total comprehensive income for the year	12,892,367	10,804,854

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

Shuaib A. Malik
Chief Executive

Abdus Sattar
Director

Cash Flow Statement
For the year ended June 30, 2014

	Note	2014	2013
		Rupees ('000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers		35,964,841	27,573,579
Operating and exploration costs paid		(11,255,175)	(9,237,503)
Royalty paid		(3,371,385)	(2,695,255)
Taxes paid		(3,089,858)	(3,081,354)
Cash provided by operating activities		18,248,423	12,559,467
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed assets additions		(5,399,142)	(6,985,838)
Proceeds from disposal of property, plant and equipment		7,946	19,964
Proceeds from disposal of working interest in a concession		-	8,387
Proceeds from sale of available-for-sale investments		-	681,000
Proceeds from maturity of PIBs		50,000	-
Income on bank deposits and held-to-maturity investments		417,702	581,776
Dividend income received		647,204	492,802
Cash used in investing activities		(4,276,290)	(5,201,909)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(10,624,257)	(12,994,960)
EFFECT OF EXCHANGE RATE CHANGES		229,413	305,131
INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS		3,577,289	(5,332,271)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		7,249,032	12,581,303
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	37	10,826,321	7,249,032

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

Shuaib A. Malik
Chief Executive

Abdus Sattar
Director

Statement of Changes In Equity
For the year ended June 30, 2014

	Share capital	Revenue reserves: Insurance reserve	Revenue reserves: Investment reserve	Revenue reserves: Unappropriated profit	Fair value gain/ (loss) on available-for-sale investments	Total
	------------------------------------			Rupees ('000)	------------------------------------	
Balance at June 30, 2012	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	-	-	-	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
Total comprehensive income for the year:						
Profit for the year	-	-	-	12,887,394	-	12,887,394
Other comprehensive income	-	-	-	4,551	422	4,973
	-	-	-	12,891,945	422	12,892,367
Transactions with owners:						
Final dividend @ Rs 25 per share - Year ended June 30, 2013	-	-	-	(5,913,648)	-	(5,913,648)
Interim dividend @ Rs 20 per share - Year ended June 30, 2014	-	-	-	(4,730,918)	-	(4,730,918)
Total transactions with owners	-	-	-	(10,644,566)	-	(10,644,566)
Balance at June 30, 2014	2,365,459	200,000	1,557,794	31,070,933	1,818	35,196,004

The annexed notes 1 to 40 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

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

		Effective date (annual reporting periods beginning on or after)
IFRS 2	Share-based Payments (Amendments)	July 1, 2014
IFRS 3	Business Combinations (Amendments)	July 1, 2014
IFRS 8	Operating Segments (Amendments)	July 1, 2014
IFRS 14	Regulatory Deferral Accounts	January 1, 2016
IFRS 15	Revenue from Contracts with Customers	January 1, 2017
IAS 16	Property, Plant and Equipment (Amendments)	July 1, 2014 & January 1, 2016
IAS 19	Employee benefits (Amendments)	July 1, 2014
IAS 24	Related Party Disclosures (Amendments)	July 1, 2014
IAS 32	Financial instruments: Presentation (Amendments)	January 1, 2014
IAS 36	Impairment of assets (Amendments)	January 1, 2014
IAS 38	Intangible Assets (Amendments)	January 1, 2016
IAS 39	Financial instruments: Recognition and measurement (Amendments)	January 1, 2014
IAS 40	Investment Property (Amendments)	July 1, 2014
IAS 41	Agriculture (Amendments)	January 1, 2016
IFRIC 21	Levies	January 1, 2014

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

Further, the following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been notified up to June 30, 2014 by the Securities and Exchange Commission of Pakistan, for the purpose of their applicability in Pakistan:

IFRS 1	First-time adoption of International Financial Reporting standards
IFRS 9	Financial instruments
IFRS 10	Consolidated financial statements
IFRS 11	Joint arrangements
IFRS 12	Disclosure of interests in other entities
IFRS 13	Fair value measurement

The following interpretations issued by the IASB have been waived of by SECP:

IFRIC 4	Determining whether an arrangement contains a 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 policy 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 1.08% p.a. (2013: 2.5% 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, 2014. Since both are complementary plans, combined details and valuation for pension plan and gratuity plan are given in note 34.

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

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

4.13 Exploration assets/ costs and development costs

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

4.13.2 Exploration costs

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

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

4.13.3 Development costs

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

4.14 Investments in subsidiary and associated companies

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

4.15 Stores and spares

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

4.16 Stock in trade

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

4.17 Impairment of non-financial assets

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

4.18 Financial instruments

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

4.19 Financial assets

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

(i) Investments at fair value through profit or loss

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

(ii) Held-to-maturity investments

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

(iii) Loans and receivables

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

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

(iv) Available-for-sale investments

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

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

4.20 Impairment of financial assets

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

4.21 Offsetting

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

4.22 Revenue recognition

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

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

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

4.23 Joint ventures

The Company's share in transactions and balances related to joint 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 useful life of property, plant and equipment - note 12
iv) Estimated costs and discount rate used for provision for decommissioning cost - note 4.7
v) Estimated value of staff retirement benefits obligations - note 34
vi) Provision for taxation - note 4.5
vii) Price adjustment related to crude oil sales - note 4.22

	2014	2013
	Rupees ('000)	
6. SHARE CAPITAL		
Authorised capital		
500,000,000 (2013: 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 (2013: 20,200,000) ordinary shares	202,000	202,000
Shares issued as fully paid bonus shares 216,345,920 (2013: 216,345,920) ordinary shares	2,163,459	2,163,459
236,545,920 (2013: 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 (2013: 124,776,965) ordinary shares at the year end.

	2014	2013
	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	31,070,933	28,823,554
	32,828,727	30,581,348

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.

		2014	2013
		Rupees ('000)	
8.	**LONG TERM DEPOSITS**		
	Security deposits from distributors for cylinders/ equipment	587,564	475,172
	Security deposits from distributors and others	50,731	42,689
		638,295	517,861
9.	**DEFERRED LIABILITIES**		
	Provision for deferred income tax - note 9.1	5,924,951	5,599,824
	Provision for decommissioning cost - note 9.2	7,765,490	6,623,828
	Provision for staff compensated absences	10,451	10,710
		13,700,892	12,234,362
9.1	**Provision for deferred income tax**		
	The provision for deferred income tax represents:		
	Temporary differences between accounting and tax depreciation/ amortisation	6,034,257	5,702,790
	Provision for stores and spares	(69,372)	(61,081)
	Provision for doubtful receivable	(93)	(93)
	Deferred tax on remeasurement loss on staff retirement benefit plans	(39,841)	(41,792)
		5,924,951	5,599,824
9.2	**Provision for decommissioning cost**		
	Balance brought forward	6,623,828	5,443,309
	Revision due to change in estimates	424,635	297,197
	Provision during the year	64,600	110,839
	Unwinding of discount	655,759	565,793
	Exchange (gain)/loss	(3,332)	263,183
	Reversal of provision related to disposal of working interest in a concession	-	(56,493)
		7,765,490	6,623,828

		2014	2013
		Rupees ('000)	
10.	**TRADE AND OTHER PAYABLES**		
	Creditors	433,297	220,591
	Due to related parties		
	Attock Petroleum Limited	6,610	-
	Attock Hospital (Pvt) Limited	705	161
	Capgas (Pvt) Limited	367	-
	Management Staff Pension Fund	23,937	16,521
	Staff Provident Fund	2,318	-
	General Staff Provident Fund	1,364	2,119
	Workers' Profit Participation Fund - note 10.1	887,070	770,533
	Joint venture partners		
	The Attock Oil Company Limited	65,280	9,589
	Others	496,677	1,479,380
	Accrued liabilities	2,124,797	2,141,501
	Advance payment from customers	48,454	42,467
	Royalty	464,451	397,156
	Sales tax	-	59,053
	Excise duty	3,644	3,740
	Workers' Welfare Fund	1,096,889	1,038,017
	Liability for staff compensated absences	4,645	10,740
	Unclaimed dividends	121,148	100,839
		5,781,653	6,292,407
10.1	**Workers' Profit Participation Fund**		
	Balance at beginning of the year	770,533	933,305
	Amount allocated for the year	916,979	770,150
	Amount paid to the Fund's trustees	(800,442)	(932,922)
		887,070	770,533
11.	**CONTINGENCIES AND COMMITMENTS**		
	Capital expenditure commitments outstanding		
	- Share in Joint Ventures	10,839,663	10,423,047
	- Own fields	2,840,940	3,371,591
12.	**PROPERTY, PLANT AND EQUIPMENT**		
	Operating assets - note 12.1	8,306,460	4,364,144
	Capital work in progress - note 12.5	999,641	3,437,043
		9,306,101	7,801,187

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, 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 July 1, 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
Year ended June 30, 2014										
Opening 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
Additions	942	16,630	97,736	4,451,988	58,285	125,857	82,303	11,182	41,550	4,886,473
Disposals										
Cost	-	-	(268)	(4,747)	(3,835)	(3,506)	(8,481)	(2,239)	(2,845)	(25,921)
Depreciation	-	-	248	4,539	3,710	3,506	8,481	2,208	2,845	25,537
	-	-	(20)	(208)	(125)	-	-	(31)	-	(384)
Depreciation charge	-	(14,538)	(98,182)	(678,430)	(34,391)	(19,152)	(46,937)	(8,252)	(43,891)	(943,773)
Closing net book value	22,318	189,966	702,968	6,671,421	226,765	164,387	159,377	49,756	119,502	8,306,460
As at June 30, 2014										
Cost	22,318	345,142	1,352,307	10,787,645	574,310	578,661	427,528	126,056	350,398	14,564,365
Accumulated depreciation	-	(155,176)	(649,339)	(4,116,224)	(347,545)	(414,274)	(268,151)	(76,300)	(230,896)	(6,257,905)
Net book value	22,318	189,966	702,968	6,671,421	226,765	164,387	159,377	49,756	119,502	8,306,460
Annual rate of Depreciation (%)	-	5	10	10	10	10	20	12.5	25	

12.2 Cost and accumulated depreciation include:

	Cost		Accumulated depreciation	
	2014	2013	2014	2013
	Rupees ('000)		Rupees ('000)	
Share in Joint Ventures operated by the Company	1,395,492	1,386,807	1,052,684	966,379
Assets not in possession of the Company				
Share in Joint Ventures operated by others	8,924,734	4,426,437	2,222,024	1,606,370
Gas cylinders - in possession of distributors	535,725	437,752	384,057	382,719
	10,855,951	6,250,996	3,658,765	2,955,468

12.3 The depreciation charge has been allocated as follows:

	2014	2013
Operating cost	927,554	666,491
Other income - Crude transportation income	16,218	13,053
Inter-transfers	1	599
	943,773	680,143

12.4 Property, plant and equipment disposals:

There was no disposal of property, plant and equipment having a net book value in excess of Rs 50,000 during the year.

12.5 Capital work in progress

	Buildings	Plant and machinery/ Pipelines and pumps	Computers and software development	Total
	Rupees ('000)			
Balance as at July 1, 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
Balance as at July 1, 2013	-	3,424,857	12,186	3,437,043
Additions/ (reversals) during the year	22,110	944,795	(6,384)	960,521
Transfers during the year	(4,397)	(3,389,169)	(4,357)	(3,397,923)
Balance as at June 30, 2014	17,713	980,483	1,445	999,641

		2014	2013
		Rupees ('000)	
12.6 Break up of capital work in progress at June 30 is as follows:			
Own fields		517,230	26,262
POL Gas		20,339	-
Share in Joint Ventures operated by others			
MOL Pakistan Oil and	- TAL Block	61,161	3,385,568
Gas Company B.V.	- Margala Block	269	270
Oil and Gas Development			
Company Limited	- Kotra	232,849	24,943
	- Chaknaurang	37,695	-
Pakistan Petroleum			
Limited	- Adhi	130,098	-
		999,641	3,437,043

13. DEVELOPMENT AND DECOMMISSIONING COSTS

	Development Cost	Decommissioning Cost	Total
		Rupees ('000)	
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 July 1, 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
Year ended June 30, 2014			
Opening net book value	14,498,689	2,111,713	16,610,402
Additions	1,262,187	64,600	1,326,787
Revision due to change in estimates	-	424,635	424,635
Amortisation for the year	(4,632,080)	(568,743)	(5,200,823)
Closing net book value	11,128,796	2,032,205	13,161,001
As at June 30, 2014			
Cost	27,403,258	4,007,116	31,410,374
Accumulated amortisation	(16,274,462)	(1,974,911)	(18,249,373)
Net book value	11,128,796	2,032,205	13,161,001

		2014	2013
		Rupees ('000)	
14.	**EXPLORATION AND EVALUATION ASSETS**		
	Balance brought forward	2,978,577	2,883,055
	Additions during the year	2,317,579	1,484,272
		5,296,156	4,367,327
	Wells cost transferred to development cost - note 13	-	(1,169,697)
	Dry and abandoned wells cost charged to the profit and loss account - note 25	(629,695)	(219,053)
		4,666,461	2,978,577

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

		2014	2013
Own fields - Balkassar		18,353	-
Share in Joint Ventures operated by the Company			
	- Ikhlas	1,866,263	1,878,123
	- Pindori	1,324,457	-
Share in Joint Ventures operated by others			
MOL Pakistan Oil and Gas Company B.V.	- TAL Block	881,453	664,311
	- Margalla North	128,906	-
Oil and Gas Development Company Limited	- Chak Naurang	447,029	436,143
		4,666,461	2,978,577

	2014		2013	
	Percentage holding	Amount Rs ('000)	Percentage holding	Amount Rs ('000)
15. LONG TERM INVESTMENTS IN SUBSIDIARY AND ASSOCIATED COMPANIES - AT COST				
Subsidiary company				
Unquoted				
Capgas (Private) Limited 344,250 (2013: 344,250) fully paid ordinary shares including 191,250 (2013: 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 (2013: 19,991,640) fully paid ordinary shares including 3,331,940 (2013: 3,331,940) bonus shares of Rs 10 each Quoted market value as at June 30, 2014: Rs 4,305,600 thousand; (2013: Rs 4,809,589 thousand)	25	8,046,635	25	8,046,635
Attock Petroleum Limited (APL) 5,820,595 (2013: 4,850,496) fully paid ordinary shares including 2,452,195 (2013: 1,482,096) bonus shares of Rs 10 each Quoted market value as at June 30, 2014: Rs 3,433,162 thousand; (2013: Rs 2,721,710 thousand)	7	1,562,938	7	1,562,938
Unquoted				
Attock Information Technology Services (Pvt) Limited (AITSL) 450,000 (2013: 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 3.2% (2013: 3.5%), a terminal growth rate of 4.0% (2013: 4.0%) and a capital asset pricing model based discount rate of 18.62% (2013: 18.27%).

	2014	2013
	Rupees ('000)	
16. OTHER LONG TERM INVESTMENTS		
Available-for-sale investments - note 16.1	5,485	5,063
16.1 Available-for-sale investments		
Balance at the beginning of the year	5,063	658,672
Fair value adjustment	422	27,391
Disposals during the year	-	(681,000)
Balance at the end of the year	5,485	5,063

	2014				2013
	Number of shares/units	Cost less impairment loss	Adjustment arising from remeasurement to fair value	Fair value	Fair value
			Rupees ('000)		
16.1.1 Available-for-sale investments at June 30 include the following:					
Listed securities:					
Meezan Sovereign Fund	9,706	378	112	490	451
Pakistan Cash Management Fund	11,079	429	125	554	511
IGI Money Market Fund	11,128	862	261	1,123	1,038
Atlas Money Market Fund	1,042	404	120	524	483
UBL Liquidity Plus Fund	11,508	896	259	1,155	1,069
Unlisted securities:					
Atlas Asset Management Company	3,254	698	941	1,639	1,511
		3,667	1,818	5,485	5,063

16.1.2 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, 2014 as quoted by the respective Asset Management Company.

		2014	2013
		Rupees ('000)	
17.	**LONG TERM LOANS AND ADVANCES, CONSIDERED GOOD**		
	Executives - note 17.1	17,547	15,343
	Other employees	24,373	23,008
		41,920	38,351
	Less: Amount due within twelve months, shown under current loans and advances - note 21	25,724	22,794
		16,196	15,557

17.1 Movement in loans to Executives

	Balance as at June 30, 2013	Disbursements	Repayments	Balance as at June 30, 2014
	Rupees ('000)			
Executives	15,343	21,653	(19,449)	17,547

17.2 Loans and advances to employees are for general purpose and for house rent advance which are recoverable in up to 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 21,414 thousand (2013: Rs 16,839 thousand) respectively.

		2014	2013
		Rupees ('000)	
18.	**STORES AND SPARES**		
	Stores and spares - note 18.1	3,894,349	3,728,315
	Less: Provision for slow moving items - note 18.2	231,240	203,515
		3,663,109	3,524,800
18.1	**Stores and spares include:**		
	Share in Joint Ventures operated by the Company	333,067	313,926
	Share in Joint Ventures operated by others (assets not in possession of the Company)	1,429,553	1,228,543
		1,762,620	1,542,469
18.2	**Provision for slow moving items**		
	Balance brought forward	203,515	159,931
	Provision for the year	27,725	43,584
		231,240	203,515

		2014	2013
		Rupees ('000)	
19.	**STOCK IN TRADE**		
	Crude oil and other products	264,170	151,345

These include Rs 164,985 thousand (2013: Rs 38,171 thousand) being the Company's share in Joint Ventures.

		2014	2013
20.	**TRADE DEBTS - Considered good**		
	Due from related parties - note 20.1	2,705,674	2,892,041
	Others	2,388,051	1,979,051
		5,093,725	4,871,092
20.1	**Due from related parties**		
	Associated companies		
	Attock Refinery Limited	1,769,869	1,535,504
	National Refinery Limited	935,805	1,355,420
	Attock Petroleum Limited	-	1,117
		2,705,674	2,892,041

Ageing analysis of trade debts receivable from related parties is given in note 33.3 to the financial statements.

	2014	2013
	Rupees ('000)	
21. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES		
Loans and advances - considered good		
Employees - note 17	25,724	22,794
Suppliers	154,473	20,003
	180,197	42,797
Trade deposits and short term prepayments		
Deposits	269,700	143,411
Short-term prepayments	269,828	261,136
	539,528	404,547
Interest income accrued	40,437	24,342
Other receivables		
Joint venture partners	31,988	80,506
Due from related parties		
Parent company		
The Attock Oil Company Limited	68,301	118,846
Associated company		
Attock Leisure Management Association	48	26
Subsidiary company		
Capgas (Pvt) Limited	-	23
Staff Provident Fund	-	8,738
Gratuity Fund - note 34.1	21,993	21,035
Sales tax	294,109	-
Pakistan Investment Bonds (PIBs) encashment proceeds receivable	-	50,000
Other receivables (net of provision for doubtful receivable Rs 310 thousand (2013: Rs 310 thousand))	74,540	65,403
	490,979	344,577
	1,251,141	816,263
22. CASH AND BANK BALANCES		
Bank balance on		
Short term deposits	5,748,468	5,912,106
Interest/mark-up bearing saving accounts	4,934,663	1,246,177
Current accounts	141,418	85,755
	10,824,549	7,244,038
Cash in hand	1,772	4,994
	10,826,321	7,249,032

Balance with banks include foreign currency balances of US $ 61,396 thousand (2013: US $ 61,668 thousand). The balances in saving accounts and short term deposits earned interest/ mark-up ranging from 0.1% to 10.65% (2013: 0.1% to 12.00%).

		2014	2013
		Rupees ('000)	
23.	**NET SALES**		
	Crude oil	21,450,587	15,390,239
	Gas	8,945,263	8,157,446
	POLGAS - Refill of cylinders	4,830,850	5,053,909
	Solvent oil	273,377	244,805
	Sulphur	39,624	31,738
		35,539,701	28,878,137
24.	**OPERATING COSTS**		
	Operating cost - Own fields	688,298	652,473
	- Share in Joint Ventures	2,610,598	2,109,204
	Well workovers	353,229	1,061,873
	POLGAS -Cost of gas/LPG, carriage etc.	3,009,509	3,033,885
	Head office and insurance charges	56,925	1,714
	Pumping and transportation cost	75,023	57,231
	Depreciation	927,554	666,491
		7,721,136	7,582,871
	Opening stock of crude oil and other products	151,345	134,199
	Closing stock of crude oil and other products	(264,170)	(151,345)
		7,608,311	7,565,725

		2014	2013
		Rupees ('000)	
25. EXPLORATION COSTS			
Geological and geophysical cost			
Own fields		1,750	1,938
Share in Joint Ventures operated by the Company			
	- Kirthar South	45,852	17,595
	- Ikhlas	206,299	59,832
	- Pindori	39,951	-
	- Minwal	6,921	-
	- Ahmadal	(4,737)	32,885
	- DG Khan	698,625	175,556
	- Rajanpur	28,142	371,286
Share in Joint Ventures operated by the others			
MOL Pakistan Oil and	- TAL Block	570	633,565
Gas Company B.V.	- Makori West	(2,547)	-
	- Kot - 1	11,846	-
	- Margala Block	6,816	23,343
	- Margala North Block	23,295	21,908
Oil and Gas Development	- Kotra	2,855	773
Company Limited	- Gurgalot	10,194	90,068
	- Chak Naurang	2,834	1,419
Pakistan Petroleum Limited	- Adhi	1,502	142,493
Ocean Pakistan Limited	- Dhurnal	-	717
	- Bhangali	-	37
		1,080,168	1,573,415
Dry and abandoned wells cost - note 14			
Share in Joint Ventures operated by others			
MOL Pakistan Oil and Gas Company B.V.	- Kot - 1	629,695	-
Oil and Gas Development Company Limited	- Chaknaurang	-	219,053
		629,695	219,053
		1,709,863	1,792,468

		2014	2013
		Rupees ('000)	
26.	**ADMINISTRATION EXPENSES**		
	Establishment charges	216,517	148,757
	Telephone and telex	1,055	1,075
	Medical expenses	5,425	4,180
	Printing, stationery and publications	7,836	6,512
	Insurance	1,964	4,544
	Travelling expenses	5,902	3,415
	Motor vehicle running expenses	9,391	8,712
	Rent, repairs and maintenance	25,435	12,826
	Auditor's remuneration - note 26.1	3,021	3,863
	Legal and professional charges	6,702	6,753
	Stock exchange and CDC fee	1,398	1,313
	Computer support and maintenance charges	26,885	15,558
	Other expenses	3,730	4,283
		315,261	221,791
	Less:Amount allocated to field expenses	193,113	128,580
		122,148	93,211
26.1	**Auditor's remuneration:**		
	Statutory audit	1,331	1,210
	Review of half yearly accounts, audit of consolidated accounts, staff funds, special certifications	1,007	938
	Tax services	450	1,500
	Out of pocket expenses	233	215
		3,021	3,863
27.	**FINANCE COSTS**		
	Provision for decommissioning cost - note 9.2		
	- Unwinding of discount	655,759	565,793
	- Exchange (gain)/loss	(3,332)	263,183
	Banks' commission and charges	1,503	1,396
		653,930	830,372
28.	**OTHER CHARGES**		
	Workers' Profit Participation Fund	916,979	770,150
	Workers' Welfare Fund	223,376	178,761
		1,140,355	948,911

		2014	2013
		Rupees ('000)	
29.	**OTHER INCOME**		
	Income from financial assets		
	Income on bank deposits	433,779	369,446
	Income on held-to-maturity investments	18	135,139
	Exchange gain on financial assets	229,413	305,131
	Profit on disposal of available-for-sale investments	-	83,968
	Income from investments in subsidiary and associated companies		
	Dividend from subsidiary and associated companies - note 29.1	647,204	492,802
	Income from assets other than financial assets		
	Rental income (net of related expenses Rs 40,584 thousand; 2013: Rs 14,280 thousand)	175,971	170,227
	Crude oil/gas transportation income (net of related expenses Rs 79,420 thousand; 2013: Rs 73,976 thousand)	146,276	131,663
	Gas processing fee	153,335	179,360
	Profit on sale of property, plant and equipment	7,582	12,663
	Gain on disposal of working interest in a concession	-	65,791
	Sale of stores and scrap	22,841	638
	Others	6,711	7,137
		1,823,130	1,953,965
29.1	**Dividend from subsidiary and associated companies**		
	Subsidiary company		
	Capgas (Pvt) Limited	27,196	35,286
	Associated companies		
	National Refinery Limited	299,875	299,875
	Attock Petroleum Limited	320,133	157,641
		647,204	492,802
30.	**PROVISION FOR TAXATION**		
	Current	3,996,239	3,120,580
	Deferred	323,176	601,792
		4,319,415	3,722,372

	2014	2013
	Rupees ('000)	
30.1 Reconciliation of tax charge for the year		
Accounting profit	17,206,809	14,550,726
*Tax at applicable tax rate of 53.56% (2013: 51.73%)	9,215,967	7,527,091
Tax effect of depletion allowance and royalty payments	(4,180,015)	(2,918,762)
Tax effect of income that is not taxable or taxable at reduced rates	(573,022)	(739,356)
Other	(143,515)	(146,601)
Tax charge for the year	4,319,415	3,722,372

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

31. 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 23.

Revenue from two major customers of the Company constitutes 67% of the total revenue during the year ended June 30, 2014 (June 30, 2013: 75%).

32. 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	
	2014	2013	2014	2013
	Rupees ('000)		Rupees ('000)	
Managerial remuneration	6,535	6,151	102,623	85,611
Bonus	3,844	3,844	51,066	43,063
Housing, utility and conveyance	4,832	4,675	104,425	89,287
Company's contribution to pension, gratuity and provident funds	-	960	42,171	35,088
Leave passage	1,025	839	14,894	10,904
Other benefits	3,798	2,584	28,486	24,651
	* 20,034	19,053	343,665	288,604
No. of persons, including those who worked part of the year	1	1	97	84

* In addition to above an amount of Rs 47,347 thousand relating to retirement funds obligation has been contributed to the funds as advised by the Actuary. This contrbution relates to funding the past service deficit. No additional benefit has been granted to the pensioner.

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 5,932 thousand (2013: Rs 3,351 thousand) based on actual attendance.

Remuneration of executives net of charge to subsidiary and associated companies amount to Rs 19,414 thousand (2013: Rs 17,434 thousand).

33. FINANCIAL INSTRUMENTS

33.1 Financial assets and liabilities

	Loans and recievables	Available-for-sale Investments	Total
		Rupees ('000)	
June 30, 2014			
Financial assets			
Maturity up to one year			
Trade debts	5,093,725	-	5,093,725
Advances, deposits and other receivables	826,840	-	826,840
Cash and bank balances	10,826,321	-	10,826,321
Maturity after one year			
Other long term investments	-	5,485	5,485
Long term loans and advances	16,196	-	16,196
	16,763,082	5,485	16,768,567

Financial liabilities	Other financial liabilities	Total
	Rupees ('000)	
Maturity up to one year		
Trade and other payables	5,733,199	5,733,199
Maturity after one year		
Long term deposits	638,295	638,295
Provision for decommissioning cost	7,765,490	7,765,490
Provision for staff compensated absences	10,451	10,451
	14,147,435	14,147,435

	Loans and recievables	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

Financial liabilities	Other financial liabilities	Total
	Rupees ('000)	
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

33.2 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	2014	2013
		Rupees ('000)	
Available for sale investments			
Counterparties with external credit rating	A M 2	1,639	1,511
	AA	490	1,972
	A A A (f)	554	511
	A A + (f)	2,802	1,069
		5,485	5,063
Trade debts			
Counterparties with external credit rating	A 1 +	5,041,757	4,762,568
Counterparties without external credit rating			
Existing customers/ joint venture partners with no default in the past		51,968	108,524
		5,093,725	4,871,092
Advances, deposits and other receivables			
Counterparties with external credit rating	A 1 +	138,345	125,555
	A 1	181	15
	A 2	-	75,381
	A 3	-	144
Counterparties without external credit rating			
Existing customers/ joint venture partners with no default in the past		203,599	97,164
Receivable from employees/ employee benefit plans		47,717	67,324
Receivable from parent company		68,301	118,846
Others		368,697	50,695
		826,840	535,124
Bank balances			
Counterparties with external credit rating	A 1 +	10,547,310	7,123,283
	A 1	191,836	102,915
	A 2	24	23
	A 3	85,379	17,817
		10,824,549	7,244,038
Long term loans and advances			
Counterparties without external credit rating			
Receivable from employees		16,196	15,557

33.3 FINANCIAL RISK MANAGEMENT

33.3.1 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, 2014, trade debts of Rs 261,895 thousand (2013: Rs 1,409,847 thousand) were past due but not impaired. The ageing analysis of these trade receivables is as follows:

	2014	2013
	Rupees ('000)	
Due from related parties		
Up to 3 months	99,550	445,628
3 to 6 months	7,181	6,808
6 to 12 months	32,228	2,274
Above 12 months	41,687	91,015
	180,646	545,725
Due from others		
Up to 3 months	31,087	780,172
3 to 6 months	15,957	39,430
6 to 12 months	12,820	21,963
Above 12 months	21,385	22,557
	81,249	864,122
	261,895	1,409,847

(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, 2014, the Company had financial assets of Rs 16,768,567 thousand (2013: Rs 12,675,868 thousand)

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

	Less than 1 year	Between 1 to 5 years	Over 5 years
		Rupees ('000)	
June 30, 2014			
Long term deposits	-	638,295	-
Provision for decommissioning cost	-	7,226,120	7,019,576
Provision for staff compensated absences	-	10,451	-
Trade and other payables	5,733,199	-	-
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	-	-

(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 9,383,782 thousand (2013: Rs 9,422,072 thousand) and financial liabilities include Rs 8,320,576 thousand (2013: Rs 9,053,090 thousand) which are 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 70,172 thousand (2013: Rs 23,984 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 10,683,131 thousand (2013: Rs 7,158,283 thousand) and financial liabilities include Rs 7,765,490 thousand (2013: Rs 6,623,828 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 58,877 thousand (2013: Rs 25,957 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 5,485 thousand (2013: Rs 5,063 thousand) which were subject to price risk.

33.3.2 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 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.

33.3.3 Fair value of financial assets and liabilities

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

34. STAFF RETIREMENT BENEFITS

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

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

	2014	2013
	Rupees ('000)	
Present value of defined benefit obligations	1,279,064	1,120,439
Fair value of plan assets	(1,277,120)	(1,124,953)
	1,944	(4,514)
Amounts in the balance sheet:		
Gratuity Fund (Asset)	(21,993)	(21,035)
Management Staff Pension Fund Liability	23,937	16,521
Net (asset)/liability	1,944	(4,514)

		2014	2013
		Rupees ('000)	
34.2	The amounts recognized in the profit and loss account are as follows:		
	Current service cost	32,111	33,802
	Past service cost	37,390	10,552
	Net interest cost	6,197	4,381
		75,698	48,735
34.3	Changes in the present value of defined benefit obligation are as follows:		
	Opening defined benefit obligation	1,120,439	1,092,285
	Current service cost	32,111	33,802
	Past service cost	37,390	10,552
	Interest cost	129,001	139,009
	Remeasurement	(8,913)	(56,420)
	Benefits paid	(91,737)	(91,956)
	Transfer	60,773	(6,833)
	Closing defined benefit obligation	1,279,064	1,120,439
34.4	Changes in fair value of plan assets are as follows:		
	Opening fair value of plan assets	1,124,953	1,031,629
	Interest income	122,804	134,628
	Remeasurement	(2,411)	(9,167)
	Contribution by employer	62,737	66,652
	Contribution by AOC	54,826	-
	Benefits paid	(91,737)	(91,956)
	Transfer	5,948	(6,833)
	Closing fair value of plan assets	1,277,120	1,124,953

34.5 The major categories of plan assets as a percentage of total plan assets of defined pension and gratuity plan are as follows:

	2014		2013	
	Rupees ('000)	%	Rupees ('000)	%
Government bonds	120,422	9	120,174	11
National savings deposits	20,126	2	20,126	2
Corporate bonds	-	-	1,859	-
Unit trusts	14,879	1	-	-
Cash and cash equivalents	1,124,121	88	988,742	88
Allocated to holding company	(2,428)	-	(5,948)	(1)
	1,277,120	100	1,124,953	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'

34.6 Principal actuarial assumptions

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

The amounts recognized in the balance sheet are as follows:	2014	2013
	%	%
Discount rate	13.00	11.00
Expected rate of salary increase	10.75	9.00
Expected rate of pension increase	7.50	5.80

34.7 Mortality was assumed to be 70% of the EFU(61-66) Table at valuations on both dates, June 30, 2014 and 2013.

34.8 The pension and 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 who 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.

34.9 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
Discount rate	(101,107)	119,270
Salary increase	30,945	(28,353)
Pension increase	88,464	(77,128)

If life expectancy increases by 1 year, the obligation increases by Rs 32,220 thousand.

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.

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

Plan Duration	Pension	Gratuity
	Years	
June 30, 2014	11.9	4.6
June 30, 2013	12.2	4.6

34.11 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.

Projected payments	Pension	Gratuity
	Years	
Contributions FY 2015	23,373	-
Benefit payments:		
FY 2015	55,957	37,005
FY2016	66,428	73,319
FY 2017	74,070	67,780
FY 2018	82,296	59,192
FY 2019	92,206	74,349
FY 20-24	591,668	214,657

	2014	2013
	Rupees ('000)	
35. EARNINGS PER SHARE - BASIC AND DILUTED		
Profit for the year (in thousand rupees)	12,887,394	10,828,354
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)	54.48	45.78

36. TRANSACTIONS WITH RELATED PARTIES

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

	2014	2013
	Rupees ('000)	
Parent company - The Attock Oil Company Limited		
Purchase of petroleum products	59,170	82,720
Purchase of services	22,791	7,211
Sale of services	-	326
Subsidiary company - Capgas (Private) Limited		
Sale of services	14,115	14,268
Purchase of services	5,713	3,748
Associated companies		
Attock Refinery Limited		
Sale of crude oil and gas	15,463,704	14,039,124
Crude oil and gas transmission charges	6,182	11,377
Sale of services	4,543	4,286
Purchase of LPG	539,423	732,860
Purchase of fuel	12,310	11,608
Purchase of services	19,707	17,661
National Refinery Limited		
Sale of crude oil	2,954,536	1,355,741
Purchase of LPG	359,918	352,312
Purchase of services	1,756	1,572
Attock Petroleum Limited		
Purchase of fuel and lubricants	798,671	707,610
Purchase of services	380	675
Sale of solvent oil	319,851	283,204
Sale of services	8,962	6,464
Attock Information Technology (Private) Limited		
Purchase of services	27,800	21,272
Attock Cement Pakistan Limited		
Purchase of services	13	38
Attock Hospital (Private) Limited		
Purchase of medical services	6,587	6,241
Attock Leisure Management Association		
Sale of services	525	570

	2014	2013
	Rupees ('000)	
Other related parties		
Contribution to staff retirement benefits plans		
Management Staff Pension Fund and Gratuity Fund	62,737	66,652
Approved Contributory Provident Funds	23,482	23,645
Contribution to Workers' Profit Participation Fund	916,979	770,150

37. CASH AND CASH EQUIVALENTS

	2014	2013
Cash and cash equivalents comprise		
Cash and bank balances	10,826,321	7,249,032

38. CONTRIBUTORY PROVIDENT FUND

Details of the provident funds are as follows:

	2014	2013
Net assets	754,397	734,928
Cost of investments made	688,663	691,187
%age of investments made	91%	94%
Fair value of investments made	718,020	699,478

	2014		2013	
	Rs ('000)	%age	Rs ('000)	%age
Breakup of investments - at cost				
Term Finance Certificates	925	0.13	925	0.13
Mutual Fund	4,977	0.72	6,722	0.97
Government bonds	91,247	13.25	91,247	13.20
Cash and cash equivalents	591,514	85.90	592,293	85.70
	688,663	100.00	691,187	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.

39. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on August 15, 2014 has proposed a final dividend for the year ended June 30, 2014 @ Rs 32.50 per share, amounting to Rs 7,687,742 thousand for approval of the members in the Annual General Meeting to be held on September 16, 2014.

40. GENERAL

40.1 Capacity

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

40.2 Number of employees

Total number of employees at the end of the year were 785 (2013: 793). Average number of employees during the year were 806 (2013: 804).

40.3 Date of authorization

These financial statements were authorized for issue by the Board of Directors of the Company on August 15, 2014.

Shuaib A. Malik
Chief Executive

Abdus Sttar
Director

Consolidated Financial Statements

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, 2014 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, 2014 and the results of their operations for the year then ended.

AFFerguson

Chartered Accountants
Islamabad
August 15, 2014

Engagement Partner: Sohail M. Khan

Consolidated Balance Sheet
As at June 30, 2014

	Note	2014	2013
		Rupees ('000)	
SHARE CAPITAL AND RESERVES			
Authorised capital	6	5,000,000	5,000,000
Issued, subscribed and paid up capital	6	2,365,459	2,365,459
Capital reserves	7	542,886	527,061
Revenue reserves	8	34,269,317	32,430,062
Fair value gain on available-for-sale investments		1,818	1,396
		37,179,480	35,323,978
NON - CONTROLLING INTEREST		86,710	87,896
		37,266,190	35,411,874
NON CURRENT LIABILITIES			
Long term deposits	9	785,560	657,147
Deferred liabilities	10	13,711,459	12,241,882
		14,497,019	12,899,029
CURRENT LIABILITIES AND PROVISIONS			
Trade and other payables	11	5,852,139	6,362,595
Provision for income tax		2,554,159	1,652,914
		8,406,298	8,015,509
CONTINGENCIES AND COMMITMENTS	12		
		60,169,507	56,326,412

	Note	2014	2013
		Rupees ('000)	
FIXED ASSETS			
Property, plant and equipment	13	9,386,258	7,874,657
Development and decommissioning costs	14	13,161,001	16,610,402
Exploration and evaluation assets	15	4,666,461	2,978,577
Other intangible assets	16	16,380	23,400
		27,230,100	27,487,036
LONG TERM INVESTMENTS IN SUBSIDIARY AND ASSOCIATED COMPANIES	17	11,508,834	11,899,896
OTHER LONG TERM INVESTMENTS	18	5,485	5,063
LONG TERM LOANS AND ADVANCES	19	16,196	15,557
CURRENT ASSETS			
Stores and spares	20	3,663,146	3,525,938
Stock in trade	21	281,634	179,750
Trade debts	22	5,093,846	4,871,286
Advances, deposits, prepayments and other receivables	23	1,276,375	838,108
Short term investments	24	120,342	-
Cash and bank balances	25	10,973,549	7,503,778
		21,408,892	16,918,860
		60,169,507	56,326,412

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, 2014

	Note	2014	2013
		Rupees ('000)	
SALES		39,057,379	32,065,587
Sales tax		(2,495,336)	(2,230,201)
NET SALES	26	36,562,043	29,835,386
Operating costs	27	(8,543,803)	(8,398,140)
Excise duty		(281,912)	(265,009)
Royalty		(3,438,680)	(2,734,190)
Amortisation of development and decommissioning costs		(5,200,823)	(2,051,490)
		(17,465,218)	(13,448,829)
GROSS PROFIT		19,096,825	16,386,557
Exploration costs	28	(1,709,863)	(1,792,468)
		17,386,962	14,594,089
Administration expenses	29	(144,842)	(113,184)
Finance costs	30	(655,241)	(831,358)
Other charges	31	(1,146,121)	(957,536)
		(1,946,204)	(1,902,078)
		15,440,758	12,692,011
Other income	32	1,196,637	1,482,293
		16,637,395	14,174,304
Share in profits in associated companies	33	545,586	986,948
Impairment loss on investment in associated company		(305,717)	(607,157)
PROFIT BEFORE TAXATION		16,877,264	14,554,095
Provision for taxation	34	(4,346,303)	(3,762,373)
PROFIT FOR THE YEAR		12,530,961	10,791,722
Attributable to:			
Owners of Pakistan Oilfields Limited (POL)		12,506,018	10,754,296
Non - Controlling Interests		24,943	37,426
		12,530,961	10,791,722
Earnings per share attributable to owners of POL - Basic and diluted (Rupees)	39	52.87	45.46

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, 2014

	Note	2014	2013
		Rupees ('000)	
Profit for the year		12,530,961	10,791,722
Other comprehensive income for the year:			
Items that will not be reclassified to profit or loss			
Remeasurement gain on staff retirement benefit plans		6,502	47,253
Tax charge relating to remeasurement gain on staff retirement benefit plans		(1,951)	(14,176)
		4,551	33,077
Share of other comprehensive (loss) of associated companies		(10,923)	-
		(6,372)	33,077
Items that may be subsequently reclassified to profit or loss			
Fair value adjustments on available-for-sale investments		422	(56,577)
Other comprehensive income for the year, net of tax		(5,950)	(23,500)
Total comprehensive income		12,525,011	10,768,222
Attributable to:			
Owners of Pakistan Oilfields Limited (POL)		12,500,068	10,730,796
Non - Controlling Interests		24,943	37,426
		12,525,011	10,768,222

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, 2014

	Note	2014	2013
		Rupees ('000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers		36,995,177	28,539,075
Operating and exploration costs paid		(12,197,166)	(10,095,611)
Royalty paid		(3,371,385)	(2,695,255)
Taxes paid		(3,119,308)	(3,117,334)
Cash provided by operating activities		18,307,318	12,630,875
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed assets additions		(5,416,773)	(7,005,876)
Proceeds from disposal of property, plant and equipment		10,804	19,964
Proceeds from disposal of working interest in a concession		-	8,387
Proceeds from maturity of PIBs		50,000	-
Proceeds from sale of available-for-sale investments		-	689,554
Income on bank deposits and held-to-maturity investments		439,730	606,030
Dividend received from associated companies		620,008	457,516
Cash used in investing activities		(4,296,231)	(5,224,425)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(10,624,257)	(12,994,960)
Dividend paid to non - controlling interest holders		(26,129)	(33,902)
Cash used in financing activities		(10,650,386)	(13,028,862)
EFFECT OF EXCHANGE RATE CHANGES		229,413	305,131
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		3,590,114	(5,317,281)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		7,503,778	12,821,059
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	41	11,093,892	7,503,778

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, 2014

	Attributable to owners of Pakistan Oilfields Limited									
	Share capital	Capital Reserves		Revenue reserves			Fair value gain/ (loss) on available-for-sale investments	Total	Non-controlling interest	Total
		Bonus shares issued by subsidiary/ associated companies	Special reserve	Insurance reserve	General reserve	Unappropriated profit				
	Rupees ('000)									
Balance at June 30, 2012	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	-	-	-	-	-	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)
Total comprehensive income for the year:	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
Profit for the year										
Other comprehensive income										
	-	-	-	-	-	12,506,018	-	12,506,018	24,943	12,530,961
	-	-	5,339	-	-	(11,711)	422	(5,950)	-	(5,950)
Bonus shares issued by an associated company	-	-	5,339	-	-	12,494,307	422	12,500,068	24,943	12,525,011
Transferred to general reserve by an associated company										
Transfer from special reserve by associated companies	-	9,701	-	-	-	(9,701)	-	-	-	-
	-	-	-	-	400,000	(400,000)	-	-	-	-
POL dividends:	-	-	785	-	-	(785)	-	-	-	-
Final dividend @ Rs 25 per share - Year ended June 30, 2013										
Interim dividend @ Rs 20 per share - Year ended June 30, 2014										
	-	-	-	-	-	(5,913,648)	-	(5,913,648)	-	(5,913,648)
Dividend to CAPGAS non - controlling interest holders	-	-	-	-	-	(4,730,918)	-	(4,730,918)	-	(4,730,918)
Final dividend @ Rs 35 per share - Year ended June 30, 2013	-	-	-	-	-	-	-	-	-	-
Interim dividend @ Rs 44 per share - Year ended June 30, 2014										
	-	-	-	-	-	-	-	-	(11,576)	(11,576)
Total transactions with owners	-	-	-	-	-	-	-	-	(14,553)	(14,553)
Balance at June 30, 2014	-	-	-	-	-	(10,644,566)	-	(10,644,566)	(26,129)	(10,670,695)
	2,365,459	59,754	483,132	200,000	4,352,325	29,716,992	1,818	37,179,480	86,710	37,266,190

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

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

		Effective date (annual reporting periods beginning on or after)
IFRS 2	Share-based Payments (Amendments)	July 1, 2014
IFRS 3	Business Combinations (Amendments)	July 1, 2014
IFRS 8	Operating Segments (Amendments)	July 1, 2014
IFRS 14	Regulatory Deferral Accounts	January 1, 2016
IFRS 15	Revenue from Contracts with Customers	January 1, 2017
IAS 16	Property, Plant and Equipment (Amendments)	July 1, 2014 & January 1, 2016
IAS 19	Employee benefits (Amendments)	July 1, 2014
IAS 24	Related Party Disclosures (Amendments)	July 1, 2014
IAS 32	Financial instruments: Presentation (Amendments)	January 1, 2014
IAS 36	Impairment of assets (Amendments)	January 1, 2014
IAS 38	Intangible Assets (Amendments)	January 1, 2016
IAS 39	Financial instruments: Recognition and measurement (Amendments)	January 1, 2014
IAS 40	Investment Property (Amendments)	July 1, 2014
IAS 41	Agriculture (Amendments)	January 1, 2016
IFRIC 21	Levies	January 1, 2014

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

Further, the following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been notified upto June 30, 2014 by the Securities and Exchange Commission of Pakistan, for the purpose of their applicability in Pakistan:

IFRS 1	First-time adoption of International Financial Reporting standards
IFRS 9	Financial instruments
IFRS 10	Consolidated financial statements
IFRS 11	Joint arrangements
IFRS 12	Disclosure of interests in other entities
IFRS 13	Fair value measurement

The following interpretations issued by the IASB have been waived of by SECP:

IFRIC 4 Determining whether an arrangement contains a 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 (2013: 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 1.08% p.a. (2013: 2.5% 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, 2014. Since both are complementary plans, combined details and valuation for pension plan and gratuity plan are given in note 38.

(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, 2014 using the “Project Unit Credit Method”. The management considers that the provision made for gratuity in respect of current year would not be materially different from the amount that would have been determined by the Actuary.

4.11 Trade and other payables

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

4.12 Contingent liabilities

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

4.13 Property, plant and equipment

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

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

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

4.14 Intangible assets

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

4.15 Exploration assets/costs and development costs

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

4.15.2 Exploration costs

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

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

4.15.3 Development costs

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

4.16 Stores and spares

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

4.17 Stock in trade

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

4.18 Impairment of non-financial assets

Assets that have an indefinite useful life, for example land, are not subject to depreciation and are tested annually for impairment. Assets that are subject to depreciation are reviewed for impairment at each balance sheet date, or wherever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount for which the asset's carrying amount exceeds its recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each balance sheet date. Reversals of the impairment loss are restricted to the 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 de-recognised when the Company loses control of the contractual rights that comprise the financial assets and in case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. All financial assets and liabilities other than at fair value through profit or loss assets and liabilities are initially recognised at fair value plus transaction costs. Financial assets and liabilities carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are charged to income for the year. These are subsequently measured at fair value, amortised cost or cost, as the case may be. Any gain or loss on derecognition of financial assets and financial liabilities is included in income for the year.

4.20 Financial assets

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

(i) Investments at fair value through profit or loss

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

(ii) Held-to-maturity investments

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

(iii) Loans and receivables

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

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

(iv) Available-for-sale investments

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose 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 dispatch 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 useful life of property, plant and equipment - note 13
iv) Estimated costs and discount rate used for provision for decommissioning cost - note 4.8
v) Estimated value of staff retirement benefits obligations - note 38
vi) Provision for taxation - note 4.6
vii) Price adjustment related to crude oil sales - note 4.23

	2014	2013
	Rupees ('000)	
6. SHARE CAPITAL		
Authorised capital		
500,000,000 (2013: 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 (2013: 20,200,000) ordinary shares	202,000	202,000
Shares issued as fully paid bonus shares 216,345,920 (2013: 216,345,920) ordinary shares	2,163,459	2,163,459
236,545,920 (2013: 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 (2013: 124,776,965) ordinary shares at the year end.

	2014	2013
	Rupees ('000)	
7. CAPITAL RESERVE		
Bonus shares issued by subsidiary/associated companies	59,754	50,053
Special reserves - note 7.1	483,132	477,008
	542,886	527,061

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 and is not available for distribution.

	2014	2013
	Rupees ('000)	
8. REVENUE RESERVES		
Insurance reserve - note 8.1	200,000	200,000
General Reserve	4,352,325	3,952,325
Unappropriated profit	29,716,992	28,277,737
	34,269,317	32,430,062

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.

	2014	2013
	Rupees ('000)	
9. LONG TERM DEPOSITS		
Security deposits from distributors against equipment	734,829	614,458
Security deposits from distributors against distributorship and others	50,731	42,689
	785,560	657,147
10. DEFERRED LIABILITIES		
Provision for deferred income tax - note 10.1	5,932,718	5,605,017
Provision for decommissioning cost - note 10.2	7,765,490	6,623,828
Provision for staff compensated absences	10,451	10,710
Provision for un-funded gratuity plan - CAPGAS	2,800	2,327
	13,711,459	12,241,882
10.1 Provision for deferred income tax		
The provision for deferred income tax represents:		
Temporary differences between accounting and tax depreciation/amortisation	6,042,024	5,707,983
Provision for stores and spares	(69,372)	(61,081)
Provision for doubtful receivable	(93)	(93)
Deferred tax on remeasurement loss on staff retirement benefit plans	(39,841)	(41,792)
	5,932,718	5,605,017

		2014	2013
		Rupees ('000)	
10.2	**Provision for decommissioning cost**		
	Balance brought forward	6,623,828	5,443,309
	Revision due to change in estimates	424,635	297,197
	Provision during the year	64,600	110,839
	Unwinding of discount	655,759	565,793
	Exchange (gain)/ loss	(3,332)	263,183
	Reversal of provision related to disposal of working interest in a concession	-	(56,493)
		7,765,490	6,623,828
11.	**TRADE AND OTHER PAYABLES**		
	Creditors	473,967	268,370
	Due to related parties		
	Attock Petroleum Limited	6,610	-
	Attock Hospital (Pvt) Limited	705	192
	Management Staff Pension Fund	23,937	16,521
	Staff Provident Fund	2,318	-
	General Staff Provident Fund	1,364	2,119
	Workers' Profit Participation Fund - note 11.1	891,248	776,783
	Joint venture partners		
	The Attock Oil Company Limited	65,280	9,589
	Others	496,677	1,479,380
	Accrued liabilities	2,124,896	2,141,571
	Advance payment from customers	61,581	51,010
	Royalty	464,451	397,156
	Sales tax	-	59,053
	Excise duty	3,644	3,740
	Workers' Welfare Fund	1,100,852	1,040,392
	Liability for staff compensated absences	4,645	10,740
	Unclaimed dividends	121,148	100,839
	Others	8,816	5,140
		5,852,139	6,362,595
11.1	**Workers' Profit Participation Fund**		
	Balance at beginning of the year	776,783	940,640
	Amount allocated for the year	921,157	776,400
	Amount paid to the Fund's trustees	(806,692)	(940,257)
		891,248	776,783

		2014	2013
		Rupees ('000)	
12.	**CONTINGENCIES AND COMMITMENTS**		
	Capital expenditure commitments outstanding		
(i)	POL		
	- Share in Joint Ventures	10,839,663	10,423,047
	- Own fields	2,840,940	3,371,591

(ii) Contingencies

CAPGAS

(a) The total LPG being received by CAPGAS is 27 M.Ton/day in which OGDCL's share contribute to 22 M.Ton/day. Out of this 22 M.Ton/day, 5 M.Ton/day is covered by the agreement between the Company and OGDCL and there is no agreement between the Company and OGDCL for the remaining supply per 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 15.529 million (2013: Rs 12.621 million) in favour of LPG suppliers.

			2014	2013
			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	1,132,500	1,142,500
	b)	Claims raised on certain Oil Marketing Companies (OMCs) in respect of delayed payment charges not acknowledged as debt by the OMCs.	1,267,500	1,270,000
	c)	Tax contingency related to proration of expenses against local and export sales for prior years, as per show cause notices of tax department.	23,352	49,121
	d)	Corporate guarantees and indemnity bonds issued by associated companies	196,397	239,227
13.	**PROPERTY, PLANT AND EQUIPMENT**			
	Operating assets - note 13.1		8,384,782	4,429,991
	Capital work in progress - note 13.5		1,001,476	3,444,666
			9,386,258	7,874,657

13.1 Operating assets

	Freehold land	Buildings	Pipelines and pumps	Plant and machinery		Gas cylinders	Motor vehicles	Chattels	Computer and software development	Total
				Field plants	Rigs					
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 July 1, 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
Year ended June 30, 2014										
Opening 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
Additions	2,091	18,485	97,736	4,466,684	58,285	130,017	83,621	11,182	41,791	4,909,892
Disposals										
Cost	-	-	(268)	(4,994)	(3,835)	(4,919)	(8,481)	(2,406)	(2,911)	(27,814)
Depreciation	-	-	248	4,786	3,710	4,447	8,481	2,375	2,911	26,958
	-	-	(20)	(208)	(125)	(472)	-	(31)	-	(856)
Depreciation charge	-	(14,769)	(98,182)	(682,221)	(34,391)	(24,379)	(47,682)	(8,314)	(44,307)	(954,245)
Closing net book value	31,824	193,532	702,968	6,699,137	226,765	198,998	161,469	49,891	120,198	8,384,782
As at June 30, 2014										
Cost	31,824	352,710	1,352,307	10,862,084	574,310	726,071	448,629	126,655	352,778	14,827,368
Accumulated depreciation	-	(159,178)	(649,339)	(4,162,947)	(347,545)	(527,073)	(287,160)	(76,764)	(232,580)	(6,442,586)
Net book value	31,824	193,532	702,968	6,699,137	226,765	198,998	161,469	49,891	120,198	8,384,782
Annual rate of Depreciation (%)	-	5	10	10	10	10	20	12.5-20	25	

		Cost		Accumulated depreciation	
		2014	2013	2014	2013
		Rupees ('000)			
13.2	**Cost and accumulated depreciation include:**				
	Share in Joint Ventures operated by the Company	1,395,492	1,386,807	1,052,684	966,379
	Assets not in possession of the Company				
	Share in Joint ventures operated by others	8,924,734	4,426,437	2,222,024	1,606,370
	Gas cylinders - in possession of distributors	670,241	437,752	384,057	382,719
		10,990,467	6,250,996	3,658,765	2,955,468
13.3	**The depreciation charge has been allocated as follows:**				
	Operating costs - note 27			937,564	676,879
	Other income			16,220	13,053
	Administrative expenses			460	377
	Inter-transfers			1	599
				954,245	690,908

13.4 Property, plant and equipment disposals:

There was no disposal of property, plant and equipment having a net book value in excess of Rs 50,000 during the year.

13.5 Capital work in progress

	Buildings	Plant and machinery/ Pipelines and pumps	Computers and software development	Total
	Rupees ('000)			
Balance as at July 1, 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
Balance as at July 1, 2013	-	3,432,480	12,186	3,444,666
Additions / (reversals) during the year	22,110	962,427	(6,384)	978,153
Transfers during the year	(4,397)	(3,412,589)	(4,357)	(3,421,343)
Balance as at June 30, 2014	17,713	982,318	1,445	1,001,476

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

		2014	2013
		Rupees ('000)	
POL			
- Own fields		517,230	26,262
- POL Gas		20,339	-
Share in Joint Ventures operated by others			
MOL Pakistan Oil and Gas Company B.V.	- TAL Block	61,161	3,385,568
	- Margala Block	269	270
Oil and Gas Development Company Limited	- Kotra	232,849	24,943
	- Chaknaurang	37,695	-
Pakistan Petroleum Limited	- Adhi	130,098	-
CAPGAS		1,835	7,623
		1,001,476	3,444,666

14. DEVELOPMENT AND DECOMMISSIONING COSTS

	Development Cost	Decommissioning Cost	Total
		Rupees ('000)	
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 July 1, 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
Year ended June 30, 2014			
Opening net book value	14,498,689	2,111,713	16,610,402
Additions	1,262,187	64,600	1,326,787
Revision due to change in estimates	-	424,635	424,635
Amortisation for the year	(4,632,080)	(568,743)	(5,200,823)
Closing net book value	11,128,796	2,032,205	13,161,001
As at June 30, 2014			
Cost	27,403,258	4,007,116	31,410,374
Accumulated amortisation	(16,274,462)	(1,974,911)	(18,249,373)
Net book value	11,128,796	2,032,205	13,161,001

			2014	2013
			Rupees ('000)	
15	**EXPLORATION AND EVALUATION ASSETS**			
	Balance brought forward		2,978,577	2,883,055
	Additions during the year		2,317,579	1,484,272
			5,296,156	4,367,327
	Wells cost transferred to development cost - note 14		-	(1,169,697)
	Dry and abandoned wells cost charged to the profit and loss account - note 28		(629,695)	(219,053)
			4,666,461	2,978,577
15.1	**Break up of exploration and evaluation assets at June 30 is as follows:**			
	Own fields - Balkassar		18,353	-
	Share in Joint Ventures operated by the Company	- Ikhlas	1,866,263	1,878,123
	- Pindori		1,324,457	-
	Share in Joint Ventures operated by others			
	MOL Pakistan Oil and Gas Company B.V.	- TAL Block	881,453	664,311
	- Margalla North		128,906	-
	Oil and Gas Development Company Limited	- Chak Naurang	447,029	436,143
			4,666,461	2,978,577
16.	**OTHER INTANGIBLE ASSETS**			
	LPG Quota			
	Written down value		23,400	30,420
	Less: Amortisation for the year		7,020	7,020
			16,380	23,400
	Annual rate of amortization (%) - straight line		20	20

		2014	2013
		Rupees ('000)	
17.	**LONG TERM INVESTMENTS IN ASSOCIATED COMPANIES - EQUITY BASIS**		
	Beginning of the year	11,899,896	11,977,621
	Share of profit of associated companies - note 17.2	545,586	986,948
	Share of other comprehensive income of associated companies	(10,923)	-
	Impairment loss against investment in National Refinery Limited	(305,717)	(607,157)
	Dividend received during the year	(620,008)	(457,516)
	End of the year	11,508,834	11,899,896
17.1	The Company's interest in associates are as follows:		
	Quoted		
	National Refinery Limited - note 17.3 19,991,640 (2013: 19,991,640) fully paid ordinary shares including 3,331,940 (2013: 3,331,940) bonus shares of Rs 10 each Cost Rs 8,046,635 thousand (2013: 8,046,635 thousand) Quoted market value as at June 30, 2014: Rs 4,305,600 thousand (2013: Rs 4,809,589 thousand)	9,285,116	9,660,560
	Attock Petroleum Limited (APL) 5,820,595 (2013: 4,850,496) fully paid ordinary shares including 2,452,195 (2013: 1,482,096) bonus shares of Rs 10 each Cost Rs 1,562,938 thousand (2013: 1,562,938 thousand) Quoted market value as at June 30, 2014: Rs 3,433,162 thousand; (2013: Rs 2,721,710 thousand)	2,211,377	2,228,481
	Unquoted		
	Attock Information Technology Services (Pvt) Limited (AITSL) 450,000 (2013: 450,000) fully paid ordinary shares of Rs 10 each	12,341	10,855
		11,508,834	11,899,896

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)				
2014					
National Refinery Limited	13,190,860	6,542,451	51,850,815	240,469	25
Attock Petroleum Limited	2,391,976	1,423,580	14,397,307	303,631	7
Attock Information Technology Services (Private) Limited	13,509	1,168	5,918	1,486	10
	15,596,345	7,967,199	66,254,040	545,586	
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	

17.3 The carrying value of investment in National Refinery Limited at June 30, 2014 is net of impairment loss of Rs 3,734,649 thousand (2013: Rs 3,428,932 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 3.2% (2013: 3.5%), a terminal growth rate of 4.0% (2013: 4.0%) and a capital asset pricing model based discount rate of 18.62% (2013: 18.27%).

	2014	2013
	Rupees ('000)	
18. OTHER LONG TERM INVESTMENTS		
Available-for-sale investments - note 16.1	5,485	5,063
18.1 Available-for-sale investments		
Balance at the beginning of the year	5,063	658,672
Fair value adjustment	422	27,391
Disposals during the year	-	(681,000)
Balance at the end of the year	5,485	5,063

	2014				2013
	Number of shares/units	Cost less impairment loss	Adjustment arising from remeasurement to fair value	Fair value	Fair value
	Rupees ('000				
18.1.1 Available-for-sale investments at June 30 include the following:					
Listed securities:					
Meezan Sovereign Fund	9,706	378	112	490	451
Pakistan Cash Management Fund	11,079	429	125	554	511
IGI Money Market Fund	11,128	862	261	1,123	1,038
Atlas Money Market Fund	1,042	404	120	524	483
UBL Liquidity Plus Fund	11,508	896	259	1,155	1,069
Unlisted securities:					
Atlas Asset Management Company	3,254	698	941	1,639	1,511
		3,667	1,818	5,485	5,063

18.1.2 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, 2014 as quoted by the respective Asset Management Company.

		2014	2013
		Rupees ('000)	
19	**LONG TERM LOANS AND ADVANCES, CONSIDERED GOOD**		
	Executives - note 19.1	17,547	15,343
	Other employees	24,475	23,073
		42,022	38,416
	Less: Amount due within twelve months, shown under current loans and advances - note 23	25,826	22,859
		16,196	15,557

19.1 Movement in loans to Executives

	Balance as at June 30, 2013	Disbursements	Repayments	Balance as at June 30, 2014
	Rupees ('000)			
Executives	15,343	21,653	(19,449)	17,547

19.2 Loans and advances to employees are for general purpose and for house rent advance which are recoverable in up to 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 21,414 thousand (2013: Rs 16,839 thousand) respectively.

		2014	2013
		Rupees ('000)	
20.	**STORES AND SPARES**		
	Stores and spares - note 18.1	3,894,386	3,729,453
	Less: Provision for slow moving items - note 20.2	231,240	203,515
		3,663,146	3,525,938
20.1	**Stores and spares include:**		
	Share in Joint Ventures operated by the Company	333,067	313,926
	Share in Joint Ventures operated by others (assets not in possession of the Company)	1,429,553	1,228,543
		1,762,620	1,542,469
20.2	**Provision for slow moving items**		
	Balance brought forward	203,515	159,931
	Provision for the year	27,725	43,584
		231,240	203,515

	2014	2013
	Rupees ('000)	
21. STOCK IN TRADE		
Crude oil and other products	281,634	179,750

These include Rs 164,985 thousand (2013: Rs 38,171 thousand) being the Company's share in Joint Ventures Operated by the Company.

	2014	2013
22. TRADE DEBTS - Considered good		
Due from related parties - note 22.1	2,705,674	2,892,041
Others	2,388,172	1,979,245
	5,093,846	4,871,286
22.1 Due from related parties		
Associated companies		
Attock Refinery Limited	1,769,869	1,535,504
National Refinery Limited	935,805	1,355,420
Attock Petroleum Limited	-	1,117
	2,705,674	2,892,041

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

	2014	2013
23. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES		
Loans and advances - considered good		
Employees - note 19	25,826	22,859
Suppliers	154,473	20,003
	180,299	42,862
Trade deposits and short term prepayments		
Deposits	290,546	161,576
Short-term prepayments	271,077	262,136
	561,623	423,712
Interest income accrued	41,399	24,342
Other receivables		
Joint venture partners	31,988	80,506
Due from related parties		
Parent company		
The Attock Oil Company Limited	68,301	118,846
Associated company		
Attock Leisure Management Association	48	26
Staff Provident Fund	-	8,738
Gratuity Fund - 38.1	21,993	21,035
Sales tax	296,184	2,640
Pakistan Investment Bonds encashment proceeds receivable	-	50,000
Other receivables (net of provision for doubtful receivable Rs 310 thousand (2013: Rs 310 thousand)	74,540	65,401
	493,054	347,192
	1,276,375	838,108

		2014	2013
		Rupees ('000)	
24.	**SHORT TERM INVESTMENTS**		
	Held to maturity Investments:		
	Treasury bills	120,342	-
24.1	The effective interest on Treasury bills ranges between 9.41% to 9.96% per annum (2013: 11.78% to 11.87% per annum)		
25.	**CASH AND BANK BALANCES**		
	Bank balance on		
	Short term deposits	5,783,468	6,059,321
	Interest/mark-up bearing saving accounts	5,046,140	1,352,554
	Current accounts	141,974	86,833
		10,971,582	7,498,708
	Cash in hand	1,967	5,070
		10,973,549	7,503,778
	Balance with banks include foreign currency balances of US$ 61,396 thousand (2013: US $ 61,668 thousand). The balances in saving accounts and short term deposits earned interest/mark-up ranging from 0.1% to 10.65% (2013: 0.1% to 12.75%).		
26.	**NET SALES**		
	Crude oil	21,450,587	15,390,239
	Gas	8,945,263	8,157,446
	POLGAS - Refill of cylinders	5,853,129	6,011,158
	Solvent oil	273,377	244,805
	Sulphur	39,624	31,738
		36,562,043	29,835,386
27.	**OPERATING COSTS**		
	Operating cost - Own fields	706,676	668,695
	- Share in Joint Ventures	2,610,598	2,109,204
	Well workovers	353,229	1,061,873
	POLGAS -Cost of gas/LPG, carriage etc.	3,897,397	3,843,368
	Head office and insurance charges	58,180	2,821
	Pumping and transportation cost	75,023	57,231
	Depreciation and amortisation	944,584	683,899
		8,645,687	8,427,091
	Opening stock of crude oil and other products	179,750	150,799
	Closing stock of crude oil and other products	(281,634)	(179,750)
		8,543,803	8,398,140

		2014	2013
		Rupees ('000)	
28. EXPLORATION COSTS			
Geological and geophysical cost			
Own fields		1,750	1,938
Share in Joint Ventures operated by the Company			
	- Kirthar South	45,852	17,595
	- Ikhlas	206,299	59,832
	- Pindori	39,951	-
	- Minwal	6,921	-
	- Ahmadal	(4,737)	32,885
	- DG Khan	698,625	175,556
	- Rajanpur	28,142	371,286
Share in Joint Ventures operated by the others			
MOL Pakistan Oil and Gas Company B.V.	- TAL Block	570	633,565
	- Makori West	(2,547)	-
	- Kot - 1	11,846	-
	- Margala Block	6,816	23,343
	- Margala North Block	23,295	21,908
Oil and Gas Development Company Limited	- Kotra	2,855	773
	- Gurgalot	10,194	90,068
	- Chak Naurang	2,834	1,419
Pakistan Petroleum Limited	- Adhi	1,502	142,493
Ocean Pakistan Limited	- Dhurnal	-	717
	- Bhangali	-	37
		1,080,168	1,573,415
Dry and abandoned wells cost - note 14			
Share in Joint Ventures operated by others			
MOL Pakistan Oil and Gas Company B.V.	- Kot - 1	629,695	-
Oil and Gas Development Company Limited	- Chaknaurang	-	219,053
		629,695	219,053
		1,709,863	1,792,468

		2014	2013
		Rupees ('000)	
29.	**ADMINISTRATION EXPENSES**		
	Establishment charges	234,385	164,851
	Telephone and telex	1,223	1,238
	Medical expenses	5,425	4,180
	Printing, stationery and publications	7,902	6,576
	Insurance	2,002	4,576
	Travelling expenses	6,124	3,703
	Motor vehicle running expenses	9,462	8,807
	Rent, repairs and maintenance	25,435	12,826
	Auditor's remuneration - note 29.1	3,021	3,863
	Legal and professional charges	8,587	8,194
	Stock exchange and CDC fee	1,398	1,313
	Computer support and maintenance charges	26,885	15,558
	Depreciation	460	377
	Other expenses	5,646	5,702
		337,955	241,764
	Less: Amount allocated to field expenses	193,113	128,580
		144,842	113,184
29.1	**Auditor's remuneration:**		
	Statutory audit	1,331	1,210
	Review of half yearly accounts, audit of consolidated accounts, staff funds, special certifications	1,007	938
	Tax services	450	1,500
	Out of pocket expenses	233	215
		3,021	3,863
30.	**FINANCE COSTS**		
	Provision for decommissioning cost - note 10.2		
	- Unwinding of discount	655,759	565,793
	- Exchange (gain)/loss	(3,332)	263,183
	Banks' commission and charges	2,814	2,382
		655,241	831,358
31.	**OTHER CHARGES**		
	Workers' Profit Participation Fund	921,157	776,400
	Workers' Welfare Fund	224,964	181,136
		1,146,121	957,536

	2014	2013
	Rupees ('000)	
32. OTHER INCOME		
Income from financial assets		
Income on bank deposits	448,358	383,043
Income on held-to-maturity investments	8,429	145,129
Exchange gain on financial assets	229,413	305,131
Profit on disposal of available-for-sale investments	-	83,968
Income from assets other than financial assets		
Rental income (net of related expenses Rs 40,584 thousand; 2013: Rs 14,280 thousand)	174,567	168,823
Crude oil/gas transportation income (net of related expenses Rs 79,420 thousand; 2013: Rs 73,976 thousand)	146,276	131,663
Gas processing fee	153,335	179,360
Profit on sale of property, plant and equipment	9,948	13,470
Gain on disposal of working interest in a concession	-	65,791
Sale of stores and scrap	22,841	638
Others	3,470	5,277
	1,196,637	1,482,293

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, 2014.

34. PROVISION FOR TAXATION

	2014	2013
Current		
- for the year	4,020,690	3,159,679
- for prior years	(137)	-
	4,020,553	3,159,679
Deferred	325,750	602,694
	4,346,303	3,762,373

	2014	2013
	Rupees ('000)	
34.1 Reconciliation of tax charge for the year		
Accounting profit	16,877,264	11,375,811
Tax at applicable tax rate of 53.95% (2013: 51.72%)	9,105,284	7,527,378
Tax effect of depletion allowance and royalty payments	(4,180,015)	(2,918,762)
Tax effect of income that is not taxable or taxable at reduced rates	(573,022)	(827,313)
Others	(5,807)	(18,930)
Tax effect of prior year	(137)	-
Tax charge for the year	4,346,303	3,762,373

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 65% of the total revenue during the year ended June 30, 2014 (June 30, 2013: 72%).

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	
	2014	2013	2014	2013
	Rupees ('000)		Rupees ('000)	
Managerial remuneration	6,535	6,151	106,978	89,140
Bonus	3,844	3,844	51,066	43,063
Housing, utility and conveyance	4,832	4,675	104,425	89,287
Company's contribution to pension, gratuity and provident funds	-	960	42,171	35,088
Leave passage	1,025	839	14,894	10,904
Other benefits	3,798	2,584	38,581	33,565
	* 20,034	19,053	358,115	301,047
No. of persons, including those who worked part of the year	1	1	100	87

* In addition to above an amount of Rs 47,347 thousand relating to retirement funds obligation has been contributed to the funds as advised by the Actuary. This contrbution relates to funding the past service deficit. No additional benefit has been granted to the pensioner.

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 5,932 thousand (2013: Rs 3,351 thousand) based on actual attendance.

Remuneration of executives are net of charge to associated companies amounting to Rs 6,538 thousand (2013: Rs 5,799 thousand).

37. FINANCIAL INSTRUMENTS

37.1 Financial assets and liabilities

	Held to Maturity Investment	Loans and recievables	Available-for-sale Investments	Total
	Rupees ('000)			
June 30, 2014				
Financial assets				
Maturity up to one year				
Trade debts	-	5,093,846	-	5,093,846
Advances, deposits and other receivables	-	850,825	-	850,825
Short term investments	120,342	-	-	120,342
Cash and bank balances	-	10,973,549	-	10,973,549
Maturity after one year				
Other long term investments	-	-	5,485	5,485
Long term loans and advances	-	16,196	-	16,196
	120,342	16,934,416	5,485	17,060,243

Financial liabilities	Other financial liabilities	Total
	Rupees ('000)	
Maturity up to one year		
Trade and other payables	5,790,558	5,790,558
Maturity after one year		
Long term deposits	785,559	785,559
Provision for decommissioning cost	7,765,490	7,765,490
Provision for staff compensated absences	10,451	10,451
Provision for gratuity	2,800	2,800
	14,354,858	14,354,858

	Held to Maturity Investment	Loans and recievables	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

Financial liabilities	Other financial liabilities	Total
	Rupees ('000)	
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

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	2014	2013
		Rs ('000)	Rs ('000)
Held-to-maturity investments			
Counterparties without external credit rating			
Securities issued/supported by Government of Pakistan		120,342	-
Available for sale investments			
Counterparties with external credit rating	A M 2	1,639	1,511
	AA	490	1,972
	A A A	554	511
	A A +	2,802	1,069
Counterparties without external credit rating			
Equity securities with no defaults in the past		-	-
		5,485	5,063
Trade debts			
Counterparties with external credit rating	A 1 +	5,041,757	4,762,568
Counterparties without external credit rating			
Existing customers/ joint venture partners with no default in the past		52,089	108,718
		5,093,846	4,871,286
Advances, deposits and other receivables			
Counterparties with external credit rating	A 1 +	138,345	125,555
	A 1	181	15
	A2	-	75,381
	A3	-	144
Counterparties without external credit rating			
Existing customers/ joint venture partners with no default in the past		224,445	97,164
Receivable from employees/ employee benefit plans		47,717	67,389
Receivable from parent company		68,301	118,846
Others		371,836	71,475
		850,825	555,96
Bank balances			
Counterparties with external credit rating	A 1 +	10,659,343	7,377,953
	A +	35,000	-
	A 1	191,836	102,915
	A 2	24	23
	A 3	85,379	17,817
		10,971,582	7,498,708
Long term loans and advances			
Counterparties without external credit rating			
Receivable from employees		16,196	15,557

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, 2014, trade debts of Rs 262,016 thousand (2013: Rs 1,410,041 thousand) were past due but not impaired. The ageing analysis of these trade receivables is as follows:

	2014	2013
	Rupees ('000)	
Due from related parties		
Up to 3 months	99,550	445,628
3 to 6 months	7,181	6,808
6 to 12 months	32,228	2,274
Above 12 months	41,687	91,015
	180,646	545,725
Due from others		
Up to 3 months	31,208	780,366
3 to 6 months	15,957	39,430
6 to 12 months	12,820	21,963
Above 12 months	21,385	22,557
	81,370	864,316
	262,016	1,410,041

(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, 2014, the Company had financial assets of Rs 17,060,243 thousand (2013: Rs 12,951,653 thousand).

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

	Less than 1 year	Between 1 to 5 years	Over 5 years
		Rupees ('000)	
June 30, 2014			
Long term deposits	-	785,560	-
Provision for decommissioning cost	-	7,226,120	7,019,576
Provision for staff compensated absences	-	10,451	-
Provision for gratuity plan - CAPGAS	-	2,800	-
Trade and other payables	5,790,558	-	-
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	-	-

(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 9,383,782 thousand (2013: Rs 9,422,072 thousand) and financial liabilities include Rs 8,320,576 thousand (2013: Rs 9,053,090 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 70,172 thousand (2013: Rs 23,984 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 10,949,950 thousand (2013: Rs 7,411,875 thousand) and financial liabilities include Rs 7,765,490 thousand (2013: Rs 6,623,828 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 60,621 thousand (2013: Rs 27,601 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 5,485 thousand (2013: Rs 5,063 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 grauity and pension plan

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

	2014	2013
	Rupees ('000)	
Present value of defined benefit obligations	1,279,064	1,120,439
Fair value of plan assets	(1,277,120)	(1,124,953)
	1,944	(4,514)
Amounts in the balance sheet:		
Gratuity Fund (Asset)	(21,993)	(21,035)
Management Staff Pension Fund Liability	23,937	16,521
Net (asset)/ liability	1,944	(4,514)

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

	2014	2013
Current service cost	32,111	33,802
Past service cost	37,390	10,552
Net interest cost	6,197	4,381
	75,698	48,735

38.1.3 Changes in the present value of defined benefit obligation are as follows:

	2014	2013
Opening defined benefit obligation	1,120,439	1,092,285
Current service cost	32,111	33,802
Past service cost	37,390	10,552
Interest cost	129,001	139,009
Remeasurement	(8,913)	(56,420)
Benefits paid	(91,737)	(91,956)
Transfer	60,773	(6,833)
Closing defined benefit obligation	1,279,064	1,120,439

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

	2014	2013
Opening fair value of plan assets	1,124,953	1,031,629
Interest income	122,804	134,628
Remeasurement	(2,411)	(9,167)
Contribution by employer	62,737	66,652
Contribution by AOC	54,826	-
Benefits paid	(91,737)	(91,956)
Transfer	5,948	(6,833)
Closing fair value of plan assets	1,277,120	1,124,953

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

	2014		2013	
	Rupees ('000)	%	Rupees ('000)	%
Government bonds	120,422	9	120,174	11
National savings deposits	20,126	2	20,126	2
Corporate bonds	-	-	1,859	-
Unit trusts	14,879	1	-	-
Cash and cash equivalents	1,124,121	88	988,742	88
Allocated to holding company	(2,428)	-	(5,948)	(1)
	1,277,120	100	1,124,953	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:

	2014	2013
	%	%
Discount rate	13.00	11.00
Expected rate of salary increase	10.75	9.00
Expected rate of pension increase	7.50	5.80

38.1.7 Mortality was assumed to be 70% of the EFU(61-66) Table at valuations on both dates, June 30, 2014 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
Discount rate	(101,107)	119,270
Salary increase	30,945	(28,353)
Pension increase	88,464	(77,128)

If life expectancy increases by 1 year, the obligation increases by Rs 32,220 thousand.

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:

Plan Duration	Pension	Gratuity
	Years	
June 30, 2014	11.9	4.6
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.

Projected payments	Pension	Gratuity
	Years	
Contributions FY 2015	23,373	-
Benefit payments:		
FY 2015	55,957	37,005
FY2016	66,428	73,319
FY 2017	74,070	67,780
FY 2018	82,296	59,192
FY 2019	92,206	74,349
FY 20-24	591,668	214,657

	2014	2013
	Rupees ('000)	

39. EARNINGS PER SHARE - BASIC AND DILUTED

	2014	2013
Profit for the year attributable to owners of POL (in thousand rupees)	12,506,018	10,754,296
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)	52.87	45.46

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:

	2014	2013
	Rupees ('000)	
Parent company - The Attock Oil Company Limited		
Purchase of petroleum products	59,170	82,720
Purchase of services	22,791	7,211
Sale of services	-	326
Associated companies		
Attock Refinery Limited		
Sale of crude oil and gas	15,463,704	14,039,124
Crude oil and gas transmission charges	6,182	11,377
Sale of services	4,543	4,286
Purchase of LPG	539,423	732,860
Purchase of fuel	12,310	11,608
Purchase of services	19,707	17,661
National Refinery Limited		
Sale of crude oil	2,954,536	1,355,741
Purchase of LPG	359,918	352,312
Purchase of services	1,756	1,572
Attock Petroleum Limited		
Purchase of fuel and lubricants	798,671	707,610
Purchase of services	380	675
Sale of solvent oil	319,851	283,204
Sale of services	8,962	6,464

	2014	2013
	Rupees ('000)	
Attock Information Technology (Private) Limited		
Purchase of services	27,800	21,272
Attock Cement Pakistan Limited		
Purchase of services	13	38
Attock Hospital (Private) Limited		
Purchase of medical services	6,587	6,241
Attock Leisure Management Association		
Sale of services	525	570
Other related parties		
Contribution to staff retirement benefits plans		
Management Staff Pension Fund and Gratuity Fund	62,737	66,652
Approved Contributory Provident Funds	23,482	23,645
Contribution to Workers' Profit Participation Fund	921,157	776,400

41. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise

	2014	2013
Cash and bank balances	10,973,549	7,503,778
Short term investments - maturing within next three months	120,342	-
	11,093,891	7,503,778

42. CONTRIBUTORY PROVIDENT FUND

Details of the provident funds are as follows:

	2014	2013
	Rupees ('000)	
Net assets	754,397	734,928
Cost of investments made	688,663	691,187
%age of investments made	91%	94%
Fair value of investments made	718,020	699,478

	2014		2013	
Breakup of investments - at cost	Rs ('000)	%age	Rs ('000)	%age
Term Finance Certificates	925	0.13	925	0.13
Mutual Fund	4,977	0.72	6,722	0.97
Government bonds	91,247	13.25	91,247	13.20
Cash and cash equivalents	591,514	85.89	592,293	85.69
	688,663	100.00	691,187	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 15, 2014 has proposed a final dividend for the year ended June 30, 2014 @ Rs 32.50 per share, amounting to Rs 7,687,742 thousand for approval of the members in the Annual General Meeting to be held on September 16, 2014.

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 802 (2013: 808). Average number of employees during the year were 823 (2013: 819).

44.3 Date of authorization

These financial statements were authorized for issue by the Board of Directors of the Company on August 15, 2014.

Shuaib A. Malik
Chief Executive

Abdus Sattar
Director

Notice of Annual General Meeting

Notice is hereby given that the 63rd Sixty Third Annual General Meeting (being the 82nd EIGHTY SECOND General Meeting) of the Company will be held on Tuesday, September 16, 2014 at 1000 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, 2014.

ii. To approve final cash dividend of Rs 32.50 per share i.e. 325% 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. 52.50 per share i.e. 525% for the year ended June 30, 2014.

iii. To appoint auditors for the year ending June 30, 2015 and fix their remuneration. The present auditors Messrs A. F. Ferguson & Co., Chartered Accountants, retire and being eligible, offer themselves for reappointment.

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

BY ORDER OF THE BOARD

Registered Office
POL House,
Morgah, Rawalpindi.
August 22, 2014.

Syed Khalid Nafees
Company Secretary

NOTES:

1. CLOSURE OF SHARE TRANSFER BOOKS

The share transfer books of the Company will remain closed and no transfer of shares will be accepted for registration from September 9, 2014 to September 16, 2014 (both days inclusive). Transfers received in order at the Registered Office of the Company by the close of business on September 8, 2014 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. 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. **Confirmation for filing status of income tax return for application of revised rates pursuant to the provisions of Finance Act, 2014.**

All members of the Company are hereby informed that pursuant to the provisions of Finance Act, 2014, Effective July 01, 2014, the rates of deduction of income tax under section 150 of the Income Tax Ordinance, 2001 from dividend payment have been revised as follows:

1	Rate of tax deduction for filer of income tax returns	10%
2	Rate of tax deduction for non filer of income tax returns	15%

Members of the Company are therefore requested to update their tax paying status by sending following detail on the registered address of the Company and the members who have deposited their shares into Central Depository Company of Pakistan Limited (CDC) are requested to send a copy of detail regarding tax payment status also to the relevant member stock exchange and CDC if maintaining CDC investor account.

Folio/ CDS ID/AC#	Name	National Tax #	CNIC # (in case of individuals)	Income Tax return for the year 2013 filed (Yes or No)

The information may be sent at the registered postal address of the Company or at the following email address; polcms@pakoil.com.pk

The above mentioned information would enable us to process the dividend payment according to the taxpaying status of the members.

The "Income Tax Return Filing Status" form is enclosed to facilitate shareholders to provide detail regarding national tax number and confirmation for filing of income tax return.

5. **Payment of cash dividend electronically (e- dividend)**

In order to establish a process for cash dividend payment where dividends can be paid more efficiently to shareholders, Securities and Exchange Commission of Pakistan (SECP) has envisaged e-dividend mechanism. Under this mechanism amount of dividend will be credited electronically into the account of shareholders. New method of payment will eliminate the chances of dividend warrants getting lost in the post, returned undelivered or delivered on wrong address. SECP has advised all listed companies to adopt e-dividend mechanism due to benefit it entails to their shareholders.

The Company has requested its shareholders through letters and notices to send mandate instruction by filling the mandate form to opt for the dividend mandate option. We again request you to provide a dividend mandate in favor of e-dividend by providing duly filled and signed dividend mandate form.

The dividend mandate 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. 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 the relevant member stock exchange and CDC if maintaining CDC investor account.

6. **Submission of computerized national identity card (CNIC) for payment of final cash dividend 2013-14**

The directive of SECP contained in SRO 831 (1) 2012 of 5th July 2012, provides that the dividend warrant should bear the Computerized National Identity Card (CNIC) number of the registered member. CNIC number of the members is therefore, mandatory for the issue of future dividend warrants and in the absence of such information, payment of dividend may be withheld. The Company has requested its shareholders through letters and notices to provide attested copies of their valid CNICs.

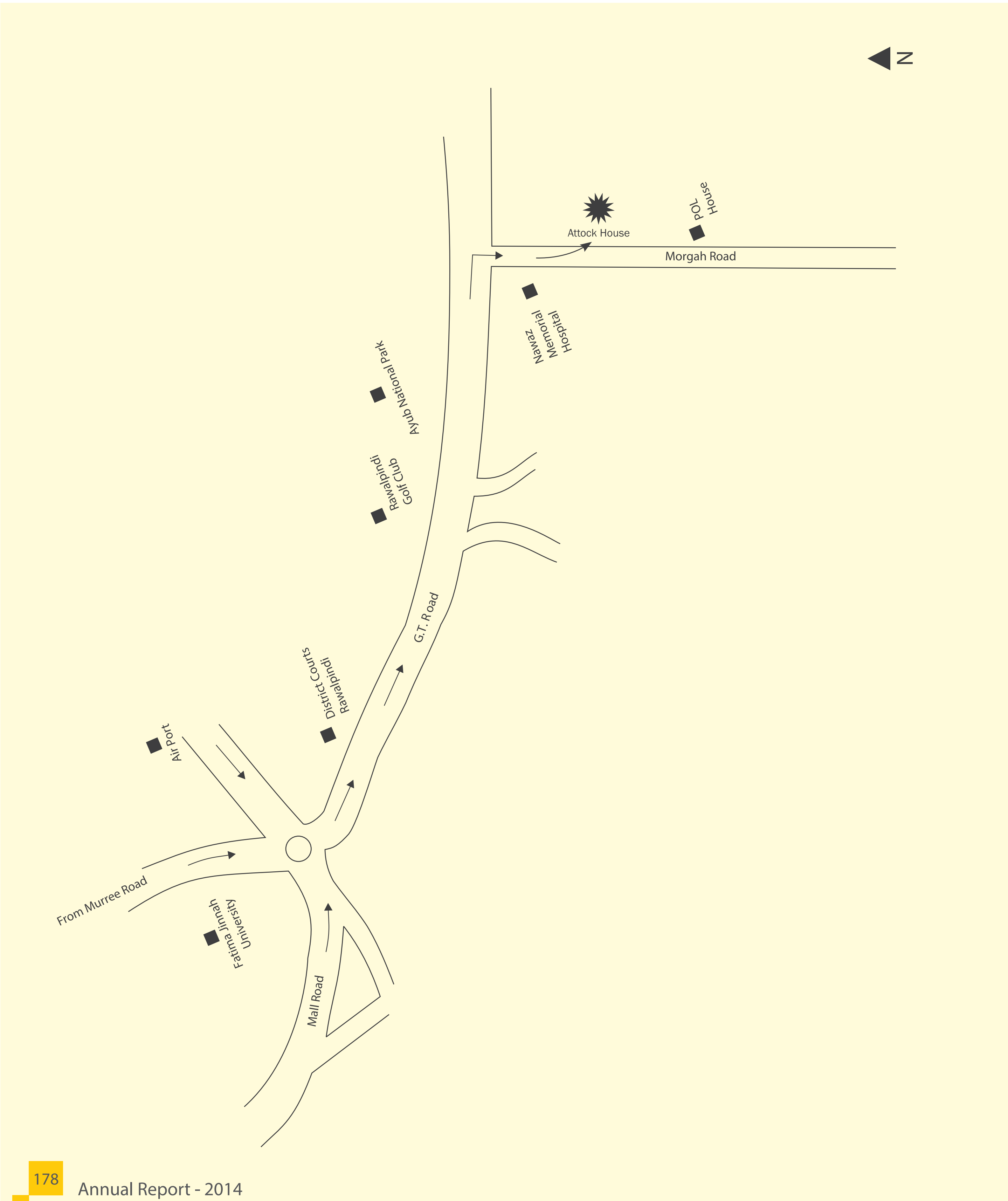
The members who have not yet provided their CNICs are once again advised to provide attested copy of their valid CNICs to ensure timely disbursement of the devidend.

7. CHANGE IN ADDRESS

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

8. Audited accounts of the Company for the year ended June 30, 2014 have been provided on the website www.pakoil.com.pk

Location Map for Annual General Meeting



GLOSSARY

2D Seismic	Exploration method of sending energy waves or sound waves into the earth and recording the wave reflections to indicate the type, size, shape, and depth of subsurface rock formations. 3-D seismic provides two dimensional information.
3D Seismic	Exploration method of sending energy waves or sound waves into the earth and recording the wave reflections to indicate the type, size, shape, and depth of subsurface rock formations. 3-D seismic provides three dimensional information.
BFDST	Bare foot drill stem test
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.
HSE	Health, safety and environmental
Hydrocarbon	An organic compound of hydrogen and carbon (i.e., oil, gas, and NGL).
ISO	International Organisation for Standardisation
L.kms	Line kilometers
Lockhart Formation	Geological Formation
LPG	Liquefied petroleum gas.
Lumshiwal formations	Geological Formation
MGPF	Makori Gas Processing Facility
Mscf	Million Standard Cubic Feet Per Day
Mtd	Metric Ton Per Day
OHSAS	Occupational Health & Safety Advisory Services
POL HRMS	Pakistan Oilfields LTD Human Resource Managemennt Systems
PSI	Pounds per square inch.
Reservoir	Porous and permeable underground formation that contains a natural accumulation of producible oil or gas. The formation is confined by impermeable rock or water barriers and is individual and separate from other reservoirs.
Sakesar Formation	Geological Formation
Samanasuk formation	Geological Formation
Seismic interpretation	To interpret the extent and geometry of rocks in the subsurface from 2D or 3D seismic data
Spud	Commencement of actual drilling operations.
Wargal Formation	Geological Formation
Zone	Stratigraphic interval containing one or more reservoirs.

FORM OF PROXY

63rd 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 THIRD Annual General Meeting of the Company to be held on Tuesday, September 16, 2014 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________ 2014

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

INCOME TAX RETURN FILING STATUS FORM

Confirmation for filing status of income tax return for application of revised rates pursuant to the provisions of Finance Act, 2014.

The Company Secretary
Pakistan Oilfields Limited
POL House, Morgah,
Rawalpindi.

I, Mr./Mrs./Ms..............................S/O,D/O,W/O............................. hereby confirm that I am registered as National Tax Payer. My relevant detail is given below:

Folio/CDC ID/AC#	Name	National Tax #	CNIC # (in case of individuals)**	Income Tax return for the year 2013 filed (Yes or No)***

It is stated that the above-mentioned information is correct.

____
Signature of the Shareholder

The Shareholders having their accounts with Central Depository Company (CDC) have also to communicate confirmation of tax payment status information to relevant Member Stock Exchange in addition to the Company Secretary.

**Please attach attested photocopy of the CNIC.
***Please attach attested photocopy of receipt of income tax return.

DIVIDEND MANDATE FORM

To:

*

I, Mr./Mrs./Ms…………………………………S/O,D/O,W/O…………………………… hereby authorize Pakistan Oilfields Limited to directly credit cash dividend declared by it, if any, in the below mentioned bank account.

(i) Shareholder's Detail	
Name of the Shareholder	
Folio No./CDC Participants ID A/C No.	
CNIC No.**	
Passport No. (in case of foreign Shareholder)***	
Land Line Phone Number	
Cell Number	

(ii) Shareholder's Bank Detail	
Title of Bank Account	
Bank Account Number	
Bank's Name	
Branch Name and Address	

It is stated that the above-mentioned information is correct and that I will intimate the changes in the above mentioned information to the Company and the concerned Share Registrar as soon as these occur.

____

Signature of the Shareholder

*The Shareholders having physical shares have to address the Company Secretary POL on the address given below:
The Company Secretary,
Pakistan Oilfields Limited,
POL House, Morgah,
Rawalpindi.

and Shareholders having their accounts with Central Depository Company (CDC) have to communicate mandate information to relevant Member Stock Exchange.

**Please attach attested photocopy of the CNIC.
***Please attach attested photocopy of the Passport.

POL House, Morgah Rawalpindi
(051) 5487589-97
WWW.PAKOIL.COM.PK

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