PAKISTAN LNG LIMITED

FINANCIAL STATEMENTS
FOR THE PERIOD FROM DECEMBER 11, 2015
TO June 30, 2016

Deloitte.

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AUDITOR'S REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Pakistan LNG Limited** (the "Company") as at June 30, 2016 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof (here-in-after referred to as "financial statements"), for the period from December 11, 2015 to June 30, 2016 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 purpose of our audit.

It is the responsibility of 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 Ordinance, 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 financial statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes assessing the accounting policies and significant estimates made by the management, as well as, evaluating the overall presentation of financial 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 accounts have been kept by the Company as required by the Companies Ordinance,1984;

b. in our opinion :

   i. the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with the accounting policies consistently applied;
   ii. the expenditure incurred during the period was for the purpose of the Company's business; and
   iii. the business conducted, investments made and the expenditure incurred during the period were in accordance with the objects of the Company.

c. in our opinion and to the best of our information and according to the explanation given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with notes forming part thereof, conform with approved accounting standards as applicable in Pakistan, and give the information required by Companies Ordinance, 1984, in the manner so required and respectively give true and fair view of the state of the Company's affairs as at June 30, 2016 and of the loss, total comprehensive income, its cash flows and changes in equity for the period ended from December 11, 2015 to June 30, 2016; and

d. in our opinion no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Deloitte Yousuf Adil
Chartered Accountants

Engagement Partner:
Shahzad Ali

Date: May 17, 2017
Islamabad

PAKISTAN LNG LIMITED
BALANCE SHEET
AS AT JUNE 30, 2016

	Notes	2016 (Rupees)
ASSETS		
Current Assets		
Accrued interest		175,614
Cash and bank balance	6	15,000,030
Total Assets		15,175,644
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorized share capital (100,000,000 ordinary shares of Rs. 10 each)		1,000,000,000
Issued, subscribed and paid-up capital	7	15,000,030
Accumulated losses		(10,026,367)
Total Equity		4,973,663
CURRENT LIABILITIES		
Payables	8	10,201,981
Total Equity and Liabilities		15,175,644
CONTINGENCIES AND COMMITMENTS	9	

The annexed notes 1 to 17 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

PAKISTAN LNG LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE PERIOD FROM DECEMBER 11, 2015 TO JUNE 30, 2016

	Note	From Dec 11, 2015 to Jun 30, 2016 (Rupees)
Administrative expenses	10	(10,201,981)
Other income		175,614
Loss before tax		(10,026,367)
Taxation		-
Loss after tax		(10,026,367)

The annexed notes 1 to 17 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

PAKISTAN LNG LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD FROM DECEMBER 11, 2015 TO JUNE 30, 2016

	From Dec 11, 2015 to Jun 30, 2016 (Rupees)
Loss after tax	(10,026,367)
Other comprehensive income - net of taxation	-
Total comprehensive income	(10,026,367)

The annexed notes 1 to 17 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

PAKISTAN LNG LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD FROM DECEMBER 11, 2015 TO JUNE 30, 2016.

	Share Capital	Share Deposit Money	Accumulated Losses	Total
	......Rupees......			
Transactions with owners				
Issue of Share Capital	15,000,030	-	-	15,000,030
Total comprehensive income for the period				
Loss for the period ended June 30, 2016	-	-	(10,026,367)	(10,026,367)
Other comprehensive income	-	-	-	-
Total comprehensive income for the period			(10,026,367)	(10,026,367)
Balance as at June 30, 2016	15,000,030	-	(10,026,367)	4,973,663

The annexed notes 1 to 17 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

PAKISTAN LNG LIMITED
CASH FLOW STATEMENT
FOR THE PERIOD FROM DECEMBER 11, 2015 TO JUNE 30, 2016

	Note	From Dec 11, 2015 to Jun 30, 2016 (Rupees)
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period		(10,026,367)
Adjustment for non-cash items		-
Working Capital Changes		
Increase in current liabilities		10,201,981
Increase in current assets		(175,614)
Net cash flow from operating activities		-
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net cash flows from investing activities		-
CASH FLOWS FROM FINANCING ACTIVITIES:		
Cash against issuance of share capital		15,000,030
Net cash flow from financing activities		15,000,030
Net increase in cash and cash equivalent		15,000,030
Cash and cash equivalents at the beginning of the period		-
Cash and cash equivalents at the end of the period	6	15,000,030

The annexed notes 1 to 17 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

1. THE COMPANY AND ITS OPERATIONS

Pakistan LNG Limited (the Company) was incorporated in Pakistan as a public limited company on December 11, 2015 under the Companies Ordinance, 1984. The principle activity of the Company is to import, re-gasify, transport, market and distribute Liquefied Natural Gas (LNG). The Company's registered office is located at 3rd floor, Block A, Pak Secretariat, Islamabad, Pakistan.

The Company is wholly owned by Government Holdings (Private) Limited (the Parent Company).

These are the first financial statements of the Company and cover a period from the date of incorporation until June 30, 2016, hence comparatives are not applicable.

2. BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with approved Accounting Standards as applicable in Pakistan and the requirements of Companies Ordinance, 1984. Approved Accounting Standards comprise such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the provisions of the Companies Ordinance, 1984. Wherever, the requirements of the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan (SECP) differ with the requirements of these standards, the requirements of the Companies Ordinance, 1984 or the requirements of the said directives take precedence.

2.2 BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention, except financial instruments which are stated at fair value. The methods used to measure fair values are discussed further in their respective policy notes.

2.3 FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are presented in Pakistan Rupee (PKR) which is the Company's functional currency.

3. USE OF ACCOUNTING ESTIMATES AND JUDGEMENTS

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 judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future period affected.

Significant estimates used by the management in preparation of these financial statements are disclosed in notes 4.1, 4.3,4.5,4.6,4.7 and 4.8

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

4.1 TRADE DEBTS AND OTHER RECEIVABLES

Trade debts and other receivables are initially recognized at fair value which is the invoice value. After initial recognition these are measured at amortized cost using the effective interest method, less provision for impairment (if any). Any change in their value is recognized in profit and loss. Trade and other receivables are assessed on regular basis for impairment.

4.2 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprises of cash balances and bank deposits. Cash equivalents are short term highly liquid investments, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

4.3 TRADE AND OTHER PAYABLES

Liabilities for trade and other amounts payables are carried at cost which is the fair value considered to be paid in the future for goods and services received, whether or not billed to the Company. Subsequent to initial recognition trade and other payables are measured at amortized cost using the effective interest

4.4 PROVISIONS AND CONTINGENT LIABILITIES

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

4.5 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions and include holding company, associated companies with or without common directors, directors and major shareholders and their close family members, key management personnel. All transactions with related parties are made at agreed terms.

4.6 FINANCIAL INSTRUMENTS

All financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument and are measured initially at fair value adjusted by transaction cost.

Financial assets are derecognized at the time when the Company loses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognized at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gains or losses on derecognition of financial assets and financial liabilities are taken to statement of comprehensive income currently.

A financial asset and a financial liability is 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.

4.7 TAXATION

4.7.1 CURRENT

Provision for current taxation is based on taxable income at current tax rates after taking into account applicable tax rebates and credits, if any.

4.7.2 DEFERRED

Deferred income tax is accounted for using the balance sheet liability method in respect of all significant temporary differences between the carrying value of assets and liabilities for financial reporting purposes and the corresponding tax bases of such assets and liabilities. Deferred income tax assets are recognized only to the extent it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the date of the statement of financial position.

Deferred tax assets and liabilities are only offset if they relate to income taxes levied by the same taxation authority and the entity has a legally enforceable right to set off current tax assets against current tax liabilities.

Deferred tax asset amounting to Rs. 356,901 on account of deductible temporary differences has not been recognized as at June 30, 2016 as recognition criteria prescribed by IAS 12 " Income Taxes" is not met.

4.8 FOREIGN CURRENCY TRANSACTIONS

Foreign currency transactions during the year are recorded at the exchange rate ruling on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange ruling at the date of the statement of financial position. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Exchange differences are taken to the profit and

4.9 DIVIDENDS

Dividend distribution and appropriation of reserves are recognized in the financial statements in the period in which these are approved

5. NEW ACCOUNTING STANDARDS / AMENDMENTS AND IFRS INTERPRETATIONS THAT ARE NOT YET EFFECTIVE

The following standards, amendments and interpretations are effective for the year ended June 30, 2016. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

	Effective from accounting period beginning on or after
IFRS 10 – Consolidated Financial Statements	January 01, 2015
IFRS 11 – Joint Arrangements	January 01, 2015
IFRS 12 – Disclosure of Interests in Other Entities	January 01, 2015

IFRS 13 – Fair Value Measurement	January 01, 2015
IAS 27 (Revised 2011) – Separate Financial Statements	January 01, 2015
IAS 28 (Revised 2011) – Investments in Associates and Joint Ventures	January 01, 2015

Certain annual improvements have also been made to a number of IFRSs.

New accounting standards / amendments and IFRS interpretations that are not yet effective

Following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

	Effective from accounting period beginning on or after
Amendments to IFRS 2 'Share-based Payment' - Clarification on the classification and measurement of share-based payment transactions	January 01, 2018
Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' - Sale or contribution of assets between an investor and its associate or joint venture	Effective date is deferred indefinitely. Earlier adoption is permitted
Amendments to IFRS 10 'Consolidated Financial Statements', IFRS 12 'Disclosure of Interests in Other Entities' and IAS 28 'Investments in Associates and Joint Ventures' - Investment Entities: Applying the consolidation exception	January 01, 2016
Amendments to IFRS 11 'Joint Arrangements' - Accounting for acquisitions of interests in joint operations	January 01, 2016
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure initiative	January 01, 2016
Amendments to IAS 7 'Statement of Cash Flows' - Amendments as a result of the disclosure initiative	January 01, 2017

	Effective from accounting period beginning on or after
Amendments to IAS 12 'Income Taxes' - Recognition of deferred tax assets for unrealized losses	January 01, 2017
Amendments to IAS 16 'Property Plant and Equipment' and IAS 38 'Intangible Assets' - Clarification of acceptable methods of depreciation and amortization	January 01, 2016
Amendments to IAS 16 'Property Plant and Equipment' and IAS 41 'Agriculture' - Measurement of bearer plants	January 01, 2016
Amendments to IAS 27 'Separate Financial Statements' - Equity method in separate financial statements	January 01, 2016

Certain annual improvements have also been made to a number of IFRSs.

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 9 – Financial Instruments
- IFRS 16 – Leases

		Notes	June 30, 2016 Rupees
6.	**CASH AND BANK BALANCE**		
	Cash at Bank - Saving account	6.1	15,000,030
			15,000,030

6.1 These are in local currency and carry profit at the rate ranging from 3.7% to 4% per annum.

		Notes	Rupees
7.	**ISSUED, SUBSCRIBED AND PAID-UP CAPITAL**		
	Authorized capital:		
	100,000,000 ordinary shares of Rs. 10/- each		**1,000,000,000**
	Issued, subscribed and paid up capital:		
	1,500,003 ordinary shares of Rs. 10/- each	7.1	**15,000,030**

7.1 Parent Company (Government Holdings (Private) Limited) holds 100% of the issued, subscribed and paid-up capital.

		Notes	June 30, 2016 Rupees
8.	**Payable to Related Parties:**		
	Payable to Government Holdings (Private) Limited		8,047,475
	Payable to Inter State Gas Systems (Private) Limited		17,006
	Payable to Creditors:		
	Accounts Payable		2,137,500
			10,201,981

9. CONTINGENCIES AND COMMITMENTS

There were no significant contingencies and commitments as at balance sheet date.

10.	ADMINISTRATIVE EXPENSES	Notes	From Dec 11, 2015 to Jun 30, 2016 Rupees
	Fee and Subscription Charges	10.1	7,596,305
	Business Promotion		451,170
	Board Expenses		2,062,500
	Entertainment Expenses		17,006
	Auditors' Remuneration		75,000
			10,201,981

10.1 It represents payment to the Securities and Exchange Commission of Pakistan on account of Company's incorporation fees.

11. TRANSACTIONS WITH RELATED PARTIES

The Company is wholly owned subsidiary of Government Holdings (Private) Limited. Other related parties comprise associated company (Inter State Gas Systems (Private) Limited) and Pakistan LNG Terminals Limited, directors, companies with common directorship, key management personnel. Balances of related parties are disclosed in the relevant notes to these financial statements , please refer to note 7, note 8 and note 12 to these financial statements. Significant transactions with related parties are as follows :

	From Dec 11, 2015 to Jun 30, 2016 Rupees
Major shareholders	
Government Holdings (Private) Limited:	
Expenses incurred on behalf of Pakistan LNG Limited	8,047,475
	8,047,475

12. REMUNERATION OF EXECUTIVES

The aggregate amount charged in the financial statements for remuneration including certain benefits to Chief Executive (Managing Director) and Director is as follows:

	From Dec 11, 2015 to Jun 30, 2016	
	Chief Executive	**Directors**
	----------------Rupees--------------	
Meeting Fee	-	2,062,500
	-	2,062,500
Number of persons	1	7

13. FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks associated with its financial instruments:

Credit risk
Liquidity risk
Market risk

The senior management of the Company manages its capital to ensure that it will be able to continue as going concerns while maximizing the return to stakeholders. Further, senior management under the guidance of Board of Directors (the Board) ensures that the Company's financial risk-taking activities are governed through resolution passed by the Board and that financial risks are identified, measured and managed in accordance with the Company's policies and risk appetite.

The capital structure of the Company consists of equity (comprising issued capital, share deposit money and unappropriated loss as detailed in notes 8). The Company is not subject to any externally imposed capital requirements.

FINANCIAL INSTRUMENTS BY CATEGORIES

The Company's activities are exposed to a variety of financial risks namely credit risk, interest rate risk, foreign exchange risk and liquidity risk. Overall, risks arising from the Company's financial instruments are limited. The Company manages its exposure to financial risk in the following manner:

Description	INTEREST / MARK UP BEARING			NON INTEREST / MARK-UP BEARING			
	Maturity up to one year	Maturity after one year	Sub Total	Maturity up to one year	Maturity after one year	Sub Total	Total
	---Rupees---						
FINANCIAL ASSETS							
Loans and Receivables							
Accrued Interest	175,614	-	175,614	-	-	-	175,614
Bank balances	15,000,030	-	15,000,030	-	-	-	15,000,030
	15,175,644	-	15,175,644	-	-	-	15,175,644
FINANCIAL LIABILITIES							
Financial Liabilities Measured at Amortized Cost							
Trade and other payables	-	-	-	10,201,981	-	10,201,981	10,201,981
	-	-	-	10,201,981	-	10,201,981	10,201,981

13.1 Credit Risk

Credit risk represents that risk that one party to a financial instruments will cause a financial loss for the another party by failing to discharge an obligation. The carrying amount of financial assets represent the maximum credit exposure.

The maximum exposure to credit risk at the reporting date was as follow:

	June 30, 2016 Rupees
Bank balances	15,000,030
Accrued interest	175,614
	15,175,644

The Company's credit risk is primarily attributes to its short term investments and balances at banks. The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings. The name and Credit Ratings of major banks where the company maintains its bank balances are as follows:

Name of Bank	Rating	Credit Rating	
		Short Term	Long Term
National Bank of Pakistan	JCR - VIS	A-1+	AAA

13.2 Market Risk:

13.2.1 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 the changes in market interest rates. As the company has fixed interest bearing assets, the Company's income and operating cash flows are substantially independent of market interest rates.

13.2.2 Foreign Exchange Risk

Foreign exchange risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currency.

At balance sheet date, Company is not exposed to any foreign exchange risk.

13.3 Liquidity Risk

Liquidity risk is the risk that an enterprise will encounter difficulties in raising funds to meet commitments associated with financial instruments. Prudent liquidity risk management implies maintaining sufficient cash and bank balances and availability of funding through an adequate amount of committed credit facilities.

Financial liabilities in accordance with their contractual maturities are presented below:

	Rupees		
	Carrying amount	Contractual cash flows	Less than 1 Year
Trade and other payables	10,201,981	10,201,981	10,201,981
	10,201,981	10,201,981	10,201,981

13.4 Fair value of financial Instruments

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. The Company has no financial instruments under the fair value hierarchy. As at balance sheet date, the carrying values of the financial assets and financial liabilities approximate their fair values.

14. NUMBER OF EMPLOYEES

At year end company had no employees. Human resource requirement of the Company were met by the associate companies.

15. SUBSEQUENT EVENTS

LNG Purchase Agreement

"Subsequent to the balance sheet date Pakistan LNG Limited (PLL) has awarded contracts to M/s. Gunvor and M/s ENI SPI (the Sellers) for purchase and import of LNG under following terms and conditions.

Parties name	Terms of the contract	Number of Cargoes	Price
M/s.Gunover	Five (05) years	60 (one cargo per month)	11.6247% of Brent
M/s. ENI SPI	Fifthen (15) years	180 (one cargo per month)	11.6247% of Brent for the first and second year. 11.9500% of Brent for the third and fourth year. 12.1400% of Brent for the fifth to fifteen year.

Under the contract terms for purchase of LNG, the PLL shall provide each Seller with credit support in the form of irrevocable Standby Letter of Credit (SBLC) for an amount equal to one hundred and five percent (105%) of the value of first Cargo. SBLC shall be arranged through Parent Company. Each Seller shall provide to the Company with SBLC equivalent to one hundred and five percent (105%) of the value of the two Cargoes. The one of the Seller (M/s Gunvor) has already provided to the Company with SBLC amounting to USD 44 million which is equivalent to one hundred and five percent (105%) of the value of the two Cargoes.

Re-gasification of LNG

The imported LNG will be re-gasified at LNG Terminal to be operated by Pakistan LNG Terminals Limited (PLTL), an associated company. PLTL has Operation and Service Agreement (OSA) with Pakistan Gas Port Consortium Limited (PGPCL) as Terminal Operator. PLL is in progress for formalization of Terminal Use Agreement (TUA) with PLTL for getting the re-gasification capacity of terminal.

LNG Sale Agreement

The Company is also in process for finalization of Gas Sales and Purchase Agreement with the Sui Northern Gas Pipelines Limited (SNGPL) (the Buyer) for sale of Re-gasified LNG (RLNG). The buyer shall provide Company, SBLC equivalent to 60 days sales. The sales price determination in this regard is subject to OGRA approval.

16. DATE OF AUTHORISATION OF ISSUE

These financial statements were authorized for issue by the Board of Directors on 17-05-2017

17. GENERAL

Figures have been rounded off to the nearest rupee unless otherwise stated.

CHIEF EXECUTIVE **DIRECTOR**