

# REVIEW REPORT TO THE MEMBERS

## Introduction

We have reviewed the annexed condensed balance sheet of Pakistan State Oil Company Limited as at December 31, 2007 and the related condensed profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the "condensed interim financial statements"), for the half year then ended. Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review. The figures of the condensed interim profit and loss account for the quarters ended December 31, 2006 and 2007 have not been reviewed as we are required to review only the cumulative figures for the half year ended December 31, 2007.

## Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements as of and for the half year ended December 31, 2007 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

Without qualifying our opinion, we draw attention to:

- Notes 6.1 & 6.3 to the condensed interim financial statements. The Company considers the aggregate amount of Rs. 4,371 million due from the Government of Pakistan as good debts for

the reasons given in the notes. The ultimate outcome of the matters cannot presently be determined.

- Note 8.1.2 to the condensed interim financial statements. The High Court of Sindh decided the pending appeals of the Income Tax Department for the assessment years 1996 - 97 and 1997 - 98 against the Company, resulting in a tax liability of Rs. 958 million on the Company. The Company filed a petition for leave to appeal with the Supreme Court of Pakistan against the aforementioned decision, which was granted by the Supreme Court of Pakistan through its order dated March 7, 2007. Through this order the Supreme Court of Pakistan also suspended the operation of the impugned judgment of the High Court of Sindh. The ultimate outcome of the matter cannot presently be determined, and no provision for the liability has been made in the condensed interim financial statements.

**A. F. FERGUSON & CO.**  
Chartered Accountants

**FORD RHODES SIDAT HYDER & CO.**  
Chartered Accountants

Date:  
Place: Karachi