PAKISTAN OILFIELDS LIMITED

Chairman's Statement

بسم الله الرحمن الرحيم

It gives me great pleasure to present the Company's Annual Report and Audited Financial Statements for the year ended June 30, 2018.

Results

In this year the Company has earned profit after tax of Rs 11.38 billion (2017: Rs.9.679 billion) which is higher by 17.6% in comparison to last year. The Earnings per share is Rs.48.13 (2017: Rs. 40.92). Increase in profit is mainly because of higher crude oil prices and production volumes. In this year production of crude oil, gas and LPG increased by 7.83%, 12.33% and 6.36% respectively.

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 the Company has made four new exploratory successes in own, operated and non-operated joint ventures including Jandial, Khaur North, Joyamair and Adhi South X-1. In addition to above three development wells were also successful. All new discoveries are under evaluation/appraisal to know full extent of reserves and I am hopeful that these will increase our reserve base.

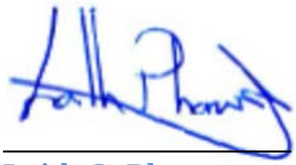
Presently, two wells are under drilling out of which one well is exploratory. In the year 2018-19 six more wells will be spudded out of which two wells are exploratory. The Company is investing a substantial amount to increase its reserve base and with the Grace of Allah we are pretty much hopeful to get new successes.

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 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.



Laith G. Pharaon
Chairman Attock Group of Companies

Dubai, UAE
August 15, 2018

DIRECTORS' REPORT

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, 2018.

Financial results

These are summarized below:

	Rs (000)
Profit for the year after providing for all expenses including depreciation, exploration, amortization and workers' funds.	14,352,749
Less: provision for taxation	(2,968,815)
Profit after tax	11,383,934

In this year, the Company has made profit after tax of Rs 11,384 million (2017: Rs.9, 678 million), which is higher by 17.62 % as compared to last year. The profit translates into earnings per share of Rs 48.13 (2017: Rs 40.92 per share). Overall net sales are higher by Rs 5,385 million (19.74%), which is mainly because of 7.83 % higher crude oil production and 27.7% increase in average price of crude oil. This crude oil production is the highest in the last ten years period. Production volume of Crude oil, Gas and LPG has increased by 7.83%, 12.33% and 6.36% respectively. Cost of sale has increased by 17.57% mainly because of higher royalty and amortization. Exploration cost increased by Rs. 1,522 million mainly because to Seismic acquisition of Balkassar Lease, DG Khan and Gurgalot block and dry and abandoned wells and irrecoverable cost of Tolanj East and Joyamair Deep charged to expense.

During the year the Company has made a consolidated profit after tax of Rs.11,704 million (June 30, 2017: Rs. 11,905 million) which translate into consolidated earnings per share of Rs.49.37 (June 30, 2017: Rs. 50.23 per share).

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 7,351 million during the year (2017: increased by Rs 3,418 million). Cash flows provided from operating activities were Rs 19,327 million higher by 23.31% as compared to last year.

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$ 465 million (2017: US$ 332 million) for the country. The contribution to the national exchequer, in the shape of royalty and other government levies, was Rs 10,714 million (2017: Rs 8,202 million).

Dividend

The Directors have recommended issuance of bonus shares in the ratio of one share for every five shares i.e. 20% (2017: Nil) held by capitalization of Rs 473.09 million out of free reserve of the Company.

The Directors have also recommended a final cash dividend @ 250% (Rs 25.00 per share). This is in addition to the interim cash dividend @ 175 % (Rs 17.5 per share) already declared and paid to the shareholders thereby making it a total cash dividend of Rs. 42.5 per share for the year 2017-18 (2016-17: total cash dividend of Rs 40 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:

	June 30, 2018	June 30, 2017
Crude Oil/Condensate (US Barrels)	2,663,252	2,469,795
Gas (Million Cubic Feet)	31,970	28,460
LPG (Metric Tonnes)	62,065	58,352
Sulphur (Metric Tonnes)	667	566
Solvent Oil (US Barrels)	22,129	18,822

The Company's share in production, including that from joint ventures, for the period under review averaged 7,295 barrels per day (bpd) of crude, 87.58 million standard cubic feet per day (mmscfd) of gas, 170.04 metric tonnes per day (MTD) of LPG, 1.83MTD of Sulphur and 60 bpd of solvent oil.

Exploration and development activities

Producing Fields

At Balkassar Lease (100% owned by POL), 3D seismic data acquisition of 191.25 square kilometers has been completed and seismic processing is in progress. Based on seismic interpretations future wells will decided accordingly.

At Joyamair Lease (100% owned by POL), Joyamair Deep-1(an exploratory well) drilled to target depth of 8,776 ft., tested and produced 26 barrels of oil per day. The well has been put on regular production.

At Khaur Lease (100% owned by POL), Khaur North-01(an exploratory well) was spudded on November 08, 2017 and drilled down to target depth to 14, 586ft in Amb Formation. As a result of Drill Stem Test (DST) to test potential of Eocene carbonates of shallowest sub-thrust sheet, the well produced 502 barrels of oil per day and 1.40 million cubic feet of gas per day with 277 barrels of water per day at 24/64" fixed choke size at flowing wellhead pressure of 776-1090 psi. The well after completion of pipeline will be connected to the production line in near future.

At Turkwal Lease (operated by POL with 67.37% share), 3D seismic planning is in progress to explore full potential of the area.

At Pindori Lease (operated by POL with a 35% share), Pindori-10 a development well to drain the remaining up-dip potential of the field has been approved. Acquisition of long lead items is in progress.

At Pariwali Lease (operated by POL with 82.50% share), work over on Pariwali-2 is in progress for hydrocarbon production enhancement from Chorgali/Sakesar formations. Work to explore the remaining potential in Pariwali Field by incorporating the Simulation study is in progress.

At Tal block, (operated by MOL, where POL has a pre-commerciality share of 25%)

> **Makori East-6** was spuded on January 22, 2017 achieved its target depth, tested and produced 1,817 barrels of condensate per day, 4.63 million cubic feet of gas per day at 32/64" fixed choke size at flowing well head pressure of 1,594 psi. The well has been connected to production line.

At Adhi field (operated by Pakistan Petroleum Limited, where POL has 11% share), well location of Adhi-31 and Adhi-32 has been approved. Simulation Study of Adhi Field is in progress.

> **Adhi-29:** The well was spudded on March 24, 2017, achieved well target depth of 11,017 ft. Tested Tobra and Khewra formations and produced 504 barrels of oil per day and 1.61 million cubic feet of gas per day at 48/64" choke size. The well has been connected to the production line.

> **Adhi-30:** Well was spuded on May 28, 2017 and Drilled down to depth. After frac job the well tested and produced 400 barrels of oil per day, 4 million cubic feet of gas per day with wellhead flowing pressure of 554 psi at 48/64" choke size and also connected to the production line.

Adhi-31: The well was spudded on March 31, 2018 and drilled down to its target depth and is under testing.

Adhi-32: The well was spudded on June 23, 2018, and drilling down to 13,047 ft. is in progress.

Adhi South X-: An exploratory well was spudded on June 30, 2017 and drilled down to target depth, tested and produced 1,550 barrels of oil per day and 2.6 million cubic feet of gas per day with wellhead flowing pressure of 960 psi at 32/64" choke size. This is an oil discovery in the southern compartment of Adhi structure which will be evaluated for appraisal program. The well will be connected after completion of production pipeline.

Work over to deepen Adhi well-15 was carried out and well completed with the comingled production of 2,618 barrels of oil/condensate per day and 14.43 million cubic feet of gas per day.

Jhal Magsi South field (Operated by OGDCL, where POL has 24% share), installation of plant has been stopped as decision regarding laying of pipeline by SSGCL is not finalised.

At Ratana Field (Operated by Ocean Pakistan Limited, where POL has 4.545% share), 3D seismic data acquisition of 376.86 square kilometers has been acquired and seismic processing is in progress.

Exploration blocks

At Ikhlas block (operated by POL with an 80% share), an exploratory well "Jhandial -1" was drilled down to its target depth of 18,497 feet, During production testing significant amount of hydrocarbons (oil and gas) were encountered. Presently, **"Jhandial – 1"** is under evaluation and producing around 483 barrels of oil per day and 6.53 million cubic feet of gas per day. Working on way forward of Ikhlas concession is in progress. Preparation of evaluation report of Domial Field, including Domial Deep prospect is in progress. Seismic Acquisition planning over Langrial prospect is in progress.

At DG Khan block (operated by POL with a 70% share), last acquired 2D seismic data identified new leads consequently 264 line kilometers infill 2D Seismic data was acquired. Presently, seismic processing is in progress.

At Margala Block (operated by MOL where POL has a 30% share), to evaluate the remaining potential an option for additional 459.39 sq. kms is under evaluation.

At Tal block 2D/3D seismic data interpretation is in progress to explore the possible deeper plays in TAL block. 3D Seismic acquisition of 500 square kilometers has been planned to explore Tal West area. Mamikhel South an exploratory well has been approved.

Tolanj East-1 an exploratory well was spudded on April 27, 2017 drilled down to its target depth, tested and no hydrocarbons observed and based on unsuccessful results the well has been plug and abandoned.

Mamikhel Deep-1 an exploratory well was spudded on December 16, 2017. Drilling to its target depth and testing has been completed after the year end and no hydrocarbons observed, plugs for abandonment has been placed and well has been suspended for further evaluation. As the drilling and testing completed after the year end any adjustment will be made subsequent to the balance sheet date.

At Gurgalot block (operated by OGDCL where POL has a 20% share), Gurgalot 3D seismic data acquisition is in progress, and so far 274 Square kilometers has been recorded out of 320 Sq. kms. Seismic data to cover all the mapped leads has been planned.

At Hisal block (operated by PPL where POL has a share of 25%), drilling of first exploratory well Misrial-X1 has achieved its target depth and presently under testing procedures. For evaluation of another prospect, 63.25 L.kms 2D infill seismic acquisition has been planned.

Subsidiary

CAPGAS (Private) Limited (CAPGAS)

CAPGAS earned a profit after tax of Rs 49.78 million during the year (2017: Rs. 46.97 million). It has declared a total dividend of 250% for the year 2018 (2017: 210%). The Company received an average of 25 metric tons per day LPG from the Adhi plants and an average of 4.8 metric tons per day of LPG from PARCO.

Crude Oil Transportation

Khaur Crude Oil Decanting Facility (KCDF) continued to operate satisfactorily. During the year, a total of 9.5 million barrels (2017: 8 million barrels) of crude oil from Nashpa, TAL Blocks and others were pumped to Attock Refinery Limited through this facility and pipeline.

Risk Management

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

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

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 is prone to the risk of not finding commercial quantities of hydrocarbons due to a number of reasons such as incorrect selection of exploration acreage, poor quality of seismic data, error in processing or interpretation of seismic data, incorrect selection of drilling site. The Company is mitigating exploration risks by using latest technologies and hiring experienced professionals. The Company is in a continuous process to explore new opportunities and increasing the chances of success by joining hands with other E & P companies by way of farm-in and farm-out agreements.

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 effect on earnings. The Company is mitigating these risks by selecting efficient and professional teams and also by 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 preparing of detailed well prognosis before the spud date and timely placement of procurement orders for long lead items.

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

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

8. **Increased competition:** With increased competition in the oil and gas exploration and production sector, particularly in relation to the application and award of exploration concessions, the Company may be faced with higher competition than before. In addition, the Company's LPG marketing business may be adversely affected due to increased competition, decline in margins or disruption to LPG supply sources. The Company is in a continuous process to explore new opportunities by 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 in non-operated ventures. Non-alignment on various strategic decisions in joint ventures may result in operational and 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 has also taken a third party liability insurance which covers its drilling areas, pipelines and material installations.

14. **Lost in hole/damage beyond repair:** During drilling costly equipment are run in the hole for several jobs at different depths. In order to mitigate the risk the Company has its strong control and also taking insurance coverage.

Business Process 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:

Business Intelligence (BI)

New reporting mechanism using BI tool and technologies has been implemented to provide better visibility of data across POL.

<u>Employee Performance Management</u>

BEACON HR, a POL specific Self Service System has been introduced.

Appraisers and Supervisors can manage and develop their teams, assign tasks and record feedback for management review.

Computerized Maintenance Management

An industry standard web based System integrated with Inventory, Procurement and Accounts has been made operational.

Online Collaboration Management

Joint Venture Approval for Expenditure (JV AFE), Concession Management, Minutes of Meeting, SOPs and POL wide Reporting have been centralized, streamlined and enabled through workflows.

LPG Bowser Movement Management

Route planning, mileage, fuel consumption and associated data can now be recorded online for batch wise analysis and review.

POL Pool Cars Management

POL specific Pool Cars Management system has been introduced with the following features:

- Online Travel Requisition
- Vehicle Logbook
- Vehicle Fuel Record
- Allocated Vehicle Logbook

Future Prospects

- Hospital Management System
- HSE Management System
- Cost Allocation, Management Reporting
- Transfer Request (TR) integrated with Oracle Financial
- CCTV installation in Balkassar Field

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 a philosophy that we buy into. As part of its core values, the Company places tremendous importance towards contributing to the wellbeing of the communities in which it operates.

Our commitment to being a good corporate citizen includes:

- Protecting our environment.
- Operating in a socially responsible manner.
- Developing the communities in which we operate.

- Maintaining standards of excellence in our work and advocating healthy lifestyles.
- Acting with integrity and adhering to the highest ethical standards.
- Promoting diversity in our work force and partnering with diverse suppliers.
- Ensuring a safe, healthy workplace.

Our CSR initiative covers a wide spectrum of activities from the construction of roads and bridges to building schools, colleges and healthcare centers, conducting sports 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 a leading instrument of nation building and economic growth of people. Here, at POL, our key focus lies in education, which we are keenly supporting in number of ways. POL focuses on education at the basic, primary, secondary and higher secondary levels.

Since inception POL has spent Rs.81.5 million to improve the infrastructure of government schools through up gradation of schools & colleges of the vicinity by constructing class rooms, toilets provides computers and science laboratory apparatuses and also providing them furniture and fixtures that caters to about more than 30,000 students.

POL is not only spending on social welfare activities of its areas of operation but we are also running our own Technical Institute, Higher Secondary Schools and Degree College Khaur aided by well-equipped lab facilities, modern library, highly qualified teaching staff and promoting extracurricular activities.

Dr. Rashad Institute of Technical Education

Dr. Rashad Institute of Technical Education Khaur started in 2015 is now growing to become a full-fledged institute of Technical Education. At present there are 80 students studying in Electrical and Petroleum technologies in 3 classes i.e. first, second and third year.

Early 2015 registration with TEVTA, Lahore was acquired in the Electrical and Electronics technologies. Affiliation with Punjab Board of Technical Education, Lahore was attained to start the Diploma in Associate Engineering (03 years course) in the above mentioned two fields in September, 2015. People of Khaur and its adjacent areas are employed in petroleum and other technical fields of petroleum technology. Therefore, syllabus of petroleum was sent to TEVTA board for review / approval and then registration and affiliation was attained from TEVTA and PBTE, Lahore. In the year 2016 DAE in petroleum technology was also started in Dr. Rashad Institute of Technical Education Khaur to help the local people.

Under the banner ship of technical college, the college managed to get a "Vocational Training Provision Contract" with the Punjab Skills Development Fund (PSDF), which was signed on December 14, 2016.

Students get free training besides getting free books and equipment. They are also given stipend @ Rs. 1,500 / 3,000 per month.

Up till now following technicians have been produced:

a)	Industrial Electrician	50
b)	Motor Winding	100
c)	CCTV Technician	100
d)	Computer Applications	100
e)	Computer Hardware Technician	50
f)	Solar System & UPS Assembly Technician	25

Dr. Rashad Degree College

- POL has established Dr. Rashad Degree College at Khaur with an aim to provide quality education to the youngsters of the Khaur and surrounding areas.
- Initially it was an intermediate college but later on it was upgraded to include degree classes as well by affiliating it with the Punjab University, Lahore.
- The college has 240 students in different faculties.
- The teaching faculty consists of highly qualified staff with a drive to deliver quality education among the students.
- This year teachers training was held on "Effective Teaching" from which the teaching staff benefited.
- With the help of COMSATS Attock campus preparatory classes for NTS (GAT & NAT) is being arranged at Dr. Rashad Degree College campus.

This year Dr. Rashad Degree College, Khaur participated in NCPC Environment Mela held at National Ayub Park Rawalpindi and won the 1st prize. More than 30 institutions (schools & universities) participated in this Mela.

This year Dr. Rashad Degree College, Khaur also managed to get affiliation from Punjab University, Lahore in BSCS in 4 years program.

POL Model School

POL Model Secondary School Khaur was started and registered with Punjab Education Department w.e.f. 1st January, 1994 to impart quality of education to the wards POL Employees, later on which was extended for local community as well. It has now grown with a population of 760 students both girls and boys.

* The school not only focuses the academic but also aim the spiritual, social, moral and physical growth of its students.

* The school provides to its students a healthy safe and conducive environment for learning.

* For the purpose of providing quality education “training workshop for continuous professional development of teachers” was arranged last year in the month of July, 2017 and in July, 2018 it is again in pipeline. It helps the teachers to enhance their skills and methodology for effective teaching learning process.

* Annual Competition of English and Urdu speeches are held to build confidence and proficiencies as good and effective speakers. School has developed a proper extracurricular activities in calendar year separately for Montessori Section & Secondary School Section. Its Montessori Section has proper Montessori trained teachers to handle the students of tender age.

* School holds Parents & Teachers’ Association Meetings after the exam to ensure involvement of Parents for the success & progress of their ward at the end of monthly and terminal exams.

* The SSC results of 2017 have been 100% for last three years with 31 A+ grade and 9 A grades out of 49 students appeared. The highest marks achieved by our student were 1060(96%). The school has won 6 laptops in Chief Minister’s Scholarship scheme. 8 students won merit scholarships from Board.

School is putting consistent efforts to reach still higher levels.

The school curriculum has been changed to make it a dynamic process due to the changes in the society**.**

POL Vocational Training Center

- POL has established a vocational training center for women.
- The aim of establishing a vocational center is the development of attitudes, knowledge, and skills for entrepreneurship and self-employment among women of the local community.

- Up till now, more than 1000 women & girls have been trained over the period.
- On July 2016, POL established Safety Coveralls stitching unit at VTC Khaur. Stitching unit is conceived to ensure its viability being cost effective and also make VTC staff members and students proficient in stitching skills.

Sports, Cultural & Religious Activities

In pursuance of belief that in addition to improved physical health, sport plays a primarily positive role in youth development, including improved academic achievement, higher self-esteem, reduction in behavioral problems and better psychosocial concerns, POL has always promoted sports activities among the community with the provision of facilities e.g. cricket, hockey and football grounds, badminton and volley ball courts etc.

POL also has organized and sponsored many tournaments e.g.

- Cricket Tournament (Hard ball and Tennis ball)
- Hockey Tournament
- Volleyball Tournament
- Badminton Tournament

Apart from these games, POL also organizes and support traditional/folk games for the entertainment of local community and to be part of their culture. These games include;

- Tent Pegging
- Bull Race
- Tug of war

The ceremony of 14th August (Independence Day) is also celebrated with great pump & show at Khaur Workers Club. People from all walks of life including company employees and local community participate in the events conducted on the occasion.

POL also facilitates local community with the provision of its resources of free transportation, food, electricity and other items in celebration of "Eid Milad-un-Nabi" and organization of "Annual Mehfil-e-Naat" at Khaur.

Infrastructure Development

Living standards of local inhabitants can only be improved if they have access to the bigger markets.

In order to upgrade living standards of the local community in the areas of operation, POL has not only spent on construction of road network, but we have also extended this facility to their door step through concrete pavement of their streets and construction of cause ways /culverts and drainage systems.

Provision of “Clean Water” for Local Community

Basic needs of the rural people are met by POL by making the access to safe drinking water easy and less time consuming. Several projects have been undertaken in this regard.

POL has spent money and time on the development of water supply schemes in different villages located around its Pariwali and Meyal fields. These projects range from installation of motor pumps and construction of overhead water tanks to setting up a wide distribution network to supply clean drinking water to more than 6,500 households in several villages. The community has participated well by taking ownership of these projects for maintenance & sustainability through village based water management committees.

In Pariwali field, inhabitant of Ahmadal village were facing major problem of ‘Safe Drinking Water Facility’ as the available water supply structure was not enough to fulfill their basic need. In order to facilitate the local community of Ahmadal village, POL management constructed underground water storage tank that estimated cost of Rs. 3.5 million having capacity of 150,000 gallons and size of (60’x30’). More than 17,000 inhabitants of the local community are directly and indirectly enjoying this clean water facility.

POL was supplying water to Khaur production facility and local community from Sohan River since long through 14.5 KM, 06 inch diameter pipeline. With the passage of time the source dried out and the quality of water was also suffered due to contamination.

Considering the increased demand of water supply and to improve the quality of water, POL drilled 04 Nos. 250 feet deep water wells near Sil River at Ikhlas. Water is supplied through 15.3 KM, 06 inch diameter pipeline with an uninterrupted supply of 250,000 Gallons/Day to meet the extensive demand of water of local community at Khaur and company requirements. The project was completed with a cost of Rs. 82,586,963 and now it is contributing in development of local community and eliminating long halt water problem. Open water connections have been given to households & mosques and maintenance cost is shared by the Company.

At Meyal, 42 water connections have provided benefiting more than 500 households. To further our support, two million rupees have been donated to the Union Council of Kharpa for provision of water facility to the locals.

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.

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.

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 six medical residents giving round the clock medical coverage to outdoor and indoor patients.

Khaur hospital provides residents 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 beds air conditioned wards and provides services of consultants and specialist doctors. Modern emergency services are provided free of cost to road accident injured persons which helps to save lives. It is the only hospital in the area providing such facilities to the general public.

Other Healthcare Facilities

Other healthcare facilities provided by the Company at fields are:

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

Community Health Program

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

During the year the Company has managed to setup several free eye camps for the community, details is as follows:

	POL Hospital Khaur	POL Hospital Meyal	Total
No. of Camps arranged	09	04	13
No. of Patients examined	967	107	1,074
Total Operations			20

Occupational health and safety (OH&S)

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.

HSE department oversees health, safety and environment within the under International OHSAS 18001:2007 and ISO 14001:2015 certifications. With the team spirit HSE department ensures & regularly monitors the effectiveness of OH & S systems, policies and programs to reduce workplace risks and promote safe and healthy working environments, address key OH & S issues and performance with the help of service departments.

In addition to regulatory requirements and international standards occupational HSE activities at POL are also guided by internal policies. Department heads and managers all have the responsibility to develop, implement and maintain all elements of the occupational health, safety and environmental programs.

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	2016	2017	2018
Fatal	00	00	00
Fire	07	03	05
Reportable Incident (Serious Injury)	00	02	00
Reportable Incident (Minor Injury)	00	01	00
Major Environment	00	00	00
First Aid Cases	10	07	05
Near Misses	07	05	02

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 regularly.

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.

Emergency drills for different scenarios are carried out regularly to ensure the state of preparedness is well maintained. 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 2016		Year 2017		Year 2018	
No. of Trainings	No. of Participants	No. of Trainings	No. of Participants	No. of Trainings	No. of Participants
785	12,039	894	14,915	1169	18,540

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 and achieved ISO 14001:2015 certification for LPG plant site Meyal.

The mitigation measures taken to defy environmental impacts include technology, 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.

Projects Completed

- Installation and commissioning of smoke detection system at KCDF Power House
- Installation and commissioning of smoke detection system at VFD Room, MGC Plant Meyal
- Recertification of OHSAS 18001:2007 for Khaur facilities
- Recertification of ISO 14001:2015 for LPG plant Meyal
- Surveillance audits of OHSAS 18001:2007 for Meyal, Balkassar & SCR Rig

Ongoing/New targets

- Installation and commissioning Automation of foam sprinkling system at old KCDF bays
- Recertification of OHSAS 18001:2007 for POL SCR Rig
- Surveillance audits of ISO 14001:2015 for LPG plant Meyal
- Surveillance audits of OHSAS 18001:2007 for Meyal, Balkassar
- Surveillance audit of Khaur Facilities and transition of management system from OHSAS 18001:2007 to ISO 45001:2015
- Installation of addressable smoke detection system panel at POL house Morgah.
- Environmental monitoring of all POL fields and SCR rig.

ISO 45001:2015 lead auditor & Process Safety Management training (Propose plan)

Codes of practice

Company maintains a leadership position in the industry, being one of the first Pakistani Exploration and Production Company, 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, 2018, 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, 2018 are as follows:

Management Staff Pension Fund	Rs 1,047 million
Gratuity Fund	Rs 420 million
Staff Provident Fund	Rs 381 million
General Staff Provident Fund	Rs 225 million

Directors and Board Meetings

Total number of directors is seven as per the following:

a. Male: 7
b. Female: Nil

The composition of board is as follows:

Category	Names
Independent Directors *	Mr. Tariq Iqbal Khan Mr. Nihal Cassim
Other non-executive directors	Mr. Laith G. Pharaon ** Mr. Wael G. Pharaon*** Mr. Abdus Sattar
Executive Directors	Mr. Shuaib A Malik Mr. Sajid Nawaz

* Independent Directors qualify criteria of independence under regulation 6(2) of the Code of Corporate governance 2017.
** Alternate Director Mr. Bilal A. Khan, GM. Pakistan Oilfields Limited
*** Alternate Director Mr. Babar Bashir Nawaz

The board has formed committees comprising of members given below:

a) Audit Committee

Name	Role
Mr. Abdus Sattar	Chairman
Mr. Babar Bashir Nawaz	Member
Mr. Tariq Iqbal Khan	Member
Mr. Nihal Cassim	Member
Mr. Bilal Ahmed Khan	Member

b) HR and Remuneration Committee

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

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

Sr. No.	Name of Director	Board of Directors Meetings	Audit Committee Meetings	HR & R Committee Meetings
1	Mr. Laith G. Pharaon	5*	3*	1*
2	Mr. Wael G. Pharaon	5*	4*	1*
3	Mr. Shuaib A. Malik	5		1
4	Mr. Abdus Sattar	5	4	1
5	Mr. Sajid Nawaz	5		1
6	Mr. Tariq Iqbal Khan	4	4	
7	Mr. Nihal Cassim	3	2	

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

All Board meetings were held in Pakistan except for one Board meeting which was held in Dubai on September 11, 2017.

The Board of Directors is authorized to determine, review and amend from time to time the fee structure for attending the meetings of the Board or any committee of the Directors. A Director may also be paid all travelling, hotel and other expenses properly incurred by him in attending and returning from meetings of the Directors or any committee of Directors or General Meetings of the Company.

Other Corporate Governance

Other matters related to Corporate Governance are annexed to the Directors' report.

Auditors

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

Pattern of Shareholding

The pattern of shareholding as at June 30, 2018 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 towards achievement of the Company's goals.

On behalf of the Board

Shuaib A. Malik
Chairman & Chief Executive

Abdus Sattar
Director

Dubai, UAE
August 15, 2018

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

pwc

A·F·FERGUSON&Co.

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

We have reviewed the enclosed Statement of Compliance with the listed companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Pakistan Oilfields Limited (the Company), for the year ended June 30, 2018 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulation is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulation and report if it does not and to highlight any noncompliance with the requirements of the Regulations. 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 Regulations.

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 controls, the Company's corporate governance procedures and risks.

The Regulations require 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 and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. 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 procedures to assess and determine the Company's process for identification of related parties and that 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 requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2018.

Further, we highlight contents of the paragraph 12 of the statement where the matter of company's constitutional petition pending in the Sindh High Court relating to compliance with certain provisions of the Companies Act, 2017 and the Regulations has been explained

AFFerguson &Co.

Chartered Accountants
Islamabad
Date: August 17, 2018

Engagement Partner: M. Imtiaz Aslam

Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2017

Pakistan Oilfields Limited
For the year ended June 30, 2018

The company has complied with the requirements of the regulations in the following manner:

1. The total number of directors are seven as per the following:
   a. Male: 7
   b. Female: Nil
2. The composition of board is as follows:

Category	Names
a) Independent Directors	Mr. Tariq Iqbal Khan Mr. Nihal Cassim
b) Other non-executive directors	Mr. Laith G. Pharaon * Mr. Wael G. Pharaon** Mr. Abdus Sattar
c) Executive Directors	Mr. Shuaib A Malik Mr. Sajid Nawaz

*Alternate Director Mr. Bilal A. Khan, G.M. Pakistan Oilfields Limited
** Alternate Director Mr. Babar Bashir Nawaz

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

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 relevant matters have been taken by board/shareholders as empowered by the relevant provisions of the Act and these regulations.

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. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.

8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.

9. Most of the directors meet the exemption requirement of the directors' training program. The remaining director has obtained certification under directors' training program.

10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

11. CFO and CEO duly endorsed the financial statements before approval of the board.

12. The board has formed committees comprising of members given below:

Att

a) Audit Committee

Name	Role
Mr. Abdus Sattar	Chairman
Mr. Babar Bashir Nawaz	Member
Mr. Tariq Iqbal Khan	Member
Mr. Nihal Casim	Member
Mr. Bilal Ahmed Khan	Member

b) HR and Remuneration Committee

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

A constitutional petition filed by the Company is currently pending in the Sindh High Court challenging compliance with below mentioned requirements and to declare that the impugned provisions, namely Section 166, proviso to Section 154 of the Companies Act 2017; Regulations 6,7,9,16,28 and 29 of the Listed Companies Code of Corporate Governance Regulations, 2017; S.R.O 556(i)/2018; and S.R.O 73(i)/2018 relating to appointment of independent directors on the Board of Directors, appointment of independent director as Chairman of the Audit Committee and Human Resource & Remuneration Committee, appointment of female director on the Board and appointment of separate persons as Chairman of the Board and Chief Executive of the Company are illegal and unconstitutional and to strike them down; and to further declare that shareholders are lawfully entitled to elect Directors and to elect a Chairman of the Board of Directors without reference to the impugned provisions. The law officer of Securities and Exchange Commission of Pakistan has undertaken that no action contrary to the law would be taken against the Company. The Court has ordered next date of hearing to be held on September 10, 2018.

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

14. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following:

Committee	Frequency
Audit Committee	Quarterly
HR and Remuneration Committee	Yearly

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

16. 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 and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all other requirements of the Regulations have been complied.

SHUAIB A. MALIK
Chairman & Chief Executive

pwc

A·F·FERGUSON&Co.

INDEPENDENT AUDITOR'S REPORT

To the Members of Pakistan Oilfields Limited
Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Pakistan Oilfields Limited (the Company), which comprise the statement of financial position as at June 30, 2018, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, 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 the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), 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, 2018 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the key audit matters:

S.No.	Key Audit Matters	How the matter was addressed in our audit
(i)	**New requirements under the Companies Act, 2017** The fourth schedule to the Companies Act, 2017 became applicable to the Company for the first time for the preparation of these annexed financial statements. As part of this transition to the requirements, the management performed a gap analysis to identify differences between the previous financial reporting framework and the current financial reporting framework and as a result certain changes were made in the Company's annexed financial statements which are included in notes 6, 9, 11, 12, 13, 21, 22, 32, 35, 39 and 42 to the annexed financial statements. In view of the extensive impacts in the annexed financial statements due to first time application of the fourth schedule to the Companies Act, 2017, we considered it as a key audit matter.	We reviewed and understood the requirements of the fourth schedule to the Companies Act, 2017. Our audit procedures included the following: · Considered the management's process to identify the additional disclosures required in the Company's annexed financial statements. · Obtained relevant underlying supports for the additional disclosures and assessed there appropriateness for the sufficient audit evidence. · Verified on test basis the supporting evidence for the additional disclosures and ensured appropriateness of the disclosures made.
(ii)	**Litigation with respect to conversion of TAL Block petroleum concession to Petroleum Policy 2012** *(Refer note 24 to the financial statements)* The Ministry of Energy (Petroleum Division) issued a notification dated December 27, 2017 (SRO) which requires that the Supplemental Agreement already executed in respect of TAL block for conversion of petroleum concession from Petroleum Exploration and Production Policy 1997 to Petroleum Exploration and Production Policy 2012 shall be amended (within 90 days) to include Windfall Levy on Oil and Condensate (WLO), failing which the working interest owners will not remain eligible for gas price incentive as per Petroleum Policy 2012. The impugned notification has been issued after the approval of Council of Common Interest (CCI) dated 24 November 2017.	Our audit procedures in relation to the matter included: · Reviewed Petroleum Concession Agreement (PCA) and Supplemental Agreements signed with the Government of Pakistan. · Reviewed SRO issued by the Ministry of Energy. · Reviewed relevant clauses of Petroleum Exploration & Production Policy 2012 for applicability of WLO. · Discussed the matter with directors, management and internal legal department of the Company.

S.No.	Key Audit Matters	How the matter was addressed in our audit
	The company has challenged the said notification in the Islamabad High Court and the matter is pending before the court in principle on the ground that an already executed arrangement cannot be retrospectively altered unilaterally. The Honourable Court has restrained the Government for any action under the impugned notification and to maintain status quo till the next date of hearing. Company's contention is duly supported by the legal advice on the matter. The supplemental agreement was signed under the conversion package where gas price was enhanced and WLO was not applicable. The impugned SRO, by giving retrospective effect, amounts to taking away the vested rights already accrued in favour of the Company. As per the legal opinion Government has no authority to give any law or policy a retrospective effect. On grounds of prudence, the Company has not recognised the revenue to the extent of Rs 7,289,169 thousand since inception to June 30, 2018 on account of enhanced gas price incentive due to conversion from Petroleum Policy 1997 to Petroleum Policy 2012 and will be accounted for upon resolution of this matter. We considered this as key audit matter due to the significant amounts involved and significant judgments made by management regarding the matter.	· Obtained confirmation from the Company's external legal advisor and reviewed legal opinion obtained by the Company and the order issued by the Islamabad High Court. · Evaluated technical ability of the internal and external legal advisors used by the Company. · Assessed the matter under applicable accounting frame work. · Ensured the appropriateness of the disclosures made regarding the matter.
(iii)	**Analysis of impairment of development and decommissioning costs** *(Refer note 14 to the financial statements)* As at June 30, 2018, the development and decommissioning costs amounted to Rs 12,597 million. The Company assesses at the end of each reporting period whether there is any indication that a Cash Generating Unit (CGU) may be impaired. Where impairment indicator is triggered for any CGU, an impairment test is performed by the Company based on estimates of the value in use of that CGU.	Our audit procedures in relation to management's impairment test included: · Assessed the methodology used by management to estimate value in use of each CGU. · Assessed the assumptions of cash flow projections in calculation of the value in use of CGUs, challenging the reasonableness of key assumptions i.e. oil and gas reserves, oil and gas prices, production costs, foreign exchange rates

S.No.	Key Audit Matters	How the matter was addressed in our audit
	The calculation of value in use of development and decommissioning costs requires the exercise of significant management's estimates and judgements on certain assumptions such as (i) estimation of the volume of oil and gas recoverable reserves; (ii) estimation of future oil and gas prices; (iii) cost profiles and inflation applied; (iv) foreign exchange rates and (v) discount rates. We considered this matter as key audit matter due to the significant value of development and decommissioning costs at reporting date and due to significance of judgements used by management.	· and discount rates based on our knowledge of the business and industry by comparing the assumptions to historical results, and published market and industry data. · Performed sensitivity analysis in consideration of the potential impact of reasonably possible downside changes in assumptions relating to oil and gas prices and discount rate.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) 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.

The engagement partner on the audit resulting in this independent auditor's report is M. Imtiaz Aslam.

Chartered Accountants
Islamabad
Date: August 17, 2018

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2018

	Note	2018	2017
		Rupees ('000)	
SHARE CAPITAL AND RESERVES			
Authorized capital	7	5,000,000	5,000,000
Issued, subscribed and paid up capital	7	2,365,459	2,365,459
Revenue reserves	8	30,401,053	29,130,466
Fair value gain on available-for-sale investments		2,227	2,003
		32,768,739	31,497,928
NON CURRENT LIABILITIES			
Long term deposits	9	837,325	846,958
Deferred liabilities	10	15,643,277	14,999,402
		16,480,602	15,846,360
CURRENT LIABILITIES AND PROVISIONS			
Trade and other payables	11	15,967,452	5,763,626
Unclaimed dividend		170,717	139,722
Provision for income tax		4,779,273	4,403,945
		20,917,442	10,307,293
CONTINGENCIES AND COMMITMENTS	12		
		70,166,783	57,651,581

	Note	2018	2017
		Rupees ('000)	
NON CURRENT ASSETS			
Property, plant and equipment	13	9,405,451	9,854,534
Development and decommissioning costs	14	12,596,720	13,372,854
Exploration and evaluation assets	15	2,590,790	1,884,356
		24,592,961	25,111,744
LONG TERM INVESTMENTS IN SUBSIDIARY AND ASSOCIATED COMPANIES	16	9,615,603	9,615,603
OTHER LONG TERM INVESTMENTS	17	6,479	6,255
LONG TERM LOANS AND ADVANCES	18	15,072	17,639
CURRENT ASSETS			
Stores and spares	19	3,571,970	3,897,472
Stock in trade	20	292,981	221,893
Trade debts	21	8,242,487	3,292,966
Advances, deposits, prepayments and other receivables	22	2,296,389	1,306,481
Cash and bank balances	23	21,532,841	14,181,528
		35,936,668	22,900,340
		70,166,783	57,651,581

The annexed notes 1 to 45 form an integral part of these financial statements.

Khalid Nafees
Chief Financial Officer

Shuaib A. Malik
Chief Executive

Abdus Sattar
Director

STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018	2017
		Rupees ('000)	
SALES		34,988,129	29,871,439
Sales tax		(2,323,147)	(2,590,990)
NET SALES	24	32,664,982	27,280,449
Operating costs	25	(8,456,447)	(8,383,542)
Excise duty		(307,703)	(271,619)
Royalty		(3,778,297)	(2,344,306)
Amortization of development and decommissioning costs	26	(2,986,824)	(2,209,306)
		(15,529,271)	(13,208,773)
GROSS PROFIT		17,135,711	14,071,676
Exploration costs	27	(2,990,153)	(1,468,325)
		14,145,558	12,603,351
Administration expenses	28	(169,569)	(109,012)
Finance costs	29	(1,919,008)	(746,365)
Other charges	30	(966,703)	(808,911)
		(3,055,280)	(1,664,288)
		11,090,278	10,939,063
Other income	31	3,262,471	1,473,230
PROFIT BEFORE TAXATION		14,352,749	12,412,293
Provision for taxation	32	(2,968,815)	(2,733,787)
PROFIT FOR THE YEAR		11,383,934	9,678,506
Earnings per share - Basic and diluted (Rupees)	38	48.13	40.92

The annexed notes 1 to 45 form an integral part of these financial statements.

Khalid Nafees
Chief Financial Officer

Shuaib A. Malik
Chief Executive

Abdus Sattar
Director

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2018

	2018	2017
	Rupees ('000)	
Profit for the year	11,383,934	9,678,506
Other comprehensive income for the year		
Items that will not be reclassified to profit or loss		
Measurement loss on staff retirement benefit plans	(85,922)	(78,872)
Tax charge relating to remeasurement loss on staff retirement benefit plans	25,777	23,662
	(60,145)	(55,210)
Items that may be subsequently reclassified to profit or loss		
Fair value adjustments on available for sale investments	224	8
Other comprehensive loss for the year, net of tax	(59,921)	(55,202)
Total comprehensive income for the year	11,324,013	9,623,304

The annexed notes 1 to 45 form an integral part of these financial statements.

Khalid Nafees
Chief Financial Officer

Shuaib A. Malik
Chief Executive

Abdus Sattar
Director

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2018

	Share capital	Revenue reserves			Fair value gain/ (loss) on available-for-sale investments	Total
		Insurance reserve	Investment reserve	Unappropriated profit		
	Rupees ('000					
Balance at June 30, 2016	2,365,459	200,000	1,557,794	26,028,483	1,995	30,153,731
Total comprehensive income for the year:						
Profit for the year	-	-	-	9,678,506	-	9,678,506
Other comprehensive income / (loss)	-	-	-	(55,210)	8	(55,202)
	-	-	-	9,623,296	8	9,623,304
Transactions with owners:						
Final dividend @ Rs 20 per share - Year ended June 30, 2016	-	-	-	(4,730,918)	-	(4,730,918)
Interim dividend @ Rs 15 per share - Year ended June 30, 2017	-	-	-	(3,548,189)	-	(3,548,189)
Total transactions with owners	-	-	-	(8,279,107)	-	(8,279,107)
Balance at June 30, 2017	2,365,459	200,000	1,557,794	27,372,672	2,003	31,497,928
Total comprehensive income for the year:						
Profit for the year	-	-	-	11,383,934	-	11,383,934
Other comprehensive income / (loss)	-	-	-	(60,145)	224	(59,921)
	-	-	-	11,323,789	224	11,324,013
Transactions with owners:						
Final dividend @ Rs 25 per share - Year ended June 30, 2017	-	-	-	(5,913,648)	-	(5,913,648)
Interim dividend @ Rs 17.5 per share - Year ended June 30, 2018	-	-	-	(4,139,554)	-	(4,139,554)
Total transactions with owners	-	-	-	(10,053,202)	-	(10,053,202)
Balance at June 30, 2018	2,365,459	200,000	1,557,794	28,643,259	2,227	32,768,739

The annexed notes 1 to 45 form an integral part of these financial statements.

Khalid Nafees Chief Financial Officer	Shuaib A. Malik Chief Executive	Abdus Sattar Director

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018	2017
		Rupees ('000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers		36,704,740	27,862,857
Operating and exploration costs paid		(10,935,401)	(8,662,285)
Royalty paid		(3,550,234)	(2,281,238)
Taxes paid		(2,892,028)	(1,245,150)
Cash provided by operating activities	34	19,327,077	15,674,184
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed assets additions		(4,775,526)	(5,013,390)
Proceeds from disposal of property, plant and equipment		5,476	14,634
Income on bank deposits and held-to-maturity investments		703,486	432,168
Investment in mutual funds		-	(272)
Dividend income received		705,793	650,576
Cash used in investing activities		(3,360,771)	(3,916,284)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(10,022,207)	(8,274,820)
EFFECT OF EXCHANGE RATE CHANGES		1,407,214	(65,353)
INCREASE IN CASH AND CASH EQUIVALENTS		7,351,313	3,417,727
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		14,181,528	10,763,801
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		21,532,841	14,181,528

Cash and cash equivalents comprise cash and bank balances.

The annexed notes 1 to 45 form an integral part of these financial statements.

Khalid Nafees
Chief Financial Officer

Shuaib A. Malik
Chief Executive

Abdus Sattar
Director

1. **LEGAL STATUS AND OPERATIONS**

Pakistan Oilfields Limited (the Company) is incorporated in Pakistan as a public limited Company and its shares are quoted on Pakistan Stock Exchange Limited. 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 in Pakistan. 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.

Geographical location and addresses of all other business units of the Company have been disclosed in note 42.

2. **STATEMENT OF COMPLIANCE**

These are separate financial statements of the Company. These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3. **NEW AND AMENDED STANDARDS AND INTERPRETATIONS**

3.1 The Companies Act, 2017 (the Act) became applicable to the Company for the first time for the preparation of these financial statements. The Act forms an integral part of the statutory financial reporting framework applicable to the Company and amongst others, prescribes the nature and content of disclosures in relation to various elements of the financial statements. The Act also brought certain changes with regard to preparation and presentation of annual and interim financial statements of the Company. These changes include change in nomenclature of the primary financial statements, elimination of duplicative disclosures with the International Financial Reporting Standards (IFRSs) disclosure requirements and incorporation of significant additional disclosures.

Additional disclosures required by the Act have been disclosed in note 6, 9, 11, 12, 13, 21,22, 32, 35, 39 and 42 to these financial statements.

3.2 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)
IAS 19	Employee benefits (Amendments)	January 1, 2019
IAS 28	Investment in Associates and Joint Ventures (Amendments)	January 1, 2019
IAS 40	Investment property (Amendments)	January 1, 2018
IFRS 2	Share-based Payment (Amendments)	January 1, 2018
IFRS 4	Insurance contracts (Amendments)	January 1, 2018
IFRS 9	Financial Instruments	July 1, 2018
IFRS 15	Revenue from Contracts with Customers	July 1, 2018
IFRS 16	Leases	January 1, 2019
IFRIC 22	Foreign Currency Transactions and Advance Consideration	January 1, 2018
IFRIC 23	Uncertainty Over Income Tax	January 1, 2019

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.

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

IFRS 1	First-time Adoption of International Financial Reporting Standards
IFRS 14	Regulatory Deferral Accounts
IFRS 17	Insurance contracts

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of measurement

These financial statements have been prepared under the historical cost convention except as otherwise disclosed in the respective accounting 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 statement of financial position. Exchange differences are dealt with through the statement of profit or loss.

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 recognized when the Company has a legal or constructive obligation as a result of past events and 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 costs

Provision for decommissioning costs is recognized in full for development wells and production facilities. The amount recognized 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. Any difference between the liability recognized and actual costs incurred are charged/credited to statement of profit or loss in the year of decommissioning.

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 ranging from 2.43% p.a. to 3.66% p.a. (2017: 1.14% p.a. to 2.67% 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, 2018.

Actuarial gain and losses arising from experience adjustments and change in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past service costs are recognized immediately in statement of profit or loss.

Since both are complementary plans, combined details and valuation for pension plan and gratuity plan are given in note 37.

(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 13.1 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 capitalized 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 after impairment loss, 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 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 realizable value. Net realizable 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 Trade debts and other receivables

These are recognized and carried at their amortized cost less an allowance for any uncollectible amounts. Carrying amounts of trade and other receivables are assessed on a regular basis and if there is any doubt about the realizability of these receivables, appropriate amount of provision is made.

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 statement of financial position date, or wherever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized 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 statement of financial position 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 recognized. An impairment loss or reversal of impairment loss is recognized in income for the year.

4.19 Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument and de-recognized 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 are initially recognized at fair value plus transaction costs. Financial assets and liabilities carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are charged to income for the year. These are subsequently measured at fair value, amortized 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 amortized 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 statement of financial position date. These are classified as non-current assets. The Company's loans and receivables comprise 'Long term loans and advances', 'Trade debts', 'Advances, deposits and other receivables', and 'Cash and bank balances' in the statement of financial position. 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 statement of financial position date.

Available-for-sale investments are initially recognized 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 statement of financial position 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 statement of financial position if the Company has a legally enforceable right to setoff the recognized amounts and the Company intends to settle on a net basis, or realize the asset and settle the liability simultaneously.

4.23 Revenue recognition

Revenue from sales is recognized on dispatch of products to customers. Revenue from services is recognized 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 recognized on time proportion basis using the effective yield method.

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

4.24 Joint arrangements

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual right and obligations of the parties to the arrangement. The Company has assessed the nature of its joint arrangements and determined them to be joint operations. The Company has recognized its share of assets, liabilities, income and expenditure jointly held or incurred under the joint operations on the basis of latest available audited accounts of the joint operations and where applicable, the cost statements received from operators of the joint arrangements for the intervening period up to the statement of financial position 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) Estimated crude oil/gas reserves used for amortization of development and decommissioning costs - note 14

ii) Estimated useful life of property, plant and equipment - note 13.1

iii) Estimated costs and discount rate used for provision for decommissioning costs - note 4.7

iv) Estimated value of staff retirement benefits obligations - note 37

v) Provision for taxation - note 4.5

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

6. SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS DURING THE YEAR

i) During the year sales has increased due to commencement of production from following wells and increase in prices during the year:

- Jhandial well 1 (Ikhlas Petroleum Concession)
- Adhi - 29, Adhi - 30 and Adhi South X - 1(Adhi Mining Lease)
- Tolanj X - 1 and Tolanj West (TAL Petroleum Concession)
- Makori Deep and Makori East 6 (Makori D&P lease)

ii) As described in note 24.1, on prudent basis additional revenue on account of enhanced gas price incentive due to conversion from Petroleum Policy 1997 to Petroleum Policy 2012 since inception to June 30, 2018 amounting to Rs 7,289,169 thousand will be accounted for upon resolution of the matter disclosed in note 24.1 (including Rs 2,225,158 thousand related to period July 1, 2015 to June 30, 2017 previously accounted for in the financial statements).

iv) Other significant transactions and events have been adequately disclosed in the financial statements. For a detailed performance review, refer to the Directors' report.

		2018	2017
		Rupees ('000)	
7.	**SHARE CAPITAL**		
	Authorized capital		
	500,000,000 (2017: 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 (2017: 20,200,000) ordinary shares	202,000	202,000
	Shares issued as fully paid bonus shares		
	216,345,920 (2017: 216,345,920) ordinary shares	2,163,459	2,163,459
	236,545,920 (2017: 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 (2017: 124,776,965) ordinary shares at the year end.

		2018	2017
		Rupees ('000)	
8.	**REVENUE RESERVES**		
	Insurance reserve - note 8.1	200,000	200,000
	Investment reserve - note 8.2	1,557,794	1,557,794
	Unappropriated profit	28,643,259	27,372,672
		30,401,053	29,130,466

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.

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

		2018	2017
		Rupees ('000)	
9.	**LONG TERM DEPOSITS**		
	Security deposits from distributors for cylinders/ equipment	787,334	795,922
	Security deposits from distributors and others	49,991	51,036
		837,325	846,958

9.1 Amount received as security deposit is utilized/utilizable by the Company in accordance with the related agreements with customers.

		2018	2017
		Rupees ('000)	
10.	**DEFERRED LIABILITIES**		
	Provision for deferred income tax - note 10.1	6,086,784	6,411,100
	Provision for decommissioning costs - note 10.2	9,548,018	8,578,227
	Provision for staff compensated absences	8,475	10,075
		15,643,277	14,999,402
10.1	**Provision for deferred income tax**		
	The provision for deferred income tax represents:		
	Temporary differences between accounting and tax depreciation/ amortization	6,331,716	6,612,352
	Provision for stores and spares	(139,544)	(121,639)
	Provision for doubtful receivable	(93)	(93)
	Deferred tax on remeasurement loss on staff retirement benefit plans	(105,295)	(79,520)
		6,086,784	6,411,100

		2018	2017
		Rupees ('000)	
10.2	**Provision for decommissioning costs**		
	Balance brought forward	8,578,227	9,821,240
	Revision due to change in estimates - note 10.2.1	(988,977)	(2,108,373)
	Provision made during the year	239,847	121,754
	Unwinding of discount	592,698	715,594
	Exchange loss	1,322,218	28,012
	Decommissioning cost incurred during the year	(195,995)	-
		9,548,018	8,578,227
10.2.1	**Revision due to change in estimates**		
	Credited to related asset - note 14	(685,553)	(1,507,610)
	Revision in excess of related asset credited to statement of profit or loss - note 26	(303,424)	(600,763)
		(988,977)	(2,108,373)
11.	**TRADE AND OTHER PAYABLES**		
	Creditors	638,924	495,084
	Due to related parties		
	Attock Hospital (Pvt) Limited	1,663	694
	Attock Petroleum Limited	43,336	17,419
	Management Staff Pension Fund - note 37	95,100	52,874
	Staff Provident Fund	5,479	-
	General Staff Provident Fund	1,010	-
	Workers' Profit Participation Fund - note 11.1	214,259	-
	Due to joint operating partners		
	The Attock Oil Company Limited	17,219	59,482
	Others	2,230,567	2,158,196
	Accrued liabilities	2,967,654	2,087,034
	Advances from customers	90,673	81,039
	Royalty	524,240	296,177
	Excise duty	4,499	2,439
	Petroleum levy payable	23,988	-
	Workers' Welfare Fund	574,158	508,124
	Liability for staff compensated absences	6,443	5,064
	Other liabilities - note 11.2	8,528,240	-
		15,967,452	5,763,626

		2018	2017
		Rupees ('000)	
11.1	**Workers' Profit Participation Fund**		
	(Receivable) / payable at beginning of the year	(38,150)	20,398
	Amount allocated during the year	765,724	(662,074)
	Amount paid to the Fund's trustees	(513,315)	679,826
	Payable / (receivable) at end of the year	214,259	(38,150)

11.2 This represents payment received from a customer on account of additional revenue and related sales tax due to enhanced gas price incentive as explained in 24.1.

			2018	2017
			Rupees ('000)	
12.	**CONTINGENCIES AND COMMITMENTS**			
12.1	**Contingencies:**			
	a)	Guarantees issued by banks on behalf of the Company	11,256	3,083

b) The Company is currently contesting applicability of super tax @ 3% of taxable profits from oil and gas operations under Petroleum Concession Agreements (PCAs) and has filed writ petitions in Islamabad High Court on December 29, 2015, December 28, 2016 and December 18, 2017 on the grounds that the Company being an exploration and production company falls under Special Tax Regime as granted under PCAs. Management based on legal advise is confident that the writ petitions will be decided in favour of the company, accordingly provision of Rs 779,910 thousand has not been made in these financial statements in respect of years ended June 30, 2015, 2016, 2017 and 2018.

		2018	2017
		Rupees ('000)	
12.2	**Commitments:**		
	Share in joint operations	4,993,526	7,622,953
	Own fields	1,014,509	2,774,835
	Letter of credit issued by banks on behalf of the Company	510,878	56,868
13.	**PROPERTY, PLANT AND EQUIPMENT**		
	Operating assets - note 13.1	8,754,987	8,941,806
	Capital work in progress - note 13.6	650,464	912,728
		9,405,451	9,854,534

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					
	Rupees ('000)									
As at July 1, 2016										
Cost	20,407	471,108	1,933,558	13,601,781	624,287	763,479	485,315	144,781	437,615	18,482,331
Accumulated depreciation	-	(186,314)	(896,252)	(6,086,858)	(417,784)	(470,520)	(377,692)	(93,692)	(324,191)	(8,853,303)
Net book value	20,407	284,794	1,037,306	7,514,923	206,503	292,959	107,623	51,089	113,424	9,629,028
Year ended June 30, 2017										
Opening net book value	20,407	284,794	1,037,306	7,514,923	206,503	292,959	107,623	51,089	113,424	9,629,028
Additions	-	32,439	265,081	491,309	64,788	16,160	26,061	7,158	22,629	925,625
Disposals										
Cost	-	(1,268)	(62,133)	(50,409)	(2,079)	(10,300)	(9,954)	(1,342)	(741)	(138,226)
Accumulated depreciation	-	706	35,277	43,097	2,075	10,300	9,954	1,165	741	103,315
	-	(562)	(26,856)	(7,312)	(4)	-	-	(177)	-	(34,911)
Depreciation charge	-	(21,805)	(170,138)	(1,173,825)	(43,377)	(46,264)	(52,517)	(12,705)	(57,305)	(1,577,936)
Closing net book value	20,407	294,866	1,105,393	6,825,095	227,910	262,855	81,167	45,365	78,748	8,941,806
As at June 30, 2017										
Cost	20,407	502,279	2,136,506	14,042,681	686,996	769,339	501,422	150,597	459,503	19,269,730
Accumulated depreciation	-	(207,413)	(1,031,113)	(7,217,586)	(459,086)	(506,484)	(420,255)	(105,232)	(380,755)	(10,327,924)
Net book value	20,407	294,866	1,105,393	6,825,095	227,910	262,855	81,167	45,365	78,748	8,941,806
Year ended June 30, 2018										
Opening net book value	20,407	294,866	1,105,393	6,825,095	227,910	262,855	81,167	45,365	78,748	8,941,806
Additions	-	19,343	270,967	980,120	41,811	9,498	24,323	14,267	11,207	1,371,536
Disposals										
Cost	-	-	(2,007)	(1,271)	(22)	(7,263)	(9,438)	(12)	(361)	(20,374)
Accumulated depreciation	-	-	1,510	1,271	22	7,263	9,438	12	361	19,877
	-	-	(497)	-	-	-	-	-	-	(497)
Depreciation charge	-	(22,205)	(186,582)	(1,159,305)	(45,764)	(50,903)	(41,448)	(12,027)	(39,624)	(1,557,858)
Closing net book value	20,407	292,004	1,189,281	6,645,910	223,957	221,450	64,042	47,605	50,331	8,754,987
As at June 30, 2018										
Cost	20,407	521,622	2,405,466	15,021,530	728,785	771,574	516,307	164,852	470,349	20,620,892
Accumulated depreciation	-	(229,618)	(1,216,185)	(8,375,620)	(504,828)	(550,124)	(452,265)	(117,247)	(420,018)	(11,865,905)
Net book value	20,407	292,004	1,189,281	6,645,910	223,957	221,450	64,042	47,605	50,331	8,754,987
Annual rate of Depreciation (%)	-	5	10	10	10	10	20	12.5	25	

13.2 Cost and accumulated depreciation include:

	Cost		Accumulated depreciation	
	2018	2017	2018	2017
	Rupees ('000)		Rupees ('000)	
Share in joint operations operated by the Company	1,438,457	1,333,515	1,246,781	1,211,438
Assets not in possession of the Company				
Share in joint operations operated by following				
MOL Pakistan Oil and Gas Company B.V.	10,554,563	9,633,287	5,515,599	4,555,569
Ocean Pakistan Limited	74,343	63,804	56,533	53,923
Oil and Gas Development Company Limited	67,647	67,467	35,952	30,510
Pakistan Petroleum Limited	1,890,699	1,722,623	690,686	539,157
	12,587,252	11,487,181	6,298,770	5,179,159
Gas cylinders - in possession of distributors*	726,718	715,140	499,128	458,972
	14,752,427	13,535,836	8,044,679	6,849,569

*Due to large number of distributors it is impracticable to disclose the name of each person having possession of these assets, as required by 4th Schedule to the Companies Act, 2017.

13.3 The depreciation charge has been allocated as follows:

	2018	2017
	Rupees ('000)	
Operating cost - Note 25	1,481,748	1,497,009
Other income - Crude transportation income	76,110	80,927
	1,557,858	1,577,936

13.4 Property, plant and equipment disposals:

There were no disposals of property, plant and equipment having net book value in excess of Rs 500,000 during the year.

13.5 Particulars of Company's immovable property including location and area of land are as follows:

District	Location	Total Area (In acres)
Attock	Khaur	297.59
Attock	Dhulian	746.17
Attock	Meyal	194.44
Chakwal	Balkassar	2.14
Rawalpindi	Rawalpindi	35.76

13.6 Capital work in progress

	Buildings	Plant and machinery / Pipelines and pumps	Computers and software development	Total
		Rupees ('000)		
Balance as at July 1, 2016	10,076	777,346	4,950	792,372
Additions/(adjustments) during the year	11,816	444,169	(3,551)	452,434
Transfers during the year	(21,892)	(308,787)	(1,399)	(332,078)
Balance as at June 30, 2017	-	912,728	-	912,728
Balance as at July 1, 2017	-	912,728	-	912,728
Additions during the year	11,610	263,215	-	274,825
Transfers during the year	(11,610)	(525,479)	-	(537,089)
Balance as at June 30, 2018	-	650,464	-	650,464

		2018	2017
		Rupees ('000)	
13.7 Break up of capital work in progress at June 30 is as follows:			
Own fields		23,161	4,016
POLGAS plant		3,880	-
Share in joint operations operated by the Company			
	- Ikhlas	-	21,125
Share in joint operations operated by others			
MOL Pakistan Oil and Gas Company B.V.	- TAL Block	43,918	427,584
	- Margala Block 3372-20	269	269
Oil and Gas Development Company Limited	- Jhal Magsi D&P Lease	448,719	454,530
Pakistan Petroleum Limited	- Adhi Mining Lease	130,517	5,204
		650,464	912,728

14. DEVELOPMENT AND DECOMMISSIONING COSTS

	Development Cost	Decommissioning Cost	Total
		Rupees ('000)	
As at July 1, 2016			
Cost	34,249,232	4,059,830	38,309,062
Accumulated amortization	(21,600,212)	(2,123,937)	(23,724,149)
Net book value	12,649,020	1,935,893	14,584,913
Year ended June 30, 2017			
Opening net book value	12,649,020	1,935,893	14,584,913
Additions	2,039,456	121,754	2,161,210
Revision due to change in estimates - note 10.2.1	-	(1,507,610)	(1,507,610)
Well cost transferred from exploration and evaluation assets - note 15	944,410	-	944,410
Amortization for the year	(2,719,058)	(91,011)	(2,810,069)
Closing net book value	12,913,828	459,026	13,372,854
As at July 1, 2017			
Cost	37,233,098	2,673,974	39,907,072
Accumulated amortization	(24,319,270)	(2,214,948)	(26,534,218)
Net book value	12,913,828	459,026	13,372,854
Year ended June 30, 2018			
Opening net book value	12,913,828	459,026	13,372,854
Additions	407,011	239,847	646,858
Disposals			
Cost	-	(83,603)	(83,603)
Accumulated amortization	-	83,603	83,603
	-	-	-
Revision due to change in estimates - note 10.2.1	(686,974)	1,421	(685,553)
Well cost transferred from exploration and evaluation assets - note 15	2,552,809	-	2,552,809
Amortization for the year - note 26	(3,011,013)	(279,235)	(3,290,248)
Closing net book value	12,175,661	421,059	12,596,720
As at June 30, 2018			
Cost	39,505,944	2,831,639	42,337,583
Accumulated amortization	(27,330,283)	(2,410,580)	(29,740,863)
Net book value	12,175,661	421,059	12,596,720

			2018	2017
			Rupees ('000)	
15.	**EXPLORATION AND EVALUATION ASSETS**			
	Balance brought forward		1,884,356	900,813
	Additions during the year		4,844,825	2,899,238
			6,729,181	3,800,051
	Wells cost transferred to development cost - note 14		(2,552,809)	(944,410)
	Dry and abandoned wells and irrecoverable cost charged to the statement of profit or loss account - note 27		(1,585,582)	(971,285)
			2,590,790	1,884,356
15.1	**Break up of exploration and evaluation assets at June 30 is as follows:**			
	Own fields			
		- Khaur D&Production Lease (153/PAK/2002)	1,599,505	36,055
	Share in joint operations operated by the Company			
		- Ikhlas Petroleum Concession (3372-18)	-	1,640,789
	Share in joint operations operated by others			
	MOL Pakistan Oil and Gas Company B.V.	- TAL Petroleum Concession (Block 3370-3)	582,047	184,844
	Pakistan Petroleum Limited	- Adhi Mining Lease (72/PAKISTAN)	-	22,668
		- Hisal Petroleum Concession (3372-23)	409,238	-
			2,590,790	1,884,356

		2018		2017	
		Percentage holding	Amount Rs ('000)	Percentage holding	Amount Rs ('000)
16.	**LONG TERM INVESTMENTS IN SUBSIDIARY AND ASSOCIATED COMPANIES - AT COST**				
	Subsidiary company				
	Unquoted				
	Capgas (Private) Limited 344,250 (2017: 344,250) fully paid ordinary shares including 191,250 (2017: 191,250) bonus shares of Rs 10 each	51	1,530	51	1,530
	Associated companies				
	Quoted				
	National Refinery Limited 19,991,640 (2017: 19,991,640) fully paid ordinary shares including 3,331,940 (2017: 3,331,940) bonus shares of Rs 10 each Quoted market value as at June 30, 2018: Rs 8,856,496 thousand (2017: Rs 14,513,731 thousand)	25	8,046,635	25	8,046,635
	Attock Petroleum Limited (APL) 5,820,595 (2017: 5,820,595) fully paid ordinary shares including 2,452,195 (2017: 2,452,195) bonus shares of Rs 10 each Quoted market value as at June 30, 2018: Rs 3,434,093 thousand; (2017: Rs 3,646,195 thousand)	7	1,562,938	7	1,562,938
	Unquoted				
	Attock Information Technology Services (Pvt) Limited (AITSL) 450,000 (2017: 450,000) fully paid ordinary shares of Rs 10 each	10	4,500	10	4,500
			9,615,603		9,615,603

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

16.2 No investment was made in subsidiary and associated companies during the year.

		2018	2017
		Rupees ('000)	
17.	**OTHER LONG TERM INVESTMENTS**		
	Available-for-sale investments - note 17.1	6,479	6,255
17.1	**Available-for-sale investments**		
	Balance at the beginning of the year	6,255	5,975
	Additions during the year	-	272
	Fair value adjustment	224	8
	Balance at the end of the year	6,479	6,255

		2018				2017
		Number of shares/units	Cost less impairment loss	Adjustment arising from remeasurement to fair value	Fair value	Fair value
			Rupees ('000)			
17.1.1	**Available-for-sale investments at June 30 include the following:**					
	<u>Listed securities:</u>					
	Meezan Sovereign Fund	10,965	442	136	578	565
	Pakistan Cash Management Fund	13,049	492	195	687	655
	IGI Money Market Fund	13,208	993	355	1,348	1,287
	Atlas Money Market Fund	1,143	455	150	605	573
	UBL Liquidity Plus Fund	13,318	1,004	335	1,339	1,342
	<u>Unlisted securities:</u>					
	Atlas Asset Management Company	3,581	866	1,056	1,922	1,833
			4,252	2,227	6,479	6,255

17.1.2 The fair value of listed securities is based on quoted market prices at the statement of financial position 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, 2018 as quoted by the respective Asset Management Company.

		2018	2017
		Rupees ('000)	
18.	**LONG TERM LOANS AND ADVANCES CONSIDRED GOOD**		
	Long term loans and advances to employees	41,320	40,976
	Less: Amount due within twelve months, shown under current loans and advances - note 22	26,248	23,337
		15,072	17,639

18.1 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. These loans have not been discounted, as the impact is considered insignificant.

		2018	2017
		Rupees ('000)	
19.	**STORES AND SPARES**		
	Stores and spares - note 19.1	4,037,116	4,302,934
	Less: Provision for slow moving items - note 19.2	465,146	405,462
		3,571,970	3,897,472
19.1	**Stores and spares include:**		
	Share in joint operations operated by the Company	258,933	302,524
	Share in joint operations operated by others (assets not in possession of the Company)	1,711,627	1,671,689
		1,970,560	1,974,213
19.2	**Provision for slow moving items**		
	Balance brought forward	405,462	350,475
	Provision for the year	59,684	54,987
		465,146	405,462
20.	**STOCK IN TRADE**		
	Crude oil and other products	292,981	221,893

These include Rs 145,157 thousand (2017: Rs 142,800 thousand) being the Company's share in joint operations.

		2018	2017
		Rupees ('000)	
21.	**TRADE DEBTS - CONSIDERED GOOD**		
	Due from related parties - note 21.1	3,689,140	1,442,801
	Others	4,553,347	1,850,165
		8,242,487	3,292,966
21.1	**Due from related parties**		
	Associated companies		
	Attock Refinery Limited	3,598,061	1,298,647
	National Refinery Limited	91,079	144,154
		3,689,140	1,442,801

Ageing analysis of trade debts receivable from related parties is given in note 36.3 to the financial statements.

The maximum aggregate amount receivable from related parties at the end of any month during the year was Rs 3,689,140 thousand (2017: Rs 2,656,646 thousand).

		2018		2017	
		Rupees ('000)			
22.	**ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES**				
	Loans and advances - considered good				
	Employees - note 18		26,248		23,337
	Suppliers		200,468		129,279
			226,716		152,616
	Trade deposits and short term prepayments				
	Deposits	114,295		114,395	
	Short-term prepayments	127,636		236,689	
			241,931		351,084
	Interest income accrued		95,452		39,381
	Other receivables				
	Joint operating partners	47,519		352,183	
	Due from related parties				
	Parent company				
	The Attock Oil Company Limited	40,528		33,201	
	Subsidiary company				
	Capgas (Pvt) Limited	2,779		1,933	
	Staff Provident Fund	-		5,217	
	General Staff Provident Fund	-		345	
	Workers Profit Participation Fund	-		38,150	
	Gratuity Fund - note 37	66,068		58,487	
	Sales tax refundable	1,553,948		238,037	
	Other receivables (net of provision for doubtful receivable Rs 310 thousand (2017: Rs 310 thousand))	21,448		35,847	
			1,732,290		763,400
			2,296,389		1,306,481

22.1 The aggregate maximum amount due from related parties at the end of any month during the year was Rs 109,375 thousand (2017: Rs 137,333 thousand) respectively.

		2018	2017
		Rupees ('000)	
22.2	The aging analysis of receivable from related parties is as follows:		
	Upto 3 month	91,943	115,199
	3 to 6 month	8,719	11,067
	More than 6 month	8,713	11,067
		109,375	137,333
23.	**CASH AND BANK BALANCES**		
	Bank balance on		
	Short term deposits	19,994,118	12,615,073
	Interest/mark-up bearing saving accounts	1,534,695	1,543,023
	Current accounts	1,325	20,534
		21,530,138	14,178,630
	Cash in hand	2,703	2,898
		21,532,841	14,181,528

Balance with banks include foreign currency balances of US $ 94,990 thousand (2017: US $ 73,533 thousand). The balances in saving accounts and short term deposits earned interest/ mark-up ranging from 0.10% to 7.40% (2017: 0.25% to 6.85%).

		2018	2017
		Rupees ('000)	
24.	**NET SALES**		
	Crude oil	17,597,511	12,035,771
	Gas - note 24.1	8,572,856	9,499,633
	POLGAS - Refill of cylinders	6,306,240	5,607,990
	Solvent oil	180,425	131,255
	Sulphur	7,950	5,800
		32,664,982	27,280,449

24.1 On August 28, 2015, the Company signed the Supplemental Agreement with the Government of Pakistan (the Government) for conversion of TAL Block Petroleum Concession Agreement (PCA) signed under the 1997 Petroleum Policy to Petroleum (Exploration & Production) Policy 2012 (Petroleum Policy 2012). Price regimes prevailing in Petroleum Policy 2007, Petroleum Policy 2009 and Petroleum Policy 2012 shall be applicable correlated with the spud date of wells in the respective policies starting from November 27, 2007 and for future exploratory efforts under the above mentioned block. The conversion package included Windfall levy on Natural gas only. Draft statements specifying sums aggregating US $ 34,213 thousand (Rs 3,393,389 thousand) till June 30, 2015 due to the Company in respect of Mamikhel, Maramzi & Makori East discoveries in TAL block were submitted to the Government on December 8, 2015. On October 9, 2017 Oil and Gas Regulatory Authority (OGRA) issued gas price notifications of the subject arears.

On December 27, 2017, the Ministry of Energy (Petroleum Division) notified certain amendments in Petroleum Policy 2012 which also included addition of following explanation of conversion package:

“the conversion package shall include (i) price of Natural Gas for New Exploration Efforts (ii) windfall levy on Natural Gas (iii)EWT gas production, pricing and obligations (iv) Windfall levy on Oil & Condensate, only for PCAs converting from 1994 and 1997 Petroleum Policies and (v) Financial obligations relating to production bonus, social welfare and training”.

Under the said Notification, the Supplemental Agreements already executed for conversion from Petroleum policies of 1994 & 1997 shall be amended within 90 days, failing which the working interest owners will not remain eligible for gas price incentive. On January 3, 2018, Directorate General Petroleum Concessions (DGPC) has required all exploration and production companies to submit supplemental agreements to incorporate the aforementioned amendments in Petroleum Concession Agreements (PCAs) signed under 1994 and 1997 policies, for execution within the stipulated time as specified above.

Based on legal advice, the Company is of the view that already executed Supplemental Agreement cannot be changed unilaterally, the Supplemental Agreement was signed under the Conversion Package where gas price was enhanced and Windfall Levy on Oil/Condensate (WLO) was not applicable, the impugned SRO by giving retrospective effect amounts to taking away the vested rights already accrued in favour of the Company. The Government has no authority to give any law or policy a retrospective effect. The impact of WLO on conversion of TAL Block till June 30, 2018 is approximately Rs 11,576,757 thousand. The Company filed Constitutional Petition challenging the imposition of WLO on February 19, 2018 against Federation of Pakistan through Ministry of Energy (Petroleum Division), Islamabad. The Honorable Islamabad High Court after hearing the petitioner on February 20, 2018, directed the parties to maintain the status quo in this respect and further directed the respondents to file their response & para wise comments before next date of hearing.

On prudent basis additional revenue on account of enhanced gas price incentive due to conversion from Petroleum Policy 1997 to Petroleum Policy 2012 since inception to June 30, 2018 amounting to Rs 7,289,169 thousand will be accounted for upon resolution of this matter (including Rs 2,225,158 thousand related to period July 1, 2015 to June 30, 2017 previously accounted for in the financial statements). Additional revenue on account of enhanced gas price incentive of Rs 8,528,240 thousand including sales tax of Rs 1,239,071 thousand received from customer on the basis of notified prices has been shown as "Other liabilities" under "trade and other payables".

		2018	2017
		Rupees ('000)	
25.	**OPERATING COSTS**		
	Operating cost - Own fields	963,345	1,065,976
	- Share in joint operations	2,511,524	2,315,194
	Well workovers	55,790	197,939
	POLGAS - Cost of gas/LPG, carriage etc.	3,288,354	3,059,653
	Head office and insurance charges	172,718	61,079
	Pumping and transportation cost	54,056	33,064
	Depreciation	1,481,748	1,497,009
		8,527,535	8,229,914
	Opening stock of crude oil and other products	221,893	375,521
	Closing stock of crude oil and other products	(292,981)	(221,893)
		8,456,447	8,383,542

			2018	2017
			Rupees ('000)	
26.	**AMORTIZATION OF DEVELOPMENT AND DECOMMISSIONING COSTS**			
	Amortization charge for the year - note 14		3,290,248	2,810,069
	Revision in estimates of provision for decommissioning costs in excess of related assets credited to statement of profit or loss - note 10.2.1		(303,424)	(600,763)
			2,986,824	2,209,306
27.	**EXPLORATION COSTS**			
	Geological and geophysical cost			
	Own fields		530,122	2,649
	Share in joint operations operated by the Company			
		- DG Khan	485,568	22,816
		- Ikhlas	60,409	112,871
		- Kirthar South	35,874	34,194
		- Turkwal	1,472	-
		- Pindori	-	392
	Share in joint operations operated by others			
	MOL Pakistan Oil and Gas Company B.V.	- TAL Block	(20,034)	4,860
		- Margala Block	24,962	63,688
		- Margala North Block	97	(13,179)
		- Tolanj South	-	23,193
		- KOT	-	207
		- Malgin	-	246
	Oil and Gas Development Company Limited	- Kotra	2,053	822
		- Gurgalot	230,741	39,310
		- Chak Naurang	-	(1,776)
	Pakistan Petroleum Limited	- Hisal	35,539	185,576
	Ocean Pakistan Limited	- Ratana	18,026	21,171
		- Dhurnal	(258)	-
			1,404,571	497,040
	Dry and abandoned wells and irrecoverable cost charged to the statement of profit or loss account - note 15		1,585,582	971,285
			2,990,153	1,468,325

		2018	2017
		Rupees ('000)	
28.	**ADMINISTRATION EXPENSES**		
	Establishment charges	258,374	162,410
	Telephone and telex	897	1,193
	Medical expenses	9,182	6,472
	Printing, stationery and publications	8,072	8,848
	Insurance	3,662	3,192
	Travelling expenses	2,304	2,089
	Motor vehicle running expenses	9,860	9,112
	Rent, repairs and maintenance	50,588	35,265
	Auditor's remuneration - note 28.1	5,851	5,529
	Legal and professional charges	23,204	4,887
	Stock exchange and CDC fee	1,544	1,241
	Computer support and maintenance charges	28,333	25,416
	Donation*	-	90
	Other expenses	4,791	4,745
		406,662	270,489
	Less: Amount allocated to field expenses	237,093	161,477
		169,569	109,012
	* No director or his spouse had any interest in the donee institutions.		
28.1	**Auditor's remuneration:**		
	Statutory audit	1,695	1,614
	Review of half yearly accounts, audit of consolidated accounts, staff funds, special certifications	1,304	927
	Tax services	2,497	2,650
	Out of pocket expenses	355	338
		5,851	5,529
29.	**FINANCE COSTS**		
	Provision for decommissioning costs - note 10.2		
	- Unwinding of discount	592,698	715,594
	- Exchange loss	1,322,218	28,012
	Banks' commission and charges	4,092	2,759
		1,919,008	746,365
30.	**OTHER CHARGES**		
	Workers' Profit Participation Fund	765,724	662,074
	Workers' Welfare Fund	200,979	146,837
		966,703	808,911

	2018	2017
	Rupees ('000)	
31. OTHER INCOME		
Income from financial assets		
Income on bank deposits	759,557	444,079
Exchange gain/(loss) on financial assets	1,407,214	(65,353)
Dividend on available-for-sale investments - note 31.1	-	362
Income from investments in subsidiary and associated companies		
Dividend from subsidiary and associated companies - note 31.2	705,793	650,214
Income from assets other than financial assets		
Rental income (net of related expenses Rs 54,441 thousand; 2017: Rs 61,031 thousand)	138,285	154,242
Crude oil/gas transportation income (net of related expenses Rs 242,194 thousand; 2017: Rs 221,666 thousand)	125,865	187,811
Gas processing fee	109,382	110,914
Profit/(loss) on sale of property, plant and equipment	4,979	(20,277)
Sale of stores and scrap	2,868	4,066
Others	8,528	7,172
	3,262,471	1,473,230

	2018	2017
31.1 Dividend on available-for-sale investments		
Meezan Sovereign Fund	-	29
Pakistan Cash Management Fund	-	50
IGI Money Market Fund	-	80
Atlas Money Market Fund	-	33
UBL Liquidity Plus Fund	-	77
Atlas Asset Management Company	-	93
	-	362

	2018	2017
31.2 Dividend from subsidiary and associated companies		
Subsidiary company		
Capgas (Pvt) Limited	8,606	17,557
Associated companies		
National Refinery Limited	449,812	399,833
Attock Petroleum Limited	247375	232,824
	705,793	650,214

		2018	2017
		Rupees ('000)	
32.	**PROVISION FOR TAXATION**		
	Current		
	- for the year	3,267,356	2,473,400
	- for prior years	-	(369,526)
		3,267,356	2,103,874
	Deferred		
	- for the year	(298,541)	390,405
	- for prior years	-	239,508
		(298,541)	629,913
		2,968,815	2,733,787
32.1	**Reconciliation of tax charge for the year**		
	Accounting profit	14,352,749	12,412,293
*	Tax at applicable tax rate of 47.82% (2017: 49.75%)	6,863,485	6,175,116
	Tax effect of depletion allowance and royalty payments	(3,444,974)	(2,774,525)
	Tax effect of income that is not taxable or taxable at reduced rates	(332,009)	(351,159)
	Tax effect of prior years	-	(130,018)
	Others	(117,686)	(185,627)
	Tax charge for the year	2,968,815	2,733,787

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

32.2 Management assessment of sufficiency of current income tax provision

A comparison of provision on account of income taxes with most recent tax assessment for last three years is as follows:

	2017	2016	2015
		Rupees ('000)	
Tax assessed as per most recent tax assessment*	1,994,503	895,620	2,472,037
Provision in financial statements	2,473,400	1,212,269	3,568,568

Various appeals are pending at different appellate forums on the issues of depletion allowance, prospecting, exploration and development expenditure and tax rate. The Company computes tax based on the generally accepted interpretations of the tax laws and considering views followed by tax authorities to ensure that the sufficient provision for the purpose of taxation is available. According to management, the tax provision made in the financial statements is sufficient.

*This represents income tax payable per return of income filed by the Company. As per section 120 of the Income Tax Ordinance, 2001, the return is taken to be an assessment order issued to the tax payer by the Commissioner of the day return was filed.

33. OPERATING SEGMENTS

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

Revenue from two major customers of the Company constitutes 68% of the total revenue during the year ended June 30, 2018 (June 30, 2017: 64%).

	2018	2017
	Rupees ('000)	
34. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	14,352,749	12,412,293
Adjustments for:		
Depreciation	1,557,858	1,577,936
Amortization of development and decommissioning costs	2,986,824	2,209,306
Finance costs	1,914,916	743,606
Exchange (gain) / loss on financial assets	(1,407,214)	65,353
(Gain) / loss on sale of property, plant and equipment	(4,979)	20,277
Dividend from subsidiary and associated companies	(705,793)	(650,214)
Income on bank deposits	(759,557)	(444,079)
Dividend on available-for-sale investments	-	(362)
Provision for staff compensated absences	(1,600)	(478)
Provision for slow moving stores and spares	59,684	54,987
Measurement loss on staff retirement benefit plans	(85,922)	(78,872)
Reversal of provision for decommissioning cost in excess of actual costs incurred	(76,008)	-
Cash flows before working capital changes	17,830,958	15,909,753
Effect on cash flows due to working capital changes:		
Decrease in stores and spares	265,818	284,026
(Increase) / decrease in stock in trade	(71,088)	153,628
(Increase) / decrease in trade debts	(4,949,521)	42,995
(Increase) / decrease in advances, deposits, prepayments and other receivables	(933,837)	169,362
Increase in trade and other payables	10,203,826	348,514
	4,515,198	998,525
Cash flows generated from operations	22,346,156	16,908,278
Decrease / (increase) in long term loans and advances	2,567	(4,787)
(Decrease) / increase in long term deposits	(9,633)	15,843
Taxes paid	(2,892,028)	(1,245,150)
Actual decommissioning cost paid	(119,985)	-
Net cash generated from operating activities	19,327,077	15,674,184

35. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	Chief Executive		Executives	
	2018	2017	2018	2017*
	Rupees ('000)		Rupees ('000)	
Managerial remuneration	7,612	6,920	91,425	69,745
Bonus	5,440	3,460	55,127	27,629
Housing, utility and conveyance	5,774	5,456	81,090	63,264
Company's contribution to pension, gratuity and provident funds	-	-	34,787	38,544
Leave passage	1,153	1,153	12,361	9,495
Other benefits	4,551	3,832	34,110	22,989
	24,530	20,821	308,900	231,666
No. of persons, including those who worked part of the year	1	1	42	34

*Comparative figures have been restated to reflect changes in the definition of executive as per the Companies Act, 2017.

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. Remuneration of executives are net of charge to subsidiary and associated companies amounting to Rs 18,073 thousand (2017: Rs 13,724 thousand).

Meeting fee of Rs 4,459 thousand (2017: Rs 4,734 thousand) was paid to Directors and Chief Executive of the Company based on actual attendance. This includes Rs 2,676 thousand (2017: Rs 2,767 thousand) paid to non-executive director of the Company.

36. FINANCIAL INSTRUMENTS

36.1 Financial assets and liabilities

	Loans and receivables	Available-for-sale Investments	Total
		Rupees ('000)	
June 30, 2018			
Financial assets			
Maturity up to one year			
Trade debts	8,242,487	-	8,242,487
Advances, deposits and other receivables	414,337	-	414,337
Cash and bank balances	21,532,841	-	21,532,841
Maturity after one year			
Other long term investments	-	6,479	6,479
Long term loans and advances	15,072	-	15,072
	30,204,737	6,479	30,211,216

Financial liabilities	Other financial liabilities	Total
	Rupees ('000)	
Maturity up to one year		
Trade and other payables	14,535,635	14,535,635
Unclaimed dividend	170,717	170,717
Maturity after one year		
Long term deposits	837,325	837,325
Provision for decommissioning costs	9,548,018	9,548,018
Provision for staff compensated absences	8,475	8,475
	25,100,170	25,100,170

	Loans and receivables	Available-for-sale Investments	Total
		Rupees ('000)	
June 30, 2017			
Financial assets			
Maturity up to one year			
Trade debts	3,292,966	-	3,292,966
Advances, deposits and other receivables	664,326	-	664,326
Cash and bank balances	14,181,528	-	14,181,528
Maturity after one year			
Other long term investments	-	6,255	6,255
Long term loans and advances	17,639	-	17,639
	18,156,459	6,255	18,162,714

Financial liabilities	Other financial liabilities	Total
	Rupees ('000)	
Maturity up to one year		
Trade and other payables	4,875,847	4,875,847
Unclaimed dividend	139,722	139,722
Maturity after one year		
Long term deposits	846,958	846,958
Provision for decommissioning costs	8,578,227	8,578,227
Provision for staff compensated absences	10,075	10,075
	14,450,829	14,450,829

36.2 Credit quality of financial assets

The credit quality of Company's financial assets have been assessed below by reference to external credit ratings of counter parties 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	2018	2017
		Rupees ('000)	
Trade debts			
Counterparties with external credit rating	A1+	4,071,482	1,666,094
	A1	3,585,716	1,186,945
	A2	212,130	52,260
Counterparties without external credit rating			
Existing customers/ joint operating partners with no default in the past		373,159	387,667
		8,242,487	3,292,966
Advances, deposits and other receivables			
Counterparties with external credit rating	A1+	125,375	69,304
Counterparties without external credit rating			
Existing customers/ joint operating partners with no default in the past		131,891	436,655
Receivable from employees/ employee benefit plans		92,316	87,386
Receivable from parent company		40,528	33,201
Others		24,227	37,780
		414,337	664,326
Bank balances			
Counterparties with external credit rating	A1+	21,529,905	14,178,384
	A1	233	219
	A2	-	27
		21,530,138	14,178,630
Long term loans and advances			
Counterparties without external credit rating			
Receivable from employees		15,072	17,639
Available for sale investments			
Counterparties with external credit rating	AAA	-	655
	AA	1,944	2,480
	AA-	578	-
	AA+	687	1,287
	AM2+	3,270	1,833
		6,479	6,255

36.3 FINANCIAL RISK MANAGEMENT

36.3.1 Financial risk factors

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

(a) Credit risk

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

As of June 30, 2018, trade debts of Rs 2,012,420 thousand (2017: Rs 799,434 thousand) were past due but not impaired. The ageing analysis of these trade receivables is as follows:

	2018	2017
	Rupees ('000)	
Due from related parties		
Up to 3 months	347,979	200,409
3 to 6 months	-	1,470
6 to 12 months	-	2,381
Above 12 months	43,058	74,498
	391,037	278,758
Due from others		
Up to 3 months	637,203	248,555
3 to 6 months	434,534	127,248
6 to 12 months	280,211	46,222
Above 12 months	269,435	98,651
	1,621,383	520,676
	2,012,420	799,434

(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, 2018, the Company had financial assets of Rs 30,211,216 thousand (2017: Rs 18,162,714 thousand).

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

	Less than 1 year	Between 1 to 5 years	Over 5 years
		Rupees ('000)	
At June 30, 2018			
Long term deposits	-	837,325	-
Provision for decommissioning costs	-	9,152,559	4,837,182
Provision for staff compensated absences	-	8,475	-
Trade and other payables	14,535,635	-	-
Unclaimed dividend	170,717		
At June 30, 2017			
Long term deposits	-	846,958	-
Provision for decommissioning costs	-	6,322,376	7,580,770
Provision for staff compensated absences	-	10,075	-
Trade and other payables	4,875,847	-	-
Unclaimed dividend	139,722		

(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 operating partners, payable to suppliers and provision for decommissioning costs.

Financial assets include Rs 14,476,843 thousand (2017: Rs 9,432,398 thousand) and financial liabilities include Rs 11,626,803 thousand (2017: Rs 10,115,687 thousand) which are subject to currency risk.

If exchange rates had been 10% lower/higher with all other variables held constant, profit after tax for the year would have been Rs 199,503 thousand lower/higher (2017: Rs 47,147 thousand higher/lower).

(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 21,528,813 thousand (2017: Rs 14,158,096 thousand) and financial liabilities include Rs 9,548,018 thousand (2017: Rs 8,578,227 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 83,866 thousand (2017: Rs 38,501 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 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 statement of financial position 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 6,479 thousand (2017: Rs 6,255 thousand) which were subject to price risk.

36.3.2 Capital risk management

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

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

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

36.3.3 Fair value of financial assets and liabilities

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values. The table below analyzes financial assets that are measured at fair value, by valuation method. The different levels have been defined as follows:

- Level 1 : Quoted prices in active markets for identical assets and liabilities;
- Level 2 : Observable inputs ; and
- Level 3 : Unobservable inputs

The company held the following financial assets at fair value:

	Level 1	Level 2	Level 3	Total
	Rupees ('000)			
June 30, 2018				
Other long term investments				
Available-for-sale investment	6,479	-	-	6,479
June 30, 2017				
Other long term investments				
Available-for-sale investment	6,255	-	-	6,255

37. STAFF RETIREMENT BENEFITS

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

37.1 The amounts recognized in the statement of financial position are as follows:

	2018	2017
	Rupees ('000)	
Present value of defined benefit obligations	1,500,895	1,437,088
Fair value of plan assets	(1,471,863)	(1,442,701)
	29,032	(5,613)
Amounts in the statement of financial position:		
Gratuity Fund-(Asset)	(66,068)	(58,487)
Management Staff Pension Fund-Liability	95,100	52,874
Net Assets	29,032	(5,613)

37.2 The amounts recognized in the statement of profit or loss are as follows:

	2018	2017
Current service cost	31,562	31,975
Net interest cost	(3,704)	(5,371)
	27,858	26,604

37.3 The amounts recognized in statement of comprehensive income are as follows:

	2018	2017
Remeasurement due to:		
Change in financial assumptions	(59,175)	(7,133)
Experience adjustments	111,314	77,278
Investment return	33,783	8,727
	85,922	78,872

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

	2018	2017
Opening defined benefit obligation	1,437,088	1,381,416
Current service cost	31,562	31,975
Interest cost	112,416	98,183
Measurement	52,139	70,144
Benefits paid	(132,310)	(144,630)
Closing defined benefit obligation	1,500,895	1,437,088

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

	2018	2017
Opening fair value of plan assets	1,442,701	1,413,566
Interest income	116,122	103,554
Measurement	(33,783)	(8,727)
Contribution by employer	79,134	78,938
Benefits paid	(132,311)	(144,630)
Closing fair value of plan assets	1,471,863	1,442,701

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

	2018		2017	
	Rupees ('000)	%	Rupees ('000)	%
Government bonds	343,756	23	1,399,777	97
National savings deposits	-	-	32,792	2
Mutual Funds	28,919	2	-	-
Cash and cash equivalents	1,099,188	75	10,132	1
	1,471,863	100	1,442,701	100

Government bonds are valued at quoted market price and are therefore level 1. 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.

37.7 Principal actuarial assumptions

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

	2018	2017
	%	
Discount rate	9.00	8.20
Expected rate of salary increase	7.40	6.10
Expected rate of pension increase	3.00	3.00

37.8 Mortality was assumed to be 70% of the EFU(61-66) Table at valuations on both dates, June 30, 2017 and 2018.

37.9 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 pension and gratuity fund to reduce its future contributions or can apply to the Commissioner of Income Tax for a refund.

37.10 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	(120,156)	142,431
Salary increase	40,024	(35,969)
Pension increase	103,064	(90,166)

If life expectancy increases by 1 year, the obligation increases by Rs 44,995 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.

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

Plan Duration	Pension	Gratuity
Years		
June 30, 2018	11.2	5.3
June 30, 2017	11.5	4.7

37.12 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
	Rupees ('000)	
Contributions FY 2019	38,929	-
Benefit payments:		
FY 2019	83,182	75,142
FY 2020	86,377	51,120
FY 2021	95,283	94,254
FY 2022	97,489	26,373
FY 2023	101,165	31,930
FY 2024-28	531,593	145,567

38. EARNINGS PER SHARE - BASIC AND DILUTED

	2018	2017
	Rupees ('000)	
Profit for the year (in thousand rupees)	11,383,934	9,678,506
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)	48.13	40.92

39. TRANSACTIONS WITH RELATED PARTIES

39.1 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:

	Basis of Relationship	2018	2017
		Rupees ('000)	
Parent company - The Attock Oil Company Limited	Holding company		
Purchase of petroleum products		92,578	19,884
Purchase of services		35,980	32,766
Dividend paid		5,303,064	4,367,229
Subsidiary company - Capgas (Private) Limited	Subsidiary with 51% shareholding		
Sale of services		12,599	20,898
Purchase of services		8,049	6,679
Dividend received		8,606	17,557
Associated companies	Common directorship		
Attock Refinery Limited			
Sale of crude oil and gas		15,025,298	9,103,202
Crude oil and gas transmission charges		4,049	4,776
Sale of services		5,968	3,362
Purchase of LPG		133,000	102,558
Purchase of fuel		9,241	9,879
Purchase of services		24,406	21,838
National Refinery Limited	25% share holding & common directorship		
Sale of crude oil		376,589	493,502
Purchase of LPG		336,630	291,824
Purchase of services		3,998	903
Dividend received		449,812	399,833

	Basis of Relationship	2018	2017
		Rupees ('000)	
Attock Petroleum Limited	7.0175% share holding & common directorship		
Purchase of fuel and lubricants		725,289	523,701
Sale of solvent oil		211,096	152,891
Sale of services		18,109	13,240
Purchase of services		943	940
Dividend received		247,375	232,824
Attock Information Technology (Private) Limited	Common		
Purchase of services	directorship	52,426	45,660
Attock Cement Pakistan Limited	Common		
Purchase of services	directorship	-	8
Attock Hospital (Private) Limited	Common		
Purchase of medical services	directorship	11,882	9,612
Other associated entities			
Dividend paid		16,130	12,983
Other related parties			
Dividend paid to key management personnel		101,922	83,808
Contribution to staff retirement benefits plans			
Management Staff Pension Fund and Gratuity Fund		79,134	78,938
Approved Contributory Provident Funds		29,167	27,718
Contribution to Workers' Profit Participation Fund		765,724	662,074

39.2 Details of associated Company incorporated outside Pakistan with whom the Company had entered into transaction or had agreements are as follows:

i)	Name of undertaking	The Attock Oil Company Limited
	Registered Address	4, Swan Street Manchester England M4 5JN
	Country of Incorporation	United Kingdom
ii)	Basis of association	Parent Company
iii)	Aggregate %age of Shareholding	52.75%
iv)	Chief Executive Officer	Shuaib Anwer Malik
v)	Operational status	Private Limited Company
vi)	Auditor's opinion on latest available financial statements	Unqualified Opinion

40. CONTRIBUTORY PROVIDENT FUND

Details of the provident funds based on unaudited financial statements of the funds are as follows:

	2018	2017
	Rupees ('000)	
Net assets	663,148	685,884
Cost of investments made	593,939	606,679
%age of investments made	90%	88%
Fair value of investments made	609,652	636,661

	2018		2017	
Breakup of investments - at cost	Rupees ('000)	%age	Rupees ('000)	%age
Term Finance Certificates	925	0.16	925	0.15
Mutual Funds	4,977	0.84	4,977	0.82
Government bonds	579,715	97.60	591,450	97.49
Cash and cash equivalents	8,322	1.40	9,327	1.54
	593,939	100.00	606,679	100.00

Investments out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for the purpose.

41. DISCLOSURE REQUIREMENTS FOR ALL SHARES ISLAMIC INDEX

	Description	Explanation
i)	Loans and advances	Non-interest bearing
ii)	Deposits	Non-interest bearing
iii)	Segment revenue	Disclosed in note 33

		2018	2017
		Rupees ('000)	
iv)	**Bank Balances**		
	Placed under interest arrangements	21,502,651	14,055,319
	Placed under Shariah permissible arrangements	26,162	102,840
		21,528,813	14,158,159
v)	**Income on bank deposits**		
	Placed under interest arrangements	759,123	443,568
	Placed under Shariah permissible arrangements	434	511
		759,557	444,079

	Description	Explanation
vi)	Gain/(loss) on available-for-sale investments	Disclosed in note 17.1.1
vii)	Dividend income	Disclosed in note 31.1 & 31.2
viii)	All sources of other income	Disclosed in note 31
ix)	Exchange gain	Earned from actual currency
x)	Relationship with banks having Islamic windows	Following is the list of banks with which the Company has a relationship with Islamic window of operations: 1. Meezan Bank Limited 2. Bank Islami Pakistan Limited 3. Albaraka Islamic Investment bank

42. GEOGRAPHICAL LOCATION AND ADDRESSES OF ALL OTHER BUSINESS UNITS

Geographical location and addresses of all other business units of the Company are as follows:

Exploration licenses/Leases	Location and address	
	District(s)	Province(s)
Operated by the Company		
Ikhlas Petroleum Concession (3372-18)	Attock	Punjab
Kirthar South Petroleum Concession (2567-7)	Dadu, Jamshoro, Lasbela, Thatta	Sindh and Balochistan
Khaur D & Production Lease (153/PAK/2002)	Attock	Punjab
Minwal D & Production Lease (123/PAK/98)	Chakwal	Punjab
Pariwali D & Production Lease (119/PAK/97)	Attock	Punjab
Pindori D & Production Lease (105/PAK/96)	Rawalpindi	Punjab
Turkwal D & Production Lease (133/PAK/99)	Chakwal and Rawalpindi	Punjab
D.G. Khan Petroleum Concession (2969-10)	BarKhan, DG Khan, Rajanpur	Punjab and Balochistan
Non-operated		
Operated by MOL Pakistan Oil and Gas		
Margala Petroleum Concession (Block 3372-20)	Rawalpindi, Islamabad, Haripur, Abbottabad	Punjab and Khyber Pakhtunkhwa (KPK)
Margala North Petroleum Concession (Block 3372-21)	Rawalpindi, Islamabad, Haripur, Abbottabad, Attock	Punjab and KPK
TAL Petroleum Concession (Block 3370-3)	Kohat, Karak, Bannu	KPK
Maramzai Development and Production lease	Kohat, Hangu	KPK
Manzalai D & Production lease (175/PAK/2007)	Karak	KPK
Makori D & Production lease (184/PAK/2012)	Karak	KPK
Makori East D & Production lease (205/PAK/2013)	Karak	KPK
Mamikhel Development and Production lease	Kohat	KPK
Operated by Oil and Gas Company Limited		
Chaknaurang Mining Lease (125/PAK/98)	Chakwal	Punjab
Gurgalot Petroleum Concession Block (3371-5)	Kohat, Attock	Punjab and KPK
Jhal Magsi Development and Production Lease (2867-4)	Jhal Magsi	Balochistan
Operated by Ocean Pakistan Limited		
Bhangali D&P Lease (65/PAK/90)	Rawalpindi	Punjab
Dhurnal Mining Lease (59/PAKISTAN)	Attock	Punjab
Ratana D&P Lease (94/PAK/94)	Attock	Punjab
Operated by Pakistan Petroleum Limited		
Adhi Mining Lease (72/PAKISTAN)	Rawalpindi, Chakwal	Punjab
Hisal Petroleum Concession (3372-23)	Rawalpindi, Chakwal, Attock	Punjab

43. CORRESPONDING FIGURES

The preparation and presentation of the financial statements is in accordance with the requirements of Companies Act, 2017. The fourth schedule to the Companies Act, 2017 has introduced certain presentation and classification requirements for the elements of financial statements. Accordingly, the corresponding figures have been rearranged and reclassified, wherever considered necessary to comply with the requirements of Companies Act, 2017. "Unclaimed Dividend" amounting to Rupees 139,722 thousand have been reclassified from " Trade and other payables" and shown separately on the face of the statement of the financial position to conform the current year's presentation.

44. NON-ADJUSTING EVENT AFTER THE STATEMENT OF FINANCIAL POSITION DATE

The Board of Directors in its meeting held on August 15, 2018 has proposed a final dividend for the year ended June 30, 2018 @ Rs 25 per share, amounting to Rs 5,193,548 thousand and 20% bonus shares for approval of the members in the Annual General Meeting to be held on September 25, 2018.

45. GENERAL

45.1 Capacity and Production

Following is production from the Company's fields including proportionate share from all operated and non-operated joint ventures:

Product	Unit	2018	2017
Crude Oil/Condensate	US Barrels	2,663,252	2,469,795
Gas	Million Cubic Feet	31,970	28,460
LPG	Metric Tonnes	62,065	58,352
Sulphur	Metric Tonnes	667	566
Solvent Oil	US Barrels	22,129	18,822

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

45.2 Number of employees

	2018	2017
Total number of employees as at June 30	746	709
Total number of employees at fields as at June 30	569	538
Average number of employees during the year	732	730
Average number of employees at fields during the year	556	559

45.3 Date of authorization

These financial statements were authorized for issue by the Board of Directors of the Company on August 15, 2018.

Khalid Nafees
Chief Financial Officer

Shuaib A. Malik
Chief Executive

Abdus Sattar
Director

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

A·F·FERGUSON&Co.

INDEPENDENT AUDITOR'S REPORT

To the Members of Pakistan Oilfields Limited
Report on the Audit of the Financial Statements

Opinion

We have audited the annexed consolidated financial statements of Pakistan Oilfields Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at June 30, 2018, and the consolidated statement of profit or loss and the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at June 30, 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the key audit matters:

S.No.	Key Audit Matters	How the matter was addressed in our audit
(i)	**New requirements under the Companies Act, 2017** The fourth schedule to the Companies Act, 2017 became applicable to the Company for the first time for the preparation of these annexed consolidated financial statements. As part of this transition to the requirements, the management performed a gap analysis to identify differences between the previous financial reporting framework and the current financial reporting framework and as a result certain changes were made in the Company's annexed consolidated financial statements which are included in notes 6, 10, 12, 13, 14, 18, 23, 24, 35, 37, 42, 46, 47 and 49 to the annexed consolidated financial statements. In view of the extensive impacts in the annexed consolidated financial statements due to first time application of the fourth schedule to the Companies Act, 2017, we considered it as a key audit matter.	We reviewed and understood the requirements of the fourth schedule to the Companies Act, 2017. Our audit procedures included the following: · Considered the management's process to identify the additional disclosures required in the Group's annexed consolidated financial statements. · Obtained relevant underlying supports for the additional disclosures and assessed there appropriateness for the sufficient audit evidence. · Verified on test basis the supporting evidence for the additional disclosures and ensured appropriateness of the disclosures made.
(ii)	**Litigation with respect to conversion of TAL Block petroleum concession to Petroleum Policy 2012** *(Refer note 26 to the consolidated financial statements)* The Ministry of Energy (Petroleum Division) issued a notification dated December 27, 2017 (SRO) which requires that the Supplemental Agreement already executed in respect of TAL block for conversion of petroleum concession from Petroleum Exploration and Production Policy 1997 to Petroleum Exploration and Production Policy 2012 shall be amended (within 90 days) to include Windfall Levy on Oil and Condensate (WLO), failing which the working interest owners will not remain eligible for gas price incentive as per Petroleum Policy 2012. The impugned notification has been issued after the approval of Council of Common Interest (CCI) dated 24 November 2017. The company has challenged the said notification in the Islamabad High Court and the matter is pending before the court in principle on the ground that an already executed arrangement cannot be retrospectively altered unilaterally. The Honourable Court has restrained the Government for any action under the	Our audit procedures in relation to the matter included: · Reviewed Petroleum Concession Agreement (PCA) and Supplemental Agreements signed with the Government of Pakistan. · Reviewed SRO issued by the Ministry of Energy. · Reviewed relevant clauses of Petroleum Exploration & Production Policy 2012 for applicability of WLO. · Discussed the matter with directors, management and internal legal department of the Company.

impugned notification and to maintain status quo till the next date of hearing. Company's contention is duly supported by the legal advice on the matter.

The supplemental agreement was signed under the conversion package where gas price was enhanced and WLO was not applicable. The impugned SRO, by giving retrospective effect, amounts to taking away the vested rights already accrued in favour of the Company. As per the legal opinion Government has no authority to give any law or policy a retrospective effect.

On grounds of prudence, the Company has not recognised the revenue to the extent of Rs 7,289,169 thousand since inception to June 30, 2018 on account of enhanced gas price incentive due to conversion from Petroleum Policy 1997 to Petroleum Policy 2012 and will be accounted for upon resolution of this matter.

We considered this as key audit matter due to the significant amounts involved and significant judgments made by management regarding the matter.

- Obtained confirmation from the Company's external legal advisor and reviewed legal opinion obtained by the Company and the order issued by the Islamabad High Court.
- Evaluated technical ability of the internal and external legal advisors used by the Company.
- Assessed the matter under applicable accounting frame work.
- Ensured the appropriateness of the disclosures made regarding the matter.

(iii) Analysis of impairment of development and decommissioning costs

(Refer note 15 to the consolidated financial statements)

As at June 30, 2018, the development and decommissioning costs amounted to Rs 12,597 million.

The Company assesses at the end of each reporting period whether there is any indication that a Cash Generating Unit (CGU) may be impaired.

Where impairment indicator is triggered for any CGU, an impairment test is performed by the Company based on estimates of the value in use of that CGU.

The calculation of value in use of development and decommissioning costs requires the exercise of significant management's estimates and judgements on certain assumptions such as (i) estimation of the volume of oil and gas recoverable reserves; (ii) estimation of future oil and gas prices; (iii) cost profiles and inflation applied; (iv) foreign exchange rates and (v) discount rates.

We considered this matter as key audit matter due to the significant value of development and decommissioning costs at reporting date and due to significance of judgements used by management.

Our audit procedures in relation to management's impairment test included:

- Assessed the methodology used by management to estimate value in use of each CGU.
- Assessed the assumptions of cash flow projections in calculation of the value in use of CGUs, challenging the reasonableness of key assumptions i.e. oil and gas reserves, oil and gas prices, production costs, foreign exchange rates and discount rates based on our knowledge of the business and industry by comparing the assumptions to historical results, and published market and industry data.
- Performed sensitivity analysis in consideration of the potential impact of reasonably possible downside changes in assumptions relating to oil and gas prices and discount rate.

(iv) Investment in associated company

(Refer note 18 to the consolidated financial statements)

The company has investment in its associated company National Refinery Limited (NRL). As at June 30, 2018, the carrying amount of investment in above referred associated company amounted to Rs 14,794 million (net of recognized impairment loss of Rs 2,390 million) which carrying value is higher by Rs 5,938 million in relation to the quoted market value of such shares. The Company carries out impairment assessment of the value of investment where there are indicators of impairment.

The company has assessed the recoverable amount if the investment in associated companies based on the higher of the value-in-use ("VIU") and fair value. VIU is based on a valuation analysis carried out by an independent external investment advisor engaged by the Company using a discounted cash flow model which involves estimation of future cash flows. This estimation is inherently uncertain and requires significant judgement on both future cash flows and the discount rate applied to the future cash flows.

In view of significant management judgement involved in the estimation of VU we consider this as a key audit matter.

Our procedures in relation to assessment of carrying value of investment in associated company included:

- Assessed the appropriateness of management's accounting for investment in associated company.
- Considered management's process for identifying the existence of impairment indicators in respect of investment in associated company.
- Evaluated the external investment advisor's competence, capabilities and objectivity.
- Assessed the valuation methodology used by the independent external investment advisor.
- Checked, on sample basis, the reasonableness of the input data provided by the management to the independent external investment advisor, to supporting evidence.
- Assessed the reasonableness of cash flow projection, challenging and performing audit procedures on assumptions such as growth rate, future revenue and costs, terminal growth rate and discount rate by comparing the assumptions to historical results, budgets and comparing the current year's results with prior year forecast and other relevant information.
- Tested mathematical accuracy of cash flows projection.
- Performed independently a sensitivity analysis in consideration of the potential impact of reasonably possible upside or downside changes in key assumptions.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and Companies Act, 2017 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of directors is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the directions supervision and performance of the group audit. We remain solely responsible for our audit opinion.

- We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

- We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

- From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is M. Imtiaz Aslam.

Afferguson & Co.

Chartered Accountants
Islamabad

Date: August 17, 2018

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2018

	Note	2018	2017
		Rupees ('000)	
SHARE CAPITAL AND RESERVES			
Equity attributable to owners of POL			
Authorised capital	7	5,000,000	5,000,000
Issued, subscribed and paid up capital	7	2,365,459	2,365,459
Capital reserves	8	2,018,310	2,015,858
Revenue reserves	9	35,389,628	33,841,980
Fair value gain on available-for-sale investments		2,227	2,003
		39,775,624	38,225,300
Non-Controlling Interest		122,140	106,317
		39,897,764	38,331,617
NON CURRENT LIABILITIES			
Long term deposits	10	968,140	1,004,620
Deferred liabilities	11	16,510,944	15,823,456
		17,479,084	16,828,076
CURRENT LIABILITIES AND PROVISIONS			
Trade and other payables	12	15,987,140	5,898,491
Unclaimed dividend		170,717	139,722
Provision for income tax		4,790,372	4,406,640
		20,948,229	10,444,853
CONTINGENCIES AND COMMITMENTS	13		
		78,325,077	65,604,546

	Note	2018	2017
		Rupees ('000)	
NON-CURRENT ASSETS			
Property, plant and equipment	14	9,474,690	9,935,172
Development and decommissioning costs	15	12,596,720	13,372,854
Exploration and evaluation assets	16	2,590,790	1,884,356
Other intangible assets	17	217,543	283,363
		24,879,743	25,475,745
LONG TERM INVESTMENTS IN ASSOCIATED COMPANIES	18	17,353,491	17,044,413
OTHER LONG TERM INVESTMENTS	19	6,479	6,255
LONG TERM LOANS AND ADVANCES	20	15,072	17,639
CURRENT ASSETS			
Stores and spares	21	3,572,543	3,898,248
Stock in trade	22	320,152	245,060
Trade debts	23	8,242,886	3,293,220
Advances, deposits, prepayments and other receivables	24	2,311,160	1,325,306
Cash and bank balances	25	21,623,551	14,298,660
		36,070,292	23,060,494
		78,325,077	65,604,546

The annexed notes 1 to 49 form an integral part of these financial statements.

Khalid Nafees
Chief Financial Officer

Shuaib A. Malik
Chief Executive

Abdus Sattar
Director

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018	2017
		Rupees ('000)	
SALES		35,919,194	30,599,832
Sales tax		(2,462,244)	(2,700,009)
NET SALES	26	33,456,950	27,899,823
Operating costs	27	(9,189,425)	(8,910,759)
Excise duty		(307,703)	(271,619)
Royalty		(3,778,297)	(2,344,306)
Amortization of development and decommissioning costs	28	(2,986,824)	(2,209,306)
		(16,262,249)	(13,735,990)
GROSS PROFIT		17,194,701	14,163,833
Exploration costs	29	(2,990,153)	(1,468,325)
		14,204,548)	12,695,508
Administration expenses	30	(191,279)	(137,968)
Finance costs	31	(1,919,041)	(747,079)
Other charges	32	(972,105)	(814,062)
		(3,082,425)	(1,699,109)
		11,122,123	10,996,399
Other income	33	2,595,957	833,571
		13,718,080	11,829,970
Share of profits of associated companies	18 & 34	843,354	2,387,070
Reversal of impairment on investment in associated company	18	178,421	1,254,835
PROFIT BEFORE TAXATION		14,739,855	15,471,875
Provision for taxation	35	(3,036,198)	(3,566,803)
PROFIT FOR THE YEAR		11,703,657	11,905,072
Attributable to:			
Owners of Pakistan Oilfields Limited (POL)		11,679,267	11,882,059
Non - Controlling Interest		24,390	23,013
		11,703,657)	11,905,072
Earnings per share attributable to owners of POL - Basic and diluted (Rupees)	41	49.37	50.23

The annexed notes 1 to 49 form an integral part of these financial statements.

Khalid Nafees
Chief Financial Officer

Shuaib A. Malik
Chief Executive

Abdus Sattar
Director

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2018

	2018	2017
	Rupees ('000)	
Profit for the year	11,703,657	11,905,072
Other comprehensive income for the year:		
Items that will not be reclassified to profit or loss		
Measurement loss on staff retirement benefit plans	(86,792)	(79,002)
Tax credit relating to remeasurement gain on staff retirement benefit plans	26,039	23,702
	(60,753)	(55,300)
Share of other comprehensive income/(loss) of associated companies - net of tax	(15,510)	17,460
	(76,263)	(37,840)
Items that may be subsequently reclassified to profit or loss		
Fair value adjustments on available-for-sale investments	224	8
Other comprehensive loss for the year, net of tax	(76,039)	(37,832)
Total comprehensive income	(11,627,618)	11,867,240
Attributable to:		
Owners of Pakistan Oilfields Limited (POL)	11,603,526	11,844,271
Non - Controlling Interest	24,092	22,969
	11,627,618	11,867,240

The annexed notes 1 to 49 form an integral part of these financial statements.

Khalid Nafees
Chief Financial Officer

Shuaib A. Malik
Chief Executive

Abdus Sattar
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2018

	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	Utilised Special reserve	Insurance reserve	General reserve reserve	Unappropriated profit				
	Rupees ('000)										
Balance at June 30, 2016	2,365,459	59,754	962,745	-	200,000	5,102,325	25,967,858	1,995	34,660,136	100,216	34,760,352
Total comprehensive income for the year:											
Profit for the year	-	-	-	-	-	-	11,882,059	-	11,882,059	23,013	11,905,072
Other comprehensive income/(loss)	-	-	-	-	-	-	(37,796)	8	(37,788)	(44)	(37,832)
	-	-	-	-	-	-	11,844,263	8	11,844,271	22,969	11,867,240
Transferred to general reserve by an associated company	-	-	-	-	-	1,000,000	(1,000,000)	-	-	-	-
Transferred to special reserve by associated companies	-	-	993,359	-	-	-	(993,359)	-	-	-	-
Transferred to untilised special reserve by an associated company	-	-	(1,941,044)	1,941,044	-	-	-	-	-	-	-
POL dividends:											
Final dividend @ Rs 20 per share - Year ended June 30, 2016	-	-	-	-	-	-	(4,730,918)	-	(4,730,918)	-	(4,730,918)
Interim dividend @ Rs 15 per share - Year ended June 30, 2017	-	-	-	-	-	-	(3,548,189)	-	(3,548,189)	-	(3,548,189)
Dividend to CAPGAS non - controlling interest holders											
Final dividend @ Rs 30 per share - Year ended June 30, 2016	-	-	-	-	-	-	-	-	-	(9,923)	(9,923)
Interim dividend @ Rs 21 per share - Year ended June 30, 2017	-	-	-	-	-	-	-	-	-	(6,945)	(6,945)
Total transactions with owners	-	-	-	-	-	-	(8,279,107)	-	(8,279,107)	(16,868)	(8,295,975)
Balance at June 30, 2017	2,365,459	59,754	15,060	1,941,044	200,000	6,102,325	27,539,655	2,003	38,225,300	106,317	38,331,617
Total comprehensive income for the year:											
Profit for the year	-	-	-	-	-	-	11,679,267	-	11,679,267	24,390	11,703,657
Other comprehensive income/(loss)	-	-	-	-	-	-	(75,965)	224	(75,741)	(298)	(76,039)
	-	-	-	-	-	-	11,603,302	224	11,603,526	24,092	11,627,618
Transferred to general reserve by an associated company	-	-	-	-	-	750,000	(750,000)	-	-	-	-
Transferred to special reserve by associated companies	-	-	2,452	-	-	-	(2,452)	-	-	-	-
POL dividends:											
Final dividend @ Rs 25 per share - Year ended June 30, 2017	-	-	-	-	-	-	(5,913,648)	-	(5,913,648)	-	(5,913,648)
Interim dividend @ Rs 17.5 per share - Year ended June 30, 2018	-	-	-	-	-	-	(4,139,554)	-	(4,139,554)	-	(4,139,554)
Dividend to CAPGAS non - controlling interest holders	-	-	-	-	-	-	-	-	-	-	-
Interim dividend @ Rs 25 per share - Year ended June 30, 2018	-	-	-	-	-	-	-	-	-	(8,269)	(8,269)
Total transactions with owners	-	-	-	-	-	-	(10,053,202)	-	(10,053,202)	(8,269)	(10,061,471)
Balance at June 30, 2018	2,365,459	59,754	17,512	1,941,044	200,000	6,852,325	28,337,303	2,227	39,775,624	122,140	39,897,764

The annexed notes 1 to 49 form an integral part of these financial statements.

Khalid Nafees
Chief Financial Officer

Shuaib A. Malik
Chief Executive

Abdus Sattar
Director

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018	2017
		Rupees ('000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers		37,511,039	28,479,470
Operating and exploration costs paid		(11,738,511)	(9,096,650)
Royalty paid		(3,550,234)	(2,281,238)
Taxes paid		(2,906,161)	(1,273,489)
Cash provided by operating activities	44	19,316,133	15,828,093
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed assets additions		(4,778,230)	(5,261,460)
Proceeds from disposal of property, plant and equipment		5,476	14,634
Investment in mutual funds		-	(272)
Income on bank deposits and held-to-maturity investments		707,587	446,855
Dividend received from associated companies and available-for-sale investments		697,187	633,019
Cash used in investing activities		(3,367,980)	(4,167,224)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(10,022,207)	(8,274,820)
Dividend paid to non - controlling interest holders		(8,269)	(16,868)
Cash used in financing activities		(10,030,476)	(8,291,688)
EFFECT OF EXCHANGE RATE CHANGES		1,407,214	(65,353)
INCREASE IN CASH AND CASH EQUIVALENTS		(7,324,891)	3,303,828
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		14,298,660	10,994,832
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		21,623,551	14,298,660

The annexed notes 1 to 49 form an integral part of these financial statements.

Khalid Nafees
Chief Financial Officer

Shuaib A. Malik
Chief Executive

Abdus Sattar
Director

1. LEGAL STATUS AND OPERATIONS

Pakistan Oilfields Limited (the Company) is incorporated in Pakistan as a public limited Company and its shares are quoted on Pakistan Stock Exchange Limited. 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 in Pakistan. Its activities also include marketing of liquefied petroleum gas under the brand name POLGAS and transmission of petroleum. The Company is a subsidiary of The Attock Oil Company Limited, UK and its ultimate parent is Bay View International Group S.A.

CAPGAS (Private) Limited (CAPGAS), the subsidiary company is incorporated in Pakistan as a private limited company under the Companies Act, 2017 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 Group.

Geographical location and addresses of all other business units of the Company have been disclosed in note 46.

2. STATEMENT OF COMPLIANCE

These are consolidated financial statements of the Company. These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3. NEW AND AMENDED STANDARDS AND INTERPRETATIONS

3.1 The Companies Act, 2017 (the Act) became applicable to the Company for the first time for the preparation of these financial statements. The Act forms an integral part of the statutory financial reporting framework applicable to the Company and amongst others, prescribes the nature and content of disclosures in relation to various elements of the financial statements. The Act also brought certain changes with regard to preparation and presentation of annual and interim financial statements of the Company. These changes include change in nomenclature of the primary financial statements, elimination of duplicative disclosures with the International Financial Reporting Standards (IFRSs) disclosure requirements and incorporation of significant additional disclosures.

Additional disclosures required by the Act have been disclosed in note 6, 10, 12, 13, 14, 18, 23, 24, 35, 37, 42, 46, 47 and 49 to these financial statements.

3.2 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)
IAS 19	January 1, 2019
IAS 28	January 1, 2019
IAS 40	January 1, 2018
IFRS 2	January 1, 2018
IFRS 4	January 1, 2018
IFRS 9	July 1, 2018
IFRS 15	July 1, 2018
IFRS 16	January 1, 2019
IFRIC 22	January 1, 2018
IFRIC 23	January 1, 2019

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.

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

IFRS 1	First-time Adoption of International Financial Reporting Standards
IFRS 14	Regulatory Deferral Accounts
IFRS 17	Insurance contracts

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of measurement

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

4.2 Basis of consolidation

The consolidated financial statements include the financial statements of POL and its subsidiary CAPGAS with 51% holding (2017: 51%).

a) Subsidiary

Subsidiaries are all entities (including structured entities) over which the Company has control. The Company controls an entity when the Company is exposed to, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from 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, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investment in associates are accounted for using the equity method of accounting. Under this method, the investment is initially recognized at cost, and the carrying amount is increases or decreases to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Company's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income is reclassified to statement of profit or loss where applicable.

The Company's share of post-acquisition profit is recognized in the statement of profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in statement of comprehensive income with the corresponding adjustment to the carrying amount of the investment. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Company determines at each reporting date whether there is any objective evidence in the associate is impaired. If this is the case, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying amount and recognises the amount adjacent to share of profit/ (loss) of associates in the statement of profit or loss.

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 statement of financial position. Exchange differences are dealt with through the statement of profit or loss.

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 has been calculated at the estimated effective rate of 30% after taking into account availability of future depletion allowance and set off available in respect of royalty payments to the Government whereas deferred tax liability of CAPGAS has been calculated at applicable tax rate.

4.7 Provisions

Provisions are recognized 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 costs

Provision for decommissioning costs is recognized in full for development wells and production facilities. The amount recognized 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. Any difference between the liability recognized and actual costs incurred are charged/credited to statement of profit or loss in the year of decommissioning.

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 ranging from 2.43% p.a. to 3.66% p.a. (2017: 1.14% p.a. to 2.67% 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

POL 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, 2018.

Actuarial gain and losses arising from experience adjustments and change in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past service costs are recognized immediately in statement of profit or loss.

Since both are complementary plans, combined details and valuation for pension plan and gratuity plan are given in note 39.

(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, 2018 using the "Project Unit Credit Method".

4.11 Trade and other payables

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

4.12 Contingent liabilities

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

4.13 Property, plant and equipment

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

Depreciation is provided on straight line method at rates specified in note 14.1 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 capitalized 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 amortization and accumulated impairment losses, if any. Amortization is calculated using the straight line method over the period of useful life of the asset at the rates specified in note 17. Costs associated with maintaining intangibles are recognized as expense as and when incurred. Amortization on additions is charged from the month in which an intangible asset is acquired or capitalized, while no amortization 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 realizable value. Net realizable 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.

Foreign currency transactions

4.18 Trade debts and other receivables

These are recognized and carried at their amortized cost less an allowance for any uncollectible amounts. Carrying amounts of trade and other receivables are assessed on a regular basis and if there is any doubt about the realizability of these receivables, appropriate amount of provision is made.

4.19 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 statement of financial position date, or wherever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized 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 statement of financial position 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 recognized. An impairment loss or reversal of impairment loss is recognized in income for the year.

4.20 Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument and de-recognized 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 recognized at fair value plus transaction costs. Financial assets and liabilities carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are charged to income for the year. These are subsequently measured at fair value, amortized 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.

4.21 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 amortized 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 statement of financial position date. These are classified as non-current assets. The Company's loans and receivables comprise 'Long term loans and advances', 'Trade debts', 'Advances, deposits and other receivables', and 'Cash and bank balances' in the statement of financial position. 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 statement of financial position date.

Available-for-sale investments are initially recognized at cost and carried at fair value at the financial position date. Fair value of a quoted investment is determined in relation to its market value (current bid prices) at the statement of financial position 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.

4.22 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.

4.23 Offsetting

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position if the Company has a legally enforceable right to setoff the recognized amounts and the Company intends to settle on a net basis, or realize the asset and settle the liability simultaneously.

4.24 Revenue recognition

Revenue from sales is recognized on dispatch of products to customers. Revenue from services is recognized 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 recognized on time proportion basis using the effective yield method.

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

4.25 Joint arrangements

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual right and obligations of the parties to the arrangement. The Company has assessed the nature of its joint arrangements and determined them to be joint operations. The Company has recognized its share of assets, liabilities, income and expenditure jointly held or incurred under the joint operations on the basis of latest available audited accounts of the joint operations and where applicable, the cost statements received from operators of the joint arrangements for the intervening period up to the statement of financial position date.

4.26 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.

4.27 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 18

ii) Estimated crude oil/gas reserves used for amortization of development and decommissioning costs - note 15

iii) Estimated useful life of property, plant and equipment - note 14.1

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

v) Estimated value of staff retirement benefits obligations - note 39

vi) Provision for taxation - note 4.6

vii) Price adjustment related to crude oil sales - note 4.24

6. SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS DURING THE YEAR

i) During the year sales has increased due to start of production from following wells and increase in prices during the year:
- Jhandial well 1 (Ikhlas Petroleum Concession)
- Adhi - 29, Adhi - 30 and Adhi South X - 1(Adhi Mining Lease)
- Tolanj X - 1 and Tolanj West (TAL Petroleum Concession)
- Makori Deep and Makori East 6 (Makori D&P lease)

ii) As described in note 26.1, on prudent basis additional revenue on account of enhanced gas price incentive due to conversion from Petroleum Policy 1997 to Petroleum Policy 2012 since inception to June 30, 2018 amounting to Rs 7,289 million will be accounted for upon resolution of the matter disclosed in note 26.1 (including Rs 2,225 million related to period July 1, 2015 to June 30, 2017 previously accounted for in the financial statements).

iii) Other significant transactions and events have been adequately disclosed in the financial statements. For a detailed performance review, refer to the Directors' report.

		2018	2017
		Rupees ('000)	
7.	**SHARE CAPITAL**		
	Authorised capital		
	500,000,000 (2017: 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 (2017: 20,200,000) ordinary shares	202,000	202,000
	Shares issued as fully paid bonus shares 216,345,920 (2017: 216,345,920) ordinary shares	2,163,459	2,163,459
	236,545,920 (2017: 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 (2017: 124,776,965) ordinary shares at the year end.

		2018	2017
		Rupees ('000)	
8.	**CAPITAL RESERVE**		
	Bonus shares issued by subsidiary/associated companies	59,754	59,754
	Special reserve - note 8.1	17,512	15,060
	Utilised special reserve - note 8.2	1,941,044	1,941,044
		2,018,310	2,015,858

8.1 This represents the Company's share of post-acquisition profit set aside as a special reserve by associated companies on account of expansion and modernisation of refineries or to offset against any future loss of Rs 17,289 thousand (2017: Rs 14,843 thousand), as a result of the directive of the Government to divert net profit after tax above 50 percent of paid-up capital and maintenance reserve of Rs 223 thousand (2017: Rs 217 thousand) retained by an associated company to pay for major maintenance expenses in terms of Power Purchase Agreement. Special reserves are not available for distribution.

8.2 This represents the Company's share of amounts utilised by associated companies out of the Special Reserve for upgradation and expansion of the refineries.

		2018	2017
		Rupees ('000)	
9.	**REVENUE RESERVES**		
	Insurance reserve - note 9.1	200,000	200,000
	General reserve	6,852,325	6,102,325
	Unappropriated profit	28,337,303	27,539,655
		35,389,628	33,841,980

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

		2018	2017
		Rupees ('000)	
10.	**LONG TERM DEPOSITS**		
	Security deposits from distributors against equipment	908,199	953,584
	Security deposits from distributors against distributorship and others	59,941	51,036
		968,140	1,004,620

10.1 Amount received as security deposit is utilized/utilizable by the Company in accordance with the related agreements with customers.

		2018	2017
		Rupees ('000)	
11.	**DEFERRED LIABILITIES**		
	Provision for deferred income tax - note 11.1	6,949,269	7,229,001
	Provision for decommissioning costs - note 11.2	9,548,018	8,578,227
	Provision for staff compensated absences	8,475	10,075
	Provision for un-funded gratuity plan - CAPGAS	5,182	6,153
		16,510,944	15,823,456
11.1	**Provision for deferred income tax**		
	The provision for deferred income tax represents:		
	Temporary differences between accounting and tax base of non current assets	7,194,201	7,430,293
	Provision for stores and spares	(139,544)	(121,639)
	Provision for doubtful receivable	(93)	(93)
	Deferred tax on remeasurement loss on staff retirement benefit plans	(105,295)	(79,560)
		6,949,269	7,229,001

		2018	2017
		Rupees ('000)	
11.2	**Provision for decommissioning costs**		
	Balance brought forward	8,578,227	9,821,240
	Revision due to change in estimates- 11.2.1	(988,977)	(2,108,373)
	Provision during the year	239,847	121,754
	Unwinding of discount	592,698	715,594
	Exchange loss	1,322,218	28,012
	Decommissioning cost incurred during the year	(195,995)	-
		9,548,018	8,578,227
11.2.1	**Revision due to change in estimates**		
	Credited to related asset - note 15	(685,553)	(1,507,610)
	Revision in excess of related decommissioning costs asset credited to statement of profit or loss - note 28	(303,424)	(600,763)
		(988,977)	(2,108,373)
12.	**TRADE AND OTHER PAYABLES**		
	Creditors	643,224	499,402
	Due to related parties		
	Attock Hospital (Pvt) Limited	1,663	694
	Attock Petroleum Limited	43,336	17,419
	Management Staff Pension Fund	95,100	52,874
	Staff Provident Fund	5,479	-
	General Staff Provident Fund	1,010	-
	Workers' Profit Participation Fund - note 12.1	218,085	3,648
	Due to joint operating partners		
	The Attock Oil Company Limited	17,219	59,482
	Others	2,230,567	2,158,196
	Accrued liabilities	2,964,536	2,087,546
	Advance payment from customers	96,673	88,104
	Royalty	524,240	296,177
	Excise duty	4,499	2,439
	Petroleum levy payable	23,988	-
	Workers' Welfare Fund	575,734	509,627
	Liability for staff compensated absences	6,443	5,064
	Signature bonus on account of LPG quota payable to OGDCL	-	113,952
	Other Liabilities - note 12.2	8,535,344	3,867
		15,987,140	5,898,491

		2018	2017
		Rupees ('000)	
12.1	**Workers' Profit Participation Fund**		
	Balance at beginning of the year	(34,502)	(15,559)
	Amount allocated for the year	769,550	665,722
	Amount paid to the Fund's trustees	(516,963)	(684,665)
	Balance at year end	218,085	(34,502)
	Less: Receivable balance related to POL shown under other receivables - note 24	-	(38,150)
		218,085	3,648

12.2 This includes Rs 8,528,240 representing payment received from a customer on account of additional revenue and related sales tax due to enhanced gas price incentive as explained in 26.1.

		2018	2017
		Rupees ('000)	
13.	**CONTINGENCIES AND COMMITMENTS**		
13.1	**Contingencies**		
13.1.1	**POL**		
a)	Guarantees issued by banks on behalf of the POL	11,256	3,083

b) The Company is currently contesting applicability of super tax @ 3% of taxable profits from oil and gas operations under Petroleum Concession Agreements (PCAs) and has filed writ petitions in Islamabad High Court on December 29, 2015, December 28, 2016 and December 18, 2017 on the grounds that the Company being an exploration and production company falls under Special Tax Regime as granted under PCAs. Management based on legal advise is confident that the writ petitions will be decided in favour of the company, accordingly provision of Rs 779,910 thousand has not been made in these financial statements in respect of years ended June 30, 2015, 2016, 2017 and 2018.

13.1.2 CAPGAS

a) Guarantees issued by the bank on behalf of the Company amount to Rs Nil (2017: Rs 8.70 million) in favour of LPG supplier.

b) During the year, the Islamabad High Court has held that the use of cylinders for the supply of LPG by the company did not attract the levy and charge of sales tax under sales tax Act, 1990 and consequently the Company was not entitled to claim and adjust input tax amounting to Rs 5,644 thousand. The Company has filed an appeal with the Supreme Court of Pakistan which is pending adjudication. The management and legal advisor of the Company are confident that the matter will be decided in favour of the Company. Accordingly, no provision has been made in these financial statements.

c) For the tax year 2016, Additional Commissioner Punjab Revenue Authority (PRA), Rawalpindi raised tax demand of Rs 6,465 thousand (including penalty of Rs 3,233 thousand) and default surcharge for not deducting and payment of PST on transportation services, medical and other services and not getting registration under Punjab Sales Tax on Services Act, 2012. The Company filed an appeal before Commissioner Inland Revenue (Appeals) PRA which was partially upheld and imposition of penalty has been deleted and the demand was reduced to Rs 3,231 thousand along with default surcharge. The Company has filed an appeal before the Appellate Tribunal

PRA who has granted a stay order against recovery. The management and tax consultant are confident that above demand mainly includes PST on transportation services . Wherein the Company is not recipient of the services. The Company only arranges transportation on the specific request of distributors, the cost of which is borne by the distributors. Accordingly, the Company not being recipient of transport services and is not liable to withhold PST thereon. Accordingly, no provision has been made in these financial statements.

		2018	2017
		Rupees ('000)	
13.2	Group's share in contingencies of associated companies		
	a) Claims not acknowledged as debt by the Company including claims in respect of delayed payment charges by crude oil suppliers and freight claims	1,120,000	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	1,267,500
	c) Corporate guarantees and indemnity bonds issued by associated companies	383,741	558,990
	d) Exposure to tax liability due to less distribution of dividend as per section 5A of Finance Act, 2017.	156,000	-
	e) Other contingencies based on financial statements of associated companies	108,044	-
13.3	Capital expenditure commitments outstanding		
	POL		
	Share in joint operations	4,993,526	7,622,953
	Own fields	1,014,509	2,774,835
	Letter of credit issued by banks on behalf of POL	510,878	56,868
14.	**PROPERTY, PLANT AND EQUIPMENT**		
	Operating assets - note 14.1	8,824,226	9,022,444
	Capital work in progress - note 14.6	650,464	912,728
		9,474,690	9,935,172

14.1 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, 2016										
Cost	29,913	478,941	1,933,558	13,691,605	624,287	937,178	506,416	145,380	441,028	18,788,306
Accumulated depreciation	-	(190,786)	(896,252)	(6,142,770)	(417,784)	(597,149)	(398,190)	(94,278)	(326,683)	(9,063,892)
Net book value	29,913	288,155	1,037,306	7,548,835	206,503	340,029	108,226	51,102	114,345	9,724,414
Year ended June 30, 2017										
Opening net book value	29,913	288,155	1,037,306	7,548,835	206,503	340,029	108,226	51,102	114,345	9,724,414
Additions	-	32,439	265,081	491,779	64,788	16,160	26,061	7,158	22,629	926,095
Disposals										
Cost	-	(1,268)	(62,133)	(50,416)	(2,079)	(10,422)	(9,954)	(1,342)	(741)	(138,355)
Depreciation	-	706	35,277	43,102	2,075	10,422	9,954	1,165	741	103,442
	-	(562)	(26,856)	(7,314)	(4)	-	-	(177)	-	(34,913)
Depreciation charge	-	(22,048)	(170,138)	(1,179,794)	(43,377)	(54,507)	(52,854)	(12,718)	(57,716)	(1,593,152)
Closing net book value	29,913	297,984	1,105,393	6,853,506	227,910	301,682	81,433	45,365	79,258	9,022,444
As at July 1, 2017										
Cost	29,913	510,112	2,136,506	14,132,968	686,996	942,916	522,523	151,196	462,916	19,576,046
Accumulated depreciation	-	(212,128)	(1,031,113)	(7,279,462)	(459,086)	(641,234)	(441,090)	(105,831)	(383,658)	(10,553,602)
Net book value	29,913	297,984	1,105,393	6,853,506	227,910	301,682	81,433	45,365	79,258	9,022,444
Year ended June 30, 2018										
Opening net book value	29,913	297,984	1,105,393	6,853,506	227,910	301,682	81,433	45,365	79,258	9,022,444
Additions	-	19,343	270,967	982,722	41,811	9,498	24,323	14,267	11,309	1,374,240
Disposals/deletions										
Cost	-	-	(2,007)	(1,271)	(22)	(26,721)	(9,438)	(12)	(361)	(39,832)
Depreciation	-	-	1,510	1,271	22	26,721	9,438	12	361	39,335
	-	-	(497)	-	-	-	-	-	-	(497)
Depreciation charge	-	(22,448)	(186,582)	(1,165,391)	(45,764)	(58,110)	(41,712)	(12,027)	(39,927)	(1,571,961)
Closing net book value	29,913	294,879	1,189,281	6,670,837	223,957	253,070	64,044	47,605	50,640	8,824,226
As at June 30, 2018										
Cost	29,913	529,455	2,405,466	15,114,419	728,785	925,693	537,408	165,451	473,864	20,910,454
Accumulated depreciation	-	(234,576)	(1,216,185)	(8,443,582)	(504,828)	(672,623)	(473,364)	(117,846)	(423,224)	(12,086,228)
Net book value	29,913	294,879	1,189,281	6,670,837	223,957	253,070	64,044	47,605	50,640	8,824,226
Annual rate of Depreciation (%)	-	5	10	10	10	10	20	12.5-20	25	

14.2 Cost and accumulated depreciation include:

	Cost		Accumulated depreciation	
	2018	2017	2018	2017
Share in joint operations operated by the Company	1,438,457	1,333,515	1,246,781	1,211,438
Assets not in possession of the Company				
Share in joint operations operated by others				
MOL Pakistan Oil and Gas Company B.V.	10,554,563	9,633,287	5,515,599	4,555,569
Ocean Pakistan Limited	74,343	63,804	56,533	53,923
Oil and Gas Development Company Limited	67,647	67,467	35,952	30,510
Pakistan Petroleum Limited	1,890,699	1,722,623	690,686	539,157
	12,587,252	11,487,181	6,298,770	5,179,159
*Gas cylinders - in possession of distributors	858,661	843,301	633,023	559,501
	27,471,622	25,151,178	14,477,344	12,129,257

*Due to large number of distributors it is impracticable to disclose the name of each person having possession of these assets, as required under Paragraph 12 of Part II of the 4th Schedule to the Companies Act, 2017.

	2018	2017
	Rupees ('000)	
14.3 The depreciation charge has been allocated as follows:		
Operating costs	1,495,548	1,511,810
Other income - Crude transportation income	76,110	80,927
Administrative expenses	303	415
	1,571,961	1,593,152

14.4 Property, plant and equipment disposals:

There were no disposals of property, plant and equipment having a net book value in excess of Rs 500,000 during the year.

14.5 Particulars of Company's immovable property including location and area of land are as follows:

District	**Location**	**Total Area (In acres)**
Attock	Khaur	297.59
Attock	Dhulian	746.17
Attock	Meyal	194.44
Chakwal	Balkassar	2.14
Rawalpindi	Rawalpindi	35.76
Rawalpindi	Adhi	0.24

14.6 Capital work in progress

	Buildings	Plant and machinery / Pipelines and pumps	Computers and software development	Total
	Rupees ('000)			
Balance as at July 1, 2016	10,076	777,346	4,950	792,372
Additions during the year	11,816	444,169	(3,551)	452,434
Transfers during the year	(21,892)	(308,787)	(1,399)	(332,078)
Balance as at June 30, 2017	-	912,728	-	912,728
Balance as at July 1, 2017	-	912,728	-	912,728
Additions/(adjustments) during the year	11,610	263,215	-	274,825
Transfers during the year	(11,610)	(525,479)	-	(537,089)
Balance as at June 30, 2018	-	650,464	-	650,464

		2018	2017
		Rupees ('000)	
14.7 Break up of capital work in progress at June 30 is as follows:			
POL			
Own fields		23,161	4,016
POLGAS plant		3,880	-
Share in joint operations operated by the Company			
	- Ikhlas	-	21,125
Share in joint operations operated by others			
MOL Pakistan Oil and Gas Company B.V.	- TAL Block	43,918	427,584
	- Margala Block 3372-20	269	269
Oil and Gas Development Company Limited	- Jhal Magsi D&P Lease	448,719	454,530
Pakistan Petroleum Limited	- Adhi Mining Lease	130,517	5,204
		650,464	912,728

15. DEVELOPMENT AND DECOMMISSIONING COSTS

	Development Cost	Decommissioning Cost	Total
		Rupees ('000	
As at July 1, 2016			
Cost	34,249,232	4,059,830	38,309,062
Accumulated amortization	(21,600,212)	(2,123,937)	(23,724,149)
Net book value	12,649,020	1,935,893	14,584,913
Year ended June 30, 2017			
Opening net book value	12,649,020	1,935,893	14,584,913
Additions	2,039,456	121,754	2,161,210
Revision due to change in estimates note 11.2.1	-	(1,507,610)	(1,507,610)
Well Cost transferred from exploration and evaluation assets - note 16	944,410	-	944,410
Amortization for the year	(2,719,058)	(91,011)	(2,810,069)
Closing net book value	12,913,828	459,026	13,372,854
As at July 1, 2017			
Cost	37,233,098	2,673,974	39,907,072
Accumulated amortization	(24,319,270)	(2,214,948)	(26,534,218)
Net book value	12,913,828	459,026	13,372,854
Year ended June 30, 2018			
Opening net book value	12,913,828	459,026	13,372,854
Additions	407,011	239,847	646,858
Disposals			
Cost	-	(83,603)	(83,603)
Accumulated amortization	-	83,603	83,603
	-	-	-
Revision due to change in estimates note 11.2.1	(686,974)	1,421	(685,553)
Well Cost transferred from exploration and evaluation assets - note 16	2,552,809	-	2,552,809
Amortization for the year	(3,011,013)	(279,235)	(3,290,248)
Closing net book value	12,175,661	421,059	12,596,720
As at June 30, 2018			
Cost	39,505,944	2,831,639	42,337,583
Accumulated amortization	(27,330,283)	(2,410,580)	(29,740,863)
Net book value	12,175,661	421,059	12,596,720

		2018	2017
		Rupees ('000)	
16.	**EXPLORATION AND EVALUATION ASSETS**		
	Balance brought forward	1,884,356	900,813
	Additions during the year	4,844,825	2,899,238
		6,729,181	3,800,051
	Wells cost transferred to development cost - note 15	(2,552,809)	(944,410)
	Dry and abandoned wells and irrecoverable cost charged to statement of profit or loss - note 29	(1,585,582)	(971,285)
		2,590,790	1,884,356
16.1	**Break up of exploration and evaluation assets at June 30 is as follows:**		
	Own fields		
	- Khaur D&Production Lease (153/PAK/2002)	1,599,505	36,055
	Share in joint operations operated by the Company		
	- Ikhlas Petroleum Concession (3372-18)	-	1,640,789
	Share in joint operations operated by others		
	MOL Pakistan Oil and Gas Company B.V.		
	- TAL Petroleum Concession (Block 3370-3)	582,047	184,844
	Pakistan Petroleum Limited - Adhi Mining Lease (72/PAKISTAN)	-	22,668
	- Hisal Petroleum Concession (3372-23)	409,238	-
		2,590,790	1,884,356
17.	**OTHER INTANGIBLE ASSETS**		
	LPG Quota		
	Written down value	283,363	71,941
	Additions during the year	-	247,600
	Less: Amortization for the year	65,820	36,178
		217,543	283,363
	Annual rate of amortization (%) - straight line	20	20

		2018	2017
		Rupees ('000)	
18.	**LONG TERM INVESTMENTS IN ASSOCIATED COMPANIES - EQUITY BASIS**		
	Beginning of the year	17,044,413	14,017,705
	Share of profit of associated companies	843354	2,387,070
	Share of other comprehensive income of associated companies	(15,510)	17,460
	Impairment reversal against investment in National Refinery Limited	178,421	1,254,835
	Dividend received during the year	(697,187)	(632,657)
	End of the year	17,353,491	17,044,413
18.1	**The Group's interest in associates are as follows:**		
	Quoted		
	National Refinery Limited - note 18.3 19,991,640 (2017: 19,991,640) fully paid ordinary shares including 3,331,940 (2017: 3,331,940) bonus shares of Rs 10 each Cost Rs 8,046,635 thousand (2017: 8,046,635 thousand) Quoted market value as at June 30, 2018: Rs 8,856,496 thousand (2017: Rs 14,513,731 thousand)	14,793,814	14,637,479
	Attock Petroleum Limited (APL) - note 18.3 5,820,595 (2017: 5,820,595) fully paid ordinary shares including 2,452,195 (2017: 2,452,195) bonus shares of Rs 10 each Cost Rs 1,562,938 thousand (2017: 1,562,938 thousand) Quoted market value as at June 30, 2018: Rs 3,434,093 thousand; (2017: Rs 3,646,195 thousand)	2,535,441	2,386,447
	Unquoted		
	Attock Information Technology Services (Pvt) Limited (AITSL) 450,000 (2017: 450,000) fully paid ordinary shares of Rs 10 each	24,236	20,487
		17,353,491	17,044,413

All associated companies are incorporated in Pakistan. All associated companies have share capital consisting solely of ordinary shares, which are held directly by the Company. 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.

18.2 No investment was made in subsidiary and associated companies during the year.

18.3 The tables below provide summarised financial information for associated companies. The information disclosed reflects the amounts presented in the audited financial statements of the relevant associated companies, for the year ended June 30, 2018 (2017: June 30, 2017) and not the reporting entity's share of those amounts.

	National Refinery Limited		Attock Petroleum Limited		Attock Information Technology Services (Pvt) Limited	
	2018	2017	2018	2017	2018	2017
	Rupees ('000)					
Summarised financial position						
Current assets	27,547,962	22,751,593	38,148,564	32,500,125	216,946	168,655
Non- current assets	38,266,309	38,634,352	7,982,762	5,867,006	46,546	53,880
Current liabilities	22,206,011	16,683,185	26,802,124	21,339,059	18,146	13,768
Non- current liabilities	356,723	1,362,880	911,540	733,581	2,991	3,901
Net assets	43,251,537	43,339,880	18,417,662	16,294,491	242,355	204,866
Reconciliation to carrying amounts:						
Net assets as at July 1	43,339,880	36,822,443	16,294,491	14,317,166	204,867	167,310
Profit for the year	1,770,684	8,045,781	5,656,349	5,299,168	37,487	37,557
Other comprehensive income/(loss)	(59,779)	70,987	(8,058)	(4,083)	-	-
Dividends paid	(1,799,248)	(1,599,331)	(3,525,120)	(3,317,760)	-	-
Net assets as at June 30	43,251,537	43,339,880	18,417,662	16,294,491	242,354	204,867
Group's percentage shareholding in the associate	25%	25%	7.0175%	7.0175%	10%	10%
Group's share in net assets	10,812,884	10,834,970	1,292,459	1,143,465	24,236	20,487
Excess of purchase consideration over carrying amount at the date of acquisition	6,371,355	6,371,355	1,242,982	1,242,982	-	-
Proportionate share in carrying value of net assets before impairment	17,184,239	17,206,325	2,535,441	2,386,447	24,236	20,487
Impairment	(2,390,425)	(2,568,846)	-	-	-	-
Carrying amount of investment	14,793,814	14,637,479	2,535,441	2,386,447	24,236	20,487

	National Refinery Limited		Attock Petroleum Limited		Attock Information Technology Services (Pvt) Limited	
	2018	2017	2018	2017	2018	2017
	Rupees ('000)		Rupees ('000)		Rupees ('000)	
Summarised statements of comprehensive income						
Net revenue	136,984,940	107,447,444	177,344,437	138,660,665	111,615	83,050
Profit for the year	1,770,684	8,045,781	5,656,349	5,299,168	37,487	37,557
Other comprehensive income	(59,779)	70,987	(8,058)	(4,083)	-	-
Total comprehensive income	1,710,905	8,116,768	5,648,291	5,295,085	37,487	37,557
Dividend received from associates	449,812	399,833	247,375	232,824	-	-

18.4 The carrying value of investment in National Refinery Limited at June 30, 2018 is net of impairment loss of Rs 2,390,425 thousand (2017: Rs 2,568,846 thousand).The carrying value is based on a valuation analysis carried out by an external investment advisor engaged by the Group. 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 an average gross profit margin of 5.32% (2017: 4.96%), terminal growth rate of 3% (2017: 4%) and capital asset pricing model based discount rate of 15.13% (2017: 11.67%).

		2018	2017
		Rupees ('000)	
19.	**OTHER LONG TERM INVESTMENTS**		
	Available-for-sale investments - note 19.1	6,479	6,255
19.1	**Available-for-sale investment - at fair value**		
	Balance at the beginning of the year	6,255	5,975
	Additions during the year	-	272
	Fair value adjustment	224	8
	Balance at the end of the year	6,479	6,255

19.1.1 Available-for-sale investments at June 30 include the following:

	2018				2017
	Number of shares/units	Cost less impairment loss	Adjustment arising from remeasurement to fair value	Fair value	Fair value
		Rupees ('000)			
Listed securities:					
Meezan Sovereign Fund	10,965	442	136	578	565
Pakistan Cash Management Fund	13,049	492	195	687	655
IGI Money Market Fund	13,208	993	355	1,348	1,287
Atlas Money Market Fund	1,143	455	150	605	573
UBL Liquidity Plus Fund	13,318	1,004	335	1,339	1,342
Unlisted securities:					
Atlas Asset Management Company	3,581	866	1,056	1,922	1,833
		4,252	2,227	6,479	6,255

19.1.2 The fair value of listed securities is based on quoted market prices at the statement of financial position 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, 2018 as quoted by the respective Asset Management Company.

	2018	2017
	Rupees ('000)	
20. LONG TERM LOANS AND ADVANCES, CONSIDERED GOOD		
Long term loans and advances to employees	41,388	41,057
Less: Amount due within twelve months, shown under current loans and advances - note 24	26,316	23,418
	15,072	17,639

20.1 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. These loans have not been discounted, as the impact is considered insignificant.

		2018	2017
		Rupees ('000)	
21.	**STORES AND SPARES**		
	Stores and spares - note 21.1	4,037,689	4,303,710
	Less: Provision for slow moving items - note 21.2	465,146	405,462
		3,572,543	3,898,248
21.1	**Stores and spares include:**		
	Share in joint operations operated by the Company	258,933	302,524
	Share in joint operations operated by others (assets not in possession of the Company)	1,711,627	1,671,689
		1,970,560	1,974,213
21.2	**Provision for slow moving items**		
	Balance brought forward	405,462	350,475
	Provision for the year	59,684	54,987
		465,146	405,462
22.	**STOCK IN TRADE**		
	Crude oil and other products	320,152	245,060

These include Rs 145,157 thousand (2017: Rs 142,800 thousand) being the Company's share in joint operations.

		2018	2017
		Rupees ('000)	
23.	**TRADE DEBTS - Considered good**		
	Due from related parties - note 23.1	3,689,140	1,442,801
	Others	4,553,746	1,850,419
		8,242,886	3,293,220
23.1	**Due from related parties**		
	Associated companies		
	Attock Refinery Limited	3,598,061	1,298,647
	National Refinery Limited	91,079	144,154
		3,689,140	1,442,801

Ageing analysis of trade debts receivable from related parties is given in note 38.3 to the financial statements.

The maximum aggregate amount receivable from related parties at the end of any month during the year was Rs 3,689,140 thousand (2017: Rs 2,656,646 thousand).

	2018	2017
	Rupees ('000)	
24. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES		
Loans and advances - considered good		
Employees - note 20	26,316	23,418
Suppliers	202,743	135,455
	229,059	158,873
Trade deposits and short term prepayments		
Deposits	125,352	123,985
Short-term prepayments	128,636	237,689
	253,988	361,674
Interest income accrued	95,517	39,552
Other receivables		
Joint Operating partners	47,519	352,183
Due from related parties		
Parent company		
The Attock Oil Company Limited	40,528	33,201
Staff Provident Fund	-	5,217
General Staff Provident Fund	-	345
Workers Profit Participation Fund - note 12.1	-	38,150
Gratuity Fund - note 39.2	66,068	58,487
Sales tax	1,557,033	241,777
Other receivables (net of provision for doubtful receivable Rs 310 thousand (2017: Rs 310 thousand))	21,448	35,847
	1,732,596	765,207
	2,311,160	1,325,306

24.1 The aggregate maximum amount due from related parties at the end of any month during the year was Rs 106,596 thousand (2017: Rs 135,400 thousand) respectively.

	2018	2017
	Rupees ('000)	
24.2 The aging analysis of receivable from related parties is as follows:		
Upto 3 month	89,164	113,266
3 to 6 month	8,719	11,067
More than 6 month	8,713	11,067
	106,596	135,400

	2018	2017
	Rupees ('000)	
25. CASH AND BANK BALANCES		
Bank balance on		
Short term deposits	20,044,527	12,615,073
Interest/mark-up bearing saving accounts	1,574,664	1,655,764
Current accounts	1,613	24,848
	21,620,804	14,295,685
Cash in hand	2,747	2,975
	21,623,551	14,298,660

Balance with banks include foreign currency balances of US $ 94,990 thousand (2017: US $ 73,533 thousand). The balances in saving accounts and short term deposits earned interest/ mark-up ranging from 0.10% to 7.40% (2017: 0.25% to 6.85%).

	2018	2017
	Rupees ('000)	
26. NET SALES		
Crude oil	17,597,511	12,035,771
Gas - note 26.1	8,572,856	9,499,633
POLGAS/CAPGAS - Refill of cylinders	7,098,208	6,227,364
Solvent oil	180,425	131,255
Sulphur	7,950	5,800
	33,456,950	27,899,823

26.1 On August 28, 2015, the Company signed the Supplemental Agreement with the Government of Pakistan (the Government) for conversion of TAL Block Petroleum Concession Agreement (PCA) signed under the 1997 Petroleum Policy to Petroleum (Exploration & Production) Policy 2012 (Petroleum Policy 2012). Price regimes prevailing in Petroleum Policy 2007, Petroleum Policy 2009 and Petroleum Policy 2012 shall be applicable correlated with the spud date of wells in the respective policies starting from November 27, 2007 and for future exploratory efforts under the above mentioned block. The conversion package included Windfall levy on Natural gas only. Draft statements specifying sums aggregating US $ 34,213 thousand (Rs 3,393,389 thousand) till June 30, 2015 due to the Company in respect of Mamikhel, Maramzi & Makori East discoveries in TAL block were submitted to the Government on December 8, 2015. On October 9, 2017 Oil and Gas Regulatory Authority (OGRA) issued gas price notifications of the subject arears.

On December 27, 2017, the Ministry of Energy (Petroleum Division) notified certain amendments in Petroleum Policy 2012 which also included addition of following explanation of conversion package:

“the conversion package shall include (i) price of Natural Gas for New Exploration Efforts (ii) windfall levy on Natural Gas (iii)EWT gas production, pricing and obligations (iv) Windfall levy on Oil & Condensate, only for PCAs converting from 1994 and 1997 Petroleum Policies and (v) Financial obligations relating to production bonus, social welfare and training”.

Under the said Notification, the Supplemental Agreements already executed for conversion from Petroleum policies of 1994 & 1997 shall be amended within 90 days, failing which the working interest owners will not remain eligible for gas price incentive. On January 3, 2018, Directorate General Petroleum Concessions (DGPC) has required all exploration and production companies to submit supplemental agreements to incorporate the aforementioned amendments in Petroleum

Concession Agreements (PCAs) signed under 1994 and 1997 policies, for execution within the stipulated time as specified above.

Based on legal advice, the Company is of the view that already executed Supplemental Agreement cannot be changed unilaterally, the Supplemental Agreement was signed under the Conversion Package where gas price was enhanced and Windfall Levy on Oil/Condensate (WLO) was not applicable, the impugned SRO by giving retrospective effect amounts to taking away the vested rights already accrued in favour of the Company. The Government has no authority to give any law or policy a retrospective effect. The impact of WLO on conversion of TAL Block till June 30, 2018 is approximately Rs 11,576,757 thousand. The Company filed Constitutional Petition challenging the imposition of WLO on February 19, 2018 against Federation of Pakistan through Ministry of Energy (Petroleum Division), Islamabad. The Honorable Islamabad High Court after hearing the petitioner on February 20, 2018, directed the parties to maintain the status quo in this respect and further directed the respondents to file their report & para wise comments before next date of hearing.

On prudent basis additional revenue on account of enhanced gas price incentive due to conversion from Petroleum Policy 1997 to Petroleum Policy 2012 since inception to June 30, 2018 amounting to Rs 7,289,169 thousand will be accounted for upon resolution of this matter (including Rs 2,225,158 thousand related to period July 1, 2015 to June 30, 2017 previously accounted for in the financial statements). Additional revenue on account of enhanced gas price incentive of Rs 8,528,240 thousand including sales tax of Rs 1,239,071 thousand received from customer on the basis of notified prices has been shown under "Other liabilities" under "trade and other payables".

		2018	2017
		Rupees ('000)	
27.	**OPERATING COSTS**		
	Operating cost - Own fields	987,867	1,094,791
	- Share in joint operations	2,511,524	2,315,194
	Well work over	55,790	197,939
	POLGAS/CAPGAS -Cost of gas/LPG, carriage etc.	3,919,873	3,524,230
	Head office and insurance charges	174,039	62,526
	Pumping and transportation cost	54,056	33,064
	Depreciation and amortization	1,561,368	1,547,988
		9,264,517	8,775,732
	Opening stock of crude oil and other products	245,060	380,087
	Closing stock of crude oil and other products	(320,152)	(245,060)
		9,189,425	8,910,759
28.	**AMORTIZATION OF DEVELOPMENT AND DECOMMISSIONING COSTS**		
	Amoritzation charge for the year - note 15	3,290,248	2,810,069
	Revision in estimates of provision for decommissioning costs in excess of related decommissioning costs asset credited to statement of profit or loss - note 11.2.1	(303,424)	(600,763)
		2,986,824	2,209,306

		2018	2017
		Rupees ('000)	
29. EXPLORATION COSTS			
Geological and geophysical cost			
Own fields		530,122	2,649
Share in joint operations operated by the Company			
	- DG Khan	485,568	22,816
	- Ikhlas	60,409	112,871
	- Kirthar South	35,874	34,194
	-Turkwal	1,472	-
	- Pindori	-	392
Share in joint operations operated by the others			
MOL Pakistan Oil and Gas Company B.V.	- TAL Block	(20,034)	4,860
	- Margala Block	24,962	63,688
	- Margala North Block	97	(13,179)
	- Tolanj South	-	23,193
	- KOT	-	207
	- Malgin	-	246
Oil and Gas Development Company Limited	- Kotra	2,053	822
	- Gurgalot	230,741	39,310
	- Chak Naurang	-	(1,776)
Pakistan Petroleum Limited	- Hisal	35,539	185,576
Ocean Pakistan Limited	- Ratana	18,026	21,171
	- Dhurnal	(258)	
		1,404,571	497,040
Dry and abandoned wells and irrecoverable cost charged to the statement of profit or loss account - note 16		1,585,582	971,285
		2,990,153	1,468,325

		2018	2017
		Rupees ('000)	
30.	**ADMINISTRATION EXPENSES**		
	Establishment charges	273,780	186,055
	Telephone and telex	1,029	1,321
	Medical expenses	9,182	6,472
	Printing, stationery and publications	8,145	8,921
	Insurance	3,700	3,232
	Travelling expenses	2,636	2,440
	Motor vehicle running expenses	10,045	9,165
	Rent, repairs and maintenance	50,588	35,265
	Auditor's remuneration - note 30.1	7,080	7,319
	Legal and professional charges	24,480	5,547
	Stock exchange and CDC fee	1,544	1,241
	Computer support and maintenance charges	29,307	25,416
	Depreciation	303	415
	Donation*	-	90
	Other expenses	6,553	6,546
		428,372	299,445
	Less: Amount allocated to field expenses	237,093	161,477
		191,279	137,968

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

		2018	2017
		Rupees ('000)	
30.1	**Auditor's remuneration:**		
	Statutory audit - POL	1,695	1,614
	- Capgas	386	368
	Review of half yearly accounts, audit of consolidated accounts, staff funds, special certifications	1,404	927
	Tax services	3,190	4,002
	Out of pocket expenses	405	408
		7,080	7,319
31.	**FINANCE COSTS**		
	Provision for decommissioning cost - note 11.2		
	- Unwinding of discount	592,698	715,594
	- Exchange loss	1,322,218	28,012
	Banks' commission and charges	4,125	3,473
		1,919,041	747,079
32.	**OTHER CHARGES**		
	Workers' Profit Participation Fund	769,550	665,722
	Workers' Welfare Fund	202,555	148,340
		972,105	814,062

		2018	2017
		Rupees ('000)	
33.	**OTHER INCOME**		
	Income from financial assets		
	Income on bank deposits	762,692	448,852
	Income on held-to-maturity investments	860	6,016
	Exchange gain/(loss) on financial assets	1,407,214	(65,353)
	Dividend on available-for-sale investments - note 33.1	-	362
	Income from assets other than financial assets		
	Rental income (net of related expenses Rs 54,441 thousand; 2017: Rs 61,031 thousand)	136,881	152,838
	Crude oil/gas transportation income (net of related expenses Rs 242,194 thousand; 2017: Rs 221,666 thousand)	125,865	187,811
	Gas processing fee	109,382	110,914
	Profit/(loss) on sale of property, plant and equipment	4,979	(20,279)
	Sale of stores and scrap	2,868	4,487
	Security deposits from distributors for cylinders/ equipment written back	26,561	-
	Recovery against investment -TDRs written off in prior years	10,000	-
	Others	8,655	7,923
		2,595,957	833,571
33.1	Dividend on available for sale investments		
	Meezan Sovereign Fund	-	29
	Pakistan Cash Management Fund	-	50
	IGI Money Market Fund	-	80
	Atlas Money Market Fund	-	33
	UBL Liquidity Plus Fund	-	77
	Atlas Asset Management Company	-	93
		-	362

34. SHARE OF PROFITS OF ASSOCIATED COMPANIES

Share of 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, 2018.

		2018	2017
		Rupees ('000)	
35.	**PROVISION FOR TAXATION**		
	Current		
	- for the year	3,290,528	2,496,263
	- for prior years	(373)	(369,526)
		3,290,155	2,126,737
	Deferred		
	- for the year	(253,957)	1,200,558
	- for prior years	-	239,508
		(253,957)	1,440,066
		3,036,198	3,566,803
35.1	**Reconciliation of tax charge for the year**		
	Accounting profit	14,739,855)	15,471,875
*	Tax at applicable tax rate of 46.59% (2017: 46.04%)	6,867,298	7,123,251
	Tax effect of depletion allowance and royalty payments	(3,446,084)	(2,742,442)
	Tax effect of income that is not taxable or taxable at reduced rates	(640,270)	(1,057,166)
	Tax effect of prior year	(373)	(130,018)
	Others	255,627	373,178
	Tax charge for the year	3,036,198	3,566,803

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

35.2 Management assessment of sufficiency of current income tax provision

A comparison of provision on account of income taxes of the Group with most recent tax assessment for last three years is as follows:

	2017	2016	2015
		Rupees ('000	
*Tax assessed as per most recent tax assessment	2,017,366	923,923	2,525,145
Provision in financial statements	2,495,890	1,240,648	3,619,796

Various appeals are pending at different appellate forums on the issues of depletion allowance, prospecting, exploration and development expenditure and tax rate. The Group computes tax based on the generally accepted interpretations of the tax laws and considering views followed by tax authorities to ensure that the sufficient provision for the purpose of taxation is available. According to management, the tax provision made in the financial statements is sufficient.

*It represents current income tax payable for the relevant year as per the return of income filed by the Group as in the absence of assessment orders by the taxation authorities, return of income is deemed to be an assessment order under section 120 of the Income Tax Ordinance, 2001.

36. 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 68% of the total revenue during the year ended June 30, 2018 (June 30, 2017: 63%).

37. 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	
	2018	2017	2018	2017*
	Rupees ('000)			
Managerial remuneration	7,612	6,920	92,852	73,730
Bonus	5,440	3,460	55,127	27,629
Housing, utility and conveyance	5,774	5,456	81,090	63,264
Company's contribution to pension, gratuity and provident funds	-	-	34,787	38,544
Leave passage	1,153	1,153	12,361	9,495
Other benefits	4,551	3,832	37,536	33,109
	24,530	20,821	313,753	245,771
No. of persons, including those who worked part of the year	1	1	43	36

*Comparative figures have been restated to reflect changes in the definition of executive as per the Companies Act, 2017.

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.

Meeting fee of Rs 4,459 thousand (2017: Rs 4,734 thousand) was paid to Directors and Chief Executive of the Company based on actual attendance. This includes Rs 2,676 thousand (2017: Rs 2,767 thousand) paid to non-executive director of the Company.

38. FINANCIAL INSTRUMENTS

38.1 Financial assets and liabilities

	Loans and receivables	Available-for-sale Investments	Total
		Rupees ('000)	
June 30, 2018			
Financial assets			
Maturity up to one year			
Trade debts	8,242,886	-	8,242,886
Advances, deposits and other receivables	422,748	-	422,748
Cash and bank balances	21,623,551	-	21,623,551
Maturity after one year			
Other long term investments	-	6,479	6,479
Long term loans and advances	15,072	-	15,072
	30,304,257	6,479	30,310,736

Financial liabilities	Other financial liabilities	Total
	Rupees ('000)	
Maturity up to one year		
Trade and other payables	14,543,921	14,543,921
Unclaimed dividend	170,717	170,717
Maturity after one year		
Long term deposits	968,140	968,140
Provision for decommissioning cost	9,548,018	9,548,018
Provision for staff compensated absences	8,475	8,475
Provision for un-funded gratuity plan - CAPGAS	5,182	5,182
	25,244,453	25,244,453

	Loans and receivables	Available-for-sale Investments	Total
		Rupees ('000)	
June 30, 2017			
Financial assets			
Maturity up to one year			
Trade debts	3,293,220	-	3,293,220
Advances, deposits and other receivables	672,235	-	672,235
Short term investments	-	-	-
Cash and bank balances	14,298,660	-	14,298,660
Maturity after one year			
Other long term investments	-	6,255	6,255
Long term loans and advances	17,639	-	17,639
	18,281,754	6,255	18,288,009

Financial liabilities	Other financial liabilities	Total
	Rupees ('000)	
Maturity up to one year		
Trade and other payables	5,138,218	5,138,218
Unclaimed dividend	139,722	139,722
Maturity after one year		
Long term deposits	1,004,620	1,004,620
Provision for decommissioning cost	8,578,227	8,578,227
Provision for staff compensated absences	10,075	10,075
Provision for un-funded gratuity plan - CAPGAS	6,153	6,153
	14,877,015	14,877,015

38.2 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	2018	2017
		Rs ('000)	
Trade debts			
Counterparties with external credit rating	A1+	4,071,482	1,666,094
	A1	3,585,716	1,186,945
	A2	212,130	52,260
Counterparties without external credit rating			
Existing customers/ joint venture partners			
with no default in the past		373,558	387,921
		8,242,886	3,293,220
Advances, deposits and other receivables			
Counterparties with external credit rating	A1+	136,497	79,065
Counterparties without external credit rating			
Existing customers/ joint operating partners			
with no default in the past		131,891	436,655
Receivable from employees/ employee benefit plans		92,384	87,467
Receivable from parent company		40,528	33,201
Others		21,448	35,847
		422,748	672,235

	Rating	2018	2017
		Rs ('000)	
Bank balances			
Counterparties with external credit rating	A1+	21,620,571	14,295,439
	A+	-	-
	A1	233	219
	A2	-	27
		21,620,804	14,295,685
Available for sale investments			
Counterparties with external credit rating	AAA	-	655
	AA	1,944	2,480
	AA-	578	-
	AA+	687	1,287
	AM2+	3,270	1,833
		6,479	6,255
Long term loans and advances			
Counterparties without external credit rating			
Receivable from employees		15,072	17,639

38.3 FINANCIAL RISK MANAGEMENT

38.3.1 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, 2018, trade debts of Rs 2,012,420 (2017: Rs 799,688 thousand) were past due but not impaired. The ageing analysis of these trade receivables is as follows:

	2018	2017
	Rupees ('000)	
Due from related parties		
Up to 3 months	347,979	200,409
3 to 6 months	-	1,470
6 to 12 months	-	2,381
Above 12 months	43,058	74,498
	391,037	278,758
Due from others		
Up to 3 months	637,203	248,809
3 to 6 months	434,534	127,248
6 to 12 months	280,211	46,222
Above 12 months	269,435	98,651
	1,621,383	520,930
	2,012,420	799,688

(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, 2018, the Company had financial assets of Rs 30,310,736 thousand (2017: Rs 18,288,009 thousand).

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

	Less than 1 year	Between 1 to 5 years	Over 5 years
		Rupees ' 000	
At June 30, 2018			
Long term deposits	-	837,325	130,815
Provision for decommissioning cost	-	9,152,559	4,837,182
Provision for staff compensated absences	-	8,475	-
Provision for gratuity plan - CAPGAS	-	5,182	-
Trade and other payables	14,543,921	-	-
Unclaimed dividend	170,717		
At June 30, 2017			
Long term deposits	-	1,004,620	-
Provision for decommissioning cost	-	6,322,376	7,580,770
Provision for staff compensated absences	-	10,075	-
Provision for gratuity plan - CAPGAS	-	6,153	-
Trade and other payables	5,138,218	-	-
Unclaimed dividend	139,722		

(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 operating partners, payable to suppliers and provision for decommissioning cost.

Financial assets include Rs 14,476,843 thousand (2017: Rs 9,432,398 thousand) and financial liabilities include Rs 11,626,803 thousand (2017: Rs 10,115,687 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 199,503 thousand lower/higher (2017: Rs 47,147 thousand higher/ lower).

(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 Group 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 21,619,191 thousand (2017: Rs 14,270,837 thousand) and financial liabilities include Rs 9,548,018 thousand (2017: Rs 8,578,227 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 84,498 thousand (2017: Rs 98,469 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 consolidated statement of financial position 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 6,479 thousand (2017: Rs 6,255 thousand) which were subject to price risk.

38.3.2 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.

38.3.3 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. The table below analyzes financial assets that are measured at fair value, by valuation method. The different levels have been defined as follows:
- Level 1 : Quoted prices in active markets for identical assets and liabilities;
- Level 2 : Observable inputs ; and
- Level 3 : Unobservable inputs

The company held the following financial assets at fair value;

	Level 1	Level 2	Level 3	Total
		Rupees ('000)		
June 30, 2018				
Other long term investments				
Available-for-sale investment	6,479	-	-	6,479
June 30, 2017				
Other long term investments				
Available-for-sale investment	6,255	-	-	6,255

39. STAFF RETIREMENT BENEFITS

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

39.1 Funded gratuity and pension plan

39.2 The amounts recognized in the consolidated statement of financial position are as follows:

	2018	2017
	Rupees ('000)	
Present value of defined benefit obligations	1,500,895	1,437,088
Fair value of plan assets	(1,471,863)	(1,442,701)
	29,032	(5,613)
Amounts in the consolidated statement of financial position:		
Gratuity Fund (Asset)	(66,068)	(58,487)
Management Staff Pension Fund Liability	95,100	52,874
Net liability/ (asset)	29,032	(5,613)

39.3 The amounts recognized in the statement of profit or loss are as follows:

	2018	2017
Current service cost	31,562	31,975
Net interest cost	(3,704)	(5,371)
	27,858	26,604

39.4 The amounts recognized in other comprehensive income are as follows:

	2018	2017
Remeasurement due to:		
Change in financial assumptions	(59,175)	(7,133)
Experience adjustments	111,314	77,278
Investment return	33,783	8,727
	85,922	78,872

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

	2018	2017
Opening defined benefit obligation	1,437,088	1,381,416
Current service cost	31,562	31,975
Interest cost	112,416	98,183
Measurement	52,139	70,144
Benefits paid	(132,310)	(144,630)
Closing defined benefit obligation	1,500,895	1,437,088

		2018	2017
		Rupees ('000)	
39.6	Changes in fair value of plan assets are as follows:		
	Opening fair value of plan assets	1,442,701	1,413,566
	Interest income	116,122	103,554
	Measurement	(33,783)	(8,727)
	Contribution by employer	79,134	78,938
	Benefits paid	(132,311)	(144,630)
	Closing fair value of plan assets	1,471,863	1,442,701

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

	2018		2017	
	Rupees ('000)	%age	Rupees ('000)	%age
Government bonds	343,756	23	1,399,777	97
National savings deposits	-	-	32,792	2
Mutual Funds	28,919	2	-	-
Cash and cash equivalents	1,099,188	75	10,132	1
	1,471,863	100	1,442,701	100

Government bonds are valued at quoted market price and are therefore level 1. 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.

39.8 Principal actuarial assumptions

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

	2018	2017
	%	%
Discount rate	9.00	8.20
Expected rate of salary increase	7.40	6.10
Expected rate of pension increase	3.00	3.00

39.9 Mortality was assumed to be 70% of the EFU(61-66) Table at valuations on both dates, June 30, 2018 and 2017.

39.10 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 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.

39.11 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	(120,156)	142,431
Salary increase	40,024	(35,969)
Pension increase	103,064	(90,166)

If life expectancy increases by 1 year, the obligation increases by Rs 44,995 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.

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

Plan Duration	Pension	Gratuity
Years		
June 30, 2018	11.2	5.3
June 30, 2017	11.5	4.7

39.13 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
	Rupees ('000)	
Contributions FY 2019	38,929	-
Benefit payments:		
FY 2019	83,182	75,142
FY 2020	86,377	51,120
FY 2021	95,283	94,254
FY 2022	97,489	26,373
FY 2023	101,165	31,930
FY 2024-28	531,593	145,567

40. INTEREST IN SUBSIDIARY

40.1 CAPGAS is only subsidiary of POL as at June 30, 2018. CAPGAS has share capital consisting solely of ordinary shares that are held directly by POL, and the proportion of ownership interest held equals the voting right held by POL. POL holds 51% (2017: 51%) interest in CAPGAS. There are no significant restrictions on Company's ability to use assets, or settle liabilities of CAPGAS.

40.2 Non-controlling interest

Following is the summarised financial information of CAPGAS that has 49% (2017: 49%) ownership interest held by non-controlling interests. The amounts disclosed are before inter-company eliminations:

		2018	2017
		Rupees ('000)	
	Summarised financial position		
	Current assets	137,255	160,073
	Non-current assets	286,785	364,004
	Current liabilities	34,460	137,520
	Non-current liabilities	140,316	169,584
	Net assets	249,264	216,973
	Accumulated NCI	122,140	106,317
	Summarised statement of comprehensive income		
	Net revenue	791,968	619,374
	Profit for the year	49,775	46,966
	Other comprehensive income	(609)	(90)
	Total comprehensive income for the year	49,166	46,876
	Profit attributable to NCI	24,390	23,013
	Total comprehensive income attributable to NCI	24,092	22,969
	Dividend paid to NCI	8,269	16,868
	Summarised statement of cash flows		
	Cash flow from operating activities	(17,726)	36,739
	Cash flow from investing activities	11,397	(84,431)
	Cash flow from financing activities	(16,875)	(34,425)
	Net decrease in cash and cash equivalent	(23,204)	(82,117)
41.	**EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF POL - BASIC AND DILUTED**		
	Profit for the year attributable to owners of POL (in thousand rupees)	11,679,267	11,882,059
	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)	49.37	50.23

42. TRANSACTIONS WITH RELATED PARTIES

42.1 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:

	Basis of Relationship	2018	2017
		Rupees ('000)	
Parent company - The Attock Oil Company Limited	Holding company		
Purchase of petroleum products		92,578	19,884
Purchase of services		35,980	32,766
Dividend paid		5,303,064	4,367,229
Associated companies	Common directorship		
Attock Refinery Limited			
Sale of crude oil and gas		15,025,298	9,103,202
Crude oil and gas transmission charges		4,049	4,776
Sale of services		5,968	3,362
Purchase of LPG		133,000	102,558
Purchase of fuel		9,241	9,879
Purchase of services		24,406	21,838
National Refinery Limited	25% share holding & common directorship		
Sale of crude oil		376,589	493,502
Purchase of LPG		336,630	291,824
Purchase of services		3,998	903
Dividend received		449,812	399,833
Attock Petroleum Limited	7.0175% share holding & common directorship		
Purchase of fuel and lubricants		725,289	523,701
Sale of solvent oil		211,096	152,891
Sale of services		18,109	13,240
Purchase of services		943	940
Dividend received		247,375	232,824
Attock Information Technology (Private) Limited	Common directorship		
Purchase of services		53,400	45,660
Attock Cement Pakistan Limited	Common directorship		
Purchase of services		-	8

	Basis of Relationship	2018	2017
		Rupees ('000)	
Attock Hospital (Private) Limited	Common directorship		
Purchase of medical services		11,882	9,612
Other Associated Companies			
Dividend Paid		16,130	12,983
Other related parties			
Dividend paid to key management personnel		101,922	83,808
Contribution to staff retirement benefits plans			
Management Staff Pension Fund and Gratuity Fund		79,134	78,938
Approved Contributory Provident Funds		29,167	27,718
Contribution to Workers' Profit Participation Fund		769,550	662,074

42.2 Associated Companies incorporated outside Pakistan with whom the Company had entered into transaction or had agreements are as follows:

i)	Name of undertaking	The Attock Oil Company Limited
	Registered Address	4, SWAN STREET MANCHESTER ENGLAND M4 5JN
	Country of Incorporation	United Kingdom
ii)	Basis of association	Parent Company
iii)	Aggregate %age of Shareholding	52.75%
iv)	Chief Executive Officer	Shuaib Anwer Malik
v)	Operational status	Private Limited Company
vi)	Auditor's opinion on latest available financial statements	Unqualified Opinion

43. CONTRIBUTORY PROVIDENT FUND

Details of the provident funds are as follows:

	2018	2017
	Rupees ('000)	
Net assets	663,148	685,884
Cost of investments made	593,939	606,679
%age of investments made	90%	88%
Fair value of investments made	609,652	636,661

	2018		2017	
Breakup of investments - at cost	Rupees ('000)	%age	Rupees ('000)	%age
Term Finance Certificates	925	0.16	925	0.15
Mutual Funds	4,977	0.84	4,977	0.82
Government bonds	579,715	97.60	591,450	97.49
Cash and cash equivalents	8,322	1.40	9,327	1.54
	593,939	100.00	606,679	100.00

Investments out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for the purpose.

	2018	2017
	Rupees ('000)	
44. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	14,739,855	15,471,875
Adjustments for:		
Depreciation	1,571,961	1,593,152
Amortization of other intangible assets	65,820	36,178
Amortization of development and decommissioning costs	2,986,824	2,209,306
Finance costs	1,914,916	743,606
Exchange loss/(gain) on financial assets	(1,407,214)	65,353
Loss/(gain) on sale of assets	(4,979)	20,279
Share of profits of associated companies	(843,354)	(2,387,070)
Reversal of impairment on investment in associated company	(178,421)	(1,254,835)
Income on bank deposits	(762,692)	(448,852)
Income on held-to-maturity investments	(860)	(6,016)
Dividend on available-for-sale investments	-	(362)
Provision for staff compensated absences	(1,600)	(478)
Provision for un-funded gratuity plan - CAPGAS	(971)	890
Provision for slow moving stores and spares	59,684	54,987
Reversal of provision for decommissioning cost in excess of actual costs incurred	(76,008)	-
Measurement (loss)/gain on staff retirement benefit plans	(86,792)	(79,002)
Cash flows before working capital changes	17,976,169	16,019,011

	2018	2017
	Rupees ('000)	
Effect on cash flows due to working capital changes:		
Decrease in stores and spares	266,021	283,254
(Increase)/decrease in stock in trade	(75,092)	135,027
(Increase)/decrease in trade debts	(4,949,666)	43,220
(Increase)/decrease in advances, deposits, prepayments and other receivables	(929,889)	160,619
Increase in trade and other payables	10,088,649	448,995
	4,400,023	1,071,115
Cash flows generated from operations	22,376,192	17,090,126
(Increase)/decrease in long term loans and advances	2,567	(4,787)
Increase in long term deposits	(36,480)	16,243
Taxes paid	(2,906,161)	(1,273,489)
Decommissioning cost paid	(119,985)	-
Net cash generated from operating activities	19,316,133	15,828,093

45. DISCLOSURE REQUIREMENTS FOR ALL SHARES ISLAMIC INDEX

	Description	Explanation
i)	Loans and advances	Non-interest bearing
ii)	Deposits	Non-interest bearing
iii)	Segment revenue	Disclosed in note 36

		2018	2017
		Rupees ('000)	
iv)	**Bank Balances**		
	Placed under interest arrangements	21,593,029	14,168,060
	Placed under Shariah permissible arrangements	26,162	102,840
		21,619,191	14,270,900
v)	**Income on bank deposits**		
	Placed under interest arrangements	763,118	454,357
	Placed under Shariah permissible arrangements	434	511
		763,552	454,868

vi)	Gain/(loss) on available-for-sale investments	Disclosed in note 19.1.1
vii)	Dividend income	Disclosed in note 33.1
viii)	All sources of other income	Disclosed in note 33
ix)	Exchange gain	Earned from actual currency
x)	Relationship with banks having Islamic windows	Following is the list of banks with which the Company has a relationship with Islamic window of operations: 1. Al Baraka Bank (Pakistan) Limited 2. Meezan Bank Limited 3. Bank Islami Pakistan Limited

46. GEOGRAPHICAL LOCATION AND ADDRESSES OF ALL OTHER BUSINESS UNITS INCLUDING INTEREST IN JOINT OPERATIONS

Geographical location and addresses of all other business units of the Company are as follows:

Exploration licenses/Leases	Location and address		Working interest	
			2018	2017
Operated by the Group	District(s)	Province(s)		
Ikhlas Petroleum Concession (3372-18)	Attock	Punjab	80.00	80.00
Kirthar South Petroleum Concession (2567-7)	Dadu, Jamshoro, Lasbela, Thatta	Sindh and Balochistan	85.00	85.00
Khaur D&Production Lease (153/PAK/2002)	Attock	Punjab	100.00	100.00
Minwal D&Production Lease (123/PAK/98)	Chakwal	Punjab	82.50	82.50
Pariwali D&Production Lease (119/PAK/97)	Attock	Punjab	82.50	82.50
Pindori D&Production Lease (105/PAK/96)	Rawalpindi	Punjab	35.00	35.00
Turkwal D&Production Lease (133/PAK/99)	Chakwal and Rawalpindi	Punjab	67.37	67.37
D.G. Khan Petroleum Concession (2969-10)	BarKhan, DG Khan, Rajanpur	Punjab and Balochistan	70.00	70.00
Non-operated				
Operated by MOL Pakistan Oil and Gas				
Margala Petroleum Concession (Block 3372-20)	Rawalpindi, Islamabad, Haripur, Abbottabad	Punjab and Khyber Pakhtunkhwa (KPK)	30.00	30.00
Margala North Petroleum Concession (Block 3372-21)	Rawalpindi, Islamabad, Haripur, Abbottabad, Attock	Punjab and KPK	30.00	30.00

Exploration licenses/Leases	Location and address		Working interest	
			2018	2017
	District(s)	Province(s)		
TAL Petroleum Concession (Block 3370-3)	Kohat, Karak, Bannu	KPK	*25.00	* 25.00
Maramzai Development and Production lease	Kohat, Hangu	KPK		
Manzalai D&Production lease (175/PAK/2007)	Karak	KPK		
Makori D&Production lease (184/PAK/2012)	Karak	KPK		
Makori East D&Production lease (205/PAK/2013)	Karak	KPK		
Mamikhel Development and Production lease	Kohat	KPK		
Operated by Oil and Gas Company Limited				
Chaknaurang Mining Lease (125/PAK/98)	Chakwal	Punjab	15.00	15.00
Gurgalot Petroleum Concession Block (3371-5)	Kohat, Attock	Punjab and KPK	20.00	20.00
Jhal Magsi Development and Production Lease (2867-4)	Jhalmagsi	Balochistan	24.00	24.00
Operated by Ocean Pakistan Limited				
Bhangali D&P Lease (65/PAK/90)	Rawalpindi	Punjab	7.00	7.00
Dhurnal Mining Lease (59/ PAKISTAN)	Attock	Punjab	5.00	5.00
Ratana D&P Lease (94/PAK/94)	Attock	Punjab	4.55	4.55
Operated by Pakistan Petroleum Limited				
Adhi Mining Lease (72/PAKISTAN)	Rawalpindi, Chakwal	Punjab	11.00	11.00
Hisal Petroleum Concession (3372-23)	Rawalpindi, Chakwal, Attock	Punjab	25.00	25.00

* Pre-commerciality interest

47. CORRESPONDING FIGURES

The preparation and presentation of the financial statements is in accordance with the requirements in Companies Act, 2017. The fourth schedule to the Companies Act, 2017 has introduced certain presentation and classification requirements for the elements of financial statements. Accordingly, the corresponding figures have been rearranged and reclassified, wherever considered necessary to comply with the requirements of Companies Act, 2017. "Unclaimed Dividend" amounting to Rupees 139,722 thousand have been reclassified from " Trade and other payables" and shown separately on the face of the statement of the financial position to conform the current year's presentation.

48. NON-ADJUSTING EVENT AFTER THE STATEMENT OF FINANCIAL POSITION DATE

The Board of Directors in its meeting held on August 15, 2018 has proposed a final dividend for the year ended June 30, 2018 @ Rs 25 per share, amounting to Rs 5,193,548 thousand and 20% bonus shares for approval of the members in the Annual General Meeting to be held on September 25, 2018.

49. GENERAL

49.1 Capacity and Production

Following is production from the Company's fields including proportionate share from all operated and non-operated joint ventures:

Product	Unit	2018	2017
Crude Oil/Condensate	US Barrels	2,663,252	2,469,795
Gas	Million Cubic Feet	31,970	28,460
LPG	Metric Tonnes	62,065	58,352
Sulphur	Metric Tonnes	667	566
Solvent Oil	US Barrels	22,129	18,822

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

49.2 Number of employees

	2018	2017
Total number of employees as at June 30	763	726
Total number of employees at fields as at June 30	578	547
Average number of employees during the year	749	747
Average number of employees at fields during the year	565	568

49.3 Date of authorization

These financial statements were authorized for issue by the Board of Directors of the Company on August 15, 2018.

Khalid Nafees
Chief Financial Officer

Shuaib A. Malik
Chief Executive

Abdus Sattar
Director

PATTERN OF SHAREHOLDING

AS AT JUNE 30, 2018

S.No.	From	To	Shares	Total No. of Shareholders
1	1	100	54,592	1074
2	101	500	356,156	1,183
3	501	1,000	523,702	635
4	1,001	5,000	2,878,947	1,148
5	5,001	10,000	2,449,292	331
6	10,001	15,000	1,377,336	110
7	15,001	20,000	1,087,652	62
8	20,001	25,000	1,430,338	63
9	25,001	30,000	1,205,966	43
10	30,001	35,000	1,093,502	33
11	35,001	40,000	916,339	24
12	40,001	45,000	598,943	14
13	45,001	50,000	967,611	20
14	50,001	55,000	688,627	13
15	55,001	60,000	577,231	10
16	60,001	65,000	379,500	6
17	65,001	70,000	272,000	4
18	70,001	75,000	509,250	7
19	75,001	80,000	471,200	6
20	80,001	85,000	410,100	5
21	85,001	90,000	174,380	2
22	90,001	95,000	462,150	5
23	95,001	100,000	1,086,886	11
24	100,001	105,000	818,860	8
25	105,001	110,000	323,750	3
26	110,001	115,000	113,000	1
27	115,001	120,000	467,900	4
28	120,001	125,000	122,400	1
29	125,001	130,000	257,000	2
30	130,001	135,000	263,700	2
31	135,001	140,000	417,700	3
32	140,001	145,000	572,500	4
33	145,001	150,000	444,700	3
34	150,001	155,000	454,915	3
35	155,001	160,000	314,650	2
36	160,001	165,000	326,000	2
37	165,001	170,000	169,432	1
38	170,001	175,000	171,250	1
39	175,001	180,000	534,645	3
40	180,001	185,000	549,200	3
41	185,001	190,000	565,196	3
42	195,001	200,000	593,156	3
43	200,001	205,000	407,600	2
44	205,001	210,000	412,892	2
45	210,001	215,000	428,912	2
46	215,001	220,000	432,650	2
47	220,001	225,000	448,400	2
48	225,001	230,000	227,500	1
49	235,001	240,000	235,600	1
50	240,001	245,000	241,350	1
51	245,001	250,000	741,500	3
52	250,001	255,000	503,750	2
53	260,001	265,000	264,384	1
54	270,001	275,000	544,550	2
55	275,001	280,000	1,105,300	4

PATTERN OF SHAREHOLDING

AS AT JUNE 30, 2018

S.No.	From	To	Shares	Total No. of Shareholders
56	280,001	285,000	284,300	1
57	285,001	290,000	285,250	1
58	295,001	300,000	297,778	1
59	305,001	310,000	616,100	2
60	315,001	320,000	315,500	1
61	320,001	325,000	323,550	1
62	325,001	330,000	326,000	1
63	330,001	335,000	664,600	2
64	340,001	345,000	689,200	2
65	345,001	350,000	350,000	1
66	355,001	360,000	1,434,100	4
67	360,001	365,000	361,407	1
68	375,001	380,000	378,126	1
69	395,001	400,000	398,425	1
70	405,001	410,000	1,226,950	3
71	430,001	435,000	432,256	1
72	440,001	445,000	1,764,000	4
73	450,001	455,000	454,000	1
74	460,001	465,000	462,026	1
75	465,001	470,000	469,660	1
76	490,001	495,000	988,111	2
77	495,001	500,000	500,000	1
78	500,001	505,000	502,250	1
79	505,001	510,000	510,000	1
80	520,001	525,000	521,000	1
81	525,001	530,000	528,150	1
82	555,001	560,000	559,300	1
83	615,001	620,000	619,182	1
84	630,001	635,000	1,265,801	2
85	635,001	640,000	639,472	1
86	640,001	645,000	644,250	1
87	675,001	680,000	675,830	1
88	745,001	750,000	1,500,000	2
89	825,001	830,000	829,000	1
90	835,001	840,000	839,150	1
91	850,001	855,000	854,080	1
92	920,001	925,000	921,000	1
93	940,001	945,000	940,400	1
94	1,005,001	1,010,000	1,009,600	1
95	1,315,001	1,320,000	1,317,507	1
96	1,500,001	1,505,000	1,503,700	1
97	1,505,001	1,510,000	1,509,450	1
98	1,850,001	1,855,000	1,850,750	1
99	1,915,001	1,920,000	1,918,900	1
100	2,365,001	2,370,000	4,732,963	2
101	2,895,001	2,900,000	2,899,360	1
102	3,035,001	3,040,000	3,036,197	1
103	3,630,001	3,635,000	3,634,400	1
104	4,110,001	4,115,000	4,112,500	1
105	4,395,001	4,400,000	4,400,000	1
106	7,605,001	7,610,000	7,606,350	1
107	13,420,001	13,425,000	13,421,032	1
108	124775001	124780000	124,776,965	1
		Total	**236,545,920**	**4,954**

CATEGORIES OF SHAREHOLDERS

AS AT JUNE 30, 2018

Categories of Shareholders	No. of Shareholders	No. of Shares held	Percentage %
Investment Corporation of Pakistan	1	97	-
Banks & Financial Institutions	86	16,325,926	6.9018
Associated Companies	2	125,041,349	52.8613
Public Sectors Companies	104	2,693,445	1.1387
Modaraba Companies	2	460	0.0002
Mutual Funds *	105	21,676,709	9.1638
Investment Companies	28	5,096,671	2.1546
Insurance Companies	22	21,229,340	8.9747
Individuals	4,418	37,643,858	15.9140
Others:			
Employees Old Age Benefits Institution	1	2,899,360	1.2257
Deputy Administrator Abandoned Properties	1	10,900	0.0046
Employees Pension / Provident Fund	139	2,054,340	0.8685
Charitable Trusts & Foundation	45	1,873,465	0.7920
TOTAL	**4,954**	**236,545,920**	**100.00**

DETAIL OF MUTUAL FUNDS

S.No.	Detail of Mutual Funds *	No. of Shares Held
1	KAPITALFORENINGEN LAERERNES PENSION INVEST [1547-5]	25,000
2	BMA FUNDS LIMITED [PK1555-0]	39,500
3	VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	1,503,700
4	VANGUARD FTSE ALL-WORLD EX-US SMALL CAP INDEX FUND	271,650
5	GLOBAL X FUNDS-GLOBAL X MSCI PAKISTAN ETF	128,120
6	EBK-AKTIEN-UNIVERSAL-FONDS	23,650
7	PUB INSTITUTIONAL FUND UMBRELLA - PUB EQUITIES EMG MKTS 1	39,800
8	PUB INSTITUTIONAL FUND UMBRELLA - PUB EQUITIES EMG MKTS 2	32,450
9	AQR EMERGING SMALL CAP EQUITY FUND L.P.	8,600
10	FLEXSHARES MORNINGSTAR EMERGING MARKETS FACTOR TILT INDEX FD	5,200
11	VANGUARD EMERGING MARKETS STOCK INDEX FUND	1,918,900
12	EMERGING MKTS SML CAPITALIZATION EQTY INDEX NON-LENDABLE FD	246,300
13	EMERGING MKTS SML CAPITALIZATION EQTY INDX NON-LENDABLE FD B	38,460
14	CDC - TRUSTEE MCB PAKISTAN STOCK MARKET FUND	940,400
15	MCBFSL - TRUSTEE JS VALUE FUND	24,000
16	CDC - TRUSTEE PAKISTAN CAPITAL MARKET FUND	46,850
17	CDC - TRUSTEE PICIC INVESTMENT FUND	214,300
18	CDC - TRUSTEE JS LARGE CAP. FUND	23,000
19	CDC - TRUSTEE PICIC GROWTH FUND	409,050
20	CDC - TRUSTEE ALHAMRA ISLAMIC STOCK FUND	355,750
21	CDC - TRUSTEE ATLAS STOCK MARKET FUND	350,000
22	CDC - TRUSTEE MEEZAN BALANCED FUND	398,425
23	CDC - TRUSTEE FIRST DAWOOD MUTUAL FUND	4,600
24	CDC - TRUSTEE JS ISLAMIC FUND	23,800
25	CDC - TRUSTEE FAYSAL STOCK FUND	21,000
26	CDC - TRUSTEE ALFALAH GHP VALUE FUND	132,400
27	CDC - TRUSTEE UNIT TRUST OF PAKISTAN	35,000
28	CDC - TRUSTEE AKD INDEX TRACKER FUND	23,979
29	CDC - TRUSTEE HBL ENERGY FUND	178,245
30	CDC-TRUSTEE ALHAMRA ISLAMIC ASSET ALLOCATION FUND	308,800
31	CDC - TRUSTEE AL MEEZAN MUTUAL FUND	632,191
32	CDC - TRUSTEE MEEZAN ISLAMIC FUND	3,036,197
33	CDC - TRUSTEE FAYSAL ASSET ALLOCATION FUND	9,000
34	CDC - TRUSTEE UBL STOCK ADVANTAGE FUND	323,550
35	CDC - TRUSTEE ATLAS ISLAMIC STOCK FUND	164,000
36	CDC - TRUSTEE AL-AMEEN SHARIAH STOCK FUND	408,200
37	CDC - TRUSTEE NAFA STOCK FUND	854,080
38	CDC - TRUSTEE NAFA MULTI ASSET FUND	32,369
39	CDC - TRUSTEE MCB DCF INCOME FUND	2,000
40	CDC - TRUSTEE MEEZAN TAHAFFUZ PENSION FUND - EQUITY SUB FUND	493,350
41	CDC - TRUSTEE DAWOOD ISLAMIC FUND	6,750
42	CDC - TRUSTEE APF-EQUITY SUB FUND	29,000
43	CDC - TRUSTEE JS PENSION SAVINGS FUND - EQUITY ACCOUNT	7,000
44	CDC - TRUSTEE ALFALAH GHP ISLAMIC STOCK FUND	494,761
45	CDC - TRUSTEE HBL - STOCK FUND	454,000
46	CDC - TRUSTEE NAFA ISLAMIC ASSET ALLOCATION FUND	633,610
47	CDC - TRUSTEE APIF - EQUITY SUB FUND	40,000
48	MC FSL - TRUSTEE JS GROWTH FUND	32,000
49	CDC - TRUSTEE HBL MULTI - ASSET FUND	16,350
50	CDC - TRUSTEE MCB PAKISTAN ASSET ALLOCATION FUND	139,400
51	CDC - TRUSTEE JS ISLAMIC PENSION SAVINGS FUND-EQUITY ACCOUNT	5,896
52	CDC - TRUSTEE ALFALAH GHP STOCK FUND	171,250

DETAIL OF MUTUAL FUNDS

S.No.	Detail of Mutual Funds *	No. of Shares Held
53	CDC - TRUSTEE ALFALAH GHP ALPHA FUND	142,700
54	CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	469,660
55	CDC - TRUSTEE ABL STOCK FUND	334,350
56	M C F S L-TRUSTEE ASKARI ISLAMIC ASSET ALLOCATION FUND	4,500
57	CDC - TRUSTEE FIRST HABIB STOCK FUND	9,000
58	CDC - TRUSTEE LAKSON EQUITY FUND	115,650
59	CDC-TRUSTEE NAFA ASSET ALLOCATION FUND	69,250
60	CDC-TRUSTEE NAFA SAVINGS PLUS FUND - MT	8,600
61	CDC-TRUSTEE HBL ISLAMIC STOCK FUND	183,100
62	CDC - TRUSTEE HBL EQUITY FUND	22,200
63	CDC - TRUSTEE HBL IPF EQUITY SUB FUND	11,300
64	CDC - TRUSTEE HBL PF EQUITY SUB FUND	14,550
65	CDC - TRUSTEE ASKARI EQUITY FUND	4,500
66	CDC - TRUSTEE KSE MEEZAN INDEX FUND	195,367
67	MCBFSL - TRUSTEE PAK OMAN ADVANTAGE ASSET ALLOCATION FUND	2,500
68	MCBFSL - TRUSTEE PAK OMAN ISLAMIC ASSET ALLOCATION FUND	7,500
69	CDC-TRUSTEE FIRST HABIB ISLAMIC STOCK FUND	7,750
70	CDC - TRUSTEE ATLAS INCOME FUND - MT	1,500
71	MCBFSL - TRUSTEE ABL ISLAMIC STOCK FUND	189,300
72	CDC - TRUSTEE UBL ASSET ALLOCATION FUND	92,550
73	CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND	3,000
74	CDC - TRUSTEE AL-AMEEN ISLAMIC ASSET ALLOCATION FUND	204,100
75	CDC-TRUSTEE AL-AMEEN ISLAMIC RET. SAV. FUND-EQUITY SUB FUND	84,100
76	CDC - TRUSTEE UBL RETIREMENT SAVINGS FUND - EQUITY SUB FUND	69,650
77	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	639,472
78	CDC - TRUSTEE HBL ISLAMIC EQUITY FUND	109,300
79	CDC - TRUSTEE NAFA ISLAMIC PRINCIPAL PROTECTED FUND - II	2,000
80	CDC - TRUSTEE ABL ISLAMIC PENSION FUND - EQUITY SUB FUND	5,150
81	CDC - TRUSTEE ABL PENSION FUND - EQUITY SUB FUND	4,300
82	CDC - TRUSTEE NAFA ISLAMIC STOCK FUND	528,150
83	CDC - TRUSTEE NAFA INCOME OPPORTUNITY FUND - MT	31,700
84	CDC - TRUSTEE NIT ISLAMIC EQUITY FUND	253,350
85	CDC-TRUSTEE NITIPF EQUITY SUB-FUND	5,000
86	CDC-TRUSTEE NITPF EQUITY SUB-FUND	2,000
87	CDC - TRUSTEE FAYSAL ISLAMIC ASSET ALLOCATION FUND	32,000
88	CDC - TRUSTEE AL AMEEN ISLAMIC DEDICATED EQUITY FUND	644,250
89	CDC - TRUSTEE NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND	152,850
90	CDC - TRUSTEE HBL ISLAMIC ASSET ALLOCATION FUND	80,200
91	CDC - TRUSTEE MEEZAN ASSET ALLOCATION FUND	81,000
92	CDC - TRUSTEE NAFA ISLAMIC ENERGY FUND	207,700
93	CDC - TRUSTEE LAKSON TACTICAL FUND	24,759
94	CDC - TRUSTEE LAKSON ISLAMIC TACTICAL FUND	4,479
95	CDC - TRUSTEE MEEZAN ENERGY FUND	223,400
96	CDC - TRUSTEE PAKISTAN INCOME FUND - MT	1,000
97	MCBFSL TRUSTEE ABL ISLAMIC DEDICATED STOCK FUND	159,150
98	CDC - TRUSTEE ALFALAH GHP ISLAMIC DEDICATED EQUITY FUND	197,789
99	CDC TRUSTEE - MEEZAN DEDICATED EQUITY FUND	142,800
100	CDC - TRUSTEE ALFALAH GHP ISLAMIC VALUE FUND	27,100
101	CDC - TRUSTEE FIRST HABIB ASSET ALLOCATION FUND	9,000
102	MCBFSL - TRUSTEE ALLIED CAPITAL PROTECTED FUND	2,600
103	MCBFSL - TRUSTEE AKD ISLAMIC STOCK FUND	10,000
104	CDC - TRUSTEE JS ISLAMIC DEDICATED EQUITY FUND (JSIDEF)	70,300
105	CDC - TRUSTEE ALFALAH CAPITAL PRESERVATION FUND II	23,350
	TOTAL	**21,676,709**

KEY SHAREHOLDING AND SHARES TRADED

S.No.	Categories	Number of Shareholders	Number of Shares held
	Associated Companies, undertakings and related parties		
1	The Attock Oil Company Limited.	01	124,776,965
2	Laith Trading & Contracting Company Ltd.	01	264,384
3	Trustees of ARL General Staff Provident Fund	01	20,000
4	Trustees of ARL Staff Provident Fund	01	30,000
5	Trustees of ARL Management Staff Pension Fund	01	40,400
6	Trustees of NRL Officers Provident Fund	01	6,300
7	Trustee National Refinery Ltd. Management Staff Pension Fund	01	18,446
	NIT & ICP		
	Investment Corporation of Pakistan (ICP)	01	97
	Directors and their spouses and minor children		
1	Mr. Laith G. Pharaon	01	*200
2	Mr. Wael G. Pharaon	01	*200
3	Mr. Abdus Sattar	01	*200
4	Mr. Tariq Iqbal Khan	01	*1700
5	Mr. Sajid Nawaz	01	*200
6	Mr. Nihal Cassim	01	20,000
7	Mr. Shuaib A. Malik (Chairman & Chief Executive)	01	2,365,743
8	Mrs. Azra Tariq (Spouse of Mr. Tariq Iqbal Khan)	01	500
	Executives	32	9,487
	Public sector companies and corporations	105	127,470,410
	Banks, Development Finance Institution, Non Banking Finance Institutions, Insurance Companies, Modarabas & Mutual Funds	243	64,329,106
	Shareholders holding 05% or more voting interest		
	** The Attock Oil Company Limited	01	124,776,965
	*** State Life Insurance Corp. of Pakistan	01	13,421,032

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

Syed Altaf Ahmed (Deputy Manager Finance)	2,700
Mr. Asad Ali Khan	100

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

** also shown under associated companies and public sector companies

*** also shown under insurance companies

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 67th Sixty Seventh Annual General Meeting (being the 87th EIGHTY SEVENTH General Meeting) of the Company will be held on Tuesday, September 25, 2018 at 11:00 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, 2018.

ii. To approve final cash dividend of Rs. 25 per share i.e. 250% as recommended by the Board of Directors. It is in addition to the interim cash dividend of Rs. 17.50 per share i.e.175% already paid to the shareholders, thus making a total cash dividend of Rs. 42.50 per share i.e. 425% for the year ended June 30, 2018.

iii. To appoint auditors for the year ending June 30, 2019 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.

SPECIAL BUSINESS

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

a) "Resolved that a sum of Rs 473,091,840/- out of the free reserves of the Company for the year ended June 30, 2018 be capitalized and applied for the issue of 47,309,184 ordinary shares of Rs 10 each allotted as fully paid Bonus Shares to the members of the Company whose names appear on the register of members as at close of business on September 18, 2018, in the proportion of one (1) new share for every five (5) shares held.

b) That the Bonus Shares so allotted shall rank pari passu in all respects with the existing shares except that they shall not qualify for cash dividend declared for the year ended June 30, 2018.

c) That the members entitled to fractions of a share shall be given sale proceeds of their fractional entitlement for which purpose the fractions shall be consolidated into whole shares and sold in the stock market.

d) That the Secretary of the Company be authorized and empowered to give effect to this resolution and to do or cause to do all acts, deeds and things that may be necessary or required for the issue, allotment and distribution of the Bonus Shares. In case of non-resident shareholders, the Secretary is further authorized to issue/export the Bonus Shares after fulfilling statutory requirements."

FOR AND ON BEHALF OF THE BOARD

Registered Office:
POL House,
Morgah, Rawalpindi.
September 4, 2018.

Khalid Nafees
Company Secretary

NOTICE OF ANNUAL GENERAL MEETING

NOTES:

1. **CLOSURE OF SHARE TRANSFER BOOKS:**

   The share transfer books of the Company will remain closed and no transfer of shares will be accepted for registration from September 19, 2018 to September 25, 2018 (both days inclusive). Transfers received in order at the Registered Office of the Company by the close of business on September 18, 2018 will be treated in time for the purpose of payment of the final cash dividend and issue of bonus shares, if approved by the shareholders.

2. **PARTICIPATION IN THE ANNUAL GENERAL MEETING:**

   A member entitled to attend and vote at this meeting is also entitled to appoint another proxy to attend and vote on his/her behalf. 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 not 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 not 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, 2018:**

   Pursuant to the provisions of Finance Act, 2018, effective July 01, 2018, reforms have been made with regards to deduction of income tax. For cash dividend, the rates of deduction of income tax, under section 150 of the Income Tax Ordinance, 2001 have been revised as follows:

a.	Rate of tax deduction for filer of income tax returns	15.00%
b.	Rate of tax deduction for non filer of income tax returns	20.00%

   In case of joint account, each holder is to be treated individually as either a filer or non filer and tax will be deducted on the basis of shareholding of each joint holder as may be notified by the shareholder, in writing to the Company 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 or to CDC if maintaining CDC investor account. If no notification is received, each joint holder shall be assumed to have an equal number of shares.

Company Name	Folio/ CDS ID/ A/C #	Total Shares	Principal Shareholder		Joint Shareholder	
			Name and CNIC No.	Shareholding proportion (No. of Shares)	Name and CNIC No.	Shareholding proportion (No. of Shares)

The CNIC number / NTN detail is now mandatory and is required for checking the tax status as per the Active Taxpayers List (ATL) issued by the Federal Board of Revenue (FBR) from time to time.

5. EXEMPTION FROM DEDUCTION OF INCOME TAX / ZAKAT:

Members seeking exemption from deduction of income tax or are eligible for deduction at a reduce rate are requested to submit a valid tax certificate or necessary documentary evidence as the case may be. Members desiring non-deduction of zakat are also requested to submit a valid declaration for non-deduction of zakat.

6. PAYMENT OF DIVIDEND THROUGH BANK ACCOUNT OF THE SHAREHOLDER:

Pursuant to the requirement of Section 242 of the Companies Act, 2017, shareholders are MANDATORILY required to provide their International Bank Account Number (IBAN) detail to receive their cash dividend directly in to their bank accounts instead of receiving it through dividend warrants. In this regard and in pursuance of the directives of the SECP vide Circular No. 18 of 2017 dated August 01, 2017,shareholders are requested to submit their written request (if not already provided) to the Company's registered address, giving particulars of their bank account detail. In the absence of a member's valid bank account detail by October 05, 2018, the Company will be constrained to withhold dividend payment to such members. CDC account holders are requested to submit their mandate instruction to the relevant member stock exchange or to CDC if maintaining CDC investor account.

7. SUBMISSION OF COMPUTERIZED NATIONAL IDENTITY CARD (CNIC) FOR PAYMENT OF FINAL CASH DIVIDEND 2017-18:

Pursuant to the directives of the Securities and Exchange Commission of Pakistan (SECP), CNIC number of shareholders are MANDATORILY required for payment of dividend. Shareholders are therefore, requested to submit a copy of their valid CNIC (if not already provided) to the Company on its registered address, Pakistan Oilfields Limited, POL House, Morgah, Rawalpindi. In the absence of a member's valid CNIC, the Company will be constrained to withhold payment of cash dividend to such members.

CDC account holders are requested to submit attested copy of their CNIC to the relevant member stock exchange or to CDC if maintaining CDC investor account.

8. CIRCULATION OF ANNUAL AUDITED FINANCIAL STATEMENTS TO SHAREHOLDERS THROUGH EMAIL/CD/USB/DVD OR ANY OTHER MEDIA:

Pursuant to the directions given by the SECP through its SRO 787(1)/2014 dated September 8, 2014 and SRO 470(1)/2016 dated May 31, 2016 that have allowed the Companies to circulate its Annual Audited Accounts (i.e. Annual Balance Sheet, Profit and Loss Accounts, Statements of Comprehensive Income, Cash Flow Statement, Notes to the Financial Statements, Auditor's and Director's Report) to its members through Email/CD/DVD/USB/ or any other Electronic Media at their registered Addresses.

Shareholder who wish to receive the hard copy of Financial Statements shall have to fill the standard request form (available on the Company's website www.pakoil.com.pk) and send it to the Company address.

CDC account holders are requested to provide their email addresses to the relevant member stock exchange or to CDC if maintaining CDC investor account.

9. STATEMENT OF UNCLAIMED OR UNPAID AMOUNTS UNDER SECTION 244 OF THE COMPANIES ACT, 2017:

The Securities and Exchange Commission of Pakistan, pursuant to section 244 read with section 510 of the Companies Act 2017 (the "Act"), directs all Companies to submit a statement to the Commission through eServices portal (https://eservices.secp.gov.pk/eServices/) stating therein the number or amounts, as the case may be, which remain unclaimed or unpaid for a period of three years from the date it is due and payable in respect of shares of a company/dividend and any other instrument or amount which remain unclaimed or unpaid, as may be specified.

Through this notice, the shareholders are intimated to contact with the Company for any unclaimed dividend/shares within a period of seven days after publishing this notice to meet the compliance of SECP Direction # 16 of 2017 dated July 7, 2017. List of Shareholders having unclaimed dividend/shares are available on the Company's website www.pakoil.com.pk.

The shareholders are requested to contact the Company on its registered address regarding any unclaimed dividends or undelivered shares (if any).

10. CHANGE IN ADDRESS:

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

11. AVAILABILTY OF AUDITED FINANCIAL STATEMENTS ON COMPANY'S WEBSITE:

The audited financial statements of the Company for the year ended June 30, 2018 have been made available on the Company's website www.pakoil.com.pk, at least 21 days before the date of Annual General Meeting.