Annual Report
2015

Unlocking
POTENTIAL

Pakistan Petroleum Limited

Contents

Vision

To maintain PPL's position as the premier producer of hydrocarbons in the country by exploiting conventional and unconventional oil and gas resources, resulting in value addition to shareholders investment and the nation as a whole.

Mission

To sustain long term growth by pursuing an aggressive hydrocarbons exploration and production optimization program in the most efficient manner through a team of professionals deploying latest technology, maintaining the highest standards of quality, health, safety & environment (QHSE) protection and addressing community development needs.

Core Values

- Promote Leadership, Empowerment and Accountability
- Pursue Highest Standards of Integrity.
- Value people as the most important resource.
- Promote innovation and value creation.
- Ensure excellence in all spheres of performance.
- Advocate Teamwork aligned with business objectives.
- Conserve Environment by minimizing carbon footprint.

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 offshore exploration, exploitation of unconventional reservoirs, and reserves acquisition strategy will provide necessary thrust for the replenishment of reserves. Production optimisation from existing fields and production from 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.

- Safety and reliability factors 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 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 will care 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 organisational capability, 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 to become preferred partners for multinational companies and other resource holders, now and in the future.

Calendar of Major Events

August 2014	Board Meeting was held to approve the financial accounts for the year ended 30 June, 2014 and to recommend 75% final cash dividend to the shareholders. Exploration well Sharf X-1, drilled in PPL Operated Gambat South Block, was successfully declared as Hydrocarbon discovery.
September 2014	Election of the Board of Directors was held on 16 September 2014. Exploration well Adam West X-1, drilled in PPL Operated Hala Block, was successfully declared as Hydrocarbon discovery.
October 2014	63rd Annual General Meeting of the shareholders was held to approve financial accounts for the year ended 30 June, 2014 and 75% final cash dividend. Board Meeting was held to approve the quarterly accounts for the period ended 30 September, 2014. Exploration well Kinza X-1, drilled in PPL Operated Gambat South Block, was successfully declared as Hydrocarbon discovery.
December 2014	Exploration well Faiz X-1, drilled in PPL Operated Gambat South Block, was successfully declared as Hydrocarbon discovery.
January 2015	Board Meeting was held to approve the half yearly accounts for the period ended 31 December, 2014 and to approve 45% interim cash dividend to the ordinary shareholders and 30% cash dividend to Convertible Preference shareholders.
February 2015	An MoU was signed between PPL, OGDCL and Turkish Petroleum Anonim Ortakligi (TPAO) to enable the three companies to tap farm-in/farm-out opportunities, joint bidding in upcoming domestic and international rounds and exploration and development of Pakistan's offshore blocks.
March 2015	Mr. Syed Wamiq Bokhari was appointed as Managing Director/ Chief Executive Officer of the Company.
April 2015	Board Meeting was held to approve the quarterly accounts for the period ended 31 March, 2015. Exploration well Mardan Khel-1, drilled in partner operated Tal Block, was successfully declared as Hydrocarbon discovery.
May 2015	Exploration well Rizq-1, drilled in partner operated Kirthar Block, was successfully declared as Hydrocarbon discovery. PPL changed its corporate structure from conventional functional organizational setup to hybrid asset based organizational structure in line with current industry practices. The GoP accorded permission to continue producing under the Sui Mining Lease for a further period of one year upto 31 May 2016.

Company Information

Board of Directors

Mr. Waqar A. Malik
Chairman, (Independent, Non-Executive Director)

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

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. Saeedullah Shah
(Non-Executive Director)

Mr. Shahbaz Yasin Malik
(Independent, Non-Executive Director)

Company Secretary

Ms. Danish Zuberi

Auditors

Ernst & Young Ford Rhodes Sidat Hyder & 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
Citibank N.A.
Deutsche Bank A.G
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
MCB Bank Limited
National Bank of Pakistan
NIB 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 the 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.

Salient Features of the Code for Employees

1. Conflict of Interests

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

2. Confidentiality and Disclosure of Information

Employees / trainees are 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 employees / trainees who are not entitled to such information.

3. Political Contribution

No funds or assets of the Company may 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.

4. Bribes and Commercial Payments

An employee / trainee must not give or receive bribes or other payments, which are intended to influence a business decision or compromise independent judgment; nor must any employee / trainee give money in order to obtain business for the Company, nor receive money for having given Company business to an outside agency.

5. Proper Recording of Funds, Assets, Receipts and Disbursements

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

6. Agreements with Agents, Sales Representatives or Consultants

Agreements with agents, sales representatives or consultants should state clearly the services to be performed for the Company, the amount to be paid and all other relevant terms and conditions.

7. 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.

8. Health, Safety & Environment (HSE) Policy

Every employee / trainee at work 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 cooperate in Company's efforts to protect the environment.

9. Smoking Policy

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

10. Seat Belt Policy

As per policy, it is mandatory for all PPL employees / trainees, contractors, visitors and all other persons to fasten seat belts in the front seats of the vehicle while travelling.

11. Other Employment, Outside Interests, Civic Activities

PPL does not allow its employees / trainees to take any part-time and/or full-time second employment during employee's/ trainee's engagement with the Company.

12. Unsolicited Gifts

Accepting gifts that might place an employee/ trainee under obligation is prohibited. Employees / trainees 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.

13. 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.

14. Company and Personal Property

An employee / trainee must not take or use Company property or the property of another employee / trainee without permission; nor must the employee / trainee use Company property for private purposes without the Management's permission.

15. Alcohol and Drugs

Alcohol in any form and the use of drugs, except under medical advice, is prohibited at all locations.

16. Gambling

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

17. 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 employees / trainees are strictly prohibited.

18. Harassment

It is the policy of the Company to promote a productive work environment and not to tolerate verbal or physical conduct by any employee / trainee that harasses, disrupts, or interferes with another's work performance or that creates an intimidating, humiliating, offensive, or hostile environment.

19. Grievance Handling

PPL strives to provide a fair & impartial process to its employees / trainees and ensure timely resolution of their grievance.

20. Whistle Blowing

In order to enhance good governance and transparency, PPL has introduced a Whistle Blowing Policy. The Policy provides an avenue to employees / trainees and vendors to raise concerns and report legal and ethical issues like fraud, corruption or any other unlawful conduct or dangers to the public or the environment.

21. General Discipline

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

22. Reporting Violations / Disciplinary Actions

Any violation of this Code shall be promptly reported to the Human Resources department by any employee / trainee having knowledge thereof or having reasonable belief that such a violation has occurred.

Governance Framework

Profile of the Board of Directors

Mr. Waqar A. Malik
Chairman (Independent, Non-Executive Director)

Mr. Waqar Malik joined the Board of Pakistan Petroleum Limited on 16 September 2014, and is also the Chairman of the Board since then. He is a member of the Board Strategy & Operations and Human Resource Committees.

Mr. Malik is a fellow of The Institute of Chartered Accountants in England and Wales and is also an Alumnus of the Harvard Business School and INSEAD.

Mr. Malik's corporate and business experience spans over 31 years across three continents. A specialist in Strategy, Corporate / Business leadership and Board Governance, his professional experience includes managing and leading businesses in the petrochemicals, consumer and the life sciences industry. Outside his career, he has actively contributed to the development of Pakistan both in Public and the Private sector.

He had an illustrious career spanning over 27 years with Fortune 500 companies. His career with the ICI Plc group based in the UK and then Akzo Nobel in the Netherlands provided opportunity to work in Europe and the Americas. In Pakistan he was the Country Head of ICI Plc's operations in Pakistan, the largest foreign investment in the chemical sector at the time. For over 10 years, he served as the Chief Executive Officer of ICI Pakistan Limited and also the CEO and Chairman of Lotte Pakistan Limited (formerly Pakistan PTA Limited). Mr. Malik moved on from ICI Pakistan Limited in December 2012, post divestment of majority shareholding of the foreign sponsor in ICI Pakistan Limited to a local group. He has vast experience in managing functional teams as well as leading large and complex manufacturing based operations and M&A activities in the emerging markets.

His other engagements have been / are as member of the Board of State Bank of Pakistan, Chairman Sui Southern Gas Company Limited, Member Board of OGDCL, Karachi Port Trust, Engro Polymer Pakistan Limited, Board of Investment, Engro Corporation Limited, TPL Direct Insurance and Chairman Noesis (Pvt) Ltd.

Mr. Malik has also been the past President of Overseas Investors Chamber of Commerce and Industry, Management Association of Pakistan, Director Pakistan Business Council, Trustee Board of Lahore University of Management Sciences, The Duke of Edinburgh Trust and the Indus Valley School of Art.

Mr. Malik is active in philanthropic activities; he is a trustee of I-care Pakistan. He was awarded the Prince of Wales medal for his contribution as a Trustee of the Prince of Wales Pakistan Recovery Fund, (subsidiary of the British Asian Trust).

Mr. Syed Wamiq Bokhari
Managing Director / Chief Executive Officer

Mr. Syed Wamiq Bokhari joined Pakistan Petroleum Limited as Managing Director and Chief Executive Officer on March 16, 2015, in place of Secretary Petroleum Arshad Mirza, who held additional charge since July 8, 2014. Mr. Bokhari is a member of the Board Strategy & Operations, Human Resource, Enterprise Risk and Procurement Committees. He is also a 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 30 years of management experience mainly with three international majors: Kuwait Foreign Petroleum Exploration Company (KUFPEC), a subsidiary of Kuwait Petroleum Corporation, Eni S.p.A. and Atlantic Richfield Company, USA.

Mr. Bokhari's professional engagements have entailed assignments in several countries spanning five continents, the last as Regional Manager KUFPEC, overseeing the Canada and South East Asia Region.

He has a Bachelor's and Master's in Petroleum Engineering from University of Texas, USA and has attended numerous executive management programmes at prestigious institutes.

He has served as Chairman of Pakistan Association of Petroleum Geoscientists and has been a member of the Society of Petroleum Engineers and Pakistan Petroleum Exploration and Production Companies Association in addition to being on the advisory board of the Petroleum Engineering Department at NED University of Engineering and Technology, Karachi.

Mr. Arshad Mirza
Non-Executive Director

Mr. Arshad Mirza was appointed Managing Director and Chief Executive Officer of PPL from July 2014 until appointment of a regular incumbent in March 2015. He joined PPL Board in December 2013 and was re-elected 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 Government Holdings Private Limited and Hydrocarbon Development Institute of Pakistan.

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

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 37 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 Presidents Police Medal for Gallantry and Quaide-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 Qaide Azam University, Islamabad through the National Defence College Islamabad.

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. He is also a member of the Board Procurement Committee.

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 Committee and member of the Board Human Resource and Nomination Committees.

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 50 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 Strategy & Operations, Human Resource and Procurement Committees.

In his career spanning more than 36 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 SB and SM 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. Saeedullah Shah
Non-Executive Director

Mr. Saeedullah 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 30 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.

Mr. Shahbaz Yasin Malik
Independent, Non-Executive Director

Mr. Shahbaz Yasin Malik, joined PPL Board on September 16, 2014. He is the Chairman of the Board Human Resource Committee. He is also a member of Strategy & Operations and Nomination Committees.

Mr. Malik is a business graduate from American College of Switzerland and currently holds the position of President & Chief Executive Officer of Hilton Pharma (Pvt.) Ltd which is one of the leading pharmaceutical companies in Pakistan. Mr. Malik is also the Director on Board of Habib University Foundation (HUF).

During his 27 year experience, Mr. Malik has attended many International conferences and seminars. Mr. Malik is actively involved in CSR activities covering fields of health, education and social welfare. Mr. Malik is the member of several business & social forums like Rotary Club of Karachi Cosmopolitan and YPO (Young Presidents Organization).

Board Committees

The Board has established six Committees namely Board Strategy and Operations Committee (formerly Board Operations and Finance Committee), Board Human Resource Committee, Board Audit Committee, Board Enterprise Risk Committee (formerly Board Risk Management 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

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. Nadeem Mumtaz Qureshi	Member
• Mr. Saeedullah Shah	Member
• Mr. Shahbaz Yasin Malik	Member
• Mr. Waqar A. Malik	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 seven times during the year with an average participation of 90% of its members.

Board Human Resource Committee

Composition

The Board Human Resource Committee is composed of the following:

• Mr. Shahbaz Yasin Malik	Chairman
• Mr. Syed Wamiq Bokhari	Member
• Mr. Arshad Mirza	Member
• Mr. Imtiaz Hussain Zaidi	Member
• Mr. Nadeem Mumtaz Qureshi	Member
• Mr. Waqar A. Malik	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 COO, 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 81% 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. Saeedullah 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 five times during the year with an average participation of 84% 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 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 twice during the year with average participation of 90% 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. Asif Baigmohamed	Member
• Mr. Nadeem Mumtaz Qureshi	Member
• Mr. Saeedullah 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) Serves as an advisory forum to suggest measures to streamline and simplify procurement of goods and services.

(ii) Review special cases of procurement referred by procurement committee of the management for seeking directives of the Committee.

(iii) Identify, review and approve new and innovative procurement practices/ strategies to strengthen, streamline and speedup the procurement process and ensure that procurement process achieves value for money in delivering the Corporate strategy and strategic priorities.

(iv) Review the Company's policies/ procedures for procurement of goods/ services/ works and recommend changes for improvement.

(v) Review and approve awards of high value Engineering Procurement and Construction (EPC) Contracts and Original Equipment Manufacturer (OEM) Procurement Contracts.

(vi) Review (a) the annual procurement plan (b) any changes to financial authorities relating to procurement and (c) any Updates / changes made in the Materials and Contracts Manual.

The Board Procurement Committee met four times during the year with an average participation of 96% 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
• Mr. Shahbaz Yasin Malik	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 once during the year with average participation of 75% of its members.

Attendance of Board and Committee Meetings

	Board of Directors			Board Strategy & Operations Committee			Board Human Resource Committee		
	Members	Meetings [1]	Attendance	Members	Meetings [1]	Attendance	Members	Meetings [1]	Attendance
Mr. Arshad Mirza [2]	✓	12	12	✓	7	7	✓	7	7
Mr. Javed Masud	✓	1	1	✓	1	1			
Mr. Asim M. Khan	✓	1	1	✓	1	1			
Mr. Sajid Zahid	✓	1	1						
Mr. Saquib H. Shirazi	✓	1	1						
Mr. Javed Akbar	✓	1	1	✓	1	1			
Mr. Saeedullah Shah [2]	✓	12	12	✓	7	5			
Mr. Mohsin Aziz	✓	1	1						
Mr. Zain Magsi	✓	1	1						
Mr. Waqar A. Malik [2]	✓	11	11	✓	6	6	✓	7	6
Mr. Osman Khalid Waheed [2 & 4]	✓	4	2				✓	4	1
Mr. Nadeem Mumtaz Qureshi [2]	✓	11	10	✓	6	6	✓	7	5
Mr. Imtiaz Hussain Zaidi [2]	✓	11	9				✓	7	6
Mr. Shahbaz Yasin Malik [2]	✓	11	7	✓	6	4	✓	7	6
Mr. M. Ashraf Iqbal Baluch [2]	✓	11	11						
Mr. Asif Baigmohamed [2]	✓	11	10	✓	6	6		1	1
Mr. Aftab Nabi [2]	✓	11	11						
Mr. Syed Wamiq Bokhari [3]	✓	4	4	✓	1	1	✓	2	2

Notes:

1. Held during the period concerned Director was on the Board
2. Elected in the EGM held on 16 September 2014.
3. Appointed as MD in March 2015 in place of Mr. Arshad Mirza.
4. Resigned from Board in January 2015.

Attendance of Board and Committee Meetings

	Board Procurement Committee			Board Enterprise Risk Committee			Board Audit Committee			Board Nomination Committee		
	Members	Meetings [1]	Attendance	Members	Meetings [1]	Attendance	Members	Meetings [1]	Attendance	Members	Meetings [1]	Attendance
Mr. Arshad Mirza [2]	✓	4	4	✓	2	2						
Mr. Javed Masud	✓	2	2				✓	1	1			
Mr. Asim M. Khan	✓	2	2				✓	1	1			
Mr. Sajid Zahid												
Mr. Saquib H. Shirazi												
Mr. Javed Akbar	✓	2	2				✓	1	1			
Mr. Saeedullah Shah [2]	✓	4	3				✓	4	4			
Mr. Mohsin Aziz												
Mr. Zain Magsi							✓	1	0			
Mr. Waqar A. Malik [2]								1	1			
Mr. Osman Khalid Waheed [2 & 4]				✓	1	0	✓	3	0			
Mr. Nadeem Mumtaz Qureshi [2]	✓	2	2				✓	4	4			
Mr. Imtiaz Hussain Zaidi [2]	✓	2	2							✓	1	1
Mr. Shahbaz Yasin Malik [2]										✓	1	0
Mr. M. Ashraf Iqbal Baluch [2]				✓	2	2	✓	4	4	✓	1	1
Mr. Asif Baigmohamed [2]	✓	2	2	✓	2	2		1	1			
Mr. Aftab Nabi [2]	✓	2	2	✓	2	2	✓	4	4	✓	1	1
Mr. Syed Wamiq Bokhari [3]	✓	1	1	✓	1	1						

Management Team

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

The Management Team discusses management issues in broad spectrum and formulates policies on short term / long term basis. The Team is responsible for devising strategies, reviewing key operational aspects, making operational and investment decisions, bringing about improvements to policies and procedures, allocating resources, planning and monitoring the implementation of decisions.

Mr. Syed Wamiq Bokhari
Chief Executive Officer / Managing Director

Mr. Moin Raza Khan
Chief Operating Officer / Deputy Managing Director, Exploration & Business Development

Mr. Syed Kaleem Akhtar
Deputy Managing Director, Assets Operations

Dr. Fareed Iqbal Siddiqui
Acting Deputy Managing Director, Technical Services

Mr. Kamran Wahab Khan
Chief Financial Officer

Mr. Masroor Ahmad
General Manager Human Resources

Mr. Sultan Maqsood
General Manager Corporate Services

Mr. Anwar Hussain Mirza
General Manager Information Technology

Mr. Hayat Ahmad
General Manager Exploration (Frontier)

Mr. Javed Siddiqui
General Manager
Kandhkot

Mr. Ghulam Farooq
Maniar
General Manager Projects

Mr. Abdul Wahid
Country Manager Iraq

Mr. Arshad Siddiqui
General Manager
Internal Audit

Mr. Mohammad Saleem Jandula
General Manager
Partner-Operated Assets

Mr. Zafar Iqbal Kahara
General Manager Adhi

Mr. Khalid Raza
Acting General Manager
Hala/ Gambat South/
Mazarani

Mr. Syed Ehtesham
Ahmad
General Manager Finance

Mr. Rafiq Vohra
General Manager Sui

Ms. Danish Zuberi
Legal Counsel &
Company Secretary

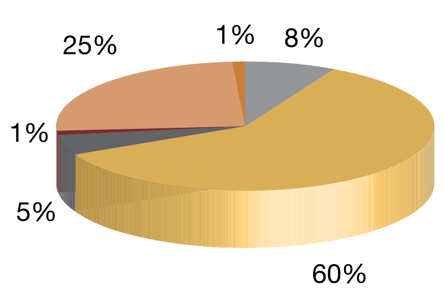
Statement of Value Addition

	2014-15 Rs million	%	2013-14 Rs million	%
Gross Revenue (including GDS, GIDC, Excise Duty and Sales Tax)	131,163	119	142,960	107
Less: Operating and Exploration Expenses	(22,870)	(21)	(15,780)	(12)
	108,293	98	127,180	95
Add: Income from Financial Assets	6,542	6	6,050	5
Other Income	1,027	1	331	-
Less: Other Expenses	(5,364)	(5)	(181)	-
Total Value Added	110,498	100	133,380	100
DISTRIBUTED AS FOLLOWS:				
Employees' Remuneration and Benefits	8,754	8	7,339	6
Government as:				
Company Taxation	14,916	14	23,129	17
Levies (including GDS, GIDC, Excise Duty and Sales Tax)	26,786	24	23,149	17
Royalties	12,213	11	14,301	10
Workers' Profit Participation Funds	2,587	2	3,922	3
Dividend **	11,314	10	16,989	13
	67,816	61	81,490	60
To Shareholders other than the Government as:				
Dividend **	5,445	5	7,658	6
To Society				
Donations	115	*	102	*
Social Welfare/ Community Development	597	1	694	1
Free Gas Supply	378	*	430	*
	1,090	1	1,226	1
Retained in Business:				
Depreciation	4,178	4	3,479	3
Amortisation	5,167	4	4,992	4
Net Earnings	17,494	16	26,770	20
	26,839	24	35,241	27
Financial Charges:	554	1	426	*
	110,498	100	133,380	100

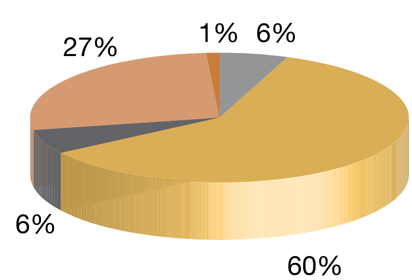
* Negligible

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

Value Added FY 2014-15



Value Added FY 2013-14



- Employees Remuneration & Benefits
- Government
- Shareholders other than the government
- Retained in Business
- Financial Charges
- Society

Global Compact

PPL takes pride in being the signatory of the United Nations Global Compact (UNGC), which was developed in the year 2000 as an initiative to provide a human face to the global market and is aligned with United Nation's efforts, with particular reference to Millennium Development Goals.

With over 12,000 corporate participants and other stakeholders, including business and civil society from over 145 countries, UNGC provides a leadership platform for participants to strengthen their commitment to sustainability and corporate citizenship. UNGC binds all participating organizations to share initiatives compliant with UNGC's ten principles, focusing on human rights, enabling working conditions for employees, environmental conservation and transparency.

PPL stands committed to UNGC principles of sustaining good governance practices, include sustainable socio-economic development of disadvantaged communities, environmental conservation and high standards of health and safety as well as human resource development.

Being a frontline E&P Company, PPL has executed many initiatives through its Corporate Social Responsibility Programme, focusing on healthcare, education, livelihood generation, infrastructure development and post disaster relief and rehabilitation for marginalized communities within and beyond its operational areas.

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, minimization 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, gender, 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 recognizes 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.

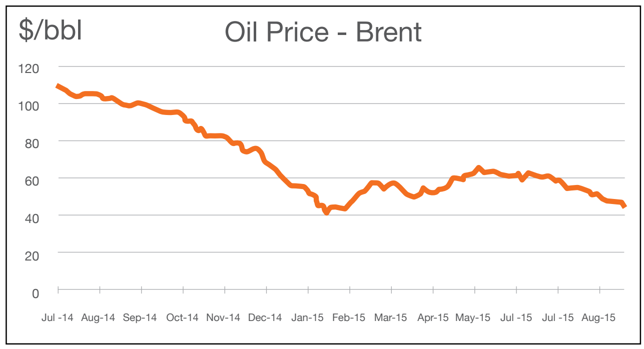
Chairman's Review

Earlier this year Syed Wamiq Bokhari took over as Chief Executive Officer (CEO) of the Company. Mr. Bokhari was chosen by the Board from a list of seven shortlisted candidates, selected through a multi stage process, advertised nationally and internationally. I welcome him on behalf of the Board.

The Board deeply appreciates the efforts of the outgoing CEO, Mr. Arshad Mirza. During Mr. Mirza's tenure, the Company witnessed four oil and gas discoveries in the operated areas. Mr. Mirza remains part of the current Board, and will continue to provide his valuable expertise.

Mr. Osman Khalid Waheed, one of the elected directors, resigned from the Board this year due to personal reasons. I also thank him for his contribution during his term in office.

This was a tough year for the oil and gas sector. There are few instances, in recent times, for such a rapid and dramatic change in the business environment. In the space of a few months, oil prices went from a high of more than $109 per barrel, to a low of $59 per barrel at 30 June 2015, with further decline witnessed post year end ($46 per barrel at 20th August 2015).



The changing business environment necessitates critical self-examination. The Board along with the Management has been working on a new strategy, which is expected to be finalised soon.

The previous strategy was successful in increasing the exploration portfolio of the Company; whereby 11 new blocks were added in the last bidding round. In order to safeguard Company's long term interests, the new strategy will focus on core operations and ensure that the exploration activity momentum is accelerated. It will further be ensured that our business model has the right fundamentals in place to manage our risks and help us deliver our strategy. Going forward it will be vital that the Company remains flexible in the manner in which it approaches business, by implementing operational efficiencies, enabling to deliver shareholder value on sustainable basis.

During the year, the directors have been focused on strengthening governance in order to promote transparency, accountability and anti-corruption. The terms of references of the Board Committees were updated with the aim to strengthen their working parameters. The board meeting procedures were also strengthened, with the Chief Financial Officer's presence in Board meetings made mandatory.

This year, the Whistle Blowing Policy (WBP) was revamped. In order to ensure its operational effectiveness, the revised WBP lays stronger emphasis on whistleblower protection. During rollout of the new WBP it was ensured that every employee was aware about its purpose and benefits. A comprehensive review of all other policies of the Company is underway to ensure they remain effective, under the changing business environment. Additionally, a detailed IT systems review is also underway, not just from controls perspective, but also to ensure operational efficiencies are built in, wherever lacking.

For the first time in Company's history, pay for performance policy has been built into the CEO's employment contract. Variable pay, based on performance, will help to align employees' actions with the interests of the Company and its shareholders by giving employees a stake in the Company's success and will help to attract retain and promote top talent. This compensation policy is also expected to be extended throughout the organisation coupled with sharper focus on succession planning cycle.

I am pleased to inform that the Board and its committees each comprise majority independent directors; this ensures that decisions are taken without external influence and in the best commercial interest of the Company. During the year, corporate governance training course was attended by all board members, with the purpose to clearly understand the role and responsibilities of directorship. The annual Board performance evaluation is also underway; results of which will be deliberated by the Board with concentration on improvement areas.

Finally, I would like to convey my gratitude for the assistance and cooperation extended by the Government of Pakistan and the provincial Governments in respect of matters connected with the Company's business. I would also like to express my appreciation to the Management and employees of the Company who have contributed in attaining the objectives of the Company so far.

(WAQAR A. MALIK)
CHAIRMAN
Karachi
24 August 2015

Managing Director's Outlook

Having recently joined Pakistan Petroleum Limited as Managing Director and Chief Executive Officer, it gives me pleasure to initiate interface with the Company's shareholders.

As a leading producer of natural gas and as a public sector company, PPL has a heavy mandate to deliver in a scenario where total gas demand stands at some 8 Bcfd against total supply of 4 Bcfd. In order to bridge this gap, we are striving to optimize production and reserves replacement by drilling more wells and fast tracking development of new fields as well as enhancing production from mature assets. As this entails considerable investment, the Company is proactively seeking strategic partnerships to not only curtail risk but also enhance its knowledge base.

When oil prices fall, there is a tendency to pull back business operations. However, companies such as PPL, that have the ability to remain profitable even at low price levels, should take this challenge as an opportunity and continue to invest. This contention is premised on our business cycle, where production often starts seven to eight years after investment, giving ample time for oil prices to rebound as historically evident.

Inasmuch as an efficient management system is directly linked to performance, we have recently restructured the Company from a functional matrix to an asset-based hybrid. With clear responsibility and accountability lines in tandem with integrated teams operating across a flatter organization, the restructuring is expected to bring further focus, facilitate delivery of ambitious business targets besides enabling staff development.

PPL remains committed to its core values. This includes good governance aligned with international best practices, strict compliance with quality, health, safety and environmental standards and socially responsible corporate citizenship to fuel sustainable well-being of less privileged communities.

The Company's accelerated exploration efforts in the recent past have already started to give results. During fiscal year 2014-15, PPL drilled nine exploratory wells in Company-operated areas and made four hydrocarbon discoveries. This success was supplemented by two more discoveries in partner-operated blocks, totalling six discoveries during the year.

I am pleased to report that the Company's directors have recommended a final cash dividend on ordinary shares @ 40% to shareholders.

Finally, I would like to say that we would not be able to achieve such a performance without a capable and knowledgeable workforce. My sincere appreciation to all employees, whose high professional standards, commitment and perseverance have played a key role in making this possible.

(SYED WAMIQ BOKHARI)
MANAGING DIRECTOR
Karachi
24 August 2015

Directors' Report

Your directors are pleased to present the Annual Report and the Audited Financial Statements of the Company for the year ended 30 June, 2015 together with the Auditors' Report thereon.

COMPANY OVERVIEW

Pakistan Petroleum Limited was incorporated in 1950 as a public limited company. The pioneer of the natural gas industry in the Country, PPL has been a frontline player in the energy sector, mainly conducting exploration, prospecting, development and production of oil & 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 Liquid and Liquefied Petroleum Gas.

CORPORATE RESTRUCTURING

The Company has recently changed from a conventional functional organisational setup to a hybrid asset based organisational structure in line with current industry practices. The change has been brought about to pool-in multi-disciplinary expertise and resources to focus on the Company's exploration and production assets.

The new set-up has four Directorates; Assets Operations, Exploration and Business Development, Technical Services and Finance & Planning. Bringing in clearer responsibility and greater accountability, the new set-up with dedicated and integrated teams within a flatter structure will enable staff development and provide career growth opportunities.

OPERATIONAL AND FINANCIAL OVERVIEW

Operational Highlights

The key operational highlights for the year ended 30 June 2015 are as follows:

Discoveries

Six discoveries were made by the Company during the year, four in PPL operated areas and two in partner operated areas, detailed as follows:

- Three discoveries of hydrocarbons in PPL operated Gambat South Block from exploratory wells Sharf X-1, Kinza X-1 and Faiz X-1.
- One discovery of hydrocarbons in PPL operated Hala Block from exploratory well Adam West X-1.
- One discovery of hydrocarbons in partner operated Tal Block from exploratory well Mardan Khel-1.
- One discovery of hydrocarbons in partner operated Kirthar Block from exploratory well Rizq-1.

Extension of Sui Mining Lease

The GoP accorded permission to the Company to continue producing under the Sui Mining Lease for a further period of one year upto 31 May 2016. The management is confident that the Company will be allowed further extension in order to continue production from the Sui Mining Lease.

First Gas

First gas from Gambat South Field was achieved in March 2015, through Kinza X-1 well after successful commissioning of re-located Chachar Plant.

First gas from Adam West X-1 discovery from Hala Block was achieved in June 2015, through existing Adam plant.

Seismic Activities

In PPL operated blocks, 2D and 3D seismic acquisition of 1,698 Line Kms and 1,985- Sq. Kms, respectively, were carried out during the year, which represents increase of 346% and 270%, respectively, over the corresponding year.

Drilling Activities

In PPL operated areas, nine exploratory wells and four development wells were drilled during the year 2014-15, as compared to nine exploratory wells and three development wells drilled in the year 2013-14.

FINANCIAL OVERVIEW

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

	2014-15 Rs Million	2013-14 Rs Million
Profit before Taxation	49,169.827	74,546.759
Taxation	14,916.376	23,129.381
Profit after Taxation	34,253.451	51,417.378
Unappropriated profit as at 1 July, 2014/2013	109,355.000	90,078.175
	143,608.451	141,495.553
Appropriations during the year		
– Transfer to Insurance Reserve	(5,000.000)	(5,000.000)
– Transfer to Assets Acquisition Reserve	(5,000.000)	(5,000.000)
– Final dividend for the year 2013-14 on Ordinary shares @ 75% (2012-13: 55%)	(14,787.878)	(9,037.037)
– Interim dividend for the year 2014-15 on Ordinary and Convertible Preference shares @ 45% (2013-14: 50%) and 30% (2013-14: 30%), respectively	(8,872.764)	(9,858.620)
– Issuance of Bonus shares @ nil (2012-13: 20%)	-	(3,286.193)
– Other Comprehensive Income (re-measurement gains & losses)	(552.951)	41.297
Balance as at 30 June, 2015/2014	109,394.858	109,355.000
Subsequent Effects		
The Board of Directors of the Company in their meeting held on 24 August, 2015 have proposed the following:		
– Transfer to Insurance Reserve	-	5,000.000
– Transfer to Assets Acquisition Reserve	-	5,000.000
– Final dividend on Ordinary shares @ 40% (2013-14: Ordinary shares 75%)	7,886.868	14,787.878
	7,886.868	24,787.878

Directors' Report

Sales

Sales revenue has decreased by Rs 15,434 million during the current year as compared to the corresponding year. Negative variances on account of crude oil price and exchange rate amounting to Rs 20,139 million and Rs 2,347 million, respectively, were partially offset by positive volume variance of Rs 7,052 million. Positive volume variance is attributable to the combined effect of 16% increase in oil sales volumes, 107% increase in LPG sales volumes and 4% decrease in gas sales volumes.

Surge in oil sales volumes is mainly due to major increase in Tal and Nashpa fields and commencement of oil production from Ghauri discovery. Gas sales volumes have decreased in Sui, Mazarani, Qadirpur, Sawan, Tal, Gambat, Chachar and Sukhpur fields, which were partially offset by increases in volumes from Kandhkot, Adhi, Miano, Nashpa, Latif and Hala fields. LPG sales have risen primarily due to commencement of production from Tal field in February 2014.

Negative price variance of Rs 22,486 million is due to significant decline in prices of Company's products. Majority of the decrease i.e. Rs 20,139 million pertains to the decline in average crude oil price from US$ 108.32 / BBL during the corresponding year to US$ 70.21 / BBL during the current year. The remaining variance of Rs 2,347 million has arisen due to appreciation of Pak Rupee from Rs 102.09 / US$ during the corresponding year to Rs 100.54 / US$ during the current year.

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

	Unit	Year Ended 30 June 2015	Year Ended 30 June 2014
Natural Gas	MMCF	265,918	277,298
Crude Oil/ NGL / Condensate	BBL	5,434,377	4,691,613
LPG	Tonnes	57,699	27,933

Profitability

The Earnings per Share (EPS) of the Company for the year stood at Rs 17.37 against EPS of Rs 26.08 for 2013-14. In addition to decline in sales revenue, profitability of the Company has also decreased, mainly due to increase in field expenditures by Rs 9,242 million, which is 28% higher as compared to the corresponding year. The primary reason for increase in field expenditures is due to increase in seismic activity in PPL operated blocks, namely, Zamzama South, Tal, Hala, Naushahro Firoz, Kalat, Khipro East, Kharan, Kotri, Malir, Karsal, Shah Bandar and Nausherwani and higher depreciation/ amortisation cost on capitalisation of Makori Gas Processing Facility, Vibration and UCP Panels at Sui and several well costs.

Profitability was further reduced as a result of impairment loss of Rs 5,353 million recognised by the Company on its investment in PPL Europe E&P Limited. The main reasons for the impairment are significant reduction in international crude oil prices, downward revision in hydrocarbon resource estimates as a result of further exploratory data, increase in pre-tax discount rate and deterioration in security situation in sensitive exploratory areas. Further details are given in notes 6.2 and 6.1 to the unconsolidated and consolidated financial statements, respectively.

Liquidity Management and Cash Flow Strategy

The Company's cash and cash equivalents were increased by Rs 1.096 billion 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. 22.72 billion.

Detailed financial projections are prepared and regularly updated 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 the investment portfolio of the Company is secured and well diversified. The Company also has an Investment Committee, which extensively reviews the existing and new investments made by the Company.

Current cash requirements are adequately financed through internal cash generation without recourse to external financing. However, the Company has substantial borrowing capacity to meet its future cash requirements.

DIVIDENDS

The Directors have recommended a final cash dividend on Ordinary shares at 40% (2013-14: 75%). This is in addition to an interim dividend of 45% (2013-14: 50%) on Ordinary Shares and 30% (2013-14: 30%) on convertible preference shares already paid to the shareholders.

CORPORATE STRATEGY AND FOCUS AREAS

The Corporate Strategy of the Company is being reviewed by the Board in order to enhance exploration and drilling activities and to optimise production.

EXPLORATION

PPL has an aggressive exploration programme geared to optimise production and replenish reserves. The Company has invested in acquiring and utilising state-of-the-art integrated technology available with top of the line service providers, and enhancing human resource competencies to achieve desired outputs and minimise risks through coordinated teamwork and strategic partnerships with local and international Exploration and Production (E&P) companies.

PPL currently holds working interest in 47 exploration licences, out of which 27 are PPL-operated blocks including one in Iraq. PPL also holds working interest in 20 partner operated exploration licences with reputable multinational and local companies, including three off-shore blocks in Pakistan and two blocks in Yemen.

PPL's seismic and drilling operations in its operated areas have significantly increased after addition of blocks acquired during 2009 and 2013 bid rounds. So far, cumulative 5,283 LKm 2D & 5,199 Sq Km 3D seismic data have been acquired during the last four years. PPL has drilled 18 exploratory wells during last two years including 9 wells in 2014-15, which is a record for PPL's drilling operations.

In addition to the completion of work program in various exploration assets, the exploration activities are moving on a fast-track basis to achieve the desired results within the committed time. A detailed exploration program is in place with timelines for different activities and key objectives to be achieved on yearly basis. The Company has recently adopted an asset based organisational setup to address the need for expedited and focused exploration efforts.

PPL OPERATED EXPLORATION ASSETS

BLOCK 2568-13 (HALA) (PPL SHARE 65%) PPL / MPCL JOINT VENTURE

Third exploratory well Adam West X-1 was spud in May 2014 and drilled to TD of 4,057m in Lower Goru Massive Sands. During testing, well flowed 20 MMscfd Gas and 27 BPD Condensate from Massive Sands. Well was completed as Gas & Condensate producer and rig released on 17 September, 2014.

Fourth exploratory well Fazl X-1 was spud in May 2015 and drilled to TD of 4,067m in Lower Goru Massive Sands. Currently, preparations are underway to test the prospective zones in Lower Goru Massive Sands.

180 Sq Km 3D seismic data has been acquired in the northwestern part of the block to evaluate the prospectivity of the remaining block. Currently, processing of acquired 3D seismic data is in progress.

The GoP has granted one year extension in Phase-II of the EL up to 10 December, 2015.

BLOCK 2969-8 (BARKHAN) (PPL SHARE 35%) PPL / PPLE/ OMV JOINT VENTURE

Drilling of second exploratory well Miriwah East X-1 is planned subject to grant of land by the Government of Balochistan for the construction of well site / access road.

The Company is continuously making efforts to obtain NOC from Government of Balochistan.

The GoP has granted one year extension in the 2nd licence year of the EL w.e.f. 1 July, 2015.

BLOCK 2766-1 (KHUZDAR) (PPL SHARE 65%) PPL / ENI JOINT VENTURE

First exploratory well Karkh X-1 was spud in June 2014 and drilled to TD of 3,010m in Wulgai Formation (Triassic). Due to discouraging test results, the well was plugged and abandoned as dry hole.

Unlocking
POTENTIAL

Directors' Report

The GoP had granted four months extension in Phase-II of the EL, until 8 August, 2015. A further extension of four months is under consideration of the GoP.

BLOCK 2866-2 (KALAT) (PPL SHARE 35%) PPL / ENI / OMV JOINT VENTURE

2D seismic survey of 100 LKm was completed in May, 2015 and processing of data is in progress. Geological field work was also carried out during the seismic survey.

The GoP has granted one year extension in 3rd licence year up to 21 September, 2015.

The GoP approval for Assignment of Eni's 25% share to PPL is awaited. After approval by the GoP, PPL's share would increase to 60%.

BLOCK 2568-18 (GAMBAT SOUTH) (PPL SHARE 65%) PPL / GHPL / AROL JOINT VENTURE

Processing of newly acquired 702 Sq Km 3D seismic data has been completed. Based on interpretation / mapping of seismic data, a number of potential prospects have been identified for drilling of exploration wells. Integrated Sequence Stratigraphic Study was completed and results were incorporated in evaluating the prospectivity of the block.

Fourth exploratory well Sharf X-1 was spud in April, 2014 and drilled to TD of 3,730m in Lower Goru Massive Sands. During testing, well flowed 42 MMscfd Gas and 199 BPD Condensate from Massive Sand. Well was completed as Gas & Condensate producer.

Fifth exploratory well Umran X-1 was spud in May, 2014 and drilled to TD of 2,500m in Lower Goru Upper Sands Lower Shale. Due to discouraging results, the well was plugged and abandoned as dry hole.

Sixth exploratory well Kinza X-1 was spud in July 2014 and drilled to TD of 3,695m in Lower Goru Massive Sands. During testing, well flowed 12 MMscfd Gas and 52 BPD Condensate from Massive Sand. Well was completed as Gas & Condensate producer.

Seventh exploratory well Faiz X-1 was spud in October 2014 and drilled to TD of 3,564m in Lower Goru Massive Sands. During testing, well flowed 2,100 BPD Condensate and 11 MMscfd Gas from Lower Goru Basal Sands, while Massive Sand flowed 8.5 MMscfd Gas and 115 BPD Condensate. The well was completed as Gas & Condensate producer.

Eighth exploratory / appraisal well Nasr X-1 was spud in February 2015 and drilled to TD of 3,520m in Lower Goru Massive Sands. During testing, well flowed 44 MMscfd Gas and 201 BPD Condensate from Massive Sand. Well was completed as Gas & Condensate producer.

Ninth exploratory well Kabir X-1 was spud in April 2015 and drilled to TD of 4,020m in Chiltan Formation. Currently, well testing is in progress.

In-house G&G evaluation and remaining block prospectivity evaluation is in progress. Plan is to drill additional exploratory and appraisal wells in the block.

The GoP has granted one year extension in 3rd licence year up to 23 December, 2015.

BLOCK 2467-12 (JUNGSHAHI) (PPL SHARE 100%)

First exploratory well Nooriabad X-1 was spud in June 2015, with planned TD of 2,633m in Pab Formation. Currently drilling below 1,050m is in progress.

The GoP has granted nine months extension in 3rd licence year up to 23 December, 2015.

BLOCK 2763-3, 2764-4, 2763-4 (KHARAN, KHARAN EAST, KHARAN WEST) (PPL SHARE 100%)

Additional 250 LKm 2D seismic data was acquired to firm-up the identified leads into drillable prospects. Based on its interpretation / mapping, location of first exploration well has been finalised and preparations are underway to spud-in the well by December 2015.

The GoP has granted eighteen months extension in 3rd licence year of Kharan and Kharan East blocks up to 20 July, 2015 and up to 15 August, 2015 for Kharan West Block. The Applications for entry into Phase-II of Kharan EL and 18 months extension in Kharan East and Kharan West blocks are under consideration of the GoP.

BLOCK 3371-15 (DHOK SULTAN) (PPL SHARE 75%) PPL / GHPL JOINT VENTURE

First exploratory well Dhok Sultan X-1 was spud in December 2014, with planned TD of 5,974m in the Jurassic Datta Formation. Currently drilling below 5,191m is in progress.

The GoP has granted one year extension in 3rd licence year up to 15 February, 2016.

BLOCK 2468-12 (KOTRI) (PPL SHARE 100%)

Based on interpretation / mapping of 3D seismic data of 426 Sq Km, two prospects have been matured for drilling of exploration wells and preparations are underway to spud-in the wells by January and August 2016, respectively.

The Block has entered into Phase-II of EL w.e.f. 29 April, 2015.

BLOCK 2568-21 (KOTRI NORTH) (PPL SHARE 90%) PPL / AROL JOINT VENTURE

First exploratory well Kotri North X-1 was spud in February 2015 and drilled to TD of 3,650m inside Chiltan Formation. The well was temporarily suspended for evaluation and its core data is being sent to USA for detailed analysis.

Drilling of 2nd exploratory well Petaro X-1, has been delayed due to difficulties being faced in land acquisition. Efforts are being made to resolve the matter and spud the well at the earliest.

The GoP has granted 10 months extension in Phase-I of the EL up to April 29, 2016.

BLOCK 2468-10 (SIRANI) (PPL SHARE 75%) PPL / GHPL JOINT VENTURE

Second exploratory well Shadab X-1 was spud in March 2015 and drilled to TD of 1,291m inside Upper Shale, Lower Goru Formation. Due to discouraging results, the well was plugged and abandoned as dry hole.

The Block has entered into Phase-II of the EL w.e.f. 29 June, 2014.

BLOCK 2668-9 (NAUSHAHRO FIROZ) (PPL SHARE 90%) PPL / AROL JOINT VENTURE

To appraise the Naushahro Firoz X-1 Tight Gas discovery and identify additional prospects for drilling of exploratory wells, a total of 855 Sq Km 3D seismic data has been acquired and its processing is in progress.

Second exploration well Gohar X-1 was spud in June 2014 and drilled to TD of 1,629m in Upper Ranikot Formation. Due to discouraging results, the well was plugged and abandoned as dry hole.

Workover operations at Naushahro Firoz X-1 commenced in March, 2015. Successful fracturing was carried out in Chiltan Limestone and post fracturing evaluation is in progress.

The application for twelve months extension in the 3rd licence year up to 3 June 2016, is under the consideration of the GoP.

BLOCK 2667-11 (ZAMZAMA SOUTH) (PPL SHARE 100%)

3D seismic acquisition and processing of 362 Sq Km have been completed and its interpretation is in progress to evaluate the potential of stratigraphic trap in the Block.

Application for additional area of 156.6 Sq Km contiguous to the Block boundary is under consideration of the GoP, after its clearance by Ministry of Defense.

The application for eighteen months extension in the 3rd licence year up to 2 December, 2015, is under the consideration of the GoP.

BLOCK 3270-7 (ZINDAN) (PPL SHARE 35%) PPL / MPCL / GHPL / SAITA JOINT VENTURE

Construction of access road / well site for first exploratory well Lakki X-1 is in progress and well is expected to spud in by September 2015.

The GoP has granted one year extension in the 3rd licence year up to 15 February, 2016.

BLOCK 3372-23 (HISAL) (PPL SHARE 100%)

To acquire the 565 LKm 2D seismic data, seismic crew was mobilised in August, 2014. Due to non-issuance of security clearance from the Ministry of Defense (MoD), the seismic crew was demobilised. The Company is continuously making efforts to obtain security clearance from MoD.

BLOCK 3272-18 (KARSAL) (PPL SHARE 100%)

3D seismic acquisition of 253 Sq Km has been completed. Currently, processing of the 3D seismic data and reprocessing of vintage 2D seismic data are in progress. Geochemical study of core / ditch cutting samples of surrounding wells is in progress.

BLOCK 2870-5 (SADIQABAD) (PPL SHARE 100%)

To acquire the 475 Sq Km 3D seismic data, seismic crew commenced survey in April, 2015. The recording of seismic data is in progress. Reprocessing of 1,624 LKm 2D seismic has been carried out.

BLOCK 2467-13 (MALIR) (PPL SHARE 100%)

2D seismic survey of 446 LKm was completed in October, 2014. Processing of the data along with reprocessing of vintage 2D seismic data was also completed in July 2015. Geological Fieldwork (GFW) was carried during the seismic survey.

BLOCK 2467-16 (SHAH BANDAR) (PPL SHARE 100%)

Recording of 330 L Km 2D seismic data has been completed. Preparations are underway to acquire 400 Sq Km 3D seismic data in the eastern part of the Block for which construction of base camp is in progress.

BLOCK 2569-5 (KHIPRO EAST) (PPL SHARE 100%)

After obtaining the security clearance from Ministry of Defense, seismic crew was mobilised in May, 2015 for acquisition of 600 LKm 2D seismic data. Currently, recording of seismic data is in progress. Reprocessing of 250 LKm 2D vintage seismic data was completed, while, processing of newly acquired data has been initiated.

BLOCK 2566-6 (BELA WEST) (PPL SHARE 100%)

2D seismic data acquisition of 420 LKm started in March, 2015 and currently recording of data is in progress. Geological Fieldwork (GFW) was carried out in May, 2015 and post GFW studies are in progress.

BLOCK 2864-2 (NAUSHERWANI) (PPL SHARE 100%)

2D Seismic data acquisition and processing of 644 LKm have been completed and its interpretation / mapping is in progress. Geological Field Work was also carried out during seismic acquisition and post GFW studies are in progress.

BLOCK 2866-4 (MARGAND) (PPL SHARE 50%) PPL/ OMV JOINT VENTURE

Acquisition of 380 LKm 2D seismic was planned to commence by June 2015, however the survey was delayed till September 2015, due to security reasons.

BLOCK 2566-4 (HAB) (PPL SHARE 100%)

Contract for acquisition of 2D seismic data was awarded and survey is planned from December 2015.

Other in-house G&G studies are in progress.

PARTNER OPERATED EXPLORATION ASSETS

BLOCK 3370-3 (TAL) (PPL SHARE 30%) PPL/ MOL/ OGDCL/ POL/ GHPL JOINT VENTURE (OPERATOR: MOL)

Exploratory well Malgin-1 was spud in February 2014, and drilled to TD of 5,690m in Datta Formation. The well was plugged and suspended after testing.

Exploratory well Tolanj South-1 was spud in May 2015, with a planned TD of 5,165m in Datta Formation and currently drilling is in progress.

Exploratory well Makori Deep-1 was spud in June 2015, with a planned TD of 5,530m in Kingriali Formation and currently drilling is in progress.

Exploratory well Mardan Khel-1 was spud in on 17 September, 2014, drilled to TD of 4,912m in Datta Formation and completed as gas / condensate producer.

Interpretation and reprocessing of 94 LKm over Tolanj East and 146 LKm over Tolanj West was completed, whereas, depth processing of 547 Sq

Km 3D seismic over Tolanj area is in progress. Locations of exploratory well Tolanj West-1 and appraisal wells Mardan Khel-2 & 3 have been finalised.

BLOCK 2667-7 (KIRTHAR BLOCK), (PPL SHARE 30%) PPL / POGC JOINT VENTURE (OPERATOR – POGC)

Exploratory well Rizq-1 was spud in October 2014, and was drilled down to TD of 3,173m in Mughal Kot Formation. After successful Fracturing jobs, it was completed as gas producer.

BLOCK 3370-10 (NASHPA) (PPL SHARE 30%) PPL / GHPL / OGDCL JOINT VENTURE (OPERATOR- OGDCL)

Processing and interpretation of 350 Sq Km over Mela-Bragai has been completed and 3D PSDM processing of 350 Sq Km over Mela / Chanda is in progress. 2D seismic data acquisition & processing of 395 LKm and reprocessing of 105 LKm 2D seismic over Nashpa South, Central and Western areas have been completed.

Exploratory well Nashpa X-5 was spud in July 2014, with a planned TD of 4,890m in Datta Formation and currently drilling is in progress.

Exploratory well Shawa-01 was spud in May 2015, with a planned TD of 5,550m in Datta Formation and currently drilling is in progress.

BLOCK 2669-3 (LATIF) (PPL SHARE 33.3%) PPL / ENI / OMV JOINT VENTURE (OPERATOR- OMV)

Location of Exploratory well Latif South-1 has been finalised.

BLOCK 2668-4 (GAMBAT) (PPL SHARE 30%) PPL/ OMV/ ENI/ GHPL JOINT VENTURE (OPERATOR: OMV)

One year extension in the 3rd licence renewal was valid upto 2 April, 2015. The application for eighteen months extension up to 2 October, 2016 against the one exploration well commitment is under the consideration of the GoP.

Regional prospectivity evaluation of Lower Tertiary reservoir study has been completed. Location of exploratory well Lamwari-1 has been finalised.

BLOCK 2668-5 (SOUTH WEST MIANO-II) (PPL SHARE 33.3%) PPL / ENI / OMV JOINT VENTURE (OPERATOR: OMV)

Exploration well Jiskani-1 was spud in June 2014 and drilled down to TD of 3,756m in Chiltan Formation. Due to discouraging test results the well was plugged and abandoned.

Work-over / fracturing job of Misri Bhambro-1 tight gas has been carried out and post fracturing evaluation is in progress.

Based on discouraging results of Lower Tertiary study, block was relinquished w.e.f. 16 March, 2015, excluding the Misri Bhambro-1 TGS discovery area.

BLOCK 2366-7 (OFFSHORE INDUS-C) (PPL SHARE 40%), & BLOCK 2366-5 (OFFSHORE INDUS-N) (PPL SHARE 30%) PPL / ENI JOINT VENTURE (OPERATOR - ENI)

The exploration activities in Blocks N and C are linked with a possible synergy with Block G.

The GoP has granted two years extension in Phase-II of Blocks N and C upto 23 August, 2015 and 11 October 2015, respectively. JV has decided to apply for further two years extension in Phase-II of Blocks N and C.

BLOCK 2265-1 (OFFSHORE INDUS G) (PPL SHARE 25%) PPL / ENI / OGDCL / JOINT VENTURE (OPERATOR – ENI)

JV has decided to defer the spud-in of exploration well Kekra-1 from January 2016 to December 2016.

UEPL has surrendered its working Interest in Indus-G block and the assignment agreement for revised working interest is in progress. After conclusion of assignment agreement, PPL share would increase to 33.33%.

BLOCK 3070-13 (BASKA) (PPL SHARE 49%) PPL / ZHENHUA JOINT VENTURE (OPERATOR – ZHENHUA)

Operator is making efforts to farm-out its entire working interest along with transfer of operatorship, therefore all activities are on hold.

Directors' Report

BLOCK 2568-20 (SUKHPUR) (PPL SHARE 30%) PPL / ENI / KPBV JOINT VENTURE (OPERATOR- ENI)

JV partners are considering to drill the second exploratory well over Lundi Prospect by 1st quarter of 2016 instead of planned 3D seismic survey.

The GoP has granted twenty two months extension in the 3rd licence year up to 20 February, 2016.

BLOCK 2468-9 (JHERRUCK) (PPL SHARE 30%) PPL / NHEPL / KEC JOINT VENTURE (OPERATOR- NHEPL)

Operator has requested the GoP for an eighteen months extension in the 3rd license year upto 30 June, 2016 to complete the remaining commitment of 3D seismic acquisition and drilling of second exploratory well.

BLOCK 2568-19 (DIGRI) (PPL SHARE 25%) PPL / UEPL JOINT VENTURE (OPERATOR- UEPL)

Reprocessing and merging of 1,745 Sq Km 3D seismic data has been completed.

First exploration well Lutf-1 was spud in October 2014 and drilled to TD of 3,648m in Chiltan Formation. Based on wireline logging results, the well was suspended for further evaluation.

Second exploration well Nihal-1 was spud in May 2015 and drilled to TD of 1,190m in Upper Shale, Lower Goru. Currently, the well is suspended for further evaluation.

Application for entering into Phase-II of EL w.e.f. 01 March, 2015 is under consideration of the GoP.

BLOCK 3273-3 (GHAURI) (PPL SHARE 35%) PPL / MPCL / MOL JOINT VENTURE (OPERATOR – MPCL)

Reprocessing / interpretation of 320 LKm vintage seismic has been completed and depth processing of 16 km over Bosky structure is in progress. Seismic crew was mobilised in May 2015 to acquire 380 Sq Km 3D seismic over Ghauri, Ghauri sub-thrust and Harno structures. Recording of data is expected to commence in August 2015. Geochemical study is in progress.

BLOCK 2467-14 (JATI) (PPL SHARE 25%) PPL / KPBV JOINT VENTURE (OPERATOR- KPBV)

First exploratory well Jhim-1 was spud in May 2015 and drilled to TD of 3,515m in Massive Sands, Lower Goru Formation. Due to discouraging results, the well was plugged and abandoned as dry hole.

Preparations are underway to spud-in the second exploration well Kundan-1 by October, 2015.

BLOCK 2867-5 (KUHAN) (PPL SHARE 50%) PPL/ OMV / GHPL JOINT VENTURE (OPERATOR- OMV)

Evaluation of purchased vintage G&G data has been completed. Contract has been awarded for acquisition of 380 LKm 2D seismic data. Survey is expected to be started by December 2015.

As per Article 5.1 of Kuhan PCA, the working interest owners shall offer 2.5% working interest to GHPL and PHC. Farm-out agreement for the same has been executed in March 2015. However, GoP's approval is awaited. Once the approval is granted, PPL's share would decrease to 48.75%.

PRODUCING ASSETS AND DEVELOPMENT

PPL operates seven producing fields namely; Sui, Kandhkot, Adhi, Mazarani, Chachar, Hala and Gambat South and has working interest in ten other partner operated producing fields. Through these assets, the Company strives to play its role in meeting energy requirements of a large number of domestic, industrial and other consumers. The Company is focused on enhancing production from operated and partner operated fields by deploying the latest technology.

Daily gas production potential from PPL and partner operated fields stands at around 825 million cubic feet (MMcf) per day. The Company's major clients comprise Sui Southern Gas Company Limited (SSGCL), Sui Northern Gas Pipelines Limited (SNGPL), Central Power Generation Company Limited (GENCO-II) and Attock Refinery Limited (ARL).

Following is a comparison of current year's production with the previous year from PPL's 100% owned fields and its share from all operated and partner-operated joint ventures:

	2014-15	2013-14
Natural gas (Million cubic feet)	301,302	311,719
Crude Oil/NGL/Condensate (Thousand barrels)	5,482	4,686
LPG (Tonnes)	57,982	27,343

Production during the period under review, including share from joint ventures, averaged at around 825 MMscfd of gas, 15,020 bpd of oil/ NGL / condensate and 159 tonnes of LPG per day.

PPL OPERATED PRODUCING ASSETS

SUI GAS FIELD (100% PPL)

Gas supply from Sui Gas Field remained satisfactory throughout the year with exception of the three days when SML production remained suspended following the Purification Plant fire incident in December 2014. Throughout the year the focus remained to arrest the Sui field decline and optimise production by well intervention jobs. Number of initiatives including well workover and acid jobs were undertaken to improve the Sui Field production. The cumulative volume of gas sales during the year was 130,956 MMscf against 137,291 MMscf last year.

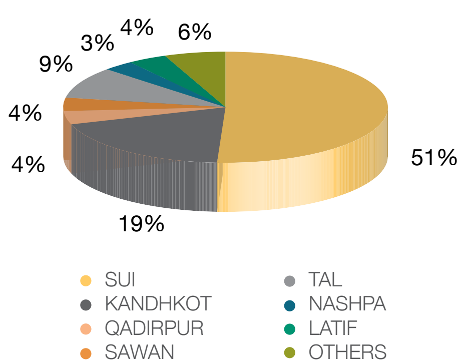
Following are the significant events and activities relating to the Sui Gas Field during the year:

- The GoP accorded permission to the Company to continue producing under the Sui Mining Lease upto 31 May 2016. The Management is confident that the Company will be allowed to continue to operate and produce after the expiry of the aforestated period.
- Revamping of SFGCS compressor's bundles is underway and two units have already been completed out of a total of seven. Revamping activities are expected to be completed by March 2016.
- Sui HRL started production in June 2015.
- Well Sui-83(U) was commissioned in February 2015, after workover with average production of 6.7 MMscfd.
- Well Sui 24(U/M) workover was successfully completed in July 2015. Well to be tested and commissioned shortly.
- Acid campaign was carried out on 17 SML wells from October 2014 to December 2014. As a result a production gain of 22 MMscfd was achieved. A second acid campaign was carried out on 12 SML wells till June 2015, with production gain of 7 MMscfd.
- BHP survey was carried out on 11 SUL and 4 SML Sui wells in August 2014.
- PBU campaign was carried out on 1 SUL and 5 SML wells in September 2014 followed by 2nd PBU campaign of 15 SML wells in April 2015.
- Fill removal, perforation and acid stimulation was carried out on 6 Sui wells, which helped in increase gas rate around 8 MMscfd.
- Rehabilitation work was successfully completed at Sui Purification Plant after the December 2014 fire incident.

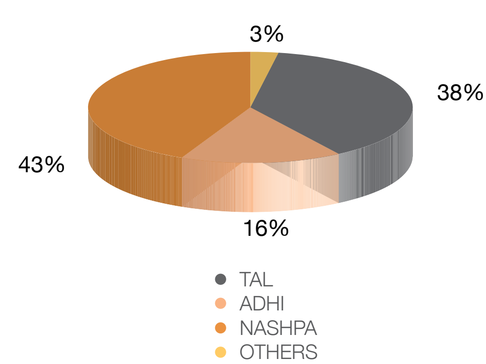
KANDHKOT GAS FIELD (100% PPL)

Gas from Kandhkot Gas Field is supplied to

Fieldwise Production of Natural Gas 2014-15



Fieldwise Production of Oil/ NGL/ LPG 2014-15



Directors' Report

GENCO-II directly as well as through SNGPL for consumption at Guddu Thermal Power Station (GTPS). A nominal quantity of gas is also supplied to SSGCL for Kandhkot Town. Gas sales from the field were maintained throughout the year according to customer's demand. The total volume of gas sales during the year was 56,489 MMscf against 55,060 MMscf last year.

Kandhkot Field's supply capacity remained underutilised and below field production potential of 73,000 MMscf due to persistent lower offtakes by GENCO-II until May 2015. However, following commissioning of 747 MW turbine by GENCO-II with installation of booster compressors by Engro in May 2015, the gas sales to GTPS increased and are generally in the order of 185 MMscfd. 150 MMscfd out of 200 MMCFD allocation to GTPS has expired in May 2013. The management has requested the GoP for revalidation of the expired allocation, which is under approval.

Drilling of horizontal development well KDT-32(M) and re-perforation of well KDT-19(M) were carried out during the year to maintain production from the field. In order to improve handling of produced water, installation and commissioning of Liquid Handling System at Dehydration Plant is in progress.

ADHI FIELD (PPL SHARE 39%)
PPL / OGDCL / POL JOINT VENTURE

Current year's total sales volumes from Adhi field compared with the previous year are as follows:

	2014-15	2013-14
Natural gas (Million cubic feet)	14,405	12,888
NGL/Crude Oil (Thousand barrels)	2,250	2,258
LPG (Tonnes)	56,066	50,777

A total of fifteen wells are in production at Adhi Field. Two wells are producing Crude oil from Sakesar formation and the remaining are Tobra / Khewra wells producing Oil, NGL and Gas. LPG is also extracted from the Plant feed and sold to customers.

Processing Facilities are operating at optimum capacities after production of new hydraulically fractured development wells Adhi-20(T/K), 21(T/K) & 22(T/K) into the system during the year.

Following major activities were performed during the year to enhance production from the field:

- EPCC Contract for installation of 30 MMscfd LPG/NGL Plant (Plant-III) was signed in December 2013. Project is in progress and the plant is expected to be completed and commissioned by September 2015.
- Development wells Adhi-20(T/K), 21(T/K) & 22(T/K) were completed and are producing into the system as per available Plant capacity.
- Development wells Adhi-24 & 23(T/K) were spud-in during the year 2014-15 and are expected to be completed by 1st & 2nd Quarter 2015-16, respectively.
- Site preparation of well Adhi 25(T/K) has been completed and well is planned to be drilled during 1st Quarter 2015-16.
- Adhi 26(T/K) well stacking has been done and drilling is planned in 2nd Quarter 2015-16.
- Workover of Adhi-18(T/K) commenced in May 2015 and work over of Adhi-13 is planned after Adhi 18(T/K).
- Concept Design /FEED Study is in progress and expected to be completed by October 2015 following by bidding for EPCC contract and Installation of Compression by 2016-17.

MAZARANI GAS FIELD (PPL SHARE 87.5%)
PPL / GHPL JOINT VENTURE

Mazarani Gas Field comprises of Gas Processing Plant and 8" dia. 75 Km long gas transmission pipeline for injection of Mazarani gas into SSGCL's Indus Right bank transmission system.

Current production is around 4 MMscfd gas and 13 Barrels per day of condensate. The field is on depletion with increase in water production.

The total volume of gas sold from Mazarani to SSGCL during current year was 1,663 MMscf due to natural depletion of reservoir as compared to 1,998 MMscf during previous year.

CHACHAR GAS FIELD (PPL SHARE 75%) PPL / GHPL JOINT VENTURE

A total of four wells have been drilled in Chachar Gas Field. Wells Chachar 1 and 2 are in production while Chachar 3 and 4 have been abandoned due to water load up. Owing to declining trend of gas production from the wells, Chachar processing plant reached its turndown limit in 2013-14. Chachar Joint Venture, therefore, decided to relocate the Chachar processing plant to Gambat South, with the approval of the GoP.

Since July 2014, gas from Chachar wells has been produced through Kandhkot Production Facilities. The total volume of gas sold from Chachar Field during 2014-15 was 726 MMscf as against 1,099 MMscf during 2013-14.

HALA GAS FIELD (PPL'S SHARE 65%) PPL / MPCL JOINT VENTURE

The Field is producing Gas, Condensate and LPG from wells Adam-X1 and Adam West X-1 under EWT. The total volume of gas sold from Hala Field during 2014-15 was 3,434 MMscf as against 3,168 MMscf during 2013-14.

Installation work on Feeder line to transport Adam West X-1 fluids for comingled processing with Adam X-1 was completed and EWT Production commenced in June 2015, which has resulted in additional 5-6 MMscfd gas sales from Hala Plant. Hala Plant is currently producing 15 MMscfd gas, 1 Ton / day LPG and 150 BBL/ day condensate.

BLOCK 2568-18 (GAMBAT SOUTH) (PPL SHARE 65%) PPL / GHPL / AROL JOINT VENTURE

So far, five discoveries, Wafiq, Shahdad, Sharf, Kinza and Faiz, have been made in the block.

First gas from Gambat South Field was realised in March 2015, after successful commissioning of re-located Chachar Plant through Kinza X-1 well. Current production from Kinza X-1 well is around 2 MMscfd and 4 BBL/day condensate.

Production from well Shahdad X-1 is planned after completion of its feeder line expected by October 2015 which will increase 8-10 MMscfd gas from field. Sharf-2 appraisal well is also planned for drilling in 2015-16.

Workover operations at Wafiq X-1 commenced in February, 2015 and the well was recompleted with Chrome completion as a Gas & Condensate producer from Lower Goru Massive Sands.

Installation of 50 MMscfd capacity EPCC-1 Project at Gambat South is in progress. Completion is expected by the 3rd quarter of 2015-16.

PARTNER OPERATED PRODUCING ASSETS

QADIRPUR GAS FIELD (PPL SHARE 7%) PPL / PKP / KUFPEC / OGDCL JOINT VENTURE (OPERATOR: OGDCL)

Qadirpur Gas Field is the second largest Gas Field in the Country in terms of reserves and production wherein total 62 wells have been drilled out of which 51 are producing. The total volume of gas sold from the Qadirpur Gas Field during the current the year was 139,674 MMscf as against 167,588 MMscf during the previous year.

Reprocessing and AVO inversion study of 315 Sq Km 3D seismic data have been completed by Western Geco Cairo.

Integrated reservoir simulation study of Qadirpur gas field is in progress.

MIANO GAS FIELD (PPL SHARE 15.16%) PPL / ENI / OGDCL / OMV JOINT VENTURE (OPERATOR: OMV)

Miano gas is being jointly processed with Kadanwari gas at Kadanwari Plant. The field is supplying gas to SSGCL from six Miano wells. The total volume of gas sold from Miano Field during the current year was 21,888 MMscf as against 19,989 MMscf during the previous year.

Workover and hydraulic Fracturing job of well Miano TG-16H was carried out. Formation breakdown could not, however, be achieved during DFIT and Frac operations were suspended. After re-evaluation, the operator plans to conduct hydraulic Fracturing on remaining stages. Development wells Miano-17 & 18 were completed as gas producers and location of well Miano-19 has been finalised for drilling.

Directors' Report

SAWAN GAS FIELD (PPL SHARE 26.184%) PPL / ENI / PPLE / GHPL/ OMV JOINT VENTURE (OPERATOR: OMV)

Total of sixteen wells have been drilled in the Sawan Field and currently fourteen are producing gas, which is supplied to SNGPL and SSGCL. The total volume of gas sold from the Sawan Field during the current year was 31,828 MMscf as against 42,564 MMscf during the previous year.

Sawan North Horizontal-1 rig-less fracturing operation was completed. Efforts, however, remained unsuccessful to flowback. Post Frac evaluation is in progress and well is currently shut-in.

BLOCK- 2768-3 (BLOCK-22) (PPL SHARE 35.5263%) PEL / PPL / PEII / GHPL JOINT VENTURE (OPERATOR: PEL)

The production from the field has declined over the last few years due to water incursion. The total volume of gas sold from Block-22 during the current year was 2,236 MMscf as against 2,256 MMscf during the previous year.

PPL has surrendered its working interest in Hamza EL w.e.f. 25 July, 2013 due to marginal prospectivity of Hamza discovery and legal formalities are being fulfilled.

BLOCK 3370-3 (TAL) (PPL SHARE 27.763%) PPL / OGDCL / GHPL / POL / MOL JOINT VENTURE (OPERATOR: MOL)

Following is a comparison of current year's sale with the previous year from Tal Field:

	2014-15	2013-14
Natural gas (Million cubic feet)	90,772	101,112
Condensate (Thousand barrels)	7,414	5,961
LPG (Tonnes)	126,837	27,501

So far seven discoveries; Manzalai, Makori, Mamikhel, Maramzai, Makori East, Tolanj and Mardan Khel have been made in the block.

Following are the significant events and activities relating to the Tal Field during the year:

Development well Manzalai-11 drilled down to TD of 4,600m and completed as gas / condensate producer.

Development well Makori East-4 was spud-in on 21 September, 2014 and drilled down to 5051m (TD) in Kingriali Formation. Currently testing is in progress.

Development well Maramzai-3 was spud-in on 29 December, 2014 and drilled down to TD of 3475m in Shinawari Formation. The well was completed as gas / condensate producer.

BLOCK 3370-10 (NASHPA) (PPL SHARE 28.55%) PPL / GHPL / OGDCL JOINT VENTURE (OPERATOR: OGDCL)

So far two discoveries, namely, Mela and Nashpa have been made in the Block.

During the year, a total of 32,189 MMscf gas and 8,161 thousand barrels of crude oil were sold from the field as compared to 26,855 MMscf gas and 7,329 thousand barrels of crude oil sold last year.

Development well Nashpa-6 was spud in December 2014, with a planned TD of 5325m in Datta Formation and drilling is currently in progress. Development well Nashpa-7 was spud in June 2015, with a planned TD of 4,566m in Datta Formation and drilling is currently in progress. Development well Mela-4 was spud in April 2013, with planned TD of 5,150m in Datta Formation. Well was drilled down to 5,108m (TD) in Shinawari Formation and completed as oil and gas producer.

BLOCK 2669-3 (LATIF) (PPL SHARE 33.30%) PPL / OMV / ENI JOINT VENTURE (OPERATOR: OMV)

Under the approved development and production lease of the field, production from Latif field is being processed at Sawan Plant. During the year, a total of 31,278 MMscf gas was sold from Latif Field against 30,702 MMscf in the previous year.

Development well Latif-10 drilled down to TD of 3,428m in Lower Goru Formation and completed as gas producer.

BLOCK 2668-4 (GAMBAT) (PPL SHARE 23.6842%) PPL / OMV/ ENI / GHPL JOINT VENTURE (OPERATOR: OMV)

A total of three development wells have been drilled, of which Tajjal-1 is currently producing whereas Tajjal-2 and Tajjal-4 were shut-in. During the year, a total of 1,898 MMscf gas was sold from Tajjal against 3,697 MMscf in previous year.

BLOCK 2667-7 (KIRTHAR BLOCK), (PPL SHARE 30%) PPL / POGC JOINT VENTURE (OPERATOR: POGC)

EWT production from Rehman-1 & Hallel-X1 wells is in progress. During the year, a total of 3,490 MMscf gas was sold from Kirthar against 3,750 MMscf in previous year.

BLOCK 2568-20 (SUKHPUR) (PPL SHARE 30%) PPL / ENI / KPBV JOINT VENTURE (OPERATOR: ENI)

So far one discovery, Lundali has been made in the block. EWT production from Lundali-1 was terminated on 31 July 2014, after reaching the economical production limit.

BLOCK 3273-3 (GHAURI) (PPL SHARE 35%)PPL / MPCL / MOL JOINT VENTURE (OPERATOR: MPCL)

EWT production is in progress from first exploratory well Ghauri X-1. During the year, a total of 249,643 bbl of crude oil were sold from Ghauri Block against 1,979 bbl in previous year.

PPL AND ITS SUBSIDIARIES

PPL has three fully owned subsidiaries, namely, PPL Europe E&P Limited (PPL Europe), PPL Asia E&P B.V. (PPL Asia) and The Pakistan Petroleum Provident Fund Trust Company (Private) Limited (PPPFTC) (the PPL Group).

Financial statements of the PPL Group reflected decrease in consolidated profitability by 31%. The PPL Group sales revenue was recorded at Rs 105 billion while profit after tax was at Rs 35 billion in 2014-15 as compared to Rs 121 billion and Rs 51 billion, respectively in 2013-14.

Brief description of the subsidiary companies is as follows:

PPL ASIA E&P B.V.

PPL has assigned 100% of its working interest in Block-8, Iraq to PPL Asia. PPL Asia is the contractor and operator of Block-8. A branch office of PPL Asia has been setup in Baghdad.

The mandatory work program and contractual financial commitments for Block-8, Iraq includes carrying out minimum work program of 1,500 LKm 2D seismic Data Acquisition and drilling of one exploration well, with minimum financial commitment of US$ 100 million during the initial term of five (5) years.

In-house G&G data review continued incorporating the Gravity and Magnetic studies final deliverables resulting in fine tuning of the leads/prospect and facilitating in optimising the seismic acquisition program. Evaluation also led to the mapping of more structural leads in the Block.

Bidding was carried out for conducting 2D/3D Seismic Data Acquisition. Based on technical/ financial evaluation, Joint Management Committee approved award of contract to the Oil Exploration Company (OEC) established under the Ministry of Oil (MoO), Iraq. Draft Contract is being reviewed prior to finalisation with OEC.

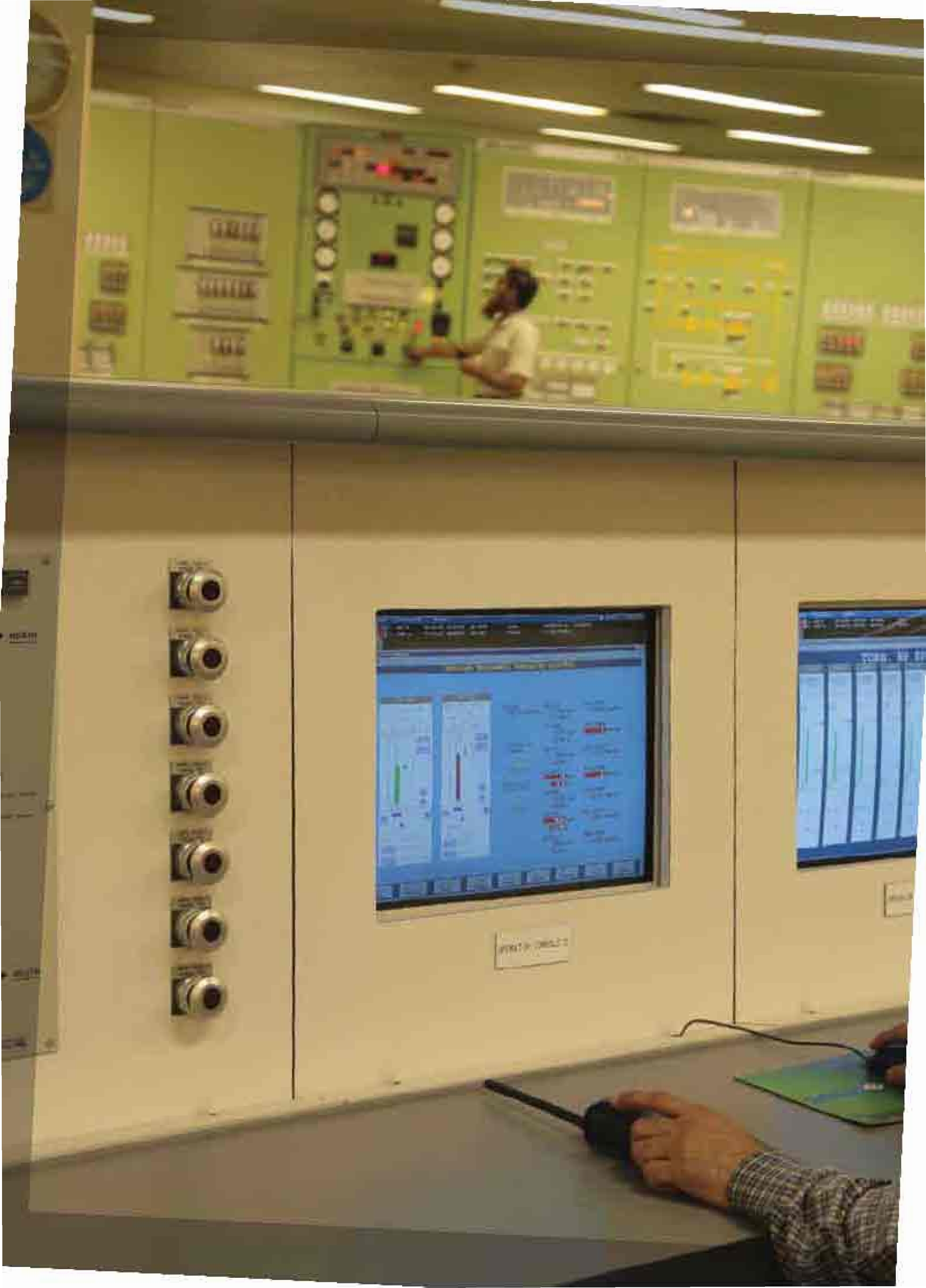
The major work program in the remaining part of the exploration period includes acquisition of around 150 LKm 2D and 400 Sq Km new 3D seismic data. This should lead to an exploration well in 2017. It is envisaged that security coverage will be adequately provided by the Midland Oil Company, the contracting regional oil company, under the MoO for the field operations for seismic survey.

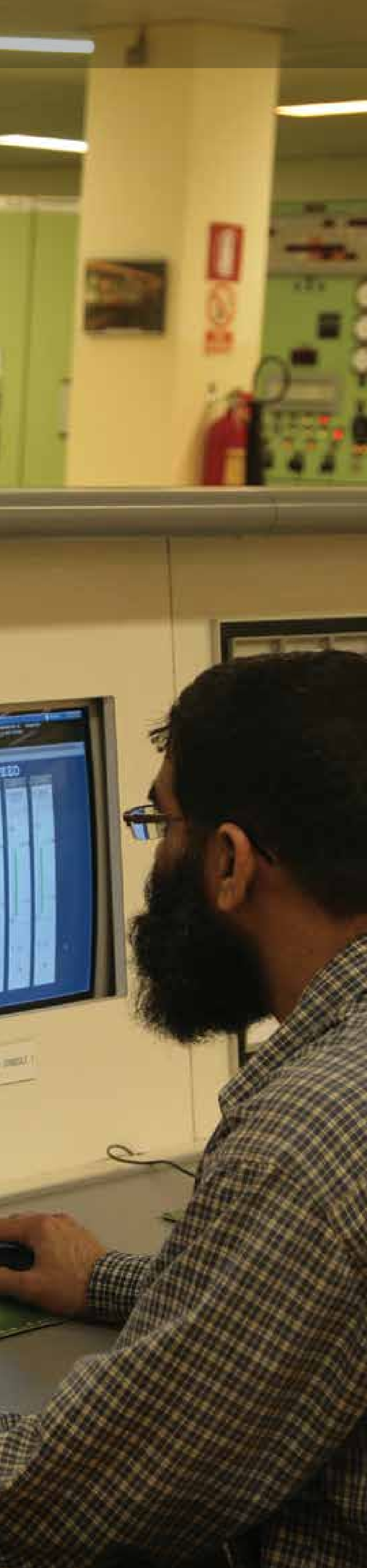
PPL Europe E&P Limited

PPL Europe holds partner-operated working interests in five exploratory blocks, namely, Harnai, Ziarat and Barkhan in Pakistan and Block-3 and Block-29 in Yemen and one producing field in Pakistan, namely, Sawan. During the year, PPL Europe contributed around Rs 1,103 million to the PPL Group revenue.

Block-29: Operator – OMV Yemen

Due to deteriorating law and order situation, Operator declared Force Majeure w.e.f 23 April 2015.





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Directors' Report

Block-3: Operator- Total EPY

Due to security issues all G&G activities are on hold and force majeure was declared w.e.f. 22 April, 2015.

Ziarat Block: Operator - MPCL

2D seismic survey of 170 LKm is in progress to evaluate the Khost oil and gas discovery.

Harnai Block: Operator - MPCL

G&G activities are on hold due to security issues.

The Pakistan Petroleum Provident Fund Trust Company (Private) Limited

PPPFTC is engaged in the administration of trusts formed for the benefit of the employees of PPL. The subsidiary has made no profits or incurred any losses from the date of its incorporation on 7 November, 1955.

EXPLOITATION OF UNCONVENTIONAL RESOURCES

Tight Gas

Against the backdrop of depleting conventional hydrocarbons and estimated tight gas reserves of 25 to 50 trillion cubic feet with viable prospects in the lower Indus Basin, PPL is striving to tap unconventional reservoirs with particular focus on tight gas as part of its medium-term business plan. The Company has already covered substantive ground on this front by initiating first tight gas production in the country, from Rehman discovery in the Kirthar Block, together with its joint venture partner, Polish Oil and Gas Company.

Exploration and appraisal at Naushahro Firoz Block continues to evaluate the tight gas potential of Chiltan Formation.

In an effort to move further in this direction, PPL also co-hosted a workshop with Schlumberger Oilfield Services to benefit from the latter's experience in unconventional petrophysics, as well as, geo-mechanical and frac engineering.

Shale Gas

In line with the Company's plan for the Reconnaissance and Prospecting stages for unconventional resources exploration, technical data is being collected. As a step, the Company has acquired extensive shale cores in its exploration well Kotri North X-1 (temporarily suspended for evaluation of Shale Gas potential) and core data is being sent to USA for detailed analysis.

FUTURE PROSPECTS AND PLANS

Given the large number of exploration licenses including international exploration and production assets added during previous year, the Company is fully geared to achieve its reserves addition and reserves replacement targets, primarily through organic growth. Leveraging upon its large E&P database built over five decades, PPL is well placed to continue its rigorous exploration campaign.

The Company's exploration strategy is aimed at replenishing and enhancing its existing reserves. To this end, regional studies and evaluation continue to identify prospective areas for direct participation in bidding and pursuing farm-in opportunities with other companies.

The PPL Group's current exploration portfolio comprises of twenty seven operated and twenty partner operated blocks, including three offshore blocks, one operated block in Iraq and two partner operated blocks in Yemen.

Fifteen exploratory, thirteen development and eleven workover wells are planned to be spud or completed during the fiscal year 2015-16 in PPL operated areas including Sui, Kandhkot, Adhi, Naushahro Firoz, Hala, Gambat South, Kharan, Barkhan, Kalat, Zindan, Kotri North, Kotri, Malir, Jungshahi, Sadiqabad and Zamzama South Blocks.

Continuing its tradition of working with enterprising joint venture partners, PPL is seeking partnerships with interested companies to:

i) Form a consortium to participate in the domestic and international bid rounds.

ii) Farm-in and Farm-out in the selected prospective regions to improve PPL's success and reduce risk.

iii) Form Joint Venture with experienced companies to explore the hydrocarbon potential of Offshore Pakistan.

iv) Form Joint Venture for Shale Gas exploitation in Pakistan.

v) Form Joint Venture with potential investors for equity participation in E&P Services Sector.

NEW TECHNOLOGIES

Keeping up with the fast pace of technology advancement in exploration geosciences, PPL is frequently using new and emerging technologies for exploration in areas with some of the most challenging geological settings of the world. Wide Azimuth 3D seismic surveys are being acquired as a routine, Wide Line survey has been performed using the latest techniques of 3D Ray Tracing and Wave Equation Modeling for survey design, and low frequency vibrators have been introduced in seismic acquisition to resolve deeper reflections. In the ever advancing field of seismic data processing, PPL has utilised the state of the art techniques in Fracture Modeling, Depth Imaging, Inversion and Pore Pressure Prediction. PPL is also gradually enhancing its in-house seismic data processing capability in focused areas to nurture an integrated exploration environment within the Company and for better contractor interface management.

BOLAN MINING ENTERPRISES

Bolan Mining Enterprises (BME), a 50:50 joint venture between the Government of Balochistan (GoB) and PPL was established in 1974 for mining, grinding and marketing/sales of Barytes from Gunga (Khuzdar) and other minerals in Balochistan. BME holds Baryte Mining Lease over an area of 316 acres at Gunga, Khuzdar, valid upto 29 November, 2033. PPL's investment in the Joint Venture is Rs 15 million.

Over the years, BME has met 90 percent of the Baryte requirement of the oil exploration industry in Pakistan. BME has enhanced its production capacity from 50,000 to 150,000 tonnes per annum in order to efficiently meet the increased customers' demand of Barytes of local as well as International Market. BME started exploring Baryte ore and powder export during the last three years to European Countries, Indonesia, Middle East and USA. In this connection, BME succeeded in selling 135,690 tonnes of lump and fine Baryte against the budgeted target of 130,000 tonnes during the year 2014-15.

BME posted a pre-tax profit of Rs 663.24 million during the year 2014-15 as compared to Rs 599.96 million earned in 2013-14. After appropriation of Rs 130.46 million towards reserve for development and expansion, Company's 50% share of the profit was Rs 266.70 million.

RISK MANAGEMENT

The Board of Directors is responsible to formulate policies for identification and monitoring of principal risks and opportunities and ensuring that appropriate systems are in place to manage these risks and opportunities, including safeguarding the public reputation of the Company. In order to support the Board in performing its functions efficiently, and for seeking assistance in the decision making process, the Board has also setup an Enterprise Risk Committee. Risk oversight / management are aligned with the Company's strategy.

Throughout the year, the Company focused on developing risk management capability in several areas:

- An Executive Risk Management Committee (E-RMC) was formed with representation across core and support functions and is chaired by CFO. The Committee is facilitated by a Risk Management Function.
- In line with the best practices and Company's organisational model, line management remains primarily responsible for the management of risks.
- Company-wide risk identification and assessment were carried out and risk response plans are being developed and monitored.
- Corporate Risk Appetite and Risk Heat Map is being developed.
- Enterprise Risk Management best practices in line with the framework proposed by the Committee of Sponsoring Organisations of the Treadway Commission (COSO) are being implemented.
- A formal peer review and gate approval process has been started which includes consideration of risks for each significant project.

Directors' Report

- Senior Management assess the Company's performance through Monthly Management Reviews, which includes risk assessment and mitigation plans.

Major Business Risks and Mitigation Measures

The Company operates in a dynamic industry with a degree of uncertainty inherent in the E&P business which may adversely affect its operations and profitability. Following are the key identified risks which may adversely affect the Company's operational and financial performance. Given the potential magnitude of some of the risks faced by the Company, either in terms of their impact or the opportunity cost, it is clear that the management of risk is central to achieving corporate long-term strategic objectives and short-to-medium-term business plans.

Key risks	Performance during the year and Mitigating strategies
Significant decline in international crude oil prices resulting in consequential reduction in profitability	Severe international oil price decline during the year had an impact of approximately Rs 19 billion on Sales Revenue and Rs 11 billion on Profit after Tax against the target set for the year 2014-15. Decline in prices of crude oil has had an adverse impact on the Company's revenue since base prices for gas and crude oil sales are linked to a basket of Middle East crude oils according to specified formulae. While the price risk is largely beyond Company's control, however, prices of Company's major product i.e. natural gas are less prone to this risk since the gas prices are subject to sliding scale/zonal discounts which reduce the impact of variability of crude oil prices on the gas prices. In addition, gas prices of certain fields including Adhi, Manzalai, Makori, Block 22, Nashpa etc. are capped at fixed crude oil / HSFO prices and are affected only in case the international crude oil price falls below the capped price. Furthermore, all business ventures are evaluated on periodic basis to identify uneconomic ventures for necessary action.
Under performance of major oil and gas fields forcing material revision in production and reserve estimates.	The Company's investment in the development of any oil and gas discovery is preceded by extensive technical studies and evaluation of the underlying reservoir. The reserves estimates for each of PPL's fields are certified and audited by reputable international petroleum consultants and updated as required.
Reserves being produced from large mature fields may not be replenished through new exploration efforts.	This year 88 Bcfe Proven reserves were added, from discoveries in PPL Operated blocks. This represents 29% of PPL's share of Hydrocarbons produced during the year. Company has participated aggressively in the last two bid rounds, thereby increasing its portfolio of operated exploratory areas several fold to twenty seven. Accordingly, a large and aggressive seismic and drilling program is in progress, which has significantly increased the number of exploratory wells drilled/ to be drilled. This has/ would lead to more discoveries and increased reserve replenishment. Company is also diversifying exploration risk through farm-in/ farm-out efforts. Furthermore, Geological and Geophysical (G&G) activities are being smartly managed to achieve swift throughput, better quality and cost effectiveness. Latest technologies are being introduced for reducing uncertainty to minimum levels.

Key risks	Performance during the year and Mitigating strategies
Project Execution as per defined costs, scope and timelines	Projects Department is executing Company's major expansion and development projects within approved budget, scope and timeline. Following is the highlight of the major projects: 1. Revamping of first two (out of seven) compressors' trains of SFGCS has been completed. 2. Around 90% works on Adhi LPG/NGL Plant III Project have been completed. Pre-commissioning works are in progress. 3. Plant has been successfully relocated from Chachar to Gambat South and gas was produced from Kinza X-1. 4. Contract for 50 MMscfd Gambat South Gas Processing Facility has been awarded. Basic engineering has been completed and purchase orders of major equipment have been placed. 5. Contract for Gambat South Gas Processing Facility (relocated Chachar Plant) up-gradation project has been awarded. Design Review Meetings have been held and HAZOP Study completed. The Company has recently established a formal peer review and gated approval process for projects of high capital investment. Progress of projects is monitored through a Project Management Office (PMO) within the Projects Department. Project costs are also monitored on regular basis against the approved budget through in house resources and anticipated expenditure also forecasted for year end-basis to flag cost over-runs, if any.
Security conditions at locations disrupting operations and exploration efforts.	The overall security conditions at PPL operated locations have improved remarkably during the year 2014-15 as compared to the previous year. Security measures taken at Sui have significantly improved law and order situation and no incidents have been reported during the year as compared to the last year's report of nine incidents of pipeline sabotage. At Kandhkot, a total of eight sabotage incidents were reported during the year 2014-15 against nine incidents reported in the previous year. After implementation of the hybrid security model and induction of locals for provision of security since 1 April 2015, no sabotage incident has taken place at Kandhkot. Regular liaison is maintained with law enforcement agencies for smooth E&P operations under strict security cover. The Company has a well-defined Emergency Response Procedures in place at all field locations. All field locations and head office have customised business continuity plans to avoid business disruptions in possible crisis scenarios.

Directors' Report

Key risks	Performance during the year and Mitigating strategies
Delay or default in settlement of Company bills by customers	Overdue Trade debts from both related and non-related parties as of 30 June, 2015 stands at about 70% (last year: 57%) of total Trade receivables. Rigorous follow-ups are maintained on defaulting customers to recover Company dues. All possible recovery measures i.e. follow-up through letters, default notices, meetings of concerned officials and raising of debit notes of late payment surcharge where applicable, are adopted to ensure that overdue bills are settled by the customers without delay. Intervention of the GoP is sought wherever considered necessary.
Adverse conditions arising from economic and political instability	Security conditions in Iraq and Yemen worsened during the year where the Company holds one operated and two partner operated exploration blocks respectively. Economic and financial market conditions and social / political climate of the locations / countries where the Company operates are regularly monitored and an appropriate strategy based on a consultative process is developed. In Iraq despite the security challenges, PPL with the support of the Government of Iraq is finalising preparations to conduct the 2D and 3D seismic survey during 2015.
Availability & development of required manpower	During the year ended 30 June, 2015, PPL has been able to attract qualified and competent professionals in all key areas including operations, drilling, reservoir and projects from leading competitors. During the year, the Company continued to provide focused learning opportunities for development of staff. Attrition rate also remained below 5%. The Company has revised its HR policies with the objective to introduce a merit and performance based culture and offering highly competitive packages in order to attract specialised technical resources instrumental to the Company's strategic targets.
Mining leases are not renewed, resulting in consequential reduction in revenue and profitability	The Sui Mining Lease was due to expire on May 31, 2015. Accordingly, application for extension / renewal was filed by the Company with the GoP. The GoP has allowed the Company to continue production from the Sui Mining Lease area for a further period of one year with effect from the expiry of the existing lease period i.e. May 31, 2015. The Company vigorously follows up on renewal / extension applications filed with the GoP. The management is confident that the extension/ renewal will be granted by the GoP.

HUMAN RESOURCES

During the year, downturn in crude oil prices has resulted in deferment of developmental activities as well as job losses mostly in the American continent and Europe. However, demand for skilled manpower in the Middle Eastern countries continues to attract professionals from Pakistan.

Due to intense competition, it is not only important to retain existing talent but also to attract fresh resource.

In view of the aggressive reserve enhancement and production optimisation program for maintaining PPL's position as the premier producer of hydrocarbons in the Country, PPL needs to have the capacity to attract, retain and motivate the required staff. To achieve this end, the management has been offering market competitive remuneration including retention interventions to staff to reduce staff turnover.

The Company has recently completed reorganisation by moving from a functional to a hybrid asset based organisation aligned with current industry practices. In the new organisation, roles and responsibilities have become much clearer with greater accountability. Further, through distribution of workforce across assets, there will also be equitable distribution of workload.

A comprehensive Human Resource Management Policy has been redrafted and approved by the Board to provide an efficient framework that is based on transparency, fairness and meritocracy.

The long-term viability of any organisation can be maintained if it has sufficient number of appropriately trained and developed staff available at the right time to take care of its succession needs. With that purpose in mind, the Company develops succession plans for all critical staff positions.

All employees are required to sign the annual compliance of Code of Conduct certifying adherence to business ethics and anti-corruption measures.

PPL continues to comply with the principles of Global Compact.

Training and Human Resources Development

PPL is committed to provide the best learning and development opportunities to its staff while keeping the Company's interest paramount. To this end, it offers an extensive training platform for technical and management skill enhancement of its staff, while exposing them to cross functional development for broader understanding of business and knowledge acquisition.

During the year, a total 1,205 staff members attended 161 programs in technical, management and HSE areas both locally and abroad, and approximately 370 students from various institutions were offered summer and winter internships of 4-6 weeks duration.

As in previous years, focus on capacity building of young professionals remained a priority under which the Extended Internship Program (EIP) initiated last year as a CSR initiative in collaboration with NED University of Engineering and Technology is being implemented successfully. Presently, 88 internees from a cross section of society primarily from marginalised communities, including communities around PPL and JV partner operated areas are enrolled in this program which is expected to provide value addition to selected candidates and potentially enhance their employability on completion of training.

Presently, three scholars are pursuing Masters Degrees in Petroleum Engineering in reputed foreign universities under PPL's foreign scholarship scheme. In addition, two scholars will be awarded foreign scholarship to pursue Master Degrees in Petroleum Engineering and Geosciences before the end of this year.

Industrial Relations

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

Union's Charter of Demand for the year 2014-15 submitted by CBA, is under review. Meetings will be planned shortly to commence negotiations with CBA representatives.

Employment of Special Persons

Company is complying with the mandatory requirements of employment under disabled person's quota in accordance with section 10 of the Disabled Persons (Employment & Rehabilitation) Ordinance, 1981.

QUALITY AND HEALTH, SAFETY & ENVIRONMENT

QHSE Policy

The continual improvement process enterprises with focus on long term business success by bringing working practices at par with international Quality, Health, Safety and Environment (QHSE) standards. QHSE policy plays a key role in the

Unlocking POTENTIAL

Directors' Report

decision making process to ensure compliance with statutory requirements and improving implementation of QHSE Management System.

PPL affirms that QHSE are key factors across all Company operations. The Company is committed to ensuring compliance with the QHSE Management System for health and safety of staff, contractors and visitors as well as company assets.

Environmental Protection Measures

Environmental protection measures are given high priority in overall management of the business. Environmental Aspect Impact Analysis is carried out and reviewed periodically for all operational activities at Fields for proactively identifying, evaluating potential environmental aspects and taking appropriate precautionary control measures to mitigate their impacts on natural environment.

Company has well defined procedure on Waste Management which is effectively implemented across the board. The procedure includes waste segregation at source, minimisation strategy, preference to waste recycling and reuse, safe handling and disposal of hazardous waste in environmental friendly manner.

Produced water is either injected back into the deep reservoir or contained in evaporation ponds lined with pit liner for avoiding land discharge. Alternatively, wastewater evaporator and forced evaporation systems are also utilised for evaporating effluent water in order to eliminate soil and ground water contamination.

In addition to the above, the following green practices are also adopted supporting the Company's commitment towards environmental sustainability to go beyond mere legal compliance:

- Use of Light Emitting Diode (LED) technology is promoted for all new projects and expansion activities throughout the Company by various Fields / Departments in line with sustainability principles as per Management's directive.
- Noise monitoring and abatement exercise is carried out for ensuring safe working in high noise areas and noise control through enclosures and sound barriers as appropriate.
- Adequate control arrangements e.g. bunds and spill control kits are in place to handle incidental spills along with availability of designated trained contingency teams.
- World Environment Day 2015 was celebrated all over PPL Fields / Departments encouraging conservation efforts and green practices that need to be adhered to in business activities.
- PPL supports conservation efforts of NGOs through Corporate memberships and participated in various events e.g. Karachi Water Partnership, WWF Pakistan etc.
- Energy and water conservation campaigns are regularly undertaken through handouts, stickers and leaflets distribution. Awareness sessions and QHSE walk also supports in fostering QHSE culture at Fields.
- Water based mud is preferred in Drilling Operations which is known for compatibility with natural soil in comparison to oil based mud which requires special treatment for disposal.
- Use of biodegradable explosives in exploration activities.

Environmental Legal Compliance

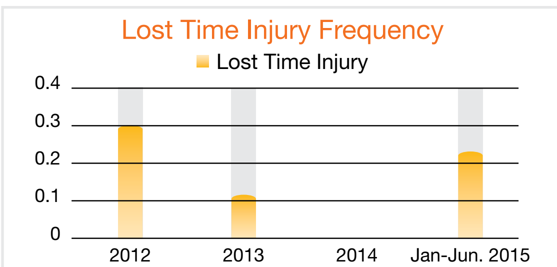
Environmental Studies including Initial Environment Examination (IEE) and Environmental Impact Assessment (EIA) are consistently undertaken in accordance with the Pakistan Environmental Protection Act, 1997, for all development projects including seismic, drilling and other project activities initiated by the Company. IEE / EIA Studies reports facilitate proactive identification of environmental sensitivities at development sites and provide mitigating measures for protecting environment from potential impacts.

Environmental Studies for Exploration and Drilling Activities in Hub and Hala blocks and Installation of Plant in Gambat South block were completed and relevant NOCs acquired from concerned Environmental Protection Agencies (EPAs) prior to commencement of project activities. HSE Monitoring during seismic and drilling operations is carried out through reputed consultants for ensuring compliance to methodologies underscored in environmental studies. Legal requirements were complied with and Company's HSE Standards were adhered to.

All PPL operated fields are registered with the Federal Environmental Protection Agency under Self-Monitoring and Reporting Program for monthly testing through external laboratory and reporting of emission parameters against National Environmental Quality Standards (NEQS).

Incident Statistics

The monitoring mechanism of QHSE performance has been strengthened through introduction of additional leading and lagging Key performance Indicators. The lost time injury frequency remained well below the set limit and international bench mark as presented below.



QHSE Trainings

The Company realises the significance of QHSE Trainings and refresher programs. QHSE department in coordination with the training and development department at PPL arranges QHSE trainings to promote skills and competence of staff in handling QHSE matters efficiently

Various training sessions were held at the head office and at field locations internal as well as external trainers on various QHSE topics. Some of the key trainings conducted for the management this year included Auditing Integrated Management System, Overall Equipment Effectiveness, Reliability Centered Maintenance, Process Safety Management, HAZOP and Electrical Safety.

Also, scenario based emergency drills were conducted regularly followed by acting upon lessons learnt for improvement in employees' readiness to deal with potential adverse events.

ISO 9001, ISO 14001 and OHSAS 18001 Certifications

PPL operated fields and departments successfully retained the ISO 9001, ISO 14001 and OHSAS 18001 international standards certifications. Keeping in view the usefulness of these certifications in achieving the Company's overall objectives, certification pool is being constantly expanded through gradual inclusion of the remaining departments. During the year, Khewali Pumping Station was added in the certification pool as per plan.

Following the Integration of Quality and HSE Management Systems, Policies and associated Processes, the ISO 9001, ISO 14001 and OHSAS 18001 Certifications are being integrated for optimum resource utilisation.

Process Safety Management

Process Safety Management (PSM) based on OSHA standard has been introduced for implementation at all PPL operated Process Plants. Procedures for almost all PSM elements have been introduced and implementation is in progress as per plan. Additionally, a technical manual is also being developed to further strengthen implementation of PSM.

Other Important Areas

With an aspiration to bring innovative approaches in execution of QHSE assurance role, modern techniques of inspection are now being applied along with gradual addition of quality tools on foundation of ISO 9001 Quality Management System to enhance benefits.

In addition to successful employment of non-intrusive inspection of pressure vessels, Risk Based Inspection (RBI) has been introduced as per API 580 to prioritise future inspection activities resulting optimal utilisation of resources. During the year, RBI technique was successfully completed at Kandhkot Dehydration Plant, Sui Purification Plant and Adhi Plant I & II.

5S project activities have been completed successfully at SFGCS, Sui Field Hospital, Sui Production and Adhi Field. Third Party 5S External Audit was undertaken to ensure the compliance and sustainability of the system.

Consumer Protection Measures

Maintaining the ISO certification is a proof of the sustainability of achievement accomplished for the quality services provided to our customers

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and the increased level of customer satisfaction as well as adopting and enhancing the best international practices and procedures.

Energy Conservation

PPL observed Earth Hour (EH) 2015 on the night of 28 March 2015, to reiterate its support for energy conservation. EH was strictly observed by switching off all non-essential lights and electronic devices at the head and regional offices as well as field locations during the designated hour. EH is an international conservation initiative launched and observed in Pakistan by World Wide Fund for Nature since 2010, with increasing support from government, corporate sector and civil society organisations. As a key national energy provider, PPL stands committed to conservation to bridge the widening gap between demand and supply to ensure future energy security for the Country.

BUSINESS CONTINUITY PLAN (BCP)

Business Continuity Management System (BCMS) exercises were conducted for different departments to check the preparedness level to continue the Company business in the event of a disaster. Full scale exercises were conducted, in which departments were asked to continue their work from alternate work site for several days. IT infrastructure and related facilities, which have been upgraded at alternate work site were checked through periodic testing. Capacity of alternate work site was increased. Training sessions also continued during the year.

In line with major revision in the Company's organisational structure, pre-test documents for BCMS Mock exercises have been prepared and mock exercises are planned to be conducted in first quarter of 2015-16.

CORPORATE SOCIAL RESPONSIBILITY

Corporate Philanthropy

PPL has a rich culture of Corporate Social Responsibility (CSR) since the 1950s, soon after the incorporation of the Company. PPL under its CSR Programme makes mandatory as well as voluntary contributions to social development of communities.

The main focus for undertaking CSR activities are the Company's production and exploration areas which are largely concentrated in Sindh and Balochistan and where majority of the Company's CSR initiatives are carried-out. Through CSR, PPL focuses on building healthy relationships with its stakeholders especially local communities, prioritising local needs and working towards sustainable solutions. To ensure sustainability, PPL regularly monitors its CSR schemes to improve performance and deliverability of CSR activities. CSR is PPL's long-term commitment fundamentally woven in the cultural and governance fabric of the Company in which development initiatives are gradually unfolded for the betterment of the society.

PPL has a CSR Policy reflecting the Company's commitment to supplement the government developmental efforts and to contribute to long-term development of communities in areas of its operation. The Directors carefully examine each CSR initiative, its merits, results and impact, encouraging innovation and strengthening local institutions for long-term sustainable development of these areas.

PPL is the largest philanthropic corporate in Pakistan by volume of CSR contributions for over a decade as per annual philanthropic research conducted by the Pakistan Centre for Philanthropy (PCP), an organisation working to promote and record philanthropy and corporate giving in Pakistan.

The PPL Board has set up a minimum bench mark of 1.5% pre-tax profit for the Company's CSR Programme. The actual spending, however, exceeds this bench mark in view of PPL's desire to contribute in the sustainable development of its operational areas. The Company spent Rs 1,090 million on CSR initiatives and projects during the year.

National-cause Donations

In 2014, the nation was confronted with an extra-ordinary humanitarian situation created due to migration of one million Internal Displaced Persons (IDPs) of North Waziristan. PPL extended financial support to the government relief and rehabilitation efforts in alleviating the suffering of our countrymen and contributed substantially.

Community Investment and Welfare Schemes / Welfare Spending for Under-privileged Classes

Being an active exploration Company, PPL has substantial operations in remote areas where lack of resources, governance, capacity and disparities has resulted in little or no development. Local communities in these areas rely on PPL to address their problems and the Company designs social welfare schemes for the well-being of these communities.

For its neighboring communities in its production areas such as Sui, Kandhkot, Adhi, Mazarani, Chachar and Hala as well as communities around its exploration blocks, wide range of welfare schemes are being carried out by PPL such as scholarships to local students, free healthcare through mobile medical dispensaries, provision of free gas and free water supply to entire local population of Sui town, water supply schemes, healthcare (medical, surgical eye and skin) camps, upgradation of educational and healthcare infra-structures, provision of missing education and healthcare facilities, construction of roads, culverts and various miscellaneous schemes supporting public welfare institutions have been completed by the Company.

Rural Development Programme

PPL envisages rural development as a self-sustained process which aims to enhance income generation and livelihood opportunities for inhabitants of the areas. PPL considers such rural development as a stepping stone towards alleviation of poverty The Company has played an active part in providing necessary infrastructure required for development of these areas. The Company has also carried out various vocational and skill development schemes for the locals to increase their livelihood opportunities and income generation. These schemes have helped improve physical infra-structures facilities, entrepreneurship, vocational and skill development programs for livelihood generation resulting in improvement of quality of the Country's rural communities.

PPL Welfare Trust

To undertake welfare schemes mainly in the Company's production areas, PPL has established the PPL Welfare Trust which makes arrangements and draws up schemes and projects for the development of PPL production areas and its communities.

PPL's CSR initiatives over the years and in the year under review have focused on education, health care, vocational training, skill development, infra-structure development, water resource development, relief and rehabilitation and support to worthy causes.

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

Education:

1. Operated Sui Model School & Girls College at Sui town, benefitting around 3,000 local students.
2. Operated three Citizen Foundation (TCF) Primary Schools at Kandhkot, benefitting over 500 local students.
3. Provided scholarships for higher professional education at HEC recognised public sector institutions to 121 students of District Dera Bugti, Kashmore, Shahdadkot, Gujjar Khan and Sanghar.
4. Provided scholarships for higher secondary education in reputed educational institutions across the country to 120 students of District Dera Bugti and other areas of Balochistan.
5. Provided 72 scholarships to local Bugti students of Sui town at Balochistan Public School, Sui and sponsored tuition fee of 45 local female Bugti students of Sui town at Taleem Foundation School, Sui.
6. Contributed towards research and development activities of PPL Geophysics Chair at Bahria University, Karachi.
7. Provided financial support to Balochistan University of Information and Management Sciences (BUITEMS) for provision of laboratory equipment.
8. Contributed towards sponsoring 6 scholars at IBA, Karachi including 2 from Balochistan and 4 from KPK through IBA National Talent Hunt Programme, and Contributed towards sponsoring 2 scholars from Balochistan at National Outreach Program of LUMS, Lahore.
9. Supported Government Boys Primary Schools at Ghaibi Dero and Ghazi Khan

Unlocking POTENTIAL

Chandio near Mazarani Field by paying teachers wages.

10. Provided operating cost TCF Primary School, PPL Campus at Tando Mohammad Khan.
11. Contributed towards renovation of school building and provision of furniture and fixture to Federal Government Public High School, Sui.
12. Constructed science laboratory at Govt. Girls High School, Miana Mohra and academic block at Govt. Girls High School, Mohra Noori near Adhi Field.
13. Constructed 5 classrooms, sanitary facility and boundary wall at Government Boys Elementary School, Somen, District Barkhan.
14. Provided academic block at Government Girls High School, Jhamat in tehsil Jand, District Attock.
15. Provided furniture to 5 Government schools near Adhi Field and 1 Govt. Girls Primary School at District Sanghar.
16. Support to PI Teach-Pakistan for translation of text books into Balochi and Sindhi language.
17. Contributed towards construction of school building for Babaza Foundation Trust, Karachi and construction of residential quarters at Government Elementary Schools at Palantak and Ladgasht at District Washuk.

Healthcare

1. Contributed towards operation of PPL Public Welfare Hospital, Sui.
2. Treated local Bugti patients at PPL Sui Field Hospital at Sui.
3. Provided free health care facilities to local populace at the doorstep through mobile medical dispensaries operated regularly in colonies of Sui town and in villages nearby Kandhkot and Mazarani Gas Field throughout the year.
4. Held 3-day free surgical camps at District Dera Bugti, Kandhkot, Kambar, Sanghar and tehsil Gujjar.
5. Continued financial sponsorships of Marie Adelaide Leprosy Centres for free treatment of Leprosy, TB and Blindness at Kandhkot, Kech (Turbat) and Panjgur.
6. Constructed Medical Dispensary at village Chutto Khan Waggan at District Naushahro Firoz.
7. Contributed for treatment of local female patients at Medical Dispensary, Mastala near Adhi Field.
8. Contributed for purchase of psychotropic medicines for Karwan-e-Hayat Psychiatric Care & Rehabilitation Centre, Karachi throughout the year.
9. Contributed towards treatment of 50 cancer patients at Cyber-knife facility at Jinnah Post-Graduate Medical Centre, Karachi.

Skill Development & Livelihood Generation

1. Extended in-kind support to Technical Training Centre, Sui.
2. Contributed towards operating Women Vocational Training Centre near Adhi, District Rawalpindi.
3. Contributed towards operation of Vocational Training Institute by Taleem Foundation at Sui town.
4. Contributed towards operating Women Welfare Centre at Sui.
5. Provided scholarships to 7 locals of Sui to study 1-year City and Guilds diploma education at the Hunnar Foundation, Tando Allah Yar campus.

Public Welfare

1. Provided free Sui gas facility to general public of Sui town.
2. Operated Computer Training Centre cum Public Library at Sui town.
3. Contributed towards fresh plantation at 120 acre Forests land of Gublo Forest at Kandhkot.

Water Supply Scheme

1. Provided potable water to general public of

Sui town, pumped from Kashmore (50 km away) to Sui town.

2. Contributed towards establishment of new water supply system at Sui town.
3. Provide potable water on daily basis to Ghaibi Dero, District Kambar-Shahdadkot.
4. Constructed 9 water supply schemes at District Washuk, 1 scheme at Rural Health Centre, Karkh, District Khuzdar and 1 scheme at Mehrgarh, District Kachhi including drilling and development of water bores.

Infra-structure Development

1. Rehabilitated 4 km road from village Maroof Dahri to Mehrab Shah, taluka Shahdadpur, District Sanghar.
2. Rehabilitated 2.5 km road from Shahdadpur road to Dargah Fakir, taluka Shahdadpur, District Sanghar.

Relief & Rehabilitation

1. Contributed to Government's Fund for relief and rehabilitation of Internal Displaced Persons (IDPs) of North Waziristan Agency.
2. Operated PPL Rehabilitation Centre at Bagh, Azad Jammu & Kashmir with the technical support of Pakistan Institute of Orthotic & Prosthetic Sciences, Peshawar.

Over 70% of PPL's CSR funds are being spent on CSR activities at Sui in Balochistan for the welfare of its local community.

The Company has been able to maintain its position as a leader in Corporate Social Responsibility in Pakistan, justifying the trust of the communities in and around its producing and exploratory areas.

INFORMATION AND COMMUNICATION TECHNOLOGY

Information Technology has become a vital and integral part of every business plan. Its role has evolved from a support function to that of change enabler. Modern IT recognises the need to contribute towards raising enterprise performance through a combination of technology, information and business process teams. The Information Technology function proactively endeavours to boost organisational performance, sustainability, innovation and competitive advantage through secure, reliable and friendly IT systems and services by means of latest technology solutions.

Business Systems continued the process improvement cycle to establish SAP as a platform for strategic and operational decision-making with strong emphasis on process automation with integrated controls. Recent areas of focus include Procurement, Employee Performance and Organisational Performance Management. An initiative has been taken on the Board's directive to enhance utilisation of SAP and optimise its operational cost. After gap analysis, a dedicated team has been assigned for this task. This will create flexible, cross-company processes which will positively influence company's growth, profitability and strategic positioning. IT has aligned its strategy with business goals to optimise processes and operational efficiency and maximise the benefits of SAP.

The implementation phase of Information Security Management System ISO/IEC: 27001:2013 is in progress. The envisioning and pilot implementation of Enterprise Content Management is another major initiative to facilitate efficient management of digital information and elimination of paper-based record keeping for improved Business Continuity Management.

The Technology Management Centre has implemented Knowledge Management program with alignment of technical applications architecture, business processes and the stakeholders for multi-user collaboration throughout the lifecycle of E&P assets. The centre is swiftly working towards centralisation and optimum integration of data and applications, providing their simultaneous access to multi-disciplinary teams, besides augmenting Business Continuity Management. It is also working to acquire real time data from well sites.

Alignment of IT Infrastructure and Systems with business needs is an on-going program based on implementation of industry standards and best practices for IT Operations Management, Information Security and Governance. Construction of tier 3 compliant data center is about to be completed by September 2016 to ensure 24x7 availability of computing resources. Work is in progress to ensure availability of critical services over cloud for easy access from anywhere. Other in-progress initiatives include strengthening of networks through load-balancing resilient fibre links, multi-ISP Internet with increased bandwidth, upgrade of Network to 10G architecture, Data Centralisation, high-performance software defined Storage for mission-critical cloud services. Telecom is now an Integral part of IT Infrastructure and therefore efforts are being made to develop a unified communication system to ensure audio and video presence of an employee.

Significant efficiency in remote and on-site support delivery has been achieved through establishment of ITIL compliant Service Desk. Centralised configuration and deployment of IT assets and standardised user-profiles have provided a boost to productivity and service delivery. Further, services level agreements are being developed to improve response to the users.

CORPORATE AWARDS

During the year, PPL secured five corporate awards as detailed below:

Best Corporate Report Award 2013

Affirming PPL's adherence to best corporate governance practices and transparent financial reporting procedures, the Company won the Best Corporate Report Award (BCRA) in the Fuel and Energy sector for Annual Report 2013. The award was given by a joint committee of ICAP and ICMAP.

Project Management Institute's Corporate Excellence Award

Project Management Institute's award for Corporate Excellence was bagged by PPL, which has 11 project management certified professionals working in various departments besides 16 employees who are PMI members and has adopted tools, techniques and methodologies based on PMI standards.

Karachi Stock Exchange Top 25 Companies Award

PPL once again maintained its position among Karachi Stock Exchange's Top 25 Companies for the year 2013 for the eighth consecutive year. The companies were selected by the KSE on the basis of a comprehensive parameter, which includes dividend payouts, return on equity, compliance with Listing Regulations, sound corporate governance practices and Corporate Social Responsibility.

Employers Federation of Pakistan Award

PPL bagged the Employers Federation of Pakistan's (EFP) Employer of the Year Award 2013 in the category of Human Resource Development as a Large Public Limited Company in October 2014. The Company came third in the category.

UNGC Business Excellence Award

PPL was conferred 'Living the United Nations Global Compact Business Excellence Award 2013-14' on the occasion of the Annual General Meeting of Global Compact Network Pakistan (GCNP). The award was introduced by GCNP in 2009 to recognise signatory companies for on ground progress towards mainstreaming responsible business practices in line with the principles of the United Nations Global Compact (UNGC).

CONTRIBUTION TO NATIONAL EXCHEQUER AND THE ECONOMY

PPL is a significant contributor to the national economy. The Company's share of production of natural gas, Oil, LPG and NGL from its operated and non-operated fields, for the financial year 2014-15 in terms of energy, was equivalent to around 165,000 barrels of crude oil per day resulting in foreign exchange savings of around US$ 4.2 billion for the current year assuming an average crude oil price of US$ 70.21 per barrel prevalent during the year.

In addition, payments to the Government Exchequer by the Company were around Rs 68 billion during the year (Rs 79 billion during 2013-14) on account of taxes, royalties, excise duty, sales tax, GDS, GIDC and dividends.

INTERNAL AUDIT AND CONTROL

The Board has set up an independent Internal Audit function, which is in compliance with the requirements of the Code of Corporate Governance 2012 and the Public Sector Companies (Corporate Governance) Rules, 2013, issued by SECP. It is headed by a fellow member of The Institute of Chartered Accountants of Pakistan who is functionally reporting to the Chairman, Board Audit Committee and administratively to the Managing Director/ Chief Executive Officer. Internal Audit is an independent, objective assurance and consulting activity that is guided by a philosophy of adding value to improve the operations of the Company including its subsidiaries. The scope of Internal Audit within the Company is clearly defined in the Internal Audit Charter which has been duly approved by the Board. This broadly involves review and evaluation of the Organisation's internal control system in accordance with business risk assessments and effective delivery of the Company's business strategy.

The function is adequately staffed and possesses requisite competencies and resources necessary to discharge its responsibilities in an effective and efficient manner. The Audit Committee periodically reviews the appropriateness of resources and authority of this function. The Internal Audit personnel have unrestricted access to all Company records and information to effectively perform their duties.

Non-Operator's / Joint Venture Audits is an important activity conducted by Internal Audit Department. These audits are carried out either solely, jointly with other Non-Operators or using the services of a reputable consultants / service provider. The purpose of these audits is to safeguard PPL's interest in Joint Ventures.

The Internal Audit function is an integral part of the Company's Governance structure which provides the management with adequate assurance that accounting and internal control systems are operating efficiently. This includes independent assessment and evaluation of the effectiveness and efficiency of operations, the reliability of financial reporting, deterrence and investigation of fraud, safeguarding of Company's assets and reviewing compliance with laws, rules and regulations. The Internal Audit also undertakes special projects including value for money studies as and when directed by the Board Audit Committee. Internal Audit also plays a central role in highlighting weaknesses in the existing system and processes and identifying opportunities for implementation of cost effective controls needed to strengthen the overall control system.

A strong control environment and established internal control framework exists in the Company comprising of clear structures, segregation of duties, authorisation limits for Company officials for operating bank accounts, approving expenditures, policies and procedures, budgeting and review of processes to reduce the risk of undetected error / fraud and limit opportunities for misappropriation of assets or concealment of intentional misstatements.

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 a general obligation of the Company, PPL does not discriminate on the basis of race, gender, religion, disability or family status in the recruitment, training or advancement of its employees. All employees are required to give an Annual Compliance Certificate in acknowledgement of their understanding and acceptance of the Code of Business Ethics.

Whistle Blowing Policy

PPL has a robust Whistle Blowing (WB) Policy. The Policy ensures that not only employees but the Company's vendors and other stakeholders are also able to lodge Whistle Blowing complaints.

In order to introduce additional measures to protect the identity of Whistle Blowers, and ensure complete confidentiality in Whistle Blowing complaint handling, the Board approved an updated Policy during the year. These measures include providing additional mechanisms of WB Complaint filing and engaging an independent monitoring agency to ensure complete confidentiality. The Agency shall be responsible to receive WB Complaints through all sources, and submit these to the Chair Board Audit Committee without involvement of management.

The implementation of the Policy is being monitored by the Board Audit Committee with periodical review by the Board.

Directors' Report

CORPORATE GOVERNANCE

The Board gives prime importance to conducting its business in accordance with the best international and local corporate governance practices. The Directors spend quality time at Board and Committee meetings and in discussions with executives to ensure the presence of a strong and effective governance system.

The Board is committed to inculcate and maintain a healthy corporate culture, ethical business practices and a reliable and transparent system of financial reporting. The Company has a policy of open communication with stakeholders. Compliance with laws and regulations is strictly adhered to. As a result, good corporate governance principles have been deeply ingrained in the Company's decision making and operating set-up as well as its monitoring processes.

Election of the Board of Directors

By an Extraordinary General Meeting of the shareholders held on 16 September 2014, election of the Board of Directors was held and a new Board was elected by the shareholders.

Appointment of Chief Executive Officer

Mr. Syed Wamiq Bokhari was appointed as Chief Executive Officer/ Managing Director of the Company, for a term of three years, with effect from 16 March 2015. The Board evaluated candidates for the position of Chief Executive on the basis of fit and proper criteria as well as the guidelines specified by the SECP.

Casual Vacancy on the Board

There is one casual vacancy on the Board, which arose owing to the resignation of Mr. Osman Khalid Waheed. The vacancy exists at the year-end due to non-receipt of nomination from the majority shareholder.

Composition of the Board

The status of each Director on the Board, whether non-executive, executive or independent has been disclosed in this report in accordance with the Code of Corporate Governance, 2012 (CCG) and the Public Sector Companies (Corporate Governance) Rules, 2013 (PSR) issued by the Securities and Exchange Commission of Pakistan. Seven directors on the Board are independent in terms of clauses of CCG and PSR.

The Board values diversity of business skills and experience. The Board recognises that directors with diverse skill sets and experience gained from different geographic and cultural backgrounds will enhance the Board's performance.

Fiduciary Responsibilities and Directors' Trainings

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 all applicable corporate laws and regulations.

During the year the Board was actively involved in performing their duties including those required to be performed under various laws and the Memorandum and Articles of Association of the Company with the ultimate objective of safeguarding the interests of the shareholders, enhancing the profitability of the Company, increasing shareholders' wealth and promoting market confidence.

An orientation programme for the new Board of Directors was organised and attended by the Company management and senior staff. The directors were briefed on the corporate governance framework, business operations as well as future challenges and opportunities. Apart from Directors' Corporate Governance orientation, two Directors completed the 'Corporate Governance Leadership Skills' program conducted by Pakistan Institute of Corporate Governance.

Corporate Governance Awareness

The Company also organised a workshop on 'Specialised Corporate Governance' for its senior management executives. The workshop provided an introduction to corporate governance explaining key principles and roles to be played by directors and other senior members in the Company along with highlighting the Public Sector Companies Rules 2013. The workshop also shared insights on best practices for coherence in business direction, corporate responsibility, strategic management, improve risk and mend Company accountability for stakeholder's confidence. It also identified the benefits of developing a strategy and described the components of effective strategic management, risk assessment and decision making frameworks for action plans to address challenges and boost Company performance.

Code of Conduct for Directors and Employees

The Code of Conduct for Directors and employees strengthens the standard for professional and ethical behavior expected of Directors and employees and binds them to demonstrate an honest and responsible attitude. The Code 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. The Company encourages active participation of shareholders in all general meetings and values their views. The Company is also cognizant of its legal and constructive obligations towards its business partners, local communities where it operates and other stakeholders and takes appropriate actions in responding to 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 Directors, CEO, Executives of the Company and their spouses are not allowed to trade in shares of the Company in any manner, whether directly or indirectly. The Board annually reviews the threshold defining categories of management employees as 'Executives' in terms of clause 5.19.11 of CCG, consequent to which they are subject to additional regulatory requirements for trading and disclosing their transactions in Company shares.

All Directors, Chief Executive Officer, Chief Financial Officer and Executives of the Company were given written notices to immediately inform in writing any trading in the Company's shares by themselves or by their spouses and to deliver a written record of the price, number of shares and form of shares to the Company Secretary. The transactions reported by Directors / Executives were submitted to the Stock Exchanges and placed before the Board for information.

Board and CEO's Performance Evaluation

The Board and Board Committees continuously strive to improve their effectiveness and undertake annual reviews to assess the Board's performance. The Board also reviews developments in corporate governance to ensure that the Company remains aligned with best practices.

In order to ensure on-going effectiveness as a high performing Board, a Board Performance Evaluation process has been initiated during the year through an external assessment agency. The Board also reviews the performance of the CEO against pre-determined operational, tactical and strategic goals.

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 management of the Company fairly present its state of affairs, result of its operations, cash flows and changes in equity.

(iii) The Company has maintained proper books of account.

(iv) Appropriate accounting policies have been applied in 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 preparation of financial statements and any departure therefrom has been adequately disclosed and explained.

(vi) The system of internal control is sound in design and has been effectively implemented, regularly reviewed and monitored.

(vii) There are no significant doubts upon the Company's ability to continue as a going concern.

(viii) Reasons for significant deviations from last 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 has been given on page 78 of the Annual Report.

(x) Information about outstanding taxes, duties, levies and charges is given in Notes to the Accounts.

(xi) Significant plans and decisions regarding corporate restructuring, business expansion and discontinuance of operations have been outlined. Future prospects, risks and uncertainties have been disclosed in relevant sections of the Directors' Report.

(xii) The appointment of the Chairman and other Members of the Board and the terms of their appointment along with the remuneration policy adopted are in the best interest of the Company as well as in line with best practices.

(xiii) Key performance indicators of the Company relating to its social objectives and outcomes have been disclosed in 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, 2014 are as follows:

	Rs million
Senior Provident Fund	2,031.065
Junior Provident Fund	1,081.914
Executive Staff Gratuity Fund	529.224
Non-Executive Staff Gratuity Fund	706.233
Executive Staff Pension Fund	6,006.921
Non-Executive Staff Pension Fund	1,474.265

(xv) Number of Board and Committee(s)' meetings held during the year and attendance by each Director has been disclosed on page 22 of the Annual Report. Leave of absence was granted to Directors who were unable to attend meetings.

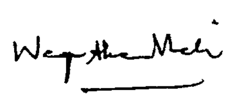
(xvi) A statement of the pattern of shareholding in the Company as at 30 June, 2015 of certain classes of shareholders whose disclosure is required under the Code of Corporate Governance and Public Sector Companies (Corporate Governance) Rules along with the statement of purchase and sale of shares by Directors, executives and their minor children during the year is shown on page 210 of the Annual Report.

POST BALANCE SHEET EVENTS

AUDITORS

In line with the Company's Policy on rotation of External Auditors, the Audit Committee has recommended to the Board, the appointment of M/s A. F. Ferguson & Co., Chartered Accountants, as External Auditors of the Company for the year ending 30 June 2016. The Company has also received a notice from a shareholder under section 253 of the Companies Ordinance, 1984, proposing that at the forth coming Annual General Meeting of the Company, A. F. Ferguson & Co., Chartered Accountants, be appointed as the Auditors of the Company.

On behalf of the Board



(WAQAR A. MALIK)
CHAIRMAN

(SYED WAMIQ BOKHARI)
CHIEF EXECUTIVE/
MANAGING DIRECTOR

Karachi: 24 August, 2015

Risks and Opportunities Report

The Company's business activities are subject to significant risk factors that could materially affect the Company's operations, earnings, cash flows and other financial performance.

A summary, highlighting major risks (both threats and opportunities), is presented below:

Threats

- The Company's revenues are directly linked with international crude oil prices. Decline in the prices of crude oil will cause a decline in the Company's revenues and consequential reduction in profitability.

- Since the prices of gas and oil are US Dollar denominated, appreciation of the Pakistani Rupee against the US Dollar can adversely affect the Company's revenues and profitability.

- The Company is part of the oil and gas sector, which is one of the most heavily regulated sectors world-wide. Adverse changes in or interpretation of applicable laws and regulations can adversely affect the Company's revenues, profitability and its ability to carry on business.

- Numerous uncertainties exist in estimating quantities of proved hydrocarbon reserves. Actual future production of oil and gas may not be in line with current forecasts affecting both profitability and Company's ability to meet its commitments for supply of oil and gas.

- Delay / Refusal or imposition of stringent terms while granting various regulatory or statutory approvals (foreign exchange, lease extension, training, gas allocation, price/tariff, field development plan etc) may significantly affect Company's operations and its ability to carry out committed work programme or optimally deplete the hydrocarbon reserves.

- Security situation of the countries where the Company operates or holds working interest can decelerate the Company's operations and exploration efforts.

- Delay or default in settlement of Company's bills by customers may cause liquidity issues.

- Limited / non availability of prospective blocks, long gaps in bidding rounds may not allow the Company to pursue growth as planned.

Opportunities

- Rising demand for energy provides growth opportunities for the Company.

- Deeper prospects in already discovered fields with available infrastructure and price incentives.

- Investing in exploratory blocks where international E&P companies are reluctant to participate.

- Company's efforts in Frontier exploration blocks may open new play concepts in the largely un-explored areas which may also attract foreign players.

- PPL together with its subsidiaries has a robust portfolio of diverse exploration assets with significant prospects which may lead to oil and gas discoveries through exploratory efforts.

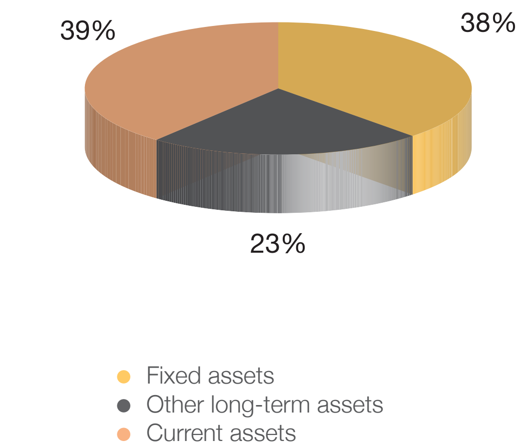
- Deployment of new G&G, Drilling and Production techniques will improve chances of discoveries and recoverability of Hydrocarbons from discovered fields.

- Joint Venture opportunities in unconventional hydrocarbons & offshore acreages.

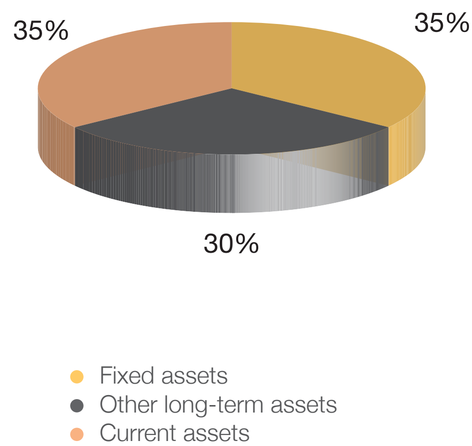
- Regulatory improvements and government's commitment to addressing energy crisis presents a win-win situation.

Balance Sheet Composition

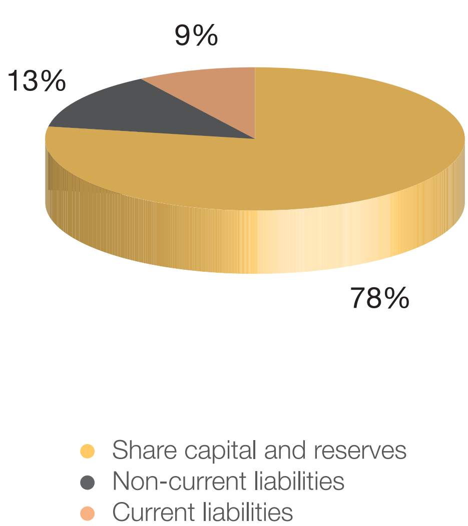
Assets - 2014-15



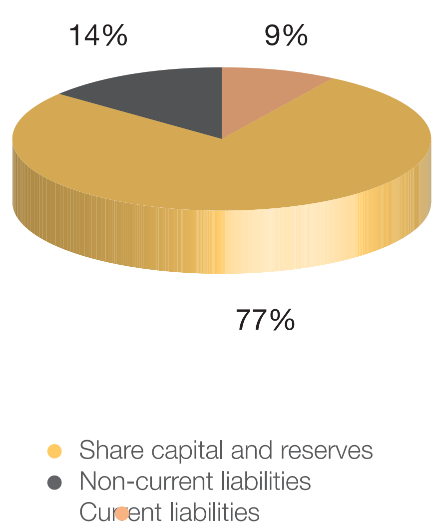
Assets - 2013-14



Shareholders' Equity and Liabilities - 2014-15

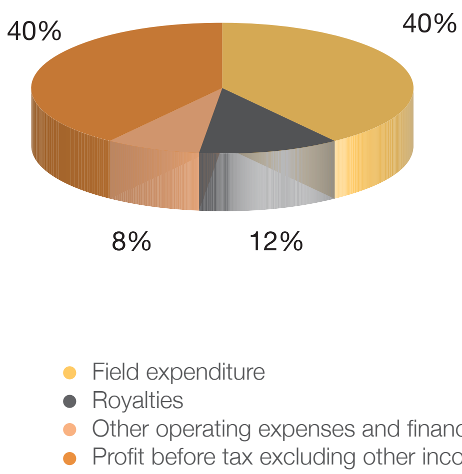


Shareholders' Equity and Liabilities - 2013-14

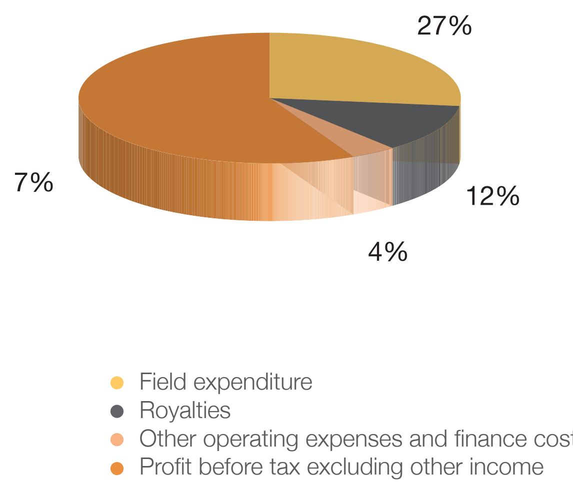


Analysis of Profit and Loss Account

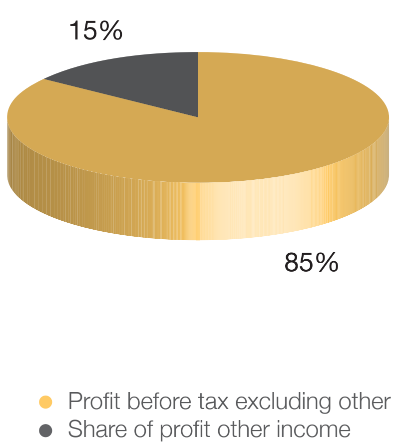
Analysis of Sales - 2014-15



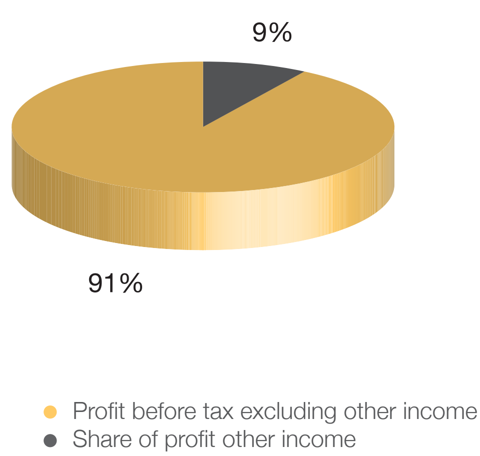
Analysis of Sales - 2013-14



Analysis of Profit Before Tax - 2014-15

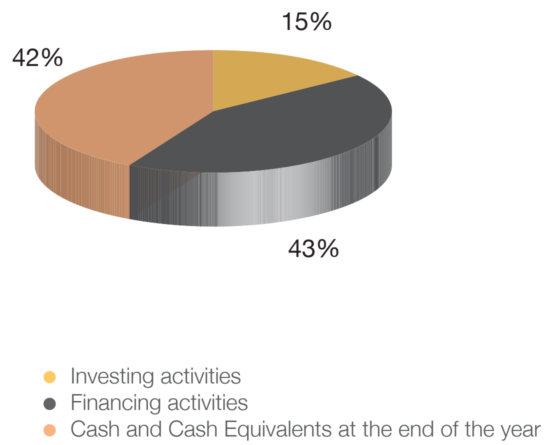


Analysis of Profit Before Tax - 2013-14



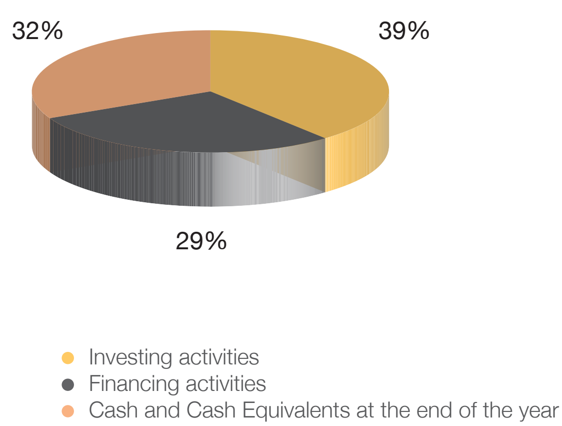
Analysis of Cash Flows

Utilisation of cash available/ generated during the year 2014-15



A total of Rs 21.6 billion was available as cash and cash equivalents at the beginning of the year. In addition Rs 32.8 billion were generated from operating activities making the total cash and cash equivalents available during the year to Rs 54.43 billion. Out of this Rs 8.0 billion (15%) were spent on investing activities, Rs 23.7 billion (43%) were used in financing activities and the remaining Rs 22.7 billion (42%) was available as cash and cash equivalents at the end of the year.

Utilisation of cash available/ generated during the year 2013-14

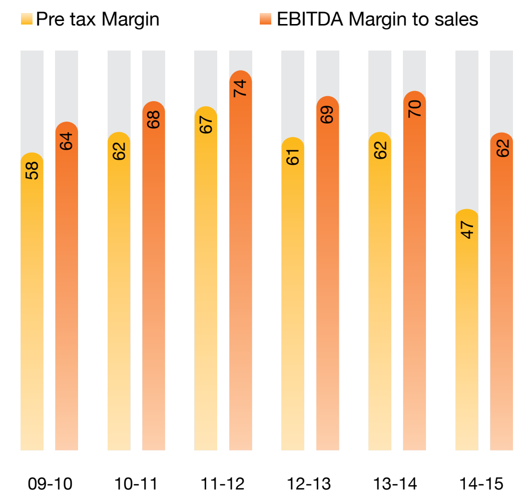


A total of Rs 34.5 billion was available as cash and cash equivalents at the beginning of the year. In addition Rs 31.8 billion were generated from operating activities making the total cash and cash equivalents available during the year to Rs 66.3 billion. Out of this Rs 25.7 billion (39%) were spent on investing activities, Rs 19 billion (29%) were used in financing activities and the remaining Rs 21.6 billion (32%) was available as cash and cash equivalents at the end of the year.

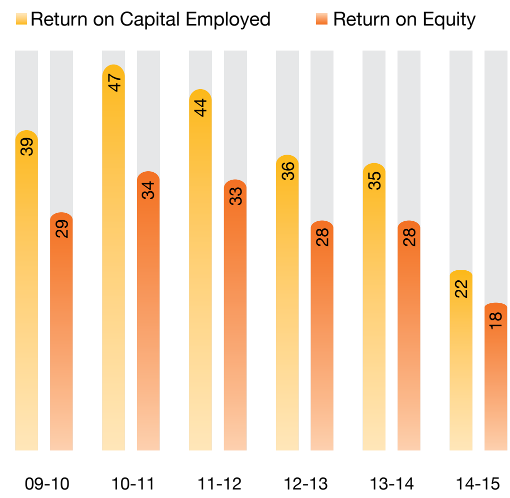
Six Years' Summary

	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Financial Performance						
Profitability						
Operating Margin (%)	58	61	60	58	61	48
EBITDA Margin to sales (%)[1]	64	68	74	69	70	62
Operating Leverage	663	131	145	(41)	111	261
Pre tax Margin (%)	58	62	67	61	62	47
Net profit to sales (%)	39	40	43	41	43	33
Return on Equity (%)	29	34	33	28	28	18
Return on Capital Employed (%)	39	47	44	36	35	22
Operating Performance/ Liquidity						
Total assets turnover (times)	0.63	0.68	0.65	0.53	0.53	0.43
Fixed assets turnover (times)	1.56	1.77	1.87	1.61	1.56	1.18
Debtor turnover (times)	2.64	3.14	2.91	2.74	3.17	2.42
Debtor turnover (days)	138.94	116.42	125.47	133.26	115.15	151.13
Current ratio	3.21	2.94	4.05	2.29	3.81	4.25
Quick ratio	3.11	2.85	3.95	2.22	3.64	4.08
Cash to Current Liabilities	1.49	1.08	1.63	0.94	0.99	0.99
Cash flow from Operation to Sales	0.44	0.39	0.33	0.66	0.27	0.31
Creditors turnover (times) [2]	-	-	-	-	-	-
Creditors turnover (days) [2]	-	-	-	-	-	-
Inventory turnover [2]	-	-	-	-	-	-
Operating Cycle [2]	-	-	-	-	-	-
Capital Market/ Capital Structure Analysis Ratios						
Market value per share as at June 30 (Rs.)	184.12	207.07	188.29	211.58	224.34	164.26
- Low during the year (Rs)	162.40	168.70	160.00	170.10	188.00	145.56
- High during the year (Rs)	238.74	229.80	217.49	229.75	261.80	237.50
Breakup value per share - Restated (Rs)	40.53	47.29	63.38	75.75	92.26	97.36
Basic & Diluted EPS (Rs) [3 & 6]	23.42	26.31	31.13	25.53	26.08	17.37
Basic & Diluted EPS - Restated (Rs) [3 & 6]	11.83	15.95	20.76	21.28	26.08	17.37
Price earning ratio [7]	7.86	7.87	6.05	8.29	8.60	9.46
Cash Dividend Yield (%)	4.89	5.80	6.11	4.96	5.57	5.17
Cash Dividend Cover Ratio	2.60	2.19	2.71	2.43	2.09	2.04
Debt Equity Ratio [4]	-	-	-	-	-	-
Weighted average cost of debt [4]	-	-	-	-	-	-
Interest Cover Ratio [4]	-	-	-	-	-	-
Financial Leverage Ratio [4]	-	-	-	-	-	-
Summary of Profit & Loss			Rs million			
Sales - Gross (including Govt. levies)	77,211	98,613	119,646	123,938	142,960	131,163
Sales - Net (excluding Govt. levies)	59,962	78,252	96,222	102,357	119,811	104,377
Field expenditure	18,273	21,364	26,982	30,603	32,817	42,059
Operating Profit	34,612	47,655	57,769	59,461	72,694	50,105
Profit before Tax	34,528	48,365	64,555	62,628	74,547	49,170
Profit after Tax	23,321	31,446	40,926	41,951	51,417	34,253
EBITDA[1]	38,185	53,525	71,632	70,720	83,443	64,422

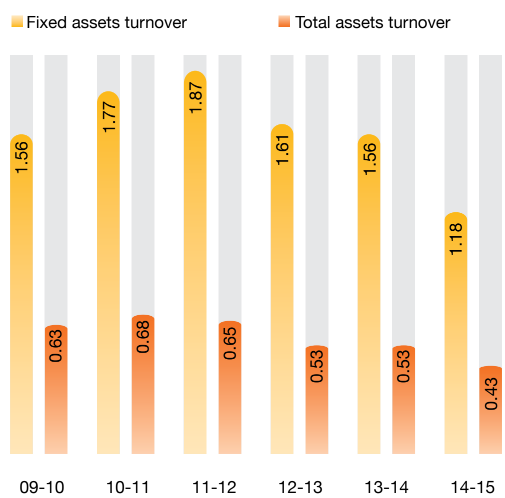
EBITDA Margin/Pre-tax Margin (%)



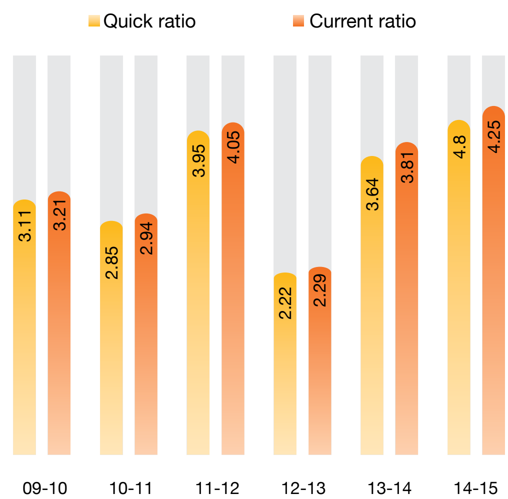
Return on Equity/ Capital Employed (%)



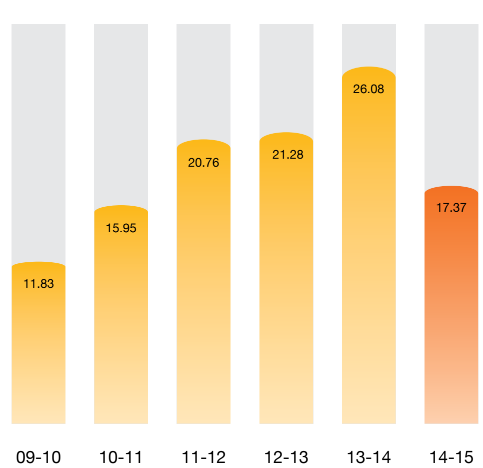
Total Assets / Fixed Assets Turnover (times)



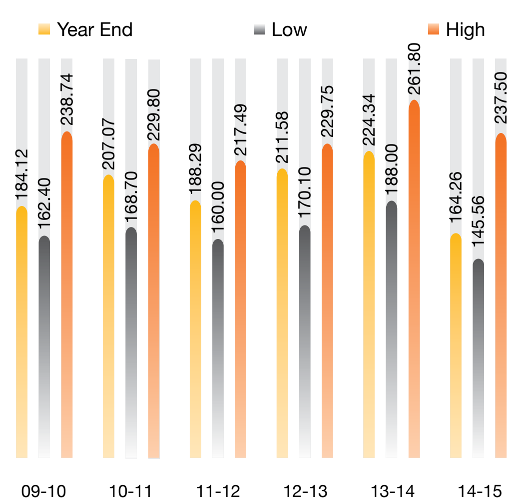
Current/ Quick Ratio



Earnings Per Share - Restated (Rs)



Share Prices Low / Year End/ High (Rs)



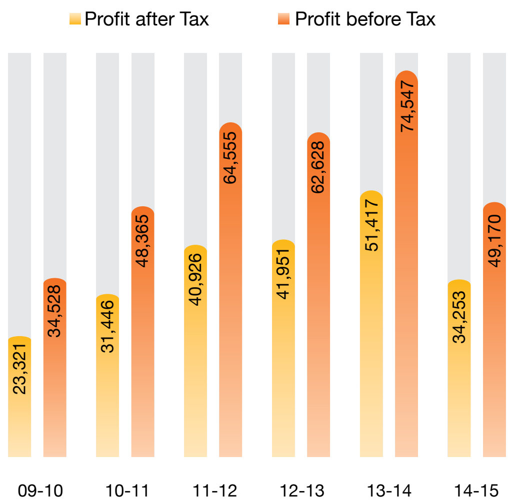
Six Years' Summary

	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Corporate Distributions						
Dividend - Interim	3,983	11,950	6,572	8,215	9,859	8,873
- Final	4,979	2,390	8,544	9,037	14,788	7,887
Cash Dividend per share (Rs) [5]	9.00	12.00	11.50	10.50	12.50	8.50
Cash Dividend Payout Ratio (%) [5]	38.43	45.61	36.94	41.13	47.93	48.93
Bonus [5]	1,992	1,195	3,286	3,286	-	-
Bonus Issue (%) [5]	20	10	25	20	-	-
Summary of Balance Sheet			Rs million			
Share Capital	9,958	11,950	13,145	16,431	19,717	19,717
Reserves	69,948	81,299	111,816	132,923	162,200	172,240
Long-term / Deferred Liabilities	8,047	9,783	22,433	26,875	32,685	32,731
Current Assets	63,057	60,942	92,240	84,159	82,749	97,689
Current Liabilities	19,623	20,745	22,760	36,672	21,741	22,988
Property, Plant & Equipment	41,695	45,924	56,327	70,079	82,636	93,774
Fixed Assets	42,070	46,412	56,761	70,481	82,914	94,033
Long Term Investments	1,804	15,748	20,361	55,707	68,552	53,701
Stores and Spares	2,069	1,767	2,454	2,835	3,543	3,890
Trade Debts	30,811	32,096	50,159	40,337	49,862	58,754
Short term investments	27,296	20,851	35,265	28,339	19,350	21,455
Cash and bank balances	1,874	1,503	1,675	6,184	2,276	1,267
Summary of Cashflows			Rs million			
Cash and Cash equivalents at the beginning of the year	14,352	27,686	22,354	36,940	34,518	21,626
Cash generated from operating activities	26,460	30,131	31,354	67,142	31,833	32,849
Net cash used in investing activities	(6,513)	(17,314)	(7,726)	(52,698)	(25,702)	(8,013)
Net cash used in financing activities	(6,613)	(18,149)	(9,042)	(16,866)	(19,023)	(23,740)
Net change in cash and cash equivalents	13,334	(5,332)	14,586	(2,422)	(12,892)	1,096
Cash and Cash equivalents at the end of the year	27,686	22,354	36,940	34,518	21,626	22,722
Others			Rs million			
Payments to Government Exchequer (including dividend)	36,403	62,509	49,615	52,355	79,297	67,884
Market Capitalisation	183,350	247,444	247,503	347,646	442,335	323,874

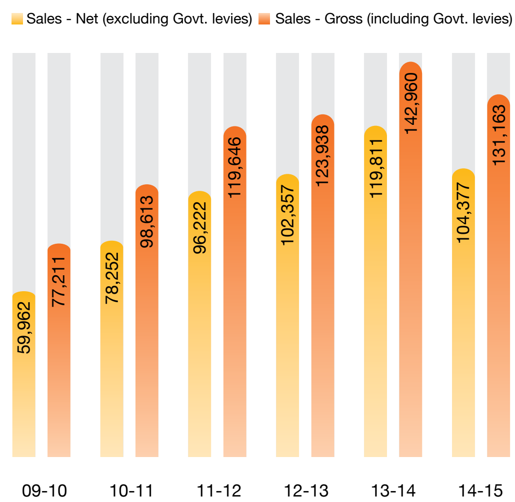
Notes:

1 EBITDA stands for Earnings before interest, taxes, depreciation / impairment losses 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 in 2006-07, 2007-08, 2008-09, 2009-10, 2010-11, 2011-12 & 2012-13.
4. Not applicable as the Company does not have debt besides lease financing for procurement of vehicles and computer equipment which forms a very small part of its capital structure.
5. Includes declaration of final cash dividend and issue of bonus shares subsequent to year end.
6. Convertible Preference Shares are of insignificant value in Company's total share capital therefore it has negligible dilution effect on EPS.
7. Price earning ratio and cash dividend payout ratio have been calculated on basic EPS.

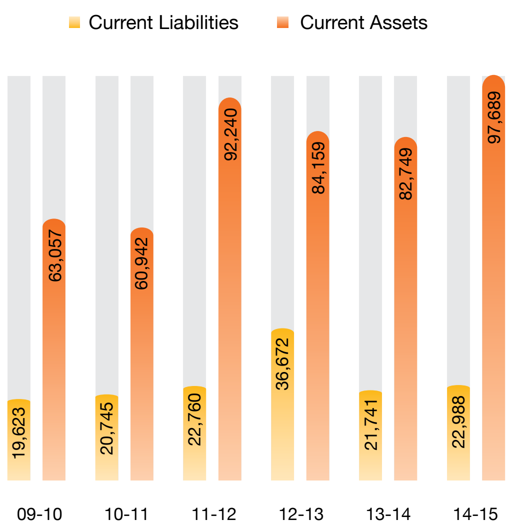
Profit Before & After Tax (Rs million)



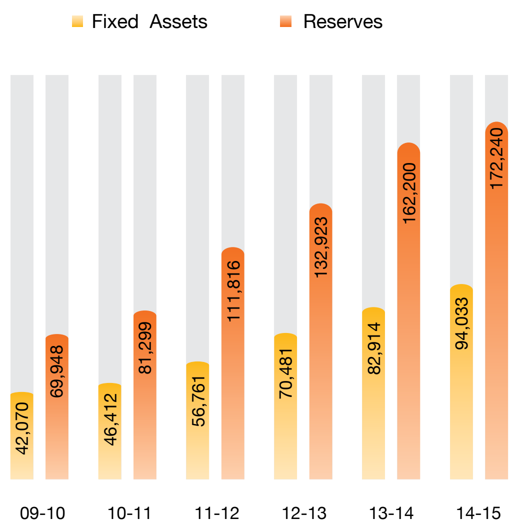
Gross Sales vs Net Sales (Rs million)



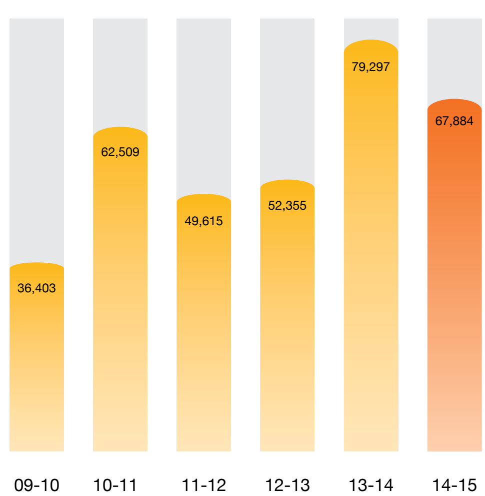
Current Assets vs Current Liabilities (Rs million)



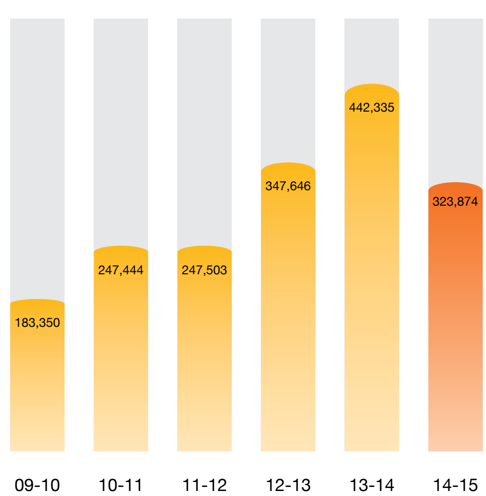
Reserves vs Fixed Assets (Rs million)



Payment to Government Exchequer (Rs million)



Market Capitalisation (Rs million)



Movement of Estimated Reserves

	Natural Gas MMSCF	OIL / NGL Thousand barrels	LPG Tonnes
Original proven recoverable reserves			
At 1 July, 2014	14,876,642	67,562	710,864
Change during the year			
- Addition of new reserves	87,945 [1]	429 [3]	-
- Revision in estimates of previous reserves	(14,462) [2]	(17,941) [4]	(39,586) [5]
At 30 June 2015	14,950,125	50,050	671,278
Production			
Accumulated on 1 July 2014	12,626,234	27,375	303,016
Production during the year	301,302	5,482	57,982
Accumulated upto 30 June 2015	12,927,536	32,857	360,998
Net reserves 30 June 2015	2,022,589	17,193	310,280
Net reserves 30 June 2014	2,250,408	40,187	407,848
Daily average production	825	15.02	158.86

Notes:

1- Additional Gas reserves due to Adam West (Hala Block) and Gambat South (Sharf, Kinza and Faiz) discoveries.

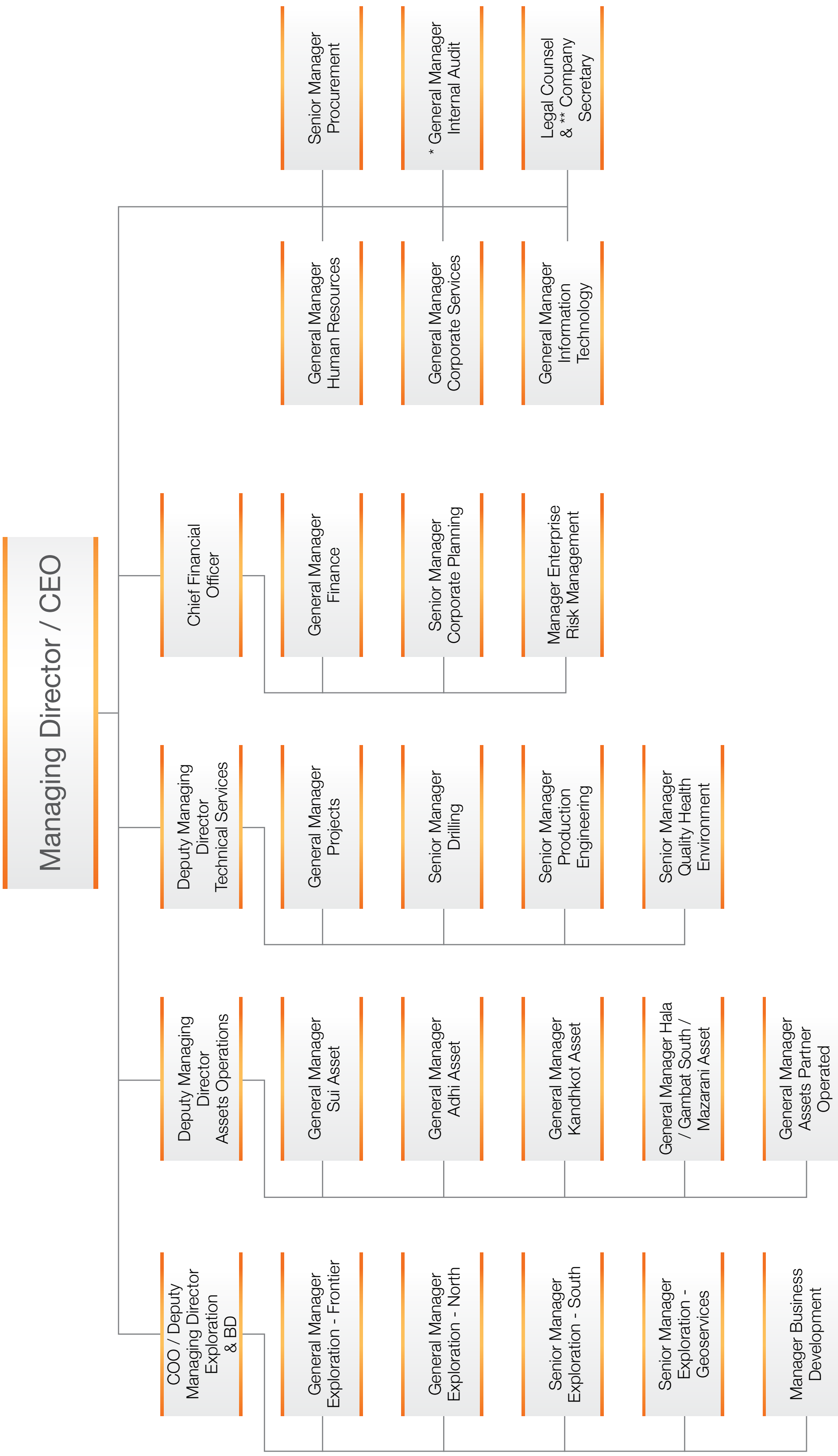
2- Revision in field recoverable gas reserves estimates of Adhi, Mazarani, Chachar, Miano, Sawan, Manzalai, Makori, Mamikhel, Maramzai, Nashpa, Latif, Tajjal, Lundali and Ghauri fields.

3- Additional NGL/OIL reserves due to Adam West (Hala Block) and Gambat South (Sharf, Kinza and Faiz) discoveries.

4- Revision in Oil/NGL reserves estimates of Miano, Manzalai, Makori East, Maramzai, Nashpa and Ghauri fields.

5- Revision in recoverable LPG reserves estimates of Makori, Makori East, Mamikhel, Maramzai, Mela and Nashpa fields.

Organogram



* GMIA reports to Board Audit Committee with administrative reporting to MD.

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

Statement of Compliance with the Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in the Listing Regulations of Karachi, Lahore and Islamabad Stock Exchanges 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 present 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 vii. Mr. Shahbaz Yasin Malik
Executive Director	i. Mr. Syed Wamiq Bokhari
Non-Executive Directors	i. Mr. Arshad Mirza ii. Mr. Saeedullah Shah **

* Representative of minority interest.

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

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

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 NBFI. None of the directors is a member of any of the Stock Exchanges.

4. One casual vacancy occurred on the Board during the year which exists at the year end due to non-receipt of nomination from the majority shareholder.

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

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

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment 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.

8. 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.

9. During the year, training programs were arranged for two Company Directors.

10. During the year, a new Head of Internal Audit and Company Secretary were appointed by the Board. The remuneration, terms and conditions of the employment of Head of Internal Audit and Company Secretary and any change thereto have been determined by the CEO with the approval of the Board of Directors. No new appointment of the CFO was made during the year.

11. The Directors' Report is prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

12. The financial statements of the Company are duly endorsed by CEO and CFO before approval of the Board.

13. 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.

14. The Company complied with all the corporate and financial reporting requirements of the CCG.

15. 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.

16. 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.

17. The Board Human Resource Committee comprises of six (6) members, of whom five (5) are non-executive Directors and the Chairman of the Committee is an independent director.

18. 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.

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

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

21. The 'Closed Period', prior to the announcement of interim / final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to the directors, employees and Stock Exchanges.

22. Material / price sensitive information has been disseminated amongst all the market participants at once through the Stock Exchanges.

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

(SYED WAMIQ BOKHARI)
CHIEF EXECUTIVE / MANAGING DIRECTOR
24 August 2015

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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Pakistan Petroleum Limited (the Company) for the year ended 30 June 2015 to comply with the requirements of Listing Regulation No. 35 Chapter XI of Karachi Stock Exchange Limited, Listing Regulation No. 35 Chapter XI of Lahore Stock Exchange Limited and Listing Regulation No. 35 Chapter XI of Islamabad Stock Exchange Limited, where the Company is listed.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended 30 June 2015.

Ernst & Young Ford Rhodes Sidat Hyder

Chartered Accountants
Karachi
24 August, 2015

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 2015

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 2015 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 present, the Board includes:

Category	Names	Date of Appointment
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 vii. Mr. Shahbaz Yasin Malik	16 September 2014 16 September 2014 16 September 2014 16 September 2014 16 September 2014 16 September 2014 16 September 2014
Executive Director	i. Mr. Syed Wamiq Bokhari	16 March 2015
Non-Executive Directors	i. Mr. Arshad Mirza ii. Mr. Saeedullah Shah **	16 September 2014 16 September 2014

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

3. One casual vacancy occurred on the Board during the year which exists at the year end due to non-receipt of nomination from the majority shareholder.

4. 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.

5. The election of the Board of Directors was held during the month of September 2014 and all the Directors were nominated by the majority shareholder i.e. Government of Pakistan except two, who are representatives of the minority shareholders and BESOS.

6. The Chairman of the Board is working separately from the Chief Executive of the Company.

7. The chairman has been elected from amongst the independent directors.

8. The Chief Executive Officer of the Company was appointed during the year. The Board has evaluated the candidates for the position of the Chief Executive on the basis of fit and proper criteria as well as the guidelines specified by the Commission.

9. (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

   (b) The Board has set in place adequate systems and controls for the identification and redressal of grievances arising from unethical practices.

10. 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.

11. 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.

12. The Board has developed and implemented a policy on anti-corruption in the Company's Code of Conduct to minimize actual or perceived corruption in the Company.

13. (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.

14. 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.

15. The previous Board has developed a vision and mission statement, corporate strategy and significant policies of the Company which are currently in place. A new Corporate Strategy is under review of the current Board. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

16. 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.

17. (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.

18. The Board was elected in the election of Directors held in September 2014. The new Board including Chairman and Chief Executive has initiated the performance evaluation exercise. Performance Evaluation of Senior Management was undertaken by the Company as part of its annual appraisal program.

19. 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.

20. 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.

21. All the Board members underwent an orientation course arranged by the Company to apprise them of the material developments and information as specified in the Rules.

22. (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	Six (6)	Mr. Shahbaz Yasin Malik
Procurement Committee	Seven (7)	Mr. Imtiaz Hussain Zaidi
Nomination Committee	Four (4)	Mr. Muhammad Ashfar Iqbal Baluch

23. During the year, a new Head of Internal Audit and Company Secretary were appointed by the Board. The remuneration, terms and conditions of the employment of Head of Internal Audit and Company Secretary and any change thereto have been determined by the CEO with the approval of the Board of Directors. No new appointment of the CFO was made during the year.

24. 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.

25. 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.

26. 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.

27. 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.

28. The financial statements of the Company were duly endorsed by the Chief Executive and Chief Financial Officer, before approval of the Board.

29. 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. Saeedullah 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.

30. 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.

31. The Company has appointed its external auditors in line with the requirements envisaged under the Rules.

32. 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.

33. 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.

34. The Company has complied with all the corporate and financial reporting requirements of the Rules.

(SYED WAMIQ BOKHARI)
CHIEF EXECUTIVE / MANAGING DIRECTOR
24 August 2015

(WAQAR A. MALIK)
CHAIRMAN

Review Report to the Members on Statement of Compliance with the Public Sector Companies (Corporate Governance) Rules, 2013

We have reviewed the Statement of Compliance with the Public Sector Companies (Corporate Governance) Rules, 2013 (the Rules) for the year ended 30 June 2015 prepared by the Board of Directors of Pakistan Petroleum Limited (the Company) to comply with the provisions of the Rules.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material aspects with the Public Sector Companies (Corporate Governance) Rules, 2013, as applicable to the Company for the year ended 30 June 2015.

Ernst & Young Ford Rhodes Sidat Hyder

Chartered Accountants
Karachi
24 August, 2015

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 2015. The role of the Committee in the context of the Board's broader governance framework is to oversee and ensure:

i) The 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 2015, 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 Standards and establishment and maintenance of effective internal controls and systems. Appropriate accounting policies have been consistently applied 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 2015, 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.

- During the year, the Audit Committee recommended revision of the Whistle Blowing policy which was approved by the Board. The key changes made in the policy included more measures for protection of Whistle Blower's identity whereby the Chairman Board Audit Committee directly receives the complaints and monitors investigation.

INTERNAL AUDIT

- The Company's system of internal control is sound in design and has been continually evaluated for effectiveness 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:

    - The integrity of financial reporting and control objectives,
    - That adequate safeguards are in place to protect the assets of the Company,
    - 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. As part of a continuing review, the Internal Audit Charter has been updated during the year and approved by the Audit Committee. The purpose of this ongoing review is to ensure that the Audit Charter conforms at all times to currently accepted standards and best practices. It also serves to better realign the role of Internal Audit with overall Company objectives as these evolve over time.

- 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.

- The Head of Internal Audit has direct access to the Chairman of 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 five 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.

EXTERNAL AUDITORS

- The statutory Auditors of the Company, M/s. Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants, have completed their Audit of the "Company's Financial Statements", the "Consolidated Financial Statements", the "Statement of Compliance with the Code of Corporate Governance" and the "Statement of Compliance with Public Sector Companies (Corporate Governance) Rules 2013" for the financial year ended 30 June, 2015 and shall retire on the conclusion of the 64th Annual General Meeting.
- Management Letter for the year ended 30 June 2015 is required to be submitted within 45 days of the date of the Auditor's 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 Code of Corporate Governance and the Public Sector Companies (Corporate Governance) Rules.
- 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.
- A Policy on rotation of External Auditors was also developed by the Audit Committee which is approved by the Board. The policy requires mandatory rotation of External Auditors after every five years to ensure that independence and objectivity of Auditor's work remain uncompromised and uninfluenced. In line with the requirements of the Policy, the Audit Committee has recommended to the Board, the appointment of M/s. A. F. Ferguson & Co., Chartered Accountants, as External Auditors of the Company for the year ending 30 June 2016.

(NADEEM MUMTAZ QURESHI)
CHAIRMAN - BOARD AUDIT COMMITTEE
Karachi
18 August 2015

Auditors' Report to the Members

We have audited the annexed balance sheet of Pakistan Petroleum Limited (the Company) as at 30 June, 2015 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

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

b) in our opinion:

   i. the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for changes as stated in note 2.4 to the accompanying financial statements 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, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June, 2015 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.

Ernst & Young Ford Rhodes Sidat Hyder

Chartered Accountants

Audit Engagement Partner: Khurram Jameel
24 August, 2015
Karachi

Unconsolidated Balance Sheet

As At June 30, 2015

	Note	June 30, 2015	June 30, 2014
		Rs '000	
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Property, plant and equipment	4	**93,773,934**	82,636,347
Intangible assets	5	**259,294**	277,973
		94,033,228	82,914,320
Long-term investments	6	**53,701,019**	68,552,287
Long-term loans	7	**1,172,140**	986,532
Long-term deposits	8	**765,176**	765,176
Long-term receivables	9	**315,418**	376,050
		149,986,981	153,594,365
CURRENT ASSETS			
Stores and spares	10	**3,890,333**	3,543,482
Trade debts	11	**58,754,078**	49,862,487
Loans and advances	12	**2,156,096**	1,685,417
Trade deposits and short-term prepayments	13	**76,791**	398,482
Interest accrued	14	**1,435,212**	1,352,521
Current maturity of long-term investments	6	**648,238**	500,179
Current maturity of long-term receivables	9	**60,632**	54,800
Other receivables	15	**7,022,637**	3,725,398
Short-term investments	16	**21,455,000**	19,350,000
Taxation - net		**922,998**	-
Cash and bank balances	17	**1,266,827**	2,275,912
		97,688,842	82,748,678
		247,675,823	236,343,043
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	18	**19,717,295**	19,717,295
Reserves	19	**172,239,921**	162,200,063
		191,957,216	181,917,358
NON-CURRENT LIABILITIES			
Provision for decommissioning obligation	20	**11,731,814**	15,385,920
Liabilities against assets subject to finance leases	21	**209,647**	175,770
Deferred liabilities	22	**2,098,135**	2,053,738
Deferred taxation	23	**18,691,138**	15,069,076
		32,730,734	32,684,504
CURRENT LIABILITIES			
Trade and other payables	24	**22,879,753**	17,915,719
Current maturity of liabilities against assets subject to finance leases	21	**108,120**	102,114
Taxation - net		**-**	3,723,348
		22,987,873	21,741,181
CONTINGENCIES AND COMMITMENTS	25		
		247,675,823	236,343,043

The annexed notes 1 to 42 form an integral part of these unconsolidated financial statements.

Director

Chief Executive

Unconsolidated Profit And Loss Account
For The Year Ended June 30, 2015

	Note	Year ended June 30, 2015	Year ended June 30, 2014
		Rs '000	
Sales - net	26	**104,376,626**	119,811,358
Field expenditures	27	**(42,058,955)**	(32,816,692)
Royalties		**(12,212,836)**	(14,300,950)
		(54,271,791)	(47,117,642)
		50,104,835	72,693,716
Other income	29	**7,569,494**	6,381,320
Other operating expenses	30	**(7,950,623)**	(4,102,762)
Finance costs	31	**(553,879)**	(425,515)
Profit before taxation		**49,169,827**	74,546,759
Taxation	32	**(14,916,376)**	(23,129,381)
Profit after taxation		**34,253,451**	51,417,378
Basic and diluted earnings per share (Rs)	37	**17.37**	26.08

The annexed notes 1 to 42 form an integral part of these unconsolidated financial statements.

Director

Chief Executive

Unconsolidated Statement of Comprehensive Income For The Year Ended June 30, 2015

	Year ended June 30, 2015	Year ended June 30, 2014
	Rs '000	
Profit after taxation	**34,253,451**	51,417,378
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)**	62,571
Deferred taxation	**260,212**	(21,274)
	(552,951)	41,297
Total comprehensive income	**33,700,500**	51,458,675

The annexed notes 1 to 42 form an integral part of these unconsolidated financial statements.

Director

Chief Executive

Unconsolidated Cash Flow Statement

For The Year Ended June 30, 2015

	Note	Year ended June 30, 2015	Year ended June 30, 2014
		Rs '000	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers		122,271,026	133,435,118
Receipts of other income		429,657	287,575
Cash paid to suppliers / service providers and employees		(33,188,453)	(29,806,976)
Payment of indirect taxes and Government levies including royalty		(40,757,225)	(54,683,440)
Income tax paid		(15,680,449)	(16,431,421)
Finance costs paid		(38,385)	(38,692)
Long-term loans (net)		(187,359)	(929,060)
Net cash generated from operating activities		32,848,812	31,833,104
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure (net)		(24,549,442)	(21,779,088)
Proceeds on sale of property, plant and equipment		109,351	34,861
Purchase of long-term investments		(4,606,417)	(8,363,376)
Disposal / redemption of long-term investments		15,227,357	5,387,297
Investment in PPL Asia DMCC		-	5,350
Investment in PPL Asia E&P B.V.		-	(6,408,146)
Long-term deposits		-	(22,500)
Long-term receivables		54,800	(109,170)
Dividend income received from jointly controlled entity - BME		25,000	25,000
Financial income received		5,726,783	5,528,084
Net cash used in investing activities		(8,012,568)	(25,701,688)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of liabilities against assets subject to finance leases		(118,824)	(127,635)
Dividends paid		(23,621,505)	(18,895,657)
Net cash used in financing activities		(23,740,329)	(19,023,292)
Net increase / (decrease) in cash and cash equivalents		1,095,915	(12,891,876)
Cash and cash equivalents at the beginning of the year		21,625,912	34,517,788
Cash and cash equivalents at the end of the year	35	22,721,827	21,625,912

The annexed notes 1 to 42 form an integral part of these unconsolidated financial statements.

Director

Chief Executive

Unconsolidated Statement of Changes in Equity For The Year Ended June 30, 2015

	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										
As at June 30, 2013	16,430,964	138	1,428	69,761	24,021,894	13,751,980	5,000,000	90,078,175	132,921,810	132,923,238	149,354,340
Appropriation of insurance reserve for the year ended June 30, 2013	-	-	-	-	5,000,000	-	-	(5,000,000)	-	-	-
Appropriation of assets acquisition reserve for the year ended June 30, 2013	-	-	-	-	-	5,000,000	-	(5,000,000)	-	-	-
Issuance of bonus shares @ 20% (one share for every five ordinary shares held)	3,286,193	-	-	-	-	-	-	(3,286,193)	(3,286,193)	(3,286,193)	-
Final dividend on ordinary shares @ 55% for the year ended June 30, 2013	-	-	-	-	-	-	-	(9,037,037)	(9,037,037)	(9,037,037)	(9,037,037)
Interim dividend for the year ended June 30, 2014											
- Ordinary shares - 50%	-	-	-	-	-	-	-	(9,858,578)	(9,858,578)	(9,858,578)	(9,858,578)
- Convertible preference shares - 30%	-	-	-	-	-	-	-	(42)	(42)	(42)	(42)
Profit after taxation	-	-	-	-	-	-	-	51,417,378	51,417,378	51,417,378	51,417,378
Other comprehensive income for the year ended June 30, 2014, net of tax	-	-	-	-	-	-	-	41,297	41,297	41,297	41,297
Total comprehensive income for the year ended June 30, 2014	-	-	-	-	-	-	-	51,458,675	51,458,675	51,458,675	51,458,675
As at June 30, 2014	**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**
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)	-	-	-	-	-	-	-	-	-
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)
Profit after taxation	-	-	-	-	-	-	-	34,253,451	34,253,451	34,253,451	34,253,451
Other comprehensive income / (loss) for the year ended June 30, 2015, net of tax	-	-	-	-	-	-	-	(552,951)	(552,951)	(552,951)	(552,951)
Total comprehensive income for the year ended June 30, 2015	-	-	-	-	-	-	-	33,700,500	33,700,500	33,700,500	33,700,500
As at June 30, 2015	**19,717,171**	**124**	**1,428**	**69,761**	**34,021,894**	**23,751,980**	**5,000,000**	**109,394,858**	**172,238,493**	**172,239,921**	**191,957,216**

The annexed notes 1 to 42 form an integral part of these unconsolidated financial statements.

Director

Chief Executive

1. LEGAL STATUS AND NATURE OF BUSINESS

1.1 Pakistan Petroleum Limited (the Company) was incorporated in Pakistan in 1950 with the main objective of conducting exploration, prospecting, development and production of oil and natural gas resources. The Company is listed on all the three Stock Exchanges of Pakistan with effect from September 16, 2004. 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 and jointly controlled entity have been accounted for at cost less accumulated impairment losses, if any. As of balance sheet date, the Company has the following subsidiaries and a jointly controlled entity:

Wholly-owned subsidiaries:
a) PPL Europe E&P Limited
b) PPL Asia E&P B.V.
c) The Pakistan Petroleum Provident Fund Trust Company (Private) Limited

Jointly Controlled Entity:
Bolan Mining Enterprises – 50% shareholding

1.3 The Sui Mining Lease was due to expire on May 31, 2015. Accordingly, application for extension / renewal was filed by the Company with the Government of Pakistan (GoP). The GoP, through SRO._(I)/2015 dated May 30, 2015, allowed the Company to continue production from the Sui Mining Lease area for a further period of one year with effect from the expiry of the existing lease period i.e. May 31, 2015.

The management is confident that the Company will be allowed further extension in order to continue production from the Sui Mining Lease.

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 Implications of revised IFRS 2 - Share-based Payment on Benazir Employees' Stock Option Scheme

On August 14, 2009, the GoP launched Benazir Employees' Stock Option Scheme (the Scheme) for employees of certain State Owned Enterprises (SOEs), including Pakistan Petroleum Limited, 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 International Financial Reporting Standard - 2, “Share - based Payments” (IFRS 2). However, keeping in view the difficulties that may be faced by the entities covered under the Scheme, the Securities & Exchange Commission of Pakistan (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(l)/2011 dated June 07, 2011 to such entities from the application of IFRS 2 to the Scheme.

Had the exemption not been granted, the impact, based on the independent actuarial valuations conducted as on June 30, 2015 and June 30, 2014 would have been as follows:

	Year ended June 30, 2015	Year ended June 30, 2014
	Rs '000	
Staff costs of the Company for the year would have been higher by:	**419,530**	5,083,435
Profit after taxation would have been lower by:	**419,530**	5,083,435
Earnings per share would have been lower by (Rs):	**0.21**	2.58

	June 30, 2015	June 30, 2014
	Rs '000	
Retained earnings would have been lower by:	**18,879,277**	18,459,747
Reserves would have been higher by:	**18,879,277**	18,459,747

2.3 Accounting convention

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, are measured at fair value.
b. Obligations under certain employee benefits and provision for decommissioning cost have been measured at present value.
c. Held-to-maturity investments and loans and receivables, are measured at amortised cost.

2.4 Standards that became effective but not relevant to the Company or do not have material effect

The following standards, interpretations and improvements became effective for the current financial year but are either not relevant or do not have any material effect on the unconsolidated financial statements of the Company.

IAS 19 - Employee Benefits (Amendment) - Defined Benefit Plans: Employee Contributions
IAS 32 - Financial Instruments - Presentation - (Amendment) Offsetting Financial Assets and Financial Liabilities
IAS 36 - Impairment of Assets - (Amendment)
- Recoverable Amount Disclosures for Non-Financial Assets
IAS 39 - Financial Instruments: Recognition and Measurement - (Amendment)
- Novation of Derivatives and Continuation of Hedge Accounting
IFRIC 21 - Levies

2.5 Improvements to Accounting Standards Issued by the IASB

IFRS 2 Share-based Payment - Definitions of vesting conditions
IFRS 3 Business Combinations - Accounting for contingent consideration in a business combination
IFRS 3 Business Combinations - Scope exceptions for joint ventures
IFRS 8 Operating Segments - Aggregation of operating segments
IFRS 8 Operating Segments - Reconciliation of the total of the reportable segments’ assets to the entity’s assets
IFRS 13 Fair Value Measurement - Scope of paragraph 52 (portfolio exception)
IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets - Revaluation method - proportionate restatement of accumulated depreciation / amortisation
IAS 24 Related Party Disclosures - Key management personnel

IAS 40 Investment Property - Interrelationship between IFRS 3 and IAS 40 (ancillary services)

The adoption of the above improvements to accounting standards and interpretations did not have any material effect on the financial statements.

2.6 Standards and interpretations issued but not yet effective for the current financial year

The following are the standards and interpretations, which have been issued but are not yet effective for the current financial year:

Description		Effective for periods beginning on or after
IFRS 10	Consolidated Financial Statements	January 01, 2015
IFRS 10, 12 & IAS 27	Investment Entities (Amendment)	January 01, 2015
IFRS 10, 12 & IAS 27	Investment Entities: Applying the Consolidation Exception (Amendment)	January 01, 2016
IFRS 10 & IAS 28	Sale or Contribution of Assets between an investor and its Associate or Joint Venture (Amendment)	January 01, 2016
IFRS 11	Joint Arrangements	January 01, 2015
IFRS 11	Accounting for Acquisition of Interest in Joint Operation (Amendment)	January 01, 2016
IFRS 12	Disclosure of Interests in Other Entities	January 01, 2015
IFRS 13	Fair Value Measurement	January 01, 2015
IAS 1	Disclosure Initiative (Amendment)	January 01, 2016
IAS 16 & 38	Clarification of Acceptable Method of Depreciation and Amortisation (Amendment)	January 01, 2016
IAS 16 & 41	Agriculture Bearer Plants (Amendment)	January 01, 2016
IAS 27	Equity Method in Separate Financial Statements (Amendment)	January 01, 2016

Standards issued by IASB but not yet notified by SECP

IFRS 9	Financial Instruments: Classification and Measurement	January 01, 2018
IFRS 14	Regulatory Deferral Accounts	January 01, 2016
IFRS 15	Revenue from Contracts with Customers	January 01, 2018

The Company expects that the adoption of the above standards and interpretations will not have material effect on the Company's unconsolidated financial statements in the period of initial application except for IFRS 9 - Financial Instruments: Classification and Measurement, IFRS 10 - Consolidated Financial Statements, IFRS 11 - Joint Arrangements, IFRS 12 - Disclosure of Interests in Other Entities and IFRS 13 - Fair Value Measurement, which may affect certain disclosures.

2.7 Significant accounting judgments, estimates and assumptions

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting judgments, estimates and assumptions. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates, assumptions and judgments are 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. Revisions to accounting estimates are recognised prospectively.

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

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

b) Prospecting and development expenditure

i. Exploration expenditure

The Company's accounting policy for exploration 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.

ii. Development expenditure

Development activities commence after project sanctioning by the appropriate level of authority. Judgment is applied by the management in determining when a project is economically viable before seeking project sanction approval. In exercising this judgment, management is required to make certain estimates and assumptions similar to those described above for capitalised exploration expenditure. Any such estimates and assumptions may change as new information becomes available.

c) Estimation of proven oil and natural gas reserves

Oil and gas reserves are an important element in testing for impairment of prospecting and development assets of the Company. Changes in oil and gas reserves will also affect the rate of amortisation, which is charged on unit of production method, which is a ratio of oil and gas production in a year to the estimated quantities of commercial reserves at the end of the year plus the production during the year.

Estimates of oil and gas reserves require the application of judgment and are subject to future revision. Proved reserves are estimated quantities of oil, natural gas and LPG that geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs under the existing conditions. Proved reserves are estimates with reference to available reservoir and well information, including production and pressure trends for producing reservoirs. All proved reserve estimates are subject to revision, either upward or downward, based on new information, such as from development drilling and production activities or from changes in economic factors. Although, the possibility exists for changes in reserves to have a significant effect on amortisation charge, however, it is expected that in the normal course of business the probability of occurrence of such an event is remote.

d) 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. Had there been no change in the estimates, provision for decommissioning obligation and property, plant and equipment would have been higher by Rs 2,161.510 million and Rs 1,722.381 million, respectively and amortisation of decommissioning cost for the year would have been higher by Rs 71.193 million and profit after tax would have been lower by Rs 7.196 million.

e) 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, however, for post-retirement medical benefits and compensated absences, 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.

f) Provision for taxation

The provision for taxation is accounted for by the Company after taking into account the relevant laws and decisions taken by appellate authorities. Instances, where the Company's view differs from the view taken by the tax authorities at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities / assets.

g) 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).

h) 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.

i) 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

i. 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.

Maintenance and normal repairs are charged to profit and loss account, as and when incurred. Major renewals and improvements are capitalised and the assets so replaced, if any, are retired.

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 within other income or other operating expenses in profit and loss account.

Assets' residual values, useful lives and methods of depreciation / amortisation are reviewed and adjusted, if appropriate, at each financial year end.

ii. Capital spares held by the Company for replacement of major items of plant and machinery are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

iii. Prospecting and development expenditure is accounted for under the “successful efforts” method, whereby, costs of acquisition of rights to explore, cost to acquire producing reserves, successful exploratory wells and development wells, including unsuccessful development wells, are capitalised.

Unsuccessful exploratory wells are initially capitalised within the capital work-in-progress. However, they are transferred to profit and loss account when declared to be non-productive.

All exploration costs other than those related to exploratory drilling are charged to profit and loss account, as incurred.

b) Assets subject to finance leases

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 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.

3.3 Depreciation and amortisation

a) Property, plant and equipment

i. Depreciation on property, plant and equipment, except freehold land, leasehold land, capital work-in-progress, prospecting and development expenditure 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 and on disposals upto the month the asset is in use.

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

ii. Capitalised prospecting and development expenditure, including cost to acquire producing reserves in respect of proven reserves, and decommissioning cost 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 and on disposals upto the month the asset is in use.

3.4 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 or whenever, there is an indication of impairment as referred in note 3.25 to these unconsolidated financial statements. Impairment loss in respect of goodwill is recognised in the profit and loss account.

3.5 Investments

a) Subsidiary

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.

Gain or loss on sale of investments in subsidiary is included in the profit and loss account for the year.

b) Investment in Bolan Mining Enterprises (BME)

Investment in BME, a joint venture on a 50:50 basis with the Government of Balochistan, is recorded at cost less accumulated impairment losses, if any. A reversal of an impairment loss on joint venture is recognised as it arises provided the increased carrying value does not exceed cost.

3.6 Stores and spares

Stores and spares are valued at lower of weighted average cost and net realisable value (NRV) except for stores in transit, which are valued at cost incurred upto the balance sheet date. NRV is estimated based on management's experience and is also adjusted through systematic provision for damaged, obsolete and slow moving items.

3.7 Financial assets

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 Company determines the classification of its financial assets at initial recognition and, where allowed and appropriate, re-evaluates the designation at each balance sheet date.

a) Held-to-maturity

These are investments with fixed maturity that the Company has the positive intent and ability to hold to maturity. Held to maturity investments are initially measured at fair value plus transaction costs and are subsequently stated at amortised cost using the effective interest rate method less impairment, if any. These are classified as current and non-current assets in accordance with criteria set out by IFRSs.

b) 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 for the purpose of selling and repurchasing in near term. Held for trading assets are acquired principally for the purpose of generating a profit from short-term fluctuation in price. Financial instruments are designated at fair value through profit or loss if the Company manages such investments and makes sales and purchase decision based on their fair value in accordance with the Company's investment strategy.

All investments classified as investments at fair value through profit or loss are initially measured at cost being fair value of consideration given. All transaction costs are recognised directly in profit and loss account. At subsequent dates these investments are measured at fair value, determined on the basis of prevailing market prices, with any resulting gain or loss recognised directly in the profit and loss account. These are classified as current and non-current assets in accordance with criteria set out by IFRSs. The Company has not classified any financial asset as held for trading.

c) Available-for-sale

Available-for-sale financial assets include equity and debt securities. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to liquidity needs or in response to changes in the market conditions.

At initial recognition, available-for-sale financial assets are measured at fair value plus directly attributable transaction costs. For investments traded in active market, fair value is determined by reference to quoted market price and the investments for which a quoted market price is not available, or the fair value cannot be reasonably calculated, are measured at cost, subject to impairment review at each balance sheet date.

After initial measurement, available-for-sale financial assets are subsequently measured at fair value with unrealised gains or losses recognised in other comprehensive income in the available-for-sale reserve until (i) the investment is derecognised, at which time the cumulative gain or loss is recognised in the profit and loss account, or (ii) determined to be impaired, at which time the cumulative loss is recognised in the profit and loss account and removed from the available-for-sale reserve. The Company does not have available-for-sale investments as of balance sheet date.

d) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially measured at fair value plus directly attributable transaction costs. After initial measurement, loans and receivables are subsequently measured at amortised cost using the effective interest rate method less impairment, if any. These are classified as current and non-current assets in accordance with criteria set out by IFRSs.

Trade debts are carried at original invoice amounts less an estimate made for doubtful receivables, if any, based on a review of all outstanding amounts at the balance sheet date. Bad debts are written off, when identified.

3.8 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 insignificant risk of change in value.

3.9 Decommissioning obligation and its provision

Estimated cost to abandon and dismantle wells and production facilities is recognised as a liability and a corresponding equivalent amount is capitalised under property, plant and equipment. The amount is based on present value of the estimated future expenditure.

Changes in the timing / cost of decommissioning estimates are dealt with prospectively, by recording adjustment to the provision and a corresponding adjustment to the property, plant and equipment.

The unwinding of discount is included in the finance costs.

3.10 Staff retirement benefits

a) Defined benefit plans

i. The Company operates approved funded pension and gratuity schemes, separately, for its executive and non-executive permanent staff. Provisions are made periodically, on the basis of actuarial valuations, for these pension and gratuity schemes. Actuarial gains and losses for the defined benefit plan are recognised in full in the period in which they occur in other comprehensive income. Such actuarial gains and losses 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 future 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. 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. Actuarial gains and losses for the defined benefit plan are recognised in full in the period in which they occur in other comprehensive income. Such actuarial gains and losses are also immediately recognised in retained earnings and are not reclassified to profit or loss in subsequent periods.

iii. The Company accrues entitlement to leave preparatory to retirement of its executive staff on the basis of actuarial valuation. Actuarial gains and losses are recognised immediately.

iv. Actuarial valuations are conducted annually and the latest valuations were conducted as on June 30, 2015 based on the 'Projected Unit Credit Actuarial Cost Method'.

b) Defined contribution plan

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.

3.11 Compensated absences

The cost of compensated absences in respect of executive and non-executive staff is recognised on the basis of actuarial valuations. The latest actuarial valuations were conducted as on June 30, 2015.

3.12 Provisions

Provisions are recognised in the balance sheet when the Company has a legal or constructive obligation as a result of past events and 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 current best estimate.

3.13 Taxation

a) Current taxation

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and tax rebates 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 provided using the balance sheet liability 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. 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 taxable profit 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 sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates 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 deferred tax 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.

3.14 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.

3.15 Revenue recognition

Sales are recorded on transfer of significant risks and rewards of ownership of gas and other petroleum products, when the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control, the amount of revenue can be measured reliably, when it is probable that the economic benefits associated with the transaction will flow to the Company and the costs incurred or to be incurred in respect of the transaction can be measured reliably, which occurs on actual delivery of gas and other petroleum products.

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 the sale of gas and other petroleum products in which the Company has an interest with other joint venture partners is recognised based on the Company's working interest and the terms of the relevant agreements.

3.16 Finance income and expense

Finance income comprises 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. 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 provisions 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.

3.17 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.

3.18 Joint venture operations

The Company has certain contractual arrangements with other participants to engage in joint activities, where all significant operating and financial policies are predetermined by the participants, such that the Operator itself has no significant independence to pursue its own commercial strategy. These joint arrangements are not structured through separate vehicles and as financial and operational decisions of such joint venture are those of participants, therefore these do not create joint venture entities.

The financial statements of the Company include its prorata share of assets, liabilities, revenues and expenses in joint venture operations are accounted for on the basis of cost statements received from the operators of the respective joint ventures. Estimates are made for the intervening period up to the balance sheet date. The difference, if any, between the cost statements and estimates is accounted for in the next accounting year.

3.19 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 retranslated in Pakistani Rupee at the exchange rates ruling at the balance sheet date. 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 at the dates of the initial transactions. Non-monetary items measured at fair value in foreign currency are translated using the exchange rates at the date on which the fair value was determined.

3.20 Financial instruments

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised at the time when the Company substantially transfers all the risks and rewards of ownership of the financial asset. If the Company neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, the financial assets are derecognised when the Company loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognised at the time when the obligation specified in the contract is discharged, cancelled or expired.

3.21 Off-setting of financial assets and financial liabilities

Financial assets and financial liabilities are set off and the net amount is reported in the balance sheet if the Company has a legal right to set off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

3.22 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.

3.23 Functional and presentation currency

These unconsolidated financial statements are presented in Pakistani Rupee, which is the Company's functional currency.

3.24 Related party transactions

Related party transactions are carried out on commercial terms, as approved by the Board, substantiated in the manner given in note 39 to these unconsolidated financial statements.

3.25 Impairment

The Company assesses at each reporting date whether there is an indication that an asset or a group of assets 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.

a) Financial assets

The Company assesses at each reporting date whether there is any 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 (an incurred '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. Any impairment losses on financial assets including financial assets carried at amortised cost are recognised in profit and loss account.

b) Non-financial assets, goodwill and investments in subsidiaries and associates

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 Cash Generating Unit (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.

3.26 Dividends and appropriations to reserves

Dividends and appropriations to reserves are recognised in the unconsolidated financial statements in the period in which these are approved. However, if these are approved after the reporting period but before the unconsolidated financial statements are authorised for issue, they are disclosed in the notes to these unconsolidated financial statements.

3.27 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker. Segment results, assets and liabilities include items directly attributable to a segment. Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment and intangible assets.

	June 30, 2015	June 30, 2014
	Rs '000	
4. PROPERTY, PLANT AND EQUIPMENT		
Operating assets - note 4.1	**58,800,380**	58,696,396
Capital work-in-progress - note 4.5	**34,973,554**	23,939,951
	93,773,934	82,636,347

4.1 Operating assets

	Owned assets												Assets subject to finance leases			
	Freehold land	Leasehold land	Buildings, roads and civil construction on freehold land	Buildings, roads and civil construction on leasehold land	Plant & Machinery	Furniture, fittings and equipment	Tanks and pipelines	Computers and allied equipment	Rolling stock*	Prospecting and development expenditure	Decommiss-ioning cost	Sub total	Computers and allied equipment	Rolling stock*	Sub total	Total
	Rs'000															
Net carrying value basis																
NBV as on June 30, 2014	110,777	1,327,797	1,210,825	2,143	22,360,485	254,136	3,919,923	108,029	198,264	20,642,287	8,254,832	58,389,498	91,856	215,042	306,898	58,696,396
Additions (at cost)	-	16,573	60,280	-	1,657,220	41,921	847,579	17,836	12,597	10,992,534	935,864	14,582,404	31,266	130,281	161,547	14,743,951
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	-	-	(84,840)	(133)	(3,236,589)	(38,740)	(566,783)	(71,857)	(61,983)	(4,344,618)	(649,363)	(9,054,906)	(46,598)	(70,876)	(117,474)	(9,172,380)
NBV as on June 30, 2015	110,777	1,344,370	1,184,447	2,010	20,537,198	255,488	4,150,281	58,157	148,791	27,168,248	3,505,792	58,465,559	72,217	262,604	334,821	58,800,380
Gross carrying value basis																
Cost	110,777	1,344,370	2,209,448	2,664	46,556,016	692,188	7,260,631	630,807	514,310	44,886,841	9,972,449	114,180,501	137,026	441,780	578,806	114,759,307
Accumulated depreciation / amortisation	-	-	(1,025,001)	(654)	(26,018,818)	(436,700)	(3,110,350)	(572,650)	(365,519)	(17,718,593)	(6,466,657)	(55,714,942)	(64,809)	(179,176)	(243,985)	(55,958,927)
NBV as on June 30, 2015	110,777	1,344,370	1,184,447	2,010	20,537,198	255,488	4,150,281	58,157	148,791	27,168,248	3,505,792	58,465,559	72,217	262,604	334,821	58,800,380
Net carrying value basis																
NBV as on June 30, 2013	110,777	1,328,308	1,174,305	2,276	15,126,660	215,413	3,062,101	147,406	135,417	19,145,666	10,381,530	50,829,859	91,091	195,508	286,599	51,116,458
Additions (at cost)	-	-	117,364	-	9,906,585	72,655	1,327,235	28,179	112,231	5,136,457	887,786	17,588,492	45,928	96,110	142,038	17,730,530
Adjustments / reclassifications	-	(511)	-	-	-	-	-	935	15	-	(1,878,392)	(1,877,953)	(935)	(15)	(950)	(1,878,903)
Disposals (at NBV)	-	-	(910)	-	(2,053)	(656)	(2)	(35)	-	-	-	(3,656)	(120)	(12,713)	(12,833)	(16,489)
Depreciation / amortisation charge	-	-	(79,934)	(133)	(2,670,707)	(33,276)	(469,411)	(68,456)	(49,399)	(3,639,836)	(1,136,092)	(8,147,244)	(44,108)	(63,848)	(107,956)	(8,255,200)
NBV as on June 30, 2014	110,777	1,327,797	1,210,825	2,143	22,360,485	254,136	3,919,923	108,029	198,264	20,642,287	8,254,832	58,389,498	91,856	215,042	306,898	58,696,396
Gross carrying value basis																
Cost	110,777	1,327,797	2,151,154	2,664	45,157,334	657,189	6,480,040	561,980	510,389	34,016,261	14,072,126	105,047,711	171,431	352,555	523,986	105,571,697
Accumulated depreciation / amortisation	-	-	(940,329)	(521)	(22,796,849)	(403,053)	(2,560,117)	(453,951)	(312,125)	(13,373,974)	(5,817,294)	(46,658,213)	(79,575)	(137,513)	(217,088)	(46,875,301)
NBV as on June 30, 2014	110,777	1,327,797	1,210,825	2,143	22,360,485	254,136	3,919,923	108,029	198,264	20,642,287	8,254,832	58,389,498	91,856	215,042	306,898	58,696,396
Rate of depreciation / amortisation (%)			5 & 10	5	10 & 100**	10	10	30	20	***	***		30	20		

* Represents light and heavy vehicles.
** For below ground installations in fields other than Sui 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, 2015		June 30, 2014	
	Cost	NBV	Cost	NBV
	Rs '000		Rs '000	
Head Office				
Land for Head Office Building	1,315,076	1,315,076	1,315,076	1,315,076
Corporate Data Management Project	270,049	8,452	270,488	63,585
Sui Field				
SML / SUL Compression and High Pressure Casing	5,664,138	66,077	5,664,138	101,339
HRL Compressor	1,040,865	878,437	1,113,108	1,049,052
Purification Plant	653,638	-	655,119	-
20" Diameter Sui KPS Main Water Line	862,343	454,631	862,343	539,284
UCP & Vibration Panel	376,751	356,526	-	-
Adhi Field				
LPG Plant -2	652,812	28,355	652,812	93,632
Kandhkot Field				
TEG Dehydration Unit	474,884	237,442	474,884	284,931
Gas Compression Station	8,634,309	4,792,250	8,634,309	5,647,420
Gas Gathering System	243,199	194,559	243,199	218,879
Hala Field				
Early Production Facilities (EPF) of Adam X-1	1,252,858	569,372	1,252,858	694,658
Mazarani Field				
Processing Facilities	319,545	-	319,545	-
Transmission Pipeline	230,093	-	230,093	-
Qadirpur Field				
Production Facilities	205,116	-	205,116	-
Wellhead Compression Facility	271,021	157,440	271,021	184,542
Sawan Field				
Front End Compression	2,480,735	1,220,022	2,480,735	1,468,095
Gas Processing with Amine and Dehydration Unit	971,071	-	971,071	-
Other Plant and Machinery	1,811,767	-	1,811,767	-
Tal Field				
Makori Central Processing Facility	5,685,390	4,983,329	5,604,262	5,464,155
CPF Manzalai	3,155,195	1,386,207	3,137,627	1,682,825
Surface Facilities for EWT, Manzalai-1	227,439	-	227,439	20,743
EWT of Maramzai-1	200,498	119,476	200,498	139,526
EPF Augmentation of Processing Facility - Makori	251,827	195,166	251,827	220,349
Wellhead Surface Fittings & Flowline - Makori East-1	220,618	171,230	220,618	193,292
Miano Field				
Other Plant and Machinery	411,601	-	411,601	-
Latif Field				
Reception / Tie-in Facility	1,167,157	981,192	1,248,072	1,185,668
Tie-in of Latif North	253,805	176,902	253,805	202,283
Compression at Wells	524,043	511,946	-	-
Gambat South Field				
Pipeline for Gas Sales	358,820	358,820	-	-

4.3 Operating assets disposed off during the year

Asset description	Method of disposal	Sold to	Cost	Accumulated Depreciation	Net Book Value	Sale Proceeds
			Rs '000			
Owned assets						
Buildings, roads and civil constructions						
Prayer shed for field staff	Written-Off	Written-Off	192	168	24	-
Plant and machinery						
Raw gas metering for HRL	Tender / Negotiation	Hala Joint Venture	72,243	11,438	60,805	72,243
Items having book value upto Rs. 50,000	Tender	Various	3,240	3,182	58	494
			75,483	14,620	60,863	72,737
Furniture, fittings and equipment						
Wooden racks	Tender	M/S Mushtaq Ahmed & Sons	302	85	217	170
Items having book value upto Rs. 50,000	Tender	Various	5,191	5,008	183	1,243
			5,493	5,093	400	1,413
Tank and pipelines						
Gas transmission line (Makori EPF)	Tender	SNGPL	19,534	16,441	3,093	8,667
Items having book value upto Rs. 50,000	Tender	Various	111	108	3	34
			19,645	16,549	3,096	8,701
Rolling stock						
Items having book value upto Rs. 50,000	Tender	Various	8,590	8,590	-	11,722
Computer and allied equipment						
Items having book value upto Rs. 50,000	Tender	Various	14,395	14,395	-	486
Assets subject to finance leases						
Computer and allied equipment						
Dell TM Latitude Notebook E6430	Insurance claim	EFU General Insurance Ltd.	146	44	102	105
Items having book value upto Rs. 50,000	Tender	Various	115	83	32	85
			261	127	134	190
Rolling stock						
Suzuki Cultus VXLi, ASD-591	Company policy	Mr. Shakeel Rauf Qureshi	836	766	70	167
Suzuki Cultus VXLi, ASG-049	Company policy	Mr. Bilal Ahmed	828	759	69	166
Toyota Corolla XLI, ASG-371	Company policy	Mr. M. Khalid Rehman	1,280	1,173	107	256
Toyota Corolla GLi, AXV-689	Company policy	Dr. Fareed Iqbal Siddiqui	1,838	643	1,195	361
Suzuki Cultus VXR, AXY-798	Company policy	Ms. Rukhsana Yunus	998	266	732	721
Suzuki Cultus VXLi, ASK-148	Company policy	Mr. Shaheen Parwez Akhtar	828	773	55	166
Suzuki Cultus VXLi, ASK-146	Company policy	Mr. Qazi Abul Bashar	828	773	55	166
Suzuki Cultus VXLi, ASK-138	Company policy	Syed Ghazanfar Iqbal	828	773	55	166
Honda City IVTEC, ASH-021	Company policy	Syed Rahat Hussain Naqvi	1,351	1,261	90	270
Suzuki Cultus VXR, AWJ-781	Company policy	Mr. Ghulam Haider Qureshi	912	471	441	501
Honda Civic IVTEC AZG-796	Insurance claim	EFU General Insurance Ltd.	2,161	576	1,585	2,138
Toyota Corolla XLI BBH-627	Company policy	Mr. Nazerul Hassan	1,646	165	1,481	1,471
Honda Civic, AST-387	Company policy	Mr. Moin Raza Khan	1,880	1,817	63	376
Toyota Corolla XLI, AXW-100	Company policy	Mr. Najeeb Iqbal	1,546	670	876	994
Suzuki Cultus VXR, AXZ-172	Company policy	Mr. Hashmatullah Khan	993	430	563	636
Toyota Corolla Altis, ATD-264	Company policy	Mr. Abid Ashfaque Malick	1,834	1,773	61	367
Toyota Corolla, AVM-726	Company policy	Mr. Muhammad Nawaz	1,441	1,285	156	262
Toyota Altis BBH-619	Company policy	Mr. Khalid Waheed	2,194	366	1,828	1,588
Suzuki Cultus VXR, AXY-797	Company policy	Dr. Mansoor-ul-Haque	993	529	464	563
Items having book value upto Rs. 50,000	Company policy	Various	14,248	13,943	305	2,767
			39,463	29,212	10,251	14,102
		2015	**163,522**	**88,754**	**74,768**	**109,351**
		2014	138,905	122,416	16,489	34,861

4.4 Cost and accumulated depreciation of joint venture assets include

	Cost		Accumulated depreciation	
	June 30, 2015	June 30, 2014	**June 30, 2015**	June 30, 2014
	Rs '000			
Share in Company's operated joint ventures	**4,886,940**	4,108,173	**2,704,130**	2,412,922
Share in partner operated joint ventures (assets not in possession of the Company)	**24,521,352**	23,563,632	**10,644,824**	8,655,098
	29,408,292	27,671,805	**13,348,954**	11,068,020

	June 30, 2015	June 30, 2014
	Rs '000	
4.5 Capital work-in-progress		
Plant, machinery, fittings and pipelines	**10,663,290**	4,541,896
Prospecting and development expenditure	**11,634,341**	9,451,764
Lands, buildings and civil constructions	**384,023**	137,845
Capital stores for drilling and development	**12,291,900**	9,808,446
	34,973,554	23,939,951

4.6 Reconciliation of the carrying amount of capital work-in-progress

	Plant, machinery, fittings and pipelines	Prospecting and development expenditure (note 4.6.1)	Lands, buildings and civil constructions	Capital stores for drilling and development	Total
	Rs '000				
Balance as on July 1, 2013	8,329,028	4,032,963	100,123	6,500,340	18,962,454
Capital expenditure incurred / advances made during the year (net)	7,832,543	10,555,378	123,253	3,308,106	21,819,280
Adjustments / reclassifications	(30,752)	(120)	31,322	-	450
Transferred to operating assets	(11,588,923)	(5,136,457)	(116,853)	-	(16,842,233)
Balance as on June 30, 2014	**4,541,896**	**9,451,764**	**137,845**	**9,808,446**	**23,939,951**
Capital expenditure incurred / advances made during the year (net)	8,672,647	13,053,156	290,322	2,483,454	24,499,579
Adjustments / reclassifications	(29,448)	-	32,710	-	3,262
Transferred to operating assets	(2,521,805)	(10,870,579)	(76,854)	-	(13,469,238)
Balance as on June 30, 2015	**10,663,290**	**11,634,341**	**384,023**	**12,291,900**	**34,973,554**

4.6.1 Break-up of prospecting and development expenditure

	Exploration expenditure	Development expenditure	Total
	Rs '000		
Balance as on July 1, 2013	1,861,537	2,171,426	4,032,963
Capital expenditure incurred / advances made during the year (net)	5,314,967	5,240,411	10,555,378
Adjustments / reclassifications	(120)	-	(120)
Transferred to operating assets	(1,303,985)	(3,832,472)	(5,136,457)
Balance as on June 30, 2014	**5,872,399**	**3,579,365**	**9,451,764**
Capital expenditure incurred / advances made during the year (net)	7,043,302	6,009,854	13,053,156
Adjustments / reclassifications	-	-	-
Transferred to operating assets	(5,497,244)	(5,373,335)	(10,870,579)
Balance as on June 30, 2015	**7,418,457**	**4,215,884**	**11,634,341**

4.7 Property, plant and equipment includes major spare parts and standby equipment having cost of Rs 241.375 million (2014: Rs 241.375 million) and net book value of Rs 14.971 million (2014: Rs 39.108 million).

	June 30, 2015	June 30, 2014
	Rs '000	
5. INTANGIBLE ASSETS		
Computer software including ERP system - note 5.1	**183,174**	265,721
Intangible assets under development	**76,120**	12,252
	259,294	277,973

5.1 Computer Software including ERP system

	June 30, 2015			June 30, 2014		
	ERP system	Computer software	Total	ERP system	Computer software	Total
	Rs '000					
Net carrying value basis						
NBV as on July 01	23,471	242,250	265,721	49,494	342,112	391,606
Additions (at cost)	17,630	73,453	91,083	-	89,926	89,926
Adjustment / reclassification	-	(800)	(800)	-	-	-
Amortisation charge - note 27	(13,522)	(159,308)	(172,830)	(26,023)	(189,788)	(215,811)
NBV as on June 30	27,579	155,595	183,174	23,471	242,250	265,721
Gross carrying value basis						
Cost	336,893	899,259	1,236,152	319,263	826,605	1,145,868
Accumulated amortisation	(309,314)	(743,664)	(1,052,978)	(295,792)	(584,355)	(880,147)
NBV as on June 30	27,579	155,595	183,174	23,471	242,250	265,721
Rate of amortisation (%)	20	33.33		20	33.33	

6. LONG-TERM INVESTMENTS

	June 30, 2015	June 30, 2014
	Rs '000	
Investments in related parties:		
- Wholly owned subsidiaries		
The Pakistan Petroleum Provident Fund Trust Company (Private) Limited - note 6.1	1	1
PPL Europe E&P Limited - note 6.2	10,311,467	15,664,177
PPL Asia E&P B.V. - note 6.3	7,870,946	7,870,946
	18,182,414	23,535,124
-Investment in jointly controlled entity		
Bolan Mining Enterprises	15,000	15,000
Other investments		
Held-to-maturity		
Term Finance Certificates - note 6.4	99,780	99,820
Pakistan Investment Bonds - note 6.5	22,523,986	22,749,408
GoP Ijara Sukuk - note 6.6	500,000	500,139
Local currency term deposits with bank - note 6.7	2,000,000	2,000,000
Foreign currency term deposits with banks - note 6.8	11,028,077	9,113,904
	36,151,843	34,463,271
Designated at fair value through profit or loss		
UBL Liquidity Plus Fund	-	619,003
MCB Cash Management Optimizer Fund	-	1,510,195
NAFA Government Securities Liquid Fund	-	1,278,995
ABL Cash Fund	-	1,694,736
Atlas Money Market Fund	-	640,436
HBL Money Market Fund	-	1,260,432
Askari Sovereign Cash Fund	-	533,652
IGI Money Market Fund	-	234,864
NAFA Money Market Fund	-	1,057,624
First Habib Cash Fund	-	433,036
Alfalah GHP Cash Fund	-	226,158
Pakistan Cash Management Fund	-	319,416
PICIC Cash Fund		254,812
Primus Daily Reserve Fund	-	503,390
Faysal Money Market Fund	-	472,322
	-	11,039,071
Less: Current maturity of long-term investments		
Term Finance Certificates - note 6.4	(40)	(40)
PIB's - note 6.5	(148,198)	-
GoP Ijara Sukuk - note 6.6	(500,000)	(500,139)
	(648,238)	(500,179)
	53,701,019	68,552,287

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

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, 2015. The latest audited financial statements of the subsidiary are annexed. The paid-up capital of PPPFTC is Rs 1,000 divided into 100 ordinary shares of Rs 10 each.

Securities and Exchange Commission of Pakistan (SECP) through its letter CLD/RD/CO.237/PPL/2004 dated July 6, 2004 has exempted the Company from consolidation of financial statements in respect of its investment in PPPFTC under section 237 of the Companies Ordinance, 1984. Accordingly, the Company has not consolidated the PPPFTC in its consolidated financial statements for the year ended June 30, 2015.

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 (PPLE). The registered office of PPLE is situated at 6th Floor, One London Wall, London, United Kingdom. The Company holds 38,793,216 ordinary shares of £1 each, representing 100 per cent of the share capital as of balance sheet date.

PPLE's main objective is exploration and production of oil and gas and currently it has working interest in one producing field and three exploration blocks in Pakistan, as well as two exploration blocks in Yemen.

During the current year, the Company carried out impairment testing of its investment in PPLE, as required under IAS 36 - 'Impairment of Assets'. PPLE 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%

The Company considers the relationship between international crude oil prices and carrying value of its investment, amongst other factors, when reviewing for indicators of impairment. As at June 30, 2015, the international crude oil prices were significantly lower than the previous estimates used for the evaluation of recoverable amount of the investment, indicating a potential impairment of its investment. Additionally, the hydrocarbon resource estimates have reduced based on further exploratory data. The security condition in the assets situated in sensitive areas have also contributed to a delay in field activity.

The recoverable amount of the investment is Rs 10,311 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 pre-tax discount rate applied to cash flow projections is 15.50% (June 30, 2014: 14.68%).

As a result of the above-stated factors, the Company has recorded an impairment loss of Rs 5,353 million and reduced the carrying amount of the investment, accordingly.

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. Crude oil price is based on the forecasts of international analysts and is assumed to inflate 2% beyond the year 2018. A one percent increase in international oil prices will increase the recoverable amount by Rs 58 million, whereas a one percent decrease will have an adverse effect of Rs 87 million on the recoverable amount.

Pre Tax Discount Rate - Discount rates 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. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate. Increase of fifteen basis points in the discount rate will decrease the recoverable amount by Rs 83 million, whereas a similar decrease in the discount rate will have a positive effect of Rs 84 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 and Probable 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 147 million, whereas a one percent decrease will have an adverse effect of Rs 148 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 has 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. The Company holds 755,000 ordinary shares of US$ 100 each, representing 100 per cent of the share capital as of 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.

	Number of certificates	Nominal value of each certificate (Rs)	Final maturity date	Implicit mark-up %	**June 30, 2015**	June 30, 2014
					Rs '000	
6.4 Term Finance Certificates (TFCs) of listed companies						
Bank Alfalah Limited	20,000	5,000	December 01, 2017	KIBOR+2.5	**99,780**	99,820
Current maturity of TFCs					**(40)**	(40)
					99,740	99,780
6.5 Pakistan Investment Bonds (PIBs)						
Issued on:						
May 19, 2006			May 19, 2016	10.90	**49,464**	48,917
May 19, 2006			May 19, 2016	11.14	**98,734**	97,443
August 22, 2007			August 22, 2017	11.43	**96,603**	95,274
August 22, 2007			August 22, 2017	11.49	**96,504**	95,138
August 22, 2007			August 22, 2017	11.54	**96,414**	95,014
August 22, 2007			August 22, 2017	11.59	**96,326**	94,892
August 22, 2007			August 22, 2017	11.64	**96,236**	94,767
August 22, 2007			August 22, 2017	11.88	**47,902**	47,087
July 19, 2012			July 19, 2017	10.05	**21,845,803**	22,080,876
					22,523,986	22,749,408
Current maturity of PIBs					**(148,198)**	-
					22,375,788	22,749,408

6.5.1 PIBs are in custody of various financial institutions on behalf of the Company.

6.6 GoP Ijara Sukuk

	Principal Amount	Final Maturity date	Mark-up (%)	June 30, 2015	June 30, 2014
	Rs '000			Rs '000	
Issued on:					
April 30, 2012	500,000	November 21, 2015	7.84	**500,000**	500,139
Current maturity of GoP Ijara Sukuk				**(500,000)**	(500,139)
				-	-

6.6.1 GoP Ijara Sukuk are in custody of a financial institution on behalf of the Company. Mark-up on investments in GoP Ijara Sukuk is subject to revision after every six months.

6.7 Local currency term deposits with bank

This represents 91 days term deposits with bank having interest rate of 7.26% (2014: 10.30%) 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 1.30% to 4.20% (2014: 2.81% to 4.15%) per annum. These investments' maturities are in the range of 151 to 272 days, however, these have been classified as non-current assets, as the management intends and has an ability to hold the amounts for longer term.

	June 30, 2015	June 30, 2014
	Rs '000	
7. LONG-TERM LOANS		
Unsecured and considered good		
Long-term loans - staff - note 7.1		
- Executive staff - note 7.2	**33,902**	31,834
- Other employees	**3,405**	7,224
	37,307	39,058
Current maturity of long-term loans - note 12		
- Executive staff	**(9,978)**	(9,004)
- Other employees	**(683)**	(3,358)
	(10,661)	(12,362)
	26,646	26,696
Long-term loan to a related party		
- PPL Europe E&P Limited - note 7.3	**1,145,494**	959,836
	1,172,140	986,532

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% (2014: 1% to 10%) per annum.

7.2 Reconciliation of the carrying amount of long-term loans to executive staff

	June 30, 2015	June 30, 2014
	Rs '000	
Balance as on July 01	31,834	22,405
Disbursements	16,105	22,665
Repayments / adjustments	(14,037)	(13,236)
Balance as on June 30	33,902	31,834

The maximum aggregate amount of loan due from the executive staff at the end of any month during the year was Rs 33.902 million (2014: Rs 31.834 million).

7.3 During the year ended June 30, 2014, the Company had 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 borrowing amount shall be paid in full within three years from the effective date of this agreement or before termination of agreement, whichever occurs earlier. The said loan carries interest at the rate of 3 months LIBOR + 3% per annum.

8. LONG-TERM DEPOSITS

	June 30, 2015	June 30, 2014
	Rs '000	
Cash margin:		
- For guarantee to International Bank of Yemen - note 8.1	757,500	757,500
- Others - note 25.1.3	7,676	7,676
	765,176	765,176

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. Extension has been granted for twelve months for the first exploration period effective March 17, 2015 and it is expected that further extension will be granted, until the exploration work program commitments are fulfilled.

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 757.5 million (2014: Rs 757.5 million).

Effective from May 14, 2014, The Company transferred the entire working interest in Block - 29 Yemen to its wholly owned subsidiary, PPL Europe E&P Limited.

9. LONG-TERM RECEIVABLES

	June 30, 2015	June 30, 2014
	Rs '000	
Unsecured and considered good		
Long-term receivables from:		
- Government Holdings (Private) Limited (GHPL) - note 9.1	214,492	269,292
- National Highway Authority (NHA) - note 9.2	161,558	161,558
	376,050	430,850
Current maturity of long-term receivables from GHPL	(60,632)	(54,800)
	315,418	376,050

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).

9.2 Nashpa and Tal joint venture 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 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, 2015	June 30, 2014
		Rs '000	
10.	**STORES AND SPARES**		
	Stores and spares	**3,010,135**	3,108,239
	Stores and spares in transit	**1,011,015**	554,723
		4,021,150	3,662,962
	Provision for obsolete / slow moving stores - note 10.1	**(130,817)**	(119,480)
		3,890,333	3,543,482
10.1	Reconciliation of provision for obsolete / slow moving stores:		
	Balance as on July 01	**119,480**	106,406
	Charge for the year - note 30	**11,337**	13,074
	Balance as on June 30	**130,817**	119,480
11.	**TRADE DEBTS**		
	Unsecured and considered good		
	Related parties		
	Central Power Generation Company Limited (GENCO-II)	**8,787,638**	6,435,882
	Sui Northern Gas Pipelines Limited (SNGPL)	**17,911,494**	11,846,129
	Sui Southern Gas Company Limited (SSGCL)	**22,420,463**	20,692,404
		49,119,595	38,974,415
	Non-related parties		
	Attock Refinery Limited (ARL)	**7,763,800**	7,172,493
	National Refinery Limited (NRL)	**626,508**	1,343,390
	Pak-Arab Refinery Limited (PARCO)	**740,110**	1,765,080
	Others	**504,065**	607,109
		9,634,483	10,888,072
		58,754,078	49,862,487
	Unsecured and considered doubtful		
	Non-related party		
	Byco Petroleum Pakistan Limited (Byco)	**1,156,220**	1,156,220
	Less: Provision for doubtful debts - note 11.3	**(1,156,220)**	(1,156,220)
		-	-
		58,754,078	49,862,487
11.1	The ageing of trade debts as at June 30 is as follows:		
	Neither past due nor impaired	**17,974,406**	21,668,307
	Past due but not impaired:		
	Related parties		
	- within 90 days	**13,230,407**	10,157,677
	- 91 to 180 days	**9,896,353**	5,867,604
	- over 180 days	**13,946,350**	10,401,911
		37,073,110	26,427,192
	Non-related parties		
	- within 90 days	**3,589,444**	1,593,497
	- 91 to 180 days	**16,895**	39,090
	- over 180 days	**100,223**	134,401
		3,706,562	1,766,988
		58,754,078	49,862,487

11.2 Trade debts include overdue amount of Rs 37,073 million (2014: Rs 26,427 million) receivable from the State controlled utility companies (i.e. GENCO-II, SSGCL and SNGPL) and Rs 4,863 million (2014: Rs 2,923 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, 2015	June 30, 2014
		Rs '000	
12.	**LOANS AND ADVANCES**		
	Unsecured and considered good		
	Loans and advances to staff - note 12.1	**19,783**	3,713
	Advances to suppliers and others	**101,108**	156,821
	Advance payment of cash calls to joint ventures - note 24.1	**2,024,544**	1,512,521
	Current maturity of long-term loans - staff - note 7	**10,661**	12,362
		2,156,096	1,685,417
12.1	**Loans and advances to staff:**		
	- Executive staff	**405**	1,847
	- Other employees	**19,378**	1,866
		19,783	3,713
13.	**TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS**		
	Trade deposits	**41,978**	162,188
	Prepayments	**34,813**	236,294
		76,791	398,482
14.	**INTEREST ACCRUED**		
	Profit receivable on:		
	- long-term investments	**1,214,729**	1,176,673
	- long-term loan to PPLE	**17,799**	12,362
	- long-term bank deposits	**6,591**	10,727
	- short-term bank deposits	**182,378**	151,899
	- bank deposits - saving accounts	**13,715**	860
		1,435,212	1,352,521
15.	**OTHER RECEIVABLES**		
	Receivable from:		
	SNGPL for Sui field services	**24,263**	16,404
	SSGCL for Sui field services	**17,240**	9,690
	PPLA	**23,620**	11,566
	PPLE	**3,606**	4,823
	PPLA, Iraq branch	**216,101**	153,733
	Workers' Profits Participation Fund (WPPF) - note 15.1	**305,423**	71,968
	Staff retirement benefit plans - note 28.1.1	**-**	252,803
	Current accounts with joint ventures - note 24.1	**4,806,416**	1,538,458
	Sales tax (net)	**1,343,681**	1,294,549
	Federal excise duty (net)	**271,732**	359,896
	Other receivables	**10,555**	11,508
		7,022,637	3,725,398
15.1	**Workers' Profits Participation Fund**		
	Balance as on July 01	**71,968**	69,434
	Allocation for the year - note 30	**(2,586,576)**	(3,922,206)
	Interest on funds utilised in the Company's business - note 31	**(77)**	(105)
		(2,514,685)	(3,852,877)
	Amount paid during the year	**2,820,108**	3,924,845
	Balance as on June 30	**305,423**	71,968

	June 30, 2015	June 30, 2014
	Rs '000	
16. SHORT-TERM INVESTMENTS		
Held-to-maturity		
Local currency term deposits with banks - note 16.1	**21,455,000**	19,350,000

16.1 The local currency short-term deposits have a maximum maturity period of 137 days, carrying profit ranging from 6.75% to 7.80% (2014: from 9.95% to 10.48%) per annum.

	June 30, 2015	June 30, 2014
	Rs '000	
17. CASH AND BANK BALANCES		
At banks		
- Saving accounts		
Local currency - note 17.1	**754,060**	2,089,898
Foreign currency - note 17.2	**290,081**	21,721
	1,044,141	2,111,619
- Current accounts (local currency)	**123,277**	106,563
Cash and cheques in hand	**99,409**	57,730
	1,266,827	2,275,912

17.1 These carry profit at the rate ranging from 4% to 6.50% (2014: from 6% to 9.25%) per annum.

17.2 These carry profit at the rate ranging from 0.10% to 0.25% (2014: from 0.10% to 0.25%) per annum.

	June 30, 2015	June 30, 2014
	Rs '000	
18. SHARE CAPITAL		
Authorised		
2,500,000,000 (2014: 2,500,000,000) ordinary shares of Rs 10 each	**25,000,000**	25,000,000
26,510 (2014: 26,510) convertible preference shares of Rs 10 each	**265**	265
	25,000,265	25,000,265
Issued		
1,971,906,633 (2014: 1,971,905,162) ordinary shares of Rs 10 each - note 18.1	**19,719,066**	19,719,052
12,369 (2014: 13,840) convertible preference shares of Rs 10 each - note 18.2	**124**	138
	19,719,190	19,719,190
Subscribed and paid-up		
683,075,274 (2014: 683,073,803) ordinary shares of Rs 10 each for cash - note 18.1	**6,830,752**	6,830,738
1,285,891,812 (2014: 1,285,891,812) ordinary shares of Rs 10 each issued as bonus shares		
-Opening balance	**12,858,919**	9,572,726
-Issued during the year	**-**	3,286,193
-Closing balance	**12,858,919**	12,858,919
2,750,000 (2014: 2,750,000) ordinary shares of Rs10/- 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
	19,717,171	19,717,157
12,369 (2014: 13,840) convertible preference shares of Rs 10 each for cash - note 18.2	**124**	138
	19,717,295	19,717,295

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 (2014: 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.

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 has reduced to 67.51% (2014: 71.06%) 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 last year, no shareholder exercised his option to convert those shares into ordinary shares. However, during the current year, 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. The Company is of the view that their characteristics are that of an equity instrument rather than a liability instrument and accordingly, these are treated to be as such.

	June 30, 2015	June 30, 2014
	Rs '000	
19. RESERVES		
Capital reserve - note 19.1	**1,428**	1,428
Revenue reserves		
General and contingency reserve - note 19.2	**69,761**	69,761
Insurance reserve - note 19.3	**34,021,894**	29,021,894
Assets acquisition reserve - note 19.4	**23,751,980**	18,751,980
Dividend equalisation reserve	**5,000,000**	5,000,000
Unappropriated profit	**109,394,858**	109,355,000
	172,238,493	162,198,635
	172,239,921	162,200,063

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 10,150 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.

20. PROVISION FOR DECOMMISSIONING OBLIGATION

	June 30, 2015	June 30, 2014
	Rs '000	
Balance brought forward	**15,385,920**	15,989,704
Reversal / paid during the year	**(4,169,599)**	(990,606)
Unwinding of discount - note 31	**515,493**	386,822
	11,731,814	15,385,920

20.1 The provision for decommissioning obligation includes Rs 2,728.494 million (2014: Rs 2,480.485 million), representing the Company's share of the expected decommissioning cost of partner operated fields. 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 5.35% (2014: 3.37%) per annum.

21. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASES

	June 30, 2015	June 30, 2014
	Rs '000	
Present value of minimum lease payments - note 21.1	**317,767**	277,884
Current maturity shown under current liabilities	**(108,120)**	(102,114)
	209,647	175,770

21.1 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 16.00% (2014: 12.64% to 21.83%) per annum. The Company has the option to purchase the assets upon expiry of the respective lease terms. There are no financial restrictions in the lease agreements.

The amounts of future payments 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, 2015	June 30, 2014	**June 30, 2015**	June 30, 2014	**June 30, 2015**	June 30, 2014
	Rs '000					
Year ended June 30,						
2015	**-**	127,710	**-**	25,596	**-**	102,114
2016	**135,142**	94,511	**27,022**	21,740	**108,120**	72,771
2017	**102,261**	61,697	**24,322**	12,774	**77,939**	48,923
2018	**74,441**	42,472	**14,457**	6,147	**59,984**	36,325
2019	**47,663**	19,403	**7,356**	1,652	**40,307**	17,751
2020	**34,029**	-	**2,612**	-	**31,417**	-
Total	**393,536**	345,793	**75,769**	67,909	**317,767**	277,884

		June 30, 2015	June 30, 2014
		Rs '000	
22.	**DEFERRED LIABILITIES**		
	Post retirement medical benefits - note 28.2.1	**1,568,791**	1,378,429
	Leave preparatory to retirement - note 28.3	**529,344**	675,309
		2,098,135	2,053,738
23.	**DEFERRED TAXATION**		
	Credit / (debit) balances arising on account of:		
	Exploration expenditure	**(3,332,000)**	(3,478,000)
	Amortisation of intangible assets	**2,048**	(4,422)
	Provision for staff retirement and other benefits	**(928,386)**	(698,271)
	Provision for obsolete / slow moving stores	**(41,861)**	(40,623)
	Provision for doubtful debts	**(462,488)**	(462,488)
	Provision for decommissioning obligation	**(444,393)**	71,206
	Accelerated tax depreciation allowances	**5,848,653**	6,346,687
	Exploratory wells cost	**7,755,838**	4,295,870
	Prospecting and development expenditure	**10,288,414**	9,029,247
	Others	**5,313**	9,870
		18,691,138	15,069,076
24.	**TRADE AND OTHER PAYABLES**		
	Creditors	**536,042**	288,512
	Accrued liabilities	**3,925,183**	3,100,302
	Security deposits from LPG distributors	**602,618**	625,069
	Retention money	**57,913**	43,100
	Unpaid and unclaimed dividends	**231,654**	192,517
	Gas development surcharge	**5,162,115**	3,805,195
	Gas infrastructure development cess	**1,957,188**	1,479,926
	Royalties	**5,191,988**	5,996,004
	Current accounts with joint venture partners - note 24.1	**4,348,976**	2,234,383
	Liabilities for staff retirement benefit plans - note 28.1.1	**803,071**	85,395
	Others	**63,005**	65,316
		22,879,753	17,915,719

24.1 Joint venture current accounts (i.e. payable or receivable) as at June 30, 2015 and 2014 have been stated net of the respective current assets and current liabilities, as providing details for each respective joint venture separately would be very exhaustive especially in view of the materiality of that information in the overall context to these unconsolidated financial statements.

25. CONTINGENCIES AND COMMITMENTS

25.1 Contingencies

	June 30, 2015	June 30, 2014
	Rs '000	
25.1.1 Indemnity bonds and corporate guarantees		
Indemnity bonds (including share of joint venture areas) issued to custom authorities, redeemable after submission of usage certificate within five years.	**11,040**	14,984
Corporate guarantees (including share of joint venture areas) issued to custom authorities, redeemable on receipt of necessary certification from regulatory authority or clarification from custom authorities.	**40,890**	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 had received all the three orders under appeal before the CIR-(A). In two of the three orders, the CIR-(A) had 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 had 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.

25.1.4 Income tax

The Tax Authorities, whilst amending the Assessment Orders for the tax years 2003 to 2014 have made additions in respect of the following issues:

Rate Issue [disputed by the Tax Authorities in tax years 2003 to 2014];

Depletion Allowance [disputed by the Tax Authorities in tax years 2003 to 2014];

Decommissioning Cost of Sui Area [disputed by the Tax Authorities in tax years 2004 to 2012]; and

Tax credits under sections 65A, 65B and 65E in respect of Agreement Areas [disputed by the Tax Authorities in tax years 2011 to 2014].

The Tax Authorities have raised demand of Rs 13,111 million in respect of the above issues, out of which the Company has paid / adjusted Rs 11,335 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 and 2014. 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. Please note that the appeals for tax years 2013 and 2014 have been filed before the CIR-(A), which are pending for adjudication.

The outstanding demands for the tax years 2003 to 2009 have been stayed by the Hon'ble SHC, whereas the demands raised for the tax years 2010 to 2014 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:

Prospecting and Development Expenditure [disputed by Tax Authorities in tax years 2013 and 2014];

Exchange Loss [disputed by Tax Authorities in tax year 2014];

Donations [disputed by Tax Authorities in tax years 2013 and 2014]; and

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), which is pending for hearing.

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 13,111 million (2014: Rs 10,125 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 Hon'ble SHC which was decided in favour of the Company. The Tax Authorities have filed an appeal in the Hon'ble Supreme Court of Pakistan against the said order of the Hon'ble SHC, which will be defended by the legal counsel appointed by the Company.

During the year, the Company has 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 PPL Europe E&P Limited, 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 Hon'ble 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 Hon'ble SHC has granted interim stay with the direction to the tax authorities to maintain status quo in respect of the impugned notice.

25.1.5 Other contingencies

The Company is defending various suits filed against it in various courts in Pakistan for sums, aggregating to Rs 963 million (2014: Rs 958 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 obligation by PPLA under the EDPSC. Total financial commitment of PPLA is US$ 100 million (Rs 10,170 million), out of which US$ 74.203 million (Rs 7,532 million) is outstanding.

	June 30, 2015	June 30, 2014
	Rs '000	
25.2 Commitments		
25.2.1 Capital expenditure		
Owned assets	**229,239**	2,946,940
Share in joint ventures	**51,074,591**	28,905,145
Operating leases / Ijara contracts	**-**	6,699
	51,303,830	31,858,784

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 2668-5 (Southwest Miano-II), Block 3370-10 (Nashpa), Block 2669-3 (Latif), Block 2667-7 (Kirthar), Block 2468-9 (Jherruck), Block 2867-5 (Kuhan), 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 2467-14 (Jati) and Block 2265-1 (Offshore Indus-G), amounts to Rs 12,732 million, for the year ending June 30, 2016 (2015: Rs 11,264 million).

26. SALES - net (including internal consumption)

	Year ended June 30, 2015 Rs '000	Year ended June 30, 2014 Rs '000
Sales	**131,162,617**	142,960,285
Federal excise duty	**(1,865,350)**	(1,916,150)
Sales tax	**(13,392,283)**	(13,574,156)
Gas infrastructure development cess	**(4,372,000)**	(1,228,004)
Gas development surcharge	**(7,156,358)**	(6,430,617)
	(26,785,991)	(23,148,927)
	104,376,626	119,811,358
Product wise break-up of sales is as follows:		
Natural gas sales	**86,864,094**	89,490,742
Federal excise duty	**(1,841,753)**	(1,889,451)
Sales tax	**(12,719,011)**	(13,116,790)
Gas infrastructure development cess	**(4,372,000)**	(1,228,004)
Gas development surcharge	**(7,156,358)**	(6,430,617)
	(26,089,122)	(22,664,862)
	60,774,972	66,825,880
Gas supplied to Sui villages - note 27	**378,270**	429,902
Federal excise duty	**(14,619)**	(15,841)
Sales tax	**(54,962)**	(62,464)
	(69,581)	(78,305)
	308,689	351,597
Internal consumption of gas - note 26.1	**182,658**	249,576
Federal excise duty	**(7,138)**	(9,197)
Sales tax	**(26,540)**	(36,263)
	(33,678)	(45,460)
	148,980	204,116
Crude oil / NGL / Condensate sales	**39,667,706**	50,322,418
LPG sales	**4,069,889**	2,467,647
Federal excise duty	**(1,840)**	(1,661)
Sales tax	**(591,770)**	(358,639)
	(593,610)	(360,300)
	3,476,279	2,107,347
	104,376,626	119,811,358

	Year ended June 30, 2015	Year ended June 30, 2014
	Rs '000	

26.1 Internal consumption of gas comprises of the following:

Industrial and domestic use	112,190	180,569
Gas used for electricity generation at Sui	70,468	69,007
	182,658	249,576

26.2 The Company has not allowed any sales discount to the customers during the years ended June 30, 2015 and 2014.

	Year ended June 30, 2015	Year ended June 30, 2014
	Rs '000	

27. FIELD EXPENDITURES

Development and drilling - note 27.1	7,819,948	6,480,308
Exploration	13,076,722	7,264,209
Depreciation - note 4.1	4,178,399	3,479,272
Amortisation of intangible assets - note 5.1	172,830	215,811
Amortisation of decommissioning cost - note 4.1	649,363	1,136,092
Amortisation of prospecting and development expenditure - note 4.1	4,344,618	3,639,836
Salaries, wages, welfare and other benefits - note 27.2	8,255,619	6,944,181
Employees' medical benefits - note 27.3	452,913	361,898
Manpower development	45,439	33,328
Travelling and conveyance	608,768	586,692
Communication	39,938	41,489
Stores and spares consumed	2,086,462	1,813,021
Fuel and power	292,242	344,635
Rent, rates and taxes	102,844	101,254
Insurance	583,818	646,249
Repairs and maintenance	736,730	410,162
Professional services	52,403	127,988
Auditors' remuneration - note 27.4	8,973	5,392
Free supply of gas to Sui villages - note 26	378,270	429,902
Donations - note 27.5	114,543	102,499
Social welfare / community development	128,165	148,054
Other expenses	149,881	152,680
	44,278,888	34,464,952
Recoveries	(2,219,933)	(1,648,260)
	42,058,955	32,816,692

27.1 These are net of insurance claim of Rs 97 million (2014: Rs 868 million) received during the current year in respect of sabotage activity caused at Sui gas field during the year ended June 30, 2011.

27.2 This includes expenditure / (reversal) in respect of provident fund, pension fund, gratuity fund and leave preparatory to retirement amounting to Rs 214.013 million, Rs 416.026 million, Rs 48.801 million and Rs (110.552) million, respectively (2014: Rs 168.061 million, Rs 593.841 million, Rs 93.020 million and Rs 39.975 million, respectively).

27.3 This includes expenditure relating to post-retirement medical benefits amounting to Rs 230.753 million (2014: Rs 164.030 million).

	Year ended June 30, 2015	Year ended June 30, 2014
	Rs '000	
27.4 Auditors' remuneration is as under:		
Audit fee – unconsolidated	2,500	2,250
– consolidated	415	750
Limited review, special certifications and advisory services	5,416	1,977
Out of pocket expenses	642	415
	8,973	5,392

27.5 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, 2015	Year ended June 30, 2014
			Rs '000	
Mr. Asim Murtaza Khan	Director	Petroleum Institute of Pakistan	200	100
Mr. Asim Murtaza Khan	Director	Pakistan Institute of Corporate Governance	-	250
			200	350

28. STAFF RETIREMENT BENEFITS

28.1 Funded post retirement pension and gratuity schemes

As mentioned in note 3.10 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, 2015					June 30, 2014
	Rs '000					
Present value of defined benefit obligations - note 28.1.5	7,216,521	732,328	1,908,534	951,231	10,808,614	9,079,414
Fair value of plan assets - note 28.1.4	(7,183,090)	(589,561)	(1,505,495)	(727,397)	(10,005,543)	(9,246,822)
Liability / (asset) recognised in the balance sheet	33,431	142,767	403,039	223,834	803,071	(167,408)

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, 2015					June 30, 2014
	Rs '000					
Balances as on July 01	83,645	1,750	(162,378)	(90,425)	(167,408)	2,590,810
Refund made to the Company	-	-	162,378	90,425	252,803	-
Charge for the year - note 28.1.3	384,059	33,615	31,967	15,186	464,827	686,861
Payments during the year	(467,704)	(35,365)	(31,967)	(15,186)	(550,222)	(3,277,671)
Amount recognised in Other Comprehensive Income (OCI) for the year	33,431	142,767	403,039	223,834	803,071	(167,408)
Balances as on June 30	33,431	142,767	403,039	223,834	803,071	(167,408)

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		
	Year ended June 30, 2015					Year ended June 30, 2014
	Rs '000					
Current service cost	373,830	33,401	51,825	26,244	485,300	413,996
Interest cost	833,058	72,237	180,822	89,507	1,175,624	885,460
Interest income on plan assets	(822,829)	(72,023)	(200,680)	(100,565)	(1,196,097)	(612,595)
Charge for the year recognised in profit and loss account	384,059	33,615	31,967	15,186	464,827	686,861
Actual return on plan assets	647,414	57,971	156,393	74,562	936,340	805,994

28.1.4 Changes in fair value of plan assets

	Executives		Non-Executives		Total	
	Pension	Gratuity	Pension	Gratuity		
	June 30, 2015					June 30, 2014
	Rs '000					
Fair value of plan assets at beginning of the year	6,288,692	570,068	1,598,365	789,697	9,246,822	5,515,508
Interest income on plan assets	822,829	72,023	200,680	100,565	1,196,097	612,595
Refund made to the Company	-	-	(162,378)	(90,425)	(252,803)	-
Contributions by the Company	467,704	35,365	31,967	15,186	550,222	3,277,671
Benefits paid	(220,720)	(73,843)	(118,852)	(61,623)	(475,038)	(352,351)
Amount recognised in OCI for the year	(175,415)	(14,052)	(44,287)	(26,003)	(259,757)	193,399
Fair value of plan assets at end of the year	7,183,090	589,561	1,505,495	727,397	10,005,543	9,246,822

28.1.5 Changes in present value of pension and gratuity obligations

	Executives Pension	Executives Gratuity	Non-Executives Pension	Non-Executives Gratuity	Total	Total
	June 30, 2015					June 30, 2014
	Rs '000					
Present value of obligations at beginning of the year	6,372,337	571,818	1,435,987	699,272	9,079,414	8,106,318
Current service cost	373,830	33,401	51,825	26,244	485,300	413,996
Interest cost	833,058	72,237	180,822	89,507	1,175,624	885,460
Benefits paid	(220,720)	(73,843)	(118,852)	(61,623)	(475,038)	(352,351)
Amount recognised in OCI for the year	(141,984)	128,715	358,752	197,831	543,314	25,991
Present value of obligations at end of the year	7,216,521	732,328	1,908,534	951,231	10,808,614	9,079,414

28.1.6 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, 2015 (Unaudited)				June 30, 2014 (Audited)			
Pension Fund									
Government securities	6.67 - 14.47	1,776,809	25	316,286	21	2,169,749	34	500,684	35
Shares	-	200,474	3	62,604	4	185,172	3	56,582	4
TFCs	11.42	64,764	1	23,159	2	-	-	-	-
Cash and bank balances	4.50 - 7.85	5,141,043	71	1,103,446	73	4,017,779	63	879,076	61
Total		7,183,090	100	1,505,495	100	6,372,700	100	1,436,342	100
Gratuity Fund									
Government securities	6.67 - 14.47	196,054	33	224,308	31	234,331	41	271,242	39
Shares	-	34,761	6	29,814	4	31,892	6	27,991	4
TFCs	11.42	2,864	1	11,988	2	-	-	-	-
Cash and bank balances	4.50 - 7.85	355,882	60	461,287	63	305,770	53	400,267	57
Total		589,561	100	727,397	100	571,993	100	699,500	100

28.1.7 Sensitivity analysis:

	June 30, 2015				June 30, 2014			
	Executives		Non-Executives		Executives		Non-Executives	
	1% increase	1% decrease	1% increase	1% decrease	1% increase	1% decrease	1% increase	1% decrease
Pension:								
Salary rate sensitivity	449,454	(398,816)	104,659	(95,055)	398,292	(383,651)	76,840	(69,945)
Pension rate sensitivity	524,200	(447,167)	80,865	(68,443)	447,742	(375,876)	162,649	(135,806)
Gratuity:								
Salary rate sensitivity	42,704	(38,773)	41,013	(37,427)	4,730	(4,483)	34,116	(31,084)

28.1.8 Maturity profile of the defined benefit obligation:

	June 30, 2015			
	Executives		Non-Executives	
	Pension	Gratuity	Pension	Gratuity
Weighted average duration (years)	**7.77**	**6.44**	**5.90**	**5.77**
The retirement will at most continue (year)	**2052**	**2052**	**2053**	**2053**

28.1.9 The Company expects to contribute Rs 578.919 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 3.10 to these unconsolidated financial statements. The latest actuarial valuation for post-retirement medical benefits was carried out as at June 30, 2015, results of which are as follows:

	June 30, 2015	June 30, 2014
	Rs '000	
Present value of defined benefit obligations - notes 22 and 28.2.4	**1,568,791**	1,378,429

28.2.2 Movement in the liability recognised in the balance sheet is as follows:

	June 30, 2015	June 30, 2014
Balance as on July 01	**1,378,429**	1,155,168
Charge for the year - notes 27.3 & 28.2.3	**230,753**	164,030
Payments during the year	**(50,483)**	(45,606)
Amount charged to the OCI	**10,092**	104,837
Balance as on June 30	**1,568,791**	1,378,429

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, 2015	Year ended June 30, 2014
	Rs '000	
Current service cost	**51,393**	37,232
Interest cost	**179,360**	126,798
	230,753	164,030

28.2.4 Changes in present value of post retirement medical obligations:

	June 30, 2015	June 30, 2014
	Rs '000	
Opening balance	**1,378,429**	1,155,168
Current service cost	**51,393**	37,232
Interest cost	**179,360**	126,798
Benefits paid	**(50,483)**	(45,606)
Amount charged to the OCI	**10,092**	104,837
Balance as on June 30	**1,568,791**	1,378,429

	1% increase	1% decrease
	Rs '000	
28.2.5 A one percent change in the medical cost trend rate would have following effect:		
Present value of medical obligation	253,769	(205,164)
Current service cost and interest cost	37,013	(29,693)

28.2.6 The Company expects to contribute Rs 204.641 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 13.92 years in respect of executive and 14.70 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, 2015	June 30, 2014
	Rs '000	
Balance as on July 01	**675,309**	657,799
(Reversal) / charge for the year - note 27.2	**(110,552)**	39,975
	564,757	697,774
Payments during the year	**(35,413)**	(22,465)
Balance as on June 30 - note 22	**529,344**	675,309

28.3.1 The Company expects to contribute Rs 102.037 million to the leave preparatory to retirement benefits in 2015-16.

28.4 Principal actuarial assumptions

The significant assumptions used in the actuarial valuations are as follows:

	Per annum	
	June 30, 2015	June 30, 2014
	%	
- discount rate	**9.75**	13.00
- expected rate of increase in salaries	**9.75**	13.00
- expected rate of increase in pension	**4.75**	8.00
- expected rate of escalation in medical cost	**5.75**	9.00

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.

	June 30, 2015 (Unaudited)	June 30, 2014 (Audited)
	Rs '000	
28.6 Provident fund		
Size of the fund	**4,427,797**	3,961,456
Cost of investments made	**3,014,535**	2,754,864
Percentage of investments made	**68.1%**	69.5%
Fair value of investments	**3,368,236**	3,116,613

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, 2015 (Unaudited)		June 30, 2014 (Audited)	
	Investments (Rs '000)	% of investment as size of the fund	Investments (Rs '000)	% of investment as size of the fund
Pakistan Investment Bonds	**874,237**	**19.7%**	865,369	21.8%
Treasury Bill	**937,593**	**21.2%**	501,170	12.7%
Short Term Deposit Account	**847,000**	**19.1%**	1,014,000	25.6%
NIT Units	**375,160**	**8.5%**	357,152	9.0%
Shares	**330,870**	**7.5%**	375,290	9.5%
TFCs	**3,376**	**0.1%**	3,632	0.1%
	3,368,236	**76.1%**	3,116,613	78.7%

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, 2015	Year ended June 30, 2014
	Rs '000	
29. OTHER INCOME		
Income from financial assets		
Income on loans and bank deposits	**437,567**	414,016
Income on term deposits	**1,857,201**	1,294,300
Income on long-term held-to-maturity investments	**2,992,080**	2,952,765
Income from investment in treasury bills	**297,066**	523,464
Gain on re-measurement / disposal of investments designated at fair value through profit or loss (net)	**958,585**	865,828
	6,542,499	6,050,373
Income from assets other than financial assets		
Rental income on assets	**104,736**	84,701
Profit on sale of property, plant and equipment (net)	**34,582**	18,372
Profit on sale of stores and spares (net)	**8,894**	12,655
Exchange gain on foreign currency (net)	**537,756**	-
Share of profit on sale of LPG	**289,752**	121,487
Dividend income from BME	**25,000**	25,000
Others	**26,275**	68,732
	1,026,995	330,947
	7,569,494	6,381,320

	Year ended June 30, 2015	Year ended June 30, 2014
	Rs '000	
30. OTHER OPERATING EXPENSES		
WPPF - note 15.1	**2,586,576**	3,922,206
Impairment loss – note 6.2	**5,352,710**	-
Provision for obsolete / slow moving stores - note 10.1	**11,337**	13,074
Exchange loss on foreign currency (net)	**-**	167,482
	7,950,623	4,102,762
31. FINANCE COSTS		
Interest on WPPF - note 15.1	**77**	105
Financial charges for liabilities against assets subject to finance leases	**38,309**	38,588
Unwinding of discount on decommissioning obligation - note 20	**515,493**	386,822
	553,879	425,515

32. TAXATION

Provision for taxation for the years ended June 30, 2015 and 2014 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 33%, as mentioned in note 3.13 to these unconsolidated financial statements. For the current financial year, 3% super tax has also been levied on the non-agreement area as per the Finance Act, 2015.

	Year ended June 30, 2015	Year ended June 30, 2014
	Rs '000	
Current		
- for the year	**10,936,856**	17,347,828
- for prior years (net)	**97,246**	(358,380)
	11,034,102	16,989,448
Deferred	**3,882,274**	6,139,933
	14,916,376	23,129,381
32.1 Relationship between accounting profit and taxation:		
Accounting profit for the year before taxation	**49,169,827**	74,546,759
Tax at applicable rate of 42.80% (2014: 44.16%)	**21,044,068**	32,920,776
Super tax at applicable rate of 3% (2014: Nil)	**395,115**	-
Net tax effect of amounts not taxable for tax purposes	**636,890**	(870,960)
Tax effect of depletion allowance and royalty allowed for tax purposes	**(7,256,943)**	(8,562,055)
Tax charge relating to prior years	**97,246**	(358,380)
	14,916,376	23,129,381
Effective tax rate %	**30.33**	31.03

33. INTERESTS IN JOINT VENTURES

The joint venture areas in which the Company has working interest are as follows:

Name of joint venture	Operator	Percentage of the Company's working interest as at June 30, 2015
Producing fields		
Adhi	PPL	39.00%
Mazarani	PPL	87.50%
Adam X-1 D&P (Hala Block)	PPL	65.00%
Adam West X-1 EWT Phase (Hala Block)	PPL	65.00%
Kinza X-1 EWT Phase (Gambat South Block)	PPL	65.00%
Kandhkot East (Chachar)	PPL	75.00%
Qadirpur	OGDCL	7.00%
Miano	OMV	15.16%
Sawan	OMV	26.18%
Hasan, Sadiq & Khanpur - D&P (B-22)	PEL	35.53%
Manzalai D&P (Tal Block)	MOL	27.76%
Makori D&P (Tal Block)	MOL	27.76%
Makori East EWT Phase (Tal Block)	MOL	27.76%
Mamikhel EWT Phase (Tal Block)	MOL	27.76%
Maramzai EWT Phase (Tal Block)	MOL	27.76%
Mela D&P (Nashpa Block)	OGDCL	28.55%
Nashpa D&P (Nashpa Block)	OGDCL	28.55%
Tajjal EWT Phase (Gambat Block)	OMV	23.68%
Latif D&P (Latif Block)	OMV	33.30%
Rehman EWT Phase (Kirthar Block)	POGC	30.00%
Ghauri	MPCL	35.00%
Exploration & Development Blocks		
Block 2568-13 (Hala)	PPL	65.00%
Block 2766-1 (Khuzdar)	PPL	65.00%
Block 2688-2 (Kalat)	PPL	35.00% *
Block 2969-8 (Barkhan)	PPL	35.00%
Block 2763-3 (Kharan)	PPL	100.00%
Block 2764-4 (Kharan-East)	PPL	100.00%
Block 2763-4 (Kharan-West)	PPL	100.00%
Block 3371-15 (Dhok Sultan)	PPL	75.00%
Block 2467-12 (Jungshahi)	PPL	100.00%
Block 2568-18 (Gambat South)	PPL	65.00%
Block 2468-12 (Kotri)	PPL	100.00%
Block 2568-21 (Kotri North)	PPL	90.00%
Block 2468-10 (Sirani)	PPL	75.00%
Block 2668-9 (Naushahro Firoz)	PPL	90.00%
Block 2667-11 (Zamzama South)	PPL	100.00%
Block 3270-7 (Zindan)	PPL	35.00%
Block 3272-18 (Karsal)	PPL	100.00%
Block 3372-23 (Hisal)	PPL	100.00%
Block 2870-5 (Sadiqabad)	PPL	100.00%
Block 2469-16 (Shah Bandar)	PPL	100.00%
Block 2864-4 (Nausherwani)	PPL	100.00%
Block 2566-6 (Bela West)	PPL	100.00%
Block 2566-4 (Hab)	PPL	100.00%
Block 2569-5 (Khipro East)	PPL	100.00%
Block 2467-13 (Malir)	PPL	100.00%

Name of joint venture	Operator	Percentage of the Company's working interest as at June 30, 2015
Block 2866-4 (Margand)	PPL	50.00%
Block 2668-4 (Gambat)	OMV	30.00%
Block 2669-3 (Latif)	OMV	33.30%
Block 3370-10 (Nashpa)	OGDCL	30.00%
Block 2667-7 (Kirthar)	POGC	30.00%
Block 3070-13 (Baska)	ZHEN HUA	49.00%
Block 2366-7 (Indus-C)	ENI	40.00%
Block 2366-5 (Indus-N)	ENI	30.00%
Block 3370-3 (Tal)	MOL	30.00%
Block 2668-5 (South West Miano-II)	OMV	33.30%
Block 2568-20 (Sukhpur)	ENI	30.00%
Block 2468-9 (Jherruck)	NHEPL	30.00%
Block 2568-19 (Digri)	UEPL	25.00%
Block 3273-3 (Ghauri)	MPCL	35.00%
Block 2467-14 (Jati)	KUFPEC	25.00%
Block 2867-5 (Kuhan)	OMV	50.00% **
Block 2265-1 (Indus-G)	ENI	25.00% ***

* DGPC approval for Assignment of ENI's 25% share to PPL is awaited. Once the approval is granted, PPL's share would increase to 60%.

** As per Article 5.1 of Kuhan PCA, the working interest owners shall offer 2.5% working interest to GHPL and 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%.

*** UEP has surrendered its share in Indus-G block and the assignment agreement for revised working interest is in progress. After conclusion of assignment agreement, PPL share would increase to 33.33%.

34. 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, 2015 and 2014.

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.

i) Interest rate risk management

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's exposure to the risk of changes in market interest rate relates primarily to the Company's long-term investment in GoP Ijara Sukuk certificates with floating 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 rates is Rs 5 million (2014: Rs 5 million), with all other variables held constant.

Fair value hierarchy

Financial instruments carried at fair value are categorised as follows:

Level 1: Quoted market prices
Level 2: Valuation techniques (market observable)
Level 3: Valuation techniques (non-market observable)

The Company held the following financial instruments measured at fair value:

	Total	Level 1	Level 2	Level 3
Financial assets	Rs '000			
June 30, 2015				
Investments designated at fair value through profit or loss	-	-	-	-
June 30, 2014				
Investments designated at fair value through profit or loss	11,039,071	11,039,071	-	-

ii) Foreign currency risk management

Financial assets include Rs 12,075.658 million (2014: Rs 9,893.125 million) and financial liabilities include Rs 4,172.774 million (2014: Rs 4,046.755 million), which were subject to foreign currency risk. The US Dollar deposits also serve as a synthetic hedge against the Company's exposure to foreign currency risk resulting from outstanding payments for imports.

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	118,972	(118,972)
Foreign currency financial liabilities	40,406	(40,406)

iii) Commodity price risk management

The Company is exposed to commodity 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. However, keeping in view the pricing mechanism under various Gas Price Agreements signed with the GoP, the Company is of the view that the price risk, in respect of gas sales which constitute major portion of Company's total sales, is within acceptable limits. Therefore, the Company has not entered in any commodity derivative transactions.

A one rupee change in the commodity prices would have the following effect:

	One Rupee Increase	One Rupee Decrease
	Rs '000	
Natural Gas	265,919	(265,919)
Crude Oil / Condensate / NGL	5,434	(5,434)
LPG	58	(58)

b) Credit risk management

i) Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties failed completely to perform as contracted. The Company's credit risk is primarily attributable to its receivables including trade debts, investments in TFCs and balances at banks. The credit risk on investments and liquid funds is limited because the counter parties are financial institutions with reasonably high credit ratings. However, the Company monitors its investments in TFCs and placements with banks in order to control credit risk. The Company has maintained lines and limits with banks for effective monitoring of credit risk.

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 State controlled entities.

ii) Credit quality of financial assets

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, 2015	June 30, 2014
	Rs '000	
Long term investments - note 6		
AAA	**23,023,986**	25,607,767
AA	**12,845,687**	18,647,031
A	**282,170**	1,247,544
	36,151,843	45,502,342
Trade debts - note 11.1		
Customers with defaults in past one year which have not yet been recovered	**17,974,406**	21,668,307
Short-term investments and cash at banks - notes 16 & 17		
AAA	**698,797**	1,536,978
AA	**20,452,685**	18,652,929
A	**1,470,936**	1,378,275
	22,622,418	21,568,182

c) Capital risk management

The Company's objective when managing capital is to safeguard the Company's ability to remain as a going concern and continue to provide returns to shareholders and benefits to other stakeholders.

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	-	25,342	82,778	209,647	-	317,767
Trade and other payables	612,800	8,905,670	1,049,991	-	-	10,568,461
Year ended June 30, 2015	**612,800**	**8,931,012**	**1,132,769**	**209,647**	**-**	**10,886,228**
Liability against assets subject to finance leases	-	33,801	68,313	175,770	-	277,884
Trade and other payables	454,230	4,877,091	1,303,273	-	-	6,634,594
Year ended June 30, 2014	454,230	4,910,892	1,371,586	175,770	-	6,912,478

	June 30, 2015	June 30, 2014
	Rs '000	

35. CASH AND CASH EQUIVALENTS

Cash and bank balances - note 17	**1,266,827**	2,275,912
Short-term highly liquid investments - note 16	**21,455,000**	19,350,000
	22,721,827	21,625,912

36. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Executives	
	Year ended June 30, 2015	Year ended June 30, 2014	**Year ended June 30, 2015**	Year ended June 30, 2014
	Rs '000			
Managerial remuneration	**8,615**	38,040	**5,366,122**	3,534,166
Housing, conveyance and utilities	**-**	-	**388,860**	31,932
Retirement benefits	**-**	8,162	**669,886**	699,094
Bonus	**-**	-	**627,436**	241,589
Medical and leave passage	**-**	165	**386,568**	217,700
Leave encashment	**-**	-	**112,138**	48,967
	8,615	46,367	**7,551,010**	4,773,448
Number, including those who worked for part of the year	**2**	1	**1,623**	1,081

36.1 During the interim period from July 01, 2014 to March 15, 2015, a government servant was given charge as the Chief Executive of the Company. As such, he was paid no remuneration during this period. Rs 8.615 million was charged in these unconsolidated financial statements on account of remuneration of the current Chief Executive of the Company, who was appointed with effect from March 16, 2015.

36.2 Certain executives of the Company are also provided with free use of Company's cars and club subscriptions in accordance with their entitlements.

36.3 Aggregate amount charged in these unconsolidated financial statements in respect of fees paid to thirteen non-executive directors was Rs 14.960 million (2014: Rs 7.831 million for eight directors).

37. EARNINGS PER SHARE

37.1 Basic earnings per share

	Year ended June 30, 2015	Year ended June 30, 2014
Profit after taxation (Rs '000)	**34,253,451**	51,417,378
Dividend on convertible preference shares (Rs '000)	**(37)**	(42)
Profit attributable to ordinary shareholders (Rs '000)	**34,253,414**	51,417,336
Weighted average number of ordinary shares in issue	**1,971,716,836**	1,971,715,615
Basic earnings per share (Rs)	**17.37**	26.08

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.

37.2 Diluted earnings per share

	Year ended June 30, 2015	Year ended June 30, 2014
Profit after taxation (Rs '000)	**34,253,451**	51,417,378
Weighted average number of ordinary shares in issue	**1,971,716,836**	1,971,715,615
Adjustment for conversion of convertible preference shares	**12,619**	13,840
Weighted average number of ordinary shares for diluted earnings per share	**1,971,729,455**	1,971,729,455
Diluted earnings per share (Rs)	**17.37**	26.08

38. FINAL DIVIDEND

The Board of Directors in their meeting held on August 24, 2015 have recommended final cash dividend @ 40% amounting to Rs 7,885.868 million (2014: @ 75% amounting to Rs 14,787.878 million) on the existing paid-up value of the ordinary share capital for approval of the shareholders in the Annual General Meeting to be held on September 30, 2015.

39. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise, state controlled entities, subsidiary companies, associated companies, joint ventures, companies where directors also hold directorship, key management personnel (note 36) and other related parties. Details of transactions with related parties, other than those which have been specifically disclosed elsewhere in these unconsolidated financial statements are as follows:

	Year ended June 30, 2015	Year ended June 30, 2014
	Rs '000	
39.1 Transactions with related parties are as follows:		
Sales of gas to State controlled entities (including Government Levies):		
GENCO-II	**20,329,463**	15,768,353
SNGPL	**50,343,943**	55,933,864
SSGCL	**16,190,688**	17,788,525
	86,864,094	89,490,742
Trade debts, long term 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	See note 7, 14 & 15	
Interest income on long-term loan to PPLE	**35,501**	12,362
Payment received from PPL Asia DMCC	**-**	5,350
Payment of employees cost on secondment	**31,641**	24,077
Assignment of Block-29, Yemen to PPLE	**See note 39.3**	-
Transactions with Associated Companies:		
Sales of crude oil / condensate	**5,405,881**	4,981,611
Expenses incurred	**503**	1,226
Transactions with Bolan Mining Enterprises:		
Dividend income	**25,000**	25,000
Purchase of goods	**137,380**	42,124
Reimbursement of employee cost on secondment	**20,154**	17,197
Transactions with Joint Ventures:		
Payments of cash calls to joint ventures	**39,024,123**	31,220,578
Expenditures incurred by the joint ventures	**40,620,657**	29,232,641
Amounts receivable from / (payable to) joint venture partners as at June 30	See notes 12, 15 & 24.1	
Income from rental of assets to joint ventures	**104,736**	84,701
Other related parties:		
Dividend to GoP	**15,972,728**	15,762,550
Dividend to Trust under BESOS	**1,739,629**	1,630,902
Transactions with retirement benefit funds	See notes 27.2 & 28	
Remuneration to key management personnel	See note 36	
Payment of rental to Pakistan Industrial Development Corporation	**68,155**	59,852
Payment to National Insurance Company Limited	**530,013**	1,135,631
Payment to Pakistan State Oil Company Limited	**513,427**	442,546

39.2 Gas sales are made to various State controlled entities, at prices notified by the GoP. Transactions with Bolan Mining Enterprises 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.

39.3 During the current year, the entire working interest in Block-29, Yemen was transferred by the Company to its wholly owned subsidiary, PPLE. The Ministry of Oil and Minerals Yemen vide letter dated May 14, 2014 had given its consent to this assignment. Subsequent to this, Novation to Joint Operating Agreement and Novation to Production Sharing Agreement (PSA) were signed in July 2014 and December 2014, respectively.

40. 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 and gas. 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 related to exploration, development and production of oil and gas.

	Year ended June 30, 2015	Year ended June 30, 2014
	Rs '000	
GENCO-II	**20,329,463**	15,768,353
SSGCL	**16,190,688**	17,788,525
SNGPL	**50,343,943**	55,933,864
ARL	**29,559,544**	40,516,046
	116,423,638	130,006,788

41. DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements were authorised for issue on August 24, 2015 by the Board of Directors of the Company.

42. GENERAL

42.1 Number of employees

Number of permanent employees as at June 30, 2015 was 2,778 (2014: 2,674) and average number of employees during the year was 2,672 (2014: 2,698).

42.2 Capacity and production

Product	Unit	Actual production for the year (PPL's share)
Natural gas	MMCF	301,302
Crude oil / NGL / Condensate	BBL	5,482,142
LPG	M. Ton	57,982

Due to the nature of operations of the Company, installed capacity of above products is not relevant.

42.3 Corresponding figures

Corresponding figures have been reclassified for the purpose of better presentation and comparison. Material changes made during the year are as follows:

Note	Reclassification from the caption component	Note	Reclassification to the caption component	Amount Rs '000
27	Field expenditures - Development and drilling	27	Field expenditures - Recoveries	1,601,121

42.4 Figures have been rounded off to the nearest thousand, unless otherwise stated.

Director

Chief Executive

Consolidated
Financial Statements

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 30 June 2015 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinions on the financial statements of the Holding Company and its subsidiary companies namely PPL Europe E&P Limited and PPL Asia E&P B.V.. These financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the consolidated financial statements present fairly the financial position of the Holding Company and its subsidiary companies as at 30 June, 2015 and the results of their operations for the year then ended.

Ernst & Young Ford Rhodes Sidat Hyder

Chartered Accountants
Audit Engagement Partner: Khurram Jameel

24 August, 2015
Karachi

Consolidated Balance Sheet

As At June 30, 2015

	Note	June 30, 2015	June 30, 2014
		Rs '000	
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Property, plant and equipment	5	**106,696,685**	97,143,946
Intangible assets	6	**259,294**	3,500,805
		106,955,979	100,644,751
Equity-accounted investment in joint venture	7	**973,687**	735,188
Long-term investments	8	**35,503,606**	45,002,164
Long-term loans	9	**26,646**	26,696
Long-term deposits	10	**765,176**	765,176
Long-term receivables	11	**315,418**	376,050
		144,540,512	147,550,025
CURRENT ASSETS			
Stores and spares	12	**3,890,333**	3,543,482
Trade debts	13	**58,892,017**	50,225,864
Loans and advances	14	**2,156,096**	1,750,468
Trade deposits and short-term prepayments	15	**81,327**	408,458
Interest accrued	16	**1,420,963**	1,341,326
Current maturity of long-term investments	8	**648,238**	500,179
Current maturity of long-term receivables	11	**60,632**	54,800
Other receivables	17	**7,191,851**	3,858,983
Short-term investments	18	**29,610,259**	27,243,478
Taxation - net		**743,599**	-
Cash and bank balances	19	**3,178,177**	3,728,313
		107,873,492	92,655,351
		252,414,004	240,205,376
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	20	**19,717,295**	19,717,295
Reserves	21	**173,552,154**	161,848,566
		193,269,449	181,565,861
NON-CURRENT LIABILITIES			
Provision for decommissioning obligation	22	**12,068,746**	15,679,518
Liabilities against assets subject to finance leases	23	**209,647**	175,770
Deferred liabilities	24	**2,098,135**	2,053,738
Deferred taxation	25	**20,829,177**	17,892,796
		35,205,705	35,801,822
CURRENT LIABILITIES			
Trade and other payables	26	**23,830,730**	18,836,998
Current maturity of liabilities against assets subject to finance leases	23	**108,120**	102,114
Taxation		**-**	3,898,581
		23,938,850	22,837,693
CONTINGENCIES AND COMMITMENTS	27		
		252,414,004	240,205,376

The annexed notes 1 to 44 form an integral part of these consolidated financial statements.

Director

Chief Executive

Consolidated Profit And Loss Account

For The Year Ended June 30, 2015

	Note	Year ended June 30, 2015	Year ended June 30, 2014
		Rs '000	
Sales - net	28	**105,479,266**	121,339,413
Field expenditures	29	**(43,612,445)**	(35,616,537)
Royalties		**(12,328,448)**	(14,464,527)
		(55,940,893)	(50,081,064)
		49,538,373	71,258,349
Share of profit in equity-accounted investment in joint venture	7	**265,701**	235,517
Other income	31	**7,527,603**	6,369,848
Other operating expenses	32	**(7,302,241)**	(4,072,035)
Finance costs	33	**(588,133)**	(430,773)
Profit before taxation		**49,441,303**	73,360,906
Taxation	34	**(14,156,281)**	(22,503,389)
Profit after taxation		**35,285,022**	50,857,517
Basic and diluted earnings per share (Rs)	39	**17.90**	25.79

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, 2015

	Note	Year ended June 30, 2015	Year ended June 30, 2014
		Rs '000	
Profit after taxation		**35,285,022**	50,857,517
Other comprehensive income / (loss)			
Items not to be reclassified to profit and loss account in subsequent years			
Remeasurement (losses) / gains on defined benefit plans - net		**(813,163)**	62,571
Deferred taxation		**260,212**	(21,274)
Share of other comprehensive income in equity accounted investment in joint venture	7	**(2,202)**	(232)
		(555,153)	41,065
Items potentially reclassifiable to profit and loss account in subsequent years			
Foreign exchange difference on translation of subsidiaries		**634,361**	(408,909)
Other comprehensive income / (loss), net of tax		**79,208**	(367,844)
Total comprehensive income		**35,364,230**	50,489,673

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, 2015

	Note	Year ended June 30, 2015	Year ended June 30, 2014
		Rs '000	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers		**123,552,937**	134,900,851
Receipts of other income		**429,657**	287,575
Cash paid to suppliers / service providers and employees		**(33,543,839)**	(29,693,852)
Payment of indirect taxes and Government levies including royalty		**(40,848,771)**	(54,860,592)
Income tax paid		**(15,715,949)**	(16,599,809)
Finance costs paid		**(98,258)**	(38,692)
Long-term loans - staff (net)		**(1,700)**	30,776
Net cash generated from operating activities		**33,774,077**	34,026,257
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure (net)		**(25,021,101)**	(23,500,220)
Proceeds on sale of property, plant and equipment		**109,351**	34,861
Purchase of long-term investments		**(4,606,417)**	(8,363,376)
Disposal / redemption of long-term investments		**15,227,357**	5,387,297
Long-term deposits		**-**	(22,500)
Long-term receivables		**54,800**	(109,170)
Share of profit received from equity-accounted investment in joint venture		**25,000**	25,000
Financial income received		**5,785,306**	5,546,305
Net cash used in investing activities		**(8,425,704)**	(21,001,803)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of liabilities against assets subject to finance leases		**(118,824)**	(127,635)
Dividends paid		**(23,621,505)**	(18,895,657)
Net cash used in financing activities		**(23,740,329)**	(19,023,292)
Net increase / (decrease) in cash and cash equivalents		**1,608,044**	(5,998,838)
Cash and cash equivalents at the beginning of the year		**30,971,791**	37,397,778
Net foreign exchange differences		**208,601**	(427,149)
Cash and cash equivalents at the end of the year	37	**32,788,436**	30,971,791

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, 2015

	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											
As at June 30, 2013	16,430,964	138	1,428	69,761	24,021,894	13,751,980	5,000,000	90,640,374	55,306	133,539,315	133,540,743	149,971,845
Appropriation of insurance reserve for the year ended June 30, 2013	-	-	-	-	5,000,000	-	-	(5,000,000)	-	-	-	-
Appropriation of assets acquisition reserve for the year ended June 30, 2013	-	-	-	-	-	5,000,000	-	(5,000,000)	-	-	-	-
Issuance of bonus shares @ 20% (one share for every five ordinary shares held)	3,286,193	-	-	-	-	-	-	(3,286,193)	-	(3,286,193)	(3,286,193)	-
Final dividend on ordinary shares @ 55% for the year ended June 30, 2013	-	-	-	-	-	-	-	(9,037,037)	-	(9,037,037)	(9,037,037)	(9,037,037)
Interim dividend for the year ended June 30, 2014												
- Ordinary shares - 50%	-	-	-	-	-	-	-	(9,858,578)	-	(9,858,578)	(9,858,578)	(9,858,578)
- Convertible preference shares - 30%	-	-	-	-	-	-	-	(42)	-	(42)	(42)	(42)
Profit after taxation	-	-	-	-	-	-	-	50,857,517	-	50,857,517	50,857,517	50,857,517
Other comprehensive income / (loss) for the year ended June 30, 2014, net of tax	-	-	-	-	-	-	-	41,065	(408,909)	(367,844)	(367,844)	(367,844)
Total comprehensive income for the year ended June 30, 2014	-	-	-	-	-	-	-	50,898,582	(408,909)	50,489,673	50,489,673	50,489,673
As at June 30, 2014	**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**
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)	-	-	-	-	-	-	-	-	-	-
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)
Profit after taxation	-	-	-	-	-	-	-	35,285,022	-	35,285,022	35,285,022	35,285,022
Other comprehensive income / (loss) for the year ended June 30, 2015, net of tax	-	-	-	-	-	-	-	(555,153)	634,361	79,208	79,208	79,208
Total comprehensive income for the year ended June 30, 2015	-	-	-	-	-	-	-	34,729,869	634,361	35,364,230	35,364,230	35,364,230
As at June 30, 2015	**19,717,171**	**124**	**1,428**	**69,761**	**34,021,894**	**23,751,980**	**5,000,000**	**110,426,333**	**280,758**	**173,550,726**	**173,552,154**	**193,269,449**

The annexed notes 1 to 44 form an integral part of these consolidated financial statements.

Director

Chief Executive

1. THE GROUP AND ITS OPERATIONS

The Group consists of Pakistan Petroleum Limited (the Holding Company) and its subsidiary companies i.e. PPL Europe E&P Limited, PPL Asia E&P B.V., 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:

Pakistan Petroleum Limited

Pakistan Petroleum Limited ("the Holding Company") was incorporated in Pakistan in 1950 with the main objective of conducting exploration, prospecting, development and production of oil and natural gas resources. The Holding Company is listed on all the three stock exchanges of Pakistan with effect from September 16, 2004. The registered office of the Holding Company is located at PIDC House, Dr. Ziauddin Ahmed Road, Karachi, Pakistan.

The Sui Mining Lease was due to expire on May 31, 2015. Accordingly, application for extension / renewal was filed by the Holding Company with the Government of Pakistan (GoP). The GoP, through SRO._(I)/2015 dated May 30, 2015, allowed the Holding Company to continue production from the Sui Mining Lease area for a further period of one year with effect from the expiry of the existing lease period i.e. May 31, 2015.

The management is confident that the Holding Company will be allowed further extension in order to continue production from the Sui Mining Lease.

PPL Europe E&P Limited

The Holding Company acquired on March 21, 2013, 100% shareholding of MND Exploration and Production Limited, a company incorporated in England and Wales. Subsequent to acquisition, the name of the subsidiary was changed to PPL Europe E&P Limited (PPLE). PPLE's main objective is exploration and production of oil and gas and currently it has working interest in one producing field and three exploration blocks in Pakistan, as well as two exploration blocks in Yemen. The registered office of PPLE is situated at 6th Floor, One London Wall, London, United Kingdom.

PPL Asia E&P B.V.

The Holding Company had established a wholly-owned subsidiary, PPL Asia E&P B.V. (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.

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 administrating 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 8.1 to these consolidated financial statements, here-in-after referred to as "the Group".

A company is a subsidiary, if an entity (the Holding Company) directly or indirectly controls, beneficially owns or holds more than fifty percent of its voting securities or otherwise has power to elect and appoint more than fifty percent of its directors.

Subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. Assets, liabilities, income and expenses of a subsidiary acquired or disposed 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 needed.

All intra-group balances, transactions and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Where the ownership of a subsidiary is less than 100% and, therefore, a non-controlling interest (NCI) exists, the NCI is allocated its share of the total comprehensive income of the period, even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the assets (including goodwill) and liabilities of the subsidiary, carrying amount of any NCI, cumulative translation differences recognised in equity, and recognises fair value of consideration received, any investment retained, surplus or deficit in profit and loss account, and reclassifies the Holding Company share of components previously recognised in other comprehensive income to profit and loss account or retained earnings, as appropriate.

The assets, liabilities, income and expenses of subsidiary companies are consolidated on a line by line basis and the carrying value of investments held by the Holding Company is eliminated against the subsidiary companies' shareholders' equity in the consolidated financial statements.

The presentation and functional currency of the Holding Company, as well as, PPPFTC are Pakistani Rupee and the functional currency of other subsidiary companies is US Dollar. For the purpose of consolidation, the financial statements of the subsidiary companies are translated 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 Implications of revised IFRS 2 - Share-based Payment on Benazir Employees' Stock Option Scheme

On August 14, 2009, the GoP launched Benazir Employees' Stock Option Scheme (the Scheme) for employees of certain State Owned Enterprises (SOEs), including Pakistan Petroleum Limited, 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 International Financial Reporting Standard - 2, “Share - based Payments” (IFRS 2). However, keeping in view the difficulties that may be faced by the entities covered under the Scheme, the Securities & Exchange Commission of Pakistan (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(l)/2011 dated June 07, 2011 to such entities from the application of IFRS 2 to the Scheme.

Had the exemption not been granted, the impact, based on the independent actuarial valuations conducted as on June 30, 2015 and June 30, 2014 would have been as follows:

	Year ended June 30, 2015	Year ended June 30, 2014
	Rs ‘000	
Staff costs of the Group for the year would have been higher by:	**419,530**	5,083,435
Profit after taxation would have been lower by:	**419,530**	5,083,435
Earnings per share would have been lower by (Rs):	**0.21**	2.58

	June 30, 2015	June 30, 2014
	Rs ‘000	
Retained earnings would have been lower by:	**18,879,277**	18,459,747
Reserves would have been higher by:	**18,879,277**	18,459,747

3.3 Accounting convention

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 are measured at fair value.
b. Obligations under certain employee benefits and provision for decommissioning cost have been measured at present value.
c. Held-to-maturity investments and loans and receivables are measured at amortised cost.

3.4 Standards that became effective but not relevant to the Group or do not have material effect

The following standards, interpretations and improvements became effective for the current financial year but are either not relevant or do not have any material effect on the consolidated financial statements of the Group :

IAS 19 - Employee Benefits (Amendment) - Defined Benefit Plans: Employee Contributions
IAS 32 - Financial Instruments - Presentation – (Amendment) Offsetting Financial Assets and Financial Liabilities
IAS 36 - Impairment of Assets – (Amendment) - Recoverable Amount Disclosures for Non-Financial Assets
IAS 39 - Financial Instruments: Recognition and Measurement – (Amendment)
- Novation of Derivatives and Continuation of Hedge Accounting
IFRIC 21 - Levies

3.5 Improvements to Accounting Standards Issued by the IASB

IFRS 2 Share-based Payment - Definitions of vesting conditions
IFRS 3 Business Combinations - Accounting for contingent consideration in a business combination
IFRS 3 Business Combinations - Scope exceptions for joint ventures
IFRS 8 Operating Segments - Aggregation of operating segments
IFRS 8 Operating Segments - Reconciliation of the total of the reportable segments’ assets to the entity’s assets
IFRS 13 Fair Value Measurement - Scope of paragraph 52 (portfolio exception)
IAS16 Property, Plant and Equipment and IAS 38 Intangible Assets - Revaluation method - proportionate restatement of accumulated depreciation / amortisation
IAS 24 Related Party Disclosures - Key management personnel
IAS 40 Investment Property - Interrelationship between IFRS 3 and IAS 40 (ancillary services)

The adoption of the above improvements to accounting standards and interpretations did not have any material effect on the consolidated financial statements.

3.6 Standards and interpretations issued but not yet effective for the current financial year

The following are the standards and interpretations, which have been issued but are not yet effective for the current financial year:

	Description	Effective for periods beginning on or after
IFRS 10	Consolidated Financial Statements	January 01, 2015
IFRS 10, 12 & IAS 27	Investment Entities (Amendment)	January 01, 2015
IFRS 10, 12 & IAS 27	Investment Entities: Applying the Consolidation Exception (Amendment)	January 01, 2016
IFRS 10 & IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	January 01, 2016
IFRS 11	Joint Arrangements	January 01, 2015
IFRS 11	Accounting for Acquisition of Interest in Joint Operation (Amendment)	January 01, 2016
IFRS 12	Disclosure of Interests in Other Entities	January 01, 2015
IFRS 13	Fair Value Measurement	January 01, 2015
IAS 1	Disclosure Initiative (Amendment)	January 01, 2016
IAS 16 & 38	Clarification of Acceptable Method of Depreciation and Amortisation (Amendment)	January 01, 2016
IAS 16 & 41	Agriculture Bearer Plants (Amendment)	January 01, 2016
IAS 27	Equity Method in Separate Financial Statements (Amendment)	January 01, 2016

<u>Standards issued by IASB but not yet notified by SECP</u>

IFRS 9	Financial Instruments: Classification and Measurement	January 01, 2018
IFRS 14	Regulatory Deferral Accounts	January 01, 2016
IFRS 15	Revenue from Contracts with Customers	January 01, 2018

The Group expects that the adoption of the above standards and interpretations will not have material effect on the Group's consolidated financial statements in the period of initial application except for IFRS 9 - Financial Instruments: Classification and Measurement, IFRS 10 - Consolidated Financial Statements, IFRS 11 - Joint Arrangements, IFRS 12 - Disclosure of Interests in Other Entities, and IFRS 13 - Fair Value Measurement, which may affect certain disclosures.

3.7 Significant accounting judgments, estimates and assumptions

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting judgments, estimates and assumptions. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. Estimates, assumptions and judgments are 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. Revisions to accounting estimates are recognised prospectively.

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

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

b) Prospecting and development expenditure

i. Exploration expenditure

The Group's accounting policy for exploration 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.

ii. Development expenditure

Development activities commence after project sanctioning by the appropriate level of authority. Judgment is applied by the management in determining when a project is economically viable before seeking project sanction approval. In exercising this judgment, management is required to make certain estimates and assumptions similar to those described above for capitalised exploration expenditure. Any such estimates and assumptions may change as new information becomes available.

c) Estimation of proven oil and natural gas reserves

Oil and gas reserves are an important element in testing for impairment of prospecting and development assets of the Group. Changes in oil and gas reserves will also affect the rate of amortisation, which is charged on unit of production method, which is a ratio of oil and gas production in a year to the estimated quantities of commercial reserves at the end of the year plus the production during the year.

Estimates of oil and gas reserves require the application of judgment and are subject to future revision. Proved reserves are estimated quantities of oil, natural gas and LPG that geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs under the existing conditions. Proved reserves are estimates with reference to available reservoir and well information, including production and pressure trends for producing reservoirs. All proved reserve estimates are subject to revision, either upward or downward, based on new information, such as from development drilling and production activities or from changes in economic factors. Although, the possibility exists for changes in reserves to have a significant effect on amortisation charge, however, it is expected that in the normal course of business the probability of occurrence of such an event is remote.

d) 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 IFRIC Interpretation 1 - Changes in Existing Decommissioning, Restoration and Similar Liabilities. Had there been no change in the estimates, provision for decommissioning obligation and property, plant and equipment would have been higher by Rs 1,925.718 million and Rs 1,693.538 million, respectively and amortisation of decommissioning cost for the year would have been higher by Rs 57.116 million and profit after tax would have been lower by Rs 8.590 million.

e) 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, however, for post-retirement medical benefits and compensated absences, 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.

f) Provision for taxation

The provision for taxation is accounted for by the Group after taking into account the relevant laws and decisions taken by appellate authorities. Instances, where the Group's view differs from the view taken by the tax authorities at the assessment stage and where the Group considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities / assets.

g) 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).

h) 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.

i) 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

i. 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.

Maintenance and normal repairs are charged to profit and loss account, as and when incurred. Major renewals and improvements are capitalised and the assets so replaced, if any, are retired.

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, within other income or other operating expenses in profit and loss account.

Assets' residual values, useful lives and methods of depreciation / amortisation are reviewed and adjusted, if appropriate, at each financial year end.

ii. Capital spares held by the Group for replacement of major items of plant and machinery are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

iii. Prospecting and development expenditure is accounted for under the “successful efforts” method, whereby, costs of acquisition of rights to explore, cost to acquire producing reserves, successful exploratory wells and development wells, including unsuccessful development wells, are capitalised.

Unsuccessful exploratory wells are initially capitalised within the capital work-in-progress. However, they are transferred to profit and loss account when declared to be non-productive.

All exploration costs other than those related to exploratory drilling are charged to profit and loss account, as incurred.

b) Assets subject to finance leases

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 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.

4.3 Depreciation and amortisation

a) Property, plant and equipment

i. Depreciation on property, plant and equipment, except freehold land, leasehold land, capital work-in-progress, prospecting and development expenditure 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 and on disposals upto the month the asset is in use.

Depreciation on leased assets is charged at the same rates as charged on the Group’s owned assets.

ii. Capitalised prospecting and development expenditure, including cost to acquire producing reserves in respect of proven reserves, and decommissioning cost 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 6.2 to these consolidated financial statements.

Amortisation on additions is charged from the month following the one in which the asset is available for use and on disposals upto the month the asset is in use.

4.4 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 or whenever, there is an indication of impairment as referred in note 4.25 to these consolidated financial statements. Impairment loss in respect of goodwill is recognised in the profit and loss account.

4.5 Investments

a) Subsidiary

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.

Gain or loss on sale of investments in subsidiary is included in the profit and loss account for the year.

b) Investment in Bolan Mining Enterprises (BME)

Investment in BME, a joint venture on a 50:50 basis with the Government of Balochistan, is accounted for using the equity method, whereby, the investment is initially recorded at cost and adjusted thereafter for the post-acquisition change in the Group's share of the net assets of the joint venture. The profit and loss account reflects the Group's share of the results of the operations of the joint venture. Any change in other comprehensive income of joint venture is presented as part of the Group's other comprehensive income. In addition, when there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any change, when applicable, in the statements of changes in equity. Unrealized gains and losses resulting from transactions between the Group and joint venture are eliminated to the extent of interest in the joint venture.

4.6 Stores and spares

Stores and spares are valued at lower of weighted average cost and net realisable value (NRV) except for stores in transit, which are valued at cost incurred upto the balance sheet date. NRV is estimated based on management's experience and is also adjusted through systematic provision for damaged, obsolete and slow moving items.

4.7 Financial assets

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 Group determines the classification of its financial assets at initial recognition and, where allowed and appropriate, re-evaluates the designation at each balance sheet date.

a) Held-to-maturity

These are investments with fixed maturity that the Group has the positive intent and ability to hold to maturity. Held to maturity investments are initially measured at fair value plus transaction costs and are subsequently stated at amortised cost using the effective interest rate method less impairment, if any. These are classified as current and non-current assets in accordance with criteria set out by IFRSs.

b) 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 for the purpose of selling and repurchasing in near term. Held for trading assets are acquired principally for the purpose of generating a profit from short-term fluctuation in price. Financial instruments are designated at fair value through profit or loss if the Group manages such investments and makes sales and purchase decision based on their fair value in accordance with the Group's investment strategy.

All investments classified as investments at fair value through profit or loss are initially measured at cost being fair value of consideration given. All transaction costs are recognised directly in profit and loss account. At subsequent dates these investments are measured at fair value, determined on the basis of prevailing market prices, with any resulting gain or loss recognised directly in the profit and loss account. These are classified as current and non-current assets in accordance with criteria set out by IFRSs. The Group has not classified any financial asset as held for trading.

c) Available-for-sale

Available-for-sale financial assets include equity and debt securities. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to liquidity needs or in response to changes in the market conditions.

At initial recognition, available-for-sale financial assets are measured at fair value plus directly attributable transaction costs. For investments traded in active market, fair value is determined by reference to quoted market price and the investments for which a quoted market price is not available, or the fair value cannot be reasonably calculated, are measured at cost, subject to impairment review at each balance sheet date.

After initial measurement, available-for-sale financial assets are subsequently measured at fair value with unrealised gains or losses recognised in other comprehensive income in the available-for-sale reserve until (i) the investment is derecognised, at which time the cumulative gain or loss is recognised in the profit and loss account, or (ii) determined to be impaired, at which time the cumulative loss is recognised in the profit and loss account and removed from the available-for-sale reserve. The Group does not have available-for-sale investments as of balance sheet date.

d) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially measured at fair value plus directly attributable transaction costs. After initial measurement, loans and receivables are subsequently measured at amortised cost using the effective interest rate method less impairment, if any. These are classified as current and non-current assets in accordance with criteria set out by IFRSs.

Trade debts are carried at original invoice amounts less an estimate made for doubtful receivables, if any, based on a review of all outstanding amounts at the balance sheet date. Bad debts are written off, when identified.

4.8 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 insignificant risk of change in value.

4.9 Decommissioning obligation and its provision

Estimated cost to abandon and dismantle wells and production facilities is recognised as liability and a corresponding equivalent amount is capitalised under property, plant and equipment. The amount is based on present value of the estimated future expenditure.

Changes in the timing / cost of decommissioning estimates are dealt with prospectively, by recording adjustment to the provision and a corresponding adjustment to the property, plant and equipment.

The unwinding of discount is included in the finance costs.

4.10 Staff retirement benefits

a) Defined benefit plans

i. The Holding Company operates approved funded pension and gratuity schemes, separately, for its executive and non-executive permanent staff. Provisions are made periodically, on the basis of actuarial valuations, for these pension and gratuity schemes. Actuarial gains and losses for the defined benefit plan are recognised in full in the period in which they occur in other comprehensive income. Such actuarial gains and losses 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 future 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. 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. Actuarial gains and losses for the defined benefit plan are recognised in full in the period in which they occur in other comprehensive income. Such actuarial gains and losses are also immediately recognised in retained earnings and are not reclassified to profit or loss in subsequent periods.

iii. The Holding Company accrues entitlement to leave preparatory to retirement of its executive staff on the basis of actuarial valuation. Actuarial gains and losses are recognised immediately.

iv. Actuarial valuations are conducted annually and the latest valuations were conducted as on June 30, 2015 based on the ‘Projected Unit Credit Actuarial Cost Method’.

b) Defined contribution plan

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.

4.11 Compensated absences

The cost of compensated absences in respect of executive and non-executive staff of the Holding Company is recognised on the basis of actuarial valuations. The latest actuarial valuations were conducted as on June 30, 2015.

4.12 Provisions

Provisions are recognised in the balance sheet when the Group has a legal or constructive obligation as a result of past events and 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 current best estimate.

4.13 Taxation

a) Current taxation

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and tax rebates 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 provided using the balance sheet liability 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. 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 taxable profit 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 sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates 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 deferred tax 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.

4.14 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.

4.15 Revenue recognition

Sales are recorded on transfer of significant risks and rewards of ownership of gas and other petroleum 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, which occurs on actual delivery of gas and other petroleum products.

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 the sale of gas and other petroleum products in which the Group has an interest with other joint venture partners is recognised based on the Group's working interest and the terms of the relevant agreements.

4.16 Finance income and expense

Finance income comprises 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. 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 provisions 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.

4.17 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.

4.18 Joint venture operations

The Group has certain contractual arrangements with other participants to engage in joint activities, where all significant operating and financial policies are predetermined by the participants, such that the Operator itself has no significant independence to pursue its own commercial strategy. These joint arrangements are not structured through separate vehicles and as financial and operational decisions of such joint venture operations are those of participants, therefore these do not create joint venture entities.

The financial statements of the Group include its prorata share of assets, liabilities, revenues and expenses in joint venture operations are accounted for on the basis of cost statements received from the operators of the respective joint venture. Estimates are made for the intervening period up to the balance sheet date. The difference, if any, between the cost statements and estimates is accounted for in the next accounting year.

4.19 Foreign currency transactions and translation

Transactions in foreign currencies are initially recorded by the Group companies at their respective functional currency at the exchange rates approximating those prevailing on the dates of transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated in Pakistani Rupee at the exchange rates ruling at the balance sheet date. 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 at the dates of the initial transactions. Non-monetary items measured at fair value in foreign currency are translated using the exchange rates at 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.

4.20 Financial instruments

Financial assets and liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised at the time when the Group substantially transfers all the risks and rewards of ownership of the financial asset. If the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, the financial assets are derecognised when the Group loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognised at the time when the obligation specified in the contract is discharged, cancelled or expired.

4.21 Off-setting of financial assets and financial liabilities

Financial assets and financial liabilities are set off and the net amount is reported in the balance sheet if the Group has a legal right to set off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

4.22 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.

4.23 Functional and presentation currency

These consolidated financial statements are presented in Pakistani Rupee, which is the Holding Company's functional currency. All financial information presented in Pakistani Rupee is rounded to the nearest thousand unless otherwise stated.

4.24 Related party transactions

Related party transactions are carried out on commercial terms, as approved by the Board, substantiated in the manner given in note 41 to these consolidated financial statements.

4.25 Impairment

The Group assesses at each reporting date whether there is an indication that an asset or a group of asset 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.

a) Financial assets

The Group assesses at each reporting date whether there is any 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 (an incurred '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. Any impairment losses on financial assets including financial assets carried at amortised cost are recognised in profit and loss account.

b) Non-financial assets, goodwill and investments in subsidiaries and associates

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 Cash Generating Unit (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.

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. Segment results, assets and liabilities include items directly attributable to a segment. Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment and intangible assets.

	June 30, 2015	June 30, 2014
	Rs '000	

5. PROPERTY, PLANT AND EQUIPMENT

	June 30, 2015	June 30, 2014
Operating assets - note 5.1	**60,542,740**	61,507,149
Capital work-in-progress - note 5.5	**46,153,945**	35,636,797
	106,696,685	97,143,946

5.1 Operating assets

	Owned assets												Assets subject to finance leases			
	Freehold land	Leasehold land	Buildings, roads and civil construction on freehold land	Buildings, roads and civil construction on leasehold land	Plant and machinery	Furniture, fittings and equipment	Tanks and pipelines	Computers and allied equipment	Rolling stock*	Prospecting and development expenditure	Decommiss-ioning cost	Sub total	Computers and allied equipment	Rolling stock*	Sub total	Total
	Rs'000															
Net carrying value basis																
NBV as on June 30, 2014	110,777	1,327,797	1,210,825	2,143	22,700,647	254,136	3,919,923	109,712	199,150	22,960,826	8,404,315	61,200,251	91,856	215,042	306,898	61,507,149
Additions (at cost)	-	16,573	60,280	-	1,664,126	41,921	847,579	17,836	12,597	11,108,551	961,112	14,730,575	31,266	130,281	161,547	14,892,122
Adjustments / reclassifications	-	-	(1,794)	-	(173,114)	(1,429)	(47,342)	4,198	(61)	(54,197)	(5,031,172)	(5,304,911)	(4,173)	(1,592)	(5,765)	(5,310,676)
Disposals (at NBV)	-	-	(24)	-	(60,863)	(400)	(3,096)	-	-	-	-	(64,383)	(134)	(10,251)	(10,385)	(74,768)
Impairment loss	-	-	-	-	-	-	-	-	-	(249,706)	-	(249,706)	-	-	-	(249,706)
Depreciation / amortisation charge	-	-	(84,840)	(133)	(3,243,267)	(38,740)	(566,783)	(72,819)	(62,422)	(5,363,044)	(671,859)	(10,103,907)	(46,598)	(70,876)	(117,474)	(10,221,381)
NBV as on June 30, 2015	110,777	1,344,370	1,184,447	2,010	20,887,529	255,488	4,150,281	58,927	149,264	28,402,430	3,662,396	60,207,919	72,217	262,604	334,821	60,542,740
Gross carrying value basis																
Cost	110,777	1,344,370	2,209,448	2,664	47,100,377	692,188	7,260,631	633,501	515,648	48,526,160	10,170,300	118,566,064	137,026	441,780	578,806	119,144,870
Impairment loss	-	-	-	-	-	-	-	-	-	(249,706)	-	(249,706)	-	-	-	(249,706)
Accumulated depreciation / amortisation	-	-	(1,025,001)	(654)	(26,212,848)	(436,700)	(3,110,350)	(574,574)	(366,384)	(19,874,024)	(6,507,904)	(58,108,439)	(64,809)	(179,176)	(243,985)	(58,352,424)
NBV as on June 30, 2015	110,777	1,344,370	1,184,447	2,010	20,887,529	255,488	4,150,281	58,927	149,264	28,402,430	3,662,396	60,207,919	72,217	262,604	334,821	60,542,740
Net carrying value basis																
NBV as on June 30, 2013	110,777	1,328,308	1,174,305	2,276	15,572,828	215,413	3,062,101	147,406	135,417	22,189,301	10,414,274	54,352,406	91,091	195,508	286,599	54,639,005
Additions (at cost)	-	-	117,364	-	9,961,680	72,655	1,327,235	28,904	112,231	5,289,421	1,019,473	17,928,963	45,928	96,110	142,038	18,071,001
Adjustments / reclassifications	-	(511)	-	-	(3,232)	-	-	2,855	1,327	-	(1,878,392)	(1,877,953)	(935)	(15)	(950)	(1,878,903)
Disposals (at NBV)	-	-	(910)	-	(2,053)	(656)	(2)	(35)	-	-	-	(3,656)	(120)	(12,713)	(12,833)	(16,489)
Depreciation / amortisation charge	-	-	(79,934)	(133)	(2,828,576)	(33,276)	(469,411)	(69,418)	(49,825)	(4,517,896)	(1,151,040)	(9,199,509)	(44,108)	(63,848)	(107,956)	(9,307,465)
NBV as on June 30, 2014	110,777	1,327,797	1,210,825	2,143	22,700,647	254,136	3,919,923	109,712	199,150	22,960,826	8,404,315	61,200,251	91,856	215,042	306,898	61,507,149
Gross carrying value basis																
Cost	110,777	1,327,797	2,151,154	2,664	45,684,848	657,189	6,480,040	564,625	511,701	37,471,804	14,240,360	109,202,959	171,431	352,555	523,986	109,726,945
Accumulated depreciation / amortisation	-	-	(940,329)	(521)	(22,984,201)	(403,053)	(2,560,117)	(454,913)	(312,551)	(14,510,978)	(5,836,045)	(48,002,708)	(79,575)	(137,513)	(217,088)	(48,219,796)
NBV as on June 30, 2014	110,777	1,327,797	1,210,825	2,143	22,700,647	254,136	3,919,923	109,712	199,150	22,960,826	8,404,315	61,200,251	91,856	215,042	306,898	61,507,149
Rate of depreciation / amortisation (%)			5 & 10	5	10 & 100**	10	10	30	20	***	***		30	20		

* Represents light and heavy vehicles.
** For below ground installations in fields other than Sui Gas Field.
*** Amortised on unit of production basis.

5.2 Summary of significant assets

The following assets have significant operational value to the Group:

Particulars	June 30, 2015		June 30, 2014	
	Cost	NBV	Cost	NBV
	Rs '000		Rs '000	
Head Office				
Land for Head Office Building	1,315,076	1,315,076	1,315,076	1,315,076
Corporate Data Management Project	270,049	8,452	270,488	63,585
Sui Field				
SML / SUL Compression and High Pressure Casing	5,664,138	66,077	5,664,138	101,339
HRL Compressor	1,040,865	878,437	1,113,108	1,049,052
Purification Plant	653,638	-	655,119	-
20" Diameter Sui KPS Main Water Line	862,343	454,631	862,343	539,284
UCP & Vibration Panel	376,751	356,526	-	-
Adhi Field				
LPG Plant -2	652,812	28,355	652,812	93,632
Kandhkot Field				
TEG Dehydration Unit	474,884	237,442	474,884	284,931
Gas Compression Station	8,634,309	4,792,250	8,634,309	5,647,420
Gas Gathering System	243,199	194,559	243,199	218,879
Hala Field				
Early Production Facilities (EPF) of Adam X-1	1,252,858	569,372	1,252,858	694,658
Mazarani Field				
Processing Facilities	319,545	-	319,545	-
Transmission Pipeline	230,093	-	230,093	-
Qadirpur Field				
Production Facilities	205,116	-	205,116	-
Wellhead Compression Facility	271,021	157,440	271,021	184,542
Sawan Field				
Front End Compression	3,228,253	1,587,650	3,228,253	1,910,475
Gas Processing with Amine and Dehydration Unit	1,263,683	-	1,263,683	-
Other Plant and Machinery	2,357,705	-	2,357,705	-
Tal Field				
Makori Central Processing Facility	5,685,390	4,983,329	5,604,262	5,464,155
CPF Manzalai	3,155,195	1,386,207	3,137,627	1,682,825
Surface Facilities for EWT, Manzalai-1	227,439	-	227,439	20,743
EWT of Maramzai-1	200,498	119,476	200,498	139,526
EPF Augmentation of Processing Facility - Makori	251,827	195,166	251,827	220,349
Wellhead Surface Fittings & Flowline - Makori East-1	220,618	171,230	220,618	193,292
Miano Field				
Other Plant and Machinery	411,601	-	411,601	-
Latif Field				
Reception / Tie-in Facility	1,167,157	981,192	1,248,072	1,185,668
Tie-in of Latif North	253,805	176,902	253,805	202,283
Compression at Wells	524,043	511,946	-	-
Gambat South Field				
Pipeline for Gas Sales	358,820	358,820	-	-

5.3 Operating assets disposed off during the year

Asset description	Method of disposal	Sold to	Cost	Accumulated Depreciation	Net Book Value	Sale Proceeds
			Rs '000			
Owned assets						
Buildings, roads and civil constructions						
Prayer shed for field staff	Written-Off	Written-Off	192	168	24	-
Plant and machinery						
Raw gas metering for HRL	Tender / Negotiation	Hala Joint Venture	72,243	11,438	60,805	72,243
Items having book value upto Rs. 50,000	Tender	Various	3,240	3,182	58	494
			75,483	14,620	60,863	72,737
Furniture, fittings and equipment						
Wooden racks	Tender	M/S Mushtaq Ahmed & Sons	302	85	217	170
Items having book value upto Rs. 50,000	Tender	Various	5,191	5,008	183	1,243
			5,493	5,093	400	1,413
Tanks and pipelines						
Gas transmission line (Makori EPF)	Tender	SNGPL	19,534	16,441	3,093	8,667
Items having book value upto Rs 50,000	Tender	Various	111	108	3	34
			19,645	16,549	3,096	8,701
Rolling stock						
Items having book value upto Rs 50,000	Tender	Various	8,590	8,590	-	11,722
Computer and allied equipment						
Items having book value upto Rs 50,000	Tender	Various	14,395	14,395	-	486
Assets subject to finance leases						
Computer and allied equipment						
Dell TM Latitude Notebook E6420	Insurance claim	EFU General Insurance Ltd.	146	44	102	105
Items having book value upto Rs. 50,000	Tender	Various	115	83	32	85
			261	127	134	190
Rolling stock						
Suzuki Cultus VXLi, ASD-591	Company policy	Mr. Shakeel Rauf Qureshi	836	766	70	167
Suzuki Cultus VXLi, ASG-049	Company policy	Mr. Bilal Ahmed	828	759	69	166
Toyota Corolla XLI, ASG-371	Company policy	Mr. M. Khalid Rehman	1,280	1,173	107	256
Toyota Corolla GLi, AXV-689	Company policy	Dr. Fareed Iqbal Siddiqui	1,838	643	1,195	361
Suzuki Cultus VXR, AXY-798	Company policy	Ms. Rukhsana Yunus	998	266	732	721
Suzuki Cultus VXLi, ASK-148	Company policy	Mr. Shaheen Parwez Akhtar	828	773	55	166
Suzuki Cultus VXLi, ASK-146	Company policy	Mr. Qazi Abul Bashar	828	773	55	166
Suzuki Cultus VXLi, ASK-138	Company policy	Syed Ghazanfar Iqbal	828	773	55	166
Honda City IVTEC, ASH-021	Company policy	Syed Rahat Hussain Naqvi	1,351	1,261	90	270
Suzuki Cultus VXR, AWJ-781	Company policy	Mr. Ghulam Haider Qureshi	912	471	441	501
Honda Civic IVTEC AZG-796	Insurance claim	EFU General Insurance Ltd.	2,161	576	1,585	2,138
Toyota Corolla XLI BBH-627	Company policy	Mr. Nazerul Hassan	1,646	165	1,481	1,471
Honda Civic, AST-387	Company policy	Mr. Moin Raza Khan	1,880	1,817	63	376
Toyota Corolla XLI, AXW-100	Company policy	Mr. Najeeb Iqbal	1,546	670	876	994
Suzuki Cultus VXR, AXZ-172	Company policy	Mr. Hashmatullah Khan	993	430	563	636
Toyota Corolla Altis, ATD-264	Company policy	Mr. Abid Ashfaque Malick	1,834	1,773	61	367
Toyota Corolla, AVM-726	Company policy	Mr. Muhammad Nawaz	1,441	1,285	156	262
Toyota Altis BBH-619	Company policy	Mr. Khalid Waheed	2,194	366	1,828	1,588
Suzuki Cultus VXR, AXY-797	Company policy	Dr. Mansoor-ul-Haque	993	529	464	563
Items having book value upto Rs. 50,000	Company policy	Various	14,248	13,943	305	2,767
			39,463	29,212	10,251	14,102
		2015	**163,522**	**88,754**	**74,768**	**109,351**
		2014	138,905	122,416	16,489	34,861

5.4 Cost and accumulated depreciation of joint venture assets includes:

	Cost		Accumulated depreciation	
	June 30, 2015	June 30, 2014	**June 30, 2015**	June 30, 2014
	Rs '000			
Share in Group's operated joint ventures	**4,886,940**	4,108,173	**2,704,130**	2,412,922
Share in partners' operated joint ventures (asset not in possession of the Group)	**25,055,772**	27,546,661	**10,838,863**	9,979,454
	29,942,712	31,654,834	**13,542,993**	12,392,376

	June 30, 2015	June 30, 2014
	Rs '000	
5.5 Capital work-in-progress		
Plant, machinery, fittings and pipelines	**10,667,528**	4,546,134
Prospecting and development expenditure	**22,493,712**	20,824,596
Lands, buildings and civil constructions	**384,023**	137,845
Capital stores for drilling and development	**12,608,682**	10,128,222
	46,153,945	35,636,797

5.6 Reconciliation of the carrying amount of capital work-in-progress

	Plant, machinery, fittings and pipelines	Prospecting and development expenditure (note 5.6.1)	Lands, buildings and civil constructions	Capital stores for drilling and development	Total
	Rs '000				
Balance as on July 1, 2013	8,333,268	14,732,632	100,123	6,867,800	30,033,823
Capital expenditure incurred / advances made during the year (net)	7,832,543	11,511,108	123,253	3,260,422	22,727,326
Adjustments / reclassifications	(30,754)	(282,687)	31,322	-	(282,119)
Transferred to operating assets	(11,588,923)	(5,136,457)	(116,853)	-	(16,842,233)
Balance as on June 30, 2014	**4,546,134**	**20,824,596**	**137,845**	**10,128,222**	**35,636,797**
Capital expenditure incurred / advances made during the year (net)	8,672,647	13,341,002	290,322	2,480,460	24,784,431
Impairment loss - note 6.1	-	(1,135,267)	-	-	(1,135,267)
Adjustments / reclassifications	(29,448)	333,960	32,710	-	337,222
Transferred to operating assets	(2,521,805)	(10,870,579)	(76,854)	-	(13,469,238)
Balance as on June 30, 2015	**10,667,528**	**22,493,712**	**384,023**	**12,608,682**	**46,153,945**

5.6.1 Break-up of prospecting and development expenditure

	Exploration expenditure	Development expenditure	Total
	Rs '000		
Balance as on July 1, 2013	12,561,206	2,171,426	14,732,632
Capital expenditure incurred / advances made during the year (net)	6,270,697	5,240,411	11,511,108
Adjustments / reclassifications	(282,687)	-	(282,687)
Transferred to operating assets	(1,303,985)	(3,832,472)	(5,136,457)
Balance as on June 30, 2014	**17,245,231**	**3,579,365**	**20,824,596**
Capital expenditure incurred / advances made during the year (net)	7,331,148	6,009,854	13,341,002
Impairment loss - note 6.1	(1,135,267)	-	(1,135,267)
Adjustments / reclassifications	333,960	-	333,960
Transferred to operating assets	(5,497,244)	(5,373,335)	(10,870,579)
Balance as on June 30, 2015	**18,277,828**	**4,215,884**	**22,493,712**

5.7 Property, plant and equipment includes major spare parts and standby equipment having cost of Rs 241.375 million (2014: Rs 241.375 million) and net book value of Rs 14.971 million (2014: Rs 39.108 million).

	June 30, 2015	June 30, 2014
	Rs '000	
6. INTANGIBLE ASSETS		
Goodwill - notes 6.1	-	3,222,832
Computer software including ERP system - note 6.2	**183,174**	265,721
Intangible assets under development	**76,120**	12,252
	259,294	3,500,805

6.1 Goodwill acquired through business combination has been allocated to the CGU i.e. PPLE. The recoverable amount of the CGU is determined based on a value-in-use calculation using cash flow projections from 5 year plan approved by senior management plus an estimated projection upto the expected field life for each asset and applying the expected value approach.

During the current year, the Group carried out impairment testing of goodwill allocated to the CGU, as required under IAS 36 - 'Impairment of Assets'. PPLE 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%

The Group considers the relationship between international crude oil prices and carrying value of its investment, amongst other factors, when reviewing for indicators of impairment. As at June 30, 2015, the international crude oil prices were significantly lower than the previous estimates used for the evaluation of recoverable amount of the investment, indicating a potential impairment of goodwill. Additionally, the hydrocarbon resource estimates have reduced based on further exploratory data. The security condition in the assets situated in sensitive areas have also contributed to a delay in field activity.

The recoverable amount has been determined 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 pre-tax discount rate applied to cash flow projections is 15.50% (June 30, 2014: 14.68%).

As a result of the above-stated factors, the Group has recorded an impairment loss of Rs 4,704 million, which has been allocated in accordance with IAS-36. Impairment loss to the extent of goodwill has been fully allocated to goodwill. The remaining amount has been allocated to the other assets of the CGU pro rata on the basis of carrying amount of each asset in the CGU. Consequently, impact of reversal of deferred tax liability due to recognition of impairment loss, has also been accounted for in these consolidated financial statements.

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. Crude oil price is based on the forecasts of international analysts and is assumed to inflate 2% beyond the year 2018. A one percent increase in international oil prices will increase the recoverable amount by Rs 58 million, whereas a one percent decrease will have an adverse effect of Rs 87 million on the recoverable amount.

Pre Tax Discount Rate - Discount rates 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 (WEC) which takes into account both equity and expected debt. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate. Increase of fifteen basis points in the discount rate will decrease the recoverable amount by Rs 83 million, whereas a similar decrease in the discount rate will have a positive effect of Rs 84 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 and Probable 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 147 million, whereas a one percent decrease will have an adverse effect of Rs 148 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.

6.2 Computer Software including ERP system

	June 30, 2015			June 30, 2014		
	ERP system	Computer software	Total	ERP system	Computer software	Total
	Rs '000					
Net carrying value basis						
NBV as on July 01	23,471	242,250	265,721	49,494	342,112	391,606
Additions (at cost)	17,630	73,453	91,083	-	89,926	89,926
Adjustment / reclassification	-	(800)	(800)	-	-	-
Amortisation charge - note 29	(13,522)	(159,308)	(172,830)	(26,023)	(189,788)	(215,811)
NBV as on June 30	27,579	155,595	183,174	23,471	242,250	265,721
Gross carrying value basis						
Cost	336,893	899,259	1,236,152	319,263	826,605	1,145,868
Accumulated amortisation	(309,314)	(743,664)	(1,052,978)	(295,792)	(584,355)	(880,147)
NBV as on June 30	27,579	155,595	183,174	23,471	242,250	265,721
Rate of amortisation (%)	20	33.33		20	33.33	

7. EQUITY-ACCOUNTED INVESTMENT IN JOINT VENTURE

	June 30, 2015	June 30, 2014
	Rs '000	
BME - a joint venture	15,000	15,000
Profit receivable from BME	958,687	720,188
	973,687	735,188

7.1 The Group's interest in BME's assets and liabilities is as follows:

	June 30, 2015	June 30, 2014
Tangible fixed assets	93,183	94,909
Intangible assets	225	360
	93,408	95,269
Current assets	973,954	772,542
	1,067,362	867,811
Assets of a discontinued operation	270	264
Current liabilities	(74,432)	(160,492)
Reserve for development and expansion	(18,089)	29,003
Provision for leave preparatory to retirement	(1,424)	(1,398)
	(93,945)	(132,887)
Net assets	973,687	735,188

	Year ended June 30, 2015	Year ended June 30, 2014
	Rs '000	
7.2 The Group's share in BME's total comprehensive income is as follows:		
Sales	**593,343**	520,379
Cost of goods sold	**(176,791)**	(153,963)
	416,552	366,416
Operating expenses	**(151,724)**	(114,467)
Operating profit	**264,828**	251,949
Other income	**66,792**	48,029
	331,620	299,978
Transfer to reserve for development and expansion	**(65,230)**	(59,076)
	266,390	240,902
Loss from discontinued operation	**(689)**	(783)
Prior year adjustment	-	(4,602)
Share in profit and loss account	**265,701**	235,517
Share in other comprehensive income	**(2,202)**	(232)
Total comprehensive income	**263,499**	235,285

	June 30, 2015	June 30, 2014
	Rs '000	
8. LONG-TERM INVESTMENTS		
Investment in related party – wholly owned subsidiary:		
Fully paid shares in PPPFTC - note 8.1	**1**	1
Other investments		
Held-to-maturity		
Term Finance Certificates - note 8.2	**99,780**	99,820
Pakistan Investment Bonds - note 8.3	**22,523,986**	22,749,408
GoP Ijara Sukuk - note 8.4	**500,000**	500,139
Local currency term deposits with bank - note 8.5	**2,000,000**	2,000,000
Foreign currency term deposits with banks - note 8.6	**11,028,077**	9,113,904
	36,151,843	34,463,271
Designated at fair value through profit or loss		
UBL Liquidity Plus Fund	-	619,003
MCB Cash Management Optimizer Fund	-	1,510,195
NAFA Government Securities Liquid Fund	-	1,278,995
ABL Cash Fund	-	1,694,736
Atlas Money Market Fund	-	640,436
HBL Money Market Fund	-	1,260,432
Askari Sovereign Cash Fund	-	533,652
IGI Money Market Fund	-	234,864
NAFA Money Market Fund	-	1,057,624
First Habib Cash Fund	-	433,036
Alfalah GHP Cash Fund	-	226,158
Pakistan Cash Management Fund	-	319,416
PICIC Cash Fund	-	254,812
Primus Daily Reserve Fund	-	503,390
Faysal Money Market Fund	-	472,322
	-	11,039,071
Less: Current maturity of long-term investments		
Term Finance Certificates - note 8.2	**(40)**	(40)
PIB's – note 8.3	**(148,198)**	
GoP Ijara Sukuk - note 8.4	**(500,000)**	(500,139)
	(648,238)	(500,179)
	35,503,606	45,002,164

8.1 Subsidiary company

The 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, 2015. The latest audited financial statements of the subsidiary are annexed. The paid-up capital of the subsidiary is Rs 1,000 divided into 100 ordinary shares of Rs 10 each.

Securities and Exchange Commission of Pakistan (SECP) through its letter CLD/RD/CO.237/PPL/2004 dated July 06, 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 the PPPFTC in these consolidated financial statements for the year ended June 30, 2015.

	Number of certificates	Nominal value of each certificate (Rs)	Final maturity date	Implicit mark-up %	**June 30, 2015**	June 30, 2014
					Rs '000	
8.2 Term Finance Certificates (TFCs) of listed companies						
Bank Alfalah Limited	20,000	5,000	December 01, 2017	KIBOR+2.5	**99,780**	99,820
Current maturity of TFCs					**(40)**	(40)
					99,740	99,780
8.3 Pakistan Investment Bonds (PIBs)						
Issued on:						
May 19, 2006			May 19, 2016	10.90	**49,464**	48,917
May 19, 2006			May 19, 2016	11.14	**98,734**	97,443
August 22, 2007			August 22, 2017	11.43	**96,603**	95,274
August 22, 2007			August 22, 2017	11.49	**96,504**	95,138
August 22, 2007			August 22, 2017	11.54	**96,414**	95,014
August 22, 2007			August 22, 2017	11.59	**96,326**	94,892
August 22, 2007			August 22, 2017	11.64	**96,236**	94,767
August 22, 2007			August 22, 2017	11.88	**47,902**	47,087
July 19, 2012			July 19, 2017	10.05	**21,845,803**	22,080,876
					22,523,986	22,749,408
Current maturity of PIBs					**(148,198)**	-
					22,375,788	22,749,408

8.3.1 PIBs are in custody of various financial institutions on behalf of the Holding Company.

8.4 GoP Ijara Sukuk

	Principal Amount	Final Maturity date	Mark-up (%)	**June 30, 2015**	June 30, 2014
	Rs '000			Rs '000	
Issued on:					
April 30, 2012	500,000	November 21, 2015	7.84	**500,000**	500,139
Current maturity of GoP Ijara Sukuk				**(500,000)**	(500,139)
				-	-

GoP Ijara Sukuk are in custody of a financial institution on behalf of the Holding Company. Mark-up on investments in GoP Ijara Sukuk is subject to revision after every six months.

8.5 Local currency term deposits with bank

This represents 91 days term deposits with bank having interest rate of 7.26% (2014: 10.30%) 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.

8.6 Foreign currency term deposits with banks

This represents term deposits with banks having effective interest rate ranging from 1.30% to 4.20% (2014: 2.81% to 4.15%) per annum. These investments' maturities are in the range of 151 to 272 days, however, these have been classified as non-current assets, as the management intends and has an ability to hold the amounts for longer term.

	June 30, 2015	June 30, 2014
	Rs '000	
9. LONG-TERM LOANS		
Unsecured and considered good		
Long-term loans - staff - note 9.1		
- Executive staff - note 9.2	33,902	31,834
- Other employees	3,405	7,224
	37,307	39,058
Current maturity of long-term loans - note 14		
- Executive staff	(9,978)	(9,004)
- Other employees	(683)	(3,358)
	(10,661)	(12,362)
	26,646	26,696

9.1 These mainly represent house purchase / building, household appliances, generator and car / motorcycle loans disbursed to employees under the terms of employment and are recoverable by the Holding Company in accordance with the Holding Company's rules over a maximum period of ten years. The loans carry interest rate ranging from 1% to 10% (2014: 1% to 10%) per annum.

9.2 Reconciliation of the carrying amount of long-term loans to executive staff

	June 30, 2015	June 30, 2014
	Rs '000	
Balance as on July 01	31,834	22,405
Disbursements	16,105	22,665
Repayments / adjustments	(14,037)	(13,236)
Balance as on June 30	33,902	31,834

The maximum aggregate amount of loan due from the executive staff at the end of any month during the year was Rs 33.902 million (2014: Rs 31.834 million).

	June 30, 2015	June 30, 2014
	Rs '000	
10. LONG-TERM DEPOSITS		
Cash margin:		
- For guarantee to International Bank of Yemen - note 10.1	757,500	757,500
- Others - note 27.1.3	7,676	7,676
	765,176	765,176

10.1 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. Extension has been granted for twelve months for the first exploration period effective March 17, 2015 and it is expected that further extension will be granted, until the exploration work program commitments are fulfilled.

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 757.5 million (2014: Rs 757.5 million).

Effective from May 14, 2014, the Holding Company transferred the entire working interest in Block - 29 Yemen to its wholly owned subsidiary PPLE.

	June 30, 2015	June 30, 2014
	Rs '000	
11. LONG-TERM RECEIVABLES		
Unsecured and considered good		
Long-term receivables from:		
- Government Holdings (Private) Limited (GHPL) - note 11.1	214,492	269,292
- National Highway Authority (NHA) - note 11.2	161,558	161,558
	376,050	430,850
Current maturity of long-term receivables from GHPL	(60,632)	(54,800)
	315,418	376,050

11.1 This represents share of carrying cost borne by the Holding Company, in respect of Tal and Nashpa fields, which is recoverable from GHPL in accordance with the terms set out under the relevant Petroleum Concession Agreements (PCAs).

11.2 Nashpa and Tal joint venture 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 installments, 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, 2015	June 30, 2014
	Rs '000	
12. STORES AND SPARES		
Stores and spares	3,010,135	3,108,239
Stores and spares in transit	1,011,015	554,723
	4,021,150	3,662,962
Provision for obsolete / slow moving stores - note 12.1	(130,817)	(119,480)
	3,890,333	3,543,482
12.1 Reconciliation of provision for obsolete / slow moving stores:		
Balance as on July 01	119,480	106,406
Charge for the year - note 32	11,337	13,074
Balance as on June 30	130,817	119,480
13. TRADE DEBTS		
Unsecured and considered good		
Related parties		
Central Power Generation Company Limited (GENCO-II)	8,787,638	6,435,882
Sui Northern Gas Pipelines Limited (SNGPL)	17,987,842	12,127,303
Sui Southern Gas Company Limited (SSGCL)	22,482,054	20,774,049
	49,257,534	39,337,234
Non-related parties		
Attock Refinery Limited (ARL)	7,763,800	7,172,493
National Refinery Limited (NRL)	626,508	1,343,948
Pak-Arab Refinery Limited (PARCO)	740,110	1,765,080
Others	504,065	607,109
	9,634,483	10,888,630
	58,892,017	50,225,864
Unsecured and considered doubtful		
Non-related party		
Byco Petroleum Pakistan Limited (Byco)	1,156,220	1,156,220
Less: Provision for doubtful debts - note 13.3	(1,156,220)	(1,156,220)
	-	-
	58,892,017	50,225,864

	June 30, 2015	June 30, 2014
	Rs '000	
13.1 The ageing of trade debts as at June 30 is as follows:		
Neither past due nor impaired	**18,112,345**	21,903,695
Past due but not impaired:		
Related parties		
- within 90 days	**13,230,407**	10,285,108
- 91 to 180 days	**9,896,353**	5,867,604
- over 180 days	**13,946,350**	10,401,911
	37,073,110	26,554,623
Non-related parties		
- within 90 days	**3,589,444**	1,594,055
- 91 to 180 days	**16,895**	39,090
- over 180 days	**100,223**	134,401
	3,706,562	1,767,546
	58,892,017	50,225,864

13.2 Trade debts include overdue amount of Rs 37,073 million (2014: Rs 26,555 million) receivable from the State controlled utility companies (i.e. GENCO-II, SSGCL and SNGPL) and Rs 4,863 million (2014: Rs 2,924 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 Holding Company considers the overdue amounts to be fully recoverable and therefore, no further provision for doubtful debts has been made in these consolidated financial statements, except for provision against receivable from Byco.

13.3 The Holding Company has filed a legal suit in the Sindh High Court (SHC) against Byco for recovery of overdues.

	June 30, 2015	June 30, 2014
	Rs '000	
14. LOANS AND ADVANCES		
Unsecured and considered good		
Loans and advances to staff - note 14.1	**19,783**	3,713
Advances to suppliers and others	**101,108**	156,821
Advance payment of cash calls to joint ventures - note 26.1	**2,024,544**	1,577,572
Current maturity of long-term loans - staff - note 9	**10,661**	12,362
	2,156,096	1,750,468
14.1 Loans and advances to staff:		
- Executive staff	**405**	1,847
- Other employees	**19,378**	1,866
	19,783	3,713
15. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS		
Trade deposits	**41,978**	162,188
Prepayments	**39,349**	246,270
	81,327	408,458
16. INTEREST ACCRUED		
Profit receivable on:		
- long-term investments	**1,214,729**	1,176,673
- long-term bank deposits	**6,591**	10,727
- short-term bank deposits	**185,928**	153,066
- bank deposits - saving accounts	**13,715**	860
	1,420,963	1,341,326

	June 30, 2015	June 30, 2014
	Rs '000	
17. OTHER RECEIVABLES		
Receivable from:		
- SNGPL for Sui field services	**24,263**	16,404
- SSGCL for Sui field services	**17,240**	9,690
- Workers' Profits Participation Fund (WPPF) - note 17.1	**305,423**	71,968
- Staff retirement benefit plans - note 30.1.1	**-**	252,803
Current accounts with joint ventures - note 26.1	**4,888,327**	1,538,458
Sales tax (net)	**1,343,681**	1,294,549
Federal excise duty (net)	**271,732**	359,896
Indemnification asset	**308,256**	300,577
Other	**32,929**	14,638
	7,191,851	3,858,983

17.1 Workers' Profits Participation Fund

	June 30, 2015	June 30, 2014
Balance as on July 01	**71,968**	69,434
Allocation for the year - note 32	**(2,586,577)**	(3,922,206)
Interest on funds utilised in the Holding Company's business - note 33	**(77)**	(105)
	(2,514,686)	(3,852,877)
Amount paid during the year	**2,820,109**	3,924,845
Balance as on June 30	**305,423**	71,968

18. SHORT-TERM INVESTMENTS

Held-to-maturity

	June 30, 2015	June 30, 2014
Local currency term deposits with banks - note 18.1	**21,455,000**	19,350,000
Foreign currency term deposits with banks - note 18.2	**8,155,259**	7,893,478
	29,610,259	27,243,478

18.1 The local currency short-term deposits have a maximum maturity period of 137 days, carrying profit ranging from 6.75% to 7.80% (2014: from 9.95% to 10.48%) per annum.

18.2 The fixed rate foreign currency short-term deposits have a maximum maturity period of three months, carrying profit ranging from 0.52% to 0.60% (2014: 0.30% to 0.37%) per annum. The variable rate foreign currency term deposits have a maximum maturity period of seven months, carrying profit ranging from LIBOR plus 0.32% to LIBOR plus 0.67% (2014: LIBOR plus 0.15% to LIBOR plus 0.67%) per annum.

	June 30, 2015	June 30, 2014
	Rs '000	
19. CASH AND BANK BALANCES		
At banks		
- Saving accounts		
Local currency - note 19.1	**754,060**	2,089,898
Foreign currency - note 19.2	**1,360,206**	576,364
	2,114,266	2,666,262
- Current accounts		
Local currency	**127,413**	113,097
Foreign currency	**297,001**	367,394
	424,414	480,491
Cash and cheques in hand	**99,454**	57,755
Restricted cash - collateral for bank guarantees - note 27.1.5	**540,043**	523,805
	3,178,177	3,728,313

19.1 These carry profit at the rate ranging from 4% to 6.50% (2014: from 6% to 9.25%) per annum.

19.2 These carry profit at the rate ranging from 0.10% to 0.25% (2014: from 0.10% to 0.25%) per annum and at the rate LIBOR plus 0.1% (2014: LIBOR plus 0.1%) per annum.

	June 30, 2015	June 30, 2014
	Rs '000	
20. SHARE CAPITAL		
Authorised		
2,500,000,000 (2014: 2,500,000,000) ordinary shares of Rs 10 each	**25,000,000**	25,000,000
26,510 (2014: 26,510) convertible preference shares of Rs 10 each	**265**	265
	25,000,265	25,000,265
Issued		
1,971,906,633 (2014: 1,971,905,162) ordinary shares of Rs 10 each - note 20.1	**19,719,066**	19,719,052
12,369 (2014: 13,840) convertible preference shares of Rs 10 each - note 20.2	**124**	138
	19,719,190	19,719,190
Subscribed and paid-up		
683,075,274 (2014: 683,073,803) ordinary shares of Rs 10 each for cash - note 20.1	**6,830,752**	6,830,738
1,285,891,812 (2014: 1,285,891,812) ordinary shares of Rs 10 each issued as bonus shares		
- Opening balance	**12,858,919**	9,572,726
- Issued during the year	**-**	3,286,193
- Closing balance	**12,858,919**	12,858,919
2,750,000 (2014: 2,750,000) ordinary shares of Rs10/- 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
	19,717,171	19,717,157
12,369 (2014: 13,840) convertible preference shares of Rs 10 each for cash - note 20.2	**124**	138
	19,717,295	19,717,295

20.1 Issued, subscribed and paid-up capital

During June 2002, a rights issue of 653,170,040 ordinary shares of Rs 10 each was made to the existing shareholders of Holding Company, irrespective of the class. Out of the above, 189,547 (2014: 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.

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 has reduced to 67.51% of the paid-up ordinary share capital.

20.2 Convertible preference shares

In accordance with article 3(iv) of the Holding Company's Articles of Association, shareholders holding convertible preference shares have the right to convert all or any of their convertible preference shares into ordinary shares on the basis of one ordinary share for each convertible preference share converted, such conversion to take place upon the expiry of six months following service of written notice upon the Holding Company's Secretary by the holders of such convertible preference shares to that effect. During the last year, no shareholder exercised his option to convert those shares into ordinary shares. However, during the current year, 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 Holding Company do not carry any fixed return. The Holding Company is of the view that their characteristics are that of an equity instrument rather than a liability instrument and accordingly, these are treated to be as such.

	June 30, 2015	June 30, 2014
	Rs '000	
21. RESERVES		
Capital reserve - note 21.1	**1,428**	1,428
Revenue reserves		
General and contingency reserve - note 21.2	**69,761**	69,761
Insurance reserve - note 21.3	**34,021,894**	29,021,894
Assets acquisition reserve - note 21.4	**23,751,980**	18,751,980
Dividend equalisation reserve	**5,000,000**	5,000,000
Unappropriated profit	**110,426,333**	109,357,106
Translation reserve	**280,758**	(353,603)
	173,550,726	161,847,138
	173,552,154	161,848,566

21.1 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.

21.2 General and contingency reserve

The balance in general and contingency reserve account is constant since December 31, 1981. The reserve was built through appropriation from the available profit after taxation on a yearly basis to cater for unforeseen requirements. As at December 31, 1981, the balance available in the 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.

21.3 Insurance reserve

Due to difficulty in obtaining insurance policy for full value of Holding Company's assets against terrorism, sabotage and civil commotion at reasonable premiums and deductibles, the Holding Company has built-up an insurance reserve for self-insurance cover against these risks.

The Holding Company has arranged terrorism cover from the international market upto the limit of liability of US$ 100 million (Rs 10,150 million) for single occurrence, as well as, annual aggregate.

21.4 Assets acquisition reserve

In view of the declining hydrocarbon reserves profile of the Holding Company, it is intended to acquire sizeable producing reserves for which a separate assets acquisition reserve has been established.

	June 30, 2015	June 30, 2014
	Rs '000	
22. PROVISION FOR DECOMMISSIONING OBLIGATION		
Balance brought forward	**15,679,518**	16,146,357
(Reversal) / paid during the year	**(4,135,564)**	(858,919)
Unwinding of discount - note 33	**524,792**	392,080
	12,068,746	15,679,518

The provision for decommissioning obligation includes Rs 3,007.464 million (2014: Rs 2,700.355 million), representing the Group's share of the expected decommissioning cost of partner operated fields. 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 5.35% per annum (2014: 3.37 % per annum).

	June 30, 2015	June 30, 2014
	Rs '000	
23. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASES		
Present value of minimum lease payments – note 23.1	**317,767**	277,884
Current maturity shown under current liabilities	**(108,120)**	(102,114)
	209,647	175,770

23.1 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 16.00% (2014: 12.64% to 21.83%) 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 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, 2015	June 30, 2014	**June 30, 2015**	June 30, 2014	**June 30, 2015**	June 30, 2014
	Rs '000					
Year ended June 30,						
2015	**-**	127,710	-	25,596	-	102,114
2016	**135,142**	94,511	**27,022**	21,740	**108,120**	72,771
2017	**102,261**	61,697	**24,322**	12,774	**77,939**	48,923
2018	**74,441**	42,472	**14,457**	6,147	**59,984**	36,325
2019	**47,663**	19,403	**7,356**	1,652	**40,307**	17,751
2020	**34,029**	-	**2,612**	-	**31,417**	-
Total	**393,536**	345,793	**75,769**	67,909	**317,767**	277,884

	June 30, 2015	June 30, 2014
	Rs '000	
24. DEFERRED LIABILITIES		
Post retirement medical benefits - note 30.2.1	**1,568,791**	1,378,429
Leave preparatory to retirement - note 30.3	**529,344**	675,309
	2,098,135	2,053,738
25. DEFERRED TAXATION		
Credit / (debit) balances arising on account of:		
Exploration expenditure	**(3,332,000)**	(3,478,000)
Amortisation of intangible assets	**2,048**	(4,422)
Provision for staff retirement and other benefits	**(928,386)**	(698,271)
Provision for obsolete / slow moving stores	**(41,861)**	(40,623)
Provision for doubtful debts	**(462,488)**	(462,488)
Provision for decommissioning obligation	**(444,393)**	71,206
Accelerated tax depreciation allowances	**5,681,404**	6,066,714
Exploratory wells cost	**7,755,838**	4,444,242
Prospecting and development expenditure	**12,631,399**	12,216,403
Tax losses and credits	**(37,697)**	(231,835)
Others	**5,313**	9,870
	20,829,177	17,892,796

	June 30, 2015	June 30, 2014
	Rs '000	
26. TRADE AND OTHER PAYABLES		
Creditors	**536,042**	288,512
Accrued liabilities	**3,989,176**	3,237,535
Security deposits from LPG distributors	**602,618**	625,069
Retention money	**57,913**	43,100
Unpaid and unclaimed dividends	**231,654**	192,517
Gas development surcharge	**5,162,115**	3,805,195
Gas infrastructure development cess	**1,957,188**	1,479,926
Sales tax (net)	**9,662**	18,522
Royalties	**5,191,988**	6,007,351
Current accounts with joint venture partners - note 26.1	**4,493,899**	2,437,837
Liabilities for staff retirement benefit plans - note 30.1.1	**803,071**	85,395
Contractual obligations for Iraq EDPSC - note 26.2	**716,779**	517,819
Others	**78,625**	98,220
	23,830,730	18,836,998

26.1 Joint venture current accounts (i.e. payable or receivable) as at June 30, 2015 and 2014 have been stated net of the respective current assets and current liabilities, as providing details for each respective joint venture separately would be very exhaustive especially in view of the materiality of that information in the overall context to these consolidated financial statements.

26.2 This represents Infrastructure Fund amounting to Rs 455.448 million (2014: Rs 362.389 million) and Training, Technology & Scholarship Fund amounting to Rs 261.331 million (2014: Rs 155.430 million) under the terms of EDPSC.

	June 30, 2015	June 30, 2014
	Rs '000	
27. CONTINGENCIES AND COMMITMENTS		
27.1 Contingencies		
27.1.1 Indemnity bonds and corporate guarantees		
Indemnity bonds (including share of joint venture areas) issued to custom authorities, redeemable after submission of usage certificate within five years.	**11,040**	14,984
Corporate guarantees (including share of joint venture areas) issued to custom authorities, redeemable on receipt of necessary certification from regulatory authority or clarification from custom authorities.	**40,890**	40,890

27.1.2 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.

27.1.3 Sales tax

The Tax Authorities have issued various letters / notices / orders for different tax periods either disallowing / intending to disallow the input sales tax claimed by the Holding Company amounting to Rs 11.830 million, under the provisions of sections 8(1)(ca) and 8A of the Sales Tax Act, 1990 and Rule 12(5) of the Sales Tax Rules, 2006. 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 Company had received all the three orders under appeal before the CIR-(A). In two of the three orders, the CIR-(A) had 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 had 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.

27.1.4 Income tax

The Tax Authorities, whilst amending the Assessment Orders for the tax years 2003 to 2014 have made additions in respect of the following issues:

Rate Issue [disputed by the Tax Authorities in tax years 2003 to 2014];

Depletion Allowance [disputed by the Tax Authorities in tax years 2003 to 2014];

Decommissioning Cost of Sui Area [disputed by the Tax Authorities in tax years 2004 to 2012]; and

Tax credits under sections 65A, 65B and 65E in respect of Agreement Areas [disputed by the Tax Authorities in tax years 2011 to 2014].

The Tax Authorities have raised demand of Rs 13,111 million in respect of the above issues, out of which the Holding Company has paid / adjusted Rs 11,335 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 and 2014. 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. Please note that the appeals for tax years 2013 and 2014 have been filed before the CIR-(A), which are pending for adjudication.

The outstanding demands for the tax years 2003 to 2009 have been stayed by the Hon'ble SHC, whereas the demands raised for the tax years 2010 to 2014 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:

Prospecting and Development Expenditure [disputed by Tax Authorities in tax years 2013 and 2014];

Exchange Loss [disputed by Tax Authorities in tax year 2014];

Donations [disputed by Tax Authorities in tax years 2013 and 2014]; and

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), which is pending for hearing.

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 13,111 million (2014: Rs 10,125 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 Hon'ble SHC which was decided in favour of the Holding Company. The Tax Authorities have filed an appeal in the Hon'ble Supreme Court of Pakistan against the said order of the Hon'ble SHC, which will be defended by the legal counsel appointed by the Holding Company.

During the year, the Holding Company has 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 PPL Europe E&P Limited, a tax resident of United Kingdom) during the tax year 2013. Based on the advice of the legal counsel, the Holding Company has filed a suit before the Hon'ble 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 Hon'ble SHC has granted interim stay with the direction to the tax authorities to maintain status quo in respect of the impugned notice.

27.1.5 Other contingencies

a) The Holding Company is defending various suits filed against it in various courts in Pakistan for sums, aggregating to Rs 963 million (2014: Rs 958 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 2010 to 2014 amount to Rs 332 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, however in line with the Group's policy, provision in respect of above mentioned issues amounting to Rs 920 million (2014: Rs 918 million) has been accounted for in these consolidated financial statements.

c) During 2009, the Tax Authorities raised a demand of Rs 775 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$10.6 million (Rs 1,076.430 million) under the terms of its exploration licenses of Ziarat, Barkhan and Harnai blocks. As required under terms of its exploration licenses, bank guarantees of Rs 540 million have been provided which represents 50% of the minimum commitment amount (note 19).

e) The Holding Company has guaranteed the performance and fulfilment of obligation by PPLA under the EDPSC (note 27.2.1).

27.2 Commitments

27.2.1 PPLA has a commitment to spend upto US$ 100 million (Rs 10,170 million) over the first five years of exploration period under the EDPSC for Block 8 in Iraq signed with Midland Oil Company, Iraq. As at balance sheet date, PPLA has incurred US$ 25.797 million (Rs 2,618 million) and the outstanding commitments are US$ 74.203 million (Rs 7,532 million).

	June 30, 2015	June 30, 2014
	Rs '000	
27.2.2 Capital expenditure		
Owned assets	**229,239**	2,946,940
Share in joint ventures	**52,250,040**	33,684,965
Operating leases / Ijara contracts	**-**	6,699
	52,479,279	36,638,604

27.2.3 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 2668-5 (Southwest Miano-II), Block 3370-10 (Nashpa), Block 2669-3 (Latif), Block 2667-7 (Kirthar), Block 2468-9 (Jherruck), Block 2867-5 (Kuhan), 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 2467-14 (Jati), Block 2967-2 (Ziarat), Block 3067-3 (Harnai), Block 29 (Republic of Yemen), Block 3 (Republic of Yemen) and Block 2265-1 (Offshore Indus-G), amounts to Rs 13,355 million, for the year ending June 30, 2016 (2015: Rs 13,822 million).

28. SALES - net (including internal consumption)

	Year ended June 30, 2015 Rs '000	Year ended June 30, 2014 Rs '000
Sales	**132,456,866**	144,753,782
Federal excise duty	**(1,865,350)**	(1,916,150)
Sales tax	**(13,583,892)**	(13,839,598)
Gas infrastructure development cess	**(4,372,000)**	(1,228,004)
Gas development surcharge	**(7,156,358)**	(6,430,617)
	(26,977,600)	(23,414,369)
	105,479,266	121,339,413
Product wise break-up of sales is as follows:		
Natural gas sales	**88,158,343**	91,284,239
Federal excise duty	**(1,841,753)**	(1,889,451)
Sales tax	**(12,910,620)**	(13,382,232)
Gas infrastructure development cess	**(4,372,000)**	(1,228,004)
Gas development surcharge	**(7,156,358)**	(6,430,617)
	(26,280,731)	(22,930,304)
	61,877,612	68,353,935
Gas supplied to Sui villages - note 29	**378,270**	429,902
Federal excise duty	**(14,619)**	(15,841)
Sales tax	**(54,962)**	(62,464)
	(69,581)	(78,305)
	308,689	351,597
Internal consumption of gas - note 28.1	**182,658**	249,576
Federal excise duty	**(7,138)**	(9,197)
Sales tax	**(26,540)**	(36,263)
	(33,678)	(45,460)
	148,980	204,116
Crude / NGL / Condensate sales	**39,667,706**	50,322,418
LPG sales	**4,069,889**	2,467,647
Federal excise duty	**(1,840)**	(1,661)
Sales tax	**(591,770)**	(358,639)
	(593,610)	(360,300)
	3,476,279	2,107,347
	105,479,266	121,339,413

	Year ended June 30, 2015	Year ended June 30, 2014
	Rs '000	

28.1 Internal consumption of gas comprises of the following:

Industrial and domestic use	**112,190**	180,569
Gas used for electricity generation at Sui	**70,468**	69,007
	182,658	249,576

28.2 The Group has not allowed any sales discount to the customers during the years ended June 30, 2015 and 2014.

	Year ended June 30, 2015	Year ended June 30, 2014
	Rs '000	

29. FIELD EXPENDITURES

Development and drilling - note 29.1	**7,908,532**	6,545,147
Exploration	**13,385,365**	8,788,164
Depreciation - note 5.1	**4,186,478**	3,638,529
Amortisation of intangible assets - note 6.2	**172,830**	215,811
Amortisation of decommissioning cost - note 5.1	**671,859**	1,151,040
Amortisation of prospecting and development expenditure - note 5.1	**5,363,044**	4,517,896
Salaries, wages, welfare and other benefits - note 29.2	**8,293,263**	6,985,604
Employees' medical benefits - note 29.3	**452,913**	361,898
Manpower development	**45,439**	33,328
Travelling and conveyance	**613,680**	590,993
Communication	**40,329**	42,284
Stores and spares consumed	**2,086,462**	1,813,021
Fuel and power	**292,853**	345,229
Rent, rates and taxes	**111,872**	110,878
Insurance	**585,412**	647,769
Repairs and maintenance	**739,598**	412,675
Professional services	**80,495**	170,537
Auditors' remuneration - note 29.4	**16,329**	14,241
Free supply of gas to Sui villages - note 28	**378,270**	429,902
Donations - note 29.5	**114,543**	102,499
Social welfare / community development	**128,165**	148,054
Other expenses	**164,647**	199,298
	45,832,378	37,264,797
Recoveries	**(2,219,933)**	(1,648,260)
	43,612,445	35,616,537

29.1 These are net of insurance claim of Rs 97 million (2014: Rs 868 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.

29.2 This includes expenditure / (reversal) in respect of provident fund, pension fund, gratuity fund and leave preparatory to retirement amounting to Rs 214.013 million, Rs 416.026 million, Rs 52.751 million and Rs (110.552) million, respectively (2014: Rs 168.061 million, Rs 593.841 million, Rs 94.153 million and Rs 39.975 million, respectively).

29.3 This includes expenditure relating to post-retirement medical benefits amounting to Rs 230.753 million (2014: Rs 164.030 million).

	Year ended June 30, 2015	Year ended June 30, 2014
	Rs '000	

29.4 Auditors' remuneration is as under:

	Year ended June 30, 2015	Year ended June 30, 2014
Audit fee		
- Holding Company	**2,915**	3,000
- Subsidiary Companies	**6,996**	7,985
	9,911	10,985
Limited review, special certifications and advisory services	**5,416**	2,821
Out of pocket expenses	**1,002**	435
	16,329	14,241

29.5 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, 2015 (Rs '000)	Year ended June 30, 2014 (Rs '000)
Mr. Asim Murtaza Khan	Director	Petroleum Institute of Pakistan	**200**	100
Mr. Asim Murtaza Khan	Director	Pakistan Institute of Corporate Governance	**-**	250
			200	350

30. STAFF RETIREMENT BENEFITS

30.1 Funded post retirement pension and gratuity schemes

As mentioned in note 4.10 to these consolidated financial statements, the Holding Company operates approved funded pension and gratuity schemes for all its executive and non-executive permanent employees.

30.1.1 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, 2015					June 30, 2014
	Rs '000					
Present value of defined benefit obligations - note 30.1.5	**7,216,521**	**732,328**	**1,908,534**	**951,231**	**10,808,614**	9,079,414
Fair value of plan assets - note 30.1.4	**(7,183,090)**	**(589,561)**	**(1,505,495)**	**(727,397)**	**(10,005,543)**	(9,246,822)
Liability / (asset) recognised in the balance sheet	**33,431**	**142,767**	**403,039**	**223,834**	**803,071**	(167,408)

30.1.2 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, 2015					June 30, 2014
	Rs '000					
Balances as on July 01	83,645	1,750	(162,378)	(90,425)	(167,408)	2,590,810
Refund made to the Holding Company	-	-	162,378	90,425	252,803	-
Charge for the year - note 30.1.3	384,059	33,615	31,967	15,186	464,827	686,861
Payments during the year	(467,704)	(35,365)	(31,967)	(15,186)	(550,222)	(3,277,671)
Amount recognised in Other Comprehensive Income (OCI) for the year	33,431	142,767	403,039	223,834	803,071	(167,408)
Balances as on June 30	33,431	142,767	403,039	223,834	803,071	(167,408)

30.1.3 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, 2015					June 30, 2014
	Rs '000					
Current service cost	373,830	33,401	51,825	26,244	485,300	413,996
Interest cost	833,058	72,237	180,822	89,507	1,175,624	885,460
Interest income on plan assets	(822,829)	(72,023)	(200,680)	(100,565)	(1,196,097)	(612,595)
Charge for the year recognised in profit and loss account	384,059	33,615	31,967	15,186	464,827	686,861
Actual return on plan assets	647,414	57,971	156,393	74,562	936,340	805,994

30.1.4 Changes in fair value of plan assets

	Executives		Non-Executives		Total	
	Pension	Gratuity	Pension	Gratuity		
	June 30, 2015					June 30, 2014
	Rs '000					
Fair value of plan assets at beginning of the year	6,288,692	570,068	1,598,365	789,697	9,246,822	5,515,508
Interest income on plan assets	822,829	72,023	200,680	100,565	1,196,097	612,595
Refund made to the Holding Company	-	-	(162,378)	(90,425)	(252,803)	-
Contributions by the Holding Company	467,704	35,365	31,967	15,186	550,222	3,277,671
Benefits paid	(220,720)	(73,843)	(118,852)	(61,623)	(475,038)	(352,351)
Amount recognised in OCI for the year	(175,415)	(14,052)	(44,287)	(26,003)	(259,757)	193,399
Fair value of plan assets at end of the year	7,183,090	589,561	1,505,495	727,397	10,005,543	9,246,822

30.1.5 Changes in present value of pension and gratuity obligations

	Executives Pension	Executives Gratuity	Non-Executives Pension	Non-Executives Gratuity	Total	Total
	June 30, 2015					June 30, 2014
	Rs '000					
Present value of obligations at beginning of the year	6,372,337	571,818	1,435,987	699,272	9,079,414	8,106,318
Current service cost	373,830	33,401	51,825	26,244	485,300	413,996
Interest cost	833,058	72,237	180,822	89,507	1,175,624	885,460
Benefits paid	(220,720)	(73,843)	(118,852)	(61,623)	(475,038)	(352,351)
Amount recognised in OCI for the year	(141,984)	128,715	358,752	197,831	543,314	25,991
Present value of obligations at end of the year	7,216,521	732,328	1,908,534	951,231	10,808,614	9,079,414

30.1.6 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 Rs '000	Executives %	Non-Executives Rs '000	Non-Executives %	Executives Rs '000	Executives %	Non-Executives Rs '000	Non-Executives %
		June 30, 2015 (Unaudited)				June 30, 2014 (Audited)			
Pension Fund									
Government securities	6.67 - 14.47	1,776,809	25	316,286	21	2,169,749	34	500,684	35
Shares	-	200,474	3	62,604	4	185,172	3	56,582	4
TFCs	11.42	64,764	1	23,159	2	-	-	-	-
Cash and bank balances	4.50 - 7.85	5,141,043	71	1,103,446	73	4,017,779	63	879,076	61
Total		7,183,090	100	1,505,495	100	6,372,700	100	1,436,342	100
Gratuity Fund									
Government securities	6.67 - 14.47	196,054	33	224,308	31	234,331	41	271,242	39
Shares	-	34,761	6	29,814	4	31,892	6	27,991	4
TFCs	11.42	2,864	1	11,988	2	-	-	-	-
Cash and bank balances	4.50 - 7.85	355,882	60	461,287	63	305,770	53	400,267	57
Total		589,561	100	727,397	100	571,993	100	699,500	100

30.1.7 Sensitivity analysis:

	June 30, 2015				June 30, 2014			
	Executives		Non-Executives		Executives		Non-Executives	
	1% increase	1% decrease	1% increase	1% decrease	1% increase	1% decrease	1% increase	1% decrease
Pension:								
Salary rate sensitivity	449,454	(398,816)	104,659	(95,055)	398,292	(383,651)	76,840	(69,945)
Pension rate sensitivity	524,200	(447,167)	80,865	(68,443)	447,742	(375,876)	162,649	(135,806)
Gratuity:								
Salary rate sensitivity	42,704	(38,773)	41,013	(37,427)	4,730	(4,483)	34,116	(31,084)

30.1.8 Maturity profile of the defined benefit obligation:

	June 30, 2015			
	Executives		Non-Executives	
	Pension	Gratuity	Pension	Gratuity
Weighted average duration (years)	**7.77**	**6.44**	**5.90**	**5.77**
The retirement will at most continue (year)	**2052**	**2052**	**2053**	**2053**

30.1.9 The Holding Company expects to contribute Rs 578.919 million to the pension and gratuity funds in the next financial year.

30.2 Unfunded post-retirement medical benefits

30.2.1 The Holding Company provides free medical facilities to its executive and non-executive retired employees, as mentioned in note 4.10 to these consolidated financial statements. The latest actuarial valuation for post-retirement medical benefits was carried out as at June 30, 2015, results of which are as follows:

	June 30, 2015	June 30, 2014
	Rs '000	
Present value of defined benefit obligations - notes 24 and 30.2.4	**1,568,791**	1,378,429

30.2.2 Movement in the liability recognised in the balance sheet is as follows:

Balance as on July 01	**1,378,429**	1,155,168
Charge for the year – notes 29.3 and 30.2.3	**230,753**	164,030
Payments during the year	**(50,483)**	(45,606)
Amount charged to the OCI	**10,092**	104,837
Balance as on June 30	**1,568,791**	1,378,429

30.2.3 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, 2015	Year ended June 30, 2014
	Rs '000	
Current service cost	**51,393**	37,232
Interest cost	**179,360**	126,798
	230,753	164,030

30.2.4 Changes in present value of post retirement medical obligations:

	June 30, 2015	June 30, 2014
	Rs '000	
Opening balance	**1,378,429**	1,155,168
Current service cost	**51,393**	37,232
Interest cost	**179,360**	126,798
Benefits paid	**(50,483)**	(45,606)
Amount charged to the OCI	**10,092**	104,837
Balance as on June 30	**1,568,791**	1,378,429

30.2.5 A one percent change in the medical cost trend rate would have following effect:

	June 30, 2015	
	1% increase	1% decrease
	Rs '000	
Present value of medical obligation	253,769	(205,164)
Current service cost and interest cost	37,013	(29,693)

30.2.6 The Holding Company expects to contribute Rs 204.641 million to the unfunded post-retirement medical benefits in the next financial year.

30.2.7 The weighted average duration of the defined benefit obligation works out to 13.92 years in respect of executive and 14.70 years in respect of non-executive retired employees.

30.3 Leave preparatory to retirement benefits

Movement in liability recognised in the balance sheet is as follows:

	June 30, 2015	June 30, 2014
	Rs '000	
Balance as on July 01	**675,309**	657,799
(Reversal) / charge for the year - note 29.2	**(110,552)**	39,975
	564,757	697,774
Payments during the year	**(35,413)**	(22,465)
Balance as on June 30 - note 24	**529,344**	675,309

30.3.1 The Holding Company expects to contribute Rs 102.037 million to the leave preparatory to retirement benefits in 2015-16.

30.4 Principal actuarial assumptions

The significant assumptions used in the actuarial valuations are as follows:

	Per annum	
	June 30, 2015	June 30, 2014
	%	
- discount rate	**9.75**	13.00
- expected rate of increase in salaries	**9.75**	13.00
- expected rate of increase in pension	**4.75**	8.00
- expected rate of escalation in medical cost	**5.75**	9.00

30.5 Description of the risks to the Group

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.

	June 30, 2015 (Unaudited)	June 30, 2014 (Audited)
	Rs '000	
30.6 Provident fund		
Size of the fund	**4,427,797**	3,961,456
Cost of investments made	**3,014,535**	2,754,864
Percentage of investments made	**68.1%**	69.5%
Fair value of investments	**3,368,236**	3,116,613

30.6.1 Break-up of investments of provident fund

Break-up of investments in terms of amount and percentage of the size of the provident fund of the Holding Company are as follows:

	June 30, 2015 (Unaudited)		June 30, 2014 (Audited)	
	Investments (Rs '000)	% of investment as size of the fund	Investments (Rs '000)	% of investment as size of the fund
Pakistan Investment Bonds	**874,237**	**19.7%**	865,369	21.8%
Treasury Bills	**937,593**	**21.2%**	501,170	12.7%
Short Term Deposit Account	**847,000**	**19.1%**	1,014,000	25.6%
NIT Units	**375,160**	**8.5%**	357,152	9.0%
Shares	**330,870**	**7.5%**	375,290	9.5%
TFCs	**3,376**	**0.1%**	3,632	0.1%
	3,368,236	**76.1%**	3,116,613	78.7%

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, 2015	Year ended June 30, 2014
	Rs '000	
31. OTHER INCOME		
Income from financial assets		
Income on loans and bank deposits	**414,430**	421,095
Income on term deposits	**1,886,980**	1,294,300
Income on long-term held-to-maturity investments	**2,992,080**	2,952,765
Income from investment in treasury bills	**297,066**	523,464
Gain on re-measurement / disposal of investments designated at fair value through profit or loss (net)	**958,585**	865,828
	6,549,141	6,057,452
Income from assets other than financial assets		
Rental income on assets	**104,736**	84,701
Profit on sale of property, plant and equipment (net)	**34,582**	18,372
Profit on sale of stores and spares (net)	**8,894**	12,655
Exchange gain on foreign currency (net)	**512,300**	-
Share of profit on sale of LPG	**289,752**	121,487
Others	**28,198**	75,181
	978,462	312,396
	7,527,603	6,369,848

	Year ended June 30, 2015	Year ended June 30, 2014
	Rs '000	
32. OTHER OPERATING EXPENSES		
WPPF - note 17.1	**2,586,577**	3,922,206
Impairment loss - note 6.1	**4,704,327**	-
Provision for obsolete / slow moving stores - note 12.1	**11,337**	13,074
Exchange loss on foreign currency (net)	**-**	136,755
	7,302,241	4,072,035
33. FINANCE COSTS		
Interest on WPPF - note 17.1	**77**	105
Financial charges for liabilities against assets subject to finance leases	**38,309**	38,588
Unwinding of discount on decommissioning obligation - note 22	**524,792**	392,080
Others	**24,955**	-
	588,133	430,773

34. TAXATION

Provision for taxation for the years ended June 30, 2015 and 2014 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 33%, as mentioned in note 4.13 to these consolidated financial statements. For the current financial year, 3% super tax has also been levied on the non-agreement area as per the Finance Act, 2015.

	Year ended June 30, 2015	Year ended June 30, 2014
	Rs '000	
Current		
- for the year	**10,943,577**	17,347,828
- for prior years (net)	**99,351**	(358,380)
	11,042,928	16,989,448
Deferred	**3,113,353**	5,513,941
	14,156,281	22,503,389
34.1 Relationship between accounting profit and taxation:		
Accounting profit for the year before taxation	**49,441,303**	73,360,906
Tax at applicable rate of 42.80% (2014: 43.99%)	**21,160,260**	32,268,558
Super tax at applicable rate of 3% (2014: Nil)	**395,115**	-
Net tax effect of amounts not taxable for tax purposes	**(241,502)**	(844,734)
Tax effect of depletion allowance and royalty allowed for tax purposes	**(7,256,943)**	(8,562,055)
Tax charge relating to prior years	**99,351**	(358,380)
	14,156,281	22,503,389
Effective tax rate %	**28.63**	30.67

35. INTERESTS IN JOINT VENTURES

The joint venture areas in which the Group has working interest are as follows:

Name of joint venture	Operator	Percentage of the Group's working interest as at June 30, 2015
Producing fields		
Adhi	PPL	39.00%
Mazarani	PPL	87.50%
Adam X-1 D&P (Hala Block)	PPL	65.00%
Adam West X-1 EWT Phase (Hala Block)	PPL	65.00%
Kinza X-1 EWT Phase (Gambat South Block)	PPL	65.00%
Kandhkot East (Chachar)	PPL	75.00%
Qadirpur	OGDCL	7.00%
Miano	OMV	15.16%
Sawan	OMV	34.07%
Hasan, Sadiq & Khanpur - D&P (B-22)	PEL	35.53%
Manzalai D&P (Tal Block)	MOL	27.76%
Makori D&P (Tal Block)	MOL	27.76%
Makori East EWT Phase (Tal Block)	MOL	27.76%
Mamikhel EWT Phase (Tal Block)	MOL	27.76%
Maramzai EWT Phase (Tal Block)	MOL	27.76%
Mela D&P (Nashpa Block)	OGDCL	28.55%
Nashpa D&P (Nashpa Block)	OGDCL	28.55%
Tajjal EWT Phase (Gambat Block)	OMV	23.68%
Latif D&P (Latif Block)	OMV	33.30%
Rehman EWT Phase (Kirthar Block)	POGC	30.00%
Ghauri	MPCL	35.00%
Exploration and development blocks (within Pakistan)		
Block 2568-13 (Hala)	PPL	65.00%
Block 2766-1 (Khuzdar)	PPL	65.00%
Block 2688-2 (Kalat)	PPL	35.00% *
Block 2969-8 (Barkhan)	PPL	85.00%
Block 2763-3 (Kharan)	PPL	100.00%
Block 2764-4 (Kharan-East)	PPL	100.00%
Block 2763-4 (Kharan-West)	PPL	100.00%
Block 3371-15 (Dhok Sultan)	PPL	75.00%
Block 2467-12 (Jungshahi)	PPL	100.00%
Block 2568-18 (Gambat South)	PPL	65.00%
Block 2468-12 (Kotri)	PPL	100.00%
Block 2568-21 (Kotri North)	PPL	90.00%
Block 2468-10 (Sirani)	PPL	75.00%
Block 2668-9 (Naushahro Firoz)	PPL	90.00%
Block 2667-11 (Zamzama South)	PPL	100.00%
Block 3270-7 (Zindan)	PPL	35.00%
Block 3272-18 (Karsal)	PPL	100.00%
Block 3372-23 (Hisal)	PPL	100.00%
Block 2870-5 (Sadiqabad)	PPL	100.00%
Block 2469-16 (Shah Bandar)	PPL	100.00%
Block 2864-4 (Nausherwani)	PPL	100.00%
Block 2566-6 (Bela West)	PPL	100.00%
Block 2566-4 (Hab)	PPL	100.00%
Block 2569-5 (Khipro East)	PPL	100.00%
Block 2467-13 (Malir)	PPL	100.00%
Block 2866-4 (Margand)	PPL	50.00%
Block 2668-4 (Gambat)	OMV	30.00%
Block 2669-3 (Latif)	OMV	33.30%
Block 3370-10 (Nashpa)	OGDCL	30.00%

Name of joint venture	Operator	Percentage of the Group's working interest as at June 30, 2015
Block 2667-7 (Kirthar)	POGC	30.00%
Block 3070-13 (Baska)	ZHEN HUA	49.00%
Block 2366-7 (Indus-C)	ENI	40.00%
Block 2366-5 (Indus-N)	ENI	30.00%
Block 3370-3 (Tal)	MOL	30.00%
Block 2668-5 (South West Miano-II)	OMV	33.30%
Block 2568-20 (Sukhpur)	ENI	30.00%
Block 2468-9 (Jherruck)	NHEPL	30.00%
Block 2568-19 (Digri)	UEPL	25.00%
Block 3273-3 (Ghauri)	MPCL	35.00%
Block 2467-14 (Jati)	KUFPEC	25.00%
Block 2867-5 (Kuhan)	OMV	50.00% **
Block 2265-1 (Indus-G)	ENI	25.00% ***
Block 2967-2 (Ziarat)	MPCL	40.00%
Block 3067-3 (Harnai)	MPCL	40.00%
Exploration Blocks (Outside Pakistan)		
Block-29 (Yemen)	OMV	43.75%
Block -8 (Iraq)	PPLA	100.00%
Block-3 (Yemen)	TOTAL	20.00%

* DGPC approval for Assignment of ENI's 25% share to Holding Company is awaited. Once the approval is granted, the Holding Company's share would increase to 60%.

** As per Article 5.1 of Kuhan PCA, the working interest owners shall offer 2.5% working interest to GHPL and 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%.

*** UEP has surrendered its share in Indus-G block and the assignment agreement for revised working interest is in progress. After conclusion of assignment agreement, the Holding Company's share would increase to 33.33%.

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, 2015 and 2014.

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.

i) Interest rate risk management

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's exposure to the risk of changes in market interest rate relates to the long-term investment in GoP Ijara Sukuk certificates with floating 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 Rs 5 million (2014: Rs 5 million), with all other variables held constant.

Fair value hierarchy

Financial instruments carried at fair value are categorised as follows:

Level 1: Quoted market prices
Level 2: Valuation techniques (market observable)
Level 3: Valuation techniques (non-market observable)

The Group held the following financial instruments measured at fair value:

	Total	Level 1	Level 2	Level 3
Financial assets	Rs '000			
June 30, 2015				
Investments designated at fair value through profit or loss	-	-	-	-
June 30, 2014				
Investments designated at fair value through profit or loss	11,039,071	11,039,071	-	-

ii) Foreign currency risk management

Financial assets include Rs 22,138.084 million (2014: Rs 9,893.125 million) and financial liabilities include Rs 5,087.545 million (2014: Rs 4,046.755 million), which were subject to foreign currency risk. The US Dollar deposits also serve as a synthetic hedge against the Group's exposure to foreign currency risk resulting from outstanding payments for imports.

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	218,109	(218,109)
Foreign currency financial liabilities	50,025	(50,025)

iii) Commodity price risk management

The Group is exposed to commodity 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. However, keeping in view the pricing mechanism under various Gas Price Agreements signed with the GoP, the Group is of the view that the price risk, in respect of gas sales which constitute major portion of Group's total sales, is within acceptable limits. Therefore, the Group has not entered in any commodity derivative transactions.

A one rupee change in the commodity prices would have the following effect:

	One Rupee Increase	One Rupee Decrease
	Rs '000	
Natural Gas	268,432	(268,432)
Crude Oil / Condensate / NGL	5,434	(5,434)
LPG	58	(58)

b) Credit risk management

(i) Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties failed completely to perform as contracted. The Group's credit risk is primarily attributable to its receivables including trade debts, investments in TFCs and balances at banks. The credit risk on investments and liquid funds is limited because the counter parties are financial institutions with reasonably high credit ratings. However, the Group monitors its investments in TFCs and placements with banks in order to control credit risk. The Group has maintained lines and limits with banks for effective monitoring of credit risk.

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 State controlled entities.

(ii) Credit quality of financial assets

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, 2015	June 30, 2014
	Rs '000	
Long term investments - note 8		
AAA	23,023,986	25,607,767
AA	12,845,687	18,647,031
A	282,170	1,247,544
	36,151,843	45,502,342
Trade debts - note 13.1		
Customers with defaults in past one year which have not yet been recovered	18,112,345	21,903,695
Short-term investments and cash at banks - notes 18 & 19		
AAA	698,797	5,439,593
AA	30,519,249	20,024,645
A	1,470,936	5,449,798
	32,688,982	30,914,036

c) Capital risk management

The Group's objective when managing capital is to safeguard the Group's ability to remain as a going concern and continue to provide returns to shareholders and benefits to other stakeholders.

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	-	25,342	82,778	209,647	-	317,767
Trade and other payables	612,800	9,133,053	1,056,807	-	-	10,802,660
Year ended June 30, 2015	**612,800**	**9,158,395**	**1,139,585**	**209,647**	**-**	**11,120,427**
Liability against assets subject to finance leases	-	33,801	68,313	175,770	-	277,884
Trade and other payables	690,588	5,532,143	1,303,273	-	-	7,526,004
Year ended June 30, 2014	690,588	5,565,944	1,371,586	175,770	-	7,803,888

37. CASH AND CASH EQUIVALENTS

	June 30, 2015	June 30, 2014
	Rs '000	
Cash and bank balances - note 19	3,178,177	3,728,313
Short-term highly liquid investments - note 18	29,610,259	27,243,478
	32,788,436	30,971,791

38. REMUNERATION OF CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

	Chief Executive		Executives	
	Year ended June 30, 2015	Year ended June 30, 2014	**Year ended June 30, 2015**	Year ended June 30, 2014
	Rs '000			
Managerial remuneration	**8,615**	38,040	**5,394,353**	3,564,651
Housing, conveyance and utilities	**-**	-	**388,860**	31,932
Retirement benefits	**-**	8,162	**673,136**	700,227
Bonus	**-**	-	**630,178**	246,327
Medical and leave passage	**-**	165	**388,497**	219,554
Leave encashment	**-**	-	**113,052**	50,821
	8,615	46,367	**7,588,076**	4,813,512
Number, including those who worked for part of the year	**2**	1	**1,630**	1,088

38.1 During the interim period from July 01, 2014 to March 15, 2015, a government servant was given charge as the Chief Executive of the Holding Company. As such, he was paid no remuneration during this period. Rs 8.615 million was charged in these consolidated financial statements on account of remuneration of the current Chief Executive of the Holding Company, who was appointed with effect from March 16, 2015.

38.2 Certain executives of the Holding Company are also provided with free use of Holding Company's cars and club subscriptions in accordance with their entitlements.

38.3 Aggregate amount charged in these consolidated financial statements in respect of fees paid to thirteen non-executive directors was Rs 14.960 million (2014: Rs 7.831 million for eight directors).

39. EARNINGS PER SHARE

39.1 Basic earnings per share

	Year ended June 30, 2015	Year ended June 30, 2014
Profit after taxation (Rs '000)	**35,285,022**	50,857,517
Dividend on convertible preference shares (Rs '000)	**(37)**	(42)
Profit attributable to ordinary shareholders (Rs '000)	**35,284,985**	50,857,475
Weighted average number of ordinary shares in issue	**1,971,716,836**	1,971,715,615
Basic earnings per share (Rs)	**17.90**	25.79

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, 2015	Year ended June 30, 2014
Profit after taxation (Rs '000)	**35,285,022**	50,857,517
Weighted average number of ordinary shares in issue	**1,971,716,836**	1,971,715,615
Adjustment for conversion of convertible preference shares	**12,619**	13,840
Weighted average number of ordinary shares for diluted earnings per share	**1,971,729,455**	1,971,729,455
Diluted earnings per share (Rs)	**17.90**	25.79

40. FINAL DIVIDEND

The Board of Directors of the Holding Company in their meeting held on August 24, 2015 have recommended final cash dividend @ 40% amounting to Rs 7,886.868 million (2014: @ 75% amounting to Rs 14,787.878 million) on the existing paid-up value of the ordinary share capital for approval of the shareholders in the Annual General Meeting to be held on September 30, 2015.

41. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise, state controlled entities, associated companies, joint ventures, companies where directors also hold directorship, key management personnel (note 38) 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 June 30, 2015	Year ended June 30, 2014
	Rs '000	
41.1 Transactions with related parties are as follows:		
Sales of gas to State controlled entities (including Government Levies):		
GENCO-II	**20,329,463**	15,768,353
SNGPL	**50,520,843**	57,296,044
SSGCL	**17,307,941**	18,219,842
	88,158,247	91,284,239
Trade debts, long term and other receivables from State controlled entities as at June 30	See notes 11,13 and 17	
Transactions with Associated Companies:		
Sales of crude oil / condensate	**5,405,881**	4,981,611
Expenses incurred	**503**	1,226
Transactions with Bolan Mining Enterprises:		
Dividend income	**25,000**	25,000
Purchase of goods	**137,380**	42,124
Reimbursement of employee cost on secondment	**20,154**	17,197
Transactions with Joint Ventures:		
Payments of cash calls to joint ventures	**39,524,311**	31,627,516
Expenditures incurred by the joint ventures	**41,430,011**	31,023,259
Amounts receivable from / (payable to) joint venture partners as at June 30	See notes 14, 17 and 26.1	
Income from rental of assets to joint ventures	**104,736**	84,701
Other related parties:		
Dividend to GoP	**15,972,728**	15,762,550
Dividend to Trust under BESOS	**1,739,629**	1,630,902
Transactions with retirement benefit funds	See notes 29.2 and 30	
Remuneration to key management personnel	See note 38	
Payment of rental to Pakistan Industrial Development Corporation	**68,155**	59,852
Payment to National Insurance Company Limited	**530,013**	1,135,631
Payment to Pakistan State Oil Company Limited	**513,427**	442,546

41.2 Gas sales are made to various State controlled entities, at prices notified by the GoP. Transactions with Bolan Mining Enterprises 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 and gas. The Group operates in the said reportable operating segment based on the nature of the products, risks and returns, organisational and management structure and internal financial reporting systems. Accordingly, the figures reported in these consolidated financial statements are related to the Group's only reportable segment.

The operating interests of the Group are confined to Pakistan in terms of production areas and customers. Accordingly, the production and revenue figures reported in these consolidated financial statements relate to the Group's only reportable operating segment in Pakistan.

Following are the details of customers with whom the revenue from sales transactions amount to 10% or more of the Group's overall revenue related to exploration, development and production of oil and gas.

	Year ended June 30, 2015	Year ended June 30, 2014
	Rs '000	
GENCO-II	**20,329,463**	15,768,353
SSGCL	**17,307,941**	18,219,842
SNGPL	**50,520,843**	57,296,044
ARL	**29,559,544**	40,516,046
	117,717,791	131,800,285

43. DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorised for issue on August 24, 2015 by the Board of Directors of the Holding Company.

44. GENERAL

44.1 Number of employees

Number of permanent employees as at June 30, 2015 was 2,788 (2014: 2,685) and average number of employees during the year was 2,683 (2014: 2,709).

44.2 Capacity and production

Product	Unit	Actual production for the year (Group's share)
Natural gas	MMCF	305,058
Crude oil / NGL / Condensate	BBL	5,482,142
LPG	M. Ton	57,982

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. Material changes made during the year are as follows:

Note	Reclassification from the caption component	Note	Reclassification to the caption component	Amount Rs '000
29	Field expenditures - Development and drilling	29	Field expenditures - Recoveries	1,601,121

44.4 Figures have been rounded off to the nearest thousand, unless otherwise stated.

Director

Chief Executive

The Pakistan Petroleum Provident Fund Trust Company (Private) Limited Auditors' Report to the Members

We have audited the annexed balance sheet of The Pakistan Petroleum Provident Fund Trust Company (Private) Limited (the Company) as at 30 June, 2015 together with the notes forming part thereof, 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 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;

   (ii) no expenditure was incurred during the year; and

   (iii) the business conducted was in accordance with the objects of the Company and neither any investments made nor any expenditure was incurred during the year;

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet 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 30 June, 2015; and

d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Chartered Accountants

Audit Engagement Partner: Khurram Jameel

Karachi

24 August, 2015

The Pakistan Petroleum Provident Fund Trust Company (Private) Limited Balance Sheet as at June 30, 2015

	June 30, 2015	June 30, 2014
	Rupees	
Share Capital		
Authorised, issued and fully paid-up 100 (2014: 100) Ordinary share of Rs. 10 each (note 4)	**1,000**	1,000
Asset		
Current account with a bank	**1,000**	1,000

Notes:

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

2. These accounts have been prepared in accordance with requirements of the Companies Ordinance, 1984. Profit and loss account, cash flow statement and statement of changes in equity have not been prepared as the Company had no transactions during the years ended June 30, 2015 and June 30, 2014. All administrative costs incurred are borne by the parent company - Pakistan Petroleum Limited.

3. During the year 2012-13, a penalty of Rs. one million was imposed by Securities and Exchange Commission of Pakistan (SECP) on the Company for alleged contravention of provisions of Section 15 (A) (1) of the Securities and Exchange Ordinance, 1969 (SE Ordinance). The Company filed an appeal before the Appellate Bench of SECP which vide order dated 19-12-2014, remanded the original order for review and further investigation. The Company has filed an appeal before the High Court against the original order as well as against the order of the Appellate Bench of SECP. High Court has suspended the impugned order. In view of the legal opinion received from its legal counsel, the Company is confident that the matter will be decided in favor of the Company. Accordingly, no provision in respect of the alleged penalty amount has been made in the books of the Company as at June 30 2014 and 2015.

4. Hundred percent equity of the company is owned by its parent company - Pakistan Petroleum Limited.

Director	Moin Raza Khan Chief Executive

Map of Exploration & Production Assets

List of Producing and Exploration Assets
As on 30 June, 2015

Producing Fields / Discoveries

S. No.		PPL Working Interest (%)	Operator
1	Sui	100.00	PPL
2	Kandhkot	100.00	PPL
3	Adhi	39.00	PPL
4	Mazarani	87.50	PPL
5	Chachar	75.00	PPL
6	Hala (Adam & Adam West)	65.00	PPL
7	Gambat South (Wafiq, Shahdad, Sharf, Kinza, Faiz)	65.00	PPL
8	Qadirpur	7.00	OGDCL
9	Miano	15.16	OMV
10	Sawan [1]	34.07	OMV
11	Block-22 (Hasan, Sadiq and Khanpur)	35.53	PEL
12	Tal Block (Manzalai, Makori, Makori East, Mamikhel, Maramzai, Tolanj & Mardan Khel)	27.76	MOL
13	Nashpa (Mela and Nashpa)	28.55	OGDCL
14	Latif	33.30	OMV
15	Gambat (Tajjal)	23.68	OMV
16	Kirthar (Rehman, Hallel & Rizq)	30.00	POGC
17	Ghauri	35.00	MPCL

Exploration Blocks

S. No.	**Onshore**		
1.	Barkhan [2]	85	PPL
2.	Bela West	100	PPL
3.	Dhok Sultan	75	PPL
4.	Gambat South	65	PPL
5.	Hab	100	PPL
6.	Hala	65	PPL
7.	Hisal	100	PPL
8.	Jungshahi	100	PPL
9.	Kalat	35	PPL
10.	Karsal	100	PPL
11.	Kharan	100	PPL
12.	Kharan East	100	PPL
13.	Kharan West	100	PPL

List of Producing and Exploration Assets
As on 30 June, 2015

14	Khipro East	100	PPL
15.	Khuzdar	65	PPL
16.	Kotri	100	PPL
17.	Kotri North	90	PPL
18.	Malir	100	PPL
19.	Margand	50	PPL
20.	Naushahro Firoz	90	PPL
21.	Nausherwani	100	PPL
22.	Sadiqabad	100	PPL
23.	Shah Bandar	100	PPL
24.	Sirani	75	PPL
25.	Zamzama South	100	PPL
26.	Zindan	35	PPL
27.	Baska	49	ZHENHUA
28.	Digri	25	UEP
29.	Gambat	30	OMV
30.	Ghauri	35	MPCL
31.	Jati	25	KPBV
32.	Jherruck	30	NHEPL
33.	Kirthar	30	POGC
34.	Kuhan	50	OMV
35.	Latif	33.3	OMV
36.	Nashpa	30	OGDCL
37.	South West Miano-II	33.3	OMV
38.	Sukhpur	30	ENI
39.	Tal	30	MOL
	Offshore		
40.	Offshore Indus C	40.00	ENI
41.	Offshore Indus N	30.00	ENI
42.	Offshore Indus G	25.00	ENI
	PPL Asia E&P B.V. (PPLA)		
43.	Block- 8 (Iraq)	100	PPL
	PPL Europe Exploration & Production Limited (PPL-E)		
44.	Ziarat	40	MPCL
45.	Harnai	40	MPCL
46.	Block-3 (Yemen)	20	Total
47.	Block-29 (Yemen)	43.75	OMV

Notes:
1. The working interest includes 7.89% interest held by PPLE.
2. The working interest includes 50% interest held by PPLE.

List of Abbreviations

ABBREVIATION	DESCRIPTION	ABBREVIATION	DESCRIPTION
AROL	Asia Resources Oil Limited	JV	Joint Venture
AVO	Amplitude Variation with Offset	KEC	Kuwait Energy Company
BBL	Barrels	KUFPEC	Kuwait Foreign Petroleum Exploration Company
BME	Bolan Mining Enterprises	LPG	Liquefied Petroleum Gas
BPD	Barrels per day	M	Meter
CBA	Collective Bargaining Agreement	MPCL	Mari Petroleum Company Limited
CCG	Code of Corporate Governance	MMSCF	Million Standard Cubic Feet
CEO	Chief Executive Officer	MMSCFD	Million Standard Cubic Feet Per Day
COO	Chief Operating Officer	MOL	MOL Pakistan Oil and Gas BV
D&PL	Development and Production Lease	NHEPL	New Horizon Exploration and Production Limited
DFIT	Diagnostic Fracture Injection Testing	NBFI	Non-Banking Financial Institution
EDPSC	Exploration, Development and Production Service Contract	NGL	Natural Gas Liquids
EL	Exploration License	NOC	No Objection Certificate
Eni	Eni Pakistan Limited	OGDCL	Oil and Gas Development Company Limited
EPF	Early Production Facility	OHSAS	Occupational Health and Safety Assessment System
EPS	Earnings per Share	OMV	OMV (Pakistan) Exploration GmbH
EPCC	Engineering, Procurement, Construction and Commissioning	PEII	Pyramid Energy International Incorporated
EWT	Extended Well Testing	PEL	Petroleum Exploration (Pvt.) Limited
E&P	Exploration and Production	PKP	Premier Kufpec Pakistan
FEED	Front End Engineering Design	POGC	Polish Oil & Gas Company
GDS	Gas Development Surcharge	POL	Pakistan Oilfields Limited
GENCO-II	Central Power Generation Company Limited	PPLE	PPL Europe E&P Limited
GIDC	Gas Infrastructure Development Cess	SAITA	Saita Pakistan Pte Ltd.
GHPL	Government Holdings (Pvt.) Limited	SAP	System Application Products in Data Processing
G&G	Geological & Geophysical	SFGCS	Sui Field Gas Compressor Station
GoP	Government of Pakistan	SML	Sui Main Limestone
HAZOP	Hazard and Operability Study	SNGPL	Sui Northern Gas Pipelines Limited
HRL	Habib Rahi Limestone	SSGCL	Sui Southern Gas Company Limited
HSE	Health, Safety and Environment	SUL	Sui Upper Limestone
HSFO	High Sulfur Fuel Oil	TCF	Trillion Cubic Feet
IAS	International Accounting Standards	TCF	The Citizen Foundation
IFRIC	International Financial Reporting Interpretations Committee	TD	Target Depth
IFRS	International Financial Reporting Standards	T/K	Tobra/ Khewra
ISO	International Organisation for Standardisation	UEPL	United Energy Pakistan Limited
IT	Information Technology	ZHENHUA	China ZhenHua Oil Co. Ltd.
ITIL	Information Technology Infrastructure Library		

Pattern of Shareholding

As At June 30, 2015

Size of Holding Rs. 10 Shares		Number of Shareholders	Total Shares held
1	100	1,970	105,572
101	500	3,811	1,145,588
501	1,000	2,268	1,891,643
1,001	5,000	13,733	24,605,113
5,001	10,000	941	7,036,969
10,001	15,000	422	5,325,630
15,001	20,000	194	3,438,468
20,001	30,000	260	6,473,741
30,001	40,000	124	4,319,483
40,001	50,000	104	4,743,937
50,001	60,000	41	2,262,989
60,001	70,000	36	2,333,768
70,001	80,000	29	2,209,632
80,001	90,000	26	2,231,276
90,001	100,000	35	3,416,943
100,001	150,000	57	7,141,813
150,001	280,000	72	14,427,388
280,001	380,000	30	9,556,686
380,001	500,000	34	15,032,711
500,001	800,000	27	17,176,165
805,001	1,500,000	41	43,697,173
1,555,001	16,000,000	44	161,597,387
20,565,001	144,970,000	5	300,486,438
1,157,160,001	1,331,060,573	1	1,331,060,573
		24,305	**1,971,717,086**

Pattern of Shareholding

As At June 30, 2015

Categories of Shareholders	No. of Shareholders	No. of Shares Held	Percentage
Ordinary shares			
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	4	4,125,974	0.21
Banks, Development Financial Institutions, Non-Banking Financial Institutions	26	25,733,809	1.31
Insurance Companies	23	8,813,196	0.45
Modarabas and Mutual Funds	70	18,291,130	0.93
Shareholders holding 10% or more			
Government of Pakistan	1	1,331,060,573	67.51
General Public			
Residents	23,448	106,866,044	5.42
Non-residents	218	295,259	0.01
Others			
Non-Resident Financial Institutions	101	214,581,431	10.88
Public Sector Companies and Corporations	11	67,542,608	3.42
Joint Stock Companies	220	19,276,103	0.98
Employee Trusts / Foundations etc.	168	28,987,385	1.47
Nazir of High Court	5	949	*
	24,305	**1,971,717,086**	**100.00**
Convertible Preference Shares			
General Public	86	11,959	96.69
Joint Stock Companies	1	370	2.99
Nazir of High Court	1	40	0.32
	88	**12,369**	**100.00**

* Negligible

Pattern of Shareholding

As At June 30, 2015

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:

Shareholders' Categories	No. of Shareholders	No. of Shares Held
Associated Companies, undertakings and related parties		
PPL Employees Empowerment Trust	1	144,969,072
Trustees PPL Senior Provident Fund	1	1,015,860
Trustees PPL Junior Provident Fund	1	13,200
Trustees PPL Executive Staff Pension Fund	1	41,883
Trustees PPL Non-Executive Staff Pension Fund	1	13,386
Trustees PPL Executive Staff Gratuity Fund	1	7,255
Trustees PPL Non-Executive Staff Gratuity Fund	1	5,967
Mutual Funds (namewise details are given on page 213)	62	17,850,302
Directors and their spouses and minor children		
Mr. Imtiaz Hussain Zaidi	1	75,000
Mr. Aftab Nabi	1	1,000
Mr. Saeedullah Shah	1	2
Executives	114	290,642
Public Sector Companies & Corporations	11	67,542,608
Banks, DFIs, NBFIs, Insurance Companies, Takaful, Modarabas & Pension Funds	85	53,098,326
Shareholders holding five percent or more voting rights		
President of the Islamic Republic of Pakistan	1	1,331,060,573
PPL Employees Empowerment Trust	1	144,969,072

Trade in shares of the Company by Directors, executives* and their spouses and minor children

Name	Categories	Date of Transaction	Nature of Transaction	Price Per Share (Rs)	No. of Shares
Syed Shariq Ali Hashmi	Executive	12-Aug-14	Purchase	221.46	1,000
Aftab Nabi	Director	10-Oct-14	Sale	223.85	1,000
Ijaz Ahmed	Executive	20-Nov-14	Purchase	201.40	1,400
Imtiaz Hussain Zaidi	Director	12-Jan-15	Purchase	185.50	5,000
Ijaz Ahmed	Executive	4-Feb-15	Purchase	180.46	5,000
Ijaz Ahmed	Executive	26-Feb-15	Purchase	174.65	5,000

* In accordance with the clause 5.19.11 of the Code of Corporate Governance, the Board has set a threshold for categorisation of a certain group of senior management employees as "Executives", which is reviewed annually.

NAMEWISE DETAILS OF MUTUAL FUNDS

S. No	Name	No. of Shares Held
1	PRUDENTIAL STOCK FUND LTD.	50
2	CDC - TRUSTEE FAYSAL INCOME & GROWTH FUND - MT	600
3	CDC - TRUSTEE ALFALAH GHP INCOME FUND - MT	2,100
4	CDC-TRUSTEE FIRST HABIB ISLAMIC BALANCED FUND	6,600
5	CDC - TRUSTEE FAYSAL SAVINGS GROWTH FUND - MT	8,400
6	CDC - TRUSTEE MEEZAN BALANCED FUND	8,944
7	TRUSTEE PAK QATAR FAMILY TAKAFUL LIMITED BALANCE FUND (BF)	10,000
8	TRUSTEE PAK QATAR FAMILY TAKAFUL LIMITED AGGRESSIVE FUND	10,000
9	CDC - TRUSTEE PICIC ISLAMIC STOCK FUND	10,100
10	CDC - TRUSTEE PICIC STOCK FUND	15,000
11	MCBFSL - TRUSTEE PAK OMAN ADVANTAGE ASSET ALLOCATION FUND	15,000
12	MC FSL - TRUSTEE JS KSE-30 INDEX FUND	18,464
13	MCBFSL - TRUSTEE PAK OMAN ISLAMIC ASSET ALLOCATION FUND	20,000
14	CDC - TRUSTEE AKD AGGRESSIVE INCOME FUND - MT	22,800
15	CDC - TRUSTEE ATLAS INCOME FUND - MT	23,000
16	CDC - TRUSTEE CROSBY DRAGON FUND	23,128
17	CDC - TRUSTEE FIRST HABIB STOCK FUND	23,251
18	CDC - TRUSTEE FAYSAL ASSET ALLOCATION FUND - MT	25,000
19	CDC - TRUSTEE NAFA ISLAMIC PENSION FUND EQUITY ACCOUNT	30,132
20	CDC - TRUSTEE JS ISLAMIC PENSION SAVINGS FUND-EQUITY ACCOUNT	30,900
21	CDC - TRUSTEE ASKARI EQUITY FUND	36,400
22	CDC - TRUSTEE FIRST HABIB INCOME FUND - MT	40,700
23	CDC - TRUSTEE NAFA PENSION FUND EQUITY SUB-FUND ACCOUNT	49,678
24	PAK QATAR INDIVIDUAL FAMILY PARTICIPANT INVEST FUND	53,700
25	CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND	60,300
26	M C F S L-TRUSTEE ASKARI ISLAMIC ASSET ALLOCATION FUND	62,190
27	CDC - TRUSTEE APF-EQUITY SUB FUND	85,000
28	CDC - TRUSTEE PAKISTAN SARMAYA MEHFOOZ FUND	87,000
29	CDC - TRUSTEE KASB ASSET ALLOCATION FUND	90,000
30	CDC - TRUSTEE PAKISTAN CAPITAL MARKET FUND	97,630
31	CDC - TRUSTEE AKD INDEX TRACKER FUND	103,449
32	CDC-TRUSTEE NAFA SAVINGS PLUS FUND - MT	103,900
33	CDC-TRUSTEE PAKISTAN ISLAMIC PENSION FUND - EQUITY SUB FUND	114,203
34	CDC - TRUSTEE ASKARI ASSET ALLOCATION FUND	126,400
35	CDC - TRUSTEE PAKISTAN PENSION FUND - EQUITY SUB FUND	130,223
36	CDC - TRUSTEE NAFA INCOME OPPORTUNITY FUND - MT	145,000
37	CDC - TRUSTEE APIF - EQUITY SUB FUND	160,000
38	CDC - TRUSTEE NAFA ISLAMIC PRINCIPAL PROTECTED FUND - II	164,700
39	CDC - TRUSTEE NAFA ISLAMIC STOCK FUND	167,400
40	CDC - TRUSTEE NAFA MULTI ASSET FUND	194,583
41	CDC - TRUSTEE PAKISTAN STRATEGIC ALLOCATION FUND	198,457
42	CDC-TRUSTEE HBL ISLAMIC STOCK FUND	206,200
43	CDC - TRUSTEE MEEZAN TAHAFFUZ PENSION FUND - EQUITY SUB FUND	222,857
44	CDC - TRUSTEE NAFA ISLAMIC PRINCIPAL PROTECTED FUND - I	237,900
45	CDC-TRUSTEE PAK. INT. ELEMENT ISLAMIC ASSET ALLOCATION FUND	265,490
46	CDC - TRUSTEE NAFA ISLAMIC ASSET ALLOCATION FUND	285,070
47	CDC-TRUSTEE NAFA ASSET ALLOCATION FUND	288,760
48	CDC - TRUSTEE MCB PAKISTAN ASSET ALLOCATION FUND	318,000
49	CDC - TRUSTEE PICIC ENERGY FUND	333,950
50	CDC - TRUSTEE ABL STOCK FUND	474,800
51	SAFEWAY FUND LIMITED	506,000
52	MCBFSL - TRUSTEE ABL ISLAMIC STOCK FUND	527,480
53	CDC - TRUSTEE NAFA STOCK FUND	536,423
54	CDC - TRUSTEE AL MEEZAN MUTUAL FUND	570,233
55	CDC - TRUSTEE KSE MEEZAN INDEX FUND	702,578
56	CDC - TRUSTEE ATLAS ISLAMIC STOCK FUND	850,000
57	CDC - TRUSTEE MEEZAN ISLAMIC FUND	993,450
58	CDC - TRUSTEE LAKSON EQUITY FUND	1,224,680
59	CDC - TRUSTEE ATLAS STOCK MARKET FUND	1,247,000
60	CDC - TRUSTEE NIT STATE ENTERPRISE FUND	1,608,279
61	CDC - TRUSTEE MCB PAKISTAN STOCK MARKET FUND	1,629,032
62	CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	2,247,738
		17,850,302

Notice of Annual General Meeting

NOTICE is hereby given that the 64th Annual General Meeting of the Company will be held at Marriot Hotel, Karachi on Wednesday, 30 September, 2015, at 10:00 a.m. for transacting the following business:

Ordinary Business

1. To receive and consider the Report of Directors and the Audited Balance Sheet and Accounts of the Company, together with the Auditors' Report thereon, for the financial year ended 30 June, 2015.

2. To approve, as recommended by the Directors, payment of final dividend of forty percent (40%) on the paid-up Ordinary Share Capital for the financial year ended 30 June, 2015. This is in addition to an interim dividend of forty five percent (45%) on paid-up Ordinary Share Capital and thirty percent (30%) on the paid-up Convertible Preference Share Capital already paid to shareholders during the year.

3. To appoint auditors for the year ending 30 June, 2016 and fix their remuneration.

   In line with the Company's Policy on rotation of External Auditors, the Audit Committee has recommended to the Board, the appointment of M/s A. F. Ferguson & Co., Chartered Accountants, as External Auditors of the Company for the year ending 30 June 2016. The Company has also received a notice from a shareholder under section 253 of the Companies Ordinance, 1984, proposing that at the forth coming Annual General Meeting of the Company, A. F. Ferguson & Co., Chartered Accountants, be appointed as the Auditors of the Company.

By Order of the Board

DANISH ZUBERI
Company Secretary

Registered Office:
P.I.D.C. House
Dr. Ziauddin Ahmed Road
Karachi

8 September, 2015

NOTES:

1. Closure of Share Transfer Books:

a. The Share Transfer Books of the Company will remain closed from 18 September, 2015 to 30 September, 2015 (both days inclusive) when no transfer of shares will be accepted for registration. Transfers received in order at the office of our Shares Registrar M/s FAMCO Associates (Pvt.) Ltd, 8-F, Next to Hotel Faran, Nursery, Block-6, P.E.C.H.S, Shahra-e-Faisal, Karachi, by the close of the business on 17 September, 2015 will be in time for the purpose of payment of final dividend to the transferees.

b. A Member entitled to be present and vote at the meeting may appoint another Member as proxy to attend, speak and vote instead of him. Forms of Proxies, duly stamped and signed, and the power of attorney or other authority (if any) under which they are signed or a notarially certified copy of that power or authority must be deposited at the Shares Registrar office, M/s FAMCO Associates (Pvt) Ltd., 8-F, Next to Hotel Faran, Nursery, Block-6, P.E.C.H.S, Shahra-e-Faisal, Karachi, not later than 48 hours before the time of the meeting.

2. **Guidelines for CDC Account Holders:**

The CDC account holders will have to follow the under mentioned guidelines as laid down by the Securities & Exchange Commission of Pakistan:

a) **For attending the meeting:**
In case of individuals, the account holders or sub-account holders and/or the persons whose shares are in group accounts and their registration details are uploaded as per CDC Regulations shall authenticate their identity by showing their original Computerized National Identity Cards (CNICs) or original passports at the time of attending the meeting.

In case of corporate entities, the Board of Directors' resolution / power of attorney with specimen signature of the nominees shall be produced (unless it has been provided earlier) at the time of the meeting.

b) **For appointing proxies:**

(i) In case of individuals, the account holders or sub-account holders and / or persons whose shares are in group accounts and their registration details are uploaded as per CDC Regulations, shall submit the proxy forms as per the above requirements.

(ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

(iii) Attested copies of CNICs or the passports of the individuals referred to at (i) above and the proxies shall be furnished with the proxy forms.

(iv) The proxies shall produce their original CNIC or original passport at the time of the meeting.

(v) In case of corporate entities, the Board of Directors' resolution / power of attorney with specimen signature of the person nominated to represent and vote on behalf of the corporate entity, shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

3. **Tax Implications on dividends:**

Increased Tax Rates on Filers/ Non-Filers

Through the Finance Act, 2015, enhanced rate of withholding tax on dividend amount has been prescribed in the Income Tax Ordinance, 2001, (Ordinance). New tax rates are as under:

a) For Filers of Income Tax return	12.5%
b) For Non-Filers of Income Tax return	17.5%

A 'filer' is a taxpayer, whose name appears in the Active Taxpayers List (ATL) issued by FBR, from time to time, whereas 'non-filer' is a person other than a 'filer'. FBR has uploaded an ATL on its web-site, which can be accessed at http:// fbr.gov.pk.

The Company will check each shareholder's status on the latest ATL available at the first day of Book Closure and, if the shareholder's name does not appear on the ATL, the increased rate of withholding tax at 17.5% would be applied. In case of 'filer', withholding tax rate of 12.5% will be applicable.

The corporate shareholders having CDC accounts are required to have their NTN updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to our Share Registrars, mentioning their Folio No. and the name of the Company.

Taxation for Joint Shareholders

The FBR has clarified that where the shares are held in joint accounts/ names, each account/ joint holder will be treated individually as either a filer or a non-filer and tax will be deducted according to his/her shareholding. The shareholders, who are having joint shareholding status, are requested to kindly intimate their joint shareholding proportions to the Share Registrar of the Company M/s FAMCO Associates (Pvt.) Ltd. latest by 17 September 2015, in the following format:

Folio/ CDC A/c No.	Name of Shareholders (principle/ joint holders)	No. of Shares or percentage (Proportion)	CNIC No.	Signature

If the shareholding proportion is not advised or determined, each joint shareholder will be assumed to hold equal proportion of shares and deduction of withholding tax will be made accordingly.

<u>Requirement of Valid Tax Exemption Certificate for Claiming Exemption from Withholding Tax</u>
As per FBR Circulars C.No.1(29)WHT/2006 dated 30 June 2010 and C.No.1(43)DG(WHT)/2008-Vol. II-66417-R dated 12 May 2015, the valid exemption certificate is mandatory to claim exemption of withholding tax U/S 150 of the Income Tax Ordinance 2001 (tax on dividend amount) where the statutory exemption under Clause 47B of Part-IV of Second Schedule is available. The shareholders who fall in the category mentioned in above clause and want to avail exemption U/S 150 of the Ordinance, must provide valid Tax Exemption Certificate to our Share Registrars before book closure otherwise tax will be deducted on dividend as per applicable rates.

4. <u>Dividend Bank Mandate:</u>
Under section 250 of the Companies Ordinance 1984, a shareholder may, if so desires, authorise the Company to credit his future cash dividends directly in his bank account. Please note that this dividend mandate is optional and not compulsory.

If you wish that your future cash dividends directly be credited in your bank account, instead of issue of dividend warrant, please tick the 'YES' box below and provide the following information, under your signature, to our Share Registrar M/s FAMCO Associates (Pvt.) Ltd.

YES **NO**

Name of Shareholder	
Folio No.	
Title of the Bank Account	
Bank Account Number	
Bank's Name	
Branch Name and Address	
Cell number of the shareholder, if any.	
Landline number of the shareholder, if any.	
CNIC No./ NTN (please attached copy)	

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

Shareholders having shares in their CDC accounts are required to have their bank mandates updated with their respective participants.

5. **Intimation of change of address:**
Shareholders are requested to notify any change in their address immediately to our Shares Registrar M/s FAMCO Associates (Pvt.) Ltd. Shareholders having shares in their CDC accounts are required to have their addresses updated with their respective participants.

6. **Submission of copies of CNICs:**
In accordance with the notification of the Securities and Exchange Commission of Pakistan, SRO 831(I) 2012 dated 5 July, 2012, dividend warrants should bear CNIC number of the registered member or the authorized person, except in case of minor(s) and corporate members. Accordingly, Members who have not yet submitted copy of their valid CNIC / NTN (in case of corporate entities) are requested to submit the same to the Company, with Members' folio no. mentioned thereon, before book closure date. It may kindly be noted that in case of non-receipt of the copy of valid CNIC, the Company would be constrained to withhold dispatch of dividend warrants.

7. **Minutes of previous AGM:**
Copies of the minutes of the Annual General Meeting held on 24 October, 2014 will be available to the Members on request, free of charge.

Form of Proxy

The Company Secretary
Pakistan Petroleum Limited
P.I.D.C. House
Dr. Ziauddin Ahmed Road
Karachi

I / We ____

of ______________________________ being a Member of Pakistan Petroleum Limited

and holder(s) of ______________ Ordinary shares as per Share Register Folio No.______________

For beneficial owners as per CDC List

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

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

hereby appoint ______________ of ______________ who is also a Member of the Company, Folio No. ________ or failing him / her ______________ of ______________ who is also a Member of the Company, Folio No. ________ as my / our proxy to vote and act on my / our behalf at the 64th Annual General Meeting of the Company to be held on 30 September 2015 and at any adjournment thereof.

Signed this ________ day of September, 2015

Signature of Member
(Signature should agree with the specimen
signature registered with the Company)

1. **Witness**	2. **Witness**
Signature: ______________	Signature: ______________
Name: ______________	Name: ______________
Address: ______________	Address: ______________
CNIC No: ☐☐☐☐☐■☐☐☐☐☐☐☐■☐	CNIC No: ☐☐☐☐☐■☐☐☐☐☐☐☐■☐
or Passport No: ______________	or Passport No: ______________

Notes

Proxies, in order to be effective, must be received at the Shares Registrars office, M/s FAMCO Associates (Pvt.) Ltd., 8-F Next to Hotel Faran, Nursery, Block-6, P.E.C.H.S., Shahra-e-Faisal, Karachi not later than 48 hours before the meeting.

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.

Affix
Correct
Postage

The Company Secretary
Pakistan Petroleum Limited
P.I.D.C. House
Dr. Ziauddin Ahmed Road
Karachi-75530
Pakistan

Pakistan Petroleum Limited

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Fax: +92 (21) 35680005, 35682125
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Website: www.ppl.com.pk