



**GOVERNMENT HOLDINGS
(PRIVATE) LIMITED**

**ANNUAL REPORT
2018-19**

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VISION STATEMENT

To be a leading Company in meeting the growing energy requirements for the country by increasing domestic production through conventional and non-conventional sources and marketing of cheaper energy alternatives while ensuring optimal value for all stakeholders.

MISSION STATEMENT

To maximize energy production with a sustainable growing return to the shareholders and recognizing our people as the most valuable resource.

CORE VALUES

Professional Competence
Creative and Proactive
Ethical Behaviour and Integrity
Authority with Responsibility
Accountability

CORPORATE INFORMATION

Board of Directors

Ms. Ayla Majid
(Chairperson Board,
Independent, Non-Executive Director)

Mian Asad Hayaud Din
(Non-Executive Director)

Dr. Kazim Niaz
(Non-Executive Director)

Dr. Tanveer Ahmad Qureshi
(Non-Executive Director)

Mr. Muhammad Anwer Shiekh
(Non-Executive Director)

Syed Tauqir Hussain
(Non-Executive Director)

Dr. Sajjad Ahmad
(Independent, Non-Executive Director)

Mr. Haseeb Shakoor Paracha
(Independent, Non-Executive Director)

** Board reconstituted w.e.f. 03 January 2020*

Mr. Zahid Nazeer Bhatti
(CEO / MD)

Chief Financial Officer / Company Secretary

Mr. Muhammad Arif

Auditors

Deloitte Yousuf Adil
Chartered Accountants

Registered Office

7th Floor, Petroleum House
Ataturk Avenue
G – 5/2, Islamabad

Registration Number

I - 02570

Contact Details

PABX: +92 (51) 9211236-7, 9213976,
9211239-240

Fax: +92 (51) 9213972

Web Site: www.ghpl.com.pk

Tax Advisors

M/S A.F. Fergusons & Co., Chartered
Accountants

Bankers

National Bank of Pakistan
United Bank Limited
Allied Bank Limited
MCB Bank Limited
Habib Bank Limited
Bank Al-Falah Limited

Legal Advisors

Rahman & Associates
Attorneys at law & Corporate Counsel

COMMITTEES OF THE BOARD

The Board has constituted five Committees to discharge its responsibilities in effective manner:

- (i) Board Audit Committee
- (ii) Board Finance, Procurement and Risk Management Committee
- (iii) Board Business Development & Strategy Committee
- (iv) Board Human Resource and Nomination Committee
- (v) Board Corporate Social Responsibility Committee

Board Audit Committee

Composition*

Mr. Haseeb Shakoor Paracha	Chairman
Dr. Tanveer Ahmad Qureshi	Member
Syed Tauqir Hussain	Member
Mr. Muhammad Anwer Sheikh	Member
Dr. Sajjad Ahmad	Member

Terms of Reference

The Terms of Reference of the Board Audit Committee include the following:

- Determination of appropriate measures to safeguard the company's assets;
- Review of quarterly, half-yearly and annual financial statements of the company, prior to their approval by the Board of Directors;
- Facilitating the external audit and discussion with external auditors on major observations.
- Ensuring coordination between the internal and external auditors of the company;
- Review of the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company;
- Consideration of major findings of internal investigations and management's response thereto;
- Ascertaining that the internal control system including financial and operational controls, accounting system and reporting structure are adequate and effective;
- Review of the company's statement on internal control system prior to endorsement by the Board of Directors;
- Instituting special projects, value for money studies or other investigations on any matter specified by the Board of Directors, in consultation with the Chief Executive and to consider remittance of any matter to the external auditors or to any other external body;
- Determination of compliance with relevant statutory requirements;
- Monitoring compliance with the best practices of corporate governance and identification of significant violations thereof;

- Recommending of approving the hiring or removal of the chief internal auditor;
- Overseeing whistle-blowing policy and protection mechanism and
- Consideration of any other issue or matter as may be assigned by the Board of Directors.
- Suggesting the appointment of external auditor to the Board, the audit fee and any question of resignation or dismissal.
- Considering the objective and scope of any non-financial audit or consultancy work to be undertaken by the external auditors and reviewing the remuneration of this work.
- Review Code of Conduct and related policies applicable to employees, officers, and director and other agents and associates of the Company at least annually and make recommendations to the Board as appropriate.
- Provide oversight as needed to ensure that the Compliance program effectively prevents and/or detects violations by Company employees, officers, directors and other agents and associates of the Company law, regulation, Company policy, special conditions imposed on the Company by any licensing authorities, and the Code of Conduct.
- The Whistle blowing unit will report to the Audit Committee.

Board Finance, Procurement and Risk Management Committee

Composition*

Mr. Muhammad Anwer Sheikh	Chairman
Ms. Ayla Majid	Member
Syed Tauqir Hussain	Member
Mr. Haseeb Shakoor Paracha	Member
Mr. Zahid Nazeer Bhatti	Member

Terms of Reference

The Terms of Reference of the Committee are given below:

- Reviewing corporate strategy, Operational Plans and Long-term Projections of the Company.
- Reviewing Proposals/Feasibility Studies prepared by the management of all major projects.
- Review the proposed annual Business Plan and Budget and endorsing the same for approval of Board of Directors.
- Identification and management of strategic business risks of the Company considering the general economic conditions of the country, competitive realities and scenarios and ensuring that risk management processes and cultures are embedded throughout the Company.
- Providing regular update to the Board of Directors on key risk management issues and its proposed mitigating factors.
- Considering investments and disinvestments of funds outside normal conduct of business and reviewing cash and fund management policies and procedures.

- Review and recommend Annual Procurement Plan of the Company and required budget.

Board Business Development & Strategy Committee

Composition*

Ms. Ayla Majid	Chairperson
Dr. Tanveer Ahmad Qureshi	Member
Mr. Muhammad Anwer Sheikh	Member
Dr. Sajjad Ahmad	Member
Mr. Zahid Nazeer Bhatti	Member

Terms of Reference

The Terms of Reference are given as under:

- Review corporate medium to long-term business development strategy
- Review proposals for medium to long term Strategic Business Plan.
- Review and advise on business opportunities in upstream sector such as Farm-in in Exploration Joint Ventures
- Review growth possibilities through new projects in oil and gas which includes inter-alia infrastructure development, LNG, downstream projects, refining etc.
- Review feasibility studies for special projects to assess possibilities for prospective business expansion and investment.
- Considering business opportunities as may be referred by the Board of Directors.

Board Human Resource and Nomination Committee

Composition*

Dr. Tanveer Ahmad Qureshi	Chairman
Ms. Ayla Majid	Member
Syed Tauqir Hussain	Member
Mr. Muhammad Anwer Sheikh	Member
Mr. Zahid Nazeer Bhatti	Member

Terms of Reference

The Terms of Reference of the Board HR & Nomination Committee include the following:

- A sound plan of organizing for the company.
- An effective employees' development program.

- Sound compensation and benefits plans, policies and practices designed to attract and retain the caliber of personnel needed to manage the business effectively.
- Evaluate and recommend for approval of changes in the organization, functions and relationship affecting management positions equivalent in importance to those on the management position schedule.
- Establish plans and procedures that provide an effective basis for management control over company manpower.
- Determine appropriate limits of authority and approval procedures for personnel matters requiring decisions at different levels of management.
- Review data of competitive compensation practices and review and evaluate policies and programs through which the company compensates its employees.
- Recommend for approval of salary ranges, salaries and other compensation for the CEO and Senior Management/Senior General Manager reporting to the CEO.
- Recommend annual increments and bonus to employees
- Identify, evaluate and recommend candidates for vacant positions including casual vacancies on the Board including candidates recommended by the Government for consideration of shareholders or in case of casual vacancy to the board of directors after examining their skills and characters that are needed in such candidates.

Board Corporate Social Responsibility Committee

Composition*

Mian Asad Hayaud Din	Chairman
Dr. Kazim Niaz	Member
Ms. Ayla Majid	Member
Dr. Sajjad Ahmad	Member
Mr. Haseeb Shakoor Paracha	Member
Mr. Zahid Nazeer Bhatti	Member

Terms of Reference

The Terms of Reference of the Board Corporate Social Responsibility Committee include the following:

- Areas of interest for CSR activities include Environment, Education, Health, Sports, Safety (risk management, disaster management), Work life balance, Governance (human rights, transparency, anti-corruption, business practices, stakeholder relations)
- GHPL shall encourage and support social development initiatives undertaken by the Non-Government Organizations (NGO's) and Community Based Organizations (CBO's) by providing them financial support

**Composition revised on January 03, 2020*

ATTENDANCE OF THE BOARD & COMMITTEE

MEETINGS

Financial Year 2018-19

Name of Director	Board of Directors		Board Audit Committee		Board Finance, Procurement & Risk Management Committee	
	Meetings	Attendance	Meetings	Attendance	Meetings	Attendance
Ms. Ayla Majid	17	14	1	1	-	-
Mian Asad Hayaud Din *	15	12	-	-	-	-
Mr. Mohammad Jalal Sikandar Sultan	2	2	-	-	-	-
Dr. Tanveer Ahmad Qureshi **	14	14	4	4	-	-
Syed Tauqir Hussain	17	13	5	3	2	2
Mr. Shahid Yousaf	17	16	5	4	2	2
Mr. Muhammad Anwer Shiekh	17	16	5	5	2	2
Mr. Hassan Nasir Jamy	2	2	-	-	-	-
Mr. Zahid Nazeer Bhatti	14	14	4	4	2	2
Mr. Mobin Saulat	2	2	1	1	-	-

Name of Director	Board Business Development & Strategy Committee		Board HR & Nomination Committee		Fee paid to the Directors
	Meetings	Attendance	Meetings	Attendance	(Rupees)
Ms. Ayla Majid	1	1	2	2	1,800,000
Mian Asad Hayaud Din *	-	-	-	-	1,200,000
Mr. Mohammad Jalal Sikandar Sultan	-	-	-	-	200,000
Dr. Tanveer Ahmad Qureshi **	1	1	2	2	2,100,000
Syed Tauqir Hussain	-	-	3	2	2,000,000
Mr. Shahid Yousaf	1	1	2	2	2,500,000
Mr. Muhammad Anwer Shiekh	1	1	1	1	2,500,000
Mr. Hassan Nasir Jamy	-	-	-	-	200,000
Mr. Zahid Nazeer Bhatti	1	1	2	2	-
Mr. Mobin Saulat	-	-	1	1	-

Note: No Meeting of the Board Corporate Social Responsibility Committee was held during the year 2018-19.

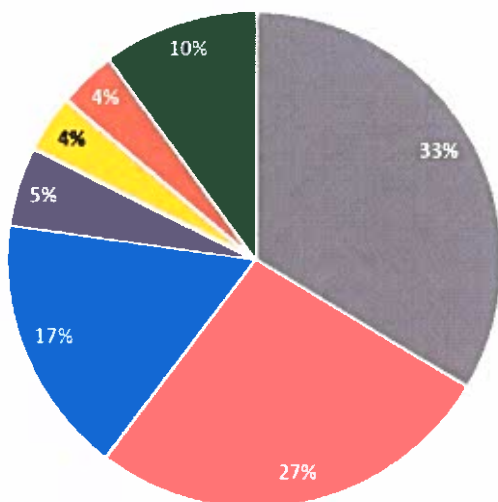
* Mian Asad Hayaud Din replaced Mr. Mohammad Jalal Sikandar Sultan on 19 September 2018.

** Dr. Tanveer Ahmad Qureshi replaced Mr. Hassan Nasir Jamy on 15 October 2018.

EXECUTIVE SUMMARY

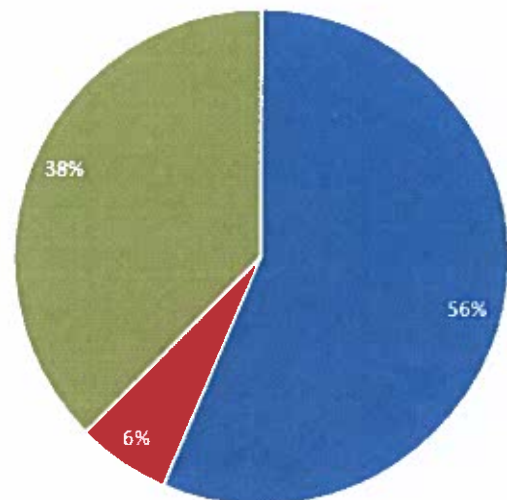
- Company's revenue increased by 25% from Rs. 61.9 billion to Rs. 77.6 billion due to increase in international oil prices, favourable exchange rate and increased LPG production.
- The Gross Profit increased from Rs. 42.9 billion in 2017-18 to Rs. 59.6 billion mainly on account of increase in revenue.
- The Net Profit after tax increased by 25% from Rs. 27.5 Billion to Rs. 34.6 Billion.
- The Earnings per share (EPS) improved from Rs. 13.6 to Rs. 16.8.
- Production during the year under review averaged at 257 MMscfd (2017-18: 262 MMscfd) of gas, 9,094 bpd (2017-18: 9,384 bpd) of oil, and 197 MT (2017-18: 163 MT) of LPG per day.
- Eight new discoveries added 29.6 BCF of Gas to the Company's reserve base.

Field-wise Sales Revenue 2018-19



■ MKK ■ Tal ■ Nashpa ■ Gambat South ■ Sinjoro ■ TAY ■ Others

Product-wise Sales Revenue 2018-19



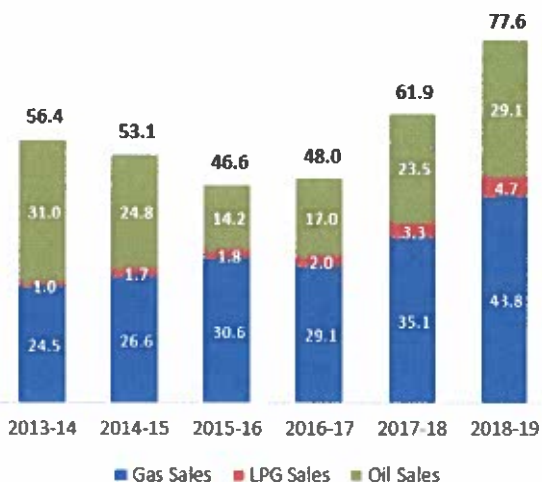
■ Gas ■ LPG ■ Oil

SIX YEARS PERFORMANCE

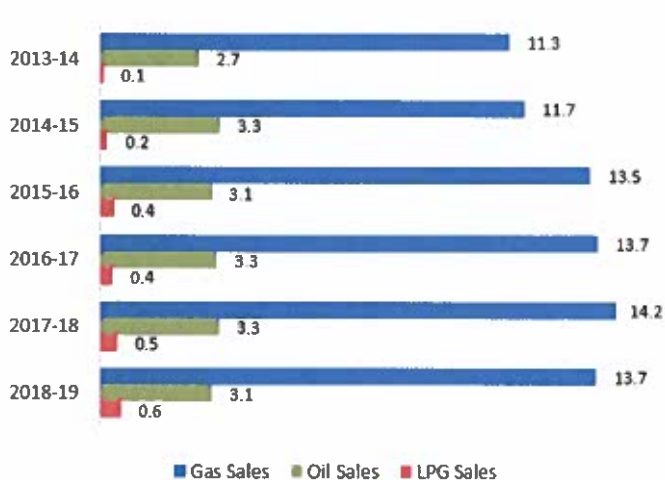
		2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Financial Results							
Sales - Gross	Rs. Billion	61.5	58.8	53.0	54.3	69.5	86.8
Sales - Net	Rs. Billion	56.4	53.1	46.6	48.0	61.9	77.6
Gross Profit	Rs. Billion	41.9	35.4	28.2	30.3	42.9	59.6
Other Income	Rs. Billion	2.1	3.2	2.4	3.6	2.3	3.2
Profit before Taxation	Rs. Billion	38.0	37.9	29.2	32.2	42.1	54.4
Profit after Taxation	Rs. Billion	25.8	24.3	18.1	20.3	27.5	34.6
Financial Position							
Share Capital & Reserves	Rs. Billion	61.3	77.0	80.1	80.4	102.9	133.1
Long term liability	Rs. Billion	2.1	3.9	3.9	3.9	3.6	4.1
Deferred taxation	Rs. Billion	6.0	5.6	5.9	7.2	7.4	8.3
Provision for decommissioning cost	Rs. Billion	4.4	5.2	5.4	5.1	6.1	7.1
Current Liabilities	Rs. Billion	6.3	13.1	5.4	22.0	11.1	15.3
Total Equity & Liabilities	Rs. Billion	80.1	104.9	100.8	118.6	131.7	168.0
Fixed Assets	Rs. Billion	36.0	42.9	47.0	47.7	48.8	51.9
Long term investment & Loan	Rs. Billion	2.3	2.4	2.8	3.1	4.8	7.4
Trade Receivables	Rs. Billion	17.2	20.3	33.2	28.8	53.4	79.2
Cash & Cash Equivalent	Rs. Billion	21.9	35.6	14.6	35.5	15.3	22.0
Other Current Assets	Rs. Billion	2.7	3.6	3.2	3.5	9.2	7.6
Total Assets	Rs. Billion	80.1	104.9	100.8	118.6	131.7	168.0
Key Indicators							
Profitability							
Gross Profit Margin	%	74%	67%	60%	63%	69%	77%
Net Profit Margin	%	46%	46%	39%	42%	44%	45%
Return on equity	%	46%	35%	23%	25%	30%	29%
Return on capital employed	%	56%	46%	31%	34%	39%	40%
Operating Performance/ Liquidity							
Total assets turnover	Times	0.78	0.57	0.45	0.44	0.49	0.52
Fixed assets turnover	Times	1.72	1.35	1.04	1.01	1.28	1.54
Debtor turnover	Times	3.04	2.84	1.74	1.55	1.51	1.17
Debtor turnover	Days	120	129	210	236	242	312
Current ratio	Times	6.62	4.53	9.37	3.08	7.02	7.13
Cash to Current Liabilities	Times	3.47	2.71	2.68	1.61	1.38	1.44
Investment							
Cash Dividend	Rs. Billion	14.5	8.5	15.0	20.0	5.0	5.0
Earnings per Share	Rupees	12.7	12.0	8.9	10.0	13.6	16.8
Dividend per share	Rupees	580	340	600	800	2.5	2.4
Dividend Payout Ratio	%	56%	35%	83%	98%	18%	14%
Contribution to National Exchequer							
Total Contribution	Rs. Billion	37.8	32.7	38.1	41.5	31.8	40.3

Six years Performance (at a glance)

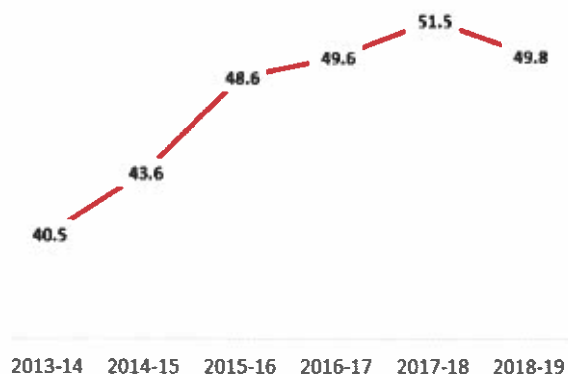
Net Sales (Rs. in billion)



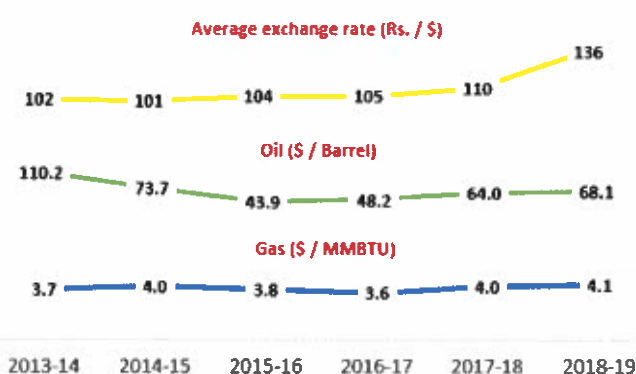
Sales Volume (BoEs in million)



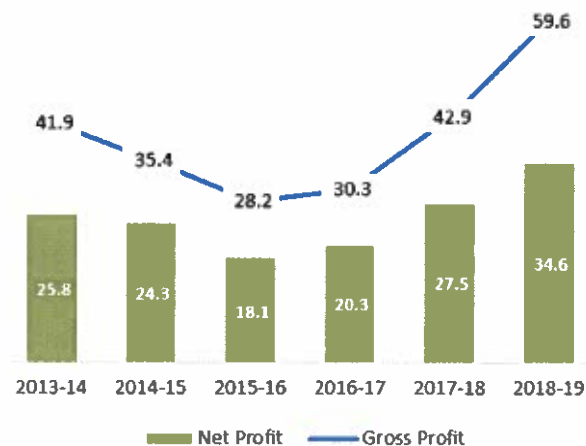
Sales per day (BoEs in 000')



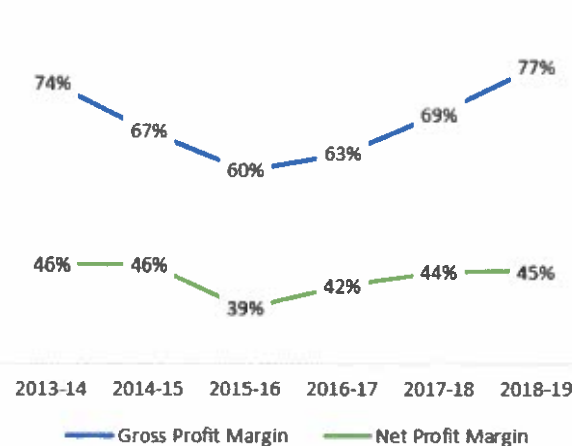
Average Realized Exchange Rate & Prices



Gross Profit & Net Profit (Rupees in billion)

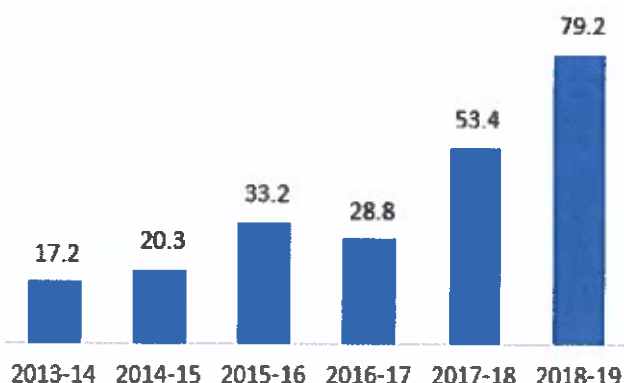


Gross Profit Margin & Net Profit Margin (%)

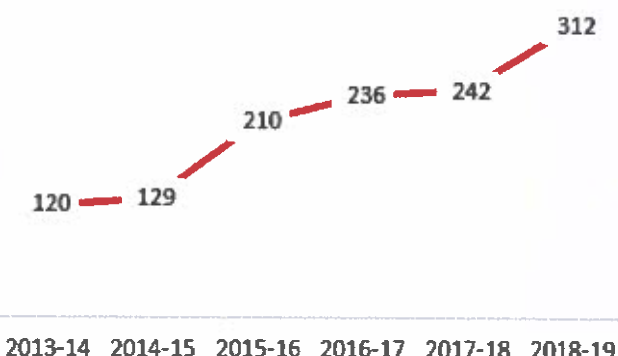


Six years Performance (at a glance)

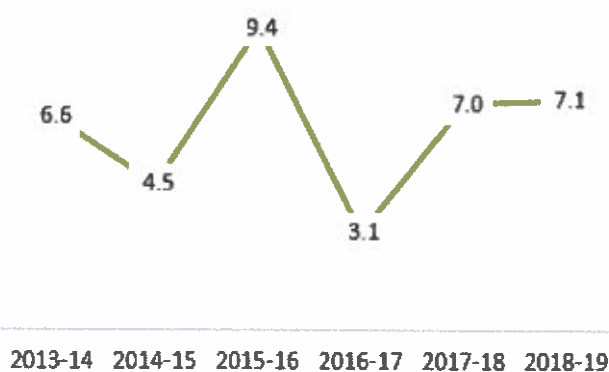
Trade Receivables (Rs. in Billion)



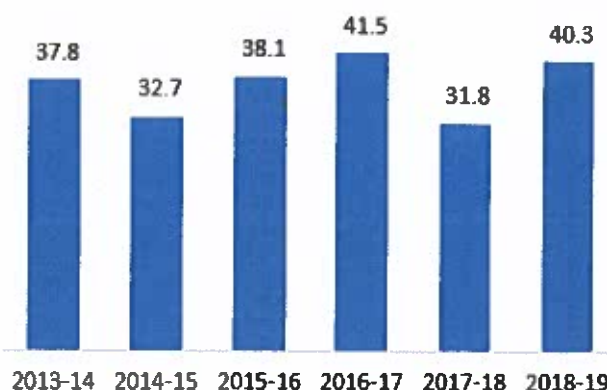
Debtors Turnover (in days)



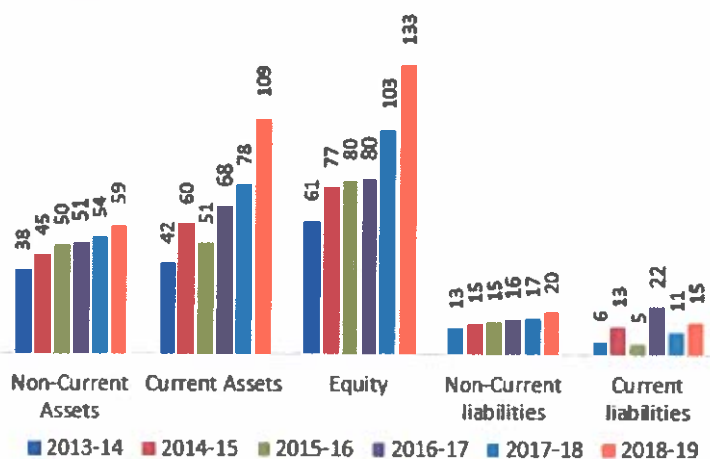
Current Ratio



Contribution to National Exchequer (Rs. in Billion)



Total Assets, Equity and Liabilities (Rs. in Billion)



- The Company achieved its highest ever Revenue and Gross / Net Profit level during 2018-19.
- The Company's revenue has fluctuated over the years owing to changes in international oil prices, production level and USD/Rs. exchange rates. Total revenue increased by 37% over the last six years.
- Over the years, the Company's trade receivables have increased due to the circular debt issue faced by all public sector companies in E& P Sector.
- During 2018-19, the trade receivables reached the highest level of Rs. 79.2 billion in the Company's history, mainly due to low recoveries from SNGPCL and SSGCL.
- The Company is a significant contributor to the National Exchequer.
- Despite mounting receivables and liquidity constraints, the Company successfully met all its operating, regulatory & statutory financial obligations.

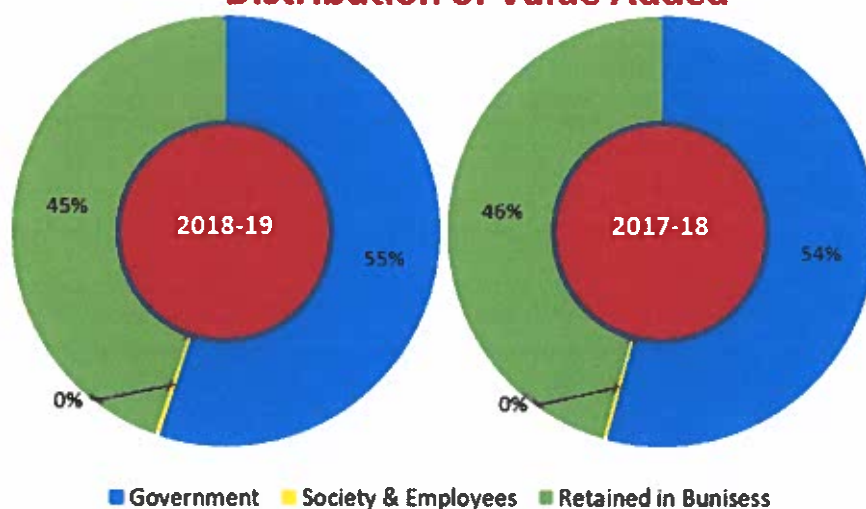
VERTICAL & HORIZONTAL ANALYSIS

	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Vertical Analysis						
Profit & Loss Account						
Sales - Net	100%	100%	100%	100%	100%	100%
Cost of Sales	-26%	-33%	-40%	-37%	-31%	-23%
Gross Profit	74%	67%	60%	63%	69%	77%
Other Income	4%	6%	5%	7%	4%	4%
Expl. & Prospecting Expenditure	-2%	0%	-1%	-2%	-2%	-1%
General & Admin expenses	0%	0%	0%	-1%	0%	0%
Other expenses	-8%	-1%	-1%	0%	-3%	-10%
Profit before Taxation	67%	71%	63%	67%	68%	70%
Taxation	-22%	-26%	-24%	-25%	-24%	-26%
Profit after Taxation	46%	46%	39%	42%	44%	45%
Balance Sheet						
Share Capital & Reserves	76%	73%	79%	68%	78%	79%
Non-Current Liabilities	16%	14%	15%	14%	13%	12%
Current Liabilities	8%	13%	5%	19%	8%	9%
Total Equity & Liabilities	100%	100%	100%	100%	100%	100%
Non-Current Assets	48%	43%	49%	43%	41%	35%
Current Assets	52%	57%	51%	57%	59%	65%
Total Assets	100%	100%	100%	100%	100%	100%
Horizontal Analysis (base year: 2013-14)						
Profit & Loss Account						
Sales - Net	100%	94%	83%	85%	110%	137%
Cost of Sales	100%	122%	127%	122%	131%	124%
Gross Profit	100%	84%	67%	72%	102%	142%
Other Income	100%	156%	115%	174%	113%	158%
Expl. & Prospecting Expenditure	100%	7%	50%	89%	89%	44%
General & Admin expenses	100%	121%	119%	190%	162%	219%
Other expenses	100%	9%	11%	5%	39%	163%
Profit before Taxation	100%	100%	77%	85%	111%	143%
Taxation	100%	112%	91%	97%	119%	163%
Profit after Taxation	100%	94%	70%	79%	107%	134%
Balance Sheet						
Share Capital & Reserves	100%	126%	131%	131%	169%	217%
Non-Current Liabilities	100%	117%	122%	129%	137%	156%
Current Liabilities	100%	208%	86%	349%	176%	242%
Total Equity & Liabilities	100%	131%	126%	148%	164%	210%
Non-Current Assets	100%	118%	130%	133%	140%	154%
Current Assets	100%	143%	122%	162%	187%	260%
Total Assets	100%	131%	126%	148%	164%	210%

STATEMENT OF VALUE ADDITION

	2018-19		2017-18	
	Rs. Billion	%	Rs. Billion	%
Gross Revenue	86.8	115%	69.5	111%
Less: Operating, G&A and Exploration Expenses	(6.8)	-9%	(7.5)	-12%
	80.0	106%	61.9	99%
Add: Income from Financial Assets	3.2	4%	2.2	3%
Income from Non-Financial Assets	0.0	0%	0.2	0%
Less: Other Expenses	(7.5)	-10%	(1.8)	-3%
Total Value Added	75.7	100%	62.5	100%
DISTRIBUTED AS FOLLOWS:				
Employees Remuneration and Benefits	0.3	0%	0.2	0%
Government as:				
Income Tax	19.0	25%	14.3	23%
Sales Tax, Excise Duty & Other levies	9.4	12%	7.6	12%
Royalty	8.3	11%	6.8	11%
Dividends	5.0	7%	5.0	8%
	41.7	55%	33.8	54%
To Society	0.0	0%	0.0	0%
Retained in Business:				
Depreciation	2.2	3%	2.8	4%
Amortization	1.6	2%	2.1	3%
Impairment	(0.5)	-1%	0.8	1%
Deferred Taxation	0.8	1%	0.2	0%
Net Earnings	29.6	39%	22.5	36%
	33.8	45%	28.5	46%
	75.7	100%	62.5	100%

Distribution of Value Added





REVIEW REPORT TO THE MEMBERS ON THE
STATEMENT OF COMPLIANCE WITH THE
PUBLIC SECTOR COMPANIES (CORPORATE)
GOVERNANCE RULES, 2013

Government Holdings (Private) Limited
Statement of Compliance with Public sector Companies
(Corporate Governance) Rule, 2013
Review report for the year ended June 30, 2019

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 **Government Holdings (Private) Limited (the Company)** for the year ended June 30, 2019.

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.

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, 2019.


Chartered Accountants

Place: Islamabad
Date: February 06, 2020

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

Name of company: Government Holdings (Private) Limited (The Company)
Name of the line ministry: Ministry of Energy (Petroleum Division)
For the year ended: June 30, 2019

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

II. The company has complied with the provisions of the Rules in the following manner:

Sr. No	Provision of the Rules	Rule no.	Yes	No																				
			Tick in the Relevant box																					
1.	The independent directors meet the criteria of independence, as defined under the Rules.	2(d)	✓																					
2.	The Board has at least one-third of its total members as independent directors. At present the board includes: <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Category</th> <th>Names</th> <th>Date of appointment</th> </tr> </thead> <tbody> <tr> <td>Executive Directors</td> <td>1) Zahid Nazeer Bhatti (CEO)</td> <td>26-Sep-2018</td> </tr> <tr> <td>Independent Directors</td> <td>1) Ms Ayla Majid (chairperson)</td> <td>28-June-2018</td> </tr> <tr> <td rowspan="5">Non-Executive Directors</td> <td>1) Mian Asad Hayaud Din</td> <td>19-Sep-2018</td> </tr> <tr> <td>2) Dr. Tanveer Ahmed Qureshi</td> <td>19-Sep-2018</td> </tr> <tr> <td>3) Mr. Muhammad Anwer Shiekh</td> <td>7- May-2018</td> </tr> <tr> <td>4) Syed Tauqir Hussain</td> <td>07-Feb-2013</td> </tr> <tr> <td>5) Mr. Shahid Yousaf</td> <td>06-Aug-2015</td> </tr> </tbody> </table>	Category	Names	Date of appointment	Executive Directors	1) Zahid Nazeer Bhatti (CEO)	26-Sep-2018	Independent Directors	1) Ms Ayla Majid (chairperson)	28-June-2018	Non-Executive Directors	1) Mian Asad Hayaud Din	19-Sep-2018	2) Dr. Tanveer Ahmed Qureshi	19-Sep-2018	3) Mr. Muhammad Anwer Shiekh	7- May-2018	4) Syed Tauqir Hussain	07-Feb-2013	5) Mr. Shahid Yousaf	06-Aug-2015	3(2)		✓
Category	Names	Date of appointment																						
Executive Directors	1) Zahid Nazeer Bhatti (CEO)	26-Sep-2018																						
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	5) Mr. Shahid Yousaf	06-Aug-2015																						
3.	The directors have confirmed that none of them is serving as a director on more than five public sector companies and listed companies simultaneously, except their subsidiaries.	3(5)	✓																					
4.	The appointing authorities have applied the fit and proper criteria given in the Annexure to the Rules in making nominations of the persons for election as board members under the provisions of the Act.	3(7)	✓																					
5.	The chairman of the board is working separately from the chief executive of the Company.	4(1)	✓																					
6.	The chairman has been elected by the Board of Directors except where Chairman of the Board has been appointed by the Government.	4(4)	✓																					

Sr. No	Provision of the Rules	Rule no.	Yes	No
			Tick in the Relevant box	
7.	The Board has evaluated the candidates for the position of the chief executive on the basis of the fit and proper criteria as well as the guidelines specified by the Commission. (Non-applicable where the chief executive has been nominated by the Government)	5(2)	Not Applicable	
8.	(a) The company has prepared a "Code of Conduct" to ensure that professional standards and corporate values are in place. (b) The Board has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures, including posting the same on the company's website. (http://www.ghpl.com.pk) (c) The Board has set in place adequate systems and controls for the identification and redressal of grievances arising from unethical practices.	5(4)	✓ ✓ ✓	
9.	The Board has established a system of sound internal control, to ensure compliance with the fundamental principles of probity and propriety; objectivity, integrity and honesty; and relationship with the stakeholders, in the manner prescribed in the Rules.	5(5)	✓	
10.	The Board has developed and enforced an appropriate conflict of interest policy to lay down circumstances or considerations when a person may be deemed to have actual or potential conflict of interests, and the procedure for disclosing such interest.	5(5)(b)(ii)	✓	
11.	The Board has developed and implemented a policy on anti-corruption to minimize actual or perceived corruption in the company.	5(5)(b)(vi)	✓	
12.	The Board has ensured equality of opportunity by establishing open and fair procedures for making appointments and for determining terms and conditions of service.	5(5)(c)(ii)	✓	
13.	The Board has ensured compliance with the law as well as the company's internal rules and procedures relating to public procurement, tender regulations, and purchasing and technical standards, when dealing with suppliers of goods and services.	5(5)(c)(iii)	✓	
14.	The Board has developed a vision or mission statement and corporate strategy of the company.	5(6)	✓	
15.	The Board has developed significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended, has been maintained.	5(7)	✓	
16.	The Board has quantified the outlay of any action in respect of any service delivered or goods sold by the Company as a public service obligation, and has submitted its request for appropriate compensation to the Government for consideration.	5(8)	Not Applicable	
17.	The Board has ensured compliance with policy directions requirements received from the Government.	5(11)	✓	

Sr. No	Provision of the Rules	Rule no.	Yes	No														
			Tick in the Relevant box															
18.	a) The Board has met at least four times during the year.	6(1)	✓															
	b) Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings.	6(2)	✓															
	c) The minutes of the meetings were appropriately recorded and circulated.	6(3)	✓															
19.	The Board has monitored and assessed the performance of senior management on annual basis and held them accountable for accomplishing objectives, goals and key performance indicators set for this purpose.	8(2)	✓															
20.	The Board has reviewed and approved the related party transactions placed before it after recommendations of the audit committee. A party wise record of transactions entered into with the related parties during the year has been maintained.	9	✓															
21.	(a) The Board has approved the profit and loss account for, and balance sheet as at the end of, the first, second and third quarter of the year as well as the financial year-end.	10		✓														
	(b) In cases of listed PSCs, the Board has prepared half yearly accounts and undertaken limited scope review by the auditors.		Not Applicable															
	(c) The Board has placed the annual financial statements on company's website.		✓															
22.	All the Board members underwent an orientation course arranged by the company to apprise them of the material developments and information as specified in the Rules.	11	✓															
23.	(a) The Board has formed the requisite committees, as specified in the Rules.	12	✓															
	b) The committees were provided with written term of reference defining their duties, authority and composition.		✓															
	(c) The minutes of the meetings of the committees were circulated to all the board members.		✓															
	(d) The committees were chaired by the following non-executive directors:		✓															
	<table border="1"> <thead> <tr> <th>Committee</th> <th>No. of Members</th> <th>Name of Chair</th> </tr> </thead> <tbody> <tr> <td>Audit Committee</td> <td>4</td> <td>Dr. Tanveer Ahmed Qureshi</td> </tr> <tr> <td>Human Resources, Procurement & Nomination Committee</td> <td>4</td> <td>Dr. Tanveer Ahmed Qureshi</td> </tr> <tr> <td>Finance and Risk Management Committee</td> <td>4</td> <td>Mr. Muhammad Anwar Shiekh</td> </tr> <tr> <td>Corporate Social Responsibility</td> <td>4</td> <td>Mian Asad Hayaud Din</td> </tr> </tbody> </table>	Committee	No. of Members	Name of Chair	Audit Committee	4	Dr. Tanveer Ahmed Qureshi	Human Resources, Procurement & Nomination Committee	4	Dr. Tanveer Ahmed Qureshi	Finance and Risk Management Committee	4	Mr. Muhammad Anwar Shiekh	Corporate Social Responsibility	4	Mian Asad Hayaud Din		
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Corporate Social Responsibility	4	Mian Asad Hayaud Din																

Sr. No	Provision of the Rules			Rule no.	Yes	No
					Tick in the Relevant box	
	Business Development Strategy Committee	4	Ms. Ayla Majid			
24.	The Board has approved appointment of Chief Financial Officer, Company Secretary and Chief Internal Auditor, by whatever name called, with their remuneration and terms and conditions of employment.			13	✓	
25.	The Chief Financial Officer and the Company Secretary have requisite qualification prescribed in the Rules.			14	✓	
26.	The company has adopted International Financial Reporting Standards notified by the Commission in terms of sub-section (1) of section 225 of the Act.			16	✓	
27.	The directors' report for this year has been prepared in compliance with the requirements of the Act and the Rules and fully describes the salient matters required to be disclosed.			17	✓	
28.	The directors, CEO and executives, or their relatives, are not, directly or indirectly, concerned or interested in any contract or arrangement entered into by or on behalf of the company except those disclosed to the company.			18	✓	
29.	(a) A formal and transparent procedure for fixing the remuneration packages of individual directors has been set in place and no director is involved in deciding his own remuneration. (b) The annual report of the company contains criteria and details of remuneration of each director.			19	✓ ✓	
30.	The financial statements of the company were duly endorsed by the chief executive and chief financial officer before consideration and approval of the audit committee and the board.			20	✓	
31.	The Board has formed an audit committee, with defined and written terms of reference, and having the following members as at June 30, 2019:			21(1) and 21(2)		✓
	Name of Members	Category	Professional background			
	Dr. Tanveer Ahmed Qureshi	Non-Executive Directors	Additional Secretary in Ministry of Energy (Petroleum Division).			
	Mr. Muhammad Anwer Shiekh	Non-Executive Directors	Senior Joint Secretary (CF-II) Finance Division, (CF-Wing)			
	Syed Tauqir Hussain	Non-Executive Directors	Joint Secretary (Investment & Joint Venture) in Ministry of Energy (Petroleum Division)			

Sr. No	Provision of the Rules			Rule no.	Yes	No
					Tick in the Relevant box	
	Mr. Shahid Yousof	Non-Executive Directors	DG (Gas) Directorate General Of Liquefied Gases		✓	
	The Chief Executive and Chairman of the Board are not members of the audit committee.					
32.	(a) The chief financial officer, the chief internal auditor, and a representative of the external auditors attended all meeting of the audit committee at which issues relating to accounts and audit were discussed.			21(3)	✓	
	(b) The audit committee met the external auditors, at least once a year, without the presence of the chief financial officer, the chief internal auditor and other executives.				✓	
	(c) The audit committee met the chief internal auditor and other members of the internal auditor and other members of the internal audit function, at least once a year, without the presence of chief financial officer and the external auditors.				✓	
33.	(a) The Board has set up an effective internal audit function, which has an audit charter, duly approved by the audit committee.			22	✓	
	(b) The chief internal auditor has requisite qualification and experience prescribed in the Rules.				✓	
	(c) The internal auditor reports have been provided to the external auditors for their review.				✓	
34.	The external auditors of the company have confirmed that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as applicable in Pakistan.			23(4)	✓	
35.	The auditors have confirmed that they have observed applicable guidelines issued by IFAC with regard to provision of non-audit services.			23(5)	✓	

Name: Ayla mojid
Chairperson
Dated:

17.17.
6th Feb 2020.

Name: Zahid Nazeer Bhatti
Managing Director/ CEO
Dated:

Z. Bhatti

Schedule II
Explanation for Non-Compliance with the
Public Sector Companies (Corporate Governance) Rules, 2013

We confirm that all other material requirements envisaged in the Rules have been complied with except for the following, toward which reasonable progress is being made by the company to seek compliance by the end of next accounting year.

Sr. No	Rule/sub-rule No.	Reason for Non-Compliance	Future course of Action
1	3(2)	Company is 100% owned entity of Government of Pakistan (GoP) and all the nominations on Board of Directors are to be made by GoP	The appointment of Board Members is made on the basis of nominations by the GoP (being 100% owner). The process of appointment of two more independent directors by GoP is in final stages and will be notified in due course.
2	10	The Board has approved the profit and loss account for and balance sheet as at the end of, the first, second and third quarter of the year as well as the financial year. However the Quarterly Financial Statements cannot be prepared within one month of the relevant quarter, because the cost statements from respective operators are issued within 30 days of relevant month as per Petroleum Concession Agreement (PCA) approved by the Government of Pakistan (GoP).	There is time limitation for preparation and approval of quarterly financial statements as the same cannot be prepared within one month because cost statements are issued by JV operator within 30 days of relevant month as per the signed Petroleum Concession Agreement.
3	21(1) and 21(2)	Chairman of audit committee is not an independent director	There is only one independent Director on the Board also holding the position of Chairperson of the Board of Directors. Since the Chairperson of the Board cannot be member of the Audit Committee under Rule 21 (2), therefore, the independent Director could not be appointed as Member of the Committee. As stated earlier, the process of appointment of two more independent directors by GoP is in final stages. After which the compliance of the rule will be ensured.

Name: Ayla Majid
Chairperson
Dated: 5th Feb 2020

Name: Zahid Nazeer Bhatti
Managing Director/ CEO
Dated: 20th Feb 2020



DIRECTORS' REPORT 2018-19

GOVERNMENT HOLDINGS (PRIVATE) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED JUNE 30, 2019

The Board of Directors is pleased to present the Directors' Report and Audited Financial Statements of the Company for the year ended June 30, 2019 together with the Auditor's report thereon.

FINANCIAL RESULTS

During the year 2018-19, the Company reported its highest ever sales revenue of Rs. 77.61 billion (2017-18: Rs. 61.92 billion) and profit after tax of Rs 34.56 billion (2017-18: Rs 27.54 billion) mainly on account of increase in international oil prices, favourable exchange rate and increased LPG production.

The Company's cost of sales reduced by 5% to Rs. 18.0 billion (2017-18: Rs. 19.0 billion) due to Opex optimization along with impairment reversal and reduction in amortization / depreciation charge, caused by revision in future production profiles and reserve estimates. The other expenses of the Company for the year are reported at Rs. 7.2 billion (2017-18: Rs. 1.6 billion) and comprise of net exchange loss mainly booked on revaluation of financial liabilities and a new provision of Rs. 3.8 billion for windfall levy on oil/condensate.

During 2018-19, the other income of the Company increased to Rs. 3.24 billion (2017-18: Rs. 2.32 billion) because of higher returns on bank / term deposits and interest on loan to subsidiaries

LIQUIDITY MANAGEMENT AND CASH FLOWS

An amount of Rs. 19.6 billion (2017-18: Rs 6.1 billion) was generated from Operating activities of the Company which was mainly used to undertake exploration and development activities, capital expenditures and payment of dividends. At the end of the year, the Company had a liquid fund position comprising of cash and deposits amounting to Rs 22.0 billion (2017-18: Rs 15.3 billion).

For liquidity management, financial projections are prepared on a regular basis to ensure availability of funds at all times while generating optimum returns through placement of surplus liquid funds in secure and well diversified investment portfolio.

TRADE RECEIVABLES

As at June 30, 2019, the Company's overdue trade debts stood at Rs 68.9 billion (2018: Rs. 46.0 billion). Out of overdue receivables, Rs. 49.3 billion (2018: Rs. 35.2 billion) and Rs. 17.6 billion (2018: Rs. 9.7 billion) are recoverable from SSGCL and SNGPL respectively. For recovery of trade receivables, regular follow-up is made with customers alongside reporting position of receivables to Ministry of Energy on daily basis. The mounting trade debt balance is likely to strain the Company's liquidity position in future and calls for GoP involvement to resolve the situation.

DIVIDEND

During the year, the Company paid interim cash dividend of Rs 5 billion (Rs. 2.4 per share).

CONTRIBUTION TO NATIONAL EXCHEQUER

The Company is a significant contributor to the national economy. During the year, GHPL contributed Rs. 40.3 billion (2017-18: Rs 31.8 billion) to National Exchequer on account of Corporate taxation, dividend, royalty, sales tax, federal excise duty, petroleum levy and windfall levy.

Despite huge amount of receivables stuck in circular debt, the Company has successfully met all its operating, regulatory and statutory financial obligations.

PORTFOLIO OF JOINT VENTURE INVESTMENTS

GHPL manages Government of Pakistan's working interest in upstream petroleum Joint Ventures.

GHPL is a non-operating partner with local and foreign oil and gas exploration and production companies in Pakistan, which includes OGDCL, MPCL, POL, PEL, PPL, Al-Haj Enterprises, UEPL group, OPPL, MOL, KUFPEC, Hycarbex and Tallahassee Resources.

GHPL has been assigned GOP's working interest and the current portfolio consists of:

- 18 Onshore Exploration licenses with 5% carried interest
- 03 Onshore Exploration licenses with 25% working interest under Petroleum Policy 2009
- 30 Onshore Exploration licenses with 2.5% working interest under Petroleum Policy 2012
- 04 Offshore Exploration Licenses are under Production Sharing Agreements
- 89 Development & Production leases with 12.5% to 25% working interest

Further, Assignment Agreement with OGDCL is in progress for farming-in/GHPL share enhancement of 12%-20% working interest in five exploration blocks under 2001, 2009 & 2012 Petroleum Policy.

SEISMIC ACQUISITION ACTIVITY

A total of 619 L.KMs (2017-18: 2,166 L.KMs) of 2 D seismic and 614 Sq. KMs (2017-18: 440 Sq. KMs) of 3D seismic lines were acquired during the year in different Blocks where the Company is Joint Venture (JV) Partner.

DRILLING ACTIVITIES

Following drilling activities were carried out in different non – operated blocks of the Company.

Wells Status	2018-19	2017-18
Exploration & Appraisal Wells	21	22
Development Wells	10	7

DISCOVERIES

A total of 8 discoveries were made during the year 2018-19:

- Gormani-1, Maroja-1 & Baudero-1 discoveries were made in Mirpurkhas Block by UEPL.
- Badeel- X-1 & Hadaf X-1 discoveries were made in Gambat South Block by PPL.
- Benari X-1 discovery was made in Shahbandar Block by PPL.
- Mangrio-1 discovery was made in Nim Block by OGDCL.
- Mitha-1 discovery was made in Mubarak Block by UEP Alpha.

These discoveries added 29.6 BCF to the Company's reserve base.

PRODUCTION AND RESERVES

GHPL's share of average daily production from all fields during 2018-19 is as follows:

	2018-19	2017-18
Oil/condensate (BPD)	9,094	9,384
Gas (MMSCFD)	257	262
LPG (MT/D)	197	163

The total net remaining recoverable reserves of the Company, as on June 30, 2019, are 30.4 MMSTB (June 30, 2018: 33.4 MMSTB) of Oil / Condensate Reserves and Gas Reserves of 1,369 BCF (June 30, 2018: 1,450 BCF).

MAJOR DEVELOPMENT ACTIVITIES

In Nashpa Block, plant upgradation and laying of pipeline is in progress at Mela field to bring Mela Gas to Nashpa plant for processing & LPG Extraction. Moreover, Compression projects are in progress in Mela & Nashpa. Mela-6 development well came on production during the year (GHPL Share: 15%)

In Sawan field, FEC Revamp project has been completed and is in operation. This would result in additional recovery of gas and extension of field life. (GHPL Share: 22.5%)

In Zamzama field, an infill well Zam- North-2 was drilled along with Zam Sub Thrust to evaluate deeper prospects and enhance production. However, both wells proved unsuccessful. A compression optimization project is in progress to maximize the field recoveries and fuel saving. (GHPL Share: 25%)

In TAL Block, Projects completed during the year are relocation of Makori EPF at Tolanj and Wellhead Compression for Mamikhel field. Work has been substantially completed on Central Front-End Compression Facility. Further, production started from Mardankhel-2 well during the year. (GHPL Share: 15%).

In Mehar block, Mehar-3 side track (ST) well was put on production after compression installation in Dec 2018. Drilling of Mehar-5 development well remained in progress. (GHPL Share: 25%)

In Gambat South Block, GPF-IV (Phase-I) completed in Sep 2018 and production was added from Sharaf-2 well. Work on GPF-IV Phase -II and GPF-III continued and expected to be completed by first quarters of 2020 and 2021 respectively. (GHPL's share: 25%)

In Dhok Sultan Block, side track of Dhok Sultan X-1 well was successfully carried out. The well has been put on production under EWT in November 2019. (GHPL's share: 25%)

In Jhal Magsi field, Government has reallocated gas for sale to the third party via competitive bidding and efforts to find a suitable buyer are underway. (GHPL's share: 22.5%)

In Mirpur Khas / Khipro Blocks (MKK), several exploratory & development came on production during the year including Sohrab Deep-7, Malkani-1, Gormani-1, Moroja-1, Rahim-4, Rajani-12, Sutiari Deep-4 and Baudero-1. Various compression and efficiency improvement projects were initiated/ completed during the year. Production of LPG remained constrained due to Wobbe index control issue (GHPL's share: 25%)

In Bitrisim Block, the revised production strategy enabled the JV to bring the block on early production by 18-24 months through effective utilization of existing infrastructure and CAPEX savings. Bitrisim wells are being processed through Sinjhora gas processing facilities & LPG Plant since May 2019. (GHPL's share: 22.5%)

In Mubarak Block, Mitha-1 well was drilled during the year as an exploration well and based on testing results was declared as a Discovery. The production from Mitha-1 started from December 2018 and averaged at 06 MMSCFD. (GHPL's share: 25%)

E&P ACTIVITIES IN OFFSHORE BLOCKS

GHPL is licensee in the following 04 Production Sharing Agreements (PSA) by different Operators:

- Offshore Indus N,G & Eastern Offshore Indus C Eni Pakistan Limited (03)
- Offshore Indus J PEL (01)

During the year, Ultra Deep Well Kekra-1 was drilled in Offshore Indus Block G license, operated by ENI. The well was spud on January 13, 2019 to the depth of 5,693 metres. Based on the formation evaluation results, the well has been plugged and abandoned.

INVESTMENT IN SUBSIDIARIES

The Company has three (03) subsidiaries namely Interstate Gas Systems (Private) Limited (ISGS), Pakistan LNG Terminals Limited (PLTL) and Pakistan LNG Limited (PLL).

Interstate Gas Systems (Private) Limited (ISGS)

Inter State Gas System (Private) Limited (ISGS) was incorporated on August 04, 1996 as a private limited company. At June 30, 2019, the Company has a direct shareholding of 99.83% with 295,392,090 (June 30, 2018: 99.57% with 231,370,000) equity shares of Rs.10 each held in ISGS. During the year, in

pursuance of the directives of the Economic Coordination Committee (ECC) of the Federal Cabinet, SSGCL has transferred its 510,000 shares of ISGS amounting Rs. 5,100,000 to the Company against cash payment. Confirmation from SNGPL for sale of its stake of Rs. 4,900,000 (490,000 shares) in ISGS to GHPL is awaited.

Ministry of Finance (MoF) via letter no. F.4(2) CF-V/2007 dated October 24, 2017 directed ISGS to issue shares to the Company for the amount received from GoP and directed the Company to issue corresponding number of shares to the President of Pakistan through secretary petroleum Ministry of Energy (Petroleum Division). Accordingly, during the year, ISGS issued 63,512,090 shares of Rs.10 each to the Company against the amount received from GoP and the company has issued equal number of shares to the President of Pakistan through secretary petroleum Ministry of Energy (Petroleum Division).

Further under ECC Directive, the Company and ISGS entered into a loan agreement on August 9, 2018 for meeting ISGS's operational requirements. The amount of loan to ISGSL stand at Rs. 1.3 billion at June 30, 2019 (June 30, 2018: Rs. 1.9 billion), During the year, the Company gave loan of Rs. 307 million to ISGS. ISGS repaid Rs. 978 million, advanced on account of Machika Tarujaba Oil Pipeline Project, together with interest accrued thereon of Rs. 36.9 million. Under the loan agreement, the principal amount of loan and interest was receivable from ISGS in a single bullet payment due on December 14, 2019. However, the Company's Board of Directors has approved to continue funding of ISGS and extended the loan arrangement for a period of five (05) years subject to approval of the ECC of the Cabinet. Approval of ECC of the Cabinet is in process.

Pakistan LNG Terminals Limited (PLTL)

PLTL was incorporated as a public company on December 11, 2015 and is 100% owned by the Company. The principle activity of PLTL is to operate and maintain terminals for the handling, re-gasification, storage, treatment, transportation and processing of Liquefied Natural Gas (LNG), Re-gasified Liquefied Natural Gas (RLNG).

The Company held 1,500,000 equity shares of Rs. 10 each (2018: 1,500,000 equity shares of Rs. 10 each) in PLTL.

Under the loan agreement dated November 27, 2017, the Company has given loan of Rs. 241.7 million (2018: Rs. 241.7 million) to PLTL for meeting its operational requirements, related to LNG Terminal.

During the year, the lien provided by the Company equivalent to USD 22.1 million on its short-term investments, for the guarantee issued by PLTL in favour of the terminal operator, were released.

Pakistan LNG Limited (PLL)

PLL was incorporated as a public company on December 11, 2015. The Company holds 100% shares in PLL. The principle activity of PLL is to import, transport, market and distribute Liquefied Natural Gas (LNG).

As at June 30, 2019, the Company held 1,500,000 equity shares of Rs. 10 each (2018: 1,500,000 equity shares of Rs. 10 each) in PLL.

On November 22, 2017, the Company entered in to a loan agreement with PLL, under which it has given loan of Rs. 5,316.3 million (June 30, 2018: Rs. 5,316.3 million) for meeting PLL's operational / working capital and guarantee requirements related to LNG imports.

The Company has also provided lien, against its short-term investments amounting USD 43.7 million, for the guarantee issued by PLL in favour of the LNG suppliers.

PATTERN OF SHAREHOLDING

Government Holdings (Private) Limited is fully owned by the Government of Pakistan (GOP) and all the members of the Board of Directors are nominated by the GOP.

CORPORATE GOVERNANCE

The Board of Directors of the Company is committed to maintaining high standards of corporate governance to ensure business integrity and transparency.

The Directors are pleased to state that:

- The Board has complied with the relevant principles of corporate governance, and has identified the regulations that have not been complied with, the period such non-compliance continued and reasons for such non-compliance.
- The financial statements, prepared by the Management of the Company, present its state of affairs fairly, the result of its operations, cash flows and changes in equity.
- Proper books of accounts have been maintained by the Company.
- Appropriate accounting policies have been applied in preparation of financial statements and any changes in accounting policies have been disclosed in the financial statements. The accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards as applicable in Pakistan have been followed in preparation of financial statements.
- There are no doubts upon the Company's ability to continue as a going concern.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- The appointment of the Chairman and other members of the board and their terms of appointment along with the remuneration policy adopted are in the best interest of the Company as well as in line with the best practices.
- Disclosure on remuneration of Chief Executives and Executives is given in Note 35.2 of the Company's Separate Financial Statements for the year ended June 30, 2019.
- No subsidy or financial support has been taken from the Government.
- Reasons for significant deviations from last year's operating results have been explained in relevant section of the Directors' Report and Annual Report.

- Key operating and financial data of last six years has been given in relevant section of the Annual report.
- Information about outstanding taxes and levies is given in the notes to the financial statements.
- The value of investment in employee retirement funds based on the latest audited accounts as of June 30, 2019 is as follows.

Employees Provident Fund	Rs. 22,000,000
Employees Gratuity Fund	Rs. 64,524,000
- Detail of the number of Board Meetings held during the year and attendance by each director has been disclosed in the relevant section of the Annual Report.
- A statement of pattern of shareholding in the Company as at June 30, 2019 has been disclosed in the Directors Report.

AUDITORS' OBSERVATION

The Auditors in their Draft Report has drawn attention to the following matters:

- **Assignment of 2.5% Working Interest:** The Company assigned 2.5% working interest each in Block 22 and Zarghun South petroleum concessions to Petroleum Exploration (Private) Limited (PEL) and Mari Petroleum Company Limited (MPCL) respectively upon commercial discovery. Such assignments were not in accordance with the governing Petroleum Concession Agreements. The Board of Directors of the Company has referred the matter to Ministry of Energy (Petroleum Division) for advice. The matter is also under consideration at the Public Accounts Committee. Pending the ultimate outcome of the matter, no adjustments have been made in the accompanying financial statements.
- **Trade Debts:** Trade debts of Rs. 83,821 million, as disclosed in Note 15 to the Financial Statements, include Rs. 68,913 million which are overdue as at June 30, 2019. The payment of these balances is slow because of the financial problems being faced by public sector entities due to the circular debt issue. An aggregate provision of Rs. 4,605 million has been made against said long outstanding debts.
- **Delay in Completion of I-P Pipeline Project by ISGSL:** Note 10.1 to the Financial Statements contains information regarding delay in completion of the Iran Pakistan Gas Pipeline Project (IP-Project) by the ISGSL under terms of Gas Supply Purchase Agreement with National Iranian Oil Company, resultant contingency and impairment of Gwader-Nawabshah LNG terminal & Pipeline project to the IP-Project approved by ECC.

The Auditor's Opinion is not qualified in respect of the aforementioned matters.

AUDITORS

The present auditors, M/s Deloitte Yousuf Adil, Chartered Accountants, retire and being eligible, offer themselves for re-appointment as auditors of the Company for the year 2019-20.

FUTURE OUTLOOK

The operating results of the Company are likely to remain stable as production level will be maintained from completion / continuations of development activities in Mirpur Khas / Khipro, Tal, Gambat South, Nashpa and Khewari Joint Ventures.

Exploration activities will continue in the Company's non-operated exploration blocks. The Company will also look into opportunities for enhancing its existing portfolio by acquiring / increasing participatory share in new / existing petroleum blocks within and outside Pakistan and through business diversification.

ACKNOWLEDGEMENT

The Directors would like to express their gratitude to Ministry of Energy (Petroleum Division) for continuous assistance and cooperation extended to the Company in the respective matters. Also the results for the year have been made possible with the loyalty, hard work and commitment of all employees. The Directors acknowledge and deeply appreciate their contribution toward achievement of the Company's goals.



Chief Executive Officer



Director



UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

**GOVERNMENT HOLDINGS (PRIVATE) LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

INDEPENDENT AUDITOR'S REPORT

To the members of Government Holdings (Private) Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Government Holdings (Private) Limited (the Company), which comprise the statement of financial position as at June 30, 2019, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows 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 statement of financial position, statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2019 and of the profit and other 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 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.

Emphasis of Matter Paragraphs

We draw attention to the following matters;

- as disclosed in note 9.4 to the financial statements that the Company assigned 2.5% working interest each in Block 22 and Zarghun South petroleum concessions to Petroleum Exploration (Private) Limited (PEL) and Mari Petroleum Company Limited (MPCL) respectively upon commercial discovery. Such assignments were not in accordance with the governing Petroleum Concession Agreements. The Board of Directors of the Company

has referred the matter to Ministry of Energy (MOE) for advice. The matter is also under consideration at the Public Accounts Committee. Pending the ultimate outcome of the matter, no adjustments have been made in the accompanying financial statements.

- note 10 to the financial statements contains information regarding the status of the Iran Pakistan Gas Pipeline Project, resultant contingency and impairment of Machike-Tarujabba Oil Pipeline Project (MTOPP).
- as disclosed in note 15 to the financial statements, trade debts of Rs. 83,821 million include Rs. 68,913 million which are overdue as at June 30, 2019. We have been informed by management that payment of these balances is slow because of the financial problems being faced by public sector entities due to the circular debt issue. The Company has made aggregate provision of Rs. 4,605 million against said long outstanding trade debts.

Our opinion is not modified in respect of the aforementioned matters.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with the audit of financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based in the work we have performed, we conclude that there is a material misstatement of this information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the 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.



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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.
- 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.



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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 statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) No Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Mr. Shahzad Ali.


Chartered Accountants

Place: Islamabad
Date: February 06, 2020

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GOVERNMENT HOLDINGS (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2019

	Note	2019 Rupees	2018 Rupees
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	6	28,316,544,677	28,468,957,082
Intangible assets	7	37,746,471	3,987,680
Exploration and evaluation assets	8	4,132,725,421	2,881,818,774
Development and production assets	9	19,363,950,890	17,486,414,909
Long term investment in subsidiaries	10	2,983,920,900	2,775,829,610
Long term loan	11	4,204,086,131	1,977,670,614
Interest accrued on long term loan	12	171,768,181	84,675,652
		<u>59,210,742,671</u>	<u>53,679,354,321</u>
CURRENT ASSETS			
Stores, spares and loose tools - share in Joint operations' inventory	13	3,295,805,619	2,846,519,031
Loan to subsidiaries	14	2,654,872,580	5,558,092,044
Trade debts - net	15	79,216,558,399	53,437,102,477
Loans, advances and other receivables	16	10,010,896	11,684,081
Trade deposits and short term prepayments	17	5,587,466	5,257,072
Interest accrued	18	1,622,084,537	825,624,747
Short term investments	19	18,000,000,000	12,719,529,035
Cash and bank balances	20	3,950,994,383	2,605,620,257
		<u>108,755,913,880</u>	<u>78,009,428,744</u>
TOTAL ASSETS		<u>167,966,656,551</u>	<u>131,688,783,065</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
4,500,000,000 ordinary shares of Rs. 10 each		<u>45,000,000,000</u>	<u>45,000,000,000</u>
Issued, subscribed and paid up capital	21	20,885,120,920	20,250,000,020
Reserves			
Reserves	22	56,230,873,852	56,230,873,852
Unappropriated profits		56,015,381,649	26,459,734,441
		<u>133,131,376,421</u>	<u>102,940,608,313</u>
Advance against issue of shares to Government of Pakistan		-	432,129,610
		<u>133,131,376,421</u>	<u>103,372,737,923</u>
NON CURRENT LIABILITIES			
Long term liability	23	4,122,651,375	3,598,409,687
Deferred taxation	24	8,262,319,007	7,418,962,398
Provision for decommissioning cost	25	7,148,060,428	6,142,566,167
Deferred employee benefit	26	51,628,374	36,284,706
		<u>19,584,659,184</u>	<u>17,196,222,958</u>
CURRENT LIABILITIES			
Trade and other payables	27	11,054,590,619	6,893,331,339
Current portion of long term liability	23	971,546,027	1,344,242,108
Provision for taxation	28	3,224,484,300	2,882,248,737
		<u>15,250,620,946</u>	<u>11,119,822,184</u>
TOTAL EQUITY AND LIABILITIES		<u>167,966,656,551</u>	<u>131,688,783,065</u>
CONTINGENCIES AND COMMITMENTS			
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The annexed notes from 1 to 47 form an integral part of these financial statements.


Chief Executive Officer


Director

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GOVERNMENT HOLDINGS (PRIVATE) LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019 Rupees	2018 Rupees
SALES - NET	30	77,609,564,520	61,915,836,522
Royalty and other levies	31	(8,408,429,497)	(6,925,809,543)
Operating expenses	32	(9,564,425,000)	(12,052,284,682)
GROSS PROFIT		<u>59,636,710,023</u>	<u>42,937,742,297</u>
Other income	33	3,240,091,801	2,321,607,096
Exploration and prospecting expenditure	34	(539,400,882)	(1,087,254,136)
General and administrative expenses	35	(352,959,695)	(262,022,491)
Other expenses	36	(7,207,739,337)	(1,570,141,641)
OPERATING PROFIT		<u>54,776,701,910</u>	<u>42,339,931,125</u>
Finance (cost)/income	37	(338,549,576)	(238,309,153)
PROFIT BEFORE TAXATION		<u>54,438,152,334</u>	<u>42,101,621,972</u>
Taxation	38	(19,876,684,829)	(14,557,781,418)
NET PROFIT FOR THE YEAR		<u>34,561,467,505</u>	<u>27,543,840,554</u>
EARNINGS PER SHARE - BASIC AND DILUTED (Rupees)		<u>16.84</u>	<u>13.60</u>

The annexed notes from 1 to 47 form an integral part of these financial statements.

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Z. M. Shally

Chief Executive Officer

J. Sri

Director

GOVERNMENT HOLDINGS (PRIVATE) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2019

	2019 (Rupees)	2018 (Rupees)
NET PROFIT FOR THE YEAR	34,561,467,505	27,543,840,554
Other comprehensive loss for the year		
Items that will not be reclassified subsequently to profit or loss		
Remeasurement loss on employees' retirement benefits	(9,700,495)	(1,641,343)
Tax effect of remeasurement loss on employee's retirement benefits	3,880,198	656,537
	<u>(5,820,297)</u>	<u>(984,806)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>34,555,647,208</u>	<u>27,542,855,748</u>

The annexed notes from 1 to 47 form an integral part of these financial statements.

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[Handwritten signature: ZMShally]
Chief Executive Officer

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Director

GOVERNMENT HOLDINGS (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2019

	Share capital		Capital Reserve						Unappropriated Profits	Total
	Issued, Subscribed and Paid-up	Revenue Reserve	General Reserve	Committed Outlay Reserve	LNG Project Reserve	Asset Insurance Reserve	Assets Acquisition Reserve	Reserves Total		
Balance as at July 01, 2017	20,250,000,020	2,284,626,436	-	20,946,247,416	25,000,000,000	3,000,000,000	5,000,000,000	56,230,873,852	3,916,878,693	80,397,752,565
Profit after taxation	-	-	-	-	-	-	-	-	27,543,840,554	27,543,840,554
Other comprehensive loss - net of tax	-	-	-	-	-	-	-	-	(984,806)	(984,806)
Total comprehensive income for the year	-	-	-	-	-	-	-	-	27,542,855,748	27,542,855,748
Transactions with owners, recorded directly in equity										
Interim dividend 2018: Rs. 2.5 per share	-	-	-	-	-	-	-	-	(5,000,000,000)	(5,000,000,000)
Balance as at June 30, 2018	20,250,000,020	2,284,626,436	-	20,946,247,416	25,000,000,000	3,000,000,000	5,000,000,000	56,230,873,852	26,459,734,441	102,940,608,313
Profit after taxation	-	-	-	-	-	-	-	-	34,561,467,505	34,561,467,505
Other comprehensive loss - net of tax	-	-	-	-	-	-	-	-	(5,820,297)	(5,820,297)
Total comprehensive income for the year	-	-	-	-	-	-	-	-	34,555,647,208	34,555,647,208
Transactions with owners, recorded directly in equity										
Issue of shares	635,120,900	-	-	-	-	-	-	-	-	635,120,900
Interim dividend 2019: Rs. 2.4 per share	-	-	-	-	-	-	-	-	(5,000,000,000)	(5,000,000,000)
Balance as at June 30, 2019	20,885,120,920	2,284,626,436	-	20,946,247,416	25,000,000,000	3,000,000,000	5,000,000,000	56,230,873,852	56,015,381,649	133,131,376,421

(Rupees)

The annexed notes from 1 to 47 form an integral part of these financial statements.



Chief Executive Officer


Director

GOVERNMENT HOLDINGS (PRIVATE) LIMITED
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED JUNE 30, 2019

	2019 Rupees	2018 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	54,438,152,334	42,101,621,972
Adjustments for:		
Amortization of development and production assets	1,630,172,043	2,117,196,769
Depreciation on Joint operations' fixed assets	2,168,038,531	2,754,969,655
Gain on disposal of property, plant and equipment	-	(71,886)
Impairment	(454,635,107)	827,572,156
Depreciation on owned fixed assets	9,119,119	7,041,652
Amortization of intangible assets	8,402,166	546,292
Dry hole wells	147,058,772	149,752,749
Provision for employee benefits	19,052,700	15,932,589
Unwinding of discount	315,901,210	95,556,422
Discount of long term liability	22,582,927	(107,624,547)
Unrealised exchange loss	3,086,875,399	1,684,102,967
Provision for windfall levy on oil/condensate	3,759,411,028	-
Interest income	(3,234,516,057)	(2,171,386,159)
	<u>61,915,615,065</u>	<u>47,475,210,631</u>
Changes in:		
Stores, spare and loose tools - share in Joint operations' inventory	(390,095,344)	(9,833,088)
Trade debts - net	(25,041,053,651)	(24,364,103,545)
Loans, advances and other receivables	1,673,185	672,948
Loans to Subsidiaries	-	(5,251,162,409)
Trade deposits and short-term prepayments	(330,394)	(1,727,811)
Trade and other payables	(560,770,440)	(1,030,277,105)
	<u>(25,990,576,644)</u>	<u>(30,656,431,010)</u>
Cash generated from operations	35,925,038,421	16,818,779,621
Interest received	2,350,963,738	1,554,415,920
Income tax paid	(18,687,212,459)	(12,295,870,769)
Employee benefits paid	(13,409,527)	(20,420,498)
Net cash generated from operating activities	19,575,380,173	6,056,904,274
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure	(8,621,239,029)	(7,005,801,993)
Proceed from sale of fixed asset	-	71,889
Investment in subsidiary	(208,091,290)	-
Short term investments	6,719,529,035	19,280,470,965
Long-term loan return by a subsidiary	978,000,000	-
Long-term loan given	(301,196,053)	(1,190,117,982)
Net cash (used) / generating from in investing activities	(1,432,997,337)	11,084,622,879

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	2018 Rupees	2017 Rupees
CASH FLOWS FROM FINANCING ACTIVITIES		
Running finance	-	(13,000,000,000)
Cash received against issue of shares	202,991,290	-
Dividend paid	(5,000,000,000)	(5,000,000,000)
Net cash used in financing activities	(4,797,008,710)	(18,000,000,000)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	13,345,374,126	(858,472,847)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	2,605,620,257	3,464,093,104
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR 20.2	15,950,994,383	2,605,620,257

The annexed notes from 1 to 47 form an integral part of these financial statements.

JS


Chief Executive Officer


Director

GOVERNMENT HOLDINGS (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

I. THE COMPANY AND ITS OPERATIONS

1.1 Government Holdings (Private) Limited (the "Company") was incorporated in Pakistan as a private limited company on January 15, 2000, under the Companies Ordinance, 1984 (Currently Companies Act, 2017). The Company's registered office is situated at 7th Floor, Petroleum House, Ataturk Avenue, G-5/2, Islamabad. The main objectives of the Company are to:

- a) Acquire shares of the companies or interest of Government of Pakistan (GoP) in the existing and new oil and gas concessions, either by payment or by issuance of shares, credited as fully paid, or other securities, as the Company may think fit and to hold and enjoy all interests, rights, contracts and privileges vested in, or connected with, the title of such shares; and
- b) Take over, acquire, renew, unitize, and hold any exploration, prospecting development and production concessions of whatever nature or otherwise acquire any estate or interest, develop resources of work, dispose off or otherwise turn to account land or sea beds in any part of the world containing or thought to contain petroleum or any other oil in any form, and to search for or participate in the exploration for petroleum or any other oil in any form, asphalt, bitumen or similar substances or natural gas, or any substance used or which may be capable of use, and to organize, equip and employ expeditions, experts and other agents to carry out drilling and other exploratory operations, and to establish and operate oil and gas wells and other undertakings for the extraction of any of the aforesaid substances.

1.2 The Company has 99.83% shareholding in the Inter State Gas System (Private) Limited (ISGSL) under share subscription agreement. The main objective of the ISGSL is to carry on the business of importing, processing, purifying, buying, storing, supplying, transporting, transmitting, selling and exporting natural gas and other natural gas products whether as such or in a liquid state, for lighting, heating, motive power, power generation or for any other purpose whatsoever. TAPI Pipeline Company Limited (TPCL), the associate of ISGSL is registered in the Isle of Man as a limited liability company and its head office is situated in Dubai, United Arab Emirates. TPCL is principally engaged to carry out the business of developing, engineering, funding the construction of, procuring the equipment engineering and other services for construction and operation of, constructing owning, operating and providing maintenance for the proportion of TAPI Pipeline running from the borders of Turkmenistan and Afghanistan to the border of Pakistan and India.

1.3 The Company has 100% shareholding in Pakistan LNG Limited (PLL), a public company incorporated on December 11, 2015 under the Companies Ordinance, 1984 (Currently Companies Act, 2017). The principle activity of PLL is to import, transport, market and distribute Liquefied Natural Gas (LNG). PLL has achieved its commercial operation date on January 04, 2018.

1.4 The Company also has 100% shareholding in Pakistan LNG Terminals Limited (PLTL), incorporated in Pakistan as a public company on December 11, 2015 under the Companies Ordinance, 1984 (Currently Companies Act, 2017). The principle activity of PLTL is to operate and maintain terminals for the handling, re-gasification, storage, treatment, transportation and processing of Liquefied Natural Gas (LNG). PLTL has achieved its commercial operation date on January 04, 2018.

1.5 The Company has interest in certain joint operations / concessions as non-operator. Geographical location of concessions / blocks is as under:

<u>Operator</u>	<u>Concession / Block</u>	<u>Province</u>
Al-Haj	Baska North	Balochistan & KPK
Al-Haj	Potwar South	Punjab
Hycarbex	Yasin	Sindh & Balochistan
KPBV	Paharpur	Punjab & KPK
MOL	Tal	KPK
MPCL	Bolan / Zarghun South	Balochistan
OGDCL	Bitrism	Sindh
OGDCL	Guddu	Sindh & Punjab
OGDCL	Gwadar	Balochistan
OGDCL	Hetu	Punjab & KPK
OGDCL	Jhakro	Sindh

<u>Operator</u>	<u>Concession / Block</u>	<u>Province</u>
OGDCL	Khanpur	Punjab
OGDCL	Khewari	Sindh
OGDCL	Khuzdar North	Balochistan
OGDCL	Kotra	Balochistan
OGDCL	Kulachi	Punjab
OGDCL	Nashpa	KPK
OGDCL	Nim	Sindh
OGDCL	Orakzai	KPK
OGDCL	Palantak	Balochistan
OGDCL	Pasni West	Balochistan
OGDCL	Pezu	Punjab & KPK
OGDCL	Rakhshan	Balochistan
OGDCL	Ranipur	Sindh
OGDCL	Chanda	KPK
OGDCL	Sinjhero	Sindh
OGDCL	Tirah	KPK
OGDCL	Tando Allah Yar	Sindh
OGDCL	Gurgalot	Punjab & KPK
OGDCL	Zin	Balochistan
OGDCL	Zorgarh	Sindh & Balochistan
OPPL	Zamzama	Sindh
PEL	Block 22	Sindh
PEL	Kandra	Sindh
POL	Pariwali	Punjab
POL	Chachar	Sindh
POL	Minwal	Punjab
PPL	Bela West	Balochistan
PPL	Dhok Sultan	Punjab & KPK
PPL	Gambat South	Sindh
PPL	Hisal	Punjab
PPL	Hub	Balochistan
PPL	Malir	Sindh
PPL	Mazarani	Sindh
PPL	Nausherwani	Balochistan
PPL	Sadiqabad	Punjab
PPL	Shah Bandar	Sindh
PPL	Sirani	Sindh
PPL	South Kharan	Balochistan
UEP	Badin III	Sindh
UEP	Gambat / Tajjal	Sindh
UEP	Khipro	Sindh
UEP	Kuhan	Balochistan
UEP	Mehar	Sindh & Balochistan
UEP	Mehran	Sindh
UEP	Mirpur Khas	Sindh
UEP	Mubarak	Sindh
UEP	Sawan	Sindh

These are separate financial statements of the Company, in which investment in subsidiaries is reported on the basis of direct equity interest at cost and is not consolidated, in these financial statements.

2. BASIS OF PREPARATION

2.1 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 applicable in Pakistan comprise of:

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

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

2.2 The Securities and Exchange Commission of Pakistan (SECP) through its S.R.O 888(I)/2019 dated July 29, 2019 notified certain amendments in disclosure requirements of fifth schedule to the Companies Act, 2017. The S.R.O has been notified to be applicable on companies preparing financial statements as on June 30, 2019 and onwards by SECP through S.R.O 961(I)/2019 dated August 23, 2019. Accordingly, the financial statements have been prepared to reflect the amendments of the said S.R.O.

2.3 Basis of measurement

These financial statements have been prepared on the historical cost basis except for obligation under certain employee benefits which are measured at present value using actuarial assumptions;

2.4 Functional and presentation currency

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

3 Adoption of new and revised standards and interpretations

3.1 New accounting standards / amendments and IFRS interpretations that are effective for the year ended June 30, 2019

The following standards, amendments and interpretations are effective for the year ended June 30, 2019.

	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
IFRS 4 'Insurance Contracts': Amendments regarding the interaction of IFRS 4 and IFRS 9.	January 01, 2018
IFRS 9 'Financial Instruments' - This standard will supersede IAS 39 Financial Instruments: Recognition and Measurement upon its effective date.	July 01, 2018
IFRS 15 'Revenue' - This standard will supersede IAS 18, IAS 11, IFRIC 13, 15 and 18 and SIC 31 upon its effective date.	July 01, 2018
Amendments to IAS 40 'Investment Property': Clarification on transfers of property to or from investment property	January 01, 2018
IFRIC 22 'Foreign Currency Transactions and Advance Consideration': Provides guidance on transactions where consideration against non-monetary prepaid asset / deferred income is denominated in foreign currency.	January 01, 2018

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

3.1.1 Financial instruments

IFRS 9 "Financial Instruments" replaces IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 introduces new requirements for i) the classification and measurement of financial assets and financial liabilities ii) impairment for financial assets and iii) hedge accounting.

IFRS 9 permits either a full retrospective or a modified retrospective approach for adoption. The Company has adopted the standard using the modified retrospective approach for classification, measurement and impairment. This means that the cumulative impact, if any, of the adoption is recognized in unappropriated profit as of July 1, 2018 and comparatives are not restated. Details of these new requirements as well as their impact on the Company's financial statements are described below:

i) Classification and measurement of financial assets and financial liabilities

The new standard requires the Company to assess the classification of financial assets on its statement of financial position in accordance with the cash flow characteristics of the financial assets and relevant business model that the Company has for a specific class of financial assets.

IFRS 9 no longer has an "Available-for-sale" (AFS) classification for financial assets. The new standard has different requirements for debt or equity financial assets.

Debt instruments should be classified and measured either at:

- Amortized cost, where the effective interest rate method will apply;
- Fair value through other comprehensive income, with subsequent recycling to the profit or loss upon disposal of the financial asset (FVTOCI); or
- Fair value through profit or loss (FVTPL)

Investments in equity instruments, other than those to which consolidation or equity accounting apply, should be classified and measured either at:

- Fair value through other comprehensive income, with no subsequent recycling to the profit or loss upon disposal of the financial asset; or
- Fair value through profit or loss.

Assessment of financial impact of measurement requirements on adoption of IFRS 9 as at July 1, 2018 is as follows:

	Measurement category		Carrying amount		
	Original (IAS 39)	New (IFRS 9)	Original Rs'000	New Rs'000	Difference Rs'000
Non Current financial assets					
Long term investment	Held to maturity	Amortised cost	2,775,830	2,775,830	-
Long term loan	Loans and receivables	Amortised cost	1,977,671	1,977,671	-
Current financial assets					
Trade debts - net	Loans and receivables	Amortised cost	53,437,102	53,437,102	-
Cash and bank balances	Loans and receivables	Amortised cost	2,605,620	2,605,620	-
Short term investments	Held to maturity	Amortised cost	12,719,529	12,719,529	-
Loan to subsidiaries	Loans and receivables	Amortised cost	5,558,092	5,558,092	-

	Measurement category		Carrying amount		
	Original (IAS 39)	New (IFRS 9)	Original Rs'000	New Rs'000	Difference Rs'000
Non Current financial Liabilities					
Long term liability	Other financial liabilities	Amortised cost	3,598,410	3,598,410	-
Provision for decommissioning cost	Other financial liabilities	Amortised cost	6,142,566	6,142,566	-
Current financial Liabilities					
Trade and other payables	Other financial liabilities	Amortised cost	6,156,594	6,156,594	-
Long term liability	Other financial liabilities	Amortised cost	1,344,242	1,344,242	-

ii) **Impairment of financial assets**

IFRS 9 introduces the Expected Credit Loss (ECL) model, which replaces the incurred loss model of IAS 39 whereby an allowance for doubtful debt was required only in circumstances where a loss event has occurred. By contrast, the ECL model requires the Company to recognize an allowance for doubtful debt on all financial assets carried at amortized cost (including, for example, trade debts and other receivables), as well as debt instruments classified as financial assets carried at fair value through other comprehensive income, since initial recognition, irrespective whether a loss event has occurred. SECP through S.R.O. 985 (I)/2019 dated September 2, 2019 has notified that in respect of companies holding financial assets due from the Government of Pakistan (GoP), the requirements contained in IFRS 9 with respect to application of expected credit loss (ECL) model shall not be applicable till June 30, 2021, provided that such companies shall follow relevant requirements of IAS 39 'Financial Instruments: Recognition and Measurement.

3.1.2 **Revenue from Contracts with customers**

IFRS 15 'Revenue from contracts with customers' replaces the previous revenue standards: IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations on revenue recognition. It introduces a single five-step model for revenue recognition and establishes a comprehensive framework for recognition of revenue from contracts with customers based on a core principle that an entity should recognise revenue representing the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Management of the Company has assessed that these changes do not have any material impact on the Company's financial statements other than certain additional disclosures.

Other 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.

3.2 **New accounting standards / amendments and IFRS interpretations that are not yet effective and have not been early adopted by the Company**

The 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

International Accounting Standards/International Financial Reporting Standards/Interpretations

Effective date (accounting periods beginning on or after)

Amendments to IFRS 3 'Business Combinations' - Amendments regarding the definition of business	January 01, 2020
Amendments to IFRS 9 'Financial Instruments' - Amendments regarding prepayment features with negative compensation and modifications of financial liabilities	January 01, 2019
Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint operations' - Sale or contribution of assets between an investor and its associate or joint venture	Date to be determined. Earlier application is permitted
IFRS 16 'Leases': This standard will supersede IAS 17 'Leases', IFRIC 4, SIC 15 and SIC 27 upon its effective date.	January 01, 2019
Amendments to References to the Conceptual Framework in IFRS Standards	January 01, 2020
Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Amendments regarding the definition of material	January 01, 2020
Amendments to IAS 19 'Employee Benefits' - Amendments regarding plan amendments, curtailments or settlements	January 01, 2019
Amendments to IAS 28 'Investments in Associates and Joint operations' - Amendments regarding long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.	January 01, 2019
IFRIC 23 'Uncertainty over Income Tax Treatments': Clarifies the accounting treatment in relation to determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'.	January 01, 2019

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

IFRS 16 'Leases' replaces the previous lease standard: IAS 17 'Leases' and is effective from annual accounting period beginning on or after January 01, 2019. It will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short term and low value leases. Management is in the process of assessing the impact of changes laid down by this standard on its financial statements.

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 14 – Regulatory Deferral Accounts
- IFRS 17 – Insurance Contracts

4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

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.

In the process of applying the Company's accounting policies management has made the following estimates and judgments which are significant to the financial statements:

4.1 Property, plant and equipment

The Company reviews appropriateness of the rate of depreciation, useful life and residual value used in the calculation of depreciation on property, plant and equipment. Further, where applicable, an estimate of the recoverable amount of property, plant and equipment is made for possible impairment on an annual basis. In making these estimates, the Company uses the technical resources available with the Company. Any change in the estimate in the future might affect the carrying amount of the respective items of property, plant and equipment, with corresponding effects on the depreciation charge and impairment.

4.2 Exploration and evaluation expenditure

The Company's accounting policy for exploration and evaluation expenditure results in certain items of expenditure being capitalized for an area of interest where it is considered likely to be recoverable by future exploration or sale or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. This policy requires management to make certain estimates and assumptions as to future events and circumstances, in particular whether an economically viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available. If, after having capitalized the expenditure under the policy, a judgment is made that recovery of the expenditure is unlikely, the relevant capitalized amount is written off to statement of profit or loss.

4.3 Development and production expenditure

Where the commercial discovery has been announced, the Company initially provides for the liability related to relevant carried cost of the Joint operations and the corresponding development and production expenditure; on the basis of best estimates available from the shared cost statement of the relevant joint operation an adjustment is made based on the finalized cost with the operator.

4.4 Provision for income tax

The Company recognizes tax provisions using estimates based upon expert opinions of its tax and legal advisors. Differences, if any, between the recorded income tax provision and the Company's tax liability, are recorded on the final determination of such liability. Deferred income 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 date of the statement of financial position.

4.5 Measurement of the expected credit loss allowance

The measurement of the expected credit loss ("ECL") allowance for financial assets measured at amortised cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior (e.g. the likelihood of customers defaulting and the resulting losses).

Elements of the ECL models that are considered accounting judgments and estimates include:

- Development of ECL models, including the various formulas and choice of inputs
- Determining the criteria if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a lifetime ECL basis and the qualitative assessment;
- The segmentation of financial assets when their ECL is assessed on a collective basis; and
- Determination of associations between macroeconomic scenarios and, economic inputs, and their effect on probability of default (PDs), exposure at default (EADs) and loss given default (LGDs).

Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models

4.6 Provision for decommissioning cost

Provision is recognized for the future decommissioning and restoration of oil and gas wells, production facilities and pipelines at the end of their economic lives. The timing of recognition requires the application of judgment to existing facts and circumstances, which can be subject to change. Estimates of the amounts of provisions and liabilities recognized are based on current legal and constructive requirements, technology and price levels. Because actual outflows can differ from estimates due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions and liabilities are regularly reviewed and adjusted to take account of such changes.

4.7 Estimation of oil and natural gas reserves

Oil and gas reserves are important elements in impairment testing of cash generating units and amortization charged on development and production assets of the Company. Estimates of oil and natural gas reserves are inherently imprecise, require the application of judgment and are subject to future revision. Proved reserves are estimated by reference to available reservoir and well information, including production and pressure trends for producing reservoirs and, in some cases, subject to definitional limits, to similar data from other producing reservoirs. All proved reserve estimates are subject to revision, either upward or downward, based on new information, from development, drilling and production activities or from changes in economic factors, including product prices, contract terms or development plans.

Changes to the estimates of proved reserves, particularly proved developed reserves, also affect the amount of depreciation, depletion and amortization recorded in the financial statements for fixed assets related to hydrocarbon production activities.

4.8 Employee benefits

Defined benefits plans are provided for permanent as well as contractual employees of the Company. Provident fund contribution plan is structured as a separate legal entity managed by trustees whereas the gratuity and accumulating compensated absences plans are managed by trustees. These calculations require assumptions to be made of future outcomes, the principal ones being in respect of increases in remuneration and pension benefit levels, medical benefit rate, the expected long term return on plan assets and the discount rate used to convert future cash flows to current values. The assumptions used vary for the different plans as they are determined by independent actuaries annually. The amount of the expected return on plan assets is calculated using the expected rate of return for the year and the market related value at the beginning of the year. Service cost primarily represents the increase in actuarial present value of the obligation for benefits earned on employees service during the year and the interest on the obligation in respect of employee's service in previous years, net of the expected return on plan assets. Calculations are sensitive to changes in the underlying assumptions.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1 Property, plant and equipment

These are initially recognized at acquisition cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Company's management. These assets are subsequently measured using the cost model, which is cost less subsequent depreciation and impairment losses, if any.

The cost includes the cost of replacing parts of the plant and equipment when that cost is incurred, if the recognition criteria are met. Depreciation is charged using the straight line method when assets are available for use. No depreciation is charged on the assets in the month of sale/disposal, while full depreciation is charged in the month of acquisition. Maintenance and normal repairs are charged to income for the year as and when incurred, while major renewals and improvements are capitalized.

The carrying amounts of the Company's assets are reviewed at each date of the statement of financial position to determine whether there is any indication of impairment loss. If any such indication exists, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment losses are charged to income for the year. An item of fixed assets is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset is included in profit or loss in the year the asset is derecognized.

5.2 Intangible assets

Intangible assets acquired separately are measured at cost on initial recognition. Following initial recognition, intangible assets are carried at cost less accumulated amortization and any accumulated impairment loss. The cost of intangible is amortized over the estimated useful life on straight line basis.

The useful lives of intangible assets are reviewed at each reporting date. The effect of any adjustment to the useful life is recognized prospectively as a change in accounting estimates.

5.3 Exploration and evaluation assets

The exploration cost of all those joint operations, where GHPL participates on full sharing basis, is accounted for under the "Successful Efforts" method.

All exploratory cost directly related to wells are initially capitalized as exploration and evaluation (E&E) assets until the drilling of the well is completed and results have been evaluated. Based on the results, the cost of successful wells are transferred to development, production assets, once commerciality is declared and production starts coming in. Whereas the cost of dry hole is immediately written off.

All other exploration costs are charged to statement of profit or loss as exploration and prospecting expenditure as and when incurred.

E&E assets are assessed for impairment when facts and circumstances indicate that carrying amount may exceed the recoverable amount of E&E assets. Such indicators include, the point at which a determination is made as to whether or not commercial reserves exist, the period for which the Company has right to explore has expired or will expire in the near future and is not expected to be renewed, substantive expenditure on further exploration and evaluation activities is not planned or budgeted and any other event that may give rise to indication that E&E assets are impaired.

5.4 Development and production assets - Intangibles

During the exploratory phase, relevant working interest of the Company in various concessions is carried by its relevant partners in the respective Joint operations, in accordance with the related Petroleum Concession Agreements. Consequent to the declaration of commercial discovery by the operator and approval by the Director General, Petroleum Concessions (DGPC), the Company has right to increase its working interest up to 25% and the resulting consideration is payable to relevant joint operation partners in these Joint operations, according to the provisions of the related Petroleum Concession Agreements.

The carried cost payable to JV partners comprise of the cost of the successful wells and expenditure that are attributable to the commercial discovery. The cost is directly recognized as development and production assets to the extent to which the cost relates to wells. The remaining portion of the cost is charged off to profit or loss as exploration and prospecting expenditure.

Development and production assets also include the cost of developing the discovered commercial reserves and bringing them into production, together with the capitalized E&E expenditures incurred in finding commercial reserves transferred from E&E assets as outlined in accounting policy 5.3 above and the cost of recognizing provisions for future site restoration and decommissioning.

Expenditure carried within each field is amortized from the commencement of production on a unit of production basis of oil or gas, whichever is dominant in production relevant to a particular field, over the estimated quantities of proved developed reserves at the end of the year plus the production during the year, on a concession by concession basis. Amortization expense for the year is computed on all development and production assets at year end including additions / adjustments made during the year. Changes in the estimates of commercial reserves or future field development costs are dealt with prospectively.

Impairment test of development and production assets is also performed whenever events and circumstances arising during the development and production phase indicate that carrying amount of the development and production assets may exceed its recoverable amount. Such circumstances depend on the interaction of a number of variables, such as the recoverable quantities of hydrocarbons, the production profile of the hydrocarbons, the cost of the development of the infrastructure necessary to recover the hydrocarbons, the production costs, the contractual duration of the production field and the net selling price of the hydrocarbons produced.

The carrying value is compared against expected recoverable amount of the oil and gas assets, generally with reference to the future net cash flows expected to be derived from such assets. The cash generating unit applied for impairment test purpose is generally concession by concession basis, except that a number of fields may be grouped as a single cash generating unit where the cash flows of each field are inter dependent.

Where conditions giving rise to impairment subsequently reverse, the effect of the impairment charge is also reversed as a credit to the profit and loss account, net of any depreciation that would have been charged since the impairment.

5.5 Joint Operations

The Company has certain contractual arrangements with other participants to engage in joint activities, where all significant operating and financial matters are determined by the participants, such that the operation itself has no significant independence to pursue its own commercial strategy. These contractual arrangements do not create a joint venture entity and are accounted for as jointly controlled assets. The Company accounts for its share of the jointly controlled assets, liabilities and operating expenses on proportionate basis. The Company's share of assets, liabilities, revenue and expenses in Joint operations are accounted for on the basis of latest available audited financial statements of the Joint operations and where applicable, the cost statements received from the operator of the joint venture, for the intervening period up to the reporting date. The difference, if any, between the cost statements and audited financial statements is accounted for in the next accounting year.

5.6 Investments

Investment in subsidiary

Long-term investment in subsidiary, where the Company has control or significant influence, are measured at cost in the Company's financial statements. The profit or loss of a subsidiary is carried in the financial statements, and are not dealt within the financial statements of the Company, except to the extent of dividend declared by the subsidiary.

5.7 Stores, spares & loose tools - share in Joint operations' inventory

Stores and spares are valued at the lower of cost and net realizable value less allowance for slow moving items. Cost is determined on the basis of costing methods adopted by operators of respective Joint operations. Net realizable value signifies the estimated selling price in the ordinary course of business less costs necessarily to be incurred in order to make a sale.

5.8 Financial instruments

Financial assets and financial liabilities are recognized in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument. All the 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 expired. Any gains or losses on de-recognition of the financial assets and financial liabilities are taken to the statement of profit or loss.

Initial recognition

All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given or received. These are subsequently measured at fair value, amortised cost or cost as the case may be.

Classification of financial assets - policy applicable from July 1, 2018

The Company classifies its financial instruments in the following categories:

- fair value through profit or loss (FVTPL);
- fair value through other comprehensive income (FVTOCI); and
- at amortised cost

The Company determines the classification of financial assets at initial recognition. The classification of instruments (other than equity instruments) is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics.

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at FVTPL.

Classification of financial liabilities - policy applicable from July 1, 2018

The Company classifies its financial liabilities in the following categories:

- at fair value through profit or loss (“FVTPL”); and
- at amortised cost.

Financial liabilities are measured at amortised cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

Subsequent measurement - policy applicable from July 1, 2018

Financial assets and liabilities at amortised cost

Financial assets and liabilities at amortised cost are initially recognized at fair value, and subsequently carried at amortised cost, and in the case of financial assets, less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statement of profit or loss in the period in which they arise.

Financial assets at FVTOCI

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains or losses arising from changes in fair value recognized in other comprehensive income / (loss).

Impairment of financial assets - policy applicable from July 1, 2018

The Company recognizes loss allowance for ECL on financial assets measured at amortised cost except for debts due directly / ultimately from GoP which includes certain trade debts in respect of which exemption is granted by SECP as explained in note 3.1.1 (ii) for trade debts other than subject to aforesaid exemption of SECP, the Company applies IFRS 9 simplified approach to measure the expected credit losses (loss allowance) which uses a life time expected allowance. The Company uses General 3-stage approach for loans and advances, deposits, long term investments, other receivables, other financial assets and cash and bank balances i.e. to measure ECL through loss allowance at an amount equal to 12-month ECL if credit risk on a financial instruments has not increased significantly since initial recognition.

Life time ECLs are the ECLs that results from all possible default events over the expected life of a financial instrument. 12 months' ECL are portion of ECL that result from default events that are possible within 12 months after the reporting date

ECLs are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between cash flows due to the entity in accordance with the contract and cash flows that the Company expects to receive).

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof.

In respect of financial assets due directly /ultimately from GoP, the financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

Derecognition - policy applicable from 01 July 2018

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying value and the sum of the consideration received and receivable is recognized in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to statement of changes in equity.

Financial liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statement of profit or loss.

Financial instruments under IAS 39, applicable before July 1, 2018

All the 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.

5.9 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise of cash in hand and at banks. 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.

5.10 Decommissioning cost

A provision is recognized when the Company has a present obligation (legal or constructive) as a result of a past event, 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 obligation. When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are discounted using a pre-tax rate that reflects, where appropriate, the risks specific to the liability.

Estimated cost to abandon and dismantle wells and production facilities is recognized as liability and a corresponding equivalent amount is capitalized as cost of development and production assets and property, plant and equipment as the case may be. The amount is based on present value of the estimated future expenditure which are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The recognized amount of decommissioning cost is subsequently amortized /depreciated as part of the capital cost of the development and production assets and property, plant and equipment over the asset's useful life.

Changes in the timing/cost of decommissioning estimates are dealt with prospectively, by recording adjustment to the provision and a corresponding adjustment to the property, plant and equipment and Development and Production assets.

Any reduction in the decommissioning liability and therefore, any deduction from the asset to which it relates, may not exceed the carrying amount of that asset. If it does, any excess over the carrying value is take immediately to profit and loss account.

If the change in estimate results in an increase in the decommissioning liability and, therefore, an addition to the carrying value of the asset, the Company considers whether there is an indication of impairment of the asset as a whole, and if so, test for impairment in accordance with the IAS-36. If, for mature fields, revised oil and gas assets net of decommissioning provisions exceeds the recoverable value, that portion of the increase is charged directly to the statement of profit or loss.

The unwinding of the discount is recognized as finance cost in the statement of profit or loss.

5.11 Staff retirement benefits

Defined benefit plan

The Company operates an approved funded gratuity scheme for its permanent and contractual staff. Provision for the scheme is made on the basis of actuarial valuation. The most recent valuation in this regard was carried out on June 30, 2019, using the Projected Unit Credit Method.

Defined contribution plan

The Company operates an approved contributory provident fund scheme for its permanent and contractual staff. Equal monthly contributions are made, both the Company and the employees, to the fund at the rate of 8.33% of basic salary.

Compensated absences

The Company accounts for all compensated absences when employees render services that increase their entitlement to future compensated absences. The liability is provided on the basis of Provision for the scheme is made on the basis of actuarial valuation. The most recent valuation in this regard was carried out at June 30, 2019, using the Projected Unit Credit Method.

5.12 Taxation

Current

Provision for taxation is based on taxable income at the rates applicable for the current tax year, after considering the rebates and tax credits available.

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.

5.13 Provisions

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.

5.14 Revenue recognition

Policy applicable after 01 July 2018

Revenue from contracts with customers is recognized when or as the Company satisfies a performance obligation by transferring a promised good or service to a customer. A good or service is transferred when the customer obtains control of that good or service. The transfer of control of oil, natural gas and liquefied petroleum gas coincides with title passing to the customer and the customer taking physical possession. The Company principally satisfies its performance obligations at a point in time and the amounts of revenue recognized relating to performance.

Revenue is measured at the fair value of the consideration received or receivable which the Company expects to be entitled in exchange for transferring goods, net of government levies. Prices of crude oil and gas are specified in relevant agreements and / or as notified by the Government Authorities based on contracts with customers or petroleum policy. Effect of adjustments, if any, arising from revision in sale prices is reflected as and when the prices are finalized with the customers and/or approved by the GoP.

Billings are generally raised by the end of each month which are payable within 30 to 45 days in accordance with the contractual arrangement with customers. Amounts billed or received prior to being earned, are deferred and recognized as advances from customers.

Policy applicable before 01 July 2018

Revenue from sale of goods is recognized when significant risks and rewards of ownership are transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

Revenue is measured at the fair value of the consideration received, excluding sales taxes, excise duties and similar levies. Effect of adjustments, if any, arising from revision in sale prices is reflected as and when the prices are finalized with the customers and/or approved by the GoP. Sale of reservoir produce during the phase of Extended Well Testing (EWT), are recognized as revenue.

5.15 Finance income / Late Payment Surcharge

Income on bank deposits is recognized on time proportion basis using the effective interest method.

Late Payment Surcharge (LPS) on trade debts are recognized on receipt basis as per the interest rate agreed with customers.

5.16 Foreign currency translations

These financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency. 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 statement of profit or loss for the year.

5.17 Royalty expense

Royalty expense is recognized on sale of Crude Oil, Gas and LPG at the rate specified in the respective concessions agreements.

5.18 Dividends

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

5.19 Earning per share

The company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

6 PROPERTY, PLANT AND EQUIPMENT

Note	2019 Rupees	2018 Rupees
6.1	42,918,602	38,967,579
6.2	26,510,551,086	26,412,195,258
6.3	1,763,074,989	2,017,794,245
	<u>28,316,544,677</u>	<u>28,468,957,082</u>

6.1 Owned fixed Assets

2019 Particulars	COST			Rate %	ACCUMULATED DEPRECIATION			WRITTEN DOWN VALUE
	As at 01 July 2018	Additions	Disposal		As at 30 June 2019	Charge for the year	Disposal	
	-----Rupees-----				-----Rupees-----			Rupees
Office equipment	17,671,416	6,895,458	-	20	24,566,874	3,123,847	-	13,815,298
Furniture and fixtures	29,574,653	1,078,551	-	15	30,653,204	3,758,740	-	20,409,980
Computer equipment	14,415,982	5,095,816	-	20-33	13,177,210	1,173,490	-	5,161,098
Vehicles	11,835,858	-	-	20	7,240,907	1,062,725	-	3,532,226
	<u>73,497,909</u>	<u>13,069,825</u>	<u>-</u>		<u>34,530,330</u>	<u>9,118,802</u>	<u>-</u>	<u>42,918,602</u>

2018 Particulars	COST			Rate %	ACCUMULATED DEPRECIATION			WRITTEN DOWN VALUE
	As at 01 July 2017	Additions	Disposal		As at 30 June 2018	Charge for the year	Disposal	
	-----Rupees-----				-----Rupees-----			Rupees
Office equipment	8,753,190	8,918,226	-	20	17,671,416	2,068,327	-	10,043,687
Furniture and fixtures	16,963,479	14,322,121	(1,710,947)	15	29,574,653	2,026,898	(1,710,947)	23,090,169
Computer equipment	13,912,982	503,000	-	20-33	14,415,982	1,618,507	-	1,238,772
Vehicles	6,576,507	5,259,351	-	20	11,835,858	1,327,920	-	4,594,951
	<u>46,206,158</u>	<u>29,002,698</u>	<u>(1,710,947)</u>		<u>73,497,909</u>	<u>7,041,652</u>	<u>(1,710,947)</u>	<u>38,967,579</u>

6.2 Share in Joint operations' fixed assets

2019	COST			ACCUMULATED DEPRECIATION			ACCUMULATED IMPAIRMENT			WRITTEN DOWN VALUE				
	Particulars	Note	As at 01 July 2018	Additions/ (adjustment)	Disposal	Rate		As at 01 July 2018	Charge for the year	Disposal	As at 30 June 2019	As at 30 June 2018	As at 30 June 2019	
						As at 30 June 2019	%							
			Rupees					Rupees			Rupees			
			54,214,896	-	-	54,214,896	4-33	38,196,645	802,266	-	38,998,911	9,753,490	-	6,457,517
			41,137,459,553	2,529,801,871	-	43,667,261,424	4-33	15,418,637,232	2,275,062,897	-	17,693,699,329	3,130,420,321	-	2,766,078,052
			6,824,661,031	207,411,160	-	7,032,072,191	4-33	3,069,868,687	421,909,920	-	3,491,778,607	547,048,313	-	562,519,440
			308,494,854	13,663,133	-	314,157,987	20	250,600,690	9,699,744	-	260,300,434	26,381,921	-	25,338,327
			77,474,986	302,764	-	77,777,750	15	61,938,487	6,137,747	-	68,076,234	4,729,236	-	3,793,939
			172,686,922	1,739,373	-	174,426,295	20	131,463,893	16,256,105	-	147,719,998	4,981,680	-	3,129,702
			1,441,057,395	(853,539,028)	-	587,518,367	4-33	846,328,699	(561,829,348)	-	284,499,351	55,505,085	-	44,487,983
			50,008,049,637	1,899,379,273	-	51,907,428,910		19,817,034,333	2,168,838,531	-	21,985,872,864	3,778,820,046	-	3,411,804,960

2018	COST			ACCUMULATED DEPRECIATION			ACCUMULATED IMPAIRMENT			WRITTEN DOWN VALUE				
	Particulars	Note	As at 01 July 2017	Additions/ (transfers)	Disposal	Rate		As at 01 July 2017	Charge for the year	Disposal	As at 30 June 2018	As at 30 June 2017	As at 30 June 2018	
						As at 30 June 2018	%							
			Rupees					Rupees			Rupees			
			54,214,896	-	-	54,214,896	4-33	37,260,135	936,510	-	38,196,645	8,626,899	-	9,753,490
			35,970,197,412	5,167,262,141	-	41,137,459,553	4-33	13,175,164,004	2,243,473,228	-	15,418,637,232	2,773,411,573	-	3,130,420,321
			6,415,795,327	408,863,704	-	6,824,661,031	4-33	2,557,755,113	512,113,574	-	3,069,868,687	502,632,603	-	547,048,313
			286,140,743	14,354,111	-	300,494,854	20	221,379,984	29,220,706	-	250,600,690	19,944,205	-	26,381,921
			76,732,158	742,828	-	77,474,986	15	56,517,209	5,421,278	-	61,938,487	4,573,645	-	4,729,236
			163,345,585	9,341,337	-	172,686,922	20	113,013,876	18,450,017	-	131,463,893	4,556,364	-	4,981,680
			1,321,298,919	119,758,476	-	1,441,057,395	4-33	900,974,357	(54,045,658)	-	846,328,699	36,414,924	-	55,505,085
			44,287,725,040	5,720,324,597	-	50,008,049,637		17,062,064,678	2,734,969,655	-	19,817,034,333	3,350,160,213	-	3,778,820,046

6.3 CAPITAL WORK IN PROGRESS (CWIP)

	2019	2018
	Rupees	Rupees
Opening balance	2,125,222,111	4,316,448,360
Add: Cost incurred during the year	518,853,404	4,078,295,260
Less: Capitalized during the year	(811,049,035)	(6,269,521,509)
	1,833,026,480	2,125,222,111
Less: Accumulated Impairment	(69,951,491)	(107,427,866)
Closing balance	1,763,074,989	2,017,794,245

6.3.1 Total capitalized cost includes asset decommissioning cost amounting to Rs. 89,828,716 as June 30, 2019 (2018: Rs. 1,733,022)

	Note	2019 Rupees	2018 Rupees
6.4 Allocation of depreciation			
Operating expenses	32	2,168,038,531	2,754,969,655
General and administrative expenses	35	9,119,119	7,041,652
		<u>2,177,157,650</u>	<u>2,762,011,307</u>
6.5 Allocation of Impairment			
Operating expenses	32.1	(404,491,461)	521,649,272

6.6 As the Company is a non-operator, property, plant and equipment other than owned fixed assets are not in the possession and control of the Company.

7 INTANGIBLE ASSETS

Particulars	COST		Rate %	ACCUMULATED AMORTIZATION		WRITTEN DOWN VALUE As at 30 June 2019 Rupees
	As at 01 July 2018	Additions		As at 01 July 2018	Charge for the year	
2019		-----Rupees-----			-----Rupees-----	
Software	39,174,879	42,160,957	33	35,187,199	8,402,166	43,589,365
2018						
Software	35,246,707	3,928,172	33	34,640,907	546,292	35,187,199

8 EXPLORATION AND EVALUATION ASSETS

	Note	2019 Rupees	2018 Rupees
Opening balance		2,881,818,774	2,899,652,251
Expenditure incurred during the year		1,397,965,419	511,290,540
Transfer to development and production assets		-	(379,371,268)
Dry hole wells	35	(147,058,772)	(149,752,749)
		<u>4,132,725,421</u>	<u>2,881,818,774</u>

8.1 Total capitalized cost includes asset decommissioning cost amounting to Rs. 18,354,821 at June 30, 2019 (2018: Rs. 36,420,020)

2019	COST			ACCUMULATED AMORTIZATION			ACCUMULATED IMPAIRMENT			WRITTEN DOWN VALUE		
	Particulars	Working Interest	As at 01 July 2018	Additions / (adjustments)	As at 30 June 2019	As at 01 July 2018	Charge for the year	As at 30 June 2019	As at 01 July 2018	Charge / (Reversal) for the year	As at 30 June 2019	As at 30 June 2019
												Rupees
Intangibles												
Producing fields-Joint operations												
		25.00%	306,791,706	-	306,791,706	269,149,610	60,732	269,210,342	-	-	-	37,581,364
	Block-22 (all fields)	22.50%	275,417,663	-	275,417,663	178,212,371	15,041,416	193,253,787	3,174,181	(1,697,818)	1,476,363	80,687,513
	Ahmadal/Pariwali	17.50%	773,484,001	63,877,761	837,361,762	434,308,315	54,180,460	488,488,775	-	-	-	348,872,987
	Minwal	17.50%	7,699,607	196,839	7,896,446	755,594	428,795	1,184,388	-	-	-	6,712,058
	Mazarani	12.50%	136,518,904	176,059	136,694,963	102,580,083	12,786,483	115,366,566	14,022,629	7,305,767	21,328,397	-
	Sawan	22.50%	3,351,746,021	(1,803,550)	3,349,942,471	2,124,059,881	74,002,584	2,198,062,465	883,314,561	(279,251,394)	604,063,167	547,816,839
	Zamzama	25.00%	4,009,389,468	766,040,976	4,775,430,444	3,229,630,343	149,808,061	3,379,438,404	492,820,604	290,966,099	783,786,703	612,205,337
	Mubarak	25.00%	1,234,126,958	-	1,234,126,958	125,195,578	3,664,181	128,859,759	1,090,065,302	(64,588,495)	1,025,476,807	79,790,392
	Nim	22.50%	106,532,892	1,049,172	107,582,064	54,833,110	6,452,360	61,285,470	-	-	67,269,980	46,296,594
	Mehran	25.00%	69,203,189	-	69,203,189	1,933,269	-	1,933,209	67,269,980	-	-	-
	Chanda	17.50%	1,038,849,026	11,152,111	1,050,001,137	489,244,659	88,909,859	578,154,518	-	-	-	471,846,619
	Gambat	22.50%	378,489,513	2,028,154	380,517,667	179,130,790	3,526,885	182,657,675	163,812,122	33,420,389	197,232,511	627,481
	Tal (all fields)	15.00%	4,978,472,904	673,407,267	5,651,880,171	2,455,092,133	372,209,168	2,827,301,301	-	-	-	2,824,578,870
	Khipro (all fields)	25.00%	2,772,941,493	241,574,757	3,014,516,250	1,538,726,559	227,320,301	1,766,046,860	-	-	-	1,248,469,390
	MirpurKhas (all fields)	25.00%	4,114,320,304	1,060,544,725	5,174,865,029	1,714,025,207	480,197,255	2,194,222,462	-	-	-	2,980,642,567
	Chachar	25.00%	257,891,437	-	257,891,437	138,136,157	5,768,539	143,904,696	101,845,101	(9,990,492)	91,854,609	22,132,132
	Nashpa	15.00%	3,157,677,592	566,699,929	3,724,377,521	920,980,596	147,498,633	1,068,479,229	-	-	-	2,655,898,292
	Sinjhoro	22.50%	376,832,776	37,864,007	414,696,783	93,219,502	38,973,593	132,193,095	-	-	-	282,503,688
	Mehar	25.00%	2,231,139,539	(167,048)	2,230,972,491	376,064,891	146,253,417	522,318,308	-	-	-	1,708,654,183
	Jhakro	22.50%	10,107,129	-	10,107,129	9,092,310	-	9,092,310	-	-	-	1,014,819
	Guddu	22.50%	137,522,930	11,224,623	148,747,553	52,831,497	17,729,699	70,561,196	-	-	-	78,186,357
	Bolan	17.50%	298,303,195	87,806,617	386,109,812	62,007,417	22,391,202	84,398,619	-	-	-	301,711,193
	Gambat South	25.00%	1,158,665,954	18,800,365	1,177,466,319	124,414,112	71,527,976	195,942,088	-	-	-	981,524,231
	Tando Allah Yar (all fields)	22.50%	243,843,344	(7,915,869)	235,927,475	59,917,886	27,341,285	87,259,171	-	-	-	148,668,304
	Decommissioning cost		2,430,639,626	(727,309,559)	1,703,330,067	1,218,867,491	(335,900,841)	882,966,650	103,929,797	3,440,524	107,370,321	712,993,096
			33,856,607,171	2,805,247,336	36,661,854,507	15,952,409,301	1,630,172,043	17,587,581,343	2,920,254,277	(20,395,420)	2,899,858,858	16,179,414,306

2019	Particulars	Working Interest	COST			ACCUMULATED AMORTIZATION			ACCUMULATED IMPAIRMENT			WRITTEN DOWN VALUE	
			As at 01 July 2018	Additions / (adjustments)	As at 30 June 2019	As at 01 July 2018	Charge for the year	As at 30 June 2019	As at 01 July 2018	Charge for the year	As at 30 June 2019	As at 30 June 2019	
			Rupees			Rupees			Rupees			Rupees	
Developing fields-Joint operations													
	Mehar	25.00%	-	337,219,554	337,219,554	-	-	-	-	-	-	-	337,219,554
	Ahmadal/Pariwali	17.50%	1,842,907	(1,842,907)	-	-	-	-	-	-	-	-	-
	Tando Allah Yar (all fields)	22.50%	-	487,949	487,949	-	-	-	-	-	-	-	487,949
	Kandra	25.00%	3,577,000	-	3,577,000	-	-	-	-	-	3,577,000	-	-
	Nim	22.50%	85,346,830	-	85,346,830	-	-	-	-	-	-	-	85,346,830
	Kotra	20.00%	83,604,634	1,167,748	85,372,382	-	-	-	(20,534,476)	-	-	-	85,372,382
	Mubarak	25.00%	-	-	-	-	-	-	-	-	-	-	-
	Tal	15.00%	367,355,162	(214,837,996)	152,517,166	-	-	-	-	-	-	-	152,517,166
	Mirpurkhas (all fields)	25.00%	94,003,800	38,839,964	132,843,764	-	-	-	-	-	-	-	132,843,764
	Khipro (all fields)	25.00%	7,032,096	(174,383)	6,857,713	-	-	-	-	-	-	-	6,857,713
	Sawan	22.50%	574,799	(574,799)	-	-	-	-	(154,222)	-	-	-	-
	Nashpa	15.00%	363,318,800	89,476,041	452,794,841	-	-	-	-	-	-	-	452,794,841
	Mazrani	12.50%	-	-	-	-	-	-	-	-	-	-	-
	Badin III	25.00%	-	-	-	-	-	-	-	-	-	-	-
	Gambat South	25.00%	1,175,365,399	15,374,709	1,190,740,108	-	-	-	-	-	-	-	1,190,740,108
	Block-22	22.50%	15,533,960	-	15,533,960	-	-	-	-	-	-	-	15,533,960
	Zamzama	25.00%	265,330,012	(42,588,804)	222,741,208	-	-	-	(228,130)	279,122	-	-	15,254,838
	Sinjhero	22.50%	43,227,488	43,213,531	86,441,019	-	-	-	50,359,846	107,878,659	-	-	114,862,549
	Chanda	17.50%	-	319,261,789	319,261,789	-	-	-	-	-	-	-	86,441,019
	Benari	2.50%	-	-	-	-	-	-	-	-	-	-	-
	Khewari	22.50%	-	-	-	-	-	-	-	-	-	-	-
	Decommissioning cost		78,650,192	125,885,890	204,536,082	-	-	-	-	-	-	-	204,536,082
			2,584,763,079	711,508,286	3,296,271,365	-	-	-	29,443,018	111,734,781	-	-	3,184,536,584
			36,441,370,250	3,516,755,622	39,958,125,872	15,952,409,301	1,630,172,043	17,582,581,343	9,047,598	3,011,593,639	19,563,950,890		

9.1 Developing fields comprise of cost of wells and related expenditure which are under development and, hence, no amortization thereon has been charged.

DEVELOPMENT AND PRODUCTION ASSETS

2018	Particulars	Working Interest	COST			ACCUMULATED AMORTIZATION			ACCUMULATED IMPAIRMENT			WRITTEN DOWN VALUE					
			As at 01 July 2017	As at 30 June 2018	As at 01 July 2017	Charge for the year	As at 30 June 2018	As at 01 July 2017	Charge for the year	As at 30 June 2018	As at 30 June 2018	As at 30 June 2018					
			Rupees			Rupees			Rupees			Rupees					
	Intangibles																
	Producing fields-Joint operations																
	Badin III	25.00%	305,387,623	306,791,706	269,149,610	-	269,149,610	-	-	-	-	-	-	-	-	-	37,642,096
	Block-22 (all fields)	22.50%	275,406,398	275,417,663	155,722,674	22,489,697	178,212,371	22,489,697	3,174,181	3,174,181	3,174,181	3,174,181	3,174,181	3,174,181	3,174,181	3,174,181	94,031,111
	Ahmadal/Pariwali	17.50%	757,424,537	773,484,001	423,410,526	10,897,789	434,308,315	10,897,789	-	-	-	-	-	-	-	-	339,175,686
	Minwal	17.50%	7,578,417	7,699,607	672,580	83,015	755,594	83,015	-	-	-	-	-	-	-	-	6,944,013
	Mazarani	12.50%	136,360,605	136,518,904	84,182,167	18,397,916	102,580,083	18,397,916	14,022,629	14,022,629	14,022,629	14,022,629	14,022,629	14,022,629	14,022,629	14,022,629	19,916,192
	Sawan	22.50%	3,342,278,279	3,351,746,021	2,074,143,546	49,916,335	2,124,059,881	49,916,335	126,277,985	126,277,985	126,277,985	126,277,985	126,277,985	126,277,985	126,277,985	126,277,985	344,371,579
	Zamzama	25.00%	4,005,981,087	4,009,389,468	3,061,104,881	168,525,462	3,229,630,343	168,525,462	48,006,537	48,006,537	48,006,537	48,006,537	48,006,537	48,006,537	48,006,537	48,006,537	286,938,521
	Mubarak	25.00%	1,215,260,880	1,234,126,958	125,195,578	-	125,195,578	-	-	-	-	-	-	-	-	-	18,866,078
	Nim	22.50%	105,549,779	106,532,892	53,623,553	1,209,557	54,833,110	1,209,557	-	-	-	-	-	-	-	-	51,699,782
	Metran	25.00%	69,203,189	69,203,189	1,933,209	-	1,933,209	-	67,269,980	67,269,980	67,269,980	67,269,980	67,269,980	67,269,980	67,269,980	67,269,980	-
	Chanda	17.50%	931,747,255	1,038,849,026	439,915,197	49,329,462	489,244,659	49,329,462	-	-	-	-	-	-	-	-	549,604,367
	Gambat	22.50%	377,471,786	378,489,513	176,747,434	2,383,356	179,130,790	2,383,356	163,812,122	163,812,122	163,812,122	163,812,122	163,812,122	163,812,122	163,812,122	163,812,122	35,546,601
	Tal (all fields)	15.00%	4,660,630,900	4,978,472,904	1,928,574,499	526,517,634	2,455,092,133	526,517,634	-	-	-	-	-	-	-	-	2,523,380,771
	Khipro (all fields)	25.00%	2,362,305,573	2,772,941,493	1,176,838,506	361,888,053	1,538,726,559	361,888,053	-	-	-	-	-	-	-	-	1,234,214,934
	MirpurKhas (all fields)	25.00%	3,330,403,553	4,114,320,304	1,240,451,445	473,573,762	1,714,025,207	473,573,762	-	-	-	-	-	-	-	-	2,400,295,097
	Chachar	25.00%	257,891,437	257,891,437	132,241,667	5,894,490	138,136,157	5,894,490	101,845,101	101,845,101	101,845,101	101,845,101	101,845,101	101,845,101	101,845,101	101,845,101	17,910,179
	Nashpa	15.00%	2,636,425,697	3,157,677,592	754,678,971	166,301,625	920,980,596	166,301,625	-	-	-	-	-	-	-	-	2,236,696,996
	Sinjhoru	22.50%	334,791,180	376,832,776	63,023,484	30,196,018	93,219,502	30,196,018	-	-	-	-	-	-	-	-	283,613,274
	Mehar	25.00%	1,354,087,804	2,231,139,539	303,362,465	72,702,426	376,064,891	72,702,426	-	-	-	-	-	-	-	-	1,855,074,648
	Jhakro	22.50%	10,790,390	10,107,129	8,929,493	162,817	9,092,310	162,817	-	-	-	-	-	-	-	-	1,014,819
	Guddu	22.50%	139,339,827	137,522,930	47,265,969	5,565,528	52,831,497	5,565,528	-	-	-	-	-	-	-	-	84,691,433
	Bolan	17.50%	318,833,822	298,303,195	37,257,765	24,749,652	62,007,417	24,749,652	-	-	-	-	-	-	-	-	236,295,778
	Gambat South	25.00%	819,686,315	1,158,665,954	75,336,749	49,077,363	124,414,112	49,077,363	-	-	-	-	-	-	-	-	1,034,251,842
	Tando Allah Yar (all fields)	22.50%	243,843,344	243,843,344	13,798,836	46,119,050	59,917,886	46,119,050	-	-	-	-	-	-	-	-	183,925,458
	Decommissioning cost		2,313,817,124	2,430,639,626	1,187,651,729	31,215,762	1,218,867,491	31,215,762	16,468,614	16,468,614	16,468,614	16,468,614	16,468,614	16,468,614	16,468,614	16,468,614	1,107,842,338
			30,312,496,801	33,856,607,171	13,835,212,533	2,117,196,769	15,952,409,301	2,117,196,769	193,927,317	193,927,317	193,927,317	193,927,317	193,927,317	193,927,317	193,927,317	193,927,317	14,983,943,593

2018	Particulars	Working Interest	COST			ACCUMULATED AMORTIZATION			ACCUMULATED IMPAIRMENT			WRITTEN DOWN VALUE		
			As at 01 July 2017	Additions / (adjustments)	As at 30 June 2018	As at 01 July 2017	Charge for the year	As at 30 June 2018	As at 01 July 2017	Charge for the year	As at 30 June 2018	As at 30 June 2018	As at 30 June 2018	
			Rupees			Rupees			Rupees			Rupees		
Developing fields-Joint operations														
	Mehar	25.00%	320,711,090	(320,711,090)	-	-	-	-	-	-	-	-	-	1,842,907
	Ahmadal/Pariwali	17.50%	-	1,842,907	1,842,907	-	-	-	-	-	-	-	-	-
	Tando Allah Yar (all fields)	22.50%	-	-	-	-	-	-	-	-	-	-	-	-
	Kandra	25.00%	3,577,000	-	3,577,000	-	-	-	-	-	-	-	-	3,577,000
	Nim	22.50%	88,153,044	(2,806,214)	85,346,830	-	-	-	-	-	-	-	-	85,346,830
	Kcl'a	20.00%	79,191,140	4,413,494	83,604,634	-	-	-	-	-	-	-	-	63,070,158
	Mubarak	25.00%	-	-	-	-	-	-	-	-	-	-	-	-
	Tal	15.00%	502,226,451	(134,871,289)	367,355,162	-	-	-	-	-	-	-	-	367,355,162
	MirpurKhas (all fields)	25.00%	239,728,609	(145,724,809)	94,003,800	-	-	-	-	-	-	-	-	94,003,800
	Khipro (all fields)	25.00%	-	7,032,096	7,032,096	-	-	-	-	-	-	-	-	7,032,096
	Sawan	22.50%	-	574,799	574,799	-	-	-	-	-	-	-	-	420,577
	Nashpa	15.00%	267,468,312	95,850,488	363,318,800	-	-	-	-	-	-	-	-	363,318,800
	Mazarani	12.50%	-	-	-	-	-	-	-	-	-	-	-	-
	Badin III	25.00%	-	-	-	-	-	-	-	-	-	-	-	-
	Gambat South	25.00%	1,136,063,057	39,302,342	1,175,365,399	-	-	-	-	-	-	-	-	1,175,365,399
	Block-22	22.50%	15,533,960	-	15,533,960	-	-	-	-	-	-	-	-	15,026,708
	Zamzama	25.00%	63,774,976	201,555,036	265,330,012	-	-	-	-	-	-	-	-	207,811,199
	Sinjhero	22.50%	12,142,929	31,084,559	43,227,488	-	-	-	-	-	-	-	-	43,227,488
	Decommissioning cost		191,299,570	(112,649,378)	78,650,192	-	-	-	-	-	-	-	-	78,650,192
			2,919,870,138	(335,107,059)	2,584,763,079	-	-	-	-	-	-	-	-	2,502,471,316
			33,232,366,939	3,209,003,311	36,441,370,250	13,835,212,533	2,117,196,769	15,952,409,301	2,749,077,711	253,468,329	3,002,546,040	17,486,414,909		

Note	2019	2018
	Rupees	Rupees
9.2 Allocation of Amortization	1,630,172,043	2,117,196,769
Operating expenses	9,047,598	253,468,329

9.2 Allocation of Amortization
Operating expenses

9.3 Allocation of Impairment
Operating expenses

- 9.4 During the year 2003-04, the Company assigned 2.5% working interest in Block 22 to Petroleum Exploration (Private) Limited (PEL) and 2.5% working interest in Zarghun South Petroleum Concession to Mari Petroleum Company Limited (MPCL), upon commercial discovery. These assignments are not in accordance with the governing Petroleum Concession Agreements. Subsequently, Development and Production lease has been signed between the Company and PEL. On June 21, 2016, the Company entered into an interim agreement with MPCL. As per agreement, the parties were to continue the consultative process to achieve amicable settlement of dispute and open a joint account where MPCL was to deposit its working interest share of sale proceeds to the extent of 2.5% of working interest in joint account, and the Company was required to deposit the amount of 2.5% proportionate share of total amount of cash calls raised by operator in joint account since date of grant of Zarghun South Development and Production lease. However, the joint account could not be opened due to legal requirements of Banks. The interim agreement between the Company and MPCL expired on December 20, 2016.

The Board of Directors of the Company referred the matter to Ministry of Energy (Petroleum Division) for advice. The matter is also under consideration at Public Accounts Committee which directed the Ministry to conduct an inquiry into the matter. An inquiry report has been presented by the Ministry before the PAC for advice on further action. The Company's Board in its 89th meeting dated September 25, 2017 has advised the management to follow the recommendations of the inquiry report and take further actions based on PAC advice. Pending the ultimate outcome of this matter, no adjustment has been made in the financial statements (i.e. assets, liabilities, revenue and expenses pertaining to working interests assigned to PEL and MPCL).

10 LONG TERM INVESTMENT IN SUBSIDIARIES

Investment in subsidiaries - at cost

	Note	2019 Rupees	2018 Rupees
Inter State Gas Systems (Private) Limited (ISGS)	10.1	2,953,920,900	2,313,700,000
Advance against investment in ISGS		-	432,129,610
Pakistan LNG Terminals Limited (PLTL)	10.2	15,000,000	15,000,000
Pakistan LNG Limited (PLL)	10.2	15,000,000	15,000,000
		<u>2,983,920,900</u>	<u>2,775,829,610</u>

- 10.1 Inter State Gas System (Private) Limited (ISGSL) was incorporated on August 04, 1996 in Pakistan under Companies Ordinance 1984 as a private limited company. At June 30, 2019, the Company has a direct shareholding of 99.83% with 295,392,090 (June 30, 2018: 99.57% with 231,370,000) equity shares of Rs.10 each held in ISGS. During the year ISGSL further issued 63,512,090 shares of Rs 635,120,900 to the Company. Further, in pursuance of the directives of the Economic Coordination Committee (ECC) of the Federal Cabinet, Sui Southern Gas Company Limited has transferred its 510,000 shares of ISGSL of Rs. 5,100,000 to the Company against cash payment.

- 10.1.1 As disclosed in financial statement of ISGSL for the year ended June 30, 2019, following is the significant information relating to its principle project i.e. Iran- Pakistan Gas Pipeline Project (IP- Project).

The Governments of Pakistan and Iran signed an Inter-Governmental Framework Declaration (IGFD) for the Iran Pakistan Gas Pipeline Project (IP-Project) on May 24, 2009. The Company then entered into an Iran Pakistan Gas Sale Purchase Agreement (IP-GSPA) with National Iranian Oil Company (NIOC) on June 5, 2009 which became effective on June 13, 2010 upon completion of all conditions precedent to IP-GSPA. The commitments under IP-GSPA are backed by a sovereign guarantee issued by the GoP on May 28, 2010, whereas, the financial requirements were envisaged to be met through Gas Infrastructure Development Cess (GIDC) and Private Sector Entity (PSE) equity injection as approved by Economic Coordination Committee (ECC) of the Federal Cabinet.

To commence work on the IP-Project, ISGSL hired an Engineering and Project Management Consultant (E&PM) which is a joint venture between a German Based firm ILF Beratende Ingenieure GMBH and National Engineering Services Pakistan (Private) Limited (NESPAK). ILF - NESPAK submitted reports on Stage I and Stage II which have been accepted by ISGSL. Complete design of the pipeline system (Front End Engineering & Design), feasibility study, installation of concrete markers and tender documents for the supply of equipment and construction of the pipeline system have also been completed in a timely manner.

In accordance with the guidelines issued by the Sub-Committee / Steering Committee of the ECC, the initial capital requirement of the IP-Project is being funded through equity injection by GHPL.

Government to Government Co-operation Agreement as initialed on December 1, 2012 was endorsed by the Federal Cabinet on January 30, 2013. The President of Pakistan and the President of Iran inaugurated the construction phase of IP-Project in a Ground Breaking Ceremony held on March 11, 2013.

The IP Project faced constraints, as a consequence of the international sanctions imposed on Iran by United Nations, United States of America and the European Union. Iran's association with the Project and risk of violating sanctions was considered to affect potential financiers, reputable international suppliers of crucial equipment and contractors. The ISGSL believes that this has created a Force Majeure and Excusing Events situation and accordingly the matter has been taken up with Government of Iran as per the provisions of the signed IP-GSPA. In terms of the letter dated April 14, 2014, NIOC rejected the ISGSL's force majeure notice on the premise that substantively, the situations alluded by the ISGSL do not constitute any ground for the occurrence of Force Majeure or Excusing Events under the IP-GSPA. The ISGSL has not accrued any penalty under the terms of IP-GSPA agreement with NIOC. The discussions are underway with Government of Iran to get an extension in the target date to contract and complete the required segment as per IP-GSPA by both sides which was due by December 31, 2014. Further, it is also apparent that NIOC has also not completed reasonable component of its required segment of the gas pipeline, which further weakens their case to invoke penalty clause of IP-GSPA.

On February 27, 2019 NIOC issued a formal notice of material breach of buyer's warranties under the IP-GSPA (the Breach Notice). After negotiation with Iran, on September 5, 2019 Pakistan and Iran has signed an addendum to the IP-GSPA for extension of limitation period of any claims for further five years from the date of signing of the addendum. In light of the addendum Iran withdraw the aforementioned notice of material breach.

10.1.2 As disclosed in financial statement of ISGSL for the year ended June 30, 2019, following is the significant information relating to Gwadar-Nawabshah LNG terminal & Pipeline project (GNP).

ECC in its meeting held on October 02, 2014 approved the Gwadar-Nawabshah LNG terminal & Pipeline project (GNP). It was envisaged that GNP shall not only serve to meet ever growing energy needs of Pakistan but can also be utilized to link up to Iranian border in future and therefore Pakistan would substantially be complying with its contractual obligations under the GSPA. As essential technical work of pipeline route has already been done for IP project, it has been envisaged that the same shall be utilized for the Gwadar Nawabshah LNG terminal & Pipeline.

During the visit of President of China to Pakistan on April 20, 2015, National Energy Administration of China and Ministry of Energy (MoE) of Pakistan signed Framework Agreement at Islamabad in relation to GNP. In this respect, Chinese nominated entity i.e. China Petroleum Pipeline Bureau (CPP) submitted the technical and financial bid to ISGSL for Engineering, Procurement, Construction and Financing (EPCF) under G to G framework agreement, which was being negotiated. However, the Cabinet Committee on Energy (CCE) through its decision taken in its meeting dated June 6, 2017 directed MoE to drop the GNP forthwith. As per the said direction, ISGSL has discontinued the GNP, however, it has requested certain clarifications and guidelines from MoE regarding the strategic outcome of the decision, for which the response is pending. In 2018, ISGSL recognized an impairment loss against aggregate cost incurred on GNP.

10.1.3 As disclosed in financial statement of ISGSL for the year ended June 30, 2019, following is the significant information relating to Machike-Tarujabba Oil Pipeline Project (MTOPP).

The ECC of the Cabinet in its meeting held on November 01, 2017 vide case no.EE-117/21/2017 assigned the Machike-Tarujabba Oil Pipeline Project ("MTOPP") to ISGSL. The ECC directed ISGSL to implement the Project on Build, Own, Operate and Transfer ("BOOT") basis for a fifteen years term, through open tendering process, divided into three (3) separate sections originating from Machike via Chakpirana, Rawat and terminate at Taru Jabba completing the pipeline 'backbone' from Karachi to Peshawar. The ownership of MTOPP was to be transferred to ISGSL after 15 years or earlier as per the BOOT Agreement to be signed between the Company and the successful bidder of each section.

In the above said decision, the ECC also directed the Company to conduct a techno-economic feasibility study for undertaking the Project before initiating the tender process. ISGSL appointed an independent technical Consultant to provide consultancy services in respect of the Project, including undertaking a detailed techno-economic feasibility study. The Consultant in the detailed techno-economic feasibility report opined that the Project is financially viable and will result in significant savings to the Government exchequer over the life of the Project when compared with the prevailing road freight besides ensuring safe and steady oil supply from Karachi to Peshawar.

The bidding process was conducted by the ISGSL and the transportation tariff quoted by the successful bidder was approved by ECC of the Cabinet in its meeting dated April 17, 2018. The ISGSL also obtained in principle approval from National Highway Authority for usage of 340 km out of 427 km Right of Way (RoW) along the Highway.

ECC of the Cabinet in its meeting held on February 12, 2019 assigned the project to the private sector. Accordingly, ISGSL recognized an impairment loss for the aggregate cost incurred on the project in current year.

10.1.4 Current projects undertaken by ISGSL are Iran Pakistan Gas Pipeline Project (IP - Project) and Turkmenistan, Afghanistan, Pakistan and India Gas Pipeline Project (TAPI - Project). Based on positive financial projections of aforementioned two projects management believes that Company's investment in ISGSL entails no impairment in standalone financial statement of the Company.

10.2 Pakistan LNG Terminals Limited and Pakistan LNG Limited (Collectively referred to as the subsidiaries) were incorporated in Pakistan as a public companies on December 11, 2015 under the Companies Ordinance, 1984. The Company has subscribe 100% shareholding in the subsidiaries with 1,500,000 equity shares at Rs.10 each. The registered office of the subsidiaries are located at 3rd floor, Block A, Pak Secretariat, Islamabad, Pakistan.

Based on positive financial result of PLL for the year and positive financial projections of PLTL, management believes that Company's investment in PLL and PLTL entails no impairment in the standalone financial statement of the Company.

10.2.1 During the financial year June 30, 2018 ended, Ministry of Energy (Petroleum Division) vide its letter dated February 06, 2018 has directed to merge PLL with PLTL, in this regard a presentation to Joint Boards of the Company, PLL and PLTL has held about the economics of merger. The Board of directors of the Company sought certain clarifications which have been responded by the subsidiary companies. Necessary approval of the regulators shall be sought once the Company gives its concurrence to merger. PLTL will be amalgamated/merged with and vest in PLL. Existing shares of acquiree (PLTL) shall stand cancelled and acquirer (PLL) shall with effect from the Completion Date be entitled to carry out all the business of acquiree in its own right and shall be entitled to all the rights and the benefits thereof. The final scheme of amalgamation/merger and its effective date is not finalized yet.

	Note	2019 Rupees	2018 Rupees
11 LONG TERM LOAN			
Long term loan to subsidiaries			
Loan to Inter State Gas Systems (Private) Limited	11.1	1,293,168,325	1,964,168,325
Loan to Pakistan LNG Terminals Limited	14	120,872,580	-
Loan to Pakistan LNG Limited	14	2,782,346,884	-
Long term loans to staff			
Considered good - unsecured		14,292,389	19,495,137
Current portion of long term loan		(6,594,047)	(5,992,848)
		<u>4,204,086,131</u>	<u>1,977,670,614</u>
11.1 Opening balance		1,964,168,325	667,000,000
Payment to ISGSL		307,000,000	1,301,000,000
Repayment by ISGSL		(978,000,000)	(3,831,675)
Closing balance	11.2	<u>1,293,168,325</u>	<u>1,964,168,325</u>

11.2 This represents amount paid to ISGSL as per directive of ECC for meeting their operational requirements. Initially the amount of Rs. 396 million upto June 30, 2016 was transferred as advance. However, on the directive of ECC taken in the meeting dated December 15, 2016 the said amount and all subsequent amounts received were classified as loan. In the said meeting ECC tasked the Company to fund all the project activities as well as expenditure on all Government mandated projects of the ISGSL in the form of a three year bullet term loan at terms separately agreed between the Company and ISGSL through a loan agreement.

During the year the Company gave a loan of Rs. 307 million (2018: Rs. 1,301 million) to ISGSL. ISGSL repaid Rs. 978 million received from the Company in May, 2018 for acquisition of land for Machika Tarujaba Oil Pipeline Project.

A loan agreement between the Company and ISGSL was signed on August 9, 2018. As per provisions of this loan agreement the ISGSL assets (i.e. receivables, properties gross revenues, movable/immovable assets) to the extent of loan amount disbursed are assumed as security. The loan carry's interest rate of annual KIBOR + 0.1% effective from date of disbursement. Loan and interest was receivable in a single bullet payment due on December 14, 2019.

However, the Company's Board of Directors has approved to continue funding of ISGSL and extended the loan arrangement for a period of five (05) years subject to approval of the ECC of the Cabinet. Approval of ECC of the Cabinet is in process.

12 INTEREST ACCRUED ON LONG TERM LOAN

This represents interest receivable on loan to ISGSL which is receivable along with principal. (Refer 11.2)

	Note	2019 Rupees	2018 Rupees
13 STORES, SPARES AND LOOSE TOOLS - SHARE IN JOINT OPERATIONS' INVENTORY			
Store, spares and loose tools		3,791,513,025	3,401,417,681
Impairment for slow moving and obsolete stores, spares and loose tools	13.1	<u>(495,707,406)</u>	<u>(554,898,650)</u>
		<u>3,295,805,619</u>	<u>2,846,519,031</u>
13.1 Opening balance		554,898,650	502,444,095
Impairment (reversal) / charge for the year	32.1	<u>(59,191,244)</u>	<u>52,454,555</u>
Closing balance		<u>495,707,406</u>	<u>554,898,650</u>

	Note	2019 Rupees	2018 Rupees
14 LOAN TO SUBSIDIARIES			
Pakistan LNG Terminals Limited (PLTL)	14.1	241,745,160	241,745,160
Pakistan LNG Limited (PLL)	14.2	<u>5,316,346,884</u>	<u>5,316,346,884</u>
		<u>5,558,092,044</u>	<u>5,558,092,044</u>
Current portion			
Pakistan LNG Terminals Limited (PLTL)		120,872,580	241,745,160
Pakistan LNG Limited (PLL)		<u>2,534,000,000</u>	<u>5,316,346,884</u>
Total current portion		<u>2,654,872,580</u>	<u>5,558,092,044</u>
Non current portion			
Pakistan LNG Terminals Limited (PLTL)		120,872,580	-
Pakistan LNG Limited (PLL)		<u>2,782,346,884</u>	-
Total non - current portion		<u>2,903,219,464</u>	-

14.1 The Company had provided advance to PLTL solely to meet the operational activities related to LNG imports and to meet the guarantee requirements under the contract for LNG imports. On November 27, 2017, the Company entered into a loan agreement with PLTL and signed a term sheet for the conversion of entire advances into interest bearing loan. The loan carried interest rate of six month KIBOR plus two percent. Loan along with the interest was initially receivable in four quarterly installments, within one year after the recovery of first invoice from PLL after start of commercial operations on February 20, 2018. During the year, PLTL has renegotiated the repayment terms. As per new terms principal amount is receivable in six equal installments starting from June 30, 2019 with all other terms remaining to be the same. First installment amounting to Rs. 40.29 million is already past due.

14.2 The Company had provided the advance to PLL solely to meet the operational activities related to LNG imports and to meet the guarantee requirements under the contract for LNG imports. On November 22, 2017, the Company agreed to convert entire amount of advances into interest bearing loan agreed under term sheet signed by both parties. Loan along with interest was initially receivable in four quarterly installments, within one year after recovery of first invoice from PLL after start of commercial operations date of February 20, 2018. The loan carry's interest rate of six month KIBOR plus two percent. During the year, the loan repayment schedule was re-negotiated by both parties, with the loan now receivable by the Company over a course of three (03) years starting from December 31, 2019. Interest due during the year has not been received yet.

	Note	2019 Rupees	2018 Rupees
15 TRADE DEBTS - NET			
Unsecured - considered good		79,216,558,399	53,437,102,477
Unsecured - considered doubtful			
Unsecured - considered doubtful	15.1	<u>4,604,647,534</u>	<u>4,604,647,534</u>
Less: Provision for doubtful debts	15.3	<u>(4,604,647,534)</u>	<u>(4,604,647,534)</u>
		<u>79,216,558,399</u>	<u>53,437,102,477</u>

15.1 The trade debts include Rs. 68,913,442,685 (2018: Rs. 46,011,934,566) from oil and gas customers which is overdue for period longer than as provided in the agreement. The amount is overdue on account of Inter-Corporate circular debt. Out of the total overdue amount Rs. 49,348,165,599 and Rs. 17,623,450,236 is mainly overdue from related parties, Sui Southern Gas Company Limited and Sui Northern Gas Pipeline Limited respectively. The management of Company considers this amount to be fully recoverable because Government of Pakistan has been assuming the responsibility to settle the Inter-Corporate circular debt in the energy sector. As referred in Note. 3.1.1, SECP has exempted the applicability of expected credit loss ECL model on financial assets due directly / ultimately from GoP. Management believes that payment of these balances is slow because of financial problem being faced by public sector entities due to circular debt issue. Based on difficulty of recoverability of principal amount, the management had estimated the amount of Rs. 4,604,647,534 (2018: Rs. 4,604,647,534) as provision for doubtful debts.

15.2 Late Payment Surcharge (LPS) on trade debts is recognized on receipt basis as per the interest rate agreed with customers. Aggregate amount of LPS stand at Rs. 16,447 million as of June 30, 2019 (2018: Rs. 11,326 million) which is not recognized, based on the premise that it has not been received yet.

	Note	2019 Rupees	2018 Rupees
15.3 Opening balance		4,604,647,534	4,604,647,534
Provision for the year		-	-
		<u>4,604,647,534</u>	<u>4,604,647,534</u>

16 LOANS, ADVANCES AND OTHER RECEIVABLES (CONSIDERED GOOD)

	Note	2019 Rupees	2018 Rupees
Advances against salary to staff	16.1	2,889,167	4,000,667
Current portion of loan to staff	11	6,594,047	5,992,848
Advances to suppliers		527,682	1,690,566
		<u>10,010,896</u>	<u>11,684,081</u>

16.1 Movement of carrying amount of advances against salary:

	Executives	Other employees	Total
	-----Rupees-----		
Balance as at July 01, 2018	2,516,667	1,484,000	4,000,667
Disbursement during the year	7,500,000	3,022,000	10,522,000
Repayments during the year	(8,833,333)	(2,800,167)	(11,633,500)
	<u>1,183,334</u>	<u>1,705,833</u>	<u>2,889,167</u>

16.2 The advances are granted to employees of the Company in accordance with the Company's service rules. These advances are for short term period against salaries and carry no interest.

17 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

	2019 Rupees	2018 Rupees
Security deposits	55,250	55,250
Short term prepayments		
Software maintenance fee	2,464,563	2,989,800
Insurance	3,067,653	2,212,022
	<u>5,532,216</u>	<u>5,201,822</u>
	<u>5,587,466</u>	<u>5,257,072</u>

	2019 Rupees	2018 Rupees
18 INTEREST ACCRUED		
Interest accrued on:		
Bank deposits	97,979,709	23,715,421
Term deposit receipts	109,504,106	286,888,338
Interest accrued on long term loan to PLL	1,393,180,078	503,411,391
Interest accrued on long term loan to PLTL	21,420,644	11,609,597
	<u>1,622,084,537</u>	<u>825,624,747</u>

19 SHORT TERM INVESTMENTS

Investment in TDRs	<u>18,000,000,000</u>	<u>12,719,529,035</u>
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19.1 These represent investment in term deposit receipts placed with the commercial banks. The breakup is as under:

Credit rating	Rating agency	Rate p.a	2019 Rupees	2018 Rupees
A1+	PACRA	12.75%	6,000,000,000	6,000,000,000
A1+	PACRA	11.95%	3,000,000,000	-
A-1+	JCR-VIS	12.75%	9,000,000,000	-
A1+	PACRA	5.95%	-	4,000,000,000
A1+	PACRA	5.95% & 6.00%	-	2,719,529,035
			<u>18,000,000,000</u>	<u>12,719,529,035</u>

19.2 Please refer to Note 29.1.3 which explains that a lien has been created on the term deposit receipt of Rs. 6 billion (2018: Rs. 8.719 billion) for issuing guarantee on behalf of subsidiaries.

19.3 All these investments are maturing within one year from the year end.

	Note	2019 Rupees	2018 Rupees
20 CASH AND BANK BALANCES			
Cash:			
- In hand		49,425	48,564
- At banks - savings accounts		3,950,944,958	2,605,571,693
		<u>3,950,994,383</u>	<u>2,605,620,257</u>

20.1 These carry mark-up at the rate ranging between 10.50% and 12.60% p.a (2018: 3.75% and 5.95% p.a).

20.2 Cash and cash equivalents

Short term investment		12,000,000,000	-
Cash and bank balances	20	3,950,994,383	2,605,620,257
		<u>15,950,994,383</u>	<u>2,605,620,257</u>

21 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2019 (Number of shares)	2018		2019 Rupees	2018 Rupees
2,088,512,092	2,025,000,002	Ordinary shares of Rs. 10 each, fully paid in cash	20,885,120,920	20,250,000,020

21.1 The movement in issued, subscribed and paid up capital is as follows:

	2019 No. of shares	2018
At July 1	2,025,000,002	2,025,000,002
Ordinary shares of Rs. 10 each paid in cash issued during the year	63,512,090	-
At June 30	<u>2,088,512,092</u>	<u>2,025,000,002</u>

	2019	2018
	Rupees	
At July 1	20,250,000,020	20,250,000,020
Ordinary shares of Rs. 10 each paid in cash issued during the year	635,120,900	-
At June 30	<u>20,885,120,920</u>	<u>20,250,000,020</u>

21.2 Government of Pakistan holds 100% shares. Of these shares, two nominee directors hold one qualification share, each.

21.3 The Economic Coordination Committee (ECC) of the Federal Cabinet in its meeting held on December 18, 2015 approved 5% (estimated at US\$ 200 million) equity injection as equity share of Government of Pakistan (GoP) through the ISGSL in Turkmenistan-Afghanistan-Pakistan-Indian (TAPI) Gas Pipeline Project. Accordingly, GoP provided funds to the ISGSL for subscription of Class 'A' shares in TAPI Pipeline Company Limited (TPCL).

Ministry of Finance (MoF) via letter no. F.4(2) CF-V/2007 dated October 24, 2017 directed the ISGSL to issue shares to the Company for the related amount received from GoP and directed the Company to issue shares to the President of Pakistan through secretary petroleum Ministry of Energy (Petroleum Division). In pursuance of these directives, the ISGSL issued 63,512,090 shares of Rs.10 each to the Company for the related amount received from GoP and accordingly the Company issued 63,512,090 shares of Rs. 10 each to the President of Pakistan through secretary petroleum Ministry of Energy (Petroleum Division).

22 RESERVES	Note	2019 Rupees	2018 Rupees
General reserve	22.2	2,284,626,436	2,284,626,436
Other reserves			
Committed outlay reserve	22.3	20,946,247,416	20,946,247,416
Asset insurance reserve	22.4	3,000,000,000	3,000,000,000
Assets acquisition reserve	22.5	5,000,000,000	5,000,000,000
LNG project reserve	22.6	25,000,000,000	25,000,000,000
		<u>53,946,247,416</u>	<u>53,946,247,416</u>
		<u>56,230,873,852</u>	<u>56,230,873,852</u>

22.1 The Company has appropriated and created these reserves in accordance with the principles of prudence. The above reserves are funded and proceeds are maintained in short term investments as disclosed in Note 19 to these financial statements.

22.2 The general and contingency reserve is appropriated to cater for contingencies related to relevant interest carried cost based on current exploration commitments and other unforeseen events.

22.3 The committed outlay reserve is appropriated for future requirements based on expected cash outlay for Capital Commitments, Decommissioning Obligations and liability against relevant interest carried cost.

22.4 The asset insurance reserve has been created for self insurance of investments in assets like wells, plants, pipelines, vehicles and furniture & fixture of those Joint operations where the Insurance policy has not been taken out by the Operator.

22.5 In view of the declining hydrocarbon reserves profile of the Company, it is intended to acquire sizeable producing reserves for which a separate assets acquisition reserve has been established and the Company plans to continue to build-up this reserve in future years.

22.6 The Reserve is created to cater for funding / financial support for LNG Projects being undertaken by newly incorporated subsidiaries, Pakistan LNG Limited (PLL) and Pakistan LNG Terminals Limited (PLTL).

23 LONG TERM LIABILITY	Note	2019 Rupees	2018 Rupees
Due to the joint operators	23.2	5,094,197,402	4,942,651,795
Current portion shown under current liabilities		<u>(971,546,027)</u>	<u>(1,344,242,108)</u>
		<u>4,122,651,375</u>	<u>3,598,409,687</u>

23.1 This represents long term liability on account of the Company's carried interest of 5% in the exploration expenditure of various joint operations. This expenditure is incurred by the joint operation partners up to the date of commercial discovery, and the amount will be adjusted in five equal annual installments, against the Company's share of commercial production in each respective joint operation.

23.2	Note	2019 Rupees	2018 Rupees
Opening Balance		4,942,651,795	4,545,017,446
Unwinding of Long term liability		116,569,297	84,850,148
Payments		(1,435,031,347)	(297,223,841)
Additions / adjustments during the year		157,490,810	74,969,744
Exchange loss realized		618,369,492	-
Discounting of long term liability	23.3	22,582,927	(192,474,694)
Exchange loss on revaluation		<u>671,564,428</u>	<u>727,512,992</u>
		<u>5,094,197,402</u>	<u>4,942,651,795</u>

23.3 Long term liability in US dollars have been discounted using 2.28% (2018: 2.76%) rate of interest.

24 DEFERRED TAXATION	Note	2019 Rupees	2018 Rupees
Deferred taxation	24.1	<u>8,262,319,007</u>	<u>7,418,962,398</u>

24.1 Movement in the deferred tax liability:

Opening balance		7,418,962,398	7,183,451,535
Debited to the statement of profit or loss	38	847,236,807	236,167,400
Credited to statement of other comprehensive income		<u>(3,880,198)</u>	<u>(656,537)</u>
		<u>8,262,319,007</u>	<u>7,418,962,398</u>

24.2 Deferred tax in respect of taxable/(deductible) temporary differences:

Accelerated depreciation on property, plant and equipment		6,127,004,540	5,671,866,281
Impairment of stores, spares and loose tools		(198,282,962)	(221,959,460)
Long term liability		(358,312,340)	(347,276,691)
Development and production expenditure		5,836,898,444	5,129,567,674
Provision for doubtful debts		(1,841,859,014)	(1,841,859,014)
Expenditure of exploration and evaluation, development and production assets		(1,299,249,463)	(970,719,855)
Remeasurement of employees' retirement benefits		<u>(3,880,198)</u>	<u>(656,537)</u>
		<u>8,262,319,007</u>	<u>7,418,962,398</u>

24.3 Deferred tax has been calculated at the current effective tax rate of 40% (June 30, 2018: 40%). The effective tax rate is reviewed annually.

	Note	2019 Rupees	2018 Rupees
25 PROVISION FOR DECOMMISSIONING COST			
Provision for decommissioning cost	25.1	<u>7,148,060,428</u>	<u>6,142,566,167</u>
25.1 Provision for decommissioning cost			
Opening balance		6,142,566,167	5,111,694,282
Provision/(reversal) made during the year		(1,384,932,202)	119,404,225
Revaluation exchange loss		2,191,094,550	815,911,238
Unwinding of decommissioning cost	37	<u>199,331,913</u>	<u>95,556,422</u>
		<u>7,148,060,428</u>	<u>6,142,566,167</u>
26 DEFERRED EMPLOYEE BENEFITS			
Accumulating compensated absences	26.1	29,738,690	23,049,731
Employees' gratuity fund	26.2	<u>21,889,684</u>	<u>13,234,975</u>
		<u>51,628,374</u>	<u>36,284,706</u>
26.1 Accumulating compensated absences			
26.1.1 Amounts recognized in statement of financial position:			
Present value of defined benefit obligation	26.1.2	29,738,690	23,049,731
Fair value of plan assets		-	-
Net liability at end of the year		<u>29,738,690</u>	<u>23,049,731</u>
26.1.2 Movement in the present value of obligation:			
Balance at beginning of the year		23,049,731	19,084,349
Expense for the year		6,863,511	4,338,971
Payment made during the year		(174,552)	(373,589)
		<u>29,738,690</u>	<u>23,049,731</u>
26.1.3 Amounts recognized in statement of profit or loss:			
Current service cost		1,015,015	636,722
Interest expense		<u>2,296,246</u>	<u>1,713,467</u>
		<u>3,311,261</u>	<u>2,350,189</u>
26.1.4 Amounts recognized in statement of comprehensive income:		<u>3,552,250</u>	<u>1,988,782</u>
26.1.5 Principle actuarial assumptions:			
Valuation discount rate (%)		<u>14.50%</u>	<u>10.00%</u>
Salary increase rate (%)		<u>13.50%</u>	<u>9.00%</u>
26.1.6 Weighted average assumptions to determined defined benefit costs		<u>2019</u>	<u>2018</u>
Discount rate		10.00%	9.25%
Rate of salary increase		9.00%	8.25%

	Note	2019 Rupees	2018 Rupees
26.1.7 Sensitivity analysis			
Defined Benefit Obligation		<u>29,738,690</u>	<u>23,049,731</u>
1% increase in discount rate		<u>26,429,445</u>	<u>20,243,355</u>
1% decrease in discount rate		<u>33,587,758</u>	<u>26,357,931</u>
1% increase in salary rate		<u>33,565,505</u>	<u>26,338,788</u>
1% decrease in salary rate		<u>26,394,514</u>	<u>20,212,216</u>
26.2 Employees' gratuity fund			
26.2.1 Amounts recognized in statement of financial position:			
Present value of defined benefit obligation	26.2.2	87,987,648	64,733,331
Fair value of plan assets	26.2.3	<u>(66,097,964)</u>	<u>(51,498,356)</u>
Net liability at end of the year		<u>21,889,684</u>	<u>13,234,975</u>
26.2.2 Movement in the present value of obligation:			
Balance at beginning of the year		64,733,331	55,081,745
Current service cost		15,079,690	12,416,441
Interest cost		6,338,602	4,824,589
Benefits paid		(2,694,651)	(5,848,080)
Premeasurement of defined benefit obligation		<u>4,530,676</u>	<u>(1,741,364)</u>
		<u>87,987,648</u>	<u>64,733,331</u>
26.2.3 Movement in the fair value of plan assets:			
Balance at beginning of the year		51,498,356	35,719,937
Contributions by employers		13,234,975	13,513,714
Payment by employer on behalf of plan		-	6,533,195
Expected return on plan assets		5,676,853	3,658,630
Benefits paid		(2,694,651)	(6,533,195)
Premeasurement of plan assets		<u>(1,617,569)</u>	<u>(1,393,925)</u>
		<u>66,097,964</u>	<u>51,498,356</u>
26.2.4 Amounts recognized in statement of profit and loss:			
Current service cost		15,079,690	12,416,441
Net interest cost		<u>661,749</u>	<u>1,165,959</u>
		<u>15,741,439</u>	<u>13,582,400</u>
26.2.5 Amounts recognized in statement of other comprehensive income:			
Remeasurement loss recognized		<u>6,148,245</u>	<u>(347,439)</u>
26.2.6 Principle actuarial assumptions:			
Valuation discount rate (%)		<u>14.50%</u>	<u>10.00%</u>
Salary increase rate (%)		<u>13.50%</u>	<u>9.00%</u>
26.2.7 Weighted average assumptions to determined defined benefit costs			
Discount rate		10.00%	9.25%
Rate of salary increase		9.00%	8.25%

26.2.8 Sensitivity Analysis

Defined Benefit Obligation	87,987,662	64,733,345
1% increase in discount rate	78,242,417	57,446,505
1% decrease in discount rate	99,323,101	75,208,376
1% increase in salary rate	99,397,949	75,257,049
1% decrease in salary rate	78,016,292	57,090,184

26.2.9 Description of risks to the Company

The defined benefit plans expose the Company to the following risks:

Final salary risk - The risk that the final salary at the time of cessation of service is greater than what was assumed.

Withdrawal risk - The risk of higher or lower withdrawal experience than assumed. The final effect could go either way depending on the beneficiaries' service/age distribution and the benefit.

	Note	2019 Rupees	2018 Rupees
27 TRADE AND OTHER PAYABLES			
Trade creditors - due to joint operations		5,339,617,913	6,137,031,924
Other payables			
Accrued liabilities		66,707,189	18,341,375
Payable to provident fund		1,418,857	1,220,511
Sales tax payable		778,474,364	81,230,370
Other payables		3,484,960	-
FED / PDL / Windfall levy payable		35,805,422	10,532,722
Royalty payable		1,069,670,886	644,974,437
Provision for windfall levy on oil/condensate	29.1.4	3,759,411,028	-
		5,714,972,706	756,299,415
		<u>11,054,590,619</u>	<u>6,893,331,339</u>
28 PROVISION FOR TAXATION			
Provision for taxation at beginning of the year		2,882,248,737	856,505,488
Income tax paid during the year		(18,687,212,459)	(12,295,870,769)
Provision for current taxation for the year	38	19,065,985,771	14,445,033,495
Provision for taxation - prior years	38	(36,537,749)	(123,419,477)
Income tax - payable at end of the year		<u>3,224,484,300</u>	<u>2,882,248,737</u>
28.1			
The Company has various tax litigations pending with the tax authorities in respect of tax years 2003 to 2018. These litigations are pending at different forums of taxation authorities. However, the Company has paid, under protest to avoid penalties under the Income Tax Ordinance 2001, full amount against the demand raised by tax authorities in respect of said years and has charged it to tax expense. The Company based on advise of its tax consultant believes that there will be no future liability expected to arise in respect of said litigations.			
29 CONTINGENCIES AND COMMITMENTS			
29.1 Contingencies			
Relating to carried cost liability	29.1.1	1,526,651,826	837,794,670
Tax contingency	29.1.2	18,177,836,600	18,177,836,600
		<u>19,704,488,426</u>	<u>19,015,631,270</u>

29.1.1 This represents contingencies in respect of 5% carried cost of the discovered fields where Declaration of Commercialities (DOCs) have not yet been submitted at the year end and for those Development and Production leases where the Company's estimates varies with those of the operator.

29.1.2 This represents tax contingencies in respect of show cause notice issued by FBR regarding non - applicability of Zero percent sales tax on crude/condensate supplies by the Company from 2009-10 to 2013-14 as per SRO No. 549(1)/2008 dated 11.06.2008 with the condition of "Import and supplies thereof" and the Company is not importing crude/condensate. The Company does not charge sales tax on its crude /condensate supplies in line with industry practice and compliance of law. The Company filed writ petition with Islamabad High Court. The writ petition was accepted and the show cause notice was declared as having been issued without jurisdiction. However, it was clarified by the court that the FBR can reissue the notices. FBR preferred Intra Court Appeal which is pending adjudication before the Honorable Islamabad High Court and no stay has been granted against the order of the single bench. The expected tax contingency has been calculated based on sales tax amount involved, penalty and default surcharge.

29.1.3 The Company has also provided lien against its investments for the guarantee issued by PLL in favor of the LNG suppliers of amounting to USD 43.7 million (i.e. for the value of two cargoes per month).

29.1.4 Contingency with respect to imposition of Windfall Levy on oil / condensate

The Company is a working interest owner in Tal, Mirpur Khas, Khipro, Mehar, Tando Allah Yar, Gurgalot, Sinjhoro, Bitrism, Khewari and Nim Blocks whose Petroleum Concession Agreements (PCAs) were executed under the framework of Petroleum Policies 1994 and 1997. Subsequently, in pursuance to the option available under Petroleum Policy 2012, the Company alongwith other working interest owners signed Supplemental Agreements (SAs) with the GoP for conversion of eligible existing and future discoveries under aforesaid PCAs to the Petroleum Policy (PP), 2012. Under the said arrangement, price regimes prevailing in PP 2007, PP 2009 and PP 2012 in terms of PP 2012 shall be applicable, correlated with the spud dates of the wells in the respective policies starting from November 27, 2007. The conversion package as defined in the SAs included windfall levy on natural gas only.

On December 27, 2017, the Ministry of Energy (Petroleum Division) notified amendments in Petroleum Policy 2012 after approval from the Council of Common Interests (CCI) dated November 24, 2017. These amendments include imposition of Windfall Levy on Oil/Condensate (WLO). Under the said Notification, the Supplemental Agreements already executed for conversion from Petroleum policies of 1994 and 1997 shall be amended within 90 days, failing which the working interest owners will not remain eligible for gas price incentive. On January 03, 2018, Directorate General Petroleum Concessions (DGPC) has required all exploration and production companies to submit supplemental agreements to incorporate the aforementioned amendments in Petroleum Concession Agreements (PCAs) signed under 1994 and 1997 policies, for execution within the stipulated time as specified above or to forgo the incentives available for gas pricing

Based on legal advice, the Company is of the view that terms of the existing PCAs as amended to-date through the supplemental agreements already executed cannot unilaterally be amended by the GoP through introduction of amendment nor can the GoP lawfully require and direct that such amendments be made to include imposition of WLO retrospectively and nor the GoP unilaterally hold and direct that the gas price incentive to which the Company is presently entitled to and receiving under the conversion package as enshrined under the supplemental agreement stands withdrawn or the Company ceases to be eligible for such incentive in case of failure to adopt the unilateral amendments in the existing PCAs. Accordingly, the aforementioned amendments as well as the subsequent letters requiring implementation of the amendments are not enforceable or binding upon the Company.

The Company along with other Joint Venture Partners has challenged the applicability of WLO against the backdrop of supplemental agreements already executed pursuant to PP 2012 in the Honorable Islamabad High Court which has granted stay order against the CCI decision dated 24 November 2017 on imposition of WLO.

The cumulative impact of Windfall Levy on Oil (WLO) since application of incremental gas prices up till June 30, 2019 amount to approximately Rs 14,076 million. As mentioned above, the Company based on the advice of its legal counsel, is confident that it has valid grounds to defend the aforesaid issue in the Court and that the issue will be decided in its favour. However, without prejudice to the Company's legal contention and as a matter of prudence, the Company has booked provision of Rs. 3,759 million to prospectively account for the impact of WLO from the date of the SRO i.e. December 27, 2017 till June 30, 2019.

As per management assessment, in case the company is required to opt between paying WLO or returning incremental gas price, the company will opt for the former being more beneficial except for tal block in whose case it would rather return the incremental gas price. The incremental revenue of tal booked up to June 2019 is Rs. 7,311 million.

	Note	2019 Rupees	2018 Rupees
29.2 Commitments			
Minimum work commitment	29.2.1	<u>8,916,199,843</u>	<u>5,805,736,763</u>

29.2.1 This represents the Company's share in the minimum work commitments relating to non-operated Joint operations and the Company's own capital budget.

	Note	2019 Rupees	2018 Rupees
30 SALES - NET			
Natural gas - gross sales		52,134,550,917	42,087,756,787
Sales tax		(7,570,691,048)	(6,119,923,636)
Excise duty		(783,260,834)	(822,824,435)
Natural gas - net sales		43,780,599,035	35,145,008,716
Crude oil		29,101,738,138	23,470,321,818
Liquefied petroleum gas - gross sales		5,594,954,729	3,907,713,745
Sales tax		(861,575,976)	(601,528,251)
Excise duty		(6,151,406)	(5,679,506)
Liquefied petroleum gas - net sales		4,727,227,347	3,300,505,988
		<u>77,609,564,520</u>	<u>61,915,836,522</u>

31 Royalty and other levies are paid to the Government of Pakistan.

32 OPERATING EXPENSES

Joint operation's operating expenses		6,220,849,533	6,352,546,102
Depreciation	6.4	2,168,038,531	2,754,969,655
Amortization of development and production assets	9.2	1,630,172,043	2,117,196,769
Impairment	32.1	(454,635,107)	827,572,156
		<u>9,564,425,000</u>	<u>12,052,284,682</u>

32.1 Impairment

Impairment on property, plant and equipment	6.5	(404,491,461)	521,649,272
Impairment on development and production assets	9.3	9,047,598	253,468,329
Impairment on inventory	13.1	(59,191,244)	52,454,555
		<u>(454,635,107)</u>	<u>827,572,156</u>

32.1.1 During the current year, the Company carried out impairment testing of its joint operations assets, as required under IAS 36 - 'Impairment of Assets' to assess whether there is any provision required on these assets. Based on the assessment, management has made a provision of impairment on property plant and equipment, development and production assets and respective Joint operations inventories as specified in above note.

32.1.2 The Company considers the relationship between international oil prices, production profiles, petroleum reserves and carrying value of its joint venture investments, amongst other factors, when reviewing for indicators of impairment. As at June 30, 2019, the estimates of future production profiles of producing / discovered fields within the Joint operations have revised based on latest technical information, indicating a potential impairment.

32.1.3 For the purpose of carrying out impairment testing, each joint venture has been considered a separate cash generating unit and the recoverable value of the each joint operation investment has been separately determined and compared with the respective carrying value of the assets of that joint operation.

32.1.4 The recoverable amount of the joint venture investment is based on 'value-in-use' computations. In assessing the value in use, estimated future cash flows are discounted to their present value, using a pre-tax discount rate that is based on the existing policy rate prevailing within the country. The pre-tax discount rate applied to cash flow projections is 13.72% (June 30, 2018: 8.50%).

	Note	2019 Rupees	2018 Rupees
33 OTHER INCOME			
Income from financial assets			
Return on bank deposits		1,036,251,376	157,163,186
Return on term deposit receipts		1,164,761,305	1,414,526,333
Interest on loan to subsidiaries		1,033,503,376	599,696,640
		3,234,516,057	2,171,386,159
Income from non financial assets			
Disposal of fixed assets		-	71,886
Signature bonus		4,982,000	8,540,000
Others		593,744	141,609,051
		3,240,091,801	2,321,607,096
34 EXPLORATION AND PROSPECTING EXPENDITURE			
Cost of dry and abandoned wells	8	147,058,772	149,752,749
Prospecting expenditure		392,342,110	937,501,387
		539,400,882	1,087,254,136
35 GENERAL AND ADMINISTRATIVE EXPENSES			
Salaries, wages and benefits	35.1	251,071,902	177,762,964
Travelling and conveyance		5,745,352	3,720,909
Repairs and maintenance		5,764,702	7,365,876
Rent		13,223,304	14,526,676
Communications		1,535,982	1,303,221
Utilities		6,182,402	4,702,915
Training and seminars		4,363,096	482,000
Printing and stationery		1,813,761	874,142
Advertisement		2,968,641	5,481,895
Entertainment		863,544	1,145,199
Legal and professional charges		14,942,331	18,696,155
Auditors' remuneration	35.5	1,525,800	1,377,650
Fee and subscription		2,792,790	3,940,010
Software maintenance fee		12,654,680	4,141,473
Insurance		4,934,467	4,026,346
Donations	35.6	500,000	500,000
Amortization of intangible assets	8	8,402,166	546,292
Depreciation	6.4	9,119,119	7,041,652
Office relocation expenditure		-	2,191,595
Security services		2,358,524	817,037
Others		2,197,132	1,378,484
		352,959,695	262,022,491

35.1 It includes Rs. 27.554 million (2018: Rs 21.791 million) in respect of post employment benefits.

35.2 The aggregate amounts charged in these financial statements for the remuneration of the Chief Executive Officer and Executives are as follows:

	Chief Executive Officer		Executives	
	2019	2018	2019	2018
	-----Rupees-----			
Managerial remuneration	2,276,714	11,893,997	155,582,719	103,144,247
Bonus	-	-	14,420,468	-
Post employment benefits	-	454,669	6,712,279	17,995,896
	2,276,714	12,348,666	176,715,466	121,140,143
Number of persons			22	17

35.3 Fee paid to non-executive directors for attending the Board of Directors meetings amounted to Rs. 12,500,000 (2018: Rs. 6,887,500).

35.4 The expense represent additional charge allowance paid to acting MD & CEO of the Company.

	2019 Rupees	2018 Rupees
35.5 Auditors' remuneration		
Statutory audit fee	1,339,800	1,050,000
Report on compliance of Public Sector Companies (Corporate Governance) Rules 2013	66,000	60,000
Out of pocket expenses	120,000	267,650
	<u>1,525,800</u>	<u>1,377,650</u>

35.6 Donation does not include any amount paid to any person or organization in which a director or his spouse had any interest.

	Note	2019 Rupees	2018 Rupees
36 OTHER EXPENSES			
Exchange loss	36.1	3,448,328,309	1,570,141,641
Windfall levy on oil/condensate	29.1.4	3,759,411,028	-
		<u>7,207,739,337</u>	<u>1,570,141,641</u>

36.1 Exchange gain/loss at year end arises on revaluation of financial assets and liabilities which mainly include trade debts and Joint operation liabilities. Closing exchange rate used for year end revaluation is Rs. 164.25/USD (2018: Rs. 121.5/USD).

	Note	2019 Rupees	2018 Rupees
37 FINANCE (INCOME)/COST			
Unwinding of discount on provision for decommissioning cost	25.1	199,331,913	95,556,422
Unwinding of discount on long term liability		116,569,297	84,850,148
Discount of long term liability	23.2	22,582,927	(192,474,694)
Interest on running finance		-	250,168,862
Bank charges		65,439	208,415
		<u>338,549,576</u>	<u>238,309,153</u>

38 TAXATION

Note

2019
Rupees

2018
Rupees

Current

Current
Prior

19,065,985,771	14,445,033,495
(36,537,749)	(123,419,477)

19,029,448,022 14,321,614,018

847,236,807 236,167,400

19,876,684,829 14,557,781,418

Deferred

38.1 Reconciliation of tax charge for the year:

Accounting profit

54,438,152,334 42,101,621,972

Tax rate

40% 40%

Tax at the applicable rate of 40% (2018: 40%)

21,775,260,934 16,840,648,789

Tax effect of:

Inadmissible expenditure for tax purposes

2,871,719,359 3,326,916,347

Tax incentives allowable for petroleum business

(3,531,746,831) (2,868,634,884)

Accelerated tax depreciation for tax purposes

(2,618,307,529) (3,659,715,159)

Adjustable non-petroleum income chargeable @ 29% (2018: 30%)

(355,796,766) (217,138,616)

Super Tax @ 2% (2018: 3%)

924,856,604 1,022,957,018

Tax effect of prior years

(36,537,749) (123,419,477)

Tax impact of deferred tax charged at effective tax rate

847,236,807 236,167,400

(1,898,576,105) (2,282,867,371)

19,876,684,829 14,557,781,418

39 EARNINGS PER SHARE - BASIC AND DILUTED

Profit for the year

34,561,467,505 27,543,840,554

Average number of shares outstanding during the year

2,051,921,782 2,025,000,002

Earnings per share - basic

16.84 13.60

39.1 There is no dilutive effect on the earnings per share of the Company.

40 FINANCIAL INSTRUMENTS

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company's exposure to each of the above risks. The Company's objectives, policies and processes for the measurement and managing risk, and the Company's management of the capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies.

The Company's financial liabilities comprise of long term liability on account of carried cost and trade and other payables. The Company's financial assets comprise of trade debts, deposits, other receivables, interest accrued, long-term investment, long term loan, short-term investments and cash and bank balances that are generated directly from its operations.

The Company's management oversees the management of these risks to provide assurance that the Company's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Company policies and Company risk bearing capacity. The Company does not carry out transactions involving

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's audit and risk management committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The audit and risk management committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the audit and risk management committee.

40.1 Credit risk

Credit risk is the risk that a counterparty will not meet its obligation under a financial instrument or customer contract, leading to a financial loss. Company's credit risk is primarily attributable to its trade debts, loan to subsidiaries, short term investments and its balances at banks.

The credit risk related to balances with banks, in term deposits and saving accounts, are managed in accordance with the Company's policy with approved financial institutions and within the limits assigned in accordance with the counter party risk policy. The credit risk on trade debts and loan to subsidiaries is minimal as the Company has long established relationship with the counter parties, which are mainly state owned enterprises, and management does not expect non-performance by these counter parties on their obligations to the Company.

Exposure to credit risk

The Company's maximum exposure to credit risk for the components of statement of financial position at June 30, 2019 and 2018 is equal to the carrying amounts of financial assets as given below:

	2019 Rupees	2018 Rupees
Long term loan	14,292,389	19,495,137
Trade debts - net	79,216,558,399	53,437,102,477
Loan to subsidiaries	5,558,092,044	5,558,092,044
Loan, advances and other receivables	2,889,167	4,000,667
Deposits	582,932	1,745,816
Interest accrued	1,622,084,537	825,624,747
Short term investments	18,000,000,000	12,719,529,035
Cash and bank balances	3,950,944,958	2,605,571,693
	108,365,444,426	75,171,161,616

The aging of trade debts at the reporting date is as follows:

	Neither past due nor impaired	Past due but not impaired			Past due and impaired	Total
		Upto three months	Three to six months	More than six months	More than six months	
2019	14,907,763,248	11,097,227,646	14,682,523,663	38,529,043,842	4,604,647,534	83,821,205,933
2018	12,029,815,444	9,506,833,948	7,892,481,820	24,007,971,267	4,604,647,534	58,041,750,010

Party wise aging of trade debts other than related parties at reporting date is as under:

2019 Party name	Neither past due nor impaired	Past due but not impaired			Past due and impaired	Total
		Upto three months	Three to six months	More than six months	More than six months	
ARL	3,520,505,495	937,453,844	6,246,454	391,200,436	-	4,855,406,229
NRL	380,051,979	19,804,025	-	50,175,787	1,735,852	451,767,643
PRL	520,789,553	90,358,761	-	-	-	611,148,314
UEPL	249,261,565	-	-	-	-	249,261,565
ENGRO	56,742,666	33,887,917	-	6,310,824	-	96,941,407
EGAS	18,852,253	25,963,542	16,478,480	7,320,222	-	68,614,497
MISC. LPG CUSTOMERS	50,590,036	(59,465,493)	-	-	-	(8,875,457)
	4,796,793,547	1,048,002,596	22,724,934	455,007,269	1,735,852	6,324,264,198

Party wise aging of trade debts of related parties at reporting date is as under:

2019 Party name	Neither past due nor impaired	Past due but not impaired			Past due and impaired	Total
		Upto three months	Three to six months	More than six months	More than six months	
SNGPL	2,448,304,228	2,579,700,951	2,753,702,807	11,932,305,840	357,740,638	20,071,754,464
SSGCL	6,525,687,673	7,186,203,662	11,910,287,974	26,006,502,919	4,245,171,044	55,873,853,272
PARCO	823,878,452	-	-	6,337,381	-	830,215,833
ENAR	20,777,481	-	-	-	-	20,777,481
OGDCL	234,034,391	219,974,317	(4,192,052)	128,890,433	-	578,707,089
PPL	58,287,476	63,346,120	-	-	-	121,633,596
	10,110,969,701	10,049,225,050	14,659,798,729	38,074,036,573	4,602,911,682	77,496,941,735

Party wise aging of trade debts other than related parties at reporting date is as under:

2018	Neither past due nor impaired	Past due but not impaired			Past due and impaired	Total
		Upto three months	Three to six months	More than six months	More than six months	
ARL	3,342,100,760	1,024,911,901	1,026,013	(5,336,671)	-	4,362,702,003
NRL	366,312,883	(6,498,216)	4,417,138	45,755,618	1,735,852	411,723,275
PRL	441,977,808	-	-	-	-	441,977,808
UEPL	301,222,915	-	-	-	-	301,222,915
ENGRO	61,832,355	-	-	6,310,824	-	68,143,179
EGAS	8,669,257	5,925,765	-	-	-	14,595,022
MISC. LPG CUSTOMERS	235,603,420	(230,322,713)	-	-	-	5,280,707
	4,757,719,399	794,016,738	5,443,152	46,729,772	1,735,852	5,605,644,910

Party wise aging of trade debts of related parties at reporting date is as under:

2018	Neither past due nor impaired	Past due but not impaired			Past due and impaired	Total
		Upto three months	Three to six months	More than six months	More than six months	
SNGPL	1,580,105,951	1,643,511,285	1,728,604,787	5,997,060,172	357,740,638	11,307,022,833
SSGCL	4,653,227,619	6,899,378,590	6,158,433,881	17,952,947,473	4,245,171,044	39,909,158,607
PARCO	674,791,850	(4,911,058)	-	11,233,850	-	681,114,642
ENAR	27,916,980	-	-	-	-	27,916,980
OGDCL	336,053,645	174,838,393	-	-	-	510,892,038
	7,272,096,045	8,712,817,210	7,887,038,668	23,961,241,495	4,602,911,682	52,436,105,100

The Company believes that the recovery of receivable balances of Rs. 4,604,647,534 (2018: 4,604,647,534) is doubtful of recovery due to financial difficulties of oil & gas buyers and the remaining receivable balances do not require provision for impairment.

The Company has investment of TDR having maturity date of 3 months in different banks which have credit rating of A1+ and A-1+.

The Company has maintained deposit accounts with different banks having credit rating as mentioned below:

		2019 Rupees	2018 Rupees
A-1+	PACRA	2,568,094,048	2,451,513,211
A-1+	JCR-VIS	1,382,850,910	154,058,482
		<u>3,950,944,958</u>	<u>2,605,571,693</u>

40.2 Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulties in raising funds to meet commitments associated with financial instruments. Since the Company has sufficient assets against its liabilities, and being a subsidiary of the GoP it does not have any significant liquidity risk.

The maturity profile of the Company's financial assets and liabilities based on 30 June 2019, is summarized below:

2019	Effective yield/ Interest Rate	Markup/ Interest bearing	Non markup/ Interest bearing	Total
	%	-----Rupees-----		
Financial assets				
Maturity up to one year				
Long term vehicle loans to staff	-	-	6,594,047	6,594,047
Trade debts - net	-	-	79,216,558,399	79,216,558,399
Current maturity of long term loan	-	-	-	-
Loans and other receivables	-	-	3,416,849	3,416,849
Loan to subsidiaries	KIBOR+2	5,558,092,044	-	5,558,092,044
Deposits	-	-	55,250	55,250
Interest accrued	-	-	1,622,084,537	1,622,084,537
Short-term investments	5.95-6.03	18,000,000,000	-	18,000,000,000
Bank balances	3.75-5.95	3,950,944,958	-	3,950,944,958
Cash in hand	-	-	49,425	49,425
Maturity after one year:				
Long-term loan	-	1,293,168,325	2,910,917,806	4,204,086,131
Interest accrued on long term loan	-	-	171,768,181	171,768,181
		28,802,205,327	83,931,444,494	112,733,649,821

2019	Effective yield/ Interest Rate	Markup/ Interest bearing	Non markup/ Interest bearing	Total
Financial liabilities				
Maturity up to one year				
Trade and other payables	-	-	-	-
Current portion of long term liability	-	-	971,546,027	971,546,027
			971,546,027	971,546,027
Maturity after one year:				
Long term liability	-	-	4,122,651,375	4,122,651,375
			4,122,651,375	4,122,651,375
OFF BALANCE SHEET ITEMS				
Capital expenditure commitments	-	-	8,916,199,843	8,916,199,843

2018	Effective yield/ Interest Rate	Markup/ Interest bearing	Non markup/ Interest bearing	Total
	%	-----Rupees-----		
Financial assets				
Maturity up to one year				
Long term vehicle loans to staff	-	-	5,992,848	5,992,848
Trade debts - net	-	-	53,437,102,477	53,437,102,477
Current maturity of long term loan	-	-	-	-
Loans and other receivables	-	-	5,691,233	5,691,233
Loan to subsidiaries	KIBOR+2	5,558,092,044	-	5,558,092,044
Deposits	-	-	55,250	55,250
Interest accrued	-	-	825,624,747	825,624,747
Short-term investments	5.95-6.03	12,719,529,035	-	12,719,529,035
Bank balances	3.75-5.95	2,605,571,693	-	2,605,571,693
Cash in hand	-	-	48,564	48,564
Maturity after one year:				
Long-term loan	-	1,964,168,325	13,502,289	1,977,670,614
Interest accrued on long term loan	-	-	84,675,652	84,675,652
		22,847,361,097	54,372,693,060	77,220,054,157

2018	Effective yield/ Interest Rate	Markup/ Interest bearing	Non markup/ Interest bearing	Total
	%	-----Rupees-----		
Financial liabilities				
Maturity up to one year				
Trade and other payables	-	-	-	-
Current portion of long term liability	-	-	1,344,242,108	1,344,242,108
		-	1,344,242,108	1,344,242,108
Maturity after one year:				
Long term liability	-	-	3,598,409,687	3,598,409,687
		-	3,598,409,687	3,598,409,687
OFF BALANCE SHEET ITEMS				
Capital expenditure commitments	-	-	5,805,736,763	5,805,736,763

40.3 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three type of risks; interest rate risk, foreign exchange risk and other price risk. Financial instruments affected by market risk include trade debts, balances held in banks in saving and term deposits, long term liability in respect of carried interest and payable to joint venture partners.

Interest rate risk

Interest / mark-up rate risk management is the risk that the value of a financial instrument will fluctuate due to changes in interest rate. The Company does not have interest bearing financial liability; therefore, it does not have any interest rate/mark-up risk in respect of financial liabilities. The Company has invested in fixed interest bearing securities in the form of term deposit receipts during the year as mentioned in Note 19.1. Further the Company has bank balances in deposit accounts that carry variable interest rates, as mentioned in Note 19.1. If interest rates had been 100 basis points higher/ lower and all other variables were held constant, the Company's profit after tax for the year ended June 30, 2019 would increase/ decrease by Rs 409 million (2018: increase/ decrease by Rs 269 million).

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk in changes in foreign exchange rates relates primarily to the trade debts, long term liability in respect of carried interest and payable to joint venture operators. At the date of statement of financial position, the net foreign currency exposure aggregates to USD 23.57 million (2018: USD 42.65 million).

Foreign currency denominated financial assets and liabilities, translated into Pak Rupees at the closing rate, are as follows:

	2019 (USD)	2018 (USD)
Financial assets		
Short term exposure		
Trade debts	41,086,989	48,539,241
Financial liabilities		
Short term exposure		
Due to joint venture operators	(32,509,089)	(50,510,551)
Current portion shown under current liabilities	(5,915,044)	(11,063,721)
Long term exposure		
Due to the joint venture operators	(25,099,856)	(29,616,541)
	<u>(63,523,989)</u>	<u>(91,190,813)</u>
Net exposure to foreign currency risk	<u>(22,437,000)</u>	<u>(42,651,572)</u>

	2019 Rupees	2018 Rupees
Financial assets		
Short term exposure		
Trade debts	6,748,538,019	5,897,517,728
Financial liabilities		
Short term exposure		
Due to joint venture operators	(5,339,617,913)	(6,137,031,924)
Current portion shown under current liabilities	(971,546,027)	(1,344,242,108)
Long term exposure		
Due to the joint venture operators	(4,122,651,375)	(3,598,409,687)
	<u>(10,433,815,315)</u>	<u>(11,079,683,719)</u>
Net exposure to foreign currency risk	<u>(3,685,277,296)</u>	<u>(5,182,165,991)</u>

The following note illustrates the sensitivity of the net result for the period and equity with regards to the Company's financial assets and liabilities and US Dollar - Pak Rupee exchange rate.

The following significant exchange rates applied during the year:

Average rate		Reporting date spot rate	
June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
----- (Pak Rupees) -----			
136.1	110.07	164.25	121.50

Foreign currency sensitivity

A 10% strengthening of the functional currency against USD at June 30, 2019 would have increased profit and loss by Rs. 5,855.05 million (2018: Rs. 4,235.74 million). A 10% weakening of the functional currency against USD at June 30, 2019 would have had the equal but opposite effect of these amounts. The analysis assumes that all other variables remain constant.

40.4 Financial instruments by categories	Rupees 2019	Rupees 2018
Financial assets		
Amortised cost		
Short term investment	18,000,000,000	12,719,529,035
Long-term loan	14,292,389	19,495,137
Loan to subsidiaries	5,558,092,044	5,558,092,044
Trade debts- net	79,216,558,399	53,437,102,477
Loan, advances and other receivables	2,889,167	4,000,667
Deposits	582,932	1,745,816
Cash and bank balances	3,950,944,958	2,605,571,693
Interest accrued	1,622,084,537	825,624,747
	<u>108,365,444,426</u>	<u>75,171,161,616</u>
Financial liabilities - at amortized cost		
Long term liability	5,094,197,402	4,942,651,795
Trade and other payables	10,987,883,430	6,874,989,964
	<u>16,082,080,832</u>	<u>10,473,399,651</u>

40.5 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. The carrying amounts of all the financial instruments reflected in these financial statements approximate their fair value.

40.6 Capital management

The Company's objective when managing capital is to safeguard the Company's ability to remain as a going concern and continue to provide return for GoP. The Company is solely financed by the shareholders' equity.

The Company manages its capital structure which comprises capital and reserves by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to GoP and/or issue new shares.

41 TRANSACTIONS WITH RELATED PARTIES

The Company is wholly owned subsidiary of Government of Pakistan. Therefore, all entities owned and controlled by the Government of Pakistan are related parties of the Company. Other related parties comprise subsidiaries and associated companies, directors, companies with common directorship, key management personnel and employees pension trust. The Company in normal course of business pays for electricity, gas and telephone to entities controlled by Government of Pakistan which are not material, hence not disclosed in these financial statements. Transactions of the Company with related parties and balances outstanding at the year end are as follows:

	Note	2019 Rupees	2018 Rupees
Subsidiary companies			
Shares held in subsidiary companies as at year end	10	2,983,920,900	2,775,829,610
Pakistan LNG Limited			
<i>Balance</i>			
Loan as at 30 June	41.1	5,316,346,884	5,316,346,884
Current account with PLL - receivable		177,389	-
Interest receivable	18	1,393,180,078	503,084,093
<i>Transaction</i>			
Interest Income		890,095,985	503,084,093
Pakistan LNG Terminal Limited			
<i>Balance</i>			
Loan as at 30 June	41.1	241,745,160	241,745,160
Interest receivable	18	21,420,644	11,609,597
Current account with PLTL - receivable		177,389	-
<i>Transactions</i>			
Interest Income		19,779,690	11,609,597
Loan obtained during the year		-	241,745,160
Interest received		9,968,643	-
Interstate Gas Systems (Private) Limited			
<i>Balance</i>			
Advance against issue of shares received from Government of Pakistan		-	432,129,610
Loan as at 30 June	41.1	1,293,168,325	1,964,168,325
Interest receivable		171,768,181	84,675,652
Current account with ISGSL- payable		676,510	1,992,431
<i>Transactions</i>			
Loan obtained during the year		307,000,000	1,297,168,325
Loan repaid during the year		978,000,000	-
Interest income		123,955,000	84,675,652
Interest received		36,862,471	-

	Note	2019 Rupees	2018 Rupees
Major shareholders			
Government of Pakistan			
Dividend paid			
Cash dividend		5,000,000,000	5,000,000,000
Bonus share		-	-
		<u>5,000,000,000</u>	<u>5,000,000,000</u>
Other related parties			
Remuneration to Executive directors	35.2	2,276,714	11,893,997
Post employment benefits		-	454,669
Related parties by virtue of common directorship and GoP holdings			
Pak Arab Refinery Company Limited			
Sale of crude oil - Transaction		4,693,829,705	4,339,332,057
Trade debts as at 30 June - Balance	41.1	830,215,833	681,114,642
Sui Northern Gas Pipelines Limited			
Sale of natural gas - Transaction		15,687,642,791	13,095,031,859
Trade debts as at 30 June - Balance	41.1	20,071,754,464	11,307,022,833
Associated company			
Sui Southern Gas Company Limited			
Sale of natural gas - Transaction		39,771,017,922	27,890,719,830
Trade debts as at 30 June - Balance	41.1	55,873,853,272	39,909,158,607
Enar Petrotech Services Limited			
Sale of crude oil - Transaction		151,146,496	184,137,452
Trade debts as at 30 June - Balance	41.1	20,777,481	27,916,980
Oil and Gas Development Company Limited			
Cash calls paid against JV expenses - Transaction		4,294,550,499	3,557,833,094
Pakistan Petroleum Limited			
Cash calls paid against JV expenses - Transaction		3,104,478,584	2,298,201,580

41.1 This is the maximum aggregate amount outstanding at any time during the year calculated by reference to month-end balances.

42	NUMBER OF EMPLOYEES	2019	2018
	Number of employees as at year end	53	51
	Average number of employees employed during the year	52	47

43 **STAFF PROVIDENT FUND**

Investment of the Fund has been made in accordance with the provision of section 218 of the Companies Act, 2017 and rules formulated for this purpose.

44 EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on..... proposed a final cash dividend of Rs. per share (2018: Rs. Nil per share) for the year ended June 30, 2019. The appropriation will be approved by the members in forthcoming Annual General Meeting. These financial statements do not include the effect of these appropriations.

45 CORRESPONDING FIGURES

Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purpose of comparison. However, no reclassification is considered material enough to be separately disclosed.

46 DATE OF AUTHORIZATION OF ISSUE

These financial statements have been authorized for issue by the Board of Directors of the Company in its meeting held on

47 GENERAL

47.1 Capacity and Production

Product	Unit	Production for the year	
		2019	2018
Gas	Mmscf	94,300	94,371
Oil	Bbl	3,301,834	3,368,584
LPG	Metric ton	72,141	58,860

Due to the nature of operations of the Company, installed capacity of above products is not relevant.

47.2 Figures in these financial statements have been rounded off to the nearest rupee.


Chief Executive Officer


Director



CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

**GOVERNMENT HOLDINGS (PRIVATE) LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

INDEPENDENT AUDITOR'S REPORT

To the members of Government Holdings (Private) Limited

Report on Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of **Government Holdings (Private) Limited** (the 'Holding Company') and its subsidiaries, **Inter State Gas Systems (Private) Limited**, **Pakistan LNG Limited** and **Pakistan LNG Terminals Limited** (herein collectively referred to as "the Group") which comprise the consolidated statement of financial position as at June 30, 2019, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and consolidated notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at June 30, 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of 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.

Emphasis of Matters

We draw attention to the following matters;

- as disclosed in Note 9.4 to the consolidated financial statements that the Company assigned 2.5% working interest each in Block 22 and Zarghun South petroleum concessions to Petroleum Exploration (Private) Limited (PEL) and Mari Petroleum Company Limited (MPCL) respectively upon commercial discovery. Such assignments were not in accordance with the governing Petroleum Concession Agreements. The Board of Directors of the Company has referred the matter to Ministry of Energy (MOE) for advice. The matter is also under consideration at the Public Accounts Committee. Pending the ultimate outcome of the matter, no adjustments have been made in the accompanying financial statements.



- as disclosed in Note 15 to the consolidated financial statements, trade debts include Rs. 68,913 million which are overdue as at June 30, 2019. We have been informed by management that payment of these balances is slow because of the financial problems being faced by public sector entities due to the circular debt issue. Management of Holding Company has made aggregate provision of Rs. 4,605 million against said long outstanding trade debts.
- Note 30.1.5 and Note 6.6.1.2 to the consolidated financial statements contains information regarding the status of the Iran Pakistan Gas Pipeline Project, resultant contingency and impairment of Machike-Tarujabba Oil Pipeline Project (MTOPP).
- Note 1.5 to the consolidated financial statements, in respect of Pakistan LNG Terminal Limited's merger with Pakistan LNG limited and Note 30.1.7(b) to the consolidated financial statements, in respect of dispute with Pakistan Gas Port Consortium Limited (PGPCL) and subsequent termination of Operation Service Agreement (OSA) with PGPCL.

Our opinion is not modified in respect of the aforementioned matters.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with the audit of consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based in the work we have performed, we conclude that there is a material misstatement of this information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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



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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Shahzad Ali.



Chartered Accountants

Place: Islamabad

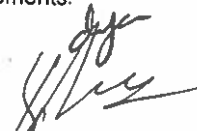
Date: February 06, 2020

GOVERNMENT HOLDINGS (PRIVATE) LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2019

	Note	2019 (Rupees)	2018 (Rupees)
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	6	30,881,788,137	31,123,228,456
Intangible assets	7	40,357,417	7,379,526
Exploration and evaluation assets	8	4,132,725,421	2,881,818,774
Development and production assets	9	19,363,950,890	17,486,414,909
Long term loan	10	7,698,342	13,502,289
Investment in associate	11	645,681,699	156,780,845
Advance for shares in associate	12	-	152,554,610
		<u>55,072,201,906</u>	<u>51,821,679,409</u>
CURRENT ASSETS			
Stores, spares & loose tools - share in Joint Operation inventory	13	3,295,805,619	2,846,519,031
Stock in trade	14	4,663,244,948	3,466,199,810
Trade debts - net	15	112,734,605,972	67,224,778,620
Loans, advances and other receivables	16	840,355,987	2,036,541,822
Trade deposits and short term prepayments	17	11,733,595	7,172,572
Interest accrued	18	296,055,603	327,219,581
Short term investments	19	18,260,000,000	12,719,529,035
Cash and bank balances	20	10,789,846,261	10,171,852,897
		<u>150,891,647,985</u>	<u>98,799,813,368</u>
		<u>205,963,849,891</u>	<u>150,621,492,777</u>
TOTAL ASSETS			
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
4,500,000,000 ordinary shares of Rs. 10 each		<u>45,000,000,000</u>	<u>45,000,000,000</u>
Issued, subscribed and paid up capital	21	20,885,120,920	20,250,000,020
Reserves			
Reserves	22	56,230,873,852	56,230,873,852
Unappropriated profits		55,277,317,333	26,094,908,771
Foreign currency translation reserve		186,170,001	12,758,071
Advance against issue of shares to Government of Pakistan		-	432,129,610
		<u>132,579,482,106</u>	<u>103,020,670,324</u>
NON-CONTROLLING INTEREST			
		<u>1,614,335</u>	<u>5,262,577</u>
		<u>132,581,096,441</u>	<u>103,025,932,901</u>
NON CURRENT LIABILITIES			
Long term liability	23	4,122,651,375	3,598,409,687
Deferred taxation	24	8,260,233,573	7,418,962,398
Provision for decommissioning cost	25	7,148,060,428	6,142,566,167
Deferred employee benefits	26	142,159,092	96,981,342
		<u>19,673,104,468</u>	<u>17,256,919,594</u>
CURRENT LIABILITIES			
Trade and other payables	27	38,354,158,191	26,049,606,087
Current portion of long-term liability	23	971,546,027	1,344,242,108
GOP Payable - ITFC Agreement	28	11,401,228,198	-
Provision for taxation	29	2,982,716,566	2,944,792,087
		<u>53,709,648,982</u>	<u>30,338,640,282</u>
		<u>205,963,849,891</u>	<u>150,621,492,777</u>
CONTINGENCIES AND COMMITMENTS			
	30		

The annexed notes from 1 to 49 form an integral part of these consolidated financial statements.


Chief Executive Officer


Director

**GOVERNMENT HOLDINGS (PRIVATE) LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2019**

	Note	2019 (Rupees)	2018 (Rupees)
SALES - NET	31	257,087,231,788	135,553,945,718
Royalty and other levies	32	(8,408,429,497)	(6,925,809,543)
Operating expenses	33	(182,559,747,325)	(82,280,421,839)
GROSS PROFIT		66,119,054,966	46,347,714,336
Other income	34	2,664,965,182	1,838,706,776
Exploration and prospecting expenditure	35	(539,400,882)	(1,087,254,137)
General and administrative expenses	36	(837,928,278)	(760,839,819)
Share of loss from associate - net of taxation	11	(40,321,927)	(135,596,098)
Other expenses	37	(10,886,392,060)	(2,418,791,481)
OPERATING PROFIT		56,479,977,001	43,783,939,577
Finance income / (cost)	38	(382,202,624)	(237,981,855)
PROFIT BEFORE TAXATION		56,097,774,377	43,545,957,722
Taxation	39	(21,918,418,233)	(15,478,233,854)
PROFIT FOR THE YEAR		34,179,356,144	28,067,723,868
ATTRIBUTABLE TO:			
Owners of the Parent		34,180,062,787	28,069,308,679
Non-controlling interests		(706,643)	(1,584,811)
		34,179,356,144	28,067,723,868
EARNINGS PER SHARE - BASIC AND DILUTED	40	16.66	13.86

The annexed notes from 1 to 49 form an integral part of these consolidated financial statements.


Chief Executive Officer

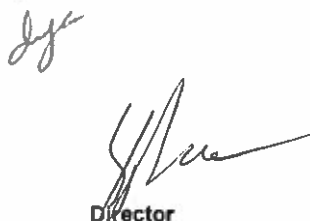

Director

**GOVERNMENT HOLDINGS (PRIVATE) LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2019**

	2019 (Rupees)	2018 (Rupees)
PROFIT FOR THE YEAR	34,179,356,144	28,067,723,868
Other comprehensive income - net of taxation		
Items not to be reclassified subsequently to <i>statement of profit or loss</i>		
Remeasurement loss on employees' retirement benefits	(4,740,972)	(4,240,400)
Tax effect of remeasurement loss on employee's retirement benefits	3,880,198	656,537
Items that will be reclassified subsequently to <i>statement of profit or loss</i>		
Foreign currency translation reserve	173,676,880	12,801,943
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	34,352,172,250	28,076,941,948
ATTRIBUTABLE TO:		
Owners of the Parent	34,352,583,059	28,078,482,887
Non-controlling interests	(410,809)	(1,540,939)
	34,352,172,250	28,076,941,948

The annexed notes from 1 to 49 form an integral part of these consolidated financial statements.



Chief Executive Officer


Director

GOVERNMENT HOLDINGS (PRIVATE) LIMITED
 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 FOR THE YEAR ENDED JUNE 30, 2019

Attributable to Owners of the Parent

	Share Capital		Revenue reserve				Capital reserve			Foreign currency translation reserve	Unappropriated Profits	Total	Non-controlling interest	Total Equity
	Issued, Subscribed and Paid-up	General Reserve	Committed Outlay Reserve	Assets Insurance Reserve	Assets Acquisition Reserve	LNG Project Reserve	Reserves Total							
Balance at July 01, 2017	20,250,000,020	2,284,626,436	20,946,247,416	3,000,000,000	5,000,000,000	25,000,000,000	56,230,873,852	-	3,029,183,955	79,510,057,827	6,803,516	79,516,861,343		
Profit after taxation	-	-	-	-	-	-	-	-	28,069,308,679	28,069,308,679	(1,584,811)	28,067,723,868		
Other comprehensive income - net of tax	-	-	-	-	-	-	-	-	(3,583,863)	9,174,208	43,872	9,218,080		
Total comprehensive income for the year	-	-	-	-	-	-	-	-	12,758,071	12,758,071	(1,540,939)	28,076,941,948		
Transactions with owners, recorded directly in equity	-	-	-	-	-	-	-	-	(5,000,000,000)	(5,000,000,000)	-	(5,000,000,000)		
Interim Dividend 2018: Rs. 2.5 per share	-	-	-	-	-	-	-	-	12,758,071	12,758,071	5,262,577	102,593,803,291		
Balance at June 30, 2018	20,250,000,020	2,284,626,436	20,946,247,416	3,000,000,000	5,000,000,000	25,000,000,000	56,230,873,852	-	26,094,908,771	102,588,540,714	5,262,577	102,593,803,291		
Balance at July 01, 2019	-	-	-	-	-	-	-	-	12,758,071	12,758,071	5,262,577	102,593,803,291		
Profit after taxation	-	-	-	-	-	-	-	-	34,180,062,787	34,180,062,787	(706,643)	34,179,356,144		
Other comprehensive income - net of tax	-	-	-	-	-	-	-	-	(868,987)	172,520,272	295,834	172,816,106		
Total comprehensive income for the year	-	-	-	-	-	-	-	-	173,389,259	173,389,259	(410,809)	34,352,172,250		
Acquisition of additional shares from NCI	-	-	-	-	-	-	-	-	22,671	3,214,762	(3,237,433)	-		
Transactions with owners, recorded directly in equity	-	-	-	-	-	-	-	-	-	-	-	-		
Issue of shares	635,120,900	-	-	-	-	-	-	-	-	635,120,900	-	635,120,900		
Interim dividend 2019: Rs. 2.4 per share	-	-	-	-	-	-	-	-	(5,000,000,000)	(5,000,000,000)	-	(5,000,000,000)		
Balance at June 30, 2019	20,885,120,920	2,284,626,436	20,946,247,416	3,000,000,000	5,000,000,000	25,000,000,000	56,230,873,852	186,170,001	55,277,317,333	132,579,462,106	1,614,335	132,581,096,441		


 Chief Executive Officer



**GOVERNMENT HOLDINGS (PRIVATE) LIMITED
CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE YEAR ENDED JUNE 30, 2019**

	Note	2019 (Rupees)	2018 (Rupees)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		56,097,774,377	43,545,957,722
Adjustments for:			
Amortization of development and production assets		1,630,172,043	2,117,196,769
Amortization of long term liability		22,582,927	(107,624,547)
Depreciation on Joint Operations' fixed assets		2,168,038,531	2,754,969,655
Impairment		(291,526,168)	864,784,056
Depreciation on owned fixed assets		23,995,401	19,755,770
Amortization of intangible assets		9,543,734	2,260,371
Dry hole wells		147,058,772	149,752,750
Provision for employee benefits		58,886,595	52,843,285
Unwinding of discount		315,901,210	95,556,422
Gain on disposal of property, plant and equipment		-	(1,989,052)
Unrealised exchange loss		3,455,161,030	1,684,102,967
Share of loss from associate		40,321,927	135,596,098
Provision for windfall levy on oil/condensate		3,759,411,028	-
Interest income		(2,618,290,281)	(1,704,432,670)
		64,819,031,126	49,608,729,596
Changes in			
Trade debts - net		(44,771,425,081)	(38,151,780,005)
Stores, spare & loose tools - share in Joint Operation' inventory		(390,095,344)	95,076,022
Stock in trade		(1,197,045,138)	(3,466,199,810)
Loans, advances and other receivables		1,196,185,835	(2,018,514,332)
Trade deposits and short-term prepayments		(4,561,023)	(1,415,458)
Trade and other payables		7,206,055,341	17,741,272,967
Running finance		-	(13,000,000,000)
		(37,960,885,410)	(38,801,560,616)
Cash generated from operations		26,858,145,716	10,807,168,980
Interest received		2,649,454,259	1,672,812,507
Income tax paid		(21,035,342,381)	(13,140,638,305)
Employee benefits paid		(32,826,427)	(36,392,628)
Net cash generated from / (used in) operating activities		8,439,431,167	(697,049,446)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(8,682,898,982)	(7,295,316,721)
Proceeds from disposal of property, plant and equipment		-	2,162,928
Investment in Associate		(202,991,291)	-
Purchase of minority interest		(5,100,000)	-
Short term investment		6,719,529,035	19,330,470,965
Long-term loan		5,803,947	107,050,343
Net cash (used in) / generated from investing activities		(2,165,657,291)	12,144,367,515
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(5,000,000,000)	(5,000,000,000)
Cash received against issue of shares to owner		202,991,290	-
ITFC loan proceeds		11,401,228,198	-
Net cash generated from / (used in) financing activities		6,604,219,488	(5,000,000,000)
NET INCREASE IN CASH AND CASH EQUIVALENTS		12,877,993,364	6,447,318,069
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		10,171,852,897	3,724,534,828
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	44	23,049,846,261	10,171,852,897

The annexed notes from 1 to 49 form an integral part of these consolidated financial statements.


Chief Executive Officer


Director

**GOVERNMENT HOLDINGS (PRIVATE) LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

1. The Group and its operations

Constitution and ownership

These consolidated financial statements comprise of Government Holdings (Private) Limited ("the Holding Company") and its subsidiaries, Inter State Gas Systems (Private) Limited (ISGSL), Pakistan LNG Limited (PLL) and Pakistan LNG Terminals Limited (PLTL), (collectively referred to as "the Group").

1.1 Government Holdings (Private) Limited

Government Holdings (Private) Limited - (GHPL) was incorporated in Pakistan as a private limited company on January 15, 2000, under the Companies Ordinance, 1984 (Currently Companies Act, 2017). The Holding Company's registered office is situated at 7th Floor, Petroleum House, Ataturk Avenue, G-5/2, Islamabad. The main objects of the Holding Company are to acquire shares of the companies or interest of Government of Pakistan (GoP) in the existing and new oil and gas Joint Operation, either by payment or by issuance of shares, credited as fully paid, or other securities, as the Holding Company may think fit and to hold and enjoy all interests, rights, contracts and privileges vested in, or connected with, the title of such shares and take over, acquire, renew, unitize, and hold any exploration, prospecting development and production concessions of whatever nature or otherwise acquire any estate or interest, develop resources of work, dispose off or otherwise turn to account land or sea beds in any part of the world containing or thought to contain petroleum or any other oil in any form, and to search for or participate in the exploration for petroleum or any other oil in any form, asphalt, bitumen or similar substances or natural gas, or any substance used or which may be capable of use, and to organize, equip and employ expeditions, experts and other agents to carry out drilling and other exploratory operations, and to establish and operate oil and gas wells and other undertakings for the extraction of any of the aforesaid substances.

The Holding Company has interest in certain joint operations / concessions as non-operator. Geographical location of concessions / blocks is as under:

<u>Operator</u>	<u>Concession / Block</u>	<u>Province</u>
Al-Haj	Baska North	Balochistan &
Al-Haj	Potwar South	Punjab
Hycarbex	Yasin	Sindh &
KPBV	Paharpur	Punjab & KPK
MOL	Tal	KPK
MPCL	Bolan / Zarghun	Balochishtan
OGDCL	Bitrism	Sindh
OGDCL	Guddu	Sindh & Punjab
OGDCL	Gwadar	Balochistan
OGDCL	Hetu	Punjab & KPK
OGDCL	Jhakro	Sindh
OGDCL	Khanpur	Punjab
OGDCL	Khewari	Sindh
OGDCL	Khuzdar North	Balochistan
OGDCL	Kotra	Balochishtan
OGDCL	Kulachi	Punjab
OGDCL	Nashpa	KPK
OGDCL	Nim	Sindh
OGDCL	Orakzai	KPK
OGDCL	Palantak	Balochistan
OGDCL	Pasni West	Balochistan
OGDCL	Pezu	Punjab & KPK
OGDCL	Rakhshan	Balochistan
OGDCL	Ranipur	Sindh
OGDCL	Chanda	KPK
OGDCL	Sinjhero	Sindh
OGDCL	Tirah	KPK
OGDCL	Tando Allah Yar	Sindh
OGDCL	Gurgalot	Punjab & KPK
OGDCL	Zin	Balochistan
OGDCL	Zorgarh	Sindh &
OPPL	Zamzama	Sindh
PEL	Block 22	Sindh
PEL	Kandra	Sindh
POL	Pariwali	Punjab
POL	Chachar	Sindh
POL	Minwal	Punjab
PPL	Bela West	Balochistan
PPL	Dhok Sultan	Punjab & KPK
PPL	Gambat South	Sindh
PPL	Hisal	Punjab

<u>Operator</u>	<u>Concession / Block</u>	<u>Province</u>
PPL	Malir	Sindh
PPL	Mazarani	Sindh
PPL	Nausherwani	Balochistan
PPL	Sadiqabad	Punjab
PPL	Shah Bandar	Sindh
PPL	Sirani	Sindh
PPL	South Kharan	Balochistan
UEP	Badin III	Sindh
UEP	Gambat / Tajjal	Sindh
UEP	Khipro	Sindh
UEP	Kuhan	Balochistan
UEP	Mehar	Sindh &
UEP	Mehran	Sindh
UEP	Mirpur Khas	Sindh
UEP	Mubarak	Sindh
UEP	Sawan	Sindh

1.2 Inter State Gas Systems (Private) Limited

On November 25, 2010, the Holding Group acquired 51% shares of Interstate Gas Systems (Private) Limited (ISGSL). Through subsequent acquisitions of shares, the Holding Company has total ownership of 99.83% as at June 30, 2019 (June 30, 2018: 99.57%).

Inter State Gas Systems (Private) Limited (ISGS), the subsidiary Group, was incorporated on August 04, 1996 in Pakistan under the Companies Ordinance, 1984 (Currently Companies Act, 2017), as a private limited company. The registered office is situated at 8th Floor, Petroleum House, G/5-2, Ataturk avenue, Islamabad. The main objective of ISGSL is to carry on the business of importing, processing, purifying, buying, storing, supplying, transporting, transmitting, selling and exporting natural gas and other natural gas products whether as such or in a liquid state, for lighting, heating, motive power, power generation or for any other purpose whatsoever. TAPI Pipeline Company Limited (TPCL), the associate of ISGSL is registered in the Isle of Man as a limited liability company and its head office is situated in Dubai, United Arab Emirates. TPCL is principally engaged to carry out the business of developing, engineering, funding the construction of, procuring the equipment engineering and other services for construction and operation of, constructing owning, operating and providing maintenance for the proportion of TAPI Pipeline running from the borders of Turkmenistan and Afghanistan to the border of Pakistan and India.

1.3 Pakistan LNG Limited

Pakistan LNG Limited (PLL) was incorporated in Pakistan as a public company on December 11, 2015 under the Companies Ordinance, 1984 (Currently Companies Act, 2017). The principle activity of the PLL is to import, transport, market and distribute Liquefied Natural Gas (LNG). The PLL's registered office is located at 3rd floor, Block A, Pak Secretariat, Islamabad, Pakistan. PLL has achieved its commercial operation date on January 04, 2018. PLL is wholly owned by the Holding Company.

1.4 Pakistan LNG Terminals Limited

Pakistan LNG Terminals Limited (PLTL) was incorporated in Pakistan as a public company on December 11, 2015 under the Companies Ordinance, 1984 (Currently Companies Act, 2017). The principle activity of the PLTL is to operate and maintain terminals for the handling, re-gasification, storage, treatment, transportation and processing of Liquefied Natural Gas (LNG), Re-gasified Liquefied Natural Gas (RLNG), Liquefied Petroleum Gas (LPG) and Natural Gas. PLTL's registered office is located at 3rd floor, Block A, Pak Secretariat, Islamabad, Pakistan. PLTL has achieved its commercial start date on January 04, 2018. PLTL is wholly owned by the Holding Company.

1.5 Merger of PLTL and PLL

During the financial year ended June 30, 2018, Ministry of Energy (Petroleum Division) vide its letter dated February 6, 2018 has directed to merge PLTL with PLL, in this regard a presentation to Joint Boards of PLTL, PLL and GHPL has held about the economics of merger. The Board of directors of the Holding Company has accorded its principle approval and referred the matter to Economic Committee of Cabinet (ECC) for formal approval. The ECC decision in this regard is still pending. Necessary approval of the regulators shall be sought once ECC gives its concurrence to merger. Currently it is being proposed that PLTL should be amalgamated/merged with and vest in PLL. Existing shares of acquiree (PLTL) shall stand cancelled and acquirer (PLL) shall with effect from the Completion Date be entitled to carry out all the business of PLTL in its own right and shall be entitled to all the rights and obligations thereof. The final scheme of amalgamation/merger and its effective date is not finalised yet.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

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

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

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

- 2.2 The Securities and Exchange Commission of Pakistan (SECP) through its S.R.O 888(I)/2019 dated July 29, 2019 notified certain amendments in disclosure requirements of fifth schedule to the Companies Act, 2017. The S.R.O has been notified to be applicable on companies preparing financial statements as on June 30, 2019 and onwards by SECP through S.R.O 961(I)/2019 dated August 23, 2019. Accordingly, the financial statements have been prepared to reflect the amendments of the said S.R.O.

2.3 Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position;

- Obligation under certain employee benefits, long term receivables and provision for decommissioning cost have been measured at present value; and
- These consolidated financial statements have been prepared on accrual basis except for cash flow information

The methods used to measure fair values are discussed further in their respective policy notes.

2.4 Functional and presentation currency

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

3 Adoption of new and revised standards and interpretations

3.1 New accounting standards / amendments and IFRS Interpretations that are effective for the year ended June 30, 2019

The following standards, amendments and interpretations are effective for the year ended June 30, 2019.

	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
IFRS 4 'Insurance Contracts': Amendments regarding the interaction of IFRS 4 and IFRS 9.	January 01, 2018
IFRS 9 'Financial Instruments' - This standard will supersede IAS 39 Financial Instruments: Recognition and Measurement upon its effective date.	July 01, 2018
IFRS 15 'Revenue' - This standard will supersede IAS 18, IAS 11, IFRIC 13, 15 and 18 and SIC 31 upon its effective date.	July 01, 2018
Amendments to IAS 40 'Investment Property': Clarification on transfers of property to or from investment property	January 01, 2018
IFRIC 22 'Foreign Currency Transactions and Advance Consideration': Provides guidance on transactions where consideration against non-monetary prepaid asset / deferred income is denominated in foreign currency.	January 01, 2018

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

3.1.1 Financial instruments

IFRS 9 "Financial Instruments" replaces IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 introduces new requirements for i) the classification and measurement of financial assets and financial liabilities ii) impairment for financial assets and iii) hedge accounting.

IFRS 9 permits either a full retrospective or a modified retrospective approach for adoption. The Group has adopted the standard using the modified retrospective approach for classification, measurement and impairment. This means that the cumulative impact, if any, of the adoption is recognized in unappropriated profit as of July 1, 2018 and comparatives are not restated. Details of these new requirements as well as their impact on the Group's financial statements are described below:

i) Classification and measurement of financial assets and financial liabilities

The new standard requires the Group to assess the classification of financial assets on its consolidated statement of financial position in accordance with the cash flow characteristics of the financial assets and relevant business model that the Group has for a specific class of financial assets.

IFRS 9 no longer has an "Available-for-sale" (AFS) classification for financial assets. The new standard has different requirements for debt or equity financial assets.

Debt instruments should be classified and measured either at:

- Amortized cost, where the effective interest rate method will apply;
- Fair value through other comprehensive income, with subsequent recycling to the profit or loss upon disposal of the financial asset (FVTOCI); or
- Fair value through profit or loss (FVTPL)

Investments in equity instruments, other than those to which consolidation or equity accounting apply, should be classified and measured either at:

- Fair value through other comprehensive income, with no subsequent recycling to the profit or loss upon disposal of the financial asset; or
- Fair value through profit or loss.

Assessment of financial impact of measurement requirements on adoption of IFRS 9 as at July 1, 2018 is as follows:

	Measurement category		Carrying amount		
	Original (IAS 39)	New (IFRS 9)	Original Rs'000	New Rs'000	Difference Rs'000
Non Current financial assets					
Long term loan	Loans and receivables	Amortised cost	13,502	13,502	-
Current financial assets					
Trade debts - net	Loans and receivables	Amortised cost	67,224,779	67,224,779	-
Cash and bank balances	Loans and receivables	Amortised cost	10,171,853	10,171,853	-
Short term investments	Held to maturity	Amortised cost	12,719,529	12,719,529	-
Non Current financial Liabilities					
Long term liability	Other financial liabilities	Amortised cost	3,598,410	3,598,410	-
Provision for decommissioning cost	Other financial liabilities	Amortised cost	6,142,566	6,142,566	-
Current financial Liabilities					
Trade and other payables	Other financial liabilities	Amortised cost	26,049,606	26,049,606	-
Long term liability	Other financial liabilities	Amortised cost	1,344,242	1,344,242	-

ii) Impairment of financial assets

IFRS 9 introduces the Expected Credit Loss (ECL) model, which replaces the incurred loss model of IAS 39 whereby an allowance for doubtful debt was required only in circumstances where a loss event has occurred. By contrast, the ECL model requires the Group to recognize an allowance for doubtful debt on all financial assets carried at amortized cost (including, for example, trade debts and other receivables), as well as debt instruments classified as financial assets carried at fair value through other comprehensive income, since initial recognition, irrespective whether a loss event has occurred. SECP through S.R.O. 985 (I)/2019 dated 02 September 2019 has notified that in respect of companies holding financial assets due from the Government of Pakistan (GoP), the requirements contained in IFRS 9 with respect to application of expected credit loss (ECL) model shall not be applicable till 30 June 2021, provided that such companies shall follow relevant requirements of IAS 39 'Financial Instruments: Recognition and Measurement'.

3.1.2 Revenue from Contracts with customers

IFRS 15 'Revenue from contracts with customers' replaces the previous revenue standards: IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations on revenue recognition. It introduces a single five-step model for revenue recognition and establishes a comprehensive framework for recognition of revenue from contracts with customers based on a core principle that an entity should recognise revenue representing the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Management of the Group has assessed that these changes do not have any material impact on the Group's financial statements other than certain additional disclosures.

Other standards, interpretations and the amendments are either not relevant to the Group's operations or are not expected to have significant impact on the Group's financial statements other than certain additional disclosures.

3.2 New accounting standards / amendments and IFRS Interpretations that are not yet effective and have not been early adopted by the Group

The 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 Group's operations or are not expected to have significant impact on the Group's financial statements other than certain additional disclosures

International Accounting Standards/International Financial Reporting Standards/Interpretations	Effective date (accounting periods beginning on or after)
Amendments to IFRS 3 'Business Combinations' - Amendments regarding the definition of business	January 01, 2020
Amendments to IFRS 9 'Financial Instruments' - Amendments regarding prepayment features with negative compensation and modifications of financial liabilities	January 01, 2019
Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Operation' - Sale or contribution of assets between an investor and its associate or joint venture	Date to be determined. Earlier application is permitted
IFRS 16 'Leases': This standard will supersede IAS 17 'Leases', IFRIC 4, SIC 15 and SIC 27 upon its effective date.	January 01, 2019
Amendments to References to the Conceptual Framework in IFRS Standards	January 01, 2020
Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Amendments regarding the definition of material	January 01, 2020
Amendments to IAS 19 'Employee Benefits' - Amendments regarding plan amendments, curtailments or settlements	January 01, 2019
Amendments to IAS 28 'Investments in Associates and Joint Operation' - Amendments regarding long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.	January 01, 2019
IFRIC 23 'Uncertainty over Income Tax Treatments': Clarifies the accounting treatment in relation to determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'.	January 01, 2019

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

IFRS 16 'Leases' replaces the previous lease standard: IAS 17 Leases and is effective from annual accounting period beginning on or after January 01, 2019. It will result in almost all leases being recognised on the consolidated statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short term and low value leases. Management is in the process of assessing the impact of changes laid down by this standard on its financial statements.

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 14 – Regulatory Deferral Accounts
- IFRS 17 – Insurance Contracts

4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of consolidated financial statements in conformity with approved accounting standards that requires the use of certain critical accounting estimates. They also requires management to exercise its judgment in the process of applying the Group'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.

In the process of applying the Group's accounting policies management has made the following estimates and judgments which are significant to the consolidated financial statements:

4.1 Property, plant and equipment

The Group reviews appropriateness of the rate of depreciation, useful life and residual value used in the calculation of depreciation on property, plant and equipment. Further, where applicable, an estimate of the recoverable amount of property, plant and equipment is made for possible impairment on an annual basis. In making these estimates, the Group uses the technical resources available with the Group. Any change in the estimate in the future might affect the carrying amount of the respective items of property, plant and equipment, with corresponding effects on the depreciation charge and impairment.

4.2 Capital work in progress

Capital work in progress is stated at cost less accumulated impairment losses, if any.

The carrying amount of the capital work in progress is reviewed at each reporting date to determine whether there is any indication of impairment loss. If any such indication exist, the asset's recoverable amount is estimated in order to determine the extent of impairment loss. Impairment losses are charged to statement of profit or loss.

4.3 Exploration and evaluation expenditure

The Group's accounting policy for exploration and evaluation expenditure results in certain items of expenditure being capitalized for an area of interest where it is considered likely to be recoverable by future exploration or sale or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. This policy requires management to make certain estimates and assumptions as to future events and circumstances, in particular whether an economically viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available. If, after having capitalized the expenditure under the policy, a judgment is made that recovery of the expenditure is unlikely, the relevant capitalized amount is written off to the consolidated statement of profit or loss.

4.4 Development and production expenditure

Where the commercial discovery has been announced, the Group initially provides for the liability related to 5% carried cost of the Joint Operation and the corresponding development and production expenditure; on the basis of best estimates available from the shared cost statement of the relevant Joint Venture and adjustment is made based on the finalized cost with the Operator.

4.5 Provision for income tax

The Group recognizes tax provisions using estimates based upon expert opinions of its tax and legal advisors. Differences, if any, between the recorded income tax provision and the Group's tax liability, are recorded on the final determination of such liability. Deferred income 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 reporting date.

4.6 Provision for Decommissioning Cost

Provision is recognized for the future decommissioning and restoration of oil and gas wells, production facilities and pipelines at the end of their economic lives. The timing of recognition requires the application of judgment to existing facts and circumstances, which can be subject to change. Estimates of the amounts of provisions and liabilities recognized are based on current legal and constructive requirements, technology and price levels. Because actual outflows can differ from estimates due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions and liabilities are regularly reviewed and adjusted to take account of such changes.

4.7 Measurement of the expected credit loss allowance

The measurement of the expected credit loss ("ECL") allowance for financial assets measured at amortised cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior (e.g. the likelihood of customers defaulting and the resulting losses).

Elements of the ECL models that are considered accounting judgments and estimates include:

- Development of ECL models, including the various formulas and choice of inputs
- Determining the criteria if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a lifetime ECL basis and the qualitative assessment;
- The segmentation of financial assets when their ECL is assessed on a collective basis; and
- Determination of associations between macroeconomic scenarios and, economic inputs, and their effect on probability of default (PDs), exposure at default (EADs) and loss given default (LGDs).

Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models

4.8 Provision for decommissioning cost

Provision is recognized for the future decommissioning and restoration of oil and gas wells, production facilities and pipelines at the end of their economic lives. The timing of recognition requires the application of judgment to existing facts and circumstances, which can be subject to change. Estimates of the amounts of provisions and liabilities recognized are based on current legal and constructive requirements, technology and price levels. Because actual outflows can differ from estimates due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions and liabilities are regularly reviewed and adjusted to take account of such changes.

4.9 Estimation of oil and natural gas reserves

Oil and gas reserves are important elements in impairment testing for development and production assets of the Group. Estimates of oil and natural gas reserves are inherently imprecise, require the application of judgment and are subject to future revision. Proved reserves are estimated by reference to available reservoir and well information, including production and pressure trends for producing reservoirs and, in some cases, subject to definitional limits, to similar data from other producing reservoirs. All proved reserve estimates are subject to revision, either upward or downward, based on new information, from development, drilling and production activities or from changes in economic factors, including product prices, contract terms or development plans.

Changes to the estimates of proved reserves, particularly proved developed reserves, also affect the amount of depreciation, depletion and amortization recorded in the consolidated financial statements for fixed assets related to hydrocarbon production activities.

4.10 Employee benefits

Defined benefits plans are provided for permanent as well as contractual employees of the Group. Provident fund contribution plan is structured as a separate legal entity managed by trustees whereas the gratuity and accumulating compensated absences plans are managed by the Group itself for which liability is recognized in the consolidated financial statements. These calculations require assumptions to be made of future outcomes, the principal ones being in respect of increases in remuneration and pension benefit levels, medical benefit rate, the expected long term return on plan assets and the discount rate used to convert future cash flows to current values. The assumptions used vary for the different plans as they are determined by independent actuaries annually. The amount of the expected return on plan assets is calculated using the expected rate of return for the year and the market related value at the beginning of the year. Pension or service cost primarily represents the increase in actuarial present value of the obligation for benefits earned on employees service during the year and the interest on the obligation in respect of employee's service in previous years, net of the expected return on plan assets. Calculations are sensitive to changes in the underlying assumptions.

4.11 Provision against trade debts, advances and other receivables

The Group reviews the recoverability of its trade debts, advances and other receivables to assess amount of bad debts and provision required there against on annual basis.

4.12 Investment in associate

An associate is an entity over which ISGSL has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results of assets and liabilities of the associate have been incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost as adjusted for post acquisition changes in ISGSL's share of net assets of the associate, less any impairment in the value of investment. Losses of an associate in excess of ISGSL's interest in that associate (which includes any long term interest that, in substance, form part of ISGSL's net investment in the associate) are recognized only to the extent that ISGSL has incurred legal or constructive obligation or made payment on behalf of the associate.

The carrying amount of investments is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists the investments recoverable amount is estimated which is higher of its value in use and its fair value less cost to sell. An impairment loss is recognized if the carrying amount exceeds its recoverable amount. Impairment losses are recognized in profit or loss. An impairment loss is reversed if there is a change in estimates used to determine the recoverable amount but limited to the extent of initial cost of investments. A reversal of impairment loss is recognized in the consolidated statement of profit or loss.

4.13 Stock-in-trade

Inventories are stated at the lower of cost and net realizable value. Costs of inventories are determined on weighted average basis. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1 Basis of consolidation

The consolidated financial statements include the financial statements of the Holding Company and its subsidiaries as at June 30, 2019.

5.1.1 Subsidiary

Subsidiary is that enterprises in which the Holding Company directly or indirectly controls, beneficially owns or holds more than 50% of the voting securities or otherwise has power to elect and appoint more than 50% of its directors. The financial statements of the subsidiaries are included in the consolidated financial statements from the date control commences until the date that control ceases. The subsidiaries have a reporting date of 30th of June.

The assets and liabilities of the Holding Company and subsidiaries are consolidated on a line by line basis and the carrying value of investments held by the Holding Company is eliminated against the subsidiary shareholders' equity in the consolidated financial statements. Material intra-Group balances and transactions have been eliminated in consolidation including unrealized gains and losses on transactions within Group.

Non - controlling interests (NCI) are that part of the net results of the operations and of net assets of the subsidiary attributable to interests which are not owned by the Holding Company. NCI are presented as a separate item in the consolidated financial statements.

The Group attributes total consolidated comprehensive income of subsidiaries between the owners of the Holding Company and NCI, based on their respective ownership interests.

5.1.2 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

The Group recognizes identifiable assets acquired and liabilities assumed in the business combination regardless of whether they have been previously recognized in the acquirers' financial statements prior to acquisition.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

5.2 Property, plant and equipment

Owned fixed assets

These are initially recognized at acquisition cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Group's management. These assets are subsequently measured using the cost model, cost less subsequent depreciation and impairment losses, if any.

The cost includes the cost of replacing parts of the plant and equipment when that cost is incurred, if the recognition criteria are met. Depreciation is charged using the straight line method. No depreciation is charged on the assets in the month of sale/disposal, while full depreciation is charged in the month of acquisition. Maintenance and normal repairs are charged to income for the year as and when incurred, while major renewals and improvements are capitalized.

The carrying amounts of the Group's assets are reviewed at each date of the consolidated statement of financial position to determine whether there is any indication of impairment loss. If any such indication exists, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment losses are charged to income for the year. An item of fixed assets is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset is included in the consolidated statement of profit or loss in the year the asset is derecognized. The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

5.3 Intangible assets

Intangible assets acquired separately are measured at cost on initial recognition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment loss. The cost of intangible is amortized over the estimated useful life using straight-line method as described in note 6 to the consolidated financial statements.

The useful lives of intangible assets are reviewed at each reporting date. The effect of any adjustment to the useful life is recognized prospectively as a change in accounting estimates.

5.4 Exploration and evaluation assets

The exploration cost of all those Joint Operation, where GHPL participates on full sharing basis, is accounted for under the "Successful efforts" method.

All exploratory cost directly relating to wells are initially capitalized as exploration and evaluation (E&E) assets until the drilling of the well is completed and results have been evaluated. Based on the results, the cost of successful wells is transferred to development and production assets, once commerciality is declared and production starts coming in. Whereas the cost of dry hole is immediately written off.

All other exploration costs are charged against the income as exploration and prospecting expenditure as and when incurred.

E&E assets are assessed for impairment when facts and circumstances indicate that carrying amount may exceed the recoverable amount of E&E assets. Such indicators include, the point at which a determination is made as to whether or not commercial reserves exist, the period for which the Company has right to explore has expired or will expire in the near future and is not expected to be renewed, substantive expenditure on further exploration and evaluation activities is not planned or budgeted and any other event that may give rise to indication that E&E assets are impaired.

5.5 Development and production assets - Intangibles

During the exploratory phase, 5% working interest of the Group in various Joint Venture concessions is carried by its relevant partners in the respective Joint Operation, in accordance with the related Petroleum Concession Agreements. Consequent to the declaration of commercial discovery by the operator and approval by the Director General, Petroleum Concessions (DGPC), the Group has right to increase its working interest up to 25% and the resulting consideration is payable to relevant Joint Venture partners in these Joint Operation, according to the provisions of the related Petroleum Concession Agreements.

The carried cost payable to JV partners comprise of the cost of the successful wells and expenditure that are attributable to the commercial discovery. The cost is directly recognized as development and production assets to the extent to which the cost relates to wells. The remaining portion of the cost is charged off to Consolidated Profit and loss account as exploration and prospecting expenditure.

Development and production assets also include the cost of developing the discovered commercial reserves and bringing them into production, together with the capitalized E&E expenditures incurred in finding commercial reserves transferred from E&E assets and the cost of recognizing provisions for future site restoration and decommissioning.

Expenditure carried within each field is amortized from the commencement of production on a unit of production basis of oil or gas, whichever is dominant in production relevant to a particular field, over the estimated quantities of proved developed reserves at the end of the year plus the production during the year, on a concession by concession basis. Amortization expense for the year is computed on all development and production assets at year end including additions / adjustments made during the year. Changes in the estimates of commercial reserves or future field development costs are dealt with prospectively.

Impairment test of development and production assets is also performed whenever events and circumstances arising during the development and production phase indicate that carrying amount of the development and production assets may exceed its recoverable amount. Such circumstances depend on the interaction of a number of variables, such as the recoverable quantities of hydrocarbons, the production profile of the hydrocarbons, the cost of the development of the infrastructure necessary to recover the hydrocarbons, the production costs, the contractual duration of the production field and the net selling price of the hydrocarbons produced.

The carrying value is compared against expected recoverable amount of the oil and gas assets, generally with reference to the future net cash flows expected to be derived from such assets. The cash generating unit applied for impairment test purpose is generally concession by concession basis, except that a number of fields may be grouped as a single cash generating unit where the cash flows of each field are inter dependent.

Where conditions giving rise to impairment subsequently reverse, the effect of the impairment charge is also reversed as a credit to the profit and loss account, net of any depreciation that would have been charged since the impairment.

5.6 Joint Operations

The Group has certain contractual arrangements with other participants to engage in joint activities, where all significant operating and financial matters are determined by the participants, such that the operation itself has no significant independence to pursue its own commercial strategy. These contractual arrangements do not create a Joint Venture entity and are accounted for as jointly controlled assets. The Group accounts for its share of the jointly controlled assets, liabilities and operating expenses on proportionate basis. The Group's share of assets, liabilities, revenue and expenses in Joint Operation are accounted for on the basis of latest available audited financial statements of the Joint Operation and where applicable, the cost statements received from the operator of the Joint Venture, for the intervening period up to the balance sheet date. The difference, if any, between the cost statements and audited financial statements is accounted for in the next accounting year.

5.7 Stores, spares and loose tools - share in Joint Operation inventory

Stores and spares are valued at the lower of cost and net realizable value. Cost is determined on the basis of costing methods adopted by operators of respective Joint Operation. Net realizable value signifies the estimated selling price in the ordinary course of business less costs necessarily to be incurred in order to make a sale.

5.8 Financial Instruments

Financial assets and financial liabilities are recognized in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument. All the financial assets are derecognized at the time when the Group 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 expired. Any gains or losses on de-recognition of the financial assets and financial liabilities are taken to the consolidated statement of profit or loss.

Initial recognition

All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given or received. These are subsequently measured at fair value, amortised cost or cost as the case may be.

Classification of financial assets - policy applicable from 01 July 2018

The Group classifies its financial instruments in the following categories:

- fair value through profit or loss (FVTPL);
- fair value through other comprehensive income (FVTOCI); and
- at amortised cost

The Group determines the classification of financial assets at initial recognition. The classification of instruments (other than equity instruments) is driven by the Group's business model for managing the financial assets and their contractual cash flow characteristics.

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at FVTPL.

Classification of financial liabilities - policy applicable from 01 July 2018

The Group classifies its financial liabilities in the following categories:

- at fair value through profit or loss ("FVTPL"); and
- at amortised cost.

Financial liabilities are measured at amortised cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Group has opted to measure them at FVTPL.

Subsequent measurement - policy applicable from 01 July 2018

Financial assets and liabilities at amortised cost

Financial assets and liabilities at amortised cost are initially recognized at fair value, and subsequently carried at amortised cost, and in the case of financial assets, less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statement of profit or loss in the period in which they arise.

Financial assets at FVTOCI

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains or losses arising from changes in fair value recognized in other comprehensive income / (loss).

Impairment of financial assets - policy applicable from 01 July 2018

The Group recognizes loss allowance for ECL on financial assets measured at amortised cost except for debts due directly / ultimately from GoP which includes certain trade debts in respect of which exemption is granted by SECP as explained in note 3.1.1 (ii) for trade debts other than subject to aforesaid exemption of SECP, the Group applies IFRS 9 simplified approach to measure the expected credit losses (loss allowance) which uses a life time expected allowance. The Group uses General 3-stage approach for loans and advances, deposits, long term investments, other receivables, other financial assets and cash and bank balances i.e. to measure ECL through loss allowance at an amount equal to 12-month ECL if credit risk on a financial instruments has not increased significantly since initial recognition.

Life time ECLs are the ECLs that results from all possible default events over the expected life of a financial instrument. 12 months' ECL are portion of ECL that result from default events that are possible within 12 months after the reporting date

ECLs are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between cash flows due to the entity in accordance with the contract and cash flows that the Group expects to receive).

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof.

In respect of financial assets due directly /ultimately from GoP, the financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

Derecognition - policy applicable from 01 July 2018

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

Financial assets

The Group derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying value and the sum of the consideration received and receivable is recognized in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to statement of changes in equity.

Financial liabilities

The Group derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statement of profit or loss.

Financial Instruments under IAS 39, applicable before July 1, 2018

All the financial assets and financial liabilities are recognized at the time when the Group 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 Group 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.

5.9 Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise of cash in hand and at banks. 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.

5.10 Decommissioning cost

A provision is recognized when the Group has a present obligation (legal or constructive) as a result of a past event, 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 obligation. When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are discounted using a pre-tax rate that reflects, where appropriate, the risks specific to the liability.

Estimated cost to abandon and dismantle wells and production facilities is recognized as liability and a corresponding equivalent amount is capitalized as cost of development and production assets and property, plant and equipment as the case may be. The amount is based on present value of the estimated future expenditure which are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The recognized amount of decommissioning cost is subsequently amortized /depreciated as part of the capital cost of the development and production assets and property, plant and equipment over the assets useful life.

Changes in the timing / cost of decommissioning estimates are dealt with prospectively, by recording adjustment to the provision and a corresponding adjustment to the property, plant and equipment.

Any reduction in the decommissioning liability and therefore, any deduction from the asset to which it relates, may not exceed the carrying amount of that asset. If it does, any excess over the carrying value is taken immediately to consolidated profit and loss account.

If the change in estimate results in an increase in the decommissioning liability and, therefore, an addition to the carrying value of the asset, the Group considers whether there is an indication of impairment of the asset as a whole, and if so, test for impairment in accordance with the IAS-36. If, for mature fields, revised oil and gas assets net of decommissioning provisions exceeds the recoverable value, that portion of the increase is charged directly to the consolidated profit and loss account.

The unwinding of the discount is recognized as finance cost in the consolidated statement of profit or loss.

5.11 Staff retirement benefits

Defined benefit plan

The Group operates approved funded gratuity schemes for its permanent and contractual staff. Provision for the scheme is made on the basis of actuarial valuation. The most recent valuation in this regard was carried out at 30 June 2019 by Holding and ISGS subsidiary Group respectively, using the Projected Unit Credit Method. The detail of the valuation is given in note 28.

Effective for annual periods beginning on or after January 1, 2013, the revisions in IAS 19 "Employees Benefits" requires an entity to immediately recognize the actuarial gain and losses on employees' retirement benefit plans in other comprehensive income. The Group is already recognizing the remeasurement gain and losses on employees' retirement benefit plans in the consolidated profit & loss account.

Defined contribution plan

The Group operates approved contributory provident fund schemes for its permanent and contractual staff. Equal monthly contributions are made, both the Group and the employees, to the fund at the rate of 8.33% and 10% of basic salary for the Holding Company and ISGSL respectively.

Compensated absences

The Group accounts for all compensated absences when employee render services that increase their entitlement to future compensated absences. The liability is provided on the basis of unavailed earned leaves balance of each employee at the end of the year up to maximum of 90 days in case of the Holding Company and 60 days at the rate of 125% of gross salary in case of the subsidiary companies.

5.12 Taxation

Current

Provision for taxation is based on taxable income at the rates applicable for the current tax year, after considering the rebates and tax credits available.

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 balance sheet date.

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.

5.13 Provisions

Provisions are recognized when the Group 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.

5.14 Revenue recognition

Policy applicable after 01 July 2018

Revenue from contracts with customers is recognized when or as the Group satisfies a performance obligation by transferring a promised good or service to a customer. Revenue associated with the sale of crude oil, natural gas and liquefied petroleum gas is measured based on the consideration specified in contracts with customers. Revenue from contracts with customers is recognized when or as the Group satisfies a performance obligation by transferring a promised good or service to a customer. A good or service is transferred when the customer obtains control of that good or service. The transfer of control of oil, natural gas and liquefied petroleum gas coincides with title passing to the customer and the customer taking physical possession. The Group principally satisfies its performance obligations at a point in time and the amounts of revenue recognized relating to performance.

Revenue is measured at the fair value of the consideration received or receivable which the Group expects to be entitled in exchange for transferring goods, net of government levies. Prices of crude oil and gas are specified in relevant agreements and / or as notified by the Government Authorities based on contracts with customers or petroleum policy. Effect of adjustments, if any, arising from revision in sale prices is reflected as and when the prices are finalized with the customers and/or approved by the GoP.

Billings are generally raised by the end of each month which are payable within 30 to 45 days in accordance with the contractual arrangement with customers. Amounts billed or received prior to being earned, are deferred and recognized as advances from customers.

Policy applicable before 01 July 2018

Revenue from sale of goods is recognized when significant risks and rewards of ownership are transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

Revenue is measured at the fair value of the consideration received, excluding sales taxes, excise duties and similar levies. Effect of adjustments, if any, arising from revision in sale prices is reflected as and when the prices are finalized with the customers and/or approved by the GoP. Sale of reservoir produce during the phase of Extended Well Testing (EWT), are recognized as revenue.

Subsidiary recognizes revenue as cost of services billed to Sui southern Gas Group Limited and Sui Northern Gas Pipelines Limited under the Services Agreement.

5.15 Finance Income / Late payment surcharge

Income on bank deposits is recognized on time proportion basis using the effective interest method.

Late Payment Surcharge (LPS) on trade debts are recognized on receipt basis as per the interest rate agreed with customers.

5.16 Foreign currency translations

These consolidated financial statements are presented in Pak Rupees, which is the Group's functional and presentation currency. 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 consolidated balance sheet. 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 consolidated profit and loss account for the year.

5.17 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief executive officer decision-maker. The chief executive officer, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions. The management has determined that the Group has a single reportable segment as the Board of Directors views the Group's operations as one reportable segment.

5.18 Royalty expense

Royalty expense is recognized on sale of Crude Oil, Gas and LPG at the rate specified in the respective concessions agreement with the customers.

5.19 Dividends

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

5.20 Earning per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

6. PROPERTY, PLANT AND EQUIPMENT

	Note	2019 Rupees	2018 Rupees
Owned fixed assets	6.1	2,608,162,062	2,693,238,953
Share in Joint Operation fixed assets	6.2	28,273,626,075	28,429,989,503
		<u>30,881,788,137</u>	<u>31,123,228,456</u>

6.1 Owned fixed Assets

2019	Particulars	Note	COST		Rate	ACCUMULATED DEPRECIATION		WRITTEN DOWN VALUE		
			As at 01 July 2018	Additions		(Disposal)	As at 30 June 2019		Charge for the year	(Disposal)
		Rupees		Rupees		Rupees		Rupees		
	Leasehold Improvements		6,656,601	-	15	1,074,552	998,491	-	2,073,043	4,583,558
	Office equipment		38,480,599	7,125,916	15-20	13,935,905	9,337,296	-	23,273,201	22,333,314
	Furniture and fixtures		49,679,005	1,425,821	15	12,881,410	6,214,584	-	19,095,994	32,008,832
	Computer equipment		58,545,818	6,455,151	20-33	35,038,038	6,008,525	-	41,046,563	23,954,406
	Vehicles		31,671,937	4,586,168	15-20	17,690,036	4,603,722	-	22,293,758	13,964,347
	Capital work in progress	6.6	2,588,324,934	-		-	-	-	-	2,511,317,605
			<u>2,773,858,894</u>	<u>19,593,056</u>		<u>80,619,941</u>	<u>27,162,618</u>	<u>-</u>	<u>107,782,559</u>	<u>2,608,162,062</u>

2018	Particulars	Note	COST		Rate	ACCUMULATED DEPRECIATION		WRITTEN DOWN VALUE		
			As at 01 July 2017	Additions		(Disposal)	As at 30 June 2018		Charge for the year	(Disposal)
		Rupees		Rupees		Rupees		Rupees		
	Leasehold Improvements		6,467,652	188,949	15	80,846	993,706	-	1,074,552	5,582,049
	Office equipment		24,472,825	14,007,774	15-20	8,586,520	5,349,385	-	13,935,905	24,544,694
	Furniture and fixtures		25,972,098	25,417,854	15	10,508,677	4,083,680	(1,710,947)	12,881,410	36,797,595
	Computer equipment		48,245,981	12,286,737	20-33	29,898,536	7,126,402	(1,986,900)	35,038,038	23,507,780
	Vehicles		27,219,338	7,203,547	15-20	15,415,092	4,852,016	(2,577,072)	17,690,036	13,981,901
	Capital work in progress	6.6	2,511,317,605	77,507,329		-	-	-	-	2,588,824,934
			<u>2,643,695,499</u>	<u>136,612,190</u>		<u>64,489,671</u>	<u>22,405,189</u>	<u>(6,274,919)</u>	<u>80,619,941</u>	<u>2,693,238,953</u>

6.2 Share in Joint Operation' fixed assets

Particulars	COST			ACCUMULATED DEPRECIATION			ACCUMULATED IMPAIRMENT			WRITTEN DOWN VALUE		
	As at 01 July 2018	As at 30 June 2019	Rate	As at 01 July 2018	Change for the year	As at 30 June 2019	As at 01 July 2018	Change for the year	As at 30 June 2019	As at 01 July 2018	Change for the year	As at 30 June 2019
	Rs	Rs	%	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs
Leasehold land	54,214,896	54,214,896	4-33	38,196,645	802,266	38,998,911	8,753,490	(3,206,973)	5,546,517	8,753,490	(3,206,973)	5,546,517
Plant and equipment	41,137,659,553	43,667,281,424	4-33	15,416,637,232	2,275,062,097	17,691,699,329	3,130,420,321	(364,342,269)	2,766,078,052	3,130,420,321	(364,342,269)	2,766,078,052
Pipelines	6,824,661,031	207,411,160	4-33	3,093,868,687	421,990,920	3,491,778,607	847,048,313	15,471,127	862,519,440	847,048,313	15,471,127	862,519,440
Office equipment	300,494,854	13,665,133	20	250,300,690	9,699,744	260,300,434	26,381,921	(1,043,694)	25,338,227	26,381,921	(1,043,694)	25,338,227
Furniture and fixtures	77,474,986	302,764	15	61,935,487	6,137,747	68,073,234	4,729,236	(935,297)	3,793,939	4,729,236	(935,297)	3,793,939
Vehicles	172,686,922	1,738,373	20	131,463,893	16,255,105	147,719,998	4,981,660	(1,851,876)	3,129,782	4,981,660	(1,851,876)	3,129,782
Decommissioning cost	1,441,067,395	(853,538,028)	4-33	846,328,699	(661,829,348)	184,499,351	55,066,065	(11,071,102)	44,487,963	55,066,065	(11,071,102)	44,487,963
CWIP - Tangible Assets	2,123,489,089	(380,291,325)	-	-	-	-	107,427,866	(37,476,376)	70,951,491	107,427,866	(37,476,376)	70,951,491
CWIP - Decommissioning Cost	1,733,022	88,095,694	-	88,828,716	-	-	-	-	-	-	-	-
	52,133,271,748	1,607,183,642	-	19,817,034,333	2,168,038,531	21,985,072,864	3,886,247,912	(404,491,461)	3,481,756,451	3,886,247,912	(404,491,461)	3,481,756,451

Particulars	COST			ACCUMULATED DEPRECIATION			ACCUMULATED IMPAIRMENT			WRITTEN DOWN VALUE		
	As at 01 July 2017	As at 30 June 2018	Rate	As at 01 July 2017	Change for the year	As at 30 June 2018	As at 01 July 2017	Change for the year	As at 30 June 2018	As at 01 July 2017	Change for the year	As at 30 June 2018
	Rs	Rs	%	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs
Leasehold land	54,214,896	54,214,896	4-33	37,280,135	938,510	38,196,645	8,628,899	1,128,591	9,753,490	8,628,899	1,128,591	9,753,490
Plant and equipment	35,870,197,412	41,137,459,553	4-33	13,175,194,004	2,243,473,228	15,418,667,232	2,773,411,573	357,008,748	3,130,420,321	2,773,411,573	357,008,748	3,130,420,321
Pipelines	6,415,795,327	408,865,704	4-33	2,557,755,113	512,113,574	3,069,868,687	502,632,803	44,415,710	547,048,313	502,632,803	44,415,710	547,048,313
Office equipment	296,140,743	14,354,111	20	221,378,984	29,220,706	250,600,690	19,844,205	(8,437,716)	26,381,921	19,844,205	(8,437,716)	26,381,921
Furniture and fixtures	76,732,158	742,828	15	58,517,209	5,421,278	61,938,487	4,573,645	155,591	4,729,236	4,573,645	155,591	4,729,236
Vehicles	163,345,585	9,341,337	20	113,013,878	18,450,017	131,463,893	4,558,364	425,316	4,981,660	4,558,364	425,316	4,981,660
Decommissioning cost	1,321,296,919	(119,756,478)	4-33	900,974,357	(54,845,648)	846,328,699	36,414,924	18,090,161	55,505,085	36,414,924	18,090,161	55,505,085
CWIP - Tangible Assets	4,314,352,294	(2,190,863,175)	-	-	-	-	14,438,427	82,989,439	107,427,866	14,438,427	82,989,439	107,427,866
CWIP - Decommissioning Cost	2,098,096	(363,074)	-	-	-	-	-	-	-	-	-	-
	48,804,173,400	3,529,096,348	-	17,082,064,678	2,754,969,635	19,817,034,333	3,384,598,640	521,649,272	3,906,247,912	3,384,598,640	521,649,272	3,906,247,912

6.3 Allocation of depreciation
 Operating expenses 33 2,168,038,531 2,754,969,635
 General and administrative expense 35 23,995,401 19,755,770
2,192,033,932 2,774,725,425

6.4 Allocation of Impairment
 Operating expenses 33.1 (404,491,461) 521,649,272

6.5 As the Holding Company is a non-operator, property, plant and equipment other than owned fixed assets are not in the possession and control of the Holding Company.

	Note	2019 Rupees	2018 Rupees
6.6 Capital Work In progress			
Iran Pakistan Gas Pipeline Project	6.6.1	2,511,317,605	2,511,317,605
Machike Tarujabba Oil Pipeline Project	6.6.2	-	77,507,329
		<u>2,511,317,605</u>	<u>2,588,824,934</u>
6.6.1 Iran Pakistan Gas Pipeline Project			
Consultancy services	6.6.1.1	2,546,569,184	2,546,569,184
Travelling and transportation expenses		63,901,225	63,901,225
Field security expenses		25,345,440	25,345,440
Tendering expenses		19,227,149	19,227,149
Rent, rates and utilities		28,288,486	28,288,486
Personnel costs and benefits		246,580,466	246,580,466
Training and capacity building		5,059,501	5,059,501
Insurance		2,918,854	2,918,854
Repairs and maintenance		27,781,884	27,781,884
Legal and professional services		11,175,751	11,175,751
Depreciation		39,409,071	39,409,071
Amortization		8,893,242	8,893,242
Others		11,161,408	11,161,408
Impairment loss	6.6.1.3	(524,994,056)	(524,994,056)
		<u>2,511,317,605</u>	<u>2,511,317,605</u>
6.6.1.1 Consultancy services			
Engineering and Project Management (E&PM) consultancy			
Stage I			
Bankable Feasibility Study		409,863,982	409,863,982
Development of Front End Engineering Design (FEED)		527,429,543	527,429,543
Detailed Route Survey		308,450,498	308,450,498
Social and Environmental Impact Assessment (SEIA)		146,485,311	146,485,311
Project Management		233,472,276	233,472,276
Other costs		130,840,318	130,840,318
		<u>1,756,541,928</u>	<u>1,756,541,928</u>
Stage II			
Project Management		362,351,471	362,351,471
Procurement Services of Long Lead Items (LLI's) and - - Engineering, Procurement Construction (EPC) Contract		86,960,169	86,960,169
Engineering Support LLI's/ EPC Tender		216,370,701	216,370,701
Other cost		104,562,875	104,562,875
		<u>770,245,216</u>	<u>770,245,216</u>
Other consultancy services		19,782,040	19,782,040
		<u>2,546,569,184</u>	<u>2,546,569,184</u>

6.6.1.2 The Governments of Pakistan and Iran signed an Inter-Governmental Framework Declaration (IGFD) for the Iran Pakistan Gas Pipeline Project (IP-Project) on May 24, 2009. The Group has entered via ISGSL into an Iran Pakistan Gas Sale Purchase Agreement (IP-GSPA) with National Iranian Oil Company (NIOC) on June 5, 2009 which became effective on June 13, 2010 upon completion of all conditions precedent to IP-GSPA. The commitments under IP-GSPA are backed by a sovereign guarantee issued by the GoP on May 28, 2010, whereas, the financial requirements were envisaged to be met through Gas Infrastructure Development Cess (GIDC) and Private Sector Entity (PSE) equity injection as approved by Economic Coordination Committee (ECC) of the Federal Cabinet.

To commence work on the IP-Project, ISGSL hired an Engineering and Project Management Consultant (E&PM) which is a joint venture between a German Based firm ILF Beratende Ingenieure GMBH and National Engineering Services Pakistan (Private) Limited (NESPAK). ILF - NESPAK submitted reports on Stage I and Stage II which have been accepted by ISGSL. Complete design of the pipeline system (Front End Engineering & Design), feasibility study, installation of concrete markers and tender documents for the supply of equipment and construction of the pipeline system have also been completed in a timely manner.

In accordance with the guidelines issued by the Sub-Committee / Steering Committee of the ECC, the initial capital requirement of the IP-Project is being funded through equity injection by the Holding Company.

Government to Government Co-operation Agreement as initiated on December 1, 2012 was endorsed by the Federal Cabinet on January 30, 2013. The President of Pakistan and the President of Iran inaugurated the construction phase of IP-Project in a Ground Breaking Ceremony held on March 11, 2013.

The IP Project faced constraints, as a consequence of the international sanctions imposed on Iran by United Nations, United States of America and the European Union. Iran's association with the Project and risk of violating sanctions was considered to affect potential financiers, reputable international suppliers of crucial equipment and contractors. ISGSL believes that this has created a Force Majeure and Excusing Events situation and accordingly the matter has been taken up with Government of Iran as per the provisions of the signed IP-GSPA. In terms of the letter dated April 14, 2014, NIOC rejected ISGSL's force majeure notice on the premise that substantively, the situations alluded by ISGSL do not constitute any ground for the occurrence of Force Majeure or Excusing Events under the IP-GSPA. ISGSL has not accrued any penalty under the terms of IP-GSPA agreement with NIOC. The discussions are underway with Government of Iran to get an extension in the target date to contract and complete the required segment as per IP-GSPA by both sides which was due by December 31, 2014. Further, it is also apparent that NIOC has also not completed reasonable component of its required segment of the gas pipeline, which further weakens their case to invoke penalty clause of IP-GSPA.

On February 27, 2019 NIOC issued a formal notice of material breach of buyer's warranties under the IP-GSPA.

After negotiation with Iran, on September 5, 2019 Pakistan and Iran has signed an addendum to the IP-GSPA for extension of limitation period of any claims for further five years from the date of signing of the addendum. In light of the addendum Iran has withdrawn the aforementioned notice of material breach.

- 6.6.1.3 ECC in its meeting held on October 02, 2014 approved the Gwadar-Nawabshah LNG terminal & Pipeline project (GNP). It was envisaged that GNP shall not only serve to meet ever growing energy needs of Pakistan but can also be utilized to link up to Iranian border in future and therefore Pakistan would substantially be complying with its contractual obligations under the GSPA. As essential technical work of pipeline route has already been done for IP project, it has been envisaged that the same shall be utilized for the Gwadar Nawabshah LNG terminal & Pipeline.

During the visit of President of China to Pakistan on April 20, 2015, National Energy Administration of China and Ministry of Energy (MoE) of Pakistan signed Framework Agreement at Islamabad in relation to GNP. In this respect, Chinese nominated entity i.e. China Petroleum Pipeline Bureau (CPP) submitted the technical and financial bid to ISGSL for Engineering, Procurement, Construction and Financing (EPCF) under G to G framework agreement, which was being negotiated. However, the Cabinet Committee on Energy (CCE) through its decision taken in its meeting dated June 6, 2017 directed MoE to drop the GNP forthwith. As per the said direction, ISGSL has discontinued the GNP, however, it has requested certain clarifications and guidelines from MoE regarding the strategic outcome of the decision, for which the response is pending. ISGSL recognized an impairment loss against aggregate cost incurred on GNP.

	Note	2019 Rupees	2018 Rupees
6.6.2 Machike Tarujabba Oil Pipeline Project			
Consultancy services	6.6.2.1	19,250,000	19,250,000
Travelling and transportation expenses		3,900,825	3,164,029
Tendering expenses		1,198,766	766,040
Rent, rates and utilities		12,705,078	4,350,409
Personnel costs and benefits		139,074,007	46,879,557
Legal and professional services		5,204,838	3,497,408
Depreciation		4,807,093	1,639,556
Amortization	7.1	1,760,150	774,162
Investment income		(29,809,417)	(5,418,137)
Others		5,017,599	2,604,305
Impairment loss		(163,108,939)	-
		-	77,507,329

6.6.2.1 The ECC of the Cabinet in its meeting held on November 01, 2017 vide case no.EE-117/21/2017 assigned the Machike-Tarujabba Oil Pipeline Project ("MTOPP" or "the Project") to ISGSL. The ECC directed ISGSL to implement the Project on Build, Own, Operate and Transfer ("BOOT") basis for a fifteen (15) year term, through open tendering process, divided into three (3) separate sections originating from Machike via Chakpirana, Rawat and terminate at Taru Jabba completing the pipeline 'backbone' from Karachi to Peshawar. The ownership of MTOPP was to be transferred to ISGSL after 15 years or earlier as per the BOOT Agreement to be signed between ISGSL and the successful bidder of each section.

In the above said decision, the ECC also directed ISGSL to conduct a techno-economic feasibility study for undertaking the Project before initiating the tender process. ISGSL appointed an independent technical Consultant to provide consultancy services in respect of the Project, including undertaking a detailed techno-economic feasibility study. The Consultant in the detailed techno-economic feasibility report opined that the Project is financially viable and will result in significant savings to the Government exchequer over the life of the Project when compared with the prevailing road freight besides ensuring safe and steady oil supply from Karachi to Peshawar.

The bidding process was conducted by ISGSL and the transportation tariff quoted by the successful bidder was approved by ECC of the Cabinet in its meeting dated April 17, 2018. ISGSL also obtained in principle approval from National Highway Authority for usage of 340 km out of 427 km Right of Way (RoW) along the Highway.

ECC of the Cabinet in its meeting held on February 12, 2019 assigned the project to the private sector. Accordingly, ISGSL recognized an impairment loss for the aggregate cost incurred on the project.

7. INTANGIBLE ASSETS

Particulars	COST		Rate	ACCUMULATED AMORTIZATION		WRITTEN DOWN VALUE	
	As at 01 July 2018	Additions		As at 30 June 2019	Charge for the year	As at 30 June 2019	As at 30 June 2019
2019		Rupees		Rupees	Rupees		Rupees
Software	54,190,394	43,507,613	20-33	97,698,007	10,529,722	57,340,590	40,357,417
2018							
Software	49,776,216	4,414,178	20-33	54,190,394	3,506,833	46,810,868	7,379,526

7.1 Allocation of depreciation

	Note	2019 (Rupees)	2018 (Rupees)
General and administrative expenses	36	9,543,734	2,260,371
Capital work in progress	6.6.2	985,988	1,246,462
		<u>10,529,722</u>	<u>3,506,833</u>

8. EXPLORATION AND EVALUATION ASSETS

Opening balance	2,881,818,774	2,899,652,251
Expenditure incurred during the year	1,397,965,419	511,290,541
Transfer to development & production assets	-	(379,371,268)
Dry hole wells	35	(147,058,772)
	<u>4,132,725,421</u>	<u>2,881,818,774</u>

8.1 Total capitalized cost includes asset decommissioning cost amounting to Rs. 18,354,821 at June 30, 2019 (2018: Rs. 36,420,020)

9. DEVELOPMENT AND PRODUCTION ASSETS

Particulars	Working Interest	COST				ACCUMULATED AMORTIZATION				ACCUMULATED IMPAIRMENT				WRITTEN DOWN VALUE	
		As at 01 July 2018	As at 30 June 2019	Additions / (adjustments)	As at 30 June 2019	As at 01 July 2018	Charge for the year	As at 30 June 2019	As at 01 July 2018	Charge for the year / (reversal)	As at 30 June 2019	As at 30 June 2019	As at 30 June 2019	As at 30 June 2019	
		Rupees				Rupees				Rupees				Rupees	
Intangibles															
Producing fields-Joint Operation															
Badin III	25.00%	306,791,706	306,791,706	-	269,149,610	60,732	269,210,342	-	-	-	-	-	-	-	37,581,364
Block-22 (all fields)	22.50%	275,417,663	275,417,663	-	178,212,371	15,041,416	193,253,787	3,174,181	(1,697,818)	1,476,363	-	-	-	-	80,687,513
Ahmadali/Parwali	17.50%	773,484,001	837,361,762	63,877,761	434,308,315	54,180,460	488,488,775	-	-	-	-	-	-	-	348,872,987
Minwal	17.50%	7,699,607	7,896,446	196,839	755,594	428,795	1,184,389	-	-	-	-	-	-	-	6,712,058
Mazarani	12.50%	136,518,904	136,694,963	176,059	102,580,083	12,786,483	115,366,566	14,022,629	7,305,767	21,328,397	-	-	-	-	
Sawan	22.50%	3,351,746,021	3,349,942,471	(1,803,550)	2,124,059,881	74,002,584	2,198,062,465	883,314,561	(279,251,394)	604,063,167	-	-	-	-	547,816,839
Zanzama	25.00%	4,009,389,468	4,775,430,444	766,040,976	3,229,630,343	149,908,061	3,379,438,404	492,820,604	290,966,099	783,786,703	-	-	-	-	612,205,337
Mubarak	25.00%	1,234,126,958	1,234,126,958	-	125,195,578	3,664,181	128,859,759	1,090,065,302	(64,588,495)	1,025,476,807	-	-	-	-	79,790,352
Nirn	22.50%	106,532,892	107,582,064	1,049,172	54,833,110	6,452,360	61,285,470	-	-	67,269,980	-	-	-	-	46,296,594
Mehran	25.00%	69,203,189	69,203,189	-	1,933,209	-	1,933,209	67,269,980	-	-	-	-	-	-	-
Chanda	17.50%	1,038,849,026	1,050,001,137	11,152,111	489,244,659	88,909,859	578,154,518	-	-	-	-	-	-	-	471,846,619
Gambat	22.50%	378,489,513	380,517,667	2,028,154	179,130,790	3,526,885	182,657,675	163,812,122	33,420,389	197,232,511	-	-	-	-	627,481
Tal (all fields)	15.00%	4,978,472,904	673,407,267	5,651,880,171	2,455,092,133	372,209,168	2,827,301,301	-	-	-	-	-	-	-	2,824,578,870
Khipro (all fields)	25.00%	2,772,941,493	241,574,757	3,014,516,250	1,538,726,559	227,320,301	1,766,046,860	-	-	-	-	-	-	-	1,248,469,390
Mirpurkhas (all fields)	25.00%	4,114,320,304	1,060,544,725	5,174,865,029	1,714,025,207	480,197,255	2,194,222,462	-	-	-	-	-	-	-	2,980,642,567
Chachar	25.00%	257,891,437	257,891,437	-	138,136,157	5,768,539	143,904,696	101,845,101	(9,990,492)	91,854,609	-	-	-	-	22,132,132
Nashpa	15.00%	3,157,677,592	3,724,377,521	566,699,929	920,980,596	147,498,633	1,068,479,229	-	-	-	-	-	-	-	2,655,898,292
Sinjhero	22.50%	376,832,776	414,696,783	37,864,007	93,219,502	38,973,593	132,193,095	-	-	-	-	-	-	-	282,503,688
Mehar	25.00%	2,231,139,539	2,230,972,491	(167,048)	376,064,891	146,253,417	522,318,308	-	-	-	-	-	-	-	1,708,654,183
Jhakro	22.50%	10,107,129	10,107,129	-	9,092,310	-	9,092,310	-	-	-	-	-	-	-	1,014,819
Guddu	22.50%	137,522,930	148,747,553	11,224,623	52,831,497	17,729,699	70,561,196	-	-	-	-	-	-	-	78,186,357
Bolan	17.50%	298,303,195	386,109,812	87,806,617	62,007,417	22,391,202	84,398,619	-	-	-	-	-	-	-	304,711,193
Gambat South	25.00%	1,158,665,954	1,177,466,319	18,800,365	124,414,112	71,527,976	195,942,088	-	-	-	-	-	-	-	981,524,231
Tando Allah Yar (all fields)	22.50%	243,843,344	235,927,475	(7,915,869)	59,917,886	27,341,285	87,259,171	-	-	-	-	-	-	-	148,668,304
Decommissioning cost		2,430,639,626	1,703,330,067	(727,309,559)	1,218,867,491	(335,900,841)	882,966,650	103,929,797	3,440,524	107,370,321	-	-	-	-	712,993,096
		33,856,607,171	2,805,247,336	36,661,854,507	15,952,469,301	1,630,172,043	17,582,581,344	2,920,254,277	(20,395,420)	2,899,858,858	-	-	-	-	16,179,414,306

2019	Particulars	Working Interest	COST			ACCUMULATED AMORTIZATION			ACCUMULATED IMPAIRMENT			WRITTEN DOWN VALUE			
			As at 01 July 2018	Additions / (adjustments)	As at 30 June 2019	As at 01 July 2018	Charge for the year	As at 30 June 2019	As at 01 July 2018	Charge for the year / (reversal)	As at 30 June 2019	As at 30 June 2019	As at 30 June 2019		
			Rupees			Rupees			Rupees			Rupees			
Developing fields-Joint Operation															
	Mehar	25.00%	-	337,219,554	337,219,554	-	-	-	-	-	-	-	-	337,219,554	-
	Ahmadali/Pariwali	17.50%	1,842,907	(1,842,907)	-	-	-	-	-	-	-	-	-	-	-
	Tando Allah Yar (all fields)	22.50%	-	487,949	487,949	-	-	-	-	-	-	-	-	487,949	-
	Kandra	25.00%	3,577,000	-	3,577,000	-	-	-	-	-	-	-	3,577,000	-	-
	Nim	22.50%	85,346,830	-	85,346,830	-	-	-	-	-	-	-	-	85,346,830	-
	Kotra	20.00%	83,604,634	1,767,748	85,372,382	-	-	-	(20,534,476)	-	-	-	-	85,372,382	-
	Mubarak	25.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
	Tal	15.00%	367,355,162	(214,837,996)	152,517,166	-	-	-	-	-	-	-	-	152,517,166	-
	Mirpurkhas (all fields)	25.00%	94,003,800	38,839,964	132,843,764	-	-	-	-	-	-	-	-	132,843,764	-
	Khipro (all fields)	25.00%	7,032,096	(174,383)	6,857,713	-	-	-	-	-	-	-	-	6,857,713	-
	Sawan	22.50%	574,799	(574,799)	-	-	-	-	-	-	-	154,222	-	-	-
	Nashpa	15.00%	363,318,800	89,476,041	452,794,841	-	-	-	-	-	-	-	-	452,794,841	-
	Mazarani	12.50%	-	-	-	-	-	-	-	-	-	-	-	-	-
	Badin III	25.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
	Gambat South	25.00%	1,175,365,399	15,374,709	1,190,740,108	-	-	-	-	-	-	-	-	1,190,740,108	-
	Block-22	22.50%	15,533,960	-	15,533,960	-	-	-	-	-	-	-	-	15,533,960	-
	Zamzama	25.00%	265,330,012	(42,568,804)	222,741,208	-	-	-	(228,130)	-	-	279,122	-	15,254,838	-
	Sinjhor	22.50%	43,227,488	43,213,531	86,441,019	-	-	-	50,359,846	-	-	107,878,659	-	114,862,549	-
	Chanda	17.50%	-	319,261,789	319,261,789	-	-	-	-	-	-	-	-	86,441,019	-
	Benari	2.50%	-	-	-	-	-	-	-	-	-	-	-	-	-
	Khewari	22.50%	-	-	-	-	-	-	-	-	-	-	-	-	-
	Decommissioning cost		78,650,192	125,885,890	204,536,082	-	-	-	-	-	-	-	-	204,536,082	-
			2,584,783,079	711,508,286	3,296,271,365	-	-	-	82,291,763	29,443,018	111,734,781	-	-	3,184,536,584	-
			36,441,370,250	3,516,755,622	39,958,125,872	15,952,409,301	1,630,172,043	17,582,581,344	3,002,546,040	9,047,598	3,011,593,639	19,363,950,890	-	19,363,950,890	-

9.1 Developing fields comprise of cost of wells and related expenditure which are under development and, hence, no amortization thereon has been charged.

DEVELOPMENT AND PRODUCTION ASSETS

2018	Particulars	Working Interest	COST			ACCUMULATED AMORTIZATION			ACCUMULATED IMPAIRMENT			WRITTEN DOWN VALUE		
			As at 01 July 2017	Additions / (adjustments)	As at 30 June 2018	As at 01 July 2017	Charge for the year	As at 30 June 2018	As at 01 July 2017	Charge for the year	As at 30 June 2018	As at 30 June 2018		
			Rupees			Rupees			Rupees			Rupees		
Intangibles														
Producing fields-Joint Operation														
	Badin III	25.00%	305,387,623	1,404,083	306,791,706	269,149,610	-	269,149,610	-	-	-	-	-	37,642,096
	Block-22 (all fields)	22.50%	275,406,398	11,265	275,417,663	155,722,674	22,489,697	178,212,371	-	-	3,174,181	-	-	94,031,111
	Ahmadal/Partwali	17.50%	757,424,537	16,059,464	773,484,001	423,410,526	10,897,789	434,308,315	-	-	-	-	-	339,175,686
	Minwal	17.50%	7,578,417	121,190	7,699,607	672,580	83,015	755,594	-	-	-	-	-	6,944,013
	Mazarani	12.50%	136,360,605	158,299	136,518,904	84,182,167	18,397,916	102,580,083	14,022,629	14,022,629	-	-	-	19,916,192
	Sawan	22.50%	3,342,278,279	9,467,742	3,351,746,021	2,074,143,546	49,916,335	2,124,059,881	757,036,576	757,036,576	883,314,561	-	-	344,371,579
	Zamzama	25.00%	4,005,981,087	3,408,381	4,009,389,468	3,061,104,881	168,525,462	3,229,630,343	444,814,067	444,814,067	492,820,604	-	-	286,938,521
	Mubarak	25.00%	1,215,260,880	18,866,078	1,234,126,958	125,195,578	-	125,195,578	1,090,065,302	1,090,065,302	1,090,065,302	-	-	18,866,078
	Nim	22.50%	105,549,779	983,113	106,532,892	53,623,553	1,209,557	54,833,110	-	-	-	-	-	51,699,782
	Mehran	25.00%	69,203,189	-	69,203,189	1,933,209	-	1,933,209	67,269,980	67,269,980	67,269,980	-	-	-
	Chanda	17.50%	931,747,255	107,101,771	1,038,849,026	439,915,197	49,329,462	489,244,659	-	-	-	-	-	549,604,367
	Gambat	22.50%	377,471,786	1,017,727	378,489,513	176,747,434	2,383,356	179,130,790	163,812,122	163,812,122	163,812,122	-	-	35,546,601
	Tal (all fields)	15.00%	4,660,630,900	317,842,004	4,978,472,904	1,928,574,499	526,517,634	2,455,092,133	-	-	-	-	-	2,523,380,771
	Khipro (all fields)	25.00%	2,362,305,573	410,635,920	2,772,941,493	1,176,838,506	361,888,053	1,538,726,559	-	-	-	-	-	1,234,214,934
	Mirpurkhas (all fields)	25.00%	3,330,403,553	783,916,751	4,114,320,304	1,240,451,445	473,573,762	1,714,025,207	-	-	-	-	-	2,400,295,097
	Chachar	25.00%	257,891,437	-	257,891,437	132,241,667	5,894,490	138,136,157	101,845,101	101,845,101	101,845,101	-	-	17,910,179
	Nashpa	15.00%	2,636,425,697	521,251,895	3,157,677,592	754,678,971	166,301,625	920,980,596	-	-	-	-	-	2,236,696,996
	Sinjhero	22.50%	334,791,180	42,041,596	376,832,776	63,023,484	30,196,018	93,219,502	-	-	-	-	-	283,613,274
	Mehar	25.00%	1,354,087,804	877,051,735	2,231,139,539	303,362,465	72,702,426	376,064,891	-	-	-	-	-	1,855,074,648
	Jhakra	22.50%	10,790,390	(683,261)	10,107,129	8,929,493	162,817	9,092,310	-	-	-	-	-	1,014,819
	Guddu	22.50%	139,339,827	(1,816,897)	137,522,930	47,265,969	5,565,528	52,831,497	-	-	-	-	-	84,691,433
	Bolan	17.50%	318,833,822	(20,530,627)	298,303,195	37,257,765	24,749,652	62,007,417	-	-	-	-	-	236,295,778
	Gambat South	25.00%	819,686,315	338,979,639	1,158,665,954	75,336,749	49,077,363	124,414,112	-	-	-	-	-	1,034,251,842
	Tando Allah Yar (all fields)	22.50%	243,843,344	-	243,843,344	13,798,836	46,119,050	59,917,886	-	-	-	-	-	183,925,458
	Decommissioning cost		2,313,817,124	116,822,502	2,430,639,626	1,187,651,729	31,215,762	1,218,867,491	87,461,183	87,461,183	103,929,797	-	-	1,107,842,338
			30,312,496,801	3,544,110,370	33,856,607,171	13,835,212,533	2,117,196,769	15,952,409,301	2,726,326,960	2,726,326,960	193,927,317	2,920,254,277	14,983,943,593	14,983,943,593

2018	Particulars	Working Interest	COST			ACCUMULATED AMORTIZATION			ACCUMULATED IMPAIRMENT			WRITTEN DOWN VALUE			
			As at 01 July 2017	Additions / (adjustments)	As at 30 June 2018	As at 01 July 2017	Charge for the year	As at 30 June 2018	As at 01 July 2017	Charge for the year	As at 30 June 2018	As at 30 June 2018	As at 30 June 2018		
			Rupees			Rupees			Rupees			Rupees			
Developing fields-Joint Operation															
	Mehar	25.00%	320,711,090	(320,711,090)	-	-	-	-	-	-	-	-	-	1,842,907	-
	Ahmadai/Panwali	17.50%	-	1,842,907	1,842,907	-	-	-	-	-	-	-	-	-	-
	Tando Allah Yar (all fields)	22.50%	-	-	-	-	-	-	-	-	-	-	-	-	-
	Kandra	25.00%	3,577,000	-	3,577,000	-	-	-	-	-	-	-	-	3,577,000	-
	Nim	22.50%	88,153,044	(2,806,214)	85,346,830	-	-	-	-	-	-	-	-	-	85,346,830
	Kotra	20.00%	79,191,140	4,413,494	83,604,634	-	-	-	-	-	-	-	-	20,534,476	63,070,158
	Mubarak	25.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
	Tal	15.00%	502,226,451	(134,871,289)	367,355,162	-	-	-	-	-	-	-	-	-	367,355,162
	MirpurKhas (all fields)	25.00%	239,728,609	(145,724,809)	94,003,800	-	-	-	-	-	-	-	-	-	94,003,800
	Khipro (all fields)	25.00%	-	7,032,096	7,032,096	-	-	-	-	-	-	-	-	-	7,032,096
	Sawan	22.50%	-	574,799	574,799	-	-	-	-	-	-	-	-	154,222	420,577
	Nashpa	15.00%	267,468,312	95,850,488	363,318,800	-	-	-	-	-	-	-	-	-	363,318,800
	Mazarani	12.50%	-	-	-	-	-	-	-	-	-	-	-	-	-
	Badin III	25.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
	Gambat South	25.00%	1,136,063,057	39,302,342	1,175,365,399	-	-	-	-	-	-	-	-	-	1,175,365,399
	Block-22	22.50%	15,533,960	-	15,533,960	-	-	-	-	-	-	-	-	-	15,026,708
	Zamzama	25.00%	63,774,976	201,555,036	265,330,012	-	-	-	-	-	-	-	-	507,252	207,811,199
	Sinjhero	22.50%	12,142,929	31,084,559	43,227,488	-	-	-	-	-	-	-	-	34,768,062	43,227,488
	Decommissioning cost		191,299,570	(112,649,378)	78,650,192	-	-	-	-	-	-	-	-	-	78,650,192
			2,919,870,138	(335,107,059)	2,584,763,079	-	-	-	-	-	-	-	-	82,291,763	2,502,471,316
			33,232,366,939	3,209,003,311	36,441,370,250	13,835,212,533	2,117,196,769	15,952,409,301	2,749,077,711	253,468,329	3,002,546,040	17,486,414,909			
			2019 Rupees	2018 Rupees											
9.2	Allocation of Amortization Operating expenses	33	1,630,172,043	2,117,196,769											
9.3	Allocation of Impairment Operating expenses	33.1	9,047,598	253,468,329											

- 9.4 During the year 2003-4, the Holding Company assigned 2.5% working interest in Block 22 to Petroleum Exploration (Private) Limited (PEL) and 2.5% working interest in Zarghun South Petroleum Concession to Mari Petroleum Company Limited (MPCL), upon commercial discovery. These assignments are not in accordance with the governing Petroleum Concession Agreements. Subsequently, Development and Production lease has been signed between the Holding Company and PEL. On June 21, 2016, the Holding Company entered into an interim agreement with MPCL. As per agreement, the parties were to continue the consultative process to achieve amicable settlement of dispute and open a joint account where MPCL was to deposit its working interest share of sale proceeds to the extent of 2.5% of working interest in joint account; and the Holding Company was required to deposit the amount of 2.5% proportionate share of total amount of cash calls raised by operator in joint account since date of grant of Zarghun South Development and Production lease. However, the joint account could not be opened due to legal requirements of Banks. The interim agreement between the Holding Company and MPCL expired on December 20, 2016.

The Board of Directors of the Holding Company referred the matter to Ministry of Energy (Petroleum Division) for advice. The matter is also under consideration at Public Accounts Committee which directed the Ministry to conduct an inquiry into the matter. An inquiry report has been prepared by the Ministry which is to be presented before the PAC for advice on further action. The Holding Company's Board in its 89th meeting dated September 25, 2017 has advised the management to follow the recommendations of the inquiry report and take further actions based on PAC advice. Pending the ultimate outcome of this matter, no adjustment has been made in the financial statements (i.e. assets, liabilities, revenue and expenses pertaining to working interests assigned to PEL and MPCL).

	2019 (Rupees)	2018 (Rupees)
10. LONG TERM LOAN		
Long term vehicle loans to staff		
Considered good - unsecured	14,292,389	19,495,137
Current portion of long term loan	(6,594,047)	(5,992,848)
	<u>7,698,342</u>	<u>13,502,289</u>

11. INVESTMENT IN ASSOCIATE

TAPI Pipeline Company Limited (TPCL)

Opening cost of investment (265,000 shares of USD 10 each)	279,575,000	279,575,000
Shares subscribed during the period (295,000 shares of USD 10 each)	355,545,901	-
Closing cost of investment (560,000 class A shares (2018: 265,000) fully paid ordinary shares of USD 10 each)	635,120,901	279,575,000
Post acquisition losses brought forward	(122,794,155)	-
Share of loss for the period - net of taxation	(40,321,927)	(135,596,098)
Foreign exchange translation gain	173,676,880	12,801,943
	<u>133,354,953</u>	<u>(122,794,155)</u>
Balance at the end of the year	<u>645,681,699</u>	<u>156,780,845</u>

- 11.1 TPCL, the associate is registered in the Isle of Man as a limited liability company and its head office is situated in Dubai, United Arab Emirates. TPCL is principally engaged to carry out the business of developing, engineering, funding the construction of, procuring the equipment engineering and other services for construction and operation of, constructing owning, operating and providing maintenance for the proportion of TAPI Pipeline running from the borders of Turkmenistan and Afghanistan to the border of Pakistan and India. The capacity of the TAPI Pipeline is expected to be 35 billion cubic meters per annum. The Company holds 5% equity interest in TPCL, however it has significant influence due to its representation in decision making of TPCL under the provisions of Shareholders Agreement signed by the all founding shareholders of the TPCL.

The investment in associated company has been made in accordance with the requirements of the Companies Act, 2017.

The tables below provides summarized financial statements of TPCL that is material to the Company. The information disclosed reflects the amounts presented in the latest available unaudited management accounts of TPCL for the period ended May 31, 2019 and annual audited financial statements for the year ended December 31, 2018 (2017: year ended December 31, 2017), not the Company's share of those amounts.

	Un-audited May 31, 2019 Rupees	Audited Dec 31, 2018 Rupees	Audited Dec 31, 2017 Rupees
Summarized statement of financial position			
Current assets	2,261,934,116	3,588,728,051	2,891,702,138
Non-current assets	10,655,809,242	8,173,712,359	1,395,277,010
Current liabilities	(4,109,368)	(657,897,728)	(608,473,524)
Net assets	<u>12,913,633,990</u>	<u>11,104,542,682</u>	<u>3,678,505,624</u>
Reconciliation to carrying amounts:			
Opening net assets	11,104,542,682	3,017,179,362	3,271,184,097
Total comprehensive loss for the period/year	(20,710,769)	(805,411,184)	(416,285,795)
Shareholder account	-	8,178,513,601	-
Foreign exchange translation gain/(loss)	1,829,802,077	714,260,903	162,281,060
Closing net assets	<u>12,913,633,990</u>	<u>11,104,542,682</u>	<u>3,017,179,362</u>
ISGSL's percentage shareholding in the associate	5%	5%	5%
ISGSL's share in carrying value of net assets	<u>645,681,699</u>	<u>555,227,134</u>	<u>150,858,968</u>
Summarized statement of comprehensive income			
Revenue for the period / year	Nil	Nil	Nil
Loss for the period / year	<u>(20,710,769)</u>	<u>(805,411,184)</u>	<u>(416,285,795)</u>

12. ADVANCE FOR SHARES IN ASSOCIATE

It represented advance amounting to US\$ 1.5 million paid by ISGSL to Asian Development Bank (ADB) (Transaction Advisor) under TASA agreement as agreed between the partner countries including Turkmenistan, Afghanistan, Pakistan and India which was agreed to be treated as equity injection in TPCL.

	Note	2019 (Rupees)	2018 (Rupees)
13. STORES, SPARES & LOOSE TOOLS - SHARE IN JOINT OPERATION INVENTORY			
Store, spares and loose tools		3,791,513,025	3,401,417,681
Impairment for slow moving and obsolete stores, spares	13.1	(495,707,406)	(554,898,650)
		<u>3,295,805,619</u>	<u>2,846,519,031</u>
13.1 Opening balance		554,898,650	502,444,095
Impairment for the year		(59,191,244)	52,454,555
Closing balance		<u>495,707,406</u>	<u>554,898,650</u>
14. STOCK-IN-TRADE			
LNG held with third party	14.1	940,389,035	3,449,105,105
LNG in transit	14.2	3,700,448,933	-
RLNG held in pipeline	14.3	22,406,980	17,094,705
		<u>4,663,244,948</u>	<u>3,466,199,810</u>

14.1 Amount relates to closing stock of LNG 35,753.18 m³ (2018: 155,130.3 m³) inventory held with Pakistan Gas Port Consortium Limited (PGPCL) at the (FSRU) as at June 30, 2019.

14.2 This includes inventory (140,737.02 m³) value for a cargo which commenced discharge operations on June 30, 2019 and duly completed discharge on July 01, 2019. The LNG was subsequently accepted by PLL and accordingly, amount has been recognized as part of inventory as at June 30, 2019.

14.3 Amount relates to RLNG held in 14 km pipeline between Floating Storage and Regasification Unit (FSRU) and Custody Transfer System (CTS).

	Note	2019 (Rupees)	2018 (Rupees)
15. TRADE DEBTS - NET			
Unsecured - considered good		112,734,605,972	67,224,778,620
Unsecured - considered doubtful			
Unsecured - considered doubtful	15.1	4,604,647,534	4,604,647,534
Less: Provision for doubtful debts	15.3	(4,604,647,534)	(4,604,647,534)
		-	-
		112,734,605,972	67,224,778,620

15.1 The trade debts include Rs. 68,913,442,665 (2018: Rs. 46,011,934,566) from oil and gas customers which is overdue for period longer than as provided in the agreement. Late payment surcharge in respect of such delay has not been paid by respective buyers. Management believes that payment of these balances is slow because of financial problem being faced by public sector entities due to circular debt issue. Based on difficulty of recoverability of principal amount and LPS, the management had estimated the amount of Rs. 4,604,647,534 (2018: Rs. 4,604,647,534) as provision for doubtful debts.

15.2 Late Payment Surcharge (LPS) on trade debts is recognized on receipt basis as per the interest rate agreed with customers. Aggregate amount of LPS stand at Rs. 16,447 million as of June 30, 2019 (2018: Rs. 11,326 million) which is not recognized, based on the premise that it has not been received yet.

	Note	2019 (Rupees)	2018 (Rupees)
15.3 Opening Balance		4,604,647,534	4,604,647,534
Provision for the year		-	-
		4,604,647,534	4,604,647,534

**16. LOANS, ADVANCES AND OTHER RECEIVABLES
(CONSIDERED GOOD UNSECURED)**

Advances against salary to staff	16.1	6,594,568	4,954,456
Current portion of loan to staff	10	6,594,047	5,992,848
Advances to suppliers		790,241	5,181,761
General sales tax- refundable		616,015,802	1,815,642,754
Other receivable	16.2	210,361,329	204,770,003
		840,355,987	2,036,541,822

- 16.1 The advances are granted to the employees in accordance with the applicable service rules. These advances are for short term period against salaries which carry no interest.
- 16.2 It includes Rs. 200,450,000 (2018: 200,450,000) related to cost incurred and paid by PLL on commissioning cargo due to associated costs such as extended laytime, additional crew and activities related to commissioning of Floating Storage and Regasification Unit (FSRU). It will be recovered from SNGPL after the actualization of provisional price by OGRA.

	Note	2019 (Rupees)	2018 (Rupees)
17. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Security deposits		785,250	717,037
Short term prepayments			
Software maintenance fee		2,464,563	2,989,800
Insurance		3,067,653	2,212,022
Others		5,416,129	1,253,713
		10,948,345	6,455,535
		11,733,595	7,172,572
18. INTEREST ACCRUED			
Interest accrued on:			
Bank deposits		186,551,497	40,331,243
Term Deposit Receipts		109,504,106	286,888,338
		296,055,603	327,219,581
19. SHORT TERM INVESTMENTS			
Investment in TDRs	19.1	18,260,000,000	12,719,529,035

- 19.1 These represent investment in term deposit receipts placed with the commercial banks. The breakup is as under:

Credit rating	Rating agency	Rate p.a.	2019 (Rupees)	2018 (Rupees)
A1+	PACRA	12.75%	6,000,000,000	6,000,000,000
A1+	PACRA	11.95%	3,000,000,000	-
A-1+	JCR - VIS	12.75%	9,000,000,000	-
A1+	PACRA	5.95%	-	4,000,000,000
A1+	PACRA	5.95%	-	2,719,529,035
A1+	PACRA	11.25%	130,000,000	-
A-1+	JCR - VIS	11.25%	130,000,000	-
			18,260,000,000	12,719,529,035

- 19.1.1 Includes cash equivalents of Rs. 12,260 million (2018: Nil) being TDRs with maturity of upto three months and not held under lien.

- 19.2 Please refer to Note 30.1.3 which explains that a lien has been created on the term deposit receipt of Rs. 6 billion (2018: Rs. 8.719 billion) for issuing guarantee on behalf of subsidiaries.

	Note	2019 (Rupees)	2018 (Rupees)
20. CASH AND BANK BALANCES			
Cash:			
- In hand		382,720	103,561
- At banks			
Deposits accounts			
Local currency accounts	20.1	10,787,964,968	10,167,843,061
Foreign currency accounts US\$ 385.97 (2018: US\$ 385.97)		62,087	48,322
Current accounts		1,436,486	3,857,953
		<u>10,789,846,261</u>	<u>10,171,852,897</u>

- 20.1 These carry mark-up at the rate ranging between 4% and 12.60% p.a (2018: 3.75% and 5.95% p.a).

21. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2019	2018	2019	2018
(Number of shares)		(Rupees)	(Rupees)
<u>2,088,512,092</u>	<u>2,025,000,002</u>	<u>20,885,120,920</u>	<u>20,250,000,020</u>
	Ordinary shares of Rs. 10 each, fully paid in cash		

- 21.1 The movement in issued, subscribed and paid up capital is as follows:

	2019	2018
	No. of shares	
At July 1	2,025,000,002	2,025,000,002
Ordinary shares of Rs. 10 each paid in cash issued during the year	63,512,090	-
At June	<u>2,088,512,092</u>	<u>2,025,000,002</u>
	Rupees	
At July 1	20,250,000,020	20,250,000,020
Ordinary shares of Rs. 10 each paid in cash issued during the year	635,120,900	-
At June	<u>20,885,120,920</u>	<u>20,250,000,020</u>

- 21.2 Government of Pakistan hold 100% shares. Of these shares, two nominee directors hold one qualification share, each.

- 21.3 The Economic Coordination Committee (ECC) of the Federal Cabinet in its meeting held on December 18, 2015 approved 5% (estimated at US\$ 200 million) equity injection as equity share of Government of Pakistan (GoP) through the ISGSL in Turkmenistan-Afghanistan-Pakistan-Indian (TAPI) Gas Pipeline Project. Accordingly, GoP provided funds to the ISGSL for subscription of Class 'A' shares in TAPI Pipeline Company Limited (TPCL).

Ministry of Finance (MoF) via letter no. F.4(2) CF-V/2007 dated October 24, 2017 directed the ISGSL to issue shares to the Holding Company for the related amount received from GoP and directed the Company to issue shares to the President of Pakistan through secretary petroleum Ministry of Energy (Petroleum Division). In pursuance of these directives, the ISGSL issued 63,512,090 shares of Rs.10 each to the Holding Company for the related amount received from GoP and accordingly the Holding Company issued 63,512,090 shares of Rs. 10 each to the President of Pakistan through secretary petroleum Ministry of Energy (Petroleum Division).

22. RESERVES	Note	2019 (Rupees)	2018 (Rupees)
General reserve	22.2	2,284,626,436	2,284,626,436
Other reserves			
Committed outlay reserve	22.3	20,946,247,416	20,946,247,416
Asset insurance reserve	22.4	3,000,000,000	3,000,000,000
Assets acquisition reserve	22.5	5,000,000,000	5,000,000,000
LNG project reserve	22.6	25,000,000,000	25,000,000,000
		53,946,247,416	53,946,247,416
		56,230,873,852	56,230,873,852

- 22.1** The Group has appropriated and created these reserves in accordance with the principles of prudence. The above reserves are funded and proceeds are maintained in short term Investments as disclosed in Note 19 to these financial statements. Further necessary accumulation of funds for these reserves will be made over the next few years.
- 22.2** The General reserve is appropriated to cater for contingencies related to 5% carried cost based on current exploration commitments and other unforeseen events.
- 22.3** The committed outlay reserve is appropriated for future requirements based on expected cash outlay for capital commitments, decommissioning obligations and liability against relevant interest carried cost.
- 22.4** The Asset Insurance Reserve has been created for self insurance of investments in assets like wells, plants, pipelines, vehicles, furniture & fixture of those Joint Operation where the Insurance policy has not been taken out by the Operator.
- 22.5** In view of the declining hydrocarbon reserves profile of the Holding Company, it is intended to acquire sizeable producing reserves for which a separate assets acquisition reserve has been established and the Holding Company plans to continue to build-up this reserve in future years.
- 22.6** The Reserve is created to cater for funding / financial support for LNG Projects being undertaken by newly incorporated subsidiaries, Pakistan LNG Limited (PLL) and Pakistan LNG Terminals Limited (PLTL).

23. LONG TERM LIABILITY	Note	2019 (Rupees)	2018 (Rupees)
Due to the Joint operators	23.2	5,094,197,402	4,942,651,795
Current portion shown under current liabilities		(971,546,027)	(1,344,242,108)
		4,122,651,375	3,598,409,687

- 23.1** This represents long term liability on account of the Group's carried interest of 5% in the exploration expenditure of various Joint Operation concessions. This expenditure is incurred by the Joint Operation partners up to the date of commercial discovery, and the amount will be adjusted in five equal annual installments, against the Group's share of commercial production in each respective Joint Operation.

	Note	2019 (Rupees)	2018 (Rupees)
23.2			
Opening Balance		4,942,651,795	4,545,017,446
Unwinding of long term liability		116,569,297	84,850,148
Payments		(1,435,031,347)	(297,223,841)
Additions / adjustments during the year		157,490,810	74,969,744
Discounting of long term liability	23.3	22,582,927	(192,474,694)
Exchange loss on revaluation		1,289,933,920	727,512,992
		<u>5,094,197,402</u>	<u>4,942,651,795</u>

23.3 Long term liability in US dollars have been discounted using 2.28% (2018: 2.76%) rate of interest.

	Note	2019 (Rupees)	2018 (Rupees)
24.			
DEFERRED TAXATION			
Deferred taxation	24.1	<u>8,260,233,573</u>	<u>7,418,962,398</u>
24.1			
Movement in the deferred tax liability:			
Opening balance		7,418,962,398	7,183,451,535
Debited to the consolidated statement of profit or loss	39	845,151,373	236,167,400
Credited to the consolidated statement of comprehensive income		(3,880,198)	(656,537)
		<u>8,260,233,573</u>	<u>7,418,962,398</u>

24.2 **Deferred tax in respect of taxable/ (deductible) temporary differences:**

Accelerated depreciation on property, plant and equipment		6,124,919,106	5,671,866,281
Impairment of stores, spares and loose tools		(198,282,962)	(221,959,460)
Long term liability		(358,312,340)	(347,276,691)
Development and production expenditure		5,836,898,444	5,129,567,674
Provision for doubtful debts		(1,841,859,014)	(1,841,859,014)
Expenditure of exploration and evaluation, development and production assets		(1,299,249,463)	(970,719,855)
Remeasurement of employees' retirement benefits		(3,880,198)	(656,537)
		<u>8,260,233,573</u>	<u>7,418,962,398</u>

24.3 Deferred tax has been calculated at the current effective tax rate of 40% (2018: 40%) in case of the Holding Company and 29% (2018: 29%) in case of the subsidiaries.

24.4 In view of the uncertainty of taxable profits in the foreseeable future against which the tax losses could be utilized, ISGSL has not recognized net deferred tax asset of Rs. 178.2 million (2018:110.18 million)

Unrecognized deferred tax asset representing tax benefit relating to business losses aggregating to Rs. 175.3 million, and deductible temporary differences on account of remeasurement aggregating Rs. 2.96 million as at June 30, 2019. The aggregate tax losses available to ISGSL for set off against future taxable profits at June 30, 2019 amounted to Rs. 618.2 million. Tax losses expire as follows:

		Tax Year	Rs in million
		2023	161.72
		2024	196.2
		2025	246.6
24.5	Until the previous year, PLTL had incurred tax losses, however, due to uncertainty in the foreseeable future, PLTL had not recognized net deferred tax asset amounting to Rs. 57.76 million.		
25.	PROVISION FOR DECOMMISSIONING COST	2019 (Rupees)	2018 (Rupees)
	Provision for decommissioning cost	<u>7,148,060,428</u>	<u>6,142,566,167</u>
25.1	Provision for decommissioning cost		
	Opening balance	6,142,566,167	5,111,694,282
	Provision/ (reversal) made during the year	(1,384,932,202)	119,404,225
	Revaluation exchange loss	2,191,094,550	815,911,238
	Unwinding of decommissioning cost	199,331,913	95,556,422
		<u>7,148,060,428</u>	<u>6,142,566,167</u>
26.	DEFERRED EMPLOYEE BENEFITS		
	Accumulating compensated absences	88,525,293	75,805,338
	Employees' gratuity fund	53,633,799	21,176,004
		<u>142,159,092</u>	<u>96,981,342</u>
26.1	Accumulating compensated absences		
	Present value of defined benefit obligation	88,525,293	75,805,338
	Fair value of plan assets	-	-
	Net liability at end of the year	<u>88,525,293</u>	<u>75,805,338</u>
26.1.1	Movement in the present value of obligation:		
	Balance at beginning of the year	75,805,338	46,850,266
	Expense for the year	32,311,407	33,587,855
	Payment made during the year	(19,591,452)	(4,632,783)
		<u>88,525,293</u>	<u>75,805,338</u>
26.2	The rates of discount and salary increase were assumed at 14.5% p.a. (2018: 9.25% p.a.) and 13.5% p.a. (2018: 8.25%p.a.) for the Holding Company; and 14.5% and 13% p.a (2018: 10% p.a.) respectively for the subsidiaries.		

	Note	2019 (Rupees)	2018 (Rupees)
26.3 Amounts recognized in consolidated statement of financial position:			
Present value of defined benefit obligation	26.3.1	171,605,451	124,853,311
Fair value of plan assets	26.3.2	(117,971,652)	(103,677,307)
Net liability at end of the year		<u>53,633,799</u>	<u>21,176,004</u>
26.3.1 Movement in the present value of obligation:			
Balance as at beginning of the year		124,853,311	107,455,976
Current service cost		43,048,198	24,333,934
Interest cost		12,248,155	9,215,353
Benefits paid		(4,743,549)	(14,975,979)
Remeasurement of defined benefit obligation		(3,800,664)	(1,175,973)
		<u>171,605,451</u>	<u>124,853,311</u>
26.3.2 Movement in the fair value of plan assets:			
Balance as at beginning of the year		103,677,307	84,821,537
Contributions		13,234,975	8,225,687
Expected return on plan assets		10,792,305	29,033,653
Benefits paid		(4,743,549)	(14,975,979)
Remeasurement of plan assets		(4,989,386)	(3,427,591)
		<u>117,971,652</u>	<u>103,677,307</u>
26.3.3 Amounts recognized in consolidated statement of profit or loss account:			
Current service cost		43,048,198	24,333,934
Interest cost		12,248,155	9,215,353
Expected return on plan asset		(10,792,305)	(29,033,653)
		<u>44,504,048</u>	<u>4,515,634</u>
26.3.4 Amounts recognized in consolidated statement of other comprehensive income:			
Remeasurement loss recognized		<u>1,188,722</u>	<u>2,251,618</u>
26.3.5 Principle actuarial assumptions:		<u>2019</u>	<u>2018</u>
Valuation discount rate (%)		<u>14.50%</u>	<u>8%-9%</u>
Salary increase rate (%)		<u>13%-13.50%</u>	<u>8%-9%</u>
Expected return on plan assets (%)		<u>10%</u>	<u>9%</u>

26.3.6 These assumptions have been developed by management with assistance of independent actuarial appraisers. Discount rate is determined by reference to market yields (at reporting date) on high quality corporate bonds. The current yield on the investment in corporate bonds ranges between 10.5 % to 14 % per annum. Since the liabilities of the fund are of a term significantly longer than investment made, so valuation discount rate of 14.5 % p.a has been applied to discount the liabilities. Estimates of future salary increase, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. Expected return on plan assets is based on market expectations and depends on the asset portfolio of the Group, at the beginning of the period, for returns over the entire life of the related obligation.

26.3.7 These results and balances related to employees' benefits are based on actuarial calculations carried out for the year ended June 30, 2019 for Holding and subsidiaries respectively. The Management believes that any change in market assumptions as of today would not have any material impact on the financial statements.

26.3.8 Comparison of present value of defined benefit obligation on of employees' gratuity is as follows:

	2019 (Rupees)	2018 (Rupees)	2017 (Rupees)
Present value of obligation	<u>171,605,451</u>	<u>124,853,311</u>	<u>107,455,976</u>
Actuarial (gain) or loss on obligation	<u>(3,800,664)</u>	<u>(1,175,973)</u>	<u>5,909,766</u>

27. TRADE AND OTHER PAYABLES	Note	2019 (Rupees)	2018 (Rupees)
Trade creditors			
Due to Joint operators		5,339,617,913	6,137,031,924
Due to vendors for services acquired		228,411,808	191,364,248
Trade payables	27.1	21,774,725,307	18,727,715,194
Advances from			
Sui Northern Gas Pipelines Limited	27.2	-	25,877,918
Sui Southern Gas Company Limited	27.2	-	27,710,691
Other payables			
Accrued liabilities		3,714,080,393	139,872,678
Payable to provident fund		3,805,501	1,220,510
Sales tax payable		2,213,087,678	95,853,723
Royalty payable		1,069,670,886	644,974,437
Withholding tax payable		12,205,283	10,612,003
FED payable		213,654,698	10,532,723
Provision for windfall levy on oil/condensate	30.1.4	3,759,411,028	-
Other payable		25,487,696	36,840,038
		11,011,403,163	939,906,112
		<u>38,354,158,191</u>	<u>26,049,606,087</u>

- 27.1 This includes payable to LNG suppliers namely M/s. Gunvor International B.V, M/s ENI SPA and BB Energy amounting to Rs. 16,252.45 million (2018: Rs. 10,767.67 million), Rs. 4,125.5 million (2018: Rs. 3,264.38 million) and Nil (2018: Rs. 3,667.22 million) respectively.
- 27.2 The amount was outstanding on account of pending decision from Oil and Gas Regulatory Authority (OGRA) on the Final Revenue Requirement (FRR) of the Sui Companies. Based on the decisions of OGRA to allow the expenditure in respective FRRs, Sui companies has waived off their claims.

28. GOP PAYABLE - ITFC AGREEMENT	2019 (Rupees)	2018 (Rupees)
Balance at the beginning of the year	-	-
Payments made during the year	18,547,575,610	-
Amount repaid	(7,146,347,412)	-
Balance at the end of the year	<u>11,401,228,198</u>	<u>-</u>

- 28.1 During the financial year ended June 30, 2019, the Government of Pakistan (GoP) and International Islamic Trade Finance Corporation (ITFC) entered into a deferred financing facility dated April 22, 2019, PLL designated as an executing agency by the GoP. As per the agreement, payments to LNG suppliers are processed by ITFC, with PLL processing the payment to the State Bank of Pakistan (SBP) in the designated bank account in USD equivalent PKR. Accordingly, PLL executed five (05) transactions with LNG suppliers under the agreement during the fiscal year, amounting to USD 122.77 million. As at the year end, the amount payable to the GoP under the agreement stood at USD 74.82 million (PKR 11.40 billion).

29. PROVISION FOR TAXATION	2019 (Rupees)	2018 (Rupees)
Provision for taxation at beginning of the year	2,944,792,087	843,363,938
Income tax paid during the year	(21,035,342,381)	(13,140,638,305)
Provision for current taxation for the year	21,109,804,609	15,365,485,931
Provision for taxation - prior years	(36,537,749)	(123,419,477)
	<u>2,982,716,566</u>	<u>2,944,792,087</u>

29.1 The Group has various tax litigations pending with the tax authorities in respect of tax years 2003 and 2018. These litigations are pending at different forums of taxation authorities. However, the Group has paid, under protest to avoid penalties under the Income Tax Ordinance 2001, full amount against the demand raised by tax authorities in respect of said years. The Group based on his tax advisor believes that there will be no future liability expected to arise in respect of said litigations. Accordingly, no further provisions are provided in these financial statements.

30. CONTINGENCIES AND COMMITMENTS	Note	2019 (Rupees)	2018 (Rupees)
30.1 Contingencies			
Relating to carried cost liability	30.1.1	1,526,651,826	837,794,670
Tax contingency	30.1.2	18,177,836,600	18,177,836,600
		<u>19,704,488,426</u>	<u>19,015,631,270</u>

30.1.1 The Holding Company

This represents contingencies in respect of 5% carried cost of the discovered fields where Declaration of Commercialities (DOCs) have not yet been submitted at the year end and for those Development and Production leases where the Company's estimates varies with those of the operator.

30.1.2 This represents tax contingencies in respect of show cause notice issued by FBR regarding non - applicability of Zero percent sales tax on crude/condensate supplies by the Company from 2009-10 to 2013-14 as per SRO No. 549(1)/2008 dated 11.06.2008 with the condition of "Import and supplies thereof" and the Company is not importing crude/condensate. The Company does not charge sales tax on its crude /condensate supplies in line with industry practice and compliance of law. The Company filed writ petition with Islamabad High Court. The writ petition was accepted and the show cause notice was declared as having been issued without jurisdiction. However, it was clarified by the court that the FBR can reissue the notices. FBR preferred Intra Court Appeal which is pending adjudication before the Honorable Islamabad High Court and no stay has been granted against the order of the single bench. The expected tax contingency has been calculated based on sales tax amount involved, penalty and default surcharge.

30.1.3 The Company has also provided lien against its investments for the guarantee issued by PLL in favor of the LNG suppliers of amounting to USD 43.7 million (i.e. for the value of two cargoes per month).

30.1.4 Contingency with respect to imposition of Windfall Levy on oil / condensate

GHPL is a working interest owner in Tal, Mirpur Khas, Khipro, Mehar, Tando Allah Yar, Gurgalot, Sinjhoru, Bitrism, Khewari and Nim Blocks whose Petroleum Concession Agreements (PCAs) were executed under the framework of Petroleum Policies 1994 and 1997. Subsequently, in pursuance to the option available under Petroleum Policy 2012, GHPL alongwith other working interest owners signed Supplemental Agreements (SAs) with the GoP for conversion of eligible existing and future discoveries under aforesaid PCAs to the Petroleum Policy (PP), 2012. Under the said arrangement, price regimes prevailing in PP 2007, PP 2009 and PP 2012 in terms of PP 2012 shall be applicable, correlated with the spud dates of the wells in the respective policies starting from November 27, 2007. The conversion package as defined in the SAs included windfall levy on natural gas only.

On December 27, 2017, the Ministry of Energy (Petroleum Division) notified amendments in Petroleum Policy 2012 after approval from the Council of Common Interests (CCI) dated November 24, 2017. These amendments include imposition of Windfall Levy on Oil/Condensate (WLO). Under the said Notification, the Supplemental Agreements already executed for conversion from Petroleum policies of 1994 and 1997 shall be amended within 90 days, failing which the working interest owners will not remain eligible for gas price incentive. On January 03, 2018, Directorate General Petroleum Concessions (DGPC) has required all exploration and production companies to submit supplemental agreements to incorporate the aforementioned amendments in Petroleum Concession Agreements (PCAs) signed under 1994 and 1997 policies, for execution within the stipulated time as specified above or to forgo the incentives available for gas pricing

Based on legal advice, the Group is of the view that terms of the existing PCAs as amended to-date through the supplemental agreements already executed cannot unilaterally be amended by the GoP through introduction of amendment nor can the GoP lawfully require and direct that such amendments be made to include imposition of WLO retrospectively and nor the GoP unilaterally hold and direct that the gas price incentive to which the Group is presently entitled to and receiving under the conversion package as enshrined under the supplemental agreement stands withdrawn or the Group ceases to be eligible for such incentive in case of failure to adopt the unilateral amendments in the existing PCAs. Accordingly, the aforementioned amendments as well as the subsequent letters requiring implementation of the amendments are not enforceable or binding upon the Group.

GHPL along with other Joint operation partners has challenged the applicability of WLO against the backdrop of supplemental agreements already executed pursuant to PP 2012 in the Honorable Islamabad High Court which has granted stay order against the CCI decision dated 24 November 2017 on imposition of WLO.

The cumulative impact of Windfall Levy on Oil (WLO) since application of incremental gas prices up till June 30, 2019 amount to approximately Rs 14,076 million. As mentioned above, the Group based on the advice of its legal counsel, is confident that it has valid grounds to defend the aforesaid issue in the Court and that the issue will be decided in its favour. However, without prejudice to the Group's legal contention and as a matter of prudence, the Group has booked provision of Rs. 3,759 million to prospectively account for the impact of WLO from the date of the SRO i.e. December 27, 2017 till June 30, 2019.

As per management assessment, in case the Group is required to opt between paying WLO or returning incremental gas price, the Group will opt for the former being more beneficial except for Tal Block in whose case it would rather return the incremental gas price. The incremental revenue of tal block upto June 2019 is Rs. 7,311 million.

30.1.5 ISGSL

The status of Iran Pakistan Gas Pipeline Project (IP Project) is given at note 6.6.1.2. ISGSL has not accrued any penalty under the terms of Gas Sale Purchase Agreement (GSPA) with National Iranian Oil Company (NIOC) - an Iran state owned enterprise on the basis of management's assessment of related matters. In making its assessment, the management has considered that discussions are underway with Government of Iran to get an extension in the target date to contract and complete the required segment under GSPA as both the entities need additional time to fulfil their respective obligations under the GSPA and there also exist certain other related factors which do not indicate any likelihood of the Company's exposure to the penalty clause of GSPA under prevailing circumstances.

30.1.6 PLL

PLL has awarded contracts to M/s. Gunvor and M/s ENI SPA (the Sellers) for purchase and import of LNG for the period of five years and fifteen years. PLL has provided the sellers with the credit support in the form of irrevocable Standby Letter of Credit (SBLC) for an amount of US\$ 21,482,496 and US\$ 22,229,424 to M/s Gunvor and M/s ENI respectively. Aforementioned SBLCs expired on November 02, 2018 and November 18, 2018 respectively, however, they were subsequently extended up till November 02, 2019 and November 15, 2019 respectively. The Holding Company on behalf of PLL has provided the security for issuance of SBLC in favor of the sellers.

30.1.7 PLTL

- (a) PLTL had provided standby letter of credit to GGPCL (the Operator) equivalent to three (03) months capacity charge (i.e. Rs. 2,266 million), including any replacement thereof. However due to the dispute over calculation of SBLC, GGPCL had referred the matter to Dispute Resolution Mechanism in terms of OSA. PLTL has not renewed the SBLC, pending final outcome of Dispute Resolution.

- (b) PLTL has entered into an Operation and Service Agreement (OSA) with Pakistan Gas Port Consortium Limited (PGPCL). As per terms of above OSA, the Operator was required to achieve the commercial start date on or before July 1, 2017; failing which, PLTL is entitled to receive liquidated damages from the Operator @ USD 200,000 per day until new scheduled commercial start date (i.e. November 28, 2017) and thereafter @ USD 300,000/- per day until the commercial start date is achieved. The Commercial start date was delayed and actually achieved on January 4, 2018. Accordingly, PLTL has lodged a claim of liquidity damages to, the Operator amounting to US\$ 30 million vide letter dated September 25, 2017 for the period of delay up to new scheduled commercial start date. Another claim amounting USD 20.58 million was lodged on February 26, 2018 for the period of delay from new commercial start date of November 28, 2017 till actual commercial start date for further delay in achieving commercial start date and claim for other damages. The Operator has disputed demand of PLTL and has opted for dispute resolution mechanism stipulated in OSA.

Consequently, a committee under the terms of OSA has been formed for aforesaid dispute resolution. The representative of PLTL resigned, and subsequently a new representative was appointed. Both the parties have submitted their submission to dispute representatives. The process is ongoing and the management is hopeful for resolution of the matter in favor of PLTL.

PLTL has agreed the terms of "LNG Terminal Use and Regasification Agreement" (TURA) with Pakistan LNG Limited (PLL), an associated company, for providing the use of LNG Terminal (being acquired under OSA) to PLL for regasification of LNG. The terms of achieving commercial start date and liquidated damages as given in OSA are mutatis mutandis applicable to TURA. Accordingly, PLL has a right to claim liquidated damages from PLTL @ USD 200,000 per day until new scheduled commercial start date (i.e. November 28, 2017) and thereafter @ USD 300,000/- per day until the commercial start date (i.e. January 4, 2018). PLL has lodged its claim amounting USD 41.1 million of the same to PLTL vide its letter dated February 19, 2018. Since terms of TURA stipulate that PLTL is not liable to pay any amount of liquidated damages to PLL, until, the Operator makes such payment to PLTL under the OSA. Therefore, management believes that PLTL carries no exposure in respect of liquidated damages under TURA.

30.2	Commitments	Note	2019 (Rupees)	2018 (Rupees)
	The Holding Company			
	Minimum work commitment	30.2.1	<u>8,916,199,843</u>	<u>5,805,736,763</u>

30.2.1 This represents the Holding Company's share in the minimum work commitments relating to non-operated Joint Operation and the Holding Company's own capital budget.

30.2.2 In accordance with the provisions of OSA, the PLTL shall pay to the Operator a capacity charge of USD 245,220 per day subject to the capped availability factor of each year and a flexibility charge at the rate of 25% of the applicable capacity fee subject to the utilization of more than guaranteed availability factor of 96%, from the date of commencement of commercial start date. Further, the PLTL has also provide standby letter of credit to the Operator equivalent to three (03) months capacity charge, including any replacement thereof. The said letter of credit has subsequently not been renewed

30.2.3 In accordance with provisions of Master Sale and Purchase Agreement (MSPA), PLL is obliged to import one cargo of LNG per month from M/s. Gunvor and M/s ENI SPA (the Seller) for the period of 5 years and 15 years respectively from the start of commercial operation date.

30.2.4 ISGSL has entered into an investment agreement in respect of which it shall be subscribing for 940,000 shares in TAPI Pipeline Company Limited at a consideration of US\$ 10 per share. Shares have already been issued under the first two closing stages while the remaining commitments are as follows:

Milestone / stages	No of shares	Class of shares	Investment in USD	Current status
Third closing	265,000	Class A shares	2,650,000	Due, not yet paid
Fourth closing	265,000	Class A shares	2,650,000	Not yet paid
Total	<u>530,000</u>		<u>5,300,000</u>	

There are no other material known contingencies or commitments as at reporting date.

31. SALES - NET	Note	2019 (Rupees)	2018 (Rupees)
Natural gas - gross sales		52,134,550,917	41,041,984,688
Sales tax		(7,570,691,048)	(5,095,302,026)
Excise duty		(783,260,834)	(801,673,946)
Natural gas - net sales		43,780,599,035	35,145,008,716
Crude oil		29,101,738,138	23,470,321,819
Liquefied petroleum gas - gross sales		5,594,954,729	3,641,043,483
Sales tax		(861,575,976)	(338,923,213)
Excise duty		(6,151,406)	(1,614,282)
Liquefied petroleum gas - net sales		4,727,227,347	3,300,505,988
RLNG	31.1	201,014,987,340	86,156,587,758
Sales tax		(21,537,320,072)	(12,518,478,563)
		179,477,667,268	73,638,109,195
		<u>257,087,231,788</u>	<u>135,553,945,718</u>

31.1 RLNG sales include sales to SNGPL and SSGCL invoiced on provisional prices. There may be adjustment in revenue upon issuance of final RLNG price notification by OGRA for the respective month, impact of which cannot be determined at this stage for all costs. Any possible impact related to such adjustments will be adjusted in prospective periods.

32. Royalty and other levies are paid to the Government of Pakistan.

33. OPERATING EXPENSES	Note	2019 (Rupees)	2018 (Rupees)
Operating expenses	33.2	179,053,062,919	76,543,471,359
Depreciation	6.3	2,168,038,531	2,754,969,655
Amortization of development and production assets	9.2	1,630,172,043	2,117,196,769
Impairment	33.1	(291,526,168)	864,784,056
		<u>182,559,747,325</u>	<u>82,280,421,839</u>
33.1 Impairment			
Impairment on property, plant and equipment	6.4	(404,491,461)	521,649,272
Impairment on development and production assets	9.3	9,047,598	253,468,329
Impairment on Inventory	13.1	(59,191,244)	52,454,555
Impairment on CWIP	6.6.2	163,108,939	37,211,900
		<u>(291,526,168)</u>	<u>864,784,056</u>

- 33.2** It includes cost amounting to Rs. 11,774 million (2018: Rs. 4,976 million) related to capacity, utilization and flexibility charges for regasification of LNG. These charges are subject to adjustment on discrepancy identification after receipt of Wet Calibration report from Euro loop (laboratory) after the completion of first fiscal year ending on December 2018. Impact of which cannot be determined at this stage, correction will be incorporated prospectively.
- 33.2.1** During the current year, the Group carried out impairment testing of its joint venture assets, as required under IAS 36 - 'Impairment of Assets' to assess whether there is any provision required on these assets. Based on the assessment, management has made a provision of impairment on Property Plant and Equipment, Development and Production Assets and respective Joint Operation inventories as specified in above note.
- 33.2.2** The Group considers the relationship between international oil prices, production profiles, Petroleum Reserves and carrying value of its joint venture investments, amongst other factors, when reviewing for indicators of impairment. As at June 30, 2019, the estimates of future production profiles of producing / discovered fields within the Joint Operation have revised based on latest technical information, indicating a potential impairment of its joint venture investments.
- 33.2.3** For the purpose of carrying out impairment testing, each Joint operator has been considered a separate cash generating unit and the recoverable value of the each Joint Venture Investment has been separately determined and compared with the respective carrying value of the assets of that Joint operator.
- 33.2.4** The recoverable amount of the Joint operations assets is based on 'value-in-use' computations. In assessing the value in use, estimated future cash flows are discounted to their present value, using a pre-tax discount rate that is based on the existing policy rate prevailing within the country. The pre-tax discount rate applied to cash flow projections is 13.72% (2018: 8.50%).

	Note	2019 (Rupees)	2018 (Rupees)
34. OTHER INCOME			
Income from financial assets			
Return on bank deposits		1,453,528,976	289,906,337
Return on term deposit receipts		1,164,761,305	1,414,526,333
Exchange loss		(39,220,887)	(18,517,891)
		2,579,069,394	1,685,914,779
Income from non financial assets			
Disposal of fixed assets		-	1,989,052
Adjustment of Sul's current account	27.2	53,588,609	
Signature bonus		4,982,000	8,540,000
Others		27,325,179	142,262,945
		2,664,965,182	1,838,706,776
35. EXPLORATION AND PROSPECTING EXPENDITURE			
Cost of dry and abandoned wells	8	147,058,772	149,752,750
Prospecting expenditure		392,342,110	937,501,387
		539,400,882	1,087,254,137

36. GENERAL AND ADMINISTRATIVE EXPENSES	Note	2019 (Rupees)	2018 (Rupees)
Salaries, wages and benefits	36.1	558,540,806	491,254,421
TAPI-Project expenditure	36.5	3,783,948	6,207,636
RLNG/LNG-Project expenditure		-	8,778,675
North South Gas (NSG) Pipeline Project expenditure		3,043,506	3,696,909
Iran Pakistan Gas Pipeline Project	36.6	26,007,404	-
South North Gas Pipeline Project		118,293	-
Hub Nawabshah Gas Pipeline Project		33,650	-
Offshore Gas Pipeline Project		147,749	-
Travelling and conveyance		14,401,889	13,097,829
Repairs and maintenance		10,678,419	15,750,609
Rent		35,167,525	30,821,698
Communications		2,548,553	1,303,221
Utilities		16,008,457	8,987,592
Training and seminars		5,375,397	3,492,214
Printing and stationery		3,502,579	2,942,587
Advertisement		4,981,890	10,244,461
Entertainment		1,956,692	2,515,441
Legal and professional charges		27,776,693	89,675,778
Auditors' remuneration	36.7	5,205,050	4,207,650
Fee and subscription		2,792,790	3,940,010
Software maintenance fee		12,654,680	4,141,473
Insurance		10,561,279	6,743,816
Donations		500,000	500,000
Amortization of intangible assets	7.1	9,543,734	2,260,371
Depreciation	6.3	23,995,401	19,755,770
Security services		16,650,771	6,373,521
Others		41,951,123	24,148,137
		837,928,278	760,839,819

36.1 Includes therein Rs. 75.425 million (2018: Rs. 21.791 million) in respect of post employment benefits.

36.2 The aggregate amounts charged in these consolidated financial statements for the remuneration of the Chief Executive Officer of the Holding Company, Directors and executives are as follows:

	Chief Executive Officer		Executives		Total	
	2019	2018	2019	2018	2019	2018
	-----Rupees-----					
Managerial remuneration	2,276,714	11,893,997	423,196,484	282,078,290	425,473,198	293,972,287
Bonus	-	-	14,420,468	-	14,420,468	-
Retirement benefits	-	454,669	60,525,381	44,663,067	60,525,381	45,117,736
	2,276,714	12,348,666	498,142,333	326,741,357	500,419,047	339,090,023
	-	1	72	49		

36.3 Fee paid to non-executive directors for attending the Board of Directors meetings amounted to Rs 12,500,000 (2018: Rs. 6,887,500).

36.4 Chief executive officer's managerial remuneration and retirement benefits represent additional charge allowance paid to Acting MD & CEO of the Holding Company.

36.5 TAPI Project expenditure	Note	2019 (Rupees)	2018 (Rupees)
Consultancy services			
- Local		488,745	2,274,529
Travelling expenses			
- Foreign		2,606,300	3,715,144
- Local		47,000	70,498
- Foreigner visits to Pakistan		423,103	-
Advertisement and promotional conferences		218,800	147,465
		<u>3,783,948</u>	<u>6,207,636</u>
36.6 Iran Pakistan Gas Pipeline Project			
Consultancy services		25,842,878	-
Travelling expenses		164,526	-
		<u>26,007,404</u>	<u>-</u>
36.7 Auditors' remuneration			
Holding Company			
Statutory audit fee		1,221,000	1,110,000
Out of pocket expenses		120,000	267,650
Sales tax		184,800	-
		<u>1,525,800</u>	<u>1,377,650</u>
Subsidiaries			
Statutory audit fee		3,016,200	2,396,552
Out of pocket expenses		170,250	50,000
Sales tax		492,800	383,448
		<u>3,679,250</u>	<u>2,830,000</u>
		<u>5,205,050</u>	<u>4,207,650</u>
37. OTHER EXPENSES			
Exchange loss - Net		7,126,981,032	2,418,791,481
Provision for windfall levy on oil/condensate		3,759,411,028	-
		<u>10,886,392,060</u>	<u>2,418,791,481</u>
38. FINANCE (INCOME) / COST			
Unwinding of discount on provision for decommissioning	25.1	199,331,913	95,556,422
Unwinding of discount on long term liability	23.2	116,569,297	84,850,148
Discount of long term liability	23.2	22,582,927	(192,474,694)
Interest on running finance		-	249,841,564
Interest on forced loan		34,649,956	-
Bank charges		9,068,531	208,416
		<u>382,202,624</u>	<u>237,981,855</u>
39. TAXATION			
Current		21,109,804,609	15,365,485,931
Prior		(36,537,749)	(123,419,477)
Deferred		845,151,373	236,167,400
		<u>21,918,418,233</u>	<u>15,478,233,854</u>

	2019 (Rupees)	2018 (Rupees)
39.1 Reconciliation of tax charge for the year:		
Accounting profit	<u>56,097,774,377</u>	<u>43,545,957,722</u>
Tax at the applicable rate of 40% (2018: 40%)	<u>22,439,109,751</u>	<u>16,840,648,789</u>
Tax effect of:		
Inadmissible expenditure for tax purposes	2,871,719,359	3,326,916,347
Tax incentives allowable for petroleum business	(3,531,746,831)	(2,868,634,909)
Accelerated tax depreciation for tax purposes	(2,618,307,819)	(3,659,715,159)
Adjustable non-petroleum income chargeable @ 29% (2018: 30%)	(355,796,766)	(217,138,616)
Tax effect of prior years	(36,537,749)	(123,419,477)
Super tax @ 2% (2018: 3%)	924,856,604	1,022,957,018
Tax effect of amounts that are taxable separately	1,379,970,311	920,452,461
Tax impact of deferred tax charged at effective tax rate	845,151,373	236,167,400
	<u>(520,691,518)</u>	<u>(1,362,414,935)</u>
	<u>21,918,418,233</u>	<u>15,478,233,854</u>

40. EARNINGS PER SHARE - BASIC AND DILUTED

Profit after taxation for the year	<u>34,180,062,787</u>	<u>28,069,308,679</u>
Average number of shares outstanding during the year	<u>2,051,921,782</u>	<u>2,025,000,002</u>
Earnings per share - basic (Rupees)	<u>16.66</u>	<u>13.86</u>

40.1 There is no dilutive effect on the earnings per share of the Holding company.

41. APPLICABILITY OF IFRIC - 4 "DETERMINING WHETHER AN ARRANGEMENT CONTAINS A LEASE"

SECP, through its S.R.O no. 24(I)/2012, dated January 16, 2012, exempted the application of IFRIC - 4 "Determining Whether an Arrangement Contains a Lease" for all companies. However, SECP has made it mandatory to disclose the impact on the results of the application of IFRIC - 4.

Under IFRIC - 4, the consideration required to be made by lessee for the right to use the asset is to be accounted for as finance lease under IAS - 17 "Leases". Had the interpretation been applied, following adjustments to consolidated statement of profit or loss and consolidated statement of financial position would have been made:

	2019	2018
	-----Rupees-----	
Increase in loss for the year - net	<u>2,364,685,235</u>	<u>4,812,436,889</u>
Increase in accumulated loss	<u>7,177,122,124</u>	<u>4,812,436,889</u>

42. FINANCIAL INSTRUMENTS

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Group's exposure to each of the above risk. The Group's objectives, policies and processes for the measurement and managing risk, the Group's management of the capital and quantitative disclosures are included throughout these consolidated financial statements.

The Board of Directors (the Board) has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board is responsible for developing and monitoring the Group's risk management policies.

The Group's financial liabilities comprise of long term liability on account of carried cost and trade and other payables. The Group's financial assets comprise of trade debts, advances, deposits, other receivables, interest accrued, long-term investment and long-term loan, short-term investments and cash and bank balances that are generated directly from its operations.

The Group's management oversees the management of these risks to provide assurance that the Group's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group policies and Group risk bearing capacity. The Group does not carry out transactions involving derivatives.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group's Audit & Risk Management Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risk faced by the Group. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the Audit & Risk Management Committee.

42.1 Credit risk

Credit risk is the risk that a counterparty will not meet its obligation under a financial instrument or customer contract, leading to a financial loss. Group's credit risk is primarily attributable to its trade debts, short term investments, long term loan, advances, other receivables, deposits and its balances at banks.

The credit risk related to balances with banks, in term deposits and saving accounts, are managed in accordance with the Group's policy with approved financial institutions and within the limits assigned in accordance with the counter party risk policy. The credit risk on trade debts is minimal as the Group has long established relationship with the counter parties, which are mainly state owned enterprises, and management does not expect non-performance by these counter parties on their obligations to the Group.

Exposure to credit risk

The Group's maximum exposure to credit risk for the components of consolidated statement of financial position at June 30, 2019 and 2018 is equal to the carrying amounts of financial assets as given below:

	2019 (Rupees)	2018 (Rupees)
Long term loan	7,698,342	13,502,289
Trade debts - net	112,734,605,972	67,224,778,620
Loan, advances and other receivables	216,955,897	209,724,459
Security deposits	785,250	717,037
Interest accrued	296,055,603	327,219,581
Short-term investments	18,260,000,000	12,719,529,035
Bank balances	10,789,463,541	10,171,749,336
	142,305,564,605	90,667,408,426

Impairment losses

The aging of trade debts at the reporting date is as follows:

	Neither past due nor impaired	Past due but not impaired			Past due and impaired	Total
		Upto three months	Three to six months	More than six months	More than six months	
2019	14,907,763,248	44,615,275,218	14,682,523,663	38,529,043,843	4,604,647,534	117,339,253,506
2018	12,029,815,443	23,294,510,090	7,892,481,819	24,007,971,266	4,604,647,534	71,829,426,152

Party wise aging of trade debts other than related parties at reporting date is as under:

2019	Party name	Neither past due nor impaired	Past due but not impaired			Past due and impaired	Total
			Upto three months	Three to six months	More than six months	More than six months	
	ARL	3,520,505,495	937,453,844	6,246,454	391,200,436	-	4,855,406,229
	NRL	380,051,979	19,804,025	-	50,175,788	1,735,852	451,767,644
	PRL	520,789,553	90,358,761	-	-	-	611,148,314
	UEPL	249,261,565	-	-	-	-	249,261,565
	ENGRO	56,742,666	33,887,917	-	6,310,824	-	96,941,407
	EGAS	18,852,253	25,963,542	16,478,480	7,320,222	-	68,614,497
	MISC. LPG CUSTOMERS	50,590,036	(59,465,493)	-	-	-	(8,875,457)
		4,796,793,547	1,048,002,596	22,724,934	455,007,270	1,735,852	6,324,264,199

Party wise aging of trade debts of related parties at reporting date is as under:

2019	Party name	Neither past due nor impaired	Past due but not impaired			Past due and impaired	Total
			Upto three months	Three to six months	More than six months	More than six months	
	SNGPL	2,448,304,228	36,097,748,523	2,753,702,807	11,932,305,840	357,740,638	53,589,802,036
	SSGCL	6,525,687,673	7,186,203,662	11,910,287,974	26,006,502,919	4,245,171,044	55,873,853,272
	PARCO	823,878,452	-	-	6,337,381	-	830,215,833
	ENAR	20,777,481	-	-	-	-	20,777,481
	OGDCL	234,034,391	219,974,317	(4,192,052)	128,890,433	-	578,707,089
	PPL	58,287,476	63,346,120	-	-	-	121,633,596
		10,110,969,701	43,567,272,622	14,659,798,729	38,074,036,573	4,602,911,682	111,014,989,307

Party wise aging of trade debts other than related parties at reporting date is as under:

2018	Party name	Neither past due nor impaired	Past due but not impaired			Past due and impaired	Total
			Upto three months	Three to six months	More than six months	More than six months	
	ARL	3,342,100,760	1,024,911,901	1,026,013	(5,336,671)	-	4,362,702,003
	NRL	366,312,883	(6,498,216)	4,417,138	45,755,618	1,735,852	411,723,275
	PRL	441,977,808	-	-	-	-	441,977,808
	UEPL	301,222,915	-	-	-	-	301,222,915
	ENGRO	61,832,355	-	-	6,310,824	-	68,143,179
	EGAS	8,669,257	5,925,765	-	-	-	14,595,022
	MISC. LPG CUSTOMERS	235,603,420	(230,322,713)	-	-	-	5,280,707
		4,757,719,398	794,016,737	5,443,151	46,729,771	1,735,852	5,605,644,909

Party wise aging of trade debts of related parties at reporting date is as under:

2018 Party name	Neither past due nor impaired	Past due but not impaired			Past due and impaired	Total
		Upto three months	Three to six months	More than six months	More than six months	
SNGPL	1,580,105,951	13,170,571,518	1,728,604,787	5,997,060,172	357,740,638	22,834,083,066
SSGCL	4,653,227,619	9,159,994,500	6,158,433,881	17,952,947,473	4,245,171,044	42,169,774,517
PARCO	674,791,850	(4,911,058)	-	11,233,850	-	681,114,642
ENAR	27,916,980	-	-	-	-	27,916,980
OGDCL	336,053,645	174,838,393	-	-	-	510,892,038
	<u>7,272,096,045</u>	<u>22,500,493,353</u>	<u>7,887,038,668</u>	<u>23,961,241,495</u>	<u>4,602,911,682</u>	<u>66,223,781,243</u>

The Group believes that the recovery of receivable balances of Rs. 4,604,647,534 (2018: 4,604,647,534) is doubtful of recovery due to financial difficulties of oil & gas buyers and the remaining receivable balances do not require provision for impairment.

The Group has investment of TDR having maturity date of upto 3 month in different banks which have credit rating of A1+ and A-1+.

The Group has maintained deposit accounts with different banks having credit rating as mentioned below:

		2019 (Rupees)	2018 (Rupees)
A 1+	PACRA	9,402,678,578	8,978,388,051
A-1+	JCR-VIS	1,386,784,963	1,193,361,285
		<u>10,789,463,541</u>	<u>10,171,749,336</u>

42.2 Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulties in raising funds to meet commitments associated with financial instruments. Since Group has sufficient assets against its liabilities, and being a subsidiary of the GoP it does not have any significant liquidity risk.

The maturity profile of the Group's financial assets and liabilities based on at June 30, 2019, is summarized below:

2018	Effective yield/ Interest Rate	Markup/ Interest bearing	Non markup/ Interest bearing	Total
Financial assets	%		-----Rupees-----	
Maturity up to one year				
Long term vehicle loans to staff	-	-	6,594,047	6,594,047
Trade debts - net	-	-	112,734,605,972	112,734,605,972
Loans, advances and other receivables	-	-	216,955,897	216,955,897
Deposits	-	-	785,250	785,250
Interest accrued	-	-	296,055,603	296,055,603
Short-term investments - Restricted	11.25-12.75	18,260,000,000	-	18,260,000,000
Bank balances	4~12.60	10,789,846,261	-	10,789,846,261
Maturity after one year:				
Long-term loan	-	-	7,698,342	7,698,342
		<u>29,049,846,261</u>	<u>113,262,695,111</u>	<u>142,312,541,372</u>

Financial liabilities

Maturity up to one year

Trade and other payables	-	-	5,339,617,913	5,339,617,913
Current portion of long term liability	-	-	971,546,027	971,546,027

Maturity after one year:

Long term liability	-	-	4,122,651,375	4,122,651,375
			<u>10,433,815,315</u>	<u>10,433,815,315</u>

Off balance sheet items:

Capital expenditure commitments	-	-	8,916,199,843	8,916,199,843
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2018	Effective yield/ Interest Rate	Markup/ Interest bearing	Non markup/ Interest bearing	Total
Financial assets	%	-----Rupees-----		
Maturity up to one year				
Long term vehicle loans to staff	-	-	5,992,848	5,992,848
Trade debts - net	-	-	67,224,778,620	67,224,778,620
Loans, advances and other receivables	-	-	209,724,459	209,724,459
Deposits	-	-	905,106	905,106
Interest accrued	-	-	327,219,581	327,219,581
Short-term investments - Restricted	5.95-6.00	12,719,529,035	-	12,719,529,035
Bank balances	3.75-5.95	10,171,852,897	-	10,171,852,897
Maturity after one year:				
Long-term loan	-	-	13,502,289	13,502,289
			<u>22,891,381,932</u>	<u>67,782,122,903</u>
			<u>67,782,122,903</u>	<u>90,673,504,835</u>
Financial liabilities				
Maturity up to one year				
Trade and other payables	-	-	6,137,031,924	6,137,031,924
Current portion of long term liability	-	-	1,344,242,108	1,344,242,108
Maturity after one year:				
Long term liability	-	-	3,598,409,687	3,598,409,687
			<u>11,079,683,719</u>	<u>11,079,683,719</u>
Off balance sheet items:				
Capital expenditure commitments	-	-	5,805,736,763	5,805,736,763

42.3 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three type of risks; interest rate risk, foreign exchange risk and other price risk. Financial instruments affected by market risk include trade debts, balances held in banks in saving and term deposits, long term liability in respect of carried interest and payable to Joint Venture partners.

Interest rate risk

Interest / mark-up rate risk management is the risk that the value of a financial instrument will fluctuate due to changes in interest rate. The Group does not have interest bearing financial liability; therefore, it does not have any interest rate/mark-up risk in respect of financial liabilities. The Group has invested in fixed interest bearing securities in the form of term deposit receipts during the year. Further the Group has bank balances in deposit accounts that carry variable interest rates. If interest rates had been 100 basis points higher/ lower and all other variables were held constant, the Group's profit after tax for the year ended June 30, 2019 would increase/ decrease by Rs 2,821 million (2018: increase/ decrease by Rs 4,226 million).

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk in changes in foreign exchange rates relates primarily to the trade debts, long term liability in respect of carried interest and payable to Joint Venture Operators. At the date of statement of financial position, the net foreign currency exposure aggregates to USD 462.09 million (2017: USD 172.92 million).

Foreign currency denominated financial assets and liabilities, translated into Pak Rupees at the closing rate, are as follows:

	2019 (USD)	2018 (USD)
Financial assets		
Short term exposure		
Trade Debts - net	41,086,989	48,539,241
Foreign currency deposit accounts	378	398
	<u>41,087,367</u>	<u>48,539,639</u>
	2019 (USD)	2018 (USD)
Financial liabilities		
Short term exposure		
Due to Joint operators	(32,509,089)	(50,510,551)
Current portion shown under current liabilities	(5,915,044)	(11,063,721)
Long term exposure		
Due to the Joint operators	(25,099,856)	(29,616,541)
	<u>(63,523,989)</u>	<u>(91,190,813)</u>
Net exposure to foreign currency risk	<u>(22,436,622)</u>	<u>(42,651,174)</u>
	2019 (Rupees)	2018 (Rupees)
Financial assets		
Short term exposure		
Trade Debts - net	6,748,538,020	5,897,517,728
Foreign currency deposit accounts	62,087	48,322
	<u>6,748,600,107</u>	<u>67,224,826,942</u>
Financial liabilities		
Short term exposure		
Due to Joint Venture operators	(5,339,617,913)	(6,137,031,924)
Current portion shown under current liabilities	(971,546,027)	(1,344,242,108)
Long term exposure		
Due to the Joint Venture operators	(4,122,651,375)	(3,598,409,687)
	<u>(10,433,815,315)</u>	<u>(11,079,683,719)</u>
Net exposure to foreign currency risk	<u>(3,685,215,208)</u>	<u>56,145,143,223</u>

The following note illustrates the sensitivity of the net result for the period and equity with regards to the Group's financial assets and liabilities and US Dollar - Pak Rupee exchange rate.

The following significant exchange rates applied during the year:

Average rate		Reporting date spot rate	
June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
(Pak Rupees)			
136.1	110.07	164.25	121.50

Foreign currency sensitivity

A 10% strengthening of the functional currency against USD at June 30, 2019 would have increased profit or loss by Rs. 6,314 million (2018: Rs. 4,431 million). A 10% weakening of the functional currency against USD at 30 June 2019 would have had the equal but opposite effect of these amounts. The analysis assumes that all other variables remain constant.

42.4 Financial instruments by category	Note	2019 (Rupees)	2018 (Rupees)
Financial assets			
Amortized cost			
Short term investment	19	18,260,000,000	12,719,529,035
Long-term loan	10	7,698,342	13,502,289
Trade debts - net	15	112,734,605,972	67,224,778,620
Loans, advances and other receivables		216,955,897	209,724,459
Deposits	17	785,250	717,037
Cash and bank balances	20	10,789,846,261	10,171,852,897
Interest accrued	18	296,055,603	327,219,581
		<u>142,305,947,325</u>	<u>90,667,323,918</u>
Financial liabilities - at amortized cost			
Long term liability	23	4,122,651,375	3,598,409,687
Trade and other payables	27	5,339,617,913	6,137,031,924
		<u>9,462,269,288</u>	<u>9,735,441,611</u>

42.5 Fair value of financial assets and liabilities

The carrying value of financial assets and liabilities approximates their fair value.

42.6 Capital management

The Group's objective when managing capital is to safeguard the Group's ability to remain as a going concern and continue to provide return for GoP. The Group is solely financed by the shareholders' equity.

The Group manages its capital structure which comprises capital and reserves by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend paid to GoP and/or issue new shares.

43. TRANSACTIONS WITH RELATED PARTIES

The Group is controlled by Government of Pakistan. Therefore, all entities owned and controlled by the Government of Pakistan are related parties of the Group. Other related parties comprise associated company, directors, companies with common directorship, key management personnel and employees pension trust. The Group in normal course of business pays for electricity, gas and telephone to entities controlled by Government of Pakistan which are not material, hence not disclosed in following note. Transactions of the Group with related parties and balances outstanding at the year end are as follows:

	Note	2019 (Rupees)	2018 (Rupees)	
Major shareholders				
Government of Pakistan				
Dividend paid		5,000,000,000	5,000,000,000	
Other related parties				
Remuneration to Executive directors	36.2	2,276,714	11,893,997	
Post employment benefits		-	454,669	
Receivable / (Payable) balance				
Gratuity fund		(53,633,799)	(21,176,004)	
Provident fund		(3,805,501)	(1,220,511)	
Related parties by virtue of common directorship and GoP holdings				
Pak Arab Refinery Company Limited				
Sale of crude oil - Transaction		4,693,829,705	4,339,332,057	
Trade debts as at 30 June - Balance		830,215,833	681,114,642	
Sui Northern Gas Pipelines Limited				
Sale of natural Gas / RLNG - Transaction		195,165,310,059	84,800,990,703	
Trade debts as at 30 June - Balance		53,589,802,036	22,834,083,066	
Sui Southern Gas Company Limited				
Sale of natural Gas / RLNG - Transaction		39,771,017,922	26,029,301,525	
Trade debts as at 30 June - Balance		55,873,853,272	42,169,774,517	
Enar Petrotech Services Limited				
Sale of crude oil - Transaction		151,146,496	184,137,452	
Trade debts as at 30 June - Balance		20,777,481	27,916,980	
Oil and Gas Development Company Limited				
Cash calls paid against JO expenses - Transaction		4,294,550,499	3,557,833,094	
Pakistan Petroleum Limited				
Cash calls paid against JO expenses - Transaction		3,104,478,584	2,298,201,580	
Ministry of Energy (Petroleum Division)				
Rent - Transaction		35,167,525	30,821,698	
44. CASH AND CASH EQUIVALENTS				
Cash and bank balances	20	10,789,846,261	10,171,852,897	
Short term investment	19.1.1	12,260,000,000	-	
		<u>23,049,846,261</u>	<u>10,171,852,897</u>	
45. NUMBER OF EMPLOYEES				
	Holding Company	Subsidiaries	Holding Company	Subsidiaries
	2019		2018	
Number of employees at year end	<u>53</u>	<u>68</u>	<u>51</u>	<u>73</u>
Average number of employees	<u>52</u>	<u>69</u>	<u>47</u>	<u>157</u>

46. **STAFF PROVIDENT FUND**

Investment of the Funds has been made in accordance with the provision of section 218 of the Companies Act, 2017 and rules formulated for this purpose.

47. **CORRESPONDING FIGURES**

Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purpose of comparison. However, no reclassification is considered material enough to be disclosed separately.

48. **DATE OF AUTHORIZATION OF ISSUE**

These consolidated financial statements have been authorized for issue by the Board of Directors of the Holding Company in its meeting held on


49. **GENERAL**

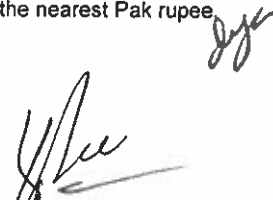
49.1 **Capacity and production - the Holding Company**

Product	Unit	Production for the year	
		2019	2018
Gas	Mmscf	94,300	94,371
Oil	Bbl	3,301,834	3,368,584
LPG	Metric ton	72,141	58,860

Due to the nature of operations of the Holding Company, installed capacity of above products is not relevant

49.2 **Figures in these consolidated financial statements have been rounded off to the nearest Pak rupee.**


Chief Executive Officer


Director