Annual Report & Financial Statements 2016

Pakistan Oilfields Limited

Directors' Report

The Directors have pleasure in presenting review of the operations and financial results of the Company for the year ended June 30, 2016.

In the name of ALLAH, Most Gracious, Most Merciful

Assalam-u-Alaikum!

The Directors have pleasure in presenting review of the operations and financial results of the Company for the year ended June 30, 2016.

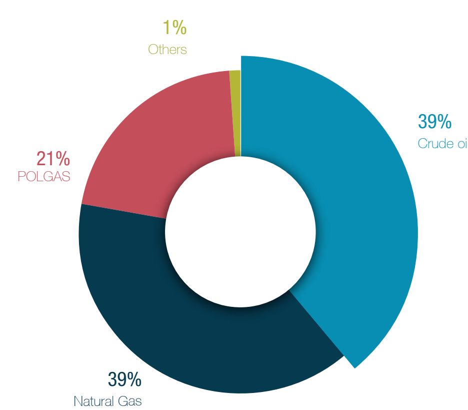
Financial results

These are summarized below:	Rs. (000)
Profit for the year after providing for all expenses including depreciation, exploration, amortization and workers' funds.	8,879,949
Less: provision for taxation	(1,646,134)
Profit after tax	7,233,815

In this year, the Company made a profit after tax of Rs 7,234 million (2015: Rs 8,459 million), which is lower by 14.5 % as compared to last year. The profit translates into earnings per share of Rs 30.58 (2015: Rs 35.76 per share). Overall net sales are lower by Rs 6,033 million (19.5%), which is mainly because of lower crude oil prices. Average crude oil price decreased by 40.1% in comparison to the corresponding period last year. This decrease was compensated to some extent by increase in gas sales revenue, mainly due to notification of higher gas price applicable from July 1, 2015 due to conversion to the Petroleum Policy 2012 for Mamikhel, Maramzai, and Makori East fields. Production volume of gas and LPG has increased by 5.6% and 10.8% respectively. Increase in gas production is mainly from Makori East and Maramzai fields, which has offset the decline in production from Manzalai Makori and Mamikhel fields. Increase in LPG is mainly from TAL block. Makori Gas Processing Facility was shut down due to technical reasons which effected production of crude oil, gas and LPG for a limited period. Presently it is fully functional and producing LPG of around 500 m. tonnes per day. Cost of sale decreased by 6.9% primarily because of lower amortization of development costs and lower royalty due to lower sales revenues.

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

Revenue Mix by product
(%)



Cash flows

Cash and cash equivalents increased by Rs 150 million during the year (2015: decreased by Rs 212 million). Cash flows provided from operating activities were Rs 12,467 million, lower by 4.3% as compared to last year, mainly due to lower cash receipts from customers because of lower sales revenues of crude oil.

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$ 364 million (2015: US$ 598 million) for the country. The contribution to the national exchequer, in the shape of royalty and other government levies, was Rs 6,633 million (2015: Rs 9,348 million).

Dividend

The Directors have recommended a final cash dividend 200% (Rs 20 per share). This is in addition to the interim cash dividend @ 150 % (Rs 15 per share) already declared and paid to the shareholders, thereby making it a total cash dividend of Rs 35 per share for the year 2015-16 (2014-15: cash dividend of Rs 40 per share).

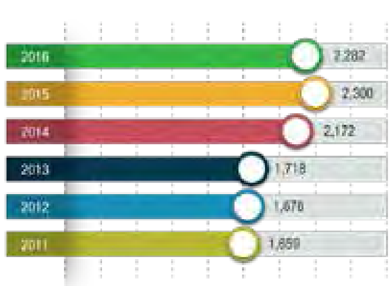
Production

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

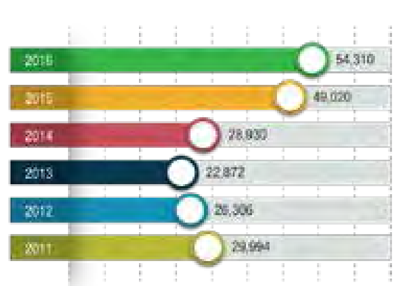
		June 30, 2016	June 30, 2015
Crude Oil/Condensate	(US Barrels)	2,281,950	2,299,513
Gas	(Million Cubic Feet)	27,415	25,959
LPG	(Metric Tonnes)	54,310	49,020
Sulphur	(Metric Tonnes)	636	642
Solvent Oil	(US Barrels)	25,663	19,274

The Company's share in production, including that from joint ventures, for the period under review averaged 6,235 barrels per day (bpd) of crude, 74.90 million standard cubic feet per day (mmscfd) of gas, 70 bpd of solvent oil, 148.39 metric tonnes per day (MTD) of LPG and 1.74MTD of Sulphur.

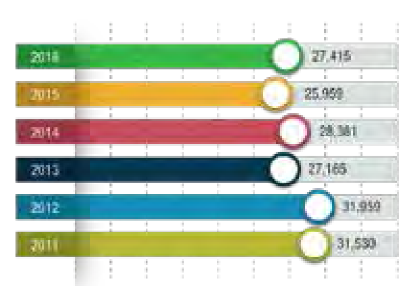
Crude oil production
(barrels thousand)



LPG production
(metric tons)



Gas Production
(million cubic feet)



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Exploration and development activities

Producing Fields

At Balkassar (100% owned by POL), Balkassar B-7A well was completed during the year, which is currently producing around 50 barrels of oil per day. Workovers at Balkassar-A3 and P-2 wells were completed during the year and are currently producing around 150 and 120 barrels of oil per day.

At Minwal (operated by POL with 82.5% share), after workover, Minwal X-1 is producing around 120 barrels of oil per day.

At Pindori (operated by POL with a 35% share), Seismic data re-interpretation on 3D dataset has been completed and mapping of remaining up dip potential is in progress. Working on different drilling options is under review to target this potential.

At Tal block, (operated by MOL, where POL has a pre-commerciality share of 25%), Makori East-5 well was tested and produced 2,836 barrels of oil per day and 19.26 million cubic feet of gas per day at 40/64" fixed choke size with flowing well head pressure of 2,718 psi. This well has been connected to production facility on August 8, 2016.

Mardankhel-3 was spuded on June 2, 2016 where drilling at 6,483 ft is in progress.

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

Adhi-23: The well was tested and is presently producing around 708 barrels of oil per day and 1.46 million cubic feet of gas per day.

Adhi-24: The well was tested and is presently producing around 71 barrels of oil per day and 0.5 million cubic feet of gas per day.

Adhi-25: The well was tested and is presently producing after frac job around 575 barrels of oil per day and 2.4 million cubic feet of gas per day.

Adhi-26: The well was spuded on July 4, 2016 and drilling at 3,511 ft is in progress.

Adhi-27: The well was spuded on April 30, 2016 and drilling at 9,180 ft is in progress.

The new Adhi gas processing Plant-3, having a capacity of 30 mmscfd of gas has been commissioned but due to a mechanical problem it is not running on full potential.

At Jhal Magsi South field (operated by OGDCL, where POL has 24% share), installation of the

"Makori East-5 well was tested and produced 2,836 barrels of oil per day and 19.26 million cubic feet of gas per day at 40/64" fixed choke size with flowing well head pressure of 2,718 psi.

“Makori Deep-1 was tested and produced 3,811 barrels of oil per day and 10.94 million cubic feet of gas per day at choke size of 32/64” with flowing well head pressure of 3,416 psi.

plant has been stopped as decision regarding laying of pipeline by SSGCL has not been finalised.

At Ratana Field (operated by Ocean Pakistan Limited, where POL has 4.545% share), 3D seismic data acquisition of 377 sq.kms has been planned to explore full potential of the field.

Exploration blocks

At Ikhlas block (operated by POL with a 80% share), an exploratory well, Jandial -1 will be spudded in the third week of August, 2016.

At DG Khan block (operated by POL with a 70% share), the last acquired 2D seismic data identified new leads. Now about 264 line kilometers additional 2D seismic data acquisition has been planned to firm up the identified leads.

At Margala North Block (operated by MOL where POL has a 30% share), due to negative results of exploratory Well (MGN-01). The block has been surrendered to the Government.

2D seismic data acquisition of about 70 line kilometers in Margala block has been planned to evaluate the potential in the exploration license.

At Tal block Makori Deep-1 was tested and produced 3,811 barrels of oil per day and 10.94 million cubic feet of gas per day at choke size of 32/64” with flowing well head pressure of 3,416 psi. The well is expected to be connected to the production facility in the month of May-2017.

Tolanj South-1 exploratory well was plugged and abandoned after it did not produce any hydrocarbons.

Tolanj West-1 exploratory well was drilled down to its target depth and, after clean up, produced 10.18 million cubic feet of gas and 15 barrels of condensate per day at 24/64”fix choke with flowing well head pressure of 2,823 psi.

Mardankhel-1 well connection to the production facility is expected in the month of October- 2016 as work was stopped due to security problems.

Rigs have been moved to spud Maramzai-04, a development well, and Mardankhel 2, an appraisal well. The well location of Makori East-06 (Development Well) has also been approved. In TAL block, 2D/3D seismic data interpretation is in progress to explore possible deeper plays. Acquisition of 870 sq.km of gravity survey over the western part of Manzalai will resume after security clearance.
At Gurgalot Block (operated by OGDCL where POL has a 20% share), Surqamar-1 was spudded on March 7, 2015. After conducting three side tracks due to fishing and mud loss problems, drilling at 14,547 ft is in progress. Revised proposed target depth of the well is ± 16,847 ft. In Gurgalot block, 3D seismic data acquisition to cover all the mapped leads has been planned.

Subsidiary

CAPGAS (Private) Limited (CAPGAS)

CAPGAS earned a profit after tax of Rs 67.92 million during the year (2014-15: Rs. 100.38 million). It has declared a dividend of 770% for the year 2015-16 (2014-15: 1325%). The Company received an average of 28 metric tonnes per day LPG from the Adhi plants and an average of 4.6 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 5.3 million barrels (2015: 7.6 million barrels) of crude oil from Nashpa, TAL Blocks and others were pumped to Attock Refinery Limited through this facility and pipeline.

“Tolanj West-1 was tested and produced 10.18 million cubic feet of gas and 15 barrels of condensate per day at 24/64”fix choke with flowing well head pressure of 2,823 psi.

Risk Management

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

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

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

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

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

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

5. **Procurement planning related risk:** Managing risk in business is not a new phenomenon, but managing it well in a changing global environment is producing some significant challenges, especially for the procurement function. Vulnerability in the procurement process can be seen as a weakness or possible threat to the Company's profitability.

   The vulnerability can give rise to the following risks

- Commercial risks
- Operational – not having materials

- Contractual – exposure to liquidated damages
The company is mitigating these risks by preparing of detailed well prognosis before the spud date and timely placement of procurement orders for long lead items.

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

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

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

9. **Information technology failures:** The Company's operations may be adversely affected due to information technology failures especially in today's environment of reliance on IT systems, regulation and reporting deadlines. The company has a separate IT wing to control and monitor all related functions especially in relation to back up policy for continuous function.

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

11. **Joint Venture Partners:** We are also operating in a joint venture environment and many of our projects are operated by other partners. Our ability to influence partners is sometimes limited, due to our small share in non-operated ventures. Non-alignment on various strategic decisions in joint ventures may result in operational and production inefficiencies or delay. We mitigate this risk by continuous and regular engagement of joint venture partners in operated and non-operated projects.

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

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

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

Business Process Re-engineering & 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. The major business development project undertaken during the year are as follow:

Business Intelligence (BI)

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

SharePoint Portal for Electronic Collaboration Management

Processes automation through workflow based document and forms has been achieved:

Live Processes:

- o Approval for Expense (AFE)
- o Contracts and Agreements
- o Circulars and Announcements

Parallel/ Testing Phase

- o Bulk Routine Reporting (Process, Engineering and Drilling replaced bulk emails)
- o JV documents

Plant Maintenance System

Oracle module for Plant Maintenance Enterprise Asset Management functionality has been evaluated. Additional data preparation for Engines, Generators and Turbines is underway.

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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 well being of the communities in which it operates.

Our commitment to being a good corporate citizen includes:

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

Our CSR initiative covers a wide spectrum of activities from the construction of roads and bridges to building schools, 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 till 2016, POL has spent Rs.77 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 25,000 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

Technical Education plays a vital role in the social and economic development of a nation. Due to their vibrant nature, they are continuously subject to the forces which
drive changes in the schools, industry and society. The challenges and opportunities for Vocational and Technical training centers are unique due to the needs of the changing economy and local community.

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.Permission for admission for 20 students in each discipline was given by the board.

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, 2015.

Short Courses of Motor Winding & Electrical Wiring were started in January 2016 of three (3) months duration. 50 students (25+25) were admitted in each discipline in two shifts. This batch has successfully completed their course and all the trainees passed in flying colours.

Dr. Rashad Degree College

- POL has established Dr. Rashad Degree College at Khaur with an aim to provide quality education to the youngsters of the Khaur and surrounding areas.
- Initially it was an intermediate college but later on it was upgraded to include degree classes as well by affiliating it with the Punjab University, Lahore.
- The college has 240 students in different faculties.
- The teaching faculty consists of highly qualified staff with a drive to deliver quality education among the students.

POL Model Schools

- The company has also established schools of "Higher Secondary Level" for boys and girls apart from a section of school dedicated for "Montessori" pupil.
- The schools have been established with an objective to offer high quality, academically sound education to students in a supportive and understanding environment.

- There are 688 students in both the school sections.
- The teaching faculty at the school is consists of qualified and experienced teachers who ensure good student behavior, effective study and work habits, and an overall sense of respect for others.

The curriculum is designed to encourage students to have enquiring minds and seek opportunities to become responsible citizens.

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.

Sports, Cultural & Religious Activities

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

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

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

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

- Tent Pegging
- Bull Race
- Tug of war

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

Apart from this, POL facilitates the local community in the organization of “Annual Mehfil-e-Mushaira” at its Workers Club with free transportation and food for participants and attendants.

POL also facilitates the local community with the provision of its resources of free transportation, food, electricity and other items in celebration of religious and traditional activities at Khaur.

Infrastructure Development

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

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

POL's Pledge "Clean Water for All"

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.

Similar efforts have been made at our Khaur & Meyal fields where POL has laid an eight km long water line from Nalla Sawan to Khaur village. Open water connections have been given to households & mosques and maintenance cost is shared by the Company. At Meyal, 42 water connections have provided benefiting more than 500 households. To further our support, two million rupees have been donated to the Union Council of Kharpa for provision of water facility to the locals.

Human Resource

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

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

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

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

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

Khaur Hospital

The Company is maintaining an end-to-end smart hospital with state of the art medical technologies at Khaur with a mission to provide quality patient care, The hospital provides quality medical care, vital health services and free emergency assistance round the clock.
Presently the hospital is manned by specialists in the field of Medicine, Surgery, Gynecology and Obstetrics, Pediatrics, Anesthesiology, Family Medicine aided by visiting specialist in field on ENT, Eye, Gastroenterology, Skin and Ultrasonolgy.

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

Modern emergency services are provided free of cost to road accident injured persons which helps to save lives. It is the only hospital in the area providing such facilities to the general public.

Other Healthcare Facilities
Other healthcare facilities provided by the Company at fields are:

- Regular free dispensaries have been organized for the local community of the Pindori and Balkassar area.
- Field hospital / dispensaries at Meyal.
- Annual vaccination program launched in collaboration with district health department.
- POL is running a Poor Patient Fund which was established by chairman of the company (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.

Occupational health and safety (OH&S)

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

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

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

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

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

Incident	2014	2015	2016
Fatal	00	00	00
Fire	06	04	07
Reportable Incident (Serious Injury)	00	02	00
Reportable Incident (Minor Injury)	00	02	00
Major Environment	00	00	00
First Aid Cases	16	06	10
Near Misses	07	05	07

Safety

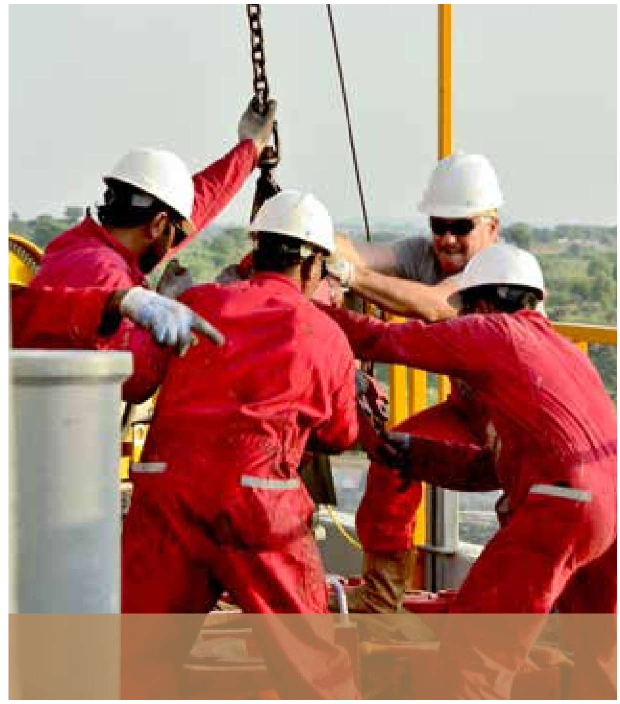
We are committed to providing a safe and healthy work environment and preventing accidents. Employees are accountable for observing the safety and health rules and practices that apply to their jobs. They are expected to take precautions necessary to protect themselves and their co-workers, including 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.

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

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



Year 2014		Year 2015		Year 2016	
No. of Trainings	No. of Participants	No. of Trainings	No. of Participants	No. of Trainings	No. of Participants
563	5,737	675	8,357	785	12,039

Helping our environment

We are committed to minimize and manage Environmental impacts of our operational activities on our employees, contractors, surrounding neighborhood and earth's resources without affecting ecosystems. Keeping in view of our continual environment friendly activities, POL has been acknowledged and awarded for Environmental awards through National Forum for Environment and Health, ISO 14001:2004 certification for LPG plant site Meyal. The mitigation measures taken to defy environmental impacts include use of new and alternative technologies, Management and physical controls, up gradation of systems, increased monitoring level of environmental parameters keeping in view environmental receptors, applicable legislative controls and good industrial practices etc.

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

Projects Completed

- National Institute of Fire Technology training to SO staff (Fireman Course)
- Installation of Flame detection systems at LPG Plant Meyal, storage area Meyal, LPG Plant storage area Pindori, & storage area POLGAS Dhulian.
- Deluge water sprinkling system at POLGAS Dhulian
- Filling platform & LPG storage area
- Lower Explosion Limit (LEL) gas detection system project for POLGAS Dhulian
- New certification of POL SCR rig of OHSAS 18001:2007.
- Surveillance audits of OHSAS 18001:2007 for Meyal, Balkassar & Khaur facilities.
- Surveillance audits of ISO 14001:2004 for LPG plant Meyal

Ongoing/New targets

- LEL gas detection system project for POLGAS Meyal, LPG Plant Area Meyal & POLGAS Pindori
- Installation and commissioning of smoke detection system KCDF sub station
- Recertification of OHSAS 18001:2007 for Meyal & Balkassar
- Surveillance audits of OHSAS 18001:2007 for Khaur facilities & SCR Rig
- Surveillance audits of ISO 14001:2004 for LPG plant Meyal
- For rescue activity from height (Rig Floor) basket stretcher with lift bridles indented for SCR Rig.
- ISO 14001:2015 training to concerned staff in order to switch over from previous version of ISO 14001:2004

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 Financial Reporting 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, 2016, 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, 2016 are as follows:

Management Staff Pension Fund	Rs 999 million
Gratuity Fund	Rs 389 million
Staff Provident Fund	Rs 326 million
General Staff Provident Fund	Rs 331 million

Directors and Board Meetings

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

	Director	No. of meetings attended
1	Dr. Ghaith R. Pharaon	5*
2	Mr. Laith G. Pharaon	5*
3	Mr. Wael G. Pharaon/Mr. Mofarrih Saeed H. Alghamdi	2/3*
4	Mr. Tariq Iqbal Khan	5
5	Mr. Abdus Sattar	5
6	Mr. Nihal Cassim	3
7	Mr. Shuaib A. Malik	5

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

Auditors

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

Shareholding

The pattern of shareholding as at June 30, 2016 is annexed. All trades in the shares of the Company, if any, carried out by the directors, CEO, CFO, Company Secretary, Executives and their spouses and minor children are also annexed.

Holding Company

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

Consolidated Financial Statements

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

Acknowledgment

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

Rawalpindi,
August 16, 2016

FINANCIAL STATEMENTS

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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the code) prepared by the Board of Directors of Pakistan Oilfields Limited, the company for the year ended June 30, 2016 to comply with the requirements of the clause no. 5.19.23 of Pakistan Stock Exchange Limited regulation.

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

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2016.

A.F.Ferguson & Co.

Chartered Accountants
Islamabad
August 16, 2016

Engagement Partner: M. Imtiaz Aslam

Statement of Compliance, with the Code of Corporate Governance for the year ended June 30, 2016

This statement is being presented to comply with the Code of Corporate Governance (the code) contained in the Rule Book of the Pakistan Stock Exchange Limited (PSX) for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

1. The company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. At present the board includes:

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

* Alternate Director Mr. Bilal A. Khan, G.M-POL
** Alternate Director Mr. Sajid Nawaz (M.D)
*** Alternate Director Mr. Babar Bashir Nawaz

The independent directors meet the criteria of independence under clause 5.19.1(b) of the Code.

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

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

4. A casual vacancy accruing on the board on November 13, 2015 was filled by the directors within three days.

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

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

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

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

9. Most of the directors meet the exemption requirement of the directors' training program. The remaining directors have obtained certification under directors' training program upto June 30, 2018.

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

Statement of Compliance, with the Code of Corporate Governance for the year ended June 30, 2016

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

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

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

14. The company has complied with all the corporate and financial reporting requirements of the Code.

15. The board has formed an Audit Committee. It comprises five members, of whom two are independent, three are non-executive directors. One of the non-executive directors is represented by an alternate director who is an executive of the Company.

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

17. The board has formed a Human Resource and Remuneration (HR&R) Committee. It comprises four members, of whom three are non-executive directors. One of the non-executive directors is represented by an alternate director who is an executive of the Company. Chairman of the committee is a non-executive director.

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

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

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

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

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

23. We confirm that all other material principles enshrined in the Code have been complied with.

Shuaib A. Malik
Chairman & Chief Executive

August 16, 2016
Rawalpindi

A·F·FERGUSON&Co.

Auditors' Report to the Members

We have audited the annexed balance sheet of Pakistan Oilfields Limited as at June 30, 2016 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

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

(b) in our opinion

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

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

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

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2016 and of the profit, total comprehensive income, its cash flows and changes in equity for the year then ended; and

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

Afferguson & Co.

Chartered Accountants
Islamabad
August 16, 2016

Engagement Partner: M. Imtiaz Aslam

Balance Sheet
As at June 30, 2016

	Note	2016	2015
		Rupees ('000)	
SHARE CAPITAL AND RESERVES			
Authorized capital	6	5,000,000	5,000,000
Issued, subscribed and paid up capital	6	2,365,459	2,365,459
Revenue reserves	7	27,786,277	29,997,000
Fair value gain on available-for-sale investments		1,995	2,059
		30,153,731	32,364,518
NON CURRENT LIABILITIES			
Long term deposits	8	831,115	724,863
Deferred liabilities	9	15,636,642	13,818,663
		16,467,757	14,543,526
CURRENT LIABILITIES AND PROVISIONS			
Trade and other payables	10	5,550,547	4,876,036
Provision for income tax		3,545,221	3,660,240
		9,095,768	8,536,276
CONTINGENCIES AND COMMITMENTS	11		
		55,717,256	55,444,320

Balance Sheet
As at June 30, 2016

	Note	2016	2015
		Rupees ('000)	
FIXED ASSETS			
Property, plant and equipment	12	10,421,400	10,488,713
Development and decommissioning costs	13	14,584,913	12,412,441
Exploration and evaluation assets	14	900,813	2,661,303
		25,907,126	25,562,457
LONG TERM INVESTMENTS IN SUBSIDIARY AND ASSOCIATED COMPANIES	15	9,615,603	9,615,603
OTHER LONG TERM INVESTMENTS	16	5,975	5,726
LONG TERM LOANS AND ADVANCES	17	12,852	15,636
CURRENT ASSETS			
Stores and spares	18	4,236,485	4,276,065
Stock in trade	19	375,521	147,929
Trade debts	20	3,335,961	3,476,993
Advances, deposits, prepayments and other receivables	21	1,463,932	1,729,918
Cash and bank balances	22	10,763,801	10,613,993
		20,175,700	20,244,898
		55,717,256	55,444,320

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

Shuaib A. Malik
Chief Executive

Abdus Sattar
Director

Profit And Loss Account

For the year ended June 30, 2016

	Note	2016	2015
		Rupees ('000)	
SALES		27,370,266	33,295,474
Sales tax		(2,522,048)	(2,414,358)
NET SALES	23	24,848,218	30,881,116
Operating costs	24	(8,871,954)	(8,726,238)
Excise duty		(264,855)	(250,646)
Royalty		(2,020,909)	(2,609,939)
Amortization of development and decommissioning costs		(2,447,702)	(3,027,074)
		(13,605,420)	(14,613,897)
GROSS PROFIT		11,242,798	16,267,219
Exploration costs	25	(2,052,117)	(4,728,811)
		9,190,681	11,538,408
Administration expenses	26	(139,534)	(139,569)
Finance costs	27	(1,021,946)	(986,928)
Other charges	28	(560,332)	(485,572)
		(1,721,812)	(1,612,069)
		7,468,869	9,926,339
Other income	29	1,411,080	1,563,154
PROFIT BEFORE TAXATION		8,879,949	11,489,493
Provision for taxation	30	(1,646,134)	(3,030,618)
PROFIT FOR THE YEAR		7,233,815	8,458,875
Earnings per share - Basic and diluted (Rupees)	35	30.58	35.76

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

Shuaib A. Malik
Chief Executive

Abdus Sattar
Director

Statement of Comprehensive Income
For the year ended June 30, 2016

	2016	2015
	Rupees ('000)	
Profit for the year	7,233,815	8,458,875
Other comprehensive income for the year		
Items that will not be reclassified to profit or loss		
Measurement gain/(loss) on staff retirement benefit plans	24,713	(78,102)
Tax (charge) / credit relating to remeasurement gain on staff retirement benefit plans	(7,414)	23,431
	17,299	(54,671)
Items that may be subsequently reclassified to profit or loss		
Fair value adjustments on available for sale investments	(64)	241
Other comprehensive income for the year, net of tax	17,235	(54,430)
Total comprehensive income for the year	7,251,050	8,404,445

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

Shuaib A. Malik
Chief Executive

Abdus Sattar
Director

Cash Flow Statement
For the year ended June 30, 2016

	Note	2016	2015
		Rupees ('000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers		25,589,565	33,169,293
Operating and exploration costs paid		(9,753,610)	(14,852,465)
Royalty paid		(2,041,249)	(2,820,941)
Taxes paid		(1,327,288)	(2,460,797)
Cash provided by operating activities		12,467,418	13,035,090
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed assets additions		(3,863,115)	(3,035,145)
Proceeds from disposal of property, plant and equipment		14,159	14,714
Income on bank deposits and held-to-maturity investments		333,635	558,410
Investment in mutual funds		(313)	-
Dividend income received		444,784	289,546
Cash used in investing activities		(3,070,850)	(2,172,475)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(9,443,706)	(11,239,775)
EFFECT OF EXCHANGE RATE CHANGES		196,946	164,832
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		149,808	(212,328)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		10,613,993	10,826,321
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	37	10,763,801	10,613,993

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

Shuaib A. Malik
Chief Executive

Abdus Sattar
Director

Statement of Changes In Equity
For the year ended June 30, 2016

	Share capital	Revenue reserves: Insurance reserve	Revenue reserves: Investment reserve	Revenue reserves: Unappropriated profit	Fair value gain on available-for-sale investments	Total
	Rupees ('000)					
Balance at June 30, 2014	2,365,459	200,000	1,557,794	31,070,933	1,818	35,196,004
Total comprehensive income for the year:						
Profit for the year	-	-	-	8,458,875	-	8,458,875
Other comprehensive income	-	-	-	(54,671)	241	(54,430)
	-	-	-	8,404,204	241	8,404,445
Transactions with owners:						
Final dividend @ Rs 32.5 per share						
- Year ended June 30, 2014	-	-	-	(7,687,742)	-	(7,687,742)
Interim dividend @ Rs 15 per share						
- Year ended June 30, 2015	-	-	-	(3,548,189)	-	(3,548,189)
Total transactions with owners	-	-	-	(11,235,931)	-	(11,235,931)
Balance at June 30, 2015	2,365,459	200,000	1,557,794	28,239,206	2,059	32,364,518
Total comprehensive income for the year:						
Profit for the year	-	-	-	7,233,815	-	7,233,815
Other comprehensive income	-	-	-	17,299	(64)	17,235
	-	-	-	7,251,114	(64)	7,251,050
Transactions with owners:						
Final dividend @ Rs 25 per share						
- Year ended June 30, 2015	-	-	-	(5,913,648)	-	(5,913,648)
Interim dividend @ Rs 15 per share						
- Year ended June 30, 2016	-	-	-	(3,548,189)	-	(3,548,189)
Total transactions with owners	-	-	-	(9,461,837)	-	(9,461,837)
Balance at June 30, 2016	2,365,459	200,000	1,557,794	26,028,483	1,995	30,153,731

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

Shuaib A. Malik
Chief Executive

Abdus Sattar
Director

1. LEGAL STATUS AND OPERATIONS

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

2. STATEMENT OF COMPLIANCE

These are separate financial statements of the Company. These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

3. NEW AND AMENDED STANDARDS AND INTERPRETATIONS

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

		Effective date (annual reporting periods beginning on or after)
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations (Amendments)	July 1, 2016
IFRS 7	Financial Instruments: Disclosures (Amendments)	July 1, 2016
IFRS 14	Regulatory Deferral Accounts	January 1, 2016
IFRS 15	Revenue from Contracts with Customers	January 1, 2018
IFRS 16	Leases	January 1, 2019
IAS 1	Presentation of Financial Statements (Amendments)	January 1, 2016
IAS 7	Statement of Cash Flows (Amendments)	January 1, 2017
IAS 12	Income Taxes (Amendments)	January 1, 2017
IAS 16	Property, Plant and Equipment (Amendments)	January 1, 2016
IAS 19	Employee Benefits (Amendments)	January 1, 2016
IAS 27	Separate Financial Statements (Amendments)	January 1, 2016
IAS 28	Investment in Associates and Joint ventures (Amendments)	January 1, 2016
IAS 34	Interim Financial Reporting (Amendments)	January 1, 2016
IAS 38	Intangible Assets (Amendments)	January 1, 2016
IAS 41	Agriculture (Amendments)	January 1, 2016

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

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

IFRS 1	First-time Adoption of International Financial Reporting Standards
IFRS 9	Financial Instruments

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of measurement

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

4.2 Operating segments

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

4.3 Functional and presentation currency

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

4.4 Foreign currency transactions and translation

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

4.5 Taxation

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

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

4.6 Provisions

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

4.7 Provision for decommissioning cost

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

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

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

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

The decommissioning cost has been discounted at a real discount rate of 1.74% p.a. (2015: 2.15% p.a.). The increase in provision due to unwinding of discount is recorded as finance cost.

4.8 Employee compensated absences

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

4.9 Staff retirement benefits

The Company operates the following staff retirement benefits plans:

(i) A pension plan for its management staff and a gratuity plan for its management and non-management staff. The pension and gratuity plans are invested through approved trust funds. Both are defined benefit final salary plans. The pension and gratuity plans are complementary plans for management staff. Pension payable to management staff is reduced by an amount determined by the actuary equivalent to amount paid by the gratuity fund. Management staff hired after January 1, 2012 are only entitled to benefits under gratuity fund. Actuarial valuations are conducted annually using the "Projected Unit Credit Method" and the latest valuation was conducted as at June 30, 2016.

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 income.

Since both are complementary plans, combined details and valuation for pension plan and gratuity plan are given in note 34.

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

4.10 Trade and other payables

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

4.11 Contingent liabilities

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

4.12 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses except for freehold land and capital work in progress, which are stated at cost.
Depreciation is provided on straight line method at rates specified in note 12 to the financial statements. Depreciation is charged on additions from the month the assets become available for the intended use up to the month in which these are derecognized.

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

4.13 Exploration assets/ costs and development costs

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

4.13.2 Exploration costs

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

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

4.13.3 Development costs

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

4.14 Investments in subsidiary and associated companies

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

4.15 Stores and spares

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

4.16 Stock in trade

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

4.17 Impairment of non-financial assets

Assets that have an indefinite useful life, for example land, are not subject to depreciation and are tested annually for impairment. Assets that are subject to depreciation are reviewed for impairment at each balance sheet date, or wherever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is 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 balance sheet date. Reversals of the impairment loss are restricted to the extent that asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no new impairment loss had been recognized. An impairment loss or reversal of impairment loss is recognized in income for the year.

4.18 Financial instruments

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

4.19 Financial assets

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

(i) Investments at fair value through profit or loss

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

(ii) Held-to-maturity investments

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

(iii) Loans and receivables

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

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

(iv) Available-for-sale investments

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

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

4.20 Impairment of financial assets

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

4.21 Offsetting

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

4.22 Revenue recognition

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

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

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

4.23 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 upto the balance sheet date.

4.24 Cash and cash equivalents

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

4.25 Dividend distribution

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

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

i) Estimated crude oil/gas reserves used for amortization of development and decommissioning costs - note 13

ii) Estimated useful life of property, plant and equipment - note 12

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

iv) Estimated value of staff retirement benefits obligations - note 34

v) Provision for taxation - note 4.5

vi) Price adjustment related to crude oil sales - note 4.22

	2016	2015
	Rupees ('000)	
6. SHARE CAPITAL		
Authorised capital		
500,000,000 (2015: 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 (2015: 20,200,000) ordinary shares	202,000	202,000
Shares issued as fully paid bonus shares		
216,345,920 (2015: 216,345,920) ordinary shares	2,163,459	2,163,459
236,545,920 (2015: 236,545,920) ordinary shares of Rs 10 each	2,365,459	2,365,459

The Company is a subsidiary of The Attock Oil Company Limited which held 124,776,965 (2015: 124,776,965) ordinary shares at the year end.

	2016	2015
	Rupees ('000)	
7. REVENUE RESERVES		
Insurance reserve - note 7.1	200,000	200,000
Investment reserve - note 7.2	1,557,794	1,557,794
Unappropriated profit	26,028,483	28,239,206
	27,786,277	29,997,000

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

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

		2016	2015
		Rupees ('000)	
8.	**LONG TERM DEPOSITS**		
	Security deposits from distributors for cylinders/ equipment	780,134	674,215
	Security deposits from distributors and others	50,981	50,648
		831,115	724,863
9.	**DEFERRED LIABILITIES**		
	Provision for deferred income tax - note 9.1	5,804,849	5,363,570
	Provision for decommissioning cost - note 9.2	9,821,240	8,442,955
	Provision for staff compensated absences	10,553	12,138
		15,636,642	13,818,663
9.1	**Provision for deferred income tax**		
	The provision for deferred income tax represents:		
	Temporary differences between accounting and tax depreciation/ amortization	5,965,943	5,511,660
	Provision for stores and spares	(105,143)	(84,725)
	Provision for doubtful receivable	(93)	(93)
	Deferred tax on remeasurement loss on staff retirement benefit plans	(55,858)	(63,272)
		5,804,849	5,363,570
9.2	**Provision for decommissioning cost**		
	Balance brought forward	8,442,955	7,765,490
	Revision due to change in estimates	110,825	(490,283)
	Provision during the year	248,290	183,882
	Unwinding of discount	771,424	753,253
	Exchange loss	247,746	230,613
		9,821,240	8,442,955

		2016	2015
		Rupees ('000)	
10.	**TRADE AND OTHER PAYABLES**		
	Creditors	371,168	256,605
	Due to related parties		
	Attock Hospital (Pvt) Limited	2,107	1,355
	Capgas (Pvt) Limited	377	452
	Management Staff Pension Fund	22,935	46,200
	Staff Provident Fund	1,485	-
	General Staff Provident Fund	1,093	1,254
	Due to joint operating partners		
	The Attock Oil Company Limited	3,529	19,683
	Others	1,456,356	1,091,620
	Accrued liabilities	2,309,808	2,045,507
	Advance payment from customers	102,601	51,290
	Royalty	233,109	253,449
	Excise duty	2,445	2,851
	Workers' Welfare Fund	903,428	984,356
	Liability for staff compensated absences	4,671	4,110
	Unclaimed dividends	135,435	117,304
		5,550,547	4,876,036
11.	**CONTINGENCIES AND COMMITMENTS**		
11.1	**Contingencies:**		
	a) Guarantees issued by banks on behalf of the Company	28,755	5,967

b) The Company is currently contesting applicability of super tax @ 3% of taxable profits from oil and gas operations under Petroleum Concession Agreements (PCAs) and has filed a writ petition in Islamabad High Court on the grounds that the Company being an exploration and production company falls under Special Tax Regime as granted under PCAs. Management based on legal advise is confident that the writ petition will be decided in favour of the company, accordingly no provision has been made in this respect in the financial statements for the years ended June 30, 2015 and June 30, 2016.

		2016	2015
		Rupees ('000)	
11.2	**Commitments:**		
	Share in joint operations	9,828,653	9,691,246
	Own fields	2,081,931	1,647,832
	Letter of credit issued by banks on behalf of the company	157,138	127,866
12.	**PROPERTY, PLANT AND EQUIPMENT**		
	Operating assets - note 12.1	9,629,028	8,275,395
	Capital work in progress - note 12.5	792,372	2,213,318
		10,421,400	10,488,713

12.1 Operating assets

	Freehold land	Buildings	Pipelines and pumps	Plant and machinery Field plants	Plant and machinery Rigs	Gas cylinders	Motor vehicles	Chattels	Computer and software development	Total
	Rupees ('000)									
As at July 1, 2014										
Cost	22,318	345,142	1,352,307	10,787,645	574,310	578,661	427,528	126,056	350,398	14,564,365
Accumulated depreciation	-	(155,176)	(649,339)	(4,116,224)	(347,545)	(414,274)	(268,151)	(76,300)	(230,896)	(6,257,905)
Net book value	22,318	189,966	702,968	6,671,421	226,765	164,387	159,377	49,756	119,502	8,306,460
Year ended June 30, 2015										
Opening net book value	22,318	189,966	702,968	6,671,421	226,765	164,387	159,377	49,756	119,502	8,306,460
Additions	-	3,160	507,365	468,010	36,482	108,338	45,985	9,828	66,722	1,245,890 *
Disposals										
Cost	-	-	(18,110)	(4,502)	(1,577)	(7,711)	(3,614)	(2,647)	(5,908)	(44,069) *
Depreciation	-	-	13,770	4,096	1,577	7,711	3,614	2,612	5,908	39,288
	-	-	(4,340)	(406)	-	-	-	(35)	-	(4,781)
Depreciation charge	-	(15,174)	(118,183)	(943,512)	(36,250)	(37,476)	(59,980)	(11,038)	(50,561)	(1,272,174)
Closing net book value	22,318	177,952	1,087,810	6,195,513	226,997	235,249	145,382	48,511	135,663	8,275,395
As at July 1, 2015										
Cost	22,318	348,302	1,841,562	11,251,153	609,215	679,288	469,899	133,237	411,212	15,766,186
Accumulated depreciation	-	(170,350)	(753,752)	(5,055,640)	(382,218)	(444,039)	(324,517)	(84,726)	(275,549)	(7,490,791)
Net book value	22,318	177,952	1,087,810	6,195,513	226,997	235,249	145,382	48,511	135,663	8,275,395
Year ended June 30, 2016										
Opening net book value	22,318	177,952	1,087,810	6,195,513	226,997	235,249	145,382	48,511	135,663	8,275,395
Additions	-	122,806	105,744	2,371,428	18,069	91,338	22,112	14,564	37,431	2,783,492 *
Disposals										
Cost	(1,911)	-	(13,748)	(20,800)	(2,997)	(7,147)	(6,696)	(3,020)	(11,028)	(67,347) *
Depreciation	-	-	12,056	18,480	2,997	7,147	6,696	2,906	11,028	61,310
	(1,911)	-	(1,692)	(2,320)	-	-	-	(114)	-	(6,037)
Depreciation charge	-	(15,964)	(154,556)	(1,049,698)	(38,563)	(33,628)	(59,871)	(11,872)	(59,670)	(1,423,822)
Closing net book value	20,407	284,794	1,037,306	7,514,923	206,503	292,959	107,623	51,089	113,424	9,629,028
As at June 30, 2016										
Cost	20,407	471,108	1,933,558	13,601,781	624,287	763,479	485,315	144,781	437,615	18,482,331
Accumulated depreciation	-	(186,314)	(896,252)	(6,086,858)	(417,784)	(470,520)	(377,692)	(93,692)	(324,191)	(8,853,303)
Net book value	20,407	284,794	1,037,306	7,514,923	206,503	292,959	107,623	51,089	113,424	9,629,028
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 book value of Rs 1,392 thousand; cost of Rs 1,692 thousand and depreciation of Rs 300 thousand (2015: book value of Rs 3,038 thousand; cost of Rs 4,179 thousand and depreciation of Rs 1,141 thousand).

12.2 Cost and accumulated depreciation include:

	Cost 2016	Cost 2015	Accumulated depreciation 2016	Accumulated depreciation 2015
	Rupees ('000)		Rupees ('000)	
Share in joint operations operated by the Company	1,397,414	1,410,718	1,194,834	1,135,872
Assets not in possession of the Company				
Share in joint operations operated by others	10,980,092	9,324,426	4,083,147	3,098,668
Gas cylinders - in possession of distributors	710,622	634,651	441,372	412,564
	13,088,128	11,369,795	5,719,353	4,647,104

12.3 The depreciation charge has been allocated as follows:

	2016	2015
Operating cost	1,393,075	1,254,942
Other income - Crude transportation income	30,447	16,091
Inter-transfers	300	1,141
	1,423,822	1,272,174

12.4 Property, plant and equipment disposals:

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

12.5 Capital work in progress

	Buildings	Plant and machinery/ Pipelines and pumps	Computers and software development	Total
	Rupees ('000)			
Balance as at July 1, 2014	17,713	980,483	1,445	999,641
Additions during the year	101,827	1,564,695	13,060	1,679,582
Transfers during the year	-	(465,905)	-	(465,905)
Balance as at June 30, 2015	119,540	2,079,273	14,505	2,213,318
Balance as at July 1, 2015	119,540	2,079,273	14,505	2,213,318
Additions during the year	8,643	372,975	7,115	388,733
Transfers during the year	(118,107)	(1,674,902)	(16,670)	(1,809,679)
Balance as at June 30, 2016	10,076	777,346	4,950	792,372

			2016	2015
			Rupees ('000)	
12.6	**Break up of capital work in progress at June 30 is as follows:**			
	Own fields		78,859	272,650
	POLGAS plant		1,736	467,668
	Share in joint operations operated by the company			
		- Ahmadal	-	5,290
		-Pindori	897	-
	Share in joint operations operated by others			
	MOL Pakistan Oil and Gas Company B.V.	- TAL Block	253,476	89,464
		- Margala Block	269	269
	Oil and Gas Development Company Limited	- Kotra	457,135	432,394
	Pakistan Petroleum Limited	- Adhi	-	945,583
			792,372	2,213,318

13. DEVELOPMENT AND DECOMMISSIONING COSTS

	Development Cost	Decommissioning Cost	Total
		Rupees ('000)	
As at July 1, 2014			
Cost	27,403,258	4,007,116	31,410,374
Accumulated amortization	(16,274,462)	(1,974,911)	(18,249,373)
Net book value	11,128,796	2,032,205	13,161,001
Year ended June 30, 2015			
Opening net book value	11,128,796	2,032,205	13,161,001
Additions	1,537,637	183,882	1,721,519
Revision due to change in estimates	-	(490,283)	(490,283)
Well Cost transferred from exploration and evaluation assets - note 14	1,047,278	-	1,047,278
Amortization for the year	(2,923,016)	(104,058)	(3,027,074)
Closing net book value	10,790,695	1,621,746	12,412,441
As at July 1, 2015			
Cost	29,988,173	3,700,715	33,688,888
Accumulated amortization	(19,197,478)	(2,078,969)	(21,276,447)
Net book value	10,790,695	1,621,746	12,412,441
Year ended June 30, 2016			
Opening net book value	10,790,695	1,621,746	12,412,441
Additions	1,564,472	248,290	1,812,762
Revision due to change in estimates		110,825	110,825
Well Cost transferred from exploration and evaluation assets - note 14	2,696,587		2,696,587
Amortization for the year	(2,402,734)	(44,968)	(2,447,702)
Closing net book value	12,649,020	1,935,893	14,584,913
As at June 30, 2016			
Cost	34,249,232	4,059,830	38,309,062
Accumulated amortization	(21,600,212)	(2,123,937)	(23,724,149)
Net book value	12,649,020	1,935,893	14,584,913

		2016	2015
		Rupees ('000)	
14. EXPLORATION AND EVALUATION ASSETS			
Balance brought forward		2,661,303	4,666,461
Additions during the year		2,821,339	3,533,112
		5,482,642	8,199,573
Wells cost transferred to development cost - note 13		(2,696,587)	(1,047,278)
Dry and abandoned wells cost charged to the profit and loss account - note 25		(1,885,242)	(4,490,992)
		900,813	2,661,303
14.1 Break up of exploration and evaluation assets at June 30 is as follows:			
Share in joint operations operated by the Company			
	- Sadrial	45,684	-
Share in joint operations operated by others			
MOL Pakistan Oil and Gas Company B.V.	- TAL Block	134,237	1,438,274
	- Margalla North	-	1,023,199
Oil and Gas Development Company Limited	- Gurgalot	720,892	199,830
		900,813	2,661,303

	2016		2015	
	Percentage holding	Amount Rs ('000)	Percentage holding	Amount Rs ('000)
15. LONG TERM INVESTMENTS IN SUBSIDIARY AND ASSOCIATED COMPANIES - AT COST				
Subsidiary company				
Unquoted				
Capgas (Private) Limited 344,250 (2015: 344,250) fully paid ordinary shares including 191,250 (2015: 191,250) bonus shares of Rs 10 each	51	1,530	51	1,530
Associated companies				
Quoted				
National Refinery Limited 19,991,640 (2015: 19,991,640) fully paid ordinary shares including 3,331,940 (2015: 3,331,940) bonus shares of Rs 10 each Quoted market value as at June 30, 2016: Rs 9,504,026 thousand (2015: Rs 4,639,260 thousand)	25	8,046,635	25	8,046,635
Attock Petroleum Limited (APL) 5,820,595 (2015: 5,820,595) fully paid ordinary shares including 2,452,195 (2015: 2,452,195) bonus shares of Rs 10 each Quoted market value as at June 30, 2016: Rs 2,546,743 thousand; (2015: Rs 3,301,558 thousand)	7	1,562,938	7	1,562,938
Unquoted				
Attock Information Technology Services (Pvt) Limited (AITSL) 450,000 (2015: 450,000) fully paid ordinary shares of Rs 10 each	10	4,500	10	4,500
		9,615,603		9,615,603

15.1 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.

	2016	2015
	Rupees ('000)	
16. OTHER LONG TERM INVESTMENTS		
Available-for-sale investments - note 16.1	5,975	5,726
16.1 Available-for-sale investments		
Balance at the beginning of the year	5,726	5,485
Additions during the year - note 16.1.2	313	-
Fair value adjustment	(64)	241
Balance at the end of the year	5,975	5,726

	2016				2015
	Number of shares/units	Cost less impairment loss	Adjustment arising from remeasurement to fair value	Fair value	Fair value
			Rupees ('000)		
16.1.1 Available-for-sale investments at June 30 include the following:					
Listed securities:					
Meezan Sovereign Fund	10,543	420	115	535	523
Pakistan Cash Management Fund	12,302	455	162	617	592
IGI Money Market Fund	12,593	934	303	1,237	1,196
Atlas Money Market Fund	1,094	430	118	548	525
UBL Liquidity Plus Fund	12,740	947	333	1,280	1,230
Unlisted securities:					
Atlas Asset Management Company	3,445	794	964	1,758	1,660
		3,980	1,995	5,975	5,726

16.1.2 The fair value of listed securities is based on quoted market prices at the balance sheet date. The quoted market price used is the current bid price. The fair values of unlisted securities are the Net Asset Values (NAV) as at June 30, 2016 as quoted by the respective Asset Management Company.

		2016	2015
		Rupees ('000)	
17.	**LONG TERM LOANS AND ADVANCES, CONSIDERED GOOD**		
	Executives - note 17.1	16,595	17,076
	Other employees	18,559	25,391
		35,154	42,467
	Less: Amount due within twelve months, shown under current loans and advances - note 21	22,302	26,831
		12,852	15,636

17.1 Movement in loans to Executives

	Balance as at June 30, 2015	Disbursements	Repayments	Balance as at June 30, 2016
	Rupees ('000)			
Executives	17,076	17,858	(18,339)	16,595

17.2 Loans and advances to employees are for general purpose and for house rent advance which are recoverable in up to 60 and 36 equal monthly installments respectively and are secured by an amount due to the employee against provident fund. These loans and advances are interest free. These do not include any amount receivable from the Chief Executive and Directors. The aggregate maximum amount due from Executives at the end of any month during the year was Rs 20,225 thousand (2015: Rs 19,530 thousand) respectively.

		2016	2015
		Rupees ('000)	
18.	**STORES AND SPARES**		
	Stores and spares - note 18.1	4,586,960	4,558,483
	Less: Provision for slow moving items - note 18.2	350,475	282,418
		4,236,485	4,276,065
18.1	**Stores and spares include:**		
	Share in joint operations operated by the Company	313,106	324,357
	Share in joint operations operated by others (assets not in possession of the Company)	1,694,885	1,799,258
		2,007,991	2,123,615

		2016	2015
		Rupees ('000)	
18.2	**Provision for slow moving items**		
	Balance brought forward	282,418	231,240
	Provision for the year	68,057	51,178
		350,475	282,418
19.	**STOCK IN TRADE**		
	Crude oil and other products	375,521	147,929

These include Rs 272,642 thousand (2015: Rs 76,942 thousand) being the Company's share in joint operations.

		2016	2015
		Rupees ('000)	
20.	**TRADE DEBTS - Considered good**		
	Due from related parties - note 20.1	1,186,086	1,606,248
	Others	2,149,875	1,870,745
		3,335,961	3,476,993
20.1	**Due from related parties**		
	Associated companies		
	Attock Refinery Limited	1,041,818	1,193,086
	National Refinery Limited	144,268	404,619
	Attock Petroleum Limited	-	8,543
		1,186,086	1,606,248

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

		2016	2015
		Rupees ('000)	
21.	**ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES**		
	Loans and advances - considered good		
	Employees - note 17	22,302	26,831
	Suppliers	133,869	99,638
		156,171	126,469
	Trade deposits and short term prepayments		
	Deposits	221,738	236,562
	Short-term prepayments	293,533	306,938
		515,271	543,500
	Interest income accrued	27,470	11,882
	Other receivables		
	Joint Operating partners	348,901	580,831
	Due from related parties		
	Parent company		
	The Attock Oil Company Limited	42,981	38,061
	Staff Provident Fund	-	3,749
	Workers Profit Participation Fund - note 21.1	20,398	205,647
	Gratuity Fund - note 34.1	55,085	14,268
	Sales tax	256,902	161,873
	Other receivables (net of provision for doubtful receivable Rs 310 thousand (2015: Rs 310 thousand))	40,753	43,638
		765,020	1,048,067
		1,463,932	1,729,918
21.1	**Workers' Profit Participation Fund**		
	Balance at beginning of the year	205,647	(887,070)
	Amount allocated for the year	(471,623)	(598,105)
	Amount paid to the Fund's trustees	286,374	1,690,822
	Receivable balance at year end	20,398	205,647
22.	**CASH AND BANK BALANCES**		
	Bank balance on		
	Short term deposits	9,082,080	7,510,125
	Interest/mark-up bearing saving accounts	1,551,667	3,063,979
	Current accounts	127,124	37,087
		10,760,871	10,611,191
	Cash in hand	2,930	2,802
		10,763,801	10,613,993

Balance with banks include foreign currency balances of US $ 67,174 thousand (2015: US $ 76,267 thousand). The balances in saving accounts and short term deposits earned interest/ mark-up ranging from 0.25% to 7.60% (2015: 0.25% to 9.20%).

		2016	2015
		Rupees ('000)	
23.	**NET SALES**		
	Crude oil	9,651,969	16,266,329
	Gas - note 23.1	9,626,720	7,759,984
	POLGAS - Refill of cylinders	5,372,808	6,654,476
	Solvent oil	186,456	188,666
	Sulphur	10,265	11,661
		24,848,218	30,881,116

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23.1 During the year, the Company has signed the Supplemental Agreements with the Government of Pakistan (the Government) for conversion of Petroleum Concession Agreements (PCA) to Petroleum Exploration & Production Policy 2012 in respect of Ikhlas, DG Khan, Kirthar South, Margala, Margala North, Gurgalot and Tal Block. 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 blocks.

In terms of supplemental agreements, draft statements specifying sums aggregating US $ 34.39 million till June 30, 2015 due to the Company in respect of Mamikhel, Maramzai & Makori East discoveries in TAL block and Domial discovery in Ikhlas block have been submitted to the Government. The Government shall facilitate issuance of necessary gas price notifications and payments to be made to the parties within twelve months of the statements being finalized. Effect of adjustment arising from revision in sale price will be recognised upon finalization of the statements and issuance of gas price notifications by the Government.

			2016	2015
			Rupees ('000)	
24.	**OPERATING COSTS**			
	Operating cost	- Own fields	869,467	982,550
		- Share in joint operations	2,932,238	2,671,898
	Well workovers		573,387	164,606
	POLGAS -Cost of gas/LPG, carriage etc.		3,129,277	3,368,822
	Head office and insurance charges		167,343	101,223
	Pumping and transportation cost		34,759	65,956
	Depreciation		1,393,075	1,254,942
			9,099,546	8,609,997
	Opening stock of crude oil and other products		147,929	264,170
	Closing stock of crude oil and other products		(375,521)	(147,929)
			8,871,954	8,726,238

		2016	2015
		Rupees ('000)	
25. EXPLORATION COSTS			
Geological and geophysical cost			
Own fields		426	1,590
Share in joint operations operated by the Company			
	- Kirthar South	49,313	34,727
	- Ikhlas	21,717	209,210
	- Pindori	(8,666)	(1,123)
	- Minwal	-	7,570
	- Ahmadal	-	(2,319)
	- DG Khan	33,376	(240,570)
	- Rajanpur	-	4,438
Share in joint operations operated by the others			
MOL Pakistan Oil and	- TAL Block	14,353	72,296
Gas Company B.V.	- Margala Block	11,467	17,448
	- Margala North Block	17,646	75,261
	- Tolanj South	294	-
	- Malgin	-	42,554
Oil and Gas Development	- Kotra	(318)	1,672
Company Limited	- Gurgalot	26,226	13,236
	- Chak Naurang	423	1,041
Pakistan Petroleum Limited	- Adhi	-	788
Ocean Pakistan Limited	- Ratana	618	-
		166,875	237,819
Dry and abandoned wells cost - note 14			
Share in joint operations operated by the Company			
	- Pindori	-	2,008,999
	- Ikhlas	-	1,861,348
Share in joint operations operated by others			
MOL Pakistan Oil and			
Gas Company B.V.	- Tolanj South	759,321	-
	- Margalla North	1,125,921	-
	- Malgin	-	620,645
		1,885,242	4,490,992
		2,052,117	4,728,811

		2016	2015
		Rupees ('000)	
26.	**ADMINISTRATION EXPENSES**		
	Establishment charges	219,791	203,445
	Telephone and telex	1,263	1,139
	Medical expenses	7,780	6,050
	Printing, stationery and publications	8,639	8,252
	Insurance	3,436	4,674
	Travelling expenses	2,707	3,807
	Motor vehicle running expenses	10,826	10,554
	Rent, repairs and maintenance	36,408	29,836
	Auditor's remuneration - note 26.1	5,002	4,809
	Legal and professional charges	8,610	9,658
	Stock exchange and CDC fee	1,543	1,593
	Computer support and maintenance charges	23,612	16,912
	Donation*	500	225
	Other expenses	4,395	3,723
		334,512	304,677
	Less: Amount allocated to field expenses	194,978	165,108
		139,534	139,569

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

		2016	2015
26.1	**Auditor's remuneration:**		
	Statutory audit	1,467	1,397
	Review of half yearly accounts, audit of consolidated accounts, staff funds, special certifications	843	792
	Tax services	2,500	2,400
	Out of pocket expenses	192	220
		5,002	4,809
27.	**FINANCE COSTS**		
	Provision for decommissioning cost - note 9.2		
	- Unwinding of discount	771,424	753,253
	- Exchange loss	247,746	230,613
	Banks' commission and charges	2,776	3,062
		1,021,946	986,928
28.	**OTHER CHARGES**		
	Workers' Profit Participation Fund	471,623	598,105
	Workers' Welfare Fund		
	Current year	88,709	194,897
	Prior year	-	(307,430)
		560,332	485,572

	2016	2015
	Rupees ('000)	
29. OTHER INCOME		
Income from financial assets		
Income from financial assets		
Income on bank deposits	349,223	481,147
Income on held-to-maturity investments	-	48,708
Exchange gain on financial assets	196,946	164,832
Dividend on available-for-sale investments - note 29.1	417	-
Income from investments in subsidiary and associated companies		
Dividend from subsidiary and associated companies - note 29.2	444,367	289,546
Income from assets other than financial assets		
Rental income (net of related expenses Rs 52,905 thousand; 2015: Rs 57,823 thousand)	129,209	221,367
Crude oil/gas transportation income (net of related expenses Rs 134,201 thousand; 2015: Rs 124,806 thousand)	103,029	188,316
Gas processing fee	174,165	122,973
Profit on sale of property, plant and equipment	7,822	12,971
Sale of stores and scrap	3,432	24,436
Others	2,470	8,858
	1,411,080	1,563,154

29.1 Dividend on available-for-sale investments

	2016	2015
Meezan Sovereign Fund	56	-
Pakistan Cash Management Fund	34	-
IGI Money Market Fund	96	-
Atlas Money Market Fund	34	-
UBL Liquidity Plus Fund	67	-
Atlas Asset Management Company	130	-
	417	-

	2016	2015
	Rupees ('000)	
29.2 Dividend from subsidiary and associated companies		
Subsidiary company		
Capgas (Pvt) Limited	29,089	42,171
Associated companies		
National Refinery Limited	199,916	-
Attock Petroleum Limited	215,362	247,375
	444,367	289,546

30. PROVISION FOR TAXATION

	2016	2015
Current	1,212,269	3,568,568
Deferred	433,865	(537,950)
	1,646,134	3,030,618

30.1 Reconciliation of tax charge for the year

	2016	2015
Accounting profit	8,879,949	11,489,493
* Tax at applicable tax rate of 50.26% (2015: 52.48%)	4,463,018	6,029,686
Tax effect of depletion allowance and royalty payments	(2,443,772)	(3,014,188)
Tax effect of income that is not taxable or taxable at reduced rates	(223,551)	(211,223)
Others	(149,561)	226,343
Tax charge for the year	1,646,134	3,030,618

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

31. OPERATING SEGMENTS

The financial statements have been prepared on the basis of a single reportable segment. Revenue from external customers for products of the Company is disclosed in note 23.

Revenue from two major customers of the Company constitutes 61% of the total revenue during the year ended June 30, 2016 (June 30, 2015: 58%).

32. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	Chief Executive		Executives	
	2016	2015	2016	2015
	Rupees ('000)		Rupees ('000)	
Managerial remuneration	6,920	6,920	120,168	116,602
Bonus	4,037	4,901	58,165	69,507
Housing, utility and conveyance	5,192	5,303	120,345	123,477
Company's contribution to pension, gratuity and provident funds	-	-	48,596	48,381
Leave passage	1,153	1,025	17,878	15,029
Other benefits	4,105	4,036	32,531	34,485
	21,407	22,185	397,683	407,481
No. of persons, including those who worked part of the year	1	1	109	105

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.

Directors and the Chief Executive of the Company were paid meeting fee aggregating Rs 4,288 thousand (2015: Rs 4,168 thousand) based on actual attendance.

Remuneration of executives is net of charge to subsidiary and associated companies of Rs 12,650 thousand (2015: Rs 20,369 thousand).

33. FINANCIAL INSTRUMENTS

33.1 Financial assets and liabilities

	Loans and receivables	Available-for-sale Investments	Total
		Rupees ('000)	
June 30, 2016			
Financial assets			
Maturity up to one year			
Trade debts	3,335,961	-	3,335,961
Advances, deposits and other receivables	1,036,530	-	1,036,530
Cash and bank balances	10,763,801	-	10,763,801
Maturity after one year			
Other long term investments	-	5,975	5,975
Long term loans and advances	12,852	-	12,852
	15,149,144	5,975	15,155,119

Financial liabilities	Other financial liabilities	Total
	Rupees ('000)	
Maturity up to one year		
Trade and other payables	5,447,946	5,447,946
Maturity after one year		
Long term deposits	831,115	831,115
Provision for decommissioning cost	9,821,240	9,821,240
Provision for staff compensated absences	10,553	10,553
	16,110,854	16,110,854

	Loans and receivables	Available-for-sale Investments	Total
		Rupees ('000)	
June 30, 2015			
Financial assets			
Maturity up to one year			
Trade debts	3,476,993	-	3,476,993
Advances, deposits and other receivables	1,323,342	-	1,323,342
Cash and bank balances	10,613,993	-	10,613,993
Maturity after one year			
Other long term investments	-	5,726	5,726
Long term loans and advances	15,636	-	15,636
	15,429,964	5,726	15,435,690

Financial liabilities	Other financial liabilities	Total
	Rupees ('000)	
Maturity up to one year		
Trade and other payables	4,824,746	4,824,746
Maturity after one year		
Long term deposits	724,863	724,863
Provision for decommissioning cost	8,442,955	8,442,955
Provision for staff compensated absences	12,138	12,138
	14,004,702	14,004,702

33.2 Credit quality of financial assets

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

	Rating	2016	2015
		Rupees ('000)	
Available for sale investments			
Counterparties with external credit rating	A M 2	1,759	1,660
	AA	3,599	3,474
	A A A	617	592
		5,975	5,726
Trade debts			
Counterparties with external credit rating	A 1 +	1,596,793	2,251,065
	A 2 +	163,232	22,279
	A 1	1,404,134	1,092,475
Counterparties without external credit rating			
Existing customers/ joint operating partners with no default in the past		171,802	111,174
		3,335,961	3,476,993
Advances, deposits and other receivables			
Counterparties with external credit rating	A 1 +	57,393	88,886
Counterparties without external credit rating			
Existing customers/ joint operating partners with no default in the past		540,716	740,389
Receivable from employees/ employee benefit plans		97,785	250,495
Receivable from parent company		42,981	38,061
Others		297,655	205,511
		1,036,530	1,323,342
Bank balances			
Counterparties with external credit rating	A 1 +	10,760,630	10,609,905
	A 1	215	317
	A 2	26	25
	A 3	-	944
		10,760,871	10,611,191
Long term loans and advances			
Counterparties without external credit rating			
Receivable from employees		12,852	15,636

33.3 FINANCIAL RISK MANAGEMENT

33.3.1 Financial risk factors

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

(a) Credit risk

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

As of June 30, 2016, trade debts of Rs 432,809 thousand (2015: Rs 758,918 thousand) were past due but not impaired. The ageing analysis of these trade receivables is as follows:

	2016	2015
	Rupees ('000)	
Due from related parties		
Up to 3 months	132,893	217,926
3 to 6 months	15,470	24,214
6 to 12 months	62,219	41,041
Above 12 months	50,402	55,341
	260,984	338,522
Due from others		
Up to 3 months	67,524	245,898
3 to 6 months	65,492	49,106
6 to 12 months	8,539	37,028
Above 12 months	30,270	88,364
	171,825	420,396
	432,809	758,918

(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, 2016, the Company had financial assets of Rs 15,155,119 thousand (2015: Rs 15,435,690 thousand).

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

	Less than 1 year	Between 1 to 5 years	Over 5 years
		Rupees ('000)	
At June 30, 2016			
Long term deposits	-	831,115	-
Provision for decommissioning cost	-	9,669,984	2,841,266
Provision for staff compensated absences	-	10,553	-
Trade and other payables	5,447,946	-	-
At June 30, 2015			
Long term deposits	-	724,863	-
Provision for decommissioning cost	-	8,659,847	3,144,193
Provision for staff compensated absences	-	12,138	-
Trade and other payables	4,824,746	-	-

(c) Market risk

(i) Currency risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign exchange risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

The Company is exposed to currency risk arising from currency exposure with respect to the US dollar. Currently foreign exchange risk is restricted to trade debts, bank balances, receivable from/ payable to joint operating partners, payable to suppliers and provision for decommissioning cost.

Financial assets include Rs 9,015,982 thousand (2015: Rs 9,930,685 thousand) and financial liabilities include Rs 11,144,291 thousand (2015: Rs 9,422,605 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 144,725 thousand lower/higher (2015: Rs 34,041 thousand higher/ lower).

(ii) Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company has no significant long term interest bearing financial assets and liabilities whose fair value or future cash flows will fluctuate because of changes in market interest rates.

Financial assets include Rs 10,710,697 thousand (2015: Rs 10,574,104 thousand) and financial liabilities include Rs 9,821,240 thousand (2015: Rs 8,442,955 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 72,368 thousand (2015: Rs 71,212 thousand) higher/ lower, mainly as a result of higher/ lower interest income from these financial assets.

(iii) Price risk

Price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Company is exposed to equity securities price risk because of investments held by the Company and classified on the balance sheet as available for sale. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the investment policy of the Company.

Available for sale investments include Rs 5,975 thousand (2015: Rs 5,726 thousand) which were subject to price risk.

33.3.2 Capital risk management

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

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

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

33.3.3 Fair value of financial assets and liabilities

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

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

The company held the following financial assets at fair value:

	Level 1	Level 2	Level 3	Total
		Rupees ('000)		
June 30, 2016				
Other long term investments				
Available-for-sale investment	5,975	-	-	5,975
June 30, 2015				
Other long term investments				
Available-for-sale investment	5,726	-	-	5,726

34. STAFF RETIREMENT BENEFITS

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

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

	2016	2015
	Rupees ('000)	
Present value of defined benefit obligations	1,381,416	1,392,170
Fair value of plan assets	(1,413,566)	(1,360,238)
	(32,150)	31,932
Amounts in the balance sheet:		
Gratuity Fund-(Asset)	(55,085)	(14,268)
Management Staff Pension Fund-Liability	22,935	46,200
Net (Assets)/Liability	(32,150)	31,932

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

	2016	2015
Current service cost	32,127	31,795
Net interest cost	(363)	(4,640)
	31,764	27,155

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

	2016	2015
Opening defined benefit obligation	1,392,170	1,279,064
Current service cost	32,127	31,795
Interest cost	132,443	158,498
Measurement	(39,849)	42,517
Benefits paid	(135,475)	(119,704)
Closing defined benefit obligation	1,381,416	1,392,170

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

	2016	2015
Opening fair value of plan assets	1,360,238	1,277,120
Interest income	132,806	163,138
Measurement	(15,136)	(35,585)
Contribution by employer	71,133	75,269
Benefits paid	(135,475)	(119,704)
Closing fair value of plan assets	1,413,566	1,360,238

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

	2016		2015	
	Rupees ('000)	%	Rupees ('000)	%
Government bonds	1,073,780	76	843,915	62
National savings deposits	24,211	2	20,726	2
Cash and cash equivalents	329,591	23	519,841	38
Benefits due	(5,320)	-	(12,717)	(1)
Allocated to holding company	(8,696)	(1)	(11,527)	(1)
	1,413,566	100	1,360,238	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.

34.6 Principal actuarial assumptions

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

	2016	2015
	%	%
Discount rate	7.50	10.00
Expected rate of salary increase	5.45	8.00
Expected rate of pension increase	2.40	4.75

34.7 Mortality was assumed to be 70% of the EFU(61-66) Table at valuations on both dates, June 30, 2015 and 2016.

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

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

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

34.9 Sensitivity analysis

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

	Defined benefit obligation	
	1 percent increase	1 percent decrease
Discount rate	(112,942)	134,449
Salary increase	33,570	(30,366)
Pension increase	101,243	(87,868)

If life expectancy increases by 1 year, the obligation increases by Rs 37,546 thousand.

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

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

Plan Duration	Pension	Gratuity
	Years	
June 30, 2016	11.6	4.6
June 30, 2015	11.6	4.3

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

Projected payments	Pension	Gratuity
	Rupees ('000)	
Contributions FY 2017	22,704	50,563
Benefit payments:		
FY 2017	68,134	59,550
FY 2018	75,526	60,880
FY 2019	77,076	67,099
FY 2020	79,365	41,396
FY 2021	85,648	72,015
FY 2022-26	444,818	94,724

35. EARNINGS PER SHARE - BASIC AND DILUTED

	2016	2015
	Rupees ('000)	
Profit for the year (in thousand rupees)	7,233,815	8,458,875
Weighted average number of ordinary shares in issue during the year (in thousand shares)	236,546	236,546
Basic and diluted earnings per share (Rupees)	30.58	35.76

36. TRANSACTIONS WITH RELATED PARTIES

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

	2016	2015
	Rupees ('000	
Parent company - The Attock Oil Company Limited		
Purchase of petroleum products	32,082	38,747
Purchase of services	26,809	23,914
Subsidiary company - Capgas (Private) Limited		
Sale of services	20,904	18,475
Purchase of services	5,126	5,418
Associated companies		
Attock Refinery Limited		
Sale of crude oil and gas	5,809,524	10,363,046
Crude oil and gas transmission charges	7,784	1,478
Sale of services	3,664	4,492
Purchase of LPG	106,761	215,882
Purchase of fuel	13,243	12,497
Purchase of services	16,667	16,351
National Refinery Limited		
Sale of crude oil	1,233,104	2,333,121
Purchase of LPG	184,678	255,923
Purchase of services	1,988	761
Attock Petroleum Limited		
Purchase of fuel and lubricants	422,123	556,984
Purchase of services	261	365
Sale of solvent oil	217,707	219,445
Sale of services	12,371	10,595

	2016	2015
	Rupees ('000)	
Attock Information Technology (Private) Limited		
Purchase of services	38,043	29,640
Attock Cement Pakistan Limited		
Purchase of services	5	504
Attock Hospital (Private) Limited		
Purchase of medical services	7,689	8,034
Attock Sahara Foundation		
Purchase of services	-	6,405
Other related parties		
Contribution to staff retirement benefits plans		
Management Staff Pension Fund and Gratuity Fund	71,133	75,269
Approved Contributory Provident Funds	25,689	27,243
Contribution to Workers' Profit Participation Fund	471,623	598,105
37. CASH AND CASH EQUIVALENTS		
Cash and cash equivalents comprise		
Cash and bank balances	10,763,801	10,613,993

38. CONTRIBUTORY PROVIDENT FUND

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

	2016	2015
	Rupees ('000)	Rupees ('000)
Net assets	724,064	772,356
Cost of investments made	641,154	692,759
%age of investments made	89%	90%
Fair value of investments made	674,466	734,755

	2016		2015	
Breakup of investments - at cost	Rupees ('000)	%age	Rupees ('000)	%age
Term Finance Certificates	925	0.14	925	0.13
Mutual Funds	4,977	0.78	4,977	0.72
Government bonds	631,236	98.45	544,911	78.66
Cash and cash equivalents	4,016	0.63	141,946	20.49
	641,154	100.00	692,759	100.00

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

39. DISCLOSURE REQUIREMENTS FOR ALL SHARES ISLAMIC INDEX

Following information has been disclosed with reference to circular no. 14 of 2016 dated April 21, 2016, issued by the Securities and Exchange Commission of Pakistan relating to "All Shares Islamic Index".

	Description	Explanation	Rupees ('000)
i)	Loans and advances	Non-interest bearing	
ii)	Deposits	Non-interest bearing	
iii)	Segment revenue	Disclosed in note 31	
iv)	Bank balances as at June 30, 2016	Placed under interest arrangement	10,573,524
		Placed under Shariah permissible arrangements	60,223
			10,633,747
v)	Income on bank deposits	Placed under interest arrangement	346,316
		Placed under Shariah permissible arrangements	2,907
			349,223
vi)	Gain/(loss) on available-for-sale investments	Disclosed in note 16.1.1	
vii)	Dividend income	Disclosed in note 29.1 & 29.2	
viii)	All sources of other income	Disclosed in note 29	
ix)	Exchange gain	Earned from actual currency	
x)	Relationship with banks having Islamic windows	Following is the list of banks with which the Company has a relationship with Islamic window of operations: 1. Al Baraka Bank (Pakistan) Limited 2. Meezan Bank Limited 3. Bank Islami Pakistan Limited"	

40. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on has proposed a final dividend for the year ended June 30, 2016 @ Rs 20 per share, amounting to Rs 4,730,918 thousand for approval of the members in the Annual General Meeting to be held on September 22, 2016.

41. GENERAL

41.1 Capacity

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

41.2 Number of employees

Total number of employees at the end of the year were 746 (2015: 759). Average number of employees during the year were 770 (2015: 787).

41.3 Date of authorization

These financial statements were authorized for issue by the Board of Directors of the Company on August 16, 2016.

Shuaib A. Malik
Chief Executive

Abdus Sattar
Director

CONSOLIDATED FINANCIAL STATEMENTS

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A·F·FERGUSON&Co.

Auditors' Report to the Members

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of Pakistan Oilfields Limited and its subsidiary company, Capgas (Private) Limited as at June 30, 2016 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinions on the financial statements of Pakistan Oilfields Limited and Capgas (Private) Limited. Our opinion on Capgas (Private) Limited draws attention to note 12.1.2 (a) to the consolidated financial statements related to the contingency in respect of supply of LPG, which may affect the operations of the subsidiary. These financial statements are the responsibility of Pakistan Oilfields Limited's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the consolidated financial statements present fairly the financial position of Pakistan Oilfields Limited and its subsidiary company as at June 30, 2016 and the results of their operations for the year then ended.

The financial statements of Capgas (Private) Limited for the year ended June 30, 2015 were audited by another auditors who expressed an unmodified opinion on those statements on July 30, 2015.

Affergusson & Co.

Chartered Accountants
Islamabad
August 16, 2016

Engagement Partner: M. Imtiaz Aslam

Consolidated Balance Sheet
As at June 30, 2016

	Note	2016	2015
		Rupees ('000)	
SHARE CAPITAL AND RESERVES			
Equity attributable to owners of POL			
Authorised capital	6	5,000,000	5,000,000
issued, subscribed and paid up capital	6	2,365,459	2,365,459
Capital reserves	7	1,022,499	536,293
Revenue reserves	8	31,270,183	31,162,747
Fair value gain on available-for-sale investments		1,995	2,059
		34,660,136	34,066,558
Non-Controlling Interest		100,216	94,870
		34,760,352	34,161,428
NON CURRENT LIABILITIES			
Long term deposits	9	988,377	875,786
Deferred liabilities	10	15,649,693	13,835,176
		16,638,070	14,710,962
CURRENT LIABILITIES AND PROVISIONS			
Trade and other payables	11	5,584,931	4,940,352
Provision for income tax		3,553,392	3,668,106
		9,138,323	8,608,458
CONTINGENCIES AND COMMITMENTS	12		
		60,536,745	57,480,848

	Note	2016	2015
		Rupees ('000)	
FIXED ASSETS			
Property, plant and equipment	13	10,516,786	10,586,000
Development and decommissioning costs	14	14,584,913	12,412,441
Exploration and evaluation assets	15	900,813	2,661,303
Other intangible assets	16	71,941	9,360
		26,074,453	25,669,104
LONG TERM INVESTMENTS IN ASSOCIATED COMPANIES	17	14,017,705	11,218,906
OTHER LONG TERM INVESTMENTS	18	5,975	5,726
LONG TERM LOANS AND ADVANCES	19	12,852	15,636
CURRENT ASSETS			
Stores and spares	20	4,236,489	4,276,069
Stock in trade	21	380,087	166,109
Trade debts	22	3,336,440	3,477,782
Advances, deposits, prepayments and other receivables	23	1,477,912	1,756,086
Short term investments	24	130,139	126,080
Cash and bank balances	25	10,864,693	10,769,350
		20,425,760	20,571,476
		60,536,745	57,480,848

The annexed notes 1 to 47 form an integral part of these financial statements.

Shuaib A. Malik
Chief Executive

Abdus Sattar
Director

Consolidated Profit And Loss Account

For the year ended June 30, 2016

	Note	2016	2015
		Rupees ('000)	
SALES		28,204,272	34,427,272
Sales tax		(2,647,798)	(2,581,945)
NET SALES	26	25,556,474	31,845,327
Operating costs	27	(9,464,588)	(9,518,144)
Excise duty		(264,855)	(250,646)
Royalty		(2,020,909)	(2,609,939)
Amortisation of development and decommissioning costs	14	(2,447,702)	(3,027,074)
		(14,198,054)	(15,405,803)
GROSS PROFIT		11,358,420	16,439,524
Exploration costs	28	(2,052,117)	(4,728,811)
		9,306,303	11,710,713
Administration expenses	29	(168,777)	(164,276)
Finance costs	30	(1,022,752)	(987,734)
Other charges	31	(567,009)	(497,315)
		(1,758,538)	(1,649,325)
		7,547,765	10,061,388
Other income	32	977,963	1,297,289
		8,525,728	11,358,677
Share in profits of associated companies	17 & 33	2,192,888	1,160,059
Impairment loss on investment in associated company	17	1,071,269	(1,160,301)
PROFIT BEFORE TAXATION		11,789,885	11,358,435
Provision for taxation	34	(1,668,358)	(3,088,973)
PROFIT FOR THE YEAR		10,121,527	8,269,462
Attributable to:			
Owners of Pakistan Oilfields Limited (POL)		10,088,246	8,220,278
Non - Controlling Interest		33,281	49,184
		10,121,527	8,269,462
Earnings per share attributable to owners of POL - Basic and diluted (Rupees)	41	42.65	34.75

The annexed notes 1 to 47 form an integral part of these financial statements.

Shuaib A. Malik
Chief Executive

Abdus Sattar
Director

Consolidated Statement of Comprehensive Income

For the year ended June 30, 2016

	2016	2015
	Rupees ('000)	
Profit for the year	10,121,527	8,269,462
Other comprehensive income for the year:		
Items that will not be reclassified to profit or loss		
Remeasurement gain/(loss) on staff retirement benefit plans	24,753	(79,137)
Tax (charge) / credit relating to remeasurement gain on staff retirement benefit plans	(7,426)	23,431
	17,327	(55,706)
Share of other comprehensive (loss) of associated companies - net of tax	(50,080)	(42,311)
	(32,753)	(98,017)
Items that may be subsequently reclassified to profit or loss		
Fair value adjustments on available-for-sale investments	(64)	241
Other comprehensive income for the year, net of tax	(32,817)	(97,776)
Total comprehensive income	10,088,710	8,171,686
Attributable to:		
Owners of Pakistan Oilfields Limited (POL)	10,055,415	8,123,009
Non - Controlling Interest	33,295	48,677
	10,088,710	8,171,686

The annexed notes 1 to 47 form an integral part of these financial statements.

Shuaib A. Malik
Chief Executive

Abdus Sattar
Director

Consolidated Cash Flow Statement

For the year ended June 30, 2016

	Note	2016	2015
		Rupees ('000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers		26,300,369	34,131,245
Operating and exploration costs paid		(10,349,410)	(15,667,398)
Royalty paid		(2,041,249)	(2,820,941)
Taxes paid		(1,353,406)	(2,508,756)
Cash provided by operating activities		12,556,304	13,134,150
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed assets additions		(3,956,930)	(3,064,421)
Proceeds from disposal of property, plant and equipment		14,243	14,856
Investment in mutual funds		(313)	-
Income on bank deposits and held-to-maturity investments		345,112	585,039
Dividend received from associated companies		415,695	247,375
Cash used in investing activities		(3,182,193)	(2,217,151)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(9,443,706)	(11,239,775)
Dividend paid to non - controlling interest holders		(27,949)	(40,517)
Cash used in financing activities		(9,471,655)	(11,280,292)
EFFECT OF EXCHANGE RATE CHANGES		196,946	164,832
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		99,402	(198,461)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		10,895,430	11,093,891
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	43	10,994,832	10,895,430

The annexed notes 1 to 47 form an integral part of these financial statements.

Shuaib A. Malik
Chief Executive

Abdus Sattar
Director

Consolidated Statement of Changes In Equity

For the year ended June 30, 2016

	Attributable to owners of Pakistan Oilfields Limited									
	Share capital	Capital Reserves: Bonus shares issued by subsidiary/ associated companies	Capital Reserves: Special reserve	Revenue reserves: Insurance reserve	Revenue reserves: General reserve	Revenue reserves: Unappropriated profit	Fair value gain/ (loss) on available-for-sale investments	Total	Non-controlling interest	Total
	Rupees ('000)									
Balance at June 30, 2014	2,365,459	59,754	483,132	200,000	4,352,325	29,716,992	1,818	37,179,480	86,710	37,266,190
Total comprehensive income for the year:										
Profit for the year	-	-	-	-	-	8,220,278	-	8,220,278	49,184	8,269,462
Other comprehensive income	-	-	-	-	-	(97,510)	241	(97,269)	(507)	(97,776)
	-	-	-	-	-	8,122,768	241	8,123,009	48,677	8,171,686
Transferred from special reserve by associated companies	-	-	(6,593)	-	-	6,593	-	-	-	-
POL dividends:										
Final dividend @ Rs 32.5 per share - Year ended June 30, 2014	-	-	-	-	-	(7,687,742)	-	(7,687,742)	-	(7,687,742)
Interim dividend @ Rs 15 per share - Year ended June 30, 2015	-	-	-	-	-	(3,548,189)	-	(3,548,189)	-	(3,548,189)
Dividend to CAPGAS non - controlling interest holders										
Final dividend @ Rs 27.5 per share - Year ended June 30, 2014	-	-	-	-	-	-	-	-	(9,096)	(9,096)
First interim dividend @ Rs 20 per share - Year ended June 30, 2015									(6,615)	(6,615)
Second interim dividend @ Rs 75 per share - Year ended June 30, 2015	-	-	-	-	-	-	-	-	(24,806)	(24,806)
Total transactions with owners	-	-	-	-	-	(11,235,931)	-	(11,235,931)	(40,517)	(11,276,448)
Balance at June 30, 2015	2,365,459	59,754	476,539	200,000	4,352,325	26,610,422	2,059	34,066,558	94,870	34,161,428
Total comprehensive income for the year:										
Profit for the year	-	-	-	-	-	10,088,246	-	10,088,246	33,281	10,121,527
Other comprehensive income	-	-	-	-	-	(32,767)	(64)	(32,831)	14	(32,817)
	-	-	-	-	-	10,055,479	(64)	10,055,415	33,295	10,088,710
Transferred to general reserve by an associated company	-	-	-	-	750,000	(750,000)	-	-	-	-
Transferred to special reserve by associated companies	-	-	486,206	-	-	(486,206)	-	-	-	-
POL dividends:										
Final dividend @ Rs 25 per share - Year ended June 30, 2015	-	-	-	-	-	(5,913,648)	-	(5,913,648)		(5,913,648)
Interim dividend @ Rs 15 per share - Year ended June 30, 2016	-	-	-	-	-	(3,548,189)	-	(3,548,189)		(3,548,189)
Dividend to CAPGAS non - controlling interest holders										
Final dividend @ Rs 37.5 per share - Year ended June 30, 2015	-	-	-	-	-	-	-	-	(12,404)	(12,404)
Interim dividend @ Rs 47 per share - Year ended June 30, 2016	-	-	-	-	-	-	-	-	(15,545)	(15,545)
Total transactions with owners	-	-	-	-	-	(9,461,837)	-	(9,461,837)	(27,949)	(9,489,786)
Balance at June 30, 2016	2,365,459	59,754	962,745	200,000	5,102,325	25,967,858	1,995	34,660,136	100,216	34,760,352

The annexed notes 1 to 47 form an integral part of these financial statements.

Shuaib A. Malik
Chief Executive

Abdus Sattar
Director

1. LEGAL STATUS AND OPERATIONS

The Company is incorporated in Pakistan as a public limited company and its shares are quoted on 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. 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 Ordinance, 1984 and is principally engaged in buying, filling, distribution and dealing in Liquefied Petroleum Gas (LPG).

For the purpose of these financial statements, POL and its consolidated subsidiary are referred as the Company.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

3. NEW AND AMENDED STANDARDS AND INTERPRETATIONS

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

		Effective date (annual reporting periods beginning on or after)
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations (Amendments)	July 1, 2016
IFRS 7	Financial Instruments: Disclosures (Amendments)	July 1, 2016
IFRS 14	Regulatory Deferral Accounts	January 1, 2016
IFRS 15	Revenue from Contracts with Customers	January 1, 2018
IFRS 16	Leases	January 1, 2019
IAS 1	Presentation of Financial Statements (Amendments)	January 1, 2016
IAS 7	Statement of Cash Flows (Amendments)	January 1, 2017
IAS 12	Income Taxes (Amendments)	January 1, 2017
IAS 16	Property, Plant and Equipment (Amendments)	January 1, 2016
IAS 19	Employee Benefits (Amendments)	January 1, 2016
IAS 27	Separate Financial Statements (Amendments)	January 1, 2016
IAS 28	Investment in Associates and Joint ventures (Amendments)	January 1, 2016
IAS 34	Interim Financial Reporting (Amendments)	January 1, 2016
IAS 38	Intangible Assets (Amendments)	January 1, 2016
IAS 41	Agriculture (Amendments)	January 1, 2016

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

3.2 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 9 Financial Instruments

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of measurement

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

4.2 Basis of consolidation

The consolidated financial statements include the financial statements of POL and its subsidiary CAPGAS with 51% holding (2015: 51%).

a) Subsidiary

Subsidiaries are all entities (including structured entities) over which the Company has control. The Company controls an entity when the Company is exposed to, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases.

The assets and liabilities of subsidiary company have been consolidated on a line by line basis and the carrying value of investments held by the parent company is eliminated against the subsidiary shareholders' equity in the consolidated financial statements.

Material intra-group balances and transactions have been eliminated.

Non - controlling interests are that part of the net results of the operations and of net assets of the subsidiary attributable to interests which are not owned by the parent company. Non - controlling interest are presented as a separate item in the consolidated financial statements.

b) Associates

Associates are all entities over which the company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investment in associates are accounted for using the equity method of accounting. Under this method, the investment is initially recognised at cost, and the carrying amount is increases or decreases to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Company's investment in associates includes goodwill identified on acquisition.

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

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

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

4.3 Operating segments

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

4.4 Functional and presentation currency

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

4.5 Foreign currency transactions and translation

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

4.6 Taxation

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

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

4.7 Provisions

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

4.8 Provision for decommissioning cost

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

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

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

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

The decommissioning cost has been discounted at a real discount rate of 1.74% p.a. (2015: 2.15% p.a.). The increase in provision due to unwinding of discount is recorded as finance cost.

4.9 Employee compensated absences

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

4.10 Staff retirement benefits

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

POL

POL operates the following staff retirement benefits plans:

(i) A pension plan for its management staff and a gratuity plan for its management and non-management staff. The pension and gratuity plans are invested through approved trust funds. Both are defined benefit final salary plans. The pension and gratuity plans are complementary plans for management staff. Pension payable to management staff is reduced by an amount determined by the actuary equivalent to amount paid by the gratuity fund. Management staff hired after January 1, 2012 are only entitled to benefits under gratuity fund. Actuarial valuations are conducted annually using the ""Projected Unit Credit Method"" and the latest valuation was conducted as at June 30, 2016.

Actuarial gains and losses arising from experience adjustment 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 in immediately in income.

Since both are complementary plans, combined details and valuation for pension plan and gratuity plan are given in note 38. "

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

CAPGAS

The subsidiary is operating a non funded gratuity plan for management and non-management employees. The liability for gratuity plan is provided on the basis of actuarial valuation conducted as at June 30, 2016 using the "Project Unit Credit Method".

4.11 Trade and other payables

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

4.12 Contingent liabilities

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

4.13 Property, plant and equipment

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

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

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

4.14 Intangible assets

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

4.15 Exploration assets / costs and development costs

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

4.15.2 Exploration costs

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

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

4.15.3 Development costs

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

4.16 Stores and spares

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

4.17 Stock in trade

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

4.18 Impairment of non-financial assets

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

4.19 Financial instruments

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

4.20 Financial assets

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

(i) Investments at fair value through profit or loss

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

(ii) Held-to-maturity investments

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

(iii) Loans and receivables

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

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

(iv) Available-for-sale investments

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

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

4.21 Impairment of financial assets

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

4.22 Offsetting

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

4.23 Revenue recognition

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

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

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

4.24 Joint 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 upto the balance sheet date.

4.25 Cash and cash equivalents

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

4.26 Dividend distribution

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

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

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

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

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

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

v) Estimated value of staff retirement benefits obligations - note 38

vi) Provision for taxation - note 4.6

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

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2016

	2016	2015
	Rupees ('000)	
6. SHARE CAPITAL		
Authorised capital		
500,000,000 (2015: 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 (2015: 20,200,000) ordinary shares	202,000	202,000
Shares issued as fully paid bonus shares 216,345,920 (2015: 216,345,920) ordinary shares	2,163,459	2,163,459
236,545,920 (2015: 236,545,920) ordinary shares of Rs 10 each	2,365,459	2,365,459

The Company is a subsidiary of The Attock Oil Company Limited which held 124,776,965 (2015: 124,776,965) ordinary shares at the year end.

	2016	2015
	Rupees ('000)	
7. CAPITAL RESERVE		
Bonus shares issued by subsidiary/associated companies	59,754	59,754
Special reserves - note 7.1	962,745	476,539
	1,022,499	536,293

7.1 This represents the Company's share of post-acquisition profit set aside as a special reserve by associated companies on account of expansion and modernisation of refineries or to offset against any future loss of Rs 962,535 thousand (2015: Rs 476,341 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 210 thousand (2015: Rs 198 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.

		2016	2015
		Rupees ('000)	
8.	**REVENUE RESERVES**		
	Insurance reserve - note 8.1	200,000	200,000
	General reserve	5,102,325	4,352,325
	Unappropriated profit	25,967,858	26,610,422
		31,270,183	31,162,747

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

		2016	2015
		Rupees ('000)	
9.	**LONG TERM DEPOSITS**		
	Security deposits from distributors against equipment	937,396	825,138
	Security deposits from distributors against distributorship and others	50,981	50,648
		988,377	875,786
10.	**DEFERRED LIABILITIES**		
	Provision for deferred income tax - note 10.1	5,812,637	5,375,557
	Provision for decommissioning cost - note 10.2	9,821,240	8,442,955
	Provision for staff compensated absences	10,553	12,138
	Provision for un-funded gratuity plan - CAPGAS	5,263	4,526
		15,649,693	13,835,176
10.1	**Provision for deferred income tax**		
	The provision for deferred income tax represents:		
	Temporary differences between accounting and tax depreciation/amortisation	5,973,731	5,523,647
	Provision for stores and spares	(105,143)	(84,725)
	Provision for doubtful receivable	(93)	(93)
	Deferred tax on remeasurement loss on staff retirement benefit plans	(55,858)	(63,272)
		5,812,637	5,375,557
10.2	**Provision for decommissioning cost**		
	Balance brought forward	8,442,955	7,765,490
	Revision due to change in estimates	110,825	(490,283)
	Provision during the year	248,290	183,882
	Unwinding of discount	771,424	753,253
	Exchange loss	247,746	230,613
		9,821,240	8,442,955

	2016	2015
	Rupees ('000)	
11. TRADE AND OTHER PAYABLES		
Creditors	383,613	291,412
Due to related parties		
Attock Hospital (Pvt) Limited	2,107	1,356
Attock Information Technology (Pvt) Ltd	-	315
Management Staff Pension Fund	22,935	46,200
Staff Provident Fund	1,485	-
General Staff Provident Fund	1,093	1,254
Workers' Profit Participation Fund - note 11.1	4,839	8,524
Due to joint operating partners		
The Attock Oil Company Limited	3,529	19,683
Others	1,456,356	1,091,620
Accrued liabilities	2,310,259	2,046,021
Advance payment from customers	112,820	62,115
Royalty	233,109	253,449
Excise duty	2,445	2,851
Workers' Welfare Fund	905,443	987,700
Liability for staff compensated absences	4,671	4,110
Unclaimed dividends	135,435	117,304
Others	4,792	6,438
	5,584,931	4,940,352
11.1 Workers' Profit Participation Fund		
Balance at beginning of the year	(197,123)	891,248
Amount allocated for the year	476,462	606,629
Amount paid to the Fund's trustees	(294,898)	(1,695,000)
Balance at year end	(15,559)	(197,123)
Less: Receivable balance related to POL shown under other receivables - note 23	(20,398)	(205,647)
	4,839	8,524

12. CONTINGENCIES AND COMMITMENTS

12.1 Contingencies

	2016	2015
	Rupees ('000)	
12.1.1 POL		
a) Guarantees issued by banks on behalf of the POL	28,755	5,967

b) The Company is currently contesting applicability of super tax @ 3% of taxable profits from oil and gas operations under Petroleum Concession Agreements (PCAs) and has filed a writ petition in Islamabad High Court on the grounds that the Company being an exploration and production company falls under Special Tax Regime as granted under PCAs. Management based on legal advise is confident that the writ petition will be decided in favour of the company, accordingly no provision has been made in this respect in the financial statements for the years ended June 30, 2015 and June 30, 2016.

12.1.2 CAPGAS

a) Contingency in respect of supply of LPG

Out of the total quantity of LPG (i.e. upto 33 M.Tons/day) being received by the company, 28 M.Tons/day are contributed by a single Supplier; of which 10 M.Ton/day is only covered by an agreement between the Company and the Supplier. While for the balance quantity, the Company has no agreement with the Supplier. Further, in the wake of Supplier's decision to auction the quota, the Company on May 24, 2011 has obtained a Stay Order from the honourable court with the direction that the Supplier shall continue the bidding process and proceed further in opening the tender; however, it would be subject to determination by court and the quota already allocated in terms of the contractual price be preserved. The matter is still pending decision by the court. Consequently, any stoppage/decrease in supply of LPG may effect operations of the Company which will result in significant decrease in sales and profit of the Company.

b) Guarantees and letter of credit issued by the bank on behalf of CAPGAS amounted to Rs. 8.70 million in favour of LPG suppliers. (June 2015: Rs. 15.529 million).

	2016	2015
	Rupees ('000)	
12.2 Capital expenditure commitments outstanding		
POL		
Share in joint operations	9,828,653	9,691,246
Own fields	2,081,931	1,647,832
Letter of credit issued by banks on behalf of POL	157,138	127,866

		2016	2015
		Rupees ('000)	
12.3	**Company's share in contingencies of associated companies**		
	a) Claims not acknowledged as debt by the Company including claims in respect of delayed payment charges by crude oil suppliers and freight claims	1,130,000	1,132,500
	b) Claims raised on certain Oil Marketing Companies (OMCs) in respect of delayed payment charges not acknowledged as debt by the OMCs	1,267,500	1,267,500
	c) Corporate guarantees and indemnity bonds issued by associated companies	324,396	283,258
13.	**PROPERTY, PLANT AND EQUIPMENT**		
	Operating assets - note 13.1	9,724,414	8,363,419
	Capital work in progress - note 13.5	792,372	2,222,581
		10,516,786	10,586,000

13.1 Operating assets

	Freehold land	Buildings	Pipelines and pumps	Plant and machinery Field plants	Plant and machinery Rigs	Gas cylinders	Motor vehicles	Chattels	Computer and software development	Total
	Rupees ('000)									
As at July 1, 2014										
Cost	31,824	352,710	1,352,307	10,862,084	574,310	726,071	448,629	126,655	352,778	14,827,368
Accumulated depreciation	-	(159,178)	(649,339)	(4,162,947)	(347,545)	(527,073)	(287,160)	(76,764)	(232,580)	(6,442,586)
Net book value	31,824	193,532	702,968	6,699,137	226,765	198,998	161,469	49,891	120,198	8,384,782
Year ended June 30, 2015										
Opening net book value	31,824	193,532	702,968	6,699,137	226,765	198,998	161,469	49,891	120,198	8,384,782
Additions	-	3,253	507,365	469,324	36,482	127,746	45,985	9,828	67,755	1,267,738 *
Disposals										
Cost	-	-	(18,110)	(4,502)	(1,577)	(8,037)	(3,614)	(2,647)	(5,908)	(44,395) *
Depreciation	-	-	13,770	4,096	1,577	7,971	3,614	2,612	5,908	39,548
	-	-	(4,340)	(406)	-	(66)	-	(35)	-	(4,847)
Depreciation charge	-	(15,404)	(118,183)	(948,050)	(36,250)	(43,665)	(60,724)	(11,099)	(50,879)	(1,284,254)
Closing net book value	31,824	181,381	1,087,810	6,220,005	226,997	283,013	146,730	48,585	137,074	8,363,419
As at July 1, 2015										
Cost	31,824	355,963	1,841,562	11,326,906	609,215	845,780	491,000	133,836	414,625	16,050,711
Accumulated depreciation	-	(174,582)	(753,752)	(5,106,901)	(382,218)	(562,767)	(344,270)	(85,251)	(277,551)	(7,687,292)
Net book value	31,824	181,381	1,087,810	6,220,005	226,997	283,013	146,730	48,585	137,074	8,363,419
Year ended June 30, 2016										
Opening net book value	31,824	181,381	1,087,810	6,220,005	226,997	283,013	146,730	48,585	137,074	8,363,419
Additions	-	122,978	105,744	2,385,499	18,069	98,672	22,112	14,564	37,431	2,805,069 *
Disposals										
Cost	(1,911)	-	(13,748)	(20,800)	(2,997)	(7,274)	(6,696)	(3,020)	(11,028)	(67,474) *
Depreciation	-	-	12,056	18,480	2,997	7,274	6,696	2,906	11,028	61,437
	(1,911)	-	(1,692)	(2,320)	-	-	-	(114)	-	(6,037)
Depreciation charge	-	(16,204)	(154,556)	(1,054,349)	(38,563)	(41,656)	(60,616)	(11,933)	(60,160)	(1,438,037)
Closing net book value	29,913	288,155	1,037,306	7,548,835	206,503	340,029	108,226	51,102	114,345	9,724,414
As at June 30, 2016										
Cost	29,913	478,941	1,933,558	13,691,605	624,287	937,178	506,416	145,380	441,028	18,788,306
Accumulated depreciation	-	(190,786)	(896,252)	(6,142,770)	(417,784)	(597,149)	(398,190)	(94,278)	(326,683)	(9,063,892)
Net book value	29,913	288,155	1,037,306	7,548,835	206,503	340,029	108,226	51,102	114,345	9,724,414
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 1,392 thousand; cost of Rs 1,692 thousand and depreciation of Rs 300 thousand (2015: book value of Rs 3,038 thousand; cost of Rs 4,179 thousand and depreciation of Rs 1,141 thousand).

13.2 Cost and accumulated depreciation include:

	Cost		Accumulated depreciation	
	2016	2015	2016	2015
	Rupees ('000)		Rupees ('000)	
Share in joint operations operated by the Company	1,397,414	1,410,718	1,194,834	1,135,872
Assets not in possession of the Company				
Share in joint operations operated by others	10,980,092	9,324,426	4,083,147	3,098,668
Gas cylinders - in possession of distributors	861,315	779,092	555,839	519,889
	13,238,821	11,514,236	5,833,820	4,754,429

13.3 The depreciation charge has been allocated as follows:

	2016	2015
Operating costs	1,406,756	1,266,660
Other income - Crude transportation income	30,447	16,091
Administrative expenses	534	362
Inter-transfers	300	1,141
	1,438,037	1,284,254

13.4 Property, plant and equipment disposals:

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

13.5 Capital work in progress

	Buildings	Plant and machinery/ Pipelines and pumps	Computers and software development	Total
	Rupees ('000)			
Balance as at July 1, 2014	17,713	982,318	1,445	1,001,476
Additions during the year	101,827	1,593,996	13,060	1,708,883
Transfers during the year	-	(487,778)	-	(487,778)
Balance as at June 30, 2015	119,540	2,088,536	14,505	2,222,581
Balance as at July 1, 2015	119,540	2,088,536	14,505	2,222,581
Additions during the year	8,643	385,117	7,115	400,875
Transfers during the year	(118,107)	(1,696,307)	(16,670)	(1,831,084)
Balance as at June 30, 2016	10,076	777,346	4,950	792,372

		2016	2015
		Rupees ('000)	
13.6 Break up of capital work in progress at June 30 is as follows:			
POL			
Own fields		78,859	272,650
POLGAS plant		1,736	467,668
Share in joint operations operated by the Company			
	- Ahmadal	-	5,290
	- Pindori	897	-
Share in joint operations operated by others			
MOL Pakistan Oil and Gas Company B.V.	- TAL Block	253,476	89,464
	- Margala Block	269	269
Oil and Gas Development Company Limited	- Kotra	457,135	432,394
Pakistan Petroleum Limited	- Adhi	-	945,583
CAPGAS		-	9,263
		792,372	2,222,581

14. DEVELOPMENT AND DECOMMISSIONING COSTS

	Development Cost	Decommissioning Cost	Total
		Rupees ('000)	
As at July 1, 2014			
Cost	27,403,258	4,007,116	31,410,374
Accumulated amortisation	(16,274,462)	(1,974,911)	(18,249,373)
Net book value	11,128,796	2,032,205	13,161,001
Year ended June 30, 2015			
Opening net book value	11,128,796	2,032,205	13,161,001
Additions	1,537,637	183,882	1,721,519
Revision due to change in estimates	-	(490,283)	(490,283)
Well Cost transferred from exploration and evaluation assets - note 15	1,047,278	-	1,047,278
Amortisation for the year	(2,923,016)	(104,058)	(3,027,074)
Closing net book value	10,790,695	1,621,746	12,412,441
As at July 1, 2015			
Cost	29,988,173	3,700,715	33,688,888
Accumulated amortisation	(19,197,478)	(2,078,969)	(21,276,447)
Net book value	10,790,695	1,621,746	12,412,441
Year ended June 30, 2016			
Opening net book value	10,790,695	1,621,746	12,412,441
Additions	1,564,472	248,290	1,812,762
Revision due to change in estimates	-	110,825	110,825
Well Cost transferred from exploration and evaluation assets - note 15	2,696,587	-	2,696,587
Amortisation for the year	(2,402,734)	(44,968)	(2,447,702)
Closing net book value	12,649,020	1,935,893	14,584,913
As at June 30, 2016			
Cost	34,249,232	4,059,830	38,309,062
Accumulated amortisation	(21,600,212)	(2,123,937)	(23,724,149)
Net book value	12,649,020	1,935,893	14,584,913

		2016	2015
		Rupees ('000)	
15. EXPLORATION AND EVALUATION ASSETS			
Balance brought forward		2,661,303	4,666,461
Additions during the year		2,821,339	3,533,112
		5,482,642	8,199,573
Wells cost transferred to development cost - note 14		(2,696,587)	(1,047,278)
Dry and abandoned wells cost charged to the profit and loss account - note 28		(1,885,242)	(4,490,992)
		900,813	2,661,303
15.1 Break up of exploration and evaluation assets at June 30 is as follows:			
Share in joint operations operated by the Company			
	- Sadrial	45,684	-
Share in joint operations operated by others			
MOL Pakistan Oil and Gas Company B.V.	- TAL Block	134,237	1,438,274
	- Margala North	-	1,023,199
Oil and Gas Development Company Limited	- Gurgalot	720,892	199,830
		900,813	2,661,303

		2016	2015
		Rupees ('000)	
16.	**OTHER INTANGIBLE ASSETS**		
	LPG Quota		
	Written down value	9,360	16,380
	Additions during the year	81,501	-
	Less: Amortisation for the year	18,920	7,020
		71,941	9,360
	Annual rate of amortization (%) - straight line	20	20
17.	**LONG TERM INVESTMENTS IN ASSOCIATED COMPANIES - EQUITY BASIS**		
	Beginning of the year	11,218,906	11,508,834
	Share of profit of associated companies	2,192,888	1,160,059
	Share of other comprehensive income of associated companies	(50,080)	(42,311)
	Impairment reversal / (loss) against investment in National Refinery Limited	1,071,269	(1,160,301)
	Dividend received during the year	(415,278)	(247,375)
	End of the year	14,017,705	11,218,906
17.1	**The Company's interest in associates are as follows:**		
	Quoted		
	National Refinery Limited - note 17.2 19,991,640 (2015: 19,991,640) fully paid ordinary shares including 3,331,940 (2015: 3,331,940) bonus shares of Rs 10 each Cost Rs 8,046,635 thousand (2015: 8,046,635 thousand) Quoted market value as at June 30, 2016: Rs 9,504,026 thousand (2015: Rs 4,639,260 thousand)	11,753,284	9,009,832
	Attock Petroleum Limited (APL) - note 17.2 5,820,595 (2015: 5,820,595) fully paid ordinary shares including 2,452,195 (2015: 2,452,195) bonus shares of Rs 10 each Cost Rs 1,562,938 thousand (2015: 1,562,938 thousand) Quoted market value as at June 30, 2016: Rs 2,546,743 thousand; (2015: Rs 3,301,558 thousand)	2,247,689	2,194,541
	Unquoted		
	Attock Information Technology Services (Pvt) Limited (AITSL) 450,000 (2015: 450,000) fully paid ordinary shares of Rs 10 each	16,731	14,533
		14,017,704	11,218,906

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

17.2 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, 2016 (2015: June 30, 2015) and not the reporting entity's share of those amounts.

	National Refinery Limited		Attock Petroleum Limited		Attock Information Technology Services (Pvt) Limited	
	2016	2015	2016	2015	2016	2015
			Rupees ('000)			
Summarised balance sheet						
Current assets	29,956,587	39,901,373	26,001,840	26,123,577	141,568	131,692
Non- current assets	23,703,944	8,161,277	4,523,465	3,788,077	43,513	27,458
Current liabilities	16,240,546	17,162,924	15,581,980	15,747,035	14,040	11,504
Non- current liabilities	597,542	766,019	626,159	604,814	3,731	2,319
Net assets	36,822,443	30,133,707	14,317,166	13,559,805	167,310	145,327
Reconciliation to carrying amounts:						
Net assets as at July 1	30,133,707	26,593,639	13,559,805	13,799,722	145,327	123,411
Profit for the year	7,688,076	3,708,980	3,828,585	3,286,384	21,983	21,916
Other comprehensive income/(loss)	(199,674)	(168,912)	(2,296)	(1,181)	-	-
Dividends paid	(799,666)	-	(3,068,928)	(3,525,120)	-	-
Net assets as at June 30	36,822,443	30,133,707	14,317,166	13,559,805	167,310	145,327
Company's percentage shareholding in the associate	25%	25%	7.0175%	7.0175%	10%	10%
Company's share in net assets	9,205,611	7,533,427	1,004,707	951,559	16,731	14,533
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	15,576,966	13,904,782	2,247,689	2,194,541	16,731	14,533
Impairment	(3,823,681)	(4,894,950)	-	-	-	-
Carrying amount of investment	11,753,285	9,009,832	2,247,689	2,194,541	16,731	14,533
Summarised statements of comprehensive income						
Net revenue	93,788,378	148,456,509	109,234,361	171,729,782	83,050	70,288
Profit for the year	7,688,076	3,708,980	3,828,585	3,286,384	21,983	21,916
Other comprehensive income	(199,674)	(168,912)	(2,296)	(1,181)	-	-
Total comprehensive income	7,488,402	3,540,068	3,826,289	3,285,203	21,983	21,916
Dividend received from associates	199,916	-	215,362	247,375	-	-

17.3 The carrying value of investment in National Refinery Limited at June 30, 2016 is net of impairment loss of Rs 3,823,681 thousand (2015: Rs 4,894,950 thousand).The carrying value is based on a valuation analysis carried out by an external investment advisor engaged by the Company. The recoverable amount has been estimated based on a value in use calculation. These calculations have been made on discounted cash flow based valuation methodology which assumes a gross profit margin of 5% (2015: 2.5%), a terminal growth rate of 4.0% (2015: 4.0%) and a capital asset pricing model based discount rate of 12.84% (2015: 14.34%).

	2016	2015
	Rupees ('000)	
18. OTHER LONG TERM INVESTMENTS		
Available-for-sale investments - note 18.1	5,975	5,726
18.1 Available-for-sale investment - at fair value		
Balance at the beginning of the year	5,726	5,485
Additions during the year	313	-
Fair value adjustment	(64)	241
Balance at the end of the year	5,975	5,726

18.1.1 Available-for-sale investments at June 30 include the following:	2016 Number of shares/units	Cost less impairment loss	Adjustment arising from remeasurement to fair value	Fair value	2015 Fair value
	Rupees ('000)				
Listed securities:					
Meezan Sovereign Fund	10,543	420	115	535	523
Pakistan Cash Management Fund	12,302	455	162	617	592
IGI Money Market Fund	12,593	934	303	1,237	1,196
Atlas Money Market Fund	1,094	430	118	548	525
UBL Liquidity Plus Fund	12,740	947	333	1,280	1,230
Unlisted securities:					
Atlas Asset Management Company	3,445	794	964	1,758	1,660
		3,980	1,995	5,975	5,726

18.1.2 The fair value of listed securities is based on quoted market prices at the balance sheet date. The quoted market price used is the current bid price. The fair values of unlisted securities are the Net Asset Values (NAV) as at June 30, 2016 as quoted by the respective Asset Management Company.

	2016	2015
	Rupees ('000)	
19. LONG TERM LOANS AND ADVANCES, CONSIDERED GOOD		
Executives - note 19.1	16,595	17,076
Other employees	18,651	25,464
	35,246	42,540
Less: Amount due within twelve months, shown under current loans and advances - note 23	22,394	26,904
	12,852	15,636

19.1 Movement in loans to Executives

	Balance as at June 30, 2015	Disbursements	Repayments	Balance as at June 30, 2016
	Rupees ('000)			
Executives	17,076	17,858	(18,339)	16,595

19.2 Loans and advances to employees are for general purpose and for house rent advance which are recoverable in up to 60 and 36 equal monthly installments respectively and are secured by an amount due to the employee against provident fund. These loans and advances are interest free. These do not include any amount receivable from the Chief Executive and Directors. The aggregate maximum amount due from Executives at the end of any month during the year was Rs 20,225 thousand (2015: Rs 19,530 thousand) respectively.

	2016	2015
	Rupees ('000)	
20. STORES AND SPARES		
Stores and spares - note 20.1	4,586,964	4,558,487
Less: Provision for slow moving items - note 20.2	350,475	282,418
	4,236,489	4,276,069
20.1 Stores and spares include:		
Share in joint operations operated by the Company	313,106	324,357
Share in joint operations operated by others (assets not in possession of the Company)	1,694,885	1,799,258
	2,007,991	2,123,615

	2016	2015
	Rupees ('000)	
20.2 Provision for slow moving items		
Balance brought forward	282,418	231,240
Provision for the year	68,057	51,178
	350,475	282,418
21. STOCK IN TRADE		
Crude oil and other products	380,087	166,109

These include Rs 272,642 thousand (2015: Rs 76,942 thousand) being the Company's share in joint operations.

	2016	2015
	Rupees ('000)	
22. TRADE DEBTS - Considered good		
Due from related parties - note 22.1	1,186,086	1,606,248
Others	2,150,354	1,871,534
	3,336,440	3,477,782
22.1 Due from related parties		
Associated companies		
Attock Refinery Limited	1,041,818	1,193,086
National Refinery Limited	144,268	404,619
Attock Petroleum Limited	-	8,543
	1,186,086	1,606,248

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

	2016	2015
	Rupees ('000)	
23. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES		
Loans and advances - considered good		
Employees - note 19	22,394	26,904
Suppliers	133,869	99,638
	156,263	126,542
Trade deposits and short term prepayments		
Deposits	229,661	257,408
Short-term prepayments	295,687	308,388
	525,348	565,796
Interest income accrued	31,539	12,767
Other receivables		
Joint Operating partners	348,901	580,831
Due from related parties		
Parent company		
The Attock Oil Company Limited	42,981	38,061
Staff Provident Fund	-	3,749
Workers Profit Participation Fund - note 11.1	20,398	205,647
Gratuity Fund - note 38.1	55,085	14,268
Sales tax	256,644	164,787
Other receivables (net of provision for doubtful receivable Rs 310 thousand (2015: Rs 310 thousand))	40,753	43,638
	764,762	1,050,981
	1,477,912	1,756,086
24. SHORT TERM INVESTMENTS		
Held to maturity investments:		
Treasury bills	130,139	126,080

24.1 The effective interest on Treasury bills ranges between 6.21% to 6.93% per annum (2015: 6.62% to 9.96% per annum).

	2016	2015
	Rupees ('000)	
25. CASH AND BANK BALANCES		
Bank balance on		
Short term deposits	9,117,080	7,545,125
Interest/mark-up bearing saving accounts	1,617,146	3,182,569
Current accounts	127,505	38,780
	10,861,731	10,766,474
Cash in hand	2,962	2,876
	10,864,693	10,769,350

Balance with banks include foreign currency balances of US $ 67,174 thousand (2015: US $ 76,267 thousand). The balances in saving accounts and short term deposits earned interest/ mark-up ranging from 0.25% to 8.45% (2015: 0.25% to 9.20%).

	2016	2015
	Rupees ('000)	
26. NET SALES		
Crude oil	9,651,969	16,266,329
Gas	9,626,720	7,759,984
POLGAS/CAPGAS - Refill of cylinders	6,081,064	7,618,687
Solvent oil	186,456	188,666
Sulphur	10,265	11,661
	25,556,474	31,845,327

26.1 During the year, the Company has signed the Supplemental Agreements with the Government of Pakistan (the Government) for conversion of Petroleum Concession Agreements (PCA) to Petroleum Exploration & Production Policy 2012 in respect of Ikhlas, DG Khan, Kirthar South, Margala, Margala North, Gurgalot and Tal Block. 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 blocks.

In terms of supplemental agreements, draft statements specifying sums aggregating US $ 34.39 million till June 30, 2015 due to the Company in respect of Mamikhel, Maramzai & Makori East discoveries in TAL block and Domial discovery in Ikhlas block have been submitted to the Government. The Government shall facilitate issuance of necessary gas price notifications and payments to be made to the parties within twelve months of the statements being finalized. Effect of adjustment arising from revision in sale price will be recognised upon finalization of the statements and issuance of gas price notifications by the Government.

		2016	2015
		Rupees ('000)	
27.	**OPERATING COSTS**		
	Operating cost - Own fields	878,165	1,003,839
	- Share in joint operations	2,932,238	2,671,898
	Well work over	573,387	164,606
	POLGAS/CAPGAS -Cost of gas/LPG, carriage etc.	3,665,556	4,120,089
	Head office and insurance charges	168,785	102,551
	Pumping and transportation cost	34,759	65,956
	Depreciation and amortisation	1,425,676	1,273,680
		9,678,566	9,402,619
	Opening stock of crude oil and other products	166,109	281,634
	Closing stock of crude oil and other products	(380,087)	(166,109)
		9,464,588	9,518,144

		2016	2015
		Rupees ('000)	
28. EXPLORATION COSTS			
Geological and geophysical cost			
Own fields		426	1,590
Share in joint operations operated by the Company			
	- Kirthar South	49,313	34,727
	- Ikhlas	21,717	209,210
	- Pindori	(8,666)	(1,123)
	- Minwal	-	7,570
	- Ahmadal	-	(2,319)
	- DG Khan	33,376	(240,570)
	- Rajanpur	-	4,438
Share in joint operations operated by the others			
MOL Pakistan Oil and Gas Company B.V.	- TAL Block	14,353	72,296
	- Margala Block	11,467	17,448
	- Margala North Block	17,646	75,261
	- Tolanj South	294	-
	- Malgin	-	42,554
Oil and Gas Development Company Limited	- Kotra	(318)	1,672
	- Gurgalot	26,226	13,236
	- Chak Naurang	423	1,041
Pakistan Petroleum Limited	- Adhi	-	788
Ocean Pakistan Limited	- Ratana	618	-
		166,875	237,819
Dry and abandoned wells cost - note 15			
Share in joint operations operated by the Company			
	- Pindori	-	2,008,999
	- Ikhlas	-	1,861,348
Share in Joint Ventures operated by others			
MOL Pakistan Oil and Gas Company B.V.	- Tolanj South	759,321	-
	- Margalla North	1,125,921	-
	- Malgin	-	620,645
		1,885,242	4,490,992
		2,052,117	4,728,811

	2016	2015
	Rupees ('000)	
29. ADMINISTRATION EXPENSES		
Establishment charges	242,731	223,822
Telephone and telex	1,398	1,263
Medical expenses	7,780	6,050
Printing, stationery and publications	8,715	8,325
Insurance	3,477	4,714
Travelling expenses	2,923	4,126
Motor vehicle running expenses	10,898	10,637
Rent, repairs and maintenance	36,408	29,836
Auditor's remuneration - note 29.1	6,518	4,809
Legal and professional charges	10,048	11,141
Stock exchange and CDC fee	1,543	1,593
Computer support and maintenance charges	23,612	16,912
Depreciation	534	362
Donation*	500	225
Other expenses	6,670	5,569
	363,755	329,384
Less: Amount allocated to field expenses	194,978	165,108
	168,777	164,276

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

	2016	2015
29.1 Auditor's remuneration:		
Statutory audit - POL	1,467	1,397
- Capgas	350	-
Review of half yearly accounts, audit of consolidated accounts, staff funds, special certifications	843	792
Tax services	3,631	2,400
Out of pocket expenses	227	220
	6,518	4,809

Notes to and Forming Part of the Consolidated Financial Statements
For the year ended June 30, 2016

	2016	2015
	Rupees ('000)	
30. FINANCE COSTS		
Provision for decommissioning cost - note 10.2		
- Unwinding of discount	771,424	753,253
- Exchange (gain)/ loss	247,746	230,613
Banks' commission and charges	3,582	3,868
	1,022,752	987,734
31. OTHER CHARGES		
Workers' Profit Participation Fund	476,462	606,629
Workers' Welfare Fund		
- Current year	90,547	198,116
- Prior year	-	(307,430)
	567,009	497,315
32. OTHER INCOME		
Income from financial assets		
Income on bank deposits	355,868	493,380
Income on held-to-maturity investments	8,016	63,027
Exchange gain on financial assets	196,946	164,832
Dividend on available-for-sale investments - note 32.1	417	-
Income from assets other than financial assets		
Rental income (net of related expenses Rs 52,905 thousand; 2015: Rs 57,823 thousand)	127,805	219,963
Crude oil/gas transportation income (net of related expenses Rs 134,201 thousand; 2015: Rs 124,806 thousand)	103,029	188,316
Gas processing fee	174,165	122,973
Profit on sale of property, plant and equipment	7,906	13,047
Sale of stores and scrap	3,524	25,052
Others	287	6,699
	977,963	1,297,289

		2016	2015
		Rupees ('000)	
32.1	Dividend on available for sale investments		
	Meezan Sovereign Fund	56	-
	Pakistan Cash Management Fund	34	-
	IGI Money Market Fund	96	-
	Atlas Money Market Fund	34	-
	UBL Liquidity Plus Fund	67	-
	Atlas Asset Management Company	130	-
		417	-

33. SHARE IN PROFITS OF ASSOCIATED COMPANIES

Share in profits of associated companies is net of taxation and based on the audited financial statements of the associated companies for the year ended June 30, 2016.

		2016	2015
		Rupees ('000)	
34.	**PROVISION FOR TAXATION**		
	Current		
	- for the year	1,240,572	3,621,676
	- for prior years	(1,880)	1,027
		1,238,692	3,622,703
	Deferred - for the year	434,222	(533,730)
	- for prior years	(4,556)	-
		429,666	(533,730)
		1,668,358	3,088,973

		2016	2015
		Rupees ('000)	
34.1	**Reconciliation of tax charge for the year**		
	Accounting profit	11,789,885	11,358,435
	* Tax at applicable tax rate of 45.75% (2015: 52.67%)	5,393,872	5,982,488
	Tax effect of depletion allowance and royalty payments	(2,405,854)	(3,014,188)
	Tax effect of income that is not taxable or taxable at reduced rates	(1,540,151)	(210,496)
	Others	226,927	330,142
	Tax effect of prior year	(6,436)	1,027
	Tax charge for the year	1,668,358	3,088,973

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

35. OPERATING SEGMENTS

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

Revenue from two major customers of the Company constitutes 59% of the total revenue during the year ended June 30, 2016 (June 30, 2015: 56%).

36. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	Chief Executive		Executives	
	2016	2015	2016	2015
	Rupees ('000)		Rupees ('000)	
Managerial remuneration	6,920	6,920	125,265	121,470
Bonus	4,037	4,901	58,165	69,507
Housing, utility and conveyance	5,192	5,303	120,345	123,477
Company's contribution to pension, gratuity and provident funds	-	-	48,596	48,381
Leave passage	1,153	1,025	17,878	15,029
Other benefits	4,105	4,036	45,449	45,863
	21,407	22,185	415,698	423,727
No. of persons, including those who worked part of the year	1	1	112	107

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.

Directors and the Chief Executive of the Company were paid meeting fee aggregating Rs 4,288 thousand (2015: Rs 4,168 thousand) based on actual attendance.

Remuneration of executives is net of charge to associated companies amounting to Rs 7,993 thousand (2015: Rs 7,836 thousand).

37. FINANCIAL INSTRUMENTS

37.1 Financial assets and liabilities

	Held to Maturity Investments	Loans and receivables	Available-for-sale Investments	Total
		Rupees ('000)		
June 30, 2016				
Financial assets				
Maturity up to one year				
Trade debts	-	3,336,440	-	3,336,440
Advances, deposits and other receivables	-	1,048,356	-	1,048,356
Short term investments	130,139	-	-	130,139
Cash and bank balances	-	10,864,693	-	10,864,693
Maturity after one year				
Other long term investments	-	-	5,975	5,975
Long term loans and advances	-	12,852	-	12,852
	130,139	15,262,341	5,975	15,398,455

Financial liabilities	Other financial liabilities	Total
	Rupees ('000)	
Maturity up to one year		
Trade and other payables	5,472,111	5,472,111
Maturity after one year		
Long term deposits	988,377	988,377
Provision for decommissioning cost	9,821,240	9,821,240
Provision for staff compensated absences	10,553	10,553
Provision for gratuity	5,263	5,263
	16,297,544	16,297,544

	Held to Maturity Investments	Loans and receivables	Available-for-sale Investments	Total
		Rupees ('000)		
June 30, 2015				
Financial assets				
Maturity up to one year				
Trade debts	-	3,477,782	-	3,477,782
Advances, deposits and other receivables	-	1,348,060	-	1,348,060
Short term investments	126,080	-	-	126,080
Cash and bank balances	-	10,769,350	-	10,769,350
Maturity after one year				
Other long term investments	-	-	5,726	5,726
Long term loans and advances	-	15,636	-	15,636
	126,080	15,610,828	5,726	15,742,634

Financial liabilities

	Other financial liabilities	Total
	Rupees ('000)	
Maturity up to one year		
Trade and other payables	4,878,237	4,878,237
Maturity after one year		
Long term deposits	875,786	875,786
Provision for decommissioning cost	8,442,955	8,442,955
Provision for staff compensated absences	12,138	12,138
Provision for gratuity	4,526	4,526
	14,213,642	14,213,642

37.2 Credit quality of financial assets

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

	Rating	2016	2015
		Rupees ('000)	
Held-to-maturity investments			
Counterparties without external credit rating			
Securities issued by Government of Pakistan		130,139	126,080
Available for sale investments			
Counterparties with external credit rating	A M 2	1,759	1,660
	AA	3,599	3,474
	A A A	617	592
		5,975	5,726
Trade debts			
Counterparties with external credit rating	A 1 +	1,596,793	2,251,065
	A 2 +	163,232	22,279
	A 1	1,404,134	1,092,475
Counterparties without external credit rating			
Existing customers/ joint venture partners with no default in the past		172,281	111,963
		3,336,440	3,477,782
Advances, deposits and other receivables			
Counterparties with external credit rating	A 1 +	65,319	89,147
Counterparties without external credit rating			
Existing customers/ joint operating partners with no default in the past		540,716	761,235
Receivable from employees/ employee benefit plans		97,877	250,568
Receivable from parent company		42,981	38,061
Others		296,882	209,049
		1,043,775	1,348,060
Bank balances			
Counterparties with external credit rating	A 1 +	10,826,490	10,730,188
	A +	35,000	35,000
	A 1	215	317
	A 2	26	25
	A 3	-	944
		10,861,731	10,766,474
Long term loans and advances			
Counterparties without external credit rating			
Receivable from employees		12,852	15,636

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, 2016, trade debts of Rs 433,288 (2015: Rs 759,707 thousand) were past due but not impaired. The ageing analysis of these trade receivables is as follows:

	2016	2015
	Rupees ('000)	
Due from related parties		
Up to 3 months	132,893	217,926
3 to 6 months	15,470	24,214
6 to 12 months	62,219	41,041
Above 12 months	50,402	55,341
	260,984	338,522
Due from others		
Up to 3 months	68,003	246,687
3 to 6 months	65,492	49,106
6 to 12 months	8,539	37,028
Above 12 months	30,270	88,364
	172,304	421,185
	433,288	759,707

(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, 2016, the Company had financial assets of Rs 15,398,455 thousand (2015: Rs 15,742,634 thousand).

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

	Less than 1 year	Between 1 to 5 years	Over 5 years
		Rupees ('000)	
At June 30, 2016			
Long term deposits	-	988,377	-
Provision for decommissioning cost	-	9,669,984	2,841,266
Provision for staff compensated absences	-	10,553	-
Provision for gratuity plan - CAPGAS	-	5,263	-
Trade and other payables	5,472,111	-	-
At June 30, 2015			
Long term deposits	-	875,786	-
Provision for decommissioning cost	-	8,659,847	3,144,193
Provision for staff compensated absences	-	12,138	-
Provision for gratuity plan - CAPGAS	-	4,526	-
Trade and other payables	4,878,237	-	-

(c) Market risk

(i) Currency risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign exchange risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

The Company is exposed to currency risk arising from currency exposure with respect to the US dollar. Currently foreign exchange risk is restricted to trade debts, bank balances, receivable from/ payable to joint operating partners, payable to suppliers and provision for decommissioning cost.

Financial assets include Rs 9,015,982 thousand (2015: Rs 9,930,685 thousand) and financial liabilities include Rs 11,144,291 thousand (2015: Rs 9,422,605 thousand) which were subject to currency risk.

If exchange rates had been 10% higher/lower with all other variables held constant, profit after tax for the year would have been Rs 144,725 thousand (2015: Rs 34,041 thousand) higher/lower.

(ii) Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company has no significant long term interest bearing financial assets and liabilities whose fair value or future cash flows will fluctuate because of changes in market interest rates.

Financial assets include Rs 10,864,365 thousand (2015: Rs 10,853,774 thousand) and financial liabilities include Rs 9,821,240 thousand (2015: Rs 8,442,955 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 73,878 thousand (2015: Rs 72,720 thousand) higher/lower, mainly as a result of higher/lower interest income from these financial assets.

(iii) Price risk

Price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Company is exposed to equity securities price risk because of investments held by the Company and classified on the balance sheet as available for sale. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the investment policy of the Company.

Available for sale investments include Rs 5,975 thousand (2015: Rs 5,726 thousand) which were subject to price risk.

37.3.2 Capital risk management

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

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

Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. The gearing ratio of the Company has always been low 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

The company held the following financial assets at fair value;

	Level 1	Level 2	Level 3	Total
		Rupees ('000)		
June 30, 2016				
Other long term investments				
Available-for-sale investment	5,975	-	-	5,975
June 30, 2015				
Other long term investments				
Available-for-sale investment	5,726	-	-	5,726

38. STAFF RETIREMENT BENEFITS

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

38.1 Funded gratuity and pension plan

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

	2016	2015
	Rupees ('000)	
Present value of defined benefit obligations	1,381,416	1,392,170
Fair value of plan assets	(1,413,566)	(1,360,238)
	(32,150)	31,932
Amounts in the balance sheet:		
Gratuity Fund (Asset)	(55,085)	(14,268)
Management Staff Pension Fund Liability	22,935	46,200
Net (asset)/ liability	(32,150)	31,932

		2016	2015
		Rupees ('000)	
38.3	The amount recognized in the profit and loss account are as follows:		
	Current service cost	32,127	31,795
	Net interest cost	(363)	(4,640)
		31,764	27,155
38.4	Changes in the present value of defined benefit obligation are as follows:		
	Opening defined benefit obligation	1,392,170	1,279,064
	Current service cost	32,127	31,795
	Interest cost	132,443	158,498
	Measurement	(39,849)	42,517
	Benefits paid	(135,475)	(119,704)
	Closing defined benefit obligation	1,381,416	1,392,170
38.5	Changes in fair value of plan assets are as follows:		
	Opening fair value of plan assets	1,360,238	1,277,120
	Interest income	132,806	163,138
	Measurement	(15,136)	(35,585)
	Contribution by employer	71,133	75,269
	Benefits paid	(135,475)	(119,704)
	Closing fair value of plan assets	1,413,566	1,360,238

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

	2016		2015	
	Rupees ('000)	%age	Rupees ('000)	%age
Government bonds	1,073,780	76	843,915	62
National savings deposits	24,211	2	20,726	2
Cash and cash equivalents	329,591	23	519,841	38
Benefits due	(5,320)	-	(12,717)	(1)
Allocated to holding company	(8,696)	(1)	(11,527)	(1)
	1,413,566	100	1,360,238	100

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

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

38.7 Principal actuarial assumptions

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

	2016 %	2015 %
Discount rate	7.50	10.00
Expected rate of salary increase	5.45	8.00
Expected rate of pension increase	2.40	4.75

33.8 Mortality was assumed to be 70% of the EFU(61-66) Table at valuations on both dates, June 30, 2016 and 2015.

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

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

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

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
Discount rate	(112,942)	134,449
Salary increase	33,570	(30,366)
Pension increase	101,243	(87,868)

If life expectancy increases by 1 year, the obligation increases by Rs 37,546 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, 2016	11.6	4.6
June 30, 2015	11.6	4.3

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 2017	22,704	50,563
Benefit payments:		
FY 2017	68,134	59,550
FY 2018	75,526	60,880
FY 2019	77,076	67,099
FY 2020	79,365	41,396
FY 2021	85,648	72,015
FY 22-26	444,818	94,724

39. INTEREST IN SUBSIDIARY

39.1 CAPGAS is only subsidiary of POL as at June 30, 2016. 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% (2015: 51%) interest in CAPGAS. There are no significant restrictions on Company's ability to use assets, or settle liabilities of CAPGAS.

39.2 Non-controlling interest

Following is the summarised financial information of CAPGAS that has 49% (2015: 49%) ownership interest held by non-controlling interests. The amounts disclosed are before inter-company eliminations:

	2016	2015
	Rupees ('000)	
Summarised balance sheet		
Current assets	250,664	326,807
Non-current assets	167,330	106,651
Current liabilities	43,159	72,410
Non-current liabilities	170,313	167,435
Net assets	204,522	193,613
Accumulated NCI	100,216	94,870
Summarised statement of comprehensive income		
Net revenue	708,256	964,211
Profit for the year	67,921	100,376
Other comprehensive income	28	(1,035)
Total comprehensive income for the year	67,949	99,341
Profit attributable to NCI	33,281	49,184
Total comprehensive income attributable to NCI	33,295	48,677
Dividend paid to NCI	27,949	40,517
Summarised cash flow statement		
Cash flow from operating activities	88,885	93,074
Cash flow from investing activities	(83,030)	781
Cash flow from financing activities	(57,038)	(79,835)
Net (decrease) / increase in cash and cash equivalent	(51,183)	14,020

40. INTEREST IN JOINT OPERATIONS

The Company has working interests in the following operated and non operated exploration licenses/leases in Pakistan:

Exploration licenses/Leases	Operator	Working Interest 2016	Working Interest 2015
		%	%
Operated by Pakistan Oilfields Limited			
Ikhlas Petroleum Concession (3372-18)		80.00	80.00
Kirthar South Petroleum Concession (2567-7)		85.00	85.00
D.G. Khan Petroleum Concession (2969-10)		70.00	70.00
Minwal D&P Lease (123/PAK/98)		82.50	82.50
Pariwali D&P Lease (119/PAK/97)		82.50	82.50
Pindori D&P Lease (105/PAK/96)		35.00	35.00
Turkwal D&P Lease (133/PAK/99)		67.37	67.37
Non-operated	Operator		
Gurgalot Petroleum Concession (3371-5)	Oil & Gas Development Company Limited	20.00	20.00
Chaknaurang Mining Lease (125/PAK/98)	Oil & Gas Development Company Limited	15.00	15.00
Jhal Magsi D&P Lease (183/PAK/2009)	Oil & Gas Development Company Limited	24.00	24.00
Adhi Mining Lease (72/PAKISTAN)	Pakistan Petroleum Limited	11.00	11.00
Bhangali D&P Lease (65/PAK/90)	Ocean Pakistan Limited	7.00	7.00
Dhurnal Mining Lease (59/PAKISTAN)	Ocean Pakistan Limited	5.00	5.00
Ratana D&P Lease (94/PAK/94)	Ocean Pakistan Limited	4.55	4.55
Margala Petroleum Concession (3372-20)	MOL Pakistan Oil and Gas	30.00	30.00
Margala North Petroleum Concession (3372-21)	MOL Pakistan Oil and Gas	30.00	30.00
TAL Petroleum Concession (3370-3)	MOL Pakistan Oil and Gas	25.00 *	25.00*
Manzalai D&Production lease (175/PAK/2007)	MOL Pakistan Oil and Gas		
Makori D&Production lease (184/PAK/2012)	MOL Pakistan Oil and Gas		
Makori East D&Production lease (205/PAK/2013)	MOL Pakistan Oil and Gas		

* Pre-commerciality interest

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

	2016	2015
Profit for the year attributable to owners of POL (in thousand rupees)	10,088,246	8,220,278
Weighted average number of ordinary shares in issue during the year (in thousand shares)	236,546	236,546
Basic and diluted earnings per share (Rupees)	42.65	34.75

42. TRANSACTIONS WITH RELATED PARTIES

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

	2016	2015
	Rupees ('000)	
Parent company - The Attock Oil Company Limited		
Purchase of petroleum products	32,082	38,747
Purchase of services	26,809	23,914
Associated companies		
Attock Refinery Limited		
Sale of crude oil and gas	5,809,524	10,363,046
Crude oil and gas transmission charges	7,784	1,478
Sale of services	3,664	4,492
Purchase of LPG	106,761	215,882
Purchase of fuel	13,243	12,497
Purchase of services	16,667	16,351
National Refinery Limited		
Sale of crude oil	1,233,104	2,333,121
Purchase of LPG	184,678	255,923
Purchase of services	1,988	761
Attock Petroleum Limited		
Purchase of fuel and lubricants	422,123	556,984
Purchase of services	261	365
Sale of solvent oil	217,707	219,445
Sale of services	12,371	10,595
Attock Information Technology (Private) Limited		
Purchase of services	38,043	30,614
Attock Cement Pakistan Limited		
Purchase of services	5	504
Attock Hospital (Private) Limited		
Purchase of medical services	7,689	8,295
Attock Sahara Foundation		
Purchase of services	-	6,510

	2016	2015
	Rupees ('000)	
Other related parties		
Contribution to staff retirement benefits plans		
Management Staff Pension Fund and Gratuity Fund	71,133	75,269
Approved Contributory Provident Funds	25,689	27,243
Contribution to Workers' Profit Participation Fund	476,462	606,629

43. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise

	2016	2015
Cash and bank balances	10,864,693	10,769,350
Short term investments - maturing within next three months	130,139	126,080
	10,994,832	10,895,430

44. CONTRIBUTORY PROVIDENT FUND

Details of the provident funds are as follows:

	2016	2015
Net assets	724,064	772,356
Cost of investments made	641,154	692,759
%age of investments made	89%	90%
Fair value of investments made	674,466	734,755

	2016		2015	
Breakup of Investment - at cost	Rupees ('000)	%age	Rupees ('000)	%age
Term Finance Certificates	925	0.14	925	0.13
Mutual Funds	4,977	0.78	4,977	0.72
Government bonds	631,236	98.45	544,911	78.66
Cash and cash equivalents	4,016	0.63	141,946	20.49
	641,154	100.00	692,759	100.00

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

45. DISCLOSURE REQUIREMENTS FOR ALL SHARES ISLAMIC INDEX

Following information has been disclosed with reference to circular no. 14 of 2016 dated April 21, 2016, issued by the Securities and Exchange Commission of Pakistan relating to "All Shares Islamic Index".

	Description	Explanation	Rupees ('000)
i)	Loans and advances	Non-interest bearing	
ii)	Deposits	Non-interest bearing	
iii)	Segment revenue	Disclosed in note 35	
iv)	Bank balances as at June 30, 2016	Placed under interest arrangement	10,674,003
		Placed under Shariah permissible arrangement	60,223
			10,734,226
v)	Income on bank deposits	Placed under interest arrangement	360,357
		Placed under Shariah permissible arrangement	2,907
			363,264
vi)	Gain/(loss) on available-for-sale investments	Disclosed in note 18.1.1	
vii)	Dividend income	Disclosed in note 32.1	
viii)	All sources of 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. Al Baraka Bank (Pakistan) Limited 2. Meezan Bank Limited 3. Bank Islami Pakistan Limited	

46. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on August 16, 2016 has proposed a final dividend for the year ended June 30, 2016 @ Rs 20, amounting to Rs 4,730,918 thousand for approval of the members in the Annual General Meeting to be held on September 22, 2016.

47. GENERAL

47.1 Capacity

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

47.2 Number of employees

Total number of employees at the end of the year were 763 (2015: 776). Average number of employees during the year were 787 (2015: 804).

47.3 Date of authorization

These financial statements were authorized for issue by the Board of Directors of the Company on August 16, 2016.

Shuaib A. Malik
Chief Executive

Abdus Sattar
Director

Notice of Annual General Meeting

Notice is hereby given that the 65th Sixty Fifth Annual General Meeting (being the 84th EIGHTY FOURTH General Meeting) of the Company will be held on Thursday, September 29, 2016 at 1000 hours at Attock House, Morgah, Rawalpindi, to transact the following business:

ORDINARY BUSINESS

i. To receive, consider and approve the audited accounts of the Company together with the Directors' and Auditors' Reports for the year ended June 30, 2016.

ii. To approve final cash dividend of Rs. 20.00 per share i.e. 200% as recommended by the Board of Directors. It is in addition to the interim cash dividend of Rs. 15.00 per share i.e. 150% already paid to the shareholders, thus making a total cash dividend of Rs. 35.00 per share i.e. 350% for the year ended June 30, 2016.

iii. To appoint auditors for the year ending June 30, 2017 and fix their remuneration. The present auditors Messrs A.F. Ferguson & Co., Chartered Accountants, retire and being eligible, offer themselves for reappointment.

SPECIAL BUSINESS

iv. To consider and approve the amendment to be made in the Article of Association of the Company for the purpose of compliance with the mandatory E-Voting requirements as prescribed by the Companies (E-Voting) regulations 2016 and if thought fit, pass the following resolution with or without amendments as a special resolution:

Resolved that the Articles of Association of the Company be altered as follows;

In Article 58 following line shall be omitted:

"Except for a proxy appointed by a corporation, no person shall be appointed a proxy who is not a member"

In Article 58, following new Article 58(a) shall be inserted:

58 (a) In case of e-voting, voters may appoint either members or non-members as proxy and the company shall comply with the requirements of the Companies (E-Voting) Regulations, 2016 prescribed under the Companies Ordinance, 1984.

In Article 59 after the last line following lines shall be inserted:

"The instrument appointing a proxy of e-voting under option 2 mentioned in Article 60 shall be deposited in advance in writing at least ten days before holding of general meeting, through regular mail or electronic mail at the registered address/ email of the Company, to be provided in the notice of the meeting."

Article 60 shall be replaced with the following wording:

An instrument appointing a proxy may be in the following form, or in any other form which the Directors shall approve:-

Option 1

Appointing other person as Proxy

I, We, ________________ of ______________ being a member of Pakistan Oilfields Limited, holder of ______ Ordinary Share(s) as per Register Folio No. _______ hereby Appoint Mr. _______________ Folio No. (if member) _______of __________or failing him Mr._______________ Folio No. (if member)_________ of _________as my / our proxy in my / our absence to attend and vote for me / us, and on my / our behalf at the Annual

General Meeting / Extra Ordinary General Meeting of the Company to be held on ____________ and at any adjournment thereof. Signed under my / our hand this ____ day of ________ .

Option 2

E-Voting as per The Companies (E-Voting) Regulations, 2016.

I/We, _______________ of ______________ being a member of Pakistan Oilfields Limited, holder ________Ordinary Share(s) as per Register Folio No. ________ hereby opt for e-voting through Intermediary and hereby consent the appointment of execution officer _______________ as proxy and will exercise e-voting as per the Companies (e-voting) Regulations, 2016 and hereby demand for poll for resolutions.

My secured email address is _________________, please send login details, password and electronic signature through email.

Signature should agree with the specimen signature registered with the company

Signed in the presence of:

_________________	_________________
Signature of Witness	Signature of Witness

Further resolve:

"that the Company Secretary be and is hereby authorised to give effect to this resolution and to do or cause to do all acts, deeds and things that may be necessary or required and to sign such documents and take such steps from time to time, as and when necessary."

v. To consider and approve transmission of annual balance sheet and profit and loss account, auditor's report and directors report etc. ("annual audited accounts") to its members through CD/DVD/USB at their registered addresses as allowed by the Securities and Exchange Commission of Pakistan (SECP) and if thought fit, pass the following resolution:

"Resolved that transmission of annual balance sheet and profit and loss accounts, auditor's and directors' report etc ("annual audited accounts") to members at their registered address in soft form i.e. CD/DVD/USB as notified by the SECP vide its SRO No. 470(1) / 2016 be and is hereby approved"

Further resolved:

"that the Company Secretary be and is hereby authorised to give effect to this resolution and to do or cause to do all acts, deeds and things that may be necessary or required and to sign such documents and take such steps from time to time, as and when necessary."

Statement of material facts under section 160(1) (b) of the Companies Ordinance, 1984 pertaining to the special business referred above under agenda item (iv) and (v) are annexed to this Notice of Meeting being sent to the members.

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

BY ORDER OF THE BOARD

(Khalid Nafees)
Company Secretary

Registered Office:
POL House,
Morgah, Rawalpindi.
September 8, 2016

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 22, 2016 to September 29, 2016 (both days inclusive). Transfers received in order at the Registered Office of the Company by the close of business on September 21, 2016 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 member as his / her proxy to attend and vote. Proxies in order to be effective must be received at the Registered Office of the Company duly stamped and signed not later than 48 hours before the time of the meeting.

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

a. For attending the meeting

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

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

4. CONFIRMATION FOR FILING STATUS OF INCOME TAX RETURN FOR APPLICATION OF REVISED RATES PURSUANT TO THE PROVISIONS OF FINANCE ACT, 2015.

Pursuant to the provisions of Finance Act, 2016, effective July 01, 2016, reforms have been made with regards to deduction of income tax. For cash dividend, the rates of deduction of income tax, under section 150 of the Income Tax Ordinance, 2001 have been revised as follows:

(a)	Rate of tax deduction for filer of income tax returns	12.50%
(b)	Rate of tax deduction for non filer of income tax returns	20.00%

In case of joint account, each holder is to be treated individually as either a filer or non filer and tax will be deducted on the basis of shareholding of each joint holder as may be notified by the shareholder, in writing to the Company by sending following detail on the registered address of the Company and the members who have deposited their shares into Central Depository Company of Pakistan Limited (CDC) are requested to send a copy of detail regarding tax payment status also to the relevant member stock exchange or to CDC if maintaining CDC investor account. If no notification is received, each joint holder shall be assumed to have an equal number of shares.

Company Name	Folio/ CDS ID/AC#	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 CASH DIVIDEND ELECTRONICALLY (E- DIVIDEND)

In accordance with the SECP's Circular No. 18 of 2012 dated June 05, 2012, the shareholders have been given an opportunity to authorize the Company to make payment of cash dividend through direct credit to shareholder's bank account. To opt for the dividend mandate option as stated, the Dividend Mandate Form is available at Company's website i.e. www.pakoil.com.pk needs to be dully filled and submitted to the Company on its registered address.
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 2015-16

Members are requested to provide attested photocopies of their CNIC to the Company on its registered address in order to meet the mandatory requirements of SRO 831 (1) 2012 of 5th July 2012 which provides that the dividend warrant should bear the Computerized National Identity Card (CNIC) number of the registered member.

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

As per SRO 787(1) 2014 dated September 8, 2014, whereby Securities and Exchange Commission of Pakistan (SECP) has allowed companies to circulate annual balance sheet, profit and loss account, auditor's report and directors' report etc. (Audited Financial Statements) along with notice of Annual General Meeting to its members through e-mail. If interested, members are requested to provide their email addresses on registered address of the Company.

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

9. CHANGE IN PARTICULARS

The members are requested to promptly notify any change in their particulars i.e. address, contact number etc.

10. Audited accounts of the Company for the year ended June 30, 2016 will be provided on the website www.pakoil.com.pk, at least 21 days before the date of Annual General Meeting.

11. STATEMENT UNDER SECTION 160(1) (B) OF THE COMPANIES ORDINANCE, 1984

a. Amendments in the Article of Association

Amendments to the Articles of Association of the Company are being carried out in order to give effect to the requirements of Companies (E-Voting) Regulations, 2016 issued by the Securities and Exchange Commission of Pakistan. This compliance has been mandatory for all listed companies.

The detail of amendments proposed in the Article of Association of the Company is part of the resolution mentioned in the Notice.

b. Transmission of audited financial statements through CD/DVD/USB

The SECP through SRO 470 (1) /2016 dated May 31, 2016 has allowed companies to circulate the annual audited accounts to its member through CD/DVD/USB at their registered address after approval by members. The Company shall supply the hard copies of the annual audited accounts to the shareholders, on demand, at their registered addresses, free of cost, within one week of such demand. For the convenience of its members, the company shall place on its website www.pakoil.com.pk a Standard Request Form, to communicate their need of hard copies of the annual audited accounts instead of sending the same through CD/DVD/USB, along with postal and e-mail address of Company Secretary to whom such requests shall be sent.

c. Statement under SRO 27(1) / 2012 January 16, 2012

Status of investment in associated companies

In the Fifty Seventh AGM held on October 31, 2008 shareholders had approved investment in following Associated Companies to the extent of maximum 5% of paid up capital of each Investee Company with overall amount not exceeding Rs. 3 billion in addition to the existing investment of 25% in NRL and 7.0175% in APL.

National Refinery Limited	(NRL)
Attock Refinery Limited	(ARL)
Attock Petroleum Limited	(APL)
Attock Cement Pakistan Limited	(ACPL)

Reasons for not having investment made

No investment has been made in Associated Companies due to excessive involvement in exploration and development activities. The investment will be made in future depending upon the quantum of exploration and development expenditure, improved macroeconomic factors, feasible investment and satisfactory rate of return.

Major change in financial position of investee companies since the date of last resolution

Changes in financial position are as follows:

(i). Earning per Share

Name of the Company	Jun. 07	Jun. 15	Jun. 16
NRL	63.07	46.38	96.14
ARL	13.17	21.27	9.57
APL	43.22	39.62	46.16
ACPL	11.04	19.26	25.24

(ii). Breakup Value per share

Name of the Company	Jun. 07	Jun. 15	Mar. 16
NRL	184.02	376.83	432.33
ARL	102.24	384.86	394.85
APL	94.99	163.48	172.61*
ACPL	47.39	78.02	85.80

*The above figures are based on latest available financial statements of June 30, 2016.

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GLOSSARY

2D Seismic	Exploration method of sending energy waves or sound waves into the earth and recording the wave reflections to indicate the type, size, shape, and depth of subsurface rock formations. 3-D seismic provides two dimensional information.
3D Seismic	Exploration method of sending energy waves or sound waves into the earth and recording the wave reflections to indicate the type, size, shape, and depth of subsurface rock formations. 3-D seismic provides three dimensional information.
BPD	Barrels per day
Commercial Risk	Potential losses arising from the trading partners or the market.
Contractual Risk	Probability of loss arising from failure in contract performance.
E & P Companies	Exploration and Production Companies
Exploratory well	A well drilled to find and produce oil or gas in an unproved area, find a new reservoir in a field previously found to be productive in another reservoir, or extend a known reservoir.
Hydrocarbon	An organic compound of hydrogen and carbon (i.e., oil, gas, and NGL).
ISO	International Organisation for Standardisation
JVP	Joint Venture Partner
LEL Gas	Lower Explosion Limit Gas
LPG	Liquefied petroleum gas.
MGPF	Makori Gas Processing Facility
Mscf	Million Standard Cubic Feet Per Day
Mtd	Metric Ton Per Day
NFPA	National Fire Protection Association
OHSAS	Occupational Health & Safety Advisory Services
Operational Risk	Risks resulting from breakdowns in internal procedures, people and systems
Reservoir	Porous and permeable underground formation that contains a natural accumulation of producible oil or gas. The formation is confined by impermeable rock or water barriers and is individual and separate from other reservoirs.
Seismic interpretation	To interpret the extent and geometry of rocks in the subsurface from 2D or 3D seismic data
Spud	Commencement of actual drilling operations.
PSI	Pounds per square inch
TEVTA	Technical Education of Vocational Training Authority

FORM OF PROXY

65th Annual General Meeting

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

For beneficial owners as per CDC List

CDC Participant I.D. No.______________ Sub-Account No.______________

CNIC No. ☐☐☐☐☐■☐☐☐☐☐☐☐■☐ or Passport No.______________

hereby appoint ______________of ____________ who is also a member of the Company, Folio No. ________or failing him/her ______________of ____________who is also a member of the Company, Folio No_____ as my/our proxy to vote and act for me/our behalf at the SIXTY FIFTH Annual General Meeting of the Company to be held on Thursday, September 29, 2016 or at any adjournment thereof.

Five Rupees
Revenue Stamp

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

Dated this ________ day of________ 2016

Signature of Proxy______________

For beneficial owners as per CDC list

Witnesses:

1. Signature ______________
   Name ______________
   Address ______________
   ____
   CNIC ☐☐☐☐☐■☐☐☐☐☐☐☐■☐
   or Passport No. ______________

2. Signature ______________
   Name ______________
   Address ______________
   ____
   CNIC ☐☐☐☐☐■☐☐☐☐☐☐☐■☐
   or Passport No. ______________

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

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

The Secretary,
PAKISTAN OILFIELDS LIMITED
POL House, Morgah, Rawalpindi.
Tel: (051) 5487589-97, Fax: (051) 5487598-99

INCOME TAX RETURN FILING STATUS FORM

Confirmation for filing status of income tax return for application of revised rates pursuant to the provisions of Finance Act, 2016.

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

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

Folio/CDC ID/AC#	Name	National Tax #	CNIC # (in case of individuals)**	Income Tax return for the year 2015 filed (Yes or No)***

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

____

Signature of the Shareholder

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

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

DIVIDEND MANDATE FORM

To:

*

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

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

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

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

____

Signature of the Shareholder

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*The Shareholders having physical shares have to address the Company Secretary POL on the address given below:

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

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

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