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: CS/PSX-0166 Your reference: Date: 4th October 2024

Mr. Syed Ahmad Abbas
Chief Listing Officer
Pakistan Stock Exchange Limited
Stock Exchange Building
Stock Exchange Road
Karachi

Dear Sir,

Re: **Annual Report for the Year Ended 30th June 2024**

As required by Rule 5.6.9 (a) of PSX Rules, attached please find the Company's Annual Report for the year ended 30th June 2024, for circulation among your members.

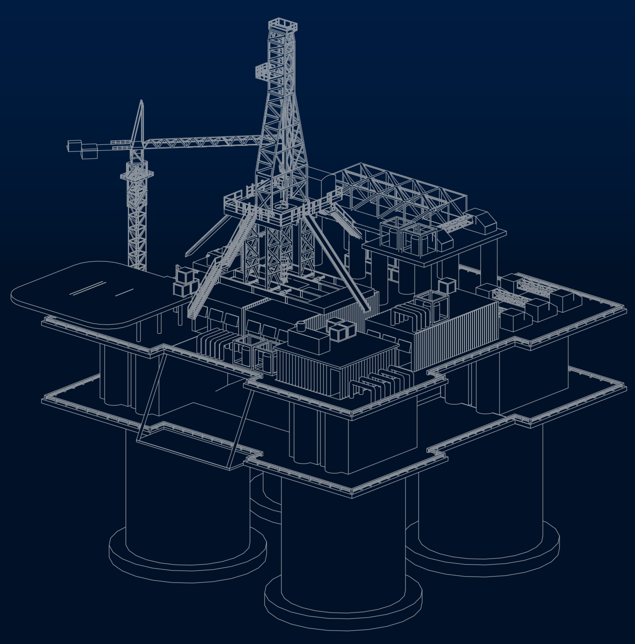
Yours truly,

Ali Jaffar
Company Secretary

Enclosure: As above.

EXPLORING POTENTIAL DRIVING SUCCESS

ANNUAL REPORT 2024



As we close a year marked by unprecedented profits and collections, our unwavering commitment to growth and excellence remains clear. Beyond resource extraction, our focus is on uncovering new opportunities and turning them into successes. This vision is not just rooted in the present—it is forward-looking, actively adapting to future demands by expanding into minerals, ensuring long-term resilience and sustainability.

Diversification is central to PPL's strategy for securing sustainable growth, leveraging a diverse resource base to drive progress. By strategically broadening our global footprint and portfolio, we are positioning ourselves as a comprehensive resource Company. These efforts are not only fueling PPL's growth but also making significant contributions to economic development, job creation, and value generation across Pakistan.

CONTENTS

Company Information 4
Vision and Mission 6
Our Values 8
At a Glance 10
Calendar of Major Events 12
Chairman's Review 14
Managing Director's Message 16
Code of Conduct 19
Global Compact 22
Governance Framework 24
Profile of the Board of Directors 26
Board Committees 32
Attendance of Board and Committee Meetings 37
Organogram 38
Executive Committee 40
Business Model & Value Chain 42
Our Presence 44
Corporate Strategy 48
Key Performance Indicators 52
Competitive Landscape 54
Directors' Report (English) 55
ESG and Sustainability 108
Corporate Social Responsibility 111
QHSE 116
Risks and Opportunities Report 119
Stakeholders' Engagement 125
Future Outlook 126
Six Years' Summary and Financial Analysis 129
Statement of Value Addition 138
SWOT Analysis 139
Movement of Estimated Reserves 140
Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 143
Statement of Compliance with the Public Sector Companies (Corporate Governance) Rules, 2013 145
Report of the Board Audit Committee 154
Auditors' Report to the Members on Unconsolidated Financial Statements 160
Unconsolidated Financial Statements 167
Auditors' Report to the Members on Consolidated Financial Statements 230
Consolidated Financial Statements 237
List of Abbreviations 299
Pattern of Shareholding 301
Directors' Report (Urdu) 345
Notice of Annual General Meeting 346

COMPANY INFORMATION

Board of Directors
Mr. Shahab Rizvi
Chairman
Independent, Non-Executive Director

Mr. Imran Abbasy
Chief Executive Officer /
Managing Director

Mr. Abid Sattar
Independent, Non-Executive Director

Mr. Aftab Ahmad
Independent, Non-Executive Director

Mr. Hassan Mehmood Yousufzai
Non-Executive Director

Mr. Imtiaz A.H. Laliwala
Independent, Non-Executive Director

Ms. Khurshid Bhaimia
Independent, Non-Executive Director

Mian Imtiazuddin
Independent, Non-Executive Director

Mr. Momin Agha
Non-Executive Director

Mr. Shakeel Qadir Khan
Non-Executive Director

Company Secretary
Mr. Ali Jaffar

Chief Financial Officer
Mr. Mohammad Khalid Abdul Rehman

Registered Office
Pakistan Petroleum Limited
4th Floor, P.I.D.C. House,
Dr. Ziauddin Ahmed Road
P.O. Box 3942, Karachi-75530
UAN: +92-21-111-568-568
Fax: +92-21-35680005 & 35682125

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

Quetta Office
House No. 11/C, Model Town Extension
Near FC Headquarters,
Quetta, Balochistan
Tel: +92-81-2832122-197

Shares Registrar
FAMCO Share Registration Services (Private) Limited
8-F, Next to Hotel Faran, Nursery Block-6
P.E.C.H.S., Shahra-e-Faisal, Karachi.
Tel: +92-21-34380101-05
Fax: +92-21-34380106
Email: info.shares@famcosrs.com

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
Sanghar, Sindh

Gambat South Field
Sanghar, Sindh

Dhok Sultan Field
Tehsil Jhand, District Attock, Punjab

Registration Number
CUIN: 0000378

Auditors
KPMG Taseer Hadi & Co.
Chartered Accountants

Bankers
Allied Bank Limited
Askari Bank Limited
Bank Alfalah Limited
Bank Al Habib Limited
Bank of Punjab
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

Legal Advisors
Surridge & Beecheno

Website
www.ppl.com.pk

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.

OUR 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.

AT A GLANCE

2023-2024

Operational Highlights

01
Discovery

07
Development Wells

10
Exploration Wells

1,475
Line km 2D Seismic acquired

Financial Highlights

114
Rs. In Billion Profit After Tax

2.8
in USD- Operational cost Per BOE

289
Rs. In Billion Sales Revenue

25
Rs. In Billion Capital Expenditure

Production Highlights I PPL Net Share

11,442
Barrels of Oil / NGL / Condensate per day

347
Tonnes of baryte & iron ore per day

713
MMscfd equivalent

633
MMscfd of gas

309
Tonnes of LPG per day

Above also include partner-operated areas.

CALENDAR OF MAJOR EVENTS

2023-2024

Jul 2023

Signed a memorandum of understanding with Pakistan State Oil (PSO) to set up a state-of-the-art Greenfield Refinery Project under a consortium arrangement.

Aug 2023

Pakistan Petroleum Limited (PPL)'s Advanced Robotic Process Automation (RPA) initiative clinched first position in the accounting category of Digital Technology Awards organized by the Institute of Chartered Accountants of Pakistan (ICAP).

Oct 2023

Clinched second position in Fuel and Energy category at Best Corporate & Sustainability Report (BCSR) Awards for its Annual Report 2022.

Announced significant production gain of 13 MMscfd gas and 90 bbl/day condensate through a rig-less production enhancement campaign.

AGM approved 15% cash dividend.

Nov 2023

Announced a gas and condensate discovery at exploration well Jhim East X-1 in Shah Bandar block.

Dec 2023

Received Bronze award from the South Asian Federation of Accountants (SAFA) for Annual Report 2022 in the Public Sector entities category.

Jan 2024

PPL was awarded two new blocks, one in Sindh and one in Balochistan, for exploration of hydrocarbon.

Feb 2024

Announced first interim cash dividend of 25%.

Mar 2024

Honored with Women Empowerment and Gender Equality Gold Award 2024 by Employers Federation of Pakistan (EFP).

Apr 2024

Announced substantial production gain of ~17 MMscfd gas and 530 barrels per day of oil / condensate through a number of production enhancement techniques.

Announced second interim cash dividend of 10%.

May 2024

Signed a Joint Venture Agreement with Degan Exploration Works to explore and develop the mineral resources in EL-207 in District Chagai, Balochistan.

Jun 2024

Successful completion of major revamping of all seven trains of Sui SML Compressor Station, resulting in increase in production potential by ~19 MMscfd.

CHAIRMAN'S REVIEW

Operational Highlights

It is my privilege to present to you the Annual Report of Pakistan Petroleum Limited (PPL) for the Financial Year 2023-24. In the backdrop of a complex interplay of inflationary pressures, restrictive monetary policies, geopolitical instability, and supply chain vulnerabilities continuing to shape the global energy landscape, PPL has emerged a leader in resilience and agility, embracing challenges from a position of strength and confidence.

The oil and gas sector in Pakistan is grappling with multifaceted challenges including circular debt. To navigate this complex and challenging environment, we are committed to leverage our agility and operational excellence to ensure continued success. Safety and reliability remain our top priorities, guiding all our actions. We adhere to the highest standards of corporate governance and prioritize each investment with a clear business case and demonstrable return on investment.

During the year, the Company significantly improved its customer collections, achieving an 81% collection ratio. This success was driven by three successive consumer gas price revisions in 2023 and 2024, reducing the pace of circular debt accumulation. These revisions would play a critical role in enhancing the Company's ability to pursue its strategies for securing energy resources for the country, including exploration programs and investments in oil and gas assets both domestically and internationally, leveraging its strengths in E&P. Despite these gains, regular price adjustments are necessary to avoid further debt accumulation.

I am pleased to report that despite the challenges, the Company has achieved excellent financial results for the current fiscal year. In response to the nation's growing energy needs, we have been actively working to harness recent discoveries and increase production from our existing natural resources. As a testament to our efforts, we successfully commissioned three wells: Adam-2 in Hala Block and Mohar 2 & 3 in partner operated Latif Block. Furthermore, we have enhanced field production potential by 19 MMscfd through a comprehensive modernization of Sui SML Compressor Station. To maintain production levels in the Shahdadpur Field (Gambat South), we have also installed compression equipment.

The Company currently holds working interests in multiple producing fields in operated and partner operated areas. Despite the natural decline in mature fields and lower customer offtakes from the Kandhkot Gas Field (which is not under our control), the Company's average hydrocarbon production for 2023-24 remained at a robust 713 MMscfd gas equivalent.

It is important to note that lower offtakes from the Kandhkot Field resulted in a net deficit of approximately 60 MMscfd compared to the target production. Additionally, lower offtakes from Sui Northern Gas Pipelines Limited (SNGPL), due to more than required volumes of Liquefied Natural Gas (LNG) in the system, negatively impacted net production by around 20 MMscfd from various domestic fields. Despite these challenges, we successfully executed several development initiatives across our producing assets, including the drilling of seven development wells – four in our operated fields and three in partner-operated fields. These activities not only boosted production but also contributed to strengthening our reserves base.

In addition to our production assets, the Company and its subsidiaries maintain an exploration portfolio comprising 48 blocks. Of these, 26 are operated by PPL, including Offshore Block-5 in Abu Dhabi, while 22 are operated in partnership, including Yemen Block-3. To further expand and optimize our exploration portfolio while managing our risk appetite, we actively engaged in the acquisition and divestment of working interests in exploration blocks. This included scouting and assessing new opportunities both domestically and internationally. During the year, PPL actively participated in the Bid Round of August 2023 for new exploration blocks. As a result, two exploration blocks were awarded in January 2024. Additionally, one exploration block was awarded in November 2023 through farm-in efforts.

In fiscal year 2023-24, the Company drilled ten exploratory and appraisal wells, including four in partner-operated areas. We are pleased to announce one discovery in the Shah Bandar Block, and four additional discoveries were subsequently announced in Latif and Tal Blocks.

In line with our strategy towards sustainable development and long-term growth, the Company is focusing its diversification strategy on mining of minerals and other non-E&P opportunities within the energy industry. This move is designed to strengthen the company by creating stable and alternate revenue streams. As part of this approach, PPL has formed a Joint Venture with Degan Exploration Works (DEW) for exploring and developing mineral resources in Chagai District, Balochistan (EL-207), with equity interests of 49% (PPL) and 51% (DEW). A joint bid has also been submitted to Balochistan Mineral Resources Limited (BMRL) for EL-200. Additionally, PPL is finalizing development plans for the Barite, Lead, and Zinc (BLZ) project, which has an estimated economic life of 30 years. PPL is also participating in the Reko Diq project through Pakistan Minerals (Private) Limited, a special purpose entity equally owned by three state-owned enterprises (SOEs), holding a 25% equity stake in the project. The feasibility study, covering detailed design including water, pipelines, and port infrastructure, is expected to conclude by the end of 2024.

In today's evolving oil and gas industry, sustainability is critical to addressing the sector's challenges. As global energy transitions to cleaner and more sustainable sources, regulatory landscapes and stakeholder expectations are shifting as well. Adopting sustainable practices is no longer just about compliance but is now directly tied to long-term financial performance. At PPL, we recognize that integrating sustainable practices into business is crucial for long-term financial success. By focusing on resource optimization, waste reduction, and energy efficiency, PPL has not only enhanced operational efficiency but also improved profitability. Overall, sustainability is a key driver of long-term value and financial resilience, shaping a positive impact on both the Company and the broader environment.

Governance / Board and its Committees

The Board of Directors held ten meetings during the year. The Board has fulfilled its role of strategic leadership and the Board members have demonstrated unwavering dedication in playing a pivotal role in successfully steering the Company over the past year. Our confidence in Pakistan remains resolute, driving us to channel our energies towards fostering sustainable growth in a strategic sector. Throughout the year, both the Board and its Committees have maintained a proactive stance, convening regularly to address key matters.

The Board acknowledges the critical importance of robust corporate governance practices in fostering accountability and remains wholeheartedly dedicated to upholding highest standards for the safeguard of stakeholder interest and preservation of corporate values.

During the year, the Board deliberated on investment opportunities and also approved the "International E&P Investment Strategy" and "Overseas and Core Business Development Corporate Strategy". The Board also took decisions, as a diversification strategy, for various opportunities in the mining sector to expand its footprint through horizontal integration. The Board also oversaw PPL's participation in Pakistan Onshore E&P Bid Round held in August 2023.

Besides monitoring Company's operations spread over local horizon, the Board monitored and reviewed the progress of international projects / ventures namely Abu Dhabi Offshore Block-5 and Iraq Block-8 negotiations. Pakistan Minerals (Private) Limited, PPL's associated company for its investment in the Reko Diq Project, also remained in focus.

For the benefit of employees, the Board allowed Maternity Coverage for PPL's female Staff and revived the Company Car Policy. The Board also directed engagement of a consultant to carry out compensation and benefits survey for a period of three years.

The Board gave special attention to Enterprise Risk Assessment and Monitoring by reviewing the Annual Risk Report 2023, Risk Appetite Testing Report and approved revisions in the Risk Appetite Statement of the Company. In line with the CSR policies of the Company, the Board approved various donation cases to charitable and educational institutions across the country.

The Board has implemented a robust system of internal controls supported by an internal audit function designed to uphold the core principles of probity, propriety and integrity as well as maintaining effective stakeholder relations. This function is appropriately qualified and experienced for its role, equipped with an audit charter and well-versed in the Company's policies and procedures. Regular reviews of internal controls are conducted to assess its adequacy and confirming that the internal control system remains effective in supporting the company's operational and financial objectives.

To better gauge its own performance while keeping the independence intact, the Board conducted the "Board Performance Evaluation for financial year 2022-23" with the assistance of the Pakistan Institute of Corporate Governance.

Three casual vacancies arose on the Board during the year. The vacancies arose due to resignations of ex officio directors viz., Mr. Abdul Aziz Uqaili, Capt. (Retd.) Muhammad Mahmood and Mr. Shahbaz Tahir Nadeem. They were duly filled during the year with appointments of Mr. Shakeel Qadir Khan, Mr. Momin Agha and Mr. Hassan Mahmood Yousufzai, respectively.

The Board has completed its three-year term in December 2023, however nominations from the majority shareholder are awaited. The Company has already sought necessary extension from the Securities and Exchange Commission of Pakistan for holding the general meeting for election of directors.

Appreciation

The Board extends its heartfelt gratitude to all stakeholders, with special appreciation for the Company's employees, their steadfast support, dedication, and resilience. The unwavering trust of the shareholders has empowered the Company to achieve commendable results. We remain steadfast in our commitment towards ensuring sustained prosperity and advancement of the Company, along with the welfare of all those associated with us.

Shahab Rizvi
Chairman, Board of Directors
20th September 2024

MANAGING DIRECTOR'S MESSAGE

It gives me great pleasure to present PPL's achievements for 2023-24. This year, we demonstrated remarkable resilience in the face of challenging market conditions, achieving the highest-ever profits and record collections from customers. Our success is a testament to strong governance, operational excellence, and the unwavering commitment of our staff and stakeholders, resulting in significant value creation for shareholders.

Our commitment to health, safety, and environmental stewardship remains paramount, with zero Lost Time Injuries and no Tier 1 spills reported this year.

As a proud signatory of the Decarbonization Charter at COP28, we are committed to accelerating our journey toward decarbonization and aligning our business strategies with global climate goals. Furthermore, PPL continues to play a key role in community uplift through our Corporate Social Responsibility (CSR) programs, investing Rs. 3.7 billion in initiatives spanning healthcare, education, and disaster relief, benefiting underprivileged communities nationwide.

On the supply front, we sustained production at 713 MMscfde, despite natural decline in mature fields, excess LNG line pressure and low offtakes by Genco-II. This was achieved through the drilling of seven development wells, successful rig-less production enhancement campaigns, and key infrastructure overhauls, including the upgrade of the Sui SML compressors, which effectively boosted gas production capacity by 19 MMscfd.

Our exploration portfolio remains robust, with forty-eight assets, including offshore blocks in Pakistan and Abu Dhabi, as well as an onshore lease in Yemen. Key achievements include a gas and condensate discovery at Jhim East X-1 in the Shah Bandar Block, along with four partner-operated discoveries announced subsequent to the year end. We are also progressing in Abu Dhabi's Offshore Block-5 having completed two successful appraisal wells and the first exploration well is currently being drilled.

In the minerals sector, we are advancing through strategic partnerships, such as our joint venture with Degan Exploration Works to develop resources in Balochistan. The Barite, Lead & Zinc (BLZ) project under Bolan Mining Enterprises is poised for significant long-term growth. The Reko Diq Project continues to make headway, with feasibility study slated for completion in December 2024 and production anticipated by 2028.

Financially, record collections were supported by successive gas price increases, strengthening PPL's financial health. However, continued price adjustments are critical to maintain financial sustainability in the energy sector.

Looking ahead, our focus remains on maximizing hydrocarbon reserves through aggressive exploration, including exploring offshore and tight gas opportunities within our portfolio. We will also continue optimizing production from mature assets and accelerating development projects, thereby ensuring a sustainable energy supply for Pakistan.

As the world transitions toward cleaner energy, PPL is well-positioned to balance energy security with environmental responsibility. We are committed to delivering energy that is reliable, affordable, and sustainable, while diversifying into minerals and other sectors to enhance our value chain.

In conclusion, I extend my deepest gratitude to our employees, the Ministry of Energy, and all our stakeholders for their invaluable support. To our shareholders, your trust is key to our success, and we remain dedicated to building a prosperous and sustainable future for Pakistan.

Pakistan Paindabad!

Imran Abbasy
Managing Director
& Chief Executive Officer

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

- **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.

- **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.

- **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.

- **Honesty, Integrity & Fair Dealing**

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

- **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.

- **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.

- **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.

- **Compliance Procedures**

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

- **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

- **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.

- **Confidentiality & Disclosure of Information**

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

- **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.

- **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.

- **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 the Company business to an outside agency.

- **Proper Recording of Funds, Assets, Receipts & Disbursements**

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

- **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.

- **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.

- **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 cooperate in Company's efforts to protect the environment. Heads of departments carry overall responsibility for ensuring commitment towards quality assurance in respective areas.

- **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'.

- **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 motorcycle.

- **Other Employment, Outside Interests, Civic Activities**

  PPL does not allow any of its staff members 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.

- **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.

- **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.

- **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.

- **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 the Company's property, whether owned or hired by the Company, for private purposes without the Management's permission.

- **Alcohol & Drugs**

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

- **Gambling**

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

- **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.

- **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".

- **Grievance Handling**

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

- **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 the Company's policies and procedures or the misuse or pilferage of the Company's assets and property or endangers the public or the environment.

- **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.

- **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.

- **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.

GLOBAL COMPACT

PPL has proudly completed more than a decade of its association with the United Nations Global Compact (UNGC). UNGC was developed in the year 2000 as an initiative to provide a human face to the global market and is aligned with United Nations' efforts, with particular reference to Millennium Development Goals. With over 23,000 participants and other stakeholders, including business and civil society from over 160 countries, UNGC provides a leadership platform for participants to strengthen their commitment to sustainability and corporate citizenship. UNGC binds all participating organisations to share initiatives compliant with UNGC's ten principles, focusing on human rights, enabling working conditions for employees, environmental conservation and transparency.

PPL reiterates commitment and shares 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 QHSE 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

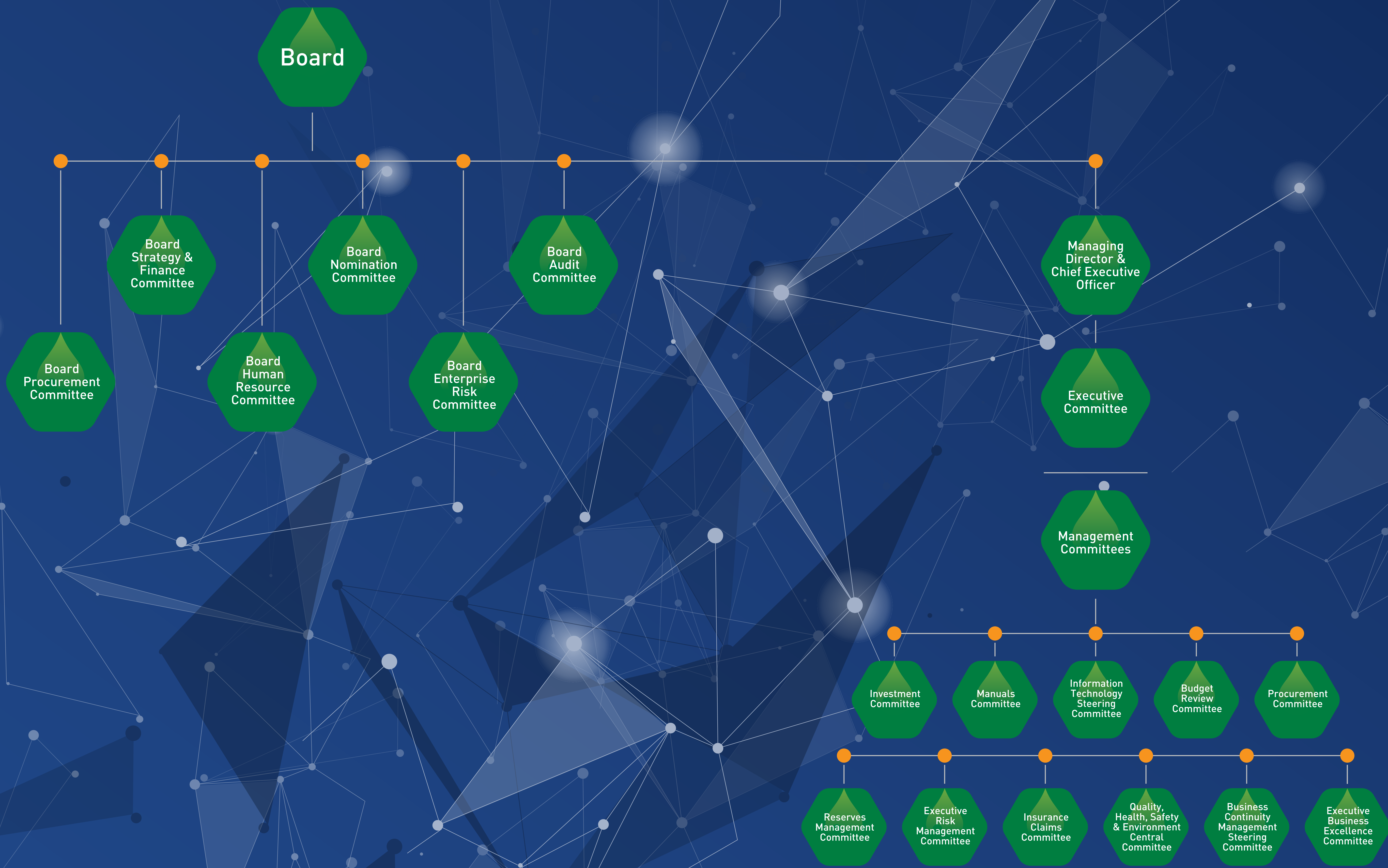
Businesses should work against all forms of corruption, including extortion and bribery.

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.

GOVERNANCE FRAMEWORK



PROFILE OF THE BOARD OF DIRECTORS

Mr. Shahab Rizvi
Chairman - Independent,
Non-Executive Director

Mr. Shahab Rizvi was appointed to the Board of Directors of Pakistan Petroleum Limited on December 23, 2020, and currently serves as its Chairperson. He also holds key roles as Chairperson of the Board Human Resource Committee and as a member of the Board Strategy & Finance, Enterprise Risk, and Procurement committees.

With nearly four decades of extensive experience across various Fortune 500 companies, particularly in the healthcare sector, Mr. Rizvi has proven exceptional business leadership. He served as the Country President and Chief Executive for Pakistan and Afghanistan at Novartis Pharma (Pakistan) Limited from 2008 to 2018. Prior to this, he was the Head of the Business Unit for the Middle East at Novartis Consumer Health from 2004 to 2008 and the Divisional/Sector Head at Novartis Pharma (Pakistan) Limited from 2001 to 2004.

Mr. Rizvi's career also includes key roles at Shell Gas (LPG), now Burshane LPG (Pakistan) Limited, where he was the Regional and Marketing/Commercial Manager in Malaysia from 1999 to 2001. Additionally, he has held various Sales, Marketing, and Leadership assignments with prominent companies such as Unilever, PepsiCo, and Packages Limited.

In addition to his corporate roles, Mr. Rizvi has led several major Business Forums in Pakistan. He served as the President of the Swiss Business Council of Pakistan in 2017, the President of the Overseas Investors Chamber of Commerce and Industry (OICCI) in 2016, and the Chairperson of the Pharma Bureau in 2014. He was also a member of the Panel of Experts for the Listing Committee at the Pakistan Stock Exchange in 2017. Beyond his corporate and advisory roles, Mr. Rizvi has actively in the past and continues to contribute to various social organizations in Education & Healthcare on a pro-bono basis in addition to being a Founder of a Software Development House.

Mr. Rizvi holds a master's degree in economics from the University of Karachi and has completed several advanced courses, including Financial Leadership at Harvard Business School, Boston, Emerging Market Leadership at IMD in Lausanne, Switzerland, Role of Leader Program by Mercer Delta in Miami, USA, Consumer Excellence & Strategic Marketing Planning from Oxford Strategic Marketing & Boston Consulting Group, USA.

Mr. Imran Abbasy
Managing Director &
Chief Executive Officer

Mr. Imran Abbasy joined Pakistan Petroleum Limited (PPL) as Managing Director and Chief Executive Officer on September 21, 2022. He is also a member of the Board Human Resource and Strategy & Finance committees.

Mr. Abbasy is a director of the Company's wholly-owned subsidiaries PPL Asia E&P B.V. and PPL Europe E&P Limited. He is the Chairman of the Boards of Pakistan International Oil Limited and Pakistan Minerals (Private) Limited. He is also a director on the Boards of Reko Diq Investments Limited, Reko Diq Holdings Limited and Petroleum Institute of Pakistan.

He is a seasoned industry professional with diverse, multinational experience of over 35 years with several mid-and large-sized Exploration and Production companies as well as a major service company. He has held various technical and leadership roles in production technology, drilling, completion engineering and operations.

Overall, Mr. Abbasy has worked in the North Sea, Middle East, Australia, Indonesia and PNG, supporting completion design, artificial lift, well integrity and production optimization. Until late 2020, he was managing a mature producing asset in West Africa. More recently, he was engaged in supporting a development project for subsea gas field in the North Sea and advising a geothermal operator in the Philippines on well integrity matters.

He has been an active member of Society of Petroleum Engineers and authored several papers as well as participated in Applied Technology Workshops.

Mr. Abbasy earned a bachelor's degree in Mechanical Engineering in 1981 followed by a master's in Aerospace Engineering in 1983 both from The George Washington University, USA.

Mr. Abid Sattar
Independent, Non-Executive Director

Mr. Abid Sattar was re-elected as a member of the Board of Directors on December 23, 2020. He is the Chairman of the Board Nomination committee and a member of Board Human Resource and Strategy & Finance committees.

Mr. Sattar is a seasoned banker with over 37 years of extensive experience in corporate, consumer and retail banking, both in Pakistan and overseas. He is a director on the Board of National Insurance Company Limited. Earlier, he was serving as President and Chief Executive Officer of Askari Bank Limited. He was also associated with Habib Bank Limited (HBL) for over a decade, managing key assignments as Head of International Banking, Asia and Africa Region based in Singapore and Head of Retail and Consumer Banking, Karachi. He played a pivotal role in post privatization transformation of retail segment at HBL.

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

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

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

Mr. Aftab Ahmad
Independent, Non-Executive Director

Mr. Aftab Ahmad was elected as a member of the Board of Directors on December 23, 2020. He is the Chairman of the Board Audit Committee and a member of the Board Human Resource, Strategy & Finance and Enterprise Risk Committees. He is also a director on the Board of PPL Europe E&P Limited.

Mr. Ahmad is a seasoned professional with around 40 years of experience in finance and accounts, strategic business planning, relationship management and project management, for oil and gas (exploration and production) and aviation industry and professional advisory.

He is a Chartered Accountant and also holds a Master of Science in Management as well as a bachelor's degree in Mathematics and Economics. Mr. Ahmad is currently associated with Naveed Zafar Ashfaq Jeffery & Co. Chartered Accountants, as partner at their Islamabad office.

He has vast experience in management reporting and concession accounting in operated and non-operating environment, joint venture accounting, concession budgeting, taxation and preparation of country budgets.

Mr. Ahmad has managed small and large teams of multidisciplinary professionals at Occidental Petroleum (Pakistan) Inc, Orient Petroleum Inc, Oil and Gas Development Company Limited and PIA.

Mr. Hassan Mehmood Yousufzai
Non-Executive Director

Mr. Hassan Mehmood Yousufzai joined PPL's Board of Directors on November 20, 2023. He is a member of Board Procurement and Audit committees.

Mr. Yousufzai is currently serving as Additional Secretary, Petroleum Division, GoP. Prior to this, he was serving as Additional Secretary, Ministry of Maritime Affairs. He has served as the Director General, National Institute of Management, Pakistan Academy for Rural Development and Pakistan Provincial Services Academy, Peshawar. In Khyber Pakhtunkhwa, he has served as Secretary Higher Education Department, Housing Department, Auqaf Department, Law and Order (Merged Area) and Administration (Establishment). Mr. Yousufzai has also served as Commercial Counselor in Frankfurt, Germany, Managing Director Small Industries, KPK and Chief Economist in the P&D Department of KPK Government. Outside the Government, he has experience of working as Capacity Development Specialist in Asian Development Bank and Assistant Political Agent in Bajaur Agency. Early in his career, he served as District Coordination Officer, Swat, Additional Secretary, Establishment Department and PSO to CS, and also remained Assistant Commissioner in Chitral and Swat.

After passing his CSS Examination, he attained MA in Conflict Transformation from Eastern Mennonite University, USA, as a Fulbright Fellow. Currently, he is enrolled in the PhD program in the Department of International Relations, University of Peshawar. He graduated from PAF College of Aeronautical Engineering. Mr. Yousufzai is also an MA in Political Science from Peshawar University and B.Sc. (Aero Sciences) from PAF Academy in Risalpur.

Mr. Yousufzai is also a Director on the Boards of PSO & OGDCL.

Mr. Imtiaz Ahmed Husain Laliwala
Independent, Non-Executive Director

Mr. Imtiaz Ahmed Husain Laliwala was elected as a member of the Board of Directors on December 23, 2020. He is the Chairman of Board Procurement Committee and also a member of Board Audit, Nomination and Enterprise Risk committees.

He is a fellow member of the Institute of Chartered Accountants of Pakistan as well as a member of Chartered Professional Accountants, Ontario, Canada. He has nearly four decades of rich experience with leading chartered accountancy firms at home and abroad.

Mr. Laliwala remained associated with A.F.Ferguson & Co., Chartered Accountants, a member firm of PwC network, for nearly 28 years and served on important positions, including Ethics and Business Conduct Leader, partner responsible for Independence and led Energies & Utilities group in the Assurance and Business Advisory Services. Earlier, he worked for Ruby, Stein & Wagner, Chartered Accountants, Montreal, Canada, an affiliated firm of Jeffreys Henry International, from 1976 to 1986 in Audit and Assurance.

He did his Bachelor of Commerce from University of Karachi and Concordia University, Montreal, Canada in 1974 and 1976, respectively. He also did a diploma in Public Accountancy from McGill University, Canada.

Currently, he is serving as an independent director on the Board of Hoechst Pakistan Limited (formerly, Sanofi-Aventis Pakistan Limited) and as a member on the Board of Governors of The Kidney Centre Post Graduate Training Institute. He also served as a member of the Audit Oversight Board during 2019-2022.

Mian Imtiazuddin

Independent, Non-Executive Director

Mian Imtiazuddin was re-elected as a member of the Board of Directors on December 23, 2020. He is also a director on the boards of PPL Europe E&P Limited and PPL Asia E&P B.V. In addition, he is the Chairman of Board Strategy & Finance and Enterprise Risk Committees as well as a member of Board Audit and Procurement Committees.

A seasoned professional with nearly 50 years of multi-dimensional experience in the oil and gas industry, Mr. Imtiazuddin has worked with major national companies in the UAE, Saudi Arabia & Qatar and 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 in Qatar, Delta Oil Company in the United Kingdom, Tesco Technology Corporation of Canada, National Drilling Company in Abu Dhabi, UAE and the Attock Oil Company (now Pakistan Oilfields Limited).

He received 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 drilling rigs & work barges, upstream asset identification and analysis, business development and marketing as well as onshore and offshore operations and supply chain management.

He was part of the leadership team of two major companies in the Arabian Gulf region as Technical Advisor and Business Development Manager for over 13 years.

Ms. Khurshid Bhaimia

Independent, Non-Executive Director

Ms. Khurshid Bhaimia was elected as a member on the Board of Directors on December 23, 2020. She is also a member of Board Nomination and Audit committees and a director on the Board of PPL Asia E&P B.V.

Ms. Khurshid Bhaimia is a seasoned lawyer with extensive corporate experience, especially in the banking sector.

She started her career in 1983 with Surridge and Beecheno and later joined Orr Dignam and Co as Senior Associate. She joined Citibank (NA) Pakistan in 1999 as Corporate Banking Counsel and was Senior Vice President and Country Counsel Pakistan when she left. Currently, she provides legal services on non-exclusive retainer.

Ms. Bhaimia is a Director on the Board of Pak Grease Manufacturing Company (Private) Limited, an associated company of Pakistan State Oil Limited and Pakistan Refinery Limited. She was also a member on the Board of Directors and Board Audit Committee of Shell Gas (LPG), now Burshane LPG (Pakistan) Limited, from 1992-2004.

Ms. Bhaimia is ICAP Certified Director for Corporate Governance and has done her Bachelor of Laws (LLB) from S. M. Law College - University of Karachi.

Mr. Momin Agha

Non-Executive Director

Mr. Momin Agha joined Pakistan Petroleum Limited's Board of Directors on September 4, 2023. He is a member of Board Human Resource and Strategy & Finance committees.

An officer of Pakistan Administrative Services, Mr. Agha has rich professional experience, spanning over 28 years, including senior level administrative and managerial as well as leadership responsibilities. These include Commissioner Faisalabad Division and secretary of various provincial departments and Additional Chief Secretary. At the federal level, he has served at Ministry of Interior and Ministry of Industries and Production. Recently, he has been appointed as Additional Secretary (Incharge), Ministry of Energy (Petroleum Division).

Mr. Agha has obtained a master's degree in globalization & labour studies from University of Warwick, UK. He also did his bachelor's in business administration from University of Texas, Austin, USA.

He has the distinction of serving in various capacities and dealing with administration, establishment, litigation, budgetary and financial domains of key ministries / organizations as well as those of companies / corporations, authorities and autonomous institutions.

He is also has been Chairman and member of the boards of various public sector companies, including Oil and Gas Development Company Limited, Mari Petroleum Company Limited, Government Holdings (Private) Limited and Pak Arab Refinery Company.

Mr. Shakeel Qadir Khan

Non-Executive Director

Mr. Shakeel Qadir Khan joined Pakistan Petroleum Limited's Board of Directors on September 4, 2023. He is a member of the Board Procurement, Nomination and Enterprise Risk committees.

He joined Pakistan Administrative Service in 1998. During his initial service, Mr. Khan served in Shangla, Swat, Mohmand and Khyber Agency and later as Chief Economist, DCO Mansehra, Political Agent Bajaur and Director General Provincial Disaster Management Authority.

At the senior level, he served as Secretary for law and order and Planning and Development (P&D) FATA, P&D, Home and Tribal Affairs and Finance departments in Balochistan. Moreover, he also served as Chairman Balochistan Development Authority, Additional Chief Secretary Khyber Pakhtunkhwa, Chief Secretary Azad Jammu and Kashmir and Additional Secretary Power Division. He is currently serving as Chief Secretary Balochistan.

Mr. Khan has a bachelor's degree in electrical engineering and a postgraduate diploma in financial services from University of Surrey, UK. He is also an alumnus of Bucerius Law School, Hamburg. He is a graduate of National Institute of Management, Lahore and National Defense University. Besides, he has represented Pakistan at various fora in Europe, Middle East, USA, Southeast and South Asia.

He is a member of the board of directors of Oil and Gas Development Company Limited and Sui Southern Gas Company Limited. He remained on the Boards of NTDC, GHCL, PITC and PPMC. He was also Chairman of the Board of Directors of Bank of Khyber (BoK).

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:

Mr. Aftab Ahmad	Chairman
Mr. Hassan Mehmood Yousufzai	Member
Mr. Imtiaz A.H. Laliwala	Member
Ms. Khurshid Bhaimia	Member
Mian Imtiazuddin	Member
Head of Internal Audit	Secretary

Terms of Reference

The Terms of Reference of the Board Audit Committee include:

(i) Review of the interim and annual financial statements of the Company prior to approval by the Board of Directors.

(ii) Discussion of major observations with the external auditors arising from the interim and final audits, review of the management letter issued by the external auditors and the management's response thereto.

(iii) Review of the scope and extent of the internal audits ensuring that the internal audit function has adequate resources and is appropriately placed within the Company.

(iv) Recommendation of the appointment of external auditors and any questions of resignation or removal of the external auditors, audit fees and the provision by the external auditors of any service to the Company in addition to the audit of the Company's financial statements.

(v) Ascertainment of the adequacy and effectiveness of the internal control system including financial and operational controls, accounting system, and reporting structure.

(vi) Determination of compliance with statutory requirements and monitoring compliance with the best practices of corporate governance.

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

(viii) Overseeing whistle-blowing policy and protection mechanism.

Eight 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. Shahab Rizvi	Chairman
Mr. Abid Sattar	Member
Mr. Aftab Ahmad	Member
Mr. Momin Agha	Member
Mr. Imran Abbasy	Member
Mr. Ali Jaffar	Secretary

Terms of Reference

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

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

(i) Ensure applicability of Human Resource Management policies to the entire workforce, including recruitment, training, performance management, succession planning, and compensation philosophy.

(ii) Selection, evaluation, compensation (including retirement benefits) and Succession Planning of the CEO.

(iii) Selection, evaluation, compensation (including retirement benefits) of COO, DMDs, CFO, Company Secretary and the Head of Internal Audit.

Seven 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. Abid Sattar	Member
Mr. Aftab Ahmad	Member
Mr. Momin Agha	Member
Mr. Shahab Rizvi	Member
Mr. Imran Abbasy	Member
Mr. Ali Jaffar	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 Strategic 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.

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

Board Enterprise Risk Committee

Composition

The Board Enterprise Risk Committee is comprised of:

Mian Imtiazuddin	Chairman
Mr. Aftab Ahmad	Member
Mr. Imtiaz A.H. Laliwala	Member
Mr. Shahab Rizvi	Member
Mr. Shakeel Qadir Khan	Member
Mr. Ali Jaffar	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.

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

Board Procurement Committee

Composition

The Board Procurement Committee is comprised of:

Mr. Imtiaz A.H. Laliwala	Chairman
Mr. Hassan Mehmood Yousufzai	Member
Mian Imtiazuddin	Member

- Mr. Shahab Rizvi — Member
- Mr. Shakeel Qadir Khan — Member
- Mr. Ali Jaffar — 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.

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

Board Nomination Committee

Composition

The Board Nomination Committee is comprised of:

- Mr. Abid Sattar — Chairman
- Mr. Imtiaz A.H. Laliwala — Member
- Ms. Khurshid Bhaimia — Member
- Mr. Shakeel Qadir Khan — Member
- Mr. Ali Jaffar — 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.

No meeting of the Board Nomination Committee was held during the year.

ATTENDANCE OF BOARD AND COMMITTEE MEETINGS

Financial Year 2023-24

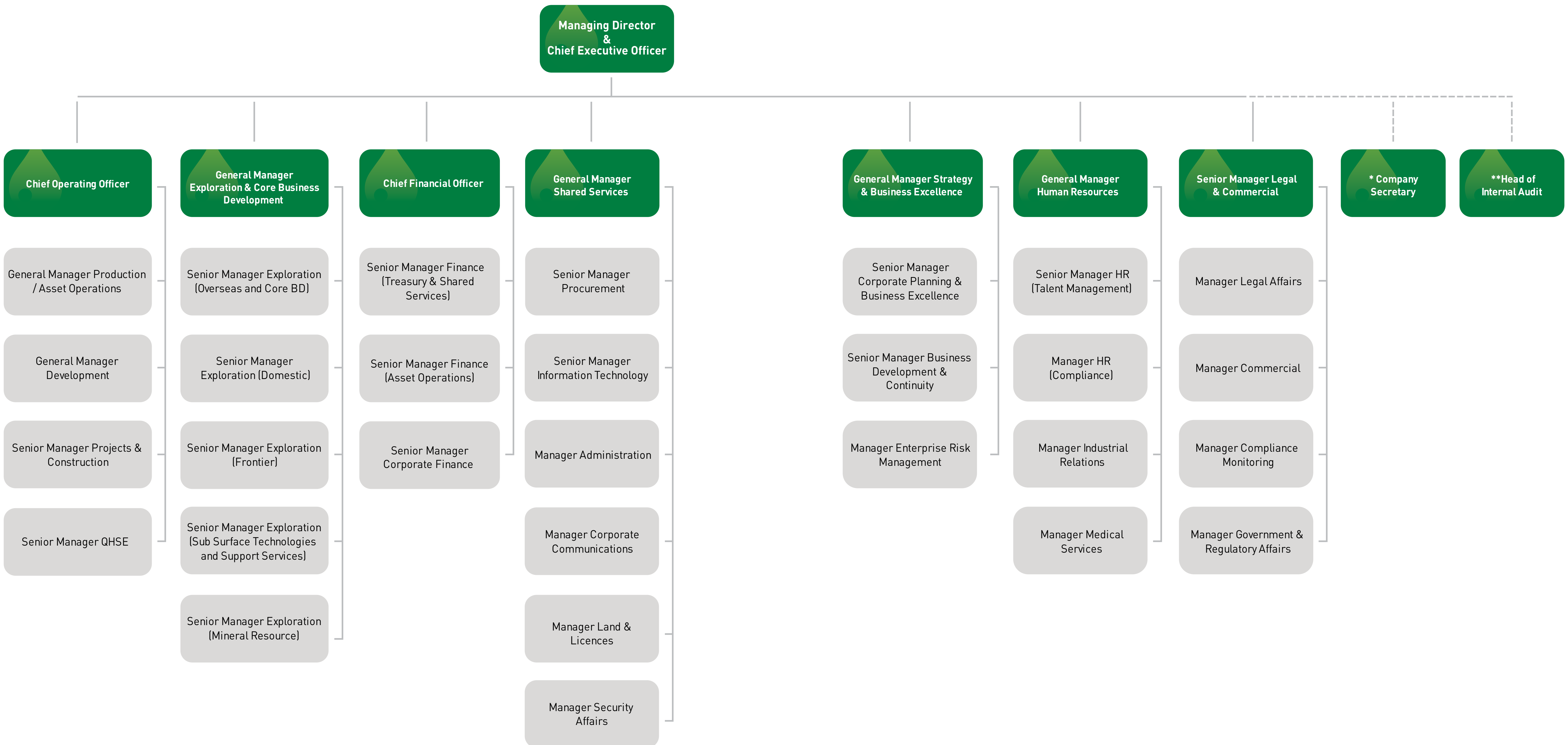
Name of Directors	Board of Directors			Board Human Resource Committee			Board Strategy & Finance Committee		
	Members	Meetings	Attendance	Members	Meetings	Attendance	Members	Meetings	Attendance
Mr. Abid Sattar	√	10	10	√	7	7	√	5	5
Mian Imtiazuddin	√	10	8	-	-	-	√	5	5
Mr. Shahab Rizvi	√	10	10	√	7	7	√	5	5
Mr. Imtiaz Ahmed Hussain Laliwala	√	10	10	-	-	-	-	-	-
Ms. Khurshid Bhaimia	√	10	9	-	-	-	-	-	-
Mr. Aftab Ahmad	√	10	9	√	7	7	√	5	5
Mr. Awais Manzur Sumra	√	10	10	-	-	-	-	-	-
Mr. Abdul Aziz Uqaili	√	2	1	-	-	-	-	-	-
Capt. Retd. Muhammad Mahmood	√	2	1	√	4	3	√	1	1
Capt. Retd. Shahbaz Tahir Nadeem	√	5	5	-	-	-	-	-	-
Mr. Momin Agha	√	8	7	√	3	3	√	4	4
Mr. Shakeel Qadir Khan	√	8	5	-	-	-	-	-	-
Mr. Hassan Mehmood Yousufzai	√	5	5	-	-	-	-	-	-
Mr. Imran Abbasy	√	10	10	√	7	7	√	5	5

Name of Directors	Board Procurement Committee			Board Enterprise Risk Committee			Board Audit Committee		
	Members	Meetings	Attendance	Members	Meetings	Attendance	Members	Meetings	Attendance
Mr. Abid Sattar	-	-	-	-	-	-	-	-	-
Mian Imtiazuddin	√	5	5	√	2	2	√	8	8
Mr. Shahab Rizvi	√	5	5	√	2	2	-	-	-
Mr. Imtiaz Ahmed Hussain Laliwala	√	5	5	√	2	2	√	8	8
Ms. Khurshid Bhaimia	-	-	-	-	-	-	√	8	7
Mr. Aftab Ahmad	-	-	-	√	2	2	√	8	8
Mr. Awais Manzur Sumra	-	-	-	-	-	-	√	8	8
Mr. Abdul Aziz Uqaili	√	2	-	-	-	-	-	-	-
Capt. Retd. Muhammad Mahmood	-	-	-	-	-	-	-	-	-
Capt. Retd. Shahbaz Tahir Nadeem	√	2	2	-	-	-	√	4	4
Mr. Momin Agha	-	-	-	-	-	-	-	-	-
Mr. Shakeel Qadir Khan	√	3	3	√	2	2	-	-	-
Mr. Hassan Mehmood Yousufzai	√	3	3	-	-	-	√	4	4
Mr. Imran Abbasy	-	-	-	-	-	-	-	-	-

Name of Directors	Board Nomination Committee			Annual General Meeting			Fee Paid to the Directors (Rs.)
	Members	Meetings	Attendance	Members	Meetings	Attendance	
Mr. Abid Sattar	√	-	-	√	1	1	3,450,000
Mian Imtiazuddin	-	-	-	√	1	1	4,350,000
Mr. Shahab Rizvi	-	-	-	√	1	1	4,500,000
Mr. Imtiaz Ahmed Hussain Laliwala	√	-	-	√	1	1	3,900,000
Ms. Khurshid Bhaimia	√	-	-	√	1	1	2,550,000
Mr. Aftab Ahmad	-	-	-	√	1	1	4,800,000
Mr. Awais Manzur Sumra	√	-	-	√	1	1	2,850,000
Mr. Abdul Aziz Uqaili	-	-	-	-	-	-	150,000
Capt. Retd. Muhammad Mahmood	-	-	-	-	-	-	600,000
Capt. Retd. Shahbaz Tahir Nadeem	-	-	-	√	1	1	1,950,000
Mr. Momin Agha	-	-	-	√	1	1	2,250,000
Mr. Shakeel Qadir Khan	√	-	-	√	1	1	1,650,000
Mr. Hassan Mehmood Yousufzai	-	-	-	-	-	-	1,800,000
Mr. Imran Abbasy	-	-	-	√	1	1	-

Notes:
1. Meetings indicate those which were held during the period when the concerned director was on the Board.
2. Mr. Imran Abbasy did not receive director's fee from the Company, being its MD/CEO.

ORGANOGRAM



*Company Secretary reports to Chairman of the Board with administrative reporting to MD.
**Head of Internal Audit reports to Board Audit Committee with administrative reporting to MD.

EXECUTIVE COMMITTEE

IMRAN ABBASY
Managing Director &
Chief Executive Officer

SIKANDAR ALI MEMON
Chief Operating Officer

MOHAMMAD KHALID ABDUL REHMAN
Chief Financial Officer

ARSHAD HUSSAIN PALEKAR
General Manager
Exploration & Core
Business Development

SYED MAHMOOD UL HASSAN
General Manager
Shared Services

ADEEL RAHMANI
Head of Human
Resources

SHANZA BAIG
Head of Legal &
Commercial

BUSINESS MODEL & VALUE CHAIN

CAPITAL INPUTS

FINANCIAL CAPITAL
Rs. 640 billion
Share capital & reserves

HUMAN CAPITAL
2,590
Number of Employees

NATURAL CAPITAL
48 + 22 + 5
Exploration + Producing Oil & Gas + Mineral Assets

MANUFACTURED CAPITAL
Rs. 134 billion
Property, Plant & Equipment

INTELLECTUAL CAPITAL
73 years
Experience in Oil & Gas

GEOGRAPHIC PRESENCE
3
Countries of Operation

Value Chain

PPL is a leading oil and gas exploration company, operating domestically and internationally, with a growing portfolio in mining. Having a diversified group structure PPL also holds mining rights in Balochistan for extraction of mineral resources.

Change in Business Model

The Company has increased its focus towards diversification and international ventures to secure circular debt free stream of cashflows which are essential for its long-term sustainability. This strategic shift has resulted in a greater emphasis on the mining business and exploring farm-in opportunities in high potential international oil & gas blocks. The Company's investments in Abu Dhabi's offshore block 5 and the Reko diq copper-gold mining project and more recently, the agreement with Degan Exploration Works is a testament to this.

Midstream & Downstream

Upstream Oil & Gas → Gas/LPG → processing → distribution → households & industry

Upstream Oil & Gas → Oil → refining → transportation → retail, industry & petrochemicals

Minerals (diversification) → Copper & Gold, Barytes & Iron Ore → mining → export & local consumption

PPL's presence in the value chain

Business activities

Identify
mature prospects through seismic & other G&G studies

Explore & Appraise
drill exploration well and assess resource size of discovery

Develop
build facilities and drill development wells to monetize hydrocarbons

Produce
management of reservoir & production operations

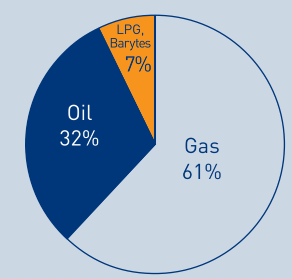
Key Elements of Business Model (as defined in section 4C of IR Framework)
Capital inputs are a fundamental element of the business as they drive the exploration & production and diversification activities of the Company. These business activities drive product portfolio of the Company including Oil, Gas, LPG, Barytes & Iron Ore, thus creating wealth for the stakeholders in the form of capital outcomes.

Business outputs

product portfolio

- Gas
- Oil
- LPG
- Barytes & Iron Ore

revenue mix



Market share in indigenous production (PPL Net)

Gas: 20%
Oil: 17%
LPG: 15%

PPL is one of the largest companies of Pakistan in terms of production of oil & gas based on PPL's Net share.

CAPITAL OUTCOMES

FINANCIAL CAPITAL
Rs. 42
Earnings per share
Rs. 6
Dividend per share

PRODUCTION
713 MMscfde
Production

FISCAL CONTRIBUTION
Rs. 155 billion
Contribution to National Exchequer

COMMUNITIES
Rs. 3.7 billion
CSR Contribution

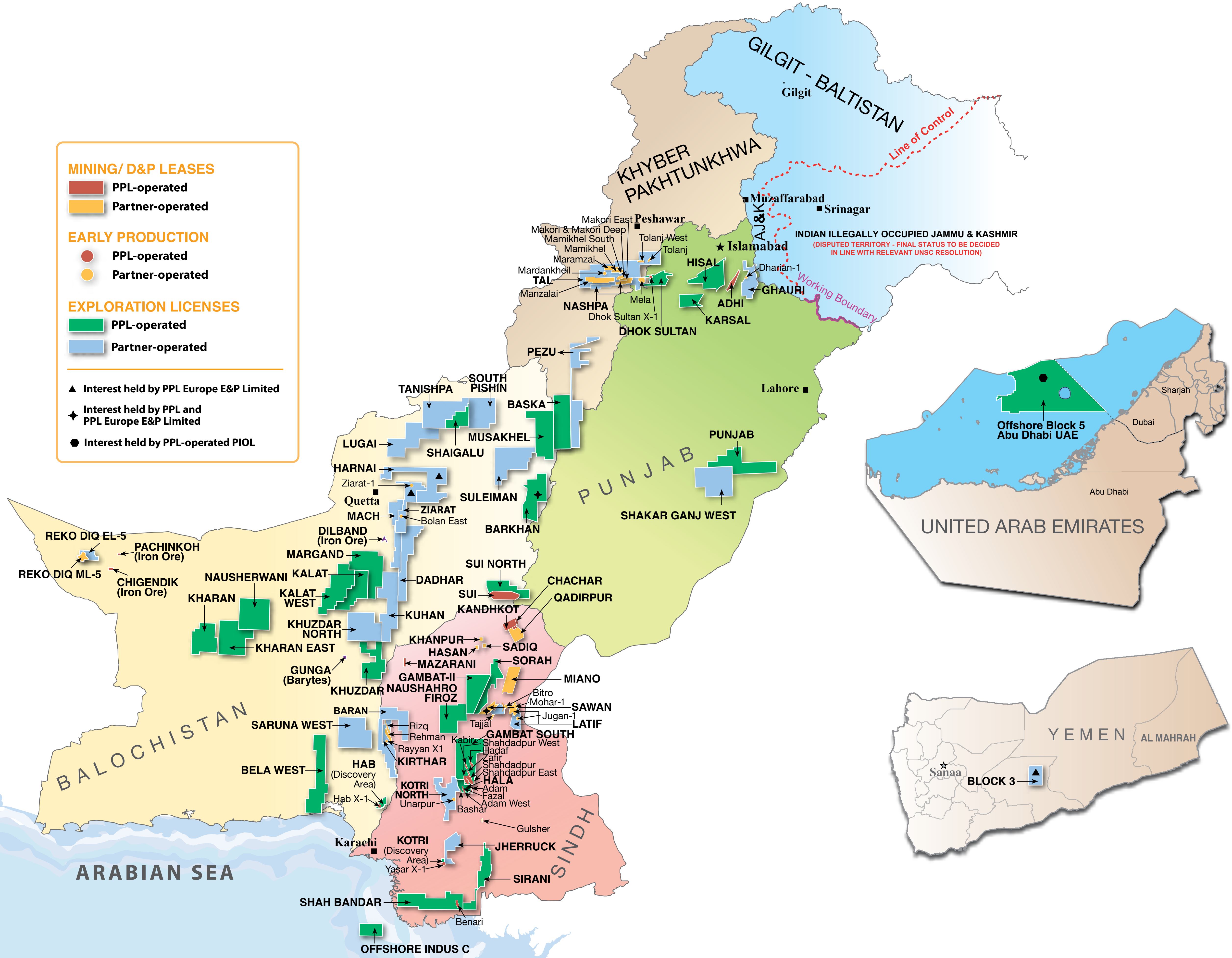
RESERVES
2,349 BCF equivalent
2P Reserves

OUR PRESENCE

Group's Exploration, Production and Mining Assets

	Name of Fields/Blocks	Operator	Other Partners	Group's Working Interest % as at June 30, 2024
	Producing Fields			
1	Adhi	PPL	OGDCL,POL	39.00
2	Dhok Sultan (EWT Phase)	PPL	GHPL	75.00
3	Gambat South	PPL	GHPL,AROL	65.00
4	Hala	PPL	MPCL	65.00
5	Kandhkot	PPL	-	100.00
6	Kandhkot East (Chachar)	PPL	GHPL	75.00
7	Mazarani	PPL	GHPL	87.50
8	Shah Bandar	PPL	MPCL,GHPL,SEHCL	63.00
9	Sui	PPL	-	100.00
10	Block 22	PEL	PPL,GHPL, Pyramid	35.53
11	Digri	UEPL	PPL	25.00
12	Gambat	UEP-BETA	PPL, PIOGCL, GHPL	23.68
13	Ghauri (Dharian EWT Phase)	MPCL	PPL	35.00
14	Kirthar	POGC	PPL	30.00
15	Kotri North (Unarpur EWT Phase)	UEPL	PPL,AROL	40.00
16	Latif	UEP-BETA	PPL, PIOGCL	33.30
17	Miano	UEP-BETA	PPL, PIOGCL, OGDCL	15.16
18	Nashpa	OGDCL	PPL, GHPL	28.55
19	Qadirpur	OGDCL	PPL, KUFPEC, Al-Haj, PKPE2L	7.00
20	Sawan	UEP-BETA	PPL, PIOGCL, GHPL, PPL-E	34.07
21	Tal	MOL	PPL,OGDCL, GHPL, POL	27.76
22	Ziarat (Bolan East EWT Phase)	MPCL	PPL-E	40.00
	Exploration Blocks			
1	Barkhan	PPL	PPL-E, UEPL	35.00
2	Baska	PPL	ZhenHua	82.50
3	Bela West	PPL	MPCL, GHPL	58.50
4	Dhok Sultan	PPL	GHPL	75.00
5	Gambat South	PPL	GHPL, AROL	65.00
6	Hala	PPL	MPCL	65.00
7	Hisal	PPL	POL, AOC, GHPL	62.50
8	Gambat-II	PPL	OGDCL	70.00
9	Kalat	PPL	-	100.00
10	Kalat West	PPL	MPCL, GHPL, BECL	47.50
11	Karsal	PPL	-	100.00
12	Kharan	PPL	-	100.00
13	Kharan East	PPL	-	100.00
14	Khuzdar	PPL	-	100.00
15	Margand	PPL	-	100.00
16	Musakhel	PPL	OGDCL, POGC, GHPL	37.20
17	Naushahro Firoz	PPL	-	100.00
18	Nausherwani	PPL	GHPL	97.50
19	Punjab	PPL	OGDCL, GHPL	47.50
20	Shah Bandar	PPL	MPCL, SEHCL, GHPL	63.00
21	Sirani	PPL	GHPL	75.00
22	Sorah	PPL	-	100.00
23	Shaigalu	PPL	MPCL, OGDCL, GHPL, BECL	38.00
24	Sui North	PPL	MPCL, GHPL, BECL, PEH	47.50
25	Tal	MOL	PPL, OGDCL, POL, GHPL	30.00
26	Dadhar	MPCL	PPL, UEPL, GHPL, BECL	28.50
27	Ghauri	MPCL	PPL	35.00
28	Mach	MPCL	PPL, UEPL, GHPL, BECL	28.50
29	Jherruck	NHEPL	PPL, KEC	30.00
30	Khuzdar North	OGDCL	PPL, GHPL	25.00
31	Nashpa	OGDCL	PPL, GHPL	30.00
32	Pezu	OGDCL	PPL	30.00
33	Shakar Ganj West	OGDCL	PPL	50.00
34	Suleiman	OGDCL	PPL, GHPL, BECL	47.50
35	Kirthar	POGC	PPL	30.00
36	Kotri North	UEPL	PPL, AROL	40.00
37	Kuhan	UEP-BETA	PPL, GHPL, BECL	47.50
38	Latif	UEP-BETA	PPL, PIOGCL	33.30
39	Harnai	MPCL	PPL-E	40.00
40	Ziarat	MPCL	PPL-E	40.00
41	South Pishin	MPCL	PPL, OGDCL	35.00
42	Lugai	OGDCL	PPL, MPCL	30.00
43	Tanishpa	OGDCL	PPL, MPCL	35.00
44	Baran	POGC	PPL, OGIL	31.00
45	Saruna West	POL	PPL, OGDCL	30.00
	Offshore Blocks			
46	Eastern Offshore Indus C	PPL	-	100.0
	Exploration Blocks (Outside Pakistan)			
47	Offshore Block 5 (Abu Dhabi)	PIOL	PPL, OGDCL, GHPL, MPCL	25.00
48	Block 3 (Yemen)	TOTAL	PPL-E, OMV, YOGC	20.00
	Mineral Assets			
1	Reko Diq (Copper and Gold)	Barrick	PPL, OGDCL, GHPL, BMRL, GoB	8.33
2	Khuzdar (Barite, Lead & Zinc)	BME	PPL, GoB	50.00
3	Dilband (Iron Ore)	BME	PPL, GoB	50.00
4	Nokkundi (Pachinkoh & Chigendik)	BME	PPL, GoB	50.00
5	Chagai EL-207	FWO (DEGAN)	PPL, FWO (DEGAN)	49.00

Note: The above table excludes the blocks for which relinquishment has been applied or are provisionally awarded.


MINING/ D&P LEASES
PPL-operated
Partner-operated
EARLY PRODUCTION
PPL-operated
Partner-operated
EXPLORATION LICENSES
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-operated PIOL
GILGIT - BALTISTAN
Gilgit
Line of Control
KHYBER PAKHTUNKHWA
Muzaffarabad
Srinagar
AJ&K
Islamabad
INDIAN ILLEGALLY OCCUPIED JAMMU & KASHMIR
(DISPUTED TERRITORY - FINAL STATUS TO BE DECIDED IN LINE WITH RELEVANT UNSC RESOLUTION)
Working Boundary
Peshawar
Makori East
Makori & Makori Deep
Mamikhel South
Mamikhel
Maramzai
Mardankheil
TAL
Manzalai
Tolanj West
Tolanj
NASHPA
Mela
Dhok Sultan X-1
DHOK SULTAN
HISAL
Dharian-1
ADHI
GHAURI
KARSAL
PEZU
Lahore
TANISHPA
SOUTH PISHIN
BASKA
LUGAI
SHAIGALU
MUSAKHEL
PUNJAB
HARNAI
Ziarat-1
Quetta
MACH
ZIARAT
Bolan East
SULEIMAN
BARKHAN
PUNJAB
SHAKAR GANJ WEST
REKO DIQ EL-5
PACHINKOH (Iron Ore)
REKO DIQ ML-5
CHIGENDIK (Iron Ore)
DILBAND (Iron Ore)
MARGAND
NAUSHERWANI
KALAT
KALAT WEST
KHARAN
DADHAR
SUI NORTH
SUI
CHACHAR
QADIRPUR
KANDHKOT
KUHAN
KHUZDAR NORTH
KHARAN EAST
KHANPUR
HASAN
SADIQ
MAZARANI
SORAH
GUNGA (Barytes)
KHUZDAR
GAMBAT-II
NAUSHAHRO FIROZ
MIANO
Bitro
Mohar-1
SAWAN
Jugan-1
LATIF
BARAN
SARUNA WEST
Rizq
Rehman
Tajjal
Kabir
Rayyan X1
GAMBAT SOUTH
Shahdadpur West
Hadaf
Zafir
Shahdadpur
Shahdadpur East
KIRTHAR
HALA
Adam
Fazal
Adam West
Bashar
BALOCHISTAN
BELA WEST
HAB (Discovery Area)
Hab X-1
KOTRI NORTH
Unarpur
Gulsher
Karachi
KOTRI (Discovery Area)
Yasar X-1
JHERRUCK
SINDH
SIRANI
ARABIAN SEA
SHAH BANDAR
Benari
OFFSHORE INDUS C
Sharjah
Dubai
Offshore Block 5 Abu Dhabi UAE
Abu Dhabi
UNITED ARAB EMIRATES
YEMEN
AL MAHRAH
Sanaa
BLOCK 3

CORPORATE STRATEGY & RESOURCE ALLOCATION PLAN

Strategic Objectives	Short-term	Medium-term	Long-term
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	✓	✓	✓

As part of its corporate strategy, PPL aims to REVITALISE its Exploration and Appraisal efforts, focusing on thoroughly assessing its existing inventory of production and exploration assets to identify further prospectivity.

This includes paying focused attention to both proven and frontier areas, leveraging partnerships in high-risk, high-reward regions to enhance company's strategic positioning and secure promising RESERVES. Our goal is to maintain sustainable production by targeting proven basins both domestically and INTERNATIONALLY, while simultaneously exploring strategic opportunities in frontier areas.

In PRODUCTION OPERATIONS, the Company is committed to utilizing advanced technologies to optimize productivity of wells. Our approach is to minimize environmental impacts and adhering to the strictest regulations, ensuring that our operations are sustainable and responsible. Rigorous cost management is employed to maintain profitability, while upholding safety and environmental standards.

Our strategy emphasizes maintaining a balanced portfolio that includes producing assets, development projects, and exploration prospects across various regions. We continuously strive to optimize for RETURNS and SHAREHOLDERS' VALUE, pursuing organic growth through successful exploration and inorganic growth through strategic partnerships and acquisitions.

To further DIVERSIFY risks and seize local opportunities, the Company is accelerating its MINERAL exploration efforts. This involves evaluating potential mineral deposits, acquiring necessary exploration licenses, and developing operations where viable. This strategic expansion into mining leverages PPL's existing expertise in geosciences and project management, marking a significant step into a new market. Additionally, PPL will look for targeted diversification opportunities in the energy value chain.

QHSE will remain the key component of the Company's operational excellence. Utmost importance will be given to training of employees and contractors for enhancing safety awareness and active incorporation of industry best practices in the overall operating setup.

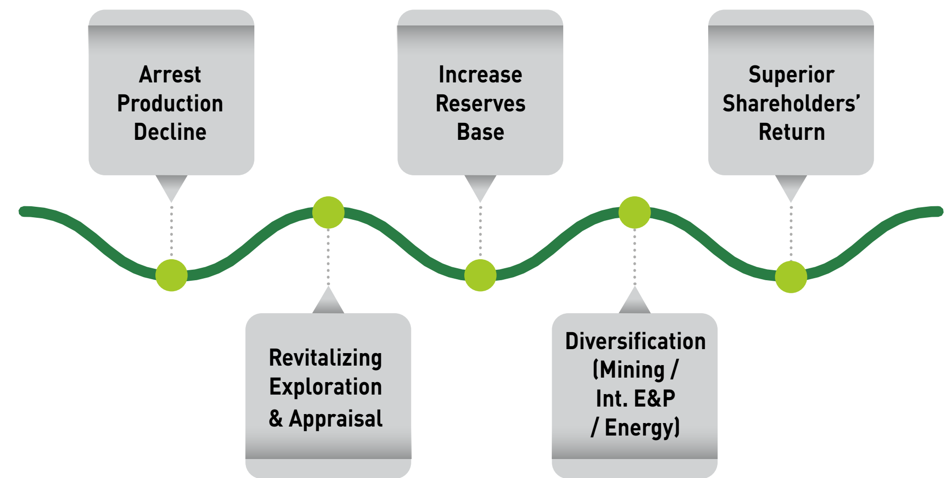
The Company, as a good corporate citizen, shall continue to promote social development of the communities where it operates and shall extend interventions from its operational areas to financial and in-kind support for the welfare and development organizations spread across the country.

The Company cares deeply about the environment and will continue to exercise due care in environmental protection.

The Company will make efforts for optimum leveraging of the available financial resources and project management skills so that large projects in oil & gas business for growth and value chain integration can be undertaken as required.

The Company places great emphasis on investing in people to build a world-class workforce, as timely availability of qualified and trained manpower is vital for undertaking complex and diverse operations of the Company.

Strategic Pillars



Overall, PPL's corporate strategy reflects a comprehensive approach to solidify PPL's position in the industry. It underscores our commitment to innovation, environmental stewardship, and strategic growth, ensuring long-term sustainability and value creation for all stakeholders.

Key Performance Indicators (KPIs)

The Company monitors its performance through the following Key Performance Indicators and these KPIs will continue to remain relevant for the year to follow:

Financial

- Earnings Per Share
- Return on Equity (ROE)
- Free Cash Flows
- Dividends declared per share
- Opex per BOE
- Revenue contribution from Non-E&P business
- CSR Contribution
- Payment to Government Exchequer
- Debtor Days

Non-Financial

- Lost Time Injury Frequency (LTIF)
- Production
- Number of wells
- Reserves Replacement Ratio (1P)
- Employee Engagement Index (EEI)
- Reserves to Production Ratio (RP ratio / Life Index)

RESOURCE ALLOCATION PLAN

Financial Capital

Significant investment is crucial for driving the company's strategy. This includes substantial allocation towards exploration and appraisal activities, encompassing seismic data acquisition, drilling, and evaluation. To enhance operational efficiency and well output, funds are directed towards research and development of advanced technologies. The expansion into minerals necessitates budgeting for prospect evaluation, acquiring necessary licenses, and establishing mining operations. Strategic partnerships and acquisitions to broaden the portfolio and access new regions also require dedicated financial resources. Maintaining profitability is paramount, hence strict financial controls and efficiency measures are implemented to optimize costs.

Human Capital

Building a skilled workforce is essential for executing the company's strategy. This involves recruiting geologists, geophysicists, and engineers with expertise in both established and frontier areas. To drive technological advancements, data scientists, engineers, and technicians are brought on board. Expanding into mineral exploration requires hiring geologists, mining engineers, and other specialists. Continuous investment in employee training and development is crucial for fostering innovation and building a high-performance team. Staff rotation is also planned and implemented to further develop and diversify their core competencies.

Intellectual Capital
Innovation and knowledge are key drivers of the company's success. Consistent investment in research and development is crucial to develop new exploration techniques, optimize production processes, explore mineral resources and pursue inorganic growth opportunities. A robust knowledge management system is implemented to capture and share expertise across the organization. This, in turn, supports fostering a culture of innovation and encourages new ideas and solutions, driving the Company forward.

Social Capital
Building strong relationships with stakeholders is vital for the Company's success. This includes cultivating partnerships with government agencies, communities, and industry partners. Implementing initiatives that address social and environmental concerns demonstrates the Company's commitment to corporate social responsibility. Best in class CSR model has been adopted ensuring the adequate deployment of funds.

Natural Capital
Natural capital is being managed by acquiring lucrative local blocks through bidding process/farm-ins and the Company is also targeting acquisition of international blocks to further grow its global footprint.

Effect of environmental changes on the business strategy
The external environment plays a key role on the achievement of the Company's business strategy:

Environmental Component	Effect
Technology	Technology is at the heart of PPL's business operations and technological improvements are quickly adopted to ensure smooth operations. The utilization of rig-less technology for production optimization and setting up of in-house seismic processing center and core lab are a testament to the Company's belief in investment in technology. The Company also plans to explore technological advancements for the exploitation of unconventional reserves.
Society	Societal issues are also considered as it is the community and not the Company alone which can deliver successful projects. The Company considers the challenges posed by the societal changes on the achievement of business strategy and plays its part by actively participating in community development activities to alleviate the social problems of the community at large including health, education, skills development, and adequate employment opportunities for the locals.
Environment	Environmental challenges have a potential to affect the achievement of business objectives and the Company plays its part in mitigating such challenges, abiding by environmental regulations applicable on it. The Company ensures environmental conservation by complying with National Environmental Quality Standards. The Company aims to leave a better environment for the future generations to come.
Resource Shortages	The Company's prospective planning and its strategic positioning has protected it from facing challenges with regards to resources availability for its operations. Additionally, the Company's strategic shift to diversify internationally and into mining business is a step towards coping with the impact of any potential resource shortages.
Innovation and Efficiency	The company has embraced innovative technologies and processes to maximize the efficiency. This includes adopting digital tools for better project management and methods that can bring about efficiencies in existing processes. This fostering of culture of innovation has also been recognized in ICAP's 'Digital Technology Awards' for two consecutive years.

Key resources and capabilities providing sustainable competitive advantage
The Company enjoys economies of scale due to its geographic presence all over the country with international presence in UAE and Yemen. Large asset base of the Company, with no leveraging, signifies its strong balance sheet and financial performance. The Company has a rich experience of over 70 years of operatorship due to which it has developed a strong mix of technical skills which is its core competency. Furthermore, a balanced portfolio in the oil & gas exploration and production business together with diversification in the minerals sector provides a sustainable base for the Company to grow its business.

Value created by the business
Utilizing its capital resources, the Company creates significant value for its stakeholders including:

Value Created for	Governments	Shareholders	Employees	Suppliers	Communities
Value Created through	• Fiscal contributions and dividends • Forex savings due to import subsidization	• Dividends, bonus shares and capital gains	• Remuneration & Benefits • Training and development	• Adequate business opportunities	• Indigenous energy production saving foreign exchange • CSR contributions

Process for strategic decision making
The Board of Directors has formed a Board Strategy and Finance Committee (BSFC) to oversee the strategic decision making of the Company. All the strategic decisions are internally approved by the Executive Committee (EXCOM) of the management and are presented to the BSFC for its review and recommendation to the Board for approval. The Board, through its policies and directions, sets the culture of the organization which is further strengthened by the senior management of the Company.

Development of adequate risk attitude within the organization is managed by the Enterprise Risk Management (ERM) function within the Company. Employee awareness sessions are conducted by ERM to enhance their awareness of the risks underlying business operations. These sessions also help in promoting a positive risk culture in the Company enabling the staff at every level to take day-to-day decisions keeping in view the Company's risk appetite limits. Board Enterprise Risk Committee (BERC) keeps a comprehensive oversight over the risk practices and policies of the Company.

Integrity and ethical issues are managed by the Company through the code of conduct that is applicable on the employees and the Board members. Every year, employees are mandatorily required to attend e-training module on the code of conduct applicable to their employment and also give their sign-off on it.

Significant changes in objectives and strategies from prior years
There is no significant change in objectives and strategies over the past year.

As part of its diversification strategy, the Company has signed a contract with Degan Exploration Works (DEW) for minerals exploration in District Chagai (EL-207), Balochistan.

MONITORING OF KEY PERFORMANCE INDICATORS

	Key Performance Indicators	Unit	2022-23	2023-24	Commentary
financial	Earnings per share	Rs per share	35.99	**42.01**	Highest ever EPS recorded on the back of strong profits coupled with the reversal of income tax provision on depletion allowance for prior years.
	Return on Equity (ROE)	%	18	**18**	ROE has maintained at 18% reflecting strong profitability.
	Free Cashflows	Rs billion	1	**61**	Cashflows increased significantly due to improved customer collections supported by back-to-back consumer price increases and increased finance income. It was partially offset by higher statutory payments, increased capex and investments in associated companies (PIOL and PMPL).
	Dividend declared per share	Rs per share	2.5	**6.0**	Increase in dividend payout from the last year due to better recoveries from customers.
	Opex per BOE	$/BOE	2.4	**2.8**	Higher opex per BOE is mainly attributed to lower sales volumes and higher field opex.
	Revenue contribution from Non-E&P business	Rs billion	1.7	**1.8**	Higher revenues from barytes.
	CSR contribution	Rs billion	3.0	**3.7**	CSR contribution has increased significantly.
	Payment to Govt. exchequer	Rs billion	129	**155**	Higher payments on account of increase in revenues and profits.
	Debtor days	Days	576	**649**	Although collections have improved significantly, however, these are still lower than the sales leading to increase in debtor days.
non-financial	LTIF	Ratio	0.06	**0**	No lost time injury or fatality during the current period.
	Production	MMSCFDe	815	**713**	The sales volumes have decreased due to lower offtakes by GENCO II in Kandhkot further augmented by natural decline in mature fields and high pressure in the SNGPL's network due to LNG.
	Number of wells	Number	8	**17**	10 exploration and appraisal wells along with 7 development wells were drilled during the year.
	Reserves replacement ratio (1P)	%	76	**21**	Primarily due to reserves addition in Shah Bandar & Kirthar further augmented by reserves revisions in Kirthar & Nashpa.
	Employee Engagement Index (EEI)	%	53	**53**	EEI is conducted every two years. Next EEI is planned in FY 2024-25.
	Reserves to Production ratio	Years	9	**9**	The steady Reserves to Production (R/P) Ratio of 9 years is a combination of increase in reserves and the decrease in production.

COMPETITIVE LANDSCAPE OF E&Ps IN PAKISTAN

Block Bidding Phase

Local and International E&P companies compete at the time of bidding of exploration blocks

Exploration & Appraisal Phase

- The companies collaborate in Joint Ventures to share risks
- The companies compete for resource availability

Development & Production Phase

- Minimal competition for product sales since Pakistan is a net importer of oil and gas
- The companies compete for early production and monetization

OUR COMPETITIVE ADVANTAGE

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 over 70 years of experience as an operator in all stages of the oil and gas life cycle.

Our Portfolio

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

Our development assets and our low risk exploration portfolio in proven areas provide 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.

Directors' Report 2023-24

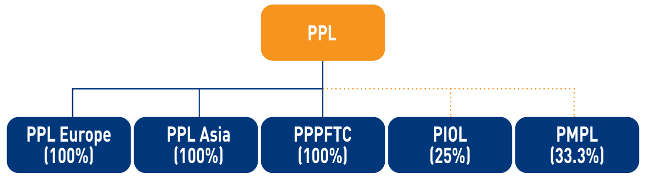
We are pleased to present the Directors' report and audited financial statements of your Company for the year-ended June 30, 2024, together with the auditor's report thereon. The business review for the year along with key highlights is presented in the following paragraphs.

Introduction

Pakistan Petroleum Limited (PPL) is a leading oil and gas exploration and production company in Pakistan, playing a vital role in meeting the country's energy needs since the early 1950s. The Company operates across various regions of Pakistan and has an international presence in the UAE and Yemen. In addition to its core business, PPL is actively looking for diversification in the mining and related energy industry. It holds operating mining rights in Bolan Mining Enterprises (BME), a 50:50 joint venture with the Government of Balochistan and is also a partner in Pakistan Minerals (Private) Limited, which holds an indirect, non-operating stake in the Reko Diq mining project in Balochistan.

Group Structure

The Company has three wholly owned subsidiaries by the names of PPL Europe E&P Limited (PPLE), PPL Asia E&P B.V. (PPLA) and The Pakistan Petroleum Provident Fund Trust Company (Private) Limited (PPPFTC). These companies (including PPL) are collectively referred to as 'The Group'. The Company also owns 25% interest in Pakistan International Oil Limited (PIOL) incorporated in Abu Dhabi, UAE (an associated company). The above-mentioned companies, except PPPFTC, are principally engaged in conducting exploration, prospecting, development and production of oil, natural gas and mineral resources. The Company also has 33.33% interest in Pakistan Minerals (Private) Limited (PMPL), an entity holding an indirect 25% non-operating share in Reko Diq project for mining of copper and gold.



Company's Business Strategy

As part of its corporate strategy, PPL aims to revitalize its exploration and appraisal efforts, focusing on assessing its existing inventory of production and exploration assets to identify further prospectivity.

This includes paying concentrated attention to both proven and frontier areas, leveraging partnerships in high-risk, high-reward regions to enhance company's strategic positioning and secure promising reserves. Our goal is to maintain sustainable production by targeting proven basins both domestically and internationally, while simultaneously exploring strategic opportunities in frontier areas.

In production operations, the Company is committed to utilizing advanced technologies to optimize productivity of wells. Our approach is to minimize environmental impacts and adhering to the strictest regulations, ensuring that our operations are sustainable and responsible. Rigorous cost management is employed to maintain profitability, while upholding safety and environmental standards.

Our strategy emphasizes maintaining a balanced portfolio that includes producing assets, development projects, and exploration prospects across various regions. We continuously strive to optimize returns and shareholder value, pursuing organic growth through successful exploration and inorganic growth through strategic partnerships and acquisitions.

To further diversify its portfolio and seize local opportunities, the Company is accelerating its mineral exploration efforts. This involves evaluating potential mineral deposits, acquiring necessary exploration licenses, and developing operations where viable. This strategic expansion into mining leverages PPL's existing expertise in geosciences and project management, marking a significant step into a new market. Additionally, PPL will look for targeted diversification opportunities in the energy value chain.

Overall, PPL's corporate strategy reflects a comprehensive approach to solidify PPL's position in the industry. It underscores our commitment to innovation, environmental stewardship, and strategic growth, ensuring long-term sustainability and value creation for all stakeholders.

Key Highlights

Despite a challenging operating environment, PPL has demonstrated resilience and strategic foresight in FY 2023-24. While facing headwinds from mature field depletion and market dynamics, we have made significant strides in operations, financial management and future-focused initiatives. Our commitment to innovation, sustainability, and value creation remains unwavering as we position PPL for long-term success in an evolving energy landscape. The key highlights during the year are as follows:

1. **Safety Achievement:** PPL attained zero Lost Time Injury Frequency (LTIF) and zero Tier 1 Process Safety Events (PSE), underscoring our commitment to operational safety.

2. **Financial Performance:** The Company achieved highest-ever profits in its history along with realizing the highest ever collections from its customers.

3. **Operational Excellence:** Successfully completed major revamping of the Sui SML Compressor Station, increasing field production potential by approximately 19 MMscfd.

4. **Exploration Success:** A gas and condensate discovery at Jhim East X-1 well (Shah Bandar Block) was announced during the year. Subsequent to year-end, four discoveries were announced in partner-operated Tal & Latif blocks.

5. **International Expansion:** The PIOL consortium, led by PPL, drilled two appraisal wells in the Abu Dhabi Offshore Block-5.

6. **Diversification:** Signed a Joint Venture Agreement with Degan Exploration Works (DEW) to explore and develop mineral resources in Balochistan, advancing our strategic diversification into the mining sector.

7. **Technology Integration:** Implemented advanced digital solutions, including virtualized desktop infrastructure and GIS-integrated land management systems, enhancing operational efficiency and decision-making capabilities.

8. **Drilling Activity:** 10 exploration and appraisal wells and 7 development wells were drilled in operated and partner-operated areas.

9. **Award of Exploration Blocks:** PPL was awarded two exploration blocks, one as operated and one as partner-operated.

10. **Seismic Data Acquisition:** 594 line km of 2D seismic data was acquired in PPL-operated blocks. Additionally, 881 line km of 2D seismic data was acquired in partner-operated areas.

11. **Seismic Data Processing:** In-house processing of 1,962 line km of 2D and 1,550 sq. km of 3D seismic data was completed, resulting in substantial cost savings.

12. **Digital Technology Award:** For the second consecutive year, PPL was recognized by ICAP at the Digital Technology Awards Ceremony for its in-house development. The Company secured second position for 'Trade Finance Automation' project in the category of "Use of technology in the areas of accounting" for large organizations.

13. **Best Corporate & Sustainability Report Award:** PPL secured the second position in the Fuel and Energy category at the Best Corporate & Sustainability Report (BCSR) Awards for its 2022 Annual Report.

14. **SAFA Award:** PPL was awarded the Bronze Award in the category of Public Sector Entities by the South Asian Federation of Accountants (SAFA) for its annual report for the year 2022.

15. **Corporate Social Responsibility:** PPL continued its legacy of being socially responsible by contributing over PKR 3.7 billion towards CSR spending.

Operating Environment

The global energy sector continues to navigate a complex landscape shaped by geopolitical tensions, economic uncertainties, and the accelerating transition to renewable energy sources. Despite these challenges, Pakistan's economy has shown signs of stabilization, with a more stable exchange rate and easing inflation.

However, the backlog of higher inflation remains a significant concern for households and businesses nationwide. The country's heavy reliance on imported oil and gas has intensified concerns about energy security. Furthermore, the urgency to address climate change is evident, as global consensus, reflected in recent climate summits, drives a shift towards renewable energy sources. This transition is fueled by escalating climate concerns and the increasing affordability and efficiency of renewable technologies. Nonetheless, the economic realities of renewable energy investments, such as substantial upfront capital requirements and high-interest rates, coupled with the ever-increasing energy demand may slow the transition.

The Government of Pakistan is making efforts to bring back foreign investment in the E&P sector. As part of these efforts, Tight Gas (Exploration & Production) Policy of 2024 has been introduced which offers a 40% premium over the zonal price established by the 2012 Petroleum Policy.

Recently, the increase in consumer gas price to arrest the circular debt accumulation is also commendable. Domestic E&P companies should not only focus on traditional hydrocarbon exploration and production but also seek diversification opportunities in other avenues including the mining sectors and renewable energy to enhance resilience and reduce dependency on fossil fuels.

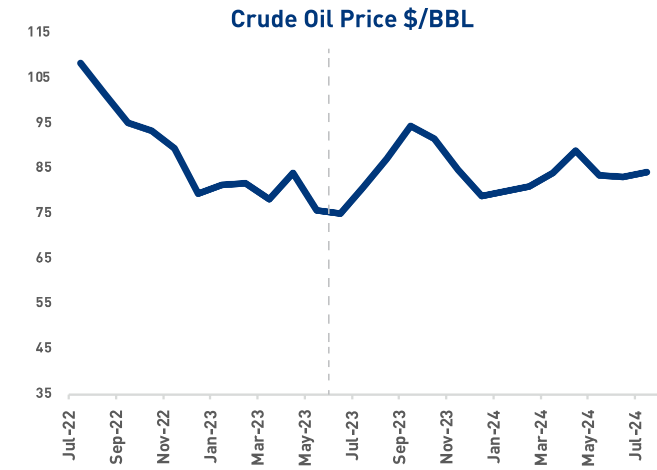
External Factors

The following factors played a key role in the operating environment of the upstream oil and gas sector in the country.

Crude Oil Prices

Crude oil prices experienced fluctuations throughout FY 2023-24, driven by a complex interplay of supply and demand dynamics, geopolitical tensions - especially in the Middle East - economic indicators, and environmental concerns. The price of crude oil began around $75 per barrel in July 2023 and rose to approximately $86 per barrel by June 2024, reflecting an overall increase.

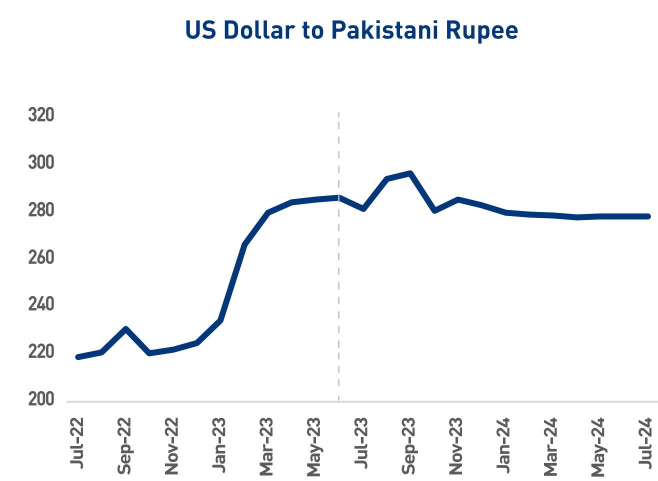
Escalating tensions in the Middle East coupled with OPEC+ interventions to manage production levels played a crucial role in maintaining prices. The resilience of US shale oil production also contributed to price stability. When prices increase, US shale producers typically ramp up output, which enhances global supply and helps moderate further price rises.



Fluctuation in Foreign Currency

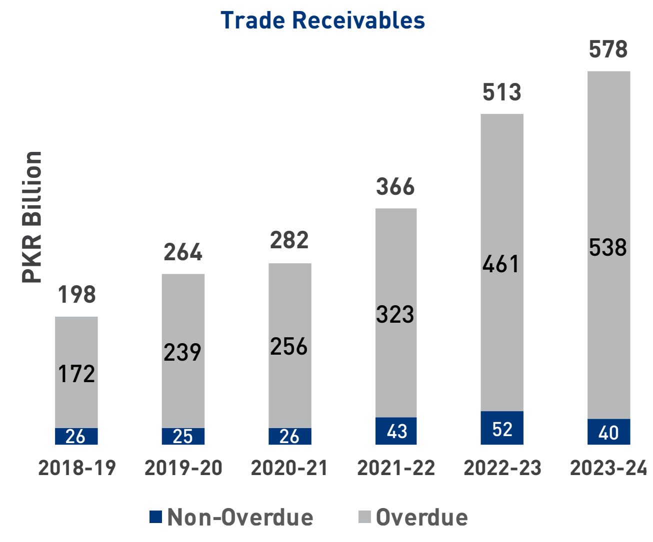
Throughout the year, the Pakistani Rupee (PKR) exhibited relative stability, largely supported by a Standby Agreement with IMF established at the beginning of the year. This agreement provided crucial support for the local currency. The PKR started the fiscal year at approximately Rs 286 per USD in July 2023 and appreciated slightly to around Rs 278 per USD by June 2024.

The stabilization of PKR can be attributed to the government's decisive actions to reduce imports and curb the grey market, along with a surge in remittances and decreased local demand amid record inflation. However, Pakistan's heavy reliance on imports, debt servicing coupled with a potential increase in USD demand following monetary easing, could pose future risks to currency stability.



Trade Receivables

The Company has demonstrated substantial progress in collections from customers, achieving an impressive collection ratio of 81% compared to 53% in the previous year. This improvement is reflected in the current year recovery of Rs 276 billion, up from Rs 182 billion in the previous year.



Key to this success were three strategic consumer gas price revisions implemented in January 2023, November 2023, and February 2024. These adjustments have helped slow the accumulation of circular debt and strengthened the Company's financial position. Consequently, the trade receivables accumulated at a pace of Rs. 5.4 billion per month, a notable improvement from Rs. 12.3 billion per month in the previous year.

Looking ahead, with the IMF closely monitoring the gas sector's circular debt and the PKR/USD parity remaining relatively stable, we anticipate continued robust collections. Maintaining a strong liquidity position is crucial for pursuing oil and gas exploration and fulfilling financial obligations. However, it is important to note that statutory payments still account for over 50% of collections. Therefore, regular adjustments to consumer gas prices are essential to prevent further accumulation of circular debt.

Additionally, resolving past accumulated circular debt is critical for enabling exploration and production companies to invest in sector development and diversify within the energy value chain, as well as improving the shareholders' returns.

The Company remains actively engaged with stakeholders, including relevant ministries, gas distribution companies and power generation companies, to address immediate cash flow issues and seek lasting solutions to the circular debt problem. These ongoing efforts highlight our commitment to financial prudence and sustainable growth.

Security Situation

Operating in security sensitive zones presents significant challenges and risks for oil and gas companies. Companies mainly rely on government security forces to protect their personnel and facilities in these high-risk areas. In Pakistan, the situation remains volatile in the border regions of Khyber Pakhtunkhwa and certain parts of Balochistan, where security has remained a challenge.

To manage these security risks, the Company adopts a cautious approach by initiating seismic and well operations only after receiving clearance from security agencies. This strategy ensures that operations proceed in a safer environment, minimizing potential risks associated with security threats. However, this implies an increase in the security related costs.

Our Performance

Production Operations

The Company currently operates nine producing assets at Sui, Kandhkot, Adhi, Dhok Sultan, Mazarani, Chachar, Hala, Gambat South and Shah Bandar. In addition, the Company has working interests in thirteen partner-operated producing fields. The Company is playing its role in meeting the country's energy requirements by focusing on production enhancement by using advanced technology and optimization jobs. Furthermore, the Company has an operated interest in Bolan Mining Enterprises (BME), which is a joint operation between the Company and Government of Balochistan.

The Company's operated assets have seen significant developments in its producing fields, including enhancements in surface network capacity and optimization efforts which resulted in increased production potential to partially offset the natural decline from the mature fields. Additionally, successful exploration efforts and well interventions across multiple fields have contributed to arresting the natural depletion.

PPL's mining assets under Bolan Mining Enterprises (BME) have also recorded their highest-ever sale revenues, despite challenges such as lower iron ore sales due to weather disruptions and delays in equipment delivery.

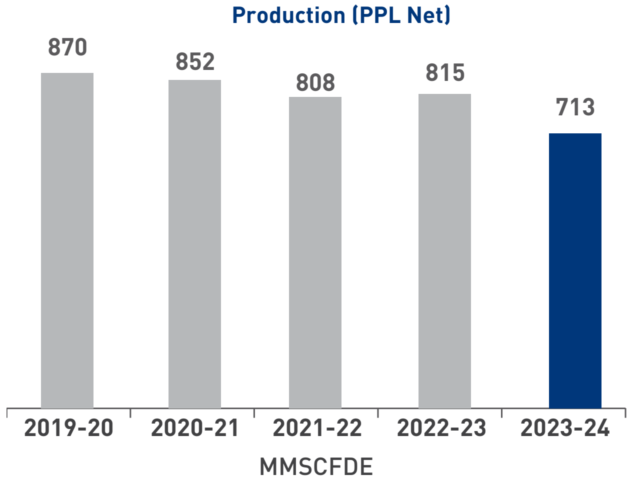
PPL's subsidiaries and associated undertakings are engaged in various activities across multiple regions. PPL Europe's Block-3 in Yemen remains under Force Majeure due to security concerns, while exploratory and development operations are ongoing in other blocks, with some delays in Harnai due to adverse security situation. Meanwhile, Pakistan International Oil Limited is actively conducting drilling campaigns and studies in Abu Dhabi's Offshore Block-5, with due diligence on the Field Development Plan expected to conclude by end of 2024.

Production Statistics

While our overall production decreased by ~12% compared to the previous year, this decline was primarily due to external factors beyond our control, including lower offtakes from GENCO-II, LNG back pressure on SNGPL's network, and natural depletion in mature fields. However, we have implemented several initiatives to mitigate these challenges including:

- **Production Enhancement:** Achieved a notable production increase of 37 MMscfd of gas and 630 bbl/day of condensate from existing wells through a relatively low-cost, rig-less production enhancement campaign.
- **Sui Compressor Station Revamp:** Successfully completed major revamping of the Sui SML Compressor Station, resulting in an increased field production potential of approximately 19 MMscfd.
- **Well Interventions:** Successful interventions across multiple fields have helped arrest natural depletion and optimize production.

Production (PPL Net)



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

	2023-24	2022-23
Natural Gas (MMscf)	231,574	266,566
Crude Oil / NGL / Condensate (Thousand Barrels)	4,188	4,407
LPG (Metric Tonnes)	113,104	116,881

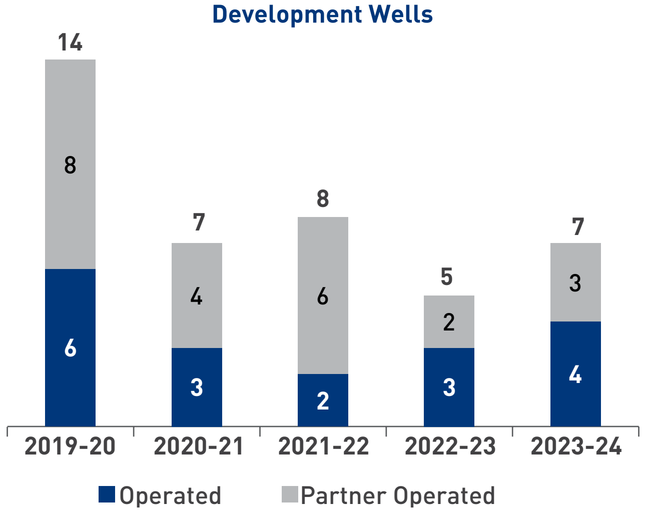
Production of hydrocarbons during the year including the Company's share from joint operations averaged at about ~633 MMscfd of gas, 11,442 bbl per day of Oil/ /NGL / Condensate and ~309 metric tonnes of LPG per day.

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

Development Wells

The Company drilled a total of seven development wells during the year. Of these, four wells were drilled in the Company-operated fields, and three wells were drilled in partner-operated fields. These drilling activities have been instrumental in optimizing production from the producing fields.

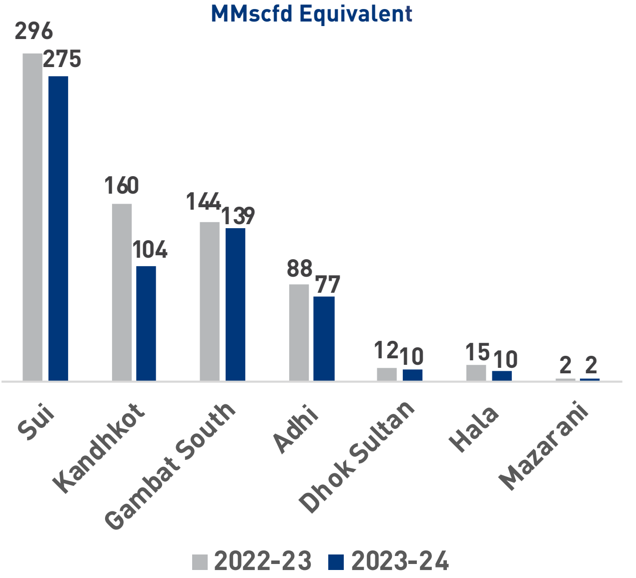
Development Wells



Key Highlights – Producing Fields

- Production from the Sui field has decreased mainly due to natural decline and excessive back pressure due to high LNG in SNGPL's network. However, this decline is being mitigated through various optimization jobs in various wells and feeder-lines.

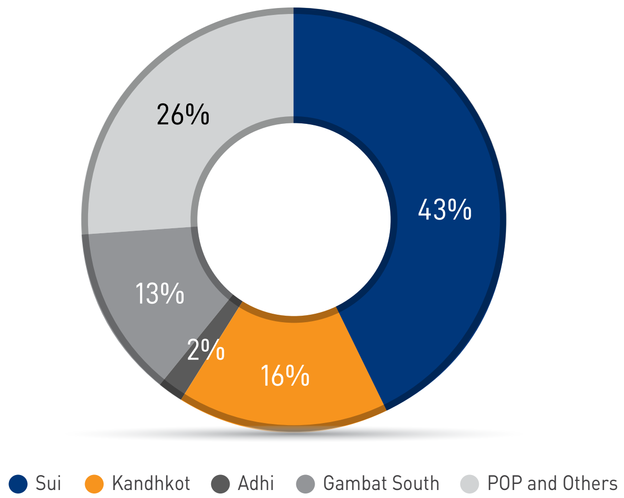
PPL Operated Fields Gross Production MMscfd Equivalent



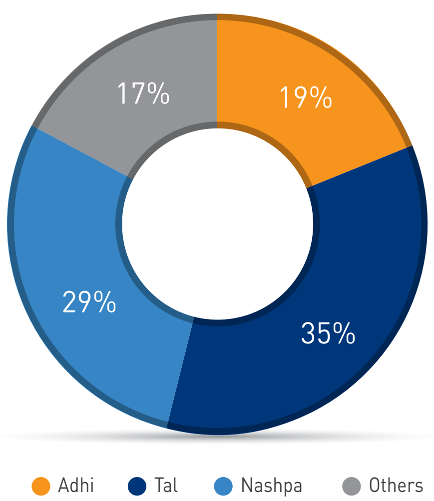
- Sui SML compression has also been successfully revamped on time and budget and its full production enhancement impact will be apparent in the following year.
- Production at Kandhkot has also dropped because of reduced gas off-takes by GENCO-II.
- Adhi field is facing natural decline due to its maturity. To enhance production, three development wells were spudded along-with multiple production optimization jobs.
- Dhok Sultan oil handling facility was bought back after completion of its lease period.
- Production from Jhim East discovery in Shah Bandar Block will commence after obtaining necessary approvals.

Further details are mentioned under the respective assets.

PPL Net Field Wise Production of Natural Gas (2023-24)



PPL Net Field Wise Production of Crude Oil/NGL/Condensate (2023-24)



PPL Operated Producing Assets

The details of the Company's operated producing assets are mentioned below:

Sui & Kandhkot Asset

- The average production from Sui remained at 275 MMscfd, showing a fall of 7%, mainly due to natural decline coupled with lower offtakes by SNGPL due to LNG line pressure issue. The activities mentioned in the following points have partially arrested the natural decline elongating the field's life.
- The major revamping to all seven trains of Sui SML compressor station was successfully completed in June 2024, resulting in increase of the field's production potential by ~19 MMscfd.
- Surface network capacity enhancement through parallel pipeline for Sui-108(P) was completed, jacking up its production by ~ 5 MMscfd.
- Optimization of feeder-lines at Sui-33/Sui-44 and completion of crossover loop line project at the compressor station resulted in a production gain of around 3 MMscfd.
- The Sui Mining Lease expired on May 31, 2015. The Government of Pakistan (GoP) through various notifications allowed the Company to continue production from the Sui gas field. The most recent notification is dated December 08, 2023, allowing the Company to continue production from the Sui gas field with effect from June 01, 2023 to May 31, 2024. During the year, the Economic Coordination Committee (ECC) vide decision dated February 07, 2024, approved a summary for re-grant of Development & Production Lease (D&PL) to the Company for a period of ten years from June 01, 2015 to May 31, 2025. The decision has also been ratified by the Federal Cabinet on February 15, 2024. The Company is continuously following up for re-grant of Sui D&PL. Accordingly, Sui D&PL is expected to be formally granted in due course of time.
- In May 2024, a pilot project was launched to evaluate the effectiveness of different soap injection methods in revitalizing water-loaded or self-killed wells. Currently, a detailed Surface Well Testing (SWT) is underway on over 60 production strings to determine which wells are best suited for deploying a feasible soap injection module to enhance the field's production potential.
- The average production from Kandhkot remained at 104 MMscfd, showing a fall of 35%, mainly due to lower offtakes by GENCO-II.
- An annual Reservoir Surveillance Campaign at the Kandhkot field gathered key data on well pressure and temperature to inform future development well and rig-less well interventions. Successful well interventions at KDT-12(M), KDT-07(M), KDT-14(U), and Cha-01(M) improved well integrity and production reliability.

Adhi / Dhok Sultan Asset

- Adhi South-6 well was commissioned in November 2023, producing 600 bpd of oil and 0.4 MMscfd of gas.
- Adhi South-8 was spudded on 22 March 2024 and completed as a producer through side- track producing 550 bbl/day.
- A water disposal well was drilled and completed in Adhi. The well was commissioned in May 2024 for disposal of water through Produced Water Treatment and Injection Facility.
- Coiled Tubing Gas Lift (CTGL) was successfully deployed in Adhi South X-1 well in February 2024 with initial production gain of ~ 250 bpd oil.
- Production from Adhi South-5 ST-2 was revived with a Jet Pump for pilot testing and later switched to Gas Lift, achieving around 250 bpd of oil.
- Adhi South-9 was spudded June 2024 and drilling is in progress.
- Dhok Sultan Oil Handling Facility is operating at a production rate of ~ 1,277 bpd of oil, ~2.3 MMscfd of gas and ~11 MT/ day of LPG.
- Dhok Sultan Oil Handling Facility, which was previously rented, was bought in November 2023.

Hala / Gambat South / Mazarani / Shah Bandar Asset

- In December 2023, the compression facility at 60 MMscfd GPF-IV was commissioned at Gambat South to prevent reserves migration and sustain the production plateau.
- The tie-in for the Shahpur Chakar North X-1 discovery at Gambat South facilities was completed in approximately 4 months, ahead of the planned 7 months. The well was commissioned in January 2024 and is currently producing 9 MMscfd of gas and 200 BPD of condensate.
- Applications for Development and Production Lease (D&PL), Field Development Plan (FDP), and Declaration of Commerciality (DOC) for Shahpur Chakar North X-1 have been submitted to the regulator.
- Preparations are also in progress to drill a water disposal well for safe injection of produced water.
- Site restoration and inspection works at Zafir-GPF (rehabilitation of GPF-III), following the Sindh High Court's favorable decision, have been completed. Construction of boundary wall has been initiated and bidding for remaining work packages is in progress.
- Project planning and commercial arrangements are in progress to start gas sales from the Hatim and Faiz exploration wells. Currently, allocation for gas sale is awaited from MoE.
- The tie-in of Adam-2 development well to the Hala Gas Processing Facility was completed, and the well is currently producing 6 MMscfd of gas and 450 bpd of condensate.
- A discovery has been made in the second exploration well Jhim East X-1 in Shah Bandar Block. The project for laying the feeder line and surface facilities has also been completed. Production from this well will begin once regulatory approvals are finalized.
- Additionally, a tender has been issued for third-party gas sales from stranded wells Yasar X-1 (Kotri Block) and Naushahro Firoz X-1, for production through a virtual pipeline.

PPL Mining Asset – Bolan Mining Enterprises (BME)

- BME achieved record sales revenue of PKR 3.9 billion for 2023-24 as compared to PKR 3.6 billion last year. However, sales volumes were lower, as compared to previous year.
- Installation and commissioning of the jigging plant at Gunga, Khuzdar was successfully completed.
- The 6,000 meters' confirmatory / geotechnical drilling for the Pachinkoh iron ore feasibility study is in progress.
- Government of Balochistan's provincial cabinet approval for the BLZ project financing has been secured, and a formal agreement between the joint venture partners will be signed in due course.

Partner Operated Producing Assets

Details of activities carried out during 2023-24 in the partner-operated areas along-with performance overview is presented below:

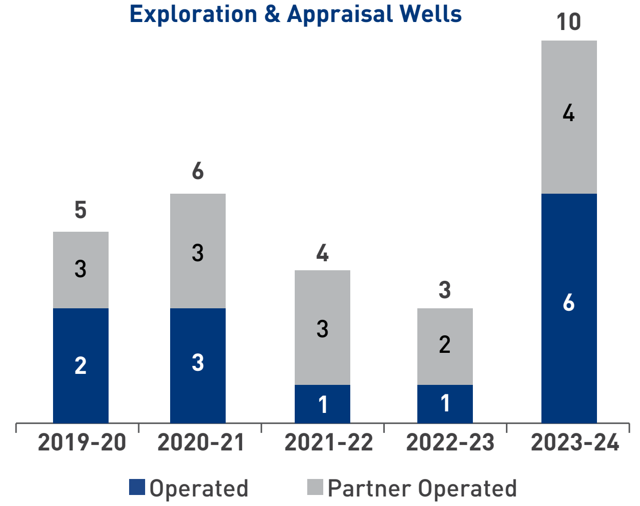
Kirthar	• In Rizq D&PL, the development well Rizq-5 was spudded in March 2024, and has reached a total depth of 3,572 meters, with logging currently in progress. • In Rehman D&PL, the development well Rehman-8 was commissioned in September 2023, with an initial production rate of approximately 10 MMscfd of gas and 0.7 bpd of oil. • The tie-in for the Rayyan-1 discovery has been completed, and production will begin after approval for Early Well Testing (EWT) from the regulator. • The Rehman and Rizq 'Front End Compression' was commissioned in January 2024, resulting in a production increase of 8 MMscfd.
Qadirpur	• The workover for development well QP-3 was successfully completed, reviving production through tubing replacement and additional perforations in the SUL formation. • Additionally, the abandoned well QP-31 was reworked and converted into a water disposal well.
Latif	• Mohar-2 and Mohar-3 were successfully completed and commissioned in September 2023 and May 2024, adding ~22 MMscfd and ~10 MMscfd of Gas, respectively.
Nashpa	• Development well Nashpa-11 commissioned in September 2023 at ~1 MMscfd of Gas, 820 bpd of Oil and 4 MT/day of LPG. • Production optimization jobs at Nashpa-3, 9 & 10 resulted in incremental production of around 1.7 MMscfd of gas and 1,200 bpd of oil.
Tal	• The sidetrack of development well Makori East-5 (ST-2) to an up-dip location was completed successfully and the well flowed ~ 2,500 bpd of oil and 8 MMscfd of gas at a Wellhead Flowing Pressure (FWHP) of around 1,150 psi. • Subsequent to the year-end, first interim insurance claim of USD 3.8 million (PPL's share) has been received in respect of Tal's fire incident.
Sawan	• To save fuel, cost and extend field's life, Kadanwari plant gas was diverted to Sawan plant in February 2024.
Miano	• Development well Miano-30 was matured for drilling. Spud-in is expected during Q2 2024-25.

Exploration

Key Highlights

- Ten exploration and appraisal wells were drilled in operated and partner-operated blocks.
- One discovery was announced in the operated block (Jhim East X-1 in Shah Bandar Block).
- In the operated areas, 594 line kilometers of 2D seismic data were acquired in the Musakhel, Margand, and Kalat blocks. In partner-operated Suleiman and Kuhan blocks, 881 line kilometers of 2D seismic and 1,705 line kilometers of gravity & magnetic data in Kuhan were acquired.
- In-house processing was conducted for 1,962 line kilometers of 2D and 1,550 sq. km of 3D seismic data.
- PPL participated in Pakistan Bid Round held in August 2023 and submitted joint bids for three blocks along with OGDCL and POL. The Company won one block as Operator with OGDCL and one block as partner-operated, where POL is the Operator.

Exploration & Appraisal Wells



Exploration Portfolio

PPL, along with its subsidiaries, manages a portfolio of 48 exploration blocks, comprising 26 operated and 22 partner-operated blocks. The operated blocks include 24 onshore and one offshore in Pakistan, as well as Offshore Block-5 in Abu Dhabi. The partner-operated portfolio includes Block-3 in Yemen.

The Company's exploration portfolio is strategically diversified, featuring a combination of high-risk, high-reward, and low-risk, low/medium-reward assets. Historically, PPL's business cycle, with production commencing a few years after exploration investment, has positioned it well to benefit from the rebound in oil prices.

Recognizing that discovery sizes have decreased due to maturing basins, PPL is focused on exploring frontier regions with potential for bigger discoveries, despite the associated risks. At the same time, PPL continues drilling in mature basins to leverage existing infrastructure and mitigate portfolio risks. The Company also aims to expand its presence in shallow offshore regions in Pakistan through upcoming bid rounds and to enhance its international footprint with exploration, appraisal and development activities in Block-5, Abu Dhabi.

The block-wise details of major exploratory work program delivered during the year in PPL-operated, and partner-operated blocks are summarized below:

PPL Operated Domestic Asset Exploration Blocks

Gambat South	• In-house integrated geological and geophysical (G&G) evaluation, including risking, ranking, resource estimation, and economic analysis of identified prospects and leads, was completed to identify potential drilling candidates. • Taban East Prospect was matured for drilling of another exploration well.
Hala	• The drilling and testing of the 9th exploration well, Maarab X-1, was completed, however, due to unfavorable results, the well was plugged and abandoned. • Meanwhile, in-house G&G evaluation at multiple play levels is ongoing.
Kotri	• In-house evaluation of the remaining block prospectivity was completed, and applied for relinquishment of the block, excluding the Yasar X-1 discovery area, following the license expiry in November 2023. • Tender has been issued for third-party gas sales from Yasar X-1 discovery for production through a virtual pipeline.
Sorah	• Pre-Stack Time Migration (PSTM) processing of the recently acquired 861 sq. km of 3D and 65 line km of 2D seismic data was completed, while Pre-Stack Depth Migration (PSDM) processing is ongoing. • In-house interpretation of the time-processed 3D and 2D seismic data is also underway.
Gambat-II	• Block was granted in January 2024 to PPL as an Operator with 70% and OGDCL as Joint Venture Partner with 30% working interest, respectively. • Vintage seismic and well data review was completed. • In-house prospectivity evaluation using all available vintage seismic and well data is ongoing to determine the options for seismic data reprocessing or acquisition of new data.
Sirani	• Bidding process for civil works and logistics for Dolphin X-1 well is in progress. The well is located in Indus marshy area. • In-house PSTM processing of 400 sq. km 3D seismic data and basin modelling study of the northern part of the block were completed.
Naushahro Firoz	• Bidding for 3rd party gas sales from Naushahro Firoz X-1 discovery is in progress.
Shah Bandar	• Second exploration well Jhim East X-1 was drilled down to target depth and during testing, flowed 13.7 MMscfd of gas and 236 bbl/d condensate resulting in a discovery. • Civil works are underway to spud third exploration well Pateji X-1. • In-house G&G evaluation of the block is in progress.
Baska	• Civil works for the first exploration well Durug X-1 were completed and well was spudded in June 2024. • In-house integrated G&G evaluation is in progress. • Savi Ragha appraisal well is also planned to be drilled.
Dhok Sultan	• Civil works are underway to spud second appraisal well Dhok Sultan-3 in Q3 2024-25. • 3D Mechanical Earth Modelling (MEM) study over Dhok Sultan discovery area is in progress.
Karsal	• In-house 3D seismic PSDM reprocessing was completed, and its interpretation & mapping is in progress.

Hisal	• Processing of acquired 233 sq. km 3D seismic data and fracture characterization study is underway.
Punjab	• Source & reservoir characterization study was completed. • In-house PSTM reprocessing & interpretation of 648 line km 2D seismic data were completed. • Preparations are underway for 3rd party PSDM processing of 300 line km 2D seismic data.

PPL Operated Frontier Asset Exploration Blocks

Exploration activities in these blocks are summarized below:

Barkhan	• Planning is underway for the acquisition of 3D seismic data and Geological Fieldwork. • In-house integrated G&G evaluation is in progress.
Bela West	• Technical specification study for selecting the Long-Lead Items (LLIs) for the re-entry and testing of Bela West X-1 well has been completed. Way-forward is being decided. • In-house integrated G&G evaluation for remaining block prospectivity is in progress.
Hub	• Approval from the Regulator is awaited against the application submitted to DGPC to retain ~150 sq. km area of Hub X-1 discovery and relinquishment of the remaining part of the block.
Kalat	• Third exploration well Murad X-1 was drilled down to target depth. Due to discouraging results, well was plugged and abandoned. Post-well evaluation studies are in progress. • Acquisition of 250 line km 2D seismic data was completed. Processing and in-house interpretation & mapping of 2D seismic data are in progress. • Bidding for a Magnetotelluric (MT) survey was completed. However, the survey has been deferred due to security issues.
Kalat West	• Evaluation of vintage geological and geophysical (G&G) data, along with the purchase of satellite imagery and Digital Elevation Model (DEM) data were completed. Acquisition of approximately 2,750 line km of Gravity & Magnetic (G&M) data is currently in progress.
Kharan & Kharan East	• In-house interpretation & mapping of processed 3D and 2D seismic data was completed. • 3D seismic based fracture characterization study was completed. • Currently, an integrated geological and geophysical (G&G) evaluation is in progress.
Khuzdar	• Reprocessing of vintage 167 line km 2D seismic data and Gravity & Magnetic data was completed. • In-house interpretation and mapping of the reprocessed 2D seismic data was completed. • Preparations are underway for the acquisition of 260 line km 2D seismic data.
Margand	• Acquisition of 240 line km of 2D seismic data was completed. • Processing and reprocessing of both newly acquired and vintage 2D seismic data were completed, with in-house interpretation and mapping currently in progress. • Bidding for a Magnetotelluric (MT) survey was completed, however, the survey has been deferred due to security reasons. • Integrated geological and geophysical (G&G) evaluation is also underway.
Musakhel	• Acquisition of 616 line km of 2D seismic data was completed. Processing and reprocessing of both newly acquired and vintage 2D seismic data, along with its interpretation and mapping, were also completed. • Post-Geological Fieldwork (GFW) studies and data integration was completed, and a structural modeling study is currently in progress.
Nausherwani	• In-house interpretation & mapping of the processed 2D seismic data was completed. • In-house integrated G&G evaluation is in progress.
South Kharan	• In-house evaluation of the remaining block prospectivity was completed and relinquishment of the block was applied following the license expiry in March 2024.
Sui North	• Environmental Impact Assessment (EIA) study for the acquisition of 2D seismic data for the area was completed. • Reprocessing of vintage 2D seismic data was completed and interpretation and mapping is in progress. • Planning for the acquisition of additional 2D seismic data is in progress.
Eastern Offshore Indus-C	• Re-processing of vintage 3D & 2D seismic data and inversion study was completed. • In-house interpretation & mapping of the reprocessed seismic data is in progress. • Preparations are underway to conduct an outsourced prospectivity assessment study.
Shaigalu	• Initial Environmental Examination (IEE) study was completed. • Review of vintage geological & geophysical (G&G) data is in progress. • Planning is in progress for the acquisition of Gravity & Magnetic data and Geological Fieldwork.

Partner Operated Blocks

Exploration activities in these blocks are summarized below:

Kirthar **Operator: POGC**	• Wellsite construction for exploratory well Rafat-1 has been completed.
Latif **Operator: UEP-BETA**	• Exploration well TOR-1 was spudded in May 2024 and successfully completed as Gas discovery subsequent to year-end.
Nashpa **Operator: OGDCL**	• Civil works for exploratory well Baragzai-1 has been completed. Spud-in is expected during September 2024.
Tal **Operator: MOL**	• Exploration well Razgir-1 was spudded during January 2024 and discoveries in three different formations have been announced subsequent to year-end.
Ghauri **Operator: MPCL**	• Geological and geophysical (G&G) studies, including the re-processing, interpretation, and mapping of 456 sq. km of 3D seismic data, as well as a geochemical study were completed. Evaluation and integration of these results are currently in progress to finalize plans for the 4th exploratory well.
Sawan **Operator: UEP-BETA**	• The regulator has signed a Supplemental Agreement for the Sawan field, converting it to the 2012 policy. • Civil works are underway for the exploration well Sawan North Deep-1.
Digri **Operator: UEP-BETA**	• The block's remaining prospectivity was evaluated, and due to its low potential, relinquishment of the block was applied following the license expiry in January 2024.
Jherruck **Operator: NHEPL**	• No activities are being conducted by the operator.
Kotri North **Operator: UEP-BETA**	• Evaluation of remaining block prospectivity is in progress.
Kuhan **Operator: UEP-BETA**	• Acquisition, processing, and interpretation of the acquired Gravity & Magnetic (G&M) data were completed. • Further acquisition of ~650 line km 2D seismic data is in progress. • Preparations are underway for the drilling of first exploration well, Sabzkani-1,
Khuzdar North **Operator: OGDCL**	• Interpretation & mapping of reprocessed 2D seismic data were completed. • Structural modelling study is in progress.

Dadhar & Mach **Operator: MPCL**	• The purchase of vintage geological and geophysical (G&G) data and satellite imagery has been completed. Reprocessing of vintage 2D seismic data is finished, with interpretation and mapping currently in progress. • Geochemical and bio-stratigraphic studies on samples from the exploration well Tangna Pusht X-1 are completed. • The bidding process for acquiring Gravity & Magnetic (G&M) data has been completed, but the contract award has delayed due to security issues. • Planning for the acquisition of 2D seismic data in the northern part of the block is underway.
Pezu **Operator: OGDCL**	• Security NOC is awaited for 3D seismic data acquisition over Pezu sub-thrust lead. • In-house G&G evaluation is in progress.
Shakar Ganj West **Operator: OGDCL**	• PSDM processing of 600 line km was completed. • Interpretation & mapping of reprocessed 2D seismic data are in progress.
Suleiman Block **Operator: OGDCL**	• Acquisition of approx. 735 line km 2D seismic data is in progress. • Processing of 2D seismic data is in progress. • In-house G&G evaluation is in progress.
South Pishin **Operator: MPCL**	• Exploration license was granted in August 2023. • Initial Environmental Examination (IEE) study was completed, and NOC acquired. • Planning is in progress for the acquisition of Gravity & Magnetic (G&M) data and Geological Fieldwork (GFW).
Tanishpa & Lugai **Operator: OGDCL**	• Exploration licenses were granted in August 2023. • Initial Environmental Examination (IEE) study was completed & NOC was acquired. • Planning is in progress for the acquisition of Gravity & Magnetic (G&M) data and Geological Fieldwork (GFW).
Baran **Operator: POGC**	• Joint venture established in November 2023 after the transfer of operatorship to POGC from OGIL. • Reprocessing of vintage 2D seismic data was completed. • Planning is in progress for acquisition of 2D & 3D seismic data.
Saruna West **Operator: POL**	• Exploration License was granted in January 2024. • Review of vintage G&G data is in progress.

PPL's Subsidiaries / Associates

PPL Europe E&P Limited (Subsidiary)

Block-3 – Yemen Operator: Total Energies EP Yemen	• Block is under Force Majeure since April 2015 due to the adverse security situation in Yemen.
Ziarat Operator: MPCL	• Geological and geophysical (G&G) studies are ongoing, including the re-processing, interpretation, and mapping of 228 sq. km of 3D seismic data, geochemical and 3D basin modeling studies, as well as prospect evaluation and G&G integration, to finalize plans for the next exploratory well. • Exploration well Bolan West-1 was spudded in April 2024, and drilled to 1,300 meters (TD). Due to discouraging testing results, the well was plugged and suspended (P&S). • Evaluation for drilling of Bolan East-2 is in progress.
Sawan Operator: UEP-Beta	• Civil works for exploration well Sawan North Deep-1 are underway.
Harnai Operator: MPCL	• The award of the contract for Gravity & Magnetic (G&M) data acquisition is delayed due to adverse security situation in the survey area. • Other geological and geophysical (G&G) evaluation is in progress.

PPL Asia E&P B.V. (Subsidiary)

Block-8, Iraq	• The Midland Oil Company, Iraq (MdOC) has intimated termination / expiry of the Exploration, Development and Production Service Contract (EDPSC) and advised to settle all the outstanding liabilities and receivables and commence close-out proceedings. Accordingly, the Company took appropriate actions to complete the close-out proceedings and a claim was lodged by PPLA with MdOC, primarily pertaining to reimbursement of Specific Costs plus interest thereon, to which the Company is entitled under EDPSC upon termination. The Iraqi authorities formed a Ministerial Committee for this purpose and negotiations have been completed, however, approval of Ministry of Oil, Iraq is still pending. Thereafter, a settlement agreement will be signed between the parties. The effects of the settlement will be recognised in the financial statements on acceptance and completion of all other close-out proceedings.

Pakistan International Oil Limited (Associate)

Offshore Block-5, Abu Dhabi Operator: PIOL	• The Field Development Plan (FDP) of the three Pre-existing Discoveries (Bu Dana, Al Bateen, and Al Manhal) was submitted by PIOL in December 2023. The due diligence and governance process is being undertaken by the regulator and is anticipated to conclude by December 2024. • First drilling campaign commenced in April 2024 focusing on drilling of three appraisal and one exploration wells. Two appraisal wells have been completed successfully and suspended after verifying structure and volumes. Drilling of first exploratory well is currently underway. • G&G studies related to appraisal & exploration are in process to further assess the potential of Block-5.

Pakistan Minerals (Private) Limited (Associate)

Reconstituted Reko Diq Project	The Company, in collaboration with Oil & Gas Development Company Limited and Government Holdings (Private) Limited (collectively, the SOEs), entered into agreements for the reconstitution of the Reko Diq project with Barrick Gold Corporation, Balochistan Mineral Resources Limited, and the Government of Balochistan in December 2022. The project is managed through Pakistan Minerals (Private) Limited, a special purpose entity equally owned by the SOEs, which holds a 25% equity stake in the project. The Reko Diq project is currently undergoing a comprehensive feasibility study, expected to be completed by the end of 2024. Project financing arrangements are also underway, with construction set to follow. Production is projected to begin in 2028. During the year, based on directions from the GoP, the SOEs are in the process of discussing and evaluating the terms of a potential transaction with a sovereign foreign investor with respect to divestment in the Reko Diq Project and advisors were appointed through PMPL to assist in this regard. The divestment and its conditions will require significant approvals including from the Federal Cabinet of GoP, Board of Directors and shareholders of the SOEs and other investors of the Reko Diq project.

New Blocks, Farm-in, and Farm-out Activities

As part of business strategy, the Company regularly acquires and divests working interests in exploratory blocks to further expand and optimize its portfolio while remaining within its risk appetite, including scouting and assessing of new overseas opportunities. Several activities were carried out during the year which are summarized below:

International Activities

Middle East, Africa, and Far East regions	The New Venture team is continuously and proactively scouting for and assessing new international opportunities.

Domestic Activities

During the year, PPL was awarded two exploration blocks in January 2024. Details of these blocks are summarized below:

Gambat-II	Block awarded to PPL as an Operator with 70% Working Interest (WI). OGDCL is the joint venture partner with 30% WI.
Saruna West	Block awarded to PPL with 30% WI. POL is the operator with 40% WI and OGDCL is the other joint venture partner with 30% WI.

Farm-in Efforts

Baran	PPL farmed-in Baran block with 31% WI in November 2023. PGNiG is the Operator with 59% WI and OGIL is the joint venture partner with 10% WI.

Unconventional Exploration

Tight Gas Development	Four tight gas discoveries i.e., Naushahro Firoz, Hadi, Hub, and Morgandh are planned to be appraised.
Shale Gas Exploitation	To promote shale gas exploration in the country, PPL has submitted a proposal to DGPC through PPEPCA to assign Work Units against shale gas data acquisition. Proposal is currently under review by DGPC.

Diversification and Development of Alternate Revenue Streams

To expand PPL's mineral and mining business and to identify new opportunities, a dedicated mineral exploration team has been established. Details of pertinent activities are provided below:

Minerals	The Company plans to focus on capacity building and developing its mineral portfolio to diversify its business and support sustainable economic growth. Salient actions taken to date are summarized below: • Entered into Reko Diq mining project for extraction of copper and gold. • MoU signed with the Geological Survey of Pakistan (GSP) to collaborate in mineral exploration activities. • Joint Venture Agreement (JVA) with Degan Exploration Works (DEW) to explore and develop the mineral resources in exploration license EL-207, in district Chagai, Balochistan. • Submitted new applications to Government of Balochistan for five mineral exploration licenses in district Chagai, Balochistan. • A joint bid for the mineral exploration license for EL-200 had been submitted to Balochistan Mineral Resources Limited (BMRL).

Business rationale of major capital expenditure

All capital expenditures, including major projects planned for the year, were approved in alignment with the Company's strategy and risk management framework. These projects encompass exploring prospective resources, developing new discoveries, drilling infill wells to boost production, installing compression facilities to counteract natural decline from mature fields, and advancing mining projects.

The Company's liquidity position has improved significantly this year, providing relief from the country's long-standing circular debt issues. Despite this, available resources for the work program were carefully assessed before finalizing the budget. Capital expenditure was allocated to proposals, in the order of priority, with the most favorable economics and payback potential for further development.

Significant plans and expansion

In addition to its exploration and development work program, the Company has entered into partnerships for diversification in minerals as mentioned in the following paragraphs.

The Company, in partnership with consortium members, had entered into definitive agreement to diversify into copper and gold mining at Reko Diq. This process, which included approvals from the Supreme Court of Pakistan and relevant federal and provincial assemblies, is now in the feasibility study phase led by Barrick Gold Corporation, with first production expected in 2028.

As part of its diversification strategy, PPL has also formed a joint venture with Degan Exploration Works (DEW) to explore and produce mineral resources in District Chagai, Balochistan. Additionally, the Company is pursuing other diversification opportunities, including expanding its mineral operations with high-potential zones in the country, and exploring new ventures in the energy value chain.

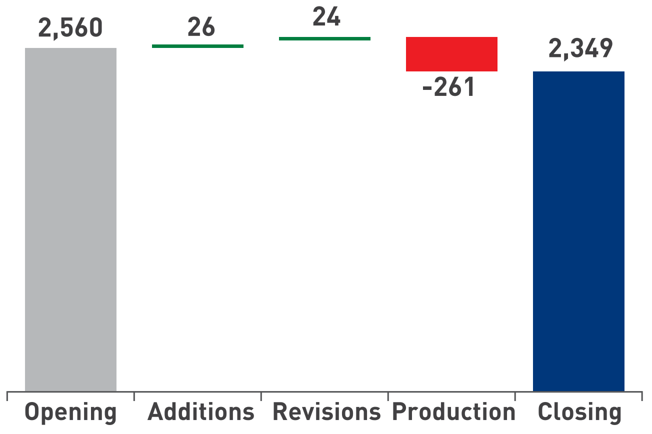
Subsurface Technologies and Support Services

The in-house Core and Analytical Laboratory has recently been upgraded with state-of-the-art equipment, significantly enhancing the efficiency of core and drill cuttings analysis. The new Rock Pyrolysis equipment is being used for source rock evaluation, and the Petro Thin Section Machine, a versatile tabletop cutter and grinder, is ideal for preparing thin sections of petrographic samples. Additionally, PPL now boasts the second largest core storage facility in Pakistan, housing over 5,000 meters of core and thousands of meters of well cuttings across three core houses.

Reservoir Modelling Group

The Reservoir Modelling specialist group focuses on creating value through integrated subsurface studies, with an emphasis on 3D reservoir simulation. During 2023-24, in-house 3D reservoir simulation studies were completed for the Hadaf and Jhim East fields. These studies aim to enhance understanding of reservoir performance, identify opportunities for production optimization and reserve enhancement, and have led to significant cost savings through the use of in-house resources.

Movement in PPL Net Proved (2P) Reserves in BCFe during 2023-24



Reserves Management

Based on hydrocarbon reserves revisions, additions and production for the year, the Company's 2P Reserves Replenishment Ratio (RRR) stands at ~19%, indicating that ~19% of total production during the year has been replaced in the Company's 2P reserves base.

Derived from the Company's comprehensive 2P reserve assessments, additions and revisions have enhanced 2P reserve projections by ~50 BCFe. The addition is attributed to discoveries made in the operated exploration discovery at Jhim East X-1, alongside the Partner Operated Exploration discovery at Rayyan (Kirthar) whereas revisions have primarily come from Kirthar and Nashpa blocks further fortifying the Company's strategic reserve portfolio.

In addition to reserves base, it is pertinent to mention that PPL's substantial net contingent resources stand at an impressive 606 BCFe. As part of steadfast dedication, PPL is diligently pursuing to convert these resources into reserves. The Company follows the Petroleum Resources Management System (PRMS) guidelines 2018 by the Society of Petroleum Engineers (SPE) to define its reserves and resources.

Sustainability

The Board of Directors is committed to integrating Environmental, Social, and Governance (ESG) principles into our core operations and strategic decision-making processes. We recognize that addressing ESG issues is essential not only for the long-term sustainability of our business but also for creating value for our stakeholders and contributing positively to society.

The Company is dedicated to minimizing its environmental footprint through proactive management of our resources, reducing waste and emissions, and adopting sustainable practices across our operations. We aim to support innovations and initiatives that drive environmental stewardship and align with global efforts to combat climate change. The Company prioritizes climate-related risks and opportunities in its strategic planning.

The Company fosters an inclusive and equitable workplace where diversity and inclusion are valued and celebrated. Our commitment extends to ensuring fair labor practices, safeguarding human rights, and contributing to the well-being of the communities in which we operate. We believe that a socially responsible approach enhances our organizational culture and strengthens our reputation.

The Company's governance framework emphasizes transparency, accountability, and ethical conduct. By integrating sustainability into its decision-making processes and aligning strategic initiatives with long-term growth goals, PPL ensures that its governance practices support both operational effectiveness and environmental responsibility. The Enterprise Risk Management process further aids in identifying and addressing sustainability-related challenges.

Details of PPL's policies, initiatives and plans in place relating to the various aspects of sustainability and related risk and opportunities are presented in ESG and Sustainability, Corporate Social Responsibility and QHSE sections of this annual report, while Governance section is covered within this Directors' Report.

Quality, Health, Safety and Environment (QHSE)

PPL has a dedicated Quality, Health, Safety, and Environment (QHSE) function staffed with specialized professionals. This function develops and implements procedures and guidelines to support the Company in achieving both short and long-term objectives in a safe and environmentally friendly manner. It ensures compliance with company specifications and industry standards across PPL-operated assets and fields, provides impartial observations, and offers expert advice as needed.

The QHSE function also reviews equipment inspection plans and coordinates third-party inspections for pipelines, vessels, tanks, lifting equipment, HAZOP, and environmental monitoring. It supports management at all levels by providing technical assistance for QHSE assurance, operational performance, and asset integrity. Additionally, the QHSE function promotes safety awareness, legal compliance, and the adoption of emerging best practices.

QHSE Policy & Governance Framework

The Company recognizes importance of Quality, Health, Safety and Environment (QHSE) in all spheres of its operational activities. Every possible effort is made to maintain international standards and best industry practices during exploration and production of hydrocarbon reserves.

As outlined in the consolidated QHSE Policy, management firmly believes that implementation of QHSE Management System augments continual improvement in all business processes and adds value to external stakeholders.

PPL's QHSE Policy encompasses legal compliance assurance, recognition of QHSE efforts of staff, working safely as a condition of employment in the company and so on. In addition to safe workplace, due significance is assigned to protecting environment and ensuring minimum environmental footprint of business activities.

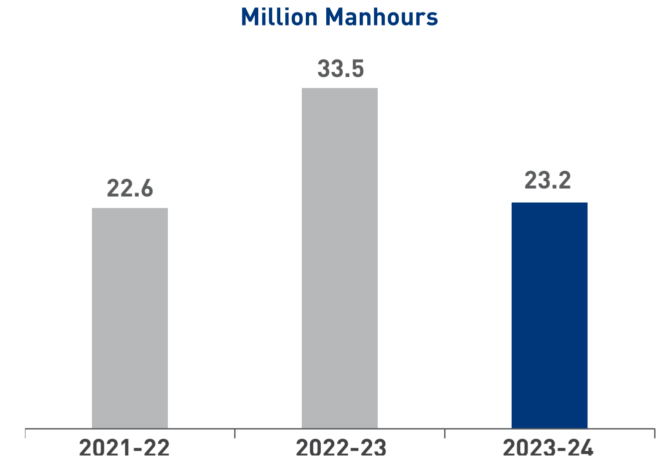
Integrated QHSE Policy and PPL Core Values can be accessed from website https://www.ppl.com.pk/

Occupational Safety & Health

During the reporting period, QHSE Function undertook comprehensive review and upgradation of HSE Monitoring Mechanism. Guidelines were developed in line with the requirements set forth in PPL corporate QHSE procedures and industry best practices. Several fresh leading and lagging Key Performance Indicators (KPIs) from different HSE dimensions were introduced. Objective is to better assist management in visualizing HSE performance of Company, benchmarked with industry and facilitating decision making process for continual improvement.

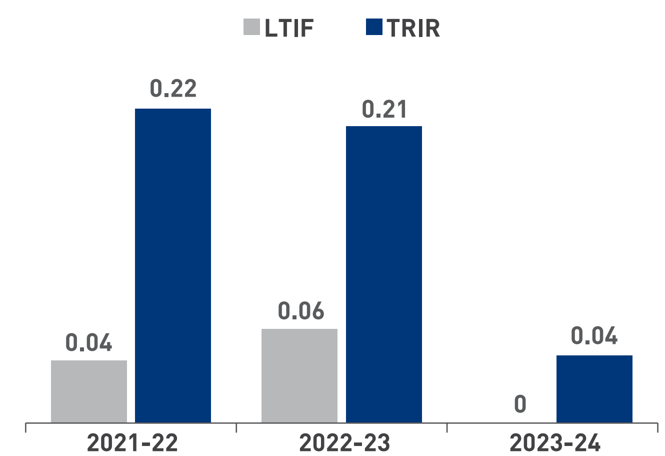
Key Performance Indicators

PPL achieved more than 47 Million Safe manhours without any lost time injury or fatality across its operated work sites. Statistics of PPL employees as well as contractor's staff at work sites are taken into account for monitoring safe manhours. These statistics are supported by an underlying fact that staff and contractors reported more than 1,450 unsafe acts and conditions during the fiscal year utilizing QHSE software i.e., Velocity EHS incident reporting module. A robust hazard and near miss reporting program helps to ensure that safety issues are addressed at an early stage before escalating to dangerous levels.



The Company achieved a significant landmark and recorded Zero LTIF during the year. This declining trend in injury incidents on yearly basis reflects management's commitment to safety of employees, contractors and visitors.

In addition to plant sites, an inherent life and property damage risk prevails on public roads during occupational travel or goods transport. Motor Vehicle Crash (MVC) incidents are monitored as per industry best practice. For the reporting period, the severe category of Motor Vehicle Crash Rate (MVCR) remained zero.



Keeping in view the diversity of operations and geographical spread of work sites and to foster safety culture, efforts of PPL employees and contractor's staff are acknowledged by the management from time to time.

Process Safety

At PPL, Asset Integrity and Process Safety are also at forefront of QHSE horizon. The Company realized that precious human life and sensitive environmental components could be affected by incidental loss of primary and secondary containment of potentially harmful chemicals.

During the reporting period, PPL maintained supply of oil & gas without any Process Safety Event of Tier 1 category. Minor leakage instances e.g., pin hole in pipeline were timely identified as part of normal operations and rectified to avoid aggravation within reasonable timeframe.

Capitalizing on a strong and reliable incident reporting platform i.e., Velocity EHS software, Plant and Equipment Shutdown statistics are also monitored and reported to concerned management for undertaking corrective actions.

QHSE Culture

The Company recognizes that inculcating a culture of QHSE awareness plays a significant role in minimizing QHSE incidents. Accordingly, QHSE Trainings, Emergency Drills and Safety Talks are organized for preparedness of staff to handle any untoward situation in systematic manner. Few important trainings held during the year were related to Process Safety Management, Incident Investigation & Root Cause Analysis & Emergency Response Restrengthening.

Financial Overview

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

	2023-24	2022-23
	(Rupees in Million)	
Profit before Taxation	159,782.150	165,601.034
Taxation	(45,473.073)	(67,663.928)
Profit after Taxation	114,309.077	97,937.106
Unappropriated profit as at July 1, 2023 / 2022	437,545.461	346,660.761
Dividend Equalisation Reserve as at June 30, 2024 / 2023	2,535.354	2,535.354
	554,389.892	447,133.221
Appropriations during the year		
Final dividend for the year 2022-23 on ordinary and preference shares @ 15% (2021-22: ordinary and preference shares @ 5%)	(4,081.476)	(1,360.492)
First interim dividend for the year 2023-24 on ordinary and preference shares @25% (2022-23: 10%)	(6,802.459)	(2,720.983)
Second interim dividend for the year 2023-24 on ordinary shares @ 10% and preference shares @ 5% (2022-23: Nil)	(2,720.978)	-
Other Comprehensive Loss	(646.426)	(2,970.931)
Balance as at June 30, 2024/2023	540,138.553	440,080.815
Subsequent Effects		
The Board of Directors of the Company in its meeting held on September 20, 2024, proposed the following:		
Final dividend on ordinary shares @ 25% (2022-23: 15%)	6,802.433	4,081.460
Final dividend on preference shares @Nil (2022-23: 15%)	-	0.016
	6,802.433	4,081.476

Sales Revenue

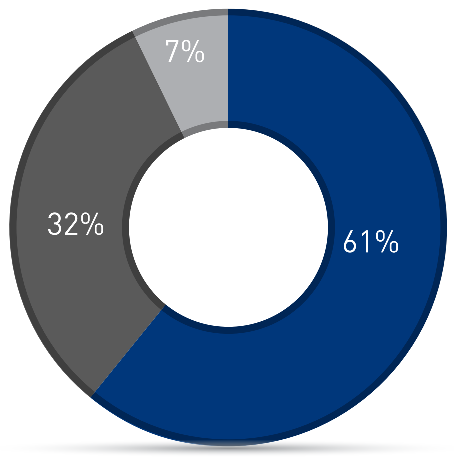
Sales revenue increased by Rs 2,317 million during the current year as compared to the corresponding year. The increase is attributable to positive price variance (including change in exchange rate) amounting to Rs 25,986 million, partially offset by negative volume variance of Rs 23,669 million.

Positive price variance is mainly attributable to devaluation of Pak rupee against US dollar (average exchange rate for the current year was PKR 283 / USD as compared to PKR 248 / USD during the corresponding year).

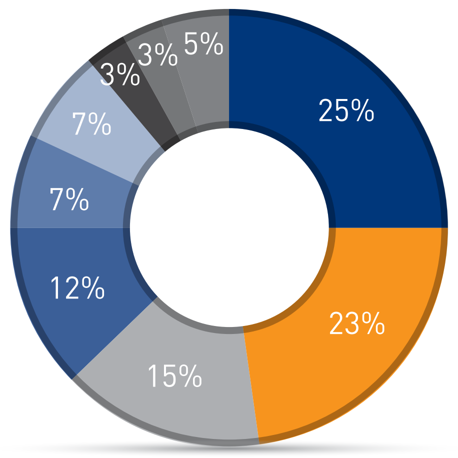
Negative volume variance is mainly attributable to lower sales volumes from Kandhkot, Sui, Adhi, Hala, Dhok Sultan, Latif and Tal fields, partially offset by higher sales volumes from Kirthar and Nashpa fields.

The product-wise and field-wise sales revenue is analysed below:

Product-wise Sales Revenue (2023-24)



Field-wise Sales Revenue (2023-24)



Sales Volumes	Unit	Year ended June 30, 2024	Year ended June 30, 2023
Natural Gas	MMscf	194,893	226,898
Crude Oil / NGL / Condensate	BBL	4,144,866	4,360,600
LPG	Metric Tonnes	113,504	116,545
Barytes *	Metric Tonnes	87,352	106,793

* Total gross sales volume of baryte powder, baryte ore and iron ore, sold by BME aggregated to 184,257 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 87,352 metric tonnes.

Profitability

Earnings per Share (EPS) of the Company for the year stood at Rs 42.01 against Rs 35.99 for FY 2022-23, registering an increase of around 17%. The main drivers are increase in sales revenue (as explained above), lower exploration expenses amid lesser seismic acquisition activities and significantly lesser tax charge, partially offset by higher operating expenses, share of loss of associates and other charges.

Tax charge significantly declined on account of reversal of prior years' tax provision pursuant to favourable decision of the Honourable Supreme Court of Pakistan (SCP) in respect of calculation of depletion allowance on well-head value. In the judgment, the SCP decided that royalty paid by a taxpayer is a separate component and not to be deducted while calculating well-head value for the purpose of depletion allowance. Accordingly, the Company reversed the provision amounting to Rs 14,335 million pertaining to tax years 2003 till 2023 in respect of royalty effect of depletion allowance.

Further, operating expenses increased mainly on account of higher amortisation charge and inflationary impacts. Additionally, other charges increased due to recognition of exchange loss on foreign currency during the current year as compared to exchange gain recognised during the corresponding 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 2023-24 in terms of energy was equivalent to over 107,000 barrels of oil per day, resulting in annual foreign exchange savings of around US$ 3.3 billion by way of import substitution, assuming an average crude oil price of US$ 85 / bbl.

The Company contributed nearly Rs 155 billion to the national exchequer on account of income tax, royalties, regrant payments, excise duty, sales tax, windfall levy, petroleum levy, GDS, WPPF, and dividends.

Group Performance

Financial statements of the Group reflected increase in consolidated profitability by nearly 19%. The group sales revenue was recorded at Rs 291,241 million while profit-after-tax stands at Rs 115,477 million in 2023-24, compared to Rs 288,053 million and Rs 97,222 million, respectively, in 2022-23. During the year, PPLE contributed around Rs 2,444 million to the Group's revenue.

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

Financial Strategy

PPL implements a prudent financial strategy, demonstrated by significant improvement in cash collections over the past year. This positive trend is primarily due to consecutive increases in consumer gas prices set by the Government of Pakistan (GoP), as discussed in the trade receivables section.

The Company upholds strong financial discipline and manages liquidity risk through vigilant working capital management. This includes monitoring liabilities closely and funding internal projects and long-term investments by carefully balancing these liabilities and ensuring consistent generation of free cash flows each year. PPL efficiently manages and finances its operational blocks using internal funds and prompt cash calls from joint venture (JV) partners.

The Company also works closely with the Ministry of Energy and other stakeholders to tackle the circular debt issue, ensuring that essential cash resources are available to support its work plans and investments.

Despite these measures, PPL is exposed to risks from fluctuations in oil prices and exchange rates, which can impact revenue and cash collections. To counter these risks, the Company maintains oversight of expenditures to ensure they stay within the annual budget approved by the Board of Directors.

Human Resources

The Human Resources department plays a crucial role in advancing our corporate strategy by focusing on the recruitment of talent and the cultivation of a dynamic, high-performing workforce. This year, HR concentrated on providing a range of learning, development, and career growth opportunities for employees. Our key initiatives included strengthening our leadership pipeline and boosting our learning and organizational development efforts. Through these strategies, HR remains committed to building a resilient and capable team that drives our company's success.

Succession planning

The successful execution of our succession plan, grounded in the philosophy of placing the right person in the right role, has effectively addressed most of our manpower needs with internal talent. By leveraging in-house resources to fill vacancies, the Company not only realized cost savings on recruitment but also enhanced staff development, preparing them for diverse and challenging roles. This approach aligns closely with our strategic objectives and supports the growth and adaptability of our workforce.

Ethics and Compliance

The Board is fully committed to upholding the highest standards of ethics and compliance within the Company. We believe that integrity is essential to everything we do, and we have put in place strong policies and practices to make sure our actions are always in line with our core values. Our commitment goes beyond just following laws and regulations; it includes being transparent, responsible, and always

striving to improve. The Board will continue to lead by setting a strong example, making sure these principles guide all parts of our business.

Talent Acquisition

Workforce planning remained a core principle of the Human Resources function this year, with a focus on fulfilling operational needs through strategic job rotations. Collaborating closely with hiring managers, we limited external hiring to critical positions while prioritizing diversity and inclusion to attract candidates from varied backgrounds. This approach has been instrumental in building a skilled and diverse workforce that aligns with the Company's goals and core values. Additionally, PPL was honoured with the "Employer of the Year" silver award in the National category during a contest organized by the Employers Federation of Pakistan, highlighting our commitment to excellence in the industry.

Performance Management

PPL is dedicated to cultivating a high-performance culture where both individuals and teams are empowered to achieve goals through continuous improvement and skill enhancement. Our performance management strategy is built on the philosophy of 'Pay for Performance', rewarding employees based on their contributions to corporate objectives. We utilize the Balanced Scorecard (BSC) methodology to align our business activities with the organization's vision and strategy, enhancing both internal and external communications. The Corporate BSC outlines critical success factors and key performance indicators (KPIs) that drive growth. These strategic goals are cascaded into specific Balanced Scorecards for each Directorate and Department, which are responsible for their own updates. Performance against these KPIs is reviewed in monthly management meetings, while the Corporate BSC is presented at Board Meetings to ensure alignment and track overall progress.

Remuneration Policy

PPL's Remuneration Policy is designed to attract, retain, and motivate top talent by aligning compensation with performance. The policy includes three main components: a fixed component comprising basic salary and benefits, a variable pay package linked to performance, and additional incentives aimed at talent management and retention. Salary revisions are typically made annually, considering individual performance, competency levels, and market conditions. This approach ensures competitive and fair compensation while supporting the Company's sustainable growth.

Process Improvement

In collaboration with the IT Department, the HR function introduced several Human Capital Management (HCM) tools, such as systems for generating employee experience letters and exit interview forms, along with tools for Collective Bargaining Agreement (CBA) forecast and budgeting. Additionally, HR has upgraded the SuccessFactors modules to align more closely with best practices and streamlined staff processes. The IT team has also launched the SAP FIORI app, significantly enhancing the employee self-service experience.

Diversity

The Company is dedicated to upholding equal employment opportunities and adheres to a robust diversity and inclusion strategy that complies with relevant laws and agreements. We ensure that all candidates are considered based on merit and meet defined criteria, without discrimination on gender, race, religion, colour, ethnic origin, marital status, or social class. Additionally, we fulfil our legal obligations concerning the employment of individuals with disabilities, reinforcing our commitment to a fair and inclusive workplace.

Training and Development

To foster a learning environment, in addition to offering job-related professional training conducted by internationally acclaimed facilitators, the Company has enhanced its focus on in-house training initiatives. Furthermore, leadership retreats under the banner "One Team, One Goal" were organized to provide staff with experiential learning opportunities. These retreats are designed to enhance leadership skills and strengthen enduring relationships among peers.

Medical Services

To support the goal of fostering a healthy workforce, the Company is committed to identifying and managing health risks through a comprehensive health screening program for all employees. Additionally, we are advancing towards a paperless environment with e-billing initiatives, underscoring our dedication to sustainability and efficiency. Furthermore, frequent awareness programs on various health-related topics have been organized to cultivate a health-conscious and well-informed PPL family.

Innovation

PPL encourages employee participation and innovative ideas. As such, the Company has an Employee Initiative Recognition Scheme in place. The purpose of the scheme is to provide immediate and visible recognition to PPL employees who have brought about an extraordinary achievement through their own initiatives.

Industrial Relations

Management maintained a strong relationship with Union representatives, which contributed to a harmonious working environment across the Company's Head Office and all other locations.

Corporate Social Responsibility

Corporate Social Responsibility (CSR) at PPL reflects the Company's ongoing commitment to advancing the socio-economic development of deserving local communities across the country. As one of the largest corporate donors, PPL aims to enhance the quality of life through community transformation in both operational areas and urban centers. This involves providing financial and in-kind support for diverse, long-term projects, whether voluntary or obligatory.

In 2023-24, PPL contributed Rs 3.7 billion to CSR initiatives focused on improving the overall quality of life, with particular attention to youth, women, and individuals with disabilities. Our CSR efforts span various sectors, including education, healthcare, infrastructure development, livelihood generation, sports, and post-disaster rehabilitation.

CSR Initiatives and Board's Commitment

The Board of Directors has committed to allocating a minimum of 1.5% of annual pre-tax profit to CSR initiatives, with actual spending exceeding Rs 3 billion. The CSR program is a crucial and ongoing business function where the Company carefully review project proposals, assess their merits, results, and impacts, integrating these factors into the decision-making process. This approach fosters innovation and strengthens local institutions, ensuring long-term, sustainable development in our operational areas and beyond. For PPL, the CSR program represents a strategic, long-term commitment to societal betterment through well-implemented development plans.

CSR Policy and Procedures

PPL adheres to a comprehensive CSR Policy, approved by its Board of Directors, which emphasizes that a successful and sustainable CSR program relies on robust policies and procedures. Additionally, the Company has an approved Corporate Donations policy to support noble and deserving social causes. To ensure effective operation and regulation, PPL has established procedures for both the Community Development Department and the PPL Welfare Trust, enabling them to manage and oversee CSR activities effectively.

Focus Areas and Stakeholder Engagement

Our CSR Program consistently focuses on supporting deserving communities across the country, particularly those near our operational areas and in major urban centers. Currently, our activities are concentrated in Sindh, Balochistan, and Punjab, where most of our CSR efforts take place. PPL engages in both mandatory and voluntary CSR contributions aimed at social development and upliftment in these regions.

For voluntary CSR initiatives, the Company collaborates with a wide range of stakeholders, including local communities, area notables, public representatives, joint venture partners, government officials, and civil society organizations. This collaborative approach ensures that schemes are tailored to local needs and implemented with transparency. We conduct on-ground consultations and evaluations to identify and support the most impactful projects. To ensure sustainability and effectiveness, we regularly assess and monitor these projects to enhance their performance.

For mandatory social welfare schemes, PPL adheres to guidelines set by the relevant regulators. We also work to protect the interests of local communities through appropriate forums and make internal arrangements to ensure the efficient and effective use of funds for obligatory CSR initiatives.

Details of the Company's CSR activities are presented in the Corporate Social Responsibility section of this Annual Report.

Information Technology Governance

To be a strategic enabler of innovation and excellence, the Company envisions creating a seamless, secure, and adaptive technology environment that empowers the organization to achieve its strategic goals. By leveraging cutting-edge technologies and fostering a culture of continuous improvement, we aim to drive digital transformation, enhance operational efficiency, and deliver exceptional value across all functions of the Company. Our commitment is to be at the forefront of technological advancements, ensuring that our IT solutions are not only resilient and scalable but also aligned with the evolving needs of the business and the dynamic landscape of the energy sector.

In-house innovations like Virtualized Desktop Infrastructure, SAP Value Optimization, the Corrosion Monitoring System, and the GIS-integrated Land Management System highlight our commitment to asset integrity and operational excellence. These initiatives are advancing PPL towards becoming a knowledge-driven organization and establishing us at the forefront of technological innovation in the energy sector.

SAP S/4HANA Upgrade	Robotic Process Automation	Virtual Desktop Infrastructure	Corrosion Monitoring System	GIS-Integrated Land Management System
• First in the industry to successfully upgrade to 2022 edition	• Seamless application integration through automated bots	• Virtualization of technical applications for enhanced performance and scalability	• Monitor equipment degradation to prevent failures and extend asset lifespan	• Centralized visualization of acquired land for effective decision-making

Enterprise Resource Planning (ERP)

The Company upgraded to the latest SAP S/4HANA ERP platform, ensuring seamless business operations across Finance, Human Capital Management, Plant Maintenance, Procurement, and Inventory Management. As part of our Continuous Process Improvement initiative, the ERP system has been further enhanced with numerous business process improvements and the introduction of the SAP Fiori User Experience.

To maximize system utility, we provide regular training for both new and existing users throughout the year. We also manage change requests, product updates, and security patches. To maintain system security and compliance, periodic internal and external audits are conducted that address risk mitigation, internal controls, and segregation of duties.

Our information assets are safeguarded by a Board-approved 'Information Security' policy, and we are pleased to report that no data integrity issues have been identified during the fiscal year.

Governance and Cybersecurity

As a leading oil and gas company, we are committed to protecting our critical information assets and infrastructure from evolving cyber threats. This cybersecurity disclosure statement is intended to inform shareholders, stakeholders, and regulatory bodies about our cybersecurity practices, potential risks, and the measures we have implemented to mitigate those risks.

To safeguard against these risks, we have made substantial investments in our cybersecurity infrastructure, technologies, and human resources. We utilize a state-of-the-art Security Incident and Event Management (SIEM) solution and a comprehensive Vulnerability Management application to ensure continuous, proactive monitoring of security events. These tools help us identify and address potential threats to our digital landscape effectively.

Cyber Security Policies and Procedures

Our cybersecurity framework is built on industry best practices and standards which includes robust encryption and stringent access controls to safeguard our critical systems and sensitive data. Continuous monitoring and proactive threat intelligence analysis are integral parts of our strategy to stay ahead of emerging risks. Additionally, we conduct regular employee awareness programs to foster a culture of cybersecurity awareness throughout our organization. Our commitment is further reinforced by periodic security assessments and audits to ensure we remain resilient and effective against evolving threats.

Cybersecurity Performance Metrics

We assess our cybersecurity program's effectiveness through key performance metrics, including response time to incidents, system uptime, and resolution of vulnerabilities. These metrics help us proactively identify and address issues, implement corrective actions, and report to the Board, if necessary.

Cybersecurity Assessment and Audits

The Company successfully conducted a Cybersecurity Assessment Exercise, which involved testing internal security controls through Breach & Attack Simulation using techniques from the MITRE Framework. Additionally, a Cyber Security Tabletop Drill was performed to evaluate the effectiveness and efficiency of our response procedures in the event of a cybersecurity incident. We also diligently assessed and monitored the cybersecurity practices of our third-party vendors and contractors to ensure they comply with industry-leading security standards.

Safety of Records

The information assets are protected through a Board-approved 'Information Security' policy and no data integrity compromises have been reported to date. The management remains committed and plays an active role in all aspects of technology adoption in a rapidly evolving digital landscape, while staying cognizant of the associated risks.

Infrastructure Excellence

PPL is swiftly adopting Public Cloud technologies to harness the benefits of modern infrastructure. All business applications have been migrated to Private/Public Cloud environments to optimize costs, ensure business continuity, and support agile business transformation. Essential technical applications have been thoroughly tested in controlled settings to guarantee a smooth transition to Virtual Desktop Infrastructure.

The Company now enables an always-on remote working environment through advanced Cloud and on-premises solutions. To bolster resilience, mitigate risks, and align with management guidelines for sustainable operations, bi-annual disaster recovery drills are conducted for critical IT services.

Technology Management Center

Technological advancement is a fundamental element of PPL's growth strategy, with the IT Department leading a range of innovative initiatives. We have integrated cloud and edge computing technologies, emphasizing digital twin solutions for real-time drilling and well construction. Additionally, we employ AI/ML-powered seismic interpretation for complex reservoir simulations. Process automation has optimized field operations, and our seismic imaging capabilities have been substantially improved.

Forward-looking Initiatives

As part of the Company's diversification program, we have acquired an industry-leading Minerals modelling solution to drive our mineral exploration efforts. Additionally, our 'work-from-anywhere' initiative is being expanded for technical application users through a Virtual Desktop Infrastructure (VDI) solution, ensuring a seamless experience across desktop devices. We are also exploring augmented and virtual reality technologies for immersive reservoir and geological visualization.

PPL plans to leverage Machine Learning (ML) and Artificial Intelligence (AI) as part of our 'digital oil field' strategy. By integrating these advanced technologies and innovative solutions, we aim to boost operational efficiency, support our diversification objectives, and provide users with the flexibility and tools necessary for success in a dynamic work environment.

Business Continuity Management System (BCMS)

The Company has reviewed its existing Business Continuity Management (BCM) documentation and practices, leading to the development of a comprehensive in-house framework. This framework is based on process learnings and guidelines from the Good Practices Guidelines (GPG) of the Business Continuity Institute of the UK and ISO standards. It represents a pioneering approach among peer companies in Pakistan. The BCM framework aims to enhance the Company's resilience to business disruptions by efficiently restoring affected functions and processes and minimizing damage by ensuring the continued provision of products and services to all stakeholders.

The BCM scope is categorized into six assets and resources, represented by the acronym REVIVE: 1) Records, 2) Employee, 3) Vital Technology, 4) Infrastructure, 5) Vendor, and 6) Equipment. A management and governance structure has been established to implement and oversee the BCM program. Key components of the BCM framework include Business Impact Analysis (BIA), Risk Assessment, Business Continuity Strategy Development, Business Resumption Plans (BRPs), and Exercising & Testing. BRPs detail procedures for restoring and recovering critical business functions and operations after a disruption.

Business Excellence

At Pakistan Petroleum Limited (PPL), Business Excellence (BE) is a continuous journey aimed at optimizing performance, fostering innovation, and creating lasting value for our stakeholders. Since establishing our dedicated Business Excellence function in January 2023, continuous efforts have been made to integrate a culture of excellence across our operations, adhering to industry best practices and global standards.

Strategic Imperatives of Business Excellence

Our BE strategy is crafted to deliver superior performance through three key objectives:

a. **Setting Ambitious Performance Benchmarks:** We continuously strive to exceed industry standards and drive organizational growth.

b. **Achieving Excellence in Core Areas:** Our focus spans leadership, strategy, capital management, human resources, and operational processes to ensure comprehensive improvements.

c. **Delivering Sustainable Value:** Our pursuit of operational efficiency and strategic foresight creates enduring value for shareholders, employees, and the communities we serve.

Value Assurance Framework: Enhancing Decision Quality and Project Outcomes

Our Value Assurance Framework (VAF) optimizes investment decisions and project execution by:

a. **Refining Investment Authorization:** Aligning decisions with industry best practices and global standards to ensure technical and strategic soundness.

b. **Improving Decision Quality:** Utilizing structured decision-making processes and rigorous analysis for consistency in strategic choices.

c. **Ensuring Efficient Oversight:** Implementing robust oversight mechanisms for real-time adjustments and optimal resource allocation.

A systematic 'lessons learned' exercise at the end of each project captures and integrates insights into future projects, enhancing our project management capabilities and outcomes.

Corporate Governance

During the financial year 2023-24, the Government of Pakistan enacted the 'Pakistan Sovereign Wealth Fund Act, 2023' (the Act) to promote sustainable economic development by managing funds and assets according to international standards and best practices, with the aim of maximizing their value for future generations. As per Section 9(2) of the Act, the Government of Pakistan's shareholding in the Company has been automatically transferred to the Pakistan Sovereign Wealth Fund (PSWF). The Company is now undertaking the necessary corporate actions to officially record this transfer.

Furthermore, under Section 50 of the Act, the Fund and State-Owned Enterprises where the Fund holds a majority share are exempt from the State-Owned Enterprises (Governance and Operations) Act, 2023 (SOE's Act), which was enacted in the previous financial year. Consequently, PPL is exempt from the requirements of the SOE's Act.

Functioning of the Board

The Board is responsible for providing oversight and strategic direction to the Company. It sets the long-term goals and direction, monitors the Company's performance, ensures regulatory compliance, provides financial oversight, and identifies and manages potential risks. Essentially, the Board ensures that the Company is effectively managed and aligned with its vision, mission, and objectives.

In line with rule 12 of the Public Sector Companies (Corporate Governance) Rules, 2013, the Board is required to establish five statutory Board Committees. The Board has formed six committees, the additional one being 'Board Strategy and Finance Committee,' to assist in performing its functions efficiently and to support the decision-making process. All Board Committees operate according to their respective Terms of Reference.

The Board has delegated some of its duties to these committees, which act as subsets of the full Board. These committees allocate the necessary time and resources to address specific issues, often involving experts for additional insight. They provide recommendations and reports on assigned matters to the Board. Directors commit substantial time to Board and Committee meetings and engage in discussions with executives to ensure the presence of a strong and effective governance system.

Certain powers have been delegated by the Board to the CEO and the management team for the day-to-day operations of the Company. The Board has also approved the limits of authority for the CEO and 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 under sub-regulation (3) of regulation 6 of the Listed Companies (Code of Corporate Governance) Regulations, 2019.

Diversity on the Board

The Company's Board is composed of a diverse group of professionals with expertise across various fields, including leadership and governance, law, economics and finance, engineering, and exploration and production. As of the end of the year, the Board included six independent directors (one of whom is female), four non-executive directors, and the Chief Executive Officer.

Casual Vacancy on the Board

During the year, three casual vacancies arose on the Board due to resignations of Mr. Abdul Aziz Uqaili, Capt. (Retd.) Muhammad Mehmood, and Mr. Shahbaz Tahir Nadeem, which were duly filled during the year with the appointments of Mr. Shakeel Qadir Khan, Mr. Momin Agha and Mr. Hassan Mehmood Yousufzai, respectively.

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 roles of the Chairman and the Chief Executive Officer (CEO) are clearly delineated within the Company. The Chairman's responsibilities include ensuring that the Board operates effectively and that all governance matters are addressed. The Chairman sets the agenda for Board meetings, ensures that the meetings proceed smoothly, and works to achieve consensus on decisions. Additionally, the Chairman encourages full participation from all directors in discussions and decisions. The Chairman leads the Board, oversees its effective functioning, and promotes the continuous development of its members. The Chairman also presides over votes on key strategic policies proposed by the CEO and the management team. Under the Chairman's guidance, the Board monitors the Company's overall profitability, sustainability, and growth.

The CEO, on the other hand, is tasked with managing the Company's day-to-day operations under the direction and oversight of the Board. The CEO is responsible for implementing the strategies and policies approved by the Board and ensuring that funds and resources are safeguarded, used economically, efficiently, and effectively, and in compliance 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. Ten meetings of the Board of Directors and twenty-seven 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 is to be undertaken by the Federal Government. In accordance with the directives of the Federal Government, the Pakistan Institute of Corporate Governance (PICG) was engaged to evaluate the performance of the Board and its members for the financial year 2022-23. Subsequent to the year ended 30th June 2024, Board Performance Evaluation exercise for the year 2023-24 has also been initiated.

The Board evaluated the performance of the CEO during the year against pre-determined operational, tactical and strategic objectives. The Federal Government is also empowered under the aforesaid Rules to evaluate the performance of the CEO.

Orientation Programme for the Directors

During the year, the directors were given orientation on the business, operations and environment of the Company as well as the duties of directors. The Memorandum and Articles of Association of the Company and the Quarterly and Annual Reports of the Company were included in the welcome packs for the directors appointed during the year.

Directors' Training Programme

The directors are fully aware of their responsibilities and endeavour to meet them with the highest level of diligence. By the end of the year, the Company was majorly compliant with the optional requirements for the Directors' Training Program as outlined in the Listed Companies (Code of Corporate Governance) Regulations, 2019.

Term of the Board and Election of Directors

The term of the existing Board of Directors of the Company has expired in December 2023. Prior to expiry of the aforesaid term, the Ministry of Energy - Petroleum Division advised the Company that the election of its Board of Directors may be delayed for a period of six months, enabling Federal Government to finalize the nominations for the independent and ex-officio directors. As per legal requirements, the Company filed an Impediment Report before the Securities and Exchange Commission of Pakistan (SECP). In response, the SECP informed the Company that by virtue of the relevant provision of the law, the Company had ninety (90) days, after the expiry of the term of the Board, to hold election in a shareholders' meeting for the new Board. Subsequently, upon expiry of the aforesaid ninety (90) day period, in response to an application filed by the Company, the SECP allowed the Company to hold election of directors on or before 21st September 2024. The Ministry of Energy - Petroleum Division has recently advised the Company to seek further extension because the nominations on behalf of the Federal Government could not be finalized. The Company has applied for further extension for a period of six months, from the SECP, to hold the EGM for the election of Directors. The confirmation of extension, to be granted by the SECP, is awaited.

The Company shall make arrangements to hold the election of directors as soon as nominations from the Government are received. However, by virtue of Section 158 of the Companies Act, 2017, incumbent directors continue to perform their functions until their successors are duly elected.

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, Board Committees and general meetings.

Additional Directorships held by Executive Director

The CEO of the Company is also a director on the boards of the Company's wholly owned subsidiaries, PPL Asia E&P B.V. and PPL Europe E&P Limited. He is also the chairman of the board of the associated companies namely Pakistan International Oil Limited and Pakistan Minerals (Private) Limited. Additionally, he is a director on the Board of Petroleum Institute of Pakistan. Furthermore, he is also a director in Reko Diq Investments Limited (HoldCo1) and Reko Diq Holdings Limited (HoldCo2).

Security Clearance of Foreign Directors

No foreigner is appointed on the Board of the Company.

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 mandates that each director must avoid any conflict of interest with the Company, its associated companies, subsidiaries, and undertakings. Directors are required to promptly disclose any situation that involves, or could reasonably be expected to involve, a conflict of interest with the Company.

Conflicts of interest involving directors are managed in accordance with the relevant 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 Company's Articles of Association.

Transactions with Related Parties

Related party transactions are conducted on commercial terms, and their details are periodically presented to the Board Audit Committee for review and recommendation to the Board for approval. Any interest that Board members may have in related party transactions is disclosed to the Company. The specifics of related party transactions are detailed in notes to the Company's financial statements for the year ended June 30, 2024.

Internal Audit

The Company maintains an independent internal audit function that reports directly to the Board Audit Committee. Staff within the internal audit department have unrestricted access to all records and information necessary to perform their duties effectively. The scope of the internal audit function is clearly defined in the Internal Audit Charter, which has been approved by the Board.

Significant Policies

The significant policies of the Company include:

- Code of Conduct
- Corporate Donation Policy
- Corporate Communication Policy
- Enterprise Risk Management Policy
- Exploration and Farm-in/Farm-out Strategy for Sustained Growth
- Human Resource Management Policy
- Incident Reporting Policy
- Investment Policy
- Rotation of External Auditors
- Provision of Additional Services by External Auditors
- QHSE Policy
- Sexual Harassment Policy
- Whistle Blowing Policy (Details are mentioned on the Company's website)

Shareholders' Grievance

The Company is committed to addressing shareholder grievances promptly and efficiently. Shareholders can submit complaints or inquiries through the online feedback and complaints form available on the Company's website. Additionally, the Share Registrar serves as the primary contact point for general shareholder matters. Complaints or inquiries can also be submitted to the Share Registrar or the Company via letter, facsimile, email, or telephone.

Engagement with Stakeholders

The Company places the highest importance on shareholder feedback. At the most recent Annual General Meeting (AGM), a detailed question and answer session was held, addressing inquiries from stakeholders comprehensively. Additionally, a corporate briefing session was conducted in accordance with Pakistan Stock Exchange requirements.

The issues raised during the last AGM and the decisions made were documented in the meeting's minutes. These minutes were submitted to the Pakistan Stock Exchange and are available to shareholders free of charge at the AGM.

The Federal Government is the Company's major shareholder. The directors, including non-executive directors, are well-informed of the major shareholder's views and ensure these perspectives are communicated to the Board and management.

Minority Shareholders

The Company acknowledges and values the interests of all stakeholders, including shareholders, employees, creditors, customers, business partners, and local communities. We encourage shareholder participation in both Annual and Extraordinary General Meetings (AGMs and EGMs) and welcome their valuable suggestions and feedback. To facilitate this, the Company undertakes the following measures:

- **Dispatch of Notices:** Notices of the AGM/EGM are sent to all shareholders at least 21 clear days prior to the meeting, along with the Annual Report.
- **Publication:** Notices of the AGM/EGM are published in newspapers with wide circulation in Karachi, Lahore, and Islamabad in both English and Urdu.
- **Online Availability:** Notices are also posted on the Pakistan Stock Exchange's online portal and the Company's website.
- **Annual Report Distribution:** Printed copies of the Annual Report are sent to shareholders on specific request.
- **Proxy Appointment:** The Company facilitates shareholders in appointing proxies.
- **Minority Shareholder Representation:** For elections of directors, the Company supports minority shareholders by publishing their statements and proxy forms in the newspapers.

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

The Directors are pleased to state that:

i. The Board has complied with the principles of corporate governance.

ii. The financial statements prepared by the Company's management present a true and fair view of its state of affairs, results of operations, cash flows and changes in equity.

iii. Proper books of accounts have been maintained by the Company.

iv. Appropriate accounting policies have been used in the preparation of the financial statements and any changes in accounting policies have been disclosed. Accounting estimates are based on reasonable and prudent judgment.

v. The financial statements comply with the accounting and reporting standards as applicable in Pakistan.

vi. Systems of internal control are sound in design and have been effectively implemented, regularly reviewed and monitored.

vii. The reasons for significant deviations from the preceding year's operating results have been explained in the relevant sections of the Directors' Report.

viii. Key operating and financial data for the last six years is given in the "Six Years' Summary" section of the Annual Report.

ix. Information about outstanding taxes, duties, levies and charges, is given in the notes to the financial statements.

x. 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.

xi. 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.

xii. The Key Performance Indicators relating to the Company's social objectives and outcomes have been disclosed in the relevant sections of the Directors' Report.

xiii. The value of investments in employee retirement funds based on the latest audited accounts is:

Investment amounts as per latest audited accounts as at June 30, 2023

	Rs. Million
Senior Provident Fund	4,369
Junior Provident Fund	1,764
Executive Staff Gratuity Fund	956
Non-Executive Staff Gratuity Fund	1,205
Executive Staff Pension Fund	11,344
Non-Executive Staff Pension Fund	3,402
Executive Staff Pension Fund Defined Contribution (Shariah)	2,622
Executive Staff Pension Fund Defined Contribution (Conventional)	1,065

xiv. 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.

xv. Directors only receive directors' fees for attending meetings of the Board, Board Committees and general meetings. The Company also incurs travelling, lodging and other expenses in connection with attending the Board and Committee meetings. 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, 2024 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 2024.

Risk Management Framework

Despite a slight improvement in macroeconomic indicators over the year, the Company continued to contend with the impacts of unprecedented inflation, and increased taxes in the preceding year. Additionally, uncertainties in hydrocarbon discovery inherent to the oil and gas exploration sector, along with rising finding and development costs in frontier geological basins and the maturation of existing local basins, continued to pose risks.

Nevertheless, the Company remains dedicated to maintaining its status as one of the largest energy producers in the country and enhancing shareholder value. This commitment is supported by a strategy focused on both organic and inorganic growth, with an increased emphasis on diversification, particularly in mining, to mitigate risks associated with a flat domestic creaming curve.

Through a robust Enterprise Risk Management (ERM) process embedded in strategic planning and execution, the Company diligently identifies, assesses, and manages enterprise-level risks. This process aims to ensure that strategic objectives and value creation targets are met. To strengthen these efforts, the Company has adopted an integrated strategy and risk management platform.

In alignment with its commitment to responsible and transparent business practices, the Company is enhancing its focus on incorporating sustainable practices into its operations. The ERM framework is well-developed, featuring a carefully considered risk appetite that is regularly reviewed to adapt to external changes and evolving business needs, reflecting the Company's dedication to continuous improvement.

FIGURE – Components and Principles of an ERM Framework (from COSO's ERM Integrated Framework – 2017)

Risk Governance Structure

Board of Directors and Board Enterprise Risk Committee (BERC)

The Company maintains sound and internationally recognized risk management practices through the Board Enterprise Risk Committee (BERC). As the apex body for risk management at PPL, the BERC supports the Board in evaluating the effectiveness of the Company's risk management plans, systems, processes, and procedures; and reviewing Group-wide risk policies, guidelines, limits, and risk exposure and mitigation plans.

Enterprise Risk Management Committee (ERMC)

At the management level, the Executive Risk Management Committee (ERMC) is the foremost risk-related entity, consisting of Directorate/Business Unit Heads and Functional Heads. The ERMC serves as an advisory body to the Managing Director. Its responsibilities include reviewing significant risk issues for the year, assessing the Company's risk methodologies, and fostering organization-wide risk awareness and alignment.

Enterprise Risk Management (ERM) function

Risk management activities are centrally coordinated at the Group level by the Enterprise Risk Management (ERM) function. The ERM function provides recommendations to the Executive Risk Management Committee (ERMC), conducts risk monitoring, performs risk reviews of business units, and works on enhancing risk methodologies. A corporate risk register is developed and updated with input from all stakeholders, identifying key enterprise-level risks across the Group's risk universe. These risks are assessed at both the inherent and residual levels.

Annual Risk Management Review and Corporate Risk Register

Focused sessions were held with all stakeholders to identify major and emerging risks along with their mitigation plans. Risks were assessed based on their impact and probability and were reviewed in detail with the ERMC during the Annual Risk Review. Additionally, during these risk focus sessions, subsiding risks were identified and subsequently downgraded from the Corporate Risk Register.

Environmental, Social and Governance (ESG) Related Risks

As a responsible corporate citizen, PPL identifies, assesses, monitors, and mitigates Environmental, Social, and Governance (ESG) risks that could adversely impact the entity from a sustainability perspective. The corporate risk register incorporates ESG risks in accordance with COSO's ERM guidelines, ensuring these risks are integrated into the overall risk management process.

Risk Response Plan Monitoring

Progress on the completion of response action items was regularly reported through monthly ERM dashboards circulated to top management and presented at the Board level via the Board Enterprise Risk Committee (BERC). This reporting included updates on corporate compliance levels regarding the completion of risk response plans for the year.

Corporate Risk Appetite Testing

Risk appetite testing was conducted for the Company, its subsidiaries, and joint ventures on a biannual basis. Any breach of events was reported to the Board Enterprise Risk Committee (BERC), and corresponding mitigation strategies were developed to prevent future occurrences.

Revisions in Corporate Risk Appetite Statement

In response to changes in the external environment and economic challenges, the corporate risk appetite was revised to proactively monitor breach events and make necessary course corrections as needed. Revisions were made in the areas of Free Cash flow and Financial Impact in FY 2023-24.

Strategic and Project Risk Assessments

Risk management was a key component of the Company's five-year strategy setting process. A strategic risk assessment was conducted for the proposed Five-Year Plan (FYP) for 2024–2029. To reasonably assure project value, risk reviews were also carried out for exploration projects (including wells and G&G surveys), development projects (such as facilities and wells), and business development opportunities.

Risk Culture Building

Workshops were conducted to strengthen the risk culture across the enterprise and create a risk-aware mindset that could positively influence the action of employees.

Key Risks

Details of the key risks faced by PPL are presented in the "Key Risks" section of this annual report.

Business Outlook

PPL is embarking on an ambitious five-year growth trajectory, supported by a robust long-term strategic plan approved by the Board in May 2024.

Exploration and Production (E&P)

Our core business strategy aims to achieve a challenging production growth target of approximately 2% over the next five years. This goal will be pursued through an aggressive exploration program, which includes the accelerated drilling of exploratory and development wells. To enhance the effectiveness of our exploration efforts, we will implement a comprehensive 2D and 3D seismic acquisition program. We anticipate that these initiatives will potentially elevate our 2P reserves to sustainable levels. This will be in addition to our continuous endeavors towards production optimization from existing well stock and production optimization campaigns engaging latest technologies.

As we continue to pursue growth in our core operations, we are also fully geared up for the upcoming offshore bidding round, where we aim to secure promising blocks and further enhance our exploration portfolio. Our ambitious exploration and appraisal work program in Pakistan International Oil Limited (PIOL) is another key driver of this effort.

Additionally, we plan to strengthen our position by actively expanding our international exploration and production (E&P) portfolio. This strategic expansion will diversify our asset base and mitigate geographic risk.

Mining

Our mining joint operation, Bolan Mining Enterprises (BME), is positioned for substantial growth. Currently producing approximately 250,000 MT of baryte and iron ore annually, BME will concentrate on developing the BLZ Project, which boasts strong economics and a reasonable payback period. Additionally, we have acquired an 8.33% stake in the Reko Diq project, with a feasibility study planned for FY 2024-25 and Phase 1 expected to be completed in FY 2028-29. To complement our organic growth, we will also actively seek opportunities to acquire working interests in new mining blocks over the next five years.

Diversification and Value Chain Expansion

Recognizing the evolving energy landscape, PPL is strategically investing to expand its value chain beyond exploration, production, and mining. Our focus will be on acquiring assets across various energy and power solutions sectors. These strategic investments will position us as a diversified energy player, capable of capturing value across the entire energy spectrum.

Financial Outlook

To support our aggressive growth initiatives, PPL has committed substantial financial resources over the next five years. While the amount will fluctuate based on market conditions and operational needs, it represents a significant investment across all areas of our business. The Company plans to significantly increase its capital commitment toward mining, keeping in view the strategic importance of this sector. This strategic capital allocation is aimed at driving value creation, enhancing overall profitability, and strengthening our market position.

However, our core domestic gas operations continue to face the circular debt challenge. This is due to the timing difference between the increase in the well-head price and the price ultimately charged by our customers from the end consumers. The Government has recently announced successive consumer gas price increases which has improved the liquidity position of the Company. However, regular gas price increases are necessary to sustain the improved cashflows and undertake our aggressive work-program. In recognition of the situation, PPL is also diversifying into alternative business areas such as mining and international ventures to mitigate reliance on the domestic gas market.

In conclusion, PPL remains committed to delivering long-term value to our shareholders through a disciplined execution of our strategic plan. Our strategic priorities, combined with our financial strength, position us well to navigate industry challenges and seize emerging opportunities.

Post Balance Sheet Events

Discoveries

Subsequent to the year-end, three discoveries in different formations were announced in the Razgir-1 well in Tal block and one discovery in Tor-1 well in Latif block.

Directors

Subsequent to the year-end, Mr. Awais Manzur Sumra, Secretary, Ministry of Planning, Development and Special Initiatives resigned from the Board of Directors of the Company.

Dividend

The Board of Directors in its meeting held on September 20, 2024 has recommended cash dividend @ 25% amounting to Rs 6,802.433 million (2023: @ 15% amounting to Rs 4,081.460 million) on paid-up value of ordinary share capital. This appropriation will be put forward for approval of the shareholders in the Annual General Meeting scheduled to be held on October 25, 2024.

Auditors

The Company's auditors KPMG Taseer Hadi & Co., who retire at the forthcoming Annual General Meeting are eligible for reappointment for the year 2024-25 and have been recommended by the Board of Directors for reappointment.

CHAIRMAN
BOARD OF DIRECTORS

CHIEF EXECUTIVE OFFICER
AND MANAGING DIRECTOR

Karachi: September 20, 2024

EVENTS & AWARDS

Digital Technology Award by Institute of Chartered Accountants of Pakistan

Best Corporate Report Award for Annual Report 2022 by ICAP and ICMA

Received 10th Employer of the Year Award 2024 by Employers' Federation of Pakistan

Women Empowerment and Gender Equality Gold Award 2024 by Employers' Federation of Pakistan

Fuelling Futures
Career Expo 2024, one of its kind for oil, gas & mineral sector, organised by Ministry of Energy (Petroleum Division) in collaboration with PPL

Annual Awards
2023-24

Town Hall
For Head Office & Islamabad Staff

International Women's Day
Celebration at PPL

Staff Wellbeing

Moms at Ease: PPL's Daycare Facility

ESG and Sustainability

PPL continues to place sustainability at the forefront of our business strategy, reflecting our commitment to creating shared value for our stakeholders through careful consideration of Environmental, Social and Governance factors. The financial year 2023-24 has been marked by notable achievements in the areas of social, environmental, and governance, as well as in the management of key resources. Below, we highlight our key initiatives and ongoing efforts in these domains.

(a) Social Initiatives

PPL is committed to the well-being of its operational communities and has made significant social contributions over the past year. The Company has advanced leading industry practices, created job opportunities, and expanded health and education programs, benefiting thousands. PPL prioritizes employee safety with enhanced protocols and training. Additionally, a detailed Social Impact Assessment was conducted to evaluate and improve the effectiveness of its initiatives, ensuring they foster positive and sustainable community development.

The details of the social initiatives are presented in the CSR section of this annual report.

(b) Environmental Initiatives

In addressing climate change and environmental degradation, PPL has enhanced its environmental initiatives by adopting sustainable resource management principles. The Company focuses on reducing its carbon footprint and minimizing pollution through innovative waste management and resource conservation. PPL has implemented various measures and is exploring additional strategies, including water conservation, plantation, and energy-efficient technologies. These efforts aim to achieve a sustainable balance between business activities and environmental stewardship.

As a UN Global Compact signatory since 2006, PPL reports its sustainability performance annually. In 2023, PPL joined the Oil & Gas Decarbonization Charter (OGDC) at COP 28 and actively participates in OGDC proceedings, while also conducting internal workshops to raise staff awareness on sustainability.
Some of the initiatives taken during the year are:

1. **Solar Plant at Khewali Pumping Station (KPS):** PPL has installed a 700 KW solar power plant at KPS, which became operational in March 2024.
2. **Nodal Gas Compressor Stations at Adhi Field:** Solar panels have been deployed at multiple well sites (Adhi 5, 14, 15, 17, and 18) as part of the Nodal Compression project. Each site has a 25 kW solar power system. Collectively, these systems generate approximately 625-650 kWh of energy annually, leading to significant fuel savings—around 250 liters of diesel or 6,500 cubic feet of natural gas per day. This transition also contributes to a reduction in greenhouse gas emissions, cutting down 675 kg of carbon dioxide daily.
3. **Mazarani Gas Field:** At this location, solar power systems have been set up at various sites, achieving a total generation capacity of about 3.6 kW.

(c) Governance

Effective governance at PPL involves transparency, accountability, and ethical conduct at all levels of the organization. This includes board oversight, executive accountability, and stakeholder engagement to ensure compliance with regulations and industry standards. Governance also encompasses risk management frameworks and strong internal controls. It is essential to ensuring regulatory compliance, and aligning business practices with long-term sustainability goals, especially in an industry facing heightened scrutiny over environmental and social impacts. Further details are covered in the Governance section of the Directors' Report.

(d) Technological Innovation

Technological innovation is central to PPL's sustainability strategy. Over the past year, PPL has advanced energy-efficient processes and developed eco-friendly systems, reinforcing its position as a leader in sustainable energy.

Sustainability Reporting Module: A Sustainability Reporting (SR) module was introduced within the corporate QHSE platform. This module tracks greenhouse gas emissions, ozone-depleting substances, water management, waste management, and energy consumption. The Company has benchmarked API Compendium of Greenhouse Gases (GHG) Emissions Estimation Methodologies for the Oil & Natural Gas Industry (Edition 2021) for configuring emission factors and methodologies / equations into the Module for estimating GHG emissions from PPL operations. For output data and report format, GRI Sustainability Reporting Standards have been used to monitor their impacts on the environment. Staff's training for effective implementation of SR module continued during the year.

Others: Additionally, several projects have enhanced energy and production efficiency while reducing GHG emissions:

- **Waste Heat Recovery Unit (WHRU) at Adhi:** Prevents 16,500 tons of CO2 equivalent emissions.
- **Propane-based Chillers at Adhi & Gambat South:** Reduces 13,000 tons of CO2 equivalent emissions.
- **Associated Gas Pipeline at Dhok Sultan:** Avoids 54,000 tons of CO2 equivalent emissions.
- **700 kVA Solar Plant at KPS:** Cuts 400 tons of CO2 equivalent emissions.
- **Digitization of Records:** Promotes paperless workflows, reducing GHG emissions.
- **Solarization of Wellhead Control Systems:** Enhances sustainability for producing wells and flow lines.

(e) Resource Management:

Effective management of materials, energy, water, emissions, and waste is central to PPL's sustainability strategy. The Company has established robust systems to monitor and optimize resource consumption, ensuring efficient operations with minimal environmental impact. Energy management initiatives have reduced energy use, while water management strategies emphasize conservation through innovative treatment and recycling. PPL has also advanced in reducing emissions and waste, focusing on recycling and the safe disposal of hazardous materials.
These measures are vital to PPL's commitment to environmentally responsible operations.

ESG Risks and Opportunities

PPL is taking comprehensive steps to understand and mitigate the impacts of its operations across the entire value chain, from raw material sourcing to product delivery. These include environmental risks such as greenhouse gas emissions, and potential spills and leaks, and social risks such as negative impacts on local communities.

Conversely, investment in cleaner technologies and carbon capture methods reduces environmental impact and improve operational efficiency. Better resource management and the use of digital tools optimize operations and reduce waste. Proactive community engagement and regulatory interactions also builds trust and provide a competitive advantage.

Financial Impacts

ESG risks can significantly increase costs and cause operational disruptions such as investments in technology and reporting systems for regulatory compliance and potential legal liabilities from environmental or social issues. Operational disruptions, such as accidents or supply chain interruptions, can lead to costly delays and cleanup efforts.

In summary, PPL's commitment to sustainability stems from our corporate strategy, guiding our efforts to create long-term value for our stakeholders. By integrating sustainability into every aspect of our operations, we ensure that we are well-positioned to navigate the challenges of the future while contributing positively to the broader environmental, social, and economic landscape.

ISO Certifications for Best Sustainability Practices

The Company has various ISO certifications such as ISO 9001 for Quality Management Systems, ISO 14001 for Environmental Management Systems, and ISO 45001 for Occupational Health & Safety Management Systems. These certifications underscore PPL's commitment to maintaining the highest standards in quality, environmental stewardship, and employee well-being.

Metrics and Targets

To measure and track progress, PPL has established clear sustainability metrics and targets. These encompass a wide range of ESG aspects, including carbon footprint reduction, energy efficiency, and responsible resource management. Regular performance reviews ensure that we meet our sustainability goals while addressing broader social and governance issues. Through transparent reporting, PPL remains committed to providing stakeholders with a clear, accountable view of our progress in driving long-term sustainability.

CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility

PPL has a Board approved policy which mandates a minimum spending of 1.5 percent of its annual pre-tax profit on various CSR interventions, including those in education, healthcare, water and gas supplies, livelihood generation besides emergency relief, post-disaster rehabilitation.

During the year, PPL's total CSR spending amounts to Rupees 3.7 billion which is over the minimum benchmark of 1.5%, reflective of our concerns for betterment of our operational areas and local communities.

Corporate Philanthropy

As a responsible corporate citizen, PPL regularly extends support to development projects initiated by credible public or non-governmental development organizations working for promoting education, healthcare, skill development for livelihood generation, alternate energy and sports and cultural activities across the country. During the year, the Company extended support worth Rs. 67 million to a number of credible development organizations across the country.

Community Investment and welfare initiatives for less-developed areas

PPL fully respects the culture, tradition, language and beliefs of communities wherever it operates. The Company carries out assessments to understand their development needs and issues and carries out various welfare activities on a voluntarily basis for communities living around the production assets, including Sui, Kandhkot, Gambat South, Hala, Mazarani, Adhi and Dhok Sultan.

Standing with our Communities in hard times

The ongoing unprecedented inflation has severely affected the economically challenged local communities, resulting in increased cost of food, medicines and daily supplies. To this end, PPL's Board approved Rs 100 million to provide essential food items in-kind to 12,000 local households residing around the Company's operational areas, including Sui, Kalat, Kandhkot, Jamshoro, Sanghar, Tehsil Gujar Khan in Punjab and Districts Shangla and Mansehra.

Sustainable Development Goals

PPL is actively working to complement the desired development outcomes of UN Sustainable Development Goals (SDGs). During the year, PPL endeavored to further the sustainability efforts by focusing on promoting quality education, improvement in healthcare services, vocational trainings and e-skill development activities for jobs creation, availability of potable water, improved, energy efficient infrastructures, afforestation and support to humanitarian causes.

Clean Water & Water Resource Management

The Company continued its legacy of providing sustained supply of water to Sui town from Khewali pumping station at Guddu. Besides, PPL continued supply of potable water to District Kambar-Shahdadkot and operations of filtration plant at district Sanghar.

Furthermore, the Company installed RO water filtration plants at various villages in districts Sanghar, Shaheed Benazirabad and Naushahro Firoz and near Adhi field.

Education

PPL believes that provision of quality education has a key role in changing the lives of the communities. Thereby, PPL has always invested in promoting quality education, including availability of required infrastructure of existing facilities around operational areas. The company has:

- Continued to operate Sui Model School & Girls College, Dera Bugti, benefitting over 3,000 local students including over 100 female students at girls college.
- Contributed financial support for operations of Virtual University campus at Sui town, while 5 deserving students were awarded scholarships for degree programme.
- Contributed financial support for three PPL-TCF primary and one secondary schools at Kandhkot, benefitting over 784 students.
- Contributed for operations of e-learning facility at Sui Model School & Girls College, Sui.
- Provided teachers at two Government Primary Schools near Mazarani Field, District Kambar Shahdadkot.
- Supported establishment of Centre of Excellence for Research, Development and Training at University of Engineering and Technology (UET), Lahore.
- Provided transport facility to students at FC Public School, FG Public High School and Taleem Foundation School in Sui town.
- Supported 40 deserving students from Balochistan to continue their education at Aligarh Public School and College, Lahore.

In addition, PPL executed numerous educational infrastructure programs, including construction and rehabilitation of classrooms, academic blocks, school buildings, provision of school bags and upgradation of computer laboratory equipment and library books.

Scholarships Schemes

In order to encourage students residing around operational areas to pursue quality education, PPL has initiated various scholarship schemes, as under:

- Professional education scholarships awarded to 180 students belonging to districts of Dera Bugti, Kashmore, Sanghar, Matiari, Chakwal, Rawalpindi and Attock. During the year, 65 new students were awarded scholarships.
- Awarded 4-Year scholarships from grade 9 to 12 to 71 students belonging to Balochistan.
- A female alumnus of Sui Model School & Girls College was awarded scholarships to study medicine.
- 11 youth from District Matiari were awarded scholarships to obtain City & Guilds diploma scholarships at The Hunnar Foundation.
- Sponsored 39 deserving youth, belonging to PPL operational areas for a 6-months extensive IT / e-skill training programme.

Quality Health & Wellbeing

PPL strives to establish or strengthen healthcare system so that its host communities get good quality healthcare facilities in a timely, affordable and accessible manner. To this end, the Company:

- Sponsored operations of PPL Public Welfare Hospital at Sui that benefited over 135,000 local patients during the year.
- Benefitted over 126,000 local patients through regular operations of mobile medical dispensaries near PPL's Kandhkot, Mazarani, Gambat South, Hala and Dhok Sultan fields.
- Benefited over 15,000 local patients through operations of dispensary at Mastala, near Adhi Field.
- Held free surgical eye camps at Sui, Dera Bugti, Kandhkot, Kambar, Shahdadpur, Adhi (Tehsil Gujar Khan) and Dhok Sultan which benefitted over 25,000 patients, in addition to multiple eye & ENT camps at different villages in vicinity of Adhi field.
- Sponsored purchase and repair of instrument for chest pain unit (NICVD) Kashmore.
- Sponsored purchase of two ambulances for NICVD Kashmore.
- Established Trauma Centre at Khuzdar, which is being operated by Balochistan Medical Emergency Response Centre (MERC).
- Contributed towards purchase of ambulance for RHC Daultala, District Rawalpindi, near Adhi Field.
- Contributed towards provision of equipment and fixture at RHC Chhab, near Dhok Sultan Field, District Attock.
- Contributed towards provision of ultrasound machine to BHU Dhong, near Adhi Field, District Rawalpindi.
- Extended support to Bait-ul-Sukoon Cancer Hospital, Karachi for operational cost of various treatment procedures.
- Financially supported The Society for the Prevention & Cure of Blindness to organize free-of-cost eye camps and cataract surgeries across Pakistan for deserving people.
- Extended support to Health, Education and Livelihood Promoters (HELP) for operations and upgradation of their 2 centres in Harnai and Loralai, Balochistan.
- Provided donation to SOS Children's Villages of Pakistan for purchase of essential equipment and material at SOS Children's Home Bedian Lahore.

Rural Development through Vocational & Skill Development

PPL envisages rural development activities as a process aimed to enhance the income generation and livelihood opportunities of our communities through skill development and technical education. In this regard, the following initiatives were undertaken:

- Support for operations of Vocational Training Institute at Sui which is benefitting 100 students.
- Financial support for operations of Computer Training Centre and Public Library at Sui.
- Support towards establishment and operationalization of Women Vocational Training Center at Okara, in collaboration with Behbud Association of Pakistan.
- Collaboration with Dawood Global Foundation to provide training to deserving youth of operational areas to pursue vocational digital skill training programme.
- Donation to The Benazir Bhutto Shaheed University of Technology and Skills Development Khairpur Mirs for purchasing equipment for their Water Quality Testing Laboratory.

Environment & Clean Energy

PPL strongly believes in protection, conservation and betterment of environment in its operational areas. Therefore, it has integrated betterment of environment in our CSR Program. Its examples include powering 18 Reverse Osmosis (RO) filtration plants at District Sanghar and 13 water supply schemes at District Jamshoro, Hub and Kashmore through solar energy during the year. During the year, the Company planted 16,000 trees at Rawalpindi, Chakwal, Kalat & Sukkur.

During these plantation campaigns, livelihood opportunities also generated for farmers around PPL's operational areas.

Free Gas to Sui Town

PPL continues to supply free of cost natural gas to Sui town at a cost of Rs. 1.5 billion which is among the populous towns in the region and reducing household expenditure for locals.

Support for Persons with Disabilities

We, at PPL, believe in holistic development of individuals with disabilities to enable them to become part of the mainstream. To this end, the Company has been supporting reputable organizations over the years offering quality education, vocational training, socialization, emotional support, sports and integrated development to enable the challenged individuals, especially children to lead a quality life. To this end, the Company awarded 30 educational scholarships to special children of districts of Sanghar and Matiari, besides providing donations to Rising Sun Education & Welfare Society, Karachi Vocational Training Centre, Karachi Down Syndrome Programme and LABARD for training/education of children with special needs and for supporting ongoing initiatives.

Infrastructure Development & Sports

During the year, the Company also extended support in a number of infrastructure development projects including construction of streets, drainage lines across district Chakwal, Kashmore & Shahdadpur. Additionally, PPL supported Pakistan Tennis Federation for development of tennis infrastructure, sponsored Pakistan Blind Cricket team for participating in the World Games in UK and a Triangular tournament in the UAE.

CSR Recognition

For over 6 decades, PPL has been focusing on social value creation for deserving communities around its operational areas as well as urban centres to improve their quality of life. In recognition of PPL's diverse and inclusive CSR programme, Pakistan Centre for Philanthropy (PCP) has adjudged the Company with their prestigious, research-based Corporate Philanthropy Award for 18 consecutive years as one of the largest corporate givers between 2004 and 2022.

Future Plan

PPL will continue to work for development of its stakeholders, deserving communities residing around some of the remote areas of the country as well as urban centres, as part of its CSR Programme. The focus is on social transformation, value creation, innovation, deliverability and sustainability in our CSR projects to enable the deserving to lead a quality life. Thus, creating a better and brighter future for all stakeholders.

CSR (Voluntary) Guidelines, 2013

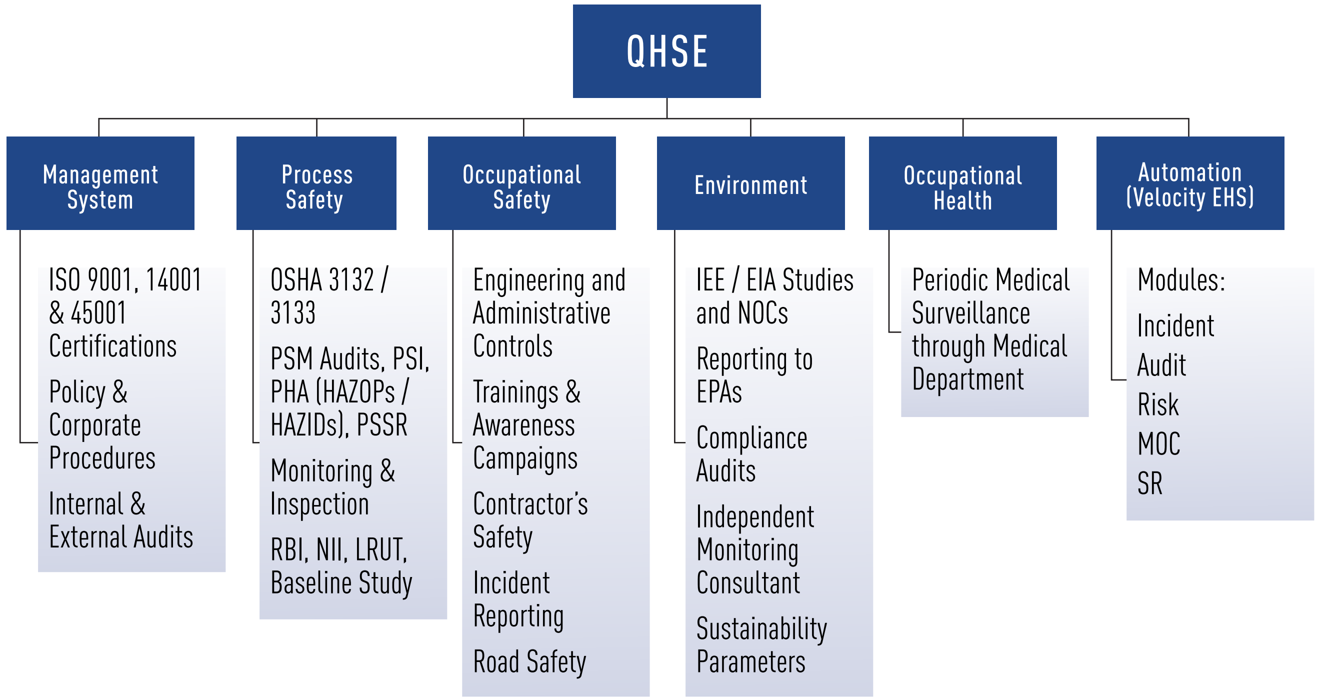
The Company is compliant with CSR (Voluntary) Guidelines, 2013 issued by the Securities and Exchange Commission of Pakistan (SECP).

Quality, Health, Safety and Environment

PPL has an established Quality, Health, Safety and Environment (QHSE) function which comprises of dedicated professionals. It develops plans and recommendations for policies and procedures to establish short- & long-term objectives with regards to company's Quality, Health, Safety & Environment strategy.

It also monitors compliance with the Company's specifications & industry standards for PPL operated assets / fields, makes impartial observations and renders professional advice where needed. Inspection plans of equipment are reviewed and Call out Agreements (CoAs) are in place for Third Party Inspection (TPI) of pipelines, vessels, tanks, lifting equipment, HAZOP and Environmental Monitoring.

Besides providing technical support to management at all levels for QHSE assurance in operations, works performance and asset integrity, QHSE Function inculcates safety awareness for legal compliance and adopting emerging best practices.



QHSE Management Systems:
QHSE Management System procedures, act as the backbone of all QHSE activities and initiatives. It provides basic framework, defining roles and responsibilities of various internal stakeholders regarding QHSE implementation in systemic manner.

For ensuring consistency, the fields and technical departments are certified against the international standards namely, ISO 9001 Quality Management System (QMS), ISO 14001 Environmental Management System (EMS) and Occupational Health & Safety Management System (OHSMS).

To sustain these certifications, all certified departments undergo regular internal and external surveillance audits, following which corrective measures are implemented, as required. Employees from cross functional domains are qualified as lead auditors for the above-mentioned certifications.

Key Initiatives and Plans
PPL aims at maintaining quality of business processes, ensuring health and safety of personnel, safe production, reliable operation and HSE regulatory compliance by promoting QHSE culture and inculcating industry best practices.

During reporting period, several technical audits and studies were conducted at different fields and locations as per annual plan including but not limited to:

- Process Safety Audit
- Fire Risk Survey
- Transport Safety Audit
- Environmental Compliance Audits
- HAZOP studies
- Top 3 HSE Risks

Further, Monitoring and Inspection (M&I) activities were undertaken to ensure integrity of the plant and equipment at PPL, including:

- Placement of call-out agreement for Piping and Pipeline Inspection Services
- Long Range Ultrasonic Testing (LRUT) of a Feeder-line
- Pipeline integrity assessment (Root Cause Analysis) of a Feeder-line
- Material inspection of buried feeder-lines at various locations
- Third Party inspection services for buried pipeline & piping
- Bottom plate replacement of a tank

Key trainings included but not limited to:

- Process Safety Management
- Incident Investigation & Root Cause Analysis
- QHSE automation software awareness sessions (new modules)
- Emergency response restrengthening

The continual improvement drive includes but not limited to Cost of Quality (CoQ), 5S audits, energy excellence framework, QHSE automation of manual processes, occupational health compliance assessments, KPIs, equipment integrity, and promotion of process safety best practices.

Environmental & Legal Compliance
In line with national and provincial environmental protection laws, PPL takes pride in complying the statutory requirements. Initial Environment Examination (IEE) and Environment Impact Assessment (EIA) studies are undertaken prior to initiating new projects. Besides, No Objection Certificate (NOC) is also acquired from concerned Environmental Protection Agencies (EPAs) before project execution.

Furthermore, HSE monitoring consultants and independent monitoring consultants are deployed at project sites depending upon environmental sensitivity of the project area. Legal compliance reports and HSE performance reports are acquired from site for review and record.

EPA approved external laboratories are engaged for taking gaseous emissions and liquid effluent samples at operated fields. Results of tests of these samples are then vetted and reported to concerned environmental authorities on defined frequency. There is an annual environmental monitoring plan in place to extend coverage to all identified emission sources.

Environmental Audits
PPL conducts dedicated environmental audit of its operated fields to proactively identify operational risks, environmental impacts, and areas of improvements. Emphasis is made on produced water disposal techniques, drilling waste management, site restoration and waste recovery options aligned with legal requirements and industry best practices.

During the reporting period, a detailed Environmental Impact Assessment Study was undertaken through a consultant at Adhi Field. The study included wide-ranging social survey, ecological survey as well as environmental sampling and testing around Adhi Plants, coupled with public health data analysis done by a medical doctor at local dispensary.

As a result of these audits and compliance monitoring, comprehensive plans were developed, resources allocated, and actions implemented to avoid harmful environmental effects. During the reporting period, PPL commissioned Water Injection Wells at Adhi Field. This is considered one of the best options for produced water disposal in deep recipient reservoir which has no connection with community aquifer.

At par with preventing significant injuries and process safety events, management has equal focus on avoiding major incidental spills. Strict monitoring is conducted at field and corporate level and any infractions are dealt with according to the prevailing procedures. Reflecting management's commitment towards environment, no major oil or hazardous chemical spill occurred during the reporting period. Spill contingency response was actively complied for minor leakages as and when occurred at work site.

Key Sustainability Initiatives

Velocity EHS - Sustainability Reporting Module
PPL realizes importance of automation of environmental database management for data calculations, gathering, monitoring, and reporting in line with international best practices. To this end, the Company has introduced Sustainability Reporting (SR) Module in Velocity EHS Software platform. SR Module encompasses online reporting of Greenhouse Gas (GHG) emissions, Ozone Depleting Substance emissions, Water Management including tracking of water withdrawal and its discharge for each water source, waste management including tracking from its generation till disposal and energy consumption.

PPL has benchmarked API Compendium of GHG Emissions Estimation Methodologies for the Oil & Natural Gas Industry (Edition 2021) for configuring emission factors and methodologies / equations into the Module for estimating GHG emissions from its operations. For output data and report format, PPL is using GRI Sustainability Reporting Standards to monitor their impacts on the environment.

Expected benefits include, but not limited, to online reporting, monitoring and analysing sustainability parameters, support compliance to various requirements of applicable standards. Management will have access to reliable reporting parameters / data for decision making and utilizing at appropriate forums for corporate image building.

CO2eq Savings per Annum:

Different projects at PPL Fields have improved energy / production efficiency and helped in reducing GHG emissions per annum including but not limited to:

- Waste Heat Recovery Unit (WHRU) at Adhi: 16,500 tonnes CO2eq
- Propane-based chillers at Adhi & Gambat South: 13,000 tonnes CO2eq
- Pipeline for utilizing associated gas at Dhok Sultan: 54,000 tonnes CO2eq
- 700 KVA Solar Plant at KPS: 400 tonnes CO2eq

Additionally, 105 kg CO2eq of GHG emissions have been conserved through digitizing QHSE records on Velocity EHS, considering a single print of each record avoided.

Clean Energy Initiatives

Green Hydrogen (GH2):

PPL signed an MoU to pursue Green Hydrogen opportunities with other companies and a joint working group led by PPL was formed to evaluate options and prepare recommendations for investment.

PPL as part of its diversification strategy is evaluating a 55,000 tonnes per annum GH2 project in Pakistan. The project aims at utilizing around 1,200 MW of Solar & Wind Hybrid Energy.

Solarization:

In the context of playing its part towards a greener planet, PPL is utilizing renewable energy options in various oil and gas applications, such as Well Control Systems, Supervisory Control and Data Access Systems and Cathodic Protection, particularly in remote areas.

During the year, PPL successfully installed solar plants & panels at Khewali Pumping Station, Adhi Nodal Compressor Station, Adhi wells and Mazarani field, with an overall capacity of around 1,350 KW. This initiative supports the goal of reducing the operational costs amid the rising electricity rates and underscores PPL's dedication to green energy and its endeavors to diminish carbon emissions

Voluntary Subscriptions

PPL is signatory to United Nation's Global Compact (UNGC) since 2006. Performance against global sustainability principles is submitted to the UNGC forum on yearly basis.

PPL participated in the Conference of Parties (COP 28) held in UAE, in 2023 and became a signatory of the Oil & Gas Decarbonization Charter (OGDC) during the event. Since its subscription, PPL management is regularly attending proceedings of the OGDC member companies. Also, workshops are held internally to sensitize staff on sustainability topics in wider context.

Other Efforts

Tree plantation and celebrations of world environmental events are a regular feature at PPL. Staff engagement at all levels are encouraged to participate in sustainability related activities. Furthermore, PPL does not flare associated gas in its operations during production of oil. e.g. at Dhok Sultan oil producing field, PPL has laid down pipeline to recover associated gas instead of flaring. This results in Zero Routine Flaring at PPL as per World Bank's definition and Oil & Gas Decarbonization Charter (OGDC) requirements.

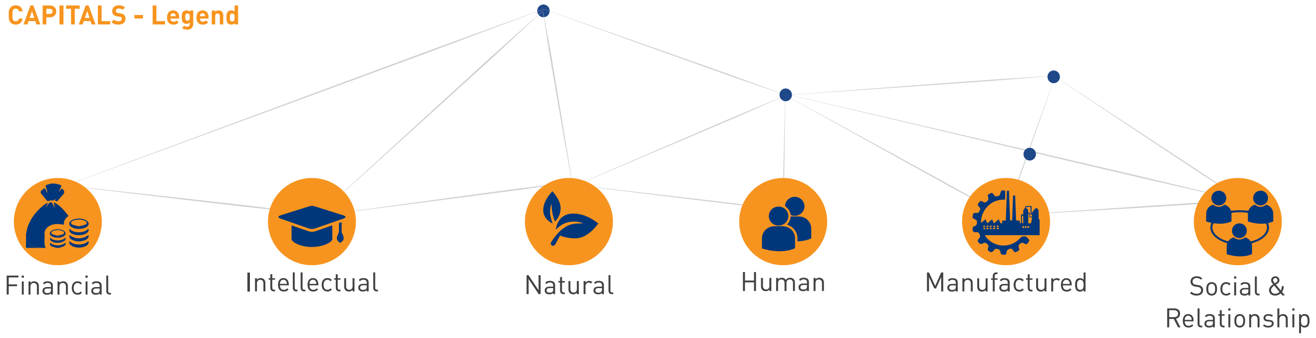
Risks and Opportunities Report

Key Risks faced by PPL

The following is a brief account of key risks faced by the Company, along with an assessment of the likelihood that the risk will materialize, the possible magnitude of the risks, mitigations during 2023-24, strategy to contain their impact within the Company's risk appetite and the capital that would be impacted if the risk materializes.

These key risks encompass a wide range of environmental, social, and governance (ESG) factors that can impact the long-term viability and success of the organization. Environmental (**E**), Social (**S**) and Governance (**G**) classification, which highlights the sustainability aspect of each relevant risk, is mentioned below, where relevant. These risks are interconnected and can have significant financial, operational, and reputational impacts on the organization if not treated. The Company views the need to address the sustainability risks as essential for long-term business success and resilience.

CAPITALS - Legend



Risks Category	Risks & Categorization	Impact and Likelihood	Mitigation Strategy and Performance	Capitals Impacted
Strategic Risks	**INTERNAL** • Inadequate or unsuccessful exploration activities	• Failure in maintaining the target Reserves Replacement Ratio	• Exploration acreage expansion through participation in domestic bid rounds while sharing costs and risks with reputable partners. Successfully acquired two blocks (one as Operator and one as JV Partner). • One Gas Discovery was made during the year in Jhim East-1 drilled in Shah Bandar Block.	 
	• Delay in monetization of discoveries	• Reduced economic value	• Internal operations are being optimized to accelerate the commercialization of discoveries.	
	EXTERNAL • Limited domestic exploration potential and lack of blocks with good prospects.	• Failure in maintaining the target Reserves Replacement Ratio	• International opportunities, such as participation in bid rounds and farm-ins, are being assessed for portfolio balancing.	
	• Fast emerging new technologies and trends that may gradually replace the use of fossil fuels, or any other event that may lead to diminishing revenues from core business.	• Reduced revenues from core business due to low oil and gas prices. These risks have moderate to high likelihood.	• PPL is focusing on diversifying into the Minerals Sector to boost revenue from alternate income streams. In 2023-24, the Company formed a joint venture in the Chagai Mineral Belt with Degan Exploration Works, applied for five exploration licenses in Chagai district, and is advancing BLZ and Nokkundi Iron Ore projects. Additionally, a Bankable Feasibility Study is underway for the Reko Diq project.	

Risks Category	Risks & Categorization	Impact and Likelihood	Mitigation Strategy and Performance	Capitals Impacted
Financial & Commercial Risks	**EXTERNAL** • Delays in settlement of Company's dues by its customers, due to circular debt issues.	• Deteriorating circular debt affects the Company's ability to add desirable economic value for the shareholders	• Cash collection improved significantly in 2023-24 due to increased consumer gas prices and intensive engagement with stakeholders.	
	• Amendment in Petroleum Policy 2012 resulting in retrospective imposition of Windfall Levy on Oil (WLO) in Tal Block.	• Additional cash outflows for payment of WLO retrospectively.	• Imposition of WLO has been challenged in the Court of law.	
	• Exchange rate volatility	• Exchange rate affects both revenues and costs	• The Company is hedged against the devaluation of exchange rate as it impacts its revenues also. However, the effect of the exchange rate on realized cashflows is delayed in case of gas.	
	• Crude Oil price volatility	• Crude oil price volatility affects revenues and profitability These risks have a high likelihood except the potential WLO.	• The effect of crude oil price on revenues is not linear in case of gas, as the gas pricing is based on a sliding scale.	
Operational Risks	**INTERNAL** • Production decline from mature fields due to natural depletion.	• Failure in achieving production targets and project value erosion	• The Sui Compression Revamp Project has been completed, enhancing reserve recovery from Sui field. Drilling of development wells in producing fields continued, with 4 wells drilled in operated and 3 wells in Partner Operated areas to optimize production.	
	EXTERNAL • Low customer offtakes from Kandhkot field.	• Delayed revenues and high OPEX per BOE	• Low customer offtakes remained a challenge in 2023-24. The Company is taking necessary steps for reallocation of Gas to another party.	
	• Expiry of producing fields' leases prior to economic cut off.	• Failure to achieve maximum hydrocarbon recovery.	• The Government is actively engaged and being followed up for grant / renewal of D&PL for Sui.	
Operational Risks (Continued)	• Reserves migration in producing fields across lease boundaries.	• Accelerated depletion of PPL fields, and loss of economic value.	• Reserves migration studies are underway, along with stakeholder engagement, to address migration issues and optimize production strategies. • With regards to the reserves migration in Gambat South, legal counsel has been engaged for settlement of issues.	
	• Operator non-performance in certain partner operated ELs	• Sub-optimal return on investment in partner operated areas. These risks have moderate to high likelihood.	• Active engagement with JV partners for optimal performance	
Regulatory & Compliance Risks	**INTERNAL** • Non-compliance with applicable laws, rules, regulations, procedures, and policies resulting in inquiries, penalties, legal actions, or reputational damage etc. (**G**)	• Penalties leading to suspension of licenses or regulatory approvals in extreme cases. • Reputational damage.	• All departments are required to ensure compliance with applicable laws and procedures. Review mechanisms are in place to identify instances of non-compliance, if any.	
	EXTERNAL • Delay in requisite approvals from the Government for allocation of oil and gas from new discoveries.	• Opportunity cost / financial loss for the Company These risks have low to moderate likelihood.	• Regulatory authorities are being actively engaged and followed up to secure the necessary NOCs for carrying out work program.	

Risks Category	Risks & Categorization	Impact and Likelihood	Mitigation Strategy and Performance	Capitals Impacted
Environment, Safety & Security Risks	**INTERNAL** • Major accidents due to human error or system failure. (**S**) • Spills or release of toxic waste into environment (**E, S**) **EXTERNAL** • Security incidents at locations (**S**) • Bio-security threats, such as COVID-19 pandemic (**E, S**)	• Injuries, fatalities, disruption of operations and associated losses • Damage to the environment leading to punitive actions by regulatory authorities and reputational damage • Disruption in exploration and production operations • Fatalities These risks have low to moderate likelihood.	• QHSE department has implemented controls to reduce the likelihood of any such incident. • No major environmental incidents occurred during the year. • Continuous liaison with law enforcement and intelligence agencies is maintained, along with improvements to security infrastructure at well sites. • No fatalities occurred due to the pandemic this year. Compliance with biosecurity protocols is being consistently observed as needed.	
Climate Risk	**EXTERNAL** Physical risks arising due to severe climatic events, such as floods, cyclones, storms, droughts, heatwaves, etc. (**E, S**)	• Disruption in exploration and production operations • Potential fatalities These risks have low to moderate likelihood.	• Business Continuity Plan is maintained. Immediate corrective action plan is taken where necessary.	
Technology Risks	**EXTERNAL** • Cybersecurity breach of digital IT & Operational Technology (OT) systems. (**G**)	• Loss or misuse of data or sensitive information, business / production disruption These risks have low likelihood.	• There were no IT or OT cybersecurity breaches during the year. IT vulnerability assessments and penetration testing are conducted annually, while OT cybersecurity assessments and safeguard enhancements were performed at multiple facilities.	

Risks Category	Risks & Categorization	Impact and Likelihood	Mitigation Strategy and Performance	Capitals Impacted
Human Resource Risks	**INTERNAL** • Low Employee Engagement and/ or uncompetitive benefits (**S, G**)	• Increasing staff attrition and declining employee morale affecting Company's performance This risk has moderate to high likelihood.	• Employee Engagement Survey (EES) is conducted annually, and steps are being taken to reduce staff attrition rate and boost employee morale.	
Reputation Risks	**EXTERNAL** • Negative Publicity / media coverage damaging Company's reputation. (**S**)	• Loss of confidence of stakeholders. This risk has low to moderate likelihood.	• The Company proactively engages with all stakeholders and takes extensive measures to prevent any incidents that could harm its image.	
Supply Chain Risks particularly arising from ESG incidents	**EXTERNAL** • Macro-economic trends, such as delays in opening of LCs due to Forex issues • Geopolitical events, such as war, political instability, etc. that may disrupt global supply chain • Societal or communal disturbances (**E, S**)	• Supply chain disruptions • Reputational damage • Disruption in operations • Effect on Country's energy security These risks have low to high likelihood	• The Company diversifies its sources to reduce single-supplier dependencies and focuses on establishing sustainable and local sourcing mechanisms for reducing the risks associated with long-distance supply chains. • Company carries out regular supplier risk assessment and evaluation. This includes geopolitical risk assessments for anticipating potential issues and making proactive decisions. • Pro-active monitoring of societal disturbances is carried out in each of the fields.	

KEY OPPORTUNITIES

The Company is committed to sustainable growth and value creation. To achieve these objectives, PPL is actively pursuing a strategic expansion plan that involves both organic growth in our core business and strategic diversification into complementary sectors. By leveraging our existing strengths and capitalizing on emerging opportunities, the Company aims to enhance its market position and deliver long-term value to stakeholders.

Core Business

The Company is dedicated to expanding its regional footprint and exploring new business avenues both domestically and internationally. By leveraging its existing expertise and resources, we aim to capitalize on emerging opportunities and drive growth in our core operations.

a. **Domestic Offshore Exploration:** The Company is actively focusing on domestic offshore exploration, particularly in shallow waters, where we have identified promising prospects within our risk tolerance. Having secured operatorship in the Offshore Indus C block, we are diligently evaluating its strategic potential in both local and global markets.

b. **Upcoming Bidding Rounds:** The Company will continue to actively participate in upcoming domestic and international bidding rounds to expand its prospect portfolio and drive future growth in its core business. By strategically selecting opportunities that align with our investment criteria, we aim to enhance our market position and secure long-term value.

c. **International Exploration:** The Company is actively exploring international exploration opportunities to expand its geographic footprint and diversify its risk profile. The Company aims to identify and acquire high-quality assets in regions with favorable geological conditions and supportive regulatory frameworks. PPL's international exploration efforts will focus on areas with proven hydrocarbon potential and strong growth prospects.

Diversification

In addition to our core business, the Company is actively pursuing diversification initiatives to strengthen our financial position and reduce our reliance on a single sector. By expanding our operations into complementary areas, we aim to create new revenue streams, mitigate risks, and capture growth opportunities. Our diversification strategy focuses on leveraging our existing expertise and resources to identify and pursue attractive investment opportunities.

a. **Mineral Exploration and Development:** PPL is progressing on initiating the Barite, Lead, and Zinc (BLZ) development project, which has the potential to generate consistent revenues and positive economics.

b. **Reko Diq Copper and Gold Project:** Building upon our existing presence in the minerals sector, the Company has expanded its portfolio by entering into the Reko Diq copper and gold mining project during last year. It is operated by Barrick Gold Corporation and we aim to build upon this strategic partnership to deliver the world-class Reko Diq project.

c. **Midstream Investments:** The Company is actively considering strategic partnership opportunities in the Midstream sector, with a particular focus on joint investments in greenfield refinery projects. By participating in these projects, we aim to create additional revenue streams and enhance our value chain.

d. **Energy Projects:** The Company is exploring investment opportunities in the energy sector, with a focus on renewable energy and hybrid power solutions to supplement our mining sector. These projects align with our commitment to sustainability and provide potential for long-term growth and diversification.

STAKEHOLDERS' ENGAGEMENT

The Company ensures timely, open and transparent communication with all of its stakeholders through interactions at multiple levels. The Company regularly monitors its relationship with stakeholders which include all entities having direct or indirect relationship with the Company's business. The Company's major stakeholders and their engagement process is depicted below:

Shareholders

- Annual General Meeting including Q&A session to address shareholders' queries
- Extraordinary General Meetings for special resolution approvals from shareholders of the Company
- Investors' section on the Company's website contains financial reports, financial highlights, financial calendar, notices, proxy forms etc

Regulators

- Engagement with Ministry of Energy (Petroleum Division) for approvals and interventions
- Engagement with OGRA for price notifications
- Regular notices on PSX website
- Compliance with SECP requirements
- Engagement with regulatory bodies at Provincial level
- Engagement with tax regulators

Employees

- Team building sessions to improve communication
- Regular Training & Development of staff through physical and online courses
- Employee engagement activities including annual dinner and family picnic
- Communication to employees through Corporate Intranet
- Engagement survey & townhall
- Monitoring through KPI and Balanced Scorecard

Local Communities

- Infrastructure development in the communities we operate in, including roads, schools, health care facilities etc.
- Free supply of Gas and Water to the locals
- Job creation for the local communities
- Skills development for the unemployed youth in partnership with local NGOs including scholarships
- Vocational training institutes

Financial Institutions

- Company maintains relationship with the bankers to facilitate financial transactions, payments and receipts
- Other financial institutions are also engaged for investment of funds
- Economic analysis and forecasts

Customers/ Suppliers

- Regular meetings with customers i.e. gas and LPG distributers, refineries etc.
- Various Pre-and Post-bid meetings are held with the suppliers to clarify bid requirements
- Transparent bidding process and query resolution through online portal
- Grievance committee reviews supplier grievances

Analysts/Media

- Analyst briefing is held to share details regarding results of the Company, its upcoming plans and to address the queries of analysts
- Media engagement is managed through Corporate Communication department
- Various interviews and news paper articles are posted through media outlets

Joint Venture Partners

- Active engagement through Operational Committee / Technical Committee meetings
- Peer reviews of major investment and work program decisions
- JV audits

Needs and Interests of Key Stakeholders

The Company strives to adequately address the needs and interests of its key stakeholders:

- Shareholders' requirement of return on their investment is met through steady stream of dividends, although the payout has been low amid the circular debt.
- Shareholders are given adequate opportunity to be heard and get their queries resolved.
- Healthy relationships are maintained with the regulators by timely meeting the regulatory requirements.
- Any investor complaint is handled by a dedicated department set up in the Company.
- Local communities are given the opportunity to identify their needs which are fulfilled through best-in-class CSR program.
- Employee needs are fulfilled by giving them adequate reward for their performance.
- Information requirements of analysts/media is fulfilled by holding analyst briefing session.
- The Company also regularly interacts with its JV partners for deciding on key decisions in the operating blocks.
- Queries raised last year in the AGM were addressed appropriately.

Future Outlook

Forward Looking Statement

PPL is committed to being a cornerstone of Pakistan's energy security while driving sustainable growth and maximizing value for all stakeholders. Our strategy is centered on building a diversified energy portfolio that addresses the nation's evolving energy needs and environmental challenges.

To achieve this, PPL is focusing on consolidating its core upstream assets, both domestically and internationally, while exploring new frontiers through joint ventures and strategic partnerships. The Company is also expanding its footprint into value-added segments of the energy value chain and diversifying into minerals and energy value chain to ensure a stable revenue stream and resilience to market fluctuations.

PPL's exploration strategy is characterized by a balanced approach combining high-impact, high-risk exploration with proven basin development. The Company is actively pursuing opportunities in frontier basins like Kalat, Margand, Baska, Musakhel and Indus Offshore, where significant hydrocarbon discoveries could reshape the Company's reserves base. To de-risk these ventures, we are conducting extensive 2D and 3D seismic surveys and initiating an aggressive drilling program across multiple blocks.

Simultaneously, the Company is optimizing production from its existing fields through workovers, interventions, and new development wells to mitigate natural decline. Recent investments in compression facilities demonstrate our commitment to maximizing recovery from mature assets.

PPL's international expansion strategy focuses on securing strategic assets in regions with proven hydrocarbon potential. We have an aggressive exploration and appraisal program in Abu Dhabi's Block 5 and are actively exploring other opportunities to grow our global footprint.

PPL's participation in the BLZ and Reko Diq projects represents significant growth opportunities in the mining sector. Additionally, Company is exploring avenues to enter the refining as well as renewable energy space aligning with our commitment to sustainability.

While the management is optimistic about growth prospects, it acknowledges the challenging economic environment characterized by high interest rates, inflation, and exchange rate volatility. PPL's USD-denominated revenue stream provides a degree of protection from these pressures. However, political stability remains crucial for creating a conducive business environment that supports long-term investment and growth.

PPL is committed to being a responsible corporate citizen. The Company's social investment programs focus on improving the lives of underprivileged communities through initiatives in healthcare, education, and skill development. The Company is also dedicated to environmental stewardship and are actively exploring low-carbon opportunities to contribute to a sustainable energy future.

By executing on this strategic vision, the Company is confident in its ability to deliver exceptional value to its shareholders, employees, and the communities.

Effect of External Environment on Company's Business

During the year, Pakistan continued to grapple with high interest rates, persistent inflation and a weakened currency. These factors contributed to the ongoing strain on the country's current account deficit while global inflationary pressures, intensified by geopolitical tensions in the Middle East and Europe, further hindered Pakistan's economic recovery and growth. However, it is worth mentioning that the Company's revenues and majority of the costs are USD denominated. Therefore, rising oil prices and devaluing currency has a net positive impact on the Company's bottom-line. However, the impact on cash flows is not proportional due to circular debt and levies which are paid on accrual basis. Political stability to maintain conducive economic environment in the country is essential and will enable the continuity of economics policies and strategic direction, especially the resolution of circular debt.

In the social space, the Company will continue its efforts to support underprivileged communities by addressing developmental gaps in critical areas such as healthcare, education, and skill development. We are equally committed to safeguarding the environment in which we operate by ensuring strict compliance with and monitoring of environmental regulations. Additionally, the Company is pursuing opportunities in low-carbon sectors, including renewable energy.

Performance of the Company as against forward looking disclosures made last year

The Company successfully completed 2D seismic acquisitions in Kalat, Musakhel, and Margand blocks. These acquisitions will support in evaluating potential areas for future drilling plans.

In addition, the Company exceeded its goal of drilling five wells by successfully drilling seven exploration and appraisal wells, with the Jhim East well announced as a discovery. Furthermore, three exploration and appraisal wells were drilled by its associated companies.

To sustain production levels in existing fields and mitigate natural decline, four development wells were drilled in the Company's operated areas, including three wells in the Adhi block and one in the Hala block. Additionally, three development wells were drilled in partner-operated areas, specifically in Tal, Latif, and Kirthar blocks. The revamping of the SML compression project has also been completed, increasing the field's production capacity by approximately 19 MMscfd.

As part of its ongoing efforts to drive growth in core operations, the Company participated in the Pakistan Bid Round, securing one block as operator and OGDCL as partner, and one partner-operated block where POL is the operator. This is in addition to the Baran block, where the Company farmed-in as a non-operating partner.

Efforts to sustain production in ongoing wells have led to notable advancements in the Company's operated assets, including surface network capacity enhancements and optimization efforts that have increased production potential, particularly in mature fields. Successful interventions across multiple fields have helped curb natural depletion and optimize output.

Internationally, the Company-led consortium (PIOL) drilled two appraisal wells in offshore Block 5 in Abu Dhabi, with one exploration well scheduled for completion in 2024-25. This block has the potential to provide a steady stream of USD-denominated cash flows for all consortium partners in the medium term.

In terms of diversification, the Company signed a joint venture agreement with Degan Exploration Works to explore and develop mineral resources in Balochistan. Additionally, the Company has submitted applications for new mineral exploration licenses in Balochistan.

Regarding the Reko Diq project, a comprehensive feasibility study is underway and is expected to be completed by the end of 2024. Project financing arrangements are progressing, with construction scheduled to follow. The first production from the project is anticipated by 2028.

Sources of Information and Assumptions used for projections / forecasts

The Company uses various internal and external sources to derive assumptions for projections and forecasts to formulate its business plan and work program. These include field life profiles, local and international analyst reports, publications of International Energy Agency and economic survey of Pakistan.

Responding to challenges and uncertainties

The Company has robust operational processes and thorough risk management procedures to handle uncertainties. Detailed contingency planning at the fields is ensured to minimize the impact of disruptions. The Company's fields have also obtained various ISO certifications to improve the operating standards. Strict compliance of Quality, Health, Safety and Environmental procedures is also ensured.

Impact of policies of Government of Pakistan

PPL is majorly owned by the Government of Pakistan (GoP) and therefore some of the directors on the Company's board are appointed by GoP. These directors represent the perspective of the majority shareholder.

Matters included in the Integrated Report

As per the Integrated Reporting framework, the Company includes all significant and material matters while deciding on matters to incorporate in its Annual Report. The Company endeavors to present all material information in a balanced way.

Legislative and Regulatory environment affecting the Company

The Company being in oil & gas exploration and production business is working under a strict legislative and regulatory environment with oversight by multiple regulatory bodies over the Company's business. The Company abides by the regulations applicable on it including fulfilling the environmental, social, health and safety requirements.

Political environment affecting the Company

The Company's major business is in Pakistan and political stability is critical for the Company as majority of the policies affecting the Company's business including recoveries from customers require political consensus. The Company also operates in UAE and Yemen. Politically, UAE is an investor friendly jurisdiction, whereas there is a force majeure in Yemen due to political instability and security reasons due to which the exploration activities are currently suspended.

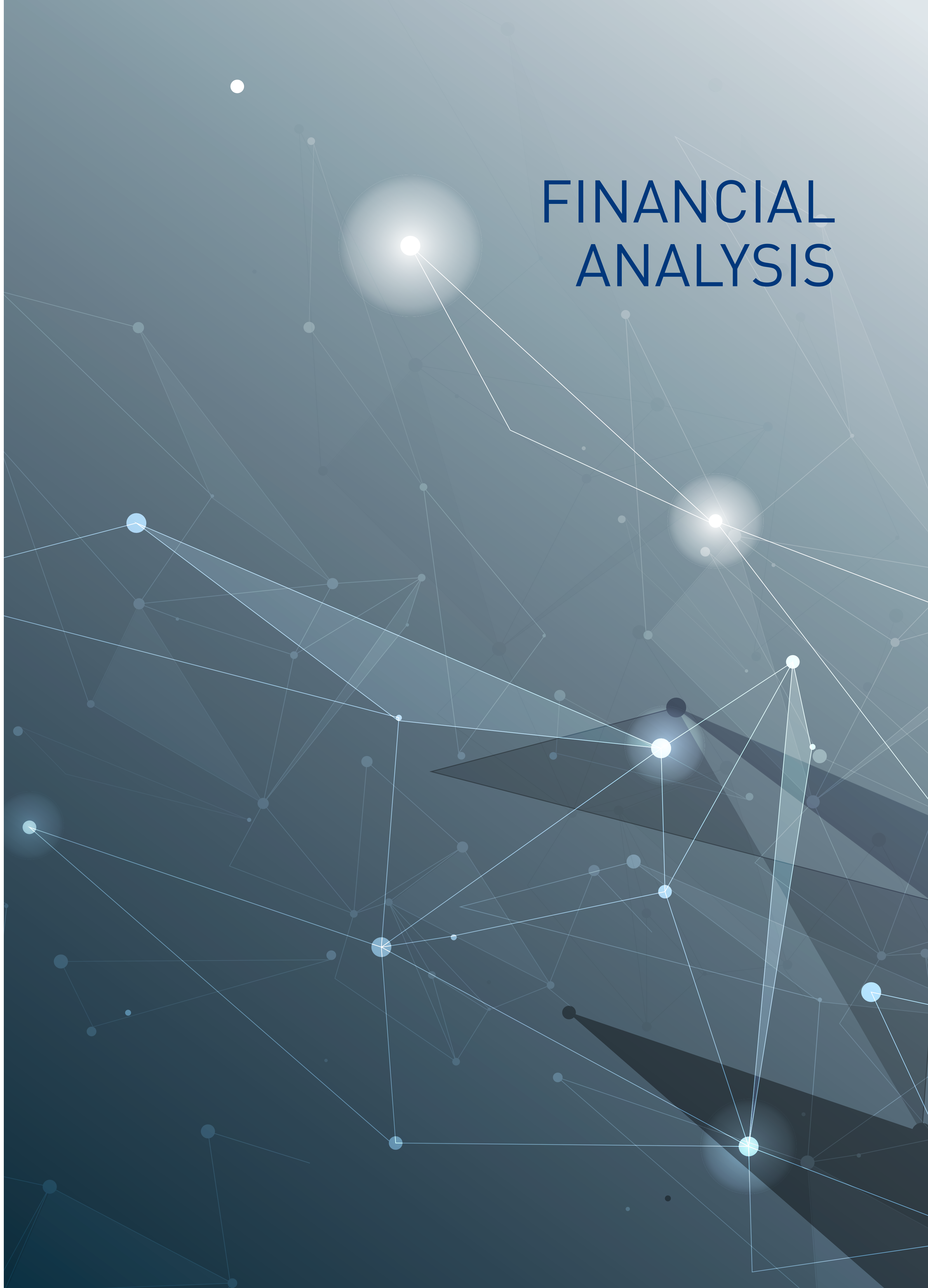
Significant changes in environment affecting the Company from prior years

The ongoing geo-political tensions in Middle East and Ukraine have impacted global economics driving the costs upwards. Pakistan being net importer in the energy value chain has been significantly affected due to the sustained increased costs of oil and LNG that has resulted in a significant dent to its balance of payments.

The collections from customers improved significantly during the year due to consecutive gas price increases by the Government of Pakistan. Furthermore, the PKR exchange rate remained relatively stable during the year after touching historic highs. When compared to last year, the PKR devaluation had a significant, net-positive impact on the Company's revenues.

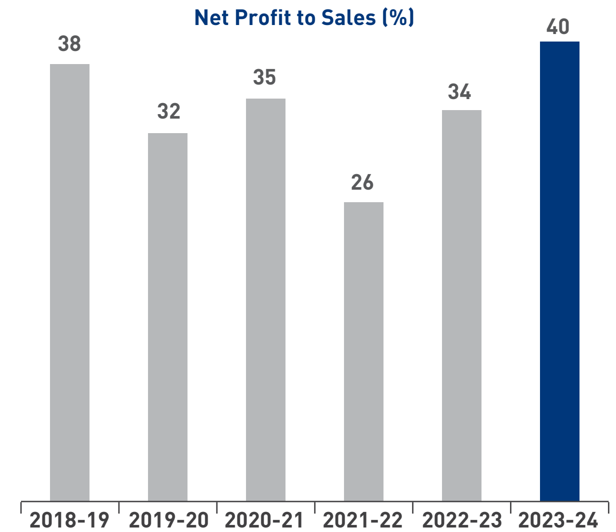
Effect of seasonality on business

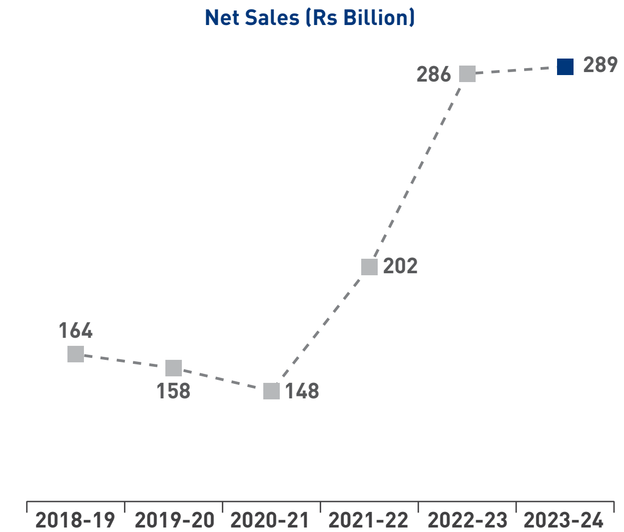
Seasonality has no significant impact on the production or sales of the Company since our products are mainly commodities and are produced throughout the year at capacity.

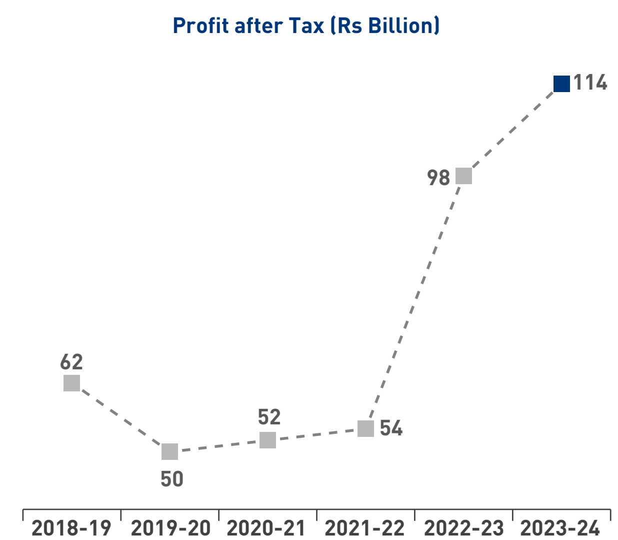


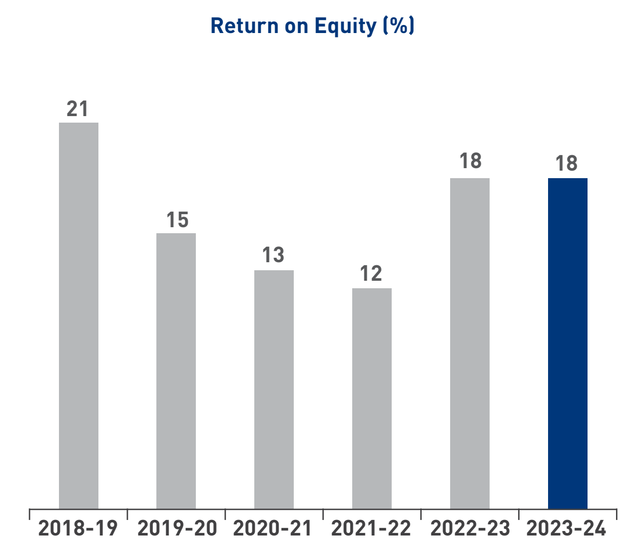
SIX YEARS' SUMMARY

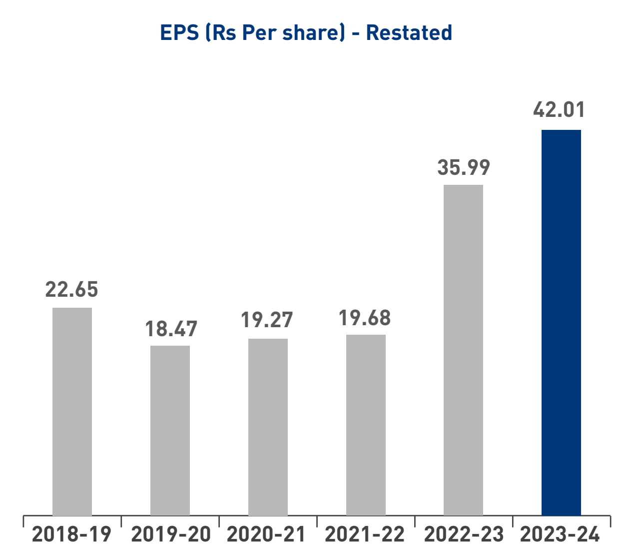
		2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Financial Performance							
Profitability							
EBITDA Margin to sales [1]	%	62	60	59	59	66	**63**
Operating Leverage	%	88	294	45	118	163	**(424)**
Pre tax Margin	%	49	45	46	49	58	**55**
Net profit to sales	%	38	32	35	26	34	**40**
Gross Profit ratio	%	61	58	58	65	67	**66**
Return on Equity	%	21	15	13	12	18	**18**
Return on Capital Employed	%	22	17	15	20	27	**23**
Operating Performance / Liquidity							
Total assets turnover [9]	times	0.42	0.34	0.29	0.35	0.40	**0.34**
Fixed assets turnover	times	1.04	0.99	0.97	1.42	2.09	**2.14**
Debtors turnover [9]	times	0.95	0.69	0.61	0.64	0.63	**0.56**
Debtors turnover [9]	days	385	529	601	571	576	**649**
Current ratio [9]	ratio	3.99	4.03	4.42	3.57	3.35	**3.59**
Quick ratio [9]	ratio	3.95	3.98	4.36	3.52	3.31	**3.55**
Cash to Current Liabilities [9]	times	0.39	0.24	0.81	0.26	0.27	**0.47**
Cash flow from Operations to Sales	times	0.26	0.19	0.36	0.20	0.05	**0.28**
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	144.43	86.78	86.83	67.51	59.14	**117.11**
- Low during the year	Rs	143.00	68.65	76.85	64.22	51.05	**63.58**
- High during the year	Rs	220.15	154.49	106.05	90.00	83.84	**137.90**
Breakup value per share	Rs	131.69	126.65	143.53	159.82	198.73	**235.05**
Basic and Diluted EPS [3 & 6]	Rs	27.18	18.47	19.27	19.68	35.99	**42.01**
Basic and Diluted EPS - Restated [3 & 6]	Rs	22.65	18.47	19.27	19.68	35.99	**42.01**
Price earning ratio [7]	ratio	5.31	4.70	4.51	3.43	1.64	**2.79**
Cash Dividend Yield	%	1.38	1.15	4.03	2.96	4.23	**5.12**
Cash Dividend Cover Ratio	times	13.59	18.47	5.51	9.84	14.40	**7.00**
Price to Book Ratio	times	1.10	0.69	0.60	0.42	0.30	**0.50**
Debt Equity Ratio [4]	ratio	-	-	-	-	-	**-**
Weighted average cost of debt [4]	%	-	-	-	-	-	**-**
Interest Cover Ratio [4]	ratio	-	-	-	-	-	**-**
Financial Leverage Ratio [4]	ratio	-	-	-	-	-	**-**
Employee Productivity Ratios							
Production per employee	MMscfde	0.35	0.32	0.32	0.31	0.32	**0.28**
Revenue per employee	Rs million	58.8	57.7	55.9	77.4	112.97	**111.50**
Staff turnover ratio	%	1.3	1.2	0.5	0.8	1.1	**1.7**
Summary of Statement of Profit or loss		**Rs Million**					
Sales - Gross (including Govt. levies)		189,010	183,850	172,507	235,240	327,050	**328,278**
Sales - Net (excluding Govt. levies)		163,890	157,593	148,429	202,199	286,480	**288,797**
Profit before Tax		79,931	70,485	68,582	98,131	165,601	**159,782**
Profit after Tax		61,632	50,256	52,431	53,546	97,937	**114,309**
EBITDA [1]		101,487	95,047	87,847	120,223	188,633	**183,050**











Analysis

This year, the profit after tax (PAT) has shown an impressive increase of over PKR 16 billion when compared to last year. This growth is mainly due to lower tax charges in the current period on account of reversal of provision for depletion allowance because of favourable court decision. Sales revenue showed slight improvement from last year driven by favorable exchange rate variance which rose by more than 14% on average over the year. However, this positive impact was largely offset by lower volumes, mainly due to reduced offtakes by GENCO-II in Kandhkot and LNG back pressure.

The increase in net profit has also led to a higher net profit margin. This is again attributed to lower tax and exploration expenses during the year, combined with lower royalties and levies expenses. Despite the higher profit, the return on equity (ROE) remained unchanged from the previous year, as net profit and reserves increased by the same percentage.

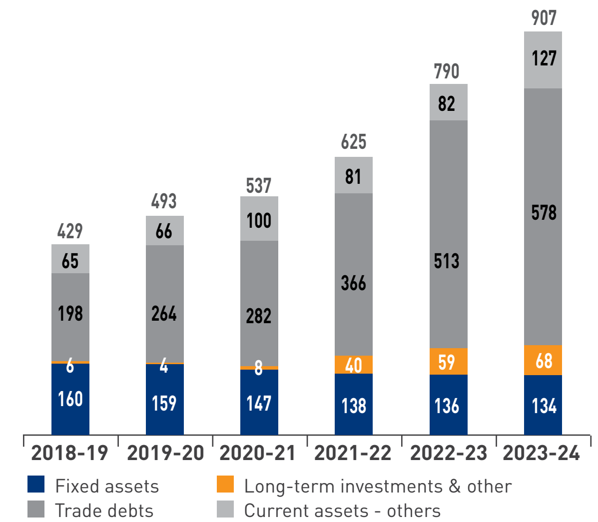
Higher PAT has also translated into higher EPS, given the fact that there is no change in number of ordinary shares in issue.

SIX YEARS' SUMMARY

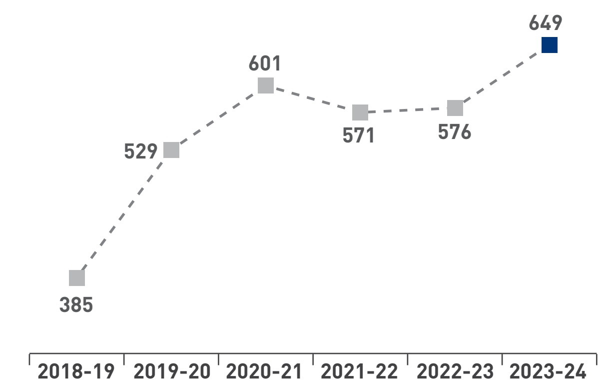
		2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Corporate Distribution							
Dividend - Interim	Rs million	-	-	4,081	4,081	2,721	**9,523**
- Final	Rs million	4,535	2,721	5,442	1,360	4,081	**6,802**
Cash Dividend per share [5]	Rs	2.00	1.00	3.50	2.00	2.50	**6.00**
Cash Dividend Payout Ratio [5 & 7]	%	7.36	5.41	18.16	10.16	6.95	**14.28**
Bonus [5]	Rs million	4,535	-	-	-	-	**-**
Bonus Issue [5 & 8]	%	20	-	-	-	-	**-**
Summary of Statement of Financial Position		Rs Million					
Share Capital		22,675	27,210	27,210	27,210	27,210	**27,210**
Reserves		275,934	317,388	363,318	407,665	513,538	**612,364**
Shareholders' funds		298,609	344,598	390,528	434,875	540,747	**639,573**
Non - Current Liabilities		64,744	67,011	59,841	64,759	71,605	**71,334**
Current Assets [9]		262,544	330,790	382,035	446,840	594,749	**705,349**
Current Liabilities [9]		65,732	82,068	86,515	125,312	177,758	**196,541**
Property, Plant & Equipment		159,842	158,659	146,584	137,840	135,860	**134,020**
Long Term Investments		6,093	3,798	7,992	5,976	59,367	**67,852**
Stores and Spares		3,147	4,061	4,568	5,496	5,929	**6,862**
Trade Debts [9]		198,177	263,927	282,285	365,792	513,033	**577,586**
Short term investments		47,435	51,411	85,012	66,407	62,105	**104,767**
Cash and bank balances		8,022	5,160	4,243	3,723	6,106	**7,074**
Summary of Statement of Cashflows							
Cash and Cash equivalents at the beginning of the year		35,258	25,719	19,726	69,910	32,930	**47,757**
Net Cash generated from operating activities		42,082	30,322	53,546	41,242	13,096	**80,879**
Net Cash generated from / (used in) investing activities		(48,558)	(31,729)	3,238	(69,124)	5,946	**(21,475)**
Net Cash used in financing activities		(3,063)	(4,586)	(6,600)	(9,098)	(4,215)	**(14,355)**
Net change in cash and cash equivalents		(9,539)	(5,993)	50,184	(36,980)	14,827	**45,049**
Cash and Cash equivalents at the end of the year		25,719	19,726	69,910	32,930	47,757	**92,806**
Free Cash Flows		1,341	5,927	43,418	(14,647)	677	**60,888**
Others							
Payments to Government Exchequer	Rs million	64,838	60,297	72,975	94,569	129,392	**155,062**
Market Capitalisation	Rs million	327,492	236,126	236,262	183,693	160,918	**318,653**
Spares Inventory as a % of NBV of PPE	%	1.97	2.56	3.12	3.99	4.36	**5.12**
Realized price	$/boe	21.5	20.1	19.4	25.4	25.6	**25.9**
% of Plant availability	%	99.2	99.4	99.1	99.4	99.7	**98.8**

Note:
1. EBITDA stands for Earnings before interest, taxes, depreciation, impairment and amortisation.
2. Not applicable in view of the nature of the Company's business.
3. The earnings per share for prior year has been restated to take into account the issue of bonus shares in 2018-19.
4. Not applicable as the Company does not have debt besides long-term financing for employees vehicles, which forms a negligible 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 the Company's total share capital, therefore it has negligible dilution effect on EPS.
7. Price earnings ratio and cash dividend payout ratio have been calculated on basic EPS.
8. The Bonus issue % pertains to ordinary shares.
9. In accordance with the guidance issued by ICAP, effect of GIDC / GDS has been excluded from these line items.

Assets (Rs Billion)



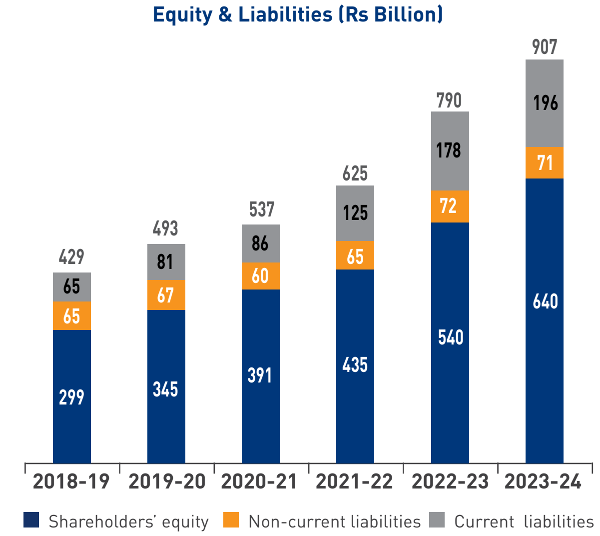
Debtor Days



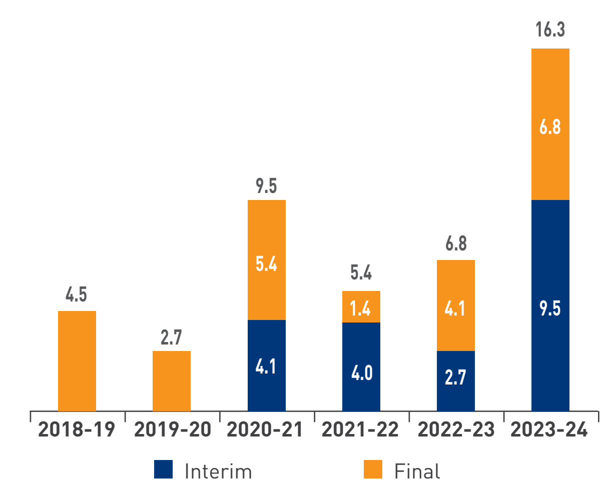
The trade debts have increased by 13% compared to the previous year, closing at PKR 578 billion. This increase is significantly lower than that witnessed in recent few years, owing to improved customer recoveries. Despite this, the debtor days have still increased since the recovery ratio during the year, although improved, remained around 81%.

The current assets exhibited a strong increase from the last year given the improvement in cash and short term investments due to higher recoveries. Long-term investments have increased over last year due to the investment made in associates, namely Pakistan International Oil Limited and Pakistan Minerals (Private) Limited. Fixed assets have remained almost same as last year.

Equity & Liabilities (Rs Billion)



Dividends Declared (Rs Billion)



Shareholders' equity has increased by 18% depicting Company's healthy profitability during the year. The current liabilities increased mainly due to accrual of Sui's lease extension bonus and provision pertaining to Tal's windfall levy, which is under litigation, further augmented by increase in tax liability. The non-current liabilities decreased due to lower deferred tax liability which was largely offset by revision in decommissioning liability.

No default has occurred on the payment of debt.

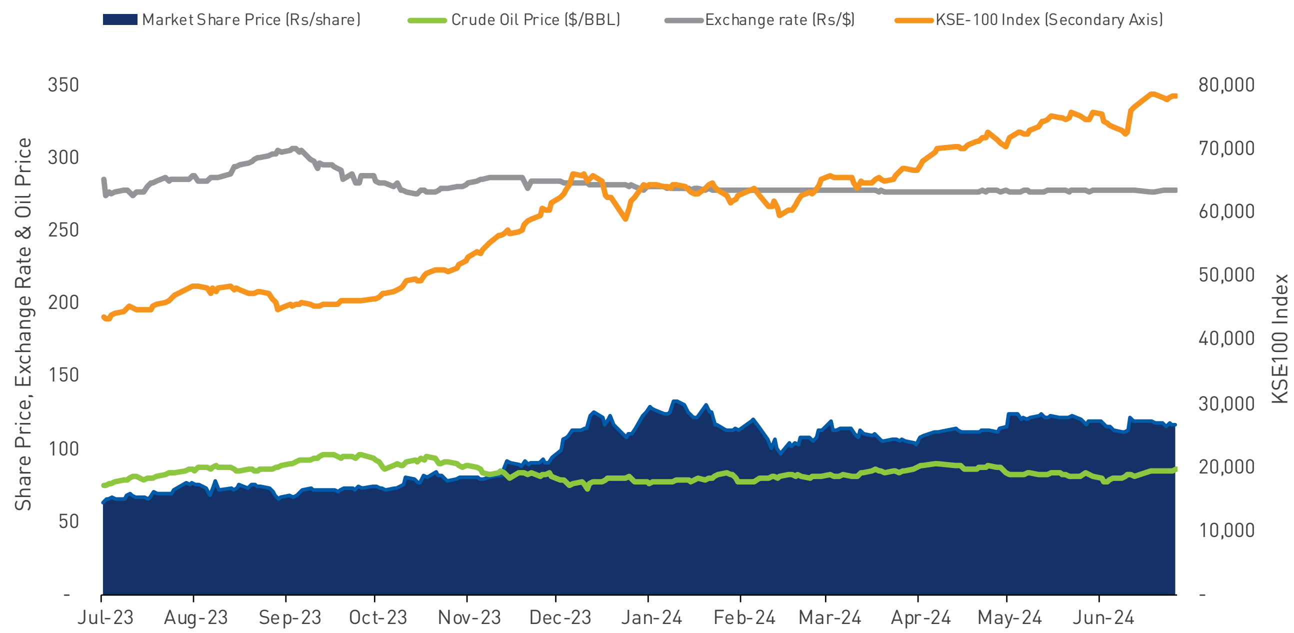
The improved collections from customers resulted in better cashflows during the year. This enabled the Company to declare higher dividends during the year. PPL declared a final dividend of 25% in addition to the two interim dividends during the year taking the total declaration to 60%. In contrast, PPL declared total dividend of 25% during last year.

DUPONT ANALYSIS

	2022-23	2023-24
Equity Multiplier	1.3	1.3
Total Assets Turnover	40%	34%
Net Profit Margin	34%	40%
Return on Equity	18%	18%

Net profit margin has increased mainly due to decrease in tax charge due to reversal of provision of depletion allowance. Decrease in asset turnover is due to increase in asset base, attributable to lower distribution vs profit.

SENSITIVITY ANALYSIS



The Company's share price is sensitive to several factors including exchange rate fluctuations, oil price and stock market movements, i.e. KSE-100 index. Although the Company's revenues are dependent on the applicable crude oil price, its impact is lower in the case of PPL as majority of its revenue is derived from gas sales. The gas prices are based on sliding scales and therefore do not move proportionately with oil price movements.

During the year, the Company's share price has increased considerably mainly due to improved market sentiments led by improved customers collections and relative reduction in circular debt accumulation. Improved share price was also influenced by rising trend in market index due to improvement in macroeconomic indicators and relative stability.

Composition of local versus imported material

The Company's business being inherently technology driven, is heavily dependent on imported materials as Pakistan is not self-sufficient in the production of plant & machinery that is required by the E&P producers. The Company strives to deploy locally produced material as much as possible, however, dependence on imported material is still very high. Therefore, exchange rate sensitivity plays a key role in driving the Company's cost of business. Recent devaluation of PKR has driven the costs up, however, since the Company's revenues are also USD pegged, the increase in revenue covers the rising costs.

QUARTERLY ANALYSIS

	First Quarter ended September 30, 2023	Second Quarter ended December 31, 2023	Third Quarter ended March 31, 2024	Fourth Quarter ended June 30, 2024	Total year ended June 30, 2024
	----------------------------------	----------------------------------	(Rupees Million)	----------------------------------	----------------------------------
Revenue - net	77,448	72,307	74,906	64,136	**288,797**
Profit after Tax	29,626	39,150	27,634	17,899	**114,309**
Sales volume					
- Gas (MMscf)	52,844	45,169	49,236	47,644	**194,893**
- Crude Oil/NGL /Condensate (thousand bbls)	1,073	1,081	1,028	963	**4,145**
- LPG (Tonnes)	29,192	30,143	29,118	25,051	**113,504**

Analysis

The revenue witnessed varying trend during different quarters showing a dip from 1st quarter onwards. The dip was reflected by the joint impact of declining exchange rate, reduction in volumes and oil prices in these quarters. Significant decrease in revenue in 4th quarter, in the same way, was led mainly by decrease in oil volumes and exchange rate. This change has also translated into profit after tax except for an increase in second quarter which was mainly due to reversal of prior years' tax provision pursuant to favourable decision of the Honourable Supreme Court of Pakistan in respect of calculation of depletion allowance on well-head value.

Segmental review of business performance

For management purposes, the activities of the Company are organized 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, organizational and management structure and internal financial reporting systems. The mining business is carried out through Bolan Mining Enterprises (BME) in 50% partnership with the Government of Balochistan and Pakistan Minerals (Private) Limited in 33.33% partnership each with OGDCL and GHPL. During the year, the non-E&P business's contribution towards Company's revenue remained 0.7% against 0.6% last year.

Methods and assumptions in compiling indicators

Data for calculating performance indicators including ratios have been gathered from internal sources including financial statements, production reports and other management reports. External data, where applicable, has been gathered from market sources including PSX and analyst reports.

Outstanding fiscal payments

The following is the list of major taxes and duties which are outstanding and further explained in the financial statements:
- Lease extension bonus in respect of Sui. It is pending as the D&PL has not yet been signed.
- Provision of windfall levy on Tal's oil/condensate, which is under litigation.
- Income taxes on the taxable income of the Company.
- Royalty and windfall levy which are based on different number of days for each development & production lease.
- Sales tax & Federal Excise Duty for the month of June 2024.
- GDS and GIDC which are payable upon collection from GENCO-II.
- Workers' profit participation funds.
- Other miscellaneous obligations under the PCA.

Explanation of negative change in performance against prior year

Negative change in performance has been adequately explained in respective sections including commentary on six years' performance, vertical and horizontal analysis, monitoring of KPIs and quarterly analysis.

Any significant change in accounting policies

There is no material change in accounting policies, judgement or assumptions.

VERTICAL ANALYSIS

	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
			(%age)			
STATEMENT OF FINANCIAL POSITION						
Property, plant and equipment	37.3	32.1	27.3	22.1	17.2	14.8
Intangible assets	0.1	0.1	-	-	-	-
Long-term investments	1.4	0.8	1.5	1.0	7.5	7.5
Deposit with GoP for equity stake in Reko Diq	-	-	-	5.5	-	-
Long-term loans	-	-	-	-	-	-
Long-term deposits	-	-	-	-	-	-
Stores and spares	0.7	0.8	0.9	0.9	0.8	0.8
Trade debts	46.2	53.5	52.6	58.6	64.8	63.7
Loans and advances	0.3	0.1	0.1	0.1	0.1	-
Trade deposits and short-term prepayments	0.1	0.1	0.1	-	0.1	0.1
Interest accrued	0.2	0.1	0.1	-	0.2	0.1
Current maturity of long-term deposits	0.2	0.2	0.2	0.2	0.2	0.2
Current maturity of long-term receivables	-	-	-	-	-	-
Other receivables	0.6	0.7	0.6	0.4	0.4	0.5
Short-term investments	11.1	10.4	15.8	10.6	7.9	11.5
Cash and bank balances	1.8	1.1	0.8	0.6	0.8	0.8
Total Assets	100.0	100.0	100.0	100.0	100.0	100.0
Share capital	5.3	5.5	5.1	4.4	3.4	3.0
Reserves	64.4	64.3	67.7	65.2	65.0	67.5
Provision for decommissioning obligations	5.8	5.6	5.0	5.2	5.3	5.0
Long term financing	-	-	-	-	-	0.1
Deferred liabilities	0.6	0.6	0.6	0.5	0.5	0.5
Deferred taxation - net	8.6	7.4	5.6	4.6	3.3	2.3
Trade and other payables	13.7	13.5	12.2	14.0	13.9	13.9
Unclaimed dividends	0.1	0.1	0.1	0.2	0.2	-
Current maturity of long term financing	-	-	-	-	-	-
Current maturity of lease liabilities	-	-	-	0.2	0.1	-
Taxation - net	1.5	3.0	3.7	5.7	8.3	7.7
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	51.2	55.3	53.8	51.4	42.2	44.7
Taxation	11.2	12.8	10.9	22.1	23.6	15.7
Profit after Tax	37.6	31.9	35.3	26.5	34.2	39.6

Statement of Financial Position

Trade debts have increased to 64% of the total assets versus 46% in the base year due to increasing trend of circular debt. This massive increase has also resulted in the share of Property, Plant and Equipment to fall to 15% from 37% as a percentage of total assets in 2018-19. Short term investments have increased as compared to last year from 8% to 12% attributed to higher collections during the current year. Long-term investments have remained unchanged to same 7% due to investment in Reko Diq project.

Share of equity and reserves, has slightly increased from 69% to 70% of the balance sheet total. While trade & other payables have retained its share unchanged at 14%. Tax liability has also sustained the same 8% as last year due to provision of super-tax.

Statement of Profit or Loss

Profit after tax of the Company as a percentage of net sales has shown an increase to 40% as against 34% a year earlier. This increase is due to slightly higher sales revenues primarily on account of exchange rate variance, lower exploration expenditure and reversal of prior years' tax provision pursuant to favourable decision of the Honourable Supreme Court of Pakistan in respect of calculation of depletion allowance on well-head value in the current year. The taxes have also increased in the last three years due to the imposition of super tax.

HORIZONTAL ANALYSIS

	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
			(%age)			
STATEMENT OF FINANCIAL POSITION						
Property, plant and equipment	100	99	92	86	85	84
Intangible assets	100	70	44	24	12	26
Long-term investments	100	62	131	98	974	1,114
Deposit with GoP for equity stake in Reko Diq	-	-	-	100	-	-
Long-term loans	100	123	156	181	211	281
Long-term deposits	100	100	100	100	100	100
Long-term receivables	100	50	-	-	-	-
Stores and spares	100	129	145	175	188	218
Trade debts	100	133	142	185	259	291
Loans and advances	100	63	66	52	56	40
Trade deposits and short-term prepayments	100	115	55	61	101	153
Interest accrued	100	59	67	35	218	161
Current maturity of long-term loans	100	157	179	220	254	315
Current maturity of long-term deposits	100	129	132	165	185	185
Current maturity of long-term receivables	100	122	110	97	41	-
Other receivables	100	133	128	110	127	205
Short-term investments	100	108	179	140	131	221
Cash and bank balances	100	64	53	46	76	88
Total Assets	100	115	125	146	184	211
Share capital	100	120	120	120	120	120
Reserves	100	115	132	148	186	222
Provision for decommissioning obligations	100	111	108	131	169	184
Long term financing	-	-	-	-	-	100
Lease liabilities	100	3	-	-	-	-
Deferred liabilities	100	103	112	121	131	149
Deferred taxation - net	100	98	80	78	70	55
Trade and other payables	100	114	112	148	187	215
Unclaimed dividends	100	99	173	331	397	103
Current maturity of long term financing	-	-	-	-	-	100
Current maturity of lease liabilities	100	35	1	2,560	2,013	-
Taxation - net	100	226	309	552	1,010	1,074
Total Shareholders' Equity and Liabilities	100	115	125	146	184	211
STATEMENT OF PROFIT OR LOSS						
Sales - net (excluding Govt. levies)	100	96	91	123	175	176
Expenditures & other income - net	100	104	95	124	144	154
Taxation	100	111	88	244	370	248
Profit after Tax	100	82	85	87	159	185

Statement of Financial Position

Trade debts have shown huge increase of 3 times over last six years due to the growing gas sector circular debt issue. Short-term investments have also increased to 2.2 times of the base year mainly due to reclassification of USD funds from long-term investments. Current maturity of lease liabilities has decreased to zero due to buyback of ROU asset at Dhok Sultan Oil Handling Facility. Share capital & reserves have also increased mainly due to higher profits coupled with lower payouts on account of higher funds being tied up in trade debts. Additionally, trade & other payables have also increased by 2.1 times due to accumulation of Sui's lease extension bonus and windfall levy. Taxation liability has also increased substantially as compared to base year mainly due to provisioning of super-tax.

Statement of Profit or Loss

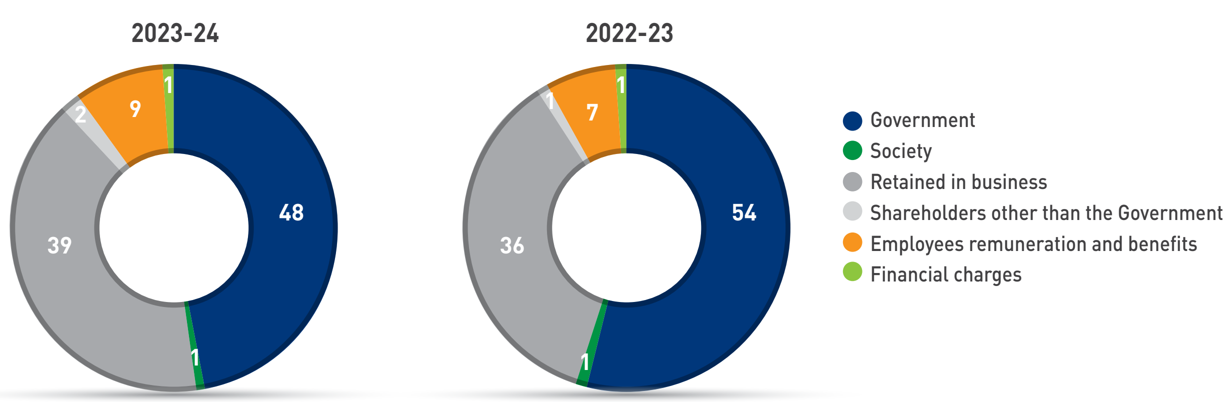
This year the Company has continued its healthy profitability trend which is evident by the increase in profit after tax to ~ 2 times over last six years despite being adversely impacted by a substantial rise in tax charge to 2.5 times of the base year, while sales revenue in current year improved to 1.8 times. Furthermore, the rate of growth in expenditures (net of other income) is slightly lower than the growth in revenue, contributing to improved bottom-line.

STATEMENT OF VALUE ADDITION

	2023-24		2022-23	
	Rs million	%	Rs million	%
Gross Revenue (Excise Duty, Sales Tax and Petroleum Levy)	328,278	107	327,050	106
Less: Operating, Exploration and Admin Expenses	(27,593)	(9)	(29,032)	(9)
	300,685	98	298,018	97
Add: Other Income	16,977	5	17,539	6
Less: Other Expenses	(10,608)	(3)	(8,626)	(3)
Total Value Added	307,054	100	306,931	100
DISTRIBUTED AS FOLLOWS:				
Employees Remuneration and Benefits	27,511	9	22,154	7
Federal / Provincial Government as:				
Company Taxation	46,265	15	67,664	22
Levies (including Excise Duty, Sales Tax & Petroleum Levy)	39,481	13	40,570	13
Royalties and Other Levies (including Lease Extension Bonus, Windfall Levy & Export Development Charges)	44,689	14	46,478	15
Workers' Profit Participation Fund	7,828	3	7,829	3
Dividend *	11,022	3	4,592	1
	149,285	48	167,133	54
To Shareholders other than the Government as:				
Dividend *	5,304	2	2,210	1
Bonus Shares *	-	-	-	-
To Society **	3,703	1	2,261	1
Retained in Business:				
Depreciation and Amortisation	21,688	7	20,553	7
Net Earnings	97,983	32	91,135	29
	119,671	39	111,688	36
Financial Charges:	1,580	1	1,485	1
	307,054	100	306,931	100

* Includes final cash dividend recommended by the Board of Directors subsequent to the year end. Furthermore, GoP's share is taken as 67.51% for this calculation. The share will increase to 74.86% after implementation of the Supreme Court order pertaining to BESOS (please refer note 2.5 of the unconsolidated financial statements).

** Represents PPL Net Share for all fields



SWOT ANALYSIS

Strengths
- Pakistan's largest E&P company with extensive exploration foot-print and robust financial performance
- Presence in Mining and international E&P operations
- Capable Technical and Support Team
- Extensive historical geological and technical data across Pakistan's most prospective basins
- Joint Venture with reputable local and international companies
- Natural hedge against foreign currency risk
- Strong corporate citizen focused on sustainability, community, and ethics

Weaknesses
- Limited exploration success, specially in frontier areas, amid fast depleting mature fields
- Potential increase in circular debt
- Low oil & gas prices in major fields
- Project delays due to external factors - regulatory, geopolitical, and supply-chain
- Limited intentional exposure to diversify local E&P risk

Opportunities
- Third party sales as per petroleum policy
- Development & optimization of existing discoveries and fields
- Growth through domestic & international new acreages, including offshore and unconventional plays
- Leverage mining business opportunities, including the Reko Diq copper & gold project
- Diversification through energy value chain opportunities

Threats
- Economic / Geo-Political / Environmental
- High security risks and escalating costs for exploration in Frontier basins
- Remaining local exploration potential
- Decreasing interest from IOCs and service providers
- Fast-pace exploration due to circular debt
- Flight of human capital

MOVEMENT OF ESTIMATED RESERVES

	Natural Gas (MMSCF)	Oil/NGL (Thousand bbls)	LPG (Tonnes)
Original 2P recoverable reserves			
At July 1, 2023	17,684,287	99,555	1,857,310
Change during the year (2023-24)			
- Addition	24,045 [2]	233 [2]	-
- Revision	15,400 [3]	58 [4]	168,389 [5]
At June 30, 2024	17,723,732	99,846	2,025,699
Production			
Accumulated on July 1, 2023	15,295,555 [1]	75,220 [1]	1,177,608
Production during the year	231,574	4,188	113,104
Accumulated upto June 30, 2024	15,527,129	79,408	1,290,712
Net 2P Reserves June 30, 2024	**2,196,603**	**20,438**	**734,987**
Province Wise 2P Reserves share at June 30, 2024 [6]			
Balochistan	853,689	-	-
Sindh	1,074,564	5,959	58,066
KPK	174,323	8,984	401,004
Punjab	94,027	5,495	275,917
	2,196,603	**20,438**	**734,987**
Net Reserves June 30, 2023	2,388,732 [1]	24,335 [1]	679,702
Daily Average Production	633	11	309

Notes:

1. Accumulated Production and Net Reserves numbers as at 30 June 2023 have been updated to account for actual production for the month of June 2023.

2. Additional gas and condensate reserves due to Jhim East (Shah Bander block) and Rayyan (Rehman block) discoveries.

3. Revision in field recoverable gas reserves estimates of Rehman (Kirthar) and Rizq (Kirthar) fields.

4. Revision in field recoverable Oil / NGL reserves estimates of Makori Deep (Tal) field.

5. Revision in field recoverable LPG reserves estimates of Mamikhel South (Tal) and Nashpa fields.

6. Net reserves at 30 June 2024 in gas equivalent units exist ~47% in Sindh, ~36% in Balochistan, 11% in KPK and 6% in Punjab.

Definition of 2P Reserves

The Company has adopted the definition of 2P reserves as set by the Society of Petroleum Engineers (SPE) in the Petroleum Resources Management System (PRMS) Guidelines 2018. 2P reserves, as reported by the Company are those quantities of hydrocarbons that, by analysis of geoscientific and engineering data, can be estimated with equally likely certainty to be commercially recoverable from known reservoirs under defined technical and commercial conditions. 2P reserves are equivalent to best estimate and for probabilistic method, there should be at least a 50% probability that the actual quantities recovered will equal or exceed the estimate.

a) 2P Developed Reserves

As per the SPE PRMS Guidelines 2018, the Company defines 2P developed reserves as those that are expected to be recovered from completion intervals that are open and producing at the time of the estimates.

b) 2P Undeveloped Reserves

As per the SPE PRMS Guidelines 2018, the Company defines 2P undeveloped reserves as those quantities that are expected to be recovered through future significant investments. A significant investment is defined as a relatively large expenditure when compared to the cost of drilling and completing a new well.

Proved Reserves

Proved reserves are those quantities of hydrocarbons that, by analysis of geoscientific and engineering data, can be estimated with reasonable certainty to be commercially recoverable from known reservoirs and under defined technical and commercial conditions. Proved reserves are also termed as 1P reserves and for probabilistic method, there should be at least a 90% probability that the actual quantities recovered will equal or exceed the estimates.

Probable Reserves

The incremental quantity i.e., difference between 2P and proved reserves (1P) are termed as probable reserves.

Movement of Net 2P Undeveloped Reserves

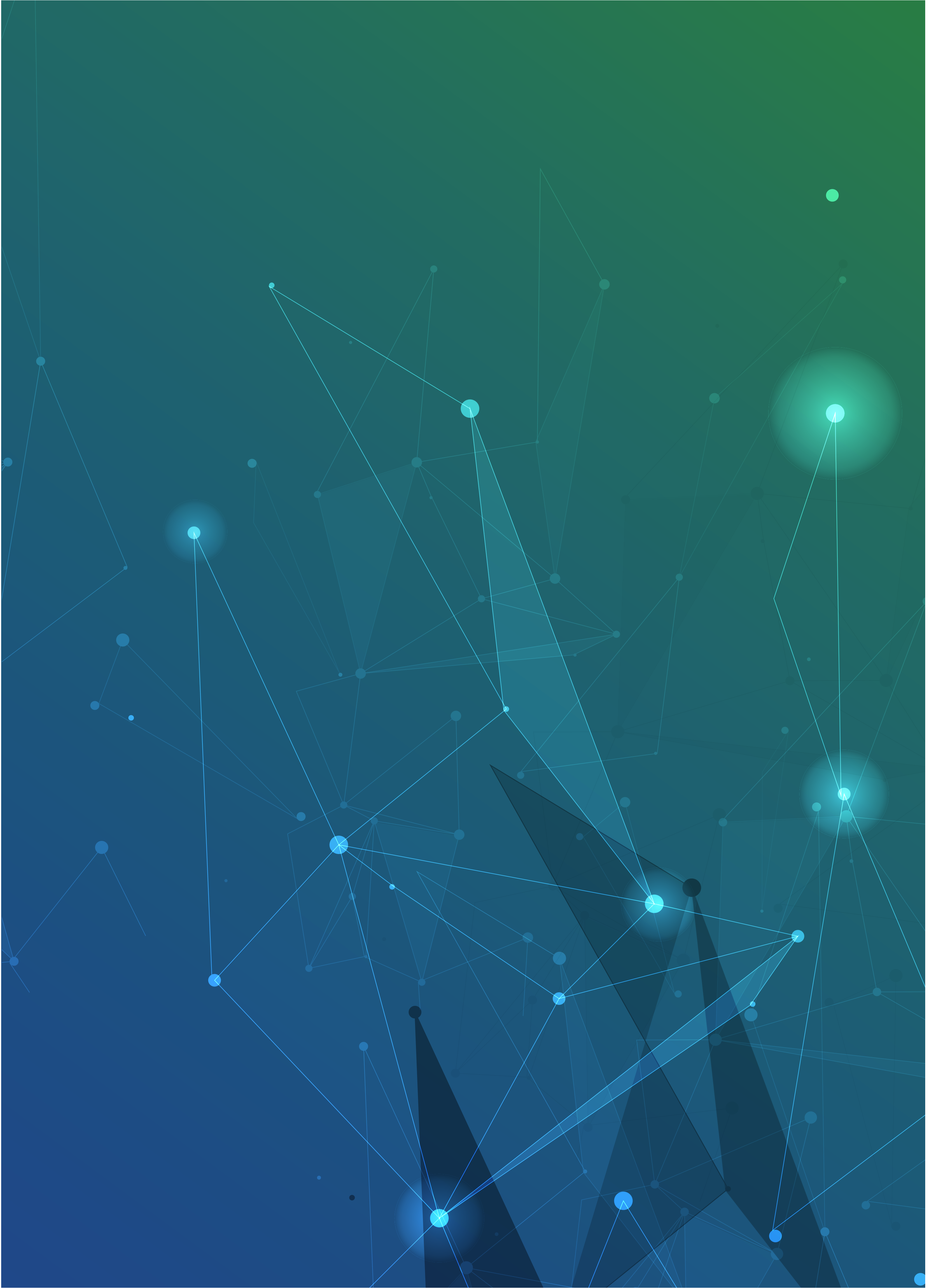
Currently, no substantial 2P undeveloped reserves exist. PPL's booked 2P reserves estimates are based on currently producing wells/facilities only.

Net 2P Developed Reserves

Same as disclosed in movement of net 2P reserves as no undeveloped reserves exist.

Company's progress in converting 2P undeveloped reserves into 2P developed reserves

Currently, there are no substantial undeveloped reserves with the Company. In line with best industry practices, PPL's 2P reserves are estimated quantities to be recoverable at a given point in time pertaining to wells/facilities, shut-in/behind-pipe volumes with minor costs to access and planned wells/ projects which will require less than five years to complete. A minor cost would be a lower expenditure when compared to the cost of drilling and completing a new well. The concept of Developed and Undeveloped Reserves status is based on the funding and operational status of wells and producing facilities within the development project. Generally, undeveloped reserves estimates are those quantities which require beyond a reasonable timeframe to develop. As per SPE-PRMS guidelines, a reasonable timeframe to commence the project is generally considered to be less than five years from the initial classification date.



Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019

Name of Company: Pakistan Petroleum Limited
Year Ended: June 30, 2024

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

1 The total number of directors is eleven as per the following:

   a. Male: Ten (10)
   b. Female: One (01)

2. The Composition of the Board is as follows:

   i. Independent directors: Six (06)
   ii. Non-executive directors: Four (04)
   iii. Executive director: One (01)
   iv. Female director: One (01), included in independent directors above.

3. The directors have confirmed that none of them is serving as a director of more than seven listed companies, including this Company;

4. The Company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures;

5. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval and / or revision are maintained by the Company;

6. All the powers of the Board have been duly exercised and decisions on relevant matters taken by the Board / shareholders as per the relevant provisions of the Companies Act, 2017 (the Act) and relevant subordinate legislation;

7. The meetings of the Board were presided over by the Chairman. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulation of minutes of meetings of the Board;

8. The Board has a formal policy on Directors' fee for attending Board / Committee / General Meetings. No remuneration is paid to the directors of the Company, only the directors' fee 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. The Annual Report of the Company contains details of the directors' fee paid to individual directors.

9. The directors are aware of their duties and strive to discharge them according to the highest standards. At the year end, the Company is majorly compliant with the optional requirement for the Directors' Training Program stipulated in the Regulations.

10. No new appointment of the Chief Financial Officer or the Company Secretary was done during the year. The Board has approved the appointment of Head of Internal Audit including his remuneration and terms and conditions of employment and complied with relevant requirements of the regulations.

11. The Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board.

12. The Board has formed, among others, the following committees, comprising members given below:

a) Audit Committee

Mr. Aftab Ahmad	Chairman
Mr. Awais Manzur Sumra	Member
Mr. Hassan Mehmood Yousufzai	Member
Ms. Khurshid Bhaimia	Member
Mian Imtiazuddin	Member
Mr. Imtiaz A.H. Laliwala	Member

b) Nominations Committee

Mr. Abid Sattar	Chairman
Mr. Awais Manzur Sumra	Member
Mr. Imtiaz A.H. Laliwala	Member
Ms. Khurshid Bhaimia	Member
Mr. Shakeel Qadir Khan	Member

c) Human Resource Committee

Mr. Shahab Rizvi	Chairman
Mr. Abid Sattar	Member
Mr. Aftab Ahmad	Member
Mr. Imran Abbasy	Member
Mr. Momin Agha	Member

d) Enterprise Risk Committee

Mian Imtiazuddin	Chairman
Mr. Aftab Ahmad	Member
Mr. Imtiaz A.H. Laliwala	Member
Mr. Shahab Rizvi	Member
Mr. Shakeel Qadir Khan	Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance;
14. The frequency of meetings of the committees were as follows:

a) Audit Committee	Quarterly
b) Human Resource Committee	Seven times during the year
c) Nomination Committee	None during the year
d) Enterprise Risk Committee	Twice during the year

15. The Board has set up an effective internal audit function which is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company;
16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and are registered with Audit Oversight Board of Pakistan; that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and all their partners 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;
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;
18. We confirm that all requirements of regulations 3, 6, 7, 8, 27,32, 33 and 36 of the Regulations have been complied with.

Shahab Rizvi
Chairman, Board of Directors

Karachi: 20 September 2024

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, 2024

This statement has been drawn in compliance of the Public Sector Companies (Corporate Governance) Rules, 2013 (the "Rules"). The Rules were issued for the purpose of establishing a framework of good governance for public sector companies, in compliance with the best practices for public sector governance.

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

1. The independent directors meet the criteria of independence, as defined under the Rules.
2. The Board has at least one-third of its total members as independent directors. As at 30th June 2024, the Board includes:

Category	Names	Date of Appointment
Independent Directors	i. Mr. Shahab Rizvi ii. Mr. Abid Sattar iii. Mr. Aftab Ahmad iv. Mr. Imtiaz A. H. Laliwala v. Ms. Khurshid Bhaimia vi. Mian Imtiazuddin	23rd December 2020 23rd December 2020 23rd December 2020 23rd December 2020 23rd December 2020 23rd December 2020
Non-Executive Director	i. Mr. Awais Manzur Sumra ii. Mr. Momin Agha iii. Mr. Shakeel Qadir Khan iv. Mr. Hassan Mehmood Yousufzai	28th December 2021 4th September 2023 4th September 2023 20th November 2023
Executive Director	i. Mr. Imran Abbasy	21st September 2022

3. The directors have confirmed that none of them is serving as a director on more than five public sector companies and listed companies simultaneously, except their subsidiaries.
4. The appointing authorities have applied the fit and proper criteria given in the Annexure to the Rules in making nominations of persons for election as Board members under the provisions of the Companies Act.
5. The Chairman of the Board is performing functions separately from the Chief Executive Officer of the Company.
6. The Chairman was elected by the Board of directors.
7. The Board evaluated the candidates for the position of Chief Executive Officer on the basis of fit and proper criteria as well as the guidelines specified by the Commission.

8. (a) The Company has prepared a "Code of Conduct" to ensure that professional standards and corporate values are in place.

   (b) The Board has ensured that appropriate steps have been taken to disseminate the Code of Conduct throughout the Company along with its supporting policies and procedures, including posting the same 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 the manner prescribed in the Rules.

10. The Board has developed and enforced an appropriate conflict of interest policy to lay down circumstances or considerations when a person may be deemed to have actual or potential conflict of interest, and the procedure for disclosing such interest.

11. The Board has developed and implemented a policy on anti-corruption, as part of the Code of Conduct, 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 terms and conditions of service.

13. The Board has ensured compliance with the law as well as the Company's internal rules and procedures relating to public procurement, tender regulations, and purchasing and technical standards, when dealing with suppliers of goods and services.

14. The Board has developed a vision and mission statement and corporate strategy of the Company.

15. The Board has developed significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended, has been maintained 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 policy directions requirements received from the Government.

18. (a) The Board has met at least four times during the year.

    (b) Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings except for the two Board meetings conducted on 11th August 2023 and 3rd February 2024 which were held at short notice due to operational exigencies evident from the agendas and minutes of the respective meetings. Agenda of the one Board meeting earlier scheduled on 22nd December 2023 was duly circulated at least seven days before the meeting on 15th December 2023, however, the meeting was re-scheduled, post circulation of agenda, on 20th December 2023.

    (c) The minutes of the meetings were appropriately recorded and circulated.

19. The Board has monitored and assessed the performance of senior management on annual basis and held them accountable for accomplishing objectives, goals and key performance indicators set for this purpose.

20. The Board has reviewed and approved related party transactions placed before it after recommendation of 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 as well as the financial year end.

    (b) The Board has prepared half yearly accounts and undertaken limited scope review by the external auditors.

    (c) The Board has placed the annual financial statements on the Company's website.

22. During the year, Board members underwent an orientation course arranged by the Company to apprise them of material developments and information as specified by the Rules.

23. (a) The Board has formed the requisite committees, as specified in the Rules.

    (b) The committees were provided with written term of reference defining their duties, authority and composition.

    (c) The minutes of the meetings of the committees were circulated to all the Board members.

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

Committee	Number of Members	Name of Chair
Audit Committee	Six	Mr. Aftab Ahmad
Enterprise Risk Committee	Five	Mian Imtiazuddin
Human Resource Committee	Five	Mr. Shahab Rizvi
Procurement Committee	Five	Mr. Imtiaz A.H. Laliwala
Nomination Committee	Five	Mr. Abid Sattar

24. No new appointment of the Chief Financial Officer or the Company Secretary was done during the year. The Board has approved the appointment of Head of Internal Audit including his remuneration and terms and conditions of employment and complied with relevant requirements of the regulations.

25. The Chief Financial Officer and the Company Secretary have requisite qualification prescribed in the Rules.

26. The Company has adopted the International Financial Reporting Standards notified by the Commission in terms of Sub-section (1) of Section 225 of the Act.

27. The directors' report for this year has been prepared in compliance with the requirements of the Act and the Rules and fully describes the salient matters required to be disclosed.

28. The directors, CEO and executives, or their relatives, are not, directly or indirectly, concerned or interested in any contract or arrangement entered into by or on behalf of the Company except those disclosed to the Company.

29. (a) A formal policy for fixing the remuneration of individual directors has been set in place. No direct remuneration is paid to the directors of the Company. Only 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, Board Committees and general meetings.

    (b) The Annual Report of the Company contains the details of the directors' fee paid to individual directors.

30. The financial statements of the Company were duly endorsed by the Chief Executive Officer and the Chief Financial Officer before consideration and approval of the Board Audit Committee and the Board.

31. The Board has formed an audit committee, with defined and written terms of reference, and having the following members:

Name of Member	Category	Professional Background
Aftab Ahmad	Independent Director	He is a seasoned professional with around 40 years of experience in finance and accounts, strategic business planning, project management and budgeting and management reporting for Oil and Gas sector and Aviation industry. He is a Chartered Accountant and also holds a master's degree in Management Sciences along-with bachelor's degree in Mathematics and Economics. He is currently associated with Naveed Zafar Ashfaq Jaffery & Co. Chartered Accountants, as partner at their Islamabad office.
Awais Manzur Sumra	Non-Executive Director	He is a seasoned professional with nearly 30 years of experience in serving the federal and provincial governments as a member of Pakistan Administrative Service. He served as Special Secretary, Ministry of Finance during June 2022 to September 2023. He is currently working as Secretary, Planning, Development and Special Initiatives Division since September 2023. He has served on various key fields, staff and secretariat assignments, including Additional Secretary - Ministry of Finance, Additional Secretary - Establishment Division, Joint Secretary - Ministry of Finance, Finance Secretary - Gilgit-Baltistan, Director – Earthquake Reconstruction and Rehabilitation Authority, and Deputy General Manager - Pakistan Electronic Media Regulatory Authority. He also served as Senior Advisor to Executive Director at the World Bank Group in Washington D.C (USA) as well as Commercial Counsellor- Embassy of Pakistan, Athens (Greece). He earned his master's degree in Finance from London Business School and MBA from Stockholm University. Earlier, he studied at UET, Lahore to earn a bachelor's degree in Civil Engineering. He also did his Bachelor of Art from University of Punjab.
Imtiaz A.H. Laliwala	Independent Director	A fellow member of ICAP as well as a member of Chartered Professional Accountants, Ontario, Canada, and has nearly four decades of rich experience with leading chartered accountancy firms at home and abroad. He remained associated with A.F. Ferguson & Co. Chartered Accountants for almost 28 years. Currently, he is serving as an independent director on the Board of Hoechst Pakistan Limited (formerly, Sanofi-Aventis Pakistan Limited) and as a member on the Board of Governors of The Kidney Centre Post Graduate Training Institute. He also served as a member of the Audit Oversight Board during 2019-2022.
Khurshid Bhaimia	Independent Director	She is a seasoned lawyer with extensive corporate experience, especially with the banking sector. She started her career in 1983 with Surridge and Beecheno and later joined Orr Dignam and Co as Senior Associate. She joined Citibank (NA) Pakistan in 1999 as Corporate Banking Counsel and was Senior Vice President and Country Counsel Pakistan when she left. Currently she provides legal services on non-exclusive retainer. She is a Director on the Board of Pak Grease Manufacturing Company (Private) Limited, an Associated company of Pakistan State Oil Limited and Pakistan Refinery Limited. She was also a member of the Board of Directors of Shell Gas (LPG) Pakistan Limited now Burshane LPG (Pakistan) Limited from 1992-2004. Ms. Bhaimia has done her Bachelor of Laws (LLB) from University of Karachi.
Mian Imtiazuddin	Independent Director	He has over 50 years of experience in the Oil and Gas industry and is currently working as Managing Director, at Redhill Associates providing consultancy and advisory services in Pakistan. He holds a B.E degree from Peshawar University.
Hassan Mehmood Yousufzai	Non-Executive Director	He is currently serving as Additional Secretary, Petroleum Division, Government of Pakistan. Prior to joining Ministry of Energy Petroleum Division, Mr. Hassan Mehmood Yousufzai was serving as Additional Secretary Ministry of Maritime Affairs. He has served as the DG, National Institute of Management, Pakistan Academy for Rural Development and Pakistan Provincial Services Academy, Peshawar. In KPK, He has served as Secretary Higher Education Department, Housing Department, Auqaf Department, Law and Order (Merged Area) and Administration (Establishment). He has also served as Commercial Counselor in Frankfurt, Germany, Managing Director Small Industries, KPK and Chief Economist in the P&D Department of KPK Government. He passed his CSS Examination in 1995 to join the Pakistan Administrative Service. He attained MA in Conflict Transformation from Eastern Mennonite University, USA as a Fulbright Fellow. Currently, he is enrolled in the PhD program in the Department of International Relations, University of Peshawar. He did his schooling from Cadet College, Petaro, F.Sc from PAF College, Sargodha and also graduated from PAF College of Aeronautical Engineering. Mr. Yousufzai is also an MA in Political Science from Peshawar University and B.Sc. (Aero Sciences) from PAF Academy in Risalpur. He has participated in diverse professional training courses and promotion exams in PAF, 18-month Common Training Program and Specialized Trading Program at Civil Services Academy, mid-career management course, senior management and national management courses, JICA training on development studies and economic development training in China. Mr. Yousufzai is also Director on the Board of PSO, OGDCL, MPCL & SNGPL.

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

32. (a) The Chief Financial Officer, the Chief Internal Auditor and a representative of the external auditors attended all meetings of the audit committee at which issues relating to accounts and audit were discussed.

    (b) The audit committee met the external auditors, during the year, in the absence of the chief financial officer, the chief internal auditor and other executives.

    (c) The audit committee met the chief internal auditor and other members of the internal audit function, during the year, in the absence of the chief financial officer and the external auditors.

33. (a) The Board has set up an effective internal audit function, which has an audit charter, duly approved by the audit committee.

    (b) The chief internal auditor has requisite qualification and experience prescribed in the Rules.

    (c) The internal audit reports have been provided to the external auditors for their review.

34. The external auditors of the Company have confirmed that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as applicable in Pakistan.

35. The auditors have confirmed that they have observed applicable guidelines issued by IFAC with regard to provision of non-audit services.

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 and there is no Non-Compliance with the Public Sector Companies (Corporate Governance) Rules, 2013.

Imran Abbasy
Managing Director &
Chief Executive Officer

Shahab Rizvi
Chairman, Board of Directors

Karachi: 20 September 2024

KPMG

KPMG Taseer Hadi & Co.
Chartered Accountants
Sixth Floor, State Life Building, Blue Area
Islamabad, Pakistan
Telephone 92 (51) 282 3558, Fax 92 (51) 282 2671

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Pakistan Petroleum Limited

Review Report on the Statements of Compliance contained in 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 after referred to as 'Codes') prepared by the Board of Directors of Pakistan Petroleum Limited (the Company) for the year ended June 30, 2024 in accordance with the requirements of regulation 36 and rule 24 of Listed Companies (Codes of Corporate Governance) Regulations, 2019 (the Regulations) and Public Sector Companies (Corporate Governance) Rules, 2013.

The responsibility for compliance with the Codes is that of the Board of Directors of the Company. Our responsibility is to review whether the Statements of Compliance reflects 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 Board Audit Committee, and upon recommendation of the Board Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. 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 Board Audit Committee.

KPMG

KPMG Taseer Hadi & Co.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Codes as applicable to the Company for the year ended June 30, 2024.

KPMG Taseer Hadi & Co.
Chartered Accountants
Islamabad
Date: 03 October 2024
UDIN:CR202410202Wy1uYa8j

Report of the Board Audit Committee

Dear Shareholders,

It gives us immense pleasure to present the annual Audit Committee Report, which aims to provide insight into the key activities of the Board Audit Committee (BAC) conducted during the Financial Year (FY) ended in 2024.

Composition and Meetings

The BAC comprises of six (06) directors, out of which four (04) members, including the Chairman, are Independent Non-Executive directors, whereas the remaining two (02) are Non-Executive directors. The Chairman of the BAC has relevant financial / accounting background.

During the FY that ended 30th June 2024, the BAC met eight (08) times. The composition and number of meetings attended are as follows:

Sr. No.	Name of Directors	Status	No. of Meetings Attended
1.	Mr. Aftab Ahmad	Chairman	8
2.	Mr. Imtiaz A.H. Laliwala	Member	8
3.	Mian Imtiazuddin	Member	8
4.	Ms. Khurshid Bhaimia	Member	7
5.	Mr. Awais Manzur Sumra	Member	8
6.	Mr. Shahbaz Tahir Nadeem	Member	4
7.	Mr. Hassan Mehmood Yousafzai*	Member	4

* Appointed as member BAC w.e.f. 20th November 2023 in place of Mr. Shahbaz Tahir Nadeem

Key Responsibilities and Activities

Key responsibilities of the BAC include providing assistance to the Board in fulfilling its oversight responsibilities over financial reporting, the effectiveness of risk management and control environment and related governance and compliance matters, overseeing the Whistle Blowing program, and monitoring the qualifications, expertise, resources, and independence of both the Internal and External Auditors. The performance of internal audit is assessed on a continuous basis, while that of External Auditors is assessed at least on an annual basis. The BAC is also responsible for making recommendation to the Board on the appointment of the External Auditors.

During FY ended 2024, BAC discharged its responsibilities and carried out its duties as set out in the Terms of Reference (ToRs) 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. The BAC believes that the non-financial information contained in the Annual Report, which is disclosed in the form of ratios, trends, graphs, analyses, explanatory notes, statements, etc provides necessary information to shareholders to assess the Company's position, its performance and future prospects.

3. Reviewed related party transactions entered into by the Company on a quarterly basis, including a comprehensive questionnaire completed by the Management in support thereof confirming that such transactions are compliant with the applicable laws.

4. Reviewed and approved the annual internal audit plan for effective implementation.

5. Reviewed the Management letter / Internal Control Report issued by the External Auditors in connection with the audit of financial statements and management responses thereto for ensuring that necessary steps have been taken to address the issues.

6. PPL's Whistle Blowing Policy provides a platform for its stakeholders to raise legitimate concerns and ensures that the complaints are handled fairly and transparently, protecting the complainant against any victimization. No complaints were received under PPL's Whistle Blowing Policy during FY ended 2024. However, two complaints were received by management and investigated by Internal Audit department and its outcome was presented to BAC.

7. Obtained Letters of Representation (LoR) from the Management. The objective of the exercise was to improve and strengthen the overall control environment, fill the gaps identified, and align with industry best practices.

8. Reviewed the appropriateness of Delegation of Authority (DoA), an internal document that lists down financial authorities dealing with day-to-day operational matters of the company. In this regard, the BAC reviewed the changes suggested by management for improvements to make the document more operationally effective.

9. Reviewed the progress on revisions / finalization of Procurement Manual, Accounting & Internal Control Manual, Value Assurance Framework, and other operational manuals by the Manuals Committee. This oversight ensured their timely implementation, thereby strengthening internal controls and governance structures within the organization.

10. Reviewed the "Reserves and Resources booking and movement guidelines" prepared by the management. The guidelines cover booking / movement of reserves and resources based on the in-house estimates or/ and third-party certifications for the existing fields, existing discoveries, and new discoveries.

11. The BAC continued to comprehensively review the status of suspended / shut-in exploratory wells classified under Capital Work in Progress (CWIP) and periodically advised the management to determine its future potential for necessary impairment decision, if any.

12. The BAC reviewed the progress report of the Legal Department on significant pending litigation cases and inquiries by external agencies and issued necessary advisories for developing and implementing Standard guidelines to monitor the hiring and progress of external legal counsels on litigation cases.

13. The BAC also reviewed the Internal Audit Charter (IAC) from improvement perspective for ensuring that best practices and guidelines issued by the Institute of Internal Auditors (IIA) are followed.

14. The BAC also reviewed donation cases proposed by Management, exceeding the prescribed threshold, prior to its approval by the Board in line with Company's Corporate Donation Policy.

15. Chairman of the Board Audit Committee also ensured his presence at the company's annual general meeting to respond to queries of the concerned stakeholders relating to the Audit Committee's activities undertaken during the year.

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 the Company's risk management, control, and governance processes.

The Head of Internal Audit has direct access to the Chairman of the Audit Committee and reports functionally to the BAC, with administrative reporting to the CEO. The Internal Audit Charter outlines the regulatory requirement relating to independence and all other rights, duties, and responsibilities of the Internal Audit function. The performance of the Head of Internal Audit is jointly assessed by the Chairman of the Board Audit Committee and the CEO.

The Head of Internal Audit serves as the secretary to the Committee and convenes all its meetings. The CFO attends the meeting by invitation, and the External Auditors attend the meetings on as required basis, usually where the Committee considers half-yearly and annual financial statements of the company.

The BAC has ensured that the Company's Internal Audit Function is equipped with staff having the necessary skill sets and professional qualification, enabling them to discharge their duties diligently. The staff include Chartered Accountants, Chartered Management Accountants, Certified Internal Auditors, Certified Information System Auditors and other similar professional qualification holders. The expertise within the Internal Audit Function at the end of FY 2024 comprises of Audit, Finance, and I.T. related professionals with extensive experience of the E&P industry. In addition to this, specialized independent technical resources from within the organization are also utilized on a need basis on technical assignments.

BAC took a keen interest in the scope and extent of the Internal Audit function and provided complete support to the function to enable it to achieve its objectives in an effective manner. The BAC monitored the work of the Internal Audit Department and also reviewed how effectively and timely the management implemented the recommendations made by Internal Audit.

In this regard, the following key steps were performed:

1. Coordination between the External and Internal Auditors was facilitated to ensure efficiency and contribution to the Company's objectives, including a reliable financial reporting system. Internal Audit Reports were also provided for the review of both Commercial and External Auditors.

2. Monitored progress of the Annual Internal Audit plan and deliberated on key recommendations having operational and internal control implications. BAC also reviewed significant Audit Observations highlighted by Internal Audit and ensured that timely requisite actions were taken by the management. BAC involved the highest level of management in the implementation process and assigned firm deadlines for all pending actions.

3. In compliance with the BAC's directives, Internal Audit also carried out certain special audits, including investigation of Complaints received during the year and submitted its recommendations to the Management for implementation / necessary actions.

EXTERNAL AUDITORS

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

2. External auditors 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 FY ended 30th June 2024.

3. Being eligible for reappointment, M/s. KPMG Taseer Hadi & Co., Chartered Accountants, offered themselves for re-appointment as External Auditors of the Company for the FY ending 30th June 2025. The Audit Committee has duly recommended their reappointment. As per PPL's internal Policy, the Engagement Partner of the External Audit Firm is required to be mandatorily rotated after the completion of three annual audits, while the External Audit Firm is required to be mandatorily rotated after the completion of five terms with the objective that the Company's financial statements are reviewed from a fresh perspective and ensuring that independence of Auditors is maintained at the highest level. Presently, the Auditors have completed their fourth consecutive term as External Auditors of PPL.

4. The External Auditors have been allowed direct access to the BAC, and the effectiveness, independence, and objectivity of the Auditors have thereby been ensured. The Auditors have also attended the General Meetings of the Company held during the year.

5. A separate Policy governing additional services, including permitted non-audit services obtained from External Auditors, is in place, which is approved by the Board, and is designed to safeguard External Auditors objectivity and independence and includes rules relating to the hiring of additional services and stipulates which services require prior approval of the BAC. The Committee reviewed the scope of work and fee of all services obtained by Management from the Company's External Auditors in addition to the audit of its financial statements.

6. The BAC met two (02) times with the External Auditors during the year to discuss matters relating to the statutory audit of PPL and to obtain their views on the overall business environment, including going concern assumptions and overall effectiveness of internal controls over financial reporting. The BAC also received a detailed presentation from External Auditors on key audit and accounting matters, including future implications of the sustainability reporting framework.

7. The BAC also ensured that External Auditors have access to all the Company's records and personnel, which they require to conduct their work in an independent and efficient manner.

Furthermore, in accordance with the requirements of the Public Sector Companies [Corporate Governance] Rules, 2013 and the Listed Companies [Code of Corporate Governance] Regulations, 2019, the evaluation of performance of the Board and its Committees is carried out through third party i.e. Pakistan Institute of Corporate Governance [PIGC], an accredited institution by SECP. The evaluation exercise is undertaken on an annual basis to enhance effectiveness and better understanding of the roles and responsibilities of the Board.

Looking ahead to 2025, BAC's key priorities will include maintaining a strong culture of risk management across the Company, effectiveness of internal controls assessing the effect of changes in legislative and regulatory requirements such as State-Owned Enterprises (Governance and Operating) Act, 2023 (the SOE Act) and operationalization of Pakistan Sovereign Wealth Fund Act, implications of sustainability reporting standards, impact due to potential change in equity stake of PMPL in Reko Diq Project, and key diversification initiatives from internal control and reporting perspective.

We trust you will find this report useful in understanding key activities of the BAC undertaken during the year and would welcome any comments from our shareholders in this regard.

AFTAB AHMAD
CHAIRMAN - BOARD AUDIT COMMITTEE

KARACHI: 19 SEPTEMBER 2024

UNCONSOLIDATED FINANCIAL STATEMENTS

KPMG Taseer Hadi & Co.
Chartered Accountants
Sixth Floor, State Life Building, Blue Area
Islamabad, Pakistan
Telephone 92 (51) 282 3558, Fax 92 (51) 282 2671

INDEPENDENT AUDITORS' REPORT

To the members of Pakistan Petroleum Limited

Report on the Audit of Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of Pakistan Petroleum Limited (the Company), which comprise of the unconsolidated statement of financial position as at June 30, 2024, and the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of cash flows, the unconsolidated statement of changes in equity for the year then ended, and notes to the unconsolidated financial statements, including material 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 purpose of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement comprehensive income, the unconsolidated statement of cash flows and the unconsolidated statement of changes in equity 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, 2024 and of the profit and other comprehensive income, its cash flows and the changes in equity 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 *Auditors' 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 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 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.

KPMG Taseer Hadi & Co.

Following are the Key audit matters:

Key audit matter	**How the matter was addressed in our audit**
(i) Overdue trade debts	
(Refer notes 3.11, 3.13 and 10 to the unconsolidated financial statements) As at June 30, 2024, trade debts include overdue amount of Rs. 537,442 million, (net of GDS and GIDC), on account of inter-corporate circular debt. These are receivable from oil refineries, gas and power companies out of which following are overdue from related parties, (i.e., Sui Northern Gas Pipelines Limited (SNGPL) Rs. 256,397 million, Sui Southern Gas Company Limited (SSGCL) Rs. 278,532 million, Oil & Gas Development Company (OGDCL) Rs. 30 million, Pak-Arab Refinery Limited (PARCO) Rs. 233 million and Pakistan Refinery Limited (PRL) Rs. 106 million. The Government of Pakistan (GoP) is committed, hence continuously pursuing for satisfactory settlement of inter-corporate circular debt issue. However, the progress is slower than expected resulting in accumulation of the Company's debts. The Company considers these amounts to be fully recoverable because the Government of Pakistan has been assuming the responsibility to settle the inter-corporate circular debt in the energy sector. The Company has contractual right and is entitled to charge interest if payments from customers are delayed beyond credit terms, however, the Company recognizes interest, if any, on delayed payments from customers, when the interest on delayed payments is received by the Company. We considered the matter as key audit matter due to significance of the amounts and	Our audit procedures in respect of receivables, amongst others, included the following: • Checked, on a sample basis, receivable aging report classification within the appropriate aging bracket with underlying invoices. • Obtained confirmations from customers and tested reconciliations where differences were identified. In case of no replies from customers, alternate procedures were performed. • Tested post year end cash receipts from customers relating to year end balances, with the underlying documentation. • Inspected correspondence with the customers and relevant government authorities and held discussions with the Company and Board Audit Committee to assess recoverability of overdue trade debts. • Discussed with the Company, events during the year and steps taken by management for settlement of these trade debts and inspected minutes of meetings of the Board of Directors and Board Audit Committee. • Assessed reasonableness of management's judgment relating to recoverability of interest on delayed payments from customers.

KPMG

KPMG Taseer Hadi & Co.

Key audit matter	How the matter was addressed in our audit
significant judgments made by management regarding the recoverability of the amounts.	• Obtained management assessment of recovery of overdue trade debts on account of inter-corporate circular debt and assessed it for appropriateness and reasonableness; and • Assessed the adequacy of relevant disclosure in the unconsolidated financial statements.
Recognition of Revenue	
(Refer notes 3.22 and 26 to the unconsolidated financial statements) The Company is engaged in the production and sale of oil and gas resources. The Company recognized gross revenue during the year from the sales of crude oil / condensate / Natural gas liquid, natural gas, liquefied petroleum gas (LPG), barytes amounting to Rs. 328,278 million. Transaction prices of crude oil / condensate / Natural gas liquid and gas are specified in relevant agreements and / or as notified by the government authorities based on agreements with customers, relevant applicable petroleum policy, relevant decision of Economic Coordination Committee (ECC) of the Cabinet or relevant Petroleum Concession Agreement. Prices of LPG are approved by the appropriate authority within the Company. Effect of adjustments, if any, arising from revision in sales prices is reflected as and when the prices are finalized with the customers and / or approved by GoP. 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	Our audit procedures to assess the recognition, amongst others, include the following: • Assessed the design and implementation of the relevant key internal controls over revenue recognition from the sale of products. • Inspected the agreements with customers to evaluate that revenue is recognised in accordance with the terms of the agreement, relevant applicable Petroleum Policy, relevant Petroleum Concession Agreement and International Financial Reporting Standard (IFRS 15 - "Revenue from Contracts with Customers"); • Performed test of details on a sample of sales transactions by inspecting respective invoices, acknowledgements of refineries and / or joint meter readings as appropriate; • 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

KPMG

KPMG Taseer Hadi & Co.

Key audit matter	How the matter was addressed in our audit
misstatement and revenue being a key economic indicator of the Company.	petroleum policies / agreements / decision of ECC of the Cabinet / Petroleum Concession Agreements; • Where pricing is provisional / sales agreement not finalized, (a) inspected correspondence with the customers and relevant government authorities during the year and held discussions with the Company; (b) inspected term sheets signed with the customers; (c) checked price being charged is in line with the applicable Petroleum Policy / agreed with customers / Petroleum Concession Agreements; and (d) obtained direct balance confirmation from customers; • Checked, on a sample basis, sales transactions on either side of the unconsolidated statement of financial position date to assess whether they are recorded in the correct accounting period; • Tested journal entries relating to revenue recognized during the year based on identified risk criteria; and • Assessed the adequacy of relevant disclosures made in the financial statements.

Information Other than the Unconsolidated and Consolidated Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises of Chairman's Review, Directors' Report and key performance indicators included in the Company's Annual Report for the year ended June 30,2024 but does not include the unconsolidated and consolidated financial statements and our auditors' report 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 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.

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

Auditors' 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 auditors' 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.

KPMG Taseer Hadi & Co.

- 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 auditors' 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 auditors' 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 auditors' 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:

KPMG

KPMG Taseer Hadi & Co.

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 comprehensive income, the unconsolidated statement of cash flows and the unconsolidated statement of changes in equity 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 auditors' report is **Inam Ullah Kakra.**

KPMG Taseer Hadi & Co.
Chartered Accountants
Islamabad
Date: [illegible]
UDIN: [illegible]

UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2024

	Note	June 30, 2024	June 30, 2023
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	**134,019,969**	135,859,892
Intangible assets	5	**123,731**	56,185
Long-term investments	6	**67,852,349**	59,367,093
Long-term loans	7	**95,620**	71,676
Long-term deposits	8	**7,676**	7,676
		202,099,345	195,362,522
CURRENT ASSETS			
Stores and spares	9	**6,861,961**	5,928,542
Trade debts	10	**577,586,098**	513,033,122
Loans and advances	11	**428,858**	596,940
Trade deposits and short-term prepayments	12	**715,775**	474,745
Interest accrued	13	**1,226,860**	1,669,329
Current maturity of long-term loans	7	**40,068**	32,255
Current maturity of long-term deposits	8	**1,683,750**	1,683,750
Current maturity of long-term receivables		**-**	51,266
Other receivables	14	**4,964,377**	3,067,584
Short-term investments	15	**104,767,240**	62,105,098
Cash and bank balances	16	**7,073,544**	6,106,013
		705,348,531	594,748,644
TOTAL ASSETS		**907,447,876**	790,111,166
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	17	**27,209,836**	27,209,836
Reserves	18	**612,363,548**	513,537,524
		639,573,384	540,747,360
NON-CURRENT LIABILITIES			
Provision for decommissioning obligation	19	**45,656,616**	41,921,125
Long term financing	20	**1,136,412**	-
Deferred liabilities	22	**4,117,606**	3,605,261
Deferred taxation - net	23	**20,423,349**	26,078,961
		71,333,983	71,605,347
CURRENT LIABILITIES			
Trade and other payables	24	**126,350,790**	109,844,983
Unclaimed dividends		**311,624**	1,200,292
Current maturity of long-term financing	20	**129,873**	-
Current maturity of lease liabilities	21	**-**	1,127,957
Taxation - net		**69,748,222**	65,585,227
		196,540,509	177,758,459
TOTAL LIABILITIES		**267,874,492**	249,363,806
TOTAL EQUITY AND LIABILITIES		**907,447,876**	790,111,166
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

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED JUNE 30, 2024

	Note	June 30, 2024	June 30, 2023
		(Rupees in thousand)	
Revenue from contracts with customers	26	**288,797,413**	286,480,252
Operating expenses	27	**(54,727,376)**	(48,452,809)
Royalties and other levies	28	**(44,688,876)**	(46,478,345)
		(99,416,252)	(94,931,154)
Gross profit		**189,381,161**	191,549,098
Exploration expenses	29	**(19,133,059)**	(21,628,270)
Administrative expenses	30	**(5,196,397)**	(3,919,480)
Finance costs	32	**(1,579,947)**	(1,484,867)
Share of loss of associates	6.4 & 6.5	**(2,327,007)**	(683,235)
Other charges	33	**(18,339,891)**	(15,770,875)
		142,804,860	148,062,371
Other income	34	**16,977,290**	17,538,663
Profit before taxation		**159,782,150**	165,601,034
Taxation	35	**(45,473,073)**	(67,663,928)
Profit after taxation		**114,309,077**	97,937,106
Basic and diluted earnings per share (Rs)	41	**42.01**	35.99

The annexed notes 1 to 46 form an integral part of these unconsolidated financial statements.

Chief Financial Officer	Director	Chief Executive Officer

UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2024

	Note	June 30, 2024	June 30, 2023
		(Rupees in thousand)	
Profit after taxation		**114,309,077**	97,937,106
Other comprehensive (loss) / income:			
Items that will not be subsequently reclassified to profit or loss:			
Remeasurement loss on defined benefit plans - net	31	**(646,426)**	(2,970,931)
Items that may be reclassified to profit or loss (net of tax):			
Exchange differences on translation of foreign associate (Pakistan International Oil Limited)		**(232,937)**	967,864
Share of exchange differences on translation of foreign operation of the associate {Pakistan Minerals (Private) Limited}	6.5	**(998,777)**	14,020,097
Other comprehensive (loss) / income for the year		**(1,878,140)**	12,017,030
Total comprehensive income for the year		**112,430,937**	109,954,136

The annexed notes 1 to 46 form an integral part of these unconsolidated financial statements.

Chief Financial Officer	Director	Chief Executive Officer

UNCONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2024

	Note	June 30, 2024	June 30, 2023
		(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		**275,957,936**	182,109,373
Receipts of other income		**1,083,304**	7,259,895
Payment to suppliers / service providers and employees - net		**(46,094,948)**	(45,693,028)
Payment of indirect taxes and Government levies including royalties		**(102,212,680)**	(89,062,731)
Income tax paid		**(47,680,058)**	(41,160,238)
Payment of decommissioning obligation		**(37,991)**	(132,637)
Finance costs paid		**(104,991)**	(210,291)
Long-term loans - net		**(31,756)**	(14,313)
Net cash generated from operating activities		**80,878,816**	13,096,030
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		**(24,525,647)**	(18,030,882)
Proceeds from disposal of property, plant and equipment		**245,212**	389
Investments - net		**(1,729,282)**	18,471,072
Equity investment in PIOL		**(7,108,749)**	(2,181,000)
Equity investment in PMPL		**(5,012,874)**	(2,268,647)
Long-term deposits		**-**	(178,500)
Current maturity of long-term receivables		**-**	70,785
Finance income received		**16,656,461**	10,062,421
Net cash (used in) / generated from investing activities		**(21,474,879)**	5,945,638
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financing - net		**1,266,285**	-
Payment of lease liabilities		**(1,127,957)**	(332,347)
Dividends paid		**(14,493,581)**	(3,882,333)
Net cash used in financing activities		**(14,355,253)**	(4,214,680)
Net increase in cash and cash equivalents		**45,048,684**	14,826,988
Cash and cash equivalents at the beginning of the year		**47,756,864**	32,929,876
Cash and cash equivalents at the end of the year	39	**92,805,548**	47,756,864

The annexed notes 1 to 46 form an integral part of these unconsolidated financial statements.

Chief Financial Officer

Director

Chief Executive Officer

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2024

	Subscribed and paid-up share capital		Capital reserve	Revenue & other reserves	Total reserves	Total
	Ordinary	Convertible preference	(Note -18)			
	(Rupees in thousand)					
Balance as at June 30, 2022	**27,209,730**	**106**	**1,428**	**407,663,435**	**407,664,863**	**434,874,699**
Total comprehensive income for the year						
Profit after taxation	-	-	-	97,937,106	97,937,106	97,937,106
Other comprehensive income for the year ended June 30, 2023, net of tax	-	-	-	12,017,030	12,017,030	12,017,030
Total comprehensive income for the year ended June 30, 2023	-	-	-	109,954,136	109,954,136	109,954,136
Transactions with owners:						
- Ordinary shareholders						
Final dividend for the year ended June 30, 2022 at 5%	-	-	-	(1,360,487)	(1,360,487)	(1,360,487)
Interim dividend for the year ended June 30, 2023 at 10%	-	-	-	(2,720,973)	(2,720,973)	(2,720,973)
- Convertible preference shareholders						
Final dividend for the year ended June 30, 2022 at 5%	-	-	-	(5)	(5)	(5)
Interim dividend for the year ended June 30, 2023 at 10%	-	-	-	(10)	(10)	(10)
Conversion of preference shares into ordinary shares	2	(2)	-	-	-	-
Total transactions with owners	2	(2)	-	(4,081,475)	(4,081,475)	(4,081,475)
Balance as at June 30, 2023	**27,209,732**	**104**	**1,428**	**513,536,096**	**513,537,524**	**540,747,360**
Total comprehensive income for the year						
Profit after taxation	**-**	**-**	**-**	**114,309,077**	**114,309,077**	**114,309,077**
Other comprehensive loss for the year ended June 30, 2024, net of tax	**-**	**-**	**-**	**(1,878,140)**	**(1,878,140)**	**(1,878,140)**
Total comprehensive income for the year ended June 30, 2024	**-**	**-**	**-**	**112,430,937**	**112,430,937**	**112,430,937**
Transactions with owners:						
- Ordinary shareholders						
Final dividend for the year ended June 30, 2023 at 15%	**-**	**-**	**-**	**(4,081,460)**	**(4,081,460)**	**(4,081,460)**
First interim dividend for the year ended June 30, 2024 at 25%	**-**	**-**	**-**	**(6,802,433)**	**(6,802,433)**	**(6,802,433)**
Second interim dividend for the year ended June 30, 2024 at 10%	**-**	**-**	**-**	**(2,720,973)**	**(2,720,973)**	**(2,720,973)**
- Convertible preference shareholders						
Final dividend for the year ended June 30, 2023 at 15%	**-**	**-**	**-**	**(16)**	**(16)**	**(16)**
First interim dividend for the year ended June 30, 2024 at 25%	**-**	**-**	**-**	**(26)**	**(26)**	**(26)**
Second interim dividend for the year ended June 30, 2024 at 5%	**-**	**-**	**-**	**(5)**	**(5)**	**(5)**
Conversion of preference shares into ordinary shares	**-**	**-**	**-**	**-**	**-**	**-**
Total transactions with owners	**-**	**-**	**-**	**(13,604,913)**	**(13,604,913)**	**(13,604,913)**
Balance as at June 30, 2024	**27,209,732**	**104**	**1,428**	**612,362,120**	**612,363,548**	**639,573,384**

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, 2024

1. LEGAL STATUS AND OPERATIONS

1.1 Pakistan Petroleum Limited (the Company) was incorporated in Pakistan in 1950. The Company's main objectives are conducting exploration, prospecting, development and production of hydrocarbons and mineral 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, Pakistan.

1.2 These unconsolidated financial statements are the separate financial statements of the Company, in which investments in the below mentioned subsidiaries have been accounted for at cost less accumulated impairment losses, if any. As of the date of statement of financial position, the Company has the following wholly owned subsidiaries:

a) PPL Europe E&P Limited (PPLE)
b) PPL Asia E&P B.V. (PPLA)
c) The Pakistan Petroleum Provident Fund Trust Company (Private) Limited (PPPFTC)

1.3 The Sui Mining Lease expired on May 31, 2015. The Government of Pakistan (GoP) through various notifications allowed the Company to continue production from the Sui gas field. The most recent notification is dated December 08, 2023, allowing the Company to continue production from the Sui gas field with effect from June 01, 2023 to May 31, 2024.

During the year, the Economic Coordination Committee (ECC) vide decision dated February 07, 2024, approved a summary for re-grant of Development & Production Lease (D&PL) to the Company for a period of ten years from June 01, 2015 to May 31, 2025. The decision has also been ratified by the Federal Cabinet on February 15, 2024. The Company is continuously following-up for re-grant of Sui D&PL. Accordingly, Sui D&PL is expected to be formally granted in due course of time.

1.4 The Pakistan Sovereign Wealth Fund Act, 2023 became effective during the year. Under the said Act, the GoP's shareholding in the Company stands transferred to the Pakistan Sovereign Wealth Fund (PSWF). Accordingly, the Company is in the process of taking necessary corporate actions required to record the transfer of the shares from the GoP to the PSWF.

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:

- International Financial Reporting Standards (IFRS) 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 IFRS, 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 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. The SECP through S.R.O. 1177(I)/2021 dated September 13, 2021, and letter No. SMD/PRDD/Comp/(4)/2021/302 dated September 15, 2022, granted further extension / exemption from the above-mentioned requirements of IFRS-9 till June 30, 2022 and June 30, 2023 respectively. Furthermore, this exemption has been extended by SECP through S.R.O 67(I)/2023 dated January 20, 2023 for the financial years ending on or before December 31, 2024. Consequently, the Company has not recorded impact of aforesaid ECL in respect of financial assets due directly / ultimately from the GoP in consequence of circular debt, in these unconsolidated financial statements. Further, in relation to financial assets due from parties other than GoP, the 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 (except as mentioned in note 10.5 to these unconsolidated financial statements).

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:

a) Financial assets at fair value through profit or loss have been measured at fair value.

b) Obligations in respect of certain employee benefits and decommissioning cost have been measured at present value.

2.3 New or amendments / interpretations to existing standards, interpretations and forthcoming requirements

There are new and amended standards and interpretations that are mandatory for accounting periods beginning July 01, 2023 but are considered not to be relevant or do not have any significant effect on these unconsolidated financial statements except for "IAS 1 - Disclosure of Material Accounting Policy Information" which became effective from the current year.

2.4 Standards, amendments and interpretations to accounting and reporting standards that are not yet effective

The following IFRSs as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after July 01, 2024 and these amendments are not likely to have a significant effect on these unconsolidated financial statements.

- Classification of liabilities as current or non-current (Amendments to IAS 1 in January 2020) apply retrospectively for the annual periods beginning on or after January 01, 2024, (as deferred vide amendments to IAS 1 in October 2022) with earlier application permitted. These amendments in the standards have been added to further clarify when a liability is classified as current. Convertible debt may need to be reclassified as 'current'. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity's expectation and discretion at the reporting date to refinance or to reschedule payments on a long-term basis are no longer relevant for the classification of a liability as current or non-current. An entity shall apply those amendments retrospectively in accordance with IAS 8;

- Non-current Liabilities with Covenants (amendment to IAS 1 in October 2022) aims to improve the information an entity provides when its right to defer settlement of a liability for at least twelve months is subject to compliance with conditions. The amendment is also intended to address concerns about classifying such a liability as current or non-current. Only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability's classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date. The amendments apply retrospectively for annual reporting periods beginning on or after January 01, 2024, with earlier application permitted. These amendments also specify the transition requirements for companies that may have early-adopted the previously issued but not yet effective 2020 amendments to IAS 1 (as referred above);

- Lease Liability in a Sale and Leaseback (amendment to IFRS 16 in September 2022) adds subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements to be accounted for as a sale. The amendment confirms that on initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale- and-leaseback transaction. After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognizes no gain or loss relating to the right of use it retains. A seller-lessee may adopt different approaches that satisfy the new requirements on subsequent measurement. The amendments are effective for annual reporting periods beginning on or after January 01, 2024, with earlier application permitted. Under IAS 8, a seller-lessee will need to apply the amendments retrospectively to sale-and-leaseback transactions entered into or after the date of initial application of IFRS 16 and will need to identify and re-examine sale-and- leaseback transactions entered into since implementation of IFRS 16 in 2019, and potentially restate those that included variable lease payments. If an entity (a seller-lessee) applies the amendments arising from Lease Liability in a Sale and Leaseback for an earlier period, the entity shall disclose that fact;

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) amend accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transactions that involves neither cost nor full step- up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review;

- Supplier Finance Arrangements (amendments to IAS 7 and IFRS 7) introduce two new disclosure objectives for a company to provide information about its supplier finance arrangements that would enable users (investors) to assess the effects of these arrangements on the company's liabilities and cash flows, and the company's exposure to liquidity risk. Under the amendments, companies also need to disclose the type and effect of non-cash changes in the carrying amounts of the financial liabilities that are part of a supplier finance arrangement. The amendments also add supplier finance arrangements as an example to the existing disclosure requirements in IFRS 7 on factors a company might consider when providing specific quantitative liquidity risk disclosures about its financial liabilities. The amendments are effective for periods beginning on or after 1 January 2024, with early application permitted. However, some relief from providing certain information in the year of initial application is available; and

- Lack of Exchangeability (amendments to IAS 21) clarify:
  - when a currency is exchangeable into another currency; and
  - how a company estimates a spot rate when a currency lacks exchangeability.

  Further, companies will need to provide new disclosures to help users assess the impact of using an estimated exchange rate on the financial statements:

  - the nature and financial impacts of the currency not being exchangeable;
  - the spot exchange rate used;
  - the estimation process; and
  - risks to the company because the currency is not exchangeable.

  The amendments apply for annual reporting periods beginning on or after January 01, 2025. Earlier application is permitted.

  - Amendments to the Classification and Measurement of Financial Instruments
  - Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments:
  - Financial Assets with ESG-Linked features:

  Under IFRS 9, it was unclear whether the contractual cash flows of some financial assets with ESG-linked features represented Solely Payments of Principal and Interest (SPPI). This could have resulted in financial assets with ESG-linked features being measured at fair value through profit or loss.

  Although the new amendments are more permissive, they apply to all contingent features, not just ESG-linked features. While the amendments may allow certain financial assets with contingent features to meet the SPPI criterion, companies may need to perform additional work to prove this.

  Judgement will be required in determining whether the new test is met.

  The amendments introduce an additional SPPI test for financial assets with contingent features that are not related directly to a change in basic lending risks or costs – e.g., where the cash flows change depending on whether the borrower meets an ESG target specified in the loan contract.

  The amendments also include additional disclosures for all financial assets and financial liabilities that have certain contingent features that are:

  - not related directly to a change in basic lending risks or costs; and
  - The amendments apply for reporting periods beginning on or after 1 January 2026. Companies can choose to early-adopt these amendments (including the associated disclosure requirements), separately from the amendments for the recognition and derecognition of financial assets and financial liabilities.
  - Recognition / Derecognition requirements of Financial Assets / liabilities by Electronic Payments:

  The amendments to IFRS 9 clarify when a financial asset or a financial liability is recognized and derecognized and provide an exception for certain financial liabilities settled using an electronic payment system. Companies generally derecognize their trade payables on the settlement date (i.e., when the payment is completed). However, the amendments provide an exception for the derecognition of financial liabilities. The exception allows the company to derecognize its trade payable before the settlement date, when it uses an electronic payment system that meets all of the following criteria:

  - no practical ability to withdraw, stop or cancel the payment instruction;
  - no practical ability to access the cash to be used for settlement as a result of the payment instruction; and
  - the settlement risk associated with the electronic payment system is insignificant.

  The amendments apply for reporting periods beginning on or after 1 January 2026. Earlier application is permitted.

2.5 Benazir Employees' Stock Option Scheme (BESOS)

The PPL Employees Empowerment Trust ("Trust") was established vide a Trust Deed under BESOS on September 14, 2009. The Trust currently holds 7.35% shareholding of the Company. The Trust was created for the purposes of empowerment of employees of state-owned entities.

In June 2011, the SECP on receiving representations from some of the entities covered under BESOS 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 BESOS. Had the exemption not been granted, retained earnings and reserves would have been lower and higher by Rs 18,879 million (2023: Rs 18,879 million).

The detailed judgment of the Honourable Supreme Court of Pakistan (SCP) has been issued in relation to the Benazir Employees' Stock Option Scheme (BESOS). The Honourable SCP has held that the BESOS was established without any policy input of the Council of Common Interests. Therefore, it fell beyond the ambit of authority of the Federal Cabinet and contravened Article 154 of the Constitution of the Islamic Republic of Pakistan, 1973. Accordingly, the Honourable SCP upheld the judgment dated January 03, 2018 passed by the Honourable Sindh High Court. The Company is taking all necessary corporate actions to repatriate the funds and transfer of shares back to the Federal Government.

2.6 Significant accounting judgments, estimates and assumptions

The preparation of these unconsolidated financial statements in conformity with the 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, methods of depreciation / amortisation and residual values of property, plant and equipment and intangibles on the reporting date. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment and intangibles with a corresponding effect on the depreciation / amortisation charge and impairment.

Property, plant and equipment and intangible assets are reviewed for possible impairment when events or changes in circumstances indicate that the carrying amount may not be fully recoverable. Determination as to whether and how much an asset is impaired involves management estimates and judgments such as future prices of crude oil or gas and production profiles.

b) Exploration and evaluation expenditure

The Company's accounting policy for exploration and evaluation expenditure results in cost of exploratory wells being capitalised for an area of interest where it is considered likely to be recoverable by future exploitation or sale or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves.

This policy requires management to make certain estimates and assumptions as to future events and circumstances, in particular whether an economically viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised the expenditure under the policy, a judgment is made that recovery of the expenditure is unlikely, the relevant capitalised amount is charged to profit or loss in the period in which 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 when 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 charged 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 new oil and gas discoveries. Reserves are also used as the basis to calculate unit-of-production depreciation / amortisation rates and to work out the recoverable amount of an asset, wherever applicable. The unit of production basis is the ratio of oil and gas production during the year to the estimated quantities of proved reserves at the end of the year plus production during the year.

All reserves estimates involve some degree of uncertainty. The uncertainty depends chiefly on the amount of reliable geological 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 geological, reservoir or production data, (2) new geological, 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 prospectively affect the amount of amortisation to be recorded and impairment, if any, in the unconsolidated financial statements for assets amortised on unit-of-production basis.

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 useful lives. The estimated cost is charged to profit or loss over the life of the proved reserves on unit-of-production basis.

The timing of recognition requires the application of judgment to existing facts and circumstances, which can be subject to change. Estimates of the amount of provision recognised are based on current legal and constructive obligations, technology and price levels. Provision is based on the best estimates, however, the actual outflows may differ from estimated cash outflows due to changes in laws, regulations, technology, prices and conditions, and the fact that actual expenditure will take place many years in the future. The carrying amount of provision is reviewed periodically and adjusted to take account of such changes.

The provision in respect of the Company's operated fields has been estimated by its in-house technical staff, whereas, the provision for the partner operated fields is based on estimates provided by the respective operators 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. The present value is calculated using real discount rate of 4.45% (2023: 3.42%) per annum. 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	1,631
Property, plant and equipment would have been lower by	972
Amortisation / write-off charge would have been lower by	659
Profit after tax would have been higher by	471

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 a qualified actuary on annual basis using Projected Unit Credit Actuarial Cost Method. Pension and gratuity costs primarily represent the increase / decrease 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. Estimations are sensitive to changes in the underlying assumptions.

h) Taxation

Significant judgment is required in determining the provision for income taxes and deferred tax asset and liability. 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 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).

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

j) Impairment of financial assets

- Financial assets covered under IFRS 9 - 'Financial Instruments' (IFRS 9)

The Company uses default rates based on credit rating of customers from which receivables are due, probability weighted cash flow projection for customers for which credit rating is not available and provision matrix for large portfolio of customer which have similar characteristics to calculate expected credit losses (ECL) for trade debts and other receivables.

The default rates are benchmarked and adjusted for forward looking information, cash flow projections are discounted using original effective interest rates, and the rates in provision matrix are based on days past due for various customer segments that have similar loss patterns. The provision matrix is initially based on the Company's historical observed default rates which is then adjusted for forward looking information.

The assessment of the correlation between historical observed default rates and the projection of cash flows from customers, forecast economic conditions and resulting ECL is a significant estimate. The amount of ECL is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

- Financial assets covered under IAS 39 - 'Financial Instruments: Recognition and Measurement' (IAS 39)

The Securities and Exchange Commission of Pakistan (SECP) has deferred applicability of ECL model in respect of financial assets due directly / ultimately from the Government of Pakistan (GoP) for the financial years ending on or before December 31, 2024. Accordingly, the Company reviews the recoverability of its trade debts and other receivables that are due directly / ultimately from GoP to assess whether there is any objective evidence of impairment as per requirements of IAS 39 'Financial Instruments: Recognition and Measurement' at each reporting date.

The Company has overdue receivables on account of inter-corporate circular debt. These overdue balances are receivable from gas supply and power companies. The GoP is committed, hence continuously pursuing for satisfactory settlement of inter-corporate circular debt issue. However, the progress is slower than expected resulting in accumulation of Company's debts. Inter-corporate circular debt in Pakistan arises due to delayed payments in the energy sector supply chain; GoP either directly or through its direct / indirect ownership of entities within energy sector supply chain is at the core of circular debt issue.

Settlement of the Company's receivables is slower than the contractual terms primarily because circular debt is a macro-economic level issue in Pakistan and its level at any given time is dependent on policies and / or priorities of the GoP, the level of subsidies offered by GoP to certain domestic and industrial consumers, exchange rate fluctuations, global crude oil prices and certain other systemic issues within energy sector (tariffs, losses, non / delayed recoveries).

The Company's assessment of objective evidence of impairment with respect to overdue amounts on account of inter-corporate circular debt takes into account commitment made by the GoP, contractual rights to receive compensation for delayed payments and plans of the GoP to address the issue of inter-corporate circular debt.

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. MATERIAL 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, decommissioning cost and production bonus. The cost of self-constructed assets includes the cost of materials, direct labour and any other costs directly attributable to bringing the assets to working condition for their intended use. The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, with net amount recognised in profit or loss.

Impairment tests for property, plant and equipment are performed when there is an indication of impairment. At the end of each reporting period, an assessment is made to determine whether there are any indications of impairment. Accordingly, the Company conducts an internal review of asset values which is used as a source of information to assess for any indications of impairment. External factors such as changes in expected future prices, costs and other market factors are also monitored to assess for indications of impairment. If any such indication exists, the asset's recoverable amount is estimated being the higher of its fair value less cost to sell and value in use.

If the carrying amount of the asset exceeds its recoverable amount, the property, plant and equipment is impaired and an impairment loss is charged to profit or loss so as to reduce the carrying amount of the property, plant and equipment to its recoverable amount.

In testing for indications of impairment and performing impairment calculations, assets are considered as collective groups, referred to as Cash Generating Units (CGUs). CGUs are the smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(b) 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.

Leases that have terms of less than twelve months or on which the underlying asset is of low value, are recognised as an expense in the statement of profit or loss when incurred.

3.2 Exploration and evaluation assets

The Company applies the "Successful efforts" method of accounting for Exploration and Evaluation (E&E) costs. Under the Successful efforts method of accounting, all property acquisitions, exploratory / evaluation drilling costs are initially capitalised, till such time that technical feasibility and commercial viability of oil and gas are demonstrated.

Costs directly associated with an exploratory well are capitalised until the drilling of the well is completed and results have been evaluated. Major costs include material, chemical, fuel, well services, rig operational costs and employee costs. All other exploration costs including cost of technical studies, seismic acquisition and data processing, geological and geophysical activities are charged to profit or loss as exploration expenditure. Cost incurred prior to obtaining exploration rights to explore an area are charged to profit or loss.

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. In case of discovery of commercial reserves and commencement of production, the carrying value after any impairment loss of the relevant E&E assets is then transferred to 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 (i) the point at which a determination is made as to whether or not commercial reserves exist (ii) 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 (iii) substantive expenditure on further exploration and evaluation activities is not planned or budgeted (iv) 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 been recognised for the asset in prior years. A reversal of the impairment loss is recognised as income in profit or loss. E&E assets are not amortised.

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 testing of development and production assets is 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 testing purposes is generally field by field basis, except that a number of fields may be grouped as a single CGU where the cash flows of each field are inter-dependent.

Where conditions giving rise to impairment subsequently reverse, the effect of the impairment charge is also reversed. The reversal is limited so that the carrying amount of the asset neither exceeds its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation / amortisation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

3.4 Intangible assets

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

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

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

3.5 Depreciation and amortisation

a) Property, plant and equipment

Depreciation and amortisation on all field based immovable assets are charged on unit-of-production basis. Whereas, all movable assets i.e. furniture, fittings & equipment, computers & allied equipment and vehicles 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.

b) Intangible assets

Amortisation on intangible assets is charged over their useful life on straight-line basis at the rates stated in note 5.1 to these unconsolidated financial statements.

Amortisation on additions is charged from the month following the one in which the asset is available for use and on disposals upto the month the asset is in use.

3.6 Business combinations and goodwill

The Company uses acquisition method of accounting for acquisition of assets or class of assets, whereby, the purchase consideration is allocated to the identifiable assets, liabilities and contingent liabilities assumed based on the fair value at the date of acquisition. Acquisition related costs are expensed as incurred and included in profit or loss.

Goodwill is initially measured as of the acquisition date, being the excess of (a) the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and in a business combination achieved in stages, the acquisition date fair value of the previously held equity interest in the acquiree; and (b) the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed.

In case the fair value attributable to the Company's interest in the identifiable net assets exceeds the fair value of consideration, the Company recognises the resulting gain in profit or loss on the acquisition date.

Goodwill acquired in a business combination is measured, subsequent to initial recognition, at cost less accumulated impairment losses, if any, and is 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. Impairment losses are not reversed in future years.

3.7 Investment in subsidiaries

Subsidiaries are all entities over which the Company has control. The Company has control over any entity if all conditions below are satisfied:

- 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 period.

3.8 Investment in associated companies

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. The results, assets and liabilities of the associate have been incorporated in these unconsolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are initially recognised at cost adjusted thereafter to recognise the Company's share of the post-acquisition profits or losses of the associate in profit or loss and the Company's share of movements in other comprehensive income of the associate in other comprehensive income. Dividends received or receivable from the associate are recognised as a reduction in the carrying amount of the investment. Losses of an associate in excess of Company's interest in that associate are recognised only to the extent that the Company has incurred legal or constructive obligation or made payment on behalf of the associate. The carrying amount of equity-accounted investment is tested for impairment in accordance with the policy described in note 3.9 below.

3.9 Impairment of non-financial assets, goodwill and investment in subsidiaries & associated companies

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

Intangible assets with indefinite useful lives are tested for impairment annually 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.

3.10 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. Stores and spares, which meet the definition of property, plant and equipment, are classified as capital stores for drilling and development. 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 operations are not considered.

3.11 Financial assets and financial liabilities

a) Financial assets

Classification

Financial assets are classified in the following categories: at amortised cost, at fair value through other comprehensive income and at fair value through profit or loss. The classification depends on the purpose for which the financial assets were acquired. The management determines the classification of its financial assets at initial recognition and, where allowed and appropriate, re-evaluates the designation at each date of statement of financial position.

i. Amortised Cost

Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets, impairment losses, foreign exchange gains and losses, and gain or loss arising on derecognition are recognised directly in profit or loss.

ii. At fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

iii. At fair value through profit or loss

Financial assets at fair value through profit or loss are those financial assets which are either designated in this category or not classified in any of the other categories. A gain or loss on debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss in the period in which it arises.

Equity instrument financial assets are measured at fair value at initial recognition 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 derecognition 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 or ultimately due from GoP as described in note 2.1.2 to these unconsolidated financial statements). The impact of ECL on trade debts subject to circular debt is impracticable to determine as at June 30, 2024.

The Company assesses the recoverability of its financial assets if there is objective evidence that the Company will not be able to collect all the amounts due according to the original terms. Significant financial difficulties of the debtors, probability that the debtor will enter bankruptcy and default or delinquency in payments, are considered indicators that the trade debts and other receivables are impaired.

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 loss or gain, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

- Financial assets covered under IFRS 9

The Company recognises an allowance for expected credit losses (ECL) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECL is recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit exposures that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For financial assets other than trade debts, the Company applies general approach in calculating ECL. It is based on difference between the contractual cashflows due in accordance with the contract and all the cashflows that the Company expects to receive discounted at the approximation of the original effective interest rate. The expected cashflows will include cash flows from sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade debts, the Company applies a simplified approach where applicable in calculating ECL. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECL at each reporting date. The Company has established a provision matrix for large portfolio of customer having similar characteristics and default rates based on the credit rating of customers from which receivables are due that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

- Financial assets covered under IAS 39

SECP through S.R.O. 985 (I)/2019 dated September 2, 2019 has notified that in respect of companies holding financial assets due from the Government of Pakistan (GoP), the requirements contained in IFRS 9 with respect to application of Expected Credit Loss (ECL) method shall not be applicable till June 30, 2021, provided that such companies shall follow relevant requirements of IAS 39 'Financial Instruments: Recognition and Measurement' in respect of above referred financial assets during the exemption period. Under the said S.R.O, the disclosure of the impacts of ECL was not required. Earlier to the aforesaid S.R.O, SECP in a press release dated August 22, 2019 communicated that IFRS 9 needs to be looked into from Pakistan perspective where phenomenon of circular debt needs to be given due consideration. Further, SECP through S.R.O 1177(I)/2021 dated September 13, 2021, and letter No. SMD/PRDD/Comp/(4)/2021/302 dated September 15, 2022, granted further extension / exemption from the above-mentioned requirements of IFRS-9 till June 30, 2022 and June 30, 2023 respectively. Furthermore, this exemption has been extended by SECP through S.R.O 67(I)/2023 dated January 20, 2023 for the financial years ending on or before December 31, 2024. It was noted that concerns expressed by companies regarding practical limitations in determining ECL on debts due from government, due to uncertain cash recovery patterns of circular debt, carry weight. In accordance with the exemption granted by SECP, ECL has not been recognised in respect of financial assets due directly / ultimately from GoP (i.e. SNGPL, SSGCL and GENCO-II) in the unconsolidated financial statements.

Financial assets, on which ECL model is not applicable as per the aforesaid notification of SECP, are assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. Individually 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.

All impairment losses are recognised in statement of profit or loss . An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial asset carried at amortised cost, the impairment loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows discounted at current market rate of return for a similar financial assets. Such impairment loss will not be reversed in subsequent periods. For financial asset carried at amortised cost, the amount of impairment loss recognised is the difference between the carrying amount and present value of estimated cash flows, discounted at effective interest rate.

b) Financial liabilities

Financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities at amortised cost are initially measured at fair value less transaction costs. Financial liabilities at fair value through profit or loss are initially recognised at fair value and transaction costs are recognised as expense in the profit or loss.

Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortised cost using the effective yield method.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender or substantially different terms, or the terms of an existing liability are substantially modified, such an exchange and modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the profit or loss.

c) Offsetting of financial instruments

A financial asset and financial liability is off-set and the net amount is reported in the statement of financial position when there is a legally enforceable right to set-off the transaction and also there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

3.12 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.

3.13 Trade debts and other receivables

Trade debts and other receivables are recognised initially at the amount of consideration that is unconditional, unless they contain a 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.

3.14 Cash and cash equivalents

Cash and cash equivalents for the purpose of statement of cash flows, comprise of cash 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.

3.15 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 and the expected outflow of economic resources to settle this obligation is up to next twenty-two years. Decommissioning cost is capitalised and subsequently amortised / depreciated as part of the well or facility to which it relates.

The provision for decommissioning is based on the best estimate of future costs and the economic life of the existing wells and facilities, however, there is uncertainty regarding both the amount and timing of incurring these costs. Any change in the present value of the estimated expenditure is dealt with prospectively and reflected as an adjustment to the provision and a corresponding adjustment to property, plant and equipment. The unwinding of the discount on the decommissioning provision is recognised as finance cost in the profit or loss.

Notes to and forming part of the Unconsolidated Financial Statements
for the year ended june 30, 2024

3.16 Staff retirement benefits

a) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than the defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in current and prior periods; that benefit is discounted to determine its present value. The Company maintains / operates the following benefit plans:

i. Approved pension and gratuity schemes

The Company operates approved funded pension and gratuity schemes, separately, for its executive and non-executive permanent staff as per rules of service. Provisions are made annually, on the basis of actuarial valuations, for these schemes.

Contributions to these funds require assumptions to be made in respect of future outcomes which mainly include increase in remuneration, expected long-term return on plan assets and the discount rate used to convert future cash flows to current values. Calculations are sensitive to changes in the underlying assumptions.

Remeasurement in respect of defined benefit plans are recognised in full directly in equity through other comprehensive income or loss in the period in which they occur. Such remeasurements are also immediately recognised in retained earnings and are not reclassified to the profit or loss in subsequent periods. The past service costs are recognised at the earlier of when the amendment or curtailment occurs and when the Company has recognised related restructuring or terminations.

These schemes are governed by their respective Trust Deeds and Rules. All matters pertaining to these schemes including contributions to the schemes and payments to outgoing members are dealt with in accordance with the respective Trust Deeds and Rules.

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 and non-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, 2024 based on the 'Projected Unit Credit Actuarial Cost Method'.

b) Defined contribution plan

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

The Company operates recognised provident fund schemes, separately, for its executive and non-executive permanent staff as per rules of service. 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 as per rules of service and contributes upto 13.44% of basic salary, according to the eligibility of executive staff to the relevant funds.

3.17 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, 2024.

3.18 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.

3.19 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.

3.20 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 balance sheet liability method, on all temporary differences at the date of statement of financial position between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax losses and unused tax credits, to the extent it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amount of deferred tax assets is reviewed at each date of statement of financial position and is reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the date of statement of financial position.

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

Deferred tax assets and liabilities are offset only if there is a legally enforceable right to offset current tax assets and liabilities and they relate to the income tax levied by the same tax authority.

The Institute of Chartered Accountants of Pakistan (ICAP) issued application guidance on the accounting treatment of minimum and final taxes through Circular No. 07/2024, dated May 15, 2024 ("the Guidance"). According to the Guidance, minimum taxes that are non-recoverable and exceed the normal tax liability, as well as taxes under the final tax regime, fall outside the scope of IAS 12 Income Taxes and as such should be accounted for under IFRIC 21 Levies / IAS 37 Provisions, Contingent Liabilities, and Contingent Assets.

Accordingly, in line with the Guidance, the Company has changed its accounting policy to recognise final tax / levy on income from mutual funds and export sales as Levy (note 33) instead of classifying as income tax. Such a change has not been applied retrospectively due to the immateriality of the amounts involved.

3.21 Trade and other payables

Liabilities for trade and other amounts payable are carried at amortised 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.

3.22 Revenue recognition

Revenue from sale of hydrocarbons, barytes and iron ore (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 commensurate with the Company's working interest and the terms of the relevant agreements.

3.23 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. Similarly, no provision is being made for the interest payable to GoP on late payment of Gas Development Surcharge (GDS) in accordance with the directives of the Price Determining Authority, Ministry of Energy (Petroleum Division).

Dividend income on equity investments is recognised when the right to receive the payment is established.

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.

3.24 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.

3.25 Foreign currency transactions, translation and operations

a) 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.

b) Foreign operations

The transactions of foreign operation are the translated at the rate of exchange prevailing on the date of transactions. All monetary and non-monetary assets and liabilities of foreign operation are translated into Pakistani Rupees at the exchange rate prevailing at the date of statement of financial position and the resulting currency translation differences are recognised in other comprehensive income and accumulated as a separate reserve in equity until the disposal of foreign operation, upon which these are reclassified from equity to statement of profit or loss when gain or loss on disposal is recognised.

3.26 Functional and presentation currency

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

3.27 Dividends and appropriations to reserves

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

3.28 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions. The management has determined that the Company has a single reportable segment as the Board of Directors views the Company's operations as one reportable segment.

	June 30, 2024	June 30, 2023
	(Rupees in thousand)	
4. PROPERTY, PLANT AND EQUIPMENT		
Operating assets - note 4.1	**89,374,831**	85,583,451
Capital work-in-progress - note 4.4	**44,645,138**	50,276,441
	134,019,969	135,859,892

4.1 **Operating assets**

	Owned assets												ROUA	
	Freehold land	Leasehold land	Buildings, roads and civil constructions on freehold land	Buildings, roads and civil constructions on leasehold land	Plant & machinery (Note - 4.5)	Furniture, fittings and equipment	Tanks and pipelines	Computers and allied equipment	Vehicles*	Development and production assets	Decommis-sioning assets	Sub total	Plant & Machinery	Total
	(Rupees in thousand)													
As at July 01, 2022														
Cost	111,138	1,336,908	3,069,443	5,085	92,487,305	1,281,600	15,613,676	1,450,225	815,493	119,553,751	24,567,287	260,291,911	1,487,289	261,779,200
Accumulated depreciation / amortisation	-	-	(2,077,206)	(4,008)	(64,414,321)	(813,323)	(10,294,057)	(1,288,646)	(716,663)	(77,022,301)	(15,729,361)	(172,359,886)	(123,512)	(172,483,398)
Net Book Value (NBV)	**111,138**	**1,336,908**	**992,237**	**1,077**	**28,072,984**	**468,277**	**5,319,619**	**161,579**	**98,830**	**42,531,450**	**8,837,926**	**87,932,025**	**1,363,777**	**89,295,802**
Year ended June 30, 2023														
Additions (at cost)	-	-	86,836	-	2,347,778	32,389	457,925	58,424	42,823	6,600,365	7,143,247	16,769,787	26,134	16,795,921
Write off (at NBV) - note 4.4.3	-	-	-	-	(12,106)	-	(211)	-	-	-	-	(12,317)	-	(12,317)
Disposals (at NBV)	-	-	-	-	-	-	-	(750)	-	-	-	(750)	-	(750)
Depreciation / amortisation charge	-	-	(139,528)	(133)	(4,874,127)	(81,900)	(1,206,381)	(86,263)	(36,136)	(9,832,695)	(3,757,726)	(20,014,889)	(480,316)	(20,495,205)
NBV	**111,138**	**1,336,908**	**939,545**	**944**	**25,534,529**	**418,766**	**4,570,952**	**132,990**	**105,517**	**39,299,120**	**12,223,447**	**84,673,856**	**909,595**	**85,583,451**
As at July 01, 2023														
Cost	111,138	1,336,908	3,153,946	5,085	94,738,207	1,316,324	16,070,782	1,450,993	858,318	126,154,114	31,710,532	276,906,347	1,513,423	278,419,770
Accumulated depreciation / amortisation	-	-	(2,214,401)	(4,141)	(69,203,678)	(897,558)	(11,499,830)	(1,318,003)	(752,801)	(86,854,994)	(19,487,085)	(192,232,491)	(603,828)	(192,836,319)
NBV	**111,138**	**1,336,908**	**939,545**	**944**	**25,534,529**	**418,766**	**4,570,952**	**132,990**	**105,517**	**39,299,120**	**12,223,447**	**84,673,856**	**909,595**	**85,583,451**
Year ended June 30, 2024														
Additions (at cost)	-	-	60,625	-	7,968,619	292,462	1,051,515	180,799	1,365,599	12,071,571	2,448,614	25,439,804	-	25,439,804
Adjustments / reclassifications	-	-	-	-	733,536	-	-	-	-	-	-	733,536	(733,536)	-
Disposals (at NBV)	-	-	(455)	-	(84)	(78)	-	(886)	-	-	-	(1,503)	-	(1,503)
Depreciation / amortisation charge	-	-	(120,497)	(133)	(5,773,664)	(79,307)	(1,145,602)	(98,226)	(79,345)	(10,597,052)	(3,577,036)	(21,470,862)	(176,059)	(21,646,921)
NBV	**111,138**	**1,336,908**	**879,218**	**811**	**28,462,936**	**631,843**	**4,476,865**	**214,677**	**1,391,771**	**40,773,639**	**11,095,025**	**89,374,831**	**-**	**89,374,831**
As at June 30, 2024														
Cost	111,138	1,336,908	3,206,753	5,085	104,212,130	1,596,204	17,122,296	1,622,867	2,210,671	138,225,686	34,159,147	303,808,885	-	303,808,885
Accumulated depreciation / amortisation	-	-	(2,327,535)	(4,274)	(75,749,194)	(964,361)	(12,645,431)	(1,408,190)	(818,900)	(97,452,047)	(23,064,122)	(214,434,054)	-	(214,434,054)
NBV	**111,138**	**1,336,908**	**879,218**	**811**	**28,462,936**	**631,843**	**4,476,865**	**214,677**	**1,391,771**	**40,773,639**	**11,095,025**	**89,374,831**	**-**	**89,374,831**
Rate of depreciation / amortisation (%)			5	5	**	10	UoP	30	20	UoP	UoP		UoP	

* 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) which are amortised at 10%.

4.2 **Summary of significant assets**

The following assets have significant operational value to the Company:

Particulars	June 30, 2024		June 30, 2023	
	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	**5,638,919**	**-**	5,638,919	-
Booster Compression Project - SML	**2,891,124**	**913,418**	2,891,124	1,072,646
Revamping of SML Compressors	**5,504,035**	**4,633,047**	1,335,456	1,147,782
Adhi Field				
LPG / NGL Plant III	**4,649,726**	**1,515,774**	4,649,726	1,771,627
Kandhkot Field				
Gas Compression Station	**10,339,569**	**1,790,259**	10,345,025	1,988,588
Hala Field				
Gas Processing Facility (GPF)	**1,257,051**	**12,988**	1,252,858	17,820
Gambat South Field				
Gas Processing Facility (GPF) II	**10,844,529**	**5,041,825**	10,830,657	5,639,927
GPF IV (Phase I & II)	**4,340,257**	**2,869,188**	4,292,436	3,169,686
GPF IV Compression	**1,196,551**	**1,067,025**	-	-
Dhok Sultan Field				
Oil Handling Facility	**733,536**	**643,923**	-	-
Oil Handling Facility (ROUA)	**-**	**-**	1,513,423	909,595
Sawan Field				
Front End Compression	**3,304,042**	**29,289**	3,301,782	171,541
Other Plant and Machinery	**1,811,767**	**-**	1,811,767	-
Tal Field				
Makori Central Processing Facility (CPF)	**6,991,613**	**674,489**	6,464,776	676,032
CPF Manzalai	**3,157,148**	**46,139**	3,136,923	62,060
Nashpa Field				
Nashpa LPG Plant	**4,731,035**	**1,292,054**	4,731,035	1,734,963
Wellhead Compression Project	**1,188,301**	**450,174**	1,188,301	604,492
Latif Field				
Reception / Tie-in Facility	**1,165,465**	**15,448**	1,165,465	27,182
Kirthar Field				
Kirthar Compression Project	**1,353,360**	**1,135,431**	-	-

4.3 **Cost and accumulated depreciation include:**

	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
	Cost		Accumulated depreciation	
	(Rupees in thousand)			
Share in Company operated joint operations	**35,259,707**	33,191,486	**20,169,349**	17,633,067
Share in partner operated joint operations - note 4.3.1	**47,209,408**	44,374,086	**39,546,058**	36,405,595
	82,469,115	77,565,572	**59,715,407**	54,038,662

4.3.1 The assets pertaining to partner operated joint operations belong to various fields and are not in possession of the Company.

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

4.3.3 Vehicles amounting to Rs 1,279 million as on June 30, 2024 (2023: Rs 'Nil') are kept as collateral with non-banking financial institutions, as disclosed in note 20 to these unconsolidated financial statements.

	June 30, 2024	June 30, 2023
	(Rupees in thousand)	
4.4 Capital work-in-progress		
Plant, machinery, fittings and pipelines	**10,911,395**	14,633,997
Exploration and evaluation (E&E) assets	**13,613,161**	15,762,271
Development and production (D&P) assets	**7,359,929**	8,852,163
Lands, buildings and civil constructions	**74,650**	91,084
Advances to suppliers	**709,064**	-
Capital stores for drilling and development	**11,860,295**	11,918,928
- Net reversal of Impairment loss	**116,644**	412,823
- Written-off - note 4.4.3	**-**	(1,394,825)
	11,976,939	10,936,926
	44,645,138	50,276,441

4.4.1 **Reconciliation of the carrying amount of capital work-in-progress**

	Plant, machinery, fittings and pipelines	E&E assets	D&P assets	Lands, buildings and civil constructions	Capital stores for drilling and development	Advances to suppliers	Total
	(Rupees in thousand)						
Balance as at June 30, 2022	**11,370,642**	**19,103,985**	**5,307,617**	**69,397**	**12,692,934**	**-**	**48,544,575**
Capital expenditure incurred during the year (net) - note 4.4.2	6,322,426	4,241,522	9,333,737	109,715	(774,006)	-	19,233,394
Impairment / write-off of capital stores - note 4.4.3	-	-	-	-	(982,002)	-	(982,002)
Cost of dry wells during the year	-	(6,675,022)	-	-	-	-	(6,675,022)
Transferred to operating assets	(3,059,071)	(908,214)	(5,789,191)	(88,028)	-	-	(9,844,504)
Balance as at June 30, 2023	**14,633,997**	**15,762,271**	**8,852,163**	**91,084**	**10,936,926**	**-**	**50,276,441**
Capital expenditure incurred during the year (net) - note 4.4.2	7,100,368	7,237,931	8,568,661	44,191	923,369	709,064	24,583,584
Reversal of impairment of capital stores	-	-	-	-	116,644	-	116,644
Cost of dry wells during the year	-	(7,023,942)	-	-	-	-	(7,023,942)
Transferred to operating assets	(10,822,970)	(2,363,099)	(10,060,895)	(60,625)	-	-	(23,307,589)
Balance as at June 30, 2024	**10,911,395**	**13,613,161**	**7,359,929**	**74,650**	**11,976,939**	**709,064**	**44,645,138**

4.4.2 Amounts under capital stores for drilling and development are net of consumption during the year.

4.4.3 As disclosed in note 4.4.3 to the unconsolidated financial statements for the year ended June 30, 2023, a fire incident occurred at a warehouse located in the Company's partner operated field - Tal Block. Accordingly, an insurance claim of USD 27 million (the Company's share: USD 7.5 million) was filed by the Operator of the block. The loss adjustor has assessed first interim insurance claim's net settlement at USD 15.80 million (the Company's share: USD 4.38 million), which will be recognised in the financial statements upon realisation thereof from the insurance company. Subsequent to the year end, the Company has received USD 3.87 million against its aforementioned share of first interim settlement.

4.5 Plant and machinery includes major spare parts and standby equipment having cost of Rs 94.067 million (2023: Rs 58.042 million).

4.6 None of the assets disposed off during the year have a book value of more than Rs 0.5 million.

4.7 Particulars of immovable property in the name of the Company (net share) are as follows:

Location	**Total Area (Acreage)**
Freehold Land	
Sui Field	2,488.71
Kandhkot Field	161.23
Mazarani Field	172.76
Water Pump Station, Village Kot Khewali, District Kashmore (KPS)	14.84
Leasehold Land	
Plot No.3, CL-9, Civil Lines Quarters, Dr. Ziauddin Ahmed Road, Karachi	1.44
Kandhkot Field	819.55
Adhi Field	114.78
KPS	209.61

4.8 **Particulars of the Company's business units, including plants, are as follows:**

S.No.	Business Unit	Address	Geographical location (Province / Emirate)	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.	PIOL Office	34th Floor, Al Maqam Tower ADGM Square, Al Maryah Island Abu Dhabi, United Arab Emirates	Abu Dhabi	Not applicable
4.	PMPL Office	Petroleum House, 5th Floor, Ataturk Avenue, G-5/2, Islamabad	Islamabad	Not applicable
5.	Sui Gas Field	Sui, Dera Bugti	Balochistan	1) Gas Compression Station 2) Purification Plant 3) Gas Processing Facility
6.	Adhi Field	District, Rawalpindi	Punjab	1) LPG Plant - I 2) LPG Plant - II 3) LPG / NGL Plant - III
7.	Kandhkot Gas Field	District, Kashmore	Sindh	1) Dehydration Unit 2) Gas Compression Station
8.	Gambat South Field	Districts Sanghar, Benazirabad and Matiari	Sindh	1) Gas Processing Facility - I 2) Gas Processing Facility -II 3) Gas Processing Facility -IV
9.	Mazarani Gas Field	District, Qambar Shahdadkot	Sindh	Gas Processing Facility
10.	Chachar Gas Field	District, Kashmore	Sindh	Not applicable, since the gas is processed at Kandhkot Gas Field
11.	Hala Field	Districts, Sanghar and Matiari	Sindh	Gas Processing Facility
12.	Dhok Sultan Field	District, Attock	Punjab	Oil Handling Facility
13.	BME	Districts, Khuzdar and Chagai	Balochistan	1) Grinding Mills 2) Crushing Plant

5. INTANGIBLE ASSETS

	June 30, 2024	June 30, 2023
	(Rupees in thousand)	
Computer software including ERP system - note 5.1	100,283	52,591
Intangible assets under development	23,448	3,594
	123,731	56,185

5.1 Computer software including ERP system

	ERP System	Computer software	Total
		(Rupees in thousand)	
As at July 01, 2022			
Cost	450,870	1,675,126	2,125,996
Accumulated amortisation	(417,069)	(1,608,215)	(2,025,284)
NBV	**33,801**	**66,911**	**100,712**
Year ended June 30, 2023			
Additions (at cost)	-	9,759	9,759
Amortisation charge - note 30	(15,130)	(42,750)	(57,880)
NBV	**18,671**	**33,920**	**52,591**
As at July 01, 2023			
Cost	450,870	1,646,374	2,097,244
Accumulated amortisation	(432,199)	(1,612,454)	(2,044,653)
NBV	**18,671**	**33,920**	**52,591**
Year ended June 30, 2024			
Additions (at cost)	-	88,519	88,519
Amortisation charge - note 30	(12,810)	(28,017)	(40,827)
NBV	**5,861**	**94,422**	**100,283**
As at June 30, 2024			
Cost	450,870	1,697,133	2,148,003
Accumulated amortisation	(445,009)	(1,602,711)	(2,047,720)
NBV	**5,861**	**94,422**	**100,283**
Rate of amortisation (%)	20	33	

6. LONG-TERM INVESTMENTS

	June 30, 2024	June 30, 2023
	(Rupees in thousand)	
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	**-**	-
	3,798,095	3,798,095
- **Associates**		
Unquoted companies		
- Pakistan International Oil Limited (PIOL) - note 6.4 Equity held: 25% No. of shares: 6,000,000 (2023: 3,500,000) of USD 10/- each	**12,265,444**	5,560,044
- Pakistan Minerals (Private) Limited (PMPL) - note 6.5	**51,788,810**	50,008,954
	67,852,349	59,367,093

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

PPPFTC, a wholly owned subsidiary of the Company, was incorporated in Pakistan as a private limited company on November 07, 1955. PPPFTC is engaged in administrating the trusts formed for the benefits of the employees of the Company. PPPFTC has neither made any profits nor incurred any losses from the date of its incorporation to June 30, 2024. 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 amounts to USD 13.647 million as at June 30, 2024.

PPLE's main objective is exploration and production of oil and gas and currently it has working interest in two producing fields and three exploration blocks in Pakistan, as well as one exploration block in Yemen. Brief details are as follows:

Blocks / Fields	Working Interest
Barkhan	50%
Ziarat (EWT phase and exploration)	40%
Harnai	40%
Yemen - Block 3	21.28%
Sawan	7.89%

6.2.2 This investment is stated net of accumulated impairment losses of Rs 11,866 million (2023: Rs 11,866 million).

6.3 PPL Asia E&P B.V.

6.3.1 On July 22, 2013, the Company established a subsidiary, PPL Asia E&P B.V. (PPLA), a company incorporated in Amsterdam, Kingdom of Netherlands, with issued share capital of 1,000,000 ordinary shares of USD 100 each which are allotted, called up and paid by USD 85.3 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 it owned 100% interest in Block 8, Iraq, under the Exploration, Development and Production Service Contract (EDPSC) with the Midland Oil Company, Iraq (MdOC). MdOC, vide letter reference no. 10910 dated August 02, 2022, intimated termination / expiry of the EDPSC and advised to settle all the outstanding liabilities and receivables and commence close-out proceedings. The Company has commenced appropriate actions to complete the close-out proceedings. Accordingly, a claim has been lodged by PPLA with MdOC, primarily pertaining to reimbursement of Specific Costs plus interest thereon, to which the Company is entitled under EDPSC upon termination / expiry. The Iraqi authorities formed a Ministerial Committee for this purpose and negotiations have been completed, however, approval of Ministry of Oil, Iraq is still pending. Thereafter, a settlement agreement will be signed between the parties. The effects of the settlement will be recognised in the financial statements on acceptance and completion of all other close-out proceedings.

6.3.2 The accumulated impairment loss on the investment amounts to Rs 9,801 million (2023: Rs 9,801 million).

6.4 Pakistan International Oil Limited (PIOL)

Offshore Block 5 was awarded to the Company-led consortium in the Emirate of Abu Dhabi with each consortium company having 25% equity, through a separate entity, namely PIOL, incorporated in the Emirate of Abu Dhabi on July 15, 2021. Besides the Company, the consortium comprises three major Pakistani E&P companies i.e. Oil and Gas Development Company Limited (OGDCL), Mari Petroleum Company Limited (MPCL) and Government Holdings (Private) Limited (GHPL). The registered address of PIOL is 34th Floor, Al Maqam Tower, ADGM square, Al Maryah Island, Abu Dhabi, United Arab Emirates. Offshore Block 5 covers an area of 6,223 square kilometers and is located 100 kilometers north-east of the Emirate of Abu Dhabi. The exploration concession agreement between PIOL and Abu Dhabi National Oil Company (ADNOC) was signed on August 31, 2021.

Financial information of PIOL is summarised below, which is based on the audited financial statements of the associate for the year ended December 31, 2023, adjusted for the transactions and events upto June 30, 2024 based on unaudited financial statements.

	2024	2023
	(Rupees in thousand)	
Investment in Associate		
Opening carrying value as at July 01	**5,560,044**	2,177,858
Cost of investment	**7,108,749**	2,181,000
Company's share of total comprehensive loss for the year	**(92,766)**	(297,195)
Foreign exchange differences on translation of foreign associate	**(310,583)**	1,498,381
Closing carrying value of investment as at June 30	**12,265,444**	5,560,044
Summarised statement of financial position		
Non-current assets	**20,718,975**	8,852,022
Current assets	**35,630,718**	14,095,336
Current liabilities	**(7,287,919)**	(707,182)
Net assets	**49,061,774**	22,240,176
Company's percentage shareholding in the associate	**25%**	25%
Company's share in carrying value of net assets as at June 30	**12,265,444**	5,560,044
Summarised statement of comprehensive income		
Total comprehensive income / (loss) for the year	**(371,062)**	(1,188,780)
Company's share of comprehensive income / (loss) for the year (25%)	**(92,766)**	(297,195)

6.5 Pakistan Minerals (Private) Limited (PMPL)

The Company has invested in the project company, i.e. Reko Diq Mining Company (Private) Limited (RDMC) through Pakistan Minerals (Private) Limited (PMPL), an entity incorporated in Pakistan with initial subscribed share capital of 12,000 shares with par value of Rs 10 each in accordance with the agreements for collective representation of the Company, OGDCL and GHPL, together called the State Owned Enterprises (SOEs). RDMC is engaged in the mineral exploration activities in Pakistan. PMPL holds an indirect working interest of 25% (8.33% of each SOE) in the RDMC through offshore holding companies namely Reko Diq Holdings Limited and Reko Diq Investments Limited (hereinafter referred to as "Holdcos"). RDMC is incorporated in Pakistan and Holdcos are incorporated in Bailiwick of Jersey. The Company's equity interest in PMPL is 33.33% with an effective interest of 8.33% in RDMC. The SOEs have representation on the Boards of Holdcos and RDMC through PMPL.

In addition to the initial subscribed share capital, PMPL is in the process of issuing shares to the Company against further equity contributions. Further, during the year and as at year-end, based on directions from the GoP, the SOEs are in the process of discussing and evaluating the terms of a potential transaction with a sovereign foreign investor with respect to divestment in the Reko Diq Project and advisors were appointed through PMPL to assist in this regard. The divestment and its conditions will require significant approvals including from the Federal Cabinet of GoP, Board of Directors and shareholders of the SOEs and other investors of the Reko Diq project.

Financial information of PMPL is summarised below, which is based on the unaudited financial statements of the associate for the year ended June 30, 2024.

	2024	2023
Investment in Associate	(Rupees in thousand)	
Opening Carrying Value as at July 01	**50,008,954**	-
Cost of investment	**5,012,874**	36,374,897
Company's share of loss for the period	**(2,234,241)**	(386,040)
Company's share of other comprehensive income for the period	**(998,777)**	14,020,097
Closing carrying value of investment as at June 30	**51,788,810**	50,008,954
Summarised statement of financial position		
Non-current assets	**168,601,657**	167,171,543
Current assets	**247,187**	120,521
Non-current liabilities	**(12,826,621)**	(16,710,030)
Current liabilities	**(15,137)**	(8,590)
Net assets	**156,007,086**	150,573,444

	2024	2023
	(Rupees in thousand)	
Company's percentage shareholding in the associate	**33.33%**	33.33%
Company's share in carrying value of net assets	**52,002,362**	50,191,148
Others - exchange rate differences in equity contribution	**(213,552)**	(182,194)
Company's share in carrying value of net assets as at June 30	**51,788,810**	50,008,954
Summarised statement of comprehensive income		
Total comprehensive income / (loss) for the period	**(9,699,055)**	40,902,171
Company's share of comprehensive income / (loss) for the period (33.33%)	**(3,233,018)**	13,634,057

Subsequent to the year end, the Company has made further equity contribution amounting to Rs 1,649.333 million in PMPL.

7. LONG-TERM LOANS

	June 30, 2024	June 30, 2023
	(Rupees in thousand)	
Unsecured and considered good		
Long-term loans - staff - note 7.1		
- Executive staff - note 7.2	**18,213**	20,423
- Other employees	**117,475**	83,508
	135,688	103,931
Less: Current maturities		
- Executive staff	**(6,555)**	(7,235)
- Other employees	**(33,513)**	(25,020)
	(40,068)	(32,255)
	95,620	71,676

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% (2023: 1% to 10%) per annum.

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

	2024	2023
	(Rupees in thousand)	
Balance as at July 01	**20,423**	21,029
Disbursements	**6,255**	8,590
Repayments / adjustments	**(8,465)**	(9,196)
Balance as at June 30	**18,213**	20,423

The maximum aggregate amount of loans due from the executive staff at the end of any month during the year was Rs 20.116 million (2023: Rs 21.604 million).

8. LONG-TERM DEPOSITS

	June 30, 2024	June 30, 2023
	(Rupees in thousand)	
Cash margin:		
- For guarantee to International Bank of Yemen - note 8.1	**1,683,750**	1,683,750
- Others	**7,676**	7,676
	1,691,426	1,691,426
Less: Current maturity of long-term deposits	**(1,683,750)**	(1,683,750)
	7,676	7,676

8.1 The Production Sharing Agreement (PSA) for Yemen Block-29 (the 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 Standby Letter of Credit (the SBLC) amounting to USD 7.5 million through International Bank of Yemen (IBoY) on submission of counter guarantee through United Bank Limited (the Bank) against 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.

Since then, there has been extensive correspondence among the Operator, the Ministry of Yemen and the Company. In the latest correspondence, the Ministry of Yemen vide letter dated April 13, 2022 clarified that the SBLC automatically stands cancelled and its cancellation does not require any further action by the Ministry pursuant to provisions of PSA as the contractor has fulfilled its obligation by relinquishing the Block.

Accordingly, the Company is pursuing with the Bank and relevant stakeholders for release of SBLC. Progress remains slow due to the turbulent political scenario in Yemen.

9. STORES AND SPARES

	June 30, 2024	June 30, 2023
	(Rupees in thousand)	
Stores and spares	**7,230,575**	6,094,232
Stores and spares - in transit	**-**	150,965
	7,230,575	6,245,197
Less: Provision for obsolete / slow moving stores and spares - note 9.1	**(368,614)**	(316,655)
	6,861,961	5,928,542

9.1 Reconciliation of provision for obsolete / slow moving stores and spares:

	June 30, 2024	June 30, 2023
Balance as at July 01	**316,655**	271,802
Provision for the year - note 33	**51,959**	44,853
Balance as at June 30	**368,614**	316,655

10. TRADE DEBTS

	June 30, 2024	June 30, 2023
Unsecured and considered good		
Related parties (note 10.1)		
Central Power Generation Company Limited (GENCO-II) - note 10.4	**4,180,235**	6,620,217
Sui Northern Gas Pipelines Limited (SNGPL)	**265,417,802**	251,135,388
Sui Southern Gas Company Limited (SSGCL)	**291,452,772**	238,067,533
Pakistan Refinery Limited (PRL)	**169,627**	979,686
Pak-Arab Refinery Limited (PARCO)	**1,427,549**	662,478
ENAR Petroleum Refining Facility (EPRF)	**184,824**	169,342
Oil & Gas Development Company Limited (OGDCL)	**44,762**	1,164
	562,877,571	497,635,808
Non-related parties		
Attock Refinery Limited (ARL)	**13,506,971**	14,276,447
National Refinery Limited (NRL)	**522,362**	503,329
Others	**679,194**	617,538
	14,708,527	15,397,314
	577,586,098	513,033,122
Unsecured and considered doubtful		
Non-related party		
Cnergyico Pk Limited (CNERGY) - note 10.5	**253,002**	253,002
EGAS Pvt. Ltd. (EGAS) - note 10.6	**-**	169,454
Less: Provision for doubtful debts	**(253,002)**	(422,456)
	-	-
	577,586,098	513,033,122

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

	June 30, 2024	June 30, 2023
	(Rupees in thousand)	
GENCO-II	**6,253,638**	9,613,533
SNGPL	**272,858,119**	251,135,388
SSGCL	**291,452,772**	238,067,533
PARCO	**3,179,960**	1,384,523
PRL	**764,817**	1,488,947
EPRF	**288,617**	334,561
OGDCL	**44,762**	59,647
	574,842,685	502,084,132

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

	June 30, 2024	June 30, 2023
	(Rupees in thousand)	
Neither past due nor impaired	**40,143,987**	52,214,651
Past due but not impaired:		
Related parties		
- within 90 days	**35,318,222**	42,071,801
- 91 to 180 days	**42,534,667**	44,535,285
- over 180 days	**457,536,030**	370,364,944
	535,388,919	456,972,030
Non-related parties		
- within 90 days	**1,052,540**	2,853,633
- 91 to 180 days	**9,041**	10,226
- over 180 days	**991,611**	982,582
	2,053,192	3,846,441
	577,586,098	513,033,122

10.3 Trade debts include overdue amount of Rs 535,060 million (2023: Rs 456,038 million) receivable from the State controlled companies and Rs 2,382 million (2023: Rs 4,780 million) overdue receivable from refineries and various LPG / other customers. The GoP is committed, hence continuously pursuing for satisfactory settlement of inter-corporate circular debt issue, however, the progress is slower than expected resulting in accumulation of the Company's trade debts. The Company considers this amount to be fully recoverable because the GoP has been assuming the responsibility to settle the inter-corporate circular debt in the energy sector. The Company recognises interest / surcharge, if any, on delayed payments from customers on receipt basis. As disclosed in note 2.1.2 to these unconsolidated financial statements, SECP has deferred the applicability of ECL model for the financial years ending on or before December 31, 2024 on financial assets due directly / ultimately from GoP in consequence of the circular debt.

Specific provision has been created against receivable from CNERGY as a result of disputes disclosed in note 10.5.

Based on the measures being undertaken by the GoP, including inter-corporate circular debt, the Company considers the overdue amounts to be fully recoverable and therefore, no provision for doubtful debts has been made in these unconsolidated financial statements, except for provision against receivable from CNERGY.

10.4 As disclosed in note 2.6.2 to the unconsolidated financial statements for the year ended June 30, 2021, trade debts do not include GDS amounting to Rs 77,266 million (2023: Rs 81,393 million) as the obligation of the Company is to pay the collected amounts to the Federal Government on receipt basis. The said amount has been billed to GENCO-II but has not been received by the Company as at the date of statement of financial position.

10.5 The Company had filed a suit in the Sindh High Court (SHC) against CNERGY (formerly Byco) for recovery of overdue amount. The said suit is pending adjudication before the SHC. In addition, the Company filed a complaint against the officials of CNERGY on account of the willful default before the National Accountability Bureau (NAB). On the Company's complaint, NAB filed a reference against the officials of CNERGY which is pending adjudication before the Accountability Court No. IV at Karachi. One of the accused officials of CNERGY, filed his plea bargain application by depositing an amount that covers the outstanding principal amount due to the Company, which was allowed by the Accountability Court on October 24, 2020. The Company received an amount of Rs 903.218 million from NAB against long outstanding receivables from CNERGY during financial year 2020-21. The provision for doubtful debts was reversed to the extent of recovery. As regards the remaining principal amount, the Company has filed a constitutional petition against the NAB for recovery of the withheld amount. For late payment surcharge amount, the Company shall continue to pursue its above civil suit.

10.6 The Company has filed winding up petition against EGAS for recovery of overdue amount. The petition is pending adjudication before the Islamabad High Court. Further, on April 06, 2022, the Company submitted a complaint to NAB for recovery of outstanding dues, including late payment surcharge, from EGAS. Furthermore, during the year, the Company has reached a settlement agreement with EGAS for recovery of outstanding receivable. Pursuant to the settlement agreement, the related provision for doubtful debts amounting to Rs 169.454 million has been reversed.

11. LOANS AND ADVANCES

	June 30, 2024	June 30, 2023
	(Rupees in thousand)	
Unsecured and considered good		
Loans and advances to staff	**120,345**	94,192
Advances to suppliers and others	**111,659**	110,715
Advance payment of cash calls to joint operations - note 36	**196,854**	392,033
	428,858	596,940

12. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

	June 30, 2024	June 30, 2023
	(Rupees in thousand)	
Trade deposits	138,927	66,870
Prepayments	576,848	407,875
	715,775	474,745

13. INTEREST ACCRUED

Interest receivable on:		
- short-term investments	950,786	1,446,644
- bank deposits	276,074	222,685
	1,226,860	1,669,329

14. OTHER RECEIVABLES

Receivable from:		
SNGPL for Sui field services	36,131	40,629
SSGCL for Sui field services	10,220	13,315
PPLA	-	680,386
PIOL	281,323	136,675
Staff retirement benefit plans	11,602	215,699
Current accounts with joint operations - note 36	1,739,650	1,626,570
Workers' Profit Participation Fund (WPPF) - note 14.1	872,390	172,659
Sales tax (net)	1,781,268	-
Others - note 14.2	231,793	181,651
	4,964,377	3,067,584

14.1 WPPF

Balance as at July 01	172,659	9,980
Allocation for the year - note 33	(7,827,610)	(7,829,342)
Net amount paid during the year	8,527,341	7,992,021
Balance as at June 30	872,390	172,659

14.2 It includes receivable of Rs 7.59 million (2023: Rs 7.59 million) from OGDCL, MPCL and GHPL (Rs 2.46 million, Rs 2.76 million and Rs 2.37 million, respectively) with respect to the payments made by the Company on their behalf for expenses related to PIOL.

15. SHORT-TERM INVESTMENTS

	June 30, 2024	June 30, 2023
	(Rupees in thousand)	
At amortised cost		
- Local currency term deposits with banks - note 15.1	29,127,500	12,377,500
- Foreign currency term deposits with banks - note 15.2	31,731,488	27,797,907
- Local currency treasury bills - note 15.3	25,097,833	10,446,045
	85,956,821	50,621,452
At fair value through profit or loss		
- Mutual Funds - note 15.4	18,810,419	11,483,646
	104,767,240	62,105,098

15.1 These carry profit ranging from 19.90% to 21.50% (2023: 15.10% to 21.00%) per annum and are due to mature latest by March 2025. Further, it includes Rs 4,000 million (2023: Rs 'Nil') placed under a Shariah compliant arrangement.

15.2 These represent foreign currency term deposits with banks amounting to USD 114.019 million (2023: USD 96.992 million) having effective interest rate ranging from 7.51% to 10.80% (2023: 8.50% to 11.50%) per annum and are due to mature latest by September 2024.

15.3 These carry profit ranging from 20.00% to 22.89% (2023: 15.64% to 21.55%) per annum and are due to mature latest by November 2024. These bills were issued by GoP and sold through State Bank of Pakistan. Further, as disclosed in note 20.1.2, T-Bills with carrying value of Rs 308.204 million (face value Rs 321.385 million) are pledged as collateral with Pak Oman Investment Company Limited.

15.4 Mutual Funds

	June 30, 2024	June 30, 2023
	(Rupees in thousand)	
Name of Fund		
HBL Islamic Money Market Fund	7,602,635	-
Alfalah Islamic Rozana Amdani Fund	4,553,129	-
Faysal Islamic Cash Fund	3,633,443	-
JS Cash Fund	3,020,173	-
Alfalah GHP Cash Fund	725	-
Alfalah Money Market Fund	314	-
NBP Money Market Fund	-	4,710,649
HBL Cash Fund	-	3,798,933
NIT Money Market Fund	-	1,654,686
Lakson Money Market Fund	-	1,319,378
	18,810,419	11,483,646

During the year, average annualised return is 20.74% (2023: 17.11%).

This investment has been categorised under Level 1 of the fair value hierarchy of IFRS-13, 'Fair Valure Measurement'. Fair value has been determined using quoted repurchase prices, being net asset value of units as of reporting date.

Further, it includes Rs 15,789.207 million (2023: Rs 'Nil') placed under a Shariah compliant arrangement.

16. CASH AND BANK BALANCES

	June 30, 2024	June 30, 2023
	(Rupees in thousand)	
At banks		
- Saving accounts		
Local currency - note 16.1	6,075,232	4,647,189
Foreign currency - note 16.2	685,148	255,351
	6,760,380	4,902,540
- Current accounts (local currency)	311,944	1,202,534
Cash in hand	1,220	939
	7,073,544	6,106,013

16.1 These carry profit at the rate ranging from 6.50% to 20.85% (2023: 4.75% to 20.00%) per annum. Further, it includes Rs 51.769 million (2023: Rs 19.497 million) placed under an arrangement permissible under Shariah.

16.2 These carry profit at the rate ranging from 0.01% to 4.00% (2023: 0.01% to 4.00%) per annum. Further, it includes Rs 1.662 million (2023: Rs 1.708 million) placed under an arrangement permissible under Shariah.

17. SHARE CAPITAL

	June 30, 2024	June 30, 2023
	(Rupees in thousand)	
Authorised		
3,500,000,000 (2023: 3,500,000,000) ordinary shares of Rs 10 each	35,000,000	35,000,000
26,510 (2023: 26,510) convertible preference shares of Rs 10 each	265	265
	35,000,265	35,000,265
Issued		
2,721,162,657 (2023: 2,721,162,635) ordinary shares of Rs 10 each - note 17.2	27,211,626	27,211,626
10,418 (2023: 10,440) convertible preference shares of Rs 10 each - note 17.3	104	104
	27,211,730	27,211,730
Subscribed and paid-up		
683,078,299 (2023: 683,078,277) ordinary shares of Rs 10 each for cash - note 17.2	6,830,783	6,830,783
2,035,144,811 (2023: 2,035,144,811) ordinary shares of Rs 10 each issued as bonus shares	20,351,449	20,351,449
2,750,000 (2023: 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
	27,209,732	27,209,732
9,344 (2023: 9,366) convertible preference shares of Rs 10 each for cash - note 17.3	93	93
1,074 (2023: 1,074) convertible preference shares of Rs 10 each issued as bonus shares	11	11
	27,209,836	27,209,836

17.1 Movement in subscribed and paid-up share capital is as follows:

June 30, 2024	June 30, 2023	Ordinary shares of Rs. 10/- each	June 30, 2024	June 30, 2023
(Number of Shares)			(Rupees in thousand)	
2,720,973,088	2,720,972,941	At the beginning of the year	**27,209,732**	27,209,730
22	147	Conversion of preference shares	**-**	2
2,720,973,110	2,720,973,088		**27,209,732**	27,209,732

These fully paid ordinary shares carry one vote per share and right to dividend.

17.2 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 (2023: 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.

17.3 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, 22 (2023: 147) 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.

18. RESERVES

	June 30, 2024	June 30, 2023
	(Rupees in thousand)	
Capital reserve - note 18.1	**1,428**	1,428
Revenue & other reserves		
- General and contingency reserve - note 18.2	**69,761**	69,761
- Insurance reserve - note 18.3	**34,021,894**	34,021,894
- Assets acquisition reserve - note 18.4	**23,751,980**	23,751,980
- Dividend equalisation reserve - note 18.5	**2,535,354**	2,535,354
- Foreign currency translation reserve - note 18.6	**1,358,612**	1,591,549
- Share of foreign currency translation reserve of the associated company - note 18.7	**13,021,320**	14,020,097
- Unappropriated profit	**537,603,199**	437,545,461
	612,362,120	513,536,096
	612,363,548	513,537,524

18.1 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.

18.2 General and contingency reserve

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 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.

18.3 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 USD 100 million (Rs 27,830 million) for single occurrence, as well as, annual aggregate.

18.4 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.

18.5 Dividend equalisation reserve

During the year ended June 30, 2013, the Company established a dividend equalisation reserve to maintain dividend declarations.

18.6 Foreign currency translation reserve

This represents accumulated balance of effect of translation of a foreign operation into Pakistani Rupees as disclosed in note 3.25 (b).

18.7 Share of foreign currency translation reserve of the associated company

This represents accumulated balance of effect of share of translation of a foreign operation into Pakistani Rupees of the associated company.

19. PROVISION FOR DECOMMISSIONING OBLIGATION

	June 30, 2024	June 30, 2023
	(Rupees in thousand)	
Balance at beginning of the year	**41,921,125**	32,650,443
- Provision during the year	**686,760**	695,220
- Revision due to change in estimates	**1,631,271**	7,468,681
- Adjustment / payment during the year	**(57,496)**	(167,795)
- Unwinding of discount - note 32	**1,474,956**	1,274,576
Balance at end of the year	**45,656,616**	41,921,125

The above provision for decommissioning obligation is analysed as follows:

	June 30, 2024	June 30, 2023
Wells		
Share in operated assets	**23,181,525**	22,687,961
Share in partner operated assets	**9,555,949**	7,708,913
Production facilities		
Share in operated assets	**9,125,993**	7,980,931
Share in partner operated assets	**3,793,149**	3,543,320
	45,656,616	41,921,125

20. LONG TERM FINANCING

	June 30, 2024	June 30, 2023
From Non-Banking Financial Institutions - Secured - note 20.1	**1,266,285**	-
Current maturity of long term financing	**(129,873)**	-
	1,136,412	-

20.1 Non-Banking Financial Institutions - Secured

		Number of installments	Maximum Maturity Date	Markup profit rate per annum	Monthly installment amount	Balance as at June 30, 2024	Balance as at June 30, 2023
					(Rupees in thousand)		
First Habib Modaraba	20.1.1	59 - 60 monthly	20 June 2029	3 Months Kibor + (from 0.84 to 0.94%)	24,821	**978,366**	-
Pak Oman Investment Company Limited	20.1.2	60 monthly	20 June 2029		7,279	**287,919**	-
						1,266,285	-

20.1.1 This loan is obtained under a Shariah compliant arrangement and secured against the Company's vehicles.

20.1.2 This loan is secured against the Company's vehicles. Additionally, a collateral in the form of government securities is held in an Investment Portfolio Services account with Pak Oman Investment Company Limited.

20.1.3 These loans have been obtained to provide car facility to employees of the Company as per the rules of service.

21. LEASE LIABILITIES

	June 30, 2024	June 30, 2023
	(Rupees in thousand)	
Present value of minimum lease payments - note 21.1	-	1,127,957
Less: current maturity	-	(1,127,957)
	-	-

21.1 The Company had recognised a Right of Use Asset (RoUA) in respect of Oil Handling Facility installed at Dhok Sultan field and the Company had the option to purchase the asset upon expiry of the lease term. During the year, the Company exercised its option to buyback the asset, as per the contractual terms.

22. DEFERRED LIABILITIES

	June 30, 2024	June 30, 2023
	(Rupees in thousand)	
Post-retirement medical benefits - note 31.2.1	2,864,822	2,617,730
Leave preparatory to retirement - note 31.3	1,252,784	987,531
	4,117,606	3,605,261

23. DEFERRED TAXATION - NET

	June 30, 2024	June 30, 2023
(Deductible) / taxable temporary differences on:		
Exploration expenditure	(1,836,663)	(1,925,133)
Deferred liabilities	(1,605,866)	(1,406,052)
Provision for windfall levy on oil / condensate	(19,888,086)	(15,217,461)
Provision for doubtful debts	(126,501)	(211,228)
Provision for obsolete / slow moving stores	(143,759)	(123,495)
Decommissioning asset	7,883,265	8,086,522
Accelerated tax depreciation allowances	3,201,156	3,198,342
Exploratory wells cost	8,945,101	9,841,039
Development and production expenditure	24,305,286	24,065,010
Others	(310,584)	(228,583)
	20,423,349	26,078,961

23.1 During the year, the change in deferred taxation has been recognised in profit or loss, except for the deferred tax impact on account of exchange differences on translation of foreign associate, which has been recognised in other comprehensive income.

24. TRADE AND OTHER PAYABLES

	June 30, 2024	June 30, 2023
	(Rupees in thousand)	
Creditors	1,444,782	1,116,954
Accrued liabilities	12,615,464	12,544,063
Accrued mark-up / profit on long-term financing - note 24.2	12,011	-
Security deposits / advances from LPG distributors	1,457,356	996,961
Retention money	151,016	116,189
Sales tax - net	-	466,721
Royalties	13,889,247	14,226,298
Lease extension bonus - Sui gas field	45,072,924	37,683,916
Current accounts with joint operations - note 36	14,975,662	14,213,750
Staff retirement benefit funds- note 31.1.2	4,509,563	3,575,947
Provision for windfall levy on oil / condensate - note 25.1.7	31,820,937	24,347,937
Federal excise duty	39,510	104,399
Others	362,318	451,848
	126,350,790	109,844,983

24.1 As disclosed in note 2.6.2 to the unconsolidated financial statements for the year ended June 30, 2021, trade and other payables do not include GDS amounting to Rs 77,266 million (2023: Rs 81,393 million) as the obligation of the Company is to pay the collected amounts to the Federal Government on receipt basis. The said amount has not been paid to the GoP due to non-payment of the same by GENCO-II as at the date of statement of financial position.

24.2 This includes a profit of Rs 10.178 million (2023: Rs 'Nil') accrued in long term financing under Shariah compliant arrangements.

25. CONTINGENCIES AND COMMITMENTS

25.1 Contingencies

25.1.1 Corporate guarantees

	June 30, 2024	June 30, 2023
	(Rupees in thousand)	
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.	896	2,115

25.1.2 Sales tax

The Company has received various orders from the tax authorities raising demand of Rs 446 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 different appellate forums.

25.1.3 Income tax

The tax authorities have amended the assessments of the Company for the tax years 2003 to 2023 raising an aggregate demand (net off refund orders amounting to Rs 4,998 million) of Rs 63,486 million which primarily relates to super tax, windfall levy, tax credits under sections 65A, 65B and 65E of the Income Tax Ordinance, 2001 (The Ordinance) and rate issue. The Company has paid / adjusted an amount of Rs. 44,506 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 2018	Sindh High Court
2019 to 2023	Appellate Tribunal Inland Revenue (ATIR)

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 primarily in respect of tax rates, decommissioning cost, super tax, tax credits under sections 65A, 65B and 65E relating to Agreement Areas and other issues 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 60,533 million, will be credited to the profit or loss for that year.

The Honourable Supreme Court of Pakistan (SCP) through its decision dated November 29, 2023 and written order issued on January 08, 2024, dismissed Civil Petition filed by the tax authorities and has decided the matter of depletion allowance in favour of the other taxpayers, including PPLE. Pursuant to the decision having attained finality, for the purpose of calculation of depletion allowance in accordance with Rule 3 of Part 1 of the Fifth Schedule to the Income Tax Ordinance 2001, the royalty amount is not to be deducted when establishing the wellhead value. Accordingly, the Company has reversed the provisions amounting to Rs 14,335.312 million carried in the financial statements in respect of depletion allowance from tax years 2003 to 2023.

During the year, the ATIR has passed appellate orders dated June 14, 2024 for the tax years 2015 to 2018 whereby the ATIR has allowed the claim of tax credits under section 65A, 65B and 65E and depletion allowance to the extent of non-deduction of royalty from the well-head value, whilst maintaining other disallowances. The Company has filed reference application before the SHC with respect to other disallowances. Subsequent to these appellate orders, respective appeal effect orders were passed along with refund orders of 2014, 2016 and 2018 wherein refund of Rs 4,998 million was issued by the tax authorities. With respect to depletion allowance, the Company is in the process of obtaining effect of the Honourable SCP order for appeals pending at SHC for the tax years 2003 to 2012.

During the year, the tax authorities have issued an order dated December 29, 2023 under section 4C of the Ordinance by levying super tax of Rs 11,387 million @ 10% on income from agreement and non-agreement areas. The Company has paid (under protest) super tax demand of Rs 1,817 million relating to income from non-agreement areas only. The super tax demand relating to income from agreement areas has been decided against the Company by the Commissioner Inland Revenue, Appeals, CIR(A). The Company has filed a further appeal before the ATIR and has obtained stay order from ATIR against CIR(A) order relating to agreement areas.

During the year ended June 30, 2020, the Company's tax return for tax year 2018 was selected for income tax audit. 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.

The Company, based on the advice of it's legal counsel, filed a Constitutional Petition before the Honourable SHC for tax years 2020 and 2021 challenging the retrospective withdrawal of tax credit under section 65B of the Ordinance vide Finance Act, 2019. The said petition was filed primarily on the ground that an enactment which prejudicially affects the vested rights or the legality of past transactions or impairs contracts, cannot be given a retrospective application. The said petitions have been decided by the Honourable SHC through combined judgment dated February 07, 2023 in the Company's favour, which was challenged before the Honourable SCP by the tax authorities. The Honourable SCP, vide order dated September 18, 2024, has modified the earlier order of the Honourable SHC holding that:

a) Tax credit remains available at 10% in respect of purchase and installation of machinery on or before June 30, 2019; and

b) Tax credit is not available where machinery was purchased on or before June 30, 2019, and installation done after June 30, 2019.

Tax liabilities pertaining to the above order are already provided for by the Company.

25.1.4 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.

During the year, SRB passed order dated November 24, 2023, requiring the Company to deposit Rs 2,061 million in SWWF account for the year ended June 30, 2022. The Company filed an appeal against the aforesaid SRB order before Commissioner Appeals, SRB and filed a constitutional petition challenging the recovery notice before the Honourable SHC. The Honourable SHC was pleased to pass restraining order against SRB from taking any coercive action against the Company.

Further, SRB has issued notice dated January 02, 2024 for initiating proceedings on show-cause notice dated November 05, 2018 for the year ended June 30, 2017. The Company, through its external legal counsel has submitted written reply and the matter is pending adjudication.

Furthermore, SRB has issued a show cause notice dated March 12, 2024 for the payment of SWWF for the year ended June 30, 2023 demanding SWWF contribution along with penalties and surcharges. On June 12, 2024, SRB issued an order demanding the Company to pay Rs 3,478 million. The Company filed an appeal before Commissioner Appeals, SRB and filed a constitutional petition against the recovery notice. Accordingly, stay was granted by the Honourable SHC.
The Company has challenged the applicability of the SWWF Act, 2014 asserting that the Company is governed by federal law. Further, 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.

25.1.5 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 an 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 the 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.

During the year, SRB issued a notice to the Company on February 21, 2024, demanding payment of leftover amount of Workers' Profit Participation Fund (WPPF) for the year ended June 30, 2023. The Company argued that being a trans-provincial entity, it falls under the ambit of the Companies Profit (Worker's Participation) Act, 1968, and is not obligated to make WPPF payments to SRB but rather to the Federal Government. The Company also received notices from the Federal Board of Revenue (FBR) and the Ministry of Overseas Pakistanis and Human Resources Development claiming the payment of the said amount. The Company sought clarification from FBR on the appropriate authority for payment, and FBR affirmed its authority through order dated March 22, 2024. Consequently, the Company filed a lawsuit seeking declaration and permanent injunction against notice issued by SRB and the Ministry of Overseas Pakistanis and Human Resources Development, aiming to clarify the authority responsible to collect the WPPF amount. The Honourable SHC granted interim relief to the Company on April 16, 2024, restraining any adverse actions against the Company by the defendants.

25.1.6 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 Honourable SHC. This decision of a Division Bench of the Honourable SHC impacts a number of suits and appeals filed by the Company under the original civil jurisdiction of the Honourable SHC that are pending adjudication and wherein interim restraining orders have also been obtained against the tax authorities. In view of the considerable potential impact, the Company, on the advice of its legal counsel, had challenged the said judgement in the Honourable SCP. The Honourable SCP vide its order dated June 27, 2018 has held that although tax cases can be argued under the original civil jurisdiction of the High Court, however, the Honourable SCP 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.

25.1.7 Contingency with respect to imposition of Windfall Levy on oil / condensate

The Company is a working interest owner in the Tal Block Petroleum Concession Agreement (PCA), signed under the Petroleum Policy 1997 on February 11, 1999. Subsequently, the Company, along with other working interest owners, signed the Supplemental Agreement for Tal block dated August 28, 2015 ("SA") with the President of Pakistan in accordance with the 'Conversion Regime' introduced in the Petroleum Exploration and Production Policy 2012 (PP 2012) as applicable at that date. This Conversion Regime under the PP 2012 was translated in the SA as a 'Conversion Package' that included revised price for exploration and production of petroleum products and Windfall Levy on Natural Gas only.

Notwithstanding the aforesaid settled status, the Ministry of Energy (Petroleum Division) revised PP 2012 (with the approval from the Council of Common Interests) through SRO 1290(I)/2017 dated December 27, 2017 (SRO), that inter alia provides (i) the PCAs executed under the 1994 and 1997 petroleum policies shall be amended to provide for imposition of Windfall Levy (restricted previously to Natural Gas in the SA) on oil / condensate; (ii) that such policy shall be applicable on those PCA's also whose SAs have been executed for conversion option before the policy revision; (iii) the SA already executed for availing conversion from 1994 & 1997 policies shall be amended within 90 days to give effect to this policy revision; and (iv) any entity not agreeing to amend the SA as aforesaid will revert back to prices as were applicable before the conversion and be rendered ineligible for the pricing incentive under the conversion.

This SA read with PP 2012 reveals that:

i) Windfall Levy is applicable on exploration and production of natural gas only;

ii) Such amendments are not applicable on concessions wherein SAs have been signed prior to the amendment in PP 2012; and

iii) There is no provision or room for reverting to earlier pricing arrangement under the Conversion Package already executed before December 27, 2017.

The aforesaid view, which is not in line with the SRO, is duly supported by legal advice which inter alia states that the terms of none of the existing PCAs as amended to date by the existing SAs can be unilaterally revised by the GoP (through introduction of the 2017 Amendments), nor can the GoP lawfully require and direct that such amendments be made mandatorily to include imposition of Windfall Levy on Oil / Condensate (WLO) retrospectively and nor can the GoP unilaterally hold and direct that the gas pricing incentives to which the Company is presently entitled and receiving under the existing 'Conversion Package' as enshrined in the existing SAs will stand withdrawn or that the Company shall cease to be eligible for such incentives in the event of failure to execute the new SAs. Pursuant to the legal advice, the Company along with other working interest owners of Tal Block, challenged the SRO in the Honourable Islamabad High Court and the Court has passed an order directing the parties to maintain status quo till the next date of hearing. The Islamabad High Court (IHC) on March 17, 2021 inquired from the Federation if the matter was placed before the Council of Common Interests (CCI). Also, IHC advised Petroleum Division to settle the matter keeping in view the repercussions of an international arbitration, if invoked in the matter. Most of the petitioners have already advanced final arguments before the Court. The stay order already granted remains in effect. The case is now fixed for September 30, 2024 for arguments of Respondents (Federal Government and KPK Government).

The financial impacts of the price revision under the SA have been duly accounted for in the financial statements for the years ended from June 30, 2016 till June 30, 2024, on the completion of the process laid down in the law and in line with the Company's accounting policy following the revised prices notified from time to time.

The Windfall Levy on Oil (WLO) if also applicable on oil / condensate will amount to approximately Rs 49,887 million for the period up to June 30, 2024. As mentioned above, the Company based on the advice of its legal counsel, is confident that it has valid grounds to defend the aforesaid issue in the Court and that the issue will be decided in its favour. However, without prejudice to the Company's legal contention and as a matter of abundant caution, the Company has provided for the impact of WLO prospectively with effect from the date of the SRO i.e. December 27, 2017 and onwards in these financial statements, which till June 30, 2024 amounts to Rs 31,821 million (2023: Rs 24,348 million).

The cumulative impact of incremental revenue recorded in the books of accounts and profit after tax thereof is Rs 44,662 million and Rs 20,203 million respectively.

25.1.8 Contingencies of Investee Companies

In the context of PPLE, the tax authorities have amended the assessments 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 (IHC) or deleted / remanded back by the CIR-(A), the appeal effect of which is pending before the tax authorities.

The Honourable Supreme Court of Pakistan (SCP) through its decision dated November 29, 2023 and written order issued on January 08, 2024, dismissed Civil Petition filed by the tax authorities and has decided the matter of depletion allowance in favour of PPLE. Pursuant to the decision having attained finality, for the purpose of calculation of depletion allowance in accordance with Fifth Schedule to the Income Tax Ordinance 2001, the royalty amount is not to be deducted when establishing the wellhead value. Accordingly, PPLE has reversed the provisions amounting to Rs 265 million carried in the financial statements in respect of depletion allowance from tax years 2003 to 2023.

During the year, the appeal effect order was passed by the tax authorities giving effect to the direction of CIR(A) for the tax year 2015. Through the order, depletion allowance was decided in favour of PPLE while remaining disallowances have been decided against PPLE. An appeal has been filed before ATIR and stay against the outstanding demand has been obtained accordingly.

Further, the tax authorities have amended the assessment of PPLE for the tax years 2015 to 2020, raising an aggregate demand of Rs 667 million; which primarily relates to the above said / other issues. PPLE has paid 10% of the said demand under protest (except for tax year 2020 for which rectification application was filed). PPLE has obtained stay orders in respect of remaining demand from CIR (A) / ATIR. During the year, an assessment order for the tax year 2023 was passed raising a demand of Rs 125 million. Subsequent to the year end, ATIR has maintained disallowance with respect to windfall levy whereas remaining issues have been remanded back for set aside proceedings.

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 and decommissioning cost which amounts to Rs 743 million for the tax years 2004 to 2023.

25.1.9 Other contingencies

(a) The Company had entered into a contract for the construction of 60 MMscfd gas processing plant (GPF-III) at Shahdadpur field in Gambat South block. The project was to be completed in October 2017. However, its completion was delayed due to failure by the Contractor to meet the project milestones and fulfil contractual obligations. Accordingly, the Company has terminated the contract with effect from May 10, 2019 and has encashed the performance guarantee and advance payment guarantee, amounting to Rs 998 million and Rs 288 million, respectively. The Company's share of encashment has been credited to the project cost under capital work-in-progress.

Further, the Contractor has initiated arbitration proceedings against the Company in which it has filed a number of claims against the Company. The Company has filed a strong defence 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 2,978.511 million (2023: Rs 2,978.511 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 MdOC, the performance and fulfilment of obligations by PPLA under the EDPSC.

(d) The Company has provided parent company guarantee to the GoP in respect of PPLE's exploration licences in Pakistan i.e., Barkhan, Harnai and Ziarat.

(e) The Company has provided a parent company guarantee (corporate guarantee) on a joint and several basis to ADNOC and Supreme Council For Financial and Economic Affairs, Abu Dhabi, UAE to guarantee all the obligations of PIOL under the concession documents. In addition, due to the several liability of each consortium member of PIOL under the parent company guarantee, each consortium member has given a Shareholders' Protection Guarantee (corporate guarantee) to PIOL and other consortium members to guarantee each other's share of obligations under the concession documents.

25.2 Commitments

25.2.1 Total commitments for capital expenditure (net share) as at June 30, 2024 are Rs 1,520 million (2023: Rs 1,918 million) . Further, total amount outstanding under letters of credit (net share) as at June 30, 2024 is Rs 1,044 million (2023: Rs 325 million).

25.2.2 With respect to PIOL (note 6.4), the Company has entered into a Shareholders' Agreement with the consortium partners, under which the Company has committed to invest up to USD 100 million in PIOL during five years' period from the date of initial investment, out of which USD 60 million have been invested till June 30, 2024.

25.2.3 With respect to PMPL (note 6.5), the Company has entered into a Joint Venture Agreement with the stakeholders, under which the Company has committed to invest a total amount up to USD 398 million (including post-acquisition investments), to be adjusted for inflation, for funding its proportionate share during Phase-I of the Reko Diq project. In addition, the Company has committed to contribute, in the form of equity, up to USD 1 million per year towards its proportionate share in the administrative expenses of PMPL. Furthermore, the Company has provided a several corporate guarantee to fund the obligations of the Company under the Definitive Agreements.

26. REVENUE FROM CONTRACTS WITH CUSTOMERS

	Year ended June 30, 2024	Year ended June 30, 2023
	(Rupees in thousand)	
Local sales	**326,548,133**	325,451,668
Federal excise duty	**(1,371,542)**	(1,614,812)
Sales tax	**(37,557,249)**	(38,390,707)
Petroleum Levy	**(529,951)**	(544,148)
Discounts (barytes)	**(22,087)**	(19,819)
	(39,480,829)	(40,569,486)
Local sales - net	**287,067,304**	284,882,182
Export sales - note 26.1	**1,730,109**	1,598,070
	288,797,413	286,480,252
Product wise break-up of sales is as follows:		
Natural gas	**209,857,040**	215,300,598
Federal excise duty	**(1,340,832)**	(1,584,116)
Sales tax	**(33,766,534)**	(34,883,388)
	(35,107,366)	(36,467,504)
	174,749,674	178,833,094
Gas supplied to Sui villages - note 27	**1,545,848**	1,451,924
Federal excise duty	**(14,041)**	(13,925)
Sales tax	**(235,807)**	(215,440)
	(249,848)	(229,365)
	1,296,000	1,222,559
Internal consumption of gas	**774,925**	719,722
Federal excise duty	**(7,021)**	(6,865)
Sales tax	**(118,180)**	(106,939)
	(125,201)	(113,804)
	649,724	605,918
Crude oil / Natural gas liquids / Condensate	**91,924,582**	86,593,573
LPG	**22,282,258**	21,200,110
Federal excise duty	**(9,648)**	(9,906)
Sales tax	**(3,406,082)**	(3,145,568)
Petroleum Levy	**(529,951)**	(544,148)
	(3,945,681)	(3,699,622)
	18,336,577	17,500,488
Barytes	**1,893,589**	1,783,811
Sales tax	**(30,646)**	(39,372)
Discounts	**(22,087)**	(19,819)
	(52,733)	(59,191)
	1,840,856	1,724,620
	288,797,413	286,480,252

26.1 Break up of export sales is as follows:

	Year ended June 30, 2024	Year ended June 30, 2023
Barytes	**1,635,818**	1,507,175
Crude oil / Condensate	**94,291**	90,895
	1,730,109	1,598,070

27. OPERATING EXPENSES

	Year ended June 30, 2024	Year ended June 30, 2023
	(Rupees in thousand)	
Salaries, wages, welfare and other benefits - note 30.1	**13,978,708**	11,361,382
Operator's personnel	**3,822,651**	3,040,293
Depreciation	**7,301,619**	6,796,549
Amortisation of decommissioning assets - note 4.1	**3,577,036**	3,757,726
Amortisation of D&P assets - note 4.1	**10,597,052**	9,832,695
Plant operations	**4,981,343**	4,078,633
Well interventions	**1,738,149**	1,790,671
Field services	**3,135,952**	2,800,807
Crude oil and barytes transportation	**1,449,166**	1,269,828
Travelling and conveyance	**693,263**	529,076
Training and development	**107,573**	114,048
PCA overheads	**313,022**	236,996
Insurance expenses	**933,280**	758,983
Free supply of gas to Sui villages - note 26	**1,545,848**	1,451,924
Social welfare / community development	**552,714**	633,198
	54,727,376	48,452,809

28. ROYALTIES AND OTHER LEVIES

	Year ended June 30, 2024	Year ended June 30, 2023
Royalties and others	**33,280,751**	34,752,283
Lease extension bonus	**7,389,008**	7,524,019
Windfall levy	**4,019,117**	4,202,043
	44,688,876	46,478,345

29. EXPLORATION EXPENSES

	Year ended June 30, 2024	Year ended June 30, 2023
Dry and abandoned wells	**7,023,942**	6,675,022
Other exploration expenditures	**12,109,117**	14,953,248
	19,133,059	21,628,270

30. ADMINISTRATIVE EXPENSES

	Year ended June 30, 2024	Year ended June 30, 2023
Salaries, wages, welfare and other benefits - note 30.1	**8,672,422**	6,895,134
Amortisation of intangible assets - note 5.1	**40,827**	57,880
Depreciation of leased and HO assets	**171,215**	108,235
Rent, rates and taxes	**352,198**	310,020
Utilities & communication	**157,424**	123,110
Travelling and conveyance	**160,562**	104,422
Training and development	**75,760**	109,760
Insurance expenses	**55,485**	51,838
Repairs, maintenance and supplies	**1,243,222**	935,749
Professional services	**127,653**	121,477
Auditors' remuneration - note 30.2	**21,856**	19,848
Donations and sponsorships - note 30.3 & 30.4	**166,558**	176,109
Contract services	**162,094**	113,962
Compliance and regulatory expenses	**65,612**	75,134
Advertisement, publicity and public relations	**64,966**	56,445
Other expenses	**65,376**	84,494
	11,603,230	9,343,617
Allocation to capital and operating expenditure	**(6,406,833)**	(5,424,137)
	5,196,397	3,919,480

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 427.584 million, Rs 814.885 million, Rs 369.367 million, Rs 285.227 million and Rs 482.730 million, respectively (2023: Rs 391.324 million, Rs 461.428 million, Rs 175.924 million, Rs 176.984 million and Rs 382.702 million, respectively).

	Year ended June 30, 2024	Year ended June 30, 2023
	(Rupees in thousand)	

30.2 Auditors' remuneration

	2024	2023
Annual audit fee		
- unconsolidated	5,934	4,564
- consolidated	1,088	837
Limited review, special certifications and advisory services	11,745	12,071
Out of pocket expenses & others	3,089	2,376
	21,856	19,848

30.3 Party wise details of donations in excess of Rs 1 million are given below:

Name of Donees / Party	2024	2023
University of Engineering, Lahore	17,500	21,000
Tehzibul Akhlaq Trust	10,500	6,300
Behbud Association of Pakistan	10,000	10,000
Health Education and Livelihood Promotors (HELP)	4,000	-
Bait-ul-Sukoon Cancer Hospital & Hospice	4,000	-
Pakistan Blind Cricket Council	3,000	-
Islamabad Model College for Girls	2,000	-
SOS Children's Villages Pakistan	1,980	-
Benazir Bhutto Shaheed University	1,750	-
The Society for the Prevention & Cure of Blindness	1,600	-
HELP Organization Balochistan	1,570	-
Islamabad Model School	1,500	-
The Pakistan Tennis Federation	1,500	-
Karachi Vocational Training Centre	1,500	-
The Lahore Businessmen Association for Rehabilitation of the Disabled	1,000	1,000
Behbud Maternal and Children Hospital	1,000	-
Karachi Down Syndrome Program	1,000	-
Rising Sun Education & Welfare Society	1,000	-
Provincial Disaster Management (Balochistan)	-	25,000
Provincial Disaster Management (Khyber Pakhtunkhwa)	-	15,000
Provincial Disaster Management (Punjab)	-	15,000
Ration distributed to flood affectees (Sindh)	-	11,733
Akhuwat Foundation	-	10,000
Jinnah Postgraduate Medical Centre	-	4,900
Kashmir Education Foundation	-	2,000
Dawood Global Foundation	-	1,730
Society for the Protection of the Rights of the Child	-	1,800
University of Karachi	-	1,000
	66,400	126,463

30.4 There are no donations in which the directors of the Company are interested.

31. STAFF RETIREMENT BENEFITS

31.1 Funded post retirement pension and gratuity schemes

As mentioned in note 3.16 to these unconsolidated financial statements, the Company operates approved pension and gratuity schemes through approved trust funds. These funds are governed under Trusts Act, 1882, Trust Deed and Rules of Fund, the Companies Act, 2017, the Income Tax Ordinance, 2001 and the Income Tax Rules, 2002. The trustees of the funds are responsible to plan administration and investment. The Company appoints the trustees. All trustees are employees of the Company and the responsibility for governance of plan, including investment decisions and contribution schedule lies with Board of Trustees of the Funds.

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, 2024					June 30, 2023
	(Rupees in thousand)					
Present value of defined benefit obligations - note 31.1.6	15,422,283	1,657,599	6,256,622	2,512,250	25,848,754	21,035,910
Fair value of plan assets - note 31.1.5	(14,283,371)	(1,083,425)	(4,490,640)	(1,481,755)	(21,339,191)	(17,459,963)
Liability / (asset) recognised in the statement of financial position	1,138,912	574,174	1,765,982	1,030,495	4,509,563	3,575,947

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

	Executives		Non-Executives		Total	
	Pension	Gratuity	Pension	Gratuity		
	June 30, 2024					June 30, 2023
	(Rupees in thousand)					
Balances as on July 01	383,731	450,722	1,799,483	942,011	3,575,947	1,042,063
Charge for the year - note 31.1.3	401,826	136,802	413,059	232,565	1,184,252	637,352
Payments during the year	(454,022)	(135,018)	(261,641)	(111,856)	(962,537)	(1,161,262)
Amount recognised in Other Comprehensive Income (OCI) for the year – note 31.1.4	807,377	121,668	(184,919)	(32,225)	711,901	3,057,794
Balances as on June 30	1,138,912	574,174	1,765,982	1,030,495	4,509,563	3,575,947

31.1.3 Amounts recognised in profit or loss

	Executives		Non-Executives		Total	
	Pension	Gratuity	Pension	Gratuity		
	June 30, 2024					June 30, 2023
	(Rupees in thousand)					
Current service cost	343,991	68,872	124,656	79,309	616,828	507,471
Interest cost on defined benefit obligation	1,905,698	220,152	854,010	355,178	3,335,038	2,174,361
Interest income on plan assets	(1,847,863)	(152,222)	(565,607)	(201,922)	(2,767,614)	(2,044,480)
Charge for the year recognised in profit or loss	401,826	136,802	413,059	232,565	1,184,252	637,352
Actual return on plan assets	3,286,293	282,273	1,091,333	390,111	5,050,010	2,127,838

31.1.4 Remeasurement recognised in other comprehensive income

	Executives		Non-Executives		Total	
	Pension	Gratuity	Pension	Gratuity		
	June 30, 2024					June 30, 2023
	(Rupees in thousand)					
Actuarial loss / (gain) on obligation	2,245,807	251,719	340,807	155,964	2,994,297	3,141,152
Actuarial loss / (gain) on assets	(1,438,430)	(130,051)	(525,726)	(188,189)	(2,282,396)	(83,358)
Total remeasurements	807,377	121,668	(184,919)	(32,225)	711,901	3,057,794

31.1.5 Changes in fair value of plan assets

	Executives		Non-Executives		Total	
	Pension	Gratuity	Pension	Gratuity		
	June 30, 2024					June 30, 2023
	(Rupees in thousand)					
Fair value of plan assets at beginning of the year *	11,552,008	982,495	3,605,458	1,320,002	17,459,963	15,685,589
Interest income on plan assets	1,847,863	152,222	565,607	201,922	2,767,614	2,044,480
Contributions / adjustments by the Company	454,022	135,018	261,641	111,856	962,537	1,161,262
Benefits paid	(1,008,952)	(316,361)	(467,792)	(340,214)	(2,133,319)	(1,514,726)
Amount recognised in OCI for the year	1,438,430	130,051	525,726	188,189	2,282,396	83,358
Fair value of plan assets at the end of the year	14,283,371	1,083,425	4,490,640	1,481,755	21,339,191	17,459,963

* This represents unaudited fair value of plan assets.

Notes to and forming part of the Unconsolidated Financial Statements
for the year ended june 30, 2024

31.1.6 Changes in present value of pension and gratuity obligations

	Executives Pension	Executives Gratuity	Non-Executives Pension	Non-Executives Gratuity	Total	Total
	June 30, 2024					June 30, 2023
	(Rupees in thousand)					
Present value of obligations at beginning of the year	11,935,739	1,433,217	5,404,941	2,262,013	21,035,910	16,727,652
Current service cost	343,991	68,872	124,656	79,309	616,828	507,471
Interest cost	1,905,698	220,152	854,010	355,178	3,335,038	2,174,361
Benefits paid	(1,008,952)	(316,361)	(467,792)	(340,214)	(2,133,319)	(1,514,726)
Amount recognised in OCI for the year	2,245,807	251,719	340,807	155,964	2,994,297	3,141,152
Present value of obligations at the end of the year	15,422,283	1,657,599	6,256,622	2,512,250	25,848,754	21,035,910

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 Rs '000	Executives %	Non-Executives Rs '000	Non-Executives %	Executives Rs '000	Executives %	Non-Executives Rs '000	Non-Executives %
		June 30, 2024				June 30, 2023			
Pension Fund									
Government securities	8.00 - 21.36	6,310,823	44	2,304,696	51	7,768,155	67	1,824,832	51
Shares	-	2,080,463	14	826,919	18	1,144,027	10	456,958	13
Sukuk	-	-	-	-	-	33,366	-	5,239	-
Term Finance Certificates	21.46 - 22.46	85,911	1	10,090	1	130,970	1	102,097	3
National Savings Certificates	13.01	1,856,919	13	619,881	14	1,150,000	10	383,500	11
Cash and bank deposits	19.00 - 21.66	3,949,255	28	729,054	16	1,325,490	12	832,832	22
Total		14,283,371	100	4,490,640	100	11,552,008	100	3,605,458	100
Gratuity Fund									
Government securities	8.00 - 21.36	349,180	32	752,645	51	415,663	42	579,881	44
Shares	-	244,183	23	329,295	22	137,144	14	182,045	14
Sukuk	-	-	-	-	-	6,071	1	3,510	-
Term Finance Certificates	21.46 - 22.16	23,051	2	29,329	2	41,494	4	62,578	5
National Savings Certificates	13.01	242,871	22	196,104	13	150,000	15	121,000	9
Cash and bank deposits	19.00 - 21.66	224,140	21	174,382	12	232,123	24	370,988	28
Total		1,083,425	100	1,481,755	100	982,495	100	1,320,002	100

31.1.8 Sensitivity analysis

	Executives 1% increase	Executives 1% decrease	Non-Executives 1% increase	Non-Executives 1% decrease	Executives 1% increase	Executives 1% decrease	Non-Executives 1% increase	Non-Executives 1% decrease
	June 30, 2024				June 30, 2023			
	(Rupees in thousand)							
Pension								
Salary rate sensitivity	733,691	(658,218)	156,492	(143,766)	521,880	(467,790)	192,096	(176,866)
Pension rate sensitivity	1,242,408	(1,069,293)	304,194	(261,732)	896,028	(776,435)	234,484	(216,376)
Discount rate sensitivity	(1,677,654)	2,044,221	(497,483)	585,857	(1,206,179)	1,455,065	(425,540)	482,127
Gratuity								
Salary rate sensitivity	37,250	(31,913)	67,772	(62,287)	25,928	(22,502)	48,402	(44,786)
Discount rate sensitivity	(97,582)	110,564	(111,782)	124,564	(74,715)	84,000	(98,458)	108,949

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

31.1.9 Maturity profile of the defined benefit obligations

	Executives Pension	Executives Gratuity	Non-Executives Pension	Non-Executives Gratuity
	June 30, 2024			
Weighted average duration (years)	10.88	6.42	7.95	5.52
	(Rupees in thousand)			
Distribution of timing of benefit payments (time in years)				
1	789,163	204,678	542,471	331,273
2	807,608	190,728	611,035	375,217
3	997,349	260,240	731,044	464,182
4	1,393,193	228,000	671,367	401,799
5	1,339,280	244,228	1,041,204	633,511
6-10	9,845,718	1,463,024	4,366,412	1,930,058

31.1.10 The Company expects to contribute Rs 1,413.676 million (2023: Rs 1,184.425 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 3.16 to these unconsolidated financial statements. The latest actuarial valuation for post-retirement medical benefits was carried out as at June 30, 2024, results of which are as follows:

	June 30, 2024	June 30, 2023
	(Rupees in thousand)	
Present value of defined benefit obligations - notes 22 and 31.2.4	2,864,822	2,617,730

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

	June 30, 2024	June 30, 2023
Balance as at July 01	2,617,730	2,458,013
Charge for the year - notes 30.1 & 31.2.3	482,730	382,702
Payments during the year	(170,163)	(136,122)
Amounts credited to OCI	(65,475)	(86,863)
Balance as at June 30	2,864,822	2,617,730

	Year ended June 30, 2024	Year ended June 30, 2023
	(Rupees in thousand)	
31.2.3 Amounts recognised in profit or loss		
Current service cost	61,079	59,554
Interest cost	421,651	323,148
	482,730	382,702
31.2.4 Changes in present value of post-retirement medical obligations		
Balance as at July 01	2,617,730	2,458,013
Current service cost	61,079	59,554
Interest cost	421,651	323,148
Benefits paid	(170,163)	(136,122)
Amounts credited to OCI	(65,475)	(86,863)
Balance as at June 30	2,864,822	2,617,730

31.2.5 Sensitivity analysis

	1% increase	1% decrease
	(Rupees in thousand)	
Medical cost trend rate sensitivity	311,192	(266,632)
Discount rate sensitivity	(322,905)	394,497

31.2.6 The Company expects to contribute Rs 481.830 million (2023: Rs 482.732 million) to the unfunded post-retirement medical benefits in the next financial year.

31.2.7 The weighted average duration of the defined benefit obligation works out to 11.14 years (2023: 11.20 years) in respect of executive and 11.51 years (2023: 11.63 years) in respect of non-executive retired employees.

31.3 Leave preparatory to retirement

	June 30, 2024	June 30, 2023
	(Rupees in thousand)	
Balance as at July 01	**987,531**	870,011
Charge for the year - note 30.1	**285,227**	176,984
	1,272,758	1,046,995
Payments / adjustments during the year	**(19,974)**	(59,464)
Balance as at June 30 - note 22	**1,252,784**	987,531

31.4 Principal actuarial assumptions

	Per annum	
	June 30, 2024	June 30, 2023
- discount rate	**14.75%**	16.25%
- expected rate of increase in salaries	**14.75%**	16.25%
- expected rate of increase in pension	**10.75%**	11.25%
- expected rate of escalation in medical cost	**10.75%**	12.25%
- death rate / mortality rate	SLIC (2001-05)	

31.5 Description of the risks to the Company

The defined benefit plans expose the Company to the following risks:

Withdrawal risks - The risk of higher or lower withdrawal experience than assumed. The final effect could go either way depending on the beneficiaries' service / age distribution and the benefit.

Mortality risks - The risk that the actual mortality experience is different. Similar to the withdrawal risk, the effect depends on the beneficiaries' service / age distribution and the benefit. Especially in the case of pension and post-retirement medical benefit, there is an additional longevity risk after cessation of service that the mortality will improve and the benefit is payable for longer period of time.

Investment risks - The risk of the investment underperformance and being not sufficient to meet the liabilities.

Final salary risks - The risk that the final salary at the time of cessation of service is greater than what was assumed.

Medical escalation risk - The risk that the cost of post-retirement medical benefits will increase.

Discount rate risk - The risk that the decrease in discount rate will increase the plan liabilities.

32. FINANCE COSTS

	Year ended June 30, 2024	Year ended June 30, 2023
	(Rupees in thousand)	
Financial charges for lease liabilities	**77,736**	210,291
Unwinding of discount on decommissioning obligation - note 19	**1,474,956**	1,274,576
Mark-up / profit on long-term financing - note 32.1	**27,255**	-
	1,579,947	1,484,867

32.1 This includes an amount of Rs 25.681 million (2023: Rs 'Nil') under Shariah compliant arrangement.

33. OTHER CHARGES

	Year ended June 30, 2024	Year ended June 30, 2023
	(Rupees in thousand)	
WPPF charge - note 14.1	**7,827,610**	7,829,342
Provision for windfall levy on oil / condensate - note 25.1.7	**7,473,000**	6,902,000
Exchange loss on foreign currency (net)	**2,311,953**	-
Charge of provision for obsolete / slow moving stores & spares - note 9.1	**51,959**	44,853
(Reversal) / Write off / Impairment of property, plant and equipment & capital stores - note 4.4	**(116,644)**	994,319
Levy - notes 3.20 & 35.2	**792,013**	-
Loss on disposal of property, plant and equipment (net)	**-**	361
	18,339,891	15,770,875

34. OTHER INCOME

	Year ended June 30, 2024	Year ended June 30, 2023
	(Rupees in thousand)	
Income from financial assets		
Income on loans and bank deposits - note 34.1	**1,744,914**	917,012
Income on local currency term deposits - note 34.2	**2,475,036**	584,297
Income on foreign currency term deposits	**2,836,503**	1,792,972
Income from investment in treasury bills	**6,058,559**	6,243,835
Exchange gain on foreign currency (net)	**-**	5,902,018
Reversal of provision for doubtful debts	**169,454**	-
Dividend income / gain on re-measurement / disposal of investments designated at fair value through profit or loss (net)	**3,098,846**	1,929,285
	16,383,312	17,369,419
Income from assets other than financial assets		
Rental income on assets	**5,137**	5,281
Gain on disposal of property, plant and equipment (net)	**180,934**	-
Insurance claim	**285,277**	37,849
Gain on disposal of obsolete / slow moving stores and spares (net)	**-**	99,406
Others	**122,630**	26,708
	593,978	169,244
	16,977,290	17,538,663

34.1 This includes profit amounting to Rs 13.381 million (2023: Rs 3.478 million) under a Shariah compliant arrangement.

34.2 This includes profit amounting to Rs 9.005 million (2023: Rs 'Nil') under a Shariah compliant arrangement.

35. TAXATION

Provision for taxation for the year ended June 30, 2024 has been calculated on the basis of tax rates of 55%, 52.5% and 40% for onshore agreement areas. The corporate and BME income is taxed at 29%, being non-agreement areas. In addition, super tax at 10% has been provided on all income streams of the Company for the tax year 2024.

	Year ended June 30, 2024	Year ended June 30, 2023
	(Rupees in thousand)	
Current		
- for the year - note 35.1	**64,791,471**	70,498,818
- for prior years (net) - note 25.1.3	**(13,740,431)**	396,829
	51,051,040	70,895,647
Deferred - note 35.1	**(5,577,967)**	(3,231,719)
	45,473,073	67,663,928

35.1 Current tax includes provision for super tax imposed by the GoP at the rate of 10% (2023: 10%) amounting to Rs 13,124.878 million (2023: Rs 14,605.270 million) on the taxable income of the Company during the year, while the impact of said provision on deferred tax amounts to Rs 915.355 million (2023: Rs 2,292.292 million) at the rate of 10% (2023: 10%).

35.2 Reconciliation of current tax expense charged as per tax laws for the year, with current tax recognised in the profit and loss account, is as follows:

	Year ended June 30, 2024
	(Rupees in thousand)
Current tax liability for the year as per applicable tax laws	**65,583,484**
Portion of current tax liability as per tax laws, representing income tax under IAS 12	**(64,791,471)**
Portion of current tax computed as per tax laws, representing levy in terms of requirements of IFRIC 21/IAS 37 - note 33	**(792,013)**
Difference	**-**

35.3 The aggregate of final tax and income tax, amounting to Rs 65,583.484 million represents tax liability of the Company calculated under the relevant provisions of the Income Tax Ordinance, 2001.

	Year ended June 30, 2024	Year ended June 30, 2023
	(Rupees in thousand)	

35.4 Relationship between accounting profit and taxation

	2024	2023
Accounting profit for the year before taxation	**159,782,150**	165,601,034
Tax on accounting profit at applicable rate of 42.82% (2023: 42.48%)	**68,414,433**	70,351,447
Tax effect of:		
- Depletion allowance	**(19,076,715)**	(16,764,580)
- Royalty allowed for tax purposes	**(5,566,972)**	(5,729,496)
- Unwinding of discount on decommissioning obligation	**681,796**	591,772
- Tax income relating to prior years	**(13,740,431)**	396,829
- Decommissioning cost	**1,490,155**	2,224,284
- Dividend income / gain on remeasurement of investments	**-**	(270,100)
- Super Tax	**12,209,523**	16,897,562
- Others	**1,061,284**	(33,790)
	45,473,073	67,663,928
Effective tax rate %	**28.46%**	40.86%

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	Net Balance (Payable) / Receivable	Net Balance (Payable) / Receivable
			June 30, 2024	June 30, 2024	June 30, 2023
				(Rupees in thousand)	
	Producing Fields				
1	Adhi	PPL	**39.00**	**(1,403,078)**	(991,799)
2	Dhok Sultan (EWT Phase)	PPL	**75.00**	**(236,602)**	(195,838)
3	Gambat South	PPL	**65.00**	**(1,664,704)**	(1,504,415)
4	Hala	PPL	**65.00**	**(132,328)**	(134,068)
5	Kandhkot	PPL	**100.00**	**-**	-
6	Kandhkot East (Chachar)	PPL	**75.00**	**17,440**	9,275
7	Mazarani	PPL	**87.50**	**110,064**	101,525
8	Shah Bandar	PPL	**63.00**	**(66,586)**	(65,292)
9	Sui	PPL	**100.00**	**-**	-
10	Block 22	PEL	**35.53**	**(113,506)**	(56,911)
11	Digri	UEPL	**25.00**	**(41,684)**	(41,867)
12	Gambat	UEP-BETA	**23.68**	**(72,440)**	(157,678)
13	Ghauri (Dharian EWT Phase)	MPCL	**35.00**	**(43,880)**	(32,395)
14	Kirthar	POGC	**30.00**	**(1,345,228)**	(725,107)
15	Kotri North (Unarpur EWT Phase)	UEPL	**40.00**	**(29,034)**	(33,467)
16	Latif	UEP-BETA	**33.30**	**(1,075,929)**	(940,927)
17	Miano	UEP-BETA	**15.16**	**(169,653)**	(333,400)
18	Nashpa	OGDCL	**28.55**	**(1,048,691)**	(1,602,700)
19	Qadirpur	OGDCL	**7.00**	**(99,301)**	140,021
20	Sawan	UEP-BETA	**26.18**	**(226,415)**	(235,624)
21	Tal	MOL	**27.76**	**(2,035,144)**	(1,240,190)

	Name of Field	Operator	Percentage of the Company's working interest	Net Balance (Payable) / Receivable	Net Balance (Payable) / Receivable
			June 30, 2024	June 30, 2024	June 30, 2023
				(Rupees in thousand)	
	Exploration Blocks				
1	Block 2969-8 (Barkhan)	PPL	**35.00**	**1,972**	2,276
2	Block 2566-6 (Bela West)	PPL	**58.50**	**152,254**	78,566
3	Block 3371-15 (Dhok Sultan) - note 36.1	PPL	**75.00**	**-**	-
4	Block 2568-18 (Gambat South) - note 36.1	PPL	**65.00**	**-**	-
5	Block 2568-13 (Hala) - note 36.1	PPL	**65.00**	**-**	-
6	Block 3372-23 (Hisal)	PPL	**62.50**	**(15,178)**	10,263
7	Block 2866-2 (Kalat)	PPL	**100.00**	**(999,700)**	(345,357)
8	Block 3272-18 (Karsal)	PPL	**100.00**	**(3,553)**	14,821
9	Block 2763-3 (Kharan)	PPL	**100.00**	**(4,850)**	9,434
10	Block 2764-4 (Kharan-East)	PPL	**100.00**	**(22,978)**	37,814
11	Block 2766-1 (Khuzdar)	PPL	**100.00**	**(29,881)**	(57,375)
12	Block 2866-4 (Margand)	PPL	**100.00**	**37,993**	(1,017,485)
13	Block 3069-10 (Musakhel)	PPL	**37.20**	**(67,788)**	(125,172)
14	Block 2668-9 (Naushahro Firoz)	PPL	**100.00**	**(42,519)**	(34,999)
15	Block 2864-2 (Nausherwani)	PPL	**97.50**	**(3,759)**	(5,064)
16	Block 3073-5 (Punjab)	PPL	**47.50**	**18,697**	(17,413)
17	Block 2467-16 (Shah Bandar) - note 36.1	PPL	**63.00**	**-**	-
18	Block 2468-10 (Sirani)	PPL	**75.00**	**(23,227)**	29,652
19	Block 2768-13 (Sorah)	PPL	**100.00**	**(46,050)**	(1,922,949)
20	Block 3070-13 (Baska)	PPL	**82.50**	**(610,397)**	(105,096)
21	Block 2869-15 (Sui North)	PPL	**50.00**	**31,995**	11,554
22	Block 2866-15 (Kalat West)	PPL	**50.00**	**(99,084)**	5,986
23	Block 3273-3 (Ghauri) - note 36.1	MPCL	**35.00**	**-**	-
24	Block 2468-9 (Jherruck)	NHEPL	**30.00**	**(59,317)**	(59,317)
25	Block 2866-3 (Khuzdar North)	OGDCL	**25.00**	**(26,107)**	(31,594)
26	Block 2667-7 (Kirthar) - note 36.1	POGC	**30.00**	**-**	-
27	Block 2568-21 (Kotri North) - note 36.1	UEPL	**40.00**	**-**	-
28	Block 2867-5 (Kuhan)	UEP-BETA	**47.50**	**(1,270,354)**	(130,791)
29	Block 2669-3 (Latif) note 36.1	UEP-BETA	**33.30**	**-**	-
30	Block 3370-10 (Nashpa) - note 36.1	OGDCL	**30.00**	**-**	-
31	Block 3070-16 (Pezu)	OGDCL	**30.00**	**(38,846)**	(45,569)
32	Block 3072-8 (Shakarganj West)	OGDCL	**50.00**	**(76,161)**	(48,012)
33	Block 2568-20 (Sukhpur) - note 36.2	PIOGCL	**30.00**	**9,213**	9,213
34	Block 3069-9 (Suleiman)	OGDCL	**50.00**	**(143,554)**	(463,130)
35	Block 3370-3 (Tal) - note 36.1	MOL	**30.00**	**-**	-
36	Block 2967-5 (Mach) - note 36.3	MPCL	**28.50**	**(4,534)**	(1,849)
37	Block 2867-6 (Dadhar) - note 36.3	MPCL	**28.50**	**(5,800)**	(2,910)
38	Block 3168-2 (Shaigalu) - note 36.4	PPL	**40.00**	**32,616**	-
39	Block 3068-8 (South Pishin) - note 36.4	MPCL	**35.00**	**(16,878)**	-
40	Block 3067-8 (Lugai) - note 36.4	OGDCL	**30.00**	**(2,300)**	-
41	Block 3167-3 (Tanishpa) - note 36.4	OGDCL	**35.00**	**(1,979)**	-
42	Block 2667-12 (Baran) - note 36.5	POGC	**31.00**	**(24,282)**	-
43	Block 2668-25 (Gambat-II) - note 36.6	PPL	**70.00**	**(21,788)**	-
44	Block 2666-1 (Saruna West) - note 36.6	POL	**30.00**	**(3,246)**	-
	Offshore Blocks				
45	Block 2366-7 (Indus-C)	PPL	**100.00**	**(123,998)**	(43,634)
	Other areas - note 36.7			**140,909**	93,846

36.1 The receivable / (payable) from / to these exploratory blocks is included in the overall receivable / (payable) balance of the block as stated under the "producing field", since the balances are settled on a net basis.

36.2 In Sukhpur block, relinquishment notice was served on November 21, 2019, however, due to certain development during P&A operations of exploratory well Lundali-1, the Operator approached the GoP (in June 2021) for approval of further well testing. The matter is still under consideration of the GoP.

36.3 On March 4, 2024, Deeds of Assignment were signed to transfer 0.75% working interest each to Government Holdings (Private) Limited and Balochistan Energy Company Limited in respect of both Mach and Dadhar blocks.

36.4 During the year, provisionally awarded blocks in bidding round of October 2022, have now been formally awarded to the Company on August 2, 2023.

36.5 In Baran block, the Company acquired working interest of 31% with effect from November 23, 2023.

36.6 Pursuant to the bid round of August 2023, these blocks were awarded on January 24, 2024.

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

36.8 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

	June 30, 2024	June 30, 2023
	(Rupees in thousand)	
Financial assets as per statement of financial position		
- At amortised cost		
Long-term loans	**95,620**	71,676
Long-term deposits	**7,676**	7,676
Trade debts	**577,586,098**	513,033,122
Loans and advances	**317,199**	486,225
Trade deposits	**138,927**	66,870
Interest accrued	**1,226,860**	1,669,329
Current maturity of long-term deposits	**1,683,750**	1,683,750
Current maturity of long-term loans	**40,068**	32,255
Current maturity of long-term receivables	**-**	51,266
Other receivables	**2,310,719**	2,894,925
Short-term investments	**85,956,821**	62,105,098
Cash and bank balances	**7,073,544**	6,106,013
	676,437,282	588,208,205
- At fair value through Profit or Loss - Mutual Funds	**18,810,419**	11,483,646
Non-financial assets	**212,200,175**	190,419,315
Total assets	**907,447,876**	790,111,166
Financial liabilities as per statement of financial position		
- Financial liabilities measured at amortised cost		
Lease Liabilities	**-**	1,127,957
Long term financing	**1,136,412**	-
Trade and other payables	**35,528,172**	33,015,712
Current maturity of long term financing	**129,873**	-
Unclaimed dividends	**311,624**	1,200,292
Non-financial liabilities	**230,768,411**	214,019,845
Total liabilities	**267,874,492**	249,363,806

37.1 Fair values of financial assets and liabilities

Fair value is the amount for which an asset could be exchanged, or a liability settled, between market participants in an orderly transaction at the measurement date under current market conditions. The carrying values of all financial assets and liabilities reflected in these unconsolidated financial statements approximate their fair values, except for investments at amortised cost, which are stated at amortised cost.

Financial assets due directly / ultimately from the GoP carry contractual rights and entitlement to receive interest on late payment and is exempt from ECL accounting / disclosure as disclosed in note 2.6(j).

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 exchange rate 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, 2024.

Financial risks emanating from changing market conditions and the Company's business decisions are identified and managed by the Company in accordance with appropriate policies, procedures, risk framework and risk appetite.

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/or control market risk exposures within acceptable parameters, wherever applicable, 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, placements and loans / borrowings.

ii) Currency risk

Currency risk is the risk that changes in foreign exchange rates will affect the Company's revenue, foreign procurement costs or the value of its 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. Positive impact of the exchange rate fluctuations on the Company's revenues and assets is greater than the adverse impact on the Company's liabilities, resulting in an overall positive net change.

Exposure to foreign currency risk

	June 30, 2024	June 30, 2023
The Company's exposure to currency risk mainly comprises:	(US Dollars)	
Investments at amortised cost	**114,019,001**	96,991,999
Cash and bank balances	**2,461,904**	890,967
Trade and other payables	**(2,135,771)**	(1,134,531)
	114,345,134	96,748,435

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

	Average Rate		Closing Rate	
	2024	2023	2024	2023
	(Rupees)			
USD 1	**283.45**	248.11	**278.30**	286.60

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	**116,481**	**(116,481)**
Foreign currency financial liabilities	**2,136**	**(2,136)**

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	**194,893**	**(194,893)**
Crude Oil / Condensate / NGL	**4,145**	**(4,145)**
LPG	**114**	**(114)**
Barytes	**87**	**(87)**

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:

Customers (Trade debts)

Trade debts are essentially due from oil refining companies, gas distribution and power generation companies. Majority of sales to the Company's customers are made on the basis of agreements approved by the GoP. Sale of crude oil and gas is at prices specified in relevant agreements and / or as notified by the Government authorities based on agreements with customers or relevant applicable petroleum policy or Petroleum Concession Agreements. Prices of liquefied petroleum gas are determined by the Company subject to maximum price notified by OGRA.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade debts that are due directly / ultimately from the GoP till June 30, 2024 as per policy disclosed in note 3.11 to these unconsolidated financial statements. Majority of sales and past due trade receivables are from SSGCL, SNGPL and GENCO-II and the Company does not consider itself to be exposed to any significant credit risk since these receivables are past due because of inter-corporate circular debt and these companies are owned or controlled by the GoP. The Company is actively pursuing for recovery of trade debts and the Company does not expect these companies to fail to meet their obligation. Impact of ECL on trade receivables not covered under exemption as explained in note 2.1.2 is not material and accordingly has not been included in these unconsolidated financial statements.

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 assessed by independent reputed credit rating agencies. These credit ratings are subject to periodic review and accordingly, the Company currently does not expect any counterparty to fail to meet its obligations. While bank balances and investments in term deposits are also subject to the requirements of IFRS 9, the identified impairment loss is immaterial as the counter parties have reasonably high credit ratings.

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, 2024	June 30, 2023
	(Rupees in thousand)	
Long-term loans	**95,620**	71,676
Long-term deposits	**7,676**	7,676
Trade debts	**577,586,098**	513,033,122
Loans	**120,345**	94,192
Trade deposits	**138,927**	66,870
Interest accrued	**1,226,860**	1,669,329
Current maturity of long-term loans	**40,068**	32,255
Current maturity of long-term deposits	**1,683,750**	1,683,750
Current maturity of long-term receivables	**-**	51,266
Other receivables	**2,310,719**	2,894,925
Short-term investments	**104,767,240**	62,105,098
Bank balances	**7,072,324**	6,105,074
	695,049,627	587,815,233

Expected credit loss on loans, advances, deposits and other receivables is calculated using general approach as disclosed in note 3.11 to these unconsolidated financial statements. As at the reporting date, the Company envisages that default risk on account of loans, advances, deposits and other receivables is immaterial based on historic trends adjusted to reflect forward looking information.

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, 2024	June 30, 2023
	(Rupees in thousand)	
Trade debts		
Customers with defaults in past one year which have not yet been recovered	**40,143,987**	52,214,651
Short-term investments		
AAA	**53,561,561**	41,494,246
AA	**51,205,679**	20,610,852
	104,767,240	62,105,098
Cash at banks		
AAA	**5,675,624**	4,985,210
AA	**1,396,700**	1,119,864
	7,072,324	6,105,074

The Company's most significant customers include two gas transmission and distribution companies and one power generation company (related parties), which account for Rs 561,051 million of the trade debts as at June 30, 2024 (2023: Rs 495,823 million).

The aging of trade debts at the reporting date is provided in note 10.2.

The maximum exposure to credit risk for trade debts at the reporting date by type of product was:

	June 30, 2024	June 30, 2023
	(Rupees in thousand)	
Natural Gas	**561,087,582**	495,823,138
Crude oil / Natural gas liquids / Condensate	**15,811,334**	16,591,282
Other operating revenue	**687,182**	618,702
	577,586,098	513,033,122

c) **Capital risk management**

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern and avert significant capital losses, 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. All potential capital losses exceeding risk appetite are considered significant, and undergo rigorous risk management to mitigate their impacts.

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 in the 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 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)					
Long term financing	-	29,966	99,907	1,136,412	-	1,266,285
Trade and other payables	8,971,330	21,113,656	5,443,186	-	-	35,528,172
Unclaimed dividend	311,624	-	-	-	-	311,624
Year ended June 30, 2024	**9,282,954**	**21,143,622**	**5,543,093**	**1,136,412**	**-**	**37,106,081**
Lease liabilities against ROUA	-	129,960	997,997	-	-	1,127,957
Trade and other payables	7,680,903	18,639,551	6,695,258	-	-	33,015,712
Unclaimed dividend	1,200,292	-	-	-	-	1,200,292
Year ended June 30, 2023	**8,881,195**	**18,769,511**	**7,693,255**	**-**	**-**	**35,343,961**

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 except for investments at amortised cost, which are stated at amortised cost. Financial assets due directly / ultimately from the GoP carry contractual rights and entitlement to receive interest on late payment and is exempt from ECL accounting / disclosure as disclosed in note 2.6(j).

39. CASH AND CASH EQUIVALENTS

	June 30, 2024	June 30, 2023
	(Rupees in thousand)	
Short-term highly liquid investments - note 39.1	**85,732,004**	41,650,851
Cash and bank balances - note 16	**7,073,544**	6,106,013
	92,805,548	47,756,864

39.1 Short-term investments as disclosed in note 15 amount to Rs 104,767 million (2023: Rs 62,105 million). However, certain investments which were not considered highly liquid, comprising mutual funds amounting to Rs 18,810 million (2023: Rs 11,484 million), foreign currency term deposits amounting to 'nil' (2023: Rs 7,666 million), local currency term deposits amounting to Rs 93 million (2023: Rs 92 million) and T-bills amounting to Rs 132 million (2023: Rs 1,212 million), have not been classified as cash and cash equivalents.

40. REMUNERATION OF CHIEF EXECUTIVES, DIRECTORS AND EXECUTIVES

	Chief Executives		Executives	
	Year ended June 30, 2024	Year ended June 30, 2023	Year ended June 30, 2024	Year ended June 30, 2023
	(Rupees in thousand)			
Managerial remuneration	**67,000**	55,905	**11,954,811**	11,163,123
Housing, conveyance and utilities	**-**	60	**1,206,658**	1,116,977
Retirement benefits	**-**	242	**1,666,862**	1,532,832
Bonus	**5,220**	8,840	**1,564,281**	1,519,155
Medical and leave passage	**370**	876	**1,305,638**	1,054,227
Leave encashment	**-**	-	**191,470**	215,767
	72,590	65,923	**17,889,720**	16,602,081
Number, including those who worked for part of the year"	**1**	3	**1,583**	1,632

40.1 Aggregate amount charged in these unconsolidated financial statements in respect of fees paid to thirteen non-executive directors, on account of attending board, board committee and general meetings, was Rs 34.800 million (2023: Rs 48.850 million to thirteen non-executive directors).

40.2 The employees of the Company have the option to avail car facility as per the rules of service of the Company.

41. EARNINGS PER SHARE

	Year ended June 30, 2024	Year ended June 30, 2023
41.1 Basic earnings per share		
Profit after taxation (Rs '000)	**114,309,077**	97,937,106
Dividend on convertible preference shares (Rs '000)	**(31)**	(31)
Profit attributable to ordinary shareholders (Rs '000)	**114,309,046**	97,937,075
Weighted average number of ordinary shares in issue	**2,720,973,109**	2,720,973,069
Basic earnings per share (Rs)	**42.01**	35.99
41.2 Diluted earnings per share		
Profit after taxation (Rs '000)	**114,309,077**	97,937,106
Weighted average number of ordinary shares in issue	**2,720,973,109**	2,720,973,069
Adjustment for conversion of convertible preference shares	**10,419**	10,459
Weighted average number of ordinary shares for diluted earnings per share	**2,720,983,528**	2,720,983,528
Diluted earnings per share (Rs)	**42.01**	35.99

42. TRANSACTIONS AND BALANCES 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. The Company, in the normal course of business, pays for utilities and makes regulatory payments to entities controlled by the GoP which are not material, hence not disclosed in these unconsolidated financial statements. Details of transactions with related parties, other than those which have been specifically disclosed elsewhere in these unconsolidated financial statements are as follows:

	Year ended June 30, 2024	Year ended June 30, 2023
	(Rupees in thousand)	
Sales of hydrocarbons / barytes to state controlled entities (including Government Levies)		
GENCO-II	**23,769,120**	21,883,643
SSGCL	**98,502,603**	95,503,163
SNGPL	**84,654,995**	97,913,792
EPRF	**1,617,763**	1,498,955
OGDCL	**43,202**	34,288
	208,587,683	216,833,841
Trade debts and other receivables from state controlled entities as at June 30	See notes 10, 14 & 42.2	
Transactions and balances with subsidiaries		
Investment and receivable balances from subsidiaries as at June 30	See note 6 & 14	
Payment of employees cost on secondment to PPLA	**1,873**	30,909
Deposit of bank guarantee on behalf of PPLE - Block 29, Yemen as at June 30	**1,683,750**	1,683,750

	Year ended June 30, 2024	Year ended June 30, 2023
	(Rupees in thousand)	
Transactions and balances with Associated Companies - note 42.2		
Sales of crude oil / condensate to PARCO	**7,333,463**	5,145,065
Sales of crude oil / condensate to PRL	**752,279**	2,251,370
Payment to Total PARCO Pakistan Limited (Total PARCO)	**45,948**	2,463
Membership / sponsorship fee paid to Petroleum Institute of Pakistan (PIP)	**16,305**	15,322
Purchase of medicines from Hoechst Pakistan Limited (HPL) (formerly Sanofi-Aventis Pakistan Limited)	**4,400**	4,460
Equity investment in PIOL	**7,108,749**	2,181,000
Equity investment in PMPL	**5,012,874**	2,268,647
Receivable from PIOL as at June 30	See note 14	
Service fee (G&A overheads) charged to PIOL	**320,113**	90,174
Payment of employees cost on secondment to PIOL	**285,939**	344,913
Payment to Mari Petroleum Company Limited (MPCL) against gas processing & field services received	**823,817**	809,365
Payment to The Kidney Center Post Graduate Training Institute (TKC)	**10,857**	6,410
Sale of capital stores and spares to OGDCL	**181,718**	-
Transactions and balances with Joint Operations (JOs)		
Payments of cash calls to JOs	**45,595,584**	37,559,104
Expenditures incurred by JOs	**46,600,984**	39,059,017
Amounts receivable from / payable to JOs partners as at June 30	See notes 11, 14 & 24	
Income from rental of assets to JOs	**5,137**	5,281
Dividend income from BME	**-**	300,000
Purchase of goods from BME (net)	**182,534**	118,110
Reimbursement of employee cost on secondment to BME	**26,429**	25,602
Other related parties - note 42.2		
Dividends paid to the GoP	**9,184,319**	2,755,296
Dividends paid to trust under BESOS	**1,610,461**	-
Dividends paid to post-retirement benefits and contributory funds	**7,573**	2,272
Transactions with post-retirement benefits and contributory funds	See notes 30.1 & 31	
Remuneration to key management personnel	See note 40	
Payment to PPL Welfare Trust for CSR activities	**36,000**	30,000
Payment of rental to Pakistan Industrial Development Corporation (PIDC)	**212,072**	189,474
Payment of rental to Karachi Port Trust (KPT)	**6,894**	8,534
Payment of insurance premium to National Insurance Company Limited (NICL)	**1,222,175**	1,182,659
Insurance claim received from NICL	**257,353**	37,849
Fuel purchased from Pakistan State Oil Company Limited (PSO)	**295,584**	104,182
Payment for chartered flights to Pakistan International Airlines Corporation Limited (PIACL)"	**107,729**	55,252
Deposits with National Bank of Pakistan (NBP) as at June 30	**17,481,736**	13,966,440
Interest income earned on deposits with NBP	**1,116,418**	104,944
Investment in mutual funds with NBP Fund Management Limited (NBP Funds) as at June 30	**-**	4,710,649
Dividend income / gain on mutual funds investment with NBP Funds	**268,450**	688,042
Investment in mutual funds with National Investment Trust Limited (NIT) as at June 30	**-**	1,654,686
Dividend income / gain on mutual funds investment with NIT	**421,032**	52,480
Payment to ENAR Petrotech Services (Private) Limited (EPSL) for engineering services obtained"	**-**	771
Payment to Hydrocarbon Development Institute of Pakistan (HDIP)	**86**	1,723

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.

The Company pays various taxes and duties to different regulatory authorities including Federal Board of Revenue and custom authorities.

Contributions to staff retirement benefit funds are in accordance with the terms of rules. Remuneration of key management personnel is in accordance with the terms of the employment / appointment. Other transactions with the related parties are carried out at agreed terms.

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

S.No.	Company Name	Basis of Relationship As at June 30, 2024
1.	OGDCL	GOP is common shareholder / Common Directorship
2.	GHPL	GOP is common shareholder / Common Directorship
3.	PARCO	GOP is common shareholder / Common Directorship
4.	SSGCL	GOP is common shareholder / Common Directorship
5.	PSO	GOP is common shareholder / Common Directorship
6.	MPCL	GOP is common shareholder / Common Directorship
7.	SNGPL	GOP is common shareholder / Common Directorship
8.	GENCO - II	GOP is common shareholder
9.	PIDC	GOP is common shareholder
10.	KPT	GOP is common shareholder
11.	NICL	GOP is common shareholder
12.	Total PARCO	GOP is common shareholder
13.	NBP	GOP is common shareholder
14.	NBP Funds	GOP is common shareholder
15.	NIT	GOP is common shareholder
16.	PIACL	GOP is common shareholder
17.	PRL	GOP is common shareholder
18.	HDIP	GOP is common shareholder
19.	EPRF	GOP is common shareholder
20.	TKC	Common Directorship
21.	PIP	Common Directorship
22.	HPL	Common Directorship

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, 2024	June 30, 2023
	(Rupees in thousand)	
SSGCL	**98,502,603**	95,503,163
SNGPL	**84,654,995**	97,913,792
ARL	**79,661,641**	75,640,318
	262,819,239	269,057,273

	June 30, 2024	June 30, 2023

44. GENERAL

44.1 Number of employees

Total number of employees at the end of the year were as follows:		
- Regular	**2,544**	2,524
- Contractual	**46**	70
	2,590	2,594
Average number of employees during the year were as follows:		
- Regular	**2,517**	2,536
- Contractual	**56**	70
	2,573	2,606

44.2 Capacity and production

Product	Unit	Actual production for the year (The Company's share) June 30, 2024	Actual production for the year (The Company's share) June 30, 2023
Natural gas	MMscf	**231,574**	266,567
Crude oil / NGL / Condensate	Thousand Barrels	**4,188**	4,407
LPG	M. Ton	**113,104**	116,881
Barytes & Iron Ore	M. Ton	**127,111**	134,397

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

44.3 Figures have been rounded off to the nearest thousand, unless otherwise stated.

45. SUBSEQUENT / NON-ADJUSTING EVENTS

45.1 The Board of Directors in its meeting held on September 20, 2024, has recommended cash dividend @ 25% amounting to Rs 6,802.433 million (2023: @ 15% amounting to Rs 4,081.460 million) on paid-up value of ordinary share capital, which will be put forward for the shareholders' approval in the Annual General Meeting scheduled to be held on October 25, 2024.

46. DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements were authorised for issue on September 20, 2024 by the Board of Directors of the Company.

Chief Financial Officer	Director	Chief Executive Officer

CONSOLIDATED FINANCIAL STATEMENTS

KPMG

KPMG Taseer Hadi & Co.
Chartered Accountants
Sixth Floor, State Life Building, Blue Area
Islamabad, Pakistan
Telephone 92 (51) 282 3558, Fax 92 (51) 282 2671

INDEPENDENT AUDITORS' REPORT

To the members of Pakistan Petroleum Limited

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of Pakistan Petroleum Limited and its subsidiaries (the Group), which comprise of the consolidated statement of financial position as at June 30, 2024, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of cash flows, the consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including material accounting policies and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at June 30, 2024 and of its consolidated financial performance and its consolidated cashflows 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 *Auditors' 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 judgment, 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.

KPMG

KPMG Taseer Hadi & Co.

Following are the Key audit matters:

Key audit matter	How the matter was addressed in our audit
(i) **Overdue trade debts**	
(Refer notes 4.10, 4.12 and 11 to the consolidated financial statements) As at June 30, 2024, trade debts include overdue amount of Rs. 537,824 million, (net of ODS and GIDC), on account of inter-corporate circular debt. These are receivable from oil refineries, gas and power companies out of which following are overdue from related parties, (i.e., Sui Northern Gas Pipelines Limited (SNGPL) Rs. 256,397 million, (Sui Southern Gas Company Limited (SSGCL) of Rs. 278,140 million, Oil & Gas Development Company (OGDCL) Rs. 30 million, Pak-Arab Refinery Limited (PARCO) Rs. 223 million and Pakistan Refinery Limited (PRL) Rs. 106 million. The Government of Pakistan (GoP) is committed, hence continuously pursuing for satisfactory settlement of inter-corporate circular debt issue. However, the progress is slower than expected resulting in accumulation of the Group's debts. The Group considers these amounts to be fully recoverable because the Government of Pakistan has been assuming the responsibility to settle the inter-corporate circular debt in the energy sector. The Group has contractual right and is entitled to charge interest if payments from customers are delayed beyond credit terms, however, the Group recognizes interest, if any, on delayed payments from customers, when the interest on delayed payments is received by the Group.	Our audit procedures in respect of receivables, amongst others, included the following: • Checked, on a sample basis, receivable aging report classification within the appropriate aging bracket with underlying invoices. • Obtained confirmations from customers and tested reconciliations where differences were identified. In case of no replies from customers, alternate procedures were performed; • Tested post year end cash receipts from customers relating to year end balances with the underlying documentation; • Inspected correspondence with the customers and relevant government authorities and held discussions with the Group and Board Audit Committee to assess recoverability of overdue trade debts; • Discussed with the Group, events during the year and steps taken by management for settlement of these trade debts and inspected minutes of meetings of the Board of Directors and Board Audit Committee; • Assessed reasonableness of management's judgment relating to recoverability of interest on delayed payments from customers.

KPMG

KPMG Taseer Hadi & Co.

Key audit matter	How the matter was addressed in our audit
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.	• Obtained management assessment of recovery of overdue trade debts on account of inter-corporate circular debt and assessed it for appropriateness and reasonableness; and • Assessed the adequacy of relevant disclosure in the consolidated financial statements.
Recognition of Revenue	
(Refer notes 4.21 and 27 to the consolidated financial statements) The Group is engaged in the production and sale of oil and gas resources. The Group recognized gross revenue during the year from the sales of crude oil / condensate / Natural gas liquid, natural gas, liquefied petroleum gas (LPG), barytes amounting to Rs. 330,811 million. Transaction prices of crude oil / condensate / Natural gas liquid and gas are specified in relevant agreements and / or as notified by the government authorities based on agreements with customers, relevant applicable petroleum policy, relevant decision of Economic Coordination Committee (ECC) of the Cabinet or relevant Petroleum Concession Agreement. Prices of LPG are approved by the appropriate authority within the Group. Effect of adjustments, if any, arising from revision in sales prices is reflected as and when the prices are finalized with the customers and / or approved by GoP. We considered this as key audit matter due to the significance of the amounts requiring	Our audit procedures to assess the recognition, amongst others, include the following: • Assessed the design and implementation of the relevant key internal controls over revenue recognition from the sale of products; • Inspected the agreements with customers to evaluate that revenue is recognized in accordance with the terms of the agreement, relevant applicable Petroleum Policy, relevant Petroleum Concession Agreement and International Financial Reporting Standard (IFRS 15 - "Revenue from Contracts with Customers"); • Performed test of details on a sample of sales transactions by inspecting respective invoices, acknowledgements of refineries and / or joint meter readings as appropriate; • 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

kpmg

KPMG

KPMG Taseer Hadi & Co.

Key audit matter	How the matter was addressed in our audit
significant time and resource to audit due to magnitude, inherent risk of material misstatement and revenue being a key economic indicator of the Group.	prices in accordance with applicable petroleum policies / agreements / decision of ECC of the Cabinet / Petroleum Concession Agreements; • Where pricing is provisional / sales agreement not finalized, (a) inspected correspondence with the customers and relevant government authorities during the year and held discussions with the Group; (b) inspected term sheets signed with the customers; (c) checked price being charged is in line with the applicable Petroleum Policy / agreed with customers / Petroleum Concession Agreements, and (d) obtained direct balance confirmation from customers; • Checked sales transactions on either side of the consolidated statement of financial position date to assess whether they are recorded in the correct accounting period; • Tested journal entries relating to revenue recognized during the year based on identified risk criteria; and • Assessed the adequacy of relevant disclosures made in the consolidated financial statements.

KPMG Taseer Hadi & Co.

Information Other than the Consolidated and Unconsolidated Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises of Chairman's Review, Directors' Report and key performance indicators included in the Annual Report for the year ended June 30, 2024 but does not include the consolidated and unconsolidated financial statements and our auditors' report 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 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 the requirements of Companies Act, 2017 (XIX of 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.

Auditors' 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 auditors' 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

KPMG Taseer Hadi & Co.

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 judgment 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 auditors' 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 auditors' 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.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2024

	Note	June 30, 2024	June 30, 2023
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	**137,879,752**	138,044,813
Intangible assets	6	**123,731**	56,185
Long-term investments	7	**64,054,255**	55,568,999
Long-term loans	8	**95,620**	71,676
Long-term deposits	9	**7,676**	7,676
		202,161,034	193,749,349
CURRENT ASSETS			
Stores and spares	10	**6,861,961**	5,928,542
Trade debts	11	**577,957,975**	513,488,874
Loans and advances	12	**428,858**	596,940
Trade deposits and short-term prepayments	13	**715,775**	474,745
Interest accrued	14	**1,269,408**	1,705,447
Current maturity of long-term loans	8	**40,068**	32,255
Current maturity of long-term deposits	9	**1,683,750**	1,683,750
Current maturity of long-term receivables		**-**	51,266
Other receivables	15	**5,348,551**	2,778,817
Short-term investments	16	**109,365,452**	67,656,081
Cash and bank balances	17	**7,207,749**	6,298,586
		710,879,547	600,695,303
TOTAL ASSETS		**913,040,581**	794,444,652
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	18	**27,209,836**	27,209,836
Reserves	19	**613,522,020**	513,657,354
		640,731,856	540,867,190
NON-CURRENT LIABILITIES			
Provision for decommissioning obligation	20	**46,548,776**	42,760,318
Long term financing	21	**1,136,412**	-
Deferred liabilities	23	**4,117,606**	3,605,261
Deferred taxation - net	24	**20,423,349**	26,078,961
		72,226,143	72,444,540
CURRENT LIABILITIES			
Trade and other payables	25	**129,683,790**	112,266,683
Unclaimed dividends		**311,624**	1,200,292
Current maturity of long-term financing	21	**129,873**	-
Current maturity of lease liabilities	22	**-**	1,127,957
Taxation - net		**69,957,295**	66,537,990
		200,082,582	181,132,922
TOTAL LIABILITIES		**272,308,725**	253,577,462
TOTAL EQUITY AND LIABILITIES		**913,040,581**	794,444,652
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, 2024

	Note	June 30, 2024	June 30, 2023
		(Rupees in thousand)	
Revenue from contracts with customers	27	**291,240,687**	288,053,039
Operating expenses	28	**(55,891,649)**	(49,277,810)
Royalties and other levies	29	**(45,449,568)**	(46,875,376)
		(101,341,217)	(96,153,186)
Gross profit		**189,899,470**	191,899,853
Exploration expenses	30	**(19,534,248)**	(22,386,901)
Administrative expenses	31	**(5,310,504)**	(3,994,197)
Finance costs	33	**(1,648,580)**	(1,552,086)
Share of loss of associates	7.2 & 7.3	**(2,327,007)**	(683,235)
Other charges	34	**(18,326,557)**	(15,776,165)
		142,752,574	147,507,269
Other income	35	**17,526,862**	17,404,708
Profit before taxation		**160,279,436**	164,911,977
Taxation	36	**(44,801,971)**	(67,690,363)
Profit after taxation		**115,477,465**	97,221,614
Basic and diluted earnings per share (Rs)	42	**42.44**	35.73

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 COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2024

	Note	June 30, 2024	June 30, 2023
		(Rupees in thousand)	
Profit after taxation		**115,477,465**	97,221,614
Other comprehensive (loss) / income:			
Items that will not be subsequently reclassified to profit or loss:			
Remeasurement loss on defined benefit plans - net	32	**(646,426)**	(2,970,931)
Items that may be reclassified to profit or loss (net of tax):			
Exchange differences on translation of subsidiaries & foreign associate (Pakistan International Oil Limited) - net		**(362,683)**	1,973,390
Share of exchange differences on translation of foreign operation of the associate {Pakistan Minerals (Private) Limited}	7.3	**(998,777)**	14,020,097
Other comprehensive (loss) / income for the year		**(2,007,886)**	13,022,556
Total comprehensive income for the year		**113,469,579**	110,244,170

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 CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024

	Note	June 30, 2024	June 30, 2023
		(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		**278,562,789**	183,938,753
Receipts of other income		**1,083,304**	7,259,895
Payment to suppliers / service providers and employees - net		**(46,267,936)**	(48,160,490)
Payment of indirect taxes and Government levies including royalties		**(103,682,006)**	(89,577,052)
Income tax paid		**(47,736,346)**	(41,199,995)
Payment of decommissioning obligation		**(37,991)**	(132,637)
Finance costs paid		**(104,991)**	(210,291)
Long-term loans - net		**(31,756)**	(14,313)
Net cash generated from operating activities		**81,785,067**	11,903,870
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		**(26,849,625)**	(18,143,238)
Proceeds from disposal of property, plant and equipment		**247,656**	424
Investments - net		**(1,825,498)**	19,032,904
Equity investment in PIOL		**(7,108,749)**	(2,181,000)
Equity investment in PMPL		**(5,012,874)**	(2,268,647)
Long-term deposits		**-**	(178,500)
Current maturity of long-term receivables		**-**	70,785
Finance income received		**17,195,977**	10,385,809
Net cash (used in) / generated from investing activities		**(23,353,113)**	6,718,537
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financing - net		**1,266,285**	-
Payment of lease liabilities		**(1,127,957)**	(332,347)
Dividends paid		**(14,493,581)**	(3,882,333)
Net cash used in financing activities		**(14,355,253)**	(4,214,680)
Net increase in cash and cash equivalents		**44,076,701**	14,407,727
Cash and cash equivalents at the beginning of the year		**53,296,776**	37,249,402
Net foreign exchange differences		**(127,725)**	1,639,647
Cash and cash equivalents at the end of the year	40	**97,245,752**	53,296,776

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 CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2024

	Subscribed and paid-up share capital		Capital reserve	Revenue & other reserves	Total reserves	Total
	Ordinary	Convertible preference	(Note -19)			
	(Rupees in thousand)					
Balance as at June 30, 2022	**27,209,730**	**106**	**1,428**	**407,493,231**	**407,494,659**	**434,704,495**
Total Comprehensive income for the year						
Profit after taxation	-	-	-	97,221,614	97,221,614	97,221,614
Other comprehensive income for the year ended June 30, 2023, net of tax	-	-	-	13,022,556	13,022,556	13,022,556
Total comprehensive income for the year ended June 30, 2023	-	-	-	110,244,170	110,244,170	110,244,170
Transactions with owners:						
- Ordinary shareholders						
Final dividend for the year ended June 30, 2022 at 5%	-	-	-	(1,360,487)	(1,360,487)	(1,360,487)
Interim dividend for the year ended June 30, 2023 at 10%	-	-	-	(2,720,973)	(2,720,973)	(2,720,973)
- Convertible preference shareholders						
Final dividend for the year ended June 30, 2022 at 5%	-	-	-	(5)	(5)	(5)
Interim dividend for the year ended June 30, 2023 at 10%	-	-	-	(10)	(10)	(10)
Conversion of preference shares into ordinary shares	2	(2)	-	-	-	-
Total transactions with owners	2	(2)	-	(4,081,475)	(4,081,475)	(4,081,475)
Balance as at June 30, 2023	**27,209,732**	**104**	**1,428**	**513,655,926**	**513,657,354**	**540,867,190**
Total Comprehensive income for the year						
Profit after taxation	**-**	**-**	**-**	**115,477,465**	**115,477,465**	**115,477,465**
Other comprehensive loss for the year ended June 30, 2024, net of tax	**-**	**-**	**-**	**(2,007,886)**	**(2,007,886)**	**(2,007,886)**
Total comprehensive income for the year ended June 30, 2024	**-**	**-**	**-**	**113,469,579**	**113,469,579**	**113,469,579**
Transactions with owners:						
- Ordinary shareholders						
Final dividend for the year ended June 30, 2023 at 15%	**-**	**-**	**-**	**(4,081,460)**	**(4,081,460)**	**(4,081,460)**
First interim dividend for the year ended June 30, 2024 @ 25%	**-**	**-**	**-**	**(6,802,433)**	**(6,802,433)**	**(6,802,433)**
Second interim dividend for the year ended June 30, 2024 @ 10%	**-**	**-**	**-**	**(2,720,973)**	**(2,720,973)**	**(2,720,973)**
- Convertible preference shareholders						
Final dividend for the year ended June 30, 2023 at 15%	**-**	**-**	**-**	**(16)**	**(16)**	**(16)**
First Interim dividend for the year ended June 30, 2024 @ 25%	**-**	**-**	**-**	**(26)**	**(26)**	**(26)**
Second interim dividend for the year ended June 30, 2024 @ 5%	**-**	**-**	**-**	**(5)**	**(5)**	**(5)**
Conversion of preference shares into ordinary shares	**-**	**-**	**-**	**-**	**-**	**-**
Total transactions with owners	**-**	**-**	**-**	**(13,604,913)**	**(13,604,913)**	**(13,604,913)**
Balance as at June 30, 2024	**27,209,732**	**104**	**1,428**	**613,520,592**	**613,522,020**	**640,731,856**

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, 2024

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 hydrocarbons and mineral 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. The Holding Company's main objectives are conducting exploration, prospecting, development and production of hydrocarbons and mineral 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 allowed the Holding Company to continue production from the Sui gas field. The most recent notification is dated December 08, 2023, allowing the Holding Company to continue production from the Sui gas field with effect from June 01, 2023 to May 31, 2024.

During the year, the Economic Coordination Committee (ECC) vide decision dated February 07, 2024, approved a summary for re-grant of Development & Production Lease (D&PL) to the Holding Company for a period of ten years from June 01, 2015 to May 31, 2025. The decision has also been ratified by the Federal Cabinet on February 15, 2024. The Holding Company is continuously following-up for re-grant of Sui D&PL. Accordingly, Sui D&PL is expected to be formally granted in due course of time.

1.1.2 The Pakistan Sovereign Wealth Fund Act, 2023 became effective during the year. Under the said Act, the GoP's shareholding in the Holding Company stands transferred to the Pakistan Sovereign Wealth Fund (PSWF). Accordingly, the Holding Company is in the process of taking necessary corporate actions required to record the transfer of the shares from the GoP to the PSWF.

1.2 PPL Europe E&P Limited

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

PPLE's main objective is exploration and production of oil and gas and currently it has working interest in two producing fields and three exploration blocks in Pakistan, as well as one exploration block in Yemen. The registered office of PPLE is situated at 6th Floor, One London Wall, London, EC2Y 5EB United Kingdom.

1.3 PPL Asia E&P B.V.

The Holding Company established a wholly-owned subsidiary, PPLA on July 22, 2013, a company incorporated in Amsterdam, Kingdom of Netherlands with principal place of business at 4th Floor, PIDC House, Dr. Ziauddin Ahmed Road, Karachi, Pakistan.

PPLA's main objective is exploration and production of oil and natural gas resources, and it owned 100% interest in Block 8, Iraq, under the Exploration, Development and Production Service Contract (EDPSC) with the Midland Oil Company, Iraq (MdOC). MdOC, vide letter reference no. 10910 dated August 02, 2022, intimated termination / expiry of the EDPSC and advised to settle all the outstanding liabilities and receivables and commence close-out proceedings. The Holding Company has commenced appropriate actions to complete the close-out proceedings. Accordingly, a claim has been lodged by PPLA with MdOC, primarily pertaining to reimbursement of Specific Costs plus interest thereon, to which the Holding Company is entitled under EDPSC upon termination / expiry. The Iraqi authorities formed a Ministerial Committee for this purpose and negotiations have been completed, however, approval of Ministry of Oil, Iraq is still pending. Thereafter, a settlement agreement will be signed between the parties. The effects of the settlement will be recognised in the financial statements on acceptance and completion of all other close-out proceedings.

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

PPPFTC was incorporated in Pakistan as a private limited company on November 7, 1955. The Subsidiary is engaged in administrating the trusts formed for the benefits of the employees of the Holding Company.

The Securities and Exchange Commission of Pakistan (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, 2024.

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 1.4 to these consolidated financial statements, here-in-after referred to as "the Group".

Subsidiary is an entity over which the Holding Company has control. Control is achieved when the Holding Company is exposed, or has right, to variable returns from its involvement with the investee and has ability to affect those returns through its power over the investee. Generally, there is presumption that a majority of voting rights result in control.

The Holding Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more elements of control.

Subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. Assets, liabilities, income and expenses of a subsidiary acquired or disposed off during the year are included in the profit or loss from the date the Group gains control until the date the Group ceases to control the subsidiary.

The assets, liabilities, income and expenses of the subsidiary companies are consolidated on a line by line basis and carrying value of investments held by the Holding Company eliminated against the subsidiary companies shareholder's equity in the consolidated financial statements.

The financial statements of the subsidiaries are prepared for the same reporting period as the Holding Company, using consistent accounting policies. Further, the accounting policies of subsidiaries are aligned with accounting policies of the Group, wherever required.

All intra-group balances, transactions and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

The presentation and functional currency of the Holding Company, as well as, PPPFTC are Pakistani Rupee and the functional currency of other subsidiaries is US Dollar. For the purpose of consolidation, the financial statements of the subsidiaries are translated into functional currency of the Holding Company.

3. BASIS OF PREPARATION

3.1 Statement of compliance

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 (IFRS) 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 IFRS, 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 of IFRS 9 in respect of companies holding financial assets due from the 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. The SECP through S.R.O. 1177(I)/2021 dated September 13, 2021, and letter No. SMD/PRDD/Comp/(4)/2021/302 dated September 15, 2022, granted further extension / exemption from the above-mentioned requirements of IFRS-9 till June 30, 2022 and June 30, 2023 respectively. Furthermore, this exemption has been extended by SECP through S.R.O 67(I)/2023 dated January 20, 2023 for the financial years ending on or before December 31, 2024. Consequently, the Holding Company has not recorded impact of aforesaid ECL in respect of financial assets due directly / ultimately from the GoP in consequence of circular debt, in these consolidated financial statements. 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 (except as mentioned in note 11.5 to these consolidated financial statements).

3.2 Basis of measurement

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

a) Financial assets at fair value through profit or loss have been measured at fair value.

b) Obligations in respect of certain employee benefits and decommissioning cost have been measured at present value.

3.3 New or amendments / interpretations to existing standards, interpretations and forthcoming requirements

There are new and amended standards and interpretations that are mandatory for accounting periods beginning July 01, 2023 but are considered not to be relevant or do not have any significant effect on these consolidated financial statements except for "IAS 1 - Disclosure of Material Accounting Policy Information" which became effective from the current year.

3.4 Standards, amendments and interpretations to accounting and reporting standards that are not yet effective

The following IFRSs as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after July 01, 2024 and these amendments are not likely to have a significant effect on these consolidated financial statements.

- Classification of liabilities as current or non-current (Amendments to IAS 1 in January 2020) apply retrospectively for the annual periods beginning on or after 1 January 2024 (as deferred vide amendments to IAS 1 in October 2022) with earlier application permitted. These amendments in the standards have been added to further clarify when a liability is classified as current. Convertible debt may need to be reclassified as 'current'. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity's expectation and discretion at the reporting date to refinance or to reschedule payments on a long-term basis are no longer relevant for the classification of a liability as current or non-current. An entity shall apply those amendments retrospectively in accordance with IAS 8;

- Non-current Liabilities with Covenants (amendment to IAS 1 in October 2022) aims to improve the information an entity provides when its right to defer settlement of a liability for at least twelve months is subject to compliance with conditions. The amendment is also intended to address concerns about classifying such a liability as current or non-current. Only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability's classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date. The amendments apply retrospectively for annual reporting periods beginning on or after 1 January 2024, with earlier application permitted. These amendments also specify the transition requirements for companies that may have early-adopted the previously issued but not yet effective 2020 amendments to IAS 1 (as referred above);

- Lease Liability in a Sale and Leaseback (amendment to IFRS 16 in September 2022) adds subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements to be accounted for as a sale. The amendment confirms that on initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction. After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognizes no gain or loss relating to the right of use it retains. A seller-lessee may adopt different approaches that satisfy the new requirements on subsequent measurement. The amendments are effective for annual reporting periods beginning on or after 1 January 2024 with earlier application permitted. Under IAS 8, a seller-lessee will need to apply the amendments retrospectively to sale-and-leaseback transactions entered into or after the date of initial application of IFRS 16 and will need to identify and re-examine sale-and-leaseback transactions entered into since implementation of IFRS 16 in 2019, and potentially restate those that included variable lease payments. If an entity (a seller-lessee) applies the amendments arising from Lease Liability in a Sale and Leaseback for an earlier period, the entity shall disclose that fact;

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) amend accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transactions that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review;

- Supplier Finance Arrangements (amendments to IAS 7 and IFRS 7) introduce two new disclosure objectives for a company to provide information about its supplier finance arrangements that would enable users (investors) to assess the effects of these arrangements on the company's liabilities and cash flows, and the company's exposure to liquidity risk. Under the amendments, companies also need to disclose the type and effect of non-cash changes in the carrying amounts of the financial liabilities that are part of a supplier finance arrangement. The amendments also add supplier finance arrangements as an example to the existing disclosure requirements in IFRS 7 on factors a company might consider when providing specific quantitative liquidity risk disclosures about its financial liabilities. The amendments are effective for periods beginning on or after 1 January 2024, with early application permitted. However, some relief from providing certain information in the year of initial application is available; and

- Lack of Exchangeability (amendments to IAS 21) clarify:

  - when a currency is exchangeable into another currency; and
  - how a company estimates a spot rate when a currency lacks exchangeability.

  Further, companies will need to provide new disclosures to help users assess the impact of using an estimated exchange rate on the financial statements:

  - the nature and financial impacts of the currency not being exchangeable;
  - the spot exchange rate used;
  - the estimation process; and
  - risks to the company because the currency is not exchangeable.

  The amendments apply for annual reporting periods beginning on or after January 01, 2025. Earlier application is permitted.

- Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments:

  - Financial Assets with ESG-Linked features

  Under IFRS 9, it was unclear whether the contractual cash flows of some financial assets with ESG-linked features represented Solely Payments of Principal and Interest (SPPI). This could have resulted in financial assets with ESG-linked features being measured at fair value through profit or loss.

  Although the new amendments are more permissive, they apply to all contingent features, not just ESG-linked features. While the amendments may allow certain financial assets with contingent features to meet the SPPI criterion, companies may need to perform additional work to prove this.

Judgement will be required in determining whether the new test is met.

The amendments introduce an additional SPPI test for financial assets with contingent features that are not related directly to a change in basic lending risks or costs – e.g., where the cash flows change depending on whether the borrower meets an ESG target specified in the loan contract.

The amendments also include additional disclosures for all financial assets and financial liabilities that have certain contingent features that are:

- not related directly to a change in basic lending risks or costs.

- The amendments apply for reporting periods beginning on or after 1 January 2026. Companies can choose to early-adopt these amendments (including the associated disclosure requirements), separately from the amendments for the recognition and derecognition of financial assets and financial liabilities.

- Recognition / Derecognition requirements of Financial Assets / liabilities by Electronic Payments:

The amendments to IFRS 9 clarify when a financial asset or a financial liability is recognized and derecognized and provide an exception for certain financial liabilities settled using an electronic payment system. Companies generally derecognize their trade payables on the settlement date (i.e., when the payment is completed). However, the amendments provide an exception for the derecognition of financial liabilities. The exception allows the company to derecognize its trade payable before the settlement date, when it uses an electronic payment system that meets all of the following criteria:

- no practical ability to withdraw, stop or cancel the payment instruction;
- no practical ability to access the cash to be used for settlement as a result of the payment instruction; and
- the settlement risk associated with the electronic payment system is insignificant.

The amendments apply for reporting periods beginning on or after 1 January 2026. Earlier application is permitted.

3.5 Benazir Employees' Stock Option Scheme (BESOS)

The PPL Employees Empowerment Trust ("Trust") was established vide a Trust Deed under BESOS on September 14, 2009. The Trust currently holds 7.35% shareholding of the Holding Company. The Trust was created for the purposes of empowerment of employees of state-owned entities.

In June 2011, the SECP on receiving representations from some of the entities covered under BESOS 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 BESOS. Had the exemption not been granted, retained earnings and reserves would have been lower and higher by Rs 18,879 million (2023: Rs 18,879 million).

The detailed judgment of the Honourable Supreme Court of Pakistan (SCP) has been issued in relation to the Benazir Employees' Stock Option Scheme (BESOS). The Honourable SCP has held that the BESOS was established without any policy input of the Council of Common Interests. Therefore, it fell beyond the ambit of authority of the Federal Cabinet and contravened Article 154 of the Constitution of the Islamic Republic of Pakistan, 1973. Accordingly, the Honourable SCP upheld the judgment dated January 03, 2018 passed by the Honourable Sindh High Court. The Holding Company is taking all necessary corporate actions to repatriate the funds and transfer of shares back to the Federal Government.

3.6 Significant accounting judgments, estimates and assumptions

The preparation of these consolidated financial statements in conformity with the accounting and reporting standards, as applicable in Pakistan, requires management to make estimates, assumptions and use judgments that affect the application of the Group's accounting policies and the reported amounts of assets and liabilities, income and expenses. The estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively, commencing from the period of revision.

In the process of applying the Group's accounting policies, the management has made the following estimates, assumptions and judgments which are significant to these consolidated financial statements.

a) Property, plant and equipment and intangibles

The Group reviews the appropriateness of useful lives, methods of depreciation / amortisation and residual values of property, plant and equipment and intangibles on the reporting date. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment and intangibles with a corresponding effect on the depreciation / amortisation charge and impairment.

Property, plant and equipment and intangible assets are reviewed for possible impairment when events or changes in circumstances indicate that the carrying amount may not be 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 charged to profit or loss in the period in which 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 when 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 charged 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 new oil and gas discoveries. Reserves are also used as the basis to calculate unit-of-production depreciation / amortisation rates and to work out the recoverable amount of an asset, wherever applicable. The unit of production basis is the ratio of oil and gas production during the year to the estimated quantities of proved reserves at the end of the year plus production during the year.

All reserves estimates involve some degree of uncertainty. The uncertainty depends chiefly on the amount of reliable geological 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.

Notes to and forming part of the Consolidated Financial Statements
for the year ended june 30, 2024

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 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 geological, reservoir or production data, (2) new geological, 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 prospectively affect the amount of amortisation to be recorded and impairment, if any, in the consolidated financial statements for assets amortised on unit-of-production basis.

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 useful lives. The estimated cost is charged to profit or loss over the life of the proved reserves on 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 is 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 to settle decommissioning liability, based on future projected costs adjusted to present value. The present value is calculated using real discount rate of 4.45% (2023: 3.42%) per annum. 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	1,692
Property, plant and equipment would have been lower by	1,039
Amortisation / write-off charge would have been lower by	653
Profit after tax would have been higher by	470

f) Joint arrangements

The Group participates in several joint arrangements. Judgment is required in order to determine their classification as a joint venture where the Group has rights to the net assets of the arrangement or a joint operation where the Group has rights to the assets and obligations for the liabilities of the arrangement. In making this judgment, consideration is given to the legal form of the arrangement, the contractual terms and conditions as well as other facts and circumstances.

g) Provision for defined benefit plans and compensated absences

Defined benefit plans and compensated absences are provided for permanent employees of the Holding Company. The plans are structured as separate legal entities managed by trustees, except for post-retirement medical benefits and compensated absences, for which, liability is recognised in these consolidated financial statements. These benefits are evaluated with reference to uncertain events and are based upon actuarial assumptions including inter alia, discount rates, expected rates of salary increases, medical cost and mortality rates. The actuarial valuations are conducted by a qualified actuary on annual basis using Projected Unit Credit Actuarial Cost Method. Pension and gratuity costs primarily represent the increase / decrease 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. Estimations are sensitive to changes in the underlying assumptions.

h) Taxation

Significant judgment is required in determining the provision for income taxes and deferred tax asset and liability. 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 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).

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

A contingent liability is disclosed when the Group has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Holding Company; or the Holding Company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

j) Impairment of financial assets

- **Financial assets covered under IFRS 9 - 'Financial Instruments' (IFRS 9)**

The Group uses default rates based on credit rating of customers from which receivables are due, probability weighted cash flow projection for customers for which credit rating is not available and provision matrix for large portfolio of customer which have similar characteristics to calculate expected credit losses (ECL) for trade debts and other receivables.

The default rates are benchmarked and adjusted for forward looking information, cash flow projections are discounted using original effective interest rates, and the rates in provision matrix are based on days past due for various customer segments that have similar loss patterns. The provision matrix is initially based on the Group's historical observed default rates which is then adjusted for forward looking information.

The assessment of the correlation between historical observed default rates and the projection of cash flows from customers, forecast economic conditions and resulting ECL is a significant estimate. The amount of ECL is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

- **Financial assets covered under IAS 39 - 'Financial Instruments: Recognition and Measurement' (IAS 39)**

The Securities and Exchange Commission of Pakistan (SECP) has deferred applicability of ECL model in respect of financial assets due directly / ultimately from the Government of Pakistan (GoP) for the financial years ending on or before December 31, 2024. Accordingly, the Group reviews the recoverability of its trade debts and other receivables that are due directly / ultimately from GoP to assess whether there is any objective evidence of impairment as per requirements of IAS 39 'Financial Instruments: Recognition and Measurement' at each reporting date.

The Group has overdue receivables on account of inter-corporate circular debt. These overdue balances are receivable from gas supply and power companies. The GoP is committed, hence continuously pursuing for satisfactory settlement of inter-corporate circular debt issue. However, the progress is slower than expected resulting in accumulation of Group's debts. Inter-corporate circular debt in Pakistan arises due to delayed payments in the energy sector supply chain; GoP either directly or through its direct / indirect ownership of entities within energy sector supply chain is at the core of circular debt issue.

Settlement of the Group's receivables is slower than the contractual terms primarily because circular debt is a macro-economic level issue in Pakistan and its level at any given time is dependent on policies and / or priorities of the GoP, the level of subsidies offered by GoP to certain domestic and industrial consumers, exchange rate fluctuations, global crude oil prices and certain other systemic issues within energy sector (tariffs, losses, non / delayed recoveries).

The Group's assessment of objective evidence of impairment with respect to over due amounts on account of inter-corporate circular debt takes into account commitment made by the GoP, contractual rights to receive compensation for delayed payments and plans of the GoP to address the issue of inter-corporate circular debt.

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. MATERIAL ACCOUNTING POLICIES

4.1 Property, plant and equipment

a) Owned assets

Property, plant and equipment, except freehold land, leasehold land and capital work-in-progress, are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Freehold land and leasehold land are stated at cost. Capital work-in-progress is stated at cost less accumulated impairment losses, if any, and is transferred to the respective item of property, plant and equipment when available for intended use.

Cost in relation to property, plant and equipment comprises of acquisition and other directly attributable costs, decommissioning cost and production bonus. The cost of self-constructed assets includes the cost of materials, direct labour and any other costs directly attributable to bringing the assets to working condition for their intended use. The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, with net amount recognised in profit or loss.

Impairment tests for property, plant 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 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.

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.

Leases that have terms of less than twelve months or on which the underlying asset is of low value are recognised as an expense in the statement of profit or loss when incurred.

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 to profit or loss as exploration expenditure. Cost incurred prior to obtaining exploration rights to explore an area are charged to profit or loss.

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. In case of discovery of commercial reserves and commencement of production, the carrying value after any impairment loss of the relevant E&E assets is then transferred to 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 (i) the point at which a determination is made as to whether or not commercial reserves exist (ii) 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 (iii) substantive expenditure on further exploration and evaluation activities is not planned or budgeted (iv) 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 been recognised for the asset in prior years. A reversal of the impairment loss is recognised as income in profit or loss. E&E assets are not amortised.

4.3 Development and production assets

Development and production assets are accumulated on a field by field basis and represent the cost of developing the discovered commercial reserves and bringing them into production, together with the capitalised E&E expenditures incurred in finding commercial reserves transferred from E&E assets as outlined in note 4.2 above. The cost of development and production assets also includes the cost of acquisition of such assets, directly attributable overheads, and the cost of recognising provisions for future site restoration and decommissioning.

Impairment testing of development and production assets is 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 testing purposes 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

Depreciation and amortisation on all field based immovable assets are charged on unit-of-production basis. Whereas, all movable assets i.e. furniture, fittings & equipment, computers & allied equipment and vehicles 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.

b) Intangible assets

Amortisation on intangible assets is charged over their useful 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 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. Impairment losses are not reversed in future years.

4.7 Investment in associated companies

An associate is an entity over which the Holding Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. The results, assets and liabilities of the associate have been incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are initially recognised at cost adjusted thereafter to recognise the Holding Company's share of the post-acquisition profits or losses of the associate in profit or loss and the Holding Company's share of movements in other comprehensive income of the associate in other comprehensive income. Dividends received or receivable from the associate are recognised as a reduction in the carrying amount of the investment. Losses of an associate in excess of the Holding Company's interest in that associate are recognised only to the extent that the Holding Company has incurred legal or constructive obligation or made payment on behalf of the associate. The carrying amount of equity-accounted investment is tested for impairment in accordance with the policy described in note 4.8 below.

4.8 Impairment of non-financial assets, goodwill and investment in associated companies

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

Intangible assets with indefinite useful lives are tested for impairment annually 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.

4.9 Stores and spares

Stores and spares are valued at weighted average cost less impairment loss, if any, except for stores in transit, which are valued at cost incurred upto the reporting date. Stores and spares, which meet the definition of property, plant and equipment, are classified as capital stores for drilling and development. 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 operations are not considered.

4.10 Financial assets and financial liabilities

a) Financial assets

Classification

Financial assets are classified in the following categories: at amortised cost, at fair value through other comprehensive income and at fair value through profit or loss. The classification depends on the purpose for which the financial assets were acquired. The management determines the classification of its financial assets at initial recognition and, where allowed and appropriate, re-evaluates the designation at each date of statement of financial position.

i. Amortised Cost

Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets, impairment losses, foreign exchange gains and losses, and gain or loss arising on derecognition are recognised directly in profit or loss.

ii. At fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

iii. At fair value through profit or loss

Financial assets at fair value through profit or loss are those financial assets which are either designated in this category or not classified in any of the other categories. A gain or loss on debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss in the period in which it arises.

Equity instrument financial assets are measured at fair value at initial recognition 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.

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 GoP 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 or ultimately due from GoP as described in note 3.1.2 to these consolidated financial statements). The impact of ECL on trade debts subject to circular debt is impracticable to determine as at June 30, 2024.

The Group assesses the recoverability of its financial assets if there is objective evidence that the Group will not be able to collect all the amounts due according to the original terms. Significant financial difficulties of the debtors, probability that the debtor will enter bankruptcy and default or delinquency in payments, are considered indicators that the trade debts and other receivables are impaired.

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 loss or gain, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

- Financial assets covered under IFRS 9

The Group recognises an allowance for expected credit losses (ECL) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECL is recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit exposures that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For financial assets other than trade debts, the Group applies general approach in calculating ECL. It is based on difference between the contractual cashflows due in accordance with the contract and all the cashflows that the Group expects to receive discounted at the approximation of the original effective interest rate. The expected cashflows will include cash flows from sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade debts, the Group applies a simplified approach where applicable in calculating ECL. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECL at each reporting date. The Group has established a provision matrix for large portfolio of customer having similar characteristics and default rates based on the credit rating of customers from which receivables are due that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

- Financial assets covered under IAS 39

SECP through S.R.O. 985 (I)/2019 dated September 2, 2019 has notified that in respect of companies holding financial assets due from the Government of Pakistan (GoP), the requirements contained in IFRS 9 with respect to application of Expected Credit Loss (ECL) method shall not be applicable till June 30, 2021, provided that such companies shall follow relevant requirements of IAS 39 'Financial Instruments: Recognition and Measurement' in respect of above referred financial assets during the exemption period. Under the said S.R.O, the disclosure of the impacts of ECL was not required. Earlier to the aforesaid S.R.O, SECP in a press release dated August 22, 2019 communicated that IFRS 9 needs to be looked into from Pakistan perspective where phenomenon of circular debt needs to be given due consideration. Further, SECP through S.R.O 1177(I)/2021 dated September 13, 2021, and letter No. SMD/PRDD/Comp/(4)/2021/302 dated September 15, 2022, granted further extension / exemption from the above-mentioned requirements of IFRS-9 till June 30, 2022 and June 30, 2023 respectively. Furthermore, this exemption has been extended by SECP through S.R.O 67(I)/2023 dated January 20, 2023 for the financial years ending on or before December 31, 2024. It was noted that concerns expressed by companies regarding practical limitations in determining ECL on debts due from government, due to uncertain cash recovery patterns of circular debt, carry weight. In accordance with the exemption granted by SECP, ECL has not been recognised in respect of financial assets due directly / ultimately from GoP (i.e. SNGPL, SSGCL and GENCO-II) in the consolidated financial statements.

Financial assets, on which ECL model is not applicable as per the aforesaid notification of SECP, are assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. Individually 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.

All impairment losses are recognised in statement of profit or loss . An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial asset carried at amortised cost, the impairment loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows discounted at current market rate of return for a similar financial assets. Such impairment loss will not be reversed in subsequent periods. For financial asset carried at amortised cost, the amount of impairment loss recognised is difference between carrying amount and present value of estimated cash flows, discounted at effective interest rate.

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.

4.11 Fair value

The fair value of financial instruments that are actively traded in organised financial markets is determined with reference to quoted market bid prices at the close of business on the date of statement of financial position. Where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions, reference to the current market value of another instrument, which has substantially similar characteristics, discounted cash flow analysis or other valuation models.

4.12 Trade debts and other receivables

Trade debts and other receivables are recognised initially at the amount of consideration that is unconditional, unless they contain a significant financing component in which case such are recognised at fair value. The Group holds the trade debts with the objective of collecting the contractual cash flows and therefore measures the trade debts subsequently at amortised cost using the effective interest method.

4.13 Cash and cash equivalents

Cash and cash equivalents for the purpose of statement of cash flows, comprise of cash 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.

4.14 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 and the expected outflow of economic resources to settle this obligation is up to next twenty-two years. 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.

4.15 Staff retirement benefits

a) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than the defined contribution plan. The 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.

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 Holding Company has recognised related restructuring or terminations.

These schemes are governed by their respective Trust Deeds and Rules. All matters pertaining to these schemes including contributions to the schemes and payments to outgoing members are dealt with in accordance with the respective Trust Deeds and Rules.

The liabilities under the scheme in respect of members in service on the valuation date on a going concern basis and having regard to projected salary increases, are covered by the Fund on the valuation date, the total reserve as of the valuation date, future contributions to the Fund, and future projected investment income of the Fund. As far as possible, the contribution to the Fund should remain reasonably stable as a percentage of salaries, under the Projected Unit Credit Actuarial Cost Method employed.

ii. Post retirement medical benefits

The Holding Company provides post-retirement medical benefits to its executive and non-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, 2024, based on the 'Projected Unit Credit Actuarial Cost Method'.

b) Defined contribution plan

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

The Holding Company operates recognised provident fund schemes, separately, for its executive and non-executive permanent staff as per rules of service. 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 as per rules of service and contributes upto 13.44% of basic salary, according to the eligibility of executive staff to the relevant funds.

4.16 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, 2024.

4.17 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.

4.18 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 Holding 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 of the Holding Company and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

4.19 Taxation

Tax for the year comprises of current and deferred tax, which is recognised in the consolidated 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 balance sheet liability method, on all temporary differences at the date of statement of financial position between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax losses and unused tax credits, to the extent it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amount of deferred tax assets is reviewed at each date of statement of financial position and is reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the date of statement of financial position.

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

Deferred tax assets and liabilities are offset only if there is a legally enforceable right to offset current tax assets and liabilities and they relate to the income tax levied by the same tax authority.

The Institute of Chartered Accountants of Pakistan (ICAP) issued application guidance on the accounting treatment of minimum and final taxes through Circular No. 07/2024, dated May 15, 2024 ("the Guidance"). According to the Guidance, minimum taxes that are non-recoverable and exceed the normal tax liability, as well as taxes under the final tax regime, fall outside the scope of IAS 12 Income Taxes and as such should be accounted for under IFRIC 21 Levies / IAS 37 Provisions, Contingent Liabilities, and Contingent Assets.

Accordingly, in line with the Guidance, the Holding Company has changed its accounting policy to recognise final tax / levy on income from mutual funds and export sales as Levy (note 34) instead of classifying as income tax. Such a change has not been applied retrospectively due to the immateriality of the amounts involved.

4.20 Trade and other payables

Liabilities for trade and other amounts payable are carried at amortised 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.

4.21 Revenue recognition

Revenue from sale of hydrocarbons, barytes and iron ore (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 commensurate with the Group's working interest and the terms of the relevant agreements.

4.22 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 Group recognises interest, if any, on delayed payments from customers on receipt basis. Similarly, no provision is being made for the interest payable to GoP on late payment of Gas Development Surcharge (GDS) in accordance with the directives of the Price Determining Authority, Ministry of Energy (Petroleum Division).

Dividend income on equity investments is recognised when the right to receive the payment is established.

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.

4.23 Joint arrangements

Joint arrangements are arrangements in which the Group has contractually agreed sharing of control, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. Joint arrangements are classified as joint operations or joint ventures depending upon the rights and obligations arising from the joint arrangement and are accounted for as follows:

The Group classifies a joint arrangement as joint operations when the Group has the rights to the assets, and obligations for the liabilities, of the arrangement and accounts for each of its assets, liabilities, revenues and expenses, including its share of those held or incurred jointly, in relation to the joint operations. The Group classifies a joint arrangement as a joint venture when the Group has rights to the net assets of the arrangement.

The Group has certain contractual arrangements with other participants to engage in joint activities, where all significant operating and financial policies are determined by the participants, such that the operator itself has no significant independence to pursue its own commercial strategy. The Group has assessed the nature of its joint arrangements and determined them to be joint operations. The Group has recognised its share of assets, liabilities, revenue and expenses jointly held or incurred under the joint operations on the basis of latest available audited accounts of the joint operations and where applicable, on the basis of cost statements received from the operators of the joint operations. Estimates are made for the intervening period up to the date of statement of financial position. The difference, if any, between the cost statements and the estimates is accounted for in the next accounting year.

4.24 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.

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 reporting date.

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 average exchange rate during the period. The exchange differences arising on translation are recognised in the consolidated 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 the profit or loss.

4.25 Functional and presentation currency

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

4.26 Dividends and appropriations to reserves

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

4.27 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions. The management has determined that the Group has a single reportable segment as the Board of Directors views the Group's operations as one reportable segment.

5. PROPERTY, PLANT AND EQUIPMENT

	June 30, 2024	June 30, 2023
	(Rupees in thousand)	
Operating assets - note 5.1	**90,107,928**	86,620,643
Capital work-in-progress - note 5.4	**47,771,824**	51,424,170
	137,879,752	138,044,813

5.1 Operating assets

	Owned assets												ROUA	
	Freehold land	Leasehold land	Buildings, roads and civil constructions on freehold land	Buildings, roads and civil constructions on leasehold land	Plant & machinery (Note - 5.5)	Furniture, fittings and equipment	Tanks and pipelines	Computers and allied equipment	Vehicles*	Development and production assets	Decommis-sioning assets	Sub total	Plant & Machinery	Total
	(Rupees in thousand)													
As at July 01, 2022														
Cost	111,138	1,336,908	3,069,443	5,085	93,303,162	1,281,600	15,613,676	1,452,954	816,847	124,653,273	24,625,675	266,269,761	1,487,289	267,757,050
Accumulated impairment loss	-	-	-	-	-	-	-	-	-	(875,961)	-	(875,961)	-	(875,961)
Accumulated depreciation / amortisation	-	-	(2,077,206)	(4,008)	(64,844,011)	(813,323)	(10,294,057)	(1,291,375)	(718,017)	(80,766,318)	(15,787,750)	(176,596,065)	(123,512)	(176,719,577)
NBV	**111,138**	**1,336,908**	**992,237**	**1,077**	**28,459,151**	**468,277**	**5,319,619**	**161,579**	**98,830**	**43,010,994**	**8,837,925**	**88,797,735**	**1,363,777**	**90,161,512**
Year ended June 30, 2023														
Additions (at cost)	-	-	86,836	-	2,374,099	32,389	457,925	58,424	42,823	6,709,437	7,143,247	16,905,180	26,134	16,931,314
Exchange differences / reclassifications	-	-	-	-	145,568	-	-	-	-	155,046	-	300,614	-	300,614
Write off (at NBV) - Note 5.4.3	-	-	-	-	(12,106)	-	(211)	-	-	-	-	(12,317)	-	(12,317)
Disposals (at NBV)	-	-	-	-	-	-	-	(750)	-	-	-	(750)	-	(750)
Depreciation / amortisation charge	-	-	(139,528)	(133)	(4,918,171)	(81,900)	(1,206,381)	(86,263)	(36,136)	(10,053,176)	(3,757,726)	(20,279,414)	(480,316)	(20,759,730)
NBV	**111,138**	**1,336,908**	**939,545**	**944**	**26,048,541**	**418,766**	**4,570,952**	**132,990**	**105,517**	**39,822,301**	**12,223,446**	**85,711,048**	**909,595**	**86,620,643**
As at July 01, 2023														
Cost	111,138	1,336,908	3,153,946	5,085	95,725,953	1,316,324	16,070,782	1,453,722	859,672	131,517,754	31,768,920	283,320,204	1,513,423	284,833,627
Accumulated impairment loss	-	-	-	-	-	-	-	-	-	(875,961)	-	(875,961)	-	(875,961)
Accumulated depreciation / amortisation	-	-	(2,214,401)	(4,141)	(69,677,412)	(897,558)	(11,499,830)	(1,320,732)	(754,155)	(90,819,492)	(19,545,474)	(196,733,195)	(603,828)	(197,337,023)
NBV	**111,138**	**1,336,908**	**939,545**	**944**	**26,048,541**	**418,766**	**4,570,952**	**132,990**	**105,517**	**39,822,301**	**12,223,446**	**85,711,048**	**909,595**	**86,620,643**
Year ended June 30, 2024														
Additions (at cost)	-	-	60,625	-	8,128,351	292,462	1,051,515	180,799	1,365,599	12,127,486	2,448,614	25,655,451	-	25,655,451
Exchange differences / reclassifications	-	-	-	-	719,445	-	-	-	-	(9,430)	-	710,015	(733,536)	(23,521)
Disposals (at NBV)	-	-	(455)	-	(84)	(78)	-	(886)	-	-	-	(1,503)	-	(1,503)
Depreciation / amortisation charge	-	-	(120,497)	(133)	(5,911,314)	(79,307)	(1,145,602)	(98,226)	(79,345)	(10,955,623)	(3,577,036)	(21,967,083)	(176,059)	(22,143,142)
NBV	**111,138**	**1,336,908**	**879,218**	**811**	**28,984,939**	**631,843**	**4,476,865**	**214,677**	**1,391,771**	**40,984,734**	**11,095,024**	**90,107,928**	**-**	**90,107,928**
As at June 30, 2024														
Cost	111,138	1,336,908	3,206,753	5,085	105,345,517	1,596,204	17,122,297	1,625,596	2,212,025	143,635,809	34,217,534	310,414,866	-	310,414,866
Accumulated impairment loss	-	-	-	-	-	-	-	-	-	(875,961)	-	(875,961)	-	(875,961)
Accumulated depreciation / amortisation	-	-	(2,327,535)	(4,274)	(76,360,578)	(964,361)	(12,645,432)	(1,410,919)	(820,254)	(101,775,114)	(23,122,510)	(219,430,977)	-	(219,430,977)
NBV	**111,138**	**1,336,908**	**879,218**	**811**	**28,984,939**	**631,843**	**4,476,865**	**214,677**	**1,391,771**	**40,984,734**	**11,095,024**	**90,107,928**	**-**	**90,107,928**
Rate of depreciation / amortisation (%)			5	5	**	10	UoP	30	20	UoP	UoP		UoP	

* 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) which are amortised at 10%.

5.2 Summary of significant assets

The following assets have significant operational value to the Group:

Particulars	June 30, 2024 Cost	June 30, 2024 NBV	June 30, 2023 Cost	June 30, 2023 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	**5,638,919**	**-**	5,638,919	-
Booster Compression Project - SML	**2,891,124**	**913,418**	2,891,124	1,072,646
Revamping of SML Compressors	**5,504,035**	**4,633,047**	1,335,456	1,147,782
Adhi Field				
LPG / NGL Plant III	**4,649,726**	**1,515,774**	4,649,726	1,771,627
Kandhkot Field				
Gas Compression Station	**10,339,569**	**1,790,259**	10,345,025	1,988,588
Hala Field				
Gas Processing Facility (GPF)	**1,257,051**	**12,988**	1,252,858	17,820
Gambat South Field				
Gas Processing Facility (GPF) II	**10,844,529**	**5,041,825**	10,830,657	5,639,927
GPF IV (Phase I & II)	**4,340,257**	**2,869,188**	4,292,436	3,169,686
GPF IV Compression	**1,196,551**	**1,067,025**	-	-
Dhok Sultan Field				
Oil Handling Facility	**733,536**	**643,923**	-	-
Oil Handling Facility (ROUA)	**-**	**-**	1,513,423	909,595
Sawan Field				
Front End Compression	**7,604,471**	**67,411**	3,301,782	171,541
Other Plant and Machinery	**4,169,901**	**-**	11,083,158	82,427
Tal Field				
Makori Central Processing Facility (CPF)	**6,991,613**	**674,489**	6,464,776	676,032
CPF Manzalai	**3,157,148**	**46,139**	3,136,923	62,060
Nashpa Field				
Nashpa LPG Plant	**4,731,035**	**1,292,054**	4,731,035	1,734,963
Wellhead Compression Project	**1,188,301**	**450,174**	1,188,301	604,492
Latif Field				
Reception / Tie-in Facility	**1,165,465**	**15,448**	1,165,465	27,182
Kirthar Field				
Kirthar Compression Project	**1,353,360**	**1,135,431**	-	-

5.3 Cost and accumulated depreciation include:

	Cost June 30, 2024	Cost June 30, 2023	Accumulated depreciation June 30, 2024	Accumulated depreciation June 30, 2023
	(Rupees in thousand)			
Share in the Group operated joint operations	**35,259,707**	33,191,486	**20,169,349**	17,633,067
Share in partner operated joint operations - note 5.3.1	**53,815,388**	50,787,940	**44,542,980**	40,906,296
	89,075,095	83,979,426	**64,712,329**	58,539,363

5.3.1 The assets pertaining to partner operated joint operations belong to various fields and are not in possession of the Group.

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

5.3.3 Vehicles amounting to Rs 1,279 million as on June 30, 2024 (2023: Rs 'Nil') are kept as collateral with non-banking financial institutions, as disclosed in note 21 to these consolidated financial statements.

5.4 Capital work-in-progress

	June 30, 2024	June 30, 2023
	(Rupees in thousand)	
Plant, machinery, fittings and pipelines	**10,911,395**	14,633,997
Exploration and evaluation (E&E) assets	**13,613,161**	15,762,271
Development and production (D&P) assets	**9,724,420**	9,869,697
Lands, buildings and civil constructions	**74,650**	91,084
Advances to suppliers	**709,064**	-
Capital stores for drilling and development	**12,622,490**	12,049,123
- Net reversal of impairment loss	**116,644**	412,823
- Written-off - note 5.4.3	**-**	(1,394,825)
	12,739,134	11,067,121
	47,771,824	51,424,170

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

	Plant, machinery, fittings and pipelines	E&E assets	D&P assets	Lands, buildings and civil constructions	Capital stores for drilling and development	Advances to suppliers	Total
	(Rupees in thousand)						
Balance as at June 30, 2022	**11,370,642**	**19,103,985**	**6,127,177**	**69,397**	**12,745,538**	**-**	**49,416,739**
Capital expenditure incurred during the year (net) - note 5.4.2	6,322,426	4,241,522	9,208,274	109,715	(717,173)	-	19,164,764
Impairment / write-off of capital stores - note 5.4.3	-	-	-	-	(982,002)	-	(982,002)
Cost of dry well during the year	-	(6,675,022)	-	-	-	-	(6,675,022)
Exchange differences / reclassifications	-	-	323,437	-	20,758	-	344,195
Transferred to operating assets	(3,059,071)	(908,214)	(5,789,191)	(88,028)	-	-	(9,844,504)
Balance as at June 30, 2023	**14,633,997**	**15,762,271**	**9,869,697**	**91,084**	**11,067,121**	**-**	**51,424,170**
Capital expenditure incurred during the year (net) - note 5.4.2	**7,100,368**	**7,237,932**	**9,945,086**	**44,191**	**1,559,141**	**709,064**	**26,595,782**
Reversal of impairment of capital stores	**-**	**-**	**-**	**-**	**116,644**	**-**	**116,644**
Cost of dry well during the year	**-**	**(7,023,943)**	**-**	**-**	**-**	**-**	**(7,023,943)**
Exchange differences / reclassifications	**-**	**-**	**(29,468)**	**-**	**(3,772)**	**-**	**(33,240)**
Transferred to operating assets	**(10,822,970)**	**(2,363,099)**	**(10,060,895)**	**(60,625)**	**-**	**-**	**(23,307,589)**
Balance as at June 30, 2024	**10,911,395**	**13,613,161**	**9,724,420**	**74,650**	**12,739,134**	**709,064**	**47,771,824**

5.4.2 Amounts under capital stores for drilling and development are net of consumption during the year.

5.4.3 As disclosed in note 5.4.3 to the consolidated financial statements for the year ended June 30, 2023, a fire incident occurred at a warehouse located in the Holding Company's partner operated field - Tal Block. Accordingly, an insurance claim of USD 27 million (the Holding Company's share: USD 7.5 million) was filed by the Operator of the block. The loss adjustor has assessed first interim insurance claims net settlement at USD 15.80 million (the Holding Company's share: USD 4.38 million), which will be recognised in the financial statements upon realisation thereof from the insurance company. Subsequent to the year end, the Holding Company has received USD 3.87 million against its aforementioned share of first interim settlement.

5.5 Plant and machinery includes major spare parts and standby equipment having cost of Rs 94.067 million (2023: Rs 58.042 million).

5.6 None of the assets disposed off during the year have a book value of more than Rs 0.5 million.

5.7 Particulars of immovable property in the name of the Holding Company (net share) are as follows:

Location	Total Area (Acreage)
Sui Field	2,488.71
Kandhkot Field	161.23
Mazarani Field	172.76
Water Pump Station, Village Kot Khewali, District Kashmore (KPS)	14.84
Leasehold Land	
Plot No.3, CL-9, Civil Lines Quarters, Dr. Ziauddin Ahmed Road, Karachi	1.44
Kandhkot Field	819.55
Adhi Field	114.78
KPS	209.61

5.8 Particulars of the Holding Company's business units, including plants, are as follows:

S.No.	Business Unit	Address	Geographical location (Province / Emirate)	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.	PPLA Office	P.I.D.C. House Dr. Ziauddin Ahmed Road. Karachi	Pakistan	Not applicable
4.	PPLE Office	6th Floor, One London Wall London	United Kingdom	Not applicable
5.	PIOL Office	34th Floor, Al Maqam Tower ADGM Square, Al Maryah Island Abu Dhabi, United Arab Emirates	Abu Dhabi	Not applicable
6.	PMPL Office	Petroleum House, 5th Floor, Ataturk House, G-5/2, Islamabad	Islamabad	Not applicable
7.	Sui Gas Field	Sui, Dera Bugti	Balochistan	1) Gas Compression Station 2) Purification Plant 3) Gas Processing Facility
8.	Adhi Field	District, Rawalpindi	Punjab	1) LPG Plant - I 2) LPG Plant - II 3) LPG / NGL Plant - III
9.	Kandhkot Gas Field	District, Kashmore	Sindh	1) Dehydration Unit 2) Gas Compression Station
10.	Gambat South Field	Districts Sanghar, Benazirabad and Matiari	Sindh	1) Gas Processing Facility - I 2) Gas Processing Facility -II 3) Gas Processing Facility -IV
11.	Mazarani Gas Field	District, Qambar Shahdadkot	Sindh	Gas Processing Facility
12.	Chachar Gas Field	District, Kashmore	Sindh	Not applicable, since the gas is processed at Kandhkot Gas Field
13.	Hala Field	Districts, Sanghar and Matiari	Sindh	Gas Processing Facility
14.	Dhok Sultan Field	District, Attock	Punjab	Oil Handling Facility
15.	BME	Districts, Khuzdar and Chagai	Balochistan	1) Grinding Mills 2) Crushing Plant

6. INTANGIBLE ASSETS

	June 30, 2024	June 30, 2023
	(Rupees in thousand)	
Computer software including ERP system - note 6.1	**100,283**	52,591
Intangible assets under development	**23,448**	3,594
	123,731	56,185

6.1 Computer software including ERP system

	ERP System	Computer software	Total
	(Rupees in thousand)		
As at July 01, 2022			
Cost	450,870	1,675,126	2,125,996
Accumulated amortisation	(417,069)	(1,608,215)	(2,025,284)
NBV	**33,801**	**66,911**	**100,712**
Year ended June 30, 2023			
Additions (at cost)	-	9,759	9,759
Amortisation charge - note 31	(15,130)	(42,750)	(57,880)
NBV	**18,671**	**33,920**	**52,591**
As at July 01, 2023			
Cost	450,870	1,646,374	2,097,244
Accumulated amortisation	(432,199)	(1,612,454)	(2,044,653)
NBV	**18,671**	**33,920**	**52,591**
Year ended June 30, 2024			
Additions (at cost)	-	88,519	88,519
Amortisation charge - note 31	(12,810)	(28,017)	(40,827)
NBV	**5,861**	**94,422**	**100,283**
As at June 30, 2024			
Cost	450,870	1,697,133	2,148,003
Accumulated amortisation	(445,009)	(1,602,711)	(2,047,720)
NBV	**5,861**	**94,422**	**100,283**
Rate of amortisation (%)	20	33	

7. LONG-TERM INVESTMENTS

	June 30, 2024	June 30, 2023
	(Rupees in thousand)	
Investments in related parties		
- **Wholly owned subsidiaries**		
PPPFTC - note 7.1	**1**	1
- **Associates**		
Unquoted companies		
- Pakistan International Oil Limited (PIOL) - note 7.2 Equity held: 25% No. of shares: 6,000,000 (2023: 3,500,000) of USD 10/- each	**12,265,444**	5,560,044
- Pakistan Minerals (Private) Limited (PMPL) - note 7.3	**51,788,810**	50,008,954
	64,054,255	55,568,999

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, 2024. The paid-up capital of PPPFTC is Rs 1,000 divided into 100 ordinary shares of Rs 10 each.

7.2 Pakistan International Oil Limited (PIOL)

Offshore Block 5 was awarded to the Holding Company-led consortium in the Emirate of Abu Dhabi with each consortium company having 25% equity, through a separate entity, namely PIOL, incorporated in the Emirate of Abu Dhabi on July 15, 2021. Besides the Holding Company, the consortium comprises three major Pakistani E&P companies i.e. Oil and Gas Development Company Limited (OGDCL), Mari Petroleum Company Limited (MPCL) and Government Holdings (Private) Limited (GHPL). The registered address of PIOL is 34th Floor, Al Maqam Tower, ADGM square, Al Maryah Island, Abu Dhabi, United Arab Emirates. Offshore Block 5 covers an area of 6,223 square kilometers and is located 100 kilometers north-east of the Emirate of Abu Dhabi. The exploration concession agreement between PIOL and Abu Dhabi National Oil Company (ADNOC) was signed on August 31, 2021.

Financial information of PIOL is summarised below, which is based on the audited financial statements of the associate for the year ended December 31, 2023, adjusted for the transactions and events upto June 30, 2024 based on unaudited financial statements.

	2024	2023
	(Rupees in thousand)	
Investment in Associate		
Opening carrying value as at July 01	**5,560,044**	2,177,858
Cost of investment	**7,108,749**	2,181,000
Holding Company's share of total comprehensive loss for the year	**(92,766)**	(297,195)
Foreign exchange differences on translation of foreign associate	**(310,583)**	1,498,381
Closing carrying value of investment as at June 30	**12,265,444**	5,560,044
Summarised statement of financial position		
Non-current assets	**20,718,975**	8,852,022
Current assets	**35,630,718**	14,095,336
Current liabilities	**(7,287,919)**	(707,182)
Net assets	**49,061,774**	22,240,176
Holding Company's percentage shareholding in the associate	**25%**	25%
Holding Company's share in carrying value of net assets as at June 30	**12,265,444**	5,560,044
Summarised statement of comprehensive income		
Total comprehensive income / (loss) for the year	**(371,062)**	(1,188,780)
Holding Company's share of comprehensive income / (loss) for the year (25%)	**(92,766)**	(297,195)

7.3 **Pakistan Minerals (Private) Limited (PMPL)**

The Holding Company has invested in the project company, i.e. Reko Diq Mining Company (Private) Limited (RDMC) through Pakistan Minerals (Private) Limited (PMPL), an entity incorporated in Pakistan with initial subscribed share capital of 12,000 shares with par value of Rs 10 each in accordance with the agreements for collective representation of the Holding Company, OGDCL and GHPL, together called the State Owned Enterprises (SOEs). RDMC is engaged in the mineral exploration activities in Pakistan. PMPL holds an indirect working interest of 25% (8.33% of each SOE) in the RDMC through offshore holding companies namely Reko Diq Holdings Limited and Reko Diq Investments Limited (hereinafter referred to as "Holdcos"). RDMC is incorporated in Pakistan and Holdcos are incorporated in Bailiwick of Jersey. The Holding Company's equity interest in PMPL is 33.33% with an effective interest of 8.33% in RDMC. The SOEs have representation on the Boards of Holdcos and RDMC through PMPL.

In addition to the initial subscribed share capital, PMPL is in the process of issuing shares to the Holding Company against further equity contributions. Further, during the year and as at year-end, based on directions from the GoP, the SOEs are in the process of discussing and evaluating the terms of a potential transaction with a sovereign foreign investor with respect to divestment in the Reko Diq Project and advisors were appointed through PMPL to assist in this regard. The divestment and its conditions will require significant approvals including from the Federal Cabinet of GoP, Board of Directors and shareholders of the SOEs and other investors of the Reko Diq project.

Financial information of PMPL is summarised below, which is based on the unaudited financial statements of the associate for the period ended June 30, 2024.

	2024	2023
	(Rupees in thousand)	
Investment in Associate		
Opening Carrying Value as at July 01	**50,008,954**	-
Cost of investment	**5,012,874**	36,374,897
Holding Company's share of loss for the period	**(2,234,241)**	(386,040)
Holding Company's share of other comprehensive income for the period	**(998,777)**	14,020,097
Closing carrying value of investment as at June 30	**51,788,810**	50,008,954

	June 30, 2024	June 30, 2023
	(Rupees in thousand)	
Summarised statement of financial position		
Non-current assets	**168,601,657**	167,171,543
Current assets	**247,187**	120,521
Non-current liabilities	**(12,826,621)**	(16,710,030)
Current liabilities	**(15,137)**	(8,590)
Net assets	**156,007,086**	150,573,444
Holding Company's percentage shareholding in the associate	**33.33%**	33.33%
Holding Company's share in carrying value of net assets	**52,002,362**	50,191,148
Others - exchange rate differences in equity contribution	**(213,552)**	(182,194)
Holding Company's share in carrying value of net assets as at June 30	**51,788,810**	50,008,954
Summarised statement of comprehensive income		
Total comprehensive income / (loss) for the period	**(9,699,055)**	40,902,171
Holding Company's share of comprehensive income / (loss) for the period (33.33%)	**(3,233,018)**	13,634,057

Subsequent to the year end, the Holding Company has made further equity contribution amounting to Rs 1,649.333 million in PMPL.

8. LONG-TERM LOANS

	June 30, 2024	June 30, 2023
	(Rupees in thousand)	
Unsecured and considered good		
Long-term loans - staff - note 8.1		
- Executive staff - note 8.2	**18,213**	20,423
- Other employees	**117,475**	83,508
	135,688	103,931
Less: Current maturities		
- Executive staff	**(6,555)**	(7,235)
- Other employees	**(33,513)**	(25,020)
	(40,068)	(32,255)
	95,620	71,676

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% (2023: 1% to 10%) per annum.

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

	2024	2023
	(Rupees in thousand)	
Balance as on July 01	**20,423**	21,029
Disbursements	**6,255**	8,590
Repayments / adjustments	**(8,465)**	(9,196)
Balance as on June 30	**18,213**	20,423

The maximum aggregate amount of loans due from the executive staff at the end of any month during the year was Rs 20.116 million (2023: Rs 21.604 million).

9. LONG-TERM DEPOSITS

	June 30, 2024	June 30, 2023
	(Rupees in thousand)	
Cash margin:		
- For guarantee to International Bank of Yemen - note 9.1	**1,683,750**	1,683,750
- Others	**7,676**	7,676
	1,691,426	1,691,426
Less: Current maturity of long-term deposits	**(1,683,750)**	(1,683,750)
	7,676	7,676

9.1 The Production Sharing Agreement (PSA) for Yemen Block-29 (the 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 Standby Letter of Credit (the SBLC) amounting to USD 7.5 million through International Bank of Yemen (IBoY) on submission of counter guarantee through United Bank Limited (the Bank) against 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.

Since then, there has been extensive correspondence among the Operator, the Ministry of Yemen and the Holding Company. In the latest correspondence, the Ministry of Yemen vide letter dated April 13, 2022 clarified that the SBLC automatically stands cancelled and its cancellation does not require any further action by the Ministry pursuant to provisions of PSA as the contractor has fulfilled its obligation by relinquishing the Block.

Accordingly, the Holding Company is pursuing with the Bank and relevant stakeholders for release of SBLC. Progress remains slow due to the turbulent political scenario in Yemen.

10. STORES AND SPARES

	June 30, 2024	June 30, 2023
	(Rupees in thousand)	
Stores and spares	7,230,575	6,094,232
Stores and spares - in transit	-	150,965
	7,230,575	6,245,197
Less: Provision for obsolete / slow moving stores and spares - note 10.1	(368,614)	(316,655)
	6,861,961	5,928,542

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

	June 30, 2024	June 30, 2023
Balance as on July 01	316,655	271,802
Provision for the year - note 34	51,959	44,853
Balance as on June 30	368,614	316,655

11. TRADE DEBTS

	June 30, 2024	June 30, 2023
Unsecured and considered good		
Related parties (note 11.1)		
Central Power Generation Company Limited (GENCO-II) - note 11.4	4,180,235	6,620,217
Sui Northern Gas Pipelines Limited (SNGPL)	265,433,842	251,180,148
Sui Southern Gas Company Limited (SSGCL)	291,599,764	238,333,107
Pakistan Refinery Limited (PRL)	169,627	979,686
Pak-Arab Refinery Limited (PARCO)	1,427,549	662,478
ENAR Petroleum Refining Facility (EPRF)	184,824	169,342
Oil & Gas Development Company Limited (OGDCL)	44,762	1,164
	563,040,603	497,946,142
Non-related parties		
Attock Refinery Limited (ARL)	13,568,723	14,323,747
National Refinery Limited (NRL)	522,362	503,329
Others	826,287	715,656
	14,917,372	15,542,732
	577,957,975	513,488,874
Unsecured and considered doubtful		
Non-related party		
Cnergyico Pk Limited (CNERGY) - note 11.5	253,002	253,002
EGAS Pvt. Ltd. (EGAS) - note 11.6	-	169,454
Less: Provision for doubtful debts	(253,002)	(422,456)
	-	-
	577,957,975	513,488,874

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

	June 30, 2024	June 30, 2023
	(Rupees in thousand)	
GENCO-II	6,253,638	9,613,533
SNGPL	272,980,242	251,316,873
SSGCL	291,695,400	238,333,107
PARCO	3,179,960	1,384,523
PRL	764,817	1,488,947
EPRF	288,617	334,561
OGDCL	44,762	59,647
	575,207,436	502,531,191

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

	June 30, 2024	June 30, 2023
	(Rupees in thousand)	
Neither past due nor impaired	40,334,669	52,380,563
Past due but not impaired:		
Related parties		
- within 90 days	35,430,120	42,198,530
- 91 to 180 days	42,534,667	44,594,551
- over 180 days	457,540,695	370,370,671
	535,505,482	457,163,752
Non-related parties		
- within 90 days	1,099,468	2,951,751
- 91 to 180 days	9,041	10,226
- over 180 days	1,009,315	982,582
	2,117,824	3,944,559
	577,957,975	513,488,874

11.3 Trade debts include overdue amount of Rs 535,176 million (2023: Rs 456,230 million) receivable from the State controlled companies and Rs 2,447 million (2023: Rs 4,878 million) overdue receivable from refineries and various LPG / other customers. The GoP is committed, hence continuously pursuing for satisfactory settlement of Inter-corporate circular debt issue, however, the progress is slower than expected resulting in accumulation of the Holding Company's trade debts. The Holding Company considers this amount to be fully recoverable because the GoP has been assuming the responsibility to settle the Inter-corporate circular debt in the energy sector. The Holding Company recognises interest / surcharge, if any, on delayed payments from customers on receipt basis. As disclosed in note 3.1.2 to these consolidated financial statements, SECP has deferred the applicability of ECL model for the financial years ending on or before December 31, 2024 on financial assets due directly / ultimately from GoP in consequence of the circular debt.

Specific provision has been created against receivable from CNERGY as a result of disputes disclosed in note 11.5.

Based on the measures being undertaken by the GoP, including inter-corporate circular debt, the Group considers the overdue amounts to be fully recoverable and therefore, no provision for doubtful debts has been made in these consolidated financial statements, except for provision against receivable from CNERGY.

11.4 As disclosed in note 3.6.2 to the consolidated financial statements for the year ended June 30, 2021, trade debts do not include GDS amounting to Rs 77,266 million (2023: Rs 81,393 million) as the obligation of the Holding Company is to pay the collected amounts to the Federal Government on receipt basis. The said amount has been billed to GENCO-II but has not been received by the Holding Company as at the date of statement of financial position.

11.5 The Holding Company had filed a suit in the Sindh High Court (SHC) against CNERGY (formerly Byco) for recovery of overdue amount. The said suit is pending adjudication before the SHC. In addition, the Holding Company filed a complaint against the officials of CNERGY on account of the willful default before the National Accountability Bureau (NAB). On the Holding Company's complaint, NAB filed a reference against the officials of CNERGY which is pending adjudication before the Accountability Court No. IV at Karachi. One of the accused officials of CNERGY, filed his plea bargain application by depositing an amount that covers the outstanding principal amount due to the Holding Company, which was allowed by the Accountability Court on October 24, 2020. The Holding Company received an amount of Rs 903.218 million from NAB against long outstanding receivables from CNERGY during financial year 2020-21. The provision for doubtful debts was reversed to the extent of recovery. As regards the remaining principal amount, the Holding Company has filed a constitutional petition against the NAB for recovery of the withheld amount. For late payment surcharge amount, the Holding Company shall continue to pursue its above civil suit.

11.6 The Holding Company has filed winding up petition against EGAS for recovery of overdue amount. The petition is pending adjudication before the Islamabad High Court. Further, on April 06, 2022, the Holding Company submitted a complaint to NAB for recovery of outstanding dues, including late payment surcharge, from EGAS. Furthermore, during the year, the Holding Company has reached a settlement agreement with EGAS for recovery of outstanding receivable. Pursuant to the settlement agreement, the related provision for doubtful debts amounting to Rs 169.454 million has been reversed.

	June 30, 2024	June 30, 2023
	(Rupees in thousand)	

12. LOANS AND ADVANCES

Unsecured and considered good

	June 30, 2024	June 30, 2023
Loans and advances to staff	120,345	94,192
Advances to suppliers and others	111,659	110,715
Advance payment of cash calls to joint operations – note 37	196,854	392,033
	428,858	596,940

13. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

	June 30, 2024	June 30, 2023
Trade deposits	138,927	66,870
Prepayments	576,848	407,875
	715,775	474,745

14. INTEREST ACCRUED

	June 30, 2024	June 30, 2023
Interest receivable on:		
- short-term investments	993,334	1,482,762
- bank deposits	276,074	222,685
	1,269,408	1,705,447

15. OTHER RECEIVABLES

	June 30, 2024	June 30, 2023
Receivable from:		
SNGPL for Sui field services	36,131	40,629
SSGCL for Sui field services	10,220	13,315
PIOL	281,323	136,675
Staff retirement benefit plans	11,602	215,699
Current accounts with joint operations - note 37	1,739,650	1,626,570
Indemnification asset	300,765	298,351
Workers' Profits Participation Fund (WPPF) - note 15.1	872,390	172,659
Sales tax (net)	1,774,110	-
Others - note 15.2	322,360	274,919
	5,348,551	2,778,817

15.1 WPPF

	June 30, 2024	June 30, 2023
Balance as at July 01	172,659	9,980
Allocation for the year - note 34	(7,827,610)	(7,829,342)
Net amount paid during the year	8,527,341	7,992,021
Balance as at June 30	872,390	172,659

15.2 It includes receivable of Rs 7.59 million (2023: Rs 7.59 million) from OGDCL, MPCL and GHPL (Rs 2.46 million, Rs 2.76 million and Rs 2.37 million, respectively) with respect to the payments made by the Holding Company on their behalf for expenses related to PIOL.

16. SHORT-TERM INVESTMENTS

	June 30, 2024	June 30, 2023
	(Rupees in thousand)	
At amortised cost		
- Local currency term deposits with banks - note 16.1	29,127,500	13,122,201
- Foreign currency term deposits with banks - note 16.2	35,652,656	32,604,189
- Local currency treasury bills - note 16.3	25,364,830	10,446,045
- Pakistan Investment Bonds - note 16.4	410,047	-
	90,555,033	56,172,435
At fair value through profit or loss		
- Mutual Funds - note 16.5	18,810,419	11,483,646
	109,365,452	67,656,081

16.1 These carry profit ranging from 19.90% to 21.50% (2023: 15.10% to 21.00%) per annum and are due to mature latest by March 2025. Further, it includes Rs 4,000 million (2023: Rs 'Nil') placed under a Shariah compliant arrangement.

16.2 These represent foreign currency term deposits with banks amounting to USD 128.099 million (2023: USD 113.762 million) having effective interest rate ranging from 7.51% to 10.80% (2023: 4.65% to 12.06%) per annum and are due to mature latest by November 2024.

16.3 These carry profit ranging from 19.73% to 22.89% (2023: 15.64% to 21.55%) per annum and are due to mature latest by November 2024. These bills were issued by the GoP and sold through State Bank of Pakistan. Further, as disclosed in note 22.1.2, T-Bills with carrying value of Rs 308.204 million (face value Rs 321.385 million) are pledged as collateral with Pak Oman Investment Company Limited.

16.4 These carry profit ranging from 20.49% to 20.72% (2023: Nil) per annum and are due to mature latest by July 2024. These bonds were issued by the GoP and sold through State Bank of Pakistan.

16.5 Mutual Funds

Name of Fund	June 30, 2024	June 30, 2023
	(Rupees in thousand)	
HBL Islamic Money Market Fund	7,602,635	-
Alfalah Islamic Rozana Amdani Fund	4,553,129	-
Faysal Islamic Cash Fund	3,633,443	-
JS Cash Fund	3,020,173	-
Alfalah GHP Cash Fund	725	-
Alfalah Money Market Fund	314	-
NBP Money Market Fund	-	4,710,649
HBL Cash Fund	-	3,798,933
NIT Money Market Fund	-	1,654,686
Lakson Money Market Fund	-	1,319,378
	18,810,419	11,483,646

During the year, average annualised return is 20.74% (2023: 17.11%).

This investment has been categorised under Level 1 of the fair value hierarchy of IFRS-13, 'Fair Value Measurement'. Fair value has been determined using quoted repurchase prices, being net asset value of units as of reporting date.

Further, it includes Rs 15,789.207 million (2023: Rs 'Nil') placed under a Shariah compliant arrangement.

17. CASH AND BANK BALANCES

	June 30, 2024	June 30, 2023
	(Rupees in thousand)	
At banks		
- Saving accounts		
Local currency - note 17.1	6,075,232	4,647,189
Foreign currency - note 17.2	777,123	409,676
	6,852,355	5,056,865
- Current accounts		
Local currency	320,571	1,228,901
Foreign currency	30,804	11,479
	351,375	1,240,380
Cash in hand	4,019	1,341
	7,207,749	6,298,586

17.1 These carry profit at the rate ranging from 6.50% to 20.85% (2023: 4.75% to 20.00%) per annum. Further, it includes Rs 51.769 million (2023: Rs 19.497 million) placed under an arrangement permissible under Shariah.

17.2 These carry profit at the rate ranging from 0.01% to 4.00% (2023: 0.01% to 4.00%) per annum. Further, it includes Rs 1.662 million (2023: Rs 1.708 million) placed under an arrangement permissible under Shariah.

18. SHARE CAPITAL

	June 30, 2024	June 30, 2023
	(Rupees in thousand)	
Authorised		
3,500,000,000 (2023: 3,500,000,000) ordinary shares of Rs 10 each	**35,000,000**	35,000,000
26,510 (2023: 26,510) convertible preference shares of Rs 10 each	**265**	265
	35,000,265	35,000,265
Issued		
2,721,162,657 (2023: 2,721,162,635) ordinary shares of Rs 10 each - note 18.2	**27,211,626**	27,211,626
10,418 (2023: 10,440) convertible preference shares of Rs 10 each - note 18.3	**104**	104
	27,211,730	27,211,730
Subscribed and paid-up		
683,078,299 (2023: 683,078,277 ordinary shares of Rs 10 each for cash - note 18.2	**6,830,783**	6,830,783
2,035,144,811 (2023: 2,035,144,811) ordinary shares of Rs 10 each issued as bonus shares	**20,351,449**	20,351,449
2,750,000 (2023: 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
	27,209,732	27,209,732
9,344 (2023: 9,366) convertible preference shares of Rs 10 each for cash - note 18.3	**93**	93
1,074 (2023: 1,074) convertible preference shares of Rs 10 each issued as bonus shares	**11**	11
	27,209,836	27,209,836

18.1 Movement in subscribed and paid-up share capital is as follows:

June 30, 2024	June 30, 2023		June 30, 2024	June 30, 2023
(Number of Shares)			(Rupees in thousand)	
		Ordinary shares of Rs. 10/- each		
2,720,973,088	2,720,972,941	At the beginning of the year	**27,209,732**	27,209,730
22	147	Conversion of preference shares	**-**	2
2,720,973,110	2,720,973,088		**27,209,732**	27,209,732

These fully paid ordinary shares carry one vote per share and right to dividend.

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 (2023: 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.

18.3 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, 22 (2023: 147) 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.

19. RESERVES

	June 30, 2024	June 30, 2023
	(Rupees in thousand)	
Capital reserve - note 19.1	**1,428**	1,428
Revenue & other 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
- Foreign currency translation reserve - note 4.24	**6,732,449**	7,095,132
- Share of foreign currency translation reserve of the associated company - note 19.6	**13,021,320**	14,020,097
- Unappropriated Profit	**533,387,834**	432,161,708
	613,520,592	513,655,926
	613,522,020	513,657,354

19.1 Capital reserve

This represents consideration for the surrender of the right of the Mari North Mining Lease. In accordance with the transfer agreement with the GoP, the foregoing consideration has to be carried forward as capital reserve and cannot be distributed.

19.2 General and contingency reserve

The 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 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.

19.3 Insurance reserve

Due to difficulty in obtaining insurance policy for full value of the 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 USD 100 million (Rs 27,830 million) for single occurrence, as well as, annual aggregate.

19.4 Assets acquisition reserve

In view of the declining hydrocarbon reserves profile of the Holding 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 Holding Company established a dividend equalisation reserve to maintain dividend declarations.

19.6 Share of foreign currency translation reserve of the associated company

This represents accumulated balance of effect of share of translation of a foreign operation into Pakistani Rupees of the associated company.

20. PROVISION FOR DECOMMISSIONING OBLIGATION

	June 30, 2024	June 30, 2023
	(Rupees in thousand)	
Balance at beginning of the year	**42,760,318**	33,196,343
- Provision during the year	**686,760**	695,220
- Revision due to change in estimates	**1,692,081**	7,513,765
- Exchange difference / payment during the year	**(82,951)**	57,854
- Unwinding of discount - note 33	**1,492,568**	1,297,136
Balance at end of the year	**46,548,776**	42,760,318

The above provision for decommissioning obligation is analysed as follows:

	June 30, 2024	June 30, 2023
Wells		
Share in operated assets	**23,181,524**	22,687,961
Share in partner operated assets	**10,253,897**	8,423,396
Production facilities		
Share in operated assets	**9,125,993**	7,980,931
Share in partner operated assets	**3,987,362**	3,668,030
	46,548,776	42,760,318

21. Long Term Financing

	June 30, 2024	June 30, 2023
From Non-Banking Financial Institution - Secured - note 21.1	**1,266,285**	-
Current maturity of long term financing	**(129,873)**	-
	1,136,412	-

21.1 Non-Banking Financial Institutions - Secured

		Number of installments	Maximum Maturity Date	Markup profit rate per annum	Monthly installment amount	Balance as at	
						June 30, 2024	June 30, 2023
					(Rupees in thousand)		
First Habib Modaraba	21.1.1	59 - 60 monthly	20 June 2029	3 Months Kibor + (from 0.84 to 0.94%)	24,821	**978,366**	-
Pak Oman Investment Company Limited	21.1.2	60 monthly	20 June 2029		7,279	**287,919**	-
						1,266,285	-

21.1.1 This loan is obtained under a Shariah compliant arrangement and secured against the Holding Company's vehicles.

21.1.2 This loan is secured against the Holding Company's vehicles. Additionally, a collateral in the form of government securities is held in an Investment Portfolio Services account with Pak Oman Investment Company Limited.

21.1.3 These loans have been obtained to provide car facility to employees of the Holding Company as per the rules of service.

22. LEASE LIABILITIES

	June 30, 2024	June 30, 2023
	(Rupees in thousand)	
Present value of minimum lease payments - note 22.1	**-**	1,127,957
Less: current maturity	**-**	(1,127,957)
	-	-

22.1 The Holding Company had recognised a Right of Use Asset (RoUA) in respect of Oil Handling Facility installed at Dhok Sultan field and the Holding Company had the option to purchase the asset upon expiry of the lease term. During the year, the Holding Company exercised its option to buyback the asset, as per the contractual terms.

23. DEFERRED LIABILITIES

	June 30, 2024	June 30, 2023
	(Rupees in thousand)	
Post-retirement medical benefits - note 32.2.1	**2,864,822**	2,617,730
Leave preparatory to retirement - note 32.3	**1,252,784**	987,531
	4,117,606	3,605,261

24. DEFERRED TAXATION - NET

	June 30, 2024	June 30, 2023
	(Rupees in thousand)	
(Deductible) / taxable temporary differences on:		
Exploration expenditure	**(1,836,663)**	(1,925,133)
Deferred liabilities	**(1,605,866)**	(1,406,052)
Provision for windfall levy on oil / condensate	**(19,888,086)**	(15,217,461)
Provision for doubtful debts	**(126,501)**	(211,228)
Provision for obsolete / slow moving stores	**(143,759)**	(123,495)
Decommissioning asset	**7,883,265**	8,086,522
Accelerated tax depreciation allowances	**3,201,156**	3,198,342
Exploratory wells cost	**8,945,101**	9,841,039
Development and production expenditure	**24,305,286**	24,065,010
Others	**(310,584)**	(228,583)
	20,423,349	26,078,961

24.1 During the year, the change in deferred taxation has been recognised in profit or loss, except for the deferred tax impact on account of exchange differences on translation of foreign associate, which has been recognised in other comprehensive income.

25. TRADE AND OTHER PAYABLES

	June 30, 2024	June 30, 2023
	(Rupees in thousand)	
Creditors	**1,444,782**	1,116,954
Accrued liabilities	**13,048,083**	13,023,261
Accrued mark-up / profit on long-term financing - note 25.2	**12,011**	-
Security deposits / advances from LPG distributors	**1,457,356**	996,961
Retention money	**151,016**	116,189
Federal excise duty	**39,510**	104,399
Sales tax (net)	**-**	475,695
Royalties	**13,953,801**	14,282,851
Lease extension bonus - Sui gas field	**45,072,924**	37,683,916
Current accounts with joint operations - note 37	**16,410,344**	14,692,898
Staff retirement benefit funds - note 32.1.2	**4,509,563**	3,575,947
Provision for windfall levy on oil / condensate - note 26.1.7	**31,895,178**	24,391,194
Contractual obligations for Iraq EDPSC - note 25.3	**1,309,467**	1,348,450
Others	**379,755**	457,968
	129,683,790	112,266,683

25.1 As disclosed in note 3.6.2 to the consolidated financial statements for the year ended June 30, 2021, trade and other payables do not include GDS amounting to Rs 77,266 million (2023: Rs 81,393 million) as the obligation of the Holding Company is to pay the collected amounts to the Federal Government on receipt basis. The said amount has not been paid to the GoP due to non-payment of the same by GENCO-II as at the date of statement of financial position.

25.2 This includes a profit of Rs 10.178 million (2023: Rs 'Nil') accrued in long-term financing under Shariah compliant arrangements.

25.3 These represent Infrastructure Fund amounting to Rs 260.648 million (USD 0.935 million) {2023: Rs 268.407 million (USD 0.935 million)} and Training, Technology & Scholarship Fund amounting to Rs 1,048.819 million (USD 3.762 million) {2023: Rs 1,080.043 million (USD 3.762 million)} payable under the EDPSC with MdOC.

26. CONTINGENCIES AND COMMITMENTS

26.1 Contingencies

26.1.1 Corporate guarantees

	June 30, 2024	June 30, 2023
	(Rupees in thousand)	
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.	**896**	2,115

26.1.2 Sales tax

The Holding Company has received various orders from the tax authorities raising demand of Rs 446 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 different appellate forums.

26.1.3 Income tax

The tax authorities have amended the assessments of the Holding Company for the tax years 2003 to 2023 raising an aggregate demand (net off refund orders amounting to Rs 4,998 million) of Rs 63,486 million which primarily relates to super tax, windfall levy, tax credits under sections 65A, 65B and 65E of the Income Tax Ordinance, 2001 (The Ordinance) and rate issue. The Holding Company has paid / adjusted an amount of Rs. 44,506 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 2018	Sindh High Court
2019 to 2023	Appellate Tribunal Inland Revenue (ATIR)

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 primarily in respect of tax rates, decommissioning cost, super tax, tax credits under sections 65A, 65B and 65E relating to Agreement Areas and other issues in the books of accounts. In case the appeals relating to the said issues are decided in favour of the Holding Company, an amount of Rs 60,533 million, will be credited to the profit or loss for that year.

The Honourable Supreme Court of Pakistan (SCP) through its decision dated November 29, 2023 and written order issued on January 08, 2024, dismissed Civil Petition filed by the tax authorities and has decided the matter of depletion allowance in favour of the other taxpayers, including PPLE. Pursuant to the decision having attained finality, for the purpose of calculation of depletion allowance in accordance with Rule 3 of Part 1 of the Fifth Schedule to the Income Tax Ordinance 2001, the royalty amount is not to be deducted when establishing the wellhead value. Accordingly, the Holding Company has reversed the provisions amounting to Rs 14,335.312 million carried in the financial statements in respect of depletion allowance from tax years 2003 to 2023.

During the year, the ATIR has passed appellate orders dated June 14, 2024 for the tax years 2015 to 2018 whereby the ATIR has allowed the claim of tax credits under section 65A, 65B and 65E and depletion allowance to the extent of non-deduction of royalty from the well-head value, whilst maintaining other disallowances. The Holding Company has filed reference application before the SHC with respect to other disallowances. Subsequent to these appellate orders, respective appeal effect orders were passed along with refund orders of 2014, 2016 and 2018 wherein refund of Rs 4,998 million was issued by the tax authorities. With respect to depletion allowance, the Holding Company is in the process of obtaining effect of the Honourable SCP order for appeals pending at SHC for the tax years 2003 to 2012.

During the year, the tax authorities have issued an order dated December 29, 2023 under section 4C of the Ordinance by levying super tax of Rs 11,387 million @ 10% on income from agreement and non-agreement areas. The Holding Company has paid (under protest) super tax demand of Rs 1,817 million relating to income from non-agreement areas only. The super tax demand relating to income from agreement areas has been decided against the Holding Company by the Commissioner Inland Revenue, Appeals, CIR(A). The Holding Company has filed a further appeal before the ATIR and has obtained stay order from ATIR against CIR(A) order relating to agreement areas.

During the year ended June 30, 2020, the Holding Company's tax return for tax year 2018 was selected for income tax audit. 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.

The Holding Company, based on the advice of it's legal counsel, filed a Constitutional Petition before the Honourable SHC for tax years 2020 and 2021 challenging the retrospective withdrawal of tax credit under section 65B of the Ordinance vide Finance Act, 2019. The said petition was filed primarily on the ground that an enactment which prejudicially affects the vested rights or the legality of past transactions or impairs contracts, cannot be given a retrospective application. The said petitions have been decided by the Honourable SHC through combined judgment dated February 07, 2023 in the Holding Company's favour, which was challenged before the Honourable SCP by the tax authorities. The Honourable SCP, vide order dated September 18, 2024, has modified the earlier order of the Honourable SHC holding that:

a) Tax credit remains available at 10% in respect of purchase and installation of machinery on or before June 30, 2019; and

b) Tax credit is not available where machinery was purchased on or before June 30, 2019, and installation done after June 30, 2019.

Tax liabilities pertaining to the above order are already provided for by the Holding Company.

26.1.4 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.

During the year, SRB passed order dated November 24, 2023, requiring the Holding Company to deposit Rs 2,061 million in SWWF account for the year ended June 30, 2022. The Holding Company filed an appeal against the aforesaid SRB order before Commissioner Appeals, SRB and filed a constitutional petition challenging the recovery notice before the Honourable SHC. The Honourable SHC was pleased to pass restraining order against SRB from taking any coercive action against the Holding Company.

Further, SRB has issued notice dated January 02, 2024 for initiating proceedings on show-cause notice dated November 05, 2018 for the year ended June 30, 2017. The Holding Company, through its external legal counsel has submitted written reply and the matter is pending adjudication.

Furthermore, SRB has issued a show cause notice dated March 12, 2024 for the payment of SWWF for the year ended June 30, 2023 demanding SWWF contribution along with penalties and surcharges. On June 12, 2024, SRB issued an order demanding the Holding Company to pay Rs 3,478 million. The Holding Company filed an appeal before Commissioner Appeals, SRB and filed a constitutional petition against the recovery notice. Accordingly, stay was granted by the Honourable SHC.

The Holding Company has challenged the applicability of the SWWF Act, 2014 asserting that the Holding Company is governed by Federal law. Further, 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.

26.1.5 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 an 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 the 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.

During the year, SRB issued a notice to the Holding Company on February 21, 2024, demanding payment of leftover amount of Workers' Profit Participation Fund (WPPF) for the year ended June 30, 2023. The Holding Company argued that being a trans-provincial entity, it falls under the ambit of the Companies Profit (Worker's Participation) Act, 1968, and is not obligated to make WPPF payments to SRB but rather to the Federal Government. The Holding Company also received notices from the Federal Board of Revenue (FBR) and the Ministry of Overseas Pakistanis and Human Resources Development claiming the payment of the said amount. The Holding Company sought clarification from FBR on the appropriate authority for payment, and FBR affirmed its authority through order dated March 22, 2024. Consequently, the Holding Company filed a lawsuit seeking declaration and permanent injunction against notice issued by SRB and the Ministry of Overseas Pakistanis and Human Resources Development, aiming to clarify the authority responsible to collect the WPPF amount. The Honourable SHC granted interim relief to the Holding Company on April 16, 2024, restraining any adverse actions against the Holding Company by the defendants.

26.1.6 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 Honourable SHC. This decision of a Division Bench of the Honourable SHC impacts a number of suits and appeals filed by the Holding Company under the original civil jurisdiction of the Honourable SHC that are pending adjudication and wherein interim restraining orders have also been obtained against the tax authorities. In view of the considerable potential impact, the Holding Company, on the advice of its legal counsel, had challenged the said judgement in the Honourable SCP. The Honourable SCP vide its order dated June 27, 2018 has held that although tax cases can be argued under the original civil jurisdiction of the High Court, however, the Honourable SCP 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.

26.1.7 Contingency with respect to imposition of Windfall Levy on oil / condensate

The Holding Company is a working interest owner in the Tal Block Petroleum Concession Agreement (PCA), signed under the Petroleum Policy 1997 on February 11, 1999. Subsequently, the Holding Company, along with other working interest owners, signed the Supplemental Agreement for Tal block dated August 28, 2015 ("SA") with the President of Pakistan in accordance with the 'Conversion Regime' introduced in the Petroleum Exploration and Production Policy 2012 (PP 2012) as applicable at that date. This Conversion Regime under the PP 2012 was translated in the SA as a 'Conversion Package' that included revised price for exploration and production of petroleum products and Windfall Levy on Natural Gas only.

Notwithstanding the aforesaid settled status, the Ministry of Energy (Petroleum Division) revised PP 2012 (with the approval from the Council of Common Interests) through SRO 1290(I)/2017 dated December 27, 2017 (SRO), that inter alia provides (i) the PCAs executed under the 1994 and 1997 petroleum policies shall be amended to provide for imposition of Windfall Levy (restricted previously to Natural Gas in the SA) on oil / condensate; (ii) that such policy shall be applicable on those PCA's also whose SAs have been executed for conversion option before the policy revision; (iii) the SA already executed for availing conversion from 1994 & 1997 policies shall be amended within 90 days to give effect to this policy revision; and (iv) any entity not agreeing to amend the SA as aforesaid will revert back to prices as were applicable before the conversion and be rendered ineligible for the pricing incentive under the conversion.

This SA read with PP 2012 reveals that:

i) Windfall Levy is applicable on exploration and production of natural gas only;

ii) Such amendments are not applicable on concessions wherein SAs have been signed prior to the amendment in PP 2012; and

iii) There is no provision or room for reverting to earlier pricing arrangement under the Conversion Package already executed before December 27, 2017.

The aforesaid view, which is not in line with the SRO, is duly supported by legal advice which inter alia states that the terms of none of the existing PCAs as amended to date by the existing SAs can be unilaterally revised by the GoP (through introduction of the 2017 Amendments), nor can the GoP lawfully require and direct that such amendments be made mandatorily to include imposition of Windfall Levy on Oil / Condensate (WLO) retrospectively and nor can the GoP unilaterally hold and direct that the gas pricing incentives to which the Holding Company is presently entitled and receiving under the existing 'Conversion Package' as enshrined in the existing SAs will stand withdrawn or that the Holding Company shall cease to be eligible for such incentives in the event of failure to execute the new SAs. Pursuant to the legal advice, the Holding Company along with other working interest owners of Tal Block, challenged the SRO in the Honourable Islamabad High Court and the Court has passed an order directing the parties to maintain status quo till the next date of hearing. The Islamabad High Court (IHC) on March 17, 2021 inquired from the Federation if the matter was placed before the Council of Common Interests (CCI). Also, IHC advised Petroleum Division to settle the matter keeping in view the repercussions of an international arbitration, if invoked in the matter. Most of the petitioners have already advanced final arguments before the Court. The stay order already granted remains in effect. The case is now fixed for September 30, 2024 for arguments of Respondents (Federal Government and KPK Government).

The financial impacts of the price revision under the SA have been duly accounted for in the financial statements for the years ended from June 30, 2016 till June 30, 2024, on the completion of the process laid down in the law and in line with the Holding Company's accounting policy following the revised prices notified from time to time.

The Windfall Levy on Oil (WLO) if also applicable on oil / condensate will amount to approximately Rs 49,887 million for the period up to June 30, 2024. As mentioned above, the Holding Company based on the advice of its legal counsel, is confident that it has valid grounds to defend the aforesaid issue in the Court and that the issue will be decided in its favour. However, without prejudice to the Holding Company's legal contention and as a matter of abundant caution, the Holding Company has provided for the impact of WLO prospectively with effect from the date of the SRO i.e. December 27, 2017 and onwards in these financial statements, which till June 30, 2024 amounts to Rs 31,821 million (2023: Rs 24,348 million).

The cumulative impact of incremental revenue recorded in the books of accounts and profit after tax thereof is Rs 44,662 million and Rs 20,203 million respectively.

26.1.8 Other contingencies

a) The Holding Company had entered into a contract for the construction of 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 defence 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.

b) The Holding Company is defending suits filed against it in various courts of Pakistan for sums aggregating Rs 2,978.511 million (2023: Rs 2,978.511 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.

c) In the context of PPLE, the tax authorities have amended the assessments 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 (IHC) or deleted / remanded back by the CIR-(A), the appeal effect of which is pending before the tax authorities.

The Honourable Supreme Court of Pakistan (SCP) through its decision dated November 29, 2023 and written order issued on January 08, 2024, dismissed Civil Petition filed by the tax authorities and has decided the matter of depletion allowance in favour of PPLE. Pursuant to the decision having attained finality, for the purpose of calculation of depletion allowance in accordance with Fifth Schedule to the Income Tax Ordinance 2001, the royalty amount is not to be deducted when establishing the wellhead value. Accordingly, PPLE has reversed the provisions amounting to Rs 265 million carried in the financial statements in respect of depletion allowance from tax years 2003 to 2023.

During the year, the appeal effect order was passed by the tax authorities giving effect to the direction of CIR(A) for the tax year 2015. Through the order, depletion allowance was decided in favour of PPLE while remaining disallowances have been decided against PPLE. An appeal has been filed before ATIR and stay against the outstanding demand has been obtained accordingly.

Further, the tax authorities have amended the assessment of PPLE for the tax years 2015 to 2020, raising an aggregate demand of Rs 667 million; which primarily relates to the above said / other issues. PPLE has paid 10% of the said demand under protest (except for tax year 2020 for which rectification application was filed). PPLE has obtained stay orders in respect of remaining demand from CIR (A) / ATIR. During the year, an assessment order for the tax year 2023 was passed raising a demand of Rs 125 million. Subsequent to the year end, ATIR has maintained disallowance with respect to windfall levy whereas remaining issues have been remanded back for set aside proceedings.

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 and decommissioning cost which amounts to Rs 743 million for the tax years 2004 to 2023.

d) The Holding Company has guaranteed to the MdOC, the performance and fulfilment of obligations by PPLA under the EDPSC.

e) The Holding Company has provided a parent company guarantee (corporate guarantee) on a joint and several basis to ADNOC and Supreme Council For Financial and Economic Affairs, Abu Dhabi, UAE to guarantee all the obligations of PIOL under the concession documents. In addition, due to the several liability of each consortium member of PIOL under the parent company guarantee, each consortium member has given a Shareholders' Protection Guarantee (corporate guarantee) to PIOL and other consortium members to guarantee each other's share of obligations under the concession documents.

26.2 Commitments

26.2.1 The Holding Company has provided parent company guarantee to GoP in respect of PPLE's exploration licences in Pakistan i.e., Barkhan, Harnai and Ziarat.

26.2.2 Total Group's commitments for capital expenditure (net share) as at June 30, 2024 are Rs 1,520 million (2023: Rs 1,918 million) . Further, total amount outstanding under letters of credit (net share) as at June 30, 2024 is Rs 1,044 million (2023: Rs 325 million).

26.2.3 With respect to PIOL (note 7.2), the Holding Company has entered into a Shareholders' Agreement with the consortium partners, under which the Holding Company has committed to invest up to USD 100 million in PIOL during five years' period from the date of initial investment, out of which USD 60 million have been invested till June 30, 2024.

26.2.4 With respect to PMPL (note 7.3), the Holding Company has entered into a Joint Venture Agreement with the stakeholders, under which the Holding Company has committed to invest a total amount up to USD 398 million (including post-acquisition investments), to be adjusted for inflation, for funding its proportionate share during Phase-I of the Reko Diq project. In addition, the Holding Company has committed to contribute, in the form of equity, up to USD 1 million per year towards its proportionate share in the administrative expenses of PMPL. Furthermore, the Holding Company has provided a several corporate guarantee to fund the obligations of the Holding Company under the Definitive Agreements.

27. REVENUE FROM CONTRACTS WITH CUSTOMERS

	Year ended June 30, 2024	Year ended June 30, 2023
	(Rupees in thousand)	
Local sales	**329,081,002**	327,120,417
Federal excise duty	**(1,371,542)**	(1,614,812)
Sales tax	**(37,646,844)**	(38,486,669)
Petroleum Levy	**(529,951)**	(544,148)
Discounts (barytes)	**(22,087)**	(19,819)
	(39,570,424)	(40,665,448)
Local sales - net	**289,510,578**	286,454,969
Export sales - note 27.1	**1,730,109**	1,598,070
	291,240,687	288,053,039
Product wise break-up of sales is as follows:		
Natural gas	**210,439,932**	215,944,056
Federal excise duty	**(1,340,832)**	(1,584,116)
Sales tax	**(33,856,129)**	(34,979,350)
	(35,196,961)	(36,563,466)
	175,242,971	179,380,590
Gas supplied to Sui villages - note 28	**1,545,848**	1,451,924
Federal excise duty	**(14,041)**	(13,925)
Sales tax	**(235,807)**	(215,440)
	(249,848)	(229,365)
	1,296,000	1,222,559
Internal consumption of gas	**774,925**	719,722
Federal excise duty	**(7,021)**	(6,865)
Sales tax	**(118,180)**	(106,939)
	(125,201)	(113,804)
	649,724	605,918
Crude oil / Natural gas liquids / Condensate	**93,874,559**	87,618,864
LPG	**22,282,258**	21,200,110
Federal excise duty	**(9,648)**	(9,906)
Sales tax	**(3,406,082)**	(3,145,568)
Petroleum levy	**(529,951)**	(544,148)
	(3,945,681)	(3,699,622)
	18,336,577	17,500,488
Barytes	**1,893,589**	1,783,811
Sales tax	**(30,646)**	(39,372)
Discounts	**(22,087)**	(19,819)
	(52,733)	(59,191)
	1,840,856	1,724,620
	291,240,687	288,053,039

	Year ended June 30, 2024	Year ended June 30, 2023
	(Rupees in thousand)	
27.1 Break up of export sales is as follows:		
Barytes	**1,635,818**	1,507,175
Crude oil / Condensate	**94,291**	90,895
	1,730,109	1,598,070

28. OPERATING EXPENSES

Salaries, wages, welfare and other benefits - note 31.1	**13,978,708**	11,361,382
Operator's personnel	**3,998,298**	3,184,604
Depreciation	**7,441,816**	6,840,593
Amortisation of decommissioning assets - note 5.1	**3,577,036**	3,757,726
Amortisation of D&P assets - note 5.1	**10,955,623**	10,053,176
Plant operations	**5,025,385**	4,148,038
Well interventions	**1,740,584**	1,798,026
Field services	**3,388,638**	3,007,396
Crude oil and barytes transportation	**1,637,633**	1,400,015
Travelling and conveyance	**693,263**	529,076
Training and development	**107,573**	114,048
PCA overheads	**315,250**	239,625
Insurance expenses	**933,280**	758,983
Free supply of gas to Sui villages - note 27	**1,545,848**	1,451,924
Social welfare / community development	**552,714**	633,198
	55,891,649	49,277,810

29. ROYALTIES AND OTHER LEVIES

Royalties and others	**33,825,415**	34,960,219
Lease extension bonus	**7,389,008**	7,524,019
Windfall levy	**4,235,145**	4,391,138
	45,449,568	46,875,376

30. EXPLORATION EXPENSES

Dry and abandoned wells	**7,023,942**	6,675,022
Other exploration expenditures	**12,510,306**	15,711,879
	19,534,248	22,386,901

31. ADMINISTRATIVE EXPENSES

Salaries, wages, welfare and other benefits - note 31.1	**8,672,422**	6,895,134
Amortisation of intangible assets - note 6.1	**40,827**	57,880
Depreciation of leased and HO assets	**171,215**	108,235
Rent, rates and taxes	**352,198**	310,020
Utilities & communication	**157,424**	123,110
Travelling and conveyance	**178,363**	110,537
Training and development	**75,760**	109,760
Insurance expenses	**55,485**	51,838
Repairs, maintenance and supplies	**1,243,222**	935,749
Professional services	**183,470**	156,499
Auditors' remuneration - note 31.2	**60,117**	51,757
Donations and sponsorship - notes 31.3 & 31.4	**166,558**	176,109
Contract services	**162,094**	113,962
Compliance and regulatory expenses	**66,212**	75,601
Advertisement, publicity and public relations	**64,966**	56,445
Other expenses	**67,004**	85,698
	11,717,337	9,418,334
Allocation to capital and operating expenditure	**(6,406,833)**	(5,424,137)
	5,310,504	3,994,197

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 427.584 million, Rs 814.885 million, Rs 369.367 million, Rs 285.227 million and Rs 482.730 million, respectively (2023: Rs 391.324 million, Rs 461.428 million, Rs 175.924 million, Rs 176.984 million and Rs 382.702 million, respectively).

	Year ended June 30, 2024	Year ended June 30, 2023
	(Rupees in thousand)	

31.2 Auditors' remuneration

	2024	2023
Annual audit fee		
- Holding Company	**7,022**	5,401
- Subsidiary Companies	**38,261**	31,909
Limited review, special certifications & advisory services	**11,745**	12,071
Out of pocket expenses & others	**3,089**	2,376
	60,117	51,757

31.3 Party wise details of donations in excess of Rs 1 million are given below:

Name of Donees / Party	2024	2023
University of Engineering, Lahore	**17,500**	21,000
Tehzibul Akhlaq Trust	**10,500**	6,300
Behbud Association of Pakistan	**10,000**	10,000
Health Education and Livelihood Promotors (HELP)	**4,000**	-
Bait-ul-Sukoon Cancer Hospital & Hospice	**4,000**	-
Pakistan Blind Cricket Council	**3,000**	-
Islamabad Model College for Girls	**2,000**	-
SOS Children's Villages Pakistan	**1,980**	-
Benazir Bhutto Shaheed University	**1,750**	-
The Society for the Prevention & Cure of Blindness	**1,600**	-
HELP Organization Balochistan	**1,570**	-
Islamabad Model School	**1,500**	-
The Pakistan Tennis Federation	**1,500**	-
Karachi Vocational Training Centre	**1,500**	-
The Lahore Businessmen Association for Rehabilitation of the Disabled	**1,000**	1,000
Behbud Maternal and Children Hospital	**1,000**	-
Karachi Down Syndrome Program	**1,000**	-
Rising Sun Education & Welfare Society	**1,000**	-
Provincial Disaster Management (Balochistan)	**-**	25,000
Provincial Disaster Management (Khyber Pakhtunkhwa)	**-**	15,000
Provincial Disaster Management (Punjab)	**-**	15,000
Ration distributed to flood affectees (Sindh)	**-**	11,733
Akhuwat Foundation	**-**	10,000
Jinnah Postgraduate Medical Centre	**-**	4,900
Kashmir Education Foundation	**-**	2,000
Dawood Global Foundation	**-**	1,730
Society for the Protection of the Rights of the Child	**-**	1,800
University of Karachi	**-**	1,000
	66,400	126,463

31.4 There are no donations in which the directors of the Holding Company are interested.

32. STAFF RETIREMENT BENEFITS

32.1 Funded post retirement pension and gratuity schemes

As mentioned in note 4.15 to these consolidated financial statements, the Holding Company operates approved pension and gratuity schemes through approved trust funds. These funds are governed under Trusts Act, 1882, Trust Deed and Rules of Fund, the Companies Act, 2017, the Income Tax Ordinance, 2001 and the Income Tax Rules, 2002. The trustees of the funds are responsible to plan administration and investment. The Holding Company appoints the trustees. All trustees are employees of the Holding Company and the responsibility for governance of plan, including investment decisions and contribution schedule lies with Board of Trustees of the Funds.

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, 2024					June 30, 2023
	(Rupees in thousand)					
Present value of defined benefit obligations - note 32.1.6	15,422,283	1,657,599	6,256,622	2,512,250	25,848,754	21,035,910
Fair value of plan assets - note 32.1.5	(14,283,371)	(1,083,425)	(4,490,640)	(1,481,755)	(21,339,191)	(17,459,963)
Liability / (asset) recognised in the statement of financial position	1,138,912	574,174	1,765,982	1,030,495	4,509,563	3,575,947

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

	Executives		Non-Executives		Total	
	Pension	Gratuity	Pension	Gratuity		
	June 30, 2024					June 30, 2023
	(Rupees in thousand)					
Balances as on July 01	383,731	450,722	1,799,483	942,011	3,575,947	1,042,063
Charge for the year - note 32.1.3	401,826	136,802	413,059	232,565	1,184,252	637,352
Payments during the year	(454,022)	(135,018)	(261,641)	(111,856)	(962,537)	(1,161,262)
Amount recognised in Other Comprehensive Income (OCI) for the year – note 32.1.4	807,377	121,668	(184,919)	(32,225)	711,901	3,057,794
Balances as on June 30	1,138,912	574,174	1,765,982	1,030,495	4,509,563	3,575,947

32.1.3 Amounts recognised in profit or loss

	Executives		Non-Executives		Total	
	Pension	Gratuity	Pension	Gratuity		
	June 30, 2024					June 30, 2023
	(Rupees in thousand)					
Current service cost	343,991	68,872	124,656	79,309	616,828	507,471
Interest cost on defined benefit obligation	1,905,698	220,152	854,010	355,178	3,335,038	2,174,361
Interest income on plan assets	(1,847,863)	(152,222)	(565,607)	(201,922)	(2,767,614)	(2,044,480)
Charge for the year recognised in profit or loss	401,826	136,802	413,059	232,565	1,184,252	637,352
Actual return on plan assets	3,286,293	282,273	1,091,333	390,111	5,050,010	2,127,838

32.1.4 Remeasurement recognised in other comprehensive income

	Executives		Non-Executives		Total	
	Pension	Gratuity	Pension	Gratuity		
	June 30, 2024					June 30, 2023
	(Rupees in thousand)					
Actuarial loss / (gain) on obligation	2,245,807	251,719	340,807	155,964	2,994,297	3,141,152
Actuarial loss / (gain) on assets	(1,438,430)	(130,051)	(525,726)	(188,189)	(2,282,396)	(83,358)
Total remeasurements	807,377	121,668	(184,919)	(32,225)	711,901	3,057,794

32.1.5 Changes in fair value of plan assets

	Executives		Non-Executives		Total	
	Pension	Gratuity	Pension	Gratuity		
	June 30, 2024					June 30, 2023
	(Rupees in thousand)					
Fair value of plan assets at beginning of the year *	11,552,008	982,495	3,605,458	1,320,002	17,459,963	15,685,589
Interest income on plan assets	1,847,863	152,222	565,607	201,922	2,767,614	2,044,480
Contributions / adjustments by the Holding Company	454,022	135,018	261,641	111,856	962,537	1,161,262
Benefits paid	(1,008,952)	(316,361)	(467,792)	(340,214)	(2,133,319)	(1,514,726)
Amount recognised in OCI for the year	1,438,430	130,051	525,726	188,189	2,282,396	83,358
Fair value of plan assets at the end of the year	14,283,371	1,083,425	4,490,640	1,481,755	21,339,191	17,459,963

* This represents unaudited fair value of plan assets.

32.1.6 Changes in present value of pension and gratuity obligations

	Executives Pension	Executives Gratuity	Non-Executives Pension	Non-Executives Gratuity	Total	Total
	June 30, 2024					June 30, 2023
	(Rupees in thousand)					
Present value of obligations at beginning of the year	**11,935,739**	**1,433,217**	**5,404,941**	**2,262,013**	**21,035,910**	16,727,652
Current service cost	**343,991**	**68,872**	**124,656**	**79,309**	**616,828**	507,471
Interest cost	**1,905,698**	**220,152**	**854,010**	**355,178**	**3,335,038**	2,174,361
Benefits paid	**(1,008,952)**	**(316,361)**	**(467,792)**	**(340,214)**	**(2,133,319)**	(1,514,726)
Amount recognised in OCI for the year	**2,245,807**	**251,719**	**340,807**	**155,964**	**2,994,297**	3,141,152
Present value of obligations at the end of the year	**15,422,283**	**1,657,599**	**6,256,622**	**2,512,250**	**25,848,754**	21,035,910

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 Rs '000	Executives %	Non-Executives Rs '000	Non-Executives %	Executives Rs '000	Executives %	Non-Executives Rs '000	Non-Executives %
		June 30, 2024				June 30, 2023			
Pension Fund									
Government securities	8.00 - 21.36	**6,310,823**	**44**	**2,304,696**	**51**	7,768,155	67	1,824,832	51
Shares	-	**2,080,463**	**14**	**826,919**	**18**	1,144,027	10	456,958	13
Sukuk	-	**-**	**-**	**-**	**-**	33,366	-	5,239	-
Term Finance Certificates	21.46 - 22.46	**85,911**	**1**	**10,090**	**1**	130,970	1	102,097	3
National Savings Certificates	13.01	**1,856,919**	**13**	**619,881**	**14**	1,150,000	10	383,500	11
Cash and bank deposits	19.00 - 21.66	**3,949,255**	**28**	**729,054**	**16**	1,325,490	12	832,832	22
Total		**14,283,371**	**100**	**4,490,640**	**100**	11,552,008	100	3,605,458	100
Gratuity Fund									
Government securities	8.00 - 21.36	**349,180**	**32**	**752,645**	**51**	415,663	42	579,881	44
Shares	-	**244,183**	**23**	**329,295**	**22**	137,144	14	182,045	14
Sukuk	-	**-**	**-**	**-**	**-**	6,071	1	3,510	-
Term Finance Certificates	21.46 - 22.16	**23,051**	**2**	**29,329**	**2**	41,494	4	62,578	5
National Savings Certificates	13.01	**242,871**	**22**	**196,104**	**13**	150,000	15	121,000	9
Cash and bank deposits	19.00 - 21.66	**224,140**	**21**	**174,382**	**12**	232,123	24	370,988	28
Total		**1,083,425**	**100**	**1,481,755**	**100**	982,495	100	1,320,002	100

32.1.8 Sensitivity analysis

	Executives 1% increase	Executives 1% decrease	Non-Executives 1% increase	Non-Executives 1% decrease	Executives 1% increase	Executives 1% decrease	Non-Executives 1% increase	Non-Executives 1% decrease
	June 30, 2024				June 30, 2023			
	(Rupees in thousand)							
Pension								
Salary rate sensitivity	**733,691**	**(658,218)**	**156,492**	**(143,766)**	521,880	(467,790)	192,096	(176,866)
Pension rate sensitivity	**1,242,408**	**(1,069,293)**	**304,194**	**(261,732)**	896,028	(776,435)	234,484	(216,376)
Discount rate sensitivity	**(1,677,654)**	**2,044,221**	**(497,483)**	**585,857**	(1,206,179)	1,455,065	(425,540)	482,127
Gratuity								
Salary rate sensitivity	**37,250**	**(31,913)**	**67,772**	**(62,287)**	25,928	(22,502)	48,402	(44,786)
Discount rate sensitivity	**(97,582)**	**110,564**	**(111,782)**	**124,564**	(74,715)	84,000	(98,458)	108,949

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

32.1.9 Maturity profile of the defined benefit obligations

	Executives Pension	Executives Gratuity	Non-Executives Pension	Non-Executives Gratuity
	June 30, 2024			
Weighted average duration (years)	10.88	6.42	7.95	5.52
	(Rupees in thousand)			
Distribution of timing of benefit payments (time in years)				
1	789,163	204,678	542,471	331,273
2	807,608	190,728	611,035	375,217
3	997,349	260,240	731,044	464,182
4	1,393,193	228,000	671,367	401,799
5	1,339,280	244,228	1,041,204	633,511
6-10	9,845,718	1,463,024	4,366,412	1,930,058

32.1.10 The Holding Company expects to contribute Rs 1,413.676 million (2023: Rs 1,184.425 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 4.15 to these consolidated financial statements. The latest actuarial valuation for post-retirement medical benefits was carried out as at June 30, 2024, results of which are as follows:

	June 30, 2024	June 30, 2023
	(Rupees in thousand)	
Present value of defined benefit obligations - notes 23 and 32.2.4	**2,864,822**	2,617,730

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

	June 30, 2024	June 30, 2023
Balance as at July 01	**2,617,730**	2,458,013
Charge for the year - notes 31.1 & 32.2.3	**482,730**	382,702
Payments during the year	**(170,163)**	(136,122)
Amounts credited to OCI	**(65,475)**	(86,863)
Balance as at June 30	**2,864,822**	2,617,730

32.2.3 Amounts recognised in profit or loss

	Year ended June 30, 2024	Year ended June 30, 2023
	(Rupees in thousand)	
Current service cost	**61,079**	59,554
Interest cost	**421,651**	323,148
	482,730	382,702

32.2.4 Changes in present value of post-retirement medical obligations

	Year ended June 30, 2024	Year ended June 30, 2023
Balance as at July 01	**2,617,730**	2,458,013
Current service cost	**61,079**	59,554
Interest cost	**421,651**	323,148
Benefits paid	**(170,163)**	(136,122)
Amounts credited to OCI	**(65,475)**	(86,863)
Balance as at June 30	**2,864,822**	2,617,730

32.2.5 Sensitivity analysis

	1% increase	1% decrease
	(Rupees in thousand)	
Medical cost trend rate sensitivity	**311,192**	**(266,632)**
Discount rate sensitivity	**(322,905)**	**394,497**

32.2.6 The Holding Company expects to contribute Rs 481.830 million (2023: Rs 482.732 million) to the unfunded post-retirement medical benefits in the next financial year.

32.2.7 The weighted average duration of the defined benefit obligation works out to 11.14 years (2023: 11.20 years) in respect of executive and 11.51 years (2023: 11.63 years) in respect of non-executive retired employees.

Notes to and forming part of the Consolidated Financial Statements
for the year ended june 30, 2024

	June 30, 2024	June 30, 2023
	(Rupees in thousand)	

32.3 Leave preparatory to retirement

Balance as at July 01	**987,531**	870,011
Charge for the year - note 31.1	**285,227**	176,984
	1,272,758	1,046,995
Payments / adjustments during the year	**(19,974)**	(59,464)
Balance as at June 30 - note 23	**1,252,784**	987,531

32.4 Principal actuarial assumptions

	Per annum	
	June 30, 2024	June 30, 2023
- discount rate	**14.75%**	16.25%
- expected rate of increase in salaries	**14.75%**	16.25%
- expected rate of increase in pension	**10.75%**	11.25%
- expected rate of escalation in medical cost	**10.75%**	12.25%
- death rate / mortality rate	SLIC (2001-05)	

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.

Discount rate risk - The risk that the decrease in discount rate will increase the plan liabilities.

33. FINANCE COSTS

	Year ended June 30, 2024	Year ended June 30, 2023
	(Rupees in thousand)	
Financial charges for lease liabilities	**77,736**	210,291
Unwinding of discount on decommissioning obligation - note 20	**1,492,568**	1,297,136
Mark-up / profit on long-term financing - note 33.1	**27,255**	-
Others	**51,021**	44,659
	1,648,580	1,552,086

33.1 This includes an amount of Rs 25.681 million (2023: Rs 'Nil') under Shariah compliant arrangement.

34. OTHER CHARGES

	Year ended June 30, 2024	Year ended June 30, 2023
	(Rupees in thousand)	
WPPF charge - note 15.1	**7,827,610**	7,829,342
Provision for windfall levy on oil / condensate - note 26.1.7	**7,473,000**	6,902,000
Exchange loss on foreign currency (net)	**2,287,245**	-
Charge of provision for obsolete / slow moving stores & spares - note 10.1	**51,959**	44,853
(Reversal) / Write-off / Impairment of property, plant and equipment & capital stores - note 5.4	**(116,644)**	994,319
Levy – notes 4.19 & 36.2	**792,013**	-
Loss on disposal of property, plant and equipment (net)	**-**	361
Others	**11,374**	5,290
	18,326,557	15,776,165

35. OTHER INCOME

	Year ended June 30, 2024	Year ended June 30, 2023
	(Rupees in thousand)	
Income from financial assets		
Income on loans and bank deposits - note 35.1	**1,744,914**	917,012
Income on local currency term deposits - note 35.2	**2,475,036**	584,297
Income on foreign currency term deposits	**3,383,632**	2,126,001
Income from investment in treasury bills	**6,058,559**	6,243,835
Exchange gain on foreign currency (net)	**-**	5,434,999
Reversal of provision for doubtful debts	**169,454**	-
Dividend income / gain on re-measurement / disposal of investments designated at fair value through profit or loss (net)	**3,098,846**	1,929,285
	16,930,441	17,235,429
Income from assets other than financial assets		
Rental income on assets	**5,137**	5,281
Gain on disposal of property, plant and equipment (net)	**180,934**	99,406
Insurance claim	**285,277**	37,849
Others	**125,073**	26,743
	596,421	169,279
	17,526,862	17,404,708

35.1 This includes profit amounting to Rs 13.381 million (2023: Rs 3.478 million) under a Shariah compliant arrangement.

35.2 This includes profit amounting to Rs 9.005 million (2023: Rs 'Nil') under a Shariah compliant arrangement.

36. TAXATION

Provision for taxation for the year ended June 30, 2024 has been calculated on the basis of tax rates of 55%, 52.5% and 40% for onshore agreement areas. The corporate and BME income is taxed at 29% being non-agreement areas. In addition, super tax at 10% has been provided on all income streams of the Holding Company for the tax year 2024.

	Year ended June 30, 2024	Year ended June 30, 2023
	(Rupees in thousand)	
Current		
- for the year - note 36.1	**64,821,953**	70,541,543
- for prior years (net) - note 26.1.3	**(14,442,015)**	380,539
	50,379,938	70,922,082
Deferred - note 36.1	**(5,577,967)**	(3,231,719)
	44,801,971	67,690,363

36.1 Current tax includes provision for super tax imposed by the GoP at the rate of 10% (2023: 10%) amounting to Rs 13,124.878 million (2023: Rs 14,605.270 million) on the taxable income of the Holding Company during the year, while the impact of said provision on deferred tax amounts to Rs 915.355 million (2023: Rs 2,292.292 million) at the rate of 10% (2023: 10%).

36.2 Reconciliation of current tax expense charged as per tax laws for the year, with current tax recognised in the profit and loss account, is as follows:

	Year ended June 30, 2024
	(Rupees in thousand)
Current tax liability for the year as per applicable tax laws	**65,613,966**
Portion of current tax liability as per tax laws, representing income tax under IAS 12	**(64,821,953)**
Portion of current tax computed as per tax laws, representing levy in terms of requirements of IFRIC 21/IAS 37 – note 34	**(792,013)**
Difference	**-**

36.3 The aggregate of final tax and income tax, amounting to Rs 65,613.966 million represents tax liability of the Holding Company calculated under the relevant provisions of the Income Tax Ordinance, 2001.

36.4 Relationship between accounting profit and taxation

	Year ended June 30, 2024	Year ended June 30, 2023
	(Rupees in thousand)	
Accounting profit for the year before taxation	**160,279,436**	164,911,977
Tax on accounting profit at applicable rate of 42.82% (2023: 42.48%)	**68,627,372**	70,058,737
Tax effect of:		
- Depletion allowance	**(19,076,715)**	(16,764,580)
- Royalty allowed for tax purposes	**(5,566,972)**	(5,729,496)
- Unwinding of discount on decommissioning obligation	**681,796**	591,772
- Tax income relating to prior years	**(14,442,015)**	380,539
- Decommissioning cost	**1,490,155**	2,224,284
- Dividend income / gain on remeasurement of investments	**-**	(270,100)
- Super tax	**12,209,523**	16,897,562
- Others	**878,827**	301,645
	44,801,971	67,690,363
Effective tax rate %	**27.95%**	41.05%

37. Details of Exploration and Production Areas / Fields

The areas in which the Group has working interest are as follows:

	Name of Field	Operator	Percentage of the Group's working interest	Net Balance (Payable) Receivable	Net Balance (Payable) / Receivable
			June 30, 2024	June 30, 2024	June 30, 2023
				(Rupees in thousand)	
	Producing Fields				
1	Adhi	PPL	**39.00**	**(1,403,078)**	(991,799)
2	Dhok Sultan (EWT Phase)	PPL	**75.00**	**(236,602)**	(195,838)
3	Gambat South	PPL	**65.00**	**(1,664,704)**	(1,504,415)
4	Hala	PPL	**65.00**	**(132,328)**	(134,068)
5	Kandhkot	PPL	**100.00**	**-**	-
6	Kandhkot East (Chachar)	PPL	**75.00**	**17,440**	9,275
7	Mazarani	PPL	**87.50**	**110,064**	101,525
8	Shah Bandar	PPL	**63.00**	**(66,586)**	(65,292)
9	Sui	PPL	**100.00**	**-**	-
10	Block 22	PEL	**35.53**	**(113,506)**	(56,911)
11	Digri	UEPL	**25.00**	**(41,684)**	(41,867)
12	Gambat	UEP-BETA	**23.68**	**(72,440)**	(157,678)
13	Ghauri (Dharian EWT Phase)	MPCL	**35.00**	**(43,880)**	(32,395)
14	Kirthar	POGC	**30.00**	**(1,345,228)**	(725,107)
15	Kotri North (Unarpur EWT Phase)	UEPL	**40.00**	**(29,034)**	(33,467)
16	Latif	UEP-BETA	**33.30**	**(1,075,929)**	(940,927)
17	Miano	UEP-BETA	**15.16**	**(169,653)**	(333,400)
18	Nashpa	OGDCL	**28.55**	**(1,048,691)**	(1,602,700)
19	Qadirpur	OGDCL	**7.00**	**(99,301)**	140,021
20	Sawan	UEP-BETA	**34.07**	**(314,189)**	(317,898)
21	Tal	MOL	**27.76**	**(2,035,144)**	(1,240,190)
22	Ziarat (Bolan East EWT Phase)	MPCL	**40.00**	**(1,071,419)**	(154,162)

	Name of Field	Operator	Percentage of the Group's working interest	Net Balance (Payable) Receivable	Net Balance (Payable) / Receivable
			June 30, 2024	June 30, 2024	June 30, 2023
				(Rupees in thousand)	
	Exploration Blocks				
1	Block 2969-8 (Barkhan)	PPL	**85.00**	**(26,850)**	(22,313)
2	Block 2566-6 (Bela West)	PPL	**58.50**	**152,254**	78,566
3	Block 3371-15 (Dhok Sultan) - note 37.1	PPL	**75.00**	**-**	-
4	Block 2568-18 (Gambat South) - note 37.1	PPL	**65.00**	**-**	-
5	Block 2568-13 (Hala) - note 37.1	PPL	**65.00**	**-**	-
6	Block 3372-23 (Hisal)	PPL	**62.50**	**(15,178)**	10,263
7	Block 2866-2 (Kalat)	PPL	**100.00**	**(999,700)**	(345,357)
8	Block 3272-18 (Karsal)	PPL	**100.00**	**(3,553)**	14,821
9	Block 2763-3 (Kharan)	PPL	**100.00**	**(4,850)**	9,434
10	Block 2764-4 (Kharan-East)	PPL	**100.00**	**(22,978)**	37,814
11	Block 2766-1 (Khuzdar)	PPL	**100.00**	**(29,881)**	(57,375)
12	Block 2866-4 (Margand)	PPL	**100.00**	**37,993**	(1,017,485)
13	Block 3069-10 (Musakhel)	PPL	**37.20**	**(67,788)**	(125,172)
14	Block 2668-9 (Naushahro Firoz)	PPL	**100.00**	**(42,519)**	(34,999)
15	Block 2864-2 (Nausherwani)	PPL	**97.50**	**(3,759)**	(5,064)
16	Block 3073-5 (Punjab)	PPL	**47.50**	**18,697**	(17,413)
17	Block 2467-16 (Shah Bandar) - note 37.1	PPL	**63.00**	**-**	-
18	Block 2468-10 (Sirani)	PPL	**75.00**	**(23,227)**	29,652
19	Block 2768-13 (Sorah)	PPL	**100.00**	**(46,050)**	(1,922,949)
20	Block 3070-13 (Baska)	PPL	**82.50**	**(610,397)**	(105,096)
21	Block 2869-15 (Sui North)	PPL	**50.00**	**31,995**	11,554
22	Block 2866-15 (Kalat West)	PPL	**50.00**	**(99,084)**	5,986
23	Block 3273-3 (Ghauri) - note 37.1	MPCL	**35.00**	**-**	-
24	Block 2468-9 (Jherruck)	NHEPL	**30.00**	**(59,317)**	(59,317)
25	Block 2866-3 (Khuzdar North)	OGDCL	**25.00**	**(26,107)**	(31,594)
26	Block 2667-7 (Kirthar) - note 37.1	POGC	**30.00**	**-**	-
27	Block 2568-21 (Kotri North) - note 37.1	UEPL	**40.00**	**-**	-
28	Block 2867-5 (Kuhan)	UEP-BETA	**47.50**	**(1,270,354)**	(130,791)
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 3070-16 (Pezu)	OGDCL	**30.00**	**(38,846)**	(45,569)
32	Block 3072-8 (Shakarganj West)	OGDCL	**50.00**	**(76,161)**	(48,012)
33	Block 2568-20 (Sukhpur) - note 37.2	PIOGCL	**30.00**	**9,213**	9,213
34	Block 3069-9 (Suleiman)	OGDCL	**50.00**	**(143,554)**	(463,130)
35	Block 3370-3 (Tal) - note 37.1	MOL	**30.00**	**-**	-
36	Block 2967-5 (Mach) - note 37.3	MPCL	**28.50**	**(4,534)**	(1,849)
37	Block 2867-6 (Dadhar) - note 37.3	MPCL	**28.50**	**(5,800)**	(2,910)
38	Block 3168-2 (Shaigalu) - note 37.4	PPL	**40.00**	**32,616**	-
39	Block 3068-8 (South Pishin) - note 37.4	MPCL	**35.00**	**(16,878)**	-
40	Block 3067-8 (Lugai) - note 37.4	OGDCL	**30.00**	**(2,300)**	-
41	Block 3167-3 (Tanishpa) - note 37.4	OGDCL	**35.00**	**(1,979)**	-
42	Block 2667-12 (Baran) - note 37.5	POGC	**31.00**	**(24,282)**	-
43	Block 2668-25 (Gambat-II) - note 37.6	PPL	**70.00**	**(21,788)**	-
44	Block 2666-1 (Saruna West) - note 37.6	POL	**30.00**	**(3,246)**	-
45	Block 3067-3 (Harnai)	MPCL	**40.00**	**(30,193)**	(25,345)
	Offshore Blocks				
46	Block 2366-7 (Indus-C)	PPL	**100.00**	**(123,998)**	(43,634)
	Exploration Blocks (Outside Pakistan)				
1	Block-3 (Yemen)	TOTAL	**20.00**	**(213,786)**	(192,080)
	Other areas - note 37.7			**140,909**	93,846

Notes to and forming part of the Consolidated Financial Statements
for the year ended june 30, 2024

37.1 The receivable / (payable) from / to these exploratory blocks is included in the overall receivable / (payable) balance of the block as stated under the "producing field", since the balances are settled on a net basis.

37.2 In Sukhpur block, relinquishment notice was served on November 21, 2019, however, due to certain development during P&A operations of exploratory well Lundali-1, the Operator approached the GoP (in June 2021) for approval of further well testing. The matter is still under consideration of the GoP.

37.3 On March 4, 2024, Deeds of Assignment were signed to transfer 0.75% working interest each to Government Holdings (Private) Limited and Balochistan Energy Company Limited in respect of both Mach and Dadhar blocks.

37.4 During the year, provisionally awarded blocks in bidding round of October 2022, have now been formally awarded to the Holding Company on August 2, 2023.

37.5 In Baran block, the Holding Company acquired working interest of 31% with effect from November 23, 2023.

37.6 Pursuant to the bid round of August 2023, these blocks were awarded on January 24, 2024.

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

37.8 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 Holding Company and transactions with the Joint Operations.

38. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

	June 30, 2024	June 30, 2023
	(Rupees in thousand)	
Financial assets as per statement of financial position		
- At amortised cost		
Long-term loans	**95,620**	71,676
Long-term deposits	**7,676**	7,676
Trade debts	**577,957,975**	513,488,874
Loans and advances	**317,199**	486,225
Trade deposits	**138,927**	66,870
Interest accrued	**1,269,408**	1,705,447
Current maturity of long-term deposits	**1,683,750**	1,683,750
Current maturity of long term loans	**40,068**	32,255
Current maturity of long-term receivables	**-**	51,266
Other receivables	**2,694,893**	2,606,158
Short-term investments	**90,555,033**	67,656,081
Cash and bank balances	**7,207,749**	6,298,586
	681,968,298	594,154,864
- At fair value through profit or loss - Mutual Funds	**18,810,419**	11,483,646
Non-financial assets	**212,261,864**	188,806,142
Total assets	**913,040,581**	794,444,652
Financial liabilities as per statement of financial position		
- Financial liabilities measured at amortised cost		
Lease Liabilities	**-**	1,127,957
Long term financing	**1,136,412**	-
Trade and other payables	**38,705,237**	35,322,510
Current maturity of long term financing	**129,873**	-
Unclaimed dividends	**311,624**	1,200,292
Non-financial liabilities	**232,025,579**	215,926,703
Total liabilities	**272,308,725**	253,577,462

38.1 Fair values of financial assets and liabilities

Fair value is the amount for which an asset could be exchanged, or a liability settled, between market participants in an orderly transaction at the measurement date under current market conditions. The carrying values of all financial assets and liabilities reflected in these consolidated financial statements approximate their fair values, except for investments at amortised cost, which are stated at amortised cost.

Financial assets due directly / ultimately from the GoP carry contractual rights and entitlement to receive interest on late payment and is exempt from ECL accounting / disclosure as disclosed in note 3.6(j).

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 exchange rate 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, 2024.

Financial risks emanating from changing market conditions and the Holding Company's business decisions are identified and managed by the Holding Company in accordance with appropriate policies, procedures, risk framework and risk appetite.

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/or control market risk exposures within acceptable parameters, wherever applicable, while optimising the return on financial instruments.

i) Interest rate risk

The interest rate risk is the risk that the fair value or future cash flows of the financial instruments will fluctuate because of changes in market interest rates. The Group manages its interest rate risk by closely monitoring the duration of fixed rate investments and placements.

ii) Currency risk

Currency risk is the risk that changes in foreign exchange rates will affect the Group's revenue, foreign procurement costs or the value of its 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. Positive impact of the exchange rate fluctuations on the Group's revenues and assets is greater than the adverse impact on the Group's liabilities, resulting in an overall positive net change.

Exposure to foreign currency risk

The Group's exposure to currency risk mainly comprises:	June 30, 2024	June 30, 2023
	(US Dollars)	
Investments at amortised cost	**130,541,501**	113,761,998
Cash and bank balances	**2,944,136**	1,562,888
Trade and other payables	**(13,530,848)**	(9,169,826)
	119,954,789	106,155,060

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

	Average Rate		Closing Rate	
	2024	2023	2024	2023
USD 1	**283.45**	248.11	**278.30**	286.60

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	**133,486**	**(133,486)**
Foreign currency financial liabilities	**13,531**	**(13,531)**

iii) **Price risk**

Price risk represents the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk).

The Group is exposed to price risk on sale of petroleum products, as the selling prices are determined in relation to the international prices of petroleum products, which can affect the profitability of the Group.

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

	One Rupee Increase	One Rupee Decrease
	(Rupees in thousand)	
Natural Gas	195,332	(195,332)
Crude Oil / Condensate / NGL	4,340	(4,340)
LPG	114	(114)
Barytes	87	(87)

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:

Customers (Trade debts)

Trade debts are essentially due from oil refining companies, gas distribution and power generation companies. Majority of sales to the Holding Company's customers are made on the basis of agreements approved by GoP. Sale of crude oil and gas is at prices specified in relevant agreements and / or as notified by the Government authorities based on agreements with customers or relevant applicable petroleum policy or Petroleum Concession Agreements. Prices of liquefied petroleum gas are determined by the Holding Company subject to maximum price notified by OGRA.

The Holding Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade debts that are due directly / ultimately from GoP till June 30, 2024 as per policy disclosed in note 4.10 to these consolidated financial statements. Majority of sales and past due trade receivables are from SSGCL, SNGPL and GENCO-II and the Holding Company does not consider itself to be exposed to any significant credit risk since these receivables are past due because of inter-corporate circular debt and these companies are owned or controlled by the GoP. The Holding Company is actively pursuing for recovery of trade debts and the Holding Company does not expect these companies to fail to meet their obligation. Impact of ECL on trade receivables not covered under exemption as explained in note 3.1.2 is not material and accordingly has not been included in these consolidated financial statements.

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 assessed by independent reputed credit rating agencies. These credit ratings are subject to periodic review and accordingly, the Group currently does not expect any counterparty to fail to meet its obligations. While bank balances and investments in term deposits are also subject to the requirements of IFRS 9, the identified impairment loss is immaterial as the counter parties have reasonably high credit ratings.

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, 2024	June 30, 2023
	(Rupees in thousand)	
Long-term loans	95,620	71,676
Long-term deposits	7,676	7,676
Trade debts	577,957,975	513,488,874
Loans	120,345	94,192
Trade deposits	138,927	66,870
Interest accrued	1,269,408	1,705,447
Current maturity of long-term loans	40,068	32,255
Current maturity of long-term deposits	1,683,750	1,683,750
Current maturity of long-term receivables	-	51,266
Other receivables	2,694,893	2,606,158
Short-term investments	109,365,452	67,656,081
Bank balances	7,206,529	6,297,245
	700,580,643	593,761,490

Expected credit loss on loans, advances, deposits and other receivables is calculated using general approach as disclosed in note 4.10 to these consolidated financial statements. As at the reporting date, the Group envisages that default risk on account of loans, advances, deposits and other receivables is immaterial based on historic trends adjusted to reflect forward looking information.

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, 2024	June 30, 2023
Trade debts	(Rupees in thousand)	
Customers with defaults in past one year which have not yet been recovered	40,334,669	52,380,563
Short-term investments		
AAA	58,159,773	47,045,229
AA	51,205,679	20,610,852
	109,365,452	67,656,081
Cash at banks		
AAA	5,807,030	5,177,381
AA	1,396,700	1,119,864
	7,203,730	6,297,245

The Group's most significant customers include two gas transmission and distribution companies and one power generation company (related parties), which account for Rs 561,214 million of the trade debts as at June 30, 2024 (2023: Rs 496,133 million).

The ageing of trade debts at the reporting date is provided in note 11.2.

The maximum exposure to credit risk for trade debts at the reporting date by type of product was:

	June 30, 2024	June 30, 2023
	(Rupees in thousand)	
Natural Gas	561,213,841	496,133,472
Crude oil / Natural gas liquids / Condensate	15,873,085	16,638,582
Other operating revenue	871,049	716,820
	577,957,975	513,488,874

c) **Capital risk management**

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern and avert significant capital losses, 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. All potential capital losses exceeding risk appetite are considered significant, and undergo rigorous risk management to mitigate their impacts.

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 in 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 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)					
Long term financing	-	29,966	99,907	1,136,412	-	1,266,285
Trade and other payables	12,120,788	21,141,266	5,443,183	-	-	38,705,237
Unclaimed Dividend	311,624	-	-	-	-	311,624
Year ended June 30, 2024	**12,432,412**	**21,171,232**	**5,543,090**	**1,136,412**	**-**	**40,283,146**
Lease liabilities against ROUA	-	129,960	997,997	-	-	1,127,957
Trade and other payables	9,869,631	18,757,621	6,695,258	-	-	35,322,510
Unclaimed Dividend	1,200,292	-	-	-	-	1,200,292
Year ended June 30, 2023	**11,069,923**	**18,887,581**	**7,693,255**	**-**	**-**	**37,650,759**

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 except for investments at amortised cost, which are stated at amortised cost. Financial assets due directly / ultimately from GoP carry contractual rights and entitlement to receive interest on late payment and is exempt from ECL accounting / disclosure as disclosed in note 3.6(j).

40. CASH AND CASH EQUIVALENTS

	June 30, 2024	June 30, 2023
	(Rupees in thousand)	
Short-term highly liquid investments - note 40.1	**90,038,003**	46,998,190
Cash and bank balances - note 17	**7,207,749**	6,298,586
	97,245,752	53,296,776

40.1 Short-term investments as disclosed in note 16 amount to Rs 109,365 million (2023: Rs 67,656 million). However, certain investments which were not considered highly liquid comprising mutual funds amounting to Rs 18,810 million (2023: Rs 11,484 million), foreign currency term deposits amounting to Rs 292 million (2023: Rs 7,666 million), local currency term deposits amounting to Rs 93 million (2023: Rs 296 million) and T-bills amounting to Rs 132 million (2023: Rs 1,212 million), have not been classified as cash and cash equivalents.

41. REMUNERATION OF CHIEF EXECUTIVES, DIRECTORS AND EXECUTIVES

	Chief Executives		Executives	
	Year ended June 30, 2024	Year ended June 30, 2023	Year ended June 30, 2024	Year ended June 30, 2023
	(Rupees in thousand)			
Managerial remuneration	**67,000**	55,905	**11,954,811**	11,163,123
Housing, conveyance and utilities	**-**	60	**1,206,658**	1,116,977
Retirement benefits	**-**	242	**1,666,862**	1,532,832
Bonus	**5,220**	8,840	**1,564,281**	1,519,155
Medical and leave passage	**370**	876	**1,305,638**	1,054,227
Leave encashment	**-**	-	**191,470**	215,767
	72,590	65,923	**17,889,720**	16,602,081
Number, including those who worked for part of the year	**1**	3	**1,583**	1,632

41.1 Aggregate amount charged in these consolidated financial statements in respect of fees paid to thirteen non-executive directors, on account of attending board, board committee and general meetings, was Rs 34.800 million (2023: Rs 48.850 million to thirteen non-executive directors).

In addition to the above, Rs 0.600 million (2023: Rs 0.600 million) was paid to directors of PPLA and PPLE as director's fee.

41.2 The employees of the Holding Company have the option to avail car facility as per the rules of service of the Holding Company.

42. EARNINGS PER SHARE

	Year ended June 30, 2024	Year ended June 30, 2023
42.1 Basic earnings per share		
Profit after taxation (Rs '000)	**115,477,465**	97,221,614
Dividend on convertible preference shares (Rs '000)	**(31)**	(31)
Profit attributable to ordinary shareholders (Rs '000)	**115,477,434**	97,221,583
Weighted average number of ordinary shares in issue	**2,720,973,109**	2,720,973,069
Basic earnings per share (Rs)	**42.44**	35.73
42.2 Diluted earnings per share		
Profit after taxation (Rs '000)	**115,477,465**	97,221,614
Weighted average number of ordinary shares in issue	**2,720,973,109**	2,720,973,069
Adjustment for conversion of convertible preference shares	**10,419**	10,459
Weighted average number of ordinary shares for diluted earnings per share	**2,720,983,528**	2,720,983,528
Diluted earnings per share (Rs)	**42.44**	35.73

43. TRANSACTIONS AND BALANCES 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. The Holding Company, in the normal course of business, pays for utilities and makes regulatory payments to entities controlled by GoP which are not material, hence not disclosed in these consolidated financial statements. Details of transactions with related parties, other than those which have been specifically disclosed elsewhere in these consolidated financial statements are as follows:

	Year ended June 30, 2024	Year ended June 30, 2023
	(Rupees in thousand)	
Sales of hydrocarbons / barytes to state controlled entities (including Government Levies)		
GENCO-II	**23,769,120**	21,883,643
SSGCL	**98,875,017**	95,872,312
SNGPL	**84,865,475**	98,188,102
EPRF	**1,617,763**	1,498,955
OGDCL	**43,202**	34,288
	209,170,577	217,477,300
Trade debts and other receivables from state controlled entities as at June 30	See notes 15 & 43.2	

Transactions with Associated Companies - note 43.2	Year ended June 30, 2024	Year ended June 30, 2023
	(Rupees in thousand)	
Sales of crude oil / condensate to PARCO	**7,333,463**	5,145,065
Sales of crude oil / condensate to PRL	**752,279**	2,251,370
Payment to Total PARCO Pakistan Limited (Total PARCO)	**45,948**	2,463
Membership / sponsorship fee paid to Petroleum Institute of Pakistan (PIP)	**16,305**	15,322
Purchase of medicines from Hoechst Pakistan Limited (HPL) (formerly Sanofi-Aventis Pakistan Limited)	**4,400**	4,460
Equity investment in PIOL	**7,108,749**	2,181,000
Equity investment in PMPL	**5,012,874**	2,268,647
Receivable from PIOL as at June 30	See note 15	
Service fee (G&A overheads) charged to PIOL	**320,113**	90,174
Payment of employees cost on secondment to PIOL	**285,939**	344,913
Payment to Mari Petroleum Company Limited (MPCL) against gas processing & field services received	**823,817**	809,365
Payment to The Kidney Center Post Graduate Training Institute (TKC)	**1,857**	6,410
Sale of capital stores and spares to OGDCL	**181,718**	-
Transactions and balances with Joint Operations (JOs)		
Payments of cash calls to JOs	**47,842,085**	39,726,296
Expenditures incurred by the JOs	**49,832,787**	40,164,093
Amounts receivable from / payable to JOs partners as at June 30	See notes 12, 15 & 25	
Income from rental of assets to JOs	**5,137**	5,281
Dividend income from BME	**-**	300,000
Purchase of goods from BME (net)	**182,534**	118,110
Reimbursement of employee cost on secondment to BME	**26,429**	25,602
Other related parties - note 43.2		
Dividends to GoP	**9,184,319**	2,755,296
Dividends paid to trust under BESOS	**1,610,461**	-
Dividends paid to post-retirement benefits and contributory funds	**7,573**	2,272
Transactions with post-retirement benefits and contributory funds	See notes 31.1 & 32	
Remuneration to key management personnel	See note 41	
Payment to PPL Welfare Trust for CSR activities	**36,000**	30,000
Payment of rental to Pakistan Industrial Development Corporation (PIDC)	**212,072**	189,474
Payment of rental to Karachi Port Trust (KPT)	**6,894**	8,534
Payment of insurance premium to National Insurance Company Limited (NICL)	**1,222,175**	1,182,659
Insurance claim received from NICL	**257,353**	37,849
Fuel purchased from Pakistan State Oil Company Limited (PSO)	**295,584**	104,182
Payment for chartered flights to Pakistan International Airlines Corporation Limited (PIACL)	**107,729**	55,252
Deposits with National Bank of Pakistan (NBP) as at June 30	**17,481,736**	13,966,440
Interest income earned on deposits with NBP	**1,116,418**	104,944
Investment in mutual funds with NBP Fund Management Limited (NBP Funds) as at June 30	**-**	4,710,649
Dividend income / gain on mutual funds investment with NBP Funds	**268,450**	688,042
Investment in Mutual Funds with National Investment Trust Limited (NIT) as at June 30	**-**	1,654,686
Dividend income / gain on mutual funds investment with NIT	**421,032**	52,480
Payment to ENAR Petrotech Services (Private) Limited (EPSL) for engineering services obtained	**-**	771
Payment to Hydrocarbon Development Institute of Pakistan (HDIP)	**86**	1,723

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.

The Group pays various taxes and duties to different regulatory authorities including Federal Board of Revenue and custom authorities.

Contributions to staff retirement benefit funds are in accordance with the terms of rules. Remuneration of key management personnel is in accordance with the terms of the employment / appointment. Other transactions with the related parties are carried out at agreed terms.

43.2 Following are the related parties with whom the Group has entered into transactions during the year excluding GoP, joint operations, associates, staff retirement benefit funds, trusts and employees, details of which have already been disclosed in these consolidated financial statements.

S.No.	Company Name	Basis of Relationship As at June 30, 2024
1.	OGDCL	GOP is common shareholder / Common Directorship
2.	GHPL	GOP is common shareholder / Common Directorship
3.	PARCO	GOP is common shareholder / Common Directorship
4.	SSGCL	GOP is common shareholder / Common Directorship
5.	PSO	GOP is common shareholder / Common Directorship
6.	MPCL	GOP is common shareholder / Common Directorship
7.	SNGPL	GOP is common shareholder / Common Directorship
8.	GENCO - II	GOP is common shareholder
9.	PIDC	GOP is common shareholder
10.	KPT	GOP is common shareholder
11.	NICL	GOP is common shareholder
12.	Total PARCO	GOP is common shareholder
13.	NBP	GOP is common shareholder
14.	NBP Funds	GOP is common shareholder
15.	NIT	GOP is common shareholder
16.	PIACL	GOP is common shareholder
17.	PRL	GOP is common shareholder
18.	HDIP	GOP is common shareholder
19.	EPRF	GOP is common shareholder
20.	TKC	Common Directorship
21.	PIP	Common Directorship
22.	HPL	Common Directorship

44. INFORMATION ABOUT OPERATING SEGMENTS

For management purposes, the activities of the Group are organised into one operating segment i.e. exploration, development and production of oil, gas and barytes. The Group operates in the said reportable operating segment based on the nature of the products, risks and returns, organisational and management structure and internal financial reporting systems. Accordingly, the figures reported in these consolidated financial statements are related to the Group's only reportable segment.

The operating interests of the Group are confined to Pakistan in terms of production areas and customers. Accordingly, the production and revenue figures reported in these consolidated financial statements relate to the Group's only reportable operating segment in Pakistan.

Following are the details of customers with whom the revenue from sales transactions amount to 10% or more of the Group's overall gross revenue:

	June 30, 2024	June 30, 2023
	(Rupees in thousand)	
SSGCL	**98,875,017**	95,872,312
SNGPL	**88,789,842**	98,188,102
ARL	**80,020,646**	75,828,209
	267,685,505	269,888,623

45. GENERAL

	June 30, 2024	June 30, 2023

45.1 Number of employees

	June 30, 2024	June 30, 2023
Total number of employees at the end of the year were as follows:		
- Regular	**2,544**	2,524
- Contractual	**46**	70
	2,590	2,594
Average number of employees during the year were as follows:		
- Regular	**2,517**	2,536
- Contractual	**56**	70
	2,573	2,606

45.2 Capacity and production

Product	Unit	Actual production for the year (The Group's share) June 30, 2024	Actual production for the year (The Group's share) June 30, 2023
Natural gas	MMscf	**232,548**	267,571
Crude oil / NGL / Condensate	Thousand Barrels	**4,302**	4,506
LPG	M. Ton	**113,104**	116,881
Barytes & Iron Ore	M. Ton	**127,111**	134,397

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

45.3 Figures have been rounded off to the nearest thousand, unless otherwise stated.

46. SUBSEQUENT / NON-ADJUSTING EVENTS

46.1 The Board of Directors of the Holding Company in its meeting held on September 20, 2024, has recommended cash dividend @ 25% amounting to Rs 6,802.433 million (2023: @ 15% amounting to Rs 4,081.460 million) on paid-up value of ordinary share capital, which will be put forward for the shareholders' approval in the Annual General Meeting scheduled to be held on October 25, 2024.

47. DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorised for issue on September 20, 2024 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	Billion 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
DEW	Degan Exploration Works
DGPC	Director General Petroleum Concessions
E&P	Exploration and Production
EDPSC	Exploration, Development and Production Service Contract
EHS	Environmental Health & Safety
EPCC	Engineering, Procurement, Construction and Commissioning
EPS	Earnings Per Share
EWT	Extended Well Testing
FC	Frontier Corps
FEED	Front End Engineering Design
FEED-ID	Front End Engineering Design - Investment Decision
FID	Final Investment Decision
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
GIS	Geographic Information System
GRI	Global Reporting Initiatives
GoB	Government of Balochistan
GoP	Government of Pakistan
GPF	Gas Processing Facility
HAZID	Hazard Identification Study
HAZOP	Hazard and Operability Study
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
KSE-100	KSE-100 Index
KUFPEC	Kuwait Foreign Petroleum Exploration Company
kVA	Kilo-volt-amperes
kW	Kilowatts
LNG	Liquefied Natural Gas
LoA	Letter of Award
LPG	Liquefied Petroleum Gas
LTI	Lost Time Injury

ABBREVIATION	DESCRIPTION
M	Meter
MALC	Marie Adelaide Leprosy Centre
MdOC	Midland Oil Company, Iraq
MDRL	Mineral Deposit Retention License
MMSCF	Million Standard Cubic Feet
MMSCFD	Million Standard Cubic Feet Per Day
MMSCFDE	Million Standard Cubic Feet Per Day Equivalent
MMSCFDre	Million Standard Cubic Feet Per Day Revenue Equivalent
MoD	Ministry of Defense
MOL	MOL Pakistan Oil and Gas BV
MPCL	Mari Petroleum Company Limited
MT	Metric Tonnes
MW	Megawatts
NGL	Natural Gas Liquids
NHEPL	New Horizon Exploration and Production Limited
NII	Non Intrusive Inspection
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
OSHA	Occupational Safety and Health Administration
P	Pab Reservoir
P&A	Plugged and Abandoned
P&S	Plugged and Suspended
PCA	Petroleum Concession Agreement
PHA	Process Hazard Analysis
PIOL	Pakistan International Oil Limited
PIOGCL	Prime International Oil & Gas Company Limited
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
PSI	Process Safety Information
PSM	Process Safety Management
PSSR	Pre Startup Safety Review
PSTM	Pre-Stack Time Migration
PSX	Pakistan Stock Exchange
QHSE	Quality, Health, Safety and Environment
R&D	Research and Development
RBI	Risk Based Inspection
RRR	Reserves 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, 2024

Size of Holding Rs. 10 Shares		Number of Shareholders	Total Shares held
1	100	4,083	177,048
101	500	5,341	1,605,261
501	1,000	2,951	2,430,152
1,001	5,000	13,131	29,176,439
5,001	10,000	1,382	10,354,792
10,001	15,000	513	6,452,464
15,001	20,000	298	5,326,449
20,001	30,000	368	9,299,967
30,001	40,000	186	6,510,334
40,001	50,000	138	6,415,541
50,001	60,000	72	4,007,265
60,001	70,000	51	3,359,654
70,001	80,000	43	3,224,854
80,001	90,000	26	2,214,112
90,001	100,000	40	3,893,891
100,001	150,000	89	10,975,623
150,001	200,000	50	9,012,535
200,001	300,000	68	16,516,563
300,001	500,000	60	23,711,210
500,001	1,000,000	66	49,419,875
1,000,001	2,000,000	52	71,788,211
2,000,001	10,000,000	44	195,283,419
10,000,001	50,000,000	9	162,670,047
50,000,001	51,000,000	1	50,226,454
200,000,001	201,000,001	1	200,057,318
1,800,000,000	1,900,000,000	1	1,836,863,632
	TOTAL	**29,064**	**2,720,973,110**

Categories of Shareholders	No. of Shareholders	No. of Shares Held	Percentage
Ordinary shares			
Directors, CEO and their spouse and minor children	4	38,341	*
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	2,272,713	0.08
Banks, Development Financial Institutions, Non-Banking Financial Institutions	29	85,021,409	3.12
Insurance Companies	22	14,182,806	0.52
Modarabas and Mutual Funds	116	106,118,815	3.90
Shareholders holding 10% or more			
Government of Pakistan	1	1,836,863,632	67.51
General Public			
Resident	28,265	182,348,285	6.70
Non-resident	206	371,270	0.01
Others			
Non-Resident Financial Institutions	51	94,876,400	3.49
Public Sector Companies and Corporations	6	110,638,607	4.07
Joint Stock Companies	223	55,397,479	2.04
Employee Trust / Foundations etc.	123	31,270,662	1.15
Nazir of High Court	4	759	*
	29,064	**2,720,973,110**	**100.00**
Convertible Preference Shares			
Individuals	69	9,967	95.67
Joint Stock Companies	1	407	3.91
Nazir of High Court	1	44	0.42
	71	**10,418**	**100.00**

* Negligible

Note: The share of GoP will increase to 74.86% after implementation of the Supreme Court order pertaining to BESOS (please refer to note 2.5 to the unconsolidated statements).

PATTERN OF SHAREHOLDING

AS AT JUNE 30, 2024

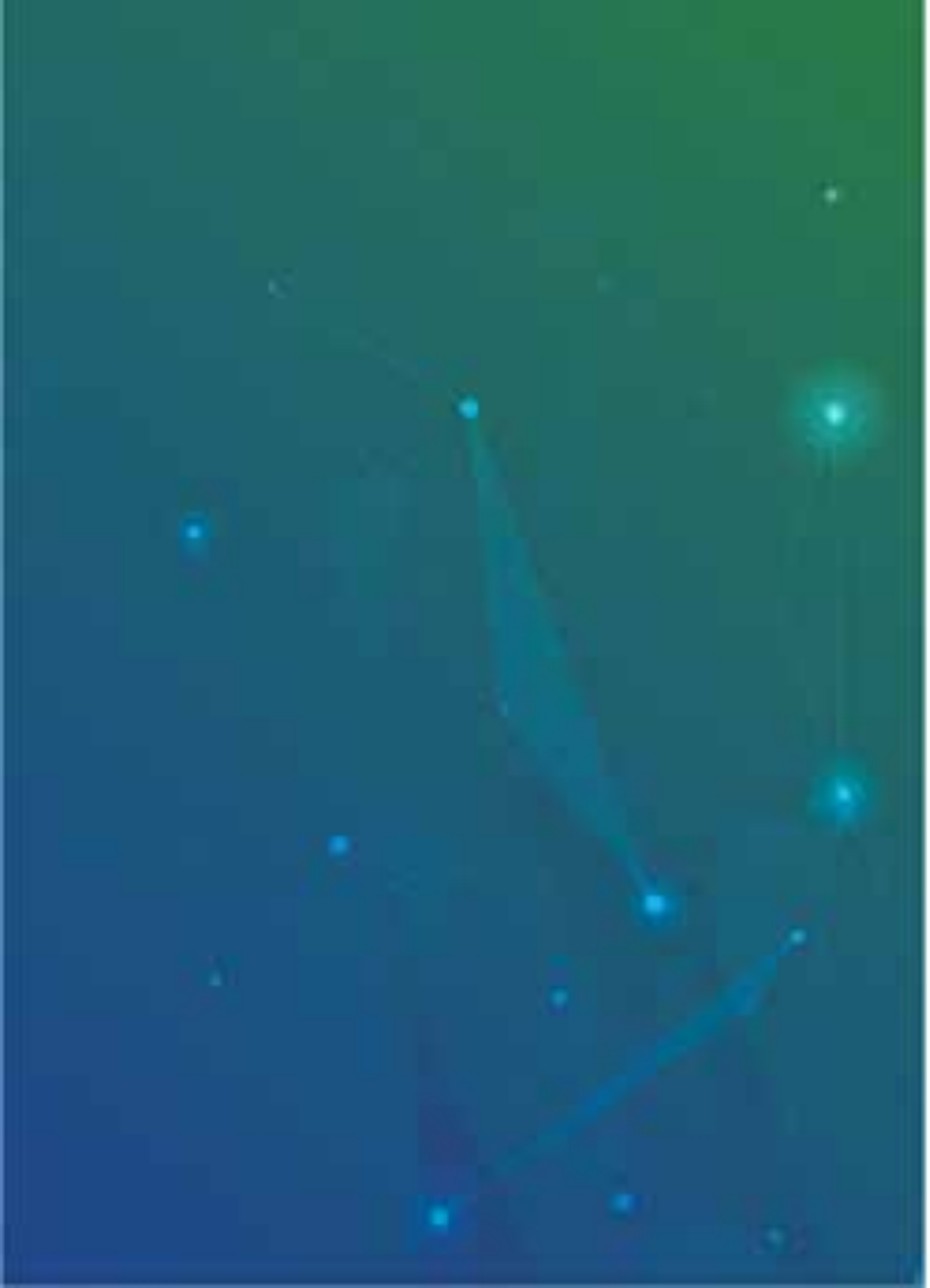
ADDITIONAL INFORMATION

Information on shareholding required under reporting framework of the Public Sector Companies (Corporate Governance) Rules 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	1	841,131
Trustee Pakistan Petroleum Senior Provident Fund	1	560,755
Trustee Pakistan Petroleum Executive Staff Pension Fund	1	34,678
Trustee Pakistan Petroleum Executive Staff Pension Fund	1	23,119
Trustee Pakistan Petroleum Non-Executive Staff Pension Fund	1	11,083
Trustee Pakistan Petroleum Junior Provident Fund	1	10,929
Trustee Pakistan Petroleum Non-Executive Staff Pension Fund	1	7,388
Trustee Pakistan Petroleum Junior Provident Fund	1	7,286
Trustee Pakistan Petroleum Executive Staff Gratuity Fund	1	6,007
Trustee Pakistan Petroleum Non-Executive Staff Gratuity Fund	1	4,940
Trustee Pakistan Petroleum Executive Staff Gratuity Fund	1	4,004
Trustee Pakistan Petroleum Non-Executive Staff Gratuity Fund	1	3,294
Mutual Funds	110	105,900,111
Directors and their spouses and minor children		
Mian Imtiazuddin	1	1,981
Mr. Aftab Ahmad	2	6,000
Ms. Khurshid Bhaimia	1	30,360
Executives	11	21,731
Public Sector Companies & Corporations	6	110,638,607
Banks, DFIs, NBFIs, Insurance Companies, Takaful & Modarabas Companies	57	99,422,919
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

Note 1: 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.

Note 2: The share of GoP will increase to 74.86% after implementation of the Supreme Court order pertaining to BESOS (please refer to note 2.5 to the unconsolidated statements).



[illegible] (BERC)

[illegible] (BERC) [illegible] BERC [illegible]

[illegible] (ERMC)

[illegible] (ERMC) [illegible] ERMC [illegible]

[illegible] (ERM) [illegible]

[illegible] (ERM) [illegible] ERM [illegible] (ERMC) [illegible]

[illegible]

[illegible] ERMC [illegible]

[illegible] (ESG) [illegible]

[illegible] (ESG) [illegible] COSO [illegible] ERM [illegible] ESG [illegible]

[illegible]

[illegible] ERM [illegible] (BERC) [illegible]

[illegible]

[illegible] (BERC) [illegible]

[illegible]

[illegible]

[illegible] 2024-2023 [illegible]

[illegible]

[illegible] 2029-2024 [illegible] (FYP) [illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible] 2024 [illegible]

[illegible] (E&P) [illegible]

[illegible] (DOC) [illegible]

[illegible]

[illegible] (PDSO) [illegible]

[illegible] (E&P) [illegible]

[illegible]

[illegible] MT 250, 000 [illegible] 2024-29 [illegible] 2028-29 [illegible]

[illegible]

[illegible]

[illegible]	
[illegible]	4,369
[illegible]	1,764
[illegible]	856
[illegible]	1,208
[illegible]	11,344
[illegible]	3,602
[illegible]	2,672
[illegible]	1,065

[illegible]

بورڈ کی تشکیل

[illegible]

[illegible] 2019 [illegible]

[illegible]

[illegible]

ڈائریکٹرز کے [illegible]

[illegible]

[illegible] CEO [illegible]

[illegible]

[illegible] 2013 [illegible] PICG [illegible] 2023-24 [illegible] 2024 [illegible] 2023-24 [illegible]

[illegible]

ڈائریکٹرز کے لیے [illegible] پروگرام

[illegible]

[illegible] 2019 [illegible]

[illegible] 2023 [illegible]

[illegible] SECP [illegible] 2024 [illegible] EGM [illegible] SECP [illegible] SECP [illegible]

[illegible] 2017 [illegible]

[illegible]

[illegible] B.V [illegible] HoldCo [illegible]

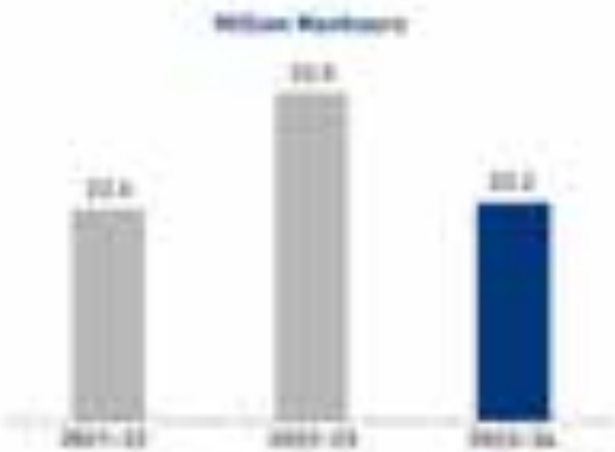

72nd Annual General Meeting

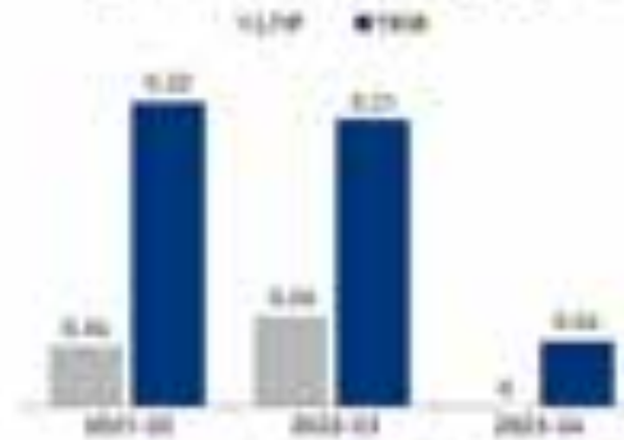
Financial Overview

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

	2023-24	2022-23
	[illegible]	
Profit before Taxation	[illegible]	[illegible]
Taxation	[illegible]	[illegible]
Profit after Taxation	[illegible]	[illegible]
Unappropriated profit as at July 1, 2023 / 2022	[illegible]	[illegible]
Dividend Equalisation Reserve as at June 30, 2024 / 2023	[illegible]	[illegible]
	[illegible]	[illegible]
Appropriations during the year		
Final dividend for the year 2022-23 on ordinary and preference shares @ [illegible] (2021-22: ordinary and preference shares @ [illegible])	[illegible]	[illegible]
First interim dividend for the year 2023-24 on ordinary and preference shares @ [illegible] (2022-23: [illegible])	[illegible]	[illegible]
Second interim dividend for the year 2023-24 on ordinary shares @ [illegible] and preference shares @ [illegible] (2022-23: Nil)	[illegible]	
Other Comprehensive Loss	[illegible]	[illegible]
Balance as at June 30, 2024 / 2023	[illegible]	[illegible]
Subsequent Effects		
The Board of Directors of the Company in its meeting held on September [illegible], 2024, proposed the following:		
Final dividend on ordinary shares @ [illegible] (2022-23: [illegible])	[illegible]	[illegible]
Final dividend on preference shares @ [illegible] (2022-23: [illegible])	[illegible]	[illegible]
	[illegible]	[illegible]

[illegible]


Million Manhours


LTIF
TRIR

[illegible]

[illegible]	[illegible]
[illegible]	[illegible] C
[illegible]	[illegible]

[illegible]

[illegible]

[illegible]	[illegible]
[illegible]	[illegible]
[illegible]	[illegible]
[illegible]	[illegible]
[illegible]	[illegible]
[illegible]	[illegible]
[illegible]	[illegible]
[illegible]	[illegible]

[illegible]	[illegible]
[illegible]	[illegible]
[illegible]	[illegible]
[illegible]	[illegible]
[illegible]	[illegible]
[illegible]	[illegible]
[illegible]	[illegible]
[illegible]	[illegible]
[illegible]	[illegible]
[illegible]	[illegible]

[illegible]	- [illegible]
[illegible]	- [illegible] - [illegible] - [illegible]
[illegible]	- [illegible] - [illegible]
[illegible]	- [illegible] - [illegible] - [illegible] - [illegible]
[illegible]	- [illegible] - [illegible]
[illegible]	- [illegible] - [illegible]
[illegible]	- [illegible] - [illegible] - [illegible]
[illegible]	- [illegible] - [illegible] - [illegible]
[illegible]	- [illegible] - [illegible] - [illegible]

[illegible]	- [illegible] - [illegible] - [illegible]
[illegible]	- [illegible] - [illegible] - [illegible]
[illegible]	- [illegible] - [illegible] - [illegible]

[illegible]

[illegible]

[illegible]	- [illegible]
[illegible]	- [illegible]
[illegible]	- [illegible]
[illegible]	- [illegible]
[illegible]	- [illegible]
[illegible]	- [illegible] - [illegible]
[illegible]	- [illegible]
[illegible]	- [illegible]

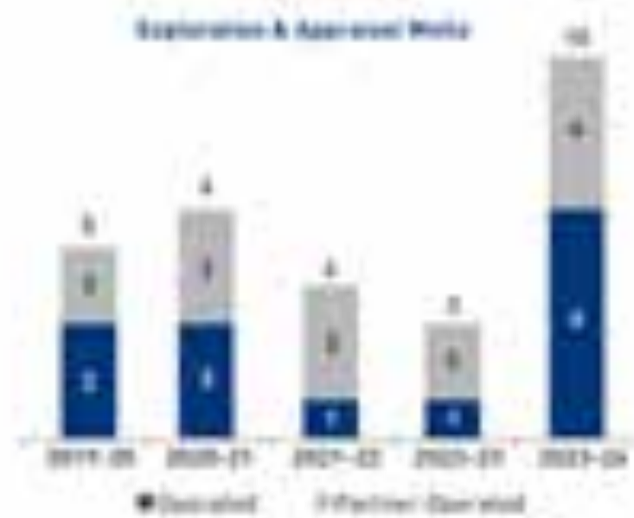
[illegible]	• [illegible] • [illegible] 3D [illegible] PSTM [illegible]
[illegible]	• [illegible] • [illegible] • [illegible]
[illegible]	• [illegible] • [illegible] • [illegible]
[illegible]	• [illegible] • [illegible] 3D [illegible]
[illegible]	• [illegible] 3D [illegible] PSDM [illegible]
[illegible]	• [illegible] 3D [illegible]
[illegible]	• [illegible] • PSTM [illegible] 3D [illegible] • [illegible] 3D [illegible] PSDM [illegible]

[illegible]

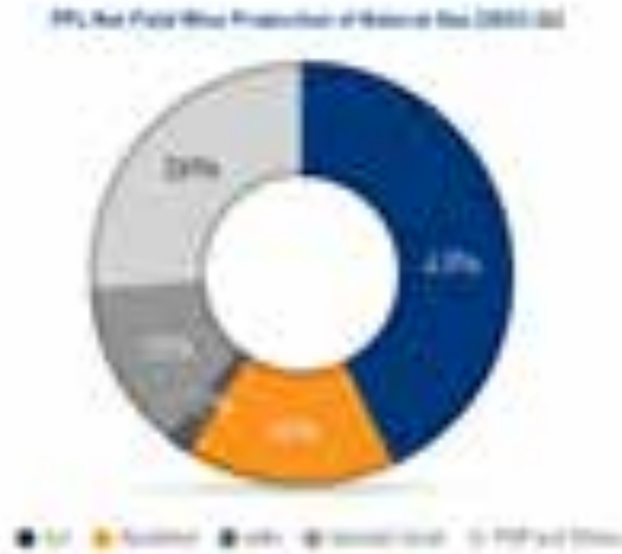
[illegible]

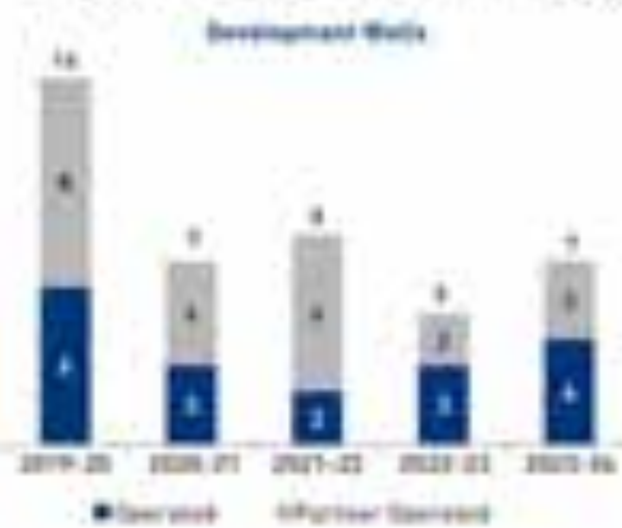
[illegible]	• 3D [illegible] • [illegible]
[illegible]	• [illegible] • [illegible]

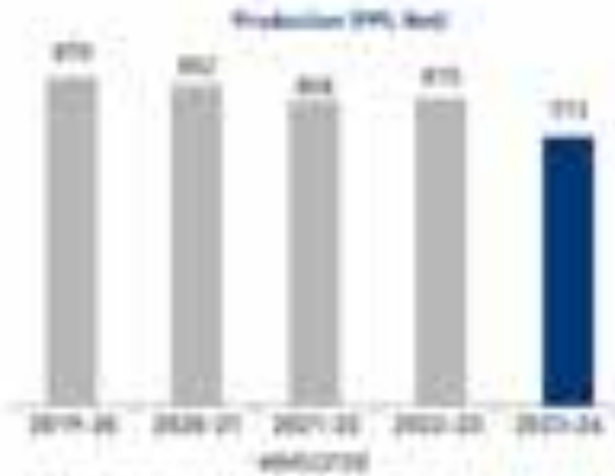
[illegible]	• [illegible]
[illegible]	• [illegible] • [illegible] 2D [illegible] 3D [illegible] MT/Magnetotelluric [illegible]
[illegible]	• [illegible]
[illegible]	• [illegible] 3D [illegible] • 3D [illegible] • [illegible]
[illegible]	• [illegible] 2D [illegible] • [illegible] 2D [illegible] • [illegible] 2D [illegible]
[illegible]	• [illegible] 2D [illegible] • [illegible] 2D [illegible] • MT/Magnetotelluric [illegible] • [illegible]
[illegible]	• [illegible] 2D [illegible] • [illegible]
[illegible]	• [illegible] 2D [illegible] • [illegible]
[illegible]	• [illegible]


Exploration & Appraisal Wells
2019-20
2020-21
2021-22
2022-23
2023-24
Operated
Partner Operated

[illegible]



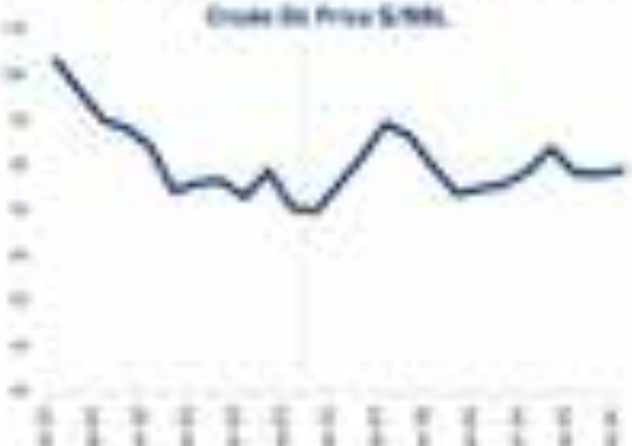

Development Wells
2019-20
2020-21
2021-22
2022-23
2023-24



2022-23	2023-24	
266,566	231,574	[illegible]
4,407	4,186	[illegible]
116,881	113,104	[illegible]

US Dollar to Pakistani Rupee

Crude Oil Price $/BBL



ڈائریکٹرز کی رپورٹ برائے 2023-24

NOTICE OF 73RD ANNUAL GENERAL MEETING

Notice is hereby given that the 73rd Annual General Meeting of the Company will be held on Friday, 25th October, 2024 at 11:00 A.M. at Pearl Continental Hotel, Karachi, as well as via video link facility (Zoom Cloud Meetings), for transacting the following businesses:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited unconsolidated and consolidated financial statements for the year ended 30th June 2024, together with the auditor's report thereon.

2. To approve and declare a final cash dividend of Rs. 2.50 per share (25%) on Ordinary Shares for the financial year ended 30th June 2024, as recommended by the Board of Directors at its meeting held on 20th September 2024.

3. To appoint auditors of the Company and fix their audit fee for the financial year 2024-25.

By the Order of the Board

Ali Jaffar
Company Secretary

4th October 2024
Karachi

NOTES:

1. Circulation of Annual Report through QR Code and Weblink

In accordance with Section 223 of the Companies Act, 2017 and pursuant to SECP's SRO 389(I)/2023 dated 21st March 2023, the Company has obtained shareholders' approval in the 72nd Annual General Meeting (AGM) of the Company held on 30th October 2023 to circulate the Annual Report of the Company to Members through QR enabled Code and Weblink. The Annual Report is available through following QR Code and Weblink:

https://www.ppl.com.pk/sites/default/files/2024-10/PPL%20AR%202024.pdf

or

https://www.ppl.com.pk/content/reports-and-accounts

2. Video Link Facility for Attending the Meeting

The AGM shall also be convened electronically through zoom cloud meetings. Members interested in attending the AGM online are requested to register for participation in the AGM via video link, latest by close of business on Wednesday, 23rd October 2024, by providing the following information at agm@ppl.com.pk. If the information is couriered, it should reach the Company's registered office latest by the close of business on Wednesday, 23rd October 2024.

Full Name	CNIC Number	Folio / CDC Account Number.	Email Address	Cell Number

The Company Secretary, Pakistan Petroleum Limited, 4th Floor, PIDC House, Dr. Ziauddin Ahmed Road, Karachi, Telephone: +(92 21) 111 568 568, Fax: +(92 21) 35680005, 35682125 Email: agm@ppl.com.pk

The video link and login details for attending the Meeting will be emailed to the interested members accordingly.

3. Closure of Share Transfer Books

The register of members and the share transfer books of the Company will remain closed as of 18th October 2024 until 25th October 2024 (both days inclusive). Only persons whose names appear in the register of members of the Company as at close of business on Thursday, 17th October 2024 shall be entitled to attend and participate at the Meeting.

A member entitled to attend and vote at the Meeting may appoint another member as proxy to attend, participate in, and vote on his / her behalf at the Meeting. 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 may be downloaded from the Company's website: www.ppl.com.pk

4. Guidelines for CDC Account Holders

CDC account holders should comply with the following guidelines of the Securities and Exchange Commission of Pakistan:

A For Attendance at AGM:

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 by providing a copy of their CNIC or passport.

b) Representatives of corporate entities must furnish a certified copy of a resolution of their respective boards of directors, or a power of attorney for attending the Meeting, in their favor, which should bear the attorney's specimen signature.

B For Appointing Proxies at AGM:

a) Individuals should be account or sub-account holder(s) whose registration details should be uploaded according to 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 given underneath their signatures.

c) Attested copies of CNIC or passport of the member and proxy must be submitted with the form of proxy.

5. Tax Implications on Dividends

Tax Rates

Currently, the deduction of withholding tax on the amount of dividend paid by the companies under section 150 of the Income Tax Ordinance, 2001, is as follows:

(a) For Persons in Active Tax Payer List 15%
(b) For Persons not in Active Tax Payer List 30%

Shareholders who have filed their returns are advised to make sure their names are entered in the latest Active Tax Payer List (ATL) on the website of FBR at the time of dividend payment; otherwise they shall be treated as persons not appearing in ATL and tax on their cash dividend will be deducted at the rate of 30% instead of 15%.

The ATL may be viewed on the FBR's website: http://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.

National Tax Number (NTN) should be provided to the concerned participants by corporate members holding CDC accounts. A copy of NTN certificate together with the Company's name and the respective folio numbers should be submitted by members holding share certificates to Messrs. FAMCO Share Registration Services (Pvt.) Limited (Share Registrar) at 8-F, Adjacent to Hotel Faran, Nursery, Block-6, P.E.C.H.S., Shahra-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 latest by 17th October 2024:

CDC Account Number	Name of Shareholders (Principal / Joint Holders)	Number or Percentage of Shares Held (Proportion)	CNIC Number	Signature

In case the proportion of shareholding is not submitted, each joint shareholder will be presumed to hold an equal proportion of shares.

Tax Exemption Certificate

A valid tax exemption certificate is necessary pursuant to Section 150 of the Income Tax Ordinance, 2001 for claiming an exemption from deduction of withholding tax. A copy of valid tax exemption certificate should be submitted to the Share Registrar before the date of book closure by members wishing to avail exemption to avoid deduction of tax.

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.	

Members who hold shares in CDC and / or CDC sub-accounts should provide their bank mandates to the CDC and / or to the concerned participants.

7. Conversion of Physical Shares into Book-Entry Form (i.e. CDC Account)

Section 72 of the Companies Act, 2017, requires all listed companies to replace shares held in physical form with shares to be issued in Book-Entry form within four (04) years from the date of the promulgation of the Companies Act 2017. The shareholders holding shares in physical form are requested to convert their shares in Book-Entry form in order to comply with the provisions of the Companies Act, 2017. Shareholders are requested to contact the Company's Share Registrar to understand and complete the process of conversion of shares held in physical form, into Book-Entry form.

8. 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 / or CDC sub-accounts should submit any change in address and their declarations for the non-deduction of zakat, if applicable, to the CDC and / or to the concerned participants.

9. 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.

FORM OF PROXY

The Secretary
Pakistan Petroleum Limited
PIDC House
Dr. Ziauddin Ahmed Road
Karachi.

I/ We, ______________________ of ______________, being a Member of Pakistan Petroleum Limited, holder of ________ Ordinary Share(s) as per Register Folio No.______/ CDC Account No. __________ hereby appoint Mr. ______________, Folio No. ______/ CDC Account No. ______ (if member) of __________, as my/ our proxy in my / our absence to attend and vote for me / us on my / our behalf at the Annual General Meeting of the Company to be held on 25th October 2024 and at any adjournment thereof.

Signed under my / our hand this _____ day of October 2024.

____

Signature should tally with the specimen signature registered with the Company

Signed in the presence of:

________________	________________
Signature of Witness:	Signature of Witness:
Name: ____________	Name: ____________
CNIC No.: ____________	CNIC No.: ____________
Address: ____________	Address: ____________

Notes:

1. The instrument appointing a proxy shall be in writing under the hand of the appointee or his attorney duly authorized, or if the appointer is a corporation either under the common seal or under the hand of a duly authorized official or attorney. No person shall be appointed proxy who is not a member of the Company and qualified to vote except a corporation being a member may appoint a non-member.

2. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarized copy of such power of authority shall be lodged with the share registrars of the Company, Messrs. FAMCO Share Registration Services (Private) Limited 8-F, next to Hotel Faran, Nursery Block 6, P.E.C.H.S, Karachi, not less than 48 hours before the time for holding the Meeting at which the person named in the instrument proposes to vote, and if it is not so lodged the instrument of a proxy shall not be deemed valid. CDC shareholders and their proxies are required to append an attested photocopy of their computerized national identity card (CNIC) or passport with the proxy form.

پراکسی فارم

سیکریٹری
پاکستان پیٹرولیم لمیٹڈ
پی آئی ڈی سی ہاؤس
ڈاکٹر ضیاالدین احمد روڈ
کراچی

میں/ہم ________________________ پاکستان پیٹرولیم لمیٹڈ کے ممبر کی حیثیت سے کمپنی کے_______ عمومی شیئر (ز) رجسٹرڈ کنندہ رجسٹر فولیونمبر/.CDC A/c No

______________ جناب ______________________ فولیونمبر/.CDC A/c No(اگر ممبر) ہے ____________________ یاان کے بجائے،

جناب______________________ فولیونمبر/.CDC A/c No(اگر ممبر ہے)__________________ بذریعہ ہذا کو اپنا/ہمارا پراکسی مقرر کرتا ہوں تا کہ میری غیر موجودگی میں کمپنی کے سالانہ اجلاس عام میں جو 25 اکتوبر 2024 کو منعقد ہو رہا ہے یا اس کے التوائی اجلاس میں میری/ہماری طرف سے شرکت کر سکے یا ووٹ دے سکے۔

دستخط منظور کنندہ،___ اکتوبر 2024۔

____
دستخط، کمپنی 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 مجاز شخص یا اس کے اٹارنی کی طرف سے تحریری طور پر دینا ہوگا یا کارپوریشن/ کمپنی ہونے کی صورت میں کامن سیل کے تحت یا بااختیار شخص یا اٹارنی کی طرف سے دینا ہوگا۔ کوئی بھی ایسا شخص پراکسی مقرر نہیں ہوسکتا ہو جو کمپنی کا ممبر نہ ہو ماسوائے کارپوریشن/ کمپنی کے ممبر ہونے کی صورت میں ایسے شخص کو پراکسی مقرر کر سکتی ہے۔

2۔ پراکسی مقرر کرنے اور پاور آف اٹارنی یا دیگر اتھارٹی (اگر کوئی ہو) جس کے ذریعے دستخط کئے جائیں یا تصدیق شدہ پاور آف اتھارٹی کی کاپی شیئر رجسٹرارز میسرز فیمکو شیئر رجسٹریشن سروسز (پرائیویٹ) لمیٹڈ کے دفتر واقع F-8 ہوٹل فاران سے متصل، نرسری بلاک 6 پی ای سی ایچ ایس، کراچی میں جس کا نام ووٹ دینے کے لئے تجویز کیا گیا ہو، اجلاس شروع ہونے سے کم از کم 48 گھنٹے قبل جمع کرائی جائے۔ ناکامی کی صورت میں پراکسی کو ووٹ کا اختیار نہیں ہوگا۔ ہر پراکسی فارم کے ساتھ علیحدہ کمپیوٹرائزڈ شناختی کارڈ یا پاسپورٹ کی کاپی منسلک کی جائے۔

Pakistan Petroleum Limited
[illegible]
[illegible]
[illegible]
[illegible]
[illegible]