

**SINDH ENERGY HOLDING COMPANY (PRIVATE) LIMITED**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2018**

Baker Tilly Mehmood Idrees Qamar  
Chartered Accountants  
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**REVIEW REPORT TO THE MEMBERS ON THE STATEMENT OF COMPLIANCE WITH THE  
PUBLIC SECTOR COMPANIES (CORPORATE GOVERNANCE) RULES, 2013**

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Public Sector Companies (Corporate Governance) Rules, 2013 (the Rules) prepared by the Board of Directors of **Sindh Energy Holding Company (Private) Limited** (the Company) for the year ended June 30, 2018.

The responsibility for compliance with the Rules is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Rules and report if it does not and to highlight any non-compliance with the requirements of the Rules. 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 Rules.

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

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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 Rules as applicable to the Company for the year ended June 30, 2018.

We draw attention to instances of non-compliances with the requirements of the Rules as reflected in the last section to the Statement of Compliance with the Rules, under the heading "Explanation for Non-Compliance with the Public Sector Companies (Corporate Governance) Rules, 2013".

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**Engagement Partner: Mehmood A. Razzak**

*Karachi*

*Date:*

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**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF SINDH ENERGY HOLDING COMPANY (PRIVATE) LIMITED**

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

**Opinion**

We have audited the annexed financial statements of **SINDH ENERGY HOLDING COMPANY (PRIVATE) LIMITED** (the Company), which comprise the statement of financial position as at **June 30, 2018**, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the balance sheet, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the cash flow statement 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, 2018 and of the loss, total comprehensive loss, the changes in equity and its cash flows for the year then ended.

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



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### **Responsibilities of Management and Board of Directors for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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 financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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.

#### **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the balance sheet, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the cash flow statement 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) 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, 2017, were audited by another firm of Chartered Accountants, who issued unmodified opinion thereon on February 17, 2023.

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The engagement partner on the audit resulting in this independent auditor's report is **Mehmood A. Razzak**.

*MR*

**Baker Tilly Mehmood Idrees Qamar**  
**Chartered Accountants**

*Karachi*

*Date:*

**SINDH ENERGY HOLDING COMPANY (PRIVATE) LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2018**

| EQUITY AND LIABILITIES   | Note | 2018<br>----- Rupees -----     | 2017<br>----- Rupees -----     |
|--|------|--------------------------------|--------------------------------|
| <b>Authorized Share Capital</b><br>350,000,000 (2017: 250,000,000) Ordinary shares of Rs.10/- each |      | <u>3,500,000,000</u>           | <u>2,500,000,000</u>           |
| <b>Issued, Subscribed and Paid-up Share Capital</b>  |      |                                |                                |
| Paid-up share capital  |      |                                |                                |
| Advance against issuance of shares   | 4    | 3,500,000,000                  | 1,750,000,000                  |
| Accumulated losses   |      | 1,046,207,000<br>(183,491,837) | 1,350,000,000<br>(110,562,513) |
|  |      | 4,362,715,163                  | 2,989,437,487                  |
| <b>Current Liabilities</b>   |      |                                |                                |
| Accrued and other liabilities  | 5    | 5,943,667                      | 421,000                        |
| Due to concessions - net   | 6    | 418,900,797                    | 299,720,446                    |
| Taxation - net   | 13   | -                              | 22,942,461                     |
|  |      | 424,844,464                    | 323,083,907                    |
|  |      | <u>4,787,559,627</u>           | <u>3,312,521,394</u>           |
| <b>ASSETS</b>  |      |                                |                                |
| <b>Non - Current Assets</b>  |      |                                |                                |
| Fixed assets   |      |                                |                                |
| Exploration and evaluation assets  | 7    | 87,980                         | 123,220                        |
| Deffered taxation  | 8    | 26,489,328                     | 35,198,338                     |
| Long term investment   | 9    | 149,803,979                    | 160,977,526                    |
| Long term loan   | 10   | 885,664,000                    | 714,000,000                    |
|  | 11   | 691,000,000                    | 691,000,000                    |
|  |      | 1,753,045,287                  | 1,601,299,084                  |
| <b>Current Assets</b>  |      |                                |                                |
| Due from related party   | 12   | 174,435                        | 174,435                        |
| Taxation - net   | 13   | 842,186                        | -                              |
| Cash and bank balances   | 14   | 3,033,497,719                  | 1,711,047,875                  |
|  |      | 3,034,514,340                  | 1,711,222,310                  |
| Cotingencies and Commitments   | 24   | <u>4,787,559,627</u>           | <u>3,312,521,394</u>           |

The annexed notes 1 to 29 form an integral part of these financial statements.

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Chief Executive Officer



Director

**SINDH ENERGY HOLDING COMPANY (PRIVATE) LIMITED**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED JUNE 30, 2018**

|   | Note | 2018<br>----- Rupees ----- | 2017<br>-----       |
|---|------|----------------------------|---------------------|
| Other income  | 15   | 93,023,690                 | 95,919,070          |
| Exploration expenditure                                 | 16   | (128,411,909)              | (52,584,438)        |
| General and administrative expenses                     | 17   | (30,434,895)               | (6,133,272)         |
| Other operating expenses                                | 18   | -                          | (1,149,724)         |
| <b>(Loss) / profit before tax</b>                       |      | <b>(65,823,114)</b>        | <b>36,051,636</b>   |
| <b>Taxation</b>   | 19   | <b>(7,106,210)</b>         | <b>(17,068,261)</b> |
| <b>(Loss) / profit after taxation</b>                   |      | <b>(72,929,324)</b>        | <b>18,983,375</b>   |
| Other comprehensive income for the year                 |      | -                          | -                   |
| <b>Total comprehensive (loss) / income for the year</b> |      | <b>(72,929,324)</b>        | <b>18,983,375</b>   |

*The annexed notes 1 to 29 form an integral part of these financial statements.*

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Chief Executive Officer




Director

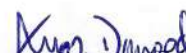
**SINDH ENERGY HOLDING COMPANY (PRIVATE) LIMITED**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED JUNE 30, 2018**

|   | 2018                    | 2017                   |
|---|-------------------------|------------------------|
| Note  | ----- Rupees -----      |                        |
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>                    |                         |                        |
| (Loss) / profit before taxation                               | (65,823,114)            | 36,051,636             |
| <b>Adjustments for non-cash charges and other items:</b>      |                         |                        |
| Depreciation  | 7 35,240                | 35,240                 |
| Cost of dry and abandoned well                                | 16 53,800,002           | 15,076,145             |
| Financial charges   | 17 2,744                | 3,487                  |
| <b>Changes before movement in working capital</b>             | <b>53,837,986</b>       | <b>15,114,872</b>      |
| <b>(Increase) / decrease in current assets</b>                |                         |                        |
| Inventory   | (2,545,049)             | (3,235,482)            |
| Due from related party  | -                       | 1,299,000,000          |
|   | (2,545,049)             | 1,295,764,518          |
| <b>Increase / (Decrease) in current liabilities</b>           |                         |                        |
| Accrued and other liabilities                                 | 5,522,667               | 371,000                |
| Due to concessions - net                                      | 119,180,351             | (120,575,357)          |
| Payable to Government of Sindh                                | -                       | (1,299,000,000)        |
|   | 124,703,018             | (1,419,204,357)        |
| Income tax paid   | 13 (19,717,310)         | (38,609,715)           |
| Financial charges paid  | (2,744)                 | (3,487)                |
| <b>Net cash inflow / (used in) from operating activities</b>  | <b>90,452,787</b>       | <b>(110,886,533)</b>   |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>                    |                         |                        |
| Addition in exploration and evaluations asset                 | 8 (42,545,943)          | (20,995,494)           |
| Long term investment  | 10 (171,664,000)        | (684,000,000)          |
| Long term loan  | -                       | (691,000,000)          |
| <b>Net cash used in from investing activities</b>             | <b>(214,209,943)</b>    | <b>(1,395,995,494)</b> |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>                    |                         |                        |
| Proceeds from advance against share capital                   | 1,446,207,000           | 1,350,000,000          |
| <b>Net cash inflow from financing activities</b>              | <b>1,446,207,000</b>    | <b>1,350,000,000</b>   |
| <b>Net increase / (decrease) in cash and cash equivalents</b> | <b>1,322,449,844</b>    | <b>(156,882,027)</b>   |
| Cash and cash equivalents at the beginning of the year        | 1,711,047,875           | 1,867,929,902          |
| <b>Cash and cash equivalents at the end of the year</b>       | <b>14 3,033,497,719</b> | <b>1,711,047,875</b>   |

The annexed notes 1 to 29 form an integral part of these financial statements.

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 Chief Executive Officer


  
 Director

**SINDH ENERGY HOLDING COMPANY (PRIVATE) LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED JUNE 30, 2018**

|   | Issued,<br>subscribed and<br>paid-up share<br>capital | Accumulated<br>losses | Advance against<br>issuance of<br>shares | Total                |
|---|---|-----------------------|--|----------------------|
| ----- Rupees -----  |   |                       |  |                      |
| Balance at July 01, 2016                                    | 1,750,000,000   | (129,545,888)         | -  | 1,620,454,112        |
| Advance against issue of shares                             | -   | -                     | 1,350,000,000                            | 1,350,000,000        |
| Total comprehensive income for the year ended June 30, 2017 | -   | 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> |
| Advance against issue of shares                             | -   | -                     | (303,793,000)                            | (303,793,000)        |
| Issuance of share capital                                   | 1,750,000,000   | -                     | -  | 1,750,000,000        |
| Total comprehensive loss for the year ended June 30, 2018   | -   | (72,929,324)          | -  | (72,929,324)         |
| <b>Balance as at June 30, 2018</b>                          | <b>3,500,000,000</b>                                  | <b>(183,491,837)</b>  | <b>1,046,207,000</b>                     | <b>4,362,715,163</b> |

*The annexed notes 1 to 29 form an integral part of these financial statements.*

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Chief Executive Officer



Director

**SINDH ENERGY HOLDING COMPANY (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

**1. NATURE OF BUSINESS AND 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 (now the Companies Act 2017). 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, 2018:

|  | <u>Percentage of<br/>interest</u> |
|--|-----------------------------------|
| - 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. SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING THE COMPANY'S FINANCIAL POSITION AND PERFORMANCE**

There were no significant transactions during the year.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies applied in the preparation of these financial statements are set out below:

**3.1 Accounting convention**

These financial statements have been prepared under the "historical cost convention".

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The estimates / judgements and associated assumptions used in the preparation 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 / judgements / assumptions will, by definition, seldom equal the related actual results. The estimates / judgements and associated assumptions are reviewed on an ongoing basis. Revision to the accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in period of revision and future periods if the revision affects both current and future periods. 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 3.6)
- Investment in subsidiary companies (note 3.9)
- Taxation (note 3.13)

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.

### 3.2 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards as applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standard Board (IASB) as notified under Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ from the IFRS standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

### 3.3 Functional and presentational currency

The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

### 3.4 Standards, interpretations and amendments applicable to financial statements

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except as described below:

#### a) New standards, interpretation and amendments

The Company has adopted the following accounting standard and the amendments and interpretation of IFRSs which become effective for the current year:

- |        |  |
|--------|--|
| IAS 7  | Statement of cash flows – disclosure initiative – (amendments)                       |
| IAS 12 | Income taxes – recognition of deferred tax assets for unrealized losses (amendments) |

#### b) Standards, interpretations and amendments to approved accounting standards that are not yet effective

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

| Standard or Interpretation  | Effective date (annual periods beginning on or after) |
|---|---|
| IFRS 2    Share Based Payments – Classification and Measurement of Share Based Payment Transactions (amendments)  | January 1, 2018                                       |
| IFRS 9    Financial Instruments   | July 1, 2018  |
| IFRS 10   Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Venture: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (amendments) | Not yet finalized                                     |
| IFRS 15   Revenue from Contracts with Customers   | July 1, 2018  |
| IFRS 16   Leases  | January 1, 2019                                       |

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| Standard or Interpretation |   | Effective date (annual periods beginning on or after) |
|----------------------------|---|---|
| IFRS 4                     | Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (amendments) | January 1, 2018                                       |
| IAS 40                     | Investment Property: Transfers of Investment Property   | January 1, 2018                                       |
| IAS 19                     | Plan Amendment, Curtailment or Settlement (amendments)  | January 1, 2019                                       |
| IAS 28                     | Long Term Interests in Associates and Joint Ventures (amendments)                                       | January 1, 2019                                       |
| IFRIC 22                   | Foreign Currency Transactions and Advance Consideration   | January 1, 2018                                       |
| IFRIC 23                   | Uncertainty over Income Tax Treatments  | January 1, 2019                                       |

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

| Standard or Interpretation |                              | Effective date (annual periods beginning on or after) |
|----------------------------|------------------------------|---|
| IFRS 14                    | Regulatory Deferral Accounts | January 1, 2016                                       |
| IFRS 17                    | Insurance Contracts          | January 1, 2021                                       |

### 3.5 Fixed assets

Property, plant and equipment are stated at cost less accumulated depreciation. Items that qualify for separate recognition as significant component of asset are recognized separately. Depreciation on fixed assets is charged to profit and loss account applying the straight line method at the rates specified in note 7.

Depreciation on additions is charged from the month in which the asset is put to use and it ceases from the month in which the asset is disposed off. Expenditure incurred to replace a component of an item of property, plant and equipment is capitalised and the asset so replaced is retired. Other subsequent expenditure is capitalised only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the items can be measured reliably. All other expenditures (including repairs and normal maintenance) are recognised in the profit and loss account.

Gains and losses on disposal are determined by comparing proceeds with the carrying amount of the relevant assets. These are included in the profit and loss account.

### 3.6 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.

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### 3.7 Inventory

Inventory comprising mainly of spare parts, materials and supplies are valued at cost, determined principally on a weighted average cost basis, less allowance for any obsolete or slow-moving items.

### 3.8 Cash and cash equivalents

Cash and cash equivalents comprise of cash balances and bank deposits. Cash and cash equivalents are carried in the balance sheet at cost.

### 3.9 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.

### 3.10 Financial instruments

#### 3.10.1 Financial assets

##### (a) Classification

The company classifies its financial assets into following three categories:

- measured at fair value through profit or loss (FVTPL) ;
- held to maturity;
- loan and receivable; and
- available for sales (AFS).

The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

##### i. At fair value through profit or loss (FVTPL)

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.

##### ii. 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.

##### iii. 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.

##### iv. Available for sales

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.



**(b) 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.

**3.10.2 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.

**3.10.3 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.

**3.10.4 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.

**3.11 Provisions**

Provisions are recognised in the balance sheet when the company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

**3.12 Dividend**

Dividend is recognized as a liability in the period in which it is declared.

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**3.13 Taxation**

**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.

**Deferred**

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base used in the computation of the taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised 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 tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the income statement, except in the case of items credited or charged to equity in which case it is included in equity.

**3.14 Foreign currencies**

Transactions in foreign currencies are accounted for in Pak Rupees at the rates prevailing on the date of the transaction. Assets and liabilities in foreign currencies as at the balance sheet date are translated into Pak rupees at the rate of exchange prevailing on that date except for the liabilities covered under forward exchange contracts which are translated at the contracted rates. Exchanges gains or losses are recognised in statement of profit and loss account and other comprehensive income.

**3.15 Revenue recognition**

Profit on trading in financial instruments is recognized on trade date basis and is taken to profit and loss account currently. Profit on all other income is recognized on accrual basis.

**4. SHARE CAPITAL**

|   |                    | 2018                 | 2017                 |
|---|--------------------|----------------------|----------------------|
|   |                    | ----- Rupees -----   |                      |
| <b>Authorized share capital</b>                     |                    |                      |                      |
| <b>Number of shares</b>                             |                    |                      |                      |
| <u>2018</u>   | <u>2017</u>        |                      |                      |
| <u>350,000,000</u>                                  | <u>250,000,000</u> |                      |                      |
|   |                    | <u>3,500,000,000</u> | <u>2,500,000,000</u> |
| <b>Issued, subscribed and paid-up share capital</b> |                    |                      |                      |
| <b>Number of shares</b>                             |                    |                      |                      |
| <u>2018</u>   | <u>2017</u>        |                      |                      |
| 175,000,000   | 175,000,000        |                      |                      |
|   |                    | 1,750,000,000        | 1,750,000,000        |
| 175,000,000   | -                  |                      |                      |
|   |                    | 1,750,000,000        | -                    |
| <u>350,000,000</u>                                  | <u>175,000,000</u> | <u>3,500,000,000</u> | <u>1,750,000,000</u> |

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|   | 2018               | 2017           |
|---|--------------------|----------------|
|   | ----- Rupees ----- |                |
| <b>5. ACCRUED AND OTHER LIABILITIES</b> |                    |                |
| Salary payable                          | 5,234,667          | -              |
| Other liabilities                       | -                  | 62,000         |
| Audit fee payable                       | 709,000            | 359,000        |
|   | <u>5,943,667</u>   | <u>421,000</u> |

**6. DUE TO CONCESSIONS**

**Oil and Gas Development Company Limited**

|           |             |             |
|-----------|-------------|-------------|
| - Ranipur | 352,062,761 | 276,355,512 |
| - Armala  | 404,175     | 116,580     |
| - Zorgarh | 39,916,849  | 33,414,384  |
|           | 392,383,785 | 309,886,476 |

**Pakistan Petroleum Limited**

|               |             |              |
|---------------|-------------|--------------|
| - Shahbandar  | 12,649,592  | (2,253,952)  |
| - Hub         | 6,879,263   | 348,937      |
| - Khipro East | 11,145,170  | (339,686)    |
| - Malir       | (7,664,513) | (7,921,329)  |
|               | 23,009,512  | (10,166,030) |

**Director General of Petroleum concession**

3,507,500

418,900,797      299,720,446

**7. FIXED ASSETS**

| Computer<br>equipment | Furniture &<br>fixture | Total |
|-----------------------|------------------------|-------|
| ----- Rupees -----    |                        |       |

**Year ended June 30, 2017**

|                                  |                |               |                |
|----------------------------------|----------------|---------------|----------------|
| Opening net book value           | 137,750        | 20,710        | 158,460        |
| Additions (at cost)              | -              | -             | -              |
| Depreciation charge for the year | (33,060)       | (2,180)       | (35,240)       |
| <b>Net book value</b>            | <u>104,690</u> | <u>18,530</u> | <u>123,220</u> |

**At June 30, 2017**

|                          |                |               |                |
|--------------------------|----------------|---------------|----------------|
| Cost                     | 165,300        | 21,800        | 187,100        |
| Accumulated depreciation | (60,610)       | (3,270)       | (63,880)       |
| <b>Net book value</b>    | <u>104,690</u> | <u>18,530</u> | <u>123,220</u> |

**Year ended June 30, 2018**

|                                  |               |               |               |
|----------------------------------|---------------|---------------|---------------|
| Opening net book value           | 104,690       | 18,530        | 123,220       |
| Additions (at cost)              | -             | -             | -             |
| Depreciation charge for the year | (33,060)      | (2,180)       | (35,240)      |
| <b>Net book value</b>            | <u>71,630</u> | <u>16,350</u> | <u>87,980</u> |

**At June 30, 2018**

|                          |               |               |               |
|--------------------------|---------------|---------------|---------------|
| Cost                     | 165,300       | 21,800        | 187,100       |
| Accumulated depreciation | (93,670)      | (5,450)       | (99,120)      |
| <b>Net book value</b>    | <u>71,630</u> | <u>16,350</u> | <u>87,980</u> |

**Depreciation rate**

10%      20%



| 8. EXPLORATION AND EVALUATION ASSETS                         | Note | 2018<br>----- Rupees ----- | 2017<br>----- Rupees ----- |
|--|------|----------------------------|----------------------------|
| Balance at beginning of the year                             |      | 27,530,394                 | 21,611,045                 |
| Addition during the year                                     |      | 42,545,943                 | 20,995,494                 |
|  |      | 70,076,337                 | 42,606,539                 |
| Cost of dry and abandoned wells during the year              | 16   | (53,800,002)               | (15,076,145)               |
|  |      | <u>16,276,335</u>          | <u>27,530,394</u>          |
| <b>Stores held for exploration and evaluation activities</b> |      |                            |                            |
| Balance at beginning of the year                             |      | 7,667,944                  | 4,432,462                  |
| Addition during the year                                     |      | 2,545,049                  | 3,235,482                  |
| Closing balance  |      | 10,212,993                 | 7,667,944                  |
| <b>Balance at the year end</b>                               |      | <u>26,489,328</u>          | <u>35,198,338</u>          |

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

| 9. DEFERRED TAXATION                          | Note | 2018<br>----- Rupees ----- | 2017<br>----- Rupees ----- |
|---|------|----------------------------|----------------------------|
| <b>Deferred tax liability arising due to:</b> |      |                            |                            |
| - Accelerated tax depreciation                |      | (6,521)                    | (9,433)                    |
| <b>Deferred tax asset arising due to:</b>     |      |                            |                            |
| - Pre-commencement expenses                   |      | 149,810,500                | 160,986,959                |
|   |      | <u>149,803,979</u>         | <u>160,977,526</u>         |

#### 10. LONG TERM INVESTMENT

##### Unquoted subsidiary companies - at cost

| Number of shares              |                   |   |      |                    |                    |  |
|-------------------------------|-------------------|---|------|--------------------|--------------------|--|
| 2018                          | 2017              |   |      |                    |                    |  |
| <u>3,000,000</u>              | <u>3,000,000</u>  | Ordinary share of Rs. 10/- each                         |      |                    |                    |  |
|                               |                   | Sindh Petroleum (Private) Limited                       | 10.1 | 30,000,000         | 30,000,000         |  |
| <u>60,900,000</u>             | <u>60,900,000</u> | Sindh Transmission & Dispatch Company (Private) Limited | 10.2 | 609,000,000        | 609,000,000        |  |
| <u>500,000</u>                | <u>500,000</u>    | Sindh Lakhra Coal Mining Company (Private) Limited      | 10.3 | 50,000,000         | 50,000,000         |  |
| <b>Advance against equity</b> |                   |   |      |                    |                    |  |
|                               |                   | Sindh Renewable Energy Company (Private) Limited        | 10.4 | 25,000,000         | 25,000,000         |  |
|                               |                   | Sindh Lakhra Coal Mining Company (Private) Limited      | 10.5 | 171,664,000        | -                  |  |
| <b>Balance as at June 30</b>  |                   |   |      | <u>885,664,000</u> | <u>714,000,000</u> |  |

10.1 In 2016, Sindh Petroleum (Private) Limited (SPL) was formed to identify business opportunities in exploration and development of oil, gas, coal, shale and tight gas reserves in Sindh. The Company owns 3,000,000 shares, constituting 100% of the shareholding of SPL.

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10.2 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 clarification 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. 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 a result no interest income has been recorded in these financial statements.

10.3 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 2017, 500,000 shares were subscribed by the Company in the share capital of SLCMC. The Company holds 100% of the issued capital of SLCMC.

10.4 Sindh Renewable Energy Company (Private) Limited (SRECL) was established for the development of renewable energy. During the year 2017, Rs. 25 million were injected into SRECL by the Company. The shares are yet to be allotted to the Company.

10.5 During the year, Rs. 171.664 million were injected into SLCMC by the Company. The shares are yet to be allotted to the Company.

| 11. LONG TERM LOAN   | Note | 2018<br>----- Rupees ----- | 2017<br>----- Rupees ----- |
|--|------|----------------------------|----------------------------|
| Loan to STDC   | 10.2 | 691,000,000                | 691,000,000                |
|  |      | <u>691,000,000</u>         | <u>691,000,000</u>         |
| 12. DUE FROM RELATED PARTY   |      |                            |                            |
| Receivable from SLCMC  | 12.1 | 174,435                    | 174,435                    |
|  |      | <u>174,435</u>             | <u>174,435</u>             |
| 12.1 Represents receivable from Sindh Lakhra Coal Mining Company (Private) Limited (SLCMC), a subsidiary company, amounting to Rs. 174,435 (2017: Rs. 174,435) in relation to incorporation fees paid by the Company on behalf of SLCMC. |      |                            |                            |
| 13. TAXATION - NET   |      | 2018<br>----- Rupees ----- | 2017<br>----- Rupees ----- |
| Opening balance  |      |                            |                            |
| Provision for taxation during the year   |      | (22,942,461)               | (31,817,264)               |
| Reversal of excess provision of tax charged last year  |      | -                          | (29,734,912)               |
| Advance taxes paid during the year   |      | 4,067,337                  | -                          |
|  |      | 19,717,310                 | 38,609,715                 |
|  |      | <u>842,186</u>             | <u>(22,942,461)</u>        |

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|   |   | 2018                 | 2017                 |
|---|---|----------------------|----------------------|
|   | Note  | ----- Rupees -----   | ----- Rupees -----   |
| <b>14. CASH AND BANK BALANCES</b>                       |   |                      |                      |
| Cash in hand  |   | -                    | 6,170                |
| Cash at bank - savings accounts                         | 14.1  | 3,033,497,719        | 1,711,041,705        |
|   |   | <u>3,033,497,719</u> | <u>1,711,047,875</u> |
| <b>14.1</b>   | Local currency conventional deposits carry return ranging from 3.7% to 5.8% (2017: 3.85% to 4.75%) per annum. |                      |                      |
| <b>15. OTHER INCOME</b>                                 |   |                      |                      |
| Profit on bank balance                                  |   | 92,501,144           | 23,336,626           |
| Income on financial assets                              |   | -                    | 72,582,444           |
| Exchange gain   |   | 522,546              | -                    |
|   |   | <u>93,023,690</u>    | <u>95,919,070</u>    |
| <b>16. EXPLORATION EXPENDITURE</b>                      |   |                      |                      |
| Geological and geophysical                              |   | 12,446,556           | 31,670,848           |
| Cost of dry and abandoned well                          |   | 53,800,002           | 15,076,145           |
| Joint operation   |   | 58,657,851           | 5,837,445            |
| Damages for unutilized working units                    |   | 3,507,500            | -                    |
|   |   | <u>128,411,909</u>   | <u>52,584,438</u>    |
| <b>17. GENERAL AND ADMINISTRATIVE EXPENSES</b>          |   |                      |                      |
| Salaries, wages and benefits                            |   | 7,684,667            | 1,537,469            |
| Electricity, gas and water                              |   | 13,871               | -                    |
| Rent, rates and taxes                                   |   | 100,150              | 100,150              |
| Exhibition expense                                      |   | -                    | 1,000,000            |
| Entertainment   |   | 117,981              | 56,917               |
| Travelling expense                                      |   | 848,815              | 973,749              |
| Communication expense                                   |   | 67,484               | 16,500               |
| Office supplies expense                                 |   | 191,594              | 24,323               |
| Printing and posting                                    |   | 47,492               | -                    |
| Bank charges  |   | 2,744                | 3,487                |
| Legal charges   |   | 19,648,110           | 701,200              |
| Director fee  |   | 540,000              | 440,000              |
| Membership fees   |   | 738,162              | 830,302              |
| Depreciation  | 7   | 35,240               | 35,240               |
| Auditors' remuneration                                  | 17.1  | 350,000              | 359,000              |
| Miscellaneous expenses                                  |   | 48,585               | 54,935               |
|   |   | <u>30,434,895</u>    | <u>6,133,272</u>     |
| <b>17.1 Auditors' Remuneration</b>                      |   |                      |                      |
| Fee for :   |   |                      |                      |
| - Audit of annual financial statements                  |   | 250,000              | 250,000              |
| - Review of compliance with the Public Sector Companies |   | 75,000               | 75,000               |
| - Out of pocket expenses                                |   | 25,000               | 34,000               |
|   |   | <u>350,000</u>       | <u>359,000</u>       |

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| 18. OTHER OPERATING EXPENSES | Note | 2018               | 2017              |
|------------------------------|------|--------------------|-------------------|
|                              |      | ----- Rupees ----- |                   |
| Exchange loss                |      | -                  | 349,780           |
| Loss on sale of investments  |      | -                  | 799,944           |
|                              |      | <u>-</u>           | <u>1,149,724</u>  |
| <b>19. TAXATION</b>          |      |                    |                   |
| Current year                 |      | -                  | 29,734,912        |
| Prior years                  | 13   | (4,067,337)        | -                 |
| Deferred tax                 |      | 11,173,547         | (12,666,651)      |
|                              |      | <u>7,106,210</u>   | <u>17,068,261</u> |

**20. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES**

|                   | Chief Executive    |               | Directors      |                | Executives       |                |
|-------------------|--------------------|---------------|----------------|----------------|------------------|----------------|
|                   | 2018               | 2017          | 2018           | 2017           | 2018             | 2017           |
|                   | ----- Rupees ----- |               |                |                |                  |                |
| Basic salary      | 5,234,667          | -             | -              | -              | 1,500,000        | 957,252        |
| Honorarium        | 80,000             | 80,000        | 460,000        | 360,000        | -                | -              |
|                   | <u>5,314,667</u>   | <u>80,000</u> | <u>460,000</u> | <u>360,000</u> | <u>1,500,000</u> | <u>957,252</u> |
| Number of persons | 1                  | -             | 6              | -              | 1                | 1              |

**21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

**21.1 Risk management policies**

The Company's objective in managing risks is the creation and protection of share holders' value. Risk is inherent in the Company's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Company's continuing profitability. The Company is exposed to credit risk, liquidity risk and market risk which includes interest rate risk arising from the financial instruments it holds.

The Company finances its operations through equity and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk.

**21.2 Credit risk**

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties fail to perform as contracted and arises principally from trade and other receivables. The Company's policy is to enter into financial contracts with reputable counter parties in accordance with the internal guidelines and regulator requirements.

**Exposure to credit risk**

The carrying amounts of the financial assets represent the maximum credit exposures before any credit enhancements. The carrying amounts of financial assets exposed to credit risk at reporting date are as under:

|                        | 2018                 | 2017                 |
|------------------------|----------------------|----------------------|
|                        | ----- Rupees -----   |                      |
| Long term loan         | 885,664,000          | 714,000,000          |
| Due from related party | 174,435              | 174,435              |
| Cash and bank balances | 3,033,497,719        | 1,711,041,705        |
|                        | <u>3,919,336,154</u> | <u>2,425,216,140</u> |

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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       |

### 21.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements, if any:

|                               | June 30, 2018      |                        |                    |                        |                 |
|-------------------------------|--------------------|------------------------|--------------------|------------------------|-----------------|
|                               | Carrying amount    | Contractual cash flows | Upto one year      | From one to five years | Over five years |
|                               | ----- Rupees ----- |                        |                    |                        |                 |
| Due to concessions - net      | 418,900,797        | 418,900,797            | 418,900,797        | -                      | -               |
| Accrued and other liabilities | 5,943,667          | 5,943,667              | 5,943,667          | -                      | -               |
|                               | <b>424,844,464</b> | <b>424,844,464</b>     | <b>424,844,464</b> | -                      | -               |

|                               | June 30, 2017      |                        |                    |                        |                 |
|-------------------------------|--------------------|------------------------|--------------------|------------------------|-----------------|
|                               | Carrying amount    | Contractual cash flows | Upto one year      | From one to five years | Over five years |
|                               | ----- Rupees ----- |                        |                    |                        |                 |
| Due to concessions - net      | 299,720,446        | 299,720,446            | 299,720,446        | -                      | -               |
| Accrued and other liabilities | 421,000            | 421,000                | 421,000            | -                      | -               |
|                               | <b>300,141,446</b> | <b>300,141,446</b>     | <b>300,141,446</b> | -                      | -               |

### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from long term loans and short term borrowings. At the balance sheet date the Company has no exposure in long term and short term borrowing.

## 22. FAIR VALUE OF FINANCIAL INSTRUMENT

The Management is of the view that the fair market value of most of the remaining financial assets and financial liabilities are not significantly different from their carrying amounts.

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level - 1 Fair value measurements using quoted (unadjusted) in active markets for identical asset or liability.
- Level - 2 Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level - 3 Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

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23. FINANCIAL ASSETS AND LIABILITIES

|  | Markup bearing            |                            | Non-Markup bearing        |                            | As at June 30,<br>2018 |
|--|---------------------------|----------------------------|---------------------------|----------------------------|------------------------|
|  | Maturity upto<br>one year | Maturity after<br>one year | Maturity upto<br>one year | Maturity after<br>one year |                        |

Rupees

|                         |   |   |                      |                      |                      |
|-------------------------|---|---|----------------------|----------------------|----------------------|
| <b>Financial Assets</b> |   |   |                      |                      |                      |
| Long term investment    | - | - | 885,664,000          | 885,664,000          | 885,664,000          |
| Long term loan          | - | - | 691,000,000          | 691,000,000          | 691,000,000          |
| Due from related party  | - | - | 174,435              | 174,435              | 174,435              |
| Cash and bank balances  | - | - | 3,033,497,719        | 3,033,497,719        | 3,033,497,719        |
|                         | - | - | <b>3,033,672,154</b> | <b>1,576,664,000</b> | <b>4,610,336,154</b> |

**Financial liabilities**  
Accrued and other liabilities  
Due to concessions

|  |   |   |                    |             |                    |
|--|---|---|--------------------|-------------|--------------------|
|  |   |   |                    |             |                    |
|  | - | - | 5,943,667          | 5,943,667   | 5,943,667          |
|  | - | - | 418,900,797        | 418,900,797 | 418,900,797        |
|  | - | - | <b>424,844,464</b> | <b>-</b>    | <b>424,844,464</b> |

|  | Markup bearing            |                            | Non-Markup bearing        |                            | As at June 30,<br>2017 |
|--|---------------------------|----------------------------|---------------------------|----------------------------|------------------------|
|  | Maturity upto<br>one year | Maturity after<br>one year | Maturity upto<br>one year | Maturity after<br>one year |                        |

Rupees

|                         |   |   |                      |                      |                      |
|-------------------------|---|---|----------------------|----------------------|----------------------|
| <b>Financial Assets</b> |   |   |                      |                      |                      |
| Long term investment    | - | - | 714,000,000          | 714,000,000          | 714,000,000          |
| Long term loan          | - | - | 691,000,000          | 691,000,000          | 691,000,000          |
| Due from related party  | - | - | 174,435              | 174,435              | 174,435              |
| Cash and bank balances  | - | - | 1,711,047,875        | 1,711,047,875        | 1,711,047,875        |
|                         | - | - | <b>1,711,222,310</b> | <b>1,405,000,000</b> | <b>3,116,222,310</b> |

**Financial liabilities**  
Accrued and other liabilities  
Due to concessions

|  |   |   |                    |             |                    |
|--|---|---|--------------------|-------------|--------------------|
|  |   |   |                    |             |                    |
|  | - | - | 421,000            | 421,000     | 421,000            |
|  | - | - | 299,720,446        | 299,720,446 | 299,720,446        |
|  | - | - | <b>300,141,446</b> | <b>-</b>    | <b>300,141,446</b> |

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24. **CONTINGENCIES AND COMMITMENTS**

As at June 30, 2018 there are no contingencies and commitments involving the Company.

25. **RELATED PARTY TRANSACTIONS**

The related parties and associated undertakings comprise of key management personnel. Transactions with related parties, other than remuneration benefits to key management personnel under the terms of their employment which are shown under the relevant notes are as follows:

| <u>Name &amp; relationship with the company</u> | <u>Nature of transactions</u> | <u>2018</u>               | <u>2017</u>    |
|---|-------------------------------|---------------------------|----------------|
|   |                               | <u>----- Rupees -----</u> | <u>-----</u>   |
| Board of Directors                              | Directors meeting fee         | <u>540,000</u>            | <u>440,000</u> |

26. **NUMBER OF EMPLOYEES**

Number of employees of the company as at balance sheet date is 1 (2017: 1).

Average number of employees of the company at the balance sheet date is 1 (2017: 1).

27. **DATE OF AUTHORIZATION FOR ISSUE**

These financial statements were authorized for issue on \_\_\_\_\_ by the Board of Directors of the Company.

28. **CORRESPONDING FIGURES**

Corresponding figures' have been re-classified, wherever necessary for the purposes of comparison.

29. **GENERAL**

Figures have been rounded off to the nearest rupee.

by

  
\_\_\_\_\_  
Chief Executive Officer

  
\_\_\_\_\_  
Director