



Pakistan Petroleum Limited

Serving the  
**NATION**



Annual Report 2016

# Serving the NATION



The energy deficit faced by Pakistan remains a major impediment in securing economic prosperity. As a key national supplier of natural gas, PPL is fully cognisant of its role and takes pride in contributing to national energy needs.

To this end, as many as 23 wells, 12 of them exploratory, were drilled in Company-operated areas, resulting in six discoveries, including one of tight gas in Hadi X-1A, Gambat South Block.

Additionally, the Company also rolled out its most aggressive exploration programme to date, acquiring 1,787 line kilometres of 2D and 1,554 square kilometres of 3D data in 12 operated areas. A 3D seismic was also completed in Block 8, Iraq as operator – a first for a public sector company.

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# Serving the NATION

## Vision

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

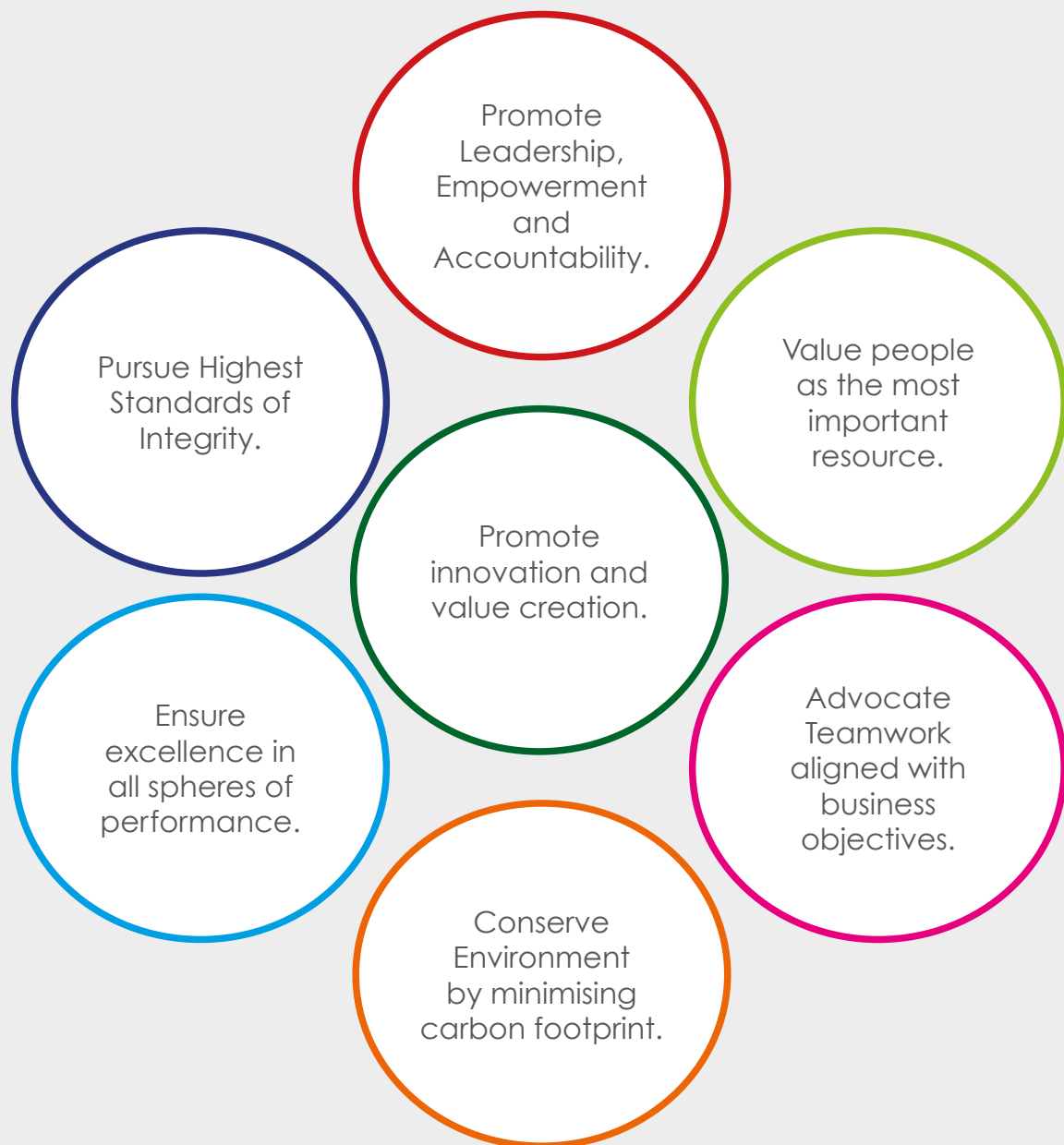




## Mission

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





## 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.

# Calendar of MAJOR EVENTS

## August 2015

Board Meeting was held to approve the annual accounts for the year ended 30 June, 2015 and to recommend 40% final cash dividend to the shareholders.

Exploration well Kabir X-1, drilled in PPL operated Gambat South Block, was successfully declared as Hydrocarbon discovery.

## September 2015

64<sup>th</sup> Annual General Meeting of the shareholders was held to approve annual accounts for the year ended 30 June, 2015 and 40% final cash dividend.

Exploration well Fazl X-1, drilled in PPL operated Hala Block, was successfully declared as Hydrocarbon discovery.

## October 2015

Board Meeting was held to approve the quarterly accounts for the period ended 30 September, 2015.

Exploration well Latif South-1, drilled in partner operated Latif Block, was successfully declared as Hydrocarbon discovery.

## December 2015

Exploration well Hatim X-1, drilled in PPL operated Gambat South Block, was successfully declared as Hydrocarbon discovery.

Exploration well Dhok Sultan X-1, drilled in PPL operated Dhok Sultan Block, was successfully declared as Hydrocarbon discovery.

## January 2016

LPG/ NGL Plant III at Adhi Field was inaugurated.

## February 2016

Board Meeting was held to approve the half yearly accounts for the period ended 31 December, 2015 and to approve 22.50% interim cash dividend to the ordinary shareholders and 22.50% interim cash dividend to Convertible Preference shareholders.

Exploration well Nashpa X5, drilled in partner operated Nashpa Block, was successfully declared as Hydrocarbon discovery.

## March 2016

PPL's office was inaugurated at Quetta.

## April 2016

Board Meeting was held to approve the quarterly accounts for the period ended 31 March, 2016.

PPL started seismic activities at Block 8, Iraq.

## May 2016

Exploration well Kotri X-1, drilled in PPL operated Kotri Block, was successfully declared as Hydrocarbon discovery.

## June 2016

Exploration well Hadi X-1A, drilled in PPL operated Gambat South Block, was successfully declared as tight gas discovery.

Exploration well Tolanj West-1, drilled in partner operated Tal Block, was successfully declared as Hydrocarbon discovery.

Exploration well Makori Deep-1, drilled in partner operated Tal Block, flowed hydrocarbon during testing.



# Company INFORMATION

## Board of Directors

Mr. Syed Wamiq Bokhari  
(Managing Director / Chief Executive Officer)

Mr. Aftab Nabi  
(Independent, Non-Executive Director)

Mr. Arshad Mirza  
(Non-Executive Director)

Mr. Asif Baigmohamed  
(Independent, Non-Executive Director)

Mr. Imtiaz Hussain Zaidi  
(Independent, Non-Executive Director)

Mr. Muhammad Ashraf Iqbal Baluch  
(Independent, Non-Executive Director)

Mr. Nadeem Mumtaz Qureshi  
(Independent, Non-Executive Director)

Mr. Saeed Ullah Shah  
(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

## Contact Details

UAN: +92 (21) 111 568 568  
Fax: +92 (021) 35680005 & 35682125  
Email: info@ppl.com.pk  
Web Site: www.ppl.com.pk

## Bankers

Allied Bank Limited  
Askari Bank Limited  
Bank Al-Falah Limited  
Bank Al Habib Limited  
Dubai Islamic Bank  
Faysal Bank Limited  
Habib Bank Limited  
Habib Metropolitan Bank Limited  
Industrial and Commercial Bank of China  
MCB Bank Limited  
Meezan Bank Limited  
National Bank of Pakistan  
NIB Bank Limited  
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

# 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 behaviours, 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 Ordinance 1984, Listing Regulations of the Stock Exchanges 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 unauthorised dissemination or use of any inside information, directly or indirectly, is insider trading and is strictly prohibited and actionable under law.

## Salient Features of the Code for Employees

### 1. Conflict of Interests

All staff members must not engage in activities or transactions which may give rise to, or which may be seen to have given rise to, 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 to be performed 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 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 shall also be 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.

#### 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 behavior 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.

#### 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, be they operational locations and any other place where staff is deputed.

#### 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 legal and ethical 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.

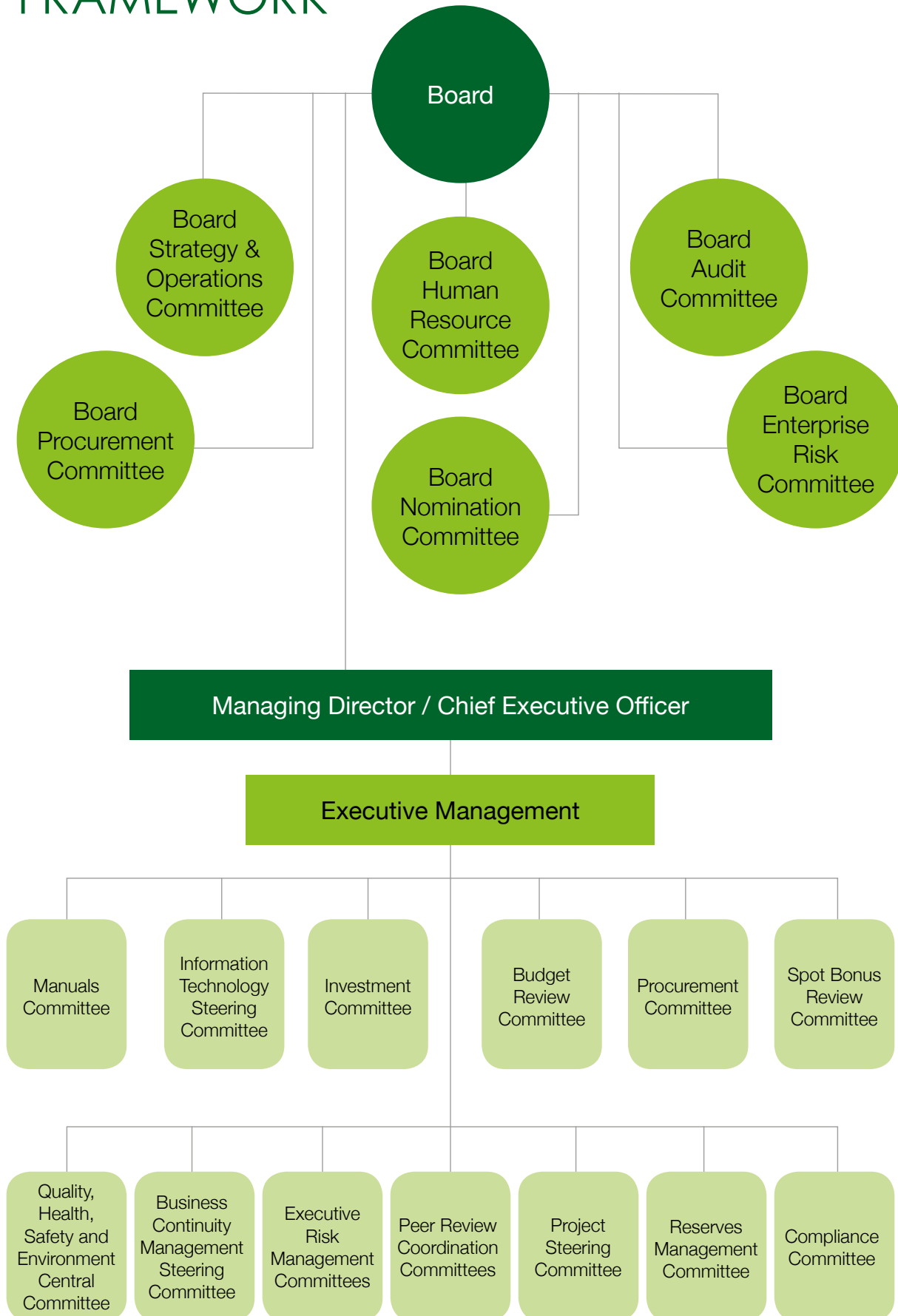
#### 24. Reporting Violations / Disciplinary Actions

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



## Profile of the BOARD OF DIRECTORS



**Mr. Syed Wamiq Bokhari**  
Managing Director / Chief Executive Officer

Syed Wamiq Bokhari joined Pakistan Petroleum Limited as Managing Director and Chief Executive Officer on March 16, 2015. He is a member of the Board Strategy and Operations, Human Resource, Enterprise Risk and Procurement committees as well as director on the board of PPL's wholly-owned subsidiaries PPL Asia E&P B.V. and PPL Europe E&P Limited.

A seasoned oil and gas professional, Mr. Bokhari has over 31 years of experience, mainly with three international majors: Kuwait Foreign Petroleum Exploration Company (a subsidiary of Kuwait Petroleum Corporation), Eni S.p.A. and Atlantic Richfield Company, USA.

His professional tenure has entailed assignments in several countries, spanning five continents, the last as Regional Manager, KUFPEC, overseeing the Canada and South East Asia Region. He has also held several other senior executive positions in the oil and gas industry during the last 15 years.

Mr. Bokhari has a Bachelor's and Master's in Petroleum Engineering from University of Texas, USA and has attended numerous executive management programmes at prestigious institutions, including Green Templeton College, University of Oxford, UK. He also has a BS in Aerosciences and served in Pakistan Air Force GD (P) Branch.

Besides his responsibilities at PPL, Mr. Bokhari is Chairman of Society of Petroleum Engineers (SPE), Pakistan Chapter and is on the Board of Governors of Lahore University of Management Sciences (LUMS).

Earlier, Mr. Bokhari has served as Chairman, Pakistan Association of Petroleum Geoscientists, Senior Vice Chairman, Pakistan Petroleum Exploration and Production Companies Association and director of Petroleum Institute of Pakistan. He has also been on the advisory board of the Petroleum Engineering Department at NED University of Engineering and Technology, Karachi.



**Mr. Aftab Nabi**  
Independent, Non-Executive Director

Mr. Aftab Nabi joined PPL Board on 16 September 2014. He is a member of the Board Audit, Nomination, Enterprise Risk and Procurement Committees.

Mr. Aftab Nabi is the CEO of Aftab Nabi & Associates, a specialist law firm and also acts as consultant to Al Hoqani Securities and Investment Corporation. Previously, he has held the position of CEO in GMS Limited. Mr. Nabi is the current President of the Karachi Boat Club and is on his second term.

Mr. Nabi had an illustrious 38 year career in the Police service, where he held various senior positions such as the Chief of Karachi Police, Additional Director General of the Federal Investigation Agency at Islamabad, Deputy Director General of the Anti Narcotics Force, Islamabad. He has served twice as the Inspector General of Sindh Police. Subsequently, he was also appointed Director General National Forensic Science Agency and Director General National Police Bureau. He was awarded the President's Police Medal for Gallantry and Quaid-e-Azam Police Medal for Gallantry.

During his career, Mr. Nabi attended several courses and seminars on the subjects of criminal justice system, policing, law & order and drug abuse. He was also sent on international attachments with Police departments of various European, Middle Eastern and Far Eastern countries.

Mr. Nabi is associated with many literary societies and has written various articles in newspapers which have been also published in book form.

Mr. Aftab Nabi completed his M. Phil in Criminology from the University of Cambridge, UK. He also has a Masters degree in Economics from the University of Karachi, and a Masters degree in Defence and Strategic Studies from the Quaid-e-Azam University, Islamabad through the National Defence College Islamabad.



**Mr. Arshad Mirza**  
Non-Executive Director

Mr. Arshad Mirza joined PPL Board in December 2013 and was reelected as Director in September 2014. He is a member of the Board Strategy & Operations, Human Resource, Enterprise Risk and Procurement Committees.

Mr. Mirza joined civil service in the District Management Group in 1983, after completing his Masters in Public Administration from Quaid-e-Azam University, Islamabad. He later enrolled in National Defence University for higher training and obtained another Masters degree in Defence and Strategic Studies. He has also attended advance study courses at Harvard University, University of Manchester and University of Connecticut.

Having served as Assistant Commissioner, Chakwal and Murree, Additional Deputy Commissioner, Jhelum, Gujranwala and Rawalpindi and Deputy Commissioner Jhelum besides Director, Local Government, Administrator Municipal Corporation and Project Director, Barani Area Development, Rawalpindi, Mr. Mirza has vast experience in public administration and policy.

Additionally, he has also served in various capacities with the Government of Khyber-Pakhtunkhwa, including Secretary in the Works and Services and Health departments as well as Additional Secretary, Finance and Planning and Development departments. Mr. Mirza was then transferred to the Federal Government as Joint Secretary, Ministry of Finance and Revenue (PMSP Wing) in May 2005, followed by postings in the Prime Minister's Secretariat, Earthquake Reconstruction and Rehabilitation Authority (ERRA) and Environment Division and also worked as Additional Secretary in the Finance and Water and Power divisions.

Mr. Mirza also served as Managing Director of Pakistan Petroleum Limited, Government Holdings Private Limited and Hydrocarbon Development Institute of Pakistan.

He joined the Ministry of Petroleum and Natural Resources on 22 July, 2013 as Additional Secretary. He assumed the charge of Federal Secretary, Ministry of Petroleum and Natural Resources on 23 January 2015. He is also a director on the Boards of Sui Northern Gas Pipelines Limited, Oil and Gas Development Company Limited and Pak Arab Refinery Limited.



**Mr. Asif Baigmohamed**  
Independent, Non-Executive Director

Mr. Asif Baigmohamed joined PPL Board on 16 September 2014. He is Chairman of the Board Strategy & Operations and Enterprise Risk Committees.

Mr. Baigmohamed is the group CEO of Baigmohamed Group of Companies and CEO of ABM Investments, a private equity concern. The group has interests in various sectors including Oil and Gas, Security and Construction.

Mr. Baigmohamed was previously CEO of Coca-Cola Southern Pakistan. During his tenure, the

company received the top ten world positions in plant ratings and sales growth.

Mr. Baigmohamed graduated from Brown University with Honors in Economics and minor in Applied Mathematics. He was selected for Omicron Delta Epsilon, an American national honor society for achievement in economics.



**Mr. Imtiaz Hussain Zaidi**  
Independent, Non-Executive Director

Mr. Imtiaz Hussain Zaidi joined PPL Board on 16 September, 2014. He is Chairman of Board Procurement and Board Human Resource Committees and member of the Board Nomination Committee.

Mr. Zaidi is a Civil Engineering Graduate from University of Engineering & Technology, Lahore and is also alumnus of Kellogg School of Management at Evanston Chicago, Southern Methodist University at Dallas and Cranfield School of Management UK. He has also attended courses in UK on "Crisis Management" by Link Associates, "Breakthrough Performance" by King Chapman Broussard Consultant and "Job Evaluation" by Hay Management Consultants.

During his 52 years' experience, Mr. Zaidi spent first 12 years with Esso Eastern Inc. in petroleum downstream industry in marketing function. After a stint in Middle East, he came back to Pakistan and spent 6 years in midstream industry as Head of HR with Pakistan Refinery Limited. Mr. Zaidi then spent 14 years with PPL and LASMO (later acquired by Eni). During his associations with these companies, he was responsible for introducing and setting up Human Resource functions, based on international best practices.

Mr. Zaidi has also served as Chief Executive Officer of Dadex Eternit Limited and Samaa TV, a satellite News Channel.



**Mr. Muhammad Ashraf Iqbal Baluch**  
Independent, Non-Executive Director

Mr. Muhammad Ashraf Iqbal Baluch joined PPL Board on 16 September 2014. He is Chairman of the Board Nomination Committee and member of Audit and Enterprise Risk Committees.

Mr. Baluch is a political personality from Gwadar, Balochistan. He pivoted and materialised demands of nationalist groups to build Gwadar Port, Coastal Highway and Mirani Dam. He was also part of Chief Minister Balochistan's advisory committee.

Mr. Baluch is the owner of a Baluchi language television news channel which is transmitted locally as well as in some Gulf countries. He is regularly involved in many social activities in District Gwadar, with special focus on health and education.

In the past Mr. Baluch served as Senior Vice President of Gwadar Chamber of Commerce and Chairman of the Vision Gwadar.

Mr. Baluch is a commerce graduate from the University of Karachi.



**Mr. Nadeem Mumtaz Qureshi**  
Independent, Non-Executive Director

Mr. Nadeem Mumtaz Qureshi joined PPL Board on 16 September 2014. He is Chairman of the Board Audit Committee and member of the Human Resource and Procurement Committees.

In his career spanning more than 37 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 the BS and MS degrees in Civil Engineering from the Massachusetts Institute of Technology, and the MBA degree from the Harvard Business School. He also has an MA degree in Arabic from the University of Karachi.



**Mr. Saeed Ullah Shah**  
Non-Executive Director

Mr. Saeed Ullah Shah joined PPL Board in August, 2013 and was re-elected as Director on 16 September, 2014. He is a member of the Board Strategy & Operations, Audit and Procurement Committees.

A petroleum geologist by profession with vast experience in the industry, Mr. Shah 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.

Mr. Shah has been associated with the Ministry of Petroleum and Natural Resources for the last 31 years in different capacities, including Director General (Gas), Director General (Oil) and Director General (Administration/ Special Projects), and is currently serving as Director General Petroleum Concessions.

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.



# Board COMMITTEES

The Board has established six Committees namely Board Strategy and Operations 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, role and responsibilities of the Board Committees are clearly defined in their respective Terms of Reference.

## Board Strategy and Operations Committee

### Composition

The Board Strategy and Operations Committee is composed of the following:

- |                          |          |
|--------------------------|----------|
| • Mr. Asif Baigmohamed   | Chairman |
| • Mr. Syed Wamiq Bokhari | Member   |
| • Mr. Arshad Mirza       | Member   |
| • Mr. Saeed Ullah Shah   | Member   |

### Terms of Reference

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

- (i) Strategic plan, 5 years projections and annual budget which reflects the strategic objectives of the Company.
- (ii) Annual operational work program including status of implementation of work program, progress on implementation of projects and progress of wells drilling and seismic surveys, on quarterly basis.
- (iii) Exploration operations for selection of new exploration areas, farm-in(s) and farm-out(s) and surrender of exploration blocks.
- (iv) Development of existing and new petroleum discoveries.
- (v) Review of overall performance of the Company through monitoring key performance indicators (KPIs) on quarterly basis.
- (vi) Review data, benchmarking Company's performance and cost against competitors on bi-annual basis.

The Board Strategy and Operations Committee met four times during the year with an average participation of 92% of its members.

## Board Human Resource Committee

### Composition

The Board Human Resource Committee is composed of the following:

- |                             |          |
|-----------------------------|----------|
| • Mr. Imtiaz Hussain Zaidi  | Chairman |
| • Mr. Syed Wamiq Bokhari    | Member   |
| • Mr. Arshad Mirza          | Member   |
| • Mr. Nadeem Mumtaz Qureshi | Member   |

### 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) Human Resource Management policies applicable 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 seven times during the year with an average participation of 92% of its members.

## Board Audit Committee

### Composition

The Board Audit Committee is composed of the following non-executive Directors:

- |                                    |          |
|------------------------------------|----------|
| • Mr. Nadeem Mumtaz Qureshi        | Chairman |
| • Mr. Aftab Nabi                   | Member   |
| • Mr. Muhammad Ashraf Iqbal Baluch | Member   |
| • Mr. Saeed Ullah Shah             | Member   |

### 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 with an average participation of 100% of its members.

## Board Enterprise Risk Committee

### Composition

The Board Enterprise Risk Committee is composed of the following:

- Mr. Asif Baigmohamed Chairman
- Mr. Syed Wamiq Bokhari Member
- Mr. Aftab Nabi Member
- Mr. Arshad Mirza Member
- Mr. Muhammad Ashraf Iqbal Baluch Member

### 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 the 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 three times during the year with average participation of 80% of its members.

## Board Procurement Committee:

### Composition

The Board Procurement Committee is composed of the following:

- |                             |          |
|-----------------------------|----------|
| • Mr. Imtiaz Hussain Zaidi  | Chairman |
| • Mr. Syed Wamiq Bokhari    | Member   |
| • Mr. Aftab Nabi            | Member   |
| • Mr. Arshad Mirza          | Member   |
| • Mr. Nadeem Mumtaz Qureshi | Member   |
| • Mr. Saeed Ullah Shah      | Member   |

### Terms of Reference

The Board Procurement Committee ensures transparency in procurement transactions and in dealing with suppliers / service providers and compliance with the provisions of the Public Procurement Regulatory Authority (PPRA) Rules.

The Terms of Reference of the Committee include the following:

- (i) Serve 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 speed-up 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 three times during the year with an average participation of 89% of its members.

## Board Nomination Committee:

### Composition

The Board Nomination Committee is composed of the following:

- Mr. Muhammad Ashraf Iqbal Baluch      Chairman
- Mr. Aftab Nabi      Member
- Mr. Imtiaz Hussain Zaidi      Member

### 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 twice during the year with average participation of 86% of its members.





# Attendance of Board and COMMITTEE MEETINGS

	Board of Directors			Board Strategy & Operations Committee			Board Human Resource Committee			Board Procurement Committee		
	Members	Meetings <sup>1</sup>	Attendance	Members	Meetings <sup>1</sup>	Attendance	Members	Meetings <sup>1</sup>	Attendance	Members	Meetings <sup>1</sup>	Attendance
Mr. Arshad Mirza	✓	13	12	✓	4	2	✓	7	6	✓	3	3
Mr. Saeed Ullah Shah	✓	13	13	✓	4	4				✓	3	2
Mr. Waqar A. Malik <sup>2</sup>	✓	13	13	✓	4	4	✓	7	7			
Mr. Nadeem Muntaz Qureshi <sup>5</sup>	✓	13	8	✓	2	2	✓	7	6	✓	3	3
Mr. Imtiaz Hussain Zaidi	✓	13	11				✓	7	6	✓	3	3
Mr. Shahbaz Yasin Malik <sup>3 &amp; 5</sup>	✓	9	8	✓	2	2	✓	3	3			
Mr. M. Ashraf Iqbal Baluch	✓	13	13									
Mr. Asif Baigmoamed	✓	13	12	✓	4	4				✓	1	1
Mr. Aftab Nabi	✓	13	9							✓	3	3
Mr. Syed Wamiq Bokhari <sup>6</sup>	✓	13	12	✓	4	4	✓	6	6	✓	3	2

# Attendance of Board and COMMITTEE MEETINGS

	Board Enterprise Risk Committee			Board Audit Committee			Board Nomination Committee			Total Fee Charged in Financial Statements	Fee Deposited in Govt. Treasury <sup>4</sup>	Net Fee Paid to the Directors
	Members	Meetings <sup>1</sup>	Attendance	Members	Meetings <sup>1</sup>	Attendance	Members	Meetings <sup>1</sup>	Attendance			
Mr. Arshad Mirza	✓	3	2							1,785,000	178,500	1,606,500
Mr. Saeed Ullah Shah				✓	6	6				2,125,000	212,500	1,912,500
Mr. Waqar A. Malik <sup>2</sup>										2,040,000	-	2,040,000
Mr. Nadeem Mumtaz Qureshi <sup>5</sup>				✓	6	6				-	-	-
Mr. Imtiaz Hussain Zaidi							✓	2	2	1,870,000	-	1,870,000
Mr. Shahbaz Yasin Malik <sup>3 &amp; 5</sup>							✓	1	1	-	-	-
Mr. M. Ashraf Iqbal Baluch	✓	3	3	✓	6	6	✓	2	2	2,040,000	-	2,040,000
Mr. Asif Baigmoahamed	✓	3	1							1,530,000	-	1,530,000
Mr. Aftab Nabi	✓	3	3	✓	6	6	✓	2	1	1,870,000	-	1,870,000
Mr. Syed Wamiq Bokhari <sup>6</sup>	✓	3	3							-	-	-

## Notes:

1. Held during the period concerned Director was on the Board.
2. Resigned from Board in August 2016.
3. Resigned from Board in December 2015.
4. A portion of fee paid to Govt. Directors is directly deposited in Govt. Treasury.
5. Has waived off to receive Director's fee.
6. Director's fee is not paid to MD / CEO.

## Management TEAM

The Management Team is headed by the Managing Director / Chief Executive Officer and the Deputy Managing Directors, and the Functional Heads are its Members:



Mr. Syed Wamiq Bokhari  
Managing Director /  
Chief Executive Officer

### Asset Operations



Mr. M. Rafiq Vohra  
DMD, Assets  
Operations



Mr. Shahbaz Khan  
GM Sui



Mr. Ghulam Farooq  
Maniar  
GM Kandhkot



Mr. Zafar Iqbal  
Kahara  
GM Adhi



Mr. Khalid Raza  
GM Hala/ Gambat  
South/ Mazarani

### Exploration and Business Development



Mr. Moin Raza Khan  
DMD Exploration/  
Business Development



Mr. Hayat Ahmad  
GM Exploration  
(Frontier)



Mr. Syed Firasat Shah  
GM Exploration  
(South)

## Technical Services



Dr. Fareed Iqbal Siddiqui  
DMD Technical  
Services



Mr. Amer Mahmood  
GM Production  
Technology



Mr. Nauman  
Hussain Tirmizi  
GM Projects

## Statutory Functions



Mr. Kamran  
Wahab Khan  
Chief Financial Officer



Ms. Shahana Ahmed Ali  
Company Secretary



Mr. Mohammad  
Arshad Siddiqui  
GM Internal Audit

## Support Services



Mr. Syed  
Ehtesham Ahmad  
GM Finance



Mr. Masroor Ahmad  
GM Human Resources



Mr. Sohaib Qadar  
GM Legal &  
Commercial



Mr. Abid  
Ashfaq Malick  
GM Procurement



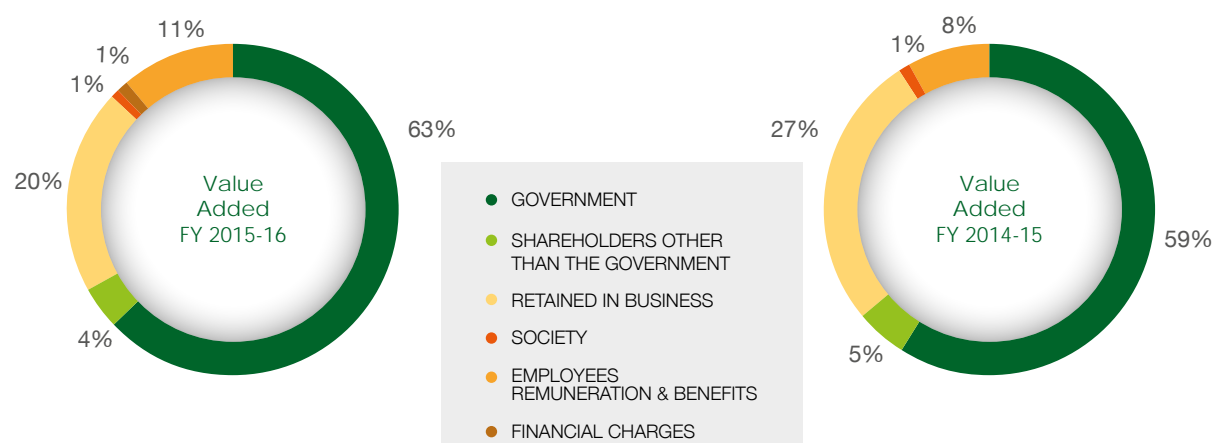
Mr. Furqanuddin  
Sheikh  
GM Corporate Services

# Statement of VALUE ADDITION

	2015-16		2014-15	
	Rs million	%	Rs million	%
Gross Revenue (GDS, GIDC, Excise Duty and Sales Tax)	105,630	125	131,681	115
Less: Operating and Exploration Expenses	(23,817)	(28)	(23,026)	(20)
	81,813	97	108,655	95
Add: Income from Financial Assets	4,620	5	6,609	5
Other Income	799	1	1,002	1
Less: Other Expenses	(2,623)	(3)	(1,459)	(1)
Total Value Added	84,609	100	114,807	100
<b>Distributed as Follows:</b>				
<b>Employees Remuneration and Benefits</b>	9,362	11	8,820	8
<b>Government as:</b>				
Company Taxation	9,465	11	14,916	13
Levies (including GDS, GIDC, Excise Duty and Sales Tax)	25,478	30	26,843	23
Royalty	9,219	11	12,227	11
Workers' Funds	1,409	2	2,604	2
Dividend **	7,654	9	11,315	10
	53,225	63	67,905	59
<b>To Shareholders other than the Government as:</b>				
Dividend **	3,684	4	5,445	5
<b>To Society</b>				
Donations	154	*	115	*
Social Welfare/ Community Development	623	1	597	1
Free Gas Supply	215	*	378	*
	992	1	1,090	1
<b>Retained in Business:</b>				
Depreciation	4,382	5	4,187	4
Amorisation	6,400	8	5,167	4
Net Earnings	5,905	7	21,639	19
	16,687	20	30,993	27
<b>Financial Charges:</b>	659	1	554	*
	84,609	100	114,807	100

\* Negligible

\*\* Includes final cash dividend recommended by the Board of Directors subsequent to the year end.



# 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.

The Company reiterated its commitment with UNCG and continuous progress on UNGC's 10 principles in its ongoing efforts to further strengthen its corporate governance, human resource development, quality, health, safety and environment (QHSE) and corporate social responsibility programmes. The Company has made substantial progress towards strengthening QHSE processes with a renewed focus on ensuring health and safety of employees and contractors and minimising environmental impact of operations. Further, capacity building initiatives for employees gained momentum, including development of skilled-based matrix leading to individual training plans and mandatory exposure to QHSE skills, besides setting-up of an in-house training centre to provide top-notch training programmes to staff.

## 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 dealers 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.

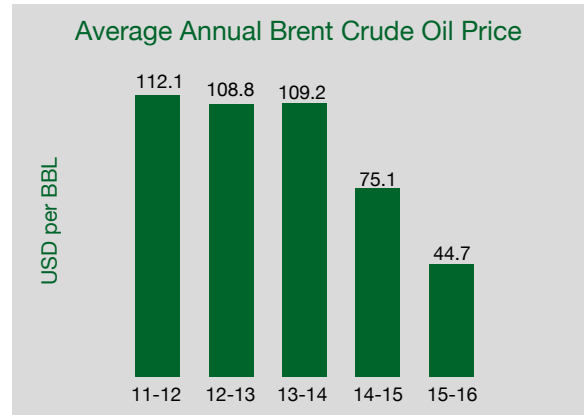
The ethical commitments and values are embedded in the Company's Code of Conduct, the compliance of which is mandatory for all employees. The Company has zero tolerance to all forms of corrupt practices including bribery, extortion and other forms of corruption.

# Chairman's REVIEW

Mr. Waqar A. Malik resigned as director w.e.f 1<sup>st</sup> August 2016. We would like to express our deep appreciation for his invaluable contribution as chairman of the Board.

Mr. Shahbaz Yasin Malik, one of the elected directors, resigned from the Board this year due to personal reasons. We would like to thank him for his contributions during his term in office.

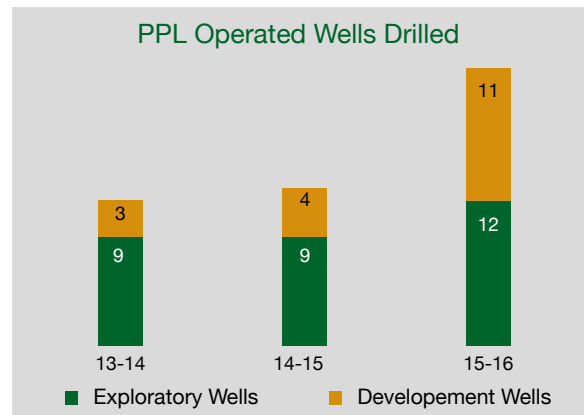
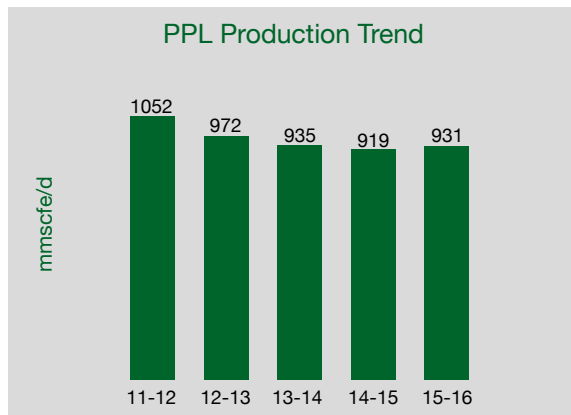
The current year remained a challenging one in terms of the oil price environment. Oil price averaged at around USD 45 during the year, the lowest in the last 5 years. Despite the challenging environment, the Company was able to deliver good operational results and the Company's control environment was strengthened.



## Strategy

Last year it was reported that the Board was working on a new strategy in line with the changing business environment.

It was identified that the main challenge being faced by the Company was its rapid production decline. To sustain the Company's position as a premier hydrocarbon producer in the country, two key targets set in the new strategy were to increase exploration and drilling activities in the Company's operated areas and to maximise hydrocarbon recovery from existing fields.



In order to ensure that the strategic initiatives cascaded through the entire organization, a Balance Scorecard System was introduced to ensure alignment of key performance measures with strategy at all levels of the organisation.

We are pleased to report that the Company was able to achieve the aggressive drilling targets set for the year by drilling 23 wells, including 12 exploration wells, an increase of more than 50%. This is an unprecedented achievement by the Company. The Company was also able to reverse the declining production trend from its fields.

The Board expects the Company to continue working with the same momentum during the coming year in line with the strategy.

## Board Activities

During the year a total of 13 Board meetings were held, out of which 6 were of regular nature and the remaining were of emergent nature, to consider and seek approval on significant matters.

The Board's evaluation for 2014-15 was completed through an independent external evaluator. The evaluation tested key areas of the Board's work including its participation in the formation of strategy, succession and composition, and its oversight of business performance, risk and governance processes. Results of the board evaluation were collectively discussed by the board at its meeting held in February 2016.

We are also pleased to report that 6 Directors currently on the Board have attained full certification of the Directors training program required under Code of Corporate Governance.

A comprehensive, objective, and ongoing succession-planning process is not merely good governance but in today's business environment, it is critical to performance and sustainability. During the year, a succession planning exercise was initiated on Board's directive. The Board reviewed the draft succession plan in June 2016, which was finalised subsequently.

An exercise for review of governance policies was undertaken during the year, and results were presented to the Board in June 2016. Subsequently, all ambiguous and/or outdated policies are being revisited, which will be brought to the Board for approval.

The Board will continue to play its role in setting the direction of the Company and ensuring high standards of governance and transparency in every aspect of the Company's business and function.

### Control and Risk Environment

The Board has implemented a systematic approach of periodic assessment by the management, covering review of key internal controls and assertions relating to financial statements and operations of the company, to the best of their knowledge.

During the year, the board also reviewed processes whereby risks are identified, evaluated and managed, both at enterprise level and project level. To ensure that risks are systematically managed a comprehensive Enterprise Risk Management Framework was approved by the Board in June 2016.

### Whistle Blowing

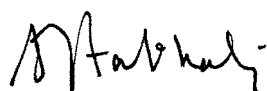
As reported last year, a revamped Whistle Blowing Policy was introduced, which has been well received. A number of complaints were received during the year, which were investigated or are being investigated.

### Vision & Mission

The shifting strategic focus required updating of the Company's Vision & Mission statements. After detailed debates between the Board and the management, new Vision & Mission statements of the Company were approved in June 2016. These are available on page 2 of this annual report.

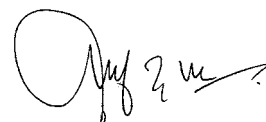
We would like to express my sincere gratitude to the Government of Pakistan and the provincial Governments, for their support. We would also like to thank the Management and employees of the Company who have contributed in attaining the objectives of the Company.

We thank the shareholders of the Company for their support and we would like to assure them that the Board will continue its endeavours to improve the Company's performance on a sustainable basis.



AFTAB NABI  
DIRECTOR

Karachi: 18<sup>th</sup> January 2017



M. ASHRAF IQBAL BALUCH  
DIRECTOR

## Managing Director's OUTLOOK

It gives me great pleasure to reflect on the Company's performance fifteen months after assuming charge of PPL.

Pakistan is facing a severe energy challenge as the demand remains high, propelled by increase in population and economic development, while the indigenous supply is faced with natural depletion from existing fields. Not only does the Country need to catch up on the existing demand - supply gap but also prepare to handle the exponential growth in energy demand of the future. Being a public sector company, PPL assumes a greater responsibility and strives to serve the nation by playing its role in fulfilling the Country's energy requirements.

As reported last year, the Company was restructured to an asset-based hybrid organisation, the benefits of which have started to realise as many achievements were witnessed during 2015-16. The foremost being the reversal in production decline trend from past years, whereas reserves replacement reached 126% implying reserves increased over and above full year's production. I am pleased to report that reversal in production decline has continued and by November 2016 the production share of the Company exceeded 1 bcfde, which is a huge achievement.

In the backdrop of low oil price scenario, when operators usually curtail their exploration expenditures, the Company pursued a growth driven work program while taking advantage of the current market dynamics. Our commitment to growth and excellence was exhibited through drilling of 23 operated wells during the year (including 12 exploration wells), in record times and with around 20% lower costs as compared to previous year. This effort resulted in six (6) hydrocarbon discoveries in operated areas, supported by four (4) hydrocarbon discoveries in partner operated areas. Furthermore, Gas Processing Facility (GPF) III at Gambat South was contracted in almost half the cost of GPF-II, resulting in millions of dollars savings. These feats were not just restricted to domestic operations as PPL completed first ever international seismic acquisition in Iraq.

Achieving aggressive growth targets could not be possible without a skilled work-force. During the year, PPL invested significantly in technical and leadership capacity building of its staff. A first ever new training center was established and several records were made related to training of our employees through local and foreign facilitators.

CSR has always been the centerpiece of PPL's corporate ethos. The Company continued to make a difference with its philanthropy work in the communities where we operate, as well as contributing to the larger society. For the twelfth straight year PPL is being recognised as the largest contributor in Pakistan by Pakistan Centre of Philanthropy (PCP).

I strongly believe that PPL is positioned to add value for all its stakeholders. Moving ahead, our focus will be accelerated development of recent discoveries and enhancement of output from matured fields, in particular Kandhkot and Adhi. The work program aims to ensure over 100 percent reserve replacement ratio with special focus on exploration in frontier areas to make sizeable discoveries, as well as exploitation of the Company's tight gas discoveries through deployment of newer technologies. Risk exposure from these activities is being managed through efforts to bring in JV partners and learning from shared knowledge. Our portfolio analysis suggests that for sustained E&P activities new exploration onshore and offshore blocks both locally and internationally are essential. We are also looking for avenues to form strategic alliances with service companies to reduce costs for making company more agile and competitive.

I would like to thank our employees without whose dedication and support we would not have been able to achieve the transformation of the Company. Together we form a strong robust organisation, ready to deliver on our commitments for a better tomorrow.



SYED WAMIQ BOKHARI  
MANAGING DIRECTOR & CHIEF EXECUTIVE

Karachi: 18<sup>th</sup> January 2017

Serving the  
**NATION**



## Setting New **RECORDS**

Despite a significant downturn in the activities of upstream industry in the recent past due to plummeting oil prices, PPL continued its exploration and production activities to address national energy imperatives as a key public-sector entity.

In fact, the Company set new records by spudding the highest number of wells in its history – 4 wells in a month and 10 in a quarter – making the deepest discovery at 5,827 metres in Pakistan at Dhok Sultan and drilling a development well in Kandhkot Gas Field in only 13 days.

Unprecedented cost reduction was also secured in setting up the third gas processing facility at Gambat South.





Pakistan Petroleum Limited





# Directors' REPORT

Your directors are pleased to present the Annual Report and Audited Financial Statements of the Company for the year ended 30 June, 2016, together with Auditors' Report thereon.

## 1. COMPANY INTRODUCTION

Pakistan Petroleum Limited (PPL) was incorporated in 1950 as a public limited company. The pioneer of Pakistan's natural gas industry, PPL has been a frontline player in the energy sector, mainly conducting exploration, development and production of oil and gas resources since the mid-1950s. As a major supplier of natural gas, PPL today contributes around 21 percent of the Country's total natural gas supplies, besides producing substantial quantities of Crude Oil, Natural Gas Liquids, Liquefied Petroleum Gas and Barytes.

## 2. COMPANY BUSINESS STRATEGY

PPL is implementing an aggressive growth programme in line with its Mission Statement and to ensure an attractive long term return to its stakeholders, including its shareholders. PPL is currently pursuing the following:

- Increased exploration and production activity across the Country
- Increased focus on frontier areas where larger discoveries have a better probability
- Optimise production and recoveries from current producing assets
- Bring discoveries to production in the fastest time
- Pursue technologies to produce "Tight Gas Sands" at commercial rates
- Recruit and Develop a world class work force
- Be recognised by our communities as a good corporate citizen
- Ensure all activities meet high standards of QHSE

In the long term, PPL intends to:

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

## 3. ORGANISATIONAL RESTRUCTURING AND RESULTANT MAJOR ACHIEVEMENTS

### 3.1 ORGANISATIONAL RESTRUCTURING

Organisational restructuring carried out last year resulted in tangible operational and governance-related benefits.

#### Asset-based Hybrid Structure

With the asset-based organisational setup, PPL's assets received greater focus and attention, leading to positive results in terms of safety, growth, asset integrity, as well as, operational and cost efficiencies. Subsequently, introduction of additional roles, implementation of improved processes, and delegation of authority, together with clear lines of responsibility and accountability, resulted in efficient management of operational issues, timely decision making and completion of projects.

The restructuring has helped to bring added focus to completely unexplored frontier regions and development of the existing depleting fields. The asset teams have dedicated targets and liaise independently with stakeholders within and outside the organisation, ensuring that targets are met within time limits. In the asset setup, decision making is spread across a broader spectrum of staff, thus empowering them, resulting in improved quality of work and development of skills in key areas.

## Impact on Culture

The new organisational setup brought about a culture of open communication and transparency, with clarity of roles to the employees, resulting in the delivery of their objectives. This improved coordination and planning, resulting in the delivery of a larger work programme bringing greater satisfaction and ownership.

A much greater emphasis on the learning and development of staff resulted in increased motivation and efficiencies. An enhanced emphasis on Quality, Health, Safety and Environment has significantly improved working conditions.

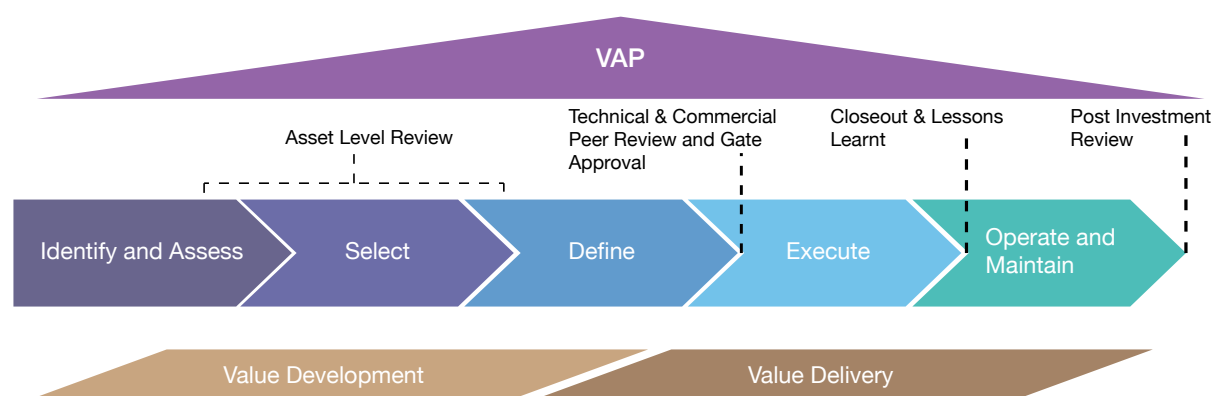
The team was able not only to achieve but surpass its goals without substantial addition to the establishment. A sense of pride was felt by employees in contributing towards increased production to meet the country's energy demands.

## Planning and Performance Management

The Company's planning processes were streamlined by incorporating asset-wise/ departmental plans into the annual planning cycle, resulting in synergies. While developing a robust growth strategy, effective monitoring of plans was ensured to achieve annual targets and beyond.

The Performance Management System was also improved through implementation of:

- Balanced Score Cards – aligned with the company's business strategy and underlying corporate and departmental objectives.
- Master Plan – a single plan that covers all operational activities of the company and captures all the interfaces between activities.
- Monthly Management Review – meetings were held to effectively review the progress of the Company and manage critical company-wide challenges.
- Peer Review Process – introduction of Value Assurance Process (VAP), incorporating technical and commercial peer reviews, gate approvals, closeout, lessons learnt and post-investment review for projects above a defined threshold.



# Serving the NATION



## Change MANAGEMENT

Change management is not only the need of the hour in an increasingly competitive environment and decreasing oil prices but also eminently possible.

The company went through a massive restructuring programme from being a function-based to a hybrid asset-based organization that has resulted in improved focus, efficiency and accountability. Two new functions – Corporate Planning and Commercial – were added and tasked with overseeing business targets and future outlook.



Pakistan Petroleum Limited





# Directors' REPORT

## Reserve Management

A Reserves Management Committee, consisting of senior management, asset representatives and reservoir specialists was formed to ensure estimation methods used for reserves evaluation by assets, followed best industry practices.

The Company also successfully rolled out an automated system in February 2016 for modelling, booking, tracking and reporting of hydrocarbon reserve volumes.

## Corporate Social Responsibility

PPL continued to deliver the largest CSR programme in Pakistan for the 12<sup>th</sup> year in a row, as per Pakistan Centre of Philanthropy (PCP). Asset-based division of both obligatory and voluntary CSR initiatives brought a better understanding of community needs and effective implementation of CSR projects.

## 3.2 MAJOR ACHIEVEMENTS

As a result of the organisational restructuring explained above, the Company was able to achieve some major milestones during the year, which are outlined below and explained in greater detail in other parts of the report:

- A total of 10 oil and gas discoveries, 6 in company-operated and 4 in partner-operated blocks
- Arrested and reversed the production decline experienced over the last 5 years
- Uncertainty over the future of Sui Mining Lease has been resolved after ECC approval in December 2016. Accordingly, Federal Government will grant D&PL over Sui Gas Field to PPL with effect from 1 June 2015 in due course.
- Tenfold increase in reserve replacement ratio as compared to last three-year average, where 126% reserves were added as compared to the reserves produced during the year.
- Setting a new record of drilling 23 wells, 12 being exploratory wells, during the year in Company-operated areas
- Improvement in drilling performance with substantial time and cost reduction in all key operating areas
- Concurrent operation of 13 rigs at a point in time, another first for the Company
- Revised contracting strategy, resulting in over 50% reduction in project cost (around ~US\$ 80 million) of new Gas Processing Facility (GPF-III), at Gambat South
- Discovery of Pakistan's deepest oil play in Company-operated Dhok Sultan Block
- Acquisition of 318 Sq Km 3D seismic data in Block 8, Iraq with significant time and cost savings
- Acquisition of 1,787 line Km 2D and 1,554 Sq Km 3D data in 12 operated blocks
- In-house processing of 2,000 L. Km. 2D seismic data, a record volume
- Fastest recorded construction activity on Kandhkot loop line project
- Record Barytes gross annual production of 164,535 tonnes
- Unprecedented efforts for capacity building of staff through 80,000 man-hours in nearly 150 training sessions conducted by foreign and local trainers, made possible by the establishment of two training halls.

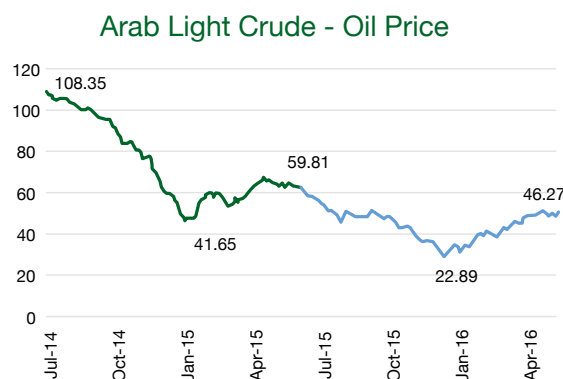
## 4. BUSINESS OVERVIEW

### 4.1 SIGNIFICANT CHALLENGES FOR THE YEAR

#### Decline in Crude Oil Prices

International crude oil prices witnessed another low in 2015-16, when Arab Light Crude prices touched USD 22/BBL in January 2016. The drop in oil prices greatly affected the industry's current revenues, while curtailing E&P activities across the globe.

Oil prices have since been on a gradual rise. In June 2016, Arab Light Crude traded in the mid-40s range, recouping much of the decline witnessed in early 2016.



Against the backdrop of this business scenario and an understanding that it takes some time to bring new discoveries on line, the company embarked on a conscious strategy to put in strict cost controls through operational efficiency, while enhancing its exploration programme. This strategy was also partly assisted by low exploration and development costs due to world-wide reduction in oil and gas industry's activities amid depressed oil prices. PPL's discoveries will come on line in a few years and benefit from any future price increase.

#### Managing Security

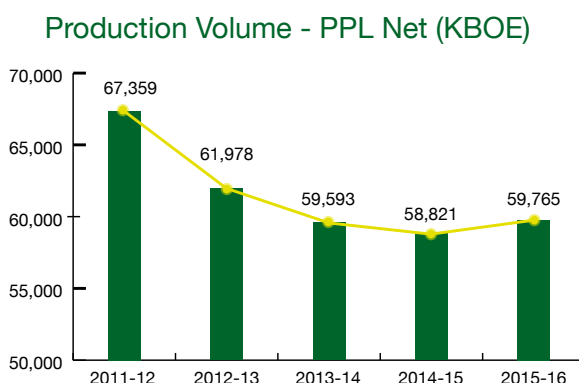
Securing the company's installations and ongoing operations from terrorist activities remained a challenge, in view of the enhanced work programme especially focused towards frontier region.

Other key challenges are explained in Enterprise Risk Table in section 6.2.

### 4.2. OPERATIONAL OVERVIEW

#### Operations

PPL currently operates nine producing fields i.e. Sui, Kandhkot, Adhi, Mazarani, Chachar, Adam, Adam West, Shahdadpur, Shahdadpur West and Bolan Mining Enterprises (BME) in addition to having working interests in 16 partner-operated producing fields. Through these assets, the Company strives to play its role in meeting the energy requirements of a large number of domestic, industrial and other consumers, while focusing on production enhancement by deploying the latest technology.





# Directors' REPORT

Given below is a comparison of current year production (net to PPL) with previous year:

	2015-16	2014-15
Natural Gas (MMcf)	306,604	301,302
Crude Oil / NGL / Condensate (Thousand Barrels)	5,424	5,482
LPG (Metric Tonnes)	66,597	57,982
Barytes (Tonnes)	82,268	66,653

Production of Hydrocarbons during the year, including the Company's share from joint operations, averaged at around 838 MMscfd of gas, 14,819 bbld of oil/ NGL / condensate and 182 metric tonnes of LPG per day.

The Company's major clients comprise of Sui Southern Gas Company Limited (SSGCL), Sui Northern Gas Pipelines Limited (SNGPL), Central Power Generation Company Limited (GENCO-II) and Attock Refinery Limited (ARL).

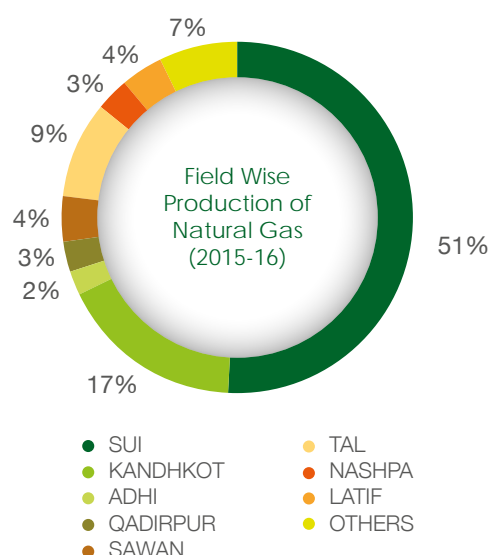
Key initiatives taken by the company during the year are given below:

## Sui

- Revamping of Compressors completed ahead of the schedule, with 25% savings (resulting in 217 BCF additional Recovery)
- 2015-16 work programme (4 wells and 3 workovers) accomplished with 20% savings.
- Production in 2015-16 remained 5% above 2014-15 despite arresting 6% natural annual decline (total impact >10%)
- With the above measures (Compressors' revamping, Drilling and Workovers of wells) deployed for production decline arrest, our daily production during the year 2016-17 would be higher by around 73 MMscfd viz-a-viz the case if we would not have taken the said measures.

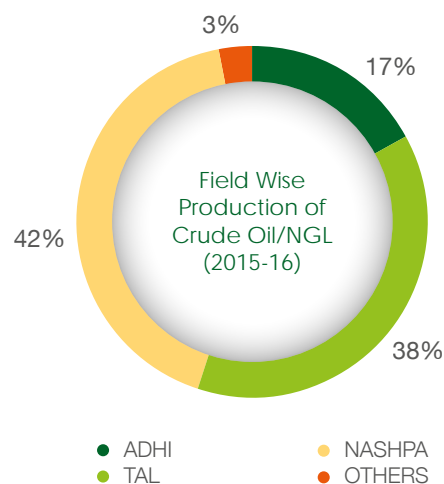
## Kandhkot

- Drilling of 3 wells i.e. KDT-33, KDT-34 & KDT-35 resulted in increased gas flow of around 45 MMscfd. Well KDT-33 was drilled in a record time of 13 days only.
- In Interventions water-shutoff was carried out successfully for the first time at Kandhkot (wells KDT-24, KDT-19 and KDT-7); while hole cleanup at wells KDT-18, KDT-8 and KDT-14, resulted in increased gas flow of around 14 MMscfd.
- Water injector well KDT-30 perforations & stimulation resulted in increased effluent injectivity.
- De-bottlenecking of liquid handling system resulted in increment of the total liquid handling capacity from around 8,000 bpd to 20,000 bpd.



## Adhi

- Installation / Commissioning of 30 MMscfd Plant (Plant-III) resulted in, respectively, augmenting gas, oil and LPG sales from 40 to 52 MMscfd, 5,300 to 7,500 bpd and 160 to 185 tons.
- Development Wells Adhi-23, 24(T/K) and 25 (T/K) were completed, tied in and put on production.
- Workover of wells Adhi-18 (T/K) and Adhi-13(T/K) were successfully completed.
- The concept of Adhi Compression was revised, which resulted in a significant saving.

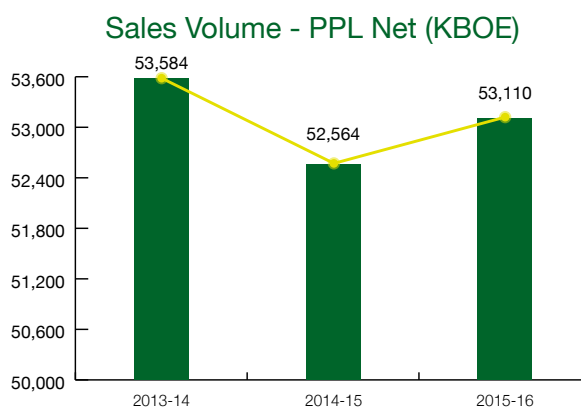


## Hala / Mazarani / Gambat South

- EWT Production from Shahdad X-1 commissioned through GPF-1. Plant Upgradation of GPF-I completed.
- GPF-II Plant achieved successful mechanical completion. Subsequently, first gas achieved on August 09, 2016.
- EPCC Contract awarded for 60 MMscfd plant (GPF-III) at Wafiq.
- In Hala, production increased due to optimisation of wells stream. Work on FEED Study for 30 MMscfd and 60 MMscfd Gas Processing Plants was completed.

## Partner Operated Assets

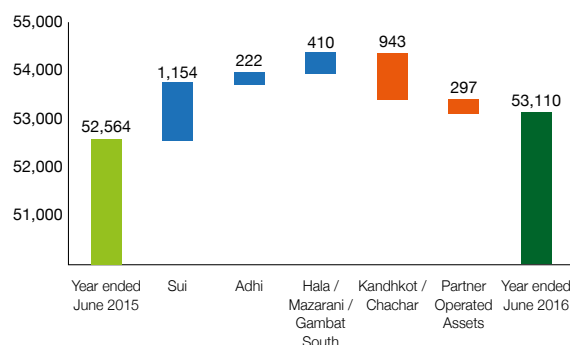
- Well Maramzai-3 was commissioned in Q3 2015, against forecast of Q4 2015. The well flowed at 30 MMscfd and 1,100 bbl/d of oil.
- In Qadirpur, wells HRL-9, HRL-10 and HRL-11 were successfully drilled, completed and commissioned. Incremental production of 30 MMscfd was achieved from these wells.
- Workover/Stimulations jobs were carried out at 4 Sawan wells during January 2016, which resulted in increment of around 13.5 MMscfd gas.



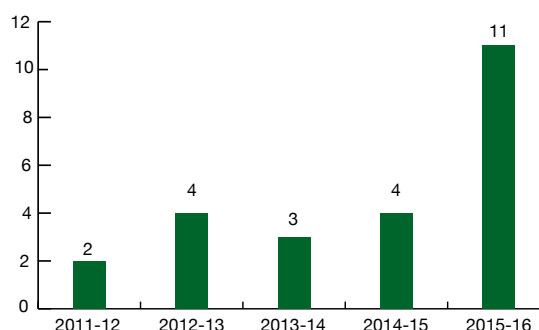
During the year, the Company was not only able to arrest but also turnaround continual decline in production due to depletion of mature oil and gas fields. This notable success is attributable to an aggressive work programme which includes addition of new wells, workovers, commissioning of plants and upgrading of compressors.

# Directors' REPORT

Variance in Sales Volume - PPL Net (KBOE)



Development Wells drilled (Operated Areas)



25 development wells, including 11 in PPL Operated Producing fields, were drilled during the year.

Details are summarised below:

Field / Block	Current Status
Sui	<ul style="list-style-type: none"> <li>Sui-96(M), Sui-94(P), Sui-80 &amp; Sui-95 (Deep 2) successfully completed</li> </ul>
Adhi	<ul style="list-style-type: none"> <li>Adhi-25 (T/K) completed as cased hole producer.</li> <li>Drilling of Adhi-27 (T/K) was completed on 23<sup>rd</sup> August 2016. Subsequent to the year end the well has been commissioned</li> </ul>
Kandhkot	<ul style="list-style-type: none"> <li>KDT-33(H), KDT-34(M) &amp; KDT-35(M) completed as successful horizontal wells.</li> <li>KDT-26 completed as effluent water disposal well</li> </ul>
Gambat South	<ul style="list-style-type: none"> <li>Sharf-2 completed as a gas producer</li> </ul>

Details of Development Wells drilled during the year in Partner-Operated Blocks are summarised below:

Field / Block	Status
Tal	<ul style="list-style-type: none"> <li>Makori East-5 successfully tested and completed</li> <li>Drilling of Mardan Khel-3, Mardan Khel-2 and Maramzai-4 in progress</li> </ul>
Nashpa	<ul style="list-style-type: none"> <li>Nashpa 6 and 7 completed as oil producers in July 2016. Exploratory well Shawa-1 plugged and abandoned due to drilling problems.</li> </ul>
Qadirpur	<ul style="list-style-type: none"> <li>Five development wells, HRL-9, 10, 11, QP-54 and QP-55, successfully completed as gas producers.</li> </ul>

Miano	<ul style="list-style-type: none"> <li>Miano-19 successfully completed as gas producer. Miano-20 plugged and suspended due to tight sands.</li> </ul>
Latif	<ul style="list-style-type: none"> <li>Latif-13 (Latif-5ST) and Latif-14 successfully completed as gas producers</li> </ul>
Kirthar	<ul style="list-style-type: none"> <li>Rehman-2 successfully completed as gas producer.</li> </ul>

Other development activities are summarised below:

Field / Block	Status
Sui	<ul style="list-style-type: none"> <li>Four Workover jobs completed</li> </ul>
Kandhkot	<ul style="list-style-type: none"> <li>Eight well interventions carried out, resulting in enhanced well productivity. Construction of 16-inch diameter buried Gas Gathering Main (GGM) parallel to existing GGM completed in December 2016.</li> </ul>
Adhi	<ul style="list-style-type: none"> <li>Development wells, Adhi-24(T/K) and Adhi-23 (T/K), commissioned</li> <li>Workover of Adhi-18 (T/K) and Adhi-13(T/K) successfully completed</li> </ul>
Gambat South	<ul style="list-style-type: none"> <li>Working commenced for development of low BTU gas from Hatim discovery for use in power project</li> </ul>
Sawan	<ul style="list-style-type: none"> <li>Nine well interventions carried out to enhance production and arrest the natural decline</li> </ul>
Ghuri	<ul style="list-style-type: none"> <li>Ghuri field operations optimised, resulting in increased production</li> </ul>
Block – 22	<ul style="list-style-type: none"> <li>Production optimised, gaining dual price incentive for Hassan Gas Field as per 2012 Petroleum Policy</li> </ul>

## Exploration

PPL, together with its subsidiaries, has portfolio of 45 exploration blocks, of which 27 are PPL-operated, including Block-8 in Iraq, and 18 are partner-operated including 3 off-shore blocks in Pakistan and 2 onshore blocks in Yemen. Three partner-operated blocks / areas i.e. Jati, S. W. Miano-II and Block-29 in Yemen were relinquished / in the process of relinquishment.

Given the Company's ability to remain profitable even at low oil prices due to efficient and low cost operations, coupled with high liquidity and cash-generating assets, PPL continued its investment in exploration efforts, converting challenges into opportunities. The Company strategically holds a diversified exploratory 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 when oil prices rebound in future.

# Directors' REPORT

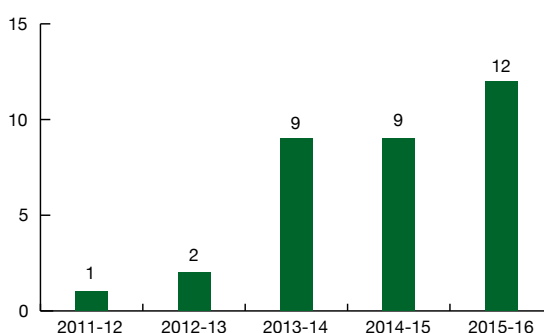
The Company's seismic operations increased several-fold after addition of blocks acquired during the 2009 and 2013 bidding rounds. During the last five years, PPL as an operator acquired 7,093 L. Km 2D seismic data and 6,940 Sq Km 3D seismic data, including 318 Sq Km 3D seismic in Block-8, Iraq.

During the year, PPL acquired 1,787 L. Km 2D seismic data in five blocks – Bela West, Hub, Khipro East, Malir and Hisal – and 1,554 Sq Km 3D seismic data in another seven blocks: Sadiqabad, Naushahro Firoz, Gambat South, Shah Bandar, Kotri North, Sirani and Block-8 (Iraq).

PPL spudded 12 exploratory wells during the year in North, South and Frontier basins across Pakistan, which is the highest number of wells spudded by the Company in its history.

6 hydrocarbon discoveries were made in PPL-operated blocks, while 4 discoveries were made in partner-operated blocks, bringing the total number of discoveries to 10.

Exploratory Wells drilled (Operated Areas)



PPL Operated		Partner Operated	
Blocks	Discoveries	Blocks	Discoveries
Gambat South	Kabir X-1	Latif	Latif South 1
	Hatim X-1	Nashpa	Nashpa X-5
	Hadi X-1A	Tal	Tolanj West X-1
Hala	Fazl X-1	Tal	Makori Deep-1
Dhok Sultan	Dhok Sultan X-1	-	-
Kotri	Kotri X-1	-	-

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

Exploration activities in respect of PPL operated Frontier blocks are summarised below:

BARKHAN	<ul style="list-style-type: none"> <li>Second exploration well, Miriwah East X-1 has been plugged and abandoned</li> </ul>
KHARAN, KHARAN EAST, & KHARAN WEST	<ul style="list-style-type: none"> <li>Site construction for exploratory well Kharan X-1 completed and well planned to be spud in January, 2017</li> </ul>

KALAT	<ul style="list-style-type: none"> <li>• Interpretation / mapping of 301 LKm 2D seismic data completed, with spud planned in February 2017.</li> </ul>
HUB	<ul style="list-style-type: none"> <li>• Acquisition of 457 LKm 2D seismic data completed and its processing is in progress</li> <li>• Microbial Geo-chemical Exploration (MGCE) survey conducted during seismic campaign and lab analysis of sample in progress</li> </ul>
BELA WEST	<ul style="list-style-type: none"> <li>• 2D seismic data acquisition of 429 Lkm completed</li> <li>• Processing (429 LKm) / reprocessing (318 LKm) completed in June 2016</li> </ul>
NAUSHERWANI	<ul style="list-style-type: none"> <li>• Final interpretation/mapping of newly acquired 644 LKm 2D seismic data is in progress</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 200 LKm 2D seismic data planned from March 2017</li> </ul>

Exploration activities in respect of PPL operated South blocks are summarised below:

GAMBAT SOUTH	<ul style="list-style-type: none"> <li>• 9<sup>th</sup> exploratory well, Kabir X-1 completed as gas and condensate producer</li> <li>• 10<sup>th</sup> exploratory well, Hatim X-1 completed as a gas producer. During testing, well flowed 56 MMscfd of gas</li> <li>• 11<sup>th</sup> exploratory well, Hadi X-1, spud in December 2015 was abandoned due to operational issues. New hole, Hadi X-1A, was drilled to target depth. After successful Frac Job, well flowed 0.85 MMscfd of Gas and was suspended for detailed evaluation</li> <li>• Deepening of exploration well Faiz X-1 was undertaken to appraise Hatim X-1 discovery. During testing, well flowed 29 MMscfd of gas and was completed as gas producer</li> <li>• 12<sup>th</sup> exploration well, Taban X-1 was plugged and abandoned</li> <li>• 3D seismic acquisition of about 800 sq. km in northern part of the block in progress</li> <li>• Detailed Core Sedimentology Study was completed and a Regional Integrated Sequence Stratigraphy Study for identification of stratigraphic traps is in progress</li> </ul>
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# Directors' REPORT

HALA	<ul style="list-style-type: none"> <li>4<sup>th</sup> exploratory well, Fazl X-1 was completed as a gas and condensate producer. During testing, well flowed 20.3 MMscfd of gas and 50 bbl/d condensate.</li> <li>5<sup>th</sup> exploratory well, Bashar X-1 drilled to target depth. Target reservoir was found to be tight and Frac job did not improve the well deliverability. Accordingly, decision was taken to sidetrack the well towards more prospective subsurface location.</li> </ul>
KOTRI	<ul style="list-style-type: none"> <li>First exploratory well, Kotri X-1 drilled to target depth. During testing, well flowed gas from 1.3 to 9.3 MMscfd at different wellhead pressures. Well declared as tight gas discovery and currently suspended for further evaluation</li> <li>Preparations underway to spud second exploratory well Kotri X-2</li> </ul>
KOTRI NORTH	<ul style="list-style-type: none"> <li>3D seismic data acquisition of about 475 Sq. Km in progress</li> </ul>
SIRANI	<ul style="list-style-type: none"> <li>3D seismic data acquisition of 305 Sq. Km in progress</li> </ul>
ZAMZAMA SOUTH	<ul style="list-style-type: none"> <li>3D seismic acquisition of 362 Sq. Km completed</li> <li>Based on Seismic Sequence Stratigraphic Study a stratigraphic prospect matured for drilling of first exploratory well</li> </ul>
NAUSHAHRO FIROZ	<ul style="list-style-type: none"> <li>Processing followed by interpretation/mapping of newly acquired 855 Sq. Km 3D seismic data completed. Evaluation for appraisal of NF X-1 tight gas discovery in progress</li> </ul>
MALIR	<ul style="list-style-type: none"> <li>First exploratory well, Malir X-1 was plugged and abandoned</li> <li>In-fill 2D seismic acquisition of 34 Lkm over identified lead completed</li> </ul>
SHAH BANDAR	<ul style="list-style-type: none"> <li>3D seismic data acquisition of 372 Sq. Km is in progress.</li> </ul>
JUNGSHAHI	<ul style="list-style-type: none"> <li>First exploratory well, Nooriabad X-1 was plugged and abandoned</li> </ul>
KHIPRO EAST	<ul style="list-style-type: none"> <li>2D seismic data acquisition of 698 L. Km completed</li> </ul>

Exploration activities in respect of PPL operated North blocks are summarised below:

DHOK SULTAN	<ul style="list-style-type: none"> <li>2D/3D seismic acquisition in progress on appraisal and exploration leads</li> <li>Workover on Dhok Sultan-X1 is in progress</li> </ul>
HISAL	<ul style="list-style-type: none"> <li>Location of 1<sup>st</sup> exploratory well is being finalised, based on preliminary interpretation of 2D seismic data</li> </ul>
SADIQABAD	<ul style="list-style-type: none"> <li>Sequence Stratigraphic Study and 3D seismic interpretation is in progress to evaluate deeper prospects</li> </ul>

KARSAL	<ul style="list-style-type: none"> <li>Location of Karsal X-1 well finalised and land being acquired</li> </ul>
ZINDAN	<ul style="list-style-type: none"> <li>Remaining prospectivity of the block is being evaluated</li> </ul>

Exploration activities in respect of partner operated blocks are summarised below:

OFFSHORE INDUS G (Operator: Eni)	<ul style="list-style-type: none"> <li>Drilling of exploration well Kekra-1 deferred till January, 2018 due to low oil price</li> </ul>
OFFSHORE INDUS C & N (Operator: Eni)	<ul style="list-style-type: none"> <li>Activities in Blocks C and N linked with possible discovery in Block G</li> </ul>
BASKA (Operator: ZHENHUA)	<ul style="list-style-type: none"> <li>Efforts being made to persuade Zhenhua to fulfill remaining work commitment</li> </ul>
KUHAN (Operator: OMV)	<ul style="list-style-type: none"> <li>NOC from GOB, awaited to conduct seismic survey</li> </ul>
TAL (Operator: MOL)	<ul style="list-style-type: none"> <li>70 percent of gravity survey completed</li> <li>Hydrocarbon discoveries made at Tolanj West-1 and Makori Deep-1 well</li> </ul>
NASHPA (Operator: OGDCL)	<ul style="list-style-type: none"> <li>Nashpa X-5 completed as oil discovery</li> <li>Gravity survey completed</li> </ul>
GAMBAT (Operator: OMV)	<ul style="list-style-type: none"> <li>Lamwari-1 plugged and abandoned in view of tight reservoir</li> <li>PPL is in process of acquiring the operatorship and working interest of other partners.</li> </ul>
LATIF (Operator: OMV)	<ul style="list-style-type: none"> <li>Gas discovery made in Latif South-1</li> </ul>
KIRTHAR (Operator: POGC)	<ul style="list-style-type: none"> <li>268 Sq Km 3D seismic completed</li> </ul>
GHAURI (Operator: MPCL)	<ul style="list-style-type: none"> <li>456 Sq Km 3D seismic completed</li> </ul>
DIGRI (Operator: UEPL)	<ul style="list-style-type: none"> <li>Regional Petroleum System modelling study in progress</li> </ul>
SUKHPUR (Operator: Eni)	<ul style="list-style-type: none"> <li>Preparations underway to spud second exploratory well</li> </ul>
JHERRUCK (Operator: NHEPL)	<ul style="list-style-type: none"> <li>All activities on hold as operator is unwilling to work</li> </ul>

# Directors' REPORT

## Projects

Despite following an aggressive exploration program, the Company did not lose sight towards monetisation of resources and made significant efforts towards field development. Accordingly, the Company also undertook several field development projects which not only helped in commencement of production from recent discoveries but were also necessary for optimisation of production from facilities.

The following is the progress on key development projects in PPL-operated areas:

Projects	Status
Adhi LPG /NGL Plant III	Adhi Plant III is in operation since 9 November 2015 producing sales quantities of Gas, LPG and NGL.
Adhi Gas Compression Project	FEED Study has been completed. The project will be undertaken by PPL on ECM basis. Tenders have been invited for the supply of compressors.
Upgrading / Revamping of Existing SML Compressors at Sui Field Gas Compressor Station (SFGCS)	Upgrading/ revamping of seven SML compressors at SFGCS has been completed in February 2016, resulting in increased daily gas production rate by 25-30 MMscfd, which would result in additional recovery of 217 bcf, and net saving in project cost of around Rs 1 billion.
50 MMscfd GPF-II, at Sharf, Gambat South	Plant achieved successful Mechanical completion on 20 May 2016. First Gas achieved on 09 August 2016.
Upgradation of Gambat South GPF-I	Project completed, sales gas being transmitted to SSGCL network since May 2016. Performance Test completed successfully.
60 MMscfd GPF-III at Wafiq, Gambat South	EPCC contract awarded in April 2016. Detailed Design Engineering is in progress. Placement of purchase orders for major equipment to respective vendors by the EPCC contractor is in progress. Field construction activities also started.
Hala GPF-II Project	Work on FEED Study for 30 MMscfd and 60 MMscfd Gas Processing Plants has been completed.
Hatim Power Plant	It is intended to set up a 20 MW power plant on raw gas produced by well Hatim X-1.

In addition, application for Development and Production Leases (D&PLs) along with Field Development Plans (FDPs) were submitted to the Government of Pakistan for Shahdadpur and Shahdadpur West fields in Gambat South Block and Adam West field in Hala Block.

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

Projects	Status
Nashpa Field: EPCC LPG Plant	EPCC contract has been awarded. Engineering, construction and procurement activities are in progress.

Tal: Makori East Compression	EPCC contract has been awarded. Detailed Engineering studies are in progress.
Sawan Gas Field: Revamping of Front End Compression	Detailed engineering works are underway
Latif Field: De-bottlenecking of Latif- Sawan flow-line project	Detailed engineering works are underway.
Mela Development Project	On the basis of latest Nashpa & Mela fields production profiles, feasibility & economics of different options are under review.

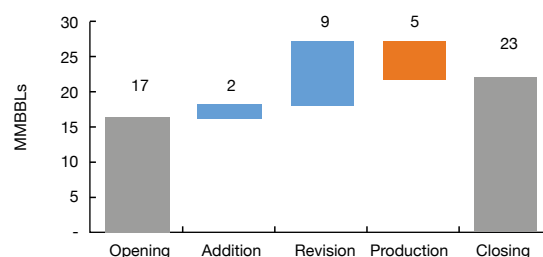
## Reserves Management

PPL's proven (1P) hydrocarbon reserves (net of current year's production) as of 30 June, 2016 have increased by 3 percent, 34 percent and 7 percent for Gas, Oil/NGL/Condensate and LPG, respectively, due to revisions in reserves of existing fields and additions of reserves from new discoveries

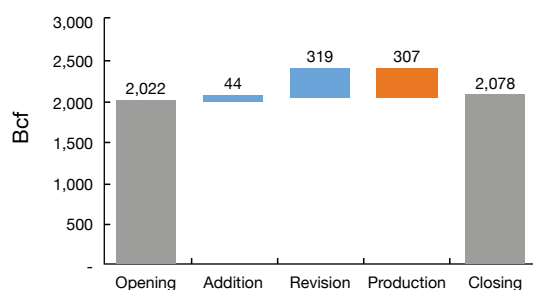
### Movement in PPL's net proven (1P) hydrocarbon reserves as of 30 June, 2016

Based on hydrocarbon reserves revisions, additions and production for the year, PPL's Reserves Replenishment Ratio (RRR) stands at 126 percent, indicating not only that total production for the year has been replaced but also additional 26 percent reserves against the total production have been added to the company's reserves base. The revisions have come primarily due to reservoir studies of Kandhkot and Adhi fields.

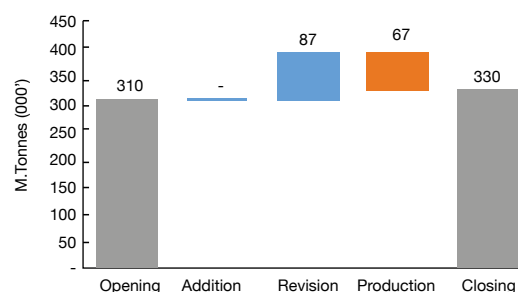
### Movement in Oil/NGL/Condensate Reserves



### Movement in Natural Gas Reserves



### Movement in LPG Reserves



# Directors' REPORT

## 4.3 FINANCIAL OVERVIEW:

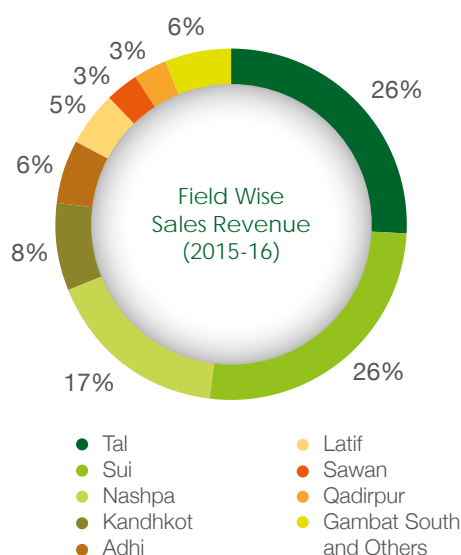
The Directors propose the following appropriations out of the profit for the current year:

	2015-16	2014-15
	Rs. Million	Rs. Million (Restated)
Profit before Taxation	26,706.716	53,315.112
Taxation	(9,464.697)	(14,916.376)
Profit after Taxation	17,242.019	38,398.736
Unappropriated profit as at 1 July, 2015/2014	105,707.866	101,524.925
	122,949.885	139,923.661
<b>Appropriations during the year</b>		
-Transfer to Insurance Reserve	-	(5,000.000)
-Transfer to Assets Acquisition Reserve	-	(5,000.000)
-Final dividend for the year 2014-15 on Ordinary shares @ 40% (2013-14: 75%)	(7,886.868)	(14,787.878)
Interim dividend for the year 2015-16 on Ordinary and Convertible Preference Shares @22.5% (2014-15: 45%) and 22.5% (2014-15: 30%), respectively	(4,436.392)	(8,872.764)
Other Comprehensive Income (re-measurement gains & losses)	(540.046)	(555.153)
Balance as at 30 June, 2016/2015	110,086.579	105,707.866
<b>Subsequent Effects</b>		
The Board of Directors of the Company in their meeting held on 17 <sup>th</sup> January 2017, which adjourned and reconvened on 18 <sup>th</sup> January 2017 proposed the following:		
-Final dividend on Ordinary shares @35% (2014-15: 40%) and Convertible Preference Shares @7.5% (2014-15: nil)	6,901.020	7,886.868

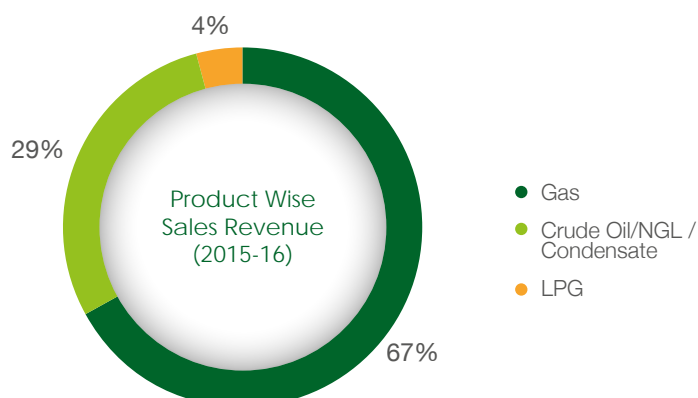
## Sales Revenue

Sales revenue has decreased by Rs 24,687 million during the current year as compared to the corresponding year. Negative variance on account of crude oil price amounting to Rs 29,859 million was partially offset by positive exchange rate and sales volume increase of Rs 4,518 million and Rs 654 million, respectively.

Negative price variance of Rs 29,859 million is due to significant decline in the prices of the Company's products. A majority of the decrease pertains to the decline in average crude oil price from US\$ 70.21/ bbl during the corresponding year to US\$ 40.20/ bbl during the current year. Positive exchange rate variance of Rs 4,518 million has arisen due to the depreciation of the Pak Rupee from Rs 100.54/US\$ during the corresponding year to Rs 104.15/US\$ during the current year.



Positive volume variance is attributable to the combined effect of 1 percent increase in gas sales volumes, 15 percent increase in LPG sales volumes, and 3 percent decrease in oil sales volumes. Even though baryte production was higher by 23% for the year, sales volumes were 10 percent lower due to the phasing of export orders.



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

	Unit	Year ended 30 June 2016	Year ended 30 June 2015
Natural Gas	MMCF	269,476	265,918
Crude Oil / NGL / Condensate	BBL	5,281,886	5,434,377
LPG	Metric Tonnes	66,482	57,699
Barytes	Tonnes	47,584	52,754

### Profitability

Earnings per Share (EPS) of the Company for the year stood at Rs 8.74 against Rs 19.47 for 2014-15 (Restated). In addition to decline in sales revenue, profitability of the company has also decreased, mainly due to increase in field expenditures by Rs 2,663 million, which is 6 percent higher compared to the corresponding year. Field expenditures in the current year were higher primarily due to increased seismic activities which was partly mitigated by Sui Insurance claim receipt and efficiency in other operational activities.

Profitability was further reduced as a result of impairment loss of Rs 2,341 million and Rs 279 million, recognised by the Company on its investment in PPL Europe E&P Limited (PPLE) and Exploration & Evaluation (E&E) assets, respectively. Impairment loss on investment in PPLE was recognised as a result of 3rd party valuation (for details please see note 2.3 (c)(ii) to the unconsolidated financial statements and note 3.3 (c)(ii) to the consolidated financial statements).

### Liquidity Management and Cash Flow Strategy

In spite of an extensive work programme carried out during the year the Company's cash and cash equivalents decreased by only Rs 1,283 million as compared to last year. At the end of the year, the Company had a liquid fund position comprising of cash and cash equivalents amounting to Rs 22,286 million, without any external borrowings.

Effective liquidity management is ensured through detailed financial projections, which are prepared to ensure availability of funds at all times while generating optimum returns through placement of surplus liquidity in various available investment avenues. The Company actively monitors its funds to ensure that its investment portfolio is secured and well diversified. The Company also has an Investment Committee, which reviews all existing and new investments regularly.



Serving the  
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Improving  
**BUSINESS**

Our aggressive exploration strategy has resulted ten discoveries during the year, six in PPL operated areas and four in Partner operated areas.



Pakistan Petroleum Limited



# Directors' REPORT

## Dividend

The Directors have recommended a final cash dividend on Ordinary Shares at 35% (2014-15: 40%) and Convertible Preference Shares at 7.5% (2014-15: Nil). This is in addition to an interim dividend of 22.50% (2014-15: 45%) on Ordinary Shares and 22.50% (2014-15: 30%) on Convertible Preference Shares paid to shareholders during the year.

## Contribution to National Economy

PPL is a significant contributor to the national economy. The Company's share of production of natural gas, oil and LPG from operated and partner-operated fields for the financial year 2015-16 in terms of energy was equivalent to around 163,293 barrels of crude oil per day, resulting in foreign exchange savings of around US\$ 2.4 billion for the current year, assuming an average crude oil price of US\$ 40.20 per barrel prevalent during the year.

In addition, payments to the national exchequer by the Company were around Rs. 45 billion during the year (Rs. 68 billion during 2014-15) on account of income tax, royalties, excise duty, sales tax, GDS, GIDC and dividends.

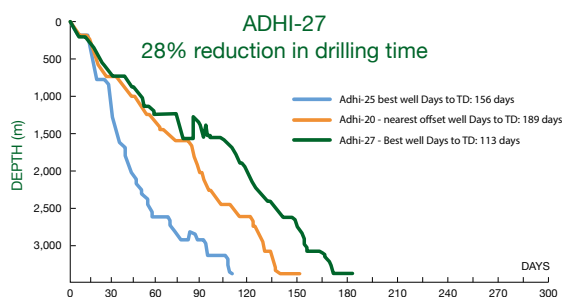
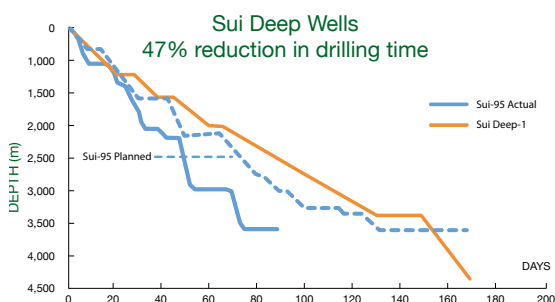
## 4.4 COST EFFICIENCIES

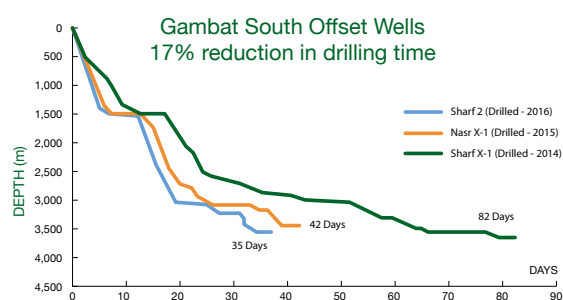
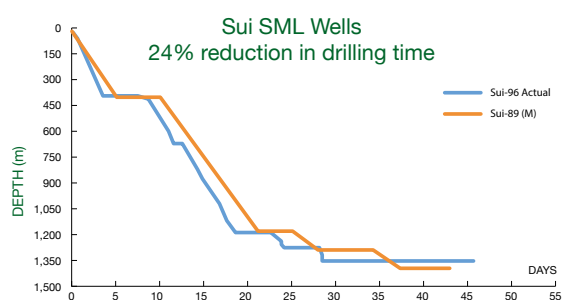
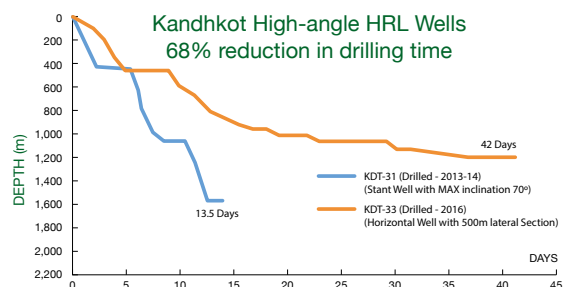
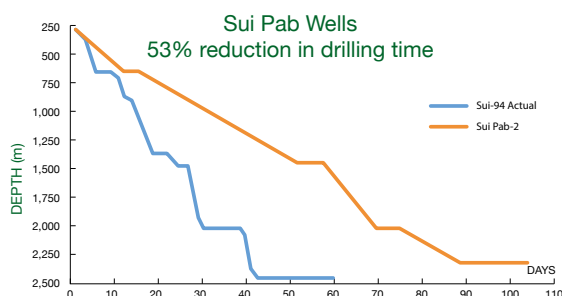
The Company initiated a number of cost saving measures to ensure execution of the work programme is viable in the current price scenario. Cost efficiencies were achieved mainly as a result of reducing drilling days, use of latest technology, effective planning and use of in-house resources in maintenance activities, wherever possible.

### Drilling Efficiencies

Despite the current oil price scenario discouraging drilling activities, especially those with high-risk, PPL pursued an aggressive drilling plan, concurrently deploying 13 rigs at one time in company-operated areas by capitalising on cost reduction and optimisation measures.

The most challenging task in drilling optimisation is timely drilling of cost-effective and safe wells. During the year, drilling optimization was achieved in all PPL-operated blocks as evident from time-depth curves given below, conclusively breaking fastest wells records in the company's drilling history. This record performance was achieved by using state-of-the-art technology, optimised drilling operational procedures and vigilant monitoring, a trend the company is determined to continue in its current and future drilling plans.





## Cost Efficiencies in Projects

During the year, the Company revised its contracting strategy and optimised redundancies, resulting in substantial cost saving of over US\$ 80 million in the EPCC contract recently awarded for installation of GPF-III at Gambat South Block.

## Cost Efficiencies in Seismic Surveys

The Company achieved relative cost efficiencies in seismic acquisition during 2015-16 through aggressive bidding with reduced turnkey rates. The ongoing 3D seismic in Gambat South, for instance, is expected to cost USD 15,000/sq. km., whereas similar surveys in the block during 2011-12 and 2013-14 were about USD 25,000/ sq. km. Similar cost efficiency was achieved in 3D seismic at Sadiqabad Block through induction of a new survey contractor, reducing cost by about USD 4,000/sq. km.

The 2D seismic in Hub and Bela West blocks also remained well under budgeted estimates through optimisation of data acquisition parameters, costing USD 24,000/L. Km. in contrast to the initial estimate of USD 32,000/L. Km.

## Cost efficiencies in Opex

Optimisation of head count, improvement in workover planning and execution, maintenance and inventory optimisation led to significant reduction in operating expenditure compared to last year in all PPL-operated producing fields despite additional activities.

## Efficiencies in Head Office costs

Company-wide cross functional teams were formulated to collectively identify potential cost control avenues and devise a saving plan to bring about an efficient and effective use of resources. Pre-planned and restricted travel, prioritisation of consultancies, effective software license management, rationalised use of office services and energy conservation led to further cost benefits.

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## SAFETY

First

PPL believes in delivering energy in a responsible manner aligned with best international practices. As proof of its commitment to a vigilant QHSE culture, the company commissioned an independent review by DuPont Safety Solutions to identify gaps and has already begun plugging them to further enhance QHSE standards across the board, including operational areas and exploration blocks.





Pakistan Petroleum Limited





# Directors' REPORT

## 5. ORGANISATIONAL OVERVIEW

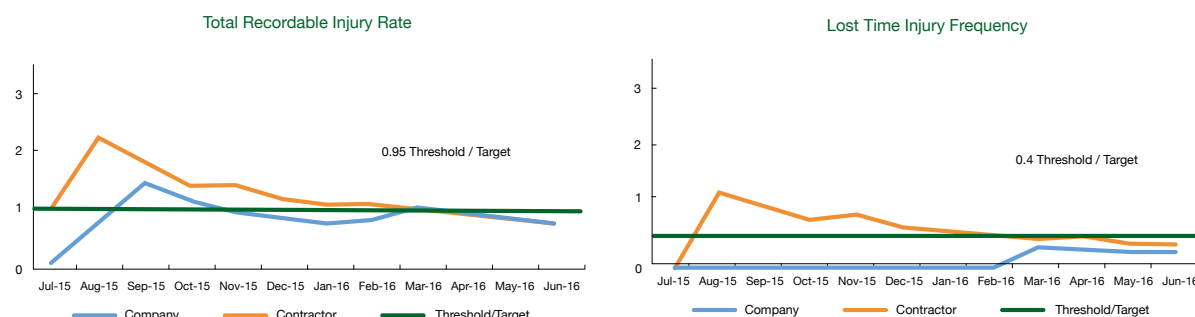
### 5.1. QUALITY, HEALTH, SAFETY & ENVIRONMENT (QHSE)

#### Occupational Health and Process Safety

With management commitment at all levels, there has been significant improvement in overall risk management through advance risks recognition and intervention schemes.

#### Key Performance Indicators

The monitoring mechanism of QHSE performance has been strengthened through introduction of additional leading and lagging Key Performance Indicators (KPIs). Total Recordable Injury Rate (TRIR) and Lost Time Injury (LTI) Frequency for the company and contractors is given below:



A company employee sustained Lost Time Injury (LTI) when Sui-bound chartered flight had an emergency belly landing at Karachi Airport. Subsequently, PPL immediately suspended flight operations and is now conducting due diligence for alternate options to ensure employee safety.

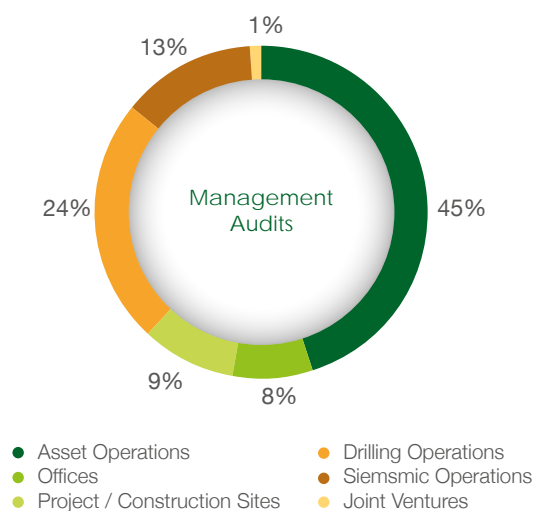
All high potential incidents were investigated in depth with the involvement of the Company's senior management and remedial measures taken immediately to prevent recurrence.

#### Near Miss Reporting

Being able to identify and report near misses allows any company to prevent accidents from happening. A corporate drive has been initiated to enhance near miss reporting with an objective to address systemic deficiencies and improve safety awareness.

#### Management Audits

Comprehensive system is introduced to ensure that PPL Senior Management regularly conduct site audits in order to demonstrate safety leadership and management commitment.



#### DuPont Survey

For direction check regarding QHSE overall program at PPL, a Process Safety Management (PSM)

System Evaluation Study was undertaken through DuPont Sustainable Solutions (DSS), a reputed international consulting firm, at corporate and Sui Gas Field.

#### Key deliverables of the PSM study included:

- Safety Perception Survey
- Benchmark assessment against 22 elements of safety excellence
- Envisioning workshop(s) with key internal stakeholders to develop a high-level action plan.

PSM implementation roadmap will be followed with internal assessment carried out every year in tandem with external re-assessment conducted after 2 to 3 years.

#### PSM Initiatives

Corporate PSM has been developed based on selected key elements on US Occupational Safety and Health Administration (OSHA) standards. Further, following key initiatives undertaken at the forefront of ensuring mechanical integrity:

- Non-intrusive inspection (NII) of critical vessels at operating plants
- Risk-based Inspection (RBI) Study at Sui asset
- Advanced Non Destructive Techniques (NDT) applied at Sui Field for gas gathering mains, feeder lines and interconnecting pipelines
- Third-party inspections of plant piping at Hala Field
- Technical audits at Gambat South GPF - II

#### Environmental Footprint

##### Legal Compliance

To comply legal / statutory requirements, Initial Environmental Examination (IEE) studies were arranged and NOCs acquired of five projects within set timelines for smooth progress on company's strategic work plans.

Independent Monitoring Consultants (IMCs) deployed for effective monitoring and reporting compliance to concerned authorities against agreed project specific Environment Management Plans.

##### Green Practices

Following green practices were observed to demonstrate commitment to environmental sustainability:

- LED lighting in all new projects
- Corporate sponsorship of initiatives such as the Karachi Water Partnership and The Earth Hour etc.
- Environment friendly water-based mud preferred in drilling operations.
- Special controls for oil-based mud which was selectively used at Dhok Sultan drilling site only
- Biodegradable explosives for seismic acquisitions

#### International Standards Certification

Maintaining Management System certifications i.e. ISO 9001 (Quality), 14001 (Environment) and OHSAS 18001 (Occupational Health & Safety) strengthens QHSE foundation and eventual customer satisfaction.

# Serving the NATION



## It's About PEOPLE

PPL recognises the importance of continual human resource development to meet shapeshifting business needs, particularly in terms of technical capacity building, and has one of the most rigorous training programmes in the industry. As such, the company completed 80,000 man-hours spread across some 150 training sessions for about 3,000 staffers from all cadres.



Pakistan Petroleum Limited





# Directors' REPORT

## Contractor Safety

Since the inception of Company's aggressive growth plans, there is unprecedented increase in contractor activities and associated safety risks. Accordingly, following key measures were introduced:

- Upgrade Prequalification Criteria
- Foster QHSE clauses in contracts
- Pre Mobilisation Workshops
- Pre Spud Inspections
- Independent Monitoring
- Contractors Trainings

## 5.2 HUMAN RESOURCES

The Company's human resources strategy is geared for recruitment, development and retention of high-calibre staff through an enabling corporate environment, competitive remuneration and timely acknowledgement of commitment, initiative and performance.

### Employment

To support aggressive exploration, drilling and production optimisation plans, PPL capitalised on the market conditions and hired seasoned professionals on merit through a transparent and multi-tier screening process from reputable companies, including E&P majors.

For baseline recruitment, introduced a merit based Associates scheme, under which first batch of 76 top class graduates in different disciplines were inducted.

As a CSR initiative announced special 2-year on-job training opportunity for capacity building of young professional engineers and diploma holders belonging to the Company's producing fields.

### Policies, Procedures & Reward System

HR played a significant role in supporting Management's drive for organisational transformation. A number of HRM policies and procedures were streamlined resulting in simplification, better controls, cost saving and alignment with the industry practices:

- Implemented Pay-for-Performance scheme to promote culture of merit, foster high performance by rewarding best performing employees and building competitive advantage
- Introduced Equal Work Rotation Cycle for all field-based staff, including integration of various functions at Sui resulting in optimisation of manpower resources, improved level of staff motivation, productivity and cost savings
- Introduced cross-functional, inter and intra-locational rotation of staff for diversified work exposure, better business insight and succession planning
- Succession planning process was formalised for timely identification of succession gaps and development of plans to bridge the same to ensure continuity of leadership
- Staff appraisal system was revamped and automated in SAP with self-appraisal and mid-year appraisal utility, resulting in improved transparency of the appraisal process.

### Major Initiatives in Learning & Development

PPL Training Centre, a fully functional, purpose built in-house training facility was established comprising

two state-of-the-art training halls to accommodate up to 100 employees. Since then, there has been a record increase in the number of in-house training programs during the year from 43 to 135 with over 200 percent increase in staff trained compared to last year.

There is also an enhanced focus on arranging technical courses by external faculty from abroad, thereby, not only saving cost of sending staff abroad, but rather providing specialised skill development opportunities to a greater number of employees. A total of 19 such programs by foreign faculty were conducted during the year.

Major efforts were put in place for improving skill and competency level of staff by developing skill and training matrices for all disciplines to identify and fill skill gaps.

PPL's e-learning portal, e-LEARN, was launched in December 2015 in collaboration with International Human Resources Development Corporation (IHRDC), providing access to more than 1200 online courses for staff across various disciplines. Since its inception, over 200 staff have enrolled in e-LEARN courses.

### Industrial Relations

A harmonious and enabling working environment prevailed at all company locations except for a few instances of unrest at Sui Gas Field. Disciplinary proceedings have been initiated as required.

The internal elections of CBA Union were concluded in February 2016. Soon after the announcement of election results, the defeated panel went into litigation against the results. As a result, the winning panel is still unable to obtain official notification from National Industrial Relations Commission, declaring them winners.

Likewise, submission of Charter of Demands (CoD) by the newly elected panel is also pending, after receipt of which the management's CoD will be submitted to the 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.

## 5.3 CORPORATE SOCIAL RESPONSIBILITY (CSR)

### Employment Opportunities for Local Communities

PPL provides equitable employment opportunities to all staff on the basis of merit and suitability regardless of gender, race, ethnicity, religion or social background and maintains an average of about 70 percent local employment at various locations. In addition, PPL strives to hire all unskilled labour from local communities.

The Company also offers a special two-year on-job training opportunity with relaxed eligibility criteria for young engineers and diploma holders domiciled in and around its producing fields.

### Corporate Philanthropy

As a responsible public-sector corporate entity with an abiding stake in the country's development, PPL is proud to be a key player in improving well-being and quality of life of disadvantaged communities, especially around its operational areas. PPL has been acknowledged as having the largest CSR programme in Pakistan for the last 12 years by PCP.



# Serving the NATION



## Commitment to COMMUNITIES

We believe that looking after underprivileged stakeholder communities is synonymous to serving the nation. PPL has one of the largest and well-funded Corporate Social Responsibility programmes focusing on education, healthcare, infrastructure development, water resource development and enhancing livelihood generation skills.

Despite a benchmarked amount of 1.5 percent of pre-tax profit approved by the Board of Directors, CSR spending touched the 3.7 percent mark this year, amounting to nearly Rs. 1 billion.



Pakistan Petroleum Limited



## Directors' REPORT

The Company's Corporate Social Responsibility (CSR) programme dates back to the inception of commercial activities in Sui in the mid-1950s when Sui Model School was established for children of workers and local communities.

The Company is fully committed to its role as a major provider of social welfare and development initiatives. This is evident by the fact that despite a minimum annual benchmark – 1.5 percent of pre-tax profit – set by the Board of Directors for CSR activities, actual spending was well beyond the set target. During the year, PPL spent around Rs 0.992 billion on CSR activities which is 3.7 percent of the pre-tax profit for the year, with major spending, 95 percent, for projects in Balochistan and Sindh.

To promote ownership and stake of local communities for long-term sustainability and provide maximum on-ground impact, the Company's CSR activities are based on the principles of forging relationships and participatory development. As such, local stakeholders are taken on board and involved in the entire project cycle from need assessment to scoping, planning and execution.

To ensure progress, quality of work and transparency in utilization of funds under CSR schemes; PPL regularly monitors project activities and captures lessons learnt for continual improvement. Being a large exploration and production company, PPL operates in remote areas where lack of governance, resources and opportunities have resulted in little or no development and abject poverty.

PPL's CSR work is therefore hinged on the creation of social capital through quality healthcare, education, infrastructure development and capacity building for livelihood generation, equipping communities to work themselves out of the vicious circle of poverty.

For stakeholder communities living in and around its producing fields – Sui, Kandhkot, Adhi, Mazarani, Chachar, Gambat South and Hala – the Company has initiated a wide range of projects, including healthcare provision of free primary healthcare, hospitals, mobile dispensaries, scholarships for local students, infrastructure development and upgradation of academic institutions.



During the year, the following CSR initiatives were undertaken by the Company:

## EDUCATION



Operated Sui Model School & Girls College, Dera Bugti, Balochistan, benefitting over 3,000 local students annually

Constructed and funded three PPL-TCF primary and one secondary school at Kandhkot, Sindh, benefitting over 600 students



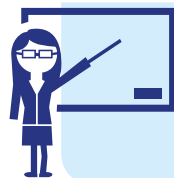
Around 238 students from District Dera Bugti, Kashmore, Rawalpindi, Kamber-Shahdadkot and Sanghar benefitted from the company's Higher Professional Education Scholarship Scheme

167 students from Balochistan benefitted from scholarships under four (9-12) years education plan



Continued support to promote research and development in Geophysics through PPL Chair in Geophysics Department at Bahria University, Karachi

Sponsored 6 students from Balochistan and Khyber Pakhtunkhwa to study at IBA & LUMS



Continued human resource (teachers) and in-kind support to two primary schools near Mazarani Gas Field, District Kamber Shahdadkot

Provided furniture to various government schools around Adhi Field



Constructed 8 academic blocks, science laboratory as well as a computer centre and examination hall at government schools at Adhi, Barkhan, Khuzdar, Attock and Washuk

Established laboratories at Bahria University, Karachi and Balochistan University of Information Technology, Engineering and Management Sciences (BUIEMS), Quetta





## HEALTHCARE



Provided financial support for continuation of operation of PPL Public Welfare Hospital, Sui

Free treatment to local patients at Sui Field Hospital, District Dera Bugti



Operated free mobile medical dispensaries at Sui, Kandhkot and Mazarani fields

Held seven free surgical eye camps at District Dera Bugti, Kashmore, Kambar Shahdadkot, Sanghar and Rawalpindi



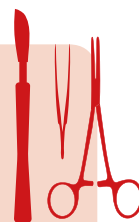
Provided annual operational cost to Marie Adelaide's triple merger centres at Kandhkot, Kech (Turbat) and Panjgur

Continued financial and in-kind support to government dispensary, Mastala near Adhi Field along with services of a lady doctor



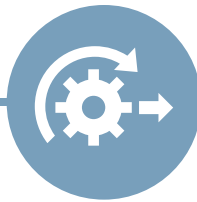
Assisted Karwan-e-Hayat Psychiatric Care & Rehabilitation Centre, Karachi to purchase psychotropic medicines

Provided gyne, paed, surgical, emergency, equipment and fixtures and fittings to Taluqa Headquarters Hospital, Karor Lalessan, District Layyah



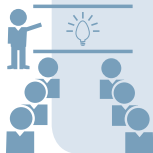
Donated medical equipment worth Rs. 20 million to Murshid Hospital and Health Care Centre (MHHCC), Hub River Road, Karachi. The hospital provides free healthcare in Balochistan and neighbouring areas

## SKILL DEVELOPMENT FOR LIVELIHOOD GENERATION



Continued financial support to Women Vocational Training Centre at Adhi

Operated Computer Training Centre and Public Library at Sui



Established Vocational Training Institute at Sui, and provided financial support for purchase of equipment, furniture and fittings

Awarded scholarships to 15 youths from District Dera Bugti, Matiari and Sanghar for one-year diploma at Hunnar Foundation



Constructed Women Vocational Training and Skill Development Centre at Kotri, District Jamshoro

## PUBLIC WELFARE & ENVIRONMENTAL UPGRADE



Free gas supply to Sui town



Plantation at 130 acre of Badani Forest at Kandhkot, District Kashmore

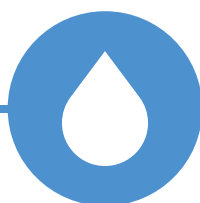


Donated Rs 3.2 million towards construction of Centre of Excellence for Deaf (CED) to Pakistan Association of the Deaf (PAD) in Korangi Industrial Area, Karachi



# Directors' REPORT

## WATER SUPPLY SCHEMES



Completed PPL's component of new water supply system at Sui town

Continued supply of potable water to village Ghaibi Dero, District Kambar-Shahdadkot



Completed water supply scheme at Manjhand Town, District Jamshoro

## DISASTER REHABILITATION



Donated 680 tents for earthquake-affecteds in Khyber Pakhtunkhwa during 2015

## RECENT INITIATIVES



Sponsored a football match with participation of district-level teams, Pakistan Football Association and law enforcement agencies

The PPL Chair at the Petroleum Engineering Department of NED University, Karachi became functional in August, 2016



## 5.4 INFORMATION TECHNOLOGY

Realising the ever increasing role of Information Technology (IT) for organisational sustainability, IT Department has been enabling its stakeholders, to add value to their strategic and operational activities, by proactively facilitating them to enhance organisational performance, governance and innovation using secure and reliable IT systems through adoption of latest technology solutions.

### IT Governance

Management has formed IT Governance team which has been focusing on IT governance and aligning IT with business strategy. One of the core objectives of IT Governance is to ensure that IT-related risks are known and managed, and IT resources are secured. Information Security Management System (ISMS) 27001:2013 is being implemented to improve IT risk management processes. In addition, to enhance service delivery, Service Delivery Management Framework (ITIL) is also being implemented.

### SAP Utilisation Enhancement

SAP revamping project was initiated to enhance its utilisation and to incorporate organisational changes. Project is well underway and 95 percent of agreed yearly targets have been achieved. All management staff has been provided access to SAP and can manage their appraisals, leaves and travel requests.

Some of the key processes implemented during the year include:

- Employee Performance Management System
- Attendance Management System integrated with payroll
- Pre-approval of overtime
- eProcurement
- Hospital Management System
- Dashboards for operational decision-making

### Major IT Projects

- E&P technical application and data centralised, enabling simultaneous access to multidisciplinary teams, besides enhancing Business Continuity Management.
- 360 Cores Scalable Seismic Depth Processing Clustered System for 2D and 3D processing.
- Acquisition of real time data from selected fields.
- Establishment of state-of-the-art Data Centre for improved availability of IT resources.
- Economic modelling & Reserves Management for improved forecasting.
- Microsoft Office 365 for corporate emails, document management, collaboration services for 24/7 availability.
- IP telephones introduced at well sites for improved communication at remote locations.
- Evaluating Open Source options for applicable software solutions and developing in-house competence to explore areas where Open Source technologies can be used.

## 5.5 BUSINESS CONTINUITY PLAN (BCP)

To ensure Business Continuity Management System is abreast with organisational changes, continual efforts are made to ensure resumption plans are regularly updated. A successful campaign was

# Directors' REPORT

concluded after which, Business Resumption Plans (BRPs) were developed by newly formed assets and departments, following which they were uploaded on the company's intranet.

A Business Continuity Office for Karachi is also setup at PPL's West Wharf facility.

## 6. GOVERNANCE AND RISK MANAGEMENT

### 6.1 GOVERNANCE

#### Governance Framework

##### Board Committees

The Board has established the following six committees under the requirements of the Code of Corporate Governance, 2012 (Code) and Public Sector Companies (Corporate Governance) Rules, 2013 (Rules):

1. Strategy and Operations Committee
2. Human Resource Committee
3. Audit Committee
4. Enterprise Risk Committee
5. Procurement Committee
6. Nomination Committee

The composition, roles and responsibilities and terms of reference of these committees are given in the relevant sections of the Annual Report.

##### Internal Audit

The Company has an independent Internal Audit function, which reports directly to the Board Audit Committee. The department is headed by a general manager, who reports to Chairman, Board Audit Committee. Internal Audit personnel have unrestricted access to all records and information to effectively perform their duties.

The scope of Internal Audit has been clearly defined in the Internal Audit Charter, duly approved by the Board.

##### Board Meetings

The Board met 13 times during the year with an average participation of 88 percent of the Board members. In addition, Board Committees met 25 times during the year. Details of attendance of each Board member is given on page 22 of the Annual Report.

##### List of Major Policies

- QHSE Policy
- Smoking Policy
- Car Seat Belt Policy
- Communication Policy

- Incident Reporting Policy
- Enterprise Risk Management Framework
- Policy for Rotation of External Auditors
- Policy for Provision of Additional Services by External Auditors
- Whistle Blowing Policy
- Sexual Harassment Policy
- Human Resource Management Policy
- Exploration and Farm-In/Farm-Out Strategy for Sustained Growth
- Code of Conduct

### Business Ethics and Anti-Corruption Measures

It is a fundamental policy of the Company to conduct its business with honesty, integrity and in accordance with the highest ethical and legal standards. As such, all employees are required to give an Annual Compliance Certificate in acknowledgement of their understanding and acceptance of the Code of Business Ethics.

In addition, PPL does not discriminate on the basis of race, gender, religion, disability or family status in recruitment, training or advancement of its employees.

### Corporate Governance Initiatives

#### Letter of Representation

The Board has implemented a systematic approach of periodic assessment by the management, covering review of key internal controls and assertions relating to financial statements and operations of the Company, to the best of their knowledge.

#### Whistle Blowing Policy

The Company is committed to achieving and maintaining the highest standards of integrity, ethical values and accountability and has instituted a robust Whistle Blowing Policy. By implementing additional measures to protect the identity of whistle blowers and maintaining confidentiality of the complaint handling process, the Board has provided a platform to all stakeholders to speak up with confidence. This has resulted in further strengthening the control environment and brought several improvements through received feedback.

#### Board Reporting

As part of the corporate governance initiatives, the Board has initiated a monthly system of flash reporting to remain abreast of the Company's operational and financial performance. The report includes a comparison of the budget with actual performance together with commentary on variances.

The monthly flash report provides an excellent tool for a heads-up on the Company's performance, thereby giving ample opportunity to re-strategise, if required.

# Directors' REPORT

## Corporate Governance

Sound corporate governance is critical to PPL's business integrity and maintaining investors' trust in the Company. The responsibility for good governance rests primarily with the Board of Directors, who are, inter alia, responsible for ensuring that policies and procedures are developed and implemented for good governance in the Company.

## Casual Vacancy on the Board

A casual vacancy in the Board of Directors occurred in the preceding year and another casual vacancy occurred during the year due to the resignation by Mr. Shahbaz Yasin Malik. Subsequent to the date of the Balance Sheet, Mr. Waqar Ahmed Malik, resigned as a director effective 1 August, 2016. These vacancies are expected to be filled by the Board of Directors shortly upon receipt of nominations from the Government of Pakistan, based on the recommendations of the Board Nominations Committee.

## Composition of the Board

The status of every director of the Board, whether executive, non-executive or independent has been disclosed in this report in accordance with the requirements of the Code and the Rules. Five directors are independent in terms of the provisions of the Code and Rules.

## Fiduciary Responsibilities & Training of Directors

The directors are fully aware of their duties and responsibilities and strive to discharge their fiduciary responsibilities in the best possible manner in compliance with applicable laws and regulations.

During the year, two of the directors attended the Corporate Governance Leadership Skills programme conducted by the Pakistan Institute of Corporate Governance.

## Code of Conduct for Directors and Employees

The Company's Code of Conduct reinforces standards for professional and ethical behaviour expected of directors and employees and binds them to demonstrate an honest and responsible attitude. The Code of Conduct has been disseminated across the Company to all directors and employees for compliance.

## Recognition of Stakeholders' Rights

The Company recognises and respects the rights of each and every stakeholder, including shareholders, employees, financiers, creditors, business partners and local communities. Similarly, the company encourages active participation of shareholders in all general meetings and values their views.

The Company is also cognisant of its legal and constructive obligations towards its business partners, stakeholder local communities and other stakeholders and takes appropriate action to meet their expectations.

## Reporting of Share Transactions and Closed Period

Before a meeting of the Board, a closed period is declared by the Company during which the directors, chief executive officer or executives of the Company and their spouses cannot trade in the Company's shares in any manner, whether directly or indirectly.

The Board annually reviews the threshold defining categories of employees as 'Executives' in the terms of Clause 5.19.11 of the Code, pursuant to which the said employees are subject to additional

regulatory requirements for trading and disclosing of trades in the shares of the Company.

The directors, chief executive officer, chief financial officer and executives of the Company are given written notices to immediately inform in writing any trading in the Company's shares by them or their spouses and to deliver a written record of the price, number of shares and form of shares to the Company Secretary as required by the Code and Rules. The transactions reported by them are submitted to the Pakistan Stock Exchange and presented to the Board as required.

### Board and CEO's Performance Evaluation

The Board and Board committees continuously strive to improve their effectiveness and undertake annual reviews to assess their performance. The Board also reviews developments in corporate governance regulation and practices to ensure best practices by and within the company.

In order to ensure continual effectiveness as a high performing Board, a Board Performance Evaluation process was initiated during 2015-16 through an external assessment agency in accordance with the requirements of the Code. The Board also reviews the performance of the chief executive officer against predetermined operational, tactical and strategic objectives.

### Review of Policies

An exercise for review of governance policies was undertaken during the year, results of which were presented to the Board in June 2016. All ambiguous and/or outdated policies are being revisited since and will be brought to the Board's attention and revised or new policies submitted for approval instead.

### Compliance Statement

The Directors are pleased to state that:

- i. The Board has complied with the principles of corporate governance.
- ii. The financial statements prepared by the company's management present a true and fair view of its state of affairs, result of operations, cash flows and changes in equity.
- iii. The Company has maintained proper books of account.
- iv. Appropriate accounting policies have been applied in the preparation of financial statements and any changes in accounting policies have been disclosed in the financial statements. The 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 the financial statements and any departure therefrom has been adequately disclosed and explained.
- vi. The 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 on page 124 of the Annual Report.
- 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



# Directors' REPORT

discontinuation of operations have been outlined. Future prospects, risks and uncertainties have been disclosed in the relevant sections of the Directors' Report.

- xii. The appointment of the Chairman and other Board members and the terms of their appointment along with their adopted remuneration policy are in the best interests of the Company and in line with best practices.
- xiii. Key performance indicators of the Company relating to its 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 of 30 June, 2016 are as follows:

	Rs. Million
Senior Provident Fund	2,546.148
Junior Provident Fund	1,305.810
Executive Staff Gratuity Fund	715.119
Non-Executive Staff Gratuity Fund	950.010
Executive Staff Pension Fund	7,770.157
Non-Executive Staff Pension Fund	1,963.069

- xv. The number of meetings of the Board of Directors and Committees held during the year and attendance by each director have been disclosed on page 22 of the Annual Report. Leaves of absence were granted to directors who were unable to attend meetings.
- xvi. Directors only receive directors' fees for attending Board and/or committee meetings. The details of the fees paid to each director are given on page 22 of the Annual Report.
- xvii. A statement of the pattern of shareholding in the company as at 30 June, 2016 of certain classes of shareholders whose disclosure is required under the Code and Rules, along with the statement of sale and purchase of shares by directors, executives and their minor children during the year is given on page 295 of the Annual Report.

## 6.2 Risk Management

### ERM Framework

Cognisant of the fact that effective risk management enhances the Company's ability to achieve strategic objectives besides safeguarding its business, people and reputation, the Board, as part of its role in providing strategic oversight and stewardship, is responsible for maintaining sound risk management and internal control systems with assistance by an Enterprise Risk Committee (BERC), which governs risk management processes, regularly reviews principal risks and sets respective risk tolerance/appetite levels.

At a senior management level, an Executive Risk Management Committee (ERMC), chaired by the CFO with representation from core and support functions, 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, where 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.

In order to strengthen risk management practices during the year, the Board approved PPL's first

Enterprise Risk Management framework, which provides an organised and comprehensive risk management standard to mandate a consistent approach to managing risk for all activities across the business. The framework also rolled out an integrated risk management process with clear governance and reporting requirements.

The risk register identifies 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 mitigating actions.

## 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.	QHSE Failure	<ul style="list-style-type: none"> <li>Major failure in PPL-operated assets may result in multiple fatalities or serious injuries, environmental damage or pollution, production loss, reputational or asset damage</li> </ul>	<ul style="list-style-type: none"> <li>QHSE management system</li> <li>Process safety management system</li> <li>Mechanical integrity programme</li> <li>QHSE internal and external audits</li> <li>Management audits</li> </ul>	<ul style="list-style-type: none"> <li>A number of QHSE initiatives, including automated incident investigation and risk assessment processes, risk based inspections, enhanced QHSE engagement with contractors are planned</li> </ul>	LTIs for PPL and contractors remained within limits. The Company continues to be committed to the highest QHSE standards
2.	Inability to replenish reserves and portfolio optimisation	<ul style="list-style-type: none"> <li>Declining recoverable reserves</li> <li>Sustainability of operations</li> </ul>	<ul style="list-style-type: none"> <li>Aggressive local exploration programme</li> <li>Reassessment of existing producing assets for optimisation</li> <li>Asset-based organisation</li> </ul>	<ul style="list-style-type: none"> <li>Aggressive pursuit of farm-in/farm-out and acquisition opportunities</li> </ul>	This year, 431 Bcfe proven reserves were added/ re-classified. This represents 1.26 times PPL's share of hydrocarbons produced during the year
3.	Project execution as per defined cost, scope and timelines	<ul style="list-style-type: none"> <li>Performance issues, delays and cost overruns</li> </ul>	<ul style="list-style-type: none"> <li>Formal internal review and risk assessment processes</li> </ul>	<ul style="list-style-type: none"> <li>Implementation of lessons learnt</li> <li>Optimization of bidding cycle time</li> <li>Formal detailed risk assessment of contractor</li> </ul>	During the year, three major projects were completed. One project has been delayed due to uncontrollable external reasons. The Company is taking all measures to ensure completion of the outstanding project

# Directors' REPORT

	Risk	Impact	Existing controls and policies	Future mitigation plan	Performance during the year
4.	Non-extension of mining leases	<ul style="list-style-type: none"> <li>Sub-optimal recovery of hydrocarbons resulting in loss of economic benefits</li> </ul>	<ul style="list-style-type: none"> <li>Aggressive follow-up at the highest level for Sui mining lease</li> </ul>	<ul style="list-style-type: none"> <li>Follow-up for finalisation of D&amp;P lease and other associated contracts for Sui mining lease</li> <li>Optimise recovery of hydrocarbons from mining leases due to expire in the foreseeable future</li> </ul>	In May 2016, a Memorandum of Agreement (MoA) was executed between the Government of Pakistan and the Government of Balochistan for grant of D&P lease to PPL over Sui Gas Field, with effect from 1 June 2015. Subsequent to the year end the MoA has been approved by the Economic Coordination Committee and accordingly D&PL will be granted in due course.
5.	Security incidents at sites 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>Improved security infrastructure at well sites</li> <li>Continuous liaison with authorities</li> <li>Implementation of hybrid security model</li> </ul>	<ul style="list-style-type: none"> <li>Continual liaison with security agencies and other stakeholders</li> <li>Risk assessment and continuous monitoring</li> <li>Bridge security gaps in identified areas</li> </ul>	<p>The overall security conditions at PPL-operated locations has improved during the year 2015- 16 compared to previous years</p> <p>There has been one security incident that has resulted in loss of life of a contractor's employee</p>
6.	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> </ul>	<ul style="list-style-type: none"> <li>Technical Skill Pool focal persons to obtain feedback from assets on future skill needs based on the company's work plan and identify skill gaps</li> </ul>	During the year, PPL was able to attract qualified and competent professionals in all key areas. The Company continued to provide focused learning opportunities for development of staff. Attrition rate remained below 5 percent

	Risk	Impact	Existing controls and policies	Future mitigation plan	Performance during the year
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>Investment authorisation process with peer reviews and gate approvals</li> <li>Oil price forecasting</li> </ul>	<ul style="list-style-type: none"> <li>Capture market opportunities created in current oil price scenario</li> <li>Cost optimization and efficiency</li> </ul>	International crude oil price decline had an impact of approximately Rs. 1.2 billion on actual sales revenue and Rs. 0.6 billion on profit-after-tax against targets set for 2015-16
8.	Default or delay in settlement of Company's bills by customers	<ul style="list-style-type: none"> <li>Adverse cash-flows</li> </ul>	<ul style="list-style-type: none"> <li>Systematic escalation strategy for follow-up</li> <li>Active follow-up at all levels</li> <li>Actively pursue for resolution of technical disputes</li> </ul>	<ul style="list-style-type: none"> <li>Continuous follow-up at highest level</li> <li>Periodic debtors assessment</li> </ul>	Extensive efforts were made for improvement in overdue balances with special focus on non-government dues. Overdue trade debts as of 30 June, 2016 stand at about 72 percent of total trade receivables
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> </ul>	<ul style="list-style-type: none"> <li>Implementation of information classification policy</li> <li>Testing of disaster recovery plan</li> </ul>	Centralisation of technical data and applications have been completed. Backup policy was updated and is in approval process. Disaster recovery exercise is executed and monitored

## 7. GROUP PERFORMANCE

PPL has three fully-owned subsidiaries: PPL Europe E&P Limited (PPLE), PPL Asia E&P B.V. (PPLA) and The Pakistan Petroleum Provident Fund Trust Company (Private) Limited (PPPFTC) (together with PPL referred to as "the Group").

Financial statements of the group reflected decrease in consolidated profitability by 58%. Group sales revenue was recorded at Rs 80,809 million while profit-after-tax was at Rs 16,065 million in 2015-16, compared to Rs 105,941 million and Rs 38,207 million, respectively, in 2014-15.

The Group, except PPPFTC, is principally engaged in conducting exploration, prospecting, development and production of oil and natural gas resources. Brief profiles of the subsidiary companies are given below:

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

PPL established the wholly-owned subsidiary, on July 22, 2013, a company incorporated 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.

# Directors' REPORT

## PPL Europe E&P Limited

PPL 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 five exploratory blocks, three of which – Harnai, Ziarat and Barkhan – are in Pakistan and two – Block-3 and Block-29 – are in Yemen. The Company also has working interest in Sawan Gas Field.

During the year, PPLE contributed around Rs 658 million to the Group's revenue.

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

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

## Exploration

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

BLOCK-8, IRAQ	<ul style="list-style-type: none"> <li>3D seismic survey of 318 Sq Km was completed in August 2016 and its processing is in progress.</li> </ul>
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### PPL Europe E&P Limited

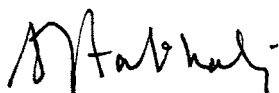
BLOCK 29 - YEMEN (Operator: OMV Yemen)	<ul style="list-style-type: none"> <li>The block is under Force Majeure since 21 April 2015 due to civil unrest</li> <li>Notice of Termination of PSA has been served to Ministry of Oil, Yemen, which is being contested by it</li> </ul>
BLOCK 3 - YEMEN (Operator: Total)	<ul style="list-style-type: none"> <li>The block is under Force Majeure since 23 April, 2015 due to civil unrest</li> <li>Reprocessing of 559 LKm data completed and interpretation in progress</li> </ul>
ZIARAT (Operator: MPCL)	<ul style="list-style-type: none"> <li>2D seismic survey of 175 LKm completed to appraise Khost discovery</li> </ul>
HARNAI (Operator: MPCL)	<ul style="list-style-type: none"> <li>G&amp;G activities on hold due to security issues.</li> </ul>

## 8. POST BALANCE SHEET EVENTS

- The external auditors M/s A. F. Ferguson & Co., Chartered Accountants, retire and are eligible for reappointment for the year 2016-17. The Audit Committee of the Board has recommended the reappointment of the retiring auditors.

- Mr. Waqar Ahmed Malik, resigned as a director effective 1 August, 2016 and accordingly a chairman of the Board will be elected by the directors.
- A report of a reputable international consulting firm (the Consultant) was received by the Company with respect to the valuation of the assets of MND Exploration and Production Limited. As a result of the Consultant's report, the Company has corrected the amounts reported in its financial statements for the years ended June 30, 2013, 2014 and 2015 retrospectively in accordance with the requirements of the International Accounting Standards - 8 'Accounting Policies, Changes in Accounting Estimates and Errors'. The above is more fully explained in note 2.3 (c)(ii) to the unconsolidated financial statements and note 3.3 (c)(ii) to the consolidated financial statements.

On behalf of the Board



AFTAB NABI  
DIRECTOR



SYED WAMIQ BOKHARI  
MANAGING DIRECTOR  
& CHIEF EXECUTIVE

Karachi: 18<sup>th</sup> January 2017



حوالے سے حاصل ہوئی۔ اس رپورٹ کے نتیجے میں، کمپنی نے 30 جون 2013، 2014 اور 2015 کو ختم ہونے والے مالی سالوں میں اپنے گوشواروں میں تصحیح کر دی ہے جو کہ 'اکاؤنٹنگ کی پالیسیوں، اکاؤنٹنگ کے تخمینوں اور غلطیوں' سے متعلق عالمی اکاؤنٹنگ کے معیار 8 کے مطابق ہے۔ اس کی مکمل تفصیل نوٹ 2.3(c)(ii) میں دیئے گئے غیر اشتهال شدہ مالی گوشواروں اور نوٹ 3.3(C)(ii) کے اشتهال شدہ مالی گوشواروں میں سے بیان کی گئی ہے۔

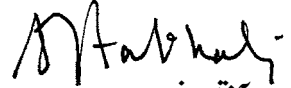
حسب الحکم بورڈ



سید واق بھٹاری

مینجنگ ڈائریکٹر

سی ای او



آفتاب نبی

ڈائریکٹر

18 جنوری 2017

3 اور بلاک۔ 29 یمن میں ہیں۔ کمپنی کی کاروباری شراکت ساون گیس فیلڈ میں بھی ہے۔ سال کے دوران، پی پی ایل ای نے گروپ کی آمدنی میں 658 ملین روپے کا حصہ ملا یا۔

پاکستان پیٹرولیم پروڈیٹس فنڈ ٹرسٹ کمپنی (پرائیویٹ) لمیٹڈ  
پاکستان پیٹرولیم پروڈیٹس فنڈ ٹرسٹ کمپنی (پرائیویٹ) لمیٹڈ (پی پی ایف ٹی سی) ایک پرائیویٹ لمیٹڈ کمپنی کے طور پر 7 نومبر 1955 کو پاکستان میں رجسٹرڈ ہوئی۔ یہ ذیلی ادارہ ملازمین کے مفاد کے لئے کمپنی کے قائم کئے گئے ٹرسٹ کی انتظام کاری انجام دیتا ہے

## ایکسپلوریشن

### پی پی ایل ایشیا ای اور پی پی وی

بلاک 8 عراق (آپریٹنگ پی پی ایل ایشیا)	3D سائز مک سروے کو اگست 2016 میں 316 مربع کلومیٹر ڈیٹا کے حصول کے ساتھ مکمل کیا گیا۔ اس وقت ڈیٹا کی تشریح کا عمل جاری ہے۔
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### پی پی ایل یورپ ای و پی لمیٹڈ

بلاک 29 یمن (آپریٹنگ: او ایم وی، یمن)	- جنگ کی بنا پر 21 اپریل 2015 سے بلاک کی تمام سرگرمیاں (Force Majeure) کے تحت بند ہیں۔ - وزارت تیل و معدنیات، حکومت یمن کو (پیٹرولیم سروسز) معاہدہ کی تینخ کے لئے نوٹس بھجوا دیا گیا تھا جس کے خلاف حکومت یمن نے دعوہ دائر کر دیا ہے
بلاک 3 یمن (آپریٹنگ ٹوٹل)	- جنگ کی وجہ سے (Force Majeure) کے تحت 23 اپریل 2015 سے بلاک میں کام بند ہے۔ - 599 لائن کلومیٹر 2D سائز مک ڈیٹا کی از سر نو پروسسنگ مکمل ہو چکی ہے جبکہ ڈیٹا کی تشریح کا عمل جاری ہے۔
زیارت (آپریٹنگ = ایم پی سی ایل)	- خوست کی تیل و گیس کی دریافت کا اندازہ لگانے کے لئے 175 لائن کلومیٹر 2D سائز مک ڈیٹا کا حصول مکمل ہو گیا ہے۔
ہرنائی (آپریٹنگ ایم پی سی ایل)	- ارضیاتی وارضی طبعیاتی تحقیق سیکورٹی کے مسائل کی وجہ سے تعطل کا شکار ہے۔

## 8۔ بیلنس شیٹ مکمل ہونے کے بعد واقعات

یورپی آڈیٹر میسرز اے ایف فرگوسن اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس اپنی مدت مکمل کر چکے ہیں اور 2016-2017 کے لئے دوبارہ بھرتی ہونے کے اہل ہیں۔ بورڈ کی آڈٹ کمیٹی نے ریٹائرڈ ہونے والے آڈیٹر کی دوبارہ بھرتی کی سفارش کی ہے۔  
بیلنس شیٹ کی تاریخ کے ختم ہونے کے بعد جناب وقار احمد ملک نے یکم اگست 2016 کو استعفیٰ دیا، ڈائریکٹرز بورڈ کے چیئرمین کو منتخب کریں گے۔

بیلنس شیٹ کی تاریخ کے ختم ہونے کے بعد، کمپنی کو عالمی شہرت یافتہ معروف مشاورتی فرم کی ایک رپوٹ ایم اینڈ ڈی ایکسپلوریشن و پروڈکشن کمپنی کے اثاثوں کی مالیت/قدر کے

9۔ انتہائی ضروری معلومات / اعداد و شمار کا گم ہو جانا کسی کا اس میں رد و بدل کر دینا	حساس معلومات کا گم ہو جانا، ساکھ کو نقصان پہنچنا اور سخت قانونی مضابطے کی کارروائی کا خطرہ	۔ آئی ایس ایم ایس پالیسی کا اطلاق ۔ نیٹ ورک کی بنیاد پر لائسنسنگ ۔ کسی حادثے کی صورت میں ڈیٹا کی بحالی اور بیک اپ کا انتظام	۔ معلومات کی درجہ بندی کی پالیسی کا اطلاق ۔ حادثے کی صورت میں معلومات کی بحالی اور سسٹم کے جاری رہنے کی آزمائشی مشق	۔ تکنیکی ڈیٹا اور ایپلیکیشنز کو ایک مرکز پر مجتمع کر دیا گیا ہے اور بیک اپ کی پالیسی کو اپ ڈیٹ کرنے کے بعد منظوری کے لئے بھیج دیا گیا ہے۔ حادثے کی صورت میں معلومات کی بحالی اور سسٹم کے جاری رہنے کی آزمائشی مشق کی گئی اور اس کی جانچ پڑتال بھی کی گئی۔
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## 7۔ گروپ کی کارکردگی

پی پی ایل کے تین مکمل ملکیتی ذیلی ادارے ہیں: پی پی ایل یورپ ای اینڈ پی لمیٹڈ (پی پی ایل ای)، پی پی ایل ایشیا ای اینڈ پی بی وی (پی پی ایل اے) اور پاکستان پیٹرولیم پروڈینٹ فنڈسٹرسٹ کمپنی (پرائیویٹ) لمیٹڈ (پی پی ایف ٹی سی) (دی گروپ)

گروپ کے مالیاتی گوشوارے مستحکم منافع میں 58 فیصد کمی ظاہر کر رہے ہیں۔ 2015-2016 میں گروپ کی فروخت آمدن 80,809 ملین روپے جبکہ قبل از ٹیکس منافع 16,065 ملین روپے ریکارڈ کیا گیا جبکہ 2014-2015 میں بالترتیب 105,941 ملین روپے اور 38,207 ملین روپے تھا۔

پی پی ایف ٹی سی کے علاوہ گروپ، تیل و گیس کے ذخائر کی ترقی و پیداوار، دریافت اور نئے ذخائر کی تلاش میں مصروف ہیں۔ ذیلی اداروں کے مختصر پروفائل حسب ذیل ہیں:

### پی پی ایل ایشیا ای اینڈ پی بی وی

پی پی ایل نے 22 جولائی 2013 کو مکمل ملکیتی ذیلی ادارہ، پی پی ایل ایشیا ای اینڈ پی بی وی (پی پی ایل اے) کی بنیاد رکھی جسے ایسٹرڈم، ہالینڈ میں رجسٹرڈ کیا گیا۔ پی پی ایل اے تیل و گیس کی

دریافت و پیداوار کی کمپنی ہے جو عراق کی مڈ لینڈ آئل کمپنی کے ساتھ دریافتی، ترقی و پیداوار کی خدمات معاہدے (ای ڈی پی ایس سی) تحت بلاک 8، عراق میں 100 فیصد کاروباری حصہ داری کی حامل ہے۔

### پی پی ایل یورپ ای اینڈ پی لمیٹڈ

پی پی ایل نے 21 مارچ 2013 کو ایم این ڈی ایکسپلوریشن و پروڈکشن لمیٹڈ کی 100 فیصد شراکت داری حاصل کر لی تھی اور کمپنی کو برطانیہ اور ویلز میں رجسٹرڈ کیا گیا۔ ملکیت حاصل کرنے کے بعد،

ذیلی ادارے کا نام تبدیل کر کے پی پی ایل یورپ ای اینڈ پی لمیٹڈ (پی پی ایل ای) رکھ دیا گیا۔

تیل و گیس کی دریافتی و پیداوار کی کمپنی، پی پی ایل ای اس وقت پانچ دریافتی بلاکس میں شراکت دار ہے جن میں سے تین ہرنائی، زیارت اور بارکھان۔ پاکستان میں ہیں اور دو بلاک۔

6۔ مطلوبہ انسانی وسائل کی فراہمی اور انکی تربیت و ترقی	مطلوبہ صلاحیتوں کی کمی جو کاروباری کارکردگی کو متاثر کرے	<p>ہر جاب گروپ اور شعبے کے لئے صلاحیتوں کے میٹرکس کی تیاری</p> <p>سینئر عملے کے لئے رہنمائی پروگرام</p> <p>وسیع تر خود مختاری کے لئے اثاثہ جاتی ڈھانچہ</p> <p>عملے کے ہیڈ آفس اور فیلڈز کے درمیان تبادلے اور سینئر سطح پر ذمہ داریاں لینے کے لئے عملے کی تربیت</p>	<p>تکنیکی مہارت کے حامل افراد کی ٹیم کے نمائندوں کے ذریعے مختلف اثاثوں سے مستقبل میں کمپنی کے ورک پروگرام کے حوالے سے مطلوبہ مہارت کے بارے میں رائے لیں گے، صلاحیتوں کے موجودہ خلا کی نشاندہی کریں گے</p>	<p>پی پی ایل رواں سال کے دوران قابل، پیشہ ور افراد کو عملے کا حصہ بنانے میں کامیاب رہی ہے۔ ساتھ ہی کمپنی نے عملے کی ترقی کے لئے خصوصی تربیتی پروگرام منعقد کئے</p> <p>کمپنی کو چھوڑ کر جانے والے عملے کی شرح 5% فیصد سے کم رہی</p>
7۔ خام تیل کی قیمتوں میں کمی	کاروباری منافع میں کمی جو معاشی منصوبہ بندی کو متاثر کرے	<p>سرمایہ کاری کے منصوبوں کی منظوری کے لئے دو یا زائد عملے/ممبران کو جائزہ لینے کے لئے شامل کرنا (peer review)</p> <p>ساتھ ہی مرحلہ وار منظوری (Gate approval) کے طریقہ کار کا اطلاق</p> <p>تیل کی قیمتوں کا پیشگی اندازہ لگانا</p>	<p>تیل کی قیمتوں کی موجودہ صورت حال کے پس منظر میں مارکیٹ میں موجود امکانات سے فائدہ اٹھانا</p> <p>مطلوبہ قیمت میں بہترین کارکردگی اور نتائج کا حصول</p>	<p>عالمی سطح پر خام تیل کی قیمت میں کمی سے 2015-2016 کے لئے طے شدہ اہداف کے مقابلے میں آمدن فروخت میں 1.2 بلین روپے اور بعد از ٹیکس منافع میں 0.6 بلین روپے کی کمی واقع ہوئی ہے۔</p>
8۔ گاہکوں کی جانب سے کمپنی کے بلوں کی ادائیگی میں تاخیر یا عدم ادائیگی	نقد رقم کی فراہمی میں منفی اثر	<p>متعلقہ حکام کو شامل کرتے ہوئے (بلوں کی ادائیگی کے لئے) رابطے کی حکمت عملی</p> <p>ہر مرحلے پر مسلسل رابطہ کرنا</p> <p>تکنیکی مسائل کو حل کرنے کے لئے سرگرم کوششیں</p>	<p>حکام بالا کو شامل کرتے ہوئے (بلوں کی ادائیگی کے لئے) رابطے</p> <p>نادہندگان کی فہرست کا وقفے وقفے سے جائزہ</p>	<p>بلوں کی ادائیگی میں، خصوصاً حکومتی اداروں کی جانب سے کی جانے والی تاخیر کے معاملات کو حل کرنے کے لئے مسلسل کوششیں کی گئیں۔</p> <p>متعلقہ وغیرہ متعلقہ اداروں کے عدم ادائ شدہ واجبات جون 30، 2016 کو کل واجبات کا 72 فیصد رہے۔</p>

3۔ منصوبوں کی لاگت، دائرہء کار اور مقررہ وقت پر پورا نہ ہونا	مطلوبہ کارکردگی نہ ہونا، کام میں تاخیر اور لاگت سے تجاوز	عملے کے ذریعے خطرات کی جانچ کا باقائدہ طریقہ	سیکھے گئے تجربات کا اطلاق کرنا اور بولی لگانے کے وقت کو ممکنہ حد تک بہتر بنانا (کم سے کم کرنا)۔ ٹھیکیدار سے متعلق خطرات کا باقائدہ طور پر تفصیلی جائزہ لینا	سال کے دوران تین اہم منصوبے مکمل ہوئے۔ ایک منصوبہ بیرونی عوامل کی وجہ سے تاخیر کا شکار ہوا۔ کمپنی اس منصوبے کی تکمیل کیلئے تمام تر ممکنہ اقدامات کر رہی ہے۔
4۔ مائننگ لیز کی مدت میں توسیع نہ ہونا	ذخائر سے پیداوار کے نامکمل حصول پر معاشی خسارہ	سوئی کی مائننگ لیز میں توسیع کے لئے اعلیٰ سطح پر سرگرم اقدامات	سوئی کیلئے ڈی این پی ایل لیز حاصل کرنے اور دیگر متعلقہ معاہدوں کی تکمیل کیلئے حکام سے بات چیت	مئی 2016 میں حکومت پاکستان اور حکومت بلوچستان کے مابین ایک مفاہمتی یادداشت پر دستخط ہوئے تاکہ پی پی ایل کو یکم جون، 2015 سے سوئی گیس فیلڈ کے لئے ڈی اینڈ پی لیز دی جائے۔ سال ختم ہونے کے بعد اس معاہدہ پر اقتصادی رابطہ کمیٹی نے منظوری دے دی ہے۔ اور جلد ہی پی پی ایل سوئی سے پیداوار جاری رکھنے کے لئے ڈی این پی لیز دی جائے گی۔
5۔ کمپنی کے مقامات پر سیکوریٹی کے ایسے حادثات وقوع پزیر ہونا جن سے آپریشنز اور دریافتی سرگرمیاں متاثر ہوں	ممکنہ اموات اور زخمی، آپریشنز میں تاخیر، ساکھ کو نقصان	ویل سائٹ پر سیکوریٹی کے نظام میں بہتری۔ متعلقہ حکام سے مسلسل رابطہ۔ مربوط سیکوریٹی ماڈل کا اطلاق	متعلقہ سیکوریٹی اداروں اور شراکت داروں سے مسلسل رابطہ۔ خطرات کا جائزہ اور اس پر قابو پانے کے لئے مسلسل کوششیں۔ متعلقہ علاقوں میں سیکوریٹی کو بہتر بنانے کے لئے نشاندہی کئے گئے خلاء کو پر کرنا	پی پی ایل کے آپریٹنگ علاقوں میں پچھلے سالوں کی نسبت 2015-2016 کے دوران مجموعی طور پر سیکوریٹی کی صورت حال بہتر ہوئی ہے، ماسوائے ایک واقعہ کے جس میں ٹھیکے دار کے ایک کارکن کی موت واقع ہوئی

کیلئے ذمہ دار ہیں اور اس کام میں جوابدہ (Response Owners) اور دیگر عملہ ان کی معاونت کرتا ہے۔

سال کے دوران پی پی ایل میں خدشات کی انتظام کاری کے طریقہ کار کو مزید مستحکم کرنے کیلئے بورڈ نے کمپنی کے پہلے انٹرا زرسک مینجمنٹ فریم ورک کی منظوری دی ہے۔ جو خطرات کی انتظام کاری کیلئے ایک منظم اور جامع معیار فراہم کرتی ہے تاکہ کمپنی کی تمام کاروباری سرگرمیوں سے وابستہ خدشات انتظام کیلئے غیر متزلزل طریقہ کار اپنایا جاسکے ساتھ ہی اس فریم ورک سے نگرانی اور جواب دہی کی وضاحت کے ساتھ خدشات کی انتظام کاری کا مربوط طریقہ بھی واضح ہوا۔

کمپنی کا رسک رجسٹر کاروباری کے لحاظ سے ان تمام خدشات کی نشاندہی کرتا ہے جو جوابی اقدامات لینے سے پہلے نوٹ کیے گئے ہوں جنہیں پھر جوابی اقدامات لینے سے قبل اور بعد میں (Inherent and Residual Risk) کی سطح پر جانچا جاتا ہے تاکہ کمپنی کی خطرات کو قابو کرنے اور کم کرنے کیلئے کیے جانے والے اقدامات کی صلاحیت کا اندازہ لگایا جاسکے۔

## اہم خطرات

مندرجہ ذیل جدول میں ان اہم خدشات کی نشاندہی پر کی گئی ہے جو کہ کمپنی کی اپنی حکمت عملی کے اہداف کے حصول کی صلاحیت کو بری طرح متاثر کر سکتی ہے۔

خطرہ	اثر اندازی	مرتبہ کنٹرول اور پالیسیز	تخفیف کے لئے منصوبہ بندی	سال کے دوران کارکردگی
1۔ کیو ایچ ایس ای کی ناکامی	پی پی ایل کے آپرینڈ اثاثوں میں ہونے والی بڑی خرابی کثرت اموات یا زخمیوں کی بڑی تعداد، ماحولیاتی تباہ کاری یا آلودگی، پیداواری خسارہ، اثاثے یا ساکھ کو نقصان پہنچانے کا باعث بن سکتی ہے۔	کیو ایچ ایس ای کا انتظامی نظام طریقہ کار میں تحفظ کا انتظامی نظام میکینیکل انٹیکریٹ پروگرام کیو ایچ ایس ای پروگرام کی جانچ کے لئے عملے اور بیرونی ماہرین کے ذریعے آڈٹ انتظامی عملے کا آڈٹ	کیو ایچ ایس ای کے حوالے سے کئی اقدامات کی منصوبہ بندی کی گئی ہے، بشمول واقعے کی تحقیق اور خطرات کی جانچ کے خود کار طریقہ کار، خدشات کو مد نظر رکھتے ہوئے تحقیقات/ جائزہ، ٹھیکے داروں کے ساتھ کیو ایچ ایس ای پر مسلسل رابطہ	پی پی ایل اور ٹھیکے داروں کی سرگرمیوں کے دوران حادثات کے باعث ضائع ہونے والے کام کے وقت ایل ٹی آنرز (LTIS) دی گئی حدود کے اندر رہے کمپنی کیو ایچ ایس ای کے بہترین معیار کے نفاذ پابند رہی ہے
2۔ ذخائر کی بحالی اور دریافتی و پیداواری اساسوں سے موثر طور پر فائدہ اٹھانے میں ناکامی	قابل حصول ذخائر کی تخفیف آپریشنز کی پائیداری	مقامی وسائل سے دریافت کا جارحانہ پروگرام حالیہ پیداواری اساسوں بہتر نتائج حاصل کرنے کے لئے ان کی از سر نو جانچ اساسوں کی بنیاد پر پتی ادارے کا فریم ورک	فارم-ان (اساسوں میں کاروباری شراکت حاصل کرنے) فارم-آؤٹ (دیگر کمپنیوں کو اثاثوں کی کاروباری شراکت میں شامل کرنے) اور اثاثے حاصل کرنے کی تیز تر کوششیں	اس سال 431 بلین کیوبک فٹ ای تصدیق شدہ ذخائر شامل / از سر نو ترتیب دئے گئے جو اس بات کا مظہر ہے کہ پی پی ایل نے اس سال اپنے پیداواری حصے سے 1.26 گنا زیادہ پیداوار حاصل کی



- 7- کمپنی کے ایک جاری کاروباری ادارے ہونے کی صلاحیت کے تسلسل میں کوئی ابہام نہیں ہے۔
- 8- گذشتہ سال کے آپریٹنگ نتائج سے واضح انحراف کی وجوہات کو ڈائریکٹر رپورٹ کے متعلق سیکشن میں وضاحت کے ساتھ بیان کیا گیا ہے۔
- 9- گذشتہ چھ سال کے اہم آپریٹنگ اور مالی ڈیٹا سالانہ رپورٹ کے صفحہ نمبر 124 پر دیئے گئے ہیں۔
- 10- واجب الادہ ٹیکس، ڈیوٹیز، لیویز اور چارجز: Notes to the Account میں دیئے گئے ہیں۔
- 11- کارپوریٹ سطح، پرکاروبار کو از سر نو منظم کرنے، وسعت دینے اور امور کو جاری نہ رکھنے کے حوالے سے اہم منصوبوں اور فیصلوں کو واضح طور پر ظاہر کیا گیا ہے۔ مستقبل کے امکانات، خطرات اور غیر یقینی صورتحال کے بارے میں ڈائریکٹر رپورٹ کا مطلوبہ سیکشن میں اظہار کر دیا گیا ہے۔
- 12- چیئرمین اور بورڈ کے دیگر ممبران کی تقرری ان کی تقرری کی شرائط اور مقرر کردہ معاوضے کی پالیسی کمپنی کے بہترین مفاد میں اور بہترین اصولوں پر استوار ہیں۔
- 13- کمپنی کے سماجی مقاصد اور اس حوالے سے کئے گئے اقدامات سے متعلق کارکردگی کے اظہار کے اہم اعداد و شمار ڈائریکٹر رپورٹ کے مطلوبہ سیکشن میں بیان کئے گئے ہیں
- 14- آخری آڈٹ شدہ اکاؤنٹس مورخہ 30 جون 2016 کو ملازمین کے ریٹائرمنٹ فنڈ میں سرمایہ کاری کی قدر حسب ذیل ہے:

سینیئر پروویڈنٹ فنڈ	2,546.148
جونیئر پروویڈنٹ فنڈ	1,305.810
ایگزیکٹو اسٹاف گریجویٹ فنڈ	715.119
نان ایگزیکٹو اسٹاف گریجویٹ فنڈ	950.010
ایگزیکٹو اسٹاف پینشن فنڈ	7,770.157
نان ایگزیکٹو اسٹاف پینشن فنڈ	1,963.069

- 15- سال کے دوران بورڈ آف ڈائریکٹرز اور کمیٹیوں کی میٹنگ کی تعداد اور ہر ڈائریکٹر کی حاضری سالانہ رپورٹ کے صفحہ نمبر 22 پر دی گئی ہیں۔ بورڈ کے وہ ممبران جو کسی عذر کے باعث اجلاس میں شرکت نہ کر سکے تھے ان کی رخصت دی گئی تھی۔
- 16- ڈائریکٹر صرف بورڈ یا کمیٹی میٹنگ میں شرکت کرنے کی فیس وصول کرتے ہیں۔ ہر ڈائریکٹر کو ادائیگی فیس کی تفصیل سالانہ رپورٹ کے صفحہ 22 پر بیان کی گئی ہے۔
- 17- 30 جون 2016 تک سال کے دوران کچھ ایسے حصص یافتگان جن کے کمپنی میں حصص کے (خرید و فروخت) کے طرز کو جیسے قواعد و ضوابط کے لحاظ سے ظاہر کرنا ضروری ہے، ساتھ ہی ڈائریکٹرز، ایگزیکٹو کے بچوں کی جانب سے حصص کی خرید و فروخت کی تفصیل سالانہ رپورٹ کے صفحہ 295 پر دی گئی ہے۔

## 6.2- خطرات کی انتظام کاری

ای آر ایم فریم ورک

اس بات کا ادراک کرتے ہوئے خدشات کی مؤثر انتظام کاری کمپنی کی صلاحیت کو اپنی حکمت عملی کے مقاصد کے حصول کیلئے بڑھاتی ہے ساتھ ہی اس کے کاروبار، عملے اور سائبر سیکورٹی کی حفاظت بھی کرتی ہے، بورڈ اپنی حکمت عملی و قیادت کرنے کے کردار کی وجہ سے خدشات کی مؤثر انتظام کاری اور داخلی انضباطی نظام کو برقرار رکھنے کا پابند ہے۔ اس ضمن میں انٹرپرائز رسک مینجمنٹ کمیٹی بورڈ کی معاونت کرتی ہے جو کہ خدشات کے انتظامی طریقہ کار کی عمل داری، باقاعدگی سے بنیادی خدشات کا جائزہ اور اس سے ہونے والے اثرات کا کمپنی کی برداشت کرنے کی سطح کا تعین کرتی ہے۔

اعلیٰ ترین انتظامی سطح پر ایک ایگزیکٹو رسک مینجمنٹ کمیٹی تشکیل دی گئی ہے جس میں بنیادی و معاون شعبوں کی نمائندگی ہوتی ہے اور اس کی سربراہی سی ایف او کرتے ہیں جو خدشات کی انتظام کاری کی پالیسیوں اور طریقہ کار کے یکساں اطلاق میں مددگار ثابت ہوتی ہے۔ جس نے کمپنی کی سطح پر خدشات سے نمٹنے کے فہم کو رواج دینے کے عمل کو جلا بخشی ہے۔ اس طریقہ کار میں کمپنی میں خدشات (رسک) کی ذمہ داری قبول کرنے کی روایت کو فروغ دیا ہے جس میں ڈائریکٹوریٹ اور فنکشنز کے سربراہ خطرات کی جانچ اور انتظام کاری

کمپنی حصص یافتگان کی تمام اجلاسوں میں متحرک شرکت اور ان کی رائے کی حوصلہ افزائی کرتی ہے۔ کمپنی اپنے کاروباری شراکت داروں، متعلقہ مقامی آبادیوں اور دیگر شراکت داروں کے حوالے سے قانونی و کاروباری حقوق سے آگاہ ہے اور ان کی توقعات کو پورا کرنے کیلئے مناسب اقدامات کرتی ہے۔

### حصص کی رپورٹنگ اور کھاتہ بندی کی مدت

بورڈ کی میٹنگ سے پہلے کمپنی ایک کھاتہ بندی کی مدت کا اعلان کرتی ہے جس میں ڈائریکٹرز چیف ایگزیکٹو آفیسر یا کمپنی کے ایگزیکٹو اور ان کے شریک حیات براہ راست یا بالواسطہ طور پر اپنے حصص کی خرید و فروخت نہیں کر سکتے۔

بورڈ واضح طور پر بیان کی گئی درجہ بندی کے مطابق ملازمین کا بحیثیت ”ایگزیکٹو“ ضابطہ اخلاق کی شق نمبر 11-19-5 کا سالانہ جائزہ لیتا ہے۔ جس کے تحت متعلقہ ملازمین کو کمپنی کے حصص کی خرید و فروخت اور اس کے اعلان کے لئے اضافی ضوابط کو پورا کرنا پڑتا ہے۔ کمپنی کے ڈائریکٹرز، چیف ایگزیکٹو آفیسر، چیف فنانسنگ آفیسر اور ایگزیکٹو کو تحریری نوٹس جاری کئے جاتے ہیں کہ وہ اپنے شریک حیات کے ذریعے کمپنی کے حصص کی خرید و فروخت کی فوری تحریری اطلاع دیتے ہیں اور کوڈ قوانین حصص کی نوعیت، قیمت، تعداد کا تحریری ریکارڈ کمپنی میکر ایٹری کو پیش کرتے ہیں۔ ان کی طرف سے تحریری طور پر کی جانے والی شیئرز کی خرید و فروخت کی تفصیل پاکستان اسٹاک ایکسچینج کے سامنے پیش جمع کئے جاتی ہیں۔

### بورڈ اور سی ای او کی کارکردگی کا جائزہ

بورڈ اور بورڈ کی کمیٹیاں اپنی اثر پذیری میں بہتری لانے کی مسلسل کوشش کرتی ہیں اور اپنی کارکردگی کو جانچنے کیلئے سالانہ جائزہ بھی کرتی ہیں۔ بورڈ کا رپورٹ گورننس قوانین و طریقوں میں بہتری کا جائزہ لیتا ہے تاکہ کمپنی اور اس کے ذریعے بہترین طریقوں کو یقینی بنایا جائے۔

کارپوریٹ گورننس کے کوڈ کے تحت ایک اعلیٰ کارکردگی کا مظاہرہ کرنے والے بورڈ کی حیثیت سے اپنی اثر پذیری کو جاری رکھنے کے لئے 2015-2016 میں ایک بیرونی تجزیہ کار انجینی کے ذریعے بورڈ کی کارکردگی کا عمل شروع کیا گیا، بورڈ طے شدہ آپریشنل، مہارتی طریقہ کار اور حکمت عملی مقاصد کو مد نظر رکھتے ہوئے چیف ایگزیکٹو آفیسر کی کارکردگی کا بھی جائزہ لیتا ہے۔

### پالیسیوں کا جائزہ

سال کے دوران گورننس پالیسیوں کے تجربے کی ایک مشق کی گئی جس کے نتائج جون 2016 میں بورڈ کو پیش کئے گئے۔ اس وقت سے تمام مہم اور فرسودہ پالیسیوں کا دوبارہ سے جائزہ لیا جا رہا ہے، جنہیں بورڈ کی توجہ حاصل کر کے تبدیل کیا جائے گا یا پھر نئی پالیسیاں منظوری کے لئے پیش کی جائیں گی۔

### تعمیلی بیانات:

بورڈ آف ڈائریکٹرز بتاتے ہوئے مسرت محسوس کرتے ہیں کہ:

- 1۔ بورڈ نے کارپوریٹ گورننس کے اصولی پاسداری/تعمیر کئے ہیں
- 2۔ کمپنی انتظامیہ کے تیار کردہ مالیاتی کو گوشوارے اس کے معاملات، آپریشنز کے نتائج، نقدی کی نقل و حمل اور کمپنی کے عمومی حصص میں تبدیلی کی حقیقی اور واضح منظر پیش کرتے ہیں
- 3۔ کمپنی نے کھاتہ داری کی کتب کو باقاعدگی سے منظم کیا ہے۔
- 4۔ مالیاتی گوشوارے بنانے میں درست اکاؤنٹنگ پالیسیوں کا اطلاق کیا گیا ہے اور اکاؤنٹنگ پالیسی میں کسی بھی قسم کی تبدیلی گوشوارے میں ظاہر کی گئی ہے۔ اکاؤنٹنگ کے تخمینوں کو فہم اور دانش مندانہ فیصلہ سازی کے تحت تیار کیا گیا ہے۔
- 5۔ پاکستان میں رائج بین الاقوامی مالیاتی رپورٹنگ کے معیار کو مالیاتی گوشواروں کی تیاری میں مد نظر رکھا گیا ہے اور اس سے کسی بھی قسم کے انحراف کو باقاعدہ طریقے سے آشکار کیا گیا ہے اور اس کی وضاحت کی گئی ہے۔
- 6۔ انٹرئل کنٹرول کے نظام ڈیزائن کے اعتبار سے مستند ہیں اور ان کا مثبت اطلاق، باقاعدگی سے جائزہ اور نگرانی کی جاتی رہی ہے۔

## بورڈ رپورٹنگ

کمپنی کے کارپوریٹ گورننس اقدامات کے حصہ کے طور پر، بورڈ نے کمپنی کی آپریشنل اور مالیاتی کارکردگیے آگاہ رہنے کے لئے اہم اشاروں پر واضح شدہ ماہانہ رپورٹنگ کا نظام شروع کیا ہے۔ یہ رپورٹ کمپنی کی کارکردگی کو سمجھنے کا آلہ کار ہے۔ جس سے بوقت ضرورت حکمت عملی کو بروقت تبدیل کرنے کا بہترین موقع ملتا ہے۔ ماہانہ فلڈیش رپورٹ کارکردگی اور وقف کیے گئے بجٹ کا موازنہ پیش کرتے ہوئے رہ جانے والے فرق پر اظہار خیال کرتی ہے۔

## کارپوریٹ گورننس

مستحکم کارپوریٹ گورننس پی پی ایل کے کاروبار کی سالمیت اور کمپنی پر سرمایہ کار کے اعتماد کے لئے بے حد ضروری ہے۔ اچھی گورننس کی ذمہ داری بنیادی طور پر بورڈ آف ڈائریکٹرز پر عائد ہوتی ہے۔ جو کلی طور پر کمپنی میں اچھی گورننس کے لئے پالیسیاں، طریقہ کار وضع کرنے اور اس کے اطلاق کو یقینی بنانے کے پابند ہیں۔

## بورڈ میں عارضی اسامی

گذشتہ سال بورڈ آف ڈائریکٹرز کی سطح پر ایک نشست خالی ہوئی تھی اور رواں سال کے دوران بھی شہباز یاسین ملک کے استعفیٰ سے ایک نشست اور خالی ہوئی۔ ان نشستوں کو پُر کرنے کے لئے بورڈ کی نامزدگی کمیٹی کے سفارشات کی روشنی میں حکومت پاکستان سے وصول ہونے والی نامزدگی پر بورڈ آف ڈائریکٹرز جلد عمل درآمد کریں گے۔

## بورڈ کی تشکیل

کارپوریٹ گورننس کے اصول (کوڈ) اور سیکورٹیز و اینچینج کمیشن برائے پاکستان کے پبلک سیکورٹیز (کارپوریٹ گورننس) قوانین 2013 کے مطابق بورڈ کے ہر ڈائریکٹر کا خواہ وہ ایگزیکٹو ہو یا نان ایگزیکٹو یا آزاد ہر ایک کی قانونی حیثیت رپورٹ میں بیان کی گئی ہے۔ پانچ ڈائریکٹرز کو ڈائریکٹرز کوڈ اور قوانین میں دیئے گئے طریقہ کار کے مطابق آزاد قرار دیئے گئے۔

## قابل اعتماد ہونے کی ذمہ داریاں اور ڈائریکٹرز کی تربیت

ڈائریکٹرز اپنے فرائض اور ذمہ داریوں سے بخوبی آگاہ ہیں اور کمپنی کے قوانین و ضوابط کے مطابق بہترین طرز پر اپنی قابل اعتماد ہونے کی ذمہ داریاں نبھانے کی کوشش کرتے ہیں۔

سال کے دوران دو ڈائریکٹرز نے پاکستان انسٹیٹیوٹ برائے کارپوریٹ گورننس کے کارپوریٹ گورننس لیڈرشپ اسکول پروگرام میں شرکت کی۔

## ڈائریکٹرز اور ملازمین کے لئے ضابطہ اخلاق

ڈائریکٹرز اور ملازمین سے کمپنی کا ضابطہ اخلاق پیشہ وارانہ معیار اور اخلاقی رویہ کا تقاضا کرتا ہے اور انہیں ایک ایماندارانہ اور ذمہ دارانہ رویے کے اظہار کا پابند کرتا ہے۔ ضابطہ اخلاق کمپنی کے تمام ڈائریکٹرز اور ملازمین کو فراہم کیا گیا ہے تاکہ وہ اس کی پابندی کر سکیں۔

## شرکت داروں کے حقوق تسلیم کرنا

کمپنی تمام شرکت داروں بشمول حصص یافتگان، ملازمین، سرمایہ لگانے والے افراد، قرض خواہ، کاروباری شرکت دار اور مقامی آبادیوں کے حقوق کو تسلیم کرتی ہے۔ اسی طرح

اہم پالیسیوں کی فہرست  
 - کیوانچ ایس ای پالیسی  
 - سگریٹ نوشی پالیسی  
 - کار سیٹ بیلٹ پالیسی  
 - کمیونیکیشن (رابطے) کی پالیسی  
 - حادثہ کی اطلاع (Incident reporting) پالیسی  
 - انٹرپرائز رسک مینجمنٹ کی پالیسی  
 - بیرونی آڈیٹرز کے گردشی تادارے کی پالیسی  
 - بیرونی آڈیٹرز سے اضافی خدمات کے حصول کی پالیسی  
 - وسل بلونگ پالیسی  
 - جنسی طور پر ہراساں کرنے کی پالیسی  
 - انسانی وسائل کی انتظام کاری کی پالیسی  
 - پائیدار ترقی کے لیا یکسپوریشن اور فارم - ان / فارم - آؤٹ حکمت عملی  
 - ضابطہ اخلاق

کاروباری اخلاقیات اور کرپشن کے خلاف اقدامات  
 یہ کمپنی کی بنیادی پالیسی ہے کہ اپنے کاروباری امور کو ایمانداری، سالمیت اور قانونی و اخلاقی معیار کی بلند ترین سطح کے مطابق انجام دے۔ اس ضمن میں، تمام ملازمین کے لئے کاروباری اخلاقیات کے اصولوں کی منظوری اور فہم کے اعتراف کا سالانہ سرٹیفیکیٹ فراہم کرنا ضروری ہے۔  
 علاوہ ازیں، پی پی ایل بھرتیوں، تربیت اور ملازمین کی بہتری میں نسل، صنف، مذہب، معدوری یا خاندانی حیثیت کی بنیاد پر تفریق نہیں کرتی۔

### کارپوریٹ گورننس اقدامات خط نمائندگی

بورڈ نے انتظامیہ کے ذریعے متواتر خود تشخیصی کا ایک منظم طریقہ لاگو کیا ہے، جو مالیاتی گوشواروں اور کمپنی کے آپریشنز سے متعلق اہم اندرونی اختیار کا جائزہ اور اہم اقدامات کی توثیق کا احاطہ کرتا ہے۔ تاکہ انتظامیہ اپنے بہترین علم کو بروئے کار لاتے ہوئے اس پر عمل درآمد کر سکے۔

### وسل بلونگ پالیسی

کمپنی سالمیت، اخلاقی قدروں اور احتساب کے اعلیٰ ترین معیار کے حصول اور اسے برقرار رکھنے کے عہد کی پاسداری کی پابند ہے اور اس ضمن میں ایک قابل عمل وسل بلونگ پالیسی کا اطلاق کیا گیا ہے  
 ساتھ ہی اضافی اقدامات کے ذریعے شناخت کو صیغہ راز میں رکھنے اور شکایات کو مجتمع کرنے کے عمل کو محفوظ بنانے کے لئے بورڈ نے تمام متعلقہ افراد کو ایک ایسا طریقہ کار مہیا کیا ہے تاکہ وہ اعتماد کے ساتھ اپنی بات کو پہنچا سکیں۔ اس امر سے ضابطہ کار کو مزید مستحکم کرنے میں مدد ملی اور لوگوں سے حاصل ہونے والی آراء سے بہت بہتری آئی۔

انٹرنیٹ پر اپ لوڈ کر دیا گیا۔

کراچی میں پی پی ایل ویسٹ وہارف کے دفتر میں کاروباری تسلسل کے حوالے سے ایک شعبہ قائم کیا گیا۔

## 6 گورننس اور خطرات کی انتظام کاری

### 6.1 گورننس

#### گورننس فریم ورک

#### بورڈ کمیٹیاں

بورڈ نے ضابطہء اخلاق برائے کارپوریٹ گورننس، 2012 اور پبلک سیکٹر کمپنیز (کارپوریٹ گورننس) قوانین، 2013 کے تحت حسب ذیل چھ کمیٹیاں قائم کیں:

1۔ حکمت عملی اور آپریشنز کمیٹی

2۔ ہیومن ریسورسز کمیٹی

3۔ آڈٹ کمیٹی

4۔ انٹرپرائزر رسک کمیٹی

5۔ پروکیورمنٹ کمیٹی

6۔ نامزدگی کمیٹی

کمیٹیوں کی ساخت، کردار اور حدود کا تعین سالانہ رپورٹ کے متعلقہ حصوں میں کیا گیا ہے۔

#### انٹرنل آڈٹ

کمپنی کا ایک خود مختار انٹرنل آڈٹ فنکشن ہے، جو بورڈ آڈٹ کمیٹی کو براہ راست رپورٹ کرتا ہے۔ شعبہ کی سربراہی جنرل منیجر کرتا ہے جو بورڈ آڈٹ کمیٹی کے چیئرمین کو رپورٹ کرتا ہے۔

انٹرنل آڈٹ کے افراد کو کمپنی کے تمام ریکارڈز اور معلومات تک غیر محدود رسائی حاصل ہوتی ہے تاکہ موثر طریقے سے ذمہ داری انجام دے سکیں۔ انٹرنل آڈٹ کا دائرہ کار، بورڈ سے منظور شدہ انٹرنل آڈٹ چارٹر میں واضح طور پر بیان کیا گیا ہے۔

#### بورڈ میٹنگز

بورڈ کی میٹنگ سال میں 13 مرتبہ منعقد ہوئی جس میں 88 فیصد ممبران نے شرکت کی۔ اس کے علاوہ بورڈ کی مختلف کمیٹیوں کی سال میں 25 میٹنگز ہوئیں۔ ہر ممبر کی میٹنگ میں حاضری کی تفصیل سالانہ رپورٹ کے صفحہ نمبر 22 پر دی گئی ہے۔

بنانے کے لئے انفارمیشن سیکورٹی مینجمنٹ سسٹم 2013:27001 کا اطلاق کیا جا رہا ہے۔ ساتھ ہی خدمات کی بہتر فراہمی کے لئے سروس ڈیلیوری مینجمنٹ فریم ورک کا نفاذ بھی کیا گیا ہے۔

## SAP کا بہتر استعمال

SAP کا استعمال بڑھانے اور ادارہ جاتی تبدیلیوں کو شامل کر کے لئے اس کی از سر نو تبدیلی کا پروجیکٹ کا آغاز کیا گیا۔ منصوبہ بہترین طریقے سے جاری ہے اور سالانہ طے شدہ اہداف میں سے 95 فیصد حاصل کر لئے گئے ہیں۔ تمام انتظامی عملے کو SAP کی سہولت فراہم کی گئی ہے اور اب وہ اپنی کارکردگی کا جائزہ، چھٹیوں اور سفر کی درخواستیں SAP کے ذریعے پروسیس کرتے ہیں۔

سال کے دوران درج ذیل اہم طریقہ کار کا اطلاق کیا گیا:

۔ عملے کی کارکردگی کی انتظام کاری

۔ حاضری کی انتظام کاری کا نظام جسے تنخواہ سے منسلک کیا گیا ہے

۔ اور ٹائم کی پیشگی اجازت

۔ ای۔ پروکیورمنٹ

۔ ہسپتال کا انتظامی نظام

۔ آپریشنل سطح پر فیصلہ سازی کے لئے ڈیش بورڈز

## دیگر اہم منصوبوں کی تکمیل

۔ ایکسپلوریشن اور پرنٹنگ کی تکنیکی اپیلیکیشنز کو مرکزی طور پر مجتمع کیا گیا تاکہ اس کے ذریعے مختلف شعبہ جاتی ٹیموں تک اس کی رسائی ہو، ساتھ ہی کاروبار کو جاری رکھنے کے انتظامی نظام کو مزید مستحکم بنایا گیا

۔ 2D اور 3D سائزنگ ڈیٹا کی 360 کورز اسکیل ایبل تفصیلی پروسیسنگ کے لئے کلسٹر سسٹم

۔ مخصوص فیلڈز سے ریل ٹائم ڈیٹا کا حصول

۔ آئی ٹی وسائل کی بہتر دستیابی کے لئے جدید ٹیکنالوجی سے آراستہ ڈیٹا سینٹر کا قیام

۔ معاشی (اکنامک) ماڈلنگ اور ڈیٹا کی انتظام کاری کے ذریعے (ڈیٹا کی) تخمینہ کاری کے عمل کو بہتر بنایا گیا

۔ مائیکروسافٹ آفس 365 کو کاروباری ای میل، دستاویزات کی انتظام کاری، مشترکہ خدمات کی 24/7 فراہمی کے لئے اطلاق۔

۔ دور دراز لوکیشنز پر مواصلات کو بہتر بنانے کے لئے ویل سائٹ پر آئی پی ٹیلی فون متعارف کرائے گئے

۔ انفارمیشن ٹیکنالوجی ڈپارٹمنٹ لاگو ہونے والے مختلف سافٹ ویئر اوپن سورس کے مختلف متبادلات کا تجزیہ کر رہی ہے اور ساتھ ہی عملے کی مہارت میں اضافہ کیا جا رہا ہے تاکہ اوپن

سورس ٹیکنالوجی کے استعمال کے حوالے سے امکانات کا جائزہ لیا جائے۔

## 5.5 کاروباری تسلسل کی منصوبہ بندی (بی سی پی)

اس بات کا اطمینان کرنا کہ کاروباری تسلسل کا طریقہ ادارہ جاتی تبدیلیوں سے ہم آہنگ ہے، مسلسل کوشش جاری ہے کہ کاروبار کو بحال رکھنے کے منصوبے باقاعدگی کے ساتھ اپ ڈیٹ کئے جائیں۔

اس حوالے سے ایک کامیاب مہم چلائی گئی جس کے تحت نئے بننے والے اثاثوں اور شعبوں نے اپنے موجودہ نئے کاروباری بحالی کے منصوبوں کو اپ ڈیٹ / تیار کیا جنہیں کمپنی کے



- کوٹری ضلع جامشورو میں وومن وکیشنل ٹریننگ اور اسکل ڈیولپمنٹ سینٹر تعمیر کیا گیا۔

#### عوامی فلاح و بہبود اور ماحولیاتی بہتری

- سوئی شہر کو گیس کی مفت فراہمی
- کندھ کوٹ، ضلع کشمور کے بدانی جنگلات میں 130 ایکڑ رقبے پر تازہ شجر کاری۔
- کورنگی انڈسٹریل ایریا، کراچی میں سماعت سے محروم افراد کے لئے پاکستان ایسوسی ایشن آف دی ڈیف کے سینٹر آف ایکسیلنس برائے ڈیف کی تعمیر کے لئے 3.2 ملین روپے کے عطیات دیئے گئے۔

#### پانی کی فراہمی کے منصوبے

- سوئی شہر کو پانی کی فراہمی کے نئے نظام میں پی پی ایل کے حصے کا کام مکمل ہو گیا۔
- ٹی بی ڈی روڈ یہاں، ضلع قمبر۔ شہداد کوٹ کو پینے کے پانی کی فراہمی کو جاری رکھا گیا
- منجھند شہر، ضلع جامشورو میں پانی کی فراہمی کا منصوبہ مکمل ہوا

#### حادثے کے بعد بحالی

- خیبر پختونخواہ میں 2015 کے زلزلہ متاثرین کے لئے 680 خیمے بطور عطیہ دیئے گئے۔

#### حالیہ اقدامات

- فٹبال ٹورنامنٹ کا انعقاد کیا گیا جس میں ضلعی سطح کی ٹیموں نے حصہ لیا، اس کے انتظام میں پاکستان فٹبال ایسوسی ایشن اور قانون نافذ کرنے والے اداروں کی معاونت حاصل رہی۔
- این ای ڈی یونیورسٹی، کراچی کے شعبہ پیٹرولیم انجینئرنگ میں پی پی ایل چیئر نے اگست 2016 سے کام کرنا شروع کر دیا۔

#### 5.4۔ انفارمیشن ٹیکنالوجی

ادارے کی پائیداری کے لئے انفارمیشن ٹیکنالوجی کے ہر لمحہ بڑھتے ہوئے کردار کا ادراک کرتے ہوئے، انفارمیشن ٹیکنالوجی ڈپارٹمنٹ نے اپنے شراکت داروں کو ادارے کی کارکردگی اور گورننس کو بہتر بنانے اور جدت کو فروغ دینے کے لئے جدید تکنیکی سہولیات تک رسائی کے ذریعے محفوظ اور قابل اعتماد آئی ٹی سسٹمز کو استعمال کرنے کے لئے سہولت فراہم کرنے میں پیش قدمی کی ہے تاکہ وہ کمپنی کے آپریشنل سرگرمیوں اور حکمت عملی کی قدر میں اضافہ کر سکیں۔

#### آئی ٹی گورننس

انتظامیہ نے آئی ٹی گورننس ٹیم تشکیل دی ہے جو آئی ٹی گورننس اور آئی ٹی کو کاروباری حکمت عملی سے ہم آہنگ کرنے پر توجہ مرکوز کئے ہوئے ہے۔ آئی ٹی گورننس سے متعلقہ اہم مقاصد میں سے ایک یہ ہے کہ آئی ٹی سے متعلقہ خطرات واضح ہوں اور ان کا انتظام کیا جائے اور ساتھ ہی آئی ٹی کے وسائل کو محفوظ کیا جائے۔ آئی ٹی رسک مینجمنٹ پروسیس کو بہتر

## سی ایس آر اقدامات تعلیم

- ڈیرہ بگٹی، بلوچستان میں چلنے والے سوئی ماڈل اسکول و گزٹنگ کالج سے سالانہ 3,000 سے زائد طلبا استفادہ حاصل کر رہے ہیں۔
- کندھ کوٹ، سندھ میں کام کر رہے تین پی پی ایل۔ ٹی سی ایف پرائمری اور ایک سیکنڈری اسکول سے 600 سے زائد طلبا مستفید ہو رہے ہیں۔
- ضلع ڈیرہ بگٹی، کشمور، راولپنڈی، قمبر۔ شہدادکوٹ اور ساگھڑ کے 238 طلبا کو اعلیٰ پیشہ وارانہ تعلیم و وظائف سے استفادہ حاصل ہوا۔
- چار سالہ (جماعت 9 تا 12) تعلیمی منصوبے کے لئے وظائف سے بلوچستان کے 167 طلبا مستفید ہوئے۔
- بحریہ یونیورسٹی، کراچی کے شعبہ جیوفزکس میں پی پی ایل جیئر کے ذریعے جیوفزکس میں تحقیق و ترقی کو فروغ دینے کے لئے تعاون جاری رہا۔
- بلوچستان اور خیبر پختونخواہ کے 6 طلبا کو آئی بی اے اور لمس میں پڑھنے کے لئے تعاون کیا گیا۔
- مزارنی گیس فیلڈ، ضلع قمبر۔ شہدادکوٹ کے نزدیک دو پرائمری اسکولوں کو انسانی وسائل (اساتذہ) کی فراہمی و دیگر سہولیات کی صورت میں تعاون جاری رکھا۔
- آدہی فیلڈ کے گرد و نواح میں متفرق سرکاری اسکولوں کو فرنیچر فراہم کئے گئے۔
- آدہی، بارکھان، خضدار، انک اور وٹوک کے سرکاری اسکولوں میں 8 تعلیمی بلاکس، ایک سائنس و کمپیوٹر لیباریٹری اور امتحانی ہال کی تعمیر کی۔
- بحریہ یونیورسٹی، کراچی اور بلوچستان یونیورسٹی برائے ٹیکنالوجی، انجینئرنگ و مینجمنٹ سائنسز (بی یو آئی ٹی ای ایم ایس)، کوئٹہ میں لیباریٹریز قائم کی گئیں۔

## حفظانِ صحت

- پی پی ایل پبلک ویلفیئر ہسپتال، سوئی کے امور کو جاری رکھنے کے لئے مالی اعانت فراہم کی گئی۔
- سوئی فیلڈ ہسپتال، ضلع ڈیرہ بگٹی میں مقامی مریضوں کا مفت علاج کیا گیا۔
- سوئی، کندھ کوٹ اور مزارنی گیس فیلڈ میں مفت موبائل میڈیکل ڈسپنسری کام کرتی رہی۔
- ضلع ڈیرہ بگٹی، کشمور، قمبر شہدادکوٹ، ساگھڑ اور راولپنڈی میں 7 سرجیکل آئی کیمنس منعقد کئے گئے۔
- کندھ کوٹ، کچھ (تربت) اور پنجوڑ میں موجود میری ایڈیلیڈ ٹریل مرجز سینٹر کو سالانہ آپریشنل اخراجات کے لئے رقم کی فراہمی۔
- آدہی فیلڈ کے نزدیک مستالہ میں سرکاری ڈسپنسری کی مالی اعانت اور آلات کی فراہمی کے ساتھ ساتھ ایک خاتون ڈاکٹر کی خدمات کی فراہمی کی صورت میں تعاون جاری رکھا گیا۔
- کاروانِ حیات نفسیاتی دیکھ بھال اور بحالی مرکز، کراچی کو ادویات خریدنے کے لئے عطیات فراہم کئے گئے۔
- تعلقہ ہیڈ کوارٹرز، ہسپتال، کروڑ لالین، ضلع لیہ کے لئے خواتین، بچوں، سرجیکل، امیر جنسی وارڈ اور آلات فراہم کئے گئے۔
- مرشد ہسپتال، ہبلیہ کیر سینٹر (ایم ایچ ایچ سی سی)، حب رپور روڈ، کراچی کو 20 ملین روپے کے طبی آلات عطیہ کے طور پر دیئے۔ ہسپتال بلوچستان اور اس سے متصل علاقوں میں صحت کی سہولیات مفت فراہم کر رہا ہے۔

## روزگار کے حصول کے لئے مہارت میں اضافہ

- آدہی میں وومن و ویکیشنل ٹریننگ سینٹر کی مسلسل مالی اعانت
- سوئی میں کمپیوٹر ٹریننگ سینٹر اور پبلک لائبریری جاری
- سوئی میں ویکیشنل ٹریننگ انسٹیٹیوٹ قائم کیا گیا اور آلات و فرنیچر کی خریداری کے لئے مالی تعاون کیا گیا۔
- ضلع ڈیرہ بگٹی، ٹیاری اور ساگھڑ کے 15 نوجوانوں کو ہنرفاؤنڈیشن میں ایک سالہ ڈپلومہ کے لئے وظائف دیئے گئے۔

ساتھ ہی کمپنی میں دو سالہ مدت کے دوران ملازمت کے ساتھ تربیت کے لئے اہلیت کے معیار میں نرمی کرتے ہوئے اپنی پیداواری فیلڈز کے گرد و نواح کے ڈویسائل یافتہ، نوجوان انجینئرز اور ڈپلومہ ہولڈرز کو موقع فراہم کرتی ہے۔

### کاروباری فیاضی

ایک ذمہ دار پبلک سیکٹر کارپوریٹ ادارہ ہونے اور ملکی ترقی میں حصہ دار ہونے کی حیثیت سے، پی پی ایل پسماندہ طبقتوں، بالخصوص اپنے آپریشنل علاقوں کے گرد و نواح میں رہنے والوں کے معیار زندگی کو بلند کرنے اور ان کی خوشحالی کے لئے اہم کردار ادا کرنے پر فخر محسوس کرتی ہے۔ پی پی ایل کو پاکستان سینٹر برائے فیلڈ تھراپی کی جانب سے مسلسل 12 سالوں سے کاروباری شعبے میں سب سے زیادہ عطیات دینے والے ادارے کے طور پر تسلیم کیا گیا ہے۔

کمپنی کا کارپوریٹ سماجی بھلائی (سی ایس آر) پروگرام 1950 کی دہائی کے وسط میں سوئی میں کاروباری سرگرمیوں کے آغاز کے ساتھ شروع ہوا جب ملازمین اور مقامی آبادی کے لئے سوئی ماڈل اسکول کا قیام عمل میں آیا تھا۔

اپنی سماجی خدمات اور ترقیاتی اقدامات کرنے میں واضح کردار ادا کرنے کے عہد پر سختی سے کاربند ہے۔ یہ امر اس حقیقت سے بھی واضح ہے کہ بورڈ آف ڈائریکٹرز نے سی ایس آر اقدامات کے لٹیکم سے کم سالانہ معیار 1.5 فیصد قبل از ٹیکس منافع مقرر کیا ہے تاہم اصل اخراجات اس ہدف سے زیادہ ہوتے ہیں۔ سال کے دوران، پی پی ایل نے 0.992 بلین روپے یا 3.7 فیصد قبل از ٹیکس منافع کے اخراجات کئے ہیں جن میں سے 95 فیصد سے زائد بلوچستان اور سندھ کے منصوبوں پر خرچ ہوئے ہیں۔

طویل مدتی پائیداری اور زیادہ سے زیادہ حقائق سے واقفیت کے لئے مقامی آبادی کی ملکیت اور منصوبوں میں دلچسپی کو فروغ دینے کی کمپنی کے سی ایس آر اقدامات کی بنیاد بتدریج آگے بڑھتے ہوئے تعلقات اور شراکتی ترقی پڑتی ہے۔ جیسا کہ مقامی شراکت داروں کو ضروریات کا جائزہ لینے سے معائنہ، منصوبہ بندی اور عمل درآمد تک منصوبوں کے تمام مراحل پر اعتماد میں لیا جاتا ہے۔

سی ایس آر منصوبوں میں ترقی کی رفتار، کام کے معیار اور فنڈز کے استعمال میں شفافیت کو یقینی بنانے کے لئے، پی پی ایل منصوبوں کی سرگرمیوں پر باقاعدگی سے نظر رکھتی ہے اور مسلسل بہتری کے لئے تجربات سے سیکھ کر عمل کرتی ہے۔ ایک بڑی دریافتی و پیداواری کمپنی ہونے کی وجہ سے پی پی ایل مضافاتی علاقوں میں کام کرتی ہے جہاں حکومتی عملداری، وسائل اور امکانات کی کمی ہوتی ہے جس کی وجہ سے ترقی یا تو ہوتی ہی نہیں یا کم ہوتی ہے اور غربت ڈیرے جمالیتی ہے۔

پی پی ایل کے سی ایس آر کام اسی وجہ سے سماجی اثاثے کی تخلیق جو معیاری صحت، تعلیم، تعمیراتی کام اور روزگار کے مواقع پیدا کرنے کے لئے استعداد میں اضافے سے مقامی آبادی کو کام کرنے کے قابل بنانے سے متعلق ہیں جس سے وہ غربت کے چکر سے باہر آتے ہیں۔

کمپنی کی پیداواری فیلڈ سوئی، کندھ کوٹ، آدہی، مزرانی، چاچڑ، آدم اور اس کے اطراف بسنے والی شراکت دار مقامی آبادی کے لئے کمپنی نے وسیع منصوبے شروع کئے ہیں۔ جس میں صحت کی حفاظت اور بنیادی صحت کی سہولیات کی مفت فراہمی بشمول اسپتال، موبائل ڈسپنسری، مقامی طلباء کے لئے وظائف، بنیادی ڈھانچے کی فراہمی اور تعلیمی اداروں کو جدید علمی تقاضوں سے ہم آہنگ کرنا شامل ہیں۔

عملے کی (Appraisal) کے نظام کو یکسر بدل دیا گیا اور خود تشخیصی اور وسط سالہ تشخیص کو اس کی افادیت کے ساتھ SAP کے خود کار طریقے سے منسلک کیا گیا جس سے تشخیصی عمل کی شفافیت میں بہتری آئی۔

### لرننگ اور ڈیولپمنٹ کے اہم اقدامات

ایک مکمل، فعال، بامقصد، بیک وقت 100 ملازمین کو کمپنی میں ہی تربیت فراہم کرنے کے لئے جدید سہولیات سے آراستہ، دو ہالوں پر مشتمل تربیتی مرکز کا قیام عمل میں لایا گیا۔ پچھلے سال کے مقابلے میں اس سال ان ہاؤس تربیتی پروگرام میں ریکارڈ اضافہ ہوا جس کے تحت 43 کے مقابلے میں 135 تربیتی پروگرام کرائے گئے اور تربیت یافتہ عملے میں 200 فیصد کا اضافہ ہوا۔

غیر ملکی اور بیرونی تربیتی کاروں کے ذریعے تکنیکی کورسز کے انتظامات کرنے پر بھی خصوصی توجہ دی گئی ہے تاکہ نہ صرف عملے کو تربیت کے لئے باہر بھیجنے کے اخراجات کی بچت کی جائے بلکہ بڑی تعداد میں ملازمین کو خصوصی مہارت حاصل کرنے کے مواقع فراہم کئے جائیں۔ سال کے دوران بیرونی تربیت کاروں نے اس طرح کے 19 پروگرام کرائے۔ ایک بڑی کاوش یہ کی گئی کہ تمام شعبہ جات کے لئے مہارت اور تربیت کے matrix سے عملے کے لئے تربیتی پروگرام کی نشاندہی کی گئی تاکہ ان کی مہارت کی سطح کو بلند کیا جائے۔ انٹرنیشنل ہیومن ریسورسز ڈیولپمنٹ کارپوریشن کے اشتراک سے دسمبر 2015 میں پی پی ایل کے ای۔ لرننگ پورٹل، ای۔ لرن، کا آغاز کیا گیا جو عملے کو مختلف شعبوں میں 1200 آن لائن کورسز تک رسائی دے رہا ہے۔ اس پروگرام کے شروع ہونے سے اب تک عملے کے 200 سے زیادہ افراد اس کے مختلف کورسز کے لئے اندراج کرا چکے ہیں۔

### انڈسٹریل ریلیشنز

سوئی گیس فیلڈ میں بد امنی کے چند واقعات کے سوا تمام فیلڈ لوکیشنز پر کام کرنے کا ایک پرامن اور سازگار ماحول جاری رہا جس پر قابو پانے کیلئے انضباطی کارروائیاں کی گئیں۔

سی بی اے یونین کے داخلی انتخابات فروری 2016 میں مکمل ہوئے۔ الیکشن نتائج کے اعلان پر شکست خوردہ پیٹل نے نتائج کے خلاف قانونی چارہ جوئی کا فیصلہ کیا جس کے نتیجے میں جیتنے والے پیٹل کو تاحال نیشنل انڈسٹریل ریلیشنز کمیشن سے جیت کا باضابطہ پروانہ نہیں ملا ہے۔ اسی طرح، نئے منتخب ہونے والے پیٹل کی طرف سے پیش ہونے والا چارٹر آف ڈیمانڈ التوا کا شکار ہے، انتظامیہ کی جانب سے چارٹر اس وقت یونین کو دیا جائے گا جب انہیں سی بی اے کی طرف سے یہ چارٹر مل جائے۔

### معذور افراد کی ملازمت

آرڈیننس برائے معذور افراد (ملازمت و بحالی) مجریہ 1981 کی دفعہ 10 کے تحت کمپنی خصوصی افراد کے کوٹے سے ملازمت فراہم کرنے کی پابند ہے جبکہ ایک فیصد خصوصی افراد ملازم ہونے چاہئیں۔

### 5.3۔ کاروباری سماجی ذمہ داری

#### مقامی آبادی کے لئے ملازمتوں کے مواقع

پی پی ایل میرٹ کو مدنظر رکھتے ہوئے جنس، نسل، مذہب اور سماجی وابستگی سے بالاتر ہو کر مساواتی بنیادوں پر ملازمت کے مواقع فراہم کرتی ہے۔ اس ضمن میں کمپنی مختلف مقامات پر تقریباً 70 فیصد مقامی لوگوں کو ملازمت کے مواقع فراہم کرتی ہے۔ اس کے علاوہ، پی پی ایل مقامی آبادی کے غیر ہنرمند افراد کو ملازمت فراہم کرنے کی کوشش کرتی ہے۔

## ٹھیکے داروں کا تحفظ

کمپنی کی جارحانہ کاروباری ترقی کی حکمت عملی کے آغاز سے ہی ٹھیکے داروں کی سرگرمیوں اور ساتھ ہی اس سے منسلک تحفظ کے رسک/خطرات میں بھی کئی گنا اضافہ ہوا ہے۔ چنانچہ، اس حوالے سے درج ذیل اقدامات شروع کئے گئے ہیں:

- پری کوالیفیکیشن کے معیار کا جائزہ/اپ گریڈ
- معاہدوں میں کیوانچ ایسے متعلقہ شعبوں کی شمولیت
- (کام شروع کرنے کے لئے) مطلوبہ مقام پر پہنچنے سے قبل ورکشاپس کا انعقاد
- کھدائی سے قبل تجزیے
- غیر جانبدار جانچ پڑتال
- ٹھیکیداروں کی تربیت

## 5.2 انسانی وسائل

کمپنی کی انسانی وسائل کی حکمت عملی اعلیٰ صلاحیتوں کے حامل افراد کو ادارے میں بھرتی کرنے، ترقی دینے اور برقرار رکھنے کے لئے سازگار کاروباری ماحول، مسابقتی اجرت، عملے کی ادارے سے وابستگی، کام میں پہل اور کارکردگی کو بروقت سراہنے پر توجہ مرکوز کئے ہوئے ہے۔

### ملازمت

- سرگرم ایکسپلوریشن، کھدائی اور پیداوار میں اضافے کے منصوبوں کی معاونت کے لئے، پی پی ایل نے مارکیٹ کی صورتحال کا فائدہ اٹھاتے ہوئے اچھی شہرت کی حامل کمپنیوں بشمول بڑی عالمی ای اینڈ پی کمپنیوں سے قابل، تجربے کار پیشہ ور افراد کو ایک شفاف اور کثیر الاطحی جانچ کے عمل سے گزار کر میرٹ کی بنیاد پر ملازمت دی۔

- بنیادی سطح پر بھرتیوں کے لئے میرٹ کی بنیاد پر ایسوسی ایٹس اسکیم متعارف کرائی گئی جس کے پہلے بیچ میں 76 بہترین گریجویٹس کو مختلف شعبوں میں شامل کیا گیا ہے۔

- سی ایس آر اقدامات کے تحت کمپنی کی پیداواری فیلڈز سے تعلق رکھنے والے نوجوان ڈپلومہ ہولڈرز اور انجینئرز کی استعداد میں اضافے کے لئے دوران ملازمت دو سالہ تربیتی پروگرام کا اعلان کیا گیا۔

### پالیسیاں، طریقہ کار اور اجر کا نظام

تنظیمی تبدیلی کے سلسلے میں ایچ آر نے انتظامی اقدامات سے تعاون میں اہم کردار ادا کیا ہے۔ بہت سی ایچ آر پالیسیوں اور طریقہ کار کو درست اور کارگر بنایا گیا ہے، جس کے نتیجے میں یہ سادہ، بہتر کنٹرول اور لاگت میں کمی کے ساتھ صنعت سے ہم آہنگ ہو گئے:

- کارکردگی کے لحاظ سے مالی فوائد دینے کی اسکیم کو شروع کیا گیا تاکہ میرٹ کی روایت کو فروغ دیا جائے، عملے کی کارکردگی کو بہتر بنانے کیلئے بہترین کارکردگی کا مظاہرہ کرنے والے ملازمین کو سراہا جائے اور مسابقتی لحاظ سے عملے کو نفع دینے کے عمل کو رائج کیا جائے۔
- سوئی فیلڈ کے تمام شعبوں میں ہم آہنگی لانے کے ساتھ ساتھ تمام فیلڈز پر متعین عملے کے لئے کام کا مساوی دورانیہ مقرر کیا گیا ہے جس کے نتیجے میں افرادی قوت کے وسائل کا بہتر استعمال ممکن ہوا، عملے کی حوصلہ افزائی کی سطح کو بہتر بنایا گیا، کام کرنے کی صلاحیت بہتر اور لاگت میں کمی واقع ہوئی۔
- کاروبار کی بصیرت اور متبادل/جانشین عملے کے لئے منصوبہ بندی کو مد نظر رکھتے ہوئے عملے کو متنوع کام کا تجربہ فراہم کرنے کی خاطر مختلف فنکشنز کے مابین/انٹرا اور انٹرا-لوکیشنز گردش تبادلوں کو متعارف کرایا گیا۔

- متبادل/جانشین عملے کے لئے منصوبہ بندی کے عمل کو جانشینی کے خلاء کو بروقت پر کرنے اور اس کے لئے پل کا کردار ادا کرنے کی پیش بندی کے لئے رائج کیا گیا تاکہ قیادت کے تسلسل کو جاری رکھا جائے۔

دوبارہ ہونے والے تجربے سے ہم آہنگ ہوگا۔

### طریقہ کار میں تحفظ کے انتظامی اقدامات

کمپنی کی طریقہ کار میں تحفظ کا انتظامی نظام امریکہ کے پیشہ وارانہ تحفظ و صحت کے انتظامی معیار (OSHA) کے اہم عناصر کو مد نظر رکھتے ہوئے تیار کیا گیا ہے۔ مزید یہ کہ میکینیکل/مشینی ہم آہنگی کو مد نظر رکھتے ہوئے درج ذیل اہم اقدامات کئے گئے ہیں:

آپریٹڈ پائپس پر موجود اہم/حساس ویسلز کا غیر داخلی معائنہ (non-intrusive inspection)

سوئی انٹالٹے میں خدشات/خطرات کو مد نظر رکھتے ہوئے معائنے کے لئے تحقیق

سوئی گیس فیلڈ میں گیس جمع کرنے کے مین، فیڈر لائنز اور باہم متصل پائپ لائنز کا معائنہ کر نیکی کے لئے جدید غیر مضر (نان۔ڈسٹرکٹو) جانچ کے طریقے کا اطلاق

ہالہ کی پیداواری فیلڈ میں تیسری فریقی کمپنی کے ذریعے پائپ لائنز کا معائنہ

گمٹ ساؤتھ گیس پروسیڈنگ فیسیلیٹی II کے تکنیکی معائنے/آڈٹس

### ماحولیاتی اثر اندازی

#### قوانین کی پابندی

ماحولیاتی اعتبار سے لاگو آئینی تقاضوں کی کاربندی کرتے ہوئے ابتدائی ماحولیاتی تجزیہ تحقیق شروع کروائی گئی اور پانچ منصوبوں کے لئے مقررہ وقت میں بلا اعتراض کی سند (NOC) حاصل کی گئی جس کے نتیجے میں کمپنی کے ترجیحی کام کے پلان کو خوش اسلوبی سے نمٹایا گیا۔ طے شدہ منصوبوں کے ماحولیاتی انتظامی پلان کے اطلاق کی مؤثر جانچ اور رپورٹنگ کی متعلقہ حکام کو فراہمی (کی پابندی) کے لئے غیر جانبدار تجزیاتی مشیر متعین کئے گئے ہیں۔

### ماحول دوست اقدامات

کمپنی کی ماحولیاتی بقا کے عہد سے پابندی کے اظہار کے لئے درج ذیل ماحول دوست اقدامات کئے ہیں۔

ایل ای ڈی ٹیکنالوجی کے استعمال کو کمپنی کے تمام نئے منصوبوں میں فروغ دیا گیا ہے

ماحولیاتی بقا کے حوالے سے مختلف اقدامات جیسے ارتھ آور اور کراچی واٹر پارٹنرشپ کو کمپنی کی سطح پر تعاون سے فروغ دیا گیا ہے

کھدائی کے آپریشنز کے دوران پانی کی آمزش والی مٹی کو جس کی قدرتی مٹی/پانی کے ساتھ ہم آہنگی ہے فوقیت دی جاتی ہے

تیل کی آمزش والی مٹی کو صرف ڈھوک سلطان X-1 کی کھدائی کے دوران مخصوص فارمیشنز میں استعمال کیا گیا اور وہ بھی خصوصی کنٹرول کے ساتھ

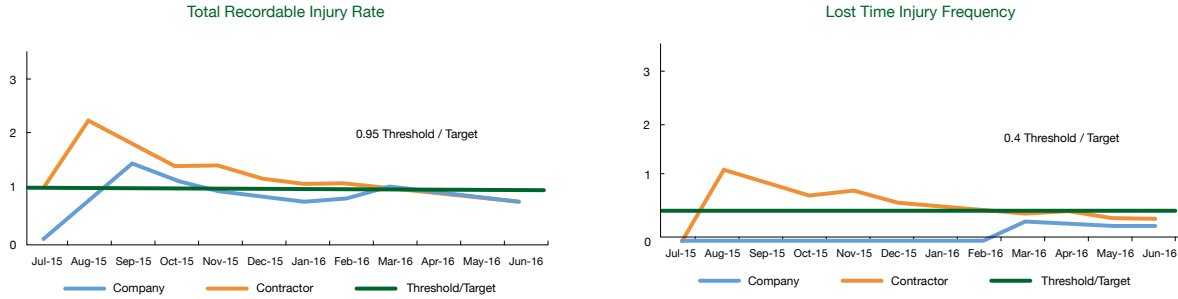
سائز مک سروے کے دوران قدرتی طور پر تحلیل ہونے والے دھماکہ خیز مواد کا استعمال

### عالمی معیار پر مروجہ سند کا حصول

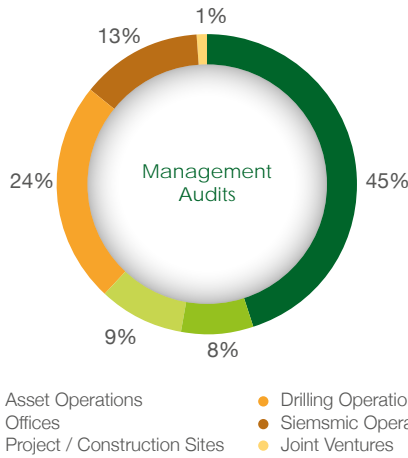
انتظامیہ نظام کی اسناد جیسے آئی ایس او 9001 (معیار)، 14001 (ماحول) اور ایس ایس اے ایس 18001 (پیشہ وارانہ صحت اور تحفظ) کو برقرار رکھنا کیونچ ایس ای کی بنیاد کو مضبوط بنانے کے ساتھ ساتھ بالآخر صارفین/خریداروں کے اطمینان کا بھی باعث بنتا ہے۔



جب کراچی سے سوئی جانے والی چارٹرڈ پرواز نے جناح انٹرنیشنل ایئرپورٹ پر ہنگامی لینڈنگ کی تو عملے کے ایک فرد کو ایسی چوٹ آئی جو کام کے وقت کے ضیاع (ایل ٹی آئی) کا باعث بنی۔ عملے کے تحفظ کے پیش نظر، پی پی ایل نے اس فضائی سروس کو فوراً ہی معطل کر دیا۔ اس وقت کمپنی عملے کے لئے محفوظ فضائی سفر کو یقینی بنانے کی خاطر متبادل سہولیات کا جائزہ لے رہی ہے۔



کمپنی کی اعلیٰ ترین انتظامیہ کو شامل کر کے ہونے والے تمام بڑے حادثوں کی تفصیلی تفتیش / چھان بین کی گئی اور ایسے حادثوں کے انسداد اور مستقبل میں دوبارہ رونما ہونے سے بچنے کے لئے فوری طور پر اقدامات کئے گئے۔



(حادثے سے) بال بال بچنے کی رپورٹنگ (Near Miss Reporting)

(حادثے سے) بال بال بچنے کی شناخت اور اس کی رپورٹنگ کرنے کی صلاحیت کسی بھی کمپنی کو حادثات سے محفوظ رکھ سکتی ہے۔

کمپنی کی سطح پر حادثے سے بال بال بچنے کی رپورٹنگ پر زیادہ سے زیادہ زور دیا جا رہا ہے تاکہ نظام میں موجودہ کمی پیشیوں کو دور کرتے ہوئے تحفظ کے حوالے سے آگاہی کو بڑھایا جاسکے۔

## انتظامی آڈٹس

ایک جامع نظام کے تحت اس بات کو یقینی بنایا گیا ہے کہ پی پی ایل کی اعلیٰ انتظامیہ باقاعدگی سے سائنس کے آڈٹس کریں تاکہ تحفظ کی قیادت اور انتظامیہ کے عہدہ کا اعادہ کیا جاسکے۔

## ڈیوپونٹ سروے

پی پی ایل کے کیوانچ ایس ای پروگرام کو مجموعی طور پر رہنمائی دینے کے لئے، کمپنی کی سطح پر اور سوئی گیس فیلڈ میں طریقہ کار میں تحفظ کے انتظامی نظام (Process Safety Management System) کی جانچ کی تحقیق کے لئے ایک اچھی شہرت کی حامل بین الاقوامی مشاورتی کمپنی ڈیوپونٹ سسٹمز اسبل سلوشنز کی خدمات حاصل کی گئیں۔ تحقیق کے اہم مقاصد میں درج ذیل شامل تھے:

تحفظ کے حوالے سے عملے کی آراء جاننے کے لئے سروے

تحفظ میں امتیاز حاصل کرنے کے 22 عوامل کی تجزیہ کے طریقہ کو وضع کرنا/بہتر مارک کرنا

اعلیٰ سطحی عملی منصوبہ بنانے کی خاطر کمپنی کے اہم شراکت داروں کیلئے بصیرت افروز نشستیں منعقد کرنا

طریقہ کار میں تحفظ کے انتظامی نظام کے نفاذ کی جانچ کمپنی کے عملے کے ذریعے کیے جانے والے سالانہ تجزیے سے کی جائیگی جو کہ ہر دو یا تین سال بعد بیرونی ماہرین کے ذریعے

سال کے دوران کمپنی نے اپنی معاہداتی پالیسی پر نظر ثانی کرتے ہوئے، غیر ضروری طریقہ کار / تفصیل کو کم کیا جس کے نتیجے میں حالیہ ایوارڈ کئے گئے ای پی سی سی معاہدہ برائے جی پی ایف-III گمبٹ ساؤتھ کی لاگت میں 80 ملین امریکی ڈالر سے زائد کی نمایاں بچھوٹی ہے۔

### سائز مک سروے کے دوران لاگت کی بچت

کمپنی نے 2015-2016 میں سائز مک سروے کے دوران بولی کے سرگرم مرحلے اور مکمل سروےز کے کم قیمت میں حصول کے ذریعے لاگت میں بچت حاصل کی۔ مثال کے طور پر گمبٹ ساؤتھ میں جاری 3D سائز مک سروے کی لاگت 15,000 امریکی ڈالر فی مربع کلومیٹر آئی ہے جبکہ اسی نوعیت کے پچھلے سروے جو کہ 2011-2012 اور 2013-2014 میں کروائے گئے جس کی لاگت تقریباً 25,000 امریکی ڈالر فی مربع کلومیٹر آئی تھی۔ اسی طرح صادق آباد بلاک میں ہونے والے 3D سائز مک سروے کے دوران نئے ٹھیکیدار کو شامل کیا گیا جس کے نتیجے میں لاگت 4000 امریکی ڈالر فی مربع کلومیٹر تک کم ہو گئی۔

حب اور بیلا ویسٹ بلاکس میں ہونے والے 2D سائز مک سروے بھی لگائے گئے تخمینہ 32,000 امریکی ڈالر فی لائن کلومیٹر کے مقابلے میں اصل قیمت جو کہ 24,000 امریکی ڈالر فی لائن کلومیٹر ہی بہت کم ہے۔ جس کی بنیادی وجہ ڈیٹا حاصل کرنے کے پیمانوں کی مکمل حد تک بہتری ہے۔

### آپریشنل اخراجات (Opex) میں بچت

پچھلے سال کے مقابلے میں اس سال پی پی ایل کی تمام پیداواری فیلڈز میں ہیڈ کاؤٹ (موجودہ انسانی وسائل) ورک اور دیگر منصوبہ بندی واطلاق اور مینٹیننس اور سامان کی فہرست سازی اور انتظام میں بہتری لانے سے آپریشنل لحاظ سے لاگت میں نمایاں کمی ہوئی ہے۔ گرچہ اضافی سرگرمیاں بھی سرانجام دی گئی ہیں۔

### صدر دفتر کے اخراجات میں کمی

کمپنی کی سطح پر ہم شعبہ جاتی (Cross Functional) ٹیمیں تشکیل دی گئیں تاکہ اجتماعی طور پر اخراجات کو کم کرنے کے حوالے سے ممکنہ مقامات کی نشاندہی ہو سکے جو وسائل کو بہتر استعمال کرنے میں مدد دے سکیں۔ مختلف اقدامات جن میں کاروباری مقاصد کیلئے سفر کی پہلے سے منصوبہ بندی اور غیر ضروری دوروں میں کمی، ٹھیکے پر دیئے جانے والے کام کی اہمیت اور لاگت کے اعتبار سے درجہ بندی، لائسنس والے سافٹ ویئر کی بہتر انتظام کاری، آفس کے سامان کی ضرورت کے حساب سے فراہمی اور توانائی کی بقا کے ذریعے اخراجات میں مزید کمی کی گئی۔

### 5۔ ادارہ جاتی جائزہ

#### 5.1. معیار، صحت، تحفظ اور ماحول

#### پیشہ وارانہ صحت اور طریقہ کار میں تحفظ

پی پی ایل کی قیادت کے عہد کی ہر سطح پر پابندی سے خطرات کی جامع انتظام کاری میں پیشگی تشخیص اور اس حوالے سے اقدامات کے ذریعے خاصی بہتری آئی ہے۔

### کارکردگی کے اہم اشاریے

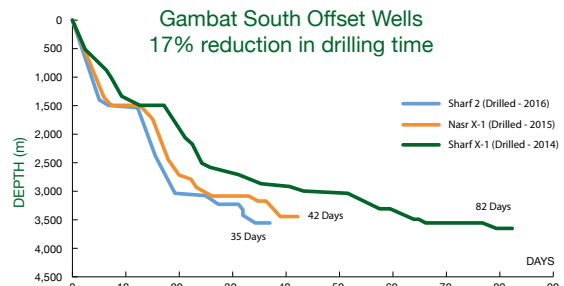
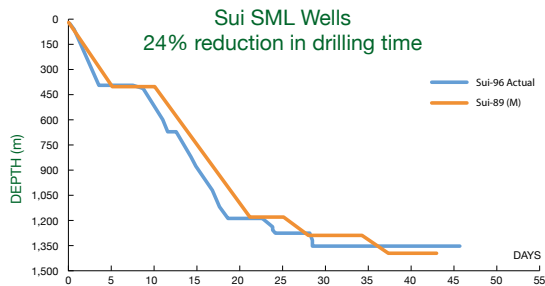
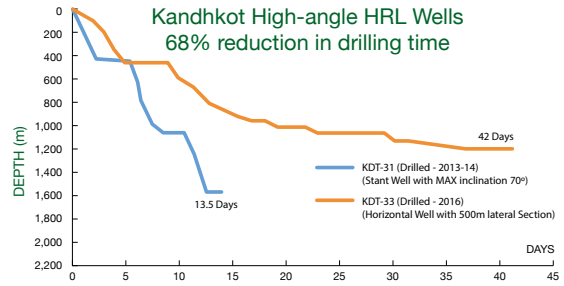
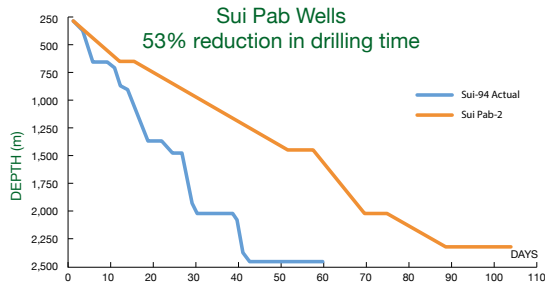
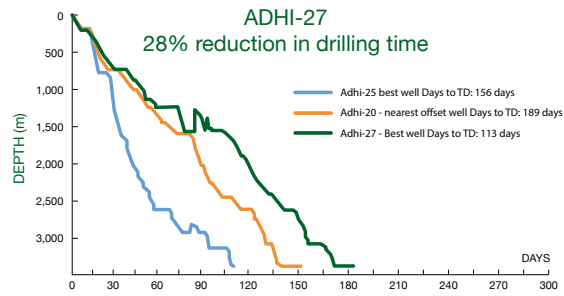
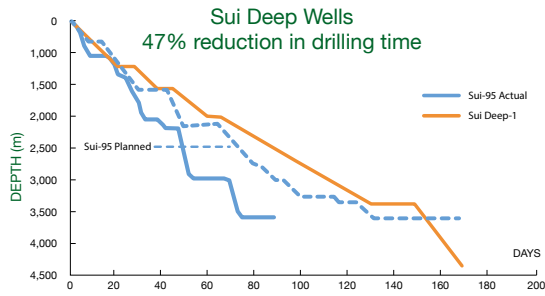
کیو ایچ ایس ای کو کارکردگی کی جانچ کے طریقہ کار کو نمایاں اور پیچھے رہ جانے والے اضافی اہم کارکردگی کے اشاروں (کے پی آئی) کے نفاذ کے ذریعے مزید مستحکم کیا گیا ہے۔ عملے اور ٹھیکے داروں کی کل ریکارڈ کی جانے والی حادثے کی شرح (ٹی آر آئی آر) اور حادثے کی بنا پر ضائع ہونے والے کام کے وقت (ایل ٹی آئی) کا تعدد درج ذیل میں دیا گیا ہے:

## کھدائی کی بہتر کارکردگی

گرچہ تیل کی قیمتوں میں کمی نے کھدائی کے اقدامات، خصوصاً وہ جو پرخطر تکنیکی دشواریوں کے حامل ہوں، کیلئے کمپنیوں کی حوصلہ شکنی کی ہے، تاہم پی پی ایل نے اس پس منظر میں کھدائی کی خدمات سے متعلق معاہدات کی قیمتوں میں ہونے والی کمی سے فائدہ اٹھاتے ہوئے، کھدائی کے ایک جارحانہ پروگرام کو اپنایا ہے جس کے تحت کمپنی آپریٹڈ اثاثوں میں بیک وقت 13 گز کام کر رہی ہیں، جس سے قیمت میں خاصی کمی اور کام میں بہتری ممکن ہوئی ہے۔

کھدائی کو بہتر بنانے (drilling optimization) میں سب سے اہم مرحلہ لاگت کے اعتبار سے مناسب اور محفوظ کنوؤں کی مقررہ وقت میں کھدائی ہے۔ سال رواں کے دوران پی پی ایل کے تمام آپریٹڈ بلاکس میں کھدائی میں بہتری نظر آئی، جو کہ دیئے گئے وقت، کھدائی کے گرانے سے واضح ہے، جس نے کمپنی کی اپنی تاریخ میں کھودے گئے تیز ترین کنوؤں کی کھدائی کے ریکارڈ کو توڑا ہے۔ اس ریکارڈ کارکردگی کی وجہ جدید ٹیکنالوجی کا استعمال، کھدائی کے طریقہ کار میں مکمل بہتری اور باریک بینی سے تمام طریقہ کار کی جانچ ہے۔ جیسے کمپنی اپنے حالیہ اور مستقبل کے کھدائی کے منصوبوں میں بھی جاری رکھنے کا عزم کئے ہوئے ہیں۔

## منصوبوں کی لاگت میں بچت



اور تجزیاتی (Exploration & Evaluation) اثاثوں میں اسکی سرمایہ کاری سے بالترتیب 2,341 ملین روپے اور 279 ملین روپے کے ہونے والے، کمپنی کے تسلیم شدہ خسارے، کی وجہ سے بھی ہوا ہے۔ پی پی ایل ای کی گرتی ہوئی قیمت کی وجہ سے ہونے والے خسارے کو سہ فریقی معاون کی جانب سے کئے جانے والے قدر کے تجربے کی بناء پر واضح کیا گیا (تفصیلات نوٹ (ii)(c) 2.3 پر غیر اشتہال شدہ مالیاتی گوشواروں کے خلاصے اور نوٹ (ii)(c) 3.3 میں اشتہال شدہ مالیاتی گوشواروں کے خلاصے میں ملاحظہ کریں)

### سیالیت کی انتظام کاری اور نقد رقم کی حکمت عملی

سال کے دوران وسیع تر ورک پروگرام پر کام کرنے کے باوجود بھی کمپنی کی نقد رقم اور نقد کے مساوی (اثاثوں) میں پچھلے سال کے مقابلے میں صرف 1,283 ملین روپے کی کمی آئی ہے۔ سال کے اختتام پر کمپنی کی نقد رقم کے فنڈ میں نقد اور اس کے مساوی اثاثوں کی کل مالیت 22,286 ملین روپے ہے جس کے لئے کمپنی نے کسی بیرونی ذرائع سے قرض بھی نہیں لیا۔

سیالیت کی موثر انتظام کاری تفصیلی مالیاتی منصوبہ بندی کے ذریعہ کی جاتی ہے جس کی تیاری کی جاتی ہے تاکہ فنڈز کی ہر وقت فراہمی کو ممکن بنایا جاسکے۔ ساتھ ہی اضافی رقم کو سرمایہ کاری کے مناسب منصوبوں میں لگا کر ممکنہ طور پر زیادہ سے زیادہ فوائد حاصل کئے جاتے ہیں۔ کمپنی اپنے فنڈز کا مسلسل جائزہ لیتی ہے تاکہ اپنے سرمایہ کاری پروگرام کو محفوظ اور متنوع بنایا جائے۔ ساتھ ہی کمپنی کی سرمایہ کاری کمیٹی کمپنی کی نئے اور جاری سرمایہ کاری کا تفصیلی جائزہ لیتی ہے۔

### منافع منقسمہ

کمپنی کے بورڈ آف ڈائریکٹرز نے مالی سال کے لئے عمومی شیئرز پر 35 فیصد (2014-2015 میں 40 فیصد) اور تبدیل پذیر ترجیحی شیئرز پر 7.5 فیصد (2014-2015 میں کچھ نہیں) کی شرح سے حتمی نقد منافع منقسمہ کی منظوری دی۔ یہ عمومی شیئرز پر 22.50 فیصد (2014-2015 میں 45 فیصد) اور تبدیل پذیر ترجیحی شیئرز پر 22.50 فیصد (2014-2015 میں 30 فیصد) کی شرح سے حصص یافتگان کو سال کے دوران پہلے ہی ادا کئے گئے عبوری نقد منافع منقسمہ کے علاوہ ہے۔

### قومی معیشت میں حصہ داری

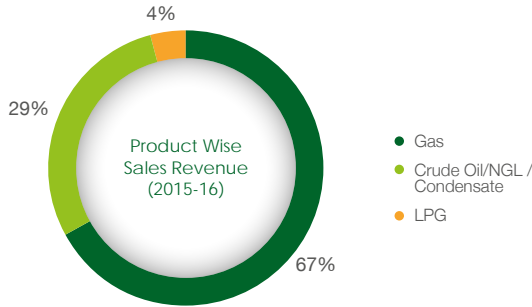
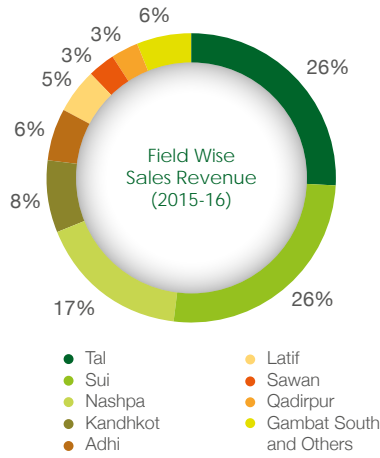
پی پی ایل قومی معیشت کو پروان چڑھانے میں اہم حصہ ڈالتی ہے۔ توانائی کے اعتبار سے مالی سال 2015-2016 کے دوران کمپنی کی اپنی اور شراکت دار فیلڈز سے ہونے والی قدرتی گیس، تیل اور مائع پٹرولیم گیس کی پیداوار کا حصہ، جو تقریباً 163,293 بیرل خام تیل یومیہ کے مساوی ہے، سے 2.4 بلین امریکی ڈالر کے زرمبادلہ کی بچت ہوئی۔ جبکہ اس ضمن میں خام تیل کی قیمت 4.20 امریکی ڈالر فی بیرل رہنے کا اندازہ لگایا گیا ہے۔

اس کے علاوہ کمپنی نے انکم ٹیکسز، رائٹس، ایکسٹرنل ڈیوٹی، سیلز ٹیکس، جی ڈی ایس، جی آئی ڈی سی اور منافع منقسمہ کی صورت میں رواں سال کے دوران قومی خزانے میں 45 بلین روپے (2014-2015 کے دوران 68 بلین روپے) جمع کروائے۔

### 4.4 لاگت کے اعتبار سے بہتر کارکردگی

کمپنی نے لاگت میں کمی لانے کیلئے کئی اقدامات کئے ہیں تاکہ اس بات کو یقینی بنایا جاسکے کہ نافذ شدہ ورک پروگرام تیل کی حالیہ قیمتوں کے ضمن میں کاروباری طور پر مفید ہو۔ کھدائی کے ایام میں کمی، جدید ٹیکنالوجی کا استعمال، موثر منصوبہ بندی اور مینجمنٹ کی سرگرمیوں میں کمپنی کے اپنے وسائل کو بروئے کار لاتے ہوئے لاگت میں کمی حاصل کی گئی۔

انحراف 4,518 ملین روپے کی مثبت شرح تبدیلی کے اور 654 ملین روپے کی فروخت کے حجم/مقدار کی وجہ سے جزوی طور پر زائل ہوا۔



کمپنی کی پروڈکٹس کی قیمتوں میں ہونیوالی نمایاں کمی کی بناء پر قیمتوں میں 29,859 ملین روپے کا منفی انحراف ہوا ہے۔ قیمتوں میں ہونے والی کمی کی ایک اہم وجہ خام تیل کی قیمتوں میں ہونے والی کمی ہے۔ جو کہ حالیہ سال کے دوران 40.20 امریکی ڈالر فی بیرل رہی جبکہ تقابلی سال کے دوران یہ قیمت 70.21 امریکی ڈالر فی بیرل تھی۔ مثبت شرح تبدیلی میں 4,518 ملین روپے کا تغیر، پاکستانی روپے کی قدر میں ہونے والی کمی جو تقابلی سال میں 100.54 فی ڈالر سے کم ہو کر حالیہ سال میں 104.15 روپے فی ڈالر تک جا پہنچی ہے، کی وجہ سے بڑھ گیا ہے۔

حجم/مقدار کا مثبت تغیر گیس کی فروخت کے حجم میں 1 فیصد اور ایل پی جی کی فروخت کے حجم میں 15 فیصد اضافے کے مشترکہ اثر کے ساتھ ساتھ تیل کی فروخت کے حجم میں 3 فیصد کمی سے منسوب ہے۔ گو کہ اس سال پیرائٹ کی پیداوار میں 23 فیصد اضافہ ہوا لیکن برآمد کے آڈر کی مرحلہ وار تقسیم کی بناء پر اس کی فروخت کے حجم میں 10 فیصد کمی آئی ہے۔

پی پی ایل کی آپریٹڈ اور پارٹنر آپریٹڈ فیلڈز سے فروخت کے حجم میں کمپنی کے حصے کا تقابلی جائزہ حسب ذیل ہے:

یونٹ	30 جون: 2016 کو ختم ہونے والے سال	30 جون: 2015 کو ختم ہونے
قدرتی گیس	269,476	265,918
ایم ایم ایس سی ایف	5,281,886	5,434,377
بی بی ایل	66,482	57,699
میٹرک ٹن	47,584	52,754
پیرائٹ		

## منفعت

رواں سال کے دوران کمپنی کی فی شیئر آمدن 8.74 روپے رہی جبکہ 2014-2015 کے دوران یہ 19.47 روپے (اعادہ شدہ) تھی۔ فروخت آمدن میں کمی کے ساتھ ساتھ کمپنی کے منافع میں بھی کمی ہوئی ہے جس کی بنیادی وجہ فیلڈ کے اخراجات میں 2,663 ملین روپے تک کا اضافہ ہے جو تقابلی عرصے سے تقریباً 6 فیصد زائد ہے۔ فیلڈ کے اخراجات میں اضافے کی اہم وجہ پی پی ایل کے اثاثوں میں سائز مک سرگرمیوں میں ہونے والا اضافہ ہے۔ ان اخراجات کو سوئی کے انشورنس کلیم سے حاصل ہونے والی رقم اور آپریشنل سرگرمیوں کو مؤثر طور پر انجام دے کر جزوی طور پر پورا کیا گیا۔

مندرجہ بالا کے علاوہ، کمپنی کی منفعت پر ہونے والا اثر، اسکی آمدنی کی مد میں غیر نقدی خرچ کے طور پر پیش کئے گئے، پی پی ایل یورپ ای اینڈ پی لمیٹڈ (پی پی ایل ای) اور دریافتی

#### 4.3۔ مالیاتی جائزہ

ڈائریکٹران رواں سال کے دوران حاصل ہونے والے منافع سے کئے گئے اخراجات کی درج ذیل تفصیل پیش کرتے ہیں:

2014-2015	2015-2016	
ملین روپے	ملین روپے	
(اعادہ شدہ)		
53,315.112	26,706.716	قبل از ٹیکس منافع
(14,916.376)	(9,464.697)	ٹیکس
38,398.736	17,242.019	بعد از ٹیکس منافع
101,524.925	105,707.866	1 جولائی 2014/2015 کو ہونے والا unappropriated نفع
139,923.661	122,949.885	
		سال کے دوران ہونے والے اخراجات
(5,000.000)	-	انشورنس کے سرمائے میں منتقلی
(5,000.000)	-	حاصل کئے گئے اثاثوں کے سرمائے میں منتقلی
(14,787.878)	(7,886.868)	2014-2015 کے لئے عمومی شیئرز پر 40 فیصد کے حساب سے حتمی منافع
		منقسمہ (2013-2014 میں یہ شرح 75 فیصد تھی)
(8,872.764)	(4,436.392)	2015-2016 کے لئے عمومی اور تبدیل پذیر ترجیحی شیئرز پر بالترتیب 22.5 فیصد
		(2014-2015 میں یہ شرح 45 فیصد تھی) اور 22.5 فیصد (2014-2015 میں یہ
		شرح 30 فیصد تھی) کے حساب سے عبوری منافع منقسمہ
(555.153)	(540.046)	دیگر مجموعی آمدن (نفع و نقصان کا از سر نو جائزہ)
105,707.866	110,086.579	30 جون 2015/2016 پر میزان
		بعد میں ہونے والے اثرات
		کمپنی کے بورڈ کے ڈائریکٹران نے 18 جنوری 2017 کو دوبارہ منعقد ہونے والے اجلاس
		میں مندرجہ ذیل کی سفارش کی ہے:
7,886.868	6,901.020	عمومی شیئرز پر 35 فیصد (2014-2015 میں یہ شرح 40 فیصد تھی) اور تبدیل پذیر ترجیحی
		شیئرز پر 7.5 فیصد کے حساب سے (2014-2015 میں کچھ نہیں) حتمی منافع منقسمہ

#### فروخت آمدن

موجودہ مدت میں تقابلی عرصے کے مقابلے میں فروخت آمدن میں 24,687 ملین روپے کی کمی آئی ہے۔ خام تیل کی قیمت کی وجہ سے 29,859 ملین روپے کا ہونے والا منفی



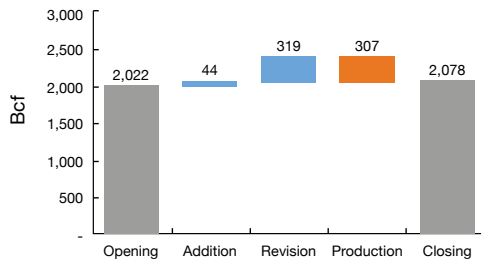
منصوبہ	صورتحال
ناشپا فیلڈ: ای پی سی ایل پی جی پلانٹ	ناشپا ایل پی جی پلانٹ کے لئے ای پی سی سی معاہدہ ہو چکا ہے۔ اس وقت منصوبے پر انجینئرنگ، تعمیراتی اور سامان کے حصول کا کام جاری ہے۔
ٹیل: ماکوڑی ایسٹ فیلڈ پر کمپریشن	ای پی سی سی معاہدے کے تحت کام تفویض کر دیا گیا ہے۔ انجینئرنگ تحقیق جاری ہے۔
ساون گیس فیلڈ: فرنٹ اینڈ کمپریشن کی از سر نو بحالی	تفصیلی انجینئرنگ تحقیق جاری ہے۔
لطیف گیس فیلڈ: لطیف - ساون فلو لائن سے دشواریاں دور کرنا	تفصیلی انجینئرنگ تحقیق جاری ہے۔
میلہ ڈیولپمنٹ	نچا اور میلہ فیلڈز کی موجودہ پیداوار کو مد نظر رکھتے ہوئے ڈیولپمنٹ کے حوالے سے منصوبے کی عمل پذیری اور معاشیات کے حوالے سے موجود مختلف امکانات کا جائزہ لیا جا رہا ہے۔

### ذخائر کی انتظام کاری

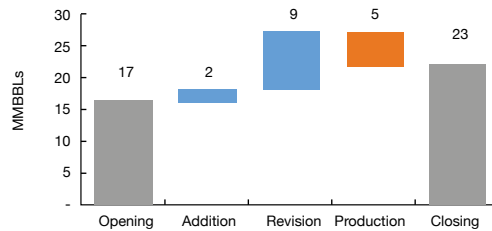
پی پی ایل کے تسلیم شدہ (1P) ہائیڈروکاربن کے ذخائر (جس میں رواں سال کچا لکھ پیداوار بھی شامل ہے) میں 30 جون 2016 کے اعداد و شمار کے لحاظ سے گیس، تیل/این جی ایل/کنڈنسٹ اور ایل پی جی میں بالترتیب 3 فیصد اور 34 فیصد اور 7 فیصد کا اضافہ ہوا ہے جس کی اہم وجہ موجودہ فیلڈز کے ذخائر میں دوبارہ تجزیے کے بعد ترمیم کے ساتھ ساتھ نئی دریافتوں سے ذخائر میں ہونے والا اضافہ بھی ہے۔

سال کے دوران ہائیڈروکاربن کے ذخائر میں تجزیے کے بعد ہونے والی ترمیم، اضافے اور پیداوار کی بنیاد پر پی پی ایل کے ذخائر کی بحالی کی شرح 126 فیصد رہی جس سے واضح ہوتا ہے کہ نہ صرف سال کی کل پیداوار میں استعمال ہونے والے ذخائر کے لئے متبادل ذخائر حاصل کیے گئے ہیں بلکہ کل پیداوار کے مقابلے میں کمپنی کے ذخائر کے منبع میں 26 فیصد کا مزید اضافہ بھی ہوا ہے۔ ذخائر کی یہ ترمیم خصوصاً کندھ کوٹ اور آدہی فیلڈز کے ذخائر کی تحقیق کے نتیجے میں سامنے آئی ہے۔

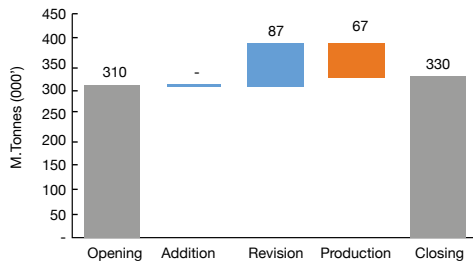
Movement in Natural Gas Reserves



Movement in Oil/NGL/Condensate Reserves



Movement in LPG Reserves



## منصوبے

کمپنی نے اپنے سرگرم دریافتی پروگرام کو جاری رکھنے کے ساتھ ساتھ دریافت شدہ اثاثوں سے جلد پیداوار کے حصول کیلئے فیلڈ ڈیولپمنٹ پروگرام کو بھی آگے بڑھانے کے لئے کوششیں تیزتر کی ہیں۔ اس ضمن میں کمپنی نے فیلڈ ڈیولپمنٹ کے کئی منصوبوں پر عمل درآمد کیا جن سے نہ صرف نئی دریافتوں سے پیداوار کا آغاز ممکن ہوا بلکہ فیلڈز سے پیداوار میں اضافہ بھی ممکن ہوا۔

پی پی ایل کے آپریٹنگ اساسوں میں اہم منصوبوں پر پیش رفت درج ذیل رہی:

منصوبہ	صورتحال
آدہی ایل پی جی / این جی ایل پلانٹ - III	آدہی پلانٹ - 9 III نومبر 2015 سے آپریشنل ہے اور گیس، ایل پی جی اور این جی ایل کی قابل فروخت حجم کی پیداوار دے رہا ہے۔
آدہی گیس کپریس منصوبہ	FEED تحقیق مکمل ہو چکی ہے۔ پی پی ایل اس منصوبے پر ای سی ایم بنیادوں پر کام کرے گا۔ اس حوالے سے کپریسز کی فراہمی کے لئے بولیاں منگوائی گئیں ہیں۔
سوئی فیلڈ گیس کپریس اسٹیشن میں موجود سوئی مین لائن اسٹون (ایس ایم ایل) کپریسز کی تبدیلی / کارکردگی میں بہتری	ایس ایم ایل کے ساتھ کپریسز کی تبدیلی / ان کی کارکردگی بہتر بنانے کا عمل فروری 2016 میں مکمل ہوا، جس کے نتیجے میں گیس کی یومیہ پیداوار میں 25-30 ایم ایم ایل ایف کی شرح سے اضافہ ہوا جس سے 217 بی سی ایف اضافی ذخائر سے پیداوار کا حصول ممکن ہوگا۔ مجموعی طور پر منصوبے کو لاگت میں تقریباً 1 بلین روپے کی بچت کے ساتھ مکمل کیا گیا۔
شرف، گمبٹ ساؤتھ پر یومیہ 150 ایم ایم ایس سی ایف گیس کی پروسیسنگ کرنے والی دوسری فیسلٹی (جی پی ایف - II)	پلانٹ 20 مئی 2016 کو مشینی لحاظ سے (میکینیکل) کامیابی سے مکمل ہوا۔ جبکہ پلانٹ سے پہلی گیس 9 اگست 2016 کو حاصل ہوئی۔
گمبٹ ساؤتھ جی پی ایف - I کی بحالی (Upgrade)	منصوبہ مکمل ہو گیا ہے اور مئی 2016 سے گیس کی فروخت ایس ایس جی سی ایل کے نیٹ ورک کو فراہم کی جا رہی ہے۔ کارکردگی کی جانچ کامیابی سے مکمل ہوئی۔
وافق، گمبٹ ساؤتھ پر یومیہ 160 ایم ایم ایس سی ایف گیس کو پروسیس کرنے والا پلانٹ - III (جی پی ایف - III)	EPCC کے لئے ٹھیکہ دار اپریل 2016 میں دیا گیا۔ منصوبے کی تفصیلی انجینئرنگ ڈیزائن جاری ہے۔ منتخب شدہ ای سی سی ٹھیکیدار کی جانب سے پلانٹ کے اہم آلات کی خریداری کے لئے دیگر متعلقہ ٹھیکیداروں کو آرڈر دینے کا سلسلہ جاری ہے۔ فیلڈ کی تعمیر کا کام شروع ہو چکا ہے۔
ہالہ گیس پروسیسنگ فیسلٹی (جی پی ایف II)	یومیہ 30 اور 60 ایم ایم ایس سی ایف گیس کو پروسیس کرنے والے پلانٹس کے لئے FEED کی تحقیق پر کام مکمل ہو چکا ہے۔
حاتم بجلی کی پیداوار (پاور) کا پلانٹ	حاتم X-1 سے پیدا ہونے والی گیس سے 20 میگا واٹ بجلی کی پیداوار کے پلانٹ کی تیاری کی منصوبہ بندی کی گئی ہے۔

ساتھ ہی گمبٹ ساؤتھ بلاک میں شہداد پور اور شہداد پور ویسٹ فیلڈز اور ہالہ بلاک میں آدم ویسٹ فیلڈ کے لئے ڈیولپمنٹ و پروڈکشن لیز حاصل کرنے کی درخواست متعلقہ فیلڈ ڈیولپمنٹ منصوبوں کے ساتھ حکومت پاکستان کو جمع کروادی گئی ہے۔

علاوہ ازیں، پارٹنر آپریٹنگ اثاثوں میں درج ذیل اہم منصوبوں پر کام کیا گیا:

جھنگ شاہی	- پہلے دریافتی کنوئیں نوری آباد 1-X کو بند کر کے ترک کر دیا گیا۔
کھیر وایسٹ	- 698 لائن کلومیٹر 2D سائز مک ڈیٹا کا حصول مکمل ہو گیا ہے۔

### پی پی ایل کے آپریٹڈ دریافتی اثاثے: ایکسپلوریشن نارٹھ

ڈھوک سلطان	- شناخت شدہ دریافتی و تجرباتی (کنوئیں کی) کھدائی کے لئے امکانات/مقامات پر 2D/3D سائز مک ڈیٹا جاری ہے۔ - ڈھوک سلطان 1-X پروورک اور جاری ہے۔
حصال	- 2D سائز مک ڈیٹا کی ابتدائی تشریح کی بنیاد پر پہلے دریافتی کنوئیں کی کھدائی کے متوقع مقام کی شناختی جارہی ہے۔
صادق آباد	- مزید گہرائی میں دریافتی امکانات کا جائزہ لینے کے لئے سیکونڈ اسٹی گرافک تحقیق اور 3D سائز مک ڈیٹا کی تشریح جاری ہے۔
کرسل	- کرسل 1-X کنوئیں کی کھدائی کے ممکنہ مقام کی شناخت ہو چکی ہے، زمین کے حصول کا عمل جاری ہے۔
زندان	- بلاک کے باقی ماندہ امکانات کا تجزیہ کیا جا رہا ہے۔

### پی پی ایل کے پارٹنر آپریٹڈ دریافتی اثاثے

آف شور انڈس G (آپریٹر: ای این آئی)	- حالیہ تیل کی کم قیمتوں کے تناظر میں دریافتی کنوئیں کیلکڑا 1 کی کھدائی کو جنوری 2018 تک ملتوی کر دیا ہے۔
آف شور انڈس C اور آف شور انڈس N (آپریٹر: ای این آئی)	- بلاکس C اور N میں دریافتی سرگرمیاں بلاک G میں ہونے والی ممکنہ دریافت سے منسلک ہے۔ - کوششیں جاری ہیں کہ تین ہوا کو بلاک میں یقینہ رہ جانے والے طے شدہ وورک پروگرام کی تکمیل کے لئے آمادہ کیا جائے۔
کوبن (آپریٹر: او ایم وی)	- سائز مک سروے کے آغاز کے لئے حکومت بلوچستان کی جانب سے اجازت نامے کا انتظار ہے۔
ٹل (آپریٹر: مول)	- گریوٹی سروے 70 فیصد حصہ مکمل ہو چکا ہے۔ - ٹولنج ویسٹ 1 اور ماکوٹی ڈیپ 1 کنوئیں سے ہائیڈروکاربن کی دریافت ہوئی ہے۔
ناشپا (آپریٹر: اوجی ڈی سی ایل)	- ناشپا 5-X کو تیل کی دریافت والے کنوئیں کی حیثیت سے مکمل کیا گیا ہے۔ - گریوٹی سروے مکمل ہو چکا ہے۔
گمبٹ (آپریٹر: او ایم وی)	- لمواری 1 کوٹائیٹ ذخائر کی بناء پر بند کر کے ترک کر دیا گیا ہے۔ پی پی ایل بلاک کی آپریٹر شپ اور اس میں دیگر شراکت داروں کی کاروباری حصہ داری کے حصول کے لئے کوشش کر رہا ہے۔
لطیف (آپریٹر: او ایم وی)	- لطیف ساؤتھ 1 میں گیس کی دریافت ہوئی ہے۔
کیتر (آپریٹر: پی اوجی سی)	- 268 مربع کلومیٹر کے 3D سائز مک ڈیٹا سروے کا حصول مکمل ہو چکا ہے۔
غوری (آپریٹر: ایم پی سی ایل)	- 456 مربع کلومیٹر 3D سائز مک سروے سے ڈیٹا حصول مکمل ہو چکا ہے۔
ڈگری (آپریٹر: یو ای پی ایل)	- ریجنل پیٹرولیم سسٹم ماڈلنگ تحقیق جاری ہے۔
سکھ پور (آپریٹر: ای این آئی)	- دوسرے دریافتی کنوئیں کی کھدائی کی تیاریاں جاری ہیں۔
جھڑک (آپریٹر: این ایچ ای پی ایل)	- آپریٹر کی بلاک کے امور کی تکمیل میں غیر رضا مندی کے باعث تمام سرگرمیاں معطل ہیں۔

## پی پی آپریٹڈ دریافتی اثاثے۔ ایکسپلوریشن ساؤتھ

گمبٹ ساؤتھ	<p>- نویں دریافتی کنونین کبیر 1-X کوگیس اور کنڈنسٹ کے پیداوار کنندہ کے طور پر مکمل کیا گیا ہے۔</p> <p>- دسویں دریافتی کنونین حاتم 1-X کوگیس کے پیداوار کنندہ کے طور پر مکمل کیا گیا۔ تجربے کے دوران کنونین سے یومیہ 56 ایم ایم ایس سی ایف گیس کا بہاؤ جانچا گیا۔</p> <p>- بلاک کے گیارہویں دریافتی کنونین ہادی 1-X کی کھدائی دسمبر 2015 کو شروع ہوئی لیکن کنونین کو آپریشنل مسائل کی بنا پر ترک کر دیا گیا جبکہ نئے کنونین ہادی 1A-X کوحتی گہرائی تک کھودا گیا شروع کی گئی۔ کامیاب فریکچرنگ جاب کے بعد کنونین سے یومیہ 10.85 ایم ایم ایس سی ایف گیس حاصل ہوئی، کنونین کو تفصیلی تجربے کیلئے بند کر دیا گیا ہے۔</p> <p>- دریافتی کنونین فیض 1-X کو مزید گہرا کرنے کیلئے کام شروع ہوا تاکہ حاتم 1-X سے ہونے والی دریافت کے اندازے کی جانچ کی جاسکے۔ جانچ کے دوران کنونین سے یومیہ 29 ایم ایم ایس سی ایف گیس کا بہاؤ حاصل ہوا، کنونین کوگیس کے پیداوار کنندہ کے طور پر مکمل کیا گیا ہے۔</p> <p>- بارہویں دریافتی کنونین تابان 1-X کو بند کر کے ترک کر دیا گیا ہے۔</p> <p>- بلاک کے شمالی حصے میں 800 مربع کلومیٹر کے 3D سائز مک ڈیٹا کا حصول جاری ہے۔</p> <p>- کورسیڈی سیڈیمینٹالوجی کی تفصیلی تحقیق مکمل ہو چکی ہے جبکہ ریجنل مربوط سیکوننس اسٹریٹگریفی تحقیق جاری ہے تاکہ اسٹریٹگریٹک ٹرپس کی نشاندہی ہو سکے۔</p>
بالہ	<p>- چوتھے دریافتی کنونین فضل 1-X کوگیس اور کنڈنسٹ کے پیداوار کنندہ کے طور پر مکمل کیا گیا۔ جانچ کے دوران کنونین سے یومیہ 20.3 ایم ایم ایس سی ایف گیس اور 50 بی بی ایل کنڈنسٹ حاصل ہوا۔</p> <p>- پانچویں دریافتی کنونین بشر 1-X کوحتی گہرائی تک پہنچایا گیا۔ کھدائی کے نتیجے میں ملنے والے ذخائر کو ٹائٹ قرار دیا گیا اور کنونین پر فریکچر کا عمل بھی کیا گیا تاہم اس سے حاصل ہونے والی پیداوار پر کوئی اثر نہ ہوا، چنانچہ کنونین کو زیادہ بہتر امکانات والی زیرین سطحوں / فارمیشن سے منسلک کرنے کیلئے اسے سائیڈ ٹریک کرنے کا فیصلہ کیا گیا۔</p>
کوٹری	<p>- پہلے دریافتی کنونین، کوٹری 1-X سے کوحتی گہرائی تک پہنچایا گیا، جانچ کے دوران مختلف ویل ہیڈ دباؤ پر یومیہ 11.3 تا 9.3 ایم ایم ایس سی ایف گیس حاصل ہوئی، اس تجربے کی بنا پر اسے ٹائٹ گیس دریافت قرار دیا گیا اور کنونین کو مزید جانچ کے لئے فی الحال بند کر دیا گیا ہے۔</p> <p>- دوسرے دریافتی کنونین کوٹری 2-X کی کھدائی کے لئے تیاریاں جاری ہیں۔</p>
کوٹری نارٹھ	- 475 مربع کلومیٹر کے 3D سائز مک ڈیٹا کا حصول جاری ہے۔
سیرانی	- 305 مربع کلومیٹر کے 3D سائز مک ڈیٹا کا حصول جاری ہے۔
زمزمہ ساؤتھ	<p>- 362 مربع کلومیٹر 3D سائز مک ڈیٹا کا حصول مکمل ہو گیا۔</p> <p>- سائز مک سیکوننس اسٹریٹگریٹک تحقیق کے نتیجے میں پہلے دریافتی کنونین کی کھدائی کے لئے اسٹریٹگریٹک امکان کو پختہ کر لیا گیا۔</p>
نوشہرو فیروز	- نئے حاصل کئے گئے 855 مربع کلومیٹر 3D سائز مک ڈیٹا کا تجزیہ / مپنگ مکمل ہو چکی ہے۔ نوشہرو فیروز 1-X سے ہونے والی ٹائٹ گیس کی دریافت کی جانچ کے لئے تجربہ جاری ہے۔
ملیر	<p>- پہلے دریافتی کنونین ملیر 1-X کو بند کر کے ترک کر دیا گیا۔</p> <p>- شناخت کئے گئے متوقع کھدائی کے مقام کے لئے 34 لائن کلومیٹر کا ان 2D سائز مک ڈیٹا حاصل کیا گیا۔</p>
شاہ بندر	- 372 مربع کلومیٹر 3D سائز مک ڈیٹا کا حصول جاری ہے۔

پی پی ایل نے سال کے دوران اپنے آپریٹڈ بلاکس میں 6 دریافتیں کیں ساتھ ہی پارٹنر آپریٹڈ بلاکس میں بھی 4 دریافتیں ہوئیں جن سے دریافتوں کی کل تعداد 10 ہو گئی۔

پی پی ایل آپریٹڈ		پارٹنر آپریٹڈ	
بلاکس	دریافتیں	بلاکس	دریافتیں
گمبٹ ساؤتھ	کبیر X-1	لطیف	لطیف ساؤتھ-1
	حاتم X-1	ناشپا	ناشپا X-5
	ہادی X-1A	ٹل	تولج ویسٹ-1
ہالہ	فضل X-1	ٹل	ماکوڑی ڈیپ-1
ڈھوک سلطان	ڈھوک سلطان X-1	----	----
کوٹری	کوٹری X-1	----	----

کمپنی اور پارٹنر آپریٹڈ بلاکس میں ہر بلاک کے اعتبار سے ورک پروگرام پر عمل درآمد کیتھفیل درج ذیل جدول میں فراہم کی گئی ہے:

پی پی ایل کے آپریٹڈ دریافتی اثاثے: ایکسپلوریشن فرنٹیر

بارکھان	- دوسرے دریافتی کنونین مری واہ ایسٹ X-1 کو بند کر کے ترک کر دیا گیا ہے۔
خاران، خاران ایسٹ، خاران ویسٹ	- پہلے دریافتی کنونین خاران X-1 کی ویل سائٹ کی تکمیل ہو چکی ہے جبکہ کھدائی جنوری 2017 تک متوقع ہے۔
قلا ت	- 301 لائن کلومیٹر 2D سائز مک ڈیٹا کی تشریح اور میننگ مکمل ہو چکی ہے جبکہ دریافتی کنونین قلا ت X-1 کی کھدائی فروری 2017 تک متوقع ہے۔
حب	- 457 لائن کلومیٹر ڈیٹا کی پروسسنگ جاری ہے۔ - سائز مک کے سروے کے دوران خورد حیاتاتی ارضی کیمیائی دریافت (ایم جی سی ای) سروے بھی کیا گیا اور حاصل کیے گئے نمونوں کا لیب میں تجزیہ جاری ہے۔
بیلا ویسٹ	- 429 لائن کلومیٹر 2D سائز مک سروے کے ڈیٹا کا حصول مکمل ہو گیا۔ - 429 لائن کلومیٹر 2D سائز مک ڈیٹا کی پروسسنگ اور 318 لائن کلومیٹر ڈیٹا کی از سر نو پروسسنگ جون 2016 میں مکمل ہو گئی۔
نوشیروانی	- نئے حاصل کیے گئے 644 لائن کلومیٹر 2D سائز مک ڈیٹا کا حتمی تجزیہ/میننگ جاری ہے۔
خضدار	- 100 لائن کلومیٹر 2D سائز مک سروے کے حصول کی منصوبہ بندی کی گئی تاکہ شناخت شدہ کھدائی کے امکانات کو مزید مستحکم کر کے کھدائی کے مقامات کا تعین کیا جاسکے۔
مارگند	- مارچ 2017 سے بلاک میں 200 لائن کلومیٹر 2D سائز مک سروے کے حصول کے لئے منصوبہ بندی کی گئی ہے۔

## کھودے گئے پیداواری کنوئیں (پی پی ایل کی آپریٹڈ فیلڈز میں)

پارٹنر آپریٹڈ اثاثے	صورتحال
ساون	- نو کنوئیں پر کئے جانے والے اقدامات کے نتیجے میں پیداواری انحطاط کو روکنے اور پیداوار کو بڑھانے میں مدد ملی ہے۔
غوری	- غوری فیلڈ کے آپریشنز کو بہتر بنانے سے پیداوار میں خاطر خواہ اضافہ ہوا ہے۔
بلاک-22	- پیداوار میں بہتری آنے کے ساتھ ساتھ پیٹرولیم پالیسی برائے 2012 کے مطابق حسن گیس فیلڈ سے گیس کی قیمت کے لئے دوگنا فائدہ حاصل ہوا ہے۔

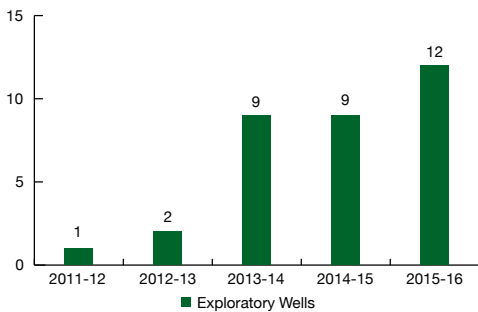
## دریافتی کوششیں

سال کے دوران 45 بلاکس میں دریافتی سرگرمیاں جاری رہیں، جن میں سے 27، بشمول بلاک 8، عراق، پی پی ایل آپریٹڈ ہیں جبکہ 18 پارٹنر آپریٹڈ ہیں جن میں سے تین آف شور لیزز جو کہ پاکستان میں ہیں اور دو آن شور بلاکس جو یمن میں شامل ہیں۔ پارٹنر آپریٹڈ بلاکس میں سے تین بلاکس جنی آپریٹر (کے پی بی وی) ساؤتھ ویسٹ مینا نو II (آپریٹر او ایم وی) اور بلاک 29 (آپریٹر: او ایم وی، یمن) ترک کر دیئے گئے/ جانے تکمیل میں ہیں۔

خام تیل کی قیمتوں میں کمی کے باوجود پی پی ایل اپنے موثر اور کم لاگتی آپریشنز کے ساتھ ساتھ اپنی سیالیت اور نقد فراہم کرنے والے اثاثے کی وجہ سے نفع بخش رہنے کی صلاحیت رکھتی ہے جس کی وجہ سے کمپنی نے چینج کو موقعوں میں تبدیل کرتے ہوئے تیل و گیس کی دریافتی سرگرمیوں میں سرمایہ کاری جاری رکھی ہے۔ کمپنی اپنی حکمت عملی کے تحت دریافتی اثاثوں کا ایک متنوع پروگرام کو جاری رکھے ہوئے ہے جس میں خطرات سے پرہیز، زیادہ نفع کم خطرہ اور کم/درمیانی نفع والے بلاکس شامل ہیں۔ مزید برآں یہ کہ، یہ سرمایہ کاری پی پی ایل کی کاروباری گردش کے تاریخی تناظر میں، جہاں دریافتی سرگرمیوں کے آغاز سے لے کر پیداوار کے حصول تک چند سال لگ جاتے ہیں، پی پی ایل کو یہ موقع فراہم کرے گی کہ وہ اس دوران تیل کی قیمتوں کے بحال ہوتے ہی اپنی سرمایہ کاری سے بھرپور فائدہ اٹھا سکے۔

2009 اور 2013 کی بولی کے مراحل میں ملنے والے بلاکس کے اضافے سے کمپنی کے سائز کم آپریشنز میں کئی گنا تیزی آئی ہے۔ پچھلے 5 سالوں کے دوران بحیثیت آپریٹر، پی پی ایل نے 7,093 لائن کلومیٹر 2D اور 6,940 مربع کلومیٹر 3D سائز کم ڈیٹا حاصل کیا، جس میں 318 مربع کلومیٹر 3D بلاک 8، عراق کے سروے کے دوران ریکارڈ کیا گیا۔

Exploratory Wells drilled (Operated Areas)



سال کے دوران کمپنی نے پانچ بلاکس: بیلا ویسٹ، حب، کچھرو ایسٹ، ملیر اور حصال میں مجموعی طور پر 1,787 لائن کلومیٹر 2D اور دیگر سات بلاکس: صادق آباد، نوشہرہ و فیروز، گمبٹ ساؤتھ، شاہ بندر، کوٹری، نارتھ، سیرانی اور بلاک 8، عراق میں کل 1,554 مربع کلومیٹر 3D سائز کم ڈیٹا حاصل کیا۔

پی پی ایل نے ملک بھر میں شمالی، جنوبی اور سرحدی پیمز میں سال کے دوران 12 دریافتی کنوئیں کھودے جو کمپنی کی جانب سے اب تک کھودے گئے کنوئیں کی ریکارڈ تعداد ہے۔

کندھ کوٹ	- کندھ کوٹ-33 (ایچ)، کندھ کوٹ-34 (ایم) اور کندھ کوٹ-35 (ایم) کو افقی کنوؤں کی حیثیت سے کامیابی سے مکمل کیا گیا۔ - کندھ کوٹ-26 کو فاضل پانی کوٹھکانے لگانے والے کنوئیں کے طور پر مکمل کیا گیا۔
گمبٹ ساؤتھ	- شرف-2 کو گیس پیداوار کنندہ کے طور پر مکمل کیا گیا۔

کھودے گئے پیداواری کنوئیں (پی پی ایل کی آپریٹڈ فیلڈز میں)

سال کے دوران پارٹنر آپریٹڈ بلاکس/ فیلڈز میں کھودے گئے پیداواری کنوؤں کی تفصیل درج ذیل ہے:

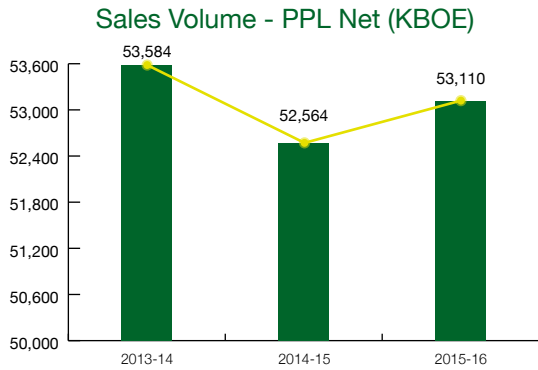
ٹل	- ماکوڑی ایسٹ-5 کی کامیاب جانچ کے بعد اسے مکمل کر لیا گیا ہے۔ - مردان خیل-3، مردان خیل-2 اور مارمڑی-4 کی کھدائی جاری ہے۔
ناشپا	- ناشپا-6 اور ناشپا-7 کو جولائی 2016 میں تیل کے پیداوار کنندہ کے طور پر مکمل کیا گیا۔ - دریافتی کنوئیں شادا-1 کو کھدائی میں حائل دشواریوں کی بناء پر ترک کر کے بند کر دیا گیا۔
قادر پور	- پانچ پیداواری کنوؤں: ایچ آرایل-9، 10، 11، قادر پور-54 اور قادر پور-55 کو گیس کے پیداواری کنوؤں کے طور پر کامیابی سے مکمل کرنے کر لیا گیا ہے۔
میانو	- میانو-19 کو کامیابی کے ساتھ گیس کے پیداوار کنندہ کے طور پر مکمل کیا گیا۔ میانو-20 کو ٹائٹ سیٹنگ بنا کر بند کر کے معطل کر دیا گیا۔
لطیف	- لطیف-13 (لطیف-5 ایس ٹی) اور لطیف-14 کو پیداوار کنندہ کے طور پر کامیابی سے مکمل کیا گیا۔
کیرتھر	- رحمان-2 کو پیداوار کنندہ کے طور پر کامیابی سے مکمل کیا گیا۔

کھودے گئے پیداواری کنوئیں (پی پی ایل کی آپریٹڈ فیلڈز میں)

دیگر پیداواری سرگرمیوں کی تفصیل درج ذیل ہے:

پی پی ایل کے آپریٹڈ اثاثے	صورتحال
سوئی	- چار ورک اوور مکمل ہو چکے ہیں۔
کندھ کوٹ	- آٹھ کنوؤں پر مختلف اقدامات کئے گئے ہیں جس سے ان کی پیداواری صلاحیت میں خاطر خواہ اضافہ ہوا ہے۔ 16 انچ قطر کی گیس کو جمع کرنے والی زیر زمین پائپ لائن، جو کہ موجودہ لائن کے متوازی پھیلائی جا رہی ہے، پر کام دسمبر 2016 میں مکمل ہو گیا ہے۔
آدہی	- پیداواری کنوئیں، آدہی-24 (ٹی/کے) اور آدہی-23 (ٹی/کے) سے پیداوار کا باقاعدہ آغاز مقررہ وقت سے پہلے ہو چکا ہے۔ - آدہی-18 (ٹی/کے) اور آدہی-13 (ٹی/کے) کا ورک اوور کامیابی سے مکمل ہو گیا ہے۔
گمبٹ ساؤتھ	حاتم کی دریافت سے حاصل ہونے والی کم احتراق والی گیس (low BTU gas) کو بجلی بنانے کے منصوبے میں استعمال کرنے کے حوالے سے (تعمیراتی) کام شروع ہو گیا ہے۔





(2015 کی چوتھی سہ ماہی) سے پہلے (تیسری سہ ماہی میں) ہی مکمل ہو گیا۔ کنوئیں سے

یومیہ 30 ایم ایم ایس سی ایف گیس اور 1,100 بیرل تیل حاصل ہوا

- قادر پور گیس فیلڈ میں تین کنوئیں (ایچ آر ایل-9، ایچ آر ایل-10 اور ایچ آر ایل

-11) کی کھدائی اور ان سے پیداوار کی شروعات۔ ان کنوئیں سے فیلڈ کی پیداوار

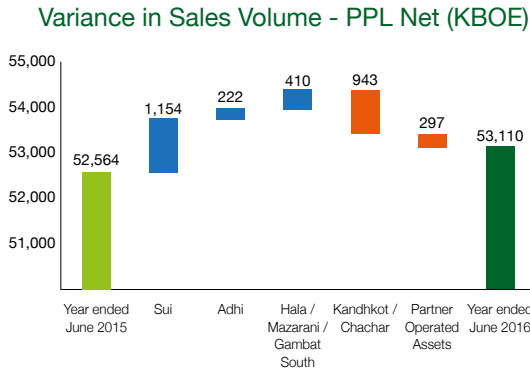
میں یومیہ 30 ایم ایم ایس سی ایف گیس کا اضافہ ممکن ہوا

- ساون گیس فیلڈ کے 4 کنوئیں کا ورک اوور جنوری 2016 میں مکمل

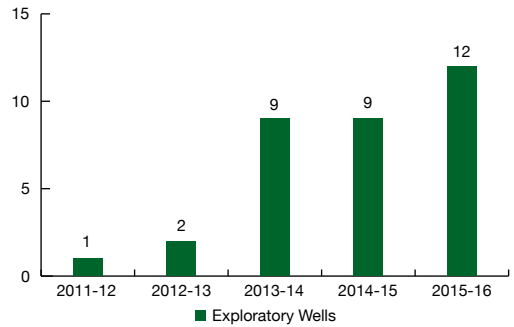
ہوا جس سے ان کی پیداوار میں 13.5 ایم ایم ایس سی ایف گیس کا اضافہ ہوا

سال کے دوران کمپنی نے تیل و گیس کی اپنی پرانی فیلڈز سے جاری پیداوار میں تسلسل سے تنزلی کی بناء پر ہونے والے انحطاط کو نہ صرف روکا بلکہ پیداوار کی اس شرح کو مثبت سمت میں بھی لے جایا گیا۔

یہ اہم کامیابی کمپنی کے سرگرم ورک پروگرام سے منسوب ہے جس کے تحت نئے کنوئیں میں اضافہ، ورک اوور، نئے پلانٹس سے پیداوار کا آغاز اور کمپریسر کی تبدیلی / تجدید شامل ہے۔



#### Exploratory Wells drilled (Operated Areas)



جون 2015 کو ختم ہونے والا سال، سوئی، آدہی، ہالہ / مزرائی / گمبٹ ساؤتھ، کندھ کوٹ / چاچڑ، پارٹنر آپریٹڈ اثاثے، جون 2016 کو ختم ہونے والا سال

سال کے دوران کمپنی نے کل 25 پیداواری کنوئیں کھودے، جن میں سے 11 پی پی ایل کی آپریٹڈ فیلڈز میں کھودے گئے۔ پچھلے 5 سالوں کے دوران کمپنی کی آپریٹڈ فیلڈز میں کھودے گئے کنوئیں کی تفصیل درج ذیل چارٹ میں بیان کی گئی ہے:

کھودے گئے پیداواری کنوئیں (پی پی ایل کی آپریٹڈ فیلڈز میں)

سوئی	سوئی-96 (ایم)، سوئی-94 (پی) سوئی-80 اور سوئی-95 (ڈیپ 2) کو کامیابی سے مکمل کیا گیا۔
آدہی	سوئی-25 (ٹی/کے) cased-hole پیداوار کنندہ کے طور پر توڑا اور کھیوڑا افارڈمنٹز میں مکمل کیا گیا۔
	سوئی-27 (ٹی/کے) کو 23 اگست، 2016 کو مکمل کیا گیا۔ سال کے آخر میں اس سے پیداوار کا آغاز بھی ہو گیا۔

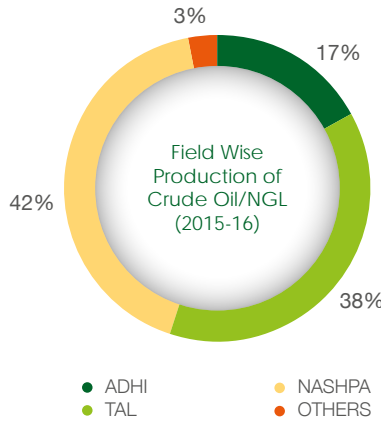
مندرجہ بالا اقدامات جو پیداوار میں ہونے والے انحطاط کو روکنے کے لئے گئے ہیں کے نتیجے میں 2016-17 کی یومیہ پیداوار میں تقریباً 73 ایم ایس ایف کا اضافہ ہوگا جو کہ ان اقدامات کے بغیر ممکن نہ تھا

### کندھ کوٹ

3- کنوؤں، کندھ کوٹ-33، کندھ کوٹ-34، کندھ کوٹ-35، کی کھدائی کے نتیجے میں تقریباً 145 ایم ایس ایف یومیہ اضافی گیس کی دستیابی ممکن ہوئی ہے۔ کندھ کوٹ-33 کو ریکارڈ وقت، صرف 13 دنوں، میں کھودا گیا۔  
- کنوؤں پر کئے گئے مختلف اقدامات میں پہلی بار کندھ کوٹ-24، کندھ کوٹ-19، کندھ کوٹ-7 پر پانی کو روکنے کے حوالے سے کیا جانے والا عمل کامیابی سے مکمل ہوا جبکہ کندھ کوٹ-18، کندھ کوٹ-8، کندھ کوٹ-14 کے ہول کی صفائی سے گیس کے بہاؤ میں یومیہ 14 ایم ایس ایف کا اضافہ ہوا۔  
- فاضل پانی کو ٹھکانے لگانے والے کنوئیں کندھ کوٹ-30 کی جذب کرنے کی صلاحیت کو بہتر بنانے سے فاضل پانی کو ٹھکانے لگانے کے عمل میں تیزی آئی ہے۔  
- مائع کی انتظام کاری کے نظام سے دشواریوں کو دور کرنے سے اس کی صلاحیت یومیہ 8,000 بیرل سے بڑھ کر یومیہ 20,000 بیرل ہوگئی ہے۔

### آدہی

- ایل پی جی/این جی ایل پلانٹ III کی تنصیب اور اس سے پیداوار کے آغاز سے گیس، تیل اور ایل پی جی کی یومیہ فروخت بالترتیب 40 سے 152 ایم ایس ایف، 5,300 سے 7,500 بیرل اور 160 سے 185 ٹن ہوگئی



- آدہی فیلڈ میں تین نئے پیداواری کنوؤں آدہی-23 (ٹی/کے)، آدہی-24 (ٹی/کے) اور آدہی-25 (ٹی/کے) کو مکمل کر کے، نظام سے مربوط کرنے کے بعد اس سے پیداوار کا حصول شروع ہو گیا

- آدہی کمپریسرز کے تصوراتی نظام کے جائزے سے خاطر خواہ چٹ ممکن ہوئی  
- آدہی-18 (ٹی/کے) اور آدہی-13 (ٹی/کے) کا دورک اور کامیابی سے مکمل ہوا

### ہالہ/گمبٹ ساؤتھ/مزرانی

- گمبٹ ساؤتھ گیس پروسسنگ فیسلٹی-I سے شہداد-1-X کی توسیعی جانچ کے لئے پیداوار۔ گمبٹ ساؤتھ گیس پروسسنگ فیسلٹی-I کے پلانٹ کی بہتری/اپ گریڈ مکمل  
- گمبٹ ساؤتھ گیس پروسسنگ فیسلٹی-II کی کامیابی سے میکانیکی تکمیل۔ پلانٹ سے پہلی گیس 9 اگست 2016 کو حاصل ہوئی  
- واقعہ X-1 پر یومیہ 60 ایم ایس ایف ایف گیس پروسسنگ فیسلٹی-III لگانے کے لئے ای پی سی معاہدہ ایوارڈ کر دیا گیا  
- ہالہ میں کنوؤں کی کارکردگی بہتر بنا کر پیداوار میں اضافہ۔ یومیہ 30 ایم ایس ایف اور 60 ایم ایس ایف گیس پروسسنگ فیسلٹی کے پلانٹس کے لئے FEED کی تحقیق پر کام مکمل

### پارٹنر آپریٹڈ اثاثے

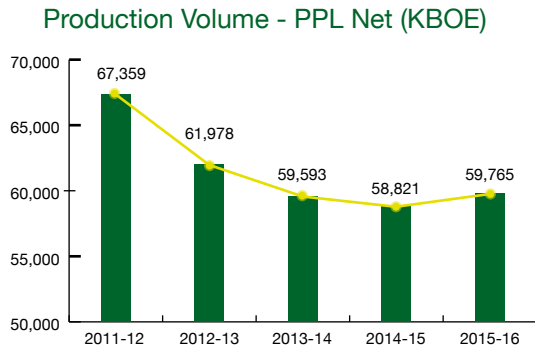
- ٹل بلاک میں مارم زئی-3 سے پیداوار کا جلد حصول: کنوئیں پر کام مقررہ وقت

## سیکیورٹی کا انتظام

کمپنی کی تنصیبات اور جاری آپریشنز کو کمکنڈر ہنگر دی کی سرگرمیوں سے محفوظ رکھنا دشوار رہا ہے، خصوصاً بڑھتے ہوئے دورک پروگرام کے تناظر میں جس کا مرکز فزغیر علاقے ہیں۔ دیگر چیلنجوں کی تفصیل انٹرپرائز رسک منیجمنٹ کے ٹیبلجو کہ باب 6.2 میں ہے، سے حاصل کی جاسکتی ہے۔

## 4.2 آپریشنل جائزہ

### آپریشنز



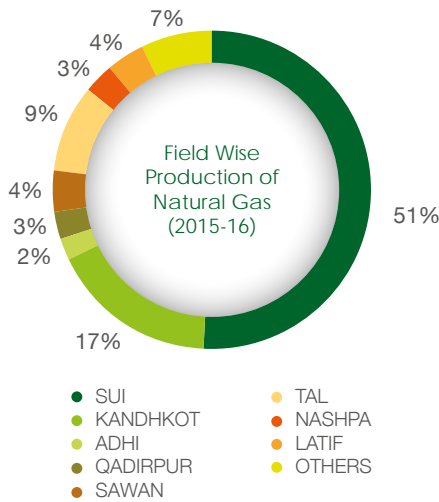
پی پی ایل 9 پیداواری فیلڈز: سوئی، کنڈھکوٹ، آدھی، مزرانی، چاچڑ، آدم، آدم ویسٹ، شہدادپور اور شہدادپور ویسٹ اور بولان مانیٹنگ انٹرپرائز کو آپریٹ کرتی ہے ساتھ ہی 16 شراکت دار کمپنیوں کی آپریٹڈ فیلڈز میں بھی حصہ داری رکھتی ہے۔ ان اثاثوں کے ذریعے کمپنی گھریلو صنعتی و دیگر صارفین کی ایک بڑی تعداد کی توانائی کی ضروریات کو پورا کرنے کے ساتھ ساتھ جدید ٹیکنالوجی کے استعمال سے پیداوار میں اضافہ کے لئے بھی سرگرم اقدامات کر رہی ہے۔

درج ذیل جدول حالیہ سال اور پچھلے سال کے دوران پی پی ایل کتنا لیس پیداوار کا تقابلی جائزہ پیش کرتا ہے:

2014-2015	2015-2016	
301,302	306,604	قدرتی گیس (ایم ایم ایس سی ایف)
5,482	5,424	خام تیل / قدرتی گیس مائع / کنڈنسیٹ (ہزار بیرل)
57,982	66,597	مائع پیٹرولیم گیس (میٹرک ٹن)
66,653	82,268	بیرائنٹ (ٹن)

زیر جائزہ سال کے دوران کمپنی کا اپنی اور شراکت دار فیلڈز سے ہائیڈروکاربن کی پیداوار کا حصہ یومیہ 838 ایم ایم ایس سی ایف گیس، 14,819 بیرل تیل / این جی ایل / کنڈنسیٹ اور 182 میٹرک ٹن ایل پی جی رہا۔

کمپنی کی پیداوار کے اہم خریداروں میں سوئی سدرن گیس کمپنی لمیٹڈ (ایس ایس جی ایس ایل)، سوئی ناردرن گیس پائپ لائنز لمیٹڈ (ایس این جی پی ایل)، سینٹرل پاور جنریشن کمپنی لمیٹڈ (جی ای ای این سی او-II) اور ٹانک ریفائنری لمیٹڈ (اے آر ایل) شامل ہیں۔ پیداوار میں اضافے کے لئے کمپنی کی جانب سے کئے گئے اہم اقدامات:



### سوئی

سوئی گیس فیلڈ میں کمپریسر کی تبدیلی / تجدید جو کہ اپنے مقررہ وقت سے پہلے بجٹ کے

مقابلے میں 25 فیصد کم لاگت مکمل ہوئی جس سے 217 پی سی ایف اضافی ذخائر کی بحالی بھی ممکن ہوئی

2015-16 کے دورک پروگرام کے مطابق 4 نئے کنوؤں کی کھدائی اور 3 کنوؤں پر ورک اور 20 فیصد کم لاگت سے مکمل

2015-16 کے دوران پیداوار 2014-15 کے مقابلے میں 5 فیصد زیادہ رہی جبکہ ہونے والے 6 فیصد قدرتی انحطاط کو بھی روکا گیا (جبکہ کل اثر 10 فیصد سے زیادہ رہا)

- کنوؤں کی کھدائی میں نیاریکارڈ: سال میں کھودے جانے والے کنوؤں کی سب سے زیادہ تعداد: آپریٹڈ علاقوں میں 23 کنوئیں کھودے گئے جن میں 12 دریافتی کنوئیں بھی شامل ہیں

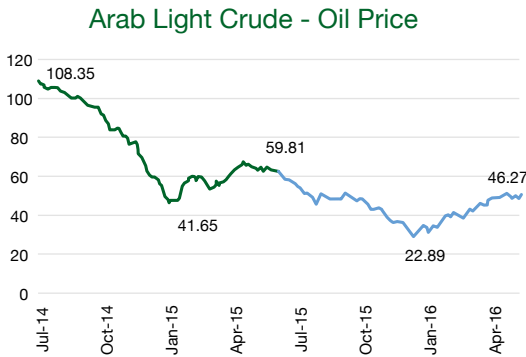
- کھدائی کے آپریشنز کی کارکردگی میں اہم آپریشنل علاقوں میں لاگت اور وقت میں کمی کے ذریعے بہتری  
- کمپنی کی تاریخ میں پہلی بار بیک وقت 13 رگزر (rigs) پر آپریشنز  
- (ٹھیکیداروں سے) معاہدہ کرنے کی حکمت عملی میں تبدیلی کے نتیجے میں گہٹ ساؤتھ میں گیس پروسیسنگ فیسلیٹی، جی پی ایف III کے منصوبے کی لاگت میں 50 فیصد (تقریباً 80 ملین امریکی ڈالر) کمی

- کمپنی کے آپریٹڈ ڈھوک سلطان بلاک سے پاکستان میں تیل کی گہری ترین دریافت  
- لاگت اور وقت میں نمایاں کمی کے ذریعے بلاک 8 عراق میں 318 مربع کلومیٹر 3D سائزنگ ڈیٹا کا حصول  
- پی پی ایل آپریٹڈ 12 بلاکس میں 1,787 لائن کلومیٹر 2D اور 1,554 مربع کلومیٹر 3D سائزنگ ڈیٹا کا حصول  
- 2,000 لائن کلومیٹر 2D سائزنگ ڈیٹا کی ریکارڈ ان-ہاؤس پروسیسنگ  
- کندھکوٹ لوپ لائن پراجیکٹ کی ریکارڈ مدت میں تعمیر  
- 164,535 ٹن بیرائنٹ کی ریکارڈ سالانہ پیداوار  
- عملے کی استعداد میں اضافے کے لئے بے مثال کوششیں: 150 کے لگ بھگ تربیتی نشستوں کے ذریعے 80 ہزار انسانی گھنٹے تربیت پر صرف کئے گئے جنہیں دو نئے قائم کئے گئے تربیتی سینٹروں میں مقامی اور بین الاقوامی تربیت کاروں کے ذریعے انجام دیا گیا

#### 4- کاروباری جائزہ

##### 4.1 سال کے دوران اہم چیلنجز/مسائل

##### خام تیل کی قیمتوں میں کمی



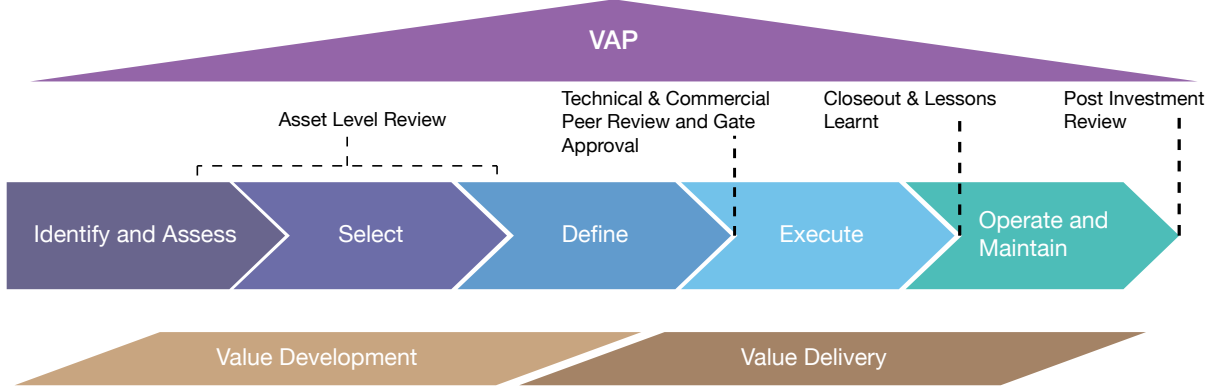
خام تیل کی عالمی سطح پر قیمتوں میں ہونے والی کمی کو سال 2015-2016 کے دوران ایک اور تنزلی کا سامنا کرنا پڑا، جب جنوری 2016 میں عرب لائٹ خام تیل کی قیمت 22 امریکی ڈالر فی بیرل تک جا پہنچی، تیل کی قیمتوں میں ہونے والی اس کمی نے صنعت کے حالیہ منافع کو بری طرح متاثر کرنے کے ساتھ ساتھ دنیا بھر میں دریافتی پیداواری سرگرمیوں میں بھی نمایاں تخفیف کی۔

اس کے بعد تیل کی قیمتوں میں بتدریج اضافہ ہوا ہے۔ جون 2016 میں عرب لائٹ خام

تیل کی خرید 40 امریکی ڈالر کی درمیانی سطح تک ریکارڈ کی گئی۔ جس نے سال کے اوائل میں فی بیرل ہونے والے نقصان کا کسی حد تک ازالہ کیا۔

اس صورت حال میں اور اس اندازے کے ساتھ کہ نئی دریافتوں سے پیداوار کے حصول میں کچھ عرصہ درکار ہوگا کمپنی نے محتاط حکمت عملی کے تحت اپنی کام کرنے کی صلاحیت کو بہتر کرتے ہوئے اخراجات میں کمی کے لئے مؤثر اقدامات کیے ہیں ساتھ ہی اپنی دریافتی سرگرمیوں میں بھی اضافہ کیا ہے۔ اس حکمت عملی کو عالمی سطح پر خام تیل کی گرتی قیمتوں کے پس منظر میں تیل و گیس کی صنعت میں دریافتی و پیداواری سرگرمیوں میں ہونے والی کمی سے فائدہ ہوا۔ پی پی ایل کی دریافتوں سے کچھ سالوں میں پیداوار حاصل ہوگی جب تیل کی قیمتوں میں ہونے والے اضافے سے فائدہ اٹھایا جاسکے گا۔

شعبہ جاتی / پیشہ ور ماہرین کے جائزے کا طریقہ کار، مرحلہ وار منظوری (Gate approval)، تکمیل، سیکھے گئے سبق اور ایک مقررہ حد سے زائد کے منصوبوں کے لئے بعد از سرمایہ کاری تجزیے



### ذخائر کی انتظام کاری

ذخائر کی انتظامی کمیٹی جس میں سینئر انتظامیہ، اثاثوں کے نمائندے اور ذخائر کے ماہرین شامل ہیں تشکیل دی گئی ہے جس کا مقصد اس بات کو یقینی بنانا ہے کہ اثاثوں کے تحت ذخائر کے شمار کرنے کا تجزیاتی طریقہ کار بہترین صنعتی معیار کے مطابق رہے۔

مزید برآں یہ کہ کمیٹی نے فروری 2016 سے اپنے ہائیڈروکاربن کے ذخائر کے حجم کی ماڈلنگ، بکنگ، ٹریکنگ اور رپورٹنگ کے لئے ایک خود کار نظام کا بھی کامیابی سے اجرا کر دیا ہے۔

### کاروباری سماجی ذمہ داری

کمپنی نے پاکستان سینٹر برائے فیلنٹھراپی کی جانب سے ملک کے کاروباری حلقے میں سب سے زیادہ عطیات دینے والے ادارے کی حیثیت سے بارہویں مرتبہ تسلیم کئے جانے کا شرف حاصل کیا۔ کاروباری

سماجی ذمہ داری پروگرام کے تحت واجبی و رضا کارانہ اسکیموں / فنڈز کی اثاثہ جاتی بنیاد پر تقسیم نے مقامی آبادیوں کی ضروریات کے بہتر ادراک کا موقع دیا جس کے ذریعے پروگرام پر احسن طریقے سے عملدرآمد ممکن ہوا ہے۔

### 3.2۔ اہم کامیابیاں

کمپنی میں ہونے والی تشکیل نو، جس کا ذکر پہلی کیا گیا ہے، کی وجہ سے سال کے دوران کئی اہم کامیابیاں حاصل ہوئیں۔ درج ذیل میں ان کامیابیوں کا خلاصہ پیش کیا جا رہا ہے۔ ساتھ ہی ان کی تفصیل رپورٹ میں آگے بھی بیان کی جائے گی:

۔ تیل و گیس کی 10 دریافتیں ہوئیں: 6 کمپنی آپریٹڈ اور 4 پارٹنر آپریٹڈ بلاک میں

۔ پچھلے 5 سال سے پیداوار میں ہونے والی کمی کو قابو کرنے کے ساتھ ساتھ اس شرح میں مثبت اضافہ بھی ہوا

۔ سوئی مانیٹنگ لیز کے مستقبل کے حوالے سے خدشات دور ہوئے جب کابینہ کی اقتصادی رابطہ کمیٹی نے دسمبر 2016 میں لیز کی منظوری دیدی۔ اب، وفاقی حکومت 1 جون

2015 سے پی پی ایل کو سوئی گیس فیلڈ کے لئے ڈیولپمنٹ و پروڈکشن لیز فراہم کرے گی

۔ ذخائر کی بحالی کی شرح میں پچھلے تین سال کی نسبت 10 گنا اضافہ، سال کے دوران پیداوار کے ذریعے استعمال ہونے والے ذخائر کے مقابلے میں 126 فیصد ذخائر شامل کئے گئے۔

اثاثہ جاتی مخلوط ڈھانچہ

اثاثہ جاتی بنیادوں پر رائج ہونے والے نظام کے تحت کمپنی کے اثاثوں کو از سر نو توجہ ملی جس کے نتیجے میں اثاثوں کے تحفظ، ترقی اور سالمیت کے ساتھ ساتھ آپریشنز میں بہتری اور لاگت میں کمی آئی۔ بعد ازاں اضافی ذمہ داریوں کا تعارف، بہتر طریقہ کار کا اطلاق، اختیارات کی تفویض کے ساتھ ساتھ ذمہ داریوں اور احتساب کی واضح نشاندہی سے آپریشنز کے مسائل بروقت فیصلہ سازی اور منصوبوں کی تکمیل کے بہتر انتظام میں مدد ملی۔

اس تشکیل نو سے غیر دریافت شدہ فرمیں علاقوں کو مزید توجہ دینے میں مدد ملی ساتھ ہی موجودہ انحطاط پذیر فیلڈز سے بہتر پیداوار کا حصول ممکن ہوا ہے۔ اثاثوں کے لئے وقف ٹیم کے پاس مقررہ اہداف ہیں جس پر توجہ مرکوز کرتے ہوئے وہ کمپنی کے اندر اور باہر شراکت داروں سے براہ راست رابطہ کر رہی ہیں، جس میں مطلوبہ نتائج کو مقررہ وقت میں حاصل کرنے میں مدد ملی ہے۔ علاوہ ازیں، اثاثہ جاتی ڈھانچے میں فیصلہ سازی میں عملے کی ایک بڑی تعداد شامل ہوتی ہے، جس سے ان کی خود مختاری میں اضافہ ہوا ہے جس سے کام کے معیار میں بہتری آئی ہے اور عملے کی اہم شعبوں میں مہارت بڑھانا بھی ممکن ہوا ہے۔

## کلچر پر اثر

ادارے کی نئی ساخت کے ذریعے عملے اور انتظامیہ کے درمیان آزادانہ ابلاغ اور شفافیت کے رواج کو فروغ ملا ہے۔ ساتھ ہی عملے کو ان کی ذمہ داریوں کے حوالے سے واضح سمجھ حاصل ہوئی ہے جس کے نتیجے میں انہیں دئے گئے اہداف کو پورا کرنے میں مدد ملی ہے۔ بہتر آہنگی اور منصوبہ بندی کے نتیجے میں ایک بڑے ورک پر گرام پر عمل ممکن ہوا جو زیادہ اطمینان اور ملکیت کے احساس کا باعث بنا۔

عملے کی آموزش اور ترقی پر اضافی توجہ سے ان کی حوصلہ افزائی اور اثر پذیری میں بھی اضافہ ہوا ہے۔ ساتھ ہی معیار، صحت، تحفظ اور ماحول پر بڑھتی ہوئی توجہ سے کام کرنے کی صورت حال میں بھی بہتری آئی ہے۔

اس تبدیلی سے عملے نے نہ صرف دئے گئے اہداف کو حاصل کیا بلکہ اس سے بھی آگے بڑھ کر کام کیا۔ عملے میں ملکی توانائی کی ضروریات کو پورا کرنے کے لئے پیداوار کو بڑھانے میں اپنا حصہ ڈالنے پر فخر کا احساس بھی پیدا ہوا۔

منصوبہ بندی اور کارکردگی کا بہتر انتظام

سالانہ منصوبہ بندی کے سلسلے میں اثاثی شعبہ جاتی منصوبوں کی شمولیت سے کمپنی کی منصوبہ بندی کے طریقہ کار کو بہتر اور مربوط بنانے میں مدد ملی ہے۔ ادارے کی ترقی کے لئے ایک سرگرم حکمت عملی بنانے کے ضمن میں ان منصوبوں کی مسلسل جانچ پڑتال سے سالانہ دیگر اہداف کا حصول ممکن ہوا۔

کارکردگی کے انتظامی نظام کو بہتر بنانے کے لئے درج ذیل کے اطلاق کے ذریعے مدد ملی:

۔ بیلنسڈ اسکور کارڈ: کمپنی کی کاروباری حکمت عملی اور شعبہ جاتی مقاصد سے ہم آہنگ

۔ ماسٹر پلان: ایک پلان جو کمپنی کی تمام آپریشنل سرگرمیوں کا احاطہ کرتا ہے اور تمام سرگرمیوں کے درمیان ربط کا احاطہ کرتا ہے

۔ انتظامیہ کی ماہانہ تجزیہ میٹنگ (Monthly Management Review Meeting) باقاعدگی سے منعقد کی گئیں تاکہ ہونے والی پیش رفت کا جائزہ لیا جاسکے ساتھ ہی کمپنی کی سطح پر اہم چیلنجز کو تندہی سے حل کیا جاسکے۔

۔ ہم شعبہ جاتی / پیشہ ور ماہرین کے جائزے کا طریقہ کار (Peer Review Process): قدر (کی فراہمی) کی یقین دہانی کا طریقہ (وی اے پی)، تکنیکی و تجارتی ہم

# ڈائریکٹران کی رپورٹ

آپ کے ڈائریکٹران 30 جون، 2016 کو ختم ہونے والے مالی سال کے لئے کمپنی کے آڈٹ شدہ مالیاتی گوشواروں اور سالانہ رپورٹ کے ساتھ ساتھ آڈیٹرز کی رپورٹ پیش کرتے ہوئے مسرت محسوس کرتے ہیں۔

## 1۔ کمپنی کا جائزہ

پاکستان پٹرولیم لمیٹڈ کو 1950 میں ایک پبلک لمیٹڈ کمپنی کے طور پر قائم کیا گیا۔ قدرتی گیس کی صنعت کے بانی کی حیثیت سے پی پی ایل 1950 کے وسط سے ہی تیل و گیس کے ذخائر کی دریافت، تخمینہ کاری اور پیداوار کے لحاظ سے توانائی کے شعبے میں صفِ اوّل کا ادارہ رہا ہے۔ قدرتی گیس کے سب سے بڑے فراہم کنندہ ہونے کی حیثیت سے پی پی ایل گیس کی قومی فراہمیتقریباً 21 فیصد حصہ ڈالنے کے ساتھ ساتھ وافر مقدار میں خام تیل، مائع قدرتی گیس، مائع پٹرولیم گیس اور بیرائنٹس بھی فراہم کرتی ہے۔

## 2۔ کاروباری حکمتِ عملی

پی پی ایل اپنے مشن کے تحت ترقی کے ایک سرگرم پروگرام کو جاری رکھے ہوئے ہے تاکہ اس کے ذریعے اپنے شراکت داروں، خصوصاً حصص یافتگان، کو ان کی سرمایہ کاری پر لمبی مدت کے لئے پرکشش فوائد مہیا کئے جاسکیں۔ اس ضمن میں پی پی ایل نے درج ذیل اہداف کے حصول کے لئے کوششیں تیز کر دی ہیں:

۔ ملک بھر میں دریافتی اور پیداواری سرگرمیوں میں اضافہ

۔ فرٹھیر کے علاقوں کی جانب بھر پورتوجہ جہاں بڑی امکانات روشن ہیں

۔ موجودہ پیداواری اثاثوں سے مکمل حد تک پیداوار کا حصول

۔ دریافتوں سے پیداوار کا جلد سے جلد حصول

۔ ٹائمٹ گیس سینڈ سے تجارتی نرخ پر پیداوار کے لئے ٹیکنالوجی کا حصول/تلاش

۔ کمپنی میں بہترین عملیاتی بھرتی اور ان کی مسلسل تربیت کے ذریعے ترقی

۔ مقامی آبادیوں کی جانب سے پی پی ایل کی ایک ایچھ کاروباری شہری کی حیثیت سے پذیرائی

۔ اس بات کا اطمینان کرنا کہ تمام سرگرمیاں کیوانیچ ایس ای کے اعلیٰ ترین معیار پر پورا اترتی ہوں

## لمبی مدت کے دوران، پی پی ایل:

۔ عالمی سطح پر ترقی کے لئے دریافتی و پیداواری مواقعوں کی تلاش کے ساتھ ساتھ ریجنل/علاقائی سطح پر دریافتی و پیداواری شعبے میں قیادت حاصل کرنا

۔ پاکستان کے ساحلی علاقوں میں بحیثیت آپریٹر تیل و گیس کی تلاش کے لئے کوششیں کرنا

۔ پاکستان میں شیل گیس کی تلاش و پیداوار کے لئے ٹیکنالوجی کی تلاش

## 3۔ ادارہ جاتی تشکیل نو اور اس کے نتیجے میں حاصل ہونے والی کامیابیاں

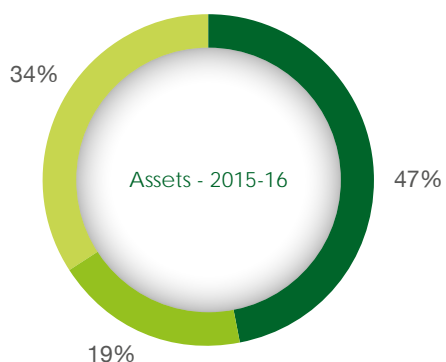
### 3.1۔ ادارہ جاتی تشکیل نو

گزشتہ سال ہونے والی ادارہ جاتی تشکیل نو سے آپریشنل اور گورننس کیلحاظ سے واضح فوائد حاصل ہوئے۔

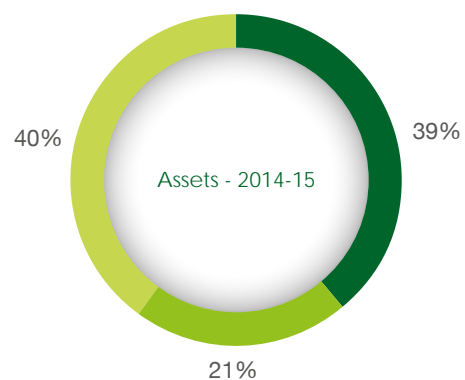




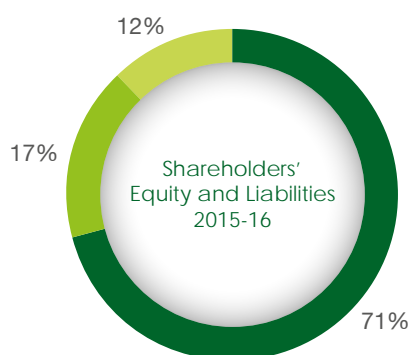
# Balance Sheet COMPOSITION



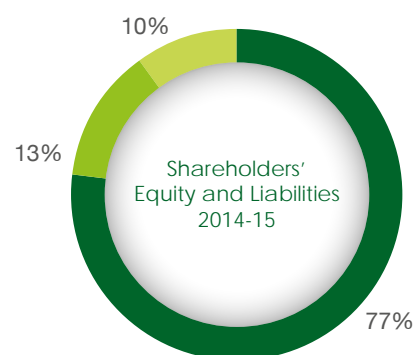
- Fixed assets
- Other long-term assets
- Current assets



- Fixed assets
- Other long-term assets
- Current assets

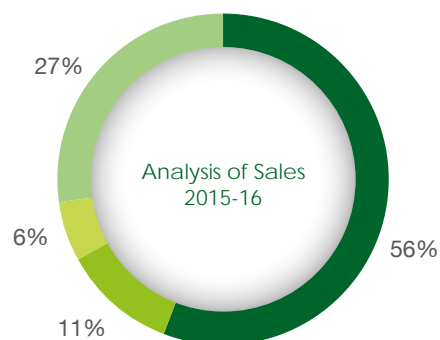


- Share capital and reserves
- Non-current liabilities
- Current liabilities

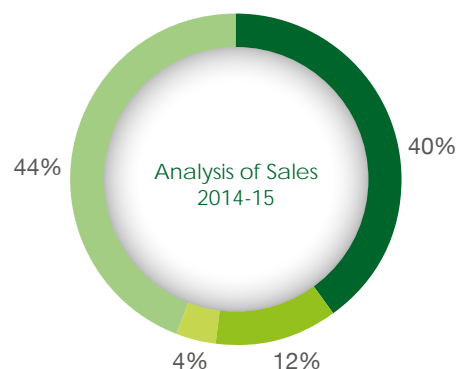


- Share capital and reserves
- Non-current liabilities
- Current liabilities

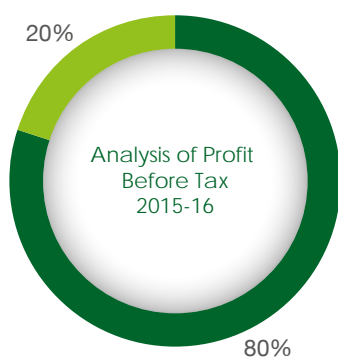
# Analysis of PROFIT AND LOSS ACCOUNT



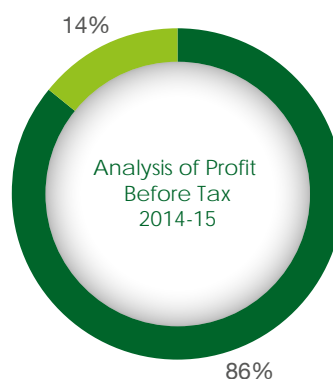
- Field expenditure
- Royalties
- Other operating expenses and finance cost
- Profit before tax excluding other income



- Field expenditure
- Royalties
- Other operating expenses and finance cost
- Profit before tax excluding other income

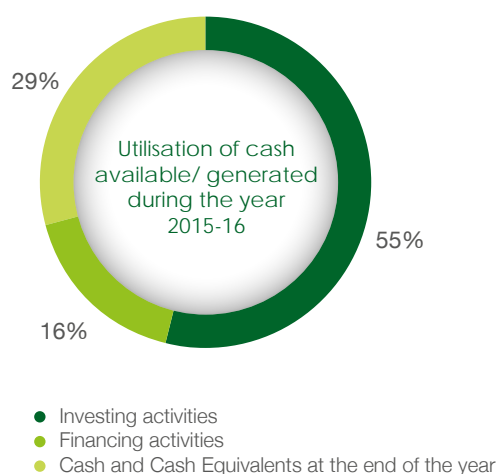


- Profit before tax excluding other income
- Share of Profit other income

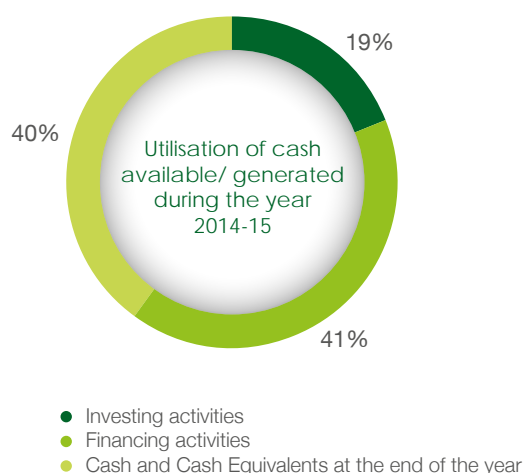


- Profit before tax excluding other income
- Share of Profit other income

## Analysis of CASH FLOWS



A total of Rs 23.6 billion was available as cash and cash equivalents at the beginning of the year. In addition Rs 52.4 billion were generated from operating activities making the total cash and cash equivalents available during the year to Rs 76 billion. Out of this Rs 41.3 billion (55%) were spent on investing activities, Rs 12.4 billion (16%) were used in financing activities and the remaining Rs 22.3 billion (29%) was available as cash and cash equivalents.



A total of Rs 22.2 billion was available as cash and cash equivalents at the beginning of the year. In addition Rs 36.4 billion were generated from operating activities making the total cash and cash equivalents available during the year to Rs 58.6 billion. Out of this Rs 11.3 billion (19%) were spent on investing activities, Rs 23.7 billion (41%) were used in financing activities and the remaining Rs 23.6 billion (40%) was available as cash and cash equivalents.

# Six Years' SUMMARY

2010-11<sup>8</sup> 2011-12<sup>8</sup> 2012-13<sup>8</sup> 2013-14  
(Restated) (Restated) 2014-15 2015-16

## Financial Performance Profitability

Operating Margin (%)	61	60	58	61	48	32
EBITDA Margin to sales (%) <sup>1</sup>	68	74	69	70	62	51
Operating Leverage	131	145	(41)	111	222	209
Pre tax Margin (%)	62	67	61	62	51	33
Net profit to sales (%)	40	43	41	43	37	22
Return on Equity (%)	34	33	28	30	20	9
Return on Capital Employed (%)	47	44	36	36	24	11

## Operating Performance/ Liquidity

Total assets turnover (times)	0.68	0.65	0.53	0.54	0.44	0.31
Fixed assets turnover (times)	1.77	1.87	1.61	1.57	1.18	0.72
Debtor turnover (times)	3.14	2.91	2.74	3.18	2.42	1.81
Debtor turnover (days)	116	125	133	115	151	202
Current ratio	2.94	4.05	2.29	3.82	4.28	2.88
Quick ratio	2.85	3.95	2.22	3.66	4.11	2.75
Cash to Current Liabilities	1.08	1.63	0.94	1.02	1.02	0.70
Cash flow from Operation to Sales	0.39	0.33	0.66	0.27	0.35	0.65
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

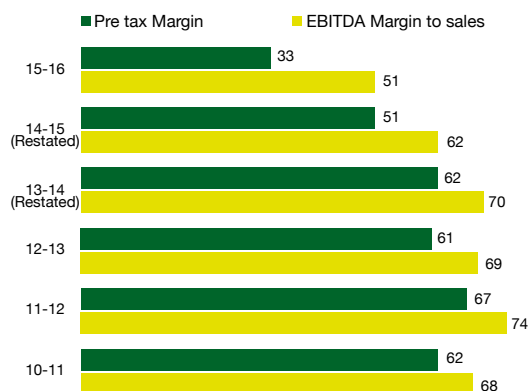
Market value per share as at June 30 (Rs.)	207.07	188.29	211.58	224.34	164.26	155.05
- Low during the year (Rs)	168.70	160.00	170.10	188.00	145.56	98.42
- High during the year (Rs)	229.80	217.49	229.75	261.80	237.50	168.25
Breakup value per share - Restated (Rs)	47.29	63.38	75.75	88.29	95.49	97.71
Basic & Diluted EPS (Rs) <sup>3 &amp; 6</sup>	26.31	31.13	25.53	26.25	19.47	8.74
Basic & Diluted EPS - Restated (Rs) <sup>3 &amp; 6</sup>	15.95	20.76	21.28	26.25	19.47	8.74
Price earning ratio <sup>7</sup>	7.87	6.05	8.29	8.55	8.44	17.74
Cash Dividend Yield (%)	5.80	6.11	4.96	5.57	5.17	3.71
Cash Dividend Cover Ratio	2.19	2.71	2.43	2.10	2.29	1.52
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>	-	-	-	-	-	-

## Summary of Profit & Loss

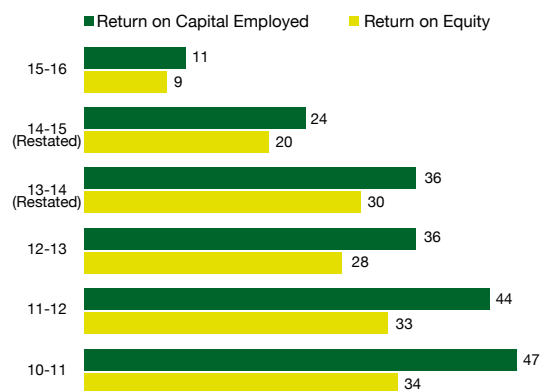
Rs million

Sales - Gross (including Govt. levies)	98,613	119,646	123,938	143,528	131,681	105,630
Sales - Net (excluding Govt. levies)	78,252	96,222	102,357	120,292	104,838	80,151
Field expenditure	21,364	26,982	30,603	32,977	42,289	44,952
Operating Profit	47,655	57,769	59,461	73,000	50,322	25,980
Profit before Tax	48,365	64,555	62,628	74,880	53,315	26,707
Profit after Tax	31,446	40,926	41,951	51,751	38,399	17,242
EBITDA <sup>1</sup>	53,525	71,632	70,720	83,692	64,671	40,768

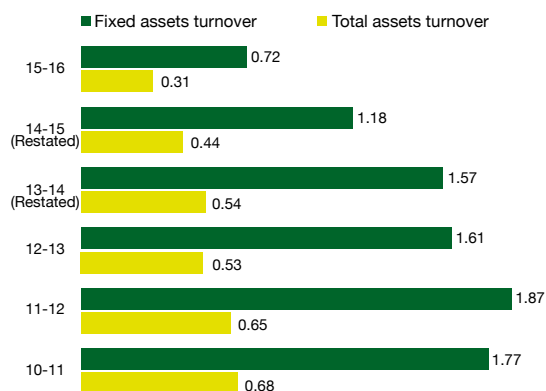
#### EBITDA Margin/Pre-tax Margin (%)



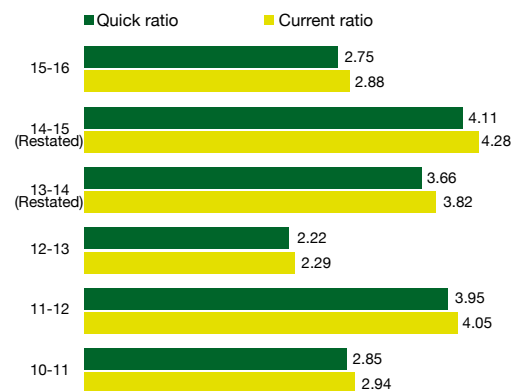
#### Return on Equity/ Capital Employed (%)



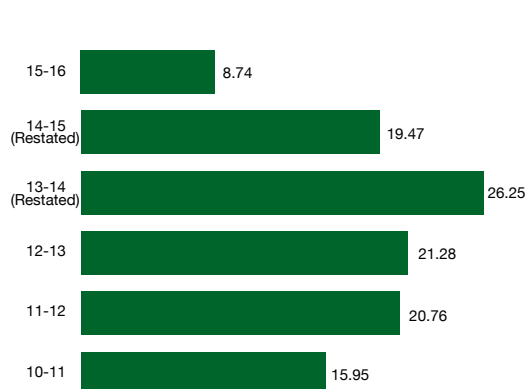
#### Total Assets / Fixed Assets Turnover



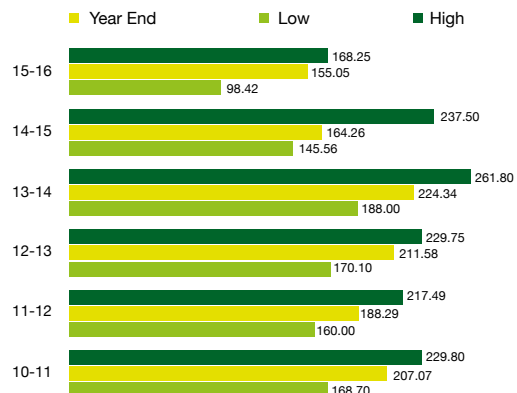
#### Current/ Quick Ratio



#### Earnings Per Share - Restated (Rs)



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



# Six Years' SUMMARY

	2010-11 <sup>8</sup>	2011-12 <sup>8</sup>	2012-13 <sup>8</sup>	2013-14 (Restated)	2014-15 (Restated)	2015-16
<b>Corporate Distributions</b>						
Dividend - Interim	11,950	6,572	8,215	9,859	8,873	4,436
- Final	2,390	8,544	9,037	14,788	7,887	6,901
Cash Dividend per share (Rs) <sup>5</sup>	12.00	11.50	10.50	12.50	8.50	5.75
Cash Dividend Payout Ratio (%) <sup>5</sup>	45.61	36.94	41.13	47.93	48.93	65.79
Bonus <sup>5</sup>	1,195	3,286	3,286	-	-	-
Bonus Issue (%) <sup>5</sup>	10	25	20	-	-	-

<b>Summary of Balance Sheet</b>	<b>Rs million</b>					
Share Capital	11,950	13,145	16,431	19,717	19,717	19,717
Reserves	81,299	111,816	132,923	154,370	168,553	172,932
Long-term / Deferred Liabilities	9,783	22,433	26,875	32,686	32,732	48,018
Current Assets	60,942	92,240	84,159	83,516	98,609	91,604
Current Liabilities	20,745	22,760	36,672	21,867	23,026	31,795
Property, Plant & Equipment	45,924	56,327	70,079	82,731	93,867	127,920
Fixed Assets	46,412	56,761	70,481	83,010	94,127	128,335
Long Term Investments	15,748	20,361	55,707	59,987	49,040	50,979
Stores and Spares	1,767	2,454	2,835	3,559	3,904	4,140
Trade Debts	32,096	50,159	40,337	49,989	58,778	57,835
Short term investments	20,851	35,265	28,339	19,915	22,290	19,013
Cash and bank balances	1,503	1,675	6,184	2,297	1,279	3,273

<b>Summary of Cashflows</b>	<b>Rs million</b>					
Cash and Cash equivalents at the beginning of the year	27,686	22,354	36,940	34,964	22,212	23,569
Cash generated from operating activities	30,131	31,354	67,142	31,969	36,446	52,422
Net cash used in investing activities	(17,314)	(7,726)	(52,698)	(25,673)	(11,349)	(41,275)
Net cash used in financing activities	(18,149)	(9,042)	(16,866)	(19,048)	(23,740)	(12,430)
Net change in cash and cash equivalents	(5,332)	14,586	(2,422)	(12,752)	1,357	(1,283)
Cash and Cash equivalents at the end of the year	22,354	36,940	34,518	22,212	23,569	22,286

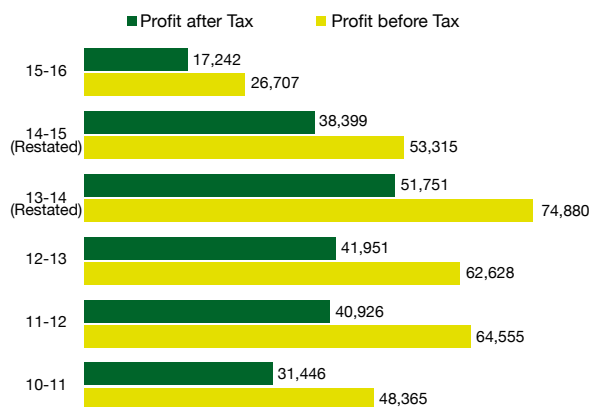
<b>Others</b>	<b>Rs million</b>					
Payments to Government Exchequer (including dividend)	62,509	49,615	52,355	79,297	67,884	44,684
Market Capitalisation	247,444	247,503	347,646	442,335	323,874	305,715

## Notes:

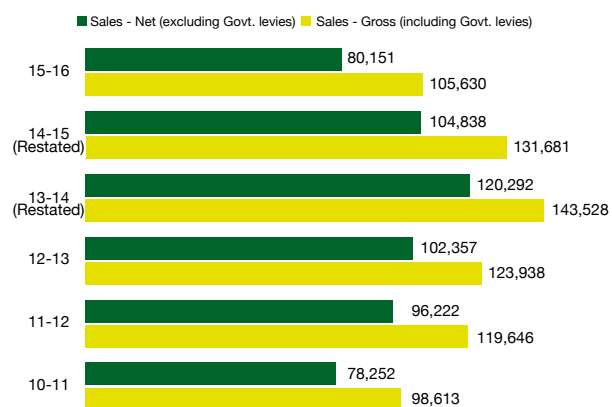
- 1 EBITDA stands for Earnings before interest, taxes, depreciation, impairment and amortisation.
- 2 Not applicable in view of the nature of Company's business.
- 3 The earnings per share for prior years have been restated to take into account the issue of bonus shares from 2006-07 to 2012-13.
- 4 Not 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.
- 8 Effect of prior period error and change in accounting policy in respect of these years has been incorporated in retained earnings.



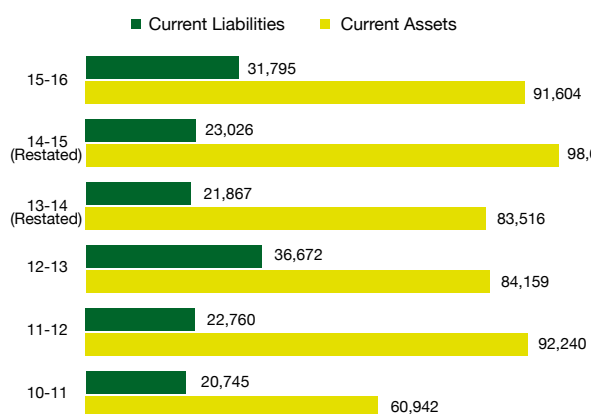
Profit Before & After Tax (Rs million)



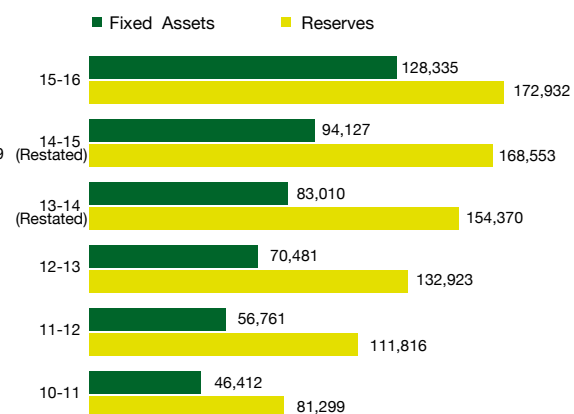
Gross Sales vs Net Sales (Rs million)



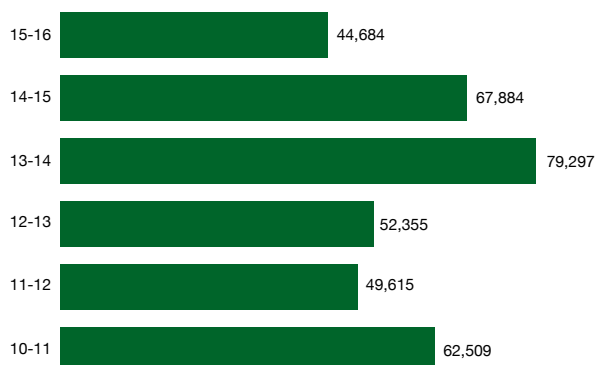
Current Assets vs Current Liabilities (Rs million)



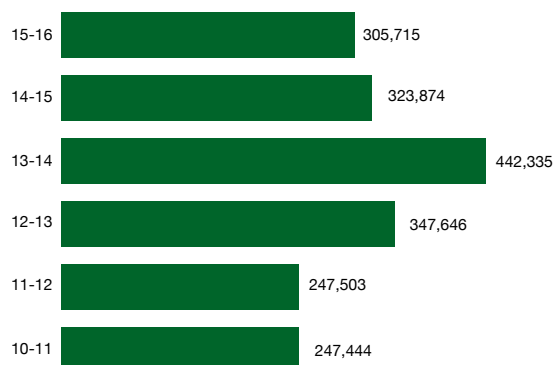
Reserves vs Fixed Assets (Rs million)



Payment to Government Exchequer (Rs million)



Market Capitalisation (Rs million)



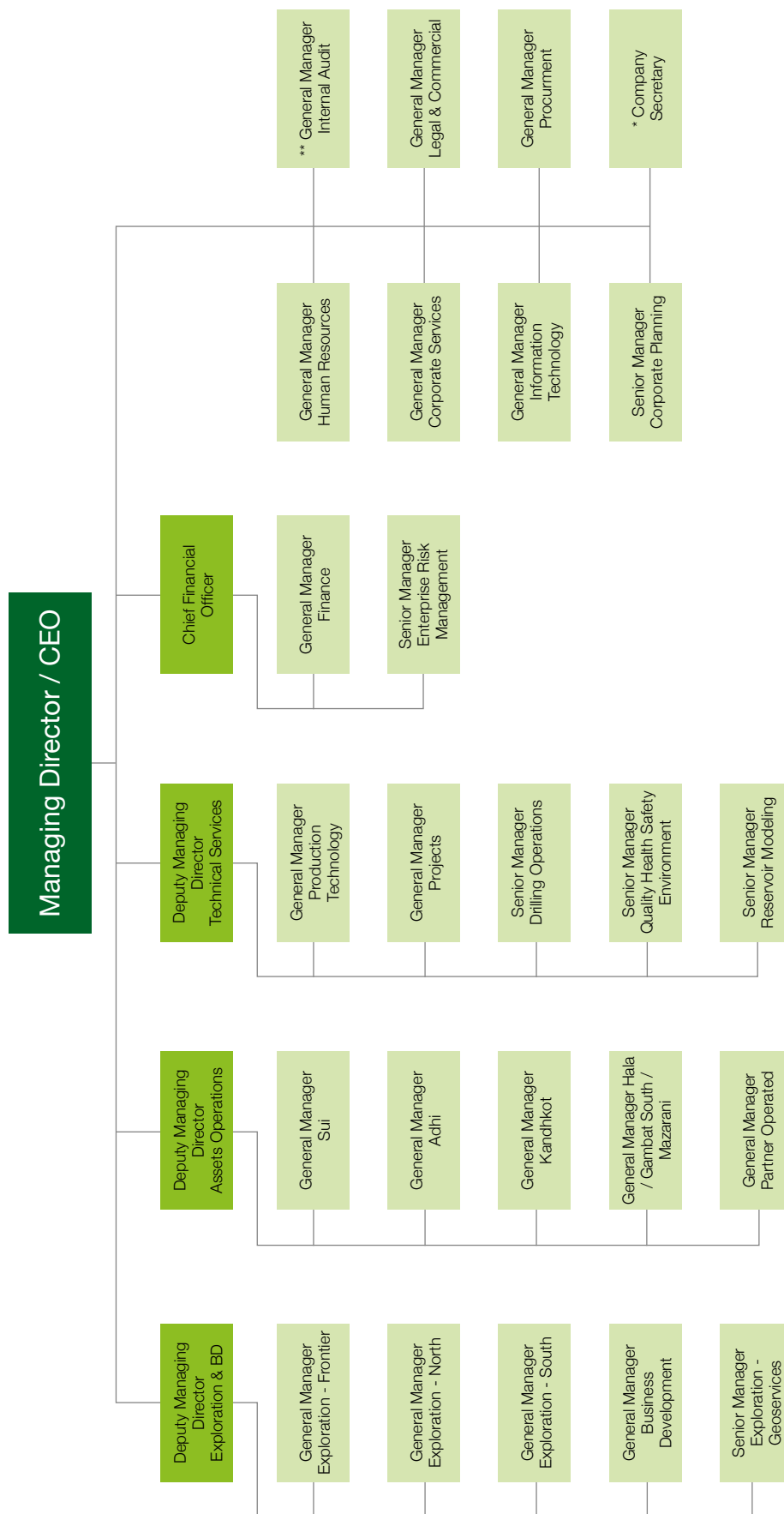
# Movement Of ESTIMATED RESERVES

	Natural Gas MMSCF	OIL / NGL Mbbls	LPG Tonnes
<b>Original proven recoverable reserves</b>			
At 1 July, 2015	14,950,125	50,050	671,278
Change during the year			
- Addition of new reserves	44,077 <sup>2</sup>	1,684 <sup>3</sup>	-
- Revision in estimates of previous reserves	318,932 <sup>4</sup>	9,592 <sup>5</sup>	86,654 <sup>6</sup>
At 30 June 2016	<b>15,313,134</b>	<b>61,326</b>	<b>757,932</b>
<b>Production</b>			
Accumulated on 1 July 2015	12,928,230 <sup>1</sup>	33,008 <sup>1</sup>	361,362 <sup>1</sup>
Production during the year	306,508	5,415	66,588
Accumulated upto 30 June 2016	<b>13,234,738</b>	<b>38,423</b>	<b>427,950</b>
<b>Net reserves 30 June 2016</b>	<b>2,078,396</b>	<b>22,903</b>	<b>329,982</b>
<b>Net reserves 30 June 2015</b>	2,021,895 <sup>1</sup>	17,042 <sup>1</sup>	309,916 <sup>1</sup>
<b>Daily average production</b>	837.5	14.8	181.9

## Notes:

1. Accumulated Production and Net Reserves numbers as at 30 June 2015 have been updated to account for actual production of the month of June 2015.
2. Additional Gas reserves due to Dhok Sultan (Dhok Sultan Block), Fazl (Hala Block), Rizq (Kirthar Block) and Mardankhel (Tal Block) discoveries.
3. Additional Oil / NGL reserves due to Dhok Sultan (Dhok Sultan Block), Fazl (Hala Block) and Mardankhel (Tal Block) discoveries.
4. Revision in field recoverable gas reserves estimates of Kandhkot, Mazarani, Adam (Hala), Maramzai, Makori East, Mamikhel, Tolanj, Nashpa, Mela, Miano and Ghauri fields.
5. Revision in Oil/NGL reserves estimates of Kandhkot, Mazarani, Maramzai, Makori East, Mamikhel, Nashpa, Miano and Ghauri fields.
6. Revision in recoverable LPG reserves estimates of Maramzai, Makori East and Mamikhel.

# ORGANOGRAM



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

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

# Statement of Compliance with the CODE OF CORPORATE GOVERNANCE

Name of Company: Pakistan Petroleum Limited

For the year ended: 30 June 2016

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

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

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At the yearend, the Board includes:

Category	Names
Independent Directors	(i) Mr. Waqar A. Malik * (ii) Mr. Aftab Nabi ** (iii) Mr. Asif Baigmohamed (iv) Mr. Imtiaz Hussain Zaidi (v) Mr. M. Ashraf Iqbal Baluch (vi) Mr. Nadeem Mumtaz Qureshi
Executive Director	(i) Mr. Syed Wamiq Bokhari
Non-Executive Directors	(i) Mr. Arshad Mirza (ii) Mr. Saeed Ullah Shah ***

\* Resigned from the Board subsequent to the yearend.

\*\* Representative of minority interest.

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

2. The Directors have confirmed that none of them is serving as a director on more than five listed companies, including this Company (excluding the listed subsidiaries of listed holding companies).
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a Banking Company, a DFI or an NBFIs. None of the directors is a member of any of the Stock Exchanges.
4. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
5. The Board has developed a Vision / Mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

6. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment of non-executive directors, determination of their remuneration for attending Board / Committee meetings and determination of remuneration and terms and conditions of employment of the CEO have been taken by the Board.
7. The meetings of the Board were presided over by the Chairman of the Board and the Board met at least once in every quarter. Written notices of the Board meetings, along with the agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
8. During the year, training programs were arranged for two Directors of the Company.
9. During the year, a new Company Secretary was appointed by the Board. The remuneration, terms and conditions of the employment of Company Secretary have been approved by the Board. No new appointments of the CFO and the Head of Internal Audit were made during the year.
10. The Directors' Report is prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
11. The financial statements of the Company are duly endorsed by CEO and CFO before approval of the Board.
12. The Directors, CEO and executives did not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
13. The Company complied with all the corporate and financial reporting requirements of the CCG.
14. The Board Audit Committee comprises of four (4) members, all of whom are non-executive directors and the Chairman of the Committee is an independent director.
15. The meetings of the Audit Committee were held at least once every quarter prior to the approval of interim and final results of the Company and as required by the CCG. The Terms of Reference of the Committee are in place and advised to the Committee members for compliance.
16. The Board Human Resource Committee comprised of five (5) members, of whom four (4) were non-executive Directors and the Chairman of the Committee is an independent director.
17. An effective internal audit function exists which is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company.
18. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on the Code of Ethics as adopted by the ICAP.
19. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Listing Rules and the auditors have confirmed that they have observed IFAC guidelines in this regard.

20. The 'Closed Period', prior to the announcement of interim / final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to the directors, employees and Stock Exchange.
21. Material / price sensitive information has been disseminated amongst all the market participants at once through the Stock Exchange.
22. We confirm that all other material principles enshrined in the CCG 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.
  - a. One casual vacancy occurred on the Board during the year in addition to one casual vacancy which occurred during last year. Both the casual vacancies exist at the yearend due to non-receipt of nomination from the majority shareholder.
  - b. The independent directors meet the criteria of independence under clause 5.19.1(b) of the CCG. However, to ensure Best Practices for compliance with the Code, an undertaking of independence will be obtained, annually, from the directors.
  - c. Rule 5.19.15 requires every executive of a listed company to notify trading in shares of the listed company, whether directly or indirectly, in writing to the Company Secretary within two days of effecting the transaction. An executive of the Company delayed intimation of transaction to the Company due to preoccupation of work exigencies, however, the Company timely intimated the transaction to the Stock Exchange. In response to a notice from the Stock Exchange, the matter was explained to the Exchange and future compliance was assured by the executive.
  - d. Rule 5.19.18 of the CCG requires that at least once a year, the Audit Committee shall meet the head of internal audit and other Members of the internal audit function without the CFO and the external auditors being present. In compliance with the Rule, the CFO and the external auditor left the meeting after completing discussion on their relevant agenda items however this fact was not incorporated in the minutes of the meeting. The same has been noted to be included in minutes of the Audit Committee meeting in next accounting year.
  - e. Rule 5.19.18 of the CCG requires that the chairman of the Audit Committee shall be present at the AGM for necessary feedback to the shareholders. The Chairman of Audit Committee was not present in the AGM held on 30<sup>th</sup> September 2015, as he was out of country at the time of meeting. It has been noted for compliance in next accounting year.



SYED WAMIQ BOKHARI  
MANAGING DIRECTOR  
& CHIEF EXECUTIVE

Karachi: 18<sup>th</sup> January 2017

# STATEMENT OF COMPLIANCE

## with the Public Sector Companies (Corporate Governance) Rules, 2013

Name of Company: Pakistan Petroleum Limited

Name of Line Ministry: Petroleum and Natural Resources

For the year ended: 30 June 2016

This statement is being presented to comply with the Public Sector Companies (Corporate Governance) Rules, 2013 (hereinafter called "the Rules") issued for the purpose of 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 provisions of the Rules, during the year ended 30 June 2016 as follows:

1. The independent directors meet the criteria of independence, as defined under the Rules.
2. The Board had the requisite percentage of independent directors during the year. At the yearend, the Board includes:

Category	Names	Date of Appointment
Independent Directors	(i) Mr. Waqar A. Malik *	16 September 2014
	(ii) Mr. Aftab Nabi **	16 September 2014
	(iii) Mr. Asif Baigmohamed	16 September 2014
	(iv) Mr. Imtiaz Hussain Zaidi	16 September 2014
	(v) Mr. M. Ashraf Iqbal Baluch	16 September 2014
	(vi) Mr. Nadeem Mumtaz Qureshi	16 September 2014
Executive Director	(i) Mr. Syed Wamiq Bokhari	16 March 2015
Non-Executive Directors	(i) Mr. Arshad Mirza	16 September 2014
	(ii) Mr. Saeed Ullah Shah ***	16 September 2014

\* Resigned from the Board subsequent to the yearend.

\*\* Representative of minority interest.

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

3. The Directors have confirmed that none of them is serving as a director on more than five public sector companies and listed companies simultaneously, except their subsidiaries.
4. No election of the Board of Directors were held during the year 2015-16 and the three years term of the present Board will expire on 15 September 2017.
5. The Chairman of the Board is working separately from the Chief Executive of the Company.
6. The Chairman has been elected from amongst the independent directors.
7. The Board has evaluated the candidates for the position of the chief executive on the basis of the fit and proper criteria as well as the guidelines specified by the Commission.



8. (a) The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures, including posting the same on the Company's website, [www.ppl.com.pk](http://www.ppl.com.pk)  
  
(b) 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 control to ensure compliance with the fundamental principles of probity and propriety; objectivity, integrity and honesty; and relationship with the stakeholders, in the manner prescribed in 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 interest, and the procedure for disclosing such interest.
11. The Board has developed and implemented a policy on anti-corruption in the Company's Code of Conduct to minimise actual or perceived corruption in the Company.
12. (a) The Board has ensured equality of opportunity by establishing open and fair procedures for making senior appointments and for determining terms and conditions of service.  
  
(b) The Board Human Resource Committee reviews deviations from Company's Code of Conduct on continuous basis.
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, when dealing with suppliers of goods and services, in accordance with the Public Procurement Regulatory Authority Rules.
14. The Board has developed a vision and mission statement, 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.
15. During the year, the Company did not deliver any services or sell any goods as public service obligation, hence no submissions of requests for compensation were made to the Government.
16. (a) The Board met more than four times during the year.  
  
(b) Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings.  
  
(c) The minutes of the meetings were appropriately recorded and circulated.
17. The Board has initiated performance evaluation of its members, including the chairman and the chief executive, on the basis of a process, based on specified criteria, developed by it.
18. The Board has reviewed and approved related party transactions placed before it after recommendations of the audit committee. A party wise record of transactions entered into with the related parties during the year has been maintained.
19. The Board has approved the profit and loss account for, and balance sheet as at the end of, the first, second and third quarter of the year, as well as the financial year end and has placed annual financial statements on the Company's website. Monthly accounts are also circulated amongst the Board members.
20. (a) All requisite committees, as specified in the Rules, were in place during the year.  
  
(b) The committees were provided with written terms of reference defining their duties, authority and composition.  
  
(c) The minutes of the meetings of the committees were circulated to all the board members.

(d) The committees were chaired by the following non-executive directors:

Committee	Number of Members	Name of Chair
Audit Committee	Four (4)	Mr. Nadeem Mumtaz Qureshi
Enterprise Risk Committee	Five (5)	Mr. Asif Baigmohamed
Human Resources Committee	Four (4)	Mr. Shahbaz Yasin Malik * Mr. Imtiaz Hussain Zaidi
Procurement Committee	Six (6)	Mr. Imtiaz Hussain Zaidi
Nomination Committee	Three (3)	Mr. Muhammad Ashraf Iqbal Baluch

\* Resigned from the Board during the year.

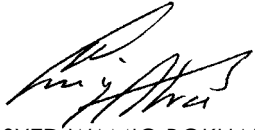
21. During the year, a new Company Secretary was appointed by the Board. The remuneration, terms and conditions of the employment of Company Secretary have been approved by the Board. No new appointments of the CFO and the Head of Internal Audit were made during the year.
22. The Company has adopted International Financial Reporting Standards notified by the Commission under clause (i) of subsection (3) of section 234 of the Companies Ordinance, 1984.
23. The directors' report has been prepared in compliance with the requirements of the Ordinance and the Rules and fully describes the salient matters required to be disclosed.
24. The Directors, Chief Executive and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
25. Non-executive Directors of the Company are paid a Directors fee to attend the Board / Committee meetings, in accordance with the Articles of Association of the Company.
26. The financial statements of the Company were duly endorsed by the Chief Executive and Chief Financial Officer, before approval of the Board.
27. Board Audit Committee, with defined and written terms of reference, has the following members:

Name of the member	Category	Professional Background
Mr. Nadeem Mumtaz Qureshi – Chairman	Independent Director	Civil Engineer and MBA
Mr. Aftab Nabi	Independent Director	Former Civil Servant (Ex-IG Sindh Police) and Lawyer
Mr. Muhammad Ashraf Iqbal Baluch	Independent Director	Commerce Graduate
Mr. Saeed Ullah Shah	Non- Executive Director	Civil Servant and a petroleum geologist

The Chief Executive and Chairman of the Board are not members of the Audit Committee.

28. The Board has set up an effective internal audit function which has an audit charter duly approved by the audit committee, and which worked in accordance with the applicable standards.
29. The Company has appointed its external auditors in line with the requirements envisaged under the Rules.
30. The external auditors of the Company have confirmed that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as applicable in Pakistan.

31. The external auditors have not been appointed to provide prohibited non-audit services and the auditors have confirmed that they have observed applicable guidelines issued by IFAC in this regard.
32. The Company has complied with all the corporate and financial reporting requirements of the Rules.



SYED WAMIQ BOKHARI  
MANAGING DIRECTOR  
& CHIEF EXECUTIVE



NADEEM MUMTAZ QURESHI  
INDEPENDENT DIRECTOR

18<sup>th</sup> January 2017


## EXPLANATION OF 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:

Sr. No.	Rule/ Sub Rule No.	Reason for Non-Compliance	Future Course of Action
1	2(1)(d)	The independent directors meet the criteria of independence and the Rule does not require to obtain an undertaking from the directors, however, to ensure Best Practices for compliance, the auditors have recommended to obtain an undertaking of independence, annually, from the directors.	To ensure Best Practices for compliance, an undertaking of independence will be obtained, annually, from the directors.
2	3(4)	One casual vacancy occurred on the Board during the year in addition to one casual vacancy which occurred during last year. Both the casual vacancies exist at the yearend due to non-receipt of nomination from the majority shareholder.	The Company is following-up with the majority shareholder on regular basis.
3	11(3)	Annual orientation course for all the Directors was not held in current year, however, requisite information in relation to the course was sent to the Board.	An orientation course of the Board of Director will be conducted annually.
4	21(3)	The Audit Committee met Chief Internal Auditor and other members of the internal audit function after Chief Financial Officer and the external auditor left the meeting subsequent to discussion on their relevant agenda items. However, this fact was not incorporated in the minutes of the meeting.	Comments will be incorporated in relevant minutes of the Board Audit Committee meeting from next accounting year.



SYED WAMIQ BOKHARI  
MANAGING DIRECTOR  
& CHIEF EXECUTIVE



NADEEM MUMTAZ QURESHI  
INDEPENDENT DIRECTOR

18<sup>th</sup> January 2017

# REVIEW REPORT TO THE MEMBER

## on the Statement of Compliance with the Code of Corporate Governance and Public Sector Companies (Corporate Governance) Rules, 2013

We have reviewed the enclosed Statements of Compliance with the best practices contained in the Code of Corporate Governance 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, 2016 to comply with the requirements of Regulation No. 5.19 of the Pakistan Stock Exchange Limited Regulations where the Company is listed and provisions of Public Sector Companies (Corporate Governance) Rules, 2013.

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 they do 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.

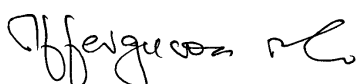
As a part of our audit of the financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control 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.

Moreover, the Public Sector Companies (Corporate Governance) Rules, 2013 (the Rules) also require the Board to ensure 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, when dealing with suppliers of goods and services, in accordance with the Public Procurement Regulatory Authority (PPRA) Rules. Compliance with the above stated requirements of PPRA Rules has been checked, on a test basis, as part of the audit of the financial statements of the Company for the purpose of expressing an opinion on those financial statements.

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 Codes, as applicable to the Company for the year ended June 30, 2016.

Further, we draw attention to instances of non-compliance with the requirements of the Codes as reflected in Paragraph No. 22 to the Statement of Compliance with the Code of Corporate Governance and in the last section to the Statement of Compliance with the Rules, under the Heading 'Explanation of Non-Compliance with the Public Sector Companies (Corporate Governance) Rules, 2013'.



Chartered Accountants  
Karachi.

Engagement Partner: Khurshid Hasan

Dated: January 18, 2017

# Report of the Board AUDIT COMMITTEE

As Chairman of the Board Audit Committee, I am pleased to present the report of the Audit Committee for the year ended 30 June 2016. The role of the Committee in the context of the Board's broader governance framework is to oversee and ensure amongst other things:

- i) The accuracy and integrity of financial statements
- ii) The appointment, remuneration, qualification, independence, and performance of External Auditors
- iii) The performance and leadership of Internal Audit function
- iv) The outcome of Internal Audit activities
- v) The effectiveness of the overall control environment
- vi) Compliance with legal and regulatory requirements
- vii) Compliance by Management of Board's policies and directives

The Audit Committee has concluded its review of the conduct and operations of the Company during the year ended 30 June 2016, and reports that

- The Unconsolidated Financial Statements, Consolidated Financial Statements, Directors Report and other information contained in the Annual Report have been reviewed by the Managing Director/ Chief Executive and the CFO. They acknowledge their responsibility for true and fair presentation of the Company's financial condition and results, compliance with regulations and applicable Accounting and Reporting Standards and establishment and maintenance of effective internal controls and systems. Appropriate accounting policies have been consistently applied, except for those as specifically disclosed in the Financial Statements and applicable International Accounting Standards have been followed in preparation of financial statements of the Company and consolidated financial statements on a going concern basis, for the financial year ended 30 June 2016, which presents fairly the state of affairs, results of operations, profits, cash flows and changes in equities of the Company and its subsidiaries for the year under review.
- The preparation of Financial Statements is in conformity with the International Financial Reporting Standards (IFRS) which require the use of certain critical accounting estimates. The IFRS also requires Management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments were continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under current circumstances.
- Proper and adequate accounting records have been maintained by the Company in accordance with the Companies Ordinance, 1984. The financial statements comply with the requirements of the Fourth Schedule to the Companies Ordinance, 1984 and the external reporting is consistent with Management processes and adequate for shareholder needs.
- Understanding and compliance with Company codes and policies has been affirmed by the Management and employees of the Company individually. Employees have confirmed and signed their understanding of the Company's code of ethics.
- All direct or indirect trading and holdings of Company's shares by Directors and executives or their spouses were notified in writing to the Company Secretary along with the price, number of shares, form of share certificates and nature of transaction which were notified by the Company Secretary to the Board within the stipulated time. All such holdings have been disclosed in the Pattern of Shareholdings. The Annual Secretarial Compliance Certificates are being filed regularly within stipulated time.

- Closed periods were duly determined and announced by the Company, precluding the Directors, the Chief Executive and executives of the Company from dealing in Company shares, prior to each Board meeting involving announcement of interim / final results, distribution to shareholders or any other business decision, which could materially affect the share market price of the Company, along with maintenance of confidentiality of all business information.
- The details of related party transactions has been placed before the Audit Committee and upon recommendations of the Audit Committee, the same has been placed before the Board for review and approval.
- Complaints received during the year under the Whistle Blowing Policy were effectively handled and investigated and the results shared with the Management and Board.
- During the year, the Board through Board Audit Committee introduced the mechanism of obtaining Letter of Representation from the Management on key areas of operation to further strengthen the control environment, fill the gaps identified, and to align with industry best practices

#### INTERNAL AUDIT

- The Company's system of internal control is designed to have sound and effective controls in place. These controls are continually evaluated for reliability, accuracy and adequacy. The internal control framework has been effectively implemented through an independent in-house Internal Audit function established by the Board which is independent of the External Audit function.
- The Audit Committee through its control over the Internal Audit function strives to the best of its ability to ensure:
  - o The integrity of financial reporting and control objectives,
  - o That adequate safeguards are in place to protect the assets of the Company,
  - o That shareholders wealth is preserved and enhanced in a soundly engineered control environment.
- The Internal Audit function has carried out its duties under the Charter defined by the Committee.
- The Audit Committee on the basis of the Internal Audit reports reviewed the adequacy of controls and compliance shortcomings in areas audited and discussed corrective actions in the light of Management responses. This review allowed the Company to improve controls and compliance in areas where weaknesses were identified.
- Internal Audit Function is being equipped with the latest technological tools, such as Audit Management Software and Data Analytical tools etc., to assist the Function in effective discharge of its duties.
- The Head of Internal Audit has direct access to the Board Audit Committee. The Committee has reviewed and ensured that the Internal Audit function is adequately staffed with professionals who possess the requisite internal audit training and experience to perform their duties. The Committee has also ensured that the function has all necessary access to Management and the right to seek information and explanations at all levels of the Company.
- During the year the Board Audit Committee met six times to take up matters related to its mandate.
- Coordination between the External and Internal Auditors was enabled and encouraged to allow sharing of information in order to ensure the integrity of the financial reporting system and its compliance with laws and regulations.



- The Internal Audit reports have been provided for the review of External Auditors.
- The Committee discussed with the Company's Internal Auditors and External Auditors the overall Scope and Plans for their respective audits.

## EXTERNAL AUDITORS

- The Audit Committee recognizes the importance of maintaining the independence of the Company's External Auditors, both in fact and appearance. Each year, the Committee evaluates the qualifications, performance and independence of the Company's External Auditor and determines whether to re-engage them.
- The statutory Auditors of the Company, M/s A.F. Ferguson & Co., Chartered Accountants, appointed in 64<sup>th</sup> Annual General Meeting, under the Rotation of External Auditors' Policy, 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 June, 2016 and shall retire on the conclusion of the 65<sup>th</sup> Annual General Meeting.
- Management Letter for the year ended 30 June 2016 is required to be submitted within 45 days of the date of the Auditors' Report on financial statements under the listing regulations and shall therefore accordingly be discussed in the next Audit Committee Meeting. The Audit Committee has implemented a policy, duly approved by the Board, for obtaining non-audit services by Management from External Auditors in line with the requirements of the Code of Corporate Governance 2012 and the Public Sector Companies (Corporate Governance) Rules 2013.
- The External Auditors have been allowed direct access to the Committee and the effectiveness, independence and objectivity of the Auditors has thereby been ensured. The Auditors have attended the General Meetings of the Company during the year.
- The Audit Committee has recommended to the Board, the reappointment of M/s. A.F. Ferguson & Co., Chartered Accountants, as External Auditors of the Company for the year ending 30 June 2017.



NADEEM MUMTAZ QURESHI  
CHAIRMAN - BOARD AUDIT COMMITTEE

KARACHI  
12<sup>th</sup> January 2017



Pakistan Petroleum Limited

# Financial STATEMENTS



# Auditors' Report TO THE MEMBERS

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

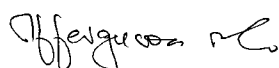
It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an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

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

- a) In our opinion; proper books of account have been kept by the Company as required by the Companies Ordinance, 1984:
- b) in our opinion:
  - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the change in an accounting policy as stated in note 2.3 (c) (i) with which we concur;
  - ii) the expenditure incurred during the year was for the purpose of the Company's business; and
  - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, statement of changes in equity and cash flow statement together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2016 and of the profit, its comprehensive income, cash flows and changes in equity for the year then ended; and
- d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980) was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

We draw attention to note 2.3 (c) (ii) to the annexed financial statements, that describes restatement arising on account of valuation of Company's investment in its wholly owned subsidiary 'PPL Europe E&P Limited'. Our opinion is not modified in respect of this matter.

The financial statements of the Company for the year ended June 30, 2015 were audited by Ernst & Young Ford Rhodes - Chartered Accountants, who through their report dated August 24, 2015, expressed an unqualified opinion thereon.



Chartered Accountants  
Karachi.

Engagement Partner: Khurshid Hasan  
Dated: January 18, 2017

# Unconsolidated BALANCE SHEET

As At June 30, 2016

	Note	June 30, 2016	June 30, 2015 (Restated)	June 30, 2014 (Restated)
		----- Rs '000 -----		
<b>ASSETS</b>				
<b>NON-CURRENT ASSETS</b>				
<b>Fixed assets</b>				
Property, plant and equipment	4	127,920,186	93,867,117	82,731,256
Intangible assets	5	414,876	259,519	278,333
		128,335,062	94,126,636	83,009,589
Long-term investments	6	50,978,610	49,040,342	59,987,025
Long-term loans	7	1,203,901	1,172,140	986,532
Long-term deposits	8	7,676	765,176	765,176
Long-term receivables	9	333,000	315,418	376,050
		180,858,249	145,419,712	145,124,372
<b>CURRENT ASSETS</b>				
Stores and spares	10	4,140,258	3,904,136	3,558,567
Trade debts	11	57,835,214	58,777,643	49,988,771
Loans and advances	12	1,328,228	2,160,336	1,706,714
Trade deposits and short-term prepayments	13	572,510	83,450	401,881
Interest accrued	14	1,459,316	1,458,792	1,368,430
Current maturity of long-term investments	6	66,493	648,238	500,179
Current maturity of long-term receivables	9	81,978	60,632	54,800
Current maturity of long-term deposits	8	787,500	-	-
Other receivables	15	2,978,845	7,023,615	3,724,367
Short-term investments	16	19,012,500	22,290,000	19,915,000
Taxation - net		68,206	922,998	-
Cash and bank balances	17	3,273,024	1,278,971	2,296,916
		91,604,072	98,608,811	83,515,625
<b>TOTAL ASSETS</b>		<b>272,462,321</b>	<b>244,028,523</b>	<b>228,639,997</b>
<b>EQUITY AND LIABILITIES</b>				
<b>SHARE CAPITAL AND RESERVES</b>				
Share capital	18	19,717,295	19,717,295	19,717,295
Reserves	19	172,931,642	168,552,929	154,369,988
		192,648,937	188,270,224	174,087,283
<b>NON-CURRENT LIABILITIES</b>				
Provision for decommissioning obligation	20	20,201,454	11,731,814	15,385,920
Liabilities against assets subject to finance leases	21	238,385	209,647	175,770
Deferred liabilities	22	2,366,677	2,099,559	2,055,136
Deferred taxation	23	25,211,616	18,691,138	15,069,076
		48,018,132	32,732,158	32,685,902
<b>CURRENT LIABILITIES</b>				
Trade and other payables	24	31,669,572	22,918,021	18,041,350
Current maturity of liabilities against assets subject to finance leases	21	125,680	108,120	102,114
Taxation - net		-	-	3,723,348
		31,795,252	23,026,141	21,866,812
<b>TOTAL LIABILITIES</b>		<b>79,813,384</b>	<b>55,758,299</b>	<b>54,552,714</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>272,462,321</b>	<b>244,028,523</b>	<b>228,639,997</b>
<b>CONTINGENCIES AND COMMITMENTS</b>				
	25			

The annexed notes 1 to 43 form an integral part of these unconsolidated financial statements.



Director



Chief Executive

# Unconsolidated PROFIT AND LOSS ACCOUNT

For The Year Ended June 30, 2016

	Note	Year ended June 30, 2016	Year ended June 30, 2015 (Restated)
		----- Rs '000 -----	
Sales - net	26	80,151,211	104,837,991
Field expenditures	27	(44,952,245)	(42,289,214)
Royalties		(9,218,970)	(12,226,833)
		(54,171,215)	(54,516,047)
		25,979,996	50,321,944
Other income	29	5,418,127	7,610,931
Other operating expenses	30	(4,032,440)	(4,063,475)
Finance costs	31	(658,967)	(554,288)
Profit before taxation		26,706,716	53,315,112
Taxation	32	(9,464,697)	(14,916,376)
Profit after taxation		17,242,019	38,398,736
Basic and diluted earnings per share (Rs)	38	8.74	19.47

The annexed notes 1 to 43 form an integral part of these unconsolidated financial statements.



Director



Chief Executive

# Unconsolidated Statement of COMPREHENSIVE INCOME

For The Year Ended June 30, 2016

	Year ended June 30, 2016	Year ended June 30, 2015 (Restated)
	----- Rs '000 -----	
Profit after taxation	17,242,019	38,398,736
Other comprehensive income		
Items not to be reclassified to profit and loss account in subsequent years		
Remeasurement losses on defined benefit plans - net	(782,826)	(815,365)
Deferred taxation	242,780	260,212
	(540,046)	(555,153)
Total comprehensive income	16,701,973	37,843,583

The annexed notes 1 to 43 form an integral part of these unconsolidated financial statements.



Director



Chief Executive

# Unconsolidated CASH FLOW STATEMENT

For The Year Ended June 30, 2016

Note      **Year ended**      Year ended  
**June 30, 2016**      June 30, 2015  
    (Restated)  
    ----- Rs '000 -----

## CASH FLOWS FROM OPERATING ACTIVITIES

Cash receipts from customers	<b>106,538,110</b>	122,865,525
Receipts of other income	<b>748,838</b>	429,657
Cash paid to suppliers / service providers and employees (net)	<b>(15,583,287)</b>	(30,168,616)
Payment of indirect taxes and Government levies including royalties	<b>(37,395,854)</b>	(40,774,473)
Income tax paid	<b>(1,846,647)</b>	(15,680,449)
Finance costs paid	<b>(41,119)</b>	(38,310)
Long-term loans (net)	<b>2,097</b>	(187,359)
Net cash generated from operating activities	<b>52,422,138</b>	36,445,975

## CASH FLOWS FROM INVESTING ACTIVITIES

Capital expenditure (net)	<b>(42,255,196)</b>	(27,920,249)
Proceeds from sale of property, plant and equipment	<b>37,175</b>	110,089
Purchase of long-term investments	<b>(25,873,627)</b>	(27,925,392)
Disposal / redemption of long-term investments	<b>22,358,585</b>	38,546,257
Long-term deposits	<b>(30,000)</b>	-
Long-term receivables	<b>60,632</b>	54,800
Financial income received	<b>4,426,983</b>	5,785,904
Net cash used in investing activities	<b>(41,275,448)</b>	(11,348,591)

## CASH FLOWS FROM FINANCING ACTIVITIES

Payment of liabilities against assets subject to finance leases	<b>(122,402)</b>	(118,824)
Dividends paid	<b>(12,307,735)</b>	(23,621,505)
Net cash used in financing activities	<b>(12,430,137)</b>	(23,740,329)
Net (decrease) / increase in cash and cash equivalents	<b>(1,283,447)</b>	1,357,055
Cash and cash equivalents at the beginning of the year	<b>23,568,971</b>	22,211,916
Cash and cash equivalents at the end of the year	<b>22,285,524</b>	23,568,971

36

The annexed notes 1 to 43 form an integral part of these unconsolidated financial statements.



Director



Chief Executive



# Unconsolidated Statement of CHANGES IN EQUITY

For The Year Ended June 30, 2016

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, 2014 - as previously reported	19,717,157	138	1,428	69,761	29,021,894	18,751,980	5,000,000	109,355,000	162,198,635	162,200,063	181,917,358
Effect of change in accounting policy - note 2.3 (c-i)	-	-	-	-	-	-	-	720,187	720,187	720,187	720,187
Effect of correction of prior period error - note 2.3 (c-ii)	-	-	-	-	-	-	-	(8,550,262)	(8,550,262)	(8,550,262)	(8,550,262)
<b>Balance as at June 30, 2014 - Restated</b>	<b>19,717,157</b>	<b>138</b>	<b>1,428</b>	<b>69,761</b>	<b>29,021,894</b>	<b>18,751,980</b>	<b>5,000,000</b>	<b>101,524,925</b>	<b>154,368,560</b>	<b>154,369,988</b>	<b>174,087,283</b>

## Comprehensive income for the year

Profit after taxation - Restated	-	-	-	-	-	-	-	38,398,736	38,398,736	38,398,736	38,398,736
Other comprehensive loss for the year ended June 30, 2015, net of tax - Restated	-	-	-	-	-	-	-	(555,153)	(555,153)	(555,153)	(555,153)
<b>Total comprehensive income for the year ended June 30, 2015 - Restated</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>37,843,583</b>	<b>37,843,583</b>	<b>37,843,583</b>	<b>37,843,583</b>
Appropriation of insurance reserve for the year ended June 30, 2014	-	-	-	-	5,000,000	-	-	(5,000,000)	-	-	-
Appropriation of assets acquisition reserve for the year ended June 30, 2014	-	-	-	-	-	5,000,000	-	(5,000,000)	-	-	-
Conversion of preference shares into ordinary shares	14	(14)	-	-	-	-	-	-	-	-	-
<b>Transactions with owners</b>											
Final dividend on ordinary shares @ 75% for the year ended June 30, 2014	-	-	-	-	-	-	-	(14,787,878)	(14,787,878)	(14,787,878)	(14,787,878)
Interim dividend for the year ended June 30, 2015											
- Ordinary shares - 45%	-	-	-	-	-	-	-	(8,872,727)	(8,872,727)	(8,872,727)	(8,872,727)
- Convertible preference shares - 30%	-	-	-	-	-	-	-	(37)	(37)	(37)	(37)
<b>Balance as at June 30, 2015 - Restated</b>	<b>19,717,171</b>	<b>124</b>	<b>1,428</b>	<b>69,761</b>	<b>34,021,894</b>	<b>23,751,980</b>	<b>5,000,000</b>	<b>105,707,866</b>	<b>168,551,501</b>	<b>168,552,929</b>	<b>188,270,224</b>

## Comprehensive income for the year

Profit after taxation	-	-	-	-	-	-	-	17,242,019	17,242,019	17,242,019	17,242,019
Other comprehensive loss for the year ended June 30, 2016, net of tax	-	-	-	-	-	-	-	(540,046)	(540,046)	(540,046)	(540,046)
<b>Total comprehensive income for the year ended June 30, 2016</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16,701,973</b>	<b>16,701,973</b>	<b>16,701,973</b>	<b>16,701,973</b>
Conversion of preference shares into ordinary shares	2	(2)	-	-	-	-	-	-	-	-	-
<b>Transactions with owners</b>											
Final dividend on ordinary shares @ 40% for the year ended June 30, 2015	-	-	-	-	-	-	-	(7,886,868)	(7,886,868)	(7,886,868)	(7,886,868)
Interim dividend for the year ended June 30, 2016											
- Ordinary shares - 22.5%	-	-	-	-	-	-	-	(4,436,364)	(4,436,364)	(4,436,364)	(4,436,364)
- Convertible preference shares - 22.5%	-	-	-	-	-	-	-	(28)	(28)	(28)	(28)
<b>Balance as at June 30, 2016</b>	<b>19,717,173</b>	<b>122</b>	<b>1,428</b>	<b>69,761</b>	<b>34,021,894</b>	<b>23,751,980</b>	<b>5,000,000</b>	<b>110,086,579</b>	<b>172,930,214</b>	<b>172,931,642</b>	<b>192,648,937</b>

The annexed notes 1 to 43 form an integral part of these unconsolidated financial statements.



Director



Chief Executive

# Notes to and Forming Part of the Unconsolidated FINANCIAL STATEMENTS

For The Year Ended June 30, 2016

## 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 balance sheet date, 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 was due to expire on May 31, 2015. The Government of Pakistan (GoP), through a notification issued on May 30, 2015, allowed the Company to continue producing from the Sui gas field for a further period of one year upto May 31, 2016.

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 dated December 13, 2016, and accordingly D&PL will be formally granted in due course of time.

Further, the GoP, through notification dated May 26, 2016 published in the Gazette of Pakistan vide SRO no. 453(i)/2016 dated May 28, 2016, allowed the Company to continue producing from Sui gas field for a further period of six months with effect from June 01, 2016. Subsequent to the year end, through notification dated November 30, 2016, GoP allowed the Company to produce from Sui gas field for a further period of six months with effect from December 01, 2016.

The effect of the Sui Mining Lease in these unconsolidated financial statements has been incorporated on the basis consistent with the previous year i.e. without taking into account the effects of the MoA, due to the fact that D&PL has not been granted to the Company as yet.

- 1.4 During the year, the Company has signed the 'Supplemental Agreement' with the GoP for conversion of Petroleum Concession Agreement (PCA) to the Petroleum Exploration and Production Policy, 2012 in respect of Mamikhel, Maramzai & Makori East discoveries in Tal block. Under the said arrangement price regime of Petroleum Policy (PP) 2007 will be applicable for Mamikhel, whereas, for Maramzai and Makori East average of price regime PP 2001 and PP 2009 will be applicable. The Ministry of Petroleum & Natural Resources has advised Oil and Gas Regulatory Authority (OGRA) to revise the notifications of wellhead gas prices in accordance with the Tal block Supplemental Agreement for the period from the start of production from respective discoveries till June 30, 2015.

Accordingly, the operator of Tal Block has submitted the request for revision in notifications to OGRA. Further, the revised prices, under the above mentioned price regimes, have only been notified for six months effective from July 01, 2015, whereas, for the remaining periods price notifications are still awaited. Accordingly, these unconsolidated financial statements have been prepared without taking into account the effect of price revision for the period from the start of production of respective discoveries till June 30, 2015.

# Notes to and Forming Part of the Unconsolidated FINANCIAL STATEMENTS

For The Year Ended June 30, 2016

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

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

### 2.2 Basis of measurement

These unconsolidated financial statements have been prepared under the historical cost convention except for the following material items in the balance sheet:

- 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.

### 2.3 Initial application of a Standard, Amendment or an Interpretation to an existing standard and restatements

#### a) Standards, amendments to published standards and interpretations that are effective during the year ended June 30, 2016

The following standards and amendments to published standards and interpretations are mandatory for the financial year beginning July 01, 2015:

- IFRS 10, 'Consolidated financial statements' builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in determination of control where this is difficult to assess. The single model to be applied in the control analysis requires that an investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Standard has made consequential changes to IAS 27 which is now called 'Separate Financial Statements' and will deal with only separate financial statements. However the aforesaid revision in control framework has no impact on the Company's financial statements.
- IFRS 11, 'Joint Arrangements' the Company classifies its interests in joint arrangements as either joint operations or joint ventures depending on the Company's rights to the assets and obligations for the liabilities of the arrangements. When making this assessment, the Company considers the structure of the arrangements, the legal form of any separate vehicles, the contractual terms of the arrangements and other facts and circumstances.

The Company has re-evaluated its involvement in joint arrangements, whereby, interest in joint arrangements comprising contractual arrangement with other participants to engage in joint activities are classified as joint operations. Notwithstanding the classification, interest in joint operations continues to be accounted for by taking share of assets, liabilities, revenues and expenses, therefore, has no impact on the recognised assets, liabilities and

comprehensive income of the Company, except for investment in Bolan Mining Enterprises (BME), which is a Joint Venture Agreement between GoB and the Company. The Company has reassessed the nature of its interest in BME based on contractual rights and obligations of the investors and determined it to be a joint operation.

Henceforth, the Company has recognised its direct right to the assets, liabilities, revenues and expenses of the joint operation and its share of any jointly held or incurred assets, liabilities, revenues and expenses. This has resulted in a change in its accounting policy and therefore, has resulted in changes retrospectively from the earliest period presented in the balance sheet, profit and loss account, statement of comprehensive income, statement of changes in equity and statement of cash flows, the effects of which have been disclosed in (c) below .

- IFRS 12, 'Disclosure of interest in other entities' combines the disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and/or unconsolidated structured entities, into one place. The standard only affects the disclosures in the financial statements of the Company.
- IFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirement for use across IFRSs. The requirement does not extend the use of fair value accounting but provides guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs. It does not introduce new fair value measurements, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards. The standard only affects the determination of fair value and its related disclosures in the financial statements of the Company.

The other new standards, amendments to published standards and interpretations that are mandatory for the financial year beginning on July 01, 2015 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations.

**b) Standards, amendments to published standards and interpretations that are not yet effective and have not been early adopted by the Company**

The following new amendments to published standards are not effective for the financial year beginning on July 01, 2015 and have not been early adopted by the Company:

- IAS 19 (Amendment), 'Employee benefits' (effective for annual periods beginning on or after January 01, 2016). The amendment clarifies that, when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important, not the country where they arise. The assessment of whether there is a deep market in high-quality corporate bonds is based on corporate bonds in that currency, not corporate bonds in a particular country. Similarly, where there is no deep market in high-quality corporate bonds in that currency, government bonds in the relevant currency should be used. The amendment is retrospective but limited to the beginning of the earliest period presented.
- IAS 27 (Amendment), 'Separate Financial Statements'(effective for annual periods beginning on or after January 01, 2016). This amendment will allow entities to use the equity method in their separate financial statements to measure investments in subsidiaries, joint ventures and associates. IAS 27 currently allows entities to measure their investments in subsidiaries, joint ventures and associates either at cost or as a financial asset in their separate financial statements. The amendments introduce the equity method as a third option. The election

# Notes to and Forming Part of the Unconsolidated FINANCIAL STATEMENTS

For The Year Ended June 30, 2016

can be made independently for each category of investment (subsidiaries, joint ventures and associates).

- IFRS 11 (Amendment), 'Joint Arrangements' (effective for annual periods beginning on or after January 01, 2016). This amendment clarifies the accounting for the acquisition of an interest in a joint operation where the activities of the operation constitute a business. The amendment requires an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a business. This includes;
  - measuring identifiable assets and liabilities at fair value
  - expensing acquisition-related costs
  - recognising deferred tax, and
  - recognising the residual as goodwill, and testing this for impairment annually.

Existing interests in the joint operation are not remeasured on acquisition of an additional interest, provided joint control is maintained. The amendments also apply when a joint operation is formed and an existing business is contributed.

- Sale or contribution of assets between an investor and its associate or joint venture, (Amendments to IFRS 10 and IAS 28), (effective for annual periods beginning on or after January 01, 2016). The amendments clarify the accounting treatment for sales or contribution of assets between an investor and its associates or joint ventures. The amendment confirms that the accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or joint venture, constitute a 'business' (as defined in IFRS 3 Business Combinations). Where sale or contribution of the non-monetary assets constitute a business, the investor will recognise the full gain or loss on the sale or contribution of assets. If the sale or contribution of the said assets do not meet the definition of a business, the gain or loss is recognised by the investor only to the extent of the other investors in the associate or joint venture. The amendments do not have an impact on the Company's unconsolidated financial statements.
- Clarification of acceptable methods of depreciation and amortisation, (Amendments to IAS 16 and IAS 38), (effective for annual periods beginning on or after January 01, 2016). In this amendment the IASB has clarified that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset, generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.
- IAS 1 (Amendments), 'Disclosure initiative' (effective for annual periods beginning on or after January 01, 2016). The amendments provides clarification on number of issues, including:
  - Materiality - an entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance.
  - Disaggregation and subtotals - line items specified in IAS 1 may need to be disaggregated where this is relevant to an understanding of the entity's financial position or performance. There is also new guidance on the use of subtotals.
  - Notes - confirmation that the notes do not need to be presented in a particular order.
  - Other Comprehensive Income (OCI) - arising from investments accounted for under

the equity method - the share of the OCI arising from equity - accounted investments is grouped based on whether the items will or will not subsequently be reclassified to profit or loss. Each group should then be presented as a single line item in the statement of comprehensive income.

- IAS 7 (Amendment), 'Statement of Cash flows'(effective for annual periods beginning on or after January 01, 2017). These amendments to IAS 7 introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment is part of the IASB's Disclosure Initiative, which continues to explore how financial statements disclosures can be improved.
- Annual Improvements 2012-2014 cycles, (effective for annual periods beginning on or after January 01, 2016):
  - IFRS 5 - when an asset (or disposal group) is reclassified from 'held for sale' to 'held for distribution' or vice versa, this does not constitute a change to a plan of sale or distribution and does not have to be accounted for as such.
  - IFRS 7 - specific guidance for transferred financial assets to help management determine whether the terms of a servicing arrangement constitute 'continuing involvement' and, therefore, whether the asset qualifies for derecognition.
  - IFRS 7 - additional disclosures relating to the offsetting of financial assets and financial liabilities only need to be included in interim reports if required by IAS 34.
  - IAS 34 - explanation is added to define, what is meant by the reference in the standard to 'information disclosed elsewhere in the interim financial report' and adds a requirement for cross-reference from the interim financial statements to the location of that information.

It is unlikely that the above amendments will have any significant impact on the Company's unconsolidated financial statements.

There are a number of other standards, amendments and interpretation to the published standards that are not relevant to the Company and therefore have not been presented here.

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been notified and adopted in Pakistan by the Securities and Exchange Commission of Pakistan (SECP) as at June 30, 2016:

- IFRS 9 - Financial Instruments
- IFRS 14 - Regulatory Deferral Accounts
- IFRS 15 - Revenue from Contracts with Customers
- IFRS 16 - Leases

## c) Restatements

### i) Change in accounting policy

As a result of adoption of IFRS 11 'Joint Arrangements', by SECP, the Company reassessed the nature of its interest in BME based on contractual rights and obligations of the investors and determined it to be a joint operation. Henceforth, the Company has recognised its direct right to the assets, liabilities, revenues and expenses of the joint operation and its share of any jointly held or incurred assets, liabilities, revenues and expenses. This has resulted in change in its accounting policy and has been incorporated in the financial statements under the appropriate

# Notes to and Forming Part of the Unconsolidated FINANCIAL STATEMENTS

For The Year Ended June 30, 2016

headings and has resulted in changes retrospectively from the earliest period presented in the balance sheet, profit and loss account, statement of comprehensive income, statement of changes in equity and statement of cash flows.

## ii. Correction of prior period error

During the year ended June 30, 2013, the Company with the objective to replenish reserves and enhance production acquired 100% shareholding of MND Exploration and Production Limited, a company incorporated in England and Wales, from MND E&P a.s. The Investment was recorded at cost, representing consideration paid. The value of investment was determined by the internal technical team of the Company considering various variables including technical and financial evaluations, commercial and market evaluations, detailed analysis of well information etc. The value of investment so determined (excluding working capital acquired) was Rs 12,815 million, which after including working capital was recorded at Rs 15,664 million.

During the year ended June 30, 2016, the Board of Directors of the Company (as reconstituted during the year ended June 30, 2015) directed the management to appoint external consultants to undertake independent technical valuation of the said investment to determine the accuracy of the valuation based on the data available and used for the due diligence at the time of acquisition. The subject valuation was completed subsequent to June 30, 2016. Significant differences were highlighted in the valuation of aforementioned investment as a result of consultant's report of independent technical valuation. These events have led to a conclusion that the original technical evaluation undertaken at the time of acquisition did not represent the correct values of the underlying assets as at acquisition date due to inaccurate interpretation of the technical data. The reasons for the aforementioned variation are being investigated.

As per the Consultant's report, the value of the investment at the time of acquisition is Rs 6,216 million, which after inclusion of acquired working capital is Rs 9,065 million. Accordingly, the Company has corrected the amounts reported in its financial statements for the years ended June 30, 2013, 2014 and 2015 retrospectively in accordance with the requirements of the International Accounting Standards - 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.

The effects of retrospective application are as follows:

### Effect on unconsolidated balance sheet as of June 30, 2015 and July 01, 2014:

	June 30, 2015				July 1, 2014			
	Amount previously reported	Effect of (i)	Effect of (ii)	Amount after change	Amount previously reported	Effect of (i)	Effect of (ii)	Amount after change
	Rs '000				Rs '000			
<b>Assets</b>								
Property, plant and equipment	93,773,934	93,183	-	93,867,117	82,636,347	94,909	-	82,731,256
Intangible assets	259,294	225	-	259,519	277,973	360	-	278,333
Long-term investments	53,701,019	(15,000)	(4,645,677)	49,040,342	68,552,287	(15,000)	(8,550,262)	59,987,025
Stores and spares	3,890,333	13,803	-	3,904,136	3,543,482	15,085	-	3,558,567
Trade debts	58,754,078	23,565	-	58,777,643	49,862,487	126,284	-	49,988,771
Loans and advances	2,156,096	4,240	-	2,160,336	1,685,417	21,297	-	1,706,714
Trade deposits and short-term prepayments	76,791	6,659	-	83,450	398,482	3,399	-	401,881
Interest accrued	1,435,212	2,3580	-	1,458,792	1,352,521	15,909	-	1,368,430
Other receivables	7,022,637	978	-	7,023,615	3,725,398	(1,031)	-	3,724,367
Short-term investments	21,455,000	835,000	-	22,290,000	19,350,000	565,000	-	19,915,000
Cash and bank balances	1,266,827	12,144	-	1,278,971	2,275,912	21,004	-	2,296,916
<b>Equity and Liabilities</b>								
Reserves	172,239,921	958,685	(4,645,677)	168,552,929	162,200,063	720,187	(8,550,262)	154,369,988
Deferred liabilities	2,098,135	1,424	-	2,099,559	2,053,738	1,398	-	2,055,136
Trade and other payables	22,879,753	38,268	-	22,918,021	17,915,719	125,631	-	18,041,350



**Effect on unconsolidated profit and loss account for the year ended June 30, 2015:**

	Amount previously reported	Effect of (i)	Effect of (ii)	Amount after change
	Rs '000			
Sales – net	104,376,626	461,365	-	104,837,991
Field expenditures	(42,058,955)	(230,259)	-	(42,289,214)
Royalties	(12,212,836)	(13,997)	-	(12,226,833)
Other income	7,569,494	41,437	-	7,610,931
Other operating expenses	(7,950,623)	(17,437)	3,904,585	(4,063,475)
Finance costs	(553,879)	(409)	-	(554,288)
Profit before taxation	49,169,827	240,700	3,904,585	53,315,112
Profit after taxation	34,253,451	240,700	3,904,585	38,398,736
Basic and diluted earnings per share (Rs)	17.37	0.12	1.98	19.47

**Effect on unconsolidated statement of comprehensive income for the year ended June 30, 2015:**

	Amount previously reported	Effect of (i)	Effect of (ii)	Amount after change
	Rs '000			
Profit after taxation	34,253,451	240,700	3,904,585	38,398,736
Other comprehensive (loss) / income				
Items not to be reclassified to profit and loss account in subsequent years				
Remeasurement (losses) / gains on defined benefit plans - net	(813,163)	(2,202)	-	(815,365)

**Effect on unconsolidated cash flow statement for the year ended June 30, 2015:**

	Amount previously reported	Effect of (i)	Amount after change
	Rs '000		
<b>Cash flows from operating activities</b>			
Cash receipts from customers	122,271,026	594,499	122,865,525
Cash paid to suppliers / service providers and employees (net)	(30,161,453)	(7,163)	(30,168,616)
<b>Cash flows from investing activities</b>			
Capital expenditure (net)	(27,576,442)	(343,807)	(27,920,249)
Proceeds from sale of property, plant and equipment	109,351	738	110,089
Dividend income received from BME	25,000	(25,000)	-
Financial income received	5,726,783	59,121	5,785,904
Cash and cash equivalents at the beginning of the year	21,625,912	586,004	22,211,916
Cash and cash equivalents at the end of the year	22,721,827	847,144	23,568,971

**Effect on unconsolidated statement of changes in equity as at June 30, 2015 and July 1, 2014:**

	June 30, 2015				July 1, 2014			
	Amount previously reported	Effect of (i)	Effect of (ii)	Amount after change	Amount previously reported	Effect of (i)	Effect of (ii)	Amount after change
	Rs '000				Rs '000			
<b>Equity</b>								
Unappropriated profits	109,394,858	958,685	(4,645,677)	105,707,866	109,355,000	720,187	(8,550,262)	101,524,925

# Notes to and Forming Part of the Unconsolidated FINANCIAL STATEMENTS

For The Year Ended June 30, 2016

## 2.4 Implications of revised IFRS-2 (Share-based Payment) on Benazir Employees' Stock Option Scheme (BESOS)

On August 14, 2009, the GoP launched Benazir Employees' Stock Option Scheme (the Scheme) for employees of certain State Owned Enterprises (SOEs), including the Company, and Non-State Owned Enterprises (Non-SOEs), where GoP holds significant investments. The Scheme is applicable to permanent and contractual employees who were in employment of these entities on the date of launch of the Scheme, subject to completion of five years vesting period by all contractual employees and by permanent employees in certain instances.

The Scheme provides for a cash payment to employees on retirement or termination based on the price of shares of respective entities. To administer this scheme, GoP has transferred 12% of its investment in such SOEs and Non-SOEs to a Trust Fund, established under a Trust Deed, created for the purpose by each of such entities. The eligible employees are entitled to be allotted units by each Trust Fund in proportion to their respective length of service and on retirement or termination, such employees would be entitled to receive such amounts from Trust Funds in exchange for the surrendered units, as would be determined based on market price for listed entities or breakup value for non-listed entities. The shares relating to the surrendered units would be transferred back to GoP.

The Scheme also provides that 50% of dividend related to shares transferred to the respective Trust Fund would be distributed amongst the unit-holder employees. The balance 50% dividend would be transferred by the respective Trust Fund to the Central Revolving Fund, managed by the Privatisation Commission of Pakistan for payment to employees against surrendered units. The deficit, if any, in Trust Funds to meet the re-purchase commitment would be met by GoP.

The Scheme, developed in compliance with the stated GoP policy of empowerment of employees of SOEs, needs to be accounted for by the covered entities, including the Company, under the provisions of IFRS 2, "Share-based Payments". However, keeping in view the difficulties that may be faced by the entities covered under the Scheme, SECP, on receiving representations from some of entities covered under the Scheme and after having consulted the Institute of Chartered Accountants of Pakistan, has granted exemption vide SRO 587(I)/2011 dated June 07, 2011 to such entities from the application of IFRS 2 to the Scheme.

Had the exemption not been granted, retained earnings and reserves would have been lower and higher by Rs 18,879 million (June 30, 2015: Rs 18,879 million).

Further, the Scheme is being revamped by the GoP and all claims and disbursements to unit holders are kept in abeyance by the Privatisation Commission since June 2010.

## 2.5 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 and equipment and intangibles**

The Company reviews the appropriateness of useful lives, method of depreciation / amortisation and residual values of property, plant and 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 and equipment and intangibles with a corresponding effect on the depreciation / amortisation charge and impairment.

Property, plant and equipment and intangible assets are reviewed for possible impairment when events or changes in circumstances indicate that the carrying amount may not be 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 the profit and loss account 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 the profit and loss account.

**d) Estimation of proven oil and natural gas reserves**

Evaluations of oil and gas reserves are 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 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 analysis of geoscience 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 analysis of well information such as flow rates and reservoir pressure declines.

# Notes to and Forming Part of the Unconsolidated FINANCIAL STATEMENTS

For The Year Ended June 30, 2016

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 year-end costs that are used in the estimation of reserves. Revisions can also result from significant changes in development strategy or production equipment/facility capacity.

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 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 income 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 annually and adjusted to take account of such changes.

During the current 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 Interpretation 1 - Changes in Existing Decommissioning, Restoration and Similar Liabilities. Following line items would have been affected had there been no change in estimates:

	Rs (million)
Provision for decommissioning obligation would have been lower by	6,329
Property, plant and equipment would have been lower by	5,345
Amortisation charge would have been lower by	984
Profit after tax would have been higher by	653

## 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 the Company's 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 rates 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.

**3. SIGNIFICANT ACCOUNTING POLICIES**

**3.1 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

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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 and loss account 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 and loss account.

Impairment tests for property, plant and equipment are performed when there is an indication of impairment. At each year end, an assessment is made to determine whether there are any indications of impairment. The Company conducts annually 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 the profit and loss account 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 (CGU). 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 leases**

Leases of property, plant and equipment where the Company, as lessee, has substantially all the risks and rewards of ownership are classified as finance lease.

Assets held under finance leases 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.

## **3.2 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 and loss account.

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 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 due to 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 the profit and loss account.

### 3.3 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 3.2 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 the profit and loss account.



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## 3.4 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.

## 3.5 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 asset and decommissioning cost, is charged on a straight line basis at the rates specified in note 4.1 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, while no depreciation is charged for the month in which the asset is derecognised.

Depreciation on leased assets is charged at the same rates as charged on the Company's owned assets.

- ii. Capitalised development and production expenditure, including cost to acquire producing reserves in respect of proven reserves, and decommissioning costs are amortised and charged to profit and loss account 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 5.1 to these unconsolidated financial statements.

Amortisation on additions is charged from the month following the one in which the asset is available for use, while no amortisation is charged for the month in which the asset is derecognised.

## 3.6 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 field expenditures.

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 the profit and loss account 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 the profit and loss account.

### **3.7 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 the profit and loss account for the year.

### **3.8 Impairment of non-financial assets, goodwill and investments 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.

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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 the profit and loss account.

Impairment losses relating to goodwill are not reversed in future periods.

## 3.9 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 and loss account.

## 3.10 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 balance sheet date.

#### 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 end of the reporting date.

The Company does not have available-for-sale investments as of balance sheet date.

**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 and loss account in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the profit and loss account 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 other comprehensive income. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in statement of comprehensive income are included in the profit and loss account.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the profit and loss account as part of other income. Dividends on available for sale equity instruments are recognised in the profit and loss account 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

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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 balance sheet 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.

## 3.11 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 balance sheet date. 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.

## 3.12 Cash and cash equivalents

Cash and cash equivalents are stated at cost. For the purpose of cash flow statement, 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.

## 3.13 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 and loss account.

### **3.14 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.

Remeasurements in respect of defined benefit plans are recognised in full directly in equity through other comprehensive income 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 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 balance sheet 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.

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Remeasurements are recognised in full directly in equity through other comprehensive income 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, 2016 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 and loss account 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.

## 3.15 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, 2016.

## 3.16 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 balance sheet date and adjusted to reflect the current best estimate.

## 3.17 Earnings per share

The Company 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 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.

## 3.18 Taxation

Tax for the year comprises of current and deferred tax, which is recognised in the profit and loss account except to the extent that it relates to items recognised outside profit and loss account



(whether in other comprehensive income or directly in equity), if any, in which case the tax amounts are recognised outside profit and loss account.

**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 balance sheet date 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 balance sheet method, on all temporary differences at the balance sheet date 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 balance sheet date 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 balance sheet date.

Deferred tax relating to items recognised directly in other comprehensive income or equity is recognised in other comprehensive income or equity and not in profit and loss account.

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.

Tax benefits acquired as a part of business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction to goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit and loss account.

### **3.19 Trade and other payables**

Liabilities for trade and other amounts payable are carried at cost at the balance sheet date, 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.

### **3.20 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

# Notes to and Forming Part of the Unconsolidated FINANCIAL STATEMENTS

For The Year Ended June 30, 2016

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.

## 3.21 Finance income and expense

Finance 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. 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. Finance income on loans is recognised on time proportion basis with reference to the principal outstanding and the applicable rate of return. 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 and loss account in the period in which they are incurred.

## 3.22 Operating leases / Ijara contracts

Leases, where a significant portion of the risks and rewards of ownership are retained by the lessor, are classified as operating lease. Payments made under operating leases (net of any incentives received from the lessor) are charged to the profit and loss account on a straight line basis over the lease term.

## 3.23 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 a joint operation 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 operation. 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, income and expenditure

jointly held or incurred under the joint operations on the basis of latest available audited accounts of the joint operations and where applicable, on the basis of cost statements received from the operators of the joint operations. Estimates are made for the intervening period up to the balance sheet date. The difference, if any, between the cost statements and the estimates is accounted for in the next accounting year.

### 3.24 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 balance sheet date and exchange differences, are recognised in the profit and loss account.

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.

### 3.25 Functional and presentation currency

These unconsolidated financial statements are presented in Pakistani Rupees, which is the Company's functional currency.

### 3.26 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 40 to these unconsolidated financial statements.

### 3.27 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.

### 3.28 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, 2016	June 30, 2015
	(Restated)
-----	-----
Rs '000	

## 4. PROPERTY, PLANT AND EQUIPMENT

Operating assets - note 4.1  
Capital work-in-progress - note 4.5

<b>93,267,558</b>	58,893,563
<b>34,652,628</b>	34,973,554
<b>127,920,186</b>	<b>93,867,117</b>

# Notes to and Forming Part of the Unconsolidated FINANCIAL STATEMENTS

For The Year Ended June 30, 2016

## 4.1 Operating assets

	Owned assets								Assets subject to finance leases							
	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	Decommissioning cost	Sub total	Computers and allied equipment	Rolling stock*	Sub total	Total
Rs'000																
<b>As at July 01, 2014 (Restated)</b>																
Cost	111,068	1,340,578	2,173,033	4,309	45,227,201	672,369	6,480,040	561,980	527,201	34,016,261	14,072,126	105,186,166	171,431	352,555	523,986	105,710,152
Accumulated depreciation / amortisation	-	-	(948,337)	(2,166)	(22,810,895)	(412,539)	(2,560,117)	(453,951)	(322,485)	(13,373,974)	(5,817,294)	(46,701,758)	(79,575)	(137,513)	(217,088)	(46,918,846)
<b>Net Book Value (NBV)</b>	<b>111,068</b>	<b>1,340,578</b>	<b>1,224,696</b>	<b>2,143</b>	<b>22,416,306</b>	<b>259,830</b>	<b>3,919,923</b>	<b>108,029</b>	<b>204,716</b>	<b>20,642,287</b>	<b>8,254,832</b>	<b>58,484,408</b>	<b>91,856</b>	<b>215,042</b>	<b>306,898</b>	<b>58,791,306</b>
<b>Year ended June 30, 2015 (Restated)</b>																
Additions (at cost)	-	16,573	60,280	-	1,658,417	44,688	847,579	17,836	15,063	10,992,534	935,864	14,588,834	31,266	130,281	161,547	14,750,381
Adjustments / reclassifications	-	-	(1,794)	-	(183,055)	(1,429)	(47,342)	4,149	(87)	(121,955)	(5,035,541)	(5,387,054)	(4,173)	(1,592)	(5,765)	(5,392,819)
Disposals (at NBV)	-	-	(24)	-	(60,863)	(400)	(3,096)	-	-	-	-	(64,383)	(134)	(10,251)	(10,385)	(74,768)
Depreciation / amortisation charge	-	-	(85,737)	(133)	(3,240,187)	(40,475)	(566,783)	(71,857)	(63,910)	(4,344,618)	(649,363)	(9,063,063)	(46,598)	(70,876)	(117,474)	(9,180,537)
<b>NBV</b>	<b>111,068</b>	<b>1,357,151</b>	<b>1,197,421</b>	<b>2,010</b>	<b>20,590,618</b>	<b>262,214</b>	<b>4,150,281</b>	<b>58,157</b>	<b>155,782</b>	<b>27,168,248</b>	<b>3,505,792</b>	<b>58,558,742</b>	<b>72,217</b>	<b>262,604</b>	<b>334,821</b>	<b>58,893,563</b>
<b>As at July 01, 2015 (Restated)</b>																
Cost	111,068	1,357,151	2,231,327	4,309	46,627,079	710,135	7,260,631	630,807	533,587	44,886,841	9,972,449	114,325,384	137,026	441,780	578,806	114,904,190
Accumulated depreciation / amortisation	-	-	(1,033,906)	(2,299)	(26,036,461)	(447,921)	(3,110,350)	(572,650)	(377,805)	(17,718,593)	(6,466,657)	(55,766,642)	(64,809)	(179,176)	(243,985)	(56,010,627)
<b>NBV</b>	<b>111,068</b>	<b>1,357,151</b>	<b>1,197,421</b>	<b>2,010</b>	<b>20,590,618</b>	<b>262,214</b>	<b>4,150,281</b>	<b>58,157</b>	<b>155,782</b>	<b>27,168,248</b>	<b>3,505,792</b>	<b>58,558,742</b>	<b>72,217</b>	<b>262,604</b>	<b>334,821</b>	<b>58,893,563</b>
<b>Year ended June 30, 2016</b>																
Additions (at cost)	-	-	263,755	-	17,925,466	119,616	799,943	162,907	41,862	18,036,589	1,865,927	39,015,865	78,764	97,112	175,876	39,191,741
Adjustments / reclassifications	(3,255)	3,255	(996)	-	(106,453)	-	-	6,195	-	(205,971)	6,186,215	5,878,990	(6,195)	(981)	(7,176)	5,871,814
Disposals (at NBV)	-	-	(1,264)	-	(1,309)	(547)	-	-	-	-	-	(3,120)	(65)	(9,220)	(9,285)	(12,405)
Depreciation / amortisation charge	-	-	(89,678)	(133)	(3,407,894)	(44,273)	(625,420)	(43,196)	(52,925)	(4,739,606)	(1,555,196)	(10,558,321)	(37,674)	(81,160)	(118,834)	(10,677,155)
<b>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>As at June 30, 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)	(411,938)	(22,458,199)	(8,021,853)	(66,265,649)	(102,290)	(220,907)	(323,197)	(66,588,846)
<b>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>

\* Represents light and heavy vehicles.

\*\* For below ground installations in fields other than Sur Gas Field.

\*\*\* Amortised on unit of production basis.

## 4.2 Summary of significant assets

The following assets have significant operational value to the Company:

Particulars	June 30, 2016		June 30, 2015	
	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
Corporate Data Management Project	269,479	3,885	270,049	8,452
<b>Sui Field</b>				
SML / SUL Compression and High Pressure Casings	5,664,138	30,815	5,664,138	66,077
HRL Compressor	1,040,865	775,850	1,040,865	878,437
Purification Plant	652,844	-	653,638	-
20" Diameter Sui KPS Main Water Line	862,480	370,115	862,343	454,631
UCP & Vibration Panel	376,751	318,851	376,751	356,526
Booster Compression Project - SML	2,882,602	2,834,560	-	-
<b>Adhi Field</b>				
LPG Plant II	652,812	9,558	652,812	28,355
LPG / NGL Plant III	3,455,255	3,397,667	-	-
<b>Kandhkot Field</b>				
TEG Dehydration Unit	474,884	189,954	474,884	237,442
Gas Compression Station	8,634,309	3,941,130	8,634,309	4,792,250
Gas Gathering System	243,199	170,239	243,199	194,559
<b>Hala Field</b>				
Early Production Facilities (EPF) of Adam X-1	1,252,858	444,087	1,252,858	569,372
<b>Mazarani Field</b>				
Processing Facilities	319,545	-	319,545	-
Transmission Pipeline	230,093	-	230,093	-
<b>Qadirpur Field</b>				
Production Facilities	205,116	-	205,116	-
Wellhead Compression Facility	271,021	130,338	271,021	157,440
<b>Sawan Field</b>				
Front End Compression	2,480,735	971,948	2,480,735	1,220,022
Gas Processing with Amine and Dehydration Unit	971,071	-	971,071	-
Other Plant and Machinery	1,811,767	-	1,811,767	-
<b>Tal Field</b>				
Makori Central Processing Facility	5,610,068	4,339,469	5,685,390	4,983,329
CPF Manzalai	3,155,195	1,070,687	3,155,195	1,386,207
Surface Facilities for EWT, Manzalai-1	227,439	-	227,439	-
EWT of Maramzai-1	200,498	99,427	200,498	119,476
EPF Augmentation of Processing Facility - Makori	251,827	169,983	251,827	195,166
Wellhead Surface Fittings & Flowline - Makori East-1	220,618	149,168	220,618	171,230
<b>Miano Field</b>				
Plant and Machinery	411,601	-	411,601	-
<b>Latif Field</b>				
Reception / Tie-in Facility	1,165,465	862,784	1,167,157	981,192
Tie-in of Latif North	260,170	157,886	253,805	176,902
Compression at Wells	519,402	453,897	524,043	511,946
<b>Gambat South Field</b>				
Pipeline for Gas Sales	358,820	322,938	358,820	358,820
Gas Processing Facility (GPF) II	10,317,301	10,317,301	-	-

# Notes to and Forming Part of the Unconsolidated FINANCIAL STATEMENTS

For The Year Ended June 30, 2016

## 4.3 Operating assets (including intangibles) disposed off / written off during the year

Asset description	Method of disposal	Sold to	Cost	Accumulated Depreciation	Net Book Value	Sale Proceeds
Rs '000						
<b>Owned assets</b>						
<b>Buildings, roads and civil constructions</b>						
3 Porta cabins	Tender / Negotiation	Adhi Joint Venture	2,352	1,186	1,166	777
Items having book value upto Rs. 50,000	Tender	Various	3,091	2,993	98	964
			5,443	4,179	1,264	1,741
<b>Plant and machinery</b>						
Folding ladder (vehicle mounted)	Tender	M/s RKF Traders	199	124	75	145
UPS 20 KVA	Tender	Mr. Muhammad Mumtaz	2,334	1,102	1,232	50
Items having book value upto Rs. 50,000	Tender	Various	16,443	16,441	2	5,794
			18,976	17,667	1,309	5,989
<b>Furniture, fittings and equipment</b>						
Xerox photocopier multifunction	Tender	Mr. Siddique Ahmed	525	354	171	6
Kyocera photocopier	Tender	Mr. Siddique Ahmed	246	127	119	3
Items having book value upto Rs. 50,000	Tender	Various	6,520	6,263	257	967
			7,291	6,744	547	976
<b>Rolling stock</b>						
Items having book value upto Rs. 50,000	Tender	Various	18,792	18,792	-	12,074
<b>Computers and allied equipment</b>						
Items having book value upto Rs. 50,000	Tender	Various	11,932	11,932	-	195
<b>Intangible Assets</b>						
Items having book value upto Rs. 50,000	Written-Off	Written-Off	43,000	42,956	44	-
<b>Assets subject to finance leases</b>						
<b>Computers and allied equipment</b>						
Items having book value upto Rs. 50,000	Tender	Various	258	193	65	125
<b>Rolling stock</b>						
Toyota Corolla, AUC-378	Company policy	Mr. Muneer Kamal Jadun	1,342	1,252	90	268
Honda Civic, AUL-046	Company policy	Mr. Javed Siddiqui	1,860	1,798	62	372
Honda Civic, AUU-781	Company policy	Mr. M. Arshad Siddiqui	1,859	1,735	124	372
Honda Civic, AYL-343	Company policy	Mr. Abdul Wahid	2,160	1,260	900	1,198
Toyota Corolla Altis, AZD-340	Company policy	Mr. Syed Mumtaz Alam	2,069	1,172	897	1,143
Suzuki Cultus, BCF-293	Company policy	Mr. Rashid Jawed	1,052	228	824	816
Honda Civic, BBX-705	Company policy	Mr. Maqsood Ahmed Toor	2,265	340	1,925	1,879
Toyota Corolla Altis, DE-983,	Company policy	Mr. Shams-Ur-Rehman	2,294	191	2,103	1,861
Toyota Corolla Altis, AWK-081	Company policy	Mr. Zafeer Hassan Khan	1,868	1,556	312	535
Honda Civic, AZL-114	Company policy	Mr. Mirza Anwar Hussain	2,456	1,392	1,064	1,384
Suzuki Cultus, BAQ-439	Company policy	Mr. Saleem Ahmed	1,032	592	440	571
Items having book value upto Rs. 50,000	Company policy	Various	28,392	27,913	479	5,676
			48,649	39,429	9,220	16,075
2016			154,341	141,892	12,449	37,175
2015 (Restated)			164,522	89,754	74,768	110,089

#### 4.4 Cost and accumulated depreciation include:

	Cost		Accumulated depreciation	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
	(Restated)		(Restated)	
	----- Rs '000 -----			
Share in Company's operated joint operations	19,020,108	5,032,597	3,216,441	2,756,605
Share in partner operated joint operations	25,523,972	24,521,352	12,681,258	10,644,824
	44,544,080	29,553,949	15,897,699	13,401,429

4.4.1 The above figures represents assets under all areas excluding Sui and Kandhkot, since these are 100% owned areas of the Company.

#### 4.5 Capital work-in-progress

	June 30, 2016	June 30, 2015
	----- Rs '000 -----	
Plant, machinery, fittings and pipelines	<b>5,834,602</b>	10,663,290
Exploration and evaluation assets	<b>8,835,450</b>	7,418,457
Development and production assets	<b>6,413,387</b>	4,215,884
Lands, buildings and civil constructions	<b>119,896</b>	384,023
Capital stores for drilling and development	<b>13,449,293</b>	12,291,900
	<b>34,652,628</b>	34,973,554

#### 4.6 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 -----					
Balance as on July 01, 2014	4,541,896	5,872,399	3,579,365	137,845	9,808,446	23,939,951
Capital expenditure incurred / advances made during the year (net) - note 4.6.1	8,672,647	7,043,302	6,009,854	290,322	2,483,454	24,499,579
Adjustments / reclassifications	(29,448)	-	-	32,710	-	3,262
Transferred to operating assets	(2,521,805)	(5,497,244)	(5,373,335)	(76,854)	-	(13,469,238)
Balance as on June 30, 2015	<b>10,663,290</b>	<b>7,418,457</b>	<b>4,215,884</b>	<b>384,023</b>	<b>12,291,900</b>	<b>34,973,554</b>
Capital expenditure incurred / advances made during the year (net) - note 4.6.1	14,424,094	10,022,579	11,479,269	(1,734)	1,157,393	37,081,601
Adjustments / reclassifications	(223,511)	921,309	(699,445)	222	-	(1,425)
Impairment loss - note 4.8	-	(278,598)	-	-	-	(278,598)
Transferred to operating assets	(19,029,271)	(9,248,297)	(8,582,321)	(262,615)	-	(37,122,504)
Balance as on June 30, 2016	<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>

4.6.1 Amounts under exploration and evaluation assets are netted off by cost of dry wells charged to profit and loss account during the year, amounting to Rs 4,994 million (2015: Rs 3,027 million).

4.7 Property, plant and equipment includes major spare parts and standby equipment having cost of Rs 83.353 million (2015: Rs 241.375 million).

4.8 Represents impairment of company's share of assets pertaining to Barkhan Joint Operation.



# Notes to and Forming Part of the Unconsolidated FINANCIAL STATEMENTS

For The Year Ended June 30, 2016

- 4.9 Two exploratory wells i.e. 3rd exploratory well, Nashpa and Taban X-1 in Gambat South having combined capitalised value of Rs 1,041 million as at June 30, 2016 have been declared as dry wells subsequent to the year end. This has been treated as a non-adjusting event as per IAS 10 and accordingly these wells will be charged to profit and loss account in the subsequent unconsolidated financial statements.

June 30, 2016    June 30, 2015  
(Restated)  
----- Rs '000 -----

## 5. INTANGIBLE ASSETS

Computer software including ERP system - note 5.1	<b>335,506</b>	183,399
Intangible assets under development	<b>79,370</b>	76,120
	<b>414,876</b>	<b>259,519</b>

### 5.1 Computer software including ERP system

ERP system	Computer software	Total
Rs '000		

#### As at July 01, 2014 (Restated)

Cost	321,778	826,673	1,148,451
Accumulated amortisation	(297,947)	(584,423)	(882,370)
<b>NBV</b>	<b>23,831</b>	<b>242,250</b>	<b>266,081</b>

#### Year ended June 30, 2015 (Restated)

Additions (at cost)	17,630	73,453	91,083
Adjustment / reclassification	-	(800)	(800)
Amortisation charge - note 27	(13,657)	(159,308)	(172,965)
<b>NBV</b>	<b>27,804</b>	<b>155,595</b>	<b>183,399</b>

#### As at July 01, 2015 (Restated)

Cost	339,408	899,326	1,238,734
Accumulated amortisation	(311,604)	(743,731)	(1,055,335)
<b>NBV</b>	<b>27,804</b>	<b>155,595</b>	<b>183,399</b>

#### Year ended June 30, 2016

Additions (at cost)	-	257,404	257,404
Adjustment / reclassification	-	(44)	(44)
Amortisation charge - note 27	(8,669)	(96,584)	(105,253)
<b>NBV</b>	<b>19,135</b>	<b>316,371</b>	<b>335,506</b>

#### As at June 30, 2016

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>Rate of amortisation (%)</b>	<b>20</b>	<b>33</b>	

June 30, 2016    June 30, 2015  
(Restated)  
----- Rs '000 -----

## 6. LONG-TERM INVESTMENTS

### Investments in related parties

#### - Wholly owned subsidiaries

PPPFTC - note 6.1

PPL - note 6.2

PPLA - note 6.3

<b>1</b>	<b>1</b>
<b>3,324,076</b>	5,665,790
<b>7,870,946</b>	7,870,946
<b>11,195,023</b>	13,536,737

### Other investments

#### - Held-to-maturity

Term Finance Certificates (TFCs) - note 6.4

Pakistan Investment Bonds (PIBs) - note 6.5

GoP Ijara Sukuk - note 6.6

Local currency term deposits with bank - note 6.7

Foreign currency term deposits with banks - note 6.8

<b>99,740</b>	99,780
<b>22,122,574</b>	22,523,986
<b>-</b>	500,000
<b>2,000,000</b>	2,000,000
<b>15,627,766</b>	11,028,077
<b>39,850,080</b>	36,151,843

### Less: Current maturities

TFCs - note 6.4

PIBs - note 6.5

GoP Ijara Sukuk

<b>(66,493)</b>	(40)
<b>-</b>	(148,198)
<b>-</b>	(500,000)
<b>(66,493)</b>	(648,238)
<b>50,978,610</b>	49,040,342

## 6.1 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, 2016. The paid-up capital of PPPFTC is Rs 1,000 divided into 100 ordinary shares of Rs 10 each.

## 6.2 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 (PPL). The registered office of PPL 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 balance sheet date.

PPL'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 two exploration blocks in Yemen as follows:

Blocks / Fields	Working Interest %
Sawan	7.89%
Barkhan	50%
Ziarat	40%
Harnai	40%
Yemen - Block 3	20%
Yemen - Block 29	43.75%

# Notes to and Forming Part of the Unconsolidated FINANCIAL STATEMENTS

For The Year Ended June 30, 2016

The Company carries out impairment testing of its assets including the investment in subsidiaries (as disclosed in note 3.8) as required under IAS-36 'Impairment of Assets'. The Company considers the relationship between international crude oil prices and carrying value of assets and investments, amongst other factors, while reviewing for indicators of impairment.

During the year, the Company has retrospectively restated the carrying value of its investment in PPL Europe based on 3rd party valuation (for details please see note 2.3 (c-ii)). The said revision has resulted in an impairment loss of Rs 2,342 million during the year.

The recoverable amount of the investment is Rs 9,099 million, which is based on 'value-in-use' computations. In assessing the value in use, 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 expected resources and fields' profile. The discount rate applied to cash flow projections is 14% (June 30, 2015: 15.50%).

## Key assumptions used in value-in-use calculations

The calculation of value-in-use is most sensitive to the following assumptions:

**International oil prices** - International oil price is used to evaluate the recoverable amount / value-in-use of each block and is based on the forecasts of international analysts, which is also deliberated upon by the management. The prices are assumed to inflate by 3% beyond the year 2021. A one percent increase in international oil prices will increase the recoverable amount by Rs 12 million, whereas a one percent decrease will have an adverse effect of Rs 12 million on the recoverable amount.

**Discount rate** - Discount rate takes into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital (WACC) which takes into account both equity and expected debt. Increase of fifteen basis points in the discount rate will decrease the recoverable amount by Rs 3 million, whereas a similar decrease in the discount rate will have a positive effect of Rs 3 million on the recoverable amount.

**Resource estimates** - The quantity and quality of resources in a given area are estimated through available geological and geophysical data. Proved, probable and exploration resource volumes have been used to determine the value-in-use calculations. A one percent increase in resource estimates will increase the recoverable amount by Rs 16 million, whereas a one percent decrease will have an adverse effect of Rs 17 million on the recoverable amount.

**Chances of success** - It represents the probability of success of a well to be drilled in a prospective area. It is based on the available geological and geophysical data of the area under consideration.

**Completion of work program** - The current condition in the security sensitive areas is taken into consideration to estimate both the ability and the time to complete the work program.

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

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 balance sheet date.

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.

#### 6.4 Term Finance Certificates of listed company

	Number of certificates	Nominal value of each certificate (Rs)	Final maturity date	Implicit mark-up %	June 30, 2016 ----- Rs '000 -----	June 30, 2015 -----
Bank Alfalah Limited	20,000	5,000	December 01, 2017	KIBOR+2.5	<b>99,740</b>	99,780
Current maturity of TFCs					<b>(66,493)</b>	(40)
					<b>33,247</b>	99,740

#### 6.5 Pakistan Investment Bonds

	Final maturity date	Implicit mark-up %	June 30, 2016 ----- Rs '000 -----	June 30, 2015 -----
<b>Issued on:</b>				
May 19, 2006	May 19, 2016	11.41	-	49,464
May 19, 2006	May 19, 2016	11.65	-	98,734
August 22, 2007	August 22, 2017	11.43	<b>98,097</b>	96,603
August 22, 2007	August 22, 2017	11.48	<b>98,041</b>	96,504
August 22, 2007	August 22, 2017	11.53	<b>97,990</b>	96,414
August 22, 2007	August 22, 2017	11.58	<b>97,940</b>	96,326
August 22, 2007	August 22, 2017	11.63	<b>97,888</b>	96,236
August 22, 2007	August 22, 2017	11.87	<b>48,822</b>	47,902
July 19, 2012	July 19, 2017	10.02	<b>21,583,796</b>	21,845,803
			<b>22,122,574</b>	22,523,986
Current maturity of PIBs			-	(148,198)
			<b>22,122,574</b>	22,375,788

6.5.1 PIBs are in custody of various financial institutions on behalf of the Company.

6.6 This investment in GoP Ijara Sukuk is a Shariah compliant arrangement.

#### 6.7 Local currency term deposits with bank

This represents term deposits with bank having interest rate of 6.5% (2015: 7.26%) per annum. These have been classified as non-current assets, as the management intends and has an ability to hold the amount for longer term.

#### 6.8 Foreign currency term deposits with banks

This represents term deposits with banks having effective interest rate ranging from 1.25% to 2.45% (2015: 1.30% to 4.20%) per annum. These investments have been classified as non-current assets, as the management intends and has an ability to hold the amounts for longer term.

# Notes to and Forming Part of the Unconsolidated FINANCIAL STATEMENTS

For The Year Ended June 30, 2016

June 30, 2016    June 30, 2015  
----- Rs '000 -----

## 7. LONG-TERM LOANS

### Unsecured and considered good

#### Long-term loans - staff - note 7.1

- Executive staff - note 7.2
- Other employees

28,494	33,902
6,699	3,405
35,193	37,307

#### Less: Current maturities - note 12

- Executive staff
- Other employees

(9,362)	(9,978)
(1,282)	(683)
(10,644)	(10,661)
24,549	26,646

#### Long-term loan to a related party

- PPLE - note 7.3

1,179,352	1,145,494
1,203,901	1,172,140

- 7.1. 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% (2015: 1% to 10%) per annum. Loans to employees have not been discounted as required by IAS-39 "Financial Instruments: Recognition and Measurement" as the amount involved is deemed immaterial.

## 7.2. Reconciliation of the carrying amount of long-term loans to executive staff

June 30, 2016    June 30, 2015  
----- Rs '000 -----

Balance as on July 01

33,902	31,834
--------	--------

Disbursements

12,561	16,105
--------	--------

Repayments / adjustments

(17,969)	(14,037)
----------	----------

Balance as on June 30

28,494	33,902
--------	--------

The maximum aggregate amount of loans due from the executive staff at the end of any month during the year was Rs 28.494 million (2015: Rs 33.902 million).

- 7.3. 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 to Barkhan JV Operator on behalf of PPLE and Branch for fulfillment of the share of block commitment. 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, as per the management intention the agreement was renewed 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.

June 30, 2016    June 30, 2015  
----- Rs '000 -----

## 8. LONG-TERM DEPOSITS

### Cash margin:

- For guarantee to International Bank of Yemen - note 8.1
- Others - note 25.1.3

<b>787,500</b>	757,500
<b>7,676</b>	7,676
<b>795,176</b>	765,176
<b>(787,500)</b>	-
<b>7,676</b>	765,176

Less: Current maturity of long-term deposits

- 8.1. The Company, as per the Production Sharing Agreement (PSA) signed with the Republic of Yemen for carrying out exploration in Block-29, was required to submit an irrevocable letter of credit, issued by a local bank of Yemen, to the Ministry of Oil and Gas, Yemen, for its share of Minimum Expenditure Obligation amounting to US\$ 7.5 million for the first exploration period of 4 years. Accordingly, the Company arranged a letter of credit from International Bank of Yemen on submission of counter guarantee of US\$ 7.5 million through United Bank Limited against 100% cash margin of Rs 787.5 million (2015: Rs 757.5 million).

Effective from May 14, 2014, the Company transferred the entire working interest in Block-29 to its wholly owned subsidiary, PPLE. However, effective from April 26, 2015, the operator had declared force majeure due to circumstances beyond reasonable control. In continuation of the force majeure, on June 21, 2016, the operator gave notice of termination of the PSA to the Ministry of Republic of Yemen according to the provisions of PSA which grants an option to terminate the PSA on 90 days' notice after an event of force majeure has continued in effect for more than six months. Accordingly, the Company had approached International Bank of Yemen through United Bank Limited for termination of letter of credit and release of underlying counter guarantee together with the 100% cash margin.

The Ministry of Republic of Yemen, vide their letter dated September 18, 2016, challenged the qualification of the Force Majeure event of six-month duration and contended that the Contractor did not exhaust all remedies before declaring the Force Majeure. The Operator is currently developing a case to justify to the Ministry the eligibility of the Force Majeure.

June 30, 2016    June 30, 2015  
----- Rs '000 -----

## 9. LONG-TERM RECEIVABLES

### Unsecured and considered good

Long-term receivables from:

- Government Holdings (Private) Limited (GHPL) - note 9.1
- National Highway Authority (NHA) - note 9.2

<b>253,420</b>	214,492
<b>161,558</b>	161,558
<b>414,978</b>	376,050
<b>(81,978)</b>	(60,632)
<b>333,000</b>	315,418

Current maturity of long-term receivables from GHPL

- 9.1. 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 by IAS 39 'Financial Instruments: Recognition and Measurement' as the amount involved is deemed immaterial.
- 9.2. Nashpa and Tal joint operation partners have financed NHA for the construction of Khushalgarh Bridge on River Indus, district Kohat. As per the terms of the agreement, the Company has paid

# Notes to and Forming Part of the Unconsolidated FINANCIAL STATEMENTS

For The Year Ended June 30, 2016

Rs 41.531 million (out of Rs 46.145 million to be financed by the Company in Nashpa field) and Rs 120.027 million (out of Rs 133.377 million to be financed by the Company in Tal field). The loan is interest free, which shall be recovered in seven years in equal monthly instalments, starting after the successful completion of work. The receivable has not been discounted as required by IAS 39 'Financial Instruments: Recognition and Measurement' as the amount involved is deemed immaterial.

	June 30, 2016	June 30, 2015 (Restated)
	----- Rs '000 -----	
<b>10. STORES AND SPARES</b>		
Stores and spares	<b>3,360,704</b>	3,018,667
Stores and spares in transit	<b>913,112</b>	1,016,286
	<b>4,273,816</b>	4,034,953
Provision for obsolete / slow moving stores - note 10.1	<b>(133,558)</b>	(130,817)
	<b>4,140,258</b>	3,904,136
<b>10.1. Reconciliation of provision for obsolete / slow moving stores:</b>		
Balance as on July 01	<b>130,817</b>	119,480
Charge for the year - note 30	<b>2,741</b>	11,337
Balance as on June 30	<b>133,558</b>	130,817
<b>11. TRADE DEBTS</b>		
<b>Unsecured and considered good</b>		
<b>Related parties</b>		
Central Power Generation Company Limited (GENCO-II)	<b>7,881,749</b>	8,787,638
Sui Northern Gas Pipelines Limited (SNGPL)	<b>22,173,798</b>	17,911,494
Sui Southern Gas Company Limited (SSGCL)	<b>21,634,616</b>	22,420,463
Pak-Arab Refinery Limited (PARCO)	<b>784,867</b>	740,110
Oil & Gas Development Company Limited (OGDCL)	<b>20,328</b>	11,988
	<b>52,495,358</b>	49,871,693
<b>Non-related parties</b>		
Attock Refinery Limited (ARL)	<b>4,451,970</b>	7,763,800
National Refinery Limited (NRL)	<b>274,111</b>	626,508
Others	<b>613,775</b>	515,642
	<b>5,339,856</b>	8,905,950
	<b>57,835,214</b>	58,777,643
<b>Unsecured and considered doubtful</b>		
<b>Non-related party</b>		
Byco Petroleum Pakistan Limited (Byco)	<b>1,156,220</b>	1,156,220
Less: Provision for doubtful debts - note 11.3	<b>(1,156,220)</b>	(1,156,220)
	<b>-</b>	-
	<b>57,835,214</b>	58,777,643



	June 30, 2016	June 30, 2015 (Restated)
	----- Rs '000 -----	
11.1 The ageing of trade debts as at June 30 is as follows:		
Neither past due nor impaired	<b>16,307,527</b>	17,974,406
Past due but not impaired:		
Related parties		
- within 90 days	<b>12,304,046</b>	13,242,396
- 91 to 180 days	<b>13,364,024</b>	9,896,353
- over 180 days	<b>14,601,392</b>	13,946,350
	<b>40,269,462</b>	37,085,099
Non-related parties		
- within 90 days	<b>1,135,090</b>	3,601,020
- 91 to 180 days	<b>7,046</b>	16,895
- over 180 days	<b>116,089</b>	100,223
	<b>1,258,225</b>	3,718,138
	<b>57,835,214</b>	58,777,643

- 11.2. Trade debts include overdue amount of Rs 40,263 million (2015: Rs 37,085 million) receivable from the State controlled companies (i.e. GENCO-II, SSGCL, SNGPL and OGDCL) and Rs 2,421 million (2015: Rs 4,874 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 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.

- 11.3. The Company has filed a legal suit in the Sindh High Court (SHC) against Byco for recovery of overdues.

	June 30, 2016	June 30, 2015 (Restated)
	----- Rs '000 -----	
12. LOANS AND ADVANCES		
Unsecured and considered good		
Loans and advances to staff - note 12.1	<b>81,249</b>	20,240
Advances to suppliers and others	<b>94,222</b>	104,891
Advance payment of cash calls to joint operations - note 24.1	<b>1,142,113</b>	2,024,544
Current maturity of long-term loans - staff - note 7	<b>10,644</b>	10,661
	<b>1,328,228</b>	2,160,336
12.1. Loans and advances to staff:		
- Executive staff	<b>6,026</b>	405
- Other employees	<b>75,223</b>	19,835
	<b>81,249</b>	20,240

# Notes to and Forming Part of the Unconsolidated FINANCIAL STATEMENTS

For The Year Ended June 30, 2016

June 30, 2016      June 30, 2015  
(Restated)  
----- Rs '000 -----

## 13. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

Trade deposits	56,523	43,265
Prepayments	515,987	40,185
	<b>572,510</b>	<b>83,450</b>

## 14. INTEREST ACCRUED

Profit receivable on:		
- long-term investments	1,264,420	1,214,729
- long-term loan to PPLE	10,776	17,799
- long-term bank deposits	5,596	6,591
- short-term bank deposits	140,572	182,378
- bank deposits - saving accounts	37,952	37,295
	<b>1,459,316</b>	<b>1,458,792</b>

## 15. OTHER RECEIVABLES

Receivable from:		
SNGPL for Sui field services	12,518	24,263
SSGCL for Sui field services	5,017	17,240
PPLA	2,360	23,620
PPLE	14,192	3,606
PPLA, Iraq branch	34,324	216,101
Workers' Profits Participation Fund (WPPF) - note 15.1	179,324	305,423
Staff retirement benefit plans - note 28.1.1	241,400	-
Current accounts with joint operations - note 24.1	341,346	4,806,416
Sales tax (net)	1,770,082	1,343,681
Federal excise duty (net)	364,760	271,732
Others	13,522	11,533
	<b>2,978,845</b>	<b>7,023,615</b>

### 15.1. Workers' Profits Participation Fund

Balance as on July 01	305,423	71,968
Allocation for the year - note 30	(1,409,387)	(2,604,013)
Interest on funds utilised in the Company's business - note 31	(350)	(485)
	<b>(1,104,314)</b>	<b>(2,532,530)</b>
Amount paid during the year	1,283,638	2,837,953
Balance as on June 30	<b>179,324</b>	<b>305,423</b>

## 16. SHORT-TERM INVESTMENTS

Held-to-maturity		
Local currency term deposits with banks - note 16.1	19,012,500	22,290,000

16.1. The local currency short-term deposits have a maximum maturity period of 295 days, carrying profit ranging from 5.50% to 7.00% (2015: from 6.35% to 9.60%) per annum.

	June 30, 2016	June 30, 2015 (Restated)
	----- Rs '000 -----	
<b>17. CASH AND BANK BALANCES</b>		
At banks		
- Saving accounts		
Local currency - note 17.1	2,561,400	754,060
Foreign currency - note 17.2	511,744	290,081
	<b>3,073,144</b>	1,044,141
- Current accounts (local currency)	145,291	135,368
Cash and cheques in hand	54,589	99,462
	<b>3,273,024</b>	1,278,971
17.1. These carry profit at the rate ranging from 4.00% to 6.16% (2015: from 4.00% to 6.50%) per annum. Further, it includes Rs 15.263 million (2015: Nil) placed under an arrangement permissible under Shariah.		
17.2. These carry profit at the rate ranging from 0.10% to 0.25% (2015: from 0.10% to 0.25%) per annum.		

	June 30, 2016	June 30, 2015
	----- Rs '000 -----	
<b>18. SHARE CAPITAL</b>		
<b>Authorised</b>		
2,500,000,000 (2015: 2,500,000,000) ordinary shares of Rs 10 each	25,000,000	25,000,000
26,510 (2015: 26,510) convertible preference shares of Rs 10 each	265	265
	<b>25,000,265</b>	25,000,265
<b>Issued</b>		
1,971,906,826 (2015: 1,971,906,633) ordinary shares of Rs 10 each - note 18.1	19,719,068	19,719,066
12,176 (2015: 12,369) convertible preference shares of Rs 10 each - note 18.2	122	124
	<b>19,719,190</b>	19,719,190
<b>Subscribed and paid-up</b>		
683,075,467 (2015: 683,075,274) ordinary shares of Rs 10 each for cash - note 18.1	6,830,754	6,830,752
1,285,891,812 (2015: 1,285,891,812) ordinary shares of Rs 10 each issued as bonus shares	12,858,919	12,858,919
2,750,000 (2015: 2,750,000) ordinary shares of Rs 10 each for consideration other than cash under an Agreement for Sale of Assets dated March 27, 1952 with Burmah Oil Company Limited	27,500	27,500
	<b>19,717,173</b>	19,717,171
12,176 (2015: 12,369) convertible preference shares of Rs 10 each for cash - note 18.2	122	124
	<b>19,717,295</b>	19,717,295

# Notes to and Forming Part of the Unconsolidated FINANCIAL STATEMENTS

For The Year Ended June 30, 2016

## 18.1 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 (2015: 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 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.

## 18.2 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, 193 (2015: 1,471) 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, 2016	June 30, 2015 (Restated)
	----- Rs '000 -----	
<b>19. RESERVES</b>		
Capital reserve - note 19.1	<b>1,428</b>	1,428
Revenue reserves		
General and contingency reserve - note 19.2	<b>69,761</b>	69,761
Insurance reserve - note 19.3	<b>34,021,894</b>	34,021,894
Assets acquisition reserve - note 19.4	<b>23,751,980</b>	23,751,980
Dividend equalisation reserve	<b>5,000,000</b>	5,000,000
Unappropriated profit	<b>110,086,579</b>	105,707,866
	<b>172,930,214</b>	168,551,501
	<b>172,931,642</b>	168,552,929

### 19.1 Capital reserve

The amount of Rs 1.428 million 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.

### 19.2 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 profit and loss account 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.

### 19.3 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 10,450 million) for single occurrence, as well as, annual aggregate.

### 19.4 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.

June 30, 2016    June 30, 2015  
----- Rs '000 -----

## 20. PROVISION FOR DECOMMISSIONING OBLIGATION

Balance at beginning of the year	<b>11,731,814</b>	15,385,920
- Provision during the year	<b>1,665,927</b>	796,403
- Revision due to change in estimates	<b>6,329,339</b>	(4,966,002)
- Adjustment during the year	<b>(143,124)</b>	-
- Unwinding of discount - note 31	<b>617,498</b>	515,493
Balance at end of the year	<b>20,201,454</b>	11,731,814

The above provision for decommissioning cost is analysed as follows;

<b>Wells</b>		
Share in operated joint operations	<b>12,891,857</b>	7,349,421
Share in partner operated joint operations	<b>2,849,327</b>	1,694,806
<b>Production facilities</b>		
Share in operated joint operations	<b>2,733,150</b>	1,653,900
Share in partner operated joint operations	<b>1,727,120</b>	1,033,687
	<b>20,201,454</b>	11,731,814

- 20.1 The provision for decommissioning cost 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 real discount rate of 2.1% (2015: 5.35%) per annum.

## For The Year Ended June 30, 2016

June 30, 2016    June 30, 2015  
----- Rs '000 -----

## 23. DEFERRED TAXATION

(Deductible) / taxable temporary differences on:

Exploration expenditure	(2,866,000)	(3,332,000)
Provision for staff retirement and other benefits	(976,450)	(928,386)
Provision for obsolete / slow moving stores	(41,403)	(41,861)
Provision for doubtful debts	(462,488)	(462,488)
Provision for decommissioning obligation	1,200,946	(444,393)
Unused tax losses - note 23.1	(5,315,277)	-
Accelerated tax depreciation allowances	8,182,286	5,848,653
Exploratory wells cost	10,573,198	7,755,838
Development and production expenditure	14,897,151	10,288,414
Amortisation of intangible assets	14,218	2,048
Others	5,435	5,313
	<b>25,211,616</b>	<b>18,691,138</b>

- 23.1 Deferred tax asset of Rs 5,315 million represents the impact of un-adjusted losses against the aggregate tax liability computed on the profits and gains of the relevant Concession Agreements.

June 30, 2016    June 30, 2015  
(Restated)  
----- Rs '000 -----

## 24. TRADE AND OTHER PAYABLES

Creditors	498,975	543,199
Accrued liabilities	5,743,024	3,959,887
Security deposits from LPG distributors	515,450	602,618
Retention money	40,795	57,913
Unpaid and unclaimed dividends	247,179	231,654
Gas development surcharge (GDS)	5,804,283	5,162,115
Gas infrastructure development cess (GIDC)	1,541,186	1,957,188
Royalties	4,036,741	5,192,257
Current accounts with joint operation partners - note 24.1	12,124,811	4,348,976
Liabilities for staff retirement benefit plans - note 28.1.1	962,756	803,071
Others	154,372	59,143
	<b>31,669,572</b>	<b>22,918,021</b>

- 24.1 Joint operations' current accounts (i.e. payable or receivable) as at June 30, 2016 and 2015 have been stated net of the respective current assets and current liabilities, as providing details for each respective joint operation separately would be very exhaustive especially in view of the materiality of that information in the overall context to these unconsolidated financial statements.



# Notes to and Forming Part of the Unconsolidated FINANCIAL STATEMENTS

For The Year Ended June 30, 2016

## 25. CONTINGENCIES AND COMMITMENTS

### 25.1 Contingencies

#### 25.1.1 Indemnity bonds and corporate guarantees

Indemnity bonds (including share of joint operations areas) issued to custom authorities, redeemable after submission of usage certificate within five years.

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.

June 30, 2016      June 30, 2015  
----- Rs '000 -----

7,235	11,040
10,195	40,890

25.1.2 Pursuant to the directives of the Price Determining Authority, Ministry of Petroleum & Natural Resources, 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 gas development surcharge.

#### 25.1.3 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. Being aggrieved with the impugned orders, the Company has filed appeals before the Commissioner Inland Revenue (Appeals) CIR-(A). During the year ended June 30, 2013, the Company received all the three orders under appeal before the CIR-(A). In two of the three orders, the CIR-(A) has set-aside the orders passed by the Assessing Officer with directions to cross match and verify the documents in respect of each supplier submitted by the Company and pass a fresh and speaking order after providing opportunity of being heard. Since the said orders were set-aside by the CIR-(A), therefore no further action is required on this account. In one of the orders, the CIR-(A) has confirmed the action of the Assessing Officer on the ground that the Company has failed to prove that the input tax claimed was deposited in the Government treasury. Being aggrieved with the decision of the CIR-(A), the Company has filed an appeal before the ATIR, which is pending for hearing.

The Company has also filed a Constitutional Petition, alongwith the stay application before the Sindh High Court (SHC) challenging the above mentioned provisions. The SHC in response to the stay application filed by the Company vide 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 aforesaid order of the SHC was renewed by another order dated June 25, 2013. The original petition filed before the SHC, however, is pending for hearing.

The Company's case was selected by the CIR and 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 alleged ground that no evidence in respect of claim of such input tax (viz. valid sales tax invoices issued by the supplier and payment through banking channel) has been provided by the Company. An appeal against the said Order has already been filed before CIR-(A). The demand raised in this regard has been fully paid by the Company under protest.

#### 25.1.4 Income tax

The Tax Authorities, whilst amending the Assessment Orders for the tax years 2003 to 2015 have made additions in respect of the following issues:

- (i) Rate Issue [disputed by the Tax Authorities in tax years 2003 to 2015];
- (ii) Depletion Allowance [disputed by the Tax Authorities in tax years 2003 to 2015];
- (iii) Decommissioning Cost of Sui Area [disputed by the Tax Authorities in tax years 2004 to 2012]; and
- (iv) Tax credits under sections 65A, 65B and 65E in respect of Agreement Areas [disputed by the Tax Authorities in tax years 2011 to 2015].

The tax authorities have raised demand of Rs 14,205 million in respect of the above issues, out of which the Company has paid / adjusted Rs 13,510 million. The demands raised by the Tax Authorities through the above assessment orders were subsequently confirmed by the CIR-(A) and Appellate Tribunal Inland Revenue (ATIR), except for tax years 2013 to 2015. Being aggrieved with the decision of the ATIR, the Company has filed a Reference Application before the SHC in respect of tax years 2003 to 2012. The appeals for tax years 2013 and 2014 have been filed before the ATIR and appeal for tax year 2015 has been filed before CIR-(A), which are pending for adjudication.

The outstanding demands for the tax years 2003 to 2009 have been stayed by the Honourable SHC, whereas the demands raised for the tax years 2010 to 2015 have been fully paid.

During the year ended June 30, 2015, the Tax Authorities have further amended the assessments for tax years 2013 and 2014 in respect of the following issues:

- (i) Prospecting and Development Expenditure [disputed by Tax Authorities in tax years 2013 and 2014];
- (ii) Exchange Loss [disputed by Tax Authorities in tax year 2014];
- (iii) Donations [disputed by Tax Authorities in tax years 2013 and 2014]; and
- (iv) Credit of payments - short allowed [disputed by Tax Authorities in tax years 2013 and 2014].

The tax authorities have raised demand of Rs 500 million in respect of the above issues which has been fully paid by the Company. Being aggrieved with the aforesaid further assessment orders, the Company has filed an appeal before the CIR-(A). During the year ended June 30, 2016, the CIR-(A) has passed the appellate orders confirming the aforesaid demand raised by the tax authorities, except for demand raised on account of tax credit / deduction short allowed, which was set-aside by the CIR-(A). Being aggrieved with the said decision, the Company has filed an appeal before ATIR, which is pending for adjudication. Moreover, the Company has also filed an appeal effect application before the tax authorities requesting to give effect on the issue set-aside by the CIR-(A). As a result, the tax authorities have passed the appeal effect orders under section 124 of the Ordinance allowing a tax refund of Rs 18 million and Rs 40 million in tax years 2013 and 2014, respectively.

During the year ended June 30, 2015, the Company's case for tax year 2014 was selected for audit by FBR through random balloting under the Audit Policy 2015 which was initially challenged by the Company before the Court, owing to expected conclusion of the audit by the Department in haste and without providing proper opportunity of being heard. However, owing to the subsequent positive meetings with Department wherein the Company was assured provision of proper opportunity of being heard, the petition was withdrawn and proceedings were complied with. As a result, the audit was concluded by the taxation authorities by raising a demand of Rs 375 million on account of disallowance of development and drilling expenses and non-verification of withholding taxes / payments. The demand raised in this respect has been fully paid by the Company under protest and appeal before the CIR-(A) has been filed, which is pending for adjudication.

Further, during the year ended June 30, 2016, the return of income for the tax year 2015 was also amended in respect of above standard issues, super tax and amortisation of acquisition cost of

# Notes to and Forming Part of the Unconsolidated FINANCIAL STATEMENTS

For The Year Ended June 30, 2016

PPLE, with tax impact in aggregate of Rs 5,447 million (resulting in net payment of Rs 800 million after adjustment of refund of Rs 4,647 million in the return of income for the tax year 2015). Appeal against the said order has already been filed with the CIR-(A), which is pending for hearing. The Company has challenged the levy of super tax before the SHC and the same is pending for adjudication. In addition to the said assessment, tax year 2015 was also selected by the Commissioner for income tax audit, however, in the said order the issue of claiming acquisition cost of PPLE was again raised and disallowed, however, it does not have any financial impact due to the reason that the said cost was already disallowed during the amendment of assessment proceedings. The Company has filed appeal before the CIR-(A) against the said order, which is pending for adjudication.

The Company has also filed rectification applications for allowing the tax credit short allowed in the orders dated December 31, 2015 for tax years 2014 and 2015 amounting to Rs 235 million and Rs 752 million, respectively. The Company's request for rectification has been acceded to, by the Tax Authorities and refunds amounting to Rs 275 million and Rs 752 million for tax years 2014 and 2015 respectively have been allowed to the Company.

The Company, based on the advice of its legal counsel, is confident that it has sound grounds to defend the appeals on the tax rate issue. The Company, as a matter of prudence, has continued to provide for tax liability at the higher tax rates, depletion allowance, Sui decommissioning cost and tax credits under sections 65A, 65B and 65E in respect of Agreement Areas in the books of account. In case the appeals are decided in favour of the Company, an amount of Rs 14,205 million (2015: Rs 13,111 million) will be credited to the profit and loss account for that year.

The tax authorities have passed an order under section 147(7) of the Ordinance raising income tax demand of Rs 7,826 million on account of advance 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 in the Honourable Supreme Court of Pakistan against the said order of the Honourable SHC, which will be defended by the legal counsel appointed by the Company.

During the year ended June 30, 2014, the Company received a show-cause notice under sections 172(5) read with 172(3)(f) of the Ordinance intending to make the Company as the representative of M/s. MND E&P A.S. (a tax resident of Czech Republic) on the ground that it has purchased the shares from MND E&P A.S. of MND Exploration and Production Limited (now PPLE, a tax resident of United Kingdom) during the tax year 2013. 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 the representative of MND E&P A.S.. The Honourable SHC has granted interim stay with the direction to the tax authorities to maintain status quo in respect of the impugned notice.

Subsequent to the year-end, the tax department initiated monitoring of withholding tax proceedings in respect of tax years 2011 to 2015 wherein evidences for withholding taxes deducted were required and accordingly provided by the Company. The tax officer, however, issued orders for non-submission of evidences amounting to Rs 124 million in aggregate for the above tax years. The Company has already challenged the orders before the CIR(A). Tax demands raised have been paid by the Company under protest.

## 25.1.5 Sindh Workers' Welfare Fund

During the year, the Company received a notice dated January 22, 2016 from the Sindh Revenue Board requesting to pay the amount of Sindh Workers' Welfare Fund (SWWF) under the SWWF Act, 2014 for tax year 2015. The Company, on the advice of its legal counsel, challenged the jurisdiction of the notice, and vires of the 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 in respect of the said notice. The management, based on its legal counsel 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 provided in these financial statements.

#### 25.1.6 Other contingencies

The Company is defending various suits filed against it in various courts in Pakistan for sums, aggregating Rs 939 million (2015: Rs 963 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 the performance and fulfilment of obligations by PPLA under the EDPSC. Total financial commitment of PPLA is US\$ 100 million (Rs 10,470 million), out of which US\$ 81.217 million (Rs 8,503 million) is outstanding.

During the year, the Company has provided parent company guarantee amounting to US\$ 5.3 million (Rs 555 million) to DGPC in respect of PPLE's exploration licences in Pakistan i.e., Barkhan, Harnai and Ziarat.

#### 25.2. Commitments

##### 25.2.1 Capital expenditure

	June 30, 2016	June 30, 2015 (Restated)
	----- Rs '000 -----	-----
Owned assets	<b>8,438,703</b>	399,965
Share in joint operations	<b>44,759,928</b>	51,170,684
	<b>53,198,631</b>	51,570,649

##### 25.2.2 Exploration expenditure

The Company's share of net exploration activities in respect of Block 2766-1 (Khuzdar), Block 2568-13 (Hala), Block 2866-2 (Kalat), Block 2969-8 (Barkhan), Block 3270-7 (Zindan), Block 2467-12 (Jungshahi), Block 2468-12 (Kotri), Block 2568-21 (Kotri North), Block 3371-15 (Dhok Sultan), Block 2568-18 (Gambat South), Block 2763-3 (Kharan), Block 2764-4 (Kharan East), Block 2763-4 (Kharan West), Block 2468-10 (Sirani), Block 2667-11 (Zamzama South), Block 2668-9 (Naushahro Firoz), Block 3272-18 (Karsal), Block 3372-23 (Hisal), Block 2870-5 (Sadiqabad), Block 2469-16 (Shah Bandar), Block 2864-4 (Nausherwani), Block 2566-6 (Bela West), Block 2566-4 (Hab), Block 2569-5 (Khipro East), Block 2467-13 (Malir), Block 2866-4 (Margand), Block 3370-3 (Tal), Block 2668-4 (Gambat), Block 3370-10 (Nashpa), Block 2669-3 (Latif), Block 2667-7 (Kirthar), Block 2867-5 (Kuhan), Block 3070-13 (Baska), Block 2366-7 (Offshore Indus-C), Block 2366-5 (Offshore Indus-N), Block 2568-20 (Sukhpur), Block 2568-19 (Digri), Block 3273-3 (Ghauri), Block 2265-1 (Offshore Indus-G) amounts to Rs 9,546 million, for the year ending June 30, 2017 (2016: Rs 12,732 million).

# Notes to and Forming Part of the Unconsolidated FINANCIAL STATEMENTS

For The Year Ended June 30, 2016

	June 30, 2016	June 30, 2015 (Restated)
	----- Rs '000 -----	-----
<b>26. SALES - net</b>		
Sales	<b>105,629,528</b>	131,681,265
Federal excise duty	<b>(1,881,290)</b>	(1,865,350)
Sales tax	<b>(12,018,785)</b>	(13,422,698)
GIDC	<b>(2,247,733)</b>	(4,372,000)
GDS	<b>(9,296,662)</b>	(7,156,358)
Discounts (Barytes)	<b>(33,847)</b>	(26,868)
	<b>(25,478,317)</b>	(26,843,274)
	<b>80,151,211</b>	104,837,991
Product wise break-up of sales is as follows:		
Natural gas sales	<b>77,934,381</b>	86,864,094
Federal excise duty	<b>(1,861,880)</b>	(1,841,753)
Sales tax	<b>(11,423,171)</b>	(12,719,011)
GIDC	<b>(2,247,733)</b>	(4,372,000)
GDS	<b>(9,296,662)</b>	(7,156,358)
	<b>(24,829,446)</b>	(26,089,122)
	<b>53,104,935</b>	60,774,972
Gas supplied to Sui villages - note 27	<b>215,376</b>	378,270
Federal excise duty	<b>(11,280)</b>	(14,619)
Sales tax	<b>(31,294)</b>	(54,962)
	<b>(42,574)</b>	(69,581)
	<b>172,802</b>	308,689
Internal consumption of gas - note 26.1	<b>122,812</b>	182,658
Federal excise duty	<b>(6,284)</b>	(7,138)
Sales tax	<b>(17,844)</b>	(26,540)
	<b>(24,128)</b>	(33,678)
	<b>98,684</b>	148,980
Crude oil / Natural gas liquids / Condensate sales	<b>23,410,101</b>	39,667,706
LPG sales	<b>3,473,921</b>	4,069,889
Federal excise duty	<b>(1,846)</b>	(1,840)
Sales tax	<b>(505,280)</b>	(591,770)
	<b>(507,126)</b>	(593,610)
	<b>2,966,795</b>	3,476,279
Barytes	<b>472,937</b>	518,648
Sales tax	<b>(41,196)</b>	(30,415)
Discounts	<b>(33,847)</b>	(26,868)
	<b>(75,043)</b>	(57,283)
	<b>397,894</b>	461,365
	<b>80,151,211</b>	104,837,991
	June 30, 2016	June 30, 2015
	----- Rs '000 -----	-----
<b>26.1 Internal consumption of gas comprises of the following:</b>		
Industrial and domestic use	<b>68,042</b>	112,190
Gas used for electricity generation at Sui	<b>54,770</b>	70,468
	<b>122,812</b>	182,658
<b>26.2</b>	The Company has not allowed any sales discount to the customers during the years	

ended June 30, 2016 and 2015 except for barytes sales (as disclosed in note 26).

	June 30, 2016	June 30, 2015 (Restated)
	----- Rs '000 -----	
<b>27. FIELD EXPENDITURES</b>		
Development and drilling - note 27.1	<b>7,110,845</b>	7,753,200
Exploration - note 27.2	<b>15,678,270</b>	13,076,722
Depreciation - note 4.1	<b>4,382,353</b>	4,186,556
Amortisation of intangible assets - note 5.1	<b>105,253</b>	172,965
Amortisation of decommissioning cost - note 4.1	<b>1,555,196</b>	649,363
Amortisation of development and production expenditure - note 4.1	<b>4,739,606</b>	4,344,618
Salaries, wages, welfare and other benefits - note 27.3	<b>8,827,198</b>	8,321,853
Employees' medical benefits - note 27.4	<b>447,135</b>	452,913
Manpower development	<b>87,920</b>	45,439
Travelling and conveyance	<b>574,448</b>	612,092
Communication	<b>40,350</b>	40,568
Stores and spares consumed	<b>1,563,775</b>	2,109,733
Fuel and power	<b>229,010</b>	293,355
Rent, rates and taxes	<b>128,418</b>	103,059
Insurance	<b>499,584</b>	585,810
Repairs and maintenance	<b>766,977</b>	749,024
Professional services	<b>102,798</b>	54,946
Auditors' remuneration - note 27.5	<b>14,301</b>	9,086
Free supply of gas to Sui villages - note 26	<b>215,376</b>	378,270
Donations - note 27.6	<b>153,637</b>	114,543
Social welfare / community development	<b>191,512</b>	131,508
Other expenses	<b>272,007</b>	323,524
	<b>47,685,969</b>	44,509,147
Recoveries	<b>(2,733,724)</b>	(2,219,933)
	<b>44,952,245</b>	42,289,214
<b>27.1</b>	These are net of insurance claim of Rs 1,017 million (2015: Rs 97 million) received during the current year in respect of sabotage activity caused at Sui gas field during the year ended June 30, 2011.	
<b>27.2</b>	This includes expenditures in respect of dry wells and seismic activities amounting to Rs 4,994 million (2015: Rs 3,027 million) and Rs 6,999 million (2015: Rs 7,655 million) respectively.	
<b>27.3</b>	This includes expenditure / (reversal) in respect of provident fund, pension fund, gratuity fund and leave preparatory to retirement amounting to Rs 221.954 million, Rs 475.329 million, Rs 103.590 million and Rs 84.051 million, respectively (2015: Rs 214.013 million, Rs 416.026 million, Rs 48.801 million and Rs (110.317) million, respectively).	
<b>27.4</b>	This includes expenditure relating to post-retirement medical benefits amounting to Rs 204.641 million (2015: Rs 230.753 million).	

# Notes to and Forming Part of the Unconsolidated FINANCIAL STATEMENTS

For The Year Ended June 30, 2016

June 30, 2016    June 30, 2015  
(Restated)  
----- Rs '000 -----

## 27.5 Auditors' remuneration is as under:

Annual audit fee - unconsolidated	2,500	2,613
- consolidated	450	415
Limited review, special certifications and advisory services - note 27.5.1	10,987	5,416
Out of pocket expenses	364	642
	<b>14,301</b>	<b>9,086</b>

27.5.1 This includes tax services provided by M/s A.F. Ferguson & Co., who have been appointed as statutory auditors of the Company for the year ended June 30, 2016.

## 27.6 Donations include the payments to following institutions in which the ex-director is interested:

Name of ex-director	Nature of interest in donee	Name and address of donee	Year ended June 30, 2016	Year ended June 30, 2015
			----- Rs '000 -----	
Mr. Asim Murtaza Khan	Director	Petroleum Institute of Pakistan	-	200
			-	200

## 28. STAFF RETIREMENT BENEFITS

### 28.1 Funded post retirement pension and gratuity schemes

As mentioned in note 3.14 to these unconsolidated financial statements, the Company operates approved funded pension and gratuity schemes for all its executive and non-executive permanent employees.

#### 28.1.1 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, 2016				June 30, 2015
----- Rs '000 -----				

Present value of defined benefit obligations - note 28.1.6	8,738,953	911,988	1,868,178	915,431	12,434,550	10,808,614
Fair value of plan assets - note 28.1.5	(7,920,301)	(767,884)	(2,029,989)	(995,020)	(11,713,194)	(10,005,543)
Liability / (asset) recognised in the balance sheet	818,652	144,104	(161,811)	(79,589)	721,356	803,071



### 28.1.2 Movement in amounts payable to / (receivable from) defined benefit plans

Movement in amounts payable to / (receivable from) staff retirement benefit plans during the year are as follows:

	Executives		Non-Executives		Total
	Pension	Gratuity	Pension	Gratuity	
	June 30, 2016				June 30, 2015
	----- Rs '000 -----				
Balances as on July 01	33,431	142,767	403,039	223,834	803,071
Refund made to the Company	-	-	-	-	-
Charge for the year - note 28.1.3	366,932	46,975	108,397	56,615	578,919
Payments during the year	(400,363)	(189,742)	(511,436)	(280,449)	(1,381,990)
Amount recognised in Other Comprehensive Income (OCI) for the year	818,652	144,104	(161,811)	(79,589)	721,356
Balances as on June 30	818,652	144,104	(161,811)	(79,589)	721,356

### 28.1.3 Amounts recognised in the profit and loss account

Amounts charged to the profit and loss account during the year in respect of pension and gratuity schemes are as follows:

	Executives		Non-Executives		Total
	Pension	Gratuity	Pension	Gratuity	
	June 30, 2016				June 30, 2015
	----- Rs '000 -----				
Current service cost	363,821	33,688	70,887	35,783	504,179
Interest cost	707,895	70,251	175,337	91,216	1,044,699
Interest income on plan assets	(704,784)	(56,964)	(137,827)	(70,384)	(969,959)
Charge for the year recognised in profit and loss account	366,932	46,975	108,397	56,615	578,919
Actual return on plan assets	577,081	52,844	135,303	66,501	831,729

### 28.1.4 Remeasurements recognised in the other comprehensive income

Amounts charged to the other comprehensive income during the year in respect of pension and gratuity schemes are as follows:

	Executives		Non-Executives		Total
	Pension	Gratuity	Pension	Gratuity	
	June 30, 2016				June 30, 2015
	----- Rs '000 -----				
Actuarial (gain) / loss on obligation	690,949	139,984	(164,335)	(83,472)	583,126
Actuarial (gain) / loss on assets	127,703	4,120	2,524	3,883	138,230
Total remeasurements	818,652	144,104	(161,811)	(79,589)	721,356

# Notes to and Forming Part of the Unconsolidated FINANCIAL STATEMENTS

For The Year Ended June 30, 2016

## 28.1.5 Changes in fair value of plan assets

	Executives		Non-Executives		Total	
	Pension	Gratuity	Pension	Gratuity		
	June 30, 2016					June 30, 2015
	----- Rs '000 -----					
Fair value of plan assets at beginning of the year	7,183,090	589,561	1,505,495	727,397	10,005,543	9,246,822
Interest income on plan assets	704,784	56,964	137,827	70,384	969,959	1,196,097
Refund made to the Company	-	-	-	-	-	(252,803)
Contributions by the Company	400,363	189,742	511,436	280,449	1,381,990	550,222
Benefits paid	(240,233)	(64,263)	(122,245)	(79,327)	(506,068)	(475,038)
Amount recognised in OCI for the year	(127,703)	(4,120)	(2,524)	(3,883)	(138,230)	(259,757)
Fair value of plan assets at end of the year	7,920,301	767,884	2,029,989	995,020	11,713,194	10,005,543

## 28.1.6 Changes in present value of pension and gratuity obligations

	Executives		Non-Executives		Total	
	Pension	Gratuity	Pension	Gratuity		
	June 30, 2016					June 30, 2015
	----- Rs '000 -----					
Present value of obligations at beginning of the year	7,216,521	732,328	1,908,534	951,231	10,808,614	9,079,414
Current service cost	363,821	33,688	70,887	35,783	504,179	485,300
Interest cost	707,895	70,251	175,337	91,216	1,044,699	1,175,624
Benefits paid	(240,233)	(64,263)	(122,245)	(79,327)	(506,068)	(475,038)
Amount recognised in OCI for the year	690,949	139,984	(164,335)	(83,472)	583,126	543,314
Present value of obligations at end of the year	8,738,953	911,988	1,868,178	915,431	12,434,550	10,808,614

## 28.1.7 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, 2016 (Unaudited)				June 30, 2015 (Audited)			
Pension Fund										
Government securities	6.20 - 11.06	1,431,905	18	234,990	12	1,776,809	25	316,286	21	
Shares	-	195,115	3	61,510	3	200,474	3	62,604	4	
TFCs	7.61 - 9.72	64,264	1	23,053	1	64,764	1	23,159	2	
Cash and bank balances	5.25 - 7.05	6,229,017	78	1,710,436	84	5,141,043	71	1,103,446	73	
Total		7,920,301	100	2,029,989	100	7,183,090	100	1,505,495	100	
Gratuity Fund										
Government securities	6.20 - 11.06	106,219	14	116,750	12	196,054	33	224,308	31	
Shares	-	33,982	4	28,893	3	34,761	6	29,814	4	
TFCs	7.61 - 9.72	2,787	1	11,666	1	2,864	1	11,988	2	
Cash and bank balances	5.25 - 7.05	624,896	81	837,711	84	355,882	60	461,287	63	
Total		767,884	100	995,020	100	589,561	100	727,397	100	

### 28.1.8 Sensitivity analysis

	June 30, 2016				June 30, 2015			
	Executives		Non-Executives		Executives		Non-Executives	
	1% increase	1% decrease	1% increase	1% decrease	1% increase	1% decrease	1% increase	1% decrease
----- Rs '000 -----								
Pension								
Salary rate sensitivity	518,856	(531,611)	124,662	(66,503)	449,454	(398,816)	104,659	(95,055)
Pension rate sensitivity	597,927	(583,003)	107,927	(46,005)	524,200	(447,167)	80,865	(68,443)
Discount rate sensitivity	(1,045,331)	1,208,201	(131,375)	210,212	(874,844)	952,191	(157,134)	187,236
Gratuity								
Salary rate sensitivity	2,579	(3,099)	39,056	(35,663)	42,704	(38,773)	41,013	(37,427)
Discount rate sensitivity	(59,088)	67,435	(38,528)	43,018	(41,339)	46,431	(40,266)	44,974

### 28.1.9 Maturity profile of the defined benefit obligations

	June 30, 2016			
	Executives		Non-Executives	
	Pension	Gratuity	Pension	Gratuity
Weighted average duration (years)	11.56	7.25	8.01	5.63
----- Rs '000 -----				
Distribution of timing of benefit payments (time in years)				
1	402,720	90,124	100,323	65,288
2	459,435	90,476	331,477	204,207
3	596,875	96,762	148,431	72,302
4	580,525	109,685	147,712	71,912
5	448,702	71,538	152,684	70,812
6-10	3,692,544	508,377	921,907	412,421

28.1.10 The Company expects to contribute Rs 623.971 million to the pension and gratuity funds in the next financial year.

### 28.2 Unfunded post-retirement medical benefits

28.2.1 The Company provides free medical facilities to its executive and non-executive retired employees, as mentioned in note 3.14 to these unconsolidated financial statements. The latest actuarial valuation for post-retirement medical benefits was carried out as at June 30, 2016, results of which are as follows:

	June 30, 2016	June 30, 2015
	----- Rs '000 -----	
Present value of defined benefit obligations - notes 22 and 28.2.4	1,774,972	1,568,791

28.2.2 Movement in the liability recognised in the balance sheet is as follows:

	June 30, 2016	June 30, 2015
	----- Rs '000 -----	
Balance as on July 01	1,568,791	1,378,429
Charge for the year - notes 27.4 & 28.2.3	204,641	230,753
Payments during the year	(60,264)	(50,483)
Amounts charged to OCI	61,804	10,092
Balance as on June 30	1,774,972	1,568,791

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## 28.2.3 Amounts recognised in the profit and loss account

Amounts charged to the profit and loss account during the year for the above benefits are as follows:

	Year ended June 30, 2016 ----- Rs '000 -----	Year ended June 30, 2015 ----- Rs '000 -----
Current service cost	51,770	51,393
Interest cost	152,871	179,360
	<b>204,641</b>	<b>230,753</b>

## 28.2.4 Changes in present value of post-retirement medical obligations

	June 30, 2016 ----- Rs '000 -----	June 30, 2015 ----- Rs '000 -----
Opening balance	1,568,791	1,378,429
Current service cost	51,770	51,393
Interest cost	152,871	179,360
Benefits paid	(60,264)	(50,483)
Amounts charged to OCI	61,804	10,092
Balance as on June 30	<b>1,774,972</b>	<b>1,568,791</b>

1% increase      1% decrease  
----- Rs '000 -----

## 28.2.5 Sensitivity analysis

Medical cost trend rate sensitivity	213,231	(179,905)
Discount rate sensitivity	(230,462)	290,206

28.2.6 The Company expects to contribute Rs 187.370 million to the unfunded post-retirement medical benefits in the next financial year.

28.2.7 The weighted average duration of the defined benefit obligation works out to 12.80 years in respect of executive and 13.30 years in respect of non-executive retired employees.

## 28.3 Leave preparatory to retirement benefits

Movement in liability recognised in the balance sheet is as follows:

	June 30, 2016 ----- Rs '000 -----	June 30, 2015 (Restated) ----- Rs '000 -----
Balance as on July 01	530,768	676,707
Charge / (reversal) for the year - note 27.3	84,051	(110,317)
	<b>614,819</b>	<b>566,390</b>
Payments during the year	(23,114)	(35,622)
Balance as on June 30 - note 22	<b>591,705</b>	<b>530,768</b>

## 28.4 Principal actuarial assumptions

The significant assumptions used in the actuarial valuations are as follows:

	Per annum	
	June 30, 2016	June 30, 2015
- discount rate	7.25%	9.75%
- expected rate of increase in salaries	7.25%	9.75%
- expected rate of increase in pension	2.25%	4.75%
- expected rate of escalation in medical cost	3.25%	5.75%
- death rate / mortality rate	SLIC (2001-05) Ultimate	

## 28.5 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.

## 28.6 Provident fund

	June 30, 2016 (Unaudited)	June 30, 2015 (Audited)
	----- Rs '000 -----	-----
Size of the fund	4,822,107	4,427,797
Cost of investments made	3,487,611	3,014,535
Percentage of investments made	72.3%	68.1%
Fair value of investments	3,808,712	3,368,236

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## 28.6.1 Break-up of investments of provident fund

Break-up of investments in terms of amount and percentage of the size of the provident fund are as follows:

	June 30, 2016 (Unaudited)		June 30, 2015 (Audited)	
	<b>Investments (Rs ,000)</b>	<b>% of investment as size of the fund</b>	Investments (Rs '000)	% of investment as size of the fund
Pakistan Investment Bonds	544,765	11.3%	874,237	19.7%
Treasury Bills	148,945	3.1%	937,593	21.2%
Short Term Deposit Account	2,408,000	49.9%	847,000	19.1%
NIT Units	383,398	8.0%	375,160	8.5%
Shares	320,249	6.6%	330,870	7.5%
TFCs	3,355	0.1%	3,376	0.1%
	<b>3,808,712</b>	<b>79.0%</b>	<b>3,368,236</b>	<b>76.1%</b>

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

Year ended  
June 30, 2016      Year ended  
June 30, 2015  
(Restated)  
----- Rs '000 -----

## 29. OTHER INCOME

### Income from financial assets

Income on loans and bank deposits - note 29.1  
Income on term deposits  
Income on long-term held-to-maturity investments - note 29.2  
Income from investment in treasury bills  
Gain on re-measurement / disposal of investments  
designated at fair value through profit or loss (net)

305,105	441,253
1,164,727	1,919,532
2,706,262	2,992,080
94,423	297,066
349,060	958,585
<b>4,619,577</b>	<b>6,608,516</b>

### Income from assets other than financial assets

Rental income on assets  
Profit on sale of property, plant and equipment (net)  
Profit on sale of stores and spares (net)  
Exchange gain on foreign currency (net)  
Share of profit on sale of LPG  
Others

225,200	104,736
24,726	35,321
11,785	8,894
384,351	537,395
142,574	289,752
9,914	26,317
<b>798,550</b>	<b>1,002,415</b>
<b>5,418,127</b>	<b>7,610,931</b>

29.1 This includes profit amounting to Rs 0.064 million (2015: Nil) under a Shariah compliant arrangement.

29.2 This includes profit amounting to Rs 21.556 million (2015: Rs 49.896 million) under a Shariah compliant arrangement.

	Year ended June 30, 2016	Year ended June 30, 2015 (Restated)
	----- Rs '000 -----	
<b>30. OTHER OPERATING EXPENSES</b>		
WPPF - note 15.1	<b>1,409,387</b>	2,604,013
Impairment loss - note 6.2	<b>2,620,312</b>	1,448,125
Provision for obsolete / slow moving stores - note 10.1	<b>2,741</b>	11,337
	<b>4,032,440</b>	<b>4,063,475</b>
<b>31. FINANCE COSTS</b>		
Interest on WPPF - note 15.1	<b>350</b>	485
Financial charges for liabilities against assets subject to finance leases	<b>41,119</b>	38,310
Unwinding of discount on decommissioning obligation - note 20	<b>617,498</b>	515,493
	<b>658,967</b>	<b>554,288</b>

### 32. TAXATION

Provision for taxation for the years ended June 30, 2016 and 2015 has been calculated on the basis of tax rates of 55%, 52.5% and 40% for onshore agreement areas and for the non-agreement area on the basis of tax rate of 32%, as mentioned in note 3.18 to these unconsolidated financial statements. Similar to the previous year, 3% super tax has been levied for the current year on the non-agreement area as per the Finance Act, 2016.

	Year ended June 30, 2016	Year ended June 30, 2015 (Restated)
	----- Rs '000 -----	
Current		
- for the year	<b>3,174,382</b>	10,936,856
- for prior years (net)	<b>(472,943)</b>	97,246
	<b>2,701,439</b>	<b>11,034,102</b>
Deferred	<b>6,763,258</b>	3,882,274
	<b>9,464,697</b>	<b>14,916,376</b>
	Year ended June 30, 2016	Year ended June 30, 2015 (Restated)
	----- Rs '000 -----	
<b>32.1 Relationship between accounting profit and taxation</b>		
Accounting profit for the year before taxation	<b>26,706,716</b>	53,315,112
Tax on accounting profit at applicable rate of 47.04% (2015: 42.11%)	<b>12,562,839</b>	22,450,994
Tax effect of:		
- Depletion allowance	<b>(3,314,766)</b>	(4,763,473)
- Royalty allowed for tax purposes	<b>(1,896,818)</b>	(2,493,470)
- Tax (income) / charge relating to prior years	<b>(472,943)</b>	97,246
- Decommissioning cost	<b>1,822,178</b>	(595,093)
- Tax credits	<b>(491,185)</b>	(255,762)
- Super tax	<b>311,569</b>	553,994
- Others	<b>943,823</b>	(78,060)
	<b>9,464,697</b>	<b>14,916,376</b>
Effective tax rate %	<b>35.44</b>	27.98



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## 33. INTERESTS IN JOINT OPERATIONS

The joint operations areas in which the Company has working interest are as follows:

Name of Joint Operation	Operator	Percentage of the Company's working interest as at June 30, 2016
<b>Producing Fields</b>		
1 Adhi	PPL	39.00%
2 Mazarani	PPL	87.50%
3 Adam X-1 D&P (Hala Block)	PPL	65.00%
4 Adam West X-1 EWT Phase (Hala Block)	PPL	65.00%
5 Kinza X-1 EWT Phase (Gambat South Block)	PPL	65.00%
6 Shahdad EWT Phase (Gambat South)	PPL	65.00%
7 Kandhkot East (Chachar)	PPL	75.00%
8 Qadirpur	OGDCL	7.00%
9 Miano	OMV	15.16%
10 Sawan	OMV	26.18%
11 Hasan, Sadiq & Khanpur - D&P (B-22)	PEL	35.53%
12 Manzalai D&P (Tal Block)	MOL	27.76%
13 Makori D&P (Tal Block)	MOL	27.76%
14 Makori East D&P (Tal Block)	MOL	27.76%
15 Mamikhel D&P (Tal Block)	MOL	27.76%
16 Maramzai D&P (Tal Block)	MOL	27.76%
17 Mela D&P (Nashpa Block)	OGDCL	28.55%
18 Nashpa D&P (Nashpa Block)	OGDCL	28.55%
19 Tajjal EWT Phase (Gambat Block)	OMV	23.68%
20 Latif D&P (Latif Block)	OMV	33.30%
21 Rehman EWT Phase (Kirthar Block)	POGC	30.00%
22 Ghauri EWT Phase (Ghauri Block)	MPCL	35.00%
<b>Exploration &amp; Development Blocks</b>		
1 Block 2568-13 (Hala)	PPL	65.00%
2 Block 2766-1 (Khuzdar) - note 33.1	PPL	65.00%
3 Block 2688-2 (Kalat) - note 33.2	PPL	60.00%
4 Block 2969-8 (Barkhan)	PPL	35.00%
5 Block 2763-3 (Kharan)	PPL	100.00%
6 Block 2764-4 (Kharan-East)	PPL	100.00%
7 Block 2763-4 (Kharan-West)	PPL	100.00%
8 Block 3371-15 (Dhok Sultan)	PPL	75.00%
9 Block 2467-12 (Jungshahi)	PPL	100.00%
10 Block 2568-18 (Gambat South) - note 33.3	PPL	65.00%
11 Block 2468-12 (Kotri)	PPL	100.00%
12 Block 2568-21 (Kotri North) - note 33.3	PPL	90.00%
13 Block 2468-10 (Sirani)	PPL	75.00%
14 Block 2668-9 (Naushahro Firoz) - note 33.3	PPL	90.00%
15 Block 2667-11 (Zamzama South)	PPL	100.00%
16 Block 3270-7 (Zindan)	PPL	35.00%
17 Block 3272-18 (Karsal)	PPL	100.00%
18 Block 3372-23 (Hisal)	PPL	100.00%
19 Block 2870-5 (Sadiqabad)	PPL	100.00%
20 Block 2469-16 (Shah Bandar) - note 33.4	PPL	97.50%
21 Block 2864-4 (Nausherwani)	PPL	100.00%
22 Block 2566-6 (Bela West)	PPL	100.00%
23 Block 2566-4 (Hab) - note 33.4	PPL	99.85%

Name of Joint Operation	Operator	Percentage of the Company's working interest as at June 30, 2016
24 Block 2569-5 (Khipro East) - note 33.4	PPL	97.50%
25 Block 2467-13 (Malir) - note 33.4	PPL	97.50%
26 Block 2866-4 (Margand) - note 33.5	PPL	50.00%
27 Block 2668-4 (Gambat) - note 33.6	OMV	30.00%
28 Block 2669-3 (Latif)	OMV	33.30%
29 Block 3370-10 (Nashpa)	OGDCL	30.00%
30 Block 2667-7 (Kirthar)	POGC	30.00%
31 Block 3070-13 (Baska)	ZHEN HUA	49.00%
32 Block 2366-7 (Indus-C)	ENI	40.00%
33 Block 2366-5 (Indus-N)	ENI	30.00%
34 Block 3370-3 (Tal)	MOL	30.00%
35 Block 2568-20 (Sukhpur)	ENI	30.00%
36 Block 2468-9 (Jherruck)	NHEPL	30.00%
37 Block 2568-19 (Digri)	UEPL	25.00%
38 Block 3273-3 (Ghauri)	MPCL	35.00%
39 Block 2867-5 (Kuhan) - note 33.7	OMV	50.00%
40 Block 2265-1 (Indus-G)	ENI	33.33%

33.1 ENI assigned its 35% share to PPL w.e.f. April 08, 2015 for which assignment agreement is under DGPC approval. This would increase PPL's share to 100%.

33.2 OMV assigned its 40% share to PPL w.e.f. June 21, 2016 for which assignment agreement is under DGPC approval. This would increase PPL's share to 100%.

33.3 Asia Resources Oil Limited (AROL), a Working Interest Owner holding 10% share in Gambat South Block, had failed to pay its share of cash calls in accordance with the Joint Operating Agreement (JOA). Consequently, default procedure was invoked on September 22, 2015, in accordance with the provisions of JOA. Accordingly, PPL and GHPL issued forfeiture notices to AROL, which would have eventually resulted in forfeiture and acquisition of AROL's 10% share, by PPL (65% share) and GHPL (25% share) in accordance with the JOA. Similar procedure was adopted by PPL in respect of Naushahro Firoz and Kotri North Blocks, where PPL's and AROL's shares are 90% and 10% respectively.

On December 23, 2015 PPL sought approval from the GoP for forfeiture and acquisition of AROL's 10% Working Interest in each of the above mentioned blocks. On February 29, 2016, AROL has filed suit before the honorable SHC at Karachi. In this suit, AROL has challenged default and forfeiture procedures, and has obtained stay order from the SHC. The honorable SHC has suspended the operations of forfeiture notices issued to AROL and has also restrained GoP from according approvals for forfeiture of AROL's working interest in the three blocks. The matter is pending adjudication before the SHC.

33.4 Sindh Energy Holding Company Limited (SEHCL) farmed in with share of 2.50% in Shah Bandar block, 0.15% in Hab block, 2.50% in Khipro East and Malir blocks via agreement dated March 02, 2016.

33.5 OMV decided in 8th OCM dated June 03, 2016 to assign its share of 50% to PPL w.e.f. July 01, 2016 for which assignment agreement is under preparation. This would increase PPL's share to 100%.

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**33.6** Gambat EL was due to expire on December 02, 2016. The other Working Interest Owners i.e., OMV and ENI wish to surrender their respective interests as per the PCA provisions w.e.f. December 03, 2016. PPL intends to acquire working interests of OMV and ENI without any consideration, subject to the approval of its Board of Directors. Accordingly, PPL has requested to the operator i.e., OMV to file an application for seeking one year licence extension from December 03, 2016 till December 02, 2017, after which the farm-out agreement will be formalised.

**33.7** As per Article 5.1 of Kuhan PCA, the working interest owners shall offer 2.5% working interest to GHPL and Provincial Holding Company (PHC). Farm-out agreement for the same has been executed in March 2015. However, DGPC approval is awaited. Once the approval is granted, PPL's share would decrease to 48.75%.

## 34. FINANCIAL INSTRUMENTS BY CATEGORY

	June 30, 2016	June 30, 2015 (Restated)
	----- Rs '000 -----	-----
<b>Financial assets as per balance sheet</b>		
- <b>Loans and receivables</b>		
Long-term loans	1,203,901	1,172,140
Long-term deposits	7,676	765,176
Long-term receivables	333,000	315,418
Trade debts	57,835,214	58,777,643
Loans and advances	1,328,228	2,160,336
Trade deposits	56,523	43,265
Interest accrued	1,459,316	1,458,792
Current maturity of long-term receivables	81,978	60,632
Current maturity of long-term deposits	787,500	-
Other receivables	423,279	5,102,779
Cash and bank balances	3,273,024	1,278,971
	<b>66,789,639</b>	<b>71,135,152</b>
- <b>Held-to-maturity</b>		
Long-term investments	39,783,587	35,503,605
Current maturity of long-term investments	66,493	648,238
Short-term investments	19,012,500	22,290,000
	<b>58,862,580</b>	<b>58,441,843</b>
<b>Non-financial assets</b>	<b>146,810,102</b>	<b>114,451,528</b>
<b>Total assets</b>	<b>272,462,321</b>	<b>244,028,523</b>
<b>Financial liabilities as per balance sheet</b>		
- <b>Financial liabilities measured at amortised cost</b>		
Trade and other payables	19,324,606	9,803,390
<b>Non-financial liabilities</b>	<b>60,488,778</b>	<b>45,954,909</b>
<b>Total liabilities</b>	<b>79,813,384</b>	<b>55,758,299</b>

## 35. 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, 2016 and 2015.

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, commodity price and equity price that 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.

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 PIBs, term deposit receipts with banks and treasury bills. As of balance sheet date, the sensitivity on the Company's profit before tax to a reasonable possible change of 1% in interest rate is Nil (2015: Rs 5 million), 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, 2016	June 30, 2015
	----- US\$ -----	
Investments held-to-maturity	<b>149,262,330</b>	108,651,005
Cash and bank balance	<b>4,887,723</b>	2,857,941
Long-term deposits	-	7,463,054
Current maturity of long-term deposits	<b>7,521,490</b>	-
Trade and other payables	<b>(3,735,586)</b>	(2,283,825)
	<b>157,935,957</b>	116,688,175

The following significant exchange rates applied during the year:

	Average Rate		Closing Rate	
	2016	2015	2016	2015
	Rs			
US\$ 1	<b>104.46</b>	101.55	<b>104.70</b>	101.50

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	161,672	(161,672)
Foreign currency financial liabilities	26,437	(26,437)

# Notes to and Forming Part of the Unconsolidated FINANCIAL STATEMENTS

For The Year Ended June 30, 2016

## 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), whether those changes are caused by factors specific to the individual financial instruments or its issuer, or factors affecting all similar financial instruments traded in the market.

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. The Company has evaluated various commodity derivative options to hedge the risk of decline in international oil prices, keeping in view the current behavior of oil prices together with the pricing mechanism of Company's products. However, the Company has not entered in any commodity derivative transactions due to the fact that the available instruments were not adequately providing mitigation against the relevant risks over a longer term.

A one rupee change in the commodity prices would have the following effect:

	One Rupee Increase	One Rupee Decrease
	Rs '000	
Natural Gas (McF)	269,476	(269,476)
Crude Oil / Condensate / NGL (BBL)	5,282	(5,282)
LPG (M.Ton)	66	(66)
Barytes (Ton)	48	(48)

## 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. As part of these processes 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 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 as these companies are SoEs.

#### Bank and investments

The Company limits its exposure to credit risk by investing in liquid securities and maintaining bank accounts only with counterparties that have a credit rating of at least A. Evaluation of all banks in the panel of bankers of the Company, is carried out on annual basis considering their credit ratings, capital adequacy ratios and other factors. Based on the Banks' credit ratings and size of capital, limits have been set for maximum size of funds to be kept with

an individual bank. Given these measures, management does not expect any counterparty failing to meet its obligations.

In addition to the exposure with banks, the Company also holds investments in PIBs issued by SBP and TFCs issued by bank with high credit rating. The investments in PIBs is considered highly secured, whereas investment in TFCs is with the bank having rating of AA.

## 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, 2016	June 30, 2015 (Restated)
	----- Rs '000 -----	-----
Long-term investments	<b>39,783,587</b>	35,503,605
Long-term loans	<b>1,203,901</b>	1,172,140
Long-term deposits	<b>7,676</b>	765,176
Long-term receivables	<b>333,000</b>	315,418
Trade debts	<b>57,835,214</b>	58,777,643
Loans and advances	<b>1,328,228</b>	2,160,336
Trade deposits	<b>56,523</b>	43,265
Interest accrued	<b>1,459,316</b>	1,458,792
Current maturity of long-term investments	<b>66,493</b>	648,238
Current maturity of long-term receivables	<b>81,978</b>	60,632
Current maturity of long-term deposits	<b>787,500</b>	-
Other receivables	<b>423,279</b>	5,102,779
Short-term investments	<b>19,012,500</b>	22,290,000
Bank balances	<b>3,218,435</b>	1,179,509
	<b>125,597,630</b>	<b>129,477,533</b>

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, 2016	June 30, 2015 (Restated)
	----- Rs '000 -----	-----
<b>Long-term investments</b>		
AAA	<b>21,926,436</b>	23,023,986
AA	<b>16,626,076</b>	12,845,687
A	<b>1,297,568</b>	282,170
	<b>39,850,080</b>	<b>36,151,843</b>
<b>Trade debts</b>		
Customers with defaults in past one year which have not yet been recovered	<b>16,307,527</b>	17,974,406
	<b>16,307,527</b>	<b>17,974,406</b>
<b>Short-term investments</b>		
AAA	<b>7,145,000</b>	95,000
AA	<b>11,867,500</b>	20,825,000
A	<b>-</b>	1,370,000
	<b>19,012,500</b>	<b>22,290,000</b>
<b>Cash at banks</b>		
AAA	<b>1,424,143</b>	731,950
AA	<b>1,695,394</b>	447,092
A	<b>98,898</b>	467
	<b>3,218,435</b>	<b>1,179,509</b>

# Notes to and Forming Part of the Unconsolidated FINANCIAL STATEMENTS

For The Year Ended June 30, 2016

The Company's most significant customers include two gas transmission and distribution companies and one power generation company (related parties) and account for Rs 51,691 million of the trade debts as at June 30, 2016 (2015: Rs 49,120 million).

The aging of trade debts at the reporting date is provided at note 11.1.

## 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 requirement.

## 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 leases	-	17,710	107,970	238,385	-	364,065
Trade and other payables	616,750	17,309,856	1,398,000	-	-	19,324,606
<b>Year ended June 30, 2016</b>	<b>616,750</b>	<b>17,327,566</b>	<b>1,505,970</b>	<b>238,385</b>	<b>-</b>	<b>19,688,671</b>
Liability against assets subject to finance leases	-	25,342	82,778	209,647	-	317,767
Trade and other payables- Restated	612,800	8,140,600	1,049,990	-	-	9,803,390
<b>Year ended June 30, 2015</b>	<b>612,800</b>	<b>8,165,942</b>	<b>1,132,768</b>	<b>209,647</b>	<b>-</b>	<b>10,121,157</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.

June 30, 2016      June 30, 2015  
(Restated)  
----- Rs '000 -----

## 36. CASH AND CASH EQUIVALENTS

Cash and bank balances - note 17  
Short-term highly liquid investments - note 16

<b>3,273,024</b>	1,278,971
<b>19,012,500</b>	22,290,000
<b>22,285,524</b>	<b>23,568,971</b>



### 37. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executives		Executives	
	Year ended June 30, 2016 Note 37.2	Year ended June 30, 2015	Year ended June 30, 2016	Year ended June 30, 2015 (Restated)
	----- Rs '000 -----			
Managerial remuneration	<b>49,400</b>	8,615	<b>5,078,159</b>	5,382,011
Housing, conveyance and utilities	-	-	<b>97,198</b>	389,517
Retirement benefits	-	-	<b>670,657</b>	670,552
Bonus	-	-	<b>969,681</b>	630,643
Medical and leave passage	-	-	<b>291,671</b>	387,114
Leave encashment	-	-	<b>193,625</b>	112,815
	<b>49,000</b>	8,615	<b>7,300,991</b>	7,572,652
Number, including those who worked for part of the year	<b>1</b>	2	<b>1,387</b>	1,650

37.1 Aggregate amount charged in these unconsolidated financial statements in respect of fees paid to seven non-executive directors was Rs 13.260 million (2015: Rs 14.960 million for thirteen directors).

37.2 This includes performance bonus amounting to Rs 19.600 million paid under the employment contract

June 30, 2016    June 30, 2015  
(Restated)  
----- Rs '000 -----

### 38. EARNINGS PER SHARE

#### 38.1 Basic earnings per share

Profit after taxation (Rs '000)	<b>17,242,019</b>	38,398,736
Dividend on convertible preference shares (Rs '000)	<b>(37)</b>	(37)
Profit attributable to ordinary shareholders (Rs '000)	<b>17,241,982</b>	38,398,699
Weighted average number of ordinary shares in issue	<b>1,971,717,159</b>	1,971,716,836
Basic earnings per share (Rs)	<b>8.74</b>	19.47

38.1.1 Profit after taxation has been adjusted for dividend to a maximum rate of thirty percent per annum of the value of the total number of convertible preference shares held.

#### 38.2 Diluted earnings per share

	Year ended June 30, 2016	Year ended June 30, 2015 (Restated)
	----- Rs '000 -----	
Profit after taxation (Rs '000)	<b>17,242,019</b>	38,398,736
Weighted average number of ordinary shares in issue	<b>1,971,717,159</b>	1,971,716,836
Adjustment for conversion of convertible preference shares	<b>12,296</b>	12,619
Weighted average number of ordinary shares for diluted earnings per share	<b>1,971,729,455</b>	1,971,729,455
Diluted earnings per share (Rs)	<b>8.74</b>	19.47

# Notes to and Forming Part of the Unconsolidated FINANCIAL STATEMENTS

For The Year Ended June 30, 2016

## 39. FINAL DIVIDEND

The Board of Directors at its reconvened meeting on January 18, 2017 recommended a final cash dividend @ 35% amounting to Rs 6,901.010 million (2015: @ 40% amounting to Rs 7,886.868 million ) on the existing paid-up value of the ordinary share capital and Rs 0.009 million (2015: nil) on the existing paid-up value of convertible preference share capital for approval of the shareholders in the Annual General Meeting to be held on February 28, 2017.

## 40. TRANSACTIONS WITH RELATED PARTIES

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:

### 40.1 Transactions with related parties are as follows

Sales of gas / barytes to State controlled entities  
(including Government Levies):

GENCO-II  
SNGPL  
SSGCL  
OGDCL

Year ended  
June 30, 2016      Year ended  
June 30, 2015  
(Restated)  
----- Rs '000 -----

<b>17,865,187</b>	20,329,463
<b>44,679,505</b>	50,343,943
<b>15,389,689</b>	16,190,688
<b>168,687</b>	38,040
<b>78,103,068</b>	86,902,134

Long-term receivables, trade debts and other  
receivables from State controlled entities as at June 30

See notes 9,11 & 15

Transaction with subsidiaries:

Receivable from subsidiaries as at June 30  
Interest income on long-term loan to PPLE  
Payment of employees cost on secondment  
Deposit of bank guarantee on behalf of  
PPLE - Block 29, Yemen

See note 7, 14 & 15	
<b>41,434</b>	35,501
<b>55,836</b>	31,641
<b>787,500</b>	757,500

	Year ended June 30, 2016	Year ended June 30, 2015 (Restated)
	----- Rs '000 -----	
<b>Transactions with Associated Companies:</b>		
Sales of crude oil / condensate	<b>5,130,088</b>	5,405,881
Expenses incurred	<b>-</b>	503
<b>Transactions with Joint Operations:</b>		
Dividend income from BME	<b>25,000</b>	25,000
Purchase of goods from BME (net)	<b>261,831</b>	263,956
Reimbursement of employee cost on secondment to BME	<b>22,877</b>	20,154
Payments of cash calls to joint operations	<b>45,672,098</b>	39,024,123
Expenditure incurred by the joint operations	<b>54,008,799</b>	40,620,657
Amounts receivable from / (payable to) joint operations partners as at June 30	See notes 12, 15 & 24	
Income from rental of assets to joint operations	<b>225,200</b>	104,736
<b>Other related parties:</b>		
Dividends to GoP	<b>8,319,129</b>	15,972,728
Dividends to Trust under BESOS	<b>906,057</b>	1,739,629
Transactions with retirement benefit funds	See notes 27.3 & 28	
Remuneration to key management personnel	See note 37	
Payment of rental to Pakistan Industrial Development Corporation	<b>81,659</b>	68,155
Payment to National Insurance Company Limited (NICL)	<b>1,189,772</b>	530,013
Insurance claim received from NICL	<b>1,016,812</b>	97,153
Payment to Pakistan State Oil Company Limited	<b>511,246</b>	513,427

- 40.2 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.

#### 41. 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.

# Notes to and Forming Part of the Unconsolidated FINANCIAL STATEMENTS

For The Year Ended June 30, 2016

	Year ended June 30, 2016 ----- Rs '000 -----	Year ended June 30, 2015 -----
GENCO-II	<b>17,865,187</b>	20,329,463
SSGCL	<b>15,389,689</b>	16,190,688
SNGPL	<b>44,679,505</b>	50,343,943
ARL	<b>14,953,271</b>	29,559,544
	<b>92,887,652</b>	116,423,638

## 42. DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements were authorised for issue on January 18, 2017 by the Board of Directors of the Company.

## 43. GENERAL

### 43.1 Number of employees

	Year ended June 30, 2016 ----- Rs '000 -----	Year ended June 30, 2015 -----
Total number of employees at the end of the year were as follows		
Regular	<b>2,900</b>	2,778
Contractual	<b>70</b>	-
	<b>2,970</b>	2,778
Average number of employees during the year were as follows		
Regular	<b>2,839</b>	2,672
Contractual	<b>35</b>	-
	<b>2,874</b>	2,672

### 43.2 Capacity and production

Product	Unit	Actual production for the year (PPL's share)
Natural gas	MMCF	306,604
Crude oil / NGL / Condensate	BBL	5,423,682
LPG	M. Ton	66,597
Barytes	Ton	82,268

Due to the nature of operations of the Company, installed capacity of above products is not relevant.

### 43.3 Corresponding figures

Corresponding figures have been reclassified for the purpose of better presentation and comparison, where necessary.

### 43.4 Figures have been rounded off to the nearest thousand, unless otherwise stated.



Director



Chief Executive

# Auditors' Report on Consolidated Financial Statements TO THE MEMBERS

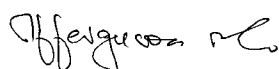
We have audited the annexed consolidated financial statements comprising consolidated balance sheet of Pakistan Petroleum Limited (the Holding Company) and its subsidiary companies (together referred to as Group) as at June 30, 2016 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended, We have also expressed separate opinion on the financial statements of the Holding Company whereas financial statements of PPL Europe E&P Limited and PPL Asia E&P BV have been audited by PricewaterhouseCoopers - UK and PricewaterhouseCoopers - Netherlands respectively, whose reports have been furnished to us and our opinion, in so far as it relates to the amounts included for such companies, is based solely on the reports of such auditors.

These consolidated financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our audit was conducted in accordance with the international Standards on Auditing and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

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

We draw attention to note 3.3 (c) (ii) to the annexed consolidated financial statements, that describes restatement arising on account of valuation of Exploration and Evaluation assets of a wholly owned subsidiary 'PPL Europe E&P Limited', Our opinion is not modified in respect of this matter,

The consolidated financial statements for the year ended June 30, 2015 were audited by another firm Ernst & Young Ford Rhodes - Chartered Accountants, who through their report dated August 24, 2015, expressed an unqualified opinion thereon.



Chartered Accountants  
Karachi.

Engagement Partner: Khurshid Hasan  
Dated: January 18, 2017

# Consolidated BALANCE SHEET

As At June 30, 2016

	Note	June 30, 2016	June 30, 2015 (Restated)	June 30, 2014 (Restated)
----- Rs '000 -----				
<b>ASSETS</b>				
<b>NON-CURRENT ASSETS</b>				
<b>Fixed assets</b>				
Property, plant and equipment	5	<b>132,462,661</b>	99,215,532	89,399,785
Intangible assets	6	<b>414,876</b>	259,519	278,333
		<b>132,877,537</b>	99,475,051	89,678,118
Long-term investments	7	<b>39,783,588</b>	35,503,606	45,002,164
Long-term loans	8	<b>24,549</b>	26,646	26,696
Long-term deposits	9	<b>7,676</b>	765,176	765,176
Long-term receivables	10	<b>333,000</b>	315,418	376,050
		<b>173,026,350</b>	136,085,897	135,848,204
<b>CURRENT ASSETS</b>				
Stores and spares	11	<b>4,140,258</b>	3,904,136	3,558,567
Trade debts	12	<b>57,954,553</b>	58,915,582	50,352,148
Loans and advances	13	<b>1,328,228</b>	2,160,336	1,771,765
Trade deposits and short-term prepayments	14	<b>575,052</b>	87,986	411,857
Interest accrued	15	<b>1,465,949</b>	1,444,543	1,357,235
Current maturity of long-term investments	7	<b>66,493</b>	648,238	500,179
Current maturity of long-term receivables	10	<b>81,978</b>	60,632	54,800
Current maturity of long-term deposits	9	<b>787,500</b>	-	-
Other receivables	16	<b>3,359,096</b>	7,192,829	3,857,952
Short-term investments	17	<b>28,056,720</b>	30,445,259	27,808,478
Taxation - net		<b>-</b>	743,599	-
Cash and bank balances	18	<b>3,918,383</b>	3,190,321	3,749,317
		<b>101,734,210</b>	108,793,461	93,422,298
<b>TOTAL ASSETS</b>		<b>274,760,560</b>	244,879,358	229,270,502
<b>EQUITY AND LIABILITIES</b>				
<b>SHARE CAPITAL AND RESERVES</b>				
Share capital	19	<b>19,717,295</b>	19,717,295	19,717,295
Reserves	20	<b>172,929,206</b>	168,320,784	153,924,494
		<b>192,646,501</b>	188,038,079	173,641,789
<b>NON-CURRENT LIABILITIES</b>				
Provision for decommissioning obligation	21	<b>20,482,574</b>	12,068,746	15,679,518
Liabilities against assets subject to finance leases	22	<b>238,385</b>	209,647	175,770
Deferred liabilities	23	<b>2,366,677</b>	2,099,559	2,055,136
Deferred taxation	24	<b>25,211,616</b>	18,486,209	14,754,966
		<b>48,299,252</b>	32,864,161	32,665,390
<b>CURRENT LIABILITIES</b>				
Trade and other payables	25	<b>33,385,389</b>	23,868,998	18,962,628
Current maturity of liabilities against assets subject to finance leases	22	<b>125,680</b>	108,120	102,114
Taxation - net		<b>303,738</b>	-	3,898,581
		<b>33,814,807</b>	23,977,118	22,963,323
<b>TOTAL LIABILITIES</b>		<b>82,114,059</b>	56,841,279	55,628,713
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>274,760,560</b>	244,879,358	229,270,502
<b>CONTINGENCIES AND COMMITMENTS</b>	26			

The annexed notes 1 to 44 form an integral part of these consolidated financial statements.



Director



Chief Executive

# Consolidated PROFIT AND LOSS ACCOUNT

As At June 30, 2016

	Note	Year ended June 30, 2016	Year ended June 30, 2015 (Restated)
		----- Rs '000 -----	
Sales - net	27	80,809,044	105,940,631
Field expenditures	28	(46,220,895)	(43,693,109)
Royalties		(9,283,355)	(12,342,445)
		(55,504,250)	(56,035,554)
		25,304,794	49,905,077
Other income	30	5,428,907	7,594,040
Other operating expenses	31	(3,140,157)	(3,659,520)
Finance costs	32	(668,970)	(588,542)
Profit before taxation		26,924,574	53,251,055
Taxation	33	(10,859,529)	(15,043,592)
Profit after taxation		16,065,045	38,207,463
Basic and diluted earnings per share (Rs)	39	8.15	19.38

The annexed notes 1 to 44 form an integral part of these consolidated financial statements.



Director



Chief Executive



# Consolidated Statement of COMPREHENSIVE INCOME

For The Year Ended June 30, 2016

	Year ended June 30, 2016	Year ended June 30, 2015 (Restated)
	----- Rs ,000 -----	
Profit after taxation	16,065,045	38,207,463
Other comprehensive income		
Items not to be reclassified to profit and loss account in subsequent years		
Remeasurement losses on defined benefit plans - net	(782,826)	(815,365)
Deferred taxation	242,780	260,212
	(540,046)	(555,153)
Items potentially reclassifiable to profit and loss account in subsequent years		
Foreign exchange differences on translation of subsidiaries	1,406,683	404,622
Other comprehensive income, net of tax	866,637	(150,531)
Total comprehensive income	16,931,682	38,056,932

The annexed notes 1 to 44 form an integral part of these consolidated financial statements.



Director



Chief Executive

# Consolidated CASH FLOW STATEMENT

for The Year Ended June 30, 2016

Year ended  
Note **June 30, 2016**      Year ended  
June 30, 2015  
(Restated)

----- Rs ,000 -----

## CASH FLOWS FROM OPERATING ACTIVITIES

Cash receipts from customers	<b>107,333,925</b>	124,147,436
Receipts of other income	<b>748,838</b>	429,657
Cash paid to suppliers / service providers and employees	<b>(16,118,521)</b>	(30,524,002)
Payment of indirect taxes and Government levies including royalties	<b>(37,563,473)</b>	(40,866,019)
Income tax paid	<b>(1,842,345)</b>	(15,715,949)
Finance costs paid	<b>(41,119)</b>	(98,183)
Long-term loans (net)	<b>2,097</b>	(1,700)
Net cash generated from operating activities	<b>52,519,402</b>	37,371,240

## CASH FLOWS FROM INVESTING ACTIVITIES

Capital expenditure (net)	<b>(43,016,247)</b>	(28,391,908)
Proceeds from sale of property, plant and equipment	<b>37,175</b>	110,089
Purchase of long-term investments	<b>(25,873,627)</b>	(27,925,392)
Disposal / redemption of long-term investments	<b>22,358,585</b>	38,546,257
Long-term deposits	<b>(30,000)</b>	-
Long-term receivables	<b>60,632</b>	54,800
Financial income received	<b>4,416,422</b>	5,844,427
Net cash used in investing activities	<b>(42,047,060)</b>	(11,761,727)

## CASH FLOWS FROM FINANCING ACTIVITIES

Payment of liabilities against assets subject to finance leases	<b>(122,402)</b>	(118,824)
Dividends paid	<b>(12,307,735)</b>	(23,621,505)
Net cash used in financing activities	<b>(12,430,137)</b>	(23,740,329)
Net (decrease) / increase in cash and cash equivalents	<b>(1,957,795)</b>	1,869,184
Cash and cash equivalents at the beginning of the year	<b>33,635,580</b>	31,557,795
Net foreign exchange differences	<b>297,318</b>	208,601
Cash and cash equivalents at the end of the year	<b>31,975,103</b>	33,635,580

The annexed notes 1 to 44 form an integral part of these consolidated financial statements.



Director



Chief Executive

# Consolidated Statement of CHANGES IN EQUITY

for The Year Ended June 30, 2016

	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, 2014 - as previously reported	19,717,157	138	1,428	69,761	29,021,894	18,751,980	5,000,000	109,357,106	(353,603)	161,847,138	161,848,566	181,565,861
Effect of correction of prior period error - note 3.3 (c-ii)								(7,944,549)	20,477	(7,924,072)	(7,924,072)	(7,924,072)
Balance as at June 30, 2014 - Restated	19,717,157	138	1,428	69,761	29,021,894	18,751,980	5,000,000	101,412,557	(333,126)	153,923,066	153,924,494	173,641,789
<b>Comprehensive income for the period</b>												
Profit after taxation - Restated	-	-	-	-	-	-	-	38,207,463	-	38,207,463	38,207,463	38,207,463
Other comprehensive (loss) / income for the year ended June 30, 2015, net of tax - Restated	-	-	-	-	-	-	-	(555,153)	404,622	(150,531)	(150,531)	(150,531)
Total comprehensive income for the year ended June 30, 2015 - Restated	-	-	-	-	-	-	-	37,652,310	404,622	38,056,932	38,056,932	38,056,932
Appropriation of insurance reserve for the year ended June 30, 2014	-	-	-	-	5,000,000	-	-	(5,000,000)	-	-	-	-
Appropriation of assets acquisition reserve for the year ended June 30, 2014	-	-	-	-	-	5,000,000	-	(5,000,000)	-	-	-	-
Conversion of preference shares into ordinary shares	14	(14)	-	-	-	-	-	-	-	-	-	-
<b>Transactions with owners</b>												
Final dividend on ordinary shares @ 75% for the year ended June 30, 2014	-	-	-	-	-	-	-	(14,787,878)	-	(14,787,878)	(14,787,878)	(14,787,878)
Interim dividend for the year ended June 30, 2015	-	-	-	-	-	-	-	(8,872,727)	-	(8,872,727)	(8,872,727)	(8,872,727)
- Ordinary shares - 45%	-	-	-	-	-	-	-	(8,872,727)	-	(8,872,727)	(8,872,727)	(8,872,727)
- Convertible preference shares - 30%	-	-	-	-	-	-	-	(37)	-	(37)	(37)	(37)
Balance as at June 30, 2015 - Restated	19,717,171	124	1,428	69,761	34,021,894	23,751,980	5,000,000	105,404,225	71,496	168,319,356	168,320,784	188,038,079
<b>Comprehensive income for the year</b>												
Profit after taxation	-	-	-	-	-	-	-	16,065,045	-	16,065,045	16,065,045	16,065,045
Other comprehensive (loss) / income for the year ended June 30, 2016 - net of tax	-	-	-	-	-	-	-	(540,046)	1,406,683	866,637	866,637	866,637
Total comprehensive income for the year ended June 30, 2016	-	-	-	-	-	-	-	15,524,999	1,406,683	16,931,682	16,931,682	16,931,682
Total comprehensive income for the half year ended December 31, 2015	-	-	-	-	-	-	-	-	-	-	-	-
Conversion of preference shares into ordinary shares	2	(2)	-	-	-	-	-	-	-	-	-	-
<b>Transactions with owners</b>												
Final dividend on ordinary shares @ 40% for the year ended June 30, 2015	-	-	-	-	-	-	-	(7,886,868)	-	(7,886,868)	(7,886,868)	(7,886,868)
Interim dividend for the year ended June 30, 2016	-	-	-	-	-	-	-	(4,436,364)	-	(4,436,364)	(4,436,364)	(4,436,364)
- Ordinary shares - 22.5%	-	-	-	-	-	-	-	(4,436,364)	-	(4,436,364)	(4,436,364)	(4,436,364)
- Convertible preference shares - 22.5%	-	-	-	-	-	-	-	(28)	-	(28)	(28)	(28)
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

The annexed notes 1 to 44 form an integral part of these consolidated financial statements.

  
Director

  
Chief Executive

# Notes to and Forming Part of the Consolidated FINANCIAL STATEMENTS

for The Year Ended June 30, 2016

## 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 was due to expire on May 31, 2015. The Government of Pakistan (GoP), through a notification issued on May 30, 2015, allowed the Holding Company to continue producing from the Sui gas field for a further period of one year upto May 31, 2016.

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 dated December 13, 2016, and accordingly D&PL will be formally granted in due course of time.

Further, the GoP, through notification dated May 26, 2016 published in the Gazette of Pakistan vide SRO no. 453(j)/2016 dated May 28, 2016, allowed the Holding Company to continue producing from Sui gas field for a further period of six months with effect from June 01, 2016. Subsequent to the year end, through notification dated November 30, 2016, GoP allowed the Holding Company to produce from Sui gas field for a further period of six months with effect from December 01, 2016.

The effect of the Sui Mining Lease in these consolidated financial statements has been incorporated on the basis consistent with the previous year i.e. without taking into account the effects of the MoA, due to the fact that D&PL has not been granted to the Holding Company as yet.

#### 1.1.2 During the year, the Holding Company has signed the 'Supplemental Agreement' with the GoP for conversion of Petroleum Concession Agreement (PCA) to the Petroleum Exploration and Production Policy, 2012 in respect of Mamikhel, Maramzai & Makori East discoveries in Tal block. Under the said arrangement price regime of Petroleum Policy (PP) 2007 will be applicable for Mamikhel, whereas, for Maramzai and Makori East average of price regime PP 2001 and PP 2009 will be applicable. The Ministry of Petroleum & Natural Resources has advised Oil and Gas Regulatory Authority (OGRA) to revise the notifications of wellhead gas prices in accordance with the Tal block Supplemental Agreement for the period from the start of production from respective discoveries till June 30, 2015.

Accordingly, the operator of Tal Block has submitted the request for revision in notifications to OGRA. Further, the revised prices, under the above mentioned price regimes, have only been notified for six months effective from July 01, 2015, whereas, for the remaining periods price notifications are still awaited. Accordingly, these consolidated financial statements have been prepared without taking into account the effect of price revision for the period from the start of production of respective discoveries till June 30, 2015.

# Notes to and Forming Part of the Consolidated FINANCIAL STATEMENTS

for The Year Ended June 30, 2016

## 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.

PPL'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 two exploration blocks in Yemen. The registered office of PPL is situated at 6th Floor, One London Wall, London, United Kingdom.

## 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, Netherlands.

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.

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

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

## 2. BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Holding Company and its subsidiary companies, except PPPFTC as mentioned in note 7.1 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 off during the year are included in the profit and loss account 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 in to functional currency of the Holding Company.

### **3. BASIS OF PREPARATION**

#### **3.1. Statement of compliance**

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

#### **3.2. Basis of measurement**

These consolidated financial statements have been prepared under the historical cost convention except for the following material items in the balance sheet:

- 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. Initial application of a Standard, Amendment or an Interpretation to an existing standard and restatements**

- a) **Standards, amendments to published standards and interpretations that are effective during the year ended June 30, 2016**

The following standards and amendments to published standards and interpretations are mandatory for the financial year beginning July 1, 2015:

- IFRS 10, 'Consolidated financial statements' builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in determination of control where this is difficult to assess. The single model to be applied in the control analysis requires that an investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Standard has made consequential changes to IAS 27 which is now called 'Separate Financial Statements' and will deal with only separate financial statements. However, the aforesaid revision in control framework has no impact on the Group's financial statements.
- IFRS 11, 'Joint Arrangements' the Group classifies its interests in joint arrangements as either joint operations or joint ventures depending on the Group's rights to the assets and obligations for the liabilities of the arrangements. When making this assessment, the Group considers the structure of the arrangements, the legal form of any separate vehicles, the contractual terms of the arrangements and other facts and circumstances.

The Group has re-evaluated its involvement in joint arrangements, whereby, interest in joint arrangements comprising contractual arrangement with other participants to engage in joint activities are classified as joint operations. Notwithstanding the

# Notes to and Forming Part of the Consolidated FINANCIAL STATEMENTS

for The Year Ended June 30, 2016

classification, interest in joint operations continues to be accounted for by taking share of assets, liabilities, revenues and expenses, therefore has no impact on the recognised assets, liabilities and comprehensive income of the Group, except for investment in Bolan Mining Enterprises (BME), which is a Joint Venture Agreement between GoB and the Holding Company. The Holding Company has reassessed the nature of its interest in BME based on contractual rights and obligations of the investors and determined it to be a joint operation.

Henceforth, the Group has recognised its direct right to the assets, liabilities, revenues and expenses of the joint operation and its share of any jointly held or incurred assets, liabilities, revenues and expenses. This has resulted in a change in its accounting policy and therefore, has resulted in changes retrospectively from the earliest period presented in the balance sheet, profit and loss account, statement of comprehensive income, statement of changes in equity and statement of cash flows, the effects of which have been disclosed in (c) below.

- IFRS 12, 'Disclosure of interest in other entities' combines the disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and/or unconsolidated structured entities, into one place. The standard only affects the disclosures in the financial statements of the Group.
- IFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirement for use across IFRSs. The requirement does not extend the use of fair value accounting but provides guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs. It does not introduce new fair value measurements, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards. The standard only affects the determination of fair value and its related disclosures in the financial statements of the Group.

The other new standards, amendments to published standards and interpretations that are mandatory for the financial year beginning on July 1, 2015 are considered not to be relevant or to have any significant effect on the Group's financial reporting and operations.

**b) Standards, amendments to published standards and interpretations that are not yet effective and have not been early adopted by the Group**

The following new amendments to published standards are not effective for the financial year beginning on July 1, 2015 and have not been early adopted by the Group:

- IAS 19 (Amendment), 'Employee benefits' (effective for annual periods beginning on or after January 1, 2016). The amendment clarifies that, when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important, not the country where they arise. The assessment of whether there is a deep market in high-quality corporate bonds is based on corporate bonds in that currency, not corporate bonds in a particular country. Similarly, where there is no deep market in high-quality corporate bonds in that currency, government bonds in the relevant currency should be used. The amendment is retrospective but limited to the beginning of the earliest period presented.



- IAS 27 (Amendment), 'Separate Financial Statements' (effective for annual periods beginning on or after January 1, 2016). This amendment will allow entities to use the equity method in their separate financial statements to measure investments in subsidiaries, joint ventures and associates. IAS 27 currently allows entities to measure their investments in subsidiaries, joint ventures and associates either at cost or as a financial asset in their separate financial statements. The amendments introduce the equity method as a third option. The election can be made independently for each category of investment (subsidiaries, joint ventures and associates).
- IFRS 11 (Amendment), 'Joint Arrangements' (effective for annual periods beginning on or after January 1, 2016). This amendment clarifies the accounting for the acquisition of an interest in a joint operation where the activities of the operation constitute a business. The amendment requires an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a business. This includes;
  - measuring identifiable assets and liabilities at fair value
  - expensing acquisition-related costs
  - recognising deferred tax, and
  - recognising the residual as goodwill, and testing this for impairment annually.

Existing interests in the joint operation are not remeasured on acquisition of an additional interest, provided joint control is maintained. The amendments also apply when a joint operation is formed and an existing business is contributed.

- Sale or contribution of assets between an investor and its associate or joint venture, (Amendments to IFRS 10 and IAS 28), (effective for annual periods beginning on or after January 1, 2016). The amendments clarify the accounting treatment for sales or contribution of assets between an investor and its associates or joint ventures. The amendment confirms that the accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or joint venture, constitute a 'business' (as defined in IFRS 3 Business Combinations). Where sale or contribution of the non-monetary assets constitute a business, the investor will recognise the full gain or loss on the sale or contribution of assets. If the sale or contribution of the said assets do not meet the definition of a business, the gain or loss is recognised by the investor only to the extent of the other investors in the associate or joint venture. The amendments do not have an impact on the Group's consolidated financial statements.
- Clarification of acceptable methods of depreciation and amortisation, (Amendments to IAS 16 and IAS 38), (effective for annual periods beginning on or after January 1, 2016). In this amendment the IASB has clarified that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset, generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.
- IAS 1 (Amendments), 'Disclosure initiative' (effective for annual periods beginning on or after January 1, 2016). The amendments provides clarification on number of issues, including:

# Notes to and Forming Part of the Consolidated FINANCIAL STATEMENTS

for The Year Ended June 30, 2016

- Materiality - an entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance.
  - Disaggregation and subtotals - line items specified in IAS 1 may need to be disaggregated where this is relevant to an understanding of the entity's financial position or performance. There is also new guidance on the use of subtotals.
  - Notes - confirmation that the notes do not need to be presented in a particular order.
  - Other Comprehensive Income (OCI) - arising from investments accounted for under the equity method - the share of the OCI arising from equity - accounted investments is grouped based on whether the items will or will not subsequently be reclassified to profit or loss. Each group should then be presented as a single line item in the statement of comprehensive income.
- IAS 7 (Amendment), 'Statement of Cash flows'(effective for annual periods beginning on or after January 1, 2017). These amendments to IAS 7 introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment is part of the IASB's Disclosure Initiative, which continues to explore how financial statements disclosures can be improved.
- Annual Improvements 2012-2014 cycles, (effective for annual periods beginning on or after January 1, 2016):
- IFRS 5 - when an asset (or disposal group) is reclassified from 'held for sale' to 'held for distribution' or vice versa, this does not constitute a change to a plan of sale or distribution and does not have to be accounted for as such.
  - IFRS 7 - specific guidance for transferred financial assets to help management determine whether the terms of a servicing arrangement constitute 'continuing involvement' and, therefore, whether the asset qualifies for derecognition.
  - IFRS 7 - additional disclosures relating to the offsetting of financial assets and financial liabilities only need to be included in interim reports if required by IAS 34.
  - IAS 34 – explanation is added to define, what is meant by the reference in the standard to 'information disclosed elsewhere in the interim financial report' and adds a requirement for cross-reference from the interim financial statements to the location of that information.

It is unlikely that the above amendments will have any significant impact on the Group's consolidated financial statements.

There are a number of other standards, amendments and interpretation to the published standards that are not relevant to the Group and therefore have not been presented here.

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been notified and adopted in Pakistan by the Securities and Exchange Commission of Pakistan (SECP) as at June 30, 2016:

- IFRS 9 - Financial Instruments
- IFRS 14 - Regulatory Deferral Accounts
- IFRS 15 - Revenue from Contracts with Customers
- IFRS 16 - Leases

**c) Restatements**

**i) Change in accounting policy**

As a result of adoption of IFRS 11 'Joint Arrangements' by SECP, the Holding Company reassessed the nature of its interest in BME based on contractual rights and obligations of the investors and determined it to be a joint operation. Henceforth, the Holding Company has recognised its direct right to the assets, liabilities, revenues and expenses of the joint operation and its share of any jointly held or incurred assets, liabilities, revenues and expenses. This has resulted in change in its accounting policy and has been incorporated in the financial statements under the appropriate headings and has resulted in changes retrospectively from the earliest period presented in the balance sheet, profit and loss account, statement of comprehensive income, statement of changes in equity and statement of cash flows.

**ii. Correction of prior period error**

During the year ended June 30, 2013, the Holding Company with the objective to replenish reserves and enhance production acquired 100% shareholding of MND Exploration and Production Limited, a company incorporated in England and Wales, from MND E&P a.s. The assets and liabilities acquired were recognised at their respective fair values including the Development and Production (D&P) assets and Exploration and Evaluation (E&E) assets. The fair values of the D&P assets and E&E assets were determined by the internal technical team of the Holding Company considering various variables including technical and financial evaluations, commercial and market evaluations, detailed analysis of well information etc. The fair value so determined was Rs 12,815 million.

During the year ended June 30, 2016, the Board of Directors of the Holding Company (as reconstituted during the year ended June 30, 2015) directed the management of the Holding Company to appoint consultants to undertake independent technical valuation to determine the accuracy of the fair values of the D&P and E&E assets based on the data available and used for the due diligence at the time of acquisition. The subject valuation was completed subsequent to June 30, 2016. Significant differences were highlighted in the valuation of aforementioned assets as a result of consultant's report of independent technical valuation. These events have led to a conclusion that original technical evaluation undertaken at the time of acquisition did not represent the correct fair values of the underlying assets as at acquisition date due to inaccurate interpretation of the technical data. The reasons for the aforementioned variation are being investigated.

As per the Consultant's report, the fair value of the assets at the time of acquisition is Rs 6,216 million. Accordingly, the Holding Company has incorporated all effects of the Consultant's valuation in its consolidated financial statements for the years ended June 30, 2013, 2014 and 2015 retrospectively in accordance with the requirements of the International Accounting Standards – 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.

# Notes to and Forming Part of the Consolidated FINANCIAL STATEMENTS

for The Year Ended June 30, 2016

The effects of retrospective application are as follows:

Effect on consolidated balance sheet as of June 30, 2015 and July 01, 2014:

	June 30, 2015				July 1, 2014			
	Amount previously reported	Effect of (i)	Effect of (ii)	Amount after change	Amount previously reported	Effect of (i)	Effect of (ii)	Amount after change
	Rs '000				Rs '000			
<b>Assets</b>								
Property, plant and equipment	106,696,685	93,183	(7,574,336)	99,215,532	97,143,946	94,909	(7,839,070)	89,399,785
Intangible assets	259,294	225	-	259,519	3,500,805	360	(3,222,832)	278,333
Equity-accounted investment in joint venture	973,687	(973,687)	-	-	735,188	(735,188)	-	-
Stores and spares	3,890,333	13,803	-	3,904,136	3,543,482	15,085	-	3,558,567
Trade debts	58,892,017	23,565	-	58,915,582	50,225,864	126,284	-	50,352,148
Loans and advances	2,156,096	4,240	-	2,160,336	1,750,468	21,297	-	1,771,765
Trade deposits and short-term prepayments								
Interest accrued	81,327	6,659	-	87,986	408,458	3,399	-	411,857
	1,420,963	23,580	-	1,444,543	1,341,326	15,909	-	1,357,235
Other receivables	7,191,851	978	-	7,192,829	3,858,983	(1,031)	-	3,857,952
Short-term investments	29,610,259	835,000	-	30,445,259	27,243,478	565,000	-	27,808,478
Cash and bank balances	3,178,177	12,144	-	3,190,321	3,728,313	21,004	-	3,749,317
<b>Equity and Liabilities</b>								
Deferred liabilities	2,098,135	1,424	-	2,099,559	2,053,738	1,398	-	2,055,136
Deferred taxation	20,829,177	-	(2,342,968)	18,486,209	17,892,796	-	(3,137,830)	14,754,966
Trade and other payables	23,830,730	38,268	-	23,868,998	18,836,998	125,630	-	18,962,628

Effect on consolidated profit and loss account for the year ended June 30, 2015:

	Amount previously reported	Effect of (i)	Effect of (ii)	Amount after change
	Rs '000			
Sales - net	105,479,266	461,365	-	105,940,631
Field expenditures	(43,612,445)	(230,259)	149,595	(43,693,109)
Royalties	(12,328,448)	(13,997)	-	(12,342,445)
Share of profit in equity-accounted investment in joint venture	265,701	(265,701)	-	-
Other income	7,527,603	66,437	-	7,594,040
Other operating expenses	(7,302,241)	(17,436)	3,660,157	(3,659,520)
Finance costs	(588,133)	(409)	-	(588,542)
Profit before taxation	49,441,303	-	3,809,752	53,251,055
Taxation	(14,156,281)	-	(887,311)	(15,043,592)
Profit after taxation	35,285,022	-	2,922,441	38,207,463
Basic and diluted earnings per share (Rs)	17.90	-	1.48	19.38

Effect on consolidated statement of comprehensive income for the year ended June 30, 2015:

	Amount previously reported	Effect of (i)	Effect of (ii)	Amount after change
	Rs '000			
<b>Other comprehensive loss</b>				
<b>Items not to be reclassified to profit and loss account in subsequent years</b>				
Remeasurement (losses) / gains on defined benefit plans - net	(813,163)	(2,202)	-	(815,365)
Share of other comprehensive income in equity accounted investment in joint venture	(2,202)	2,202	-	-
<b>Items potentially reclassifiable to profit and loss account in subsequent years</b>				
Foreign exchange differences on translation of subsidiaries	634,361	-	(229,739)	404,622

Effect on consolidated cash flow statement for the year ended June 30, 2015:

	Amount previously reported	Effect of (i)	Amount after change
	Rs '000		
<b>Cash flows from operating activities</b>			
Cash receipts from customers	123,552,937	594,499	124,147,436
Cash paid to suppliers / service providers and employees	(30,516,839)	(7,163)	(30,524,002)
<b>Cash flows from investing activities</b>			
Capital expenditure (net)	(28,048,101)	(343,807)	(28,391,908)
Proceeds from sale of property, plant and equipment	109,351	738	110,089
Share of profit received from equity-accounted investment and joint venture	25,000	(25,000)	-
Financial income received	5,785,306	59,121	5,844,427
Cash and cash equivalents at the beginning of the year	30,971,791	586,004	31,557,795
Cash and cash equivalents at the end of the year	32,788,436	847,144	33,635,580

Effect on consolidated statement of changes in equity as at June 30, 2015 and July 1, 2014:

	June 30, 2015			July 1, 2014		
	Amount previously reported	Effect of (ii)	Amount after change	Amount previously reported	Effect of (ii)	Amount after change
	Rs '000			Rs '000		
<b>Equity</b>						
Unappropriated profits	110,426,333	(5,022,108)	105,404,225	109,357,106	(7,944,549)	101,412,557
Translation reserve	280,758	(209,262)	71,496	(353,603)	20,477	(333,126)

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## 3.4. Implications of revised IFRS-2 (Share-based Payment) on Benazir Employees' Stock Option Scheme (BESOS)

On August 14, 2009, the GoP launched Benazir Employees' Stock Option Scheme (the Scheme) for employees of certain State Owned Enterprises (SOEs), including the Holding Company, and Non-State Owned Enterprises (Non-SOEs), where GoP holds significant investments. The Scheme is applicable to permanent and contractual employees who were in employment of these entities on the date of launch of the Scheme, subject to completion of five years vesting period by all contractual employees and by permanent employees in certain instances.

The Scheme provides for a cash payment to employees on retirement or termination based on the price of shares of respective entities. To administer this scheme, GoP has transferred 12% of its investment in such SOEs and Non-SOEs to a Trust Fund, established under a Trust Deed, created for the purpose by each of such entities. The eligible employees are entitled to be allotted units by each Trust Fund in proportion to their respective length of service and on retirement or termination, such employees would be entitled to receive such amounts from Trust Funds in exchange for the surrendered units, as would be determined based on market price for listed entities or breakup value for non-listed entities. The shares relating to the surrendered units would be transferred back to GoP.

The Scheme also provides that 50% of dividend related to shares transferred to the respective Trust Fund would be distributed amongst the unit-holder employees. The balance 50% dividend would be transferred by the respective Trust Fund to the Central Revolving Fund, managed by the Privatisation Commission of Pakistan for payment to employees against surrendered units. The deficit, if any, in Trust Funds to meet the re-purchase commitment would be met by GoP.

The Scheme, developed in compliance with the stated GoP policy of empowerment of employees of SOEs, needs to be accounted for by the covered entities, including the Holding Company, under the provisions of IFRS 2 "Share-based Payments". However, keeping in view the difficulties that may be faced by the entities covered under the Scheme, SECP, on receiving representations from some of entities covered under the Scheme and after having consulted the Institute of Chartered Accountants of Pakistan, has granted exemption vide SRO 587(I)/2011 dated June 07, 2011 to such entities from the application of IFRS 2 to the Scheme.

Had the exemption not been granted, retained earnings and reserves would have been lower and higher by Rs 18,879 million (June 30, 2015: Rs 18,879 million).

Further, the Scheme is being revamped by the GoP and all claims and disbursements to unit holders are kept in abeyance by the Privatisation Commission since June 2010.

## 3.5. 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 and equipment and intangibles**

The Group reviews the appropriateness of useful lives, method of depreciation / amortisation and residual values of property, plant and 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 and equipment and intangibles with a corresponding effect on the depreciation / amortisation charge and impairment.

Property, plant and equipment and intangible assets are reviewed for possible impairment when events or changes in circumstances indicate that the carrying amount may not be 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 the profit and loss account 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 the profit and loss account.

**d) Estimation of proven oil and natural gas reserves**

Evaluations of oil and gas reserves are 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 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 analysis of geoscience 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 analysis of well information such as flow rates and reservoir pressure declines.



# Notes to and Forming Part of the Consolidated FINANCIAL STATEMENTS

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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 year-end costs that are used in the estimation of reserves. Revisions can also result from significant changes in development strategy or production equipment/facility capacity.

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 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 income 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 annually and adjusted to take account of such changes.

During the current 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 FRIC Interpretation 1 - Changes in Existing Decommissioning, Restoration and Similar Liabilities.

Following line items would have been affected had there been no change in estimates:

	Rs (million)
Provision for decommissioning obligation would have been lower by	6,181
Property, plant and equipment would have been lower by	5,221
Amortisation charge would have been lower by	961
Profit after tax would have been higher by	640

## 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 the 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 rates 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 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.

**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

# Notes to and Forming Part of the Consolidated FINANCIAL STATEMENTS

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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 and loss account 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 and loss account.

Impairment tests for property, plant and equipment are performed when there is an indication of impairment. At each year end, an assessment is made to determine whether there are any indications of impairment. The Group conducts annually 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 the profit and loss account 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 (CGU). 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 leases**

Leases 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 leases 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 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.

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 and loss account.

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 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 due to 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 the profit and loss account.

#### **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.

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

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determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the profit and loss account.

## 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 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.

## 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 asset and decommissioning cost, is charged on a straight line basis at the rates specified in note 5.1 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, while no depreciation is charged for the month in which the asset is derecognised.

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 in respect of proven reserves, and decommissioning costs are amortised and charged to profit and loss account 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 consolidated financial statements.

Amortisation on additions is charged from the month following the one in which the asset is available for use, while no amortisation is charged for the month in which the asset is derecognised.

#### **4.6. 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 field expenditures.

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 the profit and loss account 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 the profit and loss account.

#### **4.7. 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 the profit and loss account.

Impairment losses relating to goodwill are not reversed in future periods.

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## 4.8. 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 and loss account.

## 4.9. 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 balance sheet date.

#### 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 the reporting date.

The Group does not have available-for-sale investments as of balance sheet date.

#### 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 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 and loss account in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the profit and loss account 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 other comprehensive income. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in statement of comprehensive income are included in the profit and loss account.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the profit and loss account as part of other income. Dividends on available for sale equity instruments are recognised in the profit and loss account 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.

### c) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there

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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.

## 4.10. 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 balance sheet date. 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.

## 4.11. Cash and cash equivalents

Cash and cash equivalents are stated at cost. For the purpose of cash flow statement, 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.

## 4.12. 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 and loss account.

## 4.13. 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 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 balance sheet 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 in the period in which they occur and are not reclassified to profit or loss in subsequent periods.

**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, 2016 based on the 'Projected Unit Credit Actuarial Cost Method'.

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## **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 and loss account 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.

## **4.14. 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, 2016.

## **4.15. 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 balance sheet date and adjusted to reflect the current best estimate.

## **4.16. 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.

## **4.17. Taxation**

Tax for the year comprises of current and deferred tax, which is recognised in the profit and loss account except to the extent that it relates to items recognised outside profit and loss account (whether in other comprehensive income or directly in equity), if any, in which case the tax amounts are recognised outside profit and loss account.

### **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 balance sheet date 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 balance sheet method, on all temporary differences at the balance sheet date 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 balance sheet date 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 balance sheet date.

Deferred tax relating to items recognised directly in other comprehensive income or equity is recognised in other comprehensive income or equity and not in profit and loss account.

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.

Tax benefits acquired as a part of business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction to goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit and loss account.

#### **4.18. Trade and other payables**

Liabilities for trade and other amounts payable are carried at cost at the balance sheet date, 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.

#### **4.19. 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.

# Notes to and Forming Part of the Consolidated FINANCIAL STATEMENTS

for The Year Ended June 30, 2016

## 4.20. Finance income and expense

Finance 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. 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. Finance income on loans is recognised on time proportion basis with reference to the principal outstanding and the applicable rate of return. 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 and loss account in the period in which they are incurred.

## 4.21. Operating leases / Ijara contracts

Leases, where a significant portion of the risks and rewards of ownership are retained by the lessor, are classified as operating lease. Payments made under operating leases (net of any incentives received from the lessor) are charged to the profit and loss account on a straight line basis over the lease term.

## 4.22. 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 a joint operation 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 operation. 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, income and expenditure jointly held or incurred under the joint operations on the basis of latest available audited accounts of the joint operations and where applicable, on the basis of cost statements received from the operators of the joint operations. Estimates are made for the intervening period up to the balance sheet date. 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 balance sheet date and exchange differences, are recognised in the profit and loss account.

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 reporting date.

On consolidation, the assets and liabilities of foreign operations are translated into Pakistani Rupees at the rate of exchange prevailing at the balance sheet date 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 other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

#### 4.24. Functional and presentation currency

These consolidated financial statements are presented in Pakistani Rupees, which is the Holding 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 41 to these consolidated financial statements.

#### 4.26. 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.

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

**June 30, 2016**    June 30, 2015  
(Restated)  
----- Rs '000 -----

### 5. PROPERTY, PLANT AND EQUIPMENT

Operating assets - note 5.1  
Capital work-in-progress - note 5.5

<b>94,279,729</b>	60,568,313
<b>38,182,932</b>	38,647,219
<b>132,462,661</b>	99,215,532



# Notes to and Forming Part of the Consolidated FINANCIAL STATEMENTS

for The Year Ended June 30, 2016

## 5.1 Operating assets

	Owned assets										Assets subject to finance leases					
	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	Decommis- sioning cost	Sub total	Computers and allied equipment	Rolling stock*	Sub total	Total
Rs '000																
As at July 01, 2014 (Restated)																
Cost	111,068	1,340,578	2,173,033	4,309	45,754,715	672,369	6,480,040	564,625	528,513	37,683,643	14,240,360	109,553,253	171,431	352,555	523,986	110,077,239
Accumulated impairment loss	-	-	-	-	-	-	-	-	-	(777,668)	-	(777,668)	-	-	-	(777,668)
Accumulated depreciation / amortisation	-	-	(948,337)	(2,166)	(22,998,247)	(412,539)	(2,560,117)	(454,913)	(322,911)	(14,345,228)	(5,836,045)	(47,880,503)	(79,575)	(137,513)	(217,088)	(48,097,591)
Net Book Value (NBV)	111,068	1,340,578	1,224,696	2,143	22,756,468	259,830	3,919,923	109,712	205,602	22,560,747	8,404,315	60,895,082	91,856	215,042	306,898	61,201,980
Year ended June 30, 2015 (Restated)																
Additions (at cost)	-	16,573	60,280	-	1,665,323	44,688	847,579	17,836	15,063	11,108,551	961,112	14,737,005	31,266	130,281	161,547	14,898,552
Adjustments / reclassifications	-	-	(1,794)	-	(173,114)	(1,429)	(47,342)	4,198	(61)	(80,273)	(5,031,172)	(5,330,987)	(4,173)	(1,592)	(5,765)	(5,336,752)
Disposals (at NBV)	-	-	(24)	-	(60,863)	(400)	(3,096)	-	-	-	-	(64,383)	(134)	(10,251)	(10,385)	(74,768)
Impairment loss	-	-	-	-	-	-	-	-	-	(40,756)	-	(40,756)	-	-	-	(40,756)
Depreciation / amortisation charge	-	-	(85,737)	(133)	(3,246,865)	(40,475)	(566,783)	(72,819)	(64,349)	(5,213,449)	(671,859)	(9,962,469)	(46,598)	(70,876)	(117,474)	(10,079,943)
NBV	111,068	1,357,151	1,197,421	2,010	20,940,949	262,214	4,150,281	58,927	156,255	28,334,820	3,662,396	60,233,492	72,217	262,604	334,821	60,568,313
As at July 01, 2015 (Restated)																
Cost	111,068	1,357,151	2,231,327	4,309	47,171,440	710,135	7,260,631	633,501	534,925	48,711,922	10,170,300	118,896,709	137,026	441,780	578,806	119,475,515
Accumulated impairment loss	-	-	-	-	-	-	-	-	-	(818,424)	-	(818,424)	-	-	-	(818,424)
Accumulated depreciation / amortisation	-	-	(1,033,906)	(2,299)	(26,230,491)	(447,921)	(3,110,350)	(574,574)	(378,670)	(19,558,678)	(6,507,904)	(57,844,793)	(64,809)	(179,176)	(243,985)	(58,088,778)
NBV	111,068	1,357,151	1,197,421	2,010	20,940,949	262,214	4,150,281	58,927	156,255	28,334,820	3,662,396	60,233,492	72,217	262,604	334,821	60,568,313
Year ended June 30, 2016																
Additions (at cost)	-	-	263,755	-	17,932,696	119,616	799,943	162,907	41,662	18,092,477	1,665,927	39,078,983	78,764	97,112	175,876	39,254,859
Adjustments / reclassifications	(3,255)	3,255	(996)	-	(110,187)	-	-	6,195	(94)	(144,838)	6,173,891	5,923,971	(6,195)	(981)	(7,176)	5,916,795
Disposals (at NBV)	-	-	(1,264)	-	(1,309)	(547)	-	-	-	-	-	(3,120)	(65)	(9,220)	(9,285)	(12,405)
Impairment loss	-	-	-	-	-	-	-	-	-	(57,537)	-	(57,537)	-	-	-	(57,537)
Depreciation / amortisation charge	-	-	(89,678)	(133)	(3,417,465)	(44,273)	(625,420)	(43,688)	(53,376)	(5,427,610)	(1,569,819)	(11,271,462)	(37,674)	(81,160)	(118,834)	(11,390,296)
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
As at June 30, 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)
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
Rate of depreciation / amortisation (%)			5 & 10	5	10 & 100**	10	10	30	20	***	***		30	20		

## 5.2. Summary of significant assets

The following assets have significant operational value to the Group:

Particulars	June 30, 2016		June 30, 2015	
	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
Corporate Data Management Project	269,479	3,885	270,049	8,452
<b>Sui Field</b>				
SML / SUL Compression and High Pressure Casings	5,664,138	30,815	5,664,138	66,077
HRL Compressor	1,040,865	775,850	1,040,865	878,437
Purification Plant	652,844	-	653,638	-
20" Diameter Sui KPS Main Water Line	862,480	370,115	862,343	454,631
UCP & Vibration Panel	376,751	318,851	376,751	356,526
Booster Compression Project - SML	2,882,602	2,834,560	-	-
<b>Adhi Field</b>				
LPG Plant II	652,812	9,558	652,812	28,355
LPG / NGL Plant III	3,455,255	3,397,667	-	-
<b>Kandhkot Field</b>				
TEG Dehydration Unit	474,884	189,954	474,884	237,442
Gas Compression Station	8,634,309	3,941,130	8,634,309	4,792,250
Gas Gathering System	243,199	170,239	243,199	194,559
<b>Hala Field</b>				
Early Production Facilities (EPF) of Adam X-1	1,252,858	444,087	1,252,858	569,372
<b>Mazarani Field</b>				
Processing Facilities	319,545	-	319,545	-
Transmission Pipeline	230,093	-	230,093	-
<b>Qadirpur Field</b>				
Production Facilities	205,116	-	205,116	-
Wellhead Compression Facility	271,021	130,338	271,021	157,440
<b>Sawan Field</b>				
Front End Compression	3,228,253	1,264,796	3,228,253	1,587,650
Gas Processing with Amine and Dehydration Unit	1,263,683	-	1,263,683	-
Other Plant and Machinery	2,357,705	-	2,357,705	-
<b>Tal Field</b>				
Makori Central Processing Facility	5,610,068	4,339,469	5,685,390	4,983,329
CPF Manzalai	3,155,195	1,070,687	3,155,195	1,386,207
Surface Facilities for EWT, Manzalai-1	227,439	-	227,439	-
EWT of Maramzai-1	200,498	99,427	200,498	119,476
EPF Augmentation of Processing Facility - Makori	251,827	169,983	251,827	195,166
Wellhead Surface Fittings & Flowline - Makori East-1	220,618	149,168	220,618	171,230
<b>Miano Field</b>				
Plant and Machinery	411,601	-	411,601	-
<b>Latif Field</b>				
Reception / Tie-in Facility	1,165,465	862,784	1,167,157	981,192
Tie-in of Latif North	260,170	157,886	253,805	176,902
Compression at Wells	519,402	453,897	524,043	511,946
<b>Gambat South Field</b>				
Pipeline for Gas Sales	358,820	322,938	358,820	358,820
Gas Processing Facility (GPF) II	10,317,301	10,317,301	-	-

# Notes to and Forming Part of the Consolidated FINANCIAL STATEMENTS

for The Year Ended June 30, 2016

## 5.3. Operating assets (including intangibles) disposed off / written off during the year

Asset description	Method of disposal	Sold to	Cost	Accumulated Depreciation	Net Book Value	Sale Proceeds
Rs '000						
<b>Owned assets</b>						
<b>Buildings, roads and civil constructions</b>						
3 Porta cabins	Tender / Negotiation	Adhi Joint Venture	2,352	1,186	1,166	777
Items having book value upto Rs. 50,000	Tender	Various	3,091	2,993	98	964
			5,443	4,179	1,264	1,741
<b>Plant and machinery</b>						
Folding ladder (vehicle mounted)	Tender	M/s RKF Traders	199	124	75	145
UPS 20 KVA	Tender	Mr. Muhammad Mumtaz	2,334	1,102	1,232	50
Items having book value upto Rs. 50,000	Tender	Various	16,443	16,441	2	5,794
			18,976	17,667	1,309	5,989
<b>Furniture, fittings and equipment</b>						
Xerox photocopier multifunction	Tender	Mr. Siddique Ahmed	525	354	171	6
Kyocera photocopier	Tender	Mr. Siddique Ahmed	246	127	119	3
Items having book value upto Rs. 50,000	Tender	Various	6,520	6,263	257	967
			7,291	6,744	547	976
<b>Rolling stock</b>						
Items having book value upto Rs. 50,000	Tender	Various	18,792	18,792	-	12,074
<b>Computers and allied equipment</b>						
Items having book value upto Rs. 50,000	Tender	Various	11,932	11,932	-	195
<b>Intangible Assets</b>						
Items having book value upto Rs. 50,000	Written-Off	Written-Off	43,000	42,956	44	-
<b>Assets subject to finance leases</b>						
<b>Computers and allied equipment</b>						
Items having book value upto Rs. 50,000	Tender	Various	258	193	65	125
<b>Rolling stock</b>						
Toyota Corolla, AUC-378	Company policy	Mr. Muneer Kamal Jadun	1,342	1,252	90	268
Honda Civic, AUL-046	Company policy	Mr. Javed Siddiqui	1,860	1,798	62	372
Honda Civic, AUU-781	Company policy	Mr. M. Arshad Siddiqui	1,859	1,735	124	372
Honda Civic, AYL-343	Company policy	Mr. Abdul Wahid	2,160	1,260	900	1,198
Toyota Corolla Altis, AZD-340	Company policy	Mr. Syed Mumtaz Alam	2,069	1,172	897	1,143
Suzuki Cultus, BCF-293	Company policy	Mr. Rashid Jawed	1,052	228	824	816
Honda Civic, BBX-705	Company policy	Mr. Maqsood Ahmed Toor	2,265	340	1,925	1,879
Toyota Corolla Altis, DE-983,	Company policy	Mr. Shams-Ur-Rehman	2,294	191	2,103	1,861
Toyota Corolla Altis, AWK-081	Company policy	Mr. Zafeer Hassan Khan	1,868	1,556	312	535
Honda Civic, AZL-114	Company policy	Mr. Mirza Anwar Hussain	2,456	1,392	1,064	1,384
Suzuki Cultus, BAQ-439	Company policy	Mr. Saleem Ahmed	1,032	592	440	571
Items having book value upto Rs. 50,000	Company policy	Various	28,392	27,913	479	5,676
			48,649	39,429	9,220	16,075
2016			154,341	141,892	12,449	37,175
2015 (Restated)			164,522	89,754	74,768	110,089

## 5.4. Cost and accumulated depreciation include:

	Cost	Accumulated depreciation
June 30, 2016	June 30, 2015 (Restated)	June 30, 2016 (Restated)
Rs '000		
Share in Group's operated joint operations	19,020,108	5,032,597
Share in partner operated joint operations	30,204,011	29,092,602
	49,224,119	34,125,199
	3,216,441	2,756,605
	15,471,915	12,722,340
	18,688,356	15,478,945

- 5.4.1. The above figures represents assets under all areas excluding Sui and Kandhkot, since these are 100% owned areas of the Holding Company.

	June 30, 2016	June 30, 2015 (Restated)
	----- Rs '000 -----	
<b>5.5. Capital work-in-progress</b>		
Plant, machinery, fittings and pipelines	<b>5,834,602</b>	10,667,528
Exploration and evaluation assets	<b>12,365,754</b>	10,771,102
Development and production assets	<b>6,413,387</b>	4,215,884
Lands, buildings and civil constructions	<b>119,896</b>	384,023
Capital stores for drilling and development	<b>13,449,293</b>	12,608,682
	<b>38,182,932</b>	<b>38,647,219</b>

**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					
Balance as on July 1, 2014	4,546,134	9,806,241	3,579,365	137,845	10,128,222	28,197,807
Capital expenditure incurred/ advances made during the year						
(net) - note 5.6.1	8,672,647	7,331,148	6,009,854	290,322	2,480,460	24,784,431
Impairment loss	-	(1,002,180)	-	-	-	(1,002,180)
Adjustments / reclassifications	(29,448)	133,137	-	32,710	-	136,399
Transferred to operating assets	(2,521,805)	(5,497,244)	(5,373,335)	(76,854)	-	(13,469,238)
<b>Balance as on June 30, 2015</b>	<b>10,667,528</b>	<b>10,771,102</b>	<b>4,215,884</b>	<b>384,023</b>	<b>12,608,682</b>	<b>38,647,219</b>
Capital expenditure incurred/ advances made during the year						
(net) - note 5.6.1	14,424,094	11,669,247	11,479,269	(1,734)	1,117,120	38,687,996
Impairment loss - note 5.8	-	(1,386,774)	-	-	(276,509)	(1,669,269)
Adjustments / reclassifications	(221,763)	560,476	(699,445)	222	-	(360,510)
Transferred to operating assets	(19,029,271)	(9,248,297)	(8,582,321)	(262,615)	-	(37,122,504)
<b>Balance as on June 30, 2016</b>	<b>5,840,588</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>

- 5.6.1 Amounts under exploration and evaluation assets are netted off by cost of dry wells charged to profit and loss account during the year, amounting to Rs 4,994 million (2015: Rs 3,027 million).
- 5.7. Property, plant and equipment includes major spare parts and standby equipment having cost of Rs 83.353 million (2015: Rs 241.375 million).
- 5.8. The Group carried out impairment testing of its CGUs including PPLE, as required under IAS 36 - 'Impairment of Assets'. The Group considers the relationship between international crude oil prices and carrying value of its assets, amongst other factors, while reviewing for indicators of impairment.

# Notes to and Forming Part of the Consolidated FINANCIAL STATEMENTS

for The Year Ended June 30, 2016

PPL holds interests in the following E&P assets:

Blocks / Fields	Working Interest %
Sawan	7.89%
Barkhan	50%
Ziarat	40%
Harnai	40%
Yemen - Block 3	20%
Yemen - Block 29	43.75%

During the year, the operator declared force majeure in Yemen block-3 and 29 due to circumstances beyond reasonable control, as mentioned in note 9.1 to these consolidated financial statements.

The Group has retrospectively restated the carrying value of its assets pertaining to PPL Europe based on 3rd party valuation (for details please see note 3.3 (c-ii)). The said revision has resulted in an impairment loss of Rs 1,449 million during the year. The net impairment loss has been allocated to assets of the CGU pro rata on the basis of carrying amount of each asset in the CGU. Consequently, impact on deferred tax liability due to recognition of impairment loss, has also been accounted for in these consolidated financial statements.

The recoverable amount has been computed using 'value in use' computations. In assessing the value in use, 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 expected resources and fields' profile. The discount rate applied to cash flow projections is 14% (June 30, 2015: 15.50%).

## Key assumptions used in value in use calculations

The calculation of value in use is most sensitive to the following assumptions:

**International oil prices** - International oil price is used to evaluate the recoverable amount / value in use of each block and is based on the forecasts of international analysts, which is also deliberated upon by the management. The prices are assumed to inflate by 3% beyond the year 2021. A one percent increase in international oil prices will increase the recoverable amount by Rs 12 million, whereas a one percent decrease will have an adverse effect of Rs 12 million on the recoverable amount.

**Discount rate** - Discount rate takes into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital (WACC) which takes into account both equity and expected debt. Increase of fifteen basis points in the discount rate will decrease the recoverable amount by Rs 3 million, whereas a similar decrease in the discount rate will have a positive effect of Rs 3 million on the recoverable amount.

**Resource estimates** - The quantity and quality of resources in a given area are estimated through available geological and geophysical data. Proved, probable and exploration resource volumes have been used to determine the value in use calculations. A one percent increase in resource estimates will increase the recoverable amount by Rs 16 million, whereas a one percent decrease will have an adverse effect of Rs 17 million on the recoverable amount.

**Chances of success** - It represents the probability of success of a well to be drilled in a prospective area. It is based on the available geological and geophysical data of the area under consideration.

**Completion of work program** - The current condition in the security sensitive areas is taken into consideration to estimate both the ability and the time to complete the work program.

- 5.9. This includes impairment of Holding Company's share of assets pertaining to Barkhan Joint Operation amounting to Rs 279 million.
- 5.10. Two exploratory wells i.e. 3rd exploratory well, Nashpa and Taban X-1 in Gambat South having combined capitalised value of Rs 1,041 million as at June 30, 2016 have been declared as dry wells subsequent to the year end. This has been treated as a non-adjusting event as per IAS 10 and accordingly these wells will be charged to profit and loss account in the subsequent consolidated financial statements.

	June 30, 2016	June 30, 2015 (Restated)
	----- Rs '000 -----	
<b>6. INTANGIBLE ASSETS</b>		
Computer software including ERP system - note 6.1	<b>335,506</b>	183,399
Intangible assets under development	<b>79,370</b>	76,120
	<b>414,876</b>	<b>259,519</b>

**6.1. Computer software including ERP system**

	ERP system	Computer software	Total
	Rs ,000		
<b>As at July 01, 2014 (Restated)</b>			
Cost	321,778	826,673	1,148,451
Accumulated amortisation	(297,947)	(584,423)	(882,370)
<b>NBV</b>	<b>23,831</b>	<b>242,250</b>	<b>266,081</b>
<b>Year ended June 30, 2015 (Restated)</b>			
Additions (at cost)	17,630	73,453	91,083
Adjustment / reclassification	-	(800)	(800)
Amortisation charge - note 27	(13,657)	(159,308)	(172,965)
<b>NBV</b>	<b>27,804</b>	<b>155,595</b>	<b>183,399</b>
<b>As at July 01, 2015 (Restated)</b>			
Cost	339,408	899,326	1,238,734
Accumulated amortisation	(311,604)	(743,731)	(1,055,335)
<b>NBV</b>	<b>27,804</b>	<b>155,595</b>	<b>183,399</b>
<b>Year ended June 30, 2016</b>			
Additions (at cost)	-	257,404	257,404
Adjustment / reclassification	-	(44)	(44)
Amortisation charge - note 27	(8,669)	(96,584)	(105,253)
<b>NBV</b>	<b>19,135</b>	<b>316,371</b>	<b>335,506</b>
<b>As at June 30, 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>Rate of amortisation (%)</b>	<b>20</b>	<b>33</b>	

# Notes to and Forming Part of the Consolidated FINANCIAL STATEMENTS

for The Year Ended June 30, 2016

**June 30, 2016** June 30, 2015  
(Restated)  
Rs '000

## 7. LONG-TERM INVESTMENTS

### Investments in related parties

- Wholly owned subsidiaries
- PPPFTC - note 7.1

### Other investments

- Held-to-maturity
  - Term Finance Certificates (TFCs) - note 7.2
  - Pakistan Investment Bonds (PIBs) - note 7.3
  - GoP Ijara Sukuk - note 7.4
  - Local currency term deposits with bank - note 7.5
  - Foreign currency term deposits with banks - note 7.6

### Less: Current maturities

- TFCs - note 7.2
- PIBs - note 7.3
- GoP Ijara Sukuk

	<b>1</b>	<b>1</b>
	<b>99,740</b>	99,780
	<b>22,122,574</b>	22,523,986
	-	500,000
	<b>2,000,000</b>	2,000,000
	<b>15,627,766</b>	11,028,077
	<b>39,850,080</b>	36,151,843
	<b>(66,493)</b>	(40)
	-	(148,198)
	-	(500,000)
	<b>(66,493)</b>	(648,238)
	<b>39,783,588</b>	35,503,606

### 7.1 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, 2016. 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 section 237 of the Companies Ordinance, 1984. Accordingly, the Holding Company has not consolidated PPPFTC in its consolidated financial statements for the year ended June 30, 2016.

### 7.2. Term Finance Certificates of listed company

	Number of certificates	Nominal value of each certificate (Rs)	Final maturity date	Implicit mark-up %	June 30, 2016	June 30, 2015
					Rs '000	
Bank Alfalah Limited	20,000	5,000	December 01, 2017	KIBOR+2.5	<b>99,740</b>	99,780
Current maturity of TFCs					<b>(66,493)</b>	(40)
					<b>33,247</b>	99,740



### 7.3. Pakistan Investment Bonds

Final maturity date	Implicit mark-up %	June 30, 2016	June 30, 2015	
		Rs ,000		
Issued on:				
May 19, 2006	May 19, 2016	11.41	-	49,464
May 19, 2006	May 19, 2016	11.65	-	98,734
August 22, 2007	August 22, 2017	11.43	98,097	96,603
August 22, 2007	August 22, 2017	11.48	98,041	96,504
August 22, 2007	August 22, 2017	11.53	97,990	96,414
August 22, 2007	August 22, 2017	11.58	97,940	96,326
August 22, 2007	August 22, 2017	11.63	97,888	96,236
August 22, 2007	August 22, 2017	11.87	48,822	47,902
July 19, 2012	July 19, 2017	10.02	21,583,796	21,845,803
			22,122,574	22,523,986
Current maturity of PIBs			-	(148,198)
			22,122,574	22,375,788

7.3.1. PIBs are in custody of various financial institutions on behalf of the Holding Company.

7.4. This investment in GoP Ijara Sukuk is a Shariah compliant arrangement.

### 7.5. Local currency term deposits with bank

This represents term deposits with bank having interest rate of 6.5% (2015: 7.26%) per annum. These have been classified as non-current assets, as the management intends and has an ability to hold the amount for longer term.

### 7.6. Foreign currency term deposits with banks

This represents term deposits with banks having effective interest rate ranging from 1.25% to 2.45% (2015: 1.30% to 4.20%) per annum. These investments have been classified as non-current assets, as the management intends and has an ability to hold the amounts for longer term.

June 30, 2016 June 30, 2015  
----- Rs '000 -----

## 8. LONG-TERM LOANS

Unsecured and considered good

Long-term loans - staff - note 8.1

- Executive staff - note 8.2
- Other employees

28,494	33,902
6,699	3,405
35,193	37,307
(9,362)	(9,978)
(1,282)	(683)
(10,644)	(10,661)
24,549	26,646

Less: Current maturities - note 13

- Executive staff
- Other employees

# Notes to and Forming Part of the Consolidated FINANCIAL STATEMENTS

for The Year Ended June 30, 2016

- 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 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% (2015: 1% to 10%) per annum. Loans to employees have not been discounted as required by IAS 39 "Financial Instruments: Recognition and Measurement" as the amount involved is deemed immaterial.

- 8.2. Reconciliation of the carrying amount of long-term loans to executive staff

	June 30, 2016	June 30, 2015
	----- Rs '000 -----	-----
Balance as on July 01	33,902	31,834
Disbursements	12,561	16,105
Repayments / adjustments	(17,969)	(14,037)
Balance as on June 30	28,494	33,902

The maximum aggregate amount of loans due from the executive staff at the end of any month during the year was Rs 28.494 million (2015: Rs 33.902 million).

	June 30, 2016	June 30, 2015
	----- Rs '000 -----	-----
9. LONG-TERM DEPOSITS		
Cash margin:		
- For guarantee to International Bank of Yemen - note 9.1	787,500	757,500
- Others - note 26.1.3	7,676	7,676
	795,176	765,176
Less: Current maturity of long-term deposits	(787,500)	-
	7,676	765,176

- 9.1. The Holding Company, as per the Production Sharing Agreement (PSA) signed with the Republic of Yemen for carrying out exploration in Block-29, was required to submit an irrevocable letter of credit, issued by a local bank of Yemen, to the Ministry of Oil and Gas, Yemen, for its share of Minimum Expenditure Obligation amounting to US\$ 7.5 million for the first exploration period of 4 years. Accordingly, the Holding Company arranged a letter of credit from International Bank of Yemen on submission of counter guarantee of US\$ 7.5 million through United Bank Limited against 100% cash margin of Rs 787.5 million (2015: Rs 757.5 million).

Effective from May 14, 2014, the Holding Company transferred the entire working interest in Block-29 to its wholly owned subsidiary, PPLE. However, effective from April 26, 2015, the operator had declared force majeure due to circumstances beyond reasonable control. In continuation of the force majeure, on June 21, 2016, the operator gave notice of termination of the PSA to the Ministry of Republic of Yemen according to the provisions of PSA which grants an option to terminate the PSA on 90 days' notice after an event of force majeure has continued in effect for more than six months. Accordingly, the Holding Company had approached International Bank of Yemen through United Bank Limited for termination of letter of credit and release of underlying counter guarantee together with the 100% cash margin.

The Ministry of Republic of Yemen, vide their letter dated September 18, 2016, challenged the qualification of the Force Majeure event of six-month duration and contended that the Contractor did not exhaust all remedies before declaring the Force Majeure. The Operator is currently developing a case to justify to the Ministry the eligibility of the Force Majeure.

		June 30, 2016	June 30, 2015 (Restated)
		----- Rs '000 -----	
10.	<b>LONG-TERM RECEIVABLES</b>		
	<b>Unsecured and considered good</b>		
	Long-term receivables from:		
	Government Holdings (Private) Limited (GHPL) - note 10.1	253,420	214,492
	National Highway Authority (NHA) - note 10.2	161,558	161,558
		414,978	376,050
	Current maturity of long-term receivables from GHPL	(81,978)	(60,632)
		<b>333,000</b>	<b>315,418</b>
10.1.	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 by IAS 39 'Financial Instruments: Recognition and Measurement' as the amount involved is deemed immaterial.		
10.2.	Nashpa and Tal joint operation partners have financed NHA for the construction of Khushalgarh Bridge on River Indus, district Kohat. As per the terms of the agreement, the Holding Company has paid Rs 41.531 million (out of Rs 46.145 million to be financed by the Holding Company in Nashpa field) and Rs 120.027 million (out of Rs 133.377 million to be financed by the Holding Company in Tal field). The loan is interest free, which shall be recovered in seven years in equal monthly instalments, starting after the successful completion of work. The receivable has not been discounted as required by IAS 39 'Financial Instruments: Recognition and Measurement' as the amount involved is deemed immaterial.		

		June 30, 2016	June 30, 2015 (Restated)
		----- Rs '000 -----	
11.	<b>STORES AND SPARES</b>		
	Stores and spares	3,360,704	3,018,667
	Stores and spares in transit	913,112	1,016,286
		4,273,816	4,034,953
	Provision for obsolete / slow moving stores - note 11.1	(133,558)	(130,817)
		<b>4,140,258</b>	<b>3,904,136</b>
11.1.	Reconciliation of provision for obsolete / slow moving stores:		
	Balance as on July 01	130,817	119,480
	Charge for the year - note 31	2,741	11,337
	Balance as on June 30	<b>133,558</b>	<b>130,817</b>

# Notes to and Forming Part of the Consolidated FINANCIAL STATEMENTS

for The Year Ended June 30, 2016

**June 30, 2016**    June 30, 2015  
(Restated)

----- Rs '000 -----

## 12. TRADE DEBTS

### Unsecured and considered good

#### Related parties

Central Power Generation Company Limited (GENCO-II)  
Sui Northern Gas Pipelines Limited (SNGPL)  
Sui Southern Gas Company Limited (SSGCL)  
Pak-Arab Refinery Limited (PARCO)  
Oil & Gas Development Company Limited (OGDCL)

<b>7,881,749</b>	8,787,638
<b>22,227,581</b>	17,987,842
<b>21,700,172</b>	22,482,054
<b>784,867</b>	740,110
<b>20,328</b>	11,988
<b>52,614,697</b>	50,009,632

#### Non-related parties

Attock Refinery Limited (ARL)  
National Refinery Limited (NRL)  
Others

<b>4,451,970</b>	7,763,800
<b>274,111</b>	626,508
<b>613,775</b>	515,642
<b>5,339,856</b>	8,905,950
<b>57,954,553</b>	58,915,582

### Unsecured and considered doubtful

#### Non-related party

Byco Petroleum Pakistan Limited (Byco)  
Less: Provision for doubtful debts - note 12.3

<b>1,156,220</b>	1,156,220
<b>(1,156,220)</b>	(1,156,220)
<b>-</b>	-
<b>57,954,553</b>	58,915,582

### 12.1. The ageing of trade debts as at June 30 is as follows:

Neither past due nor impaired  
Past due but not impaired:

#### Related parties

- within 90 days
- 91 to 180 days
- over 180 days

<b>16,426,866</b>	18,112,345
<b>12,304,046</b>	13,242,396
<b>13,364,024</b>	9,896,353
<b>14,601,392</b>	13,946,350
<b>40,269,462</b>	37,085,099

#### Non-related parties

- within 90 days
- 91 to 180 days
- over 180 days

<b>1,135,090</b>	3,601,020
<b>7,046</b>	16,895
<b>116,089</b>	100,223
<b>1,258,225</b>	3,718,138
<b>57,954,553</b>	58,915,582

### 12.2. Trade debts include overdue amount of Rs 40,263 million (2015: Rs 37,085 million) receivable from the State controlled companies (i.e. GENCO-II, SSGCL, SNGPL and OGDCL) and Rs 2,421 million (2015: Rs 4,874 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.

- 12.3. The Holding Company has filed a legal suit in the Sindh High Court (SHC) against Byco for recovery of overdues.

		June 30, 2016	June 30, 2015 (Restated)
		----- Rs '000 -----	
<b>13.</b>	<b>LOANS AND ADVANCES</b>		
	Unsecured and considered good		
	Loans and advances to staff - note 13.1	81,249	20,240
	Advances to suppliers and others	94,222	104,891
	Advance payment of cash calls to joint operations - note 25.1	1,142,113	2,024,544
	Current maturity of long-term loans - staff - note 8	10,644	10,661
		<b>1,328,228</b>	<b>2,160,336</b>
<b>13.1</b>	<b>Loans and advances to staff:</b>		
	- Executive staff	6,026	405
	- Other employees	75,223	19,835
		<b>81,249</b>	<b>20,240</b>
<b>14.</b>	<b>TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS</b>		
	Trade deposits	58,124	43,265
	Prepayments	516,928	44,721
		<b>575,052</b>	<b>87,986</b>
<b>15.</b>	<b>INTEREST ACCRUED</b>		
	Profit receivable on:		
	- long-term investments	1,264,420	1,214,729
	- long-term bank deposits	5,596	6,591
	- short-term bank deposits	157,981	185,928
	- bank deposits - saving accounts	37,952	37,295
		<b>1,465,949</b>	<b>1,444,543</b>
<b>16.</b>	<b>OTHER RECEIVABLES</b>		
	Receivable from:		
	SNGPL for Sui field services	12,518	24,263
	SSGCL for Sui field services	5,017	17,240
	Workers' Profits Participation Fund (WPPF) - note 16.1	179,324	305,423
	Staff retirement benefit plans - note 29.1.1	241,400	-
	Current accounts with joint operations - note 25.1	441,248	4,888,327
	Sales tax (net)	1,770,082	1,343,681
	Federal excise duty (net)	364,760	271,732
	Indemnification asset	317,367	308,256
	Others	27,380	33,907
		<b>3,359,096</b>	<b>7,192,829</b>

# Notes to and Forming Part of the Consolidated FINANCIAL STATEMENTS

for The Year Ended June 30, 2016

	June 30, 2016	June 30, 2015 (Restated)
	----- Rs '000 -----	
<b>16.1. Workers' Profits Participation Fund</b>		
Balance as on July 01	305,423	71,968
Allocation for the year - note 31	(1,409,387)	(2,604,013)
Interest on funds utilised in the Holding Company's business - note 32	(350)	(485)
	<b>(1,104,314)</b>	<b>(2,532,530)</b>
Amount paid during the year	1,283,638	2,837,953
Balance as on June 30	<b>179,324</b>	<b>305,423</b>
<b>17. SHORT-TERM INVESTMENTS</b>		
Held-to-maturity		
Local currency term deposits with banks - note 17.1	19,012,500	22,290,000
Foreign currency term deposits with banks - note 17.2	9,044,220	8,155,259
	<b>28,056,720</b>	<b>30,445,259</b>
<b>17.1.</b> The local currency short-term deposits have a maximum maturity period of 295 days, carrying profit ranging from 5.50% to 7.00% (2015: from 6.35% to 9.60%) per annum.		
<b>17.2.</b> The fixed rate foreign currency short-term deposits have a maximum maturity period of eleven months, carrying profit ranging from 0.45% to 1.37% (2015: 0.52% to 0.6%) per annum.		

	June 30, 2016	June 30, 2015 (Restated)
	----- Rs '000 -----	
<b>18. CASH AND BANK BALANCES</b>		
At banks		
- Saving accounts		
Local currency - note 18.1	2,561,400	754,060
Foreign currency - note 18.2	1,114,527	1,360,206
	<b>3,675,927</b>	<b>2,114,266</b>
- Current accounts		
Local currency	182,891	139,504
Foreign currency	3,032	297,001
	<b>185,923</b>	<b>436,505</b>
Cash and cheques in hand	56,533	99,507
Restricted cash - collateral for bank guarantees - note 26.1.6	-	540,043
	<b>3,918,383</b>	<b>3,190,321</b>
<b>18.1.</b> These carry profit at the rate ranging from 4.00% to 6.16% (2015: from 4.00% to 6.50%) per annum. Further, it includes Rs 15.263 million (2015: Nil) placed under an arrangement permissible under Shariah.		
<b>18.2.</b> These carry profit at the rate ranging from 0.10% to 0.25% (2015: from 0.10% to 0.25%) per annum.		

**June 30, 2016**    June 30, 2015  
----- Rs '000 -----

**19. SHARE CAPITAL**

**Authorised**

2,500,000,000 (2015: 2,500,000,000) ordinary shares of Rs 10 each

26,510 (2015: 26,510) convertible preference shares of Rs 10 each

<b>25,000,000</b>	25,000,000
<b>265</b>	265
<b>25,000,265</b>	25,000,265

**Issued**

1,971,906,826 (2015: 1,971,906,633) ordinary shares of Rs 10 each - note 19.1

12,176 (2015: 12,369) convertible preference shares of Rs 10 each - note 19.2

<b>19,719,068</b>	19,719,066
<b>122</b>	124
<b>19,719,190</b>	19,719,190

**Subscribed and paid-up**

683,075,467 (2015: 683,075,274) ordinary shares of Rs 10 each for cash - note 19.1

1,285,891,812 (2015: 1,285,891,812) ordinary shares of Rs 10 each issued as bonus shares

2,750,000 (2015: 2,750,000) ordinary shares of Rs 10 each for consideration other than cash under an Agreement for Sale of Assets dated March 27, 1952 with Burmah Oil Company Limited

12,176 (2015: 12,369) convertible preference shares of Rs 10 each for cash - note 19.2

<b>6,830,754</b>	6,830,752
<b>12,858,919</b>	12,858,919
<b>27,500</b>	27,500
<b>19,717,173</b>	19,717,171
<b>122</b>	124
<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 (2015: 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.

**19.2. 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 Secretary by the holders of such convertible preference shares to that effect. During the year, 193 (2015: 1,471) convertible preference shares were converted into ordinary shares.



# Notes to and Forming Part of the Consolidated FINANCIAL STATEMENTS

for The Year Ended June 30, 2016

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, 2016**    June 30, 2015  
(Restated)  
----- Rs '000 -----

## 20. RESERVES

Capital reserve - note 20.1	<b>1,428</b>	1,428
Revenue reserves		
General and contingency reserve - note 20.2	<b>69,761</b>	69,761
Insurance reserve - note 20.3	<b>34,021,894</b>	34,021,894
Assets acquisition reserve - note 20.4	<b>23,751,980</b>	23,751,980
Dividend equalisation reserve	<b>5,000,000</b>	5,000,000
Unappropriated profit	<b>108,605,964</b>	105,404,225
Translation reserves- note 4.23	<b>1,478,179</b>	71,496
	<b>172,927,778</b>	168,319,356
	<b>172,929,206</b>	168,320,784

### 20.1. Capital reserve

The amount of Rs 1.428 million 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 profit and loss account 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.

### 20.3. 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 10,450 million) for single occurrence, as well as, annual aggregate.

### 20.4. 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.

	June 30, 2016	June 30, 2015
	----- Rs '000 -----	
<b>21. PROVISION FOR DECOMMISSIONING OBLIGATION</b>		
Balance at beginning of the year	<b>12,068,746</b>	15,679,518
- Provision during the year	<b>1,665,927</b>	796,403
- Revision due to change in estimates	<b>6,263,523</b>	(4,931,967)
- Adjustment during the year	<b>(143,123)</b>	-
- Unwinding of discount - note 32	<b>627,501</b>	524,792
Balance at end of the year	<b>20,482,574</b>	12,068,746

The above provision for decommissioning cost is analysed as follows;

#### Wells

Share in operated joint operations	<b>12,891,857</b>	7,349,421
Share in partner operated joint operations	<b>3,024,426</b>	1,928,405

#### Production facilities

Share in operated joint operations	<b>2,733,150</b>	1,653,900
Share in partner operated joint operations	<b>1,833,141</b>	1,137,020
	<b>20,482,574</b>	12,068,746

- 21.1. The provision for decommissioning cost 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 real discount rate of 2.1% (2015: 5.35%) per annum.

	June 30, 2016	June 30, 2015
	----- Rs '000 -----	
<b>22. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASES</b>		
Present value of minimum lease payments - note 22.1	<b>364,065</b>	317,767
Current maturity shown under current liabilities	<b>(125,680)</b>	(108,120)
	<b>238,385</b>	209,647

- 22.1. The liabilities against assets subject to finance leases 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 15.38% (2015: 9.78% to 16.00%) 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, 2016	June 30, 2015	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Rs '000					

Year ended June 30,

2016	-	135,142	-	27,022	-	108,120
2017	<b>154,970</b>	102,261	<b>29,290</b>	24,322	<b>125,680</b>	77,939
2018	<b>127,447</b>	74,441	<b>26,173</b>	14,457	<b>101,274</b>	59,984
2019	<b>82,426</b>	47,663	<b>14,423</b>	7,356	<b>68,003</b>	40,307
2020	<b>64,932</b>	34,029	<b>7,718</b>	2,612	<b>57,214</b>	31,417
2021	<b>13,178</b>	-	<b>1,284</b>	-	<b>11,894</b>	-
Total	<b>442,953</b>	<b>393,536</b>	<b>78,888</b>	<b>75,769</b>	<b>364,065</b>	<b>317,767</b>

# Notes to and Forming Part of the Consolidated FINANCIAL STATEMENTS

for The Year Ended June 30, 2016

	June 30, 2016	June 30, 2015 (Restated)
	----- Rs '000 -----	-----
<b>23. DEFERRED LIABILITIES</b>		
Post-retirement medical benefits - note 29.2.1	<b>1,774,972</b>	1,568,791
Leave preparatory to retirement - note 29.3	<b>591,705</b>	530,768
	<b>2,366,677</b>	<b>2,099,559</b>

<b>24. DEFERRED TAXATION</b>		
(Deductible) / taxable temporary differences on:		
Exploration expenditure	<b>(2,866,000)</b>	(3,332,000)
Provision for staff retirement and other benefits	<b>(976,450)</b>	(928,386)
Provision for obsolete / slow moving stores	<b>(41,403)</b>	(41,861)
Provision for doubtful debts	<b>(462,488)</b>	(462,488)
Unused tax losses - note 24.1	<b>(5,315,277)</b>	(37,697)
Provision for decommissioning obligation	<b>1,200,946</b>	(444,393)
Accelerated tax depreciation allowances	<b>8,182,286</b>	5,681,404
Exploratory wells cost	<b>10,573,198</b>	7,755,838
Development and production expenditure	<b>14,897,151</b>	10,288,436
Amortisation of intangible assets	<b>14,218</b>	2,048
Others	<b>5,435</b>	5,308
	<b>25,211,616</b>	<b>18,486,209</b>

24.1. Deferred tax asset of Rs 5,315 million represents the impact of un-adjusted losses against the aggregate tax liability computed on the profits and gains of the relevant Concession Agreements.

	June 30, 2016	June 30, 2015 (Restated)
	----- Rs '000 -----	-----
<b>25. TRADE AND OTHER PAYABLES</b>		
Creditors	<b>508,016</b>	543,199
Accrued liabilities	<b>6,443,609</b>	4,023,880
Security deposits from LPG distributors	<b>515,450</b>	602,618
Retention money	<b>40,795</b>	57,913
Unpaid and unclaimed dividends	<b>247,179</b>	231,654
Gas development surcharge (GDS)	<b>5,804,283</b>	5,162,115
Gas infrastructure development cess (GIDC)	<b>1,541,186</b>	1,957,188
Sales tax (net)	<b>8,167</b>	9,662
Royalties	<b>4,041,453</b>	5,192,257
Current accounts with joint operation partners - note 25.1	<b>12,285,840</b>	4,493,899
Liabilities for staff retirement benefit plans - note 29.1.1	<b>962,756</b>	803,071
Contractual obligations for Iraq EDPSC - note 25.2	<b>832,179</b>	716,779
Others	<b>154,476</b>	74,763
	<b>33,385,389</b>	<b>23,868,998</b>

25.1. Joint operations' current accounts (i.e. payable or receivable) as at June 30, 2016 and 2015 have been stated net of the respective current assets and current liabilities, as providing details for each respective joint operation separately would be very exhaustive especially in view of the materiality of that information in the overall context to these consolidated financial statements.

25.2. This represents Infrastructure Fund amounting to Rs 510.766 million (2015: Rs 455.448 million) and Training Technology & Scholarship Fund amounting to Rs 321.413 million (2015: Rs 261.331 million).

## 26. CONTINGENCIES AND COMMITMENTS

### 26.1. Contingencies

#### 26.1.1. Indemnity bonds and corporate guarantees

	June 30, 2016 ----- Rs '000 -----	June 30, 2015 ----- Rs '000 -----
Indemnity bonds (including share of joint operations areas) issued to custom authorities, redeemable after submission of usage certificate within five years.	<b>7,235</b>	11,040
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>10,195</b>	40,890

26.1.2. Pursuant to the directives of the Price Determining Authority, Ministry of Petroleum & Natural Resources, 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 gas development surcharge.

#### 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 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. Being aggrieved with the impugned orders, the Holding Company has filed appeals before the Commissioner Inland Revenue (Appeals) CIR-(A). During the year ended June 30, 2013, the Holding Company received all the three orders under appeal before the CIR-(A). In two of the three orders, the CIR-(A) has set-aside the orders passed by the Assessing Officer with directions to cross match and verify the documents in respect of each supplier submitted by the Holding Company and pass a fresh and speaking order after providing opportunity of being heard. Since the said orders were set-aside by the CIR-(A), therefore no further action is required on this account. In one of the orders, the CIR-(A) has confirmed the action of the Assessing Officer on the ground that the Holding Company has failed to prove that the input tax claimed was deposited in the Government treasury. Being aggrieved with the decision of the CIR-(A), the Holding Company has filed an appeal before the ATIR, which is pending for hearing.

The Holding Company has also filed a Constitutional Petition, alongwith the stay application before the Sindh High Court (SHC) challenging the above mentioned provisions. The SHC in response to the stay application filed by the Holding Company vide 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 aforesaid order of the SHC was renewed by another order dated June 25, 2013. The original petition filed before the SHC, however, is pending for hearing.

The Holding Company's case was selected by the CIR and 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

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during the impugned tax periods on the alleged ground that no evidence in respect of claim of such input tax (viz. valid sales tax invoices issued by the supplier and payment through banking channel) has been provided by the Holding Company. An appeal against the said Order has already been filed before CIR-(A). The demand raised in this regard has been fully paid by the Holding Company under protest.

## 26.1.4. Income tax

The Tax Authorities, whilst amending the Assessment Orders for the tax years 2003 to 2015 have made additions in respect of the following issues:

- (i) Rate Issue [disputed by the Tax Authorities in tax years 2003 to 2015];
- (ii) Depletion Allowance [disputed by the Tax Authorities in tax years 2003 to 2015];
- (iii) Decommissioning Cost of Sui Area [disputed by the Tax Authorities in tax years 2004 to 2012]; and
- (iv) Tax credits under sections 65A, 65B and 65E in respect of Agreement Areas [disputed by the Tax Authorities in tax years 2011 to 2015].

The tax authorities have raised demand of Rs 14,205 million in respect of the above issues, out of which the Holding Company has paid / adjusted Rs 13,510 million. The demands raised by the Tax Authorities through the above assessment orders were subsequently confirmed by the CIR-(A) and Appellate Tribunal Inland Revenue (ATIR), except for tax years 2013 to 2015. Being aggrieved with the decision of the ATIR, the Holding Company has filed a Reference Application before the SHC in respect of tax years 2003 to 2012. The appeals for tax years 2013 and 2014 have been filed before the ATIR and appeal for tax year 2015 has been filed before CIR-(A), which are pending for adjudication.

The outstanding demands for the tax years 2003 to 2009 have been stayed by the Honourable SHC, whereas the demands raised for the tax years 2010 to 2015 have been fully paid.

During the year ended June 30, 2015, the Tax Authorities have further amended the assessments for tax years 2013 and 2014 in respect of the following issues:

- (i) Prospecting and Development Expenditure [disputed by Tax Authorities in tax years 2013 and 2014];
- (ii) Exchange Loss [disputed by Tax Authorities in tax year 2014];
- (iii) Donations [disputed by Tax Authorities in tax years 2013 and 2014]; and
- (iv) Credit of payments – short allowed [disputed by Tax Authorities in tax years 2013 and 2014].

The tax authorities have raised demand of Rs 500 million in respect of the above issues which has been fully paid by the Holding Company. Being aggrieved with the aforesaid further assessment orders, the Holding Company has filed an appeal before the CIR-(A). During the year ended June 30, 2016, the CIR-(A) has passed the appellate orders confirming the aforesaid demand raised by the tax authorities, except for demand raised on account of tax credit / deduction short allowed, which was set-aside by the CIR-(A). Being aggrieved with the said decision, the Holding Company has filed an appeal before ATIR, which is pending for adjudication. Moreover, the Holding Company has also filed an appeal effect application before the tax authorities requesting to give effect on the issue set-aside by the CIR-(A). As a result, the tax authorities have passed the appeal effect orders under section 124 of the Ordinance allowing a tax refund of Rs 18 million and Rs 40 million in tax years 2013 and 2014, respectively.

During the year ended June 30, 2015, the Holding Company's case for tax year 2014 was selected for audit by FBR through random balloting under the Audit Policy 2015 which was initially challenged by the Holding Company before the Court, owing to expected conclusion of the audit by the Department in haste and without providing proper opportunity of being heard. However, owing to the subsequent positive meetings with Department wherein the Holding Company was assured provision of proper opportunity of being heard, the petition was withdrawn and proceedings were complied with. As a result, the audit was concluded by the taxation authorities by raising a demand of Rs 375 million on account of disallowance of development and drilling expenses and non-verification of withholding taxes / payments. The demand raised in this respect has been fully paid by the Holding Company under protest and appeal before the CIR-(A) has been filed, which is pending for adjudication.

Further, during the year ended June 30, 2016, the Holding Company's return of income for the tax year 2015 was also amended in respect of above standard issues, super tax and amortisation of acquisition cost of PPLE, with tax impact in aggregate of Rs 5,447 million (resulting in net payment of Rs 800 million after adjustment of refund of Rs 4,647 million in the return of income for the tax year 2015). Appeal against the said order has already been filed with the CIR-(A), which is pending for hearing.

The Holding Company has challenged the levy of super tax before the SHC and the same is pending for adjudication. In addition to the said assessment, tax year 2015 was also selected by the Commissioner for income tax audit, however, in the said order the issue of claiming acquisition cost of PPLE was again raised and disallowed, however, it does not have any financial impact due to the reason that the said cost was already disallowed during the amendment of assessment proceedings. The Company has filed appeal before the CIR-(A) against the said Order, which is pending for adjudication.

The Holding Company has also filed rectification applications for allowing the tax credit short allowed in the Orders dated December 31, 2015 for tax years 2014 and 2015 amounting to Rs 235 million and Rs 752 million, respectively. The Holding Company's request for rectification has been acceded to, by the Tax Authorities and refunds amounting to Rs 275 million and Rs 752 million for tax years 2014 and 2015 respectively have been allowed to the Holding Company.

The Holding Company, based on the advice of its legal counsel, is confident that it has sound grounds to defend the appeals on the tax rate issue. The Holding Company, as a matter of prudence, has continued to provide for tax liability at the higher tax rates, depletion allowance, Sui decommissioning cost and tax credits under sections 65A, 65B and 65E in respect of Agreement Areas in the books of account. In case the appeals are decided in favour of the Holding Company, an amount of Rs 14,205 million (2015: Rs 13,111 million) will be credited to the profit and loss account for that year.

The tax authorities have passed an order under section 147(7) of the Ordinance raising income tax demand of Rs 7,826 million on account of advance 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 in the Honourable Supreme Court of Pakistan against the said order of the Honourable SHC, which will be defended by the legal counsel appointed by the Holding Company.

During the year ended June 30, 2014, the Holding Company received a show-cause notice under sections 172(5) read with 172(3)(f) of the Ordinance intending to make the Holding Company as the representative of M/s. MND E&P A.S. (a tax resident of Czech Republic) on the ground that it has purchased the shares from MND E&P A.S. of MND Exploration and Production Limited (now PPLE, a tax resident of United Kingdom) during the tax year 2013. Based on the advice of the



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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 the representative of MND E&P A.S.. The Honourable SHC has granted interim stay with the direction to the tax authorities to maintain status quo in respect of the impugned notice.

Subsequent to the year-end, the tax department initiated monitoring of withholding tax proceedings in respect of tax years 2011 to 2015 wherein evidences for withholding taxes deducted were required and accordingly provided by the Holding Company. The tax officer, however, issued orders for non-submission of evidences amounting to Rs 124 million in aggregate for the above tax years. The Holding Company has already challenged the orders before the CIR(A). Tax demands raised have been paid by the Holding Company under protest.

## 26.1.5. Sindh Workers' Welfare Fund

During the year, the Holding Company received a notice dated January 22, 2016 from the Sindh Revenue Board requesting to pay the amount of Sindh Workers' Welfare Fund (SWWF) under the SWWF Act, 2014 for tax year 2015. The Holding Company, on the advice of its legal counsel, challenged the jurisdiction of the notice, and vires of the 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 in respect of the said notice. The management, based on its legal counsel 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 provided in these financial statements.

## 26.1.6. Other contingencies

- a) The Holding Company is defending various suits filed against it in various courts in Pakistan for sums, aggregating Rs 939 million (2015: Rs 963 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 2016 amount to Rs 380 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 969 million (2015: Rs 920 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) PPLE has minimum expenditure commitments of US\$ 6.97 million (Rs 729.759 million) under the terms of its exploration licenses of Barkhan and Harnai blocks. As required under terms of its exploration licenses, instead of bank guarantees of Rs 540 million, Holding Company's



guarantee has been provided against minimum commitment amount (note 26.2.2).

- e) The Holding Company has guaranteed the performance and fulfilment of obligations by PPLA under the EDPSC (note 26.2.1).

## 26.2. Commitments

26.2.1. 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 10,470 million), out of which US\$ 81.217 million (Rs 8,503 million) is outstanding.

26.2.2. During the year, the Holding Company has provided parent company guarantee amounting to US\$ 5.3 million (Rs 555 million) to DGPC in respect of PPPL's exploration licences in Pakistan i.e., Barkhan, Harnai and Ziarat.

## 26.2.3. Capital expenditure

	June 30, 2016	June 30, 2015 (Restated)
	----- Rs '000 -----	-----
Owned assets	<b>8,438,703</b>	399,965
Share in joint operations	<b>46,590,189</b>	52,346,133
	<b>55,028,892</b>	52,746,098

## 26.2.4. Exploration expenditure

The Group's share of net exploration activities in respect of Block 2766-1 (Khuzdar), Block 2568-13 (Hala), Block 2866-2 (Kalat), Block 2969-8 (Barkhan), Block 3270-7 (Zindan), Block 2467-12 (Jungshahi), Block 2468-12 (Kotri), Block 2568-21 (Kotri North), Block 3371-15 (Dhok Sultan), Block 2568-18 (Gambat South), Block 2763-3 (Kharan), Block 2764-4 (Kharan East), Block 2763-4 (Kharan West), Block 2468-10 (Sirani), Block 2667-11 (Zamzama South), Block 2668-9 (Naushahro Firoz), Block 3272-18 (Karsal), Block 3372-23 (Hisal), Block 2870-5 (Sadiqabad), Block 2469-16 (Shah Bandar), Block 2864-4 (Nausherwani), Block 2566-6 (Bela West), Block 2566-4 (Hab), Block 2569-5 (Khipro East), Block 2467-13 (Malir), Block 2866-4 (Margand), Block 3370-3 (Tal), Block 2668-4 (Gambat), Block 3370-10 (Nashpa), Block 2669-3 (Latif), Block 2667-7 (Kirthar), Block 2867-5 (Kuhan), Block 3070-13 (Baska), Block 2366-7 (Offshore Indus-C), Block 2366-5 (Offshore Indus-N), Block 2568-20 (Sukhpur), Block 2568-19 (Digri), Block 3273-3 (Ghauri), Block 2265-1, Block 2967-2 (Ziarat), Block 3067-3 (Harnai) and (Offshore Indus-G), amounts to Rs 10,407 million, for the year ending June 30, 2017 (2016: Rs 13,355 million).

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	June 30, 2016	June 30, 2015 (Restated)
	----- Rs '000 -----	
<b>27. SALES - net</b>		
Sales	<b>106,402,633</b>	132,975,514
Federal excise duty	<b>(1,881,290)</b>	(1,865,350)
Sales tax	<b>(12,134,057)</b>	(13,614,307)
GIDC	<b>(2,247,733)</b>	(4,372,000)
GDS	<b>(9,296,662)</b>	(7,156,358)
Discounts (Barytes)	<b>(33,847)</b>	(26,868)
	<b>(25,593,589)</b>	(27,034,883)
	<b>80,809,044</b>	105,940,631
Product wise break-up of sales is as follows:		
Natural gas sales	<b>78,707,486</b>	88,158,343
Federal excise duty	<b>(1,861,880)</b>	(1,841,753)
Sales tax	<b>(11,538,443)</b>	(12,910,620)
GIDC	<b>(2,247,733)</b>	(4,372,000)
GDS	<b>(9,296,662)</b>	(7,156,358)
	<b>(24,944,718)</b>	(26,280,731)
	<b>53,762,768</b>	61,877,612
Gas supplied to Sui villages - note 28	<b>215,376</b>	378,270
Federal excise duty	<b>(11,280)</b>	(14,619)
Sales tax	<b>(31,294)</b>	(54,962)
	<b>(42,574)</b>	(69,581)
	<b>172,802</b>	308,689
Internal consumption of gas - note 27.1	<b>122,812</b>	182,658
Federal excise duty	<b>(6,284)</b>	(7,138)
Sales tax	<b>(17,844)</b>	(26,540)
	<b>(24,128)</b>	(33,678)
	<b>98,684</b>	148,980
Crude oil / Natural gas liquids / Condensate sales	<b>23,410,101</b>	39,667,706
LPG sales	<b>3,473,921</b>	4,069,889
Federal excise duty	<b>(1,846)</b>	(1,840)
Sales tax	<b>(505,280)</b>	(591,770)
	<b>(507,126)</b>	(593,610)
	<b>2,966,795</b>	3,476,279
Barytes	<b>472,937</b>	518,648
Sales tax	<b>(41,196)</b>	(30,415)
Discounts	<b>(33,847)</b>	(26,868)
	<b>(75,043)</b>	(57,283)
	<b>397,894</b>	461,365
	<b>80,809,044</b>	105,940,631

## 27.1. Internal consumption of gas comprises of the following:

	June 30, 2016	June 30, 2015
	----- Rs '000 -----	
Industrial and domestic use	<b>68,042</b>	112,190
Gas used for electricity generation at Sui	<b>54,770</b>	70,468
	<b>122,812</b>	182,658

## 27.2. The Group has not allowed any sales discount to the customers during the years ended June 30, 2016 and 2015 except for barytes sales (as disclosed in note 27).

	June 30, 2016	June 30, 2015 (Restated)
	----- Rs '000 -----	
<b>28. FIELD EXPENDITURES</b>		
Development and drilling - note 28.1	<b>7,189,679</b>	7,841,784
Exploration - note 28.2	<b>16,073,255</b>	13,385,365
Depreciation - note 5.1	<b>4,392,867</b>	4,194,635
Amortisation of intangible assets - note 6.1	<b>105,253</b>	172,965
Amortisation of decommissioning cost - note 5.1	<b>1,569,819</b>	671,859
Amortisation of development and production expenditure - note 5.1	<b>5,427,610</b>	5,213,449
Salaries, wages, welfare and other benefits - note 28.3	<b>8,832,495</b>	8,359,497
Employees' medical benefits - note 28.4	<b>447,135</b>	452,913
Manpower development	<b>87,920</b>	45,439
Travelling and conveyance	<b>576,407</b>	617,004
Communication	<b>40,409</b>	40,959
Stores and spares consumed	<b>1,563,775</b>	2,109,733
Fuel and power	<b>229,050</b>	293,966
Rent, rates and taxes	<b>132,005</b>	112,087
Insurance	<b>500,612</b>	587,404
Repairs and maintenance	<b>768,335</b>	751,892
Professional services	<b>163,425</b>	83,038
Auditors' remuneration - note 28.5	<b>25,220</b>	16,442
Free supply of gas to Sui villages - note 27	<b>215,376</b>	378,270
Donations - note 28.6	<b>153,637</b>	114,543
Social welfare / community development	<b>191,512</b>	131,508
Other expenses	<b>268,823</b>	338,290
	<b>48,954,619</b>	45,913,042
Recoveries	<b>(2,733,724)</b>	(2,219,933)
	<b>46,220,895</b>	43,693,109

- 28.1.** These are net of insurance claim of Rs 1,017 million (2015: Rs 97 million) received by the Holding Company during the current year in respect of sabotage activity caused at Sui gas field during the year ended June 30, 2011.
- 28.2.** This includes expenditures in respect of dry wells and seismic activities amounting to Rs 4,994 million (2015: Rs 3,027 million) and Rs 7,394 million (2015: Rs 7,655 million) respectively.
- 28.3.** This includes expenditure / (reversal) in respect of provident fund, pension fund, gratuity fund and leave preparatory to retirement amounting to Rs 221.954 million, Rs 475.329 million, Rs 103.590 million and Rs 84.051 million, respectively (2015: Rs 214.013 million, Rs 416.026 million, Rs 48.801 million and Rs (110.317) million, respectively).
- 28.4.** This includes expenditure relating to post-retirement medical benefits amounting to Rs 204.641 million (2015: Rs 230.753 million).

# Notes to and Forming Part of the Consolidated FINANCIAL STATEMENTS

for The Year Ended June 30, 2016

June 30, 2016    June 30, 2015  
(Restated)  
----- Rs '000 -----

## 28.5 Auditors' remuneration is as under:

Annual audit fee		
- Holding Company	2,950	3,028
- Subsidiary Companies	8,204	6,996
Limited review, special certifications and advisory services - note 28.5.1	13,557	5,416
Out of pocket expenses	509	1,002
	<b>25,220</b>	<b>16,442</b>

28.5.1. This includes tax services provided by M/s A.F. Ferguson & Co, who have been appointed as statutory auditors of the Holding Company for the year ended June 30, 2016.

28.6. Donations include the payments to following institutions in which the ex-director of the Group is interested:

Name of ex-director	Nature of interest in donee	Name and address of donee	Year ended June 30, 2016	Year ended June 30, 2015
			----- Rs '000 -----	
Mr. Asim Murtaza Khan	Director	Petroleum Institute of Pakistan	-	200
			-	200

## 29. STAFF RETIREMENT BENEFITS

### 29.1. Funded post retirement pension and gratuity schemes

As mentioned in note 4.13 to these consolidated financial statements, the Holding Company operates approved funded pension and gratuity schemes for all its executive and non-executive permanent employees.

#### 29.1.1. 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, 2016				June 30, 2015
----- Rs '000 -----				

Present value of defined benefit obligations - note 29.1.6	8,738,953	911,988	1,868,178	915,431	12,434,550	10,808,614
Fair value of plan assets - note 29.1.5	(7,920,301)	(767,884)	(2,029,989)	(995,020)	(11,713,194)	(10,005,543)
Liability / (asset) recognised in the balance sheet	818,652	144,104	(161,811)	(79,589)	721,356	803,071

### 29.1.2. Movement in amounts payable to / (receivable from) defined benefit plans

Movement in amounts payable to / (receivable from) staff retirement benefit plans during the year are as follows:

	Executives		Non-Executives		Total
	Pension	Gratuity	Pension	Gratuity	
	June 30, 2016				June 30, 2015
	----- Rs '000 -----				
Balances as on July 01	33,431	142,767	403,039	223,834	803,071
Refund made to the Company	-	-	-	-	-
Charge for the year - note 29.1.3	366,932	46,975	108,397	56,615	578,919
Payments during the year	(400,363)	(189,742)	(511,436)	(280,449)	(1,381,990)
Amount recognised in Other Comprehensive Income (OCI) for the year	818,652	144,104	(161,811)	(79,589)	721,356
Balances as on June 30	818,652	144,104	(161,811)	(79,589)	721,356

### 29.1.3. Amounts recognised in the profit and loss account

Amounts charged to the profit and loss account during the year in respect of pension and gratuity schemes are as follows:

	Executives		Non-Executives		Total
	Pension	Gratuity	Pension	Gratuity	
	June 30, 2016				June 30, 2015
	----- Rs '000 -----				
Current service cost	363,821	33,688	70,887	35,783	504,179
Interest cost	707,895	70,251	175,337	91,216	1,044,699
Interest income on plan assets	(704,784)	(56,964)	(137,827)	(70,384)	(969,959)
<b>Charge for the year recognised in profit and loss account</b>	<b>366,932</b>	<b>46,975</b>	<b>108,397</b>	<b>56,615</b>	<b>578,919</b>
Actual return on plan assets	577,081	52,844	135,303	66,501	831,729

### 29.1.4. Remeasurements recognised in the other comprehensive income

Amounts charged to other comprehensive income during the year in respect of pension and gratuity schemes are as follows:

	Executives		Non-Executives		Total
	Pension	Gratuity	Pension	Gratuity	
	June 30, 2016				June 30, 2015
	----- Rs '000 -----				
Actuarial (gain) / loss on obligation	690,949	139,984	(164,335)	(83,472)	583,126
Actuarial (gain) / loss on assets	127,703	4,120	2,524	3,883	138,230
<b>Total remeasurements</b>	<b>818,652</b>	<b>144,104</b>	<b>(161,811)</b>	<b>(79,589)</b>	<b>721,356</b>

# Notes to and Forming Part of the Consolidated FINANCIAL STATEMENTS

for The Year Ended June 30, 2016

## 29.1.5. Changes in fair value of plan assets

	Executives		Non-Executives		Total	
	Pension	Gratuity	Pension	Gratuity		
	June 30, 2016					June 30, 2015
	----- Rs '000 -----					
Fair value of plan assets at beginning of the year	7,183,090	589,561	1,505,495	727,397	10,005,543	9,246,822
Interest income on plan assets	704,784	56,964	137,827	70,384	969,959	1,196,097
Refund made to the Company	-	-	-	-	-	(252,803)
Contributions by the Company	400,363	189,742	511,436	280,449	1,381,990	550,222
Benefits paid	(240,233)	(64,263)	(122,245)	(79,327)	(506,068)	(475,038)
Amount recognised in OCI for the year	(127,703)	(4,120)	(2,524)	(3,883)	(138,230)	(259,757)
Fair value of plan assets at end of the year	7,920,301	767,884	2,029,989	995,020	11,713,194	10,005,543

## 29.1.6. Changes in present value of pension and gratuity obligations

	Executives		Non-Executives		Total	
	Pension	Gratuity	Pension	Gratuity		
	June 30, 2016					June 30, 2015
	----- Rs '000 -----					
Present value of obligations at beginning of the year	7,216,521	732,328	1,908,534	951,231	10,808,614	9,079,414
Current service cost	363,821	33,688	70,887	35,783	504,179	485,300
Interest cost	707,895	70,251	175,337	91,216	1,044,699	1,175,624
Benefits paid	(240,233)	(64,263)	(122,245)	(79,327)	(506,068)	(475,038)
Amount recognised in OCI for the year	690,949	139,984	(164,335)	(83,472)	583,126	543,314
Present value of obligations at end of the year	8,738,953	911,988	1,868,178	915,431	12,434,550	10,808,614

## 29.1.7. 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, 2016 (Unaudited)				June 30, 2015 (Audited)			
<u>Pension Fund</u>										
Government securities	6.20 - 11.06		1,431,905	18	234,990	12	1,776,809	25	316,286	21
Shares	-		195,115	3	61,510	3	200,474	3	62,604	4
TFCs	7.61 - 9.72		64,264	1	23,053	1	64,764	1	23,159	2
Cash and bank balances	5.25 - 7.05		6,229,017	78	1,710,436	84	5,141,043	71	1,103,446	73
Total			7,920,301	100	2,029,989	100	7,183,090	100	1,505,495	100
<u>Gratuity Fund</u>										
Government securities	6.20 - 11.06		106,219	14	116,750	12	196,054	33	224,308	31
Shares	-		33,982	4	28,893	3	34,761	6	29,814	4
TFCs	7.61 - 9.72		2,787	1	11,666	1	2,864	1	11,988	2
Cash and bank balances	5.25 - 7.05		624,896	81	837,711	84	355,882	60	461,287	63
Total			767,884	100	995,020	100	589,561	100	727,397	100

### 29.1.8. Sensitivity analysis

	June 30, 2016				June 30, 2015			
	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	518,856	(531,611)	124,662	(66,503)	449,454	(398,816)	104,659	(95,055)
Pension rate sensitivity	597,927	(583,003)	107,927	(46,005)	524,200	(447,167)	80,865	(68,443)
Discount rate sensitivity	(1,045,331)	1,208,201	(131,375)	210,212	(874,844)	952,191	(157,134)	187,236
<b>Gratuity:</b>								
Salary rate sensitivity	2,579	(3,099)	39,056	(35,663)	42,704	(38,773)	41,013	(37,427)
Discount rate sensitivity	(59,088)	67,435	(38,528)	43,018	(41,339)	46,431	(40,266)	44,974

### 29.1.9. Maturity profile of the defined benefit obligations

	June 30, 2016			
	Executives		Non-Executives	
	Pension	Gratuity	Pension	Gratuity
Weighted average duration (years)	11.52	7.25	8.01	5.63
Rs '000				
Distribution of timing of benefit payments (time in years)				
1	402,720	90,124	100,323	65,288
2	459,435	90,476	331,477	204,207
3	596,875	96,762	148,431	72,302
4	580,525	109,685	147,712	71,912
5	448,702	71,538	152,684	70,812
6-10	3,692,544	508,377	921,907	412,421

29.1.10. The Holding Company expects to contribute Rs 623.971 million to the pension and gratuity funds in the next financial year.

### 29.2. Unfunded post-retirement medical benefits

29.2.1. The Holding Company provides free medical facilities to its executive and non-executive retired employees, as mentioned in note 4.13 to these consolidated financial statements. The latest actuarial valuation for post-retirement medical benefits was carried out as at June 30, 2016, results of which are as follows:

	June 30, 2016	June 30, 2015
	----- Rs '000 -----	
Present value of defined benefit obligations		
- notes 23 and 29.2.4	1,774,972	1,568,791



# Notes to and Forming Part of the Consolidated FINANCIAL STATEMENTS

for The Year Ended June 30, 2016

29.2.2. Movement in the liability recognised in the balance sheet is as follows:

	June 30, 2016 ----- Rs '000 -----	June 30, 2015 ----- Rs '000 -----
Balance as on July 01	1,568,791	1,378,429
Charge for the year - notes 28.4 & 29.2.3	204,641	230,753
Payments during the year	(60,264)	(50,483)
Amounts charged to OCI	61,804	10,092
Balance as on June 30	1,774,972	1,568,791

29.2.3. Amounts recognised in the profit and loss account

Amounts charged to the profit and loss account during the year for the above benefits are as follows:

	Year ended June 30, 2016 ----- Rs '000 -----	Year ended June 30, 2015 ----- Rs '000 -----
Current service cost	51,770	51,393
Interest cost	152,871	179,360
	204,641	230,753

29.2.4. Changes in present value of post-retirement medical obligations

	June 30, 2016 ----- Rs '000 -----	June 30, 2015 ----- Rs '000 -----
Opening balance	1,568,791	1,378,429
Current service cost	51,770	51,393
Interest cost	152,871	179,360
Benefits paid	(60,264)	(50,483)
Amounts charged to OCI	61,804	10,092
Balance as on June 30	1,774,972	1,568,791

1% increase      1% decrease  
----- Rs '000 -----

29.2.5. Sensitivity analysis

Medical cost trend rate sensitivity	213,231	(179,905)
Discount rate sensitivity	(230,462)	290,206

29.2.6. The Holding Company expects to contribute Rs 187.370 million to the unfunded post-retirement medical benefits in the next financial year.

29.2.7. The weighted average duration of the defined benefit obligation works out to 12.80 years in respect of executive and 13.30 years in respect of non-executive retired employees.

### 29.3. Leave preparatory to retirement benefits

Movement in liability recognised in the balance sheet is as follows:

	June 30, 2016	June 30, 2015 (Restated)
	----- Rs '000 -----	-----
Balance as on July 01	530,768	676,707
Charge / (reversal) for the year - note 28.3	84,051	(110,317)
	614,819	566,390
Payments during the year	(23,114)	(35,622)
Balance as on June 30 - note 23	591,705	530,768

### 29.4. Principal actuarial assumptions

The significant assumptions used in the actuarial valuations are as follows:

	Per annum	
	June 30, 2016	June 30, 2015
- discount rate	7.25%	9.75%
- expected rate of increase in salaries	7.25%	9.75%
- expected rate of increase in pension	2.25%	4.75%
- expected rate of escalation in medical cost	3.25%	5.75%
- death rate / mortality rate	SLIC (2001-05) Ultimate	

### 29.5. 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.

### 29.6. Provident fund

	June 30, 2016 (Unaudited)	June 30, 2015 (Audited)
	----- Rs '000 -----	-----
Size of the fund	4,822,107	4,427,797
Cost of investments made	3,487,611	3,014,535
Percentage of investments made	72.3%	68.1%
Fair value of investments	3,808,712	3,368,236

# Notes to and Forming Part of the Consolidated FINANCIAL STATEMENTS

for The Year Ended June 30, 2016

## 29.6.1. Break-up of investments of provident fund

Break-up of investments in terms of amount and percentage of the size of the provident fund are as follows:

	June 30, 2016 (Unaudited)		June 30, 2015 (Audited)	
	Investments (Rs ,000)	% of investment as size of the fund	Investments (Rs '000)	% of investment as size of the fund
Pakistan Investment Bonds	544,765	11.3%	874,237	19.7%
Treasury Bills	148,945	3.1%	937,593	21.2%
Short Term Deposit Account	2,408,000	49.9%	847,000	19.1%
NIT Units	383,398	8.0%	375,160	8.5%
Shares	320,249	6.6%	330,870	7.5%
TFCs	3,355	0.1%	3,376	0.1%
	<b>3,808,712</b>	<b>79.0%</b>	<b>3,368,236</b>	<b>76.1%</b>

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

Year ended  
June 30, 2016      Year ended  
June 30, 2015  
(Restated)  
----- Rs '000 -----

## 30. OTHER INCOME

### Income from financial assets

Income on loans and bank deposits - note 30.1  
Income on term deposits  
Income on long-term held-to-maturity investments - note 30.2  
Income from investment in treasury bills  
Gain on re-measurement / disposal of investments  
designated at fair value through profit or loss (net)

329,725	418,116
1,164,727	1,949,311
2,706,262	2,992,080
94,423	297,066
349,060	958,585
<b>4,644,197</b>	<b>6,615,158</b>

### Income from assets other than financial assets

Rental income on assets  
Profit on sale of property, plant and equipment (net)  
Profit on sale of stores and spares (net)  
Exchange gain on foreign currency (net)  
Share of profit on sale of LPG  
Others

225,200	104,736
24,726	35,321
11,785	8,894
370,511	511,939
142,574	289,752
9,914	28,240
<b>784,710</b>	<b>978,882</b>
<b>5,428,907</b>	<b>7,594,040</b>

30.1. This includes profit amounting to Rs 0.064 million (2015: Nil) under a Shariah compliant arrangement.

30.2. This includes profit amounting to Rs 21.556 million (2015: Rs 49.896 million) under a Shariah compliant arrangement.

	Year ended June 30, 2016	Year ended June 30, 2015 (Restated)
	----- Rs '000 -----	-----
<b>31. OTHER OPERATING EXPENSES</b>		
WPPF - note 16.1	<b>1,409,387</b>	2,604,013
Impairment loss - note 5.8 and 5.9	<b>1,728,029</b>	1,044,170
Provision for obsolete / slow moving stores - note 11.1	<b>2,741</b>	11,337
	<b>3,140,157</b>	<b>3,659,520</b>
<b>32. FINANCE COSTS</b>		
Interest on WPPF - note 16.1	<b>350</b>	485
Financial charges for liabilities against assets subject to finance leases	<b>41,119</b>	38,310
Unwinding of discount on decommissioning obligation - note 21	<b>627,501</b>	524,792
Others	<b>-</b>	24,955
	<b>668,970</b>	<b>588,542</b>
<b>33. TAXATION</b>		
Provision for taxation for the years ended June 30, 2016 and 2015 has been calculated on the basis of tax rates of 55%, 52.5% and 40% for onshore agreement areas and for the non-agreement area on the basis of tax rate of 32%, as mentioned in note 4.17 to these consolidated financial statements. Similar to the previous year, 3% super tax has been levied for the current year on the non-agreement area as per the Finance Act, 2016.		
	Year ended June 30, 2016	Year ended June 30, 2015 (Restated)
	----- Rs '000 -----	-----
Current		
- for the year	<b>3,261,021</b>	10,943,577
- for prior years (net)	<b>624,713</b>	99,351
	<b>3,885,734</b>	<b>11,042,928</b>
Deferred	<b>6,973,795</b>	4,000,664
	<b>10,859,529</b>	<b>15,043,592</b>
<b>33.1. Relationship between accounting profit and taxation</b>		
Accounting profit for the year before taxation	<b>26,924,574</b>	53,251,055
Tax on accounting profit at applicable rate of 47.04% (2015: 42.11%)	<b>12,665,320</b>	22,424,019
Tax effect of:		
- Depletion allowance	<b>(3,353,375)</b>	(4,832,810)
- Royalty allowed for tax purposes	<b>(1,928,992)</b>	(2,551,251)
- Tax charge relating to prior years	<b>602,333</b>	99,351
- Decommissioning cost	<b>1,822,178</b>	(595,093)
- Tax credits	<b>(491,185)</b>	(255,762)
- Super tax	<b>311,569</b>	553,994
- Others	<b>1,231,681</b>	201,144
	<b>10,859,529</b>	<b>15,043,592</b>
Effective tax rate %	<b>40.33</b>	<b>28.25</b>

# Notes to and Forming Part of the Consolidated FINANCIAL STATEMENTS

for The Year Ended June 30, 2016

## 34. INTERESTS IN JOINT OPERATIONS

The joint operations areas in which the Group has working interest are as follows:

Name of Joint Operations	Operator	Percentage of the Group's working interest as at June 30, 2016
<b>Producing Fields</b>		
1 Adhi	PPL	39.00%
2 Mazarani	PPL	87.50%
3 Adam X-1 D&P (Hala Block)	PPL	65.00%
4 Adam West X-1 EWT Phase (Hala Block)	PPL	65.00%
5 Kinza X-1 EWT Phase (Gambat South Block)	PPL	65.00%
6 Shahdad EWT Phase (Gambat South)	PPL	65.00%
7 Kandhkot East (Chachar)	PPL	75.00%
8 Qadirpur	OGDCL	7.00%
9 Miano	OMV	15.16%
10 Sawan	OMV	34.07%
11 Hasan, Sadiq & Khanpur - D&P (B-22)	PEL	35.53%
12 Manzalai D&P (Tal Block)	MOL	27.76%
13 Makori D&P (Tal Block)	MOL	27.76%
14 Makori East D&P (Tal Block)	MOL	27.76%
15 Mamikhel D&P (Tal Block)	MOL	27.76%
16 Maramzai D&P (Tal Block)	MOL	27.76%
17 Mela D&P (Nashpa Block)	OGDCL	28.55%
18 Nashpa D&P (Nashpa Block)	OGDCL	28.55%
19 Tajjal EWT Phase (Gambat Block)	OMV	23.68%
20 Latif D&P (Latif Block)	OMV	33.30%
21 Rehman EWT Phase (Kirthar Block)	POGC	30.00%
22 Ghauri EWT Phase (Ghauri Block)	MPCL	35.00%
<b>Exploration &amp; Development Blocks</b>		
1 Block 2568-13 (Hala)	PPL	65.00%
2 Block 2766-1 (Khuzdar) - note 34.1	PPL	65.00%
3 Block 2688-2 (Kalat) - note 34.2	PPL	60.00%
4 Block 2969-8 (Barkhan)	PPL	85.00%
5 Block 2763-3 (Kharan)	PPL	100.00%
6 Block 2764-4 (Kharan-East)	PPL	100.00%
7 Block 2763-4 (Kharan-West)	PPL	100.00%
8 Block 3371-15 (Dhok Sultan)	PPL	75.00%
9 Block 2467-12 (Jungshahi)	PPL	100.00%
10 Block 2568-18 (Gambat South) - note 34.3	PPL	65.00%
11 Block 2468-12 (Kotri)	PPL	100.00%
12 Block 2568-21 (Kotri North) - note 34.3	PPL	90.00%
13 Block 2468-10 (Sirani)	PPL	75.00%
14 Block 2668-9 (Naushahro Firoz) - note 34.3	PPL	90.00%
15 Block 2667-11 (Zamzama South)	PPL	100.00%
16 Block 3270-7 (Zindan)	PPL	35.00%
17 Block 3272-18 (Karsal)	PPL	100.00%
18 Block 3372-23 (Hisal)	PPL	100.00%
19 Block 2870-5 (Sadiqabad)	PPL	100.00%
20 Block 2469-16 (Shah Bandar) - note 34.4	PPL	97.50%

Name of Joint Operations	Operator	Percentage of the Group's working interest as at June 30, 2016
21 Block 2864-4 (Nausherwani)	PPL	100.00%
22 Block 2566-6 (Bela West)	PPL	100.00%
23 Block 2566-4 (Hab) - note 34.4	PPL	99.85%
24 Block 2569-5 (Khipro East) - note 34.4	PPL	97.50%
25 Block 2467-13 (Malir) - note 34.4	PPL	97.50%
26 Block 2866-4 (Margand) - note 34.5	PPL	50.00%
27 Block 2668-4 (Gambat)	OMV	30.00%
28 Block 2669-3 (Latif)	OMV	33.30%
29 Block 3370-10 (Nashpa)	OGDCL	30.00%
30 Block 2667-7 (Kirthar)	POGC	30.00%
31 Block 3070-13 (Baska)	ZHEN HUA	49.00%
32 Block 2366-7 (Indus-C)	ENI	40.00%
33 Block 2366-5 (Indus-N)	ENI	30.00%
34 Block 3370-3 (Tal)	MOL	30.00%
35 Block 2568-20 (Sukhpur)	ENI	30.00%
36 Block 2468-9 (Jherruck)	NHEPL	30.00%
37 Block 2568-19 (Digri)	UEPL	25.00%
38 Block 3273-3 (Ghauri)	MPCL	35.00%
39 Block 2867-5 (Kuhan) - note 34.6	OMV	50.00%
40 Block 2265-1 (Indus-G)	ENI	33.33%
41 Block 2967-2 (Ziarat)	MPCL	40.00%
42 Block 3067-3 (Harnai)	MPCL	40.00%

**Exploration Blocks (Outside Pakistan)**

1 Block-29 (Yemen)	OMV	43.75%
2 Block-8 (Iraq)	PPLA	100.00%
3 Block-3 (Yemen)	TOTAL	20.00%

- 34.1 ENI assigned its 35% share to the Holding Company w.e.f. April 08, 2015 for which assignment agreement is under DGPC approval. This would increase the Holding Company's share to 100%.
- 34.2 OMV assigned its 40% share to the Holding Company w.e.f. June 21, 2016 for which assignment agreement is under DGPC approval. This would increase the Holding Company's share to 100%.
- 34.3 Asia Resources Oil Limited (AROL), a Working Interest Owner holding 10% share in Gambat South block, had failed to pay its share of cash calls in accordance with the Joint Operating Agreement (JOA). Consequently, default procedure was invoked on September 22, 2015, in accordance with the provisions of JOA. Accordingly, the Holding Company and GHPL issued forfeiture notices to AROL, which would have eventually resulted in forfeiture and acquisition of AROL's 10% share, by the Holding Company (65% share) and GHPL (25% share) in accordance with the JOA. Similar procedure was adopted by the Holding Company in respect of Naushahro Firoz and Kotri North blocks, where the Holding Company's and AROL's shares are 90% and 10% respectively.

On December 23, 2015, the Holding Company sought approval from the GoP for forfeiture and acquisition of AROL's 10% Working Interest in each of the above mentioned blocks. On February 29, 2016, AROL has filed suit before the SHC at Karachi. In this suit, AROL has challenged default and forfeiture procedures, and has obtained stay order from the SHC. The SHC has suspended the operations of forfeiture notices issued to AROL and has also restrained GoP from according approvals for forfeiture of AROL's working interest in the three blocks. The matter is pending adjudication before the SHC.

# Notes to and Forming Part of the Consolidated FINANCIAL STATEMENTS

for The Year Ended June 30, 2016

- 34.4 Sindh Energy Holding Company Limited (SEHCL) farmed in with share of 2.5% in Shah Bandar block, 0.15% in Hab block, 2.50% in Khipro East block and 2.50% in Malir blocks via agreement dated March 02, 2016.
- 34.5 OMV decided in 8th OCM dated June 03, 2016 to assign its share of 50% to the Holding Company w.e.f. July 01, 2016 for which assignment agreement is under preparation. This would increase the Holding Company's share to 100%.
- 34.6 Gambat EL was due to expire on December 02, 2016. The other Working Interest Owners i.e., OMV and ENI wish to surrender their respective interests as per the PCA provisions w.e.f. December 03, 2016. The Holding Company intends to acquire working interests of OMV and ENI without any consideration, subject to the approval of its Board of Directors. Accordingly, the Holding Company has requested to the operator i.e., OMV to file an application for seeking one year licence extension from December 03, 2016 till December 02, 2017, after which the farm-out agreement will be formalised.
- 34.7 As per Article 5.1 of Kuhan PCA, the working interest owners shall offer 2.5% working interest to GHPL and Provincial Holding Company (PHC). Farm-out agreement for the same has been executed in March 2015. However, DGPC approval is awaited. Once the approval is granted, the Holding Company's share would decrease to 48.75%.

## 35. FINANCIAL INSTRUMENTS BY CATEGORY

	June 30, 2016	June 30, 2015 (Restated)
	----- Rs '000 -----	-----
<b>Financial assets as per balance sheet</b>		
- Loans and receivables		
Long-term loans	24,549	26,646
Long-term deposits	7,676	765,176
Long-term receivables	333,000	315,418
Trade debts	57,954,553	58,915,582
Loans and advances	1,328,228	2,160,336
Trade deposits	58,124	43,265
Interest accrued	1,465,949	1,444,543
Current maturity of long-term receivables	81,978	60,632
Current maturity of long-term deposits	787,500	-
Other receivables	803,530	5,271,993
Cash and bank balances	3,918,383	3,190,321
	<b>66,763,470</b>	<b>72,193,912</b>
<b>Held to maturity</b>		
Long-term investments	39,783,587	35,503,605
Current maturity of long-term investments	66,493	648,238
Short-term investments	28,056,720	30,445,259
	<b>67,906,800</b>	<b>66,597,102</b>
<b>Non-financial assets</b>	<b>140,090,290</b>	<b>106,088,344</b>
<b>Total assets</b>	<b>274,760,560</b>	<b>244,879,358</b>
<b>Financial liabilities as per balance sheet</b>		
Financial liabilities measured at amortised cost		
Trade and other payables	21,027,544	10,744,705
<b>Non-financial liabilities</b>	<b>61,086,515</b>	<b>46,096,574</b>
<b>Total liabilities</b>	<b>82,114,059</b>	<b>56,841,279</b>



### 36. 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, 2016 and 2015.

#### 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, commodity price and equity price that 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 deposit receipts with banks and treasury bills. As of balance sheet date, the sensitivity on the Group's profit before tax to a reasonable possible change of 1% in interest rates is Nil (2015: Rs 5 million), 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 Groups' exposure to currency risk mainly comprises:

	June 30, 2016 ----- US\$ -----	June 30, 2015 -----
Investments held to maturity	235,809,883	188,998,381
Cash and bank balance	11,063,002	21,688,952
Long-term deposits	-	7,463,054
Current maturity of long-term deposits	7,521,490	-
Trade and other payables	(19,957,140)	(10,728,342)
	<u>234,437,235</u>	<u>207,422,045</u>

# Notes to and Forming Part of the Consolidated FINANCIAL STATEMENTS

for The Year Ended June 30, 2016

The following significant exchange rates applied during the year:

	Average Rate		Closing Rate	
	2016	2015	2016	2015
	Rs			
US\$ 1	104.46	101.55	104.70	101.50

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	254,394	(254,394)
Foreign currency financial liabilities	42,658	(42,658)

## 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), whether those changes are caused by factors specific to the individual financial instruments or its issuer, or factors affecting all similar financial instruments traded in the market.

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. The Group has evaluated various commodity derivative options to hedge the risk of decline in international oil prices, keeping in view the current behavior of oil prices together with the pricing mechanism of Group's products. However, the Group has not entered in any commodity derivative transactions due to the fact that the available instruments were not adequately providing mitigation against the relevant risks over a longer term.

A one rupee change in the commodity prices would have the following effect:

	One Rupee Increase	One Rupee Decrease
	Rs '000	
Natural Gas (McF)	271,495	(271,495)
Crude Oil / Condensate / NGL (BBL)	5,282	(5,282)
LPG (M.Ton)	66	(66)
Barytes (Ton)	48	(48)

## 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. As part of these processes 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

Company'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 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 as these companies are SoEs.

**Bank and investments**

The Group limits its exposure to credit risk by investing in liquid securities and maintaining bank accounts only with counterparties that have a credit rating of at least A. Evaluation of all banks in the panel of bankers of the Group, is carried out on annual basis considering their credit ratings, capital adequacy ratios and other factors. Based on the Banks' credit ratings and size of capital, limits have been set for maximum size of funds to be kept with an individual bank. Given these measures, management does not expect any counterparty failing to meet its obligations.

In addition to the exposure with banks, the Holding Company also holds investments in PIBs issued by SBP and TFCs issued by bank with high credit rating. The investments in PIBs is considered highly secured, whereas investment in TFCs is with the bank having rating of AA.

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, 2016	June 30, 2015 (Restated)
	----- Rs '000 -----	-----
Long-term investments	<b>39,783,587</b>	35,503,605
Long-term loans	<b>24,549</b>	26,646
Long-term deposits	<b>7,676</b>	765,176
Long-term receivables	<b>333,000</b>	315,418
Trade debts	<b>57,954,553</b>	58,915,582
Loans and advances	<b>1,328,228</b>	2,160,336
Trade deposits	<b>58,124</b>	43,265
Interest accrued	<b>1,465,949</b>	1,444,543
Current maturity of long-term investments	<b>66,493</b>	648,238
Current maturity of long-term receivables	<b>81,978</b>	60,632
Current maturity of long-term deposits	<b>787,500</b>	-
Other receivables	<b>803,530</b>	5,271,993
Short-term investments	<b>28,056,720</b>	30,445,259
Bank balances	<b>3,861,850</b>	3,090,814
	<b>134,613,737</b>	138,691,507

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:

# Notes to and Forming Part of the Consolidated FINANCIAL STATEMENTS

for The Year Ended June 30, 2016

	June 30, 2016	June 30, 2015 (Restated)
	----- Rs '000 -----	-----
<b>Long-term investments</b>		
AAA	<b>21,926,436</b>	23,023,986
AA	<b>16,626,076</b>	12,845,687
A	<b>1,297,568</b>	282,170
	<b>39,850,080</b>	36,151,843
	June 30, 2016	June 30, 2015 (Restated)
	----- Rs '000 -----	-----
<b>Trade debts</b>		
Customers with defaults in past one year which have not yet been recovered	<b>16,426,866</b>	18,112,345
	<b>16,426,866</b>	18,112,345
<b>Short-term investments</b>		
AAA	<b>7,145,000</b>	95,000
AA	<b>11,867,500</b>	20,825,000
A	<b>9,044,220</b>	9,525,259
	<b>28,056,720</b>	30,445,259
<b>Cash at banks</b>		
AAA	<b>1,424,143</b>	731,950
AA	<b>1,695,394</b>	447,092
A	<b>742,313</b>	1,911,772
	<b>3,861,850</b>	3,090,814

The Group's most significant customers include two gas transmission and distribution companies and one power generation company (related parties) and account for Rs 51,808 million of the trade debts as at June 30, 2016 (2015: Rs 49,258 million).

The aging of trade debts at the reporting date is provided at note 12.1.

## 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 requirement.

## 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 leases	-	17,710	107,970	238,385	-	364,065
Trade and other payables	1,344,227	18,285,317	1,398,000	-	-	21,027,544
<b>Year ended June 30, 2016</b>	<b>1,344,227</b>	<b>18,303,027</b>	<b>1,505,970</b>	<b>238,385</b>	<b>-</b>	<b>21,391,609</b>

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 leases	-	25,342	82,778	209,647	-	317,767
Trade and other payables - Restated	1,242,536	8,452,178	1,049,991	-	-	10,744,705
<b>Year ended June 30, 2015</b>	<b>1,242,536</b>	<b>8,477,520</b>	<b>1,132,769</b>	<b>209,647</b>	<b>-</b>	<b>11,062,472</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.

**June 30, 2016**    June 30, 2015  
(Restated)  
----- Rs '000 -----

37. CASH AND CASH EQUIVALENTS

Cash and bank balances - note 18	<b>3,918,383</b>	3,190,321
Short-term highly liquid investments - note 17	<b>28,056,720</b>	30,445,259
	<b>31,975,103</b>	33,635,580

38. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executives		Executives	
	Year ended June 30, 2016 Note 38.2	Year ended June 30, 2015	Year ended June 30, 2016	Year ended June 30, 2015 (Restated)
	Rs '000			
Managerial remuneration	<b>49,000</b>	8,615	<b>5,078,159</b>	5,382,011
Housing, conveyance and utilities	-	-	<b>97,198</b>	389,517
Retirement benefits	-	-	<b>670,657</b>	670,552
Bonus	-	-	<b>969,681</b>	630,643
Medical and leave passage	-	-	<b>291,671</b>	387,114
Leave encashment	-	-	<b>193,625</b>	112,815
	<b>49,000</b>	8,615	<b>7,300,991</b>	7,572,652
Number, including those who worked for part of the year	<b>1</b>	2	<b>1,387</b>	1,650

38.1. Aggregate amount charged in these consolidated financial statements in respect of fees paid to seven non-executive directors was Rs 13.260 million (2015: Rs 14.960 million for thirteen directors).

38.2. This includes performance bonus amounting to Rs 19.600 million paid under the employment contract.

# Notes to and Forming Part of the Consolidated FINANCIAL STATEMENTS

for The Year Ended June 30, 2016

	Year ended June 30, 2016	Year ended June 30, 2015 (Restated)
<b>39. EARNINGS PER SHARE</b>		
<b>39.1. Basic earnings per share</b>		
Profit after taxation (Rs '000)	16,065,045	38,207,463
Dividend on convertible preference shares (Rs '000)	(37)	(37)
Profit attributable to ordinary shareholders (Rs '000)	16,065,008	38,207,426
Weighted average number of ordinary shares in issue	1,971,717,159	1,971,716,836
<b>Basic earnings per share (Rs)</b>	<b>8.15</b>	<b>19.38</b>
Profit after taxation has been adjusted for dividend to a maximum rate of thirty percent per annum of the value of the total number of convertible preference shares held.		

## 39.2. Diluted earnings per share

	Year ended June 30, 2016	Year ended June 30, 2015 (Restated)
Profit after taxation (Rs '000)	16,065,045	38,207,463
Weighted average number of ordinary shares in issue	1,971,717,159	1,971,716,836
Adjustment for conversion of convertible preference shares	12,296	12,619
Weighted average number of ordinary shares for diluted earnings per share	1,971,729,455	1,971,729,455
<b>Diluted earnings per share (Rs)</b>	<b>8.15</b>	<b>19.38</b>

## 40. FINAL DIVIDEND

The Board of Directors of the Holding Company at its reconvened meeting on January 18, 2017 recommended a final cash dividend @ 35% amounting to Rs 6,901.010 million (2015: @ 40% amounting to Rs 7,886.868 million ) on the existing paid-up value of the ordinary share capital and Rs 0.009 million (2015: nil) on the existing paid-up value of convertible preference share capital for approval of the shareholders in the Annual General Meeting to be held on February 28, 2017.

## 41. TRANSACTIONS WITH RELATED PARTIES

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**      Year ended  
**June 30, 2016**   June 30, 2015  
                              (Restated)  
                              Rs '000

41.1. Transactions with related parties are as follows

Sales of gas / barytes to state controlled entities  
(including Government Levies):

Genco-II	17,865,187	20,329,463
SNGPL	45,104,741	50,520,939
SSGCL	15,737,559	17,307,941
OGDCL	168,687	38,040
	<b>78,876,174</b>	<b>88,196,383</b>

Long-term receivables, trade debts and other receivables  
from state controlled entities as at June 30

See notes 10,12 & 16

Transactions with Associated Companies:

Sales of crude oil / condensate	5,130,088	5,405,881
Expenses incurred	-	503

Transactions with Joint Operations:

Dividend income from BME	25,000	25,000
Purchase of goods from BME (net)	261,831	263,956
Reimbursement of employee cost on secondment to BME	22,877	20,154
Payments of cash calls to joint operations	46,432,149	39,524,311
Expenditure incurred by the joint operations	54,764,985	41,430,011

Amounts receivable from / (payable to) joint operations  
partners as at June 30

See notes 13, 16 & 25

Income from rental of assets to joint operations	225,200	104,736
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Other related parties:

Dividends to GoP	8,319,129	15,972,728
Dividends to Trust under BESOS	906,057	1,739,629
Transactions with retirement benefit funds	See notes 28.3 & 29	
Remuneration to key management personnel	See note 38	
Payment of rental to Pakistan Industrial Development Corporation	81,659	68,155
Payment to National Insurance Company Limited (NICL)	1,189,772	530,013
Insurance claim received from NICL	1,016,812	97,153
Payment to Pakistan State Oil Company Limited	511,246	513,427

- 41.2. 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.

42. 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.



# Notes to and Forming Part of the Consolidated FINANCIAL STATEMENTS

for The Year Ended June 30, 2016

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 June 30, 2016	Year ended June 30, 2015
	Rs '000	
GENCO-II	17,865,187	20,329,463
SSGCL	15,737,559	17,307,941
SNGPL	45,104,741	50,520,939
ARL	14,953,271	29,559,544
	<b>93,660,758</b>	<b>117,717,887</b>

## 43. DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorised for issue on January 18, 2017 by the Board of Directors of the Holding Company.

## 44. GENERAL

### 44.1. Number of employees

Total number of employees at the end of the year were as follows

	Year ended June 30, 2016	Year ended June 30, 2015
	Rs '000	
Regular	2,900	2,778
Contractual	70	-
	<b>2,970</b>	<b>2,778</b>
Average number of employees during the year were as follows		
Regular	2,839	2,672
Contractual	35	-
	<b>2,874</b>	<b>2,672</b>

### 44.2. Capacity and production

Product	Unit	Actual production for the year (Group's share)
Natural gas	MMCF	309,806
Crude oil / NGL / Condensate	BBL	5,423,682
LPG	M. Ton	66,597
Barytes	Ton	82,268

Due to the nature of operations of the Group, installed capacity of above products is not relevant.

### 44.3. Corresponding figures

Corresponding figures have been reclassified for the purpose of better presentation and comparison, where necessary.

### 44.4. Figures have been rounded off to the nearest thousand, unless otherwise stated.

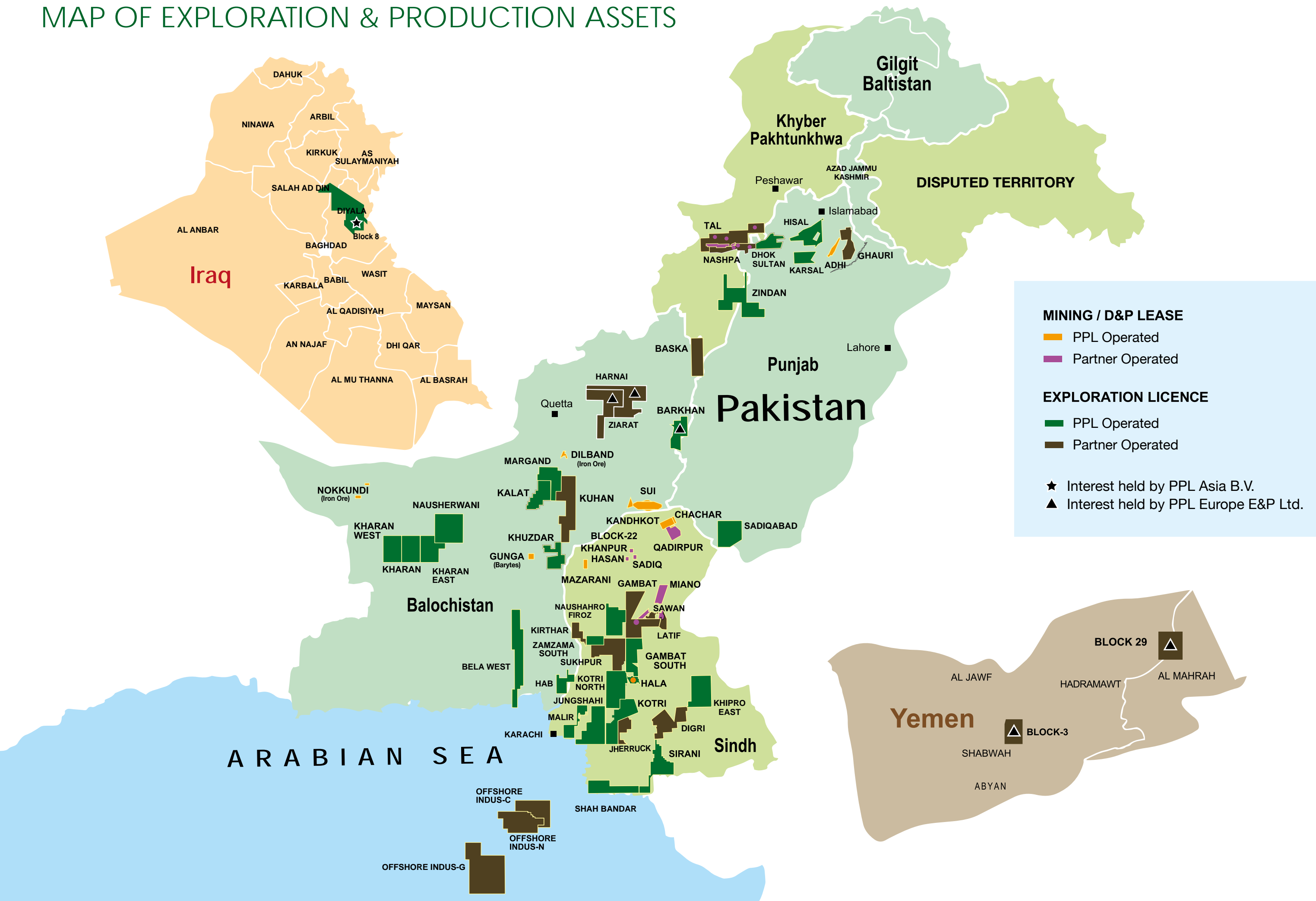


Director



Chief Executive

# MAP OF EXPLORATION & PRODUCTION ASSETS



## List of Abbreviations

ABBREVIATION	DESCRIPTION
BBL	Barrels
BME	Bolan Mining Enterprises
BPD	Barrels per day
BCF	Billion Cubic Feet
BCFE	Billions of Cubic Feet Equivalent
BTU	British Thermal Unit
CBA	Collective Bargaining Agreement
CCG	Code of Corporate Governance
CEO	Chief Executive Officer
CSR	Corporate Social Responsibility
D&PL	Development and Production Lease
EL	Exploration License
Eni	Eni Pakistan Limited
EPS	Earnings per Share
EPCC	Engineering, Procurement, Construction and Commissioning
EWT	Extended Well Testing
E&P	Exploration and Production
FEED	Front End Engineering Design
GDS	Gas Development Surcharge
GENCO-II	Central Power Generation Company Limited
GIDC	Gas Infrastructure Development Cess
GHPL	Government Holdings (Pvt.) Limited
G&G	Geological & Geophysical
GoB	Government of Baluchistan
GoP	Government of Pakistan
GPF	Gas Processing Facility
HRL	Habib Rahi Limestone
IAS	International Accounting Standards
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards
ISMS	Information Security Management System
ISO	International Organization for Standardization
IT	Information Technology
KBOE	Thousands of Barrel of Oil Equivalent
KM/ LKm/ Sq Km	Kilometer/ Line Kilometer/ Square Kilometer
KUFPEC	Kuwait Foreign Petroleum Exploration Company
LPG	Liquefied Petroleum Gas
LTI	Loss Time Injury

## List of Abbreviations

ABBREVIATION	DESCRIPTION
M	Meter
MPCL	Mari Petroleum Company Limited
MMSCF	Million Standard Cubic Feet
MMSCFD	Million Standard Cubic Feet Per Day
MOL	MOL Pakistan Oil and Gas BV
NHEPL	New Horizon Exploration and Production Limited
NBFI	Non-Banking Financial Institution
NGL	Natural Gas Liquids
NOC	No Objection Certificate
OGDCL	Oil and Gas Development Company Limited
OHSAS	Occupational Health and Safety Assessment System
OMV	OMV (Pakistan) Exploration GmbH
PEII	Pyramid Energy International Incorporated
PEL	Petroleum Exploration (Pvt.) Limited
PKP	Premier Kufpec Pakistan
POGC	Polish Oil & Gas Company
POL	Pakistan Oilfields Limited
PPLA	PPL Asia E&P B.V.
PPLE	PPL Europe E&P Limited
QHSE	Quality, Health, Safety and Environment
SAP	System Application Products in Data Processing
SFGCS	Sui Field Gas Compressor Station
SML	Sui Main Limestone
SNGPL	Sui Northern Gas Pipelines Limited
SSGCL	Sui Southern Gas Company Limited
TCF	The Citizens Foundation
T/K	Tobra/ Khewra
UEPL	United Energy Pakistan Limited
ZHENHUA	China ZhenHua Oil Co. Ltd.

# Pattern of Shareholding

As At June 30, 2016

	Size of Holding Rs. 10 Shares	Number of Shareholders	Total Shares held
1	100	2,081	112,755
101	500	3,800	1,169,170
501	1,000	2,242	1,877,175
1,001	5,000	13,317	23,824,787
5,001	10,000	924	6,895,130
10,001	15,000	380	4,800,849
15,001	20,000	184	3,267,225
20,001	30,000	213	5,339,263
30,001	40,000	128	4,479,017
40,001	50,000	78	3,582,398
50,001	60,000	32	1,772,831
60,001	70,000	38	2,496,227
70,001	80,000	34	2,567,945
80,001	90,000	28	2,401,777
90,001	100,000	29	2,848,868
100,001	150,000	52	6,514,604
150,001	200,000	41	7,218,507
200,001	300,000	33	8,411,578
300,001	500,000	48	18,350,358
500,001	1,000,000	42	30,220,021
1,000,001	1,800,000	34	45,806,748
1,800,001	16,500,000	37	157,188,035
16,500,001	60,690,000	4	154,542,366
144,965,001	144,970,000	1	144,969,072
1,331,055,574	1,331,060,573	1	1,331,060,573
TOTAL		23,801	1,971,717,279

# Pattern of Shareholding

As At June 30, 2016

Categories of Shareholders	No. of Shareholders	No. of Shares Held	Percentage
<b>Ordinary shares</b>			
Directors, CEO and their spouse and minor children	3	76,002	*
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	1,264,274	0.06
Banks, Development Financial Institutions, Non-Banking Financial Institutions	17	17,564,209	0.89
Insurance Companies	19	11,556,504	0.59
Modarabas and Mutual Funds	87	24,195,313	1.23
Shareholders holding 10% or more Government of Pakistan	1	1,331,060,573	67.51
General Public			
Resident	23,025	107,650,981	5.46
Non-resident	216	290,015	0.01
Others			
Non-Resident Financial Institutions	100	216,769,726	11.00
Public Sector Companies and Corporations	13	68,586,908	3.48
Joint Stock Companies	192	16,463,568	0.83
Employee Trust / Foundations etc.	115	30,171,634	1.53
Nazir of High Court	5	949	*
	23,801	1,971,717,279	100.00
<b>Convertible Preference Shares</b>			
Individuals	83	11,766	96.63
Joint Stock Companies	1	370	3.04
Nazir of High Court	1	40	0.33
	85	12,176	100.00

\* Negligible

# Pattern of Shareholding

As At June 30, 2016

## Additional Information

Information on shareholding required under reporting framework of the Code of Corporate Governance and Public Sector Companies (Corporate Governance) Rules is as follows:

Categories of Shareholders	No. of Shareholders	No. of Shares Held
<b>Associated Companies, undertakings and related parties</b>		
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
<b>Mutual Funds (namewise details are given on next page)</b>	78	23,813,985
<b>Directors and their spouses and minor children</b>		
Mr. Imtiaz Hussain Zaidi	1	75,000
Mr. Aftab Nabi	1	1,000
Mr. Saeedullah Shah	1	2
<b>Executives</b>	23	83,200
<b>Public Sector Companies &amp; Corporations</b>	13	68,586,908
<b>Banks, DFIs, NBFIs, Insurance Companies, Takaful, Modarabas &amp; Pension Funds</b>	62	47,596,914
<b>Shareholders holding five percent or more voting rights</b>		
President of the Islamic Republic of Pakistan	1	1,331,060,573
PPL Employees Empowerment Trust	1	144,969,072

Trade in shares of the Company by Directors, executives\* and their spouses and minor children

Name	Category	Date of Transaction	Nature of Transaction	Price Per Share (Rs)	No. of Shares
Ms. Naveeda Mahmud	Executive	2-Oct-15	Purchase	123.63	2,500
Ms. Naveeda Mahmud	Executive	2-Dec-15	Purchase	113.01	1,000
Mr. Sultan Maqsood	Executive	13-Jan-16	Purchase	105.00	1,436
Ms. Naveeda Mahmud	Executive	25-May-16	Sale	156.32	500

\* 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.

# Pattern of Shareholding

As At June 30, 2016

## Namewise Details of Mutual Funds

S.NO	NAME	SHAREHOLDING
1	TRUSTEE PAK QATAR FAMILY TAKAFUL LIMITED BALANCE FUND (BF)	30,000
2	TRUSTEE PAK QATAR FAMILY TAKAFUL LIMITED AGGRESSIVE FUND	30,000
3	PRUDENTIAL STOCK FUND LTD.	50
4	CDC - TRUSTEE MCB PAKISTAN STOCK MARKET FUND	5,200
5	CDC - TRUSTEE PAKISTAN CAPITAL MARKET FUND	30
6	GOLDEN ARROW SELECTED STOCKS FUND LIMITED	150,000
7	CDC - TRUSTEE ATLAS STOCK MARKET FUND	1,100,000
8	CDC - TRUSTEE MEEZAN BALANCED FUND	343,944
9	CDC - TRUSTEE ALFALAH GHP VALUE FUND	70,000
10	CDC - TRUSTEE UNIT TRUST OF PAKISTAN	419,000
11	CDC - TRUSTEE AKD INDEX TRACKER FUND	109,224
12	CDC - TRUSTEE PICIC ENERGY FUND	418,950
13	CDC - TRUSTEE AKD OPPORTUNITY FUND	80,000
14	CDC - TRUSTEE AL MEEZAN MUTUAL FUND	692,233
15	CDC - TRUSTEE MEEZAN ISLAMIC FUND	2,765,350
16	CDC - TRUSTEE UBL STOCK ADVANTAGE FUND	578,600
17	PAK QATAR INDIVIDUAL FAMILY PARTICIPANT INVEST FUND	47,900
18	CDC - TRUSTEE ATLAS ISLAMIC STOCK FUND	550,000
19	CDC - TRUSTEE NAFA STOCK FUND	1,790,023
20	CDC - TRUSTEE NAFA MULTI ASSET FUND	240,083
21	SAFeway FUND LIMITED	302,300
22	CDC - TRUSTEE MEEZAN TAHAFUZ PENSION FUND - EQUITY SUB FUND	730,657
23	CDC - TRUSTEE APF-EQUITY SUB FUND	62,500
24	CDC - TRUSTEE JS PENSION SAVINGS FUND - EQUITY ACCOUNT	39,500
25	CDC - TRUSTEE ALFALAH GHP ISLAMIC STOCK FUND	456,700
26	CDC - TRUSTEE HBL - STOCK FUND	948,000
27	CDC - TRUSTEE NAFA ISLAMIC ASSET ALLOCATION FUND	904,570
28	CDC - TRUSTEE APIF - EQUITY SUB FUND	111,000
29	CDC - TRUSTEE HBL MULTI - ASSET FUND	105,500
30	CDC - TRUSTEE JS ISLAMIC PENSION SAVINGS FUND-EQUITY ACCOUNT	23,500
31	CDC - TRUSTEE ALFALAH GHP STOCK FUND	340,500
32	CDC - TRUSTEE ALFALAH GHP ALPHA FUND	244,900
33	CDC - TRUSTEE NIT STATE ENTERPRISE FUND	1,279,879
34	CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	2,032,538
35	CDC - TRUSTEE ABL STOCK FUND	517,600
36	M C F S L-TRUSTEE ASKARI ISLAMIC ASSET ALLOCATION FUND	9,000
37	CDC - TRUSTEE FIRST HABIB STOCK FUND	20,500
38	CDC - TRUSTEE LAKSON EQUITY FUND	1,069,330
39	CDC-TRUSTEE NAFA ASSET ALLOCATION FUND	250,860
40	CDC - TRUSTEE AKD AGGRESSIVE INCOME FUND - MT	3,700
41	CDC - TRUSTEE PICIC INCOME FUND - MT	7,400
42	CDC-TRUSTEE HBL ISLAMIC STOCK FUND	372,100
43	CDC - TRUSTEE HBL IPF EQUITY SUB FUND	59,000
44	CDC - TRUSTEE HBL PF EQUITY SUB FUND	20,000
45	CDC - TRUSTEE ALFALAH GHP INCOME FUND - MT	200
46	CDC - TRUSTEE KSE MEEZAN INDEX FUND	525,478
47	CDC-TRUSTEE FIRST HABIB ISLAMIC BALANCED FUND	25,000
48	CDC - TRUSTEE ATLAS INCOME FUND - MT	79,100
49	MCBFSL - TRUSTEE ABL ISLAMIC STOCK FUND	617,180
50	CDC - TRUSTEE NAFA PENSION FUND EQUITY SUB-FUND ACCOUNT	137,778
51	CDC - TRUSTEE NAFA ISLAMIC PENSION FUND EQUITY ACCOUNT	135,532
52	CDC - TRUSTEE PIML STRATEGIC MULTI ASSET FUND	19,000
53	CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND	45,200
54	CDC - TRUSTEE NIT INCOME FUND - MT	50,700
55	CDC - TRUSTEE NAFA ISLAMIC PRINCIPAL PROTECTED FUND - I	158,800
56	CDC - TRUSTEE PIML ISLAMIC EQUITY FUND	19,000
57	CDC - TRUSTEE FAYSAL SAVINGS GROWTH FUND - MT	1,000
58	CDC - TRUSTEE PICIC ISLAMIC STOCK FUND	1,500
59	CDC - TRUSTEE NAFA ISLAMIC PRINCIPAL PROTECTED FUND - II	168,400
60	CDC - TRUSTEE ASKARI HIGH YIELD SCHEME - MT	10,400
61	CDC - TRUSTEE ABL ISLAMIC PENSION FUND - EQUITY SUB FUND	30,300
62	CDC - TRUSTEE ABL PENSION FUND - EQUITY SUB FUND	18,200
63	CDC-TRUSTEE PAKISTAN ISLAMIC PENSION FUND - EQUITY SUB FUND	56,673
64	CDC - TRUSTEE PAKISTAN PENSION FUND - EQUITY SUB FUND	223
65	CDC - TRUSTEE NAFA ISLAMIC STOCK FUND	432,100
66	CDC - TRUSTEE NAFA INCOME OPPORTUNITY FUND - MT	500
67	CDC - TRUSTEE PIML VALUE EQUITY FUND	29,000
68	CDC - TRUSTEE HBL MUSTAHEKUM SARMAFUND 1	40,000
69	CDC - TRUSTEE NIT ISLAMIC EQUITY FUND	443,600
70	CDC-TRUSTEE NITPF EQUITY SUB-FUND	37,500
71	CDC-TRUSTEE NITPF EQUITY SUB-FUND	37,500
72	MCBFSL - TRUSTEE NAFA INCOME FUND - MT	3,900
73	CDC - TRUSTEE NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND	250,600
74	ABA ALI HABIB SECURITIES (PVT) LIMITED - MF	5,000
75	CDC - TRUSTEE HBL ISLAMIC ASSET ALLOCATION FUND	110,400
76	CDC - TRUSTEE MEEZAN ASSET ALLOCATION FUND	190,000
77	CDC - TRUSTEE NAFA ISLAMIC ENERGY FUND	677,500
78	CDC - TRUSTEE LAKSON TACTICAL FUND	124,600
		<b>23,813,985</b>



# Notice of 65<sup>th</sup> Annual General Meeting

Notice is hereby given that the 65<sup>th</sup> Annual General Meeting of Pakistan Petroleum Limited will be held on Tuesday, 28<sup>th</sup> February 2017 at 11:00 AM at the Marriott Hotel, Karachi, to transact the following business:

## ORDINARY BUSINESS

1. To confirm the minutes of the 64<sup>th</sup> Annual General Meeting of the Company held on 30<sup>th</sup> September 2015.
2. To receive, consider and adopt the audited unconsolidated and consolidated financial statements for the financial year ended 30<sup>th</sup> June 2016, together with the Directors' and Auditors' reports thereon.
3. To approve and declare a final dividend of Rs. 3.5 per ordinary share (35%) and Rs. 0.75 per convertible preference share (7.5%) as recommended by the Board of Directors for the financial year ended 30<sup>th</sup> June 2016.
4. To re-appoint the auditors for the financial year 2016-17 and to fix their remuneration.

## SPECIAL BUSINESS

1. Pursuant to the Companies (E-Voting) Regulations, 2016 (the "Regulations") members are entitled to vote electronically and for the purpose appoint a member or a non-member as proxy. Approval of the members is accordingly sought for amendment in the Company's Articles of Association in order to conform them with the requirements of the Regulations, and to pass, if deemed appropriate, with or without modification, the following resolutions as Special Resolutions:

**"RESOLVED** as and by way of a Special Resolution that:

- (1) Article 49 of the Articles of Association be deleted and replaced by the following new Article 49:

'49. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or, if the appointor is a corporation either under the common seal, or under the hand of an officer or attorney so authorised. No person shall act as a proxy unless he is a member of the Company, Provided, however, that for E-Voting a non-member may also be appointed and act as proxy.'

- (2) Article 51 of the Articles of Association be amended by deleting the first sentence thereof and replacing it with the following new sentence:

'51. An instrument appointing a proxy may be in the following form, or in the form specified for E-voting in Schedule II to the Companies (E-Voting) Regulations, 2016, or in any other form approved by the Directors:'

**RESOLVED FURTHER** that the Managing Director / Chief Executive Officer and the Company Secretary be and hereby are jointly and singularly authorised to do all such acts and take all such steps as may be necessary or desirable to give effect to the foregoing resolutions."

2. The Securities and Exchange Commission of Pakistan (SECP) has allowed companies to circulate the annual audited accounts to members via CD or DVD or USB at their registered addresses subject to the conditions specified there for. Accordingly, consent of the members is sought for transmission of the annual audited accounts of the Company via CD or DVD or USB and to pass, if deemed appropriate, with or without modification, the following ordinary resolutions:

**"RESOLVED** that the Company may transmit the annual audited accounts to the members via CD or DVD or USB instead of hard copies as allowed by the Securities and Exchange Commission of Pakistan.

# Notice of 65<sup>th</sup> Annual General Meeting

**RESOLVED FURTHER** that the Managing Director / Chief Executive Officer and the Company Secretary be and hereby are jointly and singularly authorised to do all such acts and take all such steps as may be necessary or desirable to give effect to the foregoing resolutions.”

By the Order of the Board

**Shahana Ahmed Ali**  
Company Secretary

6<sup>th</sup> February 2017  
Karachi

## NOTES:

### 1. Closure of Share Transfer Books:

The register of members and the share transfer books of the Company will remain closed from 15<sup>th</sup> February 2017 until 28<sup>th</sup> February 2017 (both days inclusive).

Only persons whose names appear in the register of members of the Company as on 14<sup>th</sup> February 2017, 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 included in the Company's Annual Report.

A member who wishes to vote electronically may appoint another member or a non-member as his / her proxy to attend and vote on his / her behalf in the form specified for E-voting in Schedule II to the Companies (E-Voting) Regulations, 2016. Proxies for E-voting must be received at the registered office of the Company not less than ten days before the time for holding the Meeting, or through email at [companysecretary@ppl.com.pk](mailto:companysecretary@ppl.com.pk). A form of proxy is included in the Annual Report.

### 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 Computerised 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.

# Notice of 65<sup>th</sup> Annual General Meeting

## **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**

### Increased Tax Rates

By the Finance Act 2016 an enhanced rate of withholding tax on dividend income has been prescribed in the Income Tax Ordinance, 2001.

The revised tax rates are as follows:

- (a) 12.5% 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, whereas a 'non-filer' is a person other than a filer. The FBR has uploaded the ATL on its web-site that can be viewed at <http://fbr.gov.pk>.

Members' status on the ATL as on the first day of book closure will be ascertained by the Company, and if a member's name does not appear in it, withholding tax at the rate of 20% will be applicable. Withholding tax at the rate of 12.5% will be applicable for filers.

Corporate members holding CDC accounts should intimate their NTN to the respective participant(s) and those holding share certificates should provide a copy of their NTN certificate 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 (the "Shares Registrars") and specify their folio number and Company's name.

### Tax in case of Joint Shareholders

It has been clarified by the FBR that in case of shares held in joint names or accounts, each joint shareholder will be treated individually as either a filer or a non-filer and tax will be deducted proportionately according to his / her holding.

Joint shareholders are required to intimate their joint holding proportions to the Share Registrars at the latest by 14<sup>th</sup> February, 2017 in the following format:

# Notice of 65<sup>th</sup> Annual General Meeting

CDC Account Number Name of Shareholders (Principle / Joint Holders) Number or Percentage of Shares Held (Proportion) CNIC Number Signature

CDC Account Number	Name of Shareholders (Principle / Joint Holders)	Number or Percentage of Shares Held (Proportion)	CNIC Number	Signature

If the proportion of joint shareholding is not intimated, or determined, each joint shareholder will be presumed to hold an equal proportion of shares and withholding tax will be deducted accordingly.

Valid Tax Exemption Certificate for Exemption from Withholding Tax

A valid tax exemption certificate is necessary for exemption from the deduction of withholding tax under Section 150 of the Income Tax Ordinance, 2001. Members who qualify under Clause 47B of Part IV of the Second Schedule to the Income Tax Ordinance, 2001 and wish to seek an exemption must provide a copy of their valid tax exemption certificate to the Shares Registrar prior to the date of book closure otherwise tax will be deducted according to applicable law.

## 4. Dividend Bank Mandate

Pursuant to Section 250 of the Companies Ordinance, 1984 a member may authorise the Company to credit his / her future cash dividends directly into his / her bank account. Members who would like future cash dividends to be credited directly into their bank accounts should mark the 'YES' box below and provide the required information under signature to the Shares Registrars.

☐ Yes
 ☐ No

Folio Number:	
Name of Shareholder:	
Title of the Bank Account:	
Bank Account Number:	
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  
 (Signature must match specimen signature registered with the Company)

# Notice of 65<sup>th</sup> Annual General Meeting

Members holding shares in CDC accounts should update their bank mandates, if any, with the respective participants.

## 5. Intimation of Change of Address

Members holding share certificates should notify any change in their registered address and, if applicable, submit their non-deduction of zakat declaration form to the Shares Registrar. Members holding shares in CDC / participant accounts should update their addresses and, if applicable, submit their non-deduction of zakat declaration form to the CDC or the respective participants / stockbrokers.

## 6. Submission of CNIC Copies

Dividend warrants of members who have not submitted a copy of their CNIC despite notices in respect of the last three dividend declarations will be withheld by the Company until submission thereof as permitted by the SECP. A list of members who have not submitted copies of their CNICs be viewed on the Company's website.

## 7. Electronic Transmission of Financial Statements and Notice of AGM

Members who have provided email addresses in the required consent form will receive the Audited Financial Statements along with the notice of the Annual General Meeting by email. Members who would like to receive the Annual Report by email should provide their email addresses to the Company Secretary. A consent form for receiving the Annual Report by email may be downloaded from the Company's website.

## 8. Minutes of Preceding AGM

Copies of the minutes of the Annual General Meeting held on 30<sup>th</sup> September 2015 will be available to members free of charge on request.

## STATEMENT UNDER SECTION 160(1)(b) OF THE COMPANIES ORDINANCE, 1984

This statement sets out the material facts concerning the Special Businesses to be transacted at the 65<sup>th</sup> Annual General Meeting of the Company to be held on 28<sup>th</sup> February 2017.

1. Pursuant to the Companies (E-Voting) Regulations, 2016 (the "Regulations") members are entitled to vote electronically and for the purpose appoint a member or a non-member as proxy. Approval of the members is being sought for amendment in the Company's Articles of Association in order to conform them with the requirements of the Regulations.
2. The Securities and Exchange Commission of Pakistan Companies has allowed companies to circulate the annual audited accounts to members via CD or DVD or USB at their registered addresses subject to the conditions specified there for. Consent of the members is sought for transmission of the annual audited accounts of the Company via CD or DVD or USB.

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# Form of Proxy

## Option 1 Appointing other person as Proxy

I/ We, \_\_\_\_\_ of \_\_\_\_\_, being a member of Pakistan Petroleum Limited, holder of \_\_\_\_\_ Ordinary Share(s) as per Register Folio No./CDC Account No. \_\_\_\_\_ hereby Appoint Mr. \_\_\_\_\_ Folio No./CDC Account No. (if member) \_\_\_\_\_ of \_\_\_\_\_ or failing him Mr. \_\_\_\_\_ Folio No./CDC Account No. (if member) \_\_\_\_\_ of \_\_\_\_\_, as my / our proxy in my / our absence to attend and vote for me / us, and on my / our behalf at the 65<sup>th</sup> Annual General Meeting of the Company to be held on 28<sup>th</sup> February, 2017, and at any adjournment thereof. Signed under my / our hand this \_\_\_ day of February, 2017.

## Option 2 E-voting as per The Companies (E-Voting) Regulations, 2016

I/We, \_\_\_\_\_ of \_\_\_\_\_, being a member of Pakistan Petroleum Limited, holder of \_\_\_\_\_ Ordinary Share(s) as per Register Folio No./CDC Account No. \_\_\_\_\_ hereby opt for e-voting through Intermediary and hereby consent the appointment of execution officer Mr. Asad Ullah Khan as proxy and will exercise e-voting as per The Companies (e-voting) Regulations, 2016 and hereby demand for poll for resolutions.

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

Signature should agree with the  
specimen signature registered with  
the company Signed in the presence of:

Signature of Witness \_\_\_\_\_

Name: \_\_\_\_\_

CNIC No.: \_\_\_\_\_

Address: \_\_\_\_\_

Signature of Witness \_\_\_\_\_

Name: \_\_\_\_\_

CNIC No.: \_\_\_\_\_

Address: \_\_\_\_\_

### Notes:

1. This instrument appointing a proxy under option 1 shall be in writing under the hand of the appointee or his attorney duly authorized in writing, or if the appointer is a corporation either under the common seal or under the hand of an official or attorney so authorized. No person shall be appointed as proxy who is not a member of the Company qualified to vote except that a corporation being a member may appoint a person who is not a member.
2. The instrument appointing a proxy under option 1 and the power of attorney or other authority (if any), under which it is signed or a notarially certified copy of that power of authority, shall be deposited at the office of the Share Registrars M/s FAMCO Associates (Pvt.) Ltd., 8-F, Next to Hotel Faran, Nursery Block-6, P.E.C.H.S, Karachi, not less than 48 (forty eight) hours before the time for holding the meeting at which the person named in the instrument proposes to vote, and in default the instrument of a proxy shall not be treated as valid CDC shareholders and their proxies are each requested to attach an attested photocopy of their Computerized National Identity Card or Passport with this proxy form before submission..
3. The instrument of e-voting under option 2 shall be deposited in advance in writing at least ten days before holding of general meeting, at the abovementioned office of the Share Registrars, or through email (CompanySecretary@ppl.com.pk).





پراکسی فارم  
کمپنی سیکریٹری  
پاکستان پیٹرولیم لمیٹڈ  
فورٹھ فلور، پی آئی ڈی سی ہاؤس  
کراچی  
آپشن 1  
کسی دوسرے شخص کو پراکسی نامزد کرنا

میں / ہم \_\_\_\_\_ پاکستان پیٹرولیم لمیٹڈ کے ممبر کی حیثیت سے کمپنی کے \_\_\_\_\_ عمومی شیئر (ز) کنندہ رجسٹرڈ فلیو نمبر / CDC A/C No. \_\_\_\_\_ جناب \_\_\_\_\_ فلیو نمبر / CDC A/C No. \_\_\_\_\_ (اگر ممبر ہے) \_\_\_\_\_ یا ان کے بجائے، \_\_\_\_\_ جناب \_\_\_\_\_ فلیو نمبر / CDC A/C No. \_\_\_\_\_ (اگر ممبر ہے) \_\_\_\_\_ بذریعہ ہذا کو اپنا / ہمارا پراکسی مقرر کرتا ہوں تاکہ میری غیر موجودگی میں کمپنی کے 65 ویں سالانہ اجلاس عام میں جو 28 فروری 2017 کو منعقد ہو رہا ہے یا اسکے التوائی اجلاس میں میری / ہماری طرف سے شرکت کر سکے یا ووٹ دے سکے۔

دستخط منظور کنندہ، \_\_\_\_\_ فروری 2017

آپشن 2

دی کمپنیز (ای۔وونگ) ریگولیشن 2016 کے تحت ای۔وونگ

میں / ہم \_\_\_\_\_ پاکستان پیٹرولیم کے ممبر کی حیثیت سے کمپنی کے \_\_\_\_\_ عمومی شیئر (ز) کنندہ رجسٹرڈ فلیو نمبر \_\_\_\_\_ ای وونگ کے ذریعے ووٹ دینے کی سہولت حاصل کرنا چاہتے ہیں اور آفیسر جناب اسد اللہ خان کا تقرر پراکسی کے طور پر مقرر کرنے کی اجازت دیتے ہیں جو کمپنیز (ای وونگ) ریگولیشن 2016 کی رو سے ووٹ کا حق استعمال کرنے کے مجاز ہونگے۔  
میرا محفوظ ای میل ایڈریس یہ ہے \_\_\_\_\_ براہ کرم تمام تفصیلات، پاس ورڈ اور الیکٹرونک دستخط ای میل کیڈر لیجے بھیج دیں

دستخط کمپنی کے پاس موجود نمونے کے دستخط کے مطابق ہونے چاہیے

گواہ کے دستخط	گواہ کے دستخط
نام:	نام:
کمپیوٹرائزڈ قومی شناختی کارڈ نمبر:	کمپیوٹرائزڈ قومی شناختی کارڈ نمبر:
پتہ:	پتہ:

نوٹس:

- آپشن 1 کے تحت پراکسی مقرر کرنے کا اختیار مجاز شخص یا اس کے انارنی کی طرف سے تحریری طور پر دینا ہوگا یا کارپوریشن ہونے کی صورت میں کامن سیل کے تحت یا بااختیار شخص یا انارنی کی طرف سے دینا ہوگا۔ کوئی بھی ایسا شخص پراکسی مقرر نہیں ہو سکتا جو کمپنی کا ممبر نہ ہو یا سوائے کارپوریشن کمپنی کے ممبر ہونے کی صورت میں ایسے شخص کو پراکسی مقرر کر سکتی ہے۔
- آپشن 1 کے تحت پراکسی مقرر کرنے اور پاور آف انارنی یا دیگر اتھارٹی (اگر کوئی ہو) جس کے ذریعے دستخط کئے جائیں یا تصدیق شدہ پاور آف اتھارٹی کی کاپی شیئر رجسٹر اریسٹریکٹو ایسٹش پرائیویٹ لمیٹڈ کے دفتر واقع 8-F ہول فاران سے متصل، نرسری بلاک 6، پی ای سی ایچ کراچی میں جس کا نام ووٹ دینے کے لئے تجویز کیا گیا ہو، میٹنگ شروع ہونے سے کم از کم 48 گھنٹے قبل جمع کرائی جائے۔ ناکامی کی صورت میں پراکسی کو ووٹ دینے کا اختیار نہیں ہوگا۔ ہر پراکسی فارم کے علیحدہ کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی کاپی منسلک کی جائے۔
- آپشن 2 کے تحت ای۔وونگ کے اختیار کے لئے درخواست کم از کم جنرل میٹنگ کے انعقاد سے دس دن قبل شیئر رجسٹرار کے مذکورہ دفتر میں تحریری طور پر جمع کرائی جائے یا ای میل (companysecretary@ppl.com.pk) کیڈر لیجے بھیجی جائے۔