



**Pakistan Petroleum Limited**

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P. O. Box 3942, Karachi-75530, Pakistan  
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UAN: 92-21-111-568-568  
Fax: 92-21-35680005 & 35682125  
Website: www.ppl.com.pk

Our reference: SAA/CS/SE-0507

Your reference:

Date: 16<sup>th</sup> October 2018

**By PUCARS**

Ms. Asmaa Saleem Malik  
Deputy General Manager  
Listing Department  
Pakistan Stock Exchange Limited  
Stock Exchange Building  
Stock Exchange Road  
Karachi

Dear Madam,

***Re: Annual Report of the Year Ended 30<sup>th</sup> June 2018***

Further to our letter No. CS/SE-0480, dated 4<sup>th</sup> October 2018, and the telephonic discussion yesterday of the undersigned with Mr. Muhammad Ghufuran, Deputy General Manager, Pakistan Stock Exchange, we attach for uploading on your website the Annual Report for the year ended 30<sup>th</sup> June 2018 in which some typographical errors that came to notice subsequently have been corrected.

Your expeditiously uploading the attached Annual Report on your website would be greatly appreciated. Any inconvenience is regretted.

Yours truly,

**Shahana Ahmed Ali**  
Company Secretary

Attachment: As above.

(saa/cs/ppl/psx/161018)



Pakistan Petroleum Limited

# DELIVERING EXCELLENCE

ANNUAL REPORT 2018

# **DELIVERING EXCELLENCE**

## ANNUAL REPORT 2018

This Annual Report is available online and can be accessed by scanning this QR code with your smartphone. You may need to download a QR code reader application for your smartphone. This Annual Report can also be accessed through <https://www.ppl.com.pk>



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# **Vision**

**To achieve energy self-sufficiency for Pakistan by becoming the most successful and efficient discoverer and producer of oil and gas.**

# **Mission**

**To serve the people of Pakistan in an area critical to their economic development by employing, training and developing the best people available and empowering them to deliver extraordinary results while insisting that they conform to the highest standards of professional and ethical conduct.**

# CORE VALUES



**Value Creation:** We are thought leaders for fresh ideas and agile execution. We ensure excellence in all spheres of performance.



**Respect:** We value our people and ensure a safe working environment. Our people recognise and respect individual differences and collaborate for high performance.



**Integrity:** We are honest, ethical and fair. Others trust us to honour our commitments.



**Serve the Nation:** We think about tomorrow and act today - in our workspace and in our communities.



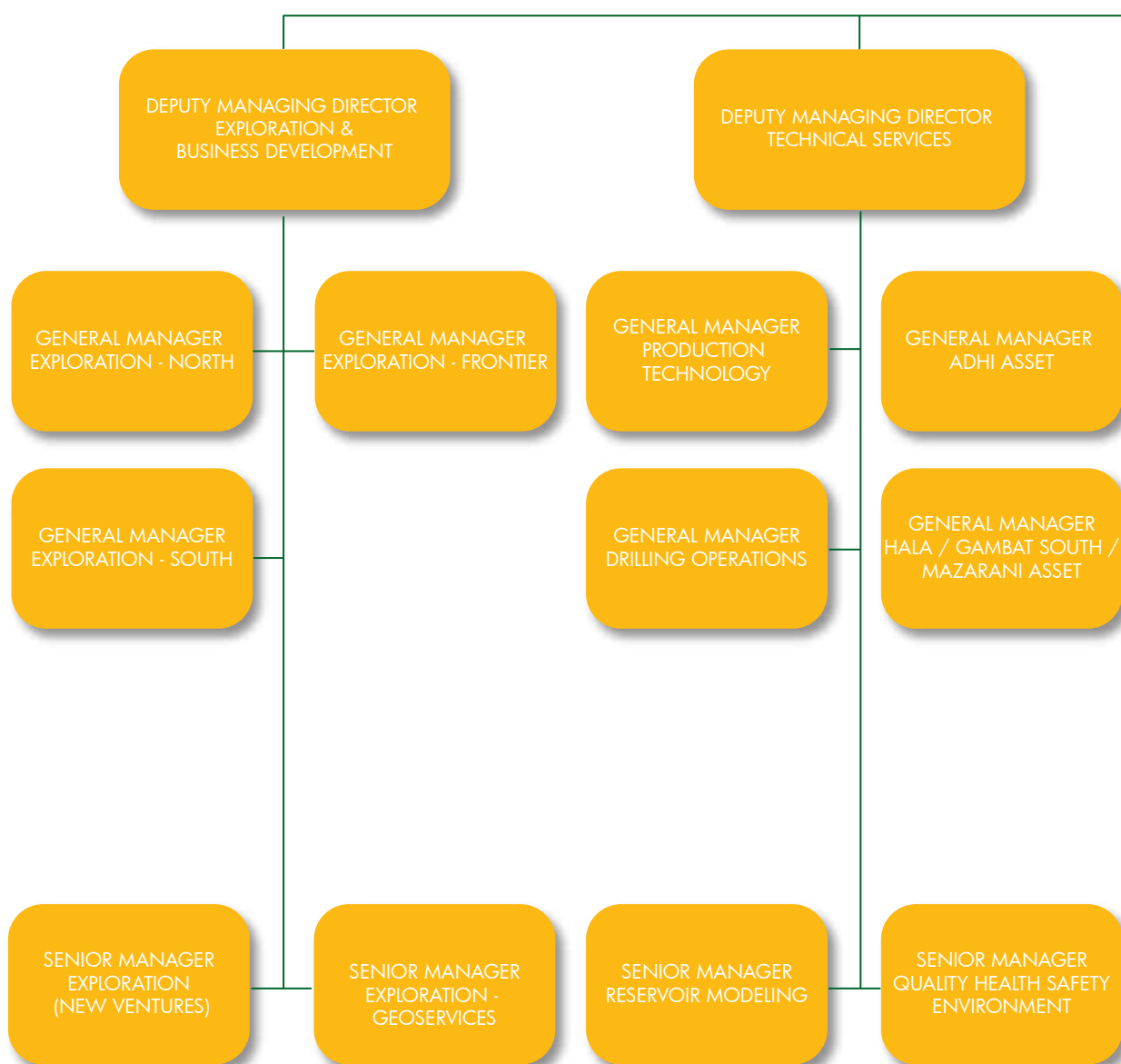
**Empowerment:** We act with courage, challenge the status quo and find new ways to grow our company and each other.

# CORPORATE STRATEGY

- Growth is the prime focus of PPL's strategy. With a premium share of total domestic production, PPL is better placed to strengthen its leading position as a provider of clean and safe oil and gas resources to meet the rising domestic demand. The Company will continue to focus on its core E&P business and expand into other value-adding related business segments.
- The Company's ambitious exploration program will increasingly focus on frontier exploration areas, exploitation of unconventional resources, and reserves acquisition strategy will provide necessary thrust for the replenishment of reserves. Production optimisation from existing fields by using innovative technologies and fast track development of new discoveries will be pursued to maintain the growth momentum.
- Company's dedicated teams will continue to evaluate various significant projects in the energy sector with a view to further expand and diversify the business portfolio and add value through available strategic partnerships at Government and Business levels.
- QHSE will remain the key components of Company's operational excellence. Utmost importance will be given to training of employees and contractors for enhancing safety awareness and active incorporation of industry best practices in the overall operating setup.
- The Company, as a good corporate citizen, shall continue to promote social development of the communities where it operates and shall extend interventions from its operational areas to financial and in-kind support for the welfare and development organisations spread across the Country.
- The Company cares deeply about the environment and will continue to exercise due care in environmental protection.
- The Company will make efforts for optimum leveraging of the available financial resources and project management skills so that large projects in oil & gas business for growth and value chain integration can be undertaken as required.
- The Company places great emphasis on investing in people to build a world-class work-force, as timely availability of qualified and trained manpower is vital for undertaking complex and diverse operations of the Company.
- The Company is committed to improve base business returns, selectively grow with a focus on integrated value creation, and seek innovative solutions, while ensuring quality as an integral part of its operations. This will also play an important role in making the Company the preferred partner for multinational companies and other resource holders.
- In the long term, the Company intends to pursue Pakistan offshore region as operator, explore technologies to develop shale gas potential in Pakistan, grow its operations internationally and become a regional E&P leader.



# ORGANOGRAM



\* Company Secretary reports to the Chairman of the Board with administrative reporting to Managing Director.

\*\* GMIA reports to the Chairman of the Board Audit Committee with administrative reporting to Managing Director.

# MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER





# COMPANY INFORMATION

## Board of Directors

- Mr. Salman Akhtar  
(Chairman, Independent,  
Non-Executive Director)
- Mr. Saeed Ullah Shah  
(Chief Executive Officer  
/ Managing Director)
- Mr. Agha Jan Akhtar  
(Non-Executive Director)
- Dr. Ibne Hassan  
(Independent, Non-Executive  
Director)
- Mr. Mian Asad Hayaud Din  
(Non-Executive Director)
- Mr. Muhammad Sajid Farooqi  
(Independent, Non-Executive  
Director)

- Mr. Muhammad Tariq  
(Independent, Non-Executive  
Director)
- Mr. Nadeem Mumtaz Qureshi  
(Independent, Non-Executive  
Director)
- Mr. Sajid Mehmood Qazi  
(Non-Executive Director)

## Company Secretary

Ms. Shahana Ahmed Ali

## Auditors

A.F. Ferguson & Co.  
Chartered Accountants

## Registered Office

P.I.D.C. House  
Dr. Ziauddin Ahmed Road  
P.O. Box 3942  
Karachi-75530.

## Registration Number

CUIN: 0000378



### Bankers

- Allied Bank Limited
- Askari Bank Limited
- Bank Alfalah Limited
- Bank AL Habib Limited
- Dubai Islamic Bank
- Faysal Bank Limited
- Habib Bank Limited
- Habib Metropolitan Bank Limited
- Industrial and Commercial Bank of China
- JS Bank Limited
- MCB Bank Limited
- Meezan Bank Limited
- National Bank of Pakistan
- Samba Bank Limited
- Soneri Bank Limited
- Standard Chartered Bank (Pakistan) Limited
- United Bank Limited

### Shares Registrar

FAMCO Associates (Pvt.) Ltd.  
8-F, Next to Hotel Faran, Nursery Block-6, P.E.C.H.S.  
Shahra-e-Faisal, Karachi.  
Tel: +92 (21) 34380101-05  
Fax: +92 (21) 34380106

### Legal Advisors

Surridge & Beecheno

### Contact Details

UAN: +92 (21) 111 568 568  
Fax: +92 (021) 35680005 & 35682125  
Email: [info@ppl.com.pk](mailto:info@ppl.com.pk)  
Website: [www.ppl.com.pk](http://www.ppl.com.pk)



# CODE OF CONDUCT

It is a fundamental policy of PPL to conduct its business with honesty, integrity and in accordance with the highest professional, ethical and legal standards. The Company has adopted comprehensive Code of Conduct (Code) for members of the Board of Directors and Employees. The Code defines acceptable and unacceptable behaviour, provides guidance to Directors / Employees in specific situations that may arise and foster a culture of honesty, accountability and high standards of personal and professional integrity.

## Salient Features of the Code for Directors

### 1. Conflict of Interest

Each Director must avoid any conflict of interest between the Director and the Company, its associated or subsidiary undertaking(s). Any situation that involves, or may reasonably be expected to involve, a conflict of interest with the Company, should be disclosed promptly.

### 2. Corporate Opportunities

Directors are prohibited from taking for themselves personally, opportunities related to the Company's business; using the Company's property, information or position for personal gain; or competing with the Company for business opportunities.

### 3. Confidentiality

Directors must maintain the confidentiality of information entrusted to them by the Company and any other confidential information about the Company and its associated or subsidiary undertaking(s) that comes to them, except when disclosure is authorised by the Chairman of the Board or legally mandated.

### 4. Honesty, Integrity and Fair Dealing

Directors must act honestly and fairly and exhibit high ethical standards in dealing with all stakeholders of the Company.

### 5. Compliance with Laws, Rules and Regulations

Directors shall comply with laws, rules and regulations applicable to the Company including but not limited to the Companies Act 2017, Rule Book of the Stock Exchange and insider trading laws.

### 6. Encouraging the Reporting of any Possible Illegal or Unethical Behaviour

Directors should take steps to ensure that the Company promotes ethical behaviour; encourages employees to talk to supervisors, managers and other appropriate personnel when in doubt about the best course of action in a particular situation; encourages employees to report violations of laws, rules, regulations, Company policies and procedures or the Company's Code of Conduct to appropriate personnel; and informs employees that the Company will not allow retaliation for reports made in good faith.

### 7. Trading in Company Shares

Certain restrictions / reporting requirements apply to trading by the Directors in Company shares. Directors shall make sure that they remain compliant with these statutory requirements.

## 8. Compliance Procedures

Directors should disclose any suspected violations of this Code promptly in the immediate subsequent meeting of the Board of Directors.

## 9. Inside Information & Insider Trading

PPL's directors and sponsors who come into knowledge of inside information in performance of their duties, whether intentionally or by coincidence, are considered to be insiders. Any unauthorized dissemination or use of any inside information, directly or indirectly, is insider trading, is strictly prohibited and actionable under law.

### Salient Features of the Code for Employees

#### 1. Conflict of Interests

Employees must not engage in activities or transactions which may give rise to, or which may be seen to have given rise to conflict between their personal interests and the interest of the Company.

#### 2. Confidentiality and Disclosure of Information

Staff is expected to safeguard confidential information and must not, without authority, disclose such information about Company activities to the press, to any outside source, or to any other staff who are not entitled to such information.

#### 3. Inside Information & Insider Trading

PPL's staff who come into knowledge of inside information in performance of their duties, whether intentionally or by coincidence, are considered to be insiders. Any unauthorised dissemination or use of any inside information, directly or indirectly, is insider trading and is strictly prohibited and actionable under law.

#### 4. Political Contribution

No funds or assets of the Company must be contributed to any political party or organisation or to any individual who either holds public office or is a candidate for public office except where such a contribution is permitted by law.

#### 5. Bribes and Commercial Payments

No member of staff must give or receive bribes or other payments (in cash or in kind), which are intended to influence a business decision or compromise independent judgment; nor must give money in order to obtain business for the Company, nor receive money or any other benefit for having given Company business to an outside agency.

#### 6. Proper Recording of Funds, Assets, Receipts and Disbursements

All funds, assets, receipts and disbursements must be properly recorded in the books of the Company.

#### 7. Agreements with Agents, Sales Representatives or Consultants

Agreements, Contracts, Purchase Orders etc. should state clearly the services / material to be performed / supplied for the Company, the amount to be paid and all other relevant terms and conditions. Payments made must bear a reasonable relationship to the value of the services / material rendered.

## 8. Relations and Dealings with Suppliers, Consultants, Agents, Intermediaries and Other Third Parties

PPL's relations and dealings with suppliers, consultants, agents, intermediaries and other third parties should at all times be such that PPL's integrity and its reputation should not be damaged if details of the relationship or dealings were to become public knowledge.

## 9. Quality, Health, Safety & Environment (QHSE) Policy

Every staff member at work, as a condition of employment, must take reasonable care for the health and safety of himself / herself and others including visitors who may be affected by his / her acts or omissions at work; and co-operate in Company's efforts to protect the environment.

## 10. Smoking Policy

Smoking and exposure of workplace to tobacco poses serious health hazard to the staff besides potential risks of fire and explosions. Considering this, smoking is permitted only in designated 'Smoking Areas'.

## 11. Seat Belt / Helmet Policy

As per policy it is mandatory for all staff and, contractors, to fasten seat belts at all seats (front & rear) while sitting in the vehicles during occupational travel. PPL staff is required to wear road safety helmets while riding on a motor cycle.

## 12. Other Employment, Outside Interests, Civic Activities

PPL does not allow any of its staff member to take any part-time and/or full-time second employment during their engagement with the Company. Employees intending to use knowledge, information, experience or position gained through his/her association with the Company to further himself/herself materially in an outside capacity has a duty to disclose that intention to the Company.

## 13. Unsolicited Gifts

Accepting gifts that might place staff under obligation is prohibited. Staff must politely but firmly decline any such offer and explain that in accordance with the Company's instructions, they are unable to accept the offer.

## 14. Travel Sponsored by Contractors / Consultants / Third Party at their Expense

No PPL staff shall accept any free travel offers from anyone or any company doing or intending to do business with PPL including vendors, as it is not contemplated as acceptable behaviour and creates conflict of interest. These offers include airfare, hotel or any other cost that should normally not be paid by a vendor. These free offers should also not be accepted during vacation period by any staff member.

## 15. Family Connections and Employment of Relatives

Any dealings between staff and outside organisations in which they have a direct, indirect or family connection must be fully disclosed to the Management. There is no prima facie objection to the employment of relatives but inappropriate job relationships must be avoided.

## 16. Company and Personal Property

PPL staff must not take or use Company property or the property of another staff without permission; nor must the staff use Company property, whether owned or hired by the Company, for private purposes without the Management's permission.

## 17. Alcohol and Drugs

Alcohol in any form and the use of drugs, except under medical advice, is prohibited at all Company premises and work-sites.

## 18. Gambling

All forms of organised gambling or betting on the Company's premises is forbidden.

## 19. Rumour Mongering & Gossiping

Rumour mongering, persuasive allegations, accusations and exaggerations with the main purpose of negatively influencing and manipulating the minds and emotions of the fellow staff members are strictly prohibited.

## 20. Harassment

It is the policy of the Company to promote a productive work environment and not to tolerate verbal or physical conduct by any staff that harasses, disrupts, or interferes with another's work performance or that creates an intimidating, humiliating, offensive, or hostile environment. PPL is also compliant with all the requirements of "Harassment of Women at Workplace Act 2010".

## 21. Grievance Handling

PPL already has a comprehensive Grievance Handling Procedure. PPL strives to provide a fair & impartial process to its employees / trainees and ensure timely resolution of their grievance.

## 22. Whistle Blowing

In order to enhance good governance and transparency, PPL has a Whistle Blowing Policy. The Policy provides an avenue to its staff, vendors and those who deal with PPL to raise concerns and report illegal and unethical issues like fraud, corruption or any other unlawful conduct or conduct which is in violation of Company policies and procedures or the misuse or pilferage of Company assets and property or endangers the public or the environment.

## 23. General Discipline

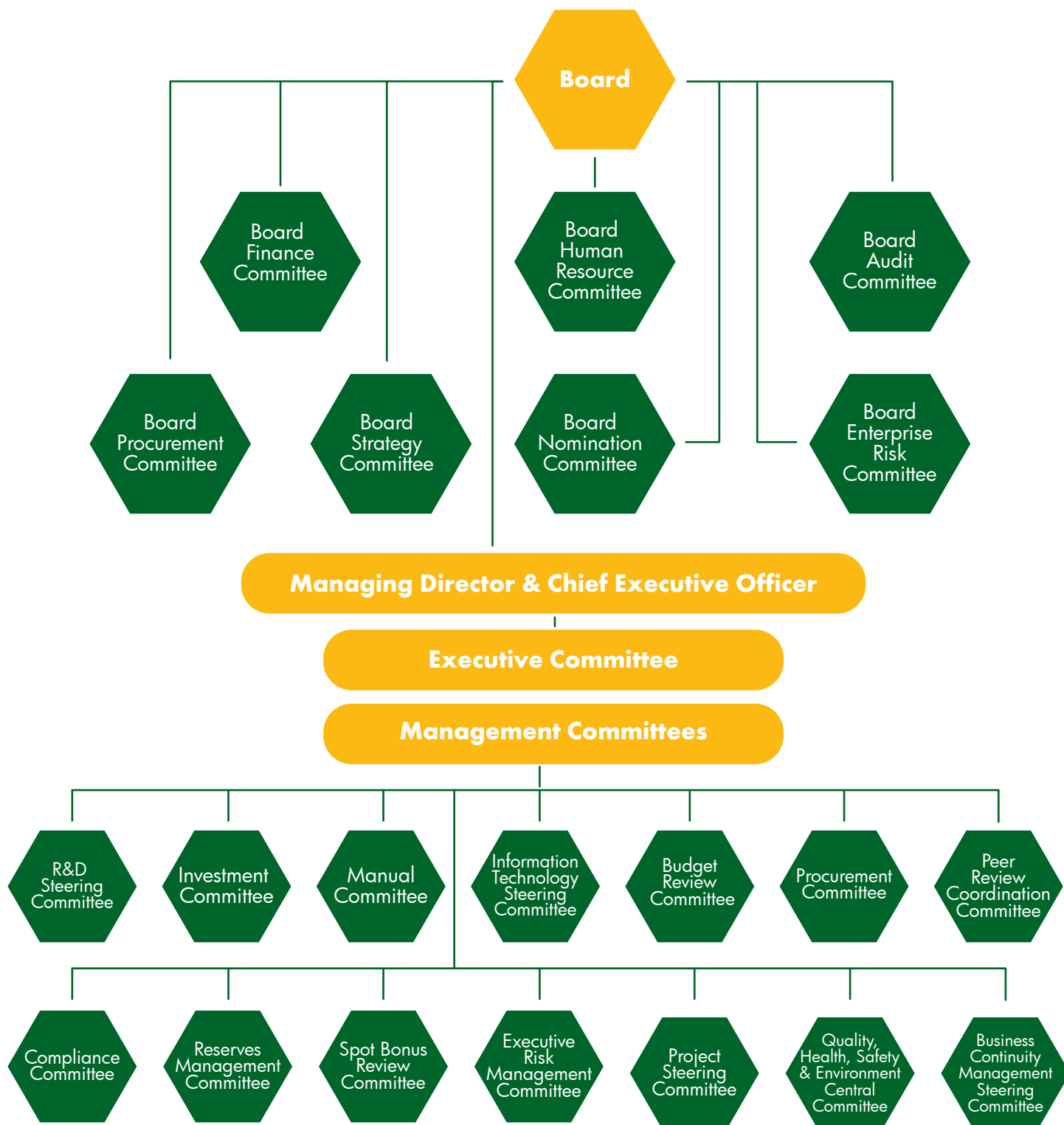
Every staff member must adhere to Company's rules of service and make sure that he/she is familiar with all of them.

## 24. Reporting Violations / Disciplinary Actions

Any violation of this Code shall be promptly reported to the Human Resources (HR) department by any staff member having knowledge thereof or having reasonable belief that such a violation has occurred. Upon receipt of a report of a violation or a suspected violation of this Code, HR may initiate proceedings in accordance with the Company's disciplinary procedure.



# GOVERNANCE FRAMEWORK



# PROFILES OF THE BOARD OF DIRECTORS



**Mr. Salman Akhtar**

Chairman  
Independent, Non-Executive Director

**Mr. Salman Akhtar joined PPL Board of Directors on 16<sup>th</sup> September 2017. He is the Chairman of the Board of Directors and also a member of Board Strategy, Human Resource, Procurement and Enterprise Risk Committees.**

Mr. Akhtar is a founder and co-CEO of Techlogix, an information technology services company. He has led the company's growth as a methodology driven organisation focused on delivering engineering excellence, using an evolving mix of technologies. He is also co-CEO of three product focused companies in mobility, healthcare and higher education verticals.

His current technical interests include SaaS models of solution delivery for enterprise systems, innovative technologies for solving large scale problems and merging of BPM/SOA, operational Business Intelligence and event driven business systems.

He did his bachelors as well as masters in Electrical Engineering from Massachusetts Institute of Technology.



**Mr. Saeed Ullah Shah**

Chief Executive Officer / Managing Director

**Mr. Saeed Ullah Shah was appointed as Chief Executive Officer of the Company for a term of 3 months commenced as of 1<sup>st</sup> July 2018 and ending on 30<sup>th</sup> September 2018 or until the appointment of a new chief executive officer / managing director of the Company, whichever is earlier. He is an elected director and member of the Board Procurement, Strategy, Finance and Human Resource Committees.**

Mr. Shah is a petroleum geologist by profession with vast experience in the industry. He holds a master's degree in Petroleum Geology and has received training in a number of relevant disciplines from prestigious institutions in Canada, Norway and USA.

Previously Mr. Shah has been associated with the Ministry of Petroleum and Natural Resources for the last 33 years in different capacities, including Director General Petroleum Concessions, Director General (Gas), Director General (Oil) and Director General (Administration/ Special Projects).

He has represented Pakistan in various international conferences and been an active member of the country's delegation for energy related bilateral dialogue with Iran, India, Turkmenistan, Turkey, Ukraine and Algeria.

Mr. Shah has also served on the boards of Sui Southern Gas Company Limited, Sui Northern Gas Pipelines Limited, Inter State Gas Systems (Private) Limited and Hydrocarbon Development Institute of Pakistan.



### **Mr. Agha Jan Akhtar**

Non-Executive Director

**Mr. Agha Jan Akhtar joined PPL Board of Directors on 16<sup>th</sup> September 2017. He is the Chairman of the Board Human Resource and Enterprise Risk Committees and member of the Board Nomination and Procurement Committees.**

Mr. Agha Jan Akhtar is a retired officer of the Pakistan Administrative Service. He has a Bachelor's degree in Electrical Engineering from the University of Southern California and holds a Masters in Business Administration in Management from Pepperdine University, California. He is an Alumnus of the Kennedy School of Government, Harvard University, the Asia Pacific Center of Security Studies, Hawaii and the Near East South Asia Center for Strategic studies (NESA), USA.

His specialisation is in the fields of Management and Strategic Studies.

Mr. Agha Jan Akhtar had served Port Qasim Authority in the capacity of Chairman from July 2013 to December 2017. During his tenure took concrete initiatives / measures to develop Port Qasim into Pakistan's premier port with integrated industrial and commercial facilities. Profit at the port went up from Rs.875 million to Rs.4.442 billion during this period. In addition to the above, he has served in various posts in Sindh, Balochistan and Federal Governments.



### **Dr. Ibne Hassan**

Independent, Non-Executive Director

**Dr. Ibne Hassan joined PPL Board of Directors on 16<sup>th</sup> September 2017. He is the Chairman of the Board Nomination Committee and member of the Board Strategy, Audit and Enterprise Risk Committees.**

Dr. Hassan earned his Ph.D. from King's College London, United Kingdom in Management Studies with specialisation in International Business, in 2013. He is a Fellow Member of the Institute of Chartered Accountants of Pakistan (ICAP). He is the first Chartered Accountant in Pakistan who also has a Ph.D in International Business.

After qualifying as a Chartered Accountant in 1989, he was Senior Partner in a leading chartered accountancy firm until 2006 and established his own firm UHY Hassan Naeem & Co., Chartered Accountants, and is its Managing Partner. He has extensive experience of more than two decades in carrying out assignments pertaining to audit, corporate taxation, business valuation, mergers and acquisitions, system designing and implementation, credit risk advisory, feasibility studies and project appraisals. His experience includes investigation assignments of national repute and engagements by the High Courts and Securities and Exchange Commission of Pakistan.

Dr. Hassan has vast experience of conducting research studies independently as well as in collaboration with renowned international scholars on international business. As a financial consultant, his expertise includes restructuring of organisations, and designing of system and operational procedures for a wide range of industrial and service sectors. He has been engaged with various consultancy and financial advisory assignments funded by donor agencies such as the World Bank.

Dr. Hassan has authored a book entitled 'Evaluating Companies for Mergers and Acquisitions' and has contributed various research articles in high impact journals. Dr. Hassan has also been a faculty member at ICAP.

He is a certified director under the Director Education Programme of Pakistan Institute of Corporate Governance, a former member of the Senate of the Pakistan Institute of Fashion and Design, Lahore and a former director of Lahore Electric Supply Company Limited.



**Mr. Mian Asad Hayaud Din**

Non-Executive Director

**Mr. Mian Asad Hayaud Din joined PPL Board of Directors on 18<sup>th</sup> September 2018. He is a member of the Board Strategy, Human Resource and Nomination Committees.**

Having a prolific academic record, Mr. Mian Asad Hayaud Din earned a PhD from Fletcher School of Law and Diplomacy, USA in 1997 and an MPhil in International Relations with first position from Quaid-e-Azam University, Islamabad in 1992. He obtained two master's degrees, one in Law and Diplomacy from Fletcher School of Law and Diplomacy, USA in 1996 and another one in International Relations from Quaid-e-Azam University, Islamabad in 1987 with a gold medal. He did his bachelors in Political Science and Soviet/ Russian Studies with distinction (magna cum laude) from Amherst College, Massachusetts, USA in 1985. Besides, he has attended several international and national training courses in trade, law, jurisprudence and public administration.

Mr. Mian Asad Hayaud Din is currently serving as Additional Secretary (Incharge), Ministry of Energy (Petroleum Division).

He joined civil services of Pakistan in 1989 as under-training Assistant Commissioner, Jhelum after securing overall first position in Civil Services Examination in Pakistan in 1987. As part of the civil services, he has served on various key positions in country and abroad, including Deputy Secretary, World Trade Organisation Wing, Ministry of Commerce, Director (Administration), Islamabad Capital Territory Administration, Consul (Trade and Commerce), Consulate of Pakistan in Chicago, USA, Additional Secretary (Incharge) Establishment Division as well as Ministry of Industries and Production.



**Mr. Muhammad Sajid Farooqi**

Independent, Non-Executive Director

**Mr. Muhammad Sajid Farooqi joined PPL Board of Directors on 16<sup>th</sup> September 2017. He is the Chairman of the Board Audit Committee and member of the Board Nomination, Procurement and Enterprise Risk Committees.**

Mr. Farooqi has diversified experience in business and investment advisory, asset management, corporate finance, regulatory affairs, consulting and entrepreneurship. He is CEO of a Fin-Tech company working for financial inclusion and digitisation. Besides, he also advises a select group of companies on strategic matters.

He has worked with public-private partnership department of International Finance Corporation (IFC), a member of the World Bank Group, focusing on Middle East and North African (MENA) region. As part of the MENA team, he worked closely with various federal and provincial departments as well as assignments involving transactions outside Pakistan.

Prior to joining IFC, Farooqi worked with various reputable organisations, including JS Group, Pakistan Telecommunication Authority (PTA), International Asset Management Company and Assurance and Business Advisory group of A. F. Ferguson & Co. During this time, his notable achievements include: more than 30 transactions, with a cumulative deal size of about USD 2 billion as part of the JS Group and co-authoring an award-winning report on Pakistan's mobile sector, during his association with PTA, that paved the way for issuance of two new mobile licenses and foreign direct investment of more than USD 5 billion.

Mr. Farooqi is a Chartered Accountant from the Institute of Chartered Accountants of Pakistan and a Chartered Financial Analyst (CFA Institute, USA). He was the founding board member of CFA Society Pakistan.





**Mr. Muhammad Tariq**

Independent, Non-Executive Director

Tariq also worked with Shaukat Khanum Cancer Hospital (SKMCH), heading its marketing, resource development and international business operations. Business and marketing strategies designed and implemented by Mr. Tariq at SKMCH contributed to the conversion of a nascent stage operation into the multi-million turnover hospital and research facility that it is today.

Mr. Tariq has also served in senior management positions in aviation, steel manufacturing and investment institutions in Pakistan as well as in the Middle East.

He holds dual MBA degrees from the University of Southern Illinois at Edwardsville, USA, in Finance and the University of Punjab, Pakistan, in Marketing.

**Mr. Muhammad Tariq joined PPL Board of Directors on 10<sup>th</sup> April 2018. He is the Chairman of the Board Strategy Committee and member of the Finance and Human Resource Committees.**

As a seasoned professional, his career spans over forty years. Until recently, he was associated with Spud Energy, a subsidiary of Jura Energy Corporation, a Toronto-based, listed energy company with interests in oil and gas exploration in Pakistan. In addition to various corporate and financial responsibilities, Mr. Tariq was responsible for liaising with Ministry of Energy (Petroleum Division), Government of Pakistan, on behalf of Spud Energy for regulatory matters.

Prior to his stint at Spud Energy, Mr. Tariq served as head of marketing for Taavun (Private) Limited, a real estate development firm owned by the Dhabi Group, UAE.



**Mr. Nadeem Mumtaz Qureshi**

Independent, Non-Executive Director

**Mr. Nadeem Mumtaz Qureshi joined PPL Board of Directors on 16<sup>th</sup> September 2017. He is the Chairman of Board Finance Committee and a member of Human Resource and Nomination Committees.**

In his career spanning more than 38 years, Mr. Qureshi has been involved in many entrepreneurial ventures. He started and managed several companies in the Gulf region, as Chairman and CEO. These companies were mainly involved in supply of oilfield equipment and chemicals.

Mr. Qureshi has deep understanding of the Oil & Gas industry, having been closely associated with major oil companies, such as Saudi Aramco.

Mr. Qureshi earned BS and MS degrees in Civil Engineering from the Massachusetts Institute of Technology, and MBA from Harvard Business School. He also has an MA degree in Arabic from the University of Karachi.



### **Mr. Sajid Mehmood Qazi**

Non-Executive Director

**Mr. Sajid Mehmood Qazi joined PPL Board of Directors on 10<sup>th</sup> April 2018. He is the Chairman of the Board Procurement Committee and a member of the Board Audit Committee.**

Mr. Qazi is currently serving as Joint Secretary, Ministry of Energy, Petroleum Division. He joined Management Group of Pakistan civil services in 1995 and has served in various capacities in a number of institutions and ministries, including Economic Affairs, Commerce and Textile and Narcotics Control. He also remained associated with Pakistani Consulate in Manchester, UK as Counsellor Community Affairs. Prior to joining Ministry of Energy, he was working as Director General, Overseas Pakistani Foundation.

Some of Mr. Qazi's key achievements during his tenure with various institutions include contribution in setting up of human resources cell to streamline implementation of suo moto jurisdiction of Supreme Court of Pakistan as Additional Registrar. While working as a core member of the National Accountability Bureau team between 1999 and 2005, Qazi assisted in formulating and implementing national anticorruption strategy.

Mr. Qazi has keen interest in Economics, Public Administration and Law. He earned a master's degree in Law from Warwick University, UK as a Chevening Scholar.

He is an avid reader with interest in contemporary history. Qazi follows his passion of hiking and landscape photography in leisure time.

Mr. Qazi is also on the boards of Mari Petroleum Company Limited and Pakistan State Oil.

# BOARD COMMITTEES

The Board has established seven committees namely Board Strategy Committee, Board Finance Committee, Board Human Resource Committee, Board Audit Committee, Board Enterprise Risk Committee, Board Procurement Committee and Board Nomination Committee for effective governance of the Company.

The compositions, roles and responsibilities of the Board Committees are clearly defined in their respective Terms of Reference.

## Board Strategy Committee

### Composition

The Board Strategy Committee is composed of the following:

|                              |           |
|------------------------------|-----------|
| • Mr. Muhmmad Tariq          | Chairman  |
| • Dr. Ibne Hassan            | Member    |
| • Mr. Mian Asad Hayaud Din   | Member    |
| • Mr. Saeed Ullah Shah       | Member    |
| • Mr. Salman Akhtar          | Member    |
| • Head of Corporate Planning | Secretary |

### Terms of Reference

The Terms of Reference of the Board Strategy Committee include the following:

1. Review proposals for:

(i) Long Term Strategic Vision and Plan.

(ii) Annual Strategy Plan and its alignment with the Long Term Strategic Plan.

(iii) Updates on the execution of the Annual Strategy Plan by reporting on the Annual Operations Work Programme in respect of all the Company operated and non-operated areas, on a quarterly basis including:

- (a) the status of implementation of the work programme;
- (b) the progress of implementation of projects; and
- (c) the progress of drilling of wells and seismic surveys.

(iv) The Company's Petroleum exploration operations in respect of:

- (a) the selection of new areas;
- (b) farm-ins and farm-outs; and
- (c) the surrender of licences and areas.

(v) Development of the existing as well new petroleum discoveries and reporting of progress.

2. Review of the Company's overall performance on the Annual Strategy Plan by monitoring the Key Performance Indicators (KPIs) on a quarterly basis.

3. Review of data, benchmarking the Company's operational performance and costs against competitors on a bi-annual basis.

4. Review and evaluation of propositions relating to investments in operational assets and businesses or the entering into partnerships or joint ventures with any parties for the purpose.

The Board Strategy Committee met twice during the year.

## Board Finance Committee

### Composition

The Board Finance Committee is composed of the following:

|                             |           |
|-----------------------------|-----------|
| • Mr. Nadeem Mumtaz Qureshi | Chairman  |
| • Mr. Muhammad Tariq        | Member    |
| • Mr. Saeed Ullah Shah      | Member    |
| • Chief Financial Officer   | Secretary |

### Terms of Reference

The Terms of Reference of the Board Finance Committee include the following:

- (i) Evaluation and recommendation of the Annual Operating and Capital Budget and periodically performance evaluation of its utilisation.
- (ii) Review of policies relating to financial matters and major financial commitments.
- (iii) Periodic review of the financial position of the Company and its operational segments.
- (iv) Scrutiny / evaluation of matters relating to the treasury function and review of the borrowing plans of the Company.
- (v) Evaluation of proposals for enlistment / approval of banks in the Company's approved panel of banks.
- (vi) Review of major litigation, claims or other contingencies, whether secured or unsecured, that could have a material effect on the Company's financial position or operating results.

The Board Finance Committee met four times during the year.

## Board Human Resource Committee

### Composition

The Board Human Resource Committee is composed of the following:

|                             |           |
|-----------------------------|-----------|
| • Mr. Agha Jan Akhtar       | Chairman  |
| • Mr. Mian Asad Hayaud Din  | Member    |
| • Mr. Muhammad Tariq        | Member    |
| • Mr. Nadeem Mumtaz Qureshi | Member    |
| • Mr. Saeed Ullah Shah      | Member    |
| • Mr. Salman Akhtar         | Member    |
| • Head of Human Resource    | Secretary |

### Terms of Reference

The Committee is responsible for effective governance of matters relating to Human Resource Management by ensuring establishment of appropriate Human Resource Management strategies, policies and practices that are aligned with the organisation's Vision and Mission.



The Terms of Reference of the Board Human Resource Committee include the following:

- (i) Ensure applicability of Human Resource Management policies to the entire workforce including recruitment, training, performance management, succession planning and compensation philosophy.
- (ii) Selection, evaluation, compensation (including retirement benefits) and Succession Planning of the CEO.
- (iii) Selection, evaluation, compensation (including retirement benefits) of CFO, Company Secretary and the Head of Internal Audit.

The Board Human Resource Committee met six times during the year.

### **Board Audit Committee**

#### **Composition**

The Board Audit Committee is composed of the following:

- |                              |           |
|------------------------------|-----------|
| • Mr. Muhammad Sajid Farooqi | Chairman  |
| • Dr. Ibne Hassan            | Member    |
| • Mr. Sajid Mehmood Qazi     | Member    |
| • Head of Internal Audit     | Secretary |

#### **Terms of Reference**

The Terms of Reference of the Audit Committee are consistent with those stated in the Code of Corporate Governance and broadly include the following:

- (i) Review of the interim and annual financial statements of the Company prior to approval by the Board of Directors.
- (ii) Discussions with the external auditors of major observations arising from interim and final audits; review of management letter issued by the external auditors and management's response thereto;
- (iii) Review of scope and extent of internal audit ensuring that the internal audit function has adequate resources and is appropriately placed within the Company.
- (iv) Recommending to the Board of Directors the appointment of external auditors by the Company's shareholders and any question of resignation or removal of external auditors, audit fees and provision by external auditor of any service to the Company in addition to the audit of its financial statements.
- (v) Ascertain adequacy and effectiveness of the internal control system including financial and operational controls, accounting system and reporting structure.
- (vi) Determination of compliance with relevant statutory requirements and monitoring compliance with the best practices of corporate governance.
- (vii) Institute special projects, value for money studies or other investigations on any matters specified by the Board of Directors.

The Board Audit Committee met six times during the year.

## Board Enterprise Risk Committee

### Composition

The Board Enterprise Risk Committee is composed of the following:

- |                              |           |
|------------------------------|-----------|
| • Mr. Agha Jan Akhtar        | Chairman  |
| • Dr. Ibne Hassan            | Member    |
| • Mr. Muhammad Sajid Farooqi | Member    |
| • Mr. Salman Akhtar          | Member    |
| • Head of Enterprise Risk    | Secretary |

### Terms of Reference

The Board Enterprise Risk Committee advises the Board on Company's overall risk appetite, tolerance and strategy taking account of the current and prospective macroeconomic and financial environment drawing on financial stability assessments that may be relevant for the Company's risk policies.

The Terms of Reference of the Committee include the following:

- (i) Monitor organisation's risk profile;
- (ii) In relation to risk assessment:
  - Review and approve the risk management infrastructure and the critical risk management policies adopted by the Company.
  - Review regularly and approve the parameters used in these measures and the methodology adopted.
  - Set a standard for accurate and timely monitoring of large exposures and certain risk type of critical importance.
- (iii) Overseeing that executive team has identified and assessed all the risks and established risk management infrastructure to address them.
- (iv) Define risk review activities regarding decisions, initiatives, transactions and exposures.
- (v) Understand and approve management's definition of risk related reports to the committee regarding full range of risks as well as their form and frequency.
- (vi) Review and assess the effectiveness of the Company's Enterprise Risk Management processes and recommend improvements.

The Board Enterprise Risk Committee met once during the year.

## Board Procurement Committee:

### Composition

The Board Procurement Committee is composed of the following:

- |                              |           |
|------------------------------|-----------|
| • Mr. Sajid Mehmood Qazi     | Chairman  |
| • Mr. Agha Jan Akhtar        | Member    |
| • Mr. Mohammad Sajid Farooqi | Member    |
| • Mr. Saeed Ullah Shah       | Member    |
| • Mr. Salman Akhtar          | Member    |
| • Head of Procurement        | Secretary |

## Terms of Reference

The Board Procurement Committee ensures transparency in procurement transactions brought before the Committee and compliance with the provisions of the Public Procurement Regulatory Authority (PPRA) Rules.

The Terms of Reference of the Committee include the following:

- (i) Serves as an advisory forum to suggest measures to streamline and simplify procurement of goods and services.
- (ii) Review special cases of procurement referred by procurement committee of the management for seeking directives of the Committee.
- (iii) Identify, review and approve new and innovative procurement practices/ strategies to strengthen, streamline and speedup the procurement process and ensure that procurement process achieves value for money in delivering the Corporate strategy and strategic priorities.
- (iv) Review the Company's policies/ procedures for procurement of goods/ services / works and recommend changes for improvement.
- (v) Review and approve awards of high value Engineering Procurement and Construction (EPC) Contracts and Original Equipment Manufacturer (OEM) Procurement Contracts.
- (vi) Review (a) the annual procurement plan (b) any changes to financial authorities relating to procurement and (c) any Updates / changes made in the Materials and Contracts Manual.

The Board Procurement Committee met thrice during the year.

## Board Nomination Committee:

### Composition

The Board Nomination Committee is composed of the following:

- |                              |           |
|------------------------------|-----------|
| • Dr. Ibne Hassan            | Chairman  |
| • Mr. Agha Jan Akhtar        | Member    |
| • Mr. Mian Asad Hayaud Din   | Member    |
| • Mr. Muhammad Sajid Farooqi | Member    |
| • Mr. Nadeem Mumtaz Qureshi  | Member    |
| • Company Secretary          | Secretary |

## Terms of Reference

The Committee identifies and recommends candidates for the Board for consideration of the shareholders after examining their skills and characteristics that are needed in such candidates.

The Terms of Reference of the Committee include the following:

- (i) Evaluate balance of executive and non-executive directors including independent directors and those representing minority interests with requisite range of skills, competencies, knowledge, experience and approach so that the Board as a group includes core competencies and diversity considered relevant in context of the Company's operations.
- (ii) Consider candidates on merit with due regard for benefits of diversity on the Board taking care that appointees have enough time available to devote to their positions.

- (iii) Identify and nominate for approval of the Board, candidates to fill vacancies as and when they arise.
- (iv) Oversee the development and implementation of a board induction process for new directors and a program of continuing director development as needed.

The Board Nomination Committee met once during the year.

# ATTENDANCE OF BOARD AND COMMITTEE MEETINGS

During Financial Year 2017-18

## Board of Directors

## Board Strategy Committee

## Board Human Resource Committee

|                                | Members | Meetings <sup>1</sup> | Attendance | Members | Meetings <sup>1</sup> | Attendance | Members | Meetings <sup>1</sup> | Attendance |
|--------------------------------|---------|-----------------------|------------|---------|-----------------------|------------|---------|-----------------------|------------|
| Abid Saeed                     | ✓       | 3                     | 3          | ✓       | 1                     | 1          | -       | -                     | -          |
| Aftab Nabi                     | ✓       | 4                     | 4          | -       | -                     | -          | -       | -                     | -          |
| Agha Jan Akhtar                | ✓       | 10                    | 9          | -       | 1                     | 1          | -       | 3                     | 3          |
| Asif Baigmoamed                | ✓       | 4                     | 2          | -       | -                     | -          | -       | -                     | -          |
| Dr. Ibne Hassan                | ✓       | 14                    | 10         | ✓       | 2                     | 2          | -       | 1                     | 1          |
| Hassan Nasir Jamy              | ✓       | 10                    | 8          | ✓       | 2                     | 2          | -       | -                     | -          |
| Imtiaz Hussain Zaidi           | ✓       | 4                     | 4          | ✓       | -                     | -          | -       | -                     | -          |
| Mohammad Jalal Sikandar Sultan | ✓       | 14                    | 13         | ✓       | 2                     | 2          | ✓       | 6                     | 6          |
| Mohammad Tariq                 | ✓       | 3                     | 3          | ✓       | 1                     | 1          | ✓       | 1                     | 1          |
| Muhammad Ashraf Iqbal Baluch   | ✓       | 4                     | 4          | -       | -                     | -          | -       | -                     | -          |
| Muhammad Sajid Farooqi         | ✓       | 14                    | 12         | -       | -                     | -          | -       | 1                     | 1          |
| Nadeem Mumtaz Qureshi          | ✓       | 14                    | 12         | -       | -                     | -          | ✓       | 6                     | 5          |
| Sabino Sikandar Jalal          | ✓       | 6                     | 5          | -       | -                     | -          | -       | -                     | -          |
| Saeed Ullah Shah               | ✓       | 14                    | 14         | ✓       | 2                     | 2          | ✓       | 6                     | 6          |
| Sajid Mehmood Qazi             | ✓       | 3                     | 3          | -       | -                     | -          | -       | -                     | -          |
| Salman Akhtar                  | ✓       | 14                    | 11         | -       | -                     | -          | ✓       | 6                     | 4          |
| Syed Wamiq Bokhari             | ✓       | 14                    | 14         | -       | 1                     | 1          | ✓       | 4                     | 4          |

## Board Enterprise Risk Committee

## Board Audit Committee

## Board Finance Committee

|                                | Members | Meetings <sup>1</sup> | Attendance | Members | Meetings <sup>1</sup> | Attendance | Members | Meetings <sup>1</sup> | Attendance |
|--------------------------------|---------|-----------------------|------------|---------|-----------------------|------------|---------|-----------------------|------------|
| Abid Saeed                     | -       | -                     | -          | -       | -                     | -          | ✓       | 1                     | 1          |
| Aftab Nabi                     | -       | -                     | -          | -       | -                     | -          | -       | -                     | -          |
| Agha Jan Akhtar                | ✓       | 1                     | 1          | -       | -                     | -          | -       | -                     | -          |
| Asif Baigmoamed                | -       | -                     | -          | -       | -                     | -          | -       | -                     | -          |
| Dr. Ibne Hassan                | ✓       | 1                     | 1          | ✓       | 5                     | 5          | ✓       | 1                     | 1          |
| Hassan Nasir Jamy              | -       | -                     | -          | ✓       | 5                     | 4          | ✓       | 3                     | 2          |
| Imtiaz Hussain Zaidi           | -       | -                     | -          | ✓       | 1                     | 1          | -       | -                     | -          |
| Mohammad Jalal Sikandar Sultan | -       | -                     | -          | -       | -                     | -          | -       | -                     | -          |
| Mohammad Tariq                 | -       | -                     | -          | -       | -                     | -          | ✓       | 1                     | 1          |
| Muhammad Ashraf Iqbal Baluch   | -       | -                     | -          | ✓       | 1                     | 1          | ✓       | 1                     | 1          |
| Muhammad Sajid Farooqi         | ✓       | 1                     | 1          | ✓       | 6                     | 6          | -       | -                     | -          |
| Nadeem Mumtaz Qureshi          | -       | -                     | -          | -       | -                     | -          | ✓       | 4                     | 3          |
| Sabino Sikandar Jalal          | -       | -                     | -          | ✓       | 3                     | 3          | -       | -                     | -          |
| Saeed Ullah Shah               | -       | -                     | -          | ✓       | 5                     | 5          | ✓       | 4                     | 4          |
| Sajid Mehmood Qazi             | -       | -                     | -          | ✓       | 1                     | 1          | -       | -                     | -          |
| Salman Akhtar                  | ✓       | 1                     | 1          | -       | -                     | -          | -       | -                     | -          |
| Syed Wamiq Bokhari             | ✓       | 1                     | 1          | -       | -                     | -          | ✓       | 3                     | 3          |



# ATTENDANCE OF BOARD AND COMMITTEE MEETINGS

During Financial Year 2017-18

|                                    | Board Procurement Committee |                       |            | Board Nomination Committee |                       |            | Total Fee Charged in Financial Statements | Fee Deposited in Govt. Treasury | Net Fee Paid to the Directors |
|------------------------------------|-----------------------------|-----------------------|------------|----------------------------|-----------------------|------------|---|---------------------------------|-------------------------------|
|                                    | Members                     | Meetings <sup>1</sup> | Attendance | Members                    | Meetings <sup>1</sup> | Attendance | Rupees                                    |                                 |                               |
| Abid Saeed                         | -                           | -                     | -          | -                          | -                     | -          | 425,000                                   | -                               | 425,000                       |
| Aftab Nabi                         | -                           | -                     | -          | -                          | -                     | -          | 340,000                                   | -                               | 340,000                       |
| Agha Jan Akhtar                    | ✓                           | 3                     | 2          | ✓                          | 1                     | 1          | 1,445,000                                 | 144,500                         | 1,300,500                     |
| Asif Baigmoamed                    | -                           | -                     | -          | -                          | -                     | -          | 170,000                                   | -                               | 170,000                       |
| Dr. Ibne Hassan                    | -                           | -                     | -          | ✓                          | 1                     | 1          | 1,785,000                                 | -                               | 1,785,000                     |
| Hassan Nasir Jamy                  | -                           | -                     | -          | -                          | -                     | -          | 1,360,000                                 | 136,000                         | 1,224,000                     |
| Imtiaz Hussain Zaidi               | -                           | -                     | -          | -                          | -                     | -          | 425,000                                   | -                               | 425,000                       |
| Mohammad Jalal Sikandar Sultan     | -                           | -                     | -          | ✓                          | 1                     | 1          | 1,870,000                                 | 187,000                         | 1,683,000                     |
| Mohammad Tariq                     | -                           | -                     | -          | -                          | -                     | -          | 510,000                                   | -                               | 510,000                       |
| Muhammad Ashraf Iqbal Baluch       | -                           | -                     | -          | -                          | -                     | -          | 510,000                                   | -                               | 510,000                       |
| Muhammad Sajid Farooqi             | ✓                           | 3                     | 3          | ✓                          | 1                     | 1          | 2,040,000                                 | -                               | 2,040,000                     |
| Nadeem Mumtaz Qureshi <sup>2</sup> | -                           | -                     | -          | ✓                          | 1                     | -          | -   | -                               | -                             |
| Sabino Sikandar Jalal              | ✓                           | 2                     | 1          | -                          | -                     | -          | 765,000                                   | 76,500                          | 688,500                       |
| Saeed Ullah Shah                   | ✓                           | 3                     | 3          | -                          | -                     | -          | 2,890,000                                 | 25,500                          | 2,864,500                     |
| Sajid Mehmood Qazi                 | -                           | -                     | -          | -                          | -                     | -          | 340,000                                   | 34,000                          | 306,000                       |
| Salman Akhtar                      | ✓                           | 3                     | 3          | -                          | -                     | -          | 1,615,000                                 | -                               | 1,615,000                     |
| Syed Wamiq Bokhari <sup>3</sup>    | -                           | -                     | -          | -                          | -                     | -          | -   | -                               | -                             |

Notes:

1. Held during the period concerned Director was on the Board.
2. He has waived off his director's fee.
3. Executive Director.

## MANAGEMENT TEAM



**Mr. Saeed Ullah Shah**

Chief Executive Officer /  
Managing Director

## ASSET OPERATIONS



**Mr. M. Rafiq Vohra**

Deputy Managing Director  
Asset Operations



**Mr. Khalid Raza**

General Manager Hala/  
Gambat South/ Mazarani Assets



**Mr. Abid Ashfaq Malick**

General Manager Partner-  
Operated Assets

## EXPLORATION AND BUSINESS DEVELOPMENT



**Mr. Moin Raza Khan**

Deputy Managing Director  
(Exploration/ Business Development)



**Mr. Hayat Ahmad**

General Manager  
Exploration (South)



**Mr. Syed Firasat Shah**

General Manager  
Exploration (Frontier)

## TECHNICAL SERVICES



**Dr. Fareed Iqbal Siddiqui**  
Deputy Managing Director  
Technical Services



**Mr. Amir Mehmood**  
General Manager  
Production Technology

## STATUTORY FUNCTIONS



**Mr. Syed Ehtesham Ahmad**  
Chief Financial Officer



**Ms. Shahana Ahmed Ali**  
Company Secretary



**Mr. Fazal Hussain Gaffoor**  
General Manager Internal Audit

## SUPPORT SERVICES



**Mr. Sohaib Qadar**  
General Manager Legal & Commercial



**Mr. Furqanuddin Sheikh**  
General Manager Corporate Services



**Mr. Farooq Ahmed Mahmood**  
General Manager Procurement



**Mr. Shahbaz Khan**  
General Manager Projects



**Mr. M. Ahmed Kauser**  
General Manager  
Information Technology

# GLOBAL COMPACT

PPL has proudly completed a decade of its association with the United Nations Global Compact (UNGC). UNGC was developed in year 2000 as an initiative to provide a human face to the global market and is aligned with United Nations' efforts, with particular reference to Millennium Development Goals. With over 12,000 corporate participants and other stakeholders, including business and civil society from over 170 countries, UNGC provides a leadership platform for participants to strengthen their commitment to sustainability and corporate citizenship. UNGC binds all participating organisations to share initiatives compliant with UNGC's ten principles, focusing on human rights, enabling working conditions for employees, environmental conservation and transparency.

PPL reiterates commitment and share continuous progress on United Nations Global Compact (UNGC)'s 10 principles in its on going efforts to further strengthen its corporate governance, human resource development, quality, health, safety and environment (QHSE) and corporate social responsibility (CSR) programmes.

It is a pleasure to mention that PPL has made substantial progress during the year towards widening the scope and outreach of its CSR programme in line with its commitment to up hold the dignity of basic human rights for communities residing around its operational areas as well as in urban settings. PPL has set-up a dedicated corporate donation programme to support development organisations working for education, healthcare, gender mainstreaming, environmental and cultural conservation and sports for increasing their outreach to underserved population living in large urban areas. On the QHSE front, PPL's operations remained compliant to the international standards with 12 fields and facilities certified for ISO 9001, ISO 14001 and OHSAS 18001. PPL has made substantial progress towards implementation of Process Safety Management to ensure safe operations and preventing incidental environmental releases. The company has significantly invested on staff capacity building with engaging nearly all staff in over 235 sessions including 36 programmes facilitated by foreign trainers, during the year.

## Human Rights

### Principle 1

Businesses should support and respect the protection of internationally proclaimed human rights.

#### PPL's Commitment

PPL respects the dignity and rights of its human resource. Through our Corporate Social Responsibility Programme, we also support the right to education, healthcare and basic civic amenities for communities.

### Principle 2

Businesses should ensure that they are not complicit in human rights abuses.

#### PPL's Commitment

PPL is highly committed to conducting its business in accordance with the highest ethical and legal standards.

## Labour Standards

### Principle 3

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

#### PPL's Commitment

We acknowledge and respect rights to freedom of association and collective bargaining. We are committed to addressing issues, problems and grievances proactively to regulate the company's operations with dignity of labour, minimisation of animosity and fostering a relationship of trust between management and workers.

#### Principles 4 & 5

Businesses should support the elimination of all forms of forced and compulsory labour.  
Businesses should support the effective abolition of child labour.

#### PPL's Commitment

PPL supports abolition of child labour and elimination of all forms of forced and compulsory labour in its areas of operations or by any of its business partners and contractors.

#### Principle 6

Businesses should support the elimination of discrimination in respect of employment and occupation.

#### PPL's Commitment

PPL is committed to provide equal opportunities for employment as well as growth without any discrimination on the basis of race, sex, religion, language, social origin, birth or other status.

### Environment

#### Principle 7

Businesses should support a precautionary approach to environmental challenges

#### PPL's Commitment

PPL is committed to environmental conservation by complying with National Environmental Quality Standards.

#### Principle 8

Businesses should undertake initiatives to promote greater environmental responsibility.

#### PPL's Commitment

PPL ensures proactive acceptance of its responsibility and accountability for environmental imperatives. The company recognises that operational excellence cannot be achieved without embedding HSE considerations in business decision making processes. Therefore, PPL remains committed to raising environmental awareness among staff, suppliers and contractors for encouraging eco-friendly practices.

#### Principle 9

Businesses should encourage the development and diffusion of environmentally friendly technologies.

#### PPL's Commitment

PPL believes in the use of emerging environment friendly technologies, especially for new projects, to reduce its carbon footprint.

### Anti-Corruption

#### Principle 10

Businesses should work against all forms of corruption, including extortion and bribery.

#### PPL's Commitment

PPL is committed to eliminate corruption through implementation of ethical codes and policies that govern business operations and relationships with external stakeholders.

The ethical commitments and values are embedded in the Company's Code of Conduct, the compliance of which is mandatory for all employees. The Company has zero tolerance to all forms of corrupt practices including bribery, extortion and other forms of corruption.



# CHAIRMAN'S REVIEW

Pakistan is the 6<sup>th</sup> most populous country in the world. We are an emerging economy with a GDP that grew by 5.8% in 2017 to US \$300 Billion. This macroeconomic growth, coupled with a history of extremely low per capita energy consumption, indicates significant potential for growth in energy usage.

The current energy mix of the country is heavily inclined towards oil and gas which respectively provide 34% and 44% of total energy supply. Pakistan currently produces around 4 Billion Cubic Feet per day (Bcfd) of gas which represents a substantial majority of total gas consumption. The country's gas production has plateaued over recent years with natural decline from mature fields offset by smaller new fields. Meanwhile, the country produced about 90,000 barrels per day of crude oil. This represents an increase in production of 40% over the last ten years. However, this production still constitutes only 15% of the country's oil consumption, the remainder being imported.

Current forecasts predict declining hydrocarbon production due to depleting reserves. The country's reserves-to-production ratio stands at just 11 and 13 years for oil and gas, respectively. This necessitates a well-balanced country-wide exploration and development programme to strengthen indigenous production.

PPL continues an aggressive exploration and development strategy in line with the national imperative of replenishing reserves and enhancing production. Our exploration programme is balanced across frontier areas where there are chances of larger discoveries and more traditional areas of exploration. PPL is also a partner in an offshore block 250 km off the Pakistan coast where a well is planned in 2019. As part of our production programme, existing fields continue to be optimised for maximum production together with effectively managing operating costs. As a result of the Company's exploration and production efforts, I am pleased to report that our Reserve Replacement Ratio for 2016-17 and 2017-18 has been 108% and 89%, respectively.

In FY 2017-18, the Company drilled 11 exploration wells in operated areas (including 3 wells in frontier areas), whereas 7 exploration wells were drilled in partner-operated areas. A discovery was made during the year in a PPL-operated area. The Company also drilled 8 development wells in operated areas and 7 development wells in partner-operated areas in line with its strategy to maximise production from mature fields.


During 2017-18, average hydrocarbon production stood at 988 MMscfde which included 885 MMscfd of gas. PPL is responsible for about 22% of the country's total gas production.

Sizable discoveries which can make a difference in the country's overall hydrocarbon reserves is a challenging task. PPL, being a national E&P company, is focused on this goal. However, one of the main challenges faced by the oil & gas industry is circular debt which needs to be resolved at the earliest to keep up and indeed increase the pace of E&P activities.

The present Board was elected in September 2017 and has strived to play its role in achieving the Company's objectives. During the year, the Board remained fully committed and engaged in governance and oversight of the Company's strategy and operations, putting into place the right mix of strategy, policies and procedures for the Company with the ultimate objective of creating value for shareholders.

Two casual vacancies occurred on the Board due to resignations by Mr. Abid Saeed on 13<sup>th</sup> November 2017 and Mr. Sabino Sikandar Jalal on 16<sup>th</sup> March 2018, which were subsequently filled on 10<sup>th</sup> April 2018 by appointing Mr. Muhammad Tariq and Mr. Sajid Mehmood Qazi, in their place respectively to serve for the remainder of the term.

I would like to convey my gratitude for the assistance and cooperation extended by the Federal and Provincial Governments. I would also like to commend the management and employees for their outstanding efforts in helping attain the objectives of the Company. Finally, I am grateful to the shareholders for their support and highlight that the Board will continue to work to improve the Company's governance and performance.

A handwritten signature in black ink, appearing to read 'Sal Akhtar', with a stylized, cursive script.

SALMAN AKHTAR  
CHAIRMAN

18<sup>th</sup> September 2018

# MANAGING DIRECTOR'S OUTLOOK

I am pleased to share that 2017-18 has been an exceptional year for the Company, where the performance has remained promising, complemented by higher international oil prices. In fact, during the year 2017-18, the Company has posted the second highest profit in its history. This shows the culmination of the Company's strategy to augment its exploration and development efforts during depressed oil prices in previous years, thus scooping the cost benefits, while being poised with sustained production when the oil prices bounced back recently. Our profit after tax for the year 2017-18 is Rs 45.7 billion, registering a growth of 28% over last year.

At the core of Company's strategy is the energy security of the country while delivering sustained returns to the shareholders. Pakistan requires substantial energy to boost its economic growth and the indigenous hydrocarbon reserves base of the country. The energy demand is likely to increase manifold due to GDP growth supported by increase in population. With this background, the Company continued its aggressive exploration and development campaign by drilling 18 exploratory and 15 development wells while ensuring the highest standards of safety and environment.

On the economic front, the Company has helped in substantial savings of foreign exchange for the national economy through local production of hydrocarbons. In addition, the Company contributed significantly to the national exchequer in the form of taxes, royalties, levies and dividends.

Summarily, the Company was largely able to arrest the decline in its maturing fields. The average production declined slightly to 988 MMscfde in 2017-18 from 1,006 MMscfde in 2016-17 primarily due to natural decline in mature fields. The Company was able to minimise this decline through a year-on-year production increase from Gambat South, Adhi, Tal and Kirthar. In Gambat South, the overall production has increased from last year despite delay in commissioning of GPF-III. The production is expected to further increase after commissioning of GPF-III and GPF-IV. In its efforts to diversify its activities and to leverage existing portfolio, special focus was placed on the mining activities of Bolan Mining Enterprises (BME) which has achieved highest ever barytes sales of 206,921 metric tonnes during 2017-18.

The Company endeavours to optimise the operating costs, which were maintained in Kandhkot and Adhi, while an increase was recorded in Sui as compared to 2016-17. The challenge is to reduce the operating costs in mature fields, production from which is declining naturally.

One of the biggest challenges being faced by the Company in line with the industry is the circular debt issue. Receivables of the Company have increased from Rs 99 billion as at June 30, 2017 to Rs 143 billion as at June 30, 2018. The Company is taking all possible steps to resolve the matter at appropriate forums. However, the liquidity position of the Company is becoming an immediate concern.

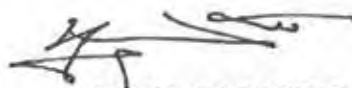
The exploration activities resulted in a discovery in operated area in Adhi South X-1. We were also able to produce for the first time from SUL west dome in Kandhkot, which has also increased our reserves base.

Offshore is another opportunity that the Company is actively pursuing with its partners, and with the optimistic current oil prices, offshore well in Indus-G Block is planned in the first quarter of 2019. A sizeable discovery in this area may prove to be a game changer for the Company and the country as well. With respect to international operations, the Company is planning to drill its first well in Iraq in 2018-19.

PPL continues to invest in the development of its human resource through technical, professional and leadership trainings and programs, as it is the key for successful business operations. As a socially responsible entity, our commitment towards the communities in which we operate and society at large remains strong with PPL being recognised as one of the leading contributors in Pakistan. For this purpose, PPL has an extensive CSR program investing significantly in education, healthcare, livelihood generation, community upliftment and infrastructure development.

Looking ahead, the Company will continue its aggressive exploration activities in all the sedimentary basins of Pakistan, with emphasis on frontier areas and offshore. The Company is also fully geared up to participate in the forthcoming exploration bid round, to acquire new blocks to further expand and diversify its exploration portfolio as part of its strategy for hydrocarbon reserves replacement. PPL will continue its accelerated development of discoveries and enhancement of output from producing fields. Efforts are also underway to develop the tight gas discoveries made by the Company. Renewed efforts will also be made to explore the shale gas potential, especially in the blocks located in the middle and lower Indus basins. Furthermore, the Company is actively working on expanding its mining operations through BME.

In the end, I wish to thank the shareholders, employees, joint venture partners and the regulators for their continued support without which we would not have been able to achieve the results.



Saeed Ullah Shah  
Managing Director / Chief Executive Officer

Karachi: 18<sup>th</sup> September 2018

I

# DIRECTORS' REPORT

Your directors are pleased to present the Annual Report and Audited Financial Statements of the Company for the year ended 30<sup>th</sup> June, 2018 together with the Auditors' Report thereon.

## 1. COMPANY INTRODUCTION

Pakistan Petroleum Limited is a pioneer in the natural gas industry in Pakistan and has been a frontline player in the exploration, development and production of oil and natural gas resources since the early 1950s.

### Geographical Presence

The geographical presence of the Company is plotted on the "Map of PPL's Held-Interest" section of this Report.

### Market Share

As a major supplier of natural gas, the Company supplies approximately 22 percent of the country's total natural gas production in addition to producing substantial quantities of crude oil, condensate, natural gas liquids, liquefied petroleum gas and barytes.

## 2. GROUP STRUCTURE

The Company has three fully-owned subsidiaries: PPL Europe E&P Limited (PPLE), PPL Asia E&P B.V. (PPLA) and Pakistan Petroleum Provident Fund Trust Company (Private) Limited (PPPFTC) (collectively referred to as 'the Group'). The Group, except PPPFTC, is principally engaged in conducting exploration, prospecting, development and production of oil and natural gas resources.

## 3. COMPANY'S BUSINESS STRATEGY

The Company is following an ambitious growth programme to strengthen its position as one of the leading E&P companies in Pakistan and ensuring healthy returns for all stakeholders through the long term. As such, the Company's operations are focused on achieving the following goals:

- Increased exploration and production activity across the country.
- Increased attention on frontier areas with better prospects of bigger discoveries.
- Optimising production and recovery from current producing assets.
- Bringing discoveries to production in the shortest time.
- Pursuing technology innovations to produce Tight Gas at commercial rates.
- Developing and retaining key professional resources.
- Ensuring all activities meet high standards of QHSE.
- Being recognised by local communities as a good corporate citizen.
- Expanding operations in the mining industry through Bolan Mining Enterprise (BME).

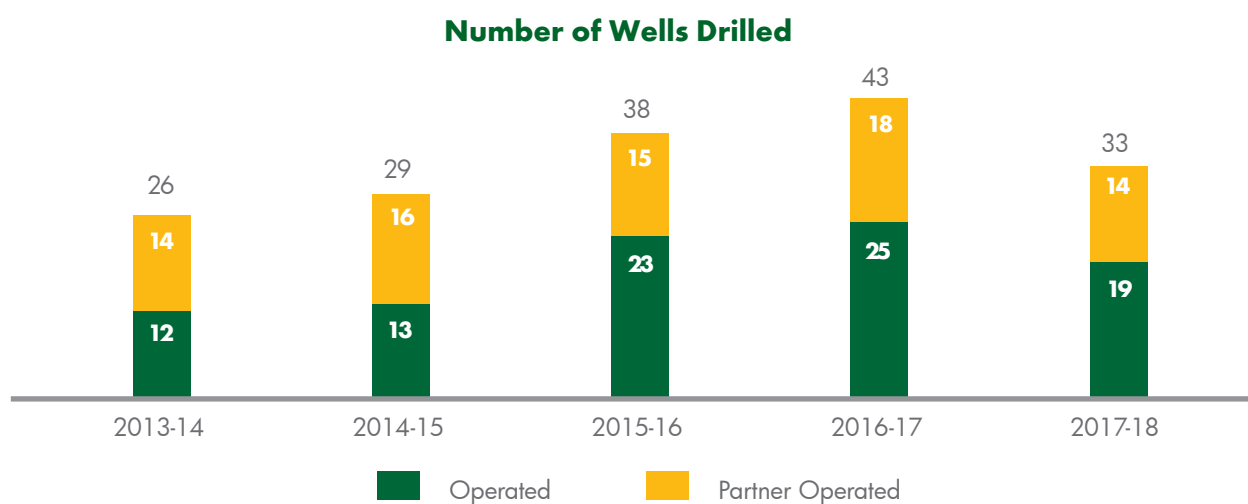
In the long term, the Company intends to:

- Pursue Pakistan's offshore region as an operator.
- Explore technologies to develop shale gas potential in Pakistan.
- Explore opportunities to grow internationally and become a regional leader in E&P.
- Evaluate diversification in the energy sector.

#### 4. MAJOR ACHIEVEMENTS

2017-18 has been another good year for the Company with the following major achievements:

- Drilled 11 exploration wells and 8 development wells in Company-operated areas. Similarly, drilled 7 exploration wells and 7 development wells in partner-operated areas.
- One hydrocarbon discovery in operated area Adhi South X-1.
- Overall production recorded at 988 MMscfde in FY 2017-18 despite the natural decline in mature fields like Sui and Kandhkot and lower than capacity gas offtakes at Kandhkot.
- LPG-III Plant commissioned in Nashpa.
- Two D&PLs granted in Zafir (Gambat South block) and Fazal (Hala block) in June and July 2018, respectively.
- Commencement of production from new reservoir in Kandhkot (SUL West Dome).
- Continuous improvement in drilling efficiency; new record set for fastest well drilled at Adhi in 55 days (Adhi-31).
- Highest-ever daily production of 262 MMscfd from Kandhkot achieved. Yearly average production (207 MMscfde) is 11% more than previous year.
- Highest-ever daily production from Adhi: Crude Oil (10,938 BOPD), Gas (80 MMscfd) and LPG (324 MT/D). Yearly average production is 11% more than the previous year.
- Highest-ever barytes sales by BME of 206,921 MT.
- Acquired 2,422 Line Km 2D seismic in operated blocks.
- In-house seismic data processing of 5,189 Line Km 2D and 320 Sq Km 3D.
- Corporate donation programme continued to further strengthen CSR efforts for deserving communities in urban areas.
- Organized third PPL Balochistan Football Cup in 2018.
- Organized 235 in-house training sessions, including 36 sessions conducted by foreign facilitators.
- Improved automation of processes, including e-procurement and employee self-service, through SAP.
- Successfully implemented enterprise risk management automation solution during the year, becoming the first public sector company to have in place a fully automated Enterprise Risk Management programme.





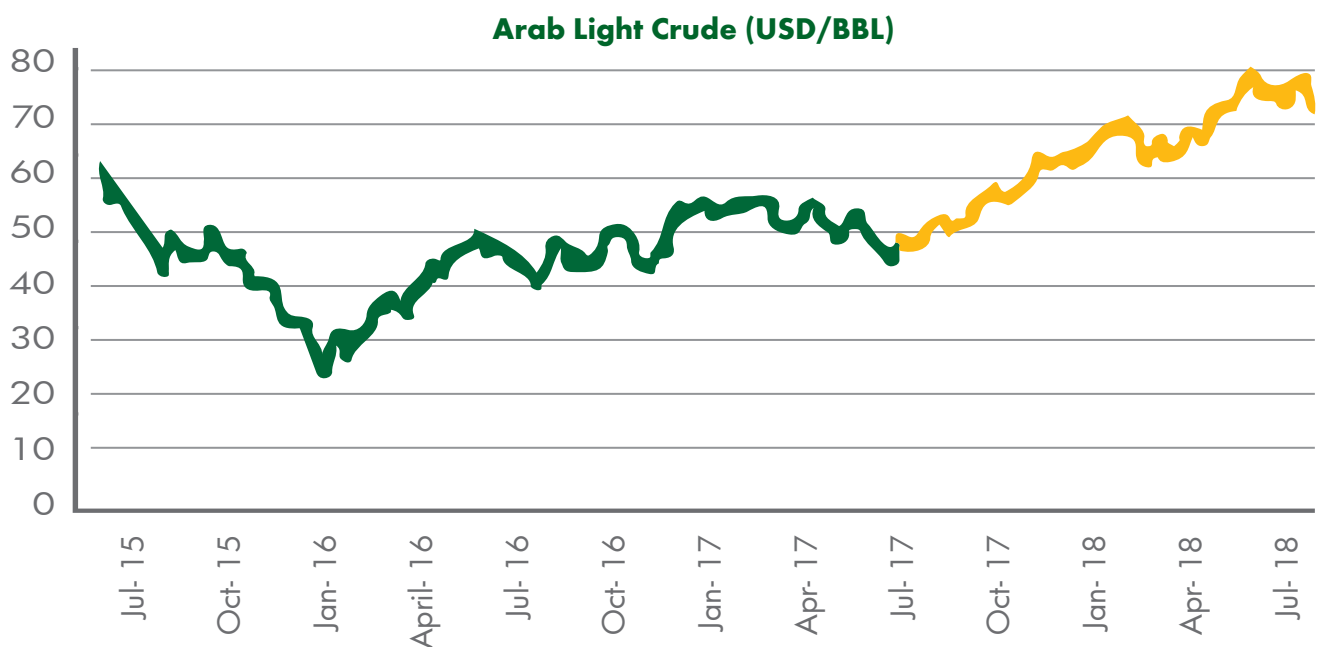
## 5. BUSINESS OVERVIEW

### 5.1 MACROECONOMIC OVERVIEW

Natural Gas contributes around 44% of Pakistan's total energy supply. The majority of the gas is produced locally, with a daily average gas production of around 4 BCF. Production has remained at almost the same level in recent years as the natural decline in mature fields has been offset through new discoveries. However, this production does not meet an increasing demand propelled by GDP and population growth. Similarly, although crude oil production of the country has increased in recent years, Pakistan imports more than 85% of its oil requirements. Keeping this in view, the Company is following an aggressive exploration and development strategy to play its part in the growth of both production and the hydrocarbon reserves base of the country.

#### Crude Oil Prices

2017-18 was another encouraging year for the upstream sector as our revenues are linked to international oil prices which maintained an upwards momentum. Arab Light crude oil price witnessed a price range of USD 60-70/BBL for most of the second and third quarters of 2017-18, peaking beyond USD 70/BBL in the fourth quarter.



Price forecasts are closely monitored as volatility in oil prices remains a risk for E&P companies.

#### Exchange Rate

The USD / PKR exchange rate remained under pressure during the year. The rupee lost around 20% of its value since the start of the fiscal year. While the rupee devaluation has a potentially adverse impact on costs, it has a positive effect on the Company revenues as these are mostly based in US Dollars.

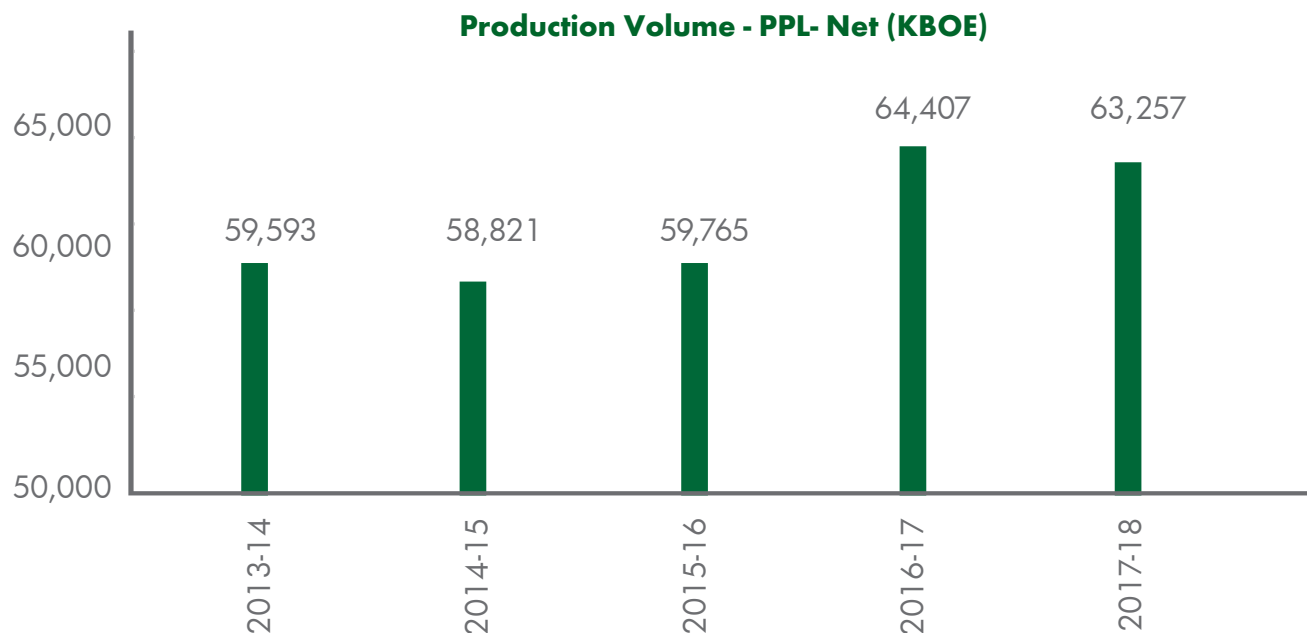
#### Trade Receivables

The upstream sector is facing the challenge of growing receivables due to circular debt. The trade debt of the Company has reached Rs 143 billion as on 30<sup>th</sup> June 2018, up from Rs 99 billion a year earlier, resultantly affecting cashflows. The Company has been escalating the matter at relevant forums to improve recoveries.

## 5.2. OPERATIONAL OVERVIEW

### Operations

The Company currently produces from operated fields at Sui, Kandhkot, Adhi, Mazarani, Chachar, Hala (Adam, Adam West) and Gambat South (Shahdadpur, Shahdadpur West, Kabir X-1 EWT). In addition, it has working interests in 19 partner-operated producing fields / discoveries. The Company strives to play its role in meeting the country's energy requirements by focusing on production enhancement through the use of advanced technology and management skills. Furthermore, the Company has an operated interest in Bolan Mining Enterprise (BME), which is a joint operation between the Company and Government of Balochistan for extracting mineral resources in Balochistan.



The Company's average production of gas and oil have marginally declined by 1.9% and 2.6%, respectively, whereas LPG production increased by 17.3% as compared to the previous year. The primary reason for decrease in production is natural decline from mature fields and lower offtake by buyers, particularly from Kandhkot Gas Field. A comparison of the current year's production (net to PPL) to the previous year is given below:

|   | 2017-18 | 2016-17 |
|---|---------|---------|
| Natural Gas (MMcf)                              | 323,007 | 329,367 |
| Crude Oil / NGL / Condensate (Thousand Barrels) | 5,795   | 5,949   |
| LPG (Metric Tonnes)                             | 95,332  | 81,267  |

Production of hydrocarbons during the year, including the Company's share from joint operations, averaged at about 885 MMscfd of gas, 15,877 bbl per day of oil/NGL/condensate and 261 metric tonnes of LPG per day.

The Company's major customers are Sui Southern Gas Company Limited, Sui Northern Gas Pipelines Limited, Central Power Generation Company Limited and Attock Refinery Limited.

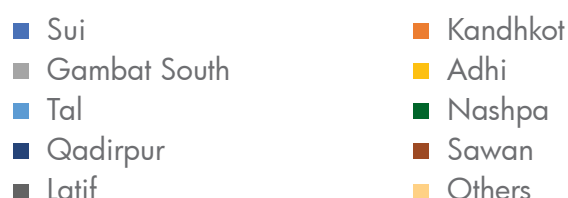
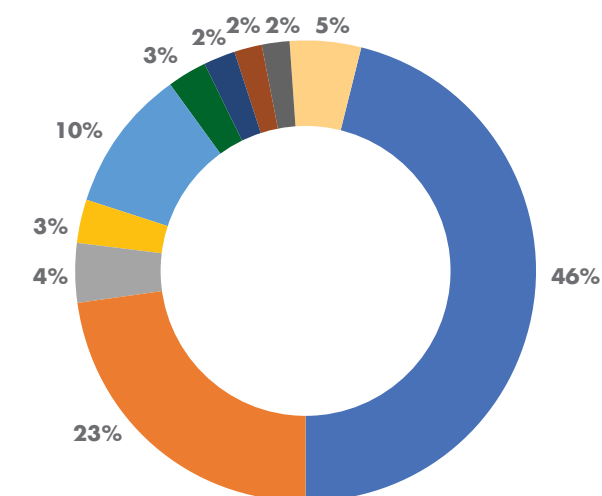


# Production

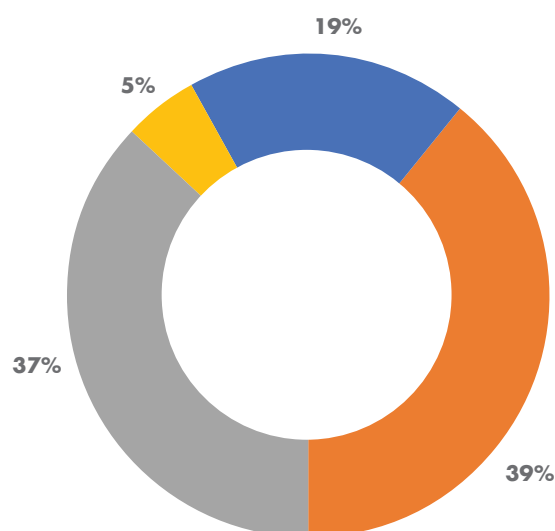




### Field Wise Production of Natural Gas (2017-18)



### Field Wise Production of Crude Oil/NGL/Condensate (2017 - 18)



Asset-wise key initiatives taken by the Company during the year are given below:

#### Operated Fields

##### Sui

- Drilled and completed two development wells, wells Sui-102 (U) and Sui-103 (U), whereas, TD of 3rd development well Sui-104 (M) was achieved on 30th June 2018 and completion operation is in progress.
- Sui-102 (U) was commissioned, contributing about 7 MMscfd gas.
- Two workovers (Sui-36 and Sui-40) were undertaken during 2017-18, contributing a net gain of 3 MMscfd in the system.
- Seven rig-less production optimization jobs (including additional perforations, removing downhole restriction and stimulation) were carried out resulting in a gain of 12 MMscfd.
- Completed 'Reserves Certification Study' through a third party international consultant (Schlumberger) and 130 BCF reserves were added in the 1P category.
- Maintenance, upgradation and enhancement of plant reliability activities were undertaken at both Purification Plant and Sui Field Gas Compression Station, including commissioning of 6th and 7th evaporative cooler, major overhauls of three gas turbines, replacement of instrument and plant air control system at SFGCS and commissioning of fire and gas system and DCS upgradation at Purification Plant.

##### Kandhkot

- Highest-ever daily gas production of 262 MMscfd (the daily average was 207 MMscfd).

- Development well, KDT-39(U/M), commissioned at 17 MMscfd, marking first commercial gas supply from SUL West Dome of Kandhkot field.
- Sidetrack operation of KDT-32(U/M) completed and well commissioned at 21 MMscfd.
- Workover of KDT-15(U) carried out and well commissioned at 8.2 MMscfd.
- Wells KDT-43(M), KDT-44(U) & KDT-41(M), spudded during last quarter of 2016-17, successfully completed and commissioned, thereby increasing field deliverability by 24 MMscfd.
- Seven well interventions carried out for production enhancement and addressing safety / integrity issues.
- Completion of 'Kandhkot Integrated Reservoir Study' conducted through a third party independent international consultant (RPS).
- Two compressors were relocated from Sui, refurbished and successfully commissioned, adding 44 MMscfd in gas handling capacity of KFGCS.
- Upgradation of ESD system of Dehydration Plant completed and commissioned.

### Adhi

- Adhi field achieved highest-ever daily production of gas: 80 MMscfd, oil: 10,938 bpd and LPG: 324 MT / day.
- Three development wells, Adhi-28(T/K), 29(T/K) and 30 (T/K) were completed and commissioned, adding 8.8 MMscfd of gas and 1,520 bpd of oil.
- Exploratory well, Adhi South X-1 was successfully completed, resulting in a discovery with estimated additional reserves (2P) of 49 bcf gas and 10.6 MMbbl oil (BOE -19.20 MMbbl). Maximum oil flow rate recorded was 1,550 bpd along with 2.62 MMscfd Gas at 1,000 psi FWHP.
- Two Development wells, Adhi-31(T/K) & Adhi-32(T/K), were spud-in.
- Target depth of well Adhi-31(T/K) achieved in record time of 55 days as compared to planned 190 days.
- Workover of well Adhi-24 (T/K) completed.
- Annual Turn Around (ATA) of three plants completed in record time of 9 days.
- Well Adhi-9K revived by Gas injection through annulus, resulting in production increase of about 0.2 MMscfd Gas and 100 BOPD.
- Successfully completed Factory Acceptance Test (FAT) of Adhi compressors and packages shipped from China.

### Gambat South, Hala and Mazarani

- Gambat South Gas Processing Facility (GPF) – III project is still in procurement and construction phase. Efforts are underway to mitigate effects of delay in Project completion.
- Construction activities are in full swing at Gambat South GPF-IV. All equipment installed, and piping, electrical and instrumentation work in progress. Pre-commissioning activities also commenced and mechanical completion of plant along with Phase-I (of 10 MMscfd Gas) commissioning is expected by mid-September 2018.
- Construction work on Zafir X-1 and Wafiq X-1 feeder lines completed.
- Kabir X-1 EWT oil separation facility in Gambat South, changeover of EWT contractor completed, resulting in Opex reduction by 35% (\$0.59MM/year).
- Development and Production Lease of Zafir (Gambat South) and Fazl (Hala) discoveries granted by DGPC.
- Grid Interconnection Study related to development and approval of 20 MW Hatim Power Project by CPPA-G completed.



### Bolan Mining Enterprises

- Mining, grinding and production of Barite operations at Khuzdar remained satisfactory. Highest-ever sales of 206,921 tons of barite ore and powder were recorded in 2017-18, breaking previous record of 135,690 tons in 2014-15.
- Sales of barite ore and powder was 110,274 tons in 2016-17. BME started export of Barite powder for first time during the year 2017-18.

### Partner-operated Fields

#### Tal Block (operated by MOL Pakistan)

- Exploratory well Makori Deep-1, a recent discovery, was successfully commissioned. The well flowed 7 MMscfd gas with 800 bpd of oil.
- Development well Maramzai-4 was commissioned at 15 MMscfd of gas with 500 bpd of condensate and 11 MT / day LPG.
- Development well Makori East-6 completed and commissioned as Gas / Condensate producer with 2.5 MMscfd gas and 950 bpd condensate.
- Exploratory well Tolanj X-1 commissioned with 9.5 MMscfd gas and 60 bpd condensate.
- Exploratory well Tolanj West-1 commissioned with 11.5 MMscfd gas and 60 bpd condensate.
- Makori East -2 intervention jobs, resulted in incremental 3 MMscfd gas and 1,000 bpd oil / condensate.

#### Kirthar Block (operated by POGC Pakistan)

- Development well Rizq-2 commissioned with flow-rate of 4.6 MMscfd.
- Development well Rehman-4 successfully completed and tested as gas producer with flow of 11 MMscfd.

#### Qadirpur Gas Field (operated by OGDCL)

- Development wells, Qadirpur-58, HRL-14, HRL-13, Qadirpur-25 (Side Track) successfully drilled, completed and commissioned, with total incremental production of 17 MMscfd achieved.
- Development well Qadirpur-59 spud in and drilling in progress.

#### Sawan Gas Field (operated by OMV Pakistan)

- Rigless workover / wellbore cleanout carried out at Sawan-3, resulting in incremental production of 7.5 MMscfd gas.

#### Nashpa Oil Field (operated by OGDCL)

- Mela-5 tested and completed as gas producer and discovery declared in Samana Suk Formation subsequent to the year end.
- Mela-5 stimulation job, resulting in 4 MMscfd gas and 800 bpd incremental oil from Datta Formation.
- Nashpa-8 tested and completed as gas producer and commissioned at 10 MMscfd and 1,000 bpd oil.
- Development wells Mela-1 and Mela-3 are under P&A after unsuccessful workover.
- Drilling of wells Nashpa-9 and Mela-6 in progress.

#### Latif Gas Field (operated by OMV Pakistan)

- Latif-15 spud on 24<sup>th</sup> April 2018 and successfully completed as gas producer.

### Research and Development

As one of the major national E&P companies in Pakistan, PPL has proactively increased its E&P activities to contribute towards mitigating the current energy crisis in the country. The lack of easy hydrocarbon resource targets necessitates Research and Development (R&D) activities for evolving technologies, processes and services. As such, PPL has sought to invest in R&D activities to maintain its base, grow further and explore difficult-to-produce hydrocarbons. To this end, a steering committee has been formed to oversee R&D activities in PPL.

The following R&D projects have been selected:

- Utilization of Converted Waves Multi-Component 3C Technology in Middle and Lower Indus basins.
- Reviewing the possibility of increasing production by acid fracture / high rate stimulation in Kandhkot Gas Field.
- Adhi flow assurance study.
- Study for evaluation of Tight Shale Gas resources.
- Feasibility Study for acquisition of Multi-client Gravity / Magnetic Survey in Offshore Indus Area.

## Exploration

PPL, together with its subsidiaries, has a portfolio of 43 exploration blocks, of which 25, including Block-8 in Iraq, are PPL-operated and 18 are partner-operated including three off-shore blocks in Pakistan and one onshore block in Yemen.

The Company strategically holds a diversified exploration portfolio with a mix of High-Risk, High-Reward and Low-Risk, Low / Medium-Reward assets. Furthermore, as evident historically, PPL's business cycle, with production starting within few years of exploration investment, will position the Company on the frontline in reaping benefits from an ongoing rebound in oil prices.

The Company's seismic operations and exploration drilling increased several-fold after addition of blocks acquired during the 2009 and 2013 bidding rounds. During the last seven years, PPL acquired 9,827 L. Km 2D seismic data and 8,740 Sq Km 3D seismic data, including 318 Sq Km 3D seismic in Block-8, Iraq. During the same period, PPL has drilled 53 exploration wells.

## Seismic Surveys and Exploratory Wells

During the year, PPL acquired 2,422 LKm 2D seismic data in eight-operated blocks: Kharan, Kharan East, Margand, Kalat, South Kharan, Khipro East, Hisal and Dhok Sultan.

PPL spud 11 exploratory wells during the year in North, South and Frontier regions across Pakistan. PPL also spud 7 exploration wells in partner-operated areas. One hydrocarbon discovery was made in PPL-operated block.

### PPL Operated

| Block   | Discovery      |
|---------|----------------|
| Adhi ML | Adhi South X-1 |

Block-wise details of exploratory work programme delivered during the year in PPL-operated, as well as partner-operated blocks are summarised in the following tables:

Exploration activities in PPL-operated Frontier blocks are summarised below:

A photograph of two large, white, off-road vehicles, possibly military or industrial, parked in a vast, flat, desert-like landscape under a hazy sky. The vehicles are positioned in the middle ground, with one slightly ahead of the other. The foreground is a dark, textured surface, possibly sand or gravel. The overall tone is muted and atmospheric.

# Exploration



|                                    |   |
|------------------------------------|---|
| Barkhan                            | <ul style="list-style-type: none"> <li>Remaining block prospectivity evaluation is underway to decide the block's way forward.</li> </ul>   |
| Kharan, Kharan East, & Kharan West | <ul style="list-style-type: none"> <li>Acquisition of 752 LKm 2D seismic data completed to mature deeper untested plays / leads into drillable prospects.</li> <li>Microbial Geo-chemical Exploration (MGCE) survey completed and its 4G (Geology, Geophysics, Geo-Microbial &amp; Geo-Chemical) integration underway to reduce HC charge risk.</li> </ul>  |
| Kalat                              | <ul style="list-style-type: none"> <li>1<sup>st</sup> exploration well Kalat X-1 was drilled down to 3,754 m in Ghazij Formation suspended for further evaluation.</li> <li>Land acquisition for 2<sup>nd</sup> exploration well Murad X-1 in progress.</li> <li>Acquisition of 46 LKm 2D seismic over Kalat X-1 completed, whereas acquisition of 346 LKm 2D seismic data in southern part of the block is in progress to mature additional leads into drillable prospects.</li> </ul> |
| Hub                                | <ul style="list-style-type: none"> <li>1<sup>st</sup> Exploration well Hub X-1 suspended as tight gas discovery. During testing, well flowed between 0.02 to 0.08 MMscfd of gas in different zones subsequent to the year end.</li> <li>2<sup>nd</sup> exploration well Ayub X-1 was plugged and abandoned.</li> <li>Drilling of 3<sup>rd</sup> exploration well Nooh X-1 is in progress.</li> </ul>  |
| Bela West                          | <ul style="list-style-type: none"> <li>Well site construction for 1<sup>st</sup> exploration well Bela West X-1 in progress.</li> </ul>   |
| Nausherwani                        | <ul style="list-style-type: none"> <li>1<sup>st</sup> exploration well Nausherwani X-1 was plugged and abandoned.</li> </ul>  |
| Khuzdar                            | <ul style="list-style-type: none"> <li>Acquisition of 100 LKm 2D seismic data is planned to mature remaining leads into drillable prospects.</li> </ul>   |
| Margand                            | <ul style="list-style-type: none"> <li>Acquisition of 261 LKm 2D seismic data completed.</li> <li>Land acquisition for 1st exploration well Margand X-1 in progress.</li> </ul>   |
| South Kharan (under execution)     | <ul style="list-style-type: none"> <li>Transfer of Operatorship from OGDCL on 21<sup>st</sup> August 2017.</li> <li>Acquisition of 775 LKm 2D seismic data completed to mature leads into drillable prospects.</li> </ul>   |

Exploration activities in PPL-operated South blocks are summarized below:

|              |  |
|--------------|--|
| Gambat South | <ul style="list-style-type: none"> <li>Drilling of exploration well Badeel X-1 completed as a discovery subsequent to the year end. During testing, well flowed 23.7 MMscfd of gas along with 91 bbl / day of condensate.</li> <li>Drilling of exploration well Hadaf X-1 in progress.</li> <li>Merged PSTM and PSDM processing and AVO Inversion of 2,249 Sq Km 3D seismic data completed to delineate additional prospects.</li> <li>In-house evaluation of Tight Gas potential for appraisal of Hadi X-1A discovery completed.</li> </ul> |
|--------------|--|

|                 |  |
|-----------------|--|
| Hala            | <ul style="list-style-type: none"> <li>• Drilling of 6<sup>th</sup> exploration well Zarbab X-1 completed. During testing well flowed 0.4 MMscfd of gas. The well was Plugged and Suspended for further evaluation.</li> <li>• Drilling of 7<sup>th</sup> exploration well Qamar X-1 completed. Preparation for testing in progress.</li> <li>• Merged PSTM and PSDM processing and AVO Inversion of 580 Sq km 3D seismic data completed.</li> </ul> |
| Kotri           | <ul style="list-style-type: none"> <li>• 3<sup>rd</sup> exploration well Rajab X-1 was plugged and abandoned.</li> <li>• 4<sup>th</sup> exploration well Yasar X-1 completed as gas / condensate discovery subsequent to the year end. During testing, well flowed 3.2 MMscfd gas and 475 bbl / day condensate.</li> </ul>   |
| Sirani          | <ul style="list-style-type: none"> <li>• Interpretation and mapping of acquired 312 Sq Km 3D seismic data completed. One prospect located in marshy area matured.</li> <li>• Planning / designing of access route for rig mobilization and civil works for drilling of exploration well in marshy area initiated.</li> </ul>   |
| Zamzama South   | <ul style="list-style-type: none"> <li>• Based on detailed G&amp;G evaluation, 1<sup>st</sup> exploration well Manchar X-1 declared as dry hole.</li> <li>• Relinquishment notice submitted to DGPC due to remaining low prospectivity of the block.</li> </ul>  |
| Naushahro Firoz | <ul style="list-style-type: none"> <li>• Evaluation of post-frac testing results of appraisal well NF Hor-1 (RE) in progress to establish commercial viability.</li> <li>• Drilling of 3<sup>rd</sup> exploration well Nusrat X-1 (Hor) completed and testing underway.</li> </ul>   |
| Malir           | <ul style="list-style-type: none"> <li>• Reprocessing of 2D seismic data over Malir X-1 structure completed and interpretation in progress to confirm remaining potential, if any.</li> </ul>  |
| Shah Bandar     | <ul style="list-style-type: none"> <li>• Drilling of 1<sup>st</sup> exploration well Benari X-1 in progress.</li> </ul>  |
| Jungshahi       | <ul style="list-style-type: none"> <li>• NoC from MoD for northern part of the block awaited.</li> <li>• In-house G&amp;G evaluation in progress to evaluate remaining block prospectivity.</li> </ul>   |
| Khipro East     | <ul style="list-style-type: none"> <li>• Bids for civil works for 1st exploration well Khipro East X-1 being invited.</li> <li>• In fill 2D seismic data acquisition of 111 L. Km completed and acquisition of additional 399 L. Km 2D seismic in progress to mature eastern lead.</li> </ul>  |

Exploration activities in PPL-operated North blocks are summarized below:

|             |   |
|-------------|---|
| Dhok sultan | <ul style="list-style-type: none"> <li>• Land acquisition completed for drilling of 2nd exploration well, Dhok Sultan South X-1.</li> </ul>   |
| Hisal       | <ul style="list-style-type: none"> <li>• Testing of 1<sup>st</sup> exploration well Misrial X-1 in progress.</li> <li>• In fill 2D seismic data acquisition of 64 LKm completed.</li> </ul> |
| Sadiqabad   | <ul style="list-style-type: none"> <li>• Land acquisition for 3<sup>rd</sup> exploration well Cholistan X-1 in progress.</li> </ul>   |
| Karsal      | <ul style="list-style-type: none"> <li>• Drilling of 1<sup>st</sup> exploration well Talagang X-1 completed as a discovery subsequent to the year end.</li> </ul>                           |



Exploration activities in respect of partner-operated blocks are summarized below:

|   |  |
|---|--|
| Offshore Indus G<br>(Operator: Eni)       | <ul style="list-style-type: none"> <li>• Preparations underway for drilling of exploration well Kekra-1 in January 2019.</li> </ul>  |
| Offshore Indus C and N<br>(Operator: Eni) | <ul style="list-style-type: none"> <li>• Activities in Blocks C and N linked with possible discovery in Block G (Kekra Prospect).</li> </ul>   |
| Baska<br>(Operator: Zhenhua)              | <ul style="list-style-type: none"> <li>• Efforts being made to persuade Operator ZhenHua to fulfill remaining work commitment.</li> </ul>  |
| Kuhan<br>(Operator: OMV)                  | <ul style="list-style-type: none"> <li>• Block under Force Majeure since 16<sup>th</sup> December 2016.</li> </ul>   |
| Tal<br>(Operator: MOL)                    | <ul style="list-style-type: none"> <li>• Tolanj East-1 plugged and suspended due to discouraging results.</li> <li>• Testing at exploratory well Mamikhel Deep-1 in progress.</li> </ul>   |
| Nashpa<br>(Operator: OGDCL)               | <ul style="list-style-type: none"> <li>• Drilling of exploratory wells, Shawa-1, Kacha Khel-1 and Khanjar-1 in progress.</li> </ul>  |
| Gambat<br>(Operator: OMV)                 | <ul style="list-style-type: none"> <li>• Relinquishment notice of Gambat Exploration License, excluding Tajjal D &amp; PL (w.e.f) Dec 3, 2016), submitted to DGPC on 31<sup>st</sup> August, 2017.</li> </ul>  |
| Kirthar<br>(Operator: POGC)               | <ul style="list-style-type: none"> <li>• Well Roshan-1 spud-in on 9<sup>th</sup> March 2018 with drilling in progress.</li> </ul>  |
| Ghauri<br>(Operator: MPCL)                | <ul style="list-style-type: none"> <li>• Well Dharian-1 spud-in on 21<sup>st</sup> December 2017 and drilling in progress.</li> </ul>  |
| Digri<br>(Operator: UEPL)                 | <ul style="list-style-type: none"> <li>• Drilling of 4<sup>th</sup> exploration well Gulsher-1 in progress.</li> </ul>   |
| Sukhpur<br>(Operator: Eni)                | <ul style="list-style-type: none"> <li>• 2<sup>nd</sup> exploration well Lundi-1 plugged and abandoned and way forward for block being evaluated.</li> </ul>   |
| Jherruck<br>(Operator: NHEPL)             | <ul style="list-style-type: none"> <li>• All activities on hold as operator unwilling to continue work.</li> </ul>   |
| Kotri North<br>(Operator: UEPL)           | <ul style="list-style-type: none"> <li>• Operatorship along with 50% WI transferred to UEPL in September 2017.</li> <li>• Drilling of 2<sup>nd</sup> exploration well Aliabad-1 completed and currently suspended for further evaluation.</li> <li>• Preparations underway to spud-in 3<sup>rd</sup> exploration well Unarpur-1 in 2<sup>nd</sup> Quarter of 2018-19.</li> </ul> |

The following key projects were executed in the Company's operated areas:

| Projects                     | Status   |
|------------------------------|--|
| Adhi LPG /NGL Plant III      | Plant in operation and producing on-spec products. Defect Liability period (DLP) was satisfactorily completed on 15th June 2018.   |
| Adhi Gas Compression Project | Detailed engineering and FAT of compressor packages successfully completed. Five compressor packages in transit and expected to arrive at site in September 2018. Installation and commissioning expected to be completed by January 2019. |

|   |   |
|---|---|
| Kandhkot Expansion Project                                    | Debottlenecking of plant and installation, and commissioning of relocated HRL compressors successfully completed in October 2017, enhancing plant processing capacity to 240 MMscfd gas.  |
| 50 MMscfd GPF-II, at Sharf, Gambat South                      | Plant in operation, producing Gas, Condensate and LPG. Overall Defect Liability Period (DLP) completed on 27 <sup>th</sup> January 2018, project closeout in progress.  |
| 60 MMscfd GPF-III at Wafiq, Gambat South                      | Around 62% equipment delivered at site with manufacturing / fabrication of remaining items in different stages. Contractor being pursued to complete construction activities by December 2018.  |
| Relocation of Rehmat Gas Plant to Gambat South GPF-IV         | Construction activities nearing completion with all equipment installed and piping, Electrical & Instrumentation works also nearing completion. Pre-commissioning activities such as hydro-testing of piping and repair / redressal of rotary equipments in progress. First gas from GPF-IV is expected by end of September 2018 while second phase of GPF-IV for further enhancement in production expected to be completed by September 2019. |
| Barite, Lead and Zinc (BLZ) Project, Bolan Mining Enterprises | Metallurgical testing on pilot plant scale in final stage at IMN Lab, Poland. Feasibility Report being prepared by Consultant, DMT, Germany expected to be available by 2 <sup>nd</sup> quarter of 2018-19 to be followed by tendering for processing facility. Purchase order for additional grinding mill to augment existing grinding capacity under issue. Commissioning of additional grinding mill expected by 4th quarter of 2018-19.    |

The following key projects were executed in partner-operated areas:

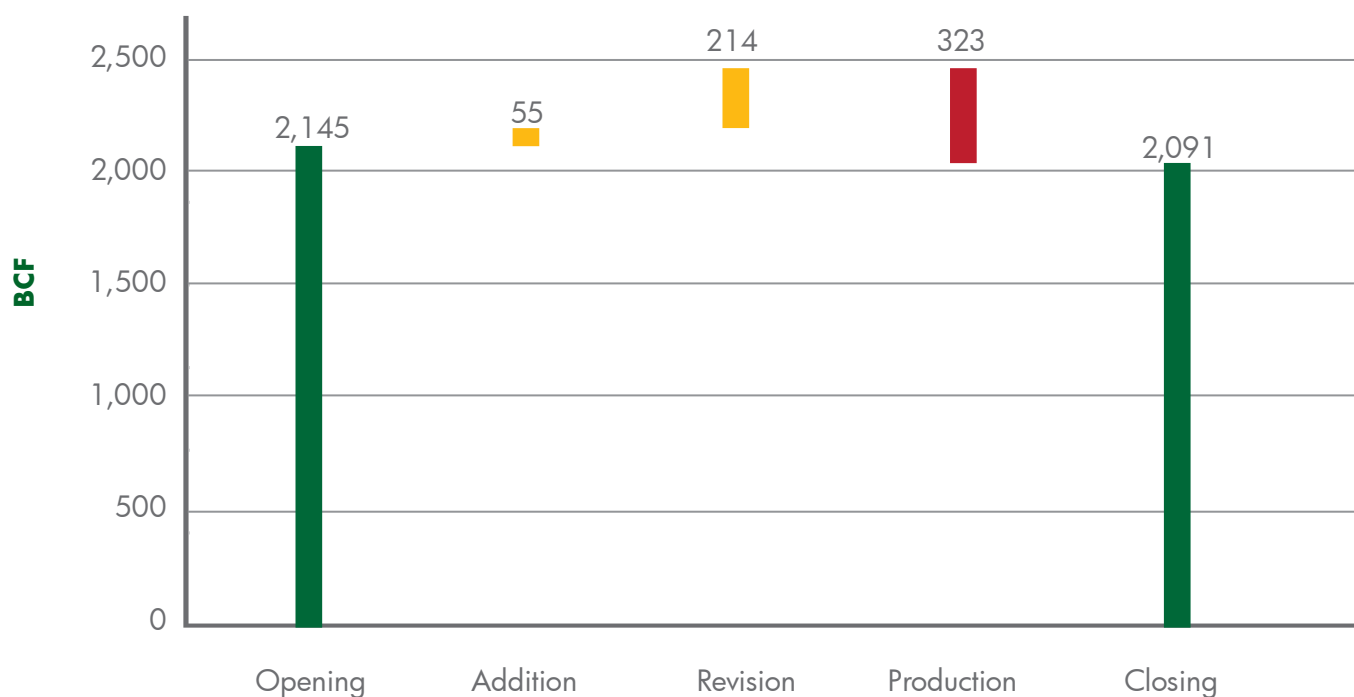
| Projects  | Status   |
|---|--|
| Nashpa Field:<br>EPCC LPG Plant                                   | <ul style="list-style-type: none"> <li>LPG plant commissioned in December 2017 and first LPG recovered in February 2018.</li> </ul>  |
| Tal:<br>Makori EPF Relocation to Tolanj                           | <ul style="list-style-type: none"> <li>Tolanj Processing facility commissioned in December 2017.</li> </ul>  |
| Tal:<br>Makori East Compression                                   | <ul style="list-style-type: none"> <li>Installation of Compressors completed and commissioning activities in progress.</li> </ul>  |
| Tal:<br>Mamikhel Compression                                      | <ul style="list-style-type: none"> <li>Mamikhel wellhead compression commissioned.</li> </ul>  |
| Sawan Gas Field:<br>Revamping of Front End Compression            | <ul style="list-style-type: none"> <li>Sawan FEC revamp completed lowering technical threshold to 30 psig using existing centrifugal compressors.</li> </ul>   |
| Latif Field:<br>De-bottlenecking of Latif-Sawan flow-line project | <ul style="list-style-type: none"> <li>Latif-Sawan debottlenecking project completed.</li> </ul>   |
| Nashpa:<br>Mela Development Project                               | <ul style="list-style-type: none"> <li>Third party feasibility study for development option of LPG recovery underway.</li> </ul>   |
| Kirthar:<br>De-bottle necking project                             | <ul style="list-style-type: none"> <li>Rehman debottlenecking carried out to have uniform capacity of plant to process 40 MMscfd gas.</li> <li>Front-end Engineering &amp; Design study for augmentation of Rehman Processing Facility from 40 to 100 MMscfd in progress.</li> </ul> |

## Reserves Management

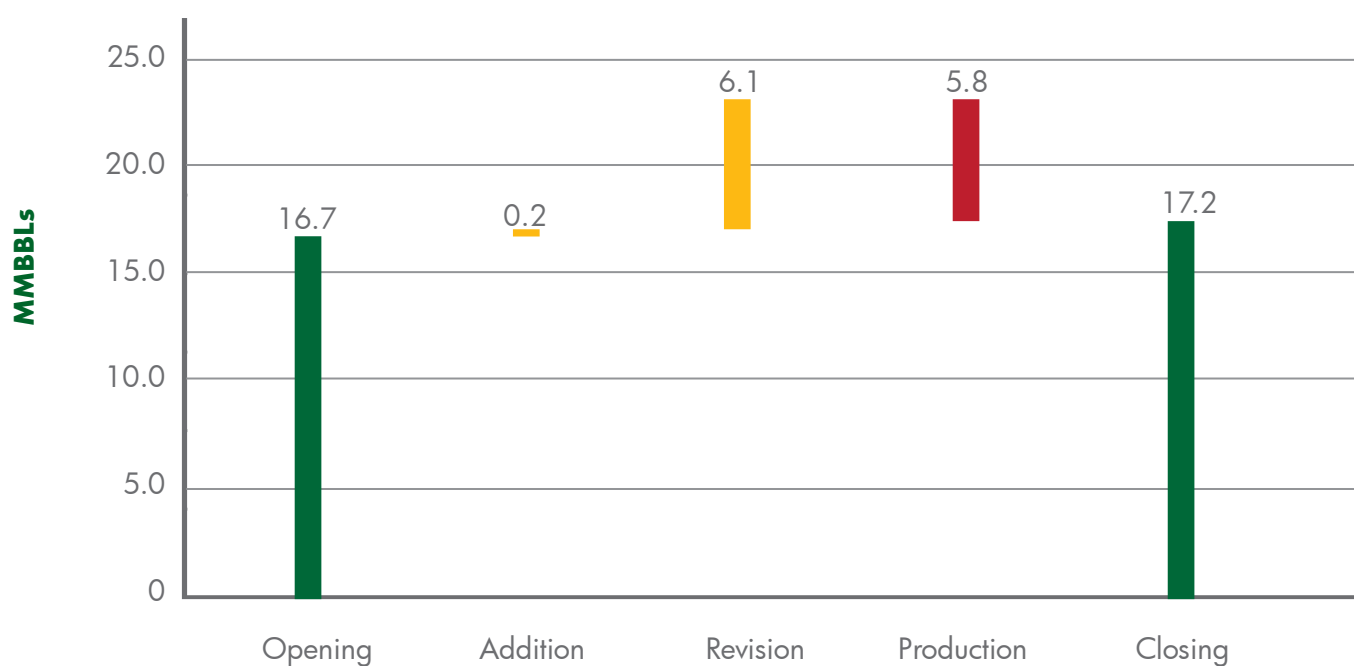
Movement in the Company's net proven (1P) hydrocarbon reserves as of 30<sup>th</sup> June 2018

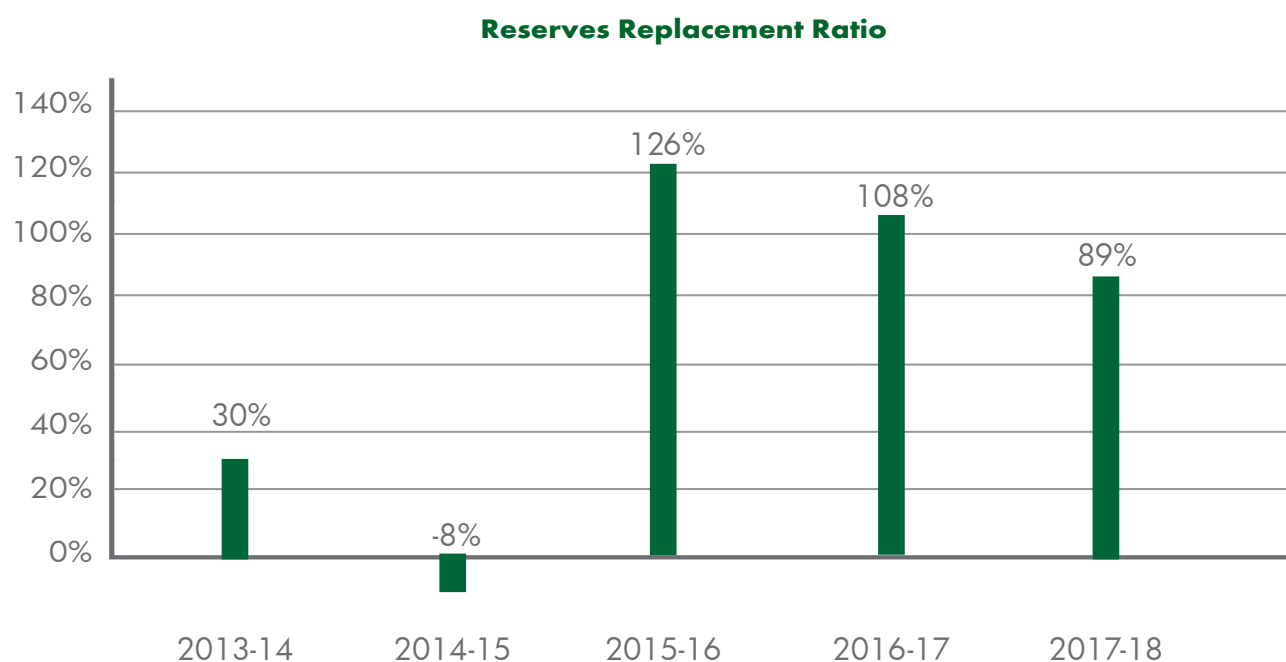
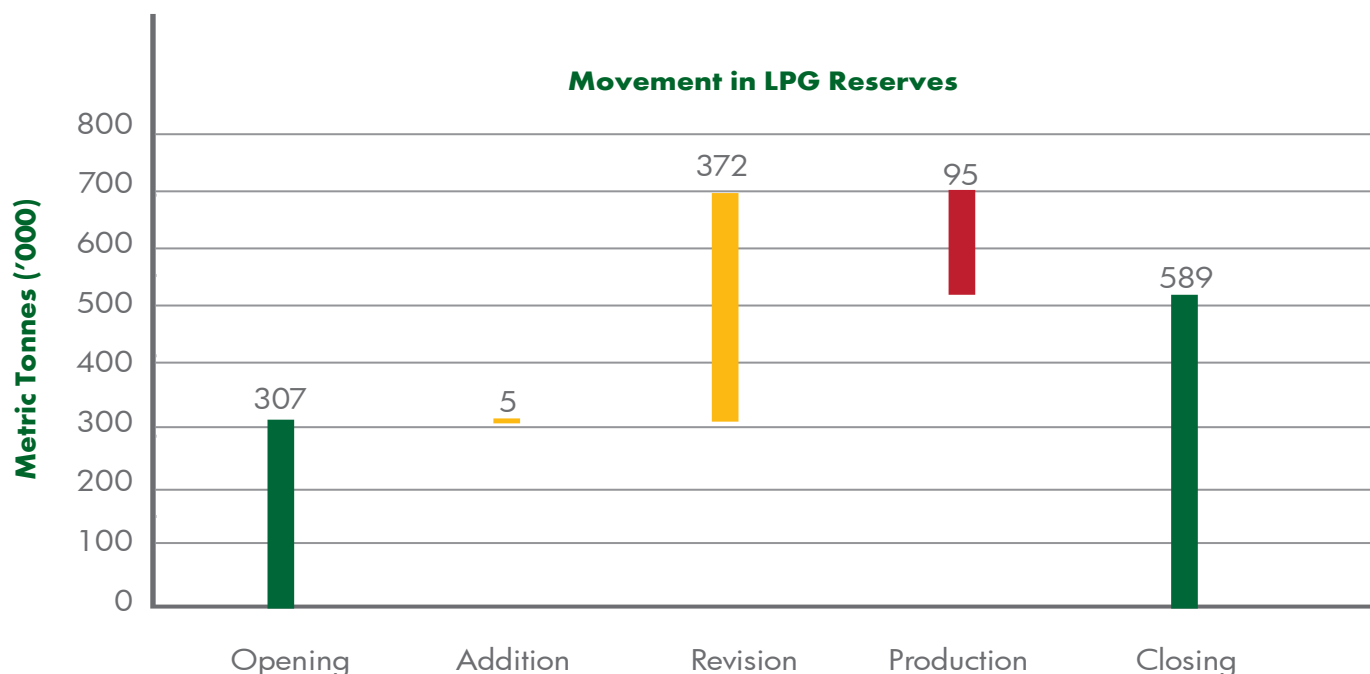
Based on upward reserves revisions, additions and production for the year, the Company's Reserves Replenishment Ratio (RRR) stands at 89 percent, indicating that 89% of the total production for the year has been replaced with additional reserves. The upward revisions have come primarily due to reservoir studies of Sui, Adhi and Nashpa fields while new reserves were confirmed in Zafir and Kandhkot SUL West dome.

### Movement in Natural gas Reserve



### Movement in Oil/NGL/Condensate Reserves





### 5.3 FINANCIAL OVERVIEW

The Directors propose the following appropriations out of the profit for the current year:

|   | 2017-18<br>Rs. Million | 2016-17<br>Rs. Million |
|---|------------------------|------------------------|
| Profit before Taxation  | 63,436.313             | 48,128.675             |
| Taxation  | (17,748.677)           | (12,450.032)           |
| Profit after Taxation   | 45,687.636             | 35,678.643             |
| Unappropriated profit as at 1 <sup>st</sup> July, 2017 / 2016         | 135,971.165            | 110,086.579            |
| Dividend Equalisation Reserve as at 1 <sup>st</sup> July, 2017 / 2016 | 2,535.354              | 5,000.000              |
|   | <b>184,194.155</b>     | <b>150,765.222</b>     |

### Appropriations during the year

- Final dividend for the year 2016-17 on Ordinary shares @ 60% (2015-16: 35%) and Convertible Preference Shares - nil (2015-16: 7.5%)
- Interim dividend for the year 2017-18 on Ordinary shares @ 40% (2016-17: 30%) and Convertible Preference Shares @ 30% (2016-17: 30%)
- Other Comprehensive Income – [re-measurement (losses) and gains]

### Balance as at June 30, 2018 / 2017

| 2017-18<br>Rs. Million | 2016-17<br>Rs. Million |
|------------------------|------------------------|
| (11,830.305)           | (6,901.019)            |
| (7,886.906)            | (5,915.189)            |
| (1,647.331)            | 557.505                |
| <b>162,829.613</b>     | <b>138,506.519</b>     |

### Subsequent Effects

The Board of Directors in their meeting held on 18<sup>th</sup> September 2018, proposed the following:

- Final dividend on Ordinary shares @15% (2016-17: 60%)
- Issue of Bonus shares in proportion of fifteen (15) Ordinary Shares for every hundred (100) Ordinary Shares held i.e. 15% (2016-17: Nil)

|                  |                   |
|------------------|-------------------|
| 2,957.577        | 11,830.305        |
| 2,957.577        | -                 |
| <b>5,915.154</b> | <b>11,830.305</b> |

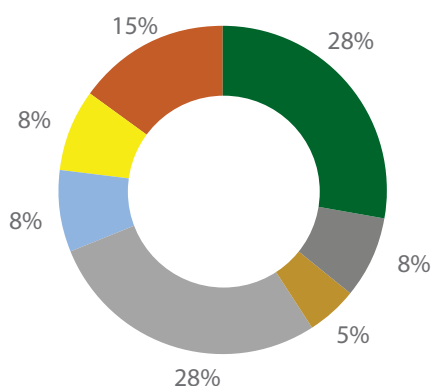
### Sales Revenue

Sales revenue increased by Rs 9,223 million during the current year as compared to the corresponding year. The increase is due to positive variance on account of price (including exchange rate) amounting to Rs 11,968 million, partially offset by negative volume variance of Rs 2,745 million.

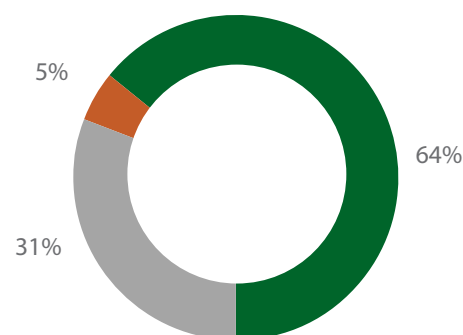
Positive price variance is due to revision in wellhead gas price of Tal (as disclosed in note 26.1.9 to the unconsolidated financial statements for the year ended June 30, 2018), coupled with increase in average international crude oil prices from US\$ 47.67 / bbl in the corresponding year to US\$ 61.50 / bbl during the current year.

A comparison of the Company's share of sales volume from all PPL and partner-operated fields is given below:

Field Wise Sales Revenue (2017-18)



Product Wise Sales Revenue (2017-18)



■ SUI ■ KANDHKOT ■ ADHI ■ TAL ■ NASHPA ■ GAMBAT SOUTH ■ Others

■ GAS ■ Crude oil / NGL / Condensate ■ LPG and Barytes

|                              | Unit          | Year ended<br>30 June 2018 | Year ended<br>30 June 2017 |
|------------------------------|---------------|----------------------------|----------------------------|
| Natural Gas                  | MMCF          | 284,828                    | 288,483                    |
| Crude Oil / NGL / Condensate | BBL           | 5,801,260                  | 5,948,460                  |
| LPG                          | Metric Tonnes | 95,100                     | 81,038                     |
| Barytes *                    | Metric Tonnes | 85,545                     | 39,963                     |

\* Total gross sales volume of baryte powder and baryte ore, made by BME aggregated to 206,921 metric tonnes during the year. After eliminating the sales made by BME to PPL and applying 50% share of PPL, net volume is reported as 85,545 metric tonnes.

### Profitability

Earnings per Share (EPS) of the Company for the current year stood at Rs 23.17 against Rs 18.10 for 2016-17, registering an increase of 28%. The main reasons for higher profitability are increase in sales revenue and other income and decline in other charges and levies, partially offset by increase in operating expenditures mainly under the heads of depreciation and amortisation, plant operations and well interventions.

Increase in other income is due to (i) exchange gain as an outcome of substantial devaluation of Pakistani Rupee against US Dollar (closing exchange rate as at June 30, 2018 stood at PKR 121.6 as compared to the last year's PKR 105) (ii) receipt of signature bonus from UEPL against farm out of Kotri North block and (iii) receipt of late payment surcharge from Asia Resources Oil Limited as per the terms of settlement agreements (explained in note 37.1 of the unconsolidated financial statements for the year ended June 30, 2018).

Decline in other charges is due to recording of impairment loss on investment in wholly owned subsidiary, PPL Asia E&P B.V (PPLA) in the previous year, partially offset by higher charge of WPPF and recognition of provision for windfall levy on Oil / Condensate produced from Tal block, during the current year (explained in note 26.1.9 of the unconsolidated financial statements for the year ended June 30, 2018).

### Liquidity Management and Cash Flow Strategy

A robust investment management framework is in place whereby the detailed financial projections are prepared on a regular basis to ensure availability of funds to meet corporate requirements.

The Company also has an investment committee in place that reviews investments regularly to ensure their alignment with overall investment objectives of the Company.

Overall liquidity position deteriorated during the year but the Company successfully met its capital expenditure obligations through internal sources. Working capital remained under stress on account of continued increase in circular debt related receivables which restricted the translation of top-line growth into the operating cash flows.

### Dividend

The Directors have recommended payment of a final cash dividend of Rs. 1.50 per share, i.e. fifteen per cent (15%), on Ordinary Shares and fifteen per cent (15%) bonus shares (15 Ordinary Shares for every 100 Ordinary Shares) by capitalization of free reserves of the Company. This is in addition to an interim dividend of forty per cent 40% (2016-17: 30%) on Ordinary Shares and 30% (2016-17: 30%) on Convertible Preference Shares distributed during the year.



# Profitability





## Contribution to National Economy

The Company is a significant contributor to the national economy. The Company's share of natural gas, oil and LPG sold from operated and partner-operated fields for the financial year 2017-18 in terms of energy was equivalent to about 155,000 barrels of crude oil per day, resulting in annual foreign exchange savings of around US\$ 3.5 billion, assuming an average crude oil price of US\$ 61.50 per barrel.

The Company added another Rs. 68 billion to the national exchequer on account of income tax, royalties, excise duty, sales tax, GDS, GIDC, WPPF, petroleum levy and dividends, as compared to last year's Rs. 46 billion.

## 5.4 COST EFFICIENCIES

### Operating Costs Review

The Company's aim is to maximise shareholder return through cost optimisation. During the year, the Company maintained its operating costs in Kandhkot and Adhi fields, while enhancing hydrocarbon production from both the fields. In the meantime, Sui field witnessed an increase in operating costs due to the new agreement with Workers' Union during the year. A natural decline in gas production was also observed at Sui during the year. Activities in Gambat South field increased in anticipation of new gas processing plants, resulting in inflated operating costs mainly due to personnel expenditures. The Company's overall operating costs witnessed an increase of around 7% during the year, which was attributed to 13 % increase in operating costs of partner-operated fields as compared to a 4% increase in those of PPL operated fields.

### Efficiencies in Head Office costs

During the year, focus continued on head office cost optimisation by ensuring efficient utilisation of available resources. Cost optimisation was witnessed in external services, manpower development and insurance without compromising on key deliverables. PPL increased its efforts on delivery of robust human capital development programs while CSR activities continued with emphasis on positive impact on society.

## 6. ORGANISATIONAL OVERVIEW

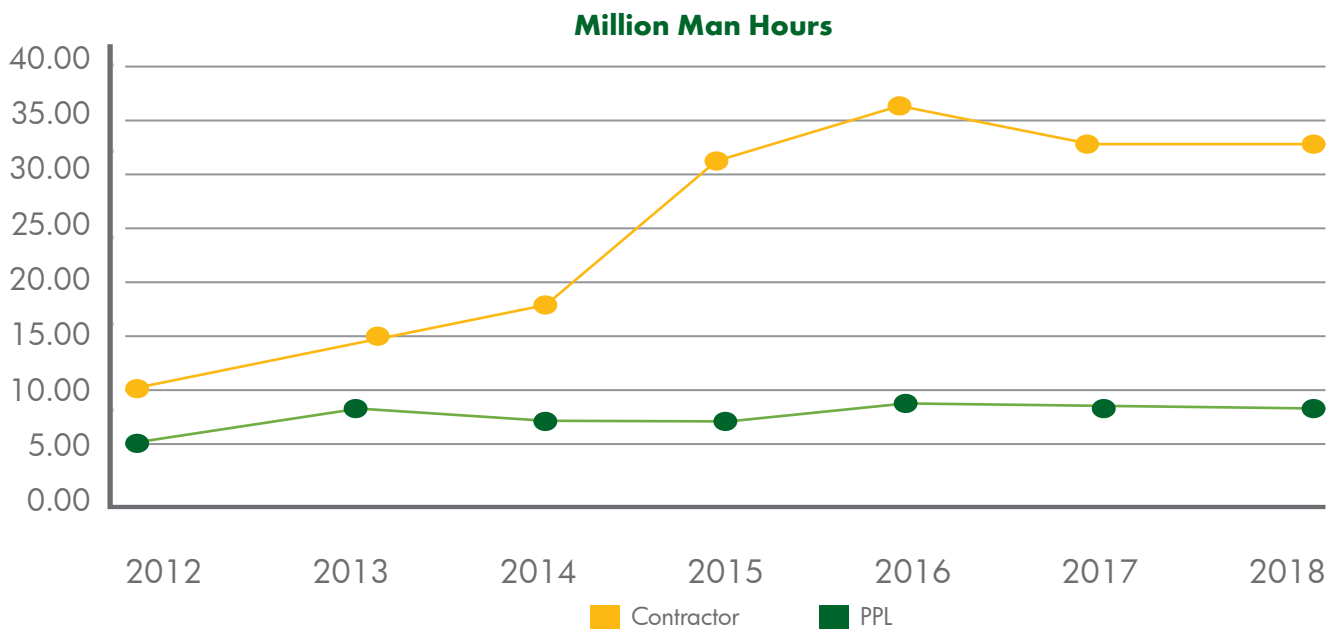
### 6.1. QUALITY, HEALTH, SAFETY AND ENVIRONMENT (QHSE)

#### Occupational Health and Process Safety

QHSE matters are of prime importance in PPL's business planning, strategic decision making and target setting. Accordingly, all levels of management are engaged in execution of QHSE activities at par with operational activities.

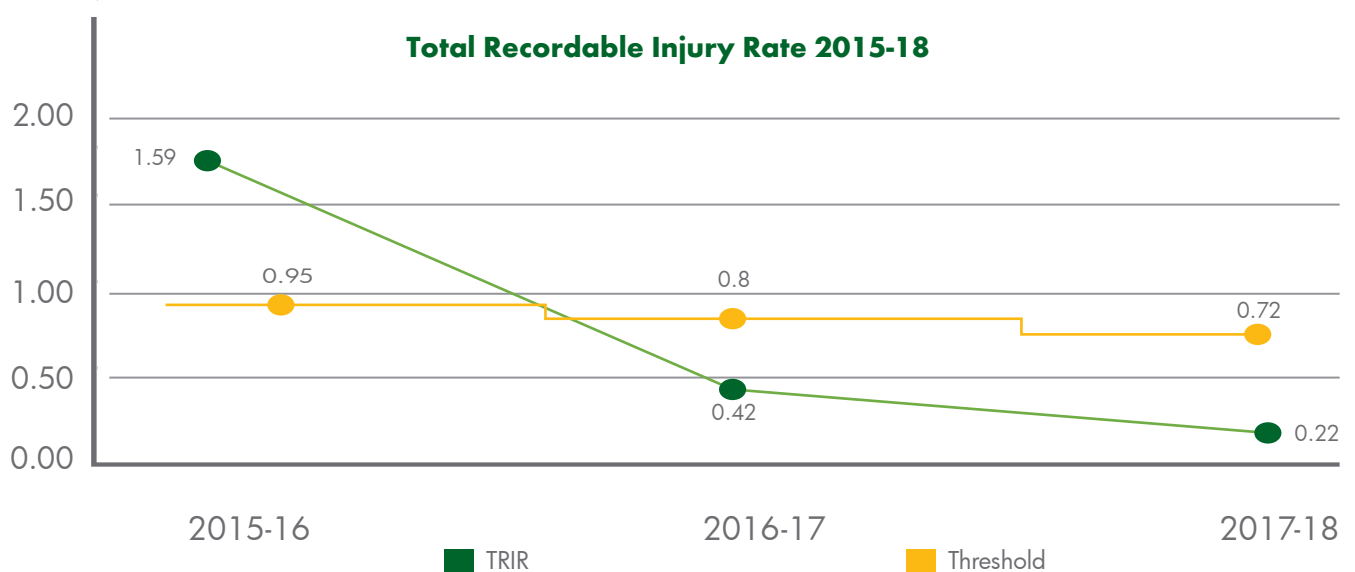
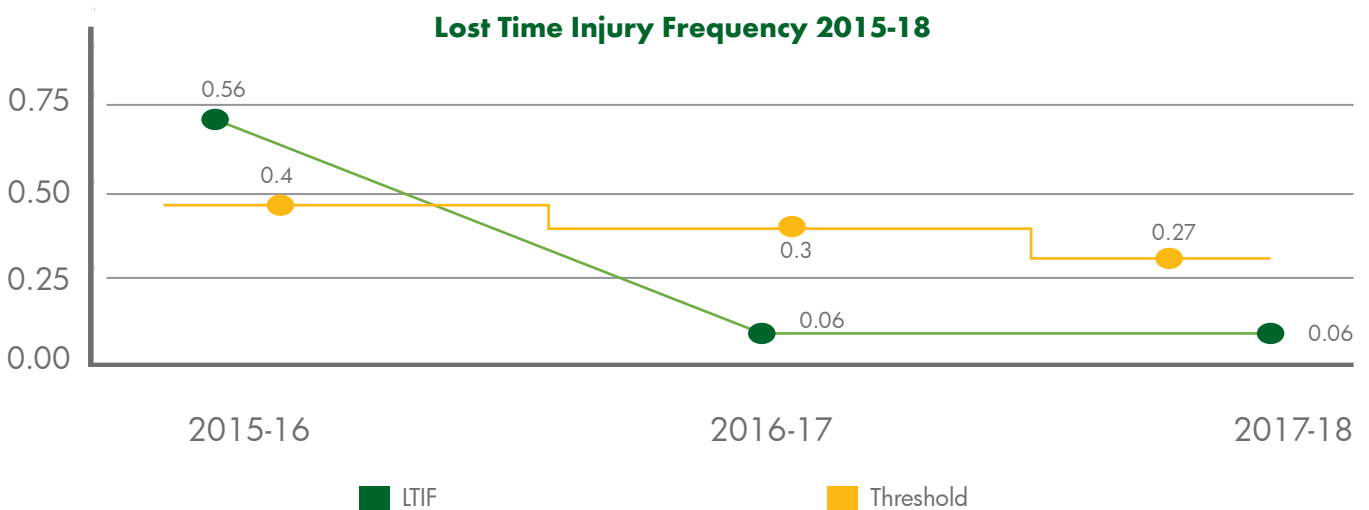
#### Key Performance Indicators

The monitoring mechanism of QHSE performance has improved through automation of QHSE processes. Incident Reporting and Risk Management modules are functional, with introduction of a user-friendly software that is capable of tracking actions and generating HSE statistics dashboard on live basis. Several hands-on training sessions were conducted to catalyze transition from manual processes to use of this software.



Unprecedented rise in total man-hours is evident in the graph owing to increased operational activities. Accordingly, quantum of QHSE activities has also enhanced manifold. It is encouraging to note that 25 Million Safe Man hours were celebrated at Sui, 5 million at Kandhkot and 1 million at Mazarani fields, respectively.

Total Recordable Injury Rate (TRIR) and Lost Time Injury (LTI) Frequency for the company as well as contractors for the past three years are given below:





**QHSE**





All high potential incidents were investigated in depth with involvement of Company's senior management and remedial measures taken immediately to prevent recurrence. A brief description of lost time incidents is provided as follows:

- In an incident at Gambat GPF II Plant on 1<sup>st</sup> November 2017, a contract worker suffered chemical burn injuries during a filter / strainer cleaning job at Amine Reboiler Pumps. The Injured Person (IP) was provided first aid and immediately evacuated to hospital in Karachi for medical treatment and discharged on 6<sup>th</sup> November, 2017 after his condition was stable. Detailed incident investigation report had been circulated after conducting investigation through a senior-level team. Strict monitoring of the action plan implementation was conducted until completion of all actions.
- In another incident at Kalat 2D Seismic Survey in May 2018, a labourer sustained a fracture in left forearm upon falling on the walking track while carrying a water cooler on difficult terrain. Multiple improvement actions were undertaken to avoid recurrence of such incidents.

### Hazards and Near Miss Reporting

Corporate drive to enhance near miss reporting on year-on-year basis continues with the objective to address systemic deficiencies at initial stage before such incidents potentially convert into major accidents.

### Road Transport Safety

Gap assessments were initiated at selected fields in line with comprehensive guidelines on Road Transport Safety Management System (RTMS) promulgated across the Company earlier. Defensive driving training and refreshers continued across the Company. Awareness campaigns were undertaken and a Driving Safety Handbook launched at PPL drilling locations.

A high-level assessment was conducted in coordination with relevant assets to establish current PPL baseline (nature, scope and overall risk documented) in respect of Hydrocarbon Transport on Road. QHSE technical input (laws and standards) incorporated in the ongoing service procurement process for "Crude Oil transportation by road from Adhi Field to ARL Refinery" on behalf of DG Oil.

### Customer Satisfaction and QHSE Certifications

PPL operated fields and selected departments successfully sustained QHSE Management System international certifications: ISO 9001 (Quality), 14001 (Environment) and OHSAS 18001 (Occupational Health and Safety). This provides assurance on availability of QHSE foundations and in-built customer satisfaction processes. Japanese technique of 5S was launched at Adhi drilling sites with encouraging results in housekeeping standards.

### Process Safety (PS)

Process Safety Management (PSM) implementation journey, based on recommendations made by M/s DuPont Sustainable Solutions in PSM Evaluation Study last year, is in progress across three core dimensions: 'Leadership and Culture', 'Competence' and 'Information and Hazard Analysis'.

#### a. Process Safety (PS) Leadership and Culture

##### Leadership Workshops

High-level Leadership workshops were conducted for senior management at head office and fields, enabling them to set a strong QHSE culture at PPL. The effectiveness of the effort is visible in the improved quality of management audits and active participation of staff in PSM activities.

## Management Audits

PPL Senior Management regularly conducts site audits in order to demonstrate safety leadership. Stretched target was achieved during the year, demonstrating management commitment to cultural improvement. In the spirit of continuous improvement, this programme is being remodeled on risk based concept. The Company also intends to introduce theme-based audits for focused intervention at respective fields / sites. Auditors will be given orientation to engage shop floor staff on variety of topics such as road safety, permit to work and personal protectives. This is expected to bring improvement in removing hidden obstacles through team work.

## Behavioural Observation Program

As one of the key deliverables of the PSM journey, PPL launched a 'Behavioural Observation Programme' at Adhi Field on pilot basis. A hybrid approach was adopted, utilising internal resources to the maximum and engaging external local resource where absolutely necessary.

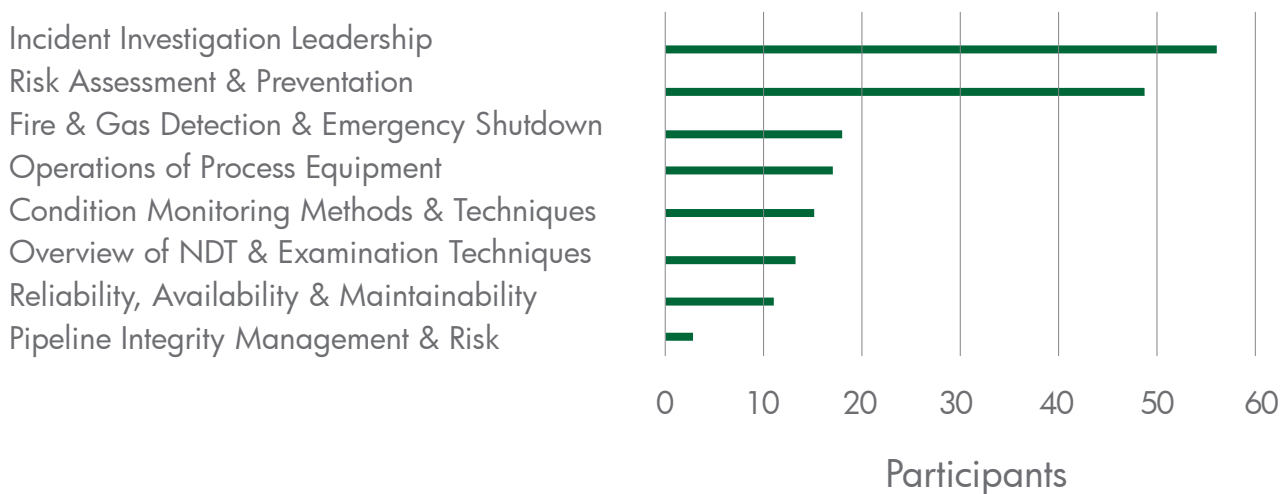
The overall aim is to equip front line supervisors with tools and techniques on how to observe behaviours at workplace, the art of engaging work force through meaningful dialogue and inculcating safety culture by 'walking the talk'. Classroom sessions as well as role plays and coaching methodology were utilized to elevate the programme. It is anticipated that a positive impact of GEC program at Adhi Field will soon be reflected in reducing workplace hazards and potential incidents. This program is planned for extension to other fields in FY 2018-19.

## b. Process Safety Competence

As a result of close coordination among internal stakeholders, a detailed PSM competence framework and skill matrix had been developed. This concerted effort helped in identifying focus areas for target staff in delivering trainings and building organisational capability. QHSE annual training calendar was developed and approved after management scrutiny. Accordingly, multiple sessions were conducted on QHSE Automation Software (Incident and Risk Modules), Process Hazard Analysis (HAZOP and HAZID) and Emergency Response.

Further, process Safety Competence gap assessment was completed at the Head Office and selected fields to form current baseline as per phased plan. Also, a number of events were observed – PSM Week and World Safety Day – at fields and offices to create awareness on fundamentals of process safety. Stakeholders from different fields and departments shared their PSM knowledge through short presentations and discussions. This is a milestone engagement of staff for gaining momentum on Process Safety initiatives. Webinar methodology was also adopted to engage a wider audience in a limited time period.

## PSM Trainings

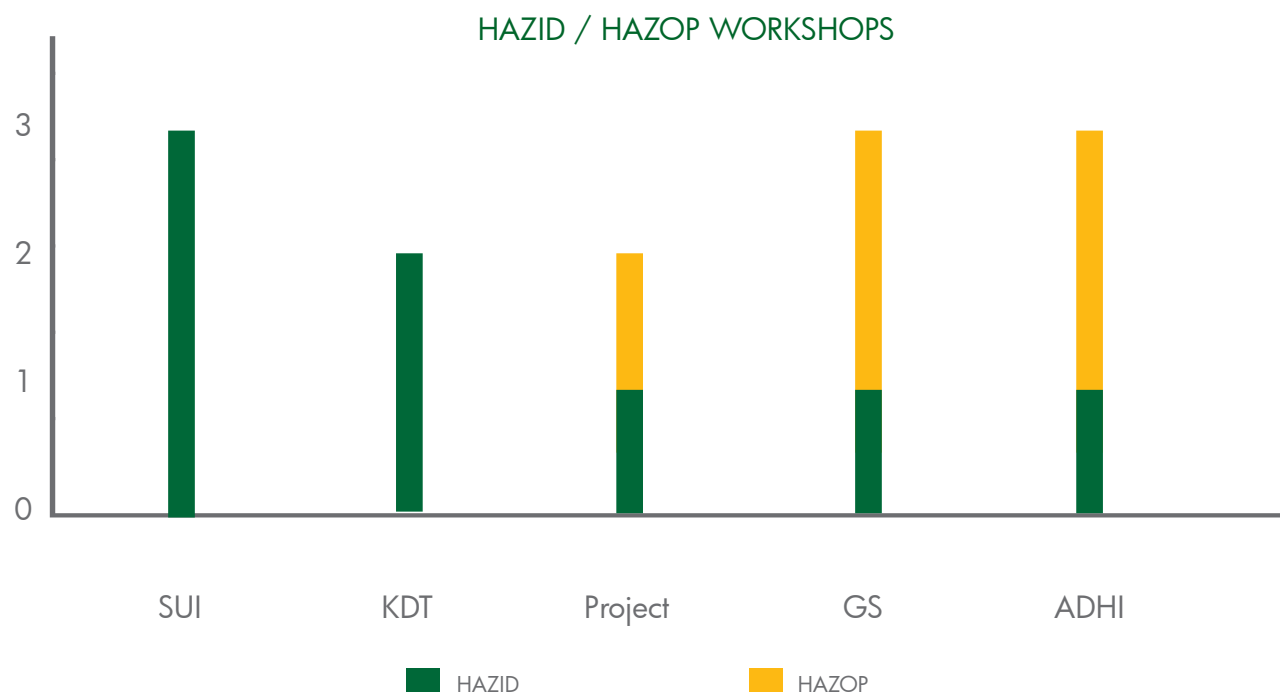




### c. Process Safety Information (PSI) and Hazard Analysis

Risk Module in QHSE automation software comprises of sub-elements such as HAZOP (Hazard and Operability Study), HAZID (Hazard Identification), JSA (Job Safety Analysis) and External Risk (third party assessments). These risk analysis techniques are applied in PPL at various stages of projects and operations. HAZOP study was applied mainly during the design of new projects or modifications at plant, whereas, HAZID was conducted for all field locations as baseline Hazard Identification tool. Most of these studies / workshops were chaired by third party consultants and a few were managed by in-house experts.

Given below is a breakup of HAZID / HAZOP workshops based on data available in QHSE automation software for August 2017 – July 2018:



On the monitoring and inspection front, implementation of phased plan continues in respect of Risk-based Inspection (RBI) studies, Non-intrusive inspection (NII) of critical vessels at operating plants and third party inspections of plant piping. The key prominent activity remained RBI study of Sui Field which concluded in the reporting period through extensive engagement of field and head office staff as well as external consultant.

### Environmental Footprint and Legal Compliance

To comply with legal / statutory requirements, Initial Environmental Examination (IEE) studies were arranged and NOCs acquired for more than 20 projects within set timeline for smooth progress on Company's strategic work plans.

Independent Monitoring Consultants (IMCs) were deployed in seismic, drilling and construction activities for effective monitoring and reporting of compliance against agreed project specific Environment Management plans.

## Contractor Safety

Contractor's Safety is a high-risk area in the oil and gas industry which is recognised as a corporate risk at PPL as well. Since the inception of the Company's aggressive growth plans, there has been an unprecedented increase in contractor activities and associated safety risks. Accordingly, the following key measures were undertaken in general for seismic, drilling and projects contractors:

- Pre Mobilisation Workshops
- Pre Spud Inspections
- Independent Monitoring
- Contractors Trainings
- Regular meetings with Contractor Management at head office for outstanding QHSE issues
- Behavioral Intervention and Modification Program at drilling rigs
- Safety Membership and Safety Captain Programs
- HSE Experience sharing with JV partners
- Publication of Basic First Aid guide

Apart from the above, it is important to mention that PPL maintains combined / inclusive statistics for its own employees as well as contractors. This reflects the management's positive approach in safety ownership at the same level for both PPL-operated as well as contractor-operated work sites.

## Seismic Safety

A variety of challenges were faced and managed during the reporting period. These included working in mountains / hilly terrain, safe handling of explosives, security issues in frontier areas and massive transportation. All risks were controlled through engineering controls and safe work practices, resulting, for instance, in more than 2 Million Safe Kilometers driven without accident. Restoration of work sites was also observed to comply legal requirements.

## Drilling Safety

There are several QHSE initiatives specific to drilling activities which are below:





# People



## Energy Conservation

The Company observed Earth Hour (EH) 2018 to reiterate its support for energy conservation. EH was strictly observed by switching off all non-essential lights and electronic devices at the head and regional offices as well as field locations during the designated hour. As a key national energy provider, PPL stands committed to energy conservation to bridge the widening gap between demand and supply to ensure future energy security for the Country.

## 6.2 HUMAN RESOURCES

### Policies, Procedure & Reward System

The Company believes in providing equal opportunity in recruitment, promotion, rewards, training and career development to all employees. The Company's human resource strategy continues to strive for recruitment, development and retention of high-caliber staff through an enabling corporate environment, competitive remuneration and timely acknowledgement of commitment, initiative and performance.

### Employment

The Company's employment strategy to support aggressive exploration, drilling and production optimization plans continues to capitalise on market conditions and hire seasoned professionals on merit through a transparent and multi-tiered screening process from reputable E&P and other companies.

The Company implemented a merit-based associates scheme for baseline recruitment under which another batch of top-class graduates in different disciplines was inducted as a CSR initiative. This is a two-year on-the-job training opportunity for capacity building of young professional engineers and diploma holders belonging to the Company's producing areas.

### Policies, Procedures and Reward System

- HR played a significant role in supporting the management's drive for organisational transformation. A number of human resource management policies and procedures were streamlined, resulting in simplification, better controls, cost saving and alignment with industry practices.
- The Company reinforced the Pay-for-Performance scheme to promote a culture of merit for recognising and rewarding high performing employees across the board.
- In order to ensure that the Company's remuneration is in line with the market, a comprehensive salary survey of benchmark companies in the oil and gas sector was conducted.
- Cross-functional, inter and intra-locational rotation of staff continues to provide diversified work exposure, better business insight and succession opportunities.
- Staff appraisal system was automated with additional functionality, including self-appraisal, mid-year appraisal utility and manager's review and meetings before final comments, resulting in further improvement in transparency of the appraisal process.

### Major Initiatives in Learning and Development

Our commitment to building a stronger, safer, reliable and more sustainable energy future goes hand-in-hand with our commitment to the people who will make it possible. As we expand our business and geographical reach, our focus on strengthening the talent pipeline and developing a world-class workforce has not wavered.

Through learning from international experts and availability of online courses on our e-learning portal, staff have been provided increased opportunities to develop themselves both technically and professionally. At the same time, focus on QHSE remained a priority with 80 awareness sessions conducted on keeping staff and facilities safe.

Additionally, with an objective to enhance happiness and well-being of our non-management staff, 10 exclusive sessions were conducted at different field locations and head office by internal resources.

### Industrial Relations

Harmonious working environment and cordial industrial relations atmosphere prevailed at all locations of the Company, including Sui Gas Field.

CBA Union Agreement 2015-16 & 2017 on Charter of Demands was amicably concluded and signed on 30<sup>th</sup> April 2018 after several rounds of negotiations between Management and Union.

### Employment of Special Persons

The Company is complying with the mandatory requirement of employment under the special person's quota in accordance with Section 10 of the Disabled Persons (Employment Rehabilitation) Ordinance, 1981, whereby one percent special people are required to be employed.

### Business Ethics and Anti-Corruption Measures

In order to leverage governance as an effective ethics and anti-corruption tool, each employee of the Company is required to go through the Code of Conduct and submit compliance on an annual basis. Key concepts, including honesty, transparency, integrity, ethics, legal standards and disclosure, are incorporated in the code with practical and implementable solutions. This ensures that ethical standards are continuously reinforced for use in real-life applications. Any ethical concerns from our employees or third parties can be clarified through our established communication and reporting channels.

## 6.3 CORPORATE SOCIAL RESPONSIBILITY (CSR)

### Corporate Philanthropy

PPL's Corporate Social Responsibility (CSR) programme dates to the start of its commercial operations in Sui in the 1950s, when the Company established a school for children of workers and local communities. Since then, CSR has been the centerpiece of Company's corporate ethos. The CSR programme includes focus areas such as education, health, infrastructure development, women development and sports for socio-economic uplift of underprivileged communities. The Company works with relevant stakeholders with a dedicated 1.5 percent of its annual pre-tax profit for CSR initiatives, though our actual spending doubles this threshold.

As a responsible corporate entity, PPL remains committed to serving the nation and bringing a positive change in the lives of deserving communities residing in and around its operational areas as well as other parts of the country. As such, the Company engages with relevant stakeholders, including area notables and civil society organisations, to plan and implement projects for meaningful impact in line with local needs, ensuring transparency, reach and sustainability through rigorous on-ground monitoring and evaluation.

To promote social welfare under CSR at the Company's producing areas and urban centres, PPL spent Rs 1,171 million on various social welfare initiatives of mass benefit directly as well as through credible development organisations during 2017-2018.





# Community





During the year under review, the company initiated as well as continued support to several projects around its operational and urban areas. These include scholarship schemes for local students, support to educational facilities catering to children with special needs, provision of free-of-cost healthcare services through mobile medical dispensaries and ophthalmic camps, development, operationalization and upgradation of educational, healthcare and skill development institutions, initiation of potable water supply schemes, roads and other infrastructure projects.

## EDUCATION

PPL believes that investing in education can empower communities. PPL has set up several schools, academic blocks, provided on-ground facilities at schools besides supporting initiatives for specially-abled children. Three PPL-TCF primary schools and one secondary school are running in Kandhkot benefitting almost 600 students.

In addition, the Company ensures underprivileged students access to prestigious institutions of higher education. The PPL-NUST Outreach Programme trained 320 students from FATA and Balochistan to appear in the NUST entry test. Besides, the Company has an extensive scholarship programme awarded to over 300 students around operational areas in Balochistan, districts Kashmore, Sanghar, Kamber-Shahdadt and Tehsil Gujjar Khan. Two students each from Khyber Pakhtunkhwa and Balochistan were funded to finish their graduation at IBA, Karachi under the National Talent Hunt Programme.

PPL Chairs in Petroleum Engineering have been operational at NED University Karachi and Mehran UET Jamshoro to strengthen research and development in the field of petroleum engineering and train human resource for the industry.

The Company provided scholarships, transport and stationary to students besides constructing rooms and ancillary facilities in schools and colleges in its concession areas.

## HEALTHCARE

PPL has continued its efforts to take healthcare to the doorstep of host communities. More than 120,000 patients were provided free-of-cost consultation, treatment and medicine through Sui Field Hospital and PPL Public Welfare Hospital. Other key healthcare initiatives of the company, including mobile dispensaries at Sui, Mazarani, Kandhkot Gas Field and PPL Public Dispensary, Mastala, in District Rawalpindi, have benefitted more than 100,000 patients.

A total of 11 surgical and physical eye camps in areas surrounding production fields of Sui, Kandhkot, Adhi, Kamber-Shahdadt and Sanghar were regularly organised. At OPD, free-of-cost consultation, treatment and medicine and 1,275 surgeries were carried out for cataract removal and over 8,400 patients provided spectacles for near and distant vision.

PPL continued its support to philanthropic urban hospitals, including Thalassemia Hospital at Badin, Indus Hospital, Punjab, Murshid Hospital, Bait-ul-Sukoon Cancer Hospital and Hospice, Lady Dufferin Hospital, Karachi and SIUT for Karachi and Dr. Ruth Pfau's Marie Adelaide Leprosy Center (MALC) at Kandhkot in Sindh and Turbat in Balochistan.

## LIVELIHOOD GENERATION AND RURAL DEVELOPMENT

PPL is supporting 47 students from concession areas to pursue a one-year City and Guilds technical diploma at the Hunar Foundation. In addition, Women Vocational Training Centre at Mastala near Adhi Field as well as Vocational Training Institute and Computer Training Centre and Public Library at Sui Town enable over 850 students to earn their livelihood. The Company also awarded scholarships to 30 disabled students of District Sanghar and Matiari to pursue primary and secondary level education at the Deaf Reach School at Rashidabad being operated by Family Education Services, Pakistan.

## FREE GAS AND WATER SUPPLY

PPL provided free gas and water to Sui Town, besides providing water in the schools and residential areas of districts Kharan, Lasbela and Awaran in Balochistan. Also, potable water for residents of Ghaibi Dero village, District Kambar, Shahdadkot is provided.

## PUBLIC WELFARE AND ENVIRONMENTAL UPGRADATION

PPL Installed Solar Energy System at DHQ Hospital at Kalat, District Kalat and is electrifying 500 households with solar energy in PPL held-interest areas in Balochistan.

## INFRASTRUCTURE DEVELOPMENT

PPL's contribution in infrastructure development comprises construction of roads and bridges in District Kashmore, Sanghar, Lasbela and village Mastala, benefitting communities in terms of comfort and saving time on travel. The Company constructed 2.8-kilometer-long jeepable road at Lohi, District Lasbela, Balochistan and a 5 km road from village Mastala to village Naban Saeeda, District Rawalpindi.

## SPORTS AND CULTURAL ACTIVITIES

Three consecutive seasons of the PPL Balochistan Football Cup 2016, 2017 and 2018 provided a platform for youth from the grassroots level in Balochistan to nurture their talent to form Pakistan Petroleum Limited Football Club (PPL-FC), which received a bronze medal at Pakistan Football Federation's National Challenge Cup (PFF NCC) held in 2018. Five players from PPL-FC have been taken on Pakistan's national football team.

Other notable projects include support to Karachi Literature Festival 2018 organized by Oxford University Press and the Fifth Prime Minister T20 Blind Cricket Championship Trophy 2017 for the specially-abled cricket players.

## STATEMENT OF CSR SPENDINGS

|   | <b>2017-18</b><br><b>Rs million</b> |
|---|-------------------------------------|
| Education   | 246.98                              |
| Healthcare  | 222.42                              |
| Infrastructure Development                            | 10.00                               |
| Water   | 114.60                              |
| Vocational Training and Skills                        | 27.70                               |
| Free Gas  | 373.29                              |
| Funds provided or Social Welfare under PCA obligation | 124.35                              |
| Misc. Donations Sports and Culture                    | 51.24                               |
| Total   | 1,170.58                            |

## 6.4 INFORMATION TECHNOLOGY

The Information Technology function is continuously striving to add business value through industry-leading strategic initiatives and improved service delivery to maximise process automation, organisational performance, agility, and enhance the information security, governance, risk and compliance functions.

SAP ERP has been further strengthened through several business process integrations, providing significant benefits in terms of online reporting, information governance and moving towards a paperless environment. Key functions automated during the year include e-Procurement system, QHSE system, Healthcare Management system, Barcode-based Warehouse Management system, SAP Fiori Mobile Applications and Enterprise Content / Document Management system.

SAP HANA Database Migration project has also been initiated to ensure agility and benefit from latest technology while minimizing operational expenditure.

A new Data Center has been established at Islamabad office to enhance resilience, ensure high availability and support Business Continuity. Disaster Recovery site movement has been initiated from Karachi Office to the new Data Center.

Several technology upgrade projects have been completed this year, including the capacity upgradation of Seismic Data Processing Facility, Petrel Studio Environment for Earth Modeling / Interpretation Projects, Real-time Mud Logs Data Acquisition from Well-sites, Remastering of Unprocessed Seismic Data Tapes and Platform Migration of Production Data Management System.

Regulatory Reporting process automation, which started last year, has been completed for all PPL Assets comprising company-operated and Partner-operated field data with online reporting, collaboration and secured access.

IT Infrastructure and Support Services have been significantly enhanced through implementation of secured and cost-effective Managed Print Services, IP Telephony, Rights Management Services, Dual Factor Authentication and improvements to service delivery through automation of IT help desk facility.

ISO 27001:2013 based Information Security Management System have been successfully implemented. To enhance information security industry-leading technology solutions have been deployed to minimise Information Systems risk. Awareness programmes for all PPL staff are conducted on regular basis to keep abreast of latest threats and preventive measures.

Some of the key projects planned for implementation includes SAP HANA Database migration, Robotic Process Automation and upgradation of IT Service Management system (Remedyforce) in line with ISO/IEC 20001:2011 standards.

## **6.5 BUSINESS CONTINUITY PLAN (BCP)**

### **Business Continuity Plan (BCP)**

To improve resilience of the organisation against disruptive events, a comprehensive Business Continuity Management System (BCMS) is in place. To ensure Business Continuity Management System is in line with Organisational needs, a detailed review and update of Business Impact Assessment (BIA) was carried out in which business critical activities, their impact and resources required to undertake these activities following disruptive event were updated. The BIA update covered Head Office, Karachi, Islamabad and company-operated fields.

## **7. GOVERNANCE AND RISK MANAGEMENT**

### **7.1 GOVERNANCE**

#### **Governance Framework**

##### **Board Committees**

The composition, functions, and Terms of Reference of the Board committees are in the section titled 'Board Committees'.

## Internal Audit

The Company has an independent internal audit function which reports directly to the Board Audit Committee. Internal audit department staff have unrestricted access to all records and information in order to discharge their duties effectively. The scope of internal audit is clearly defined in the Internal Audit Charter which is approved by the Board.

## Board Meetings

There were thirteen meetings of the Board of Directors during the year under review, with an average attendance of 88 percent. Attendance details of respective directors are given in the Annual Report in the section titled "Attendance of Board and Committee Meetings".

## Board Committee Meetings

There were 18 meetings of Board committees during the year under review. The attendance details of the respective members are given in the Annual Report in the section titled "Attendance of Board and Committee Meetings".

## Significant Policies

The following significant policies are in place:

- Car Seat Belt Policy
- Code of Conduct
- Communication Policy
- Enterprise Risk Management Framework
- Exploration and Farm-in/Farm-out Strategy for Sustained Growth
- Human Resource Management Policy
- Incident Reporting Policy
- Investment Management Policy
- Rotation of External Auditors
- Provision of Additional Services by External Auditors
- QHSE Policy
- Sexual Harassment Policy
- Smoking Policy
- Whistle Blowing Policy

## Business Ethics and Anti-Corruption Measures

It is the Company's priority to conduct business with honesty and integrity according to the highest ethical and legal standards. The employees of the Company are required to give an annual compliance certificate in acknowledgement of their understanding and acceptance of the Company's Code of Conduct.

The Company does not discriminate on the basis of race, gender, religion, language, social origin, birth or other status in the recruitment, training or advancement of employees.

## Corporate Governance Initiatives

### Whistle Blowing Policy

The Company is committed to achieving and maintaining the highest standards of integrity, ethical values and accountability. To this end, a whistle blowing policy has been implemented by the Board along with measures for protecting the identity of whistle blowers and maintaining confidentiality in the complaint handling process, thereby enabling all stakeholders to speak up confidently.



## Compliance

The compliance function reporting to the Executive Compliance Management Committee was set up during the year 2016-17. The following milestones with respect to ensuring compliance within PPL have been achieved by the Compliance function during the year 2017-18:

- Creation of a corporate checklist to provide a comprehensive monitoring register mapping the most significant legal obligations of PPL under the applicable laws, rules, codes and regulations.
- Consolidation of PPL's Internal Policies.
- Holding compliance awareness sessions at head office, Islamabad office, Adhi, Kandhkot and Sui fields.
- Updation of sector-specific legal compliance monitoring registers for all exploratory and producing assets.
- Drafting of compliance policy for Board's approval after finalisation by Executive Compliance Management Committee.

## CORPORATE GOVERNANCE

The Board assigns great importance to best practices of good governance and is committed to nurturing a healthy corporate culture and environment, ethical business practices, transparent and reliable financial reporting, opening communication channels with stakeholders and doing business according to the law. The principles of good corporate governance are reflected in the Company's decision making, operating and monitoring processes.

### Composition of the Board

The board is composed of five independent, four non-executive and one executive director.

### Casual Vacancy

Casual vacancies that occurred on the board on 13<sup>th</sup> November 2017 and 16<sup>th</sup> March 2018, due to resignations by Mr. Abid Saeed and Mr. Sabino Sikandar Jalal, respectively, were filled on 10<sup>th</sup> April 2018.

### Directors' Fiduciary Responsibilities and Training

The directors are aware of their duties and strive to discharge them according to the highest standards. Five of the eleven directors are certified under various directors' training programmes.

### Codes of Conduct for Directors and Employees

The Codes of Conduct formulated by the Board for directors and employees set out high standards of professional and ethical behaviour and have been disseminated to directors and employees.

### Recognition of Stakeholders' Interests

The Company recognises and respects the interests of all stakeholders, including shareholders, employees, financiers, creditors, business partners, and local communities, values their views and encourages participation by shareholders in general meetings and values their views.

### Closed Periods and Share Transactions

Closed periods are declared by the Company appropriately prior to board meetings, during which the directors, chief executive officer and other employees of the Company as stipulated by the Code or falling within the threshold set by the board pursuant to the Code cannot, directly or indirectly, deal in the shares of the Company. Share transactions by directors, chief executive officer, chief financial officer, company secretary, and "executives", their spouses or minor children who fall within the threshold set and renewed annually by the Board their spouses and minor children are also disclosed as required.

## Performance Evaluation of the Board and Chief Executive

Pursuant to Rule 8 of the Public Sector Companies (Corporate Governance) Rules, 2013 (the "Rules"), the evaluation of the performance of the Board will be undertaken by the Government of Pakistan.

The performance of the Chief Executive Officer was evaluated by the Board during the year against predetermined operational, tactical and strategic objectives. Pursuant to the revisions in the Rules, the Government of Pakistan will also undertake the evaluation of the performance of the Chief Executive.

## Statement of Compliance with the Code and Rules

The Directors are pleased to state that:

- i. the Board has complied with the principles of corporate governance.
- ii. financial statements prepared by the Company's management present a true and fair view of its state of affairs, results of operations, cash flows and changes in equity.
- iii. proper books of account have been maintained by the Company.
- iv. appropriate accounting policies have been used in the preparation of the financial statements and any changes in accounting policies have been disclosed. Accounting estimates are based on reasonable and prudent judgment.
- v. International Financial Reporting Standards as applicable in Pakistan have been followed in the preparation of financial statements and any departure therefrom has been adequately disclosed and explained.
- vi. systems of internal control are sound in design and have been effectively implemented, regularly reviewed and monitored.
- vii. there are no significant doubts as to the Company's ability to continue as a going concern.
- viii. the reasons for significant deviations from the preceding year's operating results have been explained in the relevant sections of the directors' report.
- ix. key operating and financial data for the last six years is given in the Annual Report in the section titled "Six Years' Summary".
- x. information about outstanding taxes, duties, levies, and charges, is given in the notes to the accounts.
- xi. significant plans and decisions in respect of corporate restructuring, business expansion, and discontinuation of operations have been outlined in the Annual Report. Future prospects, risks, and uncertainties have also been disclosed in the relevant sections of the directors' report.
- xii. the appointment of the Chairman and other members of the Board, the terms of their appointment and remuneration policy, are in the best interests of the Company and in line with best practices.
- xiii. key performance indicators relating to the Company's social objectives and outcomes have been disclosed in the relevant sections of the directors' report.



- xiv. the value of investments in employee retirement funds based on the latest audited accounts as at 30<sup>th</sup> June 2017 are:

|                                   | <b>Rs. Million</b> |
|-----------------------------------|--------------------|
| Senior Provident Fund             | 2,788.874          |
| Junior Provident Fund             | 1,404.610          |
| Executive Staff Gratuity Fund     | 914.219            |
| Non-Executive Staff Gratuity Fund | 871.869            |
| Executive Staff Pension Fund      | 7,246.653          |
| Non-Executive Staff Pension Fund  | 1,888.470          |

- xv. the number of meetings of the board of directors and committees held during the year and attendance by respective members have been disclosed in the Annual Report in the section titled "Attendance of Board and Committee Meetings". Leaves of absence were given by the Board to directors who were unable to attend meetings.
- xvi. directors only receive directors' fees for attending Board and committee meetings. Details of the fees paid to each director are given in the Annual Report in the section titled "Attendance of Board and Committee Meetings". A statement of the pattern of shareholding in the Company as on 30<sup>th</sup> June 2018 of certain classes of shareholders, disclosure whereof is required by the Code and Rules and statements of sale and purchase of shares during the year by the directors, executives, their spouses and minor children, are given in the Annual Report in the section titled "Pattern of Shareholding".

## 7.2 Risk Management

Management is committed to putting risk management at the center of the strategic decision-making process and to this end runs a robust risk management process that traverses through all functions of the Company. This puts the Company at great advantage in achieving its strategic objectives while safeguarding its business, people and reputation.

As part of its role in providing strategic oversight and stewardship, the Board is responsible for maintaining sound risk management and internal control systems through the Board Enterprise Risk Committee (BERC), Risk management is governed through an Executive Risk Management Committee (ERMC), chaired by the CFO with representation from core and support functions, which facilitates uniform implementation of risk management policies and procedures, supporting the drive towards fostering a risk intelligent culture across the Company.

This promotes a culture of risk ownership whereby risk owners at the directorate/functional head level are responsible and accountable for monitoring and managing risks, duly supported by response owners and other participants within the Company.

An effective ERM framework duly approved by the board is in place to provide an organised and comprehensive risk management standard to mandate a consistent approach to managing risk for all activities across the business with clear governance and reporting requirements.

A corporate risk register is prepared, identifying all key enterprise-level inherent risks from the Company's risk universe which are then assessed at both the inherent and residual level to determine the strength of existing controls and mitigation measures.

This year, ERM successfully completed automation of its processes for bringing about greater efficiency and full engagement of stakeholders. The automated solution promises to bring the Company's risk management programme at par with international benchmarks and will enhance ERM's ability of risk analysis. Going forward, risk culture will be the subject of renewed focus with specially designed risk sessions catering to specific requirements of various functions of the Company.

In sum, the company is making impressive progress in maturing its risk management programme.

### Key Risks:

The following table represents the key identified risks which may adversely affect the Company's ability to achieve strategic targets:

| Risk  | Impact  | Existing controls and policies  | Future mitigation plan   | Performance during the year   |
|---|---|---|--|---|
| 1. HSE Failure  | <ul style="list-style-type: none"> <li>Major deviations from standards in PPL operated assets may result in multiple fatalities or serious injuries; environmental damage or pollution, production loss, and asset or reputational damage.</li> </ul> | <ul style="list-style-type: none"> <li>HSE management system.</li> <li>Process safety management system.</li> <li>Mechanical integrity program.</li> <li>HSE internal and external audits.</li> <li>Management audits.</li> <li>Automation of processes related to incident investigation and risk assessment.</li> <li>Behavior modification program.</li> <li>Issuance of guidelines on Road Transport Management System</li> </ul> | <ul style="list-style-type: none"> <li>Continuous implementation of process safety program.</li> <li>High risk contractor's engagement through workshops.</li> <li>Implementation of process gaps identified in road transport safety.</li> <li>Compliance assessment of occupational health protocols.</li> </ul> | <p>LTIs for PPL and contractors remained within limits. The company continues to be committed to highest HSE standards.</p>   |
| 2. Inability to replace reserves or pursue diversified growth initiatives.                        | <ul style="list-style-type: none"> <li>Declining recoverable reserves.</li> <li>Long term business continuity/sustainability.</li> </ul>  | <ul style="list-style-type: none"> <li>Aggressive local exploration program.</li> <li>Re-assessment of existing producing assets for optimization.</li> <li>Tight gas pilot project.</li> <li>Pursue potential areas of diversification including power generation and mining.</li> </ul>   | <ul style="list-style-type: none"> <li>Aggressive pursuit of farm-in opportunities.</li> <li>Participation in bidding round.</li> <li>Determination of commerciality and development plan for tight gas discoveries</li> <li>Pursue drilling of offshore well in POP area.</li> </ul>                              | <p>This year one discovery was made in operated area.</p>   |
| 3. Non-extension/extension at unfavourable terms of mining leases including Sui, Kandhkot & Adhi. | <ul style="list-style-type: none"> <li>Suboptimal recovery of hydrocarbons or pre-mature abandonment of fields.</li> <li>Major outflows for extension of lease.</li> </ul>  | <ul style="list-style-type: none"> <li>Accelerated production at Kandhkot and Adhi.</li> <li>Pursuit of gas price revision case in Kandhkot and Adhi and oil price revision case in Adhi.</li> </ul>  | <ul style="list-style-type: none"> <li>Finalise D&amp;P for Sui</li> <li>Initiation of process for applying of lease extension for Kandhkot</li> <li>Installation of Wellhead Compression for accelerated production at Adhi.</li> </ul>   | <p>The Sui Mining Lease expired on May 31, 2015. A MoA was executed between the GoP and the GoB for grant of D&amp;PL to the Company with effect from June 01, 2015. Pending execution of MoA the GoP has allowed the Company to continue producing from the Sui gas field. For details please refer note 1.3 of the unconsolidated financial Statements for the year ended June 30, 2018.</p> <p>Lease extension strategies have been devised for both Kandhkot &amp; Adhi assets.</p> |

| Risk  | Impact  | Existing controls and policies   | Future mitigation plan   | Performance during the year  |
|---|---|--|--|--|
| 4. Project execution as per defined cost, scope and timelines.                          | <ul style="list-style-type: none"> <li>• Delay in First Gas / commissioning resulting in opportunity loss.</li> </ul> | <ul style="list-style-type: none"> <li>• Formal internal review and risk assessment processes.</li> <li>• Conduct of lesson learned exercises.</li> <li>• Phased implementation methodology for project execution, where possible, to expedite first gas.</li> <li>• Introduction of EPCM model to provide flexibility in major projects.</li> </ul>   | <ul style="list-style-type: none"> <li>• Improvement in contracting and project management strategy for future projects.</li> <li>• Standardisation of contract terms for efficient in project management.</li> </ul>          | During the year two major projects were under execution including GPF-III and GPF-IV in Gambat South that are expected to be completed during 2018-19. |
| 5. Default or delay in settlement of Company's bills by customers due to circular debt. | <ul style="list-style-type: none"> <li>• Adverse cash-flows.</li> <li>• Opportunity loss</li> </ul>                   | <ul style="list-style-type: none"> <li>• Systematic escalation and follow-up at all levels.</li> <li>• Active follow-up for resolution of technical disputes.</li> <li>• Periodic debtor's assessment.</li> <li>• Engagement of public sector companies at the highest level for developing short term, medium term and long-term solution for circular debt and submission of solution to MoE.</li> </ul> | <ul style="list-style-type: none"> <li>• Maintain rigorous follow-up from SOEs at all levels.</li> <li>• Rigorous follow-up for recovery of dues from private sector refineries where company has greater leverage.</li> </ul> | Extensive efforts were made for improvement in overdue balances from both Government and Non-Government customers.                                     |

| Risk   | Impact  | Existing controls and policies  | Future mitigation plan   | Performance during the year  |
|--|---|---|--|--|
| 6. Amendment in PP 2012 resulting in retrospective imposition of WLO in Tal Block. | <ul style="list-style-type: none"> <li>Financial exposure for reversal of revenues booked in Accounts.</li> <li>No gas price incentive in Tal Block under PP 2012.</li> </ul> | <ul style="list-style-type: none"> <li>Applicability of WLO in Tal Block challenged in court of law.</li> </ul>   | Company is pursuing this matter on JV forums.  | <p>Pursuant to legal advice, the Company along with other working interest owners of Tal Block, challenged the Government's notification (SRO) in the Honourable Islamabad High Court (Court) and received a stay order till the next hearing. The case came up for hearing on August 16, 2018, and stay order already in effect was extended till next hearing on October 4, 2018.</p> <p>For details please refer note 26.1.9 of the unconsolidated financial Statements for the year ended June 30, 2018.</p> |
| 7. Decline in crude oil prices.  | <ul style="list-style-type: none"> <li>Lower corporate profitability, adverse project economics.</li> </ul>   | <ul style="list-style-type: none"> <li>Portfolio economics analysis at 5-year plan.</li> <li>Commercial Review of all projects over Rs 500 million before execution.</li> </ul>   | <ul style="list-style-type: none"> <li>Review and optimise project cost for marginal fields.</li> <li>Cost optimisation strategy to enhance field life.</li> </ul> | Crude oil prices were closely monitored on continuous basis along with potential impact on short-term and long-term profitability.   |
| 8. Availability and development of required manpower.                              | <ul style="list-style-type: none"> <li>Skill gaps impacting business performance.</li> </ul>  | <ul style="list-style-type: none"> <li>Development of skills matrix for each discipline and job level.</li> <li>Mentoring programs for senior staff.</li> <li>Asset based structure for greater autonomy.</li> <li>Staff rotation and succession planning.</li> <li>Periodic Employee Engagement Survey.</li> </ul> | <ul style="list-style-type: none"> <li>Develop and monitor action plan based on result of engagement survey</li> </ul>   | Currently turnover of the staff has remained within threshold with attrition rate below 2%.The Company continued to provide focused learning opportunities for development of staff.   |

| Risk  | Impact   | Existing controls and policies  | Future mitigation plan  | Performance during the year   |
|---|--|---|---|---|
| 9. Loss /tampering of critical information.                                       | <ul style="list-style-type: none"> <li>• Loss of sensitive information, damage to reputation and threat of adverse legal/regulatory action.</li> </ul> | <ul style="list-style-type: none"> <li>• Implementation of ISMS policy.</li> <li>• Network based licensing.</li> <li>• Disaster recovery plans and data back-ups.</li> <li>• Third party security audits.</li> <li>• Content Management Policy and E&amp;P Data Management Policy implemented.</li> </ul> | <ul style="list-style-type: none"> <li>• Roll out and implementation of information classification policy.</li> <li>• Access Rights Management in line with Data Classification.</li> </ul> | Information classification policy is under review. Once implemented company's data will be classified accordingly.  |
| 10. Security incidents at locations disrupting operations and exploratory efforts | <ul style="list-style-type: none"> <li>• Potential loss of life or injury, delays in business activity, damage to reputation.</li> </ul>               | <ul style="list-style-type: none"> <li>• Implementation of Hybrid Security Model.</li> <li>• Improved security infrastructure at well sites.</li> <li>• Continuous liaison with LEAs/ Intelligence Agencies.</li> <li>• Improved security arrangement at HO.</li> </ul>                                   | <ul style="list-style-type: none"> <li>• Risk assessment and continuous monitoring.</li> <li>• Bridge security gaps in identified areas.</li> <li>• Stakeholder management.</li> </ul>      | <p>Due to effective handling and improved structure of security, the situation at PPL's locations remained under control.</p> <p>There has been no security incident resulting in loss of life or damage to assets.</p> |

## GROUP PERFORMANCE

Financial statements of the Group reflected increase in consolidated profitability by 32 percent. Group sales revenue was recorded at Rs 126,621 million while profit-after-tax stands at Rs 45,826 million in 2017-18 compared to Rs 117,429 million and Rs 34,699 million, respectively, in 2016-17.

Brief profiles of subsidiary companies are given below:

### PPL Asia E&P B.V.

The Company incorporated this wholly-owned subsidiary, on July 22<sup>nd</sup>, 2013, in Amsterdam, Kingdom of Netherlands. PPLA is an oil and natural gas exploration and production company which currently owns 100 percent working interest in Block 8, Iraq, under the Exploration, Development and Production Service Contract (EDPSC) with Midland Oil Company, Iraq. The Block is managed by PPLA's Iraq branch office registered in Baghdad on February 26<sup>th</sup>, 2014.

### PPL Europe E&P Limited

The Company acquired 100 percent shareholding of MND Exploration and Production Limited on March 21, 2013, a company incorporated in England and Wales. Subsequent to acquisition, the name of the subsidiary was changed to PPL Europe E&P Limited (PPLE).

PPLE currently holds working interest in four exploratory blocks, three of which – Harnai, Ziarat and Barkhan – are in Pakistan, while Block-3 is in Yemen. PPLE also has working interest in one producing field in Pakistan which is Sawan Gas Field.

During the year, PPLE contributed Rs 412 million to the Group's revenue.

### The Pakistan Petroleum Provident Fund Trust Company (Private) Limited

The Pakistan Petroleum Provident Fund Trust Company (Private) Limited was incorporated in Pakistan as a private limited company on November 07, 1955. The company is engaged in administering the trusts formed for the benefit of the employees of the Company.

## Exploration

### PPL Asia E&P B.V.

Block-8, Iraq

- Preparations are underway to drill 1<sup>st</sup> exploration well through IPM.

### PPL Europe E&P Limited

Block 29 - Yemen  
(operator: OMV Yemen)

- PSA terminated; efforts are being made for release of bank guarantee.

Block 3 – Yemen  
(Operator: Total)

- The block is under Force Majeure since 23<sup>rd</sup> April, 2015 due to civil unrest.

Ziarat  
(Operator: MPCL)

- Bolan East-1 exploratory well was spud-in on 22<sup>nd</sup> May 2018 and reached TD in Chiltan formation on 6<sup>th</sup> August 2018.

- Based on encouraging results of logs, the DST-1 was carried out in Chiltan formation. Chiltan formation was successfully tested at 810 bbl/d of 15.6° API oil with FWHP of 134-167psi at 32/64" choke size.
- DST-2 was carried out in Mughalkot/ Moro formation. Mughalkot/ Moro formation was successfully tested at 690 bbl/d of 15.6° API oil with FWHP of 142-158psi at 32/64" choke size.
- Currently PSP in Mughalkot/ Moro formation is in progress.
- The discovery is being further evaluated from commercial perspective.

## 8. POST BALANCE SHEET EVENTS

### Discoveries

Subsequent to year, following discoveries were made by PPL in operated and partner operated blocks:

#### PPL Operated Blocks

- Exploration well Hub X-1 in Hub Block suspended as tight gas discovery. During testing, well flowed 0.08 MMscfd of gas from Upper Goru Carbonates.
- Exploration well 'Badeel X-1 I Gambat South Block, during testing flowed 23.7 MMscfd of gas along with 91 bbl / day of condensate from Lower Goru Massive Deep Sand.
- Exploration well, Yasar X-1 in Kotri Block completed as gas / condensate producer. During testing, well flowed 3.2 MMscfd of gas and 475 bbl / day of condensate from Lower Goru Upper Sand.
- Exploration well Talagang X-1 in Karsal Block, during testing flowed 313 bbls/day along with minor immeasurable gas at 32/64" choke from Chorgali - Sakesar formations. Drilling of deeper formations continued.

#### Partner Operated Blocks

- Well Mela-5 in Nashpa Block tested and completed as gas producer and discovery declared in Samana Suk Formation. Mela-5 stimulation job, resulting in 4 MMscfd and 800 bpd incremental oil from Datta Formation.
- Exploration well Bolan East-1 in Ziarat Block, during testing flowed 810 bbls/day and 690 bbls of oil at 32/64" choke from Chiltan and Moro/Mughalkot formations, respectively.

#### Change in Working Interest - Offshore Indus-G Block

On 6<sup>th</sup> September 2018 DGPC approved application for assignment of 25% working interest ('WI') in the Indus G Block to ExxonMobil E&P Pakistan B.V. Consequently, WI of existing joint venture partners (PPL, ENI & OGDCL) have reduced from 33.33% to 25% each, with effect from 28<sup>th</sup> May 2018.

#### Chief Executive

Mr. Syed Wamiq Bokhari, Chief Executive Officer, resigned as of the end of the financial year and Mr. Saeed Ullah Shah was appointed Chief Executive Officer for a term of three months commencing as of 1<sup>st</sup> July 2018 and ending on 30<sup>th</sup> September 2018 or until the appointment of a new chief executive officer of the Company, whichever is earlier.

#### Directors

Mr. Mohammad Jalal Sikandar Sultan and Mr. Hassan Nasir Jamy respectively resigned as directors on 27<sup>th</sup> August 2018 and 31<sup>st</sup> August 2018 upon their transfers from the Ministry of Energy (Petroleum Division). On 18<sup>th</sup> September 2018 Mr. Mian Asad Hayaud Din was appointed a director in the place of Mr. Mohammad Jalal Sikandar Sultan.



### Auditors

The Company's auditors Messrs. A. F. Ferguson & Co., who retire at the forthcoming Annual General Meeting 2018 are eligible for reappointment for the year 2018-19 and have been recommended by the Board Audit Committee for reappointment.

  
AGHA JAN AKHTAR  
DIRECTOR  
SAEED ULLAH SHAH  
CHIEF EXECUTIVE OFFICER  
AND MANAGING DIRECTOR

Karachi: 18<sup>th</sup> September 2018

# **DIRECTORS' REPORT (URDU)**

- چوتھا دریافتی کنواں یا سر X-1 گیس / انجماد (condensate) کی پیداوار کرنے والے کنویں کے طور پر دریافت کے ساتھ مکمل ہوا۔ جانچ کے دوران کنویں سے گیس کا بہاؤ 3.2 MMscfd اور 475 bbl میہ انجماد (condensate) حاصل ہوا۔
- پہلا دریافتی کنواں تکہنگ X-1 دریافت کے طور پر مکمل ہوا۔

#### شرکت داری کی عملداری کے علاقے

- میل - 5 کی جانچ کی گئی اور اس کی تکمیل گیس پیدا کرنے والے کنویں کے طور پر ہوئی اور اس دریافت کو سٹاسک فارمیشن میں تسلیم کر لیا گیا۔
- بولان ایسٹ-1 میں کھدائی ہوئی اور چٹن فارمیشن سے BBL/D 810 تیل اور مغل کوٹ - مورہ فارمیشن سے BBL/D 690 تیل کی کا بہاؤ ہوا، مزید گہرائی میں کھدائی جاری ہے۔

#### ورکنگ انٹرسٹ میں تبدیلی - انڈس جی بلاک

6 ستمبر 2018 کی ڈی جی پی سی نے 25 فیصد ورکنگ انٹرسٹ ExxonMobil E&P Pakistan B.V کے حق میں منتقلی کی درخواست منظور کر لی، اس نے نتیجے میں موجودہ مشترکہ شرکت داروں (PPL, ENI & OGDCL) کا ورکنگ انٹرسٹ 28 مئی 2018 سے 33.33% کے بجائے 25% فی کس ہو گیا۔

#### چیف اگزیکٹو

کمپنی کے چیف اگزیکٹو جناب سید واثق بخاری اختتام سال پر مستعفی ہو گئے اور بورڈ آف ڈائریکٹرز نے جناب سعید اللہ شاہ کو تین مہینے کی مدت مورخہ 1 جولائی 2018ء سے 30 ستمبر 2018ء کیلئے پانے چیف اگزیکٹو آفیسر / مینیجنگ ڈائریکٹر کی تقرری تک، جو بھی پہلے ہو، کمپنی کا چیف اگزیکٹو آفیسر / مینیجنگ ڈائریکٹر مقرر کر لیا۔

#### ڈائریکٹر

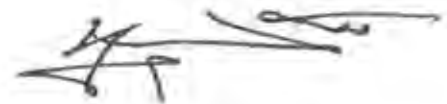
جناب محمد جلال سکندر سلطان اور جناب حسن ناصر جامی بالترتیب مورخہ 27 اگست 2018ء اور 31 اگست 2018ء کو بورڈ آف ڈائریکٹرز کی رکنیت سے مستعفی ہو گئے۔ 18 ستمبر 2018ء کو بورڈ آف ڈائریکٹرز نے جناب میاں اسد حیات الدین کو بطور ڈائریکٹر اپائنٹ کر لیا۔

#### آڈیٹرز

کمپنی کے آڈیٹرز میسرز اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، فارغ ہیں اور سال 19-2018 کیلئے دوبارہ تقرر کے مجاز ہیں۔ بورڈ کی آڈٹ کمیٹی نے فارغ ہونے والے آڈیٹرز کی دوبارہ تقرری کی سفارش کی ہے۔



آغا جان اختر  
ڈائریکٹر



سعید اللہ شاہ  
چیف اگزیکٹو آفیسر اور مینیجنگ ڈائریکٹر

کراچی: 18 ستمبر 2018

## پی پی ایل یورپ ای اینڈ پی لیٹڈ

کمپنی نے 21 مارچ 2013ء کو ایم این ڈی ایکسپلوریشن اینڈ پروڈکشن لیٹڈ کے 100 فیصد حصص حاصل کر لئے جو کہ انگلینڈ اور ویلز میں تشکیل شدہ کمپنی ہے۔ ان حصص کے حصول کے ساتھ ہی، ماتحت ادارے کا نام بدل کر پی پی ایل یورپ ای اینڈ پی لیٹڈ (PPLE) رکھ دیا گیا۔ PPLE فی الحال چار تحقیقی بلاکوں میں کام کے حقوق رکھتی ہے، جن میں تین - ہرنائی، زیارت اور بارکھان - پاکستان میں ہیں، جبکہ بلاک -3 یمن میں ہے۔ PPLE، پاکستان میں ایک پیداواری فیلڈ یعنی ساون گیس فیلڈ کے حقوق رکھتی ہے۔ اس سال کے دوران، PPLE نے گروپ کے محصولات میں 412 ملین روپے کی شراکت کی۔

## پاکستان پیٹرولیم پراویڈنٹ فنڈ ٹرسٹ کمپنی (پرائیویٹ) لیٹڈ

پاکستان پیٹرولیم پراویڈنٹ فنڈ ٹرسٹ کمپنی (پرائیویٹ) لیٹڈ (PPPFTC) کی پاکستان میں قانونی تشکیل بتاریخ 7 نومبر 1955ء عمل میں آئی۔ یہ کمپنی اصل کمپنی / PPL کے ملازمین کیلئے قائم کردہ ٹرسٹ کے انتظام میں مصروف ہے۔

## دریافت کا عمل

| پی پی ایل ایشیاء ای اینڈ پی بی وی    |   |
|--------------------------------------|---|
| بلاک - 8، عراق                       | پہلے تحقیقی کنویں کی بذریعہ آئی پی ایم کھدائی کے انتظامات جاری ہیں۔   |
| پی پی ایل یورپ ای اینڈ پی لیٹڈ       |   |
| بلاک - 29 یمن، (عامل: او ایم وی یمن) | پی ایس اے ختم ہو گیا؛ بینک گارنٹی وائزر کرواھے کی کوششیں جاری ہیں۔  |
| بلاک - 3 یمن، (عامل: ٹوٹل)           | یہ بلاک 23 اپریل 2015ء سے بوجہ عوامی شورش ماورائے تدبیر حالت کا شکار ہے۔  |
| زیارت، (عامل: ایم پی سی ایل)         | <ul style="list-style-type: none"> <li>• بولان ایسٹ - 1 میں کھدائی 22 مئی 2018ء کو شروع ہوئی اور 6 اگست 2018ء کو مطلوبہ گہرائی تک پہنچے۔</li> <li>• حوصلہ افزا نتائج کے باعث چلتن فارمیشن میں ڈی ٹی ایس کیا گیا۔</li> <li>• چلتن فارمیشن کی کامیابی سے BBL / D 810 تیل کی جانچ مکمل ہوئی۔</li> <li>• مغل کوٹ - مورو فارمیشن میں ڈی ٹی ایس 2 کیا گیا اور BBL / D 690 تیل کی جانچ مکمل ہوئی۔</li> <li>• اس وقت مغل کوٹ - مورو فارمیشن میں PSP جاری ہے۔ دریافت کو کاروباری طور پر مزید پرکھا جا رہا ہے۔</li> </ul> |

## 8. ٹیلنس شیٹ بننے کے بعد کے واقعات

### دریافتیں

#### ذاتی عملداری کے علاقے

- دریافتی کنواں جب 1-X کو ٹائٹ گیس کی دریافت سے معطل کر دیا۔ جانچ کے دوران مختلف زونز میں کنویں میں گیس کا بہاؤ 0.02 سے 0.08 MMscfd رہا۔
- دریافتی کنواں بدیل 1-X کی کھدائی دریافت کے طور پر مکمل ہوئی۔ جانچ کے دوران کنویں میں گیس کا بہاؤ 23.7 MMscfd کے ساتھ 91 bbl یومیہ کا انجماد (condensate) حاصل ہوا۔

| <ul style="list-style-type: none"> <li>• حساس معلومات کی گمشدگی / نقصان، شہرت کو نقصان اور قانونی / انضباطی چارہ جوئی کے خطرہ کے منفی اثرات۔</li> </ul> | <ul style="list-style-type: none"> <li>• ISMS پالیسی کا نفاذ</li> <li>• نیٹ ورک کی بنیاد پر لائسنس۔</li> <li>• تباہی سے بحالی کے منصوبے اور ڈیٹا کے تحفظ کے لیے متبادل انتظام (backups)</li> <li>• تیسرے فریق سے تحفظ کے احتساب۔</li> <li>• دستاویزی (Content) کی پالیسی اور E&amp;P ڈیٹا کی انتظامی پالیسی کا نفاذ۔</li> </ul> | <ul style="list-style-type: none"> <li>• نئی معلومات کی درجہ بندی کی پالیسی کا آغاز اور نفاذ۔</li> <li>• ڈیٹا کی درجہ بندی سے ہم آہنگ حق رسائی کا انتظام۔</li> </ul>                   | <ul style="list-style-type: none"> <li>• معلومات کی درجہ بندی کی پالیسی زیر غور ہے۔ ایک مرتبہ نفاذ کے بعد، اس کے مطابق کمپنی کے ڈیٹا کی درجہ بندی کی جائے گی۔</li> </ul>  |
|---|---|--|---|
| <b>خطرہ-10: فیڈز کے مقام پر تحفظ کے واقعات جو آپریشن اور دریافت کی کوششوں میں تھقل ڈالتے ہیں</b>  |   |  |   |
| اثرات   | تدارک کے موجودہ اقدامات اور پالیسیاں  | مستقبل میں تدارک کی منصوبہ بندی  | سال کے دوران کارکردگی   |
| <ul style="list-style-type: none"> <li>• جان کے جانے یا زخمی ہونے کا خطرہ، کاروبار کی سرگرمیوں میں تاخیر اور شہرت کو نقصان۔</li> </ul>                  | <ul style="list-style-type: none"> <li>• ہائبرڈ (Hybrid) سیکورٹی ماڈل کا نفاذ۔</li> <li>• کنوؤں کی مقامات پر بہتر حفاظتی ڈھانچہ۔</li> <li>• عسکری / LEAs / خفیہ معلومات رکھنے والی ایجنسیوں سے مسلسل رابطہ۔</li> <li>• صدر دفتر میں تحفظ کے بہتر انتظام</li> </ul>  | <ul style="list-style-type: none"> <li>• خطرے کا تخمینہ اور مسلسل نگرانی۔</li> <li>• حفاظتی علاقوں میں کی گئی خلا کی نشاندہی کو دور کرنا۔</li> <li>• شرکاء مفاد کی انتظامیہ</li> </ul> | <ul style="list-style-type: none"> <li>• بہتر تحفظ کے ڈھانچے اور بہتر طور پر تحفظ کے معاملات کو دیکھنے سے PPL کے کام کے مقامات پر صورت حال بہت قابو میں ہے۔</li> <li>• یہاں تحفظ سے متعلق کوئی واقعہ نہیں ہوا جس کے نتیجے میں انسانی جان یا اثاثہ جات کا نقصان ہوا ہو۔</li> </ul> |

### گروپ کی کارکردگی

گروپ کی مالیاتی گوشوارے منظم منافع میں 32 فیصد اضافہ ظاہر کرتے ہیں۔ گروپ کے سبز محصولات کا اندراج 126,621 ملین روپے ہے جبکہ سال 2017-18ء کے دوران بعد از محمول منافع 45,826 ملین روپے ہے، بمقابلہ 2016-17ء جب یہ دونوں رقوم بالترتیب 429,117 ملین روپے اور 34,699 ملین روپے ہیں۔

### ذیلی کمپنیوں کا مختصر خاکے (profiles) درج ذیل ہیں:

#### پی پی ایل ایٹیا ای ایٹ پی پی وی

کمپنی نے اس مکمل ملکیتی ماتحت ادارے کو 22 جولائی 2013ء کو ایسٹریڈیم، گنڈم آف ہالینڈ کے مقام پر تشکیل دیا۔ پی پی ایل اے تیل اور قدرتی گیس کی تلاش اور پیداواری کمپنی ہے جو فی الوقت بلاک 8، عراق پر ٹیلینڈ آئل کمپنی، عراق کیساتھ تھنیں، ترقی اور پیداواری سروس کے معاہدہ (ای ڈی ایس پی ایس ڈی) کے تحت 100 فیصد کام کے اختیارات رکھتی ہے۔ اس بلاک کا انتظام پی پی ایل اے کے عراق ذیلی دفتر کے حوالے ہے جو 26 فروری 2014ء سے بغداد میں رجسٹرڈ ہے۔

| میں حوصلہ شکنی   |   |   | اعتراض لگا دیا ہے اور عدالت حکم اگلی پیشی تک کے لیے امتناع جاری کر چکی ہے۔ مقدمے کی پیشی 16 اگست 2018 کو تھی اور حکم امتناع میں 4 اکتوبر 2018 پر اگلی پیشی تک توسیع کر دی ہے |
|--|---|---|--|
| خطرہ -7: خام تیل کی قیمتوں میں کمی                                   |   |   |  |
| اثرات  | تدارک کے موجودہ اقدامات اور پالیسیاں  | مستقبل میں تدارک کی منصوبہ بندی   | سال کے دوران کارکردگی  |
| • کم تر ادراقی منافع بخشی، منصوبوں کی بری معیشت                      | • پورٹ فولیو معیشت کا 5 سالہ منصوبہ کا تجزیہ۔<br>• 500 ملین روپے سے زیادہ کے تمام منصوبوں کا جائزہ  | • کم منافع بخش فیلڈز کا جائزہ اور منصوبے لاگت میں بہتری لانا۔<br>• لاگت میں بہتری لانے کی حکمت عملی تاکہ فیلڈز کی زندگی کی مدت بڑھائی جا سکے۔ | خام تیل کی قیمتوں کی مسلسل بغور نگرانی کی جا رہی ہے کے ساتھ ساتھ اس کے ممکنہ قلیل المدت اور طویل المدت منافع بخشی پر اثرات   |
| خطرہ -8: افرادی قوت کی دستیابی اور ترقی                              |   |   |  |
| اثرات  | تدارک کے موجودہ اقدامات اور پالیسیاں  | مستقبل میں تدارک کی منصوبہ بندی   | سال کے دوران کارکردگی  |
| • کام کرنے کی مہارت میں کمی کاروبار کی کارکردگی متاثر کر رہی ہے      | • ہر نظم و ضبط (discipline) اور کام کی سطح پر مہارت میٹرکس (skills matrix) کی ترویج۔<br>• سینئر عملے کی تربیتی رہنمائی۔<br>• زیادہ خود مختاری کے لیے اثاثہ کی بنیاد پر ڈھانچہ۔<br>• عملے کی تبدیلی اور جانشینی کی منصوبہ بندی | • شمولیت سروے کے نتائج کی بنیاد پر عملدرآمد کے منصوبے کی تیاری اور نگرانی۔  | 2 فیصد کی شرح سے عملے کا کھپنی چھوڑنے کا عمل کی حد کے اندر ہے۔ عملے کی ترقی کے لیے کھپنی سیکھنے کے مواقعوں کی فراہمی پر اپنی توجہ دینا جاری رکھے گی                          |
| خطرہ -9: اہم معلومات کی گمشدگی (نقصان) / معلومات میں دانستہ رد و بدل |   |   |  |
| اثرات  | تدارک کے موجودہ اقدامات اور پالیسیاں  | مستقبل میں تدارک کی منصوبہ بندی   | سال کے دوران کارکردگی  |

| اثرات   | تدارک کے موجودہ اقدامات اور پالیسیاں   | مستقبل میں تدارک کی منصوبہ بندی   | سال کے دوران کارکردگی  |
|---|--|---|--|
| <ul style="list-style-type: none"> <li>• پہلی گیس / کمیڈیشننگ میں تاخیر کا نتیجہ موقع کو گنوا دیا۔</li> </ul> | <ul style="list-style-type: none"> <li>• باضابطہ اندرونی جائزہ اور خطرے کے تخمینے کے طریق عمل۔</li> <li>• سکھے ہوئے سبق کی مشقوں کا انعقاد۔</li> <li>• منصوبے پر عملدرآمد کے لیے مرحلہ وار نفاذ کرنے طریقہ، اور جہاں ممکن ہو پہلے گیس کے لیے جلدی۔</li> <li>• بڑے منصوبوں میں پک فراہم کرنے کے لیے EPCM ماڈل متعارف کروانا۔</li> </ul> | <ul style="list-style-type: none"> <li>• مستقبل کے منصوبوں کے لیے ٹھیکیداری اور منصوبے کی انتظامی حکمت عملی میں بہتری۔</li> <li>• موثر منصوبوں کے انتظام کے لیے ٹھیکے کی شرائط کا یکساں معیار۔</li> </ul> | <p>سال کئے دوران دو بڑے منصوبوں پر عملدرآمد جاری ہے بشمول GPF - III اور GPF - IV گمبٹ جنوبی جس کی توقع ہے کہ وہ سال 2018-19 میں مکمل ہو جائے گا۔</p> |

خطرہ-5: گردشی قرضہ کی وجہ سے کمپنی کے بلوں میں گاہکوں کی جانب نقص یا تاخیر

| اثرات   | تدارک کے موجودہ اقدامات اور پالیسیاں  | مستقبل میں تدارک کی منصوبہ بندی   | سال کے دوران کارکردگی  |
|---|---|---|--|
| <ul style="list-style-type: none"> <li>• برائیکش فلو</li> <li>• موقع کو گنوانا</li> </ul> | <ul style="list-style-type: none"> <li>• اصولی طریقے سے بڑھاوا اور ہر سطح پر جائزہ</li> <li>• فعال طور پر ٹیکنیکی تنازع کے حل کے لیے کوشش۔</li> <li>• قرض دار کا معیادی تخمینہ</li> <li>• گردشی قرضے کی قلیل المدت، وسطی مدت اور طویل المدت حل کے لیے پبلک سیکٹر کمپنیز کے ساتھ اعلیٰ ترین سطح پر رابطہ اور حل جو MoE کے پاس جمع کروانا۔</li> </ul> | <ul style="list-style-type: none"> <li>• SOEs کے ساتھ ہر سطح پر شدت کے ساتھ جائزہ</li> <li>• فنی شعبے کی ریفرنسز سے بتایا جات کی وصولی کے لیے سختی سے تقاضے جہاں کمپنی بہتر پوزیشن میں ہے۔</li> </ul> | <p>دونوں گورنمنٹ اور غیر گورنمنٹ گاہکوں سے بتایا جات کی وصولی کی وسیع کوششیں کی گئیں</p> |

خطرہ-6: 2012 PP کی ترمیم کا نتیجہ ٹل بلاک میں واپس WLO کا نفاذ

| اثرات   | تدارک کے موجودہ اقدامات اور پالیسیاں   | مستقبل میں تدارک کی منصوبہ بندی   | سال کے دوران کارکردگی  |
|---|--|---|--|
| <ul style="list-style-type: none"> <li>• بانگڈاری کا کھاتوں کی کتابوں میں اندراج شدہ کی واپسی کا مالیاتی اظہار</li> <li>• 2012 PP کے تحت ٹل بلاک میں گیس کی قیمت</li> </ul> | <ul style="list-style-type: none"> <li>• WLO کی ٹل بلاک میں اطلاق پذیری پر کورٹ میں اعتراض کریا ہے۔</li> </ul> | <ul style="list-style-type: none"> <li>• کمپنی اس معاملے کو JV فورمس پر بھی اٹھاری ہے۔</li> </ul> | <p>قانونی مشورے کے مطابق، کمپنی نے دیگر کام میں دلچسپی رکھنے والے مالکان کے ساتھ گورنمنٹ کے نوٹیفیکیشن پر معزز عدالت عالیہ، اسلام آباد (عدالت) میں</p> |



| <p>• قابل بحال ذخائر میں کمی</p> <p>• طویل المدت کاروبار کا تسلسل اور جاری رہنے کی صلاحیت</p>  | <p>• جارحانہ مقامی دریافت کے پروگرام</p> <p>• بہتری کے لیے موجودہ پیداواری اثاثہ جات کا دوبارہ تھمینہ</p> <p>• ٹائٹ گیس کا تجرباتی (pilot) منصوبہ</p> <p>• ممکنہ علاقوں میں تنوع (diversification) کی تدبیر کرنا بشمول توانائی کی پیداوار اور کان کنی</p> | <p>• فارم ان (farm-in) مواقعوں کے پیچھے جارحانہ طور پر پیچھے پڑنا</p> <p>• پیشکشوں (bidding) میں حصہ لینا</p> <p>• ٹائٹ گیس کی دریافتوں کا قابل تجارت اور ترقی کا تعین کرنا</p> <p>• POP کے سمندری علاقوں میں کنوؤں کے لیے کھدائی کی کوشش کرنا</p> | <p>اس سال عملداری والے اور POP علاقوں میں تین دریافتیں کی گئیں</p>   |
|--|---|--|--|
| <p>خطرہ-3: کان کنی کی لیز کی ناموفق شرائط پر توسیع کرنا یا توسیع ناکرنا بشمول سوئی، کوٹ ادو اور آدمی فیلڈز</p>                                       |   |  |  |
| اثرات  | تدارک کے موجودہ اقدامات اور پالیسیاں  | مستقبل میں تدارک کی منصوبہ بندی  | سال کے دوران کارکردگی  |
| <p>• ہائڈروکاربن کی زیادہ سے کم پیداوار</p> <p>• (suboptimal) یا چٹنگی سے پہلے فیلڈز سے دستبردار ہونا</p> <p>• لیز کی توسیع میں بڑی رقم کی نکاسی</p> | <p>• رفتار میں تیزی کے ساتھ کندھ کوٹ اور آدمی میں پیداوار</p> <p>• کندھ کوٹ اور آدمی میں گیس کی قیمت کی پر نظر ثانی کیس اور آدمی میں تیل کی قیمت پر نظر ثانی کا کیس کے حل کی جستجو</p>  | <p>• سوئی کے لیے D&amp;P کو حتمی شکل دینا</p> <p>• کندھ کوٹ کی لیز میں توسیع کے لیے درخواست دینے کے طریق عمل کا آغاز کرنا</p> <p>• آدمی پر رفتار میں تیزی کے ساتھ پیداوار کے لیے کنویں ہینڈ کپریشن کی تنصیب</p>                                    | <p>سوئی کی لیز کی مدت 31 مئی 2015 کو ختم ہوگئی</p> <p>GoP اور GoB کے درمیان کمپنی کے لیے D&amp;PL کی منظوری کے لیے ایک MoA طے پایا ہے جو 1 جون 2015 سے مؤثر ہوگا۔ MoA پر عملدرآمد زیر التوا ہے لیکن GoP نے کمپنی کا اجازت دے چکی ہے کہ وہ سوئی گیس فیلڈ سے پیداوار جاری رکھ سکتی ہے۔</p> <p>تفصیلات کے لیے مہربانی کر کے 30 جون 2018 کو اختتام پذیر غیر انضمام شدہ مالیاتی بیان کا یادداشت (note) 1.3 دیکھیں</p> <p>کندھ کوٹ اور آدمی کے اثاثہ جات کی لیز کی توسیع کی حکمت عملی بنائی جا چکی ہے۔</p> |
| <p>خطرہ-4: منصوبوں پر طے شدہ لاگت، دائرہ کار اور پابندی وقت کے مطابق عملدرآمد</p>  |   |  |  |

خود کار حل یقین دہانی کرتا ہے کہ وہ کمپنی کے رسک مینجمنٹ پروگرام کو بین الاقوامی معیار کے ہم پلہ کر دے گا اور ERM کی خطرے کے تجزیے کی صلاحیت میں اضافہ کرے گا۔ آگے بڑھتے ہوئے، خطرے سے نمٹنے کا کلچر تجدید شدہ توجہ کا موضوع ہو گا خاص طور پر ڈیزائن کردہ خطرے کے نشستیں (sessions) جو کمپنی کے مختلف شعبہ جات کی مخصوص ضروریات کو مد نظر رکھتے ہیں۔

مجموعی طور پر کمپنی اپنے رسک مینجمنٹ پروگرام کو پختہ کرنے کے سلسلے میں متاثر کن ترقی کر رہی ہے۔

#### اہم خطرات

مندرجہ ذیل ٹیبل میں اہم شناخت شدہ خطرات کو پیش کرتا ہے جو کمپنی کی ترویجی (strategic) اہداف کے حصول کی کوششوں کو بری طرح متاثر کر سکتے ہیں:

| خطرہ - 1: HSE کی ناکامی  |   |  |  |
|--|---|--|--|
| اثرات  | تدارک کے موجودہ اقدامات اور پالیسیاں  | مستقبل میں تدارک کی منصوبہ بندی  | سال کے دوران کارکردگی  |
| <ul style="list-style-type: none"> <li>PPL کی عملدرآمدی اثاثہ جات کے معیار کے بڑا انحراف کا نتیجہ کثیر تعداد میں ناگہانی اموات، افراد زخمی، ماحولیاتی نقصان، آلودگی پیداوار کا نقصان: اثاثہ یا شہرت کا نقصان۔</li> </ul> | <ul style="list-style-type: none"> <li>HSE کے تدارک کا انتظامی نظام۔</li> <li>طریق عمل (Process) کے تحفظ کا انتظامی نظام۔</li> <li>میکانی سالیٹ کا پروگرام۔</li> <li>HSE کا اندرونی اور بیرونی احتساب</li> <li>انتظامیہ کا احتساب</li> <li>واقعات کی تفتیش اور خطرے کے تخمینے سے متعلق طریق عمل کی خود کاری کا عمل (Automation)۔</li> <li>روبوٹ کی تبدیلی کا پروگرام</li> <li>روڈ پر ذرائع نقل و حمل کے نظام کے رہنمائی کہ ہدایات۔</li> </ul> | <ul style="list-style-type: none"> <li>طریق عمل کے تحفظ کے پروگرام کا مسلسل نفاذ۔</li> <li>زیادہ پر خطر ٹھیکیداروں کی ورک شاپ کے ذریعے شمولیت۔</li> <li>روڈ کے ذرائع حمل کے تحفظ کے طریق عمل میں خلا کا نفاذ۔</li> <li>پیشہ ورانہ صحت کے آداب کے تخمینے کی تعمیل۔</li> </ul> | <ul style="list-style-type: none"> <li>PPL کے لیے LTIs اور ٹھیکیدار حدود میں رہے۔ کمپنی HSE کے بلند ترین معیار کو جاری رکھنے کے لیے پرمزم ہے۔</li> </ul> |
| خطرہ - 2: ذخائر کی تبدیلی یا متنوع نمو کے اقدامات اٹھانے کی نااہلی   |   |  |  |
| اثرات  | تدارک کے موجودہ اقدامات اور پالیسیاں  | مستقبل میں تدارک کی منصوبہ بندی  | سال کے دوران کارکردگی  |

1,404.610

جو نیوز پر اوپنٹ فنڈ

914.219

ایکریکیوٹیو عملے کا گریجویٹ فنڈ

871.869

نان ایکریکیوٹیو عملے کا گریجویٹ فنڈ

7,246.653

ایکریکیوٹیو عملے کا وظیفہ بعد از ملازمت (Pension) فنڈ

1,888.470

نان ایکریکیوٹیو عملے کا وظیفہ بعد از ملازمت (Pension) فنڈ

xvi. سال کے دوران بورڈ کے ناظمین اور کمیٹیوں کے متعدد اجلاس منعقد ہوئے اور معزز ارکان کی حاضری کو سالانہ رپورٹ کے متعلقہ سیکشن بنام "بورڈ اور کمیٹیوں کے اجلاس کی حاضری" میں ظاہر کیا جا چکا ہے۔ بورڈ کے ناظمین نے اجلاس میں غیر حاضر رہنے والوں کو غیر حاضری کی رخصت دے دی ہے۔

xvii. ناظمین بورڈ اور کمیٹیوں کے اجلاس میں شرکت کرنے کی ناظمین کی فیس وصول کرتے ہیں۔ ہر ناظم کو ادا کی جانے والی فیس کی تفصیلات کو سالانہ رپورٹ کے متعلقہ سیکشن بنام "بورڈ اور کمیٹیوں کے اجلاس کی حاضری" میں ظاہر کیا جا چکا ہے۔

xviii. ضابطہ اور رولز کے مطابق، 30 جون 2018 پر، کچھ اقسام کے حصص کنندگان کا کمپنی میں حصص رکھنے کے رجحان کے بیان کو ظاہر کرنا ضروری ہے اور سال کے دوران ناظمین، ایکریکیوٹیوز، ان کے شرکاء حیات اور نابالغ بچوں کی جانب سے کمپنی کے حصص کی خرید و فروخت کے بیانات سالانہ رپورٹ کے متعلقہ سیکشن بنام "حصص رکھنے کا رجحان" میں دیا گیا ہے۔

## 7.2 خطرے سے نمٹنے کی انتظام (Risk Management)

انتظامیہ پر عزم ہے کہ خطرے سے نمٹنے کے انتظام کو حکمت عملی کی فیصلہ سازی طریق عمل (process) کو مرکزی اہمیت حاصل رہے اور اس سمت میں خطرے سے نمٹنے کے انتظام کو ایک مضبوط طریق عمل (process) سے چلایا جائے اور کمپنی کے تمام شعبہ جات کو ساتھ لے کر چلے۔ یہ عمل، کمپنی کو اپنے تزویراتی (strategic) مقاصد کے حصول میں بہت فائدہ دے گا جبکہ یہ اپنے کاروبار، افرادی قوت اور شہرت کا تحفظ بھی کرے گا۔

"بورڈ انٹرپرائز رسک کمیٹی (BERC)" جس کے ذمہ داریوں میں تزویراتی غلطی کی نشاندہی (oversight) اور اس کے حل کرنے کا طریقہ (stewardship) تعین کرنا شامل ہیں، بورڈ اس کمیٹی کے ذریعے سے، اس بات کا ذمہ دار ہے کہ وہ مضبوط خطرے کا انتظام اور اندرونی نگرانی کے نظام کو برقرار رکھے۔ خطرے سے نمٹنے کے معاملات کو ایکریکیوٹیو رسک مینجمنٹ کمیٹی (ERMC) کے ذریعے سے بااختیار طریقے سے چلایا جاتا ہے، جس کی صدارت CFO کرتے ہیں اور جس میں تمام بنیادی اور معاون شعبوں کی نمائندگی ہوتی ہے، جو خطرے سے نمٹنے کی پالیسیوں اور طریق کار کا یکساں نفاذ، تمام کمپنی میں خطرے سے نمٹنے کی ذہانت کے کلچر کو فروغ دینے کی تحریک میں سہولت پہنچانا ہے۔

یہ خطرے کی ملکیت کے کلچر کو فروغ دیتا ہے، جہاں ڈائریکٹریٹ / شعبہ جاتی سربراہ کی سطح پر خطرے کے مالکین، خطرے کی نگرانی اور اس کے انتظام کے ذمہ دار اور جوابدہ ہیں، جس کی معاونت کمپنی کے اندر سے رد عمل دینے والے مالکان اور دیگر حصہ لینے والے کرتے ہیں۔

کمپنی میں بورڈ سے منظور شدہ ایک موثر ERM کا ڈھانچہ موجود ہے جو منظم اور جامع خطرے کو نمٹنے کے انتظام کے معیار فراہم کرتا ہے اور اس کے انتظام کے لیے تمام کاروباری سرگرمیوں پر، واضح نظم و ضبط اور رپورٹنگ کی ضروریات کے لیے یکساں حکمت عملی کے استعمال کرنے کا حکم دیتا ہے۔

ایک اداراتی خطرات کا رجسٹر تیار کیا جا چکا ہے جو ادارے کی سطح پر کمپنی میں موجود خطرات کی دنیا سے تمام فطری اہم خطرات کی نشاندہی کرتا ہے، جس کے بعد فطری اور باقی رہ جانے والی سطح کا اندازہ لگایا جاتا ہے تاکہ ان خطرات کو قابو میں رکھنے کی موجودہ صلاحیت (controls) اور ان کے حل کے لیے کیے جانے والے عمل کی مضبوطی کا تعین کرے۔

اس سال ERM نے کامیابی سے اس کے طریق عمل (processes) کی خودکاری (automation) کا عمل مکمل کیا ہے، تاکہ تمام شرکاء مفاد کی شمولیت (engagement) اور کارکردگی کی صلاحیت (efficiency) میں بہت بہتری لائی جائے۔

کمپنی بورڈ کے اجلاس سے پہلے جب مناسب سمجھتی ہے حصص کی کتابوں کی بندش کی مدت کا اعلان کرتی ہے، جس کے دوران کمپنی کے ناظمین، چیف ایگزیکٹو آفیسر اور دیگر ملازمین جو ضابطہ اخلاق میں بورڈ کے بیان کردہ ذمہ میں شامل درجہ بندی میں آتے ہیں وہ بلواسطہ یا بلاواسطہ حصص کا لین دین نہیں کر سکتے۔ کمپنی کے ناظمین، چیف ایگزیکٹو آفیسر، چیف مالیاتی آفیسر، کمپنی سیکریٹری اور "ایگزیکٹو" جو بورڈ کی متعین کردہ حد میں آتے ہیں، وہ اور ان کے شرکا، حیات اور نا بالغ بچے بھی حصص کے لین دین کو ظاہر کرتے ہیں۔ بورڈ کی جانب سے "ایگزیکٹو" کے لیے طے کی جانے والی حد کا سالانہ جائزہ لیا جاتا ہے۔

#### بورڈ اور چیف ایگزیکٹو کی کارکردگی کا جائزہ

پبلک سیکٹر کمپنیز (کارپوریٹ گورننس) رولز (رولز) کے رول 8 کے مطابق، بورڈ کی کارکردگی کا اندازہ حکومت پاکستان کرے گی۔ سال کے دوران، چیف ایگزیکٹو آفیسر کی کارکردگی کا جائزہ پہلے سے متعین تخفیفی، تدبیراتی (tactical) حکمت عملی کے مقاصد کی بنیاد پر کی جاتی تھی۔ مذکورہ بالا رولز میں ترمیم کے مطابق اب چیف ایگزیکٹو کی کارکردگی کا جائزہ بھی حکومت پاکستان لے گی۔

#### ضابطے اور رولز کی تعمیل کا بیان

ناظمین یہ بیان کرتے ہوئے خوشی ہے کہ:

- i. بورڈ اداراتی نظم و ضبط کی تعمیل کر چکا ہے۔
- ii. کمپنی کی انتظامیہ کی جانب سے تیار کردہ مالیاتی دستاویزات اس کے معاملات، آپریشن کے نتائج، کیش فلو اور ملکیتی سرمایہ (equity) میں تبدیلی کو درست اور منصفانہ طور پر پیش کرتے ہیں۔
- iii. کمپنی نے کھاتوں کی کتابوں کو مناسبت طور سے رکھا۔
- iv. مالیاتی دستاویزات کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو استعمال کیا گیا ہے۔ اکاؤنٹنگ تخمینوں کی بنیاد مناسب اور محتاط اندازے ہیں۔
- v. مالیاتی دستاویزات کی تیاری میں بین الاقوامی اکاؤنٹنگ اسٹینڈرڈز، جو پاکستان میں لاگو ہوتے ہیں، ان پر عملدرآمد کیا گیا اور اس سے انحراف کو مناسب طور پر ظاہر کیا گیا ہے۔
- vi. اندرونی نگرانی کا نظام موجود ہے اور اس کا ڈیزائن مضبوط ہے اور اس کا موثر طور پر نفاذ کیا جا چکا ہے اور اندرونی احتساب (internal audit) اور دیگر طریقوں سے اس کی مسلسل نگرانی ہوتی ہے۔
- vii. کمپنی کے جاری رہنے والے ادارے کے ہونے کی صلاحیت کے بارے میں کوئی اہم خطرہ نہیں ہے۔
- viii. گزشتہ سال کے آپریشن کے نتائج سے اہم انحراف کی وجوہات کو ناظم کی رپورٹ کے متعلق حصے میں بیان کیا جا چکا ہے۔
- ix. گزشتہ چھ سالوں کے آپریشن اور مالیات کے بنیادی اعداد و شمار مختصراً اس سالانہ رپورٹ میں "چھ سالوں" کے خلاصہ کے سیکشن میں شامل ہیں۔
- x. ہتایا محصول، ڈیوٹیز، لیویز اور چارجز کے بارے میں معلومات کھاتوں کی یادداشتوں (notes) میں دی گئیں ہیں۔
- xi. اداراتی تنظیم نو (restructuring)، کاروبار میں توسیع اور آپریشن کو ختم کرنے کے اہم فیصلے سالانہ رپورٹ میں درج کی جا چکی ہیں۔ مستقبل کے مواقع، خطرات اور غیر یقینی ذمیوں کو ناظم کی رپورٹ کے متعلقہ سیکشن میں ظاہر کیا جا چکا ہے۔
- xii. چیئرمین اور بورڈ کے دیگر ارکان کے انتخاب کی شرائط اور مشاہرہ پالیسی کمپنی کے بہترین مفاد میں ہے اور بہترین طور طریقوں کے مطابق ہے۔
- xiii. سماجی مقاصد اور نتائج کو ناظم کی رپورٹ کے متعلقہ سیکشن میں ظاہر کیا جا چکا ہے۔
- xiv. 30 جون 2017 کی احتساب شدہ کھاتوں کے مطابق ملازمین کی بعد از ملازمت (retirement) کے فنڈز کی سرمایہ کاری کی قدر مندرجہ ذیل ہیں:

xv.

روپے ملین میں

2,788.874

سینئر پراویڈنٹ فنڈ

## تقیل (Compliance)

- سال 2016-17 کے دوران تقیل (Compliance) کے عمل کی اطلاع دینے کے لیے، ایکریٹو کیو کیو کمپلائنس مینجمنٹ کمیٹی کا قیام عمل میں آیا۔ سال 2017-18 کے دوران PPL میں تقیل کو یقینی بنانے کے حوالے سے تقیل کا شعبہ مندرجہ ذیل سنگ میل حاصل کر چکا ہے:
- ایک اداراتی نگرانی کی فہرست (checklist) بنائی گئی تاکہ ایک جامع نگرانی کے لیے ایک رجسٹر فراہم کیا گیا اور اس میں موجودہ لاگو قوانین، رولز، قواعد اور ضوابط کا اندراج کیا گیا تاکہ ان کے تحت PPL کے کاروبار سے متعلق انتہائی اہم قانونی اور دیگر ذمہ داریوں کو سمجھنے اور ان پر مناسب طور پر عملدرآمد کیا جاسکے۔
- PPL کی اندرونی پالیسیوں کا انضمام (consolidation)۔
- صدر دفتر، اسلام آباد آفس، آدمی فیلڈ، کندھ کوٹ فیلڈ اور سوئی گیس فیلڈ میں تقیل کی آگاہی کے نشستوں کا انعقاد کیا گیا۔
- تمام دریافتی اور پیداواری اثاثہ جات کی سیکٹر کے لیے مخصوص قانونی تقیل کی نگرانی کے رجسٹر کو تازہ ترین کیا۔
- تقیل کی پالیسی کا مسودہ تیار کیا، جسے ایکریٹو کیو کیو کمپلائنس مینجمنٹ کمیٹی کی جانب سے حتمی شکل دینے کے بعد بورڈ کی منظوری کے لیے پیش کیا جائے گا۔

## اداراتی نظم و ضبط (Corporate Governance)

بورڈ اچھے نظم و ضبط کے پر عملدرآمد کرنے کے لیے بہترین طور سے کام کے طریقوں کو بہت اہمیت دیتا ہے۔ بورڈ صحت مند اداراتی کلچر اور ماحول، اخلاقی کاروبار کی مشقیں (practices)، شفاف اور معتبر مالیت کی اطلاعات کی فراہمی (reporting)، شرکاء مفاد سے براہ راست گفت و شنید کے ذرائع اور کاروبار کو قانون کے مطابق کرنے کے لیے پر عزم ہے۔ اچھے اداراتی نظم و ضبط کے اصولوں کا عکس، کمپنی کے فیصلہ سازی، عملدرآمد اور نگرانی کے طریق عمل میں نظر آتا ہے۔

## بورڈ کی ساخت

بورڈ پانچ آزاد، چار نان ایکریٹو کیو کیو اور ایک ایکریٹو کیو کیو ڈائریکٹرز پر مشتمل ہے۔

## عارضی آسانی (Casual Vacancy)

جناب عابد سعید اور جناب سائینہ سکندر جلال کے بالترتیب 13 نومبر 2017 اور 16 مارچ 2018 کو استعفیٰ دینے سے دو عارضی آسامیاں پیدا ہوئی تھیں اور ان آسامیوں کو 10 اپریل 2018 کو پُر کر دیا گیا تھا۔

## ناظمین (directors) کی مالیت کی ایماندارانہ (fiduciary) ذمہ داریاں اور تربیت

ناظمین اپنے فرائض سے آگاہ ہیں اور اعلیٰ ترین معیار پر پورا کرنے کی کوشش کرتے ہیں۔ گیارہ ناظمین میں سے پانچ، ناظمین کے مختلف تربیتی پروگرامز کے تحت سند یافتہ ہیں۔

## ناظمین اور ملازمین کے لیے ضابطہ اخلاق

بورڈ کی جانب سے ناظمین اور ملازمین کے لیے مرتب کردہ ضابطہ اخلاق پیشہ ورانہ اور اخلاقی رویے کے بلند معیار پر ہے۔

## شرکاء مفاد کے مفادات کو تسلیم کرنے کا عمل

کمپنی اپنے تمام شرکاء مفاد بشمول حصص کنندگان، ملازمین، سرمایہ کار، کاروباری شرکاء اور مقامی سماجی گروہوں، کے مفادات کو پہچانتی اور ان کا احترام کرتی ہے۔ کمپنی حصص کنندگان کے عام اجلاسوں میں ان کے حصہ لینے کے عمل کو سراہتی ہے اور وہاں پر ان کے رائے کو اہمیت دیتی ہے۔

## بندش کی مدتیں اور حصص کا لین دین

زیر جائزہ سال میں بورڈ کے ناظمین (Directors) کے تیرہ اجلاس ہوئے جس میں اوسط حاضری 88 فیصد رہی۔ متعلقہ ناظمین کی حاضری کی تفصیلات سالانہ رپورٹ کے حصہ بنام "بورڈ اور کمیٹی اجلاس میں حاضری" میں درج ہیں۔

#### بورڈ کمیٹیوں کو اجلاس

زیر جائزہ سال میں بورڈ کے ناظمین (Directors) کے اٹھارہ اجلاس ہوئے۔  
متعلقہ ناظمین کی حاضری کی تفصیلات سالانہ رپورٹ کے حصہ بنام "بورڈ اور کمیٹی اجلاس میں حاضری" میں درج ہیں۔

#### اہم پالیسیاں

مندرجہ ذیل اہم پالیسیاں موجود ہیں:

- کار سیٹ ہیلت پالیسی
- ضابطہ اخلاق
- ابلاغ کی (Communication) پالیسی
- انٹرپرائزر سک مینجمنٹ فریم ورک
- دریافتی کام کی فارم ان (Farm-in) / فارم آؤٹ (Farm-out) کی حکمت عملی۔
- انسانی وسائل کی انتظامی پالیسی
- واقعہ ہونے کی اطلاع دینے کی پالیسی۔
- سرمایہ کاری کی انتظامی پالیسی۔
- بیرونی محاسب کی تبدیلی کی پالیسی
- بیرونی محاسب سے اضافی خدمات کی تخصیص (Provision)
- QHSE پالیسی
- جنسی ہراسگی سے بچنے کی پالیسی۔
- تمباکو نوشی کی پالیسی
- خطرے کی اطلاع دینے کی (Whistle Blowing) پالیسی۔

#### کاروباری اخلاقیات اور بدعنوانی کے تدارک کے اقدامات

کمپنی کی کاروبار کرنے کے لیے اس کی بنیادی پالیسی ہے کہ کاروبار ایمانداری، سالمیت اور بلند ترین اخلاقی اور قانونی معیار کے مطابق کیا جائے۔ کمپنی کے ملازمین کے لیے ضروری ہے کہ وہ کمپنی کے ضابطہ اخلاق کی سمجھ کر اور اس کو تسلیم کرنے کے اعتراف کے سلسلے میں انہیں ایک سالانہ تعمیل کا سرٹیفیکیٹ جمع کروائیں گے۔  
کمپنی ملازمین کی نئی بھرتی، تربیت یا ترقی کے سلسلے میں نسل، جنس، مذہب، زبان، سماجی ماخذ (origin)، پیدائش یا دیگر حیثیت کی بنیاد پر کسی قسم کی تفریق نہیں کرتی۔

#### اداراتی نظم و ضبط کے اقدامات

##### خطرے کی اطلاع دینے کی (Whistle Blowing) پالیسی

کمپنی سالمیت، اخلاقی اقدار اور احتساب کے بلند ترین معیار کو حاصل کرنے اور قائم رکھنے کے لیے پر عزم ہے۔ بورڈ کی جانب سے ایک خطرے کی اطلاع دینے کی (Whistle Blowing) پالیسی کا نفاذ کیا جا چکا ہے، خطرے کی اطلاع دینے والے (whistle blowers) کی شناخت کا تحفظ اور شکایت کی تحقیق و تفتیش کے طریق عمل (process) کے دوران رازداری برقرار رکھی جاتی ہے تاکہ تمام شرکاء مفاد (stakeholders) پر اعتماد طریقے سے بات کریں۔



میں مڈ لائگس ڈیٹا (mud lags data) کا حصول، زلزلے سے متعلق غیر پر اس شدہ ڈیٹا شہمی پر دوبارہ عبور (Remastering) اور پروڈکشن ڈیٹا مینجمنٹ نظام کے پلیٹ فارم کے مقام کی تبدیلی کے منصوبے شامل ہیں۔

PPL کی عملداری اور شراکت داروں کی عملداری کی فیلڈز کے تمام اثاثہ جات کے ڈیٹا کی آن لائن اطلاع دینا (reporting)، اشتراک (collaboration) اور محفوظ رسائی کے لیے انضباطی اطلاع کی فراہمی کے طریق عمل (process) کی خود کاری (automation)، کا منصوبہ جو گزشتہ سال شروع ہوا تھا وہ مکمل ہو گیا۔

محفوظ اور موثر لاگت کا انتظام کردہ خدمات، IP کے ذریعے فون پر گفتگو، رائٹس مینجمنٹ کی خدمات، دوئل فیکٹر توثیق (authentication) اور IT کی خود کار معاونت کی ڈیک کی دستیاب سہولت کے ذریعے خدمات کی فراہمی میں بہتری کے منصوبوں کے نفاذ سے IT کا ڈھانچہ اور معاونت کی خدمات بہت حد تک بہتر ہو گئیں ہیں۔

ISO 27001:2013 کی بنیاد پر انفارمیشن سیکیورٹی مینجمنٹ سسٹم کو کامیابی سے نافذ کیا جا چکا ہے۔ انفارمیشن کے نظام سے متعلق خطرہ کو کم سے کم کرنے کے لیے انفارمیشن سیکیورٹی انڈسٹری۔ لیڈنگ ٹیکنالوجی سولیشن کی کارکردگی میں اضافے کے لیے اس منصوبے کو نصب کیا جا چکا ہے۔ PPL کے تمام عملے کے لیے آگاہی کا پروگراموں کا انعقاد پابندی سے کیا گیا تاکہ تازہ ترین خطرات اور ان کے تدارک سے باخبر رہیں۔

ISO 20001/2011 کے معیار کی ضروریات کے مطابق نفاذ کے چند اہم منصوبوں کی منصوبہ بندی کی گئی ہے جن میں؛ HANA SAP ڈیٹا میں کے مقام کی تبدیلی، روبوٹک پراسیس کی خود کاری اور IT خدمات مینجمنٹ نظام کی قدر میں اضافے کے منصوبے شامل ہیں۔

## 6.5 کاروبار کے تسلسل کا منصوبہ (BCP)

ادارے کی کسی انتشار انگیز (disruptive) واقعات کے نتیجے میں ہونے والی خرابی کے بعد دوبارہ ابھرنے کی صلاحیت (resilience) میں بہتری کے لیے ایک کاروبار کے تسلسل کا انتظامی نظام (BCMS) موجود ہے۔ تنظیمی (Organizational) ضروریات کے مطابق کاروبار کے تسلسل کا انتظامی نظام کی کامیابی کو یقینی بنانے کے لیے، کاروبار اثرات کے تخمینے (BIA) کا ایک تفصیلی جائزہ لیا گیا جس میں، انتشار انگیز (disruptive) واقع کے بعد، کاروبار کی انتہائی اہم سرگرمیاں، ان کے اثرات، ان سرگرمیوں کو کرنے کے لیے درکار ضروری وسائل ہیں۔ BIA کی تازہ ترین معلومات صدر دفتر کراچی، اسلام آباد دفتر اور عملداری کی فیلڈز کا احاطہ کرتی ہیں۔

## 7. نظم و ضبط (governance) اور خطرے سے نمٹنے کا انتظام (risk management)

### 7.1 نظم و ضبط

#### نظم و ضبط کا ڈھانچہ

#### بورڈ کمیٹیاں

بورڈ کی کمیٹیوں کی ساخت، فرائض منصبی (functions) اور شرائط و ضوابط "بورڈ کمیٹیوں" کے ناموں کے حصے میں ظاہر ہو رہی ہیں؛

#### اندرونی محاسب (Internal Audit)

کمپنی کے پاس ایک آزاد اندرونی محاسب (internal audit) کا شعبہ ہے جو براہ راست بورڈ کی آڈٹ کمیٹی کو کاموں کے بارے میں اطلاع (reports) دیتا ہے۔ شعبے کی سربراہی ایک جنرل مینجر کرتا ہے جو عملی طور پر کام سے متعلق اطلاعات بورڈ آڈٹ کمیٹی کو دیتا ہے۔ اپنی ذمہ داریوں کو موثر طور پر پورا کرنے کے لیے، اندرونی احتساب کے عملے کو تمام رکارڈز اور معلومات تک بلا روک ٹوک رسائی حاصل ہے۔ اندرونی احتساب کا دائرہ کار بورڈ کے منظور کردہ اندرونی احتساب کے منشور میں وضاحت سے اس کی تعریف بیان کی گئی ہے۔

#### بورڈ کے اجلاس



PPL - بلوچستان فٹ بال کپ 2016، 2017 اور 2018 کے متواتر تین ادوار (seasons) نے بلوچستان میں نوجوانوں انتہائی چلی سطح پر ایک پلیٹ فارم فراہم کر دیا گیا ہے، کہ وہ PPL فٹ بال کلب (PPL-FC) میں شامل ہو کر اپنی صلاحیتوں کو پروان چڑھائیں، PPL-FC پاکستان فٹ بال فیڈریشن کے "نیشنل چیلنج کپ" (PFF NCC) 2018 میں کانسٹی کا تمغہ حاصل کیا اور اس کلب کے پانچ کھلاڑیوں کو پاکستان کی قومی ٹیم میں شامل کر لیا گیا ہے۔

دیگر اہم منصوبوں میں آکسفورڈ یونیورسٹی پریس کے جانب سے منعقدہ "کراچی لیٹرچر فیسٹیول 2018" اور خصوصی ناچنا کرکٹ کے کھلاڑیوں کے لیے پانچویں "پرائم منسٹر T20 بلاسٹڈ کرکٹ چیمپئن شپ ٹرافی 2017 کی معاونت بطور چند اہم چندہ دینے والوں میں سے ایک ادارے کے کی۔

#### CSR اخراجات کا گوشوارہ

| روپے ملین میں |                      |
|---------------|----------------------|
| 2017-18       |                      |
| 246.98        | تعلیم                |
| 222.42        | صحت                  |
| 10.00         | بنیادی ڈھانچاتی ترقی |
| 114.60        | پانی                 |
| 27.70         | ترتیب                |
| 373.29        | مفت گیس              |
| 124.35        | عوامی فلاح و بہبود   |
| 51.24         | کھیل اور ثقافت       |
| 1,170.58      | کل                   |

#### 6.4 انفارمیشن ٹیکنالوجی

انفارمیشن ٹیکنالوجی کا فریضہ (function) ہے کہ صنعتی-برتری کے حکمت عملی اقدامات سے کاروبار کی قدر میں اضافہ کرے اور خود کار طریق عمل (process automation)، تنظیمی (organizational) کارکردگی، مستعدی (agility)، انفارمیشن ٹیکنالوجی کا زیادہ تحفظ، نظم و ضبط (governance)، کاروباری خطرات کی حل پذیری اور تعمیل کے معاملات کو زیادہ سے زیادہ آسان کرنے کے لیے خدمات کی فراہمی کو بہتر کرنے کی مسلسل کوشش کر رہا ہے۔

SAP کے ERP کو مزید مستحکم کیا جا چکا ہے، اس کے لیے متعدد کاروباری طریق عمل (process) کا انضمام (integrations) کرنے کی وجہ سے، آن لائن اطلاع (reporting)، معلومات کے نظم و ضبط اور کاغذ کے کم استعمال کے اقدامات کی صورت میں نظام اہم فوائد فراہم کر رہا ہے۔ سال کے دوران نافذ ہونے والے اہم طریق عمل (processes) میں: e-خریداری کا نظام، معیار، صحت کا تحفظ اور ماحول (QHSE) کا نظام، صحت سے متعلق امور کا نظام، بار کوڈ کی بنیاد پر گودام مینجمنٹ کا نظام، SAP فوری موبائل ایپلیکیشن اور اجزاء / دستاویز کا مینجمنٹ کا نظام شامل ہیں۔

SAP HANA ڈیٹا بیس (Database) کے مقام کی تبدیلی کا منصوبے کا آغاز کیا جا چکا ہے تاکہ مستعدی (agility) کو یقینی بنایا جائے اور جدید ٹیکنالوجی سے فائدہ اٹھایا جائے کے ساتھ عملیاتی (operational) اخراجات کو کم کیا جائے۔

اسلام آباد دفتر میں ایک نیا ڈیٹا سینٹر قائم کیا جا چکا ہے تاکہ دوبارہ ابھرنے کی صلاحیت (resilience) میں اضافہ اور کاروبار کے تسلسل کی معاونت کرے۔ کراچی دفتر سے نئے ڈیٹا سینٹر کا تباہی سے بحالی کے مقام کی منتقلی کا آغاز کیا جا چکا ہے۔

اس سال ٹیکنالوجی کی قدر میں اضافے کے متعدد منصوبے مکمل کیے جا چکے ہیں جن میں زلزلے سے متعلق ڈیٹا پراسسنگ کی سہولت کی استعداد کی قدر میں اضافہ (upgradation)، زمین کی ماڈلنگ / تشریح کے منصوبے کے لیے پیٹرل اسٹوڈیو ماحول کا قیام، کنوئرس کی مقامات سے حقیقی وقت

کمپنی طلبہ کو وظائف، ٹرانسپورٹ اور اسٹینڈری فراہم کرتی ہے اور اس کے علاوہ، مراعات دیے جانے والے علاقوں میں اسکولوں اور کالجوں میں کمروں کی تعمیر کر رہی ہے اور جو سہولیات نہیں ہیں ان کو فراہم کر رہی ہے۔

### صحت سے متعلق علاج معالجے کی امور (Healthcare)

PPL صحت سے متعلق علاج معالجے کی امور کو میزبان سماجی گروہوں کے دروازے تک پہنچانے کی کوششیں جاری رکھی ہیں۔ سوئی فیلڈ ہسپتال اور PPL عوامی فلاحی ہسپتال کے ذریعے 120,000 سے زیادہ مریضوں کو مفت مشاورت، علاج اور دواؤں فراہم کی گئیں۔ کمپنی کے دیگر اہم صحت سے متعلق علاج معالجے کی امور کے اقدامات میں شامل ہیں، سوئی، مزارنی، کندھ کوٹ گیس فیلڈز میں چلتی پھرتے (mobile) دواخانے اور متاثرہ ضلع راولپنڈی میں PPL عوامی ڈسپنسری جن سے 100,000 سے زائد مریض فائدہ اٹھا چکے ہیں۔

سوئی، کندھ کوٹ، آدھی، کشمور، قبیر۔ شہداد کوٹ اور ساگلہڑ کی پیدائشی اور فیلڈز کے اطراف کے علاقوں میں 11 جراحی اور آنکھوں کے علاج کے کیچوں کا متواتر انعقاد کیا جاتا رہا ہے۔ OPD میں مفت مشاورت، علاج اور دواؤں، موتیا بند کے علاج کے لیے 1,275 آپریٹرز کے گئے۔ جبکہ 8,400 مریضوں کو قریب اور دور کے چشمے فراہم کیے گئے۔

PPL نے شہری علاقوں میں خدمت خلق کے ہسپتالوں کی مدد جاری رکھی ہے جن میں تھلہلیہ-میہا ہسپتال بدین، انڈس ہسپتال پنجاب، مرشد ہسپتال، بیت السکون کینسر ہسپتال اور مریض خانہ (hospice)، لیڈی دفرن ہسپتال کراچی، SIUT کراچی کے لیے اور ڈاکٹر رحمہ فاؤمیری ایڈیلڈ لہریسی سینٹر (MALC) جوپ دق (TB)، اندھے پن اور کوڑھ / جزام کی صحت سے متعلق علاج معالجے کے امور کی سہولیات سندھ میں کندھ کوٹ اور بلوچستان میں تربت میں فراہم کرتا ہے، شامل ہیں۔

### ذرائع روزگار کی بحالی اور دیہی ترقی

دیہات کے نوجوان، غربت، پیشہ ورانہ مہارتوں کی عدم دستیابی اور ناخواندگی کے وجہ سے معاشرے پر بوجھ بنتے جا رہے ہیں، اس لیے کمپنی، پسماندہ علاقوں سے 47 طلبہ کی مدد کر رہی ہے کہ وہ ہنر فاؤنڈیشن سے ایک سال کا "سٹی اور گائیڈڈ ٹیکنیکل ڈپلومہ" کریں۔ اس کے علاوہ، آدھی فیلڈ کے قریب متاثرہ میں دو من و کیشل سینٹر کے ساتھ ساتھ ضلع سوئی میں ووکیشنل ٹریننگ انسٹیٹیوٹ اور کمپیوٹر ٹریننگ سینٹر اور عوامی لائبریری کے سبب 850 سے زیادہ طلبہ اپنے لیے روزگار کمانے کے قابل ہو گئے ہیں۔ کمپنی نے، ساگلہڑ اور میاری میں 30 قدرتی طور پر پیدا ہونے والی (گوگنہ اور بہرہ پن) والے طلبہ کا وظائف دیئے ہیں تاکہ وہ ڈیف ریج اسکول، راشد آباد، جس کو فیملی ایجوکیشن سروسز، پاکستان چلا رہی ہے، میں پرائمری اور سیکنڈری سطح کی تعلیم جاری رکھ سکیں۔

### مفت گیس اور پانی کی فراہمی

PPL ضلع سوئی اور اس کے ساتھ بلوچستان کے ضلعوں خاران، سیبلہ اور آوارن کے اسکولوں اور رہائشی علاقوں میں مفت گیس اور پانی فراہم کر رہی ہے۔ اس کے علاوہ مزید فیسی ڈیرو گاؤں، ضلع قبیر۔ شہداد کوٹ میں رہائشیوں کے پینے کے قابل پانی فراہم کیا۔

### عوامی فلاح و بہبود اور ماحولیاتی قدر میں اضافہ (upgradation)

PPL نے ضلع قلات میں قلات کے DHQ ہسپتال میں شمسی توانائی کے نظام کی تنصیب کر دی ہے۔ PPL بلوچستان میں اپنی PPL کے دلچسپی کے علاقوں میں 500 گھروں کو شمسی توانائی کے ذریعے بجلی فراہم کر رہی ہے۔

### بنیادی ڈھانچہ کی ترقی

PPL کے بنیادی ڈھانچہ کی ترقی کے حصہ میں ضلع کشمور، ساگلہڑ اور متاثرہ گاؤں، میں سڑکوں اور پلوں کی تعمیر شامل ہیں جس سے ان علاقوں کے سماجی گروہوں کے لیے آرام اور سفر میں وقت کی بچت کی مد میں فائدہ پہنچ رہا ہے۔ کمپنی نے لوبی، ضلع سیبلہ میں 2.8 کلو میٹر جیپ (Jeep) کے ذریعے سفر کے قابل سڑک اور ضلع راولپنڈی میں متاثرہ گاؤں سے نابان سیدہ گاؤں تک 5 کلو میٹر سڑک تعمیر کی۔

### کھیل اور ثقافتی (cultural) سرگرمیاں

ہے کہ ہمارے اخلاقیات کے معیار حقیقی زندگی میں استعمال کے لیے مسلسل مضبوط ہو رہے ہیں۔ ہمارے ملازمین یا تیسرے فریق کی جانب سے کسی اخلاقی خدشات کی ہمارے تکمیل شدہ کمیونیکیشن اور رپورٹنگ ذرائع کے ذریعے وضاحت کی جاسکتی ہے۔

### 6.3 اداراتی سماجی ذمہ داری (CSR)

#### اداراتی خدمت خلق

PPL کا اداراتی سماجی ذمہ داری کے پروگرام کا آغاز 1950 میں سوئی میں تجارتی آپریشن سے شروع ہوا تھا، جب کمپنی نے کارکنوں اور مقامی سماجی گروہ کے لیے اسکول قائم کیا تھا۔ اس کے بعد سے CSR کمپنی کی اداراتی اقدار کا مرکزی جز رہا ہے۔ CSR کے پروگراموں میں شامل ہیں تعلیم، صحت، بنیادی ڈھانچے کی ترقی، خواتین کی ترقی کے پروگرام اور کھیلوں کی سہولتوں کی فراہمی، جو پس ماندہ سماجی گروہوں کی سماجی - معاشی بہتری کے لیے ہیں۔ CSR کے اقدامات کے لیے کمپنی سالانہ منافع قبل از محصول کے 1.5 فیصد مخصوص فنڈز کے ساتھ، کمپنی متعلقہ شرکاء مفاد (stakeholders) کے ساتھ کام کرتی ہے جبکہ اصل اخراجات اس کا دو گنا ہوتے ہیں۔

ایک ذمہ دار اداراتی ادارہ ہونے کے ناطے، PPL قوم کی خدمت کے پر عزم ہے اور مستحق سماجی گروہ جو عملداری (operational) علاقوں یا اس کے آس پاس رہتے ہیں یا ملک کے دیگر حصوں میں رہنے والوں کی زندگیوں میں ایک مثبت تبدیلی لارہی ہے۔ اس سمت میں، کمپنی بلاواسطہ یا بلا واسطہ، تعلیم، صحت، ذریعہ معاش یا اس کے ذرائع کا پیدا کرنا، سہولیات کے بنیادی ڈھانچے کی ترقی کے سلسلے میں چھ دہائیوں سے زیادہ کی مدت میں سرمایہ کاری کر چکی ہے۔ اس طرح سے، کمپنی متعلقہ شرکاء مفاد بشمول معززین اور سول سوسائٹی کے اداروں کے ساتھ مل کر مقامی ضرورتوں کو مد نظر رکھ کر منصوبہ بندی اور منصوبوں کا نفاذ کرتی ہے تاکہ اس کے با معنی اثرات ہوں اور ان کاموں کے مقامات نگرانی اور ان کے اثرات کے اندازوں کے ذریعے اس عمل میں شفافیت، رسائی اور اس کا تسلسل کو یقینی بنایا جاتا ہے۔

سال 2017-18 کے دوران، CSR پورٹ فولیو کو مزید مستحکم کرنے کے اور پسماندہ لوگوں تک اس کے فوائد پہنچانے کے لیے، کمپنی نے اداراتی چندہ (corporate donations) پر گرام کی مد میں 1,171 ملین روپے کے اخراجات معیاری صحت، تعلیم، روزگار پیدا کرنے کی استعداد بڑھانے والے کام اور کھیلوں اور کلچر کے فروغ کے لیے معتبر ترقیاتی اداروں کے ساتھ مل کر کرے۔

زیر غور سال میں کمپنی نے کمپنی کی عملداری کے اور شہری علاقوں میں متعدد منصوبوں کا آغاز کیا اور ان کی معاونت جاری رکھی۔ ان میں مقامی طلبہ کے لیے وظیفہ کی اسکیمیں، بچوں کی خصوصی ضروریات کی تعلیمی سہولیات کی معاونت، موبائل طبی دواخانے کے ذریعے مفت صحت سے متعلق خدمات کی تنصیص (provision)، آنکھوں کی بیماریوں سے متعلق علاج کے کیسپس، ترقی، تعلیم، صحت اور کام سے متعلق مہارتوں کی ترویج کے اداروں کو کام کے قابل بنانا اور ان میں بہتری لانا، قابل استعمال پانی کی فراہمی کی اسکیموں کا آغاز، سڑکیں اور دیگر بنیادی ڈھانچوں کے منصوبے میں شامل ہیں۔

#### تعلیم

PPL یقین رکھتی ہے کہ تعلیم میں سرمایہ کاری سماجی گروہوں کو خود مختار بنا سکتی ہے۔ PPL متعدد اسکولز، تعلیمی بلاکس بنا چکی اور اسکولوں میں بنیادی سہولیات فراہم کرنے کے علاوہ خصوصی بچوں کی مدد کا آغاز کر رہی ہے۔ تین TCF-PPL پر انٹری اسکولوں اور ایک سینکڑی اسکول کندھ کوٹ میں چل رہا ہے جس سے 600 بچے مستفید ہو رہے ہیں اور یہ کوشش اس بات کو یقینی بناتی ہے کہ پسماندہ طلبہ اعلیٰ تعلیم کے معروف اداروں تک پہنچیں۔ اس طرح سے فانا اور بلوچستان کے 320 طلبہ کو PPL-NUST تک رسائی کے لیے تربیت دی تاکہ وہ NUST میں داخلہ ٹیسٹ دیں۔ اس کے علاوہ، کمپنی ایک جامع وظیفہ کا پروگرام بھی چلا رہی ہے جس میں اس نے اپنے عملداری کے علاقوں؛ ضلع کشمور، ساگر، قمبر - شہداد کوٹ اور تحصیل گجر خان میں 300 طلبہ کو وظائف دیے ہیں۔ بلوچستان اور خیبر پختون خواہ کے دو دو طلبہ نے "قومی ٹیلنٹ - ہنٹ پروگرام" کے تحت نے اپنی تعلیم IBA کراچی سے مکمل کی۔ پیٹرولیم انجینئرنگ میں PPL چیئرمین NED یونیورسٹی، کراچی اور مہران UET، جام شورو میں کام کر رہی ہیں تاکہ پیٹرولیم انجینئرنگ میں تحقیق اور ترقی کے کام کو مستحکم کریں اور صنعت کے لیے انسانی وسائل کو تیار کریں۔

- قابلیت کی کلچر کو فروغ دینے اور بلند کارکردگی دکھانے والے ملازمین کی شناخت اور انعام دینے کے لیے "کارکردگی پر تنخواہ" کی اسکیم کو مضبوط کیا۔
- کمپنی نے تیل اور گیس کے سیکٹر کی معیاری کمپنیوں میں ایک جامع تنخواہ کا سروے کروایا تاکہ اس بات کو یقینی بنایا جائے کہ کمپنی کا مشاہرہ ملازمت کی منڈی کے مطابق ہے۔
- عملے کی کراس فنکشنل (cross functional)، شعبے اور شعبے باہر کے مقامات پر تعیناتی کا عمل جاری ہے تاکہ متنوع اقسام کے کاموں سے آگاہی، بہتر کاروباری دوراندیشی اور جانشینی کی منصوبہ بندی ہو سکے۔
- عملے کے تشخیصی (appraisal) کے نظام کو SAP کے ذریعے خود کار کرنے کے ساتھ ساتھ، اس کی فعالیت میں اضافہ بشمول اپنی ذاتی تشخیص، ششماہی تشخیص اور مینجر کے مینجر کا جائزہ اور حتیٰ التمرہ کرنے پہلے اس شخص سے اجلاس کا نتیجہ تشخیص کے طریق عمل (process) کی افادیت اور شفافیت میں مزید بہتری آئی۔

### سکھانے اور ترقی میں بڑے اقدامات

ہمارا ملک کے مضبوط، محفوظ، معتبر اور پائیدار توانائی کے مستقبل کی تعمیر کا عزم ہمارے لوگوں کے ساتھ ہے، جو اس کو ممکن بنائیں گے۔ جوں جوں ہم اپنے کاروبار اور جغرافیائی رسائی میں توسیع کر رہے ہیں، ہماری توجہ فطری استعداد (talent) کی پائپ لائن کو مضبوط کرنے پر اور عالمی معیار کی افرادی قوت تیار کرنے پر غیر متزلزل ہوتی جا رہی ہے۔

بین الاقوامی ماہرین سے سیکھنے کے ذریعے اور ہمارے ای۔ لرننگ پورٹل پر دستیاب آن۔ لائن کورسز سے ہمارے عملے کو سیکھنے کے زیادہ مواقع فراہم کئے جاتے رہے ہیں تاکہ وہ اپنے آپ کو تکنیکی اور پیشہ ورانہ طور پر تیار کریں۔ اس کے ساتھ ہی ہماری QHSE پر توجہ و ترجیح رہی اور عملے اور سہولیات کو محفوظ رکھنے کے لیے 80 آگاہی کی نشستوں کا انعقاد کیا جا چکا ہے۔ ہمارے غیر انتظامی عملے کی خوشی اور بہبود میں اضافے کے مقصد سے، اضافی 10 خصوصی نشستوں کا مختلف فیلڈز کے مقامات پر اور صدر دفتر میں انعقاد کیا گیا جس کے لیے اندرونی وسائل استعمال کئے۔

ہمارے تسلسل سے ہونے والے سینئر لیڈر شپ پروگرامز، کمپنی کی ترقی کے سفر کا حصہ ہیں جو ہمارے قائدین کے لیے ہے کہ وہ PPL کو اس کے مقاصد کے حصول کی جانب لے کر جائیں، اور تنظیمی کلچر (culture) کی پرورش کریں جہاں جدت اور تخلیقی صلاحیت کی قدر کی جاتی ہو اور تمام ملازمین کی بہتری کے کاموں میں شراکت کو تسلیم کیا جاتا ہو۔

### صنعتی تعلقات (Industrial Relations)

کمپنی کی تمام مقامات بشمول سوئی فیلڈ پر ہم آہنگی سے کام کرنے کا ماحول اور خوشگوار صنعتی تعلقات کی فضا قائم رہتی ہے۔ CBA یونین معاہدہ 2015-16 اور 2017 میں مطالباتی منشور (charter of demands) کو خوش اسلوبی سے طے کیا گیا اور اس پر یونین اور انتظامیہ کے مذاکرات کے متعدد ادوار کے بعد 20 اپریل 2018 پر دستخط ہوئے۔

### خصوصی افراد کی ملازمت

کمپنی، معذور افراد (روزگار کی بحالی) آرڈیننس 1981 کے شق نمبر 10 کے تحت معذور افراد کو ملازمت فراہم کرنے کی لازمی شرط کی تعمیل کر رہی ہے جس کے تحت ایک فیصد خصوصی افراد کو ملازم رکھنا ضروری ہے۔

### کاروباری اخلاقیات (Ethics) اور بد عنوانی کے تدارک کے اقدامات

نظم و ضبط (governance) کو بطور ایک موثر اخلاقیات اور بد عنوانی کے تدارک کے آلے (tool) کے فائدہ اٹھانے کے لیے، کمپنی کا ہر ملازم پابند ہے کہ ضابطہ اخلاق کو دیکھے اور اس کی تعمیل کی سالانہ کی بنیاد پر رپورٹ دے۔ طاقتور خیالات بشمول ایمانداری، شفافیت، سالمیت، اخلاقیات، قانونی معیار اور انکشاف کو ضابطہ اخلاق میں شامل کرنے کے ساتھ عملی اور نافذ العمل حل بھی دیے گئے ہیں۔ یہ اس بات کو یقینی بناتی





### توانائی کا تحفظ (پخت)

توانائی کی پخت کی حمایت کا اعادہ کرنے کے لیے کمپنی نے ارچھ آور (EH) 2018 کا دن منایا۔ نامزد گھنٹے کے دوران، EH پر سختی سے عملدرآمد کیا گیا اور صدر دفتر، علاقائی دفاتر کے ساتھ ساتھ فیلڈز کے مقامات پر تمام غیر ضروری باتیاں، الیکٹرانک آلات کو بند کر دیا گیا۔ PPL بطور ایک قومی توانائی کا اہم فراہم کنندہ کے توانائی کے تحفظ کے سلسلے میں اس کی طلب اور فراہمی میں بڑھتے ہوئے خلاء کو پر کرنے کے لیے پرعزم ہے تاکہ ملک کے لیے مستقبل کی توانائی کے تحفظ کو یقینی بنایا جائے۔

### 6.2 انسانی وسائل (human resources)

#### پالیسیاں، طریقے اور انعام (reward) دینے کا نظام

کمپنی اپنے تمام ملازمین کے لیے ملازمت کی بھرتی، ترقی، انعام، تربیت اور ذریعہ معاش کی ترویج کے مساوی مواقع فراہم کرنے پر یقین رکھتی ہے۔ کمپنی انسانی وسائل کی حکمت عملی کے تحت مسلسل کوشش کرتی رہتی ہے کہ موافق اداراتی ماحول، مسابقتی تنخواہ اور بروقت وعدے کی تکمیل کا اعتراف، اقدامات اور کارکردگی کی بنیاد پر اعلیٰ صلاحیت کے عملے کی بھرتی، ان کی ترقی اور کمپنی میں روکے رکھا جائے۔

#### روزگار

کمپنی کے جارحانہ دریافتی کاموں، کھدائی اور پیداواری منصوبوں میں ممکنہ بہتری لانے کے عمل کی معاونت کے لیے کمپنی کی روزگار کی حکمت عملی، مندی کی صورتحال کا فائدہ اٹھاتے رہنے کا عمل جاری رکھا اور E&P اور دیگر کمپنیوں کے ذریعے شفاف اور کثیر مراحل کی جانچ پڑتال کے طریق عمل (process) کے بعد تجربے کار، پیشہ ور افراد کو اہلیت کی بنیاد پر بھرتی کرے گی۔

اس سال بھی، کمپنی نے، اپنی میں لائن بھرتی کے لیے اہلیت کی بنیاد پر ساتھی اسکیم کا نفاذ کیا، جس کے تحت مختلف نظم و ضبط (disciplines) میں اعلیٰ پائے کا ایک اور جتنے (batch) کو CSR کے تحت شامل کیا گیا ہے۔ یہ پیشہ ور انجینئرز اور ڈپلومہ رکھنے والے نوجوانوں، جن کا تعلق کمپنی کی پیداوار دینے والی فیلڈز سے ہے ان کے لیے استعداد کو بڑھانے کا یہ دو سال کی کام پر تربیت کا موقع ہے؛

• HR نے انتظامیہ کی تکنیکی تبدیلی کی تحریک کی معاونت میں اہم کردار ادا کیا۔ خاصی تعداد میں انسانی وسائل کی انتظامی پالیسیاں اور کام کے طریقے تیار کیے جس کا نتیجہ آسانی، بہتر نگرانی، لاگت کی پخت اور صنعت کی مشقوں (practices) سے ہم آہنگی ہے۔

تیل اور گیس کی صنعت میں ٹھیکیدار کے تحفظ کا معاملہ انتہائی پر خطر معاملوں میں سے ایک ہے جس کو PPL میں بھی بطور اداراتی خطرے کی طور پر سمجھا جاتا ہے۔ کمپنی کے جارحانہ ترقی کے منصوبے کے آغاز سے ہی یہاں ٹھیکیداروں کی سرگرمیوں میں غیر معمولی اضافہ ہوا ہے اور اس سے متعلق خطرات میں بھی۔ اس طرح سے، عام طور پر زلزلے سے متعلق، کھدائی اور منصوبوں کے ٹھیکیداروں کے لیے مندرجہ ذیل اقدامات اٹھائے گئے ہیں:

- متحرک (Mobilization) کرنے سے پہلے کا ورک شاپ۔
  - کام کے آغاز سے ابتدائی کھدائی (Spud) کرنے سے پہلے معائنہ۔
  - آزاد نگہ رانی۔
  - ٹھیکیدار کی تربیت۔
  - تواتر سے ٹھیکیدار کی انتظامیہ سے QHSE سے متعلق نمایاں باقی معاملات پر صدر دفتر میں ملاقات۔
  - ڈرلنگ رگس (drilling rigs) کے مقامات پر رویے پر مداخلت اور ترمیم کا پروگرام۔
  - تحفظ کی رکیت اور تحفظ کے کیپٹن کے پروگرامز۔
  - مشترکہ منصوبوں کے شراکت داروں سے HSE کے تجربات کی شراکت۔
  - بنیادی ابتدائی طبی امداد کے رہنما کتابچے کی اشاعت۔
- مذکورہ بالا کے علاوہ، یہ بات بتانی ضروری ہے کہ PPL اپنے ملازمین کے ساتھ ساتھ ٹھیکیداروں کی مشترکہ / شمولیت کی شاریات رکھتی ہے۔ یہ دونوں PPL کی اپنی عملداری اور ٹھیکیداروں کی عملداری میں ہونے والی سائنس میں تحفظ کی ذمہ داری یکساں سطح پر ہونا انتظامیہ کی مثبت سوچ کی عکاس ہے۔

#### زلزلے سے تحفظ

متعدد مسائل کا سامنا کیا اور ان کو حل کیا مثلاً پہاڑوں / پہاڑی راستوں، دھماکہ خیز اشیاء کو حفاظت سے سنبھالنا، سرحدی علاقوں میں حفاظت کے معاملات اور زیادہ نقل و حمل جیسے مسائل۔ تمام خطرات پر انجینئرنگ کے کنٹرولز اور کام کی محفوظ مشقوں (practices) کے ذریعے سے قابو پایا۔ 20 لاکھ کلومیٹر سے زیادہ کا محفوظ سفر بغیر کسی حادثہ کے مکمل کیا۔ قانونی ضروریات کی تعمیل میں کام کی سائنس کی بحالی کے کام کا بھی مشاہدہ کیا۔

#### کھدائی کا تحفظ

کھدائی کی سرگرمیوں سے متعلق QHSE کے کچھ اقدامات کا خلاصہ درج ذیل تصویر میں دیا گیا ہے:

خطروں کے امکانات (hazards) اور ممکنہ واقعات میں کمی آئے گی۔ منصوبہ ہے کہ اس پر گرام کو سال 19-2018 میں دوسری فیلڈز میں بھی توسیع دے دی جائے گی۔

#### b. طریق عمل کی حیثی استعداد (Competence)

اندرونی شرکاء مفاد کے درمیان قریبی ہم آہنگی ربط سے ایک تفصیلی PSM کی استعداد کا ڈھانچہ اور مہارت کی میٹرکس کو تیار کیا گیا تھا۔ ان متعلقہ کوششوں نے مختلف معاملات میں عمل کو تربیت کو معاونت کی ضرورت کی نشاندہی کی ہے تاکہ تنظیمی (organizational) صلاحیت کو پیدا کیا جاسکے۔

اس طرح انتظامیہ کی پڑتال کے بعد QHSE کا سالانہ تربیتی کلینڈر تیار اور منظور کر لیا گیا ہے۔ اس کے مطابق QHSE کے خود کار سوفٹ ویئر ( واقعات اور خطرے کا موڈیول)، خطرے کے امکان کے تجزیہ کا طریق عمل (HAZOP اور HAZID) اور ہنگامی رد عمل وغیرہ وغیرہ پر متعدد نشستوں کا انعقاد کیا گیا۔

صدر دفتر اور منتخب فیلڈز پر طریق عمل کے تحفظ کی اہلیت میں کمی کا تجزیہ مکمل ہوا تاکہ مرحلہ وار موجودہ میٹ لائن کو تشکیل دیا جائے۔ طریق عمل (process) کے تحفظ کے بنیادی اصولوں کے بارے آگاہی دینے کے لیے فیلڈز اور دفاتر میں متعدد واقعات کا جشن منایا گیا مثلاً PSM ہفتہ، عالمی تحفظ کا دن۔ مختلف فیلڈز اور شعبے سے شرکاء مفاد نے PSM کے بارے میں مختصر پریزنٹیشن اور بحث و مباحثہ کے ذریعے اپنے خیالات کا اظہار کیا۔ طریق عمل کے تحفظ پر کئے گئے اقدامات میں عملے کے شمولیت کی رفتار میں اضافہ ایک سنگ میل ہے۔ ویب نار (webinar) کا طریقہ بھی استعمال کیا گیا تاکہ بڑی تعداد کو کم وقت میں اس کام میں ملوث کیا جاسکے۔

QHSE کے خود کار سافٹ ویئر میں شامل خطرے کا موڈیول ذیلی اجزاء پر مشتمل ہے مثلاً HAZOP (خطرے کے امکانات اور عمالیات کی اسٹڈی)، HAZID (خطرے کے امکانات کی نشاندہی)، JSA (کام کے تحفظ کا تجزیہ) اور بیرونی خطرہ (تیسرے فریق کا تخمینہ)۔ ان خطروں کی تجزیاتی ٹیکنیکس کو، PPL کے منصوبوں اور آپریشنز کے مختلف مراحل پر استعمال کیا گیا ہے۔ HAZOP کی ٹیکنیکز زیادہ تر نئے منصوبوں یا پلانٹ میں ترمیم کے ڈیزائن کے دوران استعمال کی گئی۔ جبکہ HAZID کو بطور خطرے کے امکان کی نشاندہی کی میٹ لائن کے آلے کے طور پر اس کا تمام فیلڈز کے مقامات پر استعمال کیا گیا ہے۔ ان اسٹڈیز / ورک شاپس کی زیادہ تر صدارت تیسرے فریق مشیر نے کی جبکہ چند کا انتظام کمپنی کے ماہرین نے کیا۔

نگرانی اور معائنہ کے سلسلے میں خطرے کی بنیاد پر مرحلہ وار معائنہ اسٹڈیز جاری ہیں، آپریٹنگ پلانٹ انتہائی اہم ظروف (vessels) کا بغیر دخل اندازی والا معائنہ اور پلانٹ کے پائپ کا تیسرے فریق سے معائنہ جاری ہے۔ سوئی فیلڈ کی RBI اسٹڈی رپورٹنگ مدت میں فیلڈ اور صدر دفتر کے عملے اور بیرونی مشیر کی بہت زیادہ شمولیت کی وجہ سے سب سے نمایاں رہی۔

#### ماحولیاتی نقش پا (footprint) اور قانونی تعمیل

قانونی اور دستوری ضروریات کی تعمیل کے لیے، ابتدائی ماحولیاتی امتحان (IEE) اسٹڈی کا انتظام کیا گیا اور متعین طے شدہ اوقات میں تکمیل سے 20 سے زیادہ منصوبوں کے لیے کام کرنے کی اجازت (NOC) حاصل کی گئی تاکہ کمپنی کے حکمت عملی سے متعلق کام کے منصوبوں پر روانی سے ترقی ہو سکے۔

زلزلے سے متعلق، کھدائی اور تعمیراتی سرگرمیوں کی طے شدہ منصوبے کا مخصوص ماحول کے انتظامی منصوبے کی تعمیل کی نگرانی اور اطلاع دینے کی موثر نگرانی اور کے لیے آزاد نگرانی کے مشیر لگائے گئے ہیں۔

مشیکدہ ار کا تحفظ



کپنی بھر میں پہلے سے اعلان کردہ (promulgated) روڈ کے ذرائع نقل و حمل کی حفاظت کا انتظامی نظام (RTMS) کے مطابق اس میں منتخب فیلڈز میں اس نظام میں خامیوں کی تلاش کا آغاز کر دیا گیا ہے۔ کپنی بھر میں دفاعی (defensive) گاڑی چلانے کی تربیت اور تجدیدی تربیت کا آغاز جاری ہے۔ PPL کی کھدائی کے مقامات پر آگاہی مہم شروع کی گئی اور ڈرائیونگ سیفٹی ہینڈ بک (driving safety handbook) فراہم کر دی گئیں ہیں۔ متعلقہ اثاثہ جات کے تعاون سے ایک بلند سطح کا تخمینہ لگا یا گیا تاکہ PPL کی بیس لائن (قسم، دائرہ کار اور مجموعی خطرات جو دستاویزی شکل میں ہیں) کا بائیدروکار بن کی روڈ پر نقل و حمل کے حوالے سے موجودہ تعین کیا جاسکے۔ DG تیل کے جانب سے "آدھی فیلڈ سے ARL ریٹانری خام تیل کی نقل و حمل بذریعہ روڈ" کے لیے جاری خدمات کی خریداری کے عمل طریق (process) میں QHSE کی ٹیکنیکل رائے (قانون اور معیار) شامل کی گئیں۔

#### گاہک کا اطمینان اور QHSE کی سرایت (Certifications)

PPL کے شعبہ جات میں QHSE منجمنٹ سسٹم انٹرنیشنل سرٹیفیکیشن یعنی ISO 9001 (معیار)، 14001 (ماحول) اور OHSAS 18001 (پیشہ ورانہ صحت اور تحفظ) کو جاری رکھا۔ یہ QHSE کی بنیادوں اور گاہک کے اطمینان کے لیے موجود طریق عمل (processes) کی دستیاب ہونے کی فراہمی کو یقینی بناتا ہے۔ جاپانی ٹیکمزنیک SS کا آدھی فیلڈ کے مقام پر آغاز کر دیا گیا ہے جس کے امور خانہ داری (housekeeping) کے معیار میں حوصلہ افزائی حاصل ہوئے ہیں۔

#### حفاظتی طریق عمل (PS)

طریق عمل (process) سیفٹی منجمنٹ (PSM) کے نفاذ کا عمل تین بنیادی ستونوں میں جاری یعنی: 'قیادت اور ثقافت'، 'ایالت؛ اور معلومات اور ممکنہ خطرے کا تجزیہ' ہے۔ اس کی بنیاد گزشتہ سال میسرز ڈوپونٹ سسٹیمز نبرل سولوشنز کی جانب سے PSM تجزیاتی اسٹڈی میں دی جانے والے تجاویز کی بنیاد پر ہیں۔

#### a. طریق عمل کے تحفظ کی قیادت اور ثقافت

##### قیادت کا تربیتی ورکشاپ

PPL میں ایک معاونت کرنے والی ایک مضبوط QHSE کی ثقافت کے لیے صدر دفتر اور فیلڈز پر سینئر انتظامیہ کے لیے بلند سطح کے قیادت کا تربیتی ورکشاپ کا انعقاد کیا گیا۔ ان کوششوں سے نظام کے معیار کے احتساب (audits) اور PSM سرگرمیوں میں عملے کے افراد فعال حصہ لینے میں نظر آئے۔

##### انتظامیہ کا احتساب

حفاظتی قیادت کا اظہار کرنے کے لیے PPL کی سینئر انتظامیہ متواتر سائٹ کے احتساب کا انعقاد کرتی ہے۔ سال کے دوران بڑے ہوئے مقاصد حاصل کیے جو انتظامیہ کا کلچر میں بہتری کا عزم ظاہر کرتا ہے۔ اس پروگرام کو مسلسل بہتری کے جذبے کے ساتھ، خطرے کی بنیاد کے تصور پر تبدیل کیا جا رہا ہے۔ متعلقہ فیلڈز / سائٹس پر خصوصی توجہ اور مداخلت کے ساتھ موضوعاتی احتساب متعارف کروانے کا ارادہ ہے۔ موسمِ تب، شاپ فلور کے عملے کو مختلف موضوعات، مثلاً روڈ پر تحفظ، کام کی اجازت اور عملے حفاظت، پر آگاہی دیں گے۔ یہ توقع کی جاتی ہے کہ اس سے ٹیم ورک میں خفیہ رکاوٹوں کو دور کرنے میں بہتری آئیں گی۔

##### کرداری (Behavioral) مشاہدے کا پروگرام

PPL نے PSM کے پہلے متعین اہم طے شدہ نتائج کی فراہمی (deliverables) میں سے ایک "کرداری (Behavioral) مشاہدے کا پروگرام" کا آدھی فیلڈ پر بطور تجرباتی (pilot) کیس کا آغاز کر دیا گیا ہے۔ ایک ملغوبہ حکمت عملی (approach) اپنائی گئی ہے یعنی اندرونی وسائل کا زیادہ سے زیادہ استعمال اور بیرونی وسائل کا استعمال جہاں انتہائی ضروری ہو۔ اس کام کا مجموعی مقصد یہ ہے کہ کام پر سپروائزرز کو آلات اور ٹیکمزنیک سے لیس کریں کہ کام کی جگہ پر رویے کا کیس مشاہدہ کریں، اور افرادی قوت کو با مقصد مذاکرات کے ذریعے سے مشغول کرنے کا فن اور ان میں چلتے پھرتے حفاظتی کلچر پیدا کریں۔ کلاس کی نشستوں (sessions) کے ساتھ ساتھ، عملی کام کرنے والے کاردار اور کوچنگ کے طریقے کار کے استعمال کے ذریعے پروگرام کو جانچا گیا۔ توقع کی جاتی ہے کہ آدھی فیلڈ پر GEC پروگرام سے جلد کام کی جگہ پر

سال کے دوران، صدر دفتر میں دستیاب وسائل کے موثر استعمال کو یقینی بنانے کے لیے لاگتوں میں بہتری کے لیے صدر دفتر پر توجہ جاری رہی۔ لاگتوں کا بہتر استعمال بیرونی خدمات، افرادی قوت کی ترویج اور اہم طے شدہ نتائج (deliverables) کی فراہمی پر کوئی سمجھوتا کیے بغیر کسی متوقع نقصان سے بچاؤ کوششیں جاری رہیں۔

PPL نے مضبوط انسانی سرمایہ کی ترقی کی فراہمی کے لیے کوششیں بڑھادی ہیں جبکہ CSR کی سوسائٹی پر زیادہ سے زیادہ اثرات پیدا کرنے والی جاری سرگرمیوں پر زیادہ زور ہے۔

## 6. تنظیمی (organisational) جائزہ

### 6.1. معیار، صحت، تحفظ اور ماحول (QHSE)

#### پیشہ ورانہ صحت اور طریق عمل کا حفاظت

PPL کی کاروباری منصوبہ بندی، ترویجی (strategic) فیصلہ سازی، اہداف کے تعین کرنے میں QHSE کے معاملات کو انتہائی اہمیت حاصل ہے۔ تمام سطح کی انتظامیہ، QHSE کی سرگرمیوں کے ہم پلہ عملیاتی (operational) سرگرمیوں پر عملدرآمد پر مصروف ہیں۔

#### کارکردگی کے بنیادی اشارے (KPI)

QHSE کے طریق عمل (processes) خود کار (automation) کے ذریعے QHSE کی کارکردگی کی نگرانی کا میکانزم مکمل ہو چکا ہے۔ واقعات کے اطلاع دینے موڈیول میں استعمال کرنے والوں کے لیے دوستانہ سوفویر کو متعارف کروانے سے اسے فعال (functional) کر دیا گیا ہے۔ اب یہ اس کا اہل ہے کہ اس میں کی جانے والی کارروائیوں کا سراغ لگائے اور اس کی شماریات کا ڈیش بورڈ ہر وقت (live) پیش کرتا رہے۔ کافی تعداد میں لوگوں کی تربیتی نشستوں کا انعقاد کیا گیا تاکہ ہاتھ سے کام کرنے سے خود کار سافٹوئر کے استعمال کرنا ممکن ہو سکے۔ آدمیوں کے کام کے گھنٹوں میں عملیاتی سرگرمیوں میں بے مثل اضافہ ہوا۔ QHSE کی سرگرمیوں کی مقدار میں بھی کئی گنا اضافہ ہو چکا ہے۔ توجہ دینے کی حوصلہ افزاء بات یہ ہے کہ سوئی، کندھ کوٹ اور مزارانی فیلڈز پر بالترتیب 25 ملین، 5 ملین اور 1 ملین محفوظ گھنٹوں کا جشن سوئی پر منایا گیا، تمام بڑے ممکنہ واقعات کی کمپنی کے سینئر انتظامیہ کو شامل کر کے مکمل تفتیش کی اور اس کے دوبارہ ہونے کے تدارک کے فوری اقدامات کیے۔ واقعات میں ضائع ہونے والے گھنٹوں کی مختصر تفصیل درج ذیل ہے:

- 1 نومبر 2017 میں گیسٹ II - GPF پلانٹ پر ایک واقعے میں، ایک معاہداتی کارکن آمان رعبوٹر پمپ پر فلٹر۔ چھلکی کی صفائی کے کام کے دوران کیمیکل کے جلنے سے زخمی ہو گیا تھا۔ زخمی شخص (IP) کو ابتدائی طبی امداد دی گئی اور طبی علاج کے لیے فوراً کراچی کے ہسپتال منتقل کیا گیا۔ IP کی حالت بہتر ہونے پر 6 نومبر 2017 میں اس کو ہسپتال سے فارغ کر دیا۔ سینئر سطح کی ٹیم کے ذریعے تفتیش کروا کر واقعے کی تفصیلی تفتیشی رپورٹ بھیجی جا چکی تھی۔ عملی منصوبے (action plan) کے نفاذ کی سختی سے نگرانی کی جاتی رہی جب تک اس سے متعلق تمام ایکشن مکمل ہو گئے۔

- ایک اور واقعہ جو مئی 2018 میں قلات D2 سیمینٹ سروس پر ہوا، ایک مزدور کی بائیں بازو کی ہڈی ٹوٹ گئی۔ وہ پانی کے کولر کو ایک دشوار گزار راستے پر لاتے ہوئے گر گیا تھا۔ متعدد بہتری کے اقدام کیے گئے تاکہ ایسے واقعات کو ہونے سے روکا جاسکے۔

#### خطرے کے امکانات (Hazard) اور اس کی اطلاع دینے سے تقریباً چو کنا (Near Miss Reporting)

کسی خطرے کے امکانی طور پر کسی بڑے حادثے میں تبدیل ہونے سے نظام میں موجود خامیوں کو ابتدائی مرحلے پر دور کرنے کے مقصد سے اطلاع دینے سے تقریباً چو کنا (Near Miss Reporting) کے عمل کے تدارک کے سال بہ سال کی بنیاد پر بہتری کو یقینی بنانے کے لیے اداراتی تحریک جاری رہے گی۔

#### روڈ کے ذرائع نقل و حمل (transport) کی حفاظت

## سیالیت کی منجمنت اور کیش فلو کی حکمت عملی

ایک مضبوط سرمایہ کاری کا انتظامی ڈھانچہ موجود ہے جس کے تحت مستقبل کے بارے میں توازن سے تفصیلی مالیاتی اندازے تیار کئے جاتے ہیں تاکہ فنڈز کی دستیابی کو یقینی بنایا جائے تاکہ اداراتی ضروریات کو موثر طور پر پورا کیا جائے۔

کمپنی کی ایک سرمایہ کاری کی کمپنی بھی موجود ہے جو سرمایہ کاری کا توازن سے جائزہ لیتی ہے تاکہ وہ کمپنی کے سرمایہ کاری کے مجموعی مقاصد کے ساتھ ہم آہنگ ہونے کو یقینی بنائے۔

سال میں سیالیت کی مجموعی صورتحال ابتر ہوئی ہے، تاہم، کمپنی نے اندرونی ذرائع سے کیپیٹل اخراجات کی مالی ذمہ داریوں کو مکمل طور پر پورا کیا۔ گردش قرضوں سے متعلق وصولیاں (receivables) میں جاری اضافے کی وجہ سے ورکنگ کیپیٹل دباؤ کا شکار رہا جس نے عملی کیش فلو کے اعلیٰ پائے کی نمو کو محدود کر دیا۔

## مقسمہ منافع (Dividend)

ڈائریکٹرز، عام حصص (Ordinary Shares) پر 15 فیصد کا حتمی نقد منقسمہ منافع (17-2016:60 فیصد) اور عام حصص پر 15 فیصد بونس (ہر 100 عام حصص پر 15 عام حصص) (17-2016:کچھ نہیں) کی تجویز دے چکے ہیں۔ یہ سال میں تقسیم کیے جانے والے درمیانی مدت کے عام حصص 40 فیصد (17-2016:30 فیصد) اور قابل منتقلی ترجیحی حصص (Convertible Preference Shares) (17-2016:30 فیصد) منقسمہ منافع کے علاوہ ہے۔

## قومی معیشت میں حصہ

کمپنی قومی معیشت میں خاصہ ڈالنے والوں میں سے ایک کمپنی ہے۔ مالی سال 18-2017 میں کمپنی کا اپنی عملداری اور شراکت داروں کی عملداری والی فیلڈز سے قدرتی گیس، تیل اور LPG کی فروخت سے توانائی کی مد میں خام تیل کا حصہ تقریباً 155,000 بیرل یومیہ کے مساوی ہے، اگر یہ فرض کر لیا جائے کہ سال کے دوران خام تیل کی اوسط قیمت 61.50 امریکی ڈالر فی بیرل ہے تو اس کا نتیجہ موجودہ سال میں 3.5 ارب امریکی غیر ملکی زر مبادلہ کی بچت ہے۔

سال کے دوران انکم ٹیکس، رائٹس، ایکسائرڈیوٹی، سیلز ٹیکس، GDS، GIDC، WPPF، پیٹرولیم لگان اور منقسمہ منافع کی مددوں میں تقریباً 68 ارب روپے (17-2016 میں 46 ارب روپے) کی رقم قومی خزانے میں جمع کروائی۔

## 5.4 لاگت کی مستعدیاں

### آپریٹنگ لاگتوں کا جائزہ

کمپنی کا مقصد ہے کہ وہ لاگت میں بہتری سے حصص کنندگان کے منافع کو زیادہ سے زیادہ کرے۔ سال کے دوران کمپنی نے کندھ کوٹ اور آدھی فیلڈز میں آپریٹنگ لاگت کو برقرار رکھا اور اس کے ساتھ دونوں فیلڈز سے ہائیڈروکاربن کی پیداوار میں اضافہ کیا۔ سال کے دوران سوئی فیلڈز میں آپریٹنگ لاگت میں اضافہ دیکھا گیا جس کی بنیاد CBA کے ساتھ کارکنوں کا معاہدہ تھا۔ سال کے دوران سوئی فیلڈز میں گیس میں پیداوار میں فطری کمی دیکھی گئی۔ گمبٹ شمال فیلڈز میں متوقع نئے گیس پر سنگ پلانٹ کی وجہ سے سرگرمیاں بڑھ گئیں جس کا نتیجہ زیادہ تر عملے سے متعلق اخراجات تھے۔ سال کے دوران، کمپنی کے مجموعی آپریٹنگ لاگتوں میں تقریباً 7 فیصد کا اضافہ ہوا جس میں شراکت داری میں عملداری کی فیلڈز کی آپریٹنگ لاگتوں میں 13 فیصد اضافہ اور PPL کی عملداری کی فیلڈز میں یہ اضافہ تقریباً 4 فیصد ہوا۔

## صدر دفتر میں لاگتوں کی بہتری (Efficiencies)

### فروخت (Sales) سے مالگڈ اری (Revenue)

گزشتہ سال کی فروخت سے مالگڈ اری کے مقابلے میں جاری سال میں یہ 9,223 ملین روپے سے بڑھ چکے ہیں۔ یہ اضافہ قیمتوں کے کھاتے میں مثبت تغیر (بشمول شرح مبادلہ) کی وجہ سے ہوئے جس کی مالیت 11,968 ملین روپے ہے، جس کی جزوی طور پر 2,745 ملین روپے کے منفی حجم کے تغیر سے ہوئی۔

مثبت قیمتوں کا تغیر مل ویل ہیڈ کی قیمتوں میں تبدیلی سے ہوا (جیسا کہ 30 جون 2018 پر اختتام پذیر سال کے غیر انضمام شدہ مالیاتی دستاویزات کے نوٹ 26.1.9 میں ظاہر کیا گیا ہے)، اس کے ساتھ جڑی ہوئی تیل کی اوسط بین الاقوامی قیمتیں جو گزشتہ سال کی bbl/47.67 امریکی ڈالر کے مقابلے میں موجودہ سال میں بڑھ کر bbl/61.50 امریکی ڈالر ہو گئی۔

PPL کی عملداری اور شراکت داروں کی عملداریوں والی فیلڈز میں کمپنی کے حصے کا تقابلی جائزہ درج ذیل ہے:

| Year ended<br>30 June 2017 | Year ended<br>30 June 2018 | اکائی    |                                     |
|----------------------------|----------------------------|----------|-------------------------------------|
| 288,483                    | 284,828                    | MMCF     | قدرتی گیس                           |
| 5,948,460                  | 5,801,260                  | BBL      | خام تیل / NGL / انجماد (condensate) |
| 81,038                     | 95,100                     | میٹرک ٹن | LPG                                 |
| 39,963                     | 85,545                     | میٹرک ٹن | بیرانت                              |

سال کے دوران BME نے بیرانت پاؤڈر اور بیرانت ہکی وحات (ore) کی کل مجموعی فروخت کا حجم کی مجموعی مقدار 206,921 میٹرک ٹن رہی۔ BME کی جانب سے PPL کو کی جانے والی فروخت اور اس پر 50 فیصد کا فارمولا کے بعد، اگر اس کو علیحدہ کرنے کے بعد خالص حجم 85,545 میٹرک ٹن کا اندراج ہوا۔

### منافع بخشی (Profitability)

سال 2016-17 کی لیے کمپنی کی آمدنی فی حصص (EPS) 18.10 روپے کے مقابلے میں اس سال کے لیے یہ آمدنی 28 فیصد اضافے کے ساتھ 23.17 روپے رہی۔ بلند تر منافع بخشی کی اصل وجہ فروخت سے مالگڈ اری (revenue) میں اضافہ ہے جیسا کہ اوپر بیان کیا گیا ہے، دیگر آمدنی میں اضافہ، دیگر اخراجات (charges) اور لگان (levies) میں کمی اور جزوی طور پر اس کی تلافی عملداری (operating) اخراجات، فرسودگی (depreciation)، باقاعدگی سے قرضہ جات کی ادائیگیاں (amortisation) پلاٹ کے عمل اور کنوئوں میں خلل نے کی۔

دیگر آمدنی کی وجوہات میں: (i) امریکی ڈالر کے مقابلے میں پاک روپے کی قدر میں بڑی کمی۔ 30 جون 2018 پر بند ہونے والا مبادلہ (exchange) کا نرخ 121.6 پاک روپے تھا جبکہ گزشتہ سال اس کی قدر 105 روپے تھی (ii)۔ کوٹری شمال بلاک کی فارم آؤٹ پر UEPL کی جانب سے دستیابی بونس کی وصولی، (iii) ایشیا ریلور سز آئل لمیٹڈ کی جانب سے قرضے کی شرائط کے مطابق تاخیر سے ادائیگی کے چارج کی وصولی (جیسا کہ اس مسئلہ کو 30 جون 2018 پر اختتام پذیر سال کے غیر انضمام شدہ مالیاتی دستاویزات کے نوٹ نمبر 37.1 میں مکمل طور پر بیان کیا گیا ہے)۔

دیگر اخراجات (charges) میں کمی کی بنیادی وجہ گزشتہ سال PPL کے مکمل طور پر ملکی ذیلی ادارے PPL Asia E&P B.V (PPLA) میں کمی جانے والی سرمایہ کاری پر ہونے والی خرابی (impairment) کے نقصان کا اندراج ہوا جس کی جزوی طور پر WPPF پر بلند تر چارجز اور مل بلاک سے پیدا ہونے والے تیل / انجماد (condensate) پر وٹ فال لیوی (windfall levy) کی تخصیص (provision) کا موجودہ سال میں تسلیم کرنا (جیسا کہ اس مسئلہ کو 30 جون 2018 پر اختتام پذیر سال کے غیر انضمام شدہ مالیاتی دستاویزات کے نوٹ نمبر 26.1.9 میں مکمل طور پر بیان کیا گیا ہے)۔



## ذخائر کی انتظامیہ

30 جون 2018 پر کمپنی کے خالص ثابت شدہ (1P) ہائیدور کاربن کی نقل و حرکت

اوپر کی جانب ذخائر کی نظر ثانی، اضافہ اور سال کے لیے پیداوار کی بنیاد پر، کمپنی کے ذخائر کی ذخیرہ اندوازی کا تناسب (RRR) 89 فیصد پر رہا، جو ظاہر کرتا ہے کہ سال کی کل پیداوار کا 89 فیصد اضافی ذخائر سے تبدیل کیا جا چکا ہے۔ اوپر کی جانب نظر ثانی کا حصول بنیادی طور پر سوئی، آدھی اور ناشپا فیلڈ کی اسٹڈی سے ہوا ہے جبکہ نئے ذخائر کی ظافر اور کندھ کوٹ SUL مغرب ڈوم میں تصدیق ہوئی ہے۔

## 5.3 - مالیاتی جائزہ

موجودہ مالی سال میں ناظمین (directors)، منافع میں سے مندرجہ ذیل تخصیصات (appropriations) کی تجویز دیتے ہیں:

روپے ملین میں

| 2016-17      | 2017-18      |   |
|--------------|--------------|---|
| 48,128.675   | 63,436.313   | منافع قبل از محصول  |
| (12,450.032) | (17,748.677) | محصول   |
| 35,678.643   | 45,687.636   | منافع بعد از محصول  |
| 110,086.579  | 135,971.165  | غیر تخصیص شدہ منافع، 1 جولائی مالی سال 2016 / 2017 پر           |
| 5,000.000    | 2,535.354    | مستقیم منافع کے مساواتی ذخائر، 1 جولائی مالی سال 2016 / 2017 پر |
| 150,765.222  | 184,194.155  |   |

## سال کے دوران تخصیصات (Appropriations)

- عام حصص (common shares) پر سال 2016-17 کے لیے حتمی مستقیم منافع

کی شرح 60 فیصد (2015-16: 35 فیصد) قابل منتقلی ترجیحی حصص - کچھ نہیں

(2015-16: 7.5 فیصد) (11,830.305) (6,901.019)

- درمیانی مدت کا عام حصص (common shares) پر سال 2017-18 کے لیے

حتمی مستقیم منافع کی شرح 40 فیصد (2016-17: 30 فیصد) قابل منتقلی ترجیحی حصص -

30 فیصد (2016-17: 30 فیصد) (7,886.906) (5,915.189)

557.505 (1,647.331)

138,506.519 162,829.613

دیگر مجموعی آمدنی (دوبارہ پینائش (نقصان) اور اضافہ)

30 جون 2017-18 پر بتایا

## بعد کے اثرات

کمپنی کے بورڈ کے ناظمین اپنے اجلاس منعقدہ 18 ستمبر 2018 میں درج ذیل تجاویز دی

ہیں:

|            |           |  |
|------------|-----------|--|
| 11,830.305 | 2,957.577 | عام حصص (common shares) پر حتمی مستقیم منافع @ 15 فیصد (2016-17):                          |
| -          | 2,957.577 | 60 فیصد) قابل منتقلی ترجیحی حصص - کچھ نہیں   |
| 11,830.305 | 5,915.154 | عام حصص (common shares) پر 15 فیصد بونس (ہر 100 عام حصص پر 15 عام حصص) (2016-17: کچھ نہیں) |

|  |   |
|--|---|
| کنڈہ کوٹ توسیعی منصوبہ                                   | HRL کپریسز کے دوسرے مقام پر تبدیلی سے متعلق رکاوٹیں دور کرنے کے بعد پلانٹ اور اس تنصیب، کمیشننگ اکتوبر 2017 کو کامیابی مکمل ہو گئی، جس سے پلانٹ کی پراسسنگ کرنے کی استعداد بڑھ کر 240 MMscfd گیس ہو گئی،  |
| 50 MMscfd II-GPF، شرف، گمبٹ جنوب                         | پلانٹ کام کر رہا ہے اور گیس، انجماد (condensate) اور LPG پیدا کر رہے ہیں۔ نقص کی ذمہ داری کی مدت 27 جنوری 2018 کو مکمل ہوئی، پروجیکٹ کا کلوز آؤٹ (closeout) جاری ہے۔  |
| 50 MMscfd III -GPF، واقع، گمبٹ جنوب                      | تقریباً 62 فیصد آلات سائٹ پر پہنچا دیے گئے ہیں، جبکہ باقی چیزیں مینوفیکچرنگ / فیئر نیگیشن تکمیل کے مختلف مراحل میں ہیں۔ ٹھیکیدار کو آمادہ کیا جا رہا ہے کہ وہ تعمیراتی سرگرمیاں دسمبر 2018 تک مکمل کر لے۔   |
| رحمت گیس پلانٹ کی گمبٹ جنوب GPF - IV                     | تعمیراتی سرگرمیاں تکمیل کے قریب ہیں۔ تمام آلات کی تنصیب ہو چکی ہے اور پائپ، الیکٹریکل اور آلاتی عمل کے کام بھی تکمیل کے قریب ہیں۔ کمیشننگ سے پہلے کی سرگرمیاں مثلاً پائپ کی ہائیڈرو ٹیسٹنگ اور مرمت / روٹری آلات میں فٹنس کی درستی کا عمل جاری ہے۔ توقع ہے کہ IV-GPF سے پہلی گیس کی فراہمی ستمبر 2018 کے آخر تک ہوگی جبکہ پیداوار میں مزید اضافے کے لیے توقع ہے کہ IV-GPF کا دوسرا مرحلے کی تکمیل ستمبر 2019 تک ہو جائے گا۔   |
| ہیرائٹ، لیڈ اور ڈبک (BLZ) منصوبہ، بولان مائننگ انٹرپرائز | پائلٹ پلانٹ اسکیل پر مینارل جیکل جانچ IMN لیب، پولینڈ میں حتیٰ مرحلے میں ہے۔ کنسلٹنٹ، DMT، جرمنی فیئر نیگیشن تیار کر رہا ہے اور اب توقع ہے کہ وہ سال 2018-19 کی دوسری سہ ماہی میں دستیاب ہوگی اس کے بعد پراسسنگ کی سہولت کے مالی پیشکش طلب کی جائیں گی۔ ایک اضافی گرانڈنگ مل کا خریداری کا آرڈر جاری کیا جا رہا ہے جس سے BME کی موجودہ گرانڈنگ کی استعداد میں اضافہ ہو جائے گا۔ توقع ہے کہ اضافی گرانڈنگ مل کی کمیشننگ سال 2018-19 کی چوتھی سہ ماہی میں ہو جائے گی۔ |

کمپنی کے شراکت داروں کی عملداری کے علاقوں مندرجہ ذیل اہم منصوبے مکمل کیے گئے:

| منصوبے   | حیثیت   |
|--|---|
| ناٹا فیلڈ: EPCC LPG پلانٹ                                      | • LPG پلانٹ کو دسمبر 2017 میں کمیشن کر دیا گیا اور پہلی LPG فروری 2018 میں ہوئی   |
| ٹل: ماکوری EPF کی تولاچ کے مقام پر منتقلی                      | • تولاچ پراسسنگ کی سہولت کو دسمبر 2017 میں کمیشن کر دیا گیا ہے۔   |
| ٹل: ماکوری مشرق کپریس  | • کپریسز کی تنصیب مکمل ہو گئی ہے اور کمیشننگ کی سرگرمیاں جاری ہیں۔  |
| ٹل: مای نیل کپریس  | • مای نیل کے کنویں کا ہیڈ کپریس کمیشن کر دیا گیا تھا۔   |
| سادان گیس فیلڈ: فرنٹ اینڈ کپریس کی بہتری                       | • سادان FEC کی بہتری کا کام مکمل کر دیا گیا اور سینز یٹو-وگل کپریسز کے ذریعے سے اس کی ٹیکنیکل تھریس ہولڈ میں 30 psig تک گھٹا دی ہے۔ |
| لطیف فیلڈ: لطیف - سادان فلو لائن منصوبے کی رکاوٹوں کو دور کرنا | • لطیف - سادان میں رکاوٹوں کو دور کرنے کا منصوبہ مکمل ہوا۔  |
| ناٹا: میلہ ترقیاتی منصوبہ                                      | • LPG کی بحالی کے عمل کے لیے تیسرے فریق سے فیئر نیگیشن اسڈی پر عمل جاری ہے۔   |
| کیر تھر: رکاوٹوں کو دور کرنے کا منصوبہ                         | • رحمان کی رکاوٹوں کو دور کرنے کا کام کیا گیا تاکہ پلانٹ کی یکساں 40 MMscfd گیس کو پراسس کرنے کی استعداد ہو۔                        |
|  | • رحمان پراسسنگ سہولت کی فرنٹ اینڈ انجینئرنگ اور ڈیزائن اسڈی جاری ہے تاکہ اس کی استعداد 40 MMscfd سے 100 MMscfd بڑھائی جائے۔        |



|           |   |
|-----------|---|
| حال       | <ul style="list-style-type: none"> <li>• پہلے دریافتی کنواں سریال X-1 کی جانچ جاری ہے۔</li> <li>• 64 Km L کان فل D2 سائیک سے متعلق (seismic) کے اعداد و شمار کا حصول مکمل ہوا۔</li> </ul> |
| صادق آباد | <ul style="list-style-type: none"> <li>• تیسرے دریافتی کنواں چولستان X-1 کے لیے زمین حاصل کی جا رہی ہے۔</li> </ul>  |
| کرسال     | <ul style="list-style-type: none"> <li>• پہلا دریافتی کنواں تلمہ گنگ X-1 دریافت کے طور پر مکمل ہوا۔</li> </ul>  |

PPL کے شراکت داری کی عملداری کے معدنی ذخائر کی تلاش کی سرگرمیوں کا خلاصہ درج ذیل ہے:

|                                      |  |
|--------------------------------------|--|
| انڈس G ساحلی علاقے (عامل: ENI)       | <ul style="list-style-type: none"> <li>• جنوری 2019 میں معدنی ذخائر کی دریافت کے کنویں کیلکڑا-1 کی کھدائی کی تیاریاں جاری ہیں</li> </ul>   |
| انڈس C اور N ساحلی علاقے (عامل: ENI) | <ul style="list-style-type: none"> <li>• بلاک C اور N کی سرگرمیاں بلاک G (کیلکڑا امکان) میں دریافت سے منسلک ہیں</li> </ul>   |
| بشکا (عامل: Zhenhua)                 | <ul style="list-style-type: none"> <li>• زمین ہوا (Zhenhua) عامل کو آمادہ کرنے کی کوششیں کی جا رہی ہیں کہ وہ بقیہ کام کی تکمیل کا وعدہ پورا کرے</li> </ul>   |
| کوہان (عامل: OMV)                    | <ul style="list-style-type: none"> <li>• بلاک غیر معمولی حالات کی وجہ سے 16 دسمبر 2016 سے بند ہے</li> </ul>  |
| مٹل (عامل: MOL)                      | <ul style="list-style-type: none"> <li>• حوصلہ شکن نتائج کی وجہ سے طویل مشرق-1 کو بند کر دیا اور ترک کر دیا۔</li> <li>• دریافتی کنواں مای خیل ڈیپ-1 پر جانچ کا کام جاری ہے</li> </ul>  |
| ناپٹا (عامل: OGDCL)                  | <ul style="list-style-type: none"> <li>• دریافتی کنویں شاد-1، کپائیل-1 اور خنجر-1 پر کھدائی جاری ہے</li> </ul>   |
| گہبٹ (عامل: OMV)                     | <ul style="list-style-type: none"> <li>• 31 اگست 2017 کو DGPC کو گہبٹ دریافتی لائسنس سے دستبرداری کا نوٹس۔ تجل PL &amp; D کو علیحدہ کرنے (مؤثر 3 دسمبر 2016) کے لیے جمع کر دیا ہے۔</li> </ul>  |
| کیرتھر (عامل: POGC)                  | <ul style="list-style-type: none"> <li>• روشن کنواں-1 کا 9 مارچ 2018 کو آغاز ہوا اور کھدائی جاری ہے۔</li> </ul>  |
| غوری (عامل: MPCL)                    | <ul style="list-style-type: none"> <li>• کنویں دھاریان-1 کی کھدائی 21 دسمبر 2017 کو ہوئی اور کھدائی جاری ہے</li> </ul>   |
| ڈگری (عامل: UEPL)                    | <ul style="list-style-type: none"> <li>• چوتھا دریافتی کنواں گل شیر-1 پر کام جاری ہے</li> </ul>  |
| سکھ پور (عامل: ENI)                  | <ul style="list-style-type: none"> <li>• دوسرے دریافتی کنواں لنڈی-1 کو بند کر دیا اور کام ترک کر دیا اور آگے کام کے لیے بلاک کا تخمینہ لگایا جا رہا ہے</li> </ul>  |
| جھروک (عامل: NHEPL)                  | <ul style="list-style-type: none"> <li>• تمام سرگرمیاں روک دی گئیں ہیں کیونکہ عامل (operator) کام کرنے کے لیے تیار نہیں ہے۔</li> </ul>   |
| کوٹری ٹال (عامل: UEPL)               | <ul style="list-style-type: none"> <li>• UEPL کو ستمبر 2017 کو کام کرنے کی عملداری بمع 50 فیصد WI منتقل کر دی گئی۔</li> <li>• دوسرے دریافتی کنویں علی آباد-1 پر کھدائی مکمل ہے اور فل الحال مزید تخمینے کے لیے کام معطل ہے۔</li> <li>• تیسرے دریافتی کنواں اونار پور-1 کی دوسری سہ ماہی میں کھدائی کی تیاریاں جاری ہیں۔</li> </ul> |

منصوبے

کمپنی کی عملداری کے علاقوں میں مندرجہ ذیل اہم منصوبے مکمل کیے گئے:

| منصوبے                    | حیثیت   |
|---------------------------|---|
| آدھی NGL/LPG پلانٹ III    | پلانٹ کام کر رہا ہے اور آن اسپیک (on-spec) مصنوعات پیدا کر رہا ہے۔ نقص کی ذمہ داری کی مدت اطمینان بخش طور سے 15 جون 2018 مکمل ہوئی۔   |
| آدھی گیس کپریشن کا منصوبہ | تفصیلی انجینئرنگ اور کپریٹر پیکیج کا FAT کامیابی سے مکمل ہو گیا۔ 5 عدد کپریٹر پیکیج راستے میں ہیں اور توقع ہے سائٹ پر ستمبر 2018 تک پہنچ جائیں گے۔ توقع ہے کہ ان کی تنصیب اور کمیشننگ جنوری 2019 میں مکمل ہو جائے گی۔ |

PPL کی عملداری کے جنوبی علاقوں میں معدنی ذخائر کی تلاش کی سرگرمیوں کا خلاصہ درج ذیل ہے:

|              |  |
|--------------|--|
| گمبٹ جنوبی   | <ul style="list-style-type: none"> <li>دریافتی کنواں بدیل 1-X کی کھدائی دریافت کے طور پر مکمل ہوئی۔ جانچ کے دوران کنویں میں گیس کا بہاؤ MMscfd 23.7 کے ساتھ bbl 91 یومیہ کا انجماد (condensate) حاصل ہوا۔</li> <li>PSTM اور PSDM پر اسسٹنگ کو ضم کر دیا اور AVO انورژن (Inversion) کا 2,249 اسکوئر کلومیٹر 3 D سائزک سے متعلق (seismic) اعداد و شمار مکمل کیے گئے تاکہ اضافی امکانات کا نقشہ بنایا جائے۔</li> <li>کمپنی نے ہادی 1-X دریافت کے لیے ٹائٹ گیس کے امکانات کی تشخیص مکمل کی۔</li> </ul> |
| ہالہ         | <ul style="list-style-type: none"> <li>چھٹی زرباب 1-X دریافت کی کھدائی مکمل ہوئی۔ جانچ کے دوران کنویں سے گیس کا بہاؤ MMscfd 0.4 رہا۔ کنویں کو بند کر دیا اور مزید تخمینے کے لیے کام کو معطل کر دیا۔</li> <li>ساتویں کنویں قمر 1-X کی کھدائی مکمل ہوئی۔ جانچ کی تیاری جاری ہے۔</li> <li>PSTM اور PSDM پر اسسٹنگ کو ضم کر دیا اور AVO انورژن (Inversion) کا 580 اسکوئر کلومیٹر 3 D سائزک سے متعلق (seismic) اعداد و شمار مکمل کیے گئے۔</li> </ul>  |
| کوٹری        | <ul style="list-style-type: none"> <li>تیسرا دریافتی کنواں رجب 1-X کو بند کر کے ترک کر دیا گیا۔</li> <li>چوتھا دریافتی کنواں یاسر 1-X گیس / انجماد (condensate) کی پیداوار کرنے والے کنویں کے طور پر دریافت کے ساتھ مکمل ہوا۔ جانچ کے دوران کنویں سے گیس کا بہاؤ MMscfd 3.2 اور bbl 475 یومیہ انجماد (condensate) حاصل ہوا۔</li> </ul>   |
| سیرانی       | <ul style="list-style-type: none"> <li>312 اسکوئر کلومیٹر 3D سائزک سے متعلق (seismic) اعداد و شمار کا حصول مکمل ہوا اور اس کی تشریح اور نقشہ سازی کی تفصیلات حاصل کی گئیں۔ مارشی علاقے میں ایک امکان کو کارآمد کیا۔</li> <li>رگ کو کام کی جگہ پر منتقل کرنے کے لیے منصوبہ بندی اور رسائی کے راستے کا نقشہ تیاری اور مارشی علاقے میں کنویں کی کھدائی کے لیے تعمیراتی کام کا آغاز کر دیا گیا ہے۔</li> </ul>  |
| زمرہ جنوبی   | <ul style="list-style-type: none"> <li>منجر 1-X کے پہلے دریافتی کنواں کی تفصیلی G&amp;G کے تخمینے کے بعد اس کو بند کرنے اور ترک کرنے کا اعلان کیا گیا۔</li> <li>DGPC کو بلاک کی بقایا کم امکانی افادیت کے بنیاد پر بلاک چھوڑنے کا نوٹس جمع کروا دیا ہے۔</li> </ul>   |
| نوشہرہ فیروز | <ul style="list-style-type: none"> <li>فریکچر جانچ کے نتائج کے تخمینے کے بعد NF ہور 1 کا تخمینہ جاری ہے تاکہ اس کی تجارتی افادیت کا تعین ہو۔</li> <li>تیسرے دریافتی کنویں نصرت 1-X (ہور) کی کھدائی مکمل ہوئی اور جانچ جاری ہے۔</li> </ul>  |
| لمیر         | <ul style="list-style-type: none"> <li>لمیر 1-X ڈھانچے کی سائزک سے متعلق (seismic) D2 اعداد و شمار کی پر اسسٹنگ دوبارہ کی جارہی ہے اور بقایا امکانات کی تصدیق کے لیے ان کی تشریح ہو رہی ہے۔</li> </ul>   |
| شاہ بند      | <ul style="list-style-type: none"> <li>پہلے دریافتی کنویں بیناری 1-X کی کھدائی جاری ہے</li> </ul>  |
| جھنگ شاہی    | <ul style="list-style-type: none"> <li>بلاک کے شمالی حصے کا MoD سے اجازت نامہ (NoC) کا انتظار ہے۔</li> <li>باقی بلاک کے تخمینے کے لیے کمپنی کے اندر G&amp;G کا تخمینہ جاری ہے۔</li> </ul>  |
| کچھرو مشرق   | <ul style="list-style-type: none"> <li>پہلے دریافتی کنویں کھرپو مشرق 1-X کی مالی پیشکشیں طلب کر لی گئیں ہیں۔</li> <li>Km L 111 کا سائزک سے متعلق (seismic) ان فل D2 کے اعداد و شمار حاصل کر لیے گئے ہیں اور 399 Km L D2 سائزک سے متعلق (seismic) اعداد و شمار حاصل کیے جارہے ہیں تاکہ مشرقی امکانی کنویں کو فائدہ مند بنایا جائے۔</li> </ul>   |

PPL کی عملداری کے شمالی بلاکس میں معدنی ذخائر کی تلاش کی سرگرمیوں کا خلاصہ درج ذیل ہے:

|            |  |
|------------|--|
| دھوک سلطان | <ul style="list-style-type: none"> <li>دوسرے دریافتی کنواں ڈھوک سلطان جنوبی 1-X کھدائی کے لیے زمین حاصل کر لی گئی ہے۔</li> </ul> |
|------------|--|

سال کے دوران، PPL نے اپنی عملداری کے آٹھ بلاکس میں 2D Km L 2,422 سائیک سے متعلق (seismic) اعداد و شمار حاصل کیے ہیں: ان بلاکس میں شامل ہیں؛ خاران، خاران شمالی، مرگنڈ، قلات، جنوبی خاران، کچہر و مشرقی، حمال اور ڈھوک سلطان۔

PPL نے معدنی ذخائر کی تلاش کے لیے پورے پاکستان میں شمال، جنوب اور سرحدی اثاثہ جات میں 11 کنوؤں کی کھدائی (spudded) کی ہے۔ PPL نے شراکت داروں کی عملداری کے علاقوں میں 7 معدنی ذخائر کے لیے کنوؤں کی تلاش کی ہے۔ PPL کی عملداری والے بلاک میں ہائیڈروکاربن کا ایک ذخیرہ دریافت کیا۔

| PPL عملداری |               |
|-------------|---------------|
| بلاکس       | دریافت        |
| آدھی ML     | آدھی جنوب X-1 |

PPL کی عملداری اور شرکت داروں کی عملداری کے بلاکس میں معدنی ذخائر کی تلاش کے کام کے پروگرام کا خلاصہ نیچے ٹیبلز میں درج ہے:

PPL کی عملداری کے سرحدی علاقوں میں معدنی ذخائر کی تلاش کی سرگرمیوں کا خلاصہ درج ذیل ہے:

| بارکھان                             | • بتایا بلاک میں پیش رفت کے حوالے سے فیصلہ کرنے کے سلسلے میں امکانی تخمینہ جاری ہے   |
|-------------------------------------|--|
| خاران، خاران مشرقی، اور خاران مغربی | <ul style="list-style-type: none"> <li>• 752 2D Km L سائیک سے متعلق (seismic) کے اعداد و شمار کا حصول مکمل ہوا تاکہ پختہ گہری تر کھدائی کے امکانات تک رسائی ہو۔</li> <li>• مائیکرو بیال جیو-کیمیکل تلاش (MGCE) کا سروے مکمل ہوا اور اس کا G4 (جیالوجی، جغرافیائی، جیو کیمیکل) HC چارج کے خطرے کو کم کرنے کے لیے انضمام (integration) کا عمل جاری ہے</li> </ul>   |
| قلات                                | <ul style="list-style-type: none"> <li>• دریافت کے لیے پہلا کنواں قلات X-1 کی گھازر فارمیشن میں 3,754 میٹر تک کھدائی ہو چکی ہے اور مزید تخمینے کے لیے کام معطل کر دیا گیا ہے۔</li> <li>• دوسرے تلاش کے کنویں مراد X-1 کے لیے زمین کے حصول کا کام جاری ہے۔</li> <li>• قلات X-1 کنویں پر سائیک سے متعلق (seismic) 46 2 Km L D کے اعداد و شمار کا حصول مکمل، جبکہ بلاک کے جنوبی حصے میں سائیک سے متعلق (seismic) 346 2 Km L D2 کے اعداد و شمار کا حصول جاری ہے تاکہ اضافی کھدائی سے رسائی کے امکانات کو پختہ کریں۔</li> </ul> |
| حب                                  | <ul style="list-style-type: none"> <li>• دریافتی کنواں حب X-1 کو ٹائٹ گیس کی دریافت سے معطل کر دیا۔ جانچ کے دوران مختلف زونز میں کنویں میں گیس کا بہاؤ 0.02 سے 0.08 MMscfd رہا۔</li> <li>• دوسرا دریافتی کنواں ایوب X-1 کو بند کر کے ترک کر دیا گیا۔</li> <li>• تیسرے دریافتی کنواں نوح X-1 پر کام جاری ہے۔</li> </ul>   |
| بیلہ مغربی                          | • بیلہ مغربی X-1 کنویں کے مقام پر پہلی تلاش کے لیے کام جاری ہے   |
| نوشیروانی                           | • پہلا دریافتی کنواں نوشیروانی X-1 کو بند کر کے ترک کر دیا گیا۔  |
| خضدار                               | • 100 2 Km L D2 میں سائیک سے متعلق (seismic) اعداد و شمار کے حصول کا منصوبہ ہے تاکہ بتایا رسائی کو کھدائی کے لیے کارآمد بنایا جائے۔  |
|                                     | <ul style="list-style-type: none"> <li>• 261 2 Km L D2 میں سائیک سے متعلق (seismic) اعداد و شمار کے حصول کا کام مکمل ہوا۔</li> <li>• پہلے دریافتی کنویں مارگنڈ X-1 کے لیے زمین کے حصول کا کام جاری ہے۔</li> </ul>  |
| جنوبی خاران (عملدرآمد جاری)         | <ul style="list-style-type: none"> <li>• 21 اگست 2017 کو OGDCL سے حق عملداری کی منتقلی۔</li> <li>• 775 2 Km L D2 میں سائیک سے متعلق (seismic) اعداد و شمار کے حصول کا کام مکمل ہوا تاکہ پختہ رسائی کو کھدائی کے امکانات میں منتقل کیا جائے۔</li> </ul>   |

## لیفٹ گیس فیلڈ (عامل: OMOV پاکستان)

- 24 اپریل 2018 کو لیفٹ-15 کی کھدائی (spud) ہوئی اور کامیابی سے گیس پیدا کرنے والے کنویں کے طور پر مکمل ہوا۔

### تحقیق اور ارتقاء

PPL پاکستان کی تلاش اور پیداوار (E&P) کی بڑی قومی کمپنیوں میں سے ایک ہے جس نے مستعدی سے اپنی E&P سے متعلق سرگرمیاں بڑھادی ہیں تاکہ ملک کی موجودہ توانائی کے بحران کے حل میں حصہ ڈال سکے۔ آسان ہائڈروکاربن کے وسائل کے اہداف کے فقدان سے نپٹنے کے لیے ضروری ہے تحقیق اور ارتقاء (R&D) کی سرگرمیاں کی جائیں اور نئی ٹیکنالوجیز، طریق عمل (processes) اور خدمات کی تلاش کی جائے۔ ایک قومی کمپنی ہونے کے ناطے، PPL چاہتی ہے کہ R&D کی سرگرمیوں میں سرمایہ کاری کی جائے تاکہ اپنی بنیاد کو برقرار رکھا جاسکے، مزید ترقی ہو اور مشکل سے پیدا کیے جانے والے ہائڈروکاربن شامل کیے جائیں اور قابل تجدید توانائی کے منصوبے اپنے پورٹ فولیو میں شامل کیے جائیں تاکہ ملک میں توانائی کے جاری بحران کے حل میں حصہ ڈالا جائے۔ اس لیے، DMD (TS) کی سربراہی میں ایک اسٹیزنگ کمپنی بنائی جا چکی ہے PPL میں R&D کی سرگرمیوں کو دیکھا جاسکے۔

R&D کے طریق عمل کے متعارف کرنے سے کمپنی ابتدائی طور پر کوشش کرے گی کہ PPL ڈائریکٹریٹس میں متعدد ٹیمیں بظاہر ناقابل حل مشکل مسائل کا حل ڈھونڈیں۔ یہ عمل نہ صرف اعلیٰ عہدہ پر مامور پیشہ ور حضرات کو مسائل کے سمجھنے کے لیے ہے تاکہ وہ R&D کی چھتری تلے ہر کسی ناکامی یا اس کی لاگت کے خوف کے ان مسائل کا عملی حل تلاش کر سکیں۔ ان مسائل کے قابل عمل تھیکہ دہی حل کی تلاش کے بعد اس کے نفاذ سے پہلے اس کی لاگت میں بچت کی ایک کوشش کی جاسکتی ہے۔ ابتدائی طور پر مندرجہ ذیل R&D منصوبے منتخب کیے گئے ہیں:

- درمیانی اور نچلے انڈس ٹین میں "کنورٹڈ ویو ملٹی-کمپونینٹ C 3 ٹیکنالوجی" کا استعمال۔
- کندھ کوٹ فیلڈ میں پیداوار میں اضافے کے لیے ایسڈ فریکچر (acid fracture) / بلند شرح کا محرک (stimulation) کا استعمال۔
- آدھی کے گیس کے بہاؤ کو یقینی بنانے کا مطالعاتی جائزہ۔
- ٹائٹ گیس اور شیل گیس کی تشخیص کے لیے مطالعاتی جائزہ۔
- انڈس کے ساحلی علاقوں میں ملٹی-کلائنٹ گریوٹی / میگنٹک سروے کے لیے امکان پذیری کے لیے مطالعاتی جائزہ۔

### دریافتی کام

اپنی ذیلی کمپنیوں بشمول شراکت داروں کے ساتھ، PPL تلاش کے 43 بلاکس رکھتی ہے، جس میں 25 PPL کی عملداری میں ہیں بشمول بلاک 8 جو عراق میں ہے اور 18 شراکت داروں کی عملداری والے ہیں جن میں 3 پاکستان کے سمندری علاقوں میں اور ایک یمن کے سمندری علاقے میں ہے۔

کمپنی کی حکمت عملی متنوع (diversified) تلاش کا پورٹ فولیو رکھتی ہے جو زیادہ خطرہ-زیادہ انعام اور کم خطرہ-کم/درمیانہ انعام کے اثاثہ جات کا آمیزہ (mix) ہے۔ مزید یہ کہ، جیسا کہ تاریخی طور پر ظاہر ہے، PPL کا کاروباری عرصہ تکمیل (cycle)، معدنی وسائل کی تلاش میں سرمایہ کاری کے چند سالوں میں پیداوار کے آغاز سے، کمپنی، تیل کی قیمتوں میں پھر سے ہونے والے جاری اضافے سے فائدہ اٹھانے سے اس کا مقام صفِ اوّل کی کمپنیوں میں ہو گا۔

2009 اور 2013 میں بولی کے عمل (bidding) کے مراحل کے بعد بلاکس کی شمولیت کے بعد کمپنی کے سائزک سے متعلق (seismic) آپریشن اور معدنی ذخائر کی تلاش کی کھدائی کا کام کئی گنا بڑھ گیا ہے۔ گذشتہ سات سالوں میں، PPL نے بطور عامل (operator) 2D Km L 9,827 اور بشمول عراق میں بلاک-8 میں 8,740 اسکوائر کلومیٹر 3D سائزک سے متعلق (seismic) کے اعداد و شمار حاصل کیے ہیں۔ اس مدت کے دوران PPL نے بطور عامل (operator) 53 معدنی ذخائر کے کنوؤں کی تلاش کے لیے کھدائی کر چکی ہے۔

سائزک سے متعلق سرویز اور تلاش کے کنوؤں

17-2016 میں بیرائٹس کی کچھ دھات (ore) اور پاؤڈر کی فروخت 110,274 ٹنز (tons) تھی۔ سال 2017-18 میں BME نے پہلی مرتبہ بیرائٹس پاؤڈر کی برآمدات کی ہیں۔

شراکت داروں کی عملدرآمد کی فیلڈز

ٹل بلاک (عامل: MOL پاکستان)

- حالیہ دریافت ماکوڑی کنویں ڈیپ-1 کی کامیابی سے کمیشننگ ہو چکی ہے۔ کنویں کا گیس کا بہاؤ 7 MMscfd کے ساتھ bpd800 تیل ہے۔
- ارتقائی کنواں مارماڑی-4 مکمل کیا اس سے 15 MMscfd گیس کے ساتھ bpd500 انجماد (condensate) اور 11 MT بومیہ LPG حاصل ہو رہی ہے۔
- ارتقائی کنواں مارکوڑی مشرق-6 مکمل ہو گیا اور گیس / انجماد (Condensate) پیدا کرنے والے کے طور پر کمیشن کر دیا گیا ہے جس سے 2.5 MMscfd گیس اور 950 bpd انجماد (Condensate) حاصل ہوتا ہے۔
- دریافتی کنواں تولج 1-X کے آغاز کے ساتھ 9.5 MMscfd گیس اور 50 bpd انجماد (Condensate) حاصل ہوتی ہے۔
- دریافتی کنواں تولج مغرب-1 کے آغاز کے ساتھ 11.5 MMscfd گیس اور 60 bpd انجماد (Condensate) حاصل ہوتی ہے۔
- ماکوڑی مشرق-2 میں مداخلت کا نتیجہ اضافی 3 MMscfd گیس اور 1,000 bpd تیل / انجماد کی صورت میں ملا۔

کیرتھر بلاک (عامل: POGC پاکستان)

- ارتقائی کنواں رزق-2 کو فعال کیا اور گیس کا بہاؤ 4.6 MMscfd رہا۔
- پیداواری کنواں رحمان-4 بطور گیس پیداوار کرنے والے کنویں کے کامیابی سے مکمل کیا اور اس سے 11 MMscfd گیس پیدا ہوتی ہے۔

قادر پور فیلڈ (عامل: OGDCL)

- پیداواری کنوئیں قادر پور-58، 13-HRL، 14-HRL، قادر پور-25 (سانڈ ٹریک) کی کامیابی سے کھدائی اور پیداوار شروع ہو گئی۔ ان کنوئیں سے 17 MMscfd گیس کی اضافی پیداوار حاصل ہوئی تھی۔
- پیداواری کنواں، قادر پور-59 کو کھودا گیا (spudded) اور ڈرلنگ ابھی جاری ہے۔

ساوان گیس فیلڈ (عامل: OMV پاکستان)

- ساوان-3 بنا رک کے ورک اوور (workover) / ویل بورنگھین آؤٹ کے کام کیے گئے جس کا نتیجہ میں گیس کی 7.5 MMscfd کی اضافی پیداوار حاصل ہوئی۔

ناٹھا آئل فیلڈ (عامل: OGDCL)

- میلہ-5 کی جانچ کی گئی اور اس کی تکمیل گیس پیدا کرنے والے کنویں کے طور پر ہوئی اور اختتام سال کے بعد دریافت کو سائنسک فارمیشن میں تسلیم کر لیا گیا۔
- میلہ-5 محرک (stimulation) کرنے کے عمل کا نتیجہ میں داتا (Datta) فارمیشن سے اضافی 4 MMscfd گیس اور 800 bpd تیل حاصل ہوا۔
- ناٹھا-8 کی جانچ کی گئی اور بطور گیس پیدا کرنے والے کنویں کے مکمل ہوا اور 10 MMscfd گیس اور 1,000 bpd کی پیداوار دی۔
- میلہ-1 اور 3 ناکام ورک اوورز (workovers) کے بعد P&A قرار پائے۔
- ناٹھا-9 اور میلہ-6 کی ڈرلنگ جاری ہے۔



- ایک آزاد بین الاقوامی کنسلٹنٹ کے ذریعے 'کنڈھ کوٹ انڈیگرینڈ ریزروئرس اسٹڈی' (Integrated Reservoir Study) کی تکمیل کی گئی۔
- دو کمپریسرز (compressors) کی سوئی سے نقل مکانی کی گئی، ان کو نئے جیسا کیا گیا اور ان کے استعمال کا آغاز کیا گیا جس سے KFGCS کی گیس پروسس کرنے کی استعداد میں MMscfd 24 کا اضافہ ہوا۔
- ڈی ہائڈریشن (Dehydration) پلانٹ کے ESD کے نظام میں کامیابی سے اس کی صلاحیت میں اضافہ (upgradation) کیا گیا اور نظام نے کام کا آغاز کر دیا۔

## آدھی

- آدھی فیلڈ نے اب تک کی بلند ترین یومیہ پیداوار حاصل کی: گیس - MMscfd 80، تیل - bpd 10,938 اور LPG - 324 میٹرک ٹن۔
- تین ارتقائی کنویں، آدھی - (T/K) 28، (T/K) 29، اور (T/K) 30، مکمل ہوئے اور ان سے پیداوار کا آغاز ہوا جس سے 8.8 MMscfd گیس اور bpd 1,520 تیل کا اضافہ ہوا۔
- دریافتی کنواں، آدھی جنوبی X-1 کامیابی سے مکمل ہوا جس کے نتیجے میں ایک دریافت ہوئی جس سے bcf 49 گیس اور MMbbl 10.6 تیل (MMbbl 19.20-BOE) کے اضافی ذخائر (P50 کیس) حاصل ہوئے۔ FWHP. psi 1,000 پر تیل کا سب سے زیادہ بہاؤ 1,550 bpd ساتھ MMscfd 2.62 گیس کا اندراج ہوا۔
- دو ارتقائی کنویں آدھی - (T/K) 31 اور آدھی - (T/K) 32 کو کھودا گیا (spudded)۔
- آدھی - (T/K) 31 کی کھدائی کے لیے گہرائی کا ہدف اس کی متعین 190 دنوں کے مقابلے میں 55 دنوں کے رکارڈ وقت میں حاصل کیا گیا۔
- آدھی - (T/K) 24 کنویں کا ورک اور (workover) مکمل کیا گیا۔
- تین پلانٹس کا سالانہ کارکردگی کی بحالی (turnaround) 9 دنوں کی رکارڈ مدت میں مکمل کیا۔
- آدھی - K-9 کنویں کو خاص چھلے (annulus) کے ذریعے گیس داخل کر کے بحال کیا جس کے نتیجے میں تقریباً 0.2 MMscfd گیس اور 100 BOPD تیل کی پیداوار میں اضافہ ہوا۔
- آدھی کمپریسرز اور چین سے بھیجے جانے والے ہیکٹیج کا کامیابی سے فیکٹری میں قبولیت کا ٹیسٹ مکمل کیا۔

## گمبٹ جنوبی، ہالہ اور مرزائی

- گمبٹ جنوبی گیس پراسسنگ کی سہولت III-(GPF) کا منصوبہ خریداری اور تعمیر کے مرحلے میں ہے۔ کوششیں جاری ہیں کہ منصوبے کی تکمیل میں ہونے والی تاخیر کے اثرات کا حل نکالا جائے۔
- گمبٹ جنوبی GPF-IV کی تعمیراتی سرگرمیاں پورے عروج پر ہیں۔ تمام آلات کی تنصیب کر دی ہے اور پائپ، بجلی اور آلاتی عمل (Instrumentation) پر کام جاری ہے۔ قبل از کمیشننگ کی سرگرمیوں کا آغاز ہو چکا ہے اور پلانٹ کے ساتھ کے مرحلہ I-10 (MMscfd گیس) کا مکانی کام مکمل ہو چکا ہے اور توقع ہے کہ اس کا افتتاح وسط ستمبر 2018 میں ہو جائے گا۔
- ظافر X-1 اور واقع X-1 فیڈر لائن پر تعمیراتی کام مکمل ہو چکا ہے۔
- کبیر EWT X-1 تیل کو علحدہ کرنے کی سہولت اور EWT کا انٹرکٹری تہذیبی کام مکمل ہو چکا ہے، جس کے نتیجے میں اوپیکس (Opex) میں 35 فیصد (0.59 سالانہ) کمی ہوئی۔
- ظافر (گمبٹ جنوبی) اور فضل (ہالہ) میں دریافتوں کی ارتقاء اور پیداوار کے پٹے (Lease) کی DGPC نے منظوری دے دی ہے۔
- CPPA-G کی جانب سے MW 20 حاتم پاور پروجیکٹ کے ارتقاء اور منظوری سے متعلق 'گرڈ انٹر کنڈیکشن اسٹڈی' کو مکمل کیا جا چکا ہے۔

## بولامکنگ انٹرپرائز (BME)

خضدار میں بیرائٹس آپریشن کی کان کنی، پٹائی اور پیداوار اطمینان بخش رہی۔ 206,921 ٹنز (tons) بیرائٹس کی کچ دھات (ore) اور پاؤڈر کی اب تک کی بلند ترین فروخت کا اندراج سال 2017-18 میں ہوا جس نے 2014-15 کی 135,690 ٹنز (tons) فروخت کا رکارڈ توڑا۔ سال



| 2016-17 | 2017-18 |  |
|---------|---------|--|
| 329,367 | 323,007 | قدرتی گیس  |
| 5,949   | 5,795   | غام تیل / NGL / انجماد (condensate) (ہزار بیرلز) |
| 81,267  | 95,332  | LPG (میٹرک ٹنز)                                  |

سال کے دوران ہائیڈروکاربنز کی پیداوار بشمول مشترکہ آپریشن کی پیداوار کا اوسط MMscfd 885 تیس، bbl NG / تیل 15,877 / انجماد (condensate) اور 261 میٹرک ٹنز LPG یومیہ رہی۔

کمپنی کے بڑے خریداروں میں سوئی گیس کمپنی لمیٹڈ، سوئی ٹاورن گیس پائپ لائنز لمیٹڈ، سینٹرل پاور جرنیشن کمپنی لمیٹڈ اور انک ریٹائٹری لمیٹڈ شامل ہیں۔

سال کے دوران اثاثہ جات کی بنیاد پر کیے جانے والے اہم اقدامات درج ذیل ہیں:

#### اپنی عملداری کی فیلڈز

##### سوئی

- دو ارتقائی کنوؤں کی کھدائی اور تکمیل، سوئی-102 (U) اور سوئی-103 (U)، جبکہ 30 جون 2018 کو تیسرا ارتقائی کنواں سوئی-104 (M) مطلوبہ گہرائی تک پہنچا اور وہاں تکمیلی آپریشن جاری ہے۔
- سوئی-102 (U) کو پیداواری نیٹ ورک میں شامل کر دیا گیا ہے جس کا حصہ MMscfd 7 گیس ہے۔
- سال 2017-18 میں دو ورک اوورز (workovers) (سوئی-36 اور سوئی-40) کو مکمل کیا گیا جس نے MMscfd 3 کا اضافہ کیا۔
- سات دگ لیس پیداوار صلاحیت بہتر کرنے کے کام (بشمول اضافی سورج کرنا، سورج میں رکاوٹوں کو دور کرنا اور متحرک کرنا) کیے گئے جس کے نتیجے میں MMscfd 12 کا اضافہ ہوا۔
- آزاد کنسلٹنٹ کے ذریعے ذخائر سرٹیفیکیشن کی اسٹڈی ('Reserves Certification Study') مکمل کی اور BCF 130 کے ذخائر کا 1P کے زمرے میں اضافہ ہوا۔
- پلانٹ کی دیکھ بھال، افادیت اور قابل بھر دہ کرنے کے لیے تقصیری پلانٹ اور سوئی فیلڈز گیس کپریٹن اسٹیشن پر کام کیے گئے بشمول 7 ویں ایو اپریٹو (evaporative) کولر، تین گیس ٹربائنوں کی مکمل مرمت، آلات کی تبدیلی اور SFGCS پر پلانٹ انٹر کنٹرول سسٹم کی تبدیلی، فائر اور گیس سسٹم کی تنصیب اور تقصیری پلانٹ پر DCS کی افادیت میں اضافہ۔

##### کندھ کوٹ

- اب تک گیس کی بلند ترین یومیہ پیداوار (262 MMscfd) کا ریف حاصل کیا (روزانہ کا اوسط 207 MMscfd رہا)۔
- ارتقائی کنوئیں، 39-KDT (U/M) سے 17 MMscfd پیداوار کا آغاز ہوا، جو کندھ کوٹ فیلڈ کے SUL مغربی ڈوم سے پہلی تجارتی گیس کی فراہمی ہے۔
- 32-KDT (U/M) کا سائڈ ٹریک آپریشن مکمل کیا گیا اور کنوئیں سے 21 MMscfd سے آغاز ہوا۔
- 15-KDT (U) کا ورک اوور (workover) مکمل کیا اور کنوئیں سے 8.2 MMscfd سے آغاز ہوا۔
- 2016-17 کی آخری ماہی میں 43-KDT، 44-KDT (U)، 41-KDT (M) کنوؤں کی کھدائی ہوئی اور سال کے دوران ان کی تکمیل ہوئی۔ ان سے فیلڈ سے فراہمی کی صلاحیت میں MMscfd 24 کا اضافہ ہوا۔
- پیداوار میں اضافے اور تحفظ / سالمیت کے مسائل کی درستی کے لیے سات کنوؤں میں دخل اندازیاں (interventions) عمل میں لائیں گئیں۔

پاکستان کی کل توانائی کی فراہمی کے آمیزے (mix) میں قدرتی گیس کا 44 فیصد حصہ ہے۔ زیادہ تر گیس مقامی طور پر پیدا ہوتی ہے اور ملک میں گیس کی روزانہ اوسط پیداوار تقریباً 4 BCF ہے۔ پختہ فیلڈز سے پیداوار میں فطری کمی کا نئی دریافتوں کے ذریعے تدارک ہونے کی وجہ سے گزشتہ سالوں میں پیداوار تقریباً اسی سطح پر رہی۔ تاہم مجموعی قومی پیداوار (GDP) اور آبادی میں اضافے سے پیدا ہونے والی طلب سے پیداوار ہم آہنگ نہیں ہے۔ اسی طرح، گزشتہ سالوں میں خام تیل کی پیداوار میں اضافہ ہوا ہے تاہم پاکستان اپنی تیل کی ضروریات کا 85 فیصد سے زیادہ درآمد کرتا ہے۔ اس ضرورت کو مد نظر رکھتے ہوئے کمپنی تلاش اور ارتقاء کی جارحانہ حکمت عملی پر عمل کر رہی ہے تاکہ ملک میں ذخائر کی بنیاد میں اضافے میں اپنا کردار ادا کر سکے۔

### خام تیل کی قیمتیں

18-2017 اپ اسٹریم سیکٹر میں کام کرنے والوں کے لئے اچھا رہا کیونکہ ان کی مالگڈ اریاں (revenues) بین الاقوامی تیل کی قیمتوں سے منسلک ہیں جس کے بڑھنے کی رفتار برقرار رہی۔ عرب لائٹ خام تیل کی قیمتیں سال 2017-18 کی دوسری اور تیسری سہ ماہیوں میں 60 سے 70 بیرونی ڈالر فی امریکی ڈالر کی حد میں رہیں جو سال کے آخری حصے میں 70 بیرونی ڈالر فی امریکی ڈالر سے بھی بڑھ گئیں۔ قیمتوں کے تخمینوں کی توجہ سے نگرانی کی جارہی ہے کیونکہ تیل کی قیمتوں میں تغیر پذیری تیل کی تلاش اور پیداوار (E&P) کرنے والی کمپنیوں کے لیے ایک خطرہ رہے گی۔

### مبادلہ نرخ

سال کے دوران امریکی ڈالر / پاکستانی روپے کا مبادلہ نرخ دباؤ میں رہا۔ مالی سال کے آغاز سے روپے کے امریکی ڈالر سے مبادلہ کے نرخ میں 20 فیصد کمی ہوئی۔ روپے کی قدر میں کمی کے ممکنہ لاگتوں پر خراب اثرات مرتب ہوتے ہیں جبکہ کمپنی کی مالگڈ اریوں پر مثبت اثر ہوتا ہے کیونکہ کمپنی کے کاروباری معاملات کی بنیاد زیادہ تر امریکی ڈالر میں ہے۔

### تجارتی وصولیائیں (Receivables)

اپ اسٹریم سیکٹر میں کام کرنے والے سیکٹر کو گردش قرضوں کی وجہ سے بڑھتی ہوئی وصولیائیوں کے مسائل کا سامنا ہے۔ 30 جون 2018 پر کمپنی کے تجارتی وصولیائیں (receivables) ایک سال پہلے کے 99 ارب روپے سے 143 ارب روپے پہنچ چکے ہیں جو کمیشن فلو کو متاثر کر رہا ہے۔ اس وصولیائیوں کی بحالی کے معاملے میں بہتری کے لیے کمپنی متعلقہ فورمز (forums) پر آواز اٹھا رہی ہے۔

### 5.2. آپریشن کا جائزہ

#### آپریشن

اس وقت کمپنی اپنی عملداری کی فیلڈز، بنام سوئی، کندھ کوٹ، آدمی، مزرانی، چاچڑ، حالہ (آدم، آدم جنوبی) اور گمبٹ جنوبی (شہداد پور، مغربی شہداد پور، کبیر-1 EWT) سے پیداوار کر رہی ہے۔ مزید یہ کہ کمپنی 18 شراکت داروں کی عملداری کی پیداواری فیلڈز میں شراکت دار ہے۔ کمپنی کوشش کر رہی ہے کہ وہ ملک کی توانائی کی ضروریات کو جدید ٹیکنالوجی اور انتظامی مہارت سے پیداوار میں اضافے کے ذریعے پورا کرے۔ علاوہ ازیں کمپنی بولان مائننگ انٹرپرائز (BME) میں بلوچستان میں موجود معدنی ذخائر کو نکالنے کے لیے حکومت بلوچستان کے ساتھ شراکت دار ہے۔

کمپنی کی گیس اور تیل کی پیداوار میں بالترتیب 1.9 فیصد اور 2.6 فیصد کی معمولی کمی ہوئی جبکہ LPG کی پیداوار میں گزشتہ سال کے مقابلے میں 17.3 فیصد اضافہ ہوا۔ پیداوار میں کمی کی بنیادی وجہ پختہ (mature) فیلڈز میں فطری کمی اور خرید اریوں کی ہے خاص طور پر کندھ کوٹ فیلڈ سے کم خرید اری۔ موجودہ سال اور گزشتہ سال کی پیداوار کا تقابلی جائزہ (PPL کے لیے خالص) درج ذیل ہے۔

- پاکستان کے سمندری علاقوں میں بطور آپریٹر کام کرنا۔
- پاکستان میں پرت جھمی چٹان (shale) سے گیس کی تلاش کے امکانات کے لیے ٹیکنالوجی کی تلاش۔
- توانائی کے شعبے میں تنوع کا تجربہ۔

#### 4. اہم کامیابیاں

مندرجہ ذیل کامیابیوں کے ساتھ کمپنی کے لیے سال 18-2017 ایک اور بہتر سال رہا، ان کامیابیوں میں سے چند کی تفصیلات کو رپورٹ میں بیان کیا گیا ہے:

- کمپنی کے عملداری کے علاقوں میں تلاش کے لیے 11 دریافتی اور 8 ارتقائی کنوؤں کی کھدائی کی گئی۔ اسی طرح شراکت داری کے عملداری کے علاقوں میں تلاش کے لیے 7 دریافتی اور 7 ارتقائی کنوؤں کی کھدائی کی گئی۔
- ایک ہائڈروکاربن کے ذخیرے کی دریافت ذاتی عملداری کے علاقے آدھی جنوبی X-1 میں ہوئی۔
- سال 18-2017 میں پختہ کار (mature) فیلڈز میں فطری کمی اور کندھ کوٹ میں استعداد سے کم پیداوار کے باوجود 988 MMscfd کی مجموعی پیداوار کا اندراج ہوا۔
- نٹشپ میں LPG-III پلانٹ نصب کر دیا گیا۔
- جون اور جولائی 2018 میں بالترتیب ٹافرفر (گہبٹ جنوبی بلاک) اور فضل (ہالہ بلاک) میں دو D&PLs کی منظوری دی گئی۔
- کندھ کوٹ (SUL مغربی ڈوم) میں نئے ذخائر سے پیداوار کا آغاز۔
- کنوؤں کی کھدائی کی صلاحیت میں مسلسل بہتری: آدھی (آدھی-35) میں 55 دنوں کے اندر اندر تیز ترین کھدائی کا نیا رکارڈ بنا۔
- کندھ کوٹ سے 226 MMscfd کی بلند ترین پیداوار حاصل ہوئی۔ سالانہ پیداواری اوسط (207 MMscfd) گزشتہ سال کی پیداوار سے 11 فیصد زیادہ ہے۔
- آدھی سے روزانہ کی پیداوار کی بلند ترین سطح حاصل: خام تیل (10,938 BOPD)، گیس (80 MMscfd) اور LPG (324 MT/D)۔
- سالانہ پیداواری اوسط گزشتہ سال کی پیداوار سے 11 فیصد زیادہ ہے۔
- BME نے 206,921 میٹرک ٹن ہیرائٹس کی بلند ترین فروخت کی۔
- کمپنی کی عملداری کے بلاکس میں 2,422 لائن کلو میٹر 2D سیمسک حاصل کیا۔
- مقامی طور پر 5,189 لائن کلو میٹر 2D اور 320 اسکور کلو میٹر 3D سیمسک ڈیٹا کی پراسسنگ۔
- شہری علاقوں میں مستحق سماجی گروہوں کے لیے اداراتی سماجی ذمہ داری (CSR) کو مزید مستحکم کرنے کے لیے اداراتی چندے (donation) کا پروگرام جاری ہے۔
- تیسرے PPL بلوچستان فٹ بال کپ 2018 کا انعقاد کیا گیا۔
- 235 اندرونی تربیتی نشستیں (sessions) منعقد ہوئیں جن میں سے 36 کا انعقاد غیر ملکی سہولت کاروں نے کیا۔
- SAP کے ذریعے خود کار طریقہ عمل (process) بشمول برقی خریداری (e-procurement) اور ملازمین کے لیے خود کار - خدمت کی سہولت کو بہتر کیا۔
- PPL نے سال کے دوران کامیابی سے "انٹرپرائز رسک مینجمنٹ" کے خود کار حل کا نفاذ کیا۔ اس نفاذ سے PPL پہلی پبلک سیکٹر کمپنی ہے جس میں مکمل طور پر "انٹرپرائز رسک مینجمنٹ" موجود ہے۔

#### 5. کاروباری جائزہ

##### 5.1 نئی معیشت کا جائزہ

آپ کے ڈائریکٹرز، 30 جون 2018 کو اختتام پذیر سال پر کمپنی کی سالانہ رپورٹ اور مختص شدہ مالیاتی گوشواروں بمع مختص کی رپورٹ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

### 1. کمپنی کا تعارف

پاکستان میں، پاکستان پیٹرولیم لمیٹڈ، قدرتی گیس کی صنعت میں بانی کمپنیوں میں شمار ہوتی ہے اور 1950 سے تیل اور قدرتی گیس کی تلاش، ترویج اور پیداوار کے شعبے میں صفِ اول کی کمپنیوں میں شمار ہوتی ہے۔

### جغرافیائی موجودگی

کمپنی کی جغرافیائی موجودگی کے مقامات سالانہ رپورٹ میں موجود PPL کے نقشے میں دیئے گئے ہیں۔

### مارکیٹ میں حصہ

کمپنی قدرتی گیس کی بطور بڑے فراہم کنندہ کے طور پر تقریباً ملک کی کل پیداوار کا بائیس (22) فیصد فراہم کرتی ہے اس کے علاوہ وافر مقدار میں خام تیل، انجماد (condensate)، قدرتی مائع گیس، رقیق پیٹرولیم گیس اور بیرامٹس پیدا کرتی ہے۔

### 2. گروپ کا ڈھانچہ

کمپنی کی تین مکمل طور پر ملکیتی ذیلی ادارے ہیں: PPL یو۔ پی۔ اے۔ پی۔ ایم۔ (PPL E&P)، PPL ایشیاء (PPLA) اور دی پاکستان پیٹرولیم پراویڈینٹ فنڈ ٹرسٹ کمپنی (پرائیویٹ) لمیٹڈ (PPPFTC) اجتنائی طور پر گروپ کہلاتی ہیں۔ ماسوائے PPPFTC کے، گروپ خاص طور پر تیل اور قدرتی گیس کے ذخائر کی تلاش، ممکنہ امکانات، ترویج اور پیداوار کے کام میں مصروف ہے۔

### 3. کمپنی کی کاروباری حکمت عملی

کمپنی اپنی ترقی کے جرات مندانہ (ambitious) پروگرام پر عمل کر رہی ہے تاکہ وہ پاکستان میں برتر تلاش اور پیداوار (E&P) کرنے والی کمپنیوں میں سے ایک کمپنی کے طور پر اپنے مقام کو مستحکم کر سکے اور تمام شرکاء مفاد (stakeholders) کے لیے صحت مند طویل المدت منافع (return) کو یقینی بنائے۔

کمپنی نے اپنی توجہ مندرجہ ذیل شعبوں پر مرکوز رکھی ہے۔

اس بات کو یقینی بننا ہے کہ اس کی تمام سرگرمیاں معیار، صحت، تحفظ اور ماحول (QHSE) کے اعلیٰ معیار کے مطابق ہوں۔

- ملک بھر میں نئے ذخائر کی تلاش اور پیداوار کے اضافے کے لیے سرگرمیاں۔
- متوقع بڑی دریافتوں کے زیادہ امکانات کے سرحدی علاقوں پر زیادہ توجہ۔
- موجودہ پیداواری اثاثہ جات سے پیداوار اور بحالی (recovery) کو بہتر (optimizing) بنانا۔
- دریافت شدہ اثاثہ جات سے جلد از جلد پیداوار شروع کرنا۔
- نائٹ گیس کو تجارتی نرخ پر لانے کے لیے ٹیکنالوجی کا استعمال۔
- اہم پیشہ ورانہ انسانی وسائل کی نمو اور ان کی موجودگی کو برقرار رکھنا۔
- مقامی سماج میں اپنی شناخت ایک اچھے اداراتی شہری کے طور پر کروانا۔
- بولان مائننگ انٹرپرائز (BME) کے ذریعے سے اپنے آپریشن کی مائننگ کی صنعت تک توسیع دینا۔

کمپنی کے طویل المدت ارادے ہیں کہ:

- بین الاقوامی سطح پر کاروبار کی ترقی کے مواقع تلاش کرنا اور دریافت اور پیداوار (E&P) میں علاقائی لیڈر بننا۔

# SIX YEARS' SUMMARY

2012-13    2013-14    2014-15    2015-16    2016-17    2017-18

## Financial Performance Profitability

|   |      |     |     |     |     |     |
|---|------|-----|-----|-----|-----|-----|
| EBITDA Margin to sales (%) <sup>1</sup> | 69   | 70  | 62  | 51  | 58  | 63  |
| Operating Leverage                      | (41) | 111 | 222 | 209 | 169 | 399 |
| Pre tax Margin (%)                      | 61   | 62  | 51  | 33  | 41  | 50  |
| Net profit to sales (%)                 | 41   | 43  | 37  | 22  | 30  | 36  |
| Return on Equity (%)                    | 28   | 30  | 20  | 9   | 17  | 19  |
| Return on Capital Employed (%)          | 36   | 36  | 24  | 11  | 18  | 21  |

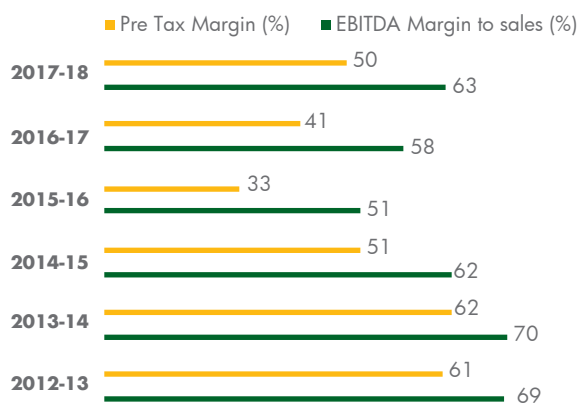
## Operating Performance / Liquidity

|   |      |      |      |      |      |      |
|---|------|------|------|------|------|------|
| Total assets turnover (times)           | 0.53 | 0.54 | 0.44 | 0.31 | 0.39 | 0.36 |
| Fixed assets turnover (times)           | 1.61 | 1.57 | 1.18 | 0.72 | 0.87 | 0.86 |
| Debtor turnover (times)                 | 2.74 | 3.18 | 2.42 | 1.81 | 1.95 | 1.30 |
| Debtor turnover (days)                  | 133  | 115  | 151  | 202  | 187  | 281  |
| Current ratio                           | 2.29 | 3.82 | 4.28 | 2.88 | 2.89 | 2.72 |
| Quick ratio                             | 2.22 | 3.66 | 4.11 | 2.75 | 2.81 | 2.67 |
| Cash to Current Liabilities             | 0.94 | 1.02 | 1.02 | 0.70 | 0.79 | 0.34 |
| Cash flow from Operation to Sales       | 0.66 | 0.27 | 0.35 | 0.65 | 0.36 | 0.31 |
| Creditors turnover (times) <sup>2</sup> | -    | -    | -    | -    | -    | -    |
| Creditors turnover (days) <sup>2</sup>  | -    | -    | -    | -    | -    | -    |
| Inventory turnover <sup>2</sup>         | -    | -    | -    | -    | -    | -    |
| Operating Cycle <sup>2</sup>            | -    | -    | -    | -    | -    | -    |

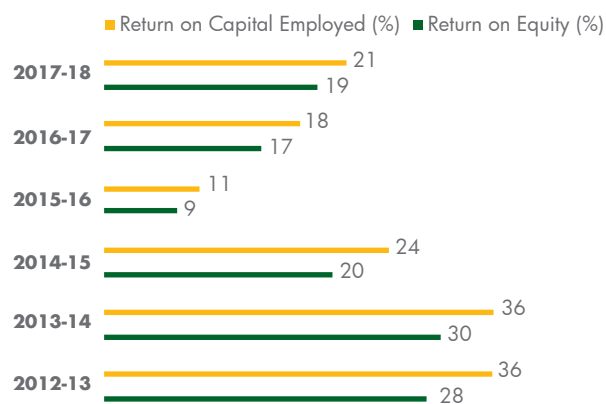
## Capital Market / Capital Structure Analysis Ratios

|  |        |        |        |        |        |        |
|--|--------|--------|--------|--------|--------|--------|
| Market value per share as at June 30 (Rs.)                 | 211.58 | 224.34 | 164.26 | 155.05 | 148.14 | 214.90 |
| - Low during the year (Rs)                                 | 170.10 | 188.00 | 145.56 | 98.42  | 137.80 | 143.00 |
| - High during the year (Rs)                                | 229.75 | 261.80 | 237.50 | 168.25 | 194.87 | 224.50 |
| Breakup value per share (Rs)                               | 75.75  | 88.29  | 95.49  | 97.71  | 109.58 | 121.92 |
| Basic and Diluted EPS (Rs) <sup>3 &amp; 6</sup>            | 25.53  | 26.25  | 19.47  | 8.74   | 18.10  | 23.17  |
| Basic and Diluted EPS - Restated (Rs) <sup>3 &amp; 6</sup> | 21.28  | 26.25  | 19.47  | 8.74   | 18.10  | 23.17  |
| Price earning ratio <sup>7</sup>                           | 8.29   | 8.55   | 8.44   | 17.74  | 8.18   | 9.27   |
| Cash Dividend Yield (%)                                    | 4.96   | 5.57   | 5.17   | 3.71   | 6.08   | 2.56   |
| Cash Dividend Cover Ratio                                  | 2.43   | 2.10   | 2.29   | 1.52   | 2.01   | 4.21   |
| Debt Equity Ratio <sup>4</sup>                             | -      | -      | -      | -      | -      | -      |
| Weighted average cost of debt <sup>4</sup>                 | -      | -      | -      | -      | -      | -      |
| Interest Cover Ratio <sup>4</sup>                          | -      | -      | -      | -      | -      | -      |
| Financial Leverage Ratio <sup>4</sup>                      | -      | -      | -      | -      | -      | -      |

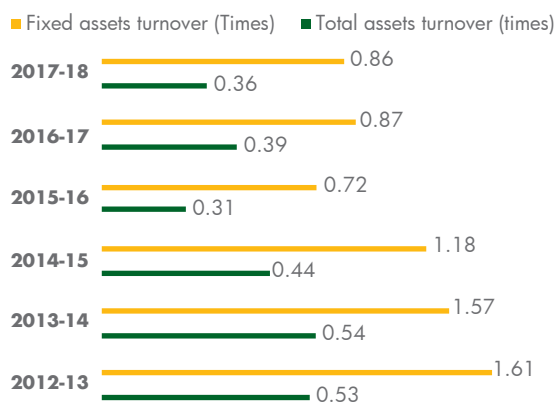
### EBITDA Margin / Pre-tax Margin (%)



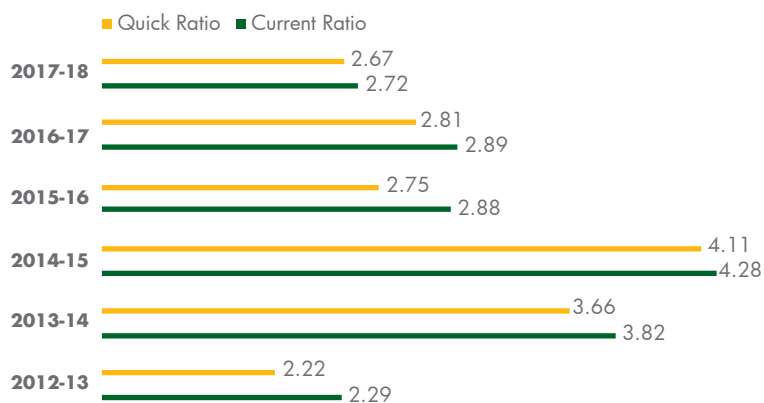
### Return on Equity / Capital Employed (%)



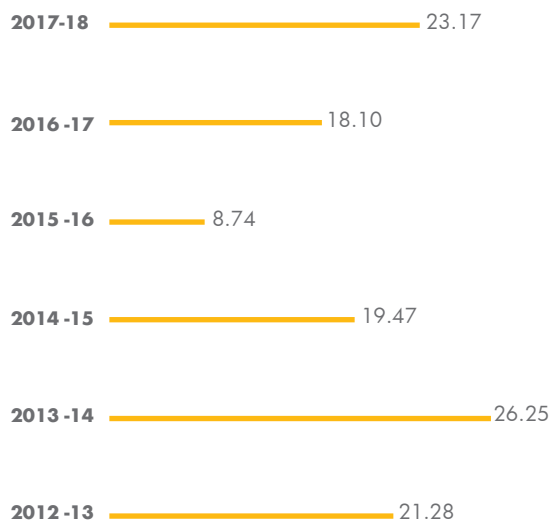
### Total Assets / Fixed Assets Turnover



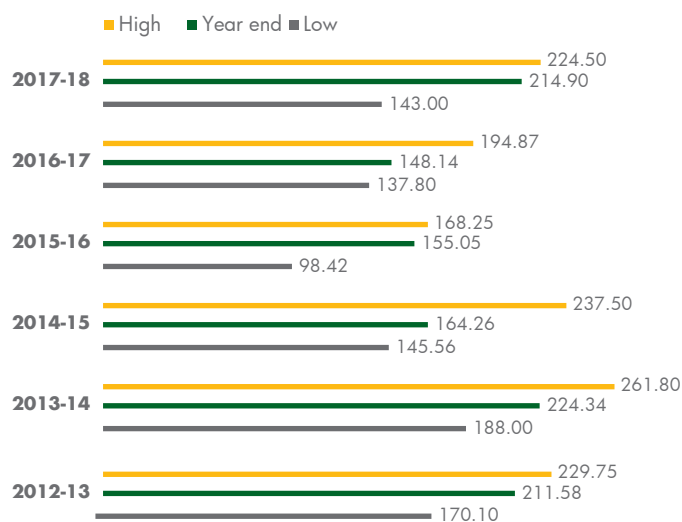
### Current / Quick Ratio



### Earnings Per share (Rs) - Restated



### Share Price Low / Year End / High (Rs)





# SIX YEARS' SUMMARY

|  | 2012-13     | 2013-14  | 2014-15  | 2015-16  | 2016-17  | 2017-18  |
|--|-------------|----------|----------|----------|----------|----------|
|  | Rs. million |          |          |          |          |          |
| Summary of Statement of Profit or loss                 |             |          |          |          |          |          |
| Sales - Gross (including Govt. levies)                 | 123,938     | 143,528  | 131,681  | 105,630  | 153,463  | 157,136  |
| Sales - Net (excluding Govt. levies)                   | 102,357     | 120,292  | 104,838  | 80,151   | 116,986  | 126,210  |
| Profit before Tax                                      | 62,628      | 74,880   | 53,315   | 26,707   | 48,129   | 63,436   |
| Profit after Tax                                       | 41,951      | 51,751   | 38,399   | 17,242   | 35,679   | 45,688   |
| EBITDA <sup>1</sup>                                    | 70,720      | 83,692   | 64,671   | 40,768   | 68,228   | 80,094   |
| Corporate Distribution                                 |             |          |          |          |          |          |
| Dividend - Interim (Rs million)                        | 8,215       | 9,859    | 8,873    | 4,436    | 5,915    | 7,887    |
| - Final (Rs million) <sup>5</sup>                      | 9,037       | 14,788   | 7,887    | 6,901    | 11,830   | 2,958    |
| Cash Dividend per share (Rs) <sup>5</sup>              | 10.50       | 12.50    | 8.50     | 5.75     | 9.00     | 5.50     |
| Cash Dividend Payout Ratio (%) <sup>5</sup>            | 41.13       | 47.93    | 48.93    | 65.79    | 49.72    | 23.74    |
| Bonus (Rs million) <sup>5</sup>                        | 3,286       | -        | -        | -        | -        | 2,958    |
| Bonus Issue (%) <sup>5</sup>                           | 20          | -        | -        | -        | -        | 15       |
| Summary of Statement of Financial Position             |             |          |          |          |          |          |
|  | Rs. million |          |          |          |          |          |
| Share Capital  | 16,431      | 19,717   | 19,717   | 19,717   | 19,717   | 19,717   |
| Reserves   | 132,923     | 154,370  | 168,553  | 172,932  | 196,352  | 220,675  |
| Long-term / Deferred Liabilities                       | 26,875      | 32,686   | 32,732   | 48,018   | 54,433   | 62,835   |
| Current Assets   | 84,159      | 83,516   | 98,609   | 91,604   | 155,451  | 174,408  |
| Current Liabilities                                    | 36,672      | 21,867   | 23,026   | 31,795   | 53,782   | 64,094   |
| Property, Plant & Equipment                            | 70,079      | 82,731   | 93,867   | 127,920  | 139,295  | 154,703  |
| Fixed Assets   | 70,481      | 83,010   | 94,127   | 128,335  | 139,700  | 155,123  |
| Long Term Investments                                  | 55,707      | 59,987   | 49,040   | 50,979   | 27,661   | 37,691   |
| Stores and Spares                                      | 2,835       | 3,559    | 3,904    | 4,140    | 4,337    | 3,528    |
| Trade Debts  | 40,337      | 49,989   | 58,778   | 57,835   | 99,284   | 142,636  |
| Short term investments                                 | 28,339      | 19,915   | 22,290   | 19,013   | 36,493   | 14,073   |
| Cash and bank balances                                 | 6,184       | 2,297    | 1,279    | 3,273    | 6,081    | 7,715    |
| Summary of Statement of Cashflows                      |             |          |          |          |          |          |
| Cash and Cash equivalents at the beginning of the year | 36,940      | 34,964   | 22,212   | 23,569   | 22,286   | 42,574   |
| Cash generated from operating activities               | 67,142      | 31,969   | 36,446   | 52,422   | 42,222   | 39,569   |
| Net Cash used in investing activities                  | (52,698)    | (25,673) | (11,349) | (41,275) | (9,105)  | (40,496) |
| Net Cash used in financing activities                  | (16,866)    | (19,048) | (23,740) | (12,430) | (12,829) | (19,860) |
| Net change in cash and cash equivalents                | (2,422)     | (12,752) | 1,357    | (1,283)  | 20,288   | (20,787) |
| Cash and Cash equivalents at the end of the year       | 34,518      | 22,212   | 23,569   | 22,286   | 42,574   | 21,787   |
| Others   |             |          |          |          |          |          |
| Payments to Government Exchequer                       | 52,355      | 79,297   | 67,884   | 44,684   | 45,527   | 67,751   |
| Market Capitalisation                                  | 347,646     | 442,335  | 323,874  | 305,715  | 292,090  | 423,722  |

## Note:

1. EBITDA stands for Earnings before interest, taxes, depreciation, impairment and amortisation.

2. Not applicable in view of the nature of Company's business.

3. The earnings per share for prior years have been restated to take into account the issue of bonus shares from 2006-07 to 2012-13.

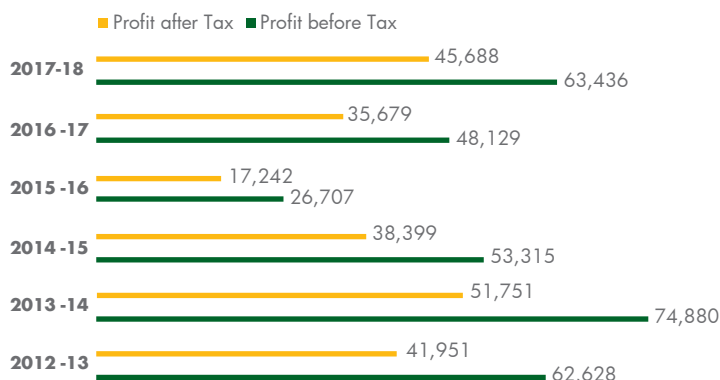
4. Not applicable as the Company does not have debt besides lease financing for procurement of vehicles and computer equipment which forms a very small part of its capital structure.

5. Includes declaration of final cash dividend and issue of bonus shares subsequent to year end.

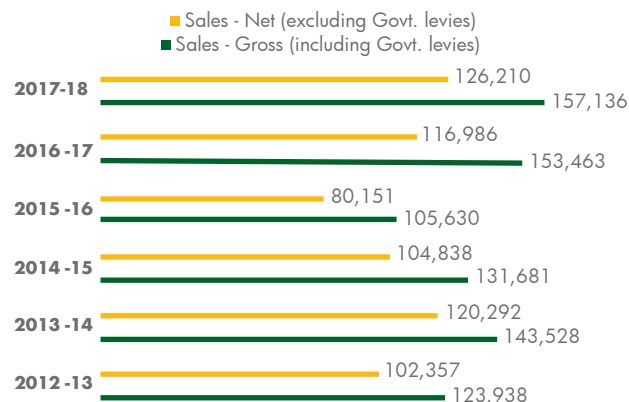
6. Convertible Preference Shares are of insignificant value in Company's total share capital therefore it has negligible dilution effect on EPS.

7. Price earning ratio and cash dividend payout ratio have been calculated on basic EPS.

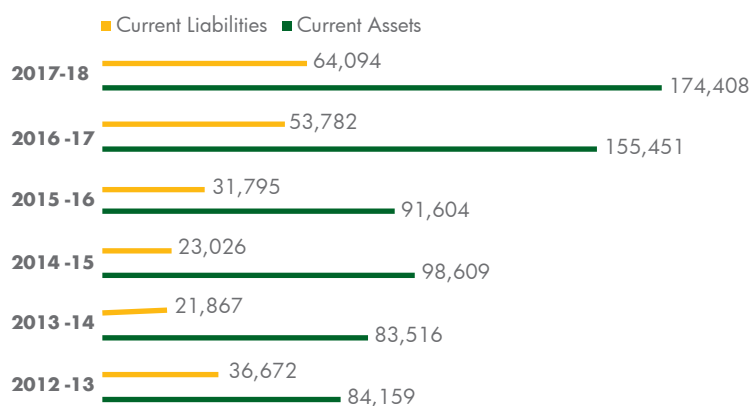
### Profit Before & After Tax (Rs million)



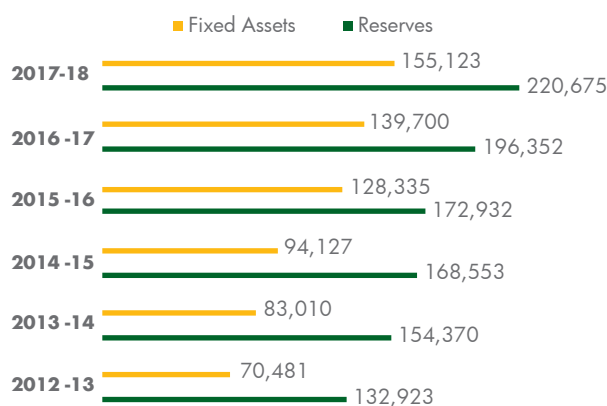
### Gross Sales vs Net Sales (Rs million)



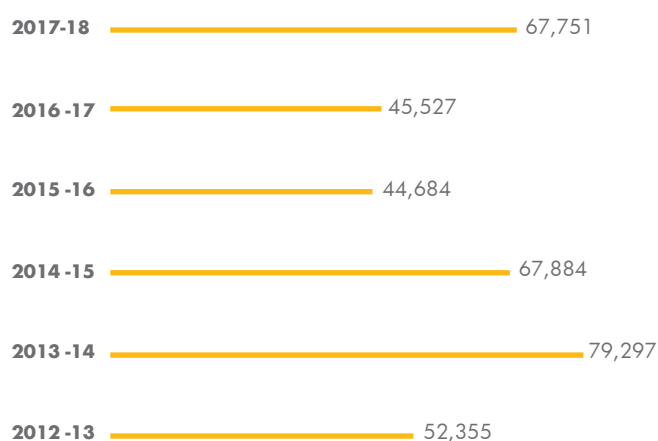
### Current Assets vs Current Liabilities (Rs million)



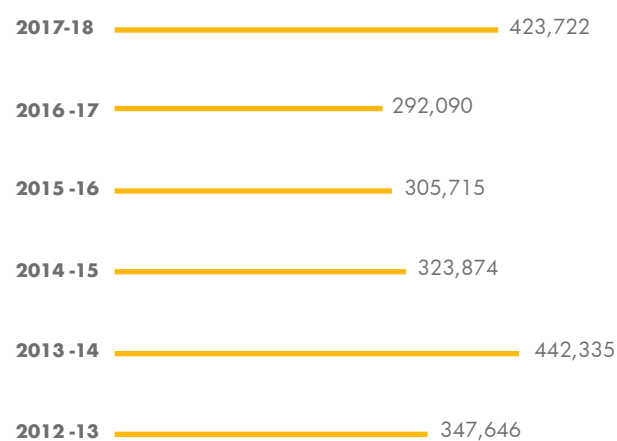
### Reserves / Fixed Assets (Rs million)



### Payment to Government Exchequer (Rs million)



### Market Capitalisation (Rs million)



# MOVEMENT OF ESTIMATED RESERVES

|   | Natural Gas<br>(MMSCF)  | Oil / NGL<br>(Mbbbls) | LPG<br>(Tonnes)      |
|---|-------------------------|-----------------------|----------------------|
| <b>Original proven recoverable reserves</b>   |                         |                       |                      |
| At 1 <sup>st</sup> July 2017                  | 15,709,500              | 61,024                | 815,836              |
| Change during the year                        |                         |                       |                      |
| - Addition                                    | 55,385 <sup>2</sup>     | 214 <sup>3</sup>      | 4,810 <sup>3</sup>   |
| - Revision                                    | 213,468 <sup>4</sup>    | 6,095 <sup>5</sup>    | 373,153 <sup>6</sup> |
| At 30 <sup>th</sup> June 2018                 | <b>15,978,353</b>       | <b>67,333</b>         | <b>1,193,799</b>     |
| <b>Production</b>                             |                         |                       |                      |
| Accumulated on 1 <sup>st</sup> July 2017      | 13,564,192 <sup>1</sup> | 44,325 <sup>1</sup>   | 509,226 <sup>1</sup> |
| Production during the year                    | 323,007                 | 5,795                 | 95,332               |
| Accumulated upto 30 <sup>th</sup> June 2018   | <b>13,887,199</b>       | <b>50,120</b>         | <b>604,558</b>       |
| <b>Net Reserves 30<sup>th</sup> June 2018</b> | <b>2,091,154</b>        | <b>17,213</b>         | <b>589,241</b>       |
| Net Reserves 30 <sup>th</sup> June 2017       | 2,145,308 <sup>1</sup>  | 16,699 <sup>1</sup>   | 306,610 <sup>1</sup> |
| Daily Average Production                      | 885                     | 15.9                  | 261.2                |

Notes:

1. Accumulated Production and Net Reserves numbers as at 30 June 2017 have been updated to account for actual production for the month of June 2017.
2. Additional Gas reserves due to Zafir X-1 discovery (Gambat South Block) and Kandhkot (SUL West Dome).
3. Additional Oil/NGL/LPG reserves due to Zafir X-1 discovery (Gambat South Block).
4. Revision in field recoverable gas reserves estimates of Sui, Kandhkot, Adhi, Mazarani, Chachar, Adam (Hala), Makori Deep(Tal), Makori East (Tal), Maramzai (Tal), Mamikhel (Tal) and Nashpa fields.
5. Revision in field recoverable Oil / NGL reserves estimates of Adhi, Kandhkot, Shahdadpur (Gambat South), Adam (Hala), Mazarani, Makori (Tal), Makori Deep(Tal), Makori East(Tal), Maramzai (Tal), Mamikhel (Tal), Latif, Rehman (Kirthar), Nashpa and Ghauri fields.
6. Revision in field recoverable LPG reserves estimates of Adhi, Makori (Tal), Makori Deep(Tal), Makori East(Tal), Maramzai (Tal), Mamikhel (Tal) and Nashpa fields.

# STATEMENT OF COMPLIANCE WITH THE LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017 (THE “REGULATIONS”)

**Name of Company: Pakistan Petroleum Limited**  
**Year ended: 30<sup>th</sup> June 2018**

The Company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are eleven as follows:

- a. Male: 11
- b. Female: None. No female candidate contested the election of directors held in 2017.

2. The Company encourages representation of independent non-executive directors. At present the composition of the Board is as follows:

| Category                | Names   |
|-------------------------|---|
| Independent Directors   | <ul style="list-style-type: none"> <li>(i) Dr. Ibne Hassan</li> <li>(ii) Mr. Muhammad Sajid Farooqi</li> <li>(iii) Mr. Mohammad Tariq</li> <li>(iv) Mr. Nadeem Mumtaz Qureshi</li> <li>(v) Mr. Salman Akhtar</li> <li>(vi) Mr. Saeed Ullah Shah*</li> </ul> |
| Non-Executive Directors | <ul style="list-style-type: none"> <li>(i) Mr. Muhammad Jalal Sikandar Sultan</li> <li>(ii) Mr. Sajid Mehmood Qazi</li> <li>(iii) Mr. Hassan Nasir Jamy</li> <li>(iv) Mr. Agha Jan Akhtar</li> </ul>  |
| Executive Directors     | <ul style="list-style-type: none"> <li>(i) Mr. Syed Wamiq Bokhari</li> </ul>  |

\* Represents PPL Employees Empowerment Trust formed under the Benazir Employees Stock Option Scheme (BESOS).

The independent directors meet the criteria of independence according to Clause 5.19.1.(b) of the Code and Regulation 6 (2) of the Regulations.

- 3. The directors have confirmed that none of them is serving as a director of more than five listed companies, (excluding the listed subsidiaries of listed holding companies where applicable) including the Company.
- 4. Casual vacancies occurring on the Board as of 13<sup>th</sup> November 2017 and 16<sup>th</sup> March 2018 due to resignations by Mr. Abid Saeed and Mr. Sabino Sikandar Jalal, respectively, were filled by the Board on 10<sup>th</sup> April 2018.
- 5. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it through 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 relevant matters have been taken by the board / shareholders in accordance with applicable provisions of the Companies Act, 2017 (the "Act") and the Regulations.
8. The meetings of the board were presided over by the Chairman and, in his absence, by a director appointed by the board as chairman of the meeting. The Board has complied with the requirements of the Act and the Regulations in respect of the frequency, recording and circulating of minutes of meetings.
9. The board of directors has a formal policy and transparent procedures for the remuneration of directors in accordance with the Act and Regulations. The directors' fees are paid to the non-executive directors in accordance with the Articles of Association of the Company for attending board and committee meetings.
10. The Board has arranged director's training programme for: Mr. Mohammad Tariq, director.
11. No new appointments of the Chief Financial Officer, Company Secretary or Head of Internal Audit were made during the year. However, their remuneration and terms and conditions of employment were approved by the Board, which complied with the applicable requirements set out in the Regulations.
12. The Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before their approval by the board.
13. The board has formed committees comprising of the following members:

| <b>Name of Committee</b>         | <b>Name of Members</b>   | <b>Chairman</b>                |
|----------------------------------|--|--------------------------------|
| <b>Audit Committee</b>           | Muhammad Sajid Farooqi<br>Sajid Mehmood Qazi<br>Hassan Nasir Jamy<br>Dr. Ibne Hassan<br>Saeed Ullah Shah                             | Muhammad Sajid Farooqi         |
| <b>Human Resource Committee</b>  | Mohammad Jalal Sikandar Sultan<br>Mohammad Tariq<br>Salman Akhtar<br>Nadeem Mumtaz Qureshi<br>Saeed Ullah Shah<br>Syed Wamiq Bokhari | Mohammad Jalal Sikandar Sultan |
| <b>Nomination Committee</b>      | Dr. Ibne Hassan<br>Mohammad Jalal Sikandar Sultan<br>Muhammad Sajid Farooqi<br>Nadeem Mumtaz Qureshi<br>Agha Jan Akhtar              | Dr. Ibne Hassan                |
| <b>Risk Management Committee</b> | Agha Jan Akhtar<br>Dr. Ibne Hassan<br>Salman Akhtar<br>Muhammad Sajid Farooqi<br>Syed Wamiq Bokhari                                  | Agha Jan Akhtar                |

14. The terms of reference of the committees have been prepared in writing and shared with the members of the committees .

15. The frequency of meetings (quarterly / half yearly / yearly) of the committees were as follows:

| <b>Name of Committee</b>  | <b>Frequency</b>         |
|---------------------------|--------------------------|
| Audit Committee           | Quarterly                |
| Human Resource Committee  | Quarterly                |
| Nomination Committee      | As needed                |
| Risk Management Committee | Annually (on need basis) |

16. The board has set up an effective internal audit function which is considered suitably qualified and experienced and conversant with the policies and procedures of the Company.

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

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

19. We confirm that all requirements of the Regulations have been complied with except:

- (a) a casual vacancy that occurred on the board due to the resignation by Mr. Abid Saeed as of 13<sup>th</sup> November 2017 was filled on 10<sup>th</sup> April 2018 and not within the 90 day period as required in the repealed Rule 5.19.3 of the Rulebook of the Pakistan Stock Exchange;
- (b) orientation courses for the directors were not held during the year but new directors appointed during the year were provided an introductory session;
- (c) Only five out of eleven directors are certified under the directors' training programme. It is the Company's endeavour that all the directors receive certification pursuant to the training programme;
- (d) A formal and effective mechanism for the annual evaluation of the board's own performance, members of the board and committees, was not in place since according to the Public Sector Companies (Corporate Governance) Rules, 2013 the performance evaluation of the members of the board, including the chairman and chief executive officer, shall be undertaken annually by the Government of Pakistan.
- (e) The chairman of the Board Human Resource Committee was not an independent director as at 30<sup>th</sup> June 2018 as required by Regulation 29 of the Regulations.



SALMAN AKHTAR  
CHAIRMAN

Karachi: 18<sup>th</sup> September 2018



# STATEMENT OF COMPLIANCE WITH THE PUBLIC SECTOR COMPANIES (CORPORATE GOVERNANCE) RULES, 2013

**Name of Company:** Pakistan Petroleum Limited  
**Name of Line Ministry:** Ministry of Energy (Petroleum Division)  
**For the year ended:** 30<sup>th</sup> June 2018

This statement presents the overview of compliance with the Public Sector Companies (Corporate Governance) Rules, 2013 ("the Rules") issued for establishing a framework of good governance whereby a public sector company is managed in compliance with the best practices of public sector governance.

The Company has complied with the Rules in the following manner:

1. The independent directors meet the criteria of independence as defined in the Rules.
2. The Board has at least one-third of its total members as independent directors. At present the Board comprises of:

| Category                | Names                                  | Date of Election / Appointment  |
|-------------------------|--|---------------------------------|
| Independent Directors   | (i) Dr. Ibne Hassan                    | 16 <sup>th</sup> April 2018     |
|                         | (ii) Mr. Muhammad Sajid Farooqi        | 16 <sup>th</sup> September 2017 |
|                         | (iii) Mr. Muhammad Tariq               | 10 <sup>th</sup> September 2017 |
|                         | (iv) Mr. Nadeem Mumtaz Qureshi         | 16 <sup>th</sup> September 2017 |
|                         | (v) Mr. Salman Akhtar                  | 16 <sup>th</sup> September 2017 |
|                         | (vi) Mr. Saeed Ullah Shah *            | 16 <sup>th</sup> April 2018     |
| Executive Director      | (i) Mr. Syed Wamiq Bokhari             | 16 <sup>th</sup> March 2015     |
| Non-Executive Directors | (i) Mr. Muhammad Jalal Sikandar Sultan | 16 <sup>th</sup> September 2017 |
|                         | (ii) Mr. Sajid Mehmood Qazi            | 10 <sup>th</sup> April 2018     |
|                         | (iii) Mr. Hassan Nasir Jamy            | 16 <sup>th</sup> September 2017 |
|                         | (iv) Mr. Agha Jan Akhtar               | 16 <sup>th</sup> September 2017 |

\* Represents PPL Employees Empowerment Trust formed under the Benazir Employees Stock Option Scheme (BESOS).

3. Casual vacancies occurring on the board as of 13<sup>th</sup> November 2017 and 16<sup>th</sup> March 2018 due to resignations by Mr. Abid Saeed and Mr. Sabino Sikandar Jalal, respectively, were filled on 10<sup>th</sup> April 2018.

The 'Fit and Proper' criteria set out in the Annexure to the Rules ('Fit and Proper' criteria) has been followed in proposing persons for appointment as directors.

4. The directors have confirmed that none of them is simultaneously serving as a director of more than five public sector companies and or listed companies except their subsidiaries.

5. The election of directors was held on 16<sup>th</sup> September 2017. All directors represent the Government of Pakistan which is the majority shareholder of the Company, except one director who represents BESOS.

The appointing authority has applied the 'Fit and Proper' criteria in recommending persons for election as directors under the Companies Act, 2017 (the "Act").

6. The chairman of the Board functions separately from the chief executive of the Company.
7. The Chairman has been elected by the board of directors.
8. (a) The Company has prepared a "Code of Conduct" to ensure that professional standards and corporate values are in place.  
  
(b) The Board has ensured that appropriate steps have been taken to disseminate the Code of Conduct throughout the Company along with supporting policies and procedures, including posting them on the Company's website: [www.ppl.com.pk](http://www.ppl.com.pk)  
  
(c) The Board has set in place adequate systems and controls for the identification and redressal of grievances arising from unethical practices.
9. The Board has established a system of sound internal controls, to ensure compliance with the fundamental principles of probity and propriety, objectivity, integrity and honesty; and relationship with the stakeholders, in the manner provided by the Rules.
10. The Board has developed and enforced an appropriate conflict of interest policy to lay down circumstances or considerations when a person may be deemed to have actual or potential conflict of interests, and the procedure for disclosing such interest.
11. The Board has developed and implemented a policy on anti-corruption to minimize actual or perceived corruption in the Company.
12. The Board has ensured equality of opportunity by establishing open and fair procedures for making appointments and for determining the terms and conditions of service.
13. The Board has ensured compliance with the law as well as the Company's internal rules and procedures relating to public procurement, tender regulations, and purchasing and technical standards in dealing with suppliers of goods and services.
14. The Board has prepared a vision or mission statement and formulated a corporate strategy of the Company.
15. The Board has developed significant policies of the Company. A complete record of the particulars of the significant policies together with the dates on which they were approved or amended, has been maintained.
16. The Company has not delivered any services or sold any goods as a public service obligation and no requests for compensation were submitted to the Government of Pakistan for consideration.

17. The Board has ensured compliance with the requirements of policy directions received from the Government of Pakistan.
18. (a) The Board met at least four times during the year.
- (b) Written notices of the Board meetings together with the agendas and working papers, were circulated at least seven days before the meetings.
- (c) The minutes of the meetings were appropriately recorded and circulated.
19. The Board has monitored and assessed the performance of the senior management annually and held them accountable for accomplishing objectives, goals and key performance indicators set for this purpose.
20. The board has reviewed and approved the related party transactions placed before it after being recommended by Board Audit Committee. A party-wise record of transactions entered into with the related parties during the year has been maintained.
21. (a) The Board has approved the statement of profit or loss (previously profit and loss account) and statement of financial position (previously balance sheet) as at the end of, the first, second and third quarter of the year as well as the financial year end.
- (b) The Board has ensured the preparation of half yearly accounts and limited scope review thereof by the auditors.
- (c) The Board has placed the annual financial statements on the Company's website.
22. No orientation course was arranged by the Company for board members to apprise them of material developments and information as specified by the Rules, the details of which are mentioned in the section "Explanation for Non-Compliance with the Public Sector Companies (Corporate Governance) Rules, 2013".
23. (a) The Board has formed the required committees as specified by the Rules.
- (b) The committees have written terms of reference defining the duties, authority of the committee as well as composition.
- (c) The minutes of the meetings of the committees were circulated to the Board.
- (d) The committees were chaired by the following non-executive directors:

| Committee                 | Number of Members | Name of Chair   |
|---------------------------|-------------------|---|
| Audit Committee           | Five              | Mr. Muhammad Sajid Farooqi                                  |
| Enterprise Risk Committee | Five              | Mr. Agha Jan Akhtar<br>Mr. Imtiaz Hussain Zaidi*            |
| Human Resource Committee  | Six               | Mr. Mohammad Jalal Sikandar Sultan<br>Mr. Asif Baigmohamed* |
| Procurement Committee     | Five              | Mr. Saeed Ullah Shah<br>Mr. Nadeem Mumtaz Qureshi*          |
| Nomination Committee      | Five              | Dr. Ibne Hassan<br>Mr. Aftab Nabi*                          |

\* Changed during the year after the election of a new board.

24. No new appointments of the Chief Financial Officer, Company Secretary and Head of Internal Audit were made during the year. However, their remuneration and terms and conditions of employment were approved by the Board.
25. The Chief Financial Officer and the Company Secretary possess the requisite qualification prescribed in the Rules.
26. The Company has adopted International Financial Reporting Standards notified by the Securities and Exchange Commission in terms of sub-section (1) of section 225 of the Act.
27. The directors' report for the year has been prepared in compliance with the requirements of the Act and the Rules and fully describes the salient matters required to be disclosed.
28. The directors, chief executive officer and executives, or their relatives, are not, directly or indirectly, concerned or interested in any contract or arrangement entered into by or on behalf of the Company except those disclosed to the Company.
29. (a) A formal and transparent procedure for fixing the remuneration packages of individual directors has been set in place and no director is involved in deciding his own remuneration. The director's fees are paid in accordance with the Articles of Association of the Company to the non-executive directors of the Company for attending board and committee meetings.
- (b) The annual report of the Company contains the criteria and details of the remuneration of each director.
30. The financial statements of the Company were duly endorsed by the chief executive officer and chief financial officer before the consideration and approval thereof by the Board Audit Committee and the Board.
31. The Board has formed an audit committee which has defined written terms of reference, and the following membership:

| Name of the Member                       | Category               | Professional Background  |
|--|------------------------|--|
| Mr. Muhammad Sajid Farooqi<br>(Chairman) | Independent Director   | Chartered Accountant from ICAP and Chartered Financial Analyst (CFA Institute, USA).   |
| Dr. Ibne Hassan                          | Independent Director   | Ph.D. from King's College London in Management Studies with specialization in International Business and a Fellow Member of ICAP. Managing Partner of UHY Hassan Naeem & Co., Chartered Accountants. |
| Mr. Sajid Mehmood Qazi                   | Non-executive Director | Joint Secretary, Ministry of Energy, Petroleum Division. Master's degree in Law from Warwick University, UK as a Chevening Scholar.  |

Mr. Hassan Nasir Jamy

Non-executive Director

Additional Secretary, Ministry of Energy, Petroleum Division. MBA from Quaid-i-Azam University, MA in Rural Development from University of Sussex, UK and the Hubert H. Humphrey Fellowship Program (in Public Policy) from the University of North Carolina, USA.

Mr. Saeed Ullah Shah

Independent Director

Petroleum Geologist by profession and retired as Director General Petroleum Concessions from Ministry of Energy, Petroleum Division.

The chief executive and chairman of the board are not members of the Audit Committee.

32. (a) The chief financial officer, chief internal auditor, and a representative of the auditors attended all meetings of the audit committee at which issues relating to accounts and audit were discussed.
- (b) The audit committee met the auditors at least once a year without the presence of the chief financial officer, the chief internal auditor and other executives.
- (c) The audit committee met the chief internal auditor and other members of the internal audit function at least once a year without the presence of chief financial officer and the auditors.
33. (a) The Board has set up an effective internal audit function, which has an audit charter, duly approved by the audit committee.
- (b) The chief internal auditor has requisite qualification and experience stipulated by the Rules.
- (c) The internal audit reports have been provided to the auditors for their review.
34. The auditors of the Company have confirmed that the firm and all its partners are in compliance with the guidelines of the International Federation of Accountants (IFAC) on the Code of Ethics as applicable in Pakistan.
35. The auditors have confirmed that they have observed the applicable guidelines issued by IFAC with regard to the provision of non-audit services.



SAEED ULLAH SHAH  
Managing Director  
Chief Executive Officer



SALMAN AKHTAR  
Chairman & Independent Director

Karachi: 18<sup>th</sup> September 2018


# EXPLANATION FOR NON-COMPLIANCE WITH THE PUBLIC SECTOR COMPANIES (CORPORATE GOVERNANCE) RULES, 2013

We confirm that all other material requirements envisaged in the Rules have been complied with except for the following, toward which reasonable progress is being made by the company to seek compliance by the end of next accounting year

| S.No | Rule / Sub Rule No. | Reason for Non-Compliance  | Future Course of Action   |
|------|---------------------|--|---|
| 1    | 11(3)               | Annual orientation course for all the directors was not held in during the year. However, the new directors appointed during the year received a briefing / introductory session in this regard. | Information required by the Rules came into the knowledge of the board from time to time during the year. A formal orientation course will be conducted annually for the board to ensure compliance with the Rules. |



SAEED ULLAH SHAH  
Managing Director  
Chief Executive Officer



SALMAN AKHTAR  
Chairman & Independent Director

Karachi: 18<sup>th</sup> September 2018



**Review Report to the members on the Statements of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 and Public Sector Companies (Corporate Governance) Rules, 2013**

We have reviewed the enclosed Statements of Compliance with the best practices contained in the Listed Companies (Code of Corporate Governance) Regulations, 2017 and Public Sector Companies (Corporate Governance) Rules, 2013 (both herein referred to as 'Codes') prepared by the Board of Directors of Pakistan Petroleum Limited (the Company) for the year ended June 30, 2018 to comply with the requirements of regulation 40 and rule 24 of the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) and Public Sector Companies (Corporate Governance) Rules, 2013 (the Rules) respectively.

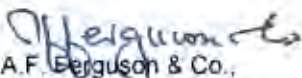
The responsibility for compliance with the Codes is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statements of Compliance reflect the status of the Company's compliance with the provisions of the Codes and report if it does not and to highlight any non-compliance with the requirements of the Codes. 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 Codes.

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 Codes require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions 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 'Statements of Compliance' do not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Codes as applicable to the Company for the year ended June 30, 2018.

Further, we highlight certain instances of non-compliance with the requirements of the Codes as reflected in the Paragraph 19 to the Statement of Compliance with the Regulations and in the last section to the Statement of Compliance with the Rules, under the Heading 'Explanation for Non-Compliance with the Public Sector Companies (Corporate Governance) Rules, 2013'.

  
A.F. Ferguson & Co.,  
Chartered Accountants  
Karachi, September 18, 2018

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A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network  
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan  
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <[www.pwc.com/pk](http://www.pwc.com/pk)>

\* KARACHI \* LAHORE \* ISLAMABAD

# REPORT OF THE BOARD AUDIT COMMITTEE

## Dear Shareholders,

I am pleased to present our annual Audit Committee Report, which provides insights into our work conducted during financial year 2018. As the Board Audit Committee (BAC), we assist the Board in fulfilling its oversight responsibilities in areas such as the integrity of financial reporting and the effectiveness of the internal control system. We are also responsible for making a recommendation to the Board on the appointment or reappointment of the External Auditors.

## Summary of Key Activities

During the Financial Year ended 2018 (FY18), the BAC discharged its functions and carried out its duties as set out in the Terms of Reference (TOR). Key activities undertaken by the BAC include the following:

1. Reviewed the interim and annual financial statements prior to the approval by the Board.
2. Reviewed the potential impairment exposure of major investments including the impairment loss recorded during the year.
3. Reviewed related party transactions entered into by the Company on quarterly basis.
4. Reviewed and approved annual Internal Audit Plan.
5. Reviewed the Management Representation Letter issued by the External Auditors and the management responses thereto.
6. Reviewed the complaints received under Whistle Blowing Policy for taking necessary actions and suggest corrective actions.
7. Recommended changes in the Internal Audit Charter in line with existing best practices which was approved by the Board.
8. Initiated the process of Continuous Auditing to monitor key operational areas on a more frequent basis which will endeavour to improve the overall efficiency of internal control environment and identification of control weakness on timely basis.
9. Reviewed judgmental areas which include provision for decommissioning cost for which Internal Audit also undertakes detail reviews on a periodic basis.
10. Obtained business process understanding from various operational segments of the Company during the year, with regards to the reasonability of internal controls being exercised in those business areas.
11. Deliberated and reported on the Internal Audit findings having business and internal control implications. The BAC took notice of key observations and discussed the findings.

## Composition and Meetings

During FY18, the BAC met six (06) times. The BAC was reconstituted by the Board during the year and the revised composition and attendance record of the BAC is as follows:

| Sr. No. | Name of Directors            | Status                   | No of Meetings Attended |
|---------|------------------------------|--------------------------|-------------------------|
| 1.      | Muhammad Sajid Farooqi       | Chairman                 | 6                       |
| 2.      | Dr. Ibne Hassan              | Member                   | 5                       |
| 3.      | Hassan Nasir Jamy            | Member                   | 4                       |
| 4.      | Sajid Mehmood Qazi           | Member                   | 1                       |
| 5.      | Saeed Ullah Shah             | Member                   | 5                       |
| 6.      | Muhammad Ashraf Iqbal Baluch | Replaced during the year | 1                       |
| 7.      | Imtiaz Hussain Zaidi         | Replaced during the year | 1                       |
| 8.      | Sabino Sikandar Jalal        | Replaced during the year | 3                       |

## INTERNAL AUDIT

- The Company's system of internal control framework is designed to have sound and effective controls in place. The design and effectiveness of these controls are continuously evaluated for reliability, accuracy and adequacy through maintenance of a systematic and disciplined approach by an independent in-house Internal Audit function established by the Board which is independent of the External Audit function.
- BAC has defined the role of Internal Audit function in its Charter and has provided necessary powers to the Function to achieve its objectives without any avoidable constraints.
- The Head of Internal Audit is independent and reports directly to the BAC.
- Coordination between the External and Internal Auditors has been encouraged and Internal Audit Reports are provided for the review of External Auditors.
- BAC also met with the staff of Internal Audit Department as required by the Corporate Governance Rules.
- A total of 46 reviews were conducted and key reviews and audit completed in FY18 are:
  - Review of selected investments and its appraisal carried out by Business Development department
  - Review of mitigating controls implemented by management for managing ERM
  - Review of tax liabilities and judgement made in tax treatments
  - Several Non-Operator's Audits of Joint Ventures where PPL holds Working Interest.
  - Review of IT Strategy & Governance.

Apart from the above, certain special projects were also assigned to Internal Audit by the BAC.

- Internal Audit Function is comprised of 17 persons. The level of expertise within Internal Audit Function at the end FY18 comprises of both Finance and I.T. related professionals. In addition to this, technical resources were also utilized on a needs basis.

## EXTERNAL AUDITORS

- The BAC recognizes the importance of maintaining the independence of the Company's External Auditors, both in fact and appearance. Each year, the BAC evaluates the qualifications, performance and independence of the Company's External Auditors.

2. The Statutory Auditors of the Company, M/s. A. F. Ferguson & Co., Chartered Accountants, have completed their Audit of the "Company's Financial Statements", the "Consolidated Financial Statements", the "Statement of Compliance with the Code of Corporate Governance" and the "Statement of Compliance with Public Sector Companies (Corporate Governance) Rules 2013" for the financial year ended 30<sup>th</sup> June 2018.
3. The BAC reviewed the scope of work and fee of all services obtained by the Management from the External Auditors of the Company in addition to the audit of its financial statements.
4. The External Auditors have been allowed direct access to the BAC and the effectiveness, independence, objectivity and overall performance of the Auditors has thereby been ensured.
5. The BAC met three (3) times with the External Auditors during the year to discuss matters relating to the statutory audits of PPL. The BAC ensured that External Auditors have access to all the records and personnel which they require to conduct their work in an independent and efficient manner.



MUHAMMAD SAJID FAROOQI  
CHAIRMAN - BOARD AUDIT COMMITTEE

KARACHI  
17<sup>TH</sup> SEPTEMBER 2018





**Independent Auditor's Report to the members of Pakistan Petroleum Limited**

**Report on the Audit of the Unconsolidated Financial Statements**

**Opinion**

We have audited the annexed unconsolidated financial statements of Pakistan Petroleum Limited (the Company), which comprise the unconsolidated statement of financial position as at June 30, 2018, and the unconsolidated statement of profit or loss, the unconsolidated statement of profit or loss and other comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of profit or loss and other comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2018 and of the profit and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

**Basis for Opinion**

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

**Key Audit Matters**

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

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network  
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Following are the Key Audit Matters:

| S. No. | Key Audit Matters   | How the matter was addressed in our audit   |
|--------|---|---|
| (i)    | <b>Companies Act, 2017</b><br><br>(Refer note 3.3 to the annexed unconsolidated financial statements)<br><br>The fourth schedule to the Companies Act, 2017 became applicable to the Company for the first time for the preparation of the annexed unconsolidated financial statements.<br><br>As part of the transition requirements, the management performed an analysis to identify differences between the previous and the current fourth schedules and as a result certain amendments relating to presentation and disclosures were made in the annexed unconsolidated financial statements.<br><br>In view of the various new disclosures prepared and presented in the annexed unconsolidated financial statements, we considered this a key audit matter. | Our audit procedures included the following: <ul style="list-style-type: none"><li>• Reviewed and understood the requirements of the fourth schedule to the Companies Act, 2017.</li><li>• Considered the management's process to identify the additional disclosures required in the annexed unconsolidated financial statements.</li><li>• Obtained relevant underlying supports for the additional disclosures and assessed their appropriateness for sufficient audit evidence.</li><li>• Verified, on test basis, the supporting evidence for the additional disclosures and assessed appropriateness of the disclosures made.</li></ul> |

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| S. No. | Key Audit Matters   | How the matter was addressed in our audit   |
|--------|---|---|
| (ii)   | <p><b>Analysis of impairment indicators and impairment testing of the Company's development and production assets, exploration and evaluation assets and other non-financial assets</b></p> <p>(Refer note 5 and 7 to the annexed unconsolidated financial statements)</p> <p>As at June 30, 2018, the Company's development and production assets, exploration and evaluation assets and other non-financial assets aggregate Rs 141,047 million.</p> <p>In accordance with International Accounting Standard (IAS) 36, "Impairment of Assets", the Company assesses at the end of each reporting period whether there is any indication that an asset may be impaired.</p> <p>Where an impairment indicator is identified for any asset, an impairment test is performed by the Company based on estimate of the value-in-use of that asset.</p> <p>The calculation of value-in-use of development and production assets, exploration and evaluation assets and other non-financial assets requires the management to make significant estimates and judgements, such as (i) estimation of the volume of oil and gas recoverable reserves; (ii) estimation of future oil and gas prices; (iii) estimation of the future cost profiles of the assets by applying expected rates of inflation; (iv) foreign exchange rates and (v) discount rates.</p> <p>We considered this matter as key audit matter due to the significant value of development and production assets, exploration and evaluation assets and other non-financial assets at the reporting date and due to significance of judgements / estimates used by the management in determining their value in use.</p> | <p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>Assessed the methodology used by management to estimate value-in-use of each asset.</li> <li>Assessed the assumptions used in the discounted cash flow projections for calculation of the value-in-use of assets, evaluating the reasonableness of key assumptions, i.e. oil and gas reserves, oil and gas prices, exploration and production costs, foreign exchange rates and discount rates based on our knowledge of the business and industry and by comparing the assumptions to historical results and published market and industry data.</li> <li>Performed sensitivity analysis in consideration of the potential impact of reasonably possible changes in assumptions relating to oil and gas prices and discount rate and considering management's process for approving these estimates.</li> </ul> |

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| S. No. | Key Audit Matters  | How the matter was addressed in our audit   |
|--------|--|---|
| (iii)  | <p><b>Provision for decommissioning obligation</b></p> <p>(Refer note 21 to the annexed unconsolidated financial statements)</p> <p>The Company, during the year, revised its estimates of outflows or resources required to settle decommissioning liability based on the present value of the future projected costs. This has been treated as a change in accounting estimate, applied prospectively, in accordance with IFRIC Interpretation 1 – "Changes in Existing Decommissioning, Restoration and Similar Liabilities."</p> <p>The determination of closing amount of provision for decommissioning liability requires the management to make significant estimates and judgements, such as (i) estimation of the future projected costs of decommissioning at the end of economic lives of the respective assets; (ii) estimation of economic lives of the respective assets; and (iii) inflation and discount rates.</p> <p>We considered this as key audit matter due to the material amount of provision for decommissioning obligation as at reporting date and due to significance of judgements / estimates used by the management in determining the present value of future decommissioning costs.</p> | <p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>Conducted meetings with the management, including technical and operational personnel to obtain detailed understanding of the key assumptions used.</li> <li>Reviewed appropriateness and reasonableness of key assumptions used in determining amount and timing of future cash flows by checking third party contracts / quotations, internal field data, discount rates based on our knowledge of the business and industry and by comparing the assumptions to historical financial data and published market and industry data.</li> <li>Reviewed report of the external expert engaged by the management to review the mechanism for decommissioning cost estimation. We evaluated the financial impacts of the report and also assessed the technical ability, objectivity and competence of the expert.</li> <li>Reviewed the computation of provision for decommissioning obligation for accuracy.</li> </ul> |

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| S. No. | Key Audit Matters | How the matter was addressed in our audit |
|--------|-------------------|---|
|--------|-------------------|---|

|      |   |  |
|------|---|--|
| (iv) | <b>Litigation with respect to conversion of TAL Block petroleum concession to Petroleum Policy 2012</b> |  |
|------|---|--|

(Refer note 26.1.9 to the annexed unconsolidated financial statements)

During the current year, the Ministry of Energy (Petroleum Division) issued a notification dated December 27, 2017 (SRO) which requires that the Supplemental Agreement already executed in respect of TAL block for conversion of petroleum concession from Petroleum Exploration and Production Policy 1997 to Petroleum Exploration and Production Policy 2012 shall be amended (within 90 days) to include Windfall Levy on Oil and Condensate (WLO), failing which the working interest owners will not remain eligible for gas price incentive as per Petroleum Policy 2012. The impugned notification has been issued after the approval of Council of Common Interest (CCI) dated November 24, 2017.

The Company has challenged the said notification in the Honourable Islamabad High Court and the matter is pending before the court in principle on the ground that an already executed arrangement cannot be retrospectively altered unilaterally. The Honourable Court has restrained the Government for any action under the impugned notification and to maintain status quo till the next date of hearing, which is fixed for October 4, 2018. The Company's contention is duly supported by the legal advice on the matter.

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

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Our audit procedures included the following:

- Reviewed the Petroleum Concession Agreement (PCA) and the Supplemental Agreement signed with the Government of Pakistan.
- Reviewed the SRO issued by the Ministry of Energy.
- Reviewed relevant clauses of the Petroleum Exploration & Production Policy, 2012 for applicability of WLO.
- Discussed the matter with directors, management and internal legal department of the Company.
- Obtained confirmation from the Company's external legal advisor and reviewed legal opinion obtained by the Company validating the Company's contentions and the order issued by the Honourable Islamabad High Court.
- Evaluated the technical ability of the internal and external legal advisors used by the Company.
- Assessed the matter under applicable accounting framework.
- Inspected invoices and gas price notifications issued by Oil and Gas Regulatory Authority (OGRA) to review computation of cumulative impact of enhanced gas price incentive.

| S. No. | Key Audit Matters | How the matter was addressed in our audit |
|--------|-------------------|---|
|--------|-------------------|---|

As described in the said note 26.1.9, the financial impacts on account of enhanced gas price incentive due to conversion from Petroleum Policy 1997 to Petroleum Policy 2012 have been duly accounted for in the unconsolidated financial statements of the Company for the years ended June 30, 2016, 2017 as well as in the annexed unconsolidated financial statements on the completion of the process laid down in the law and in line with the Company's accounting policy.

However, without prejudice to the Company's legal contention in the case and as a matter of abundant caution, the Company has provided for the impact of WLO prospectively with effect from the date of the SRO i.e. December 27, 2017 and onwards in the annexed unconsolidated financial statements, which till June 30, 2018 amounts to Rs 1,962 million.

The Windfall Levy if also applicable on oil / condensate amounts to approximately Rs 19,909 million for the period up to June 30, 2018 while the cumulative impact of incremental revenue recorded in the books of accounts till June 30, 2018 and profit after tax thereof is Rs 9,921 million and Rs 5,190 million respectively.

We considered this as key audit matter due to the significance of the amounts involved and judgements made by the management regarding the matter.

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- Reviewed computation of cumulative impact of WLO, including amount of provision recognised in the books of accounts, in accordance with the applicable petroleum policies.
- Assessed the appropriateness of the disclosures made regarding the matter.

| S. No. | Key Audit Matters   | How the matter was addressed in our audit  |
|--------|---|--|
| (v)    | <p><b>Contingencies</b></p> <p>(Refer notes 26.1.4 and 26.1.5 to the annexed unconsolidated financial statements)</p> <p>Contingencies disclosed in the annexed unconsolidated financial statements relate to various matters which are pending in litigations including matters in respect of income tax and sales tax, which are pending adjudication before the appellate authorities and the courts.</p> <p>Contingencies require management to make judgements and estimates in relation to the interpretation of laws, statutory rules, regulations and the probability of outcome and financial impact, if any, on the Company for disclosure and recognition and measurement of any provision that may be required against such contingencies.</p> <p>Notwithstanding the fact that the Company is contesting all the matters at various appellate levels and courts, it has recognised provision against the contingencies as considered appropriate.</p> <p>Due to significance of amounts involved, inherent uncertainties with respect to the outcome of matters and use of significant management judgements and estimates to assess the same including related financial impacts, we considered contingencies a key audit matter.</p> | <p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>Obtained and reviewed details of the pending tax matters and discussed the same with the Company's management.</li> <li>Circularised confirmations to the Company's external legal and tax counsels for their views on open tax assessments.</li> <li>Reviewed correspondence of the Company with the relevant authorities including judgements or orders passed by the competent authorities in relation to the issues involved or matters which have similarities with the issues involved.</li> <li>Involved internal tax experts to assess management's conclusions on contingent tax matters and to evaluate the consistency of such conclusions with the views of the management and external tax advisors engaged by the Company.</li> <li>Reviewed disclosures made in respect of the contingencies.</li> </ul> |

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

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

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

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In connection with our audit of the unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **Responsibilities of Management and Board of Directors for the Unconsolidated Financial Statements**

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

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

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

#### **Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

#### **Report on Other Legal and Regulatory Requirements**

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

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

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A.F. FERGUSON & Co.

- (c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- (d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is Khurshid Hasan.

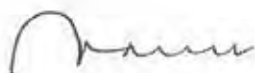
Chartered Accountants  
Karachi, September 18, 2018

# UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

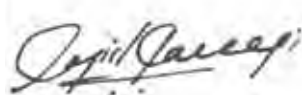
As at June 30, 2018

|   | Note | June 30<br>2018     | June 30<br>2017    |
|---|------|---------------------|--------------------|
|   |      | ----- Rs '000 ----- |                    |
| <b>ASSETS</b>   |      |                     |                    |
| <b>NON-CURRENT ASSETS</b>   |      |                     |                    |
| <b>Fixed assets</b>   |      |                     |                    |
| Property, plant and equipment   | 5    | 154,703,102         | 139,294,643        |
| Intangible assets   | 6    | 420,287             | 405,249            |
|   |      | <b>155,123,389</b>  | <b>139,699,892</b> |
| Long-term investments   | 7    | 37,690,970          | 27,661,070         |
| Long-term loans   | 8    | 16,067              | 1,203,104          |
| Long-term deposits  | 9    | 7,676               | 7,676              |
| Long-term receivables   | 10   | 74,670              | 261,119            |
|   |      | <b>192,912,772</b>  | <b>168,832,861</b> |
| <b>CURRENT ASSETS</b>   |      |                     |                    |
| Stores and spares   | 11   | 3,528,438           | 4,337,207          |
| Trade debts   | 12   | 142,636,089         | 99,283,854         |
| Loans and advances  | 13   | 1,506,404           | 3,972,537          |
| Trade deposits and short-term prepayments                               | 14   | 230,968             | 443,761            |
| Interest accrued  | 15   | 494,758             | 422,330            |
| Current maturity of long-term investments                               | 7    | -                   | 581,824            |
| Current maturity of long-term loans                                     | 8    | 1,378,972           | 10,454             |
| Current maturity of long-term deposits                                  | 9    | 911,850             | 787,500            |
| Current maturity of long-term receivables                               | 10   | 50,786              | 88,858             |
| Other receivables   | 16   | 1,882,477           | 2,948,428          |
| Short-term investments  | 17   | 14,072,500          | 36,493,072         |
| Cash and bank balances  | 18   | 7,714,754           | 6,080,890          |
|   |      | <b>174,407,996</b>  | <b>155,450,715</b> |
| <b>TOTAL ASSETS</b>   |      | <b>367,320,768</b>  | <b>324,283,576</b> |
| <b>EQUITY AND LIABILITIES</b>   |      |                     |                    |
| <b>SHARE CAPITAL AND RESERVES</b>                                       |      |                     |                    |
| Share capital   | 19   | 19,717,295          | 19,717,295         |
| Reserves  | 20   | 220,674,676         | 196,351,582        |
|   |      | <b>240,391,971</b>  | <b>216,068,877</b> |
| <b>NON-CURRENT LIABILITIES</b>  |      |                     |                    |
| Provision for decommissioning obligation                                | 21   | 22,592,369          | 20,104,544         |
| Liabilities against assets subject to finance lease                     | 22   | 68,136              | 143,323            |
| Deferred liabilities  | 23   | 2,651,531           | 2,363,123          |
| Deferred taxation   | 24   | 37,522,952          | 31,821,922         |
|   |      | <b>62,834,988</b>   | <b>54,432,912</b>  |
| <b>CURRENT LIABILITIES</b>  |      |                     |                    |
| Trade and other payables  | 25   | 61,550,474          | 48,239,917         |
| Unclaimed dividends   |      | 332,998             | 362,360            |
| Current maturity of liabilities against assets subject to finance lease | 22   | 74,621              | 112,564            |
| Taxation - net  |      | 2,135,716           | 5,066,946          |
|   |      | <b>64,093,809</b>   | <b>53,781,787</b>  |
| <b>TOTAL LIABILITIES</b>  |      | <b>126,928,797</b>  | <b>108,214,699</b> |
| <b>TOTAL EQUITY AND LIABILITIES</b>                                     |      | <b>367,320,768</b>  | <b>324,283,576</b> |
| <b>CONTINGENCIES AND COMMITMENTS</b>                                    |      |                     |                    |
|   | 26   |                     |                    |


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



Chief Financial Officer



Director



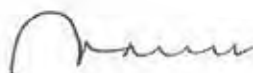
Chief Executive Officer

# UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS

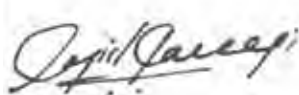
FOR THE YEAR ENDED JUNE 30, 2018

|  | Note | Year<br>Ended<br>June 30<br>2018 | Year<br>Ended<br>June 30<br>2017 |
|--|------|----------------------------------|----------------------------------|
|  |      | ----- Rs '000 -----              |                                  |
| <b>Sales - net</b>                               | 27   | 126,209,613                      | 116,986,307                      |
| Operating expenses                               | 28   | (33,481,924)                     | (31,246,938)                     |
| Royalties and other levies                       | 29   | (18,512,286)                     | (21,257,451)                     |
|  |      | <u>(51,994,210)</u>              | <u>(52,504,389)</u>              |
| <b>Gross profit</b>                              |      | <b>74,215,403</b>                | <b>64,481,918</b>                |
| Exploration expenses                             | 30   | (11,164,255)                     | (10,788,063)                     |
| Administrative expenses                          | 31   | (2,559,650)                      | (2,771,558)                      |
| Finance costs                                    | 33   | (443,568)                        | (461,081)                        |
| Other charges                                    | 34   | (5,930,615)                      | (7,136,775)                      |
|  |      | <u>54,117,315</u>                | <u>43,324,441</u>                |
| Other income                                     | 35   | 9,318,998                        | 4,804,234                        |
| <b>Profit before taxation</b>                    |      | <b>63,436,313</b>                | <b>48,128,675</b>                |
| Taxation   | 36   | (17,748,677)                     | (12,450,032)                     |
|  |      | <u>45,687,636</u>                | <u>35,678,643</u>                |
| <b>Profit after taxation</b>                     |      | <b>45,687,636</b>                | <b>35,678,643</b>                |
| <b>Basic and diluted earnings per share (Rs)</b> | 42   | <u><b>23.17</b></u>              | <u><b>18.10</b></u>              |

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



Chief Financial Officer



Director



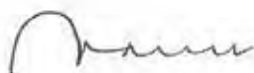
Chief Executive Officer

# UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

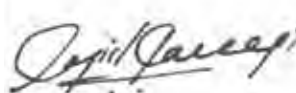
FOR THE YEAR ENDED JUNE 30, 2018

|   | Year<br>Ended<br>30 June<br>2018 | Year<br>Ended<br>30 June<br>2017 |
|---|----------------------------------|----------------------------------|
|   | Rs '000                          |                                  |
| <b>Profit after taxation</b>                                  | <b>45,687,636</b>                | <b>35,678,643</b>                |
| <b>Other comprehensive (loss) / income</b>                    |                                  |                                  |
| <b>Items not to be reclassified to profit or loss</b>         |                                  |                                  |
| <b>in subsequent years</b>                                    |                                  |                                  |
| Remeasurement (losses) / gains on defined benefit plans - net | <b>(2,320,184)</b>               | 798,129                          |
| Deferred taxation   | <b>672,853</b>                   | (240,624)                        |
|   | <b>(1,647,331)</b>               | 557,505                          |
| <b>Total comprehensive income for the year</b>                | <b>44,040,305</b>                | <b>36,236,148</b>                |


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



Chief Financial Officer



Director



Chief Executive Officer

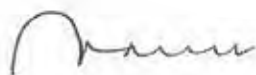
# UNCONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2018

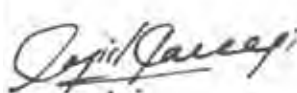
FOR THE YEAR ENDED JUNE 30, 2018

|   | Note | Year<br>Ended<br>30 June<br>2018 | Year<br>Ended<br>30 June<br>2017 |
|---|------|----------------------------------|----------------------------------|
|   |      | ----- Rs '000 -----              |                                  |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                         |      |                                  |                                  |
| Receipts from customers   |      | 113,750,298                      | 111,988,434                      |
| Receipts of other income  |      | 3,285,036                        | 339,725                          |
| Payment to suppliers / service providers and employees - net        |      | (18,756,737)                     | (29,475,712)                     |
| Payment of indirect taxes and Government levies including royalties |      | (44,369,200)                     | (39,651,430)                     |
| Income tax paid   |      | (14,306,024)                     | (945,198)                        |
| Finance costs paid  |      | (38,222)                         | (37,546)                         |
| Long-term loans - net   |      | 4,299                            | 4,183                            |
| Net cash generated from operating activities                        |      | 39,569,450                       | 42,222,456                       |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                         |      |                                  |                                  |
| Capital expenditure - net   |      | (36,183,232)                     | (32,824,114)                     |
| Proceeds from sale of property, plant and equipment                 |      | 29,264                           | 27,701                           |
| Purchase of long-term investments                                   |      | (7,832,954)                      | (11,158,725)                     |
| Disposal / redemption of long-term investments                      |      | 581,824                          | 29,432,825                       |
| Long-term deposits  |      | (124,350)                        | -                                |
| Long-term receivables   |      | 224,521                          | 65,001                           |
| Finance income received   |      | 2,808,472                        | 5,352,480                        |
| Net cash used in investing activities                               |      | (40,496,455)                     | (9,104,832)                      |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                         |      |                                  |                                  |
| Payment of liabilities against assets subject to finance lease      |      | (113,130)                        | (128,159)                        |
| Dividends paid  |      | (19,746,573)                     | (12,701,027)                     |
| Net cash used in financing activities                               |      | (19,859,703)                     | (12,829,186)                     |
| Net (decrease) / increase in cash and cash equivalents              |      | (20,786,708)                     | 20,288,438                       |
| Cash and cash equivalents at the beginning of the year              |      | 42,573,962                       | 22,285,524                       |
| Cash and cash equivalents at the end of the year                    | 40   | 21,787,254                       | 42,573,962                       |


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



Chief Financial Officer



Director



Chief Executive Officer

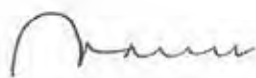


# UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

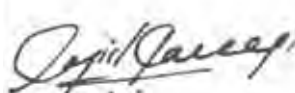
FOR THE YEAR ENDED JUNE 30, 2018

|  | Subscribed and paid-up share capital |                        | Capital reserve | Revenue reserves                |                   |                            |                               |                       |              | Total reserves | Total        |
|--|--------------------------------------|------------------------|-----------------|---------------------------------|-------------------|----------------------------|-------------------------------|-----------------------|--------------|----------------|--------------|
|  | Ordinary                             | Convertible preference |                 | General and contingency reserve | Insurance reserve | Assets acquisition reserve | Dividend equalisation reserve | Unappropriated profit | Total        |                |              |
| Rs '000'   |                                      |                        |                 |                                 |                   |                            |                               |                       |              |                |              |
| Balance as at June 30, 2016  | 19,717,173                           | 122                    | 1,428           | 69,761                          | 34,021,894        | 23,751,980                 | 5,000,000                     | 110,086,579           | 172,930,214  | 172,931,642    | 192,648,937  |
| Comprehensive income for the year  |                                      |                        |                 |                                 |                   |                            |                               |                       |              |                |              |
| Profit after taxation  | -                                    | -                      | -               | -                               | -                 | -                          | -                             | 35,678,643            | 35,678,643   | 35,678,643     | 35,678,643   |
| Other comprehensive income for the year ended June 30, 2017, net of tax        | -                                    | -                      | -               | -                               | -                 | -                          | -                             | 557,505               | 557,505      | 557,505        | 557,505      |
| Total comprehensive income for the year ended June 30, 2017                    | -                                    | -                      | -               | -                               | -                 | -                          | -                             | 36,236,148            | 36,236,148   | 36,236,148     | 36,236,148   |
| Transactions with owners   |                                      |                        |                 |                                 |                   |                            |                               |                       |              |                |              |
| Final dividend for the year ended June 30, 2016                                |                                      |                        |                 |                                 |                   |                            |                               |                       |              |                |              |
| - Ordinary shares - 35%  | -                                    | -                      | -               | -                               | -                 | -                          | (2,464,646)                   | (4,436,364)           | (6,901,010)  | (6,901,010)    | (6,901,010)  |
| - Convertible preference shares - 7.5%   | -                                    | -                      | -               | -                               | -                 | -                          | -                             | (9)                   | (9)          | (9)            | (9)          |
| Interim dividend for the year ended June 30, 2017                              |                                      |                        |                 |                                 |                   |                            |                               |                       |              |                |              |
| - Ordinary shares - 30%  | -                                    | -                      | -               | -                               | -                 | -                          | -                             | (5,915,153)           | (5,915,153)  | (5,915,153)    | (5,915,153)  |
| - Convertible preference shares - 30%  | -                                    | -                      | -               | -                               | -                 | -                          | -                             | (36)                  | (36)         | (36)           | (36)         |
| Conversion of preference shares into ordinary shares                           | 2                                    | (2)                    | -               | -                               | -                 | -                          | -                             | -                     | -            | -              | -            |
| Balance as at June 30, 2017  | 19,717,175                           | 120                    | 1,428           | 69,761                          | 34,021,894        | 23,751,980                 | 2,535,354                     | 135,971,165           | 196,350,154  | 196,351,582    | 216,068,877  |
| Comprehensive income for the year  |                                      |                        |                 |                                 |                   |                            |                               |                       |              |                |              |
| Profit after taxation  | -                                    | -                      | -               | -                               | -                 | -                          | -                             | 45,687,636            | 45,687,636   | 45,687,636     | 45,687,636   |
| Other comprehensive (loss)/income for the year ended June 30, 2018, net of tax | -                                    | -                      | -               | -                               | -                 | -                          | -                             | (1,647,331)           | (1,647,331)  | (1,647,331)    | (1,647,331)  |
| Total comprehensive income for the year ended June 30, 2018                    | -                                    | -                      | -               | -                               | -                 | -                          | -                             | 44,040,305            | 44,040,305   | 44,040,305     | 44,040,305   |
| Transactions with owners   |                                      |                        |                 |                                 |                   |                            |                               |                       |              |                |              |
| Final dividend on ordinary shares - 60% for the year ended June 30, 2017       | -                                    | -                      | -               | -                               | -                 | -                          | -                             | (11,830,305)          | (11,830,305) | (11,830,305)   | (11,830,305) |
| Interim dividend for the year ended June 30, 2018                              |                                      |                        |                 |                                 |                   |                            |                               |                       |              |                |              |
| - Ordinary shares - 40%  | -                                    | -                      | -               | -                               | -                 | -                          | -                             | (7,886,872)           | (7,886,872)  | (7,886,872)    | (7,886,872)  |
| - Convertible preference shares - 30%  | -                                    | -                      | -               | -                               | -                 | -                          | -                             | (34)                  | (34)         | (34)           | (34)         |
| Conversion of preference shares into ordinary shares                           | 6                                    | (6)                    | -               | -                               | -                 | -                          | -                             | -                     | -            | -              | -            |
| Balance as at June 30, 2018  | 19,717,181                           | 114                    | 1,428           | 69,761                          | 34,021,894        | 23,751,980                 | 2,535,354                     | 160,294,259           | 220,673,248  | 220,674,676    | 240,391,971  |

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



Chief Financial Officer



Director



Chief Executive Officer

# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

## 1. LEGAL STATUS AND OPERATIONS

- 1.1** Pakistan Petroleum Limited (the Company) was incorporated in Pakistan in 1950 with the main objectives of conducting exploration, prospecting, development and production of oil and natural gas resources. The shares of the Company are listed on the Pakistan Stock Exchange Limited. The registered office of the Company is located at PIDC House, Dr. Ziauddin Ahmed Road, Karachi.
- 1.2** These unconsolidated financial statements are the separate financial statements of the Company, in which investments in the below mentioned subsidiaries have been accounted for at cost less accumulated impairment losses, if any. As of the date of statement of financial position, the Company has the following wholly owned subsidiaries:
- a) PPL Europe E&P Limited (PPLE)
  - b) PPL Asia E&P B.V. (PPLA)
  - c) The Pakistan Petroleum Provident Fund Trust Company (Private) Limited (PPPFTC)
- 1.3** The Sui Mining Lease expired on May 31, 2015. The Government of Pakistan (GoP) through various notifications has allowed the Company to continue producing from the Sui gas field, the most recent being dated May 25, 2018, whereby allowing the Company to continue producing from Sui gas field for a further period of one year with effect from the expiry of existing lease period i.e. May 31, 2018.

During May 2016, a Memorandum of Agreement (MoA) was executed between the GoP and the Government of Balochistan (GoB) for grant of Development & Production Lease (D&PL) to the Company over the Sui gas field, with effect from June 01, 2015. The MoA has been approved by the Economic Coordination Committee (ECC) of the Cabinet of the GoP on December 13, 2016, and accordingly D&PL will be formally granted in due course of time.

## 2. SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING THE COMPANY'S FINANCIAL POSITION AND PERFORMANCE DURING THE YEAR

Significant transactions and events that have affected the Company's statement of financial position and performance during the year have been disclosed in these unconsolidated financial statements. Further details have been mentioned in the Directors' report.

## 3. BASIS OF PREPARATION

### 3.1 Statement of compliance

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

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

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

### 3.2 Basis of measurement

These unconsolidated financial statements have been prepared under the historical cost convention, except for the following material items in the statement of financial position:

# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

- a) Financial assets at fair value through profit or loss, have been measured at fair value.
- b) Obligations in respect of certain employee benefits and decommissioning have been measured at present value.
- c) Held-to-maturity investments and loans and receivables, have been measured at amortised cost.

### **3.3 Amendments to approved accounting standards and interpretations which are effective during the year ended June 30, 2018**

The Fourth schedule to the Companies Act, 2017 became applicable to the Company for the first time for the preparation of these unconsolidated financial statements. The Companies Act, 2017 (including its Fourth schedule) forms an integral part of the statutory financial reporting framework applicable to the Company and amongst others, prescribes the nature and content of disclosures in relation to various elements of the financial statements. Additional disclosures include but are not limited to, particulars of immovable assets of the Company (refer notes 5.8 & 5.9), management assessment of sufficiency of tax provision in the financial statements (refer note 36.2), change in threshold for identification of executives (refer note 41), additional disclosure requirements for related parties (refer note 43) etc.

Amendment to IAS 7 'Statement of cash flows': This amendment requires disclosure to explain changes in liabilities for which cash flows have been classified as financing activities in the statement of cash flows. In case other items are included within the reconciliation, the changes in liabilities arising from financing activities will be identified separately. A reconciliation of the opening to closing balance is not specifically required but instead the information can be provided in other ways. In the first year of adoption, comparative information need not be provided. This amendment has resulted in additional disclosures (i.e. note 22.2) in these financial statements.

The other amendments to published standards and interpretations that were mandatory for the Company's financial year ended June 30, 2018 are considered not to be relevant or to have any significant effect on the Company's financial reporting and therefore not disclosed in these unconsolidated financial statements.

### **3.4 New standards, amendments to approved accounting standards and interpretations that are effective for the Company's accounting periods beginning on or after July 1, 2018**

There are certain new standards, amendments to the approved accounting standards and interpretations that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2018. However, these amendments and interpretations will not have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these unconsolidated financial statements. Further, during the current year, the Securities and Exchange Commission of Pakistan (the SECP) has adopted IFRS 9 'Financial Instruments', IFRS 15 'Revenue from Contracts with Customers' and IFRS 16 'Leases'. IFRS 9 and IFRS 15 are applicable for the Company's financial reporting period beginning on July 1, 2018 while IFRS 16 is applicable for the reporting period beginning on July 1, 2019. At present, the impacts of application of these IFRSs on the Company's future financial statements are being assessed. Further, IFRS 17 'Insurance contracts' is yet to be adopted by the SECP.

### **3.5 Implications of revised IFRS-2 (Share-based Payment) on Benazir Employees' Stock Option Scheme**

In June 2011, the SECP on receiving representations from some of entities covered under Benazir Employees' Stock Option Scheme (the Scheme) and after having consulted the ICAP, granted exemption to such entities from the application of IFRS - 2 "Share-based Payment" to the Scheme. There has been no change in the status of the Scheme as stated in note 2.5 to the unconsolidated financial statements for the year ended June 30, 2017. The management believes that the Scheme is being revamped by the GoP and all claims and disbursements to the unit holders are kept in abeyance by the Privatisation Commission since June 2010.

# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

Had the exemption not been granted, retained earnings and reserves would have been lower and higher by Rs 18,879 million (2017: Rs 18,879 million).

## 3.6 Significant accounting judgments, estimates and assumptions

The preparation of these financial statements in conformity with the approved accounting standards, as applicable in Pakistan, requires management to make estimates, assumptions and use judgments that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. The estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively, commencing from the period of revision.

In the process of applying the Company's accounting policies, the management has made the following estimates, assumptions and judgments which are significant to these unconsolidated financial statements.

### a) Property, plant & equipment and intangibles

The Company reviews the appropriateness of useful lives, method of depreciation / amortisation and residual values of property, plant & equipment and intangibles on the reporting date. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant & equipment and intangibles with a corresponding effect on the depreciation / amortisation charge and impairment.

Property, plant & equipment and intangible assets are reviewed for possible impairment when events or changes in circumstances indicate that the carrying amount may not be fully recoverable. Determination as to whether and how much an asset is impaired involves management estimates and judgments such as future prices of crude oil or gas and production profiles.

### b) Exploration and evaluation expenditure

The Company's accounting policy for exploration and evaluation expenditure results in cost of exploratory wells being capitalised for an area of interest where it is considered likely to be recoverable by future exploitation or sale or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves.

This policy requires management to make certain estimates and assumptions as to future events and circumstances, in particular whether an economically viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised the expenditure under the policy a judgment is made that recovery of the expenditure is unlikely, the relevant capitalised amount is transferred to profit or loss in the period when the new information becomes available.

### c) Development and production expenditure

Development and production activities commence after project sanctioning by the appropriate level of management. Judgment is applied by the management in determining when a project is economically viable. In exercising this judgment, management is required to make certain estimates and assumptions similar to those described above for capitalised exploration and evaluation expenditure. Any such estimates and assumptions may change as new information becomes available. If, after having commenced development activity, a judgment is made that a development and production asset is impaired, the appropriate amount is written off to profit or loss.

# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

## d) Estimation of proven oil and natural gas reserves

Evaluation of oil and gas reserves is important to the effective management of upstream assets. They are an integral part of investment decisions about oil and gas properties such as whether development should proceed. Oil and gas reserve quantities are also used as the basis to calculate unit-of-production depreciation / amortisation rates and to evaluate impairment.

Oil and gas reserves include both proved and unproved reserves. Proved oil and gas reserves are those quantities of oil and gas which, by analyses of geoscientific and engineering data, can be estimated with reasonable certainty to be economically producible. Unproved reserves are those with less than reasonable certainty of recoverability. The estimation of proved reserves is an ongoing process based on rigorous technical evaluations, commercial and market assessment, and detailed analyses of well information such as flow rates and reservoir pressure declines.

Although the Company is reasonably certain that proved reserves will be produced, the timing and amount recovered can be affected by a number of factors including completion of development projects, reservoir performance, regulatory approvals and significant changes in long-term oil and gas price levels. Revisions can include upward or downward changes in previously estimated volumes of proved reserves for existing fields due to the evaluation or re-evaluation of (1) already available geologic, reservoir or production data, (2) new geologic, reservoir or production data or (3) changes in prices and costs that are used in the estimation of reserves. Revisions can also result from significant changes in development strategy or capacity of production equipment / facilities.

Changes to the estimates of proved reserves affect the amount of amortisation recorded and impairment, if any, in the financial statements for assets amortised on the basis of unit of production.

## e) Provision and amortisation of decommissioning cost

Provision is recognised for the future decommissioning and restoration of oil and gas wells, production facilities and pipelines at the end of their economic lives. The estimated cost is charged to profit or loss over the life of the proved reserves on a unit of production basis.

The timing of recognition requires the application of judgment to existing facts and circumstances, which can be subject to change. Estimates of the amount of provision recognised are based on current legal and constructive obligations, technology and price levels. Provision is based on the best estimates, however, the actual outflows may differ from estimated cash outflows due to changes in laws, regulations, technology, prices and conditions, and the fact that actual expenditure will take place many years in the future. The carrying amount of provision is reviewed periodically and adjusted to take account of such changes.

During the year, the Company revised its estimates of outflows or resources to settle decommissioning liability, based on future projected costs adjusted to present value. This has been treated as a change in accounting estimate, applied prospectively, in accordance with IFRIC-1 'Changes in Existing Decommissioning, Restoration and Similar Liabilities'.

Following line items would have been affected had there been no change in estimates:

|   | <u>Rs (million)</u> |
|---|---------------------|
| Provision for decommissioning obligation would have been lower by | 845                 |
| Property, plant and equipment would have been lower by            | 779                 |
| Amortisation charge would have been lower by                      | 66                  |
| Profit after tax would have been higher by                        | 48                  |

# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

## **f) Joint arrangements**

The Company participates in several joint arrangements. Judgment is required in order to determine their classification as a joint venture where the Company has rights to the net assets of the arrangement or a joint operation where the Company has rights to the assets and obligations for the liabilities of the arrangement. In making this judgment, consideration is given to the legal form of the arrangement, the contractual terms and conditions as well as other facts and circumstances.

## **g) Provision for defined benefit plans and compensated absences**

Defined benefit plans and compensated absences are provided for permanent employees of the Company. The plans are structured as separate legal entities managed by trustees, except for post-retirement medical benefits and compensated absences, for which, liability is recognised in these unconsolidated financial statements. These benefits are evaluated with reference to uncertain events and are based upon actuarial assumptions including inter alia, discount rates, expected rates of salary increases, medical cost and mortality rates. The actuarial valuations are conducted by independent actuaries on annual basis using Projected Unit Credit Actuarial Cost Method. Pension and gratuity costs primarily represent the increase in actuarial present value of the obligation for benefits earned on employee service during the year and the interest on the obligation in respect of employee service in previous years. Calculations are sensitive to changes in the underlying assumptions.

## **h) Taxation**

The provision for taxation is accounted for by the Company after taking into account the current income tax laws and relevant decisions taken by appellate authorities. Accordingly, the recognition of deferred tax is also made, taking into account these decisions and the best estimates of future results of operations of the Company.

## **i) Contingencies**

The assessment of the contingencies inherently involves the exercise of significant judgment as the outcome of the future events cannot be predicted with certainty. The Company, based on the availability of the latest information, estimates the value of contingent assets and liabilities, which may differ on the occurrence / non-occurrence of the uncertain future event(s).

## **j) Provision for trade debts, advances and other receivables**

On annual basis, the Company reviews the recoverability of its trade debts, advances and other receivables, to assess the amount required for provision of doubtful debts. Trade debts, advances and other receivables considered irrecoverable are written off. No provision is made in respect of the active customers who are considered good.

## **k) Stores and spares**

The Company reviews the stores and spares for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of stores and spares with a corresponding effect on the provision.



# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

## 4. SIGNIFICANT ACCOUNTING POLICIES

### 4.1 Property, plant and equipment

#### a) Owned assets

Property, plant and equipment, except freehold land, leasehold land and capital work-in-progress, are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Freehold land and leasehold land are stated at cost. Capital work-in-progress is stated at cost less accumulated impairment losses, if any, and is transferred to the respective item of property, plant and equipment when available for intended use.

Cost in relation to property, plant and equipment comprises acquisition and other directly attributable costs and decommissioning cost. The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, with net amount recognised in profit or loss.

Impairment tests for property, plant and equipment are performed when there is an indication of impairment. At the end of each reporting period, an assessment is made to determine whether there are any indications of impairment. Accordingly, the Company conducts an internal review of asset values which is used as a source of information to assess for any indications of impairment. External factors such as changes in expected future prices, costs and other market factors are also monitored to assess for indications of impairment. If any such indication exists, the asset's recoverable amount is estimated being the higher of its fair value less cost to sell and value in use.

If the carrying amount of the asset exceeds its recoverable amount, the property, plant and equipment is impaired and an impairment loss is charged to profit or loss so as to reduce the carrying amount of the property, plant and equipment to its recoverable amount.

In testing for indications of impairment and performing impairment calculations, assets are considered as collective groups, referred to as Cash Generating Units (CGUs). CGUs are the smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

#### b) Assets subject to finance lease

Lease of property, plant and equipment where the Company, as lessee, has substantially all the risks and rewards of ownership are classified as finance lease.

# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

Assets held under finance lease are initially recorded at the lower of the present value of minimum lease payments under the lease agreements and the fair value of the leased assets. The related obligations under the lease, net of financial charges allocated to future periods, are shown as a liability.

The financial charges are allocated to accounting periods in a manner so as to provide a constant periodic rate of interest on the outstanding liability.

## 4.2 Exploration and evaluation assets

The Company applies the "Successful efforts" method of accounting for Exploration and Evaluation (E&E) costs. Under the Successful efforts method of accounting, all property acquisitions, exploratory / evaluation drilling costs are initially capitalised, till such time that technical feasibility and commercial viability of oil and gas are demonstrated.

Costs directly associated with an exploratory well are capitalised until the drilling of the well is completed and results have been evaluated. Major costs include material, chemical, fuel, well services, rig operational costs and employee costs. All other exploration costs including cost of technical studies, seismic acquisition and data processing, geological and geophysical activities are charged against income as exploration expenditure.

E&E assets relating to each exploration license / field are carried forward, until the existence or otherwise of commercial reserves have been determined subject to certain limitations including review for indications of impairment. If commercial reserves have been discovered, the carrying value after any impairment loss of the relevant E&E assets is then reclassified as development and production assets and if commercial reserves are not found, the capitalised costs are written off as dry and abandoned wells and charged to profit or loss.

E&E assets are assessed for impairment when facts and circumstances indicate that carrying amounts may exceed the recoverable amounts of these assets. Such indicators include, the point at which a determination is made as to whether or not commercial reserves exist, the period for which the Company has right to explore has either expired or will expire in the near future and is not expected to be renewed, substantive expenditure on further exploration and evaluation activities is not planned or budgeted, whether sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the E&E asset is unlikely to be recovered in full from successful development or sale, and any other event, that may give rise to indication that such assets are impaired.

Where an impairment loss subsequently reverses, the carrying amount of the E&E asset is increased upto the revised recoverable amount but limited to the extent of the carrying amount that would have been determined had no impairment loss being recognised for the asset in prior years. A reversal of the impairment loss is recognised as income in profit or loss.

## 4.3 Development and production assets

Development and production assets are accumulated on a field by field basis and represent the cost of developing the discovered commercial reserves and bringing them into production, together with the capitalised E&E expenditures incurred in finding commercial reserves transferred from E&E assets as outlined in note 4.2 above. The cost of development and production assets also includes the cost of acquisition of such assets, directly attributable overheads, and the cost of recognising provisions for future site restoration and decommissioning.

# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

Impairment test of development and production assets is also performed whenever events and circumstances arising during the development and production phase indicate that carrying amounts of the development and production assets may exceed their recoverable amount. Such circumstances depend on the interaction of a number of variables, such as the recoverable quantities of hydrocarbons, the production profile of the hydrocarbons, the cost of the development of the infrastructure necessary to recover the hydrocarbons, the production costs, the contractual duration of the production field and the net selling price of the hydrocarbons produced.

The carrying amounts are compared against estimated recoverable amounts of the assets, generally by reference to the present value of the future net cash flows expected to be derived from such assets. The CGU considered for impairment test purpose is generally field by field basis, except that a number of fields may be grouped as a single CGU where the cash flows of each field are inter-dependent.

Where conditions giving rise to impairment subsequently reverse, the effect of the impairment charge is also reversed. The reversal is limited so that the carrying amount of the asset neither exceeds its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

## 4.4 Intangible assets

Intangible assets are recognised if it is probable that the future economic benefits that are attributable to the assets will flow to the Company and that the cost of such assets can also be measured reliably.

Generally, costs associated with the development or maintenance of computer software programs are recognised as an expense as incurred. However, costs that are directly associated with identifiable software and have probable economic benefits exceeding one year, are recognised as an intangible asset. Direct costs include the purchase cost of software and related overhead cost. Computer software costs that are directly associated with the computer and computer controlled machines, which cannot operate without the related specific software, are included in the costs of the respective assets. When the software is not an integral part of the related hardware, it is classified as an intangible asset. Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

Expenditures which enhance or extend the performance of computer software beyond their original specification and useful life are recognised as capital improvement and added to the original cost of the software.

## 4.5 Depreciation and amortisation

### a) Property, plant and equipment

- i. Depreciation on property, plant and equipment, except freehold land, leasehold land, capital work-in-progress, development and production assets and decommissioning cost, is charged on a straight-line basis at the rates specified in note 5.1 to these unconsolidated financial statements and depreciation on capital stores in operating assets is charged over the useful lives of the related items of plant and machinery to which these stores relate.

Depreciation on additions is charged from the month following the one in which the asset is available for use and on disposals upto the month the asset is in use.

Depreciation on leased assets is charged at the same rates as charged on the Company's owned assets.

# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

- ii. Capitalised development and production expenditure, including cost to acquire producing reserves, production bonus and decommissioning costs are amortised on the basis of unit of production method.

## b) Intangible assets

Amortisation on intangible assets is charged over their useful economic life on straight line basis at the rates stated in note 6.1 to these unconsolidated financial statements.

Amortisation on additions is charged from the month following the one in which the asset is available for use and on disposals upto the month the asset is in use.

## 4.6 Business combinations and goodwill

The Company uses acquisition method of accounting for acquisition of assets or class of assets, whereby, the purchase consideration is allocated to the identifiable assets, liabilities and contingent liabilities assumed based on the fair value at the date of acquisition. Acquisition related costs are expensed as incurred and included in profit or loss.

Goodwill is initially measured as of the acquisition date, being the excess of (a) the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and in a business combination achieved in stages, the acquisition date fair value of the previously held equity interest in the acquiree; and (b) the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed.

In case the fair value attributable to the Company's interest in the identifiable net assets exceeds the fair value of consideration, the Company recognises the resulting gain in profit or loss on the acquisition date.

Goodwill acquired in a business combination is measured, subsequent to initial recognition, at cost less accumulated impairment losses, if any, and is tested annually and whenever, there is an indication of impairment. Impairment loss in respect of goodwill is recognised in profit or loss.

## 4.7 Investment in subsidiaries

Subsidiaries are all entities over which the Company has power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Further, the Company also considers:

- it has power over the investee entity;
- it has exposure, rights, to variable returns from its involvement in investee entity; and
- it has ability to use its power over the investee entity to affect the amount of the Company's returns.

Investment in subsidiary is stated at cost less accumulated impairment losses, if any. A reversal of an impairment loss on subsidiary is recognised as it arises provided the increased carrying value does not exceed cost.

The profits and losses of the subsidiaries are carried forward in the financial statements of the subsidiaries and not dealt within or for the purpose of these unconsolidated financial statements except to the extent of dividend declared by the subsidiaries.

Gain or loss on sale of investments in the subsidiaries is included in profit or loss for the year.

# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

## 4.8 Impairment of non-financial assets, and goodwill and investment in subsidiaries

The Company assesses at each reporting date whether there is an indication that an asset or a CGU is impaired. If any indication exists or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

Goodwill is tested for impairment annually at year end and when the circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU or group of CGUs to which the goodwill relates. When the recoverable amount of CGU is less than its carrying amount, an impairment loss is recognised.

Intangible assets with indefinite useful lives are tested for impairment annually at year end either individually or at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset neither exceeds its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

Impairment losses relating to goodwill are not reversed in future periods.

## 4.9 Stores and spares

Stores and spares are valued at weighted average cost less impairment loss, if any, except for stores in transit, which are valued at cost incurred upto the reporting date. Cost comprises invoice value and other direct costs. Provision is made for obsolete / slow moving items where necessary and is recognised in profit or loss.

## 4.10 Financial instruments

### a) Financial assets

#### Classification

Financial assets are classified in the following categories: held-to-maturity, at fair value through profit or loss, available-for-sale and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. The management determines the classification of its financial assets at initial recognition and, where allowed and appropriate, re-evaluates the designation at each date of statement of financial position.

# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

## **i. Held-to-maturity**

These are non-derivative financial assets with fixed or determinable payments and fixed maturity with a positive intention and ability to hold to maturity. These are classified as current and non-current assets in accordance with criteria set out by IFRSs.

## **ii. At fair value through profit or loss**

An investment is classified at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial instruments are classified as held for trading if they are acquired principally for the purpose of selling and repurchasing in the near term.

These are classified as current or non-current assets in accordance with criteria set out by IFRSs. The Company has not classified any financial asset as held for trading.

## **iii. Available-for-sale**

Available-for-sale financial assets are non-derivatives (being equity or debt securities) that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment is maturing or management intends to dispose it off within 12 months of the date of statement of financial position.

The Company does not have available-for-sale investments as of the date of statement of financial position.

## **iv. Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These are classified as current and non-current assets in accordance with criteria set out by IFRSs.

### **Recognition and measurement**

Regular purchases and sales of financial assets are recognised on the trade date - the date on which the Company commits to purchase or sell the asset. At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Held-to-maturity and loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the profit or loss in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the profit or loss as part of other income when the Company's right to receive payments is established.

Changes in fair value of monetary and non-monetary securities classified as available-for-sale are recognised in statement of comprehensive income. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in other comprehensive income or loss are included in the profit or loss.



# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

Interest on available-for-sale securities calculated using the effective interest method is recognised in the profit or loss as part of other income. Dividends on available for sale equity instruments are recognised in the profit or loss as part of other income when the Company's right to receive payments is established.

## **Impairment of financial assets**

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

## **b) Financial liabilities**

All financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of an instrument. Financial liabilities are extinguished when these are discharged or cancelled or expire or when there is substantial modification in the terms and conditions of the original financial liability or part of it. If modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

## **c) Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle either on a net basis, or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

## **4.11 Fair value**

The fair value of financial instruments that are actively traded in organised financial markets is determined with reference to quoted market bid prices at the close of business on the date of statement of financial position. Where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions, reference to the current market value of another instrument, which has substantially similar characteristics, discounted cash flow analysis or other valuation models.

## **4.12 Cash and cash equivalents**

Cash and cash equivalents are stated at cost. For the purpose of statement of cash flows, cash and cash equivalents comprise of cash and cheques in hand and at banks, and include short-term highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of change in value.

# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

## 4.13 Decommissioning obligation and its provision

The activities of the Company normally give rise to obligations for site restoration. Restoration activities may include abandonment and removal of wells, facility decommissioning and dismantling, removal or treatment of waste materials and land rehabilitation.

Liabilities for decommissioning cost are recognised when the Company has an obligation (whether legal or constructive) to dismantle and remove a well, facility or an item of plant and to restore the site on which it is located, and when a reliable estimate of that liability can be made. An obligation for decommissioning may also crystallise during the period of operation of a facility through a change in legislation or through a decision to terminate operations. The amount recognised is the estimated cost of decommissioning, discounted to its net present value. Decommissioning cost is capitalised and subsequently amortised / depreciated as part of the well or facility to which it relates.

The provision for decommissioning is based on the best estimate of future costs and the economic life of the existing wells and facilities, however, there is uncertainty regarding both the amount and timing of incurring these costs. Any change in the present value of the estimated expenditure is dealt with prospectively and reflected as an adjustment to the provision and a corresponding adjustment to property, plant and equipment. The unwinding of the discount on the decommissioning provision is recognised as finance cost in the profit or loss.

## 4.14 Staff retirement benefits

### a) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than the defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in current and prior periods; that benefit is discounted to determine its present value. The Company maintains / operates the following benefit plans:

### i. Approved pension and gratuity schemes

The Company operates approved funded pension and gratuity schemes, separately, for its executive and non-executive permanent staff as per rules of service. Provisions are made annually, on the basis of actuarial valuations, for these schemes.

Contributions to these funds require assumptions to be made in respect of future outcomes which mainly include increase in remuneration, expected long-term return on plan assets and the discount rate used to convert future cash flows to current values. Calculations are sensitive to changes in the underlying assumptions.

Remeasurement in respect of defined benefit plans are recognised in full directly in equity through other comprehensive income or loss in the period in which they occur. Such remeasurements are also immediately recognised in retained earnings and are not reclassified to the profit or loss in subsequent periods. The past service costs are recognised at the earlier of when the amendment or curtailment occurs and when the Company has recognised related restructuring or terminations.

These schemes are governed by their respective Trust Deeds and Rules. All matters pertaining to these schemes including contributions to the schemes and payments to outgoing members are dealt with in accordance with the respective Trust Deeds and Rules.

# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

The liabilities under the scheme in respect of members in service on the valuation date on a going concern basis and having regard to projected salary increases, are covered by the Fund on the valuation date, the total reserve as of the valuation date, future contributions to the Fund, and future projected investment income of the Fund. As far as possible, the contribution to the Fund should remain reasonably stable as a percentage of salaries, under the Projected Unit Credit Actuarial Cost Method employed.

## **ii. Post retirement medical benefits**

The Company provides post-retirement medical benefits to its executive staff, except for those inducted after December 31, 2010 and non-executive permanent staff. The cost of these benefits is accrued over the expected remaining working lives of the employees based on actuarial valuations.

Remeasurements are recognised in full directly in equity through other comprehensive income or loss in the period in which they occur and are not reclassified to profit or loss in subsequent periods.

## **iii. Leave preparatory to retirement**

The Company accrues entitlement to leave preparatory to retirement of its executive staff on the basis of actuarial valuation. Remeasurement gains and losses are recognised immediately.

The actuarial valuations are conducted annually by qualified actuaries and the latest valuations were conducted as on June 30, 2018 based on the 'Projected Unit Credit Actuarial Cost Method'.

## **b) Defined contribution plan**

A defined contribution plan is a post-employment contribution plan under which an entity pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in the profit or loss when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

The Company operates recognised provident fund schemes, separately, for its executive and non-executive permanent staff. Equal monthly contributions are made by the Company and the employees to the respective funds at the rate of 4.35% (executive staff) and 8% (non-executive staff) of basic salary.

The Company also operates defined contribution pension fund schemes (conventional and Shariah) for its executive staff only and contributes upto 13.44% of basic salary, according to the eligibility of executive staff to the relevant funds.

## **4.15 Compensated absences**

The Company provides for compensated absences in respect of executive and non-executive staff, in accordance with the rules of the Company. The cost is recognised on the basis of actuarial valuations. The latest actuarial valuations were conducted as on June 30, 2018.

# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

## 4.16 Provisions

Provisions are recognised when the Company has a legal or constructive obligation as a result of past events, it is probable that outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each date of statement of financial position and adjusted to reflect the current best estimate.

## 4.17 Earnings per share

The Company presents basic and diluted Earnings Per Share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

## 4.18 Taxation

Tax for the year comprises of current and deferred tax, which is recognised in the profit or loss except to the extent that it relates to items recognised outside of profit or loss (whether in other comprehensive income or loss or directly in equity), if any, in which case the tax amounts are recognised outside profit or loss.

### a) Current taxation

Provision for current taxation is based on taxable income at the applicable tax rates based on tax laws enacted or substantively enacted at the date of statement of financial position after taking into account tax credits, tax rebates and exemptions available, if any, adjusted for payments to GoP on account of royalty, as applicable, and any adjustment to tax payable in respect of previous years.

### b) Deferred taxation

Deferred tax is recognised using the liability method, on all temporary differences at the date of statement of financial position between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax losses and unused tax credits, to the extent it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amount of deferred tax assets is reviewed at each date of statement of financial position and is reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the date of statement of financial position.

Deferred tax relating to items recognised directly in statement of comprehensive income or equity is recognised in statement of comprehensive income or equity and not in profit or loss.

Deferred tax assets and liabilities are offset only if there is a legally enforceable right to offset current tax assets and liabilities and they relate to the income tax levied by the same tax authority.

# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

## 4.19 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost at the date of statement of financial position, which is the fair value of the consideration to be paid in future for goods and services received, whether or not billed to the Company.

## 4.20 Revenue recognition

Sales are recorded on transfer of significant risks and rewards of ownership of gas, other petroleum products and barytes (the Products), when the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control, the amount of revenue can be measured reliably, when it is probable that the economic benefits associated with the transaction will flow to the Company and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from the sale is measured at the fair value of the consideration received or receivable, net of Government levies. Effect of adjustments, if any, arising from revision in sale prices is reflected as and when the prices are finalised with the customers and / or approved by the GoP.

Revenue from sale of the Products in which the Company has an interest with other joint operations partners is recognised in accordance with the Company's working interest and the terms of the relevant agreements.

## 4.21 Other income and Finance costs

Other income comprises of interest income on loans, funds invested, delayed payments from customers, dividend income, exchange gain and changes in the fair value of financial assets at fair value through profit or loss.

Other income on loans is recognised on time proportion basis with reference to the principal outstanding and the applicable rate of return.

Income on held-to-maturity investments and saving accounts with banks is recognised on time proportion basis taking into account the effective yield of such investments.

The Company recognises interest, if any, on delayed payments from customers on receipt basis.

Dividend income on equity investments is recognised when the right to receive the payment is established.

Foreign currency gains and losses are reported on a net basis.

Finance costs comprise interest expense on borrowings, if any, unwinding of the discount on decommissioning obligation and bank charges. Mark up, interest and other charges on borrowings are charged to profit or loss in the period in which they are incurred.

# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

## 4.22 Joint arrangements

Joint arrangements are arrangements in which the Company has contractually agreed sharing of control, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. Joint arrangements are classified as joint operations or joint ventures depending upon the rights and obligations arising from the joint arrangement and are accounted for as follows:

The Company classifies a joint arrangement as joint operations when the Company has the rights to the assets, and obligations for the liabilities, of the arrangement and accounts for each of its assets, liabilities, revenues and expenses, including its share of those held or incurred jointly, in relation to the joint operations. The Company classifies a joint arrangement as a joint venture when the Company has rights to the net assets of the arrangement.

The Company has certain contractual arrangements with other participants to engage in joint activities, where all significant operating and financial policies are determined by the participants, such that the operator itself has no significant independence to pursue its own commercial strategy. The Company has assessed the nature of its joint arrangements and determined them to be joint operations. The Company has recognised its share of assets, liabilities, revenue and expenses jointly held or incurred under the joint operations on the basis of latest available audited accounts of the joint operations and where applicable, on the basis of cost statements received from the operators of the joint operations. Estimates are made for the intervening period up to the date of statement of financial position. The difference, if any, between the cost statements and the estimates is accounted for in the next accounting year.

## 4.23 Foreign currency transactions and translation

Foreign currency transactions are recorded at the exchange rates approximating those prevailing on the dates of transactions. Monetary assets and liabilities denominated in foreign currencies are translated into Pakistani Rupees at the rate of exchange ruling on the date of statement of financial position and exchange differences, are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost are translated using the exchange rates on the dates of the initial transactions. Non-monetary items measured at fair value in foreign currency are translated using the exchange rates on the date on which the fair value was determined.

## 4.24 Functional and presentation currency

These unconsolidated financial statements are presented in Pakistani Rupee, which is the Company's functional currency.

## 4.25 Related party transactions

Related party transactions are carried out on commercial terms, as approved by the Board of Directors, substantiated in the manner given in note 43 to these unconsolidated financial statements.



# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

## 4.26 Dividends and appropriations to reserves

Dividends and appropriations to reserves are recognised in the unconsolidated financial statements in the period in which these are approved. However, if these are approved after the reporting period but before the unconsolidated financial statements are authorised for issue, they are disclosed in the notes to these unconsolidated financial statements.

## 4.27 Segment reporting

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.

| June 30, 2018 | June 30, 2017 |
|---------------|---------------|
| -----         | -----         |
| Rs '000       |               |

## 5. PROPERTY, PLANT AND EQUIPMENT

|                                     |                           |                           |
|-------------------------------------|---------------------------|---------------------------|
| Operating assets - note 5.1         | <b>103,201,973</b>        | 92,948,876                |
| Capital work-in-progress - note 5.5 | <b>51,501,129</b>         | 46,345,767                |
|                                     | <b><u>154,703,102</u></b> | <b><u>139,294,643</u></b> |

## 5.1 Operating assets

|   | Owned asset              |                           |   |  |                   |                                   |                     |                                |                |                                   | Assets subject to finance lease |                    |                                |                |                |                    |
|---|--------------------------|---------------------------|---|--|-------------------|-----------------------------------|---------------------|--------------------------------|----------------|-----------------------------------|---------------------------------|--------------------|--------------------------------|----------------|----------------|--------------------|
|   | Freehold land (note 5.8) | Leasehold land (note 5.8) | Buildings, roads and civil constructions on freehold land | Buildings, roads and civil constructions on leasehold land | Plant machinery   | Furniture, fittings and equipment | Tanks and pipelines | Computers and allied equipment | Rolling stock* | Development and production assets | Decommiss-ioning cost           | Sub total          | Computers and allied equipment | Rolling stock* | Sub total      | Total              |
| -----Rs'000-----                        |                          |                           |   |  |                   |                                   |                     |                                |                |                                   |                                 |                    |                                |                |                |                    |
| <b>As at July 01, 2016</b>              |                          |                           |   |  |                   |                                   |                     |                                |                |                                   |                                 |                    |                                |                |                |                    |
| Cost                                    | 107,813                  | 1,360,406                 | 2,488,643   | 4,309  | 64,427,116        | 822,460                           | 8,060,574           | 787,977                        | 556,457        | 62,717,459                        | 17,824,591                      | 159,157,805        | 209,337                        | 489,262        | 698,599        | 159,856,404        |
| Accumulated depreciation / amortisation | -                        | -                         | (1,119,405)   | (2,432)  | (29,426,688)      | (485,450)                         | (3,735,770)         | (603,914)                      | (411,398)      | (22,458,199)                      | (8,021,853)                     | (66,265,649)       | (102,290)                      | (220,907)      | (323,197)      | (66,588,846)       |
| <b>Net Book Value (NBV)</b>             | <b>107,813</b>           | <b>1,360,406</b>          | <b>1,369,238</b>  | <b>1,877</b>   | <b>35,000,428</b> | <b>337,010</b>                    | <b>4,324,804</b>    | <b>184,063</b>                 | <b>144,519</b> | <b>40,259,260</b>                 | <b>9,802,738</b>                | <b>92,892,156</b>  | <b>107,047</b>                 | <b>268,355</b> | <b>375,402</b> | <b>93,267,558</b>  |
| <b>Year ended</b>                       |                          |                           |   |  |                   |                                   |                     |                                |                |                                   |                                 |                    |                                |                |                |                    |
| <b>June 30, 2017</b>                    |                          |                           |   |  |                   |                                   |                     |                                |                |                                   |                                 |                    |                                |                |                |                    |
| Additions (at cost)                     | -                        | 40,214                    | 84,607  | -  | 1,913,752         | 40,887                            | 97,076              | 119,649                        | 21,399         | 14,022,307                        | 847,235                         | 17,187,126         | 23,763                         | 2,418          | 26,181         | 17,213,307         |
| Adjustments / reclassifications         | -                        | -                         | -   | -  | (49,778)          | -                                 | (64,525)            | 2,101                          | 4,100          | (871,345)                         | (1,618,721)                     | (2,598,168)        | (2,101)                        | (4,100)        | (6,201)        | (2,604,369)        |
| Disposals (at NBV)                      | -                        | -                         | (412)   | -  | (86)              | (635)                             | -                   | -                              | -              | -                                 | -                               | (1,133)            | (251)                          | (15,147)       | (15,398)       | (16,531)           |
| Depreciation / amortisation charge      | -                        | -                         | (99,585)  | (100)  | (5,052,877)       | (52,947)                          | (679,091)           | (69,694)                       | (55,940)       | (7,611,776)                       | (1,160,219)                     | (14,782,229)       | (46,122)                       | (82,738)       | (128,860)      | (14,911,089)       |
| <b>NBV</b>                              | <b>107,813</b>           | <b>1,400,620</b>          | <b>1,353,848</b>  | <b>1,777</b>   | <b>31,811,439</b> | <b>324,315</b>                    | <b>3,678,264</b>    | <b>236,119</b>                 | <b>114,078</b> | <b>45,798,446</b>                 | <b>7,871,033</b>                | <b>92,697,752</b>  | <b>82,336</b>                  | <b>168,788</b> | <b>251,124</b> | <b>92,948,876</b>  |
| <b>As at July 01, 2017</b>              |                          |                           |   |  |                   |                                   |                     |                                |                |                                   |                                 |                    |                                |                |                |                    |
| Cost                                    | 107,813                  | 1,400,620                 | 2,572,614   | 4,309  | 66,278,586        | 859,473                           | 8,093,125           | 901,281                        | 581,940        | 75,868,421                        | 17,053,105                      | 173,721,287        | 230,003                        | 428,239        | 658,242        | 174,379,529        |
| Accumulated depreciation / amortisation | -                        | -                         | (1,218,766)   | (2,532)  | (34,467,147)      | (535,158)                         | (4,414,861)         | (665,162)                      | (467,862)      | (30,069,975)                      | (9,182,072)                     | (81,023,535)       | (147,667)                      | (259,451)      | (407,118)      | (81,430,653)       |
| <b>NBV</b>                              | <b>107,813</b>           | <b>1,400,620</b>          | <b>1,353,848</b>  | <b>1,777</b>   | <b>31,811,439</b> | <b>324,315</b>                    | <b>3,678,264</b>    | <b>236,119</b>                 | <b>114,078</b> | <b>45,798,446</b>                 | <b>7,871,033</b>                | <b>92,697,752</b>  | <b>82,336</b>                  | <b>168,788</b> | <b>251,124</b> | <b>92,948,876</b>  |
| <b>Year ended</b>                       |                          |                           |   |  |                   |                                   |                     |                                |                |                                   |                                 |                    |                                |                |                |                    |
| <b>June 30, 2018</b>                    |                          |                           |   |  |                   |                                   |                     |                                |                |                                   |                                 |                    |                                |                |                |                    |
| Additions (at cost)                     | 1,591                    | 5,462                     | 97,043  | -  | 8,565,367         | 90,094                            | 2,221,860           | 25,440                         | 39,861         | 13,715,606                        | 760,973                         | 25,523,297         | -                              | -              | -              | 25,523,297         |
| Adjustments / reclassifications         | -                        | -                         | -   | -  | (3,668)           | -                                 | (279)               | -                              | 1,001          | (268,241)                         | 504,174                         | 232,987            | -                              | (1,001)        | (1,001)        | 231,986            |
| Disposals (at NBV)                      | -                        | -                         | -   | -  | (224)             | (808)                             | -                   | (64)                           | (11)           | -                                 | -                               | (1,107)            | (305)                          | (5,413)        | (5,718)        | (6,825)            |
| Depreciation / amortisation charge      | -                        | -                         | (102,772)   | (133)  | (5,104,989)       | (53,285)                          | (725,792)           | (93,656)                       | (56,882)       | (7,983,091)                       | (1,269,192)                     | (15,389,792)       | (39,374)                       | (66,195)       | (105,569)      | (15,495,361)       |
| <b>NBV</b>                              | <b>109,404</b>           | <b>1,406,082</b>          | <b>1,348,119</b>  | <b>1,644</b>   | <b>35,267,925</b> | <b>360,316</b>                    | <b>5,174,053</b>    | <b>167,839</b>                 | <b>98,047</b>  | <b>51,262,720</b>                 | <b>7,866,988</b>                | <b>103,063,137</b> | <b>42,657</b>                  | <b>96,179</b>  | <b>138,836</b> | <b>103,201,973</b> |
| <b>As at June 30, 2018</b>              |                          |                           |   |  |                   |                                   |                     |                                |                |                                   |                                 |                    |                                |                |                |                    |
| Cost                                    | 109,404                  | 1,406,082                 | 2,669,657   | 4,309  | 74,840,061        | 948,759                           | 10,314,706          | 926,657                        | 622,791        | 89,315,786                        | 18,318,252                      | 199,476,464        | 229,698                        | 421,825        | 651,523        | 200,127,987        |
| Accumulated depreciation / amortisation | -                        | -                         | (1,321,538)   | (2,665)  | (39,572,136)      | (588,443)                         | (5,140,653)         | (758,818)                      | (524,744)      | (38,053,066)                      | (10,451,264)                    | (96,413,327)       | (187,041)                      | (325,646)      | (512,687)      | (96,926,014)       |
| <b>NBV</b>                              | <b>109,404</b>           | <b>1,406,082</b>          | <b>1,348,119</b>  | <b>1,644</b>   | <b>35,267,925</b> | <b>360,316</b>                    | <b>5,174,053</b>    | <b>167,839</b>                 | <b>98,047</b>  | <b>51,262,720</b>                 | <b>7,866,988</b>                | <b>103,063,137</b> | <b>42,657</b>                  | <b>96,179</b>  | <b>138,836</b> | <b>103,201,973</b> |

\* Represents light and heavy vehicles

\*\* For below ground installations in fields other than Sui Gas Field

\*\*\* Amortisation on unit of production basis

# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

## 5.2 Summary of significant assets

The following assets have significant operational value to the Company:

| Particulars                                     | June 30, 2018 |           | June 30, 2017 |           |
|---|---------------|-----------|---------------|-----------|
|   | Cost          | NBV       | Cost          | NBV       |
|   | Rs '000'      |           |               |           |
| <b>Head Office</b>                              |               |           |               |           |
| Land for Head Office Building                   | 1,315,076     | 1,315,076 | 1,315,076     | 1,315,076 |
| <b>Sui Field</b>                                |               |           |               |           |
| SML / SUL Compression and High Pressure Casings | 5,664,138     | -         | 5,664,138     | -         |
| Booster Compression Project - SML               | 2,890,674     | 2,265,302 | 2,890,674     | 2,554,370 |
| <b>Adhi Field</b>                               |               |           |               |           |
| LPG / NGL Plant III                             | 4,504,111     | 3,737,054 | 3,455,255     | 3,052,142 |
| <b>Kandhkot Field</b>                           |               |           |               |           |
| Gas Compression Station                         | 8,634,309     | 2,246,927 | 8,634,309     | 3,094,029 |
| <b>Hala Field</b>                               |               |           |               |           |
| Early Production Facilities (EPF) of Adam X-1   | 1,252,858     | 193,515   | 1,252,858     | 318,801   |
| <b>Sawan Field</b>                              |               |           |               |           |
| Front End Compression                           | 2,480,735     | 475,801   | 2,480,735     | 723,875   |
| Other Plant and Machinery                       | 1,811,767     | -         | 1,811,767     | -         |
| <b>Tal Field</b>                                |               |           |               |           |
| Makori Central Processing Facility              | 5,724,711     | 3,332,098 | 5,610,068     | 3,778,462 |
| CPF Manzalai                                    | 3,155,195     | 439,649   | 3,155,195     | 755,168   |
| <b>Nashpa Field</b>                             |               |           |               |           |
| Nashpa LPG Plant                                | 4,484,629     | 4,484,629 | -             | -         |
| <b>Latif Field</b>                              |               |           |               |           |
| Reception / Tie-in Facility                     | 1,165,465     | 629,691   | 1,165,465     | 746,238   |
| <b>Gambat South Field</b>                       |               |           |               |           |
| Gas Processing Facility (GPF) II                | 10,317,301    | 8,253,841 | 10,317,301    | 9,285,571 |

# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

## 5.3 Operating assets disposed off / written off during the year

| Asset description | Mode of disposal | Name of purchaser | Cost | Accumulated Depreciation | Net Book Value | Sale Proceeds | Gain / (Loss) |
|-------------------|------------------|-------------------|------|--------------------------|----------------|---------------|---------------|
| Rs '000           |                  |                   |      |                          |                |               |               |

Items having net book value more than Rs. 500,000

### Rolling stock - Note 5.3.1

|                         |                |                               |               |              |              |              |            |
|-------------------------|----------------|-------------------------------|---------------|--------------|--------------|--------------|------------|
| Honda Civic, BBE-987    | Company policy | Mr. Muneer Ahmed Memon        | 2,191         | 1,659        | 532          | 843          | 311        |
| Honda Civic, BCJ-287    | Company policy | Mr. Munir Hasan Ali           | 2,191         | 1,424        | 767          | 432          | (335)      |
| Honda Civic, BCJ-284    | Company policy | Mr. Rashid Hasan Gilani       | 2,191         | 1,497        | 694          | 944          | 250        |
| Suzuki Wagon-R, BEJ-368 | Company policy | Mr. Yasin Sultan Ali Merchant | 1,017         | 492          | 525          | 625          | 100        |
| Toyota Corolla, BER-881 | Company policy | Mr. Syed Ali Mohtashim Zaidi  | 1,852         | 895          | 957          | 1,149        | 192        |
| Suzuki Cultus, BEX-862  | Company policy | Mr. Naik Muhammad Bugti       | 1,053         | 439          | 614          | 728          | 114        |
|                         |                |                               | <b>10,495</b> | <b>6,406</b> | <b>4,089</b> | <b>4,721</b> | <b>632</b> |

Other items having net book value of less than Rs 500,000 each

|         |         |             |                |                |               |               |               |
|---------|---------|-------------|----------------|----------------|---------------|---------------|---------------|
| Various | Various |             | <b>106,674</b> | <b>103,938</b> | <b>2,736</b>  | <b>24,543</b> | <b>21,807</b> |
|         |         | <b>2018</b> | <b>117,169</b> | <b>110,344</b> | <b>6,825</b>  | <b>29,264</b> | <b>22,439</b> |
|         |         | <b>2017</b> | <b>85,813</b>  | <b>69,282</b>  | <b>16,531</b> | <b>27,701</b> | <b>11,170</b> |

5.3.1 All of these items have been sold to employees as per the Company policy.

## 5.4 Cost and accumulated depreciation include:

| Cost          |               | Accumulated depreciation |               |
|---------------|---------------|--------------------------|---------------|
| June 30, 2018 | June 30, 2017 | June 30, 2018            | June 30, 2017 |
| Rs '000'      |               |                          |               |

|  |                   |                   |                   |                   |
|--|-------------------|-------------------|-------------------|-------------------|
| Share in Company's operated joint operations | <b>21,177,239</b> | 19,491,347        | <b>6,781,480</b>  | 4,975,272         |
| Share in partner operated joint operations   | <b>32,521,372</b> | 26,379,203        | <b>17,014,139</b> | 14,844,839        |
|  | <b>53,698,611</b> | <b>45,870,550</b> | <b>23,795,619</b> | <b>19,820,111</b> |

5.4.1 The above figures represent assets under all areas excluding Sui and Kandhkot, since these are 100% owned areas of the Company.

June 30, 2018      June 30, 2017  
----- Rs '000 -----

## 5.5 Capital work-in-progress

|   |                   |                   |
|---|-------------------|-------------------|
| Plant, machinery, fittings and pipelines    | <b>8,980,797</b>  | 12,896,913        |
| Exploration and Evaluation (E&E) assets     | <b>20,503,317</b> | 13,797,746        |
| Development and Production (D&P) assets     | <b>5,929,579</b>  | 5,066,878         |
| Lands, buildings and civil constructions    | <b>180,117</b>    | 214,057           |
| Capital stores for drilling and development | <b>15,907,319</b> | 14,370,173        |
|   | <b>51,501,129</b> | <b>46,345,767</b> |

# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

## 5.6 Reconciliation of the carrying amount of capital work-in-progress

|  | Plant, machinery, fittings and pipelines | Exploration and evaluation assets | Development and production assets | Lands, buildings and civil constructions | Capital stores for drilling and development | Total             |
|--|--|-----------------------------------|-----------------------------------|--|---|-------------------|
|  | Rs '000                                  |                                   |                                   |  |   |                   |
| <b>Balance as on July 1, 2016</b>  | <b>5,834,602</b>                         | <b>8,835,450</b>                  | <b>6,413,387</b>                  | <b>119,896</b>                           | <b>13,449,293</b>                           | <b>34,652,628</b> |
| Capital expenditure incurred/ advances made during the year (net) - note 5.6.1 & 5.6.2 | 9,245,319                                | 4,883,951                         | 11,885,633                        | 133,894                                  | 927,973                                     | 27,076,770        |
| Adjustments / reclassifications  | (38,931)                                 | 78,345                            | (2,800)                           | 39,817                                   | (100)                                       | 76,331            |
| Transferred to operating assets  | (2,144,077)                              | -                                 | (13,229,342)                      | (79,550)                                 | (6,993)                                     | (15,459,962)      |
| <b>Balance as on June 30, 2017</b>   | <b>12,896,913</b>                        | <b>13,797,746</b>                 | <b>5,066,878</b>                  | <b>214,057</b>                           | <b>14,370,173</b>                           | <b>46,345,767</b> |
| Capital expenditure incurred/ advances made during the year (net) - note 5.6.1 & 5.6.2 | 6,855,599                                | 9,197,061                         | 11,826,015                        | 67,672                                   | 1,537,146                                   | 29,483,493        |
| Adjustments / reclassifications  | (1,504)                                  | (7,439)                           | -                                 | 2,484                                    | -   | (6,459)           |
| Transferred to operating assets  | (10,770,211)                             | (2,484,051)                       | (10,963,314)                      | (104,096)                                | -   | (24,321,672)      |
| <b>Balance as on June 30, 2018</b>   | <b>8,980,797</b>                         | <b>20,503,317</b>                 | <b>5,929,579</b>                  | <b>180,117</b>                           | <b>15,907,319</b>                           | <b>51,501,129</b> |

**5.6.1** Amounts under E&E assets are net of cost of dry wells charged to profit or loss during the year, amounting to Rs 7,180 million (2017: Rs 5,971 million).

**5.6.2** Amounts under Capital stores for drilling and development are net of consumption during the year.

**5.7** Property, plant and equipment includes major spare parts and standby equipment having cost of Rs 246.341 million (2017: Rs 77.877 million).

**5.8** Particulars of immovable property (land and building) in the name of the Company are as follows:

| Location  | Total Area (Acreage) |
|---|----------------------|
| <b>Freehold Land &amp; Building</b>                                     |                      |
| Sui Field   | 2,488.21             |
| Kandhkot Field  | 161.90               |
| Mazarani Field  | 184.55               |
| Water Pump Station, Village Kot Khewali, District Kashmore (KPS)        | 14.84                |
| <b>Leasehold Land &amp; Building</b>                                    |                      |
| Plot No.3, CL-9, Civil Lines Quarters, Dr. Ziauddin Ahmed Road, Karachi | 1.44                 |
| Kandhkot Field  | 812.12               |
| Adhi Field  | 190.64               |
| KPS   | 134.00               |

# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

## 5.9 Particulars of the Company's business units, including plants, are as follows:

| S.No | Business Unit      | Address   | Geographical location (Province) | Plants  |
|------|--------------------|---|----------------------------------|---|
| 1.   | Head Office        | P.I.D.C. House<br>Dr. Ziauddin Ahmed Road.<br>P.O. Box 3942.<br>Karachi-75590 | Sindh                            | Not applicable  |
| 2.   | Sui Gas Field      | Sui Dera Bugti, Balochistan   | Balochistan                      | 1) Sui Field Gas Compression Station<br>2) Purification Plant<br>3) Gas Processing Facility |
| 3.   | Adhi Field         | District, Rawalpindi  | Punjab                           | 1) LPG Plant - I<br>2) LPG Plant II<br>3) LPG / NGL Plant III                               |
| 4.   | Kandhkot Gas Field | District, Kashmore  | Sindh                            | 1) Dehydration Unit<br>2) Kandhkot Gas Compression Station                                  |
| 5.   | Gambat South Field | District, Sanghar   | Sindh                            | 1) Gas Processing Facility - I<br>2) Gas Processing Facility -II                            |
| 6.   | Mazarani Gas Field | District, Kamber  | Sindh                            | Gas Processing Facility   |
| 7.   | Chachar Gas Field  | District, Kashmore  | Sindh                            | Not applicable, since the gas is processed at Kandhkot Gas Field                            |
| 8.   | Hala Field         | Districts, Sanghar and Matiari  | Sindh                            | Gas Processing Facility   |

**June 30, 2018**      June 30, 2017  
----- Rs '000 -----

## 6. INTANGIBLE ASSETS

Computer software including ERP system - note 6.1  
Intangible assets under development

|                |         |
|----------------|---------|
| <b>294,433</b> | 352,896 |
| <b>125,854</b> | 52,353  |
| <b>420,287</b> | 405,249 |



# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

## 6.1 Computer software including ERP system

|                                  | ERP system    | Computer software | Total          |
|----------------------------------|---------------|-------------------|----------------|
|                                  | Rs '000'      |                   |                |
| <b>As at July 01, 2016</b>       |               |                   |                |
| Cost                             | 339,408       | 1,113,730         | 1,453,138      |
| Accumulated amortisation         | (320,273)     | (797,359)         | (1,117,632)    |
| <b>NBV</b>                       | <b>19,135</b> | <b>316,371</b>    | <b>335,506</b> |
| <b>Year ended June 30, 2017</b>  |               |                   |                |
| Additions (at cost)              | 27,996        | 142,314           | 170,310        |
| Amortisation charge - note 31    | (7,200)       | (145,720)         | (152,920)      |
| <b>NBV</b>                       | <b>39,931</b> | <b>312,965</b>    | <b>352,896</b> |
| <b>As at July 01, 2017</b>       |               |                   |                |
| Cost                             | 367,404       | 1,256,044         | 1,623,448      |
| Accumulated amortisation         | (327,473)     | (943,079)         | (1,270,552)    |
| <b>NBV</b>                       | <b>39,931</b> | <b>312,965</b>    | <b>352,896</b> |
| <b>Year ended June 30, 2018</b>  |               |                   |                |
| Additions (at cost)              | 5,780         | 95,568            | 101,348        |
| Adjustments / re-classifications | (10,812)      | 10,812            | -              |
| Amortisation charge - note 31    | (3,558)       | (156,253)         | (159,811)      |
| <b>NBV</b>                       | <b>31,341</b> | <b>263,092</b>    | <b>294,433</b> |
| <b>As at June 30, 2018</b>       |               |                   |                |
| Cost                             | 362,372       | 1,362,424         | 1,724,796      |
| Accumulated amortisation         | (331,031)     | (1,099,332)       | (1,430,363)    |
| <b>NBV</b>                       | <b>31,341</b> | <b>263,092</b>    | <b>294,433</b> |
| Rate of amortisation (%)         | 20            | 33                |                |

# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

June 30, 2018      June 30, 2017  
----- Rs '000 -----

## 7. LONG-TERM INVESTMENTS

### Investments in related parties

#### - Wholly owned subsidiaries

- PPPFTC - note 7.1
- PPLE (net of impairment) - note 7.2
- PPLA (net of impairment) - note 7.3

| 1         | 1         |
|-----------|-----------|
| 2,765,082 | 3,324,076 |
| 3,296,502 | 3,296,502 |
| 6,061,585 | 6,620,579 |

### Other investments

#### - Held-to-maturity

- Term Finance Certificates (TFCs)
- Pakistan Investment Bonds (PIBs)
- Local currency term deposits with bank - note 7.4
- Foreign currency term deposits with banks - note 7.5

|            |            |
|------------|------------|
| -          | 33,247     |
| -          | 548,577    |
| 2,000,000  | 2,000,000  |
| 29,555,194 | 18,955,491 |
| 31,555,194 | 21,537,315 |

#### - Designated at fair value through profit or loss

- Mutual Funds (UBL Al-Amin Funds) - note 7.6

74,191      85,000

### Less: Current maturities

- TFCs
- PIBs

|            |            |
|------------|------------|
| -          | (33,247)   |
| -          | (548,577)  |
| -          | (581,824)  |
| 37,690,970 | 27,661,070 |

### 7.1 The Pakistan Petroleum Provident Fund Trust Company (Private) Limited

PPPFTC, a wholly owned subsidiary of the Company, has neither made any profits nor incurred any losses from the date of its incorporation to June 30, 2018. The paid-up capital of PPPFTC is Rs 1,000 divided into 100 ordinary shares of Rs 10 each.

### 7.2 PPL Europe E&P Limited

The Company acquired on March 21, 2013, 100% shareholding of MND Exploration and Production Limited (MND), a company incorporated in England and Wales. Subsequent to the acquisition, the name of MND was changed to PPL Europe E&P Limited (PPLE). The registered office of PPLE is situated at 6th Floor, One London Wall, London, United Kingdom. The Company holds 38,793,216 ordinary shares of £1 each, representing 100% of the share capital as of the date of the statement of financial position. The investment amounts to USD 22.78 million as at June 30, 2018.

As at June 30, 2018, directors of PPLE were Mr. Syed Wamiq Abrar Bokhari and Mr. Moin Raza Khan. The latest available audited financial statements of PPLE have been prepared on going concern basis and the auditor has issued unmodified opinion on the same.

PPLE's main objective is exploration and production of oil and gas and currently, it has working interest in one producing field and three exploration blocks in Pakistan, as well as one exploration block in Yemen. Brief details are as follows:

# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

| Blocks / Fields | Working Interest |
|-----------------|------------------|
| Sawan           | 7.89%            |
| Barkhan         | 50%              |
| Ziarat          | 40%              |
| Harnai          | 40%              |
| Yemen - Block 3 | 21.28%           |

**7.2.1** During the year, the Company has recorded an impairment loss amounting to Rs 559 million. The reason for impairment is reduction in net working capital of PPLE. The corresponding charge to profit or loss is appearing in "other charges". Further, effects of exchange differences due to translation of working capital on impairment have not been incorporated in these financial statements, as these are insignificant.

**7.2.2** This investment is stated net of accumulated impairment losses of Rs 12,899 million (2017: Rs 12,340 million).

## **7.3 PPL Asia E&P B.V.**

**7.3.1** On July 22, 2013, the Company established a subsidiary, PPL Asia E&P B.V. (PPLA), a company incorporated in Amsterdam, Kingdom of Netherlands. The registered office of PPLA is situated at Prins Bernhardplein 200, 1097 JB Amsterdam, the Netherlands, with issued share capital of 1,000,000 ordinary shares of US\$ 100 each which are allotted, called up and paid by US\$ 75.5 per ordinary share. The Company holds 100% of the share capital as of the date of statement of financial position. The investment amounts to USD 27.15 million as at June 30, 2018.

PPLA's main objective is exploration and production of oil and gas and currently, it owns 100% interest in Block 8, Iraq, under the Exploration, Development and Production Service Contract (EDPSC) with the Midland Oil Company, Iraq (MdOC).

As at June 30, 2018, directors of PPLA were Mr. Syed Wamiq Abrar Bokhari and Mr. Pieter Adriaan Ruijtenberg. The latest available audited financial statements of PPLA have been prepared on going concern basis and the auditor has issued unmodified opinion on the same.

Effects of exchange differences due to translation of working capital on impairment have not been incorporated in these financial statements, as these are insignificant.

## **7.4 Local currency term deposits with bank**

These represent term deposits with bank having interest rate of 7.73% (2017: 6.1%) per annum. These have been classified as non-current assets, as the management intends and has the ability to hold the amount for longer term.

## **7.5 Foreign currency term deposits with banks**

These represent term deposits with banks having effective interest rate ranging from 2.50% to 4.01% (2017: 1.20% to 3.30%) per annum. These investments have been classified as non-current assets, as the management intends and has the ability to hold the amounts for longer term.

## **7.6 Mutual Funds**

This represents 823,428 units (net share) having face value of Rs 90.10. Further, this investment is a Shariah compliant arrangement and has been categorised under Level 1 of the fair value hierarchy. IFRS-7,

# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

'Financial Instruments: Disclosure' requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

**7.7** All investments in associated companies and undertakings have been made in accordance with the requirements under the Companies Act, 2017.

**June 30, 2018**      June 30, 2017  
----- Rs '000 -----

## 8. LONG-TERM LOANS

### Unsecured and considered good Long-term loans - staff - note 8.1

- Executive staff - note 8.2
- Other employees

|               |        |
|---------------|--------|
| <b>19,869</b> | 24,310 |
| <b>5,090</b>  | 6,510  |
| <b>24,959</b> | 30,82  |

### Long-term loan to a related party

- PPLE - note 8.3

**1,370,080**      1,182,738

Less: Current maturities

- Executive staff
- Other employees
- PPLE - note 8.3

|                    |           |
|--------------------|-----------|
| <b>(7,597)</b>     | (9,032)   |
| <b>(1,295)</b>     | (1,422)   |
| <b>(1,370,080)</b> | -         |
| <b>(1,378,972)</b> | (10,454)  |
| <b>16,067</b>      | 1,203,104 |

**8.1** These mainly represent house purchase / building, household appliances, generator and car / motorcycle loans disbursed to employees under the terms of employment and are recoverable by the Company in accordance with the Company's rules over a maximum period of ten years. The loans carry interest rate ranging from 1% to 10% (2017: 1% to 10%) per annum. Loans to employees have not been discounted as required under IAS-39 as the amount involved is not significant.

### 8.2 Reconciliation of the carrying amount of long-term loans to executive staff

**June 30, 2018**      June 30, 2017  
----- Rs '000 -----

|                          |                 |          |
|--------------------------|-----------------|----------|
| Balance as on July 01    | <b>24,310</b>   | 28,494   |
| Disbursements            | <b>7,580</b>    | 10,010   |
| Repayments / adjustments | <b>(12,021)</b> | (14,194) |
| Balance as on June 30    | <b>19,869</b>   | 24,310   |

The maximum aggregate amount of loans due from the executive staff at the end of any month during the year was Rs 23.527 million (2017: Rs 28.347 million).

# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

- 8.3** During the year ended June 30, 2014, the Company entered into a Group Cash Facility Arrangement (agreement) with PPLE and PPLE, Pakistan Branch (Branch), wherein, with effect from October 01, 2013, the Company agrees to make payments of pending and future cash calls on behalf of PPLE and Branch for fulfilment of their commitments. The borrowed amount shall be repaid in full within three years from the effective date of this agreement or before termination of agreement, whichever occurs earlier. The loan agreement was due to expire on September 30, 2016, however, the Board in its meeting held on October 03, 2016 approved the renewal of the agreement for a further term of two years from the expiry date, with no future drawdowns to be made. The loan carries interest at the rate of 3 months LIBOR + 3% per annum. The loan in USD terms amounting to USD 11.286 million is outstanding as at June 30, 2018 and return on the said loan for the year amounts to Rs 61.049 million.

The maximum aggregate amount of loans due from PPLE at the end of any month during the year was Rs 1,370 million (2017: Rs 1,183 million).

**June 30, 2018**      June 30, 2017  
----- Rs '000 -----

## 9. LONG-TERM DEPOSITS

### Cash margin:

- For guarantee to International Bank of Yemen - note 9.1
- Others - note 26.1.3

Less: Current maturity of long-term deposits

|                  |           |
|------------------|-----------|
| <b>911,850</b>   | 787,500   |
| <b>7,676</b>     | 7,676     |
| <b>919,526</b>   | 795,176   |
| <b>(911,850)</b> | (787,500) |
| <b>7,676</b>     | 7,676     |

- 9.1** The Production Sharing Agreement (PSA) for Yemen Block-29 (Block) was entered into by the Ministry of Oil & Minerals of the Republic of Yemen (the Ministry of Yemen), OMV (Yemen) South Sanau Exploration GmbH (the Operator), Pakistan Petroleum Limited (the Company) and Yemen General Corporation for Oil & Gas on April 13, 2008 and made effective on March 17, 2009.

The Company placed a Letter of Credit (LC) amounting to USD 7.5 million through International Bank of Yemen on submission of counter guarantee through United Bank Limited against 100% cash margin of Rs 787.500 million, to guarantee its performance under the PSA. Subsequently, the Company assigned its Participating Interest in the Block to its wholly-owned subsidiary PPLE with effect from May 14, 2014.

The Operator, on behalf of the entities comprising Contractor of the PSA, served notice to the Ministry of Yemen through its letter dated April 21, 2015 of force majeure in accordance with Article 22 of the PSA in the Block. Further, on June 21, 2016, the Operator served a notice of termination of PSA pursuant to force majeure, to the Ministry of Yemen which became effective after ninety days from the date of notice of termination i.e. September 19, 2016. The Ministry of Yemen objected to the notice of termination vide its letter dated September 06, 2016.

Pursuant to the above, the Ministry of Yemen vide letter dated February 01, 2018 addressed to the Operator gave its "no objection" to its notice of termination. The said letter has placed certain conditions primarily relating to the payment of outstanding financial obligations before the Operator's bank guarantee could be released. While PPLE is following up with the Operator for fulfilment of the conditions, PPLE has also written to the Ministry of Yemen requesting for the release of the Company's bank guarantee / LC.

# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

|   | June 30, 2018       | June 30, 2017    |
|---|---------------------|------------------|
|   | ----- Rs '000 ----- | -----            |
| <b>10. LONG-TERM RECEIVABLES</b>  |                     |                  |
| <b>Unsecured and considered good</b>  |                     |                  |
| Long-term receivables from:   |                     |                  |
| - Government Holdings (Private) Limited (GHPL) - note 10.1  | 125,456             | 188,419          |
| - National Highway Authority  | -                   | 161,558          |
|   | 125,456             | 349,977          |
| Current maturity of long-term receivables from GHPL   | (50,786)            | (88,858)         |
|   | <u>74,670</u>       | <u>261,119</u>   |
| <b>10.1</b> This represents share of carrying cost borne by the Company, in respect of Tal and Nashpa fields, which is recoverable from GHPL in accordance with the terms set out under the relevant Petroleum Concession Agreements (PCAs). The receivable has not been discounted as required under IAS-39 as the amount involved is not significant. |                     |                  |
|   | June 30, 2018       | June 30, 2017    |
|   | ----- Rs '000 ----- | -----            |
| <b>11. STORES AND SPARES</b>  |                     |                  |
| Stores and spares   | 3,716,079           | 4,093,313        |
| Stores and spares in transit  | 18,122              | 393,672          |
|   | 3,734,201           | 4,486,985        |
| Less: Provision for obsolete / slow moving stores - note 11.1   | (205,763)           | (149,778)        |
|   | <u>3,528,438</u>    | <u>4,337,207</u> |
| <b>11.1 Reconciliation of provision for obsolete / slow moving stores:</b>  |                     |                  |
| Balance as on July 01   | 149,778             | 133,558          |
| Charge for the year - note 34   | 55,985              | 16,220           |
| Balance as on June 30   | <u>205,763</u>      | <u>149,778</u>   |



# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

|   | June 30, 2018       | June 30, 2017     |
|---|---------------------|-------------------|
|   | ----- Rs '000 ----- | -----             |
| <b>12. TRADE DEBTS</b>  |                     |                   |
| <b>Unsecured and considered good</b>  |                     |                   |
| <b>Related parties (note 12.1)</b>  |                     |                   |
| Central Power Generation Company Limited (GENCO-II)   | 15,395,000          | 12,478,222        |
| Sui Northern Gas Pipelines Limited (SNGPL)  | 66,873,563          | 45,528,352        |
| Sui Southern Gas Company Limited (SSGCL)  | 50,044,516          | 35,594,097        |
| Pak-Arab Refinery Limited (PARCO)   | 912,202             | 786,710           |
| Oil & Gas Development Company Limited (OGDCL)   | 259,447             | 28,027            |
|   | <b>133,484,728</b>  | <b>94,415,408</b> |
| <b>Non-related parties</b>  |                     |                   |
| Attock Refinery Limited (ARL)   | 7,066,439           | 3,642,162         |
| Pakistan Refinery Limited (PRL)   | 593,175             | 234,696           |
| National Refinery Limited (NRL)   | 367,586             | 325,767           |
| Others  | 1,124,161           | 665,821           |
|   | <b>9,151,361</b>    | <b>4,868,446</b>  |
|   | <b>142,636,089</b>  | <b>99,283,854</b> |
| <b>Unsecured and considered doubtful</b>  |                     |                   |
| <b>Non-related party</b>  |                     |                   |
| Byco Petroleum Pakistan Limited (Byco)  | 1,156,220           | 1,156,220         |
| Less: Provision for doubtful debts - note 12.4  | (1,156,220)         | (1,156,220)       |
|   | <b>-</b>            | <b>-</b>          |
|   | <b>142,636,089</b>  | <b>99,283,854</b> |
| <b>12.1</b> Maximum aggregate amount outstanding at any time during the year with respect to month end balance is as follows: |                     |                   |
|   | June 30, 2018       | June 30, 2017     |
|   | ----- Rs '000 ----- | -----             |
| GENCO-II  | 17,957,433          | 12,478,222        |
| SSGCL   | 50,044,516          | 35,594,097        |
| SNGPL   | 69,188,519          | 45,528,352        |
| PARCO   | 1,368,786           | 1,842,241         |
| OGDCL   | 299,221             | 48,108            |
|   | <b>138,858,475</b>  | <b>95,491,020</b> |
| <b>12.2</b> The ageing of trade debts as at June 30 is as follows:  |                     |                   |
| Neither past due nor impaired   | 25,186,711          | 53,370,553        |
| Past due but not impaired:  |                     |                   |
| <b>Related parties</b>  |                     |                   |
| - within 90 days  | 19,001,211          | 14,595,959        |
| - 91 to 180 days  | 18,804,522          | 14,232,795        |
| - over 180 days   | 78,038,673          | 16,752,693        |
|   | <b>115,844,406</b>  | <b>45,581,447</b> |
| <b>Non-related parties</b>  |                     |                   |
| - within 90 days  | 1,515,740           | 265,573           |
| - 91 to 180 days  | 6,515               | 11,756            |
| - over 180 days   | 82,717              | 54,525            |
|   | <b>1,604,972</b>    | <b>331,854</b>    |
|   | <b>142,636,089</b>  | <b>99,283,854</b> |

# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

- 12.3** Trade debts include overdue amount of Rs 115,843 million (2017: Rs 45,580 million) receivable from the State controlled companies (i.e. GENCO-II, SNGPL, SSGCL and OGDCL) and Rs 2,763 million (2017: Rs 1,490 million) overdue receivable from refineries (i.e. ARL, Byco, PARCO, NRL and PRL) and various LPG customers.

Based on the measures being undertaken by the GoP, the Company considers the overdue amounts to be fully recoverable and therefore, no further provision for doubtful debts has been made in these unconsolidated financial statements, except for provision against receivable from Byco.

- 12.4** The Company has filed a suit in the Sindh High Court (SHC) against Byco for recovery of overdue amount. The said suit is pending adjudication before the SHC.

**June 30, 2018**      June 30, 2017  
----- Rs '000 -----

## 13. LOANS AND ADVANCES

### Unsecured and considered good

|   |                  |                  |
|---|------------------|------------------|
| Loans and advances to staff - note 13.1                     | 69,440           | 69,660           |
| Advances to suppliers and others                            | 318,767          | 142,852          |
| Advance payment of cash calls to joint operations - note 37 | 1,118,197        | 3,760,025        |
|   | <u>1,506,404</u> | <u>3,972,537</u> |

### 13.1 Loans and advances to staff:

|                   |               |               |
|-------------------|---------------|---------------|
| - Executive staff | 80            | 1,029         |
| - other employees | 69,360        | 68,631        |
|                   | <u>69,440</u> | <u>69,660</u> |

## 14. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

|                |                |                |
|----------------|----------------|----------------|
| Trade deposits | 80,283         | 272,502        |
| Prepayments    | 150,685        | 171,259        |
|                | <u>230,968</u> | <u>443,761</u> |

## 15. INTEREST ACCRUED

|                                   |                |                |
|-----------------------------------|----------------|----------------|
| Profit receivable on:             |                |                |
| - long-term investments           | 403,812        | 188,018        |
| - long-term loan to PPLE          | 11,936         | 12,516         |
| - long-term bank deposits         | 9,503          | 6,126          |
| - short-term investments          | 53,393         | 183,351        |
| - bank deposits - saving accounts | 16,114         | 32,319         |
|                                   | <u>494,758</u> | <u>422,330</u> |

# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

|   | June 30, 2018       | June 30, 2017      |
|---|---------------------|--------------------|
|   | ----- Rs '000 ----- | -----              |
| <b>16. OTHER RECEIVABLES</b>  |                     |                    |
| Receivable from:  |                     |                    |
| SNGPL for Sui field services  | 15,392              | 11,087             |
| SSGCL for Sui field services  | 9,562               | 6,859              |
| PPLA  | 34,440              | 32,398             |
| PPLE  | 2,476               | 2,338              |
| Staff retirement benefit plans - note 32.1.2  | 33,338              | 682,361            |
| Current accounts with joint operations - note 37  | 1,649,235           | 1,325,172          |
| WPPF- note 16.1   | 59,936              | -                  |
| Federal excise duty (net)   | -                   | 852,607            |
| Others  | 78,098              | 35,606             |
|   | <u>1,882,477</u>    | <u>2,948,428</u>   |
| <b>16.1 Workers' Profits Participation Fund</b>   |                     |                    |
| Balance as on July 01   | (600,542)           | 179,324            |
| Allocation for the year - note 34   | (3,353,699)         | (2,546,111)        |
| Interest on funds utilised in the Company's business - note 33  | (15,028)            | (460)              |
|   | <u>(3,969,269)</u>  | <u>(2,367,247)</u> |
| Amount paid during the year   | 4,029,205           | 1,766,705          |
| Balance as on June 30   | <u>59,936</u>       | <u>(600,542)</u>   |
| <b>17. SHORT-TERM INVESTMENTS</b>   |                     |                    |
| <b>Held-to-maturity</b>   |                     |                    |
| - Local currency term deposits with banks - note 17.1   | 14,072,500          | 33,568,750         |
| - Treasury bills  | -                   | 2,924,322          |
|   | <u>14,072,500</u>   | <u>36,493,072</u>  |
| <b>17.1</b> These deposits have a maximum maturity period of 335 days, carrying profit ranging from 5.78% to 7.78% (2017: from 3.85% to 7.00%) per annum. |                     |                    |
|   | June 30, 2018       | June 30, 2017      |
|   | ----- Rs '000 ----- | -----              |
| <b>18. CASH AND BANK BALANCES</b>   |                     |                    |
| At banks  |                     |                    |
| - Saving accounts   |                     |                    |
| Local currency - note 18.1  | 5,883,392           | 5,448,980          |
| Foreign currency - note 18.2  | 549,135             | 391,551            |
|   | <u>6,432,527</u>    | <u>5,840,531</u>   |
| - Current accounts (local currency)   | 1,211,628           | 197,284            |
| Cash and cheques in hand  | 70,599              | 43,075             |
|   | <u>7,714,754</u>    | <u>6,080,890</u>   |

# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

**18.1** These carry profit at the rate ranging from 1.75% to 6.60% (2017: from 1.75% to 6.10%) per annum. Further, it includes Rs 55.302 million (2017: Rs 61.264 million) placed under an arrangement permissible under Shariah.

**18.2** These carry profit at the rate ranging from 0.10% to 0.25% (2017: from 0.10% to 0.25%) per annum.

|   | June 30, 2018       | June 30, 2017 |
|---|---------------------|---------------|
|   | ----- Rs '000 ----- | -----         |
| <b>19. SHARE CAPITAL</b>  |                     |               |
| <b>Authorised</b>   |                     |               |
| 2,500,000,000 (2017: 2,500,000,000)<br>ordinary shares of Rs 10 each  | <b>25,000,000</b>   | 25,000,000    |
| 26,510 (2017: 26,510) convertible<br>preference shares of Rs 10 each  | <b>265</b>          | 265           |
|   | <b>25,000,265</b>   | 25,000,265    |
| <b>Issued</b>   |                     |               |
| 1,971,907,643 (2017: 1,971,907,023)<br>ordinary shares of Rs 10 each - note 19.1  | <b>19,719,076</b>   | 19,719,070    |
| 11,359 (2017: 11,979) convertible<br>preference shares of Rs 10 each - note 19.2  | <b>114</b>          | 120           |
|   | <b>19,719,190</b>   | 19,719,190    |
| <b>Subscribed and paid-up</b>   |                     |               |
| 683,076,284 (2017: 683,075,664) ordinary<br>shares of Rs 10 each for cash - note 19.1   | <b>6,830,762</b>    | 6,830,756     |
| 1,285,891,812 (2017: 1,285,891,812) ordinary<br>shares of Rs 10 each issued as bonus shares   | <b>12,858,919</b>   | 12,858,919    |
| 2,750,000 (2017: 2,750,000) ordinary shares of<br>Rs 10 each for consideration other than cash<br>under an Agreement for Sale of Assets dated<br>March 27, 1952 with Burmah Oil Company Limited | <b>27,500</b>       | 27,500        |
|   | <b>19,717,181</b>   | 19,717,175    |
| 11,359 (2017: 11,979) convertible preference<br>shares of Rs 10 each for cash - note 19.2   | <b>114</b>          | 120           |
|   | <b>19,717,295</b>   | 19,717,295    |

## 19.1 Issued, subscribed and paid-up capital

During June 2002, a rights issue of 653,170,040 ordinary shares of Rs 10 each was made to the existing shareholders, irrespective of the class. Out of the above, 189,547 (2017: 189,547) shares remained unsubscribed.

# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

In July 2004, the GoP disinvested its shareholding, equivalent to 15% of the paid-up ordinary share capital (i.e. 102,875,500 ordinary shares) of the Company through an Initial Public Offering. Whereas, in July 2014, the GoP completed the disinvestment of its 70,055,000 shares through a Secondary Public Offering. Consequently, the shareholding of the GoP in the Company reduced to 67.51% of the paid-up ordinary share capital.

## 19.2 Convertible preference shares

In accordance with article 3(iv) of the Company's Articles of Association, shareholders holding convertible preference shares have the right to convert all or any of their convertible preference shares into ordinary shares on the basis of one ordinary share for each convertible preference share converted, such conversion to take place upon the expiry of six months following service of written notice upon the Company Secretary by the holders of such convertible preference shares to that effect. During the year, 620 (2017: 197) convertible preference shares were converted into ordinary shares.

The convertible preference shares have right to a dividend ranking pari passu with the level of dividend payable to the holders of ordinary shares subject, however, to a maximum rate of thirty percent per annum of the value of the total number of such convertible preference shares held. The convertible preference shares issued by the Company do not carry any fixed return.

June 30, 2018      June 30, 2017  
----- Rs '000 -----

## 20. RESERVES

**Capital reserve - note 20.1**

1,428

1,428

**Revenue reserves**

- General and contingency reserve - note 20.2

69,761

69,761

- Insurance reserve - note 20.3

34,021,894

34,021,894

- Assets acquisition reserve - note 20.4

23,751,980

23,751,980

- Dividend equalisation reserve - note 20.5

2,535,354

2,535,354

- Unappropriated profit

160,294,259

135,971,165

**220,673,248**

196,350,154

**220,674,676**

196,351,582

### 20.1 Capital reserve

This represents consideration for the surrender of the right of the Mari North Mining Lease. In accordance with the transfer agreement with the GoP, the foregoing consideration has to be carried forward as capital reserve and cannot be distributed.

### 20.2 General and contingency reserve

The balance in general and contingency reserve account is constant since December 31, 1981. The reserve was built through appropriation from the available profit after taxation on a yearly basis to cater for unforeseen requirements. As at December 31, 1981, the balance available in the statement of profit or loss after appropriation of dividend for the year was transferred to the general and contingency reserve upon the coming into effect of the Sui Gas Well-head Price Agreement, 1982 (1982 GPA), which required inclusion of this reserve as a part of the shareholders' funds for qualifying for return under the 1982 GPA (now dismantled). Since then, this balance has remained constant. This reserve can be utilised by the Company only for the purpose specified in the 1982 GPA.

# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

## 20.3 Insurance reserve

Due to difficulty in obtaining insurance policy for full value of Company's assets against terrorism, sabotage and civil commotion at reasonable premiums and deductibles, the Company has built-up an insurance reserve for self-insurance cover against these risks.

The Company has arranged terrorism cover from the international market upto the limit of liability of US\$ 100 million (Rs 12,160 million) for single occurrence, as well as, annual aggregate.

## 20.4 Assets acquisition reserve

In view of the declining hydrocarbon reserves profile of the Company, it is intended to acquire sizeable producing reserves for which a separate assets acquisition reserve has been established.

## 20.5 Dividend equalisation reserve

During the year ended June 30, 2013, the Company established a dividend equalisation reserve to maintain dividend declarations.

**June 30, 2018**      June 30, 2017  
----- Rs '000 -----

## 21. PROVISION FOR DECOMMISSIONING OBLIGATION

|                                       |                          |                   |
|---------------------------------------|--------------------------|-------------------|
| Balance at beginning of the year      | <b>20,104,544</b>        | 20,201,454        |
| - Provision during the year           | <b>1,248,022</b>         | 1,098,276         |
| - Revision due to change in estimates | <b>845,069</b>           | (1,525,204)       |
| - Adjustment during the year          | <b>(10,612)</b>          | (93,517)          |
| - Unwinding of discount - note 33     | <b>405,346</b>           | 423,535           |
| Balance at end of the year            | <b><u>22,592,369</u></b> | <u>20,104,544</u> |

The above provision for decommissioning obligation is analysed as follows:

### Wells

|                                  |                   |            |
|----------------------------------|-------------------|------------|
| Share in operated assets         | <b>15,525,756</b> | 13,426,455 |
| Share in partner operated assets | <b>2,983,755</b>  | 3,058,472  |

### Production facilities

|                                  |                          |                   |
|----------------------------------|--------------------------|-------------------|
| Share in operated assets         | <b>2,183,857</b>         | 2,016,002         |
| Share in partner operated assets | <b>1,899,001</b>         | 1,603,615         |
|                                  | <b><u>22,592,369</u></b> | <u>20,104,544</u> |

- 21.1** The provision for decommissioning obligation in respect of the Company's operated fields has been estimated by its in-house technical staff, whereas, the provision for the partner operated fields is based on estimates provided by the respective operators. The provision has been discounted using a US Dollar based real discount rate of 2.3% (2017: 1.9%) per annum.



# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

June 30, 2018      June 30, 2017  
----- Rs '000 -----

## 22. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

|   |               |                |
|---|---------------|----------------|
| Present value of minimum lease payments - note 22.1 | 142,757       | 255,887        |
| Less: current maturity                              | (74,621)      | (112,564)      |
|   | <u>68,136</u> | <u>143,323</u> |

**22.1** The liabilities against assets subject to finance lease represent the leases entered into with leasing companies for rolling stock, computers and allied equipment. The periodic lease payments include rates of mark-up ranging from 9.78% to 14.91% (2017: 9.78% to 14.91%) per annum. The Company has the option to purchase the assets upon expiry of the respective lease terms. There are no financial restrictions in the lease agreements.

The amounts of future payments (falling in next 5 years from the reporting date) for the lease and the period in which the lease payments will become due are as follows:

|                     | Minimum lease payments |                | Financial charges |               | Present value of minimum lease payments |                |
|---------------------|------------------------|----------------|-------------------|---------------|---|----------------|
|                     | June 30, 2018          | June 30, 2017  | June 30, 2018     | June 30, 2017 | June 30, 2018                           | June 30, 2017  |
|                     | Rs '000                |                |                   |               |   |                |
| Year ended June 30, |                        |                |                   |               |   |                |
| 2018                | -                      | 131,466        | -                 | 18,902        | -                                       | 112,564        |
| 2019                | 84,092                 | 87,211         | 9,471             | 14,881        | 74,621                                  | 72,330         |
| 2020                | 63,599                 | 66,472         | 7,368             | 7,681         | 56,231                                  | 58,791         |
| 2021                | 12,779                 | 13,109         | 1,288             | 1,321         | 11,491                                  | 11,788         |
| 2022                | 440                    | 440            | 26                | 26            | 414                                     | 414            |
| <b>Total</b>        | <b>160,910</b>         | <b>298,698</b> | <b>18,153</b>     | <b>42,811</b> | <b>142,757</b>                          | <b>255,887</b> |

**22.2** Lease rental payments including financial charges thereon for the year ended June 30, 2018, amount to Rs 113.130 million.

June 30, 2018      June 30, 2017  
----- Rs '000 -----

## 23. DEFERRED LIABILITIES

|  |                  |                  |
|--|------------------|------------------|
| Post-retirement medical benefits - note 32.2.1 | 1,949,451        | 1,781,636        |
| Leave preparatory to retirement - note 32.3    | 702,080          | 581,487          |
|  | <u>2,651,531</u> | <u>2,363,123</u> |

# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

|   | June 30, 2018       | June 30, 2017     |
|---|---------------------|-------------------|
|   | ----- Rs '000 ----- | -----             |
| <b>24. DEFERRED TAXATION</b>  |                     |                   |
| <b>(Deductible) / taxable temporary differences on:</b>   |                     |                   |
| Exploration expenditure   | (2,418,850)         | (2,645,032)       |
| Provision for staff retirement and other benefits   | (1,441,797)         | (468,313)         |
| Provision for obsolete / slow moving stores   | (59,671)            | (44,933)          |
| Provision for doubtful debts  | (462,488)           | (462,488)         |
| Provision for windfall levy on oil / condensate   | (1,030,017)         | -                 |
| Provision for decommissioning obligation  | 2,108,978           | 1,348,350         |
| Accelerated tax depreciation allowances   | 6,615,236           | 5,346,334         |
| Exploratory wells cost  | 14,205,837          | 10,958,994        |
| Development and production expenditure  | 20,005,133          | 17,787,295        |
| Others  | 591                 | 1,715             |
|   | <b>37,522,952</b>   | <b>31,821,922</b> |
| <b>25. TRADE AND OTHER PAYABLES</b>   |                     |                   |
| Creditors   | 1,371,618           | 458,490           |
| Accrued liabilities   | 5,886,085           | 7,697,241         |
| Security deposits from LPG distributors -note 25.1  | 766,180             | 766,180           |
| Retention money   | 127,870             | 92,757            |
| Gas Development Surcharge (GDS)   | 9,031,121           | 9,845,119         |
| Gas Infrastructure Development Cess (GIDC)  | 4,021,115           | 2,162,798         |
| Sales tax - net   | 902,433             | 2,717,430         |
| Royalties   | 10,718,388          | 7,835,813         |
| Lease extension bonus   | 10,768,415          | 7,204,961         |
| Current accounts with joint operations - note 37  | 13,129,818          | 8,543,136         |
| Staff retirement benefit funds  | 2,306,171           | -                 |
| Provision for windfall levy on oil / condensate - note 26.1.9   | 1,961,937           | -                 |
| Federal excise duty   | 143,208             | -                 |
| WPPF- note 16.1   | -                   | 600,542           |
| Others  | 416,115             | 315,450           |
|   | <b>61,550,474</b>   | <b>48,239,917</b> |
| <b>25.1</b> The entire amounts are utilisable for purpose of the Company's business and are kept in a separate bank account.  |                     |                   |
|   | June 30, 2018       | June 30, 2017     |
|   | ----- Rs '000 ----- | -----             |
| <b>26. CONTINGENCIES AND COMMITMENTS</b>  |                     |                   |
| <b>26.1 Contingencies</b>   |                     |                   |
| <b>26.1.1 Corporate guarantees</b>  |                     |                   |
| Corporate guarantees (including share of joint operations areas) issued to custom authorities, redeemable on receipt of necessary certification from regulatory authority or clarification from custom authorities. | <b>42,083</b>       | <b>44,487</b>     |

# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

**26.1.2** Pursuant to the directives of the Price Determining Authority, Ministry of Energy (Petroleum Division), the Company is not taking credit for interest income receivable from GENCO-II and no provision is being made for the interest payable to GoP on late payment of GDS.

## **26.1.3 Sales tax**

The tax authorities have issued various letters / notices / orders for different tax periods either disallowing / intending to disallow the input sales tax claimed by the Company amounting to Rs 11.830 million, under the provisions of sections 8(1)(ca) and 8A of the Sales Tax Act, 1990 and Rule 12(5) of the Sales Tax Rules, 2006. All the three orders received by the Company have been set-aside by the Commissioner Inland Revenue – (Appeals) [CIR-(A)] or the Appellate Tribunal Inland Revenue (ATIR). The set-aside proceedings are pending before the tax authorities in respect of the said appellate orders.

The Company has also filed a Constitutional Petition along with stay application before the Honourable SHC challenging the above provisions. The Honourable SHC in response to the stay application vide interim order dated October 27, 2011 granted stay subject to the provision of bank guarantee amounting to Rs 7.676 million, which was duly provided. During the year ended June 30, 2013, the said order was renewed by another order dated June 25, 2013 of Honourable SHC. The original petition filed before the Honourable SHC, however, is pending for adjudication.

The Company's case was selected by the Commissioner Inland Revenue (CIR) and Federal Board of Revenue (FBR) for sales tax audit, for the tax periods July 2012 to June 2013 and July 2013 to June 2014, respectively. The orders in this respect were passed on December 31, 2015 and June 30, 2016 raising an aggregate demand of Rs 50 million in both the said orders by disallowing input tax claimed by the Company during the impugned tax periods on the ground that no evidence in respect of such claim has been provided by the Company. Being aggrieved, the Company has filed appeals before the CIR-(A). The CIR-(A) vide order dated June 22, 2017 has set-aside the order dated December 31, 2015 passed by the tax authorities. The other order is pending before CIR-(A) for adjudication. The demand raised in both the orders has been fully paid by the Company under protest.

During the year, the tax authorities have passed two orders for various tax periods disallowing input tax claimed by the Company amounting to Rs 56 million, under the provisions of sections 3, 8, 26 and 73 of the Sales Tax Act, 1990. Being aggrieved, the Company has filed appeals before the CIR-(A) which are pending for adjudication. The Company, under protest, has paid the demand raised in both the orders.

## **26.1.4 Sindh Sales Tax**

The Company has received notices from the Sindh Revenue Board (SRB) alleging that it has not withheld Sindh Sales Tax amounting to Rs 2,896 million on certain services during the tax periods July 2011 to June 2016. Based on the advice of the legal counsel, the Company has challenged the notices before the Honourable SHC on constitutional grounds. The Honourable SHC has granted interim stay with directions to SRB to maintain status quo in respect of the impugned notices.

## **26.1.5 Income tax**

The tax authorities have amended the assessments of the Company for the tax years 2003 to 2017 raising an aggregate demand of Rs 25,781 million; which primarily relates to rate issue, depletion allowance, decommissioning cost, super tax and tax credits under sections 65A, 65B and 65E of the Income Tax Ordinance, 2001. The Company has paid / adjusted an amount of Rs 24,006 million out of the said aggregate demand. The outstanding demand relates to tax years 2003 to 2009 which has been stayed by the Honourable SHC. The appeals in respect of assessments made by the tax authorities are pending at the following appellate fora:

| Tax Year      | Appellate Forum                       |
|---------------|---------------------------------------|
| 2003 to 2012  | Sindh High Court                      |
| 2013 and 2014 | Appellate Tribunal Inland Revenue     |
| 2015 to 2017  | Commissioner Inland Revenue (Appeals) |

# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

The Company, based on the advice of its legal counsel, is confident that it has sound grounds to defend the appeals on the aforesaid issues. However, the Company as a matter of prudence, has continued to provide for tax liabilities in respect of tax rates, depletion allowance, super tax relating to Non-Agreement Area and tax credits under sections 65A, 65B and 65E relating to Agreement Areas in the books of accounts. In case the appeals are decided in favour of the Company, an amount of Rs 18,197 million (2017: Rs 16,327 million) will be credited to the profit or loss for that year.

A demand of Rs 7,826 million was raised by the tax authorities relating to advance income tax for the tax year 2014. The Company, through its legal counsel, filed a Suit before the Honourable SHC which was decided in favour of the Company. The tax authorities have filed an appeal before the Honourable Supreme Court of Pakistan (SCP) against the order of the Honourable SHC, which will be defended by the Company's legal counsel.

The tax authorities have conducted monitoring proceedings for the tax years 2016 and 2017 wherein evidences for withholding taxes deducted were required and accordingly provided by the Company. The assessing officer, however, issued orders for non-submission of evidences whilst raising demand of Rs 25 million and Rs 28 million for tax years 2016 and 2017 respectively, which were duly paid by the Company under protest. Being aggrieved with the impugned orders, the Company has filed appeals before the CIR-(A), which are pending for adjudication.

During the year ended June 30, 2013, the Company acquired shares of MND Exploration and Production Limited (now PPL Europe E&P Limited and a tax resident of United Kingdom) from MND E&P a.s. (a tax resident of Czech Republic). The tax authorities, while amending the assessment of MND E&P a.s., have raised demand of Rs 700.650 million in respect of the said transaction. After raising the said demand, the tax authorities have issued a show-cause notice to the Company intending to recover the said amount by making the Company a representative of MND E&P a.s. Based on the advice of the legal counsel, the Company has filed a suit before the Honourable SHC challenging the impugned show-cause notice on the ground that the Company does not have a business connection with MND E&P a.s. and therefore, it could not be treated as its representative. The Honourable SHC has granted interim stay with the directions to tax authorities to maintain status quo in respect of the said notice.

## **26.1.6 Sindh Workers' Welfare Fund**

The Company received a notice from SRB requesting to pay the amount of Sindh Workers' Welfare Fund (SWWF) under the SWWF Act, 2014 for the tax year 2015. The Company, on the advice of its legal counsel, challenged the jurisdiction of the notice, and vires of SWWF Act, 2014 before the Honourable SHC. The Honourable SHC vide an interim order dated April 28, 2016 directed that no coercive action be taken against the Company. The management of the Company, based on its legal counsel's advice, is confident that the matter will be ultimately decided in favour of the Company in the court of law, therefore, no provision has been made in these financial statements.

## **26.1.7 Sindh Workers' Profit Participation Fund**

During the year, the Honourable SHC vide its order dated February 12, 2018, wherein the Company was not a party, has held that The Sindh Companies Profits (Workers Participation) Act, 2015 (SWPPF Act) is constitutionally valid and is applicable on all trans-provincial entities having workers in Sindh irrespective of its place of registration or place of its industrial undertaking. Further, the Company has also received a notice dated March 7, 2018 from SRB requesting to provide certain information / details and to deposit the amount of SWPPF from 2011 to 2016 in the light of the said decision of Honourable SHC. The Company has already deposited the entire leftover amount in respect of years 2011 to 2016 with the Federal Government under the Federal Workers' Profit Participation Act, 1968 and, therefore, any payment in the Sindh Government treasury in respect of said years would effectively give rise to duplicate incidence. In view of the potential exposure involved, the Company, on the advice of the legal counsel, has obtained an interim stay from Honourable SHC with a direction to deposit the leftover amount of SWPPF for the year 2017 relating to Sindh before the Nazir of the Court, which has been duly complied with. The matter is now pending before the Honourable SHC for adjudication.

# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

## 26.1.8 Others

The Honourable SHC vide its order dated August 3, 2017, wherein the Company was not a party, has held that tax disputes cannot be agitated under the original civil jurisdiction of the SHC. This decision of a Division Bench of the Honourable SHC impacts a number of suits and appeals filed by the Company under the original civil jurisdiction of the Honourable SHC that are pending adjudication and wherein interim restraining orders have also been obtained against the tax authorities. In view of the considerable potential impact, the Company, on the advice of its legal counsel, had challenged the said judgement in the Honourable SCP. The Honourable SCP vide its order dated June 27, 2018 has held that although tax cases can be argued under the original civil jurisdiction of the High Court, however, has made the same conditional to payment of at least 50 per cent of the tax calculated in the Government treasury. Subsequent to the year end, being aggrieved of the said condition of payment of 50 percent, the Company, on the basis of its legal counsel's advice, has filed a review petition before the Honourable SCP. The said review petition is pending for adjudication.

## 26.1.9 Contingency with respect to imposition of Windfall Levy on oil / condensate

The Company is a working interest owner in the Tal Block Petroleum Concession Agreement (PCA), signed under the Petroleum Policy 1997 on February 11, 1999. Subsequently, the Company, along with other working interest owners, signed the Supplemental Agreement for Tal Block dated August 28, 2015 ("SA") with the President of Pakistan in accordance with the 'Conversion Regime' introduced in the Petroleum Exploration and Production Policy 2012 (PP 2012) as applicable at that date. This Conversion Regime under the PP 2012 was translated in the SA as a 'Conversion Package' that included revised price for exploration and production of petroleum products and Windfall Levy on Natural Gas only.

Notwithstanding the aforesaid settled status, the Ministry of Energy (Petroleum Division) revised PP 2012 (with the approval from the Council of Common Interests) through SRO 1290(I)/2017 dated December 27, 2017 (SRO), that inter alia provides (i) the PCAs executed under the 1994 and 1997 petroleum policies shall be amended to provide for imposition of Windfall Levy (restricted previously to Natural Gas in the SA) on oil / condensate; (ii) that such policy shall be applicable on those PCA's also whose SAs have been executed for conversion option before the policy revision; (iii) the SA already executed for availing conversion from 1994 & 1997 policies shall be amended within 90 days to give effect to this policy revision; and (iv) any entity not agreeing to amend the SA as aforesaid will revert back to prices as were applicable before the conversion and be rendered ineligible for the pricing incentive under the conversion.

This SA read with PP 2012 reveals that:

- i) Windfall Levy is applicable on exploration and production of natural gas only;
- ii) Such amendments are not applicable on concessions wherein SAs have been signed prior to the amendment in PP 2012; and
- iii) There is no provision or room for reverting to earlier pricing arrangement under the Conversion Package already executed before December 27, 2017.

The aforesaid view, which is not in line with the SRO, is duly supported by legal advice which inter alia states that the terms of none of the existing PCAs as amended to date by the existing SAs can be unilaterally revised by the GoP (through introduction of the 2017 Amendments), nor can the GoP lawfully require and direct that such amendments be made mandatorily to include imposition of Windfall Levy on Oil / Condensate (WLO) retrospectively and nor can the GoP unilaterally hold and direct that the gas pricing incentives to which the Company is presently entitled and receiving under the existing 'Conversion Package' as enshrined in the existing SAs will stand withdrawn or that the Company shall cease to be eligible for such incentives in the event of failure to execute the new SAs. Pursuant to the legal advice, the Company along with other working interest owners of Tal Block, challenged the SRO in the Honourable Islamabad High Court and the Court has passed an order directing the parties to maintain status quo till the next date of hearing. The case came up for hearing on August 16, 2018, and stay order already in effect was extended till next date of hearing, which is fixed for October 4, 2018.

# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

The financial impacts of the price revision under the SA have been duly accounted for in the financial statements for the years ended June 30, 2016, 2017 and in these unconsolidated financial statements on the completion of the process laid down in the law and in line with the Company's accounting policy following the revised prices notified during the period from July 1, 2015 to June 30, 2018.

The Windfall Levy if also applicable on oil / condensate will amount to approximately Rs 19,909 million for the period up to June 30, 2018. As mentioned above, the Company based on the advice of its legal counsel, is confident that it has valid grounds to defend the aforesaid issue in the Court and that the issue will be decided in its favour. However, without prejudice to the Company's legal contention and as a matter of abundant caution, the Company has provided for the impact of WLO prospectively with effect from the date of the SRO i.e. December 27, 2017 and onwards in these financial statements, which till June 30, 2018 amounts to Rs 1,962 million.

The cumulative impact of incremental revenue recorded in the books of accounts till June 30, 2018 and profit after tax thereof is Rs 9,921 million and Rs 5,190 million, respectively.

## 26.1.10 Contingencies of Investee Companies

In respect of PPLE, the tax authorities have raised demands for tax years 2004-2012 amounting to Rs 588 million relating to tax rate, depletion and decommissioning cost issues. Under amnesty scheme, PPLE has paid Rs 588 million under protest and filed appeals with Islamabad High Court which are pending for hearing. The estimated tax demands for tax years 2011 to 2017 amount to Rs 400 million. Although, PPLE based on the advice of its legal counsel, is confident that it has sound grounds to defend the appeals. The provision in respect of above mentioned issues amounts to Rs 987 million (2017: Rs 970 million).

## 26.1.11 Other contingencies

The Company is defending suits filed against it in various courts of Pakistan for sums aggregating Rs 939 million (2017: Rs 939 million), related to its business operations. The legal counsel is confident that these suits are expected to be decided in favour of the Company and, accordingly, no provision has been made for any liability against these law suits in these unconsolidated financial statements.

The Company has guaranteed to the MdOC, the performance and fulfilment of obligations by PPLA under the EDPSC. Total financial commitment of PPLA is US\$ 100 million (Rs 12,160 million), out of which US\$ 68.352 million (Rs 8,312 million) is outstanding.

The Company has provided parent company guarantee amounting to US\$ 5.3 million (Rs 644 million) to GoP in respect of PPLE's exploration licences in Pakistan i.e., Barkhan, Harnai and Ziarat.

## 26.2 Commitments

**26.2.1** Total commitments for capital expenditure (net share) as at June 30, 2018 are Rs 971 million. Further, total amount outstanding under letters of credit (net share) as at June 30, 2018 is Rs 10,052 million.



# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

|   | Year ended<br>June 30, 2018 | Year ended<br>June 30, 2017 |
|---|-----------------------------|-----------------------------|
|   | ----- Rs '000 -----         | -----                       |
| <b>27. SALES - net</b>                        |                             |                             |
| Local sales                                   | 156,619,553                 | 153,283,240                 |
| Federal excise duty                           | (2,058,132)                 | (2,094,631)                 |
| Sales tax                                     | (17,112,360)                | (18,014,048)                |
| GIDC  | (4,456,182)                 | (2,893,861)                 |
| GDS   | (6,956,883)                 | (13,448,227)                |
| Petroleum Levy                                | (309,362)                   | -                           |
| Discounts (barytes)                           | (33,714)                    | (25,875)                    |
|   | <b>(30,926,633)</b>         | <b>(36,476,642)</b>         |
| Export sales of barytes - note 27.1           | <b>516,693</b>              | 179,709                     |
|   | <b>126,209,613</b>          | <b>116,986,307</b>          |
| Product wise break-up of sales is as follows: |                             |                             |
| Natural gas                                   | 109,361,058                 | 117,828,600                 |
| Federal excise duty                           | (2,038,220)                 | (2,075,315)                 |
| Sales tax                                     | (15,963,467)                | (17,212,955)                |
| GIDC  | (4,456,182)                 | (2,893,861)                 |
| GDS   | (6,956,883)                 | (13,448,227)                |
|   | <b>(29,414,752)</b>         | <b>(35,630,358)</b>         |
|   | <b>79,946,306</b>           | <b>82,198,242</b>           |
| Gas supplied to Sui villages - note 28        | 373,290                     | 491,034                     |
| Federal excise duty                           | (10,175)                    | (10,605)                    |
| Sales tax                                     | (54,239)                    | (71,347)                    |
|   | <b>(64,414)</b>             | <b>(81,952)</b>             |
|   | <b>308,876</b>              | <b>409,082</b>              |
| Internal consumption of gas                   | 235,330                     | 272,955                     |
| Federal excise duty                           | (6,392)                     | (6,117)                     |
| Sales tax                                     | (33,991)                    | (39,660)                    |
|   | <b>(40,383)</b>             | <b>(45,777)</b>             |
|   | <b>194,947</b>              | <b>227,178</b>              |
| Crude oil / Natural gas liquids / Condensate  | 39,294,271                  | 29,918,197                  |
| LPG   | 7,065,042                   | 4,558,985                   |
| Federal excise duty                           | (3,345)                     | (2,594)                     |
| Sales tax                                     | (1,025,031)                 | (663,004)                   |
| Petroleum Levy                                | (309,362)                   | -                           |
|   | <b>(1,337,738)</b>          | <b>(665,598)</b>            |
|   | <b>5,727,304</b>            | <b>3,893,387</b>            |
| Barytes                                       | 807,255                     | 393,178                     |
| Sales tax                                     | (35,632)                    | (27,082)                    |
| Discounts                                     | (33,714)                    | (25,875)                    |
|   | <b>(69,346)</b>             | <b>(52,957)</b>             |
|   | <b>737,909</b>              | <b>340,221</b>              |
|   | <b>126,209,613</b>          | <b>116,986,307</b>          |

# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

Year ended  
**June 30, 2018**      Year ended  
June 30, 2017  
----- Rs '000 -----

**27.1** Country wise break up of export sales is as follows:

|                      |                       |                |
|----------------------|-----------------------|----------------|
| United Arab Emirates | <b>283,099</b>        | 158,295        |
| Oman                 | <b>90,386</b>         | 21,414         |
| Kuwait               | <b>143,208</b>        | -              |
|                      | <u><b>516,693</b></u> | <u>179,709</u> |

**28. OPERATING EXPENSES**

|   |                          |                   |
|---|--------------------------|-------------------|
| Salaries, wages, welfare and other benefits - note 31.1 | <b>6,943,799</b>         | 6,144,654         |
| Operator's personnel                                    | <b>1,714,535</b>         | 1,423,864         |
| Depreciation - note 5.1                                 | <b>6,137,509</b>         | 6,010,234         |
| Amortisation of decommissioning assets - note 5.1       | <b>1,269,192</b>         | 1,160,219         |
| Amortisation of D&P assets - note 5.1                   | <b>7,983,091</b>         | 7,611,776         |
| Plant operations  | <b>3,003,102</b>         | 2,382,468         |
| Well interventions                                      | <b>1,628,222</b>         | 1,292,237         |
| Field services  | <b>1,901,108</b>         | 2,047,237         |
| Crude oil transportation                                | <b>948,969</b>           | 1,068,311         |
| Travelling and conveyance                               | <b>473,434</b>           | 472,801           |
| Training & development                                  | <b>15,887</b>            | 14,864            |
| PCA overheads   | <b>119,482</b>           | 138,846           |
| Insurance expenses                                      | <b>625,269</b>           | 765,139           |
| Free supply of gas to Sui villages - note 27            | <b>373,290</b>           | 491,034           |
| Social welfare / community development                  | <b>286,416</b>           | 163,496           |
| Other expenses  | <b>58,619</b>            | 59,758            |
|   | <u><b>33,481,924</b></u> | <u>31,246,938</u> |

**29. ROYALTIES AND OTHER LEVIES**

|                           |                          |                   |
|---------------------------|--------------------------|-------------------|
| Royalties - note 29.1     | <b>14,590,359</b>        | 13,895,143        |
| Lease extension bonus     | <b>3,563,454</b>         | 7,204,961         |
| Windfall levy - note 29.2 | <b>358,473</b>           | 157,347           |
|                           | <u><b>18,512,286</b></u> | <u>21,257,451</u> |

# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

**29.1** The Company has paid royalties to the GoP.

**29.2** This mainly pertains to production from Gambat South, Hala & Ghauri fields.

## **30. EXPLORATION EXPENSES**

|                                |                          |                   |
|--------------------------------|--------------------------|-------------------|
| Dry and abandoned wells        | <b>7,180,213</b>         | 5,970,815         |
| Other exploration expenditures | <b>3,984,042</b>         | 4,817,248         |
|                                | <b><u>11,164,255</u></b> | <u>10,788,063</u> |

## **31. ADMINISTRATIVE EXPENSES**

|   |                           |                    |
|---|---------------------------|--------------------|
| Salaries, wages, welfare and other benefits - note 31.1 | <b>5,170,053</b>          | 5,142,796          |
| Amortisation of intangible assets - note 6.1            | <b>159,811</b>            | 152,920            |
| Depreciation of leased assets - note 5.1                | <b>105,569</b>            | 128,860            |
| Rent, rates and taxes                                   | <b>176,079</b>            | 151,427            |
| Utilities & communication                               | <b>97,181</b>             | 89,454             |
| Travelling and conveyance                               | <b>144,830</b>            | 139,327            |
| Training and development                                | <b>110,039</b>            | 113,738            |
| Insurance expenses                                      | <b>18,015</b>             | 26,689             |
| Repairs, maintenance and supplies                       | <b>500,631</b>            | 430,374            |
| Professional services                                   | <b>117,899</b>            | 154,670            |
| Auditors' remuneration - note 31.2                      | <b>24,138</b>             | 23,825             |
| Donations and sponsorships- note 31.3 & 31.4            | <b>132,855</b>            | 69,477             |
| Contract services                                       | <b>103,345</b>            | 89,308             |
| Compliance and regulatory expenses                      | <b>39,285</b>             | 33,749             |
| Advertisement, publicity and public relations           | <b>54,018</b>             | 59,820             |
| Other expenses  | <b>79,630</b>             | 61,010             |
|   | <b><u>7,033,378</u></b>   | <u>6,867,444</u>   |
| Allocation to capital and operating expenditure         | <b><u>(4,473,728)</u></b> | <u>(4,095,886)</u> |
|   | <b><u>2,559,650</u></b>   | <u>2,771,558</u>   |

**31.1** This includes expenditure in respect of provident fund, pension fund, gratuity fund, leave preparatory to retirement and post-retirement medical benefits amounting to Rs 294.979 million, Rs 269.852 million, Rs 73.834 million, Rs 180.521 million and Rs 193.496 million, respectively (2017: Rs 240.873 million, Rs 450.803 million, Rs 81.830 million, Rs 69.750 and Rs 187.370 million, respectively).

# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

|  | Year ended<br>June 30, 2018 | Year ended<br>June 30, 2017 |
|--|-----------------------------|-----------------------------|
|  | -----                       | -----                       |
|  | Rs '000                     |                             |
| <b>31.2 Auditors' remuneration is as under:</b>                          |                             |                             |
| Annual audit fee - unconsolidated  | 3,240                       | 3,000                       |
| - consolidated   | 594                         | 550                         |
| - prior year   | -                           | 1,500                       |
| Limited review, special certifications & advisory services - note 31.2.1 | 17,098                      | 16,340                      |
| Out of pocket expenses   | 3,206                       | 2,435                       |
|  | <u>24,138</u>               | <u>23,825</u>               |

**31.2.1** This includes tax services provided by M/s A.F.Ferguson & Co., who are also the statutory auditors of the Company.

**31.3** There are no donations in which the directors of the Company are interested.

**31.4** Party wise details of donations in excess of Rs 500,000 are given below:

|   | Year ended<br>June 30,<br>2018 | Year ended<br>June 30,<br>2017 |
|---|--------------------------------|--------------------------------|
|   | -----                          | -----                          |
|   | Rs'000                         |                                |
| <b>Name of Donees</b>                                 |                                |                                |
| The Indus Hospital                                    | 20,000                         | 12,400                         |
| National University of Science & Technology           | 16,800                         | -                              |
| Sindh Radiant Organisation                            | 15,500                         | -                              |
| Sindh Institute of Urology and Transplantation        | 12,840                         | -                              |
| Bait-ul-Sukoon Cancer Hospital                        | 10,000                         | -                              |
| Lady Dufferin Foundation Trust                        | 9,020                          | -                              |
| Mehran University of Engineering                      | 7,000                          | -                              |
| ACELP Institute of Child Development                  | 6,850                          | -                              |
| NED University  | 5,450                          | 5,000                          |
| Model Town Football Academy Lahore                    | 5,000                          | -                              |
| Habib University Foundation                           | 5,000                          | -                              |
| Oxford University Press                               | 4,500                          | 3,000                          |
| Murshid Hospital & Health Care Center                 | 2,500                          | -                              |
| Inspector General Frontier Corps                      | 1,900                          | -                              |
| Marie Adelaide Leprosy Centre                         | 1,250                          | 12,539                         |
| Institute of Business Administration                  | 1,000                          | 2,000                          |
| Professional Education Foundation                     | 1,000                          | -                              |
| Bahria University, Karachi                            | -                              | 7,580                          |
| Koohi Goth Hospital                                   | -                              | 9,277                          |
| Mayo Clinic   | -                              | 10,050                         |
| Quaid-E-Azam Rangers Special Children School, Karachi | -                              | 3,600                          |
| Pakistan Association of The Deaf                      | -                              | 3,287                          |
|   | <u>125,610</u>                 | <u>68,733</u>                  |

# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

## 32. STAFF RETIREMENT BENEFITS

### 32.1 Funded post retirement pension and gratuity schemes

As mentioned in note 4.14 to these unconsolidated financial statements, the Company operates approved funded pension and gratuity schemes for its executive and non-executive permanent employees.

#### 32.1.1 Fair value of plan assets and the present value of obligations

The fair value of plan assets and the present value of defined benefit obligations of the pension and gratuity schemes at the valuation dates are as follows:

|  | Executives    |           | Non-Executives |           | Total         |              |
|--|---------------|-----------|----------------|-----------|---------------|--------------|
|  | Pension       | Gratuity  | Pension        | Gratuity  |               |              |
|  | June 30, 2018 |           |                |           | June 30, 2017 |              |
|  | Rs '000       |           |                |           |               |              |
| Present value of defined benefit obligations - note 32.1.6           | 7,570,911     | 907,724   | 3,026,153      | 1,290,285 | 12,795,073    | 10,469,119   |
| Fair value of plan assets - note 32.1.5                              | (6,894,934)   | (941,062) | (1,911,943)    | (893,224) | (10,641,163)  | (11,151,480) |
| Liability /(Asset) recognised in the statement of financial position | 675,977       | (33,338)  | 1,114,210      | 397,061   | 2,153,910     | (682,361)    |

#### 32.1.2 Movement in amounts payable to / (receivable from) defined benefit plans

|  | Executives    |          | Non-Executives |          | Total         |             |
|--|---------------|----------|----------------|----------|---------------|-------------|
|  | Pension       | Gratuity | Pension        | Gratuity |               |             |
|  | June 30, 2018 |          |                |          | June 30, 2017 |             |
|  | Rs '000       |          |                |          |               |             |
| Balances as on July 01   | (536,998)     | (16,481) | (70,144)       | (58,738) | (682,361)     | 767,034     |
| Refund made to the Company   | -             | -        | -              | -        | -             | 163,493     |
| Charge for the year - note 32.1.3  | 215,507       | 47,840   | 54,345         | 25,994   | 343,686       | 532,633     |
| Refund / (Payments) during the year  | 312,491       | (32,916) | (56,720)       | (1,789)  | 221,066       | (1,459,215) |
| Amount recognised in Other Comprehensive Income (OCI) for the year – note 32.1.4 | 684,977       | (31,781) | 1,186,729      | 431,594  | 2,271,519     | (686,306)   |
| Balances as on June 30   | 675,977       | (33,338) | 1,114,210      | 397,061  | 2,153,910     | (682,361)   |

#### 32.1.3 Amounts recognised in profit or loss

|  | Executives    |          | Non-Executives |          | Total         |           |
|--|---------------|----------|----------------|----------|---------------|-----------|
|  | Pension       | Gratuity | Pension        | Gratuity |               |           |
|  | June 30, 2018 |          |                |          | June 30, 2017 |           |
|  | Rs '000       |          |                |          |               |           |
| Current service cost                             | 255,600       | 49,071   | 59,582         | 30,380   | 394,633       | 485,049   |
| Interest cost                                    | 525,121       | 69,742   | 141,491        | 66,149   | 802,503       | 833,988   |
| Interest income on plan assets                   | (565,214)     | (70,973) | (146,728)      | (70,535) | (853,450)     | (786,404) |
| Charge for the year recognised in profit or loss | 215,507       | 47,840   | 54,345         | 25,994   | 343,686       | 532,633   |
| Actual return on plan assets                     | 207,632       | 46,375   | 87,381         | 41,538   | 382,926       | 941,216   |

# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

## 32.1.4 Remeasurement recognised in other comprehensive income

|                                       | Executives     |                 | Non-Executives   |                | Total            |                  |
|---------------------------------------|----------------|-----------------|------------------|----------------|------------------|------------------|
|                                       | Pension        | Gratuity        | Pension          | Gratuity       |                  |                  |
|                                       | June 30, 2018  |                 |                  |                | June 30, 2017    |                  |
|                                       | Rs '000        |                 |                  |                |                  |                  |
| Actuarial loss / (gain) on obligation | 327,395        | (56,379)        | 1,127,382        | 402,597        | 1,800,995        | (531,494)        |
| Actuarial loss / (gain) on assets     | 357,582        | 24,598          | 59,347           | 28,997         | 470,524          | (154,812)        |
| <b>Total remeasurements</b>           | <b>684,977</b> | <b>(31,781)</b> | <b>1,186,729</b> | <b>431,594</b> | <b>2,271,519</b> | <b>(686,306)</b> |

## 32.1.5 Changes in fair value of plan assets

|   | Executives       |                | Non-Executives   |                | Total             |                   |
|---|------------------|----------------|------------------|----------------|-------------------|-------------------|
|   | Pension          | Gratuity       | Pension          | Gratuity       |                   |                   |
|   | June 30, 2018    |                |                  |                | June 30, 2017     |                   |
|   | Rs '000          |                |                  |                |                   |                   |
| Fair value of plan assets at beginning of the year *    | 7,355,551        | 937,393        | 1,919,671        | 938,865        | 11,151,480        | 11,667,516        |
| Interest income on plan assets                          | 565,214          | 70,973         | 146,728          | 70,535         | 853,450           | 786,404           |
| Refund made to the Company                              | -                | -              | -                | -              | -                 | (163,493)         |
| Transferred to Defined Contribution Pension Fund        | (86,317)         | -              | -                | -              | (86,317)          | (1,826,031)       |
| Contributions (to) / by the Company                     | (312,491)        | 32,916         | 56,720           | 1,789          | (221,066)         | 1,459,215         |
| Benefits paid   | (269,441)        | (75,622)       | (151,829)        | (88,968)       | (585,860)         | (926,943)         |
| Amount recognised in OCI for the year                   | (357,582)        | (24,598)       | (59,347)         | (28,997)       | (470,524)         | 154,812           |
| <b>Fair value of plan assets at the end of the year</b> | <b>6,894,934</b> | <b>941,062</b> | <b>1,911,943</b> | <b>893,224</b> | <b>10,641,163</b> | <b>11,151,480</b> |

\* This represents unaudited fair value of plan assets as at June 30, 2017.

## 32.1.6 Changes in present value of pension and gratuity obligations

|  | Executives       |                | Non-Executives   |                  | Total             |                   |
|--|------------------|----------------|------------------|------------------|-------------------|-------------------|
|  | Pension          | Gratuity       | Pension          | Gratuity         |                   |                   |
|  | June 30, 2018    |                |                  |                  | June 30, 2017     |                   |
|  | Rs '000          |                |                  |                  |                   |                   |
| Present value of obligations at beginning of the year      | 6,818,553        | 920,912        | 1,849,527        | 880,127          | 10,469,119        | 12,434,550        |
| Current service cost                                       | 255,600          | 49,071         | 59,582           | 30,380           | 394,633           | 485,049           |
| Interest cost  | 525,121          | 69,742         | 141,491          | 66,149           | 802,503           | 833,988           |
| Transferred to Defined Contribution Pension Fund           | (86,317)         | -              | -                | -                | (86,317)          | (1,826,031)       |
| Benefits paid  | (269,441)        | (75,622)       | (151,829)        | (88,968)         | (585,860)         | (926,943)         |
| Amount recognised in OCI for the year                      | 327,395          | (56,379)       | 1,127,382        | 402,597          | 1,800,995         | (531,494)         |
| <b>Present value of obligations at the end of the year</b> | <b>7,570,911</b> | <b>907,724</b> | <b>3,026,153</b> | <b>1,290,285</b> | <b>12,795,073</b> | <b>10,469,119</b> |



# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

## 32.1.7 Break-up of plan assets

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

|                        | Rate of return | Executives       |            | Non-Executives   |            | Executives       |            | Non-Executives   |            |
|------------------------|----------------|------------------|------------|------------------|------------|------------------|------------|------------------|------------|
|                        |                | Rs '000          | %          | Rs '000          | %          | Rs '000          | %          | Rs '000          | %          |
|                        |                | June 30, 2018    |            |                  |            | June 30, 2017    |            |                  |            |
|                        | %              | (Unaudited)      |            |                  |            | (Audited)        |            |                  |            |
| <b>Pension Fund</b>    |                |                  |            |                  |            |                  |            |                  |            |
| Government securities  | 6.85 -12.00    | 355,217          | 5          | 420,213          | 22         | 1,233,564        | 17         | 201,366          | 10         |
| Shares                 | -              | 953,210          | 14         | 256,171          | 13         | 1,042,167        | 14         | 276,375          | 15         |
| TFCs                   | 7.39 - 8.44    | 406,259          | 6          | 206,383          | 11         | 44,179           | 1          | 15,820           | 1          |
| Cash and bank deposits | 5.00 - 6.10    | 5,180,248        | 75         | 1,029,176        | 54         | 4,946,070        | 68         | 1,424,654        | 74         |
| <b>Total</b>           |                | <b>6,894,934</b> | <b>100</b> | <b>1,911,943</b> | <b>100</b> | <b>7,265,980</b> | <b>100</b> | <b>1,918,215</b> | <b>100</b> |
| <b>Gratuity Fund</b>   |                |                  |            |                  |            |                  |            |                  |            |
| Government securities  | 6.85 - 12.00   | 304,536          | 32         | 232,586          | 26         | 106,199          | 11         | 152,432          | 16         |
| Shares                 | -              | 98,031           | 10         | 126,926          | 14         | 105,507          | 11         | 138,082          | 15         |
| TFCs                   | 7.39 - 8.44    | 119,055          | 13         | 6,932            | 1          | 1,924            | 1          | 8,051            | 1          |
| Cash and bank deposits | 5.00 - 6.10    | 419,440          | 45         | 526,780          | 59         | 722,994          | 77         | 642,508          | 68         |
| <b>Total</b>           |                | <b>941,062</b>   | <b>100</b> | <b>893,224</b>   | <b>100</b> | <b>936,624</b>   | <b>100</b> | <b>941,073</b>   | <b>100</b> |

## 32.1.8 Sensitivity analysis

|                           | June 30, 2018 |           |                |           | June 30, 2017 |           |                |          |
|---------------------------|---------------|-----------|----------------|-----------|---------------|-----------|----------------|----------|
|                           | Executives    |           | Non-Executives |           | Executives    |           | Non-Executives |          |
|                           | 1%            | 1%        | 1%             | 1%        | 1%            | 1%        | 1%             | 1%       |
|                           | increase      | decrease  | increase       | decrease  | increase      | decrease  | increase       | decrease |
| Rs '000                   |               |           |                |           |               |           |                |          |
| Pension                   |               |           |                |           |               |           |                |          |
| Salary rate sensitivity   | 393,683       | (349,786) | 134,628        | (113,668) | 373,597       | (332,058) | 90,936         | (82,869) |
| Pension rate sensitivity  | 575,081       | (491,926) | 135,914        | (112,663) | 511,933       | (436,767) | 85,510         | (72,328) |
| Discount rate sensitivity | (793,997)     | 969,201   | (228,864)      | 272,729   | (746,829)     | 918,571   | (149,813)      | 178,115  |
| Gratuity                  |               |           |                |           |               |           |                |          |
| Salary rate sensitivity   | 59,554        | (53,492)  | 56,291         | (51,658)  | 2,748         | (3,357)   | 39,844         | (36,446) |
| Discount rate sensitivity | (56,741)      | 64,420    | (51,208)       | 56,835    | (59,034)      | 67,161    | (36,125)       | 40,235   |

## 32.1.9 Maturity profile of the defined benefit obligations

|  | June 30, 2018     |          |                |          |
|--|-------------------|----------|----------------|----------|
|  | Executives        |          | Non-Executives |          |
|  | Pension           | Gratuity | Pension        | Gratuity |
| Weighted average duration (years)                          | 10.49             | 6.96     | 7.56           | 5.23     |
|  | -----Rs '000----- |          |                |          |
| Distribution of timing of benefit payments (time in years) |                   |          |                |          |
| 1  | 476,507           | 88,886   | 192,224        | 124,948  |
| 2  | 491,263           | 112,647  | 591,385        | 335,018  |
| 3  | 378,164           | 74,321   | 224,282        | 128,690  |
| 4  | 609,727           | 112,794  | 244,155        | 125,382  |
| 5  | 539,954           | 111,092  | 272,299        | 144,544  |
| 6-10   | 3,618,631         | 612,577  | 1,743,758      | 912,085  |

**32.1.10** The Company expects to contribute Rs 652.141 million (2017: Rs 343.686 million) to the pension and gratuity funds in the next financial year.

# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

## 32.2 Unfunded post-retirement medical benefits

**32.2.1** The Company provides free medical facilities to its executive and non-executive retired employees, as mentioned in note 4.14 to these unconsolidated financial statements. The latest actuarial valuation for post-retirement medical benefits was carried out as at June 30, 2018, results of which are as follows:

|  | June 30, 2018       | June 30, 2017    |
|--|---------------------|------------------|
|  | ----- Rs '000 ----- | -----            |
| Present value of defined benefit obligations - notes 23 and 32.2.4 | <u>1,949,451</u>    | <u>1,781,636</u> |

### 32.2.2 Movement in the liability recognised in the statement of financial position is as follows:

|   |                  |                  |
|---|------------------|------------------|
| Balance as on July 01                     | 1,781,636        | 1,774,972        |
| Charge for the year - notes 31.1 & 32.2.3 | 193,496          | 187,370          |
| Payments during the year                  | (74,346)         | (64,933)         |
| Amounts charged to OCI                    | 48,665           | (115,773)        |
| <b>Balance as on June 30</b>              | <u>1,949,451</u> | <u>1,781,636</u> |

### 32.2.3 Amounts recognised in profit or loss

|                      | Year ended<br>June 30, 2018 | Year ended<br>June 30, 2017 |
|----------------------|-----------------------------|-----------------------------|
| Current service cost | 55,732                      | 57,811                      |
| Interest cost        | 137,764                     | 129,559                     |
|                      | <u>193,496</u>              | <u>187,370</u>              |

### 32.2.4 Changes in present value of post-retirement medical obligations

|                              |                  |                  |
|------------------------------|------------------|------------------|
| Opening balance              | 1,781,636        | 1,774,972        |
| Current service cost         | 55,732           | 57,811           |
| Interest cost                | 137,764          | 129,559          |
| Benefits paid                | (74,346)         | (64,933)         |
| Amounts charged to OCI       | 48,665           | (115,773)        |
| <b>Balance as on June 30</b> | <u>1,949,451</u> | <u>1,781,636</u> |

1% increase      1% decrease  
----- Rs '000 -----

### 32.2.5 Sensitivity analysis

|                                     |           |           |
|-------------------------------------|-----------|-----------|
| Medical cost trend rate sensitivity | 230,078   | (194,686) |
| Discount rate sensitivity           | (246,458) | 308,190   |

**32.2.6** The Company expects to contribute Rs 232.608 million (2017: Rs 193.496 million) to the unfunded post-retirement medical benefits in the next financial year.

**32.2.7** The weighted average duration of the defined benefit obligation works out to 12.51 years (2017: 12.69 years) in respect of executive and 12.83 years (2017: 13.15 years) in respect of non-executive retired employees.

# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

|   | June 30, 2018       | June 30, 2017 |
|---|---------------------|---------------|
|   | ----- Rs '000 ----- | -----         |
| <b>32.3 Leave preparatory to retirement</b> |                     |               |
| Balance as on July 01                       | 581,487             | 591,705       |
| Charge for the year - note 31.1             | 180,521             | 69,750        |
|   | <b>762,008</b>      | 661,455       |
| Payments / Adjustments during the year      | (59,928)            | (79,968)      |
| <b>Balance as on June 30 - note 23</b>      | <b>702,080</b>      | 581,487       |

## 32.4 Principal actuarial assumptions

|   | Per annum      |               |
|---|----------------|---------------|
|   | June 30, 2018  | June 30, 2017 |
| - discount rate                               | 9.00%          | 7.75%         |
| - expected rate of increase in salaries       | 9.00%          | 7.75%         |
| - expected rate of increase in pension        | 4.00%          | 2.75%         |
| - expected rate of escalation in medical cost | 5.00%          | 3.75%         |
| - death rate / mortality rate                 | SLIC (2001-05) |               |

## 32.5 Description of the risks to the Company

The defined benefit plans expose the Company to the following risks:

**Withdrawal risks** - The risk of higher or lower withdrawal experience than assumed. The final effect could go either way depending on the beneficiaries' service / age distribution and the benefit.

**Mortality risks** - The risk that the actual mortality experience is different. Similar to the withdrawal risk, the effect depends on the beneficiaries' service / age distribution and the benefit. Especially in the case of pension and post-retirement medical benefit, there is an additional longevity risk after cessation of service that the mortality will improve and the benefit is payable for longer period of time.

**Investment risks** - The risk of the investment underperformance and being not sufficient to meet the liabilities.

**Final salary risks** - The risk that the final salary at the time of cessation of service is greater than what was assumed.

**Medical escalation risk** - The risk that the cost of post-retirement medical benefits will increase.

## 32.6 Defined contribution funds

|                                | Provident Fund                  |                               | Pension Fund<br>(note 4.14 (b)) |                               |
|--------------------------------|---------------------------------|-------------------------------|---------------------------------|-------------------------------|
|                                | June 30,<br>2018<br>(Unaudited) | June 30,<br>2017<br>(Audited) | June 30,<br>2018<br>(Unaudited) | June 30,<br>2017<br>(Audited) |
|                                | Rs '000                         |                               | Rs '000                         |                               |
| Size of the fund               | 5,469,024                       | 5,213,510                     | 2,172,975                       | 1,902,137                     |
| Cost of investments made       | 4,512,720                       | 4,193,484                     | 2,118,889                       | 1,795,784                     |
| Percentage of investments made | 82.0%                           | 80.4%                         | 94.1%                           | 94.4%                         |
| Fair value of investments      | 4,487,102                       | 4,193,482                     | 2,045,658                       | 1,795,745                     |

# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

## 32.6.1 Break-up of investments

|                            | June 30, 2018<br>(Unaudited) |  | June 30, 2017<br>(Audited) |  |
|----------------------------|------------------------------|--|----------------------------|--|
|                            | Investments<br>(Rs '000)     | % of<br>Investment<br>as size of<br>the fund | Investments<br>(Rs '000)   | % of<br>Investment<br>as size of<br>the fund |
| <b>Provident Fund</b>      |                              |  |                            |  |
| PIBs                       | 462,113                      | 8.4%   | 551,624                    | 10.6%  |
| Treasury Bills             | 745,832                      | 13.7%  | -                          | -  |
| Short term deposit account | 2,041,604                    | 37.4%  | 2,808,435                  | 53.8%  |
| NIT Units                  | 434,596                      | 7.9%   | 492,797                    | 9.4%   |
| Shares                     | 395,824                      | 7.2%   | 338,351                    | 6.5%   |
| TFCs                       | 407,133                      | 7.4%   | 2,275                      | 0.1%   |
|                            | <b>4,487,102</b>             | <b>82.0%</b>                                 | <b>4,193,482</b>           | <b>80.4%</b>                                 |
| <b>Pension Fund</b>        |                              |  |                            |  |
| PIBs                       | 8,046                        | 0.4%   | -                          | -  |
| Mutual funds               | 230,143                      | 10.5%  | 252,474                    | 13.3%  |
| TFCs                       | 179,802                      | 8.3%   | -                          | -  |
| Short term deposit account | 1,627,667                    | 74.9%  | 1,543,271                  | 81.1%  |
|                            | <b>2,045,658</b>             | <b>94.1%</b>                                 | <b>1,795,745</b>           | <b>94.4%</b>                                 |

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

**Year Ended**                      **Year Ended**  
**June 30, 2018**                      **June 30, 2017**  
 ----- Rs '000 -----

## 33. FINANCE COSTS

|  |                |         |
|--|----------------|---------|
| Financial charges for liabilities against assets<br>subject to finance lease | <b>23,194</b>  | 37,086  |
| Unwinding of discount on decommissioning<br>obligation - note 21             | <b>405,346</b> | 423,535 |
| Interest on WPPF - note 16.1   | <b>15,028</b>  | 460     |
|  | <b>443,568</b> | 461,081 |

## 34. OTHER CHARGES

|   |                  |           |
|---|------------------|-----------|
| WPPF - note 16.1  | <b>3,353,699</b> | 2,546,111 |
| Impairment loss on investment in subsidiaries - note 7.2.1    | <b>558,994</b>   | 4,574,444 |
| Provision for windfall levy on oil / condensate - note 26.1.9 | <b>1,961,937</b> | -         |
| Provision for obsolete / slow moving stores - note 11.1       | <b>55,985</b>    | 16,220    |
|   | <b>5,930,615</b> | 7,136,775 |

# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

## 35. OTHER INCOME

|  | Year ended<br>June 30, 2018 | Year ended<br>June 30, 2017 |
|--|-----------------------------|-----------------------------|
|  | ----- Rs '000 -----         | -----                       |
| <b>Income from financial assets</b>  |                             |                             |
| Income on loans and bank deposits - note 35.1  | 358,000                     | 305,707                     |
| Income on term deposits  | 929,779                     | 1,102,262                   |
| Income on long-term held-to-maturity investments   | 1,035,834                   | 2,417,705                   |
| Income from investment in treasury bills   | 557,287                     | 253,415                     |
| Gain on disposal of PIBs   | -                           | 152,000                     |
| Gain on re-measurement / disposal of investments designated at fair value through profit or loss (net) | 351,796                     | 183,153                     |
|  | <b>3,232,696</b>            | <b>4,414,242</b>            |
| <b>Income from assets other than financial assets</b>  |                             |                             |
| Rental income on assets  | 27,472                      | 1,253                       |
| Profit on sale of property, plant and equipment (net) - note 5.3                                       | 22,439                      | 11,170                      |
| Profit on sale of stores and spares (net)  | 15,583                      | 14,581                      |
| Exchange gain on foreign currency (net)  | 4,635,691                   | 51,673                      |
| Insurance income   | 268,768                     | -                           |
| Share of profit on sale of LPG   | 99,845                      | 107,801                     |
| Others - note 35.2   | 1,016,504                   | 203,514                     |
|  | <b>6,086,302</b>            | <b>389,992</b>              |
|  | <b>9,318,998</b>            | <b>4,804,234</b>            |

**35.1** This includes profit amounting to Rs 0.744 million (2017: Rs 8.874 million) under a Shariah compliant arrangement.

**35.2** This includes: (i) signature bonus received from United Energy Pakistan Limited (UEPL) as per the terms of farm-in agreement and (ii) Late payment surcharge received from Asia Resources Oil Limited (AROL) as per the terms of Settlement Agreements as explained under note 37.1.

## 36. TAXATION

Provision for taxation for the years ended June 30, 2018 has been calculated on the basis of tax rates of 55%, 52.5% and 40% for onshore agreement areas, including Sui gas field. The head office and Bolan Mining Enterprises (BME) income is taxed @ 30% being non-agreement areas. Similar to the previous year, 3% super tax has been levied for the current year on the head office and BME income as per the Finance Act, 2018.

|                         | Year ended<br>June 30, 2018 | Year ended<br>June 30, 2017 |
|-------------------------|-----------------------------|-----------------------------|
|                         | ----- Rs '000 -----         | -----                       |
| Current                 |                             |                             |
| - for the year          | 11,950,407                  | 5,675,677                   |
| - for prior years (net) | (575,613)                   | 404,673                     |
|                         | <b>11,374,794</b>           | <b>6,080,350</b>            |
| Deferred                | <b>6,373,883</b>            | <b>6,369,682</b>            |
|                         | <b>17,748,677</b>           | <b>12,450,032</b>           |

# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

|  | Year ended<br>June 30, 2018 | Year ended<br>June 30, 2017 |
|--|-----------------------------|-----------------------------|
|  | -----                       | -----                       |
|  | Rs '000                     |                             |
| <b>36.1 Relationship between accounting profit and taxation</b>      |                             |                             |
| Accounting profit for the year before taxation                       | <b>63,436,313</b>           | 48,128,675                  |
| Tax on accounting profit at applicable rate of 43.72% (2017: 44.13%) | <b>27,734,356</b>           | 21,239,184                  |
| Tax effect of:   |                             |                             |
| - Depletion allowance  | <b>(7,402,071)</b>          | (6,310,371)                 |
| - Royalty allowed for tax purposes                                   | <b>(2,978,831)</b>          | (2,168,465)                 |
| - Tax (income) / charge relating to prior years                      | <b>(575,613)</b>            | 404,673                     |
| - Decommissioning cost   | <b>851,206</b>              | 100,154                     |
| - Tax credits  | <b>(39,857)</b>             | (65,772)                    |
| - Super tax  | <b>269,511</b>              | 132,002                     |
| - Others   | <b>(110,024)</b>            | (881,373)                   |
|  | <b>17,748,677</b>           | 12,450,032                  |
| Effective tax rate %   | <b>27.98</b>                | 25.87                       |

**36.2** The Company computes tax based on the generally accepted interpretations of the tax laws to ensure that the sufficient provision for the purpose of taxation is recognised which can be analysed as follows:

|      | Provision for<br>taxation | Tax<br>assessed   |
|------|---------------------------|-------------------|
|      | -----                     | -----             |
|      | Rs '000                   |                   |
| 2017 | <b>5,917,093</b>          | <b>6,406,852</b>  |
| 2016 | <b>2,741,244</b>          | <b>2,858,796</b>  |
| 2015 | <b>10,484,703</b>         | <b>11,148,886</b> |

The difference mainly pertains to super tax liability in respect of Agreement Areas assessed under Part I of the Fifth Schedule to the Income Tax Ordinance, 2001, which has not been provided in the respective years, since the management of the Company, based on the advice of its legal counsel, believes that the issue will be decided in favour of the Company by the appellate authorities.



# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

## 37. Details of Exploration and Production Areas / Fields

The joint operations in which the Company has working interest are as follows:

| Name of Field   | Operator | Percentage of the Company's working interest as at June 30, 2018 | Net Balance (Payable) / Receivable (Rs '000) |
|---|----------|--|--|
| <b>Producing Fields</b>                                 |          |  |  |
| 1 Sui   | PPL      | 100.00%  | -  |
| 2 Kandhkot  | PPL      | 100.00%  | -  |
| 3 Adhi  | PPL      | 39.00%   | (1,680,449)                                  |
| 4 Mazarani  | PPL      | 87.50%   | 112,208                                      |
| 5 Hala Block  | PPL      | 65.00%   | (316,220)                                    |
| 6 Gambat South Block - note 37.1                        | PPL      | 65.00%   | (1,802,376)                                  |
| 7 Kandhkot East (Chachar)                               | PPL      | 75.00%   | (57,350)                                     |
| 8 Qadirpur  | OGDCL    | 7.00%  | (16,917)                                     |
| 9 Miano - note 37.2                                     | OMV      | 15.16%   | (11,401)                                     |
| 10 Sawan - note 37.2                                    | OMV      | 26.18%   | (32,908)                                     |
| 11 Hasan, Sadiq & Khanpur - D&P (Block-22)              | PEL      | 35.53%   | (39,442)                                     |
| 12 Tal Block  | MOL      | 27.76%   | (1,580,588)                                  |
| 13 Nashpa Block   | OGDCL    | 28.55%   | (1,044,818)                                  |
| 14 Tajjal EWT Phase (Gambat Block) - notes 37.2 & 37.10 | OMV      | 23.68%   | 153,496                                      |
| 15 Latif D&P (Latif Block) - note 37.2                  | OMV      | 33.30%   | (178,259)                                    |
| 16 Kirthar Block  | POGC     | 30.00%   | (234,340)                                    |
| 17 Ghauri EWT Phase (Ghauri Block)                      | MPCL     | 35.00%   | (232,015)                                    |
| <b>Exploration Blocks</b>                               |          |  |  |
| 1 Block 2568-13 (Hala) - note 37.3                      | PPL      | 65.00%   | -  |
| 2 Block 2766-1 (Khuzdar)                                | PPL      | 100.00%  | (15,949)                                     |
| 3 Block 2688-2 (Kalat)                                  | PPL      | 100.00%  | (590,989)                                    |
| 4 Block 2969-8 (Barkhan)                                | PPL      | 35.00%   | 19,146                                       |
| 5 Block 2763-3 (Kharan)                                 | PPL      | 100.00%  | (78,406)                                     |
| 6 Block 2764-4 (Kharan-East)                            | PPL      | 100.00%  | (223)  |
| 7 Block 2763-4 (Kharan-West)                            | PPL      | 100.00%  | (7,184)                                      |
| 8 Block 3371-15 (Dhok Sultan)                           | PPL      | 75.00%   | (54,384)                                     |
| 9 Block 2467-12 (Jungshahi)                             | PPL      | 100.00%  | 17,780                                       |
| 10 Block 2568-18 (Gambat South) - notes 37.1 & 37.3     | PPL      | 65.00%   | -  |
| 11 Block 2468-10 (Sirani)                               | PPL      | 75.00%   | 29,579                                       |
| 12 Block 2668-9 (Naushahro Firoz) - note 37.1           | PPL      | 90.00%   | 221,097                                      |
| 13 Block 2667-11 (Zamzama South) - note 37.4            | PPL      | 100.00%  | 31,872                                       |
| 14 Block 3272-18 (Karsal)                               | PPL      | 100.00%  | (133,573)                                    |
| 15 Block 3372-23 (Hisal) - note 37.5                    | PPL      | 65.00%   | (324,292)                                    |
| 16 Block 2870-5 (Sadiqabad)                             | PPL      | 97.50%   | 36,576                                       |
| 17 Block 2469-16 (Shah Bandar) - note 37.5              | PPL      | 65.50%   | 20,892                                       |
| 18 Block 2864-4 (Nausherwani) - note 37.6               | PPL      | 100.00%  | (274,179)                                    |
| 19 Block 2566-6 (Bela West) - notes 37.6 & 37.7         | PPL      | 100.00%  | (306,079)                                    |
| 20 Block 2566-4 (Hab) - note 37.8                       | PPL      | 99.85%   | (1,286,978)                                  |
| 21 Block 2569-5 (Khipro East)                           | PPL      | 97.50%   | (256,747)                                    |
| 22 Block 2467-13 (Malir) - note 37.8                    | PPL      | 97.50%   | 70,192                                       |
| 23 Block 2866-4 (Margand)                               | PPL      | 100.00%  | 3,707  |
| 24 Block 2468-12 (Kotri)                                | PPL      | 100.00%  | (1,003,912)                                  |
| 25 Block 2763-5 (South Kharan) - note 37.13             | PPL      | 51.00%   | 416,160                                      |
| 26 Block 2568-21 (Kotri North) - notes 37.1 & 37.9      | UEPL     | 40.00%   | 249,526                                      |

# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

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| Name of Field                                       | Operator | Percentage of the Company's working interest as at June 30, 2018 | Net Balance (Payable) / Receivable (Rs '000) |
|---|----------|--|--|
| 27 Block 2668-4 (Gambat) - notes 37.2, 37.3 & 37.10 | OMV      | 30.00%   | -  |
| 28 Block 2669-3 (Latif) - notes 37.2 & 37.3         | OMV      | 33.30%   | -  |
| 29 Block 3370-10 (Nashpa) - note 37.3               | OGDCL    | 30.00%   | -  |
| 30 Block 2667-7 (Kirthar) - note 37.3               | POGC     | 30.00%   | -  |
| 31 Block 3070-13 (Baska) - note 37.11               | ZHEN HUA | 49.00%   | (1,369)                                      |
| 32 Block 2366-7 (Indus-C)                           | ENI      | 40.00%   | (6,316)                                      |
| 33 Block 2366-5 (Indus-N)                           | ENI      | 30.00%   | (7,671)                                      |
| 34 Block 3370-3 (Tal) - note 37.3                   | MOL      | 30.00%   | -  |
| 35 Block 2568-20 (Sukhpur)                          | ENI      | 30.00%   | (97,161)                                     |
| 36 Block 2468-9 (Jherruck)                          | NHEPL    | 30.00%   | (59,317)                                     |
| 37 Block 2568-19 (Digri)                            | UEPL     | 25.00%   | (5,687)                                      |
| 38 Block 3273-3 (Ghauri) - note 37.3                | MPCL     | 35.00%   | -  |
| 39 Block 2867-5 (Kuhan) - note 37.2                 | OMV      | 47.50%   | (4,438)                                      |
| 40 Block 2265-1 (Indus-G)                           | ENI      | 33.33%   | (11,417)                                     |
| 41 Block 2866-3 (Khuzdar North) - note 37.13        | OGDCL    | 25.00%   | -  |
| Other areas - note 37.12                            |          |  | 8,737  |

**37.1** During January 2017, the Company's Board of Directors approved the proposal for Settlement Agreements (SA) with AROL, which entailed withdrawal of the civil suit No.530/2016 (Civil Suit) filed by AROL before the SHC and payment of all past cash calls and late payment surcharge by AROL in respect of Gambat South, Naushahro Firoz and Kotri North blocks. Resultantly, in line with the Company's Board's approval, on March 17, 2017, the Company and AROL executed SA in respect of Naushahro Firoz and Kotri North blocks. For Gambat South block, a tri-partite SA was executed amongst the Company, AROL and GHPL. Thereafter, the Company, GHPL and AROL filed a joint compromise application in the Civil Suit filed by AROL before the SHC. Accordingly, on May 10, 2017, the Civil Suit was decreed in terms of the SA executed between the Company, AROL and GHPL in the aforementioned blocks. Further, AROL unconditionally withdrew the Civil Suit against all the other defendants. Thus, the Civil Suit filed by AROL was disposed off by the SHC on May 10, 2017.

Further, upon completion of certain milestones under the SA, the Company withdrew the default and forfeiture notices in all three blocks against AROL allowing it to participate as a normal joint operation partner in the said blocks. As per the SA in all three blocks, AROL was required to clear its outstanding dues within six months of signing of the same. Subsequently, settlement amount related to Gambat South and Kotri North blocks was received by the Company in October 2017. Further, due to default on part of AROL under the SA for Naushahro Firoz block, as per the agreed terms of the SA, the 10% working interest of AROL in the Naushahro Firoz block stands forfeited in favour of the Company. In this regard, AROL has submitted a letter to GoP stating that AROL has no objection for said forfeiture in favour of the Company. The GoP vide letter dated March 6, 2018 provided its "No objection" in this regard. Moreover, a draft 'Deed of Assignment (Forfeiture)' for formal transfer of AROL's 10% working interest in the Naushahro Firoz block in favour of the Company has also been submitted to GoP for approval.

# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

- 37.2** Effective from June 28, 2018, ownership, management and control of OMV (Pakistan) Exploration Gesellschaft m.b.H has been transferred to Dragon Prime Hong Kong Limited, which is a sister company of United Energy Pakistan Limited and part of United Energy Group Limited (UEGL).
- 37.3** The receivable / (payable) from / to these exploratory blocks is included in the overall receivable / (payable) balance of the block as stated under the "producing field", since the balances are settled on a net basis.
- 37.4** In Zamzama South block, notice of relinquishment dated July 26, 2018 is submitted to GoP for approval.
- 37.5** GoP's approval for assignment of 2.5% working interest to GHPL has been obtained on July 20, 2018. Once the Deed of Assignment is executed and submitted to the GoP, PPL's working interest would reduce to 62.5% and 63% in Hisal and Shah Bandar blocks, respectively.
- 37.6** In Nausherwani and Bela West Blocks, approval of assignment of Company's 2.5% working interest to GHPL is in process. After the assignment, the Company's working interest would reduce to 97.5% in both blocks.
- 37.7** Application for assignment of 35% working interest in Bela West block from the Company to Kirthar Pakistan B.V ('KPBV' - a subsidiary of KUFPEC), was approved by the GoP on August 16, 2018. Further, application for assignment of 35% working interest in Paharpur block from KPBV to the Company was approved by the GoP on July 13, 2018. Assignment Agreements of both blocks are to be submitted to the GoP for effectuating the transfer. Consequently, the working interest of the Company in Bela West Block would reduce to 62.5% (refer note 37.6).
- 37.8** Assignment of PPL's 2.5% working interest to GHPL is approved. Once the Deed of Assignment is executed and submitted to GoP, PPL's working interest would reduce to 97.35% and 95% in Hab and Malir blocks, respectively.
- 37.9** On August 02, 2017, GoP approved assignment of the Company's 50% working interest along with operatorship of the block to UEPL.
- 37.10** PPL has recommended to relinquish the block upon expiry of licence w.e.f. September 02, 2017.
- 37.11** In Baska Block, China Zhen Hua Oil Company Limited has submitted an application to GoP for assignment of Zhen Hua Oil's 33.5% working interest along with operatorship of the block to PPL. Response from GoP is awaited.
- 37.12** This includes amounts receivable / (payable) under the various blocks against which the Company has applied to GoP for relinquishment.
- 37.13** The GoP has granted approval of assignment of OGDCL's 25% working interest in Khuzdar North block and 51% working interest along with operatorship in South Kharan block, to the Company. The deed of assignment for the same has been submitted to GoP for approval.
- 37.14** The balances are stated net of receivable / (payable) position, since these are settled on net basis. Further, ageing of these balances is not relevant due to the nature of operations of the Company and transactions with the Joint Operations.

# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

June 30, 2018      June 30, 2017  
----- Rs '000 -----

## 38. FINANCIAL INSTRUMENTS BY CATEGORY

### Financial assets as per statement of financial position

#### - Loans and receivables

|   |                    |                    |
|---|--------------------|--------------------|
| Long-term loans                           | 16,067             | 1,203,104          |
| Long-term deposits                        | 7,676              | 7,676              |
| Long-term receivables                     | 74,670             | 261,119            |
| Trade debts                               | 142,636,089        | 99,283,854         |
| Loans and advances                        | 1,506,404          | 3,972,537          |
| Trade deposits                            | 80,283             | 272,502            |
| Interest accrued                          | 494,758            | 422,330            |
| Current maturity of long-term deposits    | 911,850            | 787,500            |
| Current maturity of long term loans       | 1,378,972          | 10,454             |
| Current maturity of long-term receivables | 50,786             | 88,858             |
| Other receivables                         | 1,789,203          | 1,413,460          |
| Cash and bank balances                    | 7,714,754          | 6,080,890          |
|   | <b>156,661,512</b> | <b>113,804,284</b> |

#### - Held to maturity

|   |                   |                   |
|---|-------------------|-------------------|
| Long-term investments                     | 31,555,194        | 20,955,491        |
| Current maturity of long-term investments | -                 | 581,824           |
| Short-term investments                    | 14,072,500        | 36,493,072        |
|   | <b>45,627,694</b> | <b>58,030,387</b> |

#### - Designated at fair value through Profit or Loss - Mutual Funds

|                      |                    |                    |
|----------------------|--------------------|--------------------|
| Non-financial assets | 74,191             | 85,000             |
| Total assets         | <b>164,957,371</b> | <b>152,363,905</b> |
|                      | <b>367,320,768</b> | <b>324,283,576</b> |

### Financial liabilities as per statement of financial position

#### - Financial liabilities measured at amortised cost

|                          |            |            |
|--------------------------|------------|------------|
| Trade and other payables | 23,973,913 | 17,873,254 |
| Unclaimed dividends      | 332,998    | 362,360    |

#### Non-financial liabilities

|                   |                    |                    |
|-------------------|--------------------|--------------------|
| Total liabilities | <b>102,621,886</b> | <b>89,979,085</b>  |
|                   | <b>126,928,797</b> | <b>108,214,699</b> |

## 39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a variety of financial risks, including the effect of market risks relating to interest rates, foreign currency and commodity price, credit risk and liquidity risk associated with various financial assets and liabilities. The carrying values of financial assets and liabilities approximate to their fair values except for held-to-maturity investments, which are stated at amortised cost. No changes were made in the objectives, policies or processes during the years ended June 30, 2018 and 2017.

### a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in interest rate, foreign currency exchange rate and price, which will affect the Company's income or the value of its holdings of financial instruments. Objective of the market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on financial instruments.

# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

## i) Interest rate risk

The interest rate risk is the risk that the fair value or future cash flows of the financial instruments will fluctuate because of changes in market interest rates. The Company manages its interest rate risk by having significant investments in fixed interest bearing financial assets, like term deposits with banks and treasury bills. As of the date of statement of financial position, there is no exposure to interest rate risk to the Company, with all other variables held constant.

## ii) Currency risk

Currency risk is the risk that changes in foreign exchange rates will affect the Company's income or the value of its holdings of financial instruments. The objective of currency risk management is to manage and control currency risk exposures within acceptable parameters, while optimising the return on financial instruments.

### Exposure to foreign currency risk

The Company's exposure to currency risk mainly comprises:

|  | June 30, 2018      | June 30, 2017      |
|--|--------------------|--------------------|
|  | -----              | US\$ -----         |
| Investments held to maturity           | 243,453,007        | 180,873,006        |
| Cash and bank balances                 | 4,523,353          | 3,736,174          |
| Current maturity of long-term deposits | 7,500,000          | 7,500,000          |
| Trade and other payables               | (5,990,995)        | (1,842,479)        |
|  | <u>249,485,365</u> | <u>190,266,701</u> |

The following significant exchange rates have been applied during the year:

|        | Average Rate |        | Closing Rate |        |
|--------|--------------|--------|--------------|--------|
|        | 2018         | 2017   | 2018         | 2017   |
|        | Rs           |        |              |        |
| US\$ 1 | 110.07       | 104.90 | 121.60       | 105.00 |

A one rupee change in the exchange rate of foreign currencies would have the following effect:

|  | One Rupee Increase | One Rupee Decrease |
|--|--------------------|--------------------|
|  | -----              | Rs '000 -----      |
| Foreign currency financial assets      | 255,476            | (255,476)          |
| Foreign currency financial liabilities | 68,655             | (68,655)           |

# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

## iii) Price risk

Price risk represents the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk).

The Company is exposed to price risk on sale of petroleum products, as the selling prices are determined in relation to the international prices of petroleum products, which can affect the profitability of the Company.

A one rupee change in the commodity prices would have the following effect:

|                                    | One Rupee<br>Increase | One Rupee<br>Decrease |
|------------------------------------|-----------------------|-----------------------|
|                                    | -----                 | -----                 |
|                                    | Rs '000               |                       |
| Natural Gas (Mcf)                  | 284,828               | (284,828)             |
| Crude Oil / Condensate / NGL (BBL) | 5,801                 | (5,801)               |
| LPG (M. Ton)                       | 95                    | (95)                  |
| Barytes (M. Ton)                   | 86                    | (86)                  |

## b) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. To manage this risk, the financial viability of all counterparties is regularly monitored and assessed.

The Company is exposed to credit risk from its operating and certain investing activities and the Company's credit risk exposures are categorised under the following headings:

### i) Counterparties

The Company conducts transactions with the following major types of counterparties:

#### Trade debts

Trade debts are essentially due from gas transmission and distribution, power generation, oil and gas marketing and oil refining companies. The Company's major portion of sales is to GENCO-II, SNGPL and SSGCL, however, it does not consider itself to be exposed to any substantial credit risk since these companies are State Owned Entities (SOEs).

#### Bank and investments

The Company limits its exposure to credit risk by investing in liquid securities and only with counterparties that have high credit rating. These credit ratings are subject to periodic review and accordingly, the Company currently does not expect any counterparty to fail to meet its obligations.



# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

## ii) Exposure to credit risk

The carrying amount of financial assets as at the reporting date represents the maximum credit exposure, details of which are as follows:

|   | June 30, 2018       | June 30, 2017      |
|---|---------------------|--------------------|
|   | ----- Rs '000 ----- | -----              |
| Long-term investments                     | 31,629,385          | 21,040,491         |
| Long-term loans                           | 16,067              | 1,203,104          |
| Long-term deposits                        | 7,676               | 7,676              |
| Long-term receivables                     | 74,670              | 261,119            |
| Trade debts                               | 142,636,089         | 99,283,854         |
| Loans and advances                        | 1,506,404           | 3,972,537          |
| Trade deposits                            | 80,283              | 272,502            |
| Interest accrued                          | 494,758             | 422,330            |
| Current maturity of long-term investments | -                   | 581,824            |
| Current maturity of long-term loans       | 1,378,972           | 10,454             |
| Current maturity of long-term deposits    | 911,850             | 787,500            |
| Current maturity of long-term receivables | 50,786              | 88,858             |
| Other receivables                         | 1,789,203           | 1,413,460          |
| Short-term investments                    | 14,072,500          | 36,493,072         |
| Bank balances                             | 7,644,155           | 6,037,815          |
|   | <u>202,292,798</u>  | <u>171,876,596</u> |

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty default rates:

|  | June 30, 2018       | June 30, 2017     |
|--|---------------------|-------------------|
|  | ----- Rs '000 ----- | -----             |
| <b>Long-term investments</b>   |                     |                   |
| AAA  | 14,337,396          | 2,548,577         |
| AA   | 17,217,799          | 17,780,604        |
| A  | 74,190              | 1,293,134         |
|  | <u>31,629,385</u>   | <u>21,622,315</u> |
| <b>Trade debts</b>   |                     |                   |
| Customers with defaults in past one year which have not yet been recovered | 25,186,711          | 53,370,553        |
|  | <u>25,186,711</u>   | <u>53,370,553</u> |
| <b>Short-term investments</b>  |                     |                   |
| AAA  | 8,916,690           | 15,275,572        |
| AA   | 250,000             | 17,392,500        |
| A  | 4,905,810           | 3,825,000         |
|  | <u>14,072,500</u>   | <u>36,493,072</u> |
| <b>Cash at banks</b>   |                     |                   |
| AAA  | 5,418,210           | 4,225,091         |
| AA   | 2,169,609           | 1,609,194         |
| A  | 56,336              | 203,530           |
|  | <u>7,644,155</u>    | <u>6,037,815</u>  |

# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

The Company's most significant customers include two gas transmission and distribution companies and one power generation company (related parties), which account for Rs 132,313 million of the trade debts as at June 30, 2018 (2017: Rs 93,601 million).

The aging of trade debts at the reporting date is provided in note 12.2.

## c) Capital risk management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern, so that it can continue to create value for shareholders and benefits for other stakeholders, and to maintain a strong capital base to support the sustained development of its businesses.

The Company manages its capital structure which comprises capital and reserves by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders and / or issue new shares. There were no changes to Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements.

## d) Liquidity risk management

Liquidity risk reflects an enterprise's inability in raising funds to meet commitments. The Company follows effective cash management and planning policy to ensure availability of funds and to take appropriate measures for new requirements.

|   | On demand      | Less than 3 months | 3 to less than 12 months | 1 to 5 years   | More than 5 years | Total             |
|---|----------------|--------------------|--------------------------|----------------|-------------------|-------------------|
|   | Rs '000        |                    |                          |                |                   |                   |
| Liability against assets subject to finance lease | -              | 21,257             | 53,364                   | 68,136         | -                 | 142,757           |
| Trade and other payables                          | 724,218        | 20,328,723         | 978,332                  | -              | -                 | 22,031,273        |
| <b>Year ended June 30, 2018</b>                   | <b>724,218</b> | <b>20,349,980</b>  | <b>1,031,696</b>         | <b>68,136</b>  | <b>-</b>          | <b>22,174,030</b> |
| Liability against assets subject to finance lease | -              | 16,415             | 96,149                   | 143,323        | -                 | 255,887           |
| Trade and other payables                          | 617,477        | 15,570,006         | 2,048,131                | -              | -                 | 18,235,614        |
| <b>Year ended June 30, 2017</b>                   | <b>617,477</b> | <b>15,586,421</b>  | <b>2,144,280</b>         | <b>143,323</b> | <b>-</b>          | <b>18,491,501</b> |

## e) Fair value of financial assets and liabilities

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

# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

June 30, 2018      June 30, 2017  
----- Rs '000 -----

## 40. CASH AND CASH EQUIVALENTS

|  |                   |                   |
|--|-------------------|-------------------|
| Cash and bank balances - note 18               | 7,714,754         | 6,080,890         |
| Short-term highly liquid investments - note 17 | 14,072,500        | 36,493,072        |
|  | <b>21,787,254</b> | <b>42,573,962</b> |

## 41. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

|   | Chief Executive                               |                                | Executives                     |   |
|---|---|--------------------------------|--------------------------------|---|
|   | Year ended<br>June 30,<br>2018<br>(note 41.3) | Year ended<br>June 30,<br>2017 | Year ended<br>June 30,<br>2018 | Year ended<br>June 30,<br>2017<br>(note 41.1) |
|   | Rs '000                                       |                                |                                |   |
| Managerial remuneration                                 | 29,400  | 49,000                         | 6,133,919                      | 5,215,318                                     |
| Housing, conveyance and utilities                       | -   | -                              | 246,294                        | 41,482  |
| Retirement benefits                                     | -   | -                              | 689,047                        | 751,112                                       |
| Bonus   | -   | -                              | 898,039                        | 527,188                                       |
| Medical and leave passage                               | -   | -                              | 466,266                        | 246,808                                       |
| Leave encashment  | -   | -                              | 25,834                         | 50,708  |
|   | <b>29,400</b>                                 | <b>49,000</b>                  | <b>8,459,399</b>               | <b>6,832,616</b>                              |
| Number, including those who worked for part of the year | <b>1</b>                                      | <b>1</b>                       | <b>1,271</b>                   | <b>1,124</b>                                  |

- 41.1** Comparative figures have been restated to reflect changes in the definition of executive as per Companies Act, 2017.
- 41.2** Aggregate amount charged in these unconsolidated financial statements in respect of fees paid to fifteen non-executive directors was Rs 16.490 million (2017: Rs 9.775 million to ten non-executive directors). Further, Rs 0.3 million was paid to Chairman of the Board of Directors in respect of managerial remuneration as per the approved policy.
- 41.3** This does not include performance bonus as per the employment contract (upto Rs 19.600 million on achievement of Key Performance Objectives), which is subject to the approval by the Board of Directors.

# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

|  | Year ended<br>June 30, 2018            | Year ended<br>June 30, 2017 |
|--|--|-----------------------------|
| <b>42. EARNINGS PER SHARE</b>  |  |                             |
| <b>42.1 Basic earnings per share</b>   |  |                             |
| Profit after taxation (Rs '000)  | 45,687,636                             | 35,678,643                  |
| Dividend on convertible preference shares (Rs '000)  | (34)                                   | (36)                        |
| Profit attributable to ordinary shareholders (Rs '000)   | <u>45,687,602</u>                      | <u>35,678,607</u>           |
| Weighted average number of ordinary shares in issue  | <u>1,971,717,718</u>                   | <u>1,971,717,393</u>        |
| <b>Basic earnings per share (Rs)</b>   | <u>23.17</u>                           | <u>18.10</u>                |
| <b>42.2 Diluted earnings per share</b>   |  |                             |
| Profit after taxation (Rs '000)  | <u>45,687,636</u>                      | <u>35,678,643</u>           |
| Weighted average number of ordinary shares in issue  | <u>1,971,717,718</u>                   | <u>1,971,717,393</u>        |
| Adjustment for conversion of convertible preference shares   | <u>11,737</u>                          | <u>12,062</u>               |
| Weighted average number of ordinary shares for diluted earnings per share  | <u>1,971,729,455</u>                   | <u>1,971,729,455</u>        |
| <b>Diluted earnings per share (Rs)</b>   | <u>23.17</u>                           | <u>18.10</u>                |
| <b>43. TRANSACTIONS WITH RELATED PARTIES</b>   |  |                             |
| The related parties are comprised of state controlled entities, subsidiary companies, associated companies, joint operations, companies where directors also hold directorship, key management personnel and other related parties. Details of transactions with related parties, other than those which have been specifically disclosed elsewhere in these unconsolidated financial statements are as follows: |  |                             |
|  | Year ended<br>June 30, 2018            | Year ended<br>June 30, 2017 |
|  | ----- Rs '000 -----                    |                             |
| <b>Sales of gas / barytes to state controlled entities (including Government Levies)</b>   |  |                             |
| GENCO-II   | 22,271,078                             | 24,140,882                  |
| SSGCL  | 26,223,419                             | 26,405,788                  |
| SNGPL  | 60,806,344                             | 67,280,621                  |
| OGDCL  | <u>138,839</u>                         | <u>140,178</u>              |
|  | <u>109,439,680</u>                     | <u>117,967,469</u>          |
| Long-term receivables, trade debts and other receivables from state controlled entities as at June 30  | <u>See notes 10, 12, 16 &amp; 43.2</u> |                             |

# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

| Year ended  | Year ended                  |               |
|---|-----------------------------|---------------|
|   | June 30, 2018               | June 30, 2017 |
|   | ----- Rs '000 -----         |               |
| <b>Transaction with subsidiaries</b>  |                             |               |
| Receivable from subsidiaries as at June 30  | See notes 10, 12, 16 & 43.2 |               |
| Interest income on long-term loan to PPLE   | <b>61,049</b>               | 47,428        |
| Payment of employees cost on secondment   | <b>63,382</b>               | 46,020        |
| Deposit of bank guarantee on behalf of<br>PPLE - Block 29, Yemen as at June 30,                 | <b>911,850</b>              | 787,500       |
| <b>Transactions with Associated Companies - note 43.2</b>                                       |                             |               |
| Sales of crude oil / condensate to PARCO  | <b>5,989,687</b>            | 5,558,298     |
| Purchase of material from PARCO   | -                           | 2,258         |
| Membership fee to Petroleum Institute of Pakistan (PIP)   | <b>2,400</b>                | 4,008         |
| Membership fee to Pakistan Petroleum Exploration &<br>Production Companies Association (PPEPCA) | <b>1,022</b>                | 1,450         |
| Training cost to Lahore University of Management Sciences (LUMS)                                | <b>4,550</b>                | 5,671         |
| Payment to SNGPL against services obtained  | <b>2,721</b>                | 440           |
| <b>Transactions with Joint Operations</b>   |                             |               |
| Payments of cash calls to joint operations  | <b>34,729,285</b>           | 43,157,215    |
| Expenditures incurred by the joint operations   | <b>41,652,776</b>           | 37,233,415    |
| Amounts receivable from / payable to joint operations<br>partners as at June 30                 | See notes 13, 16 & 25       |               |
| Income from rental of assets to joint operations  | <b>27,472</b>               | 1,253         |
| Dividend income from BME  | <b>75,000</b>               | 25,000        |
| Purchase of goods from BME (net)  | <b>412,128</b>              | 327,239       |
| Reimbursement of employee cost on secondment to BME   | <b>17,939</b>               | 18,981        |
| <b>Other related parties</b>  |                             |               |
| Dividends to GoP  | <b>13,310,607</b>           | 8,651,894     |
| Dividends to Trust under BESOS  | <b>1,449,691</b>            | 942,299       |
| Transactions with retirement benefit funds  | See notes 31.1 & 32         |               |
| Remuneration to key management personnel  | See note 41                 |               |
| Payment of rental to Pakistan Industrial<br>Development Corporation                             | <b>106,660</b>              | 100,542       |
| Payment of rental to Karachi Port Trust   | <b>7,612</b>                | 5,688         |
| Payment to National Insurance Company Limited (NICL)  | <b>810,543</b>              | 641,981       |
| Insurance claim received from NICL  | <b>268,518</b>              | -             |
| Payment to Pakistan State Oil Company Limited   | <b>899,629</b>              | 496,637       |

**43.1** Gas sales are made to various state controlled entities, at prices notified by the GoP. Transactions with BME for purchase of goods are conducted at prices determined by reference to comparable goods sold in an economically comparable market to a buyer unrelated to the seller.

**43.2** Following are the related parties with whom the Company has entered into transactions during the year excluding wholly owned subsidiaries, joint operations, staff retirement benefit funds and employees, details of which have already been disclosed in these unconsolidated financial statements.

# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

| S.No. | Company Name | Basis of Relationship                           | Aggregate % of Shareholding in the Company |
|-------|--------------|---|--|
| 1.    | SNGPL        | GOP is common shareholder / Common Directorship | Not applicable                             |
| 2.    | OGDCL        | GOP is common shareholder / Common Directorship | Not applicable                             |
| 3.    | SSGCL        | GOP is common shareholder                       | Not applicable                             |
| 4.    | NHA          | GOP is common shareholder                       | Not applicable                             |
| 5.    | GENCO - II   | GOP is common shareholder                       | Not applicable                             |
| 6.    | PIDC         | GOP is common shareholder                       | Not applicable                             |
| 7.    | KPT          | GOP is common shareholder                       | Not applicable                             |
| 8.    | NICL         | GOP is common shareholder                       | Not applicable                             |
| 9.    | PIP          | Common Directorship                             | Not applicable                             |
| 10.   | PPEPCA       | Common Directorship                             | Not applicable                             |
| 11.   | LUMS         | Common Directorship                             | Not applicable                             |
| 12.   | PARCO        | Common Directorship                             | Not applicable                             |
| 13.   | PSO          | Common Directorship                             | Not applicable                             |

## 44. INFORMATION ABOUT OPERATING SEGMENTS

For management purposes, the activities of the Company are organised into one operating segment i.e. exploration, development and production of oil, gas and barytes. The Company operates in the said reportable operating segment based on the nature of the products, risks and returns, organisational and management structure and internal financial reporting systems. Accordingly, the figures reported in these unconsolidated financial statements are related to the Company's only reportable segment.

The operating interests of the Company are confined to Pakistan in terms of production areas and customers. Accordingly, the production and revenue figures reported in these unconsolidated financial statements relate to the Company's only reportable operating segment in Pakistan.

Following are the details of customers with whom the revenue from sales transactions amount to 10% or more of the Company's overall revenue:

|          | Year ended<br>June 30, 2018 | Year ended<br>June 30, 2017 |
|----------|-----------------------------|-----------------------------|
|          | -----                       | -----                       |
|          | Rs '000                     |                             |
| GENCO-II | 22,271,078                  | 24,140,882                  |
| SSGCL    | 26,223,419                  | 26,405,788                  |
| SNGPL    | 60,806,344                  | 67,280,621                  |
| ARL      | 28,815,511                  | 20,234,163                  |
|          | <u>138,116,352</u>          | <u>138,061,454</u>          |



# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

|   | Year ended<br>June 30, 2018 | Year ended<br>June 30, 2017 |
|---|-----------------------------|-----------------------------|
| <b>45. GENERAL</b>  |                             |                             |
| <b>45.1 Number of employees</b>                                   |                             |                             |
| Total number of employees at the end of the year were as follows: |                             |                             |
| Regular   | 2,811                       | 2,835                       |
| Contractual   | 88                          | 73                          |
|   | <u>2,899</u>                | <u>2,908</u>                |
| Average number of employees during the year were as follows:      |                             |                             |
| Regular   | 2,821                       | 2,868                       |
| Contractual   | 82                          | 72                          |
|   | <u>2,903</u>                | <u>2,940</u>                |

## 45.2 Capacity and production

| Product                      | Unit   | Actual production for the year (PPL's share) |
|------------------------------|--------|--|
| Natural gas                  | MMCF   | 323,007                                      |
| Crude oil / NGL / Condensate | BBL    | 5,794,898                                    |
| LPG                          | M. Ton | 95,332                                       |
| Barytes                      | M. Ton | 119,354                                      |

Due to the nature of operations of the Company, installed capacity of above products is not relevant.

## 45.3 Corresponding figures

Corresponding figures have been reclassified for the purpose of better presentation and comparison, where necessary.

**45.4** Figures have been rounded off to the nearest thousand, unless otherwise stated.

## 46. SUBSEQUENT / NON-ADJUSTING EVENTS

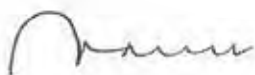
The Board of Directors in its meeting on September 18, 2018 recommended 15% bonus shares (295,757,714 shares) i.e. fifteen shares for every hundred ordinary shares held (2017: nil) and final cash dividend @ 15% amounting to Rs 2,957.577 million (2017: @ 60% amounting to Rs 11,830.305 million) on the existing paid-up value of the ordinary share capital for approval of the shareholders in the Annual General Meeting to be held on October 26, 2018.

# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

## 47. DATE OF AUTHORISATION FOR ISSUE

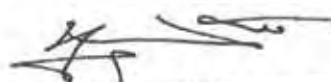
These unconsolidated financial statements were authorised for issue on September 18, 2018 by the Board of Directors of the Company.



Chief Financial Officer



Director



Chief Executive Officer



**Independent Auditor's Report to the members of Pakistan Petroleum Limited**

**Opinion**

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

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

**Basis for Opinion**

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

**Key Audit Matters**

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

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A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network  
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• KARACHI • LAHORE • ISLAMABAD



Following are the Key Audit Matters:

| S. No. | Key Audit Matters  | How the matter was addressed in our audit  |
|--------|--|--|
| (i)    | <p><b>Companies Act, 2017</b></p> <p>(Refer note 4.3 to the annexed consolidated financial statements)</p> <p>The fourth schedule to the Companies Act, 2017 became applicable to the Holding Company for the first time for the preparation of the annexed consolidated financial statements.</p> <p>As part of the transition requirements, the management performed an analysis to identify differences between the previous and the current fourth schedules and as a result certain amendments relating to presentation and disclosures were made in the annexed consolidated financial statements.</p> <p>In view of the various new disclosures prepared and presented in the annexed consolidated financial statements, we considered this a key audit matter.</p> | <p>Our audit procedures included the following:</p> <ul style="list-style-type: none"><li>• Reviewed and understood the requirements of the fourth schedule to the Companies Act, 2017.</li><li>• Considered the management's process to identify the additional disclosures required in the annexed consolidated financial statements.</li><li>• Obtained relevant underlying supports for the additional disclosures and assessed their appropriateness for sufficient audit evidence.</li><li>• Verified, on test basis, the supporting evidence for the additional disclosures and assessed appropriateness of the disclosures made.</li></ul> |

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| S. No. | Key Audit Matters | How the matter was addressed in our audit |
|--------|-------------------|---|
|--------|-------------------|---|

|      |  |  |
|------|--|--|
| (ii) | <b>Analysis of impairment indicators and impairment testing of the Group's exploration and evaluation assets and development and production assets</b> |  |
|------|--|--|

(Refer note 6 to the annexed consolidated financial statements)

As at June 30, 2018, the Group's exploration and evaluation assets and development and production assets aggregate Rs 135,636 million.

In accordance with International Accounting Standard (IAS) 36, "Impairment of Assets", the Group assesses at the end of each reporting period whether there is any indication that an asset may be impaired.

When an impairment indicator is identified for any asset, an impairment test is performed by the Group based on estimate of the value-in-use of that asset.

The calculation of value-in-use of exploration and evaluation assets and development and production assets requires the management to make significant estimates and judgements, such as (i) estimation of the volume of oil and gas recoverable reserves; (ii) estimation of future oil and gas prices; (iii) estimation of the future cost profiles of the assets by applying expected rates of inflation; (iv) foreign exchange rates and (v) discount rates.

We considered this matter as key audit matter due to the significant value of the exploration and evaluation assets and development and production assets as at the reporting date and due to the significance of judgements / estimates used by the management in determining their value-in-use.

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Our audit procedures included the following:

- Assessed the methodology used by the management to estimate the value-in-use of each asset.
- Assessed the assumptions used in the discounted cash flow projections for calculation of the value-in-use of assets, evaluating the reasonableness of key assumptions, i.e. oil and gas reserves, oil and gas prices, exploration and production costs, foreign exchange rates and discount rates based on our knowledge of the business and industry and by comparing the assumptions to historical results and published market and industry data.
- Performed sensitivity analysis in consideration of the potential impact of reasonably possible changes in assumptions relating to oil and gas prices and discount rate and considering management's process for approving these estimates.



| S. No. | Key Audit Matters | How the matter was addressed in our audit |
|--------|-------------------|---|
|--------|-------------------|---|

|       |   |  |
|-------|---|--|
| (iii) | <b>Provision for decommissioning obligation</b> |  |
|-------|---|--|

(Refer note 22 to the annexed consolidated financial statements)

The Group, during the year, revised its estimates of outflows or resources required to settle decommissioning liability based on the present value of the future projected costs. This has been treated as a change in accounting estimate, applied prospectively, in accordance with IFRIC Interpretation 1 – "Changes in Existing Decommissioning, Restoration and Similar Liabilities."

The determination of closing amount of provision for decommissioning liability requires the management to make significant estimates and judgements, such as (i) estimation of the future projected costs of decommissioning at the end of economic lives of the respective assets; (ii) estimation of economic lives of the respective assets; and (iii) inflation and discount rates.

We considered this as key audit matter due to the material amount of provision for decommissioning obligation as at the reporting date and due to significance of judgements / estimates used by the management in determining the present value of the future decommissioning costs.

Our audit procedures included the following:

- Conducted meetings with the management, including technical and operational personnel to obtain detailed understanding of the key assumptions used.
- Reviewed appropriateness and reasonableness of key assumptions used in determining amount and timing of future cash flows by checking third party contracts / quotations, internal field data, discount rates based on our knowledge of the business and industry and by comparing the assumptions to historical financial data and published market and industry data.
- Reviewed report of the external expert engaged by the management of the Holding Company to review the mechanism for decommissioning cost estimation. We evaluated the financial impacts of the report and also assessed the technical ability, objectivity and competence of the expert.
- Reviewed the computation of provision for decommissioning obligation for accuracy.

Off



| S. No. | Key Audit Matters | How the matter was addressed in our audit |
|--------|-------------------|---|
|--------|-------------------|---|

|      |   |  |
|------|---|--|
| (iv) | <b>Litigation with respect to conversion of TAL Block petroleum concession to Petroleum Policy 2012</b> |  |
|------|---|--|

(Refer note 27.1.9 to the annexed consolidated financial statements)

During the current year, the Ministry of Energy (Petroleum Division) issued a notification dated December 27, 2017 (SRO) which requires that the Supplemental Agreement already executed in respect of TAL block for conversion of petroleum concession from Petroleum Exploration and Production Policy 1997 to Petroleum Exploration and Production Policy 2012 shall be amended (within 90 days) to include Windfall Levy on Oil and Condensate (WLO), failing which the working interest owners will not remain eligible for gas price incentive as per Petroleum Policy 2012. The impugned notification has been issued after the approval of Council of Common Interest (CCI) dated November 24, 2017.

The Holding Company has challenged the said notification in the Honourable Islamabad High Court and the matter is pending before the court in principle on the ground that an already executed arrangement cannot be retrospectively altered unilaterally. The Honourable Court has restrained the Government for any action under the impugned notification and to maintain status quo till the next date of hearing, which is fixed for October 4, 2018. The Holding Company's contention is duly supported by the legal advice on the matter.

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

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Our audit procedures included the following:

- Reviewed the Petroleum Concession Agreement (PCA) and the Supplemental Agreement signed with the Government of Pakistan.
- Reviewed the SRO issued by the Ministry of Energy.
- Reviewed relevant clauses of the Petroleum Exploration & Production Policy, 2012 for applicability of WLO.
- Discussed the matter with directors, management and internal legal department of the Holding Company.
- Obtained confirmation from the Holding Company's external legal advisor and reviewed legal opinion validating the Holding Company's contentions and the order issued by the Honourable Islamabad High Court.
- Evaluated the technical ability of the internal and external legal advisors used by the Holding Company.
- Assessed the matter under applicable accounting framework.
- Inspected invoices and gas price notifications issued by Oil and Gas Regulatory Authority (OGRA) to review computation of cumulative impact of enhanced gas price incentive.

| S. No. | Key Audit Matters | How the matter was addressed in our audit |
|--------|-------------------|---|
|--------|-------------------|---|

As described in the said note 27.1.9, the financial impacts on account of enhanced gas price incentive due to conversion from Petroleum Policy 1997 to Petroleum Policy 2012 have been duly accounted for in the annexed consolidated financial statements of the Holding Company for the years ended June 30, 2016, 2017 as well as in the annexed consolidated financial statements on the completion of the process laid down in the law and in line with the Holding Company's accounting policy.

However, without prejudice to the Holding Company's legal contention in the case and as a matter of abundant caution, the Holding Company has provided for the impact of WLO prospectively with effect from the date of the SRO i.e. December 27, 2017 and onwards in the annexed consolidated financial statements, which till June 30, 2018 amounts to Rs 1,962 million.

The Windfall Levy if also applicable on oil / condensate amounts to approximately Rs 19,909 million for the period up to June 30, 2018 while the cumulative impact of incremental revenue recorded in the books of accounts till June 30, 2018 and profit after tax thereof is Rs 9,921 million and Rs 5,190 million respectively.

We considered this as key audit matter due to the significance of the amounts involved and judgements made by the management of the Holding Company regarding the matter.

9/6

- Reviewed computation of cumulative impact of WLO, including amount of provision recognised in the books of accounts, in accordance with the applicable petroleum policies.
- Assessed the appropriateness of the disclosures made regarding the matter.

| S. No. | Key Audit Matters | How the matter was addressed in our audit |
|--------|-------------------|---|
|--------|-------------------|---|

|     |                      |  |
|-----|----------------------|--|
| (v) | <b>Contingencies</b> |  |
|-----|----------------------|--|

(Refer notes 27.1.4 and 27.1.5 to the annexed consolidated financial statements)

Contingencies disclosed in the annexed consolidated financial statements relate to various matters which are pending in litigations including matters in respect of income tax and sales tax, which are pending adjudication before the appellate authorities and the courts.

Contingencies require management to make judgements and estimates in relation to the interpretation of laws, statutory rules, regulations and the probability of outcome and financial impact, if any, on the Group for disclosure and recognition and measurement of any provision that may be required against such contingencies.

Notwithstanding the fact that the Group is contesting all the matters at various appellate levels and courts, it has recognised provision against the contingencies as considered appropriate.

Due to significance of amounts involved, inherent uncertainties with respect to the outcome of matters and use of significant management judgements and estimates to assess the same including related financial impacts, we considered contingencies a key audit matter.

Our audit procedures included the following:

- Obtained and reviewed details of the pending tax matters and discussed the same with the Group's management.
- Circularised confirmations to the Group's external legal and tax counsels for their views on open tax assessments.
- Reviewed correspondence of the Group with the relevant authorities including judgements or orders passed by the competent authorities in relation to the issues involved or matters which have similarities with the issues involved.
- Involved internal tax experts to assess management's conclusions on contingent tax matters and to evaluate the consistency of such conclusions with the views of the management and external tax advisors engaged by the Group.
- Reviewed disclosures made in respect of the contingencies.

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

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

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

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In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially consistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

Board of Directors are responsible for overseeing the Group's financial reporting process.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Q/fb



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Khurshid Hasan.

Chartered Accountants  
Karachi, September 18, 2018

**CONSOLIDATED**



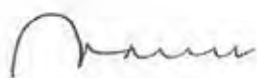
# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2018

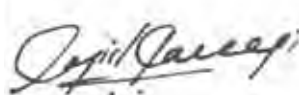
|   | Note | June 30<br>2018     | June 30<br>2017 |
|---|------|---------------------|-----------------|
|   |      | ----- Rs '000 ----- |                 |
| <b>ASSETS</b>   |      |                     |                 |
| <b>NON-CURRENT ASSETS</b>   |      |                     |                 |
| <b>Fixed assets</b>   |      |                     |                 |
| Property, plant and equipment   | 6    | 155,354,034         | 140,034,749     |
| Intangible assets   | 7    | 420,287             | 405,249         |
|   |      | <b>155,774,321</b>  | 140,439,998     |
| Long-term investments   | 8    | 31,629,386          | 21,040,492      |
| Long-term loans   | 9    | 16,067              | 20,366          |
| Long-term deposits  | 10   | 7,676               | 7,676           |
| Long-term receivables   | 11   | 74,670              | 261,119         |
|   |      | <b>187,502,120</b>  | 161,769,651     |
| <b>CURRENT ASSETS</b>   |      |                     |                 |
| Stores and spares   | 12   | 3,528,438           | 4,337,207       |
| Trade debts   | 13   | 142,824,745         | 99,419,151      |
| Loans and advances  | 14   | 1,506,404           | 4,008,064       |
| Trade deposits and short-term prepayments                               | 15   | 234,923             | 447,579         |
| Interest accrued  | 16   | 547,409             | 473,155         |
| Current maturity of long-term investments                               | 8    | -                   | 581,824         |
| Current maturity of long-term loans                                     | 9    | 8,892               | 10,454          |
| Current maturity of long-term deposits                                  | 10   | 911,850             | 787,500         |
| Current maturity of long-term receivables                               | 11   | 50,786              | 88,858          |
| Other receivables   | 17   | 2,214,976           | 3,234,123       |
| Short-term investments  | 18   | 22,379,416          | 43,972,753      |
| Cash and bank balances  | 19   | 8,251,633           | 6,432,085       |
|   |      | <b>182,459,472</b>  | 163,792,753     |
| <b>TOTAL ASSETS</b>   |      | <b>369,961,592</b>  | 325,562,404     |
| <b>EQUITY AND LIABILITIES</b>   |      |                     |                 |
| <b>SHARE CAPITAL AND RESERVES</b>                                       |      |                     |                 |
| Share capital   | 20   | 19,717,295          | 19,717,295      |
| Reserves  | 21   | 220,732,201         | 195,406,111     |
|   |      | <b>240,449,496</b>  | 215,123,406     |
| <b>NON-CURRENT LIABILITIES</b>  |      |                     |                 |
| Provision for decommissioning obligation                                | 22   | 22,963,492          | 20,469,209      |
| Liabilities against assets subject to finance lease                     | 23   | 68,136              | 143,323         |
| Deferred liabilities  | 24   | 2,651,531           | 2,363,123       |
| Deferred taxation   | 25   | 37,522,952          | 31,821,922      |
|   |      | <b>63,206,111</b>   | 54,797,577      |
| <b>CURRENT LIABILITIES</b>  |      |                     |                 |
| Trade and other payables  | 26   | 63,298,624          | 49,746,838      |
| Unclaimed dividends   |      | 332,998             | 362,360         |
| Current maturity of liabilities against assets subject to finance lease | 23   | 74,621              | 112,564         |
| Taxation - net  |      | 2,599,742           | 5,419,659       |
|   |      | <b>66,305,985</b>   | 55,641,421      |
| <b>TOTAL LIABILITIES</b>  |      | <b>129,512,096</b>  | 110,438,998     |
| <b>TOTAL EQUITY AND LIABILITIES</b>                                     |      | <b>369,961,592</b>  | 325,562,404     |
| <b>CONTINGENCIES AND COMMITMENTS</b>                                    |      |                     |                 |

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The annexed notes 1 to 48 form an integral part of these consolidated financial statements.



Chief Financial Officer



Director



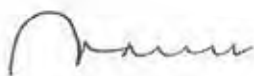
Chief Executive Officer

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

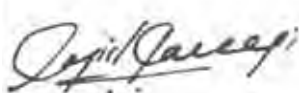
FOR THE YEAR ENDED JUNE 30, 2018

|  | Note | Year Ended<br>June 30<br>2018<br>----- Rs '000 ----- | Year Ended<br>June 30<br>2017 |
|--|------|--|-------------------------------|
| <b>Sales - net</b>                               | 28   | 126,621,240  | 117,428,813                   |
| Operating expenses                               | 29   | (33,769,968)   | (31,561,253)                  |
| Royalties and other levies                       | 30   | (18,550,403)   | (21,300,568)                  |
|  |      | (52,320,371)   | (52,861,821)                  |
| <b>Gross Profit</b>                              |      | <b>74,300,869</b>                                    | <b>64,566,992</b>             |
| Exploration expenses                             | 31   | (11,636,923)   | (11,755,499)                  |
| Administrative expenses                          | 32   | (2,599,614)  | (2,833,771)                   |
| Finance costs                                    | 34   | (470,643)  | (505,072)                     |
| Other charges                                    | 35   | (5,371,621)  | (7,207,351)                   |
|  |      | 54,222,068   | 42,265,299                    |
| Other income                                     | 36   | 9,396,866  | 4,874,410                     |
| <b>Profit before taxation</b>                    |      | <b>63,618,934</b>                                    | <b>47,139,709</b>             |
| Taxation   | 37   | (17,793,147)   | (12,440,570)                  |
| <b>Profit after taxation</b>                     |      | <b>45,825,787</b>                                    | <b>34,699,139</b>             |
| <b>Basic and diluted earnings per share (Rs)</b> | 43   | <b>23.24</b>   | <b>17.60</b>                  |


The annexed notes 1 to 48 form an integral part of these consolidated financial statements.



Chief Financial Officer



Director



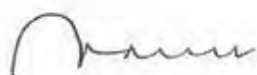
Chief Executive Officer

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

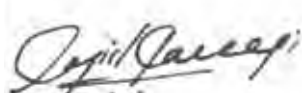
FOR THE YEAR ENDED JUNE 30, 2018

|   | Year Ended<br>June 30<br>2018<br>----- Rs '000 ----- | Year Ended<br>June 30<br>2017<br>----- |
|---|--|--|
| <b>Profit after taxation</b>  | <b>45,825,787</b>                                    | <b>34,699,139</b>                      |
| <b>Other comprehensive (loss) / income</b>                                    |  |  |
| <b>Items not to be reclassified to profit or loss in subsequent years</b>     |  |  |
| Remeasurement (losses) / gains on defined benefit plans - net                 | <b>(2,320,184)</b>                                   | <b>798,129</b>                         |
| Deferred taxation   | <b>672,853</b>                                       | <b>(240,624)</b>                       |
|   | <b>(1,647,331)</b>                                   | <b>557,505</b>                         |
| <b>Items potentially reclassifiable to profit or loss in subsequent years</b> |  |  |
| Foreign exchange differences on translation of subsidiaries                   | <b>864,845</b>                                       | <b>36,469</b>                          |
| Other comprehensive (loss) / income, net of tax                               | <b>(782,486)</b>                                     | <b>593,974</b>                         |
| <b>Total comprehensive income for the year</b>                                | <b>45,043,301</b>                                    | <b>35,293,113</b>                      |

The annexed notes 1 to 48 form an integral part of these consolidated financial statements.



Chief Financial Officer



Director



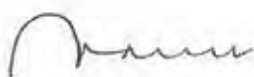
Chief Executive Officer

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2018

|   | Note | Year Ended<br>June 30<br>2018<br>----- Rs '000 ----- | Year Ended<br>June 30<br>2017 |
|---|------|--|-------------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                         |      |  |                               |
| Cash receipts from customers  |      | 114,205,007  | 112,493,157                   |
| Receipts of other income  |      | 3,285,036  | 339,725                       |
| Cash paid to suppliers / service providers and employees - net      |      | (18,787,547)   | (29,703,641)                  |
| Payment of indirect taxes and Government levies including royalties |      | (44,483,378)   | (39,772,110)                  |
| Income tax paid   |      | (14,319,042)   | (955,524)                     |
| Finance costs paid  |      | (38,296)   | (36,164)                      |
| Long-term loans - net   |      | 4,299  | 4,183                         |
| Net cash generated from operating activities                        |      | 39,866,079   | 42,369,626                    |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                         |      |  |                               |
| Capital expenditure - net   |      | (36,783,552)   | (34,883,448)                  |
| Proceeds from sale of property, plant and equipment                 |      | 29,264   | 27,701                        |
| Purchase of long-term investments                                   |      | (7,832,954)  | (11,158,725)                  |
| Disposal / redemption of long-term investments                      |      | 581,824  | 29,432,825                    |
| Long-term deposits  |      | (124,350)  | -                             |
| Long-term receivables   |      | 224,521  | 65,001                        |
| Finance income received   |      | 2,905,878  | 5,376,374                     |
| Net cash used in investing activities                               |      | (40,999,369)   | (11,140,272)                  |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                         |      |  |                               |
| Payment of liabilities against assets subject to finance lease      |      | (113,130)  | (128,159)                     |
| Dividends paid  |      | (19,746,573)   | (12,701,027)                  |
| Net cash used in financing activities                               |      | (19,859,703)   | (12,829,186)                  |
| Net (decrease) / increase in cash and cash equivalents              |      | (20,992,993)   | 18,400,168                    |
| Cash and cash equivalents at the beginning of the year              |      | 50,404,838   | 31,975,103                    |
| Net foreign exchange differences                                    |      | 1,219,204  | 29,567                        |
| <b>Cash and cash equivalents at the end of the year</b>             | 41   | <b>30,631,049</b>                                    | <b>50,404,838</b>             |

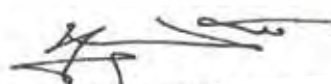
The annexed notes 1 to 48 form an integral part of these consolidated financial statements.



Chief Financial Officer



Director



Chief Executive Officer

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2018

|  | Subscribed and paid-up share capital |                        | Capital reserve | Revenue reserves                |                   |                            |                               |                       |                     |              | Total reserves | Total        |
|--|--------------------------------------|------------------------|-----------------|---------------------------------|-------------------|----------------------------|-------------------------------|-----------------------|---------------------|--------------|----------------|--------------|
|  | Ordinary                             | Convertible preference |                 | General and contingency reserve | Insurance reserve | Assets acquisition reserve | Dividend equalisation reserve | Unappropriated profit | Translation reserve | Total        |                |              |
| Rs '000  |                                      |                        |                 |                                 |                   |                            |                               |                       |                     |              |                |              |
| Balance as at June 30, 2016  | 19,717,173                           | 122                    | 1,428           | 69,761                          | 34,021,894        | 23,751,980                 | 5,000,000                     | 108,605,964           | 1,478,179           | 172,927,778  | 172,929,206    | 192,646,501  |
| Comprehensive income for the year  |                                      |                        |                 |                                 |                   |                            |                               |                       |                     |              |                |              |
| Profit after taxation  | -                                    | -                      | -               | -                               | -                 | -                          | -                             | 34,699,139            | -                   | 34,699,139   | 34,699,139     | 34,699,139   |
| Other comprehensive income for the year ended June 30, 2017, net of tax          | -                                    | -                      | -               | -                               | -                 | -                          | -                             | 557,505               | 36,469              | 593,974      | 593,974        | 593,974      |
| Total comprehensive income for the year ended June 30, 2017                      | -                                    | -                      | -               | -                               | -                 | -                          | -                             | 35,256,644            | 36,469              | 35,293,113   | 35,293,113     | 35,293,113   |
| Transactions with owners   |                                      |                        |                 |                                 |                   |                            |                               |                       |                     |              |                |              |
| Final dividend for the year ended June 30, 2016                                  |                                      |                        |                 |                                 |                   |                            |                               |                       |                     |              |                |              |
| - Ordinary shares -35%   | -                                    | -                      | -               | -                               | -                 | -                          | (2,464,646)                   | (4,436,364)           | -                   | (6,901,010)  | (6,901,010)    | (6,901,010)  |
| - Convertible preference shares -7.5%  | -                                    | -                      | -               | -                               | -                 | -                          | -                             | (9)                   | -                   | (9)          | (9)            | (9)          |
| Interim dividend for the year ended June 30, 2017                                |                                      |                        |                 |                                 |                   |                            |                               |                       |                     |              |                |              |
| - Ordinary shares -30%   | -                                    | -                      | -               | -                               | -                 | -                          | -                             | (5,915,153)           | -                   | (5,915,153)  | (5,915,153)    | (5,915,153)  |
| - Convertible preference shares -30%   | -                                    | -                      | -               | -                               | -                 | -                          | -                             | (36)                  | -                   | (36)         | (36)           | (36)         |
| Conversion of preference shares into ordinary shares                             | 2                                    | (2)                    | -               | -                               | -                 | -                          | -                             | -                     | -                   | -            | -              | -            |
| Balance as at June 30, 2017  | 19,717,175                           | 120                    | 1,428           | 69,761                          | 34,021,894        | 23,751,980                 | 2,535,354                     | 133,511,046           | 1,514,648           | 195,404,683  | 195,406,111    | 215,123,406  |
| Comprehensive income for the year  |                                      |                        |                 |                                 |                   |                            |                               |                       |                     |              |                |              |
| Profit after taxation  | -                                    | -                      | -               | -                               | -                 | -                          | -                             | 45,825,787            | -                   | 45,825,787   | 45,825,787     | 45,825,787   |
| Other comprehensive (loss) / income for the year ended June 30, 2018, net of tax | -                                    | -                      | -               | -                               | -                 | -                          | -                             | (1,647,331)           | 864,845             | (782,486)    | (782,486)      | (782,486)    |
| Total comprehensive income for the year ended June 30, 2018                      | -                                    | -                      | -               | -                               | -                 | -                          | -                             | 44,178,456            | 864,845             | 45,043,301   | 45,043,301     | 45,043,301   |
| Transactions with owners   |                                      |                        |                 |                                 |                   |                            |                               |                       |                     |              |                |              |
| Final dividend on ordinary shares - 60% for the year ended June 30, 2017         | -                                    | -                      | -               | -                               | -                 | -                          | -                             | (11,830,305)          | -                   | (11,830,305) | (11,830,305)   | (11,830,305) |
| Interim dividend for the year ended June 30, 2018                                |                                      |                        |                 |                                 |                   |                            |                               |                       |                     |              |                |              |
| - Ordinary shares - 40%  | -                                    | -                      | -               | -                               | -                 | -                          | -                             | (7,886,872)           | -                   | (7,886,872)  | (7,886,872)    | (7,886,872)  |
| - Convertible preference shares - 30%  | -                                    | -                      | -               | -                               | -                 | -                          | -                             | (34)                  | -                   | (34)         | (34)           | (34)         |
| Conversion of preference shares into ordinary shares                             | 6                                    | (6)                    | -               | -                               | -                 | -                          | -                             | -                     | -                   | -            | -              | -            |
| Balance as at June 30, 2018  | 19,717,181                           | 114                    | 1,428           | 69,761                          | 34,021,894        | 23,751,980                 | 2,535,354                     | 157,972,291           | 2,379,493           | 220,730,773  | 220,732,201    | 240,449,496  |

The annexed notes 1 to 48 form an integral part of these consolidated financial statements.

Chief Financial Officer

Director

Chief Executive Officer

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

## 1. LEGAL STATUS AND OPERATIONS

The Group consists of Pakistan Petroleum Limited (the Holding Company) and its subsidiary companies i.e. PPL Europe E&P Limited (PPLE), PPL Asia E&P B.V. (PPLA) and The Pakistan Petroleum Provident Fund Trust Company (Private) Limited (PPPFTC).

The Group, except PPPFTC, is principally engaged in conducting exploration, prospecting, development and production of oil and natural gas resources. Brief profiles of the Holding Company and its subsidiary companies are as follows:

### 1.1 Pakistan Petroleum Limited

The Holding Company was incorporated in Pakistan in 1950 with the main objectives of conducting exploration, prospecting, development and production of oil and natural gas resources. The shares of the Holding Company are listed on the Pakistan Stock Exchange Limited and the registered office is located at PIDC House, Dr. Ziauddin Ahmed Road, Karachi, Pakistan.

#### 1.1.1 The Sui Mining Lease expired on May 31, 2015. The Government of Pakistan (GoP) through various notifications has allowed the Holding Company to continue producing from the Sui gas field, the most recent being dated May 25, 2018, whereby allowing the Holding Company to continue producing from Sui gas field for a further period of one year with effect from the expiry of existing lease period i.e. May 31, 2018.

During May 2016, a Memorandum of Agreement (MoA) was executed between the GoP and the Government of Balochistan (GoB) for grant of Development & Production Lease (D&PL) to the Holding Company over the Sui gas field, with effect from June 01, 2015. The MoA has been approved by the Economic Coordination Committee (ECC) of the Cabinet of the GoP on December 13, 2016, and accordingly D&PL will be formally granted in due course of time.

### 1.2 PPL Europe E&P Limited

The Holding Company acquired on March 21, 2013, 100% shareholding of MND Exploration and Production Limited, a company incorporated in England and Wales. Subsequent to acquisition, the name of the subsidiary was changed to PPL Europe E&P Limited.

PPLE's main objective is exploration and production of oil and gas and currently it has working interest in one producing field and three exploration blocks in Pakistan, as well as one exploration block in Yemen. The registered office of PPLE is situated at 6th Floor, One London Wall, London, United Kingdom.

As at June 30, 2018, directors of PPLE were Mr. Syed Wamiq Abrar Bokhari and Mr. Moin Raza Khan. The latest available audited financial statements of PPLE have been prepared on going concern basis and the auditor has issued unmodified opinion on the same.

### 1.3 PPL Asia E&P B.V.

The Holding Company established a wholly-owned subsidiary, PPLA on July 22, 2013, a company incorporated in Amsterdam, Kingdom of Netherlands. The registered office of PPLA is situated at Prins Bernhardplein 200, 1097 JB Amsterdam, the Netherlands.



# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

PPLA's main objective is exploration and production of oil and natural gas resources and currently it owns 100% interest in Block-8, Iraq, under the Exploration, Development and Production Service Contract (EDPSC) with the Midland Oil Company, Iraq (MdOC).

As at June 30, 2018, directors of PPLA were Mr. Syed Wamiq Abrar Bokhari and Mr. Pieter Adriaan Ruijtenberg. The latest available audited financial statements of PPLA have been prepared on going concern basis and the auditor has issued unmodified opinion on the same.

## **1.4 The Pakistan Petroleum Provident Fund Trust Company (Private) Limited**

PPPFTC was incorporated in Pakistan as a private limited company on November 7, 1955. The subsidiary is engaged in administrating the trusts formed for the benefits of the employees of the Holding Company.

## **2. SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING THE GROUP'S FINANCIAL POSITION AND PERFORMANCE DURING THE YEAR**

Significant transactions and events that have affected the Group's statement of financial position and performance during the year have been disclosed in these consolidated financial statements. Further details have been mentioned in the Directors' report.

## **3. BASIS OF CONSOLIDATION**

These consolidated financial statements include the financial statements of the Holding Company and its subsidiary companies, except PPPFTC as mentioned in note 8.1 to these consolidated financial statements, here-in-after referred to as "the Group".

A company is a subsidiary, if an entity (the Holding Company) directly or indirectly controls, beneficially owns or holds more than fifty percent of its voting securities or otherwise has power to elect and appoint more than fifty percent of its directors.

Subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the profit or loss from the date the Group gains control until the date the Group ceases to control the subsidiary.

The financial statements of the subsidiaries are prepared for the same reporting period as the Holding Company, using consistent accounting policies. However, the accounting policies of subsidiaries have been aligned with accounting policies of the Group, wherever required.

All intra-group balances, transactions and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

The presentation and functional currency of the Holding Company, as well as, PPPFTC are Pakistani Rupee and the functional currency of other subsidiaries is US Dollar. For the purpose of consolidation, the financial statements of the subsidiaries are translated into functional currency of the Holding Company.

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

## 4. BASIS OF PREPARATION

### 4.1 Statement of compliance

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

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

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

### 4.2 Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention, except for the following material items in the statement of financial position:

- a) Financial assets at fair value through profit or loss, have been measured at fair value.
- b) Obligations in respect of certain employee benefits and decommissioning have been measured at present value.
- c) Held-to-maturity investments and loans and receivables, have been measured at amortised cost.

### 4.3 Amendments to approved accounting standards and interpretations which are effective during the year ended June 30, 2018

The Fourth schedule to the Companies Act, 2017 became applicable to the Holding Company for the first time for the preparation of these consolidated financial statements. The Companies Act, 2017 (including its Fourth schedule) forms an integral part of the statutory financial reporting framework applicable to the Holding Company and amongst others, prescribes the nature and content of disclosures in relation to various elements of the financial statements. Additional disclosures include but are not limited to, particulars of immovable assets of the Group (refer notes 6.8 & 6.9), management assessment of sufficiency of tax provision in the financial statements (refer note 37.2), change in threshold for identification of executives (refer note 42), additional disclosure requirements for related parties (refer note 44) etc.

Amendment to IAS 7 'Statement of cash flows': This amendment requires disclosure to explain changes in liabilities for which cash flows have been classified as financing activities in the statement of cash flows. In case other items are included within the reconciliation, the changes in liabilities arising from financing activities will be identified separately. A reconciliation of the opening to closing balance is not specifically required but instead the information can be provided in other ways. In the first year of adoption, comparative information need not be provided. This amendment has resulted in additional disclosures (i.e. note 23.2) in these financial statements.

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

The other amendments to published standards and interpretations that were mandatory for the Group's financial year ended June 30, 2018 are considered not to be relevant or to have any significant effect on the Group's financial reporting and therefore not disclosed in these consolidated financial statements.

#### **4.4 New Standards, amendments to approved accounting standards and interpretations that are effective for the Group's accounting periods beginning on or after July 01, 2018**

There are certain new standards, amendments to the approved accounting standards and interpretations that will be mandatory for the Group's annual accounting periods beginning on or after July 1, 2018. However, these amendments and interpretations will not have any significant impact on the financial reporting of the Group and, therefore, have not been disclosed in these consolidated financial statements. Further, during the current year, the Securities and Exchange Commission of Pakistan (the SECP) has adopted IFRS 9 'Financial Instruments', IFRS 15 'Revenue from Contracts with Customers' and IFRS 16 'Leases'. IFRS 9 and IFRS 15 are applicable for the Group's financial reporting period beginning on July 1, 2018 while IFRS 16 is applicable for the reporting period beginning on July 1, 2019. At present, the impacts of application of these IFRSs on the Group's future financial statements are being assessed. Further, IFRS 17 'Insurance contracts' is yet to be adopted by the SECP.

#### **4.5 Implications of revised IFRS-2 (Share-based Payment) on Benazir Employees' Stock Option Scheme**

In June 2011, the SECP on receiving representations from some of entities covered under Benazir Employees' Stock Option Scheme (the Scheme) and after having consulted the ICAP, granted exemption to such entities from the application of IFRS - 2 "Share-based Payment" to the Scheme. There has been no change in the status of the Scheme as stated in note 3.5 to the consolidated financial statements for the year ended June 30, 2017. The management of the Holding Company believes that the Scheme is being revamped by the GoP and all claims and disbursements to the unit holders are kept in abeyance by the Privatisation Commission since June 2010.

Had the exemption not been granted, retained earnings and reserves would have been lower and higher by Rs 18,879 million (2017: Rs 18,879 million).

#### **4.6 Significant accounting judgments, estimates and assumptions**

The preparation of these financial statements in conformity with the approved accounting standards, as applicable in Pakistan, requires management to make estimates, assumptions and use judgments that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. The estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively, commencing from the period of revision.

In the process of applying the Group's accounting policies, the management has made the following estimates, assumptions and judgments which are significant to these consolidated financial statements.

##### **a) Property, plant & equipment and intangibles**

The Group reviews the appropriateness of useful lives, method of depreciation / amortisation and residual values of property, plant & equipment and intangibles on the reporting date. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant & equipment and intangibles with a corresponding effect on the depreciation / amortisation charge and impairment.

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

Property, plant & equipment and intangible assets are reviewed for possible impairment when events or changes in circumstances indicate that the carrying amount may not be fully recoverable. Determination as to whether and how much an asset is impaired involves management estimates and judgments such as future prices of crude oil or gas and production profiles.

## **b) Exploration and evaluation expenditure**

The Group's accounting policy for exploration and evaluation expenditure results in cost of exploratory wells being capitalised for an area of interest where it is considered likely to be recoverable by future exploitation or sale or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves.

This policy requires management to make certain estimates and assumptions as to future events and circumstances, in particular whether an economically viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised the expenditure under the policy, a judgment is made that recovery of the expenditure is unlikely, the relevant capitalised amount is transferred to profit or loss in the period when the new information becomes available.

## **c) Development and production expenditure**

Development and production activities commence after project sanctioning by the appropriate level of management. Judgment is applied by the management in determining when a project is economically viable. In exercising this judgment, management is required to make certain estimates and assumptions similar to those described above for capitalised exploration and evaluation expenditure. Any such estimates and assumptions may change as new information becomes available. If, after having commenced development activity, a judgment is made that a development and production asset is impaired, the appropriate amount is written off to profit or loss.

## **d) Estimation of proven oil and natural gas reserves**

Evaluation of oil and gas reserves is important to the effective management of upstream assets. They are an integral part of investment decisions about oil and gas properties such as whether development should proceed. Oil and gas reserve quantities are also used as the basis to calculate unit-of-production depreciation / amortisation rates and to evaluate impairment.

Oil and gas reserves include both proved and unproved reserves. Proved oil and gas reserves are those quantities of oil and gas which, by analyses of geoscientific and engineering data, can be estimated with reasonable certainty to be economically producible. Unproved reserves are those with less than reasonable certainty of recoverability. The estimation of proved reserves is an ongoing process based on rigorous technical evaluations, commercial and market assessment, and detailed analyses of well information such as flow rates and reservoir pressure declines.

Although the Group is reasonably certain that proved reserves will be produced, the timing and amount recovered can be affected by a number of factors including completion of development projects, reservoir performance, regulatory approvals and significant changes in long-term oil and gas price levels. Revisions can include upward or downward changes in previously estimated volumes of proved reserves for existing fields due to the evaluation or re-evaluation of (1) already available geologic, reservoir or production data, (2) new geologic, reservoir or production data or (3) changes in prices and costs that are used in the estimation of reserves. Revisions can also result from significant changes in development strategy or capacity of production equipment / facilities.

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

Changes to the estimates of proved reserves affect the amount of amortisation recorded and impairment, if any, in the financial statements for assets amortised on the basis of unit of production.

## e) Provision and amortisation of decommissioning cost

Provision is recognised for the future decommissioning and restoration of oil and gas wells, production facilities and pipelines at the end of their economic lives. The estimated cost is charged to profit or loss over the life of the proved reserves on a unit of production basis.

The timing of recognition requires the application of judgment to existing facts and circumstances, which can be subject to change. Estimates of the amount of provision recognised are based on current legal and constructive obligations, technology and price levels. Provision is based on the best estimates, however, the actual outflows may differ from estimated cash outflows due to changes in laws, regulations, technology, prices and conditions, and the fact that actual expenditure will take place many years in the future. The carrying amount of provision is reviewed periodically and adjusted to take account of such changes.

During the year, the Group revised its estimates of outflows or resources to settle decommissioning liability, based on future projected costs adjusted to present value. This has been treated as a change in accounting estimate, applied prospectively, in accordance with IFRIC-1 'Changes in Existing Decommissioning, Restoration and Similar Liabilities'.

Following line items would have been affected had there been no change in estimates:

|   | <u>Rs (million)</u> |
|---|---------------------|
| Provision for decommissioning obligation would have been lower by | 786                 |
| Property, plant and equipment would have been lower by            | 750                 |
| Amortisation charge would have been lower by                      | 55                  |
| Profit after tax would have been higher by                        | 40                  |

## f) Joint arrangements

The Group participates in several joint arrangements. Judgment is required in order to determine their classification as a joint venture where the Group has rights to the net assets of the arrangement or a joint operation where the Group has rights to the assets and obligations for the liabilities of the arrangement. In making this judgment, consideration is given to the legal form of the arrangement, the contractual terms and conditions as well as other facts and circumstances.

## g) Provision for defined benefit plans and compensated absences

Defined benefit plans and compensated absences are provided for permanent employees of the Holding Company. The plans are structured as separate legal entities managed by trustees, except for post-retirement medical benefits and compensated absences, for which, liability is recognised in these consolidated financial statements. These benefits are evaluated with reference to uncertain events and are based upon actuarial assumptions including inter alia, discount rates, expected rates of salary increases, medical cost and mortality rates. The actuarial valuations are conducted by independent actuaries on annual basis using Projected Unit Credit Actuarial Cost Method. Pension and gratuity costs primarily represent the increase in actuarial present value of the obligation for benefits earned on employee service during the year and the interest on the obligation in respect of employee service in previous years. Calculations are sensitive to changes in the underlying assumptions.

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

## **h) Taxation**

The provision for taxation is accounted for by the Group after taking into account the current income tax laws and relevant decisions taken by appellate authorities. Accordingly, the recognition of deferred tax is also made, taking into account these decisions and the best estimates of future results of operations of the Group.

## **i) Contingencies**

The assessment of the contingencies inherently involves the exercise of significant judgment as the outcome of the future events cannot be predicted with certainty. The Group, based on the availability of the latest information, estimates the value of contingent assets and liabilities, which may differ on the occurrence / non-occurrence of the uncertain future event(s).

## **j) Provision for trade debts, advances and other receivables**

On annual basis, the Group reviews the recoverability of its trade debts, advances and other receivables, to assess the amount required for provision of doubtful debts. Trade debts, advances and other receivables considered irrecoverable are written off. No provision is made in respect of the active customers who are considered good.

## **k) Stores and spares**

The Group reviews the stores and spares for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of stores and spares with a corresponding effect on the provision.

## **5. SIGNIFICANT ACCOUNTING POLICIES**

### **5.1 Property, plant and equipment**

#### **a) Owned assets**

Property, plant and equipment, except freehold land, leasehold land and capital work-in-progress, are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Freehold land and leasehold land are stated at cost. Capital work-in-progress is stated at cost less accumulated impairment losses, if any, and is transferred to the respective item of property, plant and equipment when available for intended use.

Cost in relation to property, plant and equipment comprises acquisition and other directly attributable costs and decommissioning cost. The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, with net amount recognised in profit or loss.



# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

Impairment tests for property, plant & equipment are performed when there is an indication of impairment. At the end of each reporting period, an assessment is made to determine whether there are any indications of impairment. Accordingly, the Group conducts an internal review of asset values which is used as a source of information to assess for any indications of impairment. External factors such as changes in expected future prices, costs and other market factors are also monitored to assess for indications of impairment. If any such indication exists, the asset's recoverable amount is estimated being the higher of its fair value less cost to sell and value in use.

If the carrying amount of the asset exceeds its recoverable amount, the property, plant and equipment is impaired and an impairment loss is charged to profit or loss so as to reduce the carrying amount of the property, plant and equipment to its recoverable amount.

In testing for indications of impairment and performing impairment calculations, assets are considered as collective groups, referred to as Cash Generating Units (CGUs). CGUs are the smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

## **b) Assets subject to finance lease**

Lease of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance lease.

Assets held under finance lease are initially recorded at the lower of the present value of minimum lease payments under the lease agreements and the fair value of the leased assets. The related obligations under the lease, net of financial charges allocated to future periods, are shown as a liability.

The financial charges are allocated to accounting periods in a manner so as to provide a constant periodic rate of interest on the outstanding liability.

## **5.2 Exploration and evaluation assets**

The Group applies the "Successful efforts" method of accounting for Exploration and Evaluation (E&E) costs. Under the Successful efforts method of accounting, all property acquisitions, exploratory / evaluation drilling costs are initially capitalised, till such time that technical feasibility and commercial viability of oil and gas are demonstrated.

Costs directly associated with an exploratory well are capitalised until the drilling of the well is completed and results have been evaluated. Major costs include material, chemical, fuel, well services, rig operational costs and employee costs. All other exploration costs including cost of technical studies, seismic acquisition and data processing, geological and geophysical activities are charged against income as exploration expenditure, except for exploration costs incurred under EDPSC.

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

E&E assets relating to each exploration license / field are carried forward, until the existence or otherwise of commercial reserves have been determined subject to certain limitations including review for indications of impairment. If commercial reserves have been discovered, the carrying value after any impairment loss of the relevant E&E assets is then reclassified as development and production assets and if commercial reserves are not found, the capitalised costs are written off as dry and abandoned wells and charged to profit or loss.

E&E assets are assessed for impairment when facts and circumstances indicate that carrying amounts may exceed the recoverable amounts of these assets. Such indicators include, the point at which a determination is made as to whether or not commercial reserves exist, the period for which the Group has right to explore has either expired or will expire in the near future and is not expected to be renewed, substantive expenditure on further exploration and evaluation activities is not planned or budgeted, whether sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the E&E asset is unlikely to be recovered in full from successful development or sale, and any other event, that may give rise to indication that such assets are impaired.

Where an impairment loss subsequently reverses, the carrying amount of the E&E asset is increased upto the revised recoverable amount but limited to the extent of the carrying amount that would have been determined had no impairment loss being recognised for the asset in prior years. A reversal of the impairment loss is recognised as income in profit or loss.

## 5.3 Development and production assets

Development and production assets are accumulated on a field by field basis and represent the cost of developing the discovered commercial reserves and bringing them into production, together with the capitalised E&E expenditures incurred in finding commercial reserves transferred from E&E assets as outlined in note 5.2 above. The cost of development and production assets also includes the cost of acquisition of such assets, directly attributable overheads, and the cost of recognising provisions for future site restoration and decommissioning.

Impairment test of development and production assets is also performed whenever events and circumstances arising during the development and production phase indicate that carrying amounts of the development and production assets may exceed their recoverable amount. Such circumstances depend on the interaction of a number of variables, such as the recoverable quantities of hydrocarbons, the production profile of the hydrocarbons, the cost of the development of the infrastructure necessary to recover the hydrocarbons, the production costs, the contractual duration of the production field and the net selling price of the hydrocarbons produced.

The carrying amounts are compared against estimated recoverable amounts of the assets, generally by reference to the present value of the future net cash flows expected to be derived from such assets. The CGU considered for impairment test purpose is generally field by field basis, except that a number of fields may be grouped as a single CGU where the cash flows of each field are inter-dependent.

Where conditions giving rise to impairment subsequently reverse, the effect of the impairment charge is also reversed. The reversal is limited so that the carrying amount of the asset neither exceeds its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

## 5.4 Intangible assets

Intangible assets are recognised if it is probable that the future economic benefits that are attributable to the assets will flow to the Group and that the cost of such assets can also be measured reliably.

Generally, costs associated with the development or maintenance of computer software programs are recognised as an expense as incurred. However, costs that are directly associated with identifiable software and have probable economic benefits exceeding one year, are recognised as an intangible asset. Direct costs include the purchase cost of software and related overhead cost. Computer software costs that are directly associated with the computer and computer controlled machines, which cannot operate without the related specific software, are included in the costs of the respective assets. When the software is not an integral part of the related hardware, it is classified as an intangible asset. Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

Expenditures which enhance or extend the performance of computer software beyond their original specification and useful life are recognised as capital improvement and added to the original cost of the software.

## 5.5 Depreciation and amortisation

### a) Property, plant and equipment

- i. Depreciation on property, plant and equipment, except freehold land, leasehold land, capital work-in-progress, development and production assets and decommissioning cost, is charged on a straight-line basis at the rates specified in note 6.1 to these consolidated financial statements and depreciation on capital stores in operating assets is charged over the useful lives of the related items of plant and machinery to which these stores relate.

Depreciation on additions is charged from the month following the one in which the asset is available for use and on disposals upto the month the asset is in use.

Depreciation on leased assets is charged at the same rates as charged on the Group's owned assets.

- ii. Capitalised development and production expenditure, including cost to acquire producing reserves, production bonus and decommissioning costs are amortised on the basis of unit of production method.

### b) Intangible assets

Amortisation on intangible assets is charged over their useful economic life on straight line basis at the rates stated in note 7.1 to these consolidated financial statements.

Amortisation on additions is charged from the month following the one in which the asset is available for use and on disposals upto the month the asset is in use.

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

## 5.6 Business combinations and goodwill

The Group uses acquisition method of accounting for acquisition of assets or class of assets, whereby, the purchase consideration is allocated to the identifiable assets, liabilities and contingent liabilities assumed based on the fair value at the date of acquisition. Acquisition related costs are expensed as incurred and included in the profit or loss.

Goodwill is initially measured as of the acquisition date, being the excess of (a) the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and in a business combination achieved in stages, the acquisition date fair value of the previously held equity interest in the acquiree; and (b) the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed.

In case the fair value attributable to the Group's interest in the identifiable net assets exceeds the fair value of consideration, the Group recognises the resulting gain in profit or loss on the acquisition date.

Goodwill acquired in a business combination is measured, subsequent to initial recognition, at cost less accumulated impairment losses, if any, and is tested annually and whenever, there is an indication of impairment. Impairment loss in respect of goodwill is recognised in profit or loss.

## 5.7 Impairment of non-financial assets and goodwill

The Group assesses at each reporting date whether there is an indication that an asset or a CGU is impaired. If any indication exists or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

Goodwill is tested for impairment annually at year end and when the circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU or group of CGUs to which the goodwill relates. When the recoverable amount of CGU is less than its carrying amount, an impairment loss is recognised.

Intangible assets with indefinite useful lives are tested for impairment annually at year end either individually or at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset neither exceeds its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

Impairment losses relating to goodwill are not reversed in future periods.

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

## 5.8 Stores and spares

Stores and spares are valued at weighted average cost less impairment loss, if any, except for stores in transit, which are valued at cost incurred upto the reporting date. Cost comprises invoice value and other direct costs. Provision is made for obsolete / slow moving items where necessary and is recognised in profit or loss.

## 5.9 Financial instruments

### a) Financial assets

#### Classification

Financial assets are classified in the following categories: held-to-maturity, at fair value through profit or loss, available-for-sale and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. The management determines the classification of its financial assets at initial recognition and, where allowed and appropriate, re-evaluates the designation at each date of statement of financial position.

#### i. Held-to-maturity

These are non-derivative financial assets with fixed or determinable payments and fixed maturity with a positive intention and ability to hold to maturity. These are classified as current and non-current assets in accordance with criteria set out by IFRSs.

#### ii. At fair value through profit or loss

An investment is classified at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial instruments are classified as held for trading if they are acquired principally for the purpose of selling and repurchasing in the near term.

These are classified as current or non-current assets in accordance with criteria set out by IFRSs. The Group has not classified any financial asset as held for trading.

#### iii. Available-for-sale

Available-for-sale financial assets are non-derivatives (being equity or debt securities) that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment is maturing or management intends to dispose it off within 12 months of the end of date of statement of financial position.

The Group does not have available-for-sale investments as of the date of statement of financial position.

#### iv. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These are classified as current and non-current assets in accordance with criteria set out by IFRSs.

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

## Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade date - the date on which the Group commits to purchase or sell the asset. At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Held-to-maturity and loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the profit or loss in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in profit or loss as part of other income when the Group's right to receive payments is established.

Changes in fair value of monetary and non-monetary securities classified as available-for-sale are recognised in statement of comprehensive income. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in other comprehensive income or loss are included in profit or loss.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the profit or loss as part of other income. Dividends on available-for-sale equity instruments are recognised in the profit or loss as part of other income when the Group's right to receive payments is established.

## Impairment of financial assets

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

## b) Financial liabilities

All financial liabilities are recognised at the time when the Group becomes a party to the contractual provisions of an instrument. Financial liabilities are extinguished when these are discharged or cancelled or expire or when there is substantial modification in the terms and conditions of the original financial liability or part of it. If modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.



# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

## **c) Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle either on a net basis, or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

## **5.10 Fair value**

The fair value of financial instruments that are actively traded in organised financial markets is determined with reference to quoted market bid prices at the close of business on the date of statement of financial position. Where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions, reference to the current market value of another instrument, which has substantially similar characteristics, discounted cash flow analysis or other valuation models.

## **5.11 Cash and cash equivalents**

Cash and cash equivalents are stated at cost. For the purpose of statement of cash flows, cash and cash equivalents comprise of cash and cheques in hand and at banks, and include short-term highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of change in value.

## **5.12 Decommissioning obligation and its provision**

The activities of the Group normally give rise to obligations for site restoration. Restoration activities may include abandonment and removal of wells, facility decommissioning and dismantling, removal or treatment of waste materials and land rehabilitation.

Liabilities for decommissioning cost are recognised when the Group has an obligation (whether legal or constructive) to dismantle and remove a well, facility or an item of plant and to restore the site on which it is located, and when a reliable estimate of that liability can be made. An obligation for decommissioning may also crystallise during the period of operation of a facility through a change in legislation or through a decision to terminate operations. The amount recognised is the estimated cost of decommissioning, discounted to its net present value. Decommissioning cost is capitalised and subsequently amortised / depreciated as part of the well or facility to which it relates.

The provision for decommissioning is based on the best estimate of future costs and the economic life of the existing wells and facilities, however, there is uncertainty regarding both the amount and timing of incurring these costs. Any change in the present value of the estimated expenditure is dealt with prospectively and reflected as an adjustment to the provision and a corresponding adjustment to property, plant and equipment. The unwinding of the discount on the decommissioning provision is recognised as finance cost in the profit or loss.

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

## 5.13 Staff retirement benefits

### a) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than the defined contribution plan. The Holding Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in current and prior periods; that benefit is discounted to determine its present value. The Holding Company maintains / operates the following benefit plans:

#### i. Approved pension and gratuity schemes

The Holding Company operates approved funded pension and gratuity schemes, separately, for its executive and non-executive permanent staff as per rules of service. Provisions are made annually, on the basis of actuarial valuations, for these schemes.

Contributions to these funds require assumptions to be made in respect of future outcomes which mainly include increase in remuneration, expected long-term return on plan assets and the discount rate used to convert future cash flows to current values. Calculations are sensitive to changes in the underlying assumptions.

Remeasurements in respect of defined benefit plans are recognised in full directly in equity through other comprehensive income or loss in the period in which they occur. Such remeasurements are also immediately recognised in retained earnings and are not reclassified to profit or loss in subsequent periods. The past service costs are recognised at the earlier of when the amendment or curtailment occurs and when the Holding Company has recognised related restructuring or terminations.

These schemes are governed by their respective Trust Deeds and Rules. All matters pertaining to these schemes including contributions to the schemes and payments to outgoing members are dealt with in accordance with the respective Trust Deeds and Rules.

The liabilities under the scheme in respect of members in service on the valuation date on a going concern basis and having regard to projected salary increases, are covered by the Fund on the valuation date, the total reserve as of the valuation date, future contributions to the Fund, and future projected investment income of the Fund. As far as possible, the contribution to the Fund should remain reasonably stable as a percentage of salaries, under the Projected Unit Credit Actuarial Cost Method employed.

#### ii. Post retirement medical benefits

The Holding Company provides post-retirement medical benefits to its executive staff, except for those inducted after December 31, 2010, and non-executive permanent staff. The cost of these benefits is accrued over the expected remaining working lives of the employees based on actuarial valuations.

Remeasurements are recognised in full directly in equity through other comprehensive income or loss in the period in which they occur and are not reclassified to profit or loss in subsequent periods.

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

## iii. Leave preparatory to retirement

The Holding Company accrues entitlement to leave preparatory to retirement of its executive staff on the basis of actuarial valuation. Remeasurement gains and losses are recognised immediately.

The actuarial valuations are conducted annually by qualified actuaries and the latest valuations were conducted as on June 30, 2018 based on the 'Projected Unit Credit Actuarial Cost Method'.

## b) Defined contribution plan

A defined contribution plan is a post-employment contribution plan under which an entity pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

The Holding Company operates recognised provident fund schemes, separately, for its executive and non-executive permanent staff. Equal monthly contributions are made by the Holding Company and the employees to the respective funds at the rate of 4.35% (executive staff) and 8% (non-executive staff) of basic salary.

The Holding Company also operates defined contribution pension fund schemes (conventional and Shariah) for its executive staff only and contributes upto 13.44% of basic salary, according to the eligibility of executive staff to the relevant funds.

## 5.14 Compensated absences

The Holding Company provides for compensated absences in respect of executive and non-executive staff, in accordance with the rules of the Holding Company. The cost is recognised on the basis of actuarial valuations. The latest actuarial valuations were conducted as on June 30, 2018.

## 5.15 Provisions

Provisions are recognised when the Group has a legal or constructive obligation as a result of past events, it is probable that outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each date of statement of financial position and adjusted to reflect the current best estimate.

## 5.16 Earnings per share

The Group presents basic and diluted Earnings Per Share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

## 5.17 Taxation

Tax for the year comprises of current and deferred tax, which is recognised in the profit or loss except to the extent that it relates to items recognised outside of profit or loss (whether in other comprehensive income or loss or directly in equity), if any, in which case the tax amounts are recognised outside profit or loss.

### a) Current taxation

Provision for current taxation is based on taxable income at the applicable tax rates based on tax laws enacted or substantively enacted at the date of statement of financial position after taking into account tax credits, tax rebates and exemptions available, if any, adjusted for payments to GoP on account of royalty, as applicable, and any adjustment to tax payable in respect of previous years.

### b) Deferred taxation

Deferred tax is recognised using the liability method, on all temporary differences at the date of statement of financial position between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax losses and unused tax credits, to the extent it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amount of deferred tax assets is reviewed at each date of statement of financial position and is reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the date of statement of financial position.

Deferred tax relating to items recognised directly in other comprehensive income or equity is recognised in statement of comprehensive income or equity and not in profit or loss.

Deferred tax assets and liabilities are offset only if there is a legally enforceable right to offset current tax assets and liabilities and they relate to the income tax levied by the same tax authority.

## 5.18 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost at the date of statement of financial position, which is the fair value of the consideration to be paid in future for goods and services received, whether or not billed to the Group.

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

## 5.19 Revenue recognition

Sales are recorded on transfer of significant risks and rewards of ownership of gas, other petroleum products and barytes (the Products), when the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control, the amount of revenue can be measured reliably, when it is probable that the economic benefits associated with the transaction will flow to the Group and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from the sale is measured at the fair value of the consideration received or receivable, net of Government levies. Effect of adjustments, if any, arising from revision in sale prices is reflected as and when the prices are finalised with the customers and / or approved by the GoP.

Revenue from sale of the Products in which the Group has an interest with other joint operations partners is recognised in accordance with the Group's working interest and the terms of the relevant agreements.

## 5.20 Other income and Finance costs

Other income comprises of interest income on loans, funds invested, delayed payments from customers, dividend income, exchange gain and changes in the fair value of financial assets at fair value through profit or loss.

Other income on loans is recognised on time proportion basis with reference to the principal outstanding and the applicable rate of return.

Income on held-to-maturity investments and saving accounts with banks is recognised on time proportion basis taking into account the effective yield of such investments.

The Group recognises interest, if any, on delayed payments from customers on receipt basis.

Dividend income on equity investments is recognised when the right to receive the payment is established.

Foreign currency gains and losses are reported on a net basis.

Finance costs comprise interest expense on borrowings, if any, unwinding of the discount on decommissioning obligation and bank charges. Mark up, interest and other charges on borrowings are charged to profit or loss in the period in which they are incurred.

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

## 5.21 Joint arrangements

Joint arrangements are arrangements in which the Group has contractually agreed sharing of control, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. Joint arrangements are classified as joint operations or joint ventures depending upon the rights and obligations arising from the joint arrangement and are accounted for as follows:

The Group classifies a joint arrangement as joint operations when the Group has the rights to the assets, and obligations for the liabilities, of the arrangement and accounts for each of its assets, liabilities, revenues and expenses, including its share of those held or incurred jointly, in relation to the joint operations. The Group classifies a joint arrangement as a joint venture when the Group has rights to the net assets of the arrangement.

The Group has certain contractual arrangements with other participants to engage in joint activities, where all significant operating and financial policies are determined by the participants, such that the operator itself has no significant independence to pursue its own commercial strategy. The Group has assessed the nature of its joint arrangements and determined them to be joint operations. The Group has recognised its share of assets, liabilities, revenue and expenses jointly held or incurred under the joint operations on the basis of latest available audited accounts of the joint operations and where applicable, on the basis of cost statements received from the operators of the joint operations. Estimates are made for the intervening period up to the date of statement of financial position. The difference, if any, between the cost statements and the estimates is accounted for in the next accounting year.

## 5.22 Foreign currency transactions and translation

Foreign currency transactions are recorded at the exchange rates approximating those prevailing on the dates of transactions. Monetary assets and liabilities denominated in foreign currencies are translated into Pakistani Rupees at the rate of exchange ruling on the date of statement of financial position and exchange differences, are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost are translated using the exchange rates on the dates of the initial transactions. Non-monetary items measured at fair value in foreign currency are translated using the exchange rates on the date on which the fair value was determined.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the date of statement of financial position.

On consolidation, the assets and liabilities of foreign operations are translated into Pakistani Rupees at the rate of exchange prevailing at the date of statement of financial position and their income and expenses are translated at exchange rates approximating those prevailing at the dates of the transactions. The exchange differences arising on translation are recognised in the statement of comprehensive income. On disposal of



# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

a foreign operation, the component of other comprehensive income or loss relating to that particular foreign operation is recognised in profit or loss.

## 5.23 Functional and presentation currency

These consolidated financial statements are presented in Pakistani Rupee, which is the Holding Company's functional currency.

## 5.24 Related party transactions

Related party transactions are carried out on commercial terms, as approved by the Board of Directors, substantiated in the manner given in note 44 to these consolidated financial statements.

## 5.25 Dividends and appropriations to reserves

Dividends and appropriations to reserves are recognised in the consolidated financial statements in the period in which these are approved. However, if these are approved after the reporting period but before the consolidated financial statements are authorised for issue, they are disclosed in the notes to these consolidated financial statements.

## 5.26 Segment reporting

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

| June 30, 2018 | June 30, 2017 |
|---------------|---------------|
| -----         | -----         |
| Rs '000       |               |

## 6. PROPERTY, PLANT AND EQUIPMENT

|                                     |                    |                    |
|-------------------------------------|--------------------|--------------------|
| Operating assets - note 6.1         | 103,852,905        | 93,688,982         |
| Capital work-in-progress - note 6.5 | 51,501,129         | 46,345,767         |
|                                     | <u>155,354,034</u> | <u>140,034,749</u> |

## 6.1 Operating assets

| Assets subject to finance lease           |  |                |   |  |                 |                                   |                     |                                |                |                                   |                       |              |                                |                |           |               |
|---|--|----------------|---|--|-----------------|-----------------------------------|---------------------|--------------------------------|----------------|-----------------------------------|-----------------------|--------------|--------------------------------|----------------|-----------|---------------|
| Owned asset                               |  |                |   |  |                 |                                   |                     |                                |                |                                   |                       |              |                                |                |           |               |
| Rs'000                                    |  |                |   |  |                 |                                   |                     |                                |                |                                   |                       |              |                                |                |           |               |
|   | Freehold land  | Leasehold land | Buildings, roads and civil constructions on freehold land | Buildings, roads and civil constructions on leasehold land | Plant machinery | Furniture, fittings and equipment | Tanks and pipelines | Computers and allied equipment | Rolling stock* | Development and production assets | Decommiss-ioning cost | Sub total    | Computers and allied equipment | Rolling stock* | Sub total | Total         |
| As at July 01, 2016                       |  |                |   |  |                 |                                   |                     |                                |                |                                   |                       |              |                                |                |           |               |
| Cost                                      | 107,813  | 1,360,406      | 2,488,643   | 4,309  | 64,974,973      | 822,460                           | 8,060,574           | 790,671                        | 557,701        | 66,659,562                        | 18,010,119            | 163,837,231  | 209,337                        | 489,262        | 698,599   | 164,535,830   |
| Accumulated impairment loss               | -  | -              | -   | -  | -               | -                                 | -                   | -                              | -              | (875,961)                         | -                     | (875,961)    | -                              | -              | -         | (875,961)     |
| "Accumulated depreciation / amortisation" | -  | -              | (1,119,405)   | (2,432)  | (29,630,289)    | (485,450)                         | (3,735,770)         | (606,330)                      | (413,254)      | (24,986,289)                      | (8,077,724)           | (69,056,943) | (102,290)                      | (220,907)      | (323,197) | (69,380,140)  |
| Net Book Value (NBV)                      | 107,813  | 1,360,406      | 1,369,238   | 1,877  | 35,344,684      | 337,010                           | 4,324,804           | 184,341                        | 144,447        | 40,797,312                        | 9,932,395             | 93,904,327   | 107,047                        | 268,355        | 375,402   | 94,279,729    |
| Year ended June 30, 2017                  |  |                |   |  |                 |                                   |                     |                                |                |                                   |                       |              |                                |                |           |               |
| Additions (at cost)                       | -  | 40,214         | 84,607  | -  | 1,908,542       | 40,887                            | 97,076              | 119,649                        | 21,399         | 14,016,788                        | 847,235               | 17,176,397   | 23,763                         | 2,418          | 26,181    | 17,202,578    |
| Adjustments / reclassifications           | -  | -              | -   | -  | (48,788)        | -                                 | (64,525)            | 2,102                          | 4,100          | (869,564)                         | (1,630,394)           | (2,607,069)  | (2,101)                        | (4,100)        | (6,201)   | (2,613,270)   |
| Disposals (at NBV)                        | -  | -              | (412)   | -  | (86)            | (635)                             | -                   | -                              | -              | -                                 | -                     | (1,133)      | (251)                          | (15,147)       | (15,398)  | (16,531)      |
| Depreciation / amortisation charge        | -  | -              | (99,585)  | (100)  | (5,055,938)     | (52,947)                          | (679,091)           | (69,821)                       | (55,978)       | (7,858,468)                       | (1,162,736)           | (15,034,664) | (46,122)                       | (82,738)       | (128,860) | (15,163,524)  |
| NBV                                       | 107,813  | 1,400,620      | 1,353,848   | 1,777  | 32,148,414      | 324,315                           | 3,678,264           | 236,271                        | 113,968        | 46,086,068                        | 7,986,500             | 93,437,858   | 82,336                         | 168,788        | 251,124   | 93,689,982    |
| As at July 01, 2017                       |  |                |   |  |                 |                                   |                     |                                |                |                                   |                       |              |                                |                |           |               |
| Cost                                      | 107,813  | 1,400,620      | 2,572,614   | 4,309  | 66,822,223      | 859,473                           | 8,093,125           | 903,976                        | 583,184        | 79,806,786                        | 17,228,960            | 178,381,083  | 230,003                        | 428,239        | 658,242   | 179,039,325   |
| Accumulated impairment loss               | -  | -              | -   | -  | -               | -                                 | -                   | -                              | -              | (875,961)                         | -                     | (875,961)    | -                              | -              | -         | (875,961)     |
| "Accumulated depreciation / amortisation" | -  | -              | (1,218,766)   | (2,532)  | (34,673,809)    | (535,158)                         | (4,414,861)         | (667,705)                      | (469,216)      | (32,844,757)                      | (9,240,460)           | (84,067,264) | (147,667)                      | (259,451)      | (407,118) | (84,474,382)  |
| NBV                                       | 107,813  | 1,400,620      | 1,353,848   | 1,777  | 32,148,414      | 324,315                           | 3,678,264           | 236,271                        | 113,968        | 46,086,068                        | 7,986,500             | 93,437,858   | 82,336                         | 168,788        | 251,124   | 93,689,982    |
| Year ended June 30, 2018                  |  |                |   |  |                 |                                   |                     |                                |                |                                   |                       |              |                                |                |           |               |
| Additions (at cost)                       | 1,591  | 5,462          | 97,043  | -  | 8,622,609       | 90,094                            | 2,221,860           | 25,440                         | 39,861         | 13,688,546                        | 754,689               | 25,547,205   | -                              | -              | -         | 25,547,205    |
| Adjustments / reclassifications           | -  | -              | -   | -  | 53,436          | -                                 | (279)               | 5                              | 984            | (245,076)                         | 521,819               | 330,889      | -                              | (1,001)        | (1,001)   | 329,888       |
| Disposals (at NBV)                        | -  | -              | -   | -  | (224)           | (808)                             | -                   | (64)                           | (11)           | -                                 | -                     | (1,107)      | (305)                          | (5,413)        | (5,718)   | (6,825)       |
| Depreciation / amortisation charge        | -  | -              | (102,772)   | (133)  | (5,125,941)     | (53,285)                          | (725,792)           | (93,842)                       | (56,882)       | (8,172,937)                       | (1,269,192)           | (15,600,776) | (39,374)                       | (66,195)       | (105,569) | (15,706,345)  |
| NBV                                       | 109,404  | 1,406,082      | 1,348,119   | 1,644  | 35,698,294      | 360,316                           | 5,174,053           | 167,810                        | 97,920         | 51,356,601                        | 7,993,826             | 103,714,069  | 42,657                         | 96,179         | 138,836   | 103,852,905   |
| As at June 30, 2018                       |  |                |   |  |                 |                                   |                     |                                |                |                                   |                       |              |                                |                |           |               |
| Cost                                      | 109,404  | 1,406,082      | 2,669,657   | 4,309  | 75,498,044      | 948,759                           | 10,314,706          | 929,357                        | 624,018        | 93,250,256                        | 18,503,478            | 204,258,070  | 229,698                        | 421,825        | 651,523   | 204,909,593   |
| Accumulated impairment loss               | -  | -              | -   | -  | -               | -                                 | -                   | -                              | -              | (875,961)                         | -                     | (875,961)    | -                              | -              | -         | (875,961)     |
| "Accumulated depreciation / amortisation" | -  | -              | (1,321,538)   | (2,665)  | (39,799,750)    | (588,443)                         | (5,140,653)         | (761,547)                      | (526,098)      | (41,017,694)                      | (10,509,652)          | (99,668,040) | (187,041)                      | (325,646)      | (512,687) | (100,180,727) |
| NBV                                       | 109,404  | 1,406,082      | 1,348,119   | 1,644  | 35,698,294      | 360,316                           | 5,174,053           | 167,810                        | 97,920         | 51,356,601                        | 7,993,826             | 103,714,069  | 42,657                         | 96,179         | 138,836   | 103,852,905   |
| Rate of depreciation / amortisation (%)   |  |                |   |  |                 |                                   |                     |                                |                |                                   |                       |              |                                |                |           |               |
| *   | Represents light and heavy vehicles.                               |                |   |  |                 |                                   |                     |                                |                |                                   |                       |              |                                |                |           |               |
| **  | For below ground installations in fields other than Sui Gas Field. |                |   |  |                 |                                   |                     |                                |                |                                   |                       |              |                                |                |           |               |
| ***                                       | Amortised on unit of production basis.                             |                |   |  |                 |                                   |                     |                                |                |                                   |                       |              |                                |                |           |               |

\* Represents light and heavy vehicles.  
 \*\* For below ground installations in fields other than Sui Gas Field.  
 \*\*\* Amortised on unit of production basis.

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

## 6.2 Summary of significant assets

The following assets have significant operational value to the Group:

| Particulars                                     | June 30, 2018 |           | June 30, 2017 |           |
|---|---------------|-----------|---------------|-----------|
|   | Cost          | NBV       | Cost          | NBV       |
|   | Rs '000'      |           |               |           |
| <b>Head Office</b>                              |               |           |               |           |
| Land for Head Office Building                   | 1,315,076     | 1,315,076 | 1,315,076     | 1,315,076 |
| <b>Sui Field</b>                                |               |           |               |           |
| SML / SUL Compression and High Pressure Casings | 5,664,138     | -         | 5,664,138     | -         |
| Booster Compression Project – SML               | 2,890,674     | 2,265,302 | 2,890,674     | 2,554,370 |
| <b>Adhi Field</b>                               |               |           |               |           |
| LPG / NGL Plant III                             | 4,504,111     | 3,737,054 | 3,455,255     | 3,052,142 |
| <b>Kandhkot Field</b>                           |               |           |               |           |
| Gas Compression Station                         | 8,634,309     | 2,246,927 | 8,634,309     | 3,094,029 |
| <b>Hala Field</b>                               |               |           |               |           |
| Early Production Facilities (EPF) of Adam X-1   | 1,252,858     | 193,515   | 1,252,858     | 318,801   |
| <b>Sawan Field</b>                              |               |           |               |           |
| Front End Compression                           | 3,228,253     | 619,286   | 3,228,253     | 942,171   |
| Other Plant and Machinery                       | 2,357,705     | -         | 2,357,705     | -         |
| <b>Tal Field</b>                                |               |           |               |           |
| Makori Central Processing Facility              | 5,724,711     | 3,332,098 | 5,610,068     | 3,778,462 |
| CPF Manzalai                                    | 3,155,195     | 439,649   | 3,155,195     | 755,168   |
| <b>Nashpa Field</b>                             |               |           |               |           |
| Nashpa LPG Plant                                | 4,484,629     | 4,484,629 | -             | -         |
| <b>Latif Field</b>                              |               |           |               |           |
| Reception / Tie-in Facility                     | 1,165,465     | 629,691   | 1,165,465     | 746,238   |
| <b>Gambat South Field</b>                       |               |           |               |           |
| Gas Processing Facility (GPF) II                | 10,317,301    | 8,253,841 | 10,317,301    | 9,285,571 |

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

## 6.3 Operating assets disposed off / written off during the year

| Asset description | Mode of disposal | Sold to Employee | Cost | Accumulated Depreciation | Net Book Value | Sale Proceeds | Gain / (Loss) |
|-------------------|------------------|------------------|------|--------------------------|----------------|---------------|---------------|
| Rs '000'          |                  |                  |      |                          |                |               |               |

Items having net book value more than Rs. 500,000

### Rolling stock - note 6.3.1

|                         |                |                               |               |              |              |              |            |
|-------------------------|----------------|-------------------------------|---------------|--------------|--------------|--------------|------------|
| Honda Civic, BBE-987    | Company policy | Mr. Muneer Ahmed Memon        | 2,191         | 1,659        | 532          | 843          | 311        |
| Honda Civic, BCJ-287    | Company policy | Mr. Munir Hasan Ali           | 2,191         | 1,424        | 767          | 432          | (335)      |
| Honda Civic, BCJ-284    | Company policy | Mr. Rashid Hasan Gilani       | 2,191         | 1,497        | 694          | 944          | 250        |
| Suzuki Wagon-R, BEJ-368 | Company policy | Mr. Yasin Sultan Ali Merchant | 1,017         | 492          | 525          | 625          | 100        |
| Toyota Corolla, BER-881 | Company policy | Mr. Syed Ali Mohtashim Zaidi  | 1,852         | 895          | 957          | 1,149        | 192        |
| Suzuki Cultus, BEX-862  | Company policy | Mr. Naik Muhammad Bugti       | 1,053         | 439          | 614          | 728          | 114        |
|                         |                |                               | <b>10,495</b> | <b>6,406</b> | <b>4,089</b> | <b>4,721</b> | <b>632</b> |

### Other items having net book value of less than Rs 500,000 each

|         |         |             |                |                |               |               |               |
|---------|---------|-------------|----------------|----------------|---------------|---------------|---------------|
| Various | Various |             | <b>106,674</b> | <b>103,938</b> | <b>2,736</b>  | <b>24,543</b> | <b>21,807</b> |
|         |         | <b>2018</b> | <b>117,169</b> | <b>110,344</b> | <b>6,825</b>  | <b>29,264</b> | <b>22,439</b> |
|         |         | <b>2017</b> | <b>85,813</b>  | <b>69,282</b>  | <b>16,531</b> | <b>27,701</b> | <b>11,170</b> |

6.3.1 All of these items have been sold to employees as per the Holding Company's policy.

## 6.4 Cost and accumulated depreciation include:

| Cost          |               | Accumulated depreciation |               |
|---------------|---------------|--------------------------|---------------|
| June 30, 2018 | June 30, 2017 | June 30, 2018            | June 30, 2017 |
| Rs '000       |               |                          |               |

|  |                   |                   |                   |                   |
|--|-------------------|-------------------|-------------------|-------------------|
| Share in Group's operated joint operations | <b>21,177,239</b> | 19,491,347        | <b>6,781,480</b>  | 4,975,272         |
| Share in partner operated joint operations | <b>37,302,976</b> | 31,038,998        | <b>20,268,850</b> | 17,888,566        |
|  | <b>58,480,215</b> | <b>50,530,345</b> | <b>27,050,330</b> | <b>22,863,838</b> |

6.4.1 The above figures represent assets under all areas excluding Sui and Kandhkot, since these are 100% owned areas of the Holding Company.

June 30, 2018      June 30, 2017  
----- Rs '000 -----

## 6.5 Capital work-in-progress

|   |                   |                   |
|---|-------------------|-------------------|
| Plant, machinery, fittings and pipelines    | <b>8,980,797</b>  | 12,896,913        |
| Exploration and Evaluation (E&E) assets     | <b>20,503,317</b> | 13,797,746        |
| Development and Production (D&P) assets     | <b>5,929,579</b>  | 5,066,878         |
| Lands, buildings and civil constructions    | <b>180,117</b>    | 214,057           |
| Capital stores for drilling and development | <b>15,907,319</b> | 14,370,173        |
|   | <b>51,501,129</b> | <b>46,345,767</b> |

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

## 6.6 Reconciliation of the carrying amount of capital work-in-progress

|   | Plant, machinery, fittings and pipelines | Exploration and evaluation assets | Development and production assets | Lands, buildings and civil constructions | Capital stores for drilling and development | Total             |
|---|--|-----------------------------------|-----------------------------------|--|---|-------------------|
|   | Rs '000                                  |                                   |                                   |  |   |                   |
| <b>Balance as on July 1, 2016</b>   | <b>5,834,602</b>                         | <b>12,365,754</b>                 | <b>6,413,387</b>                  | <b>119,896</b>                           | <b>13,449,293</b>                           | <b>38,182,932</b> |
| Capital expenditure incurred / advances made during the year (net) - note 6.6.1 & 6.6.2 | 9,245,319                                | 5,984,104                         | 11,885,633                        | 133,894                                  | 927,973                                     | 28,176,923        |
| Impairment loss   | -  | (4,645,020)                       | -                                 | -  | -   | (4,645,020)       |
| Adjustments / reclassifications   | (38,931)                                 | 92,908                            | (2,800)                           | 39,817                                   | (100)                                       | 90,894            |
| Transferred to operating assets   | (2,144,077)                              | -                                 | (13,229,342)                      | (79,550)                                 | (6,993)                                     | (15,459,962)      |
| <b>Balance as on June 30, 2017</b>  | <b>12,896,913</b>                        | <b>13,797,746</b>                 | <b>5,066,878</b>                  | <b>214,057</b>                           | <b>14,370,173</b>                           | <b>46,345,767</b> |
| Capital expenditure incurred / advances made during the year (net) - note 6.6.1 & 6.6.2 | 6,855,599                                | 9,197,061                         | 11,826,015                        | 67,672                                   | 1,537,146                                   | 29,483,493        |
| Adjustments / reclassifications   | (1,504)                                  | (7,439)                           | -                                 | 2,484                                    | -   | (6,459)           |
| Transferred to operating assets   | (10,770,211)                             | (2,484,051)                       | (10,963,314)                      | (104,096)                                | -   | (24,321,672)      |
| <b>Balance as on June 30, 2018</b>  | <b>8,980,797</b>                         | <b>20,503,317</b>                 | <b>5,929,579</b>                  | <b>180,117</b>                           | <b>15,907,319</b>                           | <b>51,501,129</b> |

**6.6.1** Amounts under E&E assets are net of cost of dry wells charged to profit or loss during the year, amounting to Rs 7,180 million (2017: Rs 6,671 million).

**6.6.2** Amounts under Capital stores for drilling and development are net of consumption during the year.

**6.7** Property, plant and equipment includes major spare parts and standby equipment having cost of Rs 246.341 million (2017: Rs 77.877 million).

**6.8** Particulars of immovable property (land and building) in the name of the Holding Company are as follows:

| Location  | Total Area (Acreage) |
|---|----------------------|
| <b>Freehold Land &amp; Building</b>                                     |                      |
| Sui Field   | 2,488.21             |
| Kandhkot Field  | 161.90               |
| Mazarani Field  | 184.55               |
| Water Pump Station, Village Kot Khewali, District Kashmore (KPS)        | 14.84                |
| <b>Leasehold Land &amp; Building</b>                                    |                      |
| Plot No.3, CL-9, Civil Lines Quarters, Dr. Ziauddin Ahmed Road, Karachi | 1.44                 |
| Kandhkot Field  | 812.12               |
| Adhi Field  | 190.64               |
| KPS   | 134.00               |

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

## 6.9 Particulars of the Holding Company's business units, including plants, are as follows:

| S.No | Business Unit      | Address   | Geographical location (Province) | Plants  |
|------|--------------------|---|----------------------------------|---|
| 1.   | Head Office        | P.I.D.C. House<br>Dr. Ziauddin Ahmed Road.<br>P.O. Box 3942.<br>Karachi-75590 | Sindh                            | Not applicable  |
| 2.   | Sui Gas Field      | Sui Dera Bugti, Balochistan   | Balochistan                      | 1) Sui Field Gas Compression Station<br>2) Purification Plant<br>3) Gas Processing Facility |
| 3.   | Adhi Field         | District, Rawalpindi  | Punjab                           | 1) LPG Plant - I<br>2) LPG Plant II<br>3) LPG / NGL Plant III                               |
| 4.   | Kandhkot Gas Field | District, Kashmore  | Sindh                            | 1) Dehydration Unit<br>2) Kandhkot Gas Compression Station                                  |
| 5.   | Gambat South Field | District, Sanghar   | Sindh                            | 1) Gas Processing Facility - I<br>2) Gas Processing Facility -II                            |
| 6.   | Mazarani Gas Field | District, Kamber  | Sindh                            | Gas Processing Facility   |
| 7.   | Chachar Gas Field  | District, Kashmore  | Sindh                            | Not applicable, since the gas is processed at Kandhkot Gas Field                            |
| 8.   | Hala Field         | Districts, Sanghar and Matiari  | Sindh                            | Gas Processing Facility   |

**June 30, 2018**      June 30, 2017  
----- Rs '000 -----

## 7. INTANGIBLE ASSETS

Computer software including ERP system - note 7.1  
Intangible assets under development

|                |                |
|----------------|----------------|
| <b>294,433</b> | 352,896        |
| <b>125,854</b> | 52,353         |
| <b>420,287</b> | <b>405,249</b> |



# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

## 7.1 Computer software including ERP system

|                                  | ERP system    | Computer software | Total          |
|----------------------------------|---------------|-------------------|----------------|
|                                  | Rs '000       |                   |                |
| <b>As at July 01, 2016</b>       |               |                   |                |
| Cost                             | 339,408       | 1,113,730         | 1,453,138      |
| Accumulated amortisation         | (320,273)     | (797,359)         | (1,117,632)    |
| <b>NBV</b>                       | <b>19,135</b> | <b>316,371</b>    | <b>335,506</b> |
| <b>Year ended June 30, 2017</b>  |               |                   |                |
| Additions (at cost)              | 27,996        | 142,314           | 170,310        |
| Amortisation charge - note 32    | (7,200)       | (145,720)         | (152,920)      |
| <b>NBV</b>                       | <b>39,931</b> | <b>312,965</b>    | <b>352,896</b> |
| <b>As at July 01, 2017</b>       |               |                   |                |
| Cost                             | 367,404       | 1,256,044         | 1,623,448      |
| Accumulated amortisation         | (327,473)     | (943,079)         | (1,270,552)    |
| <b>NBV</b>                       | <b>39,931</b> | <b>312,965</b>    | <b>352,896</b> |
| <b>Year ended June 30, 2018</b>  |               |                   |                |
| Additions (at cost)              | 5,780         | 95,568            | 101,348        |
| Adjustments / re-classifications | (10,812)      | 10,812            | -              |
| Amortisation charge - note 32    | (3,558)       | (156,253)         | (159,811)      |
| <b>NBV</b>                       | <b>31,341</b> | <b>263,092</b>    | <b>294,433</b> |
| <b>As at June 30, 2018</b>       |               |                   |                |
| Cost                             | 362,372       | 1,362,424         | 1,724,796      |
| Accumulated amortisation         | (331,031)     | (1,099,332)       | (1,430,363)    |
| <b>NBV</b>                       | <b>31,341</b> | <b>263,092</b>    | <b>294,433</b> |
| Rate of amortisation (%)         | 20            | 33                |                |

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

June 30, 2018      June 30, 2017  
----- Rs '000 -----

## 8. LONG-TERM INVESTMENTS

### Investments in related parties

#### - Wholly owned subsidiaries

- PPPFTC - note 8.1

1

1

### Other investments

#### - Held-to-maturity

- Term Finance Certificates (TFCs)

- Pakistan Investment Bonds (PIBs)

- Local currency term deposits with bank - note 8.2

- Foreign currency term deposits with banks - note 8.3

|            |            |
|------------|------------|
| -          | 33,247     |
| -          | 548,577    |
| 2,000,000  | 2,000,000  |
| 29,555,194 | 18,955,491 |
| 31,555,194 | 21,537,315 |

#### - Designated at fair value through profit or loss

- Mutual Funds (UBL Al Amin Funds) - note 8.4

74,191

85,000

Less: Current maturities

- TFCs

- PIB

|            |            |
|------------|------------|
| -          | (33,247)   |
| -          | (548,577)  |
| -          | (581,824)  |
| 31,629,386 | 21,040,492 |

### 8.1 Pakistan Petroleum Provident Fund Trust Company (Private) Limited

PPPFTC, a wholly owned subsidiary of the Holding Company, has neither made any profits nor incurred any losses from the date of its incorporation to June 30, 2018. The paid-up capital of PPPFTC is Rs 1,000 divided into 100 ordinary shares of Rs 10 each.

SECP through its letter CLD/RD/CO.237/PPL/2004 dated July 6, 2004 has exempted the Holding Company from consolidation of financial statements in respect of its investment in PPPFTC under Companies Act, 2017. Accordingly, the Holding Company has not consolidated PPPFTC in its consolidated financial statements for the year ended June 30, 2018.

### 8.2 Local currency term deposits with bank

These represent term deposits with bank having interest rate of 7.73% (2017: 6.1%) per annum. These have been classified as non-current assets, as the management intends and has the ability to hold the amount for longer term.

### 8.3 Foreign currency term deposits with banks

These represent term deposits with banks having effective interest rate ranging from 2.50% to 4.01% (2017: 1.20% to 3.30%) per annum. These investments have been classified as non-current assets, as the management intends and has the ability to hold the amounts for longer term.

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

## 8.4 Mutual Funds

This represents 823,428 units (net share) having face value of Rs 90.10. Further, this investment is a Shariah compliant arrangement and has been categorised under Level 1 of the fair value hierarchy. IFRS-7, 'Financial Instruments: Disclosure' requires the Holding Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

June 30, 2018      June 30, 2017  
----- Rs '000 -----

## 9. LONG-TERM LOANS

### Unsecured and considered good

#### Long-term loans - staff - note 9.1

- Executive staff - note 9.2
- Other employees

|               |               |
|---------------|---------------|
| 19,869        | 24,310        |
| 5,090         | 6,510         |
| <b>24,959</b> | <b>30,820</b> |

Less: Current maturities

- Executive staff
- Other employees

|                |                 |
|----------------|-----------------|
| (7,597)        | (9,032)         |
| (1,295)        | (1,422)         |
| <b>(8,892)</b> | <b>(10,454)</b> |
| <b>16,067</b>  | <b>20,366</b>   |

- 9.1** These mainly represent house purchase / building, household appliances, generator and car / motorcycle loans disbursed to employees under the terms of employment and are recoverable by the Holding Company in accordance with the Holding Company's rules over a maximum period of ten years. The loans carry interest rate ranging from 1% to 10% (2017: 1% to 10%) per annum. Loans to employees have not been discounted as required under IAS-39 as the amount involved is not significant.

### 9.2 Reconciliation of the carrying amount of long-term loans to executive staff

June 30, 2018      June 30, 2017  
----- Rs '000 -----

|                          |               |               |
|--------------------------|---------------|---------------|
| Balance as on July 01    | 24,310        | 28,494        |
| Disbursements            | 7,580         | 10,010        |
| Repayments / adjustments | (12,021)      | (14,194)      |
| Balance as on June 30    | <b>19,869</b> | <b>24,310</b> |

The maximum aggregate amount of loans due from the executive staff at the end of any month during the year was Rs 23.527 million (2017: Rs 28.347 million).

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

|  | June 30, 2018       | June 30, 2017  |
|--|---------------------|----------------|
|  | ----- Rs '000 ----- | -----          |
| <b>10. LONG-TERM DEPOSITS</b>                              |                     |                |
| <b>Cash margin:</b>  |                     |                |
| - For guarantee to International Bank of Yemen - note 10.1 | 911,850             | 787,500        |
| - Others - note 27.1.3                                     | 7,676               | 7,676          |
|  | <u>919,526</u>      | <u>795,176</u> |
| Less: Current maturity of long-term deposits               | (911,850)           | (787,500)      |
|  | <u>7,676</u>        | <u>7,676</u>   |

- 10.1** The Production Sharing Agreement (PSA) for Yemen Block-29 (Block) was entered into by the Ministry of Oil & Minerals of the Republic of Yemen (the Ministry of Yemen), OMV (Yemen) South Sanau Exploration GmbH (the Operator), Pakistan Petroleum Limited (the Holding Company) and Yemen General Corporation for Oil & Gas on April 13, 2008 and made effective on March 17, 2009.

The Holding Company placed a Letter of Credit (LC) amounting to USD 7.5 million through International Bank of Yemen on submission of counter guarantee through United Bank Limited against 100% cash margin of Rs 787.500 million, to guarantee its performance under the PSA. Subsequently, the Holding Company assigned its Participating Interest in the Block to its wholly-owned subsidiary PPLE with effect from May 14, 2014.

The Operator, on behalf of the entities comprising Contractor of the PSA, served notice to the Ministry of Yemen through its letter dated April 21, 2015 of force majeure in accordance with Article 22 of the PSA in the Block. Further, on June 21, 2016, the Operator served a notice of termination of PSA pursuant to force majeure, to the Ministry of Yemen which became effective after ninety days from the date of notice of termination i.e. September 19, 2016. The Ministry of Yemen objected to the notice of termination vide its letter dated September 06, 2016.

Pursuant to above, Ministry of Yemen vide letter dated February 01, 2018 addressed to the Operator gave its "no objection" to its notice of termination. The said letter has placed certain conditions primarily relating to payment of outstanding financial obligations before the Operator's bank guarantee could be released. While PPLE is following up with the Operator for fulfilment of the conditions, PPLE has also written to Ministry of Yemen requesting for the release of the Holding Company's bank guarantee / LC.

|  | June 30, 2018       | June 30, 2017  |
|--|---------------------|----------------|
|  | ----- Rs '000 ----- | -----          |
| <b>11. LONG-TERM RECEIVABLES</b>                           |                     |                |
| <b>Unsecured and considered good</b>                       |                     |                |
| Long-term receivables from:                                |                     |                |
| - Government Holdings (Private) Limited (GHPL) - note 11.1 | 125,456             | 188,419        |
| - National Highway Authority (NHA)                         | -                   | 161,558        |
|  | <u>125,456</u>      | <u>349,977</u> |
| Current maturity of long-term receivables from GHPL        | (50,786)            | (88,858)       |
|  | <u>74,670</u>       | <u>261,119</u> |

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

- 11.1** This represents share of carrying cost borne by the Holding Company, in respect of Tal and Nashpa fields, which is recoverable from GHPL in accordance with the terms set out under the relevant Petroleum Concession Agreements (PCAs). The receivable has not been discounted as required under IAS-39 as the amount involved is not significant.

**June 30, 2018**      June 30, 2017  
----- Rs '000 -----

## 12. STORES AND SPARES

|   |                  |           |
|---|------------------|-----------|
| Stores and spares   | <b>3,716,079</b> | 4,093,313 |
| Stores and spares in transit                                  | <b>18,122</b>    | 393,672   |
|   | <b>3,734,201</b> | 4,486,985 |
| Less: Provision for obsolete / slow moving stores - note 12.1 | <b>(205,763)</b> | (149,778) |
|   | <b>3,528,438</b> | 4,337,207 |

## 12.1 Reconciliation of provision for obsolete / slow moving stores:

|                               |                |         |
|-------------------------------|----------------|---------|
| Balance as on July 01         | <b>149,778</b> | 133,558 |
| Charge for the year - note 35 | <b>55,985</b>  | 16,220  |
| Balance as on June 30         | <b>205,763</b> | 149,778 |

## 13. TRADE DEBTS

### Unsecured and considered good

#### Related parties - note 13.1

|   |                    |            |
|---|--------------------|------------|
| Central Power Generation Company Limited (GENCO-II) | <b>15,395,000</b>  | 12,478,222 |
| Sui Northern Gas Pipelines Limited (SNGPL)          | <b>66,902,697</b>  | 45,557,919 |
| Sui Southern Gas Company Limited (SSGCL)            | <b>50,204,038</b>  | 35,699,827 |
| Pak-Arab Refinery Limited (PARCO)                   | <b>912,202</b>     | 786,710    |
| Oil & Gas Development Company Limited (OGDCL)       | <b>259,447</b>     | 28,027     |
|   | <b>133,673,384</b> | 94,550,705 |

#### Non-related parties

|                                 |                    |            |
|---------------------------------|--------------------|------------|
| Attock Refinery Limited (ARL)   | <b>7,066,439</b>   | 3,642,162  |
| Pakistan Refinery Limited (PRL) | <b>593,175</b>     | 234,696    |
| National Refinery Limited (NRL) | <b>367,586</b>     | 325,767    |
| Others                          | <b>1,124,161</b>   | 665,821    |
|                                 | <b>9,151,361</b>   | 4,868,446  |
|                                 | <b>142,824,745</b> | 99,419,151 |

### Unsecured and considered doubtful

#### Non-related party

|  |                    |             |
|--|--------------------|-------------|
| Byco Petroleum Pakistan Limited (Byco)         | <b>1,156,220</b>   | 1,156,220   |
| Less: Provision for doubtful debts - note 13.4 | <b>(1,156,220)</b> | (1,156,220) |
|  | <b>-</b>           | -           |
|  | <b>142,824,745</b> | 99,419,151  |

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

**13.1** Maximum aggregate amount outstanding during the year with respect to month end balance is as follows:

|          | June 30, 2018       | June 30, 2017       |
|----------|---------------------|---------------------|
|          | ----- Rs '000 ----- | ----- Rs '000 ----- |
| GENCO-II | 17,957,433          | 12,478,222          |
| SSGCL    | 50,204,038          | 35,699,827          |
| SNGPL    | 69,277,373          | 45,581,027          |
| PARCO    | 1,368,786           | 1,842,241           |
| OGDCL    | 299,221             | 48,108              |
|          | <b>139,106,851</b>  | <b>95,649,425</b>   |

**13.2** The ageing of trade debts as at June 30 is as follows:

|                               |                    |                   |
|-------------------------------|--------------------|-------------------|
| Neither past due nor impaired | 25,267,261         | 53,461,720        |
| Past due but not impaired:    |                    |                   |
| <b>Related parties</b>        |                    |                   |
| - within 90 days              | 19,109,317         | 14,640,089        |
| - 91 to 180 days              | 18,804,522         | 14,232,795        |
| - over 180 days               | 78,038,673         | 16,752,693        |
|                               | <b>115,952,512</b> | <b>45,625,577</b> |
| <b>Non-related parties</b>    |                    |                   |
| - within 90 days              | 1,515,740          | 265,573           |
| - 91 to 180 days              | 6,515              | 11,756            |
| - over 180 days               | 82,717             | 54,525            |
|                               | <b>1,604,972</b>   | <b>331,854</b>    |
|                               | <b>142,824,745</b> | <b>99,419,151</b> |

**13.3** Trade debts include overdue amount of Rs 115,951 million (2017: Rs 45,624 million) receivable from the State controlled companies (i.e. GENCO-II, SNGPL, SSGCL and OGDCL) and Rs 2,763 million (2017: Rs 1,490 million) overdue receivable from refineries (i.e. ARL, Byco, PARCO, NRL and Pakistan Refinery Limited) and various LPG customers.

Based on the measures being undertaken by the GoP, the Group considers the overdue amounts to be fully recoverable and therefore, no further provision for doubtful debts has been made in these consolidated financial statements, except for provision against receivable from Byco.

**13.4** The Holding Company has filed a legal suit in the Sindh High Court (SHC) against Byco for recovery of overdues. The said suit is pending adjudication before the SHC.

**June 30, 2018**      **June 30, 2017**  
----- Rs '000 -----

## 14. LOANS AND ADVANCES

### Unsecured and considered good

|  |                  |                  |
|--|------------------|------------------|
| Loans and advances to staff - note 14.1                      | 69,440           | 69,660           |
| Advances to suppliers and others                             | 318,767          | 142,852          |
| Advance payment of cash calls to joint operations – note 38" | 1,118,197        | 3,795,552        |
|  | <b>1,506,404</b> | <b>4,008,064</b> |



# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

|  | June 30, 2018       | June 30, 2017      |
|--|---------------------|--------------------|
|  | ----- Rs '000 ----- | -----              |
| <b>14.1 Loans and advances to staff:</b>                               |                     |                    |
| - Executive staff  | 80                  | 1,029              |
| - other employees  | 69,360              | 68,631             |
|  | <u>69,440</u>       | <u>69,660</u>      |
| <b>15. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS</b>                   |                     |                    |
| Trade deposits   | 82,432              | 274,357            |
| Prepayments  | 152,491             | 173,222            |
|  | <u>234,923</u>      | <u>447,579</u>     |
| <b>16. INTEREST ACCRUED</b>  |                     |                    |
| Profit receivable on:  |                     |                    |
| - long-term investments  | 403,812             | 188,018            |
| - long-term bank deposits  | 9,503               | 6,126              |
| - short-term investments   | 117,980             | 246,692            |
| - bank deposits - saving accounts                                      | 16,114              | 32,319             |
|  | <u>547,409</u>      | <u>473,155</u>     |
| <b>17. OTHER RECEIVABLES</b>   |                     |                    |
| Receivable from:   |                     |                    |
| SNGPL for Sui field services   | 15,392              | 11,087             |
| SSGCL for Sui field services   | 9,562               | 6,859              |
| Workers' Profits Participation Fund (WPPF) - note 17.1                 | 59,936              | -                  |
| Staff retirement benefit plans - note 33.1.2                           | 33,338              | 682,361            |
| Current accounts with joint operations - note 38                       | 1,649,235           | 1,325,172          |
| Federal excise duty (net)  | -                   | 852,607            |
| Indemnification asset  | 368,693             | 318,278            |
| Others   | 78,820              | 37,759             |
|  | <u>2,214,976</u>    | <u>3,234,123</u>   |
| <b>17.1 Workers' Profits Participation Fund</b>                        |                     |                    |
| Balance as on July 01  | (600,542)           | 179,324            |
| Allocation for the year - note 35                                      | (3,353,699)         | (2,546,111)        |
| Interest on funds utilised in the Holding Company's business - note 34 | (15,028)            | (460)              |
|  | <u>(3,969,269)</u>  | <u>(2,367,247)</u> |
| Amount paid during the year  | 4,029,205           | 1,766,705          |
| Balance as on June 30  | <u>59,936</u>       | <u>(600,542)</u>   |

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

June 30, 2018      June 30, 2017  
----- Rs '000 -----

## 18. SHORT-TERM INVESTMENTS

### Held-to-maturity

|   |                   |                   |
|---|-------------------|-------------------|
| Local currency term deposits with banks - note 18.1   | 14,072,500        | 33,568,750        |
| Investment in treasury bills                          | -                 | 2,924,322         |
| Foreign currency term deposits with banks - note 18.2 | 8,306,916         | 7,479,681         |
|   | <u>22,379,416</u> | <u>43,972,753</u> |

**18.1** These deposits have a maximum maturity period of 335 days, carrying profit ranging from 5.78% to 7.78% (2017: from 3.85% to 7.00%) per annum.

**18.2** The fixed rate foreign currency short-term deposits have a maximum maturity period of 318 days, carrying profit ranging from 1.64% to 2.90% (2017: 1.31% to 2.20%) per annum.

June 30, 2018      June 30, 2017  
----- Rs '000 -----

## 19. CASH AND BANK BALANCES

### At banks

#### - Saving accounts

Local currency - note 19.1

Foreign currency - note 19.2

|                  |                  |
|------------------|------------------|
| 5,883,392        | 5,448,980        |
| 824,687          | 665,754          |
| <u>6,708,079</u> | <u>6,114,734</u> |

#### - Current accounts

Local currency

Foreign currency

|                  |                |
|------------------|----------------|
| 1,212,404        | 215,618        |
| 256,172          | 53,524         |
| <u>1,468,576</u> | <u>269,142</u> |

Cash and cheques in hand

|                  |                  |
|------------------|------------------|
| 74,978           | 48,209           |
| <u>8,251,633</u> | <u>6,432,085</u> |

**19.1** These carry profit at the rate ranging from 1.75% to 6.60% (2017: from 1.75% to 6.10%) per annum. Further, it includes Rs 55.302 million (2017: Rs 61.264 million) placed under an arrangement permissible under Shariah.

**19.2** These carry profit at the rate ranging from 0.10% to 1.30% (2017: from 0.10% to 0.25%) per annum.

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

|  | June 30, 2018       | June 30, 2017     |
|--|---------------------|-------------------|
|  | ----- Rs '000 ----- | -----             |
| <b>20. SHARE CAPITAL</b>   |                     |                   |
| <b>Authorised</b>  |                     |                   |
| 2,500,000,000 (2017: 2,500,000,000)<br>ordinary shares of Rs 10 each   | 25,000,000          | 25,000,000        |
| 26,510 (2017: 26,510) convertible<br>preference shares of Rs 10 each   | 265                 | 265               |
|  | <u>25,000,265</u>   | <u>25,000,265</u> |
| <b>Issued</b>  |                     |                   |
| 1,971,907,643 (2017: 1,971,907,023)<br>ordinary shares of Rs 10 each - note 20.1   | 19,719,076          | 19,719,070        |
| 11,359 (2017: 11,979) convertible preference<br>shares of Rs 10 each - note 20.2   | 114                 | 120               |
|  | <u>19,719,190</u>   | <u>19,719,190</u> |
| <b>Subscribed and paid-up</b>  |                     |                   |
| 683,076,284 (2017: 683,075,664)<br>ordinary shares of Rs 10 each for cash - note 20.1  | 6,830,762           | 6,830,756         |
| 1,285,891,812 (2017: 1,285,891,812)<br>ordinary shares of Rs 10 each issued as bonus shares  | 12,858,919          | 12,858,919        |
| 2,750,000 (2017: 2,750,000) ordinary shares of Rs 10<br>each for consideration other than cash under an<br>Agreement for Sale of Assets dated March 27, 1952<br>with Burmah Oil Company Limited" | 27,500              | 27,500            |
|  | <u>19,717,181</u>   | <u>19,717,175</u> |
| 11,359 (2017: 11,979) convertible preference<br>shares of Rs 10 each for cash - note 20.2  | 114                 | 120               |
|  | <u>19,717,295</u>   | <u>19,717,295</u> |

## 20.1 Issued, subscribed and paid-up capital

During June 2002, a rights issue of 653,170,040 ordinary shares of Rs 10 each was made to the existing shareholders, irrespective of the class. Out of the above, 189,547 (2017: 189,547) shares remained unsubscribed.

In July 2004, the GoP disinvested its shareholding, equivalent to 15% of the paid-up ordinary share capital (i.e. 102,875,500 ordinary shares) of the Holding Company through an Initial Public Offering. Whereas, in July 2014, the GoP completed the disinvestment of its 70,055,000 shares through a Secondary Public Offering. Consequently, the shareholding of the GoP in the Holding Company reduced to 67.51% of the paid-up ordinary share capital.

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

## 20.2 Convertible preference shares

In accordance with article 3(iv) of the Holding Company's Articles of Association, shareholders holding convertible preference shares have the right to convert all or any of their convertible preference shares into ordinary shares on the basis of one ordinary share for each convertible preference share converted, such conversion to take place upon the expiry of six months following service of written notice upon the Holding Company's Company Secretary by the holders of such convertible preference shares to that effect. During the year, 620 (2017: 197) convertible preference shares were converted into ordinary shares.

The convertible preference shares have right to a dividend ranking pari passu with the level of dividend payable to the holders of ordinary shares subject, however, to a maximum rate of thirty percent per annum of the value of the total number of such convertible preference shares held. The convertible preference shares issued by the Holding Company do not carry any fixed return.

|   | June 30, 2018      | June 30, 2017 |
|---|--------------------|---------------|
|   | -----              | -----         |
|   | Rs '000            |               |
| <b>21. RESERVES</b>                           |                    |               |
| <b>Capital reserve - note 21.1</b>            | <b>1,428</b>       | <b>1,428</b>  |
| <b>Revenue reserves</b>                       |                    |               |
| - General and contingency reserve - note 21.2 | <b>69,761</b>      | 69,761        |
| - Insurance reserve - note 21.3               | <b>34,021,894</b>  | 34,021,894    |
| - Assets acquisition reserve - note 21.4      | <b>23,751,980</b>  | 23,751,980    |
| - Dividend equalisation reserve - note 21.5   | <b>2,535,354</b>   | 2,535,354     |
| - Unappropriated Profit                       | <b>157,972,291</b> | 133,511,046   |
| - Translation reserves- note 5.22             | <b>2,379,493</b>   | 1,514,648     |
|   | <b>220,730,773</b> | 195,404,683   |
|   | <b>220,732,201</b> | 195,406,111   |

### 21.1 Capital reserve

This represents consideration for the surrender of the right of the Mari North Mining Lease. In accordance with the transfer agreement with the GoP, the foregoing consideration has to be carried forward as capital reserve and cannot be distributed.

### 21.2 General and contingency reserve

The balance in general and contingency reserve account is constant since December 31, 1981. The reserve was built through appropriation from the available profit after taxation on a yearly basis to cater for unforeseen requirements. As at December 31, 1981, the balance available in the statement of profit or loss after appropriation of dividend for the year was transferred to the general and contingency reserve upon the coming into effect of the Sui Gas Well-head Price Agreement, 1982 (1982 GPA), which required inclusion of this reserve as a part of the shareholders' funds for qualifying for return under the 1982 GPA (now dismantled). Since then, this balance has remained constant. This reserve can be utilised by the Holding Company only for the purpose specified in the 1982 GPA.

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

## 21.3 Insurance reserve

Due to difficulty in obtaining insurance policy for full value of Holding Company's assets against terrorism, sabotage and civil commotion at reasonable premiums and deductibles, the Holding Company has built-up an insurance reserve for self-insurance cover against these risks.

The Holding Company has arranged terrorism cover from the international market upto the limit of liability of US\$ 100 million (Rs 12,160 million) for single occurrence, as well as, annual aggregate.

## 21.4 Assets acquisition reserve

In view of the declining hydrocarbon reserves profile of the Holding Company, it is intended to acquire sizeable producing reserves for which a separate assets acquisition reserve has been established.

## 21.5 Dividend equalisation reserve

During the year ended June 30, 2013, the Holding Company established a dividend equalisation reserve to maintain dividend declarations.

## 22. PROVISION FOR DECOMMISSIONING OBLIGATION

|                                       | June 30, 2018     | June 30, 2017     |
|---------------------------------------|-------------------|-------------------|
|                                       | -----             | Rs '000 -----     |
| Balance at beginning of the year      | 20,469,209        | 20,482,574        |
| - Provision during the year           | 1,248,022         | 1,098,276         |
| - Revision due to change in estimates | 785,964           | (1,448,479)       |
| - Adjustment during the year          | 47,689            | (92,613)          |
| - Unwinding of discount - note 34     | 412,608           | 429,451           |
| Balance at end of the year            | <u>22,963,492</u> | <u>20,469,209</u> |

The above provision for decommissioning obligation is analysed as follows:

### Wells

|                                  |            |            |
|----------------------------------|------------|------------|
| Share in operated assets         | 15,525,756 | 13,426,455 |
| Share in partner operated assets | 3,251,970  | 3,320,668  |

### Production facilities

|                                  |                   |                   |
|----------------------------------|-------------------|-------------------|
| Share in operated assets         | 2,183,857         | 2,016,002         |
| Share in partner operated assets | 2,001,909         | 1,706,084         |
|                                  | <u>22,963,492</u> | <u>20,469,209</u> |

- 22.1** The provision for decommissioning obligation in respect of the Group's operated fields has been estimated by its in-house technical staff, whereas, the provision for the partner operated fields is based on estimates provided by the respective operators. The provision has been discounted using a US Dollar based real discount rate of 2.3% (2017: 1.9%) per annum.

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

June 30, 2018      June 30, 2017  
----- Rs '000 -----

## 23. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

Present value of minimum lease payments - note 23.1  
Current maturity

|                 |                |
|-----------------|----------------|
| <b>142,757</b>  | 255,887        |
| <b>(74,621)</b> | (112,564)      |
| <b>68,136</b>   | <b>143,323</b> |

**23.1** The liabilities against assets subject to finance lease represent the leases entered into with leasing companies for rolling stock, computers and allied equipment. The periodic lease payments include rates of mark-up ranging from 9.78% to 14.91% (2017: 9.78% to 14.91%) per annum. The Holding Company has the option to purchase the assets upon expiry of the respective lease terms. There are no financial restrictions in the lease agreements.

The amounts of future payments (falling in next 5 years from the reporting date) for the lease and the period in which the lease payments will become due are as follows:

|                     | Minimum lease payments |                | Financial charges |               | Present value of minimum lease payments |                |
|---------------------|------------------------|----------------|-------------------|---------------|---|----------------|
|                     | June 30, 2018          | June 30, 2017  | June 30, 2018     | June 30, 2017 | June 30, 2018                           | June 30, 2017  |
|                     | Rs '000                |                |                   |               |   |                |
| Year ended June 30, |                        |                |                   |               |   |                |
| 2018                | -                      | 131,466        | -                 | 18,902        | -                                       | 112,564        |
| 2019                | 84,092                 | 87,211         | 9,471             | 14,881        | 74,621                                  | 72,330         |
| 2020                | 63,599                 | 66,472         | 7,368             | 7,681         | 56,231                                  | 58,791         |
| 2021                | 12,779                 | 13,109         | 1,288             | 1,321         | 11,491                                  | 11,788         |
| 2022                | 440                    | 440            | 26                | 26            | 414                                     | 414            |
| <b>Total</b>        | <b>160,910</b>         | <b>298,698</b> | <b>18,153</b>     | <b>42,811</b> | <b>142,757</b>                          | <b>255,887</b> |

**23.2** Lease rental payments including financial charges thereon for the year ended June 30, 2018, amount to Rs 113.130 million.

June 30, 2018      June 30, 2017  
----- Rs '000 -----

## 24. DEFERRED LIABILITIES

Post-retirement medical benefits - note 33.2.1  
Leave preparatory to retirement - note 33.3

|                  |                  |
|------------------|------------------|
| <b>1,949,451</b> | 1,781,636        |
| <b>702,080</b>   | 581,487          |
| <b>2,651,531</b> | <b>2,363,123</b> |



# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

|  | June 30, 2018       | June 30, 2017     |
|--|---------------------|-------------------|
|  | ----- Rs '000 ----- | -----             |
| <b>25. DEFERRED TAXATION</b>   |                     |                   |
| <b>(Deductible) / taxable temporary differences on:</b>  |                     |                   |
| Exploration expenditure  | (2,418,850)         | (2,645,032)       |
| Provision for staff retirement and other benefits  | (1,441,797)         | (468,313)         |
| Provision for obsolete / slow moving stores  | (59,671)            | (44,933)          |
| Provision for doubtful debts   | (462,488)           | (462,488)         |
| Provision for windfall levy on oil / condensate  | (1,030,017)         | -                 |
| Provision for decommissioning obligation   | 2,108,978           | 1,348,350         |
| Accelerated tax depreciation allowances  | 6,615,236           | 5,346,334         |
| Exploratory wells cost   | 14,205,837          | 10,958,994        |
| Development and production expenditure   | 20,005,133          | 17,787,295        |
| Others   | 591                 | 1,715             |
|  | <b>37,522,952</b>   | <b>31,821,922</b> |
| <b>26. TRADE AND OTHER PAYABLES</b>  |                     |                   |
| Creditors  | 1,371,618           | 458,490           |
| Accrued liabilities  | 6,001,897           | 7,812,291         |
| Security deposits from LPG distributors - note 26.1  | 766,180             | 766,180           |
| Retention money  | 127,870             | 92,757            |
| Gas Development Surcharge (GDS)  | 9,031,121           | 9,845,119         |
| Gas Infrastructure Development Cess (GIDC)   | 4,021,115           | 2,162,798         |
| Federal excise duty (net)  | 143,208             | -                 |
| Sales tax (net)  | 908,317             | 2,725,679         |
| Royalties  | 10,721,863          | 7,840,957         |
| Lease extension bonus  | 10,768,415          | 7,204,961         |
| Current accounts with joint operations - note 38   | 13,593,750          | 8,886,054         |
| Staff retirement benefit plans   | 2,306,171           | -                 |
| Provision for windfall levy on oil / condensate - note 27.1.9  | 1,961,937           | -                 |
| WPPF- note 17.1  | -                   | 600,542           |
| Contractual obligations for Iraq EDPSC - note 26.2   | 1,156,432           | 1,031,470         |
| Others   | 418,730             | 319,540           |
|  | <b>63,298,624</b>   | <b>49,746,838</b> |
| <b>26.1</b> The entire amounts are utilisable for the Holding Company's business and are kept in a separate bank account.  |                     |                   |
| <b>26.2</b> These represent Infrastructure Fund amounting to Rs 700.912 million (2017: Rs 605.228 million) and Training, Technology & Scholarship Fund amounting to Rs 455.520 million (2017: Rs 426.242 million) payable under the EDPSC with MDOC. |                     |                   |

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

June 30, 2018      June 30, 2017  
----- Rs '000 -----

## 27. CONTINGENCIES AND COMMITMENTS

### 27.1 Contingencies

#### 27.1.1 Corporate guarantees

Corporate guarantees (including share of joint operations areas) issued to custom authorities, redeemable on receipt of necessary certification from regulatory authority or clarification from custom authorities.

**42,083**

**44,487**

**27.1.2** Pursuant to the directives of the Price Determining Authority, Ministry of Energy (Petroleum Division), the Holding Company is not taking credit for interest income receivable from GENCO-II and no provision is being made for the interest payable to GoP on late payment of GDS.

#### 27.1.3 Sales tax

The tax authorities have issued various letters / notices / orders for different tax periods either disallowing / intending to disallow the input sales tax claimed by the Holding Company amounting to Rs 11.830 million, under the provisions of sections 8(1)(ca) and 8A of the Sales Tax Act, 1990 and Rule 12(5) of the Sales Tax Rules, 2006. All the three orders received by the Holding Company have been set-aside by the Commissioner Inland Revenue – (Appeals) [CIR-(A)] or the Appellate Tribunal Inland Revenue (ATIR). The set-aside proceedings are pending before the tax authorities in respect of the said appellate orders.

The Holding Company has also filed a Constitutional Petition along with stay application before the SHC challenging the above provisions. The Honourable SHC in response to the stay application vide interim order dated October 27, 2011 granted stay subject to the provision of bank guarantee amounting to Rs 7.676 million, which was duly provided. During the year ended June 30, 2013, the said order was renewed by another order dated June 25, 2013 of Honourable SHC. The original petition filed before the Honourable SHC, however, is pending for adjudication.

The Holding Company's case was selected by the Commissioner Inland Revenue (CIR) and Federal Board of Revenue (FBR) for sales tax audit, for the tax periods July 2012 to June 2013 and July 2013 to June 2014, respectively. The orders in this respect were passed on December 31, 2015 and June 30, 2016 raising an aggregate demand of Rs 50 million in both the said orders by disallowing input tax claimed by the Holding Company during the impugned tax periods on the ground that no evidence in respect of such claim has been provided by the Holding Company. Being aggrieved, the Holding Company has filed appeals before the CIR-(A). The CIR-(A) vide order dated June 22, 2017 has set-aside the order dated December 31, 2015 passed by the tax authorities. The other order is pending before CIR-(A) for adjudication. The demand raised in both the orders has been fully paid by the Holding Company under protest.

During the year, the tax authorities have passed two orders for various tax periods disallowing input tax claimed by the Holding Company amounting to Rs 56 million, under the provisions of sections 3, 8, 26 and 73 of the Sales Tax Act, 1990. Being aggrieved, the Holding Company has filed appeals before the CIR-(A) which are pending for adjudication. The Holding Company, under protest, has paid the demand raised in both the orders.

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

## 27.1.4 Sindh Sales Tax

The Holding Company has received notices from the Sindh Revenue Board (SRB) alleging that it has not withheld Sindh Sales Tax amounting to Rs 2,896 million on certain services during the tax periods July 2011 to June 2016. Based on the advice of the legal counsel, the Holding Company has challenged the notices before the Honourable SHC on constitutional grounds. The Honourable SHC has granted interim stay with directions to SRB to maintain status quo in respect of the impugned notices.

## 27.1.5 Income tax

The tax authorities have amended the assessments of the Holding Company for the tax years 2003 to 2017 raising an aggregate demand of Rs 25,781 million; which primarily relates to rate issue, depletion allowance, decommissioning cost, super tax and tax credits under sections 65A, 65B and 65E of the Income Tax Ordinance, 2001. The Holding Company has paid / adjusted an amount of Rs 24,006 million out of the said aggregate demand. The outstanding demand relates to tax years 2003 to 2009 which has been stayed by the Honourable SHC. The appeals in respect of assessments made by the tax authorities are pending at the following appellate fora:

| Tax Year      | Appellate Forum                       |
|---------------|---------------------------------------|
| 2003 to 2012  | Sindh High Court                      |
| 2013 and 2014 | Appellate Tribunal Inland Revenue     |
| 2015 to 2017  | Commissioner Inland Revenue (Appeals) |

The Holding Company, based on the advice of its legal counsel, is confident that it has sound grounds to defend the appeals on the aforesaid issues. However, the Holding Company as a matter of prudence, has continued to provide for tax liabilities in respect of tax rates, depletion allowance, super tax relating to Non-Agreement Area and tax credits under sections 65A, 65B and 65E relating to Agreement Areas in the books of accounts. In case the appeals are decided in favour of the Holding Company, an amount of Rs 18,197 million (2017: Rs 16,327 million) will be credited to the profit or loss for that year.

A demand of Rs 7,826 million was raised by the tax authorities relating to advance income tax for the tax year 2014. The Holding Company, through its legal counsel, filed a Suit before the Honourable SHC which was decided in favour of the Holding Company. The tax authorities have filed an appeal before the Honourable Supreme Court of Pakistan (SCP) against the order of the Honourable SHC, which will be defended by the Holding Company's legal counsel.

The tax authorities have conducted monitoring proceedings for the tax years 2016 and 2017 wherein evidences for withholding taxes deducted were required and accordingly provided by the Holding Company. The assessing officer, however, issued orders for non-submission of evidences whilst raising demand of Rs 25 million and Rs 28 million for tax years 2016 and 2017 respectively, which were duly paid by the Holding Company under protest. Being aggrieved with the impugned orders, the Holding Company has filed appeals before the CIR-(A), which are pending for adjudication.

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

During the year ended June 30, 2013, the Holding Company acquired shares of MND Exploration and Production Limited (now PPL Europe E&P Limited and a tax resident of United Kingdom) from MND E&P a.s. (a tax resident of Czech Republic). The tax authorities, while amending the assessment of MND E&P a.s., have raised demand of Rs 700.650 million in respect of the said transaction. After raising the said demand, the tax authorities have issued a show-cause notice to the Holding Company intending to recover the said amount by making the Holding Company a representative of MND E&P a.s. Based on the advice of the legal counsel, the Holding Company has filed a suit before the Honourable SHC challenging the impugned show-cause notice on the ground that the Holding Company does not have a business connection with MND E&P a.s. and therefore, it could not be treated as its representative. The Honourable SHC has granted interim stay with the directions to tax authorities to maintain status quo in respect of the said notice.

## **27.1.6 Sindh Workers' Welfare Fund**

The Holding Company received a notice from SRB requesting to pay the amount of Sindh Workers' Welfare Fund (SWWF) under the SWWF Act, 2014 for the tax year 2015. The Holding Company, on the advice of its legal counsel, challenged the jurisdiction of the notice, and vires of SWWF Act, 2014 before the Honourable SHC. The Honourable SHC vide an interim order dated April 28, 2016 directed that no coercive action be taken against the Holding Company. The management of the Holding Company, based on its legal counsel's advice, is confident that the matter will be ultimately decided in favour of the Holding Company in the court of law, therefore, no provision has been made in these financial statements.

## **27.1.7 Sindh Workers' Profit Participation Fund**

During the year, the Honourable SHC vide its order dated February 12, 2018, wherein the Holding Company was not a party, has held that The Sindh Companies Profits (Workers Participation) Act, 2015 (SWPPF Act) is constitutionally valid and is applicable on all trans-provincial entities having workers in Sindh irrespective of its place of registration or place of its industrial undertaking. Further, the Holding Company has also received a notice dated March 7, 2018 from SRB requesting to provide certain information / details and to deposit the amount of SWPPF from 2011 to 2016 in the light of the said decision of Honourable SHC. The Holding Company has already deposited the entire leftover amount in respect of years 2011 to 2016 with the Federal Government under the Federal Workers' Profit Participation Act, 1968 and, therefore, any payment in the Sindh Government treasury in respect of said years would effectively give rise to duplicate incidence. In view of the potential exposure involved, the Holding Company, on the advice of the legal counsel, has obtained an interim stay from Honourable SHC with a direction to deposit the leftover amount of SWPPF for the year 2017 relating to Sindh before the Nazir of the Court, which has been duly complied with. The matter is now pending before the Honourable SHC for adjudication.

## **27.1.8 Others**

The Honourable SHC vide its order dated August 3, 2017, wherein the Holding Company was not a party, has held that tax disputes cannot be agitated under the original civil jurisdiction of the SHC. This decision of a Division Bench of the Honourable SHC impacts a number of suits and appeals filed by the Holding Company under the original civil jurisdiction of the Honourable SHC that are pending adjudication and wherein interim restraining orders have also been obtained against the tax authorities. In view of the considerable potential impact, the Holding Company, on the advice of its legal counsel, had challenged the said judgement in the Honourable SCP. The Honourable SCP vide its order dated June 27, 2018 has held that although tax cases can be argued under the original civil jurisdiction of the High Court, however, has made the same conditional to payment of at least 50 per cent of the tax calculated in the Government treasury. Subsequent to the year end, being aggrieved of the said condition of payment of 50 percent, the Holding Company, on the basis of its legal counsel's advice, has filed a review petition before the Honourable SCP. The said review petition is pending for adjudication.

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

## 27.1.9 Contingency with respect to imposition of Windfall Levy on oil / condensate

The Holding Company is a working interest owner in the Tal Block Petroleum Concession Agreement (PCA), signed under the Petroleum Policy 1997 on February 11, 1999. Subsequently, the Holding Company, along with other working interest owners, signed the Supplemental Agreement for Tal block dated August 28, 2015 ("SA") with the President of Pakistan in accordance with the 'Conversion Regime' introduced in the Petroleum Exploration and Production Policy 2012 (PP 2012) as applicable at that date. This Conversion Regime under the PP 2012 was translated in the SA as a 'Conversion Package' that included revised price for exploration and production of petroleum products and Windfall Levy on Natural Gas only.

Notwithstanding the aforesaid settled status, the Ministry of Energy (Petroleum Division) revised PP 2012 (with the approval from the Council of Common Interests) through SRO 1290(I)/2017 dated December 27, 2017 (SRO), that inter alia provides (i) the PCAs executed under the 1994 and 1997 petroleum policies shall be amended to provide for imposition of Windfall Levy (restricted previously to Natural Gas in the SA) on oil / condensate; (ii) that such policy shall be applicable on those PCA's also whose SAs have been executed for conversion option before the policy revision; (iii) the SA already executed for availing conversion from 1994 & 1997 policies shall be amended within 90 days to give effect to this policy revision; and (iv) any entity not agreeing to amend the SA as aforesaid will revert back to prices as were applicable before the conversion and be rendered ineligible for the pricing incentive under the conversion.

This SA read with PP 2012 reveals that:

- i) Windfall Levy is applicable on exploration and production of natural gas only;
- ii) Such amendments are not applicable on concessions wherein SAs have been signed prior to the amendment in PP 2012; and
- iii) There is no provision or room for reverting to earlier pricing arrangement under the Conversion Package already executed before December 27, 2017.

The aforesaid view, which is not in line with the SRO, is duly supported by legal advice which inter alia states that the terms of none of the existing PCAs as amended to date by the existing SAs can be unilaterally revised by the GoP (through introduction of the 2017 Amendments), nor can the GoP lawfully require and direct that such amendments be made mandatorily to include imposition of Windfall Levy on Oil / Condensate (WLO) retrospectively and nor can the GoP unilaterally hold and direct that the gas pricing incentives to which the Holding Company is presently entitled and receiving under the existing 'Conversion Package' as enshrined in the existing SAs will stand withdrawn or that the Holding Company shall cease to be eligible for such incentives in the event of failure to execute the new SAs. Pursuant to the legal advice, the Holding Company along with other working interest owners of Tal Block, challenged the SRO in the Honourable Islamabad High Court and the Court has passed an order directing the parties to maintain status quo till the next date of hearing. The case came up for hearing on August 16, 2018, and stay order already in effect was extended till next date of hearing, which is fixed for October 4, 2018.

The financial impacts of the price revision under the SA have been duly accounted for in the financial statements for the years ended June 30, 2016, 2017 and in these consolidated financial statements on the completion of the process laid down in the law and in line with the Holding Company's accounting policy following the revised prices notified during the period from July 1, 2015 to June 30, 2018.

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

The Windfall Levy if also applicable on oil / condensate will amount to approximately Rs 19,909 million for the period up to June 30, 2018. As mentioned above, the Holding Company based on the advice of its legal counsel, is confident that it has valid grounds to defend the aforesaid issue in the Court and that the issue will be decided in its favour. However, without prejudice to the Holding Company's legal contention and as a matter of abundant caution, the Holding Company has provided for the impact of WLO prospectively with effect from the date of the SRO i.e. December 27, 2017 and onwards in these financial statements, which till June 30, 2018 amounts to Rs 1,962 million.

The cumulative impact of incremental revenue recorded in the books of accounts till June 30, 2018 and profit after tax thereof is Rs 9,921 million and Rs 5,190 million, respectively.

## 27.1.10 Other contingencies

- a) The Holding Company is defending suits filed against it in various courts of Pakistan for sums, aggregating Rs 939 million (2017: Rs 939 million), related to its business operations. The legal counsel is confident that these suits are expected to be decided in favour of the Holding Company and, accordingly, no provision has been made for any liability against these law suits in these consolidated financial statements.
- b) In respect of PPLE, the tax authorities have raised demands for tax years 2004-2012 amounting to Rs 588 million relating to tax rate, depletion and decommissioning cost issues. Under amnesty scheme, PPLE has paid Rs 588 million under protest and filed appeals with Islamabad High Court which are pending for hearing. The estimated tax demands for tax years 2011 to 2017 amount to Rs 400 million. Although, PPLE based on the advice of its legal counsel, is confident that it has sound grounds to defend the appeals on the tax rate issue, provision in respect of above mentioned issues amounting to Rs 987 million (2017: Rs 970 million) has been accounted for in these consolidated financial statements in line with the Group's policy.
- c) During 2009, the tax authorities raised a demand of Rs 768 million on account of non-deduction of tax on the gross consideration paid by PPLE to MND E&P a.s. for obtaining the working interest of South West Miano Block (Sawan). PPLE has won its appeal against this ruling at ATIR level. However, the tax authorities have filed an appeal in the Islamabad High Court. MND E&P a.s. is liable to compensate the Holding Company against any unfavourable order in respect of the tax demand.
- d) The Holding Company has guaranteed to the MdOC, the performance and fulfilment of obligations by PPLA under the EDPSC (note 27.2.1).

## 27.2 Commitments

- 27.2.1** The Holding Company has guaranteed the performance and fulfilment of obligations by PPLA under the EDPSC. Total financial commitment of PPLA is US\$ 100 million (Rs 12,160 million), out of which US\$ 68.352 million (Rs 8,312 million) is outstanding.
- 27.2.2** The Holding Company has provided parent company guarantee amounting to US\$ 5.3 million (Rs 644 million) to GoP in respect of PPLE's exploration licences in Pakistan i.e., Barkhan, Harnai and Ziarat.
- 27.2.3** Group's total commitments for capital expenditure (net share) as at June 30, 2018 are Rs 971 million. Further, total amount outstanding under letters of credit (net share) as at June 30, 2018 is Rs 10,052 million.



# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

|   | Year ended<br>June 30, 2018 | Year ended<br>June 30, 2017 |
|---|-----------------------------|-----------------------------|
|   | ----- Rs '000 -----         |                             |
| <b>28. SALES - net</b>                        |                             |                             |
| Local sales                                   | 157,103,245                 | 153,803,602                 |
| Federal excise duty                           | (2,058,132)                 | (2,094,631)                 |
| Sales tax                                     | (17,184,425)                | (18,091,904)                |
| GIDC  | (4,456,182)                 | (2,893,861)                 |
| GDS   | (6,956,883)                 | (13,448,227)                |
| Petroleum Levy                                | (309,362)                   | -                           |
| Discounts (barytes)                           | (33,714)                    | (25,875)                    |
|   | <b>(30,998,698)</b>         | <b>(36,554,498)</b>         |
|   | <b>126,104,547</b>          | <b>117,249,104</b>          |
| Export sales of barytes - note 28.1           | <b>516,693</b>              | <b>179,709</b>              |
|   | <b>126,621,240</b>          | <b>117,428,813</b>          |
| Product wise break-up of sales is as follows: |                             |                             |
| Natural gas                                   | 109,844,750                 | 118,348,962                 |
| Federal excise duty                           | (2,038,220)                 | (2,075,315)                 |
| Sales tax                                     | (16,035,532)                | (17,290,811)                |
| GIDC  | (4,456,182)                 | (2,893,861)                 |
| GDS   | (6,956,883)                 | (13,448,227)                |
|   | <b>(29,486,817)</b>         | <b>(35,708,214)</b>         |
|   | <b>80,357,933</b>           | <b>82,640,748</b>           |
| Gas supplied to Sui villages - note 29        | 373,290                     | 491,034                     |
| Federal excise duty                           | (10,175)                    | (10,605)                    |
| Sales tax                                     | (54,239)                    | (71,347)                    |
|   | <b>(64,414)</b>             | <b>(81,952)</b>             |
|   | <b>308,876</b>              | <b>409,082</b>              |
| Internal consumption of gas                   | 235,330                     | 272,955                     |
| Federal excise duty                           | (6,392)                     | (6,117)                     |
| Sales tax                                     | (33,991)                    | (39,660)                    |
|   | <b>(40,383)</b>             | <b>(45,777)</b>             |
|   | <b>194,947</b>              | <b>227,178</b>              |
| Crude oil / Natural gas liquids / Condensate  | 39,294,271                  | 29,918,197                  |
| LPG   | 7,065,042                   | 4,558,985                   |
| Federal excise duty                           | (3,345)                     | (2,594)                     |
| Sales tax                                     | (1,025,031)                 | (663,004)                   |
| Petroleum levy                                | (309,362)                   | -                           |
|   | <b>(1,337,738)</b>          | <b>(665,598)</b>            |
|   | <b>5,727,304</b>            | <b>3,893,387</b>            |
| Barytes                                       | 807,255                     | 393,178                     |
| Sales tax                                     | (35,632)                    | (27,082)                    |
| Discounts                                     | (33,714)                    | (25,875)                    |
|   | <b>(69,346)</b>             | <b>(52,957)</b>             |
|   | <b>737,909</b>              | <b>340,221</b>              |
|   | <b>126,621,240</b>          | <b>117,428,813</b>          |

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

|   | Year ended<br>June 30, 2018 | Year ended<br>June 30, 2017 |
|---|-----------------------------|-----------------------------|
|   | -----                       | -----                       |
|   | Rs '000                     |                             |
| <b>28.1</b> Country wise break up of export sales is as follows:                        |                             |                             |
| United Arab Emirates  | 283,099                     | 158,295                     |
| Oman  | 90,386                      | 21,414                      |
| Kuwait  | 143,208                     | -                           |
|   | <u>516,693</u>              | <u>179,709</u>              |
| <b>29. OPERATING EXPENSES</b>   |                             |                             |
| Salaries, wages, welfare and other benefits - note 32.1                                 | 6,943,799                   | 6,144,654                   |
| Operator's personnel  | 1,739,270                   | 1,441,512                   |
| Depreciation - note 6.1   | 6,158,647                   | 6,013,460                   |
| Amortisation of decommissioning assets - note 6.1                                       | 1,269,192                   | 1,162,736                   |
| Amortisation of development & production assets - note 6.1"                             | 8,172,937                   | 7,858,468                   |
| Plant operations  | 3,027,304                   | 2,396,367                   |
| Well interventions  | 1,648,871                   | 1,316,957                   |
| Field services  | 1,903,187                   | 2,048,682                   |
| Crude oil transportation  | 948,969                     | 1,068,311                   |
| Travelling and conveyance   | 473,434                     | 472,801                     |
| Training & development  | 16,190                      | 15,131                      |
| PCA overheads   | 121,144                     | 139,647                     |
| Insurance expenses  | 626,580                     | 766,471                     |
| Free supply of gas to Sui villages - note 28  | 373,290                     | 491,034                     |
| Social welfare / community development  | 288,535                     | 165,168                     |
| Other expenses  | 58,619                      | 59,854                      |
|   | <u>33,769,968</u>           | <u>31,561,253</u>           |
| <b>30. ROYALTIES AND OTHER LEVIES</b>   |                             |                             |
| Royalties – note 30.1   | 14,628,476                  | 13,938,260                  |
| Lease extension bonus   | 3,563,454                   | 7,204,961                   |
| Windfall levy - note 30.2   | 358,473                     | 157,347                     |
|   | <u>18,550,403</u>           | <u>21,300,568</u>           |
| <b>30.1</b> The Group has paid all the royalties to GoP.                                |                             |                             |
| <b>30.2</b> This mainly pertains to production from Gambat South, Hala & Ghauri fields. |                             |                             |
|   | Year ended<br>June 30, 2018 | Year ended<br>June 30, 2017 |
|   | -----                       | -----                       |
|   | Rs '000                     |                             |
| <b>31. EXPLORATION EXPENSES</b>   |                             |                             |
| Dry and abandoned wells   | 7,180,213                   | 6,671,248                   |
| Other exploration expenditures  | 4,456,710                   | 5,084,251                   |
|   | <u>11,636,923</u>           | <u>11,755,499</u>           |

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

|   | Year ended<br>June 30, 2018 | Year ended<br>June 30, 2017 |
|---|-----------------------------|-----------------------------|
|   | -----                       | -----                       |
|   | Rs '000                     |                             |
| <b>32. ADMINISTRATIVE EXPENSES</b>                      |                             |                             |
| Salaries, wages, welfare and other benefits - note 32.1 | 5,170,053                   | 5,142,796                   |
| Amortisation of intangible assets - note 7.1            | 159,811                     | 152,920                     |
| Depreciation of leased assets - note 6.1                | 105,569                     | 128,860                     |
| Rent, rates and taxes                                   | 176,079                     | 153,282                     |
| Utilities & communication                               | 97,181                      | 89,454                      |
| Travelling and conveyance                               | 144,830                     | 139,826                     |
| Training and development                                | 110,039                     | 113,738                     |
| Insurance expenses                                      | 18,896                      | 27,427                      |
| Repairs, maintenance and supplies                       | 500,631                     | 430,486                     |
| Professional services                                   | 145,696                     | 212,081                     |
| Auditors' remuneration - note 32.2                      | 34,545                      | 32,930                      |
| Donations and sponsorships - note 32.3 & 32.4           | 132,855                     | 69,477                      |
| Contract services                                       | 103,345                     | 89,308                      |
| Compliance and regulatory expenses                      | 39,285                      | 33,749                      |
| Advertisement, publicity and public relations           | 54,018                      | 59,820                      |
| Other expenses  | 80,509                      | 53,503                      |
|   | <u>7,073,342</u>            | <u>6,929,657</u>            |
| Allocation to capital and operating expenditure         | <u>(4,473,728)</u>          | <u>(4,095,886)</u>          |
|   | <u>2,599,614</u>            | <u>2,833,771</u>            |

- 32.1** This includes expenditure in respect of provident fund, pension fund, gratuity fund, leave preparatory to retirement and post-retirement medical benefits amounting to Rs 294.979 million, Rs 269.852 million, Rs 73.834 million, Rs 180.521 million and Rs 193.496 million, respectively (2017: Rs 240.873 million, Rs 450.803 million, Rs 81.830 million, Rs 69.750 million and Rs 187.370 million, respectively).

|  | Year ended<br>June 30, 2018 | Year ended<br>June 30, 2017 |
|--|-----------------------------|-----------------------------|
|  | -----                       | -----                       |
|  | Rs '000                     |                             |
| <b>32.2 Auditors' remuneration is as under:</b>                          |                             |                             |
| Annual audit fee   |                             |                             |
| - Holding Company  | 3,834                       | 3,550                       |
| - Subsidiary Companies   | 9,519                       | 8,092                       |
| - prior year   | -                           | 1,500                       |
| Limited review, special certifications & advisory services - note 32.2.1 | 17,847                      | 17,233                      |
| Out of pocket expenses   | 3,345                       | 2,555                       |
|  | <u>34,545</u>               | <u>32,930</u>               |

- 32.2.1** This includes tax services provided by M/s A.F.Ferguson & Co., who are also the statutory auditors of the Holding Company.

- 32.3** There are no donations in which the directors of the Holding Company and subsidiary companies are interested.

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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Year ended  
**June 30, 2018**  
----- Rs '000 -----  
Year ended  
June 30, 2017

**32.4** Party wise details of donations in excess of Rs 500,000 are given below:

## **Name of Donees**

|   |                |               |
|---|----------------|---------------|
| The Indus Hospital                                    | 20,000         | 12,400        |
| National University of Science & Technology           | 16,800         | -             |
| Sindh Radiant Organisation                            | 15,500         | -             |
| Sindh Institute of Urology and Transplantation        | 12,840         | -             |
| Bait-ul-Sukoon Cancer Hospital                        | 10,000         | -             |
| Lady Dufferin Foundation Trust                        | 9,020          | -             |
| Mehran University of Engineering                      | 7,000          | -             |
| ACELP Institute of Child Development                  | 6,850          | -             |
| NED University  | 5,450          | 5,000         |
| Model Town Football Academy Lahore                    | 5,000          | -             |
| Habib University Foundation                           | 5,000          | -             |
| Oxford University Press                               | 4,500          | 3,000         |
| Murshid Hospital & Health Care Center                 | 2,500          | -             |
| Inspector General Frontier Corps                      | 1,900          | -             |
| Marie Adelaide Leprosy Centre                         | 1,250          | 12,539        |
| Institute of Business Administration                  | 1,000          | 2,000         |
| Professional Education Foundation                     | 1,000          | -             |
| Bahria University, Karachi                            | -              | 7,580         |
| Koohi Goth Hospital                                   | -              | 9,277         |
| Mayo Clinic   | -              | 10,050        |
| Quaid-E-Azam Rangers Special Children School, Karachi | -              | 3,600         |
| Pakistan Association of The Deaf                      | -              | 3,287         |
|   | <b>125,610</b> | <b>68,733</b> |

## **33. STAFF RETIREMENT BENEFITS**

### **33.1 Funded post retirement pension and gratuity schemes**

As mentioned in note 5.13 to these consolidated financial statements, the Holding Company operates approved funded pension and gratuity schemes for its executive and non-executive permanent employees.

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

## 33.1.1 Fair value of plan assets and the present value of obligations

The fair value of plan assets and the present value of defined benefit obligations of the pension and gratuity schemes at the valuation dates are as follows:

|  | Executives    |           | Non-Executives |           | Total         |              |
|--|---------------|-----------|----------------|-----------|---------------|--------------|
|  | Pension       | Gratuity  | Pension        | Gratuity  |               |              |
|  | June 30, 2018 |           |                |           | June 30, 2017 |              |
|  | Rs '000       |           |                |           |               |              |
| Present value of defined benefit obligations - note 33.1.6           | 7,570,911     | 907,724   | 3,026,153      | 1,290,285 | 12,795,073    | 10,469,119   |
| Fair value of plan assets - note 33.1.5                              | (6,894,934)   | (941,062) | (1,911,943)    | (893,224) | (10,641,163)  | (11,151,480) |
| Liability /(Asset) recognised in the statement of financial position | 675.977       | (33.338)  | 1,114.210      | 397.061   | 2,153.910     | (682.361)    |

## 33.1.2 Movement in amounts payable to / (receivable from) defined benefit plans

|  | Executives |          | Non-Executives |          | Total         |             |
|--|------------|----------|----------------|----------|---------------|-------------|
|  | Pension    | Gratuity | Pension        | Gratuity |               |             |
| June 30, 2018  |            |          |                |          | June 30, 2017 |             |
| Rs '000  |            |          |                |          |               |             |
| Balances as on July 01   | (536,998)  | (16,481) | (70,144)       | (58,738) | (682,361)     | 767,034     |
| Refund made to the Company   | -          | -        | -              | -        | -             | 163,493     |
| Charge for the year - note 33.1.3  | 215,507    | 47,840   | 54,345         | 25,994   | 343,686       | 532,633     |
| Refund / (Payments) during the year  | 312,491    | (32,916) | (56,720)       | (1,789)  | 221,066       | (1,459,215) |
| Amount recognised in Other Comprehensive Income (OCI) for the year – note 33.1.4 | 684,977    | (31,781) | 1,186,729      | 431,594  | 2,271,519     | (686,306)   |
| Balances as on June 30   | 675,977    | (33,338) | 1,114,210      | 397,061  | 2,153,910     | (682,361)   |

## 33.1.3 Amounts recognised in profit or loss

|   | Executives     |               | Non-Executives |               | Total          |                |
|---|----------------|---------------|----------------|---------------|----------------|----------------|
|   | Pension        | Gratuity      | Pension        | Gratuity      |                |                |
|   | June 30, 2018  |               |                |               | June 30, 2017  |                |
|   | Rs '000        |               |                |               |                |                |
| Current service cost                                    | 255,600        | 49,071        | 59,582         | 30,380        | 394,633        | 485,049        |
| Interest cost   | 525,121        | 69,742        | 141,491        | 66,149        | 802,503        | 833,988        |
| Interest income on plan assets                          | (565,214)      | (70,973)      | (146,728)      | (70,535)      | (853,450)      | (786,404)      |
| <b>Charge for the year recognised in profit or loss</b> | <b>215,507</b> | <b>47,840</b> | <b>54,345</b>  | <b>25,994</b> | <b>343,686</b> | <b>532,633</b> |
| <b>Actual return on plan assets</b>                     | <b>207,632</b> | <b>46,375</b> | <b>87,381</b>  | <b>41,538</b> | <b>382,926</b> | <b>941,216</b> |

## 33.1.4 Remeasurements recognised in other comprehensive income

|                                       | Executives     |                 | Non-Executives   |                | Total            |                  |
|---------------------------------------|----------------|-----------------|------------------|----------------|------------------|------------------|
|                                       | Pension        | Gratuity        | Pension          | Gratuity       |                  |                  |
|                                       | June 30, 2018  |                 |                  |                | June 30, 2017    |                  |
|                                       | Rs '000        |                 |                  |                |                  |                  |
| Actuarial loss / (gain) on obligation | 327,395        | (56,379)        | 1,127,382        | 402,597        | 1,800,995        | (531,494)        |
| Actuarial loss / (gain) on assets     | 357,582        | 24,598          | 59,347           | 28,997         | 470,524          | (154,812)        |
| <b>Total remeasurements</b>           | <b>684,977</b> | <b>(31,781)</b> | <b>1,186,729</b> | <b>431,594</b> | <b>2,271,519</b> | <b>(686,306)</b> |

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

## 33.1.5 Changes in fair value of plan assets

|   | Executives       |                | Non-Executives   |                | Total             |                   |
|---|------------------|----------------|------------------|----------------|-------------------|-------------------|
|   | Pension          | Gratuity       | Pension          | Gratuity       |                   |                   |
|   | June 30, 2018    |                |                  |                |                   | June 30, 2017     |
|   | Rs '000          |                |                  |                |                   |                   |
| Fair value of plan assets at beginning of the year *    | 7,355,551        | 937,393        | 1,919,671        | 938,865        | 11,151,480        | 11,667,516        |
| Interest income on plan assets                          | 565,214          | 70,973         | 146,728          | 70,535         | 853,450           | 786,404           |
| Refund made to the Company                              | -                | -              | -                | -              | -                 | (163,493)         |
| Transferred to Defined Contribution Pension Fund        | (86,317)         | -              | -                | -              | (86,317)          | (1,826,031)       |
| Contributions (to) / by the Company                     | (312,491)        | 32,916         | 56,720           | 1,789          | (221,066)         | 1,459,215         |
| Benefits paid   | (269,441)        | (75,622)       | (151,829)        | (88,968)       | (585,860)         | (926,943)         |
| Amount recognised in OCI for the year                   | (357,582)        | (24,598)       | (59,347)         | (28,997)       | (470,524)         | 154,812           |
| <b>Fair value of plan assets at the end of the year</b> | <b>6,894,934</b> | <b>941,062</b> | <b>1,911,943</b> | <b>893,224</b> | <b>10,641,163</b> | <b>11,151,480</b> |

\* This represents unaudited fair value of plan assets as at June 30, 2017.

## 33.1.6 Changes in present value of pension and gratuity obligations

|  | Executives       |                | Non-Executives   |                  | Total             |                   |
|--|------------------|----------------|------------------|------------------|-------------------|-------------------|
|  | Pension          | Gratuity       | Pension          | Gratuity         |                   |                   |
|  | June 30, 2018    |                |                  |                  |                   | June 30, 2017     |
| Rs '000  |                  |                |                  |                  |                   |                   |
| Present value of obligations at beginning of the year      | 6,818,553        | 920,912        | 1,849,527        | 880,127          | 10,469,119        | 12,434,550        |
| Current service cost                                       | 255,600          | 49,071         | 59,582           | 30,380           | 394,633           | 485,049           |
| Interest cost  | 525,121          | 69,742         | 141,491          | 66,149           | 802,503           | 833,988           |
| Transferred to Defined Contribution Pension Fund           | (86,317)         | -              | -                | -                | (86,317)          | (1,826,031)       |
| Benefits paid  | (269,441)        | (75,622)       | (151,829)        | (88,968)         | (585,860)         | (926,943)         |
| Amount recognised in OCI for the year                      | 327,395          | (56,379)       | 1,127,382        | 402,597          | 1,800,995         | (531,494)         |
| <b>Present value of obligations at the end of the year</b> | <b>7,570,911</b> | <b>907,724</b> | <b>3,026,153</b> | <b>1,290,285</b> | <b>12,795,073</b> | <b>10,469,119</b> |

## 33.1.7 Break-up of plan assets

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

|                        | Rate of return | Executives       |            | Non-Executives   |            | Executives       |            | Non-Executives   |            |
|------------------------|----------------|------------------|------------|------------------|------------|------------------|------------|------------------|------------|
|                        |                | Rs '000          | %          | Rs '000          | %          | Rs '000          | %          | Rs '000          | %          |
|                        | %              | June 30, 2018    |            |                  |            | June 30, 2017    |            |                  |            |
|                        |                | (Unaudited)      |            |                  |            | (Audited)        |            |                  |            |
| <b>Pension Fund</b>    |                |                  |            |                  |            |                  |            |                  |            |
| Government securities  | 6.85 - 12.00   | 355,217          | 5          | 420,213          | 22         | 1,233,564        | 17         | 201,366          | 10         |
| Shares                 | -              | 953,210          | 14         | 256,171          | 13         | 1,042,167        | 14         | 276,375          | 15         |
| TFCs                   | 7.39 - 8.44    | 406,259          | 6          | 206,383          | 11         | 44,179           | 1          | 15,820           | 1          |
| Cash and bank deposits | 5.00 - 6.10    | 5,180,248        | 75         | 1,029,176        | 54         | 4,946,070        | 68         | 1,424,654        | 74         |
| <b>Total</b>           |                | <b>6,894,934</b> | <b>100</b> | <b>1,911,943</b> | <b>100</b> | <b>7,265,980</b> | <b>100</b> | <b>1,918,215</b> | <b>100</b> |
| <b>Gratuity Fund</b>   |                |                  |            |                  |            |                  |            |                  |            |
| Government securities  | 6.85 - 12.00   | 304,536          | 32         | 232,586          | 26         | 106,199          | 11         | 152,432          | 16         |
| Shares                 | -              | 98,031           | 10         | 126,926          | 14         | 105,507          | 11         | 138,082          | 15         |
| TFCs                   | 7.39 - 8.44    | 119,055          | 13         | 6,932            | 1          | 1,924            | 1          | 8,051            | 1          |
| Cash and bank deposits | 5.00 - 6.10    | 419,440          | 45         | 526,780          | 59         | 722,994          | 77         | 642,508          | 68         |
| <b>Total</b>           |                | <b>941,062</b>   | <b>100</b> | <b>893,224</b>   | <b>100</b> | <b>936,624</b>   | <b>100</b> | <b>941,073</b>   | <b>100</b> |



# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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## 33.1.8 Sensitivity analysis

|                           | June 30, 2018 |             |                |             | June 30, 2017 |             |                |             |
|---------------------------|---------------|-------------|----------------|-------------|---------------|-------------|----------------|-------------|
|                           | Executives    |             | Non-Executives |             | Executives    |             | Non-Executives |             |
|                           | 1% increase   | 1% decrease | 1% increase    | 1% decrease | 1% increase   | 1% decrease | 1% increase    | 1% decrease |
| ----- Rs '000 -----       |               |             |                |             |               |             |                |             |
| <b>Pension</b>            |               |             |                |             |               |             |                |             |
| Salary rate sensitivity   | 393,683       | (349,786)   | 134,628        | (113,668)   | 373,597       | (332,058)   | 90,936         | (82,869)    |
| Pension rate sensitivity  | 575,081       | (491,926)   | 135,914        | (112,663)   | 511,933       | (436,767)   | 85,510         | (72,328)    |
| Discount rate sensitivity | (793,997)     | 969,201     | (228,864)      | 272,729     | (746,829)     | 918,571     | (149,813)      | 178,115     |
| <b>Gratuity</b>           |               |             |                |             |               |             |                |             |
| Salary rate sensitivity   | 59,554        | (53,492)    | 56,291         | (51,658)    | 2,748         | (3,357)     | 39,844         | (36,446)    |
| Discount rate sensitivity | (56,741)      | 64,420      | (51,208)       | 56,835      | (59,034)      | 67,161      | (36,125)       | 40,235      |

## 33.1.9 Maturity profile of the defined benefit obligations

|  | June 30, 2018 |          |                |          |
|--|---------------|----------|----------------|----------|
|  | Executives    |          | Non-Executives |          |
|  | Pension       | Gratuity | Pension        | Gratuity |
| Weighted average duration (years)                            | 10.49         | 6.96     | 7.56           | 5.23     |
| ----- Rs '000 -----  |               |          |                |          |
| - Distribution of timing of benefit payments (time in years) |               |          |                |          |
| 1  | 476,507       | 88,886   | 192,224        | 124,948  |
| 2  | 491,263       | 112,647  | 591,385        | 335,018  |
| 3  | 378,164       | 74,321   | 224,282        | 128,690  |
| 4  | 609,727       | 112,794  | 244,155        | 125,382  |
| 5  | 539,954       | 111,092  | 272,299        | 144,544  |
| 6-10   | 3,618,631     | 612,577  | 1,743,758      | 912,085  |

**33.1.10** The Holding Company expects to contribute Rs 652.141 million (2017: Rs 343.686 million) to the pension and gratuity funds in the next financial year.

## 33.2 Unfunded post-retirement medical benefits

**33.2.1** The Holding Company provides free medical facilities to its executive and non-executive retired employees, as mentioned in note 5.13 to these consolidated financial statements. The latest actuarial valuation for post-retirement medical benefits was carried out as at June 30, 2018, results of which are as follows:

|  | June 30, 2018       | June 30, 2017    |
|--|---------------------|------------------|
|  | ----- Rs '000 ----- | -----            |
| Present value of defined benefit obligations - notes 24 and 33.2.4 | <u>1,949,451</u>    | <u>1,781,636</u> |

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

|   | June 30, 2018        | June 30, 2017        |
|---|----------------------|----------------------|
|   | ----- Rs '000 -----  | -----                |
| <b>33.2.2 Movement in the liability recognised in the statement of financial position is as follows:</b>  |                      |                      |
| Balance as on July 01   | 1,781,636            | 1,774,972            |
| Charge for the year - notes 32.1 & 33.2.3   | 193,496              | 187,370              |
| Payments during the year  | (74,346)             | (64,933)             |
| Amounts charged to OCI  | 48,665               | (115,773)            |
| <b>Balance as on June 30</b>  | <b>1,949,451</b>     | <b>1,781,636</b>     |
|   | <b>Year ended</b>    | <b>Year ended</b>    |
|   | <b>June 30, 2018</b> | <b>June 30, 2017</b> |
|   | ----- Rs '000 -----  | -----                |
| <b>33.2.3 Amounts recognised in profit or loss</b>  |                      |                      |
| Current service cost  | 55,732               | 57,811               |
| Interest cost   | 137,764              | 129,559              |
|   | <b>193,496</b>       | <b>187,370</b>       |
| <b>33.2.4 Changes in present value of post-retirement medical obligations</b>   |                      |                      |
| Opening balance   | 1,781,636            | 1,774,972            |
| Current service cost  | 55,732               | 57,811               |
| Interest cost   | 137,764              | 129,559              |
| Benefits paid   | (74,346)             | (64,933)             |
| Amounts charged to OCI  | 48,665               | (115,773)            |
| <b>Balance as on June 30</b>  | <b>1,949,451</b>     | <b>1,781,636</b>     |
|   | 1% increase          | 1% decrease          |
|   | ----- Rs '000 -----  | -----                |
| <b>32.2.5 Sensitivity analysis</b>  |                      |                      |
| Medical cost trend rate sensitivity   | 230,078              | (194,686)            |
| Discount rate sensitivity   | (246,458)            | 308,190              |
| <b>33.2.6</b> The Holding Company expects to contribute Rs 232.608 million (2017: Rs 193.496 million) to the unfunded post-retirement medical benefits in the next financial year.  |                      |                      |
| <b>33.2.7</b> The weighted average duration of the defined benefit obligation works out to 12.51 (2017: 12.69 years) years in respect of executive and 12.83 (2017: 13.15 years) years in respect of non-executive retired employees. |                      |                      |

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

|   | June 30, 2018       | June 30, 2017 |
|---|---------------------|---------------|
|   | ----- Rs '000 ----- | -----         |
| <b>33.3 Leave preparatory to retirement</b> |                     |               |
| Balance as on July 01                       | 581,487             | 591,705       |
| Charge for the year - note 32.1             | 180,521             | 69,750        |
|   | <b>762,008</b>      | 661,455       |
| Payments / adjustments during the year      | (59,928)            | (79,968)      |
| <b>Balance as on June 30 - note 24</b>      | <b>702,080</b>      | 581,487       |

|   | Per annum      |               |
|---|----------------|---------------|
|   | June 30, 2018  | June 30, 2017 |
| - discount rate                               | 9.00%          | 7.75%         |
| - expected rate of increase in salaries       | 9.00%          | 7.75%         |
| - expected rate of increase in pension        | 4.00%          | 2.75%         |
| - expected rate of escalation in medical cost | 5.00%          | 3.75%         |
| - death rate / mortality rate                 | SLIC (2001-05) |               |

## 33.5 Description of the risks to the Group

The defined benefit plans expose the Group to the following risks:

**Withdrawal risks** - The risk of higher or lower withdrawal experience than assumed. The final effect could go either way depending on the beneficiaries' service / age distribution and the benefit.

**Mortality risks** - The risk that the actual mortality experience is different. Similar to the withdrawal risk, the effect depends on the beneficiaries' service / age distribution and the benefit. Especially in the case of pension and post-retirement medical benefit, there is an additional longevity risk after cessation of service that the mortality will improve and the benefit is payable for longer period of time.

**Investment risks** - The risk of the investment underperformance and being not sufficient to meet the liabilities.

**Final salary risks** - The risk that the final salary at the time of cessation of service is greater than what was assumed.

**Medical escalation risk** - The risk that the cost of post-retirement medical benefits will increase.

## 33.6 Defined contribution funds

|                                | Provident Fund                  |                               | Pension Fund<br>(note 5.13 (b)) |                               |
|--------------------------------|---------------------------------|-------------------------------|---------------------------------|-------------------------------|
|                                | June 30,<br>2018<br>(Unaudited) | June 30,<br>2017<br>(Audited) | June 30,<br>2018<br>(Unaudited) | June 30,<br>2017<br>(Audited) |
|                                | Rs '000                         |                               | Rs '000                         |                               |
| Size of the fund               | 5,469,024                       | 5,213,510                     | 2,172,975                       | 1,902,137                     |
| Cost of investments made       | 4,512,720                       | 4,193,484                     | 2,118,889                       | 1,795,784                     |
| Percentage of investments made | 82.0%                           | 80.4%                         | 94.1%                           | 94.4%                         |
| Fair value of investments      | 4,487,102                       | 4,193,482                     | 2,045,658                       | 1,795,745                     |

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## 33.6.1 Break-up of investments

|                              | June 30, 2018<br>(Unaudited) |  | June 30, 2017<br>(Audited) |  |
|------------------------------|------------------------------|--|----------------------------|--|
|                              | Investments<br>(Rs '000)     | % of<br>Investment<br>as size of<br>the fund | Investments<br>(Rs '000)   | % of<br>Investment<br>as size of<br>the fund |
| <b><u>Provident Fund</u></b> |                              |  |                            |  |
| PIBs                         | 462,113                      | 8.4%   | 551,624                    | 10.6%  |
| Treasury Bills               | 745,832                      | 13.7%  | -                          | -  |
| Short term deposit account   | 2,041,604                    | 37.4%  | 2,808,435                  | 53.8%  |
| NIT Units                    | 434,596                      | 7.9%   | 492,797                    | 9.4%   |
| Shares                       | 395,824                      | 7.2%   | 338,351                    | 6.5%   |
| TFCs                         | 407,133                      | 7.4%   | 2,275                      | 0.1%   |
|                              | <b>4,487,102</b>             | <b>82.0%</b>                                 | <b>4,193,482</b>           | <b>80.4%</b>                                 |
| <b><u>Pension Fund</u></b>   |                              |  |                            |  |
| PIBs                         | 8,046                        | 0.4%   | -                          | -  |
| Mutual funds                 | 230,143                      | 10.5%  | 252,474                    | 13.3%  |
| TFCs                         | 179,802                      | 8.3%   | -                          | -  |
| Short term deposit account   | 1,627,667                    | 74.9%  | 1,543,271                  | 81.1%  |
|                              | <b>2,045,658</b>             | <b>94.1%</b>                                 | <b>1,795,745</b>           | <b>94.4%</b>                                 |

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

Year ended  
**June 30, 2018**  
----- Rs '000 -----  
Year ended  
June 30, 2017

## 34. FINANCE COSTS

|  |                |                |
|--|----------------|----------------|
| Financial charges for liabilities against assets<br>subject to finance lease | <b>23,194</b>  | 37,086         |
| Unwinding of discount on decommissioning<br>obligation - note 22             | <b>412,608</b> | 429,451        |
| Interest on WPPF - note 17.1   | <b>15,028</b>  | 460            |
| Others   | <b>19,813</b>  | 38,075         |
|  | <b>470,643</b> | <b>505,072</b> |

## 35. OTHER CHARGES

|   |                  |                  |
|---|------------------|------------------|
| WPPF - note 17.1  | <b>3,353,699</b> | 2,546,111        |
| Impairment loss   | -                | 4,645,020        |
| Provision for windfall levy on oil / condensate - note 27.1.9 | <b>1,961,937</b> | -                |
| Provision for obsolete / slow moving stores - note 12.1       | <b>55,985</b>    | 16,220           |
|   | <b>5,371,621</b> | <b>7,207,351</b> |

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

## 36. OTHER INCOME

### Income from financial assets

Income on loans and bank deposits - note 36.1  
Income on term deposits  
Income on long-term held-to-maturity investments  
Income from investment in treasury bills  
Gain on disposal of PIBs  
Gain on re-measurement / disposal of investments designated at fair value through profit or loss (net)

Year ended  
June 30, 2018  
----- Rs '000 -----

|           |           |
|-----------|-----------|
| 358,000   | 305,707   |
| 1,019,796 | 1,170,672 |
| 1,035,834 | 2,417,705 |
| 557,287   | 253,415   |
| -         | 152,000   |
| 351,796   | 183,153   |
| 3,322,713 | 4,482,652 |

### Income from assets other than financial assets

Rental income on assets  
Profit on sale of property, plant and equipment (net) - note 6.3  
Profit on sale of stores and spares (net)  
Exchange gain on foreign currency (net)  
Share of profit on sale of LPG  
Insurance income  
Others - note 36.2

|           |           |
|-----------|-----------|
| 27,472    | 1,253     |
| 22,439    | 11,170    |
| 15,583    | 14,581    |
| 4,623,542 | 53,439    |
| 99,845    | 107,801   |
| 268,768   | -         |
| 1,016,504 | 203,514   |
| 6,074,153 | 391,758   |
| 9,396,866 | 4,874,410 |

**36.1** This includes profit amounting to Rs 0.744 million (2017: Rs 8.874 million) under a Shariah compliant arrangement.

**36.2** This includes: (i) signature bonus received from United Energy Pakistan Limited (UEPL) as per the terms of farm-in agreement and (ii) Late payment surcharge received from Asia Resources Oil Limited (AROL) as per the terms of Settlement Agreements as explained under note 38.1.

## 37. TAXATION

Provision for taxation for the years ended June 30, 2018 has been calculated on the basis of tax rates of 55%, 52.5% and 40% for onshore agreement areas, including Sui gas field. The Holding Company's head office and Bolan Mining Enterprises (BME) income is taxed @ 30% being non-agreement areas. Similar to the previous year, 3% super tax has been levied for the current year on the Holding Company's head office and BME income as per the Finance Act, 2018.

Year ended  
June 30, 2018  
----- Rs '000 -----

|                         |            |            |
|-------------------------|------------|------------|
| Current                 |            |            |
| - for the year          | 11,971,985 | 5,692,481  |
| - for prior years (net) | (552,721)  | 378,407    |
|                         | 11,419,264 | 6,070,888  |
| Deferred                | 6,373,883  | 6,369,682  |
|                         | 17,793,147 | 12,440,570 |

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

|  | Year ended<br>June 30, 2018 | Year ended<br>June 30, 2017 |
|--|-----------------------------|-----------------------------|
|  | -----                       | -----                       |
|  | Rs '000                     |                             |
| <b>37.1 Relationship between accounting profit and taxation</b>      |                             |                             |
| Accounting profit for the year before taxation                       | <b>63,618,934</b>           | 47,139,709                  |
| Tax on accounting profit at applicable rate of 43.72% (2017: 44.13%) | <b>27,814,198</b>           | 20,802,754                  |
| Tax effect of:   |                             |                             |
| - Depletion allowance  | <b>(7,402,071)</b>          | (6,310,371)                 |
| - Royalty allowed for tax purposes                                   | <b>(2,978,831)</b>          | (2,168,465)                 |
| - Tax (income) / charge relating to prior years                      | <b>(552,721)</b>            | 378,407                     |
| - Decommissioning cost   | <b>851,206</b>              | 100,154                     |
| - Tax credits  | <b>(39,857)</b>             | (65,772)                    |
| - Super tax  | <b>269,511</b>              | 132,002                     |
| - Others   | <b>(168,288)</b>            | (428,139)                   |
|  | <b>17,793,147</b>           | 12,440,570                  |
| Effective tax rate %   | <b>27.97%</b>               | 26.39%                      |

**37.2** Group computes tax based on the generally accepted interpretations of the tax laws to ensure that sufficient provision for the purpose of taxation is recognised which can be analysed as follows:

|      | Provision for<br>taxation | Tax<br>assessed   |
|------|---------------------------|-------------------|
|      | -----                     | -----             |
|      | Rs '000                   |                   |
| 2017 | <b>5,950,548</b>          | <b>6,440,308</b>  |
| 2016 | <b>2,770,350</b>          | <b>2,887,901</b>  |
| 2015 | <b>10,525,109</b>         | <b>11,189,292</b> |

The difference mainly pertains to super tax liability in respect of Agreement Areas of the Holding Company assessed under Part I of the Fifth Schedule to the Income Tax Ordinance, 2001, which has not been provided in the respective years, since the management of the Holding Company, based on the advice of its legal counsel, believes that the issue will be decided in favour of the Holding Company by the appellate authorities.



# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

## 38. Details of Exploration and Production Areas / Fields

The areas in which the Group has working interest are as follows:

| Name of Field             |  | Operator | Percentage of the Group's working interest as at June 30, 2018 | Net Balance (Payable) / Receivable (Rs '000) |
|---------------------------|--|----------|--|--|
| <b>Producing Fields</b>   |  |          |  |  |
| 1                         | Sui  | PPL      | 100.00%  | -  |
| 2                         | Kandhkot   | PPL      | 100.00%  | -  |
| 3                         | Adhi   | PPL      | 39.00%   | (1,680,449)                                  |
| 4                         | Mazarani   | PPL      | 87.50%   | 112,208                                      |
| 5                         | Hala Block   | PPL      | 65.00%   | (316,220)                                    |
| 6                         | Gambat South Block - note 38.1                       | PPL      | 65.00%   | (1,802,376)                                  |
| 7                         | Kandhkot East (Chachar)                              | PPL      | 75.00%   | (57,350)                                     |
| 8                         | Qadirpur   | OGDCL    | 7.00%  | (16,917)                                     |
| 9                         | Miano - note 38.2                                    | OMV      | 15.16%   | (11,401)                                     |
| 10                        | Sawan - note 38.2                                    | OMV      | 34.07%   | (51,600)                                     |
| 11                        | Hasan, Sadiq & Khanpur - D&P (Block-22)              | PEL      | 35.53%   | (39,442)                                     |
| 12                        | Tal Block  | MOL      | 27.76%   | (1,580,588)                                  |
| 13                        | Nashpa Block   | OGDCL    | 28.55%   | (1,044,818)                                  |
| 14                        | Tajjal EWT Phase (Gambat Block) - notes 38.2 & 38.10 | OMV      | 23.68%   | 153,496                                      |
| 15                        | Latif D&P (Latif Block) - note 38.2                  | OMV      | 33.30%   | (178,259)                                    |
| 16                        | Kirthar Block  | POGC     | 30.00%   | (234,340)                                    |
| 17                        | Ghauri EWT Phase (Ghauri Block)                      | MPCL     | 35.00%   | (232,015)                                    |
| <b>Exploration Blocks</b> |  |          |  |  |
| 1                         | Block 2568-13 (Hala) - note 38.3                     | PPL      | 65.00%   | -  |
| 2                         | Block 2766-1 (Khuzdar)                               | PPL      | 100.00%  | (15,949)                                     |
| 3                         | Block 2688-2 (Kalat)                                 | PPL      | 100.00%  | (590,989)                                    |
| 4                         | Block 2969-8 (Barkhan)                               | PPL      | 85.00%   | (4,346)                                      |
| 5                         | Block 2763-3 (Kharan)                                | PPL      | 100.00%  | (78,406)                                     |
| 6                         | Block 2764-4 (Kharan-East)                           | PPL      | 100.00%  | (223)  |
| 7                         | Block 2763-4 (Kharan-West)                           | PPL      | 100.00%  | (7,184)                                      |
| 8                         | Block 3371-15 (Dhok Sultan)                          | PPL      | 75.00%   | (54,384)                                     |
| 9                         | Block 2467-12 (Jungshahi)                            | PPL      | 100.00%  | 17,780                                       |
| 10                        | Block 2568-18 (Gambat South) - notes 38.1 & 38.3     | PPL      | 65.00%   | -  |
| 11                        | Block 2468-10 (Sirani)                               | PPL      | 75.00%   | 29,579                                       |
| 12                        | Block 2668-9 (Naushahro Firoz) - note 38.1           | PPL      | 90.00%   | 221,097                                      |
| 13                        | Block 2667-11 (Zamzama South) - note 38.4            | PPL      | 100.00%  | 31,872                                       |
| 14                        | Block 3272-18 (Karsal)                               | PPL      | 100.00%  | (133,573)                                    |
| 15                        | Block 3372-23 (Hisal) - note 38.5                    | PPL      | 65.00%   | (324,292)                                    |
| 16                        | Block 2870-5 (Sadiqabad)                             | PPL      | 97.50%   | 36,576                                       |
| 17                        | Block 2469-16 (Shah Bandar) - note 38.5              | PPL      | 65.50%   | 20,892                                       |
| 18                        | Block 2864-4 (Nausherwani) - note 38.6               | PPL      | 100.00%  | (274,179)                                    |
| 19                        | Block 2566-6 (Bela West) - notes 38.6 & 38.7         | PPL      | 100.00%  | (306,079)                                    |
| 20                        | Block 2566-4 (Hab) - note 38.8                       | PPL      | 99.85%   | (1,286,978)                                  |
| 21                        | Block 2569-5 (Khipro East)                           | PPL      | 97.50%   | (256,747)                                    |
| 22                        | Block 2467-13 (Malir) - note 38.8                    | PPL      | 97.50%   | 70,192                                       |
| 23                        | Block 2866-4 (Margand)                               | PPL      | 100.00%  | 3,707  |
| 24                        | Block 2468-12 (Kotri)                                | PPL      | 100.00%  | (1,003,912)                                  |
| 25                        | Block 2763-5 (South Kharan) - note 38.13             | PPL      | 51.00%   | 416,160                                      |
| 26                        | Block 2568-21 (Kotri North) - notes 38.1 & 38.9      | UEPL     | 40.00%   | 249,526                                      |

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

| Name of Field                                       | Operator | Percentage of the Group's working interest as at June 30, 2018 | Net Balance (Payable) / Receivable (Rs '000) |
|---|----------|--|--|
| 27 Block 2668-4 (Gambat) - notes 38.2, 38.3 & 38.10 | OMV      | 30.00%   | -  |
| 28 Block 2669-3 (Latif) - notes 38.2 & 38.3         | OMV      | 33.30%   | -  |
| 29 Block 3370-10 (Nashpa) - note 38.3               | OGDCL    | 30.00%   | -  |
| 30 Block 2667-7 (Kirthar) - note 38.3               | POGC     | 30.00%   | -  |
| 31 Block 3070-13 (Baska) - note 38.11               | ZHEN HUA | 49.00%   | (1,369)                                      |
| 32 Block 2366-7 (Indus-C)                           | ENI      | 40.00%   | (6,316)                                      |
| 33 Block 2366-5 (Indus-N)                           | ENI      | 30.00%   | (7,671)                                      |
| 34 Block 3370-3 (Tal) - note 38.3                   | MOL      | 30.00%   | -  |
| 35 Block 2568-20 (Sukhpur)                          | ENI      | 30.00%   | (97,161)                                     |
| 36 Block 2468-9 (Jherruck)                          | NHEPL    | 30.00%   | (59,317)                                     |
| 37 Block 2568-19 (Digri)                            | UEPL     | 25.00%   | (5,687)                                      |
| 38 Block 3273-3 (Ghauri) - note 38.3                | MPCL     | 35.00%   | -  |
| 39 Block 2867-5 (Kuhan) - note 38.2                 | OMV      | 47.50%   | (4,438)                                      |
| 40 Block 2265-1 (Indus-G)                           | ENI      | 33.33%   | (11,417)                                     |
| 41 Block 2866-3 (Khuzdar North) - note 38.13        | OGDCL    | 25.00%   | -  |
| 42 Block 2967-2 (Ziarat)                            | MPCL     | 40.00%   | (129,945)                                    |
| 43 Block 3067-3 (Harnai)                            | MPCL     | 40.00%   | (39,040)                                     |
| <b>Exploration Blocks (Outside Pakistan)</b>        |          |  |  |
| 1 Block-3 (Yemen)                                   | TOTAL    | 20.00%   | (107,082)                                    |
| 2 Block-8 (Iraq)                                    | PPLA     | 100.00%  | -  |
| Other areas - note 38.12                            |          |  | (136,944)                                    |

**38.1** During January 2017, the Holding Company's Board of Directors approved the proposal for Settlement Agreements (SA) with AROL, which entailed withdrawal of the civil suit No.530/2016 (Civil Suit) filed by AROL before the SHC and payment of all past cash calls and late payment surcharge by AROL in respect of Gambat South, Naushahro Firoz and Kotri North blocks. Resultantly, in line with the Holding Company's Board's approval, on March 17, 2017, the Holding Company and AROL executed SA in respect of Naushahro Firoz and Kotri North blocks. For Gambat South block, a tri-partite SA was executed amongst the Holding Company, AROL and GHPL. Thereafter, the Holding Company, GHPL and AROL filed a joint compromise application in the Civil Suit filed by AROL before the SHC. Accordingly, on May 10, 2017, the Civil Suit was decreed in terms of the SA executed between the Holding Company, AROL and GHPL in the aforementioned blocks. Further, AROL unconditionally withdrew the Civil Suit against all the other defendants. Thus, the Civil Suit filed by AROL was disposed off by the SHC on May 10, 2017.

Further, upon completion of certain milestones under the SA, the Holding Company withdrew the default and forfeiture notices in all three blocks against AROL allowing it to participate as a normal joint operation partner in the said blocks. As per the SA in all three blocks, AROL was required to clear its outstanding dues within six months of signing of the same. Subsequently, settlement amount related to Gambat South and Kotri North blocks was received by the Holding Company in October 2017. Further, due to default on part of AROL under the SA for Naushahro Firoz block, as per the agreed terms of the SA, the 10% working interest of AROL in the Naushahro Firoz block stands forfeited in favour of the Holding Company. In this regard, AROL has submitted a letter to GoP stating that AROL has no objection for said forfeiture in favour of the Holding Company. The GoP vide letter dated March 6, 2018 provided its "No objection" in this regard. Moreover, a draft 'Deed of Assignment (Forfeiture)' for formal transfer of AROL's 10% working interest in the Naushahro Firoz block in favour of the Holding Company has also been submitted to GoP for approval.

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

- 38.2** Effective from June 28, 2018, ownership, management and control of OMV (Pakistan) Exploration Gessellschaft m.b.H has been transferred to Dragon Prime Hong Kong Limited, which is a sister company of United Energy Pakistan Limited and part of United Energy Group Limited (UEGL).
- 38.3** The receivable / (payable) from / to these exploratory blocks is included in the overall receivable / (payable) balance of the block as stated under the "producing field", since the balances are settled on a net basis.
- 38.4** In Zamzama South block, notice of relinquishment dated July 26, 2018 is submitted to GoP for approval.
- 38.5** GoP's approval for assignment of 2.5% working interest to GHPL has been obtained on July 20, 2018. Once the Deed of Assignment is executed and submitted to the GoP, Holding Company's working interest would reduce to 62.5% and 63% in Hisal and Shah Bandar blocks, respectively.
- 38.6** In Nausherwani and Bela West Blocks, approval of assignment of Holding Company's 2.5% working interest to GHPL is in process. After the assignment, the Holding Company's working interest would reduce to 97.5% in both blocks.
- 38.7** Application for assignment of 35% working interest in Bela West block from the Holding Company to Kirthar Pakistan B.V ('KPBV' - a subsidiary of KUFPEC), was approved by the GoP on August 16, 2018. Further, application for assignment of 35% working interest in Paharpur block from KPBV to the Holding Company was approved by the GoP on July 13, 2018. Assignment Agreements of both blocks are to be submitted to the GoP for effectuating the transfer. Consequently, the working interest of the Holding Company in Bela West Block would reduce to 62.5% (refer note 38.6).
- 38.8** Assignment of Holding Company's 2.5% working interest to GHPL is approved. Once the Deed of Assignment is executed and submitted to GoP, Holding Company's working interest would reduce to 97.35% and 95% in Hab and Malir blocks, respectively.
- 38.9** On August 02, 2017, GoP approved assignment of the Holding Company's 50% working interest along with operatorship of the block to UEPL.
- 38.10** Holding Company's has recommended to relinquish the block upon expiry of licence w.e.f September 02, 2017.
- 38.11** In Baska Block, China Zhen Hua Oil Company Limited has submitted an application to GoP for assignment of Zhen Hua Oil's 33.5% working interest along with operatorship of the block to the Holding Company. Response from GoP is awaited.
- 38.12** This includes amounts receivable / (payable) under the various blocks against which the Holding Company has applied to GoP for relinquishment.
- 38.13** The GoP has granted approval of assignment of OGDCL's 25% working interest in Khuzdar North block and 51% working interest along with operatorship in South Kharan block, to the Holding Company. The deed of assignment for the same has been submitted to GoP for approval.
- 38.14** The balances are stated net of receivable / (payable) position, since these are settled on net basis. Further, ageing of these balances is not relevant due to the nature of operations of the Group and transactions with the Joint Operations.

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

June 30, 2018      June 30, 2017  
----- Rs '000 -----

## 39. FINANCIAL INSTRUMENTS BY CATEGORY

### Financial assets as per statement of financial position

#### - Loans and receivables

|   |                    |                    |
|---|--------------------|--------------------|
| Long-term loans                           | 16,067             | 20,366             |
| Long-term deposits                        | 7,676              | 7,676              |
| Long-term receivables                     | 74,670             | 261,119            |
| Trade debts                               | 142,824,745        | 99,419,151         |
| Loans and advances                        | 1,506,404          | 4,008,064          |
| Trade deposits                            | 82,432             | 274,357            |
| Interest accrued                          | 547,409            | 473,155            |
| Current maturity of long-term deposits    | 911,850            | 787,500            |
| Current maturity of long term loans       | 8,892              | 10,454             |
| Current maturity of long-term receivables | 50,786             | 88,858             |
| Other receivables                         | 2,121,702          | 1,699,155          |
| Cash and bank balances                    | 8,251,633          | 6,432,085          |
|   | <b>156,404,266</b> | <b>113,481,940</b> |

#### - Held to maturity

|   |                   |                   |
|---|-------------------|-------------------|
| Long-term investments                     | 31,555,194        | 20,955,491        |
| Current maturity of long-term investments | -                 | 581,824           |
| Short-term investments                    | 22,379,416        | 43,972,753        |
|   | <b>53,934,610</b> | <b>65,510,068</b> |

#### - Designated at fair value through profit or loss - Mutual Funds

74,191      85,000

#### Non-financial assets

159,548,525      146,485,396

#### Total assets

**369,961,592**      **325,562,404**

### Financial liabilities as per statement of financial position

#### - Financial liabilities measured at amortised cost

|                          |            |            |
|--------------------------|------------|------------|
| Trade and other payables | 25,754,279 | 19,366,752 |
| Unclaimed dividends      | 332,998    | 362,360    |

#### Non-financial liabilities

103,424,819      90,709,886

#### Total liabilities

**129,512,096**      **110,438,998**

## 40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities expose it to a variety of financial risks, including the effect of market risks relating to interest rates, foreign currency and commodity price, credit risk and liquidity risk associated with various financial assets and liabilities. The carrying values of financial assets and liabilities approximate to their fair values except for held-to-maturity investments, which are stated at amortised cost. No changes were made in the objectives, policies or processes during the years ended June 30, 2018 and 2017.

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

## a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in interest rate, foreign currency exchange rate and price, which will affect the Group's income or the value of its holdings of financial instruments. Objective of the market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on financial instruments.

## i) Interest rate risk

The interest rate risk is the risk that the fair value or future cash flows of the financial instruments will fluctuate because of changes in market interest rates. The Group manages its interest rate risk by having significant investments in fixed interest bearing financial assets, like PIBs, term deposits with banks and treasury bills. As of the date of financial position, there is no exposure to interest rate risk to the Group, with all other variables held constant.

## ii) Currency risk

Currency risk is the risk that changes in foreign exchange rates will affect the Group's income or the value of its holdings of financial instruments. The objective of currency risk management is to manage and control currency risk exposures within acceptable parameters, while optimising the return on financial instruments.

### Exposure to foreign currency risk

The Group's exposure to currency risk mainly comprises:

|  | June 30, 2018      | June 30, 2017      |
|--|--------------------|--------------------|
|  | -----              | US\$ -----         |
| Investments held to maturity           | 311,879,007        | 252,244,006        |
| Cash and bank balances                 | 8,934,947          | 6,910,155          |
| Current maturity of long-term deposits | 7,500,000          | 7,500,000          |
| Trade and other payables               | (20,273,798)       | (15,860,867)       |
|  | <u>308,040,156</u> | <u>250,793,294</u> |

The following significant exchange rates have been applied during the year:

|        | Average Rate |        | Closing Rate |        |
|--------|--------------|--------|--------------|--------|
|        | 2018         | 2017   | 2018         | 2017   |
|        | Rs           |        |              |        |
| US\$ 1 | 110.07       | 104.90 | 121.60       | 105.00 |

A one rupee change in the exchange rate of foreign currencies would have the following effect:

|  | One Rupee Increase | One Rupee Decrease |
|--|--------------------|--------------------|
|  | -----              | Rs '000 -----      |
| Foreign currency financial assets      | 328,314            | (328,314)          |
| Foreign currency financial liabilities | 82,938             | (82,938)           |

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

## iii) Price risk

Price risk represents the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk).

The Group is exposed to price risk on sale of petroleum products, as the selling prices are determined in relation to the international prices of petroleum products, which can affect the profitability of the Group.

A one rupee change in the commodity prices would have the following effect:

|                                    | One Rupee<br>Increase | One Rupee<br>Decrease |
|------------------------------------|-----------------------|-----------------------|
|                                    | -----                 | -----                 |
|                                    | Rs '000               | Rs '000               |
| Natural Gas (Mcf)                  | 286,054               | (286,054)             |
| Crude Oil / Condensate / NGL (BBL) | 5,801                 | (5,801)               |
| LPG (M. Ton)                       | 95                    | (95)                  |
| Barytes (M. Ton)                   | 86                    | (86)                  |

## b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. To manage this risk, the financial viability of all counterparties is regularly monitored and assessed.

The Group is exposed to credit risk from its operating and certain investing activities and the Group's credit risk exposures are categorised under the following headings:

### i) Counterparties

The Group conducts transactions with the following major types of counterparties:

#### Trade debts

Trade debts are essentially due from gas transmission and distribution, power generation, oil and gas marketing and oil refining companies. The Group's major portion of sales is to GENCO-II, SNGPL and SSGCL, however, it does not consider itself to be exposed to any substantial credit risk since these companies are State Owned Entities (SOEs).

#### Bank and investments

The Group limits its exposure to credit risk by investing in liquid securities and only with counterparties that have high credit rating. These credit ratings are subject to periodic review and accordingly, the Group currently does not expect any counterparty to fail to meet its obligations.



# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

## ii) Exposure to credit risk

The carrying amount of financial assets as at the reporting date represents the maximum credit exposure, details of which are as follows:

|   | June 30, 2018       | June 30, 2017      |
|---|---------------------|--------------------|
|   | ----- Rs '000 ----- | -----              |
| Long-term investments                     | 31,629,385          | 21,040,491         |
| Long-term loans                           | 16,067              | 20,366             |
| Long-term deposits                        | 7,676               | 7,676              |
| Long-term receivables                     | 74,670              | 261,119            |
| Trade debts                               | 142,824,745         | 99,419,151         |
| Loans and advances                        | 1,506,404           | 4,018,518          |
| Trade deposits                            | 82,432              | 274,357            |
| Interest accrued                          | 547,409             | 473,155            |
| Current maturity of long-term investments | -                   | 581,824            |
| Current maturity of long-term deposits    | 911,850             | 787,500            |
| Current maturity of long-term receivables | 50,786              | 88,858             |
| Other receivables                         | 2,121,702           | 1,699,155          |
| Short-term investments                    | 22,379,416          | 43,972,753         |
| Bank balances                             | 8,176,655           | 6,383,876          |
|   | <u>210,329,197</u>  | <u>179,028,799</u> |

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty default rates:

|  | June 30, 2018       | June 30, 2017     |
|--|---------------------|-------------------|
|  | ----- Rs '000 ----- | -----             |
| <b>Long-term investments</b>   |                     |                   |
| AAA  | 14,337,396          | 2,548,577         |
| AA   | 17,217,799          | 17,780,604        |
| A  | 74,190              | 1,293,134         |
|  | <u>31,629,385</u>   | <u>21,622,315</u> |
| <b>Trade debts</b>   |                     |                   |
| Customers with defaults in past one year which have not yet been recovered | 25,267,261          | 53,461,720        |
|  | <u>25,267,261</u>   | <u>53,461,720</u> |
| <b>Short-term investments</b>  |                     |                   |
| AAA  | 13,479,023          | 19,611,253        |
| AA   | 250,000             | 17,392,500        |
| A  | 8,650,393           | 6,969,000         |
|  | <u>22,379,416</u>   | <u>43,972,753</u> |
| <b>Cash at banks</b>   |                     |                   |
| AAA  | 5,664,464           | 4,283,502         |
| AA   | 2,169,609           | 1,609,194         |
| A  | 342,582             | 491,180           |
|  | <u>8,176,655</u>    | <u>6,383,876</u>  |

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

The Group's most significant customers include two gas transmission and distribution companies and one power generation company (related parties), which account for Rs 132,502 million of the trade debts as at June 30, 2018 (2017: Rs 93,736 million).

The aging of trade debts at the reporting date is provided in note 13.2.

## c) Capital risk management

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern, so that it can continue to create value for shareholders and benefits for other stakeholders, and to maintain a strong capital base to support the sustained development of its businesses.

The Group manages its capital structure which comprises capital and reserves by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend paid to shareholders and / or issue new shares. There were no changes to Group's approach to capital management during the year and the Group is not subject to externally imposed capital requirements.

## d) Liquidity risk management

Liquidity risk reflects an enterprise's inability in raising funds to meet commitments. The Group follows effective cash management and planning policy to ensure availability of funds and to take appropriate measures for new requirements.

|   | On demand        | Less than 3 months | 3 to less than 12 months | 1 to 5 years   | More than 5 years | Total             |
|---|------------------|--------------------|--------------------------|----------------|-------------------|-------------------|
|   | Rs '000          |                    |                          |                |                   |                   |
| Liability against assets subject to finance lease | -                | 21,257             | 53,364                   | 68,136         | -                 | 142,757           |
| Trade and other payables                          | 1,922,235        | 20,911,072         | 978,332                  | -              | -                 | 23,811,639        |
| <b>Year ended June 30, 2018</b>                   | <b>1,922,235</b> | <b>20,932,329</b>  | <b>1,031,696</b>         | <b>68,136</b>  | <b>-</b>          | <b>23,954,396</b> |
| Liability against assets subject to finance lease | -                | 16,415             | 96,149                   | 143,323        | -                 | 255,887           |
| Trade and other payables                          | 1,543,947        | 16,137,034         | 2,048,131                | -              | -                 | 19,729,112        |
| <b>Year ended June 30, 2017</b>                   | <b>1,543,947</b> | <b>16,153,449</b>  | <b>2,144,280</b>         | <b>143,323</b> | <b>-</b>          | <b>19,984,999</b> |

## e) Fair value of financial assets and liabilities

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

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

June 30, 2018      June 30, 2017  
----- Rs '000 -----

## 41. CASH AND CASH EQUIVALENTS

|  |                   |                   |
|--|-------------------|-------------------|
| Cash and bank balances - note 19               | 8,251,633         | 6,432,085         |
| Short-term highly liquid investments - note 18 | 22,379,416        | 43,972,753        |
|  | <u>30,631,049</u> | <u>50,404,838</u> |

## 42. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

|   | Chief Executive                               |                                | Executives                     |   |
|---|---|--------------------------------|--------------------------------|---|
|   | Year ended<br>June 30,<br>2018<br>(note 42.3) | Year ended<br>June 30,<br>2017 | Year ended<br>June 30,<br>2018 | Year ended<br>June 30,<br>2017<br>(note 42.2) |
|   | Rs '000                                       |                                |                                |   |
| Managerial remuneration                                 | 29,400  | 49,000                         | 6,133,919                      | 5,215,318                                     |
| Housing, conveyance and utilities                       | -   | -                              | 246,294                        | 41,482  |
| Retirement benefits                                     | -   | -                              | 689,047                        | 751,112                                       |
| Bonus   | -   | -                              | 898,039                        | 527,188                                       |
| Medical and leave passage                               | -   | -                              | 466,266                        | 246,808                                       |
| Leave encashment  | -   | -                              | 25,834                         | 50,708  |
|   | <u>29,400</u>                                 | <u>49,000</u>                  | <u>8,459,399</u>               | <u>6,832,616</u>                              |
| Number, including those who worked for part of the year | <u>1</u>                                      | <u>1</u>                       | <u>1,271</u>                   | <u>1,124</u>                                  |

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

**42.2** Aggregate amount charged in these consolidated financial statements in respect of fees paid to fifteen non-executive directors was Rs 16.490 million (2017: Rs 9.775 million to ten non-executive directors). Further, Rs 0.3 million was paid to Holding Company's Chairman of the Board of Directors in respect of managerial remuneration as per the approved policy.

**42.3** This does not include performance bonus as per the employment contract (upto Rs 19.600 million on achievement of Key Performance Objectives), which is subject to the approval by the Board of Directors of the Holding Company.

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

|  | Year Ended<br>June 30, 2018     | Year Ended<br>June 30, 2017 |
|--|---------------------------------|-----------------------------|
| <b>43. EARNINGS PER SHARE</b>  |                                 |                             |
| <b>43.1 Basic earnings per share</b>   |                                 |                             |
| Profit after taxation (Rs '000)  | 45,825,787                      | 34,699,139                  |
| Dividend on convertible preference shares (Rs '000)  | (34)                            | (36)                        |
| Profit attributable to ordinary shareholders (Rs '000)   | <u>45,825,753</u>               | <u>34,699,103</u>           |
| Weighted average number of ordinary shares in issue  | <u>1,971,717,718</u>            | <u>1,971,717,393</u>        |
| <b>Basic earnings per share (Rs)</b>   | <u>23.24</u>                    | <u>17.60</u>                |
| <b>43.2 Diluted earnings per share</b>   |                                 |                             |
| Profit after taxation (Rs '000)  | 45,825,787                      | 34,699,139                  |
| Weighted average number of ordinary shares in issue  | 1,971,717,718                   | 1,971,717,393               |
| Adjustment for conversion of convertible preference shares   | <u>11,737</u>                   | <u>12,062</u>               |
| Weighted average number of ordinary shares for diluted earnings per share  | <u>1,971,729,455</u>            | <u>1,971,729,455</u>        |
| <b>Diluted earnings per share (Rs)</b>   | <u>23.24</u>                    | <u>17.60</u>                |
| <b>44. TRANSACTIONS WITH RELATED PARTIES</b>   |                                 |                             |
| The related parties are comprised of state controlled entities, subsidiary companies, associated companies, joint operations, companies where directors also hold directorship, key management personnel and other related parties. Details of transactions with related parties, other than those which have been specifically disclosed elsewhere in these consolidated financial statements are as follows: |                                 |                             |
|  | Year Ended<br>June 30, 2018     | Year Ended<br>June 30, 2017 |
|  | ----- Rs '000 -----             |                             |
| <b>Sales of gas / barytes to state controlled entities<br/>(including Government Levies)</b>   |                                 |                             |
| GENCO-II   | 22,271,078                      | 24,140,882                  |
| SSGCL  | 26,593,028                      | 26,713,612                  |
| SNGPL  | 60,920,427                      | 67,493,159                  |
| OGDCL  | <u>138,839</u>                  | <u>140,178</u>              |
|  | <u>109,923,372</u>              | <u>118,487,831</u>          |
| Long-term receivables, trade debts and other<br>receivables from state controlled entities<br>as at June 30  | <u>See notes 11,13 &amp; 17</u> |                             |

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

|  | Year Ended<br>June 30, 2018 | Year Ended<br>June 30, 2017 |
|--|-----------------------------|-----------------------------|
|  | ----- Rs '000 -----         |                             |
| <b>Transactions with Associated Companies</b>  |                             |                             |
| Sales of crude oil / condensate to PARCO   | <b>5,989,687</b>            | 5,558,298                   |
| Purchase of material from PARCO  | <b>-</b>                    | 2,258                       |
| Membership fee to Petroleum Institute of Pakistan (PIP)                                      | <b>2,400</b>                | 4,008                       |
| Membership fee to Pakistan Petroleum Exploration & Production Companies Association (PPEPCA) | <b>1,022</b>                | 1,450                       |
| Training cost to Lahore University of Management Sciences (LUMS)                             | <b>4,550</b>                | 5,671                       |
| Payment to SNGPL against services obtained   | <b>2,721</b>                | 440                         |
| <b>Transactions with Joint Operations</b>  |                             |                             |
| Payments of cash calls to joint operations   | <b>35,013,821</b>           | 43,991,465                  |
| Expenditures incurred by the joint operations  | <b>42,019,272</b>           | 38,172,148                  |
| Amounts receivable from / payable to joint operations partners as at June 30                 | See notes 14, 17 & 26       |                             |
| Income from rental of assets to joint operations   | <b>27,472</b>               | 1,253                       |
| Dividend income from BME   | <b>75,000</b>               | 25,000                      |
| Purchase of goods from BME (net)   | <b>412,128</b>              | 327,239                     |
| Reimbursement of employee cost on secondment to BME  | <b>17,939</b>               | 18,981                      |
| <b>Other related parties</b>   |                             |                             |
| Dividends to GoP   | <b>13,310,607</b>           | 8,651,894                   |
| Dividends to Trust under BESOS   | <b>1,449,691</b>            | 942,299                     |
| Transactions with retirement benefit funds   | See notes 32.1 & 33         |                             |
| Remuneration to key management personnel   | See note 42                 |                             |
| Payment of rental to Pakistan Industrial Development Corporation                             | <b>106,660</b>              | 100,542                     |
| Payment of rental to Karachi Port Trust  | <b>7,612</b>                | 5,687                       |
| Payment to National Insurance Company Limited (NICL)   | <b>810,543</b>              | 641,981                     |
| Insurance claim received from NICL   | <b>268,518</b>              | -                           |
| Payment to Pakistan State Oil Company Limited  | <b>899,629</b>              | 496,637                     |

**44.1** Gas sales are made to various state controlled entities, at prices notified by the GoP. Transactions with BME for purchase of goods are conducted at prices determined by reference to comparable goods sold in an economically comparable market to a buyer unrelated to the seller.

**44.2** Following are the related parties with whom the Group has entered into transactions during the year excluding joint operations, staff retirement benefit funds and employees, details of which have already been disclosed in these consolidated financial statements.

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

| S.No. | Company Name | Basic of Relationship                           | Aggregate % of Shareholding in the Holding Company |
|-------|--------------|---|--|
| 1.    | SNGPL        | GOP is common shareholder / Common Directorship | Not applicable                                     |
| 2.    | OGDCL        | GOP is common shareholder / Common Directorship | Not applicable                                     |
| 3.    | SSGCL        | GOP is common shareholder                       | Not applicable                                     |
| 4.    | NHA          | GOP is common shareholder                       | Not applicable                                     |
| 5.    | GENCO - II   | GOP is common shareholder                       | Not applicable                                     |
| 6.    | PIDC         | GOP is common shareholder                       | Not applicable                                     |
| 7.    | KPT          | GOP is common shareholder                       | Not applicable                                     |
| 8.    | NICL         | GOP is common shareholder                       | Not applicable                                     |
| 9.    | PIP          | Common Directorship                             | Not applicable                                     |
| 10.   | PPEPCA       | Common Directorship                             | Not applicable                                     |
| 11.   | LUMS         | Common Directorship                             | Not applicable                                     |
| 12.   | PARCO        | Common Directorship                             | Not applicable                                     |
| 13.   | PSO          | Common Directorship                             | Not applicable                                     |

## 45. INFORMATION ABOUT OPERATING SEGMENTS

For management purposes, the activities of the Group are organised into one operating segment i.e. exploration, development and production of oil, gas and barytes. The Group operates in the said reportable operating segment based on the nature of the products, risks and returns, organisational and management structure and internal financial reporting systems. Accordingly, the figures reported in these consolidated financial statements are related to the Group's only reportable segment.

The operating interests of the Group are confined to Pakistan in terms of production areas and customers. Accordingly, the production and revenue figures reported in these consolidated financial statements relate to the Group's only reportable operating segment in Pakistan.

Following are the details of customers with whom the revenue from sales transactions amount to 10% or more of the Group's overall revenue:

|          | Year Ended<br>June 30, 2018 | Year Ended<br>June 30, 2017 |
|----------|-----------------------------|-----------------------------|
|          | -----                       | -----                       |
|          | Rs '000                     |                             |
| GENCO-II | 22,271,078                  | 24,140,882                  |
| SSGCL    | 26,593,028                  | 26,713,612                  |
| SNGPL    | 60,920,427                  | 67,493,159                  |
| ARL      | 28,815,511                  | 20,234,163                  |
|          | <u>138,600,044</u>          | <u>138,581,816</u>          |



# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

|   | Year Ended<br>June 30, 2018 | Year Ended<br>June 30, 2017 |
|---|-----------------------------|-----------------------------|
| <b>46. GENERAL</b>  |                             |                             |
| <b>46.1 Number of employees</b>                                   |                             |                             |
| Total number of employees at the end of the year were as follows: |                             |                             |
| Regular   | 2,811                       | 2,835                       |
| Contractual   | 88                          | 73                          |
|   | <u>2,899</u>                | <u>2,908</u>                |
| Average number of employees during the year were as follows:      |                             |                             |
| Regular   | 2,821                       | 2,868                       |
| Contractual   | 82                          | 72                          |
|   | <u>2,903</u>                | <u>2,940</u>                |

## 46.2 Capacity and production

| Product                      | Unit   | Actual production for the year (Group's share) |
|------------------------------|--------|--|
| Natural gas                  | MMCF   | 324,766  |
| Crude oil / NGL / Condensate | BBL    | 5,794,898                                      |
| LPG                          | M. Ton | 95,332   |
| Barytes                      | M. Ton | 119,354  |

Due to the nature of operations of the Group, installed capacity of above products is not relevant.

## 46.3 Corresponding figures

Corresponding figures have been reclassified for the purpose of better presentation and comparison, where necessary.

## 46.4 Figures have been rounded off to the nearest thousand, unless otherwise stated.

## 47. SUBSEQUENT / NON -ADJUSTING EVENTS

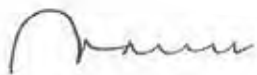
The Board of Directors of the Holding Company in its meeting on September 18, 2018 recommended 15% bonus shares (295,757,714 shares) i.e. fifteen shares for every hundred ordinary shares held (2017: nil) and final cash dividend @ 15% amounting to Rs 2,957.577 million (2017: @ 60% amounting to Rs 11,830.305 million) on the existing paid-up value of the ordinary share capital for approval of the shareholders in the Annual General Meeting to be held on October 26, 2018.

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

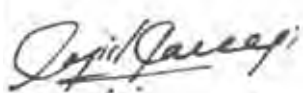
FOR THE YEAR ENDED JUNE 30, 2018

## 48. DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorised for issue on September 18, 2018 by the Board of Directors of the Holding Company.



Chief Financial Officer



Director



Chief Executive Officer

# LIST OF ABBREVIATIONS

## ABBREVIATION

AVO  
BBL  
BME  
BCF  
BCFE  
BOPD  
CBA  
CSR  
CPPA-G  
DGPC  
D&PL  
EPCC  
EPS  
EWT  
E&P  
Eni  
FEED  
GDP  
GDS  
GENCO-II  
GIDC  
GHPL  
G&G  
GoB  
GoP  
GPF  
HRL  
HSE  
IAS  
IFRIC  
IFRS  
ISMS  
ISO  
IT  
KBOE  
KM/ LKm/ Sq Km  
KUFPEC  
LoA  
LPG  
LTI  
M  
MMSCF  
MMSCFD  
MoD  
MOL  
MPCL  
MT  
NHEPL  
NBFI  
NGL  
NOC  
OGDCL  
OGRA

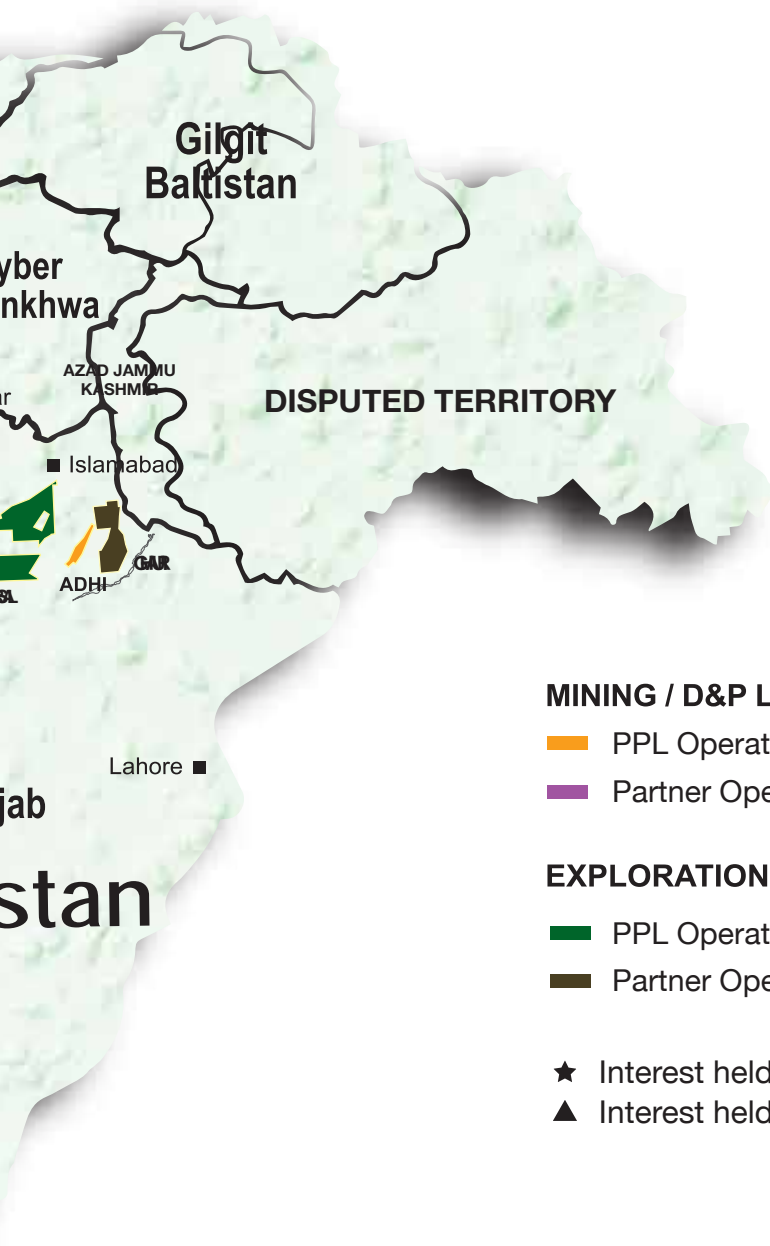
## DESCRIPTION

Amplitude-Variation-with-Offset seismic inversion  
Barrel  
Bolan Mining Enterprises  
Billion Cubic Feet  
Billions Cubic Feet Equivalent  
Barrels of Oil Per Day  
Collective Bargaining Agent  
Corporate Social Responsibility  
Central Power Purchasing Agency (Guarantee) Limited  
Director General Petroleum Concessions  
Development and Production Lease  
Engineering, Procurement, Construction and Commissioning  
Earnings Per Share  
Extended Well Testing  
Exploration and Production  
Eni Pakistan Limited  
Front End Engineering Design  
Gross Domestic Product  
Gas Development Surcharge  
Central Power Generation Company Limited  
Gas Infrastructure Development Cess  
Government Holdings (Pvt.) Limited  
Geological & Geophysical  
Government of Baluchistan  
Government of Pakistan  
Gas Processing Facility  
Habib Rahi Limestone  
Health, Safety and Environment  
International Accounting Standards  
International Financial Reporting Interpretations Committee  
International Financial Reporting Standards  
Information Security Management System  
International Organisation for Standardisation  
Information Technology  
Thousands of Barrels of Oil Equivalent  
Kilometer/ Line Kilometer/ Square Kilometer  
Kuwait Foreign Petroleum Exploration Company  
Letter of Award  
Liquefied Petroleum Gas  
Loss Time Injury  
Meter  
Million Standard Cubic Feet  
Million Standard Cubic Feet Per Day  
Ministry of Defense  
MOL Pakistan Oil and Gas BV  
Mari Petroleum Company Limited  
Metric Tones  
New Horizon Exploration and Production Limited  
Non-Banking Financial Institution  
Natural Gas Liquids  
No Objection Certificate  
Oil and Gas Development Company Limited  
Oil and Gas Regulatory Authority



# LIST OF ABBREVIATIONS

|           |  |
|-----------|--|
| OHSAS     | Occupational Health and Safety Assessment System |
| OMV       | OMV (Pakistan) Exploration GmbH                  |
| OPEX      | Operating Expenditure                            |
| OPD       | Out Patient Department                           |
| P&A       | Plugged and Abandoned                            |
| P         | Pab Reservoir                                    |
| PCA       | Petroleum Concession Agreement                   |
| POGC      | Polish Oil & Gas Company                         |
| PPLA      | PPL Asia E&P B.V.                                |
| PPL       | PPL Europe E&P Limited                           |
| PSA       | Profit Sharing Agreement                         |
| PSDM      | Pre-Stack Depth Migration                        |
| PSTM      | Pre-Stack Time Migration                         |
| QHSE      | Quality, Health, Safety and Environment          |
| R&D       | Research and Development                         |
| SAP       | System Application Products in Data Processing   |
| SFGCS     | Sui Field Gas Compressor Station                 |
| SHC       | Sindh High Court                                 |
| SML       | Sui Main Limestone                               |
| SNGPL     | Sui Northern Gas Pipelines Limited               |
| SSGCL     | Sui Southern Gas Company Limited                 |
| TCF       | The Citizen Foundation                           |
| T / K / S | Tobra/ Khewra/ Sakesar                           |
| UEPL      | United Energy Pakistan Limited                   |
| USD `     | United States Dollar                             |
| WPPF      | Worker's Profit Participation Fund               |
| ZHENHUA   | China ZhenHua Oil Co. Ltd.                       |







#### MINING / D&P LEASE

-  PPL Operated
-  Partner Operated

#### EXPLORATION LICENCE

-  PPL Operated
-  Partner Operated

★ Interest held by PPL Asia B.V.

▲ Interest held by PPL Europe E&P Ltd.





# PATTERN OF SHAREHOLDING

As at June 30<sup>th</sup>, 2018

|               | Size of Holding<br>Rs. 10 Shares | Number of<br>Shareholders | Total<br>Shares held |
|---------------|----------------------------------|---------------------------|----------------------|
| 1             | 100                              | 1,852                     | 86,437               |
| 101           | 500                              | 2,788                     | 794,046              |
| 501           | 1,000                            | 1,439                     | 1,171,218            |
| 1,001         | 5,000                            | 11,511                    | 19,808,736           |
| 5,001         | 10,000                           | 624                       | 4,650,675            |
| 10,001        | 15,000                           | 262                       | 3,302,753            |
| 15,001        | 20,000                           | 138                       | 2,435,594            |
| 20,001        | 30,000                           | 178                       | 4,389,603            |
| 30,001        | 40,000                           | 97                        | 3,357,050            |
| 40,001        | 50,000                           | 69                        | 3,154,099            |
| 50,001        | 60,000                           | 28                        | 1,547,408            |
| 60,001        | 70,000                           | 30                        | 1,967,944            |
| 70,001        | 80,000                           | 27                        | 2,028,664            |
| 80,001        | 90,000                           | 22                        | 1,881,273            |
| 90,001        | 100,000                          | 17                        | 1,646,710            |
| 100,001       | 150,000                          | 45                        | 5,613,999            |
| 150,001       | 200,000                          | 28                        | 4,880,255            |
| 200,001       | 300,000                          | 26                        | 6,583,243            |
| 300,001       | 500,000                          | 39                        | 15,615,221           |
| 500,001       | 1,000,000                        | 53                        | 39,435,651           |
| 1,000,001     | 2,000,000                        | 37                        | 54,714,062           |
| 2,000,001     | 10,000,000                       | 32                        | 138,928,262          |
| 10,000,001    | 50,000,000                       | 6                         | 120,191,446          |
| 50,000,001    | 58,000,000                       | 1                         | 57,504,102           |
| 144,965,001   | 144,970,000                      | 1                         | 144,969,072          |
| 1,331,055,574 | 1,331,060,573                    | 1                         | 1,331,060,573        |
| <b>TOTAL</b>  |                                  | <b>19,351</b>             | <b>1,971,718,096</b> |

# PATTERN OF SHAREHOLDING

As at June 30<sup>th</sup>, 2018

| Categories of Shareholders  | No. of Shareholders | No. of Shares Held | Percentage |
|---|---------------------|--------------------|------------|
| <b>Ordinary Shares</b>  |                     |                    |            |
| Directors, CEO and their spouse and minor children                            | 1                   | 2                  | *          |
| Associated companies, undertakings and related parties                        |                     |                    |            |
| PPL Employees Empowerment Trust   | 1                   | 144,969,072        | 7.35       |
| PPL Employees Retirement Benefit Funds  | 6                   | 1,097,551          | 0.06       |
| NIT and ICP   | 1                   | 1,426,174          | 0.07       |
| Banks, Development Financial Institutions, Non-Banking Financial Institutions | 21                  | 17,582,670         | 0.89       |
| Insurance Companies   | 23                  | 28,424,523         | 1.44       |
| Modarabas and Mutual Funds  | 111                 | 65,927,372         | 3.35       |
| Shareholders holding 10% or more  |                     |                    |            |
| Government of Pakistan  | 1                   | 1,331,060,573      | 67.51      |
| General Public  |                     |                    |            |
| Resident  | 18,517              | 78,705,925         | 3.99       |
| Non-resident  | 211                 | 281,399            | 0.01       |
| Others  |                     |                    |            |
| Non-Resident Financial Institutions   | 123                 | 210,805,823        | 10.69      |
| Public Sector Companies and Corporations                                      | 7                   | 61,838,708         | 3.14       |
| Joint Stock Companies   | 163                 | 10,894,359         | 0.55       |
| Employee Trust / Foundations etc.   | 160                 | 18,702,245         | 0.95       |
| Nazir of High Court   | 5                   | 1,700              | *          |
|   | 19,351              | 1,971,718,096      | 100.00     |
| <b>Convertible Preference Shares</b>  |                     |                    |            |
| Individuals   | 81                  | 10,949             | 96.39      |
| Joint Stock Companies   | 1                   | 370                | 3.26       |
| Nazir of High Court   | 1                   | 40                 | 0.35       |
|   | 83                  | 11,359             | 100.00     |

\* Negligible

# PATTERN OF SHAREHOLDING

| Shareholders' Category | No. of Shareholders | No. of Shares Held |
|------------------------|---------------------|--------------------|
|------------------------|---------------------|--------------------|

Associated Companies, undertakings and related parties

|  |   |             |
|--|---|-------------|
| PPL Employees Empowerment Trust                | 1 | 144,969,072 |
| Trustees PPL Senior Provident Fund             | 1 | 1,015,860   |
| Trustees PPL Junior Provident Fund             | 1 | 13,200      |
| Trustees PPL Executive Staff Pension Fund      | 1 | 41,883      |
| Trustees PPL Non-Executive Staff Pension Fund  | 1 | 13,386      |
| Trustees PPL Executive Staff Gratuity Fund     | 1 | 7,255       |
| Trustees PPL Non-Executive Staff Gratuity Fund | 1 | 5,967       |

|  |     |            |
|--|-----|------------|
| Mutual Funds (namewise details are given on next page) | 105 | 65,762,562 |
|--|-----|------------|

Directors and their spouses and minor children

|                      |   |   |
|----------------------|---|---|
| Mr. Saeed Ullah Shah | 1 | 2 |
|----------------------|---|---|

|            |    |        |
|------------|----|--------|
| Executives | 30 | 57,223 |
|------------|----|--------|

|  |   |            |
|--|---|------------|
| Public Sector Companies & Corporations | 7 | 61,838,708 |
|--|---|------------|

Banks, DFIs, NBFIs, Insurance Companies,

|                                    |    |            |
|------------------------------------|----|------------|
| Takaful, Modarabas & Pension Funds | 74 | 54,478,871 |
|------------------------------------|----|------------|

Shareholders holding five percent or more voting rights

|   |   |               |
|---|---|---------------|
| President of the Islamic Republic of Pakistan | 1 | 1,331,060,573 |
| PPL Employees Empowerment Trust               | 1 | 144,969,072   |

| Name                | Category  | Date of Transaction | Nature of Transaction | Price Per Share (Rs) | No. of Shares |
|---------------------|-----------|---------------------|-----------------------|----------------------|---------------|
| Mr. Ijaz Ahmad      | Executive | 24-Jul-17           | Sale                  | 174.00               | 3,000         |
| Mr. Ijaz Ahmad      | Executive | 24-Jul-17           | Sale                  | 176.00               | 1,000         |
| Mr. Ijaz Ahmad      | Executive | 25-Jul-17           | Sale                  | 176.50               | 1,000         |
| Mr. Ijaz Ahmad      | Executive | 26-Jul-17           | Sale                  | 178.00               | 1,000         |
| Mr. Ijaz Ahmad      | Executive | 26-Jul-17           | Sale                  | 180.00               | 1,000         |
| Mr. Syed Shariq Ali | Executive | 9-Nov-17            | Sale                  | 200.32               | 1,000         |

\* In accordance with the clause 5.19.11 of the Code of Corporate Governance, the Board has set a threshold for categorisation of a certain group of senior management employees as "Executives", which is reviewed annually.

# NAMEWISE DETAILS OF MUTUAL FUNDS

| S.NO | NAME   | SHAREHOLDING      |
|------|--|-------------------|
| 1    | CDC - TRUSTEE NAFA PENSION FUND EQUITY SUB-FUND ACCOUNT      | 280,378           |
| 2    | CDC - TRUSTEE NAFA ISLAMIC PENSION FUND EQUITY ACCOUNT       | 423,832           |
| 3    | CDC-TRUSTEE ALHAMRA ISLAMIC PENSION FUND - EQUITY SUB FUND   | 181,773           |
| 4    | CDC - TRUSTEE PAKISTAN PENSION FUND - EQUITY SUB FUND        | 154,823           |
| 5    | CDC - TRUSTEE AGPF EQUITY SUB-FUND                           | 14,500            |
| 6    | CDC - TRUSTEE AGPF EQUITY SUB-FUND                           | 10,700            |
| 7    | PRUDENTIAL STOCK FUND LTD.                                   | 50                |
| 8    | CDC - TRUSTEE MCB PAKISTAN STOCK MARKET FUND                 | 1,975,600         |
| 9    | MCBFSL - TRUSTEE JS VALUE FUND                               | 165,000           |
| 10   | CDC - TRUSTEE PAKISTAN CAPITAL MARKET FUND                   | 60,330            |
| 11   | GOLDEN ARROW SELECTED STOCKS FUND LIMITED                    | 125,000           |
| 12   | CDC - TRUSTEE PICIC INVESTMENT FUND                          | 808,700           |
| 13   | CDC - TRUSTEE JS LARGE CAP. FUND                             | 283,500           |
| 14   | CDC - TRUSTEE PICIC GROWTH FUND                              | 1,540,600         |
| 15   | CDC - TRUSTEE ALHAMRA ISLAMIC STOCK FUND                     | 923,200           |
| 16   | CDC - TRUSTEE ATLAS STOCK MARKET FUND                        | 1,305,200         |
| 17   | CDC - TRUSTEE MEEZAN BALANCED FUND                           | 988,944           |
| 18   | CDC - TRUSTEE FIRST DAWOOD MUTUAL FUND                       | 5,800             |
| 19   | CDC - TRUSTEE JS ISLAMIC FUND                                | 498,500           |
| 20   | CDC - TRUSTEE FAYSAL STOCK FUND                              | 40,400            |
| 21   | CDC - TRUSTEE ALFALAH GHP VALUE FUND                         | 610,500           |
| 22   | CDC - TRUSTEE UNIT TRUST OF PAKISTAN                         | 213,000           |
| 23   | CDC - TRUSTEE AKD INDEX TRACKER FUND                         | 107,124           |
| 24   | CDC - TRUSTEE HBL ENERGY FUND                                | 603,300           |
| 25   | CDC - TRUSTEE AKD OPPORTUNITY FUND                           | 88,000            |
| 26   | CDC-TRUSTEE ALHAMRA ISLAMIC ASSET ALLOCATION FUND            | 335,100           |
| 27   | CDC - TRUSTEE AL MEEZAN MUTUAL FUND                          | 1,665,533         |
| 28   | CDC - TRUSTEE MEEZAN ISLAMIC FUND                            | 9,530,950         |
| 29   | CDC - TRUSTEE FAYSAL ASSET ALLOCATION FUND                   | 3,500             |
| 30   | CDC - TRUSTEE UBL STOCK ADVANTAGE FUND                       | 1,469,600         |
| 31   | CDC - TRUSTEE ATLAS ISLAMIC STOCK FUND                       | 787,500           |
| 32   | CDC - TRUSTEE ALAMEEN SHARIAH STOCK FUND                     | 2,143,500         |
| 33   | CDC - TRUSTEE NAFA STOCK FUND                                | 3,300,523         |
| 34   | CDC - TRUSTEE NAFA MULTI ASSET FUND                          | 181,083           |
| 35   | CDC - TRUSTEE MCB DCF INCOME FUND                            | 13,500            |
| 36   | CDC - TRUSTEE ASKARI ASSET ALLOCATION FUND                   | 3,000             |
| 37   | CDC - TRUSTEE MEEZAN TAHAFFUZ PENSION FUND - EQUITY SUB FUND | 1,792,057         |
| 38   | CDC - TRUSTEE DAWOOD ISLAMIC FUND                            | 7,300             |
| 39   | CDC - TRUSTEE APF-EQUITY SUB FUND                            | 91,500            |
| 40   | CDC - TRUSTEE JS PENSION SAVINGS FUND - EQUITY ACCOUNT       | 79,300            |
| 41   | CDC - TRUSTEE ALFALAH GHP ISLAMIC STOCK FUND                 | 1,936,554         |
| 42   | CDC - TRUSTEE HBL - STOCK FUND                               | 1,668,600         |
| 43   | CDC - TRUSTEE NAFA ISLAMIC ASSET ALLOCATION FUND             | 2,049,770         |
| 44   | CDC - TRUSTEE APIF - EQUITY SUB FUND                         | 127,000           |
| 45   | MC FSL - TRUSTEE JS GROWTH FUND                              | 401,500           |
| 46   | CDC - TRUSTEE HBL MULTI - ASSET FUND                         | 63,700            |
| 47   | CDC - TRUSTEE JS ISLAMIC PENSION SAVINGS FUND-EQUITY ACCOUNT | 55,200            |
| 48   | CDC - TRUSTEE ALFALAH GHP STOCK FUND                         | 874,600           |
| 49   | CDC - TRUSTEE ALFALAH GHP ALPHA FUND                         | 679,500           |
| 50   | CDC - TRUSTEE NIT STATE ENTERPRISE FUND                      | 904,879           |
| 51   | CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND             | 1,766,738         |
| 52   | CDC - TRUSTEE ABL STOCK FUND                                 | 1,833,100         |
| 53   | M C F S L-TRUSTEE ASKARI ISLAMIC ASSET ALLOCATION FUND       | 40,500            |
| 54   | CDC - TRUSTEE FIRST HABIB STOCK FUND                         | 46,700            |
| 55   | CDC - TRUSTEE LAKSON EQUITY FUND                             | 653,884           |
| 56   | CDC-TRUSTEE NAFA ASSET ALLOCATION FUND                       | 349,360           |
| 57   | CDC-TRUSTEE NAFA SAVINGS PLUS FUND - MT                      | 14,100            |
| 58   | CDC-TRUSTEE HBL ISLAMIC STOCK FUND                           | 729,700           |
| 59   | CDC - TRUSTEE HBL EQUITY FUND                                | 81,450            |
| 60   | CDC - TRUSTEE HBL IPF EQUITY SUB FUND                        | 47,900            |
| 61   | CDC - TRUSTEE HBL PF EQUITY SUB FUND                         | 62,400            |
| 62   | CDC - TRUSTEE ASKARI EQUITY FUND                             | 27,000            |
| 63   | CDC - TRUSTEE KSE MEEZAN INDEX FUND                          | 868,526           |
| 64   | MCBFSL - TRUSTEE PAK OMAN ADVANTAGE ASSET ALLOCATION FUND    | 20,000            |
| 65   | MCBFSL - TRUSTEE PAK OMAN ISLAMIC ASSET ALLOCATION FUND      | 72,500            |
| 66   | CDC-TRUSTEE FIRST HABIB ISLAMIC STOCK FUND                   | 40,000            |
| 67   | CDC - TRUSTEE ATLAS INCOME FUND - MT                         | 7,700             |
| 68   | MCBFSL - TRUSTEE ABL ISLAMIC STOCK FUND                      | 897,680           |
| 69   | CDC - TRUSTEE UBL ASSET ALLOCATION FUND                      | 177,500           |
| 70   | CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND                      | 20,000            |
| 71   | CDC - TRUSTEE ALAMEEN ISLAMIC ASSET ALLOCATION FUND          | 867,500           |
| 72   | CDC - TRUSTEE NIT INCOME FUND - MT                           | 16,900            |
| 73   | CDC-TRUSTEE ALAMEEN ISLAMIC RET. SAV. FUND-EQUITY SUB FUND   | 407,200           |
| 74   | CDC - TRUSTEE UBL RETIREMENT SAVINGS FUND - EQUITY SUB FUND  | 264,600           |
| 75   | CDC - TRUSTEE HBL ISLAMIC EQUITY FUND                        | 429,700           |
| 76   | CDC - TRUSTEE NAFA ISLAMIC PRINCIPAL PROTECTED FUND - II     | 9,100             |
| 77   | CDC - TRUSTEE ABL ISLAMIC PENSION FUND - EQUITY SUB FUND     | 27,600            |
| 78   | CDC - TRUSTEE ABL PENSION FUND - EQUITY SUB FUND             | 31,900            |
| 79   | CDC - TRUSTEE NAFA ISLAMIC STOCK FUND                        | 2,484,900         |
| 80   | CDC - TRUSTEE NAFA INCOME OPPORTUNITY FUND - MT              | 10,500            |
| 81   | CDC - TRUSTEE NIT ISLAMIC EQUITY FUND                        | 852,000           |
| 82   | CDC-TRUSTEE NITPF EQUITY SUB-FUND                            | 70,000            |
| 83   | CDC-TRUSTEE NITPF EQUITY SUB-FUND                            | 40,500            |
| 84   | CDC - TRUSTEE FAYSAL ISLAMIC ASSET ALLOCATION FUND           | 25,000            |
| 85   | CDC - TRUSTEE AL AMEEN ISLAMIC DEDICATED EQUITY FUND         | 3,278,200         |
| 86   | CDC - TRUSTEE NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND     | 789,300           |
| 87   | CDC - TRUSTEE HBL ISLAMIC ASSET ALLOCATION FUND              | 268,800           |
| 88   | MC FSL TRUSTEE JS - INCOME FUND - MT                         | 13,300            |
| 89   | CDC - TRUSTEE MEEZAN ASSET ALLOCATION FUND                   | 874,600           |
| 90   | CDC - TRUSTEE NAFA ISLAMIC ENERGY FUND                       | 1,026,200         |
| 91   | CDC - TRUSTEE LAKSON TACTICAL FUND                           | 117,681           |
| 92   | CDC - TRUSTEE LAKSON ISLAMIC TACTICAL FUND                   | 21,794            |
| 93   | CDC - TRUSTEE MEEZAN ENERGY FUND                             | 1,343,100         |
| 94   | CDC - TRUSTEE PAKISTAN INCOME FUND - MT                      | 51,300            |
| 95   | MCBFSL TRUSTEE ABL ISLAMIC DEDICATED STOCK FUND              | 669,600           |
| 96   | CDC - TRUSTEE ALFALAH GHP ISLAMIC DEDICATED EQUITY FUND      | 779,746           |
| 97   | CDC TRUSTEE - MEEZAN DEDICATED EQUITY FUND                   | 642,000           |
| 98   | CDC - TRUSTEE ALFALAH GHP ISLAMIC VALUE FUND                 | 110,200           |
| 99   | CDC - TRUSTEE FIRST HABIB ASSET ALLOCATION FUND              | 3,000             |
| 100  | MCBFSL - TRUSTEE ALLIED CAPITAL PROTECTED FUND               | 15,000            |
| 101  | MCBFSL - TRUSTEE AKD ISLAMIC STOCK FUND                      | 50,000            |
| 102  | CDC - TRUSTEE JS ISLAMIC DEDICATED EQUITY FUND (JSIDEF)      | 680,700           |
| 103  | CDC - TRUSTEE ALFALAH CAPITAL PRESERVATION FUND II           | 131,000           |
| 104  | MCBFSL-TRUSTEE ABL ISLAMIC ASSET ALLOCATION FUND             | 16,000            |
| 105  | CDC - TRUSTEE UBL DEDICATED EQUITY FUND                      | 12,900            |
|      |  | <b>65,762,562</b> |

# NOTICE OF 67<sup>TH</sup> ANNUAL GENERAL MEETING

Notice is hereby given that the 67<sup>th</sup> Annual General Meeting of Pakistan Petroleum Limited will be held on Friday, 26<sup>th</sup> October 2018 at 10:15 A.M. at the Pearl Continental hotel, Karachi, to transact the following business:

## Ordinary Business

1. To receive, consider and adopt the audited unconsolidated and consolidated financial statements for the year ended 30<sup>th</sup> June 2018 together with the auditor's report thereon.
2. To approve and declare a final cash dividend of Rs. 1.50 (15%) per ordinary share for the financial year ended 30<sup>th</sup> June 2018 together with 15% bonus shares (15 ordinary shares for every 100 ordinary shares) recommended by the Board of Directors at its meeting held on 18<sup>th</sup> September 2018.
3. To re-appoint Messrs. A. F. Ferguson and Co. as auditors of the Company for the financial year 2018-19 and to fix their remuneration.

## Special Business

1. To consider and, if deemed appropriate, to pass, with or without modification, the following resolution duly passed by the Board of Directors of the Company at its meeting held on 2<sup>nd</sup> October 2018:

"Mr. Nadeem Mumtaz Qureshi shall be removed from the directorship of the Company with immediate effect."

A Statement under Sub-section (3) of Section 134 of the Companies Act, 2017 is appended to the notice to the members.

SHAHANA AHMED ALI  
Company Secretary

4<sup>th</sup> October 2018  
Karachi.

## NOTES

### 1. CLOSURE OF SHARE TRANSFER BOOKS

The register of members and the share transfer books of the Company will remain closed from 16<sup>th</sup> October 2018 until 26<sup>th</sup> October 2018 (both days inclusive).

Only persons whose names appear in the register of members of the Company as on 15<sup>th</sup> October 2018, are entitled to attend, participate in, and vote at the Meeting.

A member entitled to attend and vote may appoint another member as proxy to attend and vote on his / her behalf. Proxies must be received at the registered office of the Company not less than 48 hours before the time for holding the Meeting. A form of proxy is attached.

### 2. GUIDELINES FOR CDC ACCOUNT HOLDERS

CDC account holders should comply with the following guidelines of the SECP:

#### A For Attendance

- (a) Individuals should be account holder(s) or sub-account holder(s) and their registration details should be uploaded according to CDC regulations and must establish their identity at the time of the Meeting by presenting their original Computerized National Identity Card (CNIC) or passport.
- (b) Unless provided earlier, corporate entities must at the time of the Meeting produce a certified copy of a resolution of their Board of Directors or a Power of Attorney, bearing the specimen signature of the attorney.

#### B For Appointing Proxies

- (a) Individuals should be account holder(s) or sub-account holder(s) whose registration details should be uploaded according to CDC regulations and their proxy forms must be submitted at the registered office of the Company not less than 48 hours before the time for holding the Meeting.
- (b) The proxy form must be attested by two persons whose names, addresses and CNIC numbers must be specified therein.
- (c) Attested copies of the CNIC or passport of the beneficial owner and the proxy must be provided along with the form of proxy.
- (d) Proxies must at the time of the Meeting produce their original CNIC or passport.
- (e) Unless provided earlier, corporate entities must at the time of the Meeting produce a certified copy of a resolution of their Board of Directors or a Power of Attorney, bearing the specimen signature of the attorney.

### 3. TAX IMPLICATIONS ON DIVIDENDS

#### Tax Rates

Pursuant to the Finance Act 2018 the rates of withholding tax on dividend income are as follows:

- (a) 15% in the case of filers of income tax returns.
- (b) 20% in the case of non-filers of income tax returns.



A 'filer' is a taxpayer whose name appears in the Active Taxpayers List (ATL) issued by the FBR from time to time and a 'non-filer' is a person other than a filer. The FBR has uploaded the ATL on its web-site which may be viewed at <http://fbr.gov.pk>.

The Company will ascertain the tax status of members on the first day of book closure and withholding tax at the rate of 20% will be applicable for members whose names are not in the ATL and at the rate of 15% for members who are filers.

Corporate members who hold CDC accounts should intimate their National Tax Number (NTN) to their respective participants. Members who hold certificates should provide a copy of their NTN certificate together with their folio numbers and name of the Company to the Company's share registrars, Messrs. FAMCO Associates (Private) Limited, 8-F, Next to Hotel Faran, Nursery, Block-6, P.E.C.H.S., Shahra-e-Faisal, Karachi ("Share Registrar").

#### **Tax in case of Joint Shareholders**

It has been clarified by the FBR that holders of shares in joint names or joint accounts will be treated individually as filers or non-filers and tax will be deducted according to the proportionate holding of each member.

Joint shareholders should intimate the proportion of their joint holding to the Share Registrars latest by 15th October 2018 as follows:

| <b>Folio / CDC Account Number</b> | <b>Name of Shareholders (Principle / Joint Holders)</b> | <b>Number or Percentage of Shares Held (Proportion)</b> | <b>CNIC Number</b> | <b>Signature</b> |
|-----------------------------------|---|---|--------------------|------------------|
|                                   |   |   |                    |                  |
|                                   |   |   |                    |                  |
|                                   |   |   |                    |                  |
|                                   |   |   |                    |                  |

With holding tax will be deducted according to the proportionate holdings. If the proportion of joint shareholding is not intimated joint shareholders will be presumed to hold an equal number of shares.

#### **Valid Tax Exemption Certificate**

A valid tax exemption certificate is necessary for the exemption from the deduction of withholding tax under Section 150 of the Income Tax Ordinance, 2001. Members who qualify seek an exemption and wish to seek an exemption pursuant to Clause 47 B of Part IV of the Second Schedule to the Income Tax Ordinance, 2001 should provide a copy of a valid tax exemption certificate to the Shares Registrar prior to the date of book closure otherwise tax will be deducted as applicable.

#### **4. DIVIDEND BANK MANDATE**

Pursuant to Section 242 of the Companies Act, 2017 cash dividend will be paid by electronic transfer into the shareholders' designated bank accounts upon submission of the following information:

|   |  |
|---|--|
| Folio Number:                             |  |
| Name of Shareholder:                      |  |
| Title of the Bank Account:                |  |
| International Bank Account Number (IBAN): |  |
| Name of Bank:                             |  |
| Name of Bank Branch and Address:          |  |
| Cellular Number of shareholder:           |  |
| Landline Number of shareholder:           |  |
| CNIC / NTN Number (Attach copy):          |  |
| Signature of Member:                      |  |

Note: Signature must match specimen signature registered with the Company.

Members who hold shares in CDC accounts should provide the bank mandates to their respective participants.

## 5. INTIMATION OF CHANGE OF ADDRESS

Members who possess share certificates should notify any change in their registered address and if applicable the declarations of non-deduction of zakat to the Share Registrar. Members who hold shares in CDC / participant accounts should update their addresses and submit if applicable declarations of the non-deduction of zakat to the CDC or respective participants.

## 6. CNIC

Dividend will not be paid to members who have not submitted copies of their CNIC to the Company. The names of members whose CNIC copies have not been received by the Company may be viewed on the Company's website: [www.ppl.com.pk](http://www.ppl.com.pk).

# STATEMENT UNDER SECTION 134 OF THE COMPANIES ACT, 2017

This statement sets out the material facts concerning the special business to be transacted at the 67<sup>th</sup> Annual General Meeting of the Company to be held on 26<sup>th</sup> October 2018.

To consider and, if deemed appropriate, to pass, with or without modification, the following resolution duly passed by the Board of Directors of the Company at its meeting held on 2<sup>nd</sup> October 2018:

“Mr. Nadeem Mumtaz Qureshi shall be removed from the directorship of the Company with immediate effect.”

The Company has been notified by the Ministry of Energy (Petroleum Division) vide letters Nos. 14(6)/2018-Gas respectively dated 20<sup>th</sup> July 2018 and 24<sup>th</sup> September 2018, of the decision of the Federal Cabinet, Government of Pakistan, to remove directors appointed on the boards of public sector companies who, inter alia, have political interests or are involved in political activities, on the ground that the association of such individuals with a public sector company is likely to be detrimental to the interests of the company. Copies of the aforesaid letters are enclosed for information.

The Board of Directors of the Company, after due deliberation at a meeting held on 2<sup>nd</sup> October 2018, considers that Mr. Nadeem Mumtaz Qureshi on account of his political activities and candidature for the general elections 2018, does not meet the ‘Fit & Proper’ criteria’ prescribed in the Public Sector Companies (Corporate Governance) Rules, 2013. The Board also does not regard it as desirable for office bearers of political parties to be involved with the governance and oversight of the Company, in order that the best interests of the Company are safeguarded at all times.

Mr. Nadeem Qureshi is the chairman of a political party and personally contested the general elections 2018. The Board is, therefore, of the considered view that a conflict of interest has arisen between the said director and the Company, as a result of which Mr. Nadeem Qureshi’s affiliation with the Company will be detrimental to the interests of the Company and the Board recommends the removal of Mr. Nadeem Mumtaz Qureshi.

As the resolution to be passed at the general meeting concerns Mr. Nadeem Mumtaz Qureshi’s removal as a director of the Company, Mr. Nadeem Qureshi is deemed to be interested in the special business to be conducted at the general meeting of the Company.

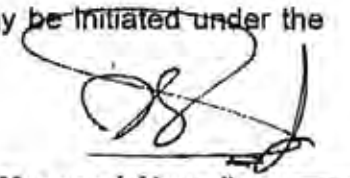
No.14(6)/2018-Gas  
Government of Pakistan  
Ministry of Energy  
(Petroleum Division)  
\*\*\*\*

Islamabad, the 24<sup>th</sup> September, 2018

The Company Secretary,  
Pakistan Petroleum Limited (PPL)  
Karachi.

Subject:- **DISQUALIFICATION OF DIRECTORS.**

I am directed to refer to this Division's letter of even number dated 20<sup>th</sup> July, 2018 and PPL's letter No. SAA/CS/BoD-0329 dated 30<sup>th</sup> August, 2018 on the above subject and to say that the process for removal of Mr. Nadeem Mumtaz Qureshi from the Board of Directors of PPL may be initiated under the law and as per given regulations governing this issue.

  
(Maqsood Ahmed)  
Deputy Secretary (CA)  
051-9201098


No. 14(6)/2018-Gas  
Government of Pakistan  
Ministry of Energy  
(Petroleum Division)  
<><><>

Islamabad, the 20<sup>th</sup> July, 2018

The Company Secretary,  
Pakistan Petroleum Limited (PPL),  
Karachi.

Subject: - **DISQUALIFICATION OF DIRECTORS**

The Federal Cabinet has approved removal of Directors appointed by the Government on the Boards of public sector companies who are contesting elections and have political interests or are involved in political activities (**Annexure**). The decision has been taken on the ground that association of such individuals with a Public Sector Company is likely to be detrimental to the interest of the company and therefore stand disqualified and cease to meet fit and proper criteria given in the Public Sector Companies (Corporate Governance Rules) 2013. Mr. Nadeem Mumtaz Qureshi on account of his political activities, interests and candidature for the upcoming elections as ticket holder of a political party stands disqualified to act as a Director on behalf of the Government of Pakistan in Pakistan Petroleum Limited. The position on the board being held by him has, therefore, fallen vacant. You are therefore, advised to inform the Board of Directors and regulators accordingly. In the interest of compliance and transparency, necessary actions required to be taken under applicable law and rules be completed on urgent basis.

  
(Rab Nawaz Ahmad)  
Section Officer (Gas)  
Tel: 051-9211534

# FORM OF PROXY

The Secretary  
Pakistan Petroleum Limited  
PIDC House  
Dr. Ziauddin Ahmed Road  
Karachi.

I/ We, \_\_\_\_\_ of \_\_\_\_\_, being a Member of Pakistan Petroleum Limited, holder of \_\_\_\_\_ Ordinary Shares(s) as per Register Folio No. \_\_\_\_\_/ CDC Account No. \_\_\_\_\_ hereby appoint Mr. \_\_\_\_\_, Folio No. \_\_\_\_\_/ CDC Account No. \_\_\_\_\_ (if member) of \_\_\_\_\_, as my/ our proxy in my / our absence to attend and vote for me / us on my / our behalf at the Annual General Meeting of the Company to be held on 26<sup>th</sup> October 2018 and at any adjournment thereof.

Signed under my / our hand this \_\_\_\_\_ day of October 2018.

\_\_\_\_\_  
Signature should tally with the  
specimen signature registered with  
the Company

Signed in the presence of:

Signature of Witness:

Name:

CNIC No.:

Address:

Signature of Witness :

Name:

CNIC No.:

Address:

Notes:

1. The instrument appointing a proxy shall be in writing under the hand of the appointee or his attorney duly authorized, or if the appointer is a corporation either under the common seal or under the hand of a duly authorized official or attorney. No person shall be appointed proxy who is not a member of the Company and qualified to vote except a corporation being a member may appoint a non-member.
2. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarized copy of such power of authority shall be lodged with the share registrars of the Company, Messrs. FAMCO Associates (Private) Limited, 8-F, next to Hotel Faran, Nursery Block 6, P.E.C.H.S, Karachi, not less than 48 hours before the time for holding the Meeting at which the person named in the instrument proposes to vote, and if it is not so lodged the instrument of a proxy shall not be deemed valid. CDC shareholders and their proxies are required to append an attested photocopy of their computerized national identity card (CNIC) or passport with the proxy form.



# پراکسی فارم

سیکرٹری  
پاکستان پیٹرولیم لمیٹڈ  
پی آئی ڈی سی ہاؤس  
ڈاکٹر ضیاء الدین احمد روڈ  
کراچی

میں / ہم \_\_\_\_\_ پاکستان پیٹرولیم لمیٹڈ کے ممبر کی حیثیت سے کمپنی کے \_\_\_\_\_ عمومی شیئر (ز) رجسٹرڈ کنندہ رجسٹر فو لیو نمبر / CDC A/c No.

\_\_\_\_\_ جناب \_\_\_\_\_ فو لیو نمبر / CDC A/c No. (اگر ممبر) ہے \_\_\_\_\_ یا ان کے بجائے،

\_\_\_\_\_ جناب \_\_\_\_\_ فو لیو نمبر / CDC A/c No. (اگر ممبر ہے) \_\_\_\_\_ بذریعہ ہذا کو اپنا / ہمارا پراکسی مقرر کرتا ہوں تاکہ میری غیر موجودگی

میں کمپنی کے سالانہ اجلاس عام میں جو 26 اکتوبر 2018 کو منعقد ہو رہا ہے یا اس کے التوائی اجلاس میں میری / ہماری طرف سے شرکت کر سکے یا ووٹ دے سکے۔

دستخط منظور کنندہ، \_\_\_\_\_ اکتوبر 2018 -

دستخط، کمپنی کے پاس موجود دستخط کے نمونے کے مطابق ہونے چاہیں

گواہ کے دستخط:

نام:

سی این آئی سی نمبر:

پتہ:

گواہ کے دستخط:

نام:

سی این آئی سی نمبر:

پتہ:

نوٹس:

1- پراکسی مقرر کرنے کا اختیار مجاز شخص یا اس کے انٹارنی کی طرف سے تحریری طور پر دینا ہوگا یا کارپوریشن / کمپنی ہونے کی صورت میں کامن سیل کے تحت یا با اختیار شخص یا انٹارنی کی طرف سے دینا ہوگا۔ کوئی بھی ایسا شخص پراکسی مقرر نہیں ہو سکتا ہو جو کمپنی کا ممبر نہ ہو یا سوائے کارپوریشن / کمپنی کے ممبر ہونے کی صورت میں ایسے شخص کو پراکسی مقرر کر سکتی ہے۔

2- پراکسی مقرر کرنے اور پاور آف انٹارنی یا دیگر اتھارٹی (اگر کوئی ہو) جس کے ذریعے دستخط کئے جائیں یا تصدیق شدہ پاور آف اتھارٹی کی کاپی شیئر رجسٹرڈ میسرز فیکو ایسوسی ایٹس پرائیویٹ لمیٹڈ کے دفتر واقع 8-F ہوٹل فاران سے متصل، نرسری بلاک 6 پی ای سی ایچ ایس، کراچی میں جس کا نام ووٹ دینے کے لئے تجویز کیا گیا ہو، اجلاس شروع ہونے سے کم از کم 48 گھنٹے قبل جمع کرائی جائے۔ ناکامی کی صورت میں پراکسی کو ووٹ کا اختیار نہیں ہوگا۔ ہر پراکسی فارم کے ساتھ علیحدہ کمپیوٹرائزڈ شناختی کارڈ یا پاسپورٹ کی کاپی منسلک کی جائے۔

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## **Pakistan Petroleum Limited**



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