



PAKISTAN OILFIELDS LIMITED

Ref: POL/FIN-CORP/PSX/19-20/008

August 26, 2019

The General Manager
Pakistan Stock Exchange Limited,
Stock Exchange Building,
Stock Exchange Road,
Karachi.

**SUBJECT: TRANSMISSION OF ANNUAL REPORT FOR THE YEAR ENDED
June 30, 2019**

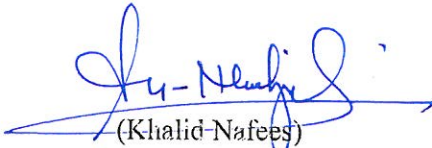
Dear Sir,

We have to inform you that the Annual Report of the Company for the year ended June 30, 2019 has been transmitted through PUCARS and is also available on Company's website.

You may please inform the TRE Certificate Holders of the Exchange accordingly.

Regards

Yours Sincerely,
For PAKISTAN OILFIELDS LIMITED


(Khalid Nafees)
Company Secretary

Cc:

- Director Enforcement & Monitoring Department - for information
Enforcement & Monitoring Division
Securities & Exchange Commission of Pakistan
7th Floor, NIC Building, Jinnah Avenue,
Blue Area, Islamabad.
- Director / HOD - for information
Surveillance, Supervision and Enforcement Department
Securities & Exchange Commission of Pakistan,
NIC Building, 63-Jinnah Avenue,
Blue Area, Islamabad.

PAKISTAN OILFIELDS LIMITED

Chairman's Statement



It gives me great pleasure to welcome you to the 68th Annual General Meeting of the Company and to present the Company's Annual Report and Audited Financial Statements for the year ended June 30, 2019.

Results

In this year the Company has earned highest ever profit after tax of Rs. 16.871 billion (2018: Rs.11.384 billion) which is higher by 48.2 % in comparison to last year. The Earnings per share is Rs.59.44 (2018: Rs. 40.10). Increase in profit is mainly because of higher crude oil & gas prices and favorable US.\$/Rupee parity.

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

Outlook

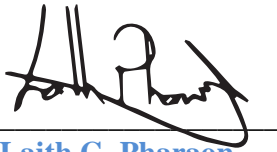
Drilling activities are under way to appraise last year discoveries of Jhandial and Adhi South. The Company is continuously investing in seismic data acquisition, processing and interpretation. Presently, 3D/2D Seismic data acquisition, processing and interpretations are under way at Ikhlās, TAL and Gurgalot blocks which is a prerequisite for the decisions of new wells.,

Presently, five development wells are under drilling. In the year 2019-20 ten more wells will be spudded out of which three 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.

A handwritten signature in black ink, appearing to read 'Laith G. Pharaon', written over a horizontal line.

Laith G. Pharaon
Chairman Attock Group of Companies

Dubai, UAE
July 29, 2019

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, 2019.

Financial results

	Rs (000)
These are summarized below:	
Profit for the year after providing for all expenses including depreciation, exploration, amortization and workers' funds.	24,854,693
Less: provision for taxation	(7,982,986)
Profit after tax	<u>16,871,707</u>

In this year, the Company sales and profit are the highest ever in Company's history, the Company has made profit after tax of Rs 16,871.7 million (2018: Rs.11,383.9 million), which is higher by 48.20 % as compared to last year. The profit translates into earnings per share of Rs 59.44 (2018: Rs 40.10 per share). Overall net sales are higher by Rs 11,312 million (34.63%), which is mainly because of 5.5% increase in average price of crude oil and favourable US. \$/ rupee parity. Cost of sale has increased by 19.56% mainly because of higher operating cost, workover cost, POLGAS cost, royalty and amortization. Exploration cost decreased by Rs. 941 million as lesser seismic activities carried out during the year and also include cost of Misrial X-1 and Mamikhel Deep-1 wells as dry and abandoned charged to expense. Finance cost increased due to exchange loss (due to rupee devaluation) on decommissioning cost. Other income increased Rs. 3,914 million by 120%, mainly because of higher income on bank deposits and exchange gain on foreign currency accounts.

During the year the Company has made a consolidated profit after tax of Rs.13,282 million (June 30, 2018: Rs. 11,704 million) which translate into consolidated earnings per share of Rs.46.77 (June 30, 2018: Rs. 41.15 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 15,036 million during the year (2018: increased by Rs 7,351 million). Cash flows provided from operating activities were Rs 21,428 million higher by 10.9% 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\$ 520 million (2018: US\$ 465 million) for the country. The contribution to the national exchequer, in the shape of royalty and other government levies, was Rs 18,601 million (2018: Rs 10,981 million).

Dividend

The Directors have recommended a final cash dividend @ 300 % (Rs 30 per share). This is in addition to the interim cash dividend @ 200 % (Rs 20 per share) already declared and paid to the shareholders thereby making it a total cash dividend of Rs 50.00 per share for the year 2018-19 (2017-18: Bonus Share: 20% and total cash dividend of Rs 42.5 per share).

Production

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

	June 30, 2019	June 30, 2018
Crude Oil/Condensate (US Barrels)	2,615,981	2,663,252
Gas (Million Cubic Feet)	32,189	31,970
LPG (Metric Tonnes)	61,076	62,065
Sulphur (Metric Tonnes)	645	667
Solvent Oil (US Barrels)	23,452	22,129

The Company's share in production, including that from joint ventures, for the period under review averaged 7,167 barrels per day (bpd) of crude, 88.20 million standard cubic feet per day (mmscfd) of gas, 167.33 metric tonnes per day (MTD) of LPG, 1.77 MTD of Sulphur and 64 bpd of solvent oil.

Exploration and development activities

Producing Fields

At Balkassar Lease (100% owned by POL), after 3D seismic data acquisition, processing and study POL-1 well was side tracked and drilled to the target depth, presently the well is on production through jet pump to establish production

rates which are around an average of 25 barrels per day. Balkassar Deep as exploratory well has been planned during this year to explore deeper horizons.

At Pindori Lease (operated by POL with a 35% share), Pindori-10 was under drilling at depth of 6,100 ft string got stuck, several attempts were made to release but no success. Decided to place cement plug at top of fish at 4,948 ft and kick off well for side track. Presently, drilling of 17" side track-1 hole is in progress.

At Pariwali Lease (operated by POL with 82.50% share), work over on Pariwali-2 was not successful. 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%), Mardankhel-2 well was connected on September 18, 2018 to the production line and presently producing around 8.65 million standard cubic feet of gas per day and 972 barrels of oil per day. Mardankhel-3 has also been connected to the production line on July 05, 2019 and producing around 12.30 million standard cubic feet of gas per day and 275 barrels of oil per day.

Mardankhel-4 and Makori East-7 locations are under review.

Makori Deep-2 well was started on May 01, 2019, well has been reached to its target depth and well testing is in progress.

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

Adhi-31: The well was spudded on March 31, 2018 and drilled down to its target depth. The well tested and produced 120 barrels of oil per day and 0.67 million standard cubic feet of gas per day.

Adhi-32: The well was spudded on June 23, 2018, and drilled down to its target depth. The well tested and produced around 1,141 barrels of oil per day and 1.17 million standard cubic feet of gas per day. The well will be connected to the production line within this month.

Adhi South X: This well has been connected to the production line and producing around 1,200 barrels of oil per day and 1.4 million standard cubic feet of gas per day.

Adhi-33: Well was spudded on June 30, 2019, drilling at 3,157 ft is in progress.

Adhi 34: Well was spudded on June 27, 2019 and drilling down to 2,624ft in progress.

Adhi South-4: Well was spudded on 28th June, 2019 and drilled down to 5,134ft is in progress.

Jhal Magsi 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), based on 3D seismic based fractured study Ratana-5 well has been approved by the Joint Venture Partners and expected to be drilled during this year.

Exploration blocks

At Ikhlas block (operated by POL with an 80% share), Working on way forward of Ikhlas concession is in progress. 3D Seismic acquisition over Langrial prospect is in progress. Presently, “**Jhandial – 2**” well has been approved and expected to be spudded in the second quarter of our financial year 2020.

At DG Khan block (operated by POL with a 70% share), based on 2D Seismic data a DGK-1 well has been finalized and presently road to well location and well site construction is under evaluation.

At Margala block (operated by MOL where POL has a 30% share), out of 2D Seismic acquisition of 228.26 line kilometers, acquisition of 92 line kilometers have been completed.

At Tal block (operated by MOL, where POL has a pre-commerciality share of 25%), at KOT area 3D Seismic data acquisition is in progress. Presently out of total 152.93 Square Kilometers area acquisition 78 square kilometers have been completed. Seismic crew to acquire 3D Seismic data of 580 square kilometers of TAL West area has been mobilized.

At Gurgalot block (operated by OGDCL where POL has a 20% share), Gurgalot 3D seismic data acquisition of 320 Square kilometers has been completed and data processing is in progress

At Hisal block (operated by PPL where POL has a share of 25%), drilling of first exploratory well Misrial-X1 was not successful and well has been plugged and abandoned. G & G work on future way forward is in progress.

Subsidiary

CAPGAS (Private) Limited (CAPGAS)

CAPGAS earned a profit after tax of Rs 9.6 million during the year (2018: Rs. 49.78 million). It has declared a total dividend of 300% for the year 2019 (2018: 250%). The Company received an average of 24.11 metric tons per day LPG

from the Adhi plants and an average of 3.55 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 (2018: 9.5 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. The Company is in a continuous process to implement, monitor and improve its risk management. 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, 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 and steps being taken to mitigate these risks:

Financial

	MAJOR RISKS & CHALLENGES	MITIGATING FACTORS
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.	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. The Company has expanded its LPG marketing business as a strategy of diversification.
	MAJOR RISKS & CHALLENGES	MITIGATING FACTORS
Economic and political risks	Volatile economic and financial market conditions resulting from economic or political instability.	The company is mitigating this risk by continuous monitoring of politico-economic factors in area of operations and detailed risk assessment for informed decision making.
Lost in hole/damage beyond repair	During drilling costly equipment are run in the hole for several jobs at different depths.	Only certified tools are run into the well and where ever possible insurance cover is obtained for these tools.

Operational

	MAJOR RISKS & CHALLENGES	MITIGATING FACTORS
Under performance 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 related to mechanical issues or other production related factors, like unforeseen appearance of water, increase in water cut and reservoir performance.	The company is mitigating this risk through rigorous monitoring of production fluids, conducting regular pressure surveys and use of PSPs to monitor individual fluid contribution of different producing horizons. Based on the result of above monitoring techniques, workovers, acidization / stimulation jobs and other appropriate mitigation measures are undertaken to arrest the decline in production.
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 <ul style="list-style-type: none"> • Commercial risks • Operational - not having materials • Contractual – exposure to liquidated damages 	Procurement department is closely aligned with the drilling, engineering and production departments. Orders are placed and contracts are executed / renewed in time so that all the relevant materials and services are available when required.
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.	The company is mitigating this risk by obtaining third party reserve certification and reservoir simulation studies for proper estimation of reserves.
Exploration risk	Exploration activity is prone to the risk of not finding commercial quantities of hydrocarbons due to number of reasons such as incorrect selection of exploration acreage, error in processing or interpretation of seismic data, incorrect selection of drilling site.	The Company is mitigating exploration risks by using latest technologies; hiring experienced professional. The company is in a continuous process to explore new opportunities and enter into joint venture agreements to dilute risks. Consultation with external experts is also done whenever required.
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 including policies for back-up and business continuity.

	MAJOR RISKS & CHALLENGES	MITIGATING FACTORS
Security risks	A terrorist attack could have a material and adverse effect on our business	POL's fields are located in areas where security situation is generally satisfactory, yet strict security controls are implemented at our areas of operations. The company has also taken a terrorist insurance cover for all its material installations to mitigate this risk.
Third party liability	A third party liability could have a material and adverse effect on our business	HSE department closely monitors regular operations and new jobs in order to prevent accidents. Company has also taken a third party liability insurance which covers its drilling areas, pipelines and material installations
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, mechanical failure, fire hazards and personal injury. In addition, the risk of not reaching the target depth would have adverse effect on earnings.	The Company identifies and then mitigates this risk by using appropriate risk management tools, training and techniques that facilitate and enhance the quality of decision-making. Risk control measures are implemented to avoid or reduce undesired exposures to loss or unwanted volatility. Strict criterion is in place for selecting staff, rig and other allied services/equipment. Staff is regularly nominated to relevant training programs. The Company also obtains control of well insurance cover for all wells under drilling.

Strategic

	MAJOR RISKS & CHALLENGES	MITIGATING FACTORS
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.	The company has deployed dedicated resources to ensure compliance with laws and regulations relating to health, safety and environment.
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 mitigating this risk through 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.

	MAJOR RISKS & CHALLENGES	MITIGATING FACTORS
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.	The company is mitigating this risk by continuously and regular engagement of joint venture partners in operated and non-operated projects.

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:

Human Resource Performance Appraisal

A new Succession Planning Feature has been developed and implemented with following enhancements:

- To provide better Performance Analysis
- Quick processing of Appraisal data
- Identification of Successor

Hospital Management (HMS)

Centralized Web based Hospital Management system has been developed with following features:

- Online data entry of all patients
- Diagnosis information of patients with complete history
- Cash Collection and Billing
- Integrated with GL and HR System
- Real time reporting

Transfer Request System (TRS)

An integrated Online Transfer Request System has been developed and implemented with the following features:

- A Centralized System available to POL Users at all locations
- Online Transfer and movement of Inventory Items, Fixed Assets and official correspondence
- Work Order and Purchase Order auto data input
- Integrated with POL HRMS and Fleet Management
- Notifications and Alerts at each step to enable tracking
- Online Receipt Acknowledgement with Receipt Print-out Control

Work Permit Approval System through SharePoint

A new system has been developed and incorporated in the existing SharePoint environment for managing approvals of work permits:

- Centralized Work Permit record management
- Automated initiation of approvals workflow
- e-mail driven workflows
- Approval tracking
- Alerts, notifications and reporting

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.

Now it is aiming to start Drilling classes so that the local students can have a diploma in Drilling and Petroleum .The main reason behind this is that people of Khaur and its adjacent areas are employed in Petroleum and other technical fields of Petroleum technology.

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	70
b) Motor Winding	100
c) CCTV Technician	100
d) Computer Applications	100
e) Computer Hardware Technician	50
f) Computer Software Technician	50
g) Solar System & UPS Assembly Technician	25

Five (05) students from the technical institute were selected on merit for the apprenticeship program at POL.

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 300 students in different faculties.
- The teaching faculty consists of highly qualified staff with a drive to deliver quality education among the students.
- This year a teacher training was held on “Effective Teaching” from which the teaching staff benefited. The teaching staff also availed training from NAVTTC along with emoluments of Rs. 5,000/- per day. Five teachers availed this facility.

- With the help of COMSATS Attock campus preparatory classes for NTS (GAT & NAT) is being arranged at Dr. Rashad Degree College campus.

Dr. Rashad Degree College-Khaur which started 2 Years degree classes in the year 2010 has now started its BS program (4 Years) in Computer studies. This 4 Year Program will help the local female students. Efforts are being done to start BS (4 Years) in Mathematics as well.

This year again like last year Dr. Rashad Degree College, Khaur participated in NCPC Environment Mela held at National Ayub Park Rawalpindi and won the 1st prize. More than 50 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.

Dr. Rashad Degree College got the first prize in its stall decoration and other competitions.

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, 2018 and in year 2019 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 is held to build confidence and proficiencies as good and effective speakers. School has developed 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 2019 have been 100% for last three years with 30 A+ grade and 15 A grades out of 54 students appeared this year. The highest marks achieved by our student were 1072 (97%).

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 pomp & 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.

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. 82.6 Million 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 been 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.

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.

Dental Unit

A state of the art dental unit has been added recently which started functioning on 27th April, 2019. Qualified dental surgeon and technician are providing all types of dental treatment and prosthesis etc to POL employees and local population.

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 / Free 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.

- a. Total Poor patients treated at POL hospital during the year : 2,693
- b. Total patients treated during the year at Free dispensary Pindori :3,087
- c. Total patients treated during the year at Free dispensary Balkassar:1,302
- d. Total patients treated during the year at Free dispensary Meyal:2,748

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

- a. Total patient treated at Free eye camps : 403
- b. Total Eye Operations done during free camps : 37

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. It is added that recently POL has certified Kaur facilities in compliance to ISO 45001:2018. We are thankful to Allah Almighty that we are pioneers among the Oil & Gas Sector in Pakistan for achieving ISO 45001:2018 certification. 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	2017	2018	2019
Fatal	00	00	00
Fire	03	05	02
Reportable Incident (Serious Injury)	02	00	00
Reportable Incident (Minor Injury)	01	00	01
Major Environment	00	00	00
First Aid Cases	07	05	10
Near Misses	05	02	00

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 2017		Year 2018		Year 2019	
No. of Trainings	No. of Participants	No. of Trainings	No. of Participants	No. of Trainings	No. of Participants
894	14,915	1,169	18,540	1,258	21,178

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, good industrial practices and waste management etc.

Projects Completed

- Installation and commissioning for Automation of foam sprinkling system at old KCDF bays
- Installation of addressable smoke detection system panel at POL house Morgah.
- Surveillance audit of Khaur Facilities and transition of management system from OHSAS 18001:2007 to ISO 45001:2015
- 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
- Environmental monitoring of all POL fields and SCR rig.
- ISO 45001:2015 lead auditor course
- Recently we have prepared Balkassar as a Model Field and carried out extensive activities for healthy working environment.
- Initial Environmental Examination for Pindori-10 well & 3-D seismic survey for Langrial-Ikhlal Block
- Defensive driving training of all POL field pool drivers through Motorway police.

Ongoing/New targets

- Procurement of New fire truck for Khaur field
- Recertification and migration audits of ISO 45001:2018 for Meyal, Balkassar
- Surveillance & migration audit as per ISO 45001:2018 for POL SCR Rig
- Surveillance audits of ISO 14001:2015 for LPG plant Meyal
- Surveillance audit of ISO 45001:2015 for Khaur Facilities
- Environmental monitoring of all POL fields and SCR rig.
- H₂S level-II training through external trainer
- Initial Environmental Examination for Balkassar Deep-1, DG Khan-1 and Jhandial-2 well
- 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, 2019, 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, 2019 are as follows:

Management Staff Pension Fund	Rs 1,077 million
Gratuity Fund	Rs 428 million
Staff Provident Fund	Rs 417 million
General Staff Provident Fund	Rs 172 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 Listed Companies (Code of Corporate Governance) Regulations, 2017.

** Also alternate Director - Mr. Shuaib A. Malik, Chairman and Chief Executive of the Company

*** 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

b) HR and Remuneration Committee

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

During the year, the Board of Directors met five times. The number of meetings attended by each director during the 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*	1*	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		
6	Mr. Tariq Iqbal Khan	5	3	
7	Mr. Nihal Cassim	5	3	

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

Board Meetings held outside Pakistan

All Board meetings were held in Pakistan except for two Board meetings (508th & 510th) which were held in Dubai on August 15, 2018 and in Istanbul, Turkey on January 22, 2019 respectively.

Directors' Remuneration

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.

Security Clearance of Foreign Directors

Foreign Directors elected on the Board of Pakistan Oilfields Limited requires security clearance from Ministry of Interior through SECP. All legal formalities and requirements have been met and fulfilled in this regard.

Other Corporate Governance

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

Trading in Shares by Directors and Executives

All direct or indirect trading and holdings of Company's shares by Directors & Executives or their spouses notify in writing to the Company Secretary along with the price, number of shares, form of share certificates and nature of transaction which are notified by the Company Secretary to the Board within the

stipulated time. All such holdings have been disclosed in the Pattern of Shareholdings.

Conflict of Interest among Board Members

A formal Code of conduct is in place governing the actual or perceived conflict of interest relating to the Board members of the Company. Under the guidelines of code of conduct every director is required to disclose about his interest in any contract, agreement or appointment etc. These disclosures are circulated to the Board and it is ensured that interested director does not participate in decision making and voting on the subject. The effect to the above facts is recorded in minutes of meeting, if any. Any such conflicts of interests are recorded in Company's statutory register while disclosures of related party transactions are provided in financial statements.

Role of Chairman & Chief Executive

The Chairman heads the board meetings and is entrusted to ensure the effective functioning of the Board. The Chairman act as a liaison between management and the Board. He has power to set agenda, deliver instructions and sign the minutes of the board meeting. The Chairman ensures that the Directors are properly informed and that sufficient information is provided to enable them to form appropriate judgments. The Chairman evaluates annually the effectiveness of the Board as a whole.

The Chief Executive (CE) is the executive director who also acts as the head of the company's management. The CE is responsible for leading the development and execution of the Company's long term strategy with a view to enhance shareholder value. The CE's leadership role also entails being ultimately responsible for all day-to-day management decisions and for implementing the Company's long and short term plans. The CE also communicates on behalf of the Company to the shareholders, employees, Government authorities and other stakeholders.

Performance Evaluation of the Board

The Board of Directors acts as governing trustees of the Company on behalf of the shareholders, while carrying out the Company's mission and goals.

Under requirement of Listed Companies (Code of Corporate Governance) Regulations, 2017, a formal and effective mechanism is put in place for an annual evaluation of the board's own performance, members of board and of its committees.

The Board of Directors sets the following evaluation criteria to judge its performance.

- a. Review of the strategic plans and business risks, monitor Company's performance against the planned objectives and advise the management on strategic initiatives.
- b. Working as a team, the Board has the right blend of skills, expertise and the appropriate degree of diversity. Board Meetings are properly focused on significant matters such as strategy and policy.
- c. Establishing adequate internal control system in the Company and its regular assessment through self assessment mechanism and internal audit activities.
- d. Relations with key Stakeholders like Regulators, Employers, Shareholders and CBA are productive and supported by regular and open communication.
- e. Building interaction with the Management to seek and obtain sufficient input from management to support effective Board decision-making.
- f. Ensuring that the Directors have full & common understanding of their role and responsibilities in the light of Memorandum & Articles of Association of the Company and as per prevailing laws.
- g. Monitoring and evaluating the management's performance.

Performance Evaluation of the Chief Executive

The Chief Executive (CE), being part of the Board, is present in every meeting of the Board. The CE provides an overview of the Company's performance to the Board and addresses any specific questions by the Board members. The performance of the CE is assessed through the evaluation system set by POL. The principle factors of evaluation include financial performance, business processes, compliance, business excellence and people management.

Formal Orientation at Induction

When a new member is taken on board it is ensured that he is provided with a detailed orientation of the Company. Orientation is mainly focused on Company's vision, strategies, core competencies, organizational structure, related parties, major risks (both external and internal) including legal and regulatory risks and role and responsibility of the directors as per regulatory laws applicable in Pakistan along with an over view of the strategies plans, marketing analysis, forecasts, budget and business plan.

Directors Training Programme

The Company ensures that it congregates requirements of Securities & Exchange Commission of Pakistan (SECP) and meets the terms of criteria of Directors' Training Programme (DTP) by attaining certification. Most of the directors of

POL meet the exemption requirement of the directors' training program. The remaining directors have obtained certification under directors' training program.

Related Party Transactions

All transactions with related parties are reviewed by the Audit Committee and recommended to the Board for approval on quarterly basis fulfilling the requirements of section 208 of the Companies Act, 2017.

Issues raised at Last AGM

Apart from general clarifications requested by the shareholders about the Company's financial performance and published financial statements during the 67th Annual General Meeting held on September 25, 2018, no other issue was raised.

Addressing Investors Grievances

The interest of small investors and minority shareholders is of prime importance to the Company. In order to keep a vigilant eye and to provide a platform to the investors for voicing their concerns, a team under corporate section has been designated to ensure that grievances/ complaints of the investors are heard and redressed, in a quick and efficient manner.

Mechanism of lodging any complaint/issues is detailed on the website of the Company. Designated contact numbers and email address of the Company / Regulator is disseminated among investor through company broadcasts.

In order to promote investor relations and facilitate access to the Company for grievance, an 'Investors' Relations' section is also maintained on POL's website www.pakoil.com.pk

Access of Shareholders on Company's Website

All our shareholders and general public can visit the Company's website "www.pakoil.com.pk" which has dedicated section for investors containing information related to annual, half yearly and quarterly financial statements and to have a glance on shareholders' related information.

Share Price Sensitivity

The Company disseminates all material and price sensitive information to the Pakistan Stock Exchange (PSX) through Pakistan Unified Corporate Action Reporting System (PUCARS).

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, 2019 is 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
July 29, 2019

Financial Statements

For the year ended June 30, 2019



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, 2019, and the statement of profit or loss, 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, the statement of 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, 2019 and of the profit, the 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)	<p>Litigation with respect to conversion of TAL Block petroleum concession to Petroleum Policy 2012</p> <p><i>(Refer note 25 to the financial statements)</i></p> <p>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.</p> <p>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. Company's contention is duly supported by the legal advice on the matter.</p> <p>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.</p> <p>The Company has not recognised the revenue to the extent of Rs 10,856 million since inception to June 30, 2019 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.</p>	<p>Our audit procedures in relation to the matter included:</p> <ul style="list-style-type: none"> • 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. • 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. • Reviewed the disclosures made in the financial statements in respect of this matter.

INDEPENDENT AUDITOR'S REPORT

S.No.	Key Audit Matters	How the matter was addressed in our audit
	<p>We considered this as key audit matter due to the significant amounts involved and significant judgments made by management regarding the matter.</p>	
(ii)	<p>Analysis of impairment of development and decommissioning costs</p> <p><i>(Refer note 15 to the financial statements)</i></p> <p>As at June 30, 2019, the development and decommissioning costs amounted to Rs 11,054 million.</p> <p>The Company assesses at the end of each reporting period whether there is any indication that a Cash Generating Unit (CGU) may be impaired.</p> <p>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.</p> <p>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.</p> <p>We considered this matter as key audit matter due to significant value of development and decommissioning costs at reporting date and due to significance of judgements used by management.</p>	<p>Our audit procedures in relation to management's impairment test included:</p> <ul style="list-style-type: none"> · 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.

S.No.	Key Audit Matters	How the matter was addressed in our audit
(iii)	<p>Investment in associated company</p> <p><i>(Refer note 17 to the financial statements)</i></p> <p>The Company has investment in its associated company National Refinery Limited (NRL). As at June 30, 2019, the carrying amount of investment in above referred associated company amounted to Rs 8,047 million which carrying value is higher by Rs 5,778 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.</p> <p>The Company has assessed the recoverable amount of 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.</p> <p>In view of significant management judgement involved in the estimation of value in use we consider this as a key audit matter.</p>	<p>Our audit procedures in relation to assessment of carrying value of investment in associated company included:</p> <ul style="list-style-type: none"> • 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 independent 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 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.

INDEPENDENT AUDITOR'S REPORT

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 other 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, 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 Asim Masood Iqbal.



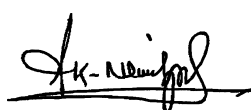
STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2019

		2019	2018
	Note	Rupees ('000)	
SHARE CAPITAL AND RESERVES			
Authorized capital	8	5,000,000	5,000,000
Issued, subscribed and paid up capital	8	2,838,551	2,365,459
Revenue reserves	9	35,232,446	30,401,053
Fair value gain on available-for-sale investments		-	2,227
		38,070,997	32,768,739
NON CURRENT LIABILITIES			
Long term deposits	10	844,756	837,325
Deferred liabilities	11	17,057,400	15,643,277
		17,902,156	16,480,602
CURRENT LIABILITIES AND PROVISIONS			
Trade and other payables	12	19,329,256	15,967,452
Unclaimed dividend		191,166	170,717
Provision for income tax		5,996,250	4,779,273
		25,516,672	20,917,442
CONTINGENCIES AND COMMITMENTS			
	13		
		81,489,825	70,166,783

		2019	2018
	Note	Rupees ('000)	
NON CURRENT ASSETS			
Property, plant and equipment	14	8,498,830	9,405,451
Development and decommissioning costs	15	11,053,586	12,596,720
Exploration and evaluation assets	16	52,761	2,590,790
		19,605,177	24,592,961
LONG TERM INVESTMENTS IN SUBSIDIARY AND ASSOCIATED COMPANIES	17	9,615,603	9,615,603
LONG TERM LOANS AND ADVANCES	18	26,273	15,072
CURRENT ASSETS			
Stores and spares	19	3,917,736	3,571,970
Stock in trade	20	297,331	292,981
Trade debts	21	8,908,128	8,242,487
Advances, deposits, prepayments and other receivables	22	2,544,659	2,296,389
Other financial assets	23	813,478	6,479
Cash and bank balances	24	35,761,440	21,532,841
		52,242,772	35,943,147
		81,489,825	70,166,783

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



Khalid Nafees
Chief Financial Officer



Shuaib A. Malik
Chief Executive



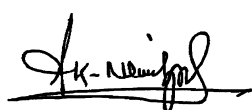
Abdus Sattar
Director

STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED JUNE 30, 2019

		2019	2018
	Note	Rupees ('000)	
SALES		47,505,549	34,988,129
Sales tax		(3,528,242)	(2,323,147)
NET SALES	25	43,977,307	32,664,982
Operating costs	26	(10,392,914)	(8,456,447)
Excise duty		(309,251)	(307,703)
Royalty		(4,553,641)	(3,778,297)
Amortization of development and decommissioning costs	27	(3,311,549)	(2,986,824)
		(18,567,355)	(15,529,271)
GROSS PROFIT		25,409,952	17,135,711
Exploration costs	28	(2,048,986)	(2,990,153)
		23,360,966	14,145,558
Administration expenses	29	(181,253)	(169,569)
Finance costs	30	(3,773,626)	(1,919,008)
Other charges	31	(1,727,994)	(966,703)
		(5,682,873)	(3,055,280)
		17,678,093	11,090,278
Other income	32	7,176,600	3,262,471
PROFIT BEFORE TAXATION		24,854,693	14,352,749
Provision for taxation	33	(7,982,986)	(2,968,815)
PROFIT FOR THE YEAR		16,871,707	11,383,934
			(Restated)
Earnings per share - Basic and diluted (Rupees)	39	59.44	40.10

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



Khalid Nafees
Chief Financial Officer



Shuaib A. Malik
Chief Executive



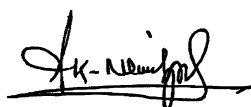
Abdus Sattar
Director

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018
	Rupees ('000)	
Profit for the year	16,871,707	11,383,934
Other comprehensive income for the year		
Items that will not be reclassified to profit or loss		
Remeasurement gain/(loss) on staff retirement benefit plans	33,612	(85,922)
Tax (charge)/credit relating to remeasurement gain/(loss) on staff retirement benefit plans	(10,084)	25,777
	23,528	(60,145)
Items that may be subsequently reclassified to profit or loss		
Fair value adjustments on available for sale investments	-	224
Other comprehensive income/ (loss) for the year, net of tax	23,528	(59,921)
Total comprehensive income for the year	16,895,235	11,324,013

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



Khalid Nafees
Chief Financial Officer



Shuaib A. Malik
Chief Executive



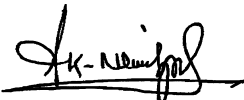
Abdus Sattar
Director

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2019

	Share capital	Capital Reserves Reserve for issue of bonus shares	Revenue reserves			Fair value gain/ (loss) on available-for-sale investments	Total
			Insurance reserve	Investment reserve	Unappropriated profit		
Rupees ('000)							
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
Total comprehensive income for the year:							
Profit for the year	-	-	-	-	16,871,707	(2,227)	16,869,480
Other comprehensive income	-	-	-	-	23,528	-	23,528
	-	-	-	-	16,895,235	(2,227)	16,893,008
Transferred to reserve for issue of bonus shares	-	473,092	-	-	(473,092)	-	-
Transactions with owners:							
Bonus shares issued @ 20% - Year ended June 30, 2018	473,092	(473,092)	-	-	-	-	-
Final dividend @ Rs 25 per share - Year ended June 30, 2018	-	-	-	-	(5,913,648)	-	(5,913,648)
Interim dividend @ Rs 20 per share - Year ended June 30, 2019	-	-	-	-	(5,677,102)	-	(5,677,102)
Total transactions with owners	473,092	(473,092)	-	-	(11,590,750)	-	(11,590,750)
Balance at June 30, 2019	2,838,551	-	200,000	1,557,794	33,474,652	-	38,070,997

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

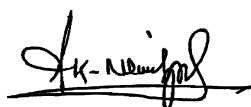
STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2019

		2019	2018
	Note	Rupees ('000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers		43,808,591	36,704,740
Operating and exploration costs paid		(10,317,707)	(10,935,401)
Royalty paid		(4,440,890)	(3,550,234)
Taxes paid		(7,624,810)	(2,892,028)
Cash provided by operating activities	35	21,425,184	19,327,077
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital Expenditure		(1,400,076)	(4,775,526)
Proceeds from disposal of property, plant and equipment		5,847	5,476
Income on bank deposits and held-to-maturity investments		1,882,951	703,486
Investment in mutual funds		(804,198)	-
Dividend income received		452,965	705,793
Cash generated/ (used) in investing activities		137,489	(3,360,771)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(11,570,301)	(10,022,207)
EFFECT OF EXCHANGE RATE CHANGES		4,236,227	1,407,214
INCREASE IN CASH AND CASH EQUIVALENTS		14,228,599	7,351,313
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		21,532,841	14,181,528
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		35,761,440	21,532,841

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

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 43.

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) 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, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3. NEW AND AMENDED STANDARDS AND INTERPRETATIONS

3.1 The Company has adopted IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from Contracts with Customers" w.e.f July 1, 2018. For related changes in accounting policies and impact on Company's financial statements refer note 4 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 1	Presentation of financial statements (Amendments)	January 1, 2020
IAS 8	Accounting policies, changes in accounting estimates and errors (Amendments)	January 1, 2020
IAS 12	Income Taxes (Amendments)	January 1, 2019
IAS 19	Employee benefits (Amendments)	January 1, 2019
IAS 23	Borrowing Costs (Amendments)	January 1, 2019
IAS 28	Investment in Associates and Joint Ventures (Amendments)	January 1, 2019
IFRS 3	Business Combinations (Amendments)	January 1, 2020
IFRS 9	Financial Instruments (Amendments)	January 1, 2019
IFRS 11	Joint Arrangements (Amendments)	January 1, 2019
IFRS 16	Leases	January 1, 2019
IFRIC 23	Uncertainty Over Income Tax Treatments	January 1, 2019

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

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

IFRS 16 'Leases' - IFRS 16 replaces the previous lease standard: IAS 17 Leases. It will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short term and low value leases. The management is in the process of assessing the impact of changes laid down by IFRS 16 on its financial statements.

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 CHANGES IN ACCOUNTING POLICIES

The Company has adopted of IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from Contracts with Customers" w.e.f July 1, 2018. Related changes in accounting policies and impact on Company's financial statements are explained below:

4.1 Financial Instruments

IFRS 9 "Financial Instruments" (IFRS 9) replaces IAS 39 "Financial Instruments: Recognition and Measurement" (IAS 39). IFRS 9 introduces new requirements for i) the classification and measurement of financial assets and financial liabilities ii) impairment for financial assets and iii) hedge accounting.

IFRS 9 permits either a full retrospective or a modified retrospective approach for adoption. The Company has adopted the standard using the modified retrospective approach for classification, measurement and impairment. This means that the cumulative impact, if any, of the adoption is recognized in unappropriated profit as of July 1, 2018 and comparatives are not restated. Details of these new requirements as well as their impact on the Company's financial statements are described below:

i) Classification and measurement of financial assets and financial liabilities

The new standard requires the Company to assess the classification of financial assets on its statement of financial position in accordance with the cash flow characteristics of the financial assets and the relevant business model that the Company has for a specific class of financial assets.

IFRS 9 no longer has an "Available-for-sale" (AFS) classification for financial assets. The new standard has different requirements for debt or equity financial assets.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

Debt instruments should be classified and measured either at:

- Amortized cost, where the effective interest rate method will apply;
- Fair value through other comprehensive income, with subsequent recycling to the profit or loss upon disposal of the financial asset (FVTOCI); or
- Fair value through profit or loss (FVTPL)

Investments in equity instruments, other than those to which consolidation or equity accounting apply, should be classified and measured either at:

- Fair value through other comprehensive income, with no subsequent recycling to the profit or loss upon disposal of the financial asset; or
- Fair value through profit or loss.

Assessment of financial impact of measurement requirements on adoption of IFRS 9 as at July 1, 2018 is as follows:

	Measurement category		Carrying amount		
	Original (IAS 39)	New (IFRS 9)	Original Rs'000	New Rs'000	Difference Rs'000
Non Current financial assets					
Long term loans and advances	Amortised cost	Amortised cost	15,072	15,072	-
Current financial assets					
Trade debts	Amortised cost	Amortised cost	8,242,487	8,242,487	-
Advances, deposits and other receivables	Amortised cost	Amortised cost	414,337	414,337	-
Cash and bank balances	Amortised cost	Amortised cost	21,532,841	21,532,841	-
Other financial assets	AFS	FVTPL	6,479	6,479	-
Non Current financial liabilities					
Long term deposits	Amortised cost	Amortised cost	837,325	837,325	-
Provision for decommissioning costs	Amortised cost	Amortised cost	9,548,018	9,548,018	-
Provision for staff compensated absences	Amortised cost	Amortised cost	8,475	8,475	-
Current financial liabilities					
Trade and other payables	Amortised cost	Amortised cost	14,535,635	14,535,635	-
Unclaimed dividend	Amortised cost	Amortised cost	170,717	170,717	-

ii) Impairment of financial assets

IFRS 9 introduces the Expected Credit Loss (ECL) model, which replaces the incurred loss model of IAS 39 whereby an allowance for doubtful debt was required only in circumstances where a loss event has occurred. By contrast, the ECL model requires the Company to recognize an allowance for doubtful debt on all financial assets carried at amortized cost (including, for example, trade debts and other receivables), as well as debt instruments classified as financial assets carried at fair value through other comprehensive income, since initial recognition, irrespective whether a loss event has occurred.

4.2 Revenue from Contracts with Customers

Effective July 1, 2018, the Company has applied IFRS 15 "Revenue from Contracts with Customers" for determining its revenue recognition policy. IFRS 15 replaces IAS 18 "Revenue" and IAS 11 "Construction Contracts" and related interpretations. IFRS 15 addresses revenue recognition for contracts with customers as well as treatment of incremental costs incurred in acquiring a contract with a customer.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

IFRS 15 permits either a full retrospective or a modified retrospective approach for adoption. The Company has adopted the standard using the modified retrospective approach, which means that the cumulative impact of the adoption, if any, is recognized in unappropriated profit in the period of initial application and comparatives are not restated.

The application of IFRS 15 does not have any material impact on revenue recognition policy of the Company and therefore, the cumulative impact of the adoption on unappropriated profit is not material and accordingly the unappropriated profit as of July 1, 2018 is not adjusted.

4.3 The following table presents the transitional impact that adoption of IFRS 9 have on the opening statement of financial position of the Company as of July 1, 2018.

	Carrying amount as reported under IAS 39-July 1, 2018	Impact of IFRS 9		Total impact of IFRS 9	Carrying amount as reported under IFRS 9- July 1, 2018
		Reclassification due to IFRS 9	Remeasurment allowance: ECL		
Rupees in '000					
Current assets					
Trade debts - gross	8,242,487	-	-	-	8,242,487
Other financial assets					
Available for sale investments	6,479	(6,479)	-	(6,479)	-
Investments classified as fair value through profit or loss	-	6,479	-	6,479	6,479
	6,479	-	-	-	6,479
Impact on net assets	8,248,966	-	-	-	8,248,966
Capital and reserves					
Reserves					
Unappropriated profit/(loss)	28,643,259	**	-	-	28,643,259
Fair value gain on available-for-sale investments	2,227	**	-	-	2,227
	28,645,486	-	-	-	28,645,486

** The cumulative fair value gain of Rs 2,227 thousand as at June 30, 2018 previously recognised directly in other comprehensive income relating to such investments has been reclassified from equity to the statement of profit or loss in the current period, prospectively. The statement of financial position as at July 1, 2018 have not been restated for change in accounting policy due to immaterial impact.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1 Basis of measurement

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

5.2 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.

5.3 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.

5.4 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.

5.5 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.

5.6 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.

5.7 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

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 discount rate ranging from 13.68% p.a. to 13.77% p.a. (2018: 7.47% p.a. to 8.48% p.a.) and using inflation rate of 9.3% p.a. (2018: 5.04% p.a.). The increase in provision due to unwinding of discount is recorded as finance cost.

5.8 Employee compensated absences

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

5.9 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, 2019.

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 38.

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

5.10 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

5.11 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.

5.12 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 14.1 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.

5.13 Exploration assets/ costs and development costs

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

5.13.2 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.

5.13.3 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.

5.14 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

5.15 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.

5.16 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.

5.17 Impairment of non-financial assets

Assets that have an indefinite useful life, for example land, are not subject to depreciation and are tested annually for impairment. Assets that are subject to depreciation are reviewed for impairment at each 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.

5.18 Trade debts and other receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognised at fair value. They are subsequently measured at amortised cost using the effective interest rate method, less loss allowance. Refer note 5.23 for a description of the Company's impairment policies.

5.19 Financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument. All the financial assets are derecognized at the time when the Company loses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognized at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled, or expired. Any gains or losses on de-recognition of the financial assets and financial liabilities are taken to the statement of profit or loss.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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5.20 Financial assets

Classification

Effective July 1, 2018, the Company classifies its financial assets in the following measurement categories:

- (i) Amortised cost where the effective interest rate method will apply;
- (ii) Fair value through profit or loss (FVTPL); and
- (iii) Fair value through other comprehensive income (FVTOCI)

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income (OCI). For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVTOCI).

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Further, financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in statement of profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company can classify its debt instruments:

a) Amortised cost

Financial assets that are held for collection of contractual cash flows where the contractual terms of the financial assets give rise on specified dates to cash flows that represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other income together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the profit or loss.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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b) Fair value through other comprehensive income (FVTOCI)

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the contractual terms of the financial asset give rise on specified dates to cash flows that represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses and interest revenue, and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to statement of profit or loss and recognised in other income. Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other income and impairment expenses are presented as separate line item in the statement of profit or loss.

c) Fair value through profit or loss (FVTPL)

Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within other income in the period in which it arises.

Equity instruments

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in statement of profit or loss.

5.21 Impairment of financial assets

Effective from July 1, 2018, the Company assesses on a historical as well as on a forward looking basis the expected credit losses (ECL) as associated with its trade debts, deposits and other receivables and cash and bank balances carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade debts, the Company applies IFRS 9 simplified approach to measure the expected credit losses (loss allowance) which uses a life time expected loss allowance while general 3-stage approach for deposits and other receivables and cash and bank balances i.e to measure ECL through loss allowance at an amount equal to 12-month ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition.

Following are financial instruments that are subject to the ECL model:

- Trade debts
- Deposits and other receivables
- Cash and bank balances

(i) General approach for short term investment, deposits and other receivables and cash and bank balances.

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based

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on historical data adjusted by forward-looking information (adjusted for factors that are specific to the counterparty, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate). As for the exposure at default for financial assets, this is represented by the assets' gross carrying amount at the reporting date. Loss allowances are forward looking, based on 12 month expected credit losses where there has not been a significant increase in credit risk rating, otherwise allowances are based on lifetime expected losses.

Expected credit losses are a probability weighted estimate of credit losses. The probability is determined by the risk of default which is applied to the cash flow estimates. In the absence of a change in credit rating, allowances are recognised when there is reduction in the net present value of expected cash flows. On a significant increase in credit risk, allowances are recognised without a change in the expected cash flows, although typically expected cash flows do also change; and expected credit losses are rebased from 12 month to lifetime expectations.

Significant increase in credit risk

The Company consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the instrument as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable forward-looking information.

The following indicators are considered while assessing credit risk

- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations;
- actual or expected significant changes in the operating results of the debtor;
- significant increase in credit risk on other financial instruments of the same debtor; and
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees, if applicable.

Definition of default

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collaterals held by the Company).

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Irrespective of the above analysis, in case of trade debts, the Company considers that default has occurred when a the debt is more than 365 days past due, unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit - impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

(ii) Simplified approach for trade debts

The Company recognises life time ECL on trade debts, using the simplified approach. The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Trade debts with individually significant balance are separately assessed for ECL measurement. All other receivables are grouped and assessed collectively based on shared credit risk characteristics and the days past due. The expected credit losses on these financial assets are estimated using a provision matrix approach based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments;
- Past-due status;
- Nature, size and industry of debtors; and
- external credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

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Recognition of loss allowance

The Company recognizes an impairment gain or loss in the statement of profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 60 days past due in making a contractual payment.

Write-off

The Company write off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount.

The Company may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in impairment gains.

5.22 Financial Liabilities

Classification, initial recognition and subsequent measurement

Financial liabilities are classified in the following categories:

- fair value through profit or loss; and
- other financial liabilities.

The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in case of other financial liabilities also include directly attributable transaction costs. The subsequent measurement of financial liabilities depends on their classification, as follows:

a) Fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held-for-trading and financial liabilities designated upon initial recognition as being at fair value through profit or loss. The Company has not designated any financial liability upon recognition as being at fair value through profit or loss.

b) Other financial liabilities

After initial recognition, other financial liabilities which are interest bearing subsequently measured at amortized cost, using the effective interest rate method. Gain and losses are recognized in profit or loss for the year, when the liabilities are derecognized as well as through effective interest rate amortisation process.

Derecognition of financial liabilities

The Company derecognises financial liabilities when and only when the Company's obligations are discharged, cancelled or they expire.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

5.23 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 there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

5.24 Revenue recognition

Revenue is recognised when control of the products has transferred, being when the products are delivered to the customer, and there is no unfulfilled obligation that could affect the customer's acceptance of the product. Revenue is recognised as follows:

- a) crude oil, upon delivery to customer;
- b) natural gas, upon delivery to the customer; and
- c) Liquefied Petroleum Gas (LPG), upon delivery to distributors at LPG plant facility

Revenue is measured at the fair value of the consideration to which the Company expects to be entitled in exchange for transferring goods/services. 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 investments at amortised costs 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.

5.25 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.

5.26 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.

5.27 Dividend distribution

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

6. 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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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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 15
- ii) Estimated useful life of property, plant and equipment - note 14.1
- iii) Estimated costs, discount and inflation rate used for provision for decommissioning costs - note 5.7
- iv) Estimated value of staff retirement benefits obligations - note 38
- v) Provision for taxation - note 5.5
- vi) Price adjustment related to crude oil sales - note 5.24
- vii) Impairment of financial assets - note 5.21

7. SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS DURING THE YEAR

The financial position and performance of the Company was particularly affected by following events and transactions during the reporting period:

- i) During the year sales has increased due to commencement of production from Adhi - 32 (Adhi Mining Lease) and increase in prices during the year:
- ii) As described in note 25.1, 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, 2019 amounting to Rs 10,855,542 thousand (including Rs 7,289,169 thousand since inception to June 30, 2018) will be accounted for upon resolution of the matter disclosed in note 25.1.
- iii) Other significant transactions and events have been adequately disclosed in the notes to the financial statements.

	2019	2018
	Rupees ('000)	
8. SHARE CAPITAL		
Authorized capital		
500,000,000 (2018: 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 (2018: 20,200,000) ordinary shares	202,000	202,000
Shares issued as fully paid bonus shares		
263,655,104 (2018: 216,345,920) ordinary shares	2,636,551	2,163,459
283,855,104 (2018: 236,545,920) ordinary shares of Rs 10 each	2,838,551	2,365,459

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

- 8.1** The Company is a subsidiary of The Attock Oil Company Limited which held 149,732,358 (2018: 124,776,965) ordinary shares at the year end.

	2019	2018
	Rupees ('000)	
9. REVENUE RESERVES		
Insurance reserve - note 9.1	200,000	200,000
Investment reserve - note 9.2	1,557,794	1,557,794
Unappropriated profit	33,474,652	28,643,259
	35,232,446	30,401,053

- 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.

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

	2019	2018
	Rupees ('000)	
10. LONG TERM DEPOSITS		
Security deposits from distributors for cylinders/ equipment	795,084	787,334
Security deposits from distributors and others	49,672	49,991
	844,756	837,325

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

	2019	2018
	Rupees ('000)	
11. DEFERRED LIABILITIES		
Provision for deferred income tax - note 11.1	5,238,067	6,086,784
Provision for decommissioning costs - note 11.2	11,811,608	9,548,018
Provision for staff compensated absences	7,725	8,475
	17,057,400	15,643,277

11.1 Provision for deferred income tax

The provision for deferred income tax represents:

Temporary differences between accounting and tax depreciation/ amortization	5,494,478	6,331,716
Provision for stores and spares	(161,105)	(139,544)
Provision for doubtful receivable	(93)	(93)
Deferred tax on remeasurement (loss) on staff retirement benefit plans	(95,213)	(105,295)
	5,238,067	6,086,784

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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	2019	2018
	Rupees ('000)	
11.2 Provision for decommissioning costs		
Balance brought forward	9,548,018	8,578,227
Revision due to change in estimates - note 11.2.1	(1,482,306)	(988,977)
Provision made during the year	48,385	239,847
Unwinding of discount	754,918	592,698
Exchange loss	3,012,047	1,322,218
Decommissioning cost incurred during the year	(69,454)	(195,995)
	11,811,608	9,548,018
11.2.1 Revision due to change in estimates		
Credited to related asset - note 15	(1,019,522)	(685,553)
Revision in excess of related asset credited to statement of profit or loss - note 27	(462,784)	(303,424)
	(1,482,306)	(988,977)
12. TRADE AND OTHER PAYABLES		
Creditors	341,011	638,924
Due to related parties		
Attock Hospital (Pvt) Limited	2,692	1,663
Attock Petroleum Limited	58,308	43,336
Capgas (Pvt) Limited	2,362	-
Management Staff Pension Fund - note 38	44,105	95,100
Staff Provident Fund	4,405	5,479
General Staff Provident Fund	852	1,010
Workers' Profit Participation Fund - note 12.1	1,329,220	214,259
Due to joint operating partners		
The Attock Oil Company Limited	35,772	17,219
Others	1,710,334	2,230,567
Accrued liabilities	2,882,099	2,967,654
Advances from customers	49,957	90,673
Royalty	636,991	524,240
Excise duty	4,254	4,499
Petroleum levy payable	28,014	23,988
Workers' Welfare Fund	792,394	574,158
Liability for staff compensated absences	6,066	6,443
Other liabilities - note 12.2	11,400,420	8,528,240
	19,329,256	15,967,452

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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		2019	2018
		Rupees ('000)	
12.1	Workers' Profit Participation Fund		
	Payable/ (receivable) at beginning of the year	214,259	(38,150)
	Amount allocated during the year	1,329,392	765,724
	Amount paid to the Fund's trustees	(214,431)	(513,315)
	Payable at end of the year	1,329,220	214,259
12.2	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 note 25.1.		
13.	CONTINGENCIES AND COMMITMENTS		
13.1	Contingencies		
		2019	2018
		Rupees ('000)	
	Guarantees issued by banks on behalf of the Company	-	11,256
13.2	Commitments		
	Share in joint operations	12,956,173	4,993,526
	Own fields	3,879,260	1,014,509
	Letter of credit issued by banks on behalf of the Company	1,060,495	510,878
14.	PROPERTY, PLANT AND EQUIPMENT		
	Operating assets - note 14.1	7,747,259	8,754,987
	Capital work in progress - note 14.6	751,571	650,464
		8,498,830	9,405,451

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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, 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
Year ended June 30, 2019										
Opening 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
Additions*	-	14,298	48,036	446,644	10,113	39,521	52,760	10,442	13,472	635,286
Disposals*										
Cost	(83)	(7,520)	(32,340)	(35,752)	(393)	(6,141)	(4,865)	(1,345)	(323)	(88,762)
Accumulated depreciation	-	2,975	28,425	33,369	393	6,141	4,845	1,293	323	77,764
	(83)	(4,545)	(3,915)	(2,383)	-	-	(20)	(52)	-	(10,998)
Depreciation charge	-	(22,377)	(198,256)	(1,236,894)	(44,688)	(41,542)	(44,331)	(12,059)	(31,869)	(1,632,016)
Closing net book value	20,324	279,380	1,035,146	5,853,277	189,382	219,429	72,451	45,936	31,934	7,747,259
As at June 30, 2019										
Cost	20,324	528,400	2,421,162	15,432,422	738,505	804,954	564,202	173,949	483,498	21,167,416
Accumulated depreciation	-	(249,020)	(1,386,016)	(9,579,145)	(549,123)	(585,525)	(491,751)	(128,013)	(451,564)	(13,420,157)
Net book value	20,324	279,380	1,035,146	5,853,277	189,382	219,429	72,451	45,936	31,934	7,747,259
Annual rate of Depreciation (%)	-	5	10	10	10	10	20	12.5	25	

* Additions and disposals include inter-transfers of assets having book value of Rs 258 thousand, cost of Rs 882 thousand and depreciation of Rs 624 thousand (2018: book value of Rs nil; cost of Rs 442 thousand and depreciation of Rs 442 thousand).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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14.2 Cost and accumulated depreciation include

	Cost		Accumulated depreciation	
	2019	2018	2019	2018
Rupees ('000)				
Share in joint operations operated by the Company	1,446,187	1,438,457	1,273,258	1,246,781
Assets not in possession of the Company				
Share in joint operations operated by following				
MOL Pakistan Oil and Gas Company B.V.	10,896,974	10,554,563	6,548,887	5,515,599
Ocean Pakistan Limited	73,992	74,343	59,506	56,533
Oil and Gas Development Company Limited	69,291	67,647	41,373	35,952
Pakistan Petroleum Limited	1,930,413	1,890,699	851,172	690,686
	12,970,670	12,587,252	7,500,938	6,298,770
Gas cylinders - in possession of distributors*	735,570	726,718	534,238	499,128
	15,152,427	14,752,427	9,308,434	8,044,679

* 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.

14.3 The depreciation charge has been allocated as follows

	2019	2018
Rupees ('000)		
Operating cost - Note 26	1,544,540	1,481,748
Other income - Crude transportation income	86,852	76,110
Inter-transfers	624	-
	1,632,016	1,557,858

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

14.4 Details of property, plant and equipment sold

Vehicles sold to following in service/retiring employees as per Company's policy:

	Cost	Book value	Sale proceeds	Gain/ (loss)
Rupees ('000)				
Mr. Asad Haider	1,589	-	159	159
Mr. Zafar Ahmed Khan	1,587	-	159	159
Mr. Kashif Ali Khan	1,587	-	159	159
	4,763	-	477	477
Others:				
National Police Foundation	102	20	70	50
	4,865	20	547	527

Property, plant and equipment sold as per Company's policy:

Transfer from Ikhlas Joint Venture to POL	6,859	1,505	4,000	2,495
Malik Muhammad Sarfaraz	6,511	3,857	150	(3,707)
Transfer from Pindori Joint Venture to POL	206	-	83	83
Transfer to Government of Punjab for Sora Dam Project	83	83	785	702
Transfer from Ahmadal Joint Venture to POL	49	-	25	25
	13,708	5,445	5,043	(402)

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	Rawalpindi - (Khaur- Rawalpindi pipe Line)	63.35

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

14.6 Capital work in progress

	Buildings	Plant and machinery / Pipelines and pumps	Total
	Rupees ('000)		
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
Balance as at July 1, 2018	-	650,464	650,464
Additions during the year	11,696	154,768	166,464
Transfers during the year	(9,769)	(55,588)	(65,357)
Balance as at June 30, 2019	1,927	749,644	751,571

	2019	2018
	Rupees ('000)	
14.7 Break up of capital work in progress at June 30 is as follows		
Own fields	16,702	23,161
POLGAS plant	-	3,880
Share in joint operations operated by others		
MOL Pakistan Oil and Gas Company B.V. - TAL Block	74,469	43,918
- Margala Block 3372-20	269	269
Oil and Gas Development Company Limited - Jhal Magsi D&P Lease	447,380	448,719
Pakistan Petroleum Limited - Adhi Mining Lease	212,751	130,517
	751,571	650,464

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

15. DEVELOPMENT AND DECOMMISSIONING COSTS

	Development Cost	Decommissioning Cost	Total
	Rupees ('000)		
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 July 1, 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
Year ended June 30, 2019			
Opening net book value	12,175,661	421,059	12,596,720
Additions	1,522,774	48,385	1,571,159
Disposals			
Cost	-	(140,708)	(140,708)
Accumulated amortization	-	140,708	140,708
	-	-	-
Revision due to change in estimates - note 11.2.1	(748,330)	(271,192)	(1,019,522)
Well cost transferred from exploration and evaluation assets - note 16	1,679,562	-	1,679,562
Amortization for the year - note 27	(3,743,516)	(30,817)	(3,774,333)
Closing net book value	10,886,151	167,435	11,053,586
As at June 30, 2019			
Cost	41,959,950	2,468,124	44,428,074
Accumulated amortization	(31,073,799)	(2,300,689)	(33,374,488)
Net book value	10,886,151	167,435	11,053,586

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018
	Rupees ('000)	
16. EXPLORATION AND EVALUATION ASSETS		
Balance brought forward	2,590,790	1,884,356
Additions during the year	760,589	4,844,825
	3,351,379	6,729,181
Wells cost transferred to development cost - note 15	(1,679,562)	(2,552,809)
Dry and abandoned wells and irrecoverable cost charged to the statement of profit or loss - note 28	(1,619,056)	(1,585,582)
	52,761	2,590,790

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

	2019	2018
	Rupees ('000)	
Own fields		
- Khaur D & Production Lease (153/PAK/2002)	-	1,599,505
Share in joint operations operated by the Company		
- DG Khan	4,247	-
Share in joint operations operated by others		
MOL Pakistan Oil and Gas Company B.V. - TAL Petroleum Concession (Block 3370-3)	48,514	582,047
Pakistan Petroleum Limited - Hisal Petroleum Concession (3372-23)	-	409,238
	52,761	2,590,790

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

	2019		2018	
	Percentage holding	Amount Rs ('000)	Percentage holding	Amount Rs ('000)
17. LONG TERM INVESTMENTS IN SUBSIDIARY AND ASSOCIATED COMPANIES - AT COST				
Subsidiary company				
Unquoted				
Cappgas (Private) Limited 344,250 (2018: 344,250) fully paid ordinary shares including 191,250 (2018: 191,250) bonus shares of Rs 10 each	51	1,530	51	1,530
Associated companies				
Quoted				
National Refinery Limited 19,991,640 (2018: 19,991,640) fully paid ordinary shares including 3,331,940 (2018: 3,331,940) bonus shares of Rs 10 each Quoted market value as at June 30, 2019: Rs 2,268,451 thousand (2018: Rs 8,856,496 thousand)	25	8,046,635	25	8,046,635
Attock Petroleum Limited (APL) 6,984,714 (2018: 5,820,595) fully paid ordinary shares including 3,616,314 (2018: 2,452,195) bonus shares of Rs 10 each Quoted market value as at June 30, 2019: Rs 2,015,160 thousand; (2018: Rs 3,434,093 thousand)	7	1,562,938	7	1,562,938
Unquoted				
Attock Information Technology Services (Pvt) Limited (AITSL) 450,000 (2018: 450,000) fully paid ordinary shares of Rs 10 each	10	4,500	10	4,500
		9,615,603		9,615,603

17.1 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.

17.2 Based on a valuation analysis carried out by an external investment advisor engaged by the company, the recoverable amount of investment in National Refinery Limited exceeds its carrying amount. The recoverable amount has been estimated based on a value in use calculation. These calculations have been made on discounted cash flow based valuation methodology which assumes an average gross profit margin of 3.84% (2018: 5.32%), a terminal growth rate of 3.0% (2018: 3.0%) and a capital asset pricing model based discount rate of 21.16% (2018: 15.13%).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

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

	2019	2018
	Rupees ('000)	
18. LONG TERM LOANS AND ADVANCES - CONSIDRED GOOD		
Long term loans and advances to employees	54,076	41,320
Less: Amount due within twelve months, shown under current loans and advances - note 22	27,803	26,248
	26,273	15,072

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.

18.1.1 Loans to employees exceeding Rs 1 million:

	2019	2018
	Rupees ('000)	
Name of employees		
Mr. Jawad Razaq	1,171	-
Mr. Aamir Waheed	1,168	-
Mr. Shahzad Ali	1,058	-
	3,397	-
19. STORES AND SPARES		
Stores and spares - note 19.1	4,454,753	4,037,116
Less: Provision for slow moving items - note 19.2	537,017	465,146
	3,917,736	3,571,970
19.1 Stores and spares include		
Share in joint operations operated by the Company	281,475	258,933
Share in joint operations operated by others (assets not in possession of the Company)	1,642,937	1,711,627
	1,924,412	1,970,560

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018
	Rupees ('000)	
19.2 Provision for slow moving items		
Balance brought forward	465,146	405,462
Provision for the year	71,871	59,684
	537,017	465,146
19.3 Stores and spares include items which may result in fixed capital expenditure but are not yet distinguishable.		
	2019	2018
	Rupees ('000)	
20. STOCK IN TRADE		
Crude oil and other products - note 20.1	297,331	292,981
20.1 These include Rs 29,292 thousand (2018: Rs 145,157 thousand) being the Company's share in joint operations.		
21. TRADE DEBTS - CONSIDERED GOOD		
Due from related parties - note 21.1	4,286,337	3,689,140
Others	4,621,791	4,553,347
	8,908,128	8,242,487
21.1 Due from related parties		
Associated companies		
Attock Refinery Limited	3,862,236	3,598,061
National Refinery Limited	424,101	91,079
	4,286,337	3,689,140

Ageing analysis of trade debts receivable from related parties is given in note 37.3.1 to the financial statements.

The maximum aggregate amount receivable from related parties at the end of any month during the year was Rs 4,475,478 thousand (2018: Rs 3,689,140 thousand).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018
	Rupees ('000)	
22. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES		
Loans and advances - considered good		
Employees - note 18	27,803	26,248
Suppliers	150,554	200,468
	178,357	226,716
Trade deposits and short term prepayments		
Deposits	76,150	114,295
Short-term prepayments	234,443	127,636
	310,593	241,931
Interest income accrued	256,674	95,452
Other receivables		
Joint operating partners	134,476	47,519
Due from related parties		
Parent company		
The Attock Oil Company Limited	889	40,528
Subsidiary company		
Capgas (Pvt) Limited	-	2,779
Associated company		
Attock Cement Limited	35	-
Gratuity Fund - note 38	97,805	66,068
Sales tax refundable	1,538,391	1,553,948
Other receivables (net of loss allowance of Rs 310 thousand (2018: Rs 310 thousand))	27,439	21,448
	1,799,035	1,732,290
	2,544,659	2,296,389

22.1 The aggregate maximum amount due from related parties at the end of any month during the year was Rs 98,729 thousand (2018: Rs 109,375 thousand) respectively.

	2019	2018
	Rupees ('000)	
22.2 The aging analysis of receivable from related parties is as follows:		
Upto 3 month	98,729	91,943
3 to 6 month	-	8,719
More than 6 month	-	8,713
	98,729	109,375

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

		2019	2018
		Rupees ('000)	
23.	Other financial assets		
	Investments in mutual funds classified as fair value through profit or loss - note 23.1	813,478	6,479
23.1	Investments classified as fair value through profit or loss		
	Balance at the beginning of the year	6,479	6,255
	Additions during the year	2,330,711	-
	Redemptions during the year	(1,526,513)	-
	Fair value adjustment	2,801	224
	Balance at the end of the year	813,478	6,479

23.1.1	Investments in mutual funds at June 30 include the following	2019			2018		
		Number of units	Cost	Fair value	Number of units	Cost	Fair value
			Rupees ('000)			Rupees ('000)	
		Classified as fair value through profit or loss			Available-for-sale investments		
	Listed securities						
	Meezan Sovereign Fund	11,853	487	610	10,965	442	578
	Pakistan Cash Management Fund	14,409	561	725	13,049	492	687
	Alfalah GHP Money Market Fund	22,699	32	2,225	13,208	993	1,348
	Atlas Money Market Fund	33	-	16	1,143	455	605
	UBL Liquidity Plus Fund	24,333	2,450	2,452	13,318	1,004	1,339
	ABL Cash Fund	49,652,602	504,602	504,808	-	-	-
	HBL Cash Fund	1,007	101	102	-	-	-
	NAFA Money Market Fund	30,450,979	300,000	300,511	-	-	-
	Atlas Income Fund	3,952	1,056	2,029	3,581	866	1,922
		80,181,867	809,289	813,478	55,264	4,252	6,479

23.1.2 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018
	Rupees ('000)	
24. CASH AND BANK BALANCES		
Bank balance on		
Short term deposits	32,182,288	19,994,118
Interest/mark-up bearing saving accounts	3,519,913	1,534,695
Current accounts	53,922	1,325
	35,756,123	21,530,138
Cash in hand	5,317	2,703
	35,761,440	21,532,841

Balance with banks include foreign currency balances of US \$ 117,967 thousand (2018: US \$ 94,990 thousand). The balances in saving accounts and short term deposits earned interest/mark-up ranging from 2.00% to 13.35% (2018: 0.10% to 7.40%).

	2019	2018
	Rupees ('000)	
25. NET SALES		
Crude oil	22,374,339	17,597,511
Gas - note 25.1	13,921,595	8,572,856
POLGAS - Refill of cylinders	7,425,053	6,306,240
Solvent oil	246,295	180,425
Sulphur	10,025	7,950
	43,977,307	32,664,982

- 25.1** 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 areas.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

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 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. The case came up for hearing on June 12, 2019 but was adjourned on the request of legal counsel of the Government. The Islamabad High Court has fixed September 12, 2019 as next date of hearing.

On prudent basis additional revenue (net of sales tax) on account of enhanced gas price incentive due to conversion from Petroleum Policy 1997 to Petroleum Policy 2012 since inception to June 30, 2019 amounting to Rs 10,855,542 thousand will be accounted for upon resolution of this matter (including Rs 7,289,169 thousand related to period since inception to June 30, 2018). Additional revenue on account of enhanced gas price incentive of Rs 11,400,420 thousand including sales tax of Rs 1,656,471 thousand received from customer on the basis of notified prices has been shown as "Other liabilities" under "trade and other payables".

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018
	Rupees ('000)	
26. OPERATING COSTS		
Operating cost - Own fields	1,228,302	963,345
- Share in joint operations	2,798,262	2,511,524
Well workovers	412,067	55,790
POLGAS - Cost of gas/LPG, carriage etc.	4,170,622	3,288,354
Head office and insurance charges	173,376	172,718
Pumping and transportation cost	70,095	54,056
Depreciation	1,544,540	1,481,748
	10,397,264	8,527,535
Opening stock of crude oil and other products	292,981	221,893
Closing stock of crude oil and other products	(297,331)	(292,981)
	10,392,914	8,456,447
27. AMORTIZATION OF DEVELOPMENT AND DECOMMISSIONING COSTS		
Amortization charge for the year - note 15	3,774,333	3,290,248
Revision in estimates of provision for decommissioning costs in excess of related assets credited to statement of profit or loss - note 11.2.1	(462,784)	(303,424)
	3,311,549	2,986,824

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018
	Rupees ('000)	
28. EXPLORATION COSTS		
Geological and geophysical cost		
Own fields	30,194	530,122
Share in joint operations operated by the Company		
- DG Khan	58,699	485,568
- Ikhlas	61,873	60,409
- Kirthar South	32,460	35,874
- Turkwal	-	1,472
Share in joint operations operated by others		
MOL Pakistan Oil and Gas Company B.V.		
- TAL Block	65,876	(20,034)
- Margala Block	111,639	24,962
- Margala North Block	(10,529)	97
Oil and Gas Development Company Limited		
- Kotra	2,213	2,053
- Gurgalot	64,632	230,741
Pakistan Petroleum Limited		
- Hisal	18,474	35,539
Ocean Pakistan Limited		
- Ratana	(5,601)	18,026
- Dhurnal	-	(258)
	429,930	1,404,571
Dry and abandoned wells and irrecoverable cost charged to the statement of profit or loss - note 16	1,619,056	1,585,582
	2,048,986	2,990,153

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018
	Rupees ('000)	
29. ADMINISTRATION EXPENSES		
Establishment charges	282,006	258,374
Telephone and telex	1,031	897
Medical expenses	9,857	9,182
Printing, stationery and publications	6,022	8,072
Insurance	6,148	3,662
Travelling expenses	3,845	2,304
Motor vehicle running expenses	8,612	9,860
Rent, repairs and maintenance	62,479	50,588
Auditor's remuneration - note 29.1	7,146	5,773
Legal and professional charges	9,614	23,204
Stock exchange and CDC fee	3,233	1,544
Computer support and maintenance charges	34,483	28,333
Other expenses	3,436	4,869
	437,912	406,662
Less: Amount allocated to field expenses	256,659	237,093
	181,253	169,569
29.1 Auditor's remuneration		
Statutory audit	1,730	1,617
Review of half yearly accounts, audit of consolidated accounts, staff funds, special certifications	1,395	1,304
Tax services	3,558	2,497
Out of pocket expenses	463	355
	7,146	5,773
30. FINANCE COSTS		
Provision for decommissioning costs - note 11.2		
- Unwinding of discount	754,918	592,698
- Exchange loss	3,012,047	1,322,218
Banks' commission and charges	6,661	4,092
	3,773,626	1,919,008
31. OTHER CHARGES		
Workers' Profit Participation Fund	1,329,392	765,724
Workers' Welfare Fund	398,602	200,979
	1,727,994	966,703

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018
	Rupees ('000)	
32. OTHER INCOME		
Income from financial assets		
Income on bank deposits and treasury bills	2,044,173	759,557
Exchange gain on financial assets	4,236,227	1,407,214
Dividend on Investments classified as fair value through profit or loss- note 32.1	27,359	-
Income from investments in subsidiary and associated companies		
Dividend from subsidiary and associated companies - note 32.2	425,606	705,793
Income from assets other than financial assets		
Rental income (net of related expenses Rs 102,698 thousand; 2018: Rs 54,441 thousand)	128,005	138,285
Crude oil/gas transportation income (net of related expenses Rs 271,889 thousand; 2018: Rs 242,194 thousand)	170,244	125,865
Gas processing fee	75,243	109,382
(Loss)/profit on sale of property, plant and equipment	(5,151)	4,979
Sale of stores and scrap	59,059	2,868
Fair value adjustment on investments classified as fair value through profit or loss - note 32.3	9,287	-
Others	6,548	8,528
	7,176,600	3,262,471
32.1 Dividend on Investments classified as fair value through profit or loss		
Meezan Sovereign Fund	54	-
Pakistan Cash Management Fund	80	-
Alfalah GHP Money Market Fund	8,864	-
Atlas Money Market Fund	77	-
UBL Liquidity Plus Fund	10,709	-
ABL Cash Fund	5,297	-
HBL Cash Fund	2	-
NAFA Money Market Fund	2,052	-
Atlas Income Fund	224	-
	27,359	-

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018
	Rupees ('000)	
32.2 Dividend from subsidiary and associated companies		
Subsidiary company		
Capgas (Pvt) Limited	10,327	8,606
Associated companies		
National Refinery Limited	199,917	449,812
Attock Petroleum Limited	215,362	247,375
	425,606	705,793

32.3 This includes Rupees 2,227 thousand as referred in note 4.3.

	2019	2018
	Rupees ('000)	
33. PROVISION FOR TAXATION		
Current		
- for the year	8,061,876	3,267,356
- for prior years	779,910	-
	8,841,786	3,267,356
Deferred		
- for the year	(1,358,262)	(298,541)
- for prior year	499,462	-
	(858,800)	(298,541)
	7,982,986	2,968,815
33.1 Reconciliation of tax charge for the year		
Accounting profit	24,854,693	14,352,749
* Tax at applicable tax rate of 46.70% (2018: 47.82%)	11,607,141	6,863,485
Tax effect of depletion allowance and royalty payments	(4,501,067)	(3,444,974)
Tax effect of income that is not taxable or taxable at reduced rates	(835,082)	(332,009)
Tax effect of prior years	1,279,372	-
Others	432,622	(117,687)
Tax charge for the year	7,982,986	2,968,815

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

33.2 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:

	2018	2017	2016
	Rupees ('000)		
Tax assessed as per most recent tax assessment*	2,541,353	1,994,503	895,620
Provision in financial statements	3,267,356	2,473,400	1,212,269

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.

34. OPERATING SEGMENTS

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

Revenue from two major customers of the Company constitutes 71% of the total revenue during the year ended June 30, 2019 (June 30, 2018: 68%).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018
	Rupees ('000)	
35. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	24,854,693	14,352,749
Adjustments for:		
Depreciation	1,631,392	1,557,858
Fair value adjustment on investments classified as fair value through profit or loss	(5,028)	-
Amortization of development and decommissioning costs	3,311,549	2,986,824
Finance costs	3,766,965	1,914,916
Exchange (gain) on financial assets	(4,236,227)	(1,407,214)
Loss/(gain) on sale of property, plant and equipment	5,151	(4,979)
Dividend from subsidiary and associated companies	(425,606)	(705,793)
Income on bank deposits	(2,044,173)	(759,557)
Dividend on investments classified as fair value through profit or loss	(27,359)	-
Provision for staff compensated absences	(750)	(1,600)
Provision for slow moving stores and spares	71,871	59,684
Measurement gain/(loss) on staff retirement benefit plans	33,612	(85,922)
Reversal of provision for decommissioning cost in excess of actual costs incurred	(34,883)	(76,008)
Cash flows before working capital changes	26,901,207	17,830,958
Effect on cash flows due to working capital changes:		
(Increase)/ decrease in stores and spares	(417,637)	265,818
(Increase) in stock in trade	(4,350)	(71,088)
(Increase) in trade debts	(665,641)	(4,949,521)
(Increase) in advances, deposits, prepayments and other receivables	(87,048)	(933,837)
Increase in trade and other payables	3,361,804	10,203,826
	2,187,128	4,515,198
Cash flows generated from operations	29,088,335	22,346,156
(Increase)/ decrease in long term loans and advances	(11,201)	2,567
Increase/ (decrease) in long term deposits	7,431	(9,633)
Taxes paid	(7,624,810)	(2,892,028)
Actual decommissioning cost paid	(34,571)	(119,985)
Net cash generated from operating activities	21,425,184	19,327,077

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

36. 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	
	2019	2018	2019	2018
	Rupees ('000)		Rupees ('000)	
Managerial remuneration	7,612	7,612	84,700	91,425
Bonus	6,507	5,440	65,699	55,127
Housing, utility and conveyance	6,132	5,774	81,184	81,090
Company's contribution to pension, gratuity and provident funds	-	-	32,851	34,787
Leave passage	1,153	1,153	11,062	12,361
Other benefits	4,053	4,551	23,506	34,110
	25,457	24,530	299,002	308,900
No. of persons, including those who worked part of the year	1	1	40	42

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 22,051 thousand (2018: Rs 18,073 thousand).

Meeting fee of Rs 6,319 thousand (2018: Rs 4,459 thousand) was paid to Directors and Chief Executive of the Company based on actual attendance. This includes Rs 4,214 thousand (2018: Rs 2,676 thousand) paid to non-executive director of the Company.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

	Amortised cost	Investments classified as fair value through profit or loss	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
Other financial assets	-	6,479	6,479
Cash and bank balances	21,532,841	-	21,532,841
Maturity after one year			
Long term loans and advances	15,072	-	15,072
	30,204,737	6,479	30,211,216
		Amortised cost	Total
		Rupees ('000)	
Financial liabilities			
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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

37.2 Credit quality of financial assets

The credit quality of Company's financial assets have been assessed below by reference to external credit ratings of 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	2019	2018
Rupees ('000)			
Trade debts			
Counterparties with external credit rating	A1+	4,565,140	4,071,482
	A1	3,783,390	3,585,716
	A2	426,890	212,130
Counterparties without external credit rating			
Existing customers/ joint operating partners with no default in the past		132,708	373,159
		8,908,128	8,242,487
Advances, deposits and other receivables			
Counterparties with external credit rating	A1+	306,487	125,375
Counterparties without external credit rating			
Existing customers/ joint operating partners with no default in the past		155,284	131,891
Receivable from employees/ employee benefit plans		125,608	92,316
Receivable from parent company		889	40,528
Others		33,003	24,227
		621,271	414,337
Bank balances			
Counterparties with external credit rating	A1+	35,755,890	21,529,905
	A1	233	233
		35,756,123	21,530,138
Long term loans and advances			
Counterparties without external credit rating			
Receivable from employees		26,273	15,072
Investments classified as fair value through profit or loss			
Counterparties with external credit rating	AA(f)	809,919	1,944
	AA-(f)	610	578
	AA+	2,225	687
	AM2+	724	3,270
		813,478	6,479

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

37.3 FINANCIAL RISK MANAGEMENT

37.3.1 Financial risk factors

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

(a) Credit risk

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

As of June 30, 2019, trade debts of Rs 2,188,039 thousand (2018: Rs 2,012,420 thousand) were past due but not impaired. The ageing analysis of these trade receivables is as follows:

	2019	2018
	Rupees ('000)	
Related parties		
Up to 3 months	824,827	347,979
3 to 6 months	1,525	-
6 to 12 months	1,591	-
Above 12 months	31,277	43,058
	859,220	391,037
Others		
Up to 3 months	1,314,242	637,203
3 to 6 months	773	434,534
6 to 12 months	550	280,211
Above 12 months	13,254	269,435
	1,328,819	1,621,383
	2,188,039	2,012,420

(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, 2019, the Company had financial assets of Rs 46,130,590 thousand (2018: Rs 30,211,216 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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	Less than 1 year	Between 1 to 5 years	Over 5 years
	Rupees ('000)		
At June 30, 2019			
Long term deposits	-	844,756	-
Provision for decommissioning costs	-	15,071,323	7,733,639
Provision for staff compensated absences	-	7,725	-
Trade and other payables	16,488,426	-	-
Unclaimed dividend	191,166	-	-
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	-	-

(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 36,206,859 thousand (2018: Rs 14,476,843 thousand) and financial liabilities include Rs 13,563,295 thousand (2018: Rs 11,626,803 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 1,585,050 thousand lower/higher (2018: Rs 199,503 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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Financial assets include Rs 35,756,123 thousand (2018: Rs 21,528,813 thousand) and financial liabilities include Rs 11,811,608 thousand (2018: Rs 9,548,018 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 174,511 thousand (2018: Rs 83,866 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 investments classified as fair value through profit or loss. 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.

Investments classified as fair value through profit or loss of Rs 813,478 thousand (2018: Rs 6,479 thousand) were subject to price risk.

37.3.2 Capital risk management

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

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

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

37.3.3 Fair value of financial assets and liabilities

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

The Company held the following financial assets at fair value:

	Level 1	Level 2	Level 3	Total
	Rupees ('000)			
June 30, 2019				
Other financial assets classified as fair value through profit or loss	813,478	-	-	813,478
June 30, 2018				
Other financial assets classified as fair value through profit or loss	6,479	-	-	6,479

38. STAFF RETIREMENT BENEFITS

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

	2019	2018
	Rupees ('000)	
38.1 The amounts recognized in the statement of financial position are as follows:		
Present value of defined benefit obligations	1,500,143	1,500,895
Fair value of plan assets	(1,553,843)	(1,471,863)
	(53,700)	29,032
Amounts in the statement of financial position:		
Gratuity Fund-(Asset)	(97,805)	(66,068)
Management Staff Pension Fund-Liability	44,105	95,100
Net (Assets)/ Liability	(53,700)	29,032
38.2 The amounts recognized in the statement of profit or loss are as follows:		
Current service cost	36,371	31,562
Net interest cost	(1,179)	(3,704)
Other	(2)	-
	35,190	27,858
38.3 The amounts recognized in statement of profit or loss comprehensive income are as follows:		
Remeasurement due to:		
Change in financial assumptions	-	(59,175)
Experience adjustments	(9,997)	111,314
Investment return	43,609	33,783
	33,612	85,922

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

		2019	2018		
		Rupees ('000)			
38.4	Changes in the present value of defined benefit obligation are as follows:				
	Opening defined benefit obligation	1,500,895	1,437,088		
	Current service cost	36,371	31,562		
	Interest cost	127,234	112,416		
	Remeasurement loss	9,997	52,139		
	Benefits paid	(174,354)	(132,310)		
	Closing defined benefit obligation	1,500,143	1,500,895		
38.5	Changes in fair value of plan assets are as follows:				
	Opening fair value of plan assets	1,471,863	1,442,701		
	Interest income	128,413	116,122		
	Remeasurement gain	43,609	(33,783)		
	Contribution by employer	84,312	79,134		
	Benefits paid	(174,354)	(132,311)		
	Closing fair value of plan assets	1,553,843	1,471,863		
38.6	The major categories of plan assets as a percentage of total plan assets of defined pension and gratuity plan are as follows:				
		2019	2018		
		Rupees ('000)	%	Rupees ('000)	%
	Government bonds	4,761	-	343,756	23
	Mutual Funds	22,027	1	28,919	2
	Cash and cash equivalents	1,527,055	99	1,099,188	75
		1,553,843	100	1,471,863	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.

38.7 Principal actuarial assumptions

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

	2019	2018
	%	%
Discount rate	13.7	9.0
Expected rate of salary increase	12.0	7.4
Expected rate of pension increase	7.4	3.0

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

38.8 Mortality was assumed to be 70% of the EFU(61-66) Table at valuations on both dates, June 30, 2018 and 2019.

38.9 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.

38.10 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
	Rupees ('000)	
Discount rate	(117,557)	138,348
Salary increase	40,401	(31,252)
Pension increase	98,905	(87,088)

If life expectancy increases by 1 year, the obligation increases by Rs 46,432 thousand.

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

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

Plan Duration	Pension	Gratuity
	Years	
June 30, 2019	11.2	5.9
June 30, 2018	11.2	5.3

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

- 38.12** 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	31,574	-
Benefit payments:		
FY 2020	85,731	75,142
FY 2021	99,089	51,120
FY2022	105,913	94,254
FY 2023	114,850	26,373
FY 2024	121,101	31,930
FY 2025-29	736,832	145,567

39. EARNINGS PER SHARE - BASIC AND DILUTED

Basic earnings per share previously reported at Rs 48.13 in the financial statements for the year ended June 30, 2018 has been restated to Rs 40.10 for 47,309,184 bonus shares issued during the year ended June 30, 2019.

	2019	2018
Profit for the year (in thousand rupees)	16,871,707	11,383,934
		(Restated)
Weighted average number of ordinary shares in issue during the year (in thousand shares)	283,855	283,855
Basic and diluted earnings per share (Rupees)	59.44	40.10

40. TRANSACTIONS WITH RELATED PARTIES

- 40.1** 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	2019	2018
		Rupees ('000)	
Parent company - The Attock Oil Company Limited	Holding company		
Purchase of petroleum products		11,383	92,578
Purchase of services		41,147	35,980
Dividend paid		6,114,120	5,303,064

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		2019	2018
	Basis of Relationship	Rupees ('000)	
Subsidiary company - Capgas (Private) Limited	Subsidiary with 51% shareholding		
Sale of services		12,056	12,599
Purchase of services		10,289	8,049
Dividend received		10,328	8,606
Associated companies	Common directorship		
Attock Refinery Limited			
Sale of crude oil and gas		19,052,177	15,025,298
Crude oil and gas transmission charges		3,671	4,049
Sale of services		3,459	5,968
Purchase of LPG		249,949	133,000
Purchase of fuel		14,694	9,241
Purchase of services		25,844	24,406
National Refinery Limited	25% share holding & common directorship		
Sale of crude oil		1,005,939	376,589
Purchase of LPG		685,913	336,630
Purchase of services		2,735	3,998
Dividend received		199,916	449,812
Attock Petroleum Limited	7.0175% share holding & common directorship		
Purchase of fuel and lubricants		817,081	725,289
Sale of solvent oil		288,229	211,096
Sale of services		17,741	18,109
Purchase of services		664	943
Dividend received		215,362	247,375
Purchase of goods		178	-
Attock Information Technology (Private) Limited	Common directorship		
Purchase of services		55,545	52,426
Attock Cement Pakistan Limited	Common directorship		
Purchase of services		5	-
Attock Hospital (Private) Limited	Common directorship		
Purchase of medical services		12,617	11,882
Other associated entities			
Dividend paid		18,597	16,130

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Basis of Relationship	2019	2018
	Rupees ('000)	
Other related parties		
Dividend paid to key management personnel	117,420	101,922
Contribution to staff retirement benefits plans		
Management Staff Pension Fund and Gratuity Fund	84,311	79,134
Approved Contributory Provident Funds	30,416	29,167
Contribution to Workers' Profit Participation Fund	1,329,392	765,724

40.2 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 Registered Address Country of Incorporation	The Attock Oil Company Limited 4, Swan Street Manchester England M4 5JN 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

41. CONTRIBUTORY PROVIDENT FUND

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

	2019	2018
	Rupees ('000)	
Net assets	642,145	663,148
Cost of investments made	580,216	593,939
%age of investments made	90%	90%
Fair value of investments made	592,971	609,652

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Breakup of investments - at cost	2019		2018	
	Rupees ('000)	%	Rupees ('000)	%
Term Finance Certificates	-	-	925	0.16
Mutual Funds	4,977	0.86	4,977	0.84
Government bonds	566,197	97.58	579,715	97.60
Cash and cash equivalents	9,042	1.56	8,322	1.40
	580,216	100.00	593,939	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.

42. DISCLOSURE REQUIREMENTS FOR ALL SHARES ISLAMIC INDEX

Description	Explanation	2019		2018	
		Rupees ('000)		Rupees ('000)	
i) Loans and advances	Non-interest bearing				
ii) Deposits	Non-interest bearing				
iii) Segment revenue	Disclosed in note 34				
iv) Bank Balances					
Placed under interest arrangements		35,697,714		21,502,651	
Placed under Shariah permissible arrangements		4,487		26,162	
		35,702,201		21,528,813	
v) Income on bank deposits					
Placed under interest arrangements		2,042,984		759,123	
Placed under Shariah permissible arrangements		1,189		434	
		2,044,173		759,557	
vi) Gain/(loss) on investments classified as fair value through profit or loss	Disclosed in note 23.1.1				
vii) Dividend income	Disclosed in note 32.1 & 32.2				
viii) All sources of other income	Disclosed in note 32				
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				

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

43. 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

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Exploration licenses/Leases	Location and address	
	District(s)	Province(s)
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

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

The Board of Directors in its meeting held on July 29, 2019 has proposed a final dividend for the year ended June 30, 2019 @ Rs 30 per share, amounting to Rs 8,515,653 thousand for approval of the members in the Annual General Meeting to be held on September 17, 2019.

45. GENERAL

45.1 Capacity

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

Product	Unit	2019	2018
Crude Oil/Condensate	US Barrels	2,615,981	2,663,252
Gas	Million Cubic Feet	32,189	31,970
LPG	Metric Tonnes	61,076	62,065
Sulphur	Metric Tonnes	645	667
Solvent Oil	US Barrels	23,452	22,129

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

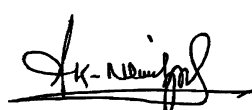
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018
45.2 Number of employees		
Total number of employees as at June 30	752	746
Total number of employees at fields as at June 30	568	569
Average number of employees during the year	746	732
Average number of employees at fields during the year	566	556

45.3 Date of authorization

These financial statements were authorized for issue by the Board of Directors of the Company on July 29, 2019.



Khalid Nafees
Chief Financial Officer



Shuaib A. Malik
Chief Executive



Abdus Sattar
Director

Consolidated Financial Statements

For the year ended June 30, 2019



INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the annexed consolidated financial statements of Pakistan Oilfields Limited and its subsidiary (the Group), which comprise the consolidated statement of financial position as at June 30, 2019, and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other 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, 2019, 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 the 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)	<p>Litigation with respect to conversion of TAL Block petroleum concession to Petroleum Policy 2012</p> <p><i>(Refer note 27 to the consolidated financial statements)</i></p> <p>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 November 24, 2017.</p> <p>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. Company's contention is duly supported by the legal advice on the matter.</p> <p>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.</p> <p>The Company has not recognised the revenue to the extent of Rs 10,856 million since inception to June 30, 2019 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.</p>	<p>Our audit procedures in relation to the matter included:</p> <ul style="list-style-type: none"> • 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. • 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. • Reviewed the disclosures made in the consolidated financial statements in respect of this matter.

INDEPENDENT AUDITORS' REPORT

S.No.	Key Audit Matters	How the matter was addressed in our audit
	<p>We considered this as key audit matter due to the significant amounts involved and significant judgments made by management regarding the matter.</p>	
(ii)	<p>Analysis of impairment of development and decommissioning costs</p> <p><i>(Refer note 16 to the consolidated financial statements)</i></p> <p>As at June 30, 2019, the development and decommissioning costs amounted to Rs 11,054 million.</p> <p>The Company assesses at the end of each reporting period whether there is any indication that a Cash Generating Unit (CGU) may be impaired.</p> <p>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.</p> <p>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.</p> <p>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.</p>	<p>Our audit procedures in relation to management's impairment test included:</p> <ul style="list-style-type: none"> · 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.

S.No.	Key Audit Matters	How the matter was addressed in our audit
(iii)	<p>Investment in associated companies</p> <p>(Refer note 19 to the consolidated financial statements)</p> <p>The Group has investment in its associated companies National Refinery Limited (NRL) and Attock Petroleum Limited (APL). As at June 30, 2019, the carrying amount of investments in above referred associated companies amounted to Rs 10,536 million (net of recognised impairment loss of Rs 4,304 million) and Rs 2,571 million respectively which carrying values are higher by Rs 8,267 million and Rs 556 million respectively in relation to the quoted market value of their respective shares. The Group carries out impairment assessment of the value of investment where there are indicators of impairment.</p> <p>The Group has assessed the recoverable amounts of the investments in associated companies based on the higher of the value-in-use ("VIU") and fair value. The VIU of NRL and APL are based on valuation analysis carried out by independent external investment advisor and by the management's expert in respective cases. The VIU analysis are based on 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.</p> <p>In view of significant management judgement involved in the estimation of VIU we consider this as a key audit matter.</p>	<p>Our procedures in relation to assessment of carrying value of investment in associated companies included:</p> <ul style="list-style-type: none"> · Assessed the appropriateness of management's accounting for investment in associated companies. · Considered management's process for identifying the existence of impairment indicators in respect of investment in associated companies. · Evaluated the independent 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.

INDEPENDENT AUDITORS' REPORT

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 other 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 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 direction, 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 Asim Masood Iqbal.



Chartered Accountants
Islamabad
Date: August 26, 2019

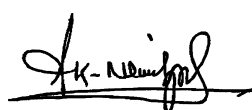
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2019

		2019	2018
	Note	Rupees ('000)	
SHARE CAPITAL AND RESERVES			
Equity attributable to owners of POL			
Authorised capital	8	5,000,000	5,000,000
Issued, subscribed and paid up capital	8	2,838,551	2,365,459
Capital reserves	9	2,027,863	2,018,310
Revenue reserves	10	36,615,085	35,389,628
Fair value gain on available-for-sale investments		-	2,227
Gain on remeasurement of investment at fair value through Other Comprehensive Income (OCI)		3,337	-
		41,484,836	39,775,624
Non-Controlling Interest		117,124	122,140
		41,601,960	39,897,764
NON CURRENT LIABILITIES			
Long term deposits	11	976,516	968,140
Deferred liabilities	12	17,291,297	16,510,944
		18,267,813	17,479,084
CURRENT LIABILITIES AND PROVISIONS			
Trade and other payables	13	19,344,762	15,987,140
Unclaimed dividend		191,166	170,717
Provision for income tax		6,007,343	4,790,372
		25,543,271	20,948,229
CONTINGENCIES AND COMMITMENTS	14		
		85,413,044	78,325,077

		2019	2018
	Note	Rupees ('000)	
NON-CURRENT ASSETS			
Property, plant and equipment	15	8,557,119	9,474,690
Development and decommissioning costs	16	11,053,586	12,596,720
Exploration and evaluation assets	17	52,761	2,590,790
Other intangible assets	18	151,722	217,543
Deferred income tax asset		2,652	-
		19,817,840	24,879,743
LONG TERM INVESTMENTS IN ASSOCIATED COMPANIES	19	13,135,926	17,353,491
LONG TERM LOANS AND ADVANCES	20	26,273	15,072
CURRENT ASSETS			
Stores and spares	21	3,918,405	3,572,543
Stock in trade	22	313,921	320,152
Trade debts	23	8,908,201	8,242,886
Advances, deposits, prepayments and other receivables	24	2,566,353	2,311,160
Other financial assets	25	880,749	6,479
Cash and bank balances	26	35,845,376	21,623,551
		52,433,005	36,076,771
		85,413,044	78,325,077

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



Khalid Nafees
Chief Financial Officer



Shuaib A. Malik
Chief Executive



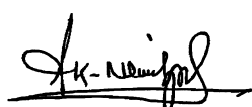
Abdus Sattar
Director

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED JUNE 30, 2019

		2019	2018
	Note	Rupees ('000)	
SALES		48,519,254	35,919,194
Sales tax		(3,680,305)	(2,462,244)
NET SALES	27	44,838,949	33,456,950
Operating costs	28	(11,230,564)	(9,189,425)
Excise duty		(309,251)	(307,703)
Royalty		(4,553,641)	(3,778,297)
Amortization of development and decommissioning costs	29	(3,311,549)	(2,986,824)
		(19,405,005)	(16,262,249)
GROSS PROFIT		25,433,944	17,194,701
Exploration costs	30	(2,048,986)	(2,990,153)
		23,384,958	14,204,548
Administration expenses	31	(202,744)	(191,279)
Finance costs	32	(3,773,657)	(1,919,041)
Other charges	33	(1,729,078)	(972,105)
		(5,705,479)	(3,082,425)
		17,679,479	11,122,123
Other income	34	6,762,805	2,595,957
Share of (loss)/profit of associated companies	19 & 35	24,442,284	13,718,080
(Impairment)/reversal of impairment on investment in associated company	19	(1,890,241)	843,354
		(1,913,703)	178,421
PROFIT BEFORE TAXATION		20,638,340	14,739,855
Provision for taxation	36	(7,356,828)	(3,036,198)
PROFIT FOR THE YEAR		13,281,512	11,703,657
Attributable to:			
Owners of Pakistan Oilfields Limited (POL)		13,276,783	11,679,267
Non - Controlling Interest		4,729	24,390
		13,281,512	11,703,657
Earnings per share attributable to owners of POL -			(Restated)
Basic and diluted (Rupees)	42	46.77	41.15

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



Khalid Nafees
Chief Financial Officer



Shuaib A. Malik
Chief Executive



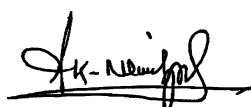
Abdus Sattar
Director

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018
	Rupees ('000)	
Profit for the year	13,281,512	11,703,657
Other comprehensive income for the year:		
Items that will not be reclassified to profit or loss		
Remeasurement gain/(loss) on staff retirement benefit plans	34,125	(86,792)
Tax (charge)/credit relating to remeasurement gain/(loss) on staff retirement benefit plans	(10,233)	26,039
	23,892	(60,753)
Share of other comprehensive income/(loss) of associated companies - net of tax	24,995	(15,510)
	48,887	(76,263)
Items that may be subsequently reclassified to profit or loss		
Fair value adjustments on available-for-sale investments	-	224
Other comprehensive income/(loss) for the year, net of tax	48,887	(76,039)
Total comprehensive income for the year	13,330,399	11,627,618
Attributable to:		
Owners of Pakistan Oilfields Limited (POL)	13,325,492	11,603,526
Non - Controlling Interest	4,907	24,092
	13,330,399	11,627,618

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



Khalid Nafees
Chief Financial Officer



Shuaib A. Malik
Chief Executive



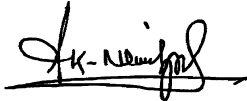
Abdus Sattar
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2019

	Attributable to owners of Pakistan Oilfields Limited							Fair value gain/ (loss) on available-for-sale investments	Gain/(loss) on revaluation of investment at fair value through OCI	Total	Non-controlling interest	Total
	Share capital	Bonus shares issued by subsidiary/ associated companies	Capital Reserves	Utilised Special reserve	Insurance reserve	Revenue reserves	Unappropriated profit					
			Special reserve			General reserve						
	Rupees ('000)											
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
Impact of IFRS 9 transition	-	-	-	-	-	-	(26,640)	-	3,753	(22,887)	-	(22,887)
Balance as at July 1, 2018 - IFRS 9	2,365,459	59,754	17,512	1,941,044	200,000	6,852,325	28,310,663	2,227	3,753	39,752,737	122,140	39,874,877
Total comprehensive income for the year:												
Profit for the year	-	-	-	-	-	-	13,276,783	(2,227)	-	13,274,556	4,729	13,279,285
Other comprehensive income/(loss)	-	-	-	-	-	-	48,709	-	(416)	48,293	178	48,471
	-	-	-	-	-	-	13,325,492	(2,227)	(416)	13,322,849	4,907	13,327,756
Bonus shares issued by an associated company - APL	-	11,641	-	-	-	-	(11,641)	-	-	-	-	-
Transferred to general reserve by an associated company	-	-	-	-	-	225,000	(225,000)	-	-	-	-	-
Transferred from special reserve by an associated company	-	-	(2,088)	-	-	-	2,088	-	-	-	-	-
Bonus shares issued @ 20% - Year ended June 30, 2019	473,092	-	-	-	-	-	(473,092)	-	-	-	-	-
POL dividends:												
Final dividend @ Rs 25 per share - Year ended June 30, 2018	-	-	-	-	-	-	(5,913,648)	-	-	(5,913,648)	-	(5,913,648)
Interim dividend @ Rs 20 per share - Year ended June 30, 2019	-	-	-	-	-	-	(5,677,102)	-	-	(5,677,102)	-	(5,677,102)
Dividend to CAPGAS non - controlling interest holders	-	-	-	-	-	-	-	-	-	-	-	-
Interim dividend @ Rs 25 per share - Year ended June 30, 2018	-	-	-	-	-	-	-	-	-	-	(9,923)	(9,923)
Total transactions with owners	-	-	-	-	-	-	(11,590,750)	-	-	(11,590,750)	(9,923)	(11,600,673)
Balance at June 30, 2019	2,838,551	71,395	15,424	1,941,044	200,000	7,077,325	29,337,760	-	3,337	41,484,836	117,124	41,601,960

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


Khalid Nafees
Chief Financial Officer


Shuaib A. Malik
Chief Executive

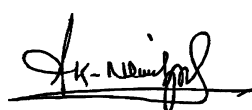

Abdus Sattar
Director

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2019

		2019	2018
	Note	Rupees ('000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers		44,674,776	37,511,039
Operating and exploration costs paid		(11,100,694)	(11,738,511)
Royalty paid		(4,440,890)	(3,550,234)
Taxes paid		(7,635,557)	(2,906,161)
Cash provided by operating activities	45	21,497,635	19,316,133
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(1,400,918)	(4,778,230)
Proceeds from disposal of property, plant and equipment		5,847	5,476
Investment in mutual funds		(871,469)	-
Income on bank deposits and held-to-maturity investments		1,892,089	707,587
Dividend received from associated companies and available-for-sale investments		442,638	697,187
Cash used in investing activities		68,187	(3,367,980)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(11,570,301)	(10,022,207)
Dividend paid to non - controlling interest holders		(9,923)	(8,269)
Cash used in financing activities		(11,580,224)	(10,030,476)
EFFECT OF EXCHANGE RATE CHANGES		4,236,227	1,407,214
INCREASE IN CASH AND CASH EQUIVALENTS		14,221,825	7,324,891
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		21,623,551	14,298,660
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		35,845,376	21,623,551

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

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

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 Group have been disclosed in note 47.

2. STATEMENT OF COMPLIANCE

These are consolidated financial statements of the Group. 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 Group has adopted IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from Contracts with Customers" w.e.f July 1, 2018. For related changes in accounting policies and impact on Group's financial statements refer note 4 to these financial statements.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

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

		Effective date (annual reporting periods beginning on or after)
IAS 1	Presentation of financial statements (Amendments)	January 1, 2020
IAS 8	Accounting policies, changes in accounting estimates and errors (Amendments)	January 1, 2020
IAS 12	Income Taxes (Amendments)	January 1, 2019
IAS 19	Employee benefits (Amendments)	January 1, 2019
IAS 23	Borrowing Costs (Amendments)	January 1, 2019
IAS 28	Investment in Associates and Joint Ventures (Amendments)	January 1, 2019
IFRS 3	Business Combinations (Amendments)	January 1, 2020
IFRS 9	Financial Instruments (Amendments)	January 1, 2019
IFRS 11	Joint Arrangements (Amendments)	January 1, 2019
IFRS 16	Leases	January 1, 2019
IFRIC 23	Uncertainty Over Income Tax Treatments	January 1, 2019

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

IFRS 16 Leases - IFRS 16 replaces the previous lease standard: IAS 17 Leases. It will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short term and low value leases. The management is in the process of assessing the impact of changes laid down by IFRS 16 on its financial statements.

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

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

4. CHANGES IN ACCOUNTING POLICIES

The Group has adopted IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from Contracts with Customers" w.e.f July 1, 2018. Related changes in accounting policies and impact on Group's financial statements are explained below:

4.1 Financial Instruments

IFRS 9 "Financial Instruments" (IFRS 9) replaces IAS 39 "Financial Instruments: Recognition and Measurement" (IAS 39). IFRS 9 introduces new requirements for i) the classification and measurement of financial assets and financial liabilities ii) impairment for financial assets and iii) hedge accounting.

IFRS 9 permits either a full retrospective or a modified retrospective approach for adoption. The Group has adopted the standard using the modified retrospective approach for classification, measurement and impairment. This means that the cumulative impact, if any, of the adoption is recognized in unappropriated profit as of July 1, 2018 and comparatives are not restated. Details of these new requirements as well as their impact on the Group's financial statements are described below:

i) **Classification and measurement of financial assets and financial liabilities**

The new standard requires the Group to assess the classification of financial assets on its statement of financial position in accordance with the cash flow characteristics of the financial assets and the relevant business model that the Group has for a specific class of financial assets.

IFRS 9 no longer has an "Available-for-sale" (AFS) classification for financial assets. The new standard has different requirements for debt or equity financial assets.

Debt instruments should be classified and measured either at:

- Amortized cost, where the effective interest rate method will apply;
- Fair value through other comprehensive income, with subsequent recycling to the profit or loss upon disposal of the financial asset (FVTOCI); or
- Fair value through profit or loss (FVTPL)

Investments in equity instruments, other than those to which consolidation or equity accounting apply, should be classified and measured either at:

- Fair value through other comprehensive income, with no subsequent recycling to the profit or loss upon disposal of the financial asset; or
- Fair value through profit or loss.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

Assessment of financial impact of measurement requirements on adoption of IFRS 9 as at July 1, 2018 is as follows:

	Measurement category		Carrying amount		
	Original (IAS 39)	New (IFRS 9)	Original Rs'000	New Rs'000	Difference Rs'000
Non Current financial assets					
Long term loans and advances	Amortised cost	Amortised cost	15,072	15,072	-
Current financial assets					
Trade debts	Amortised cost	Amortised cost	8,242,886	8,242,886	-
Advances, deposits and other receivables	Amortised cost	Amortised cost	426,314	426,314	-
Cash and bank balances	Amortised cost	Amortised cost	21,623,551	21,623,551	-
Other financial assets	AFS	FVTPL	6,544	6,544	-
Non Current financial liabilities					
Long term deposits	Amortised cost	Amortised cost	968,140	968,140	-
Provision for decommissioning costs	Amortised cost	Amortised cost	9,548,018	9,548,018	-
Provision for staff compensated absences	Amortised cost	Amortised cost	8,475	8,475	-
Provision for gratuity	Amortised cost	Amortised cost	5,182	5,182	-
Current financial liabilities					
Trade and other payables	Amortised cost	Amortised cost	14,543,921	14,543,921	-
Unclaimed dividend	Amortised cost	Amortised cost	170,717	170,717	-

ii) Impairment of financial assets

IFRS 9 introduces the Expected Credit Loss (ECL) model, which replaces the incurred loss model of IAS 39 whereby an allowance for doubtful debt was required only in circumstances where a loss event has occurred. By contrast, the ECL model requires the Group to recognize an allowance for doubtful debt on all financial assets carried at amortized cost (including, for example, trade debts and other receivables), as well as debt instruments classified as financial assets carried at fair value through other comprehensive income, since initial recognition, irrespective whether a loss event has occurred.

4.2 Revenue from Contracts with Customers

Effective July 1, 2018, the Group has applied IFRS 15 "Revenue from Contracts with Customers" for determining its revenue recognition policy. IFRS 15 replaces IAS 18 "Revenue" and IAS 11 "Construction Contracts" and related interpretations. IFRS 15 addresses revenue recognition for contracts with customers as well as treatment of incremental costs incurred in acquiring a contract with a customer.

IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Specifically, the standard introduces a 5-step approach to revenue recognition:

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FOR THE YEAR ENDED JUNE 30, 2019

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when control of the goods or services underlying the particular performance obligation is transferred to the customer.

IFRS 15 permits either a full retrospective or a modified retrospective approach for adoption. The Group has adopted the standard using the modified retrospective approach, which means that the cumulative impact of the adoption, if any, is recognized in unappropriated profit in the period of initial application and comparatives are not restated.

The application of IFRS 15 does not have any material impact on revenue recognition policy of the Group and therefore, the cumulative impact of the adoption on unappropriated profit is not material and accordingly the unappropriated profit as of July 1, 2018 is not adjusted.

- 4.3** The following table presents the transitional impact that adoption of IFRS 9 have on the opening statement of financial position of the Group as of July 1, 2018.

	Carrying amount as reported under IAS 39 July 1, 2018	Impact of IFRS 9		Total impact of IFRS 9	Carrying amount as reported under IFRS 9 July 1, 2018
		Reclassification due to IFRS 9	Remeasurment allowance: ECL		
(Rupees in '000)					
Current assets					
Trade debts - gross	8,242,886	-	-	-	8,242,886
Other financial assets					
Available for sale investments	6,479	(6,479)	-	(6,479)	-
Investments classified as fair value through profit or loss	-	6,479	-	6,479	6,479
Impact on net assets	8,249,365	-	-	-	8,249,365
Capital and reserves					
Reserves					
Unappropriated profit/(loss)	28,337,303	**	-	-	28,337,303
Fair value gain on available-for-sale investments	2,227	**	-	-	2,227
	28,339,530	-	-	-	28,339,530

** The cumulative fair value gain of Rs 2,227 thousand as at June 30, 2018 previously recognised directly in other comprehensive income relating to such investments has been reclassified from equity to the statement of profit or loss in the current period, prospectively. The statement of financial position as at July 1, 2018 have not been restated for change in accounting policy due to immaterial impact.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1 Basis of measurement

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

5.2 Basis of consolidation

The consolidated financial statements include the financial statements of POL and its subsidiary CAPGAS with 51% holding (2018: 51%).

a) Subsidiary

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group 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 Group. 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 Group 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 increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group'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 Group'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 profit or loss and other comprehensive income with the corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying amount and

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

recognises the amount adjacent to share of profit/ (loss) of associates in the statement of profit or loss.

5.3 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 Group has a single reportable segment as the Board of Directors views the Group's operations as one reportable segment.

5.4 Functional and presentation currency

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

5.5 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.

5.6 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.

5.7 Provisions

Provisions are recognized when the Group 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.

5.8 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.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

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 discount rate ranging from 13.68% p.a. to 13.77% p.a. (2018: 7.47% p.a. to 8.48% p.a.) and using inflation rate of 9.3% p.a. (2018: 5.04% p.a.). The increase in provision due to unwinding of discount is recorded as finance cost.

5.9 Employee compensated absences

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

5.10 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, 2019.

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 40.

- (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, 2019 using the "Project Unit Credit Method".

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

5.11 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.

5.12 Contingent liabilities

A contingent liability is disclosed when the Group 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 Group; or the Group 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.

5.13 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 15.1 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.

5.14 Other 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 18. 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.

5.15 Exploration assets / costs and development costs

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

5.15.2 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.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

5.15.3 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.

5.16 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.

5.17 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.

5.18 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.

5.19 Trade debts and other receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognised at fair value. They are subsequently measured at amortised cost using the effective interest rate method, less loss allowance. Refer note 5.22 for a description of the Group's impairment policies.

5.20 Financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Group becomes a party to the contractual provisions of the instrument. All the financial assets are derecognized at the time when the Group loses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognized at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled, or

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

expired. Any gains or losses on de-recognition of the financial assets and financial liabilities are taken to the statement of profit or loss.

5.21 Financial assets

Classification

Effective July 1, 2018, the Group classifies its financial assets in the following measurement categories:

- (i) Amortised cost where the effective interest rate method will apply;
- (ii) Fair value through profit or loss (FVTPL); and
- (iii) Fair value through other comprehensive income (FVTOCI)

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income (OCI). For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVTOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Further, financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in statement of profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group can classify its debt instruments:

a) Amortised cost

Financial assets that are held for collection of contractual cash flows where the contractual terms of the financial assets give rise on specified dates to cash flows that represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other income together with

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

b) Fair value through other comprehensive income (FVTOCI)

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the contractual terms of the financial asset give rise on specified dates to cash flows that represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses and interest revenue, and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to statement of profit or loss and recognised in other income. Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other income and impairment expenses are presented as separate line item in the statement of profit or loss.

c) Fair value through profit or loss (FVTPL)

Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within other income in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in statement of profit or loss.

5.22 Impairment of financial assets

Effective from July 1, 2018, the Group assesses on a historical as well as on a forward looking basis the expected credit losses (ECL) as associated with its trade debts, deposits and other receivables and cash and bank balances carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade debts, the Group applies IFRS 9 simplified approach to measure the expected credit losses (loss allowance) which uses a life time expected loss allowance while general 3-stage approach for deposits and other receivables and cash and bank balances i.e to measure ECL through loss allowance at an amount equal to 12-month ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition.

Following are financial instruments that are subject to the ECL model:

- Trade debts
- Deposits and other receivables
- Cash and bank balances

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FOR THE YEAR ENDED JUNE 30, 2019

(i) **General approach for short term investment, deposits and other receivables and cash and bank balances.**

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information (adjusted for factors that are specific to the counterparty, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate). As for the exposure at default for financial assets, this is represented by the assets' gross carrying amount at the reporting date. Loss allowances are forward looking, based on 12 month expected credit losses where there has not been a significant increase in credit risk rating, otherwise allowances are based on lifetime expected losses.

Expected credit losses are a probability weighted estimate of credit losses. The probability is determined by the risk of default which is applied to the cash flow estimates. In the absence of a change in credit rating, allowances are recognised when there is reduction in the net present value of expected cash flows. On a significant increase in credit risk, allowances are recognised without a change in the expected cash flows, although typically expected cash flows do also change; and expected credit losses are rebased from 12 month to lifetime expectations.

Significant increase in credit risk

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the instrument as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable forward-looking information.

The following indicators are considered while assessing credit risk

- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations;
- actual or expected significant changes in the operating results of the debtor;
- significant increase in credit risk on other financial instruments of the same debtor; and
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees, if applicable.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

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Irrespective of the above analysis, in case of trade debts, the Group considers that default has occurred when a the debt is more than 365 days past due, unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit - impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

(ii) Simplified approach for trade debts

The Group recognises life time ECL on trade debts, using the simplified approach. The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Trade debts with individually significant balance are separately assessed for ECL measurement. All other receivables are grouped and assessed collectively based on shared credit risk characteristics and the days past due. The expected credit losses on these financial assets are estimated using a provision matrix approach based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments;
- Past-due status;
- Nature, size and industry of debtors; and
- external credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

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Recognition of loss allowance

The Group recognizes an impairment gain or loss in the statement of profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 60 days past due in making a contractual payment.

Write-off

The Group write off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount.

The Group may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in impairment gains.

5.23 Financial Liabilities

Classification, initial recognition and subsequent measurement

Financial liabilities are classified in the following categories:

- fair value through profit or loss; and
- other financial liabilities.

The Group determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in case of other financial liabilities also include directly attributable transaction costs. The subsequent measurement of financial liabilities depends on their classification, as follows:

a) Fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held-for-trading and financial liabilities designated upon initial recognition as being at fair value through profit or loss. The Group has not designated any financial liability upon recognition as being at fair value through profit or loss.

b) Other financial liabilities

After initial recognition, other financial liabilities which are interest bearing subsequently measured at amortized cost, using the effective interest rate method. Gain and losses are recognized in profit or loss for the year, when the liabilities are derecognized as well as through effective interest rate amortisation process.

Derecognition of financial liabilities

The Group derecognises financial liabilities when and only when the Group's obligations are discharged, cancelled or they expire.

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5.24 Offsetting

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

5.25 Revenue recognition

Revenue is recognised when control of the products has transferred, being when the products are delivered to the customer, and there is no unfulfilled obligation that could affect the customer's acceptance of the product. Revenue is recognised as follows:

- a) crude oil, upon delivery to customer;
- b) natural gas, upon delivery to the customer; and
- c) Liquefied Petroleum Gas (LPG), upon delivery to distributors at LPG plant facility

Revenue is measured at the fair value of the consideration to which the Group expects to be entitled in exchange for transferring goods/services. 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 investments at amortised costs 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.

5.26 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 Group has assessed the nature of its joint arrangements and determined them to be joint operations. The Group 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.

5.27 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.

5.28 Dividend distribution

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

6. 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 Group'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

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

assumptions and estimates are significant to the Group'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 16
- ii) Estimated useful life of property, plant and equipment - note 15.1
- iii) Estimated costs, discount and inflation rate used for provision for decommissioning costs - note 5.8
- iv) Estimated value of staff retirement benefits obligations - note 40
- v) Provision for taxation - note 5.6
- vi) Price adjustment related to crude oil sales - note 5.25
- vii) Impairment of financial assets - note 5.22

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

7. SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS DURING THE YEAR

The financial position and performance of the Group was particularly affected by following events and transactions during the reporting period:

- i) During the year sales has increased due to commencement of production from Adhi - 32 (Adhi Mining Lease) and increase in prices during the year:
- ii) As described in note 27.1, 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, 2019 amounting to Rs 10,855,542 thousand (including Rs 7,289,169 thousand since inception to June 30, 2018) will be accounted for upon resolution of the matter disclosed in note 27.1.
- iii) Other significant transactions and events have been adequately disclosed in the notes to the financial statements.

	2019	2018
	Rupees ('000)	
8. SHARE CAPITAL		
Authorised capital		
500,000,000 (2018: 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 (2018: 20,200,000) ordinary shares	202,000	202,000
Shares issued as fully paid bonus shares		
263,655,104 (2018: 216,345,920) ordinary shares	2,636,551	2,163,459
283,855,104 (2018: 236,545,920) ordinary shares of Rs 10 each	2,838,551	2,365,459

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FOR THE YEAR ENDED JUNE 30, 2019

- 8.1** The Company is a subsidiary of The Attock Oil Company Limited which held 149,732,358 (2018: 124,776,965) ordinary shares at the year end.

	2019	2018
	Rupees ('000)	
9. CAPITAL RESERVE		
Bonus shares issued by subsidiary/associated companies	71,395	59,754
Special reserve - note 9.1	15,424	17,512
Utilised special reserve - note 9.2	1,941,044	1,941,044
	2,027,863	2,018,310

- 9.1** This represents the Group'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 15,176 thousand (2018: Rs 17,289 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 247 thousand (2018: Rs 223 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.

- 9.2** This represents the Group's share of amounts utilised by associated companies out of the Special Reserve for upgradation and expansion of the refineries.

	2019	2018
	Rupees ('000)	
10. REVENUE RESERVES		
Insurance reserve - note 10.1	200,000	200,000
General reserve	7,077,325	6,852,325
Unappropriated profit	29,337,760	28,337,303
	36,615,085	35,389,628

- 10.1** The Group has set aside an insurance reserve for self insurance of assets which have not been insured and for deductibles against insurance claims.

	2019	2018
	Rupees ('000)	
11. LONG TERM DEPOSITS		
Security deposits from distributors against equipment	916,394	908,199
Security deposits from distributors against distributorship and others	60,122	59,941
	976,516	968,140

- 11.1** Amount received as security deposit is utilized/utilizable by the Group in accordance with the related agreements with customers.

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	2019	2018
	Rupees ('000)	
12. DEFERRED LIABILITIES		
Provision for deferred income tax - note 12.1	5,466,454	6,949,269
Provision for decommissioning costs - note 12.2	11,811,608	9,548,018
Provision for staff compensated absences	7,725	8,475
Provision for un-funded gratuity plan - CAPGAS	5,510	5,182
	17,291,297	16,510,944
12.1 Provision for deferred income tax		
The provision for deferred income tax represents:		
Temporary differences between accounting and tax base of non current assets	5,722,865	7,194,201
Provision for stores and spares	(161,105)	(139,544)
Provision for doubtful receivable	(93)	(93)
Deferred tax on remeasurement loss on staff retirement benefit plans	(95,213)	(105,295)
	5,466,454	6,949,269
12.2 Provision for decommissioning costs		
Balance brought forward	9,548,018	8,578,227
Revision due to change in estimates- 12.2.1	(1,482,306)	(988,977)
Provision made during the year	48,385	239,847
Unwinding of discount	754,918	592,698
Exchange loss	3,012,047	1,322,218
Decommissioning cost incurred during the year	(69,454)	(195,995)
	11,811,608	9,548,018
12.2.1 Revision due to change in estimates		
Credited to related asset - note 16	(1,019,522)	(685,553)
Revision in excess of related asset credited to statement of profit or loss - note 29	(462,784)	(303,424)
	(1,482,306)	(988,977)

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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	2019	2018
	Rupees ('000)	
13. TRADE AND OTHER PAYABLES		
Creditors	342,631	643,224
Due to related parties		
Attock Hospital (Pvt) Limited	2,692	1,663
Attock Petroleum Limited	58,308	43,336
Management Staff Pension Fund	44,105	95,100
Staff Provident Fund	4,405	5,479
General Staff Provident Fund	852	1,010
Workers' Profit Participation Fund - note 13.1	1,329,934	218,085
Due to joint operating partners		
The Attock Oil Company Limited	35,772	17,219
Others	1,710,334	2,230,567
Accrued liabilities	2,882,802	2,964,536
Advance payment from customers	56,490	96,673
Royalty	636,991	524,240
Excise duty	4,254	4,499
Petroleum levy payable	28,014	23,988
Workers' Welfare Fund	792,764	575,734
Liability for staff compensated absences	6,066	6,443
Other Liabilities - note 13.2	11,408,348	8,535,344
	19,344,762	15,987,140
13.1 Workers' Profit Participation Fund		
Balance at beginning of the year	218,085	(34,502)
Amount allocated for the year	1,330,106	769,550
Amount paid to the Fund's trustees	(218,257)	(516,963)
Balance at year end	1,329,934	218,085

13.2 This includes payment received from a customer on account of additional revenue and related sales tax due to enhanced gas price incentive as explained in note 27.1.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

14. CONTINGENCIES AND COMMITMENTS

14.1 Contingencies

	2019	2018
	Rupees ('000)	

14.1.1 POL

Guarantees issued by banks on behalf of the POL	-	11,256
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14.1.2 CAPGAS

In 2018, the Islamabad High Court 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 the financial statements of CAPGAS.

	2019	2018
	Rupees ('000)	

14.2 Group's share in contingencies of associated companies

a) Claims not acknowledged as debt including claims in respect of delayed payment charges by crude oil suppliers and freight claims	1,127,500	1,120,000
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	1,329,378	383,741
d) Exposure to tax liability due to less distribution of dividend as per section 5A of Finance Act, 2017	156,000	156,000
e) Other contingencies based on financial statements of associated companies	108,044	108,044

14.3 Capital expenditure commitments outstanding

POL		
Share in joint operations	12,956,173	4,993,526
Own fields	3,879,260	1,014,509
Letter of credit issued by banks on behalf of POL	1,060,495	510,878
NRL		
Commitments outstanding for capital expenditure	331,500	343,500

15. PROPERTY, PLANT AND EQUIPMENT

Operating assets - note 15.1	7,804,874	8,824,226
Capital work in progress - note 15.6	752,245	650,464
	8,557,119	9,474,690

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FOR THE YEAR ENDED JUNE 30, 2019

15.1 Operating assets

	Freehold	Buildings	Pipelines	Plant and machinery		Gas	Motor	Chattels	Computer and	Total
	land		and pumps	Field plants	Rigs	cylinders	vehicles		software development	
Rupees ('000)										
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										
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 July 1, 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
Year ended June 30, 2019										
Opening 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
Additions*	-	14,298	48,036	446,749	10,113	39,521	52,760	10,476	13,501	635,454
Disposals/deletions*										
Cost	(83)	(7,520)	(32,340)	(35,752)	(393)	(8,326)	(4,865)	(1,345)	(323)	(90,947)
Depreciation	-	2,975	28,425	33,369	393	8,325	4,845	1,293	323	79,948
	(83)	(4,545)	(3,915)	(2,383)	-	(1)	(20)	(52)	-	(10,999)
Depreciation charge	-	(22,619)	(198,256)	(1,241,274)	(44,688)	(48,467)	(44,331)	(12,064)	(32,108)	(1,643,807)
Closing net book value	29,830	282,013	1,035,146	5,873,929	189,382	244,123	72,453	45,965	32,033	7,804,874
As at June 30, 2019										
Cost	29,830	536,233	2,421,162	15,525,416	738,505	956,888	585,303	174,582	487,042	21,454,961
Accumulated depreciation	-	(254,220)	(1,386,016)	(9,651,487)	(549,123)	(712,765)	(512,850)	(128,617)	(455,009)	(13,650,087)
Net book value	29,830	282,013	1,035,146	5,873,929	189,382	244,123	72,453	45,965	32,033	7,804,874
Annual rate of Depreciation (%)	-	5	10	10	10	10	20	12.5-20	25	

* Additions and disposals include inter-transfers of assets having book value of Rs 258 thousand, cost of Rs 882 thousand and depreciation of Rs 624 thousand (2018: book value of Rs nil; cost of Rs 442 thousand and depreciation of Rs 442 thousand).

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15.2 Cost and accumulated depreciation include

	Cost		Accumulated depreciation	
	2019	2018	2019	2018
	Rupees ('000)		Rupees ('000)	
Share in joint operations operated by the Group	1,446,187	1,438,457	1,273,258	1,246,781
Assets not in possession of the Group				
Share in joint operations operated by others				
MOL Pakistan Oil and Gas Company B.V.	10,896,974	10,554,563	6,548,887	5,515,599
Ocean Pakistan Limited	73,992	74,343	59,506	56,533
Oil and Gas Development Company Limited	69,291	67,647	41,373	35,952
Pakistan Petroleum Limited	1,930,413	1,890,699	851,172	690,686
	12,970,670	12,587,252	7,500,938	6,298,770
*Gas cylinders - in possession of distributors	735,570	726,718	534,238	499,128
	15,152,427	14,752,427	9,308,434	8,044,679

*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.

	2019	2018
	Rupees ('000)	
15.3 The depreciation charge has been allocated as follows		
Operating costs	1,556,087	1,495,548
Other income - Crude transportation income	86,852	76,110
Inter-transfers	624	-
Administrative expenses	404	303
	1,643,967	1,571,961

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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15.4 Details of property, plant and equipment sold

Vehicles sold to following in service/retiring employees as per Group's policy:

	Cost	Book value	Sale proceeds	Gain/ (loss)
Rupees ('000)				
Mr. Asad Haider	1,589	-	159	159
Mr. Zafar Ahmed Khan	1,587	-	159	159
Mr. Kashif Ali Khan	1,587	-	159	159
	4,763	-	477	477
Others:				
National Police Foundation	102	20	70	50
	4,865	20	547	527

Property, plant and equipment sold as per
Group's policy:

Transfer from Ikhlas Joint Venture to POL	6,859	1,505	4,000	2,495
Malik Muhammad Sarfaraz	6,511	3,857	150	(3,707)
Transfer from Pindori Joint Venture to POL	206	-	83	83
Transfer to Government of Punjab for Sora Dam Project	83	83	785	702
Transfer from Ahmadal Joint Venture to POL	49	-	25	25
	13,708	5,445	5,043	(402)

15.5 Particulars of Group'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	Rawalpindi - (Khaur- Rawalpindi pipe Line)	63.35
Rawalpindi	Adhi	4.77

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15.6 Capital work in progress

	Buildings	Plant and machinery / Pipelines and pumps	Computers and software development	Total
	Rupees ('000)			
Balance as at July 1, 2017	-	912,728	4,950	917,678
Additions/(adjustments) during the year	11,610	263,215	(3,551)	271,274
Transfers during the year	(11,610)	(525,479)	(1,399)	(538,488)
Balance as at June 30, 2018	-	650,464	-	650,464
Balance as at July 1, 2018	-	650,464	-	650,464
Additions during the year	12,370	154,768	-	167,138
Transfers during the year	(9,769)	(55,588)	-	(65,357)
Balance as at June 30, 2019	2,601	749,644	-	752,245

	2019	2018
	Rupees ('000)	
15.7 Break up of capital work in progress at June 30 is as follows		
POL		
Own fields	16,702	23,161
POLGAS plant	-	3,880
Share in joint operations operated by others		
MOL Pakistan Oil and Gas Company B.V.		
- TAL Block	74,469	43,918
- Margala Block 3372-20	269	269
Oil and Gas Development Company Limited		
- Jhal Magsi D&P Lease	447,380	448,719
Pakistan Petroleum Limited		
- Adhi Mining Lease	212,751	130,517
CAPGAS	674	-
	752,245	650,464

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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16. DEVELOPMENT AND DECOMMISSIONING COSTS

	Development Cost	Decommissioning Cost	Total
	Rupees ('000)		
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 12.2.1	(686,974)	1,421	(685,553)
Well Cost transferred from exploration and evaluation assets - note 17	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 July 1, 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
Year ended June 30, 2019			
Opening net book value	12,175,661	421,059	12,596,720
Additions	1,522,774	48,385	1,571,159
Disposals			
Cost	-	(140,708)	(140,708)
Accumulated amortization	-	140,708	140,708
	-	-	-
Revision due to change in estimates note 12.2.1	(748,330)	(271,192)	(1,019,522)
Well Cost transferred from exploration and evaluation assets - note 17	1,679,562	-	1,679,562
Amortization for the year	(3,743,516)	(30,817)	(3,774,333)
Closing net book value	10,886,151	167,435	11,053,586
As at June 30, 2019			
Cost	41,959,950	2,468,124	44,428,074
Accumulated amortization	(31,073,799)	(2,300,689)	(33,374,488)
Net book value	10,886,151	167,435	11,053,586

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018
	Rupees ('000)	
17. EXPLORATION AND EVALUATION ASSETS		
Balance brought forward	2,590,790	1,884,356
Additions during the year	760,589	4,844,825
Wells cost transferred to development cost - note 16	(1,679,562)	(2,552,809)
Dry and abandoned wells and irrecoverable cost charged to statement of profit or loss - note 30	(1,619,056)	(1,585,582)
	52,761	2,590,790
17.1 Break up of exploration and evaluation assets at June 30 is as follows		
Own fields		
- Kaur D & Production Lease (153/PAK/2002)	-	1,599,505
Share in joint operations operated by the Group		
- DG Khan	4,247	-
Share in joint operations operated by others		
MOL Pakistan Oil and Gas Company B.V.		
- TAL Petroleum Concession (Block 3370-3)	48,514	582,047
Pakistan Petroleum Limited		
- Hisal Petroleum Concession (3372-23)	-	409,238
	52,761	2,590,790
18. OTHER INTANGIBLE ASSETS		
LPG Quota		
Written down value	217,543	283,363
Less: Amortization for the year	65,821	65,820
	151,722	217,543
Annual rate of amortization (%) - straight line	20	20

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018
	Rupees ('000)	
19. LONG TERM INVESTMENTS IN ASSOCIATED COMPANIES - EQUITY BASIS		
Beginning of the year	17,353,491	17,044,413
Share of (loss) / profit of associated companies	(1,890,241)	843,354
Impact of IFRS 9	(23,337)	-
Share of other comprehensive income / (loss) of associated companies	24,995	(15,510)
Impairment reversal against investment in National Refinery Limited	-	178,421
Impairment loss against investment in National Refinery Limited	(1,913,703)	-
Dividend received during the year	(415,279)	(697,187)
End of the year	13,135,926	17,353,491
19.1 The Group's interest in associates are as follows		
Quoted		
National Refinery Limited - note 19.3 19,991,640 (2018: 19,991,640) fully paid ordinary shares including 3,331,940 (2018: 3,331,940) bonus shares of Rs 10 each Cost Rs 8,046,635 thousand (2018: 8,046,635 thousand) Quoted market value as at June 30, 2019: Rs 2,268,451 thousand (2018: Rs 8,856,496 thousand)	10,535,594	14,793,814
Attock Petroleum Limited (APL) - note 19.3 6,984,714 (2018: 5,820,595) fully paid ordinary shares including 3,616,314 (2018: 2,452,195) bonus shares of Rs 10 each Cost Rs 1,562,938 thousand (2018: 1,562,938 thousand) Quoted market value as at June 30, 2019: Rs 2,015,160 thousand; (2018: Rs 3,434,093 thousand)	2,571,166	2,535,441
Unquoted		
Attock Information Technology Services (Pvt) Limited (AITSL) 450,000 (2018: 450,000) fully paid ordinary shares of Rs 10 each	29,166	24,236
	13,135,926	17,353,491

All associated companies are incorporated in Pakistan. All associated companies have share capital consisting solely of ordinary shares, which are held directly by the Group. Although the Group has less than 20 percent shareholding in APL and AITSL, these have been treated as associates since the Group has representation on their Board of Directors.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

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

19.3 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, 2019 (2018: June 30, 2018) and not the reporting entity's share of those amounts.

	National Refinery Limited		Attock Petroleum Limited		Attock Information Technology Services (Pvt) Limited	
	2019	2018	2019	2018	2019	2018
	Rupees ('000)		Rupees ('000)		Rupees ('000)	
Summarised financial position						
Current assets	37,489,001	27,547,962	37,102,945	38,148,564	233,280	216,946
Non- current assets	38,678,349	38,266,309	9,299,767	7,982,762	86,019	46,546
Current liabilities	42,000,571	22,206,011	26,682,984	26,802,124	21,281	18,146
Non- current liabilities	293,310	356,723	792,993	911,540	6,364	2,991
Net assets	33,873,469	43,251,537	18,926,735	18,417,662	291,654	242,354
Reconciliation to carrying amounts						
Net assets as at July 1	43,251,537	43,339,880	18,417,662	16,294,491	242,354	204,867
(Loss)/profit for the year	(8,692,427)	1,770,684	3,960,606	5,656,349	49,300	37,487
Other comprehensive income/(loss)	100,679	(59,779)	(2,497)	(8,058)	-	-
Impact of IFRS 9 transition	13,346	-	(380,108)	-	-	-
Dividends paid	(799,666)	(1,799,248)	(3,068,928)	(3,525,120)	-	-
Net assets as at June 30	33,873,469	43,251,537	18,926,735	18,417,662	291,654	242,354
Group's percentage shareholding in the associate	25%	25%	7.0175%	7.0175%	10%	10%
Group's share in net assets	8,468,367	10,812,884	1,328,184	1,292,459	29,166	24,236
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	14,839,722	17,184,239	2,571,166	2,535,441	29,166	24,236
Impairment	(4,304,128)	(2,390,425)	-	-	-	-
Carrying amount of investment	10,535,594	14,793,814	2,571,166	2,535,441	29,166	24,236
Summarised statements of comprehensive income						
Net revenue	160,906,197	136,984,940	223,054,352	177,344,437	126,892	111,615
(Loss)/ profit for the year	(8,692,427)	1,770,684	3,960,606	5,656,349	49,300	37,487
Other comprehensive income	100,679	(59,779)	(2,497)	(8,058)	-	-
Total comprehensive income	(8,591,748)	1,710,905	3,958,109	5,648,291	49,300	37,487
Dividend received from associates	199,917	449,812	215,362	247,375	-	-

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

19.4 The carrying value of investment in National Refinery Limited at June 30, 2019 is net of impairment loss of Rs 4,304,128 thousand (2018: Rs 2,390,425 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 3.84% (2018: 5.32%), a terminal growth rate of 3.0% (2018: 3.0%) and a capital asset pricing model based discount rate of 21.16% (2018: 15.13%).

19.5 Based on a valuation analysis carried out by the Group, the recoverable amount of investment in Attock Petroleum Limited exceeds its carrying amount. The recoverable amount has been estimated based on a value in use calculation. These calculations have been made on discounted cash flow based valuation methodology which assumes an average gross profit margin of 5.35%, a terminal growth rate of 4% and a capital asset pricing model based discount rate of 18.53%.

	2019	2018
	Rupees ('000)	
20. LONG TERM LOANS AND ADVANCES, CONSIDERED GOOD		
Long term loans and advances to employees	54,076	41,388
Less: Amount due within twelve months, shown under current loans and advances - note 26	27,803	26,316
	26,273	15,072

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.

20.1.1 Loans to employees exceeding Rs 1 million:

	2019	2018
	Rupees ('000)	
Name of employees		
Mr. Jawad Razaq	1,171	-
Mr. Aamir Waheed	1,168	-
Mr. Shahzad Ali	1,058	-
	3,397	-

21. STORES AND SPARES		
Stores and spares - note 21.1	4,455,422	4,037,689
Less: Provision for slow moving items - note 21.2	537,017	465,146
	3,918,405	3,572,543

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018
	Rupees ('000)	
21.1 Stores and spares include		
Share in joint operations operated by the Group	281,475	258,933
Share in joint operations operated by others (assets not in possession of the Group)	1,642,937	1,711,627
	1,924,412	1,970,560
21.2 Provision for slow moving items		
Balance brought forward	465,146	405,462
Provision for the year	71,871	59,684
	537,017	465,146
21.3 Stores and spares include items which may result in fixed capital expenditure but are not yet distinguishable.		
	2019	2018
	Rupees ('000)	
22. STOCK IN TRADE		
Crude oil and other products - note 22.1	313,921	320,152
22.1 These include Rs 29,292 thousand (2018: Rs 145,157 thousand) being the Group's share in joint operations.		
	2019	2018
	Rupees ('000)	
23. TRADE DEBTS - CONSIDERED GOOD		
Due from related parties - note 23.1	4,286,337	3,689,140
Others	4,621,864	4,553,746
	8,908,201	8,242,886
23.1 Due from related parties		
Associated companies		
Attock Refinery Limited	3,862,236	3,598,061
National Refinery Limited	424,101	91,079
	4,286,337	3,689,140

Ageing analysis of trade debts receivable from related parties is given in note 39.3 to the financial statements.

The maximum aggregate amount receivable from related parties at the end of any month during the year was Rs 4,475,478 thousand (2018: Rs 3,689,140 thousand).

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018
	Rupees ('000)	
24. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES		
Loans and advances - considered good		
Employees - note 20	27,932	26,316
Suppliers	152,947	202,743
	180,879	229,059
Trade deposits and short term prepayments		
Deposits	90,508	125,352
Short-term prepayments	235,149	128,636
	325,657	253,988
Interest income accrued	256,674	95,517
Other receivables		
Joint operating partners	134,476	47,519
Due from related parties		
Parent company		
The Attock Oil Company Limited	889	40,528
Associated company		
Attock Cement Limited	35	-
Gratuity Fund - note 39	97,805	66,068
Sales tax refundable	1,542,499	1,557,033
Other receivables (net of loss allowance of Rs 310 thousand (2018: Rs 310 thousand))	27,439	21,448
	1,803,143	1,732,596
	2,566,353	2,311,160

24.1 The aggregate maximum amount due from related parties at the end of any month during the year was Rs 98,729 thousand (2018: Rs 109,375 thousand) respectively.

	2019	2018
	Rupees ('000)	
24.2 The aging analysis of receivable from related parties is as follows:		
Upto 3 month	98,729	91,943
3 to 6 month	-	8,719
More than 6 month	-	8,713
	98,729	109,375

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

		2019	2018
		Rupees ('000)	
25.	OTHER FINANCIAL ASSETS		
	Investments in mutual funds classified as fair value through profit or loss - note 25.1	813,478	6,479
	Investments - held-to-maturity - note 25.2	67,271	-
		880,749	6,479
25.1	Investments classified as fair value through profit or loss		
	Balance at the beginning of the year	6,479	6,255
	Additions during the year	2,330,711	-
	Redemptions during the year	(1,526,513)	-
	Fair value adjustment	2,801	224
	Balance at the end of the year	813,478	6,479

25.1.1	Investments in mutual funds at June 30 include the following	2019			2018		
		Number of units	Cost	Fair value	Number of units	Cost	Fair value
		Rupees ('000)			Rupees ('000)		
		Classified as fair value through profit or loss			Available-for-sale investments		
	Listed securities:						
	Meezan Sovereign Fund	11,853	487	610	10,965	442	578
	Pakistan Cash Management Fund	14,409	561	725	13,049	492	687
	Alfalah GHP Money Market Fund	22,699	32	2,225	13,208	993	1,348
	Atlas Money Market Fund	33	-	16	1,143	455	605
	UBL Liquidity Plus Fund	24,333	2,450	2,452	13,318	1,004	1,339
	ABL Cash Fund	49,652,602	504,602	504,808	-	-	-
	HBL Cash Fund	1,007	101	102	-	-	-
	NAFA Money Market Fund	30,450,979	300,000	300,511	-	-	-
	Atlas Income Fund	3,952	1,056	2,029	3,581	866	1,922
		80,181,867	809,289	813,478	55,264	4,252	6,479

25.1.2 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.

25.2 Investments - held-to-maturity at June 30 include the following

	2019	2018
	Rupees ('000)	
Market treasury bills - note 25.2.1	66,379	-
Accrued interest	892	-
	67,271	-

25.2.1 This amount was invested in market treasury bills (The Government of Pakistan) through Faysal Bank Limited. The effective interest rate was 5.84% to 10.55% per annum (2018: Nil).

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018
	Rupees ('000)	
26. CASH AND BANK BALANCES		
Bank balance on		
Short term deposits	32,182,288	20,044,527
Interest/mark-up bearing saving accounts	3,603,343	1,574,664
Current accounts	54,422	1,613
	35,840,053	21,620,804
Cash in hand	5,323	2,747
	35,845,376	21,623,551

Balance with banks include foreign currency balances of US \$ 117,967 thousand (2018: US \$ 94,990 thousand). The balances in saving accounts and short term deposits earned interest/mark-up ranging from 2.00% to 13.35% (2018: 0.10% to 7.40%).

	2019	2018
	Rupees ('000)	
27. NET SALES		
Crude oil	22,374,339	17,597,511
Gas - note 27.1	13,921,595	8,572,856
POLGAS/CAPGAS - Refill of cylinders	8,286,695	7,098,208
Solvent oil	246,295	180,425
Sulphur	10,025	7,950
	44,838,949	33,456,950

27.1 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 areas.

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”.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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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 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. The case came up for hearing on June 12, 2019 but was adjourned on the request of legal counsel of the Government. The Islamabad High Court has fixed September 12, 2019 as next date of hearing.

On prudent basis additional revenue (net of sales tax) on account of enhanced gas price incentive due to conversion from Petroleum Policy 1997 to Petroleum Policy 2012 since inception to June 30, 2019 amounting to Rs 10,855,542 thousand will be accounted for upon resolution of this matter (including Rs 7,289,169 thousand related to period since inception to June 30, 2018). Additional revenue on account of enhanced gas price incentive of Rs 11,400,420 thousand including sales tax of Rs 1,656,471 thousand received from customer on the basis of notified prices has been shown as "Other liabilities" under "trade and other payables".

	2019	2018
	Rupees ('000)	
28. OPERATING COSTS		
Operating cost - Own fields	1,258,412	987,867
- Share in joint operations	2,798,262	2,511,524
Well work over	412,067	55,790
POLGAS/CAPGAS - Cost of gas/LPG, carriage etc.	4,888,872	3,919,873
Head office and insurance charges	174,718	174,039
Pumping and transportation cost	70,095	54,056
Depreciation and amortization	1,621,907	1,561,368
	11,224,333	9,264,517
Opening stock of crude oil and other products	320,152	245,060
Closing stock of crude oil and other products	(313,921)	(320,152)
	11,230,564	9,189,425

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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	2019	2018
	Rupees ('000)	
29. AMORTIZATION OF DEVELOPMENT AND DECOMMISSIONING COSTS		
Amoritzation charge for the year - note 16	3,774,333	3,290,248
Revision in estimates of provision for decommissioning costs in excess of related decommissioning costs asset credited to statement of profit or loss - note 12.2.1	(462,784)	(303,424)
	3,311,549	2,986,824
30. EXPLORATION COSTS		
Geological and geophysical cost		
Own fields	30,194	530,122
Share in joint operations operated by the Group		
- DG Khan	58,699	485,568
- Ikhlas	61,873	60,409
- Kirthar South	32,460	35,874
-Turkwal	-	1,472
Share in joint operations operated by the others		
MOL Pakistan Oil and Gas Company B.V.		
- TAL Block	65,876	(20,034)
- Margala Block	111,639	24,962
- Margala North Block	(10,529)	97
Oil and Gas Development Company Limited		
- Kotra	2,213	2,053
- Gurgalot	64,632	230,741
Pakistan Petroleum Limited		
- Hisal	18,474	35,539
Ocean Pakistan Limited		
- Ratana	(5,601)	18,026
- Dhurnal	-	(258)
	429,930	1,404,571
Dry and abandoned wells and irrecoverable cost charged to the statement of profit or loss account - note 17	1,619,056	1,585,582
	2,048,986	2,990,153

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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	2019	2018
	Rupees ('000)	
31. ADMINISTRATION EXPENSES		
Establishment charges	296,965	273,780
Telephone and telex	1,139	1,029
Medical expenses	9,857	9,182
Printing, stationery and publications	6,095	8,145
Insurance	6,185	3,700
Travelling expenses	4,163	2,636
Motor vehicle running expenses	8,836	10,045
Rent, repairs and maintenance	62,479	50,588
Auditor's remuneration - note 31.1	8,997	7,080
Legal and professional charges	10,476	24,480
Stock exchange and CDC fee	3,233	1,544
Computer support and maintenance charges	35,457	29,307
Depreciation and Amortisation	245	303
Other expenses	5,276	6,553
	459,403	428,372
Less: Amount allocated to field expenses	256,659	237,093
	202,744	191,279
31.1 Auditor's remuneration		
Statutory audit - POL	1,730	1,695
- Capgas	420	386
Review of half yearly accounts, audit of consolidated accounts, staff funds, special certifications	1,400	1,404
Tax services	4,934	3,190
Out of pocket expenses	513	405
	8,997	7,080

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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	2019	2018
	Rupees ('000)	
32. FINANCE COSTS		
Provision for decommissioning cost - note 12.2		
- Unwinding of discount	754,918	592,698
- Exchange loss	3,012,047	1,322,218
Banks' commission and charges	6,692	4,125
	3,773,657	1,919,041
33. OTHER CHARGES		
Workers' Profit Participation Fund	1,330,106	769,550
Workers' Welfare Fund	398,972	202,555
	1,729,078	972,105
34. OTHER INCOME		
Income from financial assets		
Income on bank deposits and treasury bills	2,048,793	762,692
Income on held-to-maturity investments	4,453	860
Exchange gain/(loss) on financial assets	4,236,227	1,407,214
Dividend on Investments classified as fair value through profit or loss- note 34.1	27,359	-
Fair value adjustment on investments classified as fair value through profit or loss - note 34.2	9,287	-
Income from assets other than financial assets		
Rental income (net of related expenses Rs 102,698 thousand; 2018: Rs 54,441 thousand)	126,601	136,881
Crude oil/gas transportation income (net of related expenses Rs 271,889 thousand; 2018: Rs 242,194 thousand)	170,244	125,865
Gas processing fee	75,243	109,382
(Loss)/profit on sale of property, plant and equipment	(5,152)	4,979
Sale of stores and scrap	59,708	2,868
Confiscation of equipment security deposit	2,141	26,561
Recovery against investment -TDRs written off in prior years	-	10,000
Others	7,901	8,655
	6,762,805	2,595,957

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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	2019	2018
	Rupees ('000)	
34.1 Dividend on Investments classified as fair value through profit or loss		
Meezan Sovereign Fund	54	-
Pakistan Cash Management Fund	80	-
Alfalah GHP Money Market Fund	8,864	-
Atlas Money Market Fund	77	-
UBL Liquidity Plus Fund	10,709	-
ABL Cash Fund	5,297	-
HBL Cash Fund	2	-
NAFA Money Market Fund	2,052	-
Atlas Income Fund	224	-
	27,359	-

34.2 This includes Rupees 2,227 thousand as referred in note 4.3.

35. 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, 2019.

	2019	2018
	Rupees ('000)	
36. PROVISION FOR TAXATION		
Current		
- for the year	8,072,647	3,290,528
- for prior years	779,655	(373)
	8,852,302	3,290,155
Deferred		
- for the year	(1,994,936)	(253,957)
- for prior years	499,462	-
	(1,495,474)	(253,957)
	7,356,828	3,036,198

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018
	Rupees ('000)	
36.1 Reconciliation of tax charge for the year		
Accounting profit	20,638,340	14,739,855
* Tax at applicable tax rate of 49.90% (2018: 46.59%)	10,298,532	6,867,298
Tax effect of depletion allowance and royalty payments	(4,522,614)	(3,446,083)
Tax effect of income that is not taxable or taxable at reduced rates	(125,782)	(640,270)
Tax effect of prior year	1,279,372	(373)
Others	427,320	255,627
Tax charge for the year	7,356,828	3,036,199

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

36.2 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:

	2018	2017	2016
	Rupees ('000)		
Tax assessed as per most recent tax assessment*	2,564,525	2,017,366	923,923
Provision in financial statements	3,290,273	2,495,890	1,240,648

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.

- * This represents income tax payable per return of income filed by the Group. 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.

37. OPERATING SEGMENTS

The financial statements have been prepared on the basis of a single reportable segment. Revenue from external customers for products of the Group is disclosed in note 27.

Revenue from two major customers of the Company constitutes 71% of the total revenue during the year ended June 30, 2019 (June 30, 2018: 68%).

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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38. 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 Group are given below:

	Chief Executive		Executives	
	2019	2018	2019	2018
	Rupees ('000)		Rupees ('000)	
Managerial remuneration	7,612	7,612	86,166	92,852
Bonus	6,507	5,440	65,699	55,127
Housing, utility and conveyance	6,132	5,774	81,184	81,090
Group's contribution to pension, gratuity and provident funds	-	-	32,851	34,787
Leave passage	1,153	1,153	11,062	12,361
Other benefits	4,053	4,551	27,023	37,536
	25,457	24,530	303,985	313,753
No. of persons, including those who worked part of the year	1	1	40	43

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

Meeting fee of Rs 6,319 thousand (2018: Rs 4,459 thousand) was paid to Directors and Chief Executive of the Group based on actual attendance. This includes Rs 4,214 thousand (2018: Rs 2,676 thousand) paid to non-executive director of the Group.

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39. FINANCIAL INSTRUMENTS

39.1 Financial assets and liabilities

	Amortised cost	Investments classified as fair value through profit or loss	Total
	Rupees ('000)		
June 30, 2019			
Financial assets			
Maturity up to one year			
Trade debts	8,908,201	-	8,908,201
Advances, deposits and other receivables	635,758	-	635,758
Other financial assets	-	880,749	880,749
Cash and bank balances	35,845,376	-	35,845,376
Maturity after one year			
Long term loans and advances	26,273	-	26,273
	45,415,608	880,749	46,296,357
Financial liabilities		Amortised cost	Total
		Rupees ('000)	
Maturity up to one year			
Trade and other payables		16,496,315	16,496,315
Unclaimed dividend		191,166	191,166
Maturity after one year			
Long term deposits		976,516	976,516
Provision for decommissioning cost		11,811,608	11,811,608
Provision for staff compensated absences		7,725	7,725
Provision for un-funded gratuity plan - CAPGAS		5,510	5,510
		29,488,840	29,488,840

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	Amortised cost	Investments classified as fair value through profit or loss	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
Other financial assets	-	6,479	6,479
Cash and bank balances	21,623,551	-	21,623,551
Maturity after one year			
Long term loans and advances	15,072	-	15,072
	30,304,257	6,479	30,310,736
Financial liabilities			
	Amortised cost	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	

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

39.2 Credit quality of financial assets

The credit quality of Group'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 Group 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.

		2019	2018
	Rating	Rupees ('000)	
Trade debts			
Counterparties with external credit rating	A1+	4,565,140	4,071,482
	A1	3,783,390	3,585,716
	A2	426,890	212,130
Counterparties without external credit rating			
Existing customers/ joint venture partners			
with no default in the past		132,781	373,558
		8,908,201	8,242,886
Advances, deposits and other receivables			
Counterparties with external credit rating	A1+	320,845	136,497
Counterparties without external credit rating			
Existing customers/ joint operating partners			
with no default in the past		155,284	131,891
Receivable from employees/ employee benefit plans		125,737	92,384
Receivable from parent company		889	40,528
Others		33,003	21,448
		635,758	422,748
Bank balances			
Counterparties with external credit rating	A1+	35,839,825	21,620,571
	A1	233	233
		35,840,058	21,620,804
Available for sale investments			
Counterparties with external credit rating	AA	809,919	1,944
	AA-	610	578
	AA+	2,225	687
	AM2+	724	3,270
		813,478	6,479
Long term loans and advances			
Counterparties without external credit rating			
Receivable from employees		26,273	15,072

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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39.3 Financial risk management

39.3.1 Financial risk factors

The Group'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 Group's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group'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, 2019, trade debts of Rs 2,188,039 (2018: Rs 2,012,420 thousand) were past due but not impaired. The ageing analysis of these trade receivables is as follows:

	2019	2018
	Rupees ('000)	
Due from related parties		
Up to 3 months	824,827	347,979
3 to 6 months	1,525	-
6 to 12 months	1,591	-
Above 12 months	1,277	43,058
	829,220	391,037
Due from others		
Up to 3 months	1,314,242	637,203
3 to 6 months	773	434,534
6 to 12 months	550	280,211
Above 12 months	13,254	269,435
	1,328,819	1,621,383
	2,158,039	2,012,420

(b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Group manages liquidity risk by maintaining sufficient cash and marketable securities. At June 30, 2019, the Group had financial assets of Rs 46,298,979 thousand (2018: Rs 30,310,736 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.

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	Less than 1 year	Between 1 to 5 years	Over 5 years
	Rupees ('000)		
At June 30, 2019			
Long term deposits	-	844,756	131,760
Provision for decommissioning cost	-	15,071,323	7,733,639
Provision for staff compensated absences	-	7,725	-
Provision for gratuity plan - CAPGAS	-	5,510	-
Trade and other payables	16,496,315	-	-
Unclaimed dividend	191,166	-	-
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	-	-

(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 Group 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 36,206,859 thousand (2018: Rs 14,476,843 thousand) and financial liabilities include Rs 13,563,295 thousand (2018: Rs 11,626,803 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 1,585,050 thousand lower/higher (2018: Rs 199,503 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.

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Financial assets include Rs 35,756,123 thousand (2018: Rs 21,619,191 thousand) and financial liabilities include Rs 11,811,608 thousand (2018: Rs 9,548,018 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 174,511 thousand (2018: Rs 84,498 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 Group is exposed to equity securities price risk because of investments held by the Group 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 Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the investment policy of the Group.

Investments classified as fair value through profit or loss of Rs 813,478 thousand (2018: Rs 6,479 thousand) were subject to price risk.

39.3.2 Capital risk management

The Group's objectives when managing capital are to ensure the Group'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 Group 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 Group monitors capital on the basis of the gearing ratio. The gearing ratio of the Group has always been low and the Group has mostly financed its projects and business expansions through equity financing. Further, the Group is not subject to externally imposed capital requirements.

39.3.3 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

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The Group held the following financial assets at fair value;

	Level 1	Level 2	Level 3	Total
	Rupees ('000)			
June 30, 2019				
Other financial assets classified as fair value through profit or loss	813,478	-	-	813,478
June 30, 2018				
Other financial assets classified as fair value through profit or loss	6,479	-	-	6,479

40. STAFF RETIREMENT BENEFITS

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

40.1 Funded gratuity and pension plan

POL - defined benefit funded plan

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

	2019	2018
	Rupees ('000)	
Present value of defined benefit obligations	1,500,143	1,500,895
Fair value of plan assets	(1,553,843)	(1,471,863)
	(53,700)	29,032
Amounts in the statement of financial position:		
Gratuity Fund (Asset)	(97,805)	(66,068)
Management Staff Pension Fund Liability	44,105	95,100
Net liability/ (asset)	(53,700)	29,032
40.3 The amounts recognized in the statement of profit or loss are as follows:		
Current service cost	36,371	31,562
Net interest cost	(1,179)	(3,704)
Other	(2)	-
	35,190	27,858

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		2019	2018		
		Rupees ('000)			
40.4	The amounts recognized in other comprehensive income are as follows:				
	Remeasurement due to:				
	Change in financial assumptions	-	(59,175)		
	Experience adjustments	(9,997)	111,314		
	Investment return	43,609	33,783		
		33,612	85,922		
40.5	Changes in the present value of defined benefit obligation are as follows:				
	Opening defined benefit obligation	1,500,895	1,437,088		
	Current service cost	36,371	31,562		
	Interest cost	127,234	112,416		
	Remeasurement loss	9,997	52,139		
	Benefits paid	(174,354)	(132,310)		
	Closing defined benefit obligation	1,500,143	1,500,895		
40.6	Changes in fair value of plan assets are as follows:				
	Opening fair value of plan assets	1,471,863	1,442,701		
	Interest income	128,413	116,122		
	Remeasurement gain	43,609	(33,783)		
	Contribution by employer	84,312	79,134		
	Benefits paid	(174,354)	(132,311)		
	Closing fair value of plan assets	1,553,843	1,471,863		
40.7	The major categories of plan assets as a percentage of total plan assets of defined pension plan are as follows:				
		2019	2018		
		Rupees ('000)	%age	Rupees ('000)	%age
	Government bonds	4,761	-	343,756	23
	National savings deposits	-	-	-	-
	Mutual Funds	22,027	1	28,919	2
	Cash and cash equivalents	1,527,055	99	1,099,188	75
		1,553,843	100	1,471,863	100

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

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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 Group's own securities.

40.8 Principal actuarial assumptions

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

	2019	2018
	%	
Discount rate	13.7	9
Expected rate of salary increase	12.0	7
Expected rate of pension increase	7.4	3

40.9 Mortality was assumed to be 70% of the EFU(61-66) Table at valuations on both dates, June 30, 2018 and 2019.

40.10 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 Group appoints the trustees who are employees of the Group.

The plans expose the Group 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 Group 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.

40.11 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
	Rupees ('000)	
Discount rate	(117,557)	138,348
Salary increase	40,024	(31,252)
Pension increase	98,905	(87,088)

If life expectancy increases by 1 year, the obligation increases by Rs 46,432 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.

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

Plan Duration	Pension	Gratuity
	Years	
June 30, 2019	11.2	5.9
June 30, 2018	11.2	5.3

40.13 The Group 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	31,574	-
Benefit payments:		
FY 2020	85,731	75,142
FY 2021	99,089	51,120
FY2022	105,913	94,254
FY 2023	114,850	26,373
FY 2024	121,101	31,930
FY 2025-29	736,832	145,567

CAPGAS - unfunded defined benefit plan

	2019	2018
	Rupees ('000)	
ii) The amounts recognized in the statement of profit or loss are as follows:		
Current service cost	387	401
Interest cost	453	375
	840	776
iii) The amounts recognized in other comprehensive income are as follows:		
Remeasurement loss on staff retirement benefit plan	513	(870)
iv) Changes in the present value of defined benefit obligation are as follows:		
Opening defined benefit obligation	5,182	6,153
Current service cost	387	401
Interest cost	453	375
Benefits paid	-	(2,617)
Remeasurement	(513)	870
Closing defined benefit obligation	5,509	5,182

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v) Principal actuarial assumptions

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

	2019	2018
	%	
Discount rate	13.50	8.75
Expected rate of salary increase	13.50	8.75

vi) Mortality was assumed to be 70% of the EFU(61-66) Table at valuations on both dates, June 30, 2019 and 2018.

vii) Sensitivity analysis

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

	Defined benefit obligation	
	1 percent increase	1 percent decrease
	Rupees ('000)	
Discount rate	(391)	444
Salary increase	440	(394)

The impact of changes in financial assumptions has been determined by revaluation of the obligation on different rates.

41. INTEREST IN SUBSIDIARY

41.1 CAPGAS is only subsidiary of POL as at June 30, 2019. 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% (2018: 51%) interest in CAPGAS. There are no significant restrictions on Company's ability to use assets, or settle liabilities of CAPGAS.

41.2 Non-controlling interest

Following is the summarised financial information of CAPGAS that has 49% (2018: 49%) ownership interest held by non-controlling interests. The amounts disclosed are before inter-company eliminations:

	2019	2018
	Rupees ('000)	
Summarised financial position		
Current assets	192,854	137,255
Non-current assets	212,666	286,785
Current liabilities	29,221	34,460
Non-current liabilities	137,270	140,316
Net assets	239,029	249,264
Accumulated NCI	117,124	122,140

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	2019	2018
	Rupees ('000)	
Summarised statement of comprehensive income		
Net revenue	861,642	791,968
Profit for the year	9,651	49,775
Other comprehensive income	364	(609)
Total comprehensive income for the year	10,015	49,166
Profit attributable to NCI	4,729	24,390

42. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF POL - BASIC AND DILUTED

	2019	2018
Profit for the year attributable to owners of POL (in thousand rupees)	13,276,783	11,679,267
Weighted average number of ordinary shares in issue during the year (in thousand shares)	283,855	283,855
Basic and diluted earnings per share (Rupees)	46.77	41.15

43. TRANSACTIONS WITH RELATED PARTIES

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

	Basis of Relationship	2019	2018
		Rupees ('000)	
Parent company - The Attock Oil Company Limited	Holding company		
Purchase of petroleum products		11,383	92,578
Purchase of services		41,147	35,980
Dividend paid		6,114,120	5,303,064
Associated companies	Common directorship		
Attock Refinery Limited			
Sale of crude oil and gas		19,052,177	15,025,298
Crude oil and gas transmission charges		3,671	4,049
Sale of services		3,459	5,968
Purchase of LPG		249,949	133,000
Purchase of fuel		14,694	9,241
Purchase of services		25,844	24,406

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	Basis of Relationship	2019	2018
		Rupees ('000)	
National Refinery Limited	25% share		
Sale of crude oil	holding &	1,005,939	376,589
Purchase of LPG	common	685,913	336,630
Purchase of services	directorship	2,735	3,998
Dividend received		199,916	449,812
Attock Petroleum Limited	7.0175%		
Purchase of fuel and lubricants	share holding	817,081	725,289
Sale of solvent oil	& common	288,229	211,096
Sale of services	directorship	17,741	18,109
Purchase of services		664	943
Dividend received		215,362	247,375
Purchase of goods		178	-
Attock Information Technology (Private) Limited	Common		
Purchase of services	directorship	56,519	53,400
Attock Cement Pakistan Limited	Common		
Purchase of services	directorship	5	-
Attock Hospital (Private) Limited	Common		
Purchase of medical services	directorship	12,617	11,882
Other Associated Companies			
Dividend Paid		18,597	16,130
Other related parties			
Dividend paid to key management personnel		117,420	101,922
Contribution to staff retirement benefits plans			
Management Staff Pension Fund and Gratuity Fund		84,311	79,134
Approved Contributory Provident Funds		30,416	29,167
Contribution to Workers' Profit Participation Fund		1,330,106	769,550

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43.2 Associated Companies incorporated outside Pakistan with whom the Group 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

44. CONTRIBUTORY PROVIDENT FUND

Details of the provident funds are as follows:

	2019		2018	
	Rupees ('000)			
Net assets	642,145		663,148	
Cost of investments made	580,216		593,939	
%age of investments made	90%		90%	
Fair value of investments made	592,971		609,652	
	2019		2018	
Breakup of investments - at cost	Rupees ('000)	%age	Rupees ('000)	%age
Term Finance Certificates	-	-	925	0.16
Mutual Funds	4,977	0.86	4,977	0.84
Government bonds	566,197	97.58	579,715	97.60
Cash and cash equivalent	9,042	1.56	8,322	1.40
	580,216	100.00	593,939	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.

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	2019	2018
	Rupees ('000)	
45. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	20,638,340	14,739,855
Adjustments for:		
Depreciation	1,643,967	1,571,961
Fair value adjustment on investments classified as fair value through profit or loss	(5,028)	-
Amortization of other intangible assets	65,821	65,820
Amortization of development and decommissioning costs	3,311,549	2,986,824
Finance costs	3,766,965	1,914,916
Exchange (gain)/loss on financial assets	(4,236,227)	(1,407,214)
(Gain)/loss on sale of assets	5,152	(4,979)
Share of (loss)/profit of associated companies	1,890,241	(843,354)
Reversal of impairment on investment in associated company	1,913,703	(178,421)
Income on bank deposits	(2,048,793)	(762,692)
Income on held-to-maturity investments	(4,453)	(860)
Dividend on available-for-sale investments	(27,359)	-
Provision for slow moving stores and spares	71,871	59,684
Provision for staff compensated absences	(750)	(1,600)
Provision for un-funded gratuity plan - CAPGAS	328	(971)
Measurement (loss) on staff retirement benefit plans	34,125	(86,792)
Reversal of provision for decommissioning cost in excess of actual costs incurred	(34,883)	(76,008)
Cash flows before working capital changes	26,984,569	17,976,169
Effect on cash flows due to working capital changes:		
Decrease in stores and spares	(417,733)	266,021
(Increase)/decrease in stock in trade	6,231	(75,092)
(Increase)/decrease in trade debts	(665,315)	(4,949,666)
(Increase)/decrease in advances, deposits, prepayments and other receivables	(94,786)	(929,889)
Increase in trade and other payables	3,357,622	10,088,649
	2,186,019	4,400,023

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018
	Rupees ('000)	
Cash flows generated from operations	29,170,588	22,376,192
Decrease/(increase) in long term loans and advances	(11,201)	2,567
(Decrease)/increase in long term deposits	8,376	(36,480)
Taxes paid	(7,635,557)	(2,906,161)
Decommissioning cost paid	(34,571)	(119,985)
Net cash generated from operating activities	21,497,635	19,316,133

46. DISCLOSURE REQUIREMENTS FOR ALL SHARES ISLAMIC INDEX

Description	Explanation	2019	2018
		Rupees ('000)	
i) Loans and advances	Non-interest bearing		
ii) Deposits	Non-interest bearing		
iii) Segment revenue	Disclosed in note 37		
iv) Bank Balances			
Placed under interest arrangements		35,781,144	21,593,029
Placed under Shariah permissible arrangements		4,487	26,162
		35,785,631	21,619,191
v) Income on bank deposits			
Placed under interest arrangements		2,047,604	763,118
Placed under Shariah permissible arrangements		1,189	434
		2,048,793	763,552
vi) Gain/(loss) on investments classified as fair value through profit or loss	Disclosed in note 25.1.1		
vii) Dividend income	Disclosed in note 34.1		
viii) All sources of other income	Disclosed in note 34		
ix) Exchange gain	Earned from actual currency		
x) Relationship with banks having Islamic windows	Following is the list of banks with which the Group has a relationship with Islamic window of operations:		
	1. Al Baraka Bank (Pakistan) Limited		
	2. Meezan Bank Limited		
	3. Bank Islami Pakistan Limited		

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

47. 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 Group including interest in joint operations are as follows:

	Location and address		Working interest	
	District(s)	Province(s)	2019	2018
Operated by the Group				
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 Pakhtutnkhwa (KPK)	30.00	30.00
Margala North Petroleum Concession (Block 3372-21)	Rawalpindi, Islamabad, Haripur, Abbottabad, Attock	Punjab and KPK	30.00	30.00

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

Exploration licenses/Leases	Location and address		Working interest	
	District(s)	Province(s)	2019	2018
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

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

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

The Board of Directors in its meeting held on July 29, 2019 has proposed a final dividend for the year ended June 30, 2019 @ Rs 30 per share, amounting to Rs 8,515,653 thousand for approval of the members in the Annual General Meeting to be held on September 17, 2019.

49. GENERAL

49.1 Capacity

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

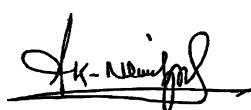
Product	Unit	2019	2018
Crude Oil/Condensate	US Barrels	2,615,981	2,663,252
Gas	Million Cubic Feet	32,189	31,970
LPG	Metric Tonnes	61,076	62,065
Sulphur	Metric Tonnes	645	667
Solvent Oil	US Barrels	23,452	22,129

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

	2019	2018
49.2 Number of employees		
Total number of employees as at June 30	769	763
Total number of employees at fields as at June 30	577	578
Average number of employees during the year	763	749
Average number of employees at fields during the year	575	565

49.3 Date of authorization

These financial statements were authorized for issue by the Board of Directors of the Company on July 29, 2019



Khalid Nafees
Chief Financial Officer



Shuaib A. Malik
Chief Executive



Abdus Sattar
Director

PATTERN OF SHAREHOLDING

AS AT JUNE 30, 2019

S.No.	From	To	Shares	Total No. of Shareholders
1	1	100	44,849	1059
2	101	500	393,741	1,487
3	501	1,000	515,033	695
4	1,001	5,000	3,331,854	1,458
5	5,001	10,000	2,712,448	383
6	10,001	15,000	1,813,678	148
7	15,001	20,000	1,417,166	82
8	20,001	25,000	1,296,669	56
9	25,001	30,000	1,379,338	50
10	30,001	35,000	669,916	21
11	35,001	40,000	1,199,820	32
12	40,001	45,000	1,092,346	26
13	45,001	50,000	812,070	17
14	50,001	55,000	788,551	15
15	55,001	60,000	745,823	13
16	60,001	65,000	878,334	14
17	65,001	70,000	811,700	12
18	70,001	75,000	284,520	4
19	75,001	80,000	542,430	7
20	80,001	85,000	490,002	6
21	85,001	90,000	526,869	6
22	90,001	95,000	377,000	4
23	95,001	100,000	680,240	7
24	100,001	105,000	411,780	4
25	105,001	110,000	214,596	2
26	110,001	115,000	224,640	2
27	115,001	120,000	827,853	7
28	120,001	125,000	245,940	2
29	125,001	130,000	644,820	5
30	130,001	135,000	135,000	1
31	135,001	140,000	548,670	4
32	140,001	145,000	144,250	1
33	145,001	150,000	296,400	2
34	150,001	155,000	308,576	2
35	155,001	160,000	313,510	2
36	160,001	165,000	324,330	2
37	165,001	170,000	169,420	1
38	170,001	175,000	516,964	3
39	175,001	180,000	532,480	3
40	180,001	185,000	183,700	1
41	185,001	190,000	375,150	2
42	190,001	195,000	383,074	2
43	195,001	200,000	400,000	2
44	200,001	205,000	404,818	2
45	205,001	210,000	208,070	1
46	210,001	215,000	211,680	1
47	220,001	225,000	446,165	2

PATTERN OF SHAREHOLDING

AS AT JUNE 30, 2019

S.No.	From	To	Shares	Total No. of Shareholders
48	225,001	230,000	453,650	2
49	230,001	235,000	233,320	1
50	235,001	240,000	1,187,940	5
51	240,001	245,000	244,710	1
52	245,001	250,000	495,968	2
53	250,001	255,000	250,830	1
54	255,001	260,000	516,734	2
55	260,001	265,000	261,000	1
56	265,001	270,000	268,580	1
57	280,001	285,000	284,130	1
58	285,001	290,000	289,250	1
59	290,001	295,000	290,663	1
60	295,001	300,000	595,560	2
61	305,001	310,000	919,490	3
62	315,001	320,000	317,260	1
63	320,001	325,000	324,460	1
64	325,001	330,000	329,620	1
65	335,001	340,000	340,000	1
66	340,001	345,000	1,027,199	3
67	350,001	355,000	353,663	1
68	360,001	365,000	360,931	1
69	370,001	375,000	371,380	1
70	390,001	395,000	391,200	1
71	395,001	400,000	397,200	1
72	405,001	410,000	407,540	1
73	410,001	415,000	413,350	1
74	415,001	420,000	415,120	1
75	425,001	430,000	427,940	1
76	430,001	435,000	1,298,288	3
77	440,001	445,000	882,908	2
78	445,001	450,000	896,000	2
79	450,001	455,000	1,358,071	3
80	460,001	465,000	922,060	2
81	485,001	490,000	485,174	1
82	515,001	520,000	1,033,857	2
83	535,001	540,000	1,074,794	2
84	540,001	545,000	2,180,000	4
85	565,001	570,000	565,700	1
86	575,001	580,000	577,042	1
87	590,001	595,000	1,184,752	2
88	595,001	600,000	600,000	1
89	610,001	615,000	612,000	1
90	640,001	645,000	645,000	1
91	660,001	665,000	661,629	1
92	675,001	680,000	679,910	1
93	685,001	690,000	688,850	1
94	745,001	750,000	745,370	1

PATTERN OF SHAREHOLDING

AS AT JUNE 30, 2019

S.No.	From	To	Shares	Total No. of Shareholders
95	800,001	805,000	802,520	1
96	810,001	815,000	810,996	1
97	825,001	830,000	826,500	1
98	830,001	835,000	831,510	1
99	850,001	855,000	854,766	1
100	935,001	940,000	937,396	1
101	990,001	995,000	994,800	1
102	1,005,001	1,010,000	1,006,980	1
103	1,055,001	1,060,000	1,060,000	1
104	1,125,001	1,130,000	1,130,000	1
105	1,265,001	1,270,000	1,267,630	1
106	1,415,001	1,420,000	1,420,000	1
107	1,475,001	1,480,000	1,477,420	1
108	1,570,001	1,575,000	1,573,608	1
109	1,975,001	1,980,000	1,979,078	1
110	2,230,001	2,235,000	2,233,590	1
111	2,835,001	2,840,000	2,838,550	1
112	3,345,001	3,350,000	3,346,820	1
113	3,415,001	3,420,000	3,417,780	1
114	3,875,001	3,880,000	3,879,136	1
115	3,935,001	3,940,000	3,939,232	1
116	5,720,001	5,725,000	5,725,000	1
117	5,995,001	6,000,000	6,000,000	1
118	9,125,001	9,130,000	9,127,620	1
119	16,105,001	16,110,000	16,105,238	1
120	149,730,001	149,735,000	149,732,558	1
		Total	283,855,104	5,756

CATEGORIES OF SHAREHOLDERS

AS AT JUNE 30, 2019

S.No	Categories of Shareholders	No. of Shareholders	No. of Shares Held	Percentage %
1	Directors, Chief Executive Officer, their Spouses & Minor Children	10	2,866,290	1.0098
2	Associated Companies, Undertakings and Related Parties	2	150,049,818	52.8614
3	Investment Corporation of Pakistan	1	116	-
4	Banks & Financial Institutions	80	20,585,173	7.2520
5	Insurance Companies	27	22,576,380	7.9535
6	Joint Stock Companies	116	3,119,953	1.0991
7	Modaraba Companies	1	432	0.0002
8	Mutual Funds *	109	25,742,524	9.0689
9	Investment Companies	25	5,347,247	1.8838
10	Individuals	5,200	45,172,874	15.9141
	Others:			
11	Employees Old Age Benefits Institution	1	3,939,232	1.3878
12	Deputy Administrator Abandoned Properties	1	13,080	0.0046
13	Employees Pension / Provident Fund	156	3,004,991	1.0586
14	Charitable Trusts & Foundation	27	1,436,994	0.5062
	TOTAL	5,756	283,855,104	100.00

S.No	Associated Companies, undertakings and related parties	No. of Shareholders	No. of Shares Held
1	The Attock Oil Company Limited.	1	149,732,558
2	Laith Trading & Contracting Company Ltd.	1	317,260
	Total	2	150,049,818

S.No	Directors, Their Spouses and Minor Children	No. of Shareholders	No. of Shares Held
1	Mr. Laith G. Pharaon	1	*200
2	Mr. Wael G. Pharaon	1	*200
3	Mr. Abdus Sattar	1	*200
4	Mr. Tariq Iqbal Khan	2	*2000
5	Mr. Sajid Nawaz	1	*200
6	Mr. Nihal Cassim	1	24,000
7	Mr. Shuaib A. Malik (Chairman & Chief Executive)	2	2,838,890
8	Mrs. Azra Tariq (Spouse of Mr. Tariq Iqbal Khan)	1	600
	Total	10	2,866,290

DETAIL OF MUTUAL FUNDS

S.No	Mutual Funds*	No. of Shareholders	No. of Shares Held
1	VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	1	1,979,078
2	GLOBAL X FUNDS-GLOBAL X MSCI PAKISTAN ETF	1	536,984
3	EBK-AKTIEN-UNIVERSAL-FONDS	1	28,380
4	FSST: FIDELITY TOTAL INTERNATIONAL INDEX FUND	1	58,850
5	ISHARES EMERGING MARKETS IMI EQUITY INDEX FUND	1	24,042
6	PUB INSTITUTIONAL FUND UMBRELLA - PUB EQUITIES EMG MKTS 1	1	56,160
7	PUB INSTITUTIONAL FUND UMBRELLA - PUB EQUITIES EMG MKTS 2	1	38,940
8	AQR EMERGING SMALL CAP EQUITY FUND L.P.	1	21,220
9	FLEXSHARES MORNINGSTAR EMERGING MARKETS FACTOR TILT INDEX FD	1	6,240
10	QUONIAM FDS SELECTION SICAV EMERGING MARKTS EQUITIES MINRISK	1	305,750
11	VANGUARD EMERGING MARKETS STOCK INDEX FUND	1	2,233,590
12	ARROW DOGS OF THE WORLD ETF	1	12,462
13	EMERGING MKTS SML CAPITALIZATION EQTY INDEX NON-LENDABLE FD	1	295,560
14	EMERGING MKTS SML CAPITALIZATION EQTY INDX NON-LENDABLE FD B	1	27,774
15	TCM INVESTMENT FUNDS LUX - TCM GLOB FRONTR HI DIVDEND EQUITY	1	65,000
16	EMERGING MARKETS SMALL CAPITALIZATION EQUITY INDEX FUND	1	191,500
17	VANGUARD FIDUCIARY TRST CO INST TOTAL INTL STCK MRKT IND TRU	1	47,112
18	CDC - TRUSTEE MCB PAKISTAN STOCK MARKET FUND	1	1,267,630
19	MCBFSL - TRUSTEE JS VALUE FUND	1	57,000
20	CDC - TRUSTEE PAKISTAN CAPITAL MARKET FUND	1	21,660
21	CDC - TRUSTEE PICIC INVESTMENT FUND	1	237,560
22	CDC - TRUSTEE JS LARGE CAP. FUND	1	25,600
23	CDC - TRUSTEE PICIC GROWTH FUND	1	453,460
24	CDC - TRUSTEE ALHAMRA ISLAMIC STOCK FUND	1	415,120
25	CDC - TRUSTEE ATLAS STOCK MARKET FUND	1	593,620
26	CDC - TRUSTEE MEEZAN BALANCED FUND	1	449,010
27	CDC - TRUSTEE FIRST DAWOOD MUTUAL FUND	1	1,500
28	CDC - TRUSTEE JS ISLAMIC FUND	1	54,660
29	CDC - TRUSTEE FAYSAL STOCK FUND	1	19,800
30	CDC - TRUSTEE ALFALAH GHP VALUE FUND	1	44,170
31	CDC - TRUSTEE UNIT TRUST OF PAKISTAN	1	42,000
32	CDC - TRUSTEE AKD INDEX TRACKER FUND	1	30,334
33	CDC - TRUSTEE HBL ENERGY FUND	1	191,574
34	CDC-TRUSTEE ALHAMRA ISLAMIC ASSET ALLOCATION FUND	1	450,860
35	CDC - TRUSTEE AL MEEZAN MUTUAL FUND	1	661,629
36	CDC - TRUSTEE MEEZAN ISLAMIC FUND	1	3,879,136
37	CDC - TRUSTEE FAYSAL ASSET ALLOCATION FUND	1	8,900
38	CDC - TRUSTEE UBL STOCK ADVANTAGE FUND	1	441,548

DETAIL OF MUTUAL FUNDS

S.No	Mutual Funds*	No. of Shareholders	No. of Shares Held
39	CDC - TRUSTEE ATLAS ISLAMIC STOCK FUND	1	183,700
40	CDC - TRUSTEE AL-AMEEN SHARIAH STOCK FUND	1	745,370
41	CDC - TRUSTEE NAFA STOCK FUND	1	937,396
42	CDC - TRUSTEE NBP BALANCED FUND	1	61,622
43	CDC - TRUSTEE ASKARI ASSET ALLOCATION FUND	1	2,150
44	CDC - TRUSTEE MEEZAN TAHAFFUZ PENSION FUND - EQUITY SUB FUND	1	802,520
45	CDC - TRUSTEE APF-EQUITY SUB FUND	1	52,800
46	CDC - TRUSTEE ALFALAH GHP ISLAMIC STOCK FUND	1	290,663
47	CDC - TRUSTEE HBL - STOCK FUND	1	221,410
48	CDC - TRUSTEE NBP ISLAMIC SARMAYA IZAF A FUND	1	591,132
49	CDC - TRUSTEE APIF - EQUITY SUB FUND	1	63,700
50	MC FSL - TRUSTEE JS GROWTH FUND	1	94,700
51	CDC - TRUSTEE HBL MULTI - ASSET FUND	1	12,120
52	CDC - TRUSTEE MCB PAKISTAN ASSET ALLOCATION FUND	1	225,530
53	CDC - TRUSTEE JS ISLAMIC PENSION SAVINGS FUND-EQUITY ACCOUNT	1	13,500
54	CDC - TRUSTEE ALFALAH GHP STOCK FUND	1	104,130
55	CDC - TRUSTEE ALFALAH GHP ALPHA FUND	1	76,610
56	CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	1	577,042
57	CDC - TRUSTEE ABL STOCK FUND	1	208,070
58	M C F S L-TRUSTEE ASKARI ISLAMIC ASSET ALLOCATION FUND	1	2,350
59	CDC - TRUSTEE FIRST HABIB STOCK FUND	1	10,800
60	CDC - TRUSTEE LAKSON EQUITY FUND	1	261,000
61	CDC - TRUSTEE NBP SARMAYA IZAF A FUND	1	88,520
62	CDC-TRUSTEE HBL ISLAMIC STOCK FUND	1	87,770
63	CDC - TRUSTEE HBL EQUITY FUND	1	24,940
64	CDC - TRUSTEE HBL IPF EQUITY SUB FUND	1	15,400
65	CDC - TRUSTEE HBL PF EQUITY SUB FUND	1	19,360
66	CDC - TRUSTEE ASKARI EQUITY FUND	1	3,650
67	CDC - TRUSTEE KSE MEEZAN INDEX FUND	1	284,130
68	MCBFSL - TRUSTEE PAK OMAN ADVANTAGE ASSET ALLOCATION FUND	1	1,720
69	MCBFSL - TRUSTEE PAK OMAN ISLAMIC ASSET ALLOCATION FUND	1	5,850
70	CDC-TRUSTEE FIRST HABIB ISLAMIC STOCK FUND	1	12,050
71	MCBFSL - TRUSTEE ABL ISLAMIC STOCK FUND	1	107,460
72	CDC - TRUSTEE UBL ASSET ALLOCATION FUND	1	68,660
73	CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND	1	7,000
74	CDC - TRUSTEE AL-AMEEN ISLAMIC ASSET ALLOCATION FUND	1	228,120
75	CDC-TRUSTEE AL-AMEEN ISLAMIC RET. SAV. FUND-EQUITY SUB FUND	1	153,920
76	CDC - TRUSTEE UBL RETIREMENT SAVINGS FUND - EQUITY SUB FUND	1	84,880
77	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1	854,766

DETAIL OF MUTUAL FUNDS

S.No	Mutual Funds*	No. of Shareholders	No. of Shares Held
78	CDC - TRUSTEE HBL ISLAMIC EQUITY FUND	1	36,720
79	CDC - TRUSTEE NAFA ISLAMIC PRINCIPAL PROTECTED FUND - II	1	3,500
80	CDC - TRUSTEE ABL ISLAMIC PENSION FUND - EQUITY SUB FUND	1	1,200
81	CDC - TRUSTEE ABL PENSION FUND - EQUITY SUB FUND	1	1,860
82	CDC - TRUSTEE NAFA ISLAMIC STOCK FUND	1	460,040
83	CDC - TRUSTEE FIRST HABIB INCOME FUND - MT	1	500
84	CDC - TRUSTEE NIT ISLAMIC EQUITY FUND	1	462,020
85	CDC-TRUSTEE NITIPF EQUITY SUB-FUND	1	12,000
86	CDC-TRUSTEE NITPF EQUITY SUB-FUND	1	1,400
87	CDC - TRUSTEE FAYSAL ISLAMIC ASSET ALLOCATION FUND	1	31,100
88	CDC - TRUSTEE AL AMEEN ISLAMIC DEDICATED EQUITY FUND	1	679,910
89	CDC - TRUSTEE NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND	1	169,420
90	CDC - TRUSTEE HBL ISLAMIC ASSET ALLOCATION FUND	1	51,140
91	CDC - TRUSTEE MEEZAN ASSET ALLOCATION FUND	1	93,950
92	CDC - TRUSTEE NAFA ISLAMIC ENERGY FUND	1	175,240
93	CDC - TRUSTEE LAKSON TACTICAL FUND	1	36,745
94	CDC - TRUSTEE LAKSON ISLAMIC TACTICAL FUND	1	12,267
95	CDC - TRUSTEE MEEZAN ENERGY FUND	1	129,180
96	MCBFSL TRUSTEE ABL ISLAMIC DEDICATED STOCK FUND	1	41,180
97	CDC - TRUSTEE ALFALAH GHP ISLAMIC DEDICATED EQUITY FUND	1	2,146
98	CDC TRUSTEE - MEEZAN DEDICATED EQUITY FUND	1	305,560
99	CDC - TRUSTEE ALFALAH GHP ISLAMIC VALUE FUND	1	11,140
100	CDC - TRUSTEE FIRST HABIB ASSET ALLOCATION FUND	1	5,000
101	MCBFSL - TRUSTEE ALLIED CAPITAL PROTECTED FUND	1	420
102	MCBFSL - TRUSTEE AKD ISLAMIC STOCK FUND	1	30,000
103	CDC - TRUSTEE JS ISLAMIC DEDICATED EQUITY FUND (JSIDEF)	1	5,000
104	CDC - TRUSTEE ALFALAH CAPITAL PRESERVATION FUND II	1	60
105	CDC - TRUSTEE UBL DEDICATED EQUITY FUND	1	16,252
106	MCBFSL - TRUSTEE HBL ISLAMIC DEDICATED EQUITY FUND	1	16,350
107	CDC - TRUSTEE NBP AITEMAAD REGULAR PAYMENT FUND	1	28,600
108	CDC - TRUSTEE ALLIED FINERGY FUND	1	19,700
109	CDC - TRUSTEE ATLAS ISLAMIC DEDICATED STOCK FUND	1	41,000
Total		109	25,742,524

KEY SHAREHOLDING AND SHARES TRADED

S.No	Categories	No. of Shareholders	No. of Shares Held
Associated Companies, undertakings and related parties			
1	The Attock Oil Company Limited.	01	149,732,558
2	Laith Trading & Contracting Company Ltd.	01	317,260
3	Trustees of ARL General Staff Provident Fund	01	24,000
4	Trustees of ARL Staff Provident Fund	01	36,000
5	Trustees of ARL Management Staff Pension Fund	01	48,480
6	Trustees of NRL Officers Provident Fund	01	7,560
7	Trustee National Refinery Ltd. Management Staff Pension Fund	01	22,135
NIT & ICP			
	Investment Corporation of Pakistan (ICP)	01	116
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	*2000
5	Mr. Sajid Nawaz	01	*200
6	Mr. Nihal Cassim	01	24,000
7	Mr. Shuaib A. Malik (Chairman & Chief Executive)	01	2,838,890
8	Mrs. Azra Tariq (Spouse of Mr. Tariq Iqbal Khan)	01	600
Executives		33	11,049
Public sector companies and corporations		117	152,852,511
Banks, Development Finance Institution, Non Banking Finance Institutions, Insurance Companies, Modarabas & Mutual Funds		242	74,251,756
Shareholders holding 05% or more voting interest			
**	The Attock Oil Company Limited	01	149,732,558
***	State Life Insurance Corp. of Pakistan	01	16,105,238

* 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

KEY SHAREHOLDING AND SHARES TRADED

S.No	Categories	No. of Shares Traded
	No trade 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)	346
	Mr. Asad Ali Khan	703
	Muhammad Asif	6
	Adeel Asad	6
	Saeed Iqbal	603
	Muhammad Waseem Khan	100
	Rabia Zaheer	128
	Maryam Khalid Yasser	1
	Muhammad Shakeel Rana	151
	Danish Ali	200

NOTICE OF ANNUAL GENERAL MEETING

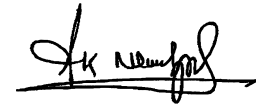
Notice is hereby given that the 68th Sixty Eighth Annual General Meeting (being the 88th EIGHTY EIGHTH General Meeting) of the Company will be held on Tuesday, September 17, 2019 at 10:30 hours at Attock House, Morgah, Rawalpindi, to transact the following business:

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, 2019.
- ii. To approve final cash dividend of Rs. 30 per share i.e. 300% as recommended by the Board of Directors. It is in addition to the interim cash dividend of Rs. 20.00 per share i.e. 200% already paid to the shareholders, thus making a total cash dividend of Rs. 50.00 per share i.e. 500% for the year ended June 30, 2019.
- iii. To appoint auditors for the year ending June 30, 2020 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.

FOR AND ON BEHALF OF THE BOARD

Registered Office:
POL House,
Morgah, Rawalpindi.
August 27, 2019.



Khalid Nafees
Company Secretary

NOTES:

1. CLOSURE OF SHARE TRANSFER BOOKS:

The share transfer books of the Company will remain closed and no transfer of shares will be accepted for registration from September 11, 2019 to September 17, 2019 (both days inclusive). Transfers received in order at the Registered Office of the Company by the close of business on September 10, 2019 will be treated in time for the purpose of payment of the final cash dividend, if approved by the shareholders.

2. PARTICIPATION IN THE ANNUAL GENERAL MEETING:

A member entitled to attend and vote at this meeting is 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 RATES PURSUANT TO THE PROVISIONS OF FINANCE ACT, 2019:

Pursuant to the provisions of Finance Act, 2019, effective July 01, 2019, 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 are as follows:

a.	Persons whose names appearing in Active Tax Payer's List	15.00%
b.	Persons whose names are not appearing in Active Tax Payer's List	30.00%

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.

NOTICE OF ANNUAL GENERAL MEETING

Shareholders are therefore requested to provide the shareholding proportion in writing as per following manner:

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 of physical shareholders by September 11, 2019, the Company will be constrained to withhold dispatch of dividend warrants 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 2018-19:

Pursuant to the directives of the Securities and Exchange Commission of Pakistan (SECP), CNIC number of shareholders is 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, Equity 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.

Shareholders 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.

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

9. CONSENT FOR VIDEO CONFERENCE FACILITY:

In accordance with Section 132(2) of the Companies Act, 2017 if the Company receives consent from members holding in aggregate 10% or more shareholding residing in a geographical location to participate in the meeting through video conference at least 7 days prior to the date of Annual General Meeting , the Company will arrange video conference facility in that city subject to availability of such facility in that city. To avail this facility please submit such request to the Company Secretary.

10. CHANGE IN ADDRESS:

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

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

The audited financial statements of the Company for the year ended June 30, 2019 have been made available on the Company's website www.pakoil.com.pk at least 21 days before the date of Annual General Meeting.