

**Sindh Energy Holding  
Company (Private) Limited**

**Financial Statements  
For the year ended June 30, 2017**

**A·F·FERGUSON&Co.**  
*Chartered Accountants*  
*a member firm of the PwC network*



**Sindh Energy Holding  
Company (Private) Limited**

**Financial Statements  
For the year ended June 30, 2017**





A.F. FERGUSON & CO.

The Board of Directors  
Sindh Energy Holding Company (Private) Limited  
Square Building 3,  
Sarwar Shaheed Road,  
Saddar, Karachi

December 20, 2021  
ASR 2009

Dear Board members

**SINDH ENERGY HOLDING COMPANY (PRIVATE) LIMITED  
FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017**

We are pleased to enclose the draft financial statements of Sindh Energy Holding Company (Private) Limited (the Company) for the year ended June 30, 2017 prepared by the management of the Company, which have been initialed by us for the purposes of identification only, together with our draft audit report thereon. We shall be pleased to sign our audit report, in the present or amended form, after:

- a) the enclosed financial statements have been approved by the Board of Directors (the Board) and signed by the Chief Executive Officer and one of the Directors authorized by the Board in this behalf;
- b) we have received:
  - approval of the Board in respect of the matter explained in paragraph 3 of this letter;
  - a letter of representation from the Company's management in respect of enclosed financial statements, as required under the International Standards of Auditing, signed by the Chief Executive Officer and the Chief Financial Officer, on the lines of draft to be provided by us;
  - the International Financial Reporting Standards (IFRS) and Companies Ordinance, 1984 disclosure checklists, from the Company's management in respect of the enclosed financial statements for the year ended June 30, 2017;
  - the audited joint venture accounts of the following petroleum concessions for the year ended June 30, 2017 / December 31, 2017:
    - o Block No. 2467 - 16 (Shah Bandar) Petroleum Concession;
    - o Block No. 2467 - 13 (Malir) Petroleum Concession;
    - o Block No. 2569 - 5 (Khipro East) Petroleum Concession;
    - o Block No. 2566 - 4 (Hab) Petroleum Concession;
    - o Block No. 2868 - 7 (Zorgarh) Petroleum Concession;
    - o Block No. 2768 - 11 (Ranipur) Petroleum Concession;
    - o Block No. 2469 - 9 (Armala) Petroleum Concession; and
  - other information i.e. Directors' Report, as defined in the International Standard on Auditing - 720, 'The Auditor's Responsibilities Relating to Other Information'.

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**2. RESPONSIBILITIES OF THE AUDITORS AND THE MANAGEMENT IN RELATION TO THE FINANCIAL STATEMENTS**

The responsibilities of the independent auditors, in a usual examination of financial statements, are explained in International Standard on Auditing 200 'Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing'. While the auditors are responsible for forming and expressing their opinion on the financial statements, the responsibility for the preparation of the financial statements is primarily that of the management of the Company in accordance with applicable financial reporting framework, which includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of financial statements that are free from material misstatement, whether due to fraud or error. The management's responsibilities include to provide the auditor with (i) all information, such as records and documentation, and other matters that are relevant to the preparation and presentation of the financial statements; (ii) any additional information that the auditor may request from the management and, where appropriate, those charged with governance; and (iii) unrestricted access to those within the Company from whom the auditor determines it necessary to obtain audit evidence. The audit of the financial statements does not relieve the management of its responsibilities. Accordingly, our examination of the books of account and records should not be relied upon to disclose all the errors or irregularities in relation to the enclosed financial statements.

**3. CORRECTION OF ERROR - Accounting under IFRS 11 "Joint Arrangements"**

The expenditure undertaken by the Operators of the Petroleum Concessions was wrongly accounted for under the equity method of accounting prescribed under International Accounting Standard (IAS) 28 "Investment in associates and joint ventures". This resulted in the capitalization of the expense incurred as investments with a corresponding effect in the current liabilities, being the amount the Company was liable to pay as per the respective Petroleum Concession Agreements.

In accordance with the requirements of International Financial Reporting Standards 11 - 'Joint Arrangements' (IFRS 11), the Company's share in the Petroleum Concessions was required to be accounted for as joint operation. Paragraph 20 of IFRS 11 states that a joint operator shall recognise in relation to its interest in a joint operation:

- a. its assets, including its share of any assets held jointly;
- b. its liabilities, including its share of any liabilities incurred jointly;
- c. its revenue from the sale of its share of the output arising from the joint operation;
- d. its share of the revenue from the sale of the output by the joint operation; and
- e. its expenses, including its share of any expenses incurred jointly.

In accordance with the requirements of International Accounting Standard - 8 'Accounting Policies, Changes in Accounting Estimates and Errors', the effects of the aforementioned error have been corrected retrospectively as disclosed in note 3 of the enclosed financial statements.

**4. We have been informed by the Company's management as follows:**

- i) there were no material contingencies and commitments involving the Company other than those which have been disclosed in the enclosed financial statements;
- ii) there are no transactions and balances with related parties other than those which have been disclosed in the enclosed financial statements; and
- iii) no case of fraud or error has been brought to their knowledge during the year, which



December 20, 2021  
ASR 2009

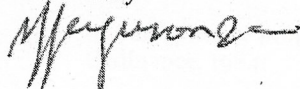
The PwC logo is located in the upper left corner of the page. It consists of the lowercase letters "pwc" in a bold, sans-serif font. Above the "p" and "w" is a small, dark, rectangular graphic element.

A.F. FERGUSON & CO.

5. We will shortly be issuing a separate Management Letter on the internal control weaknesses and other accounting matters observed by us during the course of the audit for the year.
6. We would like to inform you that unless we have signed the auditor's report on the enclosed financial statements, the same shall remain and be deemed un-audited.

We would like to place on record our appreciation of the co-operation and courtesy extended to us by the management and other staff of the Company during the course of our audit.

Yours truly

A handwritten signature in cursive script, appearing to read "A.F. Ferguson", is written below the typed name "Yours truly".

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### AUDITOR'S REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Sindh Energy Holding Company (Private) Limited (the Company) as at June 30, 2017 and the related statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

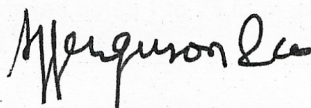
It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinances, 1984. Our responsibility is to express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

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

- (a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
  - (i) the balance sheet and statement of profit or loss and other comprehensive income together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
  - (ii) the expenditure incurred during the year was for the purpose of the Company's business; and
  - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows together with the notes forming part thereof conform with the approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2017 and of the profit, changes in equity and its cash flows for the year then ended; and
- (d) in our opinion, no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

#### Other Matter

The financial statements of the Company for the year ended June 30, 2016 were audited by Jalis Ahmad & Co., who through their report dated May 05, 2017, expressed an unqualified opinion thereon.



**Chartered Accountants**  
**Karachi**  
**Date: February 17, 2023**

**Engagement Partner: Azhar Hussain**

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**SINDH ENERGY HOLDING COMPANY (PRIVATE) LIMITED**  
**BALANCE SHEET**  
**AS AT JUNE 30, 2017**

		2017	2016 (Re-stated)	2015 (Re-stated)
	Note	-----Rupees-----		
<b>NON-CURRENT ASSETS</b>				
Property and equipment	4	123,220	158,460	-
Exploration and evaluation assets	5	35,198,338	26,043,507	-
Deferred taxation	6	160,977,526	148,310,875	44,140,852
Long term loan	7.2	691,000,000	-	-
Long term investments	7	714,000,000	30,000,000	30,000,000
		<u>1,601,299,084</u>	<u>204,512,842</u>	<u>74,140,852</u>
<b>CURRENT ASSETS</b>				
Short term investment		-	-	991,720,658
Other receivable	8	174,435	1,299,174,435	-
Cash and bank balances	9	1,711,047,875	1,867,929,902	10,970,770
		<u>1,711,222,310</u>	<u>3,167,104,337</u>	<u>1,002,691,428</u>
		<u><b>3,312,521,394</b></u>	<u><b>3,371,617,179</b></u>	<u><b>1,076,832,280</b></u>
<b>SHARE CAPITAL AND RESERVES</b>				
Issued, subscribed and paid up capital	10	1,750,000,000	1,750,000,000	1,000,000,000
Advance against subscription of shares		1,350,000,000	-	-
Accumulated loss		(110,562,513)	(129,545,888)	(47,581,187)
		<u>2,989,437,487</u>	<u>1,620,454,112</u>	<u>952,418,813</u>
<b>CURRENT LIABILITIES</b>				
Trade and other payables	11	421,000	50,000	50,000
Payable to Government of Sindh		-	1,299,000,000	-
Due to concessions - net	12	299,720,446	420,295,803	117,160,933
Taxes payable		22,942,461	31,817,264	7,202,534
		<u>323,083,907</u>	<u>1,751,163,067</u>	<u>124,413,467</u>
Contingencies and Commitments	20			
		<u><b>3,312,521,394</b></u>	<u><b>3,371,617,179</b></u>	<u><b>1,076,832,280</b></u>

The annexed notes 1 to 25 form an integral part of these financial statements.

Chief Executive

Director



**SINDH ENERGY HOLDING COMPANY (PRIVATE) LIMITED**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED JUNE 30, 2017**

		2017	2016 (Re-stated)
	Note	-----Rupees-----	
Other income	13	95,119,126	142,322,771
Exploration expenditure	14	(46,746,993)	(260,444,417)
General and administrative expenses	15	(11,970,717)	(19,051,723)
Other operating expenses	16	(349,780)	(3,418,068)
Profit / (loss) before tax		<u>36,051,636</u>	<u>(140,591,437)</u>
Taxation	17	(17,068,261)	58,626,736
Profit / (loss) after tax		<u>18,983,375</u>	<u>(81,964,701)</u>
Other comprehensive income for the year		-	-
<b>Total comprehensive income / (loss) for the year</b>		<u><u>18,983,375</u></u>	<u><u>(81,964,701)</u></u>

The annexed notes 1 to 25 form an integral part of these financial statements.

*MR*

  
**Chief Executive**



**Director**








SINDH ENERGY HOLDING COMPANY (PRIVATE) LIMITED  
 STATEMENT OF CHANGES IN EQUITY  
 FOR THE YEAR ENDED JUNE 30, 2017

	Share capital	Accumulated loss	Advance against subscription of shares	Total
-----Rupees-----				
Balance as at July 1, 2015 - as previously reported	1,000,000,000	25,438,894	-	1,025,438,894
Correction of errors (note 3)	-	(73,020,081)	-	(73,020,081)
<b>Balance as at July 1, 2015 - Restated</b>	<b>1,000,000,000</b>	<b>(47,581,187)</b>	<b>-</b>	<b>952,418,813</b>
Advance against issue of shares	-	-	750,000,000	750,000,000
Issue of share capital	750,000,000	-	(750,000,000)	-
Total comprehensive loss for the year	-	(81,964,701)	-	(81,964,701)
<b>Balance as at June 30, 2016 - Restated</b>	<b>1,750,000,000</b>	<b>(129,545,888)</b>	<b>-</b>	<b>1,620,454,112</b>
Advance against issue of shares	-	-	1,350,000,000	1,350,000,000
Total comprehensive income for the year	-	18,983,375	-	18,983,375
<b>Balance as at June 30, 2017</b>	<b>1,750,000,000</b>	<b>(110,562,513)</b>	<b>1,350,000,000</b>	<b>2,989,437,487</b>

The annexed notes 1 to 25 form an integral part of these financial statements.

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 Chief Executive

  
 Director




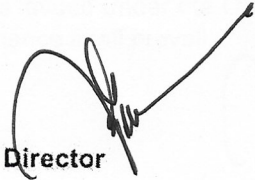


**SINDH ENERGY HOLDING COMPANY (PRIVATE) LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	Note	2017	2016 (Re-stated)
-----Rupees-----			
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit / (loss) before tax		36,051,636	(140,591,437)
Adjustment for:			
Cost of dry and abandoned well	14	15,076,145	-
Depreciation expense	15	35,240	28,640
		51,163,021	(140,562,797)
<b>Changes in working capital</b>			
(Increase) / decrease in current assets			
Other Recievable		1,299,000,000	(1,299,174,435)
(Decrease) / increase in current liabilities			
Trade and other payables		371,000	-
Payable to Government of Sindh		(1,299,000,000)	1,299,000,000
Due to concessions - net		(120,575,357)	303,134,870
		(120,204,357)	302,960,435
Taxes paid		(38,609,715)	(20,928,557)
<b>Net cash (outflow) / inflow from operating activities</b>		<b>(107,651,051)</b>	<b>141,469,081</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of fixed assets		-	(187,100)
Exploration and evaluations asset		(24,230,976)	(26,043,507)
Investment in subsidiary company		(1,375,000,000)	-
Proceeds from sale of Treasury bills and Pakistan Investment Bonds		-	991,720,658
<b>Net cash utilized in investing activities</b>		<b>(1,399,230,976)</b>	<b>965,490,051</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds from issue for advance share capital		1,350,000,000	750,000,000
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(156,882,027)</b>	<b>1,856,959,132</b>
Cash and cash equivalents at the beginning of the year		1,867,929,902	10,970,770
Cash and cash equivalents at the end of the year	9	<b>1,711,047,875</b>	<b>1,867,929,902</b>

The annexed notes 1 to 25 form an integral part of these financial statements.

  
Chief Executive

  
Director



**SINDH ENERGY HOLDING COMPANY (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**1. COMPANY AND ITS OPERATIONS**

1.1 Sindh Energy Holding Company (Private) Limited (the Company) was incorporated in Pakistan on March 19, 2014 under the repealed Companies Ordinance, 1984 (the Ordinance), now the Companies Act, 2017 (the Act). Government of Sindh (the Parent) owns 100% shareholding of the Company. The principal activities of the Company are exploration for and extraction of oil and natural gas in Sindh and management of investments in subsidiary companies, associated companies and joint ventures, engaged in coal, solar and wind businesses. The registered office of the Company is situated at Lakson Square Building 3, Sarwar Shaheed Road, Saddar, Karachi.

1.2 The Company owns Working Interests in the following Petroleum Concessions as at June 30, 2017:

	<b>Percentage of interest</b>
- Block No. 2467 - 16 (Shah Bandar) Petroleum Concession	2.50
- Block No. 2467 - 13 (Malir) Petroleum Concession	2.50
- Block No. 2569 - 5 (Khipro East) Petroleum Concession	2.50
- Block No. 2566 - 4 (Hab) Petroleum Concession	0.15
- Block No. 2868 - 7 (Zorgarh) Petroleum Concession	1.70
- Block No. 2768 - 11 (Ranipur) Petroleum Concession	2.50
- Block No. 2469 - 9 (Armala) Petroleum Concession	2.50

1.3 These unconsolidated financial statements are the separate financial statements of the Company in which investments in subsidiaries have been accounted for at cost less accumulated impairment losses, if any.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**


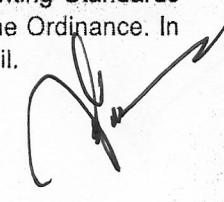
The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

**2.1 Basis of preparation**

2.1.1 These financial statements have been prepared under the historical cost convention, except as otherwise disclosed in the accounting policies below.

2.1.2 These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. As per the requirements of Circular No. CLD/CCD/PR(11)/2017 dated July 20, 2017 issued by the Securities and Exchange Commission of Pakistan (SECP), Companies whose financial year closes on or before June 30, 2017 shall prepare their financial statements in accordance with provisions of the Ordinance. Accordingly, approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Ordinance, provisions of and directives issued under the Ordinance. In case requirements differ, the provisions of or directives under the Ordinance shall prevail.

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**2.1.3** The preparation of financial statements in conformity with the above requirements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The matters involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are set out below:

- Exploration and evaluation assets (note 2.3)
- Investment in subsidiary companies (note 2.5)
- Taxation (note 2.7)

**2.1.4** The Company's share in transactions and balances related to joint venture operations in which the Company has a working interest are accounted for on the basis of latest available audited accounts of the joint venture and where applicable, the cost statements of the joint venture, for the intervening period up to the balance sheet date. The income, expenses, assets and liabilities of these jointly controlled operations are included in the financial statements in proportion to the Company's working interests.

**2.1.5 Initial application of a Standard, Amendment or an Interpretation to an existing Standard**

**a) Standards and amendments to published standards and interpretations that are effective during the year**

There are new standards, amendments to published standards and interpretations that are mandatory for the financial year beginning on July 1, 2016 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations and therefore have not been disclosed in these financial statements.

**b) Standards and interpretations that are not yet effective**

The following new standards and interpretations are not effective for the financial year beginning on July 1, 2016 and have not been early adopted by the Company:

- IFRS 9 'Financial instruments' (effective for annual periods beginning on or after July 1, 2018). IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities and replaces the guidance in IAS 39 - 'Financial Instruments: Recognition and Measurement' (IAS 39) that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually uses for risk management purposes. The standard is expected to have no significant impact on the Company's financial statements.

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- IFRS 15 'Revenue from contracts with customers' (effective for annual periods beginning on or after July 1, 2018). This standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is expected to have no significant impact on the Company's financial statements.
- IFRIC 22 'Foreign Currency transactions and advance consideration' (effective for periods beginning on or after January 1, 2018). These amendments clarify the determination of the date of transaction for the exchange rate to be used on initial recognition of a related asset, expense or income where an entity pays or receives consideration in advance for foreign currency - denominated contracts. For a single payment or receipt, the date of the transaction should be the date on which the entity initially recognizes the non-monetary asset or liability arising from the advance consideration (the prepayment or deferred income / contract liability). If there are multiple payments or receipts for one item, a date of transaction should be determined as above for each payment or receipt. The interpretation is not expected to have a significant impact on the Company's financial statements.

There are number of other standards, amendments and interpretations to the published standards that are not yet effective and are also not relevant to the Company and therefore, have not been presented here. It is unlikely that the amendments will have any significant impact on the Company's financial statements.

## 2.2 Property and Equipment

Property and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition, construction and installation of the items.

Depreciation on assets is charged to the statement of profit or loss and other comprehensive income using the straight line method to allocate their cost to their residual value over their estimated useful lives at rates given in note 4. Depreciation is charged from the month of addition up to the month of disposal.

## 2.3 Exploration and evaluation assets

Expenditure incurred on the exploration for and development of oil and gas reserves are accounted for under the 'Successful Efforts'. Under the 'Successful Efforts' method, geological and geophysical costs are expensed as incurred during the exploration phase. Exploratory drilling costs are tentatively capitalized pending determination of whether the well finds commercial reserves.

Capitalized exploratory drilling expenditure is carried forward until either it is declared part of a commercial development at which point the relevant total expenditure in relation to commercial development is transferred to 'Oil and gas properties'. Amortization of 'Oil and gas properties' is recorded using the unit of production method based on entitlement to proved and probable reserves of oil and gas and estimated future development expenditure expected to be incurred to access these reserves. Changes in reserves are accounted for prospectively.

Capitalized exploratory expenditure on abandoned / surrendered license area and relating to dry hole wells is expensed as and when the well is abandoned as dry hole or the area is surrendered.



## 2.4 Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash in hand and balances with bank.

## 2.5 Investment in subsidiary companies

Investment in subsidiary companies are initially recognized at cost. At each reporting date, the recoverable amounts are estimated to determine the extent of impairment losses, if any, and carrying amounts of investments are adjusted accordingly. Impairment losses are recognized as an expense. Where impairment losses subsequently reverse, the carrying amounts of the investments are increased to the revised recoverable amounts but limited to the extent of initial cost of investments. A reversal of impairment loss is recognized in the statement of profit or loss and other comprehensive income.

## 2.6 Trade and other payables

These are stated initially at cost 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 and subsequently measured at amortized cost using the effective interest method.

Exchange gains and losses arising on translation in respect of liabilities in foreign currency are deducted from / added to the carrying amount of the respective liabilities.

## 2.7 Taxation

### 2.7.1 Current

Provision for current taxation is based on the taxable income for the year, determined in accordance with the prevailing law for taxation on income, using prevailing tax rates. The charge for current tax also includes tax credits and adjustments, where considered necessary, for prior years determined during the year or otherwise considered necessary for such years.

### 2.7.2 Deferred

Deferred income tax is provided using the liability method on all temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. Deferred tax is charged or credited in the statement of profit or loss and other comprehensive income.

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## 2.8 Financial instruments

### 2.8.1 Financial assets

#### (i) Classification

The Company classifies its financial assets in the following categories: at fair value through profit or loss, held to maturity, loans and receivables and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

##### (a) At fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets.

##### (b) Held to maturity

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturity, with a positive intention to hold to maturity.

##### (c) Loans and receivables

Loans and receivables are non - derivative financial assets with fixed or determinable payments that are not quoted in an active market. These are included in current assets, except for maturities greater than twelve months after the balance sheet date, which are classified as non-current assets.

##### (d) Available for sale

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. These are included in non-current assets unless the investment matures or the management intends to dispose off the investments within twelve months from the balance sheet date.

Available-for-sale financial assets are initially recognised at fair value plus transaction costs, and are subsequently carried at fair value. Changes in fair value of investments are recognised in other comprehensive income and accumulated in a separate reserve within equity. Amounts are reclassified to the statement of profit or loss and other comprehensive income when the associated assets are sold or impaired.

#### (ii) Recognition and measurement

All financial assets are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognized on trade-date – the date on which the Company commits to purchase or sell the asset. Financial assets are initially recognized at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are charged to the statement of profit or loss and other comprehensive income. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.



## 2.8.2 Financial Liabilities

All financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or 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 recognized in the statement of profit or loss and other comprehensive income.

## 2.8.3 Offsetting of financial assets and liabilities

A financial asset and a financial liability are offset and the net amount is reported in the balance sheet if the Company has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

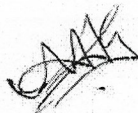

## 2.8.4 Impairment of financial assets

For financial assets the Company assesses at reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The impairment loss is recognized by reducing the carrying amount of the asset and the amount of loss is recognized in the statement of profit or loss and other comprehensive income in case of financial assets carried at amortised cost. If in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the reversal of previously recognized impairment loss is also recognized in the statement of profit or loss and other comprehensive income.

## 2.9 Foreign currency translations

These financial statements are presented in Pakistan Rupees, which is the Company's functional currency. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are recognized in the statement of profit or loss and other comprehensive income.





### 3. CORRECTION OF ERRORS

3.1 The following correction of error has been made in these financial statements:

i) **Accounting under IFRS 11 "Joint Arrangements"**

The expenditure undertaken by the Operators of the concessions was wrongly accounted for under the equity method of accounting under International Accounting Standard (IAS) 28 "Investment in associates and joint ventures". This resulted in the capitalization of the expense incurred as investments with a corresponding effect in the current liabilities, being the amount the Company was liable to pay as per the respective Petroleum Concession Agreements.

In accordance with the requirements of International Financial Reporting Standards (IFRS), under IFRS 11 - 'Joint Arrangements', the Company's share was required to be accounted for as joint operation. Paragraph 20 of the IFRS 11 states that a joint operator shall recognise in relation to its interest in a joint operation

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

3.2 The effect of correction of prior period error is as follows :

3.2.1 Effect on balance sheet as of June 30, 2016

	Balance as previously reported	Effect of correction of errors	Balance after restatement
-----Rupees-----			
<b>Assets</b>			
Exploration and evaluation assets	-	26,043,507	26,043,507
Deferred taxation	-	148,310,875	148,310,875
Long term investments	449,682,270	(419,682,270)	30,000,000
<b>Equity and liabilities</b>			
Accumulated loss	118,258,843	(247,804,731)	(129,545,888)
Trade and other payables	419,732,270	(419,682,270)	50,000
Due to concessions - net	-	420,295,803	420,295,803
Taxes payable	29,953,954	1,863,310	31,817,264

3.2.2 Effect on balance sheet as of June 30, 2015

	Balance as previously reported	Effect of correction of errors	Balance after restatement
-----Rupees-----			
<b>Asset</b>			
Deferred Taxation	-	44,140,852	44,140,852
<b>Equity and liabilities</b>			
Accumulated loss	25,438,894	(73,020,081)	(47,581,187)
Due to concessions	-	117,160,933	117,160,933



### 3.2.3 Effect on statement of profit or loss and other comprehensive income for the year ended June 30, 2016

	Balance as previously reported	Effect of correction of errors	Balance after restatement
-----Rupees-----			
Exploration expenditure	-	(260,444,417)	(260,444,417)
General and administrative	(5,822,846)	(13,228,877)	(19,051,723)
Other operating expenses	-	(3,418,068)	(3,418,068)
Taxation	-	-	-

### 3.2.4 Effect on statement of changes in equity for the year ended June 30, 2016

	Balance as previously reported	Effect of correction of errors	Balance after restatement
-----Rupees-----			
Accumulated loss	118,258,843	(247,804,731)	(129,545,888)

### 3.2.5 Effect on statement of changes in equity for the year ended June 30, 2015

	Balance as previously reported	Effect of correction of errors	Balance after restatement
-----Rupees-----			
Accumulated loss	25,438,894	(73,020,081)	(47,581,187)

### 3.2.6 Effect on statement of cashflows for the year ended June 30, 2016

	Balance as previously reported	Effect of correction of errors	Balance after restatement
-----Rupees-----			
Profit / (loss) before tax	136,499,925	(277,091,362)	(140,591,437)
Depreciation expense	28,640	-	28,640
	136,528,565	(277,091,362)	(140,562,797)
(Increase) / decrease in current assets			
Other Receivable	(1,299,174,435)	-	(1,299,174,435)
(Decrease) / increase in current liabilities			
Payable to Government of Sindh	1,299,000,000	-	1,299,000,000
Due to operator - net	-	303,134,870	303,134,870
	(174,435)	303,134,870	302,960,435
Taxes paid	(20,928,557)	-	(20,928,557)
Net cash (outflow) / inflow from operating activities	115,425,573	26,043,508	141,469,081
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of fixed assets	(187,100)	-	(187,100)
Exploration and evaluations asset	-	(26,043,507)	(26,043,507)
Proceeds from sale of Treasury bills and Pakistan Investment Bonds	991,720,658	-	991,720,658
Net cash utilized in investing activities	991,533,558	(26,043,507)	965,490,051
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of share capital	750,000,000	-	750,000,000
Net increase in cash and cash equivalents	1,856,959,132	-	1,856,959,132
Cash and cash equivalents at the beginning of the year	10,970,770	-	10,970,770
Cash and cash equivalents at the end of the year	1,867,929,902	-	1,867,929,902



## 4. Property and Equipment

	Furniture and fixtures	Computer equipment	Total
	----- Rupees -----		
<b>Year ended June 30, 2016</b>			
Additions	21,800	165,300	187,100
Depreciation charge	(1,090)	(27,550)	(28,640)
Net book value	<u>20,710</u>	<u>137,750</u>	<u>158,460</u>
<b>As at June 30, 2016</b>			
Cost	21,800	165,300	187,100
Accumulated depreciation	(1,090)	(27,550)	(28,640)
Net book value	<u>20,710</u>	<u>137,750</u>	<u>158,460</u>
<b>Year ended June 30, 2017</b>			
Opening net book value	20,710	137,750	158,460
Depreciation charge	(2,180)	(33,060)	(35,240)
Net book value	<u>18,530</u>	<u>104,690</u>	<u>123,220</u>
<b>As at June 30, 2017</b>			
Cost	21,800	165,300	187,100
Accumulated depreciation	(3,270)	(60,610)	(63,880)
Net book value	<u>18,530</u>	<u>104,690</u>	<u>123,220</u>
<b>Annual rate of depreciation</b>	<u>10%</u>	<u>20%</u>	

2017	2016 (Re-stated)
----- Rupees -----	

## 5. EXPLORATION AND EVALUATION ASSETS

Balance at beginning of the year	26,043,507	-
Correction of error (note 3)	-	26,043,507
Additions during the year	24,230,976	-
Cost of dry and abandoned wells (note 14)	(15,076,145)	-
	<u>35,198,338</u>	<u>26,043,507</u>

5.1 Represents direct expenditure incurred relating to exploratory wells drilled in Shahbandar, Hub, Khipro East Malir, Ranipur, Armala and Zorgharh.

2017	2016 (Re-stated)
----- Rupees -----	

## 6. DEFERRED TAXATION

Deferred tax liability arising due to:		
- accelerated tax depreciation	(9,433)	(7,745)
Deferred tax asset arising due to:		
- pre-commencement expenses	160,986,959	148,318,620
Balance as at June 30	<u>160,977,526</u>	<u>148,310,875</u>







2017                      2016  
(Re-stated)

-----Rupees-----

7. LONG TERM INVESTMENTS

Unquoted subsidiary companies - at cost

Sindh Petroleum (Private) Limited (note 7.1) 3,000,000 (2016: 3,000,000) ordinary shares of Rs. 10 each	30,000,000	30,000,000
Sindh Transmission & Dispatch Company (Private) Limited (note 7.2) 60,900,000 (2016: Nil) ordinary shares of Rs. 10 each	609,000,000	-
Sindh Lakhra Coal Mining Company (Private) Limited (note 7.3) - 500,000 (2016: Nil) ordinary shares of Rs. 100 each	50,000,000	-
Sindh Renewable Energy Company (Private) Limited (note 7.4) - advance against ordinary shares	25,000,000	-
Balance as at June 30	<u>714,000,000</u>	<u>30,000,000</u>

7.1 Sindh Petroleum (Private) Limited (SPL), a subsidiary of the Company, was formed in July 2014 with a broad objective of operating and investing in the Oil and Gas sector of Pakistan. Further, SPL was also established to initiate prospecting, exploration and development of Coal Bed Methane (CBM) as a non-conventional source of energy in Sindh.

The Company owns 3,000,000 shares, constituting 100% of the shareholding of SPL.

Subsequent to year end, the Company had further injected equity of Rs. 9 million and Rs. 10 million in 2018 and 2020, respectively. The Board of Directors of the Company in its meeting held on February 12, 2020 decided to stop further injection of equity in SPL and placed SPL at the inactive counter of the SECP as no viable business opportunity was available.

Since the decision to stop further injection of equity was taken on February 12, 2020, i.e. subsequent to reporting date, therefore this investment is not tested for impairment.

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- 7.2 Sindh Transmission & Dispatch Company (Private) Limited (STDC) is a wholly owned subsidiary of the Company. The principal activity of STDC is to facilitate distribution and generation companies by providing wheeling services through its transmission infrastructure and network facilities. STDC has obtained transmission license from National Electric Power Regulatory Authority (NEPRA) and No Objection Certificate from Environmental Protection Agency, Sindh for execution of double circuit transmission line project of 99.244 km from Sindh Nooriabad Power (Private) Limited to K-Electric grid station, Karachi.

As at June 30, 2016, an amount of Rs. 1,300 million was injected by the Government of Sindh (GoS) in STDC in three different tranches as Grant-in-aid on behalf of the Company. A directive was received from GoS through letter no. FD (FMH) 212(1)/2015-16 dated February 23, 2018 stating that the total grant in aid of Rs. 1,300 million was to be split between equity and debt in the ratio of Rs. 609 million and Rs. 691 million respectively. Accordingly based on the latest correspondence from the GoS, the Company classified an amount of Rs. 609 million as long term investment. The remaining Rs. 691 million has been classified as a long term loan to STDC from the Company at KIBOR + 2.75%.

As per the agreement between the Company and STDC, STDC would repay the principal in 10 years from Commercial Operation Date (COD) and commence the payment of Loan Annuity (Interest + Principal) at KIBOR 2.75% from Commercial Operation Date (COD). As at reporting date STDC has not achieved its COD.

- 7.3 Sindh Lakhra Coal Mining Company (Private) Limited (SLCMC) was formed to develop indigenous coal resources of Sindh and consider the use of indigenous coal as the most viable and least cost option for power generation. During the year, 500,000 shares were subscribed by the Company in the share capital of SLCMC. The Company holds 100% of the issued share capital of SLCMC.
- 7.4 Sindh Renewable Energy Company (Private) Limited (SRECL) was established for the development of renewable energy. During the year, Rs. 25 million were injected into SRECL by the Company. The shares are yet to be allotted to the Company.

	2017	2016
	-----Rupees-----	
8. OTHER RECEIVABLE		
Receivable from STDC (note 8.1)	-	1,299,000,000
Receivable from SLCMC (note 8.2)	174,435	174,435
	<u>174,435</u>	<u>1,299,174,435</u>

- 8.1 As more fully explained in note 7.2, the Company during the year, has reclassified funds received in prior year to long term investments and long term loan in accordance with the directive of GoS through letter no. FD (FMH) 212(1)/2015-16 dated February 23, 2018.
- 8.2 Represents receivable from SLCMC, a subsidiary company, amounting to Rs. 174,435 (2016: Rs. 174,435) in relation to incorporation fees paid by the Company on behalf of SLCMC.

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	2017	2016
	-----Rupees-----	
<b>9. CASH AND BANK BALANCES</b>		
Balances with banks in savings accounts	1,711,041,705	1,867,918,632
Cash in hand	6,170	11,270
	<u>1,711,047,875</u>	<u>1,867,929,902</u>

9.1 Local currency conventional deposits carry return ranging from 3.85% to 4.75% (2016: 4.5% to 6.4%) per annum.

**10. SHARE CAPITAL AND RESERVES**

**10.1 Authorized share capital**

2017	2016		2017	2016
----- Number of Shares -----			----- Rupees -----	
<u>250,000,000</u>	<u>250,000,000</u>	Ordinary shares of Rs. 10 each	<u>2,500,000,000</u>	<u>2,500,000,000</u>

**10.2 Movement in issued, subscribed and paid up share capital**

2017	2016		2017	2016
----- Number of Shares -----			----- Rupees -----	
175,000,000	100,000,000	At July 1	1,750,000,000	1,000,000,000
-	75,000,000	Ordinary shares of Rs. 10 each, fully paid in cash	-	750,000,000
<u>175,000,000</u>	<u>175,000,000</u>	At June 30	<u>1,750,000,000</u>	<u>1,750,000,000</u>

10.3 Shares against advance for equity amounting to Rs. 1,350 million have been allotted to GoS subsequent to year end.

	2017	2016
	-----Rupees-----	
<b>11. TRADE AND OTHER PAYABLES</b>		
Other liabilities	62,000	-
Auditor's remuneration	359,000	50,000
	<u>421,000</u>	<u>50,000</u>



	2017	2016 (Re-stated)
	-----Rupees-----	
<b>12. DUE TO CONCESSIONS - NET</b>		
<b>Total (Receivable) / Payable to Pakistan Petroleum Limited</b>		
Shahbandar	(2,253,952)	70,981,357
Hab	348,937	2,064,400
Khipro East	(339,686)	15,949,667
Malir	(7,921,329)	43,175,497
	<u>(10,166,030)</u>	<u>132,170,921</u>
<b>Total Payable to Oil and Gas Development Company Limited</b>		
Ranipur	276,355,512	230,328,758
Armala	116,580	42,777,147
Zorgarh	33,414,384	15,018,977
	<u>309,886,476</u>	<u>288,124,882</u>
	<u><u>299,720,446</u></u>	<u><u>420,295,803</u></u>
<b>13. OTHER INCOME</b>		
Profit on bank balance	23,336,626	11,565,236
Income on financial assets	71,782,500	130,757,535
	<u>95,119,126</u>	<u>142,322,771</u>
<b>14. EXPLORATION EXPENDITURE</b>		
Geological and geophysical	31,670,848	260,444,417
Cost of dry and abandoned well	15,076,145	-
	<u>46,746,993</u>	<u>260,444,417</u>
<b>15. GENERAL AND ADMINISTRATIVE EXPENSES</b>		
Directors fees (note 15.1)	440,000	489,000
Joint operation	5,837,445	13,228,878
Salaries expense	1,537,469	981,000
Bank charges	3,487	3,770
Legal charges	701,200	1,166,000
Rent, rates & taxes	100,150	203,155
Office supplies	24,323	81,251
Communication charges	16,500	16,600
Travelling expense	973,749	825,322
Membership Fees	830,302	706,842
Entertainment expense	56,917	66,966
Advertisement expense	-	88,002
Exhibition expense	1,000,000	1,049,116
Depreciation (note 4)	35,240	28,640
Auditor's remuneration (note 15.2)	359,000	50,000
Miscellaneous	54,935	67,181
	<u>11,970,717</u>	<u>19,051,723</u>

15.1 No remuneration is paid to Chief Executive and Directors of the Company. Directors of the Company are entitled to fees for attending the meeting.



	2017	2016
	-----Rupees-----	
<b>15.2 AUDITOR'S REMUNERATION</b>		
Fee for		
- audit of annual financial statements	250,000	50,000
- review of compliance with the Public Sector Companies (Corporate Governance) Rules, 2013	75,000	-
Out of pocket expenses	34,000	-
	<u>359,000</u>	<u>50,000</u>
<b>16. OTHER OPERATING EXPENSES</b>		
Exchange loss	<u>349,780</u>	<u>3,418,068</u>
	2017	2016 (Re-stated)
	-----Rupees-----	
<b>17. TAXATION</b>		
Current tax for the year	29,734,912	45,543,287
Deferred tax	<u>(12,666,651)</u>	<u>(104,170,023)</u>
	<u>17,068,261</u>	<u>(58,626,736)</u>

**17.1 Relationship between tax expense and accounting profit**

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the Company's applicable tax rate as follows:

	2017	2016 (Re-stated)
	-----Rupees-----	
Profit / (loss) before taxation	36,051,636	(140,591,437)
Tax at the applicable tax rate of 40% (2016: 40%)	14,420,654	(56,236,575)
Tax effect of income subject to lower tax rate	(8,632,716)	(11,385,822)
Tax effect of expenses against which no deferred tax is recorded	11,280,323	8,995,661
Tax charge for the year	<u>17,068,261</u>	<u>(58,626,736)</u>



2017

2016

-----Rupees-----

**18. FINANCIAL INSTRUMENTS BY CATEGORY****18.1 Financial assets at loans and receivables**

Long term loan	691,000,000	-
Other receivables	174,435	1,299,174,435
Cash and bank balances	1,711,047,875	1,867,929,902
	<u>2,402,222,310</u>	<u>3,167,104,337</u>

**18.2 Financial liabilities at amortized cost**

Trade and other payables	421,000	50,000
Due to concessions	299,720,446	420,295,803
	<u>300,141,446</u>	<u>420,345,803</u>

**18.3 Fair value of financial assets and liabilities**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

**19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES****19.1 Financial risk factors**

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize the potential adverse effects on the Company's financial performance. Risk management is carried out by the Company's finance department under policies approved by the Board of Directors of the Company.

**a) Market risk**

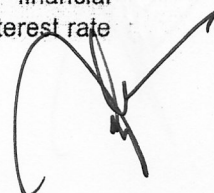
Currency risk represents the risk that the fair values or future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates. The Company is exposed to foreign exchange risk due to transactions denominated in a currency that is not the Company's functional currency. The Company manages its currency risk by close monitoring of currency markets and expected currency movements and adjusting timing of payments accordingly.

As at June 30, 2017, if the US Dollar had weakened / strengthened by 5% against the Pak Rupee with all other variables held constant, the post-tax profit for the year would have been lower / higher by Rs. 1,376,520 (2016: Rs. 1,088,552) mainly as a result of exchange translation losses / gains on the foreign currency (Pak Rupees) based net financial assets.

**ii) Interest rate risk**

Interest rate risk represents the risk that the fair values or future cash flows of financial instruments will fluctuate because of changes in market interest rates. The impact of interest rate risk is not material to the Company.





## iii) Other price risk

Price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to other price risk as it does not have any price sensitive instruments.

## b) Credit risk

Credit risk represents the risk of financial loss being caused if counterparties fail to discharge their obligations.

Credit risk arises from deposits with banks, long term loan and other receivables. The credit risk on liquid fund is limited because the counter parties are banks with reasonably high credit ratings. The maximum exposure to credit risk is equal to the carrying amount of financial assets. The Company has no significant concentrations on credit risk. The Company monitors the credit quality of its financial assets with reference to historical performance of such assets and available external credit ratings. The carrying values of receivables which are not impaired are as under:

	2017		
	-----Rupees-----		
	Past due	Not past due	Total
Long term Loan	-	691,000,000	691,000,000
Other receivable	-	174,435	174,435
Bank balances	-	1,711,041,705	1,711,041,705
	-	2,402,216,140	2,402,216,140

	2016		
	-----Rupees-----		
	Past due	Not past due	Total
Other receivable	-	1,299,174,435	1,299,174,435
Bank balances	-	1,867,918,632	1,867,918,632
	-	3,167,093,067	3,167,093,067

The credit quality of the Company's bank balance can be assessed with reference to external credit ratings of the bank as follows:

Bank	Rating Agency	Rating	
		Short Term	Long Term
Sindh Bank Limited	JCR-VIS	A-1+	AA
Habib Bank Limited	JCR-VIS	A-1+	AAA

## c) Liquidity risk

Liquidity risk represents the risk that the Company will encounter difficulties in meeting obligations associated with its financial liabilities. The Company's liquidity management involves maintaining sufficient cash and availability of funding through committed credit facilities.

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The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to contractual maturity date.

	2017		
	-----Rupees-----		
	Maturity up to one year	Maturity after one year	Total
Due to concessions - net	299,720,446	-	299,720,446
Trade and other payables	421,000	-	421,000
	<u>300,141,446</u>	<u>-</u>	<u>300,141,446</u>

	2016		
	-----Rupees-----		
	Maturity up to one year	Maturity after one year	Total
Due to concessions - net	420,295,803	-	420,295,803
Trade and other payables	50,000	-	50,000
	<u>420,345,803</u>	<u>-</u>	<u>420,345,803</u>

d) Capital Risk Management

The Company is not subject to any externally imposed capital requirements.

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

20. CONTINGENCIES AND COMMITMENTS

As at June 30, 2017 and 2016, there are no contingencies and commitments involving the Company.

21. RELATED PARTY TRANSACTIONS

Details of transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements, are as follows:

Name & Relationship with the Company	Nature of Transaction	2017	2016
		-----Rupees-----	
Board of Directors	Directors meeting fees	440,000	489,000

2017  
(Number)      2016

22. Number of employees

Average employees during the year  
Employees as at June 30

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1      1

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**23. SUBSEQUENT EVENTS**

Subsequent to the year a discovery has been made in the Shahbandar block at the Benari X-1 well dated December 04, 2018. Further, the working interest in the Armala block has been relinquished dated January 12, 2018.

**24. IMPLICATION OF COVID-19 ON THE FINANCIAL STATEMENTS**

The World Health Organization has declared COVID-19 (the virus) a global pandemic. With the growing number of cases in Pakistan, the Government of Pakistan has provided directions to take measures to respond to the virus.

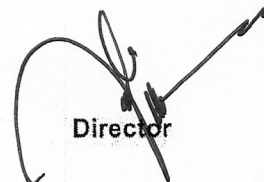
While the virus has impacted the global economy, the Company's financial results have not been materially impacted. In future also, the Company does not foresee any adverse impact on its operations and financial results.

**25. DATE OF AUTHORIZATION**

These financial statements were authorized for issue by the Board of Directors in a meeting held on

                      
*M. Khan*

  
Chief Executive

  
Director

