

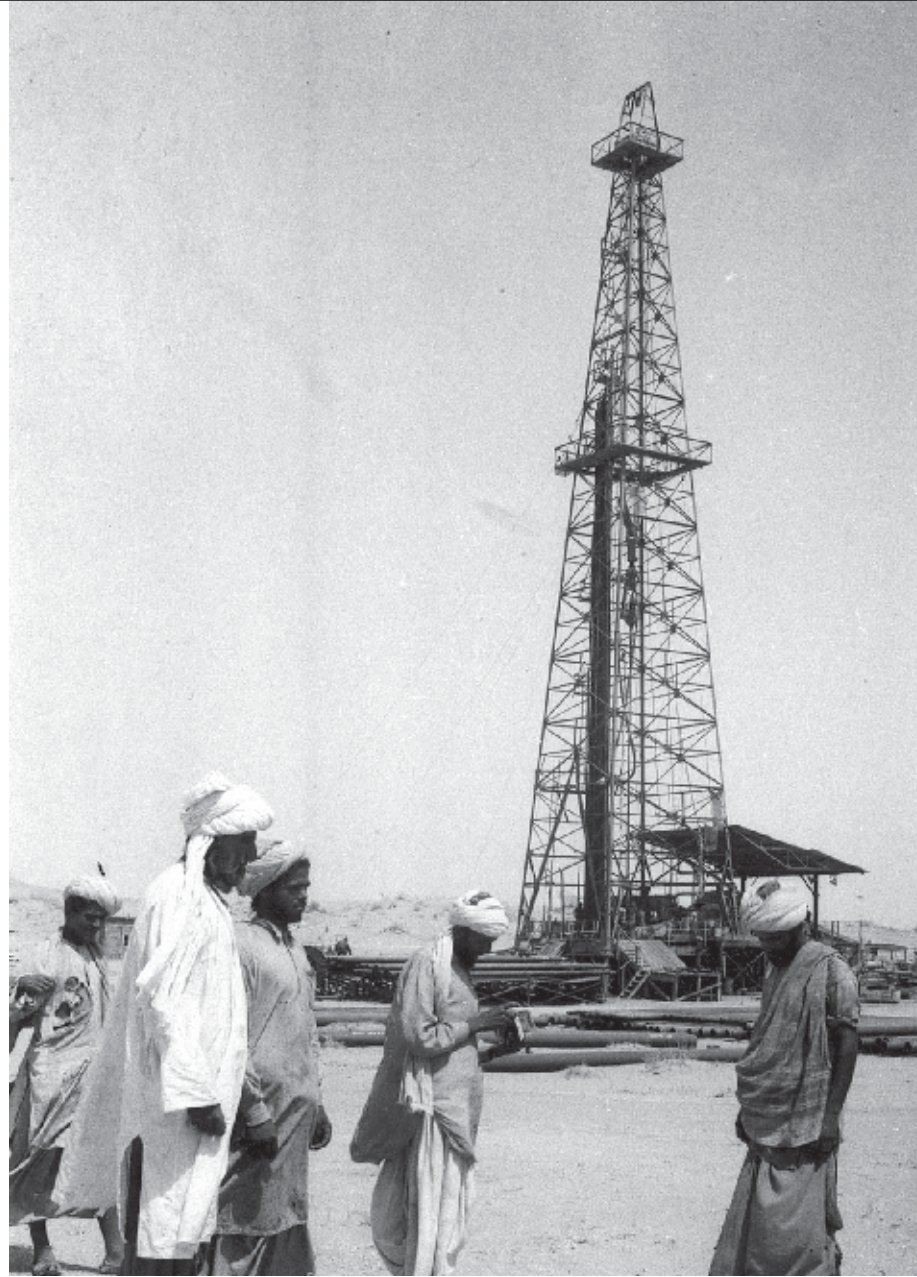


FORGING AHEAD

annual report 2019

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1950-2019

forging ahead

The problem with runaway success is what to do for an encore. This was the dilemma facing Pakistan Petroleum Limited (PPL) after the discovery of Sui Gas Field back in 1952. Being one of the largest discoveries of natural gas in the world at the time, Sui was big news. In fact, not only did the Sui name become synonymous with natural gas but PPL also came to be known as the discoverer and producer of Sui gas.

Now that was kudos enough, especially as Sui reserves were then deemed adequate to cater to the energy needs of the newly established country. But together with the achievement came the challenges. Foremost among them was to create demand for Sui gas by supplying it to destinations where it was most needed.

Here too, PPL made headway in developing a significant network to supply gas to Karachi and other major cities through the new Sui Gas Transmission Company, the predecessor of Sui Southern Gas Company Limited.

Even though gas from Sui continued to reach industrial and domestic consumers, demand for energy kept escalating over time with growth in population and development. This led PPL to scout out additional prospective reserves, resulting in the discovery of Kandhkot, Mazarani and Adhi fields between 1959 and 1978.

Fast forward to the early 1990s, during which PPL played a key role in drawing foreign investment into Pakistan by showcasing its hydrocarbon potential in the international market and collaborating with major international companies to venture into the local oil and gas sector.

With its producing assets starting to mature, PPL enhanced its exploration acreage by acquiring additional blocks in 2009 and 2013 and went on to expand its footprint to the international hydrocarbon market by winning a block each in Yemen in 2006 and Iraq in 2012, the latter as operator.

Moving ahead, the company's enduring commitment to remaining a signal presence in the country's oil and gas landscape has taken it to the frontier basins of Pakistan where exploration is a high-risk game. But daunting odds have never prevented PPL from moving forward in the national interest.

PPL's legacy continues to grow with new ventures. With our operational efficiency, stringent adherence to best corporate governance practices, a committed workforce plus an unrelenting quest for optimum value creation for stakeholders, we are well positioned to further burnish the PPL brand.

The Sui discovery was a significant milestone not only for PPL but also the newly established country. Boasting reserves of over 12 Tcf, Sui transformed the energy landscape of the country, enabling PPL to emerge as a frontline player in the local oil and gas industry.

The supply of first gas from Sui to Karachi in 1955, a mere three years after discovery, was a proud moment for both PPL and its partner Sui Gas Transmission Company.

Six decades on, despite declining reserves, Sui Gas Field continues to fuel the nation with nearly 90 producing wells and a 10 percent share in national gas supplies.



1950-2019
creating history

1950 - 2019

building up



The Sui success story was just a start. As the market became viable for local industrial and domestic gas consumers, PPL strived to enhance its hydrocarbon base.

Through an aggressive country-wide exploration programme, PPL met early success in 1959 with two discoveries at Kandhkot and Mazarani in Sindh.

For over two decades, the challenging terrain and subsurface at Adhi resulted in abortive exploration attempts. But perseverance eventually resulted in success at well Adhi-5 in 1978.

In production since 1987, Kandhkot Gas Field can potentially give daily output of over 240 MMscf gas through its 40 wells.

In the case of Adhi, production has gradually ramped up with escalation in development activity with 26 producing wells and three LPG/ NGL processing facilities in operation.

Besides field development in operated areas, PPL has initiated efforts to expand its business portfolio through partner-operated ventures in both exploration and production assets. These efforts have created a momentum for increased exploration activity as well as maintaining daily production levels of around 1 Bcfde.

In the early 1990s, PPL played an instrumental role in drawing foreign investment to Pakistan's oil and gas sector. This was achieved by showcasing the country's hydrocarbon potential in the international market and collaborating with major international companies to operate in the country. As joint venture partner, PPL offered its local outreach and expertise along with subsurface knowledge.

As a result of extensive collaboration, Pakistan witnessed a substantial surge in exploration and production activity during the 1990s and early 2000s, enabling new discoveries and expanding indigenous hydrocarbon production.

Subsequently, the conversion of Sui and Kandhkot Gas Pricing Arrangements in 2002 provided much needed additional revenue, enabling the company to plan an aggressive exploration work programme.

This was evident during the 2009 and 2013 bidding rounds wherein PPL clinched 25 exploration blocks to explore for hydrocarbons in various basins across the country. Further, PPL ventured abroad through acquisition of Block-8 in Iraq.

As a result, the company's footprint stood substantially expanded with the number of operated and partner operated blocks escalating from 23 in 2008 to 48 in 2013.

Exploration activities also geared up with multistring seismic and drilling operations in the newly acquired blocks which led to a series of discoveries mainly in Hala, Gambat South and Dhok Sultan.

Production from mature fields was also stepped up to maintain the production plateau as new discoveries came online.

Besides, PPL maintained operational excellence by implementing the highest standards of quality, health, safety and environment. As a responsible corporate entity, the company remained committed to enhancing the well-being of underprivileged communities.

1950-2019
stepping forward





1950-2019
shaping possibilities

PPL's quest for excellence has propelled it towards setting higher and higher benchmarks for success.

Against the backdrop of maturing basins in low-cost and low-risk areas, PPL's search for hydrocarbons has gained momentum in high-reward frontier basins, including off-shore areas. Even though the road ahead is bristling with risks, the company stands committed to deliver for the future generation.

Venturing abroad and becoming the first local transnational operator in the country by drilling the first exploration well in Block 8, Iraq, PPL aims to increase its operational footprint through international exploration. This will potentially bring in much-needed revenue for the country as well as create value for shareholders.

This is a tall order. But the company is braced for the ride. Fiscal year 2018-2019 has brought in a record number of discoveries as well as the highest-ever profit-after-tax in the company's history.

VISION

vision

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

MISSION

mission

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



core values

value creation

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

respect

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

integrity

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

serve the nation

We think about tomorrow and act today - in our workspace and in our communities.

empowerment

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



company information

Board of Directors

Mr. Shamsul Islam
Chairman
Independent, Non-Executive
Director

Mr. Moin Raza Khan
Managing Director &
Chief Executive Officer

Mr. Abdul Jabbar Memon
Non-Executive Director

Mr. Abid Sattar
Independent, Non-Executive
Director

Mian Imtiazuddin
Independent, Non-Executive
Director

Mir Balakh Sher Marri
Independent, Non-Executive
Director

Mr. Sajid Mehmood Qazi
Non-Executive Director

Ms. Tahira Raza
Independent, Non-Executive
Director

Dr. Tanveer Ahmad Qureshi
Non-Executive Director

Company Secretary

Ms. Shahana Ahmed Ali

Registered Office

Pakistan Petroleum Limited
4th Floor, PIDC House
Dr. Ziauddin Ahmed Road
P. O. Box 3942
Karachi 75530
UAN: +92-21-111-568-568
Fax Nos: +92-21-35680005,
+92-21-35682125

Islamabad Office

Gerry's Centre, Justice Abdul
Rasheed Road,
7th Avenue, Sector G-6/1,
Islamabad
UAN: +92-51-111-568-568

Field Locations

Sui Field
Sui, Dera Bugti Agency,
Balochistan

Kandhkot Field
District Kashmore, Sindh

Adhi Field
Tehsil Gujjar Khan, Rawalpindi,
Punjab

Mazarani Field
Mazarani, Larkana, Sindh

Hala Field
(Adam and Adam West)
Sanghar, Sindh

Gambat South Field
(Shahdadpur, Shahdadpur
West, Shahdadpur East and
Kabir) Sanghar, Sindh

Registration Number

CUIN: 0000378

Auditors

A.F. Ferguson & Co.
Chartered Accountants

Shares Registrar

FAMCO Associates (Pvt.) Ltd.
8-F, Nursery Block-6,
P.E.C.H.S., Karachi.
Tel. No. +92 (21) 34380101-05,
+92 (21) 3438 4621-3
Fax No. +92 (21) 34380106

Legal Advisors

SurrIDGE & BeechENO

Bankers

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

Website

www.ppl.com.pk

code of conduct

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

Salient Features of the Code for Directors

- 1. Conflict of Interest**
Each Director must avoid any conflict of interest between the Director and the Company, its associated or subsidiary undertaking(s). Any situation that involves, or may reasonably be expected to involve, a conflict of interest with the Company, should be disclosed promptly.
- 2. Corporate Opportunities**
Directors are prohibited from taking for themselves personally, opportunities related to the Company's business; using the Company's property, information or position for personal gain; or competing with the Company for business opportunities.
- 3. Confidentiality**
Directors must maintain the confidentiality of information entrusted to them by the Company and any other confidential information about the Company and its associated or subsidiary undertaking(s) that comes to them, except when disclosure is authorised by the Chairman of the Board or legally mandated.
- 4. Honesty, Integrity & 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 & Regulations**
Directors shall comply with laws, rules and regulations applicable to the Company including but not limited to the Companies Act 2017, Rule Book of the Stock Exchange and insider trading laws.
- 6. Encouraging the Reporting of any Possible Illegal or Unethical Behaviour**
Directors should take steps to ensure that the Company promotes ethical behaviour; encourages employees to talk to supervisors, managers and other appropriate personnel when in doubt about the best course of action in a particular situation; encourages employees to report violations of laws, rules, regulations, Company policies and procedures or the Company's Code of Conduct to appropriate personnel; and informs employees that the Company will not allow retaliation for reports made in good faith.
- 7. Trading in Company's Shares**
Certain restrictions / reporting requirements apply to trading by the Directors in Company's shares. Directors shall make sure that they remain compliant with these statutory requirements.
- 8. Compliance Procedures**
Directors should disclose any suspected violations of this Code promptly in the immediate subsequent meeting of the Board of Directors.
- 9. Inside Information & Insider Trading**
PPL's Directors and Sponsors who come into knowledge of inside information in performance of their duties, whether intentionally or by coincidence, are considered to be insiders. Any unauthorized dissemination or use of any inside information, directly or indirectly, is insider trading, is strictly prohibited and actionable under law.

Salient features of the code for Employees

- 1. Conflict of Interest**
Employees must not engage in activities or transactions which may give rise to, or which may be seen to have given rise to conflict between their personal interests and the interest of the Company.
- 2. Confidentiality & Disclosure of Information**
Staff is expected to safeguard confidential information and must not, without authority, disclose such information about Company activities to the press, to any outside source, or to any other staff who are not entitled to such information.
- 3. Inside Information & Insider Trading**
PPL's staff who come into knowledge of inside information in performance of their duties, whether intentionally or by coincidence, are considered to be insiders. Any unauthorised dissemination or use of any inside information, directly or indirectly, is insider trading and is strictly prohibited and actionable under law.
- 4. Political Contribution**
No funds or assets of the Company must be contributed to any political party or organisation or to any individual who either holds public office or is a candidate for public office except where such a contribution is permitted by law.
- 5. Bribes & Commercial Payments**
No member of staff must give or receive bribes or other payments (in cash or in kind), which are intended to influence a business decision or compromise independent judgment; nor must give money in order to obtain business for the Company, nor receive money or any other benefit for having given Company business to an outside agency.
- 6. Proper Recording of Funds, Assets, Receipts & disbursements**
All funds, assets, receipts and disbursements must be properly recorded in the books of the Company.
- 7. Agreements with Agents, Sales Representatives or Consultants**
Agreements, Contracts, Purchase Orders etc. should state clearly the services / material to be performed / supplied for the Company, the amount to be paid and all other relevant terms and conditions. Payments made must bear a reasonable relationship to the value of the services / material rendered.
- 8. Relations & Dealings with Suppliers, Consultants, Agents, Intermediaries & Other Third Parties**
PPL's relations and dealings with suppliers, consultants, agents, intermediaries and other third parties should at all times be such that PPL's integrity and its reputation should not be damaged if details of the relationship or dealings were to become public knowledge.
- 9. Quality, Health, Safety & Environment (QHSE) Policy**
Every staff member at work, as a condition of employment, must take reasonable care for the health and safety of himself / herself and others including visitors who may be affected by his / her acts or omissions at work; and co-operate in Company's efforts to protect the environment.
- 10. Smoking Policy**
Smoking and exposure of workplace to tobacco poses serious health hazard to the staff besides potential risks of fire and explosions. Considering this, smoking is permitted only in designated 'Smoking Areas'.
- 11. Seat Belt / Helmet Policy**
As per policy it is mandatory for all staff and, contractors, to fasten seat belts at all seats (front & rear) while sitting in the vehicles during occupational travel. PPL staff is required to wear road safety helmets while riding on a motor cycle.
- 12. Other Employment, Outside Interests, Civic Activities**
PPL does not allow any of its staff member to take any part-time and/or full-time second employment during their engagement with the Company. Employees intending to use knowledge, information, experience or position gained through his/her association with the Company to further himself/herself materially in an outside capacity has a duty to disclose that intention to the Company.

13. Unsolicited Gifts

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

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

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

15. Family Connections and Employment of Relatives

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

16. Company & Personal Property

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

17. Alcohol & Drugs

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

18. Gambling

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

19. Rumour Mongering & Gossiping

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

20. Harassment

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

21. Grievance Handling

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

22. Whistle Blowing

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

23. General Discipline

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

24. Reporting Violations / Disciplinary Actions

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



PPL has proudly completed more than a decade of its association with the United Nations Global Compact (UNGC). UNGC was developed in year 2000 as an initiative to provide a human face to the global market and is aligned with United Nations' efforts, with particular reference to Millennium Development Goals. With over 12,000 corporate participants and other stakeholders, including business and civil society from over 160 countries, UNGC provides a leadership platform for participants to strengthen their commitment to sustainability and corporate citizenship. UNGC binds all participating organisations to share initiatives compliant with UNGC's ten principles, focusing on human rights, enabling working conditions for employees, environmental conservation and transparency.

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

Human Rights

Principle 1

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

PPL's Commitment

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

Principle 2

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

PPL's Commitment

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

Labour Standards

Principle 3

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

PPL's Commitment

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

Principles 4 & 5

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

PPL's Commitment

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

Principle 6

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

PPL's Commitment

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

Environment

Principle 7

Businesses should support a precautionary approach to environmental challenges.

PPL's Commitment

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

Principle 8

Businesses should undertake initiatives to promote greater environmental responsibility.

PPL's Commitment

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

Principle 9

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

PPL's Commitment

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

Anti-Corruption

Principle 10

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

PPL's Commitment

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

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

at a glance

2018-19



Operational Highlights

We continue our quest for hydrocarbons

12

Exploration wells spud-in

18

Development wells spud-in

643

Line Km 2D seismic acquired

410

Sq. Km 3D seismic acquired

11

Discoveries during the year

above includes Partner operated areas.



Financial Highlights

Superior returns

Rs 164 bn

Sales revenue which is 30% higher than last year

Rs 62 bn

PAT which is 35% higher than last year

Rs 43 bn

Capital expenditure incurred



Production Highlights | PPL Net

We carry on our legacy of fueling the nation

977

mmscf equivalent

870

mmscf of gas

16,077

Barrels of Oil/NGL per day

320

Tonnes LPG per day



calendar of major events

2018-19

July

- Appointment of CEO – Mr. Saeed Ullah Shah
- Discovery in Hab X-1

September

- Discovery in Talagang X-1
- Discovery in Bolan East X-1

December

- Discovery in Hadaf X-1
- Discovery in Benari X-1

March

- PPL was declared the largest corporate giver by volume of donations for 2017 by Pakistan Centre for Philanthropy

May

- Discovery in Unarpur-1

August

- Discovery in Yasar X-1
- Discovery in Badeel X-1
- Discovery in Mela 5 (Samansuk formation)

October

- GPF IV Phase I commissioned
- Revised 'Corporate Values' rolled out
- Discovery in Gulsher 1
- AGM held to approve 15% bonus shares and 15% cash dividend for FY 2017-18

January

- Appointment of MD & CEO - Mr. Moin Raza Khan
- PPL received the 3rd prize of 'Living the Global Compact Best Practices Sustainability Awards 2018'

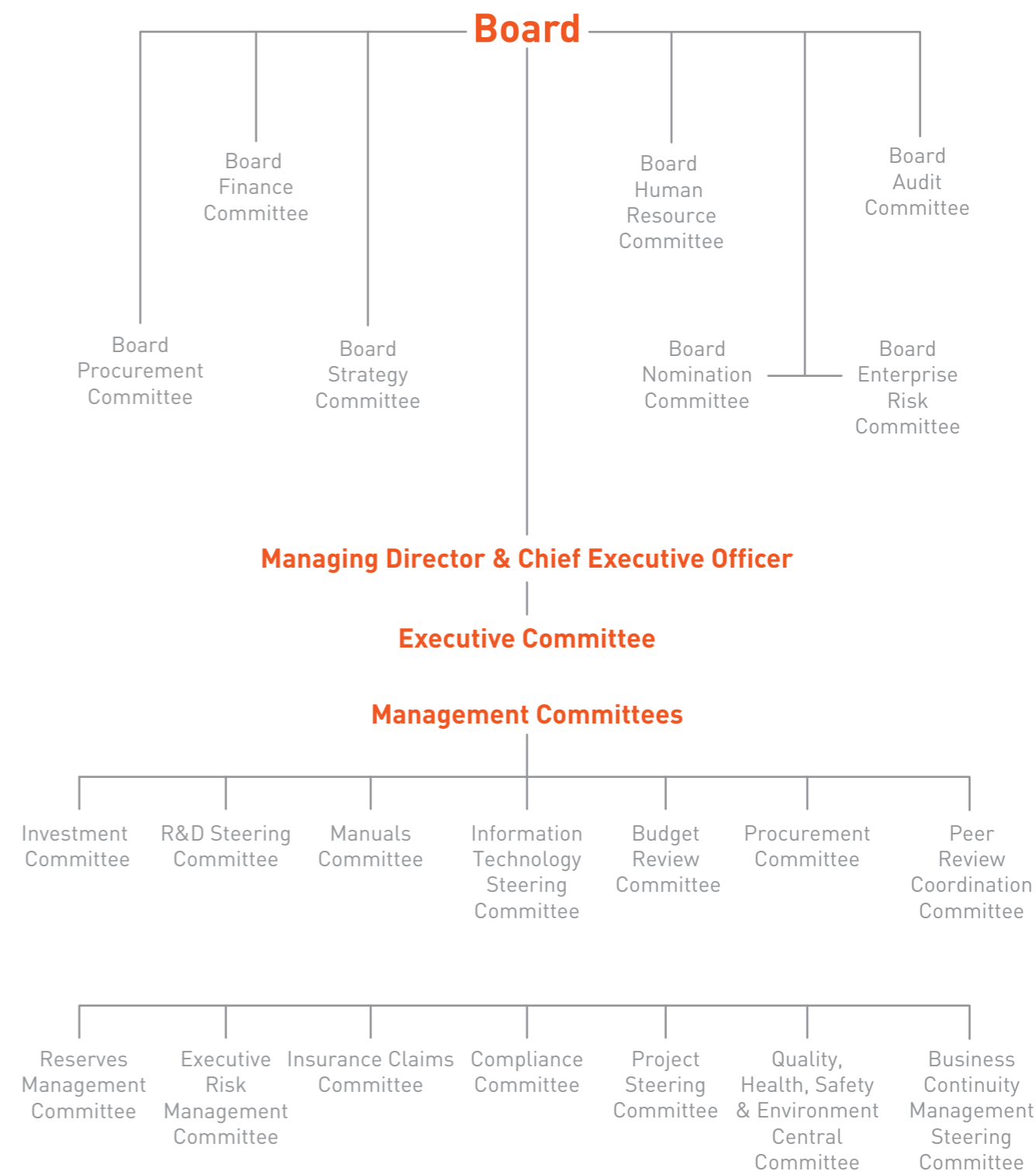
April

- Spud-in of Madain 1, Block 8, Iraq
- Discovery in Dharian-1

June

- Achieved milestone of 35 million safe man-hours at Sui Gas Field
- Reconstitution of the Board of Directors

governance framework



profile of the board of directors



Mr. Shamsul Islam

Chairman
Independent, Non-Executive Director

Mr. Shamsul Islam joined PPL's Board of Directors on June 26, 2019. He is the Chairman of the Board of Directors. He is also the Chairman of the Board Human Resource Committee and a member of Board Finance, Strategy and Nomination Committees.

He is presently Company Secretary at China Power Hub Generation Company (Private) Limited having been nominated for the position by Hub Power Company Limited (HUBCO), a joint venture partner of China Power International Holding Ltd, a subsidiary of State Power Investment Corporation of China.

A seasoned professional with over 35 years of experience, Mr. Islam has worked with leading companies, including HUBCO as company secretary and Head of legal, insurance, secretarial and public relations and treasurer; Common Development Corporation as senior development executive; National Development Finance Corporation as manager project finance besides National Refinery Limited and Karachi Gas Company Limited.

Moreover, he has been a nominee and alternate director on the boards of various companies, including Engro Chemical Pakistan Limited, Celanese Pakistan, Crescent Leasing and Pakistan Services Limited. He has also served on the boards of National Development Bank, Asia Power, Pelwatta Sugar Industries and Keells Plantation Management Services in Sri Lanka.

Mr. Islam did his Mechanical Engineering from NED University of Engineering and Technology, Karachi in 1981 and later earned a Master's degree in Business Administration from Institute of Business Administration, Karachi in 1987.



Mr. Moin Raza Khan

Managing Director & Chief Executive Officer

Mr. Moin Raza Khan assumed charge as Managing Director & Chief Executive Officer of Pakistan Petroleum Limited (PPL) on January 7, 2019 in addition to his role as Deputy Managing Director (Exploration & Business Development).

Mr. Khan's association with PPL dates back to April 1983 when he joined the Company as Junior Geologist after which he was selected for PPL's highly competitive merit-based Foreign Scholarship Scheme for a Master's degree in geosciences at the University of Tulsa, USA. On his return in 1985, he was designated as a Geologist.

After nearly a decade, Mr. Khan left the Company when he was Deputy Chief Geologist and rejoined in 2004 as Senior Manager Exploration with the overall charge of new ventures and international exploration.

During the time he was away from PPL, Mr. Khan worked with Union Texas Pakistan (later British Petroleum and now United Energy Pakistan Limited), Lasmo Oil Pakistan, Lasmo PLC, London and Eni Pakistan Limited, gaining experience with international exploration and production companies operating in Pakistan, Bangladesh, Arabian Peninsula, Indonesia, Ireland and the North Sea.

Mr. Khan took over as General Manager Exploration in 2009. His tenure saw rapid growth in the Company's exploration portfolio and activities which has, to date, resulted in around two dozen discoveries.

On February 1, 2012, Mr. Khan was appointed Deputy Managing Director (Operations) with overall responsibility for Exploration, Technical and Corporate Services as well as Human Resources.

Between March 2013 and May 2015, Mr. Khan assumed the role as Deputy Managing Director/ Chief Operating Officer with the responsibility of overseeing Exploration, Production, Technical Services and Projects.



Mr. Abdul Jabbar Memon

Non-Executive Director

Mr. Abdul Jabbar Memon joined PPL's Board of Directors on June 26, 2019. He is a member of the Board Finance, Strategy, Procurement and Nomination Committees.

He is serving as Director General (Liquefied Gases), Policy Wing, Ministry of Energy (Petroleum Division). Mr. Memon joined Ministry of Petroleum and Natural Resources in 1992 and since then has served in various capacities in midstream and downstream oil sector.

Mr. Memon has expertise in dealing with technical/ operational issues of oil refineries, including demand/ supply of petroleum products. Besides, he has vast experience in allocation/ prices of local crude/ condensate, installation of oil refinery and storage projects as well as policy for Liquefied Petroleum Gases and for import of Liquefied Natural Gas.

Mr. Memon is a Petroleum Geologist securing a Master's degree in Geology from Sindh University, Jamshoro in 1987. He has participated in various trainings on international petroleum management from Canada and United States.

He is also a Director on the Board of Pakistan Refinery Limited.

Subsequently, he was re-designated as Deputy Managing Director (Exploration & Business Development) in 2016.

Mr. Khan has attended a number of local and foreign trainings, including a rigorous Executive Development Programme on 'Strategy and Organization' at Stanford University, USA in 2008.

He has also presented and published over 40 technical papers on geosciences and various other disciplines of the E&P industry in local and international conferences as well as co-authored a first-ever book on 'Petroleum Geology of Pakistan'.

He is a director of the Company's wholly owned subsidiary, PPL Asia E&P B.V. as well as a Vice Chairman of the Petroleum Institute of Pakistan (PIP), which is a non-profit organization, and for a brief period, had a short stint as its pro bono chief executive officer. He also served as the Chairman of Pakistan Association of Petroleum Geoscientists (PAPG), an affiliate of prestigious American Association of Petroleum Geologists (AAPG), from 2010-2013 and conducted PAPG-SPE Annual Technical Conference (ATC) as its Chairman in 2012.

**Mr. Abid Sattar**

Independent, Non-Executive Director

Mr. Abid Sattar joined PPL's Board of Directors on June 26, 2019. He is the Chairman of the Board Finance Committee and a member of the Board Human Resource, Procurement and Nomination Committees.

Mr. Sattar is a seasoned banker with over 35 years of extensive experience in corporate, consumer and retail banking, both in Pakistan and overseas. Currently, he is serving as President and Chief Executive Officer of Askari Bank Limited. Earlier, he was associated with Habib Bank Limited (HBL) for over a decade, managing key assignments as Head of International Banking Asia and Africa Region based in Singapore and Head of Retail and Consumer Banking, Karachi. He played a pivotal role in post privatization transformation of retail banking at HBL.

Prior to this, he also served as Regional Head of Consumer Banking for Northern Gulf and Levant at Standard Chartered Bank in Bahrain.

He holds a master's degree in Business Administration from the Punjab University with a gold medal and an M. Phil in Economics and Politics of Development from Cambridge University, United Kingdom.

Mr. Sattar has a proven track record of leading and building efficient teams with a reputation of hiring talent, maintaining highest standards of compliance while expanding and developing various businesses.

**Mian Imtiazuddin**

Independent, Non-Executive Director

Mian Imtiazuddin joined PPL's Board of Directors on June 26, 2019. He is the Chairman of the Board Strategy Committee and a member of Board Audit, Human Resource and Enterprise Risk Committees.

A seasoned professional with over 46 years of multi-dimensional experience in the oil and gas industry, Mr. Imtiazuddin has worked with leading consultancy firms that provide services in the country and abroad.

He is currently Managing Director, Consulting and Advisory at Redhill Associates, Pakistan. Earlier, He worked for Gulf Drilling International Limited, Qatar, Delta Oil Company, United Kingdom, Tesco Technology Corporation, Canada, National Drilling Company, Abu Dhabi and Attock Oil Company (now Pakistan Oilfields Limited).

He did his Bachelor of Electrical Engineering from Peshawar University in 1972.

Mr. Imtiazuddin has extensive hands-on experience in drilling and related activities. Besides, he has worked on cross border pipeline projects, procurement of offshore work barges, upstream asset identification and analysis, business development and marketing as well as onshore and offshore operations and supply chain management. He has served as a Technical Advisor for two major companies in the Arabian Gulf region.

**Mir Balakh Sher Marri**

Independent, Non-Executive Director

Mir Balakh Sher Marri joined PPL's Board of Directors on June 26, 2019. He is the Chairman of the Board Nomination Committee and a member of the Board Audit, Human Resource, Enterprise Risk and Procurement Committees.

He has served as director from 2015 to 2018 on the Board of National Bank of Pakistan, one of the largest banks of the country and was a member of its various committees.

Between 2002 and 2008, Mr. Marri worked as Financial Advisor of Bolan Security (Private) Limited and Technical Advisor of SFM Hasani Traders and Industries Private Limited.

Mr. Marri was also a Caretaker Provincial Minister for Local Government and Women Development, Government of Balochistan between 1996-97 and thrice a member of District Council, Kohlu during 1982-1990.

He is a Law graduate and holds a master's in Political Science from University of Balochistan.

Mr. Marri comes from a noble Pawdi Marri tribe of district Kohlu, Balochistan, which is well known for their meritorious services for the uplift and well-being of disadvantaged communities in general and Balochistan in particular.

**Mr. Sajid Mehmood Qazi**

Non-Executive Director

Mr. Sajid Mehmood Qazi joined PPL's Board of Directors on April 10, 2018 and is Chairman of the Board Procurement Committee and a member of the Board Audit, Human Resource and Enterprise Risk Committees.

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

Mr. Qazi has served as Additional Registrar of the Supreme Court of Pakistan and contributed in setting up of the Human Rights Cell (HRC) to streamline the implementation of suo moto jurisdiction of the Supreme Court. While a core member of the National Accountability Bureau during 1999, Mr. Qazi assisted in formulating and implementing national anticorruption strategy.

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

Mr. Qazi is holding charge as Chief Executive Officer of the Pakistan Mineral Development Corporation and serves on the boards of Mari Petroleum Company Limited, Pakistan State Oil Company Limited, Sui Southern Gas Company Limited and Sui Northern Gas Pipelines Limited.



Ms. Tahira Raza

Independent, Non-Executive Director

Ms. Tahira Raza joined PPL's Board of Directors on June 26, 2019. She is the Chairperson of the Board Audit Committee and a member of Board Finance, Strategy, Enterprise Risk and Procurement Committees.

Ms. Raza was the President and Chief Executive Officer of First Women Bank Limited. She started her career with Muslim Commercial Bank in 1975 after completing a bachelor's in Science from Peshawar University in 1974. Later, she joined First Women Bank Limited and became one of the founding executives of the Bank. In between, she also had a brief stint at National Bank of Pakistan and became the first woman at NBP to be elevated to Senior Executive Vice President.

Ms. Raza earned a Master's in Business Administration in Banking and Finance from Institute of Business Administration in 2003. She also secured 7th position, countrywide, in Banking Diploma Programme in 1980 with a distinction in practice and law of banking through Diploma Associate Institute of Bankers, Pakistan (now The Institute of Bankers Pakistan). Her areas of expertise include risk, credit, human resource management, audit, trade and finance and general banking as well as corporate governance, leadership and project management skills. She has participated and conducted several national and international seminars and conferences.



Dr. Tanveer Ahmad Qureshi

Non-Executive Director

Dr. Tanveer Ahmad Qureshi joined PPL's Board of Directors on October 2, 2018. He is the Chairman of the Board Enterprise Risk Committee and a member of the Board Audit, Human Resource and Strategy Committees.

Dr. Tanveer Ahmad Qureshi is a member of Pakistan's Civil Services since 1989. He did his Bachelor of Medicine and Surgery from University of Karachi, Pakistan in 1986. Later, he also completed his Master's in Advanced Studies, International Security and Trade from the University of Geneva, Switzerland in 2008 and is completing his Ph.D. program in Development Economics from Graduate Institute, Geneva, Switzerland.

He has more than 27 years of work experience in Administration and Infrastructure Development Management in a variety of core disciplines in the public sector.

Presently he is working as Additional Secretary, Ministry of Energy, Petroleum Division. He is supervising Administration & Development functions, which are performed by the Policy Wing of the Petroleum Division consisting of five Directorates i.e. Directorate Generals of Petroleum Concessions, Oil, Gas, Liquefied Gases and Special Projects/Admin. He is also a Director on the Boards of Government Holdings Private Limited, Pakistan LNG Terminals Limited and Pakistan LNG Limited.

Before joining the Petroleum Division in September, 2018, he worked as Additional Chief Secretary, Energy Department, Government of Sindh.

board committees

The Board has formed the following Committees:

- Board Strategy Committee
- Board Finance Committee
- Board Human Resource Committee
- Board Audit Committee
- Board Enterprise Risk Committee
- Board Procurement Committee
- Board Nomination Committee

The compositions, roles and responsibilities of the Board Committees are set out in the Terms of Reference of the respective Committees.

Board Audit Committee

Composition

The Board Audit Committee is comprised of:

- | | |
|-----------------------------|-------------|
| • Ms. Tahira Raza | Chairperson |
| • Mian Imtiazuddin | Member |
| • Mir Balakh Sher Marri | Member |
| • Mr. Sajid Mehmood Qazi | Member |
| • Dr. Tanveer Ahmad Qureshi | Member |
| • Head of Internal Audit | Secretary |

Terms of Reference

The Terms of Reference of the Board Audit Committee include:

- (i) Review of the interim and annual financial statements of the Company prior to approval by the Board of Directors.
- (ii) Discussion of major observations with the external auditors arising from the interim and final audits, review of the management letter issued by the external auditors and the management's response thereto.
- (iii) Review of the scope and extent of the internal audits ensuring that the internal audit function has adequate resources and is appropriately placed within the Company.
- (iv) Recommendation of the appointment of external auditors and any questions of resignation or removal of the external auditors, audit fees and the provision by the external auditors of any service to the Company in addition to the audit of the Company's financial statements.
- (v) Ascertainment of the adequacy and effectiveness of the internal control system including financial and operational controls, accounting system, and reporting structure.
- (vi) Determination of compliance with statutory requirements and monitoring compliance with the best practices of corporate governance.

- (vii) Institute special projects, value for money studies or other investigations of any matters directed by the Board of Directors.

Nine meetings of the Board Audit Committee were held during the year.

Board Human Resource Committee

Composition

The Board Human Resource Committee is comprised of:

- | | |
|-----------------------------|-----------|
| • Mr. Shamsul Islam | Chairman |
| • Mr. Abid Sattar | Member |
| • Mian Imtiazuddin | Member |
| • Mir Balakh Sher Marri | Member |
| • Mr. Sajid Mehmood Qazi | Member |
| • Dr. Tanveer Ahmad Qureshi | Member |
| • Head of Human Resource | Secretary |

Terms of Reference

The Committee is responsible for the effective governance of the matters relating to Human Resource management by ensuring the 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:

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

Eight meetings of the Board Human Resource Committee were held during the year.

Board Finance Committee

Composition

The Board Finance Committee is comprised of:

- | | |
|---------------------------|-----------|
| • Mr. Abid Sattar | Chairman |
| • Mr. Abdul Jabbar Memon | Member |
| • Mr. Shamsul Islam | Member |
| • Ms. Tahira Raza | Member |
| • Chief Financial Officer | Secretary |

Terms of Reference

The Terms of Reference of the Board Finance Committee include:

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

Three meetings of the Board Finance Committee were held during the year.

Board Strategy Committee

Composition

The Board Strategy Committee is comprised of:

- | | |
|------------------------------|-----------|
| • Mian Imtiazuddin | Chairman |
| • Mr. Abdul Jabbar Memon | Member |
| • Mr. Shamsul Islam | Member |
| • Ms. Tahira Raza | Member |
| • Dr. Tanveer Ahmad Qureshi | Member |
| • Head of Corporate Planning | Secretary |

Terms of Reference

The Terms of Reference of the Board Strategy Committee include:

- (i) Review proposals for:
 - (a) Long term strategic vision and plan.
 - (b) Annual Strategy Plan and its alignment with the long term strategic plan.
 - (c) Quarterly updates on the execution of the Annual Strategy Plan by reporting on the Annual Operations Work Programme in respect of all the Company's operated and Partner operated areas, including:
 - the status of implementation of the work programme;
 - the progress of implementation of projects; and
 - the progress of drilling of wells and seismic surveys.
 - (d) The Company's petroleum exploration operations in respect of:
 - the selection of new areas;
 - farm-ins and farm-outs; and
 - the surrender of licences and areas.
 - (e) Development of the existing as well as new petroleum discoveries and reporting of progress thereof.

2. Review of the Company's overall performance on the Annual Strategy Plan by monitoring the Key Performance Indicators (KPIs) on a quarterly basis.
3. Review of data, benchmarking the Company's operational performance and costs against competitors on a bi-annual basis.
4. Review and evaluation of propositions relating to investments in operational assets and businesses or the entering into partnerships or joint ventures with any parties for the purpose.

Seven meetings of the Board Strategy Committee were held during the year.

Board Enterprise Risk Committee

Composition

The Board Enterprise Risk Committee is comprised of:

- | | |
|-----------------------------|-----------|
| • Dr. Tanveer Ahmad Qureshi | Chairman |
| • Mian Imtiazuddin | Member |
| • Mir Balakh Sher Marri | Member |
| • Ms. Tahira Raza | Member |
| • Mr. Sajid Mehmood Qazi | Member |
| • Head of Enterprise Risk | Secretary |

Terms of Reference

The Board Enterprise Risk Committee advises the Board on the 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 Board Enterprise Risk Committee include:

- (i) Monitor organisation's risk profile;
- (ii) In relation to risk assessment:
 - Review 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 types of risks of critical importance.
- (iii) Oversee that the executive team has identified and assessed all the risks and established risk management infrastructure to address them.
- (iv) Define risk review activities regarding decisions, initiatives, transactions and exposures.
- (v) Understand and approve the management's definition of risk related reports regarding the 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.

One meeting of the Board Enterprise Risk Committee was held during the year.

Board Procurement Committee

Composition

The Board Procurement Committee is comprised of:

- | | |
|--------------------------|-----------|
| • Mr. Sajid Mehmood Qazi | Chairman |
| • Mr. Abdul Jabbar Memon | Member |
| • Mr. Abid Sattar | Member |
| • Mir Balakh Sher Marri | Member |
| • Ms. Tahira Raza | Member |
| • Head of Procurement | Secretary |

Terms of Reference

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

The Terms of Reference of the Board Procurement Committee include:

- (i) Serve as an advisory forum to suggest measures to streamline and simplify the procurement of goods and services.
- (ii) Review special cases of procurement referred by the Procurement Committee of the management for seeking the directives of the Committee.
- (iii) Identify, review and approve new and innovative procurement practices and strategies to strengthen, streamline and speed-up the procurement process and ensure that the procurement process achieves value for money in delivering the corporate strategy and strategic priorities.
- (iv) Review the Company's policies and procedures for the procurement of goods, services and works and recommend changes for improvement thereof.
- (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 and changes made in the Company's Procurement Manual.

Two meetings of the Board Procurement Committee were held during the year.

Board Nomination Committee

Composition

The Board Nomination Committee is comprised of:

- | | |
|--------------------------|-----------|
| • Mir Balakh Sher Marri | Chairman |
| • Mr. Abdul Jabbar Memon | Member |
| • Mr. Abid Sattar | Member |
| • Mr. Shamsul Islam | Member |
| • Company Secretary | Secretary |

Terms of Reference

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

The Terms of Reference of the Board Nomination Committee include:

- (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 the 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 candidates for filling 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.

Three meetings of the Board Nomination Committee were held during the year.

attendance of board and committee meetings

Financial Year 2018-19

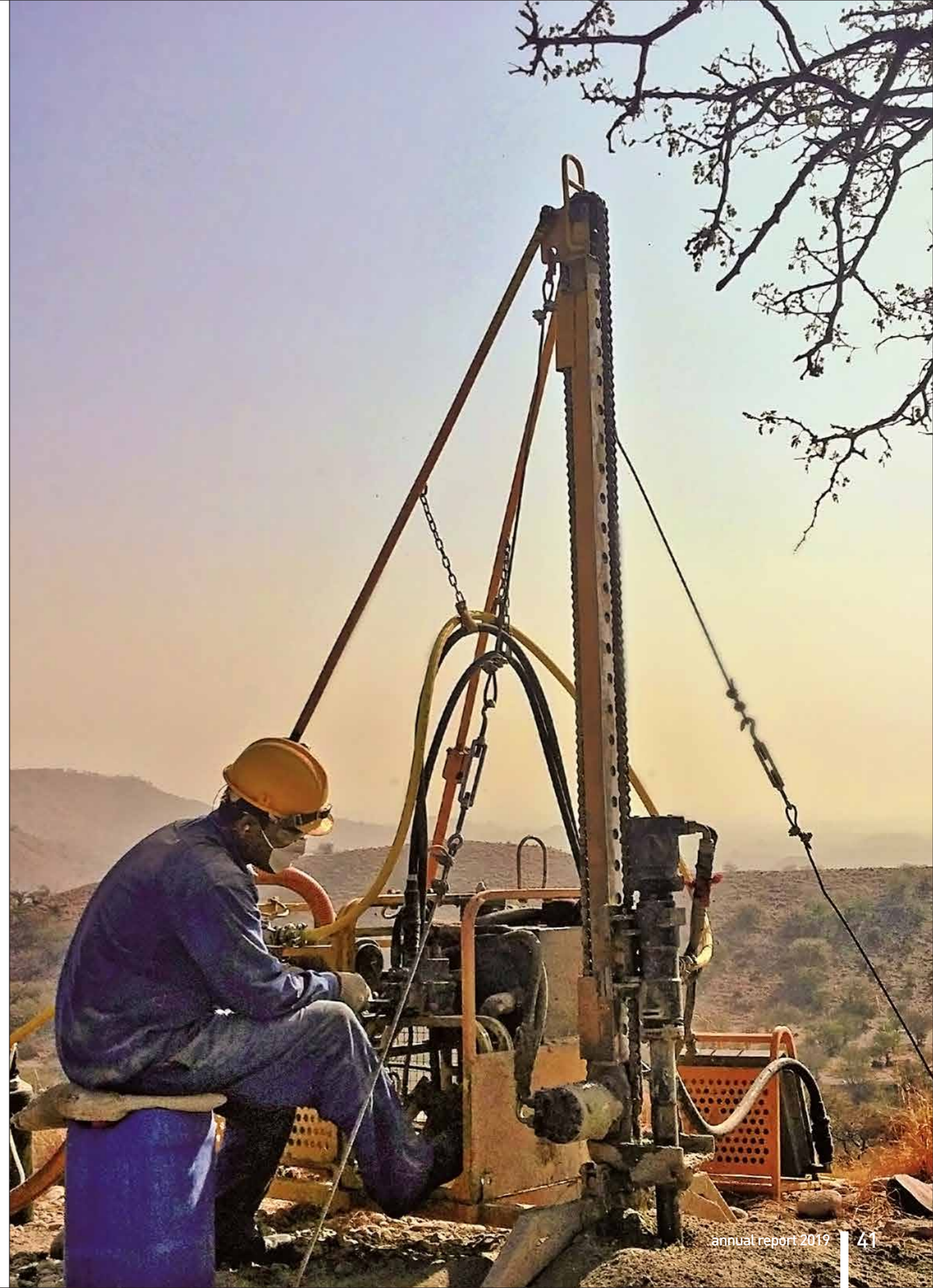
	Board of Directors			Board Strategy Committee			Board Human Resource Committee		
	Members	Meetings ¹	Attendance	Members	Meetings ¹	Attendance	Members	Meetings ¹	Attendance
Agha Jan Akhtar	✓	20	18	✓	7	7	✓	8	7
Hassan Nasir Jamy	✓	4	4	✓	1	1	-	-	-
Dr. Ibne Hassan	✓	20	18	✓	7	7	-	-	-
Mian Asad Hayaud Din	✓	15	13	✓	5	2	✓	5	3
Moin Raza Khan ³	✓	8	8	✓	3	3	✓	2	2
Muhammad Jalal Sikandar Sultan	✓	4	4	✓	1	-	✓	2	2
Muhammad Sajid Farooqi	✓	20	20	-	1	1	-	-	-
Muhammad Tariq	✓	20	20	✓	7	7	✓	8	8
Nadeem Mumtaz Qureshi ²	✓	9	7	-	1	1	✓	4	3
Saeed Ullah Shah ⁴	✓	20	20	✓	7	7	✓	8	8
Sajid Mehmood Qazi	✓	20	19	-	2	2	✓	5	5
Salman Akhtar	✓	20	20	✓	7	6	✓	8	7
Dr. Tanveer Ahmad Qureshi	✓	14	11	✓	3	3	-	-	-

	Board Enterprise Risk Committee			Board Audit Committee			Board Finance Committee		
	Members	Meetings ¹	Attendance	Members	Meetings ¹	Attendance	Members	Meetings ¹	Attendance
Agha Jan Akhtar	-	-	-	✓	5	5	✓	3	3
Hassan Nasir Jamy	-	-	-	✓	1	1	-	-	-
Dr. Ibne Hassan	-	-	-	✓	9	9	-	-	-
Mian Asad Hayaud Din	-	-	-	-	-	-	-	-	-
Moin Raza Khan ³	✓	1	1	-	-	-	✓	3	3
Muhammad Jalal Sikandar Sultan	-	-	-	-	-	-	-	-	-
Muhammad Sajid Farooqi	✓	1	1	✓	4	4	✓	3	3
Muhammad Tariq	✓	1	1	-	1	1	✓	3	3
Nadeem Mumtaz Qureshi ²	-	-	-	-	-	-	-	-	-
Saeed Ullah Shah ⁴	-	-	-	✓	5	5	-	-	-
Sajid Mehmood Qazi	-	-	-	✓	9	9	-	-	-
Salman Akhtar	-	-	-	-	-	-	-	-	-
Dr. Tanveer Ahmad Qureshi	✓	1	1	-	-	-	✓	3	3

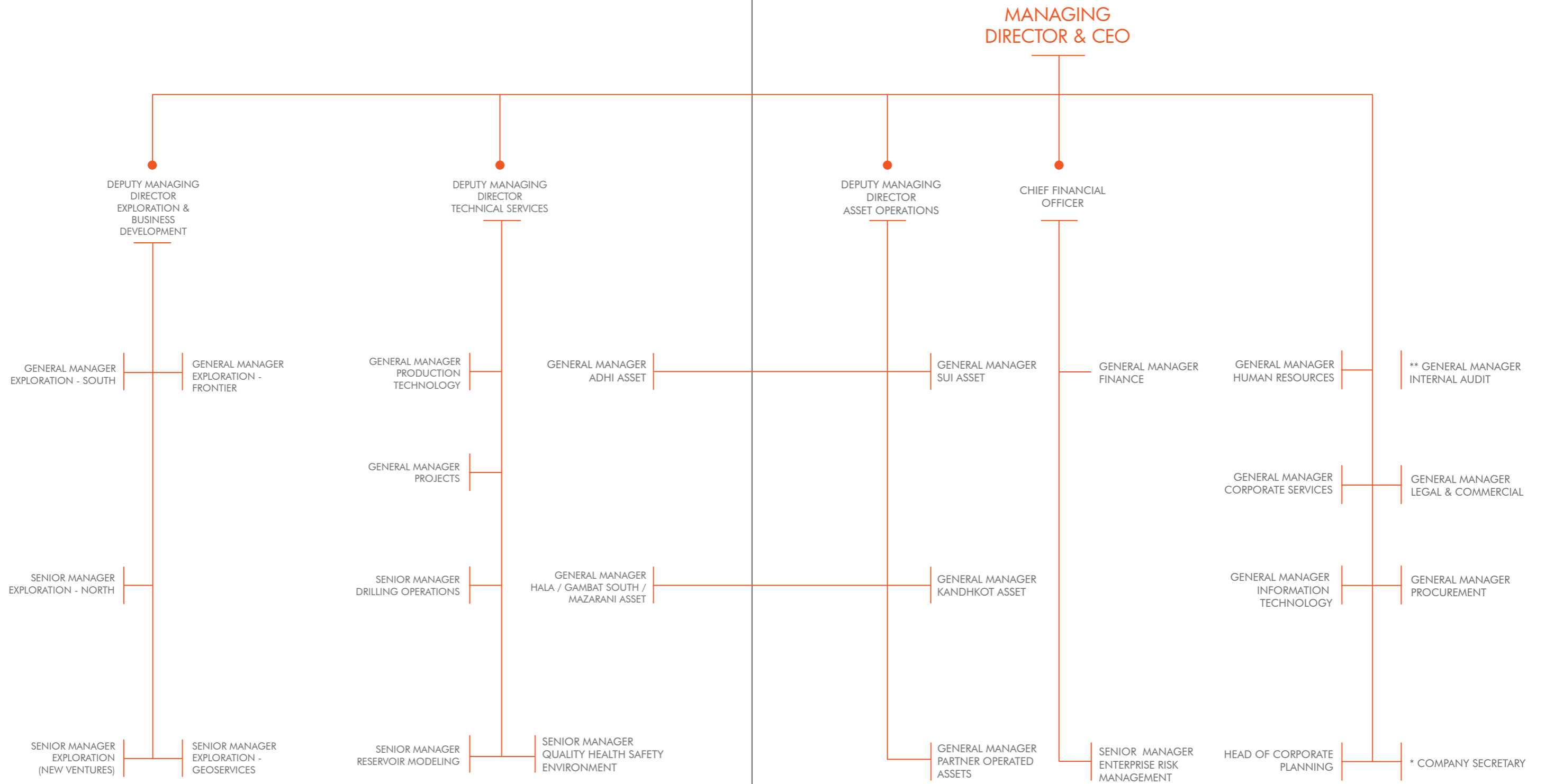
	Board Procurement Committee			Board Nomination Committee			Fee Paid to the Directors
	Members	Meetings ¹	Attendance	Members	Meetings ¹	Attendance	Rupees
Agha Jan Akhtar	✓	1	1	✓	3	3	3,884,500
Hassan Nasir Jamy	-	-	-	-	-	-	459,000
Dr. Ibne Hassan	✓	1	1	✓	3	3	3,230,000
Mian Asad Hayaud Din	✓	1	1	✓	2	1	1,530,000
Moin Raza Khan ³	✓	1	1	-	-	-	-
Muhammad Jalal Sikandar Sultan	-	-	-	-	-	-	459,000
Muhammad Sajid Farooqi	✓	1	1	✓	3	2	2,635,000
Muhammad Tariq	✓	1	1	-	-	-	3,485,000
Nadeem Mumtaz Qureshi ²	-	-	-	✓	2	1	-
Saeed Ullah Shah ⁴	✓	2	2	-	-	-	1,530,000
Sajid Mehmood Qazi	✓	2	2	-	-	-	2,830,500
Salman Akhtar	✓	2	2	-	-	-	2,975,000
Dr. Tanveer Ahmad Qureshi	-	-	-	-	-	-	1,377,000

Notes:

1. Held during the period when the concerned Director was on the Board/Committee.
2. He waived off his director's fee.
3. He does not receive director's fee being MD/CEO of the Company.
4. He did not receive director's fee during his tenure as the CEO of the Company.



organogram



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

** GMIA reports to the Board Audit Committee.

executive committee



Syed Firasat Shah

Coordinating Deputy Managing Director
Exploration & Business Development

Syed Ehtesham Ahmad

Chief Financial Officer

Moin Raza Khan

Managing Director /
Chief Executive Officer

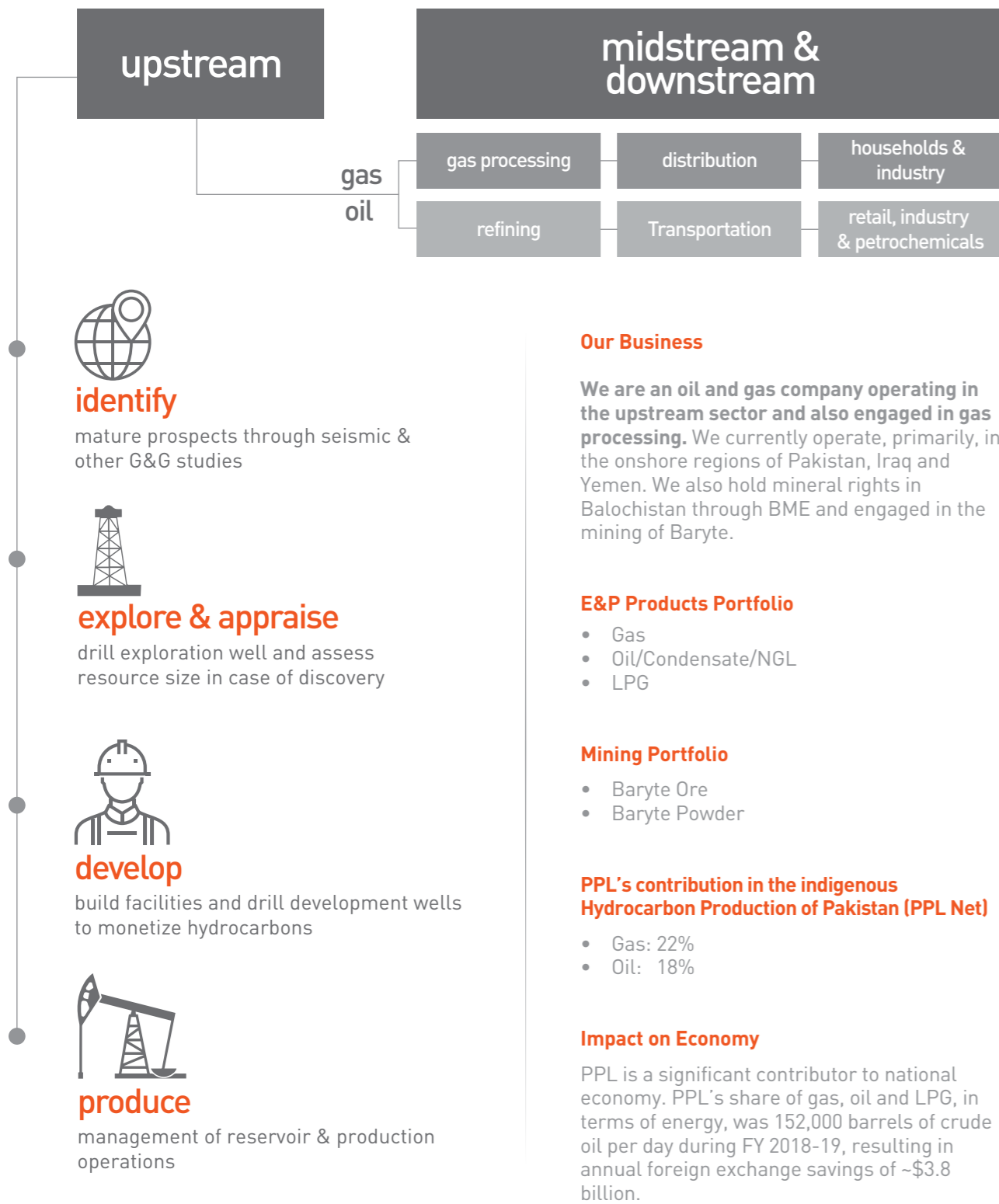
Dr. Fareed Iqbal Siddiqui

Deputy Managing Director
Technical Services

Khalid Raza

Acting Deputy Managing Director
Asset Operations

value chain



what makes us different?

Our Legacy

We at PPL as a premier E&P company of Pakistan take immense pride in our knowledge of the subsurface and the areas we operate in.

PPL has explored, discovered, developed and produced oil and gas in a variety of locations throughout Pakistan with more than 65 years of experience as an operator in all stages of the oil and gas life cycle.

Our Portfolio

We enable activity in both operated and our partner operated areas and have a balanced portfolio of exploration and development assets.

Our development assets and our low risk exploration portfolio in proven areas provides us a platform to carry out high reward exploration in frontier basins where the greatest potential value exists.

PPL's presence in the mining industry of Pakistan is backed by robust hydrocarbon base and geological knowledge enabling us to unlock value in the minerals sector.

Our Presence

Our experience of working in Pakistan for the last seven decades has given us a competitive edge as we work with local communities to uplift their lives and create shared value.

Our presence and reciprocal respect has enabled us to access resources in remote frontier areas of the country whereby our operations create shared value for the nation.

In addition to our local presence, we have gone international with our operations enabling us to expand our footprint and represent Pakistan in the global energy arena.

our presence

Group's Exploration and Producing Assets

Name of Field/Block	Operator	Group's working interest % as at June 30, 2019
Producing Fields		
1 Sui	PPL	100.00
2 Kandhkot	PPL	100.00
3 Adhi	PPL	39.00
4 Mazarani	PPL	87.50
5 Hala (3 D&PLs)	PPL	65.00
6 Gambat South (4 D&PLs)	PPL	65.00
7 Kandhkot East (Chachar)	PPL	75.00
8 Qadirpur	OGDCL	7.00
9 Miano	UEP-BETA	15.16
10 Sawan	UEP-BETA	34.07
11 Block 22 (3 D&PLs)	PEL	35.53
12 Tal (7 D&PLs)	MOL	27.76
13 Nashpa (2 D&PLs)	OGDCL	28.55
14 Gambat (Tajjal EWT Phase)	UEP-BETA	23.68
15 Latif	UEP-BETA	33.30
16 Kirthar	POGC	30.00
17 Ghauri (Ghauri EWT Phase)	MPCL	35.00
18 Digri (Gulsher EWT Phase)	UEPL	25.00
Exploration Blocks		
1 Hala	PPL	65.00
2 Khuzdar	PPL	100.00
3 Kalat	PPL	100.00
4 Barkhan	PPL	85.00
5 Kharan	PPL	100.00
6 Kharan-East	PPL	100.00
7 Kharan-West	PPL	100.00
8 Dhok Sultan	PPL	75.00
9 Jungshahi	PPL	100.00
10 Gambat South	PPL	65.00
11 Sirani	PPL	75.00
12 Naushahro Firoz	PPL	100.00
13 Zamzama South	PPL	100.00
14 Karsal	PPL	100.00
15 Hisal	PPL	62.50
16 Sadiqabad	PPL	97.50
17 Shah Bandar	PPL	65.50
18 Nausherwani	PPL	97.50
19 Bela West	PPL	62.50
20 Hab	PPL	99.85
21 Khipro East	PPL	97.50
22 Malir	PPL	97.50
23 Margand	PPL	100.00
24 Kotri	PPL	100.00
25 South Kharan	PPL	51.00
26 Sorah	PPL	100.00
27 Musakhel	PPL	51.00
28 Kotri North	UEPL	40.00
29 Latif	UEP-BETA	33.30
30 Nashpa	OGDCL	30.00
31 Kirthar	POGC	30.00
32 Baska	ZHEN HUA	49.00
33 Tal	MOL	30.00
34 Sukhpur	ENI	30.00
35 Jherruck	NHEPL	30.00
36 Digri	UEPL	25.00
37 Ghauri	MPCL	35.00
38 Kuhan	UEP-BETA	47.50
39 Paharpur	KUFPEC	35.00
40 Pezu	OGDCL	30.00
41 Ziarat	MPCL	40.00
42 Harnai	MPCL	40.00



Name of Field/Block	Operator	Group's working interest % as at June 30, 2019
Offshore Blocks		
43 Indus-C	ENI	40.00
44 Indus-N	ENI	30.00
45 Indus-G	ENI	25.00
Exploration Blocks (international)		
1 Block-3 (Yemen)	TOTAL	20.00
2 Block-8 (Iraq)	PPLA	100.00



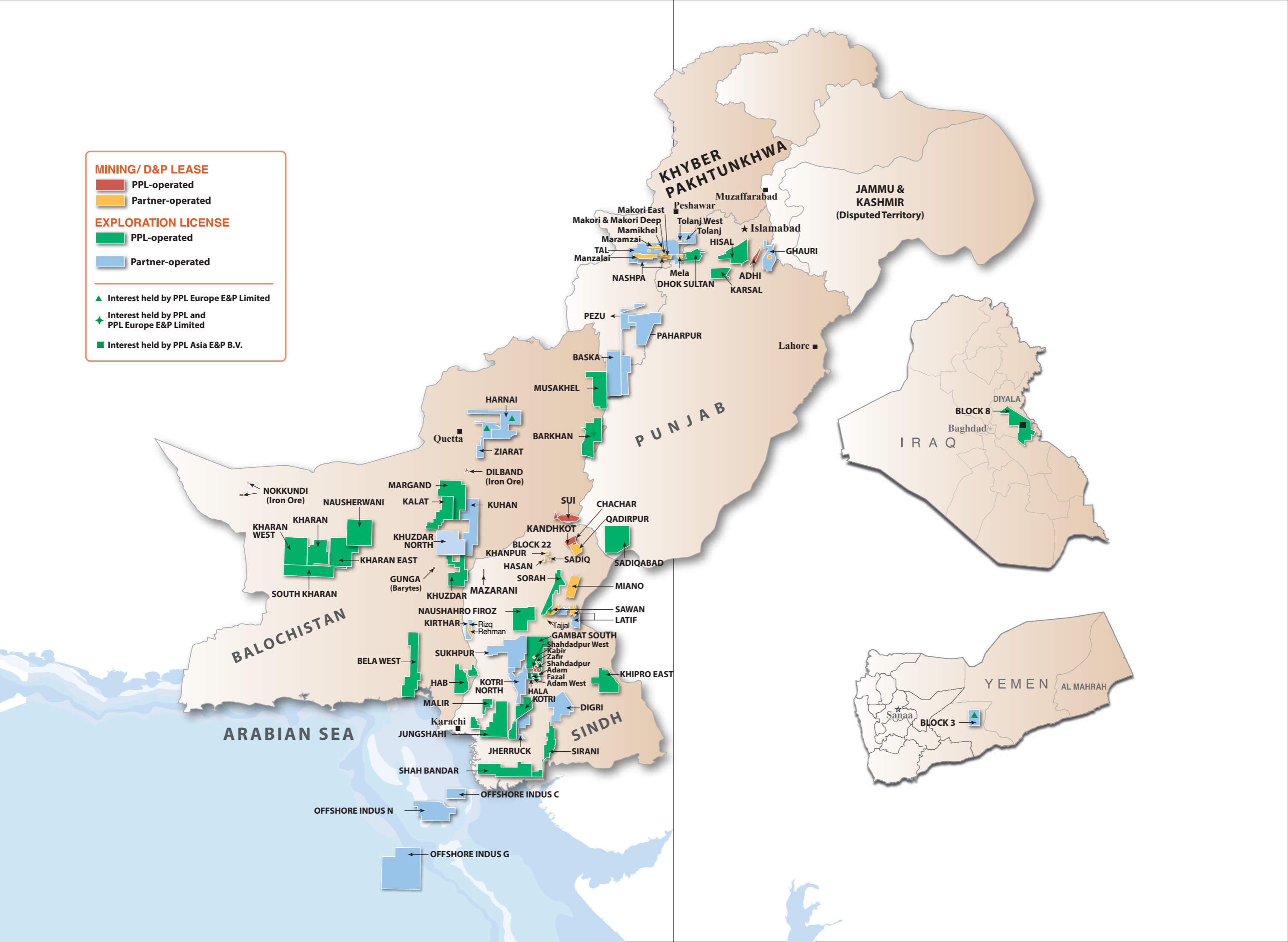
MINING/ D&P LEASE

- PPL-operated
- Partner-operated

EXPLORATION LICENSE

- PPL-operated
- Partner-operated

- ▲ Interest held by PPL Europe E&P Limited
- ◆ Interest held by PPL and PPL Europe E&P Limited
- Interest held by PPL Asia E&P B.V.



strategy

Strategic Objectives

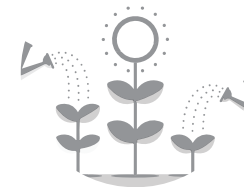
The Company aims to create value for its stakeholders through the following value preservation, value creation and diversification objectives:

- Growth in production overcoming natural decline in fields
- Increase in reserves base of the Company
- Superior returns to shareholders
- Diversification in the energy value chain and mining business
- Ensuring all activities meet high standards of QHSE
- Continue being recognized as a good corporate citizen



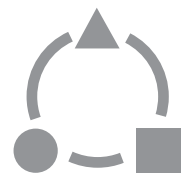
PRESERVE

We preserve the Value of our existing resource base through optimum recovery



CREATE

We create Value by enhancing reserves base through a robust exploration work program



DIVERSIFY

We aspire to diversify in energy and mining business

Our 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 oil and gas resources to meet the rising domestic demand. The Company will continue to focus on its core E&P business and expand into other value-adding related business segments.
- The Company's ambitious exploration program will increasingly focus on frontier exploration areas, exploitation of unconventional resources, and reserves acquisition strategy will provide necessary thrust for the replenishment of reserves. Production optimisation from existing fields by using innovative technologies and fast track development of new discoveries will be pursued to maintain the growth momentum.

- The Company will continue to evaluate various significant projects in the energy sector with a view to further expand and diversify the business portfolio and add value through available strategic partnerships at Government and Business levels.
- QHSE will remain the key component 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 cares deeply about the environment and will continue to exercise due care in environmental protection.
- The Company, as a good corporate citizen, shall continue to promote social development of the communities where it operates and shall extend financial and in-kind support for the welfare and development across the country.
- The Company will make efforts for optimum leveraging of available financial resources and project management skills so that large projects in oil & gas business for growth and value chain integration can be undertaken as required.
- The Company places great emphasis on investing in people to build a world-class workforce, as timely availability of qualified and trained manpower is vital for undertaking complex and diverse operations of the Company.
- The Company is committed to improve base business returns, selectively grow with a focus on integrated value creation, and seek innovative solutions, while ensuring quality as an integral part of its operations. This will also play an important role in making the Company the preferred partner for multinational companies and other resource holders.
- In the long term, the Company intends to pursue Pakistan's offshore region as operator, explore technologies to develop shale gas potential in Pakistan, grow its operations internationally and become a regional E&P leader.

KPIs

The Company monitors its performance through the following Key Performance Indicators:

Operational

- Production
- Reserves Replacement Ratio
- Total Recordable Injury Rate (TRIR)
- Revenue contribution from Non-E&P business
- % of PBT spent on CSR

Financial

- Return on Equity
- Opex per BOE
- Finding and Development cost per BOE
- Operating cashflows

chairman's review

Dear Shareholders

It gives me great pleasure to present this review and I would first like to express appreciation for the valuable contribution as Chairman by Mr. Salman Akhtar and for the valuable contributions by the other members of the Board of Directors who resigned during the year.

I extend a warm welcome to the members who joined the Board at the end of the financial year and I look forward to endeavouring together with them to assist the Company in achieving its objectives and promoting its success.

The sales revenue of the Company increased by approximately 30% during the current year as compared to the corresponding year. This increase is due to positive variance on account of price, coupled with positive volume variance.

The earnings per share of the Company increased by 35%. The higher profitability is due to an increase in sales revenue and a significant increase in other income, partially offset by an increase in exploration expenses, operating expenses and levies.

The Company continued to strive to fortify its position as one of the leading oil and gas companies in Pakistan and to ensure healthy returns for all stakeholders. The focus of operations has been on optimizing production and recovering from current producing assets; maintaining exploration activity to achieve the

desired reserves replacement ratio; exploration in frontier areas that have better prospects of bigger discoveries; commercializing discoveries in the shortest possible periods; and expanding operations in the mining industry.


The long term goals include operating in Pakistan's offshore region; exploring international opportunities of growth with a view to being a regional leader in oil and gas exploration and production; exploring avenues for the development of shale gas in Pakistan; and diversification in the energy sector.

Achievements during the year include the spudding of an exploratory well, Madain-1, in Block 8, Iraq, which is a matter of great pride as it is the first ever international well being drilled by a Pakistani public sector company; making eleven discoveries in operated and partner operated areas, which is the highest number of discoveries in any year in the Company's history; maintaining the level of production inspite of the significant natural decline in mature fields and maintaining focus on exploration in frontier areas.

The Company pursued an aggressive exploration strategy that focuses on frontier areas and is balanced by exploration in traditional areas. The current exploration portfolio consists of forty seven exploration blocks, which include two new exploration blocks that were won by the Company in the bidding round held during the year.

The Board shall continue to play a vital role in setting the direction of the Company and promoting its success. I would like to assure our valued shareholders that the Board will make every possible endeavour to improve the performance of the Company and to achieve greater success while upholding the principles of good corporate governance.

I would like to thank the Federal Government for its continued support. I would also like to thank the management and employees of the Company. Last but not the least, I would like to thank the esteemed shareholders for reposing confidence in the Company and its Board of Directors.



SHAMSUL ISLAM
CHAIRMAN

September 25, 2019



managing director's outlook

It is a singular privilege to share highlights of another successful year wherein Pakistan Petroleum Limited (PPL) scored not only its best-ever financial results with profit-after-tax at Rs. 61.6 billion but also a record number of 11 discoveries.

Pakistan faces a severe energy crunch due to high demand driven mainly by population growth and economic development. Domestic hydrocarbon and other indigenous energy resources, including hydel, nuclear and coal, respectively contribute ~ 41 % and ~ 24% of total energy supply as the remaining is met through imports. As a leading producer of natural gas with a significant footprint, PPL strives to increase its market share by enhancing recoveries from mature fields, expeditiously bringing new discoveries into production and pursuing an aggressive exploration campaign, particularly in the country's unexplored frontier basins.

During the year under review, PPL drilled 12 exploratory wells, including 7 wells in company-operated and 5 wells in partner-operated areas. The exploration efforts resulted in 6 discoveries in company-operated and 5 discoveries in partner-operated areas. In offshore exploration, a deep water exploratory well Kekra X-1 was drilled by Eni Pakistan Limited in Indus G Block, a joint venture of PPL, OGDCL, Eni and Exxon Mobil. Though the well encountered excellent quality predicted reservoir, drilling was aborted due to discouraging results in locating

hydrocarbons. PPL also spud in its first-ever international exploration well Madain X-1 in company-operated Block 8 in Iraq, where drilling is currently in progress.

Similarly, PPL maintained the pace of its development activities to optimize production from mature fields. To this end, PPL drilled 18 development wells of which 7 were drilled in company-operated and 11 in partner-operated fields. Average production was 977 MMscfd compared to 988 MMscfd last year due to natural decline in mature fields.

On the other hand, production from Gambat South (GS) and Nashpa fields increased, owing to commissioning of GS GPF-IV (Phase-I) and Nashpa LPG plant. Production in GS is expected to increase further by an additional ~45 MMscfd on commissioning of GPF-IV (Phase-II) slated for completion in 2019-20.

In the same period, mining activities of Bolan Mining Enterprises (BME), a joint venture between PPL and the Government of Balochistan, also increased, resulting in the highest-ever baryte sales of 228,310 tonnes. The Company continued to witness

stress on liquidity on account of muted collections from government-nominated natural gas customers. This poses the most critical hindrance in achieving strategic objectives in the future. Efforts are underway to proactively engage all stakeholders at relevant ministries to explore a practicable mechanism for earliest recovery of dues.

Aligned with best governance practices, PPL continued to develop its human resource base to ensure sync with shapeshifting business needs and offered staff the opportunity for capacity development in collaboration with international and local partners. On the Corporate Social Responsibility front, the Company bagged its 14th consecutive Corporate Philanthropy Award for being among the top contributors in volume of donations. To enhance QHSE implementation, training was given to staff and contractors to meet core personal safety metrics.

Looking ahead, PPL will continue its fast-paced exploration programme across Pakistan with particular focus on frontier areas that have the highest reward potential. Likewise, the Company participated actively in all the bid rounds, clinching 2 new exploration blocks during the latest round in November 2018. PPL is also planning to participate in the upcoming exploration bid round to acquire new blocks and further expand and diversify its exploration portfolio.

In the same vein, the Company is scoping out farm-in/out opportunities with reputable joint venture partners to expand its portfolio, mitigate risks and increase exploration outreach. Evaluation of unconventional oil and gas resources such as tight gas in operated areas and shale in a joint venture with Oil and Gas Development Company Limited is also underway. Meantime, the Company intends to expand operations outside Pakistan with internationally recognized companies and evaluate diversification in the energy sector to augment revenue and bolster its strategic objectives. With respect to mining activities, PPL is working on expanding its operations to explore for untapped potential as part of its diversification strategy.

Of course, none of this would be possible without the support of shareholders, staff, joint venture partners and regulators to all of whom I remain hugely indebted.



Moin Raza Khan
Managing Director & Chief Executive Officer

September 25, 2019

directors' report

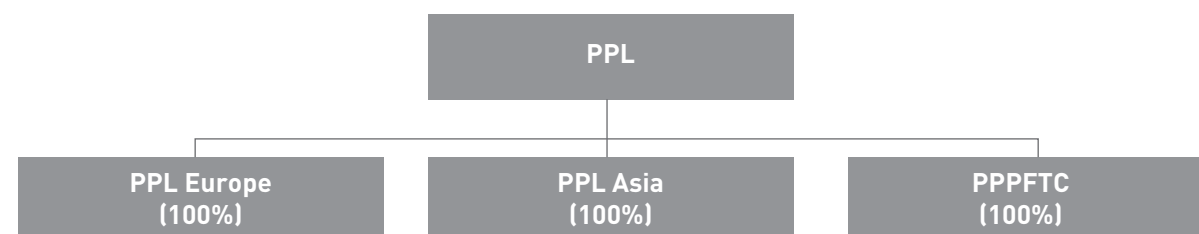
We are pleased to present the Directors' report and audited financial statements of your Company for the year ended June 30, 2019 together with the auditors' report thereon. The business review and the key highlights are presented in the following paragraphs.

Introduction

Pakistan Petroleum Limited (PPL) is a pioneer in the natural gas industry in Pakistan and has been a frontline player in the exploration, development and production of oil and natural gas resources since the early 1950s. The Company's current exploration and production portfolio is spread across Pakistan with international presence in Iraq and Yemen. PPL also holds mineral rights in Balochistan through Bolan Mining Enterprise (BME), a 50:50 joint operation between PPL and Government of Balochistan.

Group Structure

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



Company's Business Strategy

Your Company is continuing an ambitious growth programme to strengthen its position as one of the leading E&P companies in Pakistan and ensuring healthy returns for all stakeholders. A brief of the Company's strategy is provided below:

Value Preservation

- Optimizing production and recovery from current producing assets
- Bringing discoveries to production in the shortest time
- Developing and retaining key professional resources
- Ensuring all activities meet high standards of QHSE
- Being recognised by local communities as a good corporate citizen

Value Creation

- Maintain exploration activity to achieve desired Reserves Replacement Ratio
- Exploration in frontier areas with better prospects of bigger discoveries
- Pursue activity in Pakistan's offshore region as an operator
- Explore opportunities to grow internationally and become a regional leader in E&P
- Pursue technology innovations to produce tight gas at commercial rates
- Explore technologies to develop shale gas potential in Pakistan

Diversification

- Evaluate diversification in the energy sector
- Expanding operations in the mining industry



2018-19
key achievements



exploration

11 discoveries

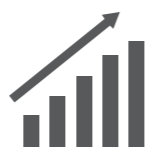
Your Company announced the highest number of discoveries (11) in any year. It includes 6 in operated areas and 5 in partner operated areas.



production

~ 1 bcfde

Production maintained at ~ 1 Bcfde despite challenges of significant natural decline from mature fields and customer offtake issues.



profits

Rs 61.6 billion

Highest ever profits were achieved in 2018-19.



record mining activity

228 thousand tons of baryte

Highest-ever sales of 228 thousand tons of Baryte in 2018-19 compared to 207 thousand tons in previous year.



in-house seismic data processing

**920 line km | 2D
1,364 sq km | 3D**

In-house processing of seismic data resulting in substantial savings.



new plant start-up

gambat south gpf-IV plant

Phase I of GPF IV plant commissioned in-house, adding 25 MMscfd of production.



work program

14 wells drilled in operated areas

A robust work program was delivered with 7 exploration and 7 development wells in operated areas. Focus was maintained in frontier areas by drilling 3 exploration wells.



international exploration

Madain-1 block-8, Iraq

The Company successfully spud-in the first-ever international well drilled by a Pakistani public sector company.



growth and risk diversification

**2 new blocks
+1 farm-in
+1 farm-out**

PPL won 2* exploration blocks Musakhel & Sorah in 2018 bid round as an operator and farmed into Pezu block operated by OGDCL. Bela West block was partly farmed out to diversify risk in high risk/cost blocks.

*Subsequently, Punjab block was provisionally granted in July 2019



in-house de-bottlenecking

adhi plant III

Successfully conducted in-house de-bottlenecking of Adhi Plant III resulting in 15 MMscfd additional processing capacity.



digital transformation

automation drive

Various digital transformation initiatives were taken:

Sui Hospital, Warehouse Management System, Automation of budgeting & planning system.



one of the largest corporate givers

14th consecutive year

Your Company received 14th consecutive award for being among the top contributors in terms of volumes of donations.

Operating Environment

Pakistan is an energy deficient country and relies heavily on hydrocarbons imports. In the country's overall energy mix, natural gas remains the major contributor followed by oil. The country's local gas production has plateaued at ~4 Bcfd over the last few years, as mitigating natural decline from large mature fields through new discoveries is a challenge being faced by the industry. On the oil front, the country produces around 85,000 barrels of oil per day which constitutes around 15% of the oil consumption, with the rest being imported. In recent years, gas imports in the form of LNG has increased to meet local demand. Energy demand is likely to further increase due to rise in population along with projected increase in GDP. Although share of coal and other sources of energy has increased in the country's energy mix in recent years, oil and gas are still likely to remain the main sources of energy.

Major mature fields of the country are located in the known basins. To bridge the energy demand vs supply gap, the bigger finds may potentially come from frontier areas which require extensive exploration efforts to decipher their prospectivity and generate drillable prospects. This requires a well-balanced country-level exploration program to increase the indigenous production. Your Company, with a mix of high and low-medium risk exploration portfolio, is playing its part by following an aggressive work-program to expand the hydrocarbon base of the country.

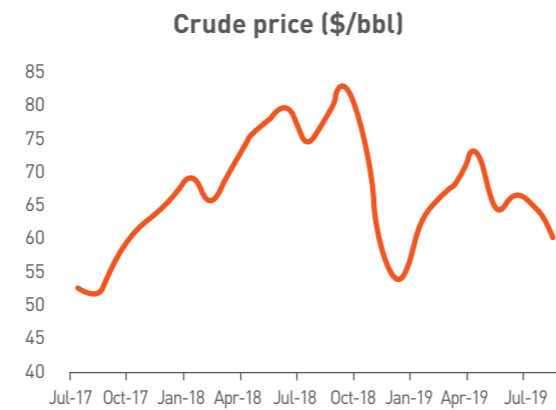
External factors

The following factors play a key role in the operating environment of the upstream sector:

Crude oil prices

The Company's oil and gas revenues are primarily linked to international oil prices. The rising trend in oil prices from the previous year continued in the 1st quarter of 2018-19 where the price exceeded USD 80/bbl in September 2018. It then experienced volatility as it dipped to its lowest for the year at USD 50/bbl in December 2018. However, partial recovery was

witnessed thereon with prices ranging between USD 60-70/bbl for most of the third and fourth quarters of 2018-19. The volatility in price of crude requires continuous focus on cost and capital discipline.



Fluctuations in foreign currency

The USD / PKR exchange rate remained under pressure during the year. The Rupee lost more than 30% of its value since the start of the fiscal year. While the Rupee devaluation has a potentially adverse impact on costs as bulk of work program is USD denominated, it has a positive effect on the Company's revenues as these are mostly linked with USD.

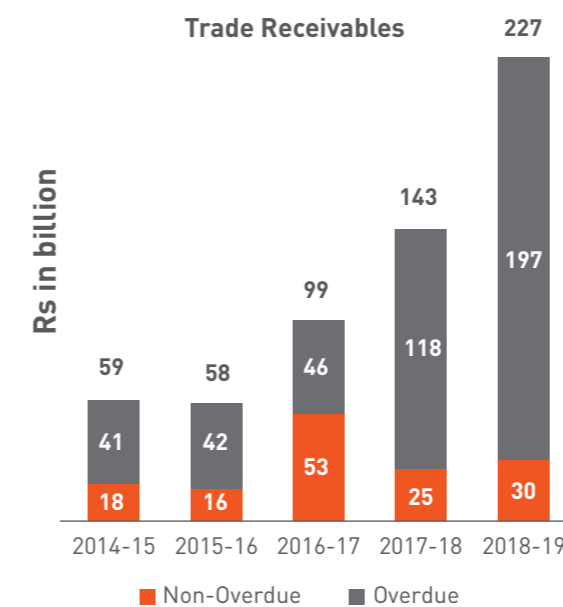


Trade receivables

The year 2018-19 saw significant deterioration in the liquidity position of the Company due to the circular debt. The trade debts of the company reached to a historically high level of PKR 227 billion (June 30: 2018: PKR 143 billion), translating into 1.1 times of gross revenue. Low recoveries from customers coupled with higher statutory payments arising from increase in revenues, resulted in additional stress on the liquid balances of the Company.

The above situation calls for imminent steps to be taken by the GoP to ease out the situation particularly for Public Sector E&P companies, as the nature of E&P life cycle requires heavy upfront investment with a longer gestation period. As such, liquidity constraints posed due to Circular Debt situation has the potential to significantly delay the on-going exploration and development activities of the Company.

Capital allocation in the current crisis is a top priority for your Company to ensure optimum use of available funds. At the same time, the Company remains fully engaged with relevant authorities for an urgent resolution of the above situation.



Our Performance

Production operations overview

The Company currently operates producing fields at Sui, Kandhkot, Adhi, Mazarani, Chachar, Adam, Adam West, Shahdadpur, Shahdadpur East, Shahdadpur West and Kabir apart from a number of discoveries awaiting development/production in the near future. In addition, the Company has working interests in 21 partner-operated producing fields.

Your Company strives to play a leading role in meeting the country's energy requirements by

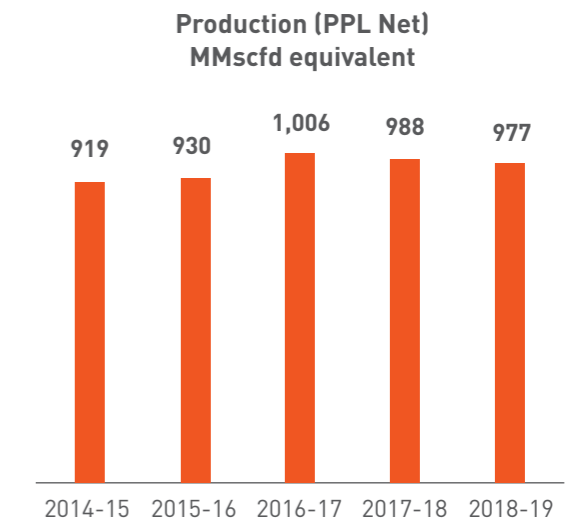
focusing on production enhancement from existing assets and early monetization of new discoveries through use of advanced technology and management skills. Furthermore, the Company produces barytes through BME, which is a joint operation between the Company and Government of Balochistan.

Production

The Company's production of gas has marginally declined by ~ 1.7%, whereas Condensate/NGL/Oil & LPG production has increased by ~ 1.3% & 22% respectively as compared to the previous year.

The primary reason for decrease in gas production is the natural decline from mature fields, however this has been partially offset by increase in production from Gambat South and proactive production management.

Increase in oil production from Adhi contributed to the overall growth in liquids, while the increase in LPG is attributed to the recently commissioned Nashpa LPG plant.



A comparison of the current year's production (net to PPL) with the previous year is given below:

	2018-19	2017-18
Natural Gas (MMcf)	317,457	323,007
Crude Oil / NGL / Condensate (Thousand Barrels)	5,868	5,795
LPG (Metric Tonnes)	116,723	95,332

Production of hydrocarbons during the year including the Company's share from Partner Operated areas averaged at 870 MMscfd of gas, 16,077 bbl/d of Oil / NGL / Condensate and 320 metric tonnes of LPG per day. This translates into 977 MMscfd equivalent aggregate production of all products.

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

Asset-wise overview

Production from Sui declined due to natural depletion which was mitigated through development efforts.

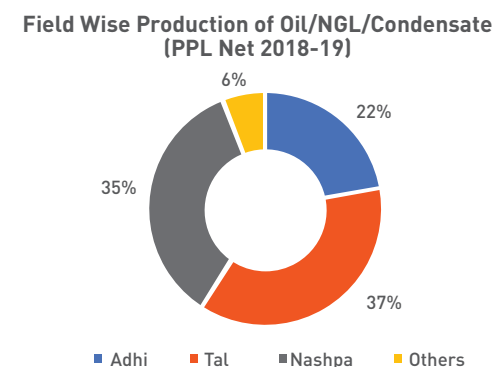
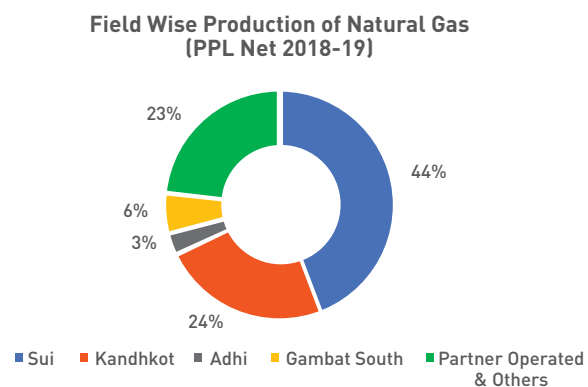
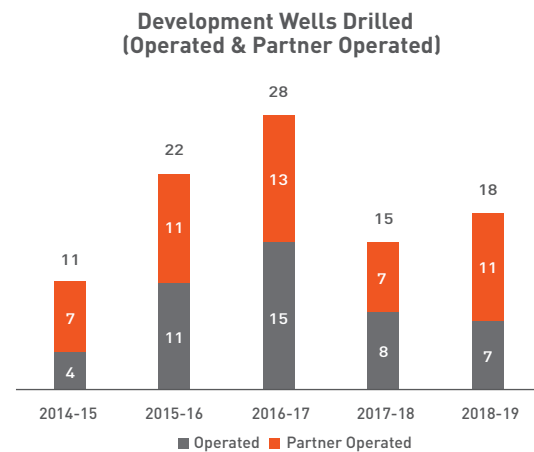
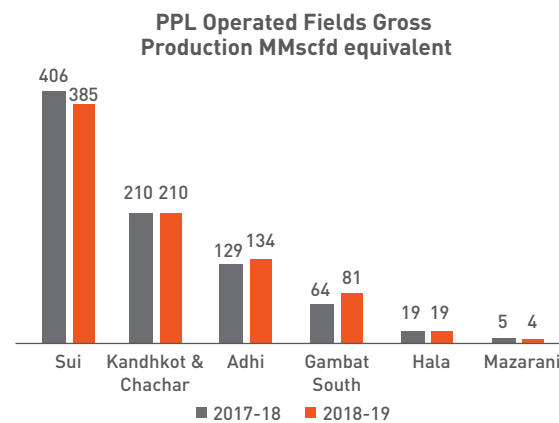
Production from Gambat South increased as GPF IV phase I was commissioned.

Kandhkot produced below its capacity due to lower customer offtakes while production from other assets was maintained through development activities.

Your Company drilled 18 development wells during the year. 7 wells were drilled in operated areas while 11 wells were drilled in partner operated areas.

The development activity helped in optimizing the production volumes from the producing fields.

Further details are mentioned under the respective assets.



Sui Asset

- Three development wells were drilled and completed: Sui-105 (U), Sui-108 (P) and Sui-109 (M), while Sui-107(U) was spud-in during the year and completed subsequent to year end.
- Average production from Sui field was 385 MMscfd vs 406 MMscfd as compared to last year. Sui field is undergoing natural decline, however, optimization efforts have reduced the decline to 5.2% in 2018-19 vs 8.4% in the comparative period.
- QHSE milestone of 35 Million safe man-hours was achieved.
- Sui-108(P) was drilled using near-balanced technique in 35.75 days and was the fastest well drilled in the Pab reservoir in the Sui field. It resulted in a saving of ~60% of the drilling time as compared to the offset well Sui-91(P).
- Results of Sui-108 (P), which was drilled in the new eastern compartment of Pab reservoir, are very encouraging. The well was tested at around 20 MMscfd gas and is expected to add 22 Bcf reserves in the 2P category.
- Sui-104 (M), drilled during the last quarter of 2017-18, was completed and commissioned contributing around 7.5 MMscfd of gas.
- Workovers of Sui-29 and Sui-28 were undertaken during 2018-19, resulting in a gain of 6 MMscfd.
- Sui-103(U), which had earlier produced gas in immeasurable quantity after completion, was successfully revived using high-pressure high-rate acid stimulation to establish the connectivity with the fracture network. The well was tested at ~3 MMscfd hence saving the cost of a workover.
- Maintenance, upgradation and enhancement of plant reliability activities were undertaken at both Purification Plant and Sui Field Gas Compression Station.

Kandhkot/Chachar Asset

- The production remained the same at 210 MMscfd as compared to last year. However, it remained below the field deliverability due

to low gas offtakes by the customer.

- Development well KDT-45(U) was commissioned at 10 MMscfd in August 2018.
- Eight production optimization jobs were carried out during 2018-19.
- Seismic processing was completed in depth domain (Pre-Stack Depth Migration) as earlier seismic was processed only in time domain.
- Major overhaul of gas compressors and gas turbines were successfully completed at Kandhkot Field Gas Compressor Station utilizing in-house resources resulting in savings.
- Installation of Section-VI loopline is planned to reduce back pressure on SE Dome wells.

Adhi Asset

- Adhi field recorded the highest daily average oil/condensate production during 2018-19 achieving 9,129 bbl/d as against 7,728 bbl/d during last year.
- Two development wells Adhi-31(T/K) and 32(T/K) were completed and commissioned.
- Target depth of Adhi-32(T/K) was achieved in record time of 49.7 days resulting in considerable savings. It is the fastest and deepest well drilled in the history of Adhi Field.
- Two development wells Adhi-33(T/K), 34(T/K) and one appraisal well Adhi South-4 were spud-in during the year and are currently under drilling phase.
- Workover of Adhi-10 (T/K) was successfully completed and the well was commissioned. The Tobra and Khewra formations were simultaneously fracked using broadband technology.
- Plant-III debottlenecking was carried out through in-house resources resulting in 15 MMscfd increase in Plant Capacity taking the total to 93 MMscfd.
- Adhi Annual Turn Around (ATA) was satisfactorily completed in record time of 5.5 days minimizing production curtailment.

- Plants I & II were successfully interconnected with Plant-III electric power system, leading to savings in fuel and O&M costs.
- Commissioning of Compression Project is in progress. The first nodal compressor is under commissioning.
- 2 additional wells i.e. Adhi South-2 and South-3 are planned in the southern compartment.

Hala, Gambat South & Mazarani Assets

- The Company had entered into a contract for the construction of the 60 MMscfd gas processing plant (GPF-III) at Shahdadpur field in Gambat South block. The project was to be completed in October 2017. However, its completion was delayed due to failure by the Contractor to meet the project milestones and fulfil contractual obligations. Accordingly, the Company has terminated the contract with effect from May 10, 2019 and has encashed performance and advance payment guarantees. The Company is making all efforts to optimize production from the field.
- Further, the Contractor has initiated arbitration proceedings against the Company in which it has filed a number of claims against the Company. The Company has filed a strong defence and raised counter-claims against the Contractor. Moreover, a number of litigations are pending adjudication between the Contractor and the Company. The Company, after reviewing the claims made against it and consulting its legal counsel, is reasonably confident of an outcome in its favour.
- Gambat South GPF IV Phase I was commissioned resulting in production enhancement of 25 MMscfd. GPF IV Phase II is in progress and its commissioning is expected in 3Q 2019-20. This will further add 45 MMscfd in production capacity.
- Nasr X-1 (Gambat South Block) feeder line construction to GS GPF-IV is in progress and Fazl X-1 (Hala Block) feeder line to Hala Plant has been completed.
- Approval of Yasar X-1 Extended Well Test (EWT) for gas and condensate production was granted by GoP.

- Arrangement for EWT gas sales through virtual pipeline for wells Yasar X-1 (Kotri Block), Bashar X-1 ST (Hala Block) and Naushahro Firoz Hor-1 Re-entry (Naushahro Firoz Block) is in progress.
- Mazarani D&PL expired on 31 August 2019. Application of D&PL renewal with upward price revision submitted to GoP. Provisional extension of lease for 3 months on existing terms has been granted.
- Grid Interconnection Study related to 20 MW Hatim Power Project has been approved by HESCO and review by NTDC is in progress.

PPL Mining Asset

Bolan Mining Enterprises (BME)

- Significant focus in mining operations resulting in record production of 261,689 tonnes of baryte in 2018-19.
- Mining, grinding and production of baryte operations at Khuzdar remained satisfactory. Highest-ever sales of 228,310 tons of baryte ore and powder were recorded in 2018-19, breaking previous record of 206,921 tons in 2017-18.
- Plan is to further enhance its baryte powder sales through installation of a new grinding mill for value added sales.
- Mining operations of Iron Ore were commenced at Chaghi. Plans to commercialize the operations of Iron Ore are underway.

In line with our diversification strategy, Baryte Lead Zinc (BLZ) project has been identified as a growth prospect.

- Field work for finalization of feasibility of BLZ project is complete. Post feasibility study, application for grant of Mineral License (ML) and award of EPCC contract is planned. Furthermore, Mineral Deposit Retention License (MDRL) was awarded by authorities in April 2019.
- In addition, the Company is working towards acquiring other mineral rights.

PARTNER OPERATED ASSETS

NASHPA Operator: OGDCL

- Development well Mela-6 was completed as an oil producer in Lockhart formation whereas Nashpa-9 was completed as an oil producer from Datta/Shinawari formations. Moreover, appraisal wells Nashpa-5A & development well Mela-7 are in drilling phase.
- Post commissioning performance issues of LPG Plant were investigated for required modifications by EPCC contractor to be carried out during ATA, which will be followed by Performance Test.
- Laying of flow line from Mela to Nashpa (for extraction of LPG) is in progress.
- Commissioning of Front End Compression is planned to arrest decline in production.

KIRTHAR Operator: POGC

- Development well Rehman-5 and Rehman-6 were successfully completed as gas producers.
- Drilling of development wells Rizq-3 is in progress.
- FEED study for plant capacity augmentation from 40 MMscfd to 100 MMscfd (including NRU) was carried out for the planned EPCC project.
- Interim arrangement of rental Dehydration equipment for augmenting field production till commissioning of EPCC has been completed, while rental Amine unit and installation of additional sales line by SSGCL is in progress.

TAL Operator: MOL

- Development well Makori Deep-2 was completed as gas/condensate producer from Lockhart formation.
- Makori East Front End Compression project was commissioned to arrest production decline.
- The Operator of Tal field imposed Liquidated Damages amounting to Rs 804 million (PPL share) on the contractor of Makori Gas Processing Facility, due to delay in completion of the project.

QADIRPUR Operator: OGDCL

- Development wells Qadirpur-59, Qadirpur-60 (Hor) and Qadirpur-61 (Hor) were successfully completed as Gas producers.
- Engineering studies for Front End Compression revamp project were completed.

MIANO Operator: UEP Beta

- Development wells Miano-28 and Miano-22 were successfully completed as gas producers whereas development well Miano-24 was plugged and suspended for further evaluation.

LATIF Operator: UEP Beta

- Development well Latif-17 was successfully completed as gas producer.

DIGRI Operator: UEPL

- EWT production from Gulsher-1 well was commenced. It is currently producing around 650 bbl/d.

GHAURI Operator: MPCL

- EWT production from Dharian X-1 was commenced from Dharian Early Processing Facility. It is currently producing around 150 bbl/d.

Exploration

Key Highlights

- 6 discoveries were made in operated areas while 5 discoveries were made in partner operated areas.
- 7 exploration wells were spud in operated areas and 5 wells were spud in partner operated areas. 3 operated wells were spud in frontier areas in line with Company's strategy to tap high risk high reward wells.
- Acquired 381 Line Km 2D & 175 Sq. Km 3D seismic data in 3 operated blocks.
- Acquired 4,378 stations of gravity / magnetic survey in Kalat and Margand blocks.
- In-house processing of 920 Line Km 2D and 1,364 Sq. Km 3D seismic data.

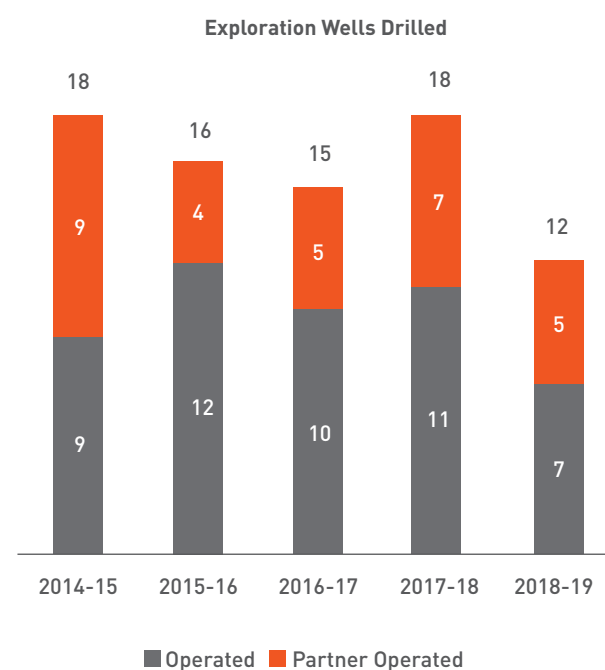
Exploration Portfolio

The Company, together with its subsidiaries, has a portfolio of 47 exploration blocks, of which 28 are operated, including Block-8 in Iraq, and 19 are partner operated including three off-shore blocks in Pakistan and one on-shore block in Yemen. The Company strategically holds a diversified exploration portfolio with a mix of high-risk, high-reward and low-risk, low/medium-reward assets.

The Company's seismic operations and exploration drilling increased several-fold after addition of blocks acquired during the 2009 and 2013 bidding rounds. During the last eight years, the Company as an operator acquired 10,208 Line Km 2D seismic data and 8,915 Sq Km 3D seismic data. During the same period your Company has drilled 60 exploration wells as an Operator.

Discoveries in 2018-19

PPL OPERATED		PARTNER OPERATED	
Discovery	Block	Discovery	Block
Hab X-1	Hab	Mela-5 (Samanasuk formation)	Mela D&PL
Badeel X-1 Hadaf X-1	Gambat South	Dharian-1	Ghauri
Talagang X-1	Karsal	Bolan East-1	Ziarat
Yasar X-1	Kotri	Gulsher-1	Digri
Benari X-1	Shah Bandar	Unarpur-1	Kotri North



Exploration Activities

PPL Operated South Blocks

Activities in PPL Operated South Blocks are summarised below

GAMBAT SOUTH

- Drilling of exploration well Hadaf X-1 was completed. During testing, well flowed 18.6 MMscfd of gas along with 160 bbl/d of condensate. Preparations are underway to lay pipeline for its early production.
- Hadaf X-1 was drilled in 9.5 days and proved to be the fastest well drilled to date in the Gambat South block.
- Drilling of exploration well Badeel X-1 was completed as a discovery. During testing, well flowed 23.7 MMscfd of gas along with 91 bbl/d of condensate. Well was suspended till the availability of production capacity.
- Sequence stratigraphy study of the block & 3D mechanical earth modelling study of Hadi X-1A tight gas discovery is in progress.

HALA

- 7th exploration well Qamar X-1 was plugged and abandoned.
- In-house integration of seismic mapping and inversion results to evaluate remaining block potential were completed.

KHIPRO EAST

- Civil works for 1st exploration well Khipro East X-1 are in progress.
- Acquisition of 399 Line Km 2D seismic data over eastern lead along with its processing was completed. 187 Line Km 2D seismic data was acquired during the year.

KOTRI

- 4th exploration well, Yasar X-1 was completed as a gas/condensate producer. During testing, well flowed 3.2 MMscfd of gas and 475 bbl/d of condensate. Preparations are underway for the production through EWT.

MALIR

- Reprocessing of 2D seismic data was completed. Structural modelling study is being initiated to further de-risk a prospect.

NAUSHAHRO FIROZ

- Drilling of 3rd exploration well Nusrat X-1 (Hor) was completed & multistage acid frac job performed.
- Evaluation of post-acid frac testing results is in progress.
- PSDM processing of 340 Sq Km 3D seismic data is in progress.

SHAH BANDAR

- 1st exploration well Benari X-1 (ST-2) was announced as a discovery. During testing, well flowed 9.05 MMscfd of gas. Preparations are underway for early commencement of production.
- Seismic inversion feasibility study has been completed.
- Reprocessing of vintage 3D seismic is in progress to mature other leads.

- SIRANI**
 - PSDM processing, interpretation & mapping of acquired 312 Sq. Km 3D seismic data has been completed.
 - One prospect located in marshy area has been matured. Scope of work for civil works and logistics is under process.
- SORAH**
 - Block was granted to the Company as an operator on 20 June, 2019 in the latest bidding round.
 - In house G&G evaluation is in progress.
- ZAMZAMA SOUTH**
 - Relinquishment notice was submitted to DGPC due to remaining low prospectivity of the block. DGPC approval is awaited.
- JUNGSHAHI**
 - NOC from Ministry of Defence for activities in the northern part of the block is awaited.
 - Reprocessing of 2D seismic data has been completed and interpretation is in progress to evaluate the remaining block prospectivity.

PPL Operated Frontier Blocks

Activities in PPL Operated Frontier Blocks are summarised below:

- BARKHAN**
 - Remaining block prospectivity evaluation is underway to decide the way forward.
- BELA WEST**
 - Bela West X-1 was successfully spud-in at a remote location with 3,000 HP rig deployed for the first time at the Company's drilling locations. Currently drilling is in progress.
 - Reprocessing of 536 Line Km (PSTM) and 120 Line Km (PSDM) of 2D seismic data completed.
- HAB**
 - Drilling of 3rd exploration well, Nooh X-1 is in progress.
 - Exploration well Hab X-1 was announced as a discovery. During testing, well flowed 0.08 and 0.02 MMscfd of gas from different zones. Well has been suspended for further evaluation.
 - Feasibility study for Hab X-1 appraisal is in progress.
- KALAT**
 - Interpretation and mapping of newly acquired 46 Line Km 2D over Kalat X-1 and 346 Line Km 2D in southern part of the block has been completed. 194 Line Km 2D was acquired during the year.
 - Acquisition and interpretation of 2,778 Line Km Gravity & Magnetic data has been completed.
 - Preparations are underway to start civil works of 2nd exploration well Murad X-1.

- KHARAN, KHARAN EAST & KHARAN WEST**
 - Interpretation and mapping of acquired 820 Line Km 2D seismic data was completed to mature deeper untested plays / leads into drillable prospects.
 - Microbial Geo-Chemical Exploration (MGCE) survey and its 4G (Geology, Geophysics, Geo-Microbial & Geo-Chemical) integration was completed.
 - Acquisition of 750 Sq. Km 3D seismic data is planned.
- KHUZDAR**
 - Acquisition of 100 Line Km 2D seismic data is planned to mature remaining leads into drillable prospects, subject to security clearance.
- MARGAND**
 - Interpretation and mapping of newly acquired 261 Line Km 2D seismic data has been completed.
 - Drilling of 1st exploration well Margand X-1 is in progress.
- MUSAKHEL**
 - The block was granted to the Company as an operator in the latest bidding round.
 - In-house G&G evaluation is in progress.
- NAUSHERWANI**
 - Interpretation and mapping of in-house reprocessed 2D seismic data (644 Line Km) has been completed.
 - Acquisition of 50 Line Km 2D seismic is planned.
- SOUTH KHARAN**
 - Interpretation and mapping of newly acquired 775 Line Km 2D seismic data is in progress to mature leads into drillable prospects.

PPL Operated North Blocks

Exploration activities in respect of PPL Operated North Blocks are summarised below:

- DHOK SULTAN**
 - Drilling of exploration well Dhok Sultan X-1 ST-3 has been completed. During testing, well flowed ~3,800 bbl/d along with 7 MMscfd of gas. EWT preparation is in progress.
 - Drilling of 2nd exploration well Dhok Sultan South X-1 is in progress.
 - Acquisition of 175 Sq. Km 3D Seismic data has been completed.
 - 2D/3D seismic data processing up to PSDM/RTM level is in progress.
- HISAL**
 - 1st exploration well Misrial X-1 was plugged and suspended.
 - In-house G&G evaluation is in progress.

- KARSAL**
- Drilling of 1st exploration well Talagang X-1 was completed as a discovery. During testing, well flowed 313 bbl/d. Well is suspended for further evaluation.
 - 2D/3D Seismic data processing upto PSDM level is in progress.

- SADIQABAD**
- Drilling of 3rd exploration well Cholistan X-1 is in progress.
 - 2D seismic data reprocessing up to PSDM level is in progress.

Partner Operated Exploration Blocks

Exploration activities in respect of Partner Operated Blocks are summarised below:

- BASKA**
Operator: ZHENHUA
- Farm-in agreement has been signed. Assignment agreement and transfer of Operatorship from ZhenHua to PPL has been submitted to DGPC for approval.

- DIGRI**
Operator: UEPL
- Drilling of 4th exploration well Gulsher-1 was completed as a discovery and immediately put on production. During testing the well flowed 1,056 bbl/d of liquids.
 - Drilling of Appraisal well Gulsher-2 was also completed. The well is suspended for further evaluation.
 - Microbial Geochemical Exploration Survey is in progress to de-risk hydrocarbon charging issue over identified leads.

- GHAURI**
Operator: MPCL
- Exploration well Dharian-1 ST-3 has been completed as an oil discovery from Khewra Formation, whereas exploration well Miraj-1 is under drilling.
 - Acquisition of ~100 Sq. Km 3D seismic data over Harno West lead is planned.

- KIRTHAR**
Operator: POGC
- Acquisition of 67 Line Km 2D & 235 Sq. Km 3D seismic data has been completed.
 - Exploration well Roshan-1 was P&A.

- KOTRI NORTH**
Operator: UEPL
- Drilling of 3rd exploration well, Unarpur-1 was completed and announced as a discovery. During testing the well flowed ~15 MMscfd of Gas. Production was commenced from Unarpur-1 EWT, subsequent to year end.

- KUHAN**
Operator: UEP BETA
- Block is under Force Majeure since 16 December, 2016.

- JHERRUCK**
Operator: NHEPL
- No activity was carried out during the year.

- NASHPA**
Operator: OGDCL
- Acquisition of 195 Line Km 2D seismic data was completed.
 - Mela-5 was tested and completed as a gas producer and discovery was declared in Samanasuk Formation.
 - Exploration well Khanjar-1 was P&A, whereas exploration well Shawa X-1 was declared as P&A subsequent to year end.

- OFFSHORE INDUS G**
Operator: Eni
- 1st exploration well Kekra-1 was P&A.
 - Post well evaluation of Kekra-1 and evaluation of remaining block prospectivity is in progress.

- OFFSHORE INDUS C & N**
Operator: Eni
- Activities in Blocks C and N are being evaluated based on Kekra-1 results.

- PAHARPUR**
Operator: KUFPEC
- Exploration well Paharpur X-1 was P&A.
 - In-house G&G evaluation is in progress.

- PEZU**
Operator: OGDCL
- 2D Seismic data processing up to PSTM level was completed. Interpretation / mapping is in progress.
 - In-house G&G evaluation is in progress.

- QADIRPUR**
Operator: OGDCL
- Exploration well Qadirpur Deep-1 was completed in shallow reservoir (SUL) due to simultaneous flow of gas and severe mud losses in SML. Therefore, exploration target could not be reached.

- SUKHPUR**
Operator: Eni
- Operator Eni has submitted notice to DGPC for relinquishment of the block. The Company has applied for retention of Sukhpur Block with 100% working interest and operatorship. Matter is under consideration of DGPC.

- TAL**
Operator: MOL
- 152 Sq. Km 3D seismic data acquisition is in progress out of which 79 Sq. Km 3D was acquired during the year.
 - Exploration well Mamikhel Deep-1 was plugged & suspended.
 - It is planned to acquire 3D seismic data in Tal West.

PPL Subsidiaries

- PPL Asia E&P B.V. BLOCK-8, IRAQ**
- Drilling of 1st exploration well, Madain-1 is in progress.

- PPL Europe E&P Limited BLOCK 29 – YEMEN**
Operator: OMV Yemen
- Production Sharing Agreement had been terminated. Efforts are being made for release of bank guarantee.

- BLOCK 3 – YEMEN**
Operator: TOTAL
- The block is under Force Majeure since 23 April, 2015 due to unrest.

- ZIARAT**
Operator: MPCL
- Exploration well Bolan East-1 was successfully completed as oil discovery from Chiltan, Moro & Mughalkot reservoirs.
 - Early Processing Facility for Bolan East-1 discovery was successfully constructed. Commencement of EWT production awaits regularization of commercial matters.

- HARNAI**
Operator: MPCL
- In-house G&G evaluation of deeper potential is in progress.

Technical Services - Reservoir Modelling

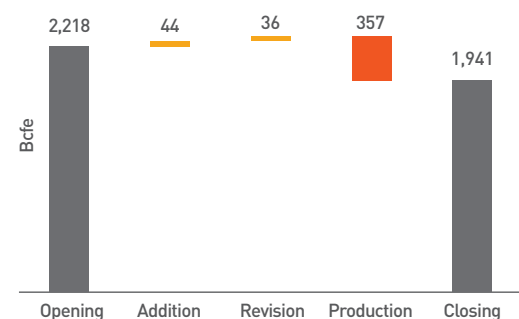
Reservoir Modelling is a specialist technical group developed under the umbrella of Technical Services to create value through integrated subsurface studies with the primary focus on 3D reservoir simulation. Moreover, this group is also carrying out the appraisal and development of the new discoveries.

An in-house 3D reservoir simulation study was completed for the Adam West field in Hala block while similar studies are ongoing for Shahdadpur, Zafir, Shahdadpur West and Kandhkot fields. These reservoir studies will provide better understanding of the reservoir performance, identify production optimization and reserves enhancement opportunities. The in-house resource utilization has also resulted in considerable savings.

Reserves Management

Based on hydrocarbon reserves revisions, additions and production for the year, the Company's 1P Reserves Replacement Ratio (RRR) stands at 23 percent. The new additions have come primarily due to Adhi South X-1 (Adhi), Badeel X-1 & Hadaf X-1 (Gambat South) discoveries. The Company is making efforts to optimize the existing discoveries and explore in high-risk & high-reward frontier areas for enhancing the RRR.

Movement in PPL Net Proven(1P) Reserves during 2018-19 (Bcf equivalent)

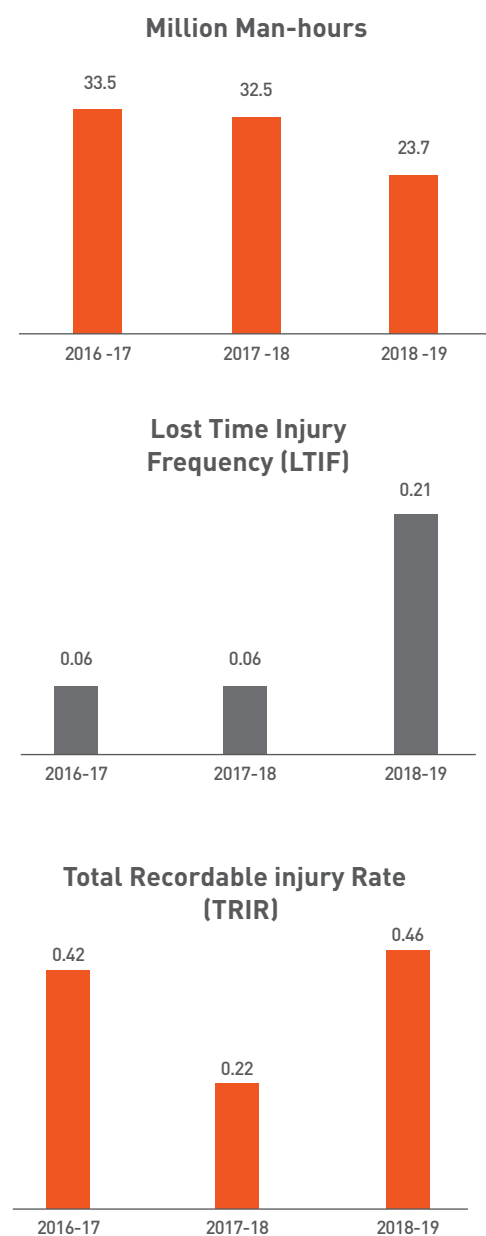


Quality, Health, Safety and Environment (QHSE)

QHSE is an integral part of your Company's business planning, strategic decision making and target setting. Engagement of staff through various QHSE activities is ensured for inculcating a culture of safety across the organization. In addition, the Company actively monitors the impact of its activities on the environment and ensures compliance with prevailing laws.

Key Performance Indicators and Incidents

Graphs of Million Man-hours, Lost Time Injury Frequency (LTIF) and Total Recordable Injury Rate (TRIR) are provided for Company plus contractor data.



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

- During drill pipe laying down, winch hook got unlatched and the drill pipe fell down from the rig floor, hitting a contractor worker who could not survive fatal injury.
- Flash fire occurred in mess area due to pouring of spirit on ignited charcoal. A

contractor's cook got partial burns on right arm & legs.

- While refuelling wheel loader, a helper slipped, fell on ground and suffered fracture in his left arm.
- While moving towards the camp area at a construction site, an ambulance overturned resulting in backbone injury to a contractor's surveyor.
- While replacing the belt of lathe machine, a welder sustained injury on his right hand thumb.

QHSE Focus Areas

The key QHSE focus areas are as follows:



Initiatives were taken in all focus areas during the period. A summary of key initiatives is presented in the QHSE section of the Annual Report.

Financial Overview

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

	2018-19 Rs. Million	2017-18 Rs. Million
Profit before Taxation	79,931.204	63,436.313
Taxation	(18,298.840)	(17,748.677)
Profit after Taxation	61,632.364	45,687.636
Unappropriated profit as at 1st July, 2018/2017	160,294.259	135,971.165
Dividend Equalisation Reserve as at 1st July, 2018 / 2017	2,535.354	2,535.354
	224,461.977	184,194.155

Appropriations during the year

Final dividend for the year 2017-18 on Ordinary shares @ 15% (2016-17: 60%)	(2,957.577)	(11,830.305)
Issuance of 15% bonus shares to ordinary share holders (2016-17: Nil)	(2,957.577)	-
Interim dividend for the year 2018-19: Nil (2017-18: 40% on ordinary shares and 30% on convertible preference shares)	-	(7,886.906)
Other Comprehensive Income (re-measurement losses)	(457.770)	(1,647.331)
Balance as at June 30, 2019/2018	218,089.053	162,829.613

Subsequent Effects

The Board of Directors of the Company in its meeting held on 25 September, 2019, proposed the following:

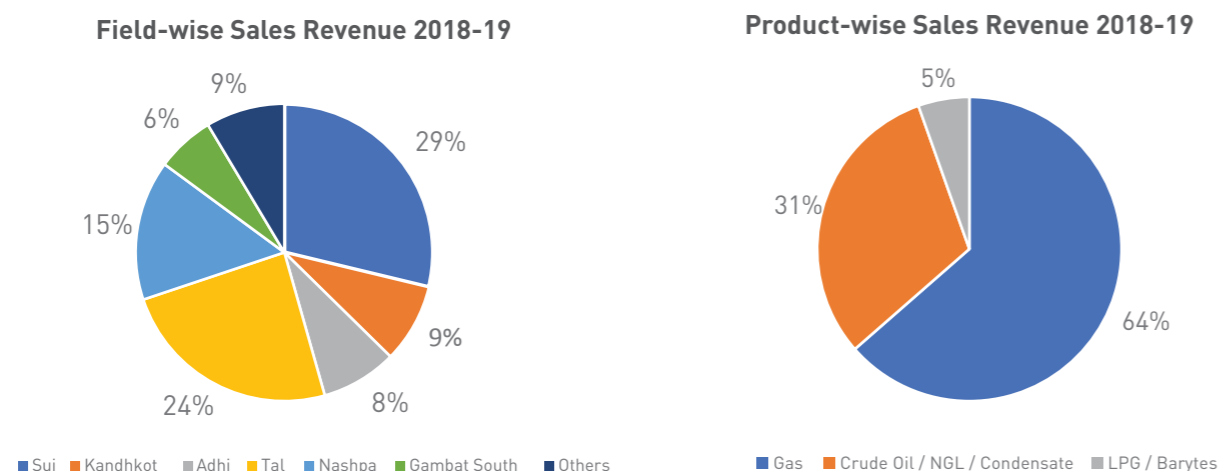
Final dividend on ordinary shares and preference shares @ 20% (2017-18: 15% on ordinary shares and Nil for preference shares)	4,534.973	2,957.577
Issuance of 20% bonus shares to ordinary shareholders (2017-18: 15%) and 10% to preference shareholders (2017-18 Nil)	4,534.963	2,957.577
	9,069.936	5,915.154

Sales Revenue

Sales revenue has increased by Rs 37,680 million during the current year as compared to the corresponding year. The increase is due to positive variance on account of price (including exchange rate) amounting to Rs 37,556 million, coupled with positive volume variance of Rs 124 million.

Positive price variance is due to increase in average international crude oil prices from US\$ 61.5/bbl in the corresponding year to US\$ 68.3/bbl during the current year, further augmented by devaluation of Pak Rupee against US Dollar (average exchange rate for the current year was PKR 136.37 / US\$ as compared to PKR 110.07 / US\$ during the corresponding year).

The field-wise and product-wise Company's sales revenues are analysed below:



Sales Volumes

	Unit	Year ended 30 June, 2019	Year ended 30 June, 2018
Natural Gas	MMCF	278,296	284,013
Crude Oil / NGL / Condensate	BBL	5,753,564	5,801,260
LPG	Metric Tonnes	117,194	95,100
Barytes *	Metric Tonnes	100,284	85,545

* Total gross sales volume of baryte powder and baryte ore, made by BME aggregated to 228,310 metric tonnes during the year. After eliminating the sales made by BME to PPL and applying 50% share of PPL, net volume is reported as 100,284 metric tonnes.

Profitability

Earnings per Share (EPS) of the Company for the year stood at Rs 27.18 against Rs 20.15 (restated) for 2017-18, registering an increase of 35%. The main reason for higher profitability is an increase in sales revenue as explained above and significant increase in other income, partially offset by increase in exploration expenses, operating expenses (under the head of depreciation & amortisation) and levies (increased in line with sales).

Increase in other income is due to i) exchange gain due to substantial devaluation of Pak Rupee against US Dollar (closing exchange rate as at June 30, 2019 stood at PKR 164.50 / US\$ as compared to PKR 121.6 / US\$ in the corresponding year) ii) reversal of impairment loss on investment in PPL Europe E&P Limited (as fully explained in note 6.2.2).

Increase in exploration expenses is primarily due to higher cost of exploratory wells charged to profit or loss during the current year.

Dividend

Subsequent to year-end, the Board of Directors have recommended payment of final cash dividend of Rs 2.00 per share (20%) on ordinary shares, Rs 2.00 per share (20%) on convertible preference shares, 20% bonus shares to ordinary shareholders and 10% bonus shares to convertible preference shareholders for the year ended June 30, 2019.

Contribution to National Economy

Your Company is a significant contributor to the national economy. The Company's share of natural gas, oil and LPG sold from operated and partner-operated fields for the financial year 2018-19 in terms of energy was equivalent to over 152,000 barrels of crude oil per day, resulting in annual foreign exchange savings of around US\$ 3.8 billion, assuming an average crude oil price of US\$ 68.32 / bbl.

The Company added another Rs 65 billion to the national exchequer on account of income tax, royalties, excise duty, sales tax, windfall levy, petroleum levy, GDS, GIDC, WPPF and dividends.

Group Performance

Financial statements of the Group reflected increase in consolidated profitability by 30%. Group sales revenue was recorded at Rs 164,366 million while profit-after-tax stands at Rs 59,459 million in 2018-19, compared to Rs 126,621 million and Rs 45,826 million, respectively, in 2017-18. During the year, PPLE contributed around Rs 476 million to the Group's revenue.

Brief profiles of subsidiary companies are mentioned in note 1 to the Company's consolidated financial statements.

People and Human Resources

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

Employment and Organizational Structure

The Company's employment strategy to support exploration, drilling and production optimization plans, continues to capitalize on market conditions and hire seasoned professionals on merit through a transparent and multi-tiered screening process.

In order to review the current organizational structure and identify changes which can bring in efficiency and cost optimization, a review committee was formed by the MD, consisting of senior management. The review committee held detailed sessions and analysed current organizational structure viz-a-viz Company's historical structure, benchmarking studies and industry practices. Evaluation is underway for optimization of the organizational structure.

Policies and Procedures

- To support the organization's transformation, a number of human resource management policies and procedures were streamlined resulting in simplification, better controls, cost saving and alignment with best industry practices.
- The cross-functional, inter and intra-locational rotation of staff continues to provide diversified work exposure, better business insight, flexibility and succession planning.

Performance Management and Reward System

- In the quest to continuously improve HR systems for the betterment of the organization and our staff, Board and Management recognised a need to review and improve Performance Appraisal System. Accordingly, a reputable consulting firm was hired, who after an extensive review of the current performance management system and the systems being used by other renowned organizations, has proposed improvements in performance management system.
- Pay-for-Performance scheme was strengthened to promote culture of merit for recognizing and rewarding high performing employees.
- In order to ensure that the Company's remuneration is in line with the market, a comprehensive salary survey of benchmark companies in the oil and gas sector was conducted.

Major Initiatives in Learning & Development

In order to enhance the alignment between Company's Vision, Values and desired Competencies/ Behaviours, the Company decided to review its corporate values in 2018. Following approval from the Board of Directors, revised Corporate Values were rolled out at Head Office and all field locations. VRISE, simple yet powerful acronym of Value-Creation, Respect, Integrity, Serve the Nation and Empowerment, were brought to life and instilled in the culture of the organization.

Since the Company's leaders have the highest impact on our Company's success, there has been a significant focus on enhancing their ability to deliver extraordinary results. For this purpose, after identifying Coaching as a tool to increase employee engagement as well as endorse learning and growth, extensive trainings were conducted for senior management on Coaching Conversations to equip them with the concepts and tools to implement them at workplace.

On the international front, as part of Exploration, Development and Production Service Contract signed between PPL-Asia and Midland Oil Company (MOC), two batches of Iraqi delegates from MOC visited Pakistan in December 2018 and March 2019. The delegates were offered capacity building development opportunities ranging from online and face-to-face English language sessions, Management Development Programs, as well as technical trainings relevant to their disciplines.

Industrial Relations

Harmonious working environment and cordial industrial relations prevailed at all locations of the Company.

Employment of Special Persons

The Company is complying with the mandatory requirement of employment under the special person's quota in accordance with Section 10 of the Disabled Persons (Employment Rehabilitation) Ordinance, 1981.

Business Ethics and Anti-Corruption Measures

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



Corporate Social Responsibility

Corporate Social Responsibility (CSR) is deeply embedded in the culture of the Company since inception, which commenced its commercial business in the 1950s. CSR activities originate from the Company's Board and the management's objectives to play a meaningful role for betterment of the communities at its operating areas in particular and the society in general.

The CSR program includes focus areas such as education, health, sports, alternate energy, infrastructure and skill development for socio-economic upliftment of underprivileged communities. To further the program, the Company has a policy to dedicate 1.5% of its annual pre-tax profits on promotion of welfare activities under CSR. For the purpose, the Company engages all stakeholders i.e. local communities, public representatives, government officials and civil society organizations in all phases of project cycle to ensure transparency and ownership. During the year, the Company spent a significant amount of Rs 1.308 billion on CSR activities in PPL operated areas (gross basis).

The Company's CSR contributions have been recognised by Pakistan Centre for Philanthropy (PCP), an organization working to promote and record philanthropy and corporate givings in Pakistan through its annual philanthropic research surveys. In PCP's latest philanthropic survey carried out for the year 2017, PPL was once again declared as the largest Philanthropic/CSR entity of Pakistan by volume of CSR contributions. During the last 14 surveys conducted by PCP, your Company has been conferred 12 awards for the largest philanthropic corporate in Pakistan by volume of CSR contributions.

The major CSR programs of your Company are mentioned in the following paragraphs:

Education

As investing in formal education empowers communities, the Company developed school infrastructure and provided furniture to functional government schools at its producing areas. Three PPL-TCF primary schools and one secondary school of PPL Welfare Trust continued to run in Kandhkot, benefitting more than 600 students, half of them girls. Furthermore, PPL Chair in Petroleum Engineering at Mehran UET, Jamshoro remained functional, and continued to make efforts to achieve its objectives.

The Company provided the following scholarships to deserving students:

- 145 students were awarded scholarships to pursue higher professional level education.
- 134 students belonging to Balochistan were awarded scholarships to continue their education from classes 9 to 12 under a four-year education program.
- 100 scholarships were awarded to local students of Sui town to pursue their education at FC Public School and College, Sui, District Dera Bugti.
- 30 differently abled children of District Sanghar and Matiari were awarded scholarships to pursue primary and secondary level education at the Deaf Reach School at Rashidabad, operated by the Family Education Services Foundation (FESF).

Skill Development

A large number of youth in the Company's producing areas is unemployed. To provide skill development opportunities, the Company partnered with the Hunar Foundation, and awarded scholarships to 39 students to acquire a technical diploma recognised by the City & Guilds Skill Development Institute, UK. Furthermore, over 600 young men and women were trained at PPL's vocational training centers at Sui and Adhi, enabling them to contribute to the society in a positive manner.



Healthcare

The Company took healthcare to the doorstep of host communities, with over 77,000 patients being provided free of cost consultation, treatment and medicine at the Sui Field Hospital and Public Welfare Hospital, Sui. Additionally, mobile dispensaries operating at Mazarani, Kandhkot and Gambat South fields and the medical dispensary at Mastala, District Rawalpindi jointly benefitted over 92,000 patients.

Six surgical eye camps were organised in the areas surrounding the Company's operated assets at Sui, Kandhkot, Adhi, Mazarani and Shahdadpur benefitting more than 20,000 patients. Financial assistance was also provided to the Marie Adelaide Leprosy Center (MALC), at Kandhkot.

Free Gas and Water Supply

The Company continued to provide free gas to the residents of Sui town. In addition, the Company provides free water to the entire town improving their quality of life.

Infrastructure Development

Your Company continued its contribution in infrastructure development through construction of roads and bridges in District Kashmir and Sanghar, benefitting the communities by connecting farmers with the nearest markets.

Sports and Cultural Activities

The Company supported blind cricket in the second PPL Blind Cricket Trophy 2018 held in Peshawar; and Pakistan Blind Cricket Council's Nepal-Pakistan Women Blind Cricket Series in Islamabad.

Information Technology

The Company is continuously striving to add business value through industry-leading strategic initiatives and improved services delivery to maximize process automation, organizational performance, agility, enhanced information security, governance, risk management and compliance. Key highlights of the year are presented below:

PILLARS OF IT STRATEGY	
Service Delivery	Resilient and Secure Infrastructure
Business Process Automation	Information Security
Technical Advantage	Unified Communication

Business Systems

SAP ERP and Business Applications have been strengthened through several business process integrations, providing significant benefits in terms of online reporting, information governance and less-paper initiatives. Key processes implemented during the year include:

- Audit & Inspection QHSE Software Module
- Enhancements in SAP Employee Self Service Portal
- Enterprise Content/Document Management System
- Cloud-based Budgeting & Planning System
- Position-based SAP Authorization System

IT Infrastructure

Infrastructure team ensures deployment of latest technology in information security, database, mobility and maintenance of a resilient environment. Key highlights were:

- In-house SAP HANA platform migration project has been completed. Implementation is planned for next year.
- A state of the art Disaster Recovery Site has been established in Islamabad to enhance resilience.
- Roll-out of Rights Management System (RMS) to protect business data as per individual needs of end users.
- Wireless network expansion at warehouses to provide connectivity for bar code based inventory management system.
- SAP Fiori roll-out for management staff for user friendly solution.

- Storage upgrade for Seismic Data Processing facility.
- Customised solution for direct transmission of well site reporting to Head Office.

Outlook of Technology plan

Some of the key projects planned are:

- Compliance of Head Office datacenter operations to EPI's Datacenter Operation Standard Maturity level III
- Setting up of Security Operations Center at Head Office
- Implementation of SAP S/4 HANA
- Robotic Process Automation
- SAP Success Factors Performance & Goals Management System
- Microsoft Teams roll-out for all users to improve collaboration and synergy
- Deployment of modern Zero Day Attack protection solution to safeguard company's Information Assets from unknown and evolving threats

Business Continuity Management System (BCMS)

The Company considers Business Continuity as an important element of management responsibility and is committed to safeguard interest of all its stakeholders. The objective of BCMS is to provide plans and procedures to enable organization to continue its defined critical business functions post incidents causing business interruption and minimize risks arising out of such events to an acceptable level.

Subsequent to in-house operational business impact assessment exercise, business resumption plans of all departments were updated. To ensure organizational resilience post disruptive incident, more than 20 awareness and validation sessions were conducted with users. All major procedures including business continuity plan, incident management plan, testing and business continuity governance have been updated.

Corporate Governance

Operations of The Board

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

The Board aligns the organization with its vision and mission, and sets strategic goals of the Company. The Board approves major policies, makes major decisions, oversees performance and serves as an advisor to the Chief Executive Officer (CEO). The Board carries out its fiduciary duties with a sense of objective judgment and in good faith in the best interests of the Company and its stakeholders.

The Board has established seven Board Committees to support it in performing its functions efficiently and for assistance in the decision making process. The Board Committees function according to their respective Terms of Reference.

The Board has delegated certain powers for facilitating the business of the Company to the CEO and has approved the limits of authority of the management.

Composition of the Board

The names and status of the directors are set out in the 'Company Information' section of the Annual Report 2019. The names of directors during the financial year are disclosed in the "Attendance of Board and Committee Meetings" section of this Annual Report.

The independent directors have declared their independence as required by Regulation 6(2) of the Listed Companies (Code of Corporate Governance) Regulations, 2017.

Diversity on the Board

The Company has a diverse Board with a blend of professionals, having experience and qualifications in leadership and governance, economics and finance, engineering, and exploration and production. The Board is composed of five, including one female, independent directors, three non-executive directors and the Chief Executive Officer.

Profiles of Directors

The profiles of the directors, including their education, experience, involvement and engagement in other organisations are set out in the "Profiles of the Board of Directors" section of the Annual Report 2019.

Roles of the Chairman and the Chief Executive Officer

The office of the Chairman of the Company is separate and the responsibilities of the Chairman are distinct from those of the CEO. The Chairman ensures that the Board works properly and all matters relevant to the governance of the Company are placed on Board agendas. The Chairman fixes the agenda and conducts meetings in a conducive manner, and encourages directors to fully participate in the deliberations and decisions of the Board. The Chairman leads the Board and ensures its effective functioning and continuous development of the members.

The Chief Executive Officer is responsible for the management of the affairs of the Company under the direction and oversight of the Board. The CEO implements strategies and policies approved by the Board and makes appropriate arrangements to ensure that funds and resources are properly safeguarded and are used economically, efficiently and effectively, and in accordance with all statutory obligations.

Board Committees

The salient features of the Terms of Reference of the Board Committees are set out in the "Board Committees" section of this Annual Report.

20 meetings of the Board of Directors and 33 meetings of the Board Committees were held during the financial year. The details of attendance by the directors of meetings of the Board and Committees are set out in the "Attendance of Board and Committee Meetings" section of the Annual Report 2019.

Annual Performance Evaluation

Pursuant to the Public Sector Companies (Corporate Governance) Rules, 2013, the evaluation of the performance of the Board shall be undertaken by the Federal Government.

The Board evaluated the performance of the CEO during the year against pre-determined operational, tactical and strategic objectives. The Federal Government will also evaluate the performance of the CEO.

Orientation Course for the Directors

The directors appointed during the year were given a briefing on the business, operations and environment of the Company as well as the duties of directors. The Memorandum and Articles of Association of the Company and the Quarterly and Annual Reports of the Company were included in the welcome packs for the directors. A comprehensive orientation programme for the directors is planned to be held on corporate governance, internal controls and the operations of the Company.

Directors' Training Program

The directors are aware of their duties and strive to discharge them according to the highest standards. Five of the directors are certified under various directors' training programmes. Directors' training is being arranged for the remaining directors.

Remuneration to Non-Executive Directors

The Company does not pay any remuneration to non-executive directors except fees for attending meetings of the Board and committees.

Additional Directorships held by the Executive Director

The CEO of the Company is also a director of the Company's wholly owned subsidiary, PPL Asia E&P B.V. and, for a brief period, was a pro bono chief executive officer of the Petroleum Institute of Pakistan which is a non-profit organization.

Transactions with Related Parties

Related party transactions are carried out on commercial terms and the details thereof are placed periodically before the Board Audit Committee for review and recommendation to the Board for approval. Any interest in related party transactions by the members of the Board is disclosed by them to the Company. The details of related party transactions with them are disclosed in note 42 of the notes to the Company's unconsolidated financial statements for the year ended June 30, 2019.

Board Meetings held outside Pakistan

No meeting of the Board was held outside Pakistan.

Conflict of Interest relating to the Board of Directors

The Company's Code of Conduct for the Board of Directors requires every director to avoid any conflict of interest between the director and the Company, its associated companies, subsidiaries and undertakings. Any situation that involves, or may reasonably be expected to involve, a conflict of interest with the Company, is required to be disclosed promptly by the concerned director to the Company.

Any matter of conflict of interest relating to the directors is dealt with in accordance with the applicable provisions of the Companies Act, 2017, the Public Sector Companies (Corporate Governance) Rules, 2013, the Listed Companies (Code of Corporate Governance) Regulations, 2017, and the Articles of Association of the Company. Any person who intends to become a director of the Company has to submit a declaration that he is aware of the powers and duties of a director as required by the law.

Internal Audit

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

Significant Policies

The significant policies of the Company include:

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

Investors' Grievance

The Company takes all possible measures to address any grievances of investors within the shortest possible time. Investors can make

complaints or inquires by completing the online feedback and complaints form available on the Company's website. The Share Registrar of the Company is the interface for investors and any complaints or inquiries can be lodged with them by way of letter, facsimile, email or a telephone call.

Engagement with Stakeholders

The Company assigns utmost importance to the views of its investors. A question and answer session is held at the Annual General Meetings (AGM) of the Company, in which inquiries by the stakeholders are responded in detail. A corporate briefing session is planned to be held in accordance with the recent notification of the Pakistan Stock Exchange on the subject.

The issues raised at the last AGM and the decisions taken in respect thereof are recorded in the minutes of the meeting. The minutes were submitted to the Pakistan Stock Exchange and copies will be available for the investors free of charge at the AGM.

The Federal Government is the major shareholder of the Company. The directors, including non-executive directors, are aware of the views of the major shareholder about the Company and share them with the Board and the management.

Minority Shareholders

The Company recognises and respects the interests of all stakeholders, including shareholders, employees, financiers, creditors, business partners and local communities, and values their views. The Company encourages its shareholders and stakeholders to participate at the Annual General Meetings and give their valuable suggestions and feedback. The Company makes the following arrangements:

- Dispatch of notice of the AGM to all shareholders at least 21 clear days prior to the meeting together with the Annual Report.
- Publication of the notice of AGM in an English and Urdu language newspaper having wide circulation in Karachi, Lahore and Islamabad.
- Circulation of the notice of AGM to the shareholders via the online portal of the Pakistan Stock Exchange.
- Dispatching printed copies of the Annual Report to those shareholders who have expressly requested them.
- Facilitation of the shareholders for appointing proxies.
- Selection of centrally located venues for the AGM to facilitate greater participation at the meetings.

Statement of Compliance with The Public Sector Companies (Corporate Governance) Rules, 2013

The Directors are pleased to state that:

- i. The Board has complied with the principles of corporate governance.
- ii. The financial statements prepared by the Company's management present a true and fair view of its state of affairs, results of operations, cash flows and changes in equity.
- iii. Proper books of accounts have been maintained by the Company.
- iv. Appropriate accounting policies have been used in the preparation of the financial statements and any changes in accounting policies have been disclosed. Accounting estimates are based on reasonable and prudent judgment.
- v. Systems of internal control are sound in design and have been effectively implemented, regularly reviewed, and monitored.
- vi. The reasons for significant deviations from the preceding year's operating results have been explained in the relevant sections of the Directors' Report.
- vii. Key operating and financial data for the last six years is given in the "Six Years' Summary" section of the Annual Report 2019.
- viii. Information about outstanding taxes, duties, levies and charges, is given in the notes to the accounts.
- ix. Significant plans and decisions in respect of corporate restructuring, business expansion and discontinuation of operations have been outlined in the Annual Report. Future prospects, risks and uncertainties have also been disclosed in the relevant sections of the Directors' Report.
- x. Appointment of the Chairman and other

directors, the terms of their appointment and remuneration policy, are in the best interests of the Company and in accordance with best practices.

- xi. The Key Performance Indicators relating to the Company's social objectives and outcomes have been disclosed in the relevant sections of the Directors' Report.
- xii. The value of investments in employee retirement funds based on the latest audited accounts as at June 30, 2018 is:

Rs. Million

Senior Provident Fund	3,125.685
Junior Provident Fund	1,365.547
Executive Staff Gratuity Fund	923.410
Non-Executive Staff Gratuity Fund	838.187
Executive Staff Pension Fund	6,868.836
Non-Executive Staff Pension Fund	1,806.211
Executive Staff Pension Fund Defined Contribution (Shariah)	1,503.231
Executive Staff Pension Fund Defined Contribution (Conventional)	552.077

- xiii. The number of meetings of the Board and Board Committees held during the year and the attendance thereat by the respective members have been disclosed in the "Attendance of Board and Committee Meetings" section of the Annual Report 2019. The Board and Committee gave leave of absence to the members who were unable to attend any meeting.
- xiv. Directors only receive directors' fees for attending meeting of the Board and Board Committees. The details of fees paid to each director are included in the Annual Report in the section entitled 'Attendance of Board and Committee Meetings'. The pattern of shareholding in the Company as at June 30, 2019 by certain classes of shareholders and the statements of sale and purchase of shares during the year by directors, executives, their spouses and minor children, are included in the 'Pattern of Shareholding' section of the Annual Report 2019.

Risk Management

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

As part of its role in providing strategic oversight and stewardship, the Board is responsible for maintaining sound risk management and internal control systems through the Board Enterprise Risk Committee (BERC).

Risk management is governed through an Executive Risk Management Committee (ERMC), chaired by the CFO with representation from core and support functions, which facilitates uniform implementation of risk management policies and supports the drive towards fostering a risk

Key Risks:

Key risks faced by the Company and the mitigations implemented to limit their impact within the Company's risk appetite are as follows:

1. HSE Failure

Risk Statement

Failure to comply with existing HSE policies

Impact

Major deviations from standards in the Company's operated assets may result in multiple fatalities or serious injuries, environmental damage or pollution, production loss, and asset or reputational damage

Strategy

- HSE Management System
- Process Safety Management System
- HSE Internal and External Audits
- Automated incident investigation and risk assessment

2018-19 Performance

Fatality of one contractor staff occurred during drilling operations. Specific measures have been taken to avoid recurrence.

2. Reserves Replacement

Risk Statement

Inability to replace reserves or pursue diversified growth initiatives

Impact

- Declining recoverable reserves
- Long term business continuity / sustainability

Strategy

- Frontier focused exploration program
- Continued pursuit of farm-in opportunities
- Approaching GoP with other E&P companies to expedite and announce regular bidding rounds
- Determination of commerciality and development plan for tight gas discoveries
- Evaluation of international E&P opportunities

2018-19 Performance

- Two new blocks were acquired during the bidding round. Tight gas and offshore opportunities were also explored.
- The Company made several discoveries adding reserves.
- Study to rank countries/basins in line with the Company's criteria for international E&P opportunities was completed.

intelligent culture across the Company.

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

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

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

3. Lease Extension (Sui, Kandhkot, Adhi & Mazarani)

Risk Statement

Non-extension or extension at unfavourable terms of mining leases including Sui, Kandhkot, Mazarani & Adhi

Impact

- Suboptimal recovery of hydrocarbons or pre-mature abandonment of fields.
- Major cash outflow upon extension of lease in the form of bonuses

Strategy

- Accelerated production at Kandhkot & Adhi
- Pursuit of gas price revision case in Mazarani, Kandhkot and Adhi and oil price revision case in Adhi
- Continual engagement / follow-up with the Government for further extension in Sui lease / grant of D&PL

2018-19 Performance

- Options to process the additional production from Kandhkot were assessed
- Grant of Sui D&PL was actively followed up
- Provisional extension of Mazarani lease for 3 months was obtained.

4. Project Execution

Risk Statement

Inability to execute projects as per defined cost, scope and timelines

Impact

Delay in first gas / commissioning resulting in opportunity loss

Strategy

- Formal internal review and risk assessment process
- Lessons learnt exercises
- Introduction of EPCM model to provide flexibility in major projects

2018-19 Performance

- GPF III contract terminated. Refer section on Gambat South
- EPCM model was used for Gambat South GPF-IV and Adhi compression. Phase I of GPF-IV was completed while Phase II is in progress
- MDRL has been awarded for BLZ project. Feasibility Study is in advanced stage of completion
- Regulatory approvals are being sought for Hatim / Faiz power plant project

5. Circular Debt

Risk Statement

Default or delay in settlement of Company's bills by customers due to circular debt

Impact

- Adverse cash-flows
- Opportunity loss/cost
- Deferment of work programme

Strategy

- Systematic escalation and follow-up at all levels
- Periodic debtors' assessment
- Actively pursue resolution of technical issues
- Efforts for preferential allocation in funds raised by GoP for the settlement of circular debt

2018-19 Performance

Strategy was revisited to deal with customers through all possible means with high level engagement with government authorities. This risk is largely impacted by external factors beyond Company's control.

6. Windfall Levy on Oil in Tal Block

Risk Statement

Amendment in Petroleum Policy 2012 resulting in retrospective imposition of Windfall Levy (WFL) in Tal Block

Impact

- Payment of WFL since commencement of production. Prospective provision of WFL has already been catered for in books of accounts
- In case of reversal to old policy: financial exposure for reversal of revenues booked in accounts, since commencement of production. However, the WFL provision will also be reversed

Details are mentioned in note 25.1.8 to the Company's unconsolidated financial statements.

Strategy

- Litigation is being contested through external lawyer

2018-19 Performance

Legal proceedings underway. Outcome is dependent on the court decision. Company is reasonable confident for a favourable outcome.

7. Decline in Crude Oil Prices

Risk Statement

Decline in crude oil price

Impact

Lower corporate profitability, adverse project economics

Strategy

- Portfolio stress test in 5-year plan for various price scenarios
- Commercial review of all projects over Rs 500 million before execution

2018-19 Performance

There have been no sharp declines in prices which remained in the range of USD 50 to USD 85 per barrel during the year. Crude oil prices were regularly monitored to assess the impact on short-term and long-term profitability

8. Availability and Development of Required Manpower

Risk Statement

Unavailability of required manpower becoming an impediment in achievement of corporate objectives

Impact

Skill gaps impacting business performance

Strategy

- Mentoring programs
- Staff rotation & succession planning
- Periodic Employee Engagement Survey
- Foster culture for open communication
- Review and revision of performance management system

2018-19 Performance

Action plan derived from the employee engagement survey is under implementation. External consultant was engaged to review staff appraisal system

9. Loss/Tampering of Critical Information

Risk Statement

Loss/tampering or theft of critical information

Impact

Loss of sensitive information, damage to reputation and threat of adverse legal/regulatory action

Strategy

- Implementation of ISO 27001:2013 based ISMS Policy
- Disaster Recovery Plans and data back-ups
- Advanced Rights Management System (RMS) and Multi-factor Authentication (MFA) implemented

2018-19 Performance

Information classification policy was rolled out. The policy is being implemented in a phased manner.

10. Security

Risk Statement

Security incidents at locations disrupting operations and exploration efforts

Impact

Potential loss of life or injury, delays in business activity, damage to reputation

Strategy

- Implementation of Hybrid Security Model
- Continuous liaison with Law Enforcement/Intelligence agencies
- Improved security infrastructure at well sites
- Compliance/implementation of Security SOPs

2018-19 Performance

No major security incident has occurred during the year. The mitigations in place have remained effective.

Business Outlook

Your Company continues to pursue its growth based strategy for exploration and development activities to contribute towards the energy demands of our nation. The Company is committed to actively participate in the upcoming exploration bid rounds to expand and diversify its exploration portfolio as part of its strategy for increasing hydrocarbon reserves.

With the spud-in of Madain X-1 in Iraq in 2019, the Company has become Pakistan's first public sector E&P Company to drill a well internationally. The Company is planning to expand its international portfolio to become a major contributor towards the energy security of Pakistan.

The Company plans to accelerate development of discoveries and optimize its output from existing /mature producing fields. Furthermore, the Company intends to evaluate diversification in minerals and energy sectors and is actively pursuing mining activities in lead, zinc and iron ore.

Subsequent Events

Change of Directors

Mr. Passand Khan Buledi who was appointed director on 26th June, 2019 resigned from directorship of the Company on 3rd September, 2019.

Dividend/Bonus

Subsequent to year-end, the Board of Directors have recommended payment of final cash dividend of Rs 2.00 per share (20%) on ordinary shares, Rs 2.00 per share (20%) on convertible preference shares, 20% bonus shares to ordinary shareholders and 10% bonus shares to convertible preference shareholders for the year ended June 30, 2019. It is subject to approval by the shareholders at the forthcoming Annual General Meeting.

Block award

Subsequent to year end, Punjab block has been provisionally awarded to PPL.

Auditors

The Company's auditors Messrs. A.F.Ferguson & Co., who retire at the forthcoming Annual General Meeting are eligible for reappointment for the year 2019-20 and have been recommended by the Board of Directors for reappointment.



MIR BALAKH SHER MARRI
DIRECTOR



MOIN RAZA KHAN
CHIEF EXECUTIVE OFFICER
AND MANAGING DIRECTOR

Karachi: September 25, 2019

9. اہم معلومات کا گم ہونا اس میں ردوبدل کر دینا

خطرے کا بیان

آگشہ کی اردو بدل کر دینا یا اہم معلومات کی چوری

اثرات

حساس معلومات کا گم/ضائع ہونا، سائبر سیکورٹی اور وفاقی قانونی/ضابطے کی کارروائی کا خطرہ

حکمت عملی

ISO 27001:2013 پر مبنی IT پالیسی پر عمل درآمد

معلومات کے کسی حادثے کی وجہ سے گم/ضائع ہوجانے کی صورت میں تباہی سے بحالی کے منصوبے اور ڈیٹا بیک اپ۔ آپس

ایڈوائس رائٹس مینجمنٹ سسٹم اور ملٹی ٹیکسٹ یوٹیلٹیوں کا نفاذ

2018-19 کی کارکردگی

معلومات کی وجہ بندی کی پالیسی نافذ کی گئی۔ پالیسی کا مرحلہ وار نفاذ جاری ہے۔

10. سیکورٹی

خطرے کا بیان

مقامات پر سیکورٹی کے واقعات جو آپریشن اور دریافتی کوششوں میں خلل ڈالتے ہیں

اثرات

زندگی کا ممکن نقصان یا چوٹ لگنے کا امکان، کاروباری سرگرمی میں تاخیر، سائبر سیکورٹی کو نقصان

حکمت عملی

مرتبہ سیکورٹی ماڈل کا نفاذ

قانون نافذ کرنے والے اداروں اور ملٹی جنس ایجنسیوں کے ساتھ مسلسل رابطہ

کنوڈس کی سائٹ پر بہتر سیکورٹی انفراسٹرکچر

سیکیورٹی SOPs کا نفاذ

2018-19 کی کارکردگی

سال کے دوران سیکورٹی کا کوئی بڑا واقعہ پیش نہیں آیا۔ سیکورٹی کے آپریشنل علاقوں میں سیکورٹی کے خطرات کو کم کرنے کے لئے کئے جانے والے اقدامات کارآمد رہے۔

کاروباری نقطہ نظر

قوم کی توانائی کی طلب کو پورا کرنے کے لیے آپ کی سیکورٹی اور دریافتی اور ترقیاتی سرگرمیوں کے حوالے سے اپنی حکمت عملی پر عمل پیرا ہے۔ سیکورٹی ہائیڈرو کاربن ذخائر میں اضافے کے لیے اپنی حکمت عملی کے تحت اپنے دریافتی پورٹ فولیو کو وسعت دینے اور متنوع بنانے کے لیے آئندہ بولی کے مراحل میں بڑھ چڑھ کر حصہ لینے کے لیے پرعزم ہے۔

2019 میں عراق میں اپنے آپریٹنگ بلاک 8 میں پہلے دریافتی کنونٹس مائن 1-X کی کھدائی کر کے، آپ کی سیکورٹی پاکستان کی پہلی پبلک سیکورٹی ایجنٹس کی سیکورٹی بن گئی ہے جس نے بین الاقوامی سطح پر کنونٹس کی کھدائی کی ہے۔ سیکورٹی پاکستان کی توانائی کی بڑھتی ہوئی ضروریات کو پورا کرنے کے سلسلے میں اہم شراکت دار بننے کے لیے اپنے بین الاقوامی پورٹ فولیو کو بڑھانے کی منصوبہ بندی کر رہی ہے۔

سیکورٹی دریافتوں سے ممکن پیداوار کے جلد حصول اور موجودہ اپنی پیداواری فیملڈز سے اپنی پیداوار کو بہتر بنانے کا منصوبہ رکھتی ہے۔ مزید برآں، سیکورٹی معدنیات اور توانائی کے شعبوں میں متنوع کے لئے تجویز کرنے کا ارادہ رکھتی ہے اور سبسائیڈز اور عام لوہے میں کان کنی کی سرگرمیوں کے لئے پیش رفت کر رہی ہے۔

بیلنس شیٹ کے بعد کے واقعات

ڈائریکٹرز کی تبدیلی

جناب پاسند خان بلیدی، جو 26 جون 2019 کو ڈائریکٹر مقرر ہوئے تھے انہوں نے 3 ستمبر 2019 کو ڈائریکٹر شپ سے استعفیٰ دے دیا۔

سیکورٹی کا منافع ایوانس

سال کے اختتام کے بعد، سیکورٹی کے بورڈ آف ڈائریکٹرز نے 30 جون 2019 کو ختم شدہ مالی سال کے لئے عمومی حیر پر 2 روپے (20 فیصد) تبدیل پذیر ترجیحی حیر پر 2 روپے (20 فیصد) کے لحاظ سے حتمی منافع تقسیم اور عمومی حیر ہولڈرز کے لئے 20 فیصد بونس حیر اور تبدیل پذیر ترجیحی حیر ہولڈرز کے لئے 10 فیصد بونس حیر کی ادائیگی کی سفارش کی ہے۔ منافع تقسیم اور بونس حیر کی ادائیگی آئندہ منعقد ہونے والے سالانہ اجلاس عام میں حیر ہولڈرز کی منظوری سے شروع ہے۔

بلاک ایوارڈ

سال کے اختتام کے بعد، پنجاب بلاک کو عارضی طور پر پی پی ایل کو دیا گیا ہے۔

آڈیٹرز

سیکورٹی کے آڈیٹرز میسرز اے۔ ایف۔ فرگوسن اینڈ سیکورٹی جو آئندہ سالانہ اجلاس عام 2019 میں ریٹائر ہوں گے، وہ سال 2019-20 کے لیے دوبارہ تقرری کے اہل ہیں اور انہیں بورڈ نے دوبارہ تقرری کے لیے تجویز کیا ہے۔

Moin Raja Khan

مصین رضا خان

چیئرمین ڈائریکٹرز/ چیف ایگزیکٹو آفیسر

محمد علی خیر مری

ڈائریکٹر

25 ستمبر 2019

5. گردش قرض

خطرے کا بیان

گردش قرض کی وجہ سے صارفین کے ذریعے کہنی کے بلوں کے تصفیے میں تاخیر یا غفلت

اثرات

نقدی فراہمی میں شدید کمی

موقع الاگت کا ضائع

کام کے پروگرام کا اتواء

حکمت عملی

معاملے کو اعلیٰ سطح تک لے جانا اور ہر سطح پر مسلسل جائزہ لینا

قرض داروں کا دوری تخمینہ

تعمیلی امور کے حل کے لیے فعال طور پر رابطہ کرنا

گردش قرضوں کے تصفیے کے لیے حکومت پاکستان کے جاری کردہ مراسلوں میں ترجیحی رقم مختص کرنے کی کوششیں

2018-19 کی کارکردگی

ہر ممکن وسائل کو بروئے کار لاتے ہوئے صارفین سے غشنے کے لئے بشمول اعلیٰ سطحی سرکاری کام کو شامل کرتے ہوئے حکمت عملی پر نظر ثانی کی گئی۔ اس خطرے کا زیادہ تر اثر بیرونی عوامل کے ذریعے ہوتا ہے جو کہنی کے قابو سے باہر ہے۔

6. نل بلاک میں وٹڈ فال لیوی آئل

خطرے کا بیان

پٹرولیم پالیسی 2012 میں ترمیم کے نتیجے میں نل بلاک میں وٹڈ فال لیوے کو سابقہ طور پر نافذ کیا گیا

اثرات

پیداوار شروع ہونے سے لے کر اب تک ڈبلیو ایف ایل کی ادا ہوئی۔ اکاؤنٹس کے کھاتوں میں ڈبلیو ایف ایل کی مکمل فراہمی کا انتظام پہلے ہی کر دیا گیا ہے۔ پرانی پالیسی کے اطلاق کی بناء پر پیداوار کے آغاز کے بعد سے ہی اکاؤنٹس میں بک ہونے والی آمدن کو پلٹنے کی صورت میں ہونے والا مالی نقصان۔ تاہم ڈبلیو ایف ایل کی فراہمی / گنجائش بھی پلٹ جائے گی۔

اس کی تفصیلات کہنی کے مالیاتی گوشواروں کے نوٹ 25.1.8 میں بیان کی گئی ہے۔

حکمت عملی

بیرونی وکیل کے ذریعے قانونی چارہ جوئی کی جارہی ہے۔

2018-19 کی کارکردگی

قانونی کارروائی جاری ہے۔ اس کا نتیجہ عدالتی فیصلے سے مشروط ہے

7. خام تیل کی قیمتوں میں کمی

خطرے کا بیان

خام تیل کی قیمت میں کمی

اثرات

کاروباری منافع میں کمی، منصوبے کی ضمنی معاشیات

حکمت عملی

قیمت کے مختلف منظر ناموں کے لیے پانچ سالہ منصوبے میں کہنی کے پروگرام پر پڑنے والے ہاؤڈ کا جائزہ

عمل درآمد سے قبل 500 ملین سے زائد کے تمام منصوبوں کا تجارتی جائزہ

2018-19 کی کارکردگی

قیمتوں میں تیزی سے کوئی کمی نہیں آئی ہے جو سال کے دوران 50 امریکی ڈالر سے 85 امریکی ڈالر فی بیرل کی حد میں رہی۔ قیمتیں مدتی اور طویل مدتی منافع پر پڑنے والے اثرات کا اندازہ کرنے کے لیے خام تیل کی قیمتوں کی باقاعدگی سے نگرانی کی گئی۔

8. مطلوبہ افرادی قوت کی دستیابی اور تربیت

خطرے کا بیان

مطلوبہ افرادی قوت کی عدم دستیابی جو کاروباری مقاصد کے حصول میں رکاوٹ بننے

اثرات

مہارتوں کی عدم دستیابی کاروباری کارکردگی پر اثر انداز ہو رہی ہے۔

حکمت عملی

میٹرنگ پروگرامز (تجربہ کار عملے کے ذریعے دیگر عملے کی راہنمائی)

عملے کی گردش اور جانشینی کی منصوبہ بندی

عملے کو شامل کار کرنے کے لئے وقتاً فوقتاً کروائے جانے والے سروے

رابطے بڑھانے کے رواج کو فروغ دینا

کارکردگی کی جانچ کے نظام کا جائزہ اور نظر ثانی

2018-19 کی کارکردگی

عملے کو شامل کار کرنے کے لئے کروائے جانے والے سروے سے متعلق ایکشن پلان پر عمل درآمد جاری ہے۔ بیرونی مشیر کو عملے کی کارکردگی جانچنے کے نظام کا جائزہ لینے متعین کیا گیا تھا۔

اثرات

کچنی آپریٹڈ اثاثوں میں معیار سے بڑے انحراف کے نتیجے میں متعدد اسوات یا سنگین چوٹیں، ماحولیاتی نقصان یا آلودگی، پیداوار میں کمی اور اثاثہ پراساکھ کو نقصان ہو سکتا ہے۔

حکمت عملی

- ایچ ایس ای کا انتظامی نظام
- کام کے دوران تحفظ کی انتظام کاری
- ایچ ایس ای کے داخلی اور بیرونی آڈٹس
- حادثے کی خود کار تشخیص اور خطرے کی تشخیص

2018-19 کی کارکردگی

کھدائی کی کارروائیوں کے دوران ایک ٹیکے دار کے کارکن کی ہلاکت واقع ہوئی۔ یہ خطرہ اب رسک رجسٹر کا حصہ ہے اور دوبارہ ایسے واقعات سے بچنے کے لیے مخصوص اقدامات کیے گئے ہیں۔

2. ذخائر کی تجدید

خطرے کا بیان

ذخائر کی تجدید کرنے یا متوجہ ترقی کے اقدامات کو آگے بڑھانے سے قاصر

اثرات

- قابل پیداوار ذخائر میں کمی
- طویل المدتی کاروباری سلسلے کا استحکام

حکمت عملی

- سرحدی علاقوں پر مرکوز دریا فنی پروگرام
- فارم-ان کے مواقع حاصل کرنے کے لئے مسلسل جدوجہد
- دیگر آپریٹرز کے ساتھ مل کر حکومت پاکستان سے جلد اور متواتر بولی راؤنڈز کا اعلان کرنے کی درخواست
- ٹائٹ گیس کی دریا فنیوں کے لیے تجارتی اور ترقیاتی منصوبے کا تعین
- بین الاقوامی ای اینڈ پی مواقع کی تلاش

2018-19 کی کارکردگی

- بولی کے راؤنڈ کے دوران دو نئے بلاکس حاصل کیے گئے۔ ٹائٹ گیس اور آف شور کے امکانات والے علاقوں میں بھی دریا فنی سرگرمیاں انجام دی گئیں۔
- کچنی نے ذخائر میں اضافے کے لیے متعدد دریا فنیوں کی تلاش
- بین الاقوامی ای اینڈ پی مواقع کے لیے کچنی کے معیار کے مطابق ممالک ایسٹرن کی درجہ بندی کرنے کی ایک تحقیق مکمل ہوئی

3. لیز میں توسیع (سوئی، کندھ کوٹ اور آدھی)

خطرے کا بیان

کان کنی کی لیز کی عدم توسیع یا نامناسب شرائط پر توسیع بشمول سوئی، کندھ کوٹ اور آدھی

اثرات

- ہائیڈروکاربن کی نامکمل بحالی یا فیلڈز کا قبل از وقت ترک کر دینا
- لیز میں توسیع کی صورت میں بولس کی شکل میں بڑی مقدار میں نقد کی فراہمی

حکمت عملی

- کندھ کوٹ اور آدھی سے تیز پیداوار
- کندھ کوٹ اور آدھی میں گیس کی قیمت پر نظر ثانی اور آدھی میں تیل کی قیمت پر نظر ثانی کے معاملے کو آگے بڑھانا
- سوئی لیز میں مزید توسیع اڈی اینڈ پی ایل کی گرانٹ کے لیے حکومت کے ساتھ مستقل رابطہ

2018-19 کی کارکردگی

- کندھ کوٹ سے مزید پیداوار کو بروٹس کرنے کے لئے امکانات کا جائزہ
- سوئی کے لئے ڈی اینڈ پی ایل کی گرانٹ کے خاطر حکومت کے ساتھ مستقل رابطہ رکھا گیا

4. منصوبے پر عمل درآمد

خطرے کا بیان

منصوبوں کو طے شدہ ڈاٹم، دائرہ کار اور متعین وقت کے مطابق نہیں چلانا

اثرات

کچنی گیس پیداوار کے آغاز میں ہونے میں تاخیر کے نتیجے میں اس سے منسلک نفع وقت پر حاصل نہ ہونا

حکمت عملی

- ہائیڈروکاربن کی بحالی اور خطرے کا تجربے کا عمل
- کچنی فیلڈز/تاخیر سے آنے والے منصوبوں کے لئے سبق سیکھنے کی مشقیں
- بڑے منصوبوں میں چک فراہم کرنے کے لیے ای پی ای ایم ماڈل کا تعارف

2018-19 کی کارکردگی

- جی پی ایف-III کا معاہدہ ختم۔ گریٹ ساڈتھ سے متعلق سیکشن ملاحظہ کریں
- ای پی ای ایم ماڈل، جی پی ایف-IV کے لیے استعمال کیا گیا۔ جی پی ایف-IV کا فیرا مکمل ہو گیا جب کہ فیرا پر کام جاری ہے
- جی پی ایف-IV کے لئے ای پی ای ایم ماڈل کی فراہمی کی تحقیق تکمیل کے آخری مراحل میں ہے
- حاتم/فیض پاور پلانٹ منصوبے کے لیے ہاٹ کنڈنسنیشن کی حاصل کی جا رہی ہے

(xiii) سال کے دوران ہونے والے بورڈ اور بورڈ کمیٹیوں کے اجلاسوں کی تعداد اور متعلقہ ممبران کے ذریعے وہاں کی حاضری کا انکشاف، سالانہ رپورٹ 2019 کے سیکشن 'بورڈ اور کمیٹی اجلاسوں میں شرکت' میں کیا گیا ہے۔ بورڈ اور کمیٹی نے ان ممبران کو غیر حاضری کی رخصت دے دی جو کسی اجلاس میں شریک ہونے سے قاصر تھے۔

(xiv) بورڈ اور بورڈ کمیٹیوں کے اجلاس میں شرکت کے لیے ڈائریکٹرز، صرف ڈائریکٹرز نہیں وصول کرتے ہیں۔ ہر ڈائریکٹر کو ادائیگی کی تفصیلات، سالانہ رپورٹ کے سیکشن 'بورڈ اور کمیٹی اجلاسوں میں شرکت' میں شامل ہیں۔ عمومی اور ترجیحی شیئرز کے مالکان اور ڈائریکٹرز، ایگزیکٹوز، ان کے جیون ساتھی اور نایاب بچوں کی جانب سے سال کے دوران شیئرز کی خرید و فروخت کے بیانات کے توسط سے 30 جون 2019 کو کمیٹی میں شیئرز کی ملکیت کی جزئیات، سالانہ رپورٹ کے سیکشن 'شیئرز ہولڈنگ کا پینل' میں شامل ہے۔

خطرے سے نمٹنے کا انتظام (Risk Management)

انتظامیہ حکمت عملی پر مبنی فیصلہ سازی کے عمل کے دوران رسک مینجمنٹ کو شامل کرنے کے لیے مدعو ہے اور ایک ایسے رسک مینجمنٹ طریقہ کار جو کمیٹی کے تمام فنکشنز کو شامل کرے، اس پر کاربند ہے۔ اس سے کمیٹی کو اپنے حکمت عملی سے متعلق مقاصد کے حصول میں بہت فائدہ ہوتا ہے اور کمیٹی اپنے کاروبار، افراد اور سماج کی حفاظت بھی کرتی ہے۔

بورڈ، حکمت عملی سے متعلق نگرانی اور پاسداری کرنے میں اپنے کردار کے مطابق، بورڈ انٹرنل ریسک کمیٹی (بی ای آر سی) کے ذریعے خطرے سے نمٹنے کے ضوابط، انتظام اور اندرونی کنٹرول سسٹمز کو برقرار رکھنے کا ذمہ دار ہے۔

ریسک مینجمنٹ کی نگرانی، ایک ایگزیکٹو ریسک مینجمنٹ کمیٹی (ای آر ایم سی) کے ذریعے کی جاتی ہے، جس کی صدارت سی ایف اے کرتا ہے، جس میں بنیادی اور معاون فنکشنز کی نمائندگی ہوتی ہے، یہ کمیٹی ریسک مینجمنٹ پالیسیوں کے یکساں نفاذ میں سہولت فراہم کرتی ہے اور پوری کمیٹی میں ایک risk culture کو فروغ دیتی ہے۔

اس سے خطرات کی ذمہ داری قبول کرنے کی روایت فروغ پاتی ہے جس کی وجہ سے ڈائریکٹوریٹ / فنکشنل ہیڈ کی سطح پر خطرے کی ذمہ داری لینے والے، خطرات کی نگرانی اور ان سے نمٹنے کے لئے جواب دہ ہیں، جس کے لئے کمیٹی کے اندر خطرات سے نمٹنے کے لئے ذمہ دار عملہ اور دیگر شرکاء کی بھرپور معاونت شامل ہوتی ہے۔

بورڈ کے ذریعے مستند طور پر منظور شدہ ایک مؤثر ای آر ایم فریم ورک موجود ہے جو واضح نظم و نسق اور رپورٹنگ کی ضروریات کے ساتھ کاروبار میں تمام سرگرمیوں کے لیے خطرے کے انتظام کے حوالے سے مستقل نقطہ نظر کو لازمی قرار دینے کے لیے منظم اور جامع رسک مینجمنٹ معیار فراہم کرتا ہے۔

ایک کارپوریٹ رسک رجسٹر تیار کیا گیا ہے، جس میں کمیٹی کے رسک یونیورس میں موجود تمام اہم انٹرنل ریسک، جو کمیٹی کے کاروبار کے لحاظ سے ہیں ان خطرات کی نشان دہی کی گئی ہے۔ جن کا جائزہ کمیٹی کے کاروباری خطرات کے لحاظ سے اور بقایا دونوں سطحوں پر کیا جاتا ہے موجودہ کنٹرول اور تخفیفی اقدامات کی صحت کا تعین کیا جاسکے۔

اہم خطرات:

کمیٹی کو رجسٹر میں اہم خطرات اور کمیٹی کی خطرات سے دوچار ہونے کی صلاحیت کو مد نظر رکھتے ہوئے، خطرات کو محدود کرنے کے لیے جن اقدامات کو لاگو کیا گیا ہے وہ یہ ہیں:

1. ایچ ایس ای میں ناکامی

خطرے کا بیان

موجودہ ایچ ایس ای پالیسیوں کی پاسداری میں ناکامی

- سالانہ رپورٹ کے ساتھ، مینٹگ سے کم از کم 21 واضح دن پہلے تمام شیئرز ہولڈرز کو سالانہ اجلاس عام (ای سی ایم) کے نوٹس کی ترسیل۔
- کراچی، لاہور اور اسلام آباد میں انگریزی اور اردو کے وسیع الاصل اخبارات میں سالانہ اجلاس عام (ای سی ایم) کے نوٹس کی اشاعت۔
- پاکستان اسٹاک ایکسچینج کے آن لائن پورٹل کے ذریعے شیئرز ہولڈرز کو سالانہ اجلاس عام (ای سی ایم) کے نوٹس کی گردش۔
- ان شیئرز ہولڈرز کو سالانہ رپورٹس کی طباعت شدہ کاپیوں کی ترسیل جنہوں نے واضح طور پر اس کی درخواست کی تھی۔
- پرائیکس کی تقرری کے لیے شیئرز ہولڈرز کی سہولت
- اجلاسوں میں زیادہ سے زیادہ شرکت کرنے کے حوالے سے سالانہ اجلاس عام (ای سی ایم) کے لیے مرکز میں واقع مقامات کا انتخاب

پبلک سیکلیٹیز (کارپوریٹ گورننس) قوانین 2013 کے ساتھ مطابقت کا بیان

ڈائریکٹرز یہ بیان کرتے ہوئے خوش محسوس کرتے ہیں کہ:

- (i) بورڈ نے کارپوریٹ گورننس کے اصولوں کی تعمیل کی ہے۔
- (ii) کمیٹی کی انتظامیہ کے تیار کردہ مالی گوشوارے، اس کے معاملات کی حالت، آپریشنز کے نتائج، یکیش، غلو اور ایکویٹی میں تبدیلی کا ایک صحیح اور منصفانہ نقطہ نظر پیش کرتے ہیں۔
- (iii) کمیٹی اپنے کھاتے درست برقرار رکھتی ہے۔
- (iv) مالی گوشواروں کی تیاری میں موزوں اکاؤنٹنگ پالیسیاں استعمال کی گئیں اور اکاؤنٹنگ پالیسیوں میں ہونے والی کسی بھی تبدیلی کو ظاہر کر دیا گیا ہے۔ اکاؤنٹنگ کا تخمینہ معقول اور محتاط فیصلے پر مبنی ہے۔
- (v) اندرونی کنٹرول کا نظام ڈیزائن کے اعتبار سے مستند ہے اور اس کو مؤثر انداز میں لاگو کیا گیا ہے۔ اس کے علاوہ ان کا باقاعدگی سے جائزہ بھی لیا جاتا ہے اور نگرانی بھی کی جاتی ہے۔
- (vi) گزشتہ برسوں کے آپریشننگ نتائج سے اہم انحراف کی وجوہات کو ڈائریکٹرز کی رپورٹ کے متعلقہ حصوں میں بیان کیا گیا ہے۔
- (vii) گزشتہ چھ برسوں کے اہم آپریشننگ اور مالی اعداد و شمار سالانہ رپورٹ 2019 کے سیکشن 'چھ برسوں کا خلاصہ' میں دیا گیا ہے۔
- (viii) اکاؤنٹس کے نوٹس میں بقایا ٹیکسوں، ڈیوٹیوں، محصولات اور چارجز کے بارے میں معلومات دی گئی ہیں۔
- (ix) ادارے کی تنظیم نو، کاروبار میں توسیع اور آپریشنز جاری نہ رکھنے کے بارے میں، اہم منصوبے اور فیصلے، سالانہ رپورٹ میں پیش کیے گئے ہیں۔ ڈائریکٹرز رپورٹ کے متعلقہ حصوں میں مستقبل کے امکانات، خطرات اور غیر یقینی صورت حال کا بھی انکشاف کیا گیا ہے۔
- (x) چیئرمین اور دیگر ڈائریکٹرز کی تقرری، ان کی تقرری اور معاوضہ پالیسی کی شرائط، کمیٹی کے بہترین مفادات میں ہیں اور بہترین طریقہ کار کے مطابق ہیں۔
- (xi) کمیٹی کے معاشرتی مقاصد اور نتائج سے متعلق کلیدی کارکردگی کے اشارے، ڈائریکٹرز رپورٹ کے متعلقہ حصوں میں ظاہر کروئے گئے ہیں۔
- (xii) 30 جون 2018 تک ہونے والے تازہ ترین احتساب شدہ اکاؤنٹس کی بنیاد پر ایم پی اے کی ریٹائرمنٹ فنڈ میں سرمایہ کاری کی قدر یہ ہے:

3,125.685	سینئر پروڈیونٹ فنڈ
1,365.547	جونیئر پروڈیونٹ فنڈ
923.410	ایگزیکٹو اسٹاف گریجویٹ فنڈ
838.187	ٹان ایگزیکٹو اسٹاف گریجویٹ فنڈ
6,868.836	ایگزیکٹو اسٹاف پنشن فنڈ
1,806.211	ٹان ایگزیکٹو اسٹاف پنشن فنڈ
1,503.231	ایگزیکٹو اسٹاف پنشن فنڈ ڈیفائنڈ کنٹری بیوشن (شرعیہ)
552.077	ایگزیکٹو اسٹاف پنشن فنڈ ڈیفائنڈ کنٹری بیوشن (روایتی)

ڈائریکٹرز کا ترجیحی پروگرام

ڈائریکٹرز اپنے فرائض سے بخوبی واقف ہیں اور انہیں اعلیٰ معیار کے مطابق پورا کرنے کی کوشش کرتے ہیں۔ پانچ ڈائریکٹرز، ڈائریکٹرز کے لیے ہونے والے مختلف ترجیحی پروگراموں کے تحت سند یافتہ ہیں۔ بقیہ ڈائریکٹرز کے لیے تربیت کا انتظام کیا جا رہا ہے۔

نان ایگزیکٹو ڈائریکٹرز کا معاوضہ

کمپنی، نان ایگزیکٹو ڈائریکٹرز کو بورڈ اور کمیٹیوں کے اجلاسوں میں شرکت کے لیے فیس کے سوا کوئی معاوضہ ادا نہیں کرتی۔

ایگزیکٹو ڈائریکٹرز کے ذریعہ انتظام اضافی ڈائریکٹرشپ

کمپنی کا سی ای او، کمپنی کے مکمل ملکیتی ماتحت ادارے، پی پی ایل ایشیا ای اینڈ پی بی وی کا بھی ایگزیکٹو ڈائریکٹر ہے اور کچھ عرصے کے لیے وہ پیٹرولیم انشٹیٹیوٹ آف پاکستان جو ایک غیر منافع بخش ادارہ ہے، اس کے اعزازی چیف ایگزیکٹو آفیسر بھی رہے تھے۔

متعلق فریقین کے ساتھ لین دین

متعلق فریق کی لین دین تجارتی شرائط پر کی جاتی ہیں اور ان کی تفصیلات وقتاً فوقتاً بورڈ آڈٹ کمیٹی کے سامنے جائزہ لینے اور بورڈ کی منظوری کے لیے بورڈ کے سامنے پیش کی جاتی ہیں۔ بورڈ کے ممبران کی جانب سے، متعلق فریق کے لین دین میں کسی بھی دلچسپی کو ان کے ذریعے کمپنی کو واضح کر دیا جاتا ہے۔ متعلق فریقین اور ان کے ساتھ لین دین کی تفصیلات، 30 جون 2019 کو ختم ہونے والے سال کے لیے کمپنی کے غیر اشتمال شدہ مالی گوشواروں کے نوٹ 42 میں ظاہر کی گئی ہیں۔

پاکستان سے باہر ہونے والے بورڈ کے اجلاس

پاکستان سے باہر بورڈ کا کوئی اجلاس نہیں ہوا۔

بورڈ آف ڈائریکٹرز سے متعلق مفادات کا تصادم

بورڈ آف ڈائریکٹرز کے لیے کمپنی کا ضابطہ اخلاق ہر ڈائریکٹر سے مطالبہ کرتا ہے کہ وہ ڈائریکٹر اور کمپنی، اس سے وابستہ کمیٹیوں، ماتحت اداروں اور اقدامات کے مابین کسی بھی طرح کے مفادات کے تصادم سے گریز کرے۔ ایسی کوئی بھی صورت حال جو اس میں شامل ہو یا کمپنی کے تازعہ میں معقول حد تک اس کی شمولیت کی توقع کی جاسکتی ہو، متعلق ڈائریکٹر کو اس سلسلے میں کمپنی کو فوری طور پر آشکاف کرنے کی ضرورت ہے۔

ڈائریکٹرز سے متعلق مفادات کے تصادم کا کوئی بھی معاملہ، کمپنیز ایکٹ، 2017، پبلک سیکرٹریٹ (کارپوریٹ گورننس) قوانین، 2013، سلڈ کمپنیز (کارپوریٹ گورننس کا ضابطہ) ریگولیشنز، 2017 کی لاگو دفعات اور کمپنی کے آرٹیکل آف ایسوسی ایشن کے مطابق نمٹایا جاتا ہے۔ جو بھی شخص کمپنی کا ڈائریکٹر بننے کا ارادہ رکھتا ہے، اسے ایک اعلامیہ جاری کرنا پڑتا ہے کہ وہ قانون کی ضرورت کے مطابق کسی ڈائریکٹر کے اختیارات اور فرائض سے واقف ہے۔

اندرونی آڈٹ

کمپنی کا ایک آزاد اندرونی آڈٹ ڈپارٹمنٹ کام کرتا ہے جو براہ راست بورڈ آڈٹ کمیٹی کو رپورٹ کرتا ہے۔ محکمے کے اندرونی آڈٹ ڈپارٹمنٹ کے عملے کے پاس اپنے فرائض کو موثر انداز میں پورا کرنے کے لیے تمام ریکارڈز اور معلومات تک غیر محدود رسائی ہے۔ اندرونی آڈٹ کا دائرہ کار کی تعریف، اندرونی آڈٹ چارٹر میں واضح طور پر بیان کی گئی ہے جسے بورڈ نے منظور کیا ہے۔

اہم پالیسیاں

کمپنی کی اہم پالیسیوں میں شامل ہیں:

- ضابطہ اخلاق
- انٹری پرائزر سبک منجنت فریم ورک
- مستحکم ترقی کے لیے دریافت اور قارم۔ ان اقدام۔ آڈٹ حکمت عملی
- افرادی قوت انتظامیہ پالیسی
- حادثے کی اطلاع کی پالیسی
- سرمایہ کاری کے انتظام کی پالیسی
- بیرونی آڈیٹرز کے تبادلے کی پالیسی
- بیرونی آڈیٹرز کے ذریعے اضافی خدمات کی فراہمی
- کیو ایچ ایس ای پالیسی
- جنسی طور پر ہراساں کرنے کی پالیسی
- ویل بلونگ پالیسی

سرمایہ کاروں کی شکایات کا ازالہ

کم سے کم وقت میں سرمایہ داروں کی کسی بھی شکایت کو دور کرنے کے لیے کمپنی ہر ممکن اقدامات کرتی ہے۔ سرمایہ کار، کمپنی کی ویب سائٹ پر موجود آراء اور شکایات قارم کو مکمل کر کے، شکایات یا انکوائری کر سکتے ہیں۔ کمپنی کا شیئر رجسٹرار، سرمایہ کاروں کے لیے رابطہ کا ذریعہ ہے اور کوئی بھی شکایت یا انکوائری خط، فیکس، ای میل یا ٹیلیفون کے ذریعے اس کے پاس درج کرائی جاسکتی ہے۔

اسٹیک ہولڈرز کے ساتھ تعلقات

کمپنی اپنے سرمایہ کاروں کے خیالات کو انتہائی اہمیت دیتی ہے۔ کمپنی کے سالانہ اجلاس عام (ایس جی ایم) میں سوال و جواب کے ایک سیشن کا انعقاد کیا جاتا ہے جس میں سرمایہ کاروں اور کاروباری تجزیہ کاروں کی انکوائریوں کا تفصیل سے جواب دیا جاتا ہے۔ اس ضمن میں، پاکستان اسٹاک ایکسچینج کے حالیہ نوٹیفکیشن کے مطابق کارپوریٹ بریفنگ سیشن منعقد کرنے کا منصوبہ ہے۔

گزشتہ ایس جی ایم میں اٹھائے گئے امور اور اس سلسلے میں لیے گئے فیصلوں کو اجلاس کی کارروائی کے اہم نکات میں ریکارڈ کیا جاتا ہے۔ جنہیں پاکستان اسٹاک ایکسچینج میں جمع کروایا جاتا ہے۔ اس کی کاپیاں ایس جی ایم میں سرمایہ کاروں کے لیے مفت دستیاب ہوتی ہیں۔

وفاقی حکومت اس کمپنی کی بڑی حصے دار ہے۔ نان ایگزیکٹو ڈائریکٹرز سمیت، ڈائریکٹرز کمپنی کے بارے میں بڑے شیئر ہولڈرز کے خیالات سے واقف ہیں اور انہیں بورڈ اور انتظامیہ کے ساتھ شیئر کرتے ہیں۔

اولیٰ شیئر ہولڈرز

کمپنی، شیئر ہولڈرز، ملازمین، سرمایہ کاروں، قرض دہندگان، کاروباری شراکت داروں اور مقامی کمیونٹی سمیت تمام اسٹیک ہولڈرز کے مفادات کو تسلیم کرتی ہے، ان کا احترام کرتی ہے اور ان کے خیالات کی قدر کرتی ہے۔ کمپنی اپنے شیئر ہولڈرز اور اسٹیک ہولڈرز کو سالانہ اجلاس عام میں شرکت کرنے اور اپنی قیمتی تجاویز اور رائے دینے پر ان کی حوصلہ افزائی کرتی ہے۔ کمپنی مندرجہ ذیل انتظامات کرتی ہے:

ایس اے پی کی کامیابی کے عوامل، کارکردگی اور نفاذ کی انتظام کاری
 مائیکروسوفٹ ٹیمز، ایک نیا سافٹ ویئر ہے جو ممبروں کے درمیان تعاون اور ہم آہنگی کو
 بہتر بنایا جائے

نامعلوم اور بڑھتے ہوئے خطرات سے کمپنی کے انفارمیشن سسٹمز کی حفاظت کے لیے جدید ذریعے ایک پریکٹس حل کا اطلاق

کاروبار کے تسلسل کو (کسی بھی صورتحال میں) برقرار رکھنے کی انتظام کاری (BCMS)

آپ کی کمپنی کاروباری تسلسل کو انتظامی ذمہ داری کا ایک اہم عنصر سمجھتی ہے اور اپنے تمام شرکاء اور عملے کے مفادات کے تحفظ کے لیے پُر عزم
 ہے۔ BCMS کا مقصد ان منصوبوں اور طریقہ کار کی فراہمی ہے تاکہ ادارے کو اس کی بھی ایسے واقعے/صورت حال کے بعد جس سے اس کی
 سرگرمیاں متاثر ہوئیں ہوں، اہم کاروباری افعال کو جاری رکھنے کے قابل بنائے اور اس طرح کے واقعات سے پیدا ہونے والے خطرات کو ایک قابل
 قبول سطح تک کم کیا جاسکے۔

کمپنی کے عملے کی صلاحیتوں کو بروئے کار لاتے ہوئے کی جانے والی آپریٹل کاروباری اثرات کی تشخیص کی مشق کے بعد تمام شعبہ جات کے لئے کسی بھی
 ہنگامی صورتحال کے بعد کاروبار کو دوبارہ شروع کرنے کے منصوبوں کا اعادہ کیا گیا۔ کسی بھی خلل انگیز صورتحال کے بعد ادارے کی اپنے آپریٹنگ کو کم سے کم
 وقت میں بحال کرنے صلاحیت کو جانچنے کے لیے عملے کے ساتھ 20 سے زیادہ آگاہی اور توثیق کیلئے سیشن منعقد کیے گئے۔ کاروباری تسلسل کا منصوبہ
 واقعات کے انتظام کا منصوبہ، جانچ پڑتال اور کاروباری تسلسل کے لئے گورننس سمیت تمام بڑے طریقہ کار کو آپ ڈیٹ کر دیا گیا ہے۔

کاروباری گورننس

بورڈ کے آپریٹنگ

بورڈ اچھی گورننس کے بہترین طریقوں کو بہت اہمیت دیتا ہے اور صحت مند کارپوریٹ روایت اور ماحول کو فروغ دینے، اخلاقی کاروباری طریقوں،
 شفافیت اور قابل اعتماد مالی رپورٹنگ، تمام شرکاء و اداروں کے ساتھ روابط بڑھانے اور قانون کے مطابق کاروبار کرنے کے لیے پُر عزم ہے۔ اچھی
 کارپوریٹ گورننس کے اصول کمپنی کی فیصلہ سازی، کام کی انجام دہی اور گہرائی کے عمل سے ظاہر ہوتے ہیں۔

بورڈ کمپنی کو اپنے ویژن اور مشن سے ہم کرتا ہے اور کمپنی کی حکمت عملی کے اہداف طے کرتا ہے۔ بورڈ اہم پالیسیوں کی منظوری دیتا ہے،
 بڑے فیصلے کرتا ہے، کارکردگی کی گہرائی کرتا ہے اور چیف ایگزیکٹو آفیسر (سی ای او) کی مشاورت کرتا ہے۔ بورڈ، (کسی تفریق/دباؤ کو خاطر میں لائے
 بغیر) فیصلے کے احساس کے ساتھ کمپنی اور اس کے شرکاء و اداروں کے بہترین مفادات میں ٹیک ٹی کے ساتھ اپنے فرائض صحیحی سرانجام دیتا ہے۔

بورڈ نے سات بورڈ کمیٹیاں تشکیل دی ہیں جو اپنے کام کو مؤثر انداز میں انجام دینے اور فیصلہ سازی کے عمل میں معاونت کے لیے اس کی حمایت کریں
 گی۔ بورڈ کمیٹیاں اپنے متعلقہ حوالوں کی شرائط کے مطابق کام کرتی ہیں۔
 بورڈ نے کمپنی کے کاروبار میں سہولت کاری کے لیے سی ای او کو کچھ اختیارات تفویض کر دیے ہیں اور انتظامیہ کے اختیارات کی حدود کی منظوری دی ہے۔

بورڈ کی تشکیل

ڈائریکٹرز کے نام اور ان کی تفصیلات، سالانہ رپورٹ 2019 کے 'کمپنی انفارمیشن' سیکشن میں رکھی گئی ہے۔ مالی سال کے دوران تمام ڈائریکٹرز کے
 نام، سالانہ رپورٹ 2019 کے سیکشن 'بورڈ اور کمیٹی اجلاس میں شرکت' میں بیان کئے گئے ہیں۔

آزاد ڈائریکٹرز نے لنڈن کمیٹی کے ضابطے 2017 (کارپوریٹ گورننس کے ضوابط) کی شق (2)6 کے مطابق اپنی آزاد حیثیت کا اعلان کیا ہے۔

بورڈ میں عزم

کمپنی کے پاس ایک متنوع بورڈ ہے جس میں پیشہ ور افراد کا احراج ہے، جو قیادت و گورننس، معاشیات و مالیات، انجینئرنگ اور دریافت و پیراوار میں
 تجربہ اور قابلیت رکھتے ہیں۔ بورڈ میں نان ایگزیکٹو ڈائریکٹرز سمیت پانچ آزاد ڈائریکٹرز، جن میں ایک خاتون آزاد ڈائریکٹر بھی شامل ہیں کے ساتھ
 ساتھ ایک چیف ایگزیکٹو آفیسر پر مشتمل ہے۔

ڈائریکٹرز کے پروفائلز

ڈائریکٹرز کے پروفائلز جن میں ان کی تعلیم، تجربہ، دیگر اداروں سے وابستگی کا ذکر کیا گیا ہے، سالانہ رپورٹ 2019 کے سیکشن 'بورڈ آف ڈائریکٹرز کے
 پروفائلز' میں بیان کیا گیا ہے۔

چیئر مین اور چیف ایگزیکٹو کے کردار

کمپنی کے چیئر مین کا دفتر اور اس کی ذمہ داریاں سی ای او کی ذمہ داریوں سے مختلف ہیں۔ چیئر مین اس بات کو یقینی بناتا ہے کہ بورڈ ٹھیک سے کام کرے اور
 کمپنی کی گورننس سے متعلق تمام معاملات بورڈ کے ایجنڈوں پر رکھے جائیں۔ چیئر مین اجلاس کا ایجنڈا طے کرتا ہے اور
 سازگار اجلاسوں کا انعقاد کرتا ہے اور بورڈ کے مشوروں اور فیصلوں میں ڈائریکٹرز کو مکمل طور پر حصہ لینے کی ترغیب دیتا ہے۔ چیئر مین بورڈ کی سربراہی کرتا
 ہے اور ممبران کے مؤثر طریقہ کار اور ان کی مسلسل ترقی کو یقینی بناتا ہے۔

چیف ایگزیکٹو آفیسر بورڈ کی ہدایت اور گہرائی کے تحت کمپنی کے امور کے نظم و نسق کے ذمہ دار ہیں۔ سی ای او، بورڈ کے ذریعے منظور شدہ حکمت عملیوں
 اور پالیسیوں کو نافذ کرتا ہے اور اس بات کو یقینی بنانے کے لیے مناسب انتظامات کرتا ہے کہ فنڈز اور وسائل کی حفاظت کی جائے اور انہیں کفایت اور اہلیت
 کے ساتھ مؤثر طریقے سے استعمال کیا جائے اور وہ تمام قانونی ذمہ داریوں کے مطابق ہوں۔

بورڈ کی کمیٹیاں

بورڈ کمیٹیوں کی نمایاں خصوصیات، سالانہ رپورٹ 2019 کے سیکشن 'بورڈ کی کمیٹیاں' میں پیش کی گئی ہیں۔
 مالی سال کے دوران بورڈ آف ڈائریکٹرز کے 20 اور بورڈ کی کمیٹیوں کے 133 اجلاس منعقد ہوئے۔ بورڈ اور کمیٹیوں کے اجلاس میں ڈائریکٹرز کی شرکت
 کی تفصیلات، سالانہ رپورٹ 2019 کے سیکشن 'بورڈ اور کمیٹی اجلاس میں شرکت' میں دی گئی ہیں۔

کارکردگی کا سالانہ جائزہ

پبلک سیکورٹیز (کارپوریٹ ضابطے) تو اہم 2013 کے مطابق، بورڈ کی کارکردگی کا جائزہ وفاقی حکومت کے ذریعے لیا جائے گا۔ بورڈ نے سال کے
 دوران پہلے سے طے شدہ آپریٹل، تدریجی طریقہ کار اور حکمت عملی کے مقاصد کے مطابق سی ای او کی کارکردگی کا جائزہ لیا۔ وفاقی حکومت بھی سی ای او کی
 کارکردگی کا جائزہ لے گی۔

ڈائریکٹرز کے لیے آگاہی پروگرام

سال کے دوران مقرر کردہ ڈائریکٹرز کو کمپنی کے کاروبار، کام اور ماحول کے ساتھ ساتھ ڈائریکٹرز کے فرائض کے بارے میں بتایا گیا۔ کمپنی کے میگزین ایجنڈ
 آرٹیکلز آف ایسوسی ایشن اور کمپنی کی سماجی اور سالانہ رپورٹس کو ڈائریکٹرز کے لیے خوش آمدیدی پیک میں شامل کیا گیا تھا۔ کارپوریٹ گورننس، اندرونی
 کنٹرول اور کمپنی کے کاموں پر ڈائریکٹرز کے لیے ایک جامع آگاہی کارپوریٹ گورننس منعقد کرنے کا منصوبہ ہے۔

مہارتوں میں اضافہ

کمپنی کے پیداواری علاقوں میں نوجوانوں کی ایک بڑی تعداد بے روزگار ہے۔ اس ضمن میں مہارت بڑھانے کے مواقع فراہم کرنے کے لیے کمپنی نے ہنر فائوینڈیشن کے ساتھ شراکت کی اور 39 طلباء کو وظائف دئے تاکہ وہ سٹی اینڈ گولڈز اسکول ڈیولپمنٹ انسٹی ٹیوٹ، برطانیہ کے ذریعے تسلیم شدہ ٹیکنیکل ڈیپلوما حاصل کر سکیں۔ مزید برآں، سوئی اور آدھی میں پی پی ایل کے پیشہ وارانہ تربیتی مراکز میں 600 سے زیادہ نوجوان لڑکے لڑکیوں کو تربیت دی گئی، جس سے وہ معاشرے میں مثبت انداز میں حصہ ڈالنے کے قابل بنے۔

صحت کی دیکھ بھال

کمپنی مقامی آبادیوں کی صحت کی دیکھ بھال کو خصوصی اہمیت دیتی ہے۔ سوئی فیلڈ اسپتال اور پی پی ایل پبلک ویلفیئر اسپتال، سوئی میں 77,000 سے زیادہ مریضوں کو مفت مشاورت، علاج اور ادویات فراہم کی گئیں۔ اس کے علاوہ مزارانی، کندھ کوٹ اور گہٹ ساؤتھ بلاک سے منسلک فیلڈز کے اردگرد موبائل میڈیکل ڈیپارٹمنٹ اور سٹال، ضلع راولپنڈی میں میڈیکل ڈیپارٹمنٹ نے مشترکہ طور پر 92,000 سے زیادہ مقامی مریضوں کو فائدہ پہنچایا۔ کمپنی کے آپریشن پیداواری اجاڑوں سوئی، کندھ کوٹ، آدھی، مزارانی اور شہداد پور کے اردگرد کے علاقوں میں چھ مفت آئی کی پیس لگائے گئے جن سے 20,000 ہزار سے زیادہ مقامی مریض مستفید ہوئے۔ کندھ کوٹ میں میری ایڈلڈ لبروری سینٹر (MALC) کو بھی مالی مدد فراہم کی گئی۔

گیس اور پانی کی مفت فراہمی

کمپنی، سوئی شہر کے رہائشیوں کو مفت گیس مہیا کرتی ہے۔ اس کے علاوہ، پورے شہر کو مفت پانی بھی مہیا کرتی ہے تاکہ مقامی آبادیوں کا معیار زندگی بہتر بنایا جاسکے۔

بنیادی ڈھانچے کی ترقی

آپ کی کمپنی نے ضلع کشمور اور ساگھڑ میں سڑکوں اور پلوں کی تعمیر کے ذریعے بنیادی ڈھانچے کی تعمیر کے لئے اپنی شراکت جاری رکھی ہے، جس سے کسانوں کو ترقی کی منڈیوں تک رسائی فراہم کر کے مقامی آبادیوں کو فائدہ پہنچایا جا رہا ہے۔

سکیل اور ثقافتی سرگرمیاں

کمپنی نے پشاور میں منعقد ہونے والی دوسری پی پی ایل بلاسٹڈ کرکٹ ٹرافی 2018 اور پاکستان بلاسٹڈ کرکٹ کونسل کی نیپال پاکستان خواتین بلاسٹڈ کرکٹ سیریز اسلام آباد کے لئے تعاون کیا۔

انفارمیشن ٹیکنالوجی

کمپنی، کاروباری قدر میں اضافے کے لیے، صنعت کے نمائندہ سٹریٹجک اقدامات کے ذریعے، اور زیادہ سے زیادہ پروسس آٹومیشن، تنظیمی کارکردگی، چستی، اضافی انفارمیشن سیکورٹی، گورننس، رسک مینجمنٹ اور تعمیل کے لیے بہتر خدمات کی فراہمی کی مستقل کوشش کر رہی ہے۔ سال کی اہم جھلکیاں ذیل میں پیش کی گئی ہیں:

آئی ٹی ملکیت عملی کے ستون

خدمات کی فراہمی
برنس پروس آٹومیشن
تھینکی اقا دیت
مضبوط اور منظم بنیادی ڈھانچہ
انفارمیشن سیکورٹی
مریٹو کیونٹیکیشن

کاروباری نظام

ایس اے پی۔ ای آر پی اور کاروباری ایپلیکیشنز کو متحد کاروباری طریقہ کار کے انضمام کے ذریعے تقویت ملی ہے جس سے آن لائن رپورٹنگ، انفارمیشن گورننس اور کم کاغذی استعمال جیسے اہم فوائد حاصل ہوئے ہیں۔
سال کے دوران نافذ ہونے والے اہم مراحل میں درج ذیل شامل ہیں:
آڈٹ اور معائنہ کیونٹیکیشن ایس ای سوٹ ویئر موڈول
ایس اے پی ایپلیکیشن سیلف سروس پورٹل میں وسعت
انٹر پرائز مواد ڈاکیومنٹ مینجمنٹ سسٹم
کلاؤڈ۔ بیسڈ جھنگ سسٹم
پوزیشن۔ بیسڈ ایس اے پی آٹومیشن سسٹم

آئی ٹی انفراسٹرکچر

انفراسٹرکچر کی ٹیم، انفارمیشن سیکورٹی کے لئے جدید ترین ٹیکنالوجی کی تعیناتی، ڈیٹا میں، حرکت پذیری اور ماحول کو (بیرونی عوامل کے اثرات سے محفوظ کرتے ہوئے) برقرار رکھنے کو یقینی بناتی ہے۔ اہم جھلکیاں یہ تھیں:
کمپنی کے عملے کی صلاحیتوں کو استعمال کرتے ہوئے ایس اے پی۔ HANA پلیٹ فارم پر مائیکروسافٹ پر ڈیجیٹل مکمل ہو چکا ہے۔ آئندہ سال اس پر عمل درآمد کا منصوبہ ہے۔
کاروباری سلسلے کو کسی بھی ناگہانی صورتحال میں برقرار رکھنے کے لیے اسلام آباد میں ایک جدید ترین ڈیزاسٹر ریکوری سائٹ قائم کر دی گئی ہے۔
صارف کی انفرادی ضروریات کے مطابق بزنس ڈیٹا کے تحفظ کے لیے، رائٹس مینجمنٹ سسٹم متعارف کرایا گیا۔
بارکوڈ پر مبنی انٹرنیٹ مینجمنٹ سسٹم پر مشتمل نظام قائم کرنے کے لیے ویئر ہاؤسز میں ڈائریکٹ میٹ ڈرک کی توسیع۔
انتظامی عملے کی سہولت کے لئے صارف دوست عمل، ایس اے پی ٹیوری متعارف کرایا گیا ہے۔
سائبر سیکورٹی اور سائبر سہولت کے لیے اسٹوریج آپ گریڈیشن
ویل سائٹ کی سرگرمیوں کی ہیڈ آفس کو براہ راست ٹرانسمیشن کے لیے کمپنی کی ضروریات کے مطابق ڈیویو آئی ایس آئی ڈیویو آئی جی کی فراہمی۔

ٹیکنالوجی منصوبے کے آئندہ امکانات

کچھ اہم منصوبے یہ ہیں:
ہیڈ آفس ڈیٹا سینٹر آپریٹنگ ایس ای پی آئی کے ڈیٹا سینٹر آپریٹنگ اسٹیشن اسٹینڈرڈ میچورٹی لیول III سے مطابقت
ہیڈ آفس میں سیکورٹی آپریٹنگ سٹیشن سٹینڈرڈ کا قیام
HANA SAP S/4 کا اطلاق
روبوٹک پروسس آٹومیشن

صنعتی تعلقات

کام کا پیمانہ ماحول اور خوشگوار صنعتی تعلقات، سوئی گیس فیلڈ سمیت کمپنی کے تمام مقامات پر موجود ہیں۔

خصوصی افراد کی ملازمت

کمپنی، معذور افراد آرڈیننس، 1981ء کے سیکشن 10 کے مطابق خصوصی شخص کے کوٹے کے تحت ملازمت کی لازمی ضرورت کی تعمیل کر رہی ہے۔

کاروباری اخلاقیات اور انسداد بدعنوانی کے اقدامات

بہترین کارپوریٹ گورننس کے نظام کو موثر اخلاقیات اور انسداد بدعنوانی کے آلے کے طور پر نافذ کرنے کے سلسلے میں کمپنی کے ہر ملازم کو ضابطہ اخلاق کی پاسداری اور سالانہ بنیاد پر متعلقہ دستاویز جمع کرانا ضروری ہے۔

کلیدی تصورات بشمول، دیانت، شفافیت، ایمانداری، اخلاقیات، قانونی معیارات اور انکشاف کو عملی اور قابل عمل مل کے ساتھ ضابطہ اخلاق میں شامل کیا گیا ہے۔ ہمارے ملازمین یا تیسرے فریقوں کی جانب سے پیدا ہونے والے اخلاقی خدشات کی وضاحت، ہمارے قائم شدہ مواصلات اور پورٹنگ سٹولز کے ذریعے کی جاسکتی ہے۔

کارپوریٹ سماجی ذمہ داری

کارپوریٹ سماجی ذمہ داری (سی ایس آر) کمپنی کے آغاز سے ہی اس کی روایات میں گہرائی کے ساتھ سرایت کر چکی ہے، جب کمپنی نے 1950ء کی دہائی میں اپنی تجارتی سرگرمیوں کا آغاز کیا۔ سی ایس آر کی سرگرمیوں کی سربراہی کمپنی کے بورڈ اور انتظامیہ کے مقاصد میں شامل ہیں جو خاص طور پر اپنے کاروباری علاقوں میں اور عام طور پر معاشرے کی بہتری میں پامعنی کردار ادا کر رہی ہیں۔

سی ایس آر پروگرام میں تعلیم، صحت، بحیل، متبادل توانائی، بنیادی ڈھانچے اور پسماندہ طبقات کی معاشرتی و اقتصادی ترقی کے لیے مہارت کی ترقی جیسے توجہ مرکوز شعبے شامل ہیں۔ اس پروگرام کو آگے بڑھانے کے لیے، کمپنی اپنی پالیسی کے تحت اپنے سالانہ 1.5 فیصد منافع قبل از ٹیکس کو سی ایس آر کے تحت فلاحی سرگرمیوں کے فروغ پر مختص کرتی ہے۔ اس مقصد کے لیے کمپنی، شفافیت اور ملکیت کو یقینی بنانے کے لیے تمام اسٹیک ہولڈرز یعنی مقامی آبادیوں، جماعتی نمائندوں، سرکاری عہدیداروں اور سول سوسائٹی کی تنظیموں کو پروجیکٹ سائیکل کے ہر مرحلے میں شامل کرتی ہے۔ سال کے دوران کمپنی نے سی ایس آر کی سرگرمیوں پر 1.308 ملین روپے کی خطیر رقم خرچ کی۔

کمپنی کی سی ایس آر کی خدمات کو پاکستان سینٹر فار فلٹریٹھراپی (پی سی پی) نے تسلیم کیا ہے۔ جو اپنے سالانہ فیاضی تحقیقی سروے کے ذریعے پاکستان میں انسان دوستی اور کارپوریٹ فیاضی کو فروغ دینے کے لیے کام کر رہی ہے۔

سال 2017 میں پی سی پی کے ہونے والے تازہ ترین انسان دوست سروے میں، پی سی پی ایل کو ایک بار پھر سی ایس آر عملیات کے زیادہ حجم کی وجہ سے پاکستان کا سب سے بڑا پختہ ادارہ قرار دیا گیا۔ پی سی پی کی جانب سے ہونے والے گزشتہ 14 سرویز کے دوران آپ کی کمپنی کو سی ایس آر عملیات کے حجم کے لحاظ سے 12 مرتبہ پاکستان میں سب سے بڑے پختہ کارپوریٹ ادارے کے ایوارڈز سے نوازا گیا ہے۔ آپ کی کمپنی کے بڑے سی ایس آر پروگراموں کا ذکر مندرجہ ذیل صفحات میں کیا گیا ہے۔

تعلیم

رسی تعلیم میں سرمایہ کاری سے معاشرے کو تقویت ملتی ہے چنانچہ کمپنی نے اس ضمن میں اپنے پیداواری علاقوں کے ارد گرد اسکول تعمیر کئے اور فعال سرکاری اسکولوں کو فرنیچر فراہم کیا ہے۔ کندھ کوٹ میں تین پی سی پی ایل۔ وی شیڈز قائم کیے گئے ہیں اور پی سی پی ایل وی شیڈز ایک سیکنڈری اسکول چل رہا ہے جس سے 600 سے زائد طلباء مستفید ہو رہے ہیں، ان میں آدھی تعداد لڑکیوں کی ہے۔ مزید برآں، جام شورو کے مہاراشٹری ورکنگ برائے انجینئرز اور ٹیکنالوجی میں پروفیسر انجینئرنگ میں ایک پی سی پی ایل وی شیڈز فعال ہے اور اپنے مقاصد کے حصول کے لیے کوششیں کرتی رہی۔ کمپنی نے مستحق طلباء کو مندرجہ ذیل وظائف فراہم کیے ہیں:

• اعلیٰ سطح کی پیشہ وارانہ تعلیم کے حصول کے لیے 145 طلباء کو وظائف دئے گئے۔

• ضلع ڈیرہ بکنی اور بلوچستان کے دیگر علاقوں سے تعلق رکھنے والے 134 طلباء کو چار سالہ تعلیمی پروگرام کے تحت، نویں جماعت سے بارہویں جماعت تک تعلیم جاری رکھنے کے لیے وظائف دئے گئے۔

• سوئی شہر کے مقامی طلباء کو ایف سی پبلک اسکول اور کالج، سوئی، میں تعلیم کے حصول کے لیے 100 وظائف دیئے گئے۔

• فیملی ایجوکیشن سروسز فاؤنڈیشن کے زیر انتظام، ضلع ساگھڑ اور نیاری کے 30 جسمانی معذور بچوں کو رشید آباد کے ڈیفینڈ اسکول میں پرائمری اور سیکنڈری سطح کی تعلیم حاصل کرنے کے لیے وظائف دئے گئے۔

اخراجات میں اضافے، آپریٹنگ اخراجات (اٹاٹے و زر کی مالی فرسودگی کے تحت) اور متعلقہ ٹیکس (فروخت کے لحاظ سے اضافہ) میں ہونے والے اضافے کو ڈال کیا۔

دیگر آمدنی میں اضافے کی وجہ (1) امریکی ڈالر کے مقابلے میں پاک روپے کی قدر میں نمایاں کمی کی وجہ سے زرمبادلہ میں اضافہ (30 جون 2019 کو اختتامی زرمبادلہ کی شرح 164.50 روپے فی امریکی ڈالر تھی جبکہ تھالی سال کے دوران 121.60 روپے فی امریکی ڈالر تھی)۔

پی پی ایل یورپ ای اینڈ پی لینڈ میں سرمایہ کاری میں ہونے والے خسارے میں کمی (جیسا کہ 30 جون 2019 کو ختم ہونے والے سال کے غیر اشتمال شدہ مالی گوشوارے کے نوٹ 6.2.2 میں مکمل طور پر بیان کیا گیا ہے)

دریافتی اخراجات میں اضافہ بنیادی طور پر موجودہ سال کے دوران خشک کنوؤں کی قیمت میں ہونے والے اضافے کی وجہ سے ہے جسے نفع یا نقصان کے کھاتے میں ڈال دیا گیا ہے۔

منافع محصور

سال کے اختتام کے بعد، کمپنی کے بورڈ آف ڈائریکٹرز نے 30 جون 2019 کو ختم شدہ مالی سال کے لئے عمومی حیر پر 2 روپے (20 فیصد) تبدیل پذیری ترجیحی حیر پر 2 روپے (20 فیصد) کے لحاظ سے حتمی منافع منقسم اور عمومی حیر ہولڈرز کے لئے 20 فیصد بونس حیر زاہر تبدیل پذیری ترجیحی حیر ہولڈرز کے لئے 10 فیصد بونس حیر کی ادائیگی کی سفارش کی ہے۔

قومی معیشت میں شراکت

آپ کی کمپنی قومی معیشت میں نمایاں مددگار ہے۔ مالی سال 2018-19 کے لئے کمپنی کی آپریٹنگ اور شراکتی آپریٹنگ فیلڈز سے فروخت شدہ قدرتی گیس، تیل اور ایل پی جی کے لئے کمپنی کا حصہ یومیہ 152,000 بیرل خام تیل کے برابر تھا، جس کے نتیجے میں تقریباً 3.8 بلین امریکی ڈالر کے سالانہ غیر ملکی زرمبادلہ کی بچت ہوئی ہے جبکہ خام تیل کی اوسط قیمت امریکی ڈالر 68.32/bbl کی گئی ہے۔

کمپنی نے آگم ٹیکس، راکھیو، ایکسٹریکٹو، ویٹ فال لیوی، جی ڈی ایس، جی آئی ڈی سی، ڈبلیو پی پی ایف، اور ڈیویڈنڈز کی صورت میں قومی خزانے میں مزید 65 بلین روپے کا اضافہ کیا۔

گروپ کی کارکردگی

گروپ کے مالی گوشوارے، مجموعی طور پر منافع میں 30% کا اضافہ ظاہر کرتے ہیں۔ 2018-19 میں گروپ کی فروخت آمدن 164,366 ملین روپے تھی جب کہ بعد از ٹیکس منافع 59,459 ملین روپے رہا جو کہ 2017-18 میں بالترتیب 126,621 ملین روپے اور 45,826 ملین روپے تھا۔ ایک سال کے دوران، پی پی ایل ای نے گروپ کی آمدنی میں تقریباً 476 ملین روپے کا اضافہ کیا۔

ڈبلیو پی پی ایل کی مختصر تفصیل، 30 جون 2019 کو ختم ہونے والے سال کے لئے کمپنی کے مجموعی مالی گوشوارے کے نوٹ 1 میں بیان کی گئی ہے۔

افراد اور انسانی وسائل

آپ کی کمپنی تمام ملازمین کو بھرتی، ترقی، انعامات، تربیت اور کریئر کی ترقی میں یکساں مواقع فراہم کرنے پر یقین رکھتی ہے۔ انسانی وسائل کے انتظام کی حکمت عملی، سازگار کاروباری ماحول، مسابقتی معاوضے، عزم، اقدام اور کارکردگی کے بروقت اعتراف کے ذریعے بھرتی، ترقی اور اعلیٰ صلاحیتوں کے حامل ملازمین کو کمپنی کے ساتھ واسطہ رکھنے کے لئے جدوجہد جاری رکھے ہوئے ہے۔

ملازمت اور تنظیمی ڈھانچہ

کمپنی کی ملازمت کی حکمت عملی، دریافت، کھدائی اور پیداوار بڑھانے کے منصوبوں کو فروغ دیتی ہے اور کاروباری صورتحال کا ادراک کرتے ہوئے ایک شفاف اور کثیر جہتی اسکریننگ کے عمل کے ذریعے تجربہ کار اور پیشہ ور افراد کو قابلیت کی بنیاد پر ملازمت دیتی ہے۔

موجودہ تنظیمی ڈھانچے کا جائزہ لینے اور ان تبدیلیوں کی نشان دہی کرنے کے لیے جو کارکردگی اور لاگت میں بہتری لاسکتی ہیں، ایم ڈی کی جانب سے اعلیٰ انتظامیہ پر مشتمل ایک جائزہ کمیٹی تشکیل دی گئی۔ جائزہ کمیٹی نے کئی تفصیلی اجلاس منعقد کیے اور کمپنی کے تاریخی ڈھانچے، بیج مارکنگ اسٹریٹجی اور صنعت کے طریقوں کو سامنے رکھتے ہوئے موجودہ تنظیمی ڈھانچے کا تجزیہ کیا۔ تنظیمی ڈھانچے کی بہتری کے لیے جانچ پڑتال جاری ہے۔

پالیسیاں اور طریقہ کار

ادارے میں تبدیلی کو فروغ دینے کے لیے، انسانی وسائل کے انتظام کی متعدد پالیسیاں اور طریقہ کار وضع کیے گئے، جس کے نتیجے میں آسانیاں، بہتر کنٹرول، لاگت کی بچت اور صنعت سازی کے بہترین طریقوں کے ساتھ ہم آہنگی پیدا ہوئی۔

کمپنی میں عملے کی مختلف مقامات پر تقرری، انہیں مختلف النوع کام، بہتر کاروباری بصیرت، چمک داری اور جانشینی کی منصوبہ بندی فراہم کرتی ہے۔

کارکردگی کا انتظام اور صلہ کا نظام

ادارے اور ہمارے عملے کی بہتری کے لیے ایچ آر کے نظام کو مسلسل بہتر بنانے کی جستجو میں، بورڈ اور مینجمنٹ نے کارکردگی کا جائزہ لینے کے نظام کو بہتر بنانے کی ضرورت کو تسلیم کیا۔ اسی مناسبت سے، ایک معروف مشاورتی ادارے کی خدمات حاصل کی گئیں، جس نے موجودہ کارکردگی کی جانچ کے نظام اور دیگر معروف اداروں کے ذریعہ استعمال نظاموں کے بارے میں وسیع جائزہ لینے کے بعد، کارکردگی کی جانچ کے نظام میں بہتری کی تجاویز پیش کی ہے۔

میرٹ کے کلچر کو فروغ دینے کے لیے، اعلیٰ کارکردگی کا مظاہرہ کرنے والے ملازمین کی شناخت اور انہیں صلہ دینے کے لیے، ادائیگی۔ بالاطلا کار کردگی اسکیم کو توثیق دی۔

اس بات کو یقینی بنانے کے لیے کہ کمپنی میں معاوضہ، مارکیٹ کے مطابق ہو، تیل اور گیس کے شعبے میں اعلیٰ کمپنیوں کا ایک جامع تنخواہ سروے کیا گیا۔

تربیت و ترقی کے حوالے سے اہم اقدامات

کمپنی کے نقطہ نظر، قدروں اور مطلوبہ قابلیت اوروں کے مابین ہم آہنگی کو بڑھانے کے لیے، کمپنی نے 2018 میں اپنی کارپوریٹ اقدار پر نظر ثانی کرنے کا فیصلہ کیا۔ بورڈ کی جانب سے منظوری کے بعد ہیڈ آفس اور فیلڈ کے تمام مقامات پر نظر ثانی شدہ کارپوریٹ اقدار کے بارے میں عملے کو آگاہ کیا گیا۔ وی رائیز (VRISE)، تخلیق قدر، تعظیم، ایمانداری، قوم کی خدمت اور بااختیار بنانے جیسی اہم اقدار کو ادارے کی روایات کا حصہ بنایا گیا۔

کیوں کہ ہماری کمپنی کی کامیابی پر سب سے زیادہ اثر کمپنی کے رہنماؤں کا پڑتا ہے، اس لیے غیر معمولی نتائج کی فراہمی کے لیے ان کی صلاحیت کو بڑھانے کے حوالے سے خصوصی توجہ دی جا رہی ہے۔ اس مقصد کے لیے، عملے کے درمیان رہنمائی کرنے کے رواج کو فروغ دیا گیا تاکہ ملازمین کو ان کی صلاحیتوں کے مطابق آگے لے جایا جائے ساتھ ہی تربیت اور ترقی کے مواقع فراہم کئے جائیں، اس ضمن میں، اعلیٰ انتظامیہ کے لیے رہنمائی فراہم کرنے کے موضوع پر تربیتی نشستوں کا اہتمام کیا گیا تاکہ وہ دیکھے گئے افکار کو کام کے دوران لاگو کر سکیں۔

بین الاقوامی منظر نامے پر، پی پی ایل۔ ایشیا اور میڈ لینڈ آئل کمپنی (ایم ڈی او سی) کے مابین کئے گئے دریافتی، ترقی اور پیداواری خدمت کے معاہدے کی ذمہ داری، ایم ڈی او سی سے آئے ہوئے عراقی نمائندوں کے وفد کے دو گروہس نے دسمبر 2018 اور مارچ 2019 میں پاکستان کا دورہ کیا۔ ان نمائندوں کی صلاحیت میں اضافے کے مواقع پیش کیے گئے جس میں آن لائن کورسز اور تربیتی نشستیں جن میں انگریزی زبان کے سیشنز اور مینجمنٹ ڈیولپمنٹ پروگرام کے ساتھ ساتھ ان کے شعبہ جات سے متعلق تکنیکی تربیت بھی شامل تھی۔

مالی جائزہ

رواں سال کے لیے ڈائریکٹرز منافع میں سے مندرجہ ذیل تخصیصات تجویز کرتے ہیں:

	2018-19 Rs. Million	2017-18 Rs. Million
Profit before Taxation	79,931.204	63,436.313
Taxation	(18,298.840)	(17,748.677)
Profit after Taxation	61,632.364	45,687.636
Unappropriated profit as at 1st July, 2018/2017	160,294.259	135,971.165
Dividend Equalisation Reserve as at 1st July, 2018 / 2017	2,535.354	2,535.354
	224,461.977	184,194.155
Appropriations during the year		
Final dividend for the year 2017-18 on Ordinary shares @ 15% (2016-17: 60%)	(2,957.577)	(11,830.305)
Issuance of 15% bonus shares to ordinary share holders (2016-17: Nil)	(2,957.577)	-
Interim dividend for the year 2018-19: Nil (2017-18: 40% on ordinary shares and 30% on convertible preference shares)	-	(7,886.906)
Other Comprehensive Income (re-measurement losses)	(457.770)	(1,647.331)
Balance as at June 30, 2019/2018	218,089.053	162,829.613

Subsequent Effects

The Board of Directors of the Company in its meeting held on 25 September, 2019, proposed the following:

Final dividend on ordinary shares and preference shares @ 20% (2017-18: 15% on ordinary shares and Nil for preference shares)	4,534.973	2,957.577
Issuance of 20% bonus shares to ordinary shareholders (2017-18: 15%) and 10% to preference shareholders (2017-18 Nil)	4,534.963	2,957.577
	9,069.936	5,915.154

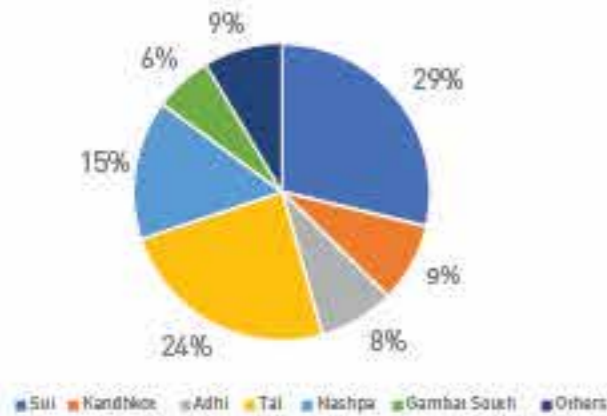
فروخت آمدن

تقابلی سال کے مقابلے میں رواں سال کے دوران فروخت آمدن میں 37,680 ملین روپے کا اضافہ ہوا ہے۔ یہ اضافہ قیمت کے حساب سے (بشمول زرمبادلہ کی شرح) میں مثبت تغیر کی وجہ سے ہوا ہے جس کی رقم 37,556 ملین روپے ہے، اس کے ساتھ ساتھ 124 ملین روپے کے حجم میں بھی مثبت تغیر ہے۔

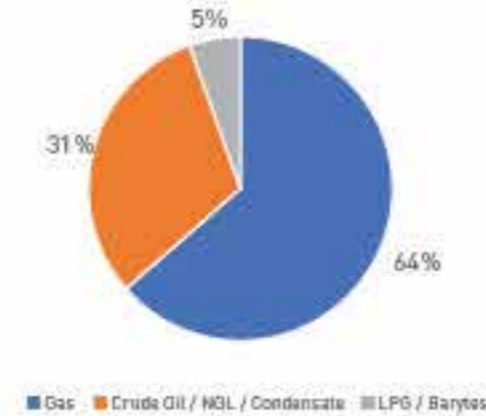
قیمت میں مثبت تغیر کی وجہ، خام تیل کی بین الاقوامی قیمتوں میں اوسطاً اضافہ ہے۔ جو تقابلی سال میں 61.5/bbl امریکی ڈالر تھی اور موجودہ سال کے دوران 68.3/bbl امریکی ڈالر ہو گئی۔ مزید اضافہ امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں کمی (موجودہ سال کے لیے زرمبادلہ کی شرح 136.37 روپے فی امریکی ڈالر تھی جبکہ تقابلی سال کے دوران یہ شرح 110.07 روپے فی امریکی ڈالر تھی)۔

فیڈرل اور پیداوار کے لحاظ سے کمپنی کی آمدن کا تجزیہ ذیل میں کیا گیا ہے:

Field-wise Sales Revenue 2018-19



Product-wise Sales Revenue 2018-19



Sales Volumes

یونٹ	30 جون 2019 کو ختم ہونے والے سال کے اختتام پر	30 جون 2019 کو ختم ہونے والے سال کے اختتام پر	قدرتی گیس
MMCF	284,013	278,296	قدرتی گیس
BBL	5,801,260	5,753,564	خام تیل / این جی ایل / کنڈنسٹ
میٹرک ٹن	95,100	117,194	ایل پی جی
میٹرک ٹن	85,545	100,284	بیر اینٹس*

* بی ایم ای کی جانب سے تیار کیا جانے والے بیر اینٹ پاور اور خام بیر اینٹ کی کل فروخت کا مجموعی حجم سال کے دوران مجموعی طور پر 228,310 میٹرک ٹن رہا۔ بی ایم ای کی جانب سے پی پی ایل کو فروخت کرنے اور پی پی ایل کا 50 فیصد حصہ لاگو کرنے کے بعد خالص حجم 100,284 میٹرک ٹن بیر اینٹ رپورٹ کیا گیا ہے۔

منفعت

سال کے لیے کمپنی کی فی شیئر آمدنی 27.18 روپے رہی جبکہ یہ آمدن 2017-18 میں 20.15 روپے (اعادہ شدہ) تھی، جس کے باعث 35% اضافہ ہوا۔ جیسا کہ اوپر بیان کیا گیا ہے، زیادہ منافع ہونے کی بنیادی وجہ آمدن فروخت اور دیگر آمدنی میں نمایاں اضافہ ہے جس نے جزوی طور پر باقی

زیارت

(آپریشنز ایم پی سی ایل)

چلتن، ہمو اور مغل کوٹ کے ذخائر سے تیل کی دریافت کے ساتھ دریافتی کونٹریبولان ایسٹ-1 کو کامیابی کے ساتھ مکمل کیا گیا۔
بولان ایسٹ-1 کی دریافت سے ابتدائی پیداوار کے حصول کے لئے پروسیجرنگ پلانٹ کامیابی کے ساتھ تعمیر کیا گیا ہے۔ پیداوار کے آغاز کے لئے تجارتی معاملات کی منظوری باقی ہے۔

ہرانی

(آپریشنز ایم پی سی ایل)

کمپنی کے عملے کے ذریعے ارضیاتی وارضی طبیعیاتی (جی اینڈ جی) جائزہ جاری ہے۔

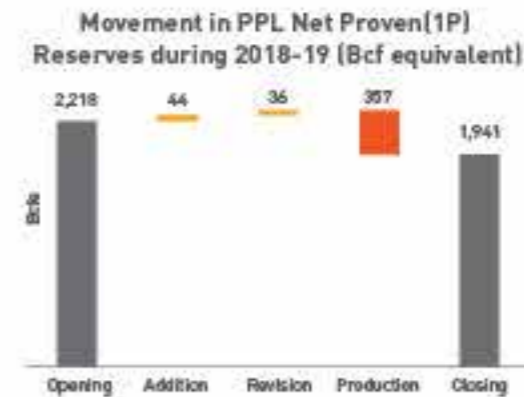
ٹیکنیکل سرویسز - ریزروائر ماڈلنگ

ریزروائر ماڈلنگ ایک ماہر ٹیکنیکل گروپ ہے جسے ٹیکنیکل سرویسز کے تحت قائم کیا گیا ہے تاکہ 3D ریزروائر سیمولیشن پر بنیادی توجہ کے ساتھ مربوط زیر زمیں قازمشتر (subsurface) کی تحقیق کے ذریعے قدر پیدا کی جاسکے۔ مزید یہ کہ یہ گروپ نئی دریافتوں کے تجزیے اور ان سے پیداوار کے حصول کے حوالے سے بھی کام کر رہا ہے۔

ہالہ پاک میں آرم ویسٹ فیلڈ کے لیے کمپنی کے عملے کی صلاحیتوں کو بروئے کار لاتے ہوئے 3D ریزروائر سیمولیشن تحقیق مکمل کی گئی جب کہ اسی طرح کی تحقیق شہداد پور، خاں شہداد پور ویسٹ اور کندھ کوٹ کی فیلڈز میں جاری ہے۔ ذخائر کی یہ تحقیق ذخائر کی کارکردگی کی بہتر سمجھ، پیداوار کی بہتری کی نشانی دہی اور ذخائر میں اضافے کے مواقع فراہم کرے گی۔ کمپنی کے عملے و وسائل کے استعمال کے نتیجے میں خاطر خواہ بچت بھی ہوئی ہے۔

ذخائر کا انتظام

ہائیڈرو کاربن ذخائر پر نظر ثانی، اضافہ اور سال کی پیداوار کی بنیاد پر کمپنی کے 1P ذخائر کی تجدید کا تناسب (RRR) 23 فیصد رہا۔ ذخائر میں یہ نئے اضافے بنیادی طور پر آوی ساؤتھ X-1 (آوی)، بدیل X-1 اور ہدف X-1 (گہٹ ساؤتھ) کی دریافتوں کی وجہ سے ہوئے ہیں۔ کمپنی موجودہ دریافتوں سے زیادہ سے زیادہ پیداوار حاصل کرنے اور ذخائر کی تجدید کے تناسب کو بڑھانے کے لیے زیادہ خطرہ / زیادہ منفعیت والے سرحدی علاقوں میں دریافتی کوششوں کو تیز کر رہی ہے۔



معیار صحت، تحفظ اور ماحول (QHSE)

کیو ایچ ایس ای آپ کی کمپنی کی کاروباری منصوبہ بندی حکمت عملی سے متعلق فیصلہ سازی اور ہدف سازی کا ایک لازمی جزو ہے۔ سارے ادارے میں تحفظ کی روایت کو فروغ دینے کے لیے کیو ایچ ایس ای کی مختلف سرگرمیوں کے ذریعے عملے کی شمولیت کو یقینی بنایا گیا ہے۔

اس کے علاوہ، کمپنی ماحول پر اپنی سرگرمیوں سے ہونے والے اثرات کی مستعدی کے ساتھ نگرانی کرتی ہے اور مزید توجہ تو انہیں کی تعمیل کو یقینی بناتی ہے۔

کارکردگی کے اہم اشارے اور حادثات

کمپنی اور ٹھیکے دار کے ڈیٹا کے لیے ملٹین مین آورز کے گراف، کام کے دوران پیش آنے والے حادثات (زخمی ہونے) کے نتیجے میں ضائع ہونے والے وقت کا تناسب (لوسٹ ٹائم انجری فریکوئنسی LTIFR) اور ریکارڈ ہونے والے حادثے (زخمی) کا تناسب (ٹوٹل ریکارڈ ایبل انجری ریٹ (TRIR) فراہم کیے گئے ہیں۔

کمپنی کی اعلیٰ انتظامیہ کی شمولیت کے ساتھ تمام بڑے حادثوں کی گہرائی کے ساتھ تحقیقات کی گئیں اور ان کے دوبارہ وقوع پذیری نہ ہونے کے لیے فوری طور پر تدابیر کی اقدامات کیے گئے۔ وہ بڑے حادثات جسکے نتیجے میں انسانی جان، معذوری یا کام کا وقت ضائع ہوا کی مختصر وضاحت ذیل میں فراہم کی گئی ہے:

- ڈرل پائپ بچھانے کے دوران، وینچ ہک مکمل گیا اور ڈرل پائپ رگ کے فرش سے نیچے گر گیا جس سے ٹھیکے دار کا ایک کارکن مہلک چوٹ کی وجہ سے اپنا جان سے ہاتھ دھو بیٹھا۔
- چیلے ہوئے کوکلوں پر اسپرٹ کرنے کی وجہ سے باورچی خانے (طعام گاہ) میں آگ لگ گئی جس کی بناء پر ٹھیکے دار کے باورچی کا داہنا ہاتھ اور پاؤں جزوی طور پر جل گیا۔
- وکیل اوڈر میں ایندھن ڈالتے وقت ایک مددگار پھسل گیا اور زمین پر گرا جس کے باعث اسکے بائیں بازو میں فریکچر ہو گیا۔
- تعمیراتی سائٹ پر کمپ کے علاقے کی طرف جاتے ہوئے ایک ایمریولنس الٹ گئی، جس کے نتیجے میں ٹھیکے دار کے سروے کرنے والے کارکن کو بڑھ کی ہڈی میں چوٹ آئی۔
- لیتھ مشین کی ہیلت کو تبدیل کرتے وقت، ایک ویلڈر کے داہنے ہاتھ کے انگوٹھے پر چوٹ لگی۔

کیو ایچ ایس ای کا دائرہ کار

کیو ایچ ایس ای کے توجہ مرکوز دائرہ کار حسب ذیل ہیں:



زیر جائزہ مدت کے دوران تمام توجہ مرکوز دائرہ کار میں اقدامات کیے گئے ہیں۔ کلیدی اقدامات کا خلاصہ سالانہ رپورٹ کے سیکشن کیو ایچ ایس ای میں پیش کیا گیا ہے۔

کیرفر

(آپریٹر: نی اوئی سی ایل)

67 لاکھ کلومیٹر 2D اور 235 مربع کلومیٹر 3D سائز تک ڈیٹا کا حصول مکمل ہو چکا ہے۔
دریافتی کنونٹس، روڈن-1، بند کر کے ترک کر دیا گیا تھا۔

کوئی تار تھ

(آپریٹر: نی اوئی سی ایل)

تیسرے دریافتی کنونٹس، آخر پور-1 سے دریافت کا اعلان کر دیا گیا ہے۔ جانچ کے دوران کنونٹس سے 15 MMscfd ~ گیس حاصل ہوئی۔
کنونٹس سے ابتدائی پیداوار کے حصول کا آغاز پر نظر عرصے کے سال کے آخر کے بعد ہوا۔

کوہن

(آپریٹر: نی اوئی سی ایل Beta)

بلاک میں 16 دسمبر 2016 سے ناگزیر جوہات کی بناء پر کام معطل کا شکار ہے۔

جمرک

(آپریٹر: این ایچ ای پی ایل)

بلاک میں پورے سال کے دوران کوئی سرگرمی نہیں ہوئی۔

ہاشا

(آپریٹر: نی اوئی سی ایل)

195 لاکھ کلومیٹر 2D سائز تک ڈیٹا کا حصول مکمل ہو چکا ہے۔
میلہ-5 کو گیس پیدا کنندہ کے طور پر جانچا اور مکمل کیا گیا اور سائٹ سوک فارمیشن میں بطور دریافت اعلان کیا گیا۔
دریافتی کنونٹس، خنجر-1 کو بند کر کے ترک کر دیا گیا ہے جب کہ دریافتی کنونٹس، شادا-1 کو سال کے اختتام کے بعد بطور نی ایڈ اے (بند کر کے ترک) قرار دیا گیا ہے۔

آف شور اٹلس سی

(آپریٹر: ای این آئی)

پہلے دریافتی کنونٹس، کیگڑا-1 کو بند کر کے ترک کیا گیا ہے۔
کیگڑا-1 کے بعد از کھدائی تجزیے اور بقیہ بلاک کے امکانات کا جائزہ جاری ہے۔

آف شور اٹلس سی ایڈ این

(آپریٹر: ای این آئی)

کیگڑا-1 کے نتائج کی بنیاد پر، بلاک سی اور بلاک این میں سرگرمیوں کا جائزہ لیا جا رہا ہے۔

پھاڑ پور

(آپریٹر: کیرفر پاکستان پی، ڈی)

دریافتی کنونٹس، پھاڑ پور-1 X کو بند کر کے ترک کر دیا گیا ہے۔
کئی کے حملے کے ذریعے ارضیاتی و ارضی طبیعیاتی (جی ایڈ جی) جائزہ جاری ہے

ہیزو

(آپریٹر: نی اوئی سی ایل)

نی ایس ڈی ایم (PSDM) کی سطح تک 2D سائز تک ڈیٹا پروسیسنگ مکمل ہو گئی تھی۔
تشریح / نقشہ سازی جاری ہے۔
کئی کے حملے کے ذریعے ارضیاتی و ارضی طبیعیاتی (جی ایڈ جی) جائزہ جاری ہے۔

قادر پور

(آپریٹر: نی اوئی سی ایل)

دریافتی کنواں، قادر پور ڈیپ-1 کو ایس ایم ایلمنٹیشن میں بیک وقت گیس کے بہاؤ اور mud loss کی وجہ سے ایس یو ایل فارمیشن کے کم گہرے
ڈخاڑ میں مکمل کیا گیا۔ لہذا دریافتی ہدف تک نہیں پہنچا جاسکا۔

سکھ پور

(آپریٹر: ای این آئی)

آپریٹری این آئی نے بلاک سے دست برداری کے لیے ڈی بی سی (DGPC) کے پاس نوٹس جمع کرایا ہے۔ کئی نیو اپریٹریپ کے ساتھ سکھ پور
بلاک کو برقرار رکھنے کی درخواست دی ہے۔ معاملہ ڈی بی سی کے زیرِ غور ہے۔

نل

(آپریٹر: ایم اے ایل)

152 مربع کلومیٹر 3D سائز تک ڈیٹا کے حصول کا کام جاری ہے، جس میں سے 79 مربع کلومیٹر 3D، سال کے دوران حاصل کیا گیا۔
دریافتی کنونٹس مائی شیل ڈیپ-1 کو بند کر کے معطل کر دیا گیا ہے۔
نل ویسٹ میں 3D سائز تک ڈیٹا کے حصول کی منصوبہ بندی کی گئی ہے۔

پی پی ایل کے ذیلی ادارے

پی پی ایل ایشیا پی سی ایچ پی پی، ڈی (E&P B.V.)

بلاک 8 عراق

پہلے دریافتی کنونٹس، مدائن-1 کی کھدائی جاری ہے۔

پی پی ایل یورپ ای ایچ پی (E & P) لیٹف

بلاک 29 بحین

(آپریٹر: او ایم ڈی، بحین)

پیداواری شراکتی معاہدہ ختم ہو چکا ہے۔ بینک گارنٹی کی حصول / بازیابی کے لیے کوششیں جاری ہیں۔

بلاک 3 بحین

(آپریٹر: نوٹس)

ملک میں بدامنی کی وجہ سے اس بلاک میں 23 اپریل 2015 سے کام معطل کا شکار ہے۔

حج

- تیسرے دریا فنی کنوئیں، بلوچ-1 X کی کھدائی کا کام جاری ہے۔
- دریا فنی کنوئیں، حج-1 X کی دریافت کا اعلان کیا گیا۔ جانچ کے دوران مختلف زونز سے 0.08 اور 0.02 MMscfd کی گیس حاصل ہوئی۔ کنوئیں کو مزید جانچ کے لیے معطل کر دیا گیا ہے۔
- حج-1 X کی جانچ کے لیے فزیکل تھیننگ جاری ہے۔

قنات

- نئے حاصل شدہ 46 لائن کلومیٹر 2D سائز تک ڈیٹا اور بلاک کے جنوبی حصے میں 346 لائن کلومیٹر کی تشریح و نقشہ سازی مکمل ہو چکی ہے۔ سال کے دوران 194 لائن کلومیٹر 2D سائز تک ڈیٹا حاصل کیا گیا۔
- 2,778 لائن کلومیٹر ٹھنکی اور متناسی ڈیٹا کا حصول اور تشریح مکمل ہو چکی ہے۔
- دوسرے دریا فنی کنوئیں، مراد-1 X کے تعمیراتی کام کو شروع کرنے کی تیاریاں جاری ہیں۔

خاران، خاران ایسٹ اور خاران ویسٹ

- حاصل شدہ 820 لائن کلومیٹر 2D سائز تک ڈیٹا کی تشریح اور نقشہ سازی کا عمل مکمل ہو چکا ہے تاکہ گہرائی میں موجود ان امکانات کو جنہیں اب تک جانچا نہیں گیا، کھدائی کے لئے پختہ کیا جاسکے۔
- مائیکرو بیل جیو کیمیکل ایکسپلوریشن (MGCE) سروے اور اس کا 4G (جیولوجی، جیوفزکس، جیو مائیکرو بیل اور جیو کیمیکل) اٹھام مکمل ہو گیا تھا۔
- 750 مربع کلومیٹر 3D سائز تک ڈیٹا کے حصول کی منصوبہ بندی کی گئی ہے۔

خضدار

- سیکوریٹی کیسٹرنس سے مشروما، 100 لائن کلومیٹر 2D سائز تک ڈیٹا کے حصول کی منصوبہ بندی کی گئی ہے تاکہ بقیہ امکانات کو کھدائی کے لئے پختہ کیا جائے۔

مرگند

- نئے حاصل شدہ 261 لائن کلومیٹر 2D سائز تک ڈیٹا کی تشریح و نقشہ سازی مکمل ہو چکی ہے۔ پہلے دریا فنی کنوئیں، مرگند-1 X کی کھدائی کا کام جاری ہے۔

سوی ٹیل

- کپٹی کو پلور آپریٹر، حالیہ بولی کے راؤنڈ میں بلاک کی منظوری دی گئی تھی۔
- کپٹی کے عملے کے ذریعے ارضیاتی و ارضی طبعیاتی (جی ایچ جی) جائزہ جاری ہے۔

نوشیروانی

- کپٹی کے عملے کے ذریعے دوبارہ پریس کے لئے 2D سائز تک ڈیٹا (644 لائن کلومیٹر) کی تشریح اور نقشہ سازی مکمل ہو گئی ہے۔
- 150 لائن کلومیٹر 2D سائز تک ڈیٹا کے حصول کا منصوبہ ہے۔

جنوبی خاران

- نئے حاصل شدہ 775 لائن کلومیٹر 2D سائز تک ڈیٹا کی تشریح و نقشہ سازی کا کام جاری ہے تاکہ کھدائی کے لئے ممکنہ امکانات کو پختہ کیا جاسکے۔

پی پی ایل آپریٹنگ شمالی بلاکس

- پی پی ایل آپریٹنگ شمالی بلاکس کے حوالے سے دریا فنی سرگرمیوں کا خلاصہ ذیل میں کیا گیا ہے:

ڈھوک سلطان

- ڈھوک سلطان کے دریا فنی کنوئیں 3-ST-1 X کی کھدائی مکمل ہو چکی ہے۔ جانچ کے دوران کنوئیں سے 3,800 bbl/d اور 7 MMscfd گیس حاصل ہوئے۔ ابتدائی پیداوار کی تیاری جاری ہے۔
- دوسرے دریا فنی کنوئیں ڈھوک سلطان ساتھ ساتھ 1-X کی کھدائی جاری ہے۔
- 175 مربع کلومیٹر 3D سائز تک ڈیٹا کا حصول مکمل ہو چکا ہے۔
- پی ایس ڈی ایم / آر ٹی ایم سطح تک 2D/3D سائز تک ڈیٹا کی پروسیسنگ جاری ہے۔

حصا

- پہلے دریا فنی کنوئیں مصریال-1 X کو بند کر کے معطل کر دیا گیا تھا۔
- کپٹی کے عملے کے ذریعے ارضیاتی و ارضی طبعیاتی (جی ایچ جی) جائزہ جاری ہے۔

کرسال

- پہلے دریا فنی کنوئیں، تلہ گنگ-1 X سے دریافت کا اعلان ہو چکا ہے۔ جانچ کے دوران کنوئیں سے 313 bbl/d تیل حاصل ہوا۔ مزید تفتیش کے لیے کنوئیں کو معطل کر دیا گیا ہے۔
- پی ایس ڈی ایم کی سطح تک 2D/3D سائز تک ڈیٹا کی پروسیسنگ جاری ہے۔

سابق آباد

- تیسرے دریا فنی کنوئیں، چولستان-1 X کی کھدائی کا کام جاری ہے۔
- پی ایس ڈی ایم کی سطح تک 2D سائز تک ڈیٹا کی پروسیسنگ جاری ہے۔
- شراکتی دریا فنی بلاکس
- شراکتی بلاکس کے حوالے سے دریا فنی سرگرمیوں کا خلاصہ ذیل میں کیا گیا ہے:

بک

(آپریٹنگ زمین ہوا)

- فارم-ان معاہدے پر دستخط ہو گئے ہیں۔ تقابلی معاہدے اور زمین ہوا سے پی پی ایل کو آپریٹنگ کی منتقلی کو منظوری کے لیے، ڈی جی پی سی کے پاس جمع کر دیا گیا ہے۔

ڈگری

(آپریٹنگ زمین پی ایل)

- چوتھے دریا فنی کنوئیں، گل شیر-1 کی کھدائی کا کام مکمل ہو گیا تھا اور اسے فوراً ہی پیداوار پر ڈال دیا گیا تھا۔ جانچ کے دوران کنوئیں سے 1,056 bbl/d تیل حاصل ہوا۔
- تفتیشی کنوئیں، گل شیر-2 کی کھدائی بھی مکمل ہو گئی ہے۔ اس کنوئیں کو مزید تفتیش کے لیے معطل کر دیا گیا ہے۔
- مائیکرو بیل جیو کیمیکل تحقیقی سروے جاری ہے تاکہ شناخت شدہ امکانات سے ہائیڈرو کاربن چارجنگ سے متعلقہ خطرے کو کم کیا جاسکے۔

غوری

(آپریٹنگ زمین)

- دریا فنی کنوئیں «حصاریاں» ST-31 کی کھدائی فارمیشن سے تیل کی دریافت کے ساتھ تکمیل ہو چکی ہے جب کہ دریا فنی کنوئیں معراج-1 کی کھدائی جاری ہے۔
- ہارنو ویسٹ لپڈ پر 100 - مربع کلومیٹر 3D سائز تک ڈیٹا کے حصول کی منصوبہ بندی کی گئی ہے۔

دریافتی پروگرام

کھپنی اور اسکی ڈیلی کھپنیوں کے پاس 47 دریافتی بلاکس ہیں، جن میں سے 28 کو کھپنی آپریٹ کرتی ہے، ان میں عراق میں بلاک 8 بھی شامل ہے، اس کے علاوہ 19 شراکی آپریٹڈ دریافتی بلاکس ہیں جن میں پاکستان میں تین آف شور بلاکس اور یمن میں ایک آف شور بلاک شامل ہیں۔ کھپنی کے پاس حکمت عملی کے ساتھ ایک متنوع دریافتی پروگرام ہے جس میں زیادہ خطرات اور زیادہ منفعت، کم خطرات، کم اور میانی منفعت کے اثاثے شامل ہیں۔

2009 اور 2013 کی بولیوں کے دوران حاصل کئے گئے بلاکس کو شامل کرنے کے بعد، کھپنی کے سائزنگ آپریٹرز اور دریافتی کھدائی میں کئی گنا اضافہ ہوا ہے۔ گزشتہ آٹھ برسوں کے دوران، کھپنی نے بطور آپریٹر 10,208 لائن کلومیٹر 2D سائزنگ ڈیٹا اور 8,915 مربع کلومیٹر 3D سائزنگ ڈیٹا حاصل کیا۔ اسی مدت کے دوران، آپ کی کھپنی نے بحیثیت آپریٹر 60 دریافتی کنوؤں کی کھدائی کی۔

دریافتی سرگرمیاں پی پی ایل آپریٹڈ جنوبی بلاکس

پی پی ایل آپریٹڈ جنوبی بلاکس میں سرگرمیوں کا خلاصہ ذیل میں کیا گیا ہے:

گھٹ ساؤتھ

دریافتی کنوئیں ہدف-1 X کی کھدائی کا کام مکمل ہو گیا۔ جانچ کے دوران کنوئیں سے 18.6 MMscfd گیس کے ساتھ 160 bbl/d کنڈنسٹ حاصل ہوئے۔ اس کی فوری پیداوار کے لیے پائپ لائن بچھانے کی تیاریاں جاری ہیں۔
ہدف-1 X کو 9.5 دنوں میں کھودا گیا اور یہ گھٹ ساؤتھ بلاک میں اب تک کی تیز ترین کھدائی ثابت ہوئی ہے۔
دریافتی کنوئیں ہدف-1 X کی کھدائی کا کام مکمل ہوا۔ جانچ کے دوران کنوئیں سے 23.7 MMscfd گیس کے ساتھ 91 bbl/d کنڈنسٹ حاصل ہوئے۔ کنوئیں سے پیداوار کے حصول کے لئے مناسب سہولت کی فراہمی تک اسے معطل کر دیا گیا تھا۔
بلاک کی sequence stratigraphy study اور ہادی X-1A ٹاسٹ گیس دریافت کی 3D mechanical earth modelling جاری ہے۔

ہا

ساتویں دریافتی کنوئیں ہدف-1 X کو بند کر کے ترک کر دیا گیا تھا۔
بقیہ بلاک کی صلاحیت کا اندازہ لگانے کے لئے کھپنی کے عملے کے ذریعے سائزنگ میپنگ اور inversion results کا انضمام مکمل کیا گیا ہے۔

کھروایت

پہلے دریافتی کنوئیں کھروایت X-1 کے لیے تعمیراتی کام جاری ہے۔
بلاک کے مشرقی حصے پر موجود امکانات کی جانچ کے لئے 399 لائن کلومیٹر 2D سائزنگ ڈیٹا کے حصول کے ساتھ اس کی پروسیسنگ مکمل کی گئی۔ سال کے دوران 187 لائن کلومیٹر 2D سائزنگ ڈیٹا حاصل کیا گیا۔

کوٹری

چوتھا دریافتی کنوئیں ہدف-1 X کو گیس پیدا کنندہ کے طور پر مکمل کیا گیا۔ جانچ کے دوران کنوئیں سے 3.2 MMscfd گیس کے ساتھ 475 bbl/d کنڈنسٹ حاصل ہوئے۔ کنوئیں سے ابتدائی پیداوار کی تیاری جاری ہے۔

لمبر

2D سائزنگ ڈیٹا کی دوبارہ پروسیسنگ مکمل ہو گئی۔ حاصل ہونے والے امکان میں خطرے کو کم سے کم کرنے کے لیے ساختی ماڈلنگ کی تحقیق شروع کی جا رہی ہے۔

نوشہ و فیروز

تیسرا دریافتی کنوئیں، نصرت-1 (Hor) کو مکمل کیا گیا ہے اور کئی مرحلوں پر مبنی تیزاب کاری کا عمل بھی سرانجام دیا گیا۔
تیزاب کاری کے بعد حاصل ہونے والے تانج کی جانچ کے تجربے کا عمل جاری ہے۔
340 مربع کلومیٹر 3D سائزنگ ڈیٹا کی پی ایس ڈی ایم (PSDM) پروسیسنگ جاری ہے۔

شاہ بندر

پہلے دریافتی کنوئیں چناری X-1 (ST-2) سے دریافت کا اعلان ہو چکا ہے۔ جانچ کے دوران کنوئیں سے 9.05 MMscfd گیس حاصل ہوئی۔ پیداوار کی جلد شروعات کے لیے تیاریاں جاری ہیں۔
سائزنگ اینڈرٹون فیڈ بیک کی تحقیق مکمل ہو چکی ہے۔
پرانے (vintage) 3D سائزنگ ڈیٹا کی ری پروسیسنگ جاری ہے تاکہ دیگر امکانات کو پختہ کیا جاسکے۔

سیرانی

حاصل شدہ 312 مربع کلومیٹر 3D سائزنگ ڈیٹا کی پی ایس ڈی ایم پروسیسنگ، تشریح اور نقشہ سازی (mapping) کو مکمل کر لیا گیا ہے۔
لدلی علاقے میں واقع ایک امکان کو پختہ کر لیا گیا ہے۔ تعمیراتی کام اور رسد کے لیے scope of work کی تیاری جاری ہے۔

سورہ

کھپنی کو بطور آپریٹر 20 جون 2019 کو حالیہ بولی کے راولڈ میں بلاک کی منظوری دی گئی تھی۔
کھپنی کے عملے کے ذریعے ارضیاتی وارضی طبیعیاتی (جی اینڈ جی) جانزہ جاری ہے۔

زمرہ ساؤتھ

بلاک میں کم امکانات باقی رہنے کی وجہ سے دست برداری کا نوٹس، ڈی پی سی کو دیا گیا تھا۔ ڈی پی سی کی منظوری کا انتظار ہے۔

بگ شاہی

بلاک کے شمالی حصے میں کے لیے وزارت دفاع کی جانب سے NOC کا انتظار ہے۔
2D سائزنگ ڈیٹا کی دوبارہ پروسیسنگ مکمل ہو چکی ہے اور بقیہ بلاک کے امکانات کا اندازہ کرنے کے لیے تشریح جاری ہے۔

پی پی ایل آپریٹڈ سرحدی بلاکس

پی پی ایل آپریٹڈ سرحدی بلاکس میں ہونے والی سرگرمیوں کا خلاصہ ذیل میں کیا گیا ہے:

بارکھان

آگے بڑھنے کا فیصلہ کرنے کے لیے بقیہ بلاک کے امکانات کی جانچ پڑتال جاری ہے۔

بیلا ویسٹ

بیلا ویسٹ X-1 کو دور دراز کے مقام پر کامیابی سے کھپنی کی تاریخ میں پہلی بار 3,000 HP کی رگ کے ذریعے کھودا جا رہا ہے۔
536 لائن کلومیٹر پی ایس ڈی ایم اور 2D سائزنگ ڈیٹا کی 120 لائن کلومیٹر پی ایس ڈی ایم کی دوبارہ پروسیسنگ مکمل ہو گئی۔

ایل پی جی پلانٹ کے آغاز کے بعد کی کارکردگی کے معاملات پر ATA کے دوران ای پی سی کے ٹھیکے دار کے ذریعے مطلوبہ ترمیم کے لیے جانچ عمل میں لائی گئی، اس کے بعد کارکردگی کا ٹیسٹ ہوگا۔

میلہ سے ناشپا (ایل پی جی ٹکائے کے لیے) تک فلورائن بچھانے کا کام جاری ہے۔

پیداوار میں کمی کو روکنے کے لیے فرنٹ اینڈ کپریشن کے آغاز کا منصوبہ بنایا گیا ہے۔

کیرفر

آپریٹرز ایس ای (POGC)

گیس پیدا کرنے والے کنویں کی حیثیت سے، ڈیو پلمنٹ کنویں، 5-5 اور 6-6 کامیابی کے ساتھ مکمل ہو چکے ہیں۔

ڈیو پلمنٹ کنویں، 3-3 کی کھدائی کا کام جاری ہے۔

منصوبہ شدہ ای پی سی پروجیکٹ کے لیے 40 MMscfd سے 100 MMscfd (بشمول NRU) تک پلانٹ کی صلاحیت بڑھانے کے لیے فیڈ اسٹڈی کی گئی۔

ای پی سی کے آغاز تک فیلڈ کی پیداوار بڑھانے کے لیے ریئل ڈی ہائیڈریشن کا عبوری انتظام مکمل ہو چکا ہے، جب کہ ریئل ایم این یونٹ اور ایس ایس جی سی کے توسط سے اضافی سٹوراج کی تنصیب کا عمل جاری ہے۔

عمل

آپریٹرز ایس ای (MOL)

ڈیو پلمنٹ کنواں، ماکوڑی 2-Deep کو لوکھارت فارمیشن سے گیس / کنڈنسٹ پیدا کنندہ کی حیثیت سے مکمل کیا گیا۔

ماکوڑی ایسٹ فرنٹ اینڈ کپریشن پروجیکٹ پیداوار کی کمی کو روکنے کے لیے شروع کیا گیا تھا۔

محل فیلڈ کے آپریٹرز نے منصوبے کی تکمیل میں تاخیر کی وجہ سے، ماکوڑی گیس پروجیکٹ پلانٹ کے ٹھیکے دار پر 804 ملین روپے liquidity damage (ایل ڈی) کی مدد میں عائد کیے۔

قادر پور

آپریٹرز ایس ای (OGDCL)

ڈیو پلمنٹ کنویں، قادر پور 59-60 اور قادر پور 61-61 (Hor) گیس پیدا کنندہ کنویں کی حیثیت سے کامیابی کے ساتھ مکمل ہوئے۔

فرنٹ اینڈ کپریشن ایف ای سی کے تجدیدی منصوبے کے لیے انجینئرنگ کی تحقیق مکمل ہوئی۔

میانو

آپریٹرز ایس ای (UEP Beta)

ڈیو پلمنٹ کنویں، میانو 28 اور میانو 22، گیس پیدا کرنے والے کنویں کی حیثیت سے کامیابی کے ساتھ مکمل ہوئے جب کہ ڈیو پلمنٹ کنویں میانو 24 کو بند کر کے مزید جانچ کے لیے معطل کر دیا گیا تھا۔

لطیف

آپریٹرز ایس ای (UEP Beta)

گیس پیدا کنندہ کی حیثیت سے، ڈیو پلمنٹ کنواں، لطیف 17، کامیابی کے ساتھ مکمل ہوا۔

ڈگری

آپریٹرز ایس ای (UEPL)

گل شیر 1-1 کنویں سے ابتدائی پیداوار کا آغاز کیا گیا۔ اس وقت، اس کی پیداوار تقریباً 650 bbl/d تیل / کنڈنسٹ ہے۔

غوری

آپریٹرز ایس ای (MPCL)

دھاریاں X-1 سے ابتدائی پیداوار دھاریاں ابتدائی پروجیکٹ پلانٹ سے شروع کی گئی۔ موجودہ طور پر اس کی پیداوار تقریباً 150 bbl/d تیل / کنڈنسٹ ہے۔

دریافت

اہم جھلکیاں

آپریٹرز علاقوں میں چھ دریائیں کی گیس جب کہ شراکتی علاقوں میں 5 دریائیں کی گیس۔

آپریٹرز علاقوں میں سات دریائیں کنویں اور شراکتی علاقوں میں پانچ کنویں کھودے گئے۔ کیمپنی کی حکمت عملی کے تحت زیادہ خطرات اور زیادہ منافع والے کنویں کے لئے دریائیں سرگرمیاں کرنے کے حوالے سے آپریٹرز بلاکس میں تین کنویں کھودے گئے۔

تین آپریٹرز بلاکس میں 381 لائن کلومیٹر 2D اور 175 مربع کلومیٹر 3D سبسک ڈیٹا حاصل کیا۔

قلات اور مرگند بلاکس میں کھشش نقل / منتقلی سروے کے 14,378 میٹرز حاصل کیے۔

920 لائن کلومیٹر 2D اور 1,364 مربع کلومیٹر 3D سبسک ڈیٹا کی ان ہاؤس پروجیکٹ کی گئی۔

2018-19 میں دریائیں

نی پی ایل آپریٹرز

دریافت	بلاک
حب X-1	حب
بدیل X-1	گمبٹ ساؤتھ
ہدف X-1	گمبٹ ساؤتھ
تلاش X-1	کر سال
بیر X-1	کوڑی
بیماری X-1	شاہ بندر

شراکتی آپریٹرز

دریافت	بلاک
میلہ 5 (ماناسک فارمیشن)	میلہ ڈی اینڈ پی ایل
دھاریاں 1	غوری
بولان ایسٹ 1	زیارت
گل شیر 1	ڈگری
انڈوپور 1	کوڑی تارچھ

(time domain) میں پروٹیس کیا جاتا تھا۔

ادارے میں موجود وسائل کو استعمال کرتے ہوئے، کندھ کوٹ فیڈ گیس کپریسٹیشن پر، گیس کپریسٹرز اور گیس ٹرانزاکٹرز کا بڑے پیمانے پر کامیابی کے ساتھ مکمل جائزہ لیا گیا جس کے نتیجے میں بچت ہوئی۔
ایس ای ڈوم کنوؤں پر بیک پریشر میں کمی کے لیے سیکشن-IV لوپ لائن کی تنصیب کی منصوبہ بندی کی گئی ہے۔

آدھی فیڈ

آدھی فیڈ نے 2018-19 کے دوران سب سے زیادہ یومیہ اوسط تیل / کنڈنسٹ کی پیداوار ریکارڈ کی جس سے 9,129 bbl/d حاصل ہوا جب کہ یہ گزشتہ سال کے دوران 7,728 bbl/d تھا۔
دو ڈیو پلینٹ کنوؤں آدھی-31 (T/K) اور 32 (T/K) کی تکمیل اور پیداوار کا آغاز۔
آدھی-32 (T/K) کو 49.7 کوٹوں کے ریکارڈ وقت میں طے شدہ ہدف کی گہرائی تک کھودا گیا جس سے خاطر خواہ بچت ہوئی ہے۔ یہ آدھی فیڈ کی تاریخ میں سب سے تیز کھودا جانے والا اور گہرائی ہے۔
سال کے دوران دو (2) ڈیو پلینٹ کنوؤں، آدھی-34 (T/K) اور ایک تجزیاتی کنوئیں، آدھی ساؤتھ-4 کی کھدائی ہوئی جن پر اس وقت بھی کام جاری ہے۔
آدھی-10 (T/K) کا ڈرک اوڈر کامیابی کے ساتھ مکمل کیا گیا تھا اور کنوئیں سے پیداوار کا آغاز ہو گیا۔ تو بڑا اور کھوڑا کی فارمیٹنگ کو بیک وقت براڈ بینڈ ٹیکنالوجی کا استعمال کرتے ہوئے فریکچر ڈکھایا گیا تھا۔
ادارے میں موجود وسائل کے ذریعے پلانٹ III میں موجود شورابوں کو دور کیا گیا جس کے نتیجے میں پلانٹ کی صلاحیت میں 15 MMscfd کا اضافہ ہوا ہے اور اس وجہ سے پلانٹ کی صلاحیت مجموعی طور پر 93 MMscfd تک بڑھ گئی ہے۔
آدھی کا سالانہ turnaround ریکارڈ 5.5 دنوں میں تسلی بخش طریقے سے مکمل ہوا جس سے پیداوار میں تخفیف کم سے کم ہوئی۔
پلانٹ I اور پلانٹ II کو کامیابی کے ساتھ پلانٹ III کے برقی نظام سے جوڑا گیا، نتیجے کے طور پر ایندھن اور O&M کے اخراجات میں بچت ہوئی ہے۔
کپریسٹیشن پروجیکٹ سے پیداوار کے آغاز کے لئے کام جاری ہے۔ آدھی-17 میں نوڈل کپریسٹر سے پیداوار کے آغاز ہو چکا ہے اور اس وقت 8 MMscfd پر گیس اور 1,200 bbl تیل حاصل ہو رہے ہیں۔
دو اضافی کنوئیں یعنی آدھی ساؤتھ-2 اور ساؤتھ-3 کی منصوبہ بندی جنوبی حصے میں کی گئی ہے۔

ہال، گمب ساؤتھ اور مزارانی ۱۱۱۱ جات

گمب نے گمب ساؤتھ بلاک کی شہداد پور فیڈ میں 60 MMscfd گیس پروسیسنگ پلانٹ (GPF-III) کی تعمیر کا معاہدہ کیا تھا۔ یہ منصوبہ اکتوبر 2017 میں مکمل ہونا تھا۔ تاہم، ٹھیکیدار کی جانب سے منصوبے کے سبب میل کو پورا کرنے اور معاہدے کی ذمہ داریوں کو پورا کرنے میں تاخیر کی وجہ سے اس کی تکمیل میں تاخیر ہوئی۔ اسی کے تحت، گمب نے 10 مئی 2019 کو ٹھیکیدار سے معاہدہ ختم کر دیا ہے اور اینڈوائس اور کارکردگی کی ضمانتوں کو لے لیا ہے۔ گمب فیڈ سے پیداوار بڑھانے کے لیے تمام زکوشیاں کر رہی ہے۔

مزید برآں، ٹھیکیدار نے گمب کے خلاف ٹائٹل کی کارروائی کا آغاز کیا ہے جس میں اس نے گمب کے خلاف متعدد دعوے دائر کیے ہیں۔ گمب نے ایک مضبوط دفاع داخل کیا ہے اور ٹھیکیدار کے خلاف جوابی دعوے اٹھائے ہیں۔ مزید یہ کہ ٹھیکیدار اور گمب کے مابین متعدد قانونی چارہ جوئیوں کا فیصلہ التوا میں ہے۔ گمب اپنے خلاف کیے جانے والے دعوؤں کا جائزہ لینے اور اپنے قانونی مشیر سے مشورہ کرنے کے بعد، اپنے حق میں مناسب نتائج کا اہتمام کرتی ہے۔

گمب ساؤتھ GPF-IV کا آغاز ہو چکا تھا جس کے نتیجے میں پیداوار میں 25 MMscfd کا اضافہ ہوا تھا۔ GPF IV، فیڈ I پر کام جاری ہے اور اس سے پیداوار کا آغاز 2019-20 کی تیسری سہ ماہی میں متوقع ہے۔ اس سے پیداواری صلاحیت میں مزید 45 MMscfd کا اضافہ ہوگا۔
نصر-1 (گمب ساؤتھ بلاک) سے GS GPF-IV تک، فیڈ رلان کی تعمیر کا کام جاری ہے اور فضل-1 (ہال بلاک) سے ہال پلانٹ تک فیڈ رلان مکمل ہو چکی ہے۔

نصر-1 سے ابتدائی گیس اور کنڈنسٹ کی پیداوار کے لیے حکومت پاکستان کی جانب سے منظوری حاصل ہو چکی ہے۔
نصر-1 (کوٹری بلاک)، بشرط ST-1 (ہال بلاک) اور نوشہرہ فیروز Hor-1 Re-entry (نوشہرہ فیروز بلاک) کے کنوؤں پر ورچوئل پائپ لائن کے ذریعے ابتدائی پیداوار کے دوران گیس کی فروخت کے لئے انتظام جاری ہے۔
مزارانی ڈی اینڈ پی ایل 31 اگست 2019 کو ختم ہو گیا۔ ڈی اینڈ پی ایل (D&PL) کی تجدید قیمت میں اضافے کی درخواست کے ساتھ حکومت پاکستان کو جمع کرائی گئی۔ موجودہ شرائط پر تین ماہ کے لیے لیز پر عارضی توسیع کی منظوری دے دی گئی ہے۔
20 میگا واٹ حاتم پور پروجیکٹ سے متعلق گراڈ انٹر کنکشن اسٹڈی کی HESCO نے منظوری دے دی ہے اور این ٹی ڈی سی کی جانب سے اس پر نظر ثانی کی جا رہی ہے۔

پنی ایل میننگ ۱۱۱۱

بولان میننگ انٹر پرائز (BME)

ماننگ آپریشنز پر بھرپور توجہ جس کے نتیجے میں 2018-19 میں 261,689 ٹن کی ریکارڈ پیداوار۔
خضدار میں کانوں کی کھدائی، پسائی اور بیرائٹ کی پیداوار کے آپریشنز کی تیاری اطمینان بخش ہے۔ اب تک ہونے والی سب سے زیادہ فروخت 228,310 ٹن بیرائٹ کچھ دھات اور پاؤڈر کی ہے جو 2018-19 میں ریکارڈ کی گئی جس نے 2017-18 میں فروخت ہونے والے 206,921 ٹن کے ریکارڈ کو توڑ دیا۔
منصوبہ یہ ہے کہ ویلیو ایڈڈ ایجنٹ کے لیے ایک نئی گرانڈنگ مل کی تنصیب کے ذریعے بیرائٹ پاؤڈر کی فروخت کو مزید بڑھایا جائے۔
چاغی میں لوہے اور خام لوہے کی کان کنی کا کام شروع کیا گیا۔ لوہے اور خام لوہے کی تجارتی بنیاد پر کان کنی کے لیے منصوبہ ہے جاری ہیں۔
ہماری مجموعی حکمت عملی کے مطابق، بیرائٹ لیڈرنگ (BLZ) پروجیکٹ کو ترقی کے امکان کے طور پر شناخت کیا ہے۔

BLZ پروجیکٹ کی فرہیلٹی کو حتمی شکل دینے کے لیے فیڈ کا کام مکمل ہے۔ فرہیلٹی اسٹڈی کے بعد مرل انٹنس کی منظوری کے لیے درخواست اور ای پی سی معاہدے کے ایوارڈ کی منصوبہ بندی کی گئی ہے۔ مزید برآں، اپریل 2019 میں حکام کی جانب سے معدنی ذخائر برقرار رکھنے کا انٹنس تخویض ہوا تھا۔ اس کے ساتھ ہی گمب دیگر معدنیات کی کان کنی کے مطلوبہ حقوق کے حصول کے لئے سرگرم ہے۔

شراکی آپریٹنگ جات

ناشپا

آپریٹنگ اوپن ڈی سی ایل (OGDCL)

لوکارٹ کی تشکیل میں تیل پیدا کنندہ کی حیثیت سے ڈیو پلینٹ کنوؤں میں 6 مکمل ہوا تھا جب کہ ناشپا-9، 10 اور 11 شنواری کی فارمیشن میں تیل پیدا کنندہ کی حیثیت سے مکمل ہوا۔ مزید برآں، اپریل کنوؤں، ناشپا-5A اور ڈیو پلینٹ کنوؤں، میلہ-7، کھدائی کے مرحلے میں ہیں۔

۱۱۱ جانبی جائزہ

قدرتی تیزل کی ہجر سے سوئی کی پیداوار میں کمی آئی جس کے اثر کو ترقیاتی / پیداواری کوششوں سے ذائل کیا گیا۔
GPF-IV سے پہلے مرحلے میں پیداوار شروع ہونے سے گہٹ ساؤتھ سے ہونے والی مجموعی پیداوار میں اضافہ ہوا۔

صارف کی جانب سے طلب میں کمی کے باعث کندھ کوٹ نے اپنی گنجائش سے کم پیداوار کی جبکہ دوسرے علاقوں سے پیداوار کو ترقیاتی سرگرمیوں کے ذریعے برقرار رکھا گیا۔

مزید تفصیلات متعلقہ اثاثوں کے تحت بیان کی گئی ہیں۔

سوئی ۱۱۱

تین ڈیولپمنٹ کنوؤں کی کھدائی اور تکمیل: سوئی-105 (U)، سوئی-108 (P) اور سوئی-109 (M) جب کہ سوئی-107 (U) کی کھدائی سال کے دوران ہوئی اور بعد ازاں سال کے آخر میں تکمیل ہوئی۔

گزشتہ سال کے مقابلے میں سوئی فیلڈ کی اوسط پیداوار 385 MMscfd رہی۔ سوئی فیلڈ قدرتی تیزل سے دو چار ہے، تاہم، اصلاحی کوششوں نے تقابلی مدت میں 2018-19 کے اندر بمقابلہ 8.4 فیصد تخفیف کو 5.2 فیصد کم کر دیا ہے۔

کیونکہ ایس ای نے 35 ملین محفوظ انسانی گھنٹے (Safe manhours) کا سبب میل حاصل کر لیا۔

سوئی-108 (P) کی کھدائی، قریب متوازن تکنیک (near balanced technique) کا استعمال کرتے ہوئے 35.75 دنوں میں کی گئی اور سوئی فیلڈ کے چب ذخائر میں سب سے تیزی کے ساتھ کھودا جانے والا کنواں تھا۔ اس کے نتیجے میں آف سیٹ (Offset) کنوئیں، سوئی-91 (P) کے مقابلے میں کھدائی کے وقت میں 60% کی بچت ہوئی۔

سوئی-108 (P) کے نتائج، جو چب ذخائر کے مشرقی حصے میں کھودا گیا تھا، بڑے حوصلہ افزا ہیں۔ اس کنوئیں کو تقریباً 20 MMscfd گیس پر جانچا گیا اور اس کنوئیں سے 2P کنیگرمی میں 22 Bcf اضافی ذخائر متوقع ہیں۔

سوئی-104 (M) کی کھدائی 2017-18 کی آخری سہ ماہی کے دوران ہوئی تھی، جو تکمیل کے بعد سے گیس کی تقریباً 7.5 MMscfd کا اضافہ کر رہا ہے۔

سوئی-29 اور سوئی-28 کے ورک اور آغاز 2018-19 کے دوران ہوا، جس کے نتیجے میں 6 MMscfd گیس کا اضافہ ہوا۔

سوئی-103 (U) جس نے اپنی تکمیل کے بعد شروع میں ناقابل پیمائش مقدار میں گیس پیدا کی تھی، فریکچر نیٹ ورک سے منسلک کرنے کے لیے ہائی پریشر ہائی ریٹ تیزاب کاری کرتے ہوئے کامیابی کے ساتھ دوبارہ پیداوار شروع کی گئی۔ کنوئیں کو تقریباً 3 MMscfd پر جانچا گیا اور اس طرح ایک ورک اوڈر کی لاگت کی بچت کی گئی۔

بیڈ ریفلیکشن پلانٹ اور سوئی فیلڈ گیس کپریشن اسٹیشن، دو دنوں کی مرمت، اپ-گریڈیشن اور پلانٹ کی کارکردگی بہتر بنانے والی سرگرمیاں انجام دی گئیں۔

کندھ کوٹ اپنا چاڑھا

گزشتہ سال کے مقابلے میں پیداوار 209 MMscfd پر برقرار رہی۔ تاہم، صارف کی جانب سے گیس کی طلب میں کمی ہونے کے باعث فیلڈ سے پیداوار کم رہی۔

ڈیولپمنٹ کنوئیں KDT-45 (U) سے 10 MMscfd گیس کے ساتھ اگست 2018 میں پیداوار کا آغاز ہوا۔

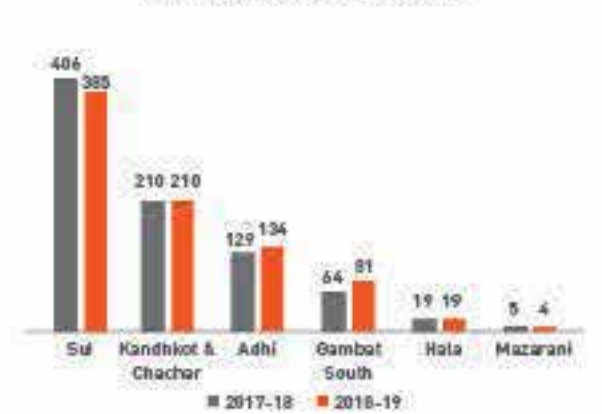
2018-19 کے دوران پیداوار کی بہتری کے لیے آٹھ (8) اقدامات عمل میں لائے گئے۔

سائزنگ ڈیٹا کی پروسیسنگ کو (depth domain) پری اسٹیک ڈیپتھ مانیٹریشن میں مکمل کیا گیا تھا جب کہ اس سے قبل سائزنگ پر صرف

Development Wells Drilled
(Operated & Partner Operated)



PPL Operated Fields Gross
Production MMscfd equivalent



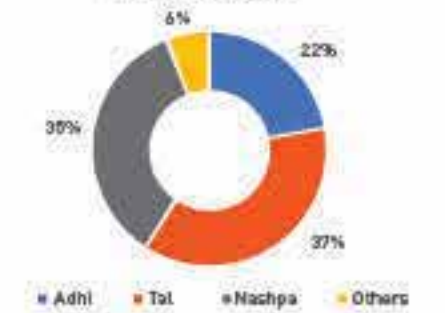
آپ کی کمپنی نے سال کے دوران 18 ڈیولپمنٹ کنوؤں کی کھدائی کی۔ 7 کنوؤں کی کھدائی آپریٹڈ علاقوں میں ہوئی جب کہ 11 کنوئیں شراکتی علاقوں میں کھودے گئے۔

ترقیاتی سرگرمی نے پیداواری فیلڈز سے ہونے والی پیداوار کے حجم کو بہتر بنانے میں مدد دی۔

Field Wise Production of Natural Gas
(PPL Net 2018-19)



Field Wise Production of Oil/NGL/Condensate
(PPL Net 2018-19)



غیر ملکی کرنسی میں اتار چڑھاؤ:

سال کے دوران امریکی ڈالر پاکستانی روپے کی شرح تبادلہ باؤ کا شکار رہی۔ مالی سال کے آغاز کے بعد سے روپے نے اپنی قدر کا 30 فیصد سے زیادہ گھو دیا۔ اگرچہ روپے کی قدر میں کمی کا، لاگتوں پر مبنی اثر چلتا ہے کیوں کہ روک پر گرام کا زیادہ تر حصہ امریکی ڈالر کی حیثیت سے ہے لیکن اس کے باوجود کمپنی کے محصولات پر اس کا مثبت اثر چلتا ہے کیوں کہ یہ زیادہ تر امریکی ڈالر سے منسلک ہوتے ہیں۔



تجارتی قلیل وصولیات:

سال 2018-19 میں گردش قرض کے باعث کمپنی کی لیکویڈیٹی پوزیشن میں نمایاں تیزی دیکھی گئی۔ کمپنی کے تجارتی قرضے تاریخی لحاظ سے 227 ارب روپے (30 جون 2018: 143 ارب روپے) کی بلند ترین سطح تک پہنچ گئے یعنی مجموعی محصول کا 1.1 ٹن۔ آمدنی میں اضافے کی وجہ سے بڑی قانونی ادائیگیوں کے ساتھ ساتھ صارفین سے کم بازیافت، کمپنی کے نقد بٹایا جات پر اضافی دباؤ کا باعث بنی۔

مذکورہ بالا صورت حال مطالبہ کرتی ہے کہ حکومت پاکستان خصوصی طور پر پبلک سیکٹور ریافتی و پیداواری کمپنیوں کے لیے صورتحال میں آسانی پیدا کرنے کے سلسلے میں فوری اقدامات کرے، کیوں کہ جس طرح ریافتی اور پیداواری لائف سائیکل کی نوعیت ہے اسے کو طویل مدت ترقی کے ساتھ بھاری پیشگی سرمایہ کاری کی ضرورت ہے۔ اسی طرح گردش قرضے کی صورت حال کی وجہ سے پیدا ہونے والے نقد سرمائے میں کمی کی بناء پر، کمپنی میں جاری اور طے شدہ ریافتی و پیداواری سرگرمیوں کو پورا کرنے میں نمایاں تاخیر کا امکان ہے۔

موجودہ بحران میں سرمائے کو مختص کرنا آپ کی کمپنی کے لیے اولین ترجیح ہے تاکہ وہ دستیاب فنڈز کے زیادہ سے زیادہ استعمال کو یقینی بنائے۔ اسی دوران مذکورہ بالا صورت حال کے فوری حل کے لیے، ہم متعلقہ حکام کے ساتھ پوری طرح مصروف عمل ہیں۔



ہماری کارکردگی

پیداواری آپریشنز کا جائزہ

کمپنی موجودہ طور پر سوئی، کنڈھ کوٹ، آدھی، مزارانی، چاچڑ، آدم، آدم ویسٹ، شہداد پور، شہداد پور ریسٹ، شہداد پور ویسٹ اور کبیر کی پیداواری فیلڈز پر کام کر رہی ہے۔ اس کے علاوہ کمپنی، شراکت میں چلنے والی 21 پیداواری فیلڈز کے امور میں دلچسپی رکھتی ہے۔

آپ کی کمپنی جدید ٹیکنالوجی اور انتظامی مہارتوں کا استعمال کرتے ہوئے موجودہ اثاثوں سے پیداواری اضافے اور نئی دریافتوں کو جلد پیداوار پر لا کر ملک کی توانائی کی ضروریات کو پورا کرنے میں نمایاں کردار ادا کرنے کی کوششوں میں مصروف ہے۔ مزید برآں، کمپنی پی ایم ای، جو کمپنی اور حکومت بلوچستان کے درمیان ایک شراکت ہے، کے ذریعے پیرائٹس کی پیداوار کر رہی ہے۔

پیداوار

آپ کی کمپنی کی گیس کی پیداوار میں تقریباً 1.7 فیصد کی معمولی کمی واقع ہوئی ہے جب کہ کنڈھ کوٹ این جی ایل اور ایل پی جی کی پیداوار میں گزشتہ سال کے مقابلے میں بالترتیب تقریباً 1.3 فیصد اور 22 فیصد کا اضافہ ہوا ہے۔

گیس کی پیداوار میں کمی کی بنیادی وجہ موجودہ فیلڈز میں ہونے والی قدرتی کمی ہے۔ تاہم، جزوی طور پر یہ گیمٹ سائڈ تھک کی پیداوار میں اضافے اور فعال پیداواری انتظام کی وجہ سے پوری ہوئی ہے۔ آدھی سے پیداوار میں اضافے نے تیل کے مجموعی اضافے میں اہم کردار ادا کیا ہے، جب کہ ایل پی جی میں اضافہ، حالیہ پیداوار شروع کرنے والے نائشپا ایل پی جی پلانٹ سے منسوب ہے۔

گزشتہ سال کے ساتھ موجودہ سال کی پیداوار (ایل پی جی ایل کی خالص) کا موازنہ ذیل میں دیا گیا ہے:

	2017-18	2018-19
قدرتی گیس MMscf	323,007	317,457
خام تیل ایل پی جی ایل اکنڈھ کوٹ (ہزار بیرٹ)	5,795	5,868
ایل پی جی (میٹرک ٹن)	95,332	116,723

ایک سال کے دوران ہائیڈروکاربن کی تیاری میں شراکت سے چلنے والے علاقوں سے کمپنی کا حصہ اوسطاً 870 MMscfd گیس، تیل ایل پی جی ایل اکنڈھ کوٹ 16,077 bbl/d اور 320 میٹرک ٹن ایل پی جی روز آند ہے۔ جس کی وجہ سے مجموعی پیداوار 977 MMscfd رہی۔

کمپنی کے بڑے صارفین میں سوئی سدرن گیس کمپنی لمیٹڈ، سوئی نادرن گیس پائپ لائنز لمیٹڈ، سینٹرل پاور جنریشن کمپنی لمیٹڈ اور انک ریٹائرڈ لمیٹڈ شامل ہیں۔

1+ فارم ان (کاروباری شراکت حاصل کرنا)

1+ فارم آڈٹ (دیگر کمپنیوں کو کاروباری شراکت میں لانا)

پی پی ایل نے بحیثیت آپریٹر 2018 کے بولی راؤڈ میں دو (2) دریافتی بلاکس سویٹل اور سورہ حاصل کئے اور اوجی ڈی سی ایل (OGDCL) کے زیر انتظام پیڑو بلاک میں بھی کاروباری شراکت حاصل کی۔ پیٹا ویسٹ بلاک جو کہ زیادہ خطرات اور لاگت والا بلاک ہے، اس میں خطرات کو تحلیل کرنے کے لئے بلاک کی کاروباری شراکت میں دیگر کمپنیوں کو بھی شامل کیا گیا۔ بعد ازاں، پنجاب بلاک کو جولائی 2019 میں عارضی طور پر حاصل کیا گیا۔

ریکارڈ ٹینگ سرگرمیاں

228 ہزار ٹن پیرائٹ

گزشتہ سال کے 207 ہزار ٹن کے مقابلے میں 2018-19 کے اندر پیرائٹ کی اب تک کی سب سے زیادہ 228 ہزار ٹن کی فروخت

ان ہاؤس سائزک ڈیٹا پروسیسنگ

920 ہاؤس کلو میٹر 2D

1,364 مربع کلو میٹر 3D

سائزک ڈیٹا کی کچھنی کے عملے کی صلاحیتوں کو بڑے کاروائے ہوئے پروسیسنگ کے نتیجے میں خاصی بچت ہوئی۔

گھٹ ساؤتھ IV-GPF پلانٹ

ان ہاؤس کیشنگ (پیداوار کا آغاز)

کچھنی کے وسائل کو بڑے کاروائے ہوئے IV-GPF پلانٹ سے پیداوار کا آغاز کیا جس سے فیلڈ کی مجموعی پیداوار میں 25 MMscfd کا اضافہ ہوا۔

آدی پلانٹ-III

کچھنی کے وسائل کے ذریعے پلانٹ کی دشواریاں دور کرنا

کچھنی کے وسائل کو بڑے کاروائے ہوئے آدی پلانٹ III سے دشواریوں کو دور کیا گیا جس کے نتیجے میں پلانٹ کی پروسیسنگ کی صلاحیت میں 15 MMscfd اضافہ ہوا۔

ڈیجیٹل تبدیلی

خود کاریت

ڈیجیٹل تبدیلی کے متعدد اقدامات، سوئی اسپتال، ویب ہاؤس کا انتظامی نظام، بجٹ سازی اور منصوبہ بندی کی خود کاریت

عطیات دینے والا سب سے بڑا کارپوریٹ ادارہ

آپ کی کمپنی کو 14 میں سے 12 مرتبہ پاکستان سینئر برائے فیلتھ ریلی کی جانب سے عطیات دینے کے حجم کے اعتبار سے سب سے بڑا کارپوریٹ ادارہ قرار دیا جا چکا ہے۔

آپریٹنگ ماحول

پاکستان ایک ایسا ملک ہے جسے توانائی کی کمی کا سامنا ہے اور یہ ہائیڈرو کاربن کی درآمد پر بہت زیادہ انحصار کرتا ہے۔ ملک کے اندر مجموعی طور پر توانائی کے مرکب میں، تیل کے بعد قدرتی گیس کا سب سے بڑا حصہ ہے۔ گزشتہ چند برسوں میں ملک کی مقامی گیس کی پیداوار کی سطح 4 Bcfd برقرار رہی ہے کیوں کہ صنعت کو نئی دریافتوں کے ذریعے بڑے پیمانے پر موجودہ فیلڈز سے قدرتی انعطاف میں اعتدال پیدا کرنے کے سلسلے میں ایک چیلنج درپیش ہے۔ تیل کے حوالے سے، ملک میں روزانہ تقریباً 85,000 بیرل تیل کی پیداوار ہوتی ہے جو تیل کی کھپت کا تقریباً 15 فیصد بنتی ہے، جب کہ باقی تیل درآمد کیا جاتا ہے۔ حالیہ برسوں میں، مقامی مانگ کو پورا کرنے کے لیے ایل این جی (LNG) کی شکل میں گیس کی درآمد میں اضافہ ہوا ہے۔ جی ڈی پی (GDP) میں متوقع اضافے کے ساتھ بڑھتی ہوئی آبادی کی وجہ سے توانائی کی طلب میں مزید اضافے کا امکان ہے۔ اگرچہ حالیہ برسوں میں ملک کے توانائی مرکب میں کوئلے اور توانائی کے دیگر وسائل کا حصہ بڑھ گیا ہے لیکن اس کے باوجود تیل اور گیس اب بھی توانائی کے بنیادی وسائل ہیں۔

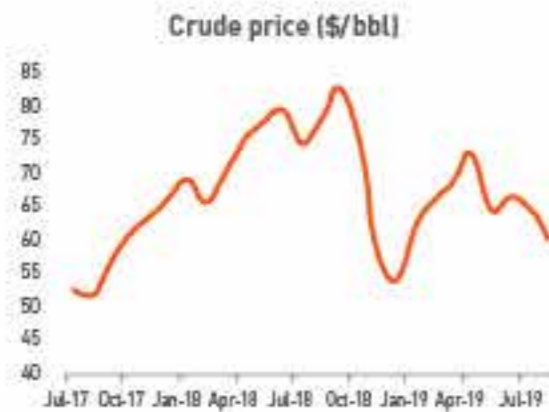
ملک کی زیادہ تر فیلڈز جانی پھپانی تین میں واقع ہیں۔ توانائی کی فراہمی کی طلب کے خسارے کو پورا کرنے کے لیے ممکنہ بڑی دریافتیں سرحدی علاقوں سے ہوں جن کے امکانات کی بہتر سمجھ کے لیے بڑے پیمانے پر دریافتی کاوشوں کی ضرورت ہے۔ چنانچہ ملکی پیداوار میں اضافے کے لیے قومی سطح پر تمام تین میں دریافتی پروگرام کی ضرورت ہے۔ آپ کی کمپنی، زیادہ اور کم خطرے کے حامل بلاکس پر مشتمل دریافتی پروگرام کے ساتھ ملک میں ہائیڈرو کاربن کے ذخائر میں اضافے کے لیے جارحانہ رک پروگرام پر عمل پیرا ہو کر اپنا کردار ادا کر رہا ہے۔

بیرونی ماحول

مندرجہ ذیل ماحول آپ اسٹریم (Upstream) سیکٹر کے آپریٹنگ ماحول میں کلیدی کردار ادا کرتے ہیں۔

خام تیل کی قیمتیں:

کچھنی کی تیل اور گیس سے ہونے والی آمدنی بنیادی طور پر تیل کی بین الاقوامی قیمتوں سے منسلک ہے۔ تیل کی قیمتوں میں بڑھتا ہوا رجحان گزشتہ سال سے لے کر 2018-19 کی پہلی سہ ماہی تک جاری رہا اور ستمبر 2018 میں قیمت 80 امریکی ڈالر فی بیرل ایل ہو گئی۔ اس کے بعد اسے اتار چڑھاؤ کا سامنا کرنا پڑا کیوں کہ دسمبر 2018 میں یہ سال کی کم ترین سطح پر آ گیا تھا۔ تاہم، 2018-19 کی زیادہ تر تیسری اور چوتھی سہ ماہیوں میں قیمتوں کی سطح 60-70 ڈالر فی بیرل (bbl) رہی جس سے جزوی بحالی دیکھنے میں آئی۔ خام تیل کی قیمت میں اتار چڑھاؤ کے لیے لاگت اور سرمائے کی انتظام کاری پر مسلسل توجہ دینے کی ضرورت ہے۔



ڈائریکٹرز رپورٹ

ہم 30 جون 2019 کو ختم ہونے والے سال کے لیے آپ کی کمپنی کی ڈائریکٹرز رپورٹ اور آڈٹ شدہ مالی گوشوارے آڈیٹرز رپورٹ کے ساتھ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔ کاروباری جائزہ اور سال کی اہم جھلکیاں مندرجہ ذیل صفحات میں پیش کی جا رہی ہیں:

تعارف

پاکستان پٹرولیم لمیٹڈ، پاکستان میں قدرتی گیس کی صنعت میں ایک بنیادی رہنما کی حیثیت رکھتا ہے اور 1950 کی ابتدا سے ہی تیل اور قدرتی گیس کے ذخائر کی دریافت اور پیداوار میں کلیدی کردار ادا کر رہا ہے۔ کمپنی کا موجودہ دریافتی اور پیداواری دائرہ کار پورے پاکستان میں پھیلا ہوا ہے جبکہ بین الاقوامی سطح پر عراق اور یمن میں بھی کمپنی کا دریافتی پروگرام موجود ہے۔ اس کے علاوہ پی پی ایل اور حکومت بلوچستان کے درمیان ایک مشترکہ کاروباری معاہدے کے تحت پاکستان پٹرولیم لمیٹڈ، بولان مائننگ انٹرنیشنلز (BME) کے ذریعے بلوچستان میں معدنی حقوق اپنے پاس محفوظ رکھتا ہے۔

گروپ کا ڈھانچہ

کمپنی کے پاس تین ذیلی تنظیمیں عمل طور پر ملکیت میں ہیں: پی پی ایل یورپ ای اینڈ پی لمیٹڈ (PPLE)، پی پی ایل ایشیا ای اینڈ پی بی وی (PPLA) اور پاکستان پٹرولیم پروڈنٹس لنڈزرسٹ کمپنی (پرائیویٹ) لمیٹڈ (PPPFTC) (ایٹمی طور پر 'گروپ' کہلاتی ہے)۔ یہ گروپ، PPPFTC کے علاوہ، بنیادی طور پر تیل اور قدرتی گیس کے وسائل کی تحقیق، امکانات اور پیداوار میں مصروف ہے۔

کمپنی کی کاروباری حکمت عملی

آپ کی کمپنی پاکستان میں دریافت اور پیداوار کے حوالے سے بطور صیغہ اول کی کمپنی، اپنی حیثیت کو مستحکم کرنے اور تمام شراکت داروں سے لیے صحت مند منافع کو یقینی بنانے کے لیے ایک بڑے عزم ترقی کار پروگرام جاری رکھے ہوئے ہے۔ کمپنی کی حکمت عملی کی مختصر تفصیل ذیل میں فراہم کی گئی ہے:

قدرت کا تحفظ

- موجودہ پیداواری اثاثوں سے پیداوار اور بازیابی کی بہتری
- دریافتوں کو کم ترین وقت میں پیداوار میں لانا
- کلیدی پیشہ دارانہ وسائل کی ترقی اور تحفظ
- اس بات کو یقینی بنانا کہ تمام سرگرمیاں QHSE کے اعلیٰ معیار پر پورا اترتی ہیں
- مقامی آبادیوں کے ذریعے ایک اچھے کارپوریٹ شہری کی حیثیت سے پہچانا جانا

قدرتی تخلیق

- ذخائر کی تجدید کے مطلوبہ تناسب کے حصول کے لئے دریافتی سرگرمیوں کو جاری رکھنا
- بڑی دریافتوں کے بہتر امکانات کے ساتھ سرحدی علاقوں میں تحقیق کرنا
- پاکستان کے ساحلی علاقوں میں بطور آفریڈر یافتی سرگرمیوں کے لئے کوشش کرنا

- دریافت و پیداوار کے حوالے سے علاقائی رہنما بننے کے لئے بین الاقوامی سطح پر ترقی کرنے کے مواقع تلاش کرنا
- تجارتی نرخوں پر ڈائریکٹ گیس کی پیداوار کے لیے جدید ٹیکنالوجی کے استعمال کی کوشش کرنا
- پاکستان میں شیل (shale) گیس کے امکانات کو فروغ دینے کے لیے جدید ٹیکنالوجی تلاش کرنا

تنوع

- توانائی کے شعبے میں تنوع کا اندازہ کرنا
- کان کنی کی صنعت میں آپریٹرز کو وسعت دینا

سال کے دوران اہم کامیابیاں

دریافت

11 دریافتیں

آپ کی کمپنی نے سال کے دوران سب سے زیادہ دریافتوں 11 کا اعلان کیا ہے۔ جن میں 6 کمپنی آپریٹڈ اور 5 شراکتی آپریٹڈ علاقوں میں ہیں۔

پیداوار

1 Bcfde

موجودہ ٹیلڈز سے پیداوار میں قدرتی انحطاط اور صارفین کی جانب سے گیس کی کم خریداری جیسے مسائل کے باوجود پیداوار 1 Bcfde - پیداوار برقرار رہی۔

منافع

61.6 بلین روپے

کمپنی کی تاریخ کا سب سے زیادہ منافع 2018-19 میں حاصل ہوا

ڈرک پروگرام

آپریٹڈ اثاثوں میں 14 کنوؤں کی کھدائی

آپریٹڈ علاقوں میں 7 تحقیقی اور 7 ترقیاتی کنوؤں کے ساتھ ایک سرگرم ڈرک پروگرام پر عمل درآمد کیا گیا۔ سرحدی علاقوں میں 3 دریافتی کنوؤں کی کھدائی کے ذریعے توجہ برقرار رکھی گئی۔

بین الاقوامی دریافتی پروگرام

مائن-1

بلاک-8، عراق

ایک قومی تیل و گیس کی کمپنی ہونے کی حیثیت سے پی پی ایل نے سب سے پہلے بین الاقوامی دریافتی کنوؤں کی کھدائی کا کامیابی سے آغاز کر دیا۔

ترقی اور درجہ اولیٰ خطرات کو تحلیل کرنا

دو نئے بلاکس*

QHSE-key initiatives

Key Initiatives taken in QHSE during the period are as follows:

1. QHSE Automation

The monitoring mechanism of QHSE performance was improved due to automation of QHSE procedures in 2018-19. The incident reporting and risk management module in our recently implemented software has enabled us to track and generate HSE statistics on live basis.

2. Road Transport Safety

- Workshops were held with Drilling and Construction departments to understand peculiar requirements of vehicular movement in remote areas, hilly terrain and deserts. Subsequently, contractor upliftment is in progress on tailor made QHSE requirements for these areas.
- Detailed QHSE qualification criteria was developed for procurement of cranes, fork lifts, fire trucks and ambulance hiring services respectively. Hydrocarbon Transport Safety guidelines for Crude Oil, LPG, High Speed Diesel and Motor Spirit were developed in line with industry best practices and national laws & regulations.
- Comprehensive training video on safety compliance regarding hydrocarbon bowser was circulated at concerned fields.
- Liaison was made with JV partners to address PPL's QHSE requirements for hydrocarbon dispatch at Nashpa and Dhok Sultan.
- Focus areas planned in 2019-20 are:
 - i. Establish a control room at head office for live monitoring of vehicular movement and journey risk management
 - ii. Upgrading governance and control over bowser safety

3. Occupational Health

- Independent consultant was hired to conduct compliance status review at PPL's fields.
- Occupational Health Surveillance were arranged for high risk group.
- "First Aid Guide Book" was published & circulated at Fields.
- Stress Management trainings were held at Sui, Gambat South, Head Office and Islamabad offices

4. Customer Satisfaction & QHSE Certifications

- Several PPL operated fields and departments were successfully upgraded to the latest version of QHSE international certifications i.e. ISO 9001 (Quality), 14001 (Environment) and OHSAS 18001 (Occupational Health & Safety).
- Remaining fields/departments are scheduled for transition as per Annual Surveillance Audit Plans in the following year.

5. Corporate Operational Risk Management System (ORMS) Development

Next year plan includes roll out of the ORMS at corporate level through trainings and workshops. Gap assessment checklists will be developed followed by gap assessments to help in aligning expectations at all levels.

6. Process Safety

Process Safety Management (PSM) implementation based on recommendations made by M/s Dupont Sustainable Solutions is in progress across three core dimensions: "Leadership and Culture", "Competence" and "Information and Hazard Analysis".

6.1 Leadership & Culture Initiatives

- i. Leadership and Culture workshops were continued in 2018-19.
- ii. Upon successful completion of pilot project at Adhi Field, 'Behavioral Observation Program' was launched at Gambat South, Hala and Kandhkot Fields.
- iii. QHSE staff joined hands with HR staff to embed safety in PPL Core Values to raise awareness.
- iv. Management Audits program is revitalized by adopting a risk based approach.

6.2 Process Safety Competence Initiatives

- i. Process Safety Competence gap assessments were conducted at fields in line with competence framework/skill matrix developed in preceding year.
- ii. Various trainings were executed in the reporting period for target audience as per Training Need Analysis.
- iii. QHSE celebration events were held to create awareness on fundamentals of Process Safety.

6.3 Process Safety Information (PSI) and Hazard Analysis

- i. PSI gap assessment was conducted as per international best practices and corporate PSI procedure.
- ii. Action points arising out of gap assessment as well as HAZID (Hazard Identification) and HAZOP (Hazard & Operability Study) were uploaded in QHSE software Risk Module.
- iii. Plan in following years is to manage risks through:
 - SIL (Safety Integrity Level) study
 - Revalidation of HAZOPs
 - Revalidation of Hazardous Area Classification
 - Layer of Protection Analysis for new plant
 - QRA (Quantitative Risk Analysis)
 - PIMS (Pipeline Integrity Management System)

7. Environmental Footprint / Legal Compliance

- Initial Environmental Examination (IEE), Environmental Impact Assessment (EIA) and Public Hearings were managed for different blocks. NOCs were acquired for more than 12 projects.
- Independent Monitoring Consultants (IMCs) were deployed in seismic, drilling and construction activities for effective monitoring and reporting of compliance against agreed project specific Environment Management Plans.
- As per obligation set forth in environmental NOCs, widespread tree plantation campaigns are to be undertaken in project areas in the following years.

8. Contractor's Safety

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

- Pre-Mobilization workshops
- Pre-spud inspections
- Independent monitoring
- Contractors trainings
- Regular meetings with contractor's management at head office for outstanding QHSE issues
- Behavioural intervention and modification program at drilling rigs
- Safety membership and safety captain programs
- HSE Experience sharing with JV partners
- Publication of Basic First Aid guide

six years' summary

2013-14 2014-15 2015-16 2016-17 2017-18 2018-19

FINANCIAL PERFORMANCE PROFITABILITY

EBITDA Margin to sales ¹	%	70	62	51	58	63	62
Operating Leverage	%	111	222	209	169	399	88
Pre tax Margin	%	62	51	33	41	50	49
Net profit to sales	%	43	37	22	30	36	38
Return on Equity	%	30	20	9	17	19	21
Return on Capital Employed	%	36	24	11	18	21	22

OPERATING PERFORMANCE / LIQUIDITY

Total assets turnover	Times	0.54	0.44	0.31	0.39	0.36	0.40
Fixed assets turnover	Times	1.57	1.18	0.72	0.87	0.86	1.04
Debtors' turnover	Times	3.18	2.42	1.81	1.95	1.30	1.12
Debtors' turnover	Days	115	151	202	187	281	327
Current ratio	Ratio	3.82	4.28	2.88	2.89	2.72	2.66
Quick ratio	Ratio	3.66	4.11	2.75	2.81	2.67	2.63
Cash to Current Liabilities	Times	1.02	1.02	0.70	0.79	0.34	0.13
Cash flow from Operations to Sales	Times	0.27	0.35	0.65	0.36	0.31	0.26
Creditors' turnover ²	Times	-	-	-	-	-	-
Creditors' turnover ²	Days	-	-	-	-	-	-
Inventory turnover ²	Times	-	-	-	-	-	-
Operating Cycle ²	Days	-	-	-	-	-	-

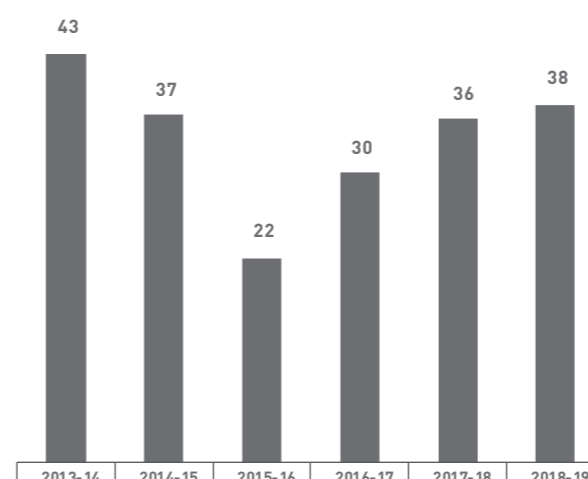
CAPITAL MARKET / CAPITAL STRUCTURE ANALYSIS RATIOS

Market value per share as at June 30	Rs per share	224.34	164.26	155.05	148.14	214.90	144.43
- Low during the year	Rs per share	188.00	145.56	98.42	137.80	143.00	143.00
- High during the year	Rs per share	261.80	237.50	168.25	194.87	224.50	220.15
Breakup value per share	Rs per share	88.29	95.49	97.71	109.58	121.92	131.69
Basic and Diluted EPS ^{3&6}	Rs per share	26.25	19.47	8.74	18.10	23.17	27.18
Basic and Diluted EPS - Restated ^{3&6}	Rs per share	22.83	16.93	7.60	15.74	20.15	27.18
Price earnings ratio ⁷	Ratio	8.55	8.44	17.74	8.18	9.27	5.31
Cash Dividend Yield	%	5.57	5.17	3.71	6.08	2.56	1.38
Cash Dividend Cover	Times	2.10	2.29	1.52	2.01	4.21	13.59
Debt Equity Ratio ⁴	Ratio	-	-	-	-	-	-
Weighted average cost of debt ⁴	%	-	-	-	-	-	-
Interest Cover ⁴	Ratio	-	-	-	-	-	-
Financial Leverage ⁴	Ratio	-	-	-	-	-	-

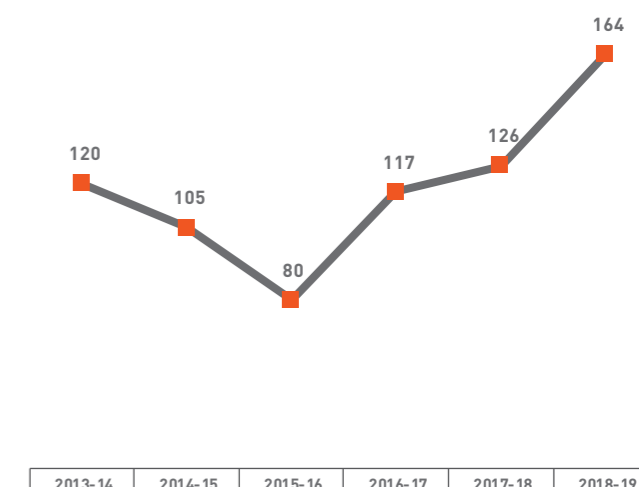
SUMMARY OF STATEMENT OF PROFIT OR LOSS

Revenue - Gross (including Govt. levies)	Rs million	143,528	131,681	105,630	153,463	157,136	206,697
Revenue - Net (excluding Govt. levies)	Rs million	120,292	104,838	80,151	116,986	126,210	163,890
Profit before Tax	Rs million	74,880	53,315	26,707	48,129	63,436	79,931
Profit after Tax	Rs million	51,751	38,399	17,242	35,679	45,688	61,632
EBITDA ¹	Rs million	83,692	64,671	40,768	68,228	80,094	101,487

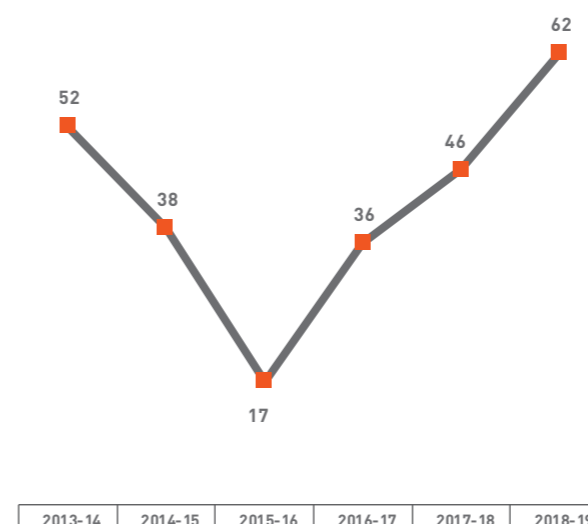
Net Profit to Sales (%)



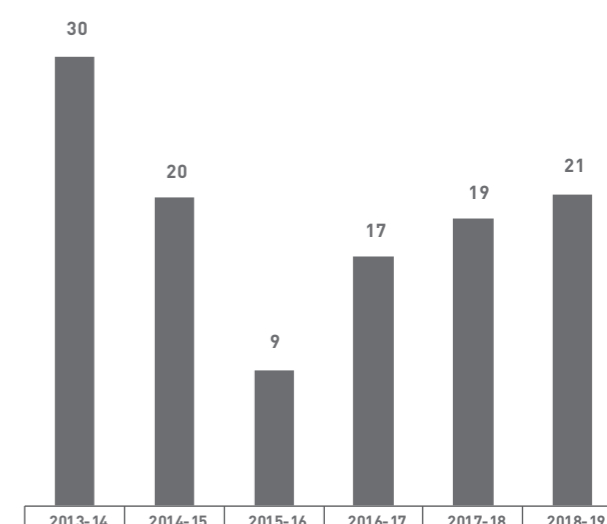
Net Sales (Rs billion)



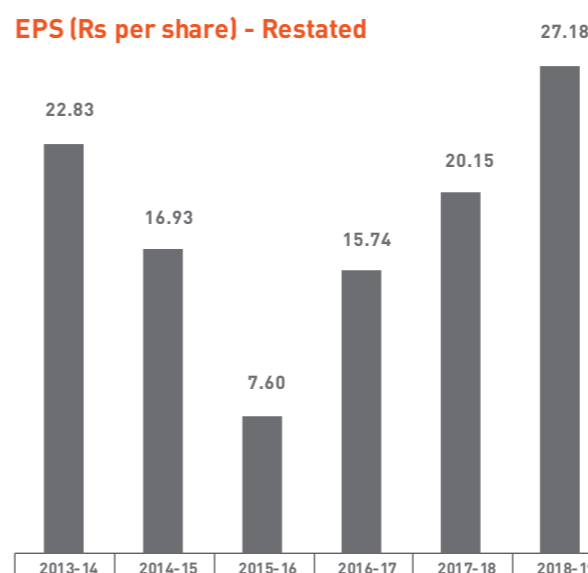
Profit After Tax (Rs billion)



Return on Equity (%)



EPS (Rs per share) - Restated



The above presented KPIs have improved due to the highest profitability of PPL during the year. It is primarily on account of increase in revenue and other income, partially offset by increase in exploration expenses and depreciation.

Revenue has increased during the current year due to positive variance on account of higher crude price alongwith the devaluation of PKR against USD.

Increase in other income is due to exchange gain on foreign currency holdings as well as the reversal of impairment loss on investment in PPL Europe E&P Limited.

Increase in exploration expenses is primarily due to higher cost of exploratory wells charged to profit or loss during the current year.

six years' summary

		2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Corporate Distribution							
Dividend - Interim	Rs million	9,859	8,873	4,436	5,915	7,887	-
- Final	Rs million	14,788	7,887	6,901	11,830	2,958	4,535
Cash Dividend per share ⁵	Rs per Share	12.50	8.50	5.75	9.00	5.50	2.00
Cash Dividend Payout Ratio ⁵	%	47.93	48.93	65.79	49.72	23.74	7.36
Bonus ⁵	Rs million	-	-	-	-	2,958	4,535
Bonus Issue ^{5&8}	%	-	-	-	-	15	20

Summary of Statement of Financial Position

	----- Rs Million -----					
Share Capital	19,717	19,717	19,717	19,717	19,717	22,675
Reserves	154,370	168,553	172,932	196,352	220,675	275,934
Non-Current Liabilities	32,686	32,732	48,018	54,433	62,835	64,744
Current Assets	83,516	98,609	91,604	155,451	174,408	252,557
Current Liabilities	21,867	23,026	31,795	53,782	64,094	94,938
Property, Plant & Equipment	82,731	93,867	127,920	139,295	154,703	159,842
Fixed Assets	83,010	94,127	128,335	139,700	155,123	160,323
Long Term Investments	59,987	49,040	50,979	27,661	37,691	45,285
Stores and Spares	3,559	3,904	4,140	4,337	3,528	3,147
Trade Debts	49,989	58,778	57,835	99,284	142,636	227,382
Short term investments	19,915	22,290	19,013	36,493	14,073	8,243
Cash and bank balances	2,297	1,279	3,273	6,081	7,715	8,022

Summary of Statement of Cashflows

Cash and Cash equivalents at the beginning of the year	34,964	22,212	23,569	22,286	42,574	21,787
Cash generated from operating activities	31,969	36,446	52,422	42,222	39,569	42,082
Net Cash used in investing activities	(25,673)	(11,349)	(41,275)	(9,105)	(40,496)	(48,558)
Net Cash used in financing activities	(19,048)	(23,740)	(12,430)	(12,829)	(19,860)	(3,063)
Net change in cash and cash equivalents	(12,752)	1,357	(1,283)	20,288	(20,787)	(9,539)
Cash and Cash equivalents at the end of the year	22,212	23,569	22,286	42,574	21,787	12,248
Free Cash Flows	10,190	8,526	10,167	9,398	3,386	(1,444)

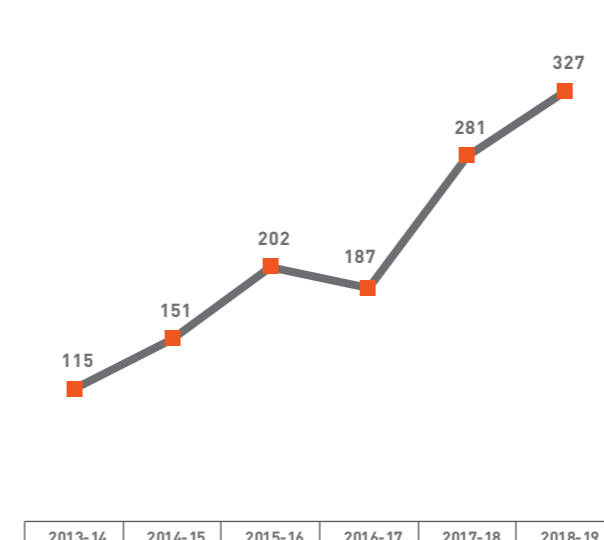
Others

Payments to Government Exchequer	79,297	67,884	44,684	45,527	67,751	64,838
Market Capitalisation	442,335	323,874	305,715	292,090	423,722	327,492

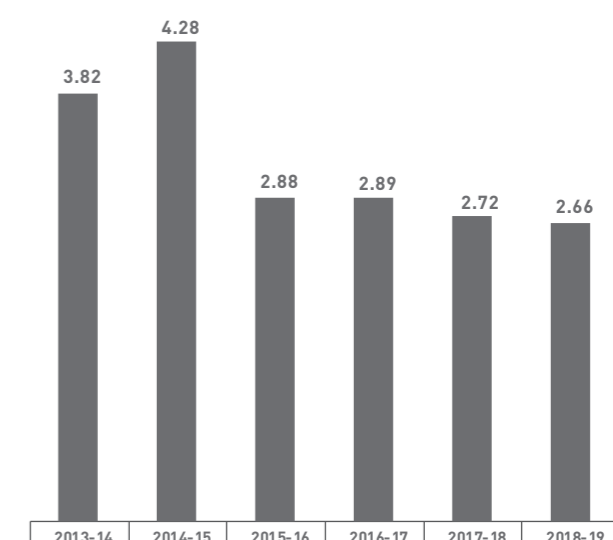
Note:

1. EBITDA stands for Earnings before interest, taxes, depreciation, impairment and amortisation.
2. Not applicable in view of the nature of Company's business.
3. The earnings per share for prior years have been restated to take into account the issue of bonus shares from 2013-14 to 2017-18.
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 earnings ratio and cash dividend payout ratio have been calculated on basic EPS.
8. The Bonus issue % pertains to ordinary shares.

Debtor Days

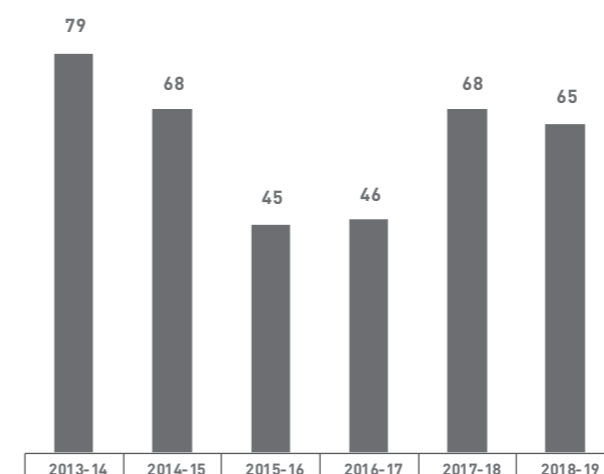


Current Ratio

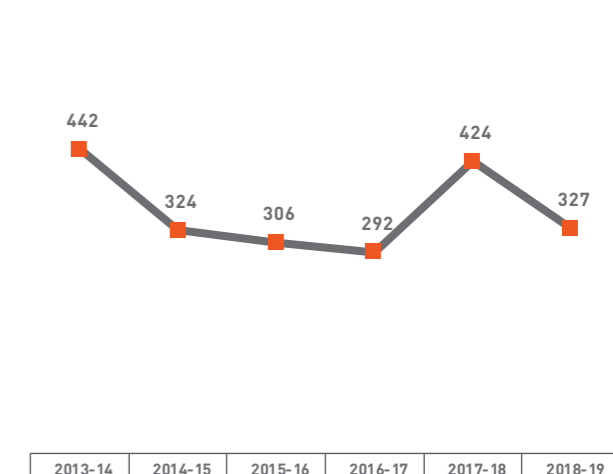


The year 2018-19 saw significant deterioration in the liquidity position of the Company due to the circular debt. The trade debts of the company reached the historically high level of PKR 227 billion. Low recoveries from customers coupled with higher statutory payments arising from increase in revenues, resulted in additional stress on the liquid balances of the Company.

Payments to Government Exchequer (Rs billion)



Market Capitalisation (Rs billion)



The Company continues to contribute to the national exchequer on account of income tax, royalties, excise duty, sales tax, windfall levy, petroleum levy, GDS, GIDC, WPPF, and dividends. Capital market of the country remained volatile during the year, impacting the market capitalisation of the Company.

DUPONT ANALYSIS

	2017-18	2018-19
Equity Multiplier	1.4	1.4
Total Assets Turnover	36%	40%
Net Profit Margin	36%	38%
Return on Equity	19%	21%

Increase in asset turnover is mainly on account of positive price variance. Net profit margin has improved due to higher net sales coupled with exchange gain on foreign currency holdings. The combined effect has resulted in improvement in ROE during the year.

vertical analysis

2013-14 2014-15 2015-16 2016-17 2017-18 2018-19
----- %age -----

STATEMENT OF FINANCIAL POSITION

Property, plant and equipment	36.2	38.5	47.0	43.0	42.1	34.9
Intangible assets	0.1	0.1	0.2	0.1	0.1	0.1
Long-term investments	26.2	20.1	18.7	8.5	10.3	9.9
Long-term loans	0.4	0.5	0.4	0.4	-	0.0
Long-term deposits	0.3	0.3	-	-	-	-
Long-term receivables	0.2	0.1	0.1	0.1	0.0	0.0
Stores and spares	1.6	1.6	1.5	1.3	1.0	0.7
Trade debts	21.9	24.1	21.2	30.6	38.8	49.6
Loans and advances	0.8	0.9	0.5	1.2	0.4	0.2
Trade deposits and short-term prepayments	0.2	0.0	0.2	0.1	0.1	0.1
Interest accrued	0.6	0.6	0.6	0.2	0.1	0.2
Current maturity of long-term investments	0.2	0.3	0.0	0.2	-	-
Current maturity of long-term loans	-	-	-	-	0.4	-
Current maturity of long-term deposits	-	-	0.3	0.2	0.3	0.2
Other receivables	1.6	2.9	1.1	0.9	0.5	0.5
Short-term investments	8.7	9.1	7.0	11.3	3.8	1.8
Taxation	-	0.4	0.0	-	-	-
Cash and bank balances	1.0	0.5	1.2	1.9	2.1	1.8
Total Assets	100.0	100.0	100.0	100.0	100.0	100.0
Share capital	8.6	8.1	7.2	6.1	5.4	5.0
Reserves	67.5	69.1	63.5	60.6	60.1	60.2
Provision for decommissioning obligation	6.7	4.8	7.4	6.2	6.2	5.4
Liabilities against assets subject to finance lease	0.1	0.1	0.1	0.0	0.0	-
Deferred liabilities	0.9	0.8	0.8	0.7	0.7	0.6
Deferred taxation	6.6	7.7	9.3	9.8	10.2	8.1
Trade and other payables	7.9	9.4	11.6	15.0	16.8	19.3
Current maturity of liabilities against assets subject to finance lease	0.0	0.0	0.1	0.0	0.0	0.0
Taxation	1.7	-	-	1.6	0.6	1.4
Total Shareholders' Equity and Liabilities	100.0	100.0	100.0	100.0	100.0	100.0

STATEMENT OF PROFIT OR LOSS

Sales - Net (excluding Govt. levies)	100.0	100.0	100.0	100.0	100.0	100.0
Expenditures & other income - net	37.8	49.2	66.7	58.9	49.7	51.2
Taxation	19.2	14.2	11.8	10.6	14.1	11.2
Profit after Tax	43.0	36.6	21.5	30.5	36.2	37.6

horizontal analysis

2013-14 2014-15 2015-16 2016-17 2017-18 2018-19
----- %age -----

STATEMENT OF FINANCIAL POSITION

Property, plant and equipment	100	113	155	168	187	193
Intangible assets	100	93	149	146	151	173
Long-term investments	100	82	85	46	63	75
Long-term loans	100	119	122	122	2	3
Long-term deposits	100	100	1	1	1	1
Long-term receivables	100	84	89	69	20	22
Stores and spares	100	110	116	122	99	88
Trade debts	100	118	116	199	285	455
Loans and advances	100	127	78	233	88	62
Trade deposits and short-term prepayments	100	21	142	110	57	117
Interest accrued	100	107	107	31	36	56
Current maturity of long-term investments	100	130	13	116	-	-
Current maturity of long-term loans	-	-	-	100	13,191	122
Current maturity of long-term deposits	-	-	100	100	116	116
Current maturity of long-term receivables	100	111	150	162	93	229
Other receivables	100	189	80	79	51	65
Short-term investments	100	112	95	183	71	41
Taxation	-	100	7	-	-	-
Cash and bank balances	100	56	142	265	336	349
Total Assets	100	107	119	142	161	200
Share capital	100	100	100	100	100	115
Reserves	100	109	112	127	143	179
Provision for decommissioning obligation	100	76	131	131	147	161
Liabilities against assets subject to finance lease	100	119	136	82	39	7
Deferred liabilities	100	102	115	115	129	134
Deferred taxation	100	124	167	211	249	246
Trade and other payables	100	127	176	269	343	490
Current maturity of liabilities against assets subject to finance lease	100	106	123	110	73	55
Taxation	100	-	-	136	57	174
Total Shareholders' Equity and Liabilities	100	107	119	142	161	200

STATEMENT OF PROFIT OR LOSS

Sales - net (excluding Govt. levies)	100	87	67	97	105	136
Expenditures & other income - net	100	113	118	152	138	185
Taxation	100	64	41	54	77	79
Profit after Tax	100	74	33	69	88	119

statement of value addition

	2018-19		2017-18	
	Rs million	%	Rs million	%
Gross Revenue (GDS, GIDC, Excise Duty and Sales Tax)	206,697	110	157,136	107
Less: Operating, Exploration and Admin Expenses	(30,253)	(16)	(16,186)	(11)
	176,444	94	140,950	96
Add: Other Income	16,528	9	9,319	6
Less: Other Expenses	(4,948)	(3)	(2,575)	(2)
Total Value Added	188,024	100	147,694	100

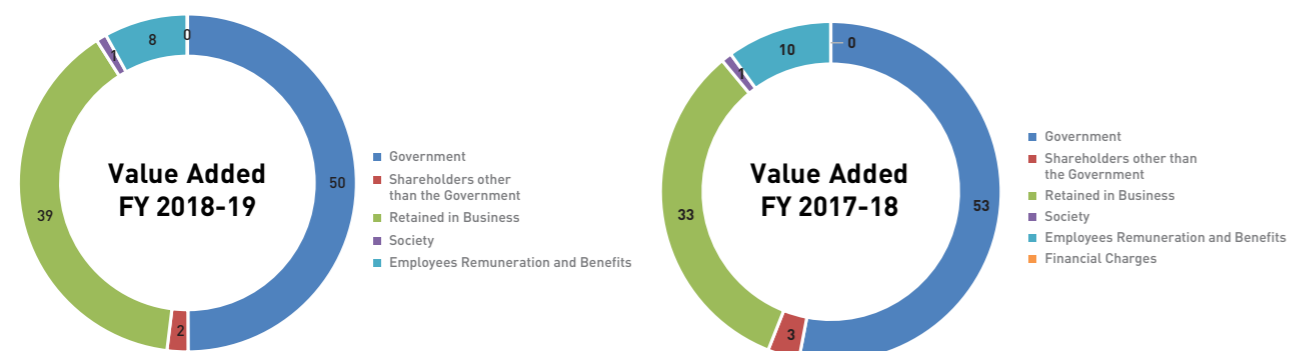
DISTRIBUTED AS FOLLOWS:

	2018-19	%	2017-18	%
Employees Remuneration and Benefits	15,241	8	14,573	10
Federal / Provincial Government as:				
Company Taxation	18,299	9	17,749	12
Levies (including GDS, GIDC, Excise Duty, Sales Tax & Petroleum Levy)	42,808	22	30,927	21
Royalties and Other Levies (including Lease Extension Bonus, Windfall Levy & Export Development Charges)	24,329	13	18,512	12
Workers' Profit Participation Fund	3,217	2	3,354	2
Dividend **	3,062	2	7,321	5
Bonus Shares **	3,062	2	1,997	1
	94,777	50	79,860	53
To Shareholders other than the Government as:				
Dividend **	1,473	1	3,523	2
Bonus Shares **	1,473	1	961	1
To Society ***				
Donations and Sponsorships	39	*	133	*
Social Welfare / Community Development	321	*	286	*
Free Gas Supply	551	*	373	*
	911	1	792	1
Retained in Business:				
Depreciation and Amortisation	20,846	11	15,655	11
Net Earnings	52,562	28	31,886	22
	73,408	39	47,541	33
Financial Charges:	741	*	444	*
	188,024	100	147,694	100

* Negligible

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

*** Represents PPL Net share for all fields.



movement of estimated reserves

	Natural Gas (MMSCF)	Oil/NGL (Mbbls)	LPG (Tonnes)
Original proven recoverable reserves			
At 1st July 2018	15,978,353	67,333	1,193,799
Change during the year			
+ Addition	33,620 ²	1,734 ³	8,079 ³
+ Revision	24,197 ⁴	1,768 ⁵	44,597 ⁶
At 30th June 2019	16,036,170	70,835	1,246,475
Production			
Accumulated on 1st July 2018	13,887,199 ¹	50,120 ¹	604,558 ¹
Production during the year	317,457	5,868	116,723
Accumulated upto 30th June 2019	14,204,656	55,988	721,281
Net Reserves 30th June 2019	1,831,514	14,847	525,194
Net Reserves 30th June 2018	2,091,154 ¹	17,213 ¹	589,241 ¹
Daily Average Production	869.7	16.1	319.8

Note:

- Accumulated Production and Net Reserves numbers as at 30 June 2018 have been updated to account for actual production for the month of June 2018.
- Additional Gas reserves due to Adhi South X-1 (Adhi), Hadaf X-1 and Badeel X-1 discoveries (Gambat South).
- Additional Oil/NGL/LPG reserves due to Adhi South X-1 (Adhi), Hadaf X-1 and Badeel X-1 discoveries (Gambat South), Mela LPG (Nashpa), Dharian discovery (Ghauri), Gulsher discovery (Digri), Bolan East discovery (Ziarat).
- Revision in field recoverable gas reserves estimates of Mazarani, Adam and Adam West (Hala), Block-22, Miano, Makori (Tal), Manzalai (Tal), Mardankhel (Tal), Makori Deep (Tal), Makori East (Tal), Mamikhel (Tal), Latif and Tajjal (Gambat) fields.
- Revision in field recoverable Oil / NGL reserves estimates of Mazarani, Adam and Adam West (Hala), Ghauri, Miano, Mardankhel (Tal), Makori Deep (Tal), Makori East (Tal) and Tolanj (Tal) fields.
- Revision in field recoverable LPG reserves estimates of Manzalai (Tal), Mardankhel (Tal), Makori Deep (Tal), Makori East (Tal) and Mamikhel (Tal) fields.

statements of compliance with the listed companies (code of corporate governance) regulations, 2017

Name of Company: Pakistan Petroleum Limited

Year ended: 30th June 2019

The Company has complied with the requirements of the Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the "Regulations") as follows:

1. The total number of directors is ten, 9 male directors and 1 female director.
2. Independent directors are encouraged on the Company's Board and the composition of the Board is:

Category	Names
Independent Directors	(i) Mr. Abid Sattar (ii) Mian Imtiazuddin (iii) Mir Balakh Sher Marri (iv) Ms. Tahira Raza (v) Mr. Shamsul Islam
Non-Executive Directors	(i) Mr. Abdul Jabbar Memon (ii) Mr. Passand Khan Buledi (iii) Mr. Sajid Mehmood Qazi (iv) Dr. Tanveer Ahmad Qureshi
Executive Director	(i) Mr. Moin Raza Khan

The independent directors meet the criteria of independence as required by Regulation 6 (2) of the Regulations.

3. The directors have confirmed that none of them is serving as a director of more than five listed companies, (excluding the listed subsidiaries of listed holding companies where applicable) including the Company.
4. The Company has a Code of Conduct and has taken appropriate steps to disseminate it throughout the Company together with its supporting policies and procedures.
5. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. A complete record of the particulars of significant policies together with the dates of approval or amendment thereof has been maintained by the Company.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board and shareholders in accordance with the applicable provisions of the Companies Act, 2017 (the "Act") and the Regulations.

7. The meetings of the Board were presided over by the Chairman. The Board has complied with the requirements of the Act and the Regulations in respect of the frequency, recording and circulating of minutes of meetings.
8. The Board of directors has a transparent procedure for the remuneration of directors in accordance with the Act and Regulations. The directors' fees are paid to non-executive directors in accordance with the Articles of Association of the Company for attending Board and Committee meetings.
9. Five out of ten directors are certified under Directors' Training programmes. The Company is endeavouring to arrange training and certification of the remaining directors in accordance with Regulation 20 of the Regulations;
10. During the year, Chief Executive Officer, Chief Financial Officer and Head of Internal Audit were appointed by the Board. The remuneration and the terms and conditions of employment of the Chief Executive Officer, Chief Financial Officer and the Head of Internal Audit were approved by the Board in accordance with the Regulations. No new appointment of the Company Secretary was made during the year.
11. The Chief Executive Officer and Chief Financial Officer duly endorsed the financial statements before approval thereof by the Board.
12. The Board has formed Committees comprising of the following members:

Name of Committee	Name of Members	Chairman
Audit Committee	Dr. Ibne Hassan Mr. Agha Jan Akhtar Mr. Saeed Ullah Shah Mr. Sajid Mehmood Qazi	Dr. Ibne Hassan
Human Resource Committee	Mr. Agha Jan Akhtar Mr. Mian Asad Hayauddin Mr. Muhammad Tariq Mr. Saeed Ullah Shah Mr. Salman Akhtar Mr. Sajid Mehmood Qazi Mr. Moin Raza Khan	Mr. Agha Jan Akhtar
Nomination Committee	Mr. Mian Asad Hayauddin Mr. Agha Jan Akhtar Mr. Muhammad Sajid Farooqi Dr. Tanveer Ahmed Qureshi	Mr. Mian Asad Hayauddin
Enterprise Risk Committee	Dr. Tanveer Ahmed Qureshi Mr. Muhammad Sajid Farooqi Mr. Muhammad Tariq Mr. Moin Raza Khan	Dr. Tanveer Ahmed Qureshi

13. The Committees have written Terms of Reference and they are shared with the members thereof.
14. The frequency of meetings (quarterly / half yearly / yearly) of the Committees was as follows:

Name of Committee	Frequency
Audit Committee	Quarterly
Human Resource Committee	Quarterly
Nomination Committee	As needed
Enterprise Risk Committee	Annually (as needed)

15. The Board has set up an effective, suitably qualified and experienced internal audit function which is conversant with the policies and procedures of the Company.
16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the ICAP and are registered with the Audit Oversight Board of Pakistan; that they, or any of the partners of the firm, their spouses and minor children, do not hold shares of the Company; and that the firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on the code of ethics as adopted by the ICAP.
17. The auditors or persons associated with them have not been appointed to provide other services except in accordance with the provisions of the Act and Regulations or any other applicable regulations. The auditors have confirmed that they have observed the IFAC guidelines in this regard.
18. We confirm that the Company has complied with all the requirements of the Regulations except:
 - (a) Pursuant to Rule 8 of the Public Sector Companies (Corporate Governance) Rules, 2013, the Federal Government shall undertake the evaluation of the performance of the members of the Board, including the Chairman as well as the Chief Executive Officer. In this context, the Board is responsible for periodically monitoring and assessing the performance of the senior management of the Company and hold them accountable for accomplishing objectives, goals and key performance indicators set for this purpose, which has been duly done by the Board.



SHAMSUL ISLAM
Chairman

Karachi: 25th September 2019

statement of compliance with the public sector companies (corporate governance) rules, 2013

Name of Company: Pakistan Petroleum Limited
Name of Line Ministry: Ministry of Energy (Petroleum Division)
For the year ended: 30th June 2019

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

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

- The independent directors meet the criteria of independence as stipulated by the Rules.
- At least one-third of the members of the Board are independent directors. The Board is composed of:

Category	Names	Date of Appointment
Independent Directors	(i) Mr. Abid Sattar	26th June 2019
	(ii) Mian Imtiazuddin	26th June 2019
	(iii) Mir Balakh Sher Marri	26th June 2019
	(iv) Ms. Tahira Raza	26th June 2019
	(v) Mr. Shamsul Islam	26th June 2019
Non-Executive Directors	(i) Mr. Abdul Jabbar Memon	26th June 2019
	(ii) Mr. Passand Khan Buledi	26th June 2019
	(iii) Mr. Sajid Mehmood Qazi	10th April 2018
	(iv) Dr. Tanveer Ahmad Qureshi	2nd October 2018
Executive Director	(i) Mr. Moin Raza Khan	7th January 2019

- The casual vacancies which occurred on the Board due to the removal of Mr. Nadeem Mumtaz Qureshi by the shareholders on 26th October 2018; and resignations by Mr. Salman Akhtar, Dr. Ibne Hassan, Mr. Muhammad Tariq, Mr. Muhammad Sajid Farooqi, Mr. Saeed Ullah Shah and Mr. Mian Asad Hayaud Din on 30th May 2019, 9th June 2019 and 17th June 2019, respectively, were filled on 26th June 2019. One casual vacancy which occurred on 12th June 2019 remains to be filled.

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

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

- No election of the Board of Directors was held during 2018-19 and the three years term of the Board will expire on 15th September 2020.
- The Chairman of the Board functions separately from the Chief Executive Officer.
- The Chairman has been elected from amongst the independent directors.
- The Board has evaluated candidates for the position of the Chief Executive Officer on the basis of the Fit and Proper criteria as well as the guidelines specified by the Securities and Exchange Commission of Pakistan.
- The Company has prepared a Code of Conduct for ensuring that professional standards and corporate values are in place.
 - The Board has ensured that appropriate steps have been taken to disseminate the Code of Conduct throughout the Company together with the supporting policies and procedures, including posting thereof on the Company's website: www.ppl.com.pk
 - The Board has set in place adequate systems and controls for the identification and redressal of grievances arising from unethical practices.
- The Board has established a system of sound internal controls, to ensure compliance with the fundamental principles of probity and propriety, objectivity, integrity and honesty; and relationship with the stakeholders, in the manner provided by the Rules.
- 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.
- The Board has developed and implemented a policy on anti-corruption to minimize actual or perceived corruption in the Company.
- The Board has ensured equality of opportunity by establishing open and fair procedures for making appointments and for determining the terms and conditions of service.
- The Board has ensured compliance with the law as well as the Company's internal rules and procedures relating to public procurement; tender regulations; and purchasing and technical standards in dealing with suppliers of goods and services.
- The Board has prepared a vision and mission statement and formulated a corporate strategy of the Company.
- The Board has developed significant policies of the Company and a complete record of the particulars of the significant policies together with the dates on which they were approved or amended, has been maintained by the Company.
- The Company has not delivered any services or sold any goods as a public service obligation and no requests for compensation were submitted to the Federal Government for consideration.
- The Board has ensured compliance with the policy directions received from the Federal Government.

19. (a) The Board met at least four times during the year.
 (b) Written notices of the meetings of the Board together with the agendas and working papers were circulated at least seven days before the meetings.
 (c) The minutes of the meetings were appropriately recorded and circulated.
20. The Board has monitored and assessed the performance of the senior management annually and held them accountable for accomplishing objectives, goals and key performance indicators set for this purpose. In accordance with the Rule 8 of the Rules, the performance evaluation of the members of the Board including the Chairman and the Chief Executive Officer shall be undertaken by the Government.
21. The Board has reviewed and approved the related party transactions placed before it after they were recommended by Board Audit Committee. A party-wise record of transactions entered into with the related parties during the year has been maintained.
22. (a) The Board has approved the statement of profit or loss (previously profit and loss account) and the statement of financial position (formerly balance sheet) as at the end of the first, second and third quarters of the year as well as at the end of the financial year.
 (b) The Board has ensured the preparation of half yearly accounts and a limited scope review thereof by the auditors.
 (c) The Board has ensured that the annual financial statements are posted on the Company's website.
23. No formal orientation course was arranged by the Company during the year to apprise members of the Board of material developments and information as specified by the Rules, the details of which are mentioned in the section "Explanation for Non-Compliance with the Public Sector Companies (Corporate Governance) Rules, 2013" in the Annual Report. The Company has completed preparations for holding the orientation course and will hold it within the second quarter of the next financial year.
24. (a) Board Committees as required by the Rules have been formed by the Board.
 (b) The Committees have written Terms of Reference laying down the duties and authority of the Committees.
 (c) The minutes of the meetings of the Committees were circulated to the Board.
 (d) The Committees were chaired by the following non-executive directors:

Committee	Number of Members	Name of Chair
Audit Committee	Four	Dr. Ibne Hassan*
Enterprise Risk Committee	Four	Dr. Tanveer Ahmad Qureshi
Human Resource Committee	Seven	Mr. Agha Jan Akhtar***
Procurement Committee	Six	Mr. Saeed Ullah Shah**
Nomination Committee	Four	Mr. Mian Asad Hayaud Din****

*Resigned on 31st May 2019. **Resigned on 9th June 2019. ***Resigned on 12th June 2019. ****Resigned on 17th June 2019.

25. During the year, Chief Executive Officer, Chief Financial Officer and Head of Internal Audit were appointed by the Board. The remuneration and terms and conditions of employment of the Chief Executive Officer, Chief Financial Officer and the Head of Internal Audit were approved by the Board. No new appointment of the Company Secretary was made during the year.

26. The Chief Financial Officer and the Company Secretary possess the requisite qualifications required by the Rules.
27. The Company has adopted the International Financial Reporting Standards notified by the Securities and Exchange Commission pursuant to Sub-section (1) of Section 225 of the Act.
28. The directors' report for the year has been prepared in compliance with the provisions of the Act and the Rules and fully describes the salient matters required to be disclosed.
29. The directors, Chief Executive Officer and executives and or their relatives, are not, directly or indirectly, concerned or interested in any contract or arrangement entered into by or on behalf of the Company except those disclosed to the Company.
30. (a) A formal and transparent procedure for fixing the remuneration of individual directors is in place and no director is involved in deciding his or her remuneration. The directors' fees are paid in accordance with the Articles of Association of the Company to non-executive directors of the Company for attending meetings of the Board and Committee.
 (b) The Annual Report of the Company contains the details and criteria of the remuneration of each director.
31. The financial statements of the Company were duly endorsed by the Chief Executive Officer and Chief Financial Officer before consideration and approval thereof by the Board Audit Committee and the Board.
32. The Board has formed an audit committee which has defined written Terms of Reference and is composed as follows:

Name of the Member	Category	Professional Background
Dr. Ibne Hassan (Chairman)	Independent Director	Ph.D. from King's College London in Management Studies with specialization in International Business and a Fellow Member of ICAP. Managing Partner of UHY Hassan Naeem & Co., Chartered Accountants.
Mr. Agha Jan Akhtar	Independent Director	Bachelor's in Electrical Engineering from the University of Southern California and MBA in Management from Pepperdine University, California.
Mr. Saeed Ullah Shah	Independent Director	Petroleum Geologist by profession and retired as Director General Petroleum Concessions from Ministry of Energy, Petroleum Division.
Mr. Sajid Mehmood Qazi	Non-executive Director	Joint Secretary, Ministry of Energy, Petroleum Division. Master's degree in Law from Warwick University, UK as a Chevening Scholar.

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

33. (a) The Chief Financial Officer, Head of Internal Audit, and a representative of the auditors attended all meetings of the Board Audit Committee where issues relating to accounts and audit were discussed.
- (b) The Audit Committee met the auditors at least once a year without the presence of the Chief Financial Officer, the Chief Internal Auditor and other executives.
- (c) The Audit Committee met the Head of Internal Audit and other members of the internal audit function at least once a year without the presence of Chief Financial Officer and the auditors.
34. (a) The Board has set up an effective internal audit function that has an audit charter which is duly approved by the Audit Committee.
- (b) The Head of Internal Audit has the requisite qualification and experience stipulated by the Rules.
- (c) The internal audit reports have been provided to the auditors for review.
35. The Company has appointed the external auditors according to the Rules.
36. The auditors of the Company have confirmed that the firm and its partners are in compliance with the guidelines of the International Federation of Accountants (IFAC) on the code of ethics as applicable in Pakistan.
37. The auditors have confirmed that the applicable guidelines of IFAC in respect of non-audit services have been followed by them.



MOIN RAZA KHAN
Chief Executive Officer



SHAMSUL ISLAM
Chairman and Independent Director

Karachi: 25th September 2019

explanation for the non-compliance with the public sector companies (corporate governance) rules, 2013

We confirm that all other material requirements of the Rules have been complied with except the following matter, which will be complied with as early as possible in the second quarter of the next financial year:

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



MOIN RAZA KHAN
Chief Executive Officer

Karachi: 25th September 2019



SHAMSUL ISLAM
Chairman and Independent Director

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

We have reviewed the enclosed Statements of Compliance with the best practices contained in the Listed Companies (Code of Corporate Governance) Regulations, 2017 and Public Sector Companies (Corporate Governance) Rules, 2013 (both herein referred to as 'Codes') prepared by the Board of Directors of Pakistan Petroleum Limited (the Company) for the year ended June 30, 2019 to comply with the requirements of regulation 40 and rule 24 of the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) and Public Sector Companies (Corporate Governance) Rules, 2013 (the Rules) respectively.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the 'Statements of Compliance' do not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Codes as applicable to the Company for the year ended June 30, 2019.

Further, we highlight below instances of non-compliance with the requirements of the Codes as reflected in the Paragraph / section reference where these are stated in the Statements of Compliance.

Paragraph / section

Reference	Description
i Paragraph 18 to the Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017	Pursuant to Rule 8 of the Public Sector Companies (Corporate Governance) Rules, 2013, the Federal Government shall undertake the evaluation of the performance of the members of the Board, including the Chairman as well as the Chief Executive Officer. In this context, the Board is responsible for periodically monitoring and assessing the performance of the senior management of the Company and hold them accountable for accomplishing objectives, goals and key performance indicators set for this purpose, which has been duly done by the Board
ii Last section to the Statement of Compliance with the Rules, under the Heading 'Explanation for the Non-Compliance with the Public Sector Companies (Corporate Governance) Rules, 2013'	Annual orientation course for all directors was not held during the year. However, the directors, including the directors appointed during the year, received a briefing / introductory session in this regard.

A.F. Ferguson & Co.
Chartered Accountants
Karachi, September 25, 2019

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
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report of the board audit committee

Dear Shareholders,

I am pleased to present the annual Audit Committee Report to provide insight into the activities of the Board Audit Committee (BAC) conducted during the financial year 2019. As BAC, we assist the Board in fulfilling its oversight responsibilities in areas such as the integrity of financial reporting, the effectiveness of the risk management, effectiveness of internal controls system and related governance and compliance matters. The BAC is also responsible for making a recommendation to the Board on appointment or reappointment of the External Auditors.

At the outset, I would like to inform our valued Shareholders that PPL Board was reconstituted during June 2019 and subsequently new Board Members were appointed. The first meeting of the reconstituted Board took place in July 2019.

Key Responsibilities and Activities

The key responsibilities of the BAC are to assist the Board in fulfilling its oversight responsibilities in relation to financial reporting, the effectiveness of the system of risk management and internal control, compliance with applicable legal and regulatory requirements and monitoring the qualifications, expertise, resources and independence of both the internal and external auditors. The performance of internal and external auditors is also assessed by the BAC on an annual basis.

During the Financial Year ended 2019 (FY19), the BAC discharged its functions and carried out its duties as set out in the Terms of Reference (ToR) duly approved by the Board. Key activities undertaken by the BAC include the following:

1. Reviewed the interim and annual financial statements prior to the approval by the Board
2. Reviewed the potential impairment exposure of major investments including reversal of previously booked impairment loss during the year.
3. Reviewed related party transactions entered into by the Company on quarterly basis.
4. Reviewed and approved annual internal audit plan.
5. Reviewed the Management letter / Internal Control report issued by the external auditors in connection with the audit of financial statements and management responses thereto for ensuring that necessary steps have been taken to address the issues. These issues are discussed on regular basis in BAC meetings in the presence of External Auditors.
6. Reviewed the complaints received under Whistle Blowing Policy for taking necessary actions and suggest corrective measures.
7. Obtained confirmation from the Management that the understanding and compliance of Company's codes and policies has been affirmed by the Management and employees of the Company individually.
8. Obtained Letters of Representation (LoR) from the Management. The objective is to improve and strengthen the control environment, fill the gaps identified and to align with industry best practices.
9. Deliberated and reported on the Internal Audit findings and recommendations having business and internal control implications on a quarterly basis. The Committee took notice of key observations and discussed the findings directly with the business process owners for ensuring that appropriate steps are being taken.

Composition and Meetings

During FY19, the BAC met nine (9) times. The composition and the attendance record of Committee members is as follows:

Sr. No.	Name of Directors	Status	No of Meetings Attended
1.	Tahira Raza* [Independent, Non-executive director]	Chairperson	-
2.	Mian Imtiaz Uddin* [Independent, Non-executive director]	Member	-
3.	Mir Balakh Sher Marri* [Independent, Non-executive director]	Member	-
4.	Pasand Khan Buledi*# [Non-executive director]	Member	-
5.	Sajid Mehmood Qazi +[Non-executive director]	Member	9
6.	Dr. Ibne Hasan (former Chair BAC)**	Replaced during the year	9
7.	Muhammad Sajid Farooqi **	Replaced during the year	4
8.	Saeed Ullah Shah**	Replaced during the year	5
9.	Agha Jan Akhtar**	Replaced during the year	5
10.	Hassan Nasir Jamy**	Replaced during the year	1

* New members of the BAC ** Replaced with new members with effect from 26 June 2019 + Continuing member from the previous BAC

Resigned with effect from 3 September 2019.

Note: Dr. Tanveer Ahmad Qureshi has become a new member with effect from 25 September 2019.

Internal Audit

1. The Internal Audit function is an independent and objective assurance function which aims to improve the Company's overall control framework. The Internal Audit function assists in the maintenance of a systematic and disciplined approach to evaluate and improve the design and effectiveness of Company's risk management, control and governance processes.
2. BAC has defined the role of Internal Audit function in its Charter and has provided necessary powers to the Function to achieve its objectives without any avoidable constraint. Internal Audit Function is also equipped with technological tools, such as Audit Management Software and Data Analytical tools, to assist the Function in effective discharge of its duties.
3. The Head of Internal Audit is independent and reports directly to the BAC. On an annual basis, the Committee Members also meet the Internal Audit staff in compliance with Corporate Governance Rules.
4. Coordination between the External and Internal Auditors has been encouraged and Internal Audit Reports are provided for the review of External Auditors.
5. Internal Audit completed its approved Annual Audit plan. Apart from this, certain special projects were also assigned to Internal Audit by the BAC and the Board during the year which were also effectively delivered.
6. Internal Audit Function comprises of 17 auditors. The expertise within Internal Audit Function at the end of FY19 comprises of Audit, Finance and I.T. related professionals. In addition to this, technical resources were also utilized on a need basis.

EXTERNAL AUDITORS

1. The Audit Committee recognizes the importance of maintaining the independence of the Company's External Auditors, both in fact and appearance. Each year, the Committee evaluates the qualifications, performance and independence of the Company's External Auditors.
2. The Statutory Auditors of the Company, M/s. A. F. Ferguson & Co., Chartered Accountants, have completed their Audit of the "Company's Financial Statements", the "Consolidated Financial Statements", the "Statement of Compliance with the Code of Corporate Governance" and the "Statement of Compliance with Public Sector Companies (Corporate Governance) Rules 2013" for the financial year ended 30 June, 2019.

3. The Committee reviewed the scope of work and fee of all services obtained by Management from the External Auditors of the Company in addition to the audit of its financial statements.
4. The External Auditors have been allowed direct access to the BAC and the effectiveness, independence and objectivity of the Auditors have thereby been ensured. The External Auditors have attended the General Meetings of the Company during the year.
5. A separate Policy governing additional services from the External Auditors is in place, which is approved by the Board, and is designed to safeguard external auditors' objectivity and independence and includes rules relating to the hiring of additional services, and stipulates which services require prior approval of the BAC.
6. The BAC met two (02) times with the External Auditors during the year to discuss matters relating to the statutory audit of PPL. The Committee ensured that External Auditors have access to all the records and personnel which they require to conduct their work in an independent and efficient manner.
7. The BAC has recommended to the Board, the reappointment of M/s. A. F. Ferguson & Co., Chartered Accountants, as External Auditors of the Company for the year ending 30 June 2020.



TAHIRA RAZA
CHAIRPERSON - BOARD AUDIT COMMITTEE
KARACHI

23 SEPTEMBER 2019

unconsolidated financial statements

INDEPENDENT AUDITOR'S REPORT

To the members of Pakistan Petroleum Limited

Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of Pakistan Petroleum Limited (the Company), which comprise the unconsolidated statement of financial position as at June 30, 2019, and the unconsolidated statement of profit or loss, the unconsolidated statement of profit or loss and other comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, unconsolidated statement of profit or loss, the unconsolidated statement of profit or loss and other comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2019 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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



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Following are the Key audit matters:

S. No.	Key audit matters	How the matter was addressed in our audit
(i)	Revenue from contracts with customers <i>(Refer note 26 to the annexed unconsolidated financial statements)</i> The Company is engaged in the production and sale of oil and gas resources. The Company recognised revenue during the year from the sales of crude oil (including natural gas liquids and condensate), natural gas, Liquefied Petroleum Gas (LPG) and barytes amounting to Rs 163.890 billion. The prices of the crude oil, LPG and gas are specified in relevant agreements. Furthermore, prices of natural gas are also notified by OGRA. Effect of adjustments, if any, arising from subsequent notification from OGRA is reflected as and when the notification is made and agreed with the customers. Determination of sales price involves detailed calculation that takes into account international prices, yields, discounts etc for each separate fields from which natural gas or crude oil is produced. LPG pricing is benchmarked to the ceiling prices notified by OGRA. The determination of quantities involves metering and weighing scales. We considered this as key audit matter due to the significance of the amounts requiring significant time and resource to audit due to magnitude, inherent risk of material misstatement and revenue being a key economic indicator of the Company.	Our audit procedures included the following: <ul style="list-style-type: none"> • Obtained understanding and carried out review of design, implementation and operating effectiveness of the relevant key internal controls over revenue recognition from the sale of products; • Performed test of details on a sample of sales transactions by inspecting respective invoices, delivery challans and minutes of joint calibration meetings; • Checked, on a sample basis, notifications of Oil and Gas Regulatory Authority (OGRA) for gas prices and approval of appropriate authority within the Company for prices of LPG. Performed, on a sample basis, recalculation of crude oil and gas prices in accordance with applicable petroleum policies / agreements. • Checked sales transactions on either side of the statement of financial position date to assess whether they are recorded in relevant accounting period; • Performed analytical procedures to perform analysis of variation in the price and quantity sold during the year; and • Assessed the appropriateness of disclosure made in the financial statements regarding the matter.



**S. Key audit matters
No.**

**How the matter was addressed in our
audit**

(ii) Overdue trade debts

(Refer note 11 to the annexed unconsolidated financial statements)

Trade debts include an overdue amount of Rs 197.65 billion, receivable from oil refineries, power producing company and gas distribution companies. These overdue receivables includes amounts of Rs 93.08 billion, Rs 69.77 billion and Rs 29.96 billion overdue from related parties, Sui Northern Gas Pipeline Limited, Sui Southern Gas Company Limited and Central Power Generation Company Limited (GENCO-II) respectively. The recoverability of these amounts is dependent on the decisions of the GoP including availability of funds due to circular debt situation being faced by the GoP. However, due to receivables being long outstanding the Company is facing financial / liquidity issues.

The Company considers the aforesaid receivables as good receivables considering that these receivables are from state owned entities and past track record and recoveries.

We considered the matter as key audit matter due to significance of the amounts and significant judgments made by management regarding the recoverability of the amounts.

MS

Our audit procedures included the following:

- Obtained invoice wise break-up of outstanding trade debts;
- Obtained direct confirmations from customers and tested reconciliations, where differences were identified;
- Checked, on sample basis, trade debts ageing report classification within the appropriate ageing bracket with underlying invoices;
- Tested, on a sample basis, cash receipts from customers subsequent to financial year end relating to year end balances, with underlying documentation;
- Discussed with the management, events during the year and steps taken by management for settlement of these receivables and inspected minutes of Board of Directors and Audit Committee meetings; and
- Assessed the appropriateness of disclosure made in the financial statements regarding the matter.

**S. Key audit matters
No.**

**How the matter was addressed in our
audit**

(iii) Dry and abandoned wells

(Refer note 29 to the annexed unconsolidated financial statements)

During the year the company has charged an amount of Rs 18.998 billion on account of dry and abandoned wells.

The Company applies the "Successful efforts" method of accounting for Exploration and Evaluation (E&E) costs. Under the Successful efforts method of accounting, all property acquisitions, exploratory / evaluation drilling costs are initially capitalised, till such time that technical feasibility and commercial viability of oil and gas are demonstrated. If commercial reserves are not found, the capitalised costs are written off as dry and abandoned wells and charged to profit or loss.

The determination of a well as dry and abandoned is made on the basis of internal assessment made by the Company after which a notice in this respect is submitted to Directorate General Petroleum Concessions (DGPC)

We considered this as key audit matter due to the significance of the amounts requiring significant time and resource to audit due to magnitude of the amount involved and significant management judgment used in determining dry and abandoned wells.

MS

Our audit procedures included the following:

- Obtained listing of dry and abandoned wells charged off during the year;
- Obtained an understanding of the process followed by the management in concluding a well as dry and abandoned;
- Examined the notices issued by Company to the DGPC declaring the wells as abandoned and suspended;
- In case where the notice to DGPC has not been issued, examined internal assessment performed by the company by conducting meeting with the in-house exploration department;
- Performed testing subsequent to the date on which the well has been plugged and abandoned to check that no further expenditure has been incurred on dry and abandoned wells;
- Performed testing subsequent to the year-end to check that all dry and abandoned wells have been recorded in the correct period; and
- Assessed the appropriateness of disclosure made in the financial statements regarding the matter.

S. No.	Key audit matters	How the matter was addressed in our audit
(iv)	<p>Analysis of impairment indicators and impairment testing of the Company's development and production assets, exploration and evaluation assets and other non-financial assets</p> <p><i>(Refer notes 4 and 6 to the annexed unconsolidated financial statements)</i></p> <p>As at June 30, 2019, the Company's development and production assets, exploration and evaluation assets and other non-financial assets aggregate Rs 144.231 billion.</p> <p>In accordance with International Accounting Standard (IAS) 36, "Impairment of Assets", the Company assesses at the end of each reporting period whether there is any indication that an asset may be impaired.</p> <p>Where an impairment indicator is identified for any asset, an impairment test is performed by the Company based on estimate of the value-in-use of that asset.</p> <p>The calculation of value-in-use of development and production assets, exploration and evaluation assets and other non-financial assets requires the management to make significant estimates and judgements, such as (i) estimation of the volume of oil and gas recoverable reserves; (ii) estimation of future oil and gas prices; (iii) estimation of the future cost profiles of the assets by applying expected rates of inflation; (iv) foreign exchange rates and (v) discount rates.</p> <p>We considered this matter as key audit matter due to the significant value of development and production assets, exploration and evaluation assets and other non-financial assets at the reporting date and due to significance of judgements / estimates used by the management in determining their value in use.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> Assessed the methodology used by management to estimate value-in-use of each asset; Assessed the assumptions used in the discounted cash flow projections for calculation of the value-in-use of assets, evaluating the key assumptions, i.e. oil and gas reserves, oil and gas prices, exploration and production costs, foreign exchange rates and discount rates based on our knowledge of the business and industry and by comparing the assumptions to historical results and published market and industry data; Performed sensitivity analysis in consideration of the potential impact of reasonably possible changes in assumptions relating to oil and gas prices and discount rate and considering management's process for approving these estimates; and Assessed the appropriateness of disclosure made in the financial statements regarding the matter.



S. No.	Key audit matters	How the matter was addressed in our audit
(v)	<p>Provision for decommissioning obligation</p> <p><i>(Refer note 20 to the annexed unconsolidated financial statements)</i></p> <p>The Company, during the year, revised its estimates of outflows or resources required to settle decommissioning liability based on the present value of the future projected costs. This has been treated as a change in accounting estimate, applied prospectively, in accordance with IFRIC Interpretation 1 – "Changes in Existing Decommissioning, Restoration and Similar Liabilities."</p> <p>The determination of closing amount of provision for decommissioning liability requires the management to make significant estimates and judgements, such as (i) estimation of the future projected costs of decommissioning at the end of economic lives of the respective assets; (ii) estimation of economic lives of the respective assets; and (iii) inflation and discount rates.</p> <p>We considered this as key audit matter due to the material amount of provision for decommissioning obligation as at reporting date and due to significance of judgements / estimates used by the management in determining the present value of future decommissioning costs.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> Conducted meetings with the management, including technical and operational personnel to obtain detailed understanding of the key assumptions used; Reviewed key assumptions used in determining amount and timing of future cash flows by checking third party contracts / quotations, internal field data, discount rates based on our knowledge of the business and industry and by comparing the assumptions to historical financial data and published market and industry data; Assessed the reasonableness of estimates used by in-house expert; Performed re-computation of provision for decommissioning obligation for accuracy; and Assessed the appropriateness of disclosure made in the financial statements regarding the matter.



S. Key audit matters
No.

(vi) Contingencies

(Refer notes 25.1.3, 25.1.4, 25.1.7, 25.1.8 and 25.1.10 to the annexed unconsolidated financial statements)

Contingencies disclosed in the annexed unconsolidated financial statements relate to various matters which are pending in litigations including matters in respect of income tax and sales tax, which are pending adjudication before the appellate authorities and the courts.

Contingencies require management to make judgements and estimates in relation to the interpretation of laws, statutory rules, regulations and the probability of outcome and financial impact, if any, on the Company for disclosure and recognition and measurement of any provision that may be required against such contingencies.

Notwithstanding the fact that the Company is contesting all the matters at various appellate levels and courts, it has recognised provision against the contingencies as considered appropriate.

Due to significance of amounts involved, inherent uncertainties with respect to the outcome of matters and use of significant management judgements and estimates to assess the same including related financial impacts, we considered contingencies a key audit matter.

ME

How the matter was addressed in our audit

Our audit procedures included the following:

- Obtained and assessed details of the pending tax and other legal matters and discussed the same with the Company's management and in-house legal counsel;
- Circularised confirmations to the Company's external legal and tax counsels for their views on open tax assessments and other legal matters;
- Checked correspondence of the Company with the relevant authorities including judgements or orders passed by the competent authorities in relation to the issues involved or matters which have similarities with the issues involved;
- Involved internal tax experts to assess management's conclusions on contingent tax matters and to evaluate the consistency of such conclusions with the views of the management and external tax advisors engaged by the Company; and
- Assessed the appropriateness of disclosure made in the financial statements regarding the matter.

Information Other than the Unconsolidated and Consolidated Financial Statements and Auditor's Reports Thereon

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

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

In connection with our audit of the unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

ME

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

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

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



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

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



A. F. Ferguson & Co
Chartered Accountants

Karachi

Date: September 25, 2019

unconsolidated statement of financial position

as at june 30, 2019

	Note	2019	2018
		----- Rs'000 -----	
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Property, plant and equipment	4	159,842,053	154,703,102
Intangible assets	5	481,135	420,287
		160,323,188	155,123,389
Long-term investments	6	45,284,852	37,690,970
Long-term loans	7	34,019	16,067
Long-term deposits	8	7,676	7,676
Long-term receivables	9	83,810	74,670
		205,733,545	192,912,772
CURRENT ASSETS			
Stores and spares	10	3,146,982	3,528,438
Trade debts	11	227,382,001	142,636,089
Loans and advances	12	1,064,992	1,506,404
Trade deposits and short-term prepayments	13	468,338	230,968
Interest accrued	14	764,306	494,758
Current maturity of long-term loans	7	12,705	1,378,972
Current maturity of long-term deposits	8	911,850	911,850
Current maturity of long-term receivables	9	125,714	50,786
Other receivables	15	2,415,811	1,882,477
Short-term investments	16	8,242,798	14,072,500
Cash and bank balances	17	8,021,760	7,714,754
		252,557,257	174,407,996
		458,290,802	367,320,768
TOTAL ASSETS			
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	18	22,674,872	19,717,295
Reserves	19	275,934,116	220,674,676
		298,608,988	240,391,971
NON-CURRENT LIABILITIES			
Provision for decommissioning obligation	20	24,843,371	22,592,369
Liabilities against assets subject to finance lease	21	12,107	68,136
Deferred liabilities	22	2,754,275	2,651,531
Deferred taxation	23	37,134,401	37,522,952
		64,744,154	62,834,988
CURRENT LIABILITIES			
Trade and other payables	24	88,086,584	61,550,474
Unclaimed dividends		302,539	332,998
Current maturity of liabilities against assets subject to finance lease		56,029	74,621
Taxation - net		6,492,508	2,135,716
		94,937,660	64,093,809
		159,681,814	126,928,797
TOTAL LIABILITIES			
TOTAL EQUITY AND LIABILITIES			
		458,290,802	367,320,768
CONTINGENCIES AND COMMITMENTS			
	25		

The annexed notes 1 to 46 form an integral part of these unconsolidated financial statements.


Chief Financial Officer


Director


Chief Executive Officer


Chief Financial Officer


Director


Chief Executive Officer

unconsolidated statement of profit or loss

for the year ended june 30, 2019

	Note	2019	2018
		----- Rs'000 -----	
Revenue from contracts with customers	26	163,889,602	126,209,613
Operating expenses	27	(40,152,377)	(33,481,924)
Royalties and other levies	28	(24,328,918)	(18,512,286)
		(64,481,295)	(51,994,210)
Gross profit		99,408,307	74,215,403
Exploration expenses	29	(24,858,354)	(11,164,255)
Administrative expenses	30	(2,239,845)	(2,559,650)
Finance costs	32	(741,020)	(443,568)
Other charges	33	(8,165,580)	(5,930,615)
		63,403,508	54,117,315
Other income	34	16,527,696	9,318,998
Profit before taxation		79,931,204	63,436,313
Taxation	35	(18,298,840)	(17,748,677)
Profit after taxation		61,632,364	45,687,636
			(Restated)
Basic and diluted earnings per share (Rs)	41	27.18	20.15

The annexed notes 1 to 46 form an integral part of these unconsolidated financial statements.

unconsolidated statement of profit or loss and other comprehensive income

for the year ended june 30, 2019

	2019	2018
	----- Rs'000 -----	
Profit after taxation	61,632,364	45,687,636
Other comprehensive income / (loss)		
Items that will not be subsequently reclassified in profit or loss		
Remeasurement gains / (losses) on defined benefit plans - net	215,083	(2,320,184)
Deferred taxation	(672,853)	672,853
	(457,770)	(1,647,331)
Total comprehensive income for the year	61,174,594	44,040,305

The annexed notes 1 to 46 form an integral part of these unconsolidated financial statements.

unconsolidated statement of cash flows

for the year ended june 30, 2019

	2019	2018
	----- Rs'000 -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	121,916,600	113,750,298
Receipts of other income	9,790,918	3,285,036
Payment to suppliers / service providers and employees - net	(22,177,855)	(18,756,737)
Payment of indirect taxes and Government levies including royalties	(52,409,201)	(44,369,200)
Income tax paid	(15,003,452)	(14,306,024)
Finance costs paid	(13,735)	(38,222)
Long-term loans - net	(21,765)	4,299
Net cash generated from operating activities	42,081,510	39,569,450
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure	(43,525,187)	(36,183,232)
Proceeds from sale of property, plant and equipment	24,200	29,264
Purchase of long-term investments - net	(5,217,371)	(7,832,954)
Purchase of mutual funds	(4,016,298)	-
Repayment of loan by PPLE	1,401,670	-
Disposal / redemption of long-term investments	74,191	581,824
Long-term deposits	-	(124,350)
Long-term receivables	(84,068)	224,521
Finance income received	2,785,016	2,808,472
Net cash used in investing activities	(48,557,847)	(40,496,455)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of liabilities against assets subject to finance lease	(74,621)	(113,130)
Dividends paid	(2,988,036)	(19,746,573)
Net cash used in financing activities	(3,062,657)	(19,859,703)
Net decrease in cash and cash equivalents	(9,538,994)	(20,786,708)
Cash and cash equivalents at the beginning of the year	21,787,254	42,573,962
Cash and cash equivalents at the end of the year	12,248,260	21,787,254

The annexed notes 1 to 46 form an integral part of these unconsolidated financial statements.


Chief Financial Officer


Director


Chief Executive Officer


Chief Financial Officer


Director


Chief Executive Officer

unconsolidated statement of changes in equity

for the year ended June 30, 2019

	Subscribed and paid-up Share capital		Capital reserve (Note -19)	Revenue reserves (Note -19)	Total
	Ordinary	Convertible preference			
----- Rs '000 -----					
Balance as at June 30, 2017	19,717,175	120	1,428	196,350,154	216,068,877
Comprehensive income for the year					
Profit after taxation	-	-	-	45,687,636	45,687,636
Other comprehensive loss for the year ended June 30, 2018, net of tax	-	-	-	(1,647,331)	(1,647,331)
Total comprehensive income for the year ended June 30, 2018	-	-	-	44,040,305	44,040,305
Transactions with owners					
Final dividend for the year ended June 30, 2017					
- Ordinary shares - 60%	-	-	-	(11,830,305)	(11,830,305)
Interim dividend for the year ended June 30, 2018					
- Ordinary shares - 40%	-	-	-	(7,886,872)	(7,886,872)
- Convertible preference shares - 30%	-	-	-	(34)	(34)
Conversion of preference shares into ordinary shares	6	(6)	-	-	-
Balance as at June 30, 2018	19,717,181	114	1,428	220,673,248	240,391,971
Comprehensive income for the year					
Profit after taxation	-	-	-	61,632,364	61,632,364
Other comprehensive income for the year ended June 30, 2019, net of tax	-	-	-	(457,770)	(457,770)
Total comprehensive income for the year ended June 30, 2019	-	-	-	61,174,594	61,174,594
Transactions with owners					
- Final dividend on ordinary shares for the year ended June 30, 2018 @ 15%	-	-	-	(2,957,577)	(2,957,577)
- Issuance of 15% bonus shares to ordinary share holders	2,957,577	-	-	(2,957,577)	-
Conversion of preference shares into ordinary shares	6	(6)	-	-	-
Balance as at June 30, 2019	22,674,764	108	1,428	275,932,688	298,608,988

The annexed notes 1 to 46 form an integral part of these unconsolidated financial statements.


Chief Financial Officer


Director


Chief Executive Officer

notes to and forming part of the unconsolidated financial statements

for the year ended June 30, 2019

1. LEGAL STATUS AND OPERATIONS

1.1 Pakistan Petroleum Limited (the Company) was incorporated in Pakistan in 1950 with the main objectives of conducting exploration, prospecting, development and production of oil and natural gas resources. The shares of the Company are listed on the Pakistan Stock Exchange Limited. The registered office of the Company is located at PIDC House, Dr. Ziauddin Ahmed Road, Karachi.

1.2 These unconsolidated financial statements are the separate financial statements of the Company, in which investments in the below mentioned subsidiaries have been accounted for at cost less accumulated impairment losses, if any. As of the date of statement of financial position, the Company has the following wholly owned subsidiaries:

- PPL Europe E&P Limited (PPLE)
- PPL Asia E&P B.V. (PPLA)
- The Pakistan Petroleum Provident Fund Trust Company (Private) Limited (PPPFTC)

1.3 The Sui Mining Lease expired on May 31, 2015. The Government of Pakistan (GoP) through various notifications has allowed the Company to continue producing from the Sui gas field, the most recent being dated May 28, 2019, whereby allowing the Company to continue producing from Sui gas field for a further period of six months with effect from the expiry of existing lease period i.e. May 31, 2019.

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

2.2 Basis of measurement

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

notes to and forming part of the unconsolidated financial statements

for the year ended June 30, 2019

- a) Financial assets at fair value through profit or loss, have been measured at fair value.
- b) Financial assets at fair value through other comprehensive income, have been measured at fair value.
- c) Financial assets at amortised cost, have been measured at amortised cost.
- d) Obligations in respect of certain employee benefits and decommissioning cost have been measured at present value.

2.3 Change in accounting standards, interpretations and amendments to published approved accounting and reporting standards

2.3.1 New standards, amendments to approved accounting standards and interpretations that are effective for the Company's accounting periods beginning on or after July 1, 2018

There are certain amendments and interpretations to approved accounting and reporting standards which are mandatory for the Company's annual accounting period which began on July 1, 2018. However, these do not have any significant impact on the Company's financial reporting and, therefore, have not been detailed in these financial statements.

In addition to the above, the following two new standards have become applicable to the Company during the year:

- IFRS 9 'Financial instruments' – This standard replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. It also includes an expected credit losses (ECL) model that replaces IAS 39 incurred loss impairment model. On July 1, 2018 (the date of initial application of IFRS 9), the Company's management has assessed which business models apply to the financial assets held by the Company and has classified its financial instruments into the appropriate IFRS 9 categories (i.e. mainly financial assets previously classified as 'loans and receivables' have now been classified as 'amortised cost'). Subsequent to the reporting date, the Securities and Exchange Commission of Pakistan (SECP) through S.R.O 985(I)/2019 dated September 02, 2019 has partially modified applicability of IFRS 9 in respect of companies holding financial assets due from the Government of Pakistan (GoP). The said S.R.O states that requirements contained in IFRS 9 with respect to application of ECL method on such receivable balances shall not be applicable till June 30, 2021. Consequently, the Company has not recorded impact of aforesaid ECL on the financial assets due from state owned entities (i.e. SSGCL, SNGPL and GENCO-II) in the unconsolidated financial statements based on the clarification received from SECP. Further, in relation to financial assets due from parties other than GoP, the management believes that the impact of ECL is not material as outstanding balances are receivable from companies who have high credit rating with no history of default.
- IFRS 15 'Revenue from contracts with customers' – This standard introduces a single five-step model for revenue recognition with a comprehensive framework based on core principle that an entity should recognise revenue representing the transfer of promised goods or services under separate performance obligations under the contract to customer at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. IFRS 15 replaces the previous revenue standards: IAS 18 Revenue, IAS 11 Construction Contracts, and the related interpretations on revenue recognition.

The changes laid down by IFRS 9 and IFRS 15 do not have any significant impact on these unconsolidated financial statements of the Company. However, related changes to the accounting policies have been made in these unconsolidated financial statements.

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2.3.2 New standards, amendments to approved accounting standards and interpretations that are effective for the Company's accounting periods beginning on or after July 1, 2019

IFRS 16 'Leases' will be effective for the Company's annual accounting period beginning July 1, 2019. It will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. At present the Company is in the process of determining the impacts of application of IFRS 16 on future financial statements of the Company.

Additionally there are certain new standards, amendments and interpretations to the approved accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2019. However, these will not have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these unconsolidated financial statements.

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

In June 2011, the SECP on receiving representations from some of entities covered under Benazir Employees' Stock Option Scheme (the Scheme) and after having consulted the ICAP, granted exemption to such entities from the application of IFRS - 2 "Share-based Payment" to the Scheme. There has been no change in the status of the Scheme as stated in note 3.5 to the unconsolidated financial statements for the year ended June 30, 2018. The management believes that the Scheme is being revamped by the GoP and all claims and disbursements to the unit holders are kept in abeyance by the Privatisation Commission since June 2010.

Had the exemption not been granted, retained earnings and reserves would have been lower and higher by Rs 18,879 million (2018: Rs 18,879 million).

2.5 Significant accounting judgments, estimates and assumptions

The preparation of these financial statements in conformity with the approved accounting and reporting standards, as applicable in Pakistan, requires management to make estimates, assumptions and use judgments that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. The estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively, commencing from the period of revision.

In the process of applying the Company's accounting policies, the management has made the following estimates, assumptions and judgments which are significant to these unconsolidated financial statements.

a) Property, plant and equipment and intangibles

The Company reviews the appropriateness of useful lives, method of depreciation / amortisation and residual values of property, plant & equipment and intangibles on the reporting date. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant & equipment and intangibles with a corresponding effect on the depreciation / amortisation charge and impairment.

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

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Determination as to whether and how much an asset is impaired involves management estimates and judgments such as future prices of crude oil or gas and production profiles.

During the year, the Company has changed the depreciation method for certain classes of immovable assets from straight-line method to unit-of-production method to align its depreciation policy with international best practices. This change in estimate has been applied prospectively to relevant field based asset classes (plant & machinery and tanks & pipelines) in accordance with IAS 8 "Accounting policies, change in accounting estimates and errors". Had there been no change in the depreciation method, depreciation expense would have been lower by Rs 2,355 million for the year ended June 30, 2019.

b) Exploration and evaluation expenditure

The Company's accounting policy for exploration and evaluation expenditure results in cost of exploratory wells being capitalised for an area of interest where it is considered likely to be recoverable by future exploitation or sale or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves.

This policy requires management to make certain estimates and assumptions as to future events and circumstances, in particular whether an economically viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised the expenditure under the policy a judgment is made that recovery of the expenditure is unlikely, the relevant capitalised amount is transferred to profit or loss in the period when the new information becomes available.

c) Development and production expenditure

Development and production activities commence after project sanctioning by the appropriate level of management. Judgment is applied by the management in determining when a project is economically viable. In exercising this judgment, management is required to make certain estimates and assumptions similar to those described above for capitalised exploration and evaluation expenditure. Any such estimates and assumptions may change as new information becomes available. If, after having commenced development activity, a judgment is made that a development and production asset is impaired, the appropriate amount is written off to profit or loss.

d) Estimation of proven hydrocarbon reserves

Reserves are those quantities of petroleum which are anticipated to be commercially recovered from known accumulations from a given date forward. Estimation of hydrocarbon reserves is important for the effective management of the upstream hydrocarbon assets. It is an integral part of the investment decisions related to the existing assets or the new oil and gas discoveries. Hydrocarbon reserves are also used as the basis to calculate unit-of-production depreciation/ amortisation rates and to evaluate impairment in an asset's value, wherever applicable.

All reserves estimates involve some degree of uncertainty. The uncertainty depends chiefly on the amount of reliable geologic and engineering data available at the time of the estimate and the interpretation of these data. The relative degree of uncertainty may be conveyed by placing reserves into one of two principal classifications, either proved or unproved.

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Proved reserves are those quantities of hydrocarbon which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically recoverable from the known reservoirs and under defined technical and commercial conditions. If deterministic methods of reserves estimation are used, the term "reasonable certainty" is intended to express a high degree of confidence that the quantities will be recovered. If probabilistic methods of reserves estimation are used, there should be at least a 90% probability that the quantities actually recovered will equal or exceed the estimate. Unproved reserves are less certain to be recovered than the proved reserves and may be further sub-classified as probable and possible reserves to denote progressively increasing uncertainty in their recoverability.

Although the Company is reasonably certain that the proved reserves will be produced, however, the timing and amount recovered may be affected by a number of factors including completion of the development projects, reservoir performance, regulatory approvals or / and a significant change in long-term oil and gas price levels. The reserves revisions may include upward or downward changes in the previously estimated volumes of the proved reserves for the existing fields due to the evaluation or re-evaluation of (1) already available geologic, reservoir or production data, (2) new geologic, reservoir or production data or (3) changes in prices and costs that are used in the estimation of reserves. Revisions may also result from a significant change in the development strategy or the capacity of the production equipment / facilities.

Changes to the estimates of proved reserves affect the amount of amortisation recorded and impairment, if any, in the unconsolidated financial statements for assets amortised on the basis of unit of production.

e) Provision and amortisation of decommissioning cost

Provision is recognised for the future decommissioning and restoration of oil and gas wells, production facilities and pipelines at the end of their economic lives. The estimated cost is charged to profit or loss over the life of the proved reserves on a unit of production basis.

The timing of recognition requires the application of judgment to existing facts and circumstances, which can be subject to change. Estimates of the amount of provision recognised are based on current legal and constructive obligations, technology and price levels. Provision is based on the best estimates, however, the actual outflows may differ from estimated cash outflows due to changes in laws, regulations, technology, prices and conditions, and the fact that actual expenditure will take place many years in the future. The carrying amount of provision is reviewed periodically and adjusted to take account of such changes.

The provision 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.

During the year, the Company revised its estimates of economic outflows to settle decommissioning liability, based on future projected costs adjusted to present value. This has been treated as a change in accounting estimate, applied prospectively, in accordance with IFRIC-1 'Changes in Existing Decommissioning, Restoration and Similar Liabilities'.

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Following line items would have been affected had there been no change in estimates:

	Rs (million)
Provision for decommissioning obligation would have been lower by	84
Property, plant and equipment would have been higher by	11
Amortisation charge would have been lower by	73
Profit after tax would have been higher by	56

f) Joint arrangements

The Company participates in several joint arrangements. Judgment is required in order to determine their classification as a joint venture where the Company has rights to the net assets of the arrangement or a joint operation where the Company has rights to the assets and obligations for the liabilities of the arrangement. In making this judgment, consideration is given to the legal form of the arrangement, the contractual terms and conditions as well as other facts and circumstances.

g) Provision for defined benefit plans and compensated absences

Defined benefit plans and compensated absences are provided for permanent employees of the Company. The plans are structured as separate legal entities managed by trustees, except for post-retirement medical benefits and compensated absences, for which, liability is recognised in these unconsolidated financial statements. These benefits are evaluated with reference to uncertain events and are based upon actuarial assumptions including inter alia, discount rates, expected rates of salary increases, medical cost and mortality rates. The actuarial valuations are conducted by independent actuary on annual basis using Projected Unit Credit Actuarial Cost Method. Pension and gratuity costs primarily represent the increase in actuarial present value of the obligation for benefits earned on employee service during the year and the interest on the obligation in respect of employee service in previous years. Calculations are sensitive to changes in the underlying assumptions.

h) Taxation

The provision for taxation is accounted for by the Company after taking into account the current income tax laws and relevant decisions taken by appellate authorities. Accordingly, the recognition of deferred tax is also made, taking into account these decisions and the best estimates of future results of operations of the Company.

i) Contingencies

The assessment of the contingencies inherently involves the exercise of significant judgment as the outcome of the future events cannot be predicted with certainty. The Company, based on the availability of the latest information, estimates the value of contingent assets and liabilities, which may differ on the occurrence / non-occurrence of the uncertain future event(s).

j) Provision for trade debts, advances and other receivables

On annual basis, the Company reviews the recoverability of its trade debts, advances and other receivables, to assess the amount required for provision of doubtful debts. Trade debts, advances and other receivables considered irrecoverable are written off. Impairment of trade debts and other receivables is described in note 3.10.

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k) Stores and spares

The Company reviews the stores and spares for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of stores and spares with a corresponding effect on the provision.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Property, plant and equipment

a) Owned assets

Property, plant and equipment, except freehold land, leasehold land and capital work-in-progress, are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Freehold land and leasehold land are stated at cost. Capital work-in-progress is stated at cost less accumulated impairment losses, if any, and is transferred to the respective item of property, plant and equipment when available for intended use.

Cost in relation to property, plant and equipment comprises acquisition and other directly attributable costs and decommissioning cost. The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, with net amount recognised in profit or loss.

Impairment tests for property, plant and equipment are performed when there is an indication of impairment. At the end of each reporting period, an assessment is made to determine whether there are any indications of impairment. Accordingly, the Company conducts an internal review of asset values which is used as a source of information to assess for any indications of impairment. External factors such as changes in expected future prices, costs and other market factors are also monitored to assess for indications of impairment. If any such indication exists, the asset's recoverable amount is estimated being the higher of its fair value less cost to sell and value in use.

If the carrying amount of the asset exceeds its recoverable amount, the property, plant and equipment is impaired and an impairment loss is charged to profit or loss so as to reduce the carrying amount of the property, plant and equipment to its recoverable amount.

In testing for indications of impairment and performing impairment calculations, assets are considered as collective groups, referred to as Cash Generating Units (CGUs). CGUs are the smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

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b) Assets subject to finance lease

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

Assets held under finance lease are initially recorded at the lower of the present value of minimum lease payments under the lease agreements and the fair value of the leased assets. The related obligations under the lease, net of financial charges allocated to future periods, are shown as a liability.

The financial charges are allocated to accounting periods in a manner so as to provide a constant periodic rate of interest on the outstanding liability.

3.2 Exploration and evaluation assets

The Company applies the "Successful efforts" method of accounting for Exploration and Evaluation (E&E) costs. Under the Successful efforts method of accounting, all property acquisitions, exploratory/evaluation drilling costs are initially capitalised, till such time that technical feasibility and commercial viability of oil and gas are demonstrated.

Costs directly associated with an exploratory well are capitalised until the drilling of the well is completed and results have been evaluated. Major costs include material, chemical, fuel, well services, rig operational costs and employee costs. All other exploration costs including cost of technical studies, seismic acquisition and data processing, geological and geophysical activities are charged against income as exploration expenditure.

E&E assets relating to each exploration license / field are carried forward, until the existence or otherwise of commercial reserves have been determined subject to certain limitations including review for indications of impairment. If commercial reserves have been discovered, the carrying value after any impairment loss of the relevant E&E assets is then reclassified as development and production assets and if commercial reserves are not found, the capitalised costs are written off as dry and abandoned wells and charged to profit or loss.

E&E assets are assessed for impairment when facts and circumstances indicate that carrying amounts may exceed the recoverable amounts of these assets. Such indicators include, the point at which a determination is made as to whether or not commercial reserves exist, the period for which the Company has right to explore has either expired or will expire in the near future and is not expected to be renewed, substantive expenditure on further exploration and evaluation activities is not planned or budgeted, whether sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the E&E asset is unlikely to be recovered in full from successful development or sale, and any other event, that may give rise to indication that such assets are impaired.

Where an impairment loss subsequently reverses, the carrying amount of the E&E asset is increased up to the revised recoverable amount but limited to the extent of the carrying amount that would have been determined had no impairment loss being recognised for the asset in prior years. A reversal of the impairment loss is recognised as income in profit or loss.

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3.3 Development and production assets

Development and production assets are accumulated on a field by field basis and represent the cost of developing the discovered commercial reserves and bringing them into production, together with the capitalised E&E expenditures incurred in finding commercial reserves transferred from E&E assets as outlined in note 3.2 above. The cost of development and production assets also includes the cost of acquisition of such assets, directly attributable overheads, and the cost of recognising provisions for future site restoration and decommissioning.

Impairment test of development and production assets is also performed whenever events and circumstances arising during the development and production phase indicate that carrying amounts of the development and production assets may exceed their recoverable amount. Such circumstances depend on the interaction of a number of variables, such as the recoverable quantities of hydrocarbons, the production profile of the hydrocarbons, the cost of the development of the infrastructure necessary to recover the hydrocarbons, the production costs, the contractual duration of the production field and the net selling price of the hydrocarbons produced.

The carrying amounts are compared against estimated recoverable amounts of the assets, generally by reference to the present value of the future net cash flows expected to be derived from such assets. The CGU considered for impairment test purpose is generally field by field basis, except that a number of fields may be grouped as a single CGU where the cash flows of each field are inter-dependent.

Where conditions giving rise to impairment subsequently reverse, the effect of the impairment charge is also reversed. The reversal is limited so that the carrying amount of the asset neither exceeds its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation / amortisation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

3.4 Intangible assets

Intangible assets are recognised if it is probable that the future economic benefits that are attributable to the assets will flow to the Company and that the cost of such assets can also be measured reliably.

Generally, costs associated with the development or maintenance of computer software programs are recognised as an expense as incurred. However, costs that are directly associated with identifiable software and have probable economic benefits exceeding one year, are recognised as an intangible asset. Direct costs include the purchase cost of software and related overhead cost. Computer software costs that are directly associated with the computer and computer controlled machines, which cannot operate without the related specific software, are included in the costs of the respective assets. When the software is not an integral part of the related hardware, it is classified as an intangible asset. Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

Expenditures which enhance or extend the performance of computer software beyond their original specification and useful life are recognised as capital improvement and added to the original cost of the software.

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3.5 Depreciation and amortisation

a) Property, plant and equipment

- i. Depreciation on all field based immoveable assets (including production bonus and decommissioning cost) is charged on unit-of-production basis. Whereas, all moveable assets i.e. furniture fittings & equipment, computers & allied equipment and rolling stock are depreciated on straight-line basis at the rates specified in the note 4.1 to these unconsolidated financial statements.

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.

No depreciation is charged on freehold and leasehold land.

For those assets that are depreciated on straight line basis, 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.

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

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.

3.6 Business combinations and goodwill

The Company uses acquisition method of accounting for acquisition of assets or class of assets, whereby, the purchase consideration is allocated to the identifiable assets, liabilities and contingent liabilities assumed based on the fair value at the date of acquisition. Acquisition related costs are expensed as incurred and included in profit or loss.

Goodwill is initially measured as of the acquisition date, being the excess of (a) the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and in a business combination achieved in stages, the acquisition date fair value of the previously held equity interest in the acquiree; and (b) the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed.

In case the fair value attributable to the Company's interest in the identifiable net assets exceeds the fair value of consideration, the Company recognises the resulting gain in profit or loss on the acquisition date.

Goodwill acquired in a business combination is measured, subsequent to initial recognition, at cost less accumulated impairment losses, if any, and is tested annually and whenever, there is an indication of impairment. Impairment loss in respect of goodwill is recognised in profit or loss.

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3.7 Investment in subsidiaries

Subsidiaries are all entities over which the Company has power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Further, the Company also considers:

- it has power over the investee entity;
- it has exposure, rights, to variable returns from its involvement in investee entity; and
- it has ability to use its power over the investee entity to affect the amount of the Company's returns.

Investment in subsidiary is stated at cost less accumulated impairment losses, if any. A reversal of an impairment loss on subsidiary is recognised as it arises provided the increased carrying value does not exceed cost.

The profits and losses of the subsidiaries are carried forward in the financial statements of the subsidiaries and not dealt within or for the purpose of these unconsolidated financial statements except to the extent of dividend declared by the subsidiaries.

Gain or loss on sale of investments in the subsidiaries is included in profit or loss for the year.

3.8 Impairment of non-financial assets, and goodwill and investment in subsidiaries

The Company assesses at each reporting date whether there is an indication that an asset or a CGU is impaired. If any indication exists or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

Goodwill is tested for impairment annually at year end and when the circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU or group of CGUs to which the goodwill relates. When the recoverable amount of CGU is less than its carrying amount, an impairment loss is recognised.

Intangible assets with indefinite useful lives are tested for impairment annually at year end either individually or at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset neither exceeds its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

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

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3.9 Stores and spares

Stores and spares are valued at weighted average cost less impairment loss, if any, except for stores in transit, which are valued at cost incurred upto the reporting date. Cost comprises invoice value and other direct costs. Provision is made for obsolete / slow moving items where necessary and is recognised in profit or loss.

3.10 Financial assets and financial liabilities

a) Financial assets

Classification

Financial assets are classified in the following categories: at amortised cost, at fair value through other comprehensive income and at fair value through profit or loss. The classification depends on the purpose for which the financial assets were acquired. The management determines the classification of its financial assets at initial recognition and, where allowed and appropriate, re-evaluates the designation at each date of statement of financial position.

i. Amortised cost

Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets, impairment losses, foreign exchange gains and losses, and gain or loss arising on derecognition are recognised directly in profit or loss.

ii. At fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

iii. At fair value through profit or loss

Financial assets at fair value through profit or loss are those financial assets which are either designated in this category or not classified in any of the other categories. A gain or loss on debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss in the period in which it arises.

Equity instrument financial assets are measured at fair value at and subsequent to initial recognition. Changes in fair value of these financial assets are recognised in the profit or loss. Dividends from such investments continue to be recognised in profit or loss when the Company's right to receive payment is established. Where an election is made to present fair value gains and losses on equity instruments in other comprehensive income there is no subsequent reclassification of fair value gains and losses to the profit or loss following the derecognition of the investment.

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Financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently remeasured to fair value, amortised cost or cost as the case may be. Any gain or loss on the recognition and de-recognition of the financial assets and liabilities is included in the profit or loss for the period in which it arises.

Financial assets are derecognised when the Company loses control of the contractual rights that comprise the financial asset. Assets or liabilities that are not contractual in nature and that are created as a result of statutory requirements imposed by the GoP are not the financial instruments of the Company.

Impairment of financial assets

The Company assesses on a forward looking basis, the expected credit losses associated with its financial assets. The Company applies the simplified approach to recognise lifetime expected credit losses for trade debts and other receivables (except for due from GoP as described in note 2.3.1 to the unconsolidated financial statements).

Significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

The Company recognises in the profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

b) Financial liabilities

Financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities at amortised cost are initially measured at fair value less transaction costs. Financial liabilities at fair value through profit or loss are initially recognised at fair value and transaction costs are recognised as expense in the profit or loss.

Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortised cost using the effective yield method.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender or substantially different terms, or the terms of an existing liability are substantially modified, such an exchange and modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the profit or loss.

c) Offsetting of financial instruments

A financial asset and financial liability is off-set and the net amount is reported in the statement of financial position when there is a legally enforceable right to set-off the transaction and also there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

3.11 Fair value

The fair value of financial instruments that are actively traded in organised financial markets is determined with reference to quoted market bid prices at the close of business on the date of statement of financial

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position. Where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions, reference to the current market value of another instrument, which has substantially similar characteristics, discounted cash flow analysis or other valuation models.

3.12 Trade debts and other receivables

Trade debts and other receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing component in which case such are recognised at fair value. The Company holds the trade debts with the objective of collecting the contractual cash flows and therefore measures the trade debts subsequently at amortised cost using the effective interest method.

3.13 Cash and cash equivalents

Cash and cash equivalents for the purpose of statement of cash flows, comprise of cash & cheques in hand and at banks, and include short-term highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of change in value.

3.14 Decommissioning obligation and its provision

The activities of the Company normally give rise to obligations for site restoration. Restoration activities may include abandonment and removal of wells, facility decommissioning and dismantling, removal or treatment of waste materials and land rehabilitation.

Liabilities for decommissioning cost are recognised when the Company has an obligation (whether legal or constructive) to dismantle and remove a well, facility or an item of plant and to restore the site on which it is located, and when a reliable estimate of that liability can be made. An obligation for decommissioning may also crystallise during the period of operation of a facility through a change in legislation or through a decision to terminate operations. The amount recognised is the estimated cost of decommissioning, discounted to its net present value. Decommissioning cost is capitalised and subsequently amortised / depreciated as part of the well or facility to which it relates.

The provision for decommissioning is based on the best estimate of future costs and the economic life of the existing wells and facilities, however, there is uncertainty regarding both the amount and timing of incurring these costs. Any change in the present value of the estimated expenditure is dealt with prospectively and reflected as an adjustment to the provision and a corresponding adjustment to property, plant and equipment. The unwinding of the discount on the decommissioning provision is recognised as finance cost in the profit or loss.

3.15 Staff retirement benefits

a) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than the defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in current and prior periods; that benefit is discounted to determine its present value. The Company maintains / operates the following benefit plans:

notes to and forming part of the unconsolidated financial statements

for the year ended June 30, 2019

i. Approved pension and gratuity schemes

The Company operates approved funded pension and gratuity schemes, separately, for its executive and non-executive permanent staff as per rules of service. Provisions are made annually, on the basis of actuarial valuations, for these schemes.

Contributions to these funds require assumptions to be made in respect of future outcomes which mainly include increase in remuneration, expected long-term return on plan assets and the discount rate used to convert future cash flows to current values. Calculations are sensitive to changes in the underlying assumptions.

Remeasurement in respect of defined benefit plans are recognised in full directly in equity through other comprehensive income or loss in the period in which they occur. Such remeasurements are also immediately recognised in retained earnings and are not reclassified to the profit or loss in subsequent periods. The past service costs are recognised at the earlier of when the amendment or curtailment occurs and when the Company has recognised related restructuring or terminations.

These schemes are governed by their respective Trust Deeds and Rules. All matters pertaining to these schemes including contributions to the schemes and payments to outgoing members are dealt with in accordance with the respective Trust Deeds and Rules.

The liabilities under the scheme in respect of members in service on the valuation date on a going concern basis and having regard to projected salary increases, are covered by the Fund on the valuation date, the total reserve as of the valuation date, future contributions to the Fund, and future projected investment income of the Fund. As far as possible, the contribution to the Fund should remain reasonably stable as a percentage of salaries, under the Projected Unit Credit Actuarial Cost Method employed.

ii. Post retirement medical benefits

The Company provides post-retirement medical benefits to its executive staff as per rules of service. The cost of these benefits is accrued over the expected remaining working lives of the employees based on actuarial valuations.

Remeasurements are recognised in full directly in equity through other comprehensive income or loss in the period in which they occur and are not reclassified to profit or loss in subsequent periods.

iii. Leave preparatory to retirement

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

The actuarial valuations of all the Benefit Plans are conducted annually by qualified actuaries and the latest valuations were conducted as on June 30, 2019 based on the 'Projected Unit Credit Actuarial Cost Method'.

b) Defined contribution plan

A defined contribution plan is a post-employment contribution plan under which an entity pays fixed

notes to and forming part of the unconsolidated financial statements

for the year ended June 30, 2019

contribution into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in the profit or loss when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

The Company operates recognised provident fund schemes, separately, for its executive and non-executive permanent staff. Equal monthly contributions are made by the Company and the employees to the respective funds at the rate of 4.35% (executive staff) and 8% (non-executive staff) of basic salary.

The Company also operates defined contribution pension fund schemes (conventional and Shariah) for its executive staff only and contributes upto 13.44% of basic salary, according to the eligibility of executive staff to the relevant funds.

3.16 Compensated absences

The Company provides for compensated absences in respect of executive and non-executive staff, in accordance with the rules of the Company. The cost is recognised on the basis of actuarial valuations. The latest actuarial valuations were conducted as on June 30, 2019.

3.17 Provisions

Provisions are recognised when the Company has a legal or constructive obligation as a result of past events, it is probable that outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each date of statement of financial position and adjusted to reflect the current best estimate.

3.18 Earnings per share

The Company presents basic and diluted Earnings Per Share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

3.19 Taxation

Tax for the year comprises of current and deferred tax, which is recognised in the profit or loss except to the extent that it relates to items recognised outside of profit or loss (whether in other comprehensive income or loss or directly in equity), if any, in which case the tax amounts are recognised outside profit or loss.

a) Current taxation

Provision for current taxation is based on taxable income at the applicable tax rates based on tax laws enacted or substantively enacted at the date of statement of financial position after taking into account tax credits, tax rebates and exemptions available, if any, adjusted for payments to GoP on account of royalty, as applicable, and any adjustment to tax payable in respect of previous years.

notes to and forming part of the unconsolidated financial statements

for the year ended June 30, 2019

b) Deferred taxation

Deferred tax is recognised using the liability method, on all temporary differences at the date of statement of financial position between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax losses and unused tax credits, to the extent it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amount of deferred tax assets is reviewed at each date of statement of financial position and is reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the date of statement of financial position.

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

Deferred tax assets and liabilities are offset only if there is a legally enforceable right to offset current tax assets and liabilities and they relate to the income tax levied by the same tax authority.

3.20 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost at the date of statement of financial position, which is the fair value of the consideration to be paid in future for goods and services received, whether or not billed to the Company.

3.21 Revenue recognition

Revenue from sale of petroleum products & barytes (the Products) is recognised when the Company satisfies a performance obligation by transferring promised Products to customer. Products are transferred when the customer obtains their control. Revenue is recognised at transaction price (that excludes estimates of variable consideration), which represents the fair value of the consideration received or receivable, net of Government levies. Effect of adjustments, if any, arising from revision in prices is reflected as and when the prices are finalised with the customers and / or approved by the GoP.

Revenue from sale of the Products in which the Company has an interest with other joint operations partners is recognised in accordance with the Company's working interest and the terms of the relevant agreements.

3.22 Other income and Finance costs

Other income comprises of interest income on loans, funds invested, delayed payments from customers, dividend income, exchange gain and changes in the fair value of financial assets at fair value through profit or loss.

notes to and forming part of the unconsolidated financial statements

for the year ended June 30, 2019

Other income on loans is recognised on time proportion basis with reference to the principal outstanding and the applicable rate of return.

Income on investments at amortised cost and saving accounts with banks is recognised on time proportion basis taking into account the effective yield of such investments.

The Company recognises interest, if any, on delayed payments from customers on receipt basis.

Dividend income on equity investments is recognised when the right to receive the payment is established.

Foreign currency gains and losses are reported on a net basis.

Finance costs comprise interest expense on borrowings, if any, unwinding of the discount on decommissioning obligation and bank charges. Mark up, interest and other charges on borrowings are charged to profit or loss in the period in which they are incurred.

3.23 Joint arrangements

Joint arrangements are arrangements in which the Company has contractually agreed sharing of control, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. Joint arrangements are classified as joint operations or joint ventures depending upon the rights and obligations arising from the joint arrangement and are accounted for as follows:

The Company classifies a joint arrangement as joint operations when the Company has the rights to the assets, and obligations for the liabilities, of the arrangement and accounts for each of its assets, liabilities, revenues and expenses, including its share of those held or incurred jointly, in relation to the joint operations. The Company classifies a joint arrangement as a joint venture when the Company has rights to the net assets of the arrangement.

The Company has certain contractual arrangements with other participants to engage in joint activities, where all significant operating and financial policies are determined by the participants, such that the operator itself has no significant independence to pursue its own commercial strategy. The Company has assessed the nature of its joint arrangements and determined them to be joint operations. The Company has recognised its share of assets, liabilities, revenue and expenses jointly held or incurred under the joint operations on the basis of latest available audited accounts of the joint operations and where applicable, on the basis of cost statements received from the operators of the joint operations. Estimates are made for the intervening period up to the date of statement of financial position. The difference, if any, between the cost statements and the estimates is accounted for in the next accounting year.

3.24 Foreign currency transactions and translation

Foreign currency transactions are recorded at the exchange rates approximating those prevailing on the dates of transactions. Monetary assets and liabilities denominated in foreign currencies are translated into Pakistani Rupees at the rate of exchange ruling on the date of statement of financial position and exchange differences, are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost are translated using the exchange rates on the dates of the initial transactions. Non-monetary items measured at fair value in foreign currency are translated using the exchange rates on the date on which the fair value was determined.

notes to and forming part of the unconsolidated financial statements

for the year ended June 30, 2019

3.25 Functional and presentation currency

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

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. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions. The management has determined that the Company has a single reportable segment as the Board of Directors views the Company's operations as one reportable segment.

	June 30, 2019	June 30, 2018
	------(Rs '000)-----	
4. PROPERTY, PLANT AND EQUIPMENT		
Operating assets - note 4.1	99,328,260	103,201,973
Capital work-in-progress - note 4.5	60,513,793	51,501,129
	159,842,053	154,703,102

	Owned assets										Assets subject to finance lease				Total
	Freehold land	Leasehold land	Buildings, roads and civil constructions on freehold land	Buildings, roads and civil constructions on leasehold land	Plant & machinery	Furniture, fittings and equipment	Tanks and pipelines	Computers and allied equipment	Rolling stock*	Development and production assets	Decommissioning cost	Sub total	Computers and allied equipment	Rolling stock*	

Rs '000																
As at July 01, 2017	107,813	1,400,620	2,572,514	4,309	66,278,586	859,473	8,093,125	901,281	581,940	75,868,421	17,053,105	173,721,287	230,003	428,239	658,242	174,379,529
Accumulated depreciation / amortisation	-	-	(1,218,766)	(2,532)	(34,467,147)	(535,158)	(4,414,861)	(665,162)	(467,862)	(30,069,975)	(9,182,072)	(81,023,535)	(147,667)	(259,451)	(407,118)	(81,430,653)
Net Book Value (NBV)	107,813	1,400,620	1,353,848	1,777	31,811,439	324,315	3,678,264	236,119	114,078	45,798,446	7,871,033	92,697,752	82,336	168,788	251,124	92,948,876

Year ended																
June 30, 2018	1,591	5,462	97,043	-	8,545,367	90,094	2,221,860	25,440	39,861	13,715,606	760,973	25,523,297	-	-	-	25,523,297
Adjustments / reclassifications	-	-	-	-	(3,668)	-	(279)	-	1,001	(268,241)	504,174	232,987	-	(1,001)	(1,001)	231,986
Disposals (at NBV)	-	-	-	-	(224)	(808)	-	(64)	(11)	-	-	(1,107)	(305)	(5,413)	(5,718)	(6,825)
Depreciation / amortisation charge	-	-	(102,772)	(133)	(5,104,989)	(53,285)	(725,792)	(93,656)	(56,882)	(7,983,091)	(1,269,192)	(15,389,792)	(39,374)	(66,195)	(105,569)	(15,495,361)
NBV	109,404	1,406,082	1,348,119	1,644	35,267,925	360,316	5,174,053	167,839	98,047	51,262,720	7,866,988	103,063,137	42,657	96,179	138,836	103,201,973

As at July 01, 2018	109,404	1,406,082	2,669,657	4,309	74,840,061	948,759	10,314,706	926,657	622,791	89,315,786	18,318,252	199,476,464	229,698	421,825	651,523	200,127,987
Accumulated depreciation / amortisation	-	-	(1,321,538)	(2,665)	(39,572,136)	(588,443)	(5,140,653)	(758,818)	(524,744)	(38,053,066)	(10,451,264)	(96,413,327)	(187,041)	(325,646)	(512,687)	(96,926,014)
NBV	109,404	1,406,082	1,348,119	1,644	35,267,925	360,316	5,174,053	167,839	98,047	51,262,720	7,866,988	103,063,137	42,657	96,179	138,836	103,201,973

Year ended																
June 30, 2019	-	-	159,072	-	4,357,593	105,768	927,982	201,429	23,974	10,408,059	1,074,480	17,258,357	-	-	-	17,258,357
Adjustments / reclassifications	-	-	(136)	(34)	(947)	815	(18,552)	9,686	170	(340,562)	(95,005)	(444,565)	(9,686)	(170)	(9,856)	(454,421)
Disposals (at NBV)	-	-	-	-	(2)	(1,223)	-	(109)	(137)	-	-	(1,471)	(70)	(3,097)	(3,167)	(4,638)
Depreciation / amortisation charge	-	-	(260,021)	(133)	(7,709,863)	(60,945)	(1,598,404)	(120,211)	(40,505)	(9,858,688)	(953,295)	(20,602,065)	(25,164)	(45,782)	(70,946)	(20,673,011)
NBV	109,404	1,406,082	1,247,034	1,477	31,914,706	404,731	4,485,079	258,634	81,549	51,471,529	7,893,168	99,273,393	7,737	47,130	54,867	99,326,260

As at June 30, 2019	109,404	1,406,082	2,828,593	4,275	79,196,705	1,054,119	11,224,136	1,137,663	646,798	99,383,283	19,297,727	216,288,785	219,942	418,558	638,500	216,927,285
Accumulated depreciation / amortisation	-	-	(1,581,559)	(2,798)	(47,281,999)	(649,388)	(6,739,057)	(879,029)	(565,249)	(47,911,754)	(11,404,559)	(117,015,392)	(212,205)	(371,428)	(583,633)	(117,599,025)
NBV	109,404	1,406,082	1,247,034	1,477	31,914,706	404,731	4,485,079	258,634	81,549	51,471,529	7,893,168	99,273,393	7,737	47,130	54,867	99,326,260

Rate of depreciation / amortisation (%)

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* Represents light and heavy vehicles

** Amortisation on unit of production basis except for assets located at Head Office & Bolan Mining Enterprises (BME)

notes to and forming part of the unconsolidated financial statements

for the year ended June 30, 2019

4.2 Summary of significant assets

The following assets have significant operational value to the Company:

Particulars	June 30, 2019		June 30, 2018	
	Cost	NBV	Cost	NBV
Rs '000				
Head Office				
Land for Head Office Building	1,315,076	1,315,076	1,315,076	1,315,076
Sui Field				
SML / SUL Compression and High Pressure Casings	5,648,503	-	5,664,138	-
Booster Compression Project - SML	2,891,688	1,959,268	2,890,674	2,265,302
Adhi Field				
LPG / NGL Plant III	4,504,111	3,218,775	4,504,111	3,737,054
Kandhkot Field				
Gas Compression Station	8,634,309	1,888,439	8,634,309	2,246,927
Hala Field				
Gas Processing Facility (GPF)	1,252,858	145,624	1,252,858	193,515
Sawan Field				
Front End Compression	2,480,735	280,781	2,480,735	475,801
Other Plant and Machinery	1,811,767	-	1,811,767	-
Tal Field				
Makori Central Processing Facility	6,353,133	2,547,655	5,724,711	3,332,098
CPF Manzalai	3,155,195	282,810	3,155,195	439,649
Nashpa Field				
Nashpa LPG Plant	4,731,035	3,965,465	4,484,629	4,484,629
Latif Field				
Reception / Tie-in Facility	1,165,465	318,729	1,165,465	629,691
Gambat South Field				
Gas Processing Facility (GPF) II	10,730,701	7,871,888	10,317,301	8,253,841

notes to and forming part of the unconsolidated financial statements

for the year ended June 30, 2019

4.3 Cost and accumulated depreciation include:

	Cost		Accumulated depreciation	
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
	Rs '000			
Share in Company operated joint operations	22,697,872	21,177,239	8,726,830	6,781,480
Share in partner operated joint operations	35,600,527	32,521,372	22,665,527	17,014,139
	58,298,399	53,698,611	31,392,357	23,795,619

4.3.1 The above figures represent assets under all areas excluding Sui and Kandhkot, since these are 100% owned areas of the Company.

4.4 Capital work-in-progress

	June 30, 2019	June 30, 2018
	Rs '000	
Plant, machinery, fittings and pipelines	9,310,018	8,980,797
Exploration and Evaluation (E&E) assets	25,602,557	20,503,317
Development and production (D&P) assets	7,461,181	5,929,579
Lands, buildings and civil constructions	157,547	180,117
Capital stores for drilling and development	17,982,490	15,907,319
	60,513,793	51,501,129

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

	Plant, machinery, fittings and pipelines	Exploration and evaluation assets	Development and production assets	Lands, buildings and civil constructions	Capital stores for drilling and development	Total
	Rs '000					
Balance as on July 1, 2017	12,896,913	13,797,746	5,066,878	214,057	14,370,173	46,345,767
Capital expenditure incurred/ advances made during the year (net) - note 4.5.1 & 4.5.2	6,855,599	9,197,061	11,826,015	67,672	1,537,146	29,483,493
Adjustments / reclassifications	(1,504)	(7,439)	-	2,484	-	(6,459)
Transferred to operating assets	(10,770,211)	(2,484,051)	(10,963,314)	(104,096)	-	(24,321,672)
Balance as on June 30, 2018	8,980,797	20,503,317	5,929,579	180,117	15,907,319	51,501,129
Capital expenditure incurred/ advances made during the year (net) - 4.5.1 & 4.5.2	6,047,706	6,291,782	10,564,877	91,391	2,075,171	25,070,927
Adjustments / reclassifications	(113,208)	129,660	(104,257)	45,112	-	(42,693)
Transferred to operating assets	(5,605,277)	(1,322,202)	(8,929,018)	(159,073)	-	(16,015,570)
Balance as on June 30, 2019	9,310,018	25,602,557	7,461,181	157,547	17,982,490	60,513,793

notes to and forming part of the unconsolidated financial statements

for the year ended June 30, 2019

4.5.1 Amounts under E&E assets are net of cost of dry wells charged to profit or loss during the year, amounting to Rs 18,998 million (2018: Rs 7,180 million).

4.5.2 Amounts under Capital stores for drilling and development are net of consumption during the year.

4.6 Property, plant and equipment includes major spare parts and standby equipment having cost of Rs 238.957 million (2018: Rs 246.341 million).

4.7 Particulars of immoveable property (land and building) in the name of the Company (net share) are as follows:

Location	Total Area (Acreage)
Freehold Land & Building	
Sui Field	2,524.69
Kandhkot Field	161.90
Mazarani Field	172.30
Water Pump Station, Village Kot Khewali, District Kashmore (KPS)	14.84
Leasehold Land & Building	
Plot No.3, CL-9, Civil Lines Quarters, Dr. Ziauddin Ahmed Road, Karachi	1.44
Kandhkot Field	812.12
Adhi Field	144.31
KPS	190.64

notes to and forming part of the unconsolidated financial statements

for the year ended June 30, 2019

4.8 Particulars of the Company's business units, including plants, are as follows:

S.No	Business Unit	Address	Geographical location (Province)	Plants
1.	Head Office	P.I.D.C. House Dr. Ziauddin Ahmed Road P.O. Box 3942. Karachi-75530	Sindh	Not applicable
2.	Regional Office	Gerry's Centre Justice Abdul Rasheed Road 7th Avenue, Sector G-6/1 Islamabad	Islamabad	Not applicable
3.	Sui Gas Field	Sui Dera Bugti, Balochistan	Balochistan	1) Sui Field Gas Compression Station 2) Purification Plant 3) Gas Processing Facility
4.	Adhi Field	District, Rawalpindi	Punjab	1) LPG Plant - I 2) LPG Plant - II 3) LPG / NGL Plant - III
5.	Kandhkot Gas Field	District, Kashmore	Sindh	1) Dehydration Unit 2) Kandhkot Gas Compression Station
6.	Gambat South Field	District, Sanghar	Sindh	1) Gas Processing Facility - I 2) Gas Processing Facility -II 3) Gas Processing Facility -IV
7.	Mazarani Gas Field	District, Kamber	Sindh	Gas Processing Facility
8.	Chachar Gas Field	District, Kashmore	Sindh	Not applicable, since the gas is processed at Kandhkot Gas Field
9.	Hala Field	Districts, Sanghar and Matiari	Sindh	Gas Processing Facility

5. INTANGIBLE ASSETS

	June 30, 2019 ----- Rs '000 -----	June 30, 2018 -----
Computer software including ERP system - note 5.1	341,972	294,433
Intangible assets under development	139,163	125,854
	481,135	420,287

notes to and forming part of the unconsolidated financial statements

for the year ended June 30, 2019

5.1 Computer software including ERP system

As at July 01, 2017

	ERP system	Computer software	Total
Cost	367,404	1,256,044	1,623,448
Accumulated amortisation	(327,473)	(943,079)	(1,270,552)
NBV	39,931	312,965	352,896

Year ended June 30, 2018

Additions (at cost)	5,780	95,568	101,348
Adjustments / re-classifications	(10,812)	10,812	-
Amortisation charge - note 30	(3,558)	(156,253)	(159,811)
NBV	31,341	263,092	294,433

As at July 01, 2018

Cost	362,372	1,362,424	1,724,796
Accumulated amortisation	(331,031)	(1,099,332)	(1,430,363)
NBV	31,341	263,092	294,433

Year ended June 30, 2019

Additions (at cost)	58,609	162,088	220,697
Amortisation charge - note 30	(10,467)	(162,691)	(173,158)
NBV	79,483	262,489	341,972

As at June 30, 2019

Cost	420,981	1,524,512	1,945,493
Accumulated amortisation	(341,498)	(1,262,023)	(1,603,521)
NBV	79,483	262,489	341,972
Rate of amortisation (%)	20	33	

notes to and forming part of the unconsolidated financial statements

for the year ended June 30, 2019

6. LONG-TERM INVESTMENTS

Investments in related parties

Wholly owned subsidiaries

- PPPFTC - note 6.1
- PPLE (net of impairment) - note 6.2
- PPLA (net of impairment) - note 6.3

Other investments

- At amortised cost

- Local currency term deposits with bank - note 6.4
- Foreign currency term deposits with banks - note 6.5

- At fair value through profit or loss

- Mutual Funds (UBL Al-Amin Funds)

	June 30, 2019	June 30, 2018
	----- Rs '000 -----	-----
	1	1
	3,798,094	2,765,082
	2,294,529	3,296,502
	<u>6,092,624</u>	<u>6,061,585</u>
	-	2,000,000
	39,192,228	29,555,194
	<u>39,192,228</u>	<u>31,555,194</u>
	-	74,191
	<u>45,284,852</u>	<u>37,690,970</u>

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

PPPFTC, a wholly owned subsidiary of the Company, has neither made any profits nor incurred any losses from the date of its incorporation to June 30, 2019. The paid-up capital of PPPFTC is Rs 1,000 divided into 100 ordinary shares of Rs 10 each.

6.2 PPL Europe E&P Limited

6.2.1 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 Company holds 38,793,216 ordinary shares of £1 each, representing 100% of the share capital as of the date of statement of financial position. The investment in US Dollar equivalent amounts to USD 23.16 million as at June 30, 2019.

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

Blocks / Fields	Working Interest
Sawan	7.89%
Barkhan	50%
Ziarat	40%
Harnai	40%
Yemen - Block 3	21.28%

notes to and forming part of the unconsolidated financial statements

for the year ended June 30, 2019

6.2.2 During the year, the Company has reversed previously recorded impairment loss on investment in PPLE to the extent of Rs 1,033 million. The reasons for reversal are (i) significant devaluation of Pak Rupee against US Dollar (ii) discovery of hydrocarbons in Ziarat block as declared by the operator during September 2018. The corresponding credit in the statement of profit or loss is included in other income.

6.2.3 This investment is stated net of accumulated impairment losses of Rs 11,866 million (2018: Rs 12,899 million).

6.3 PPL Asia E&P B.V.

6.3.1 On July 22, 2013, the Company established a subsidiary, PPL Asia E&P B.V. (PPLA), a company incorporated in Amsterdam, Kingdom of Netherlands, with issued share capital of 1,000,000 ordinary shares of US\$ 100 each which are allotted, called up and paid by US\$ 75.5 per ordinary share. The Company holds 100% of the share capital as of the date of statement of financial position. The investment in US\$ equivalent amounts to US\$ 13.99 million as at June 30, 2019.

PPLA's main objective is exploration and production of oil and natural gas resources and currently it owns 100% interest in Block 8, Iraq, under the Exploration, Development and Production Service Contract (EDPSC) with the Midland Oil Company, Iraq.

6.3.2 In line with the reasons mentioned in note 6.3.2 to the unconsolidated financial statements for the year ended June 30, 2017, the Company continues to impair the excess of the carrying amount of investment in PPLA over its recoverable amount. Impairment loss for the current year is Rs 1,002 million, which is mainly due to write-off of the cost (incurred to date) of exploratory well in PPLA. The corresponding charge in the statement of profit or loss is included in other charges.

6.3.3 This investment is stated net of accumulated impairment losses of Rs 5,576 million (2018: Rs 4,574 million).

6.4 Local currency term deposits with bank

These term deposits have been reclassified under short term investments at amortised cost, as per the management intentions.

6.5 Foreign currency term deposits with banks

These represent term deposits with banks amounting to US Dollar 238.977 million (June 30, 2018: US\$ 243.453 million) having effective interest rate ranging from 3.53% to 6.90% (2018: 2.50% to 4.01%) per annum. These investments have been classified as non-current assets, as the management intends and has the ability to hold the amounts for longer term.

notes to and forming part of the unconsolidated financial statements

for the year ended June 30, 2019

7. LONG-TERM LOANS

Unsecured and considered good Long-term loans - staff - note 7.1

- Executive staff - note 7.2
- Other employees

Long-term loan to a related party

- PPLE

Less: Current maturities

- Executive staff
- Other employees
- PPLE

June 30, 2019 June 30, 2018
----- Rs '000 -----

	20,682	19,869
	26,042	5,090
	<u>46,724</u>	<u>24,959</u>
	-	1,370,080
	(6,592)	(7,597)
	(6,113)	(1,295)
	-	(1,370,080)
	<u>(12,705)</u>	<u>(1,378,972)</u>
	<u>34,019</u>	<u>16,067</u>

- 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% (2018: 1% to 10%) per annum. Loans to employees have not been discounted as the amount involved is not significant.

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

June 30, 2019 June 30, 2018
----- Rs '000 -----

- Balance as on July 01
- Disbursements
- Repayments / adjustments
- Balance as on June 30

	19,869	24,310
	10,630	7,580
	(9,817)	(12,021)
	<u>20,682</u>	<u>19,869</u>

The maximum aggregate amount of loans due from the executive staff at the end of any month during the year was Rs 21.410 million (2018: Rs 23.527 million).

June 30, 2019 June 30, 2018
----- Rs '000 -----

8. LONG-TERM DEPOSITS

Cash margin:

- For guarantee to International Bank of Yemen - note 8.1
- Others

Less: Current maturity of long-term deposits

	911,850	911,850
	7,676	7,676
	<u>919,526</u>	<u>919,526</u>
	<u>(911,850)</u>	<u>(911,850)</u>
	<u>7,676</u>	<u>7,676</u>

notes to and forming part of the unconsolidated financial statements

for the year ended June 30, 2019

- 8.1 The Production Sharing Agreement (PSA) for Yemen Block-29 (Block) was entered into by the Ministry of Oil & Minerals of the Republic of Yemen (the Ministry of Yemen), OMV (Yemen) South Sanau Exploration GmbH (the Operator), Pakistan Petroleum Limited (the Company) and Yemen General Corporation for Oil & Gas on April 13, 2008 and made effective on March 17, 2009.

The Company placed a Letter of Credit amounting to US\$ 7.5 million through International Bank of Yemen (IBoY) on submission of counter guarantee through United Bank Limited against 100% cash margin in Pakistani Rupees, to guarantee its performance under the PSA. Subsequently, the Company assigned its Participating Interest in the Block to its wholly-owned subsidiary PPLE with effect from May 14, 2014.

The Operator, on behalf of the entities comprising Contractor of the PSA, served notice to the Ministry of Yemen through its letter dated April 21, 2015 of force majeure in accordance with Article 22 of the PSA in the Block. Further, on June 21, 2016, the Operator served a notice of termination of PSA pursuant to force majeure, to the Ministry of Yemen which became effective after ninety days from the date of notice of termination i.e. September 19, 2016. The Ministry of Yemen objected to the notice of termination vide its letter dated September 06, 2016.

Pursuant to the above, the Ministry of Yemen vide letter dated February 01, 2018 addressed to the Operator gave its "no objection" to its notice of termination. The said letter has placed certain conditions primarily relating to the payment of outstanding financial obligations before the Operator's bank guarantee could be released. PPLE, vide letter dated February 26, 2018, also requested Ministry of Yemen for the release of the Company's bank guarantee/ LC. The Operator, vide letter dated May 20, 2018, confirmed fulfilment of the conditions and requested Ministry of Yemen for release of its as well as the Company's bank guarantee / LC.

The Operator, vide letter dated February 06, 2019, communicated to the Ministry of Yemen that it understands that the Ministry of Yemen may face difficulties in releasing the original bank guarantees due to security situation in Sanaa (at which Ministry of Yemen's office is located and where the original bank guarantees of both the Operator and PPL exist) and suggested to the Ministry of Yemen that it may confirm in writing to its bank, IBoY, that the Block 29 PSA has been terminated and no further commitments/ obligations against Operator's and PPLE's bank guarantee exist and further request IBoY to issue authenticated swift message to the Operator and PPLE's respective banks to release their guarantee obligations. The Ministry of Yemen vide letter dated March 24, 2019 again gave its "no objection" to the Operator's request for release of guarantee / LC, subject to fulfilment of certain requirements. The Operator vide letter dated August 07, 2019 responded to the Ministry of Yemen, thereby providing the required clarification/information. Reply to the Operator's response is awaited.

June 30, 2019 June 30, 2018
----- Rs '000 -----

9. LONG-TERM RECEIVABLES

Unsecured and considered good

Long-term receivables from:

- Government Holdings (Private) Limited (GHPL) - note 9.1

Less: Current maturity of long-term receivables from GHPL

	209,524	125,456
	<u>(125,714)</u>	<u>(50,786)</u>
	<u>83,810</u>	<u>74,670</u>

notes to and forming part of the unconsolidated financial statements

for the year ended June 30, 2019

9.1 This represents share of carrying cost borne by the Company, in respect of Tal field, which is recoverable from GHPL in accordance with the terms set out under the relevant Petroleum Concession Agreements (PCAs). The receivable has not been discounted as required under IFRS 9 as the amount involved is not significant.

10. STORES AND SPARES

	June 30, 2019 ----- Rs '000 -----	June 30, 2018 ----- Rs '000 -----
Stores and spares	3,445,615	3,716,079
Stores and spares - in transit	17,393	18,122
	<u>3,463,008</u>	<u>3,734,201</u>
Less: Provision for obsolete/slow moving stores & spares - note 10.1	<u>(316,026)</u>	<u>(205,763)</u>
	<u>3,146,982</u>	<u>3,528,438</u>

10.1 Reconciliation of provision for obsolete / slow moving stores & spares:

Balance as on July 01	205,763	149,778
Charge for the year - note 33	110,263	55,985
Balance as on June 30	<u>316,026</u>	<u>205,763</u>

11. TRADE DEBTS

Unsecured and considered good

Related parties (note 11.1)

Central Power Generation Company Limited (GENCO-II)	36,356,708	15,395,000
Sui Northern Gas Pipelines Limited (SNGPL)	107,783,916	66,873,563
Sui Southern Gas Company Limited (SSGCL)	73,424,543	50,044,516
Pak-Arab Refinery Limited (PARCO)	1,335,964	912,202
Pakistan Refinery Limited (PRL)	623,152	593,175
Oil & Gas Development Company Limited (OGDCL)	371,716	259,447
	<u>219,895,999</u>	<u>134,077,903</u>

Non-related parties

Attock Refinery Limited (ARL)	6,339,650	7,066,439
National Refinery Limited (NRL)	639,950	367,586
Others	506,402	1,124,161
	<u>7,486,002</u>	<u>8,558,186</u>
	<u>227,382,001</u>	<u>142,636,089</u>

Unsecured and considered doubtful

Non-related party

Byco Petroleum Pakistan Limited (Byco)	1,156,220	1,156,220
Less: Provision for doubtful debts - note 11.4	<u>(1,156,220)</u>	<u>(1,156,220)</u>
	<u>-</u>	<u>-</u>
	<u>227,382,001</u>	<u>142,636,089</u>

notes to and forming part of the unconsolidated financial statements

for the year ended June 30, 2019

11.1 Maximum aggregate amount outstanding at any time during the year with respect to month end balance is as follows:

	2019 ----- Rs '000 -----	2018 ----- Rs '000 -----
GENCO-II	36,356,708	17,957,433
SNGPL	107,783,916	69,188,519
SSGCL	73,424,543	50,044,516
PARCO	1,538,435	1,368,786
PRL	897,311	768,687
OGDCL	672,922	299,221
	<u>220,673,835</u>	<u>139,627,162</u>

11.2 The ageing of trade debts as at June 30 is as follows:

Neither past due nor impaired	29,727,763	25,186,711
Past due but not impaired:		
Related parties		
- within 90 days	33,471,925	19,001,211
- 91 to 180 days	30,226,725	18,804,522
- over 180 days	130,362,092	78,039,118
	<u>194,060,742</u>	<u>115,844,851</u>
Non-related parties		
- within 90 days	2,477,229	1,515,740
- 91 to 180 days	134,240	6,515
- over 180 days	982,027	82,272
	<u>3,593,496</u>	<u>1,604,527</u>
	<u>227,382,001</u>	<u>142,636,089</u>

11.3 Trade debts include overdue amount of Rs 192,827 million (2018: Rs 115,843 million) receivable from the State controlled companies (i.e. GENCO-II, SNGPL, SSGCL and OGDCL) and Rs 5,984 million (2018: Rs 2,763 million) overdue receivable from refineries (i.e. ARL, Byco, PARCO, NRL and PRL) and various LPG customers.

Based on the measures being undertaken by the GoP, the Company considers the overdue amounts to be fully recoverable and therefore, no further provision for doubtful debts has been made in these unconsolidated financial statements, except for provision against receivable from Byco.

11.4 The Company has filed a suit in the Sindh High Court (SHC) against Byco for recovery of overdue amount. The said suit is pending adjudication before the SHC.

notes to and forming part of the unconsolidated financial statements

for the year ended June 30, 2019

	June 30, 2019	June 30, 2018
	----- Rs '000 -----	-----
12. LOANS AND ADVANCES		
Unsecured and considered good		
Loans and advances to staff	67,519	69,440
Advances to suppliers and others	310,577	318,767
Advance payment of cash calls to joint operations - note 36	686,896	1,118,197
	<u>1,064,992</u>	<u>1,506,404</u>
13. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS		
Trade deposits	96,026	80,283
Prepayments	372,312	150,685
	<u>468,338</u>	<u>230,968</u>
14. INTEREST ACCRUED		
Profit receivable on:		
- long-term investments	658,400	403,812
- long-term loan to PPLE	-	11,936
- long-term bank deposits	22,903	9,503
- short-term investments	62,495	53,393
- bank deposits - saving accounts	20,508	16,114
	<u>764,306</u>	<u>494,758</u>
15. OTHER RECEIVABLES		
Receivable from:		
SNGPL for Sui field services	25,621	15,392
SSGCL for Sui field services	13,333	9,562
PPLA	80,762	34,440
PPLE	3,600	2,476
Staff retirement benefit plans - note 31.1.2	227,496	33,338
Current accounts with joint operations - note 36	1,259,698	1,649,235
Workers' Profit Participation Fund (WPPF)- note 15.1	521,349	59,936
Others	283,952	78,098
	<u>2,415,811</u>	<u>1,882,477</u>
15.1 WPPF		
Balance as on July 01	59,936	(600,542)
Allocation for the year - note 33	(3,217,249)	(3,353,699)
Interest on funds utilised in the Company's business - note 32	(2,292)	(15,028)
	<u>(3,159,605)</u>	<u>(3,969,269)</u>
Net amount paid during the year	3,680,954	4,029,205
Balance as on June 30	<u>521,349</u>	<u>59,936</u>

notes to and forming part of the unconsolidated financial statements

for the year ended June 30, 2019

	June 30, 2019	June 30, 2018
	----- Rs '000 -----	-----
16. SHORT-TERM INVESTMENTS		
At amortised cost		
- Local currency term deposits with banks - note 16.1	4,226,500	14,072,500
At fair value through profit or loss		
- Mutual Funds -note 16.2	4,016,298	-
	<u>8,242,798</u>	<u>14,072,500</u>
16.1 These carry profit ranging from 6.10% to 14.01% (2018: from 5.78% to 7.78%) per annum.		
	June 30, 2019	June 30, 2018
	----- Rs '000 -----	-----
16.2 Mutual Funds		
Name of Fund		
NBP Money Market Fund	799,076	-
Atlas Money Market Fund	703,280	-
Alfalah GHP Money Market Fund	1,724,138	-
MCB Cash Management Optimizer	642,597	-
Others	147,207	-
	<u>4,016,298</u>	<u>-</u>
These represents 107,847,977 units (net share) having face value of Rs 37.24. Further, this investment is a Shariah compliant arrangement and has been categorised under Level 1 of the fair value hierarchy. IFRS-7, 'Financial Instruments: Disclosure' requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:		
- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.		
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).		
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).		
	June 30, 2019	June 30, 2018
	----- Rs '000 -----	-----
17. CASH AND BANK BALANCES		
At banks		
- Saving accounts		
Local currency - note 17.1	7,039,136	5,883,392
Foreign currency - note 17.2	258,716	549,135
	<u>7,297,852</u>	<u>6,432,527</u>
- Current accounts (local currency)	657,158	1,211,628
Cash and cheques in hand	66,750	70,599
	<u>8,021,760</u>	<u>7,714,754</u>

notes to and forming part of the unconsolidated financial statements

for the year ended June 30, 2019

17.1 These carry profit at the rate ranging from 2.25% to 12.10% (2018: from 1.75% to 6.60%) per annum. Further, it includes Rs 83.443 million (2018: Rs 55.302 million) placed under an arrangement permissible under Shariah.

17.2 These carry profit at the rate ranging from 0.10% to 0.25% (2018: from 0.10% to 0.25%) per annum.

	June 30, 2019 ----- Rs '000 -----	June 30, 2018 -----
18. SHARE CAPITAL		
Authorised		
2,500,000,000 (2018: 2,500,000,000) ordinary shares of Rs 10 each	25,000,000	25,000,000
26,510 (2018: 26,510) convertible preference shares of Rs 10 each	265	265
	<u>25,000,265</u>	<u>25,000,265</u>
Issued		
2,267,665,924 (2018: 1,971,907,643) ordinary shares of Rs 10 each - note 18.1	22,676,659	19,719,076
10,792 (2018: 11,359) convertible preference shares of Rs 10 each - note 18.2	108	114
	<u>22,676,767</u>	<u>19,719,190</u>
Subscribed and paid-up		
683,076,851 (2018: 683,076,284) ordinary shares of Rs 10 each for cash - note 18.1	6,830,768	6,830,762
1,581,649,526 (2018: 1,285,891,812) ordinary shares of Rs 10 each issued as bonus shares	15,816,496	12,858,919
2,750,000 (2018: 2,750,000) ordinary shares of Rs 10 each for consideration other than cash under an Agreement for Sale of Assets dated March 27, 1952 with Burmah Oil Company Limited	27,500	27,500
	<u>22,674,764</u>	<u>19,717,181</u>
10,792 (2018: 11,359) convertible preference shares of Rs 10 each for cash - note 18.2	108	114
	<u>22,674,872</u>	<u>19,717,295</u>

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 (2018: 189,547) shares remained unsubscribed.

notes to and forming part of the unconsolidated financial statements

for the year ended June 30, 2019

In July 2004, the GoP disinvested its shareholding, equivalent to 15% of the paid-up ordinary share capital (i.e. 102,875,500 ordinary shares) of the Company through an Initial Public Offering. Whereas, in July 2014, the GoP completed the disinvestment of its 70,055,000 shares through a Secondary Public Offering. Consequently, the shareholding of the GoP in the Company reduced to 67.51% of the paid-up ordinary share capital.

18.2 Convertible preference shares

In accordance with article 3(iv) of the Company's Articles of Association, shareholders holding convertible preference shares have the right to convert all or any of their convertible preference shares into ordinary shares on the basis of one ordinary share for each convertible preference share converted, such conversion to take place upon the expiry of six months following service of written notice upon the Company Secretary by the holders of such convertible preference shares to that effect. During the year, 567 (2018: 620) convertible preference shares were converted into ordinary shares.

The convertible preference shares have right to a dividend ranking pari passu with the level of dividend payable to the holders of ordinary shares subject, however, to a maximum rate of thirty percent per annum of the value of the total number of such convertible preference shares held. The convertible preference shares issued by the Company do not carry any fixed return.

	June 30, 2019 ----- Rs '000 -----	June 30, 2018 -----
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	34,021,894
- Assets acquisition reserve - note 19.4	23,751,980	23,751,980
- Dividend equalisation reserve - note 19.5	2,535,354	2,535,354
- Unappropriated profit	215,553,699	160,294,259
	<u>275,932,688</u>	<u>220,673,248</u>
	<u>275,934,116</u>	<u>220,674,676</u>

19.1 Capital reserve

This represents consideration for the surrender of the right of the Mari North Mining Lease. In accordance with the transfer agreement with the GoP, the foregoing consideration has to be carried forward as capital reserve and cannot be distributed.

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 statement of profit or loss after appropriation of dividend for the year was transferred to the general and contingency reserve upon the coming into effect of the Sui Gas Well-head Price Agreement, 1982 (1982 GPA), which required inclusion of this reserve as a part of the shareholders' funds for qualifying for return under the 1982 GPA (now dismantled). Since then, this balance has remained constant. This reserve can be utilised by the Company only for the purpose specified in the 1982 GPA.

notes to and forming part of the unconsolidated financial statements

for the year ended June 30, 2019

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 16,450 million) for single occurrence, as well as, annual aggregate.

19.4 Assets acquisition reserve

In view of the declining hydrocarbon reserves profile of the Company, it is intended to acquire sizeable producing reserves for which a separate assets acquisition reserve has been established.

19.5 Dividend equalisation reserve

During the year ended June 30, 2013, the Company established a dividend equalisation reserve to maintain dividend declarations.

20. PROVISION FOR DECOMMISSIONING OBLIGATION

	June 30, 2019 ----- Rs '000 -----	June 30, 2018 -----
Balance at beginning of the year	22,592,369	20,104,544
- Provision during the year	1,618,722	1,248,022
- Revision due to change in estimates	83,813	845,069
- Adjustment during the year	(178,818)	(10,612)
- Unwinding of discount - note 32	727,285	405,346
Balance at end of the year	<u>24,843,371</u>	<u>22,592,369</u>

The above provision for decommissioning obligation is analysed as follows:

	June 30, 2019 ----- Rs '000 -----	June 30, 2018 -----
Wells		
Share in operated assets	18,074,349	15,525,756
Share in partner operated assets	2,657,032	2,983,755
Production facilities		
Share in operated assets	2,103,090	2,183,857
Share in partner operated assets	2,008,900	1,899,001
	<u>24,843,371</u>	<u>22,592,369</u>

20.1 The provision has been discounted using a US Dollar based real discount rate of 4.5% (2018: 2.3%) per annum.

notes to and forming part of the unconsolidated financial statements

for the year ended June 30, 2019

21. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

Present value of minimum lease payments - note 21.1
Less: current maturity

	June 30, 2019 ----- Rs '000 -----	June 30, 2018 -----
Present value of minimum lease payments - note 21.1	68,136	142,757
Less: current maturity	(56,029)	(74,621)
	<u>12,107</u>	<u>68,136</u>

21.1 The liabilities against assets subject to finance lease represent the leases entered into with leasing companies for rolling stock, computers and allied equipment. The periodic lease payments include rates of mark-up ranging from 9.78% to 13.28% (2018: 9.78% to 14.91%) per annum. The Company has the option to purchase the assets upon expiry of the respective lease terms. There are no financial restrictions in the lease agreements.

The amounts of future payments 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, 2019	June 30, 2018	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
	----- Rs '000 -----					
Year ended June 30,						
2019	-	84,092	-	9,471	-	74,621
2020	60,701	63,599	4,672	7,368	56,029	56,231
2021	12,981	12,779	1,288	1,288	11,693	11,491
2022	440	440	26	26	414	414
Total	<u>74,122</u>	<u>160,910</u>	<u>5,986</u>	<u>18,153</u>	<u>68,136</u>	<u>142,757</u>

21.2 Lease rental payments including financial charges thereon for the year ended June 30, 2019, amounts to Rs 74.621 million (2018: Rs 113.130 million).

	June 30, 2019 ----- Rs '000 -----	June 30, 2018 -----
22. DEFERRED LIABILITIES		
Post-retirement medical benefits - note 31.2.1	2,130,362	1,949,451
Leave preparatory to retirement - note 31.3	623,913	702,080
	<u>2,754,275</u>	<u>2,651,531</u>

notes to and forming part of the unconsolidated financial statements

for the year ended June 30, 2019

	June 30, 2019	June 30, 2018
	----- Rs '000 -----	-----
23. DEFERRED TAXATION		
(Deductible) / taxable temporary differences on:		
Exploration expenditure	(2,275,438)	(2,418,850)
Provision for staff retirement and other benefits	(798,341)	(1,441,797)
Provision for windfall levy on oil / condensate	(3,002,442)	(1,030,017)
Provision for doubtful debts	(462,488)	(462,488)
Provision for obsolete / slow moving stores	(91,648)	(59,671)
Provision for decommissioning obligation	2,734,151	2,108,978
Accelerated tax depreciation allowances	4,816,908	6,615,236
Exploratory wells cost	14,765,350	14,205,837
Development and production expenditure	21,449,236	20,005,133
Others	(887)	591
	<u>37,134,401</u>	<u>37,522,952</u>
24. TRADE AND OTHER PAYABLES		
Creditors	858,920	1,371,618
Accrued liabilities	8,545,614	5,886,085
Security deposits from LPG distributors	347,280	766,180
Retention money	117,425	127,870
Gas Development Surcharge (GDS)	21,537,888	9,031,121
Gas Infrastructure Development Cess (GIDC)	7,667,350	4,021,115
Sales tax - net	59,617	902,433
Royalties	9,151,573	10,718,388
Lease extension bonus	15,481,758	10,768,415
Current accounts with joint operations - note 36	17,162,496	13,129,818
Staff retirement benefit funds	1,050,689	2,306,171
Provision for windfall levy on oil/condensate - note 25.1.8	5,718,937	1,961,937
Federal excise duty	16,751	143,208
Others	370,286	416,115
	<u>88,086,584</u>	<u>61,550,474</u>
25. CONTINGENCIES AND COMMITMENTS		
25.1 Contingencies		
25.1.1 Corporate guarantees		
Corporate guarantees (including share of joint operations areas) issued to custom authorities, redeemable on receipt of necessary certification from regulatory authority or clarification from custom authorities.	<u>37,454</u>	<u>42,083</u>

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25.1.2 Pursuant to the directives of the Price Determining Authority, Ministry of Energy (Petroleum Division), the Company is not taking credit for interest income receivable from GENCO-II and no provision is being made for the interest payable to GoP on late payment of GDS.

25.1.3 Sales tax

The Company has received various orders from the tax authorities raising demand of Rs 184 million on account of sales tax for different tax periods in terms of the relevant provisions of the Sales Tax Act, 1990. Being aggrieved, the Company is contesting the matter before the appellate forums.

25.1.4 Income tax

(a) The tax authorities have amended the assessments of the Company for the tax years 2003 to 2018 raising an aggregate demand of Rs 29,384 million; which primarily relates to rate issue, depletion allowance, decommissioning cost and tax credits under sections 65A, 65B and 65E of the Income Tax Ordinance, 2001. The Company has paid / adjusted an amount of Rs 27,609 million out of the said aggregate demand. The outstanding demand relates to tax years 2003 to 2009 which has been stayed by the Honourable Sindh High Court (SHC). The appeals in respect of assessments made by the tax authorities are pending at the following appellate fora:

Tax Year	Appellate Forum
2003 to 2012	Sindh High Court
2013 to 2017	Appellate Tribunal Inland Revenue
2017 (second amendment) & 2018	Commissioner Inland Revenue (Appeals)

The Company, based on the advice of its legal counsel, is confident that it has sound grounds to defend the appeals on the aforesaid issues. However, the Company as a matter of prudence, has continued to provide for tax liabilities in respect of tax rates, depletion allowance and tax credits under sections 65A, 65B and 65E relating to Agreement Areas in the books of accounts. In case the appeals relating to the said issues are decided in favour of the Company, an amount of Rs 20,187 million (2018: Rs 18,197 million) will be credited to the profit or loss for that year.

(b) During the year ended June 30, 2013, the Company acquired shares of MND Exploration and Production Limited (now PPL Europe E&P Limited and a tax resident of United Kingdom) from MND E&P A.S. (a tax resident of Czech Republic). The tax authorities while amending the assessment of MND E&P A.S. has raised demand of Rs 700.650 million in respect of the said transaction. After raising the said demand, the tax authorities have issued a show-cause notice to the Company intending to recover the said amount by making the Company representative of MND E&P A.S. Based on the advice of the legal counsel, the Company has filed a suit before the Honourable SHC challenging the impugned show-cause notice on the ground that the Company does not have a business connection with MND E&P A.S. and therefore, it could not be treated as the representative of MND E&P A.S. The Honourable SHC has granted interim stay with the directions to tax authorities to maintain status quo in respect of the said notice.

25.1.5 Sindh Workers' Welfare Fund

The Company received a notice from Sindh Revenue Board (SRB) requesting to pay the amount of Sindh Workers' Welfare Fund (SWWF) under the SWWF Act, 2014 for the tax year 2015. The Company on the advice of its legal counsel, challenged the jurisdiction of the notice, and vires of SWWF Act, 2014 before the Honourable SHC. The Honourable SHC vide an interim order dated April 28, 2016 directed that no coercive action be taken

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against the Company. The management of the Company, based on its legal counsel's advice, is confident that the matter will be ultimately decided in favour of the Company in the court of law, therefore, no provision has been made in the financial statements.

25.1.6 Sindh Workers' Profit Participation Fund

The Company has received a notice dated March 7, 2018 from SRB requesting to provide certain information / details and to deposit the amount of Sindh Workers' Profit Participation Fund (SWPPF) from 2011 to 2016 in terms of the Sindh Companies Profit (Workers Participation) Act, 2015. The Company on the advice of its legal counsel, challenged the vires of SWPPF Act, 2015 and has obtained interim stay. Further, in view of the potential exposure involved, the Company, on the advice of the legal counsel, has also obtained an interim stay from Honourable SHC for the years 2017 and 2018 with the direction to deposit the leftover amount of SWPPF relating to Sindh before the Nazir of the Court, which has been duly complied with. The matter is now pending before the Honourable SHC for adjudication.

25.1.7 Others

The Honourable SHC vide its order dated August 3, 2017, wherein the Company was not a party, has held that tax disputes cannot be agitated under the original civil jurisdiction of the SHC. This decision of a Division Bench of the Honourable SHC impacts a number of suits and appeals filed by the Company under the original civil jurisdiction of the Honourable SHC that are pending adjudication and wherein interim restraining orders have also been obtained against the tax authorities. In view of the considerable potential impact, the Company, on the advice of its legal counsel, had challenged the said judgement in the Honourable Supreme Court of Pakistan (SCP). The Honourable SCP vide its order dated June 27, 2018 has held that although tax cases can be argued under the original civil jurisdiction of the High Court, however, has made the same conditional to payment of at least 50 percent of the tax calculated in the Government treasury. Subsequently, being aggrieved of the said condition of payment of 50 percent, the Company, on the basis of its legal counsel's advice, has filed a review petition before the Honourable SCP. The said review petition is pending for adjudication.

25.1.8 Contingency with respect to imposition of Windfall Levy on oil / condensate

There has been no change in the status of the matter as disclosed in note 25.1.9 to the unconsolidated financial statements for the year ended June 30, 2018, except that the next date of hearing has been fixed for October 22, 2019 and stay order already in effect has been extended till the said date.

The Windfall Levy on Oil (WLO) if also applicable on oil / condensate will amount to approximately Rs 23,666 million for the period up to June 30, 2019. Further, WLO provided for in the books of accounts from December 27, 2017 till June 30, 2019 amounts to Rs 5,719 million.

The cumulative impact of incremental revenue recorded in the books of accounts and profit after tax thereof is Rs 14,958 million and Rs 7,825 million respectively.

25.1.9 Contingencies of Investee Companies

In the context of PPLE, the tax authorities have amended the assessment for the tax years 2004 to 2014 raising an aggregate demand of Rs 918 million, which relates to rate issue, depletion allowance and decommissioning cost. PPLE has paid / adjusted an amount of Rs 587 million out of the said aggregate demand and the remaining amount has either been stayed by the Honourable Islamabad High Court or

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deleted / remanded back by the Commissioner Inland Revenue (Appeals) the appeal effect of which is pending before the tax authorities. The appeals of the said assessment years are pending at various appellate forums. Although, PPLE based on the advice of its legal counsel, is confident that it has sound grounds to defend the appeals. The provision in respect of said issues amounts to Rs 1,008 million (2018: Rs 987 million) for the tax years 2004 to 2019.

25.1.10 Other contingencies

(a) The Company had entered into a contract for the construction of the 60 MMscfd gas processing plant (GPF-III) at Shahdadpur field in Gambat South block. The project was to be completed in October 2017. However, its completion was delayed due to failure by the Contractor to meet the project milestones and fulfil contractual obligations. Accordingly, the Company has terminated the contract with effect from May 10, 2019 and has encashed the performance guarantee and advance payment guarantee, amounting to Rs 998 million and Rs 288 million, respectively. The Company's share of encashment has been credited to the project cost under capital work-in-progress.

Further, the Contractor has initiated arbitration proceedings against the Company in which it has filed a number of claims against the Company. The Company has filed a strong defense and raised counter-claims against the Contractor. Moreover, a number of litigations are pending adjudication between the Contractor and the Company. The financial impact of the dispute, if any, cannot be reliably estimated at present. The Company, after reviewing the claims made against it and consulting its legal counsel, is reasonably confident of an outcome in its favour.

(b) The Company is defending suits filed against it in various courts of Pakistan for sums aggregating Rs 2,237.145 million (2018: Rs 939 million), related to its business operations. The legal counsel is confident that these suits are expected to be decided in favour of the Company and, accordingly, no provision has been made for any liability against these law suits in these unconsolidated financial statements.

(c) The Company has guaranteed to the Midland Oil Company Iraq, the performance and fulfilment of obligations by PPLA under the EDPSC. Total financial commitment of PPLA is US\$ 100 million (Rs 16,450 million), out of which US\$ 52.097 million (Rs 8,570 million) is outstanding.

(d) The Company has provided parent company guarantee amounting to US\$ 5.3 million (Rs 872 million) to GoP in respect of PPLE's exploration licences in Pakistan i.e., Barkhan, Harnai and Ziarat.

25.2 Commitments

25.2.1 Total commitments for capital expenditure (net share) as at June 30, 2019 are Rs 859 million. Further, total amount outstanding under letters of credit (net share) as at June 30, 2019 is Rs 5,045 million.

notes to and forming part of the unconsolidated financial statements

for the year ended June 30, 2019

	Year ended June 30, 2019	Year ended June 30, 2018
	----- Rs '000 -----	
26. REVENUE FROM CONTRACTS WITH CUSTOMERS		
Local sales	204,721,882	156,619,553
Federal excise duty	(2,008,828)	(2,058,132)
Sales tax	(22,529,899)	(17,112,360)
GIDC	(4,075,407)	(4,456,182)
GDS	(13,611,594)	(6,956,883)
Petroleum Levy	(547,182)	(309,362)
Discounts (barytes)	(34,949)	(33,714)
	(42,807,859)	(30,926,633)
Export sales - note 26.1	1,975,579	516,693
	163,889,602	126,209,613
Product wise break-up of sales is as follows:		
Natural gas	144,014,535	109,361,058
Federal excise duty	(1,986,819)	(2,038,220)
Sales tax	(20,915,078)	(15,963,467)
GIDC	(4,075,407)	(4,456,182)
GDS	(13,611,594)	(6,956,883)
	(40,588,898)	(29,414,752)
	103,425,637	79,946,306
Gas supplied to Sui villages - note 27	551,193	373,290
Federal excise duty	(11,049)	(10,175)
Sales tax	(80,088)	(54,239)
	(91,137)	(64,414)
	460,056	308,876
Internal consumption of gas	344,947	235,330
Federal excise duty	(6,852)	(6,392)
Sales tax	(49,902)	(33,991)
	(56,754)	(40,383)
	288,193	194,947
Crude oil / Natural gas liquids / Condensate	50,811,343	39,294,271
LPG	9,942,606	7,065,042
Federal excise duty	(4,108)	(3,345)
Sales tax	(1,448,201)	(1,025,031)
Petroleum Levy	(547,182)	(309,362)
	(1,999,491)	(1,337,738)
	7,943,115	5,727,304
Barytes	1,032,837	807,255
Sales tax	(36,630)	(35,632)
Discounts	(34,949)	(33,714)
	(71,579)	(69,346)
	961,258	737,909
	163,889,602	126,209,613

notes to and forming part of the unconsolidated financial statements

for the year ended June 30, 2019

	Year ended June 30, 2019	Year ended June 30, 2018
	----- Rs '000 -----	
26.1 Break up of export sales is as follows:		
Barytes	735,557	516,693
Crude oil / Condensate	1,240,022	-
	1,975,579	516,693
26.2 Revenue from Contracts with Customers includes revenue recognised based on take-or-pay arrangements.		
	Year ended June 30, 2019	Year ended June 30, 2018
	----- Rs '000 -----	
27. OPERATING EXPENSES		
Salaries, wages, welfare and other benefits - note 30.1	7,431,983	6,943,799
Operator's personnel	1,882,226	1,714,535
Depreciation - note 4.1	9,790,082	6,137,509
Amortisation of decommissioning assets - note 4.1	953,295	1,269,192
Amortisation of D&P assets - note 4.1	9,858,688	7,983,091
Plant operations	3,338,985	3,003,102
Well interventions	1,642,827	1,628,222
Field services	2,210,028	1,901,108
Crude oil transportation	913,234	948,969
Travelling and conveyance	483,243	473,434
Training & development	20,614	15,887
PCA overheads	130,176	119,482
Insurance expenses	587,508	625,269
Free supply of gas to Sui villages - note 26	551,193	373,290
Social welfare / community development	320,559	286,416
Other expenses	37,736	58,619
	40,152,377	33,481,924
28. ROYALTIES AND OTHER LEVIES		
Royalties - note 28.1	19,004,177	14,590,359
Lease extension bonus	4,713,343	3,563,454
Windfall levy - note 28.2	605,032	358,473
Export development charges	6,366	-
	24,328,918	18,512,286
28.1 The Company has paid royalties to the GoP.		
28.2 This mainly pertains to production from Gambat South, Hala, Digri, Ghauri and Kirthar fields.		

notes to and forming part of the unconsolidated financial statements

for the year ended June 30, 2019

	Year ended June 30, 2019	Year ended June 30, 2018
	----- Rs '000 -----	
29. EXPLORATION EXPENSES		
Dry and abandoned wells	18,998,297	7,180,213
Other exploration expenditures	5,860,057	3,984,042
	<u>24,858,354</u>	<u>11,164,255</u>
30. ADMINISTRATIVE EXPENSES		
Salaries, wages, welfare and other benefits - note 30.1	5,194,742	5,170,053
Amortisation of intangible assets - note 5.1	173,158	159,811
Depreciation of leased assets - note 4.1	70,946	105,569
Rent, rates and taxes	185,550	176,079
Utilities & communication	82,333	97,181
Travelling and conveyance	123,645	144,830
Training and development	104,589	110,039
Insurance expenses	25,181	18,015
Repairs, maintenance and supplies	506,569	500,631
Professional services	97,662	117,899
Auditors' remuneration - note 30.2	23,359	24,138
Donations and sponsorships- note 30.3 & 30.4	38,979	132,855
Contract services	111,004	103,345
Compliance and regulatory expenses	57,877	39,285
Advertisement, publicity and public relations	46,511	54,018
Other expenses	62,799	79,630
	<u>6,904,904</u>	<u>7,033,378</u>
Allocation to capital and operating expenditure	<u>(4,665,059)</u>	<u>(4,473,728)</u>
	<u>2,239,845</u>	<u>2,559,650</u>

30.1 This includes expenditure in respect of provident fund, pension fund, gratuity fund, leave preparatory to retirement and post-retirement medical benefits amounting to Rs 274.149 million, Rs 506.378 million, Rs 134.141 million, Rs 10.198 million and Rs 232.608 million, respectively (2018: Rs 294.979 million, Rs 269.852 million, Rs 73.834 million, Rs 180.521 million and Rs 193.496 million, respectively).

30.2 Auditors' remuneration is as under:

	Year ended June 30, 2019	Year ended June 30, 2018
	----- Rs '000 -----	
Annual audit fee		
- unconsolidated	3,500	3,240
- consolidated	642	594
Limited review, special certifications & advisory services - note 30.2.1	17,484	17,098
Out of pocket expenses & others	1,733	3,206
	<u>23,359</u>	<u>24,138</u>

30.2.1 This includes tax services provided by M/s A.F.Ferguson & Co., who are also the statutory auditors of the Company.

notes to and forming part of the unconsolidated financial statements

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30.3 There are no donations in which the directors of the Company are interested.

30.4 Party wise details of donations in excess of Rs 1 million made during the year are given below:

	Year ended June 30, 2019	Year ended June 30, 2018
	----- Rs '000 -----	
Name of Donees / Party		
Mehran University of Engineering	10,000	7,000
National Internship Program under Ministry of Energy (paid through GHPL)	2,000	-
	<u>12,000</u>	<u>7,000</u>

31. STAFF RETIREMENT BENEFITS

31.1 Funded post retirement pension and gratuity schemes

As mentioned in note 3.15 to these unconsolidated financial statements, the Company operates approved funded pension and gratuity schemes for its executive and non-executive permanent employees.

31.1.1 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, 2019				June 30, 2018	
	----- Rs '000-----					
Present value of defined benefit obligations - note 31.1.6	8,084,216	742,020	2,800,226	1,263,601	12,890,063	12,795,073
Fair value of plan assets - note 31.1.5	(7,144,980)	(969,516)	(2,714,232)	(1,238,142)	(12,066,870)	(10,641,163)
Liability/(Asset) recognised in the statement of financial position	<u>939,236</u>	<u>(227,496)</u>	<u>85,994</u>	<u>25,459</u>	<u>823,193</u>	<u>2,153,910</u>

31.1.2 Movement in amounts payable to / (receivable from) defined benefit plans

	Executives		Non-Executives		Total	
	Pension	Gratuity	Pension	Gratuity		
	June 30, 2019				June 30, 2018	
	----- Rs '000-----					
Balances as on July 01	675,977	(33,338)	1,114,210	397,061	2,153,910	(682,361)
Charge for the year - note 31.1.3	326,091	54,322	180,287	79,819	640,519	343,686
(Payments) / Refund during the year	(224,570)	(48,675)	(1,019,207)	(430,766)	(1,723,218)	221,066
Amount recognised in Other Comprehensive Income (OCI) for the year - note 31.1.4	161,738	(199,805)	(189,296)	(20,655)	(248,018)	2,271,519
Balances as on June 30	<u>939,236</u>	<u>(227,496)</u>	<u>85,994</u>	<u>25,459</u>	<u>823,193</u>	<u>2,153,910</u>

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31.1.3 Amounts recognised in profit or loss

	Executives		Non-Executives		Total	
	Pension	Gratuity	Pension	Gratuity	June 30, 2018	
June 30, 2019						
----- Rs '000-----						
Current service cost	267,819	57,196	80,829	44,084	449,928	394,633
Interest cost	672,193	80,300	267,449	113,837	1,133,779	802,503
Interest income on plan assets	(613,921)	(83,174)	(167,991)	(78,102)	(943,188)	(853,450)
Charge for the year recognised in profit or loss	326,091	54,322	180,287	79,819	640,519	343,686
Actual return on plan assets	422,081	65,787	120,818	56,549	665,235	382,926

31.1.4 Remeasurement recognised in other comprehensive income

	Executives		Non-Executives		Total	
	Pension	Gratuity	Pension	Gratuity	June 30, 2018	
June 30, 2019						
----- Rs '000-----						
Actuarial (gain) / loss on obligation	(30,102)	(217,192)	(236,469)	(42,209)	(525,972)	1,800,995
Actuarial loss on assets	191,840	17,387	47,173	21,554	277,954	470,524
Total remeasurements	161,738	(199,805)	(189,296)	(20,655)	(248,018)	2,271,519

31.1.5 Changes in fair value of plan assets

	Executives		Non-Executives		Total	
	Pension	Gratuity	Pension	Gratuity	June 30, 2018	
June 30, 2019						
----- Rs '000-----						
Fair value of plan assets at beginning of the year*	6,894,934	941,062	1,911,943	893,224	10,641,163	11,151,480
Interest income on plan assets	613,921	83,174	167,991	78,102	943,188	853,450
Transferred to Defined Contribution Pension Fund	-	-	-	-	-	(86,317)
Contributions by the Company	224,570	48,675	1,019,207	430,766	1,723,218	(221,066)
Benefits paid	(396,605)	(86,008)	(337,736)	(142,396)	(962,745)	(585,860)
Amount recognised in OCI for the year	(191,840)	(17,387)	(47,173)	(21,554)	(277,954)	(470,524)
Fair value of plan assets at the end of the year	7,144,980	969,516	2,714,232	1,238,142	12,066,870	10,641,163

* This represents unaudited fair value of plan assets as at June 30, 2018.

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31.1.6 Changes in present value of pension and gratuity obligations

	Executives		Non-Executives		Total	
	Pension	Gratuity	Pension	Gratuity	June 30, 2018	
June 30, 2019						
----- Rs '000-----						
Present value of obligations at beginning of the year	7,570,911	907,724	3,026,153	1,290,285	12,795,073	10,469,119
Current service cost	267,819	57,196	80,829	44,084	449,928	394,633
Interest cost	672,193	80,300	267,449	113,837	1,133,779	802,503
Transferred to Defined Contribution Pension Fund	-	-	-	-	-	(86,317)
Benefits paid	(396,605)	(86,008)	(337,736)	(142,396)	(962,745)	(585,860)
Amount recognised in OCI for the year	(30,102)	(217,192)	(236,469)	(42,209)	(525,972)	1,800,995
Present value of obligations at the end of the year	8,084,216	742,020	2,800,226	1,263,601	12,890,063	12,795,073

31.1.7 Break-up of plan assets

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

Rate of return	Executives		Non-Executives		Executives		Non-Executives		
	Rs '000	%	Rs '000	%	Rs '000	%	Rs '000	%	
%	June 30, 2019				June 30, 2018				
	(Unaudited)				(Audited)				
Pension Fund									
Government securities	11.40 - 13.17	559,238	8	173,239	7	355,217	5	420,212	23
Shares	-	796,980	11	218,826	8	953,210	14	256,171	14
Term Finance Certificates	12.09 - 14.51	113,950	2	194,969	7	406,259	6	206,383	12
Cash and bank deposits	6.10 - 11.96	5,674,812	79	2,127,198	78	5,154,150	75	923,445	51
Total		7,144,980	100	2,714,232	100	6,868,836	100	1,806,211	100
Gratuity Fund									
Government securities	11.40 - 13.17	101,309	11	50,655	4	303,939	33	241,225	29
Shares	-	81,748	8	106,102	9	97,821	11	126,890	15
Term Finance Certificates	12.09 - 14.51	115,255	12	108,546	8	121,184	13	-	-
Cash and bank deposits	6.10 - 11.96	671,204	69	972,840	79	400,466	43	470,072	56
Total		969,516	100	1,238,143	100	923,410	100	838,187	100

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31.1.8 Sensitivity analysis

	June 30, 2019				June 30, 2018			
	Executives		Non-Executives		Executives		Non-Executives	
	1% increase	1% decrease	1% increase	1% decrease	1% increase	1% decrease	1% increase	1% decrease
Rs '000								
Pension								
Salary rate sensitivity	379,733	(339,507)	96,507	(89,445)	393,683	(349,786)	134,628	(113,668)
Pension rate sensitivity	582,497	(550,844)	125,940	(103,522)	575,081	(491,926)	135,914	(112,663)
Discount rate sensitivity	(842,987)	960,756	(201,863)	241,362	(793,997)	969,201	(228,864)	272,729
Gratuity								
Salary rate sensitivity	7,129	(6,287)	32,902	(30,449)	59,554	(53,492)	56,291	(51,658)
Discount rate sensitivity	(36,717)	41,061	(48,060)	52,998	(56,741)	64,420	(51,208)	56,835

31.1.9 Maturity profile of the defined benefit obligations

	June 30, 2019			
	Executives		Non-Executives	
	Pension	Gratuity	Pension	Gratuity
Weighted average duration (years)	10.43	5.56	7.21	4.86

-----Rs '000-----

Distribution of timing of benefit payments (time in years)

	Executives		Non-Executives	
	Pension	Gratuity	Pension	Gratuity
1	497,093	115,486	178,350	118,250
2	401,817	75,577	574,166	358,673
3	665,202	118,494	246,448	138,862
4	622,219	114,342	292,705	166,005
5	810,185	139,882	375,783	222,904
6-10	5,422,376	627,222	2,192,582	1,233,894

31.1.10 The Company expects to contribute Rs 551.147 million (2018: 652.141 million) to the pension and gratuity funds in the next financial year.

31.2 Unfunded post-retirement medical benefits

31.2.1 The Company provides free medical facilities to its executive and non-executive retired employees, as mentioned in note 3.15 to these unconsolidated financial statements. The latest actuarial valuation for post-retirement medical benefits was carried out as at June 30, 2019, results of which are as follows:

	June 30, 2019	June 30, 2018
	-----Rs '000-----	
Present value of defined benefit obligations - notes 22 and 31.2.4	2,130,362	1,949,451

31.2.2 Movement in the liability recognised in the statement of financial position is as follows:

	June 30, 2019	June 30, 2018
Balance as on July 01	1,949,451	1,781,636
Charge for the year - notes 30.1 & 31.2.3	232,608	193,496
Payments during the year	(84,632)	(74,346)
Amounts charged to OCI	32,935	48,665
Balance as on June 30	2,130,362	1,949,451

notes to and forming part of the unconsolidated financial statements

for the year ended June 30, 2019

31.2.3 Amounts recognised in profit or loss

Current service cost
Interest cost

Year Ended
June 30, 2019
-----Rs '000-----

Current service cost	57,750	55,732
Interest cost	174,858	137,764
	232,608	193,496

31.2.4 Changes in present value of post-retirement medical obligations

Opening balance
Current service cost
Interest cost
Benefits paid
Amounts charged to OCI
Balance as on June 30

Opening balance	1,949,451	1,781,636
Current service cost	57,750	55,732
Interest cost	174,858	137,764
Benefits paid	(84,632)	(74,346)
Amounts charged to OCI	32,935	48,665
Balance as on June 30	2,130,362	1,949,451

1% increase
-----Rs '000-----

1% decrease

31.2.5 Sensitivity analysis

Medical cost trend rate sensitivity
Discount rate sensitivity

Medical cost trend rate sensitivity	239,629	(341,443)
Discount rate sensitivity	(257,148)	318,041

31.2.6 The Company expects to contribute Rs 363.731 million (2018: Rs 232.608 million) to the unfunded post-retirement medical benefits in the next financial year.

31.2.7 The weighted average duration of the defined benefit obligation works out to 11.96 years (2018: 12.51 years) in respect of executive and 12.24 years (2018: 12.83 years) in respect of non-executive retired employees.

31.3 Leave preparatory to retirement

Balance as on July 01
Charge for the year - note 30.1

Payments / adjustments during the year
Balance as on June 30 - note 22

June 30, 2019
-----Rs '000-----

Balance as on July 01	702,080	581,487
Charge for the year - note 30.1	10,198	180,521
	712,278	762,008
Payments / adjustments during the year	(88,365)	(59,928)
Balance as on June 30 - note 22	623,913	702,080

notes to and forming part of the unconsolidated financial statements

for the year ended June 30, 2019

31.4 Principal actuarial assumptions

	Per annum	
	June 30, 2019	June 30, 2018
- discount rate	14.25%	9.00%
- expected rate of increase in salaries	14.25%	9.00%
- expected rate of increase in pension	9.25%	4.00%
- expected rate of escalation in medical cost	10.25%	5.00%
- death rate / mortality rate		SLIC (2001-05)

31.5 Description of the risks to the Company

The defined benefit plans expose the Company to the following risks:

Withdrawal risks - The risk of higher or lower withdrawal experience than assumed. The final effect could go either way depending on the beneficiaries' service / age distribution and the benefit.

Mortality risks - The risk that the actual mortality experience is different. Similar to the withdrawal risk, the effect depends on the beneficiaries' service / age distribution and the benefit. Especially in the case of pension and post-retirement medical benefit, there is an additional longevity risk after cessation of service that the mortality will improve and the benefit is payable for longer period of time.

Investment risks - The risk of the investment underperformance and being not sufficient to meet the liabilities.

Final salary risks - The risk that the final salary at the time of cessation of service is greater than what was assumed.

Medical escalation risk - The risk that the cost of post-retirement medical benefits will increase.

32. FINANCE COSTS

	Year ended June 30, 2019	Year ended June 30, 2018
	----- Rs '000 -----	
Financial charges for liabilities against assets subject to finance lease	11,443	23,194
Unwinding of discount on decommissioning obligation - note 20	727,285	405,346
Interest on WPPF - note 15.1	2,292	15,028
	741,020	443,568

notes to and forming part of the unconsolidated financial statements

for the year ended June 30, 2019

33. OTHER CHARGES

	Year ended June 30, 2019	Year ended June 30, 2018
	----- Rs '000 -----	
WPPF charge / adjustment- note 15.1	3,217,249	3,353,699
Impairment loss on investment in subsidiaries - note 6.3.2	1,001,973	558,994
Provision for windfall levy on oil / condensate - note 25.1.8	3,757,000	1,961,937
Provision for obsolete / slow moving stores & spares-note 10.1	110,263	55,985
Loss on disposal / write-off of stores and spares (net)	79,095	-
	8,165,580	5,930,615

34. OTHER INCOME

Income from financial assets

	Year ended June 30, 2019	Year ended June 30, 2018
Income on loans and bank deposits - note 34.1	493,068	358,000
Income on term deposits	563,584	929,779
Income on long-term investments at amortised cost	1,869,412	1,035,834
Income from investment in treasury bills	128,501	557,287
Dividend income / gain on re-measurement / disposal of investments designated at fair value through profit or loss (net)	202,549	351,796
	3,257,114	3,232,696

Income from assets other than financial assets

	Year ended June 30, 2019	Year ended June 30, 2018
Rental income on assets	8,199	27,472
Profit on sale of property, plant and equipment (net)	19,562	22,439
Profit on sale of stores and spares (net)	-	15,583
Exchange gain on foreign currency (net)	11,251,728	4,635,691
Insurance Income	24,655	268,768
Reversal of impairment loss on investment in PPLE - note 6.2.2	1,033,011	-
Share of profit on sale of LPG	67,386	99,845
Others - note 34.2	866,041	1,016,504
	13,270,582	6,086,302
	16,527,696	9,318,998

34.1 This includes profit amounting to Rs 0.790 million (2018: Rs 0.744 million) under a Shariah compliant arrangement.

34.2 During the current year, the Operator of Tal field imposed Liquidated Damages (LD) amounting to Rs 804 million on the contractor of Makori Gas Processing Facility. LD was invoked at the rate of 10% of contractual value, due to delay in completion of the project.

notes to and forming part of the unconsolidated financial statements

for the year ended June 30, 2019

35. TAXATION

Provision for taxation for the year ended June 30, 2019 has been calculated on the basis of tax rates of 55%, 52.5% and 40% for onshore agreement areas, including Sui gas field. The head office and BME income is taxed @ 29% being non-agreement areas. Further, 2% super tax has been levied for the current year on the head office and BME income as per the Finance Act, 2019.

	Year ended June 30, 2019	Year ended June 30, 2018
	----- Rs '000 -----	
Current		
- for the year	20,599,966	11,950,407
- for prior years (net)	(1,239,722)	(575,613)
	<u>19,360,244</u>	<u>11,374,794</u>
Deferred	(1,061,404)	6,373,883
	<u>18,298,840</u>	<u>17,748,677</u>
35.1 Relationship between accounting profit and taxation		
Accounting profit for the year before taxation	<u>79,931,204</u>	<u>63,436,313</u>
Tax on accounting profit at applicable rate of 40.73% (2018: 43.72%)	<u>32,555,979</u>	<u>27,734,356</u>
Tax effect of:		
- Depletion allowance	(9,617,344)	(7,402,071)
- Royalty allowed for tax purposes	(3,723,146)	(2,978,831)
- Tax income relating to prior years	(1,239,722)	(575,613)
- Decommissioning cost	661,665	851,206
- Tax credits	(11,304)	(39,857)
- Super tax	306,629	269,511
- Others	(633,917)	(110,024)
	<u>18,298,840</u>	<u>17,748,677</u>
Effective tax rate %	<u>22.89%</u>	<u>27.98%</u>

notes to and forming part of the unconsolidated financial statements

for the year ended June 30, 2019

36. Details of Exploration and Production Areas / Fields

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

Name of Field	Operator	Percentage of the Company's working interest as at June 30, 2019	Net Balance (Payable) / Receivable (Rupees in thousand) June 30, 2019	Net Balance (Payable) / Receivable (Rupees in thousand) June 30, 2018
Producing Fields				
1 Sui	PPL	100.00	-	-
2 Kandhkot	PPL	100.00	-	-
3 Adhi	PPL	39.00	(1,521,352)	(1,680,449)
4 Mazarani	PPL	87.50	147,617	112,208
5 Hala	PPL	65.00	(300,179)	(316,220)
6 Gambat South	PPL	65.00	(1,906,553)	(1,802,376)
7 Kandhkot East (Chachar)	PPL	75.00	(51,786)	(57,350)
8 Qadirpur	OGDCL	7.00	(48,816)	(16,917)
9 Miano	UEP-BETA	15.16	10,798	(11,401)
10 Sawan	UEP-BETA	26.18	34,898	(32,908)
11 Block 22	PEL	35.53	(50,590)	(39,442)
12 Tal	MOL	27.76	(1,480,721)	(1,580,588)
13 Nashpa	OGDCL	28.55	(625,716)	(1,044,818)
14 Gambat (Tajjal EWT Phase)	UEP-BETA	23.68	136,204	153,496
15 Latif	UEP-BETA	33.30	(331,363)	(178,259)
16 Kirthar	POGC	30.00	(1,012,809)	(234,340)
17 Ghauri (Ghauri EWT Phase)	MPCL	35.00	(640,649)	(232,015)
18 Digri (Gulsher EWT Phase)	UEPL	25.00	(56,431)	(5,687)
Exploration Blocks				
1 Block 2568-13 (Hala) - note 36.1	PPL	65.00	-	-
2 Block 2766-1 (Khuzdar)	PPL	100.00	(7,164)	(15,949)
3 Block 2688-2 (Kalat)	PPL	100.00	131,390	(590,989)
4 Block 2969-8 (Barkhan)	PPL	35.00	35,692	19,146
5 Block 2763-3 (Kharan)	PPL	100.00	119,601	(78,406)
6 Block 2764-4 (Kharan-East)	PPL	100.00	(117,275)	(223)
7 Block 2763-4 (Kharan-West)	PPL	100.00	6,954	(7,184)
8 Block 3361-15 (Dhok Sultan)	PPL	75.00	(1,188,608)	(54,384)
9 Block 2467-12 (Jungshahi)	PPL	100.00	(16,057)	17,780
10 Block 2568-18 (Gambat South) - note 36.1	PPL	65.00	-	-
11 Block 2468-10 (Sirani)	PPL	75.00	(8,557)	29,579
12 Block 2668-9 (Naushahro Feroz) - note 36.2	PPL	100.00	(174,590)	221,097
13 Block 2667-11 (Zamzama South) - note 36.3	PPL	100.00	69,654	31,872
14 Block 3272-18 (Karsal)	PPL	100.00	(677,054)	(133,573)
15 Block 3362-23 (Hisal) - note 36.4	PPL	62.50	(118,891)	(324,292)
16 Block 2870-5 (Sadiqabad)	PPL	97.50	(116,614)	36,576
17 Block 2469-16 (Shah Bandar) - note 36.5	PPL	65.50	24,872	20,892
18 Block 2864-4 (Nausherwani) - note 36.6	PPL	97.50	(61,679)	(274,179)
19 Block 2566-6 (Bela West) - note 36.7	PPL	62.50	(185,105)	(306,079)
20 Block 2566-4 (Hab) - note 36.8	PPL	99.85	(1,221,022)	(1,286,978)
21 Block 2569-5 (Khipro East)	PPL	97.50	(8,388)	(256,747)
22 Block 2467-13 (Malir) - note 36.8	PPL	97.50	(6,356)	70,192
23 Block 2866-4 (Margand)	PPL	100.00	(186,590)	3,707
24 Block 2468-12 (Kotri)	PPL	100.00	(293,697)	(1,003,912)
25 Block 2763-5 (South Kharan) note 36.9	PPL	51.00	67,351	416,160
26 Block 2763-13 (Sorah) note 36.10	PPL	100.00	-	-
27 Block 3069-10 (Musakhel) note 36.10	PPL	51.00	-	-
28 Block 2568-21 (Kotri North)	UEPL	40.00	(247,796)	249,526
29 Block 2669-3 (Latif) note 36.1	UEP-BETA	33.30	-	-
30 Block 3360-10 (Nashpa) - note 36.1	OGDCL	30.00	-	-

notes to and forming part of the unconsolidated financial statements

for the year ended June 30, 2019

Name of Field	Operator	Percentage of the Company's working interest as at June 30, 2019	Net Balance (Payable) / Receivable (Rupees in thousand) June 30, 2019	Net Balance (Payable) / Receivable (Rupees in thousand) June 30, 2018
31 Block 2667-7 (Kirthar) - note 36.1	POGC	30.00	-	-
32 Block 3070-13 (Baska) - note 36.11	ZHEN HUA	49.00	(1,005)	(1,369)
33 Block 3360-3 (Tal) - note 36.1	MOL	30.00	-	-
34 Block 2568-20 (Sukhpur) - note 36.12	ENI	30.00	(11,612)	(97,161)
35 Block 2468-9 (Jherruck)	NHEPL	30.00	(59,317)	(59,317)
36 Block 2568-19 (Digri) note 36.1	UEPL	25.00	-	-
37 Block 3273-3 (Ghauri) - note 36.1	MPCL	35.00	-	-
38 Block 2867-5 (Kuhan)	UEP-BETA	47.50	(15,535)	(4,438)
39 Block 3170-15 (Paharpur) - note 36.13	KUFPEC	35.00	(104,633)	-
40 Block 3070-16 (Pezu) - note 36.14	OGDCL	30.00	(888,159)	-
Offshore Blocks				
41 Block 2366-7 (Indus-C)	ENI	40.00	(6,439)	(6,316)
42 Block 2366-5 (Indus-N)	ENI	30.00	(32,418)	(7,671)
43 Block 2265-1 (Indus-G)	ENI	25.00	(2,144,466)	(11,417)
Other areas - note 36.17			(74,938)	8,737

- 36.1** The receivable / (payable) from / to these exploratory blocks is included in the overall receivable / (payable) balance of the block as stated under the "producing field", since the balances are settled on a net basis.
- 36.2** In Naushahro Feroz block, due to default on part of AROL, its 10% working interest was forfeited in favour of the Company. The Deed of Acquisition was executed on May 08, 2019 and accordingly, the Company's working interest in the block now stands as 100%.
- 36.3** In Zamzama South block, notice of relinquishment dated July 26, 2018 has been submitted to GoP for approval.
- 36.4** Deed of Assignment of 2.5% working interest to GHPL has been executed on March 20, 2019 and accordingly, the Company's working interest has reduced to 62.5% in the block.
- 36.5** GoP's approval for assignment of 2.5% working interest to GHPL has been obtained on July 20, 2018. Execution of Deed of Assignment is pending between the working interest owners. Once the Deed of Assignment is executed, the Company's working interest would reduce to 63% in Shah Bandar block.
- 36.6** Deed of Assignment of 2.5% working interest to GHPL has been executed on March 20, 2019 and accordingly, the Company's working interest has reduced to 97.5% in Nausherwani block.
- 36.7** In Bela West block, assignment of 35% working interest of the Company to Kirthar Pakistan B.V ('KPBV' - a subsidiary of KUFPEC) and assignment of 2.5% working interest to GHPL was executed on December 06, 2018 and March 20, 2019 respectively. Accordingly, the Company's working interest has reduced to 62.5%. Further, Deed of Assignment of 25% working interest to MPCL was executed on 19 August 2019. Consequently, the Company's working interest has reduced to 37.5% in the block.

notes to and forming part of the unconsolidated financial statements

for the year ended June 30, 2019

- 36.8** Assignment of the Company's 2.5% working interest to GHPL is approved. Once the Deed of Assignment is executed, the Company's working interest would reduce to 97.35% and 95% in Hab and Malir blocks, respectively.
- 36.9** Assignment of OGDCL's 51% working interest to the Company along with the operatorship, has been executed through Deed of Assignment dated September 10, 2018.
- 36.10** Petroleum Concession Agreements of new blocks i.e. Sorah and Musakhel were executed on June 20, 2019.
- 36.11** In Baska block, China Zhen hua Oil Company Limited has submitted an application to GoP for assignment of Zhen hua Oil's 33.5% working interest along with operatorship of the block to the Company. Approval from GoP is awaited.
- 36.12** In Sukhpur block, the Operator i.e. Eni, has submitted notice of relinquishment to GoP dated November 20, 2018. The Company has applied to GoP for retention of Sukhpur block with 100% working interest and operatorship. The matter is under consideration of GoP.
- 36.13** The Company has farmed-in with 35% working interest in Paharpur block operated by KUFPEC Pakistan B.V. Deed of Assignment was executed with effect from November 29, 2018.
- 36.14** The Company has farmed-in with 30% working interest in Pezu block operated by OGDCL. Deed of Assignment was executed on May 24, 2019.
- 36.15** The GoP has granted approval of assignment of OGDCL's 25% working interest in Khuzdar North block to the Company. Deed of Assignment for the same has been submitted to GoP for approval.
- 36.16** GoP has provisionally awarded a new block (Punjab) to the Company vide its letter dated July 10, 2019. Petroleum Concession Agreement is under execution.
- 36.17** This mainly includes amounts receivable / (payable) under the various blocks against which the Company has applied to GoP for relinquishment.
- 36.18** The balances are stated net of receivable / (payable) position, since these are settled on net basis. Further, ageing of these balances is not relevant due to the nature of operations of the Company and transactions with the Joint Operations.

notes to and forming part of the unconsolidated financial statements

for the year ended June 30, 2019

37. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Financial assets as per statement of financial position

	June 30, 2019 ----- Rs '000 -----	June 30, 2018 -----
- At amortised cost		
Long-term investments	39,192,228	31,555,194
Long-term loans	34,019	16,067
Long-term deposits	7,676	7,676
Long-term receivables	83,810	74,670
Trade debts	227,382,001	142,636,089
Loans and advances	1,064,992	1,506,404
Trade deposits	96,026	80,283
Interest accrued	764,306	494,758
Current maturity of long-term deposits	911,850	911,850
Current maturity of long term loans	12,705	1,378,972
Current maturity of long-term receivables	125,714	50,786
Other receivables	1,666,966	1,789,203
Short-term investments	4,226,500	14,072,500
Cash and bank balances	8,021,760	7,714,754
	<u>283,590,553</u>	<u>202,289,206</u>
- At fair value through Profit or Loss - Mutual Funds		
	4,016,298	74,191
Non-financial assets	<u>170,683,951</u>	<u>164,957,371</u>
Total assets	<u>458,290,802</u>	<u>367,320,768</u>
Financial liabilities as per statement of financial position		
- Financial liabilities measured at amortised cost		
Trade and other payables	28,452,710	23,973,913
Unclaimed dividends	302,539	332,998
Non-financial liabilities	<u>130,926,565</u>	<u>102,621,886</u>
Total liabilities	<u>159,681,814</u>	<u>126,928,797</u>

38. 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 investments at amortised cost, which are stated at amortised cost. No changes were made in the objectives, policies or processes during the years ended June 30, 2019 and 2018.

notes to and forming part of the unconsolidated financial statements

for the year ended June 30, 2019

a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in interest rate, foreign currency exchange rate and price, which will affect the Company's income or the value of its holdings of financial instruments. Objective of the market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on financial instruments.

i) Interest rate risk

The interest rate risk is the risk that the fair value or future cash flows of the financial instruments will fluctuate because of changes in market interest rates. The Company manages its interest rate risk by closely monitoring the duration of fixed rate investments and placements. As of the date of statement of financial position, there is no significant exposure to interest rate risk to the Company, with all other variables held constant.

ii) Currency risk

Currency risk is the risk that changes in foreign exchange rates will affect the Company's income or the value of its holdings of financial instruments. The objective of currency risk management is to manage and control currency risk exposures within acceptable parameters, while optimising the return on financial instruments.

Exposure to foreign currency risk

The Company's exposure to currency risk mainly comprises:

	June 30, 2019 (US Dollars)	June 30, 2018 (US Dollars)
Investments at amortised cost	238,977,000	243,453,007
Cash and bank balances	1,577,537	4,523,353
Current maturity of long-term deposits	7,500,000	7,500,000
Trade and other payables	(1,855,616)	(5,990,995)
	<u>246,198,921</u>	<u>249,485,365</u>

The following significant exchange rates have been applied during the year:

	Average Rate		Closing Rate	
	2019	2018	2019	2018
	----- (Rupees) -----			
US\$ 1	<u>136.37</u>	110.07	<u>164.50</u>	121.60

notes to and forming part of the unconsolidated financial statements

for the year ended June 30, 2019

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	248,055	(248,055)
Foreign currency financial liabilities	37,615	(37,615)

iii) Price risk

Price risk represents the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk).

The Company is exposed to price risk on sale of petroleum products, as the selling prices are determined in relation to the international prices of petroleum products, which can affect the profitability of the Company.

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

	One Rupee Increase	One Rupee Decrease
	----- Rs '000 -----	
Natural Gas (Mcf)	278,296	(278,296)
Crude Oil / Condensate / NGL (BBL)	5,754	(5,754)
LPG (M. Ton)	117	(117)
Barytes (M. Ton)	100	(100)

b) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. To manage this risk, the financial viability of all counterparties is regularly monitored and assessed.

The Company is exposed to credit risk from its operating and certain investing activities and the Company's credit risk exposures are categorised under the following headings:

i) Counterparties

The Company conducts transactions with the following major types of counterparties:

Trade debts

Trade debts are essentially due from gas transmission and distribution, power generation, oil and gas marketing and oil refining companies. The Company's major portion of sales is to GENCO-II, SNGPL and SSGCL, however, it does not consider itself to be exposed to any substantial credit risk since these companies are State Owned Entities (SOEs).

notes to and forming part of the unconsolidated financial statements

for the year ended June 30, 2019

Bank and investments

The Company limits its exposure to credit risk by investing in liquid securities and only with counterparties that have high credit rating. These credit ratings are subject to periodic review and accordingly, the Company currently does not expect any counterparty to fail to meet its obligations.

ii) Exposure to credit risk

The carrying amount of financial assets as at the reporting date represents the maximum credit exposure, details of which are as follows:

	June 30, 2019	June 30, 2018
	----- Rs '000 -----	
Long-term investments	39,192,228	31,629,385
Long-term loans	34,019	16,067
Long-term deposits	7,676	7,676
Long-term receivables	83,810	74,670
Trade debts	227,382,001	142,636,089
Loans	67,519	69,440
Trade deposits	96,026	80,283
Interest accrued	764,306	494,758
Current maturity of long-term loans	12,705	1,378,972
Current maturity of long-term deposits	911,850	911,850
Current maturity of long-term receivables	125,714	50,786
Other receivables	1,666,966	1,789,203
Short-term investments	8,242,798	14,072,500
Bank balances	7,955,010	7,644,155
	286,542,628	200,855,834

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, 2019	June 30, 2018
	----- Rs '000 -----	
Long-term investments		
AAA	16,450,840	14,337,396
AA	22,741,388	17,217,799
A	-	74,190
	39,192,228	31,629,385
Trade debts		
Customers with defaults in past one year which have not yet been recovered	29,727,763	25,186,711
	29,727,763	25,186,711

notes to and forming part of the unconsolidated financial statements

for the year ended June 30, 2019

	June 30, 2019	June 30, 2018
	----- Rs '000 -----	
Short-term investments		
AAA	992,500	8,916,690
AA	7,250,298	250,000
A	-	4,905,810
	8,242,798	14,072,500
Cash at banks		
AAA	3,451,947	5,418,210
AA	4,503,063	2,169,609
A	-	56,336
	7,955,010	7,644,155

The Company's most significant customers include two gas transmission and distribution companies and one power generation company (related parties), which account for Rs 217,565 million of the trade debts as at June 30, 2019 (2018: Rs 132,313 million).

The aging of trade debts at the reporting date is provided in note 11.2.

c) Capital risk management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern, so that it can continue to create value for shareholders and benefits for other stakeholders, and to maintain a strong capital base to support the sustained development of its businesses.

The Company manages its capital structure which comprises capital and reserves by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders and / or issue new shares. There were no changes to Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements.

d) Liquidity risk management

Liquidity risk reflects an enterprise's inability in raising funds to meet commitments. The Company follows effective cash management and planning policy to ensure availability of funds and to take appropriate measures for new requirements.

	On demand	Less than 3 months	3 to less than 12 months	1 to 5 years	More than 5 years	Total
	----- Rs '000 -----					
Liability against assets subject to finance lease	-	19,552	36,477	12,107	-	68,136
Trade and other payables	2,276,750	24,532,217	1,643,743	-	-	28,452,710
Year ended June 30, 2019	2,276,750	24,551,769	1,680,220	12,107	-	28,520,846
Liability against assets subject to finance lease	-	21,257	53,364	68,136	-	142,757
Trade and other payables	724,218	20,328,723	978,332	-	-	22,031,273
Year ended June 30, 2018	724,218	20,349,980	1,031,696	68,136	-	22,174,030

notes to and forming part of the unconsolidated financial statements

for the year ended June 30, 2019

e) Fair value of financial assets and liabilities

The carrying value of all financial assets and liabilities reflected in the financial statements approximate their fair values.

	June 30, 2019	June 30, 2018
	----- Rs '000 -----	
39. CASH AND CASH EQUIVALENTS		
Cash and bank balances - note 17	8,021,760	7,714,754
Short-term highly liquid investments	4,226,500	14,072,500
	12,248,260	21,787,254

40. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Executives	
	Year ended June 30, 2019	Year ended June 30, 2018	Year ended June 30, 2019	Year ended June 30, 2018
	----- Rs '000 -----			
Managerial remuneration	23,710	29,400	5,676,968	6,133,919
Housing, conveyance and utilities	-	-	93,039	246,294
Retirement benefits	2,526	-	870,994	689,047
Bonus	2,716	-	607,730	898,039
Medical and leave passage	284	-	488,268	466,266
Leave encashment	-	-	9,730	25,834
	29,236	29,400	7,746,729	8,459,399
Number, including those who worked for part of the year	2	1	1,152	1,271

40.1 Aggregate amount charged in these unconsolidated financial statements in respect of fees paid to eleven non-executive directors was Rs 25.101 million (2018: Rs 16.490 million to fifteen non-executive directors).

	Year ended June 30, 2019	Year ended June 30, 2018
41. EARNINGS PER SHARE		
41.1 Basic earnings per share		
Profit after taxation (Rs '000)	61,632,364	45,687,636
Dividend on convertible preference shares (Rs '000)	(34)	(34)
Profit attributable to ordinary shareholders (Rs '000)	61,632,330	45,687,602
Weighted average number of ordinary shares in issue	2,267,476,040	2,267,475,432
Basic earnings per share (Rs)	27.18	20.15

notes to and forming part of the unconsolidated financial statements

for the year ended June 30, 2019

41.2 Diluted earnings per share

Profit after taxation (Rs '000)

	Year ended June 30, 2019	Year ended June 30, 2018
Profit after taxation (Rs '000)	61,632,364	45,687,636 (Restated)
Weighted average number of ordinary shares in issue	2,267,476,040	2,267,475,432
Adjustment for conversion of convertible preference shares	11,129	11,737
Weighted average number of ordinary shares for diluted earnings per share	2,267,487,169	2,267,487,169 (Restated)
Diluted earnings per share (Rs)	27.18	20.15

42. TRANSACTIONS WITH RELATED PARTIES

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

Sales of gas / barytes to state controlled entities (including Government Levies)

	2019	2018
	----- Rs '000 -----	
GENCO-II	32,541,170	22,271,078
SSGCL	36,814,316	26,223,419
SNGPL	74,421,913	60,806,344
OGDCL	168,546	138,839
	143,945,945	109,439,680

Long-term receivables, trade debts and other receivables from state controlled entities as at June 30

See notes 9, 11, 15 & 42.2

Transaction with subsidiaries

Receivable from subsidiaries as at June 30

See note 7, 14 & 15

Interest income on long-term loan to PPLE

18,565 61,049

Payment of employees cost on secondment

72,212 63,382

Deposit of bank guarantee on behalf of PPLE - Block 29, Yemen as at June 30,

911,850 911,850

Transactions with Associated Companies - note 42.3

Sales of crude oil / condensate to PARCO

6,253,831 5,989,687

Sales of crude oil / condensate to PRL

34,056 -

Payment to Total PARCO Pakistan Limited (Total PARCO)

250,586 173,451

Payment to SNGPL against services obtained

522 2,721

Deposits with Askari Bank Limited as at June 30

6,797 -

notes to and forming part of the unconsolidated financial statements

for the year ended June 30, 2019

Transactions with Joint Operations

Payments of cash calls to joint operations

June 30, 2019	June 30, 2018
----- Rs '000 -----	
47,956,676	34,729,285
51,521,945	41,652,776

Expenditures incurred by the joint operations
Amounts receivable from / payable to joint operations partners as at June 30

See notes 12, 15 & 24

Income from rental of assets to joint operations

8,199 27,472

Dividend income from BME

200,000 75,000

Purchase of goods from BME (net)

319,088 412,128

Reimbursement of employee cost on secondment to BME

19,379 17,939

Other related parties

Dividends to GoP- note 42.4

1,996,591 13,310,607

Dividends to Trust under BESOS - note 42.4

217,454 1,449,691

Dividend to trusts under retirement benefit funds - note 42.4

1,646 10,976

Transactions with retirement benefit funds

See notes 30.1 & 31

Remuneration to key management personnel

See note 40

Payment of rental to Pakistan Industrial

Development Corporation (PIDC)

121,093 106,660

Payment of rental to Karachi Port Trust (KPT)

7,288 7,612

Payment to National Insurance Company Limited (NICL)

1,015,168 810,543

Insurance claim received from NICL

24,596 268,518

Payment to Pakistan State Oil Company Limited (PSO)

398,192 899,629

42.1 During the current year, the loan receivable amounting to Rs 1,402 million (US\$ 11.286 million) from PPLE, and PPLE Pakistan branch has been fully received by the Company.

42.2 Gas sales are made to various State controlled entities, at prices notified by the GoP. Transactions with BME for purchase of goods are conducted at prices determined by reference to comparable goods sold in an economically comparable market to a buyer unrelated to the seller.

42.3 Following are the related parties with whom the Company has entered into transactions during the year excluding wholly owned subsidiaries, joint operations, staff retirement benefit funds and employees, details of which have already been disclosed in these unconsolidated financial statements.

notes to and forming part of the unconsolidated financial statements

for the year ended June 30, 2019

S.No.	Company Name	Basis of Relationship	Aggregate % of Shareholding in the Company
1.	SNGPL	GOP is common shareholder / Common Directorship	Not applicable
2.	OGDCL	GOP is common shareholder / Common Directorship	Not applicable
3.	GHPL	GOP is common shareholder / Common Directorship	Not applicable
4.	SSGCL	GOP is common shareholder	Not applicable
5.	GENCO - II	GOP is common shareholder	Not applicable
6.	PIDC	GOP is common shareholder	Not applicable
7.	KPT	GOP is common shareholder	Not applicable
8.	NICL	GOP is common shareholder	Not applicable
9.	Total PARCO	Common Directorship	Not applicable
10.	PARCO	Common Directorship	Not applicable
11.	PSO	Common Directorship	Not applicable
12.	PRL	Common Directorship	Not applicable

42.4 The Company also issued bonus shares to GoP (199,659,102 shares), trust under BESOS (21,745,360 shares) and trusts under retirement benefit funds (164,631 shares).

43. INFORMATION ABOUT OPERATING SEGMENTS

For management purposes, the activities of the Company are organised into one operating segment i.e. exploration, development and production of oil, gas and barytes. The Company operates in the said reportable operating segment based on the nature of the products, risks and returns, organisational and management structure and internal financial reporting systems. Accordingly, the figures reported in these unconsolidated financial statements are related to the Company's only reportable segment.

The operating interests of the Company are confined to Pakistan in terms of production areas and customers. Accordingly, the production and revenue figures reported in these unconsolidated financial statements relate to the Company's only reportable operating segment in Pakistan.

Following are the details of customers with whom the revenue from sales transactions amount to 10% or more of the Company's overall revenue.

	June 30, 2019	June 30, 2018
	----- Rs '000 -----	
GENCO-II	32,541,170	22,271,078
SSGCL	36,814,316	26,223,419
SNGPL	74,421,913	60,806,344
ARL	38,167,713	28,815,511
	<u>181,945,112</u>	<u>138,116,352</u>

notes to and forming part of the unconsolidated financial statements

for the year ended June 30, 2019

44. GENERAL

June 30, 2019 June 30, 2018

44.1 Number of employees

Total number of employees at the end of the year were as follows:

Regular	2,765	2,811
Contractual	84	88
	<u>2,849</u>	<u>2,899</u>

Average number of employees during the year were as follows:

Regular	2,788	2,821
Contractual	86	82
	<u>2,874</u>	<u>2,903</u>

44.2 Capacity and production

Product	Unit	Actual production for the year (PPL's share) June 30, 2019	Actual production for the year (PPL's share) June 30, 2018
Natural gas	MMCF	317,457	323,007
Crude oil / NGL / Condensate	Thousand Barrels	5,868	5,795
LPG	M. Ton	116,723	95,332
Barytes	M. Ton	130,845	119,354

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

44.3 Corresponding figures

Corresponding figures have been reclassified for the purpose of better presentation and comparison, where necessary.

44.4 Figures have been rounded off to the nearest thousand, unless otherwise stated.

45. SUBSEQUENT / NON-ADJUSTING EVENTS

The Board of Directors in its meeting on September 25, 2019 recommended 20% bonus shares (453,495,285 shares) i.e. twenty shares for every hundred shares held (2018: @ 15% i.e. 295,757,714 shares) and final cash dividend @ 20% amounting to Rs 4,534.953 million (2018: @ 15% amounting to Rs 2,957.577 million) on the paid-up value of the ordinary share capital. In respect of convertible preference share capital, the Board of Directors recommended 10% bonus shares (1,074 shares) i.e. ten shares for every hundred shares held (2018: Nil) and final cash dividend @ 20% amounting to Rs 0.02 million (2018: Nil). These appropriations will be put forward for approval of the shareholders in the Annual General Meeting scheduled to be held on October 28, 2019.

46. DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements were authorised for issue on September 25, 2019 by the Board of Directors of the Company.


Chief Financial Officer


Director


Chief Executive Officer

consolidated financial statements



INDEPENDENT AUDITOR'S REPORT

To the members of Pakistan Petroleum Limited

Opinion

We have audited the annexed consolidated financial statements of Pakistan Petroleum Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at June 30, 2019, and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at June 30, 2019, and (of) its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matters

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



Following are the Key Audit Matters:

S. No.	Key Audit Matters	How the matter was addressed in our audit
(i)	Revenue from contracts with customers	Our audit procedures included the following: <ul style="list-style-type: none"> Obtained understanding and carried out review of design, implementation and operating effectiveness of the relevant key internal controls over revenue recognition from the sale of products; Performed test of details on a sample of sales transactions by inspecting respective invoices, delivery challans and minutes of joint calibration meetings; Checked, on a sample basis, notifications of Oil and Gas Regulatory Authority (OGRA) for gas prices and approval of appropriate authority within the Company for prices of LPG. Performed, on a sample basis, recalculation of crude oil and gas prices in accordance with applicable petroleum policies / agreements. Checked sales transactions on either side of the statement of financial position date to assess whether they are recorded in relevant accounting period; Performed analytical procedures to perform analysis of variation in the price and quantity sold during the year; and Assessed the appropriateness of disclosure made in the financial statements regarding the matter.

(Refer note 27 to the annexed consolidated financial statements)

The Group is engaged in the production and sale of oil and gas resources.

The Group recognised revenue during the year from the sales of crude oil (including natural gas liquids and condensate), natural gas, Liquefied Petroleum Gas (LPG) and barytes amounting to Rs 164.37 billion.

The prices of the crude oil, LPG and gas are specified in relevant agreements. Furthermore, prices of natural gas are also notified by OGRA. Effect of adjustments, if any, arising from subsequent notification from OGRA is reflected as and when the notification is made and agreed with the customers.

Determination of sales price involves detailed calculation that takes into account international prices, yields, discounts etc for each separate fields from which natural gas or crude oil is produced. LPG pricing is benchmarked to the ceiling prices notified by OGRA. The determination of quantities involves metering and weighing scales.

We considered this as key audit matter due to the significance of the amounts requiring significant time and resource to audit due to magnitude, inherent risk of material misstatement and revenue being a key economic indicator of the Group.

S. No. Key Audit Matters

How the matter was addressed in our audit

(ii) Overdue trade debts

(Refer note 12 to the annexed consolidated financial statements)

Trade debts include an overdue amount of Rs 197.80 billion, receivable from oil refineries, power producing company and gas distribution companies. These overdue receivables includes amounts of Rs 93.1 billion, Rs 69.9 billion and Rs 29.96 billion overdue from related parties, Sui Northern Gas Pipeline Limited, Sui Southern Gas Company Limited and Central Power Generation Company Limited (GENCO-II) respectively. The recoverability of these amounts is dependent on the decisions of the GoP including availability of funds due to circular debt situation being faced by the GoP. However, due to receivables being long outstanding the Group is facing financial / liquidity issues.

The Group considers the aforesaid receivables as good receivables considering that these receivables are from state owned entities and past track record and recoveries.

We considered the matter as key audit matter due to significance of the amounts and significant judgments made by management regarding the recoverability of the amounts.



Our audit procedures included the following:

- Obtained invoice wise break-up of outstanding trade debts;
- Obtained direct confirmations from customers and tested reconciliations, where differences were identified;
- Checked, on sample basis, trade debts ageing report classification within the appropriate ageing bracket with underlying invoices;
- Tested, on a sample basis, cash receipts from customers subsequent to financial year end relating to year end balances, with underlying documentation;
- Discussed with the management, events during the year and steps taken by management for settlement of these receivables and inspected minutes of Board of Directors and Audit Committee meetings; and
- Assessed the appropriateness of disclosure made in the financial statements regarding the matter.

S. No. Key Audit Matters

How the matter was addressed in our audit

(iii) Dry and abandoned wells

(Refer note 30 to the annexed consolidated financial statements)

During the year the Group has charged an amount of Rs 18.998 billion on account of dry and abandoned wells.

The Group applies the "Successful efforts" method of accounting for Exploration and Evaluation (E&E) costs. Under the Successful efforts method of accounting, all property acquisitions, exploratory / evaluation drilling costs are initially capitalised, till such time that technical feasibility and commercial viability of oil and gas are demonstrated. If commercial reserves are not found, the capitalised costs are written off as dry and abandoned wells and charged to profit or loss.

The determination of a well as dry and abandoned is made on the basis of internal assessment made by the Group after which a notice in this respect is submitted to Directorate General Petroleum Concessions (DGPC).

We considered this as key audit matter due to the significance of the amounts requiring significant time and resource to audit due to magnitude of the amount involved and significant management judgment used in determining dry and abandoned wells.



Our audit procedures included the following:

- Obtained listing of dry and abandoned wells charged off during the year;
- Obtained an understanding of the process followed by the management in concluding a well as dry and abandoned;
- Examined the notices issued by Group to the DGPC declaring the wells as abandoned and suspended;
- In case where the notice to DGPC has not been issued, examined internal assessment performed by the Group by conducting meeting with the in-house exploration department;
- Performed testing subsequent to the date on which the well has been plugged and abandoned to check that no further expenditure has been incurred on dry and abandoned wells;
- Performed testing subsequent to the year-end to check that all dry and abandoned wells have been recorded in the correct period; and
- Assessed the appropriateness of disclosure made in the financial statements regarding the matter.

S. No.	Key Audit Matters	How the matter was addressed in our audit
(iv)	<p>Analysis of impairment indicators and impairment testing of the Group's development and production assets, exploration and evaluation assets and other non-financial assets</p> <p><i>(Refer notes 5 to the annexed consolidated financial statements)</i></p> <p>As at June 30, 2019, the Group's development and production assets, exploration and evaluation assets and other non-financial assets aggregate Rs 139.36 billion.</p> <p>In accordance with International Accounting Standard (IAS) 36, "Impairment of Assets", the Group assesses at the end of each reporting period whether there is any indication that an asset may be impaired.</p> <p>Where an impairment indicator is identified for any asset, an impairment test is performed by the Group based on estimate of the value-in-use of that asset.</p> <p>The calculation of value-in-use of development and production assets, exploration and evaluation assets and other non-financial assets requires the management to make significant estimates and judgements, such as (i) estimation of the volume of oil and gas recoverable reserves; (ii) estimation of future oil and gas prices; (iii) estimation of the future cost profiles of the assets by applying expected rates of inflation; (iv) foreign exchange rates and (v) discount rates.</p> <p>We considered this matter as key audit matter due to the significant value of development and production assets, exploration and evaluation assets and other non-financial assets at the reporting date and due to significance of judgements / estimates used by the management in determining their value in use.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> Assessed the methodology used by management to estimate value-in-use of each asset; Assessed the assumptions used in the discounted cash flow projections for calculation of the value-in-use of assets, evaluating the key assumptions, i.e. oil and gas reserves, oil and gas prices, exploration and production costs, foreign exchange rates and discount rates based on our knowledge of the business and industry and by comparing the assumptions to historical results and published market and industry data; Performed sensitivity analysis in consideration of the potential impact of reasonably possible changes in assumptions relating to oil and gas prices and discount rate and considering management's process for approving these estimates; and Assessed the appropriateness of disclosure made in the financial statements regarding the matter.



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



S. No. Key Audit Matters

How the matter was addressed in our audit

(vi) Contingencies

(Refer notes 26.1.3, 26.1.4, 26.1.7, 26.1.8 and 26.1.9 to the annexed consolidated financial statements)

Contingencies disclosed in the annexed consolidated financial statements relate to various matters which are pending in litigations including matters in respect of income tax and sales tax, which are pending adjudication before the appellate authorities and the courts.

Contingencies require management to make judgements and estimates in relation to the interpretation of laws, statutory rules, regulations and the probability of outcome and financial impact, if any, on the Group for disclosure and recognition and measurement of any provision that may be required against such contingencies.

Notwithstanding the fact that the Group is contesting all the matters at various appellate levels and courts, it has recognised provision against the contingencies as considered appropriate.

Due to significance of amounts involved, inherent uncertainties with respect to the outcome of matters and use of significant management judgements and estimates to assess the same including related financial impacts, we considered contingencies a key audit matter.



Our audit procedures included the following:

- Obtained and assessed details of the pending tax and other legal matters and discussed the same with the Group's management and in-house legal counsel;
- Circularised confirmations to the Group's external legal and tax counsels for their views on open tax assessments and other legal matters;
- Checked correspondence of the Group with the relevant authorities including judgements or orders passed by the competent authorities in relation to the issues involved or matters which have similarities with the issues involved;
- Involved internal tax experts to assess management's conclusions on contingent tax matters and to evaluate the consistency of such conclusions with the views of the management and external tax advisors engaged by the Group; and
- Assessed the appropriateness of disclosure made in the financial statements regarding the matter.

Information other than the Financial Statements and Auditor's Report Thereon

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Board of Directors for the Consolidated Financial Statements

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

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

The Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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





- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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


A. F. Ferguson & Co.
Chartered Accountants

Karachi

Date: September 25, 2019

consolidated statement of financial position

as at june 30, 2019

	Note	2019 ----- (Rs'000) -----	2018 -----
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Property, plant and equipment	5	161,072,524	155,354,034
Intangible assets	6	481,135	420,287
		161,553,659	155,774,321
Long-term investments	7	39,192,229	31,629,386
Long-term loans	8	34,019	16,067
Long-term deposits	9	7,676	7,676
Long-term receivables	10	83,810	74,670
		200,871,393	187,502,120
CURRENT ASSETS			
Stores and spares	11	3,146,982	3,528,438
Trade debts	12	227,630,133	142,824,745
Loans and advances	13	1,075,652	1,506,404
Trade deposits and short-term prepayments	14	471,475	234,923
Interest accrued	15	855,251	547,409
Current maturity of long-term loans	8	12,705	8,892
Current maturity of long-term deposits	9	911,850	911,850
Current maturity of long-term receivables	10	125,714	50,786
Other receivables	16	2,834,303	2,214,976
Short-term investments	17	16,115,618	22,379,416
Cash and bank balances	18	8,562,493	8,251,633
		261,742,176	182,459,472
TOTAL ASSETS		462,613,569	369,961,592
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	19	22,674,872	19,717,295
Reserves	20	275,529,423	220,732,201
		298,204,295	240,449,496
NON-CURRENT LIABILITIES			
Provision for decommissioning obligation	21	25,164,640	22,963,492
Liabilities against assets subject to finance lease	22	12,107	68,136
Deferred liabilities	23	2,754,275	2,651,531
Deferred taxation	24	37,134,401	37,522,952
		65,065,423	63,206,111
CURRENT LIABILITIES			
Trade and other payables	25	91,821,865	63,298,624
Unclaimed dividends		302,539	332,998
Current maturity of liabilities against assets subject to finance lease	22	56,029	74,621
Taxation - net		7,163,418	2,599,742
		99,343,851	66,305,985
TOTAL LIABILITIES		164,409,274	129,512,096
TOTAL EQUITY AND LIABILITIES		462,613,569	369,961,592
CONTINGENCIES AND COMMITMENTS			
	26		

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


Chief Financial Officer


Director


Chief Executive Officer


Chief Financial Officer


Director


Chief Executive Officer

consolidated statement of profit or loss

for the year ended june 30, 2019

	Note	2019 ----- (Rs'000) -----	2018 -----
Revenue from contracts with customers	27	164,366,020	126,621,240
Operating expenses	28	(40,425,850)	(33,769,968)
Royalties and other levies	29	(24,374,938)	(18,550,403)
		(64,800,788)	(52,320,371)
Gross profit		99,565,232	74,300,869
Exploration expenses	30	(27,206,772)	(11,636,923)
Administrative expenses	31	(2,259,824)	(2,599,614)
Finance costs	33	(777,372)	(470,643)
Other charges	34	(7,163,607)	(5,371,621)
		62,157,657	54,222,068
Other income	35	15,679,127	9,396,866
Profit before taxation		77,836,784	63,618,934
Taxation	36	(18,377,394)	(17,793,147)
Profit after taxation		59,459,390	45,825,787
			(Restated)
Basic and diluted earnings per share (Rs)	42	26.22	20.21

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

consolidated statement of profit or loss and other comprehensive income

for the year ended june 30, 2019

	2019	2018
	------(Rs'000)-----	
Profit after taxation	59,459,390	45,825,787
Other comprehensive income / (loss)		
Items that will not be subsequently reclassified in profit or loss		
Remeasurement gains / (losses) on defined benefit plans - net	215,083	(2,320,184)
Deferred taxation	(672,853)	672,853
	(457,770)	(1,647,331)
Items that may be reclassified to profit or loss in subsequent years		
Foreign exchange differences on translation of subsidiaries	1,710,756	864,845
Other comprehensive income / (loss), net of tax	1,252,986	(782,486)
Total comprehensive income for the year	60,712,376	45,043,301

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

consolidated statement of cash flows

for the year ended june 30, 2019

	2019	2018
	------(Rs'000)-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	122,478,717	114,205,007
Receipts of other income	9,790,918	3,285,036
Payment to suppliers / service providers and employees - net	(22,636,359)	(18,787,547)
Payment of indirect taxes and Government levies including royalties	(52,541,203)	(44,483,378)
Income tax paid	(15,052,580)	(14,319,042)
Finance costs paid	(13,735)	(38,296)
Long-term loans - net	(21,765)	4,299
Net cash generated from operating activities	42,003,993	39,866,079
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure	(45,040,342)	(36,783,552)
Proceeds from sale of property, plant and equipment	24,200	29,264
Purchase of long-term investments - net	(5,217,371)	(7,832,954)
Purchase of mutual funds	(4,016,298)	-
Disposal / redemption of long-term investments	74,191	581,824
Long-term deposits	-	(124,350)
Long-term receivables	(84,068)	224,521
Finance income received	2,980,445	2,905,878
Net cash used in investing activities	(51,279,243)	(40,999,369)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of liabilities against assets subject to finance lease	(74,621)	(113,130)
Dividends paid	(2,988,036)	(19,746,573)
Net cash used in financing activities	(3,062,657)	(19,859,703)
Net decrease in cash and cash equivalents	(12,337,907)	(20,992,993)
Cash and cash equivalents at the beginning of the year	30,631,049	50,404,838
Net foreign exchange differences	2,368,671	1,219,204
Cash and cash equivalents at the end of the year	20,661,813	30,631,049

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


Chief Financial Officer


Director


Chief Executive Officer


Chief Financial Officer


Director


Chief Executive Officer

consolidated statement of changes in equity

for the year ended June 30, 2019

	Subscribed and paid-up Share capital		Capital reserve (Note -20)	Revenue reserves (Note -20)	Total
	Ordinary	Convertible preference			
----- Rs '000 -----					
Balance as at June 30, 2017	19,717,175	120	1,428	195,404,683	215,123,406
Comprehensive income for the year					
Profit after taxation	-	-	-	45,825,787	45,825,787
Other comprehensive loss for the year ended June 30, 2018, net of tax	-	-	-	(782,486)	(782,486)
Total comprehensive income for the year ended June 30, 2018	-	-	-	45,043,301	45,043,301
Transactions with owners					
Final dividend for the year ended June 30, 2017					
- Ordinary shares -60%	-	-	-	(11,830,305)	(11,830,305)
Interim dividend for the year ended June 30, 2018					
- Ordinary shares -40%	-	-	-	(7,886,872)	(7,886,872)
- Convertible preference shares -30%	-	-	-	(34)	(34)
Conversion of preference shares into ordinary shares	6	(6)	-	-	-
Balance as at June 30, 2018	19,717,181	114	1,428	220,730,773	240,449,496
Comprehensive income for the year					
Profit after taxation	-	-	-	59,459,390	59,459,390
Other comprehensive income for the year ended June 30, 2019, net of tax	-	-	-	1,252,986	1,252,986
Total comprehensive income for the year ended June 30, 2019	-	-	-	60,712,376	60,712,376
Transactions with owners					
- Issuance of 15% bonus shares to ordinary share holders	2,957,577	-	-	(2,957,577)	-
- Final dividend on ordinary shares for the year ended June 30, 2018 @ 15%	-	-	-	(2,957,577)	(2,957,577)
Conversion of preference shares into ordinary shares	6	(6)	-	-	-
Balance as at June 30, 2019	22,674,764	108	1,428	275,527,995	298,204,295

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


Chief Financial Officer


Director


Chief Executive Officer

notes to and forming part of the consolidated financial statements

for the year ended June 30, 2019

1. LEGAL STATUS AND OPERATIONS

The Group consists of Pakistan Petroleum Limited (the Holding Company) and its subsidiary companies i.e. PPL Europe E&P Limited (PPLE), PPL Asia E&P B.V. (PPLA) and The Pakistan Petroleum Provident Fund Trust Company (Private) Limited (PPPFTC).

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

1.1 Pakistan Petroleum Limited

The Holding Company was incorporated in Pakistan in 1950 with the main objectives of conducting exploration, prospecting, development and production of oil and natural gas resources. The shares of the Holding Company are listed on the Pakistan Stock Exchange Limited and the registered office is located at PIDC House, Dr. Ziauddin Ahmed Road, Karachi, Pakistan.

1.1.1 The Sui Mining Lease expired on May 31, 2015. The Government of Pakistan (GoP) through various notifications has allowed the Holding Company to continue producing from the Sui gas field, the most recent being dated May 28, 2019, whereby allowing the Holding Company to continue producing from Sui gas field for a further period of six months with effect from the expiry of existing lease period i.e. May 31, 2019.

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

1.2 PPL Europe E&P Limited

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

PPLE's main objective is exploration and production of oil and gas and currently it has working interest in one producing field and three exploration blocks in Pakistan, as well as one exploration block in Yemen. The registered office of PPLE is situated at 6th Floor, One London Wall, London, United Kingdom.

1.3 PPL Asia E&P B.V.

The Holding Company established a wholly-owned subsidiary, PPLA on July 22, 2013, a company incorporated in Amsterdam, Kingdom of Netherlands with principal place of business at 4th Floor, PIDC House, Dr. Ziauddin Ahmed Road, Karachi, Pakistan.

PPLA's main objective is exploration and production of oil and natural gas resources and currently it owns 100% interest in Block-8, Iraq, under the Exploration, Development and Production Service Contract (EDPSC) with the Midland Oil Company, Iraq (MDOC).

notes to and forming part of the consolidated financial statements

for the year ended June 30, 2019

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

PPPFTC was incorporated in Pakistan as a private limited company on November 7, 1955. The Subsidiary is engaged in administrating the trusts formed for the benefits of the employees of the Holding Company.

2. BASIS OF CONSOLIDATION

These consolidated financial statements include the financial statements of the Holding Company and its subsidiary companies, except PPPFTC as mentioned in note 7.1 to these consolidated financial statements, here-in-after referred to as "the Group".

A company is a subsidiary, if an entity (the Holding Company) directly or indirectly controls, beneficially owns or holds more than fifty percent of its voting securities or otherwise has power to elect and appoint more than fifty percent of its directors.

Subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. Assets, liabilities, income and expenses of a subsidiary acquired or disposed off during the year are included in the profit or loss from the date the Group gains control until the date the Group ceases to control the subsidiary.

The financial statements of the subsidiaries are prepared for the same reporting period as the Holding Company, using consistent accounting policies. However, the accounting policies of subsidiaries have been aligned with accounting policies of the Group, wherever required.

All intra-group balances, transactions and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

The presentation and functional currency of the Holding Company, as well as, PPPFTC are Pakistani Rupee and the functional currency of other subsidiaries is US Dollar. For the purpose of consolidation, the financial statements of the subsidiaries are translated into functional currency of the Holding Company.

3. BASIS OF PREPARATION

3.1 Statement of compliance

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

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

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

notes to and forming part of the consolidated financial statements

for the year ended June 30, 2019

3.2 Basis of measurement

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

- a) Financial assets at fair value through profit or loss, have been measured at fair value.
- b) Financial assets at fair value through other comprehensive income, have been measured at fair value.
- c) Financial assets at amortised cost, have been measured at amortised cost.
- d) Obligations in respect of certain employee benefits and decommissioning have been measured at present value.

3.3 Change in accounting standards, interpretations and amendments to published approved accounting and reporting standards

3.3.1 New standards, amendments to approved accounting standards and interpretations that are effective for the Group's accounting periods beginning on or after July 1, 2018

There are certain amendments and interpretations to approved accounting and reporting standards which are mandatory for the Group's annual accounting period which began on July 1, 2018. However, these do not have any significant impact on the Group's financial reporting and, therefore, have not been detailed in these financial statements.

In addition to the above, the following two new standards have become applicable to the Group during the year:

- IFRS 9 'Financial instruments' – This standard replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. It also includes an expected credit losses (ECL) model that replaces IAS 39 incurred loss impairment model. On July 1, 2018 (the date of initial application of IFRS 9), the Holding Company's management has assessed which business models apply to the financial assets held by the Holding Company and has classified its financial instruments into the appropriate IFRS 9 categories (i.e. mainly financial assets previously classified as 'loans and receivables' have now been classified as 'amortised cost'). Subsequent to the reporting date, the Securities and Exchange Commission of Pakistan (SECP) through S.R.O 985(I)/2019 dated September 02, 2019 has partially modified applicability of IFRS 9 in respect of companies holding financial assets due from the Government of Pakistan (GoP). The said S.R.O states that requirements contained in IFRS 9 with respect to application of ECL method on such receivable balances shall not be applicable till June 30, 2021. Consequently, the Holding Company has not recorded impact of aforesaid ECL on the financial assets due from state owned entities (i.e. SSGCL, SNGPL and GENCO-II) in the unconsolidated financial statements based on the clarification received from SECP. Further, in relation to financial assets due from parties other than GoP, the management of the Holding Company believes that the impact of ECL is not material as outstanding balances are receivable from companies who have high credit rating with no history of default.
- IFRS 15 'Revenue from contracts with customers' – This standard introduces a single five-step model for revenue recognition with a comprehensive framework based on core principle that an entity should recognise revenue representing the transfer of promised goods or services under separate performance obligations under the contract to customer at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. IFRS 15 replaces the previous

notes to and forming part of the consolidated financial statements

for the year ended June 30, 2019

revenue standards: IAS 18 Revenue, IAS 11 Construction Contracts, and the related interpretations on revenue recognition.

The changes laid down by IFRS 9 and IFRS 15 do not have any significant impact on these consolidated financial statements of the Group. However, related changes to the accounting policies have been made in these consolidated financial statements.

3.3.2 New standards, amendments to approved accounting standards and interpretations that are effective for the Group's accounting periods beginning on or after July 1, 2019

IFRS 16 'Leases' will be effective for the Group's annual accounting period beginning July 1, 2019. It will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. At present the Group is in the process of determining the impacts of application of IFRS 16 on future financial statements of the Group.

Additionally, there are another new standards, certain amendments and interpretations to the approved accounting and reporting standards that will be mandatory for the Group's annual accounting periods beginning on or after July 1, 2019. However, these will not have any significant impact on the financial reporting of the Group and, therefore, have not been disclosed in these consolidated financial statements.

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

In June 2011, the SECP on receiving representations from some of entities covered under Benazir Employees' Stock Option Scheme (the Scheme) and after having consulted the ICAP, granted exemption to such entities from the application of IFRS - 2 "Share-based Payment" to the Scheme. There has been no change in the status of the Scheme as stated in note 4.5 to the consolidated financial statements for the year ended June 30, 2018. The management of the Holding Company believes that the Scheme is being revamped by the GoP and all claims and disbursements to the unit holders are kept in abeyance by the Privatisation Commission since June 2010.

Had the exemption not been granted, retained earnings and reserves would have been lower and higher by Rs 18,879 million (2018: Rs 18,879 million).

3.5 Significant accounting judgments, estimates and assumptions

The preparation of these financial statements in conformity with the approved accounting and reporting standards, as applicable in Pakistan, requires management to make estimates, assumptions and use judgments that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. The estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively, commencing from the period of revision.

In the process of applying the Group's accounting policies, the management has made the following estimates, assumptions and judgments which are significant to these consolidated financial statements.

notes to and forming part of the consolidated financial statements

for the year ended June 30, 2019

a) Property, plant & equipment and intangibles

The Group reviews the appropriateness of useful lives, method of depreciation / amortisation and residual values of property, plant & equipment and intangibles on the reporting date. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant & equipment and intangibles with a corresponding effect on the depreciation / amortisation charge and impairment.

Property, plant & equipment and intangible assets are reviewed for possible impairment when events or changes in circumstances indicate that the carrying amount may not be fully recoverable. Determination as to whether and how much an asset is impaired involves management estimates and judgments such as future prices of crude oil or gas and production profiles.

During the year, the Holding Company has changed the depreciation method for certain classes of immovable assets from straight-line method to unit-of-production method to align its depreciation policy with international best practices. This change in estimate has been applied prospectively to relevant field based asset classes (plant & machinery and tanks & pipelines) in accordance with IAS 8 "Accounting policies, change in accounting estimates and errors". Had there been no change in the depreciation method, depreciation expense would have been lower by Rs 2,355 million for the year ended June 30, 2019.

b) Exploration and evaluation expenditure

The Group's accounting policy for exploration and evaluation expenditure results in cost of exploratory wells being capitalised for an area of interest where it is considered likely to be recoverable by future exploitation or sale or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves.

This policy requires management to make certain estimates and assumptions as to future events and circumstances, in particular whether an economically viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised the expenditure under the policy, a judgment is made that recovery of the expenditure is unlikely, the relevant capitalised amount is transferred to profit or loss in the period when the new information becomes available.

c) Development and production expenditure

Development and production activities commence after project sanctioning by the appropriate level of management. Judgment is applied by the management in determining when a project is economically viable. In exercising this judgment, management is required to make certain estimates and assumptions similar to those described above for capitalised exploration and evaluation expenditure. Any such estimates and assumptions may change as new information becomes available. If, after having commenced development activity, a judgment is made that a development and production asset is impaired, the appropriate amount is written off to profit or loss.

notes to and forming part of the consolidated financial statements

for the year ended June 30, 2019

d) Estimation of proven oil and natural gas reserves

Reserves are those quantities of petroleum which are anticipated to be commercially recovered from known accumulations from a given date forward. Estimation of hydrocarbon reserves is important for the effective management of the upstream hydrocarbon assets. It is an integral part of the investment decisions related to the existing assets or the new oil and gas discoveries. Hydrocarbon reserves are also used as the basis to calculate unit-of-production depreciation/ amortisation rates and to evaluate impairment in an asset's value, wherever applicable.

All reserves estimates involve some degree of uncertainty. The uncertainty depends chiefly on the amount of reliable geologic and engineering data available at the time of the estimate and the interpretation of these data. The relative degree of uncertainty may be conveyed by placing reserves into one of two principal classifications, either proved or unproved.

Proved reserves are those quantities of hydrocarbon which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically recoverable from the known reservoirs and under defined technical and commercial conditions. If deterministic methods of reserves estimation are used, the term "reasonable certainty" is intended to express a high degree of confidence that the quantities will be recovered. If probabilistic methods of reserves estimation are used, there should be at least a 90% probability that the quantities actually recovered will equal or exceed the estimate. Unproved reserves are less certain to be recovered than the proved reserves and may be further sub-classified as probable and possible reserves to denote progressively increasing uncertainty in their recoverability.

Although the Group is reasonably certain that the proved reserves will be produced, however, the timing and amount recovered may be affected by a number of factors including completion of the development projects, reservoir performance, regulatory approvals or/ and a significant change in long-term oil and gas price levels. The reserves revision may include upward or downward changes in the previously estimated volumes of the proved reserves for the existing fields due to the evaluation or re-evaluation of (1) already available geologic, reservoir or production data, (2) new geologic, reservoir or production data or (3) changes in prices and costs that are used in the estimation of reserves. Revisions may also result from a significant change in the development strategy or the capacity of the production equipment / facilities.

Changes to the estimates of proved reserves affect the amount of amortisation recorded and impairment, if any, in the consolidated financial statements for assets amortised on the basis of unit-of-production.

e) Provision and amortisation of decommissioning cost

Provision is recognised for the future decommissioning and restoration of oil and gas wells, production facilities and pipelines at the end of their economic lives. The estimated cost is charged to profit or loss over the life of the proved reserves on a unit of production basis.

The timing of recognition requires the application of judgment to existing facts and circumstances, which can be subject to change. Estimates of the amount of provision recognised are based on current legal and constructive obligations, technology and price levels. Provision is based on the best estimates, however, the actual outflows may differ from estimated cash outflows due to changes in

notes to and forming part of the consolidated financial statements

for the year ended June 30, 2019

laws, regulations, technology, prices and conditions, and the fact that actual expenditure will take place many years in the future. The carrying amount of provision is reviewed periodically and adjusted to take account of such changes.

The provision in respect of the Holding 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.

During the year, the Group revised its estimates of economic outflows or resources to settle decommissioning liability, based on future projected costs adjusted to present value. This has been treated as a change in accounting estimate, applied prospectively, in accordance with IFRIC-1 'Changes in Existing Decommissioning, Restoration and Similar Liabilities'.

Following line items would have been affected had there been no change in estimates:

	Rs (million)
Provision for decommissioning obligation would have been higher by	111
Property, plant and equipment would have been higher by	118
Amortisation charge would have been lower by	7
Profit after tax would have been higher by	5

f) Joint arrangements

The Group participates in several joint arrangements. Judgment is required in order to determine their classification as a joint venture where the Group has rights to the net assets of the arrangement or a joint operation where the Group has rights to the assets and obligations for the liabilities of the arrangement. In making this judgment, consideration is given to the legal form of the arrangement, the contractual terms and conditions as well as other facts and circumstances.

g) Provision for defined benefit plans and compensated absences

Defined benefit plans and compensated absences are provided for permanent employees of the Holding Company. The plans are structured as separate legal entities managed by trustees, except for post-retirement medical benefits and compensated absences, for which, liability is recognised in these consolidated financial statements. These benefits are evaluated with reference to uncertain events and are based upon actuarial assumptions including inter alia, discount rates, expected rates of salary increases, medical cost and mortality rates. The actuarial valuations are conducted by independent actuary on annual basis using Projected Unit Credit Actuarial Cost Method. Pension and gratuity costs primarily represent the increase in actuarial present value of the obligation for benefits earned on employee service during the year and the interest on the obligation in respect of employee service in previous years. Calculations are sensitive to changes in the underlying assumptions.

h) Taxation

The provision for taxation is accounted for by the Group after taking into account the current income tax laws and relevant decisions taken by appellate authorities. Accordingly, the recognition of deferred tax is also made, taking into account these decisions and the best estimates of future results of operations of the Group.

notes to and forming part of the consolidated financial statements

for the year ended June 30, 2019

i) Contingencies

The assessment of the contingencies inherently involves the exercise of significant judgment as the outcome of the future events cannot be predicted with certainty. The Group, based on the availability of the latest information, estimates the value of contingent assets and liabilities, which may differ on the occurrence / non-occurrence of the uncertain future event(s).

j) Provision for trade debts, advances and other receivables

On annual basis, the Group reviews the recoverability of its trade debts, advances and other receivables, to assess the amount required for provision of doubtful debts. Trade debts, advances and other receivables considered irrecoverable are written off. Impairment of trade debts and other receivables is described in note 4.9

k) Stores and spares

The Group reviews the stores and spares for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of stores and spares with a corresponding effect on the provision.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Property, plant and equipment

a) Owned assets

Property, plant and equipment, except freehold land, leasehold land and capital work-in-progress, are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Freehold land and leasehold land are stated at cost. Capital work-in-progress is stated at cost less accumulated impairment losses, if any, and is transferred to the respective item of property, plant and equipment when available for intended use.

Cost in relation to property, plant and equipment comprises acquisition and other directly attributable costs and decommissioning cost. The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, with net amount recognised in profit or loss.

Impairment tests for property, plant & equipment are performed when there is an indication of impairment. At the end of each reporting period, an assessment is made to determine whether there are any indications of impairment. Accordingly, the Group conducts an internal review of asset values which is used as a source of information to assess for any indications of impairment. External factors such as changes in expected future prices, costs and other market factors are also monitored to assess

notes to and forming part of the consolidated financial statements

for the year ended June 30, 2019

for indications of impairment. If any such indication exists, the asset's recoverable amount is estimated being the higher of its fair value less cost to sell and value in use.

If the carrying amount of the asset exceeds its recoverable amount, the property, plant and equipment is impaired and an impairment loss is charged to profit or loss so as to reduce the carrying amount of the property, plant and equipment to its recoverable amount.

In testing for indications of impairment and performing impairment calculations, assets are considered as collective groups, referred to as Cash Generating Units (CGUs). CGUs are the smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

b) Assets subject to finance lease

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

Assets held under finance lease are initially recorded at the lower of the present value of minimum lease payments under the lease agreements and the fair value of the leased assets. The related obligations under the lease, net of financial charges allocated to future periods, are shown as a liability.

The financial charges are allocated to accounting periods in a manner so as to provide a constant periodic rate of interest on the outstanding liability.

4.2 Exploration and evaluation assets

The Group applies the "Successful efforts" method of accounting for Exploration and Evaluation (E&E) costs. Under the Successful efforts method of accounting, all property acquisitions, exploratory / evaluation drilling costs are initially capitalised, till such time that technical feasibility and commercial viability of oil and gas are demonstrated.

Costs directly associated with an exploratory well are capitalised until the drilling of the well is completed and results have been evaluated. Major costs include material, chemical, fuel, well services, rig operational costs and employee costs. All other exploration costs including cost of technical studies, seismic acquisition and data processing, geological and geophysical activities are charged against income as exploration expenditure, except for exploration costs incurred under EDPSC.

E&E assets relating to each exploration license / field are carried forward, until the existence or otherwise of commercial reserves have been determined subject to certain limitations including review for indications of impairment. If commercial reserves have been discovered, the carrying value after any impairment loss of the relevant E&E assets is then reclassified as development and production assets and if commercial reserves are not found, the capitalised costs are written off as dry and abandoned wells and charged to profit or loss.

notes to and forming part of the consolidated financial statements

for the year ended June 30, 2019

E&E assets are assessed for impairment when facts and circumstances indicate that carrying amounts may exceed the recoverable amounts of these assets. Such indicators include, the point at which a determination is made as to whether or not commercial reserves exist, the period for which the Group has right to explore has either expired or will expire in the near future and is not expected to be renewed, substantive expenditure on further exploration and evaluation activities is not planned or budgeted, whether sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the E&E asset is unlikely to be recovered in full from successful development or sale, and any other event, that may give rise to indication that such assets are impaired.

Where an impairment loss subsequently reverses, the carrying amount of the E&E asset is increased up to the revised recoverable amount but limited to the extent of the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of the impairment loss is recognised as income in profit or loss.

4.3 Development and production assets

Development and production assets are accumulated on a field by field basis and represent the cost of developing the discovered commercial reserves and bringing them into production, together with the capitalised E&E expenditures incurred in finding commercial reserves transferred from E&E assets as outlined in note 4.2 above. The cost of development and production assets also includes the cost of acquisition of such assets, directly attributable overheads, and the cost of recognising provisions for future site restoration and decommissioning.

Impairment test of development and production assets is also performed whenever events and circumstances arising during the development and production phase indicate that carrying amounts of the development and production assets may exceed their recoverable amount. Such circumstances depend on the interaction of a number of variables, such as the recoverable quantities of hydrocarbons, the production profile of the hydrocarbons, the cost of the development of the infrastructure necessary to recover the hydrocarbons, the production costs, the contractual duration of the production field and the net selling price of the hydrocarbons produced.

The carrying amounts are compared against estimated recoverable amounts of the assets, generally by reference to the present value of the future net cash flows expected to be derived from such assets. The CGU considered for impairment test purpose is generally field by field basis, except that a number of fields may be grouped as a single CGU where the cash flows of each field are inter-dependent.

Where conditions giving rise to impairment subsequently reverse, the effect of the impairment charge is also reversed. The reversal is limited so that the carrying amount of the asset neither exceeds its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation / amortisation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

4.4 Intangible assets

Intangible assets are recognised if it is probable that the future economic benefits that are attributable to the assets will flow to the 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

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recognised as an expense as incurred. However, costs that are directly associated with identifiable software and have probable economic benefits exceeding one year, are recognised as an intangible asset. Direct costs include the purchase cost of software and related overhead cost. Computer software costs that are directly associated with the computer and computer controlled machines, which cannot operate without the related specific software, are included in the costs of the respective assets. When the software is not an integral part of the related hardware, it is classified as an intangible asset. Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

Expenditures which enhance or extend the performance of computer software beyond their original specification and useful life are recognised as capital improvement and added to the original cost of the software.

4.5 Depreciation and amortisation

a) Property, plant and equipment

i. Depreciation on all field based immovable assets (including production bonus and decommissioning cost) is charged on unit-of-production basis. Whereas, all moveable assets i.e. furnitures fittings & equipment, computers & allied equipment and rolling stock are depreciated on straight-line basis at the rates specified in the note 5.1 to these consolidated financial statements.

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.

No depreciation is charged on freehold and leasehold land.

For those assets that are depreciated on straight-line basis, depreciation on additions is charged from the month following the one in which the asset is available for use and on disposals up to the month the asset is in use.

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

b) Intangible assets

Amortisation on intangible assets is charged over their useful economic life on straight-line basis at the rates stated in note 6.1 to these consolidated financial statements.

Amortisation on additions is charged from the month following the one in which the asset is available for use and on disposals up to the month the asset is in use.

4.6 Business combinations and goodwill

The Group uses acquisition method of accounting for acquisition of assets or class of assets, whereby, the purchase consideration is allocated to the identifiable assets, liabilities and contingent liabilities assumed based on the fair value at the date of acquisition. Acquisition related costs are expensed as incurred and included in the profit or loss.

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Goodwill is initially measured as of the acquisition date, being the excess of (a) the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and in a business combination achieved in stages, the acquisition date fair value of the previously held equity interest in the acquiree; and (b) the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed.

In case the fair value attributable to the Group's interest in the identifiable net assets exceeds the fair value of consideration, the Group recognises the resulting gain in profit or loss on the acquisition date.

Goodwill acquired in a business combination is measured, subsequent to initial recognition, at cost less accumulated impairment losses, if any, and is tested annually and whenever, there is an indication of impairment. Impairment loss in respect of goodwill is recognised in profit or loss.

4.7 Impairment of non-financial assets and goodwill

The Group assesses at each reporting date whether there is an indication that an asset or a CGU is impaired. If any indication exists or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

Goodwill is tested for impairment annually at year end and when the circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU or group of CGUs to which the goodwill relates. When the recoverable amount of CGU is less than its carrying amount, an impairment loss is recognised.

Intangible assets with indefinite useful lives are tested for impairment annually at year end either individually or at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset neither exceeds its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

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

4.8 Stores and spares

Stores and spares are valued at weighted average cost less impairment loss, if any, except for stores in

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transit, which are valued at cost incurred upto the reporting date. Cost comprises invoice value and other direct costs. Provision is made for obsolete / slow moving items where necessary and is recognised in profit or loss.

4.9 Financial assets and financial liabilities

a) Financial assets

Classification

Financial assets are classified in the following categories: amortised cost, at fair value through other comprehensive income, at fair value through profit or loss. The classification depends on the purpose for which the financial assets were acquired. The management determines the classification of its financial assets at initial recognition and, where allowed and appropriate, re-evaluates the designation at each date of statement of financial position.

i. Amortised cost

Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets, impairment losses, foreign exchange gains and losses, and gain or loss arising on derecognition are recognised directly in profit or loss.

ii. At fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

iii. At fair value through profit or loss

Financial assets at fair value through profit or loss are those financial assets which are either designated in this category or not classified in any of the other categories. A gain or loss on debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss in the period in which it arises.

Equity instrument financial assets are measured at fair value at and subsequent to initial recognition. Changes in fair value of these financial assets are recognised in the profit or loss. Dividends from such investments continue to be recognised in profit or loss when the Group's right to receive payment is established. Where an election is made to present fair value gains and losses on equity instruments in other comprehensive income there is no subsequent reclassification of fair value gains and losses to the profit or loss following the derecognition of the investment.

Financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently remeasured to fair value, amortised cost or cost as the case may be. Any gain or loss on the recognition and derecognition of the financial assets and liabilities is included in the profit or loss for the period in which it arises.

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Financial assets are derecognised when the Group loses control of the contractual rights that comprise the financial asset. Assets or liabilities that are not contractual in nature and that are created as a result of statutory requirements imposed by the Government are not the financial instruments of the Group.

Impairment of financial assets

The Group assesses on a forward looking basis, the expected credit losses associated with its financial assets. The Group applies the simplified approach to recognise lifetime expected credit losses for trade debts and other receivables (except for due from GoP as described in note 3.3.1 to the consolidated financial statements).

Significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

The Group recognises in the profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

b) Financial liabilities

Financial liabilities are recognised at the time when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities at amortised cost are initially measured at fair value less transaction costs. Financial liabilities at fair value through profit or loss are initially recognised at fair value and transaction costs are recognised as expense in the profit or loss.

Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortised cost using the effective yield method.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender or substantially different terms, or the terms of an existing liability are substantially modified, such an exchange and modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the profit or loss.

c) Offsetting of financial instruments

A financial asset and financial liability is off-set and the net amount is reported in the statement of financial position when there is a legally enforceable right to set-off the transaction and also there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

4.10 Fair value

The fair value of financial instruments that are actively traded in organised financial markets is determined with reference to quoted market bid prices at the close of business on the date of statement of financial position. Where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions, reference to the current market value of another instrument, which has substantially similar characteristics, discounted cash flow analysis or other valuation models.

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4.11 Trade debts and other receivables

Trade debts and other receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing component in which case such are recognised at fair value. The Group holds the trade debts with the objective of collecting the contractual cash flows and therefore measures the trade debts subsequently at amortised cost using the effective interest method.

4.12 Cash and cash equivalents

Cash and cash equivalents for the purpose of statement of cash flows, comprise of cash & cheques in hand and at banks, and include short-term highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of change in value.

4.13 Decommissioning obligation and its provision

The activities of the Group normally give rise to obligations for site restoration. Restoration activities may include abandonment and removal of wells, facility decommissioning and dismantling, removal or treatment of waste materials and land rehabilitation.

Liabilities for decommissioning cost are recognised when the Group has an obligation (whether legal or constructive) to dismantle and remove a well, facility or an item of plant and to restore the site on which it is located, and when a reliable estimate of that liability can be made. An obligation for decommissioning may also crystallise during the period of operation of a facility through a change in legislation or through a decision to terminate operations. The amount recognised is the estimated cost of decommissioning, discounted to its net present value. Decommissioning cost is capitalised and subsequently amortised / depreciated as part of the well or facility to which it relates.

The provision for decommissioning is based on the best estimate of future costs and the economic life of the existing wells and facilities, however, there is uncertainty regarding both the amount and timing of incurring these costs. Any change in the present value of the estimated expenditure is dealt with prospectively and reflected as an adjustment to the provision and a corresponding adjustment to property, plant and equipment. The unwinding of the discount on the decommissioning provision is recognised as finance cost in the profit or loss.

4.14 Staff retirement benefits

a) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than the defined contribution plan. The Holding Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in current and prior periods; that benefit is discounted to determine its present value. The Holding Company maintains / operates the following benefit plans:

i. Approved pension and gratuity schemes

The Holding Company operates approved funded pension and gratuity schemes, separately, for its executive and non-executive permanent staff as per rules of service. Provisions are made annually, on the basis of actuarial valuations, for these schemes.

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Contributions to these funds require assumptions to be made in respect of future outcomes which mainly include increase in remuneration, expected long-term return on plan assets and the discount rate used to convert future cash flows to current values. Calculations are sensitive to changes in the underlying assumptions.

Remeasurements in respect of defined benefit plans are recognised in full directly in equity through other comprehensive income or loss in the period in which they occur. Such remeasurements are also immediately recognised in retained earnings and are not reclassified to profit or loss in subsequent periods. The past service costs are recognised at the earlier of when the amendment or curtailment occurs and when the Holding Company has recognised related restructuring or terminations.

These schemes are governed by their respective Trust Deeds and Rules. All matters pertaining to these schemes including contributions to the schemes and payments to outgoing members are dealt with in accordance with the respective Trust Deeds and Rules.

The liabilities under the scheme in respect of members in service on the valuation date on a going concern basis and having regard to projected salary increases, are covered by the Fund on the valuation date, the total reserve as of the valuation date, future contributions to the Fund, and future projected investment income of the Fund. As far as possible, the contribution to the Fund should remain reasonably stable as a percentage of salaries, under the Projected Unit Credit Actuarial Cost Method employed.

ii. Post retirement medical benefits

The Holding Company provides post-retirement medical benefits to its executive staff as per rules of service. The cost of these benefits is accrued over the expected remaining working lives of the employees based on actuarial valuations.

Remeasurements are recognised in full directly in equity through other comprehensive income or loss in the period in which they occur and are not reclassified to profit or loss in subsequent periods.

iii. Leave preparatory to retirement

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

The actuarial valuations of all the Benefit Plans are conducted annually by qualified actuaries and the latest valuations were conducted as on June 30, 2019 based on the 'Projected Unit Credit Actuarial Cost Method'.

b) Defined contribution plan

A defined contribution plan is a post-employment contribution plan under which an entity pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

The Holding Company operates recognised provident fund schemes, separately, for its executive and

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non-executive permanent staff. Equal monthly contributions are made by the Holding Company and the employees to the respective funds at the rate of 4.35% (executive staff) and 8% (non-executive staff) of basic salary.

The Holding Company also operates defined contribution pension fund schemes (conventional and Shariah) for its executive staff only and contributes upto 13.44% of basic salary, according to the eligibility of executive staff to the relevant funds.

4.15 Compensated absences

The Holding Company provides for compensated absences in respect of executive and non-executive staff, in accordance with the rules of the Holding Company. The cost is recognised on the basis of actuarial valuations. The latest actuarial valuations were conducted as on June 30, 2019.

4.16 Provisions

Provisions are recognised when the Group has a legal or constructive obligation as a result of past events, it is probable that outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each date of statement of financial position and adjusted to reflect the current best estimate.

4.17 Earnings per share

The Group presents basic and diluted Earnings Per Share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

4.18 Taxation

Tax for the year comprises of current and deferred tax, which is recognised in the profit or loss except to the extent that it relates to items recognised outside of profit or loss (whether in other comprehensive income or loss or directly in equity), if any, in which case the tax amounts are recognised outside profit or loss.

a) Current taxation

Provision for current taxation is based on taxable income at the applicable tax rates based on tax laws enacted or substantively enacted at the date of statement of financial position after taking into account tax credits, tax rebates and exemptions available, if any, adjusted for payments to GoP on account of royalty, as applicable, and any adjustment to tax payable in respect of previous years.

b) Deferred taxation

Deferred tax is recognised using the liability method, on all temporary differences at the date of statement of financial position between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax losses and unused tax credits, to the extent it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amount of deferred tax assets is reviewed at each date of statement of financial position and is reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the date of statement of financial position.

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

Deferred tax assets and liabilities are offset only if there is a legally enforceable right to offset current tax assets and liabilities and they relate to the income tax levied by the same tax authority.

4.19 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost at the date of statement of financial position, which is the fair value of the consideration to be paid in future for goods and services received, whether or not billed to the Group.

4.20 Revenue recognition

Revenue from sale of petroleum products & barytes (the Products) is recognised when the Group satisfies a performance obligation by transferring promised Products to customer. Products are transferred when the customer obtains their control. Revenue is recognised at transaction price (that excludes estimates of variable consideration), which represents the fair value of the consideration received or receivable, net of Government levies. Effect of adjustments, if any, arising from revision in prices is reflected as and when the prices are finalised with the customers and / or approved by the GoP.

Revenue from sale of the Products in which the Group has an interest with other joint operations partners is recognised in accordance with the Group's working interest and the terms of the relevant agreements.

4.21 Other income and Finance costs

Other income comprises of interest income on loans, funds invested, delayed payments from customers, dividend income, exchange gain and changes in the fair value of financial assets at fair value through profit or loss.

Other income on loans is recognised on time proportion basis with reference to the principal outstanding and the applicable rate of return.

Income on held-to-maturity investments and saving accounts with banks is recognised on time proportion basis taking into account the effective yield of such investments.

The Group recognises interest, if any, on delayed payments from customers on receipt basis.

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Dividend income on equity investments is recognised when the right to receive the payment is established.

Foreign currency gains and losses are reported on a net basis.

Finance costs comprise interest expense on borrowings, if any, unwinding of the discount on decommissioning obligation and bank charges. Mark up, interest and other charges on borrowings are charged to profit or loss in the period in which they are incurred.

4.22 Joint arrangements

Joint arrangements are arrangements in which the Group has contractually agreed sharing of control, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. Joint arrangements are classified as joint operations or joint ventures depending upon the rights and obligations arising from the joint arrangement and are accounted for as follows:

The Group classifies a joint arrangement as joint operations when the Group has the rights to the assets, and obligations for the liabilities, of the arrangement and accounts for each of its assets, liabilities, revenues and expenses, including its share of those held or incurred jointly, in relation to the joint operations. The Group classifies a joint arrangement as a joint venture when the Group has rights to the net assets of the arrangement.

The Group has certain contractual arrangements with other participants to engage in joint activities, where all significant operating and financial policies are determined by the participants, such that the operator itself has no significant independence to pursue its own commercial strategy. The Group has assessed the nature of its joint arrangements and determined them to be joint operations. The Group has recognised its share of assets, liabilities, revenue and expenses jointly held or incurred under the joint operations on the basis of latest available audited accounts of the joint operations and where applicable, on the basis of cost statements received from the operators of the joint operations. Estimates are made for the intervening period up to the date of statement of financial position. The difference, if any, between the cost statements and the estimates is accounted for in the next accounting year.

4.23 Foreign currency transactions and translation

Foreign currency transactions are recorded at the exchange rates approximating those prevailing on the dates of transactions. Monetary assets and liabilities denominated in foreign currencies are translated into Pakistani Rupees at the rate of exchange ruling on the date of statement of financial position and exchange differences, are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost are translated using the exchange rates on the dates of the initial transactions. Non-monetary items measured at fair value in foreign currency are translated using the exchange rates on the date on which the fair value was determined.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the date of statement of financial position.

On consolidation, the assets and liabilities of foreign operations are translated into Pakistani Rupees at the rate of exchange prevailing at the date of statement of financial position and their income and expenses are translated at exchange rates approximating those prevailing at the dates of the transactions. The exchange

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5.2 Summary of significant assets

The following assets have significant operational value to the Group:

Particulars	June 30, 2019		June 30, 2018	
	Cost	NBV	Cost	NBV
	Rs '000			
Head Office				
Land for Head Office Building	1,315,076	1,315,076	1,315,076	1,315,076
Sui Field				
SML / SUL Compression and High Pressure Casings Booster Compression Project - SML	5,648,503	-	5,664,138	-
	2,891,688	1,959,268	2,890,674	2,265,302
Adhi Field				
LPG / NGL Plant III	4,504,111	3,218,775	4,504,111	3,737,054
Kandhkot Field				
Gas Compression Station	8,634,309	1,888,439	8,634,309	2,246,927
Hala Field				
Gas Processing Facility (GPF)	1,252,858	145,624	1,252,858	193,515
Sawan Field				
Front End Compression	3,228,841	365,455	3,228,253	619,286
Other Plant and Machinery	2,358,134	-	2,357,705	-
Tal Field				
Makori Central Processing Facility CPF Manzalai	6,353,133	2,547,655	5,724,711	3,332,098
	3,155,195	282,810	3,155,195	439,649
Nashpa Field				
Nashpa LPG Plant	4,731,035	3,965,465	4,484,629	4,484,629
Latif Field				
Reception / Tie-in Facility	1,165,465	318,729	1,165,465	629,691
Gambat South Field				
Gas Processing Facility (GPF) II	10,730,701	7,871,888	10,317,301	8,253,841

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5.3 Cost and accumulated depreciation include:

	Cost		Accumulated depreciation	
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
	Rs '000			
Share in Group operated joint operations	22,697,872	21,177,239	8,726,830	6,781,480
Share in partner operated joint operations	40,395,628	37,302,976	26,082,531	20,268,850
	<u>63,093,500</u>	<u>58,480,215</u>	<u>34,809,361</u>	<u>27,050,330</u>

5.3.1 The above figures represent assets under all areas excluding Sui and Kandhkot, since these are 100% owned areas of the Holding Company.

5.4 Capital work-in-progress

	June 30, 2019	June 30, 2018
	Rs '000	
Plant, machinery, fittings and pipelines	9,418,322	8,980,797
Exploration and Evaluation (E&E) assets	26,217,783	20,503,317
Development and Production (D&P) assets	7,461,181	5,929,579
Lands, buildings and civil constructions	157,547	180,117
Capital stores for drilling and development	17,987,295	15,907,319
	<u>61,242,128</u>	<u>51,501,129</u>

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

	Plant, machinery, fittings and pipelines	Exploration and evaluation assets	Development and production assets	Lands, buildings and civil constructions	Capital stores for drilling and development	Total
	Rs '000					
Balance as on July 1, 2017	12,896,913	13,797,746	5,066,878	214,057	14,370,173	46,345,767
Capital expenditure incurred/ advances made during the year (net) - note 5.5.1 & 5.5.2	6,855,599	9,197,061	11,826,015	67,672	1,537,146	29,483,493
Adjustments / reclassifications	(1,504)	(7,439)	-	2,484	-	(6,459)
Transferred to operating assets	(10,770,211)	(2,484,051)	(10,963,314)	(104,096)	-	(24,321,672)
Balance as on June 30, 2018	8,980,797	20,503,317	5,929,579	180,117	15,907,319	51,501,129
Capital expenditure incurred/ advances made during the year (net) - note 5.5.1 & 5.5.2	6,156,010	6,907,008	10,564,877	91,391	2,079,976	25,799,262
Adjustments / reclassifications	(113,208)	129,660	(104,257)	45,112	-	(42,693)
Transferred to operating assets	(5,605,277)	(1,322,202)	(8,929,018)	(159,073)	-	(16,015,570)
Balance as on June 30, 2019	9,418,322	26,217,783	7,461,181	157,547	17,987,295	61,242,128

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5.5.1 Amounts under E&E assets are netted off by cost of dry wells charged to profit or loss during the year, amounting to Rs 18,998 million (2018: Rs 7,180 million).

5.5.2 Amounts under Capital stores for drilling and development are net of consumption during the year.

5.6 Property, plant and equipment includes major spare parts and standby equipment having cost of Rs 238.957 million (2018: Rs 246.341 million).

5.7 Particulars of immovable property (land and building) in the name of the Holding Company (net share) are as follows:

Location	Total Area (Acreage)
Freehold Land & Building	
Sui Field	2,524.69
Kandhkot Field	161.90
Mazarani Field	172.30
Water Pump Station, Village Kot Khewali, District Kashmore (KPS)	14.84
Leasehold Land & Building	
Plot No.3, CL-9, Civil Lines Quarters, Dr. Ziauddin Ahmed Road, Karachi	1.44
Kandhkot Field	812.12
Adhi Field	144.31
KPS	190.64

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5.8 Particulars of the Holding Company's business units, including plants, are as follows:

S.No	Business Unit	Address	Geographical location (Province)	Plants
1.	Head Office	P.I.D.C. House Dr. Ziauddin Ahmed Road. P.O. Box 3942. Karachi-75530	Sindh	Not applicable
2.	Regional Office	Gerry's Centre Justice Abdul Rasheed Road 7th Avenue, Sector G-6/1 Islamabad	Islamabad	Not applicable
3.	Sui Gas Field	Sui Dera Bugti, Balochistan	Balochistan	1) Sui Field Gas Compression Station 2) Purification Plant 3) Gas Processing Facility
4.	Adhi Field	District, Rawalpindi	Punjab	1) LPG Plant - I 2) LPG Plant - II 3) LPG / NGL Plant - III
5.	Kandhkot Gas Field	District, Kashmore	Sindh	1) Dehydration Unit 2) Kandhkot Gas Compression Station
6.	Gambat South Field	District, Sanghar	Sindh	1) Gas Processing Facility - I 2) Gas Processing Facility - II 3) Gas Processing Facility - IV
7.	Mazarani Gas Field	District, Kamber	Sindh	Gas Processing Facility
8.	Chachar Gas Field	District, Kashmore	Sindh	Not applicable, since the gas is processed at Kandhkot Gas Field
9.	Hala Field	Districts, Sanghar and Matiari	Sindh	Gas Processing Facility

6. INTANGIBLE ASSETS

	June 30, 2019	June 30, 2018
	----- Rs '000 -----	-----
Computer software including ERP system - note 6.1	341,972	294,433
Intangible assets under development	139,163	125,854
	481,135	420,287

notes to and forming part of the consolidated financial statements

for the year ended June 30, 2019

6.1 Computer software including ERP system

	ERP system	Computer software	Total
----- Rs '000 -----			
As at July 01, 2017			
Cost	367,404	1,256,044	1,623,448
Accumulated amortisation	(327,473)	(943,079)	(1,270,552)
NBV	39,931	312,965	352,896
Year ended June 30, 2018			
Additions (at cost)	5,780	95,568	101,348
Adjustments / re-classifications	(10,812)	10,812	-
Amortisation charge - note 31	(3,558)	(156,253)	(159,811)
NBV	31,341	263,092	294,433
As at July 01, 2018			
Cost	362,372	1,362,424	1,724,796
Accumulated amortisation	(331,031)	(1,099,332)	(1,430,363)
NBV	31,341	263,092	294,433
Year ended June 30, 2019			
Additions (at cost)	58,609	162,088	220,697
Amortisation charge - note 31	(10,467)	(162,691)	(173,158)
NBV	79,483	262,489	341,972
As at June 30, 2019			
Cost	420,981	1,524,512	1,945,493
Accumulated amortisation	(341,498)	(1,262,023)	(1,603,521)
NBV	79,483	262,489	341,972
Rate of amortisation (%)	20	33	

notes to and forming part of the consolidated financial statements

for the year ended June 30, 2019

7. LONG-TERM INVESTMENTS

Investments in related parties

- Wholly owned subsidiaries

- PPPFTC - note 7.1

June 30, 2019 June 30, 2018
----- Rs '000 -----

Other investments

- At amortised cost

- Local currency term deposits with bank - note 7.2

- Foreign currency term deposits with banks - note 7.3

- At fair value through profit or loss

- Mutual Funds (UBL Al Amin Funds)

1	1
-	2,000,000
39,192,228	29,555,194
39,192,228	31,555,194
-	74,191
39,192,229	31,629,386

7.1 Pakistan Petroleum Provident Fund Trust Company (Private) Limited

PPPFTC, a wholly owned subsidiary of the Holding Company, has neither made any profits nor incurred any losses from the date of its incorporation to June 30, 2019. The paid-up capital of PPPFTC is Rs 1,000 divided into 100 ordinary shares of Rs 10 each.

SECP through its letter CLD/RD/CO.237/PPL/2004 dated July 6, 2004 has exempted the Holding Company from consolidation of financial statements in respect of its investment in PPPFTC under Companies Act, 2017. Accordingly, the Holding Company has not consolidated PPPFTC in its consolidated financial statements for the year ended June 30, 2019.

7.2 Local currency term deposits with bank

These term deposits have been reclassified under short term investments at amortised cost, as per the management intentions.

7.3 Foreign currency term deposits with banks

These represent term deposits with banks amounting to US Dollar 238.977 million (June 30, 2018: US Dollar 243.453 million) having effective interest rate ranging from 3.53% to 6.90% (2018: 2.50% to 4.01%) per annum. These investments have been classified as non-current assets, as the management intends and has the ability to hold the amounts for longer term.

notes to and forming part of the consolidated financial statements

for the year ended June 30, 2019

8. LONG-TERM LOANS

Unsecured and considered good Long-term loans - staff - note 8.1

- Executive staff - note 8.2
- Other employees

- Less: Current maturities
- Executive staff
 - Other employees

June 30, 2019 June 30, 2018
------(Rs '000)-----

20,682	19,869
26,042	5,090
46,724	24,959
(6,592)	(7,597)
(6,113)	(1,295)
(12,705)	(8,892)
34,019	16,067

- 8.1 These mainly represent house purchase / building, household appliances, generator and car / motorcycle loans disbursed to employees under the terms of employment and are recoverable by the Holding Company in accordance with the Holding Company's rules over a maximum period of ten years. The loans carry interest rate ranging from 1% to 10% (2018: 1% to 10%) per annum. Loans to employees have not been discounted as the amount involved is not significant.

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

June 30, 2019 June 30, 2018
------(Rs '000)-----

Balance as on July 01	19,869	24,310
Disbursements	10,630	7,580
Repayments / adjustments	(9,817)	(12,021)
Balance as on June 30	20,682	19,869

The maximum aggregate amount of loans due from the executive staff at the end of any month during the year was Rs 21.410 million (2018: Rs 23.527 million).

June 30, 2019 June 30, 2018
------(Rs '000)-----

9. LONG-TERM DEPOSITS

Cash margin:

- For guarantee to International Bank of Yemen - note 9.1
- Others

Less: Current maturity of long-term deposits

911,850	911,850
7,676	7,676
919,526	919,526
(911,850)	(911,850)
7,676	7,676

notes to and forming part of the consolidated financial statements

for the year ended June 30, 2019

- 9.1 The Production Sharing Agreement (PSA) for Yemen Block-29 (Block) was entered into by the Ministry of Oil & Minerals of the Republic of Yemen (the Ministry of Yemen), OMV (Yemen) South Sanau Exploration GmbH (the Operator), Pakistan Petroleum Limited (the Holding Company) and Yemen General Corporation for Oil & Gas on April 13, 2008 and made effective on March 17, 2009.

The Holding Company placed a Letter of Credit (LC) amounting to USD 7.5 million through International Bank of Yemen (IBoY) on submission of counter guarantee through United Bank Limited against 100% cash margin in Pakistani Rupees, to guarantee its performance under the PSA. Subsequently, the Holding Company assigned its Participating Interest in the Block to its wholly-owned subsidiary PPLE with effect from May 14, 2014.

The Operator, on behalf of the entities comprising Contractor of the PSA, served notice to the Ministry of Yemen through its letter dated April 21, 2015 of force majeure in accordance with Article 22 of the PSA in the Block. Further, on June 21, 2016, the Operator served a notice of termination of PSA pursuant to force majeure, to the Ministry of Yemen which became effective after ninety days from the date of notice of termination i.e. September 19, 2016. The Ministry of Yemen objected to the notice of termination vide its letter dated September 06, 2016.

Pursuant to the above, the Ministry of Yemen vide letter dated February 01, 2018 addressed to the Operator gave its "no objection" to its notice of termination. The said letter has placed certain conditions primarily relating to the payment of outstanding financial obligations before the Operator's bank guarantee could be released. PPLE, vide letter dated February 26, 2018, also requested Ministry of Yemen for the release of the Holding Company's bank guarantee/ LC. The Operator, vide letter dated May 20, 2018, confirmed fulfilment of the conditions and requested Ministry of Yemen for release of its as well as the Holding Company's bank guarantee / LC.

The Operator, vide letter dated February 06, 2019, communicated to the Ministry of Yemen that it understands that the Ministry of Yemen may face difficulties in releasing the original bank guarantees due to security situation in Sanaa (at which Ministry of Yemen's office is located and where the original bank guarantees of both the Operator and the Holding Company exist) and suggested to the Ministry of Yemen that it may confirm in writing to its bank, IBoY, that the Block 29 PSA has been terminated and no further commitments / obligations against Operator's and PPLE's bank guarantee exist and further request IBoY to issue authenticated swift message to the Operator's and PPLE's respective banks to release their guarantee obligations. The Ministry of Yemen vide letter dated March 24, 2019 again gave its "no objection" to the Operator's request for release of guarantee / LC, subject to fulfillment of certain requirements. The Operator vide letter dated August 07, 2019 responded to the Ministry of Yemen, thereby providing the required clarification / information. Reply to the Operator's response is awaited.

June 30, 2019 June 30, 2018
------(Rs '000)-----

10. LONG-TERM RECEIVABLES

Unsecured and considered good

Long-term receivables from:

- Government Holdings (Private) Limited (GHPL) - note 10.1

Less: Current maturity of long-term receivables from GHPL

209,524	125,456
(125,714)	(50,786)
83,810	74,670

notes to and forming part of the consolidated financial statements

for the year ended June 30, 2019

10.1 This represents share of carrying cost borne by the Holding Company, in respect of Tal field, which is recoverable from GHPL in accordance with the terms set out under the relevant Petroleum Concession Agreement (PCA). The receivable has not been discounted as required under IFRS 9 as the amount involved is not significant.

11. STORES AND SPARES

	June 30, 2019	June 30, 2018
	------(Rs '000)-----	
Stores and spares	3,445,615	3,716,079
Stores and spares - in transit	17,393	18,122
	3,463,008	3,734,201
Less: Provision for obsolete / slow moving stores and spares - note 11.1	(316,026)	(205,763)
	3,146,982	3,528,438
11.1 Reconciliation of provision for obsolete / slow moving stores and spares:		
Balance as on July 01	205,763	149,778
Charge for the year - note 34	110,263	55,985
Balance as on June 30	316,026	205,763

12. TRADE DEBTS

Unsecured and considered good

Related parties - note 12.1

Central Power Generation Company Limited (GENCO-II)	36,356,708	15,395,000
Sui Northern Gas Pipelines Limited (SNGPL)	107,862,822	66,902,697
Sui Southern Gas Company Limited (SSGCL)	73,583,432	50,204,038
Pak-Arab Refinery Limited (PARCO)	1,335,964	912,202
Pakistan Refinery Limited (PRL)	623,152	593,175
Oil & Gas Development Company Limited (OGDCL)	371,716	259,447
	220,133,794	134,266,559

Non-related parties

Attock Refinery Limited (ARL)	6,349,987	7,066,439
National Refinery Limited (NRL)	639,950	367,586
Others	506,402	1,124,161
	7,496,339	8,558,186
	227,630,133	142,824,745

Unsecured and considered doubtful

Non-related party

Byco Petroleum Pakistan Limited (Byco)	1,156,220	1,156,220
Less: Provision for doubtful debts - note 12.4	(1,156,220)	(1,156,220)
	-	-
	227,630,133	142,824,745

notes to and forming part of the consolidated financial statements

for the year ended June 30, 2019

12.1 Maximum aggregate amount outstanding at any time during the year with respect to month end balance is as follows:

	June 30, 2019	June 30, 2018
	------(Rs '000)-----	
GENCO-II	36,356,708	17,957,433
SNGPL	107,862,822	69,277,373
SSGCL	73,583,432	50,204,038
PARCO	1,538,435	1,368,786
PRL	897,311	768,687
OGDCL	672,922	299,221
	220,911,630	139,875,538

12.2 The ageing of trade debts as at June 30 is as follows:

Neither past due nor impaired	29,826,683	25,267,261
Past due but not impaired:		
Related parties		
- within 90 days	33,604,162	19,109,317
- 91 to 180 days	30,228,424	18,804,077
- over 180 days	130,377,368	78,038,673
	194,209,954	115,952,067
Non-related parties		
- within 90 days	2,477,229	1,515,740
- 91 to 180 days	134,240	6,515
- over 180 days	982,027	83,162
	3,593,496	1,605,417
	227,630,133	142,824,745

12.3 Trade debts include overdue amount of Rs 192,966 million (2018: Rs 115,951 million) receivable from the State controlled companies (i.e. GENCO-II, SNGPL, SSGCL and OGDCL) and Rs 5,994 million (2018: Rs 2,763 million) overdue receivable from refineries (i.e. ARL, Byco, PARCO, NRL and Pakistan Refinery Limited) and various LPG customers.

Based on the measures being undertaken by the GoP, the Group considers the overdue amounts to be fully recoverable and therefore, no further provision for doubtful debts has been made in these consolidated financial statements, except for provision against receivable from Byco.

12.4 The Holding Company has filed a legal suit in the Sindh High Court (SHC) against Byco for recovery of overdues. The said suit is pending adjudication before the SHC.

notes to and forming part of the consolidated financial statements

for the year ended June 30, 2019

	June 30, 2019	June 30, 2018
	------(Rs '000)-----	------(Rs '000)-----
13. LOANS AND ADVANCES		
Unsecured and considered good		
Loans and advances to staff	67,519	69,440
Advances to suppliers and others	310,577	318,767
Advance payment of cash calls to joint operations – note 37	697,556	1,118,197
	<u>1,075,652</u>	<u>1,506,404</u>
14. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS		
Trade deposits	96,026	82,432
Prepayments	375,449	152,491
	<u>471,475</u>	<u>234,923</u>
15. INTEREST ACCRUED		
Profit receivable on:		
- long-term investments	658,400	403,812
- long-term bank deposits	22,903	9,503
- short-term investments	153,440	117,980
- bank deposits - saving accounts	20,508	16,114
	<u>855,251</u>	<u>547,409</u>
16. OTHER RECEIVABLES		
Receivable from:		
SNGPL for Sui field services	25,621	15,392
SSGCL for Sui field services	13,333	9,562
Workers' Profits Participation Fund (WPPF) - note 16.1	521,349	59,936
Staff retirement benefit plans - note 32.1.2	227,496	33,338
Current accounts with joint operations - note 37	1,259,698	1,649,235
Indemnification asset	498,142	368,693
Others	288,664	78,820
	<u>2,834,303</u>	<u>2,214,976</u>
16.1 WPPF		
Balance as on July 01	59,936	(600,542)
Allocation for the year - note 34	(3,217,249)	(3,353,699)
Interest on funds utilised in the Holding Company's business - note 33	(2,292)	(15,028)
	<u>(3,159,605)</u>	<u>(3,969,269)</u>
Amount paid during the year	3,680,954	4,029,205
Balance as on June 30	<u>521,349</u>	<u>59,936</u>

notes to and forming part of the consolidated financial statements

for the year ended June 30, 2019

	June 30, 2019	June 30, 2018
	------(Rs '000)-----	------(Rs '000)-----
17. SHORT-TERM INVESTMENTS		
At amortised cost		
- Foreign currency term deposits with banks - note 17.1	7,872,820	8,306,916
- Local currency term deposits with banks - note 17.2	4,226,500	14,072,500
At fair value through profit or loss		
- Mutual Funds - note 17.3	4,016,298	-
	<u>16,115,618</u>	<u>22,379,416</u>
17.1	These carry profit ranging from 2.44% to 3.27% (2018: from 1.64% to 2.90%) per annum.	
17.2	These carry profit ranging from 6.10% to 14.01% (2018: from 5.78% to 7.78%) per annum.	
17.3 Mutual Funds		
Name of Fund		
NBP Money Market Fund	799,076	-
Atlas Money Market Fund	703,280	-
Alfalsh GHP Money Market Fund	1,724,138	-
MCB Cash Management Optimizer	642,597	-
Others	147,207	-
	<u>4,016,298</u>	<u>-</u>
	This represents 107,847,977 units (net share) having face value of Rs 37.24. Further, this investment is a Shariah compliant arrangement and has been categorised under Level 1 of the fair value hierarchy. IFRS-7, 'Financial Instruments: Disclosure' requires the Holding Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:	
- Level 1:	Quoted prices (unadjusted) in active markets for identical assets or liabilities.	
- Level 2:	Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).	
- Level 3:	Inputs for the asset or liability that are not based on observable market data (unobservable inputs).	

notes to and forming part of the consolidated financial statements

for the year ended June 30, 2019

18. CASH AND BANK BALANCES

At banks

- Saving accounts
Local currency - note 18.1
Foreign currency - note 18.2

- Current accounts
Local currency
Foreign currency

Cash and cheques in hand

June 30, 2019 June 30, 2018
------(Rs '000)-----

	June 30, 2019	June 30, 2018
	7,039,136	5,883,392
	487,954	824,687
	7,527,090	6,708,079
	657,158	1,212,404
	304,108	256,172
	961,266	1,468,576
	74,137	74,978
	8,562,493	8,251,633

18.1 These carry profit at the rate ranging from 2.25% to 12.10% (2018: from 1.75% to 6.60%) per annum. Further, it includes Rs 83.443 million (2018: Rs 55.302 million) placed under an arrangement permissible under Shariah.

18.2 These carry profit at the rate ranging from 0.10% to 1.30% (2018: from 0.10% to 1.30%) per annum.

19. SHARE CAPITAL

Authorised

2,500,000,000 (2018: 2,500,000,000) ordinary shares of Rs 10 each
26,510 (2018: 26,510) convertible preference shares of Rs 10 each

Issued

2,267,665,924 (2018: 1,971,907,643)
ordinary shares of Rs 10 each - note 19.1

10,792 (2018: 11,359) convertible preference shares of Rs 10 each - note 19.2

June 30, 2019 June 30, 2018
------(Rs '000)-----

	June 30, 2019	June 30, 2018
	25,000,000	25,000,000
	265	265
	25,000,265	25,000,265
	22,676,659	19,719,076
	108	114
	22,676,767	19,719,190

notes to and forming part of the consolidated financial statements

for the year ended June 30, 2019

Subscribed and paid-up

683,076,851 (2018: 683,076,284) ordinary shares of Rs 10 each for cash - note 19.1

1,581,649,526 (2018: 1,285,891,812) ordinary shares of Rs 10 each issued as bonus shares
2,750,000 (2018: 2,750,000) ordinary shares of Rs 10 each for consideration other than cash under an Agreement for Sale of Assets dated March 27, 1952 with Burmah Oil Company Limited

10,792 (2018: 11,359) convertible preference shares of Rs 10 each for cash - note 19.2

19.1 Issued, subscribed and paid-up capital

During June 2002, a rights issue of 653,170,040 ordinary shares of Rs 10 each was made to the existing shareholders, irrespective of the class. Out of the above, 189,547 (2018: 189,547) shares remained unsubscribed.

In July 2004, the GoP disinvested its shareholding, equivalent to 15% of the paid-up ordinary share capital (i.e. 102,875,500 ordinary shares) of the Holding Company through an Initial Public Offering. Whereas, in July 2014, the GoP completed the disinvestment of its 70,055,000 shares through a Secondary Public Offering. Consequently, the shareholding of the GoP in the Holding Company reduced to 67.51% of the paid-up ordinary share capital.

19.2 Convertible preference shares

In accordance with article 3(iv) of the Holding Company's Articles of Association, shareholders holding convertible preference shares have the right to convert all or any of their convertible preference shares into ordinary shares on the basis of one ordinary share for each convertible preference share converted, such conversion to take place upon the expiry of six months following service of written notice upon the Holding Company's Company Secretary by the holders of such convertible preference shares to that effect. During the year, 567 (2018: 620) convertible preference shares were converted into ordinary shares.

The convertible preference shares have right to a dividend ranking pari passu with the level of dividend payable to the holders of ordinary shares subject, however, to a maximum rate of thirty percent per annum of the value of the total number of such convertible preference shares held. The convertible preference shares issued by the Holding Company do not carry any fixed return.

June 30, 2019 June 30, 2018
------(Rs '000)-----

	June 30, 2019	June 30, 2018
	6,830,768	6,830,762
	15,816,496	12,858,919
	27,500	27,500
	22,674,764	19,717,181
	108	114
	22,674,872	19,717,295

notes to and forming part of the consolidated financial statements

for the year ended June 30, 2019

20. RESERVES

Capital reserve - note 20.1 Revenue reserves

- General and contingency reserve - note 20.2
- Insurance reserve - note 20.3
- Assets acquisition reserve - note 20.4
- Dividend equalisation reserve - note 20.5
- Unappropriated Profit
- Translation reserves- note 4.23

June 30, 2019 June 30, 2018
------(Rs '000)-----

	June 30, 2019	June 30, 2018
Capital reserve - note 20.1	1,428	1,428
Revenue reserves		
- General and contingency reserve - note 20.2	69,761	69,761
- Insurance reserve - note 20.3	34,021,894	34,021,894
- Assets acquisition reserve - note 20.4	23,751,980	23,751,980
- Dividend equalisation reserve - note 20.5	2,535,354	2,535,354
- Unappropriated Profit	211,058,757	157,972,291
- Translation reserves- note 4.23	4,090,249	2,379,493
	<u>275,527,995</u>	<u>220,730,773</u>
	<u>275,529,423</u>	<u>220,732,201</u>

20.1 Capital reserve

This represents consideration for the surrender of the right of the Mari North Mining Lease. In accordance with the transfer agreement with the GoP, the foregoing consideration has to be carried forward as capital reserve and cannot be distributed.

20.2 General and contingency reserve

The balance in general and contingency reserve account is constant since December 31, 1981. The reserve was built through appropriation from the available profit after taxation on a yearly basis to cater for unforeseen requirements. As at December 31, 1981, the balance available in the statement of profit or loss after appropriation of dividend for the year was transferred to the general and contingency reserve upon the coming into effect of the Sui Gas Well-head Price Agreement, 1982 (1982 GPA), which required inclusion of this reserve as a part of the shareholders' funds for qualifying for return under the 1982 GPA (now dismantled). Since then, this balance has remained constant. This reserve can be utilised by the Holding Company only for the purpose specified in the 1982 GPA.

20.3 Insurance reserve

Due to difficulty in obtaining insurance policy for full value of Holding Company's assets against terrorism, sabotage and civil commotion at reasonable premiums and deductibles, the Holding Company has built-up an insurance reserve for self-insurance cover against these risks.

The Holding Company has arranged terrorism cover from the international market upto the limit of liability of US\$ 100 million (Rs 16,450 million) for single occurrence, as well as, annual aggregate.

20.4 Assets acquisition reserve

In view of the declining hydrocarbon reserves profile of the Holding Company, it is intended to acquire sizeable producing reserves for which a separate assets acquisition reserve has been established.

notes to and forming part of the consolidated financial statements

for the year ended June 30, 2019

20.5 During the year ended June 30, 2013, the Holding Company established a dividend equalisation reserve to maintain dividend declarations.

21. PROVISION FOR DECOMMISSIONING OBLIGATION

June 30, 2019 June 30, 2018
------(Rs '000)-----

	June 30, 2019	June 30, 2018
Balance at beginning of the year	22,963,492	20,469,209
- Provision during the year	1,618,722	1,248,022
- Revision due to change in estimates	(111,277)	785,964
- Adjustment during the year	(45,387)	47,689
- Unwinding of discount - note 33	739,090	412,608
Balance at end of the year	<u>25,164,640</u>	<u>22,963,492</u>

The above provision for decommissioning obligation is analysed as follows:

Wells

Share in operated assets	18,074,349	15,525,756
Share in partner operated assets	2,913,784	3,251,970

Production facilities

Share in operated assets	2,103,090	2,183,857
Share in partner operated assets	2,073,417	2,001,909
	<u>25,164,640</u>	<u>22,963,492</u>

21.1 The provision has been discounted using a US Dollar based real discount rate of 4.5% (2018: 2.3%) per annum.

June 30, 2019 June 30, 2018
------(Rs '000)-----

22. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	June 30, 2019	June 30, 2018
Present value of minimum lease payments - note 22.1	68,136	142,757
Current maturity	(56,029)	(74,621)
	<u>12,107</u>	<u>68,136</u>

22.1 The liabilities against assets subject to finance lease represent the leases entered into with leasing companies for rolling stock, computers and allied equipment. The periodic lease payments include rates of mark-up ranging from 9.78% to 13.28% (2018: from 9.78% to 14.91%) per annum. The Holding Company has the option to purchase the assets upon expiry of the respective lease terms. There are no financial restrictions in the lease agreements.

notes to and forming part of the consolidated financial statements

for the year ended June 30, 2019

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, 2019	June 30, 2018	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
Rs '000					
Year ended June 30,					
2019	-	84,092	-	9,471	74,621
2020	60,701	63,599	4,672	7,368	56,231
2021	12,981	12,779	1,288	1,288	11,491
2022	440	440	26	26	414
Total	74,122	160,910	5,986	18,153	142,757

22.2 Lease rental payments including financial charges thereon for the year ended June 30, 2019, amounts to Rs 74.621 million (2018: Rs 113.130 million).

23. DEFERRED LIABILITIES

Post-retirement medical benefits - note 32.2.1
Leave preparatory to retirement - note 32.3

June 30, 2019	June 30, 2018
------(Rs '000)-----	
2,130,362	1,949,451
623,913	702,080
2,754,275	2,651,531

24. DEFERRED TAXATION

(Deductible) / taxable temporary differences on:

Exploration expenditure	(2,275,438)	(2,418,850)
Provision for staff retirement and other benefits	(798,341)	(1,441,797)
Provision for obsolete / slow moving stores	(91,648)	(59,671)
Provision for doubtful debts	(462,488)	(462,488)
Provision for windfall levy on oil / condensate	(3,002,442)	(1,030,017)
Provision for decommissioning obligation	2,734,151	2,108,978
Accelerated tax depreciation allowances	4,816,908	6,615,236
Exploratory wells cost	14,765,350	14,205,837
Development and production expenditure	21,449,236	20,005,133
Others	(887)	591
37,134,401	37,522,952	

notes to and forming part of the consolidated financial statements

for the year ended June 30, 2019

June 30, 2019 June 30, 2018
------(Rs '000)-----

25. TRADE AND OTHER PAYABLES

Creditors	858,920	1,371,618
Accrued liabilities	10,066,034	6,001,897
Security deposits from LPG distributors	347,280	766,180
Retention money	117,425	127,870
Gas Development Surcharge (GDS)	21,537,888	9,031,121
Gas Infrastructure Development Cess (GIDC)	7,667,350	4,021,115
Federal excise duty (net)	16,751	143,208
Sales tax (net)	66,747	908,317
Royalties	9,153,785	10,721,863
Lease extension bonus	15,481,758	10,768,415
Current accounts with joint operations - note 37	17,635,895	13,593,750
Staff retirement benefit plans	1,050,689	2,306,171
Provision for windfall levy on oil / condensate - note 26.1.8	5,718,937	1,961,937
Contractual obligations for Iraq EDPSC - note 25.1	1,709,746	1,156,432
Others	392,660	418,730
91,821,865	63,298,624	

25.1 These represent Infrastructure Fund amounting to Rs 1,419.340 million (2018: Rs 700.912 million) and Training, Technology & Scholarship Fund amounting to Rs 290.406 million (2018: Rs 455.520 million) payable under the EDPSC with MDOC.

June 30, 2019 June 30, 2018
------(Rs '000)-----

26. CONTINGENCIES AND COMMITMENTS

26.1 Contingencies

26.1.1 Corporate guarantees

Corporate guarantees (including share of joint operations areas) issued to custom authorities, redeemable on receipt of necessary certification from regulatory authority or clarification from custom authorities.

37,454 42,083

26.1.2 Pursuant to the directives of the Price Determining Authority, Ministry of Energy (Petroleum Division), the Holding Company is not taking credit for interest income receivable from GENCO-II and no provision is being made for the interest payable to GoP on late payment of GDS.

26.1.3 Sales tax

The Holding Company has received various orders from the tax authorities raising demand of Rs 184 million on account of sales tax for different tax periods in terms of the relevant provisions of the Sales Tax Act, 1990. Being aggrieved, the Holding Company is contesting the matter before the appellate fora.

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26.1.4 Income tax

- (a) The tax authorities have amended the assessments of the Holding Company for the tax years 2003 to 2018 raising an aggregate demand of Rs 29,384 million; which primarily relates to rate issue, depletion allowance, decommissioning cost and tax credits under sections 65A, 65B and 65E of the Income Tax Ordinance, 2001. The Holding Company has paid / adjusted an amount of Rs 27,609 million out of the said aggregate demand. The outstanding demand relates to tax years 2003 to 2009 which has been stayed by the Honourable Sindh High Court (SHC). The appeals in respect of assessments made by the tax authorities are pending at the following appellate fora:

Tax Year	Appellate Forum
2003 to 2012	Sindh High Court
2013 and 2017	Appellate Tribunal Inland Revenue
2017 (second amendment) & 2018	Commissioner Inland Revenue (Appeals)

The Holding Company, based on the advice of its legal counsel, is confident that it has sound grounds to defend the appeals on the aforesaid issues. However, the Holding Company as a matter of prudence, has continued to provide for tax liabilities in respect of tax rates, depletion allowance and tax credits under sections 65A, 65B and 65E relating to Agreement Areas in the books of accounts. In case the appeals relating to the said issues are decided in favor of the Holding Company, an amount of Rs 20,187 million (2018: Rs 18,197 million) will be credited to the Statement of Profit or Loss for that year.

- (b) During the year ended June 30, 2013, the Holding Company acquired shares of MND Exploration and Production Limited (now PPL Europe E&P Limited and a tax resident of United Kingdom) from MND E&P A.S. (a tax resident of Czech Republic). The tax authorities while amending the assessment of MND E&P A.S. has raised demand of Rs 700.650 million in respect of the said transaction. After raising the said demand, the tax authorities have issued a show-cause notice to the Holding Company intending to recover the said amount by making the Holding Company representative of MND E&P A.S. Based on the advice of the legal counsel, the Holding Company has filed a suit before the Honourable SHC challenging the impugned show-cause notice on the ground that the Holding Company does not have a business connection with MND E&P A.S. and therefore, it could not be treated as the representative of MND E&P A.S. The Honourable SHC has granted interim stay with the directions to tax authorities to maintain status quo in respect of the said notice.

26.1.5 Sindh Workers' Welfare Fund

The Holding Company received a notice from SRB requesting to pay the amount of Sindh Workers' Welfare Fund (SWWF) under the SWWF Act, 2014 for the tax year 2015. The Holding Company, on the advice of its legal counsel, challenged the jurisdiction of the notice, and vires of SWWF Act, 2014 before the Honourable SHC. The Honourable SHC vide an interim order dated April 28, 2016 directed that no coercive action be taken against the Holding Company. The management of the Holding Company, based on its legal counsel's advice, is confident that the matter will be ultimately decided in favour of the Holding Company in the court of law, therefore, no provision has been made in the financial statements.

26.1.6 Sindh Workers' Profit Participation Fund

The Holding Company has received a notice dated March 7, 2018 from SRB requesting to provide certain information / details and to deposit the amount of Sindh Workers' Profit Participation Fund (SWPPF)

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for the year ended June 30, 2019

from 2011 to 2016 in terms of the Sindh Companies Profit (Workers Participation) Act, 2015. The Holding Company on the advice of its legal counsel, challenged the vires of SWPPF Act, 2015 and has obtained interim stay. Further, in view of the potential exposure involved, the Holding Company, on the advice of the legal counsel, has also obtained an interim stay from Honourable SHC for the years 2017 and 2018 with the direction to deposit the leftover amount of SWPPF relating to Sindh before the Nazir of the Court, which has been duly complied with. The matter is now pending before the Honourable SHC for adjudication.

26.1.7 Others

The Honourable SHC vide its order dated August 3, 2017, wherein the Holding Company was not a party, has held that tax disputes cannot be agitated under the original civil jurisdiction of the SHC. This decision of a Division Bench of the Honourable SHC impacts a number of suits and appeals filed by the Holding Company under the original civil jurisdiction of the Honourable SHC that are pending adjudication and wherein interim restraining orders have also been obtained against the tax authorities. In view of the considerable potential impact, the Holding Company, on the advice of its legal counsel, had challenged the said judgement in the Honourable Supreme Court of Pakistan (SCP). The Honourable SCP vide its order dated June 27, 2018 has held that although tax cases can be argued under the original civil jurisdiction of the High Court, however, has made the same conditional to payment of at least 50 per cent of the tax calculated in the Government treasury. Subsequently, being aggrieved of the said condition of payment of 50 percent, the Holding Company, on the basis of its legal counsel's advice, has filed a review petition before the Honourable SCP. The said review petition is pending for adjudication.

26.1.8 Contingency with respect to imposition of Windfall Levy on oil / condensate

There has been no change in the status of the matter as disclosed in note 27.1.9 to the consolidated financial statements for the year ended June 30, 2018, except that the next date of hearing has been fixed for October 22, 2019 and stay order already in effect has been extended till the said date.

The Windfall Levy on Oil (WLO) if also applicable on oil / condensate will amount to approximately Rs 23,666 million for the period up to June 30, 2019. Further, WLO provided for in the books of accounts from December 27, 2017 till June 30, 2019 amounts to Rs 5,719 million.

The cumulative impact of incremental revenue recorded in the books of accounts and profit after tax thereof is Rs 14,958 million and Rs 7,825 million respectively.

26.1.9 Other contingencies

- a) The Holding Company is defending suits filed against it in various courts of Pakistan for sums, aggregating Rs 2,237.145 million (2018: Rs 939 million), related to its business operations. The legal counsel is confident that these suits are expected to be decided in favour of the Holding Company and, accordingly, no provision has been made for any liability against these law suits in these consolidated financial statements.
- b) In the context of PPLE, the tax authorities have amended the assessment for the tax years 2004 to 2014 raising an aggregate demand of Rs 918 million, which relates to rate issue, depletion allowance and decommissioning cost. PPLE has paid / adjusted an amount of Rs 587 million out of the said aggregate demand and the remaining amount has either been stayed by the Honourable Islamabad High Court or deleted / remanded back by the Commissioner Inland Revenue (Appeals), the appeal effect of which is pending before the tax authorities. The appeals of the said assessment years are pending at various

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for the year ended June 30, 2019

appellate forums. Although, PPLE based on the advice of its legal counsel, is confident that it has sound grounds to defend the appeals. The provision in respect of said issues amounts to Rs 1,008 million (2018: Rs 987 million) for the tax years 2004 to 2019.

- c) The Holding Company had entered into a contract for the construction of the 60 MMscfd gas processing plant (GPF-III) at Shahdadpur field in Gambat South block. The project was to be completed in October 2017. However, its completion was delayed due to failure by the Contractor to meet the project milestones and fulfil contractual obligations. Accordingly, the Holding Company has terminated the contract with effect from May 10, 2019 and has encashed the performance guarantee and advance payment guarantee, amounting to Rs 998 million and Rs 288 million, respectively. The Holding Company's share of encashment has been credited to the project cost under capital work-in-progress.

Further, the Contractor has initiated arbitration proceedings against the Holding Company in which it has filed a number of claims against the Holding Company. The Holding Company has filed a strong defense and raised counter-claims against the Contractor. Moreover, a number of litigations are pending adjudication between the Contractor and the Holding Company. The financial impact of the dispute, if any, cannot be reliably estimated at present. The Holding Company, after reviewing the claims made against it and consulting its legal counsel, is reasonably confident of an outcome in its favour.

- d) The Holding Company has guaranteed to the MdOC, the performance and fulfilment of obligations by PPLA under the EDPSC (note 26.2.1).

26.2 Commitments

26.2.1 The Holding Company has guaranteed the performance and fulfilment of obligations by PPLA under the EDPSC. Total financial commitment of PPLA is US\$ 100 million (Rs 16,450 million), out of which US\$ 52.097 million (Rs 8,570 million) is outstanding.

26.2.2 The Holding Company has provided parent company guarantee amounting to US\$ 5.3 million (Rs 872 million) to GoP in respect of PPLE's exploration licences in Pakistan i.e., Barkhan, Harnai and Ziarat.

26.2.3 Group's total commitments for capital expenditure (net share) as at June 30, 2019 are Rs 859 million. Further, total amount outstanding under letters of credit (net share) as at June 30, 2019 is Rs 5,058 million.

27. Revenue from contracts with customers

Local sales
Federal excise duty
Sales tax
GIDC
GDS
Petroleum Levy
Discounts (barytes)

Export sales of barytes - note 27.1

	Year ended June 30, 2019	Year ended June 30, 2018
	------(Rs '000)-----	
	205,278,426	157,103,245
	(2,008,828)	(2,058,132)
	(22,610,025)	(17,184,425)
	(4,075,407)	(4,456,182)
	(13,611,594)	(6,956,883)
	(547,182)	(309,362)
	(34,949)	(33,714)
	(42,887,985)	(30,998,698)
	162,390,441	126,104,547
	1,975,579	516,693
	164,366,020	126,621,240

notes to and forming part of the consolidated financial statements

for the year ended June 30, 2019

Product wise break-up of sales is as follows:

	Year ended June 30, 2019	Year ended June 30, 2018
	------(Rs '000)-----	
Natural gas	144,559,685	109,844,750
Federal excise duty	(1,986,819)	(2,038,220)
Sales tax	(20,995,204)	(16,035,532)
GIDC	(4,075,407)	(4,456,182)
GDS	(13,611,594)	(6,956,883)
	(40,669,024)	(29,486,817)
	103,890,661	80,357,933
Gas supplied to Sui villages - note 28	551,193	373,290
Federal excise duty	(11,049)	(10,175)
Sales tax	(80,088)	(54,239)
	(91,137)	(64,414)
	460,056	308,876
Internal consumption of gas	344,947	235,330
Federal excise duty	(6,852)	(6,392)
Sales tax	(49,902)	(33,991)
	(56,754)	(40,383)
	288,193	194,947
Crude oil / Natural gas liquids / Condensate	50,822,737	39,294,271
LPG	9,942,606	7,065,042
Federal excise duty	(4,108)	(3,345)
Sales tax	(1,448,201)	(1,025,031)
Petroleum levy	(547,182)	(309,362)
	(1,999,491)	(1,337,738)
	7,943,115	5,727,304
Barytes	1,032,837	807,255
Sales tax	(36,630)	(35,632)
Discounts	(34,949)	(33,714)
	(71,579)	(69,346)
	961,258	737,909
	164,366,020	126,621,240

notes to and forming part of the consolidated financial statements

for the year ended June 30, 2019

	Year ended June 30, 2019	Year ended June 30, 2018
	------(Rs '000)-----	
27.1 Break up of export sales is as follows:		
Barytes	735,557	516,693
Crude oil / Condensate	1,240,022	-
	<u>1,975,579</u>	<u>516,693</u>
27.2 Revenue from Contracts with Customers includes revenue recognised based on take-or-pay arrangements.		
	Year ended June 30, 2019	Year ended June 30, 2018
	------(Rs '000)-----	
28. OPERATING EXPENSES		
Salaries, wages, welfare and other benefits - note 31.1	7,431,983	6,943,799
Operator's personnel	1,916,238	1,739,270
Depreciation - note 5.1	9,818,961	6,158,647
Amortisation of decommissioning assets - note 5.1	953,295	1,269,192
Amortisation of development & production assets - note 5.1	9,992,102	8,172,937
Plant operations	3,352,541	3,027,304
Well interventions	1,659,104	1,648,871
Field services	2,253,265	1,903,187
Crude oil transportation	913,234	948,969
Travelling and conveyance	483,243	473,434
Training & development	20,614	16,190
PCA overheads	131,092	121,144
Insurance expenses	588,899	626,580
Free supply of gas to Sui villages - note 27	551,193	373,290
Social welfare / community development	322,083	288,535
Other expenses	38,003	58,619
	<u>40,425,850</u>	<u>33,769,968</u>
29. ROYALTIES AND OTHER LEVIES		
Royalties - note 29.1	19,050,197	14,628,476
Lease extension bonus	4,713,343	3,563,454
Windfall levy - note 29.2	605,032	358,473
Export development charges	6,366	-
	<u>24,374,938</u>	<u>18,550,403</u>
29.1 The Group has paid all the royalties to GoP.		
29.2 This mainly pertains to production from Gambat South, Hala, Digri, Ghauri and Kirthar fields.		

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	Year ended June 30, 2019	Year ended June 30, 2018
	------(Rs '000)-----	
30. EXPLORATION EXPENSES		
Dry and abandoned wells	18,998,297	7,180,213
Other exploration expenditures	8,208,475	4,456,710
	<u>27,206,772</u>	<u>11,636,923</u>
31. ADMINISTRATIVE EXPENSES		
Salaries, wages, welfare and other benefits - note 31.1	5,194,742	5,170,053
Amortisation of intangible assets - note 6.1	173,158	159,811
Depreciation of leased assets - note 5.1	70,946	105,569
Rent, rates and taxes	185,550	176,079
Utilities & communication	82,333	97,181
Travelling and conveyance	124,048	144,830
Training and development	104,589	110,039
Insurance expenses	26,279	18,896
Repairs, maintenance and supplies	506,569	500,631
Professional services	123,459	145,696
Auditors' remuneration - note 31.2	36,653	34,545
Donations and sponsorships - note 31.3 & 31.4	38,979	132,855
Contract services	111,004	103,345
Compliance and regulatory expenses	57,877	39,285
Advertisement, publicity and public relations	46,511	54,018
Other expenses	42,186	80,509
	<u>6,924,883</u>	<u>7,073,342</u>
Allocation to capital and operating expenditure	<u>(4,665,059)</u>	<u>(4,473,728)</u>
	<u>2,259,824</u>	<u>2,599,614</u>
31.1 This includes expenditure in respect of provident fund, pension fund, gratuity fund, leave preparatory to retirement and post-retirement medical benefits amounting to Rs 274.149 million, Rs 506.378 million, Rs 134.141 million, Rs 10.198 million and Rs 232.608 million, respectively (2018: Rs 294.979 million, Rs 269.852 million, Rs 73.834 million, Rs 180.521 million and Rs 193.496 million, respectively).		
31.2 Auditors' remuneration is as under:		
	Year ended June 30, 2019	Year ended June 30, 2018
	------(Rs '000)-----	
Annual audit fee		
- Holding Company	4,142	3,834
- Subsidiary Companies	12,240	9,519
Limited review, special certifications & advisory services - note 31.2.1	18,262	17,847
Out of pocket expenses	2,009	3,345
	<u>36,653</u>	<u>34,545</u>

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31.2.1 This includes tax services provided by M/s A.F. Ferguson & Co., who are also the statutory auditors of the Holding Company.

31.3 There are no donations in which the directors of the Holding Company and subsidiary companies are interested.

31.4 Party wise details of donations in excess of Rs 1 million made during the year are given below:

Name of Donees	Year ended	Year ended
	June 30, 2019	June 30, 2018
	-----Rs '000-----	
Mehran University of Engineering	10,000	7,000
National Internship Program under Ministry of Energy (paid through GHPL)	2,000	-
	12,000	7,000

32. STAFF RETIREMENT BENEFITS

32.1 Funded post retirement pension and gratuity schemes

As mentioned in note 4.14 to these consolidated financial statements, the Holding Company operates approved funded pension and gratuity schemes for its executive and non-executive permanent employees.

32.1.1 Fair value of plan assets and the present value of obligations

The fair value of plan assets and the present value of defined benefit obligations of the pension and gratuity schemes at the valuation dates are as follows:

	Executives		Non-Executives		Total	
	Pension	Gratuity	Pension	Gratuity		
	June 30, 2019				June 30, 2018	
	-----Rs '000-----					
Present value of defined benefit obligations - note 32.1.6	8,084,216	742,020	2,800,226	1,263,601	12,890,063	12,795,073
Fair value of plan assets - note 32.1.5	(7,144,980)	(969,516)	(2,714,232)	(1,238,142)	(12,066,870)	(10,641,163)
Liability / (Asset) recognised in the statement of financial position	939,236	(227,496)	85,994	25,459	823,193	2,153,910

32.1.2 Movement in amounts payable to / (receivable from) defined benefit plans

	Executives		Non-Executives		Total	
	Pension	Gratuity	Pension	Gratuity		
	June 30, 2019				June 30, 2018	
	-----Rs '000-----					
Balances as on July 01	675,977	(33,338)	1,114,210	397,061	2,153,910	(682,361)
Charge for the year - note 32.1.3	326,091	54,322	180,287	79,819	640,519	343,686
(Payments) / Refund during the year	(224,570)	(48,675)	(1,019,207)	(430,766)	(1,723,218)	221,066
Amount recognised in Other Comprehensive Income (OCI) for the year - note 32.1.4	161,738	(199,805)	(189,296)	(20,655)	(248,018)	2,271,519
Balances as on June 30	939,236	(227,496)	85,994	25,459	823,193	2,153,910

notes to and forming part of the consolidated financial statements

for the year ended June 30, 2019

32.1.3 Amounts recognised in profit or loss

	Executives		Non-Executives		Total	
	Pension	Gratuity	Pension	Gratuity		
	June 30, 2019				June 30, 2018	
	-----Rs '000-----					
Current service cost	267,819	57,196	80,829	44,084	449,928	394,633
Interest cost	672,193	80,300	267,449	113,837	1,133,779	802,503
Interest income on plan assets	(613,921)	(83,174)	(167,991)	(78,102)	(943,188)	(853,450)
Charge for the year in profit or loss	326,091	54,322	180,287	79,819	640,519	343,686
Actual return on plan assets	422,081	65,787	120,818	56,549	665,235	382,926

32.1.4 Remeasurement recognised in other comprehensive income

	Executives		Non-Executives		Total	
	Pension	Gratuity	Pension	Gratuity		
	June 30, 2019				June 30, 2018	
	-----Rs '000-----					
Actuarial (gain) / loss on obligation	(30,102)	(217,192)	(236,469)	(42,209)	(525,972)	1,800,995
Actuarial loss on assets	191,840	17,387	47,173	21,554	277,954	470,524
Total remeasurements	161,738	(199,805)	(189,296)	(20,655)	(248,018)	2,271,519

32.1.5 Changes in fair value of plan assets

	Executives		Non-Executives		Total	
	Pension	Gratuity	Pension	Gratuity		
	June 30, 2019				June 30, 2018	
	-----Rs '000-----					
Fair value of plan assets at beginning of the year*	6,894,934	941,062	1,911,943	893,224	10,641,163	11,151,480
Interest income on plan assets	613,921	83,174	167,991	78,102	943,188	853,450
Transferred to Defined Contribution Pension Fund	-	-	-	-	-	(86,317)
Contributions by the Holding Company	224,570	48,675	1,019,207	430,766	1,723,218	(221,066)
Benefits paid	(396,605)	(86,008)	(337,736)	(142,396)	(962,745)	(585,860)
Amount recognised in OCI for the year	(191,840)	(17,387)	(47,173)	(21,554)	(277,954)	(470,524)
Fair value of plan assets at the end of the year	7,144,980	969,516	2,714,232	1,238,142	12,066,870	10,641,163

* This represents unaudited fair value of plan assets as at June 30, 2018

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for the year ended June 30, 2019

32.1.6 Changes in present value of pension and gratuity obligations

	Executives		Non-Executives		Total	
	Pension	Gratuity	Pension	Gratuity		
	June 30, 2019				June 30, 2018	
	Rs '000					
Present value of obligations at beginning of the year	7,570,911	907,724	3,026,153	1,290,285	12,795,073	10,469,119
Current service cost	267,819	57,196	80,829	44,084	449,928	394,633
Interest cost	672,193	80,300	267,449	113,837	1,133,779	802,503
Transferred to Defined Contribution Pension Fund	-	-	-	-	-	(86,317)
Benefits paid	(396,605)	(86,008)	(337,736)	(142,396)	(962,745)	(585,860)
Amount recognised in OCI for the year	(30,102)	(217,192)	(236,469)	(42,209)	(525,972)	1,800,995
Present value of obligations at the end of the year	8,084,216	742,020	2,800,226	1,263,601	12,890,063	12,795,073

32.1.7 Break-up of plan assets

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

Rate of return	Executives		Non-Executives		Executives		Non-Executives		
	Rs '000	%	Rs '000	%	Rs '000	%	Rs '000	%	
%	June 30, 2019				June 30, 2018				
	(Unaudited)				(Audited)				
Pension Fund									
Government securities	11.40 - 13.17	559,238	8	173,239	7	355,217	5	420,212	23
Shares	-	796,980	11	218,826	8	953,210	14	256,171	14
Term Finance Certificates	12.09 - 14.51	113,950	2	194,969	7	406,259	6	206,383	11
Cash and bank deposits	6.10 - 11.96	5,674,812	79	2,127,198	78	5,154,150	75	923,445	52
Total		7,144,980	100	2,714,232	100	6,868,836	100	1,806,211	100
Gratuity Fund									
Government securities	11.40 - 13.17	101,309	11	50,655	4	303,939	33	241,225	29
Shares	-	81,748	8	106,102	9	97,821	11	126,890	15
Term Finance Certificates	12.09 - 14.51	115,255	12	108,546	8	121,184	13	-	-
Cash and bank deposits	6.10 - 11.96	671,204	69	972,840	79	400,466	43	470,072	56
Total		969,516	100	1,238,143	100	923,410	100	838,187	100

32.1.8 Sensitivity analysis

	June 30, 2019				June 30, 2018			
	Executives		Non-Executives		Executives		Non-Executives	
	1% increase	1% decrease	1% increase	1% decrease	1% increase	1% decrease	1% increase	1% decrease
	Rs '000							
Pension								
Salary rate sensitivity	379,733	(339,507)	96,507	(89,445)	393,683	(349,786)	134,628	(113,668)
Pension rate sensitivity	582,497	(550,844)	125,940	(103,522)	575,081	(491,926)	135,914	(112,663)
Discount rate sensitivity	(842,987)	960,756	(201,863)	241,362	(793,997)	969,201	(228,864)	272,729
Gratuity								
Salary rate sensitivity	7,129	(6,287)	32,902	(30,449)	59,554	(53,492)	56,291	(51,658)
Discount rate sensitivity	(36,717)	41,061	(48,060)	52,998	(56,741)	64,420	(51,208)	56,835

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for the year ended June 30, 2019

32.1.9 Maturity profile of the defined benefit obligations

	June 30, 2019			
	Executives		Non-Executives	
	Pension	Gratuity	Pension	Gratuity
Weighted average duration (years)	10.43	5.56	7.21	4.86
	-----Rs '000-----			
Distribution of timing of benefit payments (time in years)				
1	497,093	115,486	178,350	118,250
2	401,817	75,577	574,166	358,673
3	665,202	118,494	246,448	138,862
4	622,219	114,342	292,705	166,005
5	810,185	139,882	375,783	222,904
6-10	5,422,376	627,222	2,192,582	1,233,894

32.1.10 The Holding Company expects to contribute Rs 551.147 million (2018: Rs 652.141 million) to the pension and gratuity funds in the next financial year.

32.2 Unfunded post-retirement medical benefits

32.2.1 The Holding Company provides free medical facilities to its executive and non-executive retired employees, as mentioned in note 4.14 to these consolidated financial statements. The latest actuarial valuation for post-retirement medical benefits was carried out as at June 30, 2019, results of which are as follows:

	June 30, 2019	June 30, 2018
	-----Rs '000-----	
Present value of defined benefit obligations - notes 23 and 32.2.4	2,130,362	1,949,451
Balance as on July 01	1,949,451	1,781,636
Charge for the year - notes 31.1 & 32.2.3	232,608	193,496
Payments during the year	(84,632)	(74,346)
Amounts charged to OCI	32,935	48,665
Balance as on June 30	2,130,362	1,949,451

32.2.2 Movement in the liability recognised in the statement of financial position is as follows:

Balance as on July 01	1,949,451	1,781,636
Charge for the year - notes 31.1 & 32.2.3	232,608	193,496
Payments during the year	(84,632)	(74,346)
Amounts charged to OCI	32,935	48,665
Balance as on June 30	2,130,362	1,949,451

32.2.3 Amounts recognised in profit or loss

Current service cost	57,750	55,732
Interest cost	174,858	137,764
	232,608	193,496

notes to and forming part of the consolidated financial statements

for the year ended June 30, 2019

32.2.4 Changes in present value of post-retirement medical obligations

	June 30, 2019	June 30, 2018
	------(Rs '000)-----	
Opening balance	1,949,451	1,781,636
Current service cost	57,750	55,732
Interest cost	174,858	137,764
Benefits paid	(84,632)	(74,346)
Amounts charged to OCI	32,935	48,665
Balance as on June 30	<u>2,130,362</u>	<u>1,949,451</u>
	1% increase	1% decrease
	------(Rs '000)-----	

32.2.5 Sensitivity analysis

Medical cost trend rate sensitivity	239,629	(341,443)
Discount rate sensitivity	(257,148)	318,041

32.2.6 The Holding Company expects to contribute Rs 363.731 million (2018: Rs 232.608 million) to the unfunded post-retirement medical benefits in the next financial year.

32.2.7 The weighted average duration of the defined benefit obligation works out to 11.96 years (2018: 12.51 years) in respect of executive and 12.24 years (2018: 12.83 years) in respect of non-executive retired employees.

32.3 Leave preparatory to retirement

	June 30, 2019	June 30, 2018
	------(Rs '000)-----	
Balance as on July 01	702,080	581,487
Charge for the year - note 31.1	10,198	180,521
	<u>712,278</u>	<u>762,008</u>
Payments / adjustments during the year	(88,365)	(59,928)
Balance as on June 30 - note 23	<u>623,913</u>	<u>702,080</u>

32.4 Principal actuarial assumptions

	Per annum	
	June 30, 2019	June 30, 2018
- discount rate	14.25%	9.00%
- expected rate of increase in salaries	14.25%	9.00%
- expected rate of increase in pension	9.25%	4.00%
- expected rate of escalation in medical cost	10.25%	5.00%
- death rate / mortality rate	SLIC (2001-05)	

notes to and forming part of the consolidated financial statements

for the year ended June 30, 2019

32.5 Description of the risks to the Group

The defined benefit plans expose the Group to the following risks:

Withdrawal risks - The risk of higher or lower withdrawal experience than assumed. The final effect could go either way depending on the beneficiaries' service / age distribution and the benefit.

Mortality risks - The risk that the actual mortality experience is different. Similar to the withdrawal risk, the effect depends on the beneficiaries' service / age distribution and the benefit. Especially in the case of pension and post-retirement medical benefit, there is an additional longevity risk after cessation of service that the mortality will improve and the benefit is payable for longer period of time.

Investment risks - The risk of the investment underperformance and being not sufficient to meet the liabilities.

Final salary risks - The risk that the final salary at the time of cessation of service is greater than what was assumed.

Medical escalation risk - The risk that the cost of post-retirement medical benefits will increase.

33. FINANCE COSTS

	Year ended June 30, 2019	Year ended June 30, 2018
	------(Rs '000)-----	
Financial charges for liabilities against assets subject to finance lease	11,443	23,194
Unwinding of discount on decommissioning obligation - note 21	739,090	412,608
Interest on WPPF - note 16.1	2,292	15,028
Others	24,547	19,813
	<u>777,372</u>	<u>470,643</u>

34. OTHER CHARGES

WPPF charge / adjustment - note 16.1	3,217,249	3,353,699
Provision for windfall levy on oil / condensate - note 26.1.8	3,757,000	1,961,937
Provision for obsolete / slow moving stores - note 11.1	110,263	55,985
Loss on disposal / write-off of stores and spares (net)	79,095	-
	<u>7,163,607</u>	<u>5,371,621</u>

notes to and forming part of the consolidated financial statements

for the year ended June 30, 2019

35. OTHER INCOME

Year ended June 30, 2019
Year ended June 30, 2018
------(Rs '000)-----

Income from financial assets

Income on loans and bank deposits - note 35.1	493,068	358,000
Income on term deposits	762,085	1,019,796
Income on long-term investments at amortised cost	1,869,412	1,035,834
Income from investment in treasury bills	128,501	557,287
Dividend income / gain on re-measurement / disposal of investments designated at fair value through profit or loss (net)	202,549	351,796
	3,455,615	3,322,713

Income from assets other than financial assets

Rental income on assets	8,199	27,472
Profit on sale of property, plant and equipment (net)	19,562	22,439
Profit on sale of stores and spares (net)	-	15,583
Exchange gain on foreign currency (net)	11,238,919	4,623,542
Share of profit on sale of LPG	67,386	99,845
Insurance Income	24,655	268,768
Others - note 35.2	864,791	1,016,504
	12,223,512	6,074,153
	15,679,127	9,396,866

35.1 This includes profit amounting to Rs 0.790 million (2018: Rs 0.744 million) under a Shariah compliant arrangement.

35.2 During the current year, the Operator of Tal field imposed Liquidated Damages (LD) amounting to Rs 804 million on the contractor of Makori Gas Processing Facility. LD was invoked at the rate of 10% of contractual value, due to delay in completion of the project.

36. TAXATION

Provision for taxation for the year ended June 30, 2019 has been calculated on the basis of tax rates of 55%, 52.5% and 40% for onshore agreement areas, including Sui gas field. The head office and BME income is taxed @ 29% being non-agreement areas. Further, 2% super tax has been levied for the current year on the Holding Company's head office and BME income as per the Finance Act, 2019.

Year ended June 30, 2019
Year ended June 30, 2018
------(Rs '000)-----

Current		
- for the year	20,677,939	11,971,985
- for prior years (net)	(1,239,141)	(552,721)
	19,438,798	11,419,264
Deferred	(1,061,404)	6,373,883
	18,377,394	17,793,147

notes to and forming part of the consolidated financial statements

for the year ended June 30, 2019

36.1 Relationship between accounting profit and taxation

Year ended June 30, 2019
Year ended June 30, 2018
------(Rs '000)-----

Accounting profit for the year before taxation	77,836,784	63,618,934
Tax on accounting profit at applicable rate of 40.73% (2018: 43.72%)	31,702,922	27,814,198
Tax effect of:		
- Depletion allowance	(9,617,344)	(7,402,071)
- Royalty allowed for tax purposes	(3,723,146)	(2,978,831)
- Tax income relating to prior years	(1,239,141)	(552,721)
- Decommissioning cost	661,665	851,206
- Tax credits	(11,304)	(39,857)
- Super tax	306,629	269,511
- Others	297,113	(168,288)
	18,377,394	17,793,147
Effective tax rate %	23.61%	27.97%

37. Details of Exploration and Production Areas / Fields

The areas in which the Group has working interest are as follows:

Name of Field	Operator	Percentage of the Group's working interest as at June 30, 2019	Net Balance (Payable) / Receivable (Rupees in thousand) June 30, 2019	Net Balance (Payable) / Receivable (Rupees in thousand) June 30, 2018
Producing Fields				
1 Sui	PPL	100.00	-	-
2 Kandhkot	PPL	100.00	-	-
3 Adhi	PPL	39.00	(1,521,352)	(1,680,449)
4 Mazarani	PPL	87.50	147,617	112,208
5 Hala Block (03 D&PLs)	PPL	65.00	(300,179)	(316,220)
6 Gambat South Block (04 D&PLs)	PPL	65.00	(1,906,553)	(1,802,376)
7 Kandhkot East (Chachar)	PPL	75.00	(51,786)	(57,350)
8 Qadirpur	OGDCL	7.00	(48,816)	(16,917)
9 Miano	UEP-BETA	15.16	10,798	(11,401)
10 Sawan	UEP-BETA	34.07	45,525	(51,600)
11 Block 22 (03 D&PLs)	PEL	35.53	(50,590)	(39,442)
12 Tal (07 D&PLs)	MOL	27.76	(1,480,721)	(1,580,588)
13 Nashpa (02 D&PLs)	OGDCL	28.55	(625,716)	(1,044,818)
14 Gambat (Tajjal EWT Phase)	UEP-BETA	23.68	136,204	153,496
15 Latif	UEP-BETA	33.30	(331,363)	(178,259)
16 Kirthar (02 D&PLs)	POGC	30.00	(1,012,809)	(234,340)
17 Ghauri (Ghauri EWT Phase)	MPCL	35.00	(640,649)	(232,015)
18 Digri (Gulsher EWT Phase)	UEPL	25.00	(56,431)	(5,687)

notes to and forming part of the consolidated financial statements

for the year ended June 30, 2019

Name of Field	Operator	Percentage of the Group's working interest as at June 30, 2019	Net Balance (Payable) / Receivable (Rupees in thousand) June 30, 2019	Net Balance (Payable) / Receivable (Rupees in thousand) June 30, 2018
Exploration Blocks				
1 Block 2568-13 (Hala) - note 37.1	PPL	65.00	-	-
2 Block 2766-1 (Khuzdar)	PPL	100.00	(7,164)	(15,949)
3 Block 2688-2 (Kalat)	PPL	100.00	131,390	(590,989)
4 Block 2969-8 (Barkhan)	PPL	85.00	(5,296)	(4,346)
5 Block 2763-3 (Kharan)	PPL	100.00	119,601	(78,406)
6 Block 2764-4 (Kharan-East)	PPL	100.00	(117,275)	(223)
7 Block 2763-4 (Kharan-West)	PPL	100.00	6,954	(7,184)
8 Block 3371-15 (Dhok Sultan)	PPL	75.00	(1,188,608)	(54,384)
9 Block 2467-12 (Jungshahi)	PPL	100.00	(16,057)	17,780
10 Block 2568-18 (Gambat South) - note 37.1	PPL	65.00	-	-
11 Block 2468-10 (Sirani)	PPL	75.00	(8,557)	29,579
12 Block 2668-9 (Naushahro Feroz) - note 37.2	PPL	100.00	(174,590)	221,097
13 Block 2667-11 (Zamzama South) - note 37.3	PPL	100.00	69,654	31,872
14 Block 3272-18 (Karsal)	PPL	100.00	(677,054)	(133,573)
15 Block 3372-23 (Hisal) - note 37.4	PPL	62.50	(118,891)	(324,292)
16 Block 2870-5 (Sadiqabad)	PPL	97.50	(116,614)	36,576
17 Block 2469-16 (Shah Bandar) - note 37.5	PPL	65.50	24,872	20,892
18 Block 2864-4 (Nausherwani) - note 37.6	PPL	97.50	(61,679)	(274,179)
19 Block 2566-6 (Bela West) - note 37.7	PPL	62.50	(185,105)	(306,079)
20 Block 2566-4 (Hab) - note 37.8	PPL	99.85	(1,221,022)	(1,286,978)
21 Block 2569-5 (Khipro East)	PPL	97.50	(8,388)	(256,747)
22 Block 2467-13 (Malir) - note 37.8	PPL	97.50	(6,356)	70,192
23 Block 2866-4 (Margand)	PPL	100.00	(186,590)	3,707
24 Block 2468-12 (Kotri)	PPL	100.00	(293,697)	(1,003,912)
25 Block 2763-5 (South Kharan) note 37.9	PPL	51.00	67,351	416,160
26 Block 2763-13 (Sorah) note 37.10	PPL	100.00	-	-
27 Block 3069-10 (Musakhel) note 37.10	PPL	51.00	-	-
28 Block 2568-21 (Kotri North)	UEPL	40.00	(247,796)	249,526
29 Block 2669-3 (Latif) note 37.1	UEP-BETA	33.30	-	-
30 Block 3370-10 (Nashpa) - note 37.1	OGDCL	30.00	-	-
31 Block 2667-7 (Kirthar) - note 37.1	POGC	30.00	-	-
32 Block 3070-13 (Baska) - note 37.11	ZHEN HUA	49.00	(1,005)	(1,369)
33 Block 3370-3 (Tal) - note 37.1	MOL	30.00	-	-
34 Block 2568-20 (Sukhpur) - note 37.12	ENI	30.00	(11,612)	(97,161)
35 Block 2468-9 (Jherruck)	NHEPL	30.00	(59,317)	(59,317)
36 Block 2568-19 (Digri) note 37.1	UEPL	25.00	-	-
37 Block 3273-3 (Ghauri) - note 37.1	MPCL	35.00	-	-
38 Block 2867-5 (Kuhan)	UEP-BETA	47.50	(15,535)	(4,438)
39 Block 3170-15 (Paharpur) - note 37.13	KUFPEC	35.00	(104,633)	-
40 Block 3070-16 (Pezu) - note 37.14	OGDCL	30.00	(888,159)	-
41 Block 2967-2 (Ziarat)	MPCL	40.00	(97,330)	(129,945)
42 Block 3067-3 (Harnai)	MPCL	40.00	(61,460)	(39,040)
Offshore Blocks				
43 Block 2366-7 (Indus-C)	ENI	40.00	(6,439)	(6,316)
44 Block 2366-5 (Indus-N)	ENI	30.00	(32,418)	(7,671)
45 Block 2265-1 (Indus-G)	ENI	25.00	(2,144,466)	(11,417)
Exploration Blocks (Outside Pakistan)				
1 Block-3 (Yemen)	TOTAL	20.00	(68,003)	(107,082)
2 Block-8 (Iraq)	PPLA	100.00	-	-
Other areas - note 37.16			(280,522)	(136,944)

notes to and forming part of the consolidated financial statements

for the year ended June 30, 2019

- 37.1** The receivable / (payable) from / to these exploratory blocks is included in the overall receivable / (payable) balance of the block as stated under the "producing field", since the balances are settled on a net basis.
- 37.2** In Naushahro Feroz block, due to default on part of AROL, its 10% working interest was forfeited in favour of the Holding Company. The Deed of Acquisition was executed on May 08, 2019 and accordingly, the Holding Company's working interest in the block now stands as 100%.
- 37.3** In Zamzama South block, notice of relinquishment dated July 26, 2018 has been submitted to GoP for approval.
- 37.4** Deed of Assignment of 2.5% working interest to GHPL has been executed on March 20, 2019 and accordingly, the Holding Company's working interest has reduced to 62.5% in the block.
- 37.5** GoP's approval for assignment of 2.5% working interest to GHPL has been obtained on July 20, 2018. Execution of Deed of Assignment is pending between the working interest owners. Once the Deed of Assignment is executed, the Holding Company's working interest would reduce to 63% in Shah Bandar block.
- 37.6** Deed of Assignment of 2.5% working interest to GHPL has been executed on March 20, 2019 and accordingly, the Holding Company's working interest has reduced to 97.5% in Nausherwani block.
- 37.7** In Bela West block, assignment of 35% working interest of the Holding Company to Kirthar Pakistan B.V. ('KPBV' - a subsidiary of KUFPEC) and assignment of 2.5% working interest to GHPL was executed on December 06, 2018 and March 20, 2019 respectively. Accordingly, the Holding Company's working interest has reduced to 62.5%. Further, Deed of Assignment of 25% working interest to MPCL is in execution. Consequent to the execution of the assignment, the Holding Company's working interest would reduce to 37.5% of the block.
- 37.8** Assignment of the Holding Company's 2.5% working interest to GHPL is approved. Once the Deed of Assignment is executed, the Holding Company's working interest would reduce to 97.35% and 95% in Hab and Malir blocks, respectively.
- 37.9** Assignment of OGDCL's 51% working interest to the Holding Company alongwith the operatorship, has been executed through Deed of Assignment dated September 10, 2018.
- 37.10** Petroleum Concession Agreements of new blocks i.e. Sorah and Musakhel were executed on June 20, 2019.
- 37.11** In Baska block, China Zhen hua Oil Company Limited has submitted an application to GoP for assignment of Zhen hua Oil's 33.5% working interest along with operatorship of the block to the Holding Company. Approval from GoP is awaited.
- 37.12** In Sukhpur block, the Operator i.e. Eni, has submitted notice of relinquishment to GoP dated November 20, 2018. The Holding Company has applied to GoP for retention of Sukhpur block with 100% working interest and operatorship. The matter is under consideration of GoP.
- 37.13** The Holding Company has farmed-in with 35% working interest in Paharpur operated by KUFPEC Pakistan B.V. Deed of Assignment was executed with effect from November 29, 2018.

notes to and forming part of the consolidated financial statements

for the year ended June 30, 2019

- 37.14** The Holding Company has farmed-in with 30% working interest in Pezu block operated by OGDCL. Deed of Assignment was executed on May 24, 2019.
- 37.15** The GoP has granted approval of assignment of OGDCL's 25% working interest in Khuzdar North block to the Holding Company. Deed of Assignment for the same has been submitted to GoP for approval.
- 37.16** GoP has provisionally awarded the new block (Punjab) to the Holding Company vide its letter dated July 10, 2019. Petroleum Concession Agreement is under execution.
- 37.17** This mainly includes amounts receivable / (payable) under the various blocks against which the Holding Company has applied to GoP for relinquishment.
- 37.18** The balances are stated net of receivable / (payable) position, since these are settled on net basis. Further, ageing of these balances is not relevant due to the nature of operations of the Group and transactions with the Joint Operations.

June 30, 2019 June 30, 2018
------(Rs '000)-----

38. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Financial assets as per statement of financial position

- At amortised cost

Long-term investments	39,192,228	31,555,194
Long-term loans	34,019	16,067
Long-term deposits	7,676	7,676
Long-term receivables	83,810	74,670
Trade debts	227,630,133	142,824,745
Loans and advances	1,075,652	1,506,404
Trade deposits	96,026	82,432
Interest accrued	855,251	547,409
Current maturity of long-term deposits	911,850	911,850
Current maturity of long-term loans	12,705	8,892
Current maturity of long-term receivables	125,714	50,786
Other receivables	2,085,458	2,121,702
Short-term investments	12,099,320	22,379,416
Cash and bank balances	8,562,493	8,251,633
	292,772,335	210,338,876

- At fair value through profit or loss - Mutual Funds

	4,016,298	74,191
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Non-financial assets

	165,824,936	159,548,525
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Total assets

	462,613,569	369,961,592
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Financial liabilities as per statement of financial position

- Financial liabilities measured at amortised cost

Trade and other payables	32,178,649	25,754,279
Unclaimed dividends	302,539	332,998

Non-financial liabilities

	131,928,086	103,424,819
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Total liabilities

	164,409,274	129,512,096
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notes to and forming part of the consolidated financial statements

for the year ended June 30, 2019

39. 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 investments at amortised cost, which are stated at amortised cost. No changes were made in the objectives, policies or processes during the years ended June 30, 2019 and 2018.

a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in interest rate, foreign currency exchange rate and price, which will affect the Group's income or the value of its holdings of financial instruments. Objective of the market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on financial instruments.

i) Interest rate risk

The interest rate risk is the risk that the fair value or future cash flows of the financial instruments will fluctuate because of changes in market interest rates. The Group manages its interest rate risk by closely monitoring the duration of fixed rate investments and placements. As of the date of statement of financial position, there is no significant exposure to interest rate risk to the Group, with all other variables held constant.

ii) Currency risk

Currency risk is the risk that changes in foreign exchange rates will affect the Group's income or the value of its holdings of financial instruments. The objective of currency risk management is to manage and control currency risk exposures within acceptable parameters, while optimising the return on financial instruments.

Exposure to foreign currency risk

The Group's exposure to currency risk mainly comprises:

	June 30, 2019	June 30, 2018
	----- US Dollars -----	
Investments at amortised cost	286,982,000	311,879,007
Cash and bank balances	4,870,575	8,934,947
Current maturity of long-term deposits	7,500,000	7,500,000
Trade and other payables	(24,505,694)	(20,273,798)
	274,846,881	308,040,156

notes to and forming part of the consolidated financial statements

for the year ended June 30, 2019

The following significant exchange rates have been applied during the year:

	Average Rate		Closing Rate	
	2019	2018	2019	2018
	----- (Rupees) -----			
US\$ 1	136.37	110.07	164.50	121.60

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	299,353	(299,353)
Foreign currency financial liabilities	60,265	(60,265)

iii) Price risk

Price risk represents the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk).

The Group is exposed to price risk on sale of petroleum products, as the selling prices are determined in relation to the international prices of petroleum products, which can affect the profitability of the Group.

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

	One Rupee Increase	One Rupee Decrease
	----- (Rs '000) -----	
Natural Gas (Mcf)	279,258	(279,258)
Crude Oil / Condensate / NGL (BBL)	5,754	(5,754)
LPG (M.Ton)	117	(117)
Barytes (M.Ton)	100	(100)

b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. To manage this risk, the financial viability of all counterparties is regularly monitored and assessed.

The Group is exposed to credit risk from its operating and certain investing activities and the Group's credit risk exposures are categorised under the following headings:

notes to and forming part of the consolidated financial statements

for the year ended June 30, 2019

i) Counterparties

The Group conducts transactions with the following major types of counterparties:

Trade debts

Trade debts are essentially due from gas transmission and distribution, power generation, oil and gas marketing and oil refining companies. The Group's major portion of sales is to GENCO-II, SNGPL and SSGCL, however, it does not consider itself to be exposed to any substantial credit risk since these companies are State Owned Entities (SOEs).

Bank and investments

The Group limits its exposure to credit risk by investing in liquid securities and only with counterparties that have high credit rating. These credit ratings are subject to periodic review and accordingly, the Group currently does not expect any counterparty to fail to meet its obligations.

ii) Exposure to credit risk

The carrying amount of financial assets as at the reporting date represents the maximum credit exposure, details of which are as follows:

	June 30, 2019	June 30, 2018
	----- (Rs '000) -----	
Long-term investments	39,192,228	31,629,385
Long-term loans	34,019	16,067
Long-term deposits	7,676	7,676
Long-term receivables	83,810	74,670
Trade debts	227,630,133	142,824,745
Loans	67,519	69,440
Trade deposits	96,026	82,432
Interest accrued	855,251	547,409
Current maturity of long-term deposits	911,850	911,850
Current maturity of long-term receivables	125,714	50,786
Other receivables	2,085,458	2,121,702
Short-term investments	16,115,618	22,379,416
Bank balances	8,488,356	8,176,655
	<u>295,693,658</u>	<u>208,892,233</u>

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty default rates:

	June 30, 2019	June 30, 2018
	----- (Rs '000) -----	
Long-term investments		
AAA	16,450,840	14,337,396
AA	22,741,388	17,217,799
A	-	74,190
	<u>39,192,228</u>	<u>31,629,385</u>

notes to and forming part of the consolidated financial statements

for the year ended June 30, 2019

	June 30, 2019	June 30, 2018
	------(Rs '000)-----	
Trade debts		
Customers with defaults in past one year which have not yet been recovered	29,826,683	25,267,261
Short-term investments		
AAA	8,865,320	13,479,023
AA	7,250,298	250,000
A	-	8,650,393
	16,115,618	22,379,416
Cash at banks		
AAA	3,921,214	5,664,464
AA	4,503,063	2,169,609
A	64,079	342,582
	8,488,356	8,176,655

The Group's most significant customers include two gas transmission and distribution companies and one power generation company (related parties), which account for Rs 217,803 million of the trade debts as at June 30, 2019 (2018: Rs 132,502 million).

The aging of trade debts at the reporting date is provided in note 12.2.

c) Capital risk management

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern, so that it can continue to create value for shareholders and benefits for other stakeholders, and to maintain a strong capital base to support the sustained development of its businesses.

The Group manages its capital structure which comprises capital and reserves by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend paid to shareholders and / or issue new shares. There were no changes to Group's approach to capital management during the year and the Group is not subject to externally imposed capital requirements.

d) Liquidity risk management

Liquidity risk reflects an enterprise's inability in raising funds to meet commitments. The Group follows effective cash management and planning policy to ensure availability of funds and to take appropriate measures for new requirements.

	On demand	Less than 3 months	3 to less than 12 months	1 to 5 years	More than 5 years	Total
	------(Rs '000)-----					
Liability against assets subject to finance lease	-	19,552	36,477	12,107	-	68,136
Trade and other payables	3,986,496	26,548,410	1,643,743	-	-	32,178,649
Year ended June 30, 2019	3,986,496	26,567,962	1,680,220	12,107	-	32,246,785
Liability against assets subject to finance lease	-	21,257	53,364	68,136	-	142,757
Trade and other payables	1,922,235	20,911,072	978,332	-	-	23,811,639
Year ended June 30, 2018	1,922,235	20,932,329	1,031,696	68,136	-	23,954,396

notes to and forming part of the consolidated financial statements

for the year ended June 30, 2019

e) Fair value of financial assets and liabilities

The carrying value of all financial assets and liabilities reflected in the financial statements approximate their fair values.

	June 30, 2019	June 30, 2018
	------(Rs '000)-----	
40. CASH AND CASH EQUIVALENTS		
Cash and bank balances - note 18	8,562,493	8,251,633
Short-term highly liquid investments	12,099,320	22,379,416
	20,661,813	30,631,049

41. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Executives	
	Year ended June 30, 2019	Year ended June 30, 2018	Year ended June 30, 2019	Year ended June 30, 2018
	-----Rs '000-----			
Managerial remuneration	23,710	29,400	5,676,968	6,133,919
Housing, conveyance and utilities	-	-	93,039	246,294
Retirement benefits	2,526	-	870,994	689,047
Bonus	2,716	-	607,730	898,039
Medical and leave passage	284	-	488,268	466,266
Leave encashment	-	-	9,730	25,834
	29,236	29,400	7,746,729	8,459,399
Number, including those who worked for part of the year	2	1	1,152	1,271

41.1. Aggregate amount charged in these consolidated financial statements in respect of fees paid to eleven non-executive directors was Rs 25.101 million (2018: Rs 16.490 million to fifteen non-executive directors).

	Year ended June 30, 2019	Year ended June 30, 2018
42. EARNINGS PER SHARE		
42.1 Basic earnings per share		
Profit after taxation (Rs '000)	59,459,390	45,825,787
Dividend on convertible preference shares (Rs '000)	(34)	(34)
Profit attributable to ordinary shareholders (Rs '000)	59,459,356	45,825,753
		(Restated)
Weighted average number of ordinary shares in issue	2,267,476,040	2,267,475,432
		(Restated)
Basic earnings per share (Rs)	26.22	20.21

notes to and forming part of the consolidated financial statements

for the year ended June 30, 2019

42.2 Diluted earnings per share

	Year ended June 30, 2019	Year ended June 30, 2018
Profit after taxation (Rs '000)	59,459,390	45,825,787
Weighted average number of ordinary shares in issue	2,267,476,040	(Restated) 2,267,475,432
Adjustment for conversion of convertible preference shares	11,129	11,737
Weighted average number of ordinary shares for diluted earnings per share	2,267,487,169	2,267,487,169
		(Restated)
Diluted earnings per share (Rs)	26.22	20.21

43. TRANSACTIONS WITH RELATED PARTIES

The related parties are comprised of state controlled entities, associated companies, joint operations, companies where directors also hold directorship, key management personnel and other related parties. Details of transactions with related parties, other than those which have been specifically disclosed elsewhere in these consolidated financial statements are as follows:

Sales of gas / barytes to state controlled entities (including Government Levies)

	June 30, 2019	June 30, 2018
	------(Rs '000)-----	
GENCO-II	32,541,170	22,271,078
SSGCL	37,070,402	26,593,028
SNGPL	74,710,977	60,920,427
OGDCL	168,546	138,839
	144,491,095	109,923,372
	See notes 10,12 & 16	

Transactions with Associated Companies - note 43.2

Sales of crude oil / condensate to PARCO	6,253,831	5,989,687
Sales of crude oil / condensate to PRL	34,056	-
Payment to Total PARCO Pakistan Limited (Total PARCO)	250,586	173,451
Payment to SNGPL against services obtained	522	2,721
Deposits with Askari Bank Limited as at June 30	6,797	-

Transactions with Joint Operations

Payments of cash calls to joint operations	48,932,316	35,013,821
Expenditures incurred by the joint operations	52,360,934	42,019,272
Amounts receivable from / payable to joint operations partners as at June 30	See notes 13, 16 & 25	
Income from rental of assets to joint operations	8,199	27,472
Dividend income from BME	200,000	75,000
Purchase of goods from BME (net)	319,088	412,128
Reimbursement of employee cost on secondment to BME	19,379	17,939

notes to and forming part of the consolidated financial statements

for the year ended June 30, 2019

Other related parties

	Year ended June 30, 2019	Year ended June 30, 2018
	------(Rs '000)-----	
Dividends to GoP - note 43.3	1,996,591	13,310,607
Dividends to Trust under BESOS - note 43.3	217,454	1,449,691
Dividend to trusts under retirement benefit funds - note 43.3	1,646	10,976
Transactions with retirement benefit funds	See notes 31.1 & 32	
Remuneration to key management personnel	See note 41	
Payment of rental to Pakistan Industrial Development Corporation (PIDC)	121,093	106,660
Payment of rental to Karachi Port Trust (KPT)	7,288	7,612
Payment to National Insurance Company Limited (NICL)	1,015,168	810,543
Insurance claim received from NICL	24,596	268,518
Payment to Pakistan State Oil Company Limited (PSO)	398,192	899,629

43.1 Gas sales are made to various State controlled entities, at prices notified by the GoP. Transactions with BME for purchase of goods are conducted at prices determined by reference to comparable goods sold in an economically comparable market to a buyer unrelated to the seller.

43.2 Following are the related parties with whom the Group has entered into transactions during the year excluding joint operations, staff retirement benefit funds and employees, details of which have already been disclosed in these consolidated financial statements.

S.No.	Company Name	Basis of Relationship	Aggregate % of Shareholding in the Group
1.	SNGPL	GOP is common shareholder / Common Directorship	Not applicable
2.	OGDCL	GOP is common shareholder / Common Directorship	Not applicable
3.	GHPL	GOP is common shareholder / Common Directorship	Not applicable
4.	SSGCL	GOP is common shareholder	Not applicable
5.	GENCO - II	GOP is common shareholder	Not applicable
6.	PIDC	GOP is common shareholder	Not applicable
7.	KPT	GOP is common shareholder	Not applicable
8.	NICL	GOP is common shareholder	Not applicable
9.	Total PARCO	Common Directorship	Not applicable
10.	PARCO	Common Directorship	Not applicable
11.	PSO	Common Directorship	Not applicable
12.	PRL	Common Directorship	Not applicable

notes to and forming part of the consolidated financial statements

for the year ended June 30, 2019

43.3 The Holding Company also issued bonus shares to GoP (199,659,102 shares), trust under BESOS (21,745,360 shares) and trusts under retirement benefit funds (164,631 shares).

44. INFORMATION ABOUT OPERATING SEGMENTS

For management purposes, the activities of the Group are organised into one operating segment i.e. exploration, development and production of oil, gas and barytes. The Group operates in the said reportable operating segment based on the nature of the products, risks and returns, organisational and management structure and internal financial reporting systems. Accordingly, the figures reported in these consolidated financial statements are related to the Group's only reportable segment.

The operating interests of the Group are confined to Pakistan in terms of production areas and customers. Accordingly, the production and revenue figures reported in these consolidated financial statements relate to the Group's only reportable operating segment in Pakistan.

Following are the details of customers with whom the revenue from sales transactions amount to 10% or more of the Group's overall revenue:

	Year ended June 30, 2019	Year ended June 30, 2018
	------(Rs '000)-----	
GENCO-II	32,541,170	22,271,078
SSGCL	37,070,402	26,593,628
SNGPL	74,710,977	60,920,427
ARL	38,179,107	28,815,511
	182,501,656	138,600,644

45. GENERAL

45.1 Number of employees

Total number of employees at the end of the year were as follows:

	June 30, 2019	June 30, 2018
Regular	2,765	2,811
Contractual	84	88
	2,849	2,899

Average number of employees during the year were as follows:

	June 30, 2019	June 30, 2018
Regular	2,788	2,821
Contractual	86	82
	2,874	2,903

45.2 Capacity and production

Product	Unit	Actual production for the year (Group's share) June 30, 2019	Actual production for the year (Group's share) June 30, 2018
Natural gas	MMCF	318,963	324,766
Crude oil / NGL / Condensate	Thousand Barrels	5,869	5,796
LPG	M. Ton	116,723	95,332
Barytes	M. Ton	130,845	119,354

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

notes to and forming part of the consolidated financial statements

for the year ended June 30, 2019

45.3 Corresponding figures

Corresponding figures have been reclassified for the purpose of better presentation and comparison, where necessary.

45.4 Figures have been rounded off to the nearest thousand, unless otherwise stated.

46. SUBSEQUENT / NON -ADJUSTING EVENTS

The Board of Directors of the Holding Company in its meeting on September 25, 2019 recommended 20% bonus shares (453,495,285 shares) i.e. twenty shares for every hundred shares held (2018: @ 15% i.e. 295,757,714 shares) and final cash dividend @ 20 % amounting to Rs 4,534.953 million (2018: @ 15% amounting to Rs 2,957.577 million) on the paid-up value of the ordinary share capital. In respect of convertible preference share capital, the Board of Directors of the Holding Company recommended 10% bonus shares (1,074 shares) i.e. ten shares for every hundred shares held (2018: Nil) and final cash dividend @ 20 % amounting to Rs 0.02 million (2018: Nil). These appropriations will be put forward for approval of the shareholders in the Annual General Meeting of the Holding Company scheduled to be held on October 28, 2019.

47. DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorised for issue on September 25, 2019 by the Board of Directors of the Holding Company.


Chief Financial Officer


Director


Chief Executive Officer

list of abbreviations

ABBREVIATION	DESCRIPTION
ATA	Annual Turn Around
AVO	Amplitude-Variation-with-Offset seismic inversion
BBL	Barrel
BCF	Billion Cubic Feet
BCFDE	Billion Cubic Feet Per Day Equivalent
BCFE	Billions Cubic Feet Equivalent
BLZ	Baryte Lead Zinc
BME	Bolan Mining Enterprises
BOPD or bbl/d	Barrels of Oil Per Day
CPPA-G	Central Power Purchasing Agency (Guarantee) Limited
CSR	Corporate Social Responsibility
D&PL	Development and Production Lease
DGPC	Director General Petroleum Concessions
E&P	Exploration and Production
EDPSC	Exploration, Development and Production Service Contract
Eni	Eni Pakistan Limited
EPCC	Engineering, Procurement, Construction and Commissioning
EPS	Earnings Per Share
EWT	Extended Well Testing
FC	Frontier Corps
FEED	Front End Engineering Design
G&G	Geological & Geophysical
GDP	Gross Domestic Product
GDS	Gas Development Surcharge
GENCO-II	Central Power Generation Company Limited
GHPL	Government Holdings (Pvt.) Limited
GIDC	Gas Infrastructure Development Cess
GoB	Government of Balochistan
GoP	Government of Pakistan
GPF	Gas Processing Facility
HESCO	Hyderabad Electric Supply Company
HRL	Habib Rahi Limestone
HSE	Health, Safety and Environment
IAS	International Accounting Standards
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards
ISMS	Information Security Management System
ISO	International Organisation for Standardisation
IT	Information Technology
KBOE	Thousands of Barrels of Oil Equivalent
KM/ LKm / Sq Km	Kilometer/ Line Kilometer/ Square Kilometer
KUFPEC	Kuwait Foreign Petroleum Exploration Company
LNG	Liquefied Natural Gas
LoA	Letter of Award
LPG	Liquefied Petroleum Gas
LTI	Loss Time Injury
M	Meter
MdOC	Midland Oil Company

ABBREVIATION	DESCRIPTION
MDRL	Mineral Deposit Retention License
MMSCF	Million Standard Cubic Feet
MMSCFD	Million Standard Cubic Feet Per Day
MoD	Ministry of Defense
MOL	MOL Pakistan Oil and Gas BV
MPCL	Mari Petroleum Company Limited
MT	Metric Tonnes
MW	Megawatts
NBFI	Non-Banking Financial Institution
NGL	Natural Gas Liquids
NHEPL	New Horizon Exploration and Production Limited
NOC	No Objection Certificate
NRU	Nitrogen Rejection Unit
NTDC	National Transmission & Despatch Company
O&M	Operations & Maintenance
OGDCL	Oil and Gas Development Company Limited
OGRA	Oil and Gas Regulatory Authority
OHSAS	Occupational Health and Safety Assessment System
OPEX	Operating Expenditure
P	Pab Reservoir
P&A	Plugged and Abandoned
P&S	Plugged and Suspended
PCA	Petroleum Concession Agreement
POGC	Polish Oil & Gas Company
PPLA	PPL Asia E&P B.V.
PPLE	PPL Europe E&P Limited
PSA	Profit Sharing Agreement
PSDM	Pre-Stack Depth Migration
PSTM	Pre-Stack Time Migration
QHSE	Quality, Health, Safety and Environment
R&D	Research and Development
RRR	Reserve Replacement Ratio
SFGCS	Sui Field Gas Compressor Station
SHC	Sindh High Court
SML	Sui Main Limestone
SNGPL	Sui Northern Gas Pipelines Limited
SSGCL	Sui Southern Gas Company Limited
ST	Sidetrack
T / K / S	Tobra/ Khewra/ Sakesar
TCF	Trillion Cubic Feet
UEPL	United Energy Pakistan Limited
USD	United States Dollar
WPPF	Worker's Profit Participation Fund
ZHENHUA	China ZhenHua Oil Co. Ltd.

pattern of shareholding

As at June 30, 2019

	Size of Holding Rs. 10 Shares	Number of Shareholders	Total Shares held
1	100	1,824	79,339
101	500	3,091	786,628
501	1,000	1,679	1,219,729
1,001	5,000	12,023	22,537,389
5,001	10,000	803	5,725,022
10,001	15,000	332	4,100,231
15,001	20,000	168	2,909,438
20,001	30,000	213	5,256,291
30,001	40,000	123	4,341,102
40,001	50,000	68	3,079,821
50,001	60,000	65	3,601,526
60,001	70,000	19	1,246,071
70,001	80,000	28	2,095,398
80,001	90,000	20	1,684,901
90,001	100,000	31	2,965,692
100,001	150,000	63	7,790,793
150,001	200,000	27	4,678,313
200,001	300,000	42	10,171,178
300,001	500,000	44	17,667,311
500,001	1,000,000	49	34,941,350
1,000,001	2,000,000	37	54,711,754
2,000,001	10,000,000	44	181,581,241
10,000,001	50,000,000	6	145,406,200
50,000,001	52,000,000	1	51,465,552
166,000,001	167,000,000	1	166,714,432
1,530,000,000	1,540,000,000	1	1,530,719,675
	TOTAL	20,802	2,267,476,377

Categories of Shareholders	No. of Shareholders	No. of Shares Held	Percentage
Ordinary shares			
Directors, CEO and their spouse and minor children	3	3,762	*
Associated companies, undertakings and related parties			
PPL Employees Empowerment Trust	1	166,714,432	7.35
PPL Employees Retirement Benefit Funds	6	1,262,182	0.06
NIT and ICP	1	2,013,765	0.09
Banks, Development Financial Institutions, Non-Banking Financial Institutions	39	30,699,062	1.35
Insurance Companies	22	39,652,458	1.75
Modarabas and Mutual Funds	107	83,289,406	3.67
Shareholders holding 10% or more Government of Pakistan	1	1,530,719,675	67.51
General Public			
Resident	19,913	95,884,967	4.23
Non-resident	211	318,271	0.01
Others			
Non-Resident Financial Institutions	110	200,379,090	8.84
Public Sector Companies and Corporations	67	82,169,360	3.62
Joint Stock Companies	141	10,349,339	0.46
Employee Trust / Foundations etc.	176	24,019,974	1.06
Nazir of High Court	4	634	*
	20,802	2,267,476,377	100.00
Convertible Preference Shares			
Individuals	75	10,382	96.20
Joint Stock Companies	1	370	3.43
Nazir of High Court	1	40	0.37
	77	10,792	100.00

* Negligible

pattern of shareholding

As at June 30, 2019

Shareholders' Category	No. of Shareholders	No. of Shares Held
Government of Pakistan	1	1,530,719,675
Associated Companies, undertakings and related parties		
PPL Employees Empowerment Trust formed under BESOS	1	166,714,432
Trustees PPL Senior Provident Fund	1	1,168,239
Trustees PPL Junior Provident Fund	1	15,180
Trustees PPL Executive Staff Pension Fund	1	48,165
Trustees PPL Non-Executive Staff Pension Fund	1	15,393
Trustees PPL Executive Staff Gratuity Fund	1	8,343
Trustees PPL Non-Executive Staff Gratuity Fund	1	6,862
Mutual Funds	103	83,155,452
Directors and their spouses and minor children		
Mr. Shamsul Islam	1	460
Mr. Mian Imtiazuddin	1	1,651
Mr. Zahid Raza (Spouse of Ms. Tahira Raza)	1	1,651
Executives	17	26,098
Public Sector Companies & Corporations	67	82,169,360
Banks, DFIs, NBFIs, Insurance Companies, Takaful & Modarabas Companies	65	70,485,474
Shareholders holding five percent or more voting rights		
Government of Pakistan	1	1,530,719,675
PPL Employees Empowerment Trust formed under BESOS	1	166,714,432
Trade in shares of the Company by Directors, executives* and their spouses and minor children		Nil

* In accordance with clause 5.19.11 of the Code of Corporate Governance, the Board has set a threshold for categories of certain group of senior management employees as "Executives" which is reviewed annually.

notice of 68th annual general meeting

Notice is hereby given that the 68th Annual General Meeting of Pakistan Petroleum Limited will be held on Monday, 28th October 2019 at 12:15 P.M. at the Pearl Continental hotel, Karachi, to transact the following business:

Ordinary Business

- To receive, consider and adopt the audited unconsolidated and consolidated financial statements for the year ended 30th June 2019 together with the auditor's report thereon.
- To approve and declare a final cash dividend of Rs. 2.00 (20%) per ordinary share and Rs. 2.00 (20%) per convertible preference share for the financial year ended 30th June 2019 together with 20% bonus shares to holders of ordinary shares (20 ordinary shares for every 100 ordinary shares) and 10% bonus shares to holders of convertible preference shares (10 convertible preference shares for every 100 convertible preference shares) recommended by the Board of Directors at its meeting held on 25th September 2019.
- To re-appoint Messrs. A. F. Ferguson and Co. as auditors of the Company for the financial year 2019-20 and to fix their remuneration.

SHAHANA AHMED ALI
Company Secretary

4th October 2019
Karachi.

NOTES

1. CLOSURE OF SHARE TRANSFER BOOKS

The register of members and the share transfer books of the Company will remain closed from 18th October 2019 until 28th October 2019 (both days inclusive).

Only persons whose names appear in the register of members of the Company as on 17th October 2019, are entitled to attend, participate in, and vote at the Meeting.

A member entitled to attend and vote may appoint another member as proxy to attend and vote on his / her behalf. Proxies must be received at the registered office of the Company not less than 48 hours before the time for holding the Meeting. A form of proxy is attached.

2. GUIDELINES FOR CDC ACCOUNT HOLDERS

CDC account holders should comply with the following guidelines of the SECP:

A For Attendance

- Individuals should be account holder(s) or sub-account holder(s) and their registration details should be uploaded according to CDC regulations and must establish their identity at the time of the Meeting by presenting their original Computerized National Identity Card (CNIC) or passport.
- Unless provided earlier, corporate entities must at the time of the Meeting produce a certified copy of a resolution of their Board of Directors or a Power of Attorney, bearing the specimen signature of the attorney.

B For Appointing Proxies

- Individuals should be account holder(s) or sub-account holder(s) whose registration details should be uploaded according to CDC regulations and their proxy forms must be submitted at the registered office of the Company not less than 48 hours before the time for holding the Meeting.
- The proxy form must be attested by two persons whose names, addresses and CNIC numbers must be specified therein.
- Attested copies of the CNIC or passport of the beneficial owner and the proxy must be provided along with the form of proxy.
- Proxies must at the time of the Meeting produce their original CNIC or passport.
- Unless provided earlier, corporate entities must at the time of the Meeting produce a certified copy of a resolution of their Board of Directors or a Power of Attorney, bearing the specimen signature of the attorney.

3. TAX IMPLICATIONS ON DIVIDENDS

Tax Rates

Pursuant to the Finance Act 2019 the rates of withholding tax on dividend income are as follows:

- 15% in the case of filers of income tax returns.
- 30% in the case of non-filers of income tax returns.

A 'filer' is a taxpayer whose name appears in the Active Taxpayers List (ATL) issued by the FBR from time to time and a 'non-filer' is a person other than a filer. The FBR has uploaded the ATL on its web-site which may be viewed at <http://fbr.gov.pk>.

The Company will ascertain the tax status of members on the first day of book closure and withholding tax at the rate of 30% will be applicable for members whose names are not in the ATL and at the rate of 15% for members who are filers.

Corporate members who hold CDC accounts should intimate their National Tax Number (NTN) to their respective participants. Members who hold certificates should provide a copy of their NTN certificate together with their folio numbers and name of the Company to the Company's share registrars, Messrs. FAMCO Associates (Private) Limited, 8-F, Next to Hotel Faran, Nursery, Block-6, P.E.C.H.S., Shahra-e-Faisal, Karachi ("Share Registrar").

Tax in case of Joint Shareholders

It has been clarified by the FBR that holders of shares in joint names or joint accounts will be treated individually as filers or non-filers and tax will be deducted according to the proportionate holding of each member.

Joint shareholders should intimate the proportion of their joint holding to the Share Registrars latest by 17th October 2019 as follows:

Folio / CDC Account Number	Name of Shareholders (Principal / Joint Holders)	Number or Percentage of Shares Held (Proportion)	CNIC Number	Signature

Withholding tax will be deducted according to the proportionate holdings. If the proportion of joint shareholding is not intimated joint shareholders will be presumed to hold an equal number of shares.

Valid Tax Exemption Certificate

A valid tax exemption certificate is necessary for the exemption from the deduction of withholding tax under Section 150 of the Income Tax Ordinance, 2001. Members who qualify and wish to seek an exemption pursuant to Clause 47 B of Part IV of the Second Schedule to the Income Tax Ordinance, 2001 should provide a copy of a valid tax exemption certificate to the Shares Registrar prior to the date of book closure otherwise tax will be deducted as applicable.

4. DIVIDEND BANK MANDATE

Pursuant to Section 242 of the Companies Act, 2017 cash dividend will be paid by electronic transfer into the shareholders' designated bank accounts upon submission of the following information:

Folio Number:	
Name of Shareholder:	
Title of the Bank Account:	
International Bank Account Number (24 DIGIT BAN):	
Name of Bank:	
Name of Bank Branch and Address:	
Cellular Number of shareholder:	
Landline Number of shareholder:	
CNIC / NTN Number (Attach copy):	
Signature of Member:	

Note: Signature must match specimen signature registered with the Company.

Members who hold shares in CDC accounts should provide the bank mandates to their respective participants.

5. INTIMATION OF CHANGE OF ADDRESS

Members who possess share certificates should notify any change in their registered address and if applicable the declarations of non-deduction of zakat to the Share Registrar. Members who hold shares in CDC / participant accounts should update their addresses and submit if applicable declarations of the non-deduction of zakat to the CDC or respective participants.

6. CNIC

Dividend will not be paid to members who have not submitted copies of their CNIC to the Company. The names of members whose CNIC copies have not been received by the Company may be viewed on the Company's website: www.ppl.com.pk.

form of proxy

The Secretary
Pakistan Petroleum Limited
PIDC House
Dr. Ziauddin Ahmed Road
Karachi.

I/ We, _____ of _____, being a Member of Pakistan Petroleum Limited, holder of _____ Ordinary Shares(s) as per Register Folio No. _____/ CDC Account No. _____ hereby appoint Mr. _____, Folio No. _____/ CDC Account No. _____ (if member) of _____, as my/ our proxy in my / our absence to attend and vote for me / us on my / our behalf at the Annual General Meeting of the Company to be held on 28th October 2019 and at any adjournment thereof.

Signed under my / our hand this _____ day of October 2019.

Signature should tally with the specimen signature registered with the Company

Signed in the presence of:

Signature of Witness:

Name:

CNIC No.:

Address:

Signature of Witness :

Name:

CNIC No.:

Address:

Notes:

1. The instrument appointing a proxy shall be in writing under the hand of the appointee or his attorney duly authorized, or if the appointer is a corporation either under the common seal or under the hand of a duly authorized official or attorney. No person shall be appointed proxy who is not a member of the Company and qualified to vote except a corporation being a member may appoint a non-member.
2. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarized copy of such power of authority shall be lodged with the share registrars of the Company, Messrs. FAMCO Associates (Private) Limited, 8-F, next to Hotel Faran, Nursery Block 6, P.E.C.H.S, Karachi, not less than 48 hours before the time for holding the Meeting at which the person named in the instrument proposes to vote, and if it is not so lodged the instrument of a proxy shall not be deemed valid. CDC shareholders and their proxies are required to append an attested photocopy of their computerized national identity card (CNIC) or passport with the proxy form.

پراکسی فارم

سیکرٹری
پاکستان پیٹرولیم لمیٹڈ
پی آئی ڈی سی ہاؤس
ڈاکٹر ضیاء الدین احمد روڈ
کراچی

میں / ہم _____ پاکستان پیٹرولیم لمیٹڈ کے ممبر کی حیثیت سے کمپنی کے _____ عمومی شیئر (ز) رجسٹرڈ کنندہ رجسٹر فوئیو نمبر / CDC A/c No.

جناب _____ فوئیو نمبر / CDC A/c No. (اگر ممبر) ہے _____ یا ان کے بجائے،

جناب _____ فوئیو نمبر / CDC A/c No. (اگر ممبر ہے) _____ بذریعہ ہذا کو اپنا / ہمارا پر کسی مقرر کرتا ہوں تاکہ میری غیر موجودگی

میں کمپنی کے سالانہ اجلاس عام میں جو 28 اکتوبر 2019 کو منعقد ہو رہا ہے یا اس کے التوائی اجلاس میں میری / ہماری طرف سے شرکت کر سکے یا ووٹ دے سکے۔

دستخط منظور کنندہ، _____ اکتوبر 2019 -

دستخط، کمپنی کے پاس موجود دستخط کے نمونے کے مطابق ہونے چاہیں

گواہ کے دستخط: _____
نام: _____
سی این آئی سی نمبر: _____
پتہ: _____

نوٹس:

1- پراکسی مقرر کرنے کا اختیار مجاز شخص یا اس کے انارنی کی طرف سے تحریری طور پر دینا ہوگا یا کارپوریشن / کمپنی ہونے کی صورت میں کامن سیل کے تحت یا اختیار شخص یا انارنی کی طرف سے دینا ہوگا۔ کوئی بھی ایسا شخص پراکسی مقرر نہیں ہو سکتا ہو جو کمپنی کا ممبر نہ ہو یا سوائے کارپوریشن / کمپنی کے ممبر ہونے کی صورت میں ایسے شخص کو پراکسی مقرر کر سکتی ہے۔

2- پراکسی مقرر کرنے اور پورا آف انارنی یا دیگر اتھارٹی (اگر کوئی ہو) جس کے ذریعے دستخط کئے جائیں یا تصدیق شدہ پورا آف اتھارٹی کی کاپی شیئر رجسٹر اریز میسرز فیکو ایسوسی ایٹس پرائیویٹ لمیٹڈ کے دفتر واقع 8-F ہٹل فاران سے متصل، نرسری بلاک 6 پی ای سی ایچ ایس، کراچی میں جس کا نام ووٹ دینے کے لئے تجویز کیا گیا ہو، اجلاس شروع ہونے سے کم از کم 48 گھنٹے قبل جمع کرائی جائے۔ ناکامی کی صورت میں پراکسی کو ووٹ کا اختیار نہیں ہوگا۔ ہر پراکسی فارم کے ساتھ علیحدہ کمپیوٹرائزڈ شناختی کارڈ یا پاسپورٹ کی کاپی منسلک کی جائے۔

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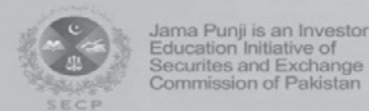


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