



Pakistan Petroleum Limited

P.I.D.C. House, Dr. Ziauddin Ahmed Road,
P. O. Box 3942, Karachi-75530, Pakistan
Tel: 92-21-35681391-95, 35683853-57, 35657730-39
UAN: 92-21-111-568-568
Fax: 92-21-35680005 & 35682125
Website: www.ppl.com.pk

Our reference: SAA/CS/PSX-0189

Your reference:

Date: 2nd October 2020

By PUCARS

Pakistan Stock Exchange Limited
Stock Exchange Building
Stock Exchange Road
Karachi

Attention: Ms. Asmaa Saleem Malik
Deputy General Manager
Listing Department

Dear Sirs,

Re: Annual Report for the Year Ended 30th June 2020

As required by Rule 5.6.9 (a) of your Rules please find attached the Company's Annual Report for the year ended 30th June 2020, which may be distributed among your members.

Yours truly,

Shahana Ahmed Ali
Company Secretary
(Signed Electronically)

Enclosure: As above.

(saa/cs/ppl/ar-px-02102020)

annual report 2020

PAKISTAN PETROLEUM LIMITED



Pakistan Petroleum Limited

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P.O. Box 3942, Karachi-75530, Pakistan
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ANNUAL REPORT 2020



STANDING TALL

standing tall

Given that the Covid-19 pandemic created a new normal and stretched the capacity of individuals and institutions alike to deliver in unusual circumstances, 2019-20 had been a shapeshifting year for most countries around the globe, witnessing changes that will have a lasting impact on how we live, operate and communicate.

Among the leading suppliers of energy in the country, PPL took up the extraordinary responsibility of successfully maintaining a fine balance between ensuring safety of its employees and uninterrupted supply of oil and gas, without compromising on both fronts.

For us at Pakistan Petroleum Limited, this is a story of great resolve, dedication and commitment to deal with demanding times. Over the last six months, we have demonstrated remarkable resilience in all facets of our operations, standing tall in the face of challenges never witnessed before.

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vision

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

mission

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





core values

VALUE CREATION

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

RESPECT

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

INTEGRITY

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

SERVE THE NATION

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

EMPOWERMENT

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

company information

Board of Directors

Mr. Shamsul Islam

Chairman
Independent, Non-Executive Director

Mr. Moin Raza Khan

Chief Executive Officer /
Managing Director

Mr. Abdul Jabbar Memon

Non-Executive Director

Mr. Abid Sattar

Independent,
Non-Executive Director

Mian Intiazuddin

Independent,
Non-Executive Director

Mir Balakh Sher Marri

Independent,
Non-Executive Director

Mr. Sajid Mehmood Qazi

Non-Executive Director

Mr. Sheryar Taj

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, Adam West and Fazal)
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.
Shahra-e-Faisal, Karachi.
Tel: +92 (21) 34380101-05, +92 (21) 34384621-3
Fax: +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 delivered.

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's staff must not take or use Company's 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.

25. Particulars and Shareholding, if any, in the Company

All employees in Job Group-10 and above need to notify the ownership and transactions in the shares of the Company, whether held/undertaken directly or indirectly, by self, spouse or minor children.

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 around 12,000 corporate participants and other stakeholders, including business and civil society from about 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 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 environment 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

2019-20

Operational Highlights

we continue our quest for hydrocarbons

05 Exploration wells spud-in

14 Development wells spud-in

233 Line Km 2D seismic acquired

684 Sq. Km 3D seismic acquired

02 Discoveries during the year

above includes Partner operated areas.

Financial Highlights

significant achievements for our shareholders

Rs. **158** Sales revenue
billion

Rs. **50** PAT
billion

Rs. **28** Capital expenditure incurred
billion

Production Highlights | PPL Net

we carry on our legacy of fueling the nation

870 MMscfd equivalent

775 MMscfd of gas

14,049 Barrels of Oil/NGL per day

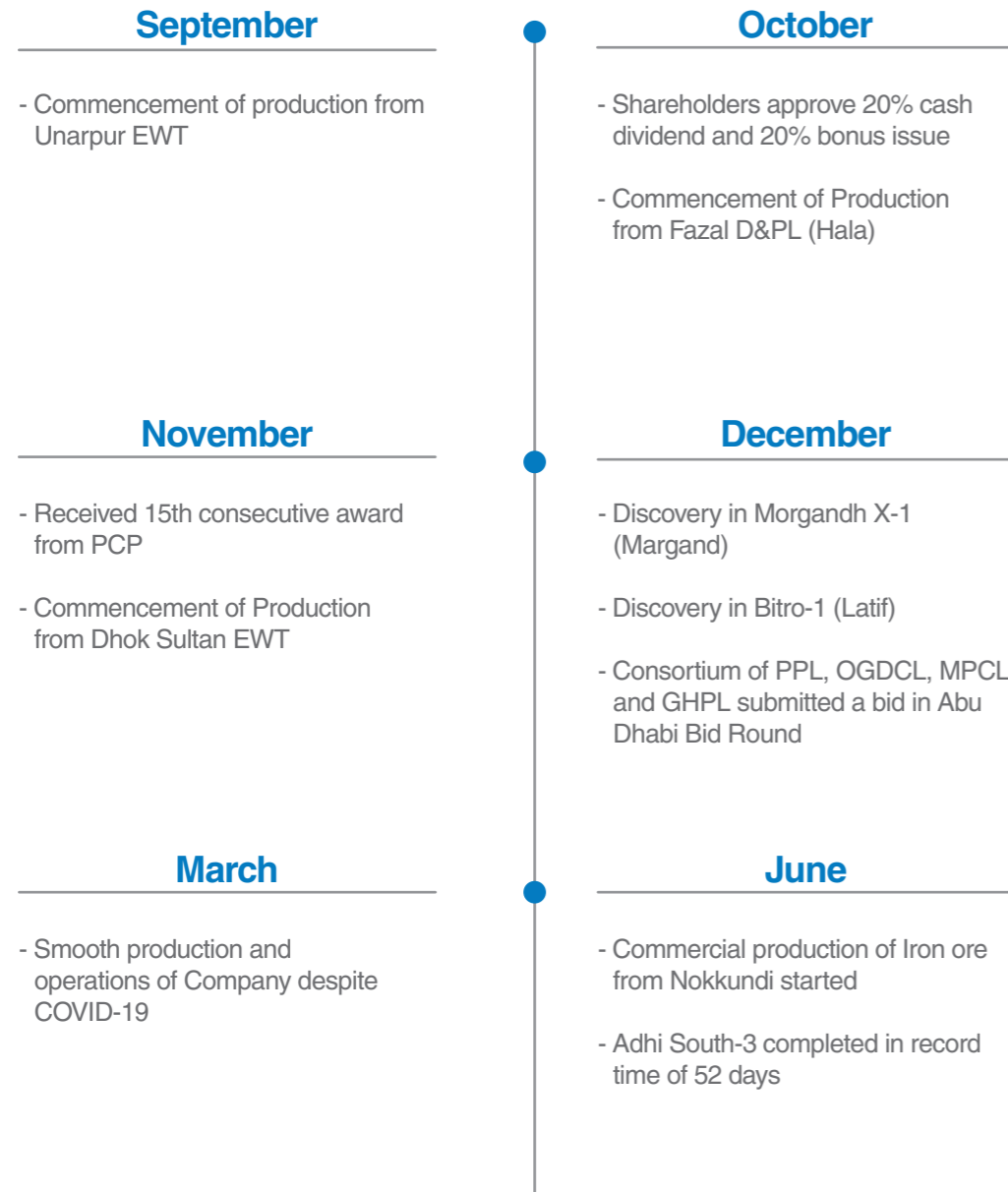
293 Tonnes LPG per day

248 Tonnes barytes per day

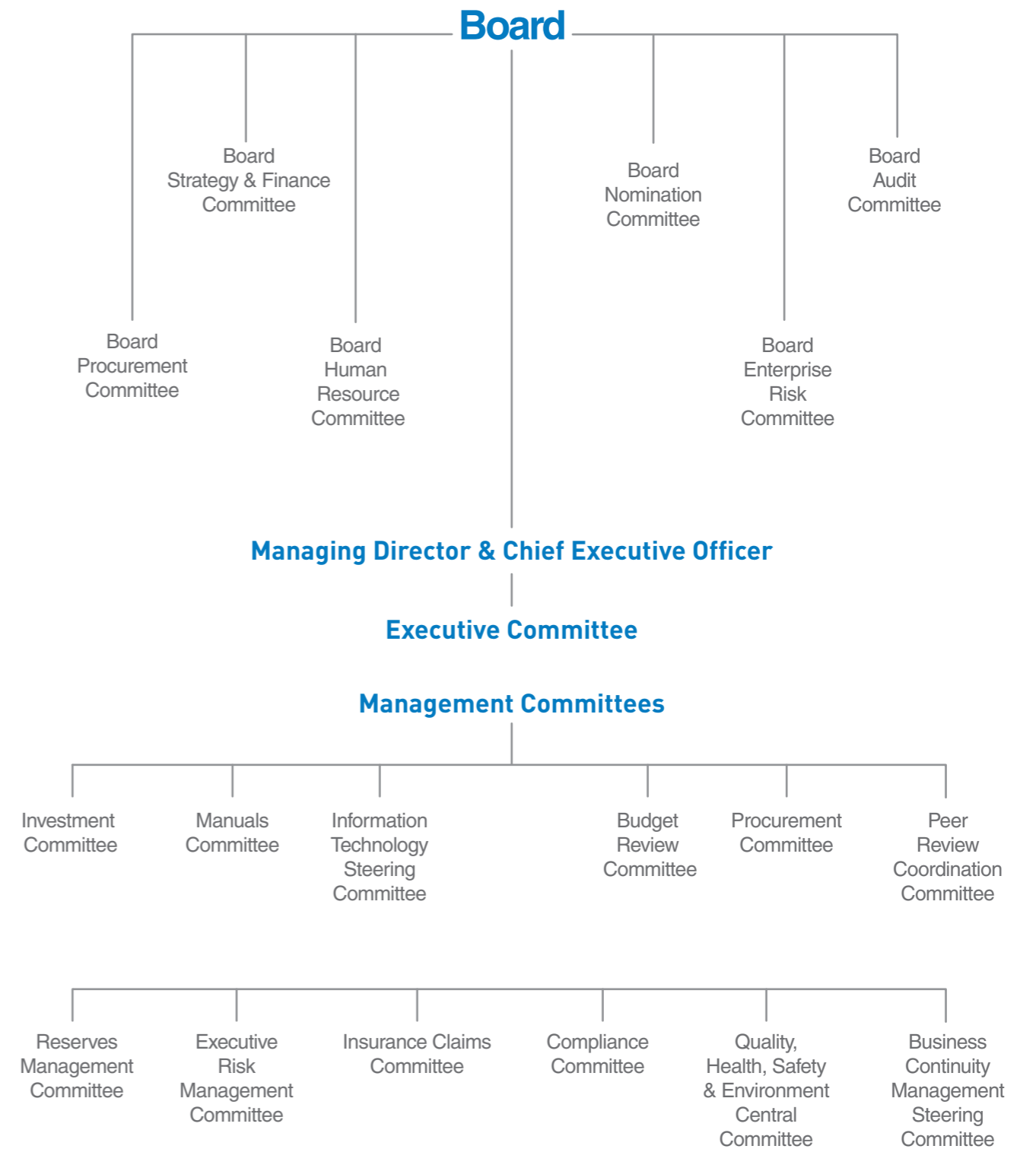


calendar of major events

2019-20



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 a member of the Board Human Resource, Board Strategy and Finance and Board Nomination Committees.

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

A seasoned professional with over 36 years of experience, Mr. Islam has worked with leading companies, including HUBCO as company secretary and head of legal, insurance, secretarial, 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 in Pakistan and 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 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 PPL on January 7, 2019 in addition to his role as Deputy Managing Director (Exploration & Business Development). He is also a director on the Boards of PPL Asia E&P B.V. and PPL Europe E&P Limited.

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 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 at least 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.

Subsequently, he was redesignated 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 also the Chairman of Petroleum Institute of Pakistan, which is a non-profit organization and had a short stint as its pro bono Chief Executive Officer. Earlier, he had served as the Chairman, Pakistan Association of Petroleum Geoscientists (PAPG), an affiliate of the prestigious American Association of Petroleum Geologists, between 2010 and 2013 and conducted PAPG-SPE Annual Technical Conference as its Chairman in 2012.

profile of the board of directors



Mr. Abdul Jabbar Memon
Non-Executive Director

Mr. Abdul Jabbar Memon joined PPL's Board of Directors on June 26, 2019.

He is serving as Director General Petroleum Concessions, Ministry of Energy (Petroleum Division). He has also served 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.



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

Mr. Sattar is a seasoned banker with over 36 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 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 had 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 Board Strategy and Finance Committee and a member of Board Audit, Human Resource and Enterprise Risk Committees. He is also a director on the Boards of PPL Europe E&P Limited and PPL Asia E&P B.V..

A seasoned professional with over 47 years of multi-dimensional experience in the oil and gas industry, Mr. Imtiazuddin has worked with leading consultancy firms that provide services in 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 also served as the 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 is also a director on the Boards of PPL Europe E&P Limited and PPL Asia E&P B.V..

He has served as a 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. Earlier, Mr. Marri did his schooling from Aitchison College, Lahore.

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.

profile of the board of directors



Mr. Sajid Mehmood Qazi
Non-Executive Director

Mr. Sajid Mehmood Qazi joined PPL's Board of Directors on April 10, 2018. He is the 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 and 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.

Earlier, he had served as Additional Registrar of the Supreme Court of Pakistan and contributed towards setting up of Human Rights Cell to streamline implementation of suo moto jurisdiction of the Supreme Court. Besides, as 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.

He 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. Mr. Qazi also held the position of Chief Executive Officer of Pakistan Mineral Development Corporation.



Mr. Sheryar Taj
Non-Executive Director

Mr. Sheryar Taj joined PPL's Board of Directors on October 30, 2019. He is a member of the Board Audit, Strategy and Finance, and Nomination Committees.

He is currently serving as Secretary, Energy, Government of Balochistan (GoB). Mr. Taj did his schooling from Aitchison College Lahore, followed by Bachelors in Science from Islamabad College in 1992. He obtained his master's degree in Public Administration from Quaid-e-Azam University in 1995. Later, he also did a Master in Education from University of Manchester, UK in 2006.

He joined Civil Services of Pakistan in 1996 after completing training from Civil Service Academy and District Management Group, Lahore. He joined the Government of Balochistan in 1998.

Over the last two decades, Mr. Taj has served on various important positions, including Secretary, Planning and Development, Balochistan, Commissioner Sibi, Director General Gwadar Development Authority, Commercial Counsellor, Embassy of Pakistan in Tehran, Provincial Director, National Commission for Human Development, Quetta and Principal Secretary to the Chief Minister Balochistan.

Mr. Taj also serves as CEO of Balochistan Energy Company as well as a member of the Board of Directors of Alternative Energy Development Board.



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 Strategy and Finance, Enterprise Risk and Procurement Committees. She is also a director on the Boards of PPL Europe E&P Limited and PPL Asia E&P B.V..

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 its founding executives. Meanwhile, she also had a brief stint at National Bank of Pakistan (NBP) and became the first woman at NBP to be elevated to Senior Executive Vice President. She is a director on the Board of Habib Metropolitan Bank Limited.

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 and human resource management, audit, trade 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.

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 28 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 Special Secretary, Communications Division. He has also worked as Additional Secretary, Ministry of Energy, Petroleum Division.

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

board committees

The Board has formed the following Committees:

- Board Audit Committee
- Board Human Resource Committee
- Board Strategy and Finance 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 |
| • Mr. Sheryar Taj | Member |
| • Head of Internal Audit | Secretary |

Terms of Reference

The Terms of Reference of the Board Audit Committee include:

- Review of the interim and annual financial statements of the Company prior to approval by the Board of Directors.
- 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.
- 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.
- 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.
- Ascertainment of the adequacy and effectiveness of the internal control system including financial and operational controls, accounting system, and reporting structure.
- Determination of compliance with statutory requirements and monitoring compliance with the best practices of corporate governance.
- Institute special projects, value for money studies or other investigations of any matters directed by the Board of Directors.

Six 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. Abid Sattar | Chairman |
| • Mian Imtiazuddin | Member |
| • Mir Balakh Sher Marri | Member |
| • Mr. Sajid Mehmood Qazi | Member |
| • Mr. Shamsul Islam | 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:

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

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

Board Strategy and Finance Committee

Composition

The Board Strategy and Finance Committee is comprised of:

- | | |
|------------------------------|-----------|
| • Mian Imtiazuddin | Chairman |
| • Mr. Shamsul Islam | Member |
| • Mr. Sheryar Taj | Member |
| • Ms. Tahira Raza | Member |
| • Head of Corporate Planning | Secretary |

Terms of Reference

The primary purpose of the Board Strategy and Finance Committee is to oversee the implementation of the Company's strategy, monitor progress of the delivery of operational targets and to assist the Board in fulfilling its responsibilities with respect to the monitoring and oversight of the Company's financial resources in line with its strategies.

The Terms of Reference of the Board Strategy and Finance Committee include:

- (i) Examination and recommendations to the Board in respect of the
 - Long-Term Strategic Vision and Plan of the Company.
 - The Annual Strategic Plan for the Company and its alignment with the Long-Term Plan.
 - Updates on execution of the Annual Strategic Plan.
 - Updates on the Company's Petroleum exploration operations in respect of: selection of new domestic areas, farm-ins and farm-outs, surrender of licenses and relinquished areas,
 - Development of existing, as well as, new petroleum discoveries.
 - Development of non-petroleum businesses, and consideration of new ventures not in the Company's traditional business stream and updates on the Company's subsidiaries PPLA and PPLE.
- (ii) Review of the Company's overall performance on the Annual Strategy Plan by monitoring its Key Performance Indicators (KPIs) on a quarterly basis.
- (iii) Review of data, benchmarking the Company's operational performance and costs against competitors on a bi-annual basis.
- (iv) Review and evaluation of propositions relating to investments in operational assets and businesses or entering into partnerships or joint ventures with other parties for the purpose of business expansion.
- (v) Evaluation and recommendation of the Annual Operating and Capital Budget.
- (vi) Review of policies relating to financial matters.
- (vii) Review of the financial position of the Company and its operational segments periodically.
- (viii) Periodic performance evaluation of utilization of operating and capital budgets.
- (ix) Analysis and evaluation of matters relating to treasury function.
- (x) Review of the Company's borrowing plans and recommendations to the Board for approval after assessing credit, long term loan facilities and working capital requirements.
- (xi) Evaluation of proposals regarding enlistment and approval for addition or deletion of banks in the Company's approved panel of banks.
- (xii) 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.
- (xiii) Review of major financial commitments and approvals required by the Board.

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

During the year, the Board Strategy Committee and the Board Finance Committee were merged into one Committee namely the Board Strategy and Finance Committee. Two meetings of the Board Strategy Committee and one meeting of Board Finance Committee were held during the year prior to their merger.

Board Enterprise Risk Committee

Composition

The Board Enterprise Risk Committee is comprised of:

- | | |
|-----------------------------|-----------|
| • Mian Imtiazuddin | Member |
| • Mr. 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 risk management 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.

Three meetings of the Board Enterprise Risk Committee were held during the year.

Board Procurement Committee

Composition

The Board Procurement Committee is comprised of:

- | | |
|-----------------------------|-----------|
| • Mr. Sajid Mehmood Qazi | Chairman |
| • Mr. Abid Sattar | Member |
| • Mr. 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. Abid Sattar Member
- Mr. Shamsul Islam Member
- Mr. Sheryar Taj 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.

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

attendance of board and committee meetings

Financial Year 2019-20

	Board of Directors			Board Strategy Committee			Board Human Resource Committee		
	Members	Meetings ¹	Attendance	Members	Meetings ¹	Attendance	Members	Meetings ¹	Attendance
Abid Sattar	✓	13	12	-	-	-	✓	4	4
Abdul Jabbar Memon	✓	13	6	✓	2	2	✓	4	1
Moin Raza Khan	✓	13	11	-	-	-	-	-	-
Mian Imtiazuddin	✓	13	13	✓	2	2	✓	4	4
Mir Balakh Sher Marri	✓	13	13	-	-	-	✓	4	3
Passand Khan Buledi	✓	2	2	-	-	-	-	-	-
Shamsul Islam	✓	13	13	✓	2	2	✓	4	4
Sajid Mehmood Qazi	✓	13	11	-	-	-	✓	4	4
Sheryar Taj	✓	10	10	-	-	-	-	-	-
Tahira Raza	✓	13	13	✓	2	1	-	-	-
Tarveer Ahmad Qureshi	✓	13	10	✓	2	1	✓	4	2

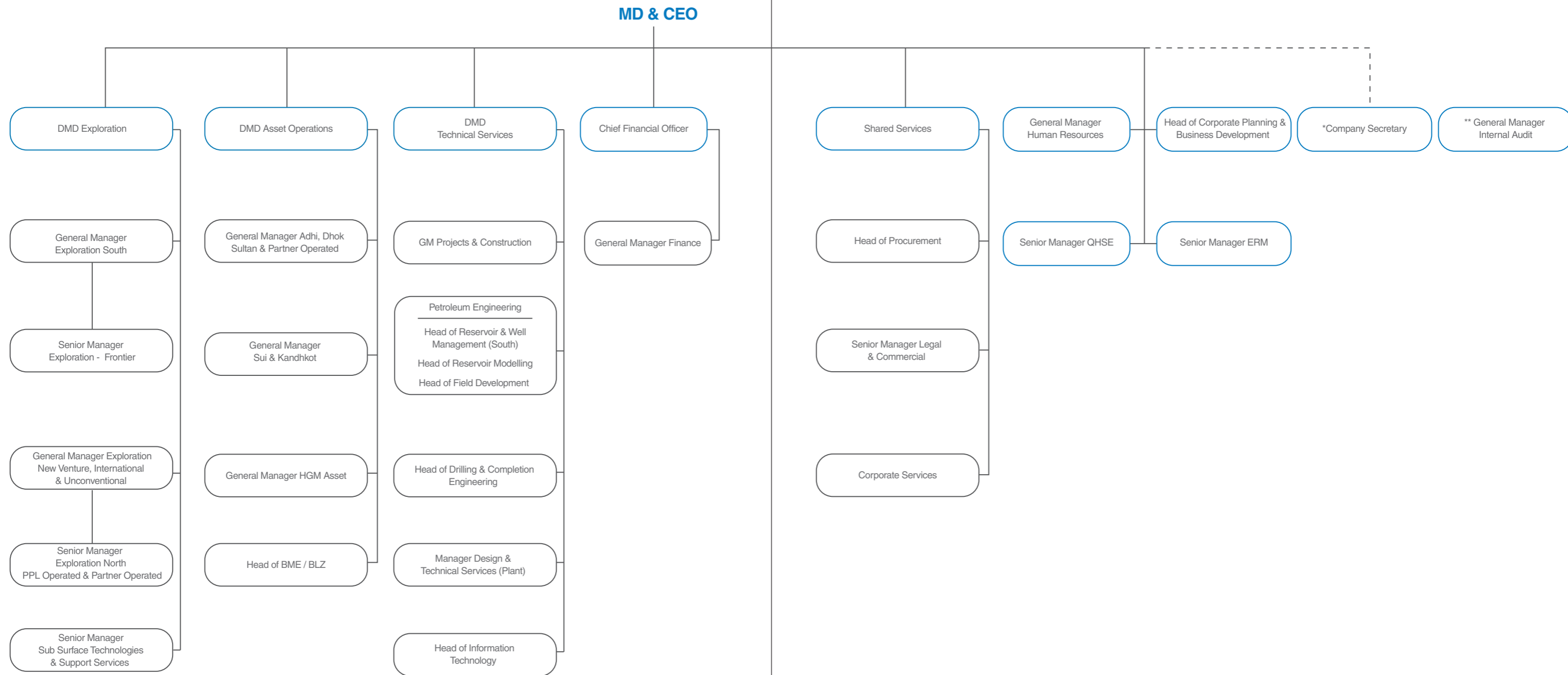
	Board Enterprise Risk Committee			Board Audit Committee			Board Finance Committee		
	Members	Meetings ¹	Attendance	Members	Meetings ¹	Attendance	Members	Meetings ¹	Attendance
Abid Sattar	-	-	-	-	-	-	✓	1	1
Abdul Jabbar Memon	-	-	-	-	-	-	-	-	-
Moin Raza Khan	-	-	-	-	-	-	-	-	-
Mian Imtiazuddin	✓	3	3	✓	6	5	-	-	-
Mir Balakh Sher Marri	✓	3	3	✓	6	6	-	-	-
Passand Khan Buledi	-	-	-	✓	1	1	-	-	-
Shamsul Islam	-	-	-	-	-	-	✓	1	1
Sajid Mehmood Qazi	✓	3	2	✓	6	6	-	-	-
Sheryar Taj	-	-	-	✓	3	2	-	-	-
Tahira Raza	✓	3	3	✓	6	6	✓	1	1
Tarveer Ahmad Qureshi	✓	3	2	✓	6	3	-	-	-

	Board Procurement Committee			Board Nomination Committee			Board Strategy and Finance Committee			Fee Paid to the Directors
	Members	Meetings ¹	Attendance	Members	Meetings ¹	Attendance	Members	Meetings ¹	Attendance	Rupees
Abid Sattar	✓	2	2	✓	4	3	-	-	-	2,430,000
Abdul Jabbar Memon	✓	2	2	✓	4	2	✓	3	0	1,390,000
Moin Raza Khan	-	-	-	-	-	-	-	-	-	-
Mian Imtiazuddin	✓	2	1	-	-	-	✓	3	3	3,815,000
Mir Balakh Sher Marri	✓	2	2	✓	4	4	-	-	-	3,730,000
Passand Khan Buledi	-	-	-	-	-	-	-	-	-	314,500
Shamsul Islam	-	-	-	✓	4	4	✓	3	3	3,185,000
Sajid Mehmood Qazi	✓	2	2	-	-	-	-	-	-	2,813,500
Sheryar Taj	-	-	-	✓	3	3	✓	3	3	2,201,500
Tahira Raza	✓	2	2	-	-	-	✓	3	3	3,690,000
Tarveer Ahmad Qureshi	-	-	-	-	-	-	✓	3	1	2,072,000

Notes:

1. Held during the period when the concerned Director was on the Board.
2. Mr. Moin Raza Khan does not receive director's fee, being MD/CEO of the Company.

organogram



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

** GMIA reports to Board Audit Committee.

Khalid Raza

Deputy Managing Director
Asset Operations



Moin Raza Khan

Managing Director /
Chief Executive Officer



Dr. Fareed Iqbal Siddiqui

Deputy Managing Director
Technical Services

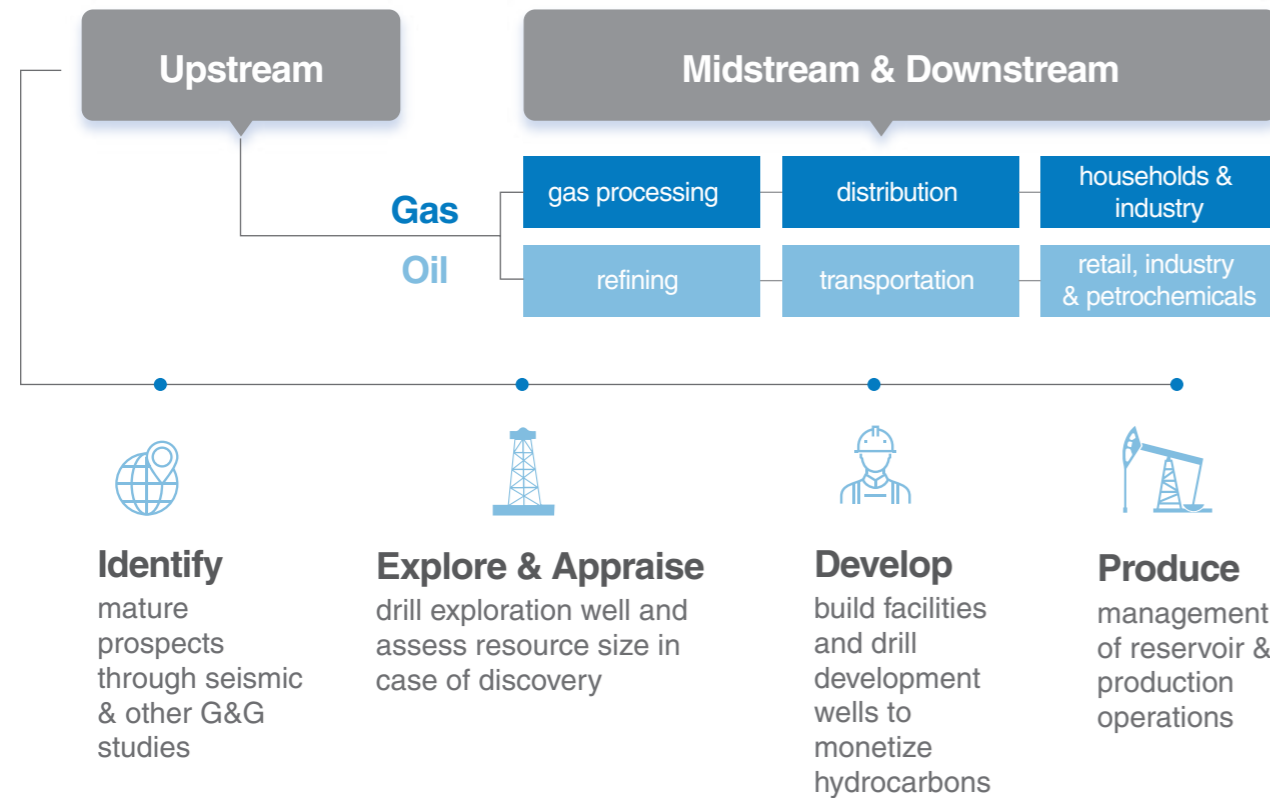


**Mohammad Khalid
Abdul Rehman**

Chief Financial Officer



value chain



Our Business

We are an oil and gas company operating in the upstream sector and also engaged in gas processing. We currently operate, primarily, in the onshore regions of Pakistan, Iraq and Yemen. We also hold mineral rights in Balochistan through BME and engaged in the mining of Baryte and Iron ore.

E&P Products Portfolio

- Gas
- Oil/Condensate/NGL
- LPG

Mining Portfolio

- Baryte Ore
- Baryte Powder
- Iron ore

PPL's contribution in the indigenous Hydrocarbon Production of Pakistan (PPL Net)

- Gas: 22%
- Oil: 19%

Impact on Economy

PPL is a significant contributor to national economy. PPL's share of gas, oil and LPG, in terms of energy, was 134,000 barrels of crude oil per day during FY 2019-20, resulting in annual foreign exchange savings of ~\$2.5 billion.

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 partner operated areas and have a balanced portfolio of exploration and development assets.

Our development assets and 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 Fields / Blocks	Operator	Group's Working Interest % as at June 30, 2020
Producing Fields		
1 Sui	PPL	100.00
2 Kandhkot	PPL	100.00
3 Adhi	PPL	39.00
4 Mazarani	PPL	87.50
5 Hala (4 D&PLs)	PPL	65.00
6 Gambat South (4 D&PLs)	PPL	65.00
7 Kandhkot East (Chachar)	PPL	75.00
8 Dhok Sultan (EWT Phase)	PPL	75.00
9 Qadirpur	OGDCL	7.00
10 Miano	UEP-BETA	15.16
11 Sawan	UEP-BETA	34.07
12 Block 22 (3 D&PLs)	PEL	35.53
13 Tal (8 D&PLs)	MOL	27.76
14 Nashpa (2 D&PLs)	OGDCL	28.55
15 Gambat (Tajjal EWT Phase)	UEP-BETA	23.68
16 Latif	UEP-BETA	33.30
17 Kirthar (2 D&PLs)	POGC	30.00
18 Ghauri (Ghauri EWT Phase)	MPCL	35.00
19 Digri (Gulsher EWT Phase)	UEPL	25.00
20 Korti North (Unarpur EWT Phase)	UEPL	40.00
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 Karsal	PPL	100.00
14 Hisal	PPL	62.50
15 Sadiqabad	PPL	97.50
16 Shah Bandar	PPL	63.00
17 Nausherwani	PPL	97.50
18 Bela West	PPL	37.50
19 Hab	PPL	97.35
20 Khipro East	PPL	97.50
21 Malir	PPL	95.00
22 Margand	PPL	100.00
23 Kotri	PPL	100.00
24 South Kharan	PPL	51.00
25 Sorah	PPL	100.00
26 Musakhel	PPL	51.00
27 Punjab	PPL	100.00
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 Khuzdar North	OGDCL	25.00
35 Sukhpur	ENI	30.00
36 Jherruck	NHEPL	30.00
37 Digri	UEPL	25.00
38 Ghauri	MPCL	35.00
39 Kuhan	UEP-BETA	47.50
40 Paharpur	KUFPEC	35.00
41 Pezu	OGDCL	30.00
42 Ziarat	MPCL	40.00
43 Harnai	MPCL	40.00
Offshore Blocks		
44 Indus-C	ENI	40.00
45 Indus-N	ENI	30.00
46 Indus-G	ENI	25.00
Exploration Blocks (Outside Pakistan)		
1 Block-3 (Yemen)	TOTAL	20.00
2 Block-8 (Iraq)	PPLA	100.00

MINING/ D&P LEASE

- PPL-operated
- Partner-operated

EARLY PRODUCTION

- PPL-operated
- Partner-operated

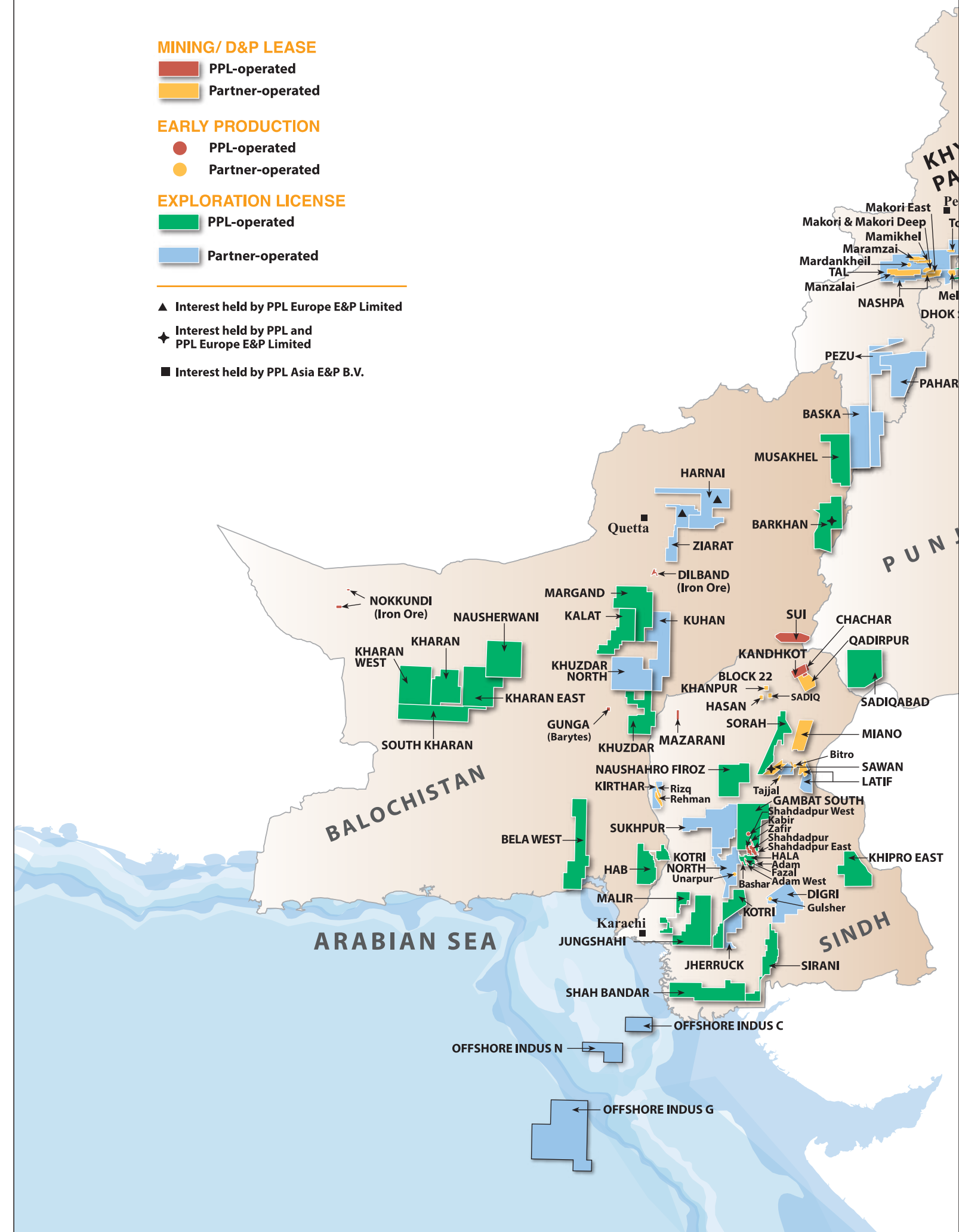
EXPLORATION LICENSE

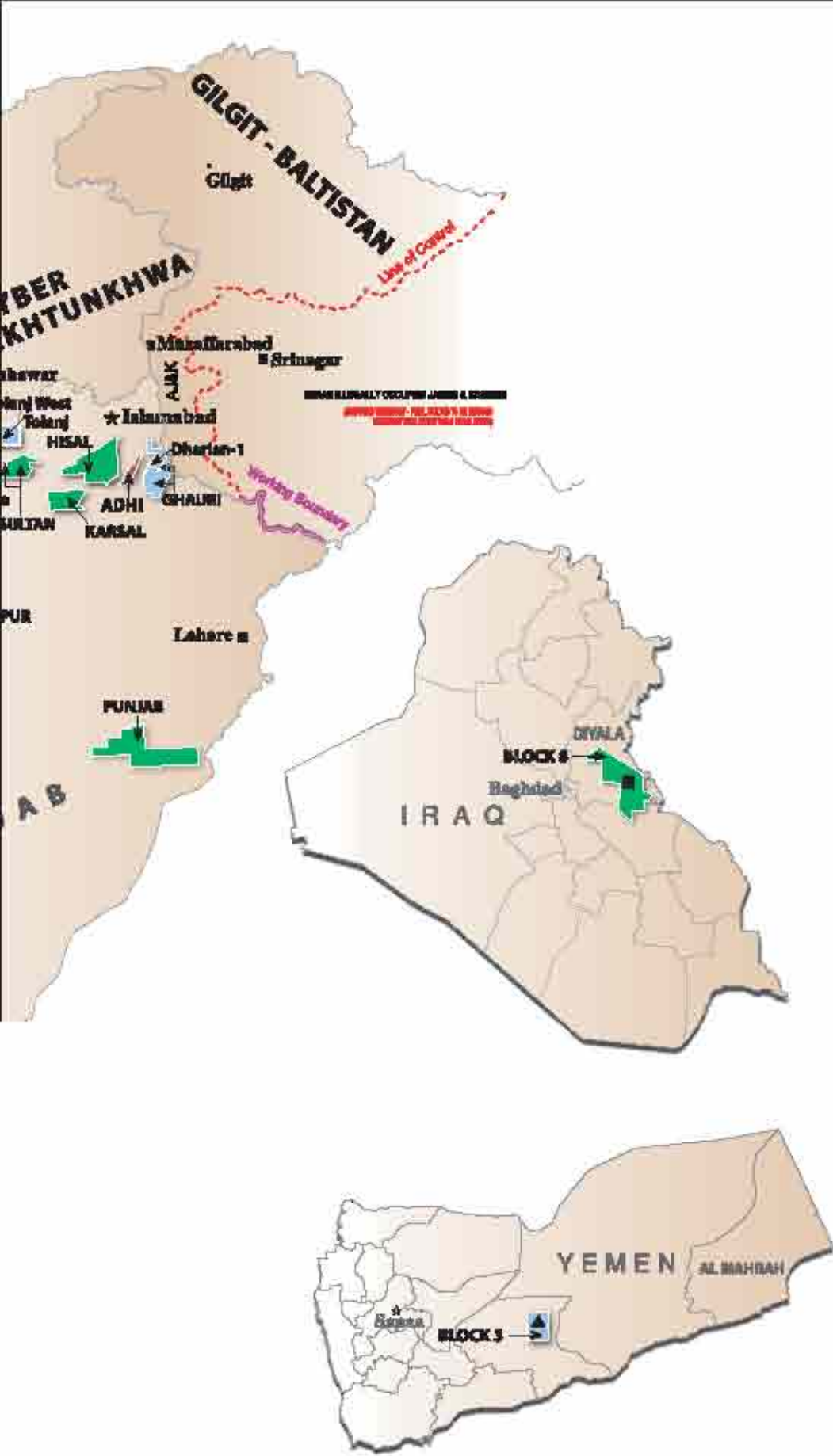
- PPL-operated
- Partner-operated

▲ 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 focuses on frontier exploration areas and exploitation of unconventional resources. 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 and mining sectors 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 an operator particularly in shallow offshore, explore and appraise tight and 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

The Company is making concerted efforts to optimize production from mature fields and to commercialize new discoveries in the shortest possible time in tune with the Company's strategy to maximize production. In 2019-20 the Company's average hydrocarbon production stood at ~ 870 MMscfde which included ~775 MMscfd of gas. The decrease in production from the previous year is primarily due to the low offtakes of gas from Kandhkot by GENCO and the low oil demand, primarily in oil producing partner operated areas, due to lockdown in the later half of the year because of the Covid-19 pandemic.



During 2019-20, the Company drilled 2 exploration wells in operated areas and announced 1 discovery in Margandh block (Morgandh X-1 exploration well) which has reassured our exploration strategy in frontier areas. As this discovery is being evaluated further, it has led to a better confidence in Company's exploration footprint in the dominant frontier areas portfolio. In partner-operated areas, 3 exploration wells were drilled and 1 discovery was made in Latif block (Bitro X-1 exploration well). The Company also drilled 14 development wells out of which 6 were in operated areas and 8 in partner-operated areas. Existing field evaluation led to increase in proved reserves by ~269 Bcfe, mainly in Shahdadpur field.

The Company continues its exploration led strategy with focus on the Frontier and international fronts. After a hiatus of several years, the Company has led a consortium of local E&P companies in the Abu Dhabi Bid Round 2019. At present, the exploration portfolio of the Company consists of 48 exploration blocks, out of which 28 are operated by the Company and 20 blocks are partner operated. The Company has judiciously evaluated and adjusted the work programme for the current year in the face of constraints caused by the Covid-19 pandemic and the subsequent oil price crash. The long-term strategy of the Company remains on track and the Company is well positioned to achieve its goals.

The Board has strived to align the Company with its vision and mission and set the strategic goals of the Company. During the

year, the Board remained fully committed and engaged in governance and oversight of the Company's strategy and operations, putting into place the right mix of strategy, policies and procedures with the ultimate objective of creating value for the shareholders while upholding the principles of good corporate governance.

I would like to take this opportunity to thank the Federal Government for the cooperation and assistance extended by it to the Company. I would also like to commend the management and employees for their outstanding efforts in realizing the objectives of the Company in the difficult circumstances caused by the Covid-19 pandemic.

Finally, I would like to thank the shareholders for their valuable support and reassure them that the Board will continue to make every possible effort to improve the governance and performance of the Company.

A handwritten signature in black ink, appearing to read 'Shamsul Islam'.

SHAMSUL ISLAM
CHAIRMAN

September 11, 2020

managing director's outlook

It affords me immense pleasure to share with our stakeholders the highpoints of a challenging but meaningful year that demonstrated, beyond the shadow of a doubt, the resilience of Pakistan Petroleum Limited (PPL). The Company stayed on the frontline to ensure uninterrupted availability of vital energy to the nation despite the Covid-19 pandemic and the resultant lockdowns across the country.

On the operational front, the Company's production remained around 0.9 Bscfde, owing largely to lower offtake by GENCO-II from Kandhkot Gas Field coupled with natural decline from mature fields, which was minimized through development drilling and well intervention activities. Moreover, drop in supply was seen from major partner-operated oil fields during the last quarter due to low demand as a result of COVID-19. The situation has now improved with oil production reaching pre-Covid levels.

To mitigate natural decline from producing fields, 14 development wells were drilled, 6 in company-operated and 8 in partner-operated assets. First gas/ oil was achieved from two wells each in operated – Fazal and Dhok Sultan – and partner-operated – Unarpur and Bitro – areas. Efforts are

also underway to bring Benari at Shah Bandar Block on production together with commissioning of GPF-IV Phase 2 and completion of Zafir Processing Facility at Gambat South Block.

PPL scored two discoveries during the year, Morgandh X-1 in operated Margandh Block and Bitro-1 in partner-operated Latif Block. Morgandh discovery, made in the high hills of Kalat Plateau in the deeper frontier areas of Balochistan, is a major milestone in frontier exploration and has gone a long way in reaffirming the Company's exploration strategy in high-risk and high-reward areas. The initial estimates suggest that Morgandh is a fairly good-sized discovery, which will be confirmed following its appraisal through additional studies and wells.

To enhance exploration outreach and mitigate portfolio risks, PPL continued to evaluate farm-in/ out opportunities locally and internationally with reputable joint venture partners. During the year, the Company signed three farm-out and one farm-in agreements. Additionally, PPL led a consortium of local E&P companies, comprising of OGDCL, MPCL and GHPL, and submitted a bid in Abu Dhabi Bid Round 2019, the results of which are awaited. Evaluation of unconventional hydrocarbon resources, including tight

and shale gas, is also under consideration and is dependent on improvement in the international oil prices and fiscal support.

To reap the benefits of diversification with a view to augmenting revenue and reinforcing strategic objectives, commercial production of iron ore commenced successfully from Nokkundi through PPL's mining arm Bolan Mining Enterprises. In addition, the post-feasibility activities of the Barite-Lead-Zinc project gained further traction. Both projects have considerable export potential that is slated to result in a better projects portfolio as well as additional revenue streams to ease liquidity issues and provide funds for further expansion.

Despite the challenging economic environment, the Company managed to record Rs 50 billion in Profit After Taxes, the third highest in its history. However, cash collections from government-nominated natural gas customers remained stressed with liquidity becoming a major challenge for PPL to achieve growth objectives. To curtail the problem, the Company engaged multiple times with the highest level at the ministry and customers to improve recoveries, which has started to result in positive developments.

Continuous investment in human resource development, QHSE, technology and good governance best practices paid off during the pandemic as PPL continued to operate with almost 85 percent staff from head and regional offices through an effective 'Work From Home' and managed field staff rotations for continuous operations, regular internal and external meetings as well as Board and committees meetings. For this, PPL adhered stringently to guidelines provided by government and WHO for ensuring a safe working environment for staff and contractors.

Corporate Social Responsibility remained an integral part of the Company operations with actual spend touching an approximate Rs.1.75 billion to enhance well-being of less-advantaged stakeholder communities, particularly in the Company's operational areas. Moving ahead, I believe that the Company is well positioned to take exploration forward especially in the frontier areas where potential large volumes can be discovered, along with production enhancement from

existing fields/ discoveries in line with the three building blocks of corporate strategy: value creation, preservation, and diversification. Besides, the Company will continue to pursue its other strategic objectives.

For enabling the Company to sail smoothly through the course of a potentially turbulent year, I would like to record my deepest gratitude to all shareholders, employees, regulators and joint venture partners.

Pakistan Paindabad.



Moin Raza Khan
Managing Director & Chief
Executive Officer

September 11, 2020





directors' report

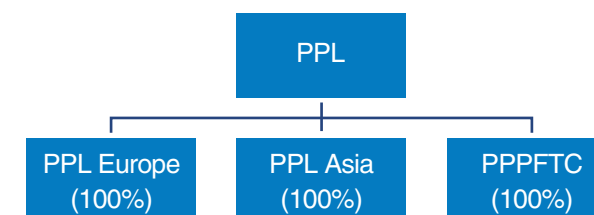
We are pleased to present the Directors' report and audited financial statements of your Company for the year ended June 30, 2020 together with the auditors' report thereon. The business review and key highlights for the year are presented in the following paragraphs.

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 through its subsidiaries. PPL also holds mineral exploration and development rights in Balochistan through Bolan Mining Enterprises (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 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 value addition 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 recognized by local communities as a good corporate citizen

Value Creation

- Maintain exploration activity to achieve desired Reserves Replacement Ratio
- Explore in frontier areas with better prospects of bigger discoveries
- Pursue activity in Pakistan's offshore region as an operator, particularly in shallow offshore
- Optimize portfolio through new acreage, farm-ins, and farm-outs
- Explore opportunities to grow internationally and become a regional leader in E&P
- Pursuing technological innovations to produce Tight gas at commercial rates
- Explore and appraise Shale gas/oil potential of Pakistan with globally available technologies

Diversification

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



Key achievements during the year

- PPL's work program is one of the most extensive in the industry, as the Company drilled 5 exploration and 14 development wells in operated and partner operated areas despite the COVID-19 pandemic.
- Two discoveries were made during 2019-20, Morgandh X-1 (Margandh Block) in operated area, in high hills of Kalat plateau, which is the westernmost discovery of Pakistan in the deeper part of frontier areas of Balochistan and Bitro (Latif Block) in partner operated area.
- Production was maintained at around 0.9 Bcfde in 2019-20 despite low customer offtakes from GENCO-II as well as the curtailed oil demand from refineries during pandemic.
- Robust processes and technologies were swiftly deployed to maintain the deliverability of production from fields along-with enabling office-based staff to 'Work From Home' during the pandemic.
- The Company successfully led a consortium comprising of PPL, OGDCL, MPCL and GHPL and participated in the Abu Dhabi bid round 2019. Results of the bid round are awaited.
- Production commenced from Dhok Sultan, Fazal (Hala Block), Unarpur (Kotri North Block) and Bitro (Latif Block) discoveries.
- Farm-out agreements were executed in Block-8 (Iraq), Musa Khel and Punjab blocks, while farm-in agreement was executed in ShakarGanj West block. The farm-ins/farm-outs are pending regulatory approvals.
- Debottlenecking of SML Pipeline Network was successfully completed and commissioned at Sui in June 2020 achieving around 10 MMscfd gain in production.
- Adhi South-3 well was completed in a record time of 52 days realizing considerable savings.
- In-house 3D reservoir simulation studies were completed for Shahdadpur, Zafir, Shahdadpur West and Kandhkot fields.
- SAP SuccessFactors for performance management was implemented in a record time of 6 weeks.
- BME commenced commercial dispatch of iron ore from June 2020.
- PPL received 15th consecutive award from the Pakistan Centre for Philanthropy for being the top contributors in terms of volume of donations.

Operating Environment

Pakistan imports a significant quantity of hydrocarbons in the form of oil and LNG. The country's energy mix is tilted towards natural gas due to the presence of substantial but declining gas reserves in the country. Indigenous production remained around 4 Bcf of gas and 80,000 Barrels per day of oil in recent years. However, on the back of enhanced local demand, energy imports are increasing, hence the share of local hydrocarbons in the overall energy mix is witnessing a declining trend.

The year 2019-20 has remained turbulent where the energy demand fell due to the slowdown of the economy given COVID-19 pandemic. In particular, the oil volumes saw a major decline from March 2020 onwards. However, the pandemic situation in Pakistan is getting better resulting in substantial recovery in the oil demand. In the long run, the energy demand is likely to increase due to GDP growth supported by an increase in population. Additionally, with the coal and other energy projects coming up, the energy mix is expected to change in the near future. However, oil and gas is expected to remain the main source of energy.

The average size of the discoveries in the known oil and gas corridors/basins has substantially decreased from 400 Bcf in the year 2000 to 30 Bcf currently. Therefore, in order to sustain the Company's production and attain growth, the Company will have to move away from this corridor into the frontier and offshore areas for further exploration. Keeping this in view, your Company is following a balanced exploration and development strategy to play its part in the growth of the indigenous hydrocarbon base of the country. This has resulted in success for the Company with the discovery of Morgandh X-1 in the Margandh Block of Balochistan. This discovery has validated PPL's belief in the hydrocarbon potential in the frontier region and the Company continues to evaluate prospects for further drilling. In addition to the domestic E&P activity, your company is also upscaling its

operations in the international E&P and the mining sector to diversify its revenue stream.

External Factors

The following factors played a key role in the operating environment of the upstream sector.

COVID-19 Pandemic

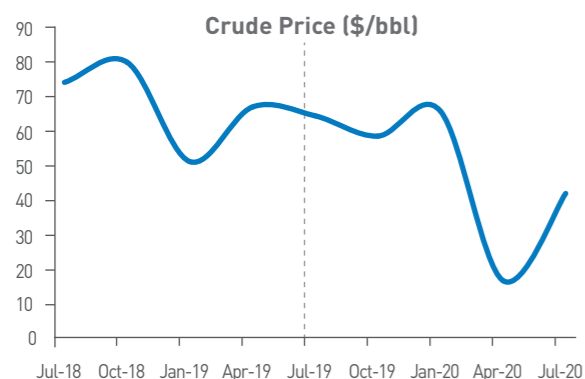
COVID-19 has spread across the world since January 2020 with the first case in Pakistan being detected in the late February 2020. The pandemic saw its peak in Pakistan in June 2020 with the situation gradually improving thereafter. PPL primarily faced two fundamental challenges: a) to ensure the health and safety of both PPL and its contractors' employees and b) to continuously supply oil and gas in the system so that the nation's energy supply remains uninterrupted. It required a delicate balance between these objectives as none could be undermined.

The Company rose up to the challenges and the fields remained fully operational with all COVID-19 related SOPs followed, while most of the office-based staff worked from home. All staff were seamlessly connected using the best available communication technologies to continue work. It was ensured that there was no effect on the committed deliverability of the fields. However, due to the low consumption of oil driven by depressed demand, and as oil is being produced alongside gas, production of both oil and gas in major oil producing partner-operated fields was curtailed from March onwards. The situation has thereafter gradually improved to reach the pre-COVID levels.

With the learnings of COVID-19, the Company is more agile now in terms of business continuity. Additionally, the hiring of expertise from anywhere across the world is relatively easier due to global access to technical expertise virtually.

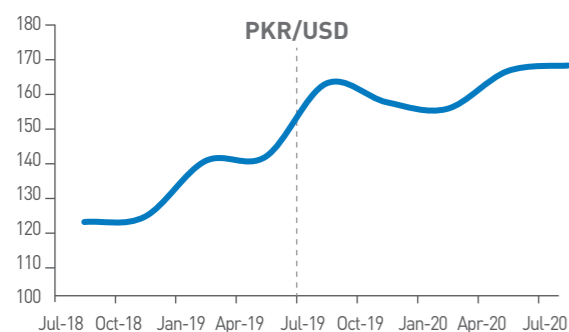
Crude Oil Price

Oil price witnessed a historic decline during the year 2019-20. In the first half of the year, the Arab Light oil price hovered between \$55/bbl to \$70/bbl. However, with the onset of COVID-19 and a subsequent drastic slowdown in the global economic activity, the oil price dropped to below \$15/bbl in April 2020, one of the lowest in decades. Recovery has been witnessed with the oil price now gradually increasing to surpass \$40/bbl. It is expected to further improve as the global demand picks up with the improvement of the COVID-19 situation. Oil prices directly impact the revenues of the company and are being closely monitored.



Fluctuations in Foreign Currency

The USD/PKR exchange rate remained volatile during the year. The first quarter witnessed a slight recovery, however, it remained range-bound between Rs 155-160 / USD till March 2020. Thereafter, rupee witnessed more pressure and it reached up to Rs 168 per USD at the end of the year. While the rupee devaluation has a potentially adverse impact on costs, it has a positive effect on the Company's revenues as these are mostly based in the US Dollars.

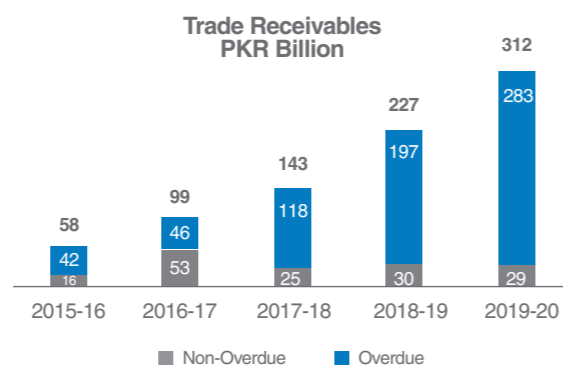


Trade Receivables

The liquidity position of the Company continued to deteriorate due to the circular debt in 2019-20. The trade debts of the company reached an unprecedented level of PKR 312 billion (June 30, 2019: PKR 227 billion). Low recoveries from customers coupled with statutory payments, even on unrecovered balances, have resulted in additional stress on the liquid balances of the Company.

The circular debt issue needs to be addressed on an immediate basis to ease out the situation for the Public Sector E&P companies. The consequent liquidity constraint has the potential to significantly delay the on-going exploration and development activities of the Company.

In the wake of depressed liquidity, your Company is directing funds towards the most optimal projects to ensure the best use of available resources. Concurrently, the Company remains fully engaged with relevant authorities for an urgent resolution of the above situation. During the year, the Company made consistent efforts at the highest level to improve collections.



Our Performance

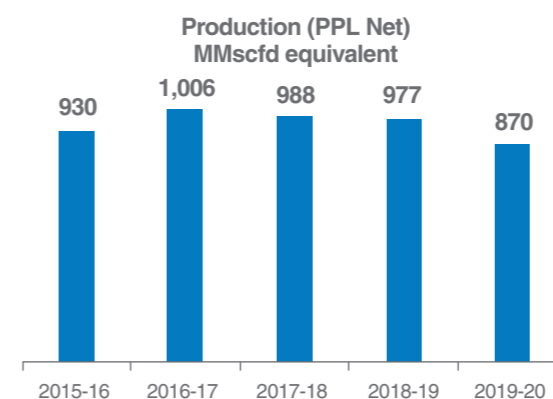
Production Operations Overview

The Company currently operates producing fields at Sui, Kandhkot, Adhi, Gambat South, Hala, Mazarani, Chachar, and Dhok Sultan. In addition, the Company has working interests in 12 partner-operated producing assets. The

Company is playing its role in meeting the country's energy requirements by focusing on production enhancement through use of advanced technology and management skills. Furthermore, the Company has an operated interest in BME, which is a joint operation between the Company and the Government of Balochistan.

Production

The Company's production of gas, liquids and LPG have declined by 11%, 12% & 8% respectively as compared to the previous year. The primary reason for decrease in production is the substantially lower offtakes by GENCO-II in Kandhkot Gas Field coupled with lower offtakes by refineries due to Covid-19 pandemic and natural decline in mature fields.



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

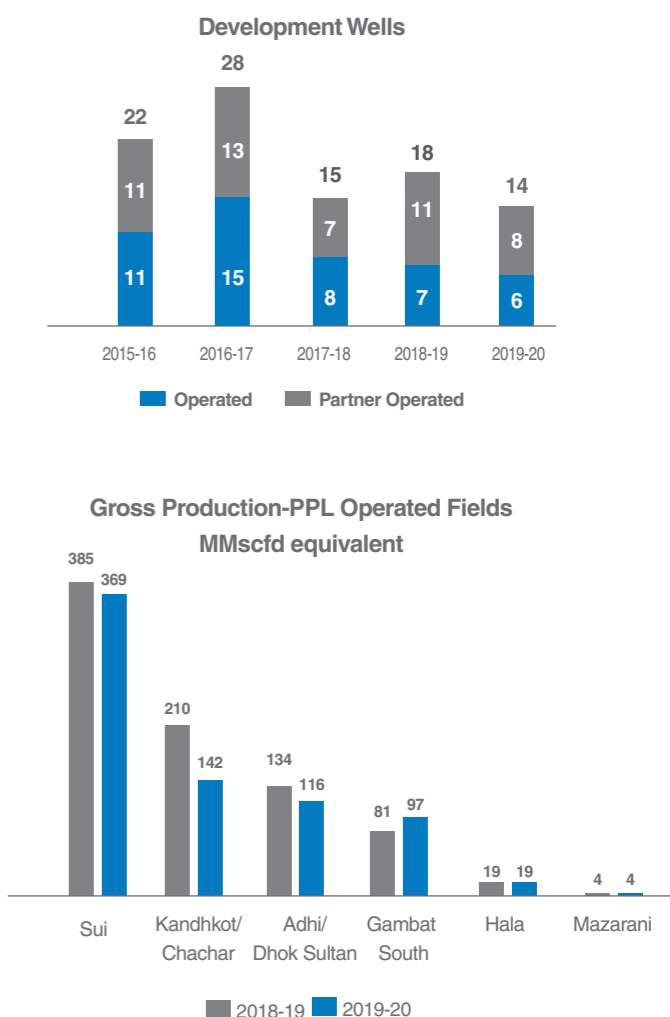
	2019-20	2018-19
Natural Gas (MMscf)	283,792	317,457
Crude Oil / NGL / Condensate (Thousand Barrels)	5,142	5,868
LPG (Metric Tonnes)	107,114	116,723

Production of hydrocarbons during the year including the Company's share from joint ventures averaged at about ~775 MMscfd of gas, 14,049 barrels per day of Oil / NGL/ Condensate and 293 metric tonnes per day of LPG.

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 – Producing Fields

Your Company drilled 14 development wells during the year. 6 wells were drilled in operated areas while 8 wells were drilled in partner operated areas. These development activities helped in optimizing the production from the producing fields.



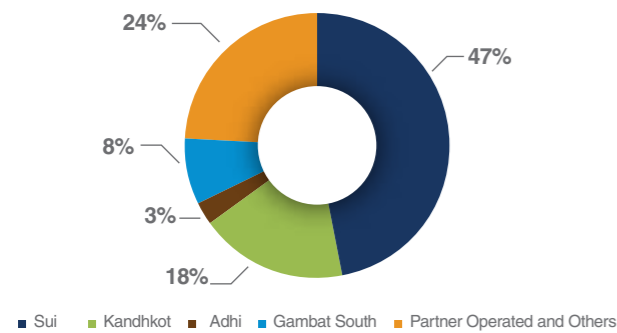
The production of Sui and Adhi from existing wells decreased mainly due to natural decline, the effect of which was reduced through the infill drilling of development wells.

Production from Kandhkot decreased due to lower offtakes by GENCO-II.

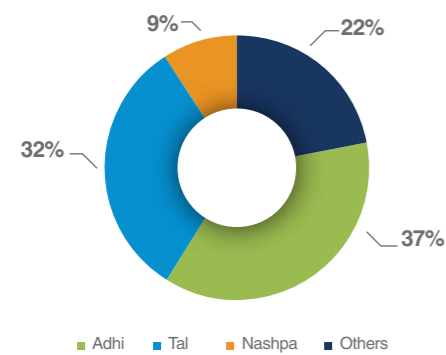
Production from Gambat South increased due to the full year effect in 2019-20 of the incremental production from GPF IV, Phase 1.

Further details are mentioned under the respective assets.

Field-wise production of Natural Gas
2019-20 (PPL Net)



Field-wise production of Liquids
2019-20 (PPL Net)



Sui Asset

- Average production from Sui field was 369 MMscfd. The field is undergoing natural decline; however, optimization efforts have reduced the decline to 4.2% in 2019-20 viz-a-viz 5.2% in 2018-19.
- Two development wells were drilled and completed: Sui-106(U) and Sui-110(U), contributing around 11 MMscfd into the production network of the Sui field.
- Staking, land acquisition and site construction activities have been completed for a new development well Sui-111(U). This well is expected to be spud and completed in the year 2020-21.
- Based on the successful drilling and subsequent well/G&G data of Sui-108(P), Pab reservoir model was updated in-house which helped in finalizing the location for new development well Sui-112(P). This well has been spud in July 2020 and is being drilled using PPL's own rig.

- Sui-107(U), which was spud during the last quarter of 2018-19, was commissioned during the year contributing around 7.1 MMscfd of gas.
- Debottlenecking of SML Pipeline Network was successfully completed in June 2020 achieving around 10 MMscfd gain in production.
- Maintenance, upgradation, and enhancement of plant reliability activities were undertaken at both Purification Plant and Sui Field Gas Compression Station, including major overhaul of three compressors, two gas turbines, one purification bank and other units.
- The grant of Sui D&PL is awaited. In the interim, the GoP through periodic notifications has allowed the Company to continue production from Sui gas field, the most recent of which allowed the Company to continue production for another six months with effect from May 31, 2020.

Kandhkot / Chachar Asset

- The average production rate for the year was 142 MMscfd as compared to 210 MMscfd in 2018-19 due to continuous lower offtakes by GENCO-II.
- Development well KDT-47(U) was completed in September 2019.
- In-house Kandhkot reservoir simulation study was completed during the year.
- Major overhaul of Turbo Compressor TUCO-A was successfully completed.

Adhi / Dhok Sultan

- Production from Adhi Field declined primarily due to natural depletion.
- Four development wells Adhi-33(T/K), Adhi-34(T/K), Adhi South-4 & Adhi South-3 were completed and commissioned. Adhi South-3 was completed in a record time of 52 days, resulting in considerable savings in drilling cost.

- Adhi South-2 was spud-in during Q4 of the year and was completed & commissioned subsequent to the year end.
- In-house Integrated Reservoir Simulation Study was commenced in September 2019. Work on Petrophysical interpretation, Seismic interpretation & Structural Model was completed whereas work on Static model is in progress.
- Nodal Compression Project has been successfully commissioned. The Project is providing pressure boost to 20 wells improving well deliverability.
- Oil and Gas production from Dhok Sultan EWT commenced in November 2019 at the rate of ~ 600 bbl/day and 1 MMscfd gas. The gas was sold through a virtual gas pipeline. However, the production was stopped in April 2020 due to gas offtake issues.
- Dhok Sultan's appraisal and development activities are underway at a fast pace. An appraisal well DS-02 is being drilled.

Hala, Gambat South & Mazarani Assets

- Post termination of Gambat South GPF-III EPCC contract, the Company is making all efforts to optimize production from the field to complete the project through alternate means.
- Gambat South GPF IV Phase-I production was further optimised by 15 MMscfd, whereas the production from Phase-II was delayed due to COVID-19. Recently, the work has resumed on Phase-II and it is expected to be completed within 2Q 2020-21 to give an additional flow of 30 MMscfd.
- Construction of 19 km Nasr X-1 feeder line and Phase-I of Hadaf X-1 feeder line was completed. Hadaf X-1 has been tied-in to GPF-IV plant through Nasr X-1 feeder line and pre-commissioning activities have been successfully carried out. It will be commissioned after the approval of D&PL by the regulator.
- Development well Sharf-3 well site construction is underway and the well spud is expected in first half of 2020-21.

- D&PL applications for Kabir and Hadaf Fields (Gambat South) have been submitted for approval, while D&PL of Bashar X-1 ST (Hala) has been approved by the regulator.
- Fazl X-1 (Hala) was commissioned and is flowing at 5 MMscfd taking the overall Hala plant production to 20 MMscfd.
- Interim extension of Mazarani D&PL was granted till May 31, 2020 on existing terms & conditions and sales gas price. Approval for 2-year re-grant is still awaited.
- Efforts are underway to get the approval of 20 MW Hatim Power Project from CPPA and NTDC.

PPL Mining Asset Bolan Mining Enterprises (BME)

- The total sales by BME stood at 186,320 tons.
- Enhancement of baryte powder sales is planned through the installation of a new grinding mill by Q3 2020-21.
- Commercial dispatch of Iron Ore from Nokkundi commenced in June 2020. Detailed mine development plan with value addition through mineral processing is underway.
- In line with the Company's diversification strategy, Baryte Lead Zinc (BLZ) project has been identified as a growth prospect. Based on feasibility study of BLZ project, an application for grant of Mining Lease (ML) has been submitted. Planning activities for mine development are underway.

Partner Operated Assets

Major activities in Partner-Operated areas are mentioned below:

<p>NASHPA Operator: OGDCL</p>	<ul style="list-style-type: none"> Development wells Nashpa-9 & Mela-7 were completed as oil & gas producers whereas appraisal well Nashpa-5A was plugged and abandoned due to discouraging results. Moreover, testing is in progress in development well Nashpa-10. Installation works on Nashpa Front End Compression (FEC) is in progress. Laying of flow line from Mela to Nashpa (for extraction of LPG) and commissioning of Mela FEC were completed. Performance Test of LPG Plant was completed.
<p>KIRTHAR Operator: POGC</p>	<ul style="list-style-type: none"> Development well Rizq-3 was completed as gas producer and is currently producing 7 MMscfd, whereas frac job was completed in development well Rehman-7 and testing is planned. Installation of 2nd Dehydration train has been completed along with sales line capacity augmentation.
<p>QADIRPUR Operator: OGDCL</p>	<ul style="list-style-type: none"> Development well QP HRL-15 was successfully completed as gas producer. Procurement for Front End Compression (FEC) revamp project is in progress.
<p>MIANO Operator: UEP Beta</p>	<ul style="list-style-type: none"> Development well Miano-25 has been completed and was tested at 8 MMscfd.
<p>LATIF Operator: UEP Beta</p>	<ul style="list-style-type: none"> Development wells Latif-18 and 23 were successfully completed as gas producers.

Exploration

Key Highlights

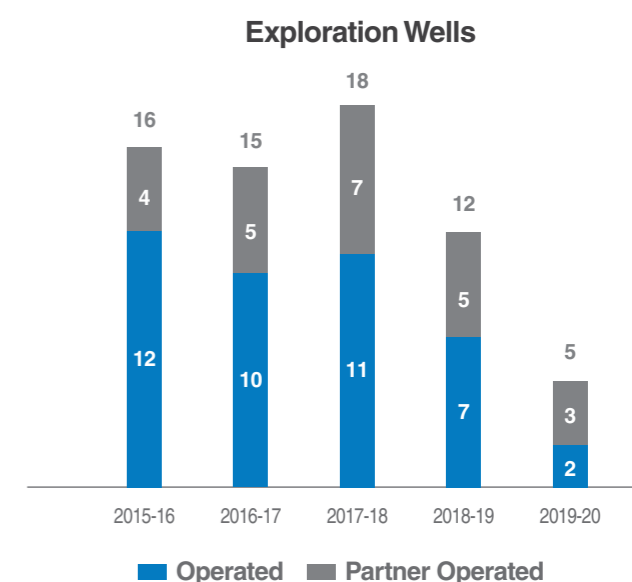
- One hydrocarbon discovery was made in Company-operated block and one was made in partner-operated block.
- Drilled 2 exploration wells in Company operated areas and 3 wells in partner operated areas.
- Acquired 233 line km 2D and 684 square km 3D seismic in partner operated areas.
- In-house processing of 674 line km 2D and 1,796 sq. km 3D seismic data was completed.

Exploration Portfolio

PPL, together with its subsidiaries, has a portfolio of 48 exploration blocks, of which 28 are PPL-operated, including Block-8 in Iraq, and 20 are partner-operated including three offshore blocks in Pakistan and one onshore block in Yemen.

The Company holds a diversified exploration portfolio with a mix of High-Risk, High-Reward and Low-Risk, Low/Medium-Reward assets. Because of the maturity of the existing blocks, the prospect inventory is diminishing in size and quality. Efforts are at hand to use the unconventional seismic technology to map subtle hydrocarbon traps. Additionally, the Company is making efforts to strengthen its portfolio by acquiring a balanced mix of new blocks in the bid round and through farm-ins.

Discoveries in 2019 - 20			
PPL OPERATED		PARTNER OPERATED	
Discovery	Block	Discovery	Block
Morgandh X-1	Margand	Bitro-1	Latif



Exploration Activities

PPL Operated South Blocks

Activities in PPL Operated South Blocks are summarised below:

GAMBAT SOUTH	<ul style="list-style-type: none"> Location of 'Qasar X-1' well was staked. Sequence Stratigraphy Study of the block & 3D Mechanical Earth Modelling Study of Hadi X-1A Tight Gas discovery were completed. PSTM processing and merging of the 650 sq. km 3D seismic data was completed. PSDM processing is in progress.
HALA	<ul style="list-style-type: none"> Purchase of offset wells and 3D seismic data was completed. In-house integrated G&G evaluation of data is in progress.
KHIPRO EAST	<ul style="list-style-type: none"> Civil works for 1st exploration well Khipro East X-1 were completed. Interpretation & mapping of newly acquired 399 line km 2D seismic data over eastern lead was completed.
KOTRI	<ul style="list-style-type: none"> Drilling of 5th exploration well Durab X-1 was completed. Well was plugged and abandoned. Evaluation of remaining block prospectivity is underway.
MALIR	<ul style="list-style-type: none"> Structural Modelling Study to de-risk Malir Updip prospect was completed and its integration with available wells and G&G data is in progress.
NAUSHAHRO FIROZ	<ul style="list-style-type: none"> PSDM processing and interpretation of 340 sq. km 3D seismic data was completed. Evaluation of remaining block prospectivity is underway.
SHAH BANDAR	<ul style="list-style-type: none"> Preparations are underway for start of production from Benari gas discovery. Acquisition of 130 sq. km 3D seismic is planned. Reprocessing and interpretation of vintage 180 sq. km 3D seismic data was completed.
SIRANI	<ul style="list-style-type: none"> One prospect has been identified in the marshy area and planning for civil works is underway.
SORAH	<ul style="list-style-type: none"> In house G&G evaluation is in progress to finalize 3D seismic data acquisition.
JUNGSHAHI	<ul style="list-style-type: none"> Security clearance for activities is awaited. Reprocessing of 175 line km 2D seismic data was completed and its interpretation and mapping are in progress.

PPL Operated Frontier Blocks

Activities in PPL Operated Frontier Blocks are summarised below:

BARKHAN	<ul style="list-style-type: none"> Reprocessing of ~ 313 line km 2D seismic data is in progress.
BELA WEST	<ul style="list-style-type: none"> Drilling of first exploration well Bela West X-1 was completed. Well was plugged & suspended due to very high formation pressures and non-availability of compatible wellhead equipment. Post well evaluation of Bela West X-1 is in progress.
HAB	<ul style="list-style-type: none"> Third exploration well Nooh X-1 was plugged & abandoned due to discouraging results. Feasibility study of Hub X-1 appraisal was completed. Seismic data reprocessing of 457 line km was completed. Its interpretation and mapping are in progress.
KALAT	<ul style="list-style-type: none"> Preparations are underway to spud-in Pandrani X-1 in second half of 2020-21. Depth imaging update of 312 line km 2D seismic data is in progress.
KHARAN, KHARAN EAST, & KHARAN WEST	<ul style="list-style-type: none"> Reprocessing, interpretation and mapping of ~600 line km 2D seismic data in Kharan Block and 380 line km 2D seismic data in Kharan West Block was completed. Gravity magnetic survey and acquisition of 3D seismic data is planned. Relinquishment notice for Kharan West Block was submitted to DGPC.
KHUZDAR	<ul style="list-style-type: none"> Acquisition of 100 line km 2D seismic data is planned to mature remaining leads into drillable prospects, subject to security clearance.
MARGAND	<ul style="list-style-type: none"> Drilling and testing of first exploration well Morgandh X-1 was completed. Gas discovery was made in Chiltan Limestone. Planning is in progress for appraisal of Morgandh X-1 discovery. Depth imaging update of 262 line km 2D seismic data was completed.
MUSAKHEL	<ul style="list-style-type: none"> Reprocessing of 168 line km 2D seismic data was completed and its interpretation/mapping is in progress. Gravity & Magnetic survey is planned.
NAUSHERWANI	<ul style="list-style-type: none"> 3D seismic data acquisition and Gravity & Magnetic survey is planned. Evaluation of deeper prospectivity is in progress.
SOUTH KHARAN	<ul style="list-style-type: none"> Reprocessing of 775 line km 2D seismic data was completed. Interpretation & mapping of reprocessed 2D seismic data was completed. Gravity & Magnetic survey is planned.

PPL Operated North Blocks

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

DHOK SULTAN	<ul style="list-style-type: none"> Drilling of second exploration well Dhok Sultan South X-1 was completed. Presence of oil was confirmed in Patala and Lockhart formations. However, well has been plugged & suspended (P&S) due to high H₂S content encountered in Chorgali/Sakesar formation during testing. Post well evaluation is in progress. Drilling of first appraisal well Dhok Sultan-2 is in progress. Seismic data processing of 378 line km 2D and 175 sq. km 3D is in progress.
HISAL	<ul style="list-style-type: none"> Geochemical study has been completed. In-house G&G evaluation is in progress.
KARSAL	<ul style="list-style-type: none"> Seismic data processing/reprocessing of 155 line km 2D and 253 sq. km 3D was completed. Fracture characterization study is in progress. Evaluation of remaining block prospectivity is in progress.
SADIQABAD	<ul style="list-style-type: none"> Third exploration well Cholistan X-1 was plugged & abandoned. Seismic data processing / reprocessing of ~ 550 line km is in progress. 4G microbial geochemical study has been completed. Evaluation of remaining block prospectivity is in progress.
PUNJAB	<ul style="list-style-type: none"> Punjab block was awarded during the year. In house G&G evaluation is in progress. Gravity & Magnetic survey is planned.

Partner Operated Exploration Blocks

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

BASKA (Operator: ZHEN HUA)	<ul style="list-style-type: none"> Farm-in agreement has been signed. Assignment agreement and transfer of operatorship from ZhenHua to PPL has been submitted to DGPC for approval. Reprocessing of vintage 2D & 3D seismic data has been completed and prospects have been identified.
DIGRI (Operator: UEPL)	<ul style="list-style-type: none"> PSTM reprocessing of 125 sq. km 3D seismic data was completed, while PSDM processing is in progress.
GHAURI (Operator: MPCL)	<ul style="list-style-type: none"> 3D seismic data acquisition was completed with coverage of 100 sq.km over Harno West lead.
KOTRI NORTH (Operator: UEPL)	<ul style="list-style-type: none"> Drilling of appraisal well 'Unarpur-2' was completed. The well

	<ul style="list-style-type: none"> was completed as a gas producer and tied to Aliabad Production Facility. Integrated Sequence Stratigraphy study of the block has been completed. Post well core studies for Unarpur-1 & Unarpur-2 have been completed.
KUHAN (Operator: UEP BETA)	<ul style="list-style-type: none"> Force Majeure was declared by the Operator on December 16, 2016 due to non-issuance of NOC. NOC was granted by GoB on December 6, 2019 for exploration activities. Operator is evaluating different options to approach DGPC in this regard. Reprocessing of 2D seismic data & Structural Modelling study has been completed.
LATIF (Operator: UEP Beta)	<ul style="list-style-type: none"> Discovery announced in exploratory well Bitro-1 from which gas production started in December 2019.
JHERRUCK (Operator: NHEPL)	<ul style="list-style-type: none"> Way-forward is being decided.
NASHPA (Operator: OGDCL)	<ul style="list-style-type: none"> Exploration well Shawa X -1 was plugged and abandoned due to borehole instability.
OFFSHORE INDUS G (Operator: Eni)	<ul style="list-style-type: none"> Post well evaluation of exploration well Kekra-1 and remaining block prospectivity evaluation was completed. Notice to relinquish the block has been submitted to DGPC.
OFFSHORE INDUS C & N (Operator: Eni)	<ul style="list-style-type: none"> Activities in Blocks C and N are being evaluated based on Kekra-1 results.
PAHARPUR (Operator: KUFPEC)	<ul style="list-style-type: none"> Post well analysis of exploration well Paharpur X-1 was completed. Notice to relinquish the block has been submitted to DGPC.
PEZU (Operator: OGDCL)	<ul style="list-style-type: none"> In house G&G evaluation is in progress.
QADIRPUR (Operator: OGDCL)	<ul style="list-style-type: none"> Drilling of exploration well Qadirpur Deep-1A is in progress.
SUKHPUR (Operator: Eni)	<ul style="list-style-type: none"> Relinquishment of the block has been applied.
TAL (Operator: MOL)	<ul style="list-style-type: none"> Discovery was announced in exploration well Mamikhel South-1 subsequent to year end. 3D seismic data acquisition completed with coverage of 584 sq.km over Tal West and Kot areas.
KHUZDAR NORTH (Operator: OGDCL)	<ul style="list-style-type: none"> 2D seismic data acquisition is in progress.

New Blocks, Farm-In and Farm-Out Activities

The Company acquires and divests working interests in concessions to manage its exploration portfolio. On the international front, the Company successfully led a consortium comprising of PPL, OGDCL, MPCL and GHPL and submitted a bid in Abu Dhabi bid round 2019. Results of the bid round are awaited. Besides this, the following major activities were undertaken during the year:

PUNJAB BLOCK	<ul style="list-style-type: none"> Punjab Block was granted to the Company on November 18, 2019. Farm-out agreement to transfer working interest to OGDCL (50%) and GHPL (2.5%) has been executed and regulatory approval is awaited.
MUSAKHEL	<ul style="list-style-type: none"> Farm-out agreement for transfer of the Company's 12.5% working interest to POGC and 1.3% working interest to GHPL has been executed and regulatory approval is awaited.
BELA WEST	<ul style="list-style-type: none"> Deed of Assignment for farm-out of 25% working interest to MPCL was executed in August 2019, and accordingly the Company's working interest has reduced to 37.5%.
BLOCK-8 (IRAQ)	<ul style="list-style-type: none"> Farm-out of 32% working interest is in progress.
KHUZDAR NORTH	<ul style="list-style-type: none"> DGPC granted regulatory approval for PPL's acquisition of 25% working interest from OGDCL in Khuzdar North block.
SHAKARGANJ WEST	<ul style="list-style-type: none"> Agreement executed for acquisition of 50% working interest in OGDCL's ShakarGanj West block. Regulatory approval is awaited.

PPL's SUBSIDIARIES

PPL ASIA E&P B.V.

BLOCK-8, IRAQ	<ul style="list-style-type: none"> Drilling of 1st exploration well Madain-1 was completed. Well discovered sub-commercial volume of oil. The well was plugged with the option of possible re-entry in future for further evaluation. PPL Asia is planning to drill another exploration well in the two years extension in the exploration period, granted under the terms of the Exploration, Development and Production Service Contract of Block 8. Additional technical studies incorporating results of Madain-1 are being conducted in the block. Farm-out of 32% working interest is in progress.
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PPL EUROPE E&P LIMITED

BLOCK 29 – YEMEN (Operator: OMV Yemen)	<ul style="list-style-type: none"> Production Sharing Agreement had been terminated. Efforts are being made for release of bank guarantee. For further information, please refer to note 8.1 to the unconsolidated financial statements.
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BLOCK 3 – YEMEN (Operator: Total)	<ul style="list-style-type: none"> The block is under Force Majeure since 23 April 2015 due to political unrest in the country.
ZIARAT (Operator: MPCL)	<ul style="list-style-type: none"> Early Processing Facility for Bolan East-1 discovery was successfully constructed. Commencement of EWT production awaits regularization of commercial matters.
HARNAI (Operator: MPCL)	<ul style="list-style-type: none"> In-house G&G evaluation of deeper potential is in progress. Geological Fieldwork is planned.

Technical Services – Reservoir Modelling

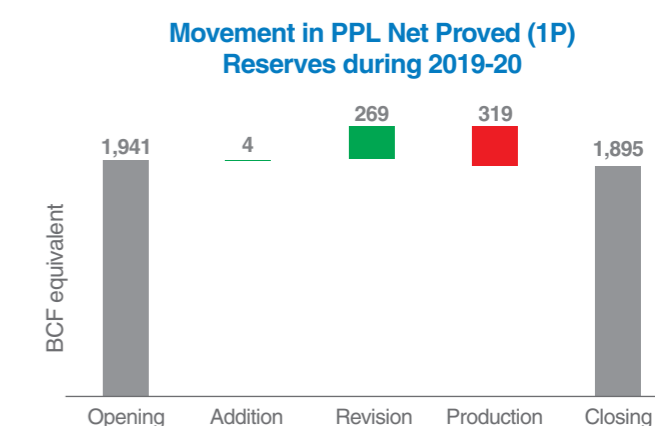
Reservoir Modelling is a specialist technical group developed under the umbrella of Technical Services to create value through the integrated subsurface studies with the primary focus on 3D reservoir simulation.

The in-house 3D reservoir simulation studies were completed for Shahdadpur, Zafir, Shahdadpur West and Kandhkot fields while a similar study is in progress for Adhi field. These reservoir studies will provide a better understanding of reservoir performance, identify production optimization, and reserve enhancement opportunities. The in-house resource utilization has also resulted in considerable cost savings.

Reserves Management

Based on hydrocarbon reserves revisions, additions and production for the year, the Company's Proven Reserves Replenishment Ratio (RRR) stands at ~85 percent, indicating that around 85% of total

production for the year has been replaced in the Company's reserves base. The additions have come due to discoveries in Benari X-1 (Shahbandar), Yasar X-1 (Kotri), Bitro-1 (Latif) and Unarpur-1 (Kotri North), while the revisions have primarily come from Shahdadpur and Shahdadpur West (Gambat South fields), Makori East and Maramzai (Tal fields). Addition of reserves from Morgandh discovery will be incorporated after obtaining additional data from on-going appraisal activities.



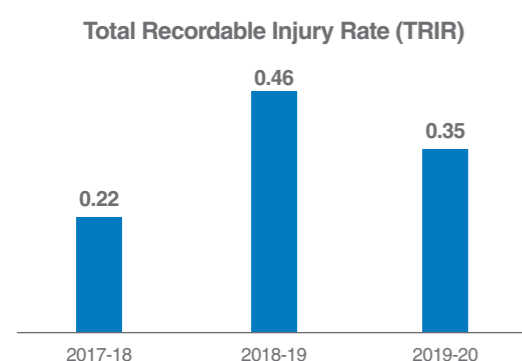
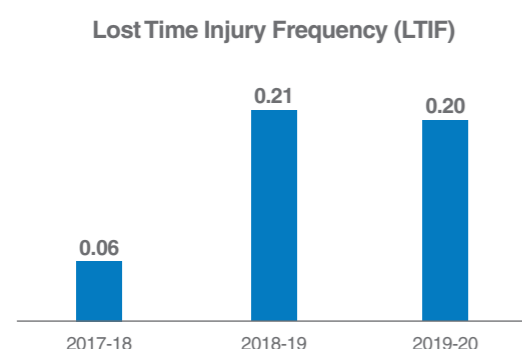
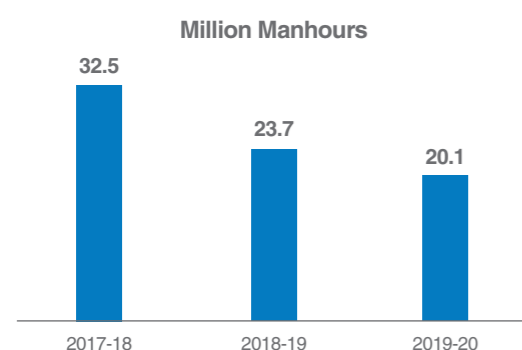
Joint Management Committee meeting held in Iraq for Block-8

Quality, Health, Safety and Environment (QHSE)

QHSE is an integral part of PPL'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

Key Performance Indicators and Incidents

Graphs of Million Manhours, Lost Time Injury Frequency (LTIF) and Total Recordable Injury Rate (TRIR) are provided below aggregating Company and contractor data.



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

- While travelling to a wellsite, an unfortunate traffic accident happened resulting in fatality of Contractor's driver.
- During well-testing unit hook up activity at a wellsite, contractor's operator fell from the separator platform resulting in fracture of right forearm.
- While lifting of oil drum (20 litres), the filling helper felt backache. He was shifted to field clinic and was advised rest.
- While visiting mobile medical unit medicine store, Community Development Officer slipped and sustained hairline fracture in left foot.

On a positive note, 3.5 Million Safe man-hours were achieved at PPL operated Hala Gas Processing Facility, since its operations initiated in 2009.

The impact of the Company's business on environment is regulated by the national environmental standards which are strictly complied with by the Company. Furthermore, extensive efforts were made by the Company's management in Health and Safety domains for both its employees, contractors and other stakeholders.

Initiatives were taken in all focus areas of QHSE which are detailed in the QHSE section of this annual report.

Financial Overview

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

	2019-20 Rs. Million	2018-19 Rs. Million
Profit before Taxation	70,484.754	79,931.204
Taxation	(20,228.484)	(18,298.840)
Profit after Taxation	50,256.270	61,632.364
Unappropriated profit as at 1st July, 2019/2018	215,553.699	160,294.259
Dividend Equalisation Reserve as at 1st July 2019 / 2018	2,535.354	2,535.354
	<u>268,345.323</u>	<u>224,461.977</u>
Appropriations during the year		
Final dividend for the year 2018-19 on ordinary and preference shares @ 20% (2017-18: 15% on ordinary shares and Nil for preference shares)	(4,534.975)	(2,957.577)
Issuance of 20% bonus shares to ordinary shareholders (2017-18: 15%) and 10% to preference shareholders (2017-18 Nil)	(4,534.964)	(2,957.577)
Other Comprehensive Income/(loss)	267.636	(457.770)
Balance as at June 30, 2020/2019	<u>259,543.020</u>	<u>218,089.053</u>
Subsequent Effects		
The Board of Directors of the Company in its meeting held on September 11, 2020, proposed the following:		
Final dividend on ordinary and preference shares @ 10% (2018-19: 20%)	2,720.984	4,534.975
Issuance of nil bonus shares to ordinary shareholders (2018-19: 20%) and nil to preference shareholders (2018-19: 10%)	-	4,534.964
	<u>2,720.984</u>	<u>9,069.939</u>

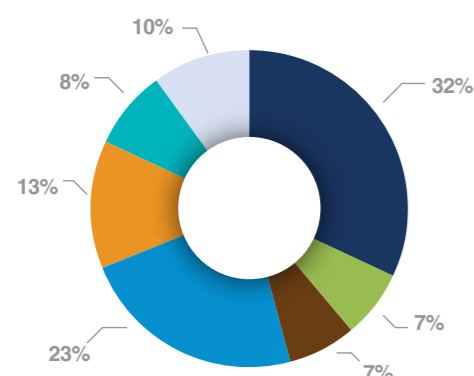
Sales Revenue

Sales revenue has declined by Rs 6,297 million during the current year as compared to the corresponding year. The decrease is due to negative volume variance of Rs 13,941 million, partially offset by positive variance on account of price amounting to Rs 7,644 million.

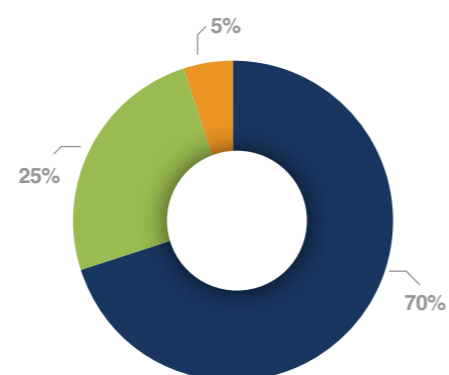
The primary reason for negative volume variance is due to the lower offtakes by GENCO-II in Kandhkot Gas Field coupled with lower offtakes by refineries due to Covid-19 and natural decline in mature fields.

Positive price variance is due to devaluation of Pak rupee against US dollar (average exchange rate for the current year was PKR 158.45 / US\$ as compared to PKR 136.37 / US\$ during the corresponding year), partially offset by drop in average international crude oil prices to US\$ 51.1 / bbl during the current year versus US\$ 68.3 / bbl during the corresponding year. The field-wise and product-wise analysis of Company's sales revenue is given on the next page:

Field-wise Sales Revenue (2019-20)



Product-wise Sales Revenue (2019-20)



■ Sui ■ Kandhkot ■ Adhi ■ Tal ■ Nashpa ■ Gambat South ■ Others ■ Gas ■ Crude Oil / NGL / CONDENSATE ■ LPG / BARYTES

Sales Volumes	Unit	2019-20	2018-19
Natural Gas	MMCF	246,619	278,296
Crude Oil / NGL / Condensate	BBL	5,060,867	5,753,564
LPG	Metric Tonnes	107,421	117,194
Barytes *	Metric Tonnes	77,738	100,284

* Total gross sales volume of baryte powder, baryte ore and iron ore, made by BME aggregated to 186,320 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 77,738 metric tonnes.

Profitability

Earnings per Share (EPS) of the Company for the year stood at Rs 18.47 against Rs 22.65 (restated) for 2018-19, registering a decline of 18%. The core reasons for lower profitability are decline in sales revenue (as explained above) and other income combined with increase in operating expenses, partially compensated by reduction in exploration expenses and levies (decreased in line with sales).

Lower other income is mainly due to reduced exchange gain owing to lesser volatility in the USD / PKR parity during the current year. Further, decrease in exploration expenses is primarily on account of lower cost of dry wells charged to profit or loss during the year.

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 2019-20 in terms of energy was equivalent to over

134,000 barrels of crude oil per day, resulting in annual foreign exchange savings of approximately US\$ 2.5 billion, assuming an average crude oil price of US\$ 51.1 / bbl.

The Company contributed over Rs 60 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 decrease in consolidated profitability by 17%. Group sales revenue was recorded at Rs 157,999 million while profit-after-tax stands at Rs 49,425 million in 2019-20, compared to Rs 164,366 million and Rs 59,459 million, respectively, in 2018-19. During the year, PPLE contributed around Rs 406 million to the Group's revenue.

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

Human Resources

The prime focus of the Company is to optimize hydrocarbon production by attracting and retaining a premier team of professionals. Being fully cognizant of the challenges that are present in its operating environment, the Company has taken steps to ensure that it maintains its commitment to recruit, train and develop high calibre staff to sustain PPL's growth trajectory.

Human Resource function continues to strive for delivering its core objectives to attract talent, develop and retain staff by keeping them engaged. This mainly includes enhancing performance management, employee development, succession planning, organizational culture, benefits management, optimization of manpower costs and employee health & wellbeing. A number of initiatives have been taken by the Management to meet the above-stated objectives.

PPL's efforts have also been recognized by the Center for Global Inclusion as PPL was declared the winner in Global Diversity and Inclusion Benchmarks (GDIB) 2020 awards in the categories of Recruitment, Benefits and Job Design.

Review of Human Resource Management Policy

In order to ensure an unambiguous, fair, flexible and transparent HR Policy, its review was arranged and amendments were made for improvements and clarity. The Company's medical policy was also reviewed to ensure uniform application of the policy. A number of benefits were reviewed and amended including facilities for female staff, emergency leave for field-based staff, introduction of flexible office timings for office-based MPT staff and Work-From-Home policy during COVID-19.

Organizational Review and Restructuring

Based on a detailed review by a management team and the Board, organizational structure was rationalized to make it more efficient and cost effective. The same was successfully implemented which will not only improve engagement of employees but will also result in cost savings with the employment of hybrid matrix organizational structure.

New Performance Management System

A new Performance Management system was developed with the help of one of the leading consultancy firms to introduce Fixed and Dynamic nature of KPOs, Key Support Tasks, weightages against each KPO and Behavioural Competencies. After conducting a pilot project, it has been successfully implemented throughout the Company. This will help in improving performance and productivity of staff by making the process more transparent.

A new cloud-based solution, SAP SuccessFactors has also been implemented in record six-week time, which is more user friendly and integrated with other HR modules, facilitating in efficient performance management.

Employee Engagement

To encourage company-wide open communication, the concept of Open Days, Away Days and Townhall meetings has been introduced. Engagement survey is also being conducted periodically through an independent consultant giving employees the opportunity to provide feedback for effective management insights. Opening new channels for communication will act as a catalyst towards motivating staff as they are enabled to offer their views and receive feedback from Management.

Support in further professional education and relevant certifications

Programs were introduced to support and fund job-related qualifications and certifications for employees' development. This will not only benefit employees in their self-development but also contribute in bringing improvement in the Company's overall performance.

Focus on in-house training

In order to increase focus on in-house trainings and encourage staff to come forward and share their experiences and learning, a policy regarding incentivizing qualified internal trainers has been announced. This is expected to promote a healthy competition amongst staff and cost reduction in overall training investments.

Online modes of training

To continue learning and development during the COVID-19 pandemic, on-line mode of training methodology was adopted utilizing Microsoft Teams/Zoom platforms. This has been very successful and efficient in meeting staff's training needs.

Meeting organizational learning needs

To strengthen leadership pipeline, a leadership development framework was developed to embrace oil and gas industry knowledge, financial acumen, effective communication and leadership. A number of sessions were conducted for senior staff of the Company.

Industrial Relations

Harmonious working environment and cordial industrial relations prevailed at all locations of the Company including Sui Gas Field. To develop empathetic attitude and gratefulness, a program, 'Pehchan' (a journey of self-discovery) was arranged for NMPT Staff. A train-the-trainer program was also conducted for some MPT staff to impart the training to rest of the NMPT staff at all PPL locations.

Corporate Social Responsibility

PPL believes that looking after and developing our neighbouring communities is synonymous to serving the nation. The Company's Corporate Social Responsibility (CSR) program dates back to the inception of our activities in Sui in the mid-1950s when Sui Model School was established for children of workers and local communities.

PPL makes mandatory as well as voluntary contributions in the social development of its operational areas and society at large. The Company has one of the largest and most organized Corporate Social Responsibility programs focusing on providing quality education, healthcare, water resource development, infrastructure development, sports, vocational training and skill development, etc.

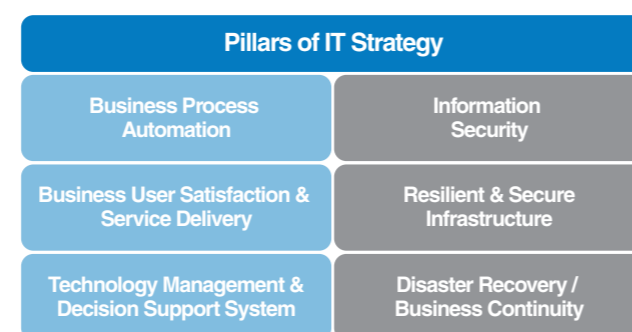
At PPL, each CSR initiative is carefully examined for its merits, objectives and impact. PPL has dedicated a minimum budget of 1.5 percent of annual pre-tax profit for CSR activities. However, the Company has always contributed more, evidencing its will to contribute for betterment of its operational areas and society. In FY 2019-20, the Company's

total spending under CSR program amounted to a significant Rs 1.753 Billion in operated areas (gross basis). Your Company received the 15th consecutive award from the Pakistan Centre for Philanthropy for being the top contributors in terms of volume of donations.

Details of PPL's CSR activities are presented in the CSR section of this annual report.

Information Technology

The Company is continuously striving to add business value through industry-leading strategic initiatives and improved service delivery to maximize process automation, organizational performance, agility, enhanced information security, governance, risk management and compliance.



Key highlights of the year are presented below:

Resilient & Secure Infrastructure

Upkeeping with Company's promise for agility, the Company was quick to act amidst the pandemic and swiftly rolled out a highly resilient and secure technology platform for providing seamless services for users during the 'Work from home' period minimizing business disruption in the COVID-19 scenario. This included enhancing information security controls, data protection, multi-factor authorization and introducing digital signatures for electronic approvals.

Business Process Automation

SAP ERP and Business Applications have been strengthened through several business process integrations, providing significant benefits in terms of online reporting, information governance and paper-less initiatives. The year marked the implementation of the new cloud-based SAP SuccessFactors employee performance management system, SAP Budget Control System and provisioning of e-Billing solution with a panel hospital.

Information Security

An in-house Security Operations Center (SOC) has been deployed for proactive monitoring and timely prevention of cyber threats using state-of-the-art solutions for Vulnerability Management and Event Management. Regular IT audits were undertaken during the year to identify, treat and mitigate potential risks alongside conducting Information Security awareness sessions for business users.

Business User Satisfaction & Service Delivery

Several enhancements have been introduced which includes a web-based 'chat' option, extension to extension dialing between Head office and locations, automation of facsimile transmission and deployment of DIDs (Direct Inward Dialing) and DODs (Direct Outward Dialing) which has significantly improved user experience.

Technology Management & Decision Support System

IT Technology Management Center ensures continuous technological advancement and support to PPL core functions for specialized petro-technical software, in-house seismic data processing, three-dimensional designing and visualization of earth models and wells trajectories. Digitization of records and online archiving of wells data project was completed during the year thereby improving the online information availability for technical users.

Disaster Recovery (DR) and Business Continuity

PPL is in the process of improving Datacenter Operations at both its DR site in Islamabad and main Datacenter at Head Office in Karachi. The plan includes evaluating the Data Centers for Maturity Level III certification and assessing its Primary Datacenter TIER level Rating.

Business Continuity Management System (BCMS)

To ensure resilience against hazardous events, Business Resumption Plans (BRP) of all assets and departments were updated and uploaded on PPL shared portal for ready access. To improve readiness of users regarding BCMS, awareness sessions on 23 BRPs were conducted. A mock exercise was conducted to check the preparedness level of two departments.

PPL Business Continuity Team in coordination with Incident Management team proactively designed a work from home exercise prior to formal decision by the Government to enforce lock down in March 2020. Transition to work from home was smooth and in order to improve deliverability, BCP team prepared several reports including (a) rotation plan of critical staff (b) management responses on different scenarios of COVID-19 and succession planning of critical position to assist management in taking decisions during the on-going pandemic.

Corporate Governance

Functioning of the Board

Corporate governance is the corner stone of any healthy organization. It encompasses the processes, practices and policies that a company relies on to make formal decisions and to manage the affairs of the company. The Board of Directors of the Company understand the utmost importance of corporate governance and assigns great importance to the best practices of good governance. The Board 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 guides and advises the Chief Executive Officer (CEO). The Board carries out its fiduciary duties with a sense of objective judgment, in good faith and in the best interests of the Company and its stakeholders.

The Board has established six 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. 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 Sub-regulation (3) of Regulation 6 of the Listed Companies (Code of Corporate Governance) Regulations, 2019.

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. During the year, the Board was composed of five, including one female, independent directors, four non-executive directors and the Chief Executive Officer.

Profiles of Directors

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

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 the agendas of the Board. The Chairman fixes the agenda, 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. 13 meetings of the Board of Directors and 25 meetings of the Board Committees were held during the financial year. The details of attendance by the directors of the meetings of the Board and its Committees are set out in the "Attendance of Board and Committee Meetings" section of this Annual Report.

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. As required by the SECP's guidelines for performance evaluation of the Board of Directors, the evaluation of the performance of the Board was also undertaken and completed by Chairman.

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 Programme for the Directors

A comprehensive orientation programme covering corporate governance, internal controls and the operations of the Company was held for the directors.

Directors' Training Programme

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.

Remuneration to Non-Executive Directors

The Company does not pay any remuneration to non-executive directors other than directors' fees for attending meetings of the Board and Board Committees.

Additional Directorships held by Executive Directors

The CEO of the Company is also the director on the boards of the Company's wholly owned subsidiaries, PPL Asia E&P B.V. and PPL Europe E&P Limited.

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 are disclosed in note 42 of the notes to the Company's unconsolidated financial statements for the year ended June 30, 2020.

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, 2019, and the Articles of Association of the Company.

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
- Corporate Donation Policy
- Enterprise Risk Management Policy
- 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

Shareholders' Grievance

The Company takes all possible measures to address any grievances of shareholders within the shortest possible time. Shareholders can lodge complaints or make inquiries by completing the online feedback and complaints form available on the Company's website. The Share Registrar of the Company is the interface for general shareholders 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 shareholders. 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 was also held in accordance with the requirements of the Pakistan Stock Exchange.

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 shareholders 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, creditors, customers, business partners and local communities, and values their views. The Company encourages its shareholders 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.

- Publication of the notice of AGM on the online portal of the Pakistan Stock Exchange as well as on Company's website.
- 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:

- The Board has complied with the principles of corporate governance.
- 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.
- Proper books of accounts have been maintained by the Company.
- 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.
- Systems of internal control are sound in design and have been effectively implemented, regularly reviewed and monitored.
- The reasons for significant deviations from the preceding year's operating results have been explained in the relevant sections of the Directors' Report.
- Key operating and financial data for the last six years is given in the "Six Years' Summary" section of the Annual Report.
- Information about outstanding taxes, duties,

levies and charges, is given in the notes to the financial statements.

- Significant plans and decisions in respect of corporate restructuring, business expansion and discontinuation of operations, where applicable, have been outlined in the Annual Report. Future prospects, risks and uncertainties have also been disclosed in the relevant sections of the Directors' Report.
- 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.
- The Key Performance Indicators relating to the Company's social objectives and outcomes have been disclosed in the relevant sections of the Directors' Report.
- The value of investments in employee retirement funds based on the latest audited accounts as at June 30, 2019 is:

Investment amounts as per latest audited accounts at June 30, 2019

	Rs. Million
Senior Provident Fund	3,049.050
Junior Provident Fund	1,364.020
Executive Staff Gratuity Fund	951.258
Non-Executive Staff Gratuity Fund	1,218.210
Executive Staff Pension Fund	7,103.421
Non-Executive Staff Pension Fund	2,675.548
Executive Staff Pension Fund Defined Contribution (Shariah)	1,631.856
Executive Staff Pension Fund Defined Contribution (Conventional)	635.233

- 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. The Board and Committees gave leave of absence to the members who were unable to attend

any meeting.

- Directors only receive directors' fees for attending meetings 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, 2020 as well as the details of transactions in the shares of the Company by directors, executives, their spouses and minor children during the year are included in the 'Pattern of Shareholding' section of the Annual Report 2020.

Risk Management

Given the size, complexity and structure, PPL Group is exposed to a host of risks impacting strategic objectives, financial stability & profitability, operational safety and other core values. The Group's risk management processes focus on identification, assessment and evaluation of such risks and their impact and active management of these risks in the context of the Group's risk appetite and defined risk tolerance levels. Risk profiling is carried out at the corporate and business unit level, which is regularly reviewed and actively monitored by the Management to optimize the risk taking. The interdependencies and correlations between different risks are also reflected in the Company's consolidated risk profile.

Risk Governance Structure

Board and Board Enterprise Risk Committee (BERC)

The overall responsibility for governance of the Company's risks lies with the Board of Directors, which maintains sound risk management through the Board Enterprise Risk Committee (BERC). This Committee is responsible for identification and monitoring of the principal risks and opportunities of the Company and ensuring that appropriate systems are in place to manage these risks and opportunities, covering Company's operations, strategy, finances, reporting, compliance and public reputation.

Executive Risk Management Committee (ERMC)

At management level, risk management is governed through an Executive Risk Management Committee (ERMC), chaired by the CEO with representation from core and support functions, which facilitates uniform implementation of risk management policies and supports the drive towards fostering a risk intelligent culture across the Company.

Enterprise Risk Management (ERM) Department

Risk management activities are centrally coordinated at the corporate level by the Enterprise Risk Management department. 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. Possible mitigation strategies are devised and implemented to

reduce the Company's target risk exposure to be within risk appetite level.

ERM Policy

To promote a risk intelligent culture, embed risk mitigation as collective responsibility and foster risk-informed decision-making across the Company in all spheres, Enterprise Risk Management Policy was approved by the Board of Directors in October 2019.

Revisions in Group Risk Appetite

During the year, Risk Appetite Statement was revised to align it with evolving exploration business strategy and bringing within its fold new risk areas of Cyber Security, Process Safety and Diversification. Separate Risk Appetite Statements were developed for PPL's subsidiaries.

Key Risks Faced by PPL

A brief account of key risks faced by the Company is presented below, along with an assessment of the likelihood of occurrence, the possible magnitude of the risks, mitigation during 2019-20 and strategy to contain their impact within the Company's risk appetite.

1. Strategic Risks

Risks:

Internal

- Inadequate exploration activities resulting in not achieving target Reserves Replacement Ratio.
- Delay in commercialization and development of discoveries.

External

- Inability to execute work-program, international exploration and/or diversification activities due to liquidity constraints arising out of delays in collections/circular debt.
- Limited domestic exploration potential and lack of frequent bidding rounds
- Fast emerging new technologies and trends that may gradually replace the use of fossil fuels.

Impact and Likelihood:

- Strategic risks have the potential of threatening

Mitigation Strategy and Performance:

- Fast track execution of exploration work program.
- Regular screening of farm-in and farm-out opportunities for exploration acreage expansion and risk balancing. One farm-in and three farm-out agreements were executed during 2019-20.
- Offshore Exploration is under focus for shallow marine offshore prospects.
- Strategy was revisited to expedite collections through highest level engagement with the Government.
- Capital allocation is being done to divert the limited funds to the best available use.
- Participation was made in an international bid round. Further international bid rounds and farm-in opportunities are under screening and evaluation.
- New Field Development (NFD) department focuses on fast tracking of development of discoveries.

business sustainability and growth targets. The magnitude and likelihood of each risk is closely monitored and reviewed periodically. Appropriate mitigation plans are devised to keep the magnitude and likelihood within the agreed tolerance levels.

- Consistent follow up with Government authorities for expeditious announcement of fresh bidding rounds.
- Dedicated teams were assigned responsibilities during the year for diversification and BD activities.

2. Financial & Commercial Risks

Risks:

External

- Delays in collections from customers. It has been classified in Strategic Risks.
- Decrease in crude oil price adversely affecting profitability and cash flows of the Company
- Amendment in Petroleum Policy 2012 resulting in retrospective imposition of Windfall Levy on Oil (WLO) in Tal Block

Impact and Likelihood:

- Crude oil price has rebounded since its collapse in March 2020 and has been forecasted to further increase.
- Potential financial exposure of additional WLO is mentioned in note 25.1.8 to the unconsolidated financial statements.

Mitigation Strategy and Performance:

- Stress testing is carried out periodically for PPL work program against fluctuating crude oil price and liquidity and strategic adjustments are made, wherever required.
- Matter on WLO is being contested in the court of law, and management is confident of a favorable outcome.

3. Operational Risks

Risks:

Internal

- Production decline from mature fields due to natural depletion.
- High operating costs for depleting fields.

External

- Low customer offtakes from Kandhkot field.
- Expiry of producing fields' leases prior to economic cut off
- Challenges of difficult terrain, security, extreme weather conditions, lack of basic infrastructure in remote regions

Impact and Likelihood:

- Mature fields, such as Sui, Adhi, Tal and Nashpa are in natural decline phase.
- High operating costs in certain fields are due to high security costs required to operate in those areas.
- GENCO offtakes from Kandhkot field are below available field capacity resulting in opportunity cost for the Company.

Mitigation Strategy and Performance:

- Commissioning of Nodal Compression and completion of 4 Dev Wells (Adhi 33, 34, South 3, 4) during the year. 2 development wells, Sui 106 and Sui 110, were spud in Sui. Sui Compressor Modification feasibility study was completed. 8 wells were drilled in Partner Operated areas.
- Efforts are being made to reduce the high security costs for depleting fields to manage operating expenditure.
- Efforts are underway for gas re-allocation and third-party sales to address low gas offtake at Kandhkot.
- Government is engaged and being followed up for grant / renewal of D&P leases. Efforts for grant of Sui D&PL are continuing.

- Expiring leases of producing fields, if not renewed, would result in loss of remaining hydrocarbon potential.

4. Project Risks

Risks:

Internal

- Delays in execution of developmental plans for production enhancement from producing fields.
- Project slippages against defined scope, costs and timelines.

Impact and Likelihood:

- Development projects are capital intensive, and delays may result in significant economic value losses.

Mitigation Strategy and Performance:

- Focus has been set on timely completion of development projects.
- Strong project management program is in place in the Company to mitigate project risks. Internal review and independent risk assessment are carried out for all major projects.

5. Regulatory and Compliance Risks

Risks:

Internal

- Noncompliance with applicable laws, rules, procedures and policies resulting in inquiries, penalties, legal actions or reputational damage etc.

External

- Delay in requisite approvals from the Government for allocation of oil and gas from new discoveries.

Impact and Likelihood:

- Likelihood and magnitude of these risks are closely monitored due to its potential high impact on the reputation and operations of the Company.

Mitigation Strategy and Performance:

- All departments are required to ensure the compliance with applicable laws and procedures.
- Review mechanisms are in place to identify non-compliances.
- Company maintains a regular follow up with Government authorities for expeditious decisions on gas allocations.

6. Safety, Environmental and Security Risks

Risks:

Internal

- Major accidents due to human error or system gaps resulting in injuries, fatalities, environmental damage or disruption of operations.

External

- Breach of digital security resulting in loss or misuse of data or sensitive information, business/production disruption.
- Security incidents at locations disrupting operations and exploration efforts.

Mitigation Strategy and Performance:

- Fatality of one contractor staff occurred during road travel. Spillage incident from Adhi field resulting in contamination of nearby water reservoir. Incidents were investigated and measures taken to prevent recurrence.
- First phase of establishing Managed Security Operation Center (SOC) for continuous monitoring of cybersecurity threats has been completed.

Impact and Likelihood:

- Safety, environmental and security risks are minimized by actively working on new and improved controls to maintain the likelihood and magnitude within the tolerance levels

- No major security incident occurred during the year. The mitigations include implementation of Hybrid Security Model, continuous liaison with law enforcement/intelligence agencies, improved security infrastructure at well sites, compliance of Security SOPs.

Business Outlook

The Company aims to grow its exploration and production operations in a sustained manner to play its part in the energy landscape of the country. The Company will continue to optimize production in mature fields as well as optimally develop its recently discovered fields. Furthermore, our core exploration efforts will be focused in frontier areas where our recent success has provided the impetus to accelerate our activities. Your Company is also planning to increase and manage its exploration acreage through active participation in the new bid round, farm-ins and farm-outs.

On the international front, the results of the bid submitted in the Abu Dhabi bid round are awaited. Furthermore, the Company is evaluating additional opportunities available in the global market and in shallow offshore in Pakistan. Going forward, the collections from customers and the resolution of circular debt will play an important part in the capital allocation towards available opportunities. For diversifying its revenue base, the Company intends to aggressively pursue mining activities along with the evaluation of opportunities in the energy value chain.

Post Balance Sheet Events

Term of the Board of Directors

The term of the Board will expire on September 15, 2020 and elections of directors will be held as soon as practicable.



CHAIRMAN
Board of Directors

Karachi: September 11, 2020

Discovery

A discovery was announced in exploration well Mamikhel South-1 subsequent to the year end. The well was drilled in Partner Operated Tal block.

Dividend

Subsequent to the year-end, the Board of Directors in its meeting held on September 11, 2020 has recommended cash dividend @ 10% amounting to Rs 2,720.972 million (2019: @ 20% amounting to Rs 4,534.953 million) on paid-up value of ordinary share capital and @ 10% amounting to Rs 0.012 million (2019: @ 20% amounting to Rs 0.022 million) on the paid-up value of convertible preference share capital. These appropriations will be put forward for approval of the shareholders in the Annual General Meeting scheduled to be held on October 26, 2020.

Auditors

In line with the Company's Policy on rotation of External Auditors, the Board Audit Committee has recommended to the Board, the appointment of KPMG Taseer Hadi & Co. Chartered Accountants, as External Auditors of the Company for the year ending June 30, 2021. This will be proposed for approval of the shareholders at the forthcoming Annual General Meeting of the Company.



CHIEF EXECUTIVE OFFICER
AND MANAGING DIRECTOR

5۔ ریگولیری اور عدم مطابقت کے خطرات

خطرات

اعدونی

مختلف قوانین، قواعد، طریقہ ہائے کار اور پالیسیوں کی عدم ہم آہنگی کی صورت میں انکوائریوں، جرمانوں، قانونی کارروائیوں اور سزا کو نقصان پہنچنے کے خطرات۔

بیرونی

ٹیل اور گیس کی نئی دریافتوں میں حکومت کی جانب سے حصے مختص کرنے کی درخواستوں کی منظوری میں تاخیر۔

اثرات اور امکانات

ان خطرات کے کٹوتی کی سزا کا اور استعداد کار پر ممکنہ منج اثرات کے پیش نظر ایسے خطرات کے امکانات اور شدت کا ہارک بیتی سے جائزہ لیا جاتا ہے۔

تحقیقی حکمت عملی اور کارکردگی

مہنی کے تمام شعبے مختلف قوانین و طریقہ ہائے کاری کی تعمیل کے پابند ہیں۔ قواعد و ضوابط کی عدم ہم آہنگی کی نشاندہی کا مکمل مزمہ روئے عمل ہے۔

ٹیل اور گیس کی ایلیکشن میں تیزی کے لیے مہنی حکومتی اداروں کے ساتھ مسلسل رابطے میں رہتی ہے۔

6۔ حفاظتی، ماحولیاتی اور سیکورٹی کے خطرات

خطرات

اعدونی

انسانی غلطی یا نظام میں نقص کی صورت میں کسی کاؤچی ہونا، ہلاکتیں، ماحول کو نقصان، کام کارگنا۔

بیرونی

ڈیجیٹل سیکورٹی میں رخسائے نازی کی صورت میں ڈیٹا یا احساس معلومات کا نقصان یا غلط استعمال، کاروبار یا پیداوار کا کارگنا۔

اثرات اور امکانات

سختی، سیکورٹی اور ماحولیاتی خطرات کو نئے اور جدید کنٹرول نظام پر موثر طریقے سے عمل کر کے کم سے کم کیا جاتا ہے تاکہ ان کے امکانات اور شدت قابل قبول سطح کے اندر رہے۔

کاروباری مظہر نامہ

کمپنی اپنی پیداواری اور دریافتی سرگرمیوں میں مسلسل اضافے کے لیے پرمز ہے تاکہ ملک کی توانائی کی ضروریات کے تناظر میں اپنا کردار ادا کر سکے۔ کمپنی اپنی پختہ فیلڈز سے پیداوار کے اضافے کے ساتھ ساتھ حال ہی میں دریافت ہونے والے کھونڈوں کو بھی جلد از جلد تیار کرنے کی کوششیں جاری رکھے گی۔ مزید برآں ہماری بنیادی دریافتی کوششیں سرحدی علاقوں میں مرکوز رہی جائیں گی جہاں ہماری حالیہ کامیابی نے ہماری سرگرمیوں کو تیز کرنے کی تحریک فراہم کی ہے۔ آپ کی کمپنی نئی علاقوں کے نئے مسلوں اور فارم ان اور فارم آؤٹ میں فعال شرکت کے ذریعے اپنے دریافتی علاقوں میں توسیع کے منصوبے پر بھی عمل میں ہے۔ بین الاقوامی سطح پر ایٹمی کے بولی راءڈ میں جمع کروائی گئی بولی کے نتائج کا انتظار ہے۔ اس کے ساتھ ساتھ کمپنی عالمی مارکیٹ اور پاکستان میں آف شور کے دستیاب اضافی مواقع کا جائزہ لے رہی ہے۔ مستقبل قریب میں صارفین سے وصولیوں اور گڈی قرضے کا عمل دستیاب مواقع میں سرمایہ کاری کے لیے اہم کردار ادا کریں گے۔ اپنی آمدن کے ذرائع کو متنوع بنانے کے لیے کمپنی کان کنی کی سرگرمیوں اور توانائی کے ذیلی شعبوں میں سرمایہ کاری کا پرجوش مزمہ رکھتی ہے۔

بیلنس شیٹ کے بعد واقعات

بورڈ آف ڈائریکٹرز

بورڈ کی میعاد 15 ستمبر 2020 کو ختم ہوگی اور نئے ڈائریکٹروں کے لیے انتخابات، جس قدر جلد ممکن ہوں گے کرائے جائیں گے۔

دریافت

سال کے اختتام پر مای خیل ساؤتھ 1 میں ایک دریافت کا اعلان کیا گیا۔ یہ کنواں شراکتی عمل داری والے ٹیل بلاک میں کھودا گیا ہے۔

منافع منقسمہ

بورڈ آف ڈائریکٹرز نے 11 ستمبر 2020 کو منعقد ہونے والے اجلاس میں مکمل ادا کئے گئے عمومی شیئر پر 10% کی شرح سے 2,720.972 ملین روپے (2019: 20% کی شرح سے 4,534.953 ملین روپے) اور مکمل ادا کئے گئے ترجیح پذیر شیئر پر 10% کی شرح سے 0.012 ملین روپے (2019: 20% کی شرح سے 0.022 ملین روپے) نقد منافع منقسمہ کی منظوری دی ہے۔

آڈیٹرز

بیرونی آڈیٹرز کی تبدیلی سے متعلق کمپنی کی پالیسی کے تحت بورڈ آڈٹ کمیٹی نے بورڈ کو 30 جون 2020 کو ختم ہونے والے مالی سال کے لیے پی ایم جی، تاثیر ہادی اینڈ کو، چارٹرڈ اکاؤنٹنٹس کے بطور بیرونی آڈیٹرز کے تقرر کی سفارش کی ہے۔ یہ تجویز کمپنی کے آئندہ سالانہ اجلاس عام میں شیئر ہولڈرز کی منظوری کے لیے ان کے سامنے رکھی جائے گی۔

Moin Raja Khan

چیف ایگزیکٹو آفیسر اور چیفنگ ڈائریکٹر

Shamir Khan

ڈائریکٹر

کراچی: 11 ستمبر 2020

1- اسٹریٹجک خطرات

خطرات

اندرونی

نا کافی دریا فنی سرگرمیاں جس کے نتیجے میں ذخائر کی مطلوبہ سطح برقرار رکھنے کا ہدف نہ پورا ہونا
دریا فنی شدہ ذخائر کی کھرہلا نریشن اور ڈیو پلمنٹ میں تاخیر

بیرونی

* گردش قرضوں / واجبات کی وصولیوں میں تاخیر کی وجہ سے سرمائے کی رکاوٹوں کی وجہ سے ورک پروگرام، بین الاقوامی دریا فنی سرگرمیوں اور یا تنوع کی سرگرمیوں کو انجام دینے میں ناکامی۔
مقامی طور پر دریا فنی سرگرمیوں کے محدود مواقع اور ٹیلا میاں نہ ہونا۔
نئی ٹیکنالوجی اور رجحان کے باعث فوسل فیول کے استعمال میں کمی۔

اثرات اور امکانات

اسٹریٹجک خطرات کا رد پاری استحکام اور نمو کے اہداف کو متاثر کرنے کی صلاحیت رکھتے ہیں۔ ہر خطرے کی شدت اور امکان کا وقتاً فوقتاً جائزہ لیا جاتا ہے اور باریک بینی سے نگرانی کی جاتی ہے۔ ان خطرات کو متفقہ قابل قبول سطح پر رکھنے کے لیے مناسب تخفیفی پلان تیار کیے گئے ہیں۔

2- مالیاتی اور تجارتی خطرات

خطرات

بیرونی

صارفین سے وصولیوں میں تاخیر، اسے اسٹریٹجک خطرات میں شامل کیا گیا ہے۔
خام تیل کی قیمتوں میں کمی کا کمپنی کے منافع اور کیش فلو پر منفی اثر ہو رہا ہے۔
پیٹرولیم پالیسی 2012 میں ترمیم کے نتیجے میں نکل بلاک میں ونڈ فال لیوی کو ساقط طور پر نافذ کیا گیا۔

اثرات اور امکانات

خام تیل کی قیمتیں مارچ 2020 میں اچھائی گرجانے کے بعد دوبارہ بڑھی ہیں اور ان میں مزید اضافے کا امکان ہے۔
اضافی ونڈ فال لیوی کے مالی اثرات غیر اشتهال شدہ مالی گوشواروں کے نوٹ 25.1.8 میں بیان کیے گئے ہیں۔

تخفیفی حکمت عملی اور کارکردگی

دریا فنی سرگرمیوں کی برقی رفتار سے تکمیل
دریا فنی سرگرمیوں کے مواقع کے لیے فارم ان اور فارم آؤٹ کا باقاعدگی سے جائزہ لیا جاتا ہے۔ سال 20-2019 میں ایک فارم ان اور دو فارم آؤٹ معاہدے کیے گئے۔
سمندر میں ذخائر کے امکان کے پیش نظر سمندر میں دریا فنی سرگرمیاں زیر غور ہیں۔
واجبات کی وصولیوں میں تیزی کے لیے اعلیٰ معیاری سطح پر ایلوں کی حکمت عملی تیار کی گئی۔
محدود مالی وسائل کے مناسب ترین استعمال کے لیے سرمائے کو مختص کرنے کا عمل جاری ہے۔
ایک بین الاقوامی ٹیلا میاں کے نکل میں حصہ لیا گیا۔ دیگر بین الاقوامی ٹیلا میاں اور فارم ان کے مواقع پر بھی غور کیا جا رہا ہے۔
نیو فیئلڈ ڈیو پلمنٹ ڈیپارٹمنٹ نئے دریافت شدہ ذخائر سے جلد استفادے کے لیے کام کر رہا ہے۔
ٹیلا میاں کے نئے سلسلوں کے جلد اعلان کے لیے تکنیکی اداروں سے مسلسل رابطہ رکھا جا رہا ہے۔
تنوع اور بی ڈی کی سرگرمیوں کے لیے خصوصی ٹیموں کو ذمے داریاں تفویض کی گئیں۔

3- آپریشنل خطرات

خطرات

اندرونی

قدرتی وجوہات سے کنوؤں کے سوکھنے سے پیداوار میں کمی۔
سوکھنے والے کنوؤں پر کثیر آپریشنل اخراجات

بیرونی

کنڈھ کوٹ فیلڈ سے صارف کمپنیوں کی کم خریداری۔
پیداوار والے کنوؤں کے خشک ہونے سے پہلے ان کی لیز ختم ہونا۔
سنگلاخ زمینوں، سیکورٹی اور شدید موسم کے خطرات۔
دور دراز علاقوں میں بنیادی ڈھانچے کا فقدان۔

اثرات اور امکانات

سوئی، آدی، نل اور ناشپا جیسی قدیم فیلڈز قدرتی تنزل کے مرحلے میں پہنچ چکی ہیں۔
کچھ مخصوص فیلڈز میں کثیر آپریشنل اخراجات سیکورٹی پر وسیع خرچ کی وجہ سے ہیں جو ان علاقوں میں کام کرنے کے لیے ضروری ہے۔
کنڈھ کوٹ سے جینکو کی خریداری فیلڈ کی پیداواری گنجائش سے کہیں کم ہے جس کی وجہ سے کمپنی کو مواقع کے اخراجات بھگتنے پڑ رہے ہیں۔
پیداواری فیلڈز کی لیزوں میں توسیع نہ ہونے کی کمپنی کو بھایا ہائیز روکار بن ڈخائر کا نقصان ہوگا۔

4- منصوبوں کے خطرات

خطرات

اندرونی

پیداوار والی فیلڈز سے پیداوار میں اضافے کے منصوبوں میں تاخیر۔
منصوبوں کے معیہ مقاصد، اخراجات اور بروقت تکمیل کے اہداف میں ناکامی۔

اثرات اور امکانات

ترقیاتی منصوبوں پر کثیر سرمایہ خرچ کیا جاتا ہے اور ان کی تکمیل میں تاخیر شدید معاشی نقصان کا باعث بن سکتی ہے۔

تخفیفی حکمت عملی اور کارکردگی

اس سال نوڈل کپریشن کی تفویض، چار کنوؤں کی تکمیل (آدی 33,34 اور ساؤتھ 3,4) کی گئی۔ سوئی میں دو کنوؤں (Sui 110 (SUL) اور (Pab) 112 کی مزید کھدائی کی گئی۔ سوئی میں کپریس میں تبدیلی کی امکانی رپورٹ تیار کی گئی۔ شراکتی عمل داری والے علاقوں میں آٹھ مزید کنوؤں کی کھدائی کی گئی۔
خشک کنوؤں والی فیلڈز پر آپریشنل اخراجات میں کمی لانے کے لیے وہاں سیکورٹی اخراجات میں کمی کی کوششیں جاری ہیں۔
کنڈھ کوٹ سے گیس کی کم خریداری کے تدارک کے لیے گیس کی تفویض نو اور تیسرے فریق کو فروخت کی کوششیں روپ عمل ہیں۔
ڈی اینڈ پی لیزوں کے حصول کو وسیع کے لیے حکومت سے مسلسل رابطے جاری ہیں۔ کمپنی سوئی میں ڈی اینڈ پی ایل کے لیے بھی کوشاں ہے۔

تخفیفی حکمت عملی اور کارکردگی

ترقیاتی منصوبوں کی بروقت تکمیل پر توجہ مرکوز کی گئی ہے۔
منصوبوں کے خطرات میں تخفیف کے لیے کمپنی میں ایک مستحکم پروجیکٹ مینجمنٹ ہے۔ تمام بڑے منصوبوں کے لیے خطرات کا اندرونی جائزہ اور آزادانہ تین کرایا

اقلیتی حصص داران

کمپنی، حصص داران، ملازمین، 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 کے لیے ان کی حوصلہ افزائی کرتی ہے۔ اس سلسلے میں کمپنی مندرجہ ذیل انتظامات کرتی ہے۔

سالانہ رپورٹ کے ساتھ میٹنگ سے کم از کم 21 دن پہلے تمام حصص داران کو سالانہ اجلاس عام (اے جی ایم) کے نوٹس کی ترسیل۔

کراچی، لاہور اور اسلام آباد میں انگریزی اور اردو کے وسیع الاشاعت اخبارات میں سالانہ اجلاس عام (اے جی ایم) کے نوٹس کی اشاعت۔

پاکستان اسٹاک ایکسچینج کے آن لائن پورٹل اور کمپنی کی ویب سائٹ پر سالانہ اجلاس عام (اے جی ایم) کے نوٹس کی اشاعت۔

اُن حصص داران کو سالانہ رپورٹ کی طباعت شدہ کاپیوں کی ترسیل جنہوں نے واضح طور پر اس کی درخواست کی تھی۔

پراکسی کی تقرری کے لیے حصص داران کی سہولت۔

اجلاسوں میں زیادہ سے زیادہ شرکت کرنے کے حوالے سے سالانہ اجلاس عام (اے جی ایم) کے لیے مرکز میں واقع مقامات کا انتخاب۔

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

ڈائریکٹرز یہ بیان کرتے ہوئے خوشی محسوس کرتے ہیں کہ:

- (I) بورڈ نے کارپوریٹ گورننس کے اصولوں کی پاسداری کی ہے۔
- (II) کمپنی کی انتظامیہ کے تیار کردہ مالی گوشوارے، اس کے معاملات کی حالت، آپریشنز کے نتائج، کیش فلوا اور ایکویٹی میں تبدیلی کا ایک صحیح اور مصفاہ نقطہ نظر پیش کرتے ہیں۔
- (III) کمپنی کے کھاتوں کا حساب درست برقرار رکھا گیا 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 متوازن فیصلے پر مبنی ہے۔
- (V) اندرونی کنٹرول کا نظام ڈیزائن کے اعتبار سے مستند ہے اور اسے 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 آپریٹنگ نتائج سے اہم انحراف کی وجوہات کو ڈائریکٹرز کی رپورٹ کے متعلقہ حصوں میں بیان کیا گیا ہے۔
- (VII) گزشتہ چھ برسوں کے اہم آپریٹنگ اور مالی اعداد و شمار سالانہ رپورٹ کے سیکشن 6 برسوں کا خلاصہ میں دیا گیا ہے۔
- (VIII) اکاؤنٹس کے نوٹس میں ہفتا یا 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 (جہاں قابل اطلاق ہو) 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 ڈائریکٹرز رپورٹ کے متعلقہ حصوں میں انکشاف کیا گیا ہے۔
- (X) چیئرمین اور دیگر ڈائریکٹرز کی تقرری، ان کی تقرری اور معاوضہ پالیسی کی شراکت کمپنی کے بہترین مفادات میں ہیں اور بہترین طریقہ کار کے مطابق ہیں۔
- (XI) کمپنی کے معاشرتی مقاصد اور نتائج سے متعلق کلیدی کارکردگی کے اشارے، ڈائریکٹرز رپورٹ کے متعلقہ حصوں میں ظاہر کر دیے گئے ہیں۔
- (XII) تیس جون 2020 تک ہونے والے تازہ ترین آڈٹ شدہ اکاؤنٹس کی بنیاد پر ایمپلائئی ریٹائرمنٹ فنڈ میں سرمایہ کاری کی قدر یہ ہے:

فونڈ	ملین روپے
سینئر پروویڈنٹ فنڈ	3,049.050
جونیئر پروویڈنٹ فنڈ	1,364.020
ایگزیکٹو اسٹاف گریجویٹ فنڈ	951.258
نان ایگزیکٹو اسٹاف گریجویٹ فنڈ	1,218.210
ایگزیکٹو اسٹاف پینشن فنڈ	7,103.421
نان ایگزیکٹو اسٹاف پینشن فنڈ	2,675.548
ایگزیکٹو اسٹاف پینشن فنڈ ڈیفائنڈ کنٹری بیوشن (شرعیہ)	1,631.856
ایگزیکٹو اسٹاف پینشن فنڈ ڈیفائنڈ کنٹری بیوشن (روایتی)	635.233

(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 کے سیکشن بورڈ اور

کمپنی اجلاسوں میں شرکت میں کیا گیا ہے۔ بورڈ اور کمیٹی نے اُن 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 فیس وصول کرتے ہیں۔ ہر ڈائریکٹر کو ادا کی جانے والی فیس کی تفصیلات، سالانہ رپورٹ

کے سیکشن بورڈ اور کمیٹی اجلاسوں میں شرکت میں شامل ہیں۔ 30 جون 2020 کو کمپنی میں شیئرز کی ملکیت کی جزئیات، اس کے ساتھ ساتھ ڈائریکٹرز، ایگزیکٹوز، ان

کے شریک حیات اور نابالغ بچوں کی جانب سے سال کے دوران شیئرز کی خرید و فروخت کی تفصیلات سالانہ رپورٹ 2020 کے سیکشن ڈیفائنڈ ہولڈنگ پٹرن میں شامل

ہے۔

رسک مینجمنٹ (خطرات کی انتظام کاری)

پنی اپنی اہل گروپ کے حجم، کاروبار کی پیچیدگی اور اسٹریٹجی کے تناسب سے گروپ کو بہت سے خطرات لاحق ہیں جو اس کے اسٹریٹجک مقاصد، مالی استحکام اور منافع، آپریشنل سٹیفٹی اور دیگر بنیادی اقدار کو متاثر کر سکتے ہیں۔ گروپ کا رسک مینجمنٹ نظام خطرات کی معینہ قابل برداشت سطح اور خطرات مول لینے کی صلاحیت کے تناظر میں اس طرح کے خطرات کی شناخت، تشخیص اور اس کے اثرات اور ان کے تدارک پر توجہ مرکوز رکھتا ہے۔ خطرات کی درجہ بندی کارپوریٹ اور بزنس یونٹ کی سطح پر کی جاتی ہے، جس کا انتظامیہ باقاعدگی سے جائزہ لیتی اور مؤثر نگرانی کرتی ہے تاکہ خطرات مول لینے کی اہلیت کو بہتر بنایا جاسکے۔ مختلف خطرات کے درمیان باہمی انحصار اور تقاطع کی عکاسی کمپنی کے مجموعی رسک پروفائل میں بھی کی گئی ہے۔

رسک گورننس کا ڈھانچہ

بورڈ اسٹریٹجی رسک کمیٹی (بی ای آر سی)

کمپنی کے رسک گورننس کی مجموعی ذمہ داری بورڈ آف ڈائریکٹرز پر عائد ہوتی ہے جو بورڈ اسٹریٹجی رسک کمیٹی (بی ای آر سی) کے ذریعے مؤثر رسک مینجمنٹ کو برقرار رکھتا ہے۔ یہ کمیٹی کمپنی کو لاحق بنیادی خطرات اور مواقع کی شناخت اور نگرانی کی ذمہ دار ہے اور یہ یقینی بناتی ہے کہ کمپنی کے کام، حکمت عملی، مالیات، رپورٹنگ، مطابقت اور عوام میں کمپنی کی ساکھ کا احاطہ کرتے ہوئے ان خطرات اور مواقع کے انتظام کے لیے مناسب نظام موجود ہے۔

اسٹریٹجی رسک مینجمنٹ کمیٹی (ERMC)

مینجمنٹ کی سطح پر، رسک مینجمنٹ ایک ایگزیکٹو رسک مینجمنٹ کمیٹی (ERMC) کے ذریعے چلائی جاتی ہے، جس کی سربراہی سی ای او کرتا ہے اور جس میں کور اور سپورٹ عملے داروں کی نمائندگی ہوتی ہے۔ یہ کمیٹی رسک مینجمنٹ پالیسیوں کے یکساں نفاذ میں سہولت کاری کرتی ہے اور خطرات سے نمٹنے کے عاقلانہ گھڑ کے فروغ کی مہم میں مددگار ثابت ہوتی ہے۔

اسٹریٹجی رسک مینجمنٹ ڈیپارٹمنٹ (ERMD)

کارپوریٹ سطح پر رسک مینجمنٹ کی سرگرمیاں مرکزی طور پر اسٹریٹجی رسک مینجمنٹ ڈیپارٹمنٹ کے ذریعے مربوط ہوتی ہیں۔ ایک کارپوریٹ رسک رجسٹر تیار کیا گیا ہے جس میں کمپنی کے رسک یونیورس میں موجود تمام اہم اسٹریٹجی یونٹوں کی نمائندگی کی گئی ہے۔ جن کا تجزیہ کمپنی کے کاروباری خطرات کے لحاظ سے اور باقی رہ جانے والی سطحوں پر بھی کیا جاتا ہے تاکہ موجودہ کنٹرول اور تخفیفی اقدامات کی قوت کا تعین کیا جاسکے۔

اسٹریٹجی رسک مینجمنٹ پالیسی (ERMP)

بورڈ آف ڈائریکٹرز نے اکتوبر 2019 میں اسٹریٹجی رسک مینجمنٹ پالیسی منظور کی تاکہ کمپنی کے تمام شعبوں میں ایک پُر ذہانت رسک کلچر، خطرات میں تخفیف کو اجتماعی ذمہ داری سمجھنے اور خطرات کو پہچانتے ہوئے فیصلہ سازی کی روایت کو فروغ دیا جاسکے۔

گروپ کے خطرات کا سامنا کرنے کی صلاحیت (risk appetite) پر نظر ثانی

اس سال گروپ کے خطرات کا سامنا کرنے کی صلاحیت کے بیان میں ترامیم کی گئیں تاکہ اسے بدلتی ہوئی دریا فنی کاروباری حکمت عملی سے ہم آہنگ کیا جائے اور اس کے دائرہ کار میں سائبر سیکیورٹی، پروڈکس سٹیفٹی اور کاروبار کے تنوع کو لاحق نئے خطرات کو شامل کیا گیا۔ پی پی ایل کے ذیلی اداروں کے لیے علیحدہ خطرات کا سامنا کرنے کی صلاحیت کے بیانات تیار کیے گئے۔

پی پی ایل کو لاحق اہم خطرات

کمپنی کو درپیش کلیدی خطرات کا ایک مختصر بیان ذیل میں پیش کیا گیا ہے، اس کے ساتھ ہی واقعات کے امکانات، خطرات کی ممکنہ شدت، 20-2019 کے دوران تخفیفی اقدامات اور کمپنی کے خطرات کے میلان کے تحت ان کے اثرات پر قابو پانے کی حکمت عملی کا بھی جائزہ لیا گیا ہے۔

ڈائریکٹرز کے پروفائل

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

چیئرمین اور چیف ایگزیکٹو کے کردار

کمپنی کے چیئرمین کا دفتر اور اس کی ذمہ داریاں سی ای او کی ذمہ داریوں سے مختلف ہیں۔ چیئرمین 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۔ چیئرمین 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۔ چیئرمین بورڈ کی سربراہی کرتا ہے اور ممبران کے مؤثر افعال اور ان کی کارکردگی میں اضافے کو یقینی بناتا ہے۔

چیف ایگزیکٹو آفیسر بورڈ کی ہدایت اور نگرانی 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 کے ضوابط کارکردگی کی نمایاں خصوصیات، سالانہ رپورٹ کے سیکشن 'بورڈ کی کمیٹیاں' میں پیش کی گئی ہیں۔ مالی سال کے دوران بورڈ آف ڈائریکٹرز کے 13 اور بورڈ کمیٹیوں کے 25 اجلاس منعقد ہوئے۔ بورڈ اور کمیٹیوں کے اجلاس میں ڈائریکٹرز کی شرکت کی تفصیلات، سالانہ رپورٹ کے سیکشن 'بورڈ اور کمیٹی اجلاس میں شرکت' میں دی گئی ہیں۔

کارکردگی کا سالانہ جائزہ

پبلک سیکرٹری (کارپوریٹ گورننس) رولز 2013 کے مطابق بورڈ کی کارکردگی کا جائزہ وفاقی حکومت کے ذریعہ لیا جائے گا۔ ایس ای سی پی کے قواعد کے مطابق بورڈ آف ڈائریکٹرز کی کارکردگی کا جائزہ کمپنی چیئرمین کی جانب سے بھی مکمل کیا گیا۔

بورڈ نے سال کے دوران پہلے سے طے شدہ آپریشنل، تدریجی اور دیگر 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

کارپوریٹ گورننس، اندرونی کنٹرول اور کمپنی کے کاموں پر ڈائریکٹرز کے لیے ایک جامع آگاہی پروگرام منعقد کیا گیا۔

ڈائریکٹرز کا تربیتی پروگرام

ڈائریکٹرز اپنے فرائض سے بخوبی واقف ہیں اور انہیں اعلیٰ معیار کے مطابق سرانجام دینے کی کوشش کرتے ہیں۔ پانچ ڈائریکٹرز، ڈائریکٹرز کے مختلف تربیتی پروگراموں کے تحت سند یافتہ ہیں۔

نان ایگزیکٹو ڈائریکٹرز کا معاوضہ

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

ایگزیکٹو ڈائریکٹرز کے زیر انتظام اضافی ڈائریکٹرشپ

کمپنی کا سی ای او، کمپنی کے مکمل ملکیتی ماتحت اداروں، پبلک ایٹمیٹیا ایٹمیٹیا پی پی او اور پی پی او ایٹمیٹیا ایٹمیٹیا کے بورڈ کا بھی ڈائریکٹر ہے۔

متعلقہ فریقوں کے ساتھ لین دین

متعلقہ فریق کی لین دین تجارتی شرائط پر کی جاتی ہیں اور ان کی تفصیلات وقتاً فوقتاً جائزہ لینے اور بورڈ کی منظوری کی سفارش کے لیے بورڈ آڈٹ کمیٹی 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۔ متعلقہ فریقین اور ان کے ساتھ لین دین کی تفصیلات 30 جون 2020 کو ختم ہونے والے سال کے لیے کمپنی کے غیر اشتهال 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 اور کمپنی، اس سے وابستہ کمپنیوں، 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 تنازع میں معقول حد تک اس کی شمولیت کی توقع کی جاسکتی ہو، متعلق ڈائریکٹر کو اس سلسلے میں کمپنی کو فوری طور پر مطلع کرنے کی ضرورت ہے۔

ڈائریکٹرز سے متعلق مفادات کے تصادم کا کوئی بھی معاملہ کینیڈا ایکٹ، 2017، پبلک سیکرٹری (کارپوریٹ گورننس) قوانین 2013، سیکرٹری (کارپوریٹ گورننس کا ضابطہ) ریگولیشنز 2019، کی لاگو دفعات اور کمپنی کے آرٹیکل آف ایسوسی ایشن کے مطابق نمٹایا جاتا 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 مؤثر انداز میں پورا کرنے کے لیے تمام ریکارڈز اور معلومات تک غیر محدود رسائی ہے۔ اندرونی آڈٹ کے 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
- کارپوریٹ عطیات کی پالیسی
- انٹرنیٹ سیکورٹی پالیسی
- مستحکم ترقی کے لیے دریاقت اور فارم۔ ان/فارم۔ آڈٹ حکمت عملی
- افرادی قوت کی انتظام کاری کی 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 ہراسانی کی پالیسی
- ویل بلونگ پالیسی

حصص داروں کی شکایات کا ازالہ

کم سے کم وقت میں حصص داروں کی کسی بھی شکایت کو دور کرنے کے لیے کمپنی ہر ممکن اقدامات کرتی ہے۔ حصص داران کمپنی کی ویب سائٹ پر موجود آراء اور شکایات فارم کو مکمل کر کے، شکایات یا انکوائری کر سکتے ہیں۔ کمپنی کا شیئر رجسٹرار، حصص داران کے لیے رابطے کا ذریعہ ہے اور کوئی بھی شکایت یا انکوائری خط، فیکس، ایمیل یا ٹیلی فون کے ذریعے اس کے پاس درج کرائی جاسکتی ہے۔

اسٹیک ہولڈرز کے ساتھ تعلقات

کمپنی اپنے حصص داروں کی آراء کو اجنبی اہمیت دیتی ہے۔ کمپنی کے سالانہ اجلاس عام (ای جی ایم) میں سوال و جواب کے ایک سیشن کا انعقاد کیا جاتا ہے جس میں حصص داروں اور کاروباری تجزیہ کاروں کے سوالات کا تفصیل سے جواب دیا جاتا ہے۔ اس ضمن میں، پاکستان اسٹاک ایکچینج کے قواعد کے مطابق کارپوریٹ سٹیشن بھی منعقد کیا گیا۔

گزشتہ ای جی ایم میں اٹھائے گئے امور اور اس سلسلے میں کیے گئے فیصلوں کو اجلاس کی کارروائی کے اہم نکات میں ریکارڈ کیا جاتا ہے۔ جنہیں پاکستان اسٹاک ایکچینج میں جمع کروایا جاتا ہے۔ اس کی کاپیاں ای جی ایم میں حصص داروں کے لیے مفت دستیاب ہوتی ہیں۔

وفاقی حکومت اس کمپنی کی بڑی حصہ 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۔

صنعتی تعلقات

کام کا پیمانہ ماحول اور خوش گوار صنعتی تعلقات، سوئی گیس فیڈ سٹیم کیمپنی کے تمام مقامات پر موجود ہیں۔ ہمدردانہ اور شکرگزاری کا رویہ پیدا کرنے کے لیے، نان ایم پی ٹی اسٹاف کے لیے ایک پروگرام 'ہیجان' (خود کی دریافت کا سفر) ترتیب دیا گیا۔ تمام پی ٹی ایل مقامات پر نان ایم پی ٹی کے باقی عملے کو ٹریننگ دینے کے لیے ایم پی ٹی کے کچھ عملے کے لیے 'ٹرین پروگرام' پروگرام بھی منعقد کیا گیا۔

کارپوریٹ سماجی ذمہ داری

پی ٹی ایل کا یقین ہے کہ مقامی آبادیوں کی دیکھ بھال اور ان کی ترقی قوم کی خدمت کے مترادف ہے۔ کیمپنی کا کارپوریٹ سماجی ذمے داری (سی ایس آر) پروگرام 1950ء کے وسط میں سوئی میں ہماری سرگرمیوں کے آغاز سے ہی شروع ہو گیا تھا جب عملے اور مقامی آبادیوں کے بچوں کے لیے سوئی ماڈل اسکول قائم کیا گیا تھا۔ پی ٹی ایل اپنے آپریشنل علاقوں اور مجموعی طور پر معاشرے کی سماجی ترقی میں لازمی اور رضا کارانہ شراکت کو یقینی بناتی ہے۔ کیمپنی کے پاس سب سے بڑا اور منظم کارپوریٹ سماجی ذمے داری کا پروگرام ہے جس میں معیاری تعلیم، صحت کی سہولیات، آبی وسائل کی ترقی، بنیادی ڈھانچے کی ترقی، کھیلوں، پیشہ ورانہ اور مہارتوں کی تربیت وغیرہ کی فراہمی پر توجہ دی گئی ہے۔ پی ٹی ایل میں، ہر سماجی بھلائی کے منصوبے کی اس کی خوبیوں، مقاصد اور اثرات کے لیے احتیاط سے جانچ پڑتال کی جاتی ہے۔ پی ٹی ایل نے سی ایس آر سرگرمیوں کے لیے سالانہ قبل از ٹیکس منافع کا کم سے کم 1.5 فیصد بجٹ مختص کیا ہے۔ تاہم، کیمپنی نے ہمیشہ اپنے آپریشنل علاقوں میں اس سے کہیں زیادہ حصہ ڈالا ہے جو ان علاقوں اور معاشرے کی بہتری کے لیے کیمپنی کے عزم کا عکاس ہے۔ مالی سال 2019-20 میں کیمپنی کے آپریٹنگ اثاثوں میں سی ایس آر پروگرام کے تحت کل اخراجات 1.753 ارب روپے تھے۔ آپ کی کیمپنی کو عطیات کے حجم کے لحاظ سے سرفہرست ہونے کے لیے پاکستان سینئر فارفلٹھراپی (پی سی پی) کی جانب سے مسلسل 15 ویں بار ایوارڈ ملا ہے۔

انفارمیشن ٹیکنالوجی

کیمپنی، کاروباری قدر میں اضافے کے لیے صنعت کے نمائندہ اسٹریٹجک اقدامات کے ذریعے اور زیادہ سے زیادہ پروسس آٹومیشن، تنظیمی کارکردگی، مستعدی، اضافی انفارمیشن سیکورٹی، گورننس، ریسک مینجمنٹ اور ملاحظت کے لیے بہتر خدمات کی فراہمی کی مستقل کوشش کر رہی ہے۔ سال کی اہم جھلکیاں ذیل میں پیش کی گئی ہیں۔

آئی ٹی حکمت عملی کے ستون

بزنس پروسس آٹومیشن

انفارمیشن سیکورٹی

صارف کا اہمیتان اور سروس کی فراہمی

مضبوط اور مستحکم بنیادی ڈھانچا

ٹیکنالوجی مینجمنٹ اور فیصلہ سازی کا نظام

قدرتی آفات میں بحالی/کاروبار کا تسلسل

مضبوط اور مستحکم بنیادی ڈھانچہ

مستعدی کے وعدے پر عمل پیرا ہوتے ہوئے کیمپنی نے عالمی وبا کے دوران پھرتی سے کارروائی کی اور COVID-19 کے منظر نامے میں 'گھر سے کام' کے عرصے میں کاروبار میں خلل پذیری کو کم کرنے اور صارفین کو بغیر کسی کھل کے خدمات کی فراہمی کے لیے انتہائی مضبوط اور محفوظ ٹیکنالوجی پلیٹ فارم تیار کیا۔ جس میں انفارمیشن سیکورٹی کنٹرولز، ڈیٹا پروٹیکشن، ہائی ٹیکنیٹر اتھارائزیشن اور ایکسٹرانیک منظر یوں کے لیے ڈیجیٹل دستخط متعارف کروانا شامل تھے۔

کاروباری عمل کی خود کاری

ایس اے پی ای آر پی اور کاروباری اپیلی کیشنز کو متعدد 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۔ اس سال مختلف نئے نظام نافذ کیے گئے جن میں ملازمین کی کارکردگی کے لیے سکیس فیڈبک کا کلاؤڈ بیسڈ ایس اے پی ٹی نافذ، ایس اے پی جٹ کنٹرول سسٹم اور ہسپتال کے اسپتال کے ساتھ ای بلنگ نظام کا نافذ شامل ہے۔

انفارمیشن سیکورٹی

سائبر خطرات کی مؤثر نگرانی اور بروقت روک تھام کے لیے ان ہاؤس سیکورٹی آپریشنز سنٹر قائم کیا گیا ہے جس میں وٹرا پیٹنی مینجمنٹ اور ایونٹ مینجمنٹ کا جدید ترین نظام استعمال کیا جاتا ہے۔ کاروباری صارفین کے لیے انفارمیشن سیکورٹی آگاہی سیشنوں کے ساتھ ساتھ امکانی خطرات کی شناخت، مدارک اور ان کے خاتمے کے لیے باقاعدگی سے آئی ٹی آڈٹ کیے گئے۔

کاروباری صارف کا اہمیتان اور خدمات کی فراہمی

صارف کو بہتر خدمات کی فراہمی کے لیے متعدد نئی ہولڈنگ متعارف کرائی گئیں جن میں ویب پورٹل ایجٹ، کا آپشن، ہیڈ آفس اور ذیلی مقامات کے درمیان ایسٹیشن ڈانلڈ ٹیکس ٹرانسمیشن اور ڈی آئی ڈی (براہ راست اندرونی ڈانلڈ) اور ڈی او ڈی (براہ راست آؤٹ ڈور ڈانلڈ) شامل ہیں۔

ٹیکنالوجی مینجمنٹ اور فیصلہ سازی کا نظام

آئی ٹی ٹیکنالوجی مینجمنٹ سینٹر پی ٹی ایل کے اہم افعال یعنی خصوصی پیئر ٹیکنیکل سٹاف، ویز، ان ہاؤس سیکرٹری اور ارضیاتی ماڈل اور کنٹریکٹ کی کیفیت کو دیکھنے کے لیے تھری ڈی ڈیزائننگ میں مستقل ٹیکنیکی ترقی اور مدد کو یقینی بناتا ہے۔ اس سال ریکارڈ کی ڈیجیٹلائزیشن اور کنٹریکٹ ڈیٹا پروجیکٹ کی آن لائن آرکائیونگ بھی مکمل کی گئی جس سے ٹیکنیکی صارفین کے لیے آن لائن معلومات کی دستیابی کو بہتر بنایا گیا۔

ڈیزاسٹر ریکوری (DR) (کسی حادثے کی صورت میں بحالی اور کاروباری تسلسل)

پی ٹی ایل اسلام آباد میں اپنی ڈی آر سیٹ اور کراچی ہیڈ آفس میں مرکزی ڈیٹا سینٹر دونوں جگہ ڈیٹا سینٹر آپریشنز کو بہتر بنانے میں مصروف عمل ہے۔ منصوبے میں میچورٹی لیول III کے سرٹیفیکیشن کے لیے ڈیٹا سینٹر کا جائزہ لینا اور بنیادی ڈیٹا سینٹر کی TIER لیول کی درجہ بندی کا اندازہ شامل ہے۔

کاروباری تسلسل کی انتظام کاری (BCMS)

ناگہانی واقعات کے خلاف مزاحمت کو یقینی بنانے کے لیے تمام اثاثوں، شعبوں کے بزنس ریزیشن پلانز (بی آر پی) کو اپ ڈیٹ کر کے پی ٹی ایل کے مشترکہ پورٹل پر فوری رسائی کے لیے اپ لوڈ کیا گیا۔ بی سی ایم ایس کے سلسلے میں صارفین کی تیاری کو بہتر بنانے کے لیے بی آر پی پر 23 آگاہی سیشن ہوئے۔ دو شعبوں کی تیاری کی سطح کو جانچنے کے لیے ایک مشق بھی کی گئی۔

پی ٹی ایل بزنس کنٹریکٹ ٹیم نے ایڈیٹ مینجمنٹ ٹیم کے تعاون سے مارچ 2020 میں لاک ڈاؤن نافذ کرنے کے حکومت کے باضابطہ فیصلے سے قبل ہی 'گھر سے کام' کے نظام کو تیزی سے ڈیزائن کر لیا تھا۔ 'گھر سے کام' کی منتقلی کا عمل احسن انداز میں عمل پایا اور کارکردگی کو بہتر بنانے کے لیے بی سی پی ٹیم نے متعدد پورٹل تیار کیے جن میں (الف) لازمی اسٹاف کا متبادل دنوں میں آتا، (ب) COVID-19 کے مختلف مظہر ناموں میں انتظامیہ کے مختلف رد عمل اور اہم عہدوں پر جانچنے کی منصوبہ بندی شامل تھی تاکہ انتظامیہ کو جاری عالمی وبا کے دوران فیصلہ سازی میں آسانی ہو۔

کارپوریٹ گورننس

بورڈ کے امور

کارپوریٹ گورننس کسی بھی صحت مند تنظیم کا بنیادی ستون ہے۔ اس میں وہ عمل، طریق کار اور پالیسیاں شامل ہیں جن پر کیمپنی باضابطہ فیصلے کرنے اور کیمپنی کے معاملات کو چلانے کے لیے اٹھارہ کرتی ہے۔ کیمپنی کا بورڈ آف ڈائریکٹرز کارپوریٹ گورننس کی انتہائی اہمیت کو سمجھتا ہے اور اچھی گورننس کے بہترین طریقوں کو بہت اہمیت دیتا ہے۔ بورڈ صحت مند کارپوریٹ روایت اور ماحول کو فروغ دینے، اخلاقی کاروباری طریقوں، شفافیت اور قابل اعتماد مالی رپورٹنگ، تمام شراکت داروں کے ساتھ روابط بڑھانے اور قانون کے مطابق کاروبار کرنے کے لیے پرعزم ہے۔ اچھی کارپوریٹ گورننس کے اصول کیمپنی کی فیصلہ سازی، کام کی انجام دہی اور نگرانی کے عمل سے ظاہر ہوتے ہیں۔

بورڈ کیمپنی کو اپنے وژن اور مشن سے ہم آہنگ کرتا ہے اور کیمپنی کی حکمت عملی کے اہداف طے کرتا ہے۔ بورڈ اہم پالیسیوں کی منظوری دیتا ہے، بڑے فیصلے کرتا ہے، چیف ایگزیکٹو آفیسر (سی ای او) کی کارکردگی کی نگرانی کرتا ہے، اس کی رہنمائی اور مشاورت کرتا ہے۔ بورڈ اپنے فرائنٹس منجمنٹ معقول اندازوں اور ٹیک نیٹی کے ساتھ کیمپنی اور اس کے شراکت داروں کے بہترین مفادات میں سرانجام دیتا ہے۔

بورڈ نے اپنے افعال کو مؤثر انداز میں انجام دینے اور فیصلہ سازی کے عمل میں معاونت کے لیے چھ بورڈ کمیٹیاں تشکیل دی ہیں۔ بورڈ کمیٹیاں اپنے متعلقہ ضوابط کار کے مطابق کام کرتی ہیں۔

بورڈ نے کیمپنی 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 کے 'کیمپنی انفارمیشن' سیکشن میں بیان کی گئی ہے۔ مالی سال کے دوران تمام ڈائریکٹرز کے نام، سالانہ رپورٹ کے سیکشن 'بورڈ اور کیمپنی اجلاسوں میں شرکت میں بیان کیے گئے ہیں۔

آزاد ڈائریکٹرز نے لسٹڈ کمپنیوں کے ضابطے 2019 (کارپوریٹ گورننس کے ضوابط) کی شق 6 کی ذیلی شق 3 کے مطابق اپنی آزاد حیثیت کا اعلان کیا ہے۔

بورڈ میں تنوع

کیمپنی کے پاس ایک متنوع بورڈ ہے جس میں پیشہ ور افراد کا استخراج ہے جو قیادت و گورننس، معاشیات و مالیات، انجینئرنگ اور دریافت و پیداوار میں تجربہ اور قابلیت رکھتے ہیں۔ اس سال بورڈ ایک خاتون سمیت پانچ آزاد ڈائریکٹرز، چار نان ایگزیکٹو ڈائریکٹرز اور ایک چیف ایگزیکٹو آفیسر پر مشتمل رہا۔

فروخت آمدن

رواں سال قابل سال کے مقابلے میں فروخت آمدن میں 6,297 ملین روپے کی کمی ہوئی ہے۔ یہ کمی حجم میں 13,941 ملین روپے کے منفی تغیر کی وجہ سے ہوئی۔ تاہم قیمت میں 7,644 ملین روپے کے مثبت تغیر نے اس کو جزوی طور پر زائل کیا۔
حجم میں منفی تغیر کی بنیادی وجہ Genco-II کی جانب سے کندھ کوٹ گیس فیلڈ اور COVID-19 کی وجہ سے ریفا سٹریوں کی جانب سے پٹرولیم مصنوعات کی کم خریداری اور پرانی فیلڈز سے پیداوار میں تنزیل شامل ہیں۔

قیمت میں مثبت تغیر کی وجہ امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں کمی رہی۔ رواں سال امریکی ڈالر کی شرح مبادلہ اوسطاً 158.45 روپے رہی جو قابل سال میں 136.37 روپے تھی۔ یہ مثبت اثر جزوی طور پر عالمی مارکیٹ میں خام تیل کی قیمت میں کمی کی وجہ سے زائل ہوا، رواں سال عالمی مارکیٹ میں خام تیل کی اوسط قیمت 51.1 ڈالر فی بیرل رہی جو قابل سال کے دوران 68.3 ڈالر فی بیرل تھی۔ فیلڈز اور مصنوعات کے لحاظ سے کمپنی کی فروخت آمدن کا تجزیہ ذیل میں دیا گیا ہے:

فروخت کا حجم

Sales Volumes	Unit	2019-20	2018-19
Natural Gas	MMCF	246,619	278,296
Crude Oil / NGL / Condensate	BBL	5,060,867	5,753,564
LPG	Metric Tonnes	107,421	117,194
Barytes *	Metric Tonnes	77,738	100,284

بی ایم ای کی جانب سے تیار کئے جانے والے ہیر ایٹف پاؤڈر اور خام ہیر ایٹف اور خام لوہے کی گھل فروخت کا مجموعی حجم سال کے دوران 186,320 میٹرک ٹن رہا۔ بی ایم ای کی جانب سے پی پی ایل کو اپنی پیداوار فروخت کرنے اور پی پی ایل کا 50 فیصد حصہ لاکھ کرنے کے بعد خالص حجم 77,738 میٹرک ٹن رپورٹ کیا گیا ہے۔

منفعت

رواں سال کمپنی کی فی شمیر آمدنی 18.47 روپے رہی جو سال 19-2018 میں 22.65 روپے (اعادہ شدہ) تھی، یعنی 18 فیصد کمی دیکھی گئی۔ منافع میں کمی کی بنیادی وجہ فروخت آمدن اور دیگر آمدن میں کمی (جیسا کہ اوپر بیان کیا گیا ہے) اور آپریٹنگ اخراجات میں اضافہ اور باوجود ریافتی اخراجات اور متعلقہ ٹیکسوں (فروخت کے لحاظ سے) میں کمی کی وجہ سے جزوی طور پر زائل ہوا۔

دیگر آمدن میں کمی کی اہم وجہ رواں سال امریکی ڈالر اور پاکستانی روپے کی قدر میں زیادہ اتار چڑھاؤ نہ ہونے سے شرح مبادلہ کا فائدہ حاصل نہ ہو سکا۔ ریافتی اخراجات میں کمی بنیادی طور پر موجودہ سال میں خشک کنوں پر اخراجات میں کمی سے ہوئی جسے نفع یا نقصان کے کھاتے میں ڈال دیا گیا ہے۔

قومی معیشت میں شراکت

آپ کی کمپنی قومی معیشت میں حصہ ڈالنے والی نمایاں کمپنی ہے۔ مالی سال 20-2019 کے دوران کمپنی کی آپریٹنگ اور شراکتی آپریٹنگ فیلڈز سے 134,000 بیرل خام تیل یومیہ کے مساوی قدرتی گیس، خام تیل اور ایل پی جی فروخت کی گئی جس کے نتیجے میں قومی خزانے کو سالانہ بنیاد پر تقریباً 2.5 ارب ڈالر کے مساوی زر مبادلہ کی بچت ہوئی، خام تیل کی اوسط قیمت 51.1 ڈالر فی بیرل لی گئی ہے۔

کمپنی نے آئل ٹیکس، رائٹلی، ایکسٹرنل ڈیولپمنٹ، سٹریٹنگس، ونڈ فال لیوی، جی ڈی ایس، جی آئی ڈی سی، ڈبلیو پی پی ایف اور منافع محترمہ کی صورت میں قومی خزانے میں 60 ارب روپے سے زائد کا حصہ بھی ڈالا۔

گروپ کی کارکردگی

گروپ کے مالی گوشوارے مجموعی طور پر منافع میں 17% کی کمی ظاہر کرتے ہیں۔ مالی سال 20-2019 میں گروپ کی فروخت آمدن 157,999 ملین روپے رہی جبکہ بعد از ٹیکس منافع 49,425 ملین روپے رہا جبکہ مالی سال 19-2018 میں فروخت آمدن 164,366 ملین روپے اور بعد از ٹیکس منافع 59,459 ملین روپے رہا تھا۔ رواں مالی سال پی پی ایل ای نے گروپ کی آمدن میں 406 ملین روپے کا اضافہ کیا۔

ذیلی کمپنیوں کی مختصر تفصیل کمپنی کے مجموعی مالی گوشوارے کے نوٹ 1 میں بیان کی گئی ہے۔

انسانی وسائل

کمپنی کی بنیادی مقصد پیشہ ور افراد کی اعلیٰ ٹیم کو شامل اور برقرار رکھنے ہوئے ہائیڈروکاربن کی پیداوار کو بہتر بنانا ہے۔ اپنے آپریٹنگ ماحول میں موجود چیلنجز سے پوری طرح واقف ہونے کے ناطے کمپنی نے یہ یقینی بنانے کے لیے اقدامات اٹھائے ہیں کہ وہ پی پی ایل کی ترقی کی رفتار کو برقرار رکھنے کے لیے اعلیٰ قابلیت کے اسٹاف کی بھرتی، تربیت اور ان کی اہلیت میں اضافے کے عزم پر کاربند ہے۔

کمپنی کا انسانی وسائل کا شعبہ اپنے بنیادی مقاصد کی انجام دہی کے لیے کوشاں ہے کہ وہ ٹیلنٹ کو اپنی جانب راغب کرے، عملے کی صلاحیتوں میں اضافہ اور انھیں کمپنی سے وابستہ رکھے۔ اس میں بنیادی طور پر فارمنس ٹینجمنٹ، ملازمین کی اہلیتوں میں اضافہ، جانشینی کی منصوبہ بندی، تنظیمی کلچر، فوائد کے انتظام، افرادی قوت کے اخراجات میں بہتری اور ملازمین کی صحت و بہبود شامل ہے۔ انتظامیہ نے مذکورہ بالا مقاصد کو پورا کرنے کے لیے متعدد اقدامات اٹھائے ہیں۔
پی پی ایل کی کاوشوں سے جی ڈی آئی بی 2020 ایوارڈ میں پی پی ایل کو بھرتی، فوائد اور جاب ڈیزائن کے زمروں میں فاتح قرار دیا گیا۔

انسانی وسائل کے انتظام کی پالیسی کا جائزہ

انسانی وسائل کی پالیسی کو واضح، منصفانہ اور شفاف بنانے کے لیے اس کے جائزے کا اہتمام کیا گیا اور بہتری اور وضاحت کے لیے ترمیم کی گئیں۔ پالیسی کے یکساں اطلاق کو یقینی بنانے کے لیے کمپنی کی میڈیکل پالیسی کا بھی جائزہ لیا گیا۔ ایچ آر پالیسی میں متعدد فوائد کا جائزہ لیا گیا اور ان میں ترمیم کی گئیں جس میں خواتین عملے کے لیے سہولیات، فیلڈ اسٹاف کے لیے ایمرجنسی چھٹیاں، دفتر سے کام کرنے والے ایم پی ٹی عملے کے لیے کلنڈر اوقات کا راور COVID-19 کے دوران گھر سے کام کرنے کی پالیسی شامل ہیں۔

تنظیمی جائزہ اور تنظیم نو

انتظامی ٹیم اور بورڈ کے تفصیلی جائزے کی بنیاد پر تنظیمی ڈھانچے کو کارکردگی اور لاگت کے لحاظ سے زیادہ موثر بنانے کے لیے اس میں تبدیلیاں کی گئی اور اس کو کامیابی سے نافذ کیا گیا۔ اس سے نہ صرف ملازمین کی وابستگی بہتر ہوگی بلکہ ایک ہائبرڈ میٹرز تنظیمی ڈھانچے کے ذریعے اخراجات میں کمی بھی آئے گی۔

کارکردگی کی انتظام کاری کا نیا نظام

ایک معروف مشاورتی فرم کی مدد سے نیا فارمنس ٹینجمنٹ سسٹم تیار کیا گیا تاکہ کارکردگی کے اہم مقاصد (KPOs) کے جامد اور متحرک پہلو، کلیدی سپورٹ ٹاکس اور ہر کے پی او کی قدرتیاتی اور مسابقتی طرز عمل متعارف کرایا جاسکے۔

مانیجر سافٹ کلاؤڈ ڈیٹا پینی ایک نیا نظام ایس اے پی سکسیس فیکٹر بھی چھ مہینوں کی ریکارڈ مدت میں نافذ کیا گیا جو موثر کارکردگی کے انتظام میں زیادہ سہولت فراہم کرنے والا، صارف دوست اور دیگر مینجنگ آر ماڈیول کے ساتھ مربوط ہے۔

ملازمین کی وابستگی

کمپنی بھر میں آزادانہ گفت و شنید کی حوصلہ افزائی کے لیے، اوپن ڈیز، آؤٹ ڈیز اور ٹاؤن ہال میٹنگ کا تصور متعارف کرایا گیا۔ ملازمین کی ادارے سے وابستگی کے متعلق سروے بھی وقتاً فوقتاً ایک آزاد سلسلہ کے ذریعے کرایا جاتا ہے جس سے ملازمین کو موثر انتظامی رموز کے متعلق اپنی آراء فراہم کرنے کا موقع ملتا ہے۔ گفت و شنید کے نتیجے میں کھولنا عملے کی حوصلہ افزائی کو بہتر کرتا ہے کیونکہ وہ اپنے خیالات پیش کرنے اور اس پر انتظامیہ کا رد عمل جاننے کے اہل ہو جاتے ہیں۔

مزید پیشہ ورانہ تعلیم اور متعلقہ اسناد میں معاونت

ملازمین کو اپنے کام سے متعلق قابلیت اور سرٹیفیکیشن کے حصول کے لیے حمایت اور مالی معاونت کے پروگرام متعارف کروائے گئے۔ اس سے نہ صرف ملازمین کی اپنی صلاحیتوں میں اضافہ ہوگا بلکہ کمپنی کی مجموعی کارکردگی میں بہتری لانے میں بھی مدد ملے گی۔

کمپنی کے عملے کے ذریعے تربیت پر توجہ

کمپنی کے عملے کے ذریعے تربیت پر توجہ دینے اور عملے کو آگے لانے اور اپنے تجربات اور مہارتوں کو دوسروں تک منتقل کرنے کے لیے باصلاحیت عملے کی بحیثیت تربیت دہندگان ایک پالیسی متعارف کرائی گئی تاکہ اس طرح انکی حوصلہ افزائی بھی کی جاسکے۔ امید ہے کہ اس سے عملے کے درمیان صحت مند مسابقت کو فروغ ملے گا اور تربیت کی مجموعی سرمایہ کاری کی لاگت میں کمی بھی آئے گی۔

تربیت کے آن لائن طریقے

COVID-19 کی وبا کے دوران سیکھنے اور صلاحیت میں اضافے کے عمل کو جاری رکھنے کے لیے مائیکروسافٹ ٹیم/زوم پلیٹ فارم کے استعمال سے آن لائن ٹریننگ کے طریقہ کار کو اپنایا گیا۔ عملے کی تربیت کی ضروریات کو پورا کرنے میں یہ بہت کامیاب اور موثر رہا ہے۔

ادارہ جاتی تربیت کی ضروریات کو پورا کرنا

قیادت کی جانشینی کا نظام مستحکم کرنے کے لیے، تیل اور گیس کی صنعت کے علم، مالی استعداد، مؤثر مواصلات اور قیادت کی اہلیت پر مشتمل قائدانہ تربیتی فریم ورک تیار کیا گیا۔ اس سلسلے میں کمپنی کے سینئر عملے کے لیے متعدد سیشن منعقد کیے گئے۔

ساتھ بند کر دیا گیا ہے۔

- پی پی ایل ایشیا بلاک 8 کے دریافتی، ترقیاتی اور پیداواری سروس معاہدے کی شرائط کے تحت اس کی دریافت کی مدت میں دو (2) سالوں تک کے بعد ایک اور دریافتی کنونشن کی کھدائی کا منصوبہ بنا رہی ہے۔
- مدائن-1 کے نتائج کو شامل کرتے/ساٹھ رکھتے ہوئے بلاک میں اضافی تکنیکی تحقیقات کی جارہی ہیں۔
- بلاک کی کاروباری شراکت میں کمپنی کے حصے میں سے 32% کے فارم آؤٹ پر کام جاری ہے۔

پی پی ایل یورپ ای اینڈ پی (E&P) لمیٹڈ بلاک 29، یمن

(آپرٹرز: او ایم وی (OMV) یمن)

- پیداواری شراکت کا معاہدہ ختم ہو چکا ہے۔ بینک گارنٹی کے حصول کے لیے کوششیں جاری ہیں۔ مزید تفصیلات کے لیے، اشتہال شدہ مالی گوشواروں کے نوٹ کا 8.1 ملاحظہ کریں۔

بلاک 3، یمن

(آپرٹرز: ٹوٹل)

- ملک میں سیاسی بد امنی کی وجہ سے اس بلاک میں 23 اپریل 2015 سے تاگزیر صورت حال کے اعلان کے تحت کام بند ہے۔

زیارت

(آپرٹرز: ایم پی ایل سی)

- بولان ایسٹ-1 دریافت سے پیداوار کے حصول کے لیے ابتدائی پروسیجرنگ کی سہولت کامیابی کے ساتھ تعمیر کی گئی۔ ابتدائی پیداوار (ای ڈبلیو ٹی) کے آغاز کے لئے تجارتی معاملات کی باقاعدہ منظوری کا انتظار ہے۔

ہر تائی

(آپرٹرز: ایم پی ایل سی)

- گہرے امکانات کا جائزہ لینے کے لئے عملے کے ذریعے جی اینڈ جی کی جانچ جاری ہے۔
- جیو ٹیکنیکل فیلڈ ورک کے ذریعے ڈیٹا کے حصول کا منصوبہ بنایا گیا ہے۔

ٹیکنیکل سروسز - ریزروائر ماڈلنگ

ریزروائر ماڈلنگ ایک ماہر ٹیکنیکل گروپ ہے جو ٹیکنیکل سروسز کے تحت قائم کیا گیا ہے۔ اس کا مقصد 3D ریزروائر سیمولیشن (پیداوار کے حصول کی منصوبہ بندی کے لئے ذخائر کا اندازہ لگانے کی تحقیق) پر بنیادی توجہ کے ساتھ مربوط زیریں سطح تحقیق کے ذریعے قدر پیدا کرنا ہے۔ کمپنی کے عملے کے ذریعے 3D ریزروائر سیمولیشن کی تحقیقات شہداد پور، خافر، شہداد پور ویسٹ اور کندھ کوٹ فیلڈز میں مکمل ہو گئیں ہیں جب کہ آدھی فیلڈز کے لئے یہ تحقیق ابھی جاری ہے۔ یہ تحقیق ذخائر کی کارکردگی، پیداوار کی بہتری کی نشان دہی کی تھیم اور ذخائر میں اضافے کے مواقع فراہم کرے گی۔ عملے کے ذریعے ہونے والے تحقیقات کے نتیجے میں لاگت میں خاطر خواہ بچت ہوئی ہے۔

ذخائر کا انتظام

ہائیڈروکاربن ذخائر میں نظر ثانی، اضافے اور سال کی پیداوار کی بنیاد پر، کمپنی کے تصدیق شدہ ذخائر کی تجدید کی شرح تقریباً 85 فیصد ہے، جو اس بات کی نشان دہی کرتا ہے کہ سال کے دوران حاصل کی جانے والی مجموعی پیداوار کے تقریباً 85 فیصد کی تجدید کمپنی کے ذخائر میں ہو چکی ہے۔ یہ اضافہ بنیادی طور پر شہداد پور اور شہداد پور ویسٹ (گسٹ ساؤتھ کی فیلڈز)، ماکوڑی ایسٹ اور مارم زئی (ٹس بلاک) سے آئی ہیں۔

مورگنڈھ کی دریافت سے حاصل ہونے والے اضافی ذخائر کو، ان پر جاری جانچ سے حاصل ہونے والے ڈیٹا کے بعد، کمپنی کے ذخائر کے بیچ میں شامل کیا جائے گا۔

معیار صحت، حفاظت اور ماحول (QHSE)

کیوانچ ایس ای (QHSE)، پی پی ایل کی کاروباری منصوبہ بندی، حکمت عملی سے متعلق فیصلہ سازی اور اہداف کی نشاندہی کا لازمی جزو ہے۔ ادارے میں تحفظ کی روایت کو فروغ دینے کے لیے کیوانچ ایس ای کی مختلف سرگرمیوں میں عملے کی شمولیت کو یقینی بنایا جاتا ہے۔

کارکردگی کے اہم اشارے اور حادثات

ملین مین آؤرز (million manhours)، لوسٹ ٹائم انجری فریکوینسی (حادثات کی بناء ضائع ہونے والے کا وقت) (LTIF) اور ٹوٹل ریکارڈ ایبل انجری ریٹ (TRIR) کے گراف نیچے فراہم کیے گئے ہیں جن میں کمپنی اور ٹھیکے دار کے مجموعی اعداد و شمار موجود ہیں۔

کمپنی کی سینئر انتظامیہ کی شمولیت کے ساتھ تمام اعلیٰ ممکنہ واقعات کی گہرائی سے تفتیش کی گئی اور ان کو دوبارہ ہونے سے روکنے کے لیے اقدامات کیے گئے۔ حادثات کی بناء ضائع ہونے والے وقت کے واقعات کا مختصر بیان ذیل میں فراہم کیا گیا ہے:

- کنونشن کے مقام پر سفر کے دوران، ایک بد قسمت ٹریفک حادثہ رونما ہوا جس کے نتیجے میں ٹھیکے دار کے ڈرائیور کی ہلاکت ہوئی۔
- کنونشن کی جانچ کرنے والے پونٹ کو لگانے کے دوران، ٹھیکے دار کا آپریٹر پلیٹ فارم سے گر گیا جس کے نتیجے میں اس کے دائیں بازو میں فریکچر ہو گیا۔
- تیل کا ڈرم (20 لیٹر) اٹھانے کے دوران بھرنے والے مدوگا کو کمر کا درجہ سوس ہوا۔ اسے فیلڈ کیلنگ منتقل کر کے آرام کا مشورہ دیا گیا۔
- موہاٹل میڈیکل پونٹ کے دو اڈوں کے اسٹور کا دورہ کرنے کے دوران، کمیونٹی ڈیولپمنٹ آفیسر گر گئی اور بائیں پیروں میں ہیر لائن فریکچر ہو گیا۔

ثبت اقدامات کے حوالے سے، پی پی ایل آپریٹنگ ہالڈنگس پروسیجرنگ کی سہولت پر اس کے 2009 میں آغاز سے لے کر اب تک 3.5 ملین سیف مین آؤرز (Safe man hours) حاصل کیے گئے۔

ماحول پر کمپنی کے کاروبار کے اثرات کا اطلاق قومی ماحولیاتی معیارات کے ذریعے کیا جاتا ہے جن پر کمپنی سختی سے عمل پیرا ہوتی ہے۔ مزید برآں، کمپنی انتظامیہ نے اپنے ملازمین، ٹھیکے داروں اور دیگر شراکت داروں کی صحت اور تحفظ کو مزید بہتر بنانے کے لئے وسیع تر کوششیں کیں ہیں۔ کیوانچ ایس ای سے متعلق تمام اہم امور کے لئے اقدامات کیے گئے جو اس سالانہ رپورٹ کے کیوانچ ایس ای سیکشن میں تفصیل کے ساتھ بیان کیے گئے ہیں۔

مالی جائزہ

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

	2019-20 Rs. Million	2018-19 Rs. Million
Profit before Taxation	70,484.754	79,931.204
Taxation	(20,228.484)	(18,298.840)
Profit after Taxation	50,256.270	61,632.364
Unappropriated profit as at 1st July, 2019/2018	215,553.699	160,294.259
Dividend Equalisation Reserve as at 1st July 2019 / 2018	2,535.354	2,535.354
	268,345.323	224,461.977
Appropriations during the year		
Final dividend for the year 2018-19 on ordinary and preference shares @ 20% (2017-18: 15% on ordinary shares and Nil for preference shares)	(4,534.975)	(2,957.577)
Issuance of 20% bonus shares to ordinary shareholders (2017-18: 15%) and 10% to preference shareholders (2017-18 Nil)	(4,534.964)	(2,957.577)
Other Comprehensive Income/(loss)	267.636	(457.770)
Balance as at June 30, 2020/2019	259,543.020	218,089.053
Subsequent Effects		
The Board of Directors of the Company in its meeting held on September 11, 2020, proposed the following:		
Final dividend on ordinary and preference shares @ 10% (2018-19: 20%)	2,720.984	4,534.975
Issuance of nil bonus shares to ordinary shareholders (2018-19: 20%) and nil to preference shareholders (2018-19: 10%)	-	4,534.964
	2,720.984	9,069.939

بلاک کی مربوط سیکورٹس اسٹریٹیجی گرائی تحقیق مکمل ہو چکی ہے۔
 انرپور-1 اور انرپور-2 کنوژن کی بعد از کھدائی تحقیق مکمل ہو چکی ہے۔

کوبان

(آپریٹر: یو ای پی ایل بیٹا)

16 دسمبر 2016 کو آپریٹر نے کام کے لئے این او بی جاری نہ ہونے کی وجہ سے تاگزیر صورت حال کی بناء پر دیئے گئے معاہدے پر عمل پیرا نہ ہونے کا اعلان کر دیا۔ حکومت بلوچستان نے دریافتی سرگرمیوں کے لیے 6 دسمبر 2019 کو این او بی جاری کر دی۔ اس حوالے سے آپریٹر مختلف طریقہ کار کا جائزہ لے رہا ہے تاکہ ڈی جی پی سی سے رجوع کیا جاسکے۔
 2D سائزنگ ڈیٹا کی دوبارہ پروسیسنگ اور اسٹرکچرل ماڈلنگ تحقیق مکمل ہو چکی ہے۔

الغیف

(آپریٹر: یو ای پی بیٹا)

دریافتی کنوژن بٹرو-1 سے دریافت کا اعلان کیا گیا تھا جہاں سے دسمبر 2019 میں گیس کی پیداوار شروع ہوئی۔

جھکر

(آپریٹر: این ایچ ای پی ایل)

بلاک کے حوالے سے مستقبل کے لانچر عمل کا فیصلہ کیا جا رہا ہے۔

ناشاپا

(آپریٹر: اوجی ڈی سی ایل)

دریافتی کنوژن، شاہا-1-X کو (کنوژن کی بیرونی سطح کے) عدم استحکام کی وجہ سے بند کر کے ترک کر دیا گیا ہے۔

آف شور اٹلس جی

(آپریٹر: ای این آئی)

دریافتی کنوژن، کیکڑا-1 کی بعد از کھدائی جانچ اور بلاک کے بقیہ امکانات کا جائزہ مکمل ہو گیا ہے۔
 بلاک کو ترک کرنے کا نوٹس ڈی جی پی سی کے پاس جمع کروا دیا گیا ہے۔

آف شور اٹلس سی اور این

(آپریٹر: ای این آئی)

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

پہاڑ پور

(آپریٹر: کے یو ایف پی ای سی)

دریافتی کنوژن، پہاڑ پور-1-X کا بعد از کھدائی تجزیہ مکمل ہو گیا ہے۔
 بلاک کو ترک کرنے کا نوٹس ڈی جی پی سی کے پاس جمع کروا دیا گیا ہے۔

ہیزو

(آپریٹر: اوجی ڈی سی ایل)

عملے کے ذریعے جی اینڈ جی تحقیق جاری ہے۔

قادر پور

(آپریٹر: اوجی ڈی سی ایل)

دریافتی کنوژن، قادر پور ڈیپ کی کھدائی جاری ہے۔

سکھ پور

(آپریٹر: ای این آئی)

بلاک کو ترک کرنے کی درخواست دی جا چکی ہے۔

ٹیل

(آپریٹر: ایم او ایل)

زیر جائزہ سال کے بعد دریافتی کنوژن مائی ٹیل ساؤتھ-1 سے دریافت کا اعلان کیا گیا۔
 ٹیل ویسٹ اور کوٹ کے علاقوں میں 584 مربع کلومیٹر کا 3D سائزنگ ڈیٹا کے حصول کا کام مکمل ہو گیا۔

خضدار تارتھ

(آپریٹر: اوجی ڈی سی ایل)

2D سائزنگ ڈیٹا کے حصول کا کام جاری ہے۔

نئے بلاکس، فارم ان اور فارم آؤٹ سرگرمیاں

کمپنی اپنے دریافتی پورٹ فولیو کو منظم کرنے کے لیے نئے بلاکس میں کاروباری شراکت حاصل کرتی ہے (فارم ان) اور اپنے موجودہ بلاکس میں دیگر کمپنیوں کو کاروباری شراکت دیتی ہے (فارم آؤٹ)۔ بین الاقوامی سطح پر، کمپنی نے پی پی ایل، اوجی ڈی سی ایل، ایم پی سی ایل اور جی ایل پی ایل پر مشتمل کنسورٹیم / وفد کی کامیابی کے ساتھ رہنمائی کی اور ابوظہبی بولی کے مرحلے 2019 میں بولی میں حصہ لیا۔ جس کے نتائج کا انتظار ہے۔ اس کے علاوہ سال کے دوران، درج ذیل بڑی سرگرمیاں انجام دی گئیں:

پنجاب بلاک

کمپنی کو پنجاب بلاک 18 نومبر 2019 کو دیا گیا تھا۔

بلاک کی کاروباری شراکت میں اوجی ڈی سی ایل کو 50% اور جی ایل پی ایل کو 25% حصہ داری منتقل کرنے کے لیے فارم آؤٹ معاہدے پر عمل درآمد کر دیا گیا ہے۔ اسکی قانونی منظوری کا انتظار ہے۔

موی ٹیل

بلاک کی کاروباری شراکت میں کمپنی کے 12.5% حصے کو پی ای جی سی کو اور 1.3% حصے کو جی ایل پی ایل کو منتقل کرنے کے لیے فارم آؤٹ معاہدے پر عمل درآمد ہو چکا ہے جبکہ قانونی منظوری کا انتظار ہے۔

بیلا ویسٹ

اگست 2019 میں بلاک کی کاروباری شراکت میں کمپنی کے حصے میں سے 25% ایم پی سی ایل کو فارم آؤٹ کے لیے تفویض کرنے کا معاہدہ عمل میں لایا گیا جس کے بعد بلاک میں کمپنی کا کاروباری حصہ 37.5% رہ گیا۔

بلاک 8، عراق

بلاک کی کاروباری شراکت میں کمپنی کے حصے میں سے 32% فارم آؤٹ پر کام جاری ہے۔

خضدار تارتھ

جی ڈی سی نے خضدار تارتھ بلاک میں پی پی ایل کے اوجی ڈی سی ایل سے 25% کاروباری شراکت کے حصول کے لیے باقاعدہ منظوری دے دی ہے۔

شکر گنج ویسٹ

اوجی ڈی سی ایل کے آپریٹنگ شکر گنج ویسٹ بلاک میں پی پی ایل کے لئے 50% کاروباری شراکت کے حصول کا معاہدہ ہو چکا ہے جس کی قانونی منظوری کا انتظار ہے۔

پی پی ایل کے ذیلی ادارے

پی پی ایل ایشیا ای اینڈ پی پی، وی، (E&P B.V)

بلاک 8، عراق

پہلے دریافتی کنوژن مدائن-1 کی کھدائی مکمل ہو گئی ہے۔ کنوژن سے تیل کا کم تجارتی فوائد کا حجم دریافت ہوا۔ کنوژن کو مستقبل میں مزید جانچ کے دوبارہ کام کرنے کے امکان کے

بلاویٹ X-1 کی بعد از کھدائی تھیس جاری ہے۔

بلاک کے پہلے تجزیاتی کنوئیں ڈھوک سلطان-2 کی کھدائی جاری ہے۔
378 لائن کلومیٹر 2D اور 175 مربع کلومیٹر 3D سائز تک ڈیٹا کی پروسیسنگ جاری ہے۔

حاصل

ارضی کیسائی تحقیق مکمل ہو چکی ہے۔
عملے کے ذریعے جی اینڈ جی کی جانچ جاری ہے۔

کرسال

155 لائن کلومیٹر 2D اور 253 مربع کلومیٹر 3D کی پروسیسنگ دوبارہ پروسیسنگ مکمل ہو گئی۔
فریکوئنسی خصوصیات کی تحقیق جاری ہے۔
بلاک کے بقیہ امکانات کی جانچ جاری ہے۔

صادق آباد

تیسرے دریا فنی کنوئیں چولستان X-1 کو بند کر کے ترک کر دیا گیا ہے۔
تقریباً 550 لائن کلومیٹر سائز تک ڈیٹا کی پروسیسنگ دوبارہ پروسیسنگ جاری ہے۔
4G حیاتیاتی ارضی کیسائی تحقیق مکمل ہو چکی ہے۔
بلاک کے بقیہ امکانات کی جانچ جاری ہے۔

پنجاب

سال کے دوران پنجاب بلاک اپوار ڈیک کیا گیا۔
کھپتی کے ذریعے جی اینڈ جی تحقیق جاری ہے۔
کشمش نقل اور مقناطیسی سروے کا منصوبہ بنایا گیا ہے۔

پارنٹر آپریشن دریا فنی بلاکس

پارنٹر آپریشن بلاکس کے حوالے سے دریا فنی سرگرمیوں کا خلاصہ ذیل میں کیا گیا ہے:

بسک

(آپریشن: زین ہوا)

فارم-ان معاہدے پر دستخط ہو گئے ہیں۔ تفویض کے معاہدے اور زین ہوا سے پی پی ایل کو آپریشن کی منتقلی کی منظوری کے لیے ڈی جی پی سی کے پاس درخواست جمع کروادی گئی ہے۔
پرانے 2D اور 3D سائز تک ڈیٹا کی دوبارہ پروسیسنگ مکمل ہو گئی ہے اور امکانات کی نشان دہی کی جا چکی ہے۔

ڈگری

(آپریشن: یو ای پی ایل)

125 مربع کلومیٹر 3D سائز تک ڈیٹا کی دوبارہ پروسیسنگ مکمل کی گئی، جب کہ PSDM پروسیسنگ ابھی جاری ہے۔

غوری

(آپریشن: ایم پی سی ایل)

ہارنو ویسٹ امکان کو پختہ کرنے کے لئے متعلقہ سطح کا 1000 مربع کلومیٹر 3D سائز تک ڈیٹا کا حصول مکمل کیا گیا۔

کوٹلی تار تھ

(آپریشن: یو ای پی ایل)

آز پور-2 کے تجزیاتی کنوئیں کی کھدائی مکمل ہو گئی ہے۔ یہ کنوئیں گیس کے پیدا کنندہ کی حیثیت سے مکمل ہوا اور اسے علی آباد پروڈکشن فیلڈ سے منسلک کر دیا گیا ہے۔

حب

تیسرے دریا فنی کنوئیں نوح X-1 کو غیر تسلی بخش نتائج کی وجہ سے بند کر کے ترک کر دیا گیا ہے۔
حب-1 کے تجزیے کی کاروباری امکانات/ قیمت کی تحقیق مکمل ہو گئی۔
457 لائن کلومیٹر سائز تک ڈیٹا کی دوبارہ پروسیسنگ مکمل کیا گیا ہے۔ اس کی تشریح اور نقشہ سازی جاری ہے۔

قلا ت

2020-21 کی ششماہی کے دوران پندرانی X-1 کی کھدائی کی تیاریاں جاری ہیں۔
312 لائن کلومیٹر 2D سائز تک ڈیٹا کی گہرائی کا اندازہ لگانے (depth imaging) کی اپ ڈیٹ جاری ہے۔

خاران، خاران ایسٹ اور خاران ویسٹ

خاران بلاک میں تقریباً 600 لائن کلومیٹر اور خاران ویسٹ بلاک میں 380 لائن کلومیٹر 2D سائز تک ڈیٹا کی دوبارہ پروسیسنگ، تشریح اور نقشہ سازی کا مکمل مکمل کیا گیا۔
کشمش نقل مقناطیسی سروے اور 3D سائز تک ڈیٹا کے حصول کا منصوبہ ہے۔
خاران ویسٹ بلاک کے لیے دستبرداری کا نوٹس ڈی جی پی سی (DGPC) کے پاس جمع کروا دیا گیا ہے۔

خضدار

100 لائن کلومیٹر 2D سائز تک ڈیٹا کے حصول کا منصوبہ بنایا گیا ہے تاکہ بلاک کے بقیہ امکانات کو ممکن کھدائی کے لئے پختہ کیا جاسکے جو سکیورٹی کلیئرنس سے مشروط ہے۔

مرگند

بلاک کے پہلے دریا فنی کنوئیں مورگندہ X-1 کی کھدائی اور جانچ مکمل ہو گئی ہے۔ جس سے گیس کی دریافت پلٹن لائم اسٹون میں ہوئی۔
مورگندہ X-1 دریافت کے تجزیے کے لیے منصوبہ بندی جاری ہے۔
262 لائن کلومیٹر 2D سائز تک ڈیٹا کی گہرائی کی اینجنگ (depth imaging) اپ ڈیٹ مکمل ہو گئی ہے۔

موی خیل

168 لائن کلومیٹر 2D سائز تک ڈیٹا کی دوبارہ پروسیسنگ مکمل ہو گئی ہے اور اس کی تشریح اور نقشہ سازی جاری ہے۔
کشمش نقل مقناطیسی سروے کی منصوبہ بندی کی گئی ہے۔

نوشیروانی

3D سائز تک ڈیٹا اور کشمش نقل اور مقناطیسی سروے کے حصول کا منصوبہ بنایا گیا ہے۔
گہرے امکانات کا اندازہ جاری ہے۔

ساؤتھ خاران

775 لائن کلومیٹر 2D سائز تک ڈیٹا کی دوبارہ پروسیسنگ مکمل ہو گئی۔
دوبارہ پروسیس شدہ 2D سائز تک ڈیٹا کی تشریح اور نقشہ سازی مکمل ہو گئی۔
کشمش نقل اور مقناطیسی سروے کا منصوبہ بنایا گیا ہے۔

پی پی ایل کے آپریشن شمالی بلاکس

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

ڈھوک سلطان

بلاک کے دوسرے دریا فنی کنوئیں ڈھوک سلطان ساؤتھ X-1 کی کھدائی مکمل ہو گئی ہے۔ پٹالا اور لوکھارت فارمیشن میں تیل کی موجودگی کی تصدیق ہو گئی۔ تاہم، جانچ کے دوران چھوڑی اسیکس تشکیل میں ہائیڈروجن سلفائیڈ (H₂S) کی وافر مقدار میں موجودگی کی وجہ سے کنوئیں کو بند کر کے معطل کر دیا گیا ہے۔ کنوئیں کی بعد از کھدائی تھیس جاری ہے۔

- ہائیڈروکاربن کی ایک دریافت کینی کے آپریٹرز بلاک میں اور ایک پارٹنر آپریٹرز بلاک میں ہوئی۔
- دو (2) دریافتی کنوئیں، آپریٹرز بلاکس میں جبکہ تین (3) دریافتی کنوئیں پارٹنر آپریٹرز علاقوں میں کھودے گئے۔
- پارٹنر آپریٹرز اثاثوں میں 233 لائن کلومیٹر 2D اور 684 مربع کلومیٹر 3D سائزنگ ڈیٹا حاصل کیا۔
- 674 لائن کلومیٹر 2D سائزنگ اور 1,796 مربع کلومیٹر 3D سائزنگ ڈیٹا کی پروسیسنگ بی بی ایل کے عملے نے مکمل کی۔

Discoveries in 2019 - 20			
PPL OPERATED		PARTNER OPERATED	
Discovery	Block	Discovery	Block
Morgandh X-1	Margand	Bitro-1	Latif

دریافت کا پورٹ فولیو

کینی، اپنی ڈیلیوریوں کے ساتھ مل کر 48 دریافتی بلاکس کا ایک پورٹ فولیو رکھتی ہے۔ ان میں سے 28 بی بی ایل کے زیر انتظام ہیں، ان میں عراق میں بلاک 8 بھی شامل ہے، اس کے علاوہ 20 پارٹنر آپریٹرز دریافتی بلاکس بشمول پاکستان میں تین (3) آف شور بلاکس اور یمن میں ایک آن شور بلاک ہے۔

کینی کے پاس ایک متنوع دریافتی پورٹ فولیو ہے جس میں زیادہ تر خطر اور زیادہ امکانات والے کم پرخطر، کم اور میا نے امکانات والے اثاثوں کا مرکب ہے۔ موجودہ بلاکس کی پختگی کی وجہ سے ممکنہ دریافتوں کی فہرست کا سائز اور معیار میں کمی ہو رہی ہے۔ غیر روایتی سائزنگ ٹیکنالوجی کے استعمال سے ہائیڈروکاربن کے زبردست ذخائر کی نقشہ سازی کے حوالے سے کوششیں جاری ہیں۔ مزید برآں، کینی، بولی کے مراحل میں شرکت کر کے اور فارم انز (دیگر کمپنیوں کے بلاکس میں کاروباری شراکت کے حصول) کے ذریعے اپنے دریافتی پورٹ فولیو کو بڑھانے اور پرانے بلاکس کے استخراج کے ذریعے مضبوط بنانے کی کوششیں کر رہی ہے۔

دریافتی سرگرمیاں

بی بی ایل آپریٹرز جنوبی بلاکس

بی بی ایل آپریٹرز جنوبی بلاکس کی سرگرمیوں کا خلاصہ ذیل میں کیا گیا ہے:

گھٹ ساؤتھ

- قصر-1 کنوئیں کی کھدائی کے مقام کا تعین کر لیا گیا ہے۔
- بلاک کی سیکورٹی اسٹریٹجی کو تحقیق اور ہادی X-1A ٹیسٹ گیس دریافت کی 3D عرضی ماڈلنگ تحقیق مکمل ہو چکی ہے۔
- پری اسٹیک ٹائم، مائیگریشن (PSTM) پروسیسنگ اور 650 مربع کلومیٹر 3D سائزنگ ڈیٹا کے ساتھ اس کے انضمام کا مکمل ہو چکا ہے۔ پری اسٹیک ڈیپتھ مائیگریشن (PSDM) پروسیسنگ جاری ہے۔

ہالہ

- نئے کنوئیں کی کھدائی کے لئے متعلقہ قریبی پہلے سے کھودے گئے کنوئیں (آفسیٹ کنوئیں) اور 3D سائزنگ ڈیٹا کی خریداری کا عمل مکمل ہوا۔
- عملے کے ذریعے ڈیٹا کی مربوط ارضی و ارضی طبیعیاتی (جی ایچ جی) جانچ پڑتال جاری ہے۔

کچھروایسٹ

- کچھروایسٹ-1 X کے پہلے دریافتی کنوئیں کی کھدائی کے لیے تعمیراتی کام مکمل ہو گیا۔
- مشرقی حصے پر امکان کو پختہ کرنے کے لئے نئے حاصل شدہ 399 لائن کلومیٹر 2D سائزنگ ڈیٹا کی تشریح اور نقشہ سازی مکمل کی گئی۔

کوثری

- پانچویں دریافتی کنوئیں دراب-1 X کی کھدائی مکمل ہو گئی ہے۔ کنوئیں کو بند کر کے ترک کر دیا گیا ہے۔
- بلاک کے بقیہ امکانات کا اندازہ لگانے کا عمل جاری ہے۔

ملیر

- ملیر کے پڑپ امکان کے خطرے کو کم کرنے کے لیے اسزیکل ماڈلنگ تحقیق مکمل کی گئی ہے اور پہلے سے کھودے گئے متعلقہ کنوئیں اور جی ایچ جی ڈیٹا کے ساتھ اس کے انضمام کا عمل جاری ہے۔

نوشہرہ فیروز

- PSDM پروسیسنگ اور 340 مربع کلومیٹر 3D سائزنگ ڈیٹا کی تشریح مکمل ہو گئی ہے۔
- بلاک کے بقیہ امکانات کا اندازہ لگانے کا عمل جاری ہے۔

شاہ بندر

- بھاری گیس کی دریافت سے پیداوار شروع کرنے کی تیاریاں جاری ہیں۔
- 130 مربع کلومیٹر 3D سائزنگ ڈیٹا کے حصول کا منصوبہ ہے۔
- پرانے حاصل شدہ 180 مربع کلومیٹر 3D سائزنگ ڈیٹا کی دوبارہ سے پروسیسنگ اور تشریح مکمل ہو گئی ہے۔

سیرانی

- دلدلی علاقے میں ایک امکان کی نشان دہی کی گئی ہے اور اس کے لیے تعمیراتی کام کی منصوبہ بندی کی جا رہی ہے۔

صورہ

- 3D سائزنگ ڈیٹا کے حصول کو تہی شکل دینے کے لیے عملے کے ذریعے جی ایچ جی تحقیق کی جانچ پڑتال جاری ہے۔

جنگ شاہی

- سرگرمیوں کے لیے سکیورٹی کی منظوری کا انتظار ہے۔
- 175 لائن کلومیٹر 2D سائزنگ ڈیٹا کی دوبارہ سے پروسیسنگ مکمل کی گئی اور اس کی تشریح اور نقشہ سازی جاری ہے۔

بی بی ایل آپریٹرز جدی بلاکس

بی بی ایل آپریٹرز جدی بلاکس میں سرگرمیوں کا خلاصہ ذیل میں کیا گیا ہے:

برکھان

- تقریباً 313 لائن کلومیٹر 2D سائزنگ ڈیٹا کی دوبارہ سے پروسیسنگ جاری ہے۔

بیلواہسٹ

- بلاک کے پہلے دریافتی کنوئیں بیلواہسٹ-1 X کی کھدائی مکمل ہو گئی ہے۔ بہت زیادہ فارمیشن (کنوئیں میں موجود مائعات کے) دباؤ اور اس سے ہم آہنگ ویل ہیڈ آلات کی عدم فراہمی کی وجہ سے کنوئیں کو بند کر کے معطل کر دیا گیا ہے۔

کو کم کر کے 4.2% کر دیا گیا ہے جو 2018-19 میں 5.2% تھی۔

دو (2) پیداواری کنوؤں کی کھدائی مکمل کر لی گئی: سوئی - 106 (U) اور سوئی - 110 (U)، جو سوئی فیلڈ کے پیداواری نیٹ ورک میں تقریباً یومیہ 11 ایم ایم ایس سی ایف گیس شامل کر رہے ہیں۔

نئے پیداواری کنوئیں سوئی - 111 (U) کے لیے کھدائی کی جگہ کا تعین، اراضی کے حصول اور سائٹ کی تعمیر کی سرگرمیاں مکمل ہو چکی ہیں۔ اس کنوئیں کی کھدائی اور تکمیل 2020-21 میں متوقع ہے۔

سوئی - 108 (P) کی کامیاب کھدائی اور اس کے نتیجے میں کنوئیں اسی فیلڈ کی بنیاد پر، بے ذخائر کے ماڈل کو پی پی ایل کے عملے نے اپ ڈیٹ کیا جس سے نئے پیداواری کنوئیں سوئی - 112 (P) کی کھدائی کے لیے جگہ کو جتنی شکل دینے میں مدد ملی۔ کنوئیں کی کھدائی جولائی 2020 میں پی پی ایل کی اپنی رگ استعمال کرتے ہوئے ہوئی جس پر ابھی کام جاری ہے۔

سوئی - 107 (U)، جو 2018-19 کی آخری سہ ماہی کے دوران کھودا گیا تھا، اس سال کے دوران اس سے پیداوار کا آغاز ہوا اور یہ تقریباً یومیہ 7.1 ایم ایم ایس سی ایف گیس سٹم میں شامل کر رہا ہے۔

جون 2020 میں ایس ایم ایل پائپ لائن نیٹ ورک سے رکاوٹ کو دور کرنے کا کام کامیابی کے ساتھ مکمل کیا گیا جس سے پیداوار میں تقریباً یومیہ 10 ایم ایم ایس سی ایف گیس کا اضافہ ہوا۔

پیورٹلکیشن پلانٹ اور سوئی فیلڈ گیس کپریشن کپریشن، دونوں پر مرمت، اپ گریڈیشن اور پلانٹ کی کارکردگی بہتر بنانے والی سرگرمیوں میں اضافے کا آغاز کیا گیا۔ جس میں تین کپریٹرز، دو (2) گیس ٹریبانڈز، ایک پیوریٹیشن، بینک اور دیگر یونٹوں کی بڑی جانچ/مرمت بھی شامل ہے۔

سوئی کے لئے ڈی اینڈ پی ایل کی حصولی کا انتظار ہے۔ عبوری طور پر، حکومت پاکستان نے متواتر اعلانوں کے ذریعے کھپتی کونوئی گیس فیلڈ سے پیداوار جاری رکھنے کی اجازت دی ہے۔ حالیہ اعلیٰ کے تحت حکومت نے کھپتی کو 31 مئی 2020 سے مزید چھ (6) ماہ تک سوئی سے پیداوار جاری رکھنے کی اجازت دی ہے۔

کنڈھ کوٹ اچھاڑا

زیر جائزہ عرصے کے دوران GENCO-II کی جانب سے گیس کی مسلسل کم خریداری کی وجہ سے کنڈھ کوٹ کی اوسط یومیہ پیداوار کی شرح 142 ایم ایم ایس سی ایف رہی جب کہ 2018-19 میں یہ شرح 210 ایم ایم ایس سی ایف ڈی تھی۔

پیداواری کنوئیں (U) 47-KDT ستمبر 2019 میں مکمل ہوا۔ عملے کے ذریعے کنڈھ کوٹ ریزروائر سیولیشن تحقیق مکمل ہوئی۔

ٹریو کپریٹر TUCO-A کی بڑی مرمت/جائزے کا کام کامیابی کے ساتھ مکمل کیا گیا۔

آدھی اڈھوک سلطان

قدرتی تنزل کی وجہ سے آدھی فیلڈ کی پیداوار میں بنیادی طور پر کمی واقع ہوئی ہے۔

چار پیداواری کنوؤں آدھی -33 (T/K)، آدھی -34 (T/K)، آدھی ساؤتھ -4 اور آدھی ساؤتھ -3 کی تکمیل کے بعد ان سے پیداوار کا آغاز کر دیا گیا ہے۔ آدھی ساؤتھ -3 کی تکمیل 52 دن کے ریکارڈ دورانیے میں مکمل ہوئی، جس کے نتیجے میں کھدائی کی لاگت میں خاطر خواہ بچت ہوئی۔

آدھی ساؤتھ -2 کی کھدائی کا آغاز زیر نظر سال کی چوتھی سہ ماہی میں ہوا تھا اور اس سے سال کے مکمل ہونے کے بعد پیداوار کا آغاز کر دیا گیا ہے۔ عملے کے ذریعے (Reservoir Simulation Study) کا آغاز ستمبر 2019 میں ہوا۔ پیٹرن فزیکل تشریح، سائزنگ تشریح اور اسٹریٹجرل

ماڈل پر کام مکمل کر لیا گیا جب کہ اسٹیک ماڈل پر ابھی کام جاری ہے۔

نوڈل کپریٹیشن منصوبے کا آغاز کامیابی کے ساتھ ہو گیا ہے۔ کنوؤں سے پیداوار کی فراہمی کو بہتر بنانے کے لیے یہ منصوبہ 20 کنوؤں کو داؤہ بنایا گیا ہے۔

ڈھوک سلطان ابتدائی پیداوار سے تیل و گیس کی پیداوار تقریباً یومیہ 600 بیرل تیل اور 1 ایم ایم ایس سی ایف گیس کی شرح سے نومبر 2019 میں شروع ہوئی۔ گیس کو بجازی پائپ لائن کے ذریعے فروخت کیا گیا۔ تاہم، اپریل 2020 میں گیس کی خرید میں کمی کے مسائل کی وجہ سے پیداوار بند کر دی گئی تھی۔

ڈھوک سلطان دریافت کے تجربے اور پیداواری سرگرمیاں تیزی سے جاری ہیں۔ ایک تجزیاتی کنوئیں DS-02 کی کھدائی کی جارہی ہے۔

ہالہ گھٹ ساؤتھ اور مزرانی کے اٹاٹے

گھٹ ساؤتھ جی پی ایف - III کے ای پی سی سی معاہدے کے خاتمے کے بعد، کھپتی متبادل ذرائع کے ذریعے منصوبے کو مکمل کرنے کے لیے اور فیلڈ سے پیداوار کو بہتر بنانے کی پوری کوشش کر رہی ہے۔

گھٹ ساؤتھ جی پی ایف - IV کے پہلے مرحلے سے پیداوار میں یومیہ 115 ایم ایم ایس سی ایف گیس کا اضافہ ہوا ہے، جب کہ دوسرے مرحلے سے پیداوار میں COVID-19 کی وجہ سے تاخیر ہوئی۔ حال ہی میں، دوسرے مرحلے پر کام دوبارہ شروع ہوا ہے اور متوقع ہے کہ یہ کام 2020-21 کی دوسری سہ ماہی تک کام مکمل ہوجائے گا جس سے یومیہ 130 ایم ایم ایس سی ایف گیس کی اضافی پیداوار حاصل ہوگی۔

19 کلومیٹر لائن اور ہدف X-1 فیلڈ لائن کے پہلے مرحلے کی تعمیر مکمل ہو گئی ہے۔ ہدف X-1 کو ہدف X-1 کی فیلڈ لائن کے ذریعے جی پی ایف - IV پلانٹ سے منسلک کیا جا چکا ہے اور پیداوار کے آغاز سے قبل کی سرگرمیاں کامیابی کے ساتھ انجام دی جا چکی ہیں۔ ریگولیشن سے ڈی اینڈ پی ایل کی منظوری کے بعد ہدف X-1 سے پیداوار شروع کی

جانے گی۔

پیداواری کنوئیں شرف -3 کے لئے جگہ کی تعمیر کا کام جاری ہے اور 2020-21 کی ششماہی کے دوران کنوئیں کی کھدائی متوقع ہے۔

کبیر اور ہدف فیلڈز (گھٹ ساؤتھ) کے لیے ڈی اینڈ پی ایل کی درخواستوں کو منظوری کے لیے جمع کروا دیا گیا ہے جب کہ ریگولیشن کے ذریعے بشر X-1ST (ہالہ بلاک) کے لئے ڈی اینڈ پی ایل کی منظوری دی جا چکی ہے۔

فصل X-1 (ہالہ بلاک) سے پیداوار کا آغاز کر دیا گیا ہے اور اس سے یومیہ 15 ایم ایم ایس سی ایف گیس حاصل کی جارہی ہے جس کی بناء پر ہالہ پلانٹ کی مجموعی پیداوار یومیہ 120 ایم ایم ایس سی ایف تک پہنچ گئی ہے۔

موجودہ شرائط و ضوابط اور فروخت گیس کی قیمت پر مزرانی ڈی اینڈ پی ایل کی عبوری توسیع کی اجازت 31 مئی 2020 تک دی گئی تھی۔ دو (2) سال کے لئے ڈی اینڈ پی ایل کی منظوری کی دوبارہ اجازت کا ابھی تک انتظار ہے۔

سی پی پی اے اور این ڈی ڈی سی سے 20 میگا واٹ حاتم پاور منصوبے کی منظوری کے حصول کی کوششیں جاری ہیں۔

بی پی ایل مائننگ اٹاٹے

بولان مائننگ انٹر پرائز (بی ایم ای)

بی ایم ای کی مجموعی فروخت 186,320 ٹن رہی۔

بیرائٹ پاؤڈر کی فروخت میں اضافے کی منصوبہ بندی 2020-21 کی تیسری سہ ماہی تک نئی گرانٹنگ مہل کی تخصیص سے منسلک ہے۔

چاغی سے خام لوہے کی تجارتی ترسیل کا عمل جون 2020 میں شروع ہوا۔ کان سے پیداوار کو بہتر بنانے کا عمل جس میں حاصل ہونے والی معدنیات کی پروسیسنگ کے ذریعے اس کی قدر بڑھانے کا فیصلہ منسوبہ جاری ہے۔

کھپتی کی کاروباری حورج کی حکمت عملی کے مطابق، بیرائٹ، (سیسہ) لیڈ (جسٹ) زنک (بی ایل زینڈ) منصوبے کو ترقی کے امکان کے طور پر شناخت کیا گیا ہے۔ بی ایل زینڈ منصوبے کی کاروباری امکان پذیری کی تحقیق (feasibility study) کی بنیاد پر، مائننگ لیز (ایم ایل) کے حصول کے لیے درخواست جمع کرائی گئی ہے۔ کان کی ترقی / پیداوار کے حصول کے لیے منصوبہ بندی کی سرگرمیاں جاری ہیں۔

پارنٹر آپریٹڈ اٹاٹے

پارنٹر آپریٹڈ علاقوں کی اہم سرگرمیاں درج ذیل ہیں:

ناشپا

آپریٹر: اوجی ڈی سی ایل (OGDCL)

پیداواری کنوؤں ناشپا -9 اور میلہ -7 کو تیل اور گیس پیدا کنندہ کے طور پر مکمل کیا گیا تھا جب کہ تجزیاتی کنوئیں ناشپا -5A کو غیر تسلی بخش نتائج کی وجہ سے بند کر کے ترک کر دیا گیا۔ مزید یہ کہ، پیداواری کنوئیں ناشپا -10 کی جانچ کا عمل جاری ہے۔

ناشپا فرنٹ اینڈ کپریٹیشن (ایف ای سی) کی تخصیص کا کام جاری ہے۔

میلہ سے ناشپا (ایل پی جی نکالنے کے لیے) تک فلوائن بچھانے کا کام اور میلہ ایف ای سی سے پیداوار کے حصول کا کام مکمل ہو گیا ہے۔

ایل پی جی پلانٹ کی کارکردگی کی جانچ مکمل ہو گئی ہے۔

کیرتھر

آپریٹر: بی اوجی سی (POGC)

پیداواری کنوئیں رزق -3 کو گیس پیدا کنندہ کی حیثیت سے مکمل کر لیا گیا ہے اور اس وقت یومیہ 17 ایم ایم ایس سی ایف گیس کی پیداوار دے رہا ہے، جب کہ پیداواری کنوئیں رحمان -7 میں فریک کا کام مکمل کیا گیا ہے اور جانچ کی منصوبہ بندی کی گئی ہے۔

دوسری ڈی ہائیڈریٹیشن ٹرین کی تخصیص کے ساتھ ساتھ گیس کی فروخت کی لائن کی جانچ بڑھانے کا عمل بھی مکمل ہو چکا ہے۔

قادر پور

آپریٹر: اوجی ڈی سی ایل

پیداواری کنوئیں QPHRL-15 کو گیس کے پیدا کنندہ کے طور پر مکمل کر لیا گیا ہے۔

فرنٹ اینڈ کپریٹیشن (FEC) کی تعمیر نو کے منصوبے کے لئے سامان / آلات کی خریداری جاری ہے۔

جنوری 2020 کے بعد سے COVID-19 پوری دنیا میں پھیل گیا، پاکستان میں پہلا کیس فروری 2020 کے آخر میں رونما ہوا۔ پاکستان میں یہ وبا کی مرض جون 2020 میں اپنے عروج پر آیا اور اس کے بعد صورت حال بتدریج بہتر ہوتی چلی گئی۔ اس حوالے سے پی پی ایل کو بنیادی طور پر دو چیلنجز کا سامنا کرنا پڑا: الف) پی پی ایل اور اس کے ٹھیکے داروں کے ملازمین دونوں کی صحت اور حفاظت کو یقینی بنانا ب) سسٹم میں تیل اور گیس کی مسلسل فراہمی تاکہ قوم کو توانائی کی بلا تعطلن فراہمی رہے۔ ان مقاصد کے مابین ایک نازک توازن کی ضرورت تھی کیوں کہ کسی کو بھی نظر انداز نہیں کیا جاسکتا۔

کمپنی نے ان چیلنجز کا مقابلہ کیا اور COVID-19 سے متعلق تمام حفاظتی اقدامات (ایس او پیز) پر عمل درآمد کرتے ہوئے فیلڈز پر کام تسلسل سے انجام دیا جاتا رہا، جب کہ دفتر پر مبنی پیشہ ورانہ کام جاری رکھنے کے لیے، تمام عملہ کیونٹی کیشن کی بہترین دستیاب ٹیکنالوجی کا استعمال کرتے ہوئے بغیر کسی رکاوٹ کے ایک دوسرے سے رابطے میں رہا۔ اس بات کو یقینی بنایا گیا کہ فیلڈز کی عہد شدہ فراہمی پر کوئی اثر نہ پڑے۔ تاہم، کم طلب کے باعث تیل کی کم کچھت سے، تیل اور گیس پیدا کرنے والی بڑی پائپرز آپریٹنگ فیلڈز نے مارچ کے بعد سے پیداوار میں تخفیف کر دی جس کی وجہ سے تیل اور گیس دونوں کی پیداوار میں کمی آئی چونکہ تیل کے ساتھ ساتھ گیس بھی پیدا ہوتی ہے۔ صورت حال میں بتدریج بہتری کی وجہ سے پیداوار COVID-19 سے پہلے کی سطح تک پہنچ رہی ہے۔

COVID-19 کی صورت حال سے بیکھے گئے تجربات کی بناء پر کمپنی کاروبار کے تسلسل کے معاملے میں اب زیادہ چاق چوبند ہے۔ اس کے علاوہ، (ایٹنا ریشن ٹیکنالوجی کے ذریعے) تکنیکی مہارت تک عالمی رسائی کی وجہ سے دنیا بھر میں کئی بھی مہارت کی خدمات حاصل کرنا نسبتاً آسان ہو گیا ہے۔

تیل کی قیمت

سال 2019-20 کے دوران تیل کی قیمت میں تاریخی کمی دیکھنے میں آئی۔ سال کے پہلے نصف حصے میں عرب لائٹ تیل کی قیمت USD 55/bbl سے USD 70/bbl کے درمیان رہی۔ تاہم، COVID-19 کے آغاز اور اس کے نتیجے میں عالمی معاشی سرگرمیوں میں زبردست سستی کے ساتھ، اپریل 2020 میں تیل کی قیمت USD 15/bbl سے بھی نیچے آگئی، جو حالیہ دہائیوں میں سب سے کم ترین قیمتوں میں سے ہے۔ تیل کی قیمت میں بازیابی کا مشاہدہ کیا گیا ہے جو بتدریج USD 40/bbl سے آگے بڑھ رہی ہے۔ اس میں مزید بہتری کی توقع کی جارہی ہے کیوں کہ عالمی سطح پر COVID-19 کی صورت حال میں بہتری کے ساتھ تیل کی طلب میں اضافہ ہوا ہے۔ تیل کی قیمتیں براہ راست کمپنی کے محصول کو متاثر کرتی ہیں اور ان کی کڑی نگرانی کی جارہی ہے۔

غیر تیل کی قیمتیں میں اتار چڑھاؤ

سال کے دوران امریکی ڈالر پاکستانی روپے کی شرح تبادلہ غیر مستحکم رہی۔ پہلی سہ ماہی میں معمولی بحالی دیکھنے میں آئی، تاہم، مارچ 2020 تک اس کی حد 155 روپے سے 160 روپے کے درمیان رہی۔ اس کے بعد روپیہ زیادہ کا شکار رہا اور سال کے آخر میں 168 روپے فی امریکی ڈالر تک جا پہنچا۔ اگرچہ روپے کی قدر میں کمی سے لاگت پر کمزور اثر پڑتا ہے، لیکن اس سے کمپنی کے محصولات پر مثبت اثر پڑتا ہے کیوں کہ یہ زیادہ تر امریکی ڈالر پر مبنی ہیں۔

تجارتی تیل وصولیات

سال 2019-20 میں گردش کرنے کی وجہ سے کمپنی کی (نقدی فراہمی) لیکویڈٹی پوزیشن خراب ہوتی رہی۔ کمپنی کے تجارتی قرضے 312 ملین (30 جون 2019: 227 ملین روپے) روپے کی غیر معمولی سطح تک پہنچ گئے۔ صارفین سے کم بازیابی کے ساتھ ساتھ قانونی رقم کی ادائیگی، جو کہ غیر ادا شدہ رقم پر بھی لاگو ہے، نے کمپنی کے نقدی توازن پر اضافی دباؤ ڈالا ہے۔

گردش کرنے کے مسئلے پر فوری توجہ دینے کی ضرورت ہے تاکہ پبلک سیکٹر کی ای ایڈیٹی کپینز کے لئے رقم کی فراہمی کی صورت حال کو بہتر بنایا جاسکے۔ اس کے نتیجے میں لیکویڈٹی کی بندش کمپنی کی جاری دریافتی اور پیداواری سرگرمیوں میں نمایاں تاخیر کا امکان رکھتی ہے۔

لیکویڈٹی/نقدی عدم فراہمی کے تناظر میں، آپ کی کمپنی دستیاب وسائل کے بہترین استعمال کو یقینی بنانے کے لیے فنڈز کو متنازع بخش منصوبوں کے لیے استعمال کر رہی ہے۔ ساتھ ہی، کمپنی اس صورت حال کے فوری حل کے لیے متعلقہ کام کے ساتھ رابطے میں ہے۔ سال کے دوران، کمپنی نے وصولیوں کو بہتر بنانے کے لیے اعلیٰ سطح پر مسلسل بات چیت اور رابطے کے ہیں۔

ہماری کارکردگی

پیداواری آپریٹنگ کا جائزہ

کمپنی موجودہ طور پر سوئی، کندھ کوٹ، آدھی، گہٹ ساؤتھ، ہالہ، مزارانی، چاچڑ اور ڈھوک سلطان کی پیداواری فیلڈز کو آپریٹ کر رہی ہے۔ اس کے علاوہ کمپنی، 12 پائپرز آپریٹنگ پیداواری فیلڈز میں شراکت دار ہے۔ آپ کی کمپنی جدید ٹیکنالوجی اور انتظامی مہارتوں کا استعمال کرتے ہوئے موجودہ اثاثوں سے پیداواری اضافے پر توجہ دے کر ملک کی توانائی کی ضروریات کو پورا کرنے میں نمایاں کردار ادا کر رہی ہے۔ مزید برآں، کمپنی پی ای ایم ای میں بحیثیت آپریٹر ہے جو کمپنی اور حکومت بلوچستان کے درمیان ایک شراکتی کمپنی ہے۔

پیداوار

گزشتہ سال کے مقابلے میں کمپنی کی گیس، مائع اور ایل پی جی کی پیداوار میں باترتیب %11، %12 اور %8 کی کمی واقع ہوئی ہے۔ پیداوار میں کمی کی بنیادی وجہ کندھ کوٹ گیس فیلڈ میں GENCO-II کی جانب سے کم خریداری کے ساتھ ساتھ COVID-19 کی وبا کے دوران ریفاکٹریز سے تیل کی کم مانگ اور پرانی فیلڈز میں قدرتی پیداواری کمی ہے۔

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

	2019-20	2018-19
Natural Gas (MMscf)	283,792	317,457
Crude Oil / NGL / Condensate (Thousand Barrels)	5,142	5,868
LPG (Metric Tonnes)	107,114	116,723

سال کے دوران ہائیڈروکاربن کی پیداوار جس میں شراکتی فیلڈز سے کمپنی کی گیس کا حصہ اوسطاً تقریباً یومیہ 775 ایم ایم ایس سی ایف، تیل / این جی ایل / کنڈنسٹ 14,049 بیرل یومیہ اور ایل پی جی یومیہ 293 میٹرک ٹن ہے۔

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

اشادوار جائزہ - پیداواری فیلڈز

آپ کی کمپنی نے سال کے دوران چودہ (14) پیداواری کنوئیں کھودے ہیں جن میں چھ (6) کنوئیں آپریٹنگ میں جب کہ آٹھ (8) پائپرز آپریٹنگ علاقوں میں کھودے گئے۔ جس کی بناء پر فیلڈز سے پیداوار کو بہتر بنانے میں مدد ملی۔

سوئی اور آدھی کی پیداوار میں موجودہ کنوؤں سے قدرتی تنزل کی وجہ سے کمی واقع ہوئی، جس کے اثر کو پیداواری کنوؤں کی کھدائی کے ذریعے زائل کیا گیا۔

GENCO-II کی جانب سے گیس کی کم خریداری کی وجہ سے کندھ کوٹ سے پیداوار کم ہوئی۔

گہٹ ساؤتھ کی پیداوار میں زیر جائزہ عرصے کے دوران اضافہ ہوا جو پی ایف-IV کے پہلے مرحلے سے بتدریج اضافی پیداوار کے 2019-20 میں پورا سال مکمل ہونے کے اثر کی وجہ سے ممکن ہوا۔

مزید تفصیلات متعلقہ اثاثوں کے تحت بیان کی گئی ہیں:

سوئی اشاد

سوئی فیلڈ سے اوسط یومیہ پیداوار 369 ایم ایم ایس سی ایف تھی۔ اس فیلڈ میں قدرتی تنزل آ رہی ہے۔ تاہم، 2019-20 میں پیداوار میں بہتری کی کوششوں سے تخفیف

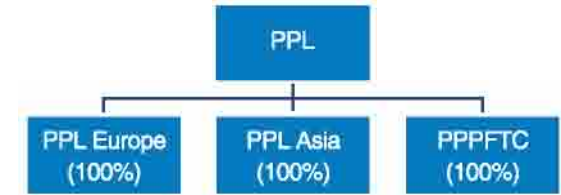
ہم 30 جون 2020 کو ختم ہونے والے سال کے لیے آپ کی کمپنی کی ڈائریکٹرز رپورٹ اور آڈٹ شدہ مالی گوشوارے مع آڈیٹرز رپورٹ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔ کاروباری جائزہ اور اہم جھلکیاں مندرجہ ذیل ہیرو گراف میں پیش کی گئی ہیں۔

تعارف

پاکستان پیٹرولیم لمیٹڈ (پی پی ایل)، ملک میں قدرتی گیس کی صنعت میں ایک بنیادی رہنما کی حیثیت رکھتا ہے اور 1950 کی ابتدا سے تیل اور قدرتی گیس کے ذخائر کی دریافت، ترقی اور پیداوار میں کلیدی کردار ادا کر رہا ہے۔ کمپنی کے موجودہ دریافتی اور پیداواری پروگرام کا دائرہ کار اپنے ماتحت اداروں کے ذریعے بین الاقوامی سطح پر عراق اور یمن میں موجودگی کے ساتھ پورے پاکستان میں پھیلا ہوا ہے۔ اس کے علاوہ پی پی ایل یولان مائنگ انٹرپرائز (پی ایم ای) کے ذریعے، جو حکومت بلوچستان کے ساتھ 50:50 شراکت میں ہے، بلوچستان میں معدنی دریافت اور ترقی کے حقوق اپنے پاس محفوظ رکھتی ہے۔

گروپ کا ڈھانچہ

کمپنی کے پاس تین ماتحت ادارے مکمل طور پر ملکیت میں ہیں: پی پی ایل یورپ ای اینڈ پی ایل (PPL)، پی پی ایل ایشیا ای اینڈ پی پی ایل (PPLA) اور پاکستان پیٹرولیم پروڈیونٹس ٹرسٹ کمپنی (پرائیویٹ) لمیٹڈ (PPPFTC) (جو اجتماعی طور پر 'گروپ' کہلاتی ہے)۔ پیگروپ، PPPFTC کے علاوہ، بنیادی طور پر تیل اور قدرتی گیس کے وسائل کی دریافت، امکانات کی نشاندہی اور ترقی اور پیداوار میں مصروف ہے۔



کمپنی کی کاروباری حکمت عملی

آپ کی کمپنی پاکستان میں دریافت اور پیداوار کے حوالے سے بطور صنف اول کی کمپنی، اپنی حیثیت کو مستحکم کرنے اور تمام شراکت داروں کے لیے صحت مند منافع کو یقینی بنانے کے لیے ایک پُر عزم ترقی کارپورگم جاری رکھے ہوئے ہے۔ کمپنی کی حکمت عملی کا مختصر جائزہ ذیل میں فراہم کیا گیا ہے:

قدر کا تحفظ

- موجودہ پیداواری اثاثوں سے پیداوار اور بازیابی کی بہتری
- دریافتوں سے کم سے کم وقت میں پیداوار کا حصول
- اہم پیشہ ورانہ انسانی وسائل کی ترقی اور انہیں کمپنی سے منسلک رکھنا
- اس بات کو یقینی بنانا کہ تمام سرگرمیاں معیار، صحت، تحفظ اور ماحول (QHSE) کے اعلیٰ معیار پر پورا اترتی ہیں
- مقامی آبادیوں میں ایک اچھے کاروباری شہری کی حیثیت سے پہچانا جانا

قدر کی تخلیق

- ذخائر کی تجدید کے مطلوبہ تناسب کے حصول کے لیے دریافتی سرگرمیوں کو برقرار رکھنا
- بڑی دریافتوں کے بہتر امکانات کے حامل سرحدی علاقوں میں دریافتی سرگرمیاں کرنا
- پاکستان کے ساحلی علاقوں میں بطور آئیٹریٹ کے دریافتی سرگرمیوں کرنا، بالخصوص کم گہرے ساحل میں
- نئے دریافتی علاقوں، فارم ان اور فارم آؤٹ کے ذریعے پورٹ فولیو کو بہتر بنانا
- بین الاقوامی سطح پر ترقی کرنے اور دریافت و پیداوار کے حوالے سے علاقائی رہنما بننے کے مواقع تلاش کرنا
- تجارتی نرخوں پر ٹائٹ گیس کی پیداوار کے لیے ٹیکنالوجی کی جدت طرازیوں کو جاری رکھنا
- عالمی سطح پر دستیاب ٹیکنالوجیز کے ذریعے پاکستان میں شیل (shale) گیس کے امکانات اور تجربے کے لیے تحقیق کرنا

کاروباری معیار

- کان کنی / مائنگ کی صنعت میں آپریٹنگ کو وسعت دینا
- توانائی کے شعبے میں معیار کا جائزہ کرنا

سال کے دوران اہم کامیابیاں

- پی پی ایل کا ڈرک پروگرام انڈسٹری میں وسیع ترین پروگرامز میں سے ایک ہے کیوں کہ کمپنی نے COVID-19 کی وبا کے باوجود آپریٹنگ اور پارٹنر آپریٹنگ علاقوں میں پانچ (5) دریافتی اور چودہ (14) پیداواری کنوژن کی کھدائی کی۔
- 2019-20 کے دوران دو (2) دریافتیں کی گئیں۔ قلات کی سطح مرتفع کی اونچی پہاڑیوں میں آپریٹنگ علاقے میں مورگندہ X-1 (مرگندہ بلاک)، جو بلوچستان کے علاقوں کے گہرے حصوں میں پاکستان کی بعید مغربی دریافت ہے۔ جبکہ دوسری دریافت پارٹنر آپریٹنگ لطیف بلاک میں بیروٹس ہوئی۔
- 2019-20 میں پیداوار تقریباً 0.9 Bcfd پر برقرار رہی باوجود Genco-II کی جانب سے گیس کی کم خریداری کے علاوہ COVID-19 کی وبا کے دوران ریفاٹریز سے تیل کی کم مانگ رہی۔
- COVID-19 کی وبا کے دوران فیملڈز سے پیداوار کی فراہمی کو برقرار رکھنے اور آفس کے عمل کو گھر سے کام کرنے کے قابل بنانے کے لیے فوری طور پر مستحکم طریقہ کار اور ٹیکنالوجیز کا استعمال کیا گیا۔
- کمپنی نے پی پی ایل، آئل اور گیس کمپنی لمیٹڈ (اوی ڈی سی ایل)، ماری پیٹرولیم کمپنی لمیٹڈ (ایم پی سی ایل) اور گورنمنٹ ہولڈنگز (پرائیویٹ) لمیٹڈ (جی ایچ پی ایل) پر مشتمل ایک کنسورٹیم (شراکتی گروہ) کی کامیابی کے ساتھ قیادت کی اور ایلوٹھی بونی 2019 میں شرکت کی۔ جس کے نتائج کا انتظار ہے۔
- ڈھوک سلطان (ڈھوک سلطان بلاک)، فضل (ہالہ بلاک) انزپور (کوٹری نارٹھ بلاک) اور بیرو (لطیف بلاک) کی دریافتوں سے پیداوار کا آغاز ہوا۔
- بلاک 8 (عراق)، موئی انیل اور پنجاب بلاکس میں فارم۔ آؤٹ (کاروبار میں شراکت دینے) کے معاہدوں جبکہ شکر گنج مغربی بلاک میں (کاروباری شراکت کے حصول) کے لئے فارم۔ ان معاہدے پر عمل درآمد ہوا۔ جن پر حکومتی منظوری کا انتظار ہے۔
- سوئی میں ایس ایل ایل پائپ لائن ٹیسٹ ڈرک کی رکاوٹ کو کامیابی سے دور کر کے اس سے پیداوار حاصل کرنے کا عمل جون 2020 میں تکمیل پذیر ہوا جس سے یومیہ پیداوار میں تقریباً 110 ایم ایم ایس سی ایف کا اضافہ ہوا۔
- آدھی ساؤتھ 3 کنوئیں کو 52 دن کے ریکارڈ وقت میں مکمل کیا گیا جس سے خاطر خواہ بچت ہوئی۔
- شہداد پور، طاہرہ شہداد پورویسٹ اور کندھ کوٹ کی فیملڈز کے لیے 3D ریوراز سیمولیشن تحقیق کی تکمیل ہوئی۔
- کارکردگی کی جانچ کے انتظام کے لئے SAP کامیابی کے عناصر (SAP success factor) کا اطلاق چھ (6) ہفتوں کے ریکارڈ وقت میں کیا گیا۔
- بی ایم ای نے جون 2020 سے خام لوہے کی تجارتی ترسیل کا آغاز کیا۔
- عطیات کے حجم کے اعتبار سے سرگرم کاروباری ادارے کی حیثیت سے پی پی ایل نے مسلسل پندرہواں ایوارڈ وصول کیا۔

آپریٹنگ ماحول

پاکستان تیل اور ایل این جی کی شکل میں نمایاں مقدار میں ہائیڈروکاربن درآمد کرتا ہے۔ ملک میں گیس کے خاطر خواہ لیکن زوال پذیر ذخائر کی موجودگی کی وجہ سے ملکی توانائی کا استخراج (energy mix) قدرتی گیس کی طرف مائل ہے۔ حالیہ برسوں میں مقامی پیداوار کے حوالے سے گیس تقریباً 4 Bcfd اور تیل 80,000 بیرل یومیہ رہا۔ تاہم، بڑھتی ہوئی مقامی طلب کی بناء پر توانائی کی درآمد میں اضافہ ہو رہا ہے، لہذا مجموعی طور پر توانائی کے کس میں مقامی ہائیڈروکاربن کا حصہ کمی کے رجحان کا مظاہرہ کر رہا ہے۔

سال 2019-20 میں COVID-19 کی وبا سے دوچار صنعت کی سست روی کی وجہ سے توانائی کی طلب میں کمی واقع ہوئی ہے۔ خاص طور پر تیل کی مانگ میں مارچ 2020 کے بعد سے ایک بڑی کمی دیکھی گئی۔ تاہم، پاکستان میں وبائی حالت کی صورت حال بہتر ہو رہی ہے جس کے نتیجے میں تیل کی طلب میں خاطر خواہ بحالی ہوئی ہے۔ طویل مدت میں، توانائی کی طلب میں اضافے کا امکان ہے جو آبادی بڑھنے سے جی ڈی پی کی شرح نمو میں اضافے سے منسلک ہے۔ مزید برآں، کونکے اور دیگر توانائی کے منصوبے سامنے آنے کے ساتھ، مستقبل قریب میں توانائی کے کس میں تبدیلی کی توقع ہے۔ تاہم، توقع ہے کہ تیل اور گیس توانائی کے مرکزی ذرائع بنے رہیں گے۔

تیل اور گیس کے معروف کوریڈرز انڈسٹریز میں دریافتوں کا اوسطاً ساڑھے دو سال 2000 میں 400 Bcf سے اب کافی حد تک کم ہو کر موجودہ دور میں صرف 30 Bcf رہ گیا ہے۔ لہذا، کمپنی کی پیداوار کو برقرار رکھنے اور ترقی کے حصول کے حوالے سے، اسے مزید دریافتوں کے لیے سرحدی اور ساحلی علاقوں میں جانا پڑے گا۔ اس بات کو مد نظر رکھتے ہوئے، آپ کی کمپنی ملک کے مقامی ہائیڈروکاربن کے ذرائع کی ترقی میں اپنا کردار ادا کرنے کے لیے متوازن دریافتی اور ترقیاتی حکمت عملی پر عمل پیرا ہے۔ اس کے نتیجے میں کمپنی کو بلوچستان کے مرگندہ بلاک میں مورگندہ X-1 کی دریافت کے ساتھ کامیابی ملی ہے۔ اس دریافت نے پی پی ایل کے سرحدی علاقے میں ہائیڈروکاربن کے امکانات پر یقین کی توثیق کر دی ہے ساتھ ہی کمپنی ڈرائنگ کے لئے مزید امکانات کا اندازہ لگا رہی ہے۔ ملکی ای اینڈ پی سرگرمی کے علاوہ، آپ کی کمپنی اپنی آمدنی کی روانی کو متوجہ بنانے کے لیے بین الاقوامی سطح پر ای اینڈ پی اور مائنگ کے شعبے میں بھی اپنے آپریٹنگ کو بہتر بنا رہی ہے۔

معدنی ماحول

مندرجہ ذیل ماحول نے تیل و گیس کے دریافتی و پیداواری (upstream) سیکٹر کے آپریٹنگ ماحول میں کلیدی کردار ادا کیا ہے:



During the year under review, the Company continued to support schemes at its producing and exploration areas. These included scholarship schemes for local students, support to educational facilities catering to children with special needs, provision of free-of-cost healthcare services through mobile medical dispensaries and ophthalmic camps, development of educational, healthcare and road infra-structure, initiation of potable water supply schemes, provision of free gas etc.

Free Gas and Water Supply

The Company continued to provide free gas and water to the residents of Sui town, to enhance the quality of life of the local residents. The Company also continued to supply potable water to locals at Ghaibi Dero and operated water filtration plant at Sunjar Khan Junejo, District Sanghar.

During the year, the Company completed solar powered water supply schemes at Nichara, District Kalat and village Haji Kareem Bux Brohi, District Lasbela and drilled water bore at village Muneeb Langari at District Kalat. Besides, the Company also completed installation of RO plant at village Fateh Muhammad Punjabi at District Naushahro Feroz and village Qasim Panhwar at District Hyderabad.

Education

The Company believes in the strength of formal education to empower communities. The Company has been building on school infrastructure and providing furniture etc. to Government schools at its operated areas. In addition, the following activities were undertaken during the year:

- Sui Model School & Girls College, Dera Bugti, Balochistan is being operated benefiting over 3,000 local students including over 100 female students at the Girls College.
- Financial support was provided to the Virtual University campus at Sui town.
- Support was provided to run three PPL-TCF primary and one secondary schools at Kandhkot, benefiting more than 600 students.

- Operations were supported at the 2 Government schools adopted in District Kambar-Shahdadkot.
- Transport was provided to local students of FC School & College, FG Public High School and Taleem Foundation School at Sui town.

Furthermore, PPL is operating five scholarship schemes for deserving students from its producing districts including Balochistan. The summary is as follows:

- 145 students were awarded scholarships to pursue higher professional level education in the areas of education, medicine, management, IT and engineering.
- 135 students belonging to Balochistan were awarded scholarship 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.
- A female alumna of the Sui Model School & Girls College was awarded a scholarship enabling her to study medicine.
- 30 physically impaired 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).
- PPL Chair in Petroleum Engineering at Mehran University of Engineering and Technology, Jamshoro remained functional, and continued to make efforts to achieve its objectives.

Skill Development

- In order to provide skills development to the unemployed youth, the Company has

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.

- The Vocational Training Center at Adhi has become financially sustainable. Production of marketable items i.e. hand embroidered dresses, stitching of dresses, hand knitted sweaters and bags have been commenced at the center. Over 750 females are now enabled to generate income for their livelihood empowering women.
- Over 100 men and women were trained at Vocational Training Institute, Sui in different trades like tailors, graphic designing, computer repairing, textile, cooking, etc enabling them to earn their livelihood.



Healthcare

- Over 8,000 patients of Sui Town were provided free of cost consultation, treatment and medicine this year at the Sui Field Hospital.
- Mobile dispensaries operated at Mazarani, Kandhkot, Gambat South and Adhi jointly benefitted over 89,000 patients.
- Six surgical eye camps were organized for the population residing in the surrounding areas of Sui, Kandhkot, Adhi, Mazarani and Shahdadpur that benefitted over 20,000 patients.



- PPL established the Ophthalmic Operation Theatre at Dr. Ruth Pfau Health Centre (DRPHC), Kandhkot. Over 8,000 patients were provided free-of-cost treatment for leprosy, blindness and tuberculosis at the center.

Infrastructure Development

The Company contributed in infrastructure development with respect to the roads and bridges in District Kashmore and Sanghar, benefitting the communities by connecting farmers with the nearest markets.

Recognition Of PPL's Contributions for its CSR Spending

The Company's CSR contributions have been recognized by Pakistan Centre for Philanthropy (PCP), an organization working to promote and record philanthropy and corporate giving in Pakistan through its annual research-based surveys. In PCP's latest philanthropic survey carried out for the year 2018, PPL was once again declared as the largest Philanthropic entity of Pakistan by annual volume of contributions. During the last 15 surveys conducted by PCP, PPL has been conferred 13 awards as the largest corporate giver in Pakistan while it was the second largest corporate giver for the remaining two years.



quality, health, safety and environment (QHSE) - key initiatives

COVID-19 Pandemic

Following key measures were taken to ensure the Health and Safety of Company's and Contractors' employees while ensuring the uninterrupted operations at the fields:

- Pro-active monitoring of the global situation on COVID-19 outbreak before even its declaration as a Pandemic.
- Ensuring timely communication of authentic information to the management for decision making as well as down the line for general awareness of staff and contractors since the beginning.
- Forming Crisis Management Team and Work Groups having representatives from across the organization for the active management and monitoring of the situation.
- Developing comprehensive protocol on COVID 19 management as per the recognized standards, followed by fast-track circulation and implementation across the Company.
- Access Control was strictly followed to allow only relevant persons in the Company's premises.
- Ensuring best possible medical aid to the affected employees and their family members.

- Office-based staff were encouraged to Work from Home except those who were essentially required at office.
- Rotation Cycle of field-based staff was managed to minimize local transmission and transport risks.
- Vigilance teams were setup to check the implementation of corporate advisories.

Other QHSE Focus Areas:

The key QHSE focus areas are as follows:



Key Initiatives taken in QHSE focus areas

1. QHSE Automation

The QHSE Audit & Inspection module was launched during the year. This automation transformed existing paper formats into a digitized form that can be tracked and analyzed throughout the workflow and supports continual improvement with many advanced features. Next year, the Sustainability Reporting and Management of Change modules are targeted for automation.

2. Road Transport Safety

- Live Monitoring of vehicles and Automatic Head Count System was implemented at Gambat South Field.
- Journey Risk Management forms were introduced and implemented specially in purview of COVID-19 road movement.
- Stakeholders were engaged at Head Office and Islamabad office to uplift Road Safety practices.

3. Occupational Health

- All action items related to PPL Fields arising from 3rd Party Occupational Health Gap Analysis were closed.
- First Aid Guide Books (Urdu Version) were distributed to all NMPT staff across PPL.

4. Customer Satisfaction & QHSE Certifications

- ISO Certification Audit services were rotated to a new contractor and is expected to provide a fresh insight to PPL management in its improvement journey.
- Several PPL operated fields and departments were successfully upgraded to the latest 2015 version of QHSE international certifications i.e. ISO 9001 (Quality), 14001 Environment) and OHSAS 18001 (Occupational Health & Safety).
- Remaining fields and departments are scheduled for transition as per Annual Surveillance Audit Plans in the coming years.

5. Process Safety

Leadership & Culture Initiatives

- Celebrated Safety Weeks at Head Office, Adhi, Kandhkot, Gambat South & Sui to enrich knowledge of staff on QHSE/process safety matters.

- Engagement and conversation sessions were completed at Kandhkot and Gambat South fields.
- Next year focus is to develop and roll out a QHSE Accountability Framework at PPL for strengthening the culture where everyone bears the responsibility and accountability to adhere to QHSE norms.

Asset / Mechanical Integrity

- 3D fire & gas mapping study was completed at Sui Field Gas Compressor Station.
- Pre-Startup Safety Review (PSSR) held at Dhok Sultan X-1 EWT operations to ensure safe startup
- PHA, MOC, PSSR & Well Testing safety requirements sessions were conducted at Gambat South field.
- Stakeholders engagement was initiated to introduce new safety studies at PPL's Plants including Hazardous Area Classification and Safety Integrity Level.

6. Environmental Footprint / Legal Compliance

- NOCs were acquired from respective EPAs for drilling wells Khipro East X-1, Margand X-1, South Kharan X-1 and seismic surveys in Shah Bander & Musakhel.
- Independent Monitoring Consultants were deployed in seismic, drilling and construction activities for effective

monitoring and reporting of compliance against agreed project specific Environment Management Plans.

- 10,000 native saplings were provided to EPA Attock under Government's initiative of "Clean & Green Pakistan".
- A widespread tree plantation campaign is planned to be undertaken in the Project areas in the following years.
- Various legal compliance audits were completed during the year.
- Community complaints on spills/leakages at Adhi Field, Margand and Dhok Sultan were addressed through environmental monitoring, reporting and meetings / interactions with government authorities.

7. Contractor's Safety

Contractor's Safety is one of the high-risk area in oil & gas industry which is recognized as corporate risk at PPL as well. 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 on outstanding QHSE issues
- Behavioural intervention and modification program at drilling rigs
- Safety membership and safety captain programs
- HSE Experience sharing with JV partners
- Distribution of Basic First Aid guide

six years' summary

		2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
FINANCIAL PERFORMANCE							
PROFITABILITY							
EBITDA Margin to sales ¹	%	62	51	58	63	62	60
Operating Leverage	%	222	209	169	399	88	294
Pre tax Margin	%	51	33	41	50	49	45
Net profit to sales	%	37	22	30	36	38	32
Return on Equity	%	20	9	17	19	21	15
Return on Capital Employed	%	24	11	18	21	22	17

OPERATING PERFORMANCE / LIQUIDITY

Total assets turnover	Times	0.44	0.31	0.39	0.36	0.40	0.32
Fixed assets turnover	Times	1.18	0.72	0.87	0.86	1.04	0.99
Debtors' turnover	Times	2.24	1.83	1.55	1.10	0.91	0.66
Debtors' turnover	Days	163	200	236	331	402	556
Current ratio	Ratio	4.28	2.88	2.89	2.72	2.66	2.65
Quick ratio	Ratio	4.11	2.75	2.81	2.67	2.63	2.62
Cash to Current Liabilities	Times	1.02	0.70	0.79	0.34	0.13	0.07
Cash flow from Operations to Sales	Times	0.35	0.65	0.36	0.31	0.26	0.19
Creditors' turnover ²	Times	-	-	-	-	-	-
Creditors' turnover ²	Days	-	-	-	-	-	-
Inventory turnover ²	Times	-	-	-	-	-	-
Operating Cycle ²	Days	-	-	-	-	-	-

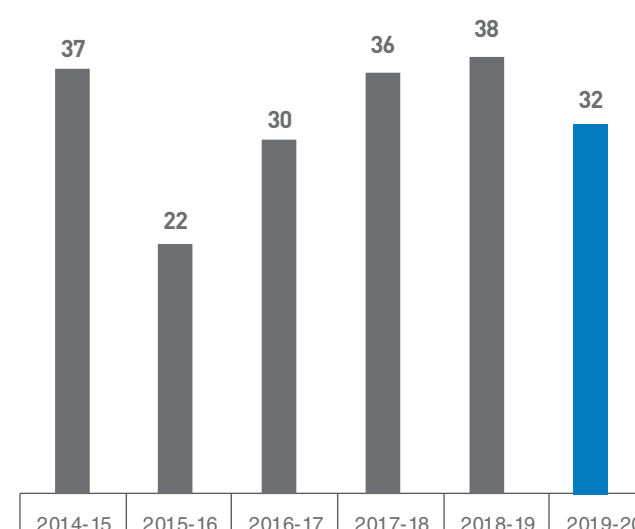
CAPITAL MARKET / CAPITAL STRUCTURE ANALYSIS

Market value per share as at June 30	Rs per share	164.26	155.05	148.14	214.90	144.43	86.78
- Low during the year	Rs per share	145.56	98.42	137.80	143.00	143.00	68.65
- High during the year	Rs per share	237.50	168.25	194.87	224.50	220.15	154.49
Breakup value per share	Rs per share	95.49	97.71	109.58	121.92	131.69	126.65
Basic and Diluted EPS ^{3&6}	Rs per share	19.47	8.74	18.10	23.17	27.18	18.47
Basic and Diluted EPS - Restated ^{3&6}	Rs per share	14.11	6.33	13.12	16.79	22.65	18.47
Price earnings ratio ⁷	Ratio	8.44	17.74	8.18	9.27	5.31	4.70
Cash Dividend Yield	%	5.17	3.71	6.08	2.56	1.38	1.15
Cash Dividend Cover	Times	2.29	1.52	2.01	4.21	13.59	18.47
Debt Equity Ratio ⁴	Ratio	-	-	-	-	-	-
Weighted average cost of debt ⁴	%	-	-	-	-	-	-
Interest Cover ⁴	Ratio	-	-	-	-	-	-
Financial Leverage ⁴	Ratio	-	-	-	-	-	-

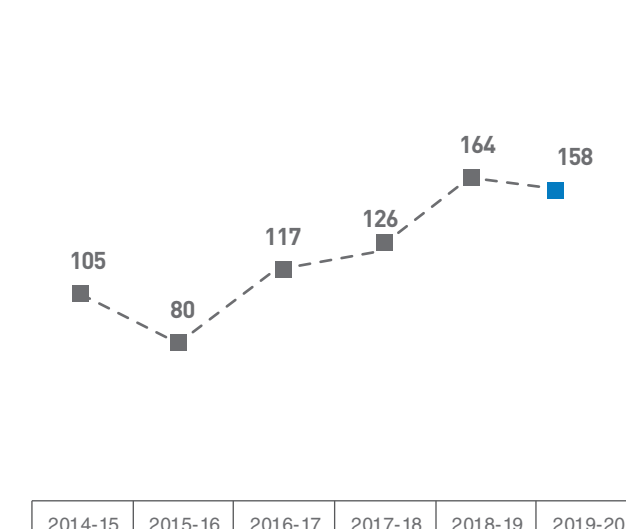
SUMMARY OF STATEMENT OF PROFIT OR LOSS

	Rs Million					
Revenue - Gross (including Govt. levies)	131,681	105,630	153,463	157,136	206,697	205,509
Revenue - Net (excluding Govt. levies)	104,838	80,151	116,986	126,210	163,890	157,593
Profit before Tax	53,315	26,707	48,129	63,436	79,931	70,485
Profit after Tax	38,399	17,242	35,679	45,688	61,632	50,256
EBITDA ¹	64,671	40,768	68,228	80,094	101,487	95,047

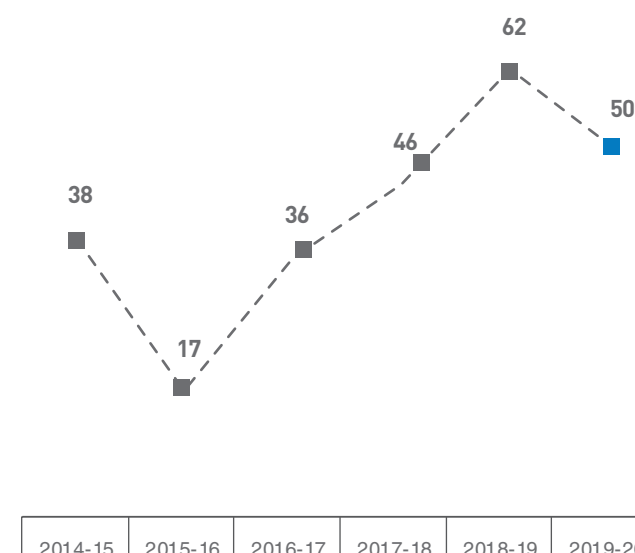
Net Profit to Sales (%)



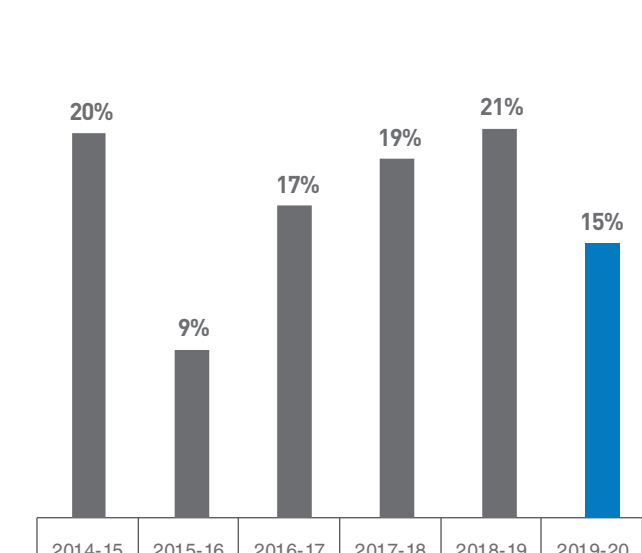
Net Sales (Rs. Billion)



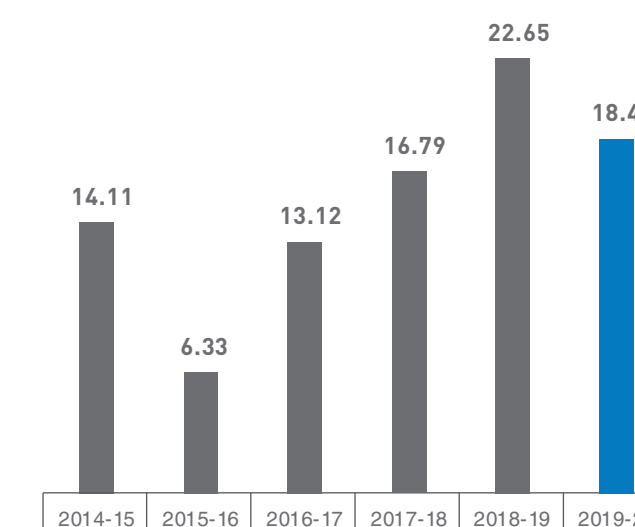
Profit after Tax (Rs. Billion)



Return on Equity (%)



EPS (Rs Per share) - Restated



The above presented KPIs have witnessed a reduction versus last year primarily due to decrease in sales revenues and other income. It was partially offset through a decrease in exploration expenses.

Lower sales revenues is due to negative volume variance on account of lower offtakes and reduced crude oil prices partially offset by the positive exchange rate variance in the realized price.

Lower other income is mainly due to reduced exchange gain owing to lesser volatility in the USD / PKR parity during the current year. Furthermore, a decrease in exploration expenses is primarily on account of the lower cost of dry wells charged to profit or loss during the year.

six years' summary

		2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Corporate Distribution							
Dividend - Interim	Rs million	8,873	4,436	5,915	7,887	-	-
- Final	Rs million	7,887	6,901	11,830	2,958	4,535	2,721
Cash Dividend per share ⁵	Rs per Share	8.50	5.75	9.00	5.50	2.00	1.00
Cash Dividend Payout Ratio ^{5&7}	%	48.93	65.79	49.72	23.74	7.36	5.41
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	22,675	27,210
Reserves	168,553	172,932	196,352	220,675	275,934	317,388
Non-Current Liabilities	32,732	48,018	54,433	62,835	64,744	67,011
Current Assets	98,609	91,604	155,451	174,408	252,557	345,528
Current Liabilities	23,026	31,795	53,782	64,094	94,938	130,293
Property, Plant & Equipment	93,867	127,920	139,295	154,703	159,842	158,659
Fixed Assets	94,127	128,335	139,700	155,123	160,323	158,997
Long Term Investments	49,040	50,979	27,661	37,691	45,285	37,286
Stores and Spares	3,904	4,140	4,337	3,528	3,147	4,061
Trade Debts	58,778	57,835	99,284	142,636	227,382	312,151
Short term investments	22,290	19,013	36,493	14,073	8,243	14,057
Cash and bank balances	1,279	3,273	6,081	7,715	8,022	5,160

Summary of Statement of Cashflows

Cash and Cash equivalents at the beginning of the year	22,212	23,569	22,286	42,574	21,787	12,248
Cash generated from operating activities	36,446	52,422	42,222	39,569	42,082	30,322
Net Cash used in investing activities	(11,349)	(41,275)	(9,105)	(40,496)	(48,558)	(29,132)
Net Cash used in financing activities	(23,740)	(12,430)	(12,829)	(19,860)	(3,063)	(4,586)
Net change in cash and cash equivalents	1,357	(1,283)	20,288	(20,787)	(9,539)	(3,396)
Cash and Cash equivalents at the end of the year	23,569	22,286	42,574	21,787	12,248	8,852
Free Cash Flows	8,526	10,167	9,398	3,386	(1,444)	2,218

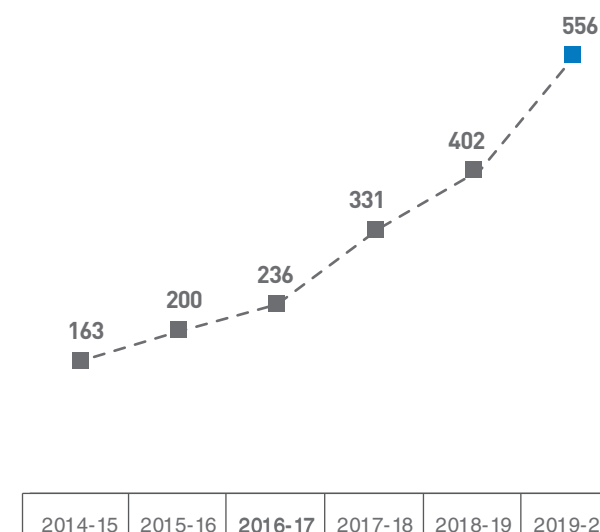
Others

Payments to Government Exchequer	67,884	44,684	45,527	67,751	64,838	60,297
Market Capitalisation	323,874	305,715	292,090	423,722	327,492	236,126

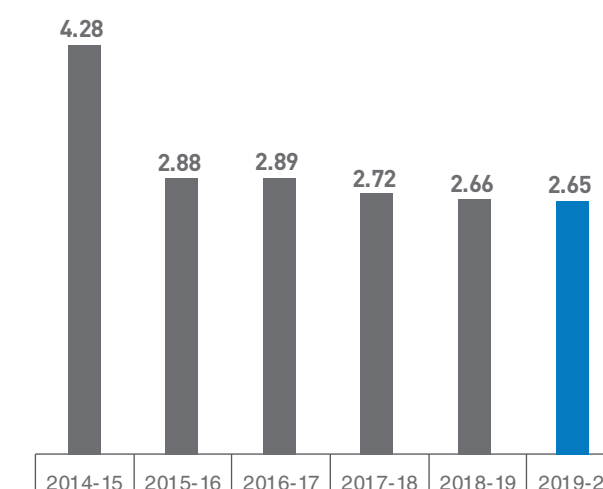
Note:

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 2014-15 to 2018-19.
4. Not applicable as the Company does not have debt besides lease financing for procurement of vehicles and computer equipment which forms a very small part of its capital structure.
5. Includes declaration of final cash dividend and issue of bonus shares subsequent to year end.
6. Convertible Preference Shares are of insignificant value in Company's total share capital therefore it has negligible dilution effect on EPS.
7. Price earning ratio and cash dividend payout ratio have been calculated on basic EPS.
8. The Bonus issue % pertains to ordinary shares.

Debtor Days

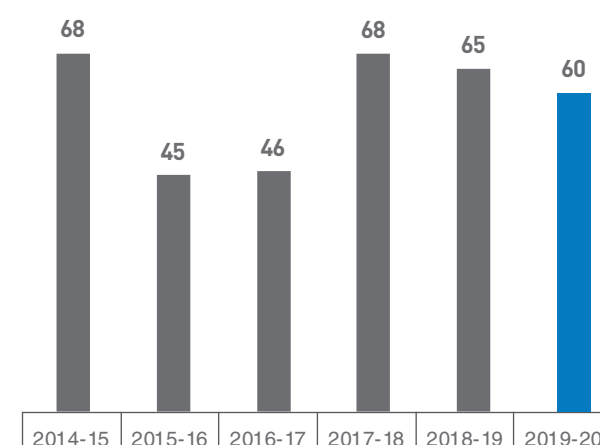


Current Ratio



The liquidity position of the Company continued to deteriorate due to the circular debt in 2019-20. The trade debts of the Company reached an unprecedented level of PKR 312 billion (June 30, 2019: PKR 227 billion). Low recoveries from customers coupled with statutory payments, even on unrecovered balances, have resulted in additional stress on the liquid balances of the Company.

Payment to Govt Exchequers (Rs. Bn)



Dupont Analysis

	2018-19	2019-20
Equity Multiplier	1.4	1.5
Total Assets Turnover	40%	32%
Net Profit Margin	38%	32%
Return on Equity	21%	15%

A decrease in asset turnover is mainly on account of negative volume variance and increased average assets. The net profit margin has declined mainly due to lower net sales and other income. The combined effect has resulted in a deterioration in ROE during the year.

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.

vertical analysis

2014-15 2015-16 2016-17 2017-18 2018-19 **2019-20**
----- %age -----

STATEMENT OF FINANCIAL POSITION

Property, plant and equipment	38.5	47.0	43.0	42.1	34.9	29.2
Intangible assets	0.1	0.2	0.1	0.1	0.1	0.1
Long-term investments	20.1	18.7	8.5	10.3	9.9	6.9
Long-term loans	0.5	0.4	0.4	-	-	-
Long-term deposits	0.3	-	-	-	-	-
Long-term receivables	0.1	0.1	0.1	-	-	-
Stores and spares	1.6	1.5	1.3	1.0	0.7	0.8
Trade debts	24.1	21.2	30.6	38.8	49.6	57.6
Loans and advances	0.9	0.5	1.2	0.4	0.2	0.1
Trade deposits and short-term prepayments	-	0.2	0.1	0.1	0.1	0.1
Interest accrued	0.6	0.6	0.2	0.1	0.2	0.1
Current maturity of long-term investments	0.3	-	0.2	-	-	0.7
Current maturity of long-term loans	-	-	-	0.4	-	-
Current maturity of long-term deposits	-	0.3	0.2	0.3	0.2	0.2
Current maturity of long-term receivables	-	-	-	-	-	-
Other receivables	2.9	1.1	0.9	0.5	0.5	0.6
Short-term investments	9.1	7.0	11.3	3.8	1.8	2.6
Taxation	0.4	-	-	-	-	-
Cash and bank balances	0.5	1.2	1.9	2.1	1.8	1.0
Total Assets	100.0	100.0	100.0	100.0	100.0	100.0
Share capital	8.1	7.2	6.1	5.4	5.0	5.0
Reserves	69.1	63.5	60.6	60.1	60.2	58.6
Provision for decommissioning obligations	4.8	7.4	6.2	6.2	5.4	5.1
Liabilities against right-of-use assets	0.1	0.1	-	-	-	-
Deferred liabilities	0.8	0.8	0.7	0.7	0.6	0.5
Deferred taxation	7.7	9.3	9.8	10.2	8.1	6.8
Trade and other payables	9.4	11.6	15.0	16.8	19.3	21.3
Current maturity of liabilities against right-of-use assets	-	0.1	-	-	-	-
Taxation	-	-	1.6	0.6	1.4	2.7
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	49.2	66.7	58.9	49.7	51.2	55.3
Taxation	14.2	11.8	10.6	14.1	11.2	12.8
Profit after Tax	36.6	21.5	30.5	36.2	37.6	31.9

horizontal analysis

2014-15 2015-16 2016-17 2017-18 2018-19 **2019-20**
----- %age -----

STATEMENT OF FINANCIAL POSITION

Property, plant and equipment	100	136	148	165	170	169
Intangible assets	100	160	156	162	185	130
Long-term investments	100	104	56	77	92	76
Long-term loans	100	103	103	1	3	4
Long-term deposits	100	1	1	1	1	1
Long-term receivables	100	106	83	24	27	13
Stores and spares	100	106	111	90	81	104
Trade debts	100	98	169	243	387	531
Loans and advances	100	61	184	70	49	31
Trade deposits and short-term prepayments	100	686	532	277	561	644
Interest accrued	100	100	29	34	52	31
Current maturity of long-term investments	100	10	90	-	-	596
Current maturity of long-term loans	-	-	100	13,191	122	191
Current maturity of long-term deposits	-	100	100	116	116	149
Current maturity of long-term receivables	100	135	147	84	207	252
Other receivables	100	42	42	27	34	46
Short-term investments	100	85	164	63	37	63
Taxation	100	7	-	-	-	-
Cash and bank balances	100	256	475	603	627	403
Total Assets	100	112	133	151	188	222
Share capital	100	100	100	100	115	138
Reserves	100	103	116	131	164	188
Provision for decommissioning obligations	100	172	171	193	212	236
Liabilities against right-of-use assets	100	114	68	33	6	-
Deferred liabilities	100	113	113	126	131	135
Deferred taxation	100	135	170	201	199	195
Trade and other payables	100	138	212	270	386	505
Current maturity of liabilities against right-of-use assets	100	116	104	69	52	18
Taxation	-	-	100	42	128	289
Total Shareholders' Equity and Liabilities	100	112	133	151	188	222

STATEMENT OF PROFIT OR LOSS

Sales - net (excluding Govt. levies)	100	76	112	120	156	150
Expenditures & other income - net	100	104	134	122	163	169
Taxation	100	63	83	119	123	136
Profit after Tax	100	45	93	119	161	131

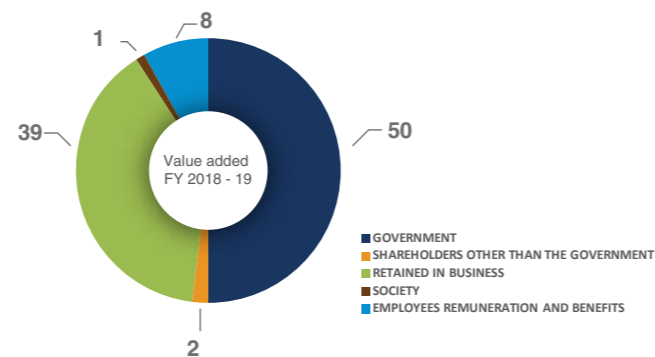
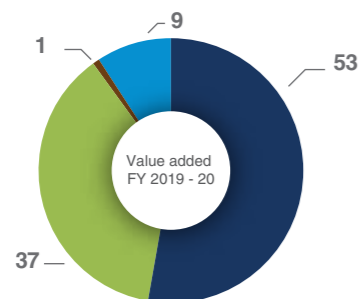
statement of value addition

	2019-20		2018-19	
	Rs million	%	Rs million	%
Gross Revenue (including GDS, GIDC, Excise Duty, Sales Tax and Petroleum Levy)	205,509	110	206,697	110
Less: Operating, Exploration and Admin Expenses	(20,686)	(11)	(30,253)	(16)
	184,823	99	176,444	94
Add: Other Income	6,465	3	16,528	9
Less: Other Expenses	(4,631)	(2)	(4,948)	(3)
Total Value Added	186,657	100	188,024	100

DISTRIBUTED AS FOLLOWS:

	2019-20	%	2018-19	%
Employees Remuneration and Benefits	17,430	9	15,241	8
Federal / Provincial Government as:				
Company Taxation	20,228	11	18,299	9
Levies (including GDS, GIDC, Excise Duty, Sales Tax & Petroleum Levy)	47,917	26	42,808	22
Royalties and Other Levies (including Lease Extension Bonus, Windfall Levy & Export Development Charges)	23,799	13	24,329	13
Workers' Profit Participation Fund	3,507	2	3,217	2
Dividend **	1,837	1	3,062	2
Bonus Shares **	-	-	3,062	2
	97,288	53	94,777	50
To Shareholders other than the Government as:				
Dividend **	884	*	1,473	1
Bonus Shares **	-	-	1,473	1
To Society ***				
Donations and Sponsorships	85	*	39	*
Social Welfare / Community Development	419	*	321	*
Free Gas Supply	748	*	551	*
	1,252	1	911	1
Retained in Business:				
Depreciation and Amortisation	21,198	11	20,846	11
Net Earnings	47,535	26	52,562	28
	68,733	37	73,408	39
Financial Charges	1,070	*	741	*
	186,657	100	188,024	100

* Negligible
 ** Represents final cash dividend / 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) Natural Gas	Oil/NGL (thousand bbls)	LPG (Tonnes)
Original proven recoverable reserves			
At July 1, 2019	16,036,170	70,835	1,246,475
Change during the year			
- Addition	3,660 ²	25 ³	-
- Revision	242,155 ⁴	3,553 ⁵	125,043 ⁶
At June 30, 2020	16,281,985	74,413	1,371,518
Production			
Accumulated on July 1, 2019	14,204,660 ¹	55,989 ¹	721,281 ¹
Production during the year	283,792	5,142	107,114
Accumulated upto June 30, 2020	14,488,452	61,131	828,395
Net Reserves June 30, 2020	1,793,533	13,282	543,123
Net Reserves June 30, 2019	1,831,510 ¹	14,847 ¹	525,194 ¹
Daily Average Production	775.4	14.0	292.7

Notes:

- Accumulated Production and Net Reserves numbers as at 30 June 2019 have been updated to account for actual production for the month of June 2019.
- Additional Gas reserves due to Benari X-1 (Shahbandar), Yasar X-1 (Kotri), Unarpur X-1 (Kotri North) and Bitro (Latif) discoveries.
- Additional Oil/NGL/Condensate reserves due to Benari X-1 (Shahbandar) and Yasar X-1 (Kotri).
- Revision in field recoverable gas reserves estimates of Mazarani, Dhok Sultan, Shahdadpur (Gambat South), Shahdadpur West (Gambat South), Latif, Tajjal (Gambat), Sawan, Makori East (Tal), Manzalai (Tal), Maramzai (Tal), Makori Deep (Tal) fields.
- Revision in field recoverable Oil / NGL reserves estimates of Mazarani, Adam (Hala), Dhok Sultan, Shahdadpur (Gambat South), Shahdadpur West (Gambat South), Gulsher (Digri), Makori East (Tal), Manzalai (Tal), Mardankhel (Tal), Maramzai (Tal) and Makori Deep (Tal) fields.
- Revision in field recoverable LPG reserves estimates of Shahdadpur (Gambat South), Manzalai (Tal), Mardankhel (Tal), Makori Deep (Tal) and Makori East (Tal) fields.

statements of compliance with the listed companies (code of corporate governance) regulations, 2019

Name of Company: Pakistan Petroleum Limited
Year Ended: June 30, 2020

The Company has complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the "Regulations") in the following manner:

1. The total number of directors is ten which includes:
 - a. Male: Nine (09)
 - b. Female: One (01)
2. The Board is composed as follows:

i.	Independent directors:	Five (05)
ii.	Non-executive directors:	Four (04)
iii.	Executive directors:	One (01)
3. The directors have confirmed that none of them is serving as a director of more than five listed companies, including this Company;
4. The Company has formulated a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures;
5. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that the complete record of the particulars of significant policies and the dates of approval and or updating thereof are 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 / shareholders as empowered by the relevant provisions of the Companies Act, 2017 (the "Act") and these Regulations;
7. All meetings of the Board during the year were presided over by the Chairman. The Board has complied with the requirements of the Act and the Regulations for recording and timely circulation of the minutes of its meetings and maintenance of the minute books;
8. The Board has a transparent procedure for the remuneration of directors in accordance with the Act and these Regulations and 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. The Board arranged directors' training for the following director during the year:
Mr. Mian Imtiazuddin
10. The Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements prior to the approval thereof by the Board;
11. The Board formed the following committees:
- a) Audit Committee (Names of Members and Chairperson)
- | | |
|---------------------------|-------------|
| Ms. Tahira Raza | Chairperson |
| Mian Imtiazuddin | Member |
| Mir Balakh Sher Marri | Member |
| Mr. Sajid Mehmood Qazi | Member |
| Mr. Sheryar Taj | Member |
| Dr. Tanveer Ahmad Qureshi | Member |
- b) Nomination Committee
- | | |
|------------------------|----------|
| Mir Balakh Sher Marri | Chairman |
| Mr. Abdul Jabbar Memon | Member |
| Mr. Abid Sattar | Member |
| Mr. Shamsul Islam | Member |
| Mr. Sheryar Taj | Member |
- c) Human Resource Committee
- | | |
|---------------------------|----------|
| Mr. Abid Sattar | Chairman |
| Mian Imtiazuddin | Member |
| Mir Balakh Sher Marri | Member |
| Mr. Sajid Mehmood Qazi | Member |
| Mr. Shamsul Islam | Member |
| Dr. Tanveer Ahmad Qureshi | Member |
- d) Enterprise Risk Committee
- | | |
|---------------------------|----------|
| Dr. Tanveer Ahmad Qureshi | Chairman |
| Mian Imtiazuddin | Member |
| Mir Balakh Sher Marri | Member |
| Mr. Sajid Mehmood Qazi | Member |
| Ms. Tahira Raza | Member |
12. The terms of reference of the committees have been formed, documented and advised to the committees for compliance;
13. The frequency of meetings (quarterly / half yearly / yearly) of the committees were as follows:
- | | |
|------------------------------|-----------------|
| a) Audit Committee | Quarterly |
| b) Human Resource Committee | Quarterly |
| c) Nomination Committee | On a need basis |
| d) Enterprise Risk Committee | Quarterly |

14. The Board has set up an effective internal audit function;
15. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review programme of the Institute of Chartered Accountants of Pakistan and are registered with the Audit Oversight Board of Pakistan, that they and all their partners are in compliance with the International Federation of Accountants (IFAC) guidelines on the code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or any director of the Company;
16. The statutory auditors or the persons associated with them have not been appointed to provide any other services except as permissible by the Act, the Regulations or any other regulatory requirement, and the auditors have confirmed that they have observed the IFAC guidelines in this regard;
17. We confirm that all requirements of Regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with; and
18. Explanations for non-compliance with requirements, other than regulation 3, 6, 7, 8, 27, 32, 33 and 36 are given below:
- (a) Regulation No. 10 (5): Mr. Sheryar Taj was appointed on 30th October 2019, two days before the orientation programme for the directors on 1st November 2019. The Chairman personally met and briefed Mr. Taj, of the role and obligations, as well as the directors' fees and entitlements. Mr. Taj attended the orientation programme in which a comprehensive presentation was made by the Company Secretary on, inter alia, the role, responsibilities, and liabilities of the Board as well as individual directors, the separation of the role and function of the Board and the Chief Executive Officer, corporate governance and the Articles of Association of the Company.
- (b) Regulation No. 10 (6): Certain directors were unable to attend the extraordinary general meeting and annual general meeting due to prior professional engagements or being out of the country.
- (c) Regulation No. 11 (2): Written notices of all meetings of the Board together with the agenda and working papers were circulated at least seven clear days prior to the meetings. Three meetings of the Board on 9th August 2019; 31st October 2019; and 14th February 2020; were held at short notice as expressly desired by the Board due to various exigencies that are evident from the agendas and minutes of the three meetings.
- (d) Regulation No. 20: Senior Manager Corporate Planning was coordinating responsibilities and was not acting as CFO. Appointment of the CFO was approved by the Board on 31st January 2020 on the terms and conditions and remuneration applicable to Job Group 12 according to the policy of the Company. The CFO was promoted as General Manager in Job Group 13 on 23rd April 2020 with the approval of the Board.


SHAMSUL ISLAM
 CHAIRMAN

Karachi: 11th September 2020

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: June 30, 2020

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

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

1. The independent directors meet the criteria of independence as laid down by the Rules.
2. 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) Mr. Shamsul Islam	26th June 2019
	(v) Ms. Tahira Raza	26th June 2019
Non-Executive Directors		
	(i) Mr. Abdul Jabbar Memon	26th June 2019
	(ii) Mr. Sajid Mehmood Qazi	10th April 2018
	(iii) Mr. Sheryar Taj	30th October 2019
	(iv) Dr. Tanveer Ahmad Qureshi	2nd October 2018
Executive Director		
	(i) Mr. Moin Raza Khan	7th January 2019

3. 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.
4. No election of the Board of Directors was held during 2019-20 and the three year term of the Board will expire on 15th September 2020.
5. The Chairman of the Board functions separately from the Chief Executive Officer.
6. The Chairman has been elected from amongst the independent directors.
7. The Board has evaluated candidates for the position of Chief Executive Officer on the basis of the 'Fit and Proper' criteria in accordance with the applicable guidelines of the SECP.

8.
 - (a) The Company has formulated a code of conduct for ensuring that professional standards and corporate values are in place.
 - (b) The Board has ensured that appropriate steps have been taken to disseminate the code of conduct throughout the Company together with the supporting policies and procedures and posting thereof on the Company's website: www.ppl.com.pk
 - (c) The Board has set in place adequate systems and controls for the identification and redressal of grievances arising from unethical practices.
9. The Board has established a system of sound internal controls, to ensure compliance with the fundamental principles of probity and propriety, objectivity, integrity and honesty, and relationship with stakeholders in accordance with the Rules.
10. The Board has developed and enforced an appropriate conflict of interest policy to lay down circumstances or considerations when a person may be deemed to have an actual or potential conflict of interest, and the procedure for disclosing such interest.
11. The Board has developed and implemented a policy on anti-corruption to minimize actual or perceived corruption in the Company.
12. The Board has ensured equality of opportunity by establishing open and fair procedures for making appointments and for determining the terms and conditions of service.
13. The Board has ensured compliance with law and the Company's internal rules and procedures for, public procurement, tender regulations, and purchases and technical standards in dealing with suppliers of goods and services.
14. The Board has prepared a vision and mission statement and formulated a corporate strategy of the Company.
15. The Board has developed significant policies of the Company and a complete record of the particulars of the significant policies and the dates of approval and amendment thereof have been maintained by the Company.
16. The Company has not delivered any services or sold any goods as a public service obligation and no requests for compensation were submitted to the Federal Government for consideration.
17. The Board has ensured compliance with the policy directives of the Federal Government.
18.
 - (a) The Board met at least four times during the year.
 - (b) Minutes of the meetings were appropriately recorded and circulated.
19. The Board has monitored and assessed the performance of the senior management annually and held them accountable for accomplishing objectives, goals and key performance indicators set for the purpose.
20. The Board has reviewed and approved related party transactions placed before it after recommendation thereof by the Board Audit Committee. A party-wise record of the transactions entered into with the related parties during the year has been maintained by the Company.
21.
 - (a) The Board has approved the statement of profit or loss (formerly 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 and 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.

22. A formal orientation programme was arranged by the Company during the year to apprise members of the Board of material developments and information as required by the Rules.

23. (a) Board Committees as required by the Rules have been formed by the Board.

(b) The Committees have written terms of reference which include 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	Six	Ms. Tahira Raza
Enterprise Risk Committee	Five	Dr. Tanveer Ahmad Qureshi
Human Resource Committee	Six	Mr. Abid Sattar
Procurement Committee	Five	Mr. Sajid Mehmood Qazi
Nomination Committee	Five	Mir Balakh Sher Marri

24. The Chief Financial Officer and the Company Secretary possess the requisite qualifications as required by the Rules.

25. The Company has adopted the International Financial Reporting Standards notified by the SECP pursuant to Sub-section (1) of Section 225 of the Companies Act, 2017 (the "Act").

26. 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 therein.

27. 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 as disclosed to the Company.

28. (a) A formal and transparent procedure for fixing the remuneration of 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 the non-executive directors of the Company for attending meetings of the Board and Board Committees.

(b) The Annual Report of the Company contains the details and criteria of the remuneration paid to individual directors.

29. The financial statements of the Company were duly endorsed by the Chief Financial Officer and Chief Executive Officer prior to consideration and approval thereof by the Board Audit Committee and the Board of Directors.

30. The Board has formed an audit committee which has written terms of reference and is composed as follows:

Name of the Member	Category	Professional Background
Ms. Tahira Raza	Independent Director	Former President and Chief Executive Officer of First Women Bank Limited. Has an MBA in banking and finance from Institute of Business Administration, Karachi.
Mian Imtiazuddin	Independent Director	Has over 46 years of experience in the oil and gas industry and is currently the Managing Director Consulting and Advisory at Redhill Associates, Pakistan. Has a B.E from Peshawar University.
Mir Balakh Sher Marri	Independent Director	Has been Financial Advisor of Bolan Security (Private) Limited and Technical Advisor of SFM Hasani Traders and Industries Private Limited and has been a provincial caretaker Minister for Local Government and Women Development, Government of Balochistan, between 1996-97. Has an L.L.B, and M.A in Political Science from University of Balochistan.
Mr. Sajid Mehmood Qazi	Non-executive Director	Is Joint Secretary, Ministry of Energy (Petroleum Division), Government of Pakistan. Has served as an Additional Registrar of Supreme Court of Pakistan. Has an L.L.M from University of Warwick, UK.
Mr. Sheryar Taj	Non-executive Director	Is Secretary, Energy, Government of Balochistan. Has an M.A in Public Administration from Quaid-e-Azam University and M.A in Education from University of Manchester, UK.

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

31. (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 Chief Financial Officer, Chief Internal Auditor and other executives being present.

- (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 Chief Financial Officer and the auditors being present.
32. (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 qualifications and experience as required by the Rules.
- (c) The internal audit reports have been provided to the auditors for review.
33. The statutory auditors have been appointed by the Company in accordance with the Rules.
34. The statutory 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.
35. The statutory 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

Karachi: September 11, 2020



SHAMSUL ISLAM
Chairman and
Independent Director

explanation for the non-compliance with the public sector companies (corporate governance) rules, 2013

We confirm that material requirements of the Rules have been fully complied with except the following matters, which will be complied with as early as possible in the next financial year:

S.No	Rule / Sub Rule No.	Reason for Non-Compliance	Future Course of Action
1	3A(2)	The casual vacancy occurred due to the resignation by a director representing the major shareholder. The casual vacancy would have been filled upon a replacement being nominated by the major shareholder, i.e. the GoP.	The term of the Board of Directors is due to expire on 15 September 2020 and fresh elections will be held soon.
2	6(2)	Written notices of all meetings of the Board together with the agenda and working papers were circulated at least seven clear days prior to the meetings. Three meetings of the Board on 9 August 2019; 31 October 2019 and 14 February 2020; were held at short notice as expressly desired by the Board due to various exigencies that are evident from the agendas and minutes of the three meetings.	There has not been any non-compliance. Nevertheless, in order to avoid any confusion it has been made a practice now to state in the notice of a meeting being held at short notice that it is an emergency meeting.
3	8(1)	The Federal Government has not undertaken the evaluation of the performance of the members of the Board, including the Chairman and the Chief Executive Officer. However, the Board has undertaken and completed the performance evaluation of the Board and members for 2019-20.	The Federal Government will undertake the evaluation of the performance of the Board and its members.

Review Report to the members on the Statements of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 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, 2019 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, 2020 to comply with the requirements of regulation 36 and rule 24 of the Listed Companies (Code of Corporate Governance) Regulations, 2019 (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, 2020.

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


S.No	Reference	Description
i	Paragraph 1 of the 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	The casual vacancy occurred due to the resignation by a director representing the major shareholder. The casual vacancy would have been filled upon a replacement being nominated by the major shareholder, i.e. the GoP

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S.No	Rule / Sub Rule No.	Reason for Non-Compliance	Future Course of Action
4	13(2)	Senior Manager Corporate Planning was coordinating responsibilities and was not acting as CFO. Appointment of the CFO was approved by the BoD on 31st January 2020 on the terms and conditions and remuneration applicable to Job Group 12 according to the policy of the Company. The CFO was promoted as General Manager in Job Group 13 on 23rd April 2020 with the approval of the BoD.	-



MOIN RAZA KHAN
Chief Executive Officer



SHAMSUL ISLAM
Chairman and Independent Director

Karachi: September 11, 2020



S.No	Reference	Description
ii	Paragraph 2 of the 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	Written notices of all meetings of the Board together with the agenda and working papers were circulated at the least seven clear days prior to the meetings. Three meetings of the Board on 9th August 2019; 31st October 2019; and 14th February 2020; were held at short notice as expressly desired by the Board due to various exigencies that are evident from the agendas and minutes of the three meetings.
iii	Paragraph 3 of the 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	The Federal Government has not undertaken the evaluation of the performance of the members of the Board, including the Chairman and Chief Executive Officer. However, the Board has undertaken and completed the performance evaluation of the Board and members for 2019-20.
iv	Paragraph 4 of the 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	Senior Manager Corporate Planning was coordinating responsibilities and was not acting as CFO. Appointment of CFO was approved by the BoD on 31 st January 2020 on the terms and conditions and remuneration applicable to Job Group 12 according to the Policy of the Company. The CFO was promoted as General Manager in Job Group 13 on 23 rd April 2020 with the approval of BoD.

A.F. Ferguson & Co.
Chartered Accountants
Karachi, September 15, 2020

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 ended June 30, 2020. As BAC, we assist the Board in fulfilling its oversight responsibilities in areas such as the integrity of financial reporting, the effectiveness of risk management, effectiveness of internal controls system and related governance and compliance matters. The BAC is also responsible for making recommendation to the Board on appointment of the External Auditors.

The year under review posed considerable challenges for the Company operations particularly due to unstable global oil prices, circular debt and lastly due to the COVID-19 pandemic. The BAC remained engaged with the management to ensure that the response of management to these significant challenges remained within the fundamentals of good governance and risk management, while keeping Company goals and objectives in focus.

Key Responsibilities and Activities

Key responsibilities of the BAC include providing assistance to the Board in fulfilling its oversight responsibilities in relation to financial reporting, the effectiveness of the system of risk management and internal control, overseeing the Whistle Blowing program 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 June 30, 2020 (FY20), the Committee discharged its responsibilities 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.
3. Reviewed related party transactions entered into by the Company on quarterly basis.
4. Reviewed and approved annual internal audit plan.
5. Reviewed the Management Representation letter and 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 Code of Conduct and policies have been affirmed by the Management and employees of the Company individually.
8. Obtained Letters of Representation (LoR) from the Management. The objective of this exercise was to improve and strengthen the overall 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.
10. The BAC linked a portion of KPOs of Head of Departments in the Company towards timely implementation of audit recommendations to ensure that required efforts and seriousness is directed towards implementation of audit recommendations, with the aim to improve and strengthen the overall internal control framework.

11. Ensured the application of Governance, Risk and Control matrix in audit assignments to further enhance the adequacy, effectiveness and efficiency of the company processes.
12. Discontinued certain pre-audits to ensure that Internal Audit Department remains independent of management activities and maintain its independent position to carry out audit of such activities at a later stage.
13. In view of the COVID-19 pandemic, the BAC monitored the impact of pandemic on the profitability, cash flow and capital preservation of the Company and its Shareholders. The BAC also monitored the effectiveness of internal control environment, taking into account, changes as a result of displacement of staff due to work from home situation during the pandemic.

Composition and Meetings

During FY20, the BAC met six times. The composition and the attendance record of BAC members are as follows:

Sr.No.	Name of Directors	Status	No. of Meetings Attended
1.	Tahira Raza [Independent, Non-executive director]	Chairperson	6
2.	Mian Imtiazuddin [Independent, Non-executive director]	Member	6
3.	Mir Balakh Sher Marri [Non-executive director]	Member	6
4.	Sajid Mehmood Qazi [Non-executive director]	Member	6
5.	Pasand Khan Buledi* [Non-executive director]	Resigned during the year	1
6.	Dr. Tanveer Ahmad Qureshi** [Non-executive director]	Ex-member	3
7.	Sheryar Taj*** [Non-executive director]	Member	2

* Resigned on 3 September 2019

** New member of the BAC & replaced during the year

*** Replaced Mr. Pasand Khan Buledi

INTERNAL AUDIT

The Company has an Internal Audit Department which is an independent and objective assurance function aimed at improving the Company's overall internal 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.

Company's Internal Audit Function comprises of staff with skill sets having professional qualification including Chartered Accountants, Cost and Management Accountants, Certified Internal Auditors, Certified Information System Auditors and other similar professional qualifications. The expertise within Internal Audit Function at the end of FY20 comprises of Audit, Finance and I.T. related professionals with extensive experience of E&P industry. In addition to this, specialized technical resources were utilized on a need basis and external consultancy was also obtained where necessary.

The Committee took keen interest in the scope and extent of Internal Audit function and provided complete support to this function for enabling it to achieve its objectives in an effective manner. The BAC monitored the work of Internal Audit Department and also reviewed how effectively the management is implementing the recommendations of Internal Audit.

In this regard, following key steps were performed:

1. Coordination between the External and Internal Auditors was ensured and Internal Audit Reports were provided for the review of both Commercial and External Auditors.
2. Internal Audit carried out review of significant functions, activities and departments at head office and field locations through its approved Audit Plan, results of which were presented to the BAC. These reviews covered various areas of operations of the Company such as:
 - Review of QHSE Functions at Head Office and selected PPL Field/Locations;
 - Review of five years strategic business plan of the Company and its implementation;
 - Review of activities undertaken by selected operational departments and functions;
 - Review of plant maintenance activities at selected field locations;
 - Review of Stores & Spares Inventory; and
 - Several Non-Operator's Audit of Joint Ventures where PPL holds Working Interest.

Apart from the above, certain special projects were also assigned to Internal Audit by the BAC and the Board during the year which were also effectively delivered. During the Covid-19 pandemic period, Internal Audit carried out some audits (included partner operated JV) remotely and efficiently managed and completed the audits without constraints. Further, BAC meetings were also conducted as per schedule during the above period.

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 Auditor.
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 Listed Companies (Code of Corporate Governance) Regulations, 2019" and the "Statement of Compliance with Public Sector Companies (Corporate Governance) Rules 2013" for the Financial Year ended 30 June, 2020.
3. The External Auditors have been allowed direct access to the BAC and the effectiveness, independence and objectivity of the Auditors has thereby been ensured. The Auditors have also attended the General Meetings of the Company during the year.
4. A separate Policy governing additional services from External Auditors is in place, which is approved by the Board, and is designed to safeguard External Auditor's objectivity and independence and includes rules relating to the hiring of additional services, and stipulates which services require prior approval of the BAC. 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.
5. The BAC met three times with the External Auditors during the year to discuss matters relating to the statutory audit of PPL, for obtaining their views on overall business environment including going concern assumptions and overall effectiveness of internal controls over financial reporting.
6. The BAC also 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 also reviewed the Management Letter / Internal Control Report issued by the External Auditors and ensured that these are addressed by the management.
8. In line with PPL's approved Policy for rotation of External Auditors, which requires rotation of Audit Firm after every five years, the Statutory auditors of PPL, M/s. AFF & Co., Chartered Accountants shall be completing their fifth term as External Auditors of PPL after completion of their annual audit of PPL for the year ended June 30, 2020. The BAC, on the basis of evaluation criteria focused at Oil and Gas industry, evaluated various Audit Firms and based on technical and commercial factors, the BAC has made a recommendation to the Board for the appointment of M/s. KPMG Taseer Hadi & Co., Chartered Accountants, as Statutory Auditors of the Company for the year ending June 30, 2021.



TAHIRA RAZA

CHAIRPERSON - BOARD AUDIT COMMITTEE

KARACHI
SEPTEMBER 10, 2020

unconsolidated financial statements



A.F. FERGUSON & CO.

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, 2020, 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, 2020 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. Key audit matters No.	How the matter was addressed in our audit
<p>(i) Revenue from contracts with customers</p> <p><i>(Refer note 26 to the annexed unconsolidated financial statements)</i></p> <p>The Company is engaged in the production and sale of oil and gas resources.</p> <p>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 157.59 billion.</p> <p>Determination of revenue involves many factors including price mechanism given in the relevant sales agreement, estimations and arrangements with the customers.</p> <p>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.</p>	<p>Our audit procedures included the following:</p> <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
<p>(ii) Overdue trade debts</p> <p><i>(Refer note 11 to the annexed unconsolidated financial statements)</i></p> <p>Trade debts include an overdue amount of Rs 283.37 billion, receivable from oil refineries, power producing company and gas distribution companies. These overdue receivables mainly include amounts overdue from related parties, Sui Northern Gas Pipelines Limited, Sui Southern Gas Company Limited and Central Power Generation Company Limited (GENCO-II). The recoverability of these amounts is dependent on the decisions of the Government of Pakistan (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.</p> <p>The Company considers the aforesaid receivables as good receivables considering that these receivables are from state owned entities and their past track record and recoveries.</p> <p>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.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • 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) Analysis of impairment indicators and impairment testing of the Company's development and production assets, exploration and evaluation assets and other non-financial assets**

(Refer notes 4 and 6 to the annexed unconsolidated financial statements)

As at June 30, 2020, the Company's development and production assets, exploration and evaluation assets and other non-financial assets aggregate Rs 142.66 billion.

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.

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.

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.

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.

Our audit procedures included the following:

- 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 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.

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.

- 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 15, 2020

unconsolidated statement of financial position

as at june 30, 2020

	Note	2020 ------(Rupees in thousand)-----	2019
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Property, plant and equipment	4	158,658,675	159,842,053
Intangible assets	5	338,417	481,135
		158,997,092	160,323,188
Long-term investments	6	37,285,870	45,284,852
Long-term loans	7	41,720	34,019
Long-term deposits	8	7,676	7,676
Long-term receivables	9	41,905	83,810
		196,374,263	205,733,545
CURRENT ASSETS			
Stores and spares	10	4,060,735	3,146,982
Trade debts	11	312,151,494	227,382,001
Loans and advances	12	669,269	1,064,992
Trade deposits and short-term prepayments	13	537,275	468,338
Interest accrued	14	454,596	764,306
Current maturity of long-term investments	6	3,866,184	-
Current maturity of long-term loans	7	19,920	12,705
Current maturity of long-term deposits	8	1,175,250	911,850
Current maturity of long-term receivables	9	152,841	125,714
Other receivables	15	3,223,266	2,415,811
Short-term investments	16	14,056,974	8,242,798
Cash and bank balances	17	5,159,749	8,021,760
		345,527,553	252,557,257
TOTAL ASSETS		541,901,816	458,290,802
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	18	27,209,836	22,674,872
Reserves	19	317,388,083	275,934,116
		344,597,919	298,608,988
NON-CURRENT LIABILITIES			
Provision for decommissioning obligation	20	27,645,286	24,843,371
Lease liabilities against right-of-use assets	21	414	12,107
Deferred liabilities	22	2,840,852	2,754,275
Deferred taxation	23	36,524,772	37,134,401
		67,011,324	64,744,154
CURRENT LIABILITIES			
Trade and other payables	24	115,328,566	88,086,584
Unclaimed dividends		299,912	302,539
Current maturity of lease liabilities against right-of-use assets	21	19,361	56,029
Taxation - net		14,644,734	6,492,508
		130,292,573	94,937,660
TOTAL LIABILITIES		197,303,897	159,681,814
TOTAL EQUITY AND LIABILITIES		541,901,816	458,290,802
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, 2020

	Note	2020 ------(Rupees in thousand)-----	2019
Revenue from contracts with customers	26	157,593,092	163,889,602
Operating expenses	27	(42,760,217)	(40,006,776)
Royalties and other levies	28	(23,798,843)	(24,328,918)
		(66,559,060)	(64,335,694)
Gross profit		91,034,032	99,553,908
Exploration expenses	29	(14,733,694)	(24,858,354)
Administrative expenses	30	(3,072,536)	(2,385,446)
Finance costs	32	(1,069,908)	(741,020)
Other charges	33	(8,138,138)	(8,165,580)
		64,019,756	63,403,508
Other income	34	6,464,998	16,527,696
Profit before taxation		70,484,754	79,931,204
Taxation	35	(20,228,484)	(18,298,840)
Profit after taxation		50,256,270	61,632,364
			(Restated)
Basic and diluted earnings per share (Rs)	41	18.47	22.65

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, 2020

	2020 ------(Rupees in thousand)-----	2019 ------(Rupees in thousand)-----
Profit after taxation	50,256,270	61,632,364
Other comprehensive income / (loss)		
Items that will not be subsequently reclassified in profit or loss		
Remeasurement gains on defined benefit plans - net	267,636	215,083
Deferred taxation	-	(672,853)
	267,636	(457,770)
Total comprehensive income for the year	50,523,906	61,174,594

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, 2020

	Note	2020 ------(Rupees in thousand)-----	2019 ------(Rupees in thousand)-----
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		119,547,389	121,916,600
Receipts of other income		1,663,055	9,790,918
Payment to suppliers / service providers and employees - net		(29,724,759)	(22,177,855)
Payment of indirect taxes and Government levies including royalties		(48,456,166)	(52,409,201)
Income tax paid		(12,685,887)	(15,003,452)
Finance costs paid		(6,407)	(13,735)
Long-term loans - net		(14,916)	(21,765)
Net cash generated from operating activities		30,322,309	42,081,510
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(28,104,462)	(43,525,187)
Proceeds from sale of property, plant and equipment		21,843	24,200
Redemption / (purchase) of long-term investments - net		1,838,268	(5,217,371)
Purchase of mutual funds - net		(6,348,420)	(3,942,107)
Repayment of loan by PPLE		-	1,401,670
Long-term deposits		(263,400)	-
Long-term receivables		14,778	(84,068)
Finance income received		3,708,792	2,785,016
Net cash used in investing activities		(29,132,601)	(48,557,847)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of liabilities against right-of-use assets		(48,361)	(74,621)
Dividends paid		(4,537,602)	(2,988,036)
Net cash used in financing activities		(4,585,963)	(3,062,657)
Net decrease in cash and cash equivalents		(3,396,255)	(9,538,994)
Cash and cash equivalents at the beginning of the year		12,248,260	21,787,254
Cash and cash equivalents at the end of the year	39	8,852,005	12,248,260

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, 2020

	Subscribed and paid-up Share capital		Capital reserve (Note -19)	Revenue reserves (Note -19)	Total
	Ordinary	Convertible preference			
----- (Rupees in thousand) -----					
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 loss 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
Comprehensive income for the year					
Profit after taxation	-	-	-	50,256,270	50,256,270
Other comprehensive income for the year ended June 30, 2020, net of tax	-	-	-	267,636	267,636
Total comprehensive income for the year ended June 30, 2020	-	-	-	50,523,906	50,523,906
Transactions with owners					
- Ordinary shareholders					
Final dividend for the year ended June 30, 2019 @ 20%	-	-	-	(4,534,953)	(4,534,953)
Issuance of 20% bonus shares	4,534,953	-	-	(4,534,953)	-
- Convertible preference shareholders					
Final dividend for the year ended June 30, 2019 @ 20%	-	-	-	(22)	(22)
Issuance of 10% bonus shares	-	11	-	(11)	-
Conversion of preference shares into ordinary shares	1	(1)	-	-	-
Balance as at June 30, 2020	27,209,718	118	1,428	317,386,655	344,597,919

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, 2020

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 20, 2020, 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, 2020.

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.

1.4 Impact of COVID-19 on the unconsolidated financial statements

During the year ended June 30, 2020, the World Health Organization declared Coronavirus Disease (COVID-19) a pandemic, which has significantly impacted the global economy. The pandemic saw its peak in Pakistan in June 2020 with the situation gradually improving thereafter. Although the Company's operations, financial position and results have not been materially affected by COVID-19, some impacts are tabulated below:

- Oil production from the major operated and partner operated fields declined from March 2020 onwards as a result of reduced oil demand from refineries on the back of depressed demand in the country. The situation has since then improved with the oil volumes nearly reaching the pre COVID-19 levels.
- Oil prices dropped drastically in April 2020, however, recovery has been witnessed with the oil prices now gradually increasing and are expected to further improve as the global demand picks up with improvement in COVID-19 situation. There has been no impact of impairment on non-financial assets of the Company.
- PKR devaluated to Rs 168 per US\$ at the end of year. While the devaluation has a potentially adverse impact on costs, it has a positive effect on the Company's revenues.

2. BASIS OF PREPARATION

2.1 Statement of compliance

2.1.1 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:

notes to and forming part of the unconsolidated financial statements

for the year ended June 30, 2020

- 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.

2.1.2 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 'Financial Instruments' with respect to application of expected credit losses (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.

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:

- Financial assets at fair value through profit or loss, have been measured at fair value.
- Financial assets at fair value through other comprehensive income, have been measured at fair value.
- Financial assets at amortised cost, have been measured at amortised cost.
- 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, 2019

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, 2019. However, these do not have any significant impact on the Company's financial reporting and, therefore, have not been detailed in these unconsolidated financial statements.

In addition to the above, the following new standard has become applicable to the Company during the year:

IFRS 16 'Leases' - This standard replaces existing guidance on accounting for leases, including IAS 17 'Leases', IFRIC 4 'Determining whether an arrangement contains a Lease', SIC-15 'Operating Leases-Incentives' and SIC-27 'Evaluating the substance of transactions involving the legal form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right-of-use of the underlying asset and a lease liability representing its obligations to make lease payments. Lessor accounting remains unchanged i.e. lessors continue to classify leases as finance or operating leases. The accounting policies relating to Company's right-of-use asset and lease liability are disclosed in note 3.1 (b) to these unconsolidated financial statements.

notes to and forming part of the unconsolidated financial statements

for the year ended June 30, 2020

The Company has adopted IFRS 16 retrospectively from July 1, 2019. Based on the assessment carried out during the year, the impact of IFRS 16 on these unconsolidated financial statements is not material. Therefore, no adjustment has been made in these unconsolidated financial statements.

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, 2020

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, 2020. 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 Institute of Chartered Accountants of Pakistan (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 (2019: 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. 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.

notes to and forming part of the unconsolidated financial statements

for the year ended june 30, 2020

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. 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 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 hydrocarbons which, by analysis of geoscientific 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.

notes to and forming part of the unconsolidated financial statements

for the year ended june 30, 2020

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 are based on estimates provided by the respective operators which are subject to in-house technical staff review and adjusted where necessary.

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'.

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	1,027
Property, plant and equipment would have been lower by	857
Amortisation charge would have been lower by	170
Profit after tax would have been higher by	121

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.

notes to and forming part of the unconsolidated financial statements

for the year ended june 30, 2020

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.

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 of 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.

notes to and forming part of the unconsolidated financial statements

for the year ended june 30, 2020

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) Lease liability and Right-of-use asset (ROUA)

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate.

Lease payments include fixed payments, variable lease payments that are based on an index or a rate, amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option, less any lease incentives receivable. The extension and termination options are incorporated in determination of lease term only when the Company is reasonably certain to exercise these options.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. The corresponding adjustment is made to the carrying amount of the ROUA, or is recorded in profit and loss if the carrying amount of ROUA has been reduced to nil value.

The ROUA is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The ROUA is adjusted for certain remeasurements of the lease 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.

notes to and forming part of the unconsolidated financial statements

for the year ended june 30, 2020

Costs directly associated with an exploratory well are capitalised until the drilling of the well is completed and results have been evaluated. Major costs include material, chemical, fuel, well services, rig operational costs and employee costs. All other exploration costs including cost of technical studies, seismic acquisition and data processing, geological and geophysical activities are charged against income as exploration expenditure.

E&E assets relating to each exploration license / field are carried forward, until the existence or otherwise of commercial reserves have been determined subject to certain limitations including review for indications of impairment. If commercial reserves have been discovered, the carrying value after any impairment loss of the relevant E&E assets is then reclassified as development and production assets and if commercial reserves are not found, the capitalised costs are written off as dry and abandoned wells and charged to profit or loss.

E&E assets are assessed for impairment when facts and circumstances indicate that carrying amounts may exceed the recoverable amounts of these assets. Such indicators include, the point at which a determination is made as to whether or not commercial reserves exist, the period for which the Company has right to explore has either expired or will expire in the near future and is not expected to be renewed, substantive expenditure on further exploration and evaluation activities is not planned or budgeted, whether sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the E&E asset is unlikely to be recovered in full from successful development or sale, and any other event, that may give rise to indication that such assets are impaired.

Where an impairment loss subsequently reverses, the carrying amount of the E&E asset is increased upto the revised recoverable amount but limited to the extent of the carrying amount that would have been determined had no impairment loss being recognised for the asset in prior years. A reversal of the impairment loss is recognised as income in profit or loss.

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.

notes to and forming part of the unconsolidated financial statements

for the year ended june 30, 2020

3.4 Intangible assets

Intangible assets are recognised if it is probable that the future economic benefits that are attributable to the assets will flow to the Company and that the cost of such assets can also be measured reliably.

Generally, costs associated with the development or maintenance of computer software programs are recognised as an expense as incurred. However, costs that are directly associated with identifiable software and have probable economic benefits exceeding one year, are recognised as an intangible asset. Direct costs include the purchase cost of software and related overhead cost. Computer software costs that are directly associated with the computer and computer controlled machines, which cannot operate without the related specific software, are included in the costs of the respective assets. When the software is not an integral part of the related hardware, it is classified as an intangible asset. Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

Expenditures which enhance or extend the performance of computer software beyond their original specification and useful life are recognised as capital improvement and added to the original cost of the software.

3.5 Depreciation and amortisation

a) Property, plant and equipment

- i. Depreciation on 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 note 4.1 to these unconsolidated financial statements.

Depreciation on capital stores in operating assets is charged at the rate 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 ROUA is charged on a straight-line basis.

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.

notes to and forming part of the unconsolidated financial statements

for the year ended june 30, 2020

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 mandatory tested for impairment annually and whenever there is an indication of impairment. Impairment loss in respect of goodwill is recognized in profit or loss.

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 whether:

- 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.

notes to and forming part of the unconsolidated financial statements

for the year ended june 30, 2020

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.

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. For calculating the amount of provision, capital spares of partner-operated joint ventures are not considered.

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.

notes to and forming part of the unconsolidated financial statements

for the year ended June 30, 2020

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.

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 2.1.2 to the these 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.

notes to and forming part of the unconsolidated financial statements

for the year ended June 30, 2020

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 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, 2020

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, 2020 based on the 'Projected Unit Credit Actuarial Cost Method'.

b) Defined contribution plan

A defined contribution plan is a post-employment contribution plan under which an entity pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in the profit or loss when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

notes to and forming part of the unconsolidated financial statements

for the year ended June 30, 2020

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. Further, investments out of the provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for the purpose.

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, 2020.

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.

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.

notes to and forming part of the unconsolidated financial statements

for the year ended june 30, 2020

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, liquidated damages recovered from contractors, any other income arising out of farm-in / farm-out agreements 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 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.

notes to and forming part of the unconsolidated financial statements

for the year ended june 30, 2020

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.

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.

notes to and forming part of the unconsolidated financial statements

for the year ended June 30, 2020

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, 2020
June 30, 2019
(Rupees in thousand)

4. PROPERTY, PLANT AND EQUIPMENT

Operating assets - note 4.1
Capital work-in-progress - note 4.4

102,481,315	99,328,260
56,177,360	60,513,793
158,658,675	159,842,053

4.1 Operating assets

	Owned assets											Right of use assets			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 assets	Sub total	Computers and allied equipment	Rolling stock*		Sub total
As at July 01, 2018	109,404	1,406,082	2,669,657	4,309	74,940,061	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
Cost	-	-	(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)
Accumulated depreciation / amortisation	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	42,857	96,179	138,836	103,201,973
Net Book Value (NBV)	-	-	159,072	-	4,357,583	105,768	927,982	201,429	23,974	10,408,059	1,074,480	17,258,357	-	-	17,258,357	-
Year ended June 30, 2019	-	-	(136)	(34)	(947)	815	(18,552)	9,686	170	(340,562)	(95,005)	(444,565)	(9,686)	(170)	(9,856)	(454,421)
Additions (at cost)	-	-	-	-	(2)	(1,223)	-	(109)	(137)	-	-	(1,471)	(70)	(3,097)	(3,167)	(4,638)
Adjustments / reclassifications	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposals (at NBV)	-	-	(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)
Depreciation / amortisation charge	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	99,328,260
NBV	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
As at July 01, 2019	-	-	(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)	(593,633)	(117,599,025)
Cost	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	99,328,260
Accumulated depreciation / amortisation	-	-	40,360	-	4,633,269	97,901	888,011	126,685	34,487	16,964,912	1,527,716	24,313,341	-	-	-	24,313,341
NBV	(1,000)	-	9,293	-	(28,885)	(2,313)	(10,745)	5,018	305	(801,144)	705,288	(124,183)	(3,603)	(305)	(3,908)	(128,091)
Adjustments / reclassifications	-	-	-	-	-	-	-	(232)	-	-	-	(232)	(34)	(3,434)	(3,468)	(3,700)
Disposals (at NBV)	-	-	(177,268)	(133)	(6,473,197)	(69,162)	(1,206,866)	(148,369)	(29,193)	(11,244,555)	(1,646,552)	(20,995,415)	(4,100)	(28,980)	(33,080)	(21,028,495)
Depreciation / amortisation charge	109,404	1,406,082	1,119,419	1,344	30,045,893	431,157	4,155,359	241,736	87,148	56,390,742	8,479,620	102,466,904	-	14,411	14,411	102,481,315
NBV	109,404	1,406,082	2,878,246	4,275	83,801,089	1,149,707	12,101,402	1,269,134	681,590	115,547,051	21,530,731	240,477,711	216,305	414,819	631,124	241,108,835
As at June 30, 2020	-	-	(1,758,827)	(2,931)	(55,755,196)	(718,550)	(7,946,043)	(1,027,398)	(594,442)	(59,156,309)	(13,051,111)	(138,010,807)	(216,305)	(400,408)	(616,713)	(138,627,520)
Cost	109,404	1,406,082	1,119,419	1,344	30,045,893	431,157	4,155,359	241,736	87,148	56,390,742	8,479,620	102,466,904	-	14,411	14,411	102,481,315
Accumulated depreciation / amortisation	-	-	1,758,827	2,931	55,755,196	718,550	7,946,043	1,027,398	594,442	59,156,309	13,051,111	138,010,807	216,305	400,408	616,713	138,627,520
NBV	109,404	1,406,082	1,119,419	1,344	30,045,893	431,157	4,155,359	241,736	87,148	56,390,742	8,479,620	102,466,904	-	14,411	14,411	102,481,315
Rate of depreciation / amortisation (%)	**	**	**	**	**	**	**	**	**	**	**	**	**	**	**	**

* Represents light and heavy vehicles

** Amortisation on unit of production basis except for assets located at Head Office (HO) & Bolan Mining Enterprises (BME)

notes to and forming part of the unconsolidated financial statements

for the year ended June 30, 2020

4.2 Summary of significant assets

The following assets have significant operational value to the Company:

Particulars	June 30, 2020		June 30, 2019	
	Cost	NBV	Cost	NBV
----- (Rupees in thousand) -----				
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	-	5,648,503	-
Booster Compression Project - SML	2,891,688	1,664,214	2,891,688	1,959,268
Adhi Field				
LPG / NGL Plant III	4,504,111	2,768,438	4,504,111	3,218,775
Kandhkot Field				
Gas Compression Station	9,002,887	1,843,664	8,634,309	1,888,439
Hala Field				
Gas Processing Facility (GPF)	1,252,858	101,595	1,252,858	145,624
Sawan Field				
Front End Compression	2,480,735	176,166	2,480,735	280,781
Other Plant and Machinery	1,811,767	-	1,811,767	-
Tal Field				
Makori Central Processing Facility	6,353,133	1,714,951	6,353,133	2,547,655
CPF Manzalai	3,155,195	190,372	3,155,195	282,810
Nashpa Field				
Nashpa LPG Plant	4,731,035	3,329,250	4,731,035	3,965,465
Latif Field				
Reception / Tie-in Facility	1,165,465	126,960	1,165,465	318,729
Gambat South Field				
Gas Processing Facility (GPF) II	10,805,202	7,475,946	10,730,701	7,871,888
GPF IV Phase I	1,594,098	1,502,670	-	-
Kotri North Field				
Kotri North Field Development	1,054,898	222,845	-	-

notes to and forming part of the unconsolidated financial statements

for the year ended June 30, 2020

4.3 Cost and accumulated depreciation include:

	Cost		Accumulated depreciation	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
----- (Rupees in thousand) -----				
Share in Company operated joint operations	25,372,913	22,697,872	10,258,367	8,726,830
Share in partner operated joint operations	37,826,642	35,600,527	27,456,735	22,665,527
	<u>63,199,555</u>	<u>58,298,399</u>	<u>37,715,102</u>	<u>31,392,357</u>

4.3.1 The above figures represent assets under all areas excluding Sui and Kandhkot since these are 100% owned areas of the Company.

June 30, 2020
June 30, 2019
(Rupees in thousand)

4.4 Capital work-in-progress

Plant, machinery, fittings and pipelines	10,993,478	9,310,018
Exploration and Evaluation (E&E) assets	20,732,521	25,602,557
Development and production (D&P) assets	8,066,401	7,461,181
Lands, buildings and civil constructions	157,847	157,547
Capital stores for drilling and development	16,227,113	17,982,490
	<u>56,177,360</u>	<u>60,513,793</u>

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

	Plant, machinery, fittings and pipelines	Exploration and evaluation assets (E&E)	Development and production assets (D&P)	Lands, buildings and civil constructions	Capital stores for drilling and development	Total
----- (Rupees in thousand) -----						
Balance as on July 1, 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 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	<u>9,310,018</u>	<u>25,602,557</u>	<u>7,461,181</u>	<u>157,547</u>	<u>17,982,490</u>	<u>60,513,793</u>
Capital expenditure incurred / advances made during the year (net) - 4.5.1 & 4.5.2	7,390,612	1,196,566	9,496,321	25,643	(1,755,377)	16,353,765
Adjustments / reclassifications	(13,587)	-	(2,958)	23,311	-	6,766
Transferred to operating assets	(5,693,565)	(6,066,602)	(8,888,143)	(48,654)	-	(20,696,964)
Balance as on June 30, 2020	<u>10,993,478</u>	<u>20,732,521</u>	<u>8,066,401</u>	<u>157,847</u>	<u>16,227,113</u>	<u>56,177,360</u>

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 11,480 million (2019: Rs 18,998 million).

notes to and forming part of the unconsolidated financial statements

for the year ended june 30, 2020

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 285.217 million (2019: Rs 238.957 million).

4.7 Particulars of immovable 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

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

notes to and forming part of the unconsolidated financial statements

for the year ended june 30, 2020

June 30,
2020
(Rupees in thousand)

June 30,
2019

5. INTANGIBLE ASSETS

Computer software including ERP system - note 5.1
Intangible assets under development

292,261	341,972
46,156	139,163
338,417	481,135

5.1 Computer software including ERP system

ERP system	Computer software	Total
------------	-------------------	-------

------(Rupees in thousand)-----

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 July 01, 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

Year ended June 30, 2020

Additions (at cost)	21,183	98,601	119,784
Amortisation charge - note 30	(40,264)	(129,231)	(169,495)
NBV	60,402	231,859	292,261

As at June 30, 2020

Cost	442,164	1,623,113	2,065,277
Accumulated amortisation	(381,762)	(1,391,254)	(1,773,016)
NBV	60,402	231,859	292,261

Rate of amortisation (%)

20	33
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notes to and forming part of the unconsolidated financial statements

for the year ended June 30, 2020

	June 30, 2020	June 30, 2019
	(Rupees in thousand)	
6. LONG-TERM INVESTMENTS		
Investments in related parties		
Wholly owned subsidiaries		
PPPFTC - note 6.1	1	1
PPLE (net of impairment) - note 6.2	3,798,094	3,798,094
PPLA (net of impairment) - note 6.3	-	2,294,529
	3,798,095	6,092,624
Other investments		
At amortised cost		
Foreign currency term deposits with banks - note 6.4	37,353,959	39,192,228
Less: Current maturity of foreign currency term deposits with banks	(3,866,184)	-
	33,487,775	39,192,228
	37,285,870	45,284,852

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, 2020. 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 US\$ 22.608 million as at June 30, 2020.

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%

6.2.2 This investment is stated net of accumulated impairment losses of Rs 11,866 million (2019: Rs 11,866 million).

notes to and forming part of the unconsolidated financial statements

for the year ended June 30, 2020

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.

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 2,295 million, which mainly represents the cost of exploratory well in PPLA. The corresponding charge in the statement of profit or loss is included in other charges. The accumulated impairment loss on the investment amounts to Rs 7,871 million (2019: Rs 5,576 million).

6.3.3 During the year, the Company has approved to pay up the unpaid amount of the issued and outstanding share capital in PPLA amounting to US\$ 24.5 million (US\$ 24.5 per share) as capital contribution in cash. The funds will be transferred to PPLA subsequent to fulfillment of necessary regulatory requirements / approvals. After the above mentioned capital contribution, the shares of PPLA will become fully paid-up.

6.4 Foreign currency term deposits with banks

These represent term deposits with banks amounting to US\$ 222.345 million (June 30, 2019: US\$ 238.977 million) having effective interest rate ranging from 3.00% to 5.30% (2019: 3.53% to 6.90%) per annum. These investments (excluding the current maturity) have been classified as non-current assets, as the management intends and has the ability to hold the amounts for longer term.

	June 30, 2020	June 30, 2019
	(Rupees in thousand)	
7. LONG-TERM LOANS		
Unsecured and considered good		
Long-term loans - staff - note 7.1		
- Executive staff - note 7.2	19,358	20,682
- Other employees	42,282	26,042
	61,640	46,724
Less: Current maturities		
- Executive staff	(7,047)	(6,592)
- Other employees	(12,873)	(6,113)
	(19,920)	(12,705)
	41,720	34,019

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% (2019: 1% to 10%) per annum. Loans to employees have not been discounted as the amount involved is not significant.

notes to and forming part of the unconsolidated financial statements

for the year ended June 30, 2020

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

	June 30, 2020	June 30, 2019
	(Rupees in thousand)	
Balance as on July 01	20,682	19,869
Disbursements	6,585	10,630
Repayments / adjustments	(7,909)	(9,817)
Balance as on June 30	<u>19,358</u>	<u>20,682</u>

The maximum aggregate amount of loans due from the executive staff at the end of any month during the year was Rs 20.863 million (2019: Rs 21.410 million).

8. LONG-TERM DEPOSITS

Cash margin:

- For guarantee to International Bank of Yemen - note 8.1
- Others

	June 30, 2020	June 30, 2019
	(Rupees in thousand)	
- For guarantee to International Bank of Yemen - note 8.1	1,175,250	911,850
- Others	7,676	7,676
	<u>1,182,926</u>	<u>919,526</u>
Less: Current maturity of long-term deposits	<u>(1,175,250)</u>	<u>(911,850)</u>
	<u>7,676</u>	<u>7,676</u>

- 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.

notes to and forming part of the unconsolidated financial statements

for the year ended June 30, 2020

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.

9. LONG-TERM RECEIVABLES

Unsecured and considered good

- Government Holdings (Private) Limited (GHPL) - note 9.1
- Less: Current maturity of long-term receivables from GHPL

	June 30, 2020	June 30, 2019
	(Rupees in thousand)	
Government Holdings (Private) Limited (GHPL) - note 9.1	194,746	209,524
Less: Current maturity of long-term receivables from GHPL	(152,841)	(125,714)
	<u>41,905</u>	<u>83,810</u>

- 9.1 This represents share of carried cost borne by the Company, in respect of Tal and Gambat fields, which is recoverable from GHPL in accordance with the terms set out under the relevant Petroleum Concession Agreements (PCAs). The receivable has not been discounted as required under IFRS 9 as the amount involved is not significant.

10. STORES AND SPARES

- Stores and spares
- Stores and spares - in transit

- Less: Provision for obsolete / slow moving stores & spares - note 10.1

	June 30, 2020	June 30, 2019
	(Rupees in thousand)	
Stores and spares	4,496,569	3,445,615
Stores and spares - in transit	9,755	17,393
	<u>4,506,324</u>	<u>3,463,008</u>
Less: Provision for obsolete / slow moving stores & spares - note 10.1	<u>(445,589)</u>	<u>(316,026)</u>
	<u>4,060,735</u>	<u>3,146,982</u>

- 10.1 Reconciliation of provision for obsolete / slow moving stores & spares:

- Balance as on July 01
- Charge for the year - note 33
- Balance as on June 30

notes to and forming part of the unconsolidated financial statements

for the year ended June 30, 2020

11. TRADE DEBTS

Unsecured and considered good

Related parties (note 11.1)

Central Power Generation Company Limited (GENCO-II)	52,360,688	36,356,708
Sui Northern Gas Pipelines Limited (SNGPL)	152,604,464	107,783,916
Sui Southern Gas Company Limited (SSGCL)	96,831,357	73,424,543
Pak-Arab Refinery Limited (PARCO)	698,988	1,335,964
Pakistan Refinery Limited (PRL)	1,091,468	623,152
Oil & Gas Development Company Limited (OGDCL)	803,313	371,716
	304,390,278	219,895,999

Non-related parties

Attock Refinery Limited (ARL)	6,884,102	6,339,650
National Refinery Limited (NRL)	676,249	639,950
Others	200,865	506,402
	7,761,216	7,486,002
	312,151,494	227,382,001

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	(1,156,220)	(1,156,220)
	-	-
	312,151,494	227,382,001

11.1 Maximum aggregate amount outstanding at any time during the year with respect to month end balance is as follows:

	June 30, 2020	June 30, 2019
	(Rupees in thousand)	
GENCO-II	55,183,166	36,356,708
SNGPL	152,604,464	107,783,916
SSGCL	97,784,202	73,424,543
PARCO	2,225,087	1,538,435
PRL	1,278,894	897,311
OGDCL	927,689	672,922
	310,003,502	220,673,835

11.2 The ageing of trade debts as at June 30 is as follows:

	June 30, 2020	June 30, 2019
	(Rupees in thousand)	
Neither past due nor impaired	28,776,967	29,727,763
Past due but not impaired:		
Related parties		
- within 90 days	28,115,980	33,471,925
- 91 to 180 days	27,341,952	30,226,725
- over 180 days	222,746,200	130,362,092
	278,204,132	194,060,742
Non-related parties		
- within 90 days	2,711,071	2,477,229
- 91 to 180 days	985,550	134,240
- over 180 days	1,473,774	982,027
	5,170,395	3,593,496
	312,151,494	227,382,001

notes to and forming part of the unconsolidated financial statements

for the year ended June 30, 2020

11.3 Trade debts include overdue amount of Rs 277,273 million (2019: Rs 192,827 million) receivable from the State controlled companies (i.e. GENCO-II, SNGPL, SSGCL and OGDCL) and Rs 7,257 million (2019: Rs 5,984 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.

12. LOANS AND ADVANCES

Unsecured and considered good

	June 30, 2020	June 30, 2019
	(Rupees in thousand)	
Loans and advances to staff	112,173	67,519
Advances to suppliers and others	252,869	310,577
Advance payment of cash calls to joint operations - note 36	304,227	686,896
	669,269	1,064,992

13. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

Trade deposits	129,960	96,026
Prepayments	407,315	372,312
	537,275	468,338

14. INTEREST ACCRUED

Profit receivable on:	June 30, 2020	June 30, 2019
- long-term investments	286,154	658,400
- long-term bank deposits	25,538	22,903
- short-term investments	104,720	62,495
- bank deposits - saving accounts	38,184	20,508
	454,596	764,306

15. OTHER RECEIVABLES

Receivable from:	June 30, 2020	June 30, 2019
SNGPL for Sui field services	28,270	25,621
SSGCL for Sui field services	4,045	13,333
PPLA	72,747	80,762
PPLC	19	3,600
Staff retirement benefit plans - note 31.1.2	413,539	227,496
Current accounts with joint operations - note 36	2,228,085	1,259,698
Workers' Profit Participation Fund (WPPF)- note 15.1	35,768	521,349
Others	440,793	283,952
	3,223,266	2,415,811

notes to and forming part of the unconsolidated financial statements

for the year ended June 30, 2020

	June 30, 2020	June 30, 2019
	(Rupees in thousand)	
15.1 WPPF		
Balance as on July 01	521,349	59,936
Allocation for the year - note 33	(3,506,885)	(3,217,249)
Interest on funds utilised in the Company's business - note 32	(1,741)	(2,292)
	<u>(2,987,277)</u>	<u>(3,159,605)</u>
Net amount paid during the year	3,023,045	3,680,954
Balance as on June 30	<u>35,768</u>	<u>521,349</u>
16. SHORT-TERM INVESTMENTS		
At amortised cost		
- Local currency term deposits with banks - note 16.1	3,692,256	4,226,500
At fair value through profit or loss		
- Mutual Funds - note 16.2	10,364,718	4,016,298
	<u>14,056,974</u>	<u>8,242,798</u>

16.1 These carry profit ranging from 7.70% to 12.00% (2019: from 6.10% to 14.01%) per annum.

	June 30, 2020	June 30, 2019
	(Rupees in thousand)	
16.2 Mutual Funds		
Name of Fund		
NBP Money Market Fund	2,431,354	799,076
Atlas Money Market Fund	1,088,844	703,280
MCB Cash Management Optimizer	1,800,132	642,597
ABL Cash Fund	2,020,138	-
HBL Cash Fund	1,602,753	-
UBL Liquidity Plus Fund	1,161,256	-
UBL Cash Fund	260,241	-
Alfalah GHP Money Market Fund	-	1,724,138
Others	-	147,207
	<u>10,364,718</u>	<u>4,016,298</u>

These represent 494,450,490 units having net asset value of Rs 20.962 per unit. Further, this investment 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).

notes to and forming part of the unconsolidated financial statements

for the year ended June 30, 2020

	June 30, 2020	June 30, 2019
	(Rupees in thousand)	
17. CASH AND BANK BALANCES		
At banks		
Saving accounts		
- Local currency - note 17.1	4,585,154	7,039,136
- Foreign currency - note 17.2	197,918	258,716
	<u>4,783,072</u>	<u>7,297,852</u>
Current accounts (local currency)		
- Cash and cheques in hand	319,037	657,158
	<u>57,640</u>	<u>66,750</u>
	<u>5,159,749</u>	<u>8,021,760</u>

17.1 These carry profit at the rate ranging from 2.25% to 13.60% (2019: from 2.25% to 12.10%) per annum. Further, it includes Rs 12.980 million (2019: Rs 83.443 million) placed under an arrangement permissible under Shariah.

17.2 These carry profit at the rate ranging from 0.10% to 0.25% (2019: from 0.10% to 0.25%) per annum.

	June 30, 2020	June 30, 2019
	(Rupees in thousand)	
18. SHARE CAPITAL		
Authorised		
3,500,000,000 (2019: 2,500,000,000) ordinary shares of Rs 10 each - note 18.1	35,000,000	25,000,000
26,510 (2019: 26,510) convertible preference shares of Rs 10 each	265	265
	<u>35,000,265</u>	<u>25,000,265</u>
Issued		
2,721,161,259 (2019: 2,267,665,924) ordinary shares of Rs 10 each - note 18.2	27,211,612	22,676,659
11,816 (2019: 10,792) convertible preference shares of Rs 10 each - note 18.3	118	108
	<u>27,211,730</u>	<u>22,676,767</u>
Subscribed and paid-up		
683,076,907 (2019: 683,076,851) ordinary shares of Rs 10 each for cash - note 18.2	6,830,769	6,830,768
2,035,144,811 (2019: 1,581,649,526) ordinary shares of Rs 10 each issued as bonus shares	20,351,449	15,816,496
2,750,000 (2019: 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>27,209,718</u>	<u>22,674,764</u>
10,742 (2019: 10,792) convertible preference shares of Rs 10 each for cash - note 18.3	107	108
1,074 (2019: Nil) convertible preference shares of Rs 10 each issued as bonus shares	11	-
	<u>27,209,836</u>	<u>22,674,872</u>

notes to and forming part of the unconsolidated financial statements

for the year ended June 30, 2020

18.1 Authorised share capital

During the year, the shareholders of the Company have approved an increase in authorised ordinary share capital of the Company by Rs 10 billion (one billion shares).

18.2 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 (2019: 189,547) shares remained unsubscribed.

In July 2004, the GoP disinvested its shareholding, equivalent to 15% of the paid-up ordinary share capital (i.e. 102,875,500 ordinary shares) of the Company through an Initial Public Offering. Whereas, in July 2014, the GoP completed the disinvestment of its 70,055,000 shares through a Secondary Public Offering. Consequently, the shareholding of the GoP in the Company reduced to 67.51% of the paid-up ordinary share capital.

18.3 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, 50 (2019: 567) 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.

19. RESERVES

Capital reserve - note 19.1

Revenue reserves

- General and contingency reserve - note 19.2
- Insurance reserve - note 19.3
- Assets acquisition reserve - note 19.4
- Dividend equalisation reserve - note 19.5
- Unappropriated profit

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.

	June 30, 2020	June 30, 2019
	(Rupees in thousand)	
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	257,007,666	215,553,699
	<u>317,386,655</u>	<u>275,932,688</u>
	<u>317,388,083</u>	<u>275,934,116</u>

notes to and forming part of the unconsolidated financial statements

for the year ended June 30, 2020

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.

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 16,830 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, 2020	June 30, 2019
	(Rupees in thousand)	
Balance at beginning of the year	24,843,371	22,592,369
- Provision during the year	1,033,126	1,618,722
- Revision due to change in estimates	1,026,887	83,813
- Adjustment during the year	(321,599)	(178,818)
- Unwinding of discount - note 32	1,063,501	727,285
Balance at end of the year	<u>27,645,286</u>	<u>24,843,371</u>

The above provision for decommissioning obligation is analysed as follows:

	June 30, 2020	June 30, 2019
	(Rupees in thousand)	
Wells		
Share in operated assets	19,198,818	18,074,349
Share in partner operated assets	3,553,934	2,657,032
Production facilities		
Share in operated assets	2,965,501	2,103,090
Share in partner operated assets	1,927,033	2,008,900
	<u>27,645,286</u>	<u>24,843,371</u>

20.1 The provision has been discounted using a US Dollar based real discount rate of 4.3% (2019: 4.5%) per annum.

notes to and forming part of the unconsolidated financial statements

for the year ended June 30, 2020

	June 30, 2020	June 30, 2019
	(Rupees in thousand)	
21. LEASE LIABILITIES AGAINST RIGHT-OF-USE ASSETS		
Present value of minimum lease payments - note 21.1	19,775	68,136
Less: current maturity	(19,361)	(56,029)
	<u>414</u>	<u>12,107</u>

21.1 This represents 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% (2019: 9.78% to 13.28%) 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, 2020	June 30, 2019	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
(Rupees in thousand)					

Year ended June 30,

2020	-	60,701	-	4,672	-	56,029
2021	20,290	12,981	929	1,288	19,361	11,693
2022	440	440	26	26	414	414
Total	20,730	74,122	955	5,986	19,775	68,136

21.2 Lease rental payments including financial charges thereon for the year ended June 30, 2020, amount to Rs 48.361 million (2019: Rs 74.621 million).

	June 30, 2020	June 30, 2019
	(Rupees in thousand)	
22. DEFERRED LIABILITIES		
Post-retirement medical benefits - note 31.2.1	2,134,229	2,130,362
Leave preparatory to retirement - note 31.3	706,623	623,913
	<u>2,840,852</u>	<u>2,754,275</u>

23. DEFERRED TAXATION

(Deductible) / taxable temporary differences on:

Exploration expenditure	(2,082,062)	(2,275,438)
Provision for staff retirement and other benefits	(823,445)	(798,341)
Provision for windfall levy on oil / condensate	(4,145,892)	(3,002,442)
Provision for doubtful debts	(462,488)	(462,488)
Provision for obsolete / slow moving stores	(129,221)	(91,648)
Provision for decommissioning obligation	3,304,147	2,734,151
Accelerated tax depreciation allowances	3,983,407	4,816,908
Exploratory wells cost	14,425,712	14,765,350
Development and production expenditure	22,453,734	21,449,236
Others	880	(887)
	<u>36,524,772</u>	<u>37,134,401</u>

notes to and forming part of the unconsolidated financial statements

for the year ended June 30, 2020

	June 30, 2020	June 30, 2019
	(Rupees in thousand)	
24. TRADE AND OTHER PAYABLES		
Creditors	1,026,673	858,920
Accrued liabilities	8,516,636	8,545,614
Security deposits from LPG distributors - note 24.1	148,855	347,280
Retention money	117,964	117,425
Gas Development Surcharge (GDS)	38,278,399	21,537,888
Gas Infrastructure Development Cess (GIDC)	10,248,820	7,667,350
Sales tax - net	1,598,008	59,617
Royalties	9,382,316	9,151,573
Lease extension bonus	20,585,132	15,481,758
Current accounts with joint operations - note 36	16,234,248	17,162,496
Staff retirement benefit funds- note 31.1.2	1,033,050	1,050,689
Provision for windfall levy on oil/condensate - note 25.1.8	7,896,937	5,718,937
Federal excise duty	101,064	16,751
Others	160,464	370,286
	<u>115,328,566</u>	<u>88,086,584</u>

24.1 The entire amount is kept in a separate bank account.

25. CONTINGENCIES AND COMMITMENTS

25.1 Contingencies

	June 30, 2020	June 30, 2019
	(Rupees in thousand)	
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.	31,657	37,454

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 2019 raising an aggregate demand of Rs 32,943 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 31,168 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:

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for the year ended June 30, 2020

Tax Year	Appellate Forum
2003 to 2012	Sindh High Court
2013 to 2018	Appellate Tribunal Inland Revenue
2019	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 abundant caution, 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 22,233 million (2019: Rs 20,187 million) will be credited to the profit or loss for that year.

Further, during the current year, the Company's case was selected for audit proceedings in respect of tax year 2018. The Company, on the basis of the advice of legal counsel, has challenged the said proceedings before the Honourable SHC. The Honourable SHC vide order dated November 5, 2019 has granted interim stay. Furthermore, the tax authorities have issued a show-cause notice intending to further amend the assessment of the Company for the tax year 2019 on account of depletion allowance, tax credit under section 65B and super tax relating to both Non-Agreement and Agreement Areas. Based on the advice of the legal counsel, the Company filed a Constitutional Petition challenging the impugned show-cause notice before the Honourable SHC. The Honourable SHC vide an interim order dated January 23, 2020 has directed the tax authorities not to pass an adverse final order in respect of the said show-cause notice.

- (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. have raised demand of Rs 700.650 million in respect of the said transaction. After raising the said demand, the tax authorities have issued a show-cause notice to the Company intending to recover the said amount by making the Company a representative of MND E&P A.S. Based on the advice of the legal counsel, the Company has filed a suit before the Honourable SHC challenging the impugned show-cause notice on the ground that the Company does not have a business connection with MND E&P A.S. and therefore, it could not be treated as 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 against the Company. The financial impact, if any, cannot be reliably estimated at present. Further, 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, therefore, no provision has been made in these unconsolidated financial statements.

25.1.6 Sindh Workers' Profit Participation Fund

The Company had 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 to 2019 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 deposited amount before Nazir of SHC for the years 2017 to 2019 is Rs 3,434 million. The matter is now pending before the Honourable SHC for adjudication.

notes to and forming part of the unconsolidated financial statements

for the year ended June 30, 2020

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 on March 19, 2020 (the date fixed for hearing), the Islamabad High Court cancelled all the hearings of regular cases due to ongoing pandemic situation. The case now stands adjourned to a date in office and is not likely to be fixed for hearing in the foreseeable future. However, the stay granted in the case remains in field.

The Windfall Levy on oil (WLO) if also applicable on oil / condensate will amount to approximately Rs 25,844 million for the period up to June 30, 2020. Further, WLO provided for in the books of accounts from December 27, 2017 till June 30, 2020 amounts to Rs 7,897 million.

The cumulative impact of incremental revenue recorded in the books of accounts and profit after tax thereof is Rs 19,962 million and Rs 10,443 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 deleted / remanded back by the CIR-(A), the appeal effect of which is pending before the tax authorities. Further, during the year the tax authorities have also amended the assessment of PPLE for the tax years 2017 and 2018 raising an aggregate demand of Rs 259 million; which primarily relates to the above said / other issues. PPLE has paid 10% of the said demand under protest; resultantly, the remaining demand is stayed till the decision of CIR(A). The appeals of the said assessment years are pending at various appellate forums.

PPLE based on the advice of its legal counsel, is confident that it has sound grounds to defend the appeals. However, as a matter of abundant caution, it continues to provide on rate issue, depletion allowance and decommissioning cost which amounts to Rs 1,008 million for the tax years 2004 to 2020.

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.

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for the year ended june 30, 2020

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 2,598.847 million (2019: Rs 2,237.145 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 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 16,830 million), out of which US\$ 32.581 million (Rs 5,483 million) is outstanding.
- (d) The Company has provided parent company guarantee amounting to US\$ 5.3 million (Rs 892 million) to GoP in respect of PPLA'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, 2020 are Rs 1,123 million. Further, total amount outstanding under letters of credit (net share) as at June 30, 2020 is Rs 3,438 million.

25.2.2 The Company has a commitment to pay US\$ 24.5 million to PPLA as detailed in note 6.3.3 to these unconsolidated financial statements.

26. REVENUE FROM CONTRACTS WITH CUSTOMERS

	Year ended June 30, 2020	Year ended June 30, 2019
	(Rupees in thousand)	
Local sales	203,740,831	204,721,882
Federal excise duty	(1,788,254)	(2,008,828)
Sales tax	(23,932,883)	(22,529,899)
GIDC	(3,308,826)	(4,075,407)
GDS	(18,350,128)	(13,611,594)
Petroleum Levy	(501,664)	(547,182)
Discounts (barytes)	(34,296)	(34,949)
	(47,916,051)	(42,807,859)
Export sales - note 26.1	1,768,312	1,975,579
	157,593,092	163,889,602

notes to and forming part of the unconsolidated financial statements

for the year ended june 30, 2020

Year ended
June 30, 2020 Year ended
June 30, 2019
(Rupees in thousand)

Product wise break-up of sales is as follows:

Natural gas	154,509,980	144,014,535
Federal excise duty	(1,758,564)	(1,986,819)
Sales tax	(22,431,803)	(20,915,078)
GIDC	(3,308,826)	(4,075,407)
GDS	(18,350,128)	(13,611,594)
	(45,849,321)	(40,588,898)
	108,660,659	103,425,637
Gas supplied to Sui villages - note 27	748,006	551,193
Federal excise duty	(13,377)	(11,049)
Sales tax	(108,685)	(80,088)
	(122,062)	(91,137)
	625,944	460,056
Internal consumption of gas	409,959	344,947
Federal excise duty	(7,294)	(6,852)
Sales tax	(59,371)	(49,902)
	(66,665)	(56,754)
	343,294	288,193
Crude oil / Natural gas liquids / Condensate	40,083,837	50,811,343
LPG	8,846,659	9,942,606
Federal excise duty	(9,019)	(4,108)
Sales tax	(1,292,823)	(1,448,201)
Petroleum Levy	(501,664)	(547,182)
	(1,803,506)	(1,999,491)
	7,043,153	7,943,115
Barytes	910,702	1,032,837
Sales tax	(40,201)	(36,630)
Discounts	(34,296)	(34,949)
	(74,497)	(71,579)
	836,205	961,258
	157,593,092	163,889,602
26.1 Break up of export sales is as follows:		
Barytes	596,014	735,557
Crude oil / Condensate	1,172,298	1,240,022
	1,768,312	1,975,579
26.2 Revenue from Contracts with Customers includes revenue recognised based on take-or-pay arrangements till November 23, 2019.		

notes to and forming part of the unconsolidated financial statements

for the year ended june 30, 2020

	Year ended June 30, 2020	Year ended June 30, 2019
	(Rupees in thousand)	
27. OPERATING EXPENSES		
Salaries, wages, welfare and other benefits - note 30.1	8,631,049	7,431,983
Operator's personnel	2,187,325	1,882,226
Depreciation	7,928,575	9,644,481
Amortisation of decommissioning assets - note 4.1	1,646,552	953,295
Amortisation of D&P assets - note 4.1	11,244,555	9,858,688
Plant operations	3,624,920	3,338,985
Well interventions	1,402,376	1,642,827
Field services	2,227,378	2,210,028
Crude oil transportation	1,183,638	913,234
Travelling and conveyance	651,537	483,243
Training & development	35,444	20,614
PCA overheads	170,856	130,176
Insurance expenses	658,924	587,508
Free supply of gas to Sui villages - note 26	748,006	551,193
Social welfare / community development	419,082	320,559
Other expenses	-	37,736
	<u>42,760,217</u>	<u>40,006,776</u>
28. ROYALTIES AND OTHER LEVIES		
Royalties - note 28.1	18,245,232	19,004,177
Lease extension bonus	5,103,374	4,713,343
Windfall levy - note 28.2	446,412	605,032
Export development charges	3,825	6,366
	<u>23,798,843</u>	<u>24,328,918</u>
28.1 The Company has paid royalties to the GoP.		
28.2 This mainly pertains to production from Gambat South, Hala, Dhok Sultan, Digri, Ghauri and Kirthar fields.		
29. EXPLORATION EXPENSES		
Dry and abandoned wells	11,479,783	18,998,297
Other exploration expenditures	3,253,911	5,860,057
	<u>14,733,694</u>	<u>24,858,354</u>

notes to and forming part of the unconsolidated financial statements

for the year ended june 30, 2020

	Year ended June 30, 2020	Year ended June 30, 2019
	(Rupees in thousand)	
30. ADMINISTRATIVE EXPENSES		
Salaries, wages, welfare and other benefits - note 30.1	5,758,432	5,194,742
Amortisation of intangible assets - note 5.1	169,495	173,158
Depreciation of leased and HO assets	208,813	216,547
Rent, rates and taxes	210,994	185,550
Utilities & communication	110,364	82,333
Travelling and conveyance	114,254	123,645
Training and development	51,847	104,589
Insurance expenses	22,360	25,181
Repairs, maintenance and supplies	712,160	506,569
Professional services	101,192	97,662
Auditors' remuneration - note 30.2	24,115	23,359
Donations and sponsorships- note 30.3 & 30.4	85,168	38,979
Contract services	90,660	111,004
Compliance and regulatory expenses	86,345	57,877
Advertisement, publicity and public relations	68,135	46,511
Other expenses	59,990	62,799
	<u>7,874,324</u>	<u>7,050,505</u>
Allocation to capital and operating expenditure	<u>(4,801,788)</u>	<u>(4,665,059)</u>
	<u>3,072,536</u>	<u>2,385,446</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 271.828 million, Rs 489.688 million, Rs 623.208 million, Rs 121.231 million and Rs 363.731 million, respectively (2019: Rs 274.149 million, Rs 506.378 million, Rs 134.141 million, Rs 10.198 million and Rs 232.608 million, respectively).		
30.2 Auditors' remuneration		
Annual audit fee		
- unconsolidated	3,780	3,500
- consolidated	693	642
Limited review, special certifications & advisory services - note 30.2.1	17,143	17,484
Out of pocket expenses & others	2,499	1,733
	<u>24,115</u>	<u>23,359</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.		
30.3 There are no donations in which the directors of the Company are interested.		

notes to and forming part of the unconsolidated financial statements

for the year ended June 30, 2020

30.4 Party wise details of donations in excess of Rs 1 million made during the year, are given below:

Name of Donees / Party	Year ended June 30, 2020	Year ended June 30, 2019
	(Rupees in thousand)	
Mehran University of Engineering	16,700	10,000
National Internship Program under Ministry of Energy (paid through GHPL)	-	2,000
Sindh Institute of Urology & Transplantation	10,000	-
Lady Dufferin Hospital	10,000	-
Koohi Goth Hospital	8,641	-
The Kidney Centre	5,000	-
Darut Tasnif	5,000	-
Karwan-e-Hayat (Institute of Mental Health)	4,860	-
Tehzibul Akhlaq Trust	3,821	-
NED University of Engineering & Technology	2,000	-
Saran Educational Trust	1,000	-
	67,022	12,000

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, 2020				June 30, 2019	
	------(Rupees in thousand)-----					
Present value of defined benefit obligations - note 31.1.6	9,069,751	1,611,258	2,771,958	1,177,279	14,630,246	12,890,063
Fair value of plan assets - note 31.1.5	(8,688,767)	(959,192)	(3,100,098)	(1,262,678)	(14,010,735)	(12,066,870)
Liability / (Asset) recognised in the statement of financial position	380,984	652,066	(328,140)	(85,399)	619,511	823,193

31.1.2 Movement in amounts payable to / (receivable from) defined benefit plans

	Executives		Non-Executives		Total	
	Pension	Gratuity	Pension	Gratuity		
	June 30, 2020				June 30, 2019	
	------(Rupees in thousand)-----					
Balances as on July 01	939,236	(227,496)	85,994	25,459	823,193	2,153,910
Charge for the year - note 31.1.3 (Payments) / Refund during the year	397,878	575,130	91,810	48,078	1,112,896	640,519
Amount recognised in Other Comprehensive Income (OCI) for the year - note 31.1.4	(1,113,620)	14,978	(236,759)	12,255	(1,323,146)	(1,723,218)
	157,490	289,454	(269,185)	(171,191)	6,568	(248,018)
Balances as on June 30	380,984	652,066	(328,140)	(85,399)	619,511	823,193

notes to and forming part of the unconsolidated financial statements

for the year ended June 30, 2020

31.1.3 Amounts recognised in profit or loss

	Executives		Non-Executives		Total	
	Pension	Gratuity	Pension	Gratuity		
	June 30, 2020				June 30, 2019	
	------(Rupees in thousand)-----					
Current service cost	272,662	43,710	80,345	44,341	441,058	449,928
Past service cost	-	561,749	-	-	561,749	-
Interest cost	1,136,542	100,794	392,282	176,382	1,806,000	1,133,779
Interest income on plan assets	(1,011,326)	(131,123)	(380,817)	(172,645)	(1,695,911)	(943,188)
Charge for the year recognised in profit or loss	397,878	575,130	91,810	48,078	1,112,896	640,519
Actual return on plan assets	847,722	101,282	345,364	136,768	1,431,136	665,235

31.1.4 Remeasurement recognised in other comprehensive income

	Executives		Non-Executives		Total	
	Pension	Gratuity	Pension	Gratuity		
	June 30, 2020				June 30, 2019	
	------(Rupees in thousand)-----					
Actuarial (gain) / loss on obligation	(6,114)	259,613	(304,638)	(207,068)	(258,207)	(525,972)
Actuarial loss on assets	163,604	29,841	35,453	35,877	264,775	277,954
Total remeasurements	157,490	289,454	(269,185)	(171,191)	6,568	(248,018)

31.1.5 Changes in fair value of plan assets

	Executives		Non-Executives		Total	
	Pension	Gratuity	Pension	Gratuity		
	June 30, 2020				June 30, 2019	
	------(Rupees in thousand)-----					
Fair value of plan assets at beginning of the year *	7,144,980	969,516	2,714,232	1,238,142	12,066,870	10,641,163
Interest income on plan assets	1,011,326	131,123	380,817	172,645	1,695,911	943,188
Transferred to Defined Contribution Pension Fund	(20,493)	-	-	-	(20,493)	-
Contributions / adjustments by the Company	1,113,620	(14,978)	236,759	(12,255)	1,323,146	1,723,218
Benefits paid	(397,062)	(96,628)	(196,257)	(99,977)	(789,924)	(962,745)
Amount recognised in OCI for the year	(163,604)	(29,841)	(35,453)	(35,877)	(264,775)	(277,954)
Fair value of plan assets at the end of the year	8,688,767	959,192	3,100,098	1,262,678	14,010,735	12,066,870

* This represents unaudited fair value of plan assets as at June 30, 2019.

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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, 2020				June 30, 2019	
	------(Rupees in thousand)-----					
Present value of obligations at beginning of the year	8,084,216	742,020	2,800,226	1,263,601	12,890,063	12,795,073
Current service cost	272,662	43,710	80,345	44,341	441,058	449,928
Past service cost	-	561,749	-	-	561,749	-
Interest cost	1,136,542	100,794	392,282	176,382	1,806,000	1,133,779
Transferred to Defined Contribution Pension Fund	(20,493)	-	-	-	(20,493)	-
Benefits paid	(397,062)	(96,628)	(196,257)	(99,977)	(789,924)	(962,745)
Amount recognised in OCI for the year	(6,114)	259,613	(304,638)	(207,068)	(258,207)	(525,972)
Present value of obligations at the end of the year	9,069,751	1,611,258	2,771,958	1,177,279	14,630,246	12,890,063

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, 2020				June 30, 2019				
%	(Unaudited)				(Audited)				
Pension Fund									
Government securities	7.05 - 14.47	1,200,156	14	693,419	23	310,006	5	173,239	7
Shares / Mutual Funds	-	1,257,883	14	493,541	16	783,340	11	218,666	8
Sukuk	9.15 - 9.31	79,360	1	34,119	1	-	-	-	-
Term Finance Certificates	7.16 - 14.86	164,656	2	76,387	2	376,668	5	194,969	7
National Savings Certificates	8.00 - 13.01	3,750,000	43	613,500	20	387,298	5	165,247	6
Cash and bank deposits	6.35 - 14.35	2,236,712	26	1,189,132	38	5,273,011	74	1,959,441	72
Total		8,688,767	100	3,100,098	100	7,130,323	100	2,711,562	100
Gratuity Fund									
Government securities	7.05 - 12.32	224,179	23	227,188	18	101,309	11	50,655	4
Shares / Mutual Funds	-	125,658	13	192,199	15	81,723	8	106,102	9
Sukuk	9.15 - 9.31	11,404	1	9,819	1	-	-	-	-
Term Finance Certificates	8.62 - 14.65	52,799	6	59,491	5	119,329	12	110,763	9
National Savings Certificates	8.00 - 13.01	300,000	31	321,000	25	103,279	11	103,279	8
Cash and bank deposits	6.35 - 14.35	245,152	26	452,981	36	567,338	58	879,948	70
Total		959,192	100	1,262,678	100	972,978	100	1,250,747	100

31.1.8 Sensitivity analysis

	June 30, 2020				June 30, 2019			
	Executives		Non-Executives		Executives		Non-Executives	
	1% increase	1% decrease	1% increase	1% decrease	1% increase	1% decrease	1% increase	1% decrease
	------(Rupees in thousand)-----							

Pension								
Salary rate sensitivity	441,037	(392,180)	101,054	(92,702)	379,733	(339,507)	96,507	(89,445)
Pension rate sensitivity	721,450	(617,884)	139,350	(117,750)	582,497	(550,844)	125,940	(103,522)
Discount rate sensitivity	(977,477)	1,195,044	(210,901)	249,614	(842,987)	960,756	(201,863)	241,362
Gratuity								
Salary rate sensitivity	26,430	(28,356)	24,684	(22,796)	7,129	(6,287)	32,902	(30,449)
Discount rate sensitivity	(109,501)	124,803	(44,656)	49,386	(36,717)	41,061	(48,060)	52,998

notes to and forming part of the unconsolidated financial statements

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31.1.9 Maturity profile of the defined benefit obligations

June 30, 2020			
Executives		Non-Executives	
Pension	Gratuity	Pension	Gratuity

Weighted average duration (years)

10.78 7.42 7.64 4.85

------(Rupees in thousand)-----

Distribution of timing of benefit payments (time in years)

1	411,235	116,377	185,790	114,337
2	628,054	173,497	541,334	326,135
3	556,241	180,360	233,205	127,204
4	691,220	217,077	276,671	159,133
5	674,716	169,019	268,270	141,570
6-10	4,166,545	1,066,746	1,342,536	714,505

31.1.10 The Company expects to contribute Rs 539.222 million (2019: Rs. 551.147 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, 2020, results of which are as follows:

	June 30, 2020	June 30, 2019
	(Rupees in thousand)	
Present value of defined benefit obligations - notes 22 and 31.2.4	2,134,229	2,130,362
Balance as on July 01	2,130,362	1,949,451
Charge for the year - notes 30.1 & 31.2.3	363,731	232,608
Payments during the year	(85,660)	(84,632)
Amounts (credited) / charged to OCI	(274,204)	32,935
Balance as on June 30	2,134,229	2,130,362

31.2.2 Movement in the liability recognised in the statement of financial position is as follows:

Balance as on July 01
Charge for the year - notes 30.1 & 31.2.3
Payments during the year
Amounts (credited) / charged to OCI
Balance as on June 30

31.2.3 Amounts recognised in profit or loss

Current service cost	61,410	57,750
Interest cost	302,321	174,858
	363,731	232,608

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	June 30, 2020	June 30, 2019
(Rupees in thousand)		
31.2.4 Changes in present value of post-retirement medical obligations		
Opening balance	2,130,362	1,949,451
Current service cost	61,410	57,750
Interest cost	302,321	174,858
Benefits paid	(85,660)	(84,632)
Amounts (credited) / charged to OCI	(274,204)	32,935
Balance as on June 30	2,134,229	2,130,362

1% increase 1% decrease
(Rupees in thousand)

31.2.5 Sensitivity analysis

Medical cost trend rate sensitivity	249,829	(211,666)
Discount rate sensitivity	(264,874)	330,140

31.2.6 The Company expects to contribute Rs 238.195 million (2019: Rs 363.731 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 12.32 years (2019: 11.96 years) in respect of executive and 12.55 years (2019: 12.24 years) in respect of non-executive retired employees.

31.3 Leave preparatory to retirement

	June 30, 2020	June 30, 2019
(Rupees in thousand)		
Balance as on July 01	623,913	702,080
Charge for the year - note 30.1	121,231	10,198
	745,144	712,278
Payments / adjustments during the year	(38,521)	(88,365)
Balance as at June 30 - note 22	706,623	623,913

31.4 Principal actuarial assumptions

	Per annum	
	June 30, 2020	June 30, 2019
- discount rate	8.50%	14.25%
- expected rate of increase in salaries	8.50%	14.25%
- expected rate of increase in pension	3.50%	9.25%
- expected rate of escalation in medical cost	4.50%	10.25%
- death rate / mortality rate	SLIC (2001-05)	

notes to and forming part of the unconsolidated financial statements

for the year ended june 30, 2020

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, 2020	Year ended June 30, 2019
(Rupees in thousand)		
Financial charges for liabilities against ROUA	4,666	11,443
Unwinding of discount on decommissioning obligation - note 20	1,063,501	727,285
Interest on WPPF - note 15.1	1,741	2,292
	1,069,908	741,020

33. OTHER CHARGES

WPPF charge / adjustment- note 15.1	3,506,885	3,217,249
Impairment loss on investment in subsidiaries - note 6.3.2	2,294,529	1,001,973
Provision for windfall levy on oil/condensate - note 25.1.8	2,178,000	3,757,000
Provision for obsolete/slow moving stores & spares - note 10.1	129,563	110,263
Loss on disposal / write-off of stores and spares (net)	29,161	79,095
	8,138,138	8,165,580

34. OTHER INCOME

	Year ended June 30, 2020	Year ended June 30, 2019
Income from financial assets		
Income on loans and bank deposits - note 34.1	875,027	493,068
Income on term deposits	420,912	563,584
Income on long-term investments at amortised cost	1,669,180	1,869,412
Income from investment in treasury bills	433,961	128,501
Dividend income / gain on re-measurement / disposal of investments designated at fair value through profit or loss (net)	297,080	202,549
	3,696,160	3,257,114
Income from assets other than financial assets		
Rental income on assets	5,870	8,199
Profit on sale of property, plant and equipment (net)	18,143	19,562
Exchange gain on foreign currency (net)	549,847	11,251,728
Reversal of impairment loss on investment in PPLE	-	1,033,011
Share of profit on sale of LPG	4,785	67,386
Others - note 34.2	2,190,193	890,696
	2,768,838	13,270,582
	6,464,998	16,527,696

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34.1 This includes profit amounting to Rs 1.344 million (2019: Rs 0.790 million) under a Shariah compliant arrangement.

34.2 This includes; (i) cost of Unarpur-1 & 2 wells in Kotri North block amounting to Rs 1,512 million. The Company farmed-out its 50% working interest in Kotri North block along with operatorship to United Energy Pakistan Limited (UEPL). As part of the farm-out agreement, UEPL carried the Company in the said wells by paying its share of the cost. Post discovery and commencement of production from the wells, the Company has capitalised the wells at its share of cost. The corresponding effect is included in statement of financial position under property, plant and equipment and (ii) liquidated damages amounting to Rs 563 million (net share) imposed by the Operator of Nashpa field on the contractor of Nashpa LPG plant on account of delay in completion of the project.

35. TAXATION

Provision for taxation for the year ended June 30, 2020 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.

	Year ended June 30, 2020 (Rupees in thousand)	Year ended June 30, 2019
Current		
- for the year	21,291,003	20,599,966
- for prior years (net)	(452,890)	(1,239,722)
	<u>20,838,113</u>	<u>19,360,244</u>
Deferred		
	(609,629)	(1,061,404)
	<u>20,228,484</u>	<u>18,298,840</u>
35.1 Relationship between accounting profit and taxation		
Accounting profit for the year before taxation	<u>70,484,754</u>	<u>79,931,204</u>
Tax on accounting profit at applicable rate of 43.49% (2019: 40.73%)	<u>30,653,820</u>	<u>32,555,979</u>
Tax effect of:		
- Depletion allowance	(9,093,520)	(9,617,344)
- Royalty allowed for tax purposes	(3,257,309)	(3,723,146)
- Impairment loss / (reversal) - net	665,414	(9,001)
- Unwinding of discount on decommissioning obligation	491,742	339,899
- Tax income relating to prior years	(452,890)	(1,239,722)
- Decommissioning cost	969,062	661,665
- Tax credits	(24,699)	(11,304)
- Super tax	-	306,629
- Others	276,864	(964,815)
	<u>20,228,484</u>	<u>18,298,840</u>
Effective tax rate %	<u>28.70</u>	<u>22.89</u>

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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, 2020	Net Balance (Payable) / Receivable (Rupees in thousand) June 30, 2020	Net Balance (Payable) / Receivable (Rupees in thousand) June 30, 2019
Producing Fields				
1 Sui	PPL	100.00	-	-
2 Kandhkot	PPL	100.00	-	-
3 Adhi	PPL	39.00	(1,644,701)	(1,521,352)
4 Mazarani	PPL	87.50	164,056	147,617
5 Hala	PPL	65.00	(201,576)	(300,179)
6 Gambat South	PPL	65.00	(1,204,725)	(1,906,553)
7 Kandhkot East (Chachar)	PPL	75.00	(59,071)	(51,786)
8 Dhok Sultan (EWT Phase)	PPL	75.00	(1,519,341)	(1,188,608)
9 Qadirpur	OGDCL	7.00	(229,918)	(48,816)
10 Miano	UEP-BETA	15.16	(374,934)	10,798
11 Sawan	UEP-BETA	26.18	(164,929)	34,898
12 Block 22	PEL	35.53	(127,019)	(50,590)
13 Tal	MOL	27.76	(1,374,330)	(1,480,721)
14 Nashpa	OGDCL	28.55	(2,148,541)	(625,716)
15 Gambat (Tajjal EWT Phase)	UEP-BETA	23.68	40,277	136,204
16 Latif	UEP-BETA	33.30	(586,956)	(331,363)
17 Kirthar	POGC	30.00	(899,278)	(1,012,809)
18 Ghauri (Ghauri EWT Phase)	MPCL	35.00	(700,586)	(640,649)
19 Digri (Gulsher EWT Phase)	UEPL	25.00	(40,586)	(56,431)
20 Korti North (Unarpur EWT Phase)	UEPL	40.00	(1,211,776)	(247,796)
Exploration Blocks				
1 Block 2568-13 (Hala) - note 36.1	PPL	65.00	-	-
2 Block 2766-1 (Khuzdar)	PPL	100.00	20,666	(7,164)
3 Block 2688-2 (Kalat)	PPL	100.00	15,479	131,390
4 Block 2969-8 (Barkhan)	PPL	35.00	29,653	35,692
5 Block 2763-3 (Kharan)	PPL	100.00	5,236	119,601
6 Block 2764-4 (Kharan-East)	PPL	100.00	(9,407)	(117,275)
7 Block 2763-4 (Kharan-West)	PPL	100.00	409	6,954
8 Block 3371-15 (Dhok Sultan) - note 36.1	PPL	75.00	-	-
9 Block 2467-12 (Jungshahi)	PPL	100.00	2,132	(16,057)
10 Block 2568-18 (Gambat South) - note 36.1	PPL	65.00	-	-
11 Block 2468-10 (Sirani)	PPL	75.00	960	(8,557)
12 Block 2668-9 (Naushahro Firoz)	PPL	100.00	(23,483)	(174,590)
13 Block 3272-18 (Karsal)	PPL	100.00	(48,106)	(677,054)
14 Block 3372-23 (Hisal)	PPL	62.50	26,713	(118,891)
15 Block 2870-5 (Sadiqabad)	PPL	97.50	(112,559)	(116,614)
16 Block 2469-16 (Shah Bandar) - note 36.2	PPL	63.00	66,326	24,872
17 Block 2864-4 (Nausherwani)	PPL	97.50	111	(61,679)
18 Block 2566-6 (Bela West) - note 36.3	PPL	37.50	290,153	(185,105)
19 Block 2566-4 (Hab) - note 36.2	PPL	97.35	(23,472)	(1,221,022)
20 Block 2569-5 (Khipro East)	PPL	97.50	(150,875)	(8,388)
21 Block 2467-13 (Malir) - note 36.2	PPL	95.00	(909)	(6,356)
22 Block 2866-4 (Margand)	PPL	100.00	(522,513)	(186,590)
23 Block 2468-12 (Kotri)	PPL	100.00	(22,771)	(293,697)
24 Block 2763-5 (South Kharan)	PPL	51.00	18,875	67,351
25 Block 2763-13 (Sorah)	PPL	100.00	19,969	-
26 Block 3069-10 (Musakhel) - note 36.4	PPL	51.00	59,111	-
27 Block 3073-5 (Punjab) - note 36.5	PPL	100.00	(5,806)	-
28 Block 2568-21 (Kotri North) - note 36.1	UEPL	40.00	-	-
29 Block 2669-3 (Latif) note 36.1	UEP-BETA	33.30	-	-
30 Block 3370-10 (Nashpa) - note 36.1	OGDCL	30.00	-	-

notes to and forming part of the unconsolidated financial statements

for the year ended June 30, 2020

Name of Field	Operator	Percentage of the Company's working interest as at June 30, 2020	Net Balance (Payable) / Receivable (Rupees in thousand) June 30, 2020	Net Balance (Payable) / Receivable (Rupees in thousand) June 30, 2019
31 Block 2667-7 (Kirthar) - note 36.1	POGC	30.00	-	-
32 Block 3070-13 (Baska) - note 36.6	ZHEN HUA	49.00	9,349	(1,005)
33 Block 3370-3 (Tal) - note 36.1	MOL	30.00	-	-
34 Block 2866-3 (Khuzdar North) - note 36.7	OGDCL	25.00	(258,253)	-
35 Block 2568-20 (Sukhpur) - note 36.8	ENI	30.00	(6,684)	(11,612)
36 Block 2468-9 (Jherruck)	NHEPL	30.00	(59,317)	(59,317)
37 Block 2568-19 (Digri) note 36.1	UEPL	25.00	-	-
38 Block 3273-3 (Ghuri) - note 36.1	MPCL	35.00	-	-
39 Block 2867-5 (Kuhan)	UEP-BETA	47.50	(16,494)	(15,535)
40 Block 3170-15 (Paharpur) - note 36.8	KUFPEC	35.00	(4,392)	(104,633)
41 Block 3070-16 (Pezu)	OGDCL	30.00	(765,028)	(888,159)
Offshore Blocks				
42 Block 2366-7 (Indus-C)	ENI	40.00	(14,096)	(6,439)
43 Block 2366-5 (Indus-N)	ENI	30.00	(9,081)	(32,418)
44 Block 2265-1 (Indus-G) - note 36.8	ENI	25.00	114,533	(2,144,466)
Other areas - note 36.9			(44,432)	(74,938)

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 Deed of Assignment of 2.5% working interest to GHPL in Shah Bandar, Hab and Malir blocks has been executed on September 20, 2019 and accordingly, the Company's working interest has reduced to 63%, 97.35% and 95%, respectively .

36.3 Deed of Assignment of 25% working interest to Mari Petroleum Company Limited was executed on August 19, 2019, and accordingly the Company's working interest has reduced to 37.5% in Bela West Block.

36.4 Farm-out agreement for transfer of the Company's 12.5% working interest to POGC and 1.3% working interest to GHPL has been executed and assignment application has been submitted to GoP.

36.5 Punjab Block was granted to the Company on November 18, 2019. Farm-out agreement with GHPL (2.5%) and OGDCL (50%) has been executed and approval from GoP is awaited.

36.6 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.

36.7 Deed of Assignment for transfer of OGDCL's 25% working interest to the Company has been executed on November 21, 2019 in Khuzdar North Block.

36.8 Notice of relinquishment has been submitted to GoP for Sukhpur, Paharpur and Indus G blocks.

36.9 This mainly includes amounts receivable / (payable) under the various blocks against which the Company has applied to GoP for relinquishment.

36.10 Farm-in agreement for transfer of OGDCL's 50% working interest in Shakarganj Block to the Company has been executed on June 09, 2020. Assignment application to GoP is to be submitted.

notes to and forming part of the unconsolidated financial statements

for the year ended June 30, 2020

36.11 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.

37. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Financial assets as per statement of financial position

- At amortised cost

	June 30, 2020	June 30, 2019
Long-term investments	33,487,775	39,192,228
Long-term loans	41,720	34,019
Long-term deposits	7,676	7,676
Long-term receivables	41,905	83,810
Trade debts	263,624,275	198,176,763
Loans and advances	669,269	1,064,992
Trade deposits	129,960	96,026
Interest accrued	454,596	764,306
Current maturity of long-term investments	3,866,184	-
Current maturity of long-term deposits	1,175,250	911,850
Current maturity of long term loans	19,920	12,705
Current maturity of long-term receivables	152,841	125,714
Other receivables	2,773,959	1,666,966
Short-term investments	3,692,256	4,226,500
Cash and bank balances	5,159,749	8,021,760
	315,297,335	254,385,315

- At fair value through Profit or Loss - Mutual Funds

Non-financial assets	10,364,718	4,016,298
Total assets	216,239,763	199,889,189
	541,901,816	458,290,802

Financial liabilities as per statement of financial position

- Financial liabilities measured at amortised cost

Trade and other payables	27,237,890	28,452,710
Unclaimed dividends	299,912	302,539
Non-financial liabilities	169,766,095	130,926,565
Total liabilities	197,303,897	159,681,814

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 year ended June 30, 2020.

notes to and forming part of the unconsolidated financial statements

for the year ended june 30, 2020

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.

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, 2020	June 30, 2019
	(US Dollars)	
Investments at amortised cost	222,344,994	238,977,000
Cash and bank balances	1,178,083	1,577,537
Current maturity of long-term deposits	7,500,000	7,500,000
Trade and other payables	(1,204,498)	(1,855,616)
	229,818,579	246,198,921

The following significant exchange rates have been applied during the year:

	Average Rate		Closing Rate	
	2020	2019	2020	2019
	----- (Rupees) -----			
US\$ 1	158.45	136.37	168.30	164.50

A one rupee change in the exchange rate of foreign currencies would have the following effect:

	One Rupee Increase	One Rupee Decrease
	(Rupees in thousand)	
Foreign currency financial assets	231,023	(231,023)
Foreign currency financial liabilities	22,388	(22,388)

notes to and forming part of the unconsolidated financial statements

for the year ended june 30, 2020

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
	(Rupees in thousand)	
Natural Gas (Mcf)	246,619	(246,619)
Crude Oil / Condensate / NGL (BBL)	5,061	(5,061)
LPG (M. Ton)	107	(107)
Barytes (M. Ton)	78	(78)

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

The Company is exposed to credit risk from its operating and certain investing activities and the Company's credit risk exposures are categorised under the following headings:

i) Counterparties

The Company conducts transactions with the following major types of counterparties:

Trade debts

Trade debts are essentially due from gas transmission and distribution, power generation, oil and gas marketing and oil refining companies. The Company's major portion of sales is to GENCO-II, SNGPL and SSGCL, however, it does not consider itself to be exposed to any substantial credit risk since these companies are State Owned Entities (SOEs).

Bank and investments

The Company limits its exposure to credit risk by investing in liquid securities and only with counterparties that have high credit rating. These credit ratings are subject to periodic review and accordingly, the Company currently does not expect any counterparty to fail to meet its obligations.

notes to and forming part of the unconsolidated financial statements

for the year ended June 30, 2020

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, 2020	June 30, 2019
	(Rupees in thousand)	
Long-term investments	33,487,775	39,192,228
Long-term loans	41,720	34,019
Long-term deposits	7,676	7,676
Long-term receivables	41,905	83,810
Trade debts	263,624,275	198,176,763
Loans	112,173	67,519
Trade deposits	129,960	96,026
Interest accrued	454,596	764,306
Current maturity of long-term investments	3,866,184	-
Current maturity of long-term loans	19,920	12,705
Current maturity of long-term deposits	1,175,250	911,850
Current maturity of long-term receivables	152,841	125,714
Other receivables	2,773,959	1,666,966
Short-term investments	14,056,974	8,242,798
Bank balances	5,102,109	7,955,010
	325,047,317	257,337,390

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, 2020	June 30, 2019
	(Rupees in thousand)	
Long-term investments (including current maturity)		
AAA	11,394,600	16,450,840
AA	25,959,359	22,741,388
	37,353,959	39,192,228
Trade debts		
Customers with defaults in past one year which have not yet been recovered	25,041,648	25,959,595
	25,041,648	25,959,595
Short-term investments		
AAA	6,361,611	992,500
AA	7,695,363	7,250,298
	14,056,974	8,242,798
Cash at banks		
AAA	2,233,321	3,451,947
AA	2,868,788	4,503,063
	5,102,109	7,955,010

notes to and forming part of the unconsolidated financial statements

for the year ended June 30, 2020

The Company's most significant customers include two gas transmission and distribution companies and one power generation company (related parties), which account for Rs 301,797 million of the trade debts as at June 30, 2020 (2019: Rs 217,565 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
	----- (Rupees in thousand) -----					
Liability against ROUA	-	4,522	14,839	414	-	19,775
Trade and other payables	1,467,333	22,203,071	3,567,486	-	-	27,237,890
Year ended June 30, 2020	1,467,333	22,207,593	3,582,325	414	-	27,257,665
Liability against ROUA	-	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

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, 2020	June 30, 2019
	(Rupees in thousand)	
39. CASH AND CASH EQUIVALENTS		
Short-term highly liquid investments - note 16	3,692,256	4,226,500
Cash and bank balances - note 17	5,159,749	8,021,760
	8,852,005	12,248,260

notes to and forming part of the unconsolidated financial statements

for the year ended June 30, 2020

40. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Executives	
	Year ended June 30, 2020	Year ended June 30, 2019	Year ended June 30, 2020	Year ended June 30, 2019
	----- (Rupees in thousand) -----			
Managerial remuneration	44,872	23,710	6,099,615	5,676,968
Housing, conveyance and utilities	-	-	109,098	93,039
Retirement benefits	6,528	2,526	1,025,199	870,994
Bonus	7,663	2,716	1,300,194	607,730
Medical and leave passage	715	284	604,879	488,268
Leave encashment	-	-	52,284	9,730
	59,778	29,236	9,191,269	7,746,729
Number, including those who worked for part of the year	1	2	1,171	1,152

40.1 Aggregate amount charged in these unconsolidated financial statements in respect of fees paid to ten non-executive directors was Rs 25.795 million (2019: Rs 25.101 million to eleven non-executive directors).

41. EARNINGS PER SHARE

41.1 Basic earnings per share

	Year ended June 30, 2020	Year ended June 30, 2019
Profit after taxation (Rs '000)	50,256,270	61,632,364
Dividend on convertible preference shares (Rs '000)	(35)	(34)
Profit attributable to ordinary shareholders (Rs '000)	50,256,235	61,632,330
		(Restated)
Weighted average number of ordinary shares in issue	2,720,971,700	2,720,971,325
		(Restated)
Basic earnings per share (Rs)	18.47	22.65

41.2 Diluted earnings per share

	Year ended June 30, 2020	Year ended June 30, 2019
Profit after taxation (Rs '000)	50,256,270	61,632,364
		(Restated)
Weighted average number of ordinary shares in issue	2,720,971,700	2,720,971,325
Adjustment for conversion of convertible preference shares	11,828	12,203
Weighted average number of ordinary shares for diluted earnings per share	2,720,983,528	2,720,983,528
		(Restated)
Diluted earnings per share (Rs)	18.47	22.65

notes to and forming part of the unconsolidated financial statements

for the year ended June 30, 2020

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:

	June 30, 2020	June 30, 2019
	(Rupees in thousand)	
Sales of gas / barytes / oil to state controlled entities (including Government Levies)		
GENCO-II	36,443,371	32,541,170
SSGCL	43,490,856	36,814,316
SNGPL	74,335,619	74,421,913
OGDCL	1,283,383	168,546
	155,553,229	143,945,945

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 15

	June 30, 2020	June 30, 2019
Interest income on long-term loan to PPLE	-	18,565
Payment of employees cost on secondment	119,238	72,212
Deposit of bank guarantee on behalf of PPLE - Block 29, Yemen as at June 30	1,175,250	911,850

Transactions with Associated Companies - note 42.2

	June 30, 2020	June 30, 2019
Sales of crude oil / condensate to PARCO	5,062,717	6,253,831
Sales of crude oil / condensate to PRL	2,624,384	34,056
Payment to Total PARCO Pakistan Limited (Total PARCO)	290,251	250,586
Payment to Petroleum Institute of Pakistan (PIP)	6,676	-
Deposits with Askari Bank Limited (AKBL) as at June 30	33,130	6,797
Letters of credit placed with AKBL as at June 30	125,015	1,425,142

Transactions with Joint Operations

	June 30, 2020	June 30, 2019
Payments of cash calls to joint operations	37,181,160	47,956,676
Expenditures incurred by the joint operations	37,659,157	51,521,945
Amounts receivable from / payable to joint operations partners as at June 30		

See notes 12, 15 & 24

	June 30, 2020	June 30, 2019
Income from rental of assets to joint operations	5,870	8,199
Dividend income from BME	200,000	200,000
Purchase of goods from BME (net)	372,515	319,088
Reimbursement of employee cost on secondment to BME	23,103	19,379

notes to and forming part of the unconsolidated financial statements

for the year ended june 30, 2020

June 30,
2020
(Rupees in thousand)

June 30,
2019

Other related parties

Dividend to GoP- note 42.3	3,061,440	1,996,591
Dividend to Trust under BESOS - note 42.3	333,429	217,454
Dividend to trusts under retirement benefit funds - note 42.3	2,524	1,646
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)	135,002	121,093
Payment of rental to Karachi Port Trust (KPT)	6,681	7,288
Payment to National Insurance Company Limited (NICL)	944,068	1,015,168
Insurance claim received from NICL	295	24,596
Payment to SNGPL against services obtained	460	522
Payment to Pakistan State Oil Company Limited (PSO)	193,118	398,192

42.1 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.

42.2 Following are the related parties with whom the Company has entered into transactions during the year excluding wholly owned subsidiaries, joint operations, staff retirement benefit funds and employees, details of which have already been disclosed in these unconsolidated financial statements.

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 / Common Directorship	Not applicable
5.	PSO	GOP is common shareholder / Common Directorship	Not applicable
6.	GENCO - II	GOP is common shareholder	Not applicable
7.	PIDC	GOP is common shareholder	Not applicable
8.	KPT	GOP is common shareholder	Not applicable
9.	NICL	GOP is common shareholder	Not applicable
10.	Total PARCO	GOP is common shareholder	Not applicable
11.	PARCO	GOP is common shareholder	Not applicable
12.	PRL	Common Directorship	Not applicable
13.	AKBL	Common Directorship	Not applicable
14.	PIP	Common Directorship	Not applicable

notes to and forming part of the unconsolidated financial statements

for the year ended june 30, 2020

42.3 The Company also issued bonus shares to (i) GoP: 306,143,957 shares (2019: 199,659,102 shares), (ii) Trust under BESOS: 33,342,886 shares (2019: 21,745,360 shares) and (iii) Trusts under retirement benefit funds: 252,437 shares (2019: 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 gross revenue.

	June 30, 2020 (Rupees in thousand)	June 30, 2019
GENCO-II	36,443,371	32,541,170
SSGCL	43,490,856	36,814,316
SNGPL	74,335,619	74,421,913
ARL	24,617,184	38,167,713
	178,887,030	181,945,112

44. GENERAL

44.1 Number of employees

Total number of employees at the end of the year were as follows:

	June 30, 2020	June 30, 2019
Regular	2,688	2,765
Contractual	70	84
	2,758	2,849

Average number of employees during the year were as follows:

	June 30, 2020	June 30, 2019
Regular	2,733	2,788
Contractual	91	86
	2,824	2,874

notes to and forming part of the unconsolidated financial statements

for the year ended June 30, 2020

44.2 Capacity and production

Product	Unit	Actual production for the year (PPL's share) June 30, 2020	Actual production for the year (PPL's share) June 30, 2019
Natural gas	MMCF	283,792	317,457
Crude oil / NGL / Condensate	Thousand Barrels	5,142	5,868
LPG	M. Ton	107,114	116,723
Barytes	M. Ton	90,853	130,845

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

44.3 Corresponding figures

An amount of Rs 145.601 million is re-classified from operating expenses to administrative expenses for purpose of better presentation and comparison.

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 held on September 11, 2020 has recommended cash dividend @ 10% amounting to Rs 2,720.972 million (2019: @ 20% amounting to Rs 4,534.953 million) on paid-up value of ordinary share capital and @ 10% amounting to Rs 0.012 million (2019: @ 20% amounting to Rs 0.022 million) on the paid-up value of convertible preference share capital. These appropriations will be put forward for approval of the shareholders in the Annual General Meeting scheduled to be held on October 26, 2020.

46. DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements were authorised for issue on September 11, 2020 by the Board of Directors of the Company.



Chief Financial Officer



Director



Chief Executive Officer

consolidated financial statements



A.F. FERGUSON & CO.

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, 2020, 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, 2020, 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.

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Following are the Key Audit Matters:

S. No.	Key Audit Matters	How the matter was addressed in our audit
(i)	<p>Revenue from contracts with customers</p> <p><i>(Refer note 27 to the annexed consolidated financial statements)</i></p> <p>The Group is engaged in the production and sale of oil and gas resources.</p> <p>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 157.99 billion.</p> <p>Determination of revenue involves many factors including price mechanism given in the relevant sales agreement, estimations and arrangements with the customers.</p> <p>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.</p>	<p>Our audit procedures included the following:</p> <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 Group 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 consolidated 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 consolidated financial statements regarding the matter.

S. No.	Key Audit Matters	How the matter was addressed in our audit
(ii)	<p>Overdue trade debts</p> <p><i>(Refer note 12 to the annexed consolidated financial statements)</i></p> <p>Trade debts include an overdue amount of Rs 283.61 billion, receivable from oil refineries, power producing company and gas distribution companies. These overdue receivables mainly includes amounts overdue from related parties, Sui Northern Gas Pipelines Limited, Sui Southern Gas Company Limited and Central Power Generation Company Limited (GENCO-II). The recoverability of these amounts is dependent on the decisions of the Government of Pakistan (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.</p> <p>The Group considers the aforesaid receivables as good receivables considering that these receivables are from state owned entities and their past track record and recoveries.</p> <p>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.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • 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 consolidated financial statements regarding the matter.

S. No. Key Audit Matters

How the matter was addressed in our audit

(iii) Analysis of impairment indicators and impairment testing of the Group's development and production assets, exploration and evaluation assets and other non-financial assets

(Refer notes 5 to the annexed consolidated financial statements)

As at June 30, 2020, the Group's development and production assets, exploration and evaluation assets and other non-financial assets aggregate Rs 140.08 billion.

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.

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.

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.

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.

Our audit procedures included the following:

- 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 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 consolidated 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 15, 2020

consolidated statement of financial position

as at june 30, 2020

	Note	2020 ------(Rupees in thousand)-----	2019
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Property, plant and equipment	5	159,915,084	161,072,524
Intangible assets	6	338,417	481,135
		160,253,501	161,553,659
Long-term investments	7	33,487,776	39,192,229
Long-term loans	8	41,720	34,019
Long-term deposits	9	7,676	7,676
Long-term receivables	10	41,905	83,810
		193,832,578	200,871,393
CURRENT ASSETS			
Stores and spares	11	4,060,735	3,146,982
Trade debts	12	312,444,486	227,630,133
Loans and advances	13	669,269	1,075,652
Trade deposits and short-term prepayments	14	540,417	471,475
Interest accrued	15	474,195	855,251
Current maturity of long-term investments	7	3,866,184	-
Current maturity of long-term loans	8	19,920	12,705
Current maturity of long-term deposits	9	1,175,250	911,850
Current maturity of long-term receivables	10	152,841	125,714
Other receivables	16	3,699,000	2,834,303
Short-term investments	17	16,193,934	16,115,618
Cash and bank balances	18	6,525,275	8,562,493
		349,821,506	261,742,176
TOTAL ASSETS		543,654,084	462,613,569
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	19	27,209,836	22,674,872
Reserves	20	316,098,187	275,529,423
		343,308,023	298,204,295
NON-CURRENT LIABILITIES			
Provision for decommissioning obligation	21	28,066,373	25,164,640
Lease liabilities against right-of-use assets	22	414	12,107
Deferred liabilities	23	2,840,852	2,754,275
Deferred taxation	24	36,524,772	37,134,401
		67,432,411	65,065,423
CURRENT LIABILITIES			
Trade and other payables	25	117,315,926	91,821,865
Unclaimed dividends		299,912	302,539
Current maturity of lease liabilities against right-of-use assets	22	19,361	56,029
Taxation - net		15,278,451	7,163,418
		132,913,650	99,343,851
TOTAL LIABILITIES		200,346,061	164,409,274
TOTAL EQUITY AND LIABILITIES		543,654,084	462,613,569
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

consolidated statement of profit or loss

for the year ended june 30, 2020

	Note	2020 ------(Rupees in thousand)-----	2019
Revenue from contracts with customers	27	157,999,487	164,366,020
Operating expenses	28	(43,081,667)	(40,280,249)
Royalties and other levies	29	(23,841,674)	(24,374,938)
		(66,923,341)	(64,655,187)
Gross Profit		91,076,146	99,710,833
Exploration expenses	30	(17,951,507)	(27,206,772)
Administrative expenses	31	(3,086,077)	(2,405,425)
Finance costs	33	(1,112,584)	(777,372)
Other charges	34	(5,865,953)	(7,163,607)
		63,060,025	62,157,657
Other income	35	6,582,580	15,679,127
Profit before taxation		69,642,605	77,836,784
Taxation	36	(20,217,980)	(18,377,394)
Profit after taxation		49,424,625	59,459,390
			(Restated)
Basic and diluted earnings per share (Rs)	42	18.16	21.85

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


Chief Financial Officer


Director


Chief Executive Officer

consolidated statement of profit or loss and other comprehensive income

for the year ended june 30, 2020

	2020 ----- (Rupees in thousand) -----	2019 ----- (Rupees in thousand) -----
Profit after taxation	49,424,625	59,459,390
Other comprehensive income / (loss)		
Items that will not be subsequently reclassified in profit or loss		
Remeasurement gains on defined benefit plans - net	267,636	215,083
Deferred taxation	-	(672,853)
	267,636	(457,770)
Items that may be reclassified to profit or loss in subsequent years		
Foreign exchange differences on translation of subsidiaries	(53,558)	1,710,756
Other comprehensive income, net of tax	214,078	1,252,986
Total comprehensive income for the year	49,638,703	60,712,376

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, 2020

	2020 ----- (Rupees in thousand) -----	2019 ----- (Rupees in thousand) -----
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	119,987,578	122,478,717
Receipts of other income	1,663,055	9,790,918
Payment to suppliers / service providers and employees - net	(30,045,064)	(22,636,359)
Payment of indirect taxes and Government levies including royalties	(48,603,255)	(52,541,203)
Income tax paid	(12,745,099)	(15,052,580)
Finance costs paid	(6,407)	(13,735)
Long-term loans - net	(14,916)	(21,765)
Net cash generated from operating activities	30,235,892	42,003,993
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure	(33,051,112)	(45,040,342)
Proceeds from sale of property, plant and equipment	21,843	24,200
Purchase of long-term investments - net	1,838,268	(5,217,371)
Purchase of mutual funds	(6,348,420)	(3,942,107)
Long-term deposits	(263,400)	-
Long-term receivables	14,778	(84,068)
Finance income received	3,916,342	2,980,445
Net cash used in investing activities	(33,871,701)	(51,279,243)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of liabilities against right-of-use assets	(48,361)	(74,621)
Dividends paid	(4,537,602)	(2,988,036)
Net cash used in financing activities	(4,585,963)	(3,062,657)
Net decrease in cash and cash equivalents	(8,221,772)	(12,337,907)
Cash and cash equivalents at the beginning of the year	20,661,813	30,631,049
Net foreign exchange differences	(85,550)	2,368,671
Cash and cash equivalents at the end of the year	12,354,491	20,661,813

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, 2020

	Subscribed and paid-up Share capital		Capital reserve (Note -20)	Revenue reserves (Note -20)	Total
	Ordinary	Convertible preference			
------(Rupees in thousand)-----					
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					
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	275,527,995	298,204,295
Comprehensive income for the year					
Profit after taxation	-	-	-	49,424,625	49,424,625
Other comprehensive income for the year ended June 30, 2020, net of tax	-	-	-	214,078	214,078
Total comprehensive income for the year ended June 30, 2020	-	-	-	49,638,703	49,638,703
Transactions with owners					
- Ordinary shareholders					
Final dividend for the year ended June 30, 2019 @ 20%	-	-	-	(4,534,953)	(4,534,953)
Issuance of 20% bonus shares - Convertible preference shareholders	4,534,953	-	-	(4,534,953)	-
Final dividend for the year ended June 30, 2019 @ 20%	-	-	-	(22)	(22)
Issuance of 10% bonus shares	-	11	-	(11)	-
Conversion of preference shares into ordinary shares	1	(1)	-	-	-
Balance as at June 30, 2020	27,209,718	118	1,428	316,096,759	343,308,023

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, 2020

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 20, 2020, 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, 2020.

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 Impact of COVID-19 on the Consolidated Financial Statements

During the year ended June 30, 2020, the World Health Organization declared Coronavirus Disease (COVID-19) a pandemic, which has significantly impacted the global economy. The pandemic saw its peak in Pakistan in June 2020 with the situation gradually improving thereafter. Although the Group's operations, financial position and results have not been materially affected by COVID-19, some impacts are tabulated below;

- Oil production from the major operated and partner operated fields declined from March 2020 onwards as a result of reduced oil demand from refineries on the back of depressed demand in the country. The situation has since then improved with the oil volumes nearly reaching the pre COVID-19 levels.
- Oil prices dropped drastically in April 2020, however, recovery has been witnessed with the oil prices now gradually increasing and are expected to further improve as the global demand picks up with improvement in COVID-19 situation. There has been no impact of impairment on non-financial assets of the Group.
- PKR devaluated to Rs 168 per US\$ at the end of year. While the devaluation has a potentially adverse impact on costs, it has a positive effect on the Holding Company's revenues.
- With respect to PPLA, loss of time has impacted work programme execution. Necessary actions are being taken in order to minimise the impact.

notes to and forming part of the consolidated financial statements

for the year ended June 30, 2020

1.3 PPL Europe E&P Limited

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

PPL's main objective is exploration and production of oil and gas and currently it has working interest in one producing field and three exploration blocks in Pakistan, as well as one exploration block in Yemen. The registered office of PPL is situated at 6th Floor, One London Wall, London, United Kingdom.

1.4 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).

1.5 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 administering 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 of during the year are included in the profit or loss from the date the Group gains control until the date the Group ceases to control the subsidiary.

The financial statements of the subsidiaries are prepared for the same reporting period as the Holding Company, using consistent accounting policies. However, the accounting policies of subsidiaries have been aligned with accounting policies of the Group, wherever required.

All intra-group balances, transactions and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

The presentation and functional currency of the Holding Company, as well as, PPPFTC are Pakistani Rupee and the functional currency of other subsidiaries is US Dollar. For the purpose of consolidation, the financial statements of the subsidiaries are translated into functional currency of the Holding Company.

notes to and forming part of the consolidated financial statements

for the year ended June 30, 2020

3. BASIS OF PREPARATION

3.1 Statement of compliance

3.1.1 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.

3.1.2 The Securities and Exchange Commission of Pakistan (SECP) through S.R.O 985(I)/2019 dated September 02, 2019 has partially modified applicability 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 'Financial Instruments' with respect to application of expected credit losses (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 consolidated financial statements based on the clarification received from SECP. Further, in relation to financial assets due from parties other than GoP, 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.

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:

- Financial assets at fair value through profit or loss, have been measured at fair value.
- Financial assets at fair value through other comprehensive income, have been measured at fair value.
- Financial assets at amortised cost, have been measured at amortised cost.
- Obligations in respect of certain employee benefits and decommissioning cost 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, 2019.

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, 2019. However, these do not have any significant impact on the Group's financial reporting and, therefore, have not been detailed in these consolidated financial statements.

notes to and forming part of the consolidated financial statements

for the year ended June 30, 2020

In addition to the above, the following new standard has become applicable to the Group during the year:

IFRS 16 'Leases' - This standard replaces existing guidance on accounting for leases, including IAS 17 'Leases', IFRIC 4 'Determining whether an arrangement contains a Lease', SIC-15 'Operating Leases-Incentives' and SIC-27 'Evaluating the substance of transactions involving the legal form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right-of-use of the underlying asset and a lease liability representing its obligations to make lease payments. Lessor accounting remains unchanged i.e. lessors continue to classify leases as finance or operating leases. The accounting policies relating to Group's right-of-use asset and lease liability are disclosed in note 4.1 (b) to these consolidated financial statements.

The Group has adopted IFRS 16 retrospectively from July 1, 2019. Based on the assessment carried out during the year, the impact of IFRS 16 on these consolidated financial statements is not material. Therefore, no adjustment has 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, 2020.

There are certain new standards, 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, 2020. 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 Institute of Chartered Accountants of Pakistan (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 (2019: 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.

a) Property, plant & equipment and intangibles

The Group reviews the appropriateness of useful lives, method of depreciation / amortisation and residual values of property, plant & equipment and intangibles on the reporting date. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant & equipment and intangibles with a corresponding effect on the depreciation / amortisation charge and impairment.

notes to and forming part of the consolidated financial statements

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Property, plant & equipment and intangible assets are reviewed for possible impairment when events or changes in circumstances indicate that the carrying amount may not be fully recoverable. Determination as to whether and how much an asset is impaired involves management estimates and judgments such as future prices of crude oil or gas and production profiles.

b) Exploration and evaluation expenditure

The Group's accounting policy for exploration and evaluation expenditure results in cost of exploratory wells being capitalised for an area of interest where it is considered likely to be recoverable by future exploitation or sale or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves.

This policy requires management to make certain estimates and assumptions as to future events and circumstances, in particular whether an economically viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised the expenditure under the policy, a judgment is made that recovery of the expenditure is unlikely, the relevant capitalised amount is transferred to profit or loss in the period when the new information becomes available.

c) Development and production expenditure

Development and production activities commence after project sanctioning by the appropriate level of management. Judgment is applied by the management in determining when a project is economically viable. In exercising this judgment, management is required to make certain estimates and assumptions similar to those described above for capitalised exploration and evaluation expenditure. Any such estimates and assumptions may change as new information becomes available. If, after having commenced development activity, a judgment is made that a development and production asset is impaired, the appropriate amount is written off to profit or loss.

d) Estimation of proven 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. 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 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 hydrocarbons which, by analysis of geoscientific 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.

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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 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 Group's operated fields has been estimated by its in-house technical staff, whereas, the provision for the partner operated fields are based on estimates provided by the respective operators which are subject to in-house technical staff review and adjusted where necessary.

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:

	<u>Rs (million)</u>
Provision for decommissioning obligation would have been lower by	1,022
Property, plant and equipment would have been lower by	854
Amortisation charge would have been lower by	168
Profit after tax would have been higher by	118

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.

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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.

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.

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Cost in relation to property, plant and equipment comprises of 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 test for property, plant & equipment is performed when there is an indication of impairment. At the end of each reporting period, an assessment is made to determine whether there are any indications of impairment. Accordingly, the Group conducts an internal review of asset values which is used as a source of information to assess for any indications of impairment. External factors such as changes in expected future prices, costs and other market factors are also monitored to assess for indications of impairment. If any such indication exists, the asset's recoverable amount is estimated being the higher of its fair value less cost to sell and value in use.

If the carrying amount of the asset exceeds its recoverable amount, the property, plant and equipment is impaired and an impairment loss is charged to profit or loss so as to reduce the carrying amount of the property, plant and equipment to its recoverable amount.

In testing for indications of impairment and performing impairment calculations, assets are considered as collective groups, referred to as Cash Generating Units (CGUs). CGUs are the smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

b) Lease liability and Right-of-use asset (ROUA)

At the inception of a contract, the Group assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Group's incremental borrowing rate.

Lease payments include fixed payments, variable lease payments that are based on an index or a rate, amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option, less any lease incentives receivable. The extension and termination options are incorporated in determination of lease term only when the Group is reasonably certain to exercise these options.

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The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. The corresponding adjustment is made to the carrying amount of the ROUA, or is recorded in profit and loss if the carrying amount of ROUA has been reduced to nil value.

The ROUA is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The ROUA is adjusted for certain remeasurements of the lease 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.

E&E assets are assessed for impairment when facts and circumstances indicate that carrying amounts may exceed the recoverable amounts of these assets. Such indicators include, the point at which a determination is made as to whether or not commercial reserves exist, the period for which the Group has right to explore has either expired or will expire in the near future and is not expected to be renewed, substantive expenditure on further exploration and evaluation activities is not planned or budgeted, whether sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the E&E asset is unlikely to be recovered in full from successful development or sale, and any other event, that may give rise to indication that such assets are impaired.

Where an impairment loss subsequently reverses, the carrying amount of the E&E asset is increased upto the revised recoverable amount but limited to the extent of the carrying amount that would have been determined had no impairment loss being recognised for the asset in prior years. A reversal of the impairment loss is recognised as income in profit or loss.

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.

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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 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 immoveable 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 note 5.1 to these consolidated financial statements.

Depreciation on capital stores in operating assets is charged at the rate 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.

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- ii. Depreciation on ROUA is charged on a straight-line basis.

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 upto 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.

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 mandatorily tested for impairment 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.

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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 transit, which are valued at cost incurred up to 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 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 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 3.1.2 to these 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.

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.

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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.

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.

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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, 2020 based on the 'Projected Unit Credit Actuarial Cost Method'.

b) Defined contribution plan

A defined contribution plan is a post-employment contribution plan under which an entity pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

The Holding Company operates recognised provident fund schemes, separately, for its executive and non-executive permanent staff. Equal monthly contributions are made by the Holding Company and the employees to the respective funds at the rate of 4.35% (executive staff) and 8% (non-executive staff) of basic salary. Further, investments out of the provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for the purpose.

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, 2020.

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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) 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.

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.

notes to and forming part of the consolidated financial statements

for the year ended June 30, 2020

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, liquidated damages recovered from contractors, any other income arising out of farm-in / farm-out agreements 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 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 Group recognises interest, if any, on delayed payments from customers on receipt basis.

Dividend income on equity investments is recognised when the right to receive the payment is established.

Foreign currency gains and losses are reported on a net basis.

Finance costs comprise interest expense on borrowings, if any, unwinding of the discount on decommissioning obligation and bank charges. Mark up, interest and other charges on borrowings are charged to profit or loss in the period in which they are incurred.

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:

notes to and forming part of the consolidated financial statements

for the year ended june 30, 2020

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 differences arising on translation are recognised in the statement of comprehensive income. On disposal of a foreign operation, the component of other comprehensive income or loss relating to that particular foreign operation is recognised in profit or loss.

4.24 Functional and presentation currency

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

4.25 Dividends and appropriations to reserves

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

notes to and forming part of the consolidated financial statements

for the year ended june 30, 2020

4.26 Segment reporting

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

June 30, 2020	June 30, 2019
(Rupees in thousand)	

5. PROPERTY, PLANT AND EQUIPMENT

Operating assets - note 5.1	102,955,049	99,830,396
Capital work-in-progress - note 5.5	56,960,035	61,242,128
	<u>159,915,084</u>	<u>161,072,524</u>

5.1 Operating assets

	Owned assets										Right of use assets			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 assets	Sub total	Computers and allied equipment		Rolling stock*	Sub total
As at July 01, 2018																
Cost	109,404	1,406,082	2,669,657	4,309	75,498,044	948,759	10,314,706	929,357	624,018	93,250,256	18,505,478	204,258,070	229,698	421,825	651,523	204,909,593
Accumulated impairment loss / amortisation	-	-	(1,321,538)	(2,665)	(39,799,750)	(588,443)	(5,140,653)	(761,547)	(875,961)	(875,961)	-	(875,961)	-	-	-	(875,961)
Net Book Value (NBV)	109,404	1,406,082	1,348,119	1,644	35,698,294	360,316	5,174,053	167,810	97,920	51,356,601	7,893,826	103,714,069	42,657	96,179	138,836	103,852,905
Year ended June 30, 2019																
Additions (at cost)	-	-	159,072	-	4,373,777	105,768	927,982	201,429	23,974	10,402,846	1,074,480	17,269,328	-	-	-	17,269,328
Adjustments / reclassifications	-	-	(136)	(34)	143,921	815	(18,552)	9,715	297	(356,222)	(221,843)	(442,039)	(9,686)	(170)	(9,856)	(451,895)
Disposals (at NBV)	-	-	-	-	(2)	(1,223)	-	(109)	(137)	-	(1,471)	-	(70)	(3,097)	(3,167)	(4,638)
Depreciation / amortisation charge	-	-	(260,021)	(133)	(7,738,742)	(60,945)	(1,598,404)	(120,211)	(40,505)	(9,992,102)	(953,295)	(20,764,358)	(25,164)	(45,782)	(70,946)	(20,835,304)
NBV	109,404	1,406,082	1,247,084	1,477	32,477,248	404,731	4,485,079	258,634	81,549	51,411,123	7,893,168	99,775,529	7,737	47,130	54,867	99,830,396
As at July 01, 2019																
Cost	109,404	1,406,082	2,828,593	4,275	80,015,740	1,054,119	11,224,136	1,140,392	648,152	103,296,880	19,356,115	221,063,888	219,942	418,558	638,500	221,722,388
Accumulated impairment loss / amortisation	-	-	(1,581,559)	(2,798)	(47,538,492)	(649,388)	(6,739,057)	(881,758)	(566,603)	(51,009,796)	(11,462,947)	(120,432,398)	(212,205)	(371,428)	(583,633)	(121,016,031)
NBV	109,404	1,406,082	1,247,034	1,477	32,477,248	404,731	4,485,079	258,634	81,549	51,411,123	7,893,168	99,775,529	7,737	47,130	54,867	99,830,396
Year ended June 30, 2020																
Additions (at cost)	-	-	40,360	-	4,687,611	97,901	888,011	126,685	34,487	17,000,694	1,527,716	24,413,465	-	-	-	24,413,465
Adjustments / reclassifications	(1,000)	-	9,293	-	(17,695)	(2,313)	(10,745)	5,018	305	(802,398)	705,288	(114,247)	(3,603)	(305)	(3,908)	(118,155)
Disposals (at NBV)	-	-	-	-	-	-	-	(232)	-	-	-	(232)	(34)	(3,494)	(3,468)	(3,700)
Depreciation / amortisation charge	-	-	(177,288)	(133)	(6,515,178)	(69,162)	(1,206,986)	(148,369)	(29,193)	(11,341,036)	(1,646,552)	(21,133,877)	(4,100)	(28,980)	(33,080)	(21,166,957)
NBV	108,404	1,406,082	1,119,419	1,344	30,641,986	431,157	4,155,359	241,736	87,148	56,268,383	8,479,620	102,940,638	-	14,411	14,411	102,955,049
As at June 30, 2020																
Cost	108,404	1,406,082	2,878,246	4,275	84,695,656	1,149,707	12,101,402	1,271,863	682,944	119,495,176	21,589,119	245,382,874	216,305	414,819	631,124	246,013,998
Accumulated impairment loss / amortisation	-	-	(1,758,827)	(2,931)	(54,053,670)	(718,550)	(7,946,043)	(1,030,127)	(595,796)	(62,350,832)	(13,109,499)	(141,566,275)	(216,305)	(400,408)	(616,713)	(142,182,988)
NBV	108,404	1,406,082	1,119,419	1,344	30,641,986	431,157	4,155,359	241,736	87,148	56,268,383	8,479,620	102,940,638	-	14,411	14,411	102,955,049
Rate of depreciation / amortisation (%)			**	**	**	**	**	**	**	**	**	**	**	**	**	**

* Represents light and heavy vehicles.

** Amortisation on unit of production basis except for assets located at Holding Company's Head Office (HO) & Bolan Mining Enterprises (BME)

notes to and forming part of the consolidated financial statements

for the year ended June 30, 2020

5.2 Summary of significant assets

The following assets have significant operational value to the Group:

Particulars	June 30, 2020		June 30, 2019	
	Cost	NBV	Cost	NBV
------(Rupees in thousand)-----				
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	-	5,648,503	-
Booster Compression Project – SML	2,891,688	1,664,214	2,891,688	1,959,268
Adhi Field				
LPG / NGL Plant III	4,504,111	2,768,438	4,504,111	3,218,775
Kandhkot Field				
Gas Compression Station	9,002,887	1,843,664	8,634,309	1,888,439
Hala Field				
Gas Processing Facility (GPF)	1,252,858	101,595	1,252,858	145,624
Sawan Field				
Front End Compression	3,228,841	229,292	3,228,841	365,455
Other Plant and Machinery	2,358,134	-	2,358,134	-
Tal Field				
Makori Central Processing Facility	6,353,133	1,714,951	6,353,133	2,547,655
CPF Manzalai	3,155,195	190,372	3,155,195	282,810
Nashpa Field				
Nashpa LPG Plant	4,731,035	3,329,250	4,731,035	3,965,465
Latif Field				
Reception / Tie-in Facility	1,165,465	126,960	1,165,465	318,729
Gambat South Field				
Gas Processing Facility (GPF) II	10,805,202	7,475,946	10,730,701	7,871,888
GPF IV Phase I	1,594,098	1,502,670	-	-
Kotri North Field				
Kotri North Field Development	1,054,898	222,845	-	-

notes to and forming part of the consolidated financial statements

for the year ended June 30, 2020

5.3 Cost and accumulated depreciation include:

	Cost		Accumulated depreciation	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
----- (Rupees in thousand) -----				
Share in Group operated joint operations	25,372,913	22,697,872	10,258,367	8,726,830
Share in partner operated joint operations	42,731,803	40,395,628	31,012,201	26,082,531
	68,104,716	63,093,500	41,270,568	34,809,361

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.

June 30, 2020 June 30, 2019
(Rupees in thousand)

5.4 Capital work-in-progress

Plant, machinery, fittings and pipelines	11,101,874	9,418,322
Exploration and Evaluation (E&E) assets	21,361,812	26,217,783
Development and production (D&P) assets	8,066,401	7,461,181
Lands, buildings and civil constructions	157,847	157,547
Capital stores for drilling and development	16,272,101	17,987,295
	56,960,035	61,242,128

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

	Plant, machinery, fittings and pipelines	Exploration and evaluation assets (E&E)	Development and production assets (D&P)	Lands, buildings and civil constructions	Capital stores for drilling and development	Total
----- (Rupees in thousand) -----						
Balance as on July 1, 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
Capital expenditure incurred / advances made during the year (net) - note 5.5.1 & 5.5.2	7,388,062	1,195,625	9,496,321	25,643	(1,715,311)	16,390,340
Adjustments / reclassifications	(10,945)	15,006	(2,958)	23,311	117	24,531
Transferred to operating assets	(5,693,565)	(6,066,602)	(8,888,143)	(48,654)	-	(20,696,964)
Balance as on June 30, 2020	11,101,874	21,361,812	8,066,401	157,847	16,272,101	56,960,035

5.5.1 Amounts under E&E assets are net of cost of dry wells charged to profit or loss during the year, amounting to Rs 11,480 million (2019: Rs 18,998 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 285.217 million (2019: Rs 238.957 million).

notes to and forming part of the consolidated financial statements

for the year ended June 30, 2020

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

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

notes to and forming part of the consolidated financial statements

for the year ended June 30, 2020

	June 30, 2020	June 30, 2019	
	(Rupees in thousand)		
6. INTANGIBLE ASSETS			
Computer software including ERP system - note 6.1	292,261	341,972	
Intangible assets under development	46,156	139,163	
	<u>338,417</u>	<u>481,135</u>	
6.1 Computer software including ERP system			
	ERP system	Computer software	Total
	------(Rupees in thousand)-----		
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	<u>31,341</u>	<u>263,092</u>	<u>294,433</u>
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	<u>79,483</u>	<u>262,489</u>	<u>341,972</u>
As at July 01, 2019			
Cost	420,981	1,524,512	1,945,493
Accumulated amortisation	(341,498)	(1,262,023)	(1,603,521)
NBV	<u>79,483</u>	<u>262,489</u>	<u>341,972</u>
Year ended June 30, 2020			
Additions (at cost)	21,183	98,601	119,784
Amortisation charge - note 31	(40,264)	(129,231)	(169,495)
NBV	<u>60,402</u>	<u>231,859</u>	<u>292,261</u>
As at June 30, 2020			
Cost	442,164	1,623,113	2,065,277
Accumulated amortisation	(381,762)	(1,391,254)	(1,773,016)
NBV	<u>60,402</u>	<u>231,859</u>	<u>292,261</u>
Rate of amortisation (%)	<u>20</u>	<u>33</u>	

notes to and forming part of the consolidated financial statements

for the year ended June 30, 2020

	June 30, 2020	June 30, 2019	
	(Rupees in thousand)		
7. LONG-TERM INVESTMENTS			
Investments in related parties			
Wholly owned subsidiaries			
PPPFTC - note 7.1	1	1	
Other investments			
At amortised cost			
Foreign currency term deposits with banks - note 7.2	37,353,959	39,192,228	
Less: Current Maturity of Foreign currency term deposits with banks	(3,866,184)	-	
	<u>33,487,775</u>	<u>39,192,228</u>	
	<u>33,487,776</u>	<u>39,192,229</u>	
7.1 The 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, 2020. 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, 2020.			
7.2 Foreign currency term deposits with banks			
These represent term deposits with banks amounting to US\$ 222.345 million (June 30, 2019: US\$ 238.977 million) having effective interest rate ranging from 3.00% to 5.30% (2019: 3.53% to 6.90%) per annum. These investments (excluding the current maturity) have been classified as non-current assets, as the management intends and has the ability to hold the amounts for longer term.			
	June 30, 2020	June 30, 2019	
	(Rupees in thousand)		
8. LONG-TERM LOANS			
Unsecured and considered good			
Long-term loans - staff - note 8.1			
- Executive staff - note 8.2	19,358	20,682	
- Other employees	42,282	26,042	
	<u>61,640</u>	<u>46,724</u>	
Less: Current maturities			
- Executive staff	(7,047)	(6,592)	
- Other employees	(12,873)	(6,113)	
	<u>(19,920)</u>	<u>(12,705)</u>	
	<u>41,720</u>	<u>34,019</u>	

notes to and forming part of the consolidated financial statements

for the year ended June 30, 2020

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% (2019: 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, 2020	June30, 2019
	(Rupees in thousand)	
Balance as on July 01	20,682	19,869
Disbursements	6,585	10,630
Repayments / adjustments	(7,909)	(9,817)
Balance as on June 30	<u>19,358</u>	<u>20,682</u>

The maximum aggregate amount of loans due from the executive staff at the end of any month during the year was Rs 20.863 million (2019: Rs 21.410 million).

9. LONG-TERM DEPOSITS

Cash margin:

	June 30, 2020	June30, 2019
	(Rupees in thousand)	
- For guarantee to International Bank of Yemen - note 9.1	1,175,250	911,850
- Others	7,676	7,676
	<u>1,182,926</u>	<u>919,526</u>
Less: Current maturity of long-term deposits	(1,175,250)	(911,850)
	<u>7,676</u>	<u>7,676</u>

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.

notes to and forming part of the consolidated financial statements

for the year ended June 30, 2020

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 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.

10. LONG-TERM RECEIVABLES

Unsecured and considered good

	June 30, 2020	June30, 2019
	(Rupees in thousand)	
- Government Holdings (Private) Limited (GHPL) - note 10.1	194,746	209,524
Less: Current maturity of long-term receivables from GHPL	(152,841)	(125,714)
	<u>41,905</u>	<u>83,810</u>

10.1 This represents share of carried cost borne by the Holding Company, in respect of Tal and Gambat fields, which is recoverable from GHPL in accordance with the terms set out under the relevant Petroleum Concession Agreements (PCAs). The receivable has not been discounted as required under IFRS 9 as the amount involved is not significant.

11. STORES AND SPARES

	June 30, 2020	June 30, 2019
	(Rupees in thousand)	
Stores and spares	4,496,569	3,445,615
Stores and spares - in transit	9,755	17,393
	<u>4,506,324</u>	<u>3,463,008</u>
Less: Provision for obsolete / slow moving stores & spares - note 11.1	(445,589)	(316,026)
	<u>4,060,735</u>	<u>3,146,982</u>

notes to and forming part of the consolidated financial statements

for the year ended June 30, 2020

	June 30, 2020	June 30, 2019
	(Rupees in thousand)	
11.1 Reconciliation of provision for obsolete / slow moving stores & spares:		
Balance as on July 01	316,026	205,763
Charge for the year - note 34	129,563	110,263
Balance as on June 30	<u>445,589</u>	<u>316,026</u>

12. TRADE DEBTS

Unsecured and considered good

Related parties - note 12.1

Central Power Generation Company Limited (GENCO-II)	52,360,688	36,356,708
Sui Northern Gas Pipelines Limited (SNGPL)	152,669,744	107,862,822
Sui Southern Gas Company Limited (SSGCL)	97,048,476	73,583,432
Pak-Arab Refinery Limited (PARCO)	698,988	1,335,964
Pakistan Refinery Limited (PRL)	1,091,468	623,152
Oil & Gas Development Company Limited (OGDCL)	803,313	371,716
	<u>304,672,677</u>	<u>220,133,794</u>

Non-related parties

Attock Refinery Limited (ARL)	6,894,695	6,349,987
National Refinery Limited (NRL)	676,249	639,950
Others	200,865	506,402
	<u>7,771,809</u>	<u>7,496,339</u>
	<u>312,444,486</u>	<u>227,630,133</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 12.4	(1,156,220)	(1,156,220)
	<u>-</u>	<u>-</u>
	<u>312,444,486</u>	<u>227,630,133</u>

12.1 Maximum aggregate amount outstanding at any time during the year with respect to month end balance is as follows:

	June 30, 2020	June 30, 2019
	(Rupees in thousand)	
GENCO-II	55,183,166	36,356,708
SNGPL	152,669,744	107,862,822
SSGCL	98,001,321	73,583,432
PARCO	2,225,087	1,538,435
PRL	1,278,894	897,311
OGDCL	927,689	672,922
	<u>310,285,901</u>	<u>220,911,630</u>

notes to and forming part of the consolidated financial statements

for the year ended June 30, 2020

	June 30, 2020	June 30, 2019
	(Rupees in thousand)	

12.2 The ageing of trade debts as at June 30 is as follows:

Neither past due nor impaired	28,833,944	29,826,683
Past due but not impaired:		
Related parties		
- within 90 days	28,182,626	33,604,162
- 91 to 180 days	27,377,619	30,228,424
- over 180 days	222,869,312	130,377,368
	<u>278,429,557</u>	<u>194,209,954</u>
Non-related parties		
- within 90 days	2,711,071	2,477,229
- 91 to 180 days	985,550	134,240
- over 180 days	1,484,364	982,027
	<u>5,180,985</u>	<u>3,593,496</u>
	<u>312,444,486</u>	<u>227,630,133</u>

12.3 Trade debts include overdue amount of Rs 277,488 million (2019: Rs 192,966 million) receivable from the State controlled companies (i.e. GENCO-II, SNGPL, SSGCL and OGDCL) and Rs 7,268 million (2019: Rs 5,994 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 suit in the Sindh High Court (SHC) against Byco for recovery of overdues. The said suit is pending adjudication before the SHC.

	June 30, 2020	June 30, 2019
	(Rupees in thousand)	

13. LOANS AND ADVANCES

Unsecured and considered good

Loans and advances to staff	112,173	67,519
Advances to suppliers and others	252,869	310,577
Advance payment of cash calls to joint operations – note 37	304,227	697,556
	<u>669,269</u>	<u>1,075,652</u>

14. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

Trade deposits	129,960	96,026
Prepayments	410,457	375,449
	<u>540,417</u>	<u>471,475</u>

notes to and forming part of the consolidated financial statements

for the year ended June 30, 2020

	June 30, 2020	June 30, 2019
	(Rupees in thousand)	
15. INTEREST ACCRUED		
Profit receivable on:		
- long-term investments	286,154	658,400
- long-term bank deposits	25,538	22,903
- short-term investments	124,319	153,440
- bank deposits - saving accounts	38,184	20,508
	<u>474,195</u>	<u>855,251</u>
16. OTHER RECEIVABLES		
Receivable from:		
SNGPL for Sui field services	28,270	25,621
SSGCL for Sui field services	4,045	13,333
Workers' Profits Participation Fund (WPPF) - note 16.1	35,768	521,349
Staff retirement benefit plans - note 32.1.2	413,539	227,496
Current accounts with joint operations - note 37	2,228,085	1,259,698
Indemnification asset	510,216	498,142
Others	479,077	288,664
	<u>3,699,000</u>	<u>2,834,303</u>
16.1 WPPF		
Balance as on July 01	521,349	59,936
Allocation for the year - note 34	(3,506,885)	(3,217,249)
Interest on funds utilised in the Holding Company's business - note 33	(1,741)	(2,292)
	<u>(2,987,277)</u>	<u>(3,159,605)</u>
Amount paid during the year	3,023,045	3,680,954
Balance as on June 30	<u>35,768</u>	<u>521,349</u>
17. SHORT-TERM INVESTMENTS		
At amortised cost		
- Foreign currency term deposits with banks - note 17.1	2,136,960	7,872,820
- Local currency term deposits with banks - note 17.2	3,692,256	4,226,500
At fair value through profit or loss		
- Mutual Funds - note 17.3	10,364,718	4,016,298
	<u>16,193,934</u>	<u>16,115,618</u>

17.1 These carry profit ranging from 1.80% to 3.27% (2019: 2.44% to 3.27%) per annum.

17.2 These carry profit ranging from 7.70% to 12.00% (2019: from 6.10% to 14.01%) per annum.

notes to and forming part of the consolidated financial statements

for the year ended June 30, 2020

	June 30, 2020	June 30, 2019
	(Rupees in thousand)	
17.3 Mutual Funds		
Name of Fund		
NBP Money Market Fund	2,431,354	799,076
Atlas Money Market Fund	1,088,844	703,280
MCB Cash Management Optimizer	1,800,132	642,597
ABL Cash Fund	2,020,138	-
HBL Cash Fund	1,602,753	-
UBL Liquidity Plus Fund	1,161,256	-
UBL Cash Fund	260,241	-
Alfalah GHP Money Market Fund	-	1,724,138
Others	-	147,207
	<u>10,364,718</u>	<u>4,016,298</u>

These represent 494,450,490 units having net asset value of Rs 20.962 per unit. Further, this investment has been categorised under Level 1 of the fair value hierarchy. IFRS-7, 'Financial Instruments: Disclosure' requires the Holding Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	June 30, 2020	June 30, 2019
	(Rupees in thousand)	
18. CASH AND BANK BALANCES		
At banks		
Saving accounts		
- Local currency - note 18.1	4,585,154	7,039,136
- Foreign currency - note 18.2	1,061,328	487,954
	<u>5,646,482</u>	<u>7,527,090</u>
Current accounts		
- Local currency	319,037	657,158
- Foreign currency	500,551	304,108
	<u>819,588</u>	<u>961,266</u>
Cash and cheques in hand	59,205	74,137
	<u>6,525,275</u>	<u>8,562,493</u>

18.1 These carry profit at the rate ranging from 2.25% to 13.60% (2019: from 2.25% to 12.10%) per annum. Further, it includes Rs 12.980 million (2019: Rs 83.443 million) placed under an arrangement permissible under Shariah.

18.2 These carry profit at the rate ranging from 0.05% to 1.75% (2019: from 0.10% to 1.30%) per annum.

notes to and forming part of the consolidated financial statements

for the year ended June 30, 2020

	June 30, 2020 (Rupees in thousand)	June 30, 2019
19. SHARE CAPITAL		
Authorised		
3,500,000,000 (2019: 2,500,000,000) ordinary shares of Rs 10 each - note 19.1	35,000,000	25,000,000
26,510 (2019: 26,510) convertible preference shares of Rs 10 each	265	265
	<u>35,000,265</u>	<u>25,000,265</u>
Issued		
2,721,161,259 (2019: 2,267,665,924) ordinary shares of Rs 10 each - note 19.2	27,211,612	22,676,659
11,816 (2019: 10,792) convertible preference shares of Rs 10 each - note 19.3	118	108
	<u>27,211,730</u>	<u>22,676,767</u>
Subscribed and paid-up		
683,076,907 (2019: 683,076,851) ordinary shares of Rs 10 each for cash - note 19.2	6,830,769	6,830,768
2,035,144,811 (2019: 1,581,649,526) ordinary shares of Rs 10 each issued as bonus shares	20,351,449	15,816,496
2,750,000 (2019: 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>27,209,718</u>	<u>22,674,764</u>
10,742 (2019: 10,792) convertible preference shares of Rs 10 each for cash - note 19.3	107	108
1,074 (2019: Nil) convertible preference shares of Rs 10 each issued as bonus shares	11	-
	<u>27,209,836</u>	<u>22,674,872</u>

notes to and forming part of the consolidated financial statements

for the year ended June 30, 2020

19.1 Authorised share capital

During the year, the shareholders of the Holding Company have approved an increase in authorised ordinary share capital of the Holding Company by Rs 10 billion (one billion shares).

19.2 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 (2019: 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.

19.3 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, 50 (2019: 567) 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, 2020 (Rupees in thousand)	June 30, 2019
20. RESERVES		
Capital reserve - note 20.1	1,428	1,428
Revenue reserves		
- General and contingency reserve - note 20.2	69,761	69,761
- Insurance reserve - note 20.3	34,021,894	34,021,894
- Assets acquisition reserve - note 20.4	23,751,980	23,751,980
- Dividend equalisation reserve - note 20.5	2,535,354	2,535,354
- Unappropriated Profit	251,681,079	211,058,757
- Translation reserves- note 4.23	4,036,691	4,090,249
	<u>316,096,759</u>	<u>275,527,995</u>
	<u>316,098,187</u>	<u>275,529,423</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.

notes to and forming part of the consolidated financial statements

for the year ended June 30, 2020

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 16,830 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.

20.5 Dividend equalisation reserve

During the year ended June 30, 2013, the Holding Company established a dividend equalisation reserve to maintain dividend declarations.

June 30,
2020 June 30,
2019
(Rupees in thousand)

21. PROVISION FOR DECOMMISSIONING OBLIGATION

Balance at beginning of the year	25,164,640	22,963,492
- Provision during the year	1,116,323	1,618,722
- Revision due to change in estimates	1,020,997	(111,277)
- Adjustment during the year	(313,243)	(45,387)
- Unwinding of discount - note 33	1,077,656	739,090
Balance at end of the year	<u>28,066,373</u>	<u>25,164,640</u>

The above provision for decommissioning obligation is analysed as follows:

June 30,
2020 June 30,
2019
(Rupees in thousand)

Wells

Share in operated assets	19,198,818	18,074,349
Share in partner operated assets	3,912,932	2,913,784

Production facilities

Share in operated assets	2,965,501	2,103,090
Share in partner operated assets	1,989,122	2,073,417
	<u>28,066,373</u>	<u>25,164,640</u>

notes to and forming part of the consolidated financial statements

for the year ended June 30, 2020

21.1 The provision has been discounted using a US Dollar based real discount rate of 4.3% (2019: 4.5%) per annum.

June 30,
2020 June 30,
2019
(Rupees in thousand)

22. LEASE LIABILITIES AGAINST RIGHT-OF-USE ASSETS

Present value of minimum lease payments - note 22.1	19,775	68,136
Less: current maturity	(19,361)	(56,029)
	<u>414</u>	<u>12,107</u>

22.1 These 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% (2019: 9.78% to 13.28%) per annum. The Holding Company has the option to purchase the assets upon expiry of the respective lease terms. There are no financial restrictions in the lease agreements.

The amounts of future payments for the lease and the period in which the lease payments will become due are as follows:

	Minimum lease payments		Financial charges		Present value of minimum lease payments	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
	(Rupees in thousand)					
Year ended June 30,						
2020	-	60,701	-	4,672	-	56,029
2021	20,290	12,981	929	1,288	19,361	11,693
2022	440	440	26	26	414	414
Total	<u>20,730</u>	<u>74,122</u>	<u>955</u>	<u>5,986</u>	<u>19,775</u>	<u>68,136</u>

22.2 Lease rental payments including financial charges thereon for the year ended June 30, 2020, amount to Rs 48.361 million (2019: Rs 74.621 million).

June 30,
2020 June 30,
2019
(Rupees in thousand)

23. DEFERRED LIABILITIES

Post-retirement medical benefits - note 32.2.1	2,134,229	2,130,362
Leave preparatory to retirement - note 32.3	706,623	623,913
	<u>2,840,852</u>	<u>2,754,275</u>

notes to and forming part of the consolidated financial statements

for the year ended June 30, 2020

	June 30, 2020	June 30, 2019
	(Rupees in thousand)	
24. DEFERRED TAXATION		
(Deductible) / taxable temporary differences on:		
Exploration expenditure	(2,082,062)	(2,275,438)
Provision for staff retirement and other benefits	(823,445)	(798,341)
Provision for obsolete / slow moving stores	(129,221)	(91,648)
Provision for doubtful debts	(462,488)	(462,488)
Provision for windfall levy on oil / condensate	(4,145,892)	(3,002,442)
Provision for decommissioning obligation	3,304,147	2,734,151
Accelerated tax depreciation allowances	3,983,407	4,816,908
Exploratory wells cost	14,425,712	14,765,350
Development and production expenditure	22,453,734	21,449,236
Others	880	(887)
	36,524,772	37,134,401
25. TRADE AND OTHER PAYABLES		
Creditors	1,026,673	858,920
Accrued liabilities	9,212,656	10,066,034
Security deposits from LPG distributors - note 25.1	148,855	347,280
Retention money	117,964	117,425
Gas Development Surcharge (GDS)	38,278,399	21,537,888
Gas Infrastructure Development Cess (GIDC)	10,248,820	7,667,350
Federal excise duty (net)	101,064	16,751
Sales tax (net)	1,602,103	66,747
Royalties	9,385,306	9,153,785
Lease extension bonus	20,585,132	15,481,758
Current accounts with joint operations - note 37	16,769,871	17,635,895
Staff retirement benefit plans - note 32.1.2	1,033,050	1,050,689
Provision for windfall levy on oil / condensate - note 26.1.8	7,896,937	5,718,937
Contractual obligations for Iraq EDPSC - note 25.2	719,368	1,709,746
Others	189,728	392,660
	117,315,926	91,821,865

25.1. The entire amount is kept in a separate bank account.

25.2. These represent Infrastructure Fund amounting to Rs 338.690 million (2019: Rs 1,419.340 million) and Training, Technology & Scholarship Fund amounting to Rs 380.678 million (2019: Rs 290.406 million) payable under the EDPSC with MDOC.

26. CONTINGENCIES AND COMMITMENTS

26.1 Contingencies

	June 30, 2020	June 30, 2019
	(Rupees in thousand)	
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.	31,657	37,454

notes to and forming part of the consolidated financial statements

for the year ended June 30, 2020

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 forums.

26.1.4 Income tax

a) The tax authorities have amended the assessments of the Holding Company for the tax years 2003 to 2019 raising an aggregate demand of Rs 32,943 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 31,168 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 2018	Appellate Tribunal Inland Revenue
2019	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 abundant caution, 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 22,233 million (2019: Rs 20,187 million) will be credited to the Profit or Loss for that year.

Further, during the current year, the Holding Company's case was selected for audit proceedings in respect of tax year 2018. The Holding Company, on the basis of the advice of legal counsel, has challenged the said proceedings before the Honourable SHC. The Honourable SHC vide order dated November 5, 2019 has granted interim stay. Furthermore, the tax authorities have issued a show-cause notice intending to further amend the assessment of the Holding Company for the tax year 2019 on account of depletion allowance, tax credit under section 65B and super tax relating to both Non-Agreement and Agreement Areas. Based on the advice of the legal counsel, the Holding Company filed a Constitutional Petition challenging the impugned show-cause notice before the Honourable SHC. The Honourable SHC vide an interim order dated January 23, 2020 has directed the tax authorities not to pass an adverse final order in respect of the said show-cause notice.

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., have raised demand of Rs 700.650 million in respect of the said transaction. After raising the said demand, the tax authorities have issued a show-cause notice to the Holding Company intending to recover the said amount by making the Holding Company a representative of MND E&P A.S. Based on the advice of the legal counsel, the Holding Company has filed a suit before the Honourable SHC challenging the impugned show-cause notice on the ground that the Holding Company does not have a business connection with MND E&P A.S. and therefore, it could not be treated as 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.

notes to and forming part of the consolidated financial statements

for the year ended June 30, 2020

26.1.5 Sindh Workers' Welfare Fund

The Holding 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 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 financial impact, if any, cannot be reliably estimated at present. Further, 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, therefore, no provision has been made in these consolidated financial statements.

26.1.6 Sindh Workers' Profit Participation Fund

The Holding Company had 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 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 to 2019 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 deposited amount before Nazir of SHC for the years 2017 to 2019 is Rs 3,434 million. 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 percent 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 on March 19, 2020 (the date fixed for hearing), the Islamabad High Court cancelled all the hearings of regular cases due to ongoing pandemic situation. The case now stands adjourned to a date in office and is not likely to be fixed for hearing in the foreseeable future. However, the stay granted in the case remains in field.

The Windfall Levy on oil (WLO) if also applicable on oil / condensate will amount to approximately Rs 25,844 million for the period up to June 30, 2020. Further, WLO provided for in the books of accounts from December 27, 2017 till June 30, 2020 amounts to Rs 7,897 million.

The cumulative impact of incremental revenue recorded in the books of accounts and profit after tax thereof is Rs 19,962 million and Rs 10,443 million respectively.

notes to and forming part of the consolidated financial statements

for the year ended June 30, 2020

26.1.9 Other contingencies

a) The Holding Company is defending suits filed against it in various courts of Pakistan for sums, aggregating Rs 2,598.847 million (2019: Rs 2,237.145 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 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 CIR-(A), the appeal effect of which is pending before the tax authorities. Further, during the year the tax authorities have also amended the assessment of PPLE for the tax years 2017 and 2018 raising an aggregate demand of Rs 259 million; which primarily relates to the above said / other issues. PPLE has paid 10% of the said demand under protest; resultantly, the remaining demand is stayed till the decision of CIR (A). The appeals of the said assessment years are pending at various appellate forums.

PPLE based on the advice of its legal counsel, is confident that it has sound grounds to defend the appeals. However, as a matter of abundant caution, it continues to provide on rate issue, depletion allowance and decommissioning cost which amounts to Rs 1,008 million for the tax years 2004 to 2020.

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 16,830 million), out of which US\$ 32.581 million (Rs 5,483 million) is outstanding.

26.2.2 The Holding Company has provided parent company guarantee amounting to US\$ 5.3 million (Rs 892 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, 2020 are Rs 1,123 million. Further, total amount outstanding under letters of credit (net share) as at June 30, 2020 is Rs 3,438 million.

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	Year ended June 30, 2020 (Rupees in thousand)	Year ended June 30, 2019
27. Revenue from contracts with customers		
Local sales	204,217,601	205,278,426
Federal excise duty	(1,788,254)	(2,008,828)
Sales tax	(24,003,258)	(22,610,025)
GIDC	(3,308,826)	(4,075,407)
GDS	(18,350,128)	(13,611,594)
Petroleum Levy	(501,664)	(547,182)
Discounts (barytes)	(34,296)	(34,949)
	(47,986,426)	(42,887,985)
	156,231,175	162,390,441
Export sales of barytes - note 27.1	1,768,312	1,975,579
	157,999,487	164,366,020
Product wise break-up of sales is as follows:		
Natural gas	154,986,750	144,559,685
Federal excise duty	(1,758,564)	(1,986,819)
Sales tax	(22,502,178)	(20,995,204)
GIDC	(3,308,826)	(4,075,407)
GDS	(18,350,128)	(13,611,594)
	(45,919,696)	(40,669,024)
	109,067,054	103,890,661
Gas supplied to Sui villages - note 28	748,006	551,193
Federal excise duty	(13,377)	(11,049)
Sales tax	(108,685)	(80,088)
	(122,062)	(91,137)
	625,944	460,056
Internal consumption of gas	409,959	344,947
Federal excise duty	(7,294)	(6,852)
Sales tax	(59,371)	(49,902)
	(66,665)	(56,754)
	343,294	288,193
Crude oil / Natural gas liquids / Condensate	40,083,837	50,822,737
LPG	8,846,659	9,942,606
Federal excise duty	(9,019)	(4,108)
Sales tax	(1,292,823)	(1,448,201)
Petroleum levy	(501,664)	(547,182)
	(1,803,506)	(1,999,491)
	7,043,153	7,943,115
Barytes	910,702	1,032,837
Sales tax	(40,201)	(36,630)
Discounts	(34,296)	(34,949)
	(74,497)	(71,579)
	836,205	961,258
	157,999,487	164,366,020

notes to and forming part of the consolidated financial statements

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	Year ended June 30, 2020 (Rupees in thousand)	Year ended June 30, 2019
27.1 Break up of export sales is as follows:		
Barytes	596,014	735,557
Crude oil / Condensate	1,172,298	1,240,022
	1,768,312	1,975,579
27.2 Revenue from Contracts with Customers includes revenue recognised based on take-or-pay arrangements till November 23, 2019.		
	Year ended June 30, 2020	Year ended June 30, 2019
		(Rupees in thousand)
28. OPERATING EXPENSES		
Salaries, wages, welfare and other benefits - note 31.1	8,631,049	7,431,983
Operator's personnel	2,227,306	1,916,238
Depreciation	7,970,556	9,673,360
Amortisation of decommissioning assets - note 5.1	1,646,552	953,295
Amortisation of D&P assets - note 5.1	11,341,036	9,992,102
Plant operations	3,641,155	3,352,541
Well interventions	1,423,967	1,659,104
Field services	2,326,778	2,253,265
Crude oil transportation	1,183,638	913,234
Travelling and conveyance	651,537	483,243
Training & development	35,839	20,614
PCA overheads	172,746	131,092
Insurance expenses	661,773	588,899
Free supply of gas to Sui villages - note 27	748,006	551,193
Social welfare / community development	419,729	322,083
Other expenses	-	38,003
	43,081,667	40,280,249
29. ROYALTIES AND OTHER LEVIES		
Royalties – note 29.1	18,288,063	19,050,197
Lease extension bonus	5,103,374	4,713,343
Windfall levy - note 29.2	446,412	605,032
Export development charges	3,825	6,366
	23,841,674	24,374,938
29.1 The Group has paid royalties to the GoP.		
29.2 This mainly pertains to production from Gambat South, Hala, Dhok Sultan, Digri, Ghauri and Kirthar fields.		
	Year ended June 30, 2020	Year ended June 30, 2019
		(Rupees in thousand)
30. EXPLORATION EXPENSES		
Dry and abandoned wells	11,479,783	18,998,297
Other exploration expenditures	6,471,724	8,208,475
	17,951,507	27,206,772

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	Year ended June 30, 2020	Year ended June 30, 2019
	(Rupees in thousand)	
31. ADMINISTRATIVE EXPENSES		
Salaries, wages, welfare and other benefits - note 31.1	5,758,432	5,194,742
Amortisation of intangible assets - note 6.1	169,495	173,158
Depreciation of leased & HO assets	208,813	216,547
Rent, rates and taxes	210,994	185,550
Utilities & communication	110,364	82,333
Travelling and conveyance	117,176	124,048
Training and development	51,847	104,589
Insurance expenses	23,581	26,279
Repairs, maintenance and supplies	712,160	506,569
Professional services	119,521	123,459
Auditors' remuneration - note 31.2	42,979	36,653
Donations and sponsorships - notes 31.3 & 31.4	85,168	38,979
Contract services	90,660	111,004
Compliance and regulatory expenses	87,157	57,877
Advertisement, publicity and public relations	68,135	46,511
Other expenses	31,383	42,186
	7,887,865	7,070,484
Allocation to capital and operating expenditure	(4,801,788)	(4,665,059)
	3,086,077	2,405,425

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 271.828 million, Rs 489.688 million, Rs 623.208 million, Rs 121.231 million and Rs 363.731 million, respectively (2019: Rs 274.149 million, Rs 506.378 million, Rs 134.141 million, Rs 10.198 million and Rs 232.608 million, respectively).

31.2 Auditors' remuneration is as under:

	Year ended June 30, 2020	Year ended June 30, 2019
	(Rupees in thousand)	
Annual audit fee		
- Holding Company	4,473	4,142
- Subsidiary Companies	14,673	12,240
Limited review, special certifications & advisory services - note 31.2.1	21,334	18,262
Out of pocket expenses	2,499	2,009
	42,979	36,653

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.

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for the year ended June 30, 2020

31.4 Party wise details of donations in excess of Rs 1 million are given below:

	Year ended June 30, 2020	Year ended June 30, 2019
	(Rupees in thousand)	
Name of Donees		
Mehran University of Engineering	16,700	10,000
National Internship Program under Ministry of Energy (paid through GHPL)	-	2,000
Sindh Institute of Urology & Transplantation	10,000	-
Lady Dufferin Hospital	10,000	-
Koochi Goth Hospital	8,641	-
The Kidney Centre	5,000	-
Darut Tasnif	5,000	-
Karwan-e-Hayat (Institute of Mental Health)	4,860	-
Tehzibul Akhlaq Trust	3,821	-
NED University of Engineering & Technology	2,000	-
Saran Educational Trust	1,000	-
	67,022	12,000

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, 2020				June 30, 2019	
	----- (Rupees in thousand) -----					
Present value of defined benefit obligations - note 32.1.6	9,069,751	1,611,258	2,771,958	1,177,279	14,630,246	12,890,063
Fair value of plan assets - note 32.1.5	(8,688,767)	(959,192)	(3,100,098)	(1,262,678)	(14,010,735)	(12,066,870)
Liability / (Asset) recognised in the statement of financial position	380,984	652,066	(328,140)	(85,399)	619,511	823,193

32.1.2 Movement in amounts payable to / (receivable from) defined benefit plans

	Executives		Non-Executives		Total	
	Pension	Gratuity	Pension	Gratuity		
	June 30, 2020				June 30, 2019	
	----- (Rupees in thousand) -----					
Balances as on July 01	939,236	(227,496)	85,994	25,459	823,193	2,153,910
Charge for the year - note 32.1.3	397,878	575,130	91,810	48,078	1,112,896	640,519
(Payments) / Refund during the year	(1,113,620)	14,978	(236,759)	12,255	(1,323,146)	(1,723,218)
Amount recognised in Other Comprehensive Income (OCI) for the year - note 32.1.4	157,490	289,454	(269,185)	(171,191)	6,568	(248,018)
Balances as on June 30	380,984	652,066	(328,140)	(85,399)	619,511	823,193

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32.1.3 Amounts recognised in profit or loss

	Executives		Non-Executives		Total	
	Pension	Gratuity	Pension	Gratuity		
	June 30, 2020				June 30, 2019	
	------(Rupees in thousand)-----					
Current service cost	272,662	43,710	80,345	44,341	441,058	449,928
Past service cost	-	561,749	-	-	561,749	-
Interest cost	1,136,542	100,794	392,282	176,382	1,806,000	1,133,779
Interest income on plan assets	(1,011,326)	(131,123)	(380,817)	(172,645)	(1,695,911)	(943,188)
Charge for the year in profit or loss	397,878	575,130	91,810	48,078	1,112,896	640,519
Actual return on plan assets	847,722	101,282	345,364	136,768	1,431,136	665,235

32.1.4 Remeasurement recognised in other comprehensive income

	Executives		Non-Executives		Total	
	Pension	Gratuity	Pension	Gratuity		
	June 30, 2020				June 30, 2019	
	------(Rupees in thousand)-----					
Actuarial (gain) / loss on obligation	(6,114)	259,613	(304,638)	(207,068)	(258,207)	(525,972)
Actuarial loss on assets	163,604	29,841	35,453	35,877	264,775	277,954
Total remeasurements	157,490	289,454	(269,185)	(171,191)	6,568	(248,018)

32.1.5 Changes in fair value of plan assets

	Executives		Non-Executives		Total	
	Pension	Gratuity	Pension	Gratuity		
	June 30, 2020				June 30, 2019	
	------(Rupees in thousand)-----					
Fair value of plan assets at beginning of the year*	7,144,980	969,516	2,714,232	1,238,142	12,066,870	10,641,163
Interest income on plan assets	1,011,326	131,123	380,817	172,645	1,695,911	943,188
Transferred to Defined Contribution Pension Fund	(20,493)	-	-	-	(20,493)	-
Contributions / adjustments by the Holding Company	1,113,620	(14,978)	236,759	(12,255)	1,323,146	1,723,218
Benefits paid	(397,062)	(96,628)	(196,257)	(99,977)	(789,924)	(962,745)
Amount recognised in OCI for the year	(163,604)	(29,841)	(35,453)	(35,877)	(264,775)	(277,954)
Fair value of plan assets at the end of the year	8,688,767	959,192	3,100,098	1,262,678	14,010,735	12,066,870

* This represents unaudited fair value of plan assets as at June 30, 2019

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32.1.6 Changes in present value of pension and gratuity obligations

	Executives		Non-Executives		Total	
	Pension	Gratuity	Pension	Gratuity		
	June 30, 2020				June 30, 2019	
	------(Rupees in thousand)-----					
Present value of obligations at beginning of the year	8,084,216	742,020	2,800,226	1,263,601	12,890,063	12,795,073
Current service cost	272,662	43,710	80,345	44,341	441,058	449,928
Past service cost	-	561,749	-	-	561,749	-
Interest cost	1,136,542	100,794	392,282	176,382	1,806,000	1,133,779
Transferred to Defined Contribution Pension Fund	(20,493)	-	-	-	(20,493)	-
Benefits paid	(397,062)	(96,628)	(196,257)	(99,977)	(789,924)	(962,745)
Amount recognised in OCI for the year	(6,114)	259,613	(304,638)	(207,068)	(258,207)	(525,972)
Present value of obligations at the end of the year	9,069,751	1,611,258	2,771,958	1,177,279	14,630,246	12,890,063

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, 2020				June 30, 2019			
	(Unaudited)				(Audited)			

Pension Fund

Government securities	7.05 - 14.47	1,200,156	14	693,419	23	310,006	5	173,239	7
Shares / Mutual Funds	-	1,257,883	14	493,541	16	783,340	11	218,666	8
SUKUK	9.15 - 9.31	79,360	1	34,119	1	-	-	-	-
Term Finance Certificates	7.16 - 14.86	164,656	2	76,387	2	376,668	5	194,969	7
National Saving Certificates	8.00 - 13.01	3,750,000	43	613,500	20	387,298	5	165,247	6
Cash and bank deposits	6.35 - 14.35	2,236,712	26	1,189,132	38	5,273,011	74	1,959,441	72
Total		8,688,767	100	3,100,098	100	7,130,323	100	2,711,562	100

Gratuity Fund

Government securities	7.05 - 12.32	224,179	23	227,188	18	101,309	11	50,655	4
Shares	-	125,658	13	192,199	15	81,723	8	106,102	9
SUKUK	9.15 - 9.31	11,404	1	9,819	1	-	-	-	-
Term Finance Certificates	8.62 - 14.65	52,799	6	59,491	5	119,329	12	110,763	9
National Saving Certificates	8.00 - 13.01	300,000	31	321,000	25	103,279	11	103,279	8
Cash and bank deposits	6.35 - 14.35	245,152	26	452,981	36	567,338	58	879,948	70
Total		959,192	100	1,262,678	100	972,978	100	1,250,747	100

32.1.8 Sensitivity analysis

	June 30, 2020				June 30, 2019			
	Executives		Non-Executives		Executives		Non-Executives	
	1% increase	1% decrease	1% increase	1% decrease	1% increase	1% decrease	1% increase	1% decrease
	------(Rupees in thousand)-----							

Pension

Salary rate sensitivity	441,037	(392,180)	101,054	(92,702)	379,733	(339,507)	96,507	(89,445)
Pension rate sensitivity	721,450	(617,884)	139,350	(117,750)	582,497	(550,844)	125,940	(103,522)
Discount rate sensitivity	(977,477)	1,195,044	(210,901)	249,614	(842,987)	960,756	(201,863)	241,362

Gratuity

Salary rate sensitivity	26,430	(28,356)	24,683	(22,797)	7,129	(6,287)	32,902	(30,449)
Discount rate sensitivity	(109,501)	124,803	(44,657)	49,385	(36,717)	41,061	(48,060)	52,998

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32.1.9 Maturity profile of the defined benefit obligations

	June 30, 2020			
	Executives		Non-Executives	
	Pension	Gratuity	Pension	Gratuity
Weighted average duration (years)	10.78	7.42	7.64	4.85
	----- (Rupees in thousand) -----			
Distribution of timing of benefit payments (time in years)				
1	411,235	116,377	185,790	114,337
2	628,054	173,497	541,334	326,135
3	556,241	180,360	233,205	127,204
4	691,220	217,077	276,671	159,133
5	674,716	169,019	268,270	141,570
6-10	4,166,545	1,066,746	1,342,536	714,505

32.1.10 The Holding Company expects to contribute Rs 539.222 million (2019: 551.147 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, 2020, results of which are as follows:

	June 30, 2020	June 30, 2019
	(Rupees in thousand)	
Present value of defined benefit obligations - notes 23 and 32.2.4	2,134,229	2,130,362
32.2.2 Movement in the liability recognised in the statement of financial position is as follows:		
Balance as on July 01	2,130,362	1,949,451
Charge for the year - notes 31.1 & 32.2.3	363,731	232,608
Payments during the year	(85,660)	(84,632)
Amounts charged to OCI	(274,204)	32,935
Balance as on June 30	2,134,229	2,130,362
	Year ended June 30, 2020	Year ended June 30, 2019
	(Rupees in thousand)	
Current service cost	61,410	57,750
Interest cost	302,321	174,858
	363,731	232,608

32.2.3 Amounts recognised in profit or loss

Current service cost	61,410	57,750
Interest cost	302,321	174,858
	363,731	232,608

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32.2.4 Changes in present value of post-retirement medical obligations

	June 30, 2020	June 30, 2019
	(Rupees in thousand)	
Opening balance	2,130,362	1,949,451
Current service cost	61,410	57,750
Interest cost	302,321	174,858
Benefits paid	(85,660)	(84,632)
Amounts charged to OCI	(274,204)	32,935
Balance as on June 30	2,134,229	2,130,362
	1% increase	1% decrease
	(Rupees in thousand)	

32.2.5 Sensitivity analysis

Medical cost trend rate sensitivity	249,829	(211,666)
Discount rate sensitivity	(264,874)	330,140

32.2.6 The Holding Company expects to contribute Rs 238.195 million (2019: Rs 363.731 million) to the unfunded post-retirement medical benefits in the next financial year.

32.2.7 The weighted average duration of the defined benefit obligation works out to 12.32 years (2019: 11.96 years) in respect of executive and 12.55 years (2019: 12.24 years) in respect of non-executive retired employees.

	June 30, 2020	June 30, 2019
	(Rupees in thousand)	
Balance as on July 01	623,913	702,080
Charge for the year - note 31.1	121,231	10,198
	745,144	712,278
Payments / adjustments during the year	(38,521)	(88,365)
Balance as at June 30 - note 23	706,623	623,913

32.3 Leave preparatory to retirement

Balance as on July 01	623,913	702,080
Charge for the year - note 31.1	121,231	10,198
	745,144	712,278
Payments / adjustments during the year	(38,521)	(88,365)
Balance as at June 30 - note 23	706,623	623,913

32.4 Principal actuarial assumptions

	Per annum	
	June 30, 2020	June 30, 2019
-discount rate	8.50%	14.25%
-expected rate of increase in salaries	8.50%	14.25%
-expected rate of increase in pension	3.50%	9.25%
-expected rate of escalation in medical cost	4.50%	10.25%
-death rate / mortality rate		SLIC (2001-05)

notes to and forming part of the consolidated financial statements

for the year ended June 30, 2020

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.

	Year ended June 30, 2020	Year ended June 30, 2019
	(Rupees in thousand)	
33. FINANCE COSTS		
Financial charges for liabilities against ROUA	4,666	11,443
Unwinding of discount on decommissioning obligation - note 21	1,077,656	739,090
Interest on WPPF - note 16.1	1,741	2,292
Others	28,521	24,547
	<u>1,112,584</u>	<u>777,372</u>
34. OTHER CHARGES		
WPPF charge / adjustment - note 16.1	3,506,885	3,217,249
Provision for windfall levy on oil / condensate - note 26.1.8	2,178,000	3,757,000
Provision for obsolete / slow moving stores & spares - note 11.1	129,563	110,263
Loss on disposal / write-off of stores & spares (net)	29,161	79,095
Others	22,344	-
	<u>5,865,953</u>	<u>7,163,607</u>

notes to and forming part of the consolidated financial statements

for the year ended June 30, 2020

35. OTHER INCOME

Income from financial assets

Income on loans and bank deposits - note 35.1
Income on term deposits
Income on long-term investments at amortised cost
Income from investment in treasury bills
Dividend income / gain on re-measurement / disposal of investments designated at fair value through profit or loss (net)

Income from assets other than financial assets

Rental income on assets
Profit on sale of property, plant and equipment (net)
Exchange gain on foreign currency (net)
Share of profit on sale of LPG
Insurance Income
Others - note 35.2

Year ended June 30, 2020	Year ended June 30, 2019
(Rupees in thousand)	

875,027	493,068
559,080	762,085
1,669,180	1,869,412
433,961	128,501
297,080	202,549
<u>3,834,328</u>	<u>3,455,615</u>
5,870	8,199
18,143	19,562
528,550	11,238,919
4,785	67,386
-	24,655
2,190,904	864,791
<u>2,748,252</u>	<u>12,223,512</u>
<u>6,582,580</u>	<u>15,679,127</u>

35.1 This includes profit amounting to Rs 1.344 million (2019: Rs 0.790 million) under a Shariah compliant arrangement.

35.2 This includes; (i) cost of Unarpur-1 & 2 wells in Kotri North block amounting to Rs 1,512 million. The Company farmed-out its 50% working interest in Kotri North block along with operatorship to United Energy Pakistan Limited (UEPL). As part of the farm-out agreement, UEPL carried the Holding Company in the said wells by paying its share of the cost. Post discovery and commencement of production from the well, the Holding Company has capitalised the wells at its share of cost. The corresponding effect is included in statement of financial position under property, plant and equipment and (ii) liquidated damages amounting to Rs 563 million (net share) imposed by the Operator of Nashpa field on the contractor of Nashpa LPG plant on account of delay in completion of the project.

36. TAXATION

Provision for taxation for the year ended June 30, 2020 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.

Year ended June 30, 2020	Year ended June 30, 2019
(Rupees in thousand)	

Current		
- for the year	21,311,853	20,677,939
- for prior years (net)	(484,244)	(1,239,141)
	<u>20,827,609</u>	<u>19,438,798</u>
Deferred	(609,629)	(1,061,404)
	<u>20,217,980</u>	<u>18,377,394</u>

notes to and forming part of the consolidated financial statements

for the year ended june 30, 2020

36.1 Relationship between accounting profit and taxation

	Year ended June 30, 2020 (Rupees in thousand)	Year ended June 30, 2019
Accounting profit for the year before taxation	69,642,605	77,836,784
Tax on accounting profit at applicable rate of 43.49% (2019: 40.73%)	30,287,569	31,702,922
Tax effect of:		
- Depletion allowance	(9,093,520)	(9,617,344)
- Royalty allowed for tax purposes	(3,257,309)	(3,723,146)
- Exploration expenses of PPLA	897,703	523,365
- Unwinding of discount on decommissioning obligation	491,742	339,899
- Tax income relating to prior years	(484,244)	(1,239,141)
- Decommissioning cost	969,062	661,665
- Tax credits	(24,699)	(11,304)
- Super tax	-	306,629
- Others	431,676	(566,151)
	<u>20,217,980</u>	<u>18,377,394</u>
Effective tax rate %	29.03%	23.61%

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 Company's working interest as at June 30, 2020	Net Balance (Payable) / Receivable (Rupees in thousand) June 30, 2020	Net Balance (Payable) / Receivable (Rupees in thousand) June 30, 2019
Producing Fields				
1 Sui	PPL	100.00	-	-
2 Kandhkot	PPL	100.00	-	-
3 Adhi	PPL	39.00	(1,644,701)	(1,521,352)
4 Mazarani	PPL	87.50	164,056	147,617
5 Hala	PPL	65.00	(201,576)	(300,179)
6 Gambat South	PPL	65.00	(1,204,725)	(1,906,553)
7 Kandhkot East (Chachar)	PPL	75.00	(59,071)	(51,786)
8 Dhok Sultan (EWT Phase)	PPL	75.00	(1,519,341)	(1,188,608)
9 Qadirpur	OGDCL	7.00	(229,918)	(48,816)
10 Miano	UEP-BETA	15.16	(374,934)	10,798
11 Sawan	UEP-BETA	34.07	(164,929)	45,525
12 Block 22	PEL	35.53	(127,019)	(50,590)
13 Tal	MOL	27.76	(1,374,330)	(1,480,721)
14 Nashpa	OGDCL	28.55	(2,148,541)	(625,716)
15 Gambat (Tajjal EWT Phase)	UEP-BETA	23.68	40,277	136,204
16 Latif	UEP-BETA	33.30	(586,956)	(331,363)
17 Kirthar	POGC	30.00	(899,278)	(1,012,809)
18 Ghauri (Ghauri EWT Phase)	MPCL	35.00	(700,586)	(640,649)
19 Digri (Gulsher EWT Phase)	UEPL	25.00	(40,586)	(56,431)
20 Kortri North (Unarpur EWT Phase)	UEPL	40.00	(1,211,776)	(247,796)

notes to and forming part of the consolidated financial statements

for the year ended june 30, 2020

Name of Field	Operator	Percentage of the Group's working interest as at June 30, 2020	Net Balance (Payable) / Receivable (Rupees in thousand) June 30, 2020	Net Balance (Payable) / Receivable (Rupees in thousand) June 30, 2019
Exploration Blocks				
1 Block 2568-13 (Hala) - note 37.1	PPL	65.00	-	-
2 Block 2766-1 (Khuzdar)	PPL	100.00	20,666	(7,164)
3 Block 2688-2 (Kalat)	PPL	100.00	15,479	131,390
4 Block 2969-8 (Barkhan)	PPL	85.00	(14,761)	(5,296)
5 Block 2763-3 (Kharan)	PPL	100.00	5,236	119,601
6 Block 2764-4 (Kharan-East)	PPL	100.00	(9,407)	(117,275)
7 Block 2763-4 (Kharan-West)	PPL	100.00	409	6,954
8 Block 3371-15 (Dhok Sultan) - note 37.1	PPL	75.00	-	-
9 Block 2467-12 (Jungshahi)	PPL	100.00	2,132	(16,057)
10 Block 2568-18 (Gambat South) - note 37.1	PPL	65.00	-	-
11 Block 2468-10 (Sirani)	PPL	75.00	960	(8,557)
12 Block 2668-9 (Naushahro Firoz)	PPL	100.00	(23,483)	(174,590)
13 Block 3272-18 (Karsal)	PPL	100.00	(48,106)	(677,054)
14 Block 3372-23 (Hisal)	PPL	62.50	26,713	(118,891)
15 Block 2870-5 (Sadiqabad)	PPL	97.50	(112,559)	(116,614)
16 Block 2469-16 (Shah Bandar) - note 37.2	PPL	63.00	66,326	24,872
17 Block 2864-4 (Nausherwani)	PPL	97.50	111	(61,679)
18 Block 2566-6 (Bela West) - note 37.3	PPL	37.50	290,153	(185,105)
19 Block 2566-4 (Hab) - note 37.2	PPL	97.35	(23,472)	(1,221,022)
20 Block 2569-5 (Khipro East)	PPL	97.50	(150,875)	(8,388)
21 Block 2467-13 (Malir) - note 37.2	PPL	95.00	(909)	(6,356)
22 Block 2866-4 (Margand)	PPL	100.00	(522,513)	(186,590)
23 Block 2468-12 (Kotri)	PPL	100.00	(22,771)	(293,697)
24 Block 2763-5 (South Kharan)	PPL	51.00	18,875	67,351
25 Block 2763-13 (Sorah)	PPL	100.00	19,969	-
26 Block 3069-10 (Musakhel) - note 37.4	PPL	51.00	59,111	-
27 Block 3073-5 (Punjab) - note 37.5	PPL	100.00	(5,806)	-
28 Block 2568-21 (Kotri North) - note 37.1	UEPL	40.00	-	-
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 37.6	ZHEN HUA	49.00	9,349	(1,005)
33 Block 3370-3 (Tal) - note 37.1	MOL	30.00	-	-
34 Block 2866-3 (Khuzdar North) - note 37.7	OGDCL	25.00	(258,253)	-
35 Block 2568-20 (Sukhpur) - note 37.8	ENI	30.00	(6,684)	(11,612)
36 Block 2468-9 (Jherruck)	NHEPL	30.00	(59,317)	(59,317)
37 Block 2568-19 (Digri) - note 37.1	UEPL	25.00	-	-
38 Block 3273-3 (Ghauri) - note 37.1	MPCL	35.00	-	-
39 Block 2867-5 (Kuhan)	UEP-BETA	47.50	(16,494)	(15,535)
40 Block 3170-15 (Paharpur) - note 37.8	KUFPEC	35.00	(4,392)	(104,633)
41 Block 3070-16 (Pezu)	OGDCL	30.00	(765,028)	(888,159)
42 Block 2967-2 (Ziarat)	MPCL	40.00	(64,053)	(97,330)
43 Block 3067-3 (Harnai)	MPCL	40.00	(78,574)	(61,460)
Offshore Blocks				
44 Block 2366-7 (Indus-C)	ENI	40.00	(14,096)	(6,439)
45 Block 2366-5 (Indus-N)	ENI	30.00	(9,081)	(32,418)
46 Block 2265-1 (Indus-G) - note 37.8	ENI	25.00	114,533	(2,144,466)
Exploration Blocks (Outside Pakistan)				
1 Block-3 (Yemen)	TOTAL	20.00	(81,032)	(68,003)
2 Block-8 (Iraq) - note 37.9	PPLA	100.00	-	-
Other areas - note 37.10			(266,514)	(280,522)

notes to and forming part of the consolidated financial statements

for the year ended June 30, 2020

- 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** Deed of Assignment of 2.5% working interest to GHPL in Shah Bandar, Hab and Malir blocks has been executed on September 20, 2019 and accordingly, the Holding Company's working interest has reduced to 63%, 97.35% and 95%, respectively.
- 37.3** Deed of Assignment of 25% working interest to Mari Petroleum Company Limited was executed on August 19, 2019, and accordingly the Holding Company's working interest has reduced to 37.5% in Bela West block.
- 37.4** Farm-out agreement for transfer of the Holding Company's 12.5% working interest to POGC and 1.3% working interest to GHPL has been executed and assignment application has been submitted to GoP.
- 37.5** Punjab block was granted to the Holding Company on November 18, 2019. Farm-out agreement with GHPL (2.5%) and OGDCL (50%) has been executed and approval from GoP is awaited.
- 37.6** 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.
- 37.7** Deed of Assignment for transfer of OGDCL's 25% working interest to the Holding Company has been executed on November 21, 2019 in Khuzdar North block.
- 37.8** Notice of relinquishment has been submitted to GoP for Sukhpur, Paharpur and Indus-G blocks.
- 37.9** Farm-out of PPLA's 32% working interest is in progress.
- 37.10** This mainly includes amounts receivable / (payable) under the various blocks against which the Holding Company has applied to GoP for relinquishment.
- 37.11** Farm-in agreement for transfer of OGDCL's 50 % working interest in Shakarganj block to the Holding Company has been executed on June 09, 2020. Assignment application to GoP is to be submitted.
- 37.12** The balances are stated net of receivable / (payable) position, since these are settled on net basis. Further, ageing of these balances is not relevant due to the nature of operations of the Group and transactions with the Joint Operations.

notes to and forming part of the consolidated financial statements

for the year ended June 30, 2020

	June 30, 2020	June 30, 2019
	(Rupees in thousand)	
38. FINANCIAL ASSETS AND FINANCIAL LIABILITIES		
Financial assets as per statement of financial position		
- At amortised cost		
Long-term investments	33,487,775	39,192,228
Long-term loans	41,720	34,019
Long-term deposits	7,676	7,676
Long-term receivables	41,905	83,810
Trade debts	263,917,267	198,424,895
Loans and advances	669,269	1,075,652
Trade deposits	129,960	96,026
Interest accrued	474,195	855,251
Current maturity of long-term investments	3,866,184	-
Current maturity of long-term deposits	1,175,250	911,850
Current maturity of long-term loans	19,920	12,705
Current maturity of long-term receivables	152,841	125,714
Other receivables	3,211,409	2,085,458
Short-term investments	5,829,216	12,099,320
Cash and bank balances	6,525,275	8,562,493
	319,549,862	263,567,097
- At fair value through profit or loss - Mutual Funds	10,364,718	4,016,298
Non-financial assets	213,739,504	195,030,174
Total assets	543,654,084	462,613,569
Financial liabilities as per statement of financial position		
- Financial liabilities measured at amortised cost		
Trade and other payables	29,218,165	32,178,649
Unclaimed dividends	299,912	302,539
Non-financial liabilities	170,827,984	131,928,086
Total liabilities	200,346,061	164,409,274
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, 2020 and 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 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.		

notes to and forming part of the consolidated financial statements

for the year ended june 30, 2020

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 rates risk by closely monitoring the duration of fixed rate investments and placements.

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, 2020	June 30, 2019
	(US Dollars)	
Investments at amortised cost	235,064,994	286,982,000
Cash and bank balances	9,296,661	4,870,575
Current maturity of long-term deposits	7,500,000	7,500,000
Trade and other payables	(12,957,288)	(24,505,694)
	<u>238,904,367</u>	<u>274,846,881</u>

The following significant exchange rates have been applied during the year:

	Average Rate		Closing Rate	
	2020	2019	2020	2019
	------(Rupees)-----			
US\$ 1	158.45	136.37	168.30	164.50

A one rupee change in the exchange rate of foreign currencies would have the following effect:

	One Rupee Increase	One Rupee Decrease
	(Rupees in thousand)	
Foreign currency financial assets	251,862	(251,862)
Foreign currency financial liabilities	34,141	(34,141)

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.

notes to and forming part of the consolidated financial statements

for the year ended june 30, 2020

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

	One Rupee Increase	One Rupee Decrease
	(Rupees in thousand)	
Natural Gas (Mcf)	247,366	(247,366)
Crude Oil / Condensate / NGL (BBL)	5,061	(5,061)
LPG (M.Ton)	107	(107)
Barytes (M.Ton)	78	(78)

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.

The Group is exposed to credit risk from its operating and certain investing activities and the Group's credit risk exposures are categorised under the following headings:

i) Counterparties

The Group conducts transactions with the following major types of counterparties:

Trade debts

Trade debts are essentially due from gas transmission and distribution, power generation, oil and gas marketing and oil refining companies. The Group's major portion of sales is to GENCO-II, SNGPL and SSGCL, however, it does not consider itself to be exposed to any substantial credit risk since these companies are State Owned Entities (SOEs).

Bank and investments

The Group limits its exposure to credit risk by investing in liquid securities and only with counterparties that have high credit rating. These credit ratings are subject to periodic review and accordingly, the Group currently does not expect any counterparty to fail to meet its obligations.

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.

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:

notes to and forming part of the consolidated financial statements

for the year ended June 30, 2020

	June 30, 2020	June 30, 2019
	(Rupees in thousand)	
Long-term investments	33,487,775	39,192,228
Long-term loans	41,720	34,019
Long-term deposits	7,676	7,676
Long-term receivables	41,905	83,810
Trade debts	263,917,267	198,424,895
Loans	112,173	67,519
Trade deposits	129,960	96,026
Interest accrued	474,195	855,251
Current maturity of long-term investments	3,866,184	-
Current maturity of long-term loans	19,920	12,705
Current maturity of long-term deposits	1,175,250	911,850
Current maturity of long-term receivables	152,841	125,714
Other receivables	3,211,409	2,085,458
Short-term investments	16,193,934	16,115,618
Bank balances	6,466,070	8,488,356
	329,298,279	266,501,125

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, 2020	June 30, 2019
	(Rupees in thousand)	
Long-term investments (including current maturity)		
AAA	11,394,600	16,450,840
AA	25,959,359	22,741,388
	37,353,959	39,192,228
Trade debts		
Customers with defaults in past one year which have not yet been recovered	25,098,625	26,058,515
Short-term investments		
AAA	8,498,571	8,865,320
AA	7,695,363	7,250,298
	16,193,934	16,115,618
Cash at banks		
AAA	3,597,282	3,921,214
AA	2,868,788	4,503,063
A	-	64,079
	6,466,070	8,488,356

The Group's most significant customers include two gas transmission and distribution companies and one power generation company (related parties), which account for Rs 302,079 million of the trade debts as at June 30, 2020 (2019: Rs 217,803 million).

notes to and forming part of the consolidated financial statements

for the year ended June 30, 2020

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
	(Rupees in thousand)					
Liability against ROUA	-	4,522	14,839	414	-	19,775
Trade and other payables	2,186,701	23,463,978	3,567,486	-	-	29,218,165
Year ended June 30, 2020	2,186,701	23,468,500	3,582,325	414	-	29,237,940
Liability against ROUA	-	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

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, 2020	June 30, 2019
	(Rupees in thousand)	
40. CASH AND CASH EQUIVALENTS		
Short-term highly liquid investments - note 17	5,829,216	12,099,320
Cash and bank balances - note 18	6,525,275	8,562,493
	12,354,491	20,661,813

notes to and forming part of the consolidated financial statements

for the year ended June 30, 2020

41. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Executives	
	Year ended June 30, 2020	Year ended June 30, 2019	Year ended June 30, 2020	Year ended June 30, 2019
----- (Rupees in thousand) -----				
Managerial remuneration	44,872	23,710	6,099,615	5,676,968
Housing, conveyance and utilities	-	-	109,098	93,039
Retirement benefits	6,528	2,526	1,025,199	870,994
Bonus	7,663	2,716	1,300,194	607,730
Medical and leave passage	715	284	604,879	488,268
Leave encashment	-	-	52,284	9,730
	59,778	29,236	9,191,269	7,746,729
Number, including those who worked for part of the year	1	2	1,171	1,152

41.1. Aggregate amount charged in these consolidated financial statements in respect of fees paid to ten non-executive directors of the Holding Company was Rs 25.795 million (2019: Rs 25.101 million to eleven non-executive directors). Further, during the year, Rs 0.812 million (2019: nil) was paid to three directors of PPLA & PPLE as Director's fee.

42. EARNINGS PER SHARE

42.1 Basic earnings per share

	Year ended June 30, 2020	Year ended June 30, 2019
Profit after taxation (Rs '000)	49,424,625	59,459,390
Dividend on convertible preference shares (Rs '000)	(35)	(34)
Profit attributable to ordinary shareholders (Rs '000)	49,424,590	59,459,356
		(Restated)
Weighted average number of ordinary shares in issue	2,720,971,700	2,720,971,325
		(Restated)
Basic earnings per share (Rs)	18.16	21.85

42.2 Diluted earnings per share

	Year ended June 30, 2020	Year ended June 30, 2019
Profit after taxation (Rs '000)	49,424,625	59,459,390
		(Restated)
Weighted average number of ordinary shares in issue	2,720,971,700	2,720,971,325
Adjustment for conversion of convertible preference shares	11,828	12,203
Weighted average number of ordinary shares for diluted earnings per share	2,720,983,528	2,720,983,528
		(Restated)
Diluted earnings per share (Rs)	18.16	21.85

notes to and forming part of the consolidated financial statements

for the year ended June 30, 2020

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, 2020	June 30, 2019
(Rupees in thousand)		
GENCO-II	36,443,371	32,541,170
SSGCL	43,661,188	37,070,402
SNGPL	74,642,057	74,710,977
OGDCL	1,283,383	168,546
	156,029,999	144,491,095

Long-term receivables, trade debts and other receivables from state controlled entities as at June 30

See notes 10, 12, 16 & 43.2

Transactions with Associated Companies - note 43.2

	2020	2019
Sales of crude oil / condensate to PARCO	5,062,717	6,253,831
Sales of crude oil / condensate to PRL	2,624,384	34,056
Payment to Total PARCO Pakistan Limited (Total PARCO)	290,251	250,586
Payment to Petroleum Institute of Pakistan (PIP)	6,676	-
Deposits with Askari Bank Limited (AKBL) as at June 30	33,130	6,797
Letters of credit placed with AKBL as at June 30	125,015	1,425,142

Transactions with Joint Operations

	2020	2019
Payments of cash calls to joint operations	37,489,192	48,932,316
Expenditures incurred by the joint operations	38,025,716	52,360,934
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
Dividend income from BME
Purchase of goods from BME (net)
Reimbursement of employee cost on secondment to BME

	2020	2019
Income from rental of assets to joint operations	5,870	8,199
Dividend income from BME	200,000	200,000
Purchase of goods from BME (net)	372,515	319,088
Reimbursement of employee cost on secondment to BME	23,103	19,379

Other related parties

	2020	2019
Dividends to GoP - note 43.3	3,061,440	1,996,591
Dividends to Trust under BESOS - note 43.3	333,429	217,454
Dividend to trusts under retirement benefit funds - note 43.3	2,524	1,646
Transactions with retirement benefit funds		
Remuneration to key management personnel		

See notes 31.1 & 32

See note 41

notes to and forming part of the consolidated financial statements

for the year ended June 30, 2020

	June 30, 2020	June 30, 2019
	(Rupees in thousand)	
Payment of rental to Pakistan Industrial Development Corporation (PIDC)	135,002	121,093
Payment of rental to Karachi Port Trust (KPT)	6,681	7,288
Payment to National Insurance Company Limited (NICL)	944,068	1,015,168
Insurance claim received from NICL	295	24,596
Payment to SNGPL against services obtained	460	522
Payment to Pakistan State Oil Company Limited (PSO)	193,118	398,192

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 / Common Directorship	Not applicable
5.	PSO	GOP is common shareholder / Common Directorship	Not applicable
6.	GENCO - II	GOP is common shareholder	Not applicable
7.	PIDC	GOP is common shareholder	Not applicable
8.	KPT	GOP is common shareholder	Not applicable
9.	NICL	GOP is common shareholder	Not applicable
10.	Total PARCO	GOP is common shareholder	Not applicable
11.	PARCO	GOP is common shareholder	Not applicable
12.	PRL	Common Directorship	Not applicable
13.	AKBL	Common Directorship	Not applicable
14.	PIP	Common Directorship	Not applicable

43.3 The Holding Company also issued bonus shares to (i) GoP: 306,143,957 shares (2019: 199,659,102 shares), (ii) Trust under BESOS: 33,342,886 shares (2019: 21,745,360 shares) and (iii) Trusts under retirement benefit funds: 252,437 shares (2019: 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.

notes to and forming part of the consolidated financial statements

for the year ended June 30, 2020

Following are the details of customers with whom the revenue from sales transactions amount to 10% or more of the Group's overall revenue:

	June 30, 2020	June 30, 2019
	(Rupees in thousand)	
GENCO-II	36,443,371	32,541,170
SSGCL	43,661,188	37,070,402
SNGPL	74,642,056	74,710,977
ARL	24,617,184	38,179,107
	179,363,799	182,501,656

45. GENERAL

45.1 Number of employees

	June 30, 2020	June 30, 2019
Total number of employees at the end of the year were as follows:		
Regular	2,688	2,765
Contractual	70	84
	2,758	2,849
Average number of employees during the year were as follows:		
Regular	2,733	2,788
Contractual	91	86
	2,824	2,874

45.2 Capacity and production

Product	Unit	Actual production for the year (Group's share) June 30, 2020	Actual production for the year (Group's share) June 30, 2019
Natural gas	MMCF	285,071	318,963
Crude oil / NGL / Condensate	Thousand Barrels	5,142	5,869
LPG	M. Ton	107,114	116,723
Barytes	M. Ton	90,853	130,845

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

45.3 Corresponding figures

An amount of Rs 145.601 million is re-classified from operating expenses to administrative expenses for purpose of better presentation and comparison.

45.4 Figures have been rounded off to the nearest thousand, unless otherwise stated.

notes to and forming part of the consolidated financial statements

for the year ended june 30, 2020

46. SUBSEQUENT / NON - ADJUSTING EVENTS

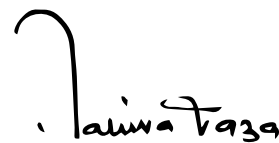
The Board of Directors of the Holding Company in its meeting held on September 11, 2020 has recommended cash dividend @ 10% amounting to Rs 2,720.972 million (2019: @ 20% amounting to Rs 4,534.953 million) on paid-up value of ordinary share capital and @ 10% amounting to Rs 0.012 million (2019: @ 20% amounting to Rs 0.022 million) on the paid-up value of convertible preference share capital. These appropriations will be put forward for approval of the shareholders in the Annual General Meeting scheduled to be held on October 26, 2020.

47. DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorised for issue on September 11, 2020 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 Tones
MW	Megawatts
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, 2020

Size of Holding Rs. 10 Shares	Number of Shareholders	Total Shares held
1	2,391	122,135
101	5,025	1,506,888
501	3,112	2,538,087
1,001	14,300	31,674,614
5,001	1,557	11,428,985
10,001	513	6,390,793
15,001	316	5,619,992
20,001	346	8,596,535
30,001	169	5,893,224
40,001	117	5,334,901
50,001	88	4,900,270
60,001	62	4,056,578
70,001	38	2,842,193
80,001	30	2,543,184
90,001	26	2,519,452
100,001	109	13,566,934
150,001	45	7,891,322
200,001	50	12,465,458
300,001	49	19,362,027
500,001	71	49,449,183
1,000,001	47	70,530,659
2,000,001	42	158,540,924
10,000,001	9	204,049,970
50,000,001	1	52,226,454
200,000,001	1	200,057,318
1,800,000,000	1	1,836,863,632
TOTAL	28,515	2,720,971,712

Categories of Shareholders	No. of Shareholders	No. of Shares Held	Percentage
Ordinary Shares			
Directors, CEO and their spouse and minor children	3	4,514	*
Associated companies, undertakings and related parties			
PPL Employees Empowerment Trust	1	200,057,318	7.35
PPL Employees Retirement Benefit Funds	12	1,514,614	0.06
NIT and ICP	1	1,901,518	0.07
Banks, Development Financial Institutions, Non-Banking Financial Institutions	30	44,063,707	1.62
Insurance Companies	27	85,897,025	3.16
Modarabas and Mutual Funds	106	94,823,387	3.48
Shareholders holding 10% or more			
Government of Pakistan	1	1,836,863,632	67.51
General Public			
Resident	27,585	156,650,409	5.76
Non-resident	210	381,314	0.01
Others			
Non-Resident Financial Institutions	109	144,147,693	5.30
Public Sector Companies and Corporations	7	101,165,932	3.72
Joint Stock Companies	228	23,757,721	0.87
Employee Trust / Foundations etc.	191	29,742,169	1.09
Nazir of High Court	4	759	*
	28,515	2,720,971,712	100.00
Convertible Preference Shares			
Individuals	75	11,365	96.18
Joint Stock Companies	1	407	3.45
Nazir of High Court	1	44	0.37
	77	11,816	100.00

* Negligible

pattern of shareholding

As At June 30, 2020

ADDITIONAL INFORMATION

Information on shareholding required under reporting framework of the Public Sector Companies (Corporate Governance) Rules, 2013 is as follows:

Shareholders' Category	No. of Shareholders	No. of Shares Held
Government of Pakistan	1	1,836,863,632
Associated Companies, undertakings and related parties		
PPL Employees Empowerment Trust formed under BESOS	1	200,057,318
Trustee Pakistan Petroleum Senior Provident Fund	2	1,401,886
Trustee Pakistan Petroleum Junior Provident Fund	2	18,215
Trustee Pakistan Petroleum Executive Staff Pension Fund	2	57,797
Trustee Pakistan Petroleum Non-Executive Staff Pension Fund	2	18,471
Trustee Pakistan Petroleum Executive Staff Gratuity Fund	2	10,011
Trustee Pakistan Petroleum Non-Executive Staff Gratuity Fund	2	8,234
Mutual Funds	101	94,682,498
Directors and their spouses and minor children		
Mr. Shamsul Islam	1	552
Mr. Mian Imtiazuddin	1	1,981
Mr. Zahid Raza (Spouse of Ms. Tahira Raza)	1	1,981
Executives	22	35,733
Public Sector Companies & Corporations	7	101,165,932
Banks, DFIs, NBFIs, Insurance Companies, Takaful & Modarabas Companies	62	130,101,621
Shareholders holding five percent or more voting rights		
Government of Pakistan	1	1,836,863,632
PPL Employees Empowerment Trust formed under BESOS	1	200,057,318

ADDITIONAL INFORMATION

Trade in the shares of the Company by Directors, Executives* and their spouses and minor children:

Name	Category	Date of Transaction	Nature of Transaction	Price Per Share (Rs)	No. of Share
Ms. Aamra Farooq W/o Mr. Ahmad Farooq Mahmood	Executive's Spouse	August 21, 2019	Purchase	114.50	500
Ms. Aamra Farooq W/o Mr. Ahmad Farooq Mahmood	Executive's Spouse	August 23, 2019	Purchase	119.40	1,400
Ms. Aamra Farooq W/o Mr. Ahmad Farooq Mahmood	Executive's Spouse	August 26, 2019	Purchase	114.62	1,600
Ms. Aamra Farooq W/o Mr. Ahmad Farooq Mahmood	Executive's Spouse	August 29, 2019	Purchase	109.22	900
Ms. Aamra Farooq W/o Mr. Ahmad Farooq Mahmood	Executive's Spouse	August 30, 2019	Purchase	104.25	400
Mr. Ijaz Ahmad	Executive	November 4, 2019	Purchase	115.35	2,000
Mr. Qazi Abul Bashar	Executive	November 22, 2019	Purchase	120.44	5,000
Mr. Qazi Abul Bashar	Executive	November 26, 2019	Sale	121.45	5,000
Mr. Ijaz Ahmad	Executive	December 30, 2019	Sale	140.55	2,000
Mr. Ijaz Ahmad	Executive	January 8, 2020	Purchase	138.00	1,000
Mr. Ijaz Ahmad	Executive	January 8, 2020	Purchase	137.49	1,000
Ms. Ambreena W/o Mr. Valeed Ali	Executive's Spouse	April 9, 2020	Purchase	89.89	500
Ms. Ambreena W/o Mr. Valeed Ali	Executive's Spouse	April 9, 2020	Purchase	89.90	1,500
Ms. Ambreena W/o Mr. Valeed Ali	Executive's Spouse	April 10, 2020	Purchase	85.00	5,000
Ms. Ambreena W/o Mr. Valeed Ali	Executive's Spouse	April 13, 2020	Purchase	86.65	3,000
Ms. Ambreena W/o Mr. Valeed Ali	Executive's Spouse	April 14, 2020	Purchase	83.75	600

* In accordance with rule 5.6.4 of the Rules of Pakistan Stock Exchange, the Board has set a threshold for categories of certain group of senior management employees as "Executives" which is reviewed annually.

notice of 69th annual general meeting

Notice is hereby given that the 69th Annual General Meeting of Pakistan Petroleum Limited will be held on Monday, 26th October 2020 at 1:30 P.M. at Pearl Continental Hotel, Karachi, to transact the following business:

Ordinary Business

1. To receive, consider and adopt the audited unconsolidated and consolidated financial statements for the year ended 30th June 2020, together with the auditor's report thereon.
2. To approve and declare a cash dividend of Rs. 1.00 per share (10%) on Ordinary Shares and Rs. 1.00 per share (10%) on Convertible Preference Shares for the financial year ended 30th June 2020, recommended by the Board of Directors at its meeting held on 11th September 2020.
3. To elect directors for a term of three years in accordance with Section 159 of the Companies Act, 2017. The number of directors to be elected has been fixed as ten by the Board of Directors.

The retiring directors are:

1. Mr. Abdul Jabbar Memon
 2. Mr. Abid Sattar
 3. Mr. Mian Imtiazuddin
 4. Mr. Mir Balakh Sher Marri
 5. Mr. Sajid Mehmood Qazi
 6. Mr. Shamsul Islam
 7. Mr. Sheryar Taj
 8. Ms. Tahira Raza
 9. Dr. Tanveer Ahmad Qureshi
4. To appoint auditors of the Company for the financial year 2020-21 and to fix their remuneration.

SHAHANA AHMED ALI
Company Secretary

2nd October 2020
Karachi

NOTES

1. CLOSURE OF SHARE TRANSFER BOOKS

The register of members and the share transfer books of the Company will remain closed from 16th October 2020 until 26th October 2020 (both days inclusive). Only persons whose names appear in the register of members of the Company as at 15th October 2020 are entitled to attend, participate in, and vote at the Meeting.

A member entitled to attend and vote at the Meeting may appoint another member as proxy to attend and vote on his or her behalf. Proxies must be received at the registered office of the Company not later than 48 hours before the time for holding the Meeting. A form of proxy has been uploaded on the Company's website: www.ppl.com.pk

2. ELIGIBILITY OF CANDIDATES TO CONTEST ELECTION

Any person seeking to contest the election of directors shall file at the registered office of the Company, not later than fourteen (14) days before the date of the Meeting, a notice of intention to offer himself or herself for election as a director together with the following documents:

- (i) A letter of consent to act as a director of the Company, if elected;
- (ii) A declaration pursuant to Rule 3(5) of Public Sector Companies (Corporate Governance) Rules, 2013 that the person is not serving as a director of more than five public sector or listed companies except subsidiaries thereof;
- (iii) A declaration that the person is a registered tax payer and has not been convicted by any court of competent jurisdiction for default in the payment of any loan to a banking company, development financial institution, or a non-banking financial institution; and the person, or the person's spouse, is not engaged in the business of stock brokerage;
- (iv) A declaration that the person meets the criteria of independence laid down by the Companies Act, 2017;
- (v) An undertaking on non-judicial stamp paper of requisite value that the person fulfills the requirements of Sub-regulation (1) of Regulation 4 of the Companies (Manner and Selection of Independent Directors) Regulations, 2018; and
- (vi) Profile of the person, contact details and a legible copy of his or her CNIC.

3. CONVERTIBLE PREFERENCE SHAREHOLDERS

The holders of Convertible Preference Shares of the Company are not entitled to vote at the election of directors as provided in Clause (v) of Article 3 of the Company's Articles of Association.

4. GUIDELINES FOR CDC ACCOUNT HOLDERS

CDC account holders should comply with the following SECP guidelines:

A For Attendance:

- (a) Individuals should be account or sub-account holder(s) and their registration details should be uploaded according to the CDC regulations. They must establish their identity at the time of the Meeting by presenting their original CNIC or passport.
- (b) Corporate entities must produce a certified copy of a resolution of their board of directors, or a power of attorney bearing the specimen signature of the attorney, at the time of the Meeting unless it has been provided earlier.

B For Appointment of Proxies:

- (a) Individuals should be account or sub-account holder(s) whose registration details should be uploaded according to the CDC regulations and their forms of proxy must be lodged at the registered office of the Company not later than 48 hours before the time for holding the Meeting.
- (b) The form of proxy must be attested by two persons whose names, addresses and CNIC numbers should be stated therein.
- (c) Attested copies of the CNIC or passport of the beneficial owner as well as the proxy must be submitted together with the form of proxy.
- (d) Proxies must produce their original CNIC or passport at the time of the Meeting.
- (e) Corporate entities must produce a certified copy of a resolution of their board of directors, or a power of attorney bearing the specimen signature of the attorney, at the time of the Meeting unless it has been provided earlier.

5. TAX IMPLICATIONS ON DIVIDENDS

Tax Rates

Withholding tax on dividend is as follows:

Pursuant to applicable law, 15% withholding tax for filers of income tax returns and 30% withholding tax for non-filers is applicable.

A 'filer' is defined by applicable law as a taxpayer whose name appears in the Active Taxpayers List (ATL) periodically issued by the FBR and a 'non-filer' is a person other than a filer.

The ATL may be viewed on the FBR's website: www.fbr.gov.pk The Company will ascertain the tax status of members as at the first day of book closure and will deduct withholding tax accordingly.

Corporate members who hold CDC accounts should provide their National Tax Number (NTN). Members who hold share certificates should provide a copy of their NTN certificates together with the Company's name and the respective folio numbers to Messrs. FAMCO Associates (Private) Limited (Share Registrar) at 8-F, Adjacent to Hotel Faran, Nursery, Block-6, P.E.C.H.S., Shakra-e-Faisal, Karachi.

Tax on Joint Shareholding

Tax will be deducted in proportion to shareholding in joint names or joint accounts. Holders will be treated individually as filers or non-filers in accordance with their respective status.

The proportion of shareholding should be submitted by joint shareholders in the following form to the Share Registrar at the latest by 15th October 2020:

CDC Account Number	Name of Shareholders (Principal / Joint Holders)	Number or Percentage of Shares Held (Proportion)	CNIC Number	Signature

Unless the proportion of shareholding is submitted, each joint shareholder will be presumed to hold an equal proportion of shares.

Tax Exemption Certificate

Pursuant to Section 150 of the Income Tax Ordinance, 2001 a valid tax exemption certificate is necessary for claiming exemption from the deduction of withholding tax. Members who would like to avail exemption from withholding tax should submit a copy of their valid tax exemption certificate to the Share Registrar before the date of book closure.

6. DIVIDEND BANK MANDATE

The following information should be provided to enable the electronic transfer of dividend to designated bank accounts:

Folio Number:	
Name of Shareholder:	
Title of the Bank Account:	
International Bank Account Number (24 digit IBAN):	
Name of Bank:	
Name of Bank Branch and Address:	
Cellular Number of Shareholder:	
Landline Number, if any, of Shareholder:	
CNIC or NTN Number (Copy to be attached):	
Signature of Member:	

Note: Signature must match specimen [signature] registered with the Company.

7. INTIMATION OF CHANGE OF ADDRESS AND DECLARATION FOR NON-DEDUCTION OF ZAKAT

Members who hold share certificates should submit any change in registered address as well as their declarations for the non-deduction of zakat, if applicable, to the Share Registrar. Members who hold shares in CDC and CDC sub-accounts should submit any change in address and their declarations for the non-deduction of zakat, if applicable, to the CDC or to the concerned participants.

8. CNIC

Dividend will be paid only to members who have submitted copies of their valid CNIC. The names of members who have not submitted copies of their CNIC may be viewed on the website of the Company: www.ppl.com.pk.

STATEMENT PURSUANT TO SUB-SECTION 3 OF SECTION 166 OF THE COMPANIES ACT, 2017

The Company encourages representation of independent directors on its board in pursuance of Sub-rule 2 of Rule 3 of the Public Sector Companies (Corporate Governance) Rules, 2013 which requires that at least one-third of the members of the board should be independent directors.

Independent Directors will be elected in accordance with Section 159 of the Companies Act, 2017 and they must meet the criteria of independence laid down in Sub-section (2) of Section 166 of the Act.

form of proxy

The Company Secretary
Pakistan Petroleum Limited
Fourth Floor
PIDC House
Dr. Ziauddin Ahmed Road
Karachi

I / We, _____ of _____, being a member of Pakistan Petroleum Limited, holder of _____ Ordinary Share(s) registered at Folio No. _____ / CDC Account No. _____ hereby appoint Mr. / Ms. _____, holder of shares in the Company registered at Folio No. _____ / CDC Account No. _____ (if member) of _____, as my / our proxy in my / our absence to attend, participate in and vote for and on my / own behalf at the Annual General Meeting of the Company to be held on 26th October 2020 in Karachi and at any adjournment thereof.

Signed under my / our hand this ____ day of October 2020.

(Signature must match the specimen signature registered with the Company)

Signed in the presence of:

Witnesses:

(Signature)
Name: _____
CNIC No.: _____
Address: _____

(Signature)
Name: _____
CNIC No.: _____
Address: _____

Notes:

1. The instrument appointing a proxy shall be in writing under the hand of the appointee or the duly authorized attorney of the appointee or in the case of a corporate entity under the hand and stamp of a duly authorized officer or attorney of the corporate entity.

No person who is not a member of the Company and not qualified to vote shall be appointed a proxy. However, a corporate entity may appoint any person as its proxy.

2. The instrument appointing a proxy and the power of attorney, or other authority, pursuant to which the instrument is signed, or a notarized copy of the power of authority, shall be lodged with the Share Registrar of the Company, Messrs. FAMCO Associates (Private) Limited at 8-F, adjacent to Hotel Faran, Nursery Block 6, P.E.C.H.S, Karachi, not later than 48 hours before the time for holding the Meeting. Any instrument of proxy shall be invalid unless it is lodged as stated above. Attested copies of CNIC or passport must be attached with the instruments of proxy lodged by CDC account holders and proxies thereof.

پراکسی فارم

سکرٹری
پاکستان پیٹرولیم لمیٹڈ
پی آئی ڈی سی ہاؤس
ڈاکٹر شیا الدین احمد روڈ
کراچی

میں / ہم _____ پاکستان پیٹرولیم لمیٹڈ کے ممبر کی حیثیت سے کہتی کے _____ عمومی شیئر (ز) رجسٹرڈ کنندہ رجسٹرڈ فوئیو نمبر / CDC A/c No.

جناب _____ 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 پراکسی مقرر کرتا ہوں تاکہ میری غیر موجودگی

میں کہتی کے سالانہ اجلاس عام میں جو 26 اکتوبر 2020 کو منعقد ہو رہا ہے یا اس کے اتوائی اجلاس میں میری / ہماری طرف سے شرکت کر سکے یا ووٹ دے سکے۔

دستخط منظور کنندہ، _____ اکتوبر 2020۔

دستخط، کہتی کے پاس موجود دستخط کے نمونے کے مطابق ہونے چاہیں

گواہ کے دستخط:	گواہ کے دستخط:
نام:	نام:
سی این آئی سی نمبر:	سی این آئی سی نمبر:
پتہ:	پتہ:

نوٹس:

1- پراکسی مقرر کرنے کا اختیار جواز شخص یا اس کے اتارنی کی طرف سے تحریری طور پر دینا ہوگا یا کارپوریشن / کہتی ہونے کی صورت میں بااختیار شخص یا اتارنی کی طرف سے دینا ہوگا۔ کوئی بھی ایسا شخص پراکسی مقرر نہیں ہو سکتا جو کہتی کا ممبر نہ ہو یا سوائے کارپوریشن / کہتی کے ممبر ہونے کی صورت میں ایسے شخص کو پراکسی مقرر کر سکتی ہے۔

2- پراکسی مقرر کرنے اور یا وراف اتارنی یا دیگر اتارنی (اگر کوئی ہو) جس کے ذریعے دستخط کئے جائیں یا تصدیق شدہ پورا آف اتارنی کی کاپی شیئر رجسٹرارز میسرز فیکو ایسوسی ایشن پرائیویٹ لمیٹڈ کے دفتر واقع B-F ہوٹل فاران سے حاصل ہنرمی 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 کپیڈ انٹرنیشنل کارڈ یا پاسپورٹ کی کاپی منسلک کی جائے۔