GOVERNMENT HOLDINGS (PRIVATE) LIMITED

Annual Report 2022

CONTENTS

VISION, MISSION & CORE VALUES 1
CORPORATE INFORMATION 2
COMMITTEES OF THE BOARD 3
ATTENDANCE OF BOARD & COMMITTEE 6
MEETINGS 6
HIGHLIGHTS 2021-22 7
SIX YEARS SUMMARY 8
VERTICAL & HORIZONTAL ANALYSIS 11
STATEMENT OF VALUE ADDITION 12
QUARTERLY ANALYSIS FY 2021-22 13
REVIEW REPORT TO THE MEMBERS ON THE STATEMENT OF COMPLIANCE WITH THE PUBLIC SECTOR COMPANIES (CORPORATE) GOVERNANCE RULES, 2013 14
DIRECTORS' REPORT 2021-22 25
UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022 34
CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022 93

VISION, MISSION & CORE VALUES

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 Behavior and Integrity
- Authority with Responsibility
- Accountability

CORPORATE INFORMATION

Board of Directors

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

Capt. (Retd.) Muhammad Mahmood*
(Non-Executive Director)

Mr. Mohammad Hassan Iqbal*
(Non-Executive Director)

Mr. Abrar Ahmed Mirza*
(Non-Executive Director)

Ms. Saira Najeeb Ahmed*
(Non-Executive Director)

Dr. Sajjad Ahmad
(Non-Executive Director)

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

Mr. Masood Nabi
(Chief Executive Officer/ Managing Director)

**appointed as Directors, subsequent to June 30, 2022*

Chief Financial Officer

Mr. Muhammad Arif

Company Secretary

Mr. Manzar Hayat

Auditors

A. F. FERGUSON & CO
Chartered Accountants

Legal Advisors

Rahman & Associates
Attorneys at law & Corporate Counsel

Tax Advisors

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

Bankers

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

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

COMMITTEES OF THE BOARD

The Board has constituted four 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

Board **Audit** Committee

Composition as at June 30, 2022

Mr. Haseeb Shakoor Paracha	Chairman
Mr. Muhammad Anwer Sheikh	Member
Ms. Saira Najeeb Ahmed	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;
- 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 as at June 30, 2022

Mr. Muhammad Anwar Sheikh	Chairman
Ms. Ayla Majid	Member
Ms. Saira Najeeb Ahmed	Member
Mr. Hassan Mehmood Yousufzai	Member
Mr. Haseeb Shakoor Paracha	Member
Mr. Masood Nabi	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 as at June 30, 2022

Ms. Ayla Majid	Chairperson
Mr. Muhammad Anwar Sheikh	Member
Ms. Saira Najeeb Ahmed	Member
Dr. Sajjad Ahmad	Member
Mr. Masood Nabi	Member

Terms of Reference

The Terms of Reference of the Committee are given below:

- 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 as at June 30, 2022

Ms. Saira Najeeb Ahmed	Chairperson
Ms. Ayla Majid	Member
Mr. Syed Imtiaz Hussain Shah	Member
Mr. Muhammad Anwer Sheikh	Member
Dr. Sajjad Ahmad	Member
Mr. Masood Nabi	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.
- Determine appropriate limits of authority and approval procedures for personnel matters requiring decisions at different levels of management.
- Establish plans and procedures that provide an effective basis for management control over company manpower.
- 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.

ATTENDANCE OF BOARD & COMMITTEE MEETINGS

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	17	-	-	4	4
Dr. Arshad Mehmood **	8	8	-	-	-	-
Mr. Muhammad Anwer Sheikh	17	16	4	4	4	4
Ms. Saira Najeeb Ahmed	17	17	4	4	4	4
Mr. Haseeb Shakoor Paracha	17	17	4	4	4	4
Mr. Hassan Mehmood Yousufzai	17	17	-	-	4	3
Syed Imtiaz Hussian Shah*	11	11	-	-	-	-
Dr. Sajjad Ahmed	17	17	4	4	-	-
Mr. Muhammad Zubair *	5	5	-	-	-	-
Mr. Ali Raza Bhutta**	7	7	-	-	-	-

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	10	10	8	8	3,900,000
Dr. Arshad Mehmood **	3	3	-	-	1,100,000
Mr. Muhammad Anwer Sheikh	10	10	8	8	4,200,000
Ms. Saira Najeeb Ahmed	10	10	8	8	4,300,000
Mr. Haseeb Shakoor Paracha	-	-	-	-	2,500,000
Mr. Hassan Mehmood Yousufzai	-	-	-	-	2,000,000
Syed Imtiaz Hussian Shah*	-	-	7	7	1,800,000
Dr. Sajjad Ahmed	10	10	8	8	3,900,000
Mr. Muhammad Zubair *	-	-	1	1	600,000
Mr. Ali Raza Bhutta**	-	-	-	-	700,000

** Mr. Muhammad Zubair was replaced by Syed Imtiaz Hussain Shah w.e.f October 28, 2021*
*** Dr. Arshad Mahmood was replaced by Mr. Ali Raza Bhutta w.e.f January 07, 2022*

HIGHLIGHTS 2021-22

Operational Highlights

13	10	06	1,045	600
Exploration / Appraisal wells	Development wells	Discoveries	Line Km 2D seismic acquired	Sq. Km 3D seismic acquired

Operational activity in partner operated blocks

Financial Performance

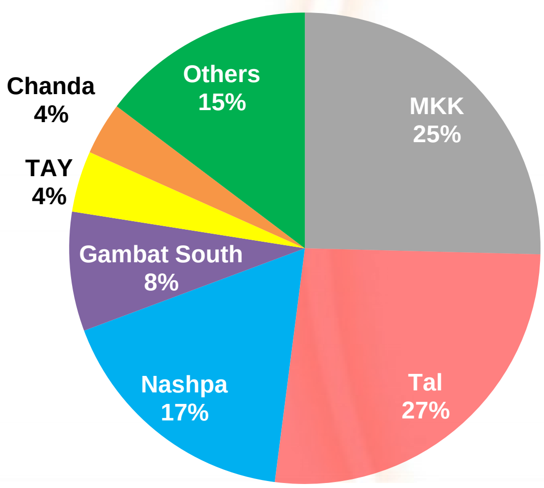
Rs. 98.9	Rs. 71.4	Rs. 43.2	Rs. 20.5	44%
Net Sales Revenue (billion)	Gross Profit (billion)	Profit after taxes (billion)	Earnings per Share (basic and diluted)	Net Profit Margin

Production Results

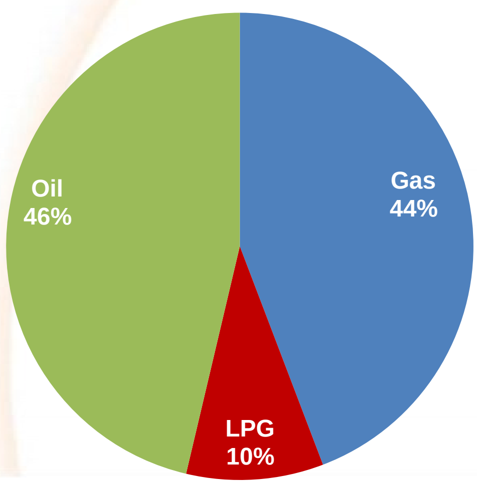
7,899	219	206
Oil/condensate (BPD)	Gas (MMSCFD)	LPG (MTD)

Net GHPL's share of Production

Net Sales Revenue (Main JVs)



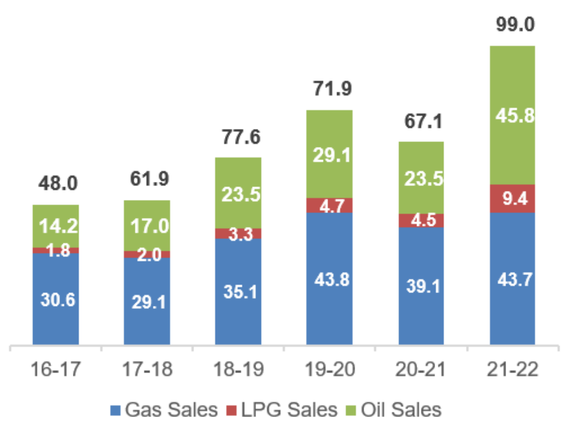
Net Sales Revenue (Products)



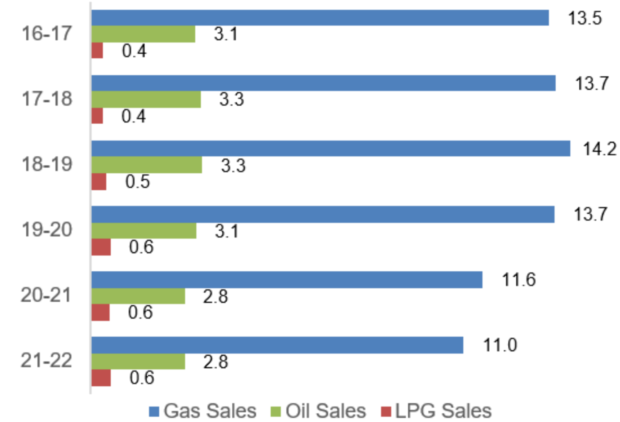
SIX YEARS SUMMARY

		2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Operational Performance							
Seismic Survey - 2 D	line km	2,975	2,166	619	938	640	1,045
- 3 D	sq. km	1,483	440	614	510	730	600
Wells Drilled - Exploratory / Appraisal	numbers	25	22	21	9	10	13
Development	numbers	12	7	10	5	4	10
Oil & Gas Discoveries	numbers	10	6	8	3	3	6
Production (GHPL's Share)							
Oil / Condensate	BPD	9,001	9,384	9,094	7,780	7,781	7,899
Gas	MMSCFD	253	262	257	233	227	219
LPG	MTD	125	163	197	181	189	206
Financial Results							
Sales - Net	Rs. billion	48.0	61.9	77.6	71.9	67.1	99.0
Gross Profit	Rs. billion	30.3	42.9	59.6	49.4	46.3	71.4
Profit before Taxation	Rs. billion	32.2	42.1	54.4	50.4	48.4	65.2
Profit after Taxation	Rs. billion	20.3	27.5	34.6	33.0	33.5	43.2
Financial Position							
Share Capital & Reserves	Rs. billion	80.4	103.4	136.7	165.1	193.5	232.5
Non Current Liabilities	Rs. billion	16.2	17.2	17.6	17.7	16.8	14.3
Current Liabilities	Rs. billion	22.0	11.1	15.6	16.4	12.7	89.0
Total Equity & Liabilities	**Rs. billion**	**118.6**	**131.7**	**169.8**	**199.2**	**223.0**	**335.8**
Fixed Assets	Rs. billion	47.7	48.8	48.2	49.9	48.7	47.0
Long term investment & Loan	Rs. billion	3.1	4.8	11.4	11.3	12.0	46.0
Current Assets	Rs. billion	67.8	78.0	110.1	138.0	162.3	242.9
Total Assets	**Rs. billion**	**118.6**	**131.7**	**169.8**	**199.2**	**223.0**	**335.8**
Cash Flows							
Opening Balance	**Rs. billion**	**2.9**	**3.5**	**2.6**	**16.2**	**23.5**	**36.6**
Operating activities	Rs. billion	36.0	5.9	19.8	14.4	27.1	26.8
Investing activities	Rs. billion	(28.4)	11.2	(1.4)	(2.5)	(9.0)	(37.5)
Financing activities	Rs. billion	(7.0)	(18.0)	(4.8)	(4.6)	(5.1)	(4.6)
Changes in Cash & Equivalents	**Rs. billion**	**0.6**	**(0.9)**	**13.6**	**7.3**	**13.1**	**(15.2)**
Cash & Equivalents at year end	**Rs. billion**	**3.5**	**2.6**	**16.2**	**23.5**	**36.6**	**21.4**
Contribution to National Exchequer							
Total Contribution	Rs. billion	41.5	31.8	40.3	42.4	40.4	48.6
Profitability Ratios							
Gross Profit Margin	%	63%	69%	77%	69%	69%	72%
EBITDA Margin	%	53%	59%	66%	61%	62%	58%
Net Profit Margin	%	42%	44%	45%	46%	50%	44%
Return on equity	%	25%	30%	32%	22%	19%	20%
Return on average capital employed	%	34%	39%	40%	30%	25%	29%
Turnover Ratios							
Debtor turnover	Times	1.7	1.7	1.2	0.9	0.7	0.9
Debtors Collection period	Days	212	219	292	428	519	410
Liquidity Ratios							
Current ratio	Times	3.1	7.0	7.1	8.4	12.7	7.1
Cash to Current Liabilities	Times	1.6	1.4	1.4	1.8	3.9	1.2
Investment Ratios							
Earnings per Share	Rupees	10.0	13.6	16.8	15.8	16.0	20.5
Dividend per share	Rupees	9.9	2.5	2.4	2.4	3.4	2.3
Dividend Payout Ratio	%	98%	18%	14%	15%	21%	12%

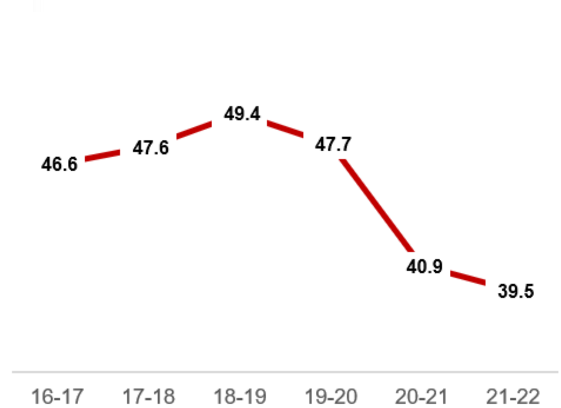
Net Sales (Rs. in billion)



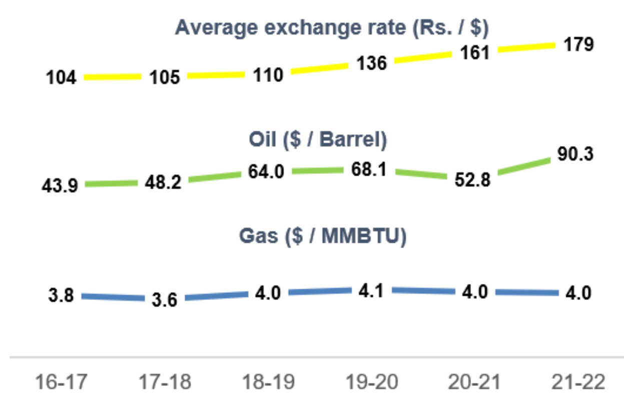
Sales Volume (BoEs in million)



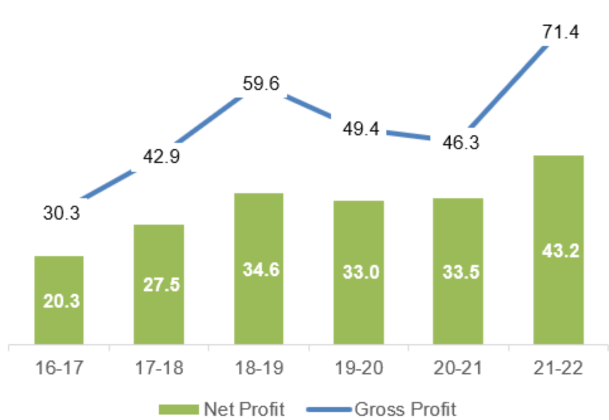
Sales per day (BoEs in 000')



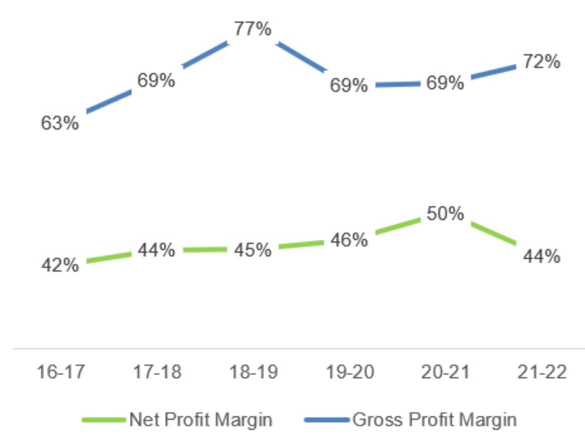
Average Realized Exchange Rate & Prices



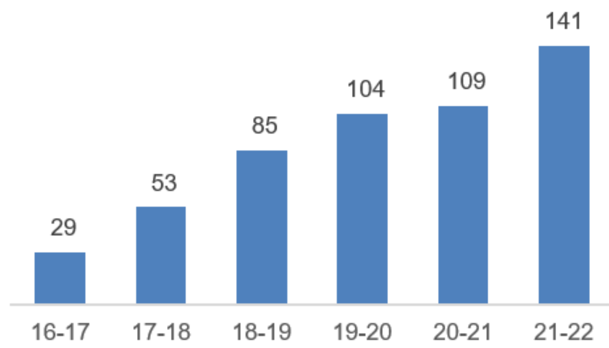
Gross Profit & Net Profit (Rs. in billion)



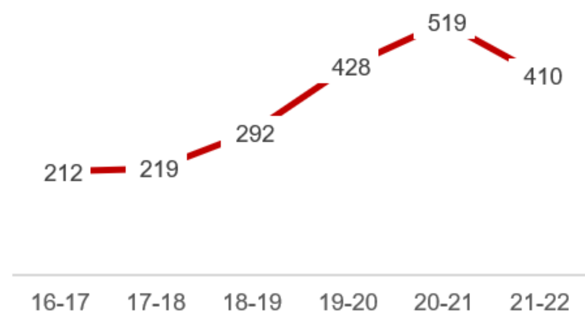
Margins (%)



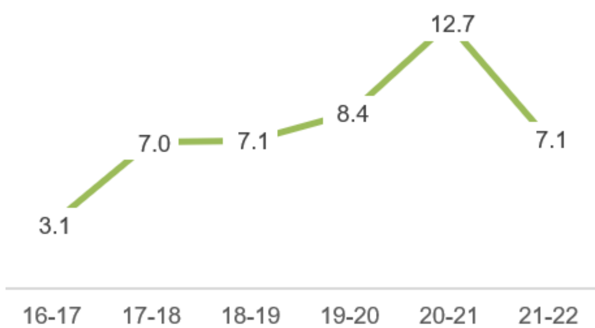
Trade Receivables (Rs. in Billion)



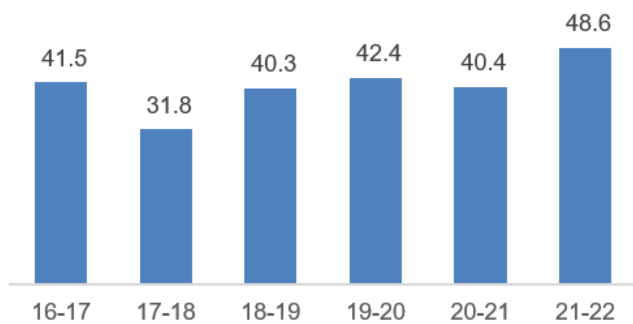
Debtors Turnover (in days)



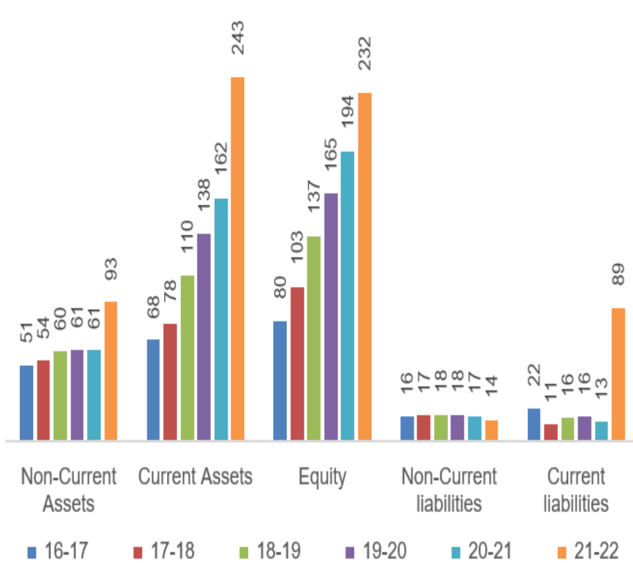
Current Ratio (times)



Contribution to National Exchequer (Rs. in Billion)



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



- The Company earned highest revenue, in its history, of Rs. 99 billion for FY 2021-22 mainly due to positive price and foreign exchange variance.
- The Company's revenue fluctuates due to changes in international oil prices, production level and USD/Rs. exchange rates.
- Over the years, the Company's trade receivables have increased due to the circular debt issue.
- During FY 2021-22, the trade receivables reached unprecedented level of Rs. 141 billion, mainly due to low recoveries from SNGPL and SSGCL.
- Despite mounting receivables and liquidity constraints, the Company has managed to meet all its operating, regulatory & statutory financial obligations and is a significant contributor to the National Exchequer.

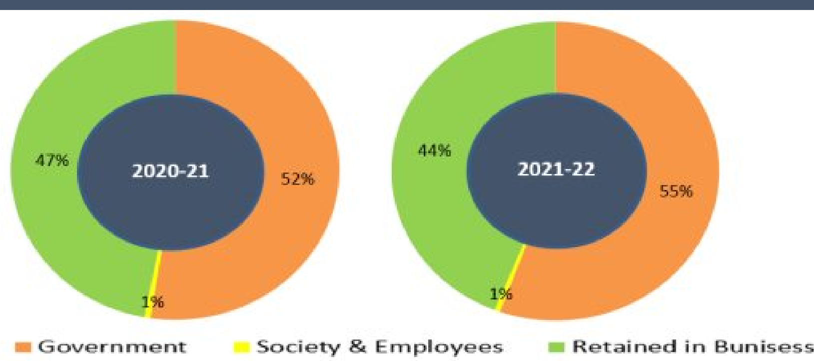
VERTICAL & HORIZONTAL ANALYSIS

	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Vertical Analysis						
Profit & Loss Account						
Sales - Net	100%	100%	100%	100%	100%	100%
Cost of Sales	-37%	-31%	-23%	-31%	-31%	-28%
Gross Profit	**63%**	**69%**	**77%**	**69%**	**69%**	**72%**
Other Income	7%	4%	4%	6%	7%	5%
Expl. & Prospecting Expenditure	-2%	-2%	-1%	-1%	-1%	-1%
General & Admin expenses	-1%	0%	0%	-1%	-1%	-1%
Other expenses	0%	-3%	-10%	-3%	-2%	-10%
Profit before Taxation	**67%**	**68%**	**70%**	**70%**	**72%**	**66%**
Taxation	-25%	-24%	-26%	-24%	-22%	-22%
Profit after Taxation	**42%**	**44%**	**45%**	**46%**	**50%**	**44%**
Balance Sheet						
Share Capital &Reserves	68%	78%	81%	83%	87%	69%
Non Current Liabilities	14%	13%	10%	9%	8%	4%
Current Liabilities	19%	8%	9%	8%	6%	27%
Total Equity & Liabilities	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
Non Current Assets	43%	41%	35%	31%	27%	28%
Current Assets	57%	59%	65%	69%	73%	72%
Total Assets	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
Horizontal Analysis (base year: 2016-17)						
Profit or Loss Account						
Sales - Net	100%	129%	162%	150%	140%	206%
Cost of Sales	100%	107%	101%	127%	117%	155%
Gross Profit	**100%**	**142%**	**197%**	**163%**	**153%**	**236%**
Other Income	100%	65%	90%	130%	129%	144%
Expl. & Prospecting Expenditure	100%	100%	50%	55%	52%	63%
General & Admin expenses	100%	86%	115%	175%	181%	249%
Other expenses	100%	784%	3270%	1086%	599%	4322%
Profit before Taxation	**100%**	**131%**	**169%**	**156%**	**150%**	**202%**
Taxation	100%	122%	167%	146%	126%	185%
Profit after Taxation	**100%**	**136%**	**170%**	**163%**	**165%**	**213%**
Balance Sheet						
Share Capital &Reserves	100%	128%	170%	205%	241%	289%
Non Current Liabilities	100%	106%	108%	109%	103%	88%
Current Liabilities	100%	51%	71%	74%	58%	404%
Total Equity & Liabilities	**100%**	**111%**	**143%**	**168%**	**188%**	**283%**
Non Current Assets	100%	106%	117%	120%	119%	183%
Current Assets	100%	115%	163%	204%	239%	358%
Total Assets	**100%**	**111%**	**143%**	**168%**	**188%**	**283%**

STATEMENT OF VALUE ADDITION

	2020-21 Rs. Billion	2020-21 %	2021-22 Rs. Billion	2021-22 %
Gross Revenue	75.7	106%	112.1	113%
Less: Operating, G&A and Exploration Expenses	(7.3)	-10%	(9.0)	-9%
	68.4	96%	103.1	104%
Add: Income from Financial Assets	3.6	5%	4.9	5%
Income from Non-Financial Assets	1.2	2%	0.8	1%
Less: Other Expenses	(1.6)	-2%	(10.0)	-10%
Total Value Added	**71.6**	**100%**	**98.8**	**100%**
DISTRIBUTED AS FOLLOWS:				
Employees Remuneration and Benefits	0.4	1%	0.5	1%
Government as:				
Company Taxation	14.3	20%	25.4	26%
Sales Tax, Excise Duty etc	8.6	12%	13.1	13%
Royalty and other levies	7.6	11%	11.4	11%
Dividends	7.0	10%	5.0	5%
	37.5	52%	54.8	55%
To Society*	0.0	0%	0.0	0%
Retained in Business:				
Depreciation	2.3	3%	2.6	3%
Amortization	4.0	6%	3.8	4%
Impairment	0.3	0%	1.8	2%
Deffered Taxation	0.6	1%	(3.3)	-3%
Net Earnings	26.4	37%	38.6	39%
	33.7	47%	43.4	44%
Total Value Added	**71.6**	**100%**	**98.8**	**100%**

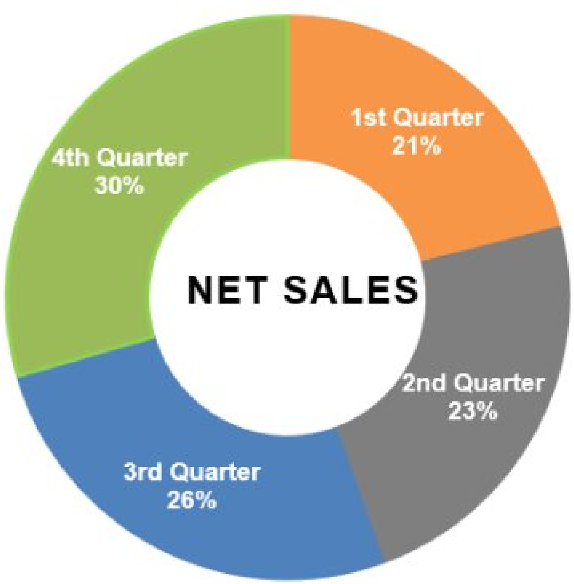
DISTRIBUTION OF VALUE ADDED

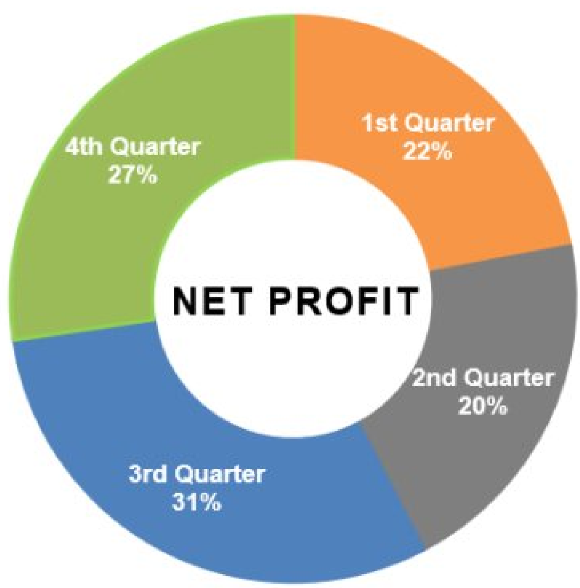


**Contribution to MoE's Internship Program Rs. 2.4 million in FY 21-22*

QUARTERLY ANALYSIS FY 2021-22

		1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Annual
STATEMENT OF PROFIT OR LOSS						
SALES - NET	**Rs. billion**	**20.8**	**23.2**	**25.7**	**29.2**	**99.0**
Royalty and other levies	Rs. billion	(2.2)	(2.6)	(2.9)	(3.7)	**(11.4)**
Operating expenses	Rs. billion	(3.0)	(3.6)	(3.6)	(6.0)	**(16.2)**
GROSS PROFIT	**Rs. billion**	**15.7**	**17.1**	**19.2**	**19.5**	**71.4**
Other income	Rs. billion	1.0	1.4	1.3	2.0	**5.7**
Exploration & prospecting expenditure	Rs. billion	(0.1)	(0.1)	(0.0)	(0.5)	**(0.7)**
General and administrative expenses	Rs. billion	(0.1)	(0.1)	(0.2)	(0.3)	**(0.8)**
Share of loss of associate	Rs. billion	-	(2.4)	(0.1)	(0.1)	**(2.5)**
Net impairment loss on financial assets	Rs. billion	-	-	-	(0.5)	**(0.5)**
Other expenses	Rs. billion	(1.0)	(1.5)	(0.9)	(3.8)	**(7.1)**
Finance cost	Rs. billion	(0.1)	(0.0)	0.1	(0.4)	**(0.4)**
PROFIT BEFORE TAXATION	**Rs. billion**	**15.4**	**14.3**	**19.5**	**15.9**	**65.2**
Taxation	Rs. billion	(5.9)	(5.6)	(6.4)	(4.1)	**(22.0)**
NET PROFIT FOR THE YEAR	**Rs. billion**	**9.5**	**8.8**	**13.1**	**11.8**	**43.2**
EARNINGS PER SHARE	**Rs.**	**4.6**	**4.2**	**6.2**	**5.5**	**20.5**
SALES VOLUME						
Gas	MMBTUS in million	16.2	16.0	15.4	15.3	**62.8**
Oil	BBLs in million	0.7	0.7	0.7	0.7	**2.8**
LPG	MTs in thousands	18.2	18.8	19.5	18.1	**74.6**





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

pwc

A·F·FERGUSON&Co.

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, 2022.

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, 2022.

A.F.Ferguson & Co.

Chartered Accountants
Islamabad
Date: June 23, 2023
UDIN: CR202210083PNv7OQ9mf

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
74-East, 2nd Floor, Blue Area, Jinnah Avenue, P.O.Box 3021, Islamabad-44000, Pakistan
Tel: +92 (51) 2273457-60/2604934-37; Fax: +92 (51) 2277924, 2206473; < www.pwc.com/pk>

KARACHI ▪ LAHORE ▪ ISLAMABAD

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, 2022**

I. This statement is being presented to comply 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:

<table>
<tr><th>S. #</th><th>Provision of the Rules</th><th>Rule No.</th><th>Y</th><th>N</th><th>Remarks</th></tr>
<tr><td>1.</td><td>The independent directors meet the criteria of independence as defined under the Rules.</td><td>2(d)</td><td></td><td>✓</td><td>Director, Dr. Sajjad Ahmad was initially appointed as Independent Director on 03rd Jan. 2020. However, on 29th July 2021, he was appointed by the Government of Pakistan for another assignment in its Attached Department, the Geological Survey of Pakistan.</td></tr>
<tr><td>2.</td><td>The Board has at least one-third of its total members as independent directors.
At present the board includes:
<table>
<tr><th>Category</th><th>Names</th><th>Date of appointment</th></tr>
<tr><td>Executive Directors</td><td>1. Mr. Masood Nabi (MD/CEO)</td><td>19-Jun-2020</td></tr>
<tr><td>Independent Directors</td><td>1. Ms. Ayla Majid (Chairperson)
2. Mr. Haseeb Shakoor Paracha</td><td>03-Jan-2020
03-Jan-2020</td></tr>
<tr><td>Non-Executive Directors</td><td>1. Mr. Ali Raza Bhutta
2. Mr. Hassan Mehmood Yousufzai
3. Muhammad Anwer Sheikh
4. Syed Imtiaz Hussain Shah
5. Ms. Saira Najeeb Ahmed</td><td>07-Jan-2022
18-Jun-2021
03-Jan-2020
28-Oct-2021
27-Apr-2020</td></tr>
</table></td><td>3 (2)</td><td></td><td>✓</td><td>Number of independent directors was lower than the required strength.</td></tr>
</table>

23 JUN 2023

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, 2022

S. #	Provision of the Rules	Rule No.	Y	N	Remarks
	6. Dr. Sajjad Ahmad — 03-Jan-2020				
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)	✓		Chairman of the Board of directors has been appointed by Federal government.
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. (Not applicable where the Chief Executive has been nominated by the Government)	5(2)	N/A		-
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 the supporting policies and procedures, including posting the same on the company's website (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)	✓		-

23 JUN 2023

28 JUN 2023

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, 2022

S. #	Provision of the Rules	Rule No.	Y	N	Remarks
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)	N/A		-
17.	The Board has ensured compliance with policy directions requirements received from the Government.	5(11)	✓		-
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)	✓		Notice of 156, 157, 158, 159,160,161,150, meetings of BOD could not be circulated within the stipulated time due to the urgent nature of the agenda. However, the same requirement has been waived off in the respective meetings by BOD.
	(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/half-yearly/quarterly 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 with the related parties during the year has been maintained.	9	✓		-

22 JUN 2023

22 JUN 2023

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, 2022

<table>
<tr><th>S. #</th><th>Provision of the Rules</th><th>Rule No.</th><th>Y</th><th>N</th><th>Remarks</th></tr>
<tr><td>21.</td><td>(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.
(b) In case of listed PSCs, the Board has prepared half yearly accounts and undertaken limited scope review by the auditors.
(c) The Board has placed the annual financial statements on the company's website.</td><td>10</td><td>
N/A
✓</td><td>✓</td><td>The company has not placed the quarterly financial statements within the stipulated time before the board as required by Public Sector Companies (Corporate Governance) Rules, 2013.
-
-</td></tr>
<tr><td>22.</td><td>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.</td><td>11</td><td>✓</td><td></td><td>-</td></tr>
<tr><td>23.</td><td>(a) The board has formed the requisite committees, as specified in the Rules.
(b) The committees were provided with written term of reference defining their duties, authority, and composition.
(c) The minutes of the meetings of the committees were circulated to all the board members.
(d) The committees were chaired by the following non-executive directors:
<table>
<tr><th>Committee</th><th>No. of Members</th><th>Name of Chair</th></tr>
<tr><td>Audit Committee</td><td>4</td><td>Mr. Haseeb Shakoor</td></tr>
<tr><td>Human Resource and Nomination Committee</td><td>5</td><td>Ms. Saira Najeeb Ahmed</td></tr>
<tr><td>Finance, Procurement and Risk Management Committee</td><td>5</td><td>Muhammad Anwer Sheikh</td></tr>
<tr><td>Business Development and Strategy Committee</td><td>4</td><td>Ms. Ayla Majid</td></tr>
</table></td><td>12</td><td>✓
✓
✓
✓</td><td></td><td>-</td></tr>
<tr><td>24.</td><td>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.</td><td>13</td><td>✓</td><td></td><td>-</td></tr>
</table>

28 JUN 2023

28 JUN 2023

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, 2022**

S. #	Provision of the Rules	Rule No.	Y	N	Remarks
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 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	✓		-

23 JUN 2023

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, 2022**

<table>
<tr><th>S. #</th><th>Provision of the Rules</th><th>Rule No.</th><th>Y</th><th>N</th><th>Remarks</th></tr>
<tr><td>31.</td><td>The board has formed an audit committee, with defined and written terms of reference, and having the following members:
<table>
<tr><td>Name of Member</td><td>Category</td><td>Professional background</td></tr>
<tr><td>Mr. Haseeb Shakoor Paracha</td><td>Independent director</td><td>Lawyer</td></tr>
<tr><td>Dr. Sajjad Ahmad</td><td>Non-Executive Director</td><td>Technical (Geologist)</td></tr>
<tr><td>Ms. Saira Najeeb</td><td>Non-Executive Director</td><td>Joint Secretary (CA/A) in the Ministry of Energy (Petroleum Division)</td></tr>
<tr><td>Muhammad Anwer Sheikh</td><td>Non-Executive Director</td><td>Additional Secretary Finance Division (CF-Wing)</td></tr>
</table>
The chief executive and chairman of the Board are not members of the audit committee.</td><td>21(1) & 21(2)</td><td>✓
✓</td><td></td><td>-</td></tr>
<tr><td>32.</td><td>(a) The chief financial officer, the chief internal auditor, and a representative of the external auditors attended all meetings of the audit committee at which issues relating to accounts and audit were discussed.
(b) The audit committee met the external auditors, 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 audit function, at least once a year, without the presence of chief financial officer and the external auditors.</td><td>21(3)</td><td>✓
✓
✓</td><td></td><td>-</td></tr>
<tr><td>33.</td><td>(a) The Board has set up an effective internal audit function, which has an audit charter, duly approved by the audit committee.
(b) The chief internal auditor has requisite qualification and experience prescribed in the Rules.
(c) The internal audit reports have been provided to the external auditors for their review.</td><td>22</td><td>✓
✓</td><td></td><td>-</td></tr>
<tr><td>34.</td><td>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.</td><td>23(4)</td><td>✓</td><td></td><td>-</td></tr>
<tr><td>35.</td><td>The auditors have confirmed that they have observed applicable guidelines issued by IFAC with regard to provision of non-audit services.</td><td>23(5)</td><td>✓</td><td></td><td>-</td></tr>
</table>

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, 2022**

Name: AYLA MAJID

Chairperson

Dated:
Islamabad

Name: MASOOD NABI

Managing Director/ CEO

Dated:
Islamabad

23 JUN 2023

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, 2022**

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.	Reasons of Non-Compliance	Further course of action
1	2(d) & 3(2)	One of the Independent Directors, Dr. Sajjad Ahmad was initially appointed as Independent Director on 03rd Jan. 2020. However, on 29th July 2021, he was appointed by the Government of Pakistan for another assignment in its Attached Department, the Geological Survey of Pakistan.	Pursuant to the enactment of State-Owned Enterprises (Management and Operations) Act, 2023, the requisite number of independent directors on the Board is proposed to be changed and is expected to be achieved upon necessary appointment by the Government.
2	10	The board has approved the profit and loss account and balance sheet for all three quarters in its 164th meeting. However, the Quarterly Financial Statements were not prepared within one month of the relevant quarter because cost statements from respective operators are issued within 30 days of the relevant month.	Efforts will be made to ensure preparation of Quarterly Financial Statements within the required time including taking up the matter with the respective operators.

Name: AYLA MAJID

Chairperson

Dated:
Islamabad

28 JUN 2023

Name: MASOOD NABI

Managing Director/ CEO

Dated:
Islamabad

DIRECTORS' REPORT 2021-22

DIRECTORS' REPORT

for the year ended June 30, 2022

The Board of Directors is pleased to present the Directors' Report along with Audited Financial Statements of the Company and the Auditors' Report thereon for the year ended June 30, 2022.

INTRODUCTION

Government Holdings (Private) Limited (GHPL) was incorporated in the year 2000 as a private limited company under the Companies Ordinance, 1984 (current Companies Act 2017).

GHPL is one of the three public sector Oil and Gas Exploration Companies working under the Petroleum Division of Ministry of Energy, Pakistan.

GHPL acts as a non-operator partner for onshore petroleum E&P joint ventures and is the licensee of offshore petroleum exploration licences in Pakistan.

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.

GROUP STRUCTURE

The Company has two wholly owned subsidiaries namely Interstate Gas Systems (Private) Limited (ISGS) and Pakistan LNG Limited (PLL).

These Companies are collectively referred to as "the Group".

During the year, the Company subscribed to 25% equity interest in Pakistan International Oil Limited (PIOL) based in Abu Dhabi – UAE.

As part of its diversification strategy, the Company deposited funds for an 8.33% effective shareholding in Reko-Diq project. Subsequent to year end, the deposit converted into 33.33% equity interest in Pakistan Minerals (Private) Limited, giving the Company an 8.33% effective working interest in the Reko Diq Mining Project.

EXPLORATION & PRODUCTION PORTFOLIO

GHPL is currently operating as a non-operator partner for onshore petroleum E & P joint ventures and licensee of Government of Pakistan for offshore petroleum exploration. Its exploration and production portfolio are spread across Pakistan with international presence in UAE.

GHPL is partner with several local and foreign oil & gas exploration and production companies in Pakistan, which includes OGDCL, PPL, UEP, MOL, OPPL, POL, MPCL, Al-Haj Enterprises, and KUFPEC.

The Company's onshore E&P investment portfolio within the country as at year end comprise of:

i. 61 Exploration Licenses under Petroleum Concession Agreements (PCA)
ii. 101 Development and Production (D&P) Leases

Further, the Company through its equity investment in PIOL (25%) holds working interest in Abu Dhabi Offshore Block – 5.

GHPL is also licensee of three (03) offshore blocks within the country, under Production Sharing Agreements (PSA).

The Company is constantly exploring opportunities to enhance its investments in the Energy Sector.

OPERATIONAL HIGHLIGHTS

Seismic Activities

A total of 1045 L. Km (2021: 640 L. Km) of 2 D seismic and 600 Sq. Km (2020: 730 Sq. Km) of

3D seismic lines were acquired during the year in different partner operated blocks.

Drilling Activities

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

Wells Status	2021-22	2020-21
Exploration & Appraisal	**13**	10
Development	**10**	4

Discoveries

A total of 6 discoveries were made during the year ended June 2022:

- Taj (B sand) & Taj (Basal Sand) discoveries in Mirpur Khas Block operated by UEPL.
- Naimat West DT discovery in Khipro Block operated by UEPL.
- Fazil discovery in Mubarak Block operated by UEPL.
- Umair SE discovery in Guddu Block operated by OGDCL.
- Nim East discovery in Nim Block operated by OGDCL.

These discoveries resulted in an addition of 2.30 BCF of natural gas and 0.70 MMBO of oil to the Company's hydrocarbon reserves.

Production

GHPL's share of average daily production from all fields during the year ended June 2022 is as follows:

	2021-22	2020-21
Oil (Bpd)	**7,899**	7,781
Gas (MMscfd)	**219**	227
LPG (MT/D)	**206**	189

The Company's share of production accounts for 11%, 6% and 10% of the Country's overall Oil, Gas and LPG production* respectively during the year 2021-22.

(%age of Company's production to the Country's overall production as reported in PPIS Annual Report for FY 2021-22)*

Reserves

The total net proved (1P) reserves of the Company as on June 30, 2022, are 10.02 MMSTB (2021: 11.2 MMSTB) of oil / condensate and 287.45 BCF (2021: 323.3 BCF) of gas.

Major Development and Producing Assets

Mirpur Khas & Khipro Block (GHPL's working interest (WI) 25%)

- Operated by UEPL.
- Total average production from these two blocks was 323 MMscfd (Million Standard Cubic Feet Per Day) of Gas, 5,008 Bpd (Barrels per day) of Condensate and 56 MTD (Metric Tons per day) of LPG.
- Various compression and efficiency improvement projects were initiated/ completed during the year. Production of LPG was enhanced through segregation of LPG-rich gas from lean gas and selling gas through separate Point of Deliveries (PODs) after revised Gas Sales Agreements with Gas Buyer.
- New oil discoveries in the block including Taj field (Taj-1, Taj-2, Taj-3, Taj-4 & Taj-5 wells) & Naimat West DT-1 as well as production from development wells Baqa-3, Umar-4 and Naimat West-7 enhanced the oil & gas production this year.

Tal Block (GHPL's WI 15%)

- Operated by MOL Pakistan
- Total average production remained at 270.33 MMscfd of Gas, 16,385 Bpd of Oil & condensate & 466.79 MT/D of LPG.
- Several well interventions, surface well testing and reservoir monitoring activities were also carried out during the year for production continuity and enhancement.
- Projects completed in TAL Block are Maramzai field compression and Makori-3 Produced Water Treatment & Injection Facility Project. Manzalai Secondary Compression is in progress.

Nashpa Block (GHPL's WI 15%)

- Operated by OGDCL
- Average production was around 102.06 MMscfd Gas, 13,880 Bpd Oil and 355.35 MTD of LPG.
- Compression remained operational during the year. Drilling of Mela -8 and Nashpa-11 development wells continued during the year.
- Several well interventions, surface well testing and reservoir monitoring activities were also carried out during the year for production continuity and enhancement especially at Nashpa-9 and Nashpa-10.
- Upcoming projects include Nashpa reservoir simulation study and further development wells.

Chanda D&PL (GHPL's WI 17.5%)

- Operated by OGDCL
- Average production was 10.44 MMscfd; 2,985 Bpd (Barrels of Oil per day) and 15.5 MT/D of LPG (Metric Ton per Day) from 05 wells
- Reservoir simulation study is in progress at year end to evaluate further potential and enhance recovery.

Tando Allah Yar Block (GHPL's WI 22.5%)

- Operated by OGDCL
- Average production was about 46.18 MMscfd Gas, 1,156 Bpd Oil/Condensate and 111 MTD of LPG.
- Production from the field is being processed at KPD-TAY Plant.
- Sial-1 well was connected with existing pipeline network for production through KPD-TAY Integrated Plant.
- Several well intervention activities and workovers are planned to bring shut-in well on production.

Gambat South Block (GHPL's WI 25%)

- Operated by PPL
- Total average production was about 134.35 MMscfd Gas, 1,328 Bpd condensate and 11.26 MTD of LPG.
- Regular reservoir surveillance and well intervention activities were conducted. G&G and reservoir studies are in progress to identify further drilling prospects.
- A flowline was completed to produce the Kabir X-1 through Hadaf line up to the processing facilities and sales through existing SSGC network.
- Development options are under review to exploit the reserves of Hatim discovery due to its low heating value gas.

Sinjhoro Block (GHPL's WI 22.5%)

- Operated by OGDCL
- Average production from fields was around 24.61 MMscfd Gas, 1,066 Bpd Oil/Condensate and 101 MT/D of LPG.
- Field is on decline and options are being evaluated to enhance production and put shut in wells on production
- Several well intervention jobs were carried out to maintain/enhance production. Two development wells were drilled during the year including Hakeem Daho-3 and Lala Jamali-2.
- Production from newly drilled Hakim Daho-3 well started after tie-in with Sinjhoro gas processing facilities & LPG Plant, whereas tie-in activities of Lala-Jamali-2 well are in progress

Nim Block (GHPL's WI 22.5%)

- Operated by OGDCL
- The average production from Nim during 2021-22 was around 22.88 MMscfd Gas & 471 Bpd Oil/ Condensate
- Jarwar-1 well remained suspended due to surface facilities maintenance. Production continued from Mangrio-1, Chutto-1, Saand-1 and Saand-2 wells. Saand-1/2 well are being processed at KPD-TAY LPG plant. Mangrio-2 development well was connected with existing pipeline network for production through Daru Central Facility.
- Surface well testing of Low-pressure wells in NIM Block was carried out and alternate sales arrangements are being evaluated by the JV to bring these wells on production.

Guddu Block (GHPL's WI 22.5%)

- Operated by OGDCL
- Average production from the field was about 9.05 MMscfd Gas.
- Gas from Guddu field is being supplied to third party (M/s Engro).
- Umair SE-1 exploratory well drilling and testing carried out during the year.
- Field Compression project is in progress at year end.

Bitrism Block (GHPL's WI 22.5%)

- Operated by OGDCL
- Average production was 14.67 MMscfd Gas, 847 Bpd Condensate and 47.46 MTD of LPG.
- Bitrism wells are being processed through Sinjhoro gas processing facilities & LPG Plant.
- Production commenced from Pandhi-1 & Gundanwari-1 wells after their tie-ins with existing Sinjhoro gas processing facilities & LPG Plant.

Jakhro D&PL (GHPL's WI 22.5 %)

- Operated by OGDCL
- Average production from the field was around 0.65 MMscfd Gas, 7 Bpd Condensate and 2.07 MTD of LPG
- Jakhro field is being processed at Sinjhoro processing facilities.

Zarghun South D&PL (GHPL's WI 17.5%)

- Operated by MPCL
- Average production was around 11.92 and 0.51 Bpd Condensate
- Security issues remain a threat, however, are being managed for smooth operations.

Dhok Sultan Block (GHPL's WI 25%)

- Operated by PPL
- Total average production was about 0.65 MMscfd Gas, 370 Bpd condensate and 3.65 MTD of LPG after production commenced from Dhok Sultan X-1 ST-3 w.e.f. 28-May-2022 under EWT.
- The work on rental oil handling facility & gas transportation pipeline for gas processing and LPG recovery at third party plant was completed to bring the well on production.

Mehar Block (GHPL's WI 25%)

- Operated by UEP
- Average production from the Mehar Block during 2021-22 was about 17 MMscfd Gas and 1,272 Bpd Condensate from four wells.
- Compression remained operational during the year.
- Mehar-4, Sofiya-3 & Mehar-6 wells tie-ins were completed during the year to bring the wells on production.
- Several well intervention activities including reservoir surveillance and re/ additional perforations were carried out along with process optimizations to maintain/ enhance production and reduce OPEX.
- G & G and reservoir studies are in progress to identify further drilling prospects.

Sawan D&PL (GHPL's WI 22.5%)

- Operated by UEP
- The average gas production was 23.53 MMscfd.
- Production from Sawan undergoing natural decline.
- Several well intervention activities including additional perforations/scale cleanout jobs and application of deliquification techniques for off-loading of wells & continuity of production were carried out to maintain/enhance production.
- Sawan processing facilities continued to process Latif JV gas resulting in efficient utilization of spare capacity available at the processing facilities and extension of field life.

Zamzama D&PL (GHPL's WI 25%)

- Operated by OPPL
- The average production was 13.13 MMscfd Gas and 60 BCPD condensate (Barrels of condensate per day).
- The field is on natural decline.

Khewari D&PL (GHPL's WI 22.5%)

- Operated by OPPL
- Total average production was about 1.06 MMscfd Gas, 9.25 Bpd condensate and 1.06 MTD of LPG.
- Production commenced from Chabaro-1 well w.e.f. April-2022 after its tie-ins with existing Sinjhoro gas processing facilities & LPG Plant.

Others

- Production started from **Benari D&PL** of Shah Bandar JV (GHPL's WI: 2.5%; Operator: PPL) well in May 2021. Average production during the year was about 7.62 MMscfd Gas and 16 Bpd condensate. Well witnessed sharp decline. Stimulation job is planned to improve production.

- GoP renewed **Mazarani D&PL** (GHPL's WI: 12.5%; Operator: PPL) for a period of four years w.e.f September 01, 2021.
- Average production from the field during 2021-22 was 2.79 MMscfd and around 06 Bpd Condensate.
- Further, GoP has approved upward revision of gas sales price of Mazarani field from US$1.75 / MMBtu to US$ 3.75 / MMBtu subject to 15% additional payment of wellhead value of hydrocarbons produced to the GoP.

- In **Chachar D&PL** (GHPL's WI: 25%; Operator: PPL), Chachar field is being produced through Kandhkot processing facilities. Average production from the field during 2021-22 was 0.42 MMscfd Gas.
- Gas Offtake by GENCO-II thru M/s SNGPL remained suspended since 23rd January, 2021 as Gas Turbine-14 was under maintenance. Production from field resumed w.e.f April-2022

SUBSIDIARIES

The Company has two (02) subsidiaries namely Interstate Gas Systems (Private) Limited (ISGS), 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.

Projects being pursued by the ISGS include:

- Iran Pakistan Gas Pipeline Project (IP-Project);

- Turkmenistan - Afghanistan - Pakistan - India (TAPI) Gas Pipeline;

- Pakistan Stream Gas Pipeline (PSGP) Project (formerly known as North South Gas Pipeline);

- Strategic Underground Gas Storage (SUGS) Project; and

- South North Gas Pipeline (SNGP) Project.

The Company has a direct shareholding of 100% with 340,126,105 (2021: 100% with 295,882,090) equity shares of Rs.10 each held in ISGS.

Further, an advance against issue of shares amounting Rs. 2,329 million was outstanding as at year end.

Moreover, under a loan arrangement between the Company and ISGS for funding latter's operational requirements, the total outstanding amount due from ISGS is Rs. 270.3 million on account of principal and Rs. 84.8 million on account of accrued interest at June 30, 2022.

Pakistan LNG Limited (PLL)

PLL was incorporated as a public company on December 11, 2015. In compliance with GoP decision, PLL merged with its associated company, PLTL (Pakistan LNG Terminals Limited) w.e.f January 01, 2021 with PLL being the surviving entity.

The principle activity of PLL is to import, re-gasify, transport, market and distribute Liquefied Natural Gas (LNG).

The Company holds 100% shares of PLL.

The Company has also provided loan to PLL to meet its operational requirements. As at June 30, 2022 the total outstanding amount due from PLL is Rs. 3,707 million on account of principal and Rs. 1,542 million on account of accrued interest. During the year, PLL repaid Rs. 1,240 million of principal and Rs. 300 million of interest.

Additionally, during the year, the lien on the Company's short-term investments amounting Rs. 4,000 million, which were held as security for the guarantees issued by PLL in favour of the LNG supplier, was released.

FINANCING ARRANGEMENT

In order to fulfil the commitment of the Government of Pakistan (GoP) towards the Government of Balochistan (GoB) for partially acquiring equity stake in the reconstituted Reko-Diq Project, the GoP, through the Company, arranged a term finance facility up to Rs. 65,000 million from the National Bank of Pakistan (NBP), against a GoP guarantee. As at year end, the amount of Rs 61,742 million has been availed against this facility. GoP will directly make the loan repayment along with interest. Accordingly, a corresponding amount has been recognized as receivable from GoP at June 30, 2022.

The loan was initially drawn for a period of nine months, with interest calculated at 9-month Karachi Interbank Offered Rate (KIBOR) + 0.50% effective from the date of disbursement i.e. March 31, 2022, and was repayable directly by the GoP in a single bullet instalment.

Subsequent to the year-end, the loan facility has been renewed, with the approval of Economic Coordination Committee (ECC) of the Federal Cabinet, for a tenor of seven years (inclusive of a two-year grace period) with effect from December 31, 2022 and carries an interest rate of 6-month KIBOR + 0.20%.

FINANCIAL RESULTS

The key financial results of the Company are summarized as under:

	2021-22	2020-21
	Rs. in million	
Sales	**98,961**	67,063
Gross Profit	**71,439**	46,295
Profit before tax	**65,179**	48,401
Profit after tax	**43,190**	33,456
EPS - basic (Rs.)	**20.53**	16.02

Sales Revenue

During the year, the Company's net revenue increased significantly to Rs. 98,961 million, registering a 47.56% increase from the previous year revenue of Rs. 67,063 million.

The increase in revenue is mainly attributable to positive price and foreign exchange variance of Rs. 24,086 million and Rs. 9,270 million respectively, which is partially offset by net negative sales volume variance of Rs. 1,459 million.

The net negative volume variance is mainly due to natural decline in gas sales from MKK, Zamzama, Sawan and Tal JVs while oil and LPG sales slightly improved.

The favourable price variance is primarily on account of increase in international oil prices during the year. The positive forex variance resulted as the realized exchange rate (Rs. 179 / US$) for the year was higher as compared to last year (Rs. 160 / US$).

Profitability

In the fiscal year, the Company reported the highest ever profit after tax of Rs. 43,190 million, an increase of Rs. 9,734 million from the previous year's profit of Rs. 33,456 million. This translates into earning per share of Rs. 20.53, compared to Rs. 16.02 in the previous year.

The strong financial performance of the Company was primarily driven by increase in sales revenue and other income which more than offset the impact of higher expenses under the heads of cost of sales (royalty and JV Opex), other expense (exchange losses, provision for windfall levy) and current tax expenses (due to higher revenue and imposition of super tax) along with recognition of share of loss in associate, PIOL.

Liquidity Management and cash flows

An amount of Rs. 26,813 million (2021: Rs 27,120 million) was generated from Operating activities of the Company which was mainly used to undertake exploration and development activities, capital expenditures, investments and payment of dividends. At the end of the year, the Company reported cash and cash equivalents of Rs 21,367 million (2021: Rs 36,592 million).

The Company places a strong emphasis on liquidity management and as part of this effort, 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, 2022, the Company's trade debts have increased significantly to reach a total of Rs 141,458 million compared to Rs. 108,955 million in the previous year. This includes overdue trade debts of Rs. 120,744 million which more than 98% comprise of receivables from SNGPL and SSGCL.

For recovery of trade debts, frequent follow-up is made with gas distribution companies and refineries alongside reporting the receivables position to the concerned Ministry on regular basis.

The mounting trade debt balance is placing a strain on the Company's liquidity position and requires GoP intervention for resolution of the situation.

Dividends

During the year, the Company paid interim cash dividend of Rs 5,000 million (Rs. 2.34 per share).

Contribution to national economy

The Company is a significant contributor to the national economy. During the year, GHPL contributed Rs. 48,578 million (2021: Rs 40,418 million) to National Exchequer on account of Corporate taxation, dividend, royalty, sales tax, federal excise duty, petroleum levy and windfall levy.

In addition, Company's oil and gas production also contributed toward foreign exchange savings as import substitution.

Group's Financial Performance

The Group reported sales revenue and profit after tax of Rs. 497,540 million (2021: 283,976 million) and Rs. 21,259 million (2021: Rs. 42,317 million)

Auditors' Observation

The Auditors have expressed an unmodified opinion in their Audit Reports on the unconsolidated and consolidated financial statement for the year ended June 30, 2022.

CORPORATE GOVERNANCE

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

Specific statements to comply with requirements of the Public Sector Companies (Corporate Governance) Rules, 2013 are as follows:

- 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 consistently applied in preparation of financial statements and 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 Board recognizes its responsibility to establish and maintain sound system of internal control, which is regularly reviewed 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 37.2 of the Company's unconsolidated Financial Statements for the year ended June 30, 2022.
- Directors only receive directors' fees for attending meetings of the Board and Board Committees. The details of fees paid to each director are provided in the relevant section of the Annual Report.
- 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.
- Key operating and financial data of last six years has been summarized 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, 2022 is as follows.

- Employees Provident Fund	Rs. 73,685,213
- Employees Gratuity Fund	Rs. 150,752,165

- The number of meetings of the Board and its Committees held during the year and the attendance thereat by the respective 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, 2022 has been disclosed in the Directors' Report.
- In accordance with the requirement of State - Owned Enterprises (Governance & Operations) Act, 2023, the Board of Directors is pleased to declare that, in its opinion-
  (a) there are reasonable grounds for believing that the Company and its subsidiaries, shall be able to pay their debts, if any as they become due and payable; and
  (b) the financial statements and the notes to them comply with the requirements of the Act and International accounting standards.

EXTERNAL AUDITORS

The Company's auditors, A.F.Ferguson & Co., Chartered Accountants will retire on the conclusion of the upcoming Annual General Meeting and being eligible offered themselves for re-appointment as external auditors of the Company.

The Audit Committee considered the matter and recommended re-appointment of A.F. Ferguson & Co., Chartered Accountants as external auditors for the financial year 2022-23. The recommendations of the Audit Committee have been endorsed by the Board of Directors for approval at the Company's upcoming Annual General Meeting.

FUTURE OUTLOOK

The Company remains committed to working closely with its Joint Venture partners to expand and accelerate exploration efforts for new hydrocarbon discoveries in the country. These discoveries are critical for reducing the country's import bill and meeting its energy needs. The Company will also continue to focus on development and production activities in its non-operated blocks to sustain and increase production levels.

Looking ahead, the Company will seek to enhance its existing portfolio by acquiring or increasing its participatory share in new or existing petroleum blocks both domestically and internationally. Furthermore, the Company will explore diversification prospects to expand its business and create new revenue streams.

By pursuing these initiatives, the Company is well-positioned to capitalize on emerging opportunities and drive sustainable growth for the benefit of all stakeholders.

ACKNOWLEDGEMENT

The results for the year could not have been made possible without the loyalty, devotion, hard work and commitment of Management and staff. The Directors acknowledge and deeply appreciate their contributions toward achievement of the Company's goals.

The Directors would also like to express their gratitude to the Ministry of Energy (Petroleum Division), Ministry of Finance and other respective stakeholders for their continuous support, guidance and cooperation.

Masood Nabi

Chief Executive Officer

Saira Ahmed

Director

UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

GOVERNMENT HOLDINGS (PRIVATE) LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

pwc

A·F·FERGUSON&Co.

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, 2022, and the statement of profit or loss, the statement of 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, the statement of profit or loss, the statement of 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, 2022 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

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 reports 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 our audit of the 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 on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
74-East, 2nd Floor, Blue Area, Jinnah Avenue, P.O.Box 3021, Islamabad-44000, Pakistan
Tel: +92 (51) 2273457-60/2604934-37; Fax: +92 (51) 2277924, 2206473; < www.pwc.com/pk >

▪KARACHI ▪LAHORE ▪ISLAMABAD

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

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

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, the statement of profit or loss, the statement of 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).

Other Matter

The financial statements of the Company for the year ended June 30, 2021 were audited by another auditor who expressed an unmodified opinion on those statements on July 22, 2022.

The engagement partner on the audit resulting in this independent auditor's report is JehanZeb Amin.

Chartered Accountants
Islamabad
Date: June 23, 2023
UDIN: AR202210083ocC6XZWAP

GOVERNMENT HOLDINGS (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2022

	Note	2022	2021
		Rupees ('000)	
EQUITY AND LIABILITIES			
EQUITY			
Share capital	22	**21,327,561**	20,885,121
Reserves	23	**56,614,846**	57,695,064
Unappropriated profit		**152,222,554**	112,590,424
Advance against issue of shares	22.3	**2,329,895**	2,336,091
TOTAL EQUITY		**232,494,856**	193,506,700
NON CURRENT LIABILITIES			
Long term liabilities	24	**3,436,946**	3,511,804
Deferred taxation	25	**2,579,898**	5,870,866
Provision for decommissioning cost	26	**8,240,916**	7,343,545
Deferred employee benefit	27	**64,797**	39,183
		14,322,557	16,765,398
CURRENT LIABILITIES			
Trade and other payables	29	**18,788,392**	11,497,087
Current portion of long term liabilities	24	**1,599,557**	819,632
Contract liabilities	32.1	**67,353**	-
Short term borrowing	28	**63,966,965**	-
Provision for taxation	30	**4,571,974**	422,041
		88,994,241	12,738,760
TOTAL LIABILITIES		**103,316,798**	29,504,158
TOTAL EQUITY AND LIABILITIES		**335,811,654**	223,010,858
CONTINGENCIES AND COMMITMENTS	31		

	Note	2022	2021
		Rupees ('000)	
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	6	**27,429,821**	28,041,515
Intangible assets	7	**7,872**	24,065
Exploration and evaluation assets	8	**5,775,066**	5,752,966
Development and production assets	9	**13,759,289**	14,910,565
Investment in subsidiaries	10	**5,761,156**	5,324,912
Long term investment in associate	11	**2,165,989**	-
Deposit with the Government of Pakistan for equity stake in Reko Diq project	18	**34,301,231**	-
Long term loan to subsidiaries and staff	12	**3,724,238**	5,099,549
		92,924,662	59,153,572
CURRENT ASSETS			
Stores, spares and loose tools - share in Joint operations' inventory	13	**4,132,757**	4,099,210
Current portion of long term loan to subsidiaries and staff	12	**1,910,578**	1,600,726
Trade debts - net	15	**141,458,170**	108,955,084
Loans, advances and other receivables	16	**12,641**	10,798
Trade deposits and short term prepayments	17	**11,287**	10,405
Receivable from Government of Pakistan (GoP)	19	**63,966,965**	-
Accrued interest receivable	14	**160,036**	57,978
Short term investments	20	**24,053,955**	39,621,954
Cash and bank balances	21	**7,180,603**	9,501,131
		242,886,992	163,857,286
TOTAL ASSETS		**335,811,654**	223,010,858

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

Chief Executive Officer

Director

GOVERNMENT HOLDINGS (PRIVATE) LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022	2021
		--------------Rupees ('000)--------------	
Revenue from contracts with customers - net	32	**98,960,646**	67,063,218
Royalty and other levies	33	**(11,359,391)**	(7,600,142)
Operating expenses	34	**(16,161,786)**	(13,168,128)
GROSS PROFIT		**71,439,469**	46,294,949
Exploration and prospecting expenditure	36	**(685,935)**	(561,331)
General and administrative expenses	37	**(763,140)**	(555,342)
Net impairment loss on financial assets	15.3	**(539,704)**	-
Other income	39	**149,195**	994,127
Other expenses	38	**(7,070,135)**	(1,320,292)
OPERATING PROFIT		**62,529,750**	44,852,112
Finance income	35	**5,568,907**	3,788,267
Finance cost	35	**(405,630)**	(239,355)
Finance income – net		**5,163,277**	3,548,912
Share of loss of associate accounted for under equity method	11	**(2,513,552)**	-
PROFIT BEFORE TAXATION		**65,179,475**	48,401,023
Taxation	40	**(21,989,152)**	(14,944,467)
PROFIT FOR THE YEAR		**43,190,323**	33,456,556
Earnings per share- basic and diluted (Rupees)	41	**20.53**	16.02

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

Chief Executive Officer **Director**

GOVERNMENT HOLDINGS (PRIVATE) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022	2021
		----------Rupees ('000)----------	
PROFIT FOR THE YEAR		**43,190,323**	33,456,556
Other comprehensive income / (loss) for the year			
Items that will not be subsequently reclassified to statement of profit or loss:			
Remeasurement loss on employees' retirement benefits	29.3	**(39,971)**	(14,207)
Impact of tax		**17,587**	5,683
		(22,384)	(8,524)
Items that will be subsequently reclassified to statement of profit or loss:			
Effects of translation of investment in a foreign associate - net of tax	11	**383,973**	-
		383,973	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**43,551,912**	33,448,032

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

Chief Executive Officer

Director

GOVERNMENT HOLDINGS (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2022

	Share capital		Revenue Reserve			Capital Reserve					
	Issued, Subscribed and Paid-up	Advance against issue of shares	General reserve	Fair value adjustment on loan to subsidiary	Foreign currency translation reserve	Committed outlay reserve	LNG project reserve	Asset insurance reserve	Assets acquisition reserve	Unappropriated profits	Total
	Rupees ('000)										
Balance as at July 1, 2020	20,885,121	414,327	2,284,626	1,126,808	-	20,946,247	25,000,000	3,000,000	5,000,000	86,479,775	165,136,904
Total comprehensive income for the year											
Profit for the year	-	-	-	-	-	-	-	-	-	33,456,556	33,456,556
Other comprehensive loss for the year	-	-	-	-	-	-	-	-	-	(8,524)	(8,524)
Total comprehensive income for the year	-	-	-	-	-	-	-	-	-	33,448,032	33,448,032
Transactions with owners of the Company											
Contributions											
Advance received against issue of shares	-	1,921,764	-	-	-	-	-	-	-	-	1,921,764
Fair value adjustment on loan to subsidiary	-	-	-	337,383	-	-	-	-	-	(337,383)	-
	-	1,921,764	-	337,383	-	-	-	-	-	(337,383)	1,921,764
Distributions											
Interim dividend 2021: Rs. 3.35 per share	-	-	-	-	-	-	-	-	-	(7,000,000)	(7,000,000)
Balance as at June 30, 2021	20,885,121	2,336,091	2,284,626	1,464,191	-	20,946,247	25,000,000	3,000,000	5,000,000	112,590,424	193,506,700
Balance as at July 01, 2021	20,885,121	2,336,091	2,284,626	1,464,191	-	20,946,247	25,000,000	3,000,000	5,000,000	112,590,424	193,506,700
Total comprehensive income for the year											
Profit for the year	-	-	-	-	-	-	-	-	-	43,190,323	43,190,323
Other comprehensive income / (loss) for the year	-	-	-	-	383,973	-	-	-	-	(22,384)	361,589
Total comprehensive income for the year	-	-	-	-	383,973	-	-	-	-	43,167,939	43,551,912
Transactions with owners of the Company											
Contributions											
Advance received against issue of shares	-	436,244	-	-	-	-	-	-	-	-	436,244
Issue of shares	442,440	(442,440)	-	-	-	-	-	-	-	-	-
Fair value adjustment on loan to subsidiary	-	-	-	116,298	-	-	-	-	-	(116,298)	-
Transfer of fair value adjustment on loan to subsidiary reserve to unappropriated profits	-	-	-	(1,580,489)	-	-	-	-	-	1,580,489	-
	442,440	(6,196)	-	(1,464,191)	-	-	-	-	-	1,464,191	436,244
Distributions											
Interim dividend 2022: Rs. 2.34 per share	-	-	-	-	-	-	-	-	-	(5,000,000)	(5,000,000)
Total contributions and distributions- net	442,440	(6,196)	-	(1,464,191)	-	-	-	-	-	(3,535,809)	(4,563,756)
Balance as at June 30, 2022	21,327,561	2,329,895	2,284,626	-	383,973	20,946,247	25,000,000	3,000,000	5,000,000	152,222,554	232,494,856

The annexed notes from 1 to 49 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, 2022

	Note	2022	2021
		-----Rupees ('000)-----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		**65,179,475**	48,401,023
Adjustments for:			
Amortization of development and production assets	9	**3,805,248**	3,972,122
Depreciation on Joint operations' fixed assets	6.2	**2,581,680**	2,297,716
Gain on disposal of property, plant and equipment	39	**(1,003)**	(139)
Impairment on property, plant and equipment	34.2	**459,808**	235,200
Impairment on development and production assets	34.2	**772,213**	72,311
Depreciation on owned fixed assets	6.1	**23,620**	19,783
Amortization of intangible assets	7	**18,212**	25,845
Share of loss of associate	11	**2,513,552**	-
Dry hole wells	36	**388,609**	306,996
Provision for employee benefits	27 & 29	**73,557**	40,275
Unwinding of discount on provision for decommissioning cost	26.1	**394,365**	216,362
Unwinding of discount on long term liability	24.1	**9,829**	22,930
Discount of long term liability	24.1	**(646,289)**	(177,617)
Unrealised exchange (gain) / loss		**2,146,675**	(1,186,933)
Provision for windfall levy on oil / condensate	38	**4,995,336**	1,320,292
Reversal due to change in decommissioning cost estimates	26.3	**(347,222)**	(174,167)
Net impairment loss on financial assets	15.3	**539,704**	
Interest income	12 & 20	**(5,038,916)**	(3,948,033)
		77,868,453	51,443,967
Changes in working capital:			
(Increase) in stores, spare and loose tools - share in Joint operations' inventory		**(33,546)**	(546,903)
(Increase) in trade debts		**(32,559,435)**	(4,618,323)
(Increase) in loans, advances and other receivables		**(1,843)**	(7,991)
(Increase) in trade deposits and short-term prepayments		**(882)**	(4,411)
Increase / (decrease) in trade and other payables		**1,044,680**	(1,908,351)
Increase in contract liabilities		**67,353**	-
		(31,483,673)	(7,085,979)
Cash generated from operations		**46,384,780**	44,357,988
(Increase) / decrease in loans to staff		**(6,804)**	(9,960)
Income tax paid	30	**(19,504,130)**	(17,190,434)
Employee benefits paid	27.1 & 29.3	**(60,662)**	(38,374)
Net cash generated from operating activities		**26,813,184**	27,119,220

[illegible]

	Note	2022	2021
		---------------Rupees ('000)---------------	
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		**(7,205,165)**	(6,047,841)
Deposit with the Government of Pakistan in connection with Reko Diq Project		**(34,301,231)**	-
Proceeds from disposal of property, plant and equipment		**1,055**	139
Interest received		**5,432,412**	3,330,190
Investment in subsidiary		**(436,244)**	(1,926,664)
Investment in associates		**(4,205,500)**	-
Sale / (purchase) of short term investments		**2,000,000**	(6,000,000)
Proceeds form loan repayment		**1,240,290**	1,790,291
Loan to subsidiaries- net		-	(97,500)
Net cash used in investing activities		**(37,474,383)**	(8,951,385)
CASH FLOWS FROM FINANCING ACTIVITIES			
Advance received against issue of shares	22.3	**436,244**	1,921,764
Dividend paid		**(5,000,000)**	(7,000,000)
Net cash used in financing activities		**(4,563,756)**	(5,078,236)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**(15,224,955)**	13,089,599
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**36,592,412**	23,502,813
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	21.2	**21,367,457**	36,592,412

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

Chief Executive Officer

Director

1. 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 (repealed by the 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 As of the date of statement of financial position, the Company has the following equity investments:

a) Inter State Gas System (Private) Limited (ISGSL) - wholly owned subsidiary
b) Pakistan LNG Limited (PLL) - wholly owned subsidiary (effective from January 1, 2021, Pakistan LNG Terminals Limited (PLTL) was merged into PLL with PLL being the surviving entity.)
c) Pakistan International Oil Limited (PIOL) - foreign operation - 25% shareholding
d) Deposit with the Government of Pakistan for equity stake in Reko Diq project - 8.33% shareholding

1.3 These financial statements are separate financial statements of the Company in which investments in subsidiary companies are accounted for on the basis of direct equity interest rather than on the basis of reported results. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost. Consolidated financial statements are prepared separately.

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

Operator	Concession / Block	Working Interest (%)	Province
Al-Haj	Baska North	4.15	Balochistan & KPK
Al-Haj	Potwar South	2.5	Punjab
Hycarbex	Yasin	5	Sindh & Balochistan
KPBV	Makhad	2.5	KPK
Tallahasse	Karak North	2.5	KPK
MOL	Tal	5 (Exp) ~ 15 (Dev)*	KPK
MPCL	Bolan / Zarghun South	17.5	Balochishtan
MPCL	Wali West	2.5	KPK
MPCL	Sharan	2.5	Balochishtan
MPCL	Nareli	2.5	Balochishtan
OGDCL	Bitrism	5 (Exp) ~ 22.5 (Dev)*	Sindh
OGDCL	Guddu	5 (Exp) ~ 22.5 (Dev)*	Sindh & Punjab
OGDCL	Gwadar	2.5	Balochistan
OGDCL	Jhakro	22.5	Sindh
OGDCL	Khewari	5 (Exp) ~ 25 (Dev)*	Sindh
OGDCL	Khuzdar North	2.5	Balochistan

Operator	Concession / Block	Working Interest (%)	Province
OGDCL	Khuzdar South	2.5	Sindh & Balochistan
OGDCL	Kotra	5 (Exp) ~ 20 (Dev)*	Balochishtan
OGDCL	Nashpa	5 (Exp) ~ 15 (Dev)*	KPK
OGDCL	Nim	5 (Exp) ~ 22.5 (Dev)*	Sindh
OGDCL	Orakzai	4.66	KPK
OGDCL	Palantak	2.5	Balochistan
OGDCL	Pasni West	2.5	Balochistan
OGDCL	Pezu	2.64	Punjab & KPK
OGDCL	Rakhshan	2.5	Balochistan
OGDCL	Ranipur	2.5	Sindh
OGDCL	Chanda	5 (Exp) ~ 17.5 (Dev)*	KPK
OGDCL	Sinjhoro	5 (Exp) ~ 22.5 (Dev)*	Sindh
OGDCL	Tirah	5	KPK
OGDCL	Tando Allah Yar	5 (Exp) ~ 22.5 (Dev)*	Sindh
OGDCL	Gurgalot	5 (Exp)*	Punjab & KPK
OGDCL	Zin	5 (Exp)*	Balochistan
OGDCL	Lilla	2.5	Punjab
OGDCL	Jhelum	2.5	Punjab
OGDCL	Sujawal South	2.5	Sindh
OGDCL	Khewari East	2.5	Sindh
OGDCL	Suleiman	2.5	Balochistan
OPPL	Zamzama	25	Sindh
PEL	Block 22	5 (Exp) ~ 22.5 (Dev)*	Sindh
PEL	Kandra	5 (Exp) ~ 25 (Dev)*	Sindh
PEL	Mirpur Mathelo	5 (Exp)*	Sindh
POL	Pariwali	17.5	Punjab
POL	Minwal	17.5	Punjab
POL	North Dhurnal	2.5	Punjab
PPL	Bela West	2.5	Balochistan
PPL	Dhok Sultan	25	Punjab & KPK
PPL	Gambat South	25	Sindh
PPL	Hisal	2.5	Punjab
PPL	Mazarani	12.5	Sindh
PPL	Chachar	25	Sindh
PPL	Nausherwani	25	Balochistan
PPL	Shah Bandar	2.5	Sindh
PPL	Sirani	25	Sindh
PPL	South Kharan	2.5	Balochistan
PPL	Musakhel	2.5	Balochistan
PPL	Punjab	2.5	Punjab
UEP	Badin III	5 (Exp) ~ 25 (Dev)*	Sindh
UEP	Gambat / Tajjal	5 (Exp) ~ 22.5 (Dev)*	Sindh
UEP	Khipro	5 (Exp) ~ 25 (Dev)*	Sindh
UEP	Kuhan	2.5	Balochistan
UEP	Mehar	5 (Exp) ~ 25 (Dev)*	Sindh & Balochistan
UEP	Mehran	5 (Exp) ~ 25 (Dev)*	Sindh
UEP	Mirpur Khas	5 (Exp) ~ 25 (Dev)*	Sindh
UEP	Mubarak	5 (Exp) ~ 25 (Dev)*	Sindh
UEP	Sawan	22.5	Sindh
Paige	Murgha Faqir Zai	5 (Exp)*	Balochistan

* Exp- Exploratory phase
* Dev- Development phase

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 Basis of measurement

These financial statements have been prepared on the historical cost convention except for certain items as disclosed in the relevant accounting policies below.

2.3 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Pakistan Rupee (PKR/ Rupees/ Rs) which is the Company's functional currency.

3 NEW AND REVISED STANDARDS AND INTERPRETATIONS

3.1 New or amendments / interpretations to existing standards, interpretations and forthcoming

3.1 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the company:

		Effective date (annual reporting periods beginning on or after)
IAS 1	Presentation of Financial Statements (Amendments)	January 1, 2023
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors (Amendments)	January 1, 2023
IAS 12	Income Taxes (Amendments)	January 1, 2023
IAS 16	Property, Plant and Equipment (Amendments)	January 1, 2022
IAS 37	Provisions, Contingent Liabilities and Contingent Assets (Amendments)	January 1, 2022
IAS 41	Agriculture (Amendments)	January 1, 2022
IFRS 3	Business Combinations (Amendments)	January 1, 2022
IFRS 4	Insurance Contracts (Amendments)	January 1, 2023
IFRS 9	Financial Instruments (Amendments)	January 1, 2022
IFRS 16	Leases (Amendments)	January 1, 2022
IFRS 10	Consolidated Financial Statements (Amendments)	January 1, 2021
IAS 28	Investments in Associates and Joint Ventures (Amendments)	January 1, 2021

The management anticipates that adoption of above standards, amendments and interpretations in future periods will have no material impact on the Company's financial statements other than in presentation / disclosures.

Further, the following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP), for the purpose of their applicability in Pakistan:

IFRS 1	First-time Adoption of International Financial Reporting Standards
IFRS 17	Insurance Contracts

The following interpretations issued by the IASB have been waived of by SECP:

IFRIC 12 Service concession arrangements

3.2 Standards and amendments to approved accounting standards that are effective

There are certain arrangements and interpretations to the accounting and reporting standards which are applicable on the Company from July 1, 2021, however, these do not have significant impact on the Company's financial reporting.

3.3 The Securities and Exchange Commission of Pakistan (SECP) through S.R.O. 67(I)/2023 dated January 20, 2023, in partial modification of its previous S.R.O. 1177 (I)/2021 dated September 13,2021, has notified that in respect of companies holding financial assets due from the Government of Pakistan (GoP) in respect of circular debt, the requirements contained in IFRS 9 with respect to application of expected credit loss (ECL) model shall not be applicable till December 31, 2024, provided that such companies shall follow relevant requirements of IAS 39 'Financial Instruments: Recognition and Measurement' in respect of above referred financial assets during the exemption period. Earlier to the S.R.O. 985(I)/2019 dated September 02, 2019, SECP in a press release dated August 22, 2019 communicated that IFRS 9 needs to be looked into from Pakistan perspective where phenomenon like circular debt need to be given due consideration. It was noted that concerns expressed by companies regarding practical limitations in determining ECL on debts due from government, due to uncertain cash recovery patterns of circular debt, carry weight. Public information regarding expected settlement of circular debt by GoP in coming years may result in subsequent reversals of impairment losses recognized in 2019. Financial assets due from GoP include those that are directly due from GoP and that are ultimately due from GoP in consequence of the circular debt. In accordance with the exemption granted by SECP, ECL has not been assessed / recognized in respect of financial assets due directly / ultimately from GoP which includes trade debts amounting to Rs. 119,271 million (2021: Rs. 94,219 million) on account of inter-corporate circular debts.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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, the management has made the following estimates, assumptions and judgments which are relevant to these financial statements:

4.1 Property, plant and equipment - notes 5.1 and 6

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 - notes 5.3 and 8

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 - notes 5.4 and 9

Joint operations where Company has carried cost working interest, on announcement of commercial discovery, the Company initially provides for the liability related to relevant carried cost of the joint operations and then recognise 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 agreed with the operator.

4.4 Taxation - notes 5.14 and 30

In determining tax provision, the Company takes into account the current tax laws and decisions taken by appellate authorities. The current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. Instances where the Company's view differs from the view taken by the income tax department at the assessment stage and the Company considers that its view on items of material nature is in accordance with law, the amounts are disclosed as contingent liabilities unless the possibility of any outflow is remote. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax balances in the year in which such determination is made.

4.5 Measurement of the expected credit loss allowance - notes 5.10.1 and 15.3

The measurement of the Expected Credit Loss ("ECL") allowance for financial assets requires the use of complex models and significant assumptions about future economic conditions and credit behavior (e.g. the likelihood of counter parties 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;
- 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); and
- 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 - notes 5.12 and 26

Provision is recognized for the future decommissioning and restoration cost of oil and gas wells, production facilities and pipelines at the end of their useful lives and involves estimates related to future expected cost, discount rate and timing. Estimates of the amount of provision recognized are based on current legal and constructive requirements, technology and price levels. Provision is based on the best estimates, however, the actual outflows can differ from estimated cash outflows due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future. The estimated timing of decommissioning may change due to certain factors, such as reserve life, a decision to terminate operations or change in legislation. The carrying amount of provision is reviewed annually and adjusted to take account of such changes.

During the year, the Company revised its estimates of decommissioning cost, reserve life, discount and inflation rates. This has been treated as change in accounting estimates, applied prospectively, in accordance with IFRIC Interpretation 1 "Changes in Existing Decommissioning, Restoration and Similar Liabilities".

Following line items would have been affected had there been no change in estimates:

	Rupees
Provision for decommissioning cost would have been higher by	1,928,151
Property, plant and equipment would have been higher by	561,883
Development and production assets would have been higher by	997,475
Exploration & evaluation assets would have been higher by	21,571
Operating expenses would have been higher by	347,222
Total comprehensive income would have been lower by	347,222

4.7 Estimation of oil and natural gas reserves - notes 5.4 and 9

Oil and gas reserves are an important element in calculation of amortization charge and for impairment testing of development and production assets of the Company. Estimates of oil and natural gas reserves are inherently imprecise, require the application of judgement and are subject to future revision. 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 reserve estimates are subject to revision, either upward or downward, based on new information, such as from development, drilling and production activities or from changes in economic factors, including product prices, contract terms or development plans.

Changes in estimates of reserves, affects the amount of amortization recorded in the financial statements for development and production assets.

4.8 Impairment of non financial assets including development and production assets and related property, plant and equipment - notes 5.5, 6, 8 and 9

At each reporting date, the Company reviews the carrying amount of its non financial assets to determine whether there is any indication of impairment. If any such indication exists, then the assets recoverable amount is estimated.

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 that 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.

Impairment test of development and production assets and related property, plant and equipment is 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. For impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows largely independent of other assets or CGUs. The CGU applied for impairment test purpose is generally based on a number of fields grouped as a single cash generating unit where the cash flows of each field are inter-dependent.

The carrying value is compared against expected recoverable amount of an asset or CGU, generally by reference to the future net cash flows expected to be derived from such assets. An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in statement of profit or loss. The impairment loss is allocated to the assets in CGU on a pro rata basis.

Where conditions giving rise to impairment subsequently reverse, the effect of the impairment charge is also reversed as a credit in statement of profit or loss to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

4.9 Employee benefits - notes 5.13, 27 and 29.3

The Company operates an approved gratuity fund for its regular and contract employees. The obligation at the date of statement of financial position is measured at the present value of the estimated future cash outflows. Calculation of gratuity obligations require assumptions to be made of future outcomes which mainly includes increase in remuneration, expected long-term return on plan assets and the discount rate used to convert future cash flows to current values. Calculations are sensitive to changes in the underlying assumptions. The assumptions used vary for the different plans and they are determined by independent actuary annually.

The Company also has a policy whereby its regular/contractual employees are eligible to encash accumulated leave balance at the time of retirement/Contract renewal/Resignation up to a maximum of 90 days. The benefit obligations in respect of compensated absences are sensitive to changes in the underlying assumptions. The assumptions used vary and they are determined by independent actuary annually.

4.10 Provision against financial assets not subject to ECL model - notes 5.10.1 and 15.3

As referred to note 3.3, the SECP has deferred applicability of ECL model in respect of financial assets due directly/ ultimately from Government of Pakistan (GoP) till June 30, 2023 in respect of circular debt. Accordingly, the Company reviews the recoverability of its trade debts and investments that are due directly/ ultimately from GoP in respect of circular debt to assess whether there is any objective evidence of impairment as per requirements of IAS 39 'Financial Instruments: Recognition and Measurement' at each reporting date.

The Company has overdue receivables on account of inter-corporate circular debt. These overdue balances are receivable from oil refineries and gas distribution companies. The Government of Pakistan (GoP) is committed, hence continuously pursuing for satisfactory settlement of inter-corporate circular debt issue. However, the progress is slower than expected resulting in accumulation of Company's debts. Inter-corporate circular debt in Pakistan arises due to delayed payments in the energy sector supply chain; GoP either directly or through its direct/indirect ownership of entities within energy sector supply chain is at the core of circular debt issue. The Central Power Purchase Agency (CPPA), a government owned entity, is sole power purchaser for the Country and the circular debt is a shortfall of payments primarily by the CPPA, however, in case of gas distribution and transmission companies the shortfall also occurs because of a delay in receipts of subsidies from the GoP for supply of gas to certain domestic/industrial consumers.

Settlement of the Company's receivables is slower than the contractual terms primarily because circular debt is a macro economic level issue in Pakistan and its level at any given time is dependent on policies and/or priorities of the GoP, the level of subsidies offered by GoP to certain domestic and industrial consumers, exchange rate fluctuations, global crude oil prices and certain other systemic issues within energy sector (tariffs, losses, non/ delayed recoveries).

The Company's assessment of objective evidence of impairment with respect to over due amounts on account of inter-corporate circular debt takes into account commitment made by the GoP, contractual rights to receive compensation for delayed payments and plans of the GoP to address the issue of inter-corporate circular debt.

The Company has contractual right and is entitled to charge interest if payments from customers delayed beyond credit terms, however, the Company recognizes interest, if any, on delayed payments from customers or investments only to the extent that it is highly probable that a significant reversal in the amount of income recognized will not occur when the uncertainty associated with the interest is subsequently resolved, which is when the interest on delayed payments is received by the Company.

4.11 Stores, spares & loose tools - share in Joint operations' inventory - notes 5.9 and 13

The Company reviews the stores, spares and loose tools for possible write downs / provisions on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items with a corresponding affect on the provision.

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), except for freehold land and capital work in progress, which are stated at cost less impairment loss (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 over the useful life of the underlying asset. The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. Maintenance and normal repairs are charged to statement of profit or loss.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising on derecognition of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in as other income in the statement of profit or loss.

Capital work in progress is transferred to the respective item of property, plant and equipment when available for intended use.

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. Costs associated with routine maintenance of intangible assets are recognized as an expense when incurred. However, costs that are directly attributable to identifiable intangible assets and which enhance or extend the performance of intangible assets beyond the original specification and useful life is recognized as capital improvement and added to the original cost of the software. The cost of intangible is amortized over the estimated useful life on a 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 (E&E Assets)

The exploration cost of all those joint operations is accounted for under the "Successful Efforts" method. Under the successful efforts method of accounting, all property acquisitions, exploratory/evaluation drilling costs are initially capitalized as intangible Exploration and Evaluation (E&E) assets in well, field or specific exploration cost centers as appropriate. Costs directly associated with an exploratory well are capitalized as an intangible asset until the drilling of the well is completed and results have been evaluated. Major costs include employee benefits, material, chemical, fuel, well services and rig operational costs. All other exploration costs including cost of technical studies, seismic acquisition and data processing, geological and geophysical activities are charged in the statement of profit or loss as exploration and prospecting expenditure. Pre license cost are charged to statement of profit or loss as and when they are incurred.

Intangible E&E assets relating to each exploration license / field are carried forward, until the existence or otherwise of commercial reserves have been determined subject to certain limitations including review for indications of impairment. If commercial reserves have been discovered, the carrying value after any impairment loss of the relevant E&E assets is then reclassified as development and production assets and if commercial reserves are not found, the related costs are written off in statement of profit or loss. E&E assets are not amortized prior to the conclusion of appraisal activities.

5.4 Development and production assets (D&P Assets)

During exploratory phase under carried cost working interest holding, 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 joint operation 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 statement of 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 note 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, over the estimated useful life of the field determined by reference to proved reserves, on a field by field basis. Changes in the estimates of commercial reserves or future field development costs are dealt with prospectively. Amortization is charged to statement of profit or loss. 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.

5.5 Impairment of non financial assets

At each reporting date, the Company reviews the carrying amount of its non financial assets to determine whether there is any indication of impairment. If any such indication exists, then the assets recoverable amount is estimated.

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 that 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.

Impairment test of development and production assets and related property, plant and equipment is 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.

For impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows largely independent of other assets or CGUs. The carrying value is compared against expected recoverable amount of an asset or CGU, generally by reference to the future net cash flows expected to be derived from such assets. An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in statement of profit or loss.

Where conditions giving rise to impairment subsequently reverse, the effect of the impairment charge is also reversed as a credit in profit or loss to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

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 Impairment of Assets.

5.6 Joint operations

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual right and obligations of the parties to the arrangement. The Company has assessed the nature of its joint arrangements and determined them to be joint operations. The Company has recognized its share of assets, liabilities, income and expenditure jointly held or incurred under the joint operations on the basis of latest available audited accounts of the joint operations and where applicable, the cost statements received from operators of the joint arrangements for the intervening period up to the statement of financial position date.

5.7 Investment in subsidiary

Investment in subsidiary is initially recognised at cost. At subsequent reporting date, recoverable amounts are estimated to determine the extent of impairment loss, if any, and carrying amount of investment is adjusted accordingly. Impairment losses are recognised as expense in the statement of profit or loss. Where impairment loss is subsequently reversed, the carrying amounts of investment are increased to its revised recoverable amount, limited to the extent of initial cost of investment. Reversal of impairment losses are recognised in the statement of profit or loss.

The profits or losses of subsidiaries are carried forward in their financial statements and are not dealt within these financial statements except to the extent of dividend declared by the subsidiaries. Gains and losses on disposal of investment are included in other income. When the disposal on investment in subsidiary results in loss of control such that it becomes an associate, the retained investment is carried at cost.

5.8 Investment in associated company

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

The results, assets and liabilities of the associate have been incorporated in these financial statements using the equity method of accounting. Under the equity method, investments in associates are initially recognized at cost adjusted thereafter to recognize the Company's share of the post-acquisition profits or losses of the associate in profit or loss and the Company's share of movements in other comprehensive income of the associate in other comprehensive income. Dividends received or receivable from the associate is recognized as a reduction in the carrying amount of the investment. Adjustments to the carrying amount may also be necessary for changes arising from the foreign exchange translation differences. The investor's share of those changes is recognised in the investor's other comprehensive income. Losses of an associate in excess of Company's interest in that associate are recognized only to the extent that the Company has incurred legal or constructive obligation or made payment on behalf of the associate. Where objective evidence of impairment of investment in associate is identified, then the carrying amount of equity-accounted investment is tested for impairment in accordance with the policy described in note 5.5.

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

Stores, spares & loose tools are valued at the lower of cost and net realizable value less impairment 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.

5.10 Financial instruments

All financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. All the financial assets are derecognized at the time when the Company losses 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 de-recognition of the financial assets and financial liabilities are taken to the statement of profit or loss.

5.10.1 Financial assets

Classification

The Company classifies its financial assets in the following measurement categories:

a) Amortized cost where the effective interest rate method will apply;
b) Fair value through profit or loss (FVTPL); and
c) Fair value through other comprehensive income (FVTOCI)

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in statement of profit or loss or statement of other comprehensive income (OCI). For investments in equity instruments that are not held for trading, this depends on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVTOCI). The Company reclassifies debt investments when and only when its business model for managing those assets changes.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in statement of profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

(a) Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other operating gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

(b) Fair value through other comprehensive income (FVTOCI)

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to statement of profit or loss and recognised in other income/charges. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other income/charges and impairment expenses are presented as separate line item in the statement of profit or loss.

(c) Fair value through profit or loss (FVTPL)

Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in the statement of profit or loss and presented net within other operating gains/(losses) in the period in which it arises.

De-recognition of financial assets

A financial asset (or, where applicable part of a financial asset or part of a group of similar financial assets) is derecognized when:

i) The rights to receive cash flows from the asset have expired.

ii) The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset.

In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

The Company assesses on a forward looking basis the Expected Credit Losses (ECL) associated with its debt instruments carried at amortised cost and FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Following are financial instruments that are subject to the ECL model:

- Trade debts
- Loans, advances, and other receivables
- Cash and bank balances
- Deposit with the Government of Pakistan for equity stake in Reko Diq project
- Loans to subsidiaries and staff
- Receivable from Government of Pakistan (GoP)
- Short term investments

General approach for loans, advances, and other receivables, cash, and bank balances, deposits, short term investments, deposit with the Government of Pakistan for equity stake in Reko Diq project, loans to subsidiaries and staff and receivable from Government of Pakistan

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. The magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information (adjusted for factors that are specific to the counterparty, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate). As for the exposure at default for financial assets, this is represented by the assets' gross carrying amount at the reporting date. Loss allowances are forward looking, based on 12 month expected credit losses where there has not been a significant increase in credit risk rating, otherwise allowances are based on lifetime expected losses.

Expected credit losses are a probability weighted estimate of credit losses. The probability is determined by the risk of default which is applied to the cash flow estimates. In the absence of a change in credit rating, allowances are recognised when there is reduction in the net present value of expected cash flows. On a significant increase in credit risk, allowances are recognised without a change in the expected cash flows, although typically expected cash flows do also change; and expected credit losses are rebased from 12 month to lifetime expectations.

Simplified approach for trade debts

The Company recognises life time ECL on trade debts, using the simplified approach. The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;

- reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Trade debts are separately assessed for ECL measurement. The lifetime expected credit losses are estimated using the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Significant increase in credit risk

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the instrument as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable forward-looking information.

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations;

- actual or expected significant changes in the operating results of the debtor;

- significant increase in credit risk on other financial instruments of the same debtor;

- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees;

- significant financial difficulty of the borrower;

- a breach of contract, such as a default or past due event;

- the company for economic or contractual reasons relating to the borrower's financial difficulty, have granted to the borrower a concession(s) that the Company would not otherwise consider;

- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

- the disappearance of an active market for that financial asset because of financial difficulties; if applicable.

Definition of default

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that

the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collaterals held by the Company). Irrespective of the above analysis, a significant increase in credit risk is presumed if a debtor is more than 365 days past due in making a contractual payment unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Recognition of loss allowance

The Company recognizes an impairment gain or loss in the statement of profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Write-off

The Company write off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount.

5.10.2 Financial liabilities

Classification, initial recognition and subsequent measurement

The Company classifies its financial liabilities in the following categories:

– at fair value through profit or loss ("FVTPL"); and
– at amortized cost.

The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in the case of other financial liabilities, also include directly attributable transaction costs. The subsequent measurement of financial liabilities depends on their classification, as follows:

Fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held-for-trading and financial liabilities designated upon initial recognition as being at fair value through profit or loss. The Company has not designated any financial liability upon recognition as being at fair value through profit or loss.

Amortised cost

After initial recognition, other financial liabilities which are interest bearing are subsequently measured at amortized cost, using the effective interest rate method. Gain and losses are recognized in the statement of profit or loss, when the liabilities are derecognized as well as through effective interest rate amortization process.

De-recognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of profit or loss.

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 derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statement of profit or loss.

Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position if the Company has legally enforceable right to set-off the recognized amounts and the Company intends to settle on a net basis or realize the asset and settle the liability simultaneously.

5.11 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise of term depository receipts maturing within 3 months, cash in hand, cash at banks and the related accrued interest income maturing within 3 months. 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.

5.12 Decommissioning cost

The activities of the Company normally give rise to obligations for site restoration. Restoration activities may include abandonment and removal of wells, facility decommissioning and dismantling, removal or treatment of waste materials, land rehabilitation, and site restoration.

Liabilities for decommissioning cost are recognized when the Company has an obligation for site restoration, and when a reliable estimate of that liability can be made. The Company makes provision in full for the decommissioning cost on the declaration of commercial discovery of the reserves, to fulfil the obligation of site restoration and rehabilitation. The obligations for oil and natural gas production or transportation facilities, are required on construction or installation. An obligation for decommissioning may also crystallize during the period of operation of a well / facility through a change in legislation or through a decision to terminate operations.

The amount recognized is the estimated cost of decommissioning, discounted to its net present value at a current pre-tax discount rate that reflects the risks specific to the decommissioning liability and the expected outflow of economic resources to settle this obligation is up to next thirty years.

Decommissioning cost, as appropriate, relating to producing or developing fields is capitalized to the cost of development and production assets and property, plant and equipment as the case may be. The recognized amount of decommissioning cost is subsequently amortized/depreciated as part of the capital cost of the development and production assets on a unit of production method and property, plant and equipment over the assets useful life respectively. At the time of decommissioning of the field, any differences arising from settlement of the provision are recognized in statement of profit or loss.

While the provision is based on the best estimate of future costs and the economic life of the fields, there is uncertainty regarding both the amount and timing of incurring these costs. The Company reviews the decommissioning provision at the reporting date. Any change in the present value of the estimated expenditure is dealt with prospectively and reflected as an adjustment to the provision and a corresponding adjustment to property, plant and equipment and development and production assets. If a decrease in a provision is greater than the carrying value of asset, the excess is recognized in statement of profit or loss. The unwinding of the discount on the decommissioning provision is recognized as finance cost in the statement of profit or loss.

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 Impairment of Assets.

5.13 Employee benefits

Employees gratuity fund

The Company operates approved gratuity fund for its regular and contract employees. The investments of gratuity funds are made through approved trust funds. Employees are entitled to benefits under gratuity fund from July 1, 2010. Contributions are made in accordance with actuarial recommendations. Actuarial valuations are conducted by an independent actuary, annually using projected unit credit method related details of which are given in note 29 to the financial statements. The obligation at the date of statement of financial position is measured at the present value of the estimated future cash outflows.

Actuarial gains and losses (remeasurement gains/losses) on employees' gratuity fund are recognised immediately in other comprehensive income and past service cost is recognized in statement of profit or loss when they occur.

Cost primarily represents the increase in actuarial present value of the obligation for the employees' gratuity fund earned on employees service during the year and the interest on the net liability/(asset) in respect of employee's service in previous years. Calculations are sensitive to changes in the underlying assumptions.

Calculation of gratuity obligations require assumptions to be made of future outcomes which mainly includes increase in remuneration, expected long-term return on plan assets and the discount rate used to convert future cash flows to current values. Calculations are sensitive to changes in the underlying assumptions. The assumptions used vary for the different plans and they are determined by independent actuary annually.

Employee compensated absences

The Company provides for compensated absences for all eligible employees in accordance with the rules of the Company.

Defined contribution plan

The Company operates an approved contributory provident fund for all employees. Equal monthly contribution is made both by the Company and the employee to the fund at the rate of 8.33% of basic salary. The Company's contributions are recognised as employee benefit expense when they are due.

5.14 Taxation

Income tax expense comprises of current and deferred tax.

Current tax

Provision for current taxation is based on taxable income at the applicable rates of taxation after taking into account tax credits and tax rebates, if any, adjusted for payments to the Government of Pakistan (GoP) for payments on account of royalty and any adjustment to tax payable in respect of previous years. Income tax expense is recognised in statement of profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

The Company recognises provision for income tax based on best current estimates. However, where the final tax outcome is different from the amounts that were initially recorded, such differences impact the income tax provision in the period in which such determination is made.

The Company takes into account the current income tax law and decisions taken by the taxation authorities. Instances where the Company's views differ from the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

Deferred tax

Deferred income tax is accounted for using the statement of financial position liability method in respect of all temporary differences arising between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, un-used tax losses and tax credits can be utilized. Deferred tax is calculated at the rates that are substantially expected to apply to the period when the differences reverse based on the tax rates that have been enacted. Deferred tax is charged or credited to income except in the case of items credited or charged to equity in which case it is included in equity.

Deferred taxation is recognised taking into account availability of taxable profits. The management uses assumptions about future best estimates of the availability of future taxable profits based on available information.

Offsetting deferred tax assets and liabilities

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Group taxation

The Company has opted for group taxation regime and thereby to be taxed as a one fiscal unit along with its wholly owned subsidiaries under the Income Tax Ordinance, 2001. Current and deferred income taxes are recognised by each entity within the Group in their respective statement of comprehensive income, regardless of who has the legal rights or obligation for the recovery or payment of tax from or to the tax authorities. However, tax liability / receivable is shown by the Company based on annual tax computation, who has the legal obligation to pay or right of recovery of tax from the taxation authorities. Balances between the group entities on account of group tax is shown as other receivable / liability by the Company.

5.15 Provisions and contingent liabilities

A provision is recognised in the statement of financial position when the Company has a present, legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of such obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax discount rate that reflects current market assessment of time value of money and risk specific to the liability.

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

5.16 Revenue recognition

Revenue from contracts with customers is recognized when or as the Company satisfies a performance obligation by transferring a promised good to a customer. Revenue associated with the sale of crude oil, gas and liquefied petroleum gas is recognized at transaction price that is allocated to that performance obligation. Revenue from contracts with customers is recognized when the Company satisfies a performance obligation by transferring a promised good to a customer. A good is transferred when the customer obtains control of that good or service. The transfer of control of crude oil, 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 recognizes revenue relating to the performance.

Revenue is measured at the transaction price, net of government levies. Transaction prices of crude oil and gas are specified in relevant agreements and / or as notified by the government authorities based on agreements with customers, relevant applicable petroleum policy, decision of Economic Coordination Committee (ECC) of the Cabinet or Petroleum Concession Agreements. Prices of liquefied petroleum gas are approved by the appropriate authority of operator keeping in view the ceiling price notified by Oil & Gas Regulatory Authority (OGRA). 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 Government of Pakistan (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. The Company based on its assessment has not identified a significant financing component in its current contracts with customers because payment terms of 30 to 45 days are explicitly specified and delay in settlement of invoices does not result in a significant financing component.

5.17 Finance income and expense

Finance income comprises interest income on funds invested or loan issued to subsidiaries and exchange gain. Interest income of financial assets at amortized cost is calculated using the effective interest method and is recognized in statement of profit or loss. Interest income is calculated by applying the effective interest rate to gross carrying amount of a financial asset except for financial assets that subsequently become credit impaired. For credit impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial assets. Dividend income is recognized when the right to receive the payment is established. Foreign currency gains and losses are reported on a net basis.

The Company has contractual right and is entitled to charge interest if payments from customers delayed beyond credit terms, however, the Company recognizes interest, if any, on delayed payments from customers only to the extent that it is highly probable that a significant reversal in the amount of income recognized will not occur when the uncertainty associated with the interest is subsequently resolved, which is when the interest on delayed payments is received by the Company.

Finance cost comprises interest expense on borrowings (if any), unwinding of discount on provisions or liability and bank charges. Mark up, interest and other charges on borrowings are charged to profit or loss in the period in which they are incurred.

5.18 Foreign currencies

5.18.1 Foreign currency transactions and translations

Transactions in foreign currencies are recorded at the rates of exchange ruling on the date of the transaction. All monetary assets and liabilities denominated in foreign currencies are translated into Pakistani Rupees at the rate of exchange ruling on the statement of financial position date and exchange differences, if any, are credited / charged to statement of profit or loss for the year.

5.18.2 Foreign operations

The transactions of foreign operation are translated at rate of exchange prevailing on the date of transaction. All monetary and non-monetary assets and liabilities of foreign operation are translated into Pak Rupees at exchange rate prevailing at the date of statement of financial position and the resulting currency translation differences are recognized in other comprehensive income and accumulated as a separate reserve in equity until the disposal of foreign operation, upon which these are reclassified from equity to statement of profit or loss when gain or loss on disposal is recognized.

5.19 Dividends and reserves

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

5.20 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.

5.21 Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liability unless payment is not due within twelve (12) months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

5.22 Reserves

The Company has a policy to set aside out of the profits of the Company such amount as the Company think proper as a reserve or reserves, which shall, at the discretion of the board of directors, be applicable for meeting contingencies, or for any other purpose to which the profits of the Company may be properly applied, and pending such application may, in the like discretion, either be employed in the business of the Company or be invested in such investments, (other than shares of the Company) as the board of directors may from time to time think fit. Reserves are reviewed periodically and adjusted as necessary by the board of directors.

		Note	2022	2021
			---Rupees ('000)---	
6	**PROPERTY, PLANT AND EQUIPMENT**			
	Owned fixed assets	6.1	**41,803**	50,878
	Share in Joint operations' fixed assets	6.2	**24,021,823**	24,900,717
	Share in Joint operations' capital work in progress	6.3	**3,366,195**	3,089,920
			27,429,821	28,041,515

6.1 Owned fixed assets

	Office equipment	Furniture and fixtures	Computer equipment	Vehicles	Total
	---Rupees ('000)---				
As at July 1, 2020					
Cost	24,663	30,653	41,622	11,836	108,774
Accumulated depreciation	(15,113)	(14,094)	(18,768)	(9,366)	(57,342)
Net book value	9,550	16,559	22,854	2,470	51,432
Year ended June 30, 2021					
Opening net book value	9,550	16,559	22,854	2,470	51,432
Additions	13,226	2,404	3,600	-	19,229
Disposals					
Cost	438	-	811	-	1,249
Accumulated depreciation	(438)	-	(811)	-	(1,249)
	-	-	-	-	-
Depreciation charge	(4,923)	(3,860)	(9,945)	(1,055)	(19,783)
Closing net book value	17,852	15,103	16,509	1,414	50,878
As at July 1, 2021					
Cost	**37,450**	**33,057**	**44,411**	**11,836**	**126,754**
Accumulated depreciation	**(19,598)**	**(17,954)**	**(27,902)**	**(10,422)**	**(75,876)**
Net book value	**17,852**	**15,103**	**16,509**	**1,414**	**50,878**
Year ended June 30, 2022					
Opening net book value	**17,852**	**15,103**	**16,509**	**1,414**	**50,878**
Additions	**2,349**	**2,777**	**9,472**	**-**	**14,598**
Disposals					
Cost	**3,769**	**243**	**2,266**	**-**	**6,278**
Accumulated depreciation	**(3,741)**	**(218)**	**(2,266)**	**-**	**(6,225)**
	(28)	**(25)**	**-**	**-**	**(53)**
Depreciation charge	**(6,587)**	**(4,305)**	**(11,676)**	**(1,052)**	**(23,620)**
Closing net book value	**13,586**	**13,550**	**14,305**	**362**	**41,803**
As at June 30, 2022					
Cost	**36,030**	**35,591**	**51,617**	**11,836**	**135,074**
Accumulated depreciation	**(22,444)**	**(22,041)**	**(37,312)**	**(11,474)**	**(93,271)**
Net book value	**13,586**	**13,550**	**14,305**	**362**	**41,803**
Annual rate of depreciation (%)	20	15	20-33	20	

6.2 **Share in Joint operations' fixed assets**

	Leasehold land	Plant and equipment	Pipelines	Office equipment	Furniture and fixtures	Vehicles	Decommissioning cost	Total
	Rupees ('000)							
As at July 1, 2020								
Cost	54,215	44,670,646	7,358,278	335,957	77,807	172,609	1,082,836	53,752,348
Accumulated depreciation	(40,460)	(20,088,196)	(3,877,138)	(284,688)	(71,939)	(159,454)	(505,699)	(25,027,574)
Accumulated Impairment	(6,458)	(2,851,547)	(634,729)	(25,939)	(3,815)	(3,130)	(59,032)	(3,584,649)
Net book value	7,297	21,730,903	2,846,411	25,330	2,052	10,025	518,105	25,140,125
Year ended June 30, 2021								
Opening net book value	7,297	21,730,903	2,846,411	25,330	2,052	10,025	518,105	25,140,123
Additions	680	934,064	413,711	8,789	62	7,291	387,526	1,752,122
Adjustment of decommissioning cost	-	(351,056)	(58,905)	-	-	-	(310,680)	(720,641)
Transfers from CWIP	-	849,118	201,721	-	-	-	221	1,051,060
Depreciation charge	(1,489)	(1,938,336)	(402,806)	(8,240)	(636)	(7,406)	61,197	(2,297,716)
Impairment charge	-	(9,611)	(14,591)	(30)	-	-	-	(24,232)
Closing net book value	6,488	21,215,081	2,985,540	25,849	1,478	9,910	656,370	24,900,717
As at July 1, 2021								
Cost	54,895	46,102,772	7,914,804	344,746	77,869	179,900	1,159,903	55,834,889
Accumulated depreciation	(41,950)	(22,026,532)	(4,279,944)	(292,928)	(72,575)	(166,860)	(444,502)	(27,325,291)
Accumulated Impairment	(6,458)	(2,861,159)	(649,320)	(25,969)	(3,816)	(3,130)	(59,032)	(3,608,882)
Net book value	6,488	21,215,081	2,985,540	25,849	1,478	9,910	656,370	24,900,717
Year ended June 30, 2022								
Opening net book value	**6,488**	**21,215,081**	**2,985,540**	**25,849**	**1,478**	**9,910**	**656,370**	**24,900,717**
Additions	**-**	**1,762,650**	**357,238**	**6,077**	**(180)**	**4,399**	**95,424**	**2,225,607**
Adjustment of decommissioning cost	**-**	**(251,847)**		**-**	**-**	**-**	**(291,231)**	**(543,078)**
Transfers From CWIP	**-**	**301,389**	**178,676**	**-**	**-**	**-**	**-**	**480,065**
Depreciation charge	**-**	**(2,145,065)**	**(319,277)**	**(4,568)**	**(207)**	**(5,259)**	**(107,304)**	**(2,581,680)**
Impairment charge	**(6,488)**	**(310,143)**	**(121,677)**	**(4,302)**	**-**	**(66)**	**(17,132)**	**(459,808)**
Closing net book value	**-**	**20,572,065**	**3,080,500**	**23,056**	**1,091**	**8,984**	**336,127**	**24,021,823**
As at June 30, 2022								
Cost	**54,895**	**47,914,964**	**8,450,718**	**350,823**	**77,689**	**184,299**	**964,096**	**57,997,483**
Accumulated depreciation	**(41,950)**	**(24,171,598)**	**(4,599,221)**	**(297,496)**	**(72,782)**	**(172,119)**	**(551,806)**	**(29,906,971)**
Accumulated Impairment	**(12,945)**	**(3,171,301)**	**(770,997)**	**(30,271)**	**(3,816)**	**(3,196)**	**(76,163)**	**(4,068,689)**
Net book value	**-**	**20,572,065**	**3,080,500**	**23,056**	**1,091**	**8,984**	**336,127**	**24,021,823**
Annual rate of depreciation (%)	33-4	33-4	33-4	20	15	20	33-4	

	2022	2021
	-----------Rupees ('000)-----------	
6.3 Share in Joint operations' capital work in progress		
Balance at the beginning of the year	**3,311,421**	2,865,291
Cost incurred during the year	**756,340**	1,592,167
Transferred to development and production assets	**-**	(94,977)
Transferred to share in Joint operations' fixed assets	**(480,065)**	(1,051,060)
	3,587,696	3,311,421
Accumulated impairment	**(221,501)**	(221,501)
Balance at the end of the year	**3,366,195**	3,089,920

6.3.1 Total capitalised cost includes asset decommissioning cost amounting to Rs. 151,892 as at June 30, 2022 (2021: Rs. 147,027)

	Note	2022	2021
		-----------Rupees ('000)-----------	
6.4 Allocation of depreciation			
Operating expenses	34	**2,581,680**	2,297,716
General and administrative expenses	37	**23,620**	19,783
		2,605,300	2,317,499
6.5 Allocation of impairment / (reversal) of impairment			
Operating expenses	34	**459,808**	235,200

6.6 As the Company is a non-operator, property, plant and equipment other than owned fixed assets are not in the possession of the Company and are operated by joint operations in which the Company has working interest.

	2022	2021
7 INTANGIBLE ASSTES - SOFTWARES	-----------Rupees ('000)-----------	
Cost	116,143	114,124
Accumulated amortisation	(108,271)	(90,059)
Net book value	7,872	24,065
Opening net book value	24,065	47,489
Additions	2,019	2,421
Disposals		
Cost	-	-
Accumulated amortisation	-	-
	-	-
Amortisation charge for the year	(18,212)	(25,845)
Closing net book value	7,872	24,065
Annual rate of amortization (%)	33%	33%

			2022	2021
8	**EXPLORATION AND EVALUATION ASSETS**		------------Rupees ('000)------------	
	Balance at beginning of the year		**5,752,966**	5,456,332
	Expenditure incurred during the year		**410,709**	978,946
			6,163,675	6,435,279
	Cost of dry and abandoned wells during the year	36	**(388,609)**	(306,996)
	Transfer to development and production assets during the year		**-**	(375,317)
			(388,609)	(682,313)
	Balance at end of the year		**5,775,066**	5,752,966

8.1 Total capitalised cost includes asset decommissioning cost amounting to Rs. 7,293 at June 30, 2022 (2021: Rs. 28,864).

9 DEVELOPMENT AND PRODUCTION ASSETS

2022		Cost						Amortization			Impairment			Carrying amount
Particulars	Working interest	As at Jul 1, 2021	Additions	Adjustments	Adjustment of Decommission-ing Cost	Transfers	As at June 30, 2022	As at Jul 1, 2021	Charge for the year	As at June 30, 2022	As at Jul 1, 2021	Charge for the year	As at June 30, 2022	As at June 30, 2022
		Rupees ('000)						Rupees ('000)			Rupees ('000)			Rupees ('000)
Producing fields-Joint operations														
Badin III	25.00%	306,792	-	-	-	-	306,792	306,792	-	306,792	-	-	-	-
Block-22 (all fields)	22.50%	268,275	-	(8,370)	-	-	259,905	213,086	(8,370)	204,716	55,187	-	55,187	-
Ahmadal/Panwali	17.50%	778,714	758	-	-	-	779,472	595,917	41,695	637,512	-	-	-	141,960
Minwal	17.50%	3,647	184	-	-	-	3,831	1,686	96	1,782	-	-	-	2,049
Mazarani	12.50%	136,641	-	(39)	-	-	136,602	115,312	(39)	115,273	21,328	-	21,328	1
Sawan	22.50%	3,411,766	8,555	-	-	-	3,420,321	2,596,330	26,688	2,623,018	604,063	-	604,063	193,240
Zamzama	25.00%	4,554,369	1,863	(587)	-	218,781	4,774,426	3,683,826	27,736	3,711,562	870,287	146,443	1,016,730	46,134
Mubarak	25.00%	1,351,278	53,422	-	-	-	1,404,700	215,260	56,951	272,211	1,025,477	64,398	1,089,875	42,614
Nim	22.50%	291,293	78,486	-	-	151,065	520,844	115,903	121,580	237,483	-	-	-	283,361
Mehran	25.00%	69,203	-	-	-	-	69,203	1,933	-	1,933	67,270	-	67,270	-
Chanda*	17.50%	1,612,514	5,121	(1,121)	(78)	-	1,616,436	999,805	166,675	1,166,480	-	-	-	449,956
Gambat	25.00%	441,439	964	-	-	-	442,403	241,756	964	242,720	199,682	-	199,682	1
Tal (all fields)*	15.00%	6,274,350	96,251	-	(116,926)	-	6,253,675	4,839,519	432,895	5,272,414	-	-	-	981,261
Khipro (all fields)*	25.00%	2,870,345	411,781	(20,488)	(15,647)	-	3,245,991	2,230,132	183,212	2,413,344	-	-	-	832,647
MirpurKhas (all fields)*	25.00%	5,570,871	708,614	(41,171)	(37,686)	-	6,200,628	4,606,306	530,142	5,136,448	-	-	-	1,064,180
Chachar*	25.00%	257,891	-	-	(6,030)	-	251,861	158,956	104	159,060	91,855	-	91,855	946
Nashpa*	15.00%	5,007,511	4,441	(16,286)	(7,572)	41,391	5,029,483	2,098,007	636,895	2,734,902	-	-	-	2,294,581
Sinjhoro*	22.50%	501,138	334,418	-	(5,166)	-	830,390	370,593	102,009	472,602	-	-	-	357,788
Mehar	25.00%	3,318,982	1,059,157	(5,734)	-	-	4,372,405	1,194,311	551,419	1,745,730	-	671,218	671,218	1,955,457
Jhakro	22.50%	10,107	-	-	-	-	10,107	10,030	49	10,079	-	28	28	-
Guddu	22.50%	154,910	29	-	-	-	154,939	111,424	8,431	119,855	-	-	-	35,084
Bolan	17.50%	563,789	2,950	(924)	-	-	565,815	372,328	100,783	473,111	-	-	-	92,704
Gambat South*	25.00%	1,809,757	-	(3,903)	(70,924)	-	1,734,930	539,539	162,988	702,627	-	-	-	1,032,403
Bitrisim	22.50%	286,080	26,827	-	-	-	312,907	70,220	50,012	120,232	-	-	-	192,675
Tando Allah Yar (all fields)*	22.50%	267,760	887	-	(10,118)	-	258,519	179,012	36,362	215,374	-	-	-	43,145
Shah Bandar*	2.50%	59,951	4	-	(938)	-	59,017	11,342	45,688	57,030	-	-	-	1,987
Khewari	22.50%	176,725	5,598	-	-	27,440	209,763	-	6,770	6,770	-	-	-	202,993
Decommissioning cost		3,299,948	443,577	-	(681,178)	-	3,062,347	1,337,923	523,613	1,861,536	195,352	36,569	231,921	968,890
Sub total producing fields		43,656,036	3,243,887	(98,625)	(952,263)	438,677	46,287,712	27,217,250	3,806,248	31,022,498	3,130,501	918,656	4,049,157	11,216,057

*This includes reversal of decommissioning cost amounting Rs. 271,036 directly made against related field assets under provisions of IFRIC 1 - Changes in existing decommissioning, restoration and similar liabilities.

Developing fields-Joint operations

2022		Cost						Amortization			Impairment			Carrying amount
Particulars	Working Interest	As at Jul 1, 2021	Additions	Adjustments	Adjustment of Decommissioning Cost	Transfers	As at June 30, 2022	As at Jul 1, 2021	Charge for the year	As at June 30, 2022	As at Jul 1, 2021	Charge for the year	As at June 30, 2022	As at June 30, 2022
		Rupees ('000)						Rupees ('000)			Rupees ('000)			Rupees ('000)
Developing fields-Joint operations														
Mehar	25.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
Tando Allah Yar (all fields)	22.50%	-	25,311	-	-	-	25,311	-	-	-	-	-	-	25,311
Kandra	25.00%	3,577	-	-	-	-	3,577	-	-	-	3,577	-	3,577	-
Nim	22.50%	148,258	-	-	-	(151,065)	(2,807)	-	-	-	-	-	-	(2,807)
Kotra	20.00%	89,343	-	(1,401)	-	-	87,942	-	-	-	50,824	-	50,824	37,118
Tal	15.00%	-	255,366	-	-	-	255,366	-	-	-	-	-	-	255,366
MirpurKhas (all fields)	25.00%	-	139,781	-	-	-	139,781	-	-	-	-	-	-	139,781
Khipro (all fields)	25.00%	7,420	148,867	-	-	-	156,287	-	-	-	-	-	-	156,287
Nashpa	15.00%	48,614	565,358	-	-	(41,391)	572,581	-	-	-	-	-	-	572,581
Gambat South	25.00%	970,684	-	-	-	-	970,684	-	-	-	-	-	-	970,684
Block-22	22.50%	15,534	-	-	-	-	15,534	-	-	-	15,534	-	15,534	-
Zamzama	25.00%	218,781	-	-	-	(218,781)	-	-	-	-	146,443	(146,443)	-	-
Sinjhoro	22.50%	-	163,010	-	-	-	163,010	-	-	-	-	-	-	163,010
Chanda	17.50%	-	-	-	-	-	-	-	-	-	-	-	-	-
Khewari	22.50%	154,196	42,523	(60,579)	-	(27,440)	108,700	-	-	-	-	-	-	108,700
Decommissioning cost		169,546	161	-	(45,212)	-	124,495	-	-	-	7,294	-	7,294	117,201
Sub total developing fields		1,825,953	1,340,377	(61,980)	(45,212)	(438,677)	2,620,461	-	-	-	223,672	(146,443)	77,229	2,543,232
Total		45,481,989	4,584,264	(160,605)	(997,475)	-	48,908,173	27,217,250	3,805,248	31,022,498	3,354,173	772,213	4,126,386	13,759,289

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

9.2 DEVELOPMENT AND PRODUCTION ASSETS

2021		Cost						Amortization			Impairment			Carrying amount
Particulars	Working Interest	As at Jul 1, 2020	Additions	Adjustments	Adjustment of Decommissioning Cost	Transfers	As at Jun 30, 2021	As at Jul 1, 2020	Charge for the year	As at Jun 30, 2021	As at Jul 1, 2020	Charge / (Reversal) for the year	As at Jun 30, 2021	As at Jun 30, 2021
		Rupees ('000)						Rupees ('000)			Rupees ('000)			Rupees ('000)
Producing fields-Joint operations														
Badin III	25.00%	306,792	-	-	-	-	306,792	306,792	-	306,792	-	-	-	-
Block-22 (all fields)	22.50%	275,418	-	(7,143)	-	-	268,275	220,231	(7,143)	213,088	55,187	-	55,187	-
Ahmadal/Pariwali	17.50%	777,961	1,178	(425)	-	-	778,714	565,187	30,730	595,917	-	-	-	182,796
Mirwal	17.50%	3,498	149	-	-	-	3,647	1,584	102	1,686	-	-	-	1,961
Mazarani	12.50%	136,695	-	(54)	-	-	136,641	115,367	(54)	115,313	21,328	-	21,328	-
Sawan*	22.50%	3,350,400	2,904	(4,922)	(31,929)	95,313	3,411,766	2,564,254	32,076	2,596,330	604,063	-	604,063	211,373
Zamzama*	25.00%	4,637,892	670	-	(84,193)	-	4,554,369	3,716,139	(32,313)	3,683,826	861,643	8,643	870,287	256
Mubarak	25.00%	1,234,127	117,151	-	-	-	1,351,278	208,650	6,610	215,260	1,025,477	-	1,025,477	110,541
Nim	22.50%	112,439	90,701	-	-	88,153	291,293	112,439	3,464	115,903	-	-	-	175,390
Mehran	25.00%	69,203	-	-	-	-	69,203	1,933	-	1,933	67,270	-	67,270	-
Chanda	17.50%	1,040,444	6,336	(24,343)	-	590,077	1,612,514	812,434	187,371	999,805	-	-	-	612,709
Gambat	25.00%	387,341	61,200	(7,102)	-	-	441,438	187,659	54,098	241,757	199,682	-	199,682	-
Tal (all fields)*	15.00%	5,747,498	313,462	(2,872)	(68,579)	284,841	6,274,350	3,694,165	1,145,353	4,839,518	-	-	-	1,434,831
Khipro (all fields)*	25.00%	2,674,753	183,154	-	(48,782)	61,220	2,870,345	1,965,314	264,819	2,230,132	-	-	-	640,213
MirpurKhas (all fields)*	25.00%	5,508,593	256,269	(12,234)	(181,798)	40	5,570,871	3,910,353	695,953	4,606,306	-	-	-	964,565
Chachar	25.00%	257,891	-	-	-	-	257,891	158,306	650	158,956	91,855	-	91,855	7,081
Nashpa	15.00%	3,729,814	147,586	(21,582)	-	1,151,693	5,007,511	1,429,148	668,860	2,098,007	-	-	-	2,909,504
Sinjhoro	22.50%	414,697	-	-	-	86,441	501,138	275,936	94,657	370,593	-	-	-	130,545
Mehar*	25.00%	2,312,134	490,829	(7,324)	(14,551)	537,895	3,318,982	960,798	233,513	1,194,311	-	-	-	2,124,671
Jhakro	22.50%	10,107	-	-	-	-	10,107	9,835	195	10,030	-	-	-	77
Guddu	22.50%	154,901	8	-	-	-	154,910	98,005	13,419	111,424	-	-	-	43,485
Bolan*	17.50%	397,221	5,179	(56,110)	(90,419)	307,924	563,789	269,603	102,725	372,328	-	-	-	191,460
Gambat South*	25.00%	1,053,110	249,657	(8,820)	(32,806)	548,416	1,809,757	432,924	106,615	539,539	-	-	-	1,270,219
Bitrisim	22.50%	261,235	24,846	-	-	-	286,081	15,335	54,885	70,220	-	-	-	215,860
Tando Allah Yar (all fields)	22.50%	267,262	-	-	-	488	267,750	162,504	16,508	179,012	-	-	-	88,738
Shah Bandar	2.50%	-	-	-	-	59,951	59,951	-	11,342	11,342	-	-	-	48,609
Khewari	22.50%	-	76,201	-	-	100,524	176,725	-	-	-	-	-	-	176,725
Decommissioning cost		2,741,357	612,953	-	(132,252)	77,889	3,299,948	1,050,235	287,688	1,337,923	195,352	-	195,352	1,766,673
Sub total producing fields		37,862,783	2,640,626	(152,931)	(685,309)	3,990,866	43,656,035	23,245,129	3,972,122	27,217,252	3,121,857	8,643	3,130,501	13,308,282

*This includes reversal of decommissioning cost amounting Rs. 553,056 directly made against related field assets under provisions of IFRIC 1 - Changes in existing decommissioning, restoration and similar liabilities.

Developing fields-Joint operations

2021		Cost						Amortization			Impairment			Carrying amount
Particulars	Working Interest	As at Jul 1, 2020	Additions	Adjustments	Adjustment of Decommission-ing Cost	Transfers	As at Jun 30, 2021	As at Jul 1, 2020	Charge for the year	As at Jun 30, 2021	As at Jul 1, 2020	Charge for the year	As at Jun 30, 2021	As at Jun 30, 2021
		Rupees ('000)						Rupees ('000)			Rupees ('000)			Rupees ('000)
Developing fields-Joint operations														
Meher	35.00%	537,895	-	-	-	(537,895)	-	-	-	-	-	-	-	-
Tando Allah Yar (all fields)	22.50%	488	-	-	-	(488)	-	-	-	-	-	-	-	-
Kandra	25.00%	3,577	-	-	-	-	3,577	-	-	-	3,577	-	3,577	-
Nim	22.50%	85,347	151,065	-	-	(88,153)	148,258	-	-	-	-	-	-	148,258
Kotra	20.00%	87,721	1,622	-	-	-	89,343	-	-	-	-	50,824	50,824	38,519
Tal	15.00%	285,178	-	-	-	(285,178)	-	-	-	-	-	-	-	-
MirpurKhas (all fields)	25.00%	40	-	-	-	(40)	-	-	-	-	-	-	-	-
Khipro (all fields)	25.00%	68,640	-	-	-	(61,220)	7,420	-	-	-	-	-	-	7,420
Nashpa	15.00%	1,192,475	7,831	-	-	(1,151,692)	48,614	-	-	-	-	-	-	48,614
Gambat South	25.00%	1,203,856	-	(122)	-	(233,051)	970,684	-	-	-	-	-	-	970,684
Block-22	22.50%	15,534	-	-	-	-	15,534	-	-	-	15,534	-	15,534	-
Zamzama	25.00%	219,265	-	(483)	-	-	218,781	-	-	-	140,893	5,551	146,443	72,338
Sinjhoro	22.50%	86,441	-	-	-	(86,441)	-	-	-	-	-	-	-	-
Chanda	17.50%	590,077	-	-	-	(590,077)	-	-	-	-	-	-	-	-
Bolan	17.50%	307,924	-	-	-	(307,924)	-	-	-	-	-	-	-	-
Khewari	25.00%	100,524	154,196	-	-	(100,524)	154,196	-	-	-	-	-	-	154,196
Decommissioning cost		266,582	-	-	(19,147)	(77,889)	169,546	-	-	-	-	7,294	7,294	162,252
Sub total developing fields		5,051,564	314,714	(605)	(19,147)	(3,520,572)	1,825,954	-	-	-	160,004	63,668	223,672	1,602,281
Total		**42,914,347**	**2,955,340**	**(153,536)**	**(704,456)**	**470,293**	**45,481,989**	**23,245,130**	**3,972,122**	**27,217,252**	**3,281,861**	**72,311**	**3,354,172**	**14,910,565**

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

10	INVESTMENT IN SUBSIDIARIES	Note	2022	2021
			Rupees ('000)	
	Investment in subsidiaries - at cost			
	Inter State Gas Systems (Private) Limited (ISGSL)			
	Shares issued by ISGSL	10.1	**3,401,261**	2,958,821
	Advance against issue of shares	22.3	**2,329,895**	2,336,091
			5,731,156	5,294,912
	Pakistan LNG Limited (PLL)	10.2	**30,000**	30,000
			5,761,156	5,324,912

10.1 Inter State Gas System (Private) Limited (ISGSL) was incorporated on August 4, 1996 in Pakistan under the repealed Companies Ordinance, 1984 (repealed by Companies Act, 2017) as a private limited Company. The Company has a shareholding of 100% with 340,126,105 (2021:100% with 295,882,090) equity shares of Rs.10 each held in ISGSL. Significant projects being pursued by the ISGSL include:

- Pakistan Stream Gas Pipeline (PSGP) Project (formerly known as North South Gas Pipeline);
- Turkmenistan - Afghanistan - Pakistan - India (TAPI) Gas Pipeline;
- Iran Pakistan (IP) Gas Pipeline Project;
- Strategic Underground Gas Storage (SUGS) Project; and
- South North Gas Pipeline (SNGP) Project.

10.2 Pakistan LNG Limited (PLL) was incorporated in Pakistan as a public company on December 11, 2015 under the Companies Ordinance, 1984 (repealed by the Companies Act, 2017).The Company has a shareholding of 100% with 1,500,003 (2021:100% with 1,500,003) equity shares of Rs.10 each held in PLL.

10.3 Pakistan LNG Terminals Limited (PLTL) was merged into PLL with PLL being the surviving entity with effect from January 1, 2021.

10.4 The summarised financial information for ISGSL & PLL is given below. The information disclosed reflects the amounts presented in the unaudited financial statements for the period ended June 30, 2022.

	Inter State Gas Systems (Private) Limited (ISGSL)	Pakistan LNG Limited (PLL)	2022 Total	2021 Total
	Rupees ('000)			
Summarised statement of financial position				
Current assets	545,790	173,637,119	174,182,909	93,888,787
Non- current assets	3,735,543	124,532,722	128,268,265	130,103,595
Current liabilities	(491,598)	(168,664,717)	(169,156,315)	(90,909,239)
Non-current liabilities	(40,672)	(141,393,736)	(141,434,408)	(119,987,980)
Net assets	3,749,063	(11,888,612)	(8,139,549)	13,095,163
Reconciliation to carrying amounts:				
Opening net assets	3,358,759	9,848,035	13,206,794	2,140,115
Advance against issue of shares	(6,196)	-	(6,196)	1,921,764
Issue of Share Capital	442,440	-	442,440	-
Changes in reserves	284,490	-	284,490	408,116
Fair value adjustment on collateral arrangement with parent company	-	-	-	(337,383)
Remeasurement loss on employees' retirement benefits - net of tax	(23,752)	-	(23,752)	(21,996)
Profit / (Loss) for the year / period	(306,678)	(21,736,647)	(22,043,325)	8,984,546
Closing net assets	3,749,063	(11,888,612)	(8,139,549)	13,095,163
Company's percentage shareholding in the subsidiary	100%	100%		
Company's share in net assets at cost	3,749,063	(11,888,612)	(8,139,549)	13,095,163

	Inter State Gas Systems (Private) Limited (ISGSL)	Pakistan LNG Limited (PLL)	2022 Total	2021 Total
	-----------------	--Rupees ('000)--	-----------------	-----------------
Summarised statements of comprehensive income				
Gross profit	-	23,262,485	23,262,485	9,566,656
Profit / (Loss) for the year	(496,231)	(27,900,108)	(28,396,339)	13,009,502
Tax for the year	189,553	6,163,461	6,353,014	(4,024,956)
Other comprehensive income / (loss)	260,738	-	260,738	(90,178)
Total comprehensive loss	(45,940)	(21,736,647)	(21,782,587)	8,894,368

10.5 During the year ended June 30, 2022, management assessed the investment in ISGSL for impairment in respect of triggering events as specified by IAS 36 applicable to the non-current assets. An impairment test has been carried out by the management to determine the recoverable amount of non-current assets of ISGSL due to changes impacting the projects being pursued by ISGSL on account of non-availability of necessary financing, implementation delays and international sanctions on Iran leading to significant project delays etc.

For the purpose of determining the recoverable amount, the management performed impairment assessment during the year ended June 30, 2022 using the value-in-use (VIU) model. The project's VIU based on management cash flow forecasts is determined to be higher than the carrying amount. Based on the above, management has concluded that there is no need to recognise an impairment loss in the financial statements.

	Note	**2022**	2021
		----Rupees ('000)----	
11 LONG TERM INVESTMENT IN ASSOCIATE			
Unquoted Company			
Pakistan International Oil Limited (PIOL) - Foreign Operation			
Cost of investment (2,500,000 (2021: Nil) fully paid ordinary shares of USD 10 each)	11.1	**4,205,500**	-
Share of loss for the year	11.4	**(2,513,552)**	-
Effect of translation of investment		**474,041**	-
		(2,039,511)	-
		2,165,989	-

11.1 During the year, the Company, along with other consortium members i.e. Mari Petroleum Company Limited (MPCL), Pakistan Petroleum Limited (PPL) and Oil and Gas Development Company Limited (OGDCL) has been awarded Offshore Block 5 in Abu Dhabi's second competitive exploration block bid round. The consortium companies have established an independent entity named Pakistan International Oil Limited (PIOL). PIOL is engaged in the business of extraction of oil and natural gas and is registered as a limited liability company in the Emirate of Abu Dhabi and incorporated in Abu Dhabi Global Market on July 15, 2021, with each consortium company having a 25% equity stake in PIOL. The exploration concession agreement between PIOL and Abu Dhabi National Oil Company (ADNOC) was signed on August 31, 2021. Following the award of Offshore Block- 5, the Company has subscribed 2.5 million ordinary shares of PIOL, by paying USD 25 million (Rs 4,205 million). Subsequent to the year end, the Company subscribed to a further 1 million ordinary shares of PIOL, by paying further USD 10 million (Rs 2,226 million).

11.2 The investment in PIOL has been classified as an investment in associate as per the requirements of International Accounting Standard IAS-28, "Investment in Associates and Joint Ventures".

11.3 Share of loss for the year mainly represents 3D seismic cost incurred by PIOL.

11.4 The share of loss of PIOL and the below summarized financial information is based on the audited financial statements of the associate for the period from inception to December 31, 2021, adjusted for transactions and events up to June 30, 2022 based on management accounts.

	2022
	Rupees ('000)
Summarized statement of financial position	
Current	2,968,078
Non-current assets	6,310,510
Current	(614,634)
Net assets	8,663,954
Company's percentage shareholding in the associate	25%
Company's share in carrying value of net assets	2,165,988
Summarized statement of comprehensive income	
Total comprehensive loss for	(10,054,208)
Share of comprehensive loss	(2,513,552)

12 LONG TERM LOAN TO SUBSIDIARIES AND STAFF

	Note	2022			2021		
		Current	Non - Current	Total	Current	Non - Current	Total
		----Rupees ('000)----			----Rupees ('000)----		
Loan to subsidiaries							
Principal							
Pakistan LNG Limited (PLL)	12.1	1,240,291	2,466,347	3,706,638	1,000,000	3,946,929	4,946,929
Inter State Gas Systems (Private) Limited (ISGSL)	12.2	270,302	-	270,302	270,302	-	270,302
Accrued Interest							
Pakistan LNG Limited (PLL)		304,462	1,237,523	1,541,985	250,000	1,137,892	1,387,892
Inter State Gas Systems (Private) Limited (ISGSL)		84,808	-	84,808	70,873	-	70,873
Loan to staff	12.3	10,715	20,368	31,083	9,551	14,728	24,279
		1,910,578	3,724,238	5,634,816	1,600,726	5,099,549	6,700,275

		Note	2022	2021
			----Rupees ('000)----	
12.1	Balance at beginning of the year		4,946,929	5,316,347
	Transferred from Pakistan LNG Terminals Limited (PLTL)	12.1.1	-	120,873
	Repayment by PLL during the year		(1,240,291)	(490,291)
	Balance at end of the year		3,706,638	4,946,929

12.1.1 Effective from January 1, 2021, Pakistan LNG Terminals Limited (PLTL) was merged into PLL, with PLL being the surviving entity. Consequently, the loan amount was transferred from PLTL to PLL.

12.1.2 The Company had provided advances to PLL for operational activities related to LNG imports and also to fulfill the guarantees set forth in the LNG import contracts. On November 22, 2017, the Company agreed to convert the entire amount of advances into an interest-bearing loan, as agreed upon in the term sheet signed by both parties. On October 19, 2018, both parties renegotiated the loan repayment schedule in a term sheet amendment, with the loan now payable to the Company over a period of three years until March 2021. The rate of interest on the loan was set to six (06) months KIBOR plus 2% as of the date of the transaction.

The loan repayment timeline has been adjusted once more and PLL is paying Rs. 200 million towards the principal and Rs. 50 million towards the interest every two months. The repayment of the loan will be constantly monitored by the board.

		Note	2022	2021
			-----------Rupees ('000)-----------	
12.2	Balance at beginning of the year		**270,302**	1,472,802
	Disbursed to ISGSL during the year	12.2.1	-	97,500
	Repayment by ISGSL during the year	12.2.2	-	(1,300,000)
	Balance at end of the year		**270,302**	270,302

12.2.1 This represents amount paid to ISGSL, the Company and the ISGSL signed a loan agreement on August 9, 2018 as per the directive of the ECC dated December 15, 2016, wherein ECC directed the Company to fund all expenditure on the Government mandated projects being undertaken by the ISGSL. The loan carried an interest rate of annual KIBOR + 0.1% effective from the date of disbursement. Loan along with interest was repayable in a single bullet payment due on December 14, 2020.

The facility was entered into in line with ECC decision, however, as a secondary arrangement secured by the way of lien, charge, first and preferred right/interest on any of the assets/properties whether movable or immovable, rights, interests, gross revenues, profits, receivables and properties whether existing or acquired in future wherein the ISGSL has any ownership, right or interest. The ISGSL can not dispose of any of the properties and assets as mentioned hereinabove, except with the prior written consent of the Company.

12.2.2 Pursuant to the decision of ECC of the Federal Cabinet in its meeting held on December 24, 2020, repayment of Company's loan is approved through Gas Infrastructure Development Cess (GIDC) funds till the date of actual payment / settlement by the Finance Division. Accordingly, upon release of GIDC funds by Finance Division, the repayment of loan amounting Rs. 1,660 million (Principal amount Rs. 1,300 million and interest accrued Rs. 360 million) was made to the Company during the year ended June 30, 2021. As at June 30, 2022 remaining loan is Rs. 270 million (2021: 270 million).The management expects that amount will be settled in next financial year.

		2022	2021
		-----------Rupees ('000)-----------	
12.3	Balance at beginning of the year	**24,280**	9,105
	Loan disbursed during the year	**18,737**	24,026
	Repayment received during the year	**(11,934)**	(8,851)
	Balance at end of the year	**31,083**	24,280

12.3.1 This includes loan to managing director / chief executive officer amounting to Rs. 2,677,471. The loan was granted in accordance with the Company's service rules, is deductible against salary and carries no interest.

	2022	2021
	-----------Rupees ('000)-----------	
Balance at beginning of the year	**5,598**	-
Loan disbursed during the year	-	7,789
Repayment received during the year	**(2,921)**	(2,191)
Balance at end of the year	**2,677**	5,598

		Note	2022	2021
			---------------Rupees ('000)---------------	
13	**STORES, SPARES AND LOOSE TOOLS - SHARE IN JOINT OPERATIONS' INVENTORY**			
	Store, spares and loose tools		**4,628,464**	4,594,917
	Impairment for slow moving and obsolete stores, spares and loose tools	13.1	**(495,707)**	(495,707)
			4,132,757	4,099,210
13.1	**Movement of provision for slow moving, obsolete and in transit stores**			
	Balance at beginning of the year		**495,707**	495,707
	Impairment (reversal) / charge for the year		**-**	-
	Balance at end of the year		**495,707**	495,707

13.2 Stores and spares include items which may result in fixed capital expenditure but are not yet distinguishable.

		Note	2022	2021
			---------------Rupees ('000)---------------	
14	**ACCRUED INTEREST RECEIVABLE**			
	Accrued interest receivable on bank deposits	35	**160,036**	57,978

14.1 This represents interest accrued on bank deposits carrying mark-up at the rate ranging between 11.50% and 13.00% p.a (2021: 5.50% and 6.70% p.a).

		Note	2022	2021
			---------------Rupees ('000)---------------	
15	**TRADE DEBTS**			
	Unsecured - considered good		**141,458,170**	108,955,084
	Unsecured - considered doubtful		**539,704**	-
			141,997,874	108,955,084
	Provision for doubtful debts	15.3	**(539,704)**	-
			141,458,170	108,955,084

15.1 Trade debts include overdue amount of Rs. 119,271 million (2021: Rs. 94,219 million) on account of Inter-corporate circular debt, receivable from oil refineries and gas companies out of which Rs. 80,718 million (2021: Rs. 62,025 million) and Rs. 37,046 million (2021: Rs. 30,004 million) 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. The Government of Pakistan (GoP) is committed, hence continuously pursuing for satisfactory settlement of Inter-corporate circular debt issue, however, the progress is slower than expected resulting in accumulation of Company's trade debts. The Company recognizes interest / surcharge, if any, on delayed payments from customers only to the extent that it is highly probable that a significant reversal in the amount of income recognized will not occur when the uncertainty associated with the interest / surcharge is subsequently resolved, which is when the interest / surcharge on delayed payments is received by the Company. As disclosed in note 3.3 to these financial statements, SECP has deferred the applicability of ECL model till December 31, 2024 on financial assets due directly / ultimately from GoP in consequence of the circular debt.

15.2 Total amount due from related parties as on June 30, 2022 is Rs 130,502 million (2021: Rs 102,646 million) and maximum amount due at the end of any month during the year was Rs 130,502 million (2021: Rs 102,646 million). For party wise details refer note 41.

		Note	2022	2021
			---------------Rupees ('000)---------------	
15.3	Movement in provision for doubtful debts			
	Balance at beginning of the year		-	-
	Provision during the year		539,704	-
	Reversal of provision		-	-
	Balance at end of the year		539,704	-
16	**LOANS, ADVANCES AND OTHER RECEIVABLES**			
	Secured			
	Advances against salary to staff		9,813	9,563
	Unsecured and considered good			
	Advances to suppliers		806	600
	Payment of security services on behalf of subsidiaries		391	635
	Other receivables		1,631	-
			12,641	10,798
17	**TRADE DEPOSITS AND SHORT TERM PREPAYMENTS**			
	Security deposits		-	55
	Short term prepayments			
	Software maintenance fee		4,128	3,674
	Insurance		7,159	6,676
			11,287	10,350
			11,287	10,405
18	**DEPOSIT WITH THE GOVERNMENT OF PAKISTAN FOR EQUITY STAKE IN REKO DIQ PROJECT**			
	Deposit for equity stake in Reko Diq project	18.1	34,301,231	-

18.1 On March 17, 2022 the Government of Pakistan (GoP), through the Federal Cabinet, ratified the decision of the Economic Coordination Committee (the Decision) which approved inter alia issuance of directions to the Company, Pakistan Petroleum Limited (PPL) and Oil and Gas Development Company Limited (OGDCL) (collectively the SOEs) to participate in reconstitution of a joint mining project at Reko Diq (the Project). As part of the settlement arrangement, Barrick Gold Corporation (Barrick) will be retaining 50% shareholding in Tethyan Copper Company Pakistan (Pvt.) Limited (TCCP) along with operatorship, whereas the other shareholder, Antofagasta PLC will exit TCCP upon receipt of USD 900 million and subject to other conditions precedent. TCCP will be renamed to Reko Diq Mining Company (Private) Limited (RDML) as a part of these developments.

Pursuant to the Decision, each SOE was also directed to pay USD 187.5 million (collectively USD 562.5 million) into an escrow account maintained by the Hongkong Shanghai Banking Corporation, and jointly operated by the GoP and Antofagasta as entry fee which would be utilized towards acquisition of 8.33% interest of each SOE in TCCP. The entry fee attributable to the Government of Balochistan (GoB) would be funded by the GoP amounting to USD 337.5 million. On the basis of the Decision, the Board of Directors of the Company resolved to enter into a non-binding framework agreement with the GoP, the GoB, PPL, OGDCL and Barrick, which sets out, inter alia, the ownership / transaction structure, rights, obligations and common objectives of the parties towards facilitating the implementation of the Project (Framework Agreement). In terms of the Framework Agreement, several conditions are required to be satisfied before binding arrangements are effective including receipt of administrative and regulatory approvals, execution of definitive agreements, deposit of USD 900 million in a designated escrow account, stabilization of the fiscal regime and legislative and judicial validation amongst others.

If the conditions were not satisfied by June 30, 2022, interest at the rate of US Prime plus 2% (Interest Amount) would be payable to Antofagasta. If the conditions were not satisfied latest by December 15, 2022, the terms of settlement / resolution will be cancelled and terminated and the entry fee along with the Interest amount will be refunded to the respective SOEs / GoP to their USD bank accounts. Only upon satisfaction of the stated conditions in the Framework Agreement, the entry fee along with the Interest amount, if any, will be released to Antofagasta against acquisition of corresponding equity interest by the SOEs and GoB, thereby settling the historical disputes relating to Reko Diq project.

Subsequent to the Decision and based on written advice from the Finance Division dated March 29, 2022 and approval of the board of directors, the Company deposited its corresponding share of the entry fee amounting to USD 187.5 million (Rs 34,301 million) in an escrow account maintained by the Hongkong Shanghai Banking Corporation, and jointly operated by the GoP and Antofagasta. Further, the Company agreed to fund its corresponding share of the Interest amount as and when accrued and payable. The amount of USD 187.5 million (Rs 34,301 million) represents deposit with the GoP for the acquisition of equity stake in the Reko Diq project.

Since the conditions set out in the Framework Agreement were unable to be satisfied by June 30, 2022, an interest equivalent to US Prime plus 2% was applicable on the Company's deposit of USD 187.5 million with the GoP, as mentioned above.

Subsequently, on December 9, 2022, the apex court declared the agreement signed with the Canadian company Barrick Gold Corporation for the development of the Reko Diq mine in Balochistan as "legal". On December 12, 2022, the upper house of parliament approved the Foreign Investment (Promotion and Protection) Bill, 2022 to promote and protect foreign investment in relation to the Reko Diq project.

As a result of these developments, the Company has invested in the project company i.e. RDML through Pakistan Minerals (Private) Limited (PMPL), an entity incorporated in Pakistan with initial subscribed share capital of 12,000 shares (4000 shares of each SOE) with par value of Rs 10 each in accordance with the agreements for collective representation of the company and other SOEs. RDML is engaged in the mineral exploration activities in Pakistan. PMPL holds an indirect working interest of 25% (8.33% of each SOE) in the RDML through offshore holding companies namely Reko Diq Holdings Limited and Reko Diq investments Limited (herein after referred to as "Holdcos"). RDML is incorporated in Pakistan and Holdcos are incorporated in Bailiwick of Jersey. The Company 's equity interest in PMPL is 33.33% with an effective interest of 8.33% in RDML. The SOEs have the right to have representation on the Boards of Holdcos and RDML through PMPL.

		2022	2021
		---------------Rupees ('000)---------------	
19	**RECEIVABLE FROM THE GOVERNMENT OF PAKISTAN (GoP)**		
	Receivable from the Government of Pakistan (GoP)	63,966,965	-

19.1 This represents amount paid by the Company in connection with the Reko Diq Project on behalf of the Government of Balochistan (GoB) upon instructions of the Federal Government. The amount is inclusive of the principal amount and all related expenses i.e. transaction cost, out of pocket expense incurred by the company and accrued interest on the principal amount.

19.2 In order to fulfill the commitment of the Government of Pakistan (GoP) towards the Government of Balochistan (GoB) for partially acquiring equity stake in the reconstituted Reko-Diq Project, the GoP, through the Company, arranged a term finance facility up to Rs. 65,000 million from the National Bank of Pakistan (NBP), against a GoP guarantee. As at year end, the amount of Rs 61,742 million equivalent to USD 337.5 million has been availed against this facility.

The loan was initially drawn for a period of nine months, with interest calculated at 9-month Karachi Interbank Offered Rate (KIBOR) + 0.50% effective from the date of disbursement i.e. March 31, 2022, and was repayable directly by the GoP in a single bullet installment. Subsequent to the year-end, the loan facility has been renewed, with the approval of Economic Coordination Committee (ECC) of the Federal Cabinet, for a tenor of seven years (inclusive of a two-year grace period) with effect from December 31, 2022 and carries an interest rate of 6-month KIBOR + 0.20%. The restructuring will result in the apportionment of the principal amount of the borrowing from NBP and related receivable from GoP as well as related finance cost / income into current and non-current assets and liabilities. As per the revised terms of the agreement, the loan is repayable in equal semi annual installments of principal amount starting from June 30, 2025. As at June 30, 2023, interest accrued amounts to Rs 5,262 million as per revised agreement.

	Note	**2022**	2021
		Rupees ('000)	
20 SHORT TERM INVESTMENTS			
Investment held at amortized cost			
Term deposit receipts	20.1	**24,000,000**	39,000,000
Interest accrued		**53,955**	621,954
		24,053,955	39,621,954

20.1 Investment in term deposit receipts placed with the commercial banks. The breakup is as under:

Credit rating	Rating agency	Rate	**2022**	2021
			Rupees ('000)	
Investments maturing within three months				
A-1+	VIS		-	27,000,000
A-1+	PACRA	14.15%	**10,000,000**	-
A-1+	PACRA	15.25%	**4,000,000**	-
Interest accrued			**26,818**	33,303
			14,026,818	27,033,303

Credit rating	Rating agency	Rate	Note	**2022**	2021
				Rupees ('000)	
Investments maturing after three months					
A-1+	PACRA			-	2,000,000
A-1+	PACRA			-	6,000,000
A-1+	VIS	14.15%		10,000,000	-
Interest accrued				27,137	418,514
				10,027,137	8,418,514
Investments marked under lien					
A-1+	PACRA		20.2	-	4,000,000
Interest accrued				-	170,137
				-	4,170,137
Total investments				24,053,955	39,621,954

20.2 The Company had a lien against its investments for the guarantee issued by PLL in favor of LNG suppliers amounting to USD 18.2 million (2021: USD 18.2 million). During the year, the said lien against the Company's investments was released.

		Note	2022	2021
			---Rupees ('000)---	
21	**CASH AND BANK BALANCES**			
	Cash:			
	- In hand		**54**	150
	- At banks - savings accounts	21.1	**7,180,549**	9,500,981
			7,180,603	9,501,131

21.1 These carry mark-up at the rate ranging between 6.25% and 13.00% p.a (2021: 5.50% and 6.70% p.a).

		Note	2022	2021
			---Rupees ('000)---	
21.2	**Cash and cash equivalents**			
	Term deposit receipts	20.1	**14,026,818**	27,033,303
	Cash and bank balances	21	**7,180,603**	9,501,131
	Accrued interest with up-to 3 months maturity	14	**160,036**	57,978
			21,367,457	36,592,412

22 **SHARE CAPITAL**

Authorized share capital

2022	2021		2022	2021
---Number of shares---			---Rupees ('000)---	
4,500,000,000	4,500,000,000	Ordinary shares of Rs. 10 each	**45,000,000**	45,000,000

Issued, subscribed and paid up capital

2022	2021		2022	2021
(Number of shares)				
2,132,756,107	2,088,512,092	Ordinary shares of Rs. 10 each, fully paid in cash	**21,327,561**	20,885,121
2,103,260,097	2,088,512,092	Weighted average shares		

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

	2022	2021	2022	2021
	Number of shares		---Rupees ('000)---	
At July 1	2,088,512,092	2,088,512,092	**20,885,121**	20,885,121
Ordinary shares of Rs 10 each paid in cash issued during the year	44,244,015	-	**442,440**	-
At June 30	2,132,756,107	2,088,512,092	**21,327,561**	**20,885,121**

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

22.3 Economic Coordination Committee (ECC) of the Federal Cabinet, in its decision on Case No ECC-145/25/2015 dated December 15, 2016, in respect of the "Funding of Expenditure of Inter State Gas Systems Private Limited", approved that the Company is to fund all project activities of ISGSL as a 100% subsidiary company and all Government investments (e.g. from GIDC) in projects being undertaken by ISGSL shall be routed through the Company. Pursuant to the foregoing, the Finance Division vide its Office Memorandum No. F. 4(2) CF-V/2007 dated October 24, 2017 instructed ISGSL to issue shares to the Company being its Parent Company and going forward the Company is required issue the shares in the name of the President of Pakistan through Secretary M/o Energy (Petroleum Division) in relation to the Government's investment in ISGSL's projects. Accordingly the increase in share capital of the Company represents Government's investment in ISGSL being routed through the Company.

ECC of the Federal Cabinet in its meeting held on December 24, 2020 approved Company's funding from Gas Infrastructure Development Cess (GIDC) as an equity from Government of Pakistan (GoP) for Pak stream gas pipeline (PSGP) Project of Rs. 14,355,000,000 (utilized Rs. 9,650,000), loan repayment to the Company amounting Rs. 1,720,000,000 (released and repaid Rs. 1,660,000,000) and Rs. 224,000,000 for ISGSL's operational expenditures.

		Note	2022	2021
			---Rupees ('000)---	
23	**RESERVES**			
	Revenue reserves			
	General reserve	23.2	**2,284,626**	2,284,626
	Fair value adjustment on loan to subsidiary	23.7	-	1,464,191
	Foreign currency translation reserve	23.8	**383,973**	-
			2,668,599	3,748,817
	Capital reserves			
	Committed outlay reserve	23.3	**20,946,247**	20,946,247
	Asset insurance reserve	23.4	**3,000,000**	3,000,000
	Assets acquisition reserve	23.5	**5,000,000**	5,000,000
	LNG project reserve	23.6	**25,000,000**	25,000,000
			53,946,247	53,946,247
			56,614,846	57,695,064

23.1 The Company has appropriated and created these reserves in accordance with the principles of prudence.

23.2 The general reserve is created to cater for contingencies related to relevant interest carried cost based on current exploration commitments and other unforeseen events. Accordingly, this reserve is available for distribution to shareholders.

23.3 The committed outlay reserve is created for future requirements based on expected cash outlay for capital commitments, decommissioning obligations and liability against relevant interest carried cost. Accordingly, this reserve is not available for distribution to shareholders.

23.4 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 insurance policy has not been taken out by the Operator. Accordingly, this reserve is not available for distribution to shareholders.

23.5 In view of the Company's business expansion, it is intended to acquire sizable production reserves for which a separate asset acquisition reserve has been established. The Company plans to continue to build up this reserve in future years. Accordingly, this reserve is not available for distribution to shareholders.

23.6 This reserve is created to cater funding / financial support for LNG Projects being undertaken by incorporated subsidiary Pakistan LNG Limited (PLL) . This reserve is not available for distribution to shareholders.

23.7 This reserve was created to represent the interest charged over and above of market rate to PLL, on account of lien created on the term deposit receipt of GHPL for issuing guarantee on behalf of PLL. Consequently, this has been routed through unappropriated profits upon the release of the lien during the year.

23.8 This represents the translation reserve net of related tax of the retranslation of the investment in the associated company.

		Note	2022	2021
			----Rupees ('000)----	
24	**LONG TERM LIABILITY**			
	Due to the joint operators	24.1	**5,036,503**	4,331,436
	Current portion shown under current liabilities		**(1,599,557)**	(819,632)
			3,436,946	3,511,804

24.1 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.

	Note	2022	2021
		----Rupees ('000)----	
Balance at beginning of the year		**4,331,436**	4,983,115
Unwinding of long term liability		**9,829**	22,930
Payments net off exchange loss		**(109,003)**	(748,695)
Additions / adjustments during the year		**214,317**	851,916
Discounting of long term liability	35	**(646,289)**	(177,617)
Unrealized exchange Loss /(gain) on revaluation		**1,236,213**	(600,213)
	24.2	**5,036,503**	4,331,436

24.2 Long term liability in US Dollars have been discounted at a rate of 3.32% (2021: 0.24%).

		Note	2022	2021
			----Rupees ('000)----	
25	**DEFERRED TAXATION**			
	Deferred taxation	25.1	**2,579,898**	5,870,866

25.1 Movement in the deferred tax liability:

	Note	2022	2021
Balance at beginning of the year		**5,870,866**	5,232,141
Credited to the statement of profit or loss	40	**(3,363,449)**	644,408
Credited to statement of other comprehensive income		**72,481**	(5,683)
		2,579,898	5,870,866

		Note	2022	2021
			----------Rupees ('000)----------	
25.2	**Deferred tax comprises of the following:**			
	Taxable temporary difference arising in respect of:			
	Accelerated depreciation on property, plant and equipment		**6,301,880**	5,927,201
	Development and production expenditure		**4,508,753**	4,616,644
	Provision for decommissioning cost		**131,817**	513,571
	Unwinding of long term liability (carried interest)		**294,443**	13,092
	Effects of translation of investment in a foreign associate		**90,068**	-
			11,326,961	11,070,508
	Deductible temporary difference arising in respect of:			
	Impairment of stores, spares and loose tools		**(218,111)**	(198,283)
	Unrealized exchange gain / (loss)		**(1,083,672)**	(873,817)
	Expenditure of exploration and prospecting		**(1,689,405)**	(1,558,574)
	Provision for windfall levy on oil / condensate		**(5,017,560)**	(2,563,284)
	Remeasurement of employees' retirement benefits		**(23,270)**	(5,683)
	Net impairment loss on financial assets		**(237,470)**	-
	Share of loss from associate		**(477,575)**	-
			(8,747,063)	(5,199,641)
			2,579,898	5,870,866

25.3 Deferred tax has been calculated at the current effective tax rate of 44% (2021: 40%).

26 PROVISION FOR DECOMMISSIONING COST

		Note	2022	2021
	Provision for decommissioning cost	26.1	**8,240,916**	7,343,545
26.1	**Provision for decommissioning cost**			
	Balance at beginning of the year		**7,343,545**	8,263,965
	Provision / (reversal) made during the year		**562,831**	1,000,868
	Revisions due to change in estimates		**(1,928,151)**	(1,604,504)
	Revaluation exchange loss / (gain)		**1,868,326**	(533,146)
	Unwinding of discount on provision for decommissioning cost	35	**394,365**	216,362
			8,240,916	7,343,545
26.2	Provision made during the year is distributed as under			
	Share in Joint Operations' fixed assets	6.2	**95,424**	387,526
	Share in Joint Operations' fixed assets - CWIP	6.3	**23,669**	389
	Development and production assets	9	**443,738**	612,953
			562,831	1,000,868
26.3	Adjustment made during the year is distributed as under			
	Share in Joint operations' fixed assets	6.2	**(543,078)**	(720,641)
	Share in Joint Operations' fixed assets - CWIP	6.3	**(18,805)**	(2,934)
	Exploration and evaluation assets	8	**(21,571)**	(2,306)
	Development and production assets	9	**(997,475)**	(704,456)
	Operating expenses	34	**(347,222)**	(174,167)
			(1,928,151)	(1,604,505)
26.4	Significant financial assumptions used were as follows:			
	Discount rate per annum		**9.0% ~ 9.6%**	4.1% ~ 5.5%
	Inflation rate per annum		**5.00%**	2.75%

		Note	2022	2021
			----------------Rupees ('000)----------------	
27	**DEFERRED EMPLOYEE BENEFITS**			
	Accumulating compensated absences	27.1	64,797	39,183
			64,797	39,183

27.1 Accumulating compensated absences

	2022	2021
Present value of defined benefit obligation at beginning of	39,183	39,322
Charge for the period - net	41,999	12,411
Payments made during the period	(16,385)	(12,550)
Present value of defined benefit obligation at end of the year	64,797	39,183
Principle actuarial assumptions:	----------------Percentage----------------	
Valuation discount rate (%)	13.50%	10.25%
Salary increase rate (%)	12.50%	9.25%
Sensitivity analysis	----------------Rupees ('000)----------------	
Defined Benefit Obligation	64,797	39,183
1% increase in discount rate	58,368	35,190
1% decrease in discount rate	72,202	43,790
1% increase in salary rate	72,147	43,758
1% decrease in salary rate	58,310	35,151

Description of risks to the Company

The compensated absences plans expose the Company to the following risks:

- Discount rate risk - The risk of changes in discount rate, since discount rate is based on corporate / government bonds, any decrease in bond yields will increase plan liabilities.
- Salary increase / inflation risk - The risk that the actual salary increase are higher than the expected salary increase, where benefits are linked with final salary at the time of cessation of service, is likely to have an impact on liability.
- Mortality risk - The risk that the actual mortality experience is lighter than that of expected i.e. the actual life expectancy is longer than assumed.

Withdrawal risk - The risk of actual withdrawals experience may different from that assumed in the calculation.

		Note	2022	2021
			----------------Rupees ('000)----------------	
28	**SHORT TERM BORROWING**			
	Short Term Borrowing	28.1	63,966,965	-

28.1 This amount represents a term finance facility arranged by the Company through the Government of Pakistan (GoP) of an amount up to Rs. 65,000 million from the National Bank of Pakistan (NBP), against a GoP guarantee in order to fulfill the commitment of the (GoP) towards the Government of Balochistan (GoB) for partially acquiring equity stake in the reconstituted Reko-Diq Project. As at year end, the amount of Rs 61,742 million equivalent to USD 337.5 million has been availed against this facility upon instructions of the Federal Government. The amount is inclusive of the principal amount and all related expenses i.e. transaction cost, out of pocket expense incurred by the company and accrued interest on the principal amount.

28.2 The loan was initially drawn for a period of nine months, with interest calculated at 9-month Karachi Interbank Offered Rate (KIBOR) + 0.50% effective from the date of disbursement i.e. March 31, 2022, and was repayable directly by the GoP in a single bullet installment. Subsequent to the year-end, the loan facility has been renewed, with the approval of Economic Coordination Committee (ECC) of the Federal Cabinet, for a tenor of seven years (inclusive of a two-year grace period) with effect from December 31, 2022 and carries an interest rate of 6-month KIBOR + 0.20%. The restructuring will result in the apportionment of the principal amount of the borrowing from NBP and related receivable from GoP as well as related finance cost / income into current and non-current assets and liabilities. As per the revised terms of the agreement, the loan is repayable in equal semi annual installments of principal amount starting from June 30, 2025. As at June 30, 2023, interest accrued amounts to Rs 5,262 million as per revised agreement.

	Note	2022	2021
		Rupees ('000)	
29 TRADE AND OTHER PAYABLES			
Creditors due to joint operations		**3,634,748**	3,414,548
Accrued liabilities		**37,039**	53,234
Current account with Subsidiary - ISGSL	29.1	**192,198**	389
Current account with Subsidiary - PLL	29.2	**1,307,074**	306,573
Payable to gratuity fund	29.3	**68,539**	41,286
Payable to provident fund		**3,010**	2,677
Sales tax payable		**807,936**	344,796
Other payables		**5,066**	4,871
Levies payable		**11,359**	599
Royalty payable		**1,317,878**	919,906
Provision for windfall levy on oil/condensate		**11,403,545**	6,408,209
		18,788,392	11,497,087

29.1 This amount includes Rs. 191,223 being net of the advance tax paid by the Company on behalf of ISGSL and the amount recoverable from the Federal Board of Revenue (FBR) on behalf of ISGSL under group taxation.

29.2 This amount is net of the advance tax paid by the Company on behalf of PLL and the amount recoverable from the Federal Board of Revenue (FBR) on behalf of PLL under group taxation.

	Note	2022	2021
		Rupees ('000)	
29.3 Gratuity fund			
The amount recognized in the statement of financial position is as follows:			
Present value of defined benefit obligation		**224,062**	163,258
Fair value of plan assets		**(155,523)**	(121,972)
Net liability at end of the year		**68,539**	41,286
The movement in the present value of defined benefit obligation is as follows:			
Present value of defined benefit obligation at beginning of the year		**163,258**	120,663
Current service cost		**29,443**	26,706
Interest cost		**16,581**	11,125
Benefits paid		**(23,886)**	(1,693)
Remeasurement of defined benefit obligation		**38,666**	6,457
Present value of defined benefit obligation at end of the year		**224,062**	163,258

The movement in the fair value of plan assets is as follows:

Fair value of plan assets at beginning of the year	**121,972**	95,624
Contributions	**41,286**	25,039
Payment by employer on behalf of plan	**2,991**	785
Expected return on plan assets	**14,465**	9,967
Benefits paid	**(23,886)**	(1,693)
Remeasurement of plan assets	**(1,305)**	(7,749)
Fair value of plan assets at end of the year	**155,523**	121,972

The movement in asset / (liability) recognized in the statement of financial position is as follows:

Liability at beginning of the year	**41,286**	25,039
Expense for the year	**31,559**	27,864
Remeasurement loss recognized in other comprehensive income during the year	**39,971**	14,207
Payments to the fund during the year	**(44,277)**	(25,824)
Liability at end of the year	**68,539**	41,286

Detail of plan assets

Cash at bank	**16,721**	401
Term deposits	**138,802**	121,571
	155,523	121,972

Funds covered were invested within limits specified by regulations governing investment of approved retirement funds in Pakistan. The gratuity plan is a defined benefit final salary plan invested through approved trust fund. The fund is governed under Trusts Act, 1882, Trust Deed and Rules of Fund, Companies Act, 2017, The Income Tax Ordinance, 2001 and the Income Tax Rules, 2002. The trustees of the fund are responsible to plan administration and investment. The Company appoints the trustees. All trustees are employees of the Company.

	2022	2021
	----------------Rupees ('000)----------------	
Amounts recognized in statement of profit and loss:		
Current service cost	**29,443**	26,706
Net interest cost	**2,116**	1,158
	31,559	27,864
Amounts recognized in statement of other comprehensive income:		
Remeasurement loss recognized on defined benefit obligation	**38,666**	6,457
Remeasurement loss recognized on plan assets	**1,305**	7,749
	39,971	14,207
The remeasurement loss arising from:		
Experience Adjustments	**39,971**	14,207
Financial Assumptions	**-**	-
	39,971	14,207
Principle actuarial assumptions:		
Valuation discount rate (%)	**13.50%**	10.25%
Salary increase rate (%)	**12.50%**	9.25%
Mortality Rates	**Adjusted SLIC 2001-2005**	

Sensitivity Analysis	Rupees ('000)	
Defined Benefit Obligation	**224,062**	163,258
1% increase in discount rate	**201,872**	147,022
1% decrease in discount rate	**250,262**	18,245
1% increase in salary rate	**250,452**	18,259
1% decrease in salary rate	**201,265**	146,572

Expected defined benefit cost to be recognized in statement of profit or loss	For the year ending June 30, 2023 Rupees ('000)
Current service cost	32,696
Interest expense	29,781
Interest income on plan assets	(23,315)
	39,162

Description of risks to the Company

The gratuity plans expose the Company to the following risks:

- Discount rate risk - The risk of changes in discount rate, since discount rate is based on corporate / government bonds, any decrease in bond yields will increase plan liabilities.
- Salary increase / inflation risk - The risk that the actual salary increase are higher than the expected salary increase, where benefits are linked with final salary at the time of cessation of service, is likely to have an impact on liability.
- Mortality risk - The risk that the actual mortality experience is lighter than that of expected i.e. the actual life expectancy is longer than assumed.
- Withdrawal risk - The risk of actual withdrawals experience may different from that assumed in the calculation.
- Investment risk - The risk of occurrence of losses relative to the expected return on any particular investment.

30 PROVISION FOR TAXATION	Note	2022	2021
		Rupees ('000)	
Income tax - payable at beginning of the year		**422,041**	3,866,646
Income tax paid during the year		**(19,504,129)**	(17,190,434)
Recoverable from FBR on behalf of PLL under group taxation		**(1,507,315)**	(554,229)
Recoverable from FBR on behalf of ISGSL under group taxation		**(191,224)**	-
Provision for current taxation for the year	40	**25,352,601**	14,285,386
Provision for taxation - prior years	40	-	14,672
Income tax - payable at end of the year		**4,571,974**	422,041

30.1 The tax authorities had amended the assessments of the Company for the tax years 2003 to 2020 raising an aggregate demand of Rs. 24,650 million, which primarily relates to depletion allowance, development and production expenditure, decommissioning cost, super tax, unrealised exchange losses, rebate on donation and tax credits under sections 61, 65 of the Income Tax Ordinance, 2001. The Company had paid the said amounts under protest to avoid penalties under the Income Tax Ordinance 2001.

An amount of Rs 14,633 million out of the said aggregate demand relates to depletion allowance. The aforesaid matter has been decided in favor of the Company by Islamabad High Court for tax years 2004, 2005, 2008, 2009 and 2010, however the matter has been taken up by tax authorities in the Honorable Supreme Court of Pakistan wherein it is at pre admission stage and leave to appeal is not yet granted to the tax authorities.

The Company, based on the advice of its legal counsel, is confident that it has sound grounds to defend the case on the aforesaid issue. However, considering the fact that matter has not yet attained finality due to its pending status before Honorable Supreme Court of Pakistan, the Company as a matter of abundant caution, has continued to provide for tax liabilities primarily in respect of depletion allowance, super tax, development and production expenditure and tax credits under sections 65 in the books of accounts. In case the matter relating to the said issues are decided in favor of the Company, the amount provided for as well as paid under protest in the past will be credited to the Profit or Loss for that year.

		Note	2022	2021
			Rupees ('000)	
31	**CONTINGENCIES AND COMMITMENTS**			
31.1	**Contingencies**			
	Relating to carried cost liability	31.1.1	**1,765,033**	1,280,463
	Sales tax contingency	31.1.2	**18,177,837**	18,177,837
			19,942,870	19,458,299

31.1.1 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.

31.1.2 The Federal Board of Revenue (FBR) issued a show cause notice to the Company in respect of non-applicability of zero percent sales tax on crude/condensate supplies from 2009-10 to 2013-14 as per SRO No. 549(1)/2008, which includes the condition of "import and supplies thereof." The Company disputed the notice on the grounds that it does not import crude / condensate and has filed writ petition with Islamabad High Court which is pending for adjudication. The estimated tax contingency has been calculated based on the sales tax amount involved, penalty, and default surcharge.

31.1.3 The income tax assessment for the tax year 2021 was amended by the Additional Commissioner Inland Revenue (ADCIR) by making certain disallowances and add backs including, depletion allowance, development and production expenditure, actuarial loss, provision for windfall levy etc. and created an aggregate tax demand of Rs 1,436.49 million. The Company filed appeal against the order of ADCIR before CIR (A) which is pending for adjudication.

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

The Company is a working interest owner in Tal, Mirpur Khas, Khipro, Mehar, Mubarak, 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 along with other working interest owners signed Supplemental Agreements (SAs) with the the Government of Pakistan (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 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 November 24, 2017 on imposition of WLO. It is pertinent to note that all writ petitions on subject matter have been consolidated by the Honorable High Court. The Petitions are pending with date in office.

The cumulative impact of Windfall Levy on oil (WLO) since application of incremental gas prices up till June 30, 2022 amount to approximately Rs 21,719 million (2021: Rs 16,724 million). As mentioned above, the Company based on the advice of legal counsels, is confident that it has valid grounds to defend the aforesaid issue in the Court and that the issue will be decided in its favor. However, without prejudice to the Company's legal contention and as a matter of prudence, the Company has booked provision of Rs. 11,404 million to prospectively account for the impact of WLO from the date of the SRO i.e. December 27, 2017 till June 30, 2022.

31.1.5 Unitization of Salamat / Adam West Field Reserves

A reservoir communication study by an independent third party, is currently in progress to determine reserve volume estimates and level of communication between Salamat field (operated by UEPL; GHPL Working Interest (WI): 25%) and Adam West field (operated by PPL; GHPL WI: Nil). If reservoir communication between the fields is proved then subject to final results of the study, agreement of concerned parties and Director general petroleum concession's (DGPC) approval, financial exposure may arise equivalent to revenue from additional production from the reservoir to be offset by royalty / OPEX / tax and other related expenses incurred.

31.1.6 Other contingencies

As part of the arrangement, as disclosed in note 11 of these financial statements, each of the consortium companies including GHPL have also provided, joint and several, parent company guarantees to ADNOC and Supreme Council for financial and Economic Affairs Abu Dhabi, UAE, to guarantee the obligations of the associate, Pakistan International Oil Limited (PIOL).

31.1.7 On December 17, 2018, Attock Refinery Limited (ARL) filed a writ petition against the Company before Islamabad High Court and has disputed and withheld amounts invoiced to it prior to the signing of sales agreement i.e. March 13, 2018 on account of adjustment of premium or discount as announced by Saudi Aramco for deliveries to Asian customers / destinations under the sales agreement. The amount withheld and disputed by ARL amounts to Rs 411 million (2021: Rs 411 million). The Company believes that the debit notes / invoices have been raised in accordance with the sales agreements signed with the GoP and no provision is required in this respect.

		Note	2022	2021
			-------------Rupees ('000)-------------	
31.2	**Commitments**			
	Minimum work commitment	31.2.1	3,636,842	4,742,992

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

31.2.2 During the year, the Company entered into shareholders' agreement with the consortium partners, as referred to under Note 11.1 of the financial statements, under which the Company has committed to invest up to USD 100 million in PIOL during five years out of which USD 25 million (Rs. 4,205 million) have been invested till June 30, 2022. Subsequent to the year end, the Company further invested USD 10 million (Rs 2,226 million).

		2022	2021
		-------------Rupees ('000)-------------	
32	**REVENUE FROM CONTRACTS WITH CUSTOMERS - NET**		
	Natural gas - gross sales	51,926,836	46,517,332
	Sales tax	(7,543,752)	(6,755,924)
	Excise duty	(635,693)	(695,523)
	Natural gas - net sales	43,747,391	39,065,886
	Crude oil- gross sales	48,743,933	23,462,625
	Sales tax	(2,919,845)	-
	Crude oil- net sales	45,824,088	23,462,625
	Liquefied petroleum gas - gross sales	11,401,864	5,710,832
	Sales tax	(1,656,859)	(827,400)
	Excise duty	(6,419)	(6,665)
	Petroleum development levy	(349,419)	(342,060)
	Liquefied petroleum gas - net sales	9,389,167	4,534,707
		98,960,646	67,063,218

32.1 **Contract liabilities**

The Company has recognised the following contract liabilities related to contracts with customers of liquefied petroleum gas (LPG):

	2022	2021
	-------------Rupees ('000)-------------	
Movement in contract liabilities		
Balance at beginning of the year	82,097	-
Advances received during the year	4,386,640	-
Transferred to revenue during the year	(4,401,384)	-
Balance at end of the year	67,353	-

		Note	2022	2021
			----Rupees ('000)----	
33	**ROYALTY AND OTHER LEVIES**			
	Royalty	33.1	**10,595,840**	7,447,360
	Windfall levy	33.2	**763,551**	152,782
			11,359,391	7,600,142

33.1 Royalty and other levies charged by the Government of Pakistan.

33.2 This pertains to production from Gambat South, Dhok Sultan and Shah Bandar.

		Note	2022	2021
34	**OPERATING EXPENSES**			
	Joint operation's operating expenses	34.1	**8,818,952**	6,764,945
	Depreciation	6.4	**2,581,680**	2,297,716
	Amortization of development and production assets	9	**3,805,248**	3,972,122
	Impairment	34.2	**1,232,021**	307,512
	Decommissioning cost actualized during the year		**71,107**	-
	Reversal due to change in decommissioning cost estimates	26.1	**(347,222)**	(174,167)
			16,161,786	13,168,128

34.1 It represents the Company's share in operating expenses of joint operation mainly comprising of personnel cost, field / contract services, repair and maintenance, workovers, travelling etc.

		Note	2022	2021
			----Rupees ('000)----	
34.2	**Impairment**			
	Impairment on property, plant and equipment	6.5	**459,808**	235,200
	Impairment on development and production assets	9	**772,213**	72,311
			1,232,021	307,512

34.2.1 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 as specified in above note.

34.2.2 The Company considers the relationship between international oil prices, production profiles, petroleum reserves and carrying value of its joint operation investments, amongst other factors, when reviewing for indicators of impairment. As at June 30, 2022, 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.

34.2.3 For the purpose of carrying out impairment testing, each joint operation 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.

34.2.4 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 discount rate applied to cash flow projections is 11.88% (2021: 14.78%).

		Note	2022	2021
			----------------Rupees ('000)-------------	
35	**FINANCE INCOME / (COSTS)**			
	Finance Income			
	Finance income from financial assets			
	Return on bank deposits		1,136,271	875,983
	Return on term deposit receipts		3,431,349	2,161,845
	Interest on loan to subsidiaries		354,998	572,821
			4,922,618	3,610,650
	Finance income from non financial assets			
	Gain on long term liability due to change in estimate	24.1	646,289	177,617
	Finance Income		5,568,907	3,788,267
	Finance Cost			
	Unwinding of discount on provision for decommissioning cost	26.1	(394,365)	(216,362)
	Unwinding of discount on long term liability		(9,829)	(22,930)
	Bank charges		(1,436)	(63)
	Finance cost		(405,630)	(239,355)
	Net Finance income		5,163,277	3,548,912
36	**EXPLORATION AND PROSPECTING EXPENDITURE**			
	Cost of dry and abandoned wells	8	388,609	306,996
	Prospecting expenditure		297,326	254,335
			685,935	561,331
37	**GENERAL AND ADMINISTRATIVE EXPENSES**			
	Salaries, wages and benefits	37.1	506,075	423,234
	Travelling and conveyance		4,060	1,187
	Repairs and maintenance		5,866	6,853
	Rent		15,501	15,454
	Communications		1,580	1,550
	Utilities		11,510	8,580
	Training and seminars		1,834	2,444
	Printing and stationery		2,487	1,445
	Advertisement		1,970	1,623
	Entertainment		2,124	1,513
	Legal and professional charges		5,708	5,503
	Auditors' remuneration and tax services	37.5	6,439	2,076
	Fee and subscription		3,688	2,987
	Software maintenance fee		37,944	18,839
	Insurance		13,960	6,939
	Business development		89,865	2,235
	Internship program of Ministry of energy		2,368	172
	Amortization of intangible assets	7	18,212	25,845
	Depreciation	6.4	23,620	19,783
	Security services		4,115	3,750
	Others		4,214	3,328
			763,140	555,342

37.1 It includes Rs. 90.927 million (2021: Rs.48.196 million) in respect of post employment benefits.

37.2 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	
	2022	2021	**2022**	2021
	-----Rupees ('000)-----			
Managerial remuneration	**42,633**	32,802	**308,624**	275,721
Bonus	**-**	-	**-**	-
Post employment benefits	**14,505**	6,689	**104,736**	55,307
Reimbursable expenses	**207**	135	**1,392**	1,233
	57,345	39,626	**414,752**	332,261
Number of persons	**1**	1	**38**	34

37.3 **Key management personnel**

Key management personnel comprises chief executive, chief financial officer, Company secretary, executive directors and general managers of the Company.

	2022	2021
	-----Rupees ('000)-----	
Managerial Remuneration	**113,473**	116,333
Bonus	**-**	-
Post Employment Benefit	**38,483**	23,403
Reimbursable Expenses	**222**	325
	152,178	140,061

37.4 Fee paid to non-executive directors for attending the Board of Directors meetings amounted to Rs. 25,000,000 (2021: Rs. 18,000,000).

37.5 **Auditors' remuneration and tax services**

	2022	2021
	-----Rupees ('000)-----	
Statutory audit fee	**3,944**	1,640
Report on compliance of Public Sector Companies (Corporate Governance) Rules 2013	**116**	60
Decommissioning certification	**812**	200
Out of pocket expenses	**342**	176
Tax services	**1,225**	-
	6,439	2,076

38 **OTHER EXPENSES**

Exchange loss		**2,074,799**	-
Windfall levy on oil / condensate	31.1.4	**4,995,336**	1,320,292
		7,070,135	1,320,292

			2022	2021
			Rupees ('000)	
39	**OTHER INCOME**			
	Other income from non financial assets			
	Exchange gain		-	656,289
	Gain on disposal of fixed asset		1,003	139
	Signature bonus		31,500	-
	Others		394	316
			32,897	656,744
	Fair Value Adjustment Reserve- Subsidiary		116,298	337,383
			149,195	994,127
40	**TAXATION**			
	Current			
	Charge for the year		25,352,601	14,285,386
	Charge for prior year		-	14,672
			25,352,601	14,300,058
	Deferred			
	(Credit) / charge for the year	25	(3,363,449)	644,408
			21,989,152	14,944,467
40.1	**Reconciliation of tax charge for the year:**			
	Accounting profit		65,179,475	48,401,023
	Tax rate		44%	40%
	Tax on accounting profit at applicable rate 44% (2021: 40%)		28,678,969	19,360,409
	Tax effect of:			
	Unwinding of discount on provision of decommissioning cost		173,521	86,545
	Exchange loss / (gain) on provision of decommissioning cost		822,063	(213,258)
	Change in estimates related to provision of decommissioning cost		(558,812)	(248,144)
	Depletion allowance		(7,396,793)	(3,127,891)
	Income chargeable to tax at reduced corporate rate		74,107	(515,001)
	Prior years charge		-	14,672
	Unrealized exchange gain / (loss)		-	(48,783)
	Difference in tax and accounting depreciation		(303,789)	-
	Effect of change in tax rate		655,414	-
	Interest on loans from subsidiaries		(155,528)	(364,082)
			(6,689,817)	(4,415,943)
			21,989,152	14,944,467
41	**EARNINGS PER SHARE - BASIC AND DILUTED**			
	Profit for the year	Rupees	43,190,323,069	33,456,556,187
	Weighted average ordinary shares	Number	2,103,260,097	2,088,512,092
	Earnings per share - basic	Rupees	20.53	16.02

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

42 FINANCIAL INSTRUMENTS

The following detail shows the carrying amounts of financial assets and liabilities. It does not include fair value information as the carrying amount is a reasonable approximation of fair value as the current financial assets and liabilities are short term and some financial assets are also interest bearing. Further, the financial assets due directly/ ultimately from GoP carries contractual right and entitlement to receive interest on late payment and is exempt from ECL accounting/ disclosure as disclosed in note 3.3. The non current financial assets are also interest bearing.

	Carrying amount	
	2022	2021
	--------Rupees ('000)--------	
FINANCIAL ASSETS		
Financial assets classified as amortised cost:		
Short term investment	**24,053,955**	39,621,954
Loans / advances to staff	**40,896**	33,843
Loan to subsidiaries	**5,603,733**	6,675,996
Trade debts- net	**141,458,170**	108,955,084
Loan, advances and other receivables exclusive of staff loans and advances	**1,721**	635
Security deposits	**-**	55
Cash and bank balances	**7,180,603**	9,501,131
	178,339,078	164,788,698
FINANCIAL LIABILITIES		
Financial liabilities classified as amortised cost:		
Long term liability	**5,036,503**	4,331,436
Trade and other payables	**4,997,741**	4,395,236
	10,034,244	8,726,672

Credit quality of financial assets

The credit quality of the company's financial assets have been assessed below by reference to external credit ratings of counterparties determined by The Pakistan Credit Rating Agency Limited (PACRA) and JCR - VIS Credit Rating Company Limited (JCR-VIS). The counterparties for which external credit ratings were not available have been assessed by reference to internal credit ratings determined based on their historical information for any defaults in meeting obligations.

	Rating	2022	2021
		--------Rupees ('000)--------	
Trade Debts			
Counter parties without external credit rating			
Due from associated companies		**130,502,464**	102,645,906
Others		**10,955,704**	6,309,179
		141,458,168	108,955,084
Loans, advances, deposits and other receivables			
Counter parties without external credit rating		**23,356**	20,404
Bank Balances			
Counter parties with external credit rating	A-1+	**7,180,549**	9,500,981

Interest rates used for determining fair value

The interest rates used to discount estimated cash flows, when applicable, are based on the government yield curve at the reporting date plus an adequate credit spread. Since the majority of the financial assets are fixed rate instruments, there is no significant difference in market rate and the rate of instrument, fair value significantly approximates to carrying value.

Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods.

Non - derivative financial assets

discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes.

Non - derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

42.1 Financial risk factors

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 measuring and managing risk, and the Company's management of 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 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 Board'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 ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit and risk management committee.

42.2 Credit risk

Credit risk is the risk that a customer or 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.

Trade debts

Trade debts are essentially due from oil refining companies, gas distribution companies and power generation companies and the Company does not expect these companies to fail to meet their obligations. Majority of sales to the Company's customers are made on the basis of agreements approved by the GoP.

Sale of crude oil and gas is at prices specified in relevant agreements and / or as notified by the Government authorities based on agreements with customers or relevant applicable petroleum policy or Petroleum Concession Agreements. Prices of liquefied petroleum gas are determined by the Company subject to maximum price notified by OGRA.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade debts that are due directly / ultimately from the GoP till June 30, 2022 as per policy disclosed in note 3.3 to the financial statements.

Others

The credit risk related to balances with banks, in term deposits and saving accounts, are managed by investing in liquid securities and maintaining bank accounts only with counterparties that have a credit rating of at least A. While bank balances and investments in term deposits are also subject to the requirements of IFRS 9, the identified impairment loss was immaterial as the counter parties have reasonably high credit ratings.

The credit risk on advances to suppliers and loan to subsidiaries is minimal as the Company has long established relationship with the entities. Subsidiaries are mainly state owned enterprises, and management does not expect non-performance by these counter parties on their obligations to the Company. The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of loan to subsidiaries.

	2022		2021		
	Short Term	Long Term	Short Term	Long Term	Credit rating Agency
National Bank of Pakistan	A-1+	AAA	A-1+	AAA	PACRA
Allied Bank Limited	A-1+	AAA	A-1+	AAA	PACRA
Bank Alfalah Limited	A-1+	AA+	A-1+	AA+	PACRA
Habib Bank Limited	A-1+	AAA	A-1+	AAA	VIS
MCB Bank	A-1+	AAA	A-1+	AAA	PACRA
United Bank Limited	A-1+	AAA	A-1+	AAA	VIS
Bank of Punjab	A-1+	AA+	A-1+	AA+	PACRA

42.2.1 Exposure to credit risk

The Company's maximum exposure to credit risk for the components of statement of financial position at June 30, 2022 and 2021 is equal to the carrying amounts of financial assets as given below:

	2022	2021
	Rupees ('000)	
Loan to staff	31,083	24,279
Trade debts - net	141,458,170	108,955,084
Loan to subsidiaries	5,603,733	6,675,996
Loan, advances and other receivables	391	635
Security deposits	-	55
Short term investments	24,053,955	39,621,954
Cash and bank balances	7,180,603	9,501,131
	178,327,935	164,779,135

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

Credit rating	Rating agency		
A-1+	PACRA	5,019,026	6,453,316
A-1+	JCR-VIS	2,161,523	3,047,666
		7,180,549	9,500,981

Credit ratings for short term investments disclosed in note 20.1 to the financial statements.

42.2.2 Impairment losses

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

	2022		2021	
	Gross Debts	Impaired	Gross Debts	Impaired
	Rupees ('000)		Rupees ('000)	
Not Past Due	20,714,103	-	13,828,409	-
Past due up to three months	12,772,673	-	12,646,016	-
Past due three to six months	11,895,705	-	11,057,851	-
Past due more than six months	96,615,393	539,704	71,422,808	-
	141,997,874	539,704	108,955,084	-

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

2022						
Party name	Not past due	Past Due			Impaired balance	Total
		Up to three months	Three to six months	More than six months		
	Rupees ('000)					
Attock Refinery Limited	7,254,200	1,123,206	(245)	210,519	(57,549)	8,530,131
National Refinery Limited	186,554	975	-	152,709	(152,235)	188,003
Pakistan Refinery Limited	651,076	-	(2,637)	733	-	649,172
United Energy Pakistan Limited	1,497,913	-	-	-	-	1,497,913
Others	97,343	(78,941)	7,613	163,171	(98,701)	90,485
	9,687,086	1,045,240	4,731	527,132	(308,485)	10,955,704

ञरुरवल.

2021						
Party name	Not past due	Past Due			Impaired balance	Total
		Up to three months	Three to six months	More than six months		
	---Rupees ('000)---					
Attock Refinery Limited	2,975,386	925,901	1,684	484,170	-	4,387,142
National Refinery Limited	126,926	36,065	-	152,228	-	315,219
Pakistan Refinery Limited	443,612	455,621	105,632	733	-	1,005,598
United Energy Pakistan Limited	492,513	-	-	-	-	492,513
Others	79,119	-	29,587	-	-	108,706
	4,117,556	1,417,587	136,903	637,131	-	6,309,179

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

2022						
Party name	**Not past due**	**Past Due**			**Impaired balance**	**Total**
		Up to three months	**Three to six months**	**More than six months**		
	---Rupees ('000)---					
Sui Northern Gas Pipelines Limited	**2,483,519**	**2,679,578**	**3,285,956**	**31,080,717**	**-**	**39,529,770**
Sui Southern Gas Company Limited	**6,393,137**	**8,799,352**	**8,606,423**	**63,312,585**	**-**	**87,111,497**
Pak Arab Refinery Company Limited	**1,497,423**	**201,318**	**(1,904)**	**33,111**	**(1,180)**	**1,728,768**
Enar Petroleum Refining Facility	**119,181**	**-**	**-**	**(29)**	**-**	**119,152**
Oil & Gas Development Company	**496,944**	**-**	**-**	**1,663,056**	**(230,039)**	**1,929,961**
Pakistan Petroleum Limited	**36,812**	**47,184**	**499**	**(1,179)**	**-**	**83,316**
	11,027,016	**11,727,432**	**11,890,974**	**96,088,261**	**(231,219)**	**130,502,464**

2021						
Party name	Not past due	Past Due			Impaired balance	Total
		Up to three months	Three to six months	More than six months		
	---Rupees ('000)---					
Sui Northern Gas Pipelines Limited	2,254,918	3,422,062	3,348,095	23,233,749	-	32,258,823
Sui Southern Gas Company Limited	4,321,798	6,967,795	7,517,437	47,539,544	-	66,346,573
Pak Arab Refinery Company Limited	1,298,154	22,066	-	6,337	-	1,326,557
Enar Petroleum Refining Facility	10,818	-	-	-	-	10,818
Oil & Gas Development Company	1,815,775	802,395	41,402	6,047	-	2,665,619
Pakistan Petroleum Limited	9,388	14,112	14,014	-	-	37,514
	9,710,851	11,228,430	10,920,948	70,785,677	-	102,645,906

As explained in note 15.1 to the financial statements, the Company believes that no impairment allowance is necessary in respect of trade debts past due from Sui Northern Gas Pipelines Limited and Sui Southern Gas Company Limited and loan to subsidiaries. Trade debts are essentially due from oil refining companies, natural gas and liquefied petroleum gas transmission and distribution companies, the Company is actively pursuing for recovery of debts and the Company does not expect these companies to fail to meet their obligations. Impact of ECL on financial assets not covered under exemption as explained in note 3.3 has been recorded in note 15.3 to the financial statements. Loan to subsidiaries are receivable from wholly owned subsidiaries of the Company. GoP is ultimate owner of these subsidiaries therefore ECL has not been assessed in respect of these loans.

Expected credit loss on loans, advances, deposits and other receivables is calculated using general approach (as disclosed in note 5.10.1). As at the reporting date, Company envisages that default risk on account of loans, advances, deposits and other receivables is immaterial based on historic trends adjusted to reflect forward looking information.

Bank balances and investments in term deposits are also subject to the requirements of IFRS 9 the identified impairment loss was immaterial as the counter parties have reasonably high credit ratings.

The movement in the allowance for impairment in respect of trade debts during the year was as follows:

	2022	2021
	Rupees ('000)	
Balance at beginning of the year	-	-
Provision / (reversal) during the year	539,704	-
Balance at end of the year	539,704	-

42.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities to close out market positions due to dynamic nature of the business. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.. 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 June 30, 2022, is summarized below:

2022	Effective yield / Interest Rate	Markup/ Interest bearing	Non markup/ Interest bearing	Total
	%	Rupees ('000)		
FINANCIAL ASSETS				
Maturity up to one year				
Loan to staff	-	-	10,715	10,715
Trade debts - net	-	-	141,458,170	141,458,170
Loan, advances and other receivables	-	-	391	391
Loan to subsidiaries - ISGSL	KIBOR+0.1	355,110	-	355,110
Loan to subsidiaries - PLL	KIBOR+2	1,544,753	-	1,544,753
Deposits	-	-	-	-
Short-term investments	6.9 - 7.55	24,053,955	-	24,053,955
Bank balances	14.15 - 15.25	7,180,549	-	7,180,549
		33,134,367	141,469,276	174,603,643
Maturity after one year:				
Loan to staff	-	-	20,368	20,368
Loan to subsidiaries - PLL	KIBOR+2	3,703,870	-	3,703,870
		3,703,870	20,368	3,724,238
		36,838,237	141,489,644	178,327,881
FINANCIAL LIABILITIES				
Maturity up to one year				
Trade and other payables	-	-	5,885,575	5,885,575
Current portion of long term liability	-	-	1,599,557	1,599,557
		-	7,485,132	7,485,132
Maturity after one year:				
Long term liability	-	-	3,436,946	3,436,946
		-	3,436,946	3,436,946
		-	10,922,078	10,922,077

2021	Effective yield/ Interest Rate	Markup/ Interest bearing	Non markup/ Interest bearing	Total
	%	Rupees ('000)		
FINANCIAL ASSETS				
Maturity up to one year				
Loan to staff	-	-	9,551	9,551
Trade debts - net	-	-	108,955,084	108,955,084
Loan, advances and other receivables	-	-	635	635
Loan to subsidiaries - ISGSL	KIBOR+0.1	341,175	-	341,175
Loan to subsidiaries - PLL	KIBOR+2	1,250,000	-	1,250,000
Deposits	-	-	55	55
Short-term investments	6.9-7.55	39,621,954	-	39,621,954
Bank balances	5.5-6.7	9,558,959	-	9,558,959
		50,772,088	108,965,326	159,737,414
				-
Maturity after one year:				-
Long-term loan	-	-	14,728	14,728
Loan to subsidiaries - PLL	KIBOR+2	5,084,821	-	5,084,821
		5,084,821	14,728	5,099,549
		55,856,909	108,980,054	164,836,963
FINANCIAL LIABILITIES				
Maturity up to one year				
Trade and other payables	-	-	4,781,917	4,781,917
Current portion of long term liability	-	-	819,632	819,632
		-	5,601,549	5,601,549
Maturity after one year:				
Long term liability	-	-	3,511,804	3,511,804
		-	3,511,804	3,511,804
		-	9,113,353	9,113,353

OFF BALANCE SHEET ITEMS	2022	2021
	Rupees ('000)	
Capital expenditure commitments	**3,636,842**	4,742,992

42.4 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 operation partners.

42.4.1 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 short term deposit receipts as mentioned in Note 20.1. Further the Company has bank balances in deposit accounts that carry variable interest rates, as mentioned in Note 21.1.

42.4.2 Foreign currency risk

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

Pakistani rupee (Rs.) is the functional currency of the Company and as a result currency exposure arise from transactions and balances in currencies other than Pakistani rupee. The Company's potential currency exposure comprise;

- Transactional exposure in respect of non functional currency monetary items.
- Transactional exposure in respect of non functional currency expenditure and revenues.

The potential currency exposures are discussed below;

Transactional exposure in respect of non functional currency monetary items

Monetary items, including financial assets and liabilities, denominated in currencies other than the functional currency of the Company are periodically restated to Pakistani rupee equivalent, and the associated gain or loss is taken to the statement of profit or loss. The foreign currency risk related to monetary items is managed as part of the risk management strategy.

Transactional exposure in respect of non functional currency expenditure and revenues

Certain operating and capital expenditure is incurred by the Company in currencies other than the functional currency. Certain sales revenue is earned in currencies other than the functional currency of the Company. These currency risks are managed as a part of overall risk management strategy. The Company does not enter into forward exchange contracts.

Exposure to foreign currency risk

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 operation operators. At the date of statement of financial position, the net foreign currency exposure aggregates to USD 11.86 million (2021: USD 4.50 million).

	2022	2021
	USD ('000)	
FINANCIAL ASSETS		
Short term exposure		
Trade debts	**54,291**	44,718
FINANCIAL LIABILITIES		
Short term exposure		
Due to joint operation operators	**(17,784)**	(21,705)
Long term liability (carried interest)	**(7,826)**	(5,210)
	(25,610)	(26,915)

	2022	2021
	USD ('000)	
Long term exposure		
Long term liability (carried interest)	**(16,816)**	(22,324)
	(42,426)	(49,239)
Net exposure to foreign currency risk	**11,865**	(4,522)

The following significant exchange rates applied during the year:

Average rate		Reporting date spot rate	
2022	2021	2022	2021
(Pak Rupees)			
177.45	160.3	**204.38**	157.31

Foreign currency sensitivity

A 10% strengthening of the functional currency against USD at June 30, 2022 would have reduced profit by Rs. 242.5 million (2021:increased profit by Rs. 71.1 million). A 10% weakening of the functional currency against USD at June 30, 2022 would have had the equal but opposite effect of these amounts. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for June 30, 2021.

42.5 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.

43 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The Company is wholly owned by 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, directors, major shareholders, companies with common directorship, key management personnel and gratuity fund. The Company in normal course of business pays for electricity, gas, airfare and telephone charges to entities controlled by Government of Pakistan which are not material, hence not disclosed in these financial statements. Amount due from and due to these undertakings are shown under receivables and payables. Significant transactions of the Company with related parties and balances outstanding at the period end are as follows:

	2022	2021
	Rupees ('000)	
Subsidiary companies		
Shares held in subsidiary companies	**3,431,261**	2,988,821
Advance against investment in Shares	**2,329,895**	2,336,091
Long Term Loan to Subsidiary		
Non- Current Portion	**3,703,870**	5,084,821
Current Portion	**1,899,863**	1,591,175
Interest Income on loan to subsidiaries	**354,998**	572,821
Fair value adjustment on loan to subsidiary	-	1,464,191

	2022	2021
	---------------Rupees ('000)---------------	
Pakistan LNG Limited (PLL) - wholly owned subsidiary and common directorship		
Loan as at June 30	3,706,638	4,946,929
Current account with PLL - receivable	391	635
Tax payable under group taxation	1,307,074	306,573
Interest receivable	1,541,985	1,387,892
Interest Income	341,063	436,988
Interest received	300,000	54,984
Fair value adjustment on loan to subsidiary	(1,464,191)	337,383
Interstate Gas Systems (Private) Limited (ISGSL) - wholly owned subsidiary and common directorship		
Advance against issue of shares	2,329,895	2,336,091
Advance received by ISGSL from Government of Pakistan against issue of shares to the Company	436,244	1,921,764
Loan as at June 30	270,302	270,302
Loan disbursed during the year	-	97,500
Loan repaid during the year	-	1,300,000
Interest receivable	84,808	70,873
Current account with ISGSL- payable	192,198	389
Interest income	13,935	135,833
Interest received	-	360,000
Pakistan International Oil Limited (PIOL)- Associated Company - 25% share holding of the company and common directorship		
Cost of Investment	4,205,500	-
Share of loss in associate	(2,513,552)	-
Major shareholders		
Government of Pakistan (100% share holding)		
Dividend paid	5,000,000	7,000,000
Deposit against Reko Diq project	34,301,231	-
Related parties by virtue of GoP holdings and / or common directorship		
Pak Arab Refinery Company Limited		
Sale of crude oil - net	8,919,236	4,700,899
Trade debts as at June 30	1,728,768	1,326,557
Sui Northern Gas Pipelines Limited		
Sale of natural gas - net	12,918,367	12,843,792
Trade debts as at June 30	39,529,770	32,258,823

	2022	2021
	---------------Rupees ('000)---------------	
Sui Southern Gas Company Limited		
Sale of natural gas - net	**30,288,716**	25,755,924
Trade debts as at June 30	**87,111,497**	66,346,573
Enar Petroleum Refining Facility		
Sale of crude oil - net	**404,009**	55,624
Trade debts as at June 30	**119,152**	10,818
Oil and Gas Development Company Limited		
Receivable as at June 30	**1,929,961**	2,665,619
Payable as at June 30	**1,938,970**	1,477,344
Expenditure charged by joint operation partner	**4,702,205**	3,547,350
Cash calls paid against joint operation partner expenses	**3,973,822**	3,099,761
Pakistan Petroleum Limited		
Receivable as at June 30	**83,316**	37,514
Payable as at June 30	**620,551**	605,625
Expenditure charged by joint operation partner	**1,761,889**	3,349,158
Cash calls paid against joint operation partner expenses	**1,793,632**	4,175,284
National Bank of Pakistan		
Balance of bank accounts	**2,253,351**	1,610,157
Balance of Investment (term deposit receipts) as at June 30	**-**	4,000,000
Interest earned during the year	**250,561**	189,445
Short term borrowing	**63,966,965**	-
Other related parties		
Contribution to gratuity fund (refer note 29.3)	**41,286**	25,824
Remuneration to key management personnel (refer note 37.3)	**152,178**	140,061

44 NUMBER OF EMLPOYEES

	2022	2021
Number of employees as at year end	**64**	65
Average number of employees employed during the year	**64**	63

45 STAFF PROVIDENT FUND

Investments out of provident fund have been made in accordance with the provision of section 218 of the Companies Act, 2017 and rules formulated for this purpose.

46 IMPACT OF COVID-19 ON THE FINANCIAL STATEMENTS

The Company's operations, financial position and results have not been affected by Covid-19 during the year. Management's focus and efforts continued for coping up with the changing scenario at all levels.

Based on management's assessment there is no material impact on the carrying values of assets and liabilities as of June 30, 2022. From the very outset of Covid-19, the management has adopted various policies and practices to minimize adverse impact of Covid-19 on the business and is continuously monitoring the situation in order to proactively address any challenges which may arise from Covid-19.

47 GENERAL

47.1 Capacity and production

Product	Unit	Production for the year 2022	2021
Gas	MMSCF	**80,005**	82,099
Oil	Barrels	**2,862,337**	2,785,326
LPG	Metric ton	**75,097**	68,931

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

47.2 Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.

47.3 Corresponding figures have been reclassified wherever necessary to reflect more appropriate presentation of events and transactions for the purpose of better presentation in accordance with the accounting and reporting standards as applicable in Pakistan.

48 EVENTS AFTER THE END OF THE REPORTING DATE

48.1 On September 21, 2022, a fire incident was reported at the TAL concession and loss including loss of inventory was reported. The Company is a non-operator in the said concession. The Company's share in the amount of inventory damage caused by the fire is preliminary assessed at Rs 415 million which will be finalised upon further action by operator including finalisation of related insurance claims.

48.2 Subsequent to the year end, deposit with the Government of Pakistan for equity stake in Reko Diq project was changed to equity in Reko Diq Mining (Private) Limited (RDML) through Pakistan Minerals (Private) Limited (PMPL) after finalisation of related agreements and regulatory approvals as explained in Note 18.1.

48.3 Subsequent to the year end, the loan facility from National Bank of Pakistan (NBP) has been restructured with the approval of Economic Coordination Committee (ECC) as explained in note 28.2.

49 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 May 19, 2023

Chief Executive Officer

Director

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Government Holdings (Private) Limited

Consolidated Financial Statements

For the Year Ended June 30, 2022

pwc

A·F·FERGUSON&Co.

Independent Auditor's Report

To the members of Government Holdings (Private) Limited
Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of Government Holdings (Private) Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at June 30, 2022, and the consolidated statement of profit or loss, the 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 notes to the consolidated 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, 2022 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 Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of 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.

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

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
74-East, 2nd Floor, Blue Area, Jinnah Avenue, P.O.Box 3021, Islamabad-44000, Pakistan
Tel: +92 (51) 2273457-60/2604934-37; Fax: +92 (51) 2277924, 2206473; < www.pwc.com/pk>

KARACHI LAHORE ISLAMABAD

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

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

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

The Board of Directors 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'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 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.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matters

The consolidated financial statements of the Group for the year ended June 30, 2021 were audited by another auditor who expressed an unmodified opinion on those statements on July 22, 2022 before amendment.

The engagement partner on the audit resulting in this independent auditor's report is JehanZeb Amin.

Chartered Accountants
Islamabad
Date: June 23, 2023
UDIN: AR20221008316TWGYfDo

GOVERNMENT HOLDINGS (PRIVATE) LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2022

	Note	2022	2021
		Rupees ('000)	
EQUITY AND LIABILITIES			
EQUITY			
Share capital	25	21,327,561	20,885,121
Reserves	26	56,979,651	56,365,241
Unappropriated profit		137,913,444	121,690,497
Advance against issue of shares	25.3	2,329,896	2,336,092
EQUITY ATTRIBUTABLE TO OWNERS OF THE HOLDING COMPANY		218,550,552	201,276,951
NON-CONTROLLING INTEREST		-	-
TOTAL EQUITY		218,550,552	201,276,951
NON CURRENT LIABILITIES			
Long term liabilities	27	3,436,946	3,511,804
Deferred taxation	28	-	2,348,133
Provision for decommissioning cost	29	8,240,917	7,343,545
Lease liability	7.1	137,666,792	114,849,833
Deferred employee benefits	30	124,681	85,586
		149,469,336	128,138,901
CURRENT LIABILITIES			
Trade and other payables	32	52,454,002	32,690,911
Current portion of long term liabilities	27	1,599,557	819,632
Contract liabilities	36.2	67,353	-
Short term borrowing	31	63,966,965	-
Lease liability - current portion	7.1	11,528,681	8,509,955
Payable to Government	33	120,565,163	59,314,065
Provision for taxation	34	-	308,574
		250,181,721	101,643,137
TOTAL LIABILITIES		399,651,057	229,782,038
TOTAL EQUITY AND LIABILITIES		618,201,609	431,058,990
CONTINGENCIES AND COMMITMENTS	35		

	Note	2022	2021
		Rupees ('000)	
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	6	29,968,846	30,579,682
Right of use asset	7	112,365,027	123,066,458
Intangible assets	8	8,577	25,119
Exploration and evaluation assets	9	5,775,066	5,752,966
Development and production assets	10	13,759,289	14,910,565
Long term loan	12	20,368	14,728
Long term investment in associate	11	2,165,989	-
Investment in joint venture	13	1,209,463	975,184
Deposit with the Government of Pakistan for equity stake in Reko Diq project	14	34,301,231	-
Deferred taxation	28	9,530,548	-
		209,104,404	175,324,701
CURRENT ASSETS			
Stores, spares and loose tools - share in joint operations' inventory	15	4,132,756	4,099,210
Current portion of long term loan	12	33,307	9,551
Stock in trade	16	15,720,587	2,874,926
Trade debts - net	18	272,175,706	192,006,383
Recoverable from tax authorities	19	9,337,737	3,999,456
Loans, advances and other receivables	20	320,174	336,992
Trade deposits and short term prepayments	21	19,146	18,659
Receivable from the Government of Pakistan (GoP)	22	63,966,965	-
Accrued interest receivable	17	216,721	57,978
Advance tax	34	51,888	-
Short term investments	23	25,517,895	41,096,758
Cash and bank balances	24	17,604,323	11,234,375
		409,097,205	255,734,289
TOTAL ASSETS		618,201,609	431,058,990

The annexed notes from 1 to 53 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, 2022

	Note	2022	2021
		---Rupees ('000)---	
Revenue from contracts with customers - net	36	**497,539,810**	283,976,536
Royalty and other levies	37	**(11,359,391)**	(7,600,142)
Operating expenses	38	**(391,366,832)**	(219,939,563)
GROSS PROFIT		**94,813,587**	56,436,832
Exploration and prospecting expenditure	40	**(685,935)**	(561,331)
General and administrative expenses	41	**(1,694,708)**	(1,199,331)
Net impairment loss on financial assets	18.3	**(539,704)**	-
Other income	43	**34,582**	10,261,100
Other expenses	42	**(51,833,581)**	(1,320,292)
OPERATING PROFIT		**40,094,241**	63,616,978
Finance income	39	**5,652,653**	3,577,147
Finance cost	39	**(6,288,361)**	(5,800,391)
Finance cost – net		**(635,708)**	(2,223,244)
Share of loss of associate accounted for under equity method	11	**(2,513,552)**	-
Share of loss of joint venture accounted for under equity method	13	**(50,211)**	(20,781)
PROFIT BEFORE TAXATION		**36,894,770**	61,372,953
Taxation	44	**(15,636,138)**	(19,056,216)
PROFIT FOR THE YEAR		**21,258,632**	42,316,737
PROFIT ATTRIBUTABLE TO:			
Owners of the Holding Company		**21,258,632**	42,316,737
Non-controlling interest		**-**	-
		21,258,632	42,316,737
Earnings per share- basic and diluted (Rupees)	45	**10.11**	20.26

The annexed notes from 1 to 53 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, 2022

	Note	2022	2021
		------------Rupees ('000)------------	
PROFIT FOR THE YEAR		**21,258,632**	42,316,737
Other comprehensive income / (loss) for the year			
Items that will not be subsequently reclassified to consolidated statement of profit or loss:			
Remeasurement loss on employees' retirement benefits	32.2	**(63,724)**	(36,203)
Impact of tax		**28,039**	5,683
		(35,685)	(30,520)
Items that will be subsequently reclassified to consolidated statement of profit or loss:			
Effects of translation of investment in a foreign associate - net of tax	11	**383,973**	-
Effects of translation of investment in a foreign joint venture - net of tax	13	**230,437**	(68,182)
		614,410	(68,182)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**21,837,357**	42,218,035

The annexed notes from 1 to 53 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, 2022

	Attributable to owners of the Holding Company											
	Share Capital		Revenue Reserve	Capital Reserve					Revenue Reserve		Non-controlling interest	Total Equity
	Issued, subscribed and paid-up	Advance against issue of shares	General reserve	Foreign currency translation reserve	Committed outlay reserve	LNG project reserve	Asset insurance reserve	Assets acquisition reserve	Unappropriated profits	Total		
	-----------------------------						Rupees ('000)	-----------------------------				
Balance as at July 1, 2020	20,885,121	414,328	2,284,626	202,215	20,946,247	25,000,000	3,000,000	5,000,000	86,408,141	164,140,678	1,375	164,142,053
Total comprehensive income for the year												
Profit for the year	-	-	-	-	-	-	-	-	42,316,737	42,316,737	-	42,316,737
Other comprehensive loss for the year	-	-	-	(68,182)	-	-	-	-	(30,520)	(98,702)	-	(98,702)
Total comprehensive income for the year	-	-	-	(68,182)	-	-	-	-	42,286,217	42,218,035	-	42,218,035
Transactions with owners of the Holding Company												
Acquisition of minority interest	-	-	-	335	-	-	-	-	(3,861)	(3,525)	(1,375)	(4,900)
Contributions												
Advance received against issue of shares	-	1,921,764	-	-	-	-	-	-	-	1,921,764	-	1,921,764
Distributions												
Interim dividend 2021: Rs. 3.35 per share	-	-	-		-	-	-	-	(7,000,000)	(7,000,000)	-	(7,000,000)
Total contributions and distributions- net	-	1,921,764	-	-	-	-	-	-	(7,000,000)	(5,078,236)	-	(5,078,236)
Balance as at June 30, 2021	20,885,121	2,336,092	2,284,626	134,368	20,946,247	25,000,000	3,000,000	5,000,000	121,690,497	201,276,951	-	201,276,951
Balance as at July 01, 2021	20,885,121	2,336,092	2,284,626	134,368	20,946,247	25,000,000	3,000,000	5,000,000	121,690,497	201,276,951	-	201,276,951
Total comprehensive income for the year												
Profit for the year	-	-	-	-	-	-	-	-	21,258,632	21,258,632	-	21,258,632
Other comprehensive income / (loss) for the year	-	-	-	614,410	-	-	-	-	(35,685)	578,725	-	578,725
Total comprehensive income for the year	-	-	-	614,410	-	-	-	-	21,222,947	21,837,357	-	21,837,357
Transactions with owners of the Holding Company												
Contributions												
Advance received against issue of shares	-	436,244	-	-	-	-	-	-	-	436,244	-	436,244
Issue of shares	442,440	(442,440)	-	-	-	-	-	-	-	-	-	-
	442,440	(6,196)	-	-	-	-	-	-	-	436,244	-	436,244
Distributions												
Interim dividend 2022: Rs. 2.34 per share	-	-	-	-	-	-	-	-	(5,000,000)	(5,000,000)	-	(5,000,000)
Total contributions and distributions- net	442,440	(6,196)	-	-	-	-	-	-	(5,000,000)	(4,563,756)	-	(4,563,756)
Balance as at June 30, 2022	21,327,561	2,329,896	2,284,626	748,778	20,946,247	25,000,000	3,000,000	5,000,000	137,913,444	218,550,552	-	218,550,552

The annexed notes from 1 to 53 form an integral part of these consolidated financial statements.

Chief Executive Officer

Saira Ahmed

Director

GOVERNMENT HOLDINGS (PRIVATE) LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022	2021
		---Rupees ('000)---	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		36,894,770	61,372,953
Adjustments for:			
Amortisation of development and production assets	10	3,805,248	3,972,122
Depreciation on joint operations' fixed assets	6.2	2,581,680	2,297,716
Depreciation on right of use assets	38	10,701,431	10,701,431
(Gain) / loss on disposal of property, plant and equipment	43	(2,481)	41
Loss on assets written off		-	2,635
Impairment on property, plant and equipment	38.2	459,808	235,200
Impairment on development and production assets	38.2	772,213	72,311
Depreciation on owned fixed assets	6.1	37,397	36,372
Amortisation of intangible assets	8	18,786	26,922
Share of loss of associate	11	2,513,552	-
Dry hole wells	40	388,609	306,996
Provision for employee benefits	30 & 32.2	131,814	81,867
Unwinding of discount on provision for decommissioning cost	29.1	394,365	239,292
Unwinding of discount on long term liability	27.1	9,829	-
Discount of long term liability	27.1	(646,289)	(177,617)
Unrealised exchange (gain) / loss		37,611,701	(10,101,221)
Share of loss from joint venture - net of taxation		50,211	20,781
Provision for windfall levy on oil / condensate	42	4,995,336	1,320,292
Reversal due to change in decommissioning cost estimates	29.3	(347,222)	(174,167)
Net impairment loss on financial assets	18.3	539,704	-
Interest on delayed payment	39	179,767	77,561
Interest expense on lease liability	39	5,683,227	5,473,875
Interest income	39	(5,006,366)	(3,399,531)
		101,767,090	72,385,833
Changes in working capital:			
Increase in stores, spare and loose tools - share in joint operations' inventory		(33,546)	(546,903)
(Increase) / decrease in stock in trade		(12,845,661)	436,125
Increase in trade debts		(80,225,672)	(59,608,963)
Increase in recoverable from tax authorities		(5,338,281)	(1,562,880)
Decrease / (increase) in loans, advances and other receivables		16,819	(130,541)
Increase in trade deposits and short-term prepayments		(488)	(3,398)
Increase in trade and other payables		15,178,288	12,358,150
Increase in contract liabilities		67,353	-
		(83,181,188)	(49,058,410)
Cash generated from operations		18,585,902	23,327,423
Long term loan to staff	12	(29,396)	(9,960)
Income tax paid	34	(27,991,363)	(20,435,756)
Employee benefits paid	30 & 32.2	(90,744)	(101,628)
Interest paid on delayed payments	39	(179,767)	(77,561)
Net cash (used) / generated from operating activities		(9,705,367)	2,702,518

	Note	2022	2021
		---------------Rupees ('000)---------------	
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		**(7,220,722)**	(6,055,745)
Deposit with the Government of Pakistan in connection with Riko Diq project		**(34,301,231)**	-
Proceeds from disposal of property, plant and equipment		**1,511**	331
Interest received		**5,567,878**	3,276,907
Investment in associate		**(4,205,500)**	-
Investment in joint venture		-	(28,113)
Purchase of non controlling interest		-	(4,900)
Sale / (purchase) of short term investments		**2,000,000**	(6,000,000)
Net cash used in investing activities		**(38,158,064)**	(8,811,520)
CASH FLOWS FROM FINANCING ACTIVITIES			
Advance received against issue of shares	25.3	**436,244**	1,921,764
Dividend paid		**(5,000,000)**	(7,000,000)
Lease rentals paid		**(15,312,568)**	(13,788,296)
Government loan proceeds		**61,251,098**	37,215,777
Net cash used in financing activities		**41,374,774**	18,349,245
NET INCREASE IN CASH AND CASH EQUIVALENTS		**(6,488,658)**	12,240,244
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**39,800,460**	27,560,216
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	24.2	**33,311,802**	39,800,460

The annexed notes from 1 to 53 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, 2022

1. THE GROUP AND ITS OPERATIONS

1.1 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) and Pakistan LNG Limited (PLL), (collectively referred to as "the Group").

1.2 Government Holdings (Private) Limited

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

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.

1.3 As of the date of consolidated statement of financial position, the Holding Company has the following investments:

a) Inter State Gas System (Private) Limited (ISGSL) - wholly owned subsidiary

The Holding Company has 100% 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.

b) Pakistan LNG Limited (PLL) - wholly owned subsidiary

The Holding 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. With effect from January 01, 2021 PLL merged with Pakistan LNG Terminals Limited (PLTL) pursuant to completion of all legal requirements, with PLL being the surviving entity.

c) Pakistan International Oil Limited (PIOL) - foreign operation - 25% shareholding

During the year, the Holding Company, along with other consortium members i.e. Mari Petroleum Company Limited (MPCL), Pakistan Petroleum Limited (PPL) and Oil and Gas Development Company Limited (OGDCL) has been awarded Offshore Block 5 in Abu Dhabi's second competitive exploration block bid round. The consortium companies have established an independent entity named Pakistan International Oil Limited (PIOL). PIOL is engaged in the business of extraction of oil and natural gas and is registered as a limited liability company in the Emirate of Abu Dhabi and incorporated in Abu Dhabi Global Market on July 15, 2021, with each consortium company having a 25% equity stake in PIOL. The exploration concession agreement between PIOL and Abu Dhabi National Oil Company (ADNOC) was signed on August 31, 2021.

d) Deposit with the Government of Pakistan (GoP) for equity stake in Reko Diq project - 8.33% shareholding

The Holding Company has deposited its share of USD 187.5 million upon instruction of the Federal Government for an equity stake in Reko Diq project. Reko Diq is owned 50% by Barrick, 25% by three Federal State-Owned Enterprises (SOEs) i.e. the Holding Company, Pakistan Petroleum Limited (PPL) and Oil and Gas Development Company Limited (OGDCL) , 15% by the Government of Balochistan (GOB) on a fully funded basis and 10% by the GOB on a free carried basis. The reconstitution of the Reko Diq project was completed in December 2022. Reko Diq is expected to have a life of at least 40 years as a truck-and-shovel open pit operation with processing facilities producing a high-quality copper-gold concentrate. Construction is expected in two phases with a combined process capacity of 80 million tonnes per annum.

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

Operator	Concession / Block	Working Interest (%)	Province
Al-Haj	Baska North	4.15	Balochistan & KPK
Al-Haj	Potwar South	2.5	Punjab
Hycarbex	Yasin	5	Sindh & Balochistar
KPBV	Makhad	2.5	KPK
Tallahasse	Karak North	2.5	KPK
MOL	Tal	5 (Exp) ~ 15 (Dev)*	KPK
MPCL	Bolan / Zarghun South	17.5	Balochishtan
MPCL	Wali West	2.5	KPK
MPCL	Sharan	2.5	Balochishtan
MPCL	Nareli	2.5	Balochishtan
OGDCL	Bitrism	5 (Exp) ~ 22.5 (Dev)*	Sindh
OGDCL	Guddu	5 (Exp) ~ 22.5 (Dev)*	Sindh & Punjab
OGDCL	Gwadar	2.5	Balochistan
OGDCL	Jhakro	22.5	Sindh
OGDCL	Khewari	5 (Exp) ~ 25 (Dev)*	Sindh
OGDCL	Khuzdar North	2.5	Balochistan
OGDCL	Khuzdar South	2.5	Sindh & Balochistar
OGDCL	Kotra	5 (Exp) ~ 20 (Dev)*	Balochishtan
OGDCL	Nashpa	5 (Exp) ~ 15 (Dev)*	KPK
OGDCL	Nim	5 (Exp) ~ 22.5 (Dev)*	Sindh

Operator	Concession / Block	Working Interest (%)	Province
OGDCL	Orakzai	4.66	KPK
OGDCL	Palantak	2.5	Balochistan
OGDCL	Pasni West	2.5	Balochistan
OGDCL	Pezu	2.64	Punjab & KPK
OGDCL	Rakhshan	2.5	Balochistan
OGDCL	Ranipur	2.5	Sindh
OGDCL	Chanda	5 (Exp) ~ 17.5 (Dev)*	KPK
OGDCL	Sinjhoro	5 (Exp) ~ 22.5 (Dev)*	Sindh
OGDCL	Tirah	5	KPK
OGDCL	Tando Allah Yar	5 (Exp) ~ 22.5 (Dev)*	Sindh
OGDCL	Gurgalot	5	Punjab & KPK
OGDCL	Zin	5	Balochistan
OGDCL	Lilla	2.5	Punjab
OGDCL	Jhelum	2.5	Punjab
OGDCL	Sujawal South	2.5	Sindh
OGDCL	Khewari East	2.5	Sindh
OGDCL	Suleiman	2.5	Balochistan
OPPL	Zamzama	25	Sindh
PEL	Block 22	5 (Exp) ~ 22.5 (Dev)*	Sindh
PEL	Kandra	5 (Exp) ~ 25 (Dev)*	Sindh
PEL	Mirpur Mathelo	5	Sindh
POL	Pariwali	17.5	Punjab
POL	Minwal	17.5	Punjab
POL	North Dhumal	2.5	Punjab
PPL	Bela West	2.5	Balochistan
PPL	Dhok Sultan	25	Punjab & KPK
PPL	Gambat South	25	Sindh
PPL	Hisal	2.5	Punjab
PPL	Mazarani	12.5	Sindh
PPL	Chachar	25	Sindh
PPL	Nausherwani	25	Balochistan
PPL	Shah Bandar	2.5	Sindh
PPL	Sirani	25	Sindh
PPL	South Kharan	2.5	Balochistan
PPL	Musakhel	2.5	Balochistan
PPL	Punjab	2.5	Punjab
UEP	Badin III	5 (Exp) ~ 25 (Dev)*	Sindh
UEP	Gambat / Tajjal	5 (Exp) ~ 22.5 (Dev)*	Sindh
UEP	Khipro	5 (Exp) ~ 25 (Dev)*	Sindh
UEP	Kuhan	2.5	Balochistan
UEP	Mehar	5 (Exp) ~ 25 (Dev)*	Sindh & Balochistar
UEP	Mehran	5 (Exp) ~ 25 (Dev)*	Sindh
UEP	Mirpur Khas	5 (Exp) ~ 25 (Dev)*	Sindh
UEP	Mubarak	5 (Exp) ~ 25 (Dev)*	Sindh
UEP	Sawan	22.5	Sindh
Paige	Murgha Faqir Zai	5	Balochistan

* Exp- Exploratory phase
* Dev- Development phase

2. BASIS OF PREPARATION

2.1 Statement of Compliance

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

- International Financial Reporting Standards (IFRS 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 Basis of measurement

These consolidated financial statements have been prepared on the historical cost convention except for certain items as disclosed in the relevant accounting policies below.

2.3 Functional and presentation currency

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the Group operates. The consolidated financial statements are presented in Pakistan Rupee (PKR/ Rupees/ Rs) which is the Group's functional currency.

3 NEW AND REVISED STANDARDS AND INTERPRETATIONS

3.1 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group:

		Effective date (annual reporting periods beginning on or after)
IAS 1	Presentation of Financial Statements (Amendments)	January 1, 2023
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors (Amendments)	January 1, 2023
IAS 12	Income Taxes (Amendments)	January 1, 2023
IAS 16	Property, Plant and Equipment (Amendments)	January 1, 2022
IAS 37	Provisions, Contingent Liabilities and Contingent Assets (Amendments)	January 1, 2022
IAS 41	Agriculture (Amendments)	January 1, 2022
IFRS 3	Business Combinations (Amendments)	January 1, 2022
IFRS 4	Insurance Contracts (Amendments)	January 1, 2023
IFRS 9	Financial Instruments (Amendments)	January 1, 2022
IFRS 16	Leases (Amendments)	January 1, 2022
IFRS 10	Consolidated Financial Statements (Amendments)	January 1, 2021
IAS 28	Investments in Associates and Joint Ventures (Amendments)	January 1, 2021

The management anticipates that adoption of above standards, amendments and interpretations in future periods will have no material impact on the Group's consolidated financial statements other than in presentation / disclosures.

Further, the following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP), for the purpose of their applicability in Pakistan:

IFRS 1	First-time Adoption of International Financial Reporting Standards
IFRS 17	Insurance Contracts

The following interpretations issued by the IASB have been waived of by SECP:

IFRIC 12	Service Concession Arrangements

3.2 Standards and amendments to approved accounting standards that are effective

There are certain arrangements and interpretations to the accounting and reporting standards which are applicable on the Group from July 1, 2021, however, these do not have significant impact on the Group's financial reporting.

3.3 The Securities and Exchange Commission of Pakistan (SECP) through S.R.O. 67(I)/2023 dated January 20, 2023, in partial modification of its previous S.R.O. 1177 (I)/2021 dated September 13,2021, has notified that in respect of companies holding financial assets due from the Government of Pakistan (GoP) in respect of circular debt, the requirements contained in IFRS 9 with respect to application of Expected Credit Loss (ECL) model shall not be applicable till December 31, 2024, provided that such companies shall follow relevant requirements of IAS 39 'Financial Instruments: Recognition and Measurement' in respect of above referred financial assets during the exemption period. Earlier to the S.R.O. 985(I)/2019 dated September 02, 2019, SECP in a press release dated August 22, 2019 communicated that IFRS 9 needs to be looked into from Pakistan perspective where phenomenon like circular debt need to be given due consideration. It was noted that concerns expressed by companies regarding practical limitations in determining ECL on debts due from GoP, due to uncertain cash recovery patterns of circular debt, carry weight. Public information regarding expected settlement of circular debt by GoP in coming years may result in subsequent reversals of impairment losses recognised in 2019. Financial assets due from GoP include those that are directly due from GoP and that are ultimately due from GoP in consequence of the circular debt. In accordance with the exemption granted by SECP, ECL has not been assessed / recognised in respect of financial assets due directly / ultimately from GoP which includes trade debts amounting to Rs. 240,441 million (2021: Rs. 171,573 million) on account of inter-corporate circular debts.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of consolidated 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 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 recognised 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, the management has made the following estimates, assumptions and judgments which are relevant to these consolidated financial statements:

4.1 Property, plant and equipment - notes 5.1 and 6

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 Exploration and evaluation expenditure - notes 5.3 and 9

The Group's accounting policy for exploration and evaluation expenditure results in certain items of expenditure being capitalised 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 capitalised the expenditure under the policy, a judgment is made that recovery of the expenditure is unlikely, the relevant capitalised amount is written off to consolidated statement of profit or loss.

4.3 Development and production expenditure - notes 5.4 and 10

Joint operations where the Group has carried cost working interest, on announcement of commercial discovery, the Group initially provides for the liability related to relevant carried cost of the joint operations and then recognise 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 finalised cost agreed with the operator.

4.4 Taxation - notes 5.17 and 44

In determining tax provision, the Group takes into account the current tax laws and decisions taken by appellate authorities. The current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. Instances where the Group's view differs from the view taken by the income tax department at the assessment stage and the Group considers that its view on items of material nature is in accordance with law, the amounts are disclosed as contingent liabilities unless the possibility of any outflow is remote. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax balances in the year in which such determination is made.

4.5 Measurement of the expected credit loss allowance - notes 5.13.1 and 18.3

The measurement of the Expected Credit Loss ("ECL") allowance for financial assets requires the use of complex models and significant assumptions about future economic conditions and credit behavior (e.g. the likelihood of counter parties 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;
- 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); and
- 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 - notes 5.15 and 29

Provision is recognised for the future decommissioning and restoration cost of oil and gas wells, production facilities and pipelines at the end of their useful lives and involves estimates related to future expected cost, discount rate and timing. Estimates of the amount of provision recognised are based on current legal and constructive requirements, technology and price levels. Provision is based on the best estimates, however, the actual outflows can differ from estimated cash outflows due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future. The estimated timing of decommissioning may change due to certain factors, such as reserve life, a decision to terminate operations or change in legislation. The carrying amount of provision is reviewed annually and adjusted to take account of such changes.

During the year, the Group revised its estimates of decommissioning cost, reserve life, discount and inflation rates. This has been treated as change in accounting estimates, applied prospectively, in accordance with IFRIC Interpretation 1 "Changes in Existing Decommissioning, Restoration and Similar Liabilities".

Following line items would have been affected had there been no change in estimates:

	Rupees 000'
Provision for decommissioning cost would have been higher by	1,928,151
Property, plant and equipment would have been higher by	561,883
Development and production assets would have been higher by	997,475
Exploration & evaluation assets would have been higher by	21,571
Operating expenses would have been higher by	347,222
Total comprehensive income would have been lower by	347,222

4.7 Estimation of oil and natural gas reserves for amortisation of Development and Production Assets - notes 5.4 and 10

Oil and gas reserves are an important element in calculation of amortisation charge and for impairment testing of development and production assets of the Group. Estimates of oil and natural gas reserves are inherently imprecise, require the application of judgement and are subject to future revision. 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 reserve estimates are subject to revision, either upward or downward, based on new information, such as from development, drilling and production activities or from changes in economic factors, including product prices, contract terms or development plans.

Changes in estimates of reserves, affects the amount of amortisation recorded in the consolidated financial statements for development and production assets.

4.8 Impairment of non financial assets including exploration and evaluation assets, development and production assets and related property, plant and equipment - notes 5.5, 6, 9 and 10

At each reporting date, the Group reviews the carrying amount of its non financial assets to determine whether there is any indication of impairment. If any such indication exists, then the assets recoverable amount is estimated.

Exploration and Evaluation (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 that as to whether or not commercial reserves exist, the period for which the Group 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.

Impairment test of development and production assets and related property, plant and equipment is 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. For impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows largely independent of other assets or Cash Generating Units (CGUs). The CGU applied for impairment test purpose is generally based on a number of fields grouped as a single cash generating unit where the cash flows of each field are inter-dependent.

The carrying value is compared against expected recoverable amount of an asset or CGU, generally by reference to the future net cash flows expected to be derived from such assets. An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in consolidated statement of profit or loss. The impairment loss is allocated to the assets in CGU on a prorata basis.

Where conditions giving rise to impairment subsequently reverse, the effect of the impairment charge is also reversed as a credit in consolidated statement of profit or loss to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

4.9 Employee benefits - notes 5.16, 30 and 32.2

Defined benefits plans are provided for employees of the Group. Provident fund contribution plan and gratuity fund plan are structured as separate legal entities managed by trustees where as accumulating compensated absences plan is managed by the Group. These calculations require assumptions to be made of future outcomes, the principal ones being in respect of increases in remuneration and pension benefit levels, 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.

4.10 Provision against financial assets not subject to ECL model

As referred to note 3.3, the SECP has deferred applicability of ECL model in respect of financial assets due directly / ultimately from Government of Pakistan (GoP) till December 31, 2024 in respect of circular debt. Accordingly, the Group reviews the recoverability of its trade debts and investments that are due directly / ultimately from GoP in respect of circular debt to assess whether there is any objective evidence of impairment as per requirements of IAS 39 'Financial Instruments: Recognition and Measurement' at each reporting date.

The Group has overdue receivables on account of inter-corporate circular debt. These overdue balances are receivable from oil refineries and gas distribution companies. GoP is committed, hence continuously pursuing for satisfactory settlement of inter-corporate circular debt issue. However, the progress is slower than expected resulting in accumulation of Group's debts. Inter-corporate circular debt in Pakistan arises due to delayed payments in the energy sector supply chain; GoP either directly or through its direct / indirect ownership of entities within energy sector supply chain is at the core of circular debt issue. The Central Power Purchase Agency (CPPA), a government owned entity, is sole power purchaser for the Country and the circular debt is a shortfall of payments primarily by the CPPA, however, in case of gas distribution and transmission companies the shortfall also occurs because of a delay in receipts of subsidies from the GoP for supply of gas to certain domestic / industrial consumers.

Settlement of the Group's receivables is slower than the contractual terms primarily because circular debt is a macro economic level issue in Pakistan and its level at any given time is dependent on policies and / or priorities of the GoP, the level of subsidies offered by GoP to certain domestic and industrial consumers, exchange rate fluctuations, global crude oil prices and certain other systemic issues within energy sector (tariffs, losses, non / delayed recoveries).

The Group's assessment of objective evidence of impairment with respect to over due amounts on account of inter-corporate circular debt takes into account commitment made by the GoP, contractual rights to receive compensation for delayed payments and plans of the GoP to address the issue of inter-corporate circular debt.

The Group has contractual right and is entitled to charge interest if payments from customers delayed beyond credit terms, however, the Group recognises interest, if any, on delayed payments from customers or investments only to the extent that it is highly probable that a significant reversal in the amount of income recognised will not occur when the uncertainty associated with the interest is subsequently resolved, which is when the interest on delayed payments is received by the Group.

4.11 Stores, spares & loose tools - share in Joint operations' inventory - notes 5.10 and 15

The Group reviews the stores, spares and loose tools for possible write downs / provisions on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items with a corresponding affect on the provision.

4.12 Accounting estimates related to capital work in progress and lease are disclosed and explained in notes 5.8 and 5.9 respectively.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1 Property, plant and equipment

These are initially recognised 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, which is cost less subsequent depreciation and impairment losses (if any), except for freehold land and capital work in progress, which are stated at cost less impairment loss (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 over the useful life of the underlying asset. The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. Maintenance and normal repairs are charged to consolidated statement of profit or loss.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising on derecognition of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in as other income in the consolidated statement of profit or loss.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Capital work in progress is transferred to the respective item of property, plant and equipment when available for intended use.

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 amortisation and any accumulated impairment loss. Costs associated with routine maintenance of intangible assets are recognised as an expense when incurred. However, costs that are directly attributable to identifiable intangible assets and which enhance or extend the performance of intangible assets beyond the original specification and useful life is recognised as capital improvement and added to the original cost of the intangible assets. The cost of intangible assets is amortised over the estimated useful life on a 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 recognised prospectively as a change in accounting estimates.

5.3 Exploration and evaluation assets (E&E Assets)

The exploration cost of all the joint operations is accounted for under the "Successful Efforts" method. Under the successful efforts method of accounting, all property acquisitions, exploratory / evaluation drilling costs are initially capitalised as intangible Exploration and Evaluation (E&E) assets in well, field or specific exploration cost centers as appropriate. Costs directly associated with an exploratory well are capitalised as an intangible asset until the drilling of the well is completed and results have been evaluated. Major costs include employee benefits, material, chemical, fuel, well services and rig operational costs. All other exploration costs including cost of technical studies, seismic acquisition and data processing, geological and geophysical activities are charged in the consolidated statement of profit or loss as exploration and prospecting expenditure. Pre license cost are charged to consolidated statement of profit or loss as and when they are incurred.

Intangible E&E assets relating to each exploration license / field are carried forward, until the existence or otherwise of commercial reserves have been determined subject to certain limitations including review for indications of impairment. If commercial reserves have been discovered, the carrying value after any impairment loss of the relevant E&E assets is then reclassified as development and production assets and if commercial reserves are not found, the related costs are written off in consolidated statement of profit or loss. E&E assets are not amortised prior to the conclusion of appraisal activities.

5.4 Development and production assets (D&P Assets)

During exploratory phase under carried cost working interest holding, relevant working interest of the Group in various concessions is carried by its relevant partners in the respective joint operations, in accordance with the related Petroleum Concession Agreements (PCAs). 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 operation partners in these joint operations, according to the provisions of the related PCAs.

The carried cost payable to joint operation partners comprise of the cost of the successful wells and expenditure that are attributable to the commercial discovery. The cost is directly recognised 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 statement of 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 recognising provisions for future site restoration and decommissioning.

Expenditure carried within each field is amortised from the commencement of production on a unit of production basis, over the estimated useful life of the field determined by reference to proved reserves, on a field by field basis. Changes in the estimates of commercial reserves or future field development costs are dealt with prospectively. Amortisation is charged to consolidated statement of profit or loss. Amortisation 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.

5.5 Impairment of non financial assets

At each reporting date, the Group reviews the carrying amount of its non financial assets to determine whether there is any indication of impairment. If any such indication exists, then the assets recoverable amount is estimated.

Exploration and Evaluation (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 that as to whether or not commercial reserves exist, the period for which the Group 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.

Impairment test of development and production assets and related property, plant and equipment is 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.

For impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows largely independent of other assets or Casg Generating Units (CGUs). The carrying value is compared against expected recoverable amount of an asset or CGU, generally by reference to the future net cash flows expected to be derived from such assets. An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in consolidated statement of profit or loss.
Where conditions giving rise to impairment subsequently reverse, the effect of the impairment charge is also reversed as a credit in consolidated statement of profit or loss to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

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 Impairment of Assets.

5.6 Joint arrangements

Joint operations

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual right and obligations of the parties to the arrangement. The Group has assessed the nature of its joint arrangements and determined them to be joint operations. The Group has recognised its share of assets, liabilities, income and expenditure jointly held or incurred under the joint operations on the basis of latest available audited accounts of the joint operations and where applicable, the cost statements received from operators of the joint arrangements for the intervening period up to the consolidated statement of financial position date.

Joint venture

Joint ventures are joint arrangements whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint ventures are those investments in distinct legal entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

Investments in joint ventures are accounted for using the equity method and are initially recognised at cost, which includes transaction costs. Investment in foreign joint venture is translated into presentation currency at each reporting year end. The related exchange rate difference is charged / credited to foreign currency translation reserve.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income, after adjustments to align the accounting policies with those of the Group, from the date that joint control commences, until the date that joint control ceases.

When the Group's share of losses exceeds its interest in a joint venture, the carrying amount of that interest (including any long term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has a constructive or legal obligation to contribute to such losses or has made payments on behalf of the investee.

After application of equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of assets.

5.7 Investment in associated company

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

The results, assets and liabilities of the associate have been incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are initially recognised at cost adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the associate in consolidated profit or loss and the Group's share of movements in other comprehensive income of the associate in consolidated other comprehensive income. Dividends received or receivable from the associate is recognised as a reduction in the carrying amount of the investment. Adjustments to the carrying amount may also be necessary for changes arising from the foreign exchange translation differences. The Group's share of those changes is recognised in the Group's consolidated other comprehensive income. Losses of an associate in excess of Group's interest in that associate are recognised only to the extent that the Group has incurred legal or constructive obligation or made payment on behalf of the associate. Where objective evidence of impairment of investment in associate is identified, then the carrying amount of equity-accounted investment is tested for impairment in accordance with the policy described in note 5.5.

5.8 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 exists, the asset's recoverable amount is estimated in order to determine the extent of impairment loss. Impairment losses are charged to consolidated statement of profit or loss.

5.9 Lease liability and right-of-use asset

At inception of a contract, the Group assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Group's incremental borrowing rate.

Lease payments include fixed payments, variable lease payment that are based on an index or a rate amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option, less any lease incentives receivable. The extension and termination options are incorporated in determination of lease term only when the Group is reasonably certain to exercise these options.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. The corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit and loss if the carrying amount of right-of-use asset has been reduced to zero.

The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right-of-use asset is depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

IFRS 16 requires the Group to assess the lease term as the non-cancelable lease term in line with the lease contract together with the period for which the Group has extension options which the Group is reasonably certain to exercise and the periods for which the Group has termination options for which the Group is not reasonably certain to exercise those termination options.

The reasonably certain period used to determine the lease term is based on facts and circumstances related to the underlying leased asset and lease contracts and after consideration of business plan of the Group which incorporates economic, potential demand of customers and economic changes.

5.10 Stores, spares & loose tools - share in joint operations' inventory

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

5.11 Stock in trade

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on FIFO basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Previously, the value of inventory was determined on weighted average basis. Net realisable value signifies the estimated selling price in the ordinary course of business less all estimated costs of completion and costs necessarily to be incurred in order to make the sales. Provision is made for slow moving and obsolete stocks, where considered necessary. The change in accounting policy has been applied consistently to all periods presented in these consolidated financial statements.

5.12 Recoverable from tax authorities

This represents receivable from the tax authorities for the amount unadjusted against the sales tax liabilities respectively.

In sales tax returns, limitation of claiming input tax as lower of ninety percent of output tax or actual input tax gives rise to adjustable or refundable sales tax.

5.13 Financial instruments

All financial assets and financial liabilities are recognised at the time when the Group becomes a party to the contractual provisions of the instrument. All the financial assets are derecognised at the time when the Group losses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognised 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 de-recognition of the financial assets and financial liabilities are taken to the consolidated statement of profit or loss.

5.13.1 Financial assets

Classification

The Group classifies its financial assets in the following measurement categories:

a) Amortised cost where the effective interest rate method will apply;
b) Fair value through profit or loss (FVTPL); and
c) Fair value through other comprehensive income (FVTOCI)

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in consolidated statement of profit or loss or consolidated statement of other comprehensive income (OCI). For investments in equity instruments that are not held for trading, this depends on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVTOCI). The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in consolidated statement of profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

(a) Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in consolidated statement of profit or loss and presented in other income / expenses, together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statement of profit or loss.

(b) Fair value through other comprehensive income (FVTOCI)

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in consolidated statement of profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to consolidated statement of profit or loss and recognised in other income / expenses. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other income / expenses and impairment expenses are presented as separate line item in the consolidated statement of profit or loss.

(c) Fair value through profit or loss (FVTPL)

Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. Any gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in the consolidated statement of profit or loss and presented net within other income / expenses in the period in which it arises.

De-recognition of financial assets

A financial asset (or, where applicable part of a financial asset or part of a group of similar financial assets) is derecognised when:

i) The rights to receive cash flows from the asset have expired.

ii) The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset.

In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group assesses on a forward looking basis the Expected Credit Losses (ECL) associated with its debt instruments carried at amortised cost and FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Following are financial instruments that are subject to the ECL model:

- Trade debts
- Trade deposits
- Long term loans to staff
- Loans and other receivables
- Cash and bank balances
- Short term investments
- Receivable from GoP

General approach for loans and other receivables, trade deposits, long term loans to staff, Receivable from GoP, short term investments and cash and bank balances

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. The magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information (adjusted for factors that are specific to the counterparty, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate). As for the exposure at default for financial assets, this is represented by the assets' gross carrying amount at the reporting date. Loss allowances are forward looking, based on 12 month expected credit losses where there has not been a significant increase in credit risk rating, otherwise allowances are based on lifetime expected losses.

Expected credit losses are a probability weighted estimate of credit losses. The probability is determined by the risk of default which is applied to the cash flow estimates. In the absence of a change in credit rating, allowances are recognised when there is reduction in the net present value of expected cash flows. On a significant increase in credit risk, allowances are recognised without a change in the expected cash flows, although typically expected cash flows do also change; and expected credit losses are rebased from 12 month to lifetime expectations.

Simplified approach for trade debts

The Group recognises life time ECL on trade debts, using the simplified approach. The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;

- reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Trade debts are separately assessed for ECL measurement. The lifetime expected credit losses are estimated using the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Significant increase in credit risk

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the instrument as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable forward-looking information.

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations;
- actual or expected significant changes in the operating results of the debtor;
- significant increase in credit risk on other financial instruments of the same debtor;
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees;
- significant financial difficulty of the borrower;
- a breach of contract, such as a default or past due event;
- the Group for economic or contractual reasons relating to the borrower's financial difficulty, have granted to the borrower a concession(s) that the Group would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties; if applicable.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that

the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group). Irrespective of the above analysis, a significant increase in credit risk is presumed if a debtor is more than 365 days past due in making a contractual payment unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Recognition of loss allowance

The Group recognises an impairment gain or loss in the consolidated statement of profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Write-off

The Group write off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in consolidated profit or loss.

5.13.2 Financial liabilities

Classification, initial recognition and subsequent measurement

The Group classifies its financial liabilities in the following categories:

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

The Group determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and, in the case of other financial liabilities, also include directly attributable transaction costs. The subsequent measurement of financial liabilities depends on their classification, as follows:

Fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held-for-trading and financial liabilities designated upon initial recognition as being at fair value through profit or loss. The Group has not designated any financial liability upon recognition as being at fair value through profit or loss.

Amortised cost

After initial recognition, other financial liabilities which are interest bearing are subsequently measured at amortised cost, using the effective interest rate method. Gain and losses are recognised in the consolidated statement of profit or loss, when the liabilities are derecognised as well as through effective interest rate amortisation process.

De-recognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the consolidated statement of profit or loss.

The Group derecognises 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 recognised in the consolidated statement of profit or loss.

Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position if the Group has legally enforceable right to set-off the recognised amounts and the Group intends to settle on a net basis or realise the asset and settle the liability simultaneously.

5.14 Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise of term depository receipts maturing within 3 months, cash in hand, cash at banks and the related accrued interest income maturing within 3 months. 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.

5.15 Decommissioning cost

The activities of the Group normally give rise to obligations for site restoration. Restoration activities may include abandonment and removal of wells, facility decommissioning and dismantling, removal or treatment of waste materials, land rehabilitation, and site restoration.

Liabilities for decommissioning cost are recognised when the Group has an obligation for site restoration, and when a reliable estimate of that liability can be made. The Group makes provision in full for the decommissioning cost on the declaration of commercial discovery of the reserves, to fulfil the obligation of site restoration and rehabilitation. The obligations for oil and natural gas production or transportation facilities, are required on construction or installation. An obligation for decommissioning may also crystallize during the period of operation of a well / facility through a change in legislation or through a decision to terminate operations.

The amount recognised is the estimated cost of decommissioning, discounted to its net present value at a current pre-tax discount rate that reflects the risks specific to the decommissioning liability and the expected outflow of economic resources to settle this obligation is up to next thirty years.

Decommissioning cost, as appropriate, relating to producing or developing fields is capitalised to the cost of development and production assets and property, plant and equipment as the case may be. The recognised amount of decommissioning cost is subsequently amortised / depreciated as part of the capital cost of the development and production assets on a unit of production method and property, plant and equipment over the assets useful life respectively. At the time of decommissioning of the field, any differences arising from settlement of the provision are recognised in consolidated statement of profit or loss.

While the provision is based on the best estimate of future costs and the economic life of the fields, there is uncertainty regarding both the amount and timing of incurring these costs. The Group reviews the decommissioning provision at the reporting date. Any change in the present value of the estimated expenditure is dealt with prospectively and reflected as an adjustment to the provision and a corresponding adjustment to property, plant and equipment and development and production assets. If a decrease in a provision is greater than the carrying value of asset, the excess is recognised in consolidated statement of profit or loss. The unwinding of the discount on the decommissioning provision is recognised as finance cost in the consolidated statement of profit or loss.

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 Impairment of Assets.

5.16 Employee benefits

Employees gratuity fund

The Group operates approved gratuity fund for its regular and contract employees. The investments of gratuity funds are made through approved trust funds. Contributions are made in accordance with actuarial recommendations. Actuarial valuations are conducted by an independent actuary, annually using projected unit credit method related details of which are given in note 32.2 to the consolidated financial statements. The obligation at the date of consolidated statement of financial position is measured at the present value of the estimated future cash outflows.

Actuarial gains and losses (remeasurement gains / losses) on employees' gratuity fund are recognised immediately in consolidated other comprehensive income and past service cost is recognised in consolidated statement of profit or loss when they occur.

Cost primarily represents the increase in actuarial present value of the obligation for the employees' gratuity fund earned on employees service during the year and the interest on the net liability / (asset) in respect of employee's service in previous years. Calculations are sensitive to changes in the underlying assumptions.

Calculation of gratuity obligations require assumptions to be made of future outcomes which mainly includes increase in remuneration, expected long-term return on plan assets and the discount rate used to convert future cash flows to current values. Calculations are sensitive to changes in the underlying assumptions. The assumptions used vary for the different plans and they are determined by independent actuary annually.

Employee compensated absences

The Group provides for compensated absences for all eligible employees in accordance with the applicable rules.

Defined contribution plan

The Group operates an approved contributory provident fund for all employees. Equal monthly contribution is made both by the Group and the employee to the fund at the rate of 8.33% and 10% of basic salary for the Holding Company and Subsidiary companies respectively. The Group's contributions are recognised as employee benefit expense when they are due.

5.17 Taxation

Income tax expense comprises of current and deferred tax.

Current tax

Provision for current taxation is based on taxable income at the applicable rates of taxation after taking into account tax credits and tax rebates, if any, adjusted for payments to the Government of Pakistan (GoP) for payments on account of royalty and any adjustment to tax payable in respect of previous years. Income tax expense is recognised in consolidated statement of profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

The Group recognises provision for income tax based on best current estimates. However, where the final tax outcome is different from the amounts that were initially recorded, such differences impact the income tax provision in the period in which such determination is made.

The Group takes into account the current income tax law and decisions taken by the taxation authorities. Instances where the Group's views differ from the income tax department at the assessment stage and where the Group considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

Deferred tax

Deferred income tax is accounted for using the consolidated statement of financial position liability method in respect of all temporary differences arising between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, un-used tax losses and tax credits can be utilised. Deferred tax is calculated at the rates that are substantially expected to apply to the period when the differences reverse based on the tax rates that have been enacted. Deferred tax is charged or credited to income except in the case of items credited or charged to equity in which case it is included in equity.

Deferred taxation is recognised taking into account availability of taxable profits. The management uses assumptions about future best estimates of the availability of future taxable profits based on available information. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is not recognised for the temporary differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in associates and interest in joint arrangements to the extent that it is probable that they will not reverse in a foreseeable future and the investor / joint operator is able to control the timing of the reversal of the temporary difference. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill.

Offsetting deferred tax assets and liabilities

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the Group has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Group tax

The Group is taxed as a one fiscal unit along with Holding Company and its other wholly owned subsidiaries under section 59AA to the Income Tax Ordinance, 2001. Current and deferred income taxes are recognised by each entity within the Group in their respective consolidated statement of comprehensive income, regardless of who has the legal rights or obligation for the recovery or payment of tax from or to the tax authorities. Tax liability / receivable is shown by the Holding Company, on submission of annual tax return, who has the legal obligation to pay or right of recovery of tax from the taxation authorities.

5.18 Provisions and contingent liabilities

A provision is recognised in the consolidated statement of financial position when the Group has a present, legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of such obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax discount rate that reflects current market assessment of time value of money and risk specific to the liability.

A contingent liability is disclosed when the Group has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Group; or the Group has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

5.19 Revenue recognition

Revenue from contracts with customers is recognised when or as the Group satisfies a performance obligation by transferring a promised good to a customer. Revenue associated with the sale of crude oil, gas and liquefied petroleum gas is recognised at transaction price that is allocated to that performance obligation. Revenue from contracts with customers is recognised when the Group satisfies a performance obligation by transferring a promised good to a customer. A good is transferred when the customer obtains control of that good or service. The transfer of control of crude oil, 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 recognises revenue relating to the performance.

Revenue is measured at the transaction price, net of government levies. Transaction prices of crude oil and gas are specified in relevant agreements and / or as notified by the government authorities based on agreements with customers, relevant applicable petroleum policy, decision of Economic Coordination Committee (ECC) of the Cabinet or Petroleum Concession Agreements (PCAs). Prices of liquefied petroleum gas are approved by the appropriate authority of operator keeping in view the ceiling price notified by Oil & Gas Regulatory Authority (OGRA). 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 Government of Pakistan (GoP).

Revenue associated with the sale of Regasified Liquified Natural Gas (RLNG) is recognised at transaction price that is allocated to that performance obligation. Revenue from contracts with customers is recognised 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 RLNG coincides with injection of RLNG into customer's pipeline infrastructure at the tie in point through Custody Transfer Station (CTS). The Group principally satisfies its performance obligations at a point in time and recognises revenue relating to the performance.

Revenue related to RLNG is measured at the transaction price, net of government levies. Transaction prices of RLNG are notified by the government authorities on monthly basis on agreements with customers, relevant applicable petroleum policy, decision of ECC of the Cabinet. Effect of adjustments, if any, arising from revision in sale prices is reflected as and when the prices are finalised 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 except for RLNG where billings are generally raised by the end of each week which are payable within 5 days in accordance with the contractual arrangement with customers. Amounts billed or received prior to being earned, are deferred and recognised as advances from customers. The Group based on its assessment has not identified a significant financing component in its current contracts with customers because payment terms of allowed days are explicitly specified and delay in settlement of invoices does not result in a significant financing component.

5.20 Finance income and cost

Finance income comprises interest income on funds invested and gain on long term liabilities due to change in estimate. Interest income of financial assets at amortised cost is calculated using the effective interest method and is recognised in consolidated statement of profit or loss. Interest income is calculated by applying the effective interest rate to gross carrying amount of a financial asset except for financial assets that subsequently become credit impaired. For credit impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial assets. Dividend income is recognised when the right to receive the payment is established. Foreign currency gains and losses are reported on a net basis.

The Group has contractual right and is entitled to charge interest if payments from customers are delayed beyond credit terms, however, the Group recognises interest, if any, on delayed payments from customers only to the extent that it is highly probable that a significant reversal in the amount of income recognised will not occur when the uncertainty associated with the interest is subsequently resolved, which is when the interest on delayed payments is received by the Group.

Finance cost comprises interest expense on lease liabilities (if any), interest expense on borrowings (if any), unwinding of discount on provisions or liability, interest on delayed payment and bank charges. Mark up, interest and other charges on borrowings are charged to consolidated statement of profit or loss in the period in which they are incurred.

5.21 Foreign currencies

5.21.1 Foreign currency transactions and translations

Transactions in foreign currencies are recorded at the rates of exchange ruling on the date of the transaction. All monetary assets and liabilities denominated in foreign currencies are translated into Pakistani Rupees at the rate of exchange ruling on the consolidated statement of financial position date and exchange differences, if any, are credited / charged to consolidated statement of profit or loss for the year.

5.21.2 Foreign operations

The transactions of foreign operation are translated at rate of exchange prevailing on the date of transaction. All monetary and non-monetary assets and liabilities of foreign operation are translated into Pak Rupees at exchange rate prevailing at the date of consolidated statement of financial position and the resulting currency translation differences are recognised in other comprehensive income and accumulated as a separate reserve in equity until the disposal of foreign operation, upon which these are reclassified from equity to consolidated statement of profit or loss when gain or loss on disposal is recognised.

5.22 Dividends

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

5.23 Earnings 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 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.

5.24 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. Trade and other payables are presented as current liability unless payment is not due within twelve (12) months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

5.25 Reserves

At the discretion of the Board of Directors of respective group companies a reserve is created which is to be applied for meeting contingencies, or for any other purpose to which the profits of a group entity may be properly applied, and pending such application may, in the like discretion, either be employed in the business of the group entity or be invested in such investments, as the respective Board of Directors may from time to time think fit. Reserves are reviewed periodically and adjusted as considered necessary by the respective Board of Directors.

6 PROPERTY, PLANT AND EQUIPMENT

	Note	2022	2021
		Rupees ('000)	
Owned fixed assets	6.1	**69,510**	77,728
Share in joint operations' fixed assets	6.2	**24,021,823**	24,900,716
Share in joint operations' capital work in progress	6.3	**3,366,195**	3,089,920
Capital work in progress	6.5	**2,511,318**	2,511,318
		29,968,846	30,579,682

6.1 Owned fixed assets

	Office equipment	Furniture and fixtures	Computer equipment	Vehicles	Total
	Rupees ('000)				
As at July 1, 2020					
Cost	45,399	57,392	87,874	36,258	226,923
Accumulated depreciation	(30,426)	(28,219)	(51,176)	(26,524)	(136,345)
Net book value	14,973	29,173	36,698	9,734	90,577
Year ended June 30, 2021					
Opening net book value	14,973	29,173	36,698	9,734	90,577
Additions	13,352	4,002	9,175	-	26,529
Disposals					
Cost	438	-	3,556	-	3,995
Accumulated depreciation	(438)	-	(3,185)	-	(3,623)
	-	-	372	-	372
Write off					
Cost	817	5,197	-	-	6,014
Accumulated depreciation	(586)	(2,793)	-	-	(3,379)
	231	2,403	-	-	2,635
Depreciation charge	(7,498)	(6,829)	(18,222)	(3,824)	(36,372)
Closing net book value	20,596	23,942	27,280	5,910	77,728
As at July 1, 2021					
Cost	**57,496**	**56,197**	**93,493**	**36,258**	**243,444**
Accumulated depreciation	**(36,900)**	**(32,255)**	**(66,213)**	**(30,348)**	**(165,716)**
Net book value	**20,596**	**23,942**	**27,280**	**5,910**	**77,728**
Year ended June 30, 2022					
Opening net book value	**20,596**	**23,942**	**27,280**	**5,910**	**77,728**
Additions	**3,895**	**3,053**	**20,330**	**2,652**	**29,930**
Disposals					
Cost	**4,749**	**243**	**3,197**	**1,268**	**9,457**
Accumulated depreciation	**(4,629)**	**(218)**	**(2,591)**	**(1,268)**	**(8,706)**
	120	**25**	**606**	**-**	**751**
Depreciation charge	**(9,009)**	**(7,023)**	**(17,502)**	**(3,863)**	**(37,397)**
Closing net book value	**15,362**	**19,947**	**29,502**	**4,699**	**69,510**
As at June 30, 2022					
Cost	**56,642**	**59,007**	**110,626**	**37,642**	**263,917**
Accumulated depreciation	**(41,280)**	**(39,060)**	**(81,124)**	**(32,943)**	**(194,407)**
Net book value	**15,362**	**19,947**	**29,502**	**4,699**	**69,510**
Annual rate of depreciation (%)	15-20	15	20-33	15-20	

6.2 **Share in joint operations' fixed assets**

	Leasehold land	Plant and equipment	Pipelines	Office equipment	Furniture and fixtures	Vehicles	Decommissioning cost	Total
	Rupees ('000)							
As at July 1, 2020								
Cost	54,215	44,670,646	7,358,278	335,957	77,807	172,609	1,082,836	53,752,348
Accumulated depreciation	(40,460)	(20,088,196)	(3,877,138)	(284,688)	(71,939)	(159,454)	(505,699)	(25,027,574)
Accumulated Impairment	(6,458)	(2,851,547)	(634,729)	(25,939)	(3,816)	(3,130)	(59,032)	(3,584,649)
Net book value	7,297	21,730,903	2,846,411	25,330	2,052	10,025	518,105	25,140,125
Year ended June 30, 2021								
Opening net book value	7,297	21,730,903	2,846,411	25,330	2,052	10,025	518,105	25,140,125
Additions	680	934,064	413,711	8,789	62	7,291	387,526	1,752,122
Adjustment of decommissioning cost	-	(351,056)	(58,905)	-	-	-	(310,680)	(720,641)
Transfers from capital work in progress	-	849,118	201,721	-	-	-	221	1,051,060
Depreciation charge	(1,489)	(1,938,336)	(402,806)	(8,240)	(636)	(7,406)	61,197	(2,297,716)
Impairment charge	-	(9,611)	(14,591)	(30)	-	-	-	(24,233)
Closing net book value	6,488	21,215,081	2,985,540	25,849	1,478	9,910	656,370	24,900,716
As at July 1, 2021								
Cost	54,895	46,102,772	7,914,804	344,746	77,869	179,900	1,159,903	55,834,889
Accumulated depreciation	(41,950)	(22,026,532)	(4,279,944)	(292,928)	(72,575)	(166,860)	(444,502)	(27,325,291)
Accumulated Impairment	(6,458)	(2,861,158)	(649,320)	(25,969)	(3,816)	(3,130)	(59,032)	(3,608,883)
Net book value	6,488	21,215,081	2,985,540	25,849	1,478	9,910	656,370	24,900,716
Year ended June 30, 2022								
Opening net book value	**6,488**	**21,215,081**	**2,985,540**	**25,849**	**1,478**	**9,910**	**656,370**	**24,900,716**
Additions	**-**	**1,762,650**	**357,238**	**6,077**	**(180)**	**4,399**	**95,424**	**2,225,608**
Adjustment of decommissioning cost	**-**	**(251,847)**		**-**	**-**	**-**	**(291,231)**	**(543,078)**
Transfers from capital work in progress	**-**	**301,389**	**178,676**	**-**	**-**	**-**	**-**	**480,065**
Depreciation charge	**-**	**(2,145,065)**	**(319,277)**	**(4,568)**	**(207)**	**(5,259)**	**(107,304)**	**(2,581,680)**
Impairment charge	**(6,488)**	**(310,143)**	**(121,677)**	**(4,302)**	**-**	**(66)**	**(17,132)**	**(459,808)**
Closing net book value	**-**	**20,572,065**	**3,080,500**	**23,056**	**1,091**	**8,984**	**336,127**	**24,021,823**
As at June 30, 2022								
Cost	**54,895**	**47,914,964**	**8,450,718**	**350,823**	**77,689**	**184,299**	**964,096**	**57,997,484**
Accumulated depreciation	**(41,950)**	**(24,171,598)**	**(4,599,221)**	**(297,496)**	**(72,782)**	**(172,119)**	**(551,806)**	**(29,906,972)**
Accumulated Impairment	**(12,945)**	**(3,171,301)**	**(770,997)**	**(30,271)**	**(3,816)**	**(3,196)**	**(76,163)**	**(4,068,689)**
Net book value	**-**	**20,572,065**	**3,080,500**	**23,056**	**1,091**	**8,984**	**336,127**	**24,021,823**
Annual rate of depreciation (%)	**33-4**	**33-4**	**33-4**	**20**	**15**	**20**	**33-4**	

		2022	2021
		-----------Rupees ('000)------------	
6.3	**Share in joint operations' capital work in progress**		
	Balance at the beginning of the year	**3,311,421**	2,865,291
	Cost incurred during the year	**756,340**	1,592,167
	Transferred to development and production assets	**-**	(94,977)
	Transferred to share in joint operations' fixed assets	**(480,065)**	(1,051,060)
		3,587,696	3,311,421
	Accumulated impairment	**(221,501)**	(221,501)
	Balance at the end of the year	**3,366,195**	3,089,920

6.3.1 Total capitalized cost includes asset decommissioning cost amounting to Rs. 151.9 million as at June 30, 2022 (2021: Rs. 147.03 million)

		Note	2022	2021
			-----------Rupees ('000)------------	
6.4	**Allocation of depreciation**			
	Operating expenses	38	**2,581,680**	2,297,716
	General and administrative expenses	41	**37,397**	36,372
			2,619,077	2,334,088
6.5	**Capital work in progress**			
	Iran Pakistan Gas Pipeline Project	6.5.1	**2,511,318**	2,511,318
6.5.1	**Iran Pakistan Gas Pipeline Project**			
	Consultancy services	6.5.1.1	**2,546,571**	2,546,571
	Travelling and transportation expenses		**63,901**	63,901
	Field security expenses		**25,345**	25,345
	Tendering expenses		**19,227**	19,227
	Rent, rates and utilities		**28,288**	28,288
	Personnel costs and benefits		**246,580**	246,580
	Training and capacity building		**5,060**	5,060
	Insurance		**2,919**	2,919
	Repairs and maintenance		**27,782**	27,782
	Legal and professional services		**11,176**	11,176
	Depreciation		**39,409**	39,409
	Amortisation		**8,893**	8,893
	Mark up on loan		**28,922**	28,922
	Others		**11,161**	11,161
	Impairment loss	6.5.1.2	**(553,916)**	(553,916)
			2,511,318	2,511,318

6.5.1.1 The Governments of Pakistan (GoP) 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 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. 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.

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 aforesaid addendum, Iran withdrew the aforementioned notice and accordingly, the Group did not accrue any penalty under the terms of IP-GSPA agreement with NIOC.

Also, GoP has provided sovereign guarantee to NIOC on behalf of ISGSL regarding the performance of obligations of ISGSL under the Gas Sale and Purchase Agreement signed between NIOC and ISGSL.

Considering the indicators for impairment, the management performed impairment assessment during the year ended June 30, 2022 using discount rate of 10.07% per annum and using the value-in-use model. The project's VIU based on management cash flow forecasts is determined to USD 328.67 million. Therefore, despite the implementation delays, the management believes that, having considered the dynamics of energy market in the country, prevailing gas pricing mechanism and continued operational and financial support of GoP, the project is still financially viable and costs capitalised as at the reporting date are not impaired and are fully recoverable.

6.5.1.2 ECC in its meeting held on October 2, 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 utilised 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 utilised for the GNP.

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 Government to Government 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 during 2017 discontinued the GNP and recognised an impairment loss against aggregate cost incurred on GNP.

			2022	2021
			Rupees ('000)	
6.6	**Allocation / (reversal) of impairment**			
	Operating expenses	38	**459,808**	235,200

6.7 As the Holding Company is a non-operator, property, plant and equipment other than owned fixed assets are not in the possession of the Holding Company and are operated by joint operations in which the Holding Company has working interest.

		2022	2021
		Rupees ('000)	
7	**RIGHT OF USE ASSET**		
	Cost		
	As at beginning of the year	144,469,320	144,469,320
	Addition / (deletion) during the year	-	-
	As at end of the year	144,469,320	144,469,320
	Accumulated depreciation		
	As at beginning of the year	21,402,862	10,701,431
	Depreciation charge	10,701,431	10,701,431
	As at end of the year	32,104,293	21,402,862
	Net carrying amount at end of the year	112,365,027	123,066,458
7.1	**Lease liability**		
	As at beginning of the year	123,359,788	140,590,132
	Recognised during the year	-	-
	Interest charge during the year	5,683,227	5,473,875
	Lease payments during the year	(15,312,568)	(13,788,296)
	Exchange loss / (gain) during the year	35,465,026	(8,915,923)
	As at end of the year	149,195,473	123,359,788
	Current portion	(11,528,681)	(8,509,955)
	Non-current portion	137,666,792	114,849,833
	Maturity analysis - contractual undiscounted cash flows		
	Not later than one year	17,579,399	13,532,523
	Later than one year and not later than five years	87,993,321	54,167,166
	Later than five years	79,227,703	88,091,161
		184,800,423	155,790,850

7.2 Lease arrangement

The Group recognises the lease for Floating Storage and Regasification Unit (FSRU), Jetty and connecting pipelines assets located at LNG terminal. Initially lease arrangement was entered by Pakistan LNG Terminal Limited (PLTL) through Operation Services Agreement (OSA) with PGP Consortium Limited (PGPCL) as main lease arrangement, additionally Terminal Use and Regasification Agreement (TURA) was entered into by the Group with PLTL as sub lease arrangement. Subsequent to merger of PLTL with Pakistan LNG Limited (PLL) , this lease arrangement effectively remained with PGPCL as lessor and the Group as lessee.

Under the lease contract the Group has to pay fixed lease rentals, interest rate implicit in the lease was not available therefore lease liability initially measured at the present value of the lease payments using the Group's incremental borrowing rate. The Group used the discount rate of LIBOR+2% to reflect the rate at which external financiers would lend to the Group for the type of asset leased.

		2022	2021
		-------------Rupees ('000)----------	

8 INTANGIBLE ASSETS - SOFTWARES

	2022	2021
Cost	**133,774**	131,530
Accumulated amortisation	**(125,197)**	(106,411)
Net book value	**8,577**	25,119
Opening net book value	**25,119**	49,015
Additions	**2,244**	3,026
Disposals		
Cost	**-**	-
Accumulated amortisation	**-**	-
	-	-
Amortisation charge	**(18,786)**	(26,922)
Closing net book value	**8,577**	25,119
Annual rate of amortisation (%)	**20-33**	20-33

9 EXPLORATION AND EVALUATION ASSETS

	Note	**2022**	2021
Balance at beginning of the year		**5,752,966**	5,456,332
Expenditure incurred during the year		**410,709**	978,946
		6,163,675	6,435,278
Cost of dry and abandoned wells during the year	40	**(388,609)**	(306,996)
Transfer to development and production assets during the year		**-**	(375,317)
		(388,609)	(682,313)
Balance at end of the year		**5,775,066**	5,752,966

9.1 Total capitalised cost includes asset decommissioning cost amounting to Rs. 7.29 million at June 30, 2022 (2021: Rs. 28.86 million).

10 DEVELOPMENT AND PRODUCTION ASSETS

Particulars	Working interest	Cost						Amortisation			Impairment			Carrying amount
		As at Jul 1, 2021	Additions	Adjustments	Adjustment of decommission-ing cost	Transfers	As at June 30, 2022	As at Jul 1, 2021	Charge for the year	As at June 30, 2022	As at Jul 1, 2021	Charge for the year	As at June 30, 2022	As at June 30, 2022
		------Rupees ('000)------						------Rupees ('000)------			------Rupees ('000)------			Rupees ('000)
Producing fields - Joint operations														
Badin III	25.00%	306,792	-	-	-	-	306,792	306,792	-	306,792	-	-	-	-
Block-22 (all fields)	22.50%	268,275	-	(8,370)	-	-	259,905	213,088	(8,370)	204,718	55,187	-	55,187	-
Ahmadal/Pariwali	17.50%	778,714	758	-	-	-	779,472	595,917	41,595	637,512	-	-	-	141,960
Minwal	17.50%	3,647	184	-	-	-	3,831	1,686	96	1,782	-	-	-	2,049
Mazarani	12.50%	136,641	-	(39)	-	-	136,602	115,312	(39)	115,273	21,328	-	21,328	1
Sawan	22.50%	3,411,766	8,555	-	-	-	3,420,321	2,596,330	26,688	2,623,018	604,063	-	604,063	193,240
Zamzama	25.00%	4,554,369	1,863	(587)	-	218,781	4,774,426	3,683,826	27,736	3,711,562	870,287	146,443	1,016,730	46,134
Mubarak	25.00%	1,351,278	53,422	-	-	-	1,404,700	215,260	56,951	272,211	1,025,477	64,398	1,089,875	42,614
Nim	22.50%	291,293	78,486	-	-	151,065	520,844	115,903	121,580	237,483	-	-	-	283,361
Mehran	25.00%	69,203	-	-	-	-	69,203	1,933	-	1,933	67,270	-	67,270	-
Chanda*	17.50%	1,612,514	5,121	(1,121)	(78)	-	1,616,436	999,805	166,675	1,166,480	-	-	-	449,956
Gambat	25.00%	441,439	964	-	-	-	442,403	241,756	964	242,720	199,682	-	199,682	1
Tal (all fields)*	15.00%	6,274,350	96,251	-	(116,926)	-	6,253,675	4,839,519	432,895	5,272,414	-	-	-	981,261
Khipro (all fields)*	25.00%	2,870,345	411,781	(20,488)	(15,647)	-	3,245,991	2,230,132	183,212	2,413,344	-	-	-	832,647
MirpurKhas (all fields)*	25.00%	5,570,871	708,614	(41,171)	(37,686)	-	6,200,628	4,606,306	530,142	5,136,448	-	-	-	1,064,180
Chachar*	25.00%	257,891	-	-	(6,030)	-	251,861	158,956	104	159,060	91,855	-	91,855	946
Nashpa*	15.00%	5,007,511	4,441	(16,288)	(7,572)	41,391	5,029,483	2,098,007	636,895	2,734,902	-	-	-	2,294,581
Sinjhoro*	22.50%	501,138	334,418	-	(5,166)	-	830,390	370,593	102,009	472,602	-	-	-	357,788
Mehar	25.00%	3,318,982	1,059,157	(5,734)	-	-	4,372,405	1,194,311	551,419	1,745,730	-	671,218	671,218	1,955,457
Jhakro	22.50%	10,107	-	-	-	-	10,107	10,030	49	10,079	-	28	28	-
Guddu	22.50%	154,910	29	-	-	-	154,939	111,424	8,431	119,855	-	-	-	35,084
Bolan	17.50%	563,789	2,950	(924)	-	-	565,815	372,328	100,783	473,111	-	-	-	92,704
Gambat South*	25.00%	1,809,757	-	(3,903)	(70,924)	-	1,734,930	539,539	162,988	702,527	-	-	-	1,032,403
Bitrisim	22.50%	286,080	26,827	-	-	-	312,907	70,220	50,012	120,232	-	-	-	192,675
Tando Allah Yar (all fields)*	22.50%	267,750	887	-	(10,118)	-	258,519	179,012	36,362	215,374	-	-	-	43,145
Shah Bandar*	2.50%	59,951	4	-	(938)	-	59,017	11,342	45,688	57,030	-	-	-	1,987
Khewari	22.50%	176,725	5,598	-	-	27,440	209,763	-	6,770	6,770	-	-	-	202,993
Decommissioning cost		3,299,948	443,577	-	(681,178)	-	3,062,347	1,337,923	523,613	1,861,536	195,352	36,569	231,921	968,890
Sub total producing fields		43,656,038	3,243,887	(98,625)	(952,263)	438,677	46,287,712	27,217,250	3,805,248	31,022,498	3,130,501	918,656	4,049,157	11,216,057

*This includes reversal of decommissioning cost amounting Rs. 271.09 million directly made against related field assets under provisions of IFRIC 1 - Changes in existing decommissioning, restoration and similar liabilities.

Developing fields - Joint operations

Particulars	Working interest	Cost: As at Jul 1, 2021	Cost: Additions	Cost: Adjustments	Cost: Adjustment of decommission-ing cost	Cost: Transfers	Cost: As at June 30, 2022	Amortisation: As at Jul 1, 2021	Amortisation: Charge for the year	Amortisation: As at June 30, 2022	Impairment: As at Jul 1, 2021	Impairment: Charge for the year	Impairment: As at June 30, 2022	Carrying amount: As at June 30, 2022
		Rupees ('000)						Rupees ('000)			Rupees ('000)			Rupees ('000)
Developing fields - Joint operations														
Mehar	25.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
Tando Allah Yar (all fields)	22.50%	-	25,311	-	-	-	25,311	-	-	-	-	-	-	25,311
Kandra	25.00%	3,577	-	-	-	-	3,577	-	-	-	3,577	-	3,577	-
Nim	22.50%	148,258	-	-	-	(151,065)	(2,807)	-	-	-	-	-	-	(2,807)
Kotra	20.00%	89,343	-	(1,401)	-	-	87,942	-	-	-	50,824	-	50,824	37,118
Tal	15.00%	-	255,366	-	-	-	255,366	-	-	-	-	-	-	255,366
MirpurKhas (all fields)	25.00%	-	139,781	-	-	-	139,781	-	-	-	-	-	-	139,781
Khipro (all fields)	25.00%	7,420	148,867	-	-	-	156,287	-	-	-	-	-	-	156,287
Sawan	22.50%	-	-	-	-	-	-	-	-	-	-	-	-	-
Nashpa	15.00%	48,614	565,358	-	-	(41,391)	572,581	-	-	-	-	-	-	572,581
Gambat South	25.00%	970,684	-	-	-	-	970,684	-	-	-	-	-	-	970,684
Block-22	22.50%	15,534	-	-	-	-	15,534	-	-	-	15,534	-	15,534	-
Zamzama	25.00%	218,781	-	-	-	(218,781)	-	-	-	-	146,443	(146,443)	-	-
Sinjhoro	22.50%	-	163,010	-	-	-	163,010	-	-	-	-	-	-	163,010
Khewari	22.50%	154,196	42,523	(60,579)	-	(27,440)	108,700	-	-	-	-	-	-	108,700
Decommissioning cost		169,546	161	-	(45,212)	-	124,495	-	-	-	7,294	-	7,294	117,201
Sub total developing fields		1,825,953	1,340,377	(61,980)	(45,212)	(438,677)	2,620,461	-	-	-	223,672	(146,443)	77,229	2,543,232
Total		45,481,989	4,584,264	(160,605)	(997,475)	-	48,908,173	27,217,250	3,805,248	31,022,498	3,354,173	772,213	4,126,386	13,759,289

10.1 Developing fields comprise of cost of wells and related expenditure which are under development / under drilling and, hence, no amortisation thereon has been charged.

10.2 DEVELOPMENT AND PRODUCTION ASSETS

Particulars	Working Interest	Cost						Amortisation			Impairment			Carrying amount
		As at Jul 1, 2020	Additions	Adjustments	Adjustment of decommission-ing cost	Transfers	As at Jun 30, 2021	As at Jul 1, 2020	Charge for the year	As at Jun 30, 2021	As at Jul 1, 2020	Charge / (Reversal) for the year	As at Jun 30, 2021	As at Jun 30, 2021
		Rupees ('000)						Rupees ('000)			Rupees ('000)			Rupees ('000)
Producing fields-Joint operations														
Badin III	25.00%	306,792	-	-	-	-	306,792	306,792	-	306,792	-	-	-	-
Block-22 (all fields)	22.50%	275,418	-	(7,143)	-	-	268,275	220,231	(7,143)	213,088	55,187	-	55,187	-
Ahmadal/Pariwali	17.50%	777,961	1,178	(425)	-	-	778,714	565,187	30,730	595,917	-	-	-	182,796
Minwal	17.50%	3,498	149	-	-	-	3,647	1,584	102	1,686	-	-	-	1,961
Mazarani	12.50%	136,695	-	(54)	-	-	136,641	115,367	(54)	115,313	21,328	-	21,328	-
Sawan*	22.50%	3,350,400	2,904	(4,922)	(31,929)	95,313	3,411,766	2,564,254	32,076	2,596,330	604,063	-	604,063	211,373
Zamzama*	25.00%	4,637,892	670	-	(84,193)	-	4,554,369	3,716,139	(32,313)	3,683,826	861,643	8,643	870,287	256
Mubarak	25.00%	1,234,127	117,151	-	-	-	1,351,278	208,650	6,610	215,260	1,025,477	-	1,025,477	110,541
Nim	22.50%	112,439	90,701	-	-	88,153	291,293	112,439	3,464	115,903	-	-	-	175,390
Mehran	25.00%	69,203	-	-	-	-	69,203	1,933	-	1,933	67,270	-	67,270	-
Chanda	17.50%	1,040,444	6,336	(24,343)	-	590,077	1,612,514	812,434	187,371	999,805	-	-	-	612,709
Gambat	25.00%	387,341	61,200	(7,102)	-	-	441,439	187,659	54,098	241,757	199,682	-	199,682	-
Tal (all fields)*	15.00%	5,747,498	313,462	(2,872)	(68,579)	284,841	6,274,350	3,694,165	1,145,353	4,839,518	-	-	-	1,434,831
Khipro (all fields)*	25.00%	2,674,753	183,155	-	(48,782)	61,220	2,870,346	1,965,314	264,819	2,230,133	-	-	-	640,214
MirpurKhas (all fields)*	25.00%	5,508,593	256,269	(12,234)	(181,798)	40	5,570,870	3,910,353	695,953	4,606,306	-	-	-	964,564
Chachar	25.00%	257,891	-	-	-	-	257,891	158,306	650	158,956	91,855	-	91,855	7,081
Nashpa	15.00%	3,729,814	147,586	(21,582)	-	1,151,692	5,007,510	1,429,148	668,860	2,098,008	-	-	-	2,909,503
Sinjhoro	22.50%	414,697	-	-	-	86,441	501,138	275,936	94,657	370,593	-	-	-	130,545
Mehar*	25.00%	2,312,134	490,829	(7,324)	(14,551)	537,895	3,318,983	960,798	233,513	1,194,311	-	-	-	2,124,672
Jhakro	22.50%	10,107	-	-	-	-	10,107	9,835	195	10,030	-	-	-	77
Guddu	22.50%	154,901	8	-	-	-	154,909	98,005	13,419	111,424	-	-	-	43,484
Bolan*	17.50%	397,221	5,173	(56,110)	(90,419)	307,924	563,789	269,603	102,725	372,328	-	-	-	191,460
Gambat South*	25.00%	1,053,110	249,857	(8,820)	(32,806)	548,416	1,809,757	432,924	106,615	539,539	-	-	-	1,270,219
Bitrisim	22.50%	261,235	24,846	-	-	-	286,081	15,335	54,885	70,220	-	-	-	215,861
Tando Allah Yar (all fields)	22.50%	267,262	-	-	-	488	267,750	162,504	16,508	179,012	-	-	-	88,738
Shah Bandar	2.50%	-	-	-	-	59,951	59,951	-	11,342	11,342	-	-	-	48,609
Khewari	22.50%	-	76,201	-	-	100,524	176,725	-	-	-	-	-	-	176,725
Decommissioning cost		2,741,357	612,953	-	(132,252)	77,889	3,299,947	1,050,235	287,688	1,337,923	195,352	-	195,352	1,766,672
Sub total producing fields		37,862,783	2,640,628	(152,931)	(685,309)	3,990,864	43,656,035	23,245,130	3,972,123	27,217,253	3,121,857	8,643	3,130,501	13,308,281

*This includes reversal of decommissioning cost amounting Rs. 553.06 million directly made against related field assets under provisions of IFRIC 1 - Changes in existing decommissioning, restoration and similar liabilities.

Developing fields-Joint operations

Particulars	Working Interest	Cost: As at Jul 1, 2020	Cost: Additions	Cost: Adjustments	Cost: Adjustment of decommission-ing cost	Cost: Transfers	Cost: As at Jun 30, 2021	Amortisation: As at Jul 1, 2020	Amortisation: Charge for the year	Amortisation: As at Jun 30, 2021	Impairment: As at Jul 1, 2020	Impairment: Charge for the year	Impairment: As at Jun 30, 2021	Carrying amount: As at Jun 30, 2021
		Rupees ('000)						Rupees ('000)			Rupees ('000)			Rupees ('000)
		Restated												
Developing fields-Joint operations														
Mehar	25.00%	537,895	-	-	-	(537,895)	-	-	-	-	-	-	-	-
Tando Allah Yar (all fields)	22.50%	488	-	-	-	(488)	-	-	-	-	-	-	-	-
Kandra	25.00%	3,577	-	-	-	-	3,577	-	-	-	3,577	-	3,577	-
Nim	22.50%	85,347	151,065	-	-	(88,153)	148,258	-	-	-	-	-	-	148,259
Kotra	20.00%	87,721	1,622	-	-	-	89,343	-	-	-	-	50,824	50,824	38,519
Tal	15.00%	285,178	-	-	-	(285,178)	-	-	-	-	-	-	-	-
MirpurKhas (all fields)	25.00%	40	-	-	-	(40)	-	-	-	-	-	-	-	-
Khipro (all fields)	25.00%	68,640	-	-	-	(61,220)	7,420	-	-	-	-	-	-	7,420
Nashpa	15.00%	1,192,475	7,831	-	-	(1,151,692)	48,614	-	-	-	-	-	-	48,614
Gambat South	25.00%	1,203,856	-	(122)	-	(233,051)	970,683	-	-	-	-	-	-	970,683
Block-22	22.50%	15,534	-	-	-	-	15,534	-	-	-	15,534	-	15,534	-
Zamzama	25.00%	219,265	-	(483)	-	-	218,782	-	-	-	140,893	5,551	146,443	72,339
Sinjhoro	22.50%	86,441	-	-	-	(86,441)	-	-	-	-	-	-	-	-
Chanda	17.50%	590,077	-	-	-	(590,077)	-	-	-	-	-	-	-	-
Bolan	17.50%	307,924	-	-	-	(307,924)	-	-	-	-	-	-	-	-
Khewari	22.50%	100,524	154,196	-	-	(100,524)	154,196	-	-	-	-	-	-	154,196
Decommissioning cost		266,582	-	-	(19,147)	(77,889)	169,546	-	-	-	-	7,294	7,294	162,252
Sub total developing fields		5,051,564	314,714	(605)	(19,147)	(3,520,572)	1,825,955	-	-	-	160,004	63,668	223,672	1,602,282
Total		42,914,347	2,955,342	(153,536)	(704,456)	470,292	45,481,990	23,245,130	3,972,124	27,217,253	3,281,861	72,311	3,354,172	14,910,565

10.3 Developing fields comprise of cost of wells and related expenditure which are under development / under drilling and, hence, no amortisation thereon has been charged.

	Note	2022	2021
		------------Rupees ('000)------------	

11 LONG TERM INVESTMENT IN ASSOCIATE

Unquoted Company

Pakistan International Oil Limited (PIOL) - Foreign Operation

	Note	2022	2021
Cost of investment (2,500,000 (2021: Nil) fully paid ordinary shares of USD 10 each)	11.1	4,205,500	-
Share of loss for the year	11.3	(2,513,552)	-
Effect of translation of investment		474,041	-
		(2,039,511)	-
		2,165,989	-

11.1 During the year, the Holding Company, along with other consortium members i.e. Mari Petroleum Company Limited (MPCL), Pakistan Petroleum Limited (PPL) and Oil and Gas Development Company Limited (OGDCL) has been awarded Offshore Block 5 in Abu Dhabi's second competitive exploration block bid round. The consortium companies have established an independent entity named Pakistan International Oil Limited (PIOL). PIOL is engaged in the business of extraction of oil and natural gas and is registered as a limited liability company in the Emirate of Abu Dhabi and incorporated in Abu Dhabi Global Market on July 15, 2021, with each consortium company having a 25% equity stake in PIOL. The exploration concession agreement between PIOL and Abu Dhabi National Oil Company (ADNOC) was signed on August 31, 2021. Following the award of Offshore Block- 5, the Holding Company has subscribed 2.5 million ordinary shares of PIOL, by paying USD 25 million (Rs 4,205 million). Subsequent to the year end, the Holding Company subscribed to a further 1 million ordinary shares of PIOL, by paying further USD 10 million (Rs 2,226 million).

11.2 The investment in PIOL has been classified as an investment in associate as per the requirements of International Accounting Standard IAS-28, "Investment in Associates and Joint Ventures".

11.3 Share of loss for the year mainly represents 3D seismic cost incurred by PIOL.

11.4 The share of loss of PIOL and the below summarized financial information is based on the audited financial statements of the associate for the period from inception to December 31, 2021, adjusted for transactions and events up to June 30, 2022 based on management accounts.

	2022 Rupees ('000)
Summarized statement	
Current assets	2,968,078
Non-current assets	6,310,510
Current liabilities	(614,634)
Net assets	8,663,954
Holding Company's percentage shareholding in the associate	25%
Holding Company's share in carrying value of net assets	2,165,988
Summarized statement	
Total comprehensive loss for the year	(10,054,208)
Share of comprehensive loss	(2,513,552)

12 LONG TERM LOAN

	2022			2021		
	Current	Non - Current	Total	Current	Non - Current	Total
	---Rupees ('000)---			---Rupees ('000)---		
Loan to staff	33,307	20,368	53,675	9,551	14,728	24,279
	33,307	20,368	53,675	9,551	14,728	24,279

12.1 This includes loan to managing director / chief executive officer amounting to Rs. 2.68 million. The loan was granted in accordance with the Group's service rules, is deductible against salary and carries no interest. Movement is as follows:

	Note	2022	2021
		---Rupees ('000)---	
Balance at beginning of the year		5,598	-
Loan disbursed during the year		-	7,789
Repayment received during the year		(2,921)	(2,191)
Balance at end of the year		2,677	5,598

		Note	2022	2021
			---------------Rupees ('000)---------------	
13	**INVESTMENT IN JOINT VENTURE**			
	TAPI Pipeline Company Limited (TPCL)	13.1	**1,209,463**	975,184
			1,209,463	975,184

		2022	2021
13.1	Opening cost of investment		
	(560,000 shares (2021: 265,000 shares) of USD 10 each)	**1,077,561**	635,121
	Investment during the year	-	442,440
	Closing cost of investment		
	(560,000 shares (2021: 560,000 shares) of USD 10 each)	**1,077,561**	1,077,561
	Post acquisition losses brought forward	**(102,377)**	(13,414)
	Share of loss for the period - net of taxation	**(50,211)**	(20,781)
	Foreign exchange translation gain / (loss)	**284,490**	(68,182)
		234,279	(88,963)
	Post acquisition profits carry forward	**131,902**	(102,377)
	Balance at the end of the year	**1,209,463**	975,184

TPCL, the joint venture is registered in the Isle of Man, with registered address as Forte Anne, Douglas, Isle of Man, IM1, 5PD, 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 Group through ISGSL holds 5% equity interest in TPCL, however it has joint control due to its rights in decision making of TPCL. Under the terms of Shareholders Agreement, decisions about significant relevant activities shall be approved unanimously by all the founding shareholders.

		Note	2022	2021
			---------------Rupees ('000)---------------	
14	**DEPOSIT WITH THE GOVERNMENT OF PAKISTAN FOR EQUITY STAKE IN REKO DIQ PROJECT**			
	Deposits for equity stake in Reko Diq project	14.1	**34,301,231**	-

14.1 On March 17, 2022 the Government of Pakistan (GoP), through the Federal Cabinet, ratified the decision of the Economic Coordination Committee (the Decision) which approved inter alia issuance of directions to the Holding Company, Pakistan Petroleum Limited (PPL) and Oil and Gas Development Company Limited (OGDCL) (collectively the SOEs) to participate in reconstitution of a joint mining project at Reko Diq (the Project). As part of the settlement arrangement, Barrick Gold Corporation (Barrick) will be retaining 50% shareholding in Tethyan Copper Company Pakistan (Pvt.) Limited (TCCP) along with operatorship, whereas the other shareholder, Antofagasta PLC will exit TCCP upon receipt of USD 900 million and subject to other conditions precedent. TCCP will be renamed to Reko Diq Mining Company (Private) Limited (RDML) as a part of these developments.

Pursuant to the Decision, each SOE was also directed to pay USD 187.5 million (collectively USD 562.5 million) into an escrow account maintained by the Hongkong Shanghai Banking Corporation, and jointly operated by the GoP and Antofagasta as entry fee which would be utilized towards acquisition of 8.33% interest of each SOE in TCCP. The entry fee attributable to the Government of Balochistan (GoB) would be funded by the GoP amounting to USD 337.5 million. On the basis of the decision, the Board of Directors of the Holding Company resolved to enter into a non-binding framework agreement with the GoP, the GoB, PPL, OGDCL and Barrick, which sets out, inter alia, the ownership / transaction structure, rights, obligations and common objectives of the parties towards facilitating the implementation of the Project (Framework Agreement). In terms of the Framework Agreement, several conditions are required to be satisfied before binding arrangements are effective including receipt of administrative and regulatory approvals, execution of definitive agreements, deposit of USD 900 million in a designated escrow account, stabilization of the fiscal regime and legislative and judicial validation amongst others.

If the conditions are not satisfied by June 30, 2022, interest at the rate of US Prime plus 2% (Interest Amount) would be payable to Antofagasta. If the conditions are not satisfied latest by December 15, 2022, the terms of settlement / resolution will be cancelled and terminated and the entry fee along with the Interest amount will be refunded to the respective SOEs / GoP to their USD bank accounts. Only upon satisfaction of the stated conditions in the Framework Agreement, the entry fee along with the Interest Amount, if any, will be released to Antofagasta against acquisition of corresponding equity interest by the SOEs and GoB, thereby settling the historical disputes relating to Reko Diq project.

Subsequent to the Decision and based on written advice from the Finance Division dated March 29, 2022 and approval of the Board of Directors, the Holding Company has deposited its corresponding share of the entry fee amounting to USD 187.5 million (Rs 34,301 million) in an escrow account maintained by the Hongkong Shanghai Banking Corporation, and jointly operated by the GoP and Antofagasta. Further, the Holding Company has agreed to fund its corresponding share of the Interest Amount as and when accrued and payable. The amount of USD 187.5 million (Rs 34,301 million) represents deposit with the GoP for the acquisition of equity stake in the Reko Diq project.

In line with the Framework Agreement, various definitive agreements are being finalised and the legislative and judicial validation process is underway. Since the conditions set out in the Framework Agreement were unable to be satisfied by June 30, 2022, an interest equivalent to US Prime plus 2% is applicable on the Holding Company's deposit of USD 187.5 million with the GoP, as mentioned above.

Subsequently, on December 9, 2022, the apex court declared the agreement signed with the Canadian Group Barrick Gold Corporation for the development of the Reko Diq mine in Balochistan "legal". On December 12, 2022, the upper house of parliament approved the Foreign Investment (Promotion and Protection) Bill, 2022 to promote and protect foreign investment in relation to the Reko Diq project.

As a result of these developments, the Holding Company has invested in the project company i.e. RDML through Pakistan Minerals (Private) Limited (PMPL), an entity incorporated in Pakistan with initial subscribed share capital of 12,000 shares (4000 shares of each SOE) with par value of Rs 10 each in accordance with the agreements for collective representation of the Holding Company and other SOEs. RDML is engaged in the mineral exploration activities in Pakistan. PMPL holds an indirect working interest of 25% (8.33% of each SOE) in the RDML through offshore holding companies namely Reko Diq Holdings Limited and Reko Diq Investments Limited (herein after referred to as "Holdcos"). RDML is incorporated in Pakistan and Holdcos are incorporated in Bailiwick of Jersey. The Holding Company's equity interest in PMPL is 33.33% with an effective interest of 8.33% in RDML. The SOEs have the right to have representation on the Boards of Holdcos and RDML through PMPL.

		Note	2022	2021
			--------------Rupees ('000)--------------	
15	**STORES, SPARES AND LOOSE TOOLS - SHARE IN JOINT OPERATIONS' INVENTORY**			
	Store, spares and loose tools		**4,628,463**	4,594,917
	Impairment for slow moving and obsolete stores, spares and loose tools	15.1	**(495,707)**	(495,707)
			4,132,756	4,099,210

		2022	2021
15.1	**Movement of provision for slow moving, obsolete and in transit stores**		
	Balance at beginning of the year	**495,707**	495,707
	Impairment (reversal) / charge for the year	**-**	-
	Balance at end of the year	**495,707**	495,707

15.2 Stores and spares include items which may result in fixed capital expenditure but are not yet distinguishable.

		Note	2022	2021
			--------------Rupees ('000)--------------	
16	**STOCK-IN-TRADE**			
	LNG held with third party	38	**15,619,240**	2,852,022
	RLNG held in pipeline	38	**101,347**	22,904
			15,720,587	2,874,926

16.1 This represents closing stock of LNG 135,823.76 m^3 (2021: 112,787.62 m^3) inventory held with PGP Consortium Limited (PGPCL) at the Floating Storage and Regasification Unit (FSRU) as at June 30, 2022.

16.2 This represents RLNG held in 14 km pipeline between Floating Storage and Regasification Unit (FSRU) and Custody Transfer System (CTS).

		Note	2022	2021
			--------------Rupees ('000)--------------	
17	**ACCRUED INTEREST RECEIVABLE**			
	Accrued interest receivable on bank deposits	17	**216,721**	57,978

17.1 This represents interest accrued on bank deposits carrying mark-up at the rate ranging between 11.50% and 13.00% p.a (2021: 5.50% and 6.70% p.a).

		Note	2022	2021
			--------------Rupees ('000)--------------	
18	**TRADE DEBTS**			
	Unsecured - considered good		**272,175,706**	192,006,383
	Unsecured - considered doubtful		**539,704**	-
			272,715,410	192,006,383
	Provision for doubtful debts	18.3	**(539,704)**	-
			272,175,706	192,006,383

18.1 Trade debts include overdue amount of Rs. 240,441 million (2021: Rs. 171,573 million) on account of inter-corporate circular debt, receivable from oil refineries and gas companies out of which Rs. 80,718 million (2021: Rs. 62,025 million) and Rs. 156,743 million (2021: Rs. 106,450 million) is mainly overdue from related parties, Sui Southern Gas Company Limited and Sui Northern Gas Pipeline Limited respectively. The management of the Group considers this amount to be fully recoverable because Government of Pakistan (GoP) has been assuming the responsibility to settle the inter-corporate circular debt in the energy sector. The Government of Pakistan (GoP) is committed, hence continuously pursuing for satisfactory settlement of inter-corporate circular debt issue, however, the progress is slower than expected resulting in accumulation of the Group's trade debts. The Group recognises interest / surcharge, if any, on delayed payments from customers only to the extent that it is highly probable that a significant reversal in the amount of income recognised will not occur when the uncertainty associated with the interest / surcharge is subsequently resolved, which is when the interest / surcharge on delayed payments is received by the Group. As disclosed in note 3.3 to these consolidated financial statements, Securities and Exchange Commission of Pakistan (SECP) has deferred the applicability of ECL model till December 31, 2024 on financial assets due directly / ultimately from GoP in consequence of the circular debt.

18.2 Total amount due from related parties as on June 30, 2022 is Rs. 261,220 million (2021: Rs. 185,697 million) and maximum amount due at the end of any month during the year was Rs. 261,220 million (2021: Rs. 185,697 million). For party wise details refer note 46.2.2.

		Note	2022	2021
			--------------Rupees ('000)--------------	
18.3	Movement in provision for doubtful debts			
	Balance at beginning of the year		-	-
	Provision during the year		**539,704**	-
	Reversal of provision		-	-
	Balance at end of the year		**539,704**	-

			2022	2021
19	**RECOVERABLE FROM TAX AUTHORITIES**			
	General sales tax recoverable		**9,337,737**	3,999,456

DA7721.

		Note	2022	2021
			-------------Rupees ('000)-------------	
20	**LOANS, ADVANCES AND OTHER RECEIVABLES**			
	Secured			
	Advances against salary to staff	20.1	**10,013**	10,169
	Unsecured and considered good			
	Advances to suppliers		**11,321**	1,083
	Receivable from PSGP - SPV	20.2	**-**	56,666
	Advance against arbitration		**94,931**	66,915
	Other receivable	20.3	**203,909**	202,159
			320,174	336,992

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

20.2 The subsidiary Company, ISGSL is the nominated entity working on the directions of the Government of Pakistan (GoP) for the implementation of Pak Stream Gas Pipeline Project (PSGP). The project activities are being under taken in compliance with the decision of the Honorable Supreme Court of Pakistan on utilisation of Gas Infrastructure Development Cess (GIDC). The GoP is committed for the funding of the project through GIDC. The negotiation process of Shareholders Agreement in respect of establishment of PSGP - Special Purpose Vehicle (PSGP - SPV) is temporarily on hold between ISGSL and Russian state nominated company, pursuant to sanctions imposed on Russia due to ongoing Russia-Ukraine conflict. Accordingly, PSGP-SPV receivable pertaining to the year ended June 30, 2021 has been written off and the expenditure incurred during the year in relation thereto has been charged to the consolidated statement of profit or loss.

20.3 It includes Rs. 200.45 million (2021: Rs. 200.45 million) related to cost incurred and paid by the Subsidiary Company, PLL, on commissioning cargo due to associated costs such as extended lay time, additional crew and activities related to commissioning of Floating Storage and Regasification Unit (FSRU). It will be recovered from Sui Northern Gas Pipelines Limited (SNGPL) after the actualisation of provisional price by Oil and Gas Regulatry Authority (OGRA).

		2022	2021
		-------------Rupees ('000)-------------	
21	**TRADE DEPOSITS AND SHORT TERM PREPAYMENTS**		
	Security deposits	**330**	385
	Short term prepayments		
	Software maintenance fee	**4,128**	3,674
	Insurance	**7,159**	6,676
	Others	**7,529**	7,925
		18,816	18,274
		19,146	18,659

Sd/-

	Note	2022	2021
		------------Rupees ('000)------------	
22 RECEIVABLE FROM THE GOVERNMENT OF PAKISTAN (GoP)			
Receivable from the Government of Pakistan (GoP)	22.1	**63,966,965**	-

22.1 This represents amount paid by the Holding Company in connection with the Reko Diq project on behalf of the Government of Balochistan (GoB) upon instructions of the Federal Government. The amount is inclusive of the principal amount and all related expenses i.e. transaction cost, out of pocket expense incurred by the Holding company and accrued interest on the principal amount.

In order to fulfill the commitment of the Government of Pakistan (GoP) towards the Government of Balochistan (GoB) for partially acquiring equity stake in the reconstituted Reko-Diq project, the GoP, through the Holding Company, arranged a term finance facility up to Rs. 65,000 million from the National Bank of Pakistan (NBP), against a GoP guarantee. As at year end, the amount of Rs 61,742 million equivalent to USD 337.5 million has been availed against this facility.

The loan was initially drawn for a period of nine months, with interest calculated at 9-month Karachi Interbank Offered Rate (KIBOR) + 0.50% effective from the date of disbursement i.e. March 31, 2022, and was repayable directly by the GoP in a single bullet installment. Subsequent to the year-end, the loan facility has been renewed, with the approval of Economic Coordination Committee (ECC) of the Federal Cabinet, for a tenor of seven years (inclusive of a two-year grace period) with effect from December 31, 2022 and carries an interest rate of 6-month KIBOR + 0.20%. The restructuring will result in the apportionment of the principal amount of the borrowing from NBP and related receivable from GoP as well as related finance cost / income into current and non-current assets and liabilities. As per the revised terms of the agreement, the loan is repayable in equal semi annual installments of principal amount starting from June 30, 2025. As at June 30, 2023, interest accrued amounts to Rs 5,262 million as per revised agreement.

	Note	2022	2021
		------------Rupees ('000)------------	
23 SHORT TERM INVESTMENTS			
Investment held at amortised cost			
Term deposit receipts	23.1	**25,446,864**	40,468,000
Interest accrued		**71,031**	628,758
		25,517,895	41,096,758

23.1 The break up of Investment in term deposit receipts placed with the commercial banks is as under:

Credit rating	Rating agency	Rate	2022	2021
			------------Rupees ('000)------------	
Investments maturing within three months				
A-1+	PACRA	14.15%	**10,000,000**	60,000
A-1+	PACRA	15.25%	**4,000,000**	1,408,000
A-1+	VIS	11.82%	**1,371,864**	-
A-1+	VIS	12.91%	**75,000**	27,000,000
Interest accrued			**43,894**	40,107
			15,490,758	28,508,107
Investments maturing after three months				
A-1+	PACRA		-	2,000,000
A-1+	PACRA		-	6,000,000
A-1+	VIS	14.15%	**10,000,000**	-
Interest accrued			**27,137**	418,514
			10,027,137	8,418,514
Investments marked under lien				
A-1+	PACRA		-	4,000,000
Interest accrued			-	170,137
			-	4,170,137
Total investments			**25,517,895**	41,096,758

	Note	2022	2021
		------------Rupees ('000)------------	
24 CASH AND BANK BALANCES			
Cash:			
- In hand		**1,991**	361
- At banks	24.1		
Saving accounts		**17,571,611**	11,233,926
Current accounts		**30,721**	88
		17,604,323	11,234,375

24.1 These carry mark-up at the rate ranging between 3.01% and 13.00% p.a (2021: 2.75% and 6.70% p.a).

	Note	2022	2021
		------------Rupees ('000)------------	
24.2 Cash and cash equivalents			
Investment in term deposit receipts	23.1	**15,490,758**	28,508,107
Cash and bank balances	24	**17,604,323**	11,234,375
Accrued interest on savings accounts	17	**216,721**	57,978
		33,311,802	39,800,460

25 SHARE CAPITAL

Authorised share capital

2022	2021		2022	2021
------------Number of shares------------			------------Rupees ('000)------------	
4,500,000,000	4,500,000,000	Ordinary shares of Rs. 10 each	**45,000,000**	45,000,000

Issued, subscribed and paid up capital

2022	2021		2022	2021
(Number of shares)			------------Rupees ('000)------------	
2,132,756,107	2,088,512,092	Ordinary shares of Rs. 10 each, fully paid in cash	**21,327,561**	20,885,121
2,103,260,097	**2,088,512,092**	Weighted average shares		

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

	2022	2021	2022	2021
	Number of shares		------------Rupees ('000)------------	
At July 1	2,088,512,092	2,088,512,092	**20,885,121**	20,885,121
Ordinary shares of Rs 10 each paid in cash issued during the year	44,244,015	-	**442,440**	-
At June 30	2,132,756,107	2,088,512,092	**21,327,561**	**20,885,121**

Sd/-

25.2 Government of Pakistan (GoP) holds 100% shares. Of these shares, two nominee directors hold one qualification share, each.

25.3 Advance against issue of shares	Note	2022	2021
		---Rupees ('000)---	
Balance at beginning of the year		**2,336,091**	414,327
Advance received against issue of shares	25.3.1	**436,244**	1,921,764
Issue of shares		**(442,440)**	-
Balance at end of the year		**2,329,895**	2,336,091

25.3.1 Economic Coordination Committee (ECC) of the Federal Cabinet, in its decision on Case No ECC-145/25/2015 dated December 15, 2016, in respect of the "Funding of Expenditure of Inter State Gas Systems Private Limited", approved that the Holding Company is to fund all project activities of ISGSL as a 100% subsidiary company and all Government investments (e.g. from GIDC) in projects being undertaken by ISGSL shall be routed through the Holding Company. Pursuant to the foregoing, the Finance Division vide its Office Memorandum No. F. 4(2) CF-V/2007 dated October 24, 2017 instructed ISGSL to issue shares to the Holding Company and going forward the Holding Company is required to issue the shares in the name of the President of Pakistan through Secretary M/o Energy (Petroleum Division) in relation to the Government's investment in ISGSL's projects. Accordingly, the increase in share capital of the Holding Company represents Government's investment in ISGSL being routed through the Holding Company.

26 RESERVES	Note	2022	2021
		---Rupees ('000)---	
Revenue reserves			
General reserve	26.2	**2,284,626**	2,284,626
Foreign currency translation reserve	26.7	**748,778**	134,368
		3,033,404	2,418,994
Capital reserves			
Committed outlay reserve	26.3	**20,946,247**	20,946,247
Asset insurance reserve	26.4	**3,000,000**	3,000,000
Assets acquisition reserve	26.5	**5,000,000**	5,000,000
LNG project reserve	26.6	**25,000,000**	25,000,000
		53,946,247	53,946,247
		56,979,651	56,365,241

26.1 The Group has appropriated and created these reserves as per discretion of the Board.

26.2 The general reserve is created to cater for contingencies related to relevant interest carried cost based on current exploration commitments and other unforeseen events. Accordingly, this reserve is available for distribution to shareholders.

26.3 The committed outlay reserve is created for future requirements based on expected cash outlay for capital commitments, decommissioning obligations and liability against relevant interest carried cost. Accordingly, this reserve is not available for distribution to shareholders.

26.4 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 insurance policy has not been taken out by the Operator. Accordingly, this reserve is not available for distribution to shareholders.

26.5 In view of the Group's business expansion, it is intended to acquire sizable production reserves for which a separate asset acquisition reserve has been established. The Group plans to continue to build up this reserve in future years. Accordingly, this reserve is not available for distribution to shareholders.

26.6 This reserve is created to cater funding / financial support for LNG projects being undertaken by incorporated subsidiary Pakistan LNG Limited (PLL). This reserve is not available for distribution to shareholders.

26.7 This represents the translation reserve net of related tax of the retranslation of the investment in the associated company and joint venture.

	Note	2022	2021
		---Rupees ('000)---	
27 LONG TERM LIABILITIES			
Due to the joint operators	27.1	**5,036,503**	4,331,436
Current portion shown under current liabilities		**(1,599,557)**	(819,632)
		3,436,946	3,511,804

27.1 This represents long term liability on account of the Group'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 Group's share of commercial production in each respective joint operation. The movement in amount due to joint operators is as follows:

	Note	2022	2021
		---Rupees ('000)---	
Balance at beginning of the year		**4,331,436**	4,983,115
Unwinding of long term liability		**9,829**	22,930
Payments net off exchange loss		**(109,003)**	(748,695)
Additions / adjustments during the year		**214,317**	851,916
Discounting of long term liability		**(646,289)**	(177,617)
Unrealised exchange Loss / (gain) on revaluation		**1,236,213**	(600,213)
	27.2	**5,036,503**	4,331,436

27.2 Long term liability in US Dollars have been discounted at a rate of 3.32% (2021: 0.24%).

	Note	2022	2021
		---Rupees ('000)---	
28 DEFERRED TAX ASSET / (LIABILITY)			
Deferred tax asset / (liability)	28.1	**9,530,548**	(2,348,133)

28.1 Movement in the deferred tax asset / (liability):

	Note	2022	2021
Balance at beginning of the year		**(2,348,133)**	31,839
Credited to the consolidated statement of profit or loss	44	**11,994,763**	(2,385,655)
Credited to the consolidated statement of comprehensive income		**(116,082)**	5,683
		9,530,548	(2,348,133)

28.2 Deferred tax comprises of following:

Taxable temporary difference arising in respect of:

	2022	2021
Accelerated depreciation on property, plant and equipment	**(6,301,880)**	(5,926,130)
Development and production expenditure	**(4,508,753)**	(4,616,644)
Unwinding of long term liabilities (carried interest)	**(131,817)**	(13,092)
Provision for decommissioning cost	**(294,443)**	(513,571)
Effects of translation of investment in a foreign joint venture	**(54,053)**	-
Effects of translation of investment in a foreign associate	**(90,068)**	-
	(11,381,014)	(11,069,436)

SAJJAD.

	2022	2021
	---------------Rupees ('000)---------------	
Deductible temporary difference arising in respect of:		
Impairment of stores, spares and loose tools	218,111	198,283
Unrealised exchange gain / (loss)	1,083,672	873,817
Exploration and prospecting expenditure	1,689,405	1,558,574
Provision for windfall levy on oil / condensate	5,017,560	2,563,284
Operating lease on Floating Storage and Regasification Unit (FSRU)	12,154,047	85,066
Minimum tax paid over and above corporate tax liability	-	3,429,951
Remeasurement of employees' retirement benefits	33,722	12,329
Net impairment loss on financial assets	237,470	-
Share of loss from associate	477,575	-
	20,911,562	8,721,303
	9,530,548	(2,348,133)

28.3 Deferred tax has been calculated at the current effective tax rate of 44% (2021: 40%) in case of the Holding Company and 33% (2021: 29%) in case of subsidiary companies.

		Note	2022	2021
			---------------Rupees ('000)---------------	
29	**PROVISION FOR DECOMMISSIONING COST**			
	Provision for decommissioning cost	29.1	8,240,917	7,343,545
29.1	**Provision for decommissioning cost**			
	Balance at beginning of the year		7,343,545	8,263,965
	Provision / (reversal) made during the year	29.2	562,832	1,000,868
	Revision due to change in estimates	29.3	(1,928,151)	(1,604,505)
	Revaluation exchange loss / (gain)		1,868,326	(533,146)
	Unwinding of discount on provision for decommissioning cost	39	394,365	216,362
			8,240,917	7,343,545
29.2	Provision / (reversal) made during the year is distributed as under			
	Share in joint operations' fixed assets	6.2	95,424	387,526
	Share in joint operations' capital work in progress	6.3	23,670	389
	Development and production assets	10	443,738	612,953
			562,832	1,000,868
29.3	Revision due to change in estimates			
	Share in joint operations' fixed assets		(543,078)	(720,641)
	Share in joint operations' fixed assets - capital work in progress		(18,805)	(2,934)
	Exploration and evaluation assets		(21,571)	(2,306)
	Development and production assets		(997,475)	(704,456)
	Operating expenses		(347,222)	(174,167)
			(1,928,151)	(1,604,505)
29.4	Significant financial assumptions used were as follows:			
	Discount rate per annum		9.0% to 9.6%	4.1% to 5.5%
	Inflation rate per annum		5.00%	2.75%

		Note	2022	2021
			------------Rupees ('000)------------	
30	**DEFERRED EMPLOYEE BENEFITS**			
	Accumulating compensated absences	30.1	**124,681**	85,586

30.1 Accumulating compensated absences

	2022	2021
Present value of defined benefit obligation at beginning of the year	**85,586**	84,060
Charge for the year - net	**64,020**	27,775
Payments made during the year	**(24,925)**	(26,249)
Present value of defined benefit obligation at end of the year	**124,681**	85,586
Principle actuarial assumptions:	--------------Percentage--------------	
Valuation discount rate (%)	**13.50%**	10.25%
Salary increase rate (%)	**12.50% to 13.50%**	9.25% to 10.25%

Description of risks to the Group

The compensated absences plans expose the Group to the following risks:

- Discount rate risk - The risk of changes in discount rate, since discount rate is based on corporate / government bonds, any decrease in bond yields will increase plan liabilities.
- Salary increase / inflation risk - The risk that the actual salary increase are higher than the expected salary increase, where benefits are linked with final salary at the time of cessation of service, is likely to have an impact on liability.
- Mortality risk - The risk that the actual mortality experience is lighter than that of expected i.e. the actual life expectancy is longer than assumed.
- Withdrawal risk - The risk of actual withdrawals experience may different from that assumed in the calculation.

		Note	2022	2021
			------------Rupees ('000)------------	
31	**SHORT TERM BORROWING**			
	Short term borrowings - Secured	31.1	**63,966,965**	-

31.1 This amount represents a term finance facility arranged by the Holding Company through the Government of Pakistan (GoP) of an amount up to Rs. 65,000 million from the National Bank of Pakistan (NBP), against a GoP guarantee in order to fulfill the commitment of the (GoP) towards the Government of Balochistan (GoB) for partially acquiring equity stake in the reconstituted Reko-Diq Project. As at year end, the amount of Rs 61,742 million equivalent to USD 337.5 million has been availed against this facility upon instructions of the Federal Government. The amount is inclusive of the principal amount and all related expenses i.e. transaction cost, out of pocket expense incurred by the Holding Company and accrued interest on the principal amount.

31.2 The loan was initially drawn for a period of nine months, with interest calculated at 9-month Karachi Interbank Offered Rate (KIBOR) + 0.50% effective from the date of disbursement i.e. March 31, 2022, and was repayable directly by the GoP in a single bullet installment. Subsequent to the year-end, the loan facility has been renewed, with the approval of Economic Coordination Committee (ECC) of the Federal Cabinet, for a tenor of seven years (inclusive of a two-year grace period) with effect from December 31, 2022 and carries an interest rate of 6-month KIBOR + 0.20%. The restructuring will result in the apportionment of the principal amount of the borrowing from NBP and related receivable from GoP as well as related finance cost / income into current and non-current assets and liabilities. As per the revised terms of the agreement, the loan is repayable in equal semi annual installments of principal amount starting from June 30, 2025. As at June 30, 2023, interest accrued amounts to Rs 5,262 million as per revised agreement.

32	TRADE AND OTHER PAYABLES	Note	2022	2021
			---Rupees ('000)---	
	Trade Creditors			
	Due to joint operators		3,634,747	3,414,548
	Due to vendors for services acquired		39,283	66,470
	Trade payables	32.1	25,494,185	16,170,068
			29,168,215	19,651,086
	Other Payables			
	Accrued liabilities		138,804	136,819
	Gratuity fund	32.2	144,450	78,752
	Payable to provident fund		3,010	2,677
	Sales tax payable		807,936	344,953
	Port charges recovered		3,871,262	1,959,224
	Withholding tax payable		6,372	4,505
	Other payables		11,418	8,613
	Excise duty and cess payable at import stage		5,569,753	3,175,569
	Other levies (receivable) / payable		11,359	599
	Royalty payable		1,317,878	919,906
	Provision for windfall levy on oil / condensate	35.1.1.4	11,403,545	6,408,209
			23,285,787	13,039,826
			52,454,002	32,690,911

32.1 This amount includes payable to Pakistan Gas Port Consortium Limited (PGPCL) of Rs. 1,732.64 million (2021: Rs. 1,344.34 million) on account of regasification charges and payable to LNG suppliers amounting to Rs. 23,761.54 million (2021: Rs. 14,823.58 million).

Moreover, the Group has issued demand letters to it's LNG suppliers namely ENI and Gunvor to claim the amount due to the Group in relation to amounts over billed to the Group in lieu of port charges. In this respect, ENI made the payment for an amount of USD 9.19 million under protest and has started arbitration proceedings against the Group at London Court of International Arbitration (LCIA). After the intermitent proceedings, the parties based on mutual agreement, applied for partial award. On October 12, 2022, the Tribunal issued its order.

In relation to supplies made by Gunvor International, the Group has raised debit notes for an amount of USD 10.7 million. Pursuant to the Gunvor's refusal to renew their performance guarantee, the Group adjusted the aforesaid amount from Gunvor's invoice of February 2022 cargo against which Gunvor initiated arbitration proceedings with LCIA. Subsequent to the year end, the Tribunal issued a procedural order according to which, the Group as the claimant will be filing its statement of case on January 6, 2023.

On January 11, 2022, Gunvor Singapore commenced arbitration at LCIA against encashment of performance guarantee. Gunvor's claim is that (a) it has discharged its obligations under the Contract; and (b) it has not failed to satisfy or otherwise contravened or failed to perform any of the conditions of the Contract. The Group submitted its statement of case to the Tribunal on November 18, 2022 which is pending for adjudication.

32.2	Gratuity fund	2022	2021
		---Rupees ('000)---	
	The amount recognised in the consolidated statement of financial position is as follows:		
	Present value of defined benefit obligation	393,609	289,251
	Fair value of plan assets	(249,159)	(210,499)
	Net liability at end of the year	144,450	78,752
	The movement in the present value of defined benefit obligation is as follows:		
	Present value of defined benefit obligation at beginning of the year	289,251	248,125
	Current service cost	62,593	54,226
	Interest cost	28,718	19,137
	Benefits paid	(45,836)	(54,796)
	Remeasurement of defined benefit obligation	58,883	22,558
	Present value of defined benefit obligation at end of the year	393,609	289,251

	2022	2021
	---Rupees ('000)---	
The movement in the fair value of plan assets is as follows:		
Fair value of plan assets at beginning of the year	**210,499**	184,289
Contributions	**44,277**	52,680
Expected return on plan assets	**23,518**	19,272
Benefits paid	**(24,294)**	(32,097)
Remeasurement of plan assets	**(4,841)**	(13,645)
Fair value of plan assets at end of the year	**249,159**	210,499
The movement in asset / (liability) recognised in the consolidated statement of financial position is as follows:		
Liability at beginning of the year	**78,752**	63,837
Expense for the year	**67,793**	54,091
Remeasurement loss recognised in other comprehensive income during the year	**63,724**	36,203
Payments to the fund during the year	**(65,819)**	(75,379)
Liability at end of the year	**144,450**	78,752
Detail of plan assets		
Cash at bank	**110,357**	401
Term deposits	**138,802**	210,098
	249,159	210,499

Funds covered were invested within limits specified by regulations governing investment of approved retirement funds in Pakistan. The gratuity plan is a defined benefit final salary plan invested through approved trust fund. The fund is governed under Trusts Act, 1882, Trust Deed and Rules of Fund, Companies Act, 2017, the Income Tax Ordinance, 2001 and the Income Tax Rules, 2002. The trustees of the fund are responsible to plan administration and investment. The Group appoints the trustees. All trustees are employees of the Group.

	2022	2021
	---Rupees ('000)---	
Amounts recognised in consolidated statement of profit and loss:		
Current service cost	**62,593**	54,226
Net interest cost	**5,201**	(135)
	67,794	54,091
Amounts recognised in consolidated statement of comprehensive income:		
Remeasurement loss recognised on defined benefit obligation	**58,883**	22,558
Remeasurement loss recognised on plan assets	**4,841**	13,645
	63,724	36,203
The remeasurement loss arising from:		
Experience adjustments	**63,724**	36,203
Financial assumptions	**-**	-
	63,724	36,203
Principle actuarial assumptions:	---Percentage---	
Valuation discount rate (%)	**13.50%**	10.25%
Salary increase rate (%)	**12.5% to 13.5%**	9.25% to 10.25%
Mortality rates	**Adjusted SLIC 2001-2005**	

These results and balances related to employees' benefits are based on actuarial calculations carried out for the year ended June 30, 2022 for the Holding Company and subsidiaries respectively. The management believes that any change in market assumptions as of today would not have any material impact on the consolidated financial statements.

Description of risks to the Group

The gratuity plans expose the Group to the following risks:

- Discount rate risk - The risk of changes in discount rate, since discount rate is based on corporate / government bonds, any decrease in bond yields will increase plan liabilities.
- Salary increase / inflation risk - The risk that the actual salary increase are higher than the expected salary increase, where benefits are linked with final salary at the time of cessation of service, is likely to have an impact on liability.
- Mortality risk - The risk that the actual mortality experience is lighter than that of expected i.e. the actual life expectancy is longer than assumed.
- Withdrawal risk - The risk of actual withdrawals experience may different from that assumed in the calculation.
- Investment risk - The risk of occurrence of losses relative to the expected return on any particular investment.

		Note	2022	2021
			---Rupees ('000)---	
33	**PAYABLE TO GOVERNMENT**			
	Balance at the beginning of the year		**59,314,065**	22,098,288
	Utilisation during the year	33.1	**75,464,202**	37,215,777
	Amount repaid during the year		**(14,213,104)**	-
	Balance at the end of the year		**120,565,163**	59,314,065

33.1 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, with the Subsidiary Company, 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, during the year PLL executed 13 transactions (2021: 14 transactions) with LNG suppliers under the agreement, amounting to Rs. 75,464 million (2021: Rs. 37,216 million).

		Note	2022	2021
			---Rupees ('000)---	
34	**(ADVANCE TAX) / PROVISION FOR TAXATION**			
	Income tax - payable at beginning of the year		**308,574**	4,073,769
	Income tax paid during the year		**(27,991,363)**	(20,435,756)
	Provision for taxation for the year	44	**27,630,901**	16,655,889
	Provision for taxation - prior years	44	**-**	14,672
	Income tax - (receivable) / payable at end of the year		**(51,888)**	308,574

34.1 The tax authorities had amended the assessments of the Holding Company for the tax years 2003 to 2020 raising an aggregate demand of Rs. 24,650 million, which primarily relates to depletion allowance, development and production expenditure, decommissioning cost, super tax, unrealised exchange losses, rebate on donation and tax credits under sections 61, 65 of the Income Tax Ordinance, 2001. The Holding Company had paid the said amounts under protest to avoid penalties under the Income Tax Ordinance 2001.

An amount of Rs 14,633 million out of the said aggregate demand relates to depletion allowance. The aforesaid matter has been decided in favor of the Holding Company by Islamabad High Court for tax years 2004, 2005, 2008, 2009 and 2010, however the matter has been taken up by tax authorities in the Honorable Supreme Court of Pakistan wherein it is at pre admission stage and leave to appeal is not yet granted to the tax authorities.

The Holding Company, based on the advice of its legal counsel, is confident that it has sound grounds to defend the case on the aforesaid issue. However, considering the fact that matter has not yet attained finality due to its pending status before Honorable Supreme Court of Pakistan, the Holding company as a matter of abundant caution, has continued to provide for tax liabilities primarily in respect of depletion allowance, super tax, development and production expenditure and tax credits under section 65 in the books of accounts. In case the matter relating to the said issues are decided in favor of the Holding Company, the amount provided for as well as paid under protest in the past will be credited to the consolidated statement of profit or loss for that year.

		Note	2022	2021
			---------------Rupees ('000)---------------	
35	**CONTINGENCIES AND COMMITMENTS**			
35.1	**Contingencies**			
35.1.1	**Government Holdings (Private) Limited (The Holding Company)**			
	Relating to carried cost liability	35.1.1.1	**1,765,033**	1,280,463
	Tax contingencies	35.1.1.2	**18,177,837**	18,177,837
			19,942,870	19,458,299

35.1.1.1 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 Holding Company's estimates varies with those of the operator.

35.1.1.2 The Federal Board of Revenue (FBR) issued a show cause notice to the Holding Company in respect of non-applicability of zero percent sales tax on crude / condensate supplies from 2009-10 to 2013-14 as per SRO No. 549(1)/2008, which includes the condition of "import and supplies thereof." The Holding Company disputed the notice on the grounds that it does not import crude / condensate and has filed writ petition with Islamabad High Court which is pending for adjudication. The estimated tax contingency has been calculated based on the sales tax amount involved, penalty, and default surcharge.

35.1.1.3 The income tax assessment for the tax year 2021 was amended by the Additional Commissioner Inland Revenue (ADCIR) by making certain disallowances and add backs including, depletion allowance, development and production expenditure, actuarial loss, provision for windfall levy etc. and created an aggregate tax demand of Rs 1,436.49 million. The Holding Company filed appeal against the order of ADCIR before CIR (A) which is pending.

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

The Holding Company is a working interest owner in Tal, Mirpur Khas, Khipro, Mehar, Mubarak, 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 Holding Company along with other working interest owners signed Supplemental Agreements (SAs) with the Government of Pakistan (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 Holding 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 Holding Company is presently entitled to and receiving under the conversion package as enshrined under the Supplemental Agreement stands withdrawn or the Holding 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 Holding Company.

The Holding Company 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 November 24, 2017 on imposition of WLO. It is pertinent to note that all writ petitions on subject matter have been consolidated by the Honorable High Court. The petitions are pending with date in office.

The cumulative impact of windfall levy on oil (WLO) since application of incremental gas prices up till June 30, 2022 amount to approximately Rs. 21,719 million (2021: Rs. 16,724 million). As mentioned above, the Holding Company based on the advice of legal counsels, is confident that it has valid grounds to defend the aforesaid issue in the Court and that the issue will be decided in its favor. However, without prejudice to the Holding Company's legal contention and as a matter of prudence, the Holding Company has booked provision of Rs. 11,404 million to prospectively account for the impact of WLO from the date of the SRO i.e. December 27, 2017 till June 30, 2022.

35.1.1.5 Unitization of Salamat / Adam West Field Reserves

A reservoir communication study by an independent third party, is currently in progress to determine reserve volume estimates and level of communication between Salamat field (operated by UEPL; GHPL Working Interest (WI): 25%) and Adam West field (operated by PPL; GHPL WI: Nil). If reservoir communication between the fields is proved then subject to final results of the study, agreement of concerned parties and Director General Petroleum Concessions's (DGPC) approval, financial exposure may arise equivalent to revenue from additional production from the reservoir to be offset by royalty / OPEX / tax and other related expenses incurred.

35.1.1.6 Other contingencies

As part of the arrangement, as disclosed in note 11 of these consolidated financial statements, each of the consortium companies including GHPL have also provided, joint and several, parent company guarantees to ADNOC and Supreme Council for Financial and Economic Affairs Abu Dhabi, UAE, to guarantee the obligations of the associate, Pakistan International Oil Limited (PIOL).

35.1.1.7 On December 17, 2018, Attock Refinery Limited (ARL) filed a writ petition against the Holding Company before Islamabad High Court and has disputed and withheld amounts invoiced to it prior to the signing of sales agreement i.e. March 13, 2018 on account of adjustment of premium or discount as announced by Saudi Aramco for deliveries to Asian customers / destinations under the sales agreement. The amount withheld and disputed by ARL amounts to Rs 411 million (2021: Rs 411 million). The Holding Company believes that the debit notes / invoices have been raised in accordance with the sales agreements signed with the Government of Pakistan (GoP) and no provision is required in this respect.

35.1.2 Inter State Gas Systems (Private) Limited - ISGSL (the Subsidiary Company)

There are no contingencies as at June 30, 2022. (2021: Nil)

35.1.3 Pakistan LNG Limited - PLL (the Subsidiary Company)

35.1.3.1 Tax Contingencies

For tax year 2018, 2019 and 2020 tax authorities amended the PLL's assessment under section 122(5A) and created tax demand of Rs. 1,691 million, Rs. 4,207 million and Rs. 2,928 million by making disallowances of mainly related to unrealised exchange loss, credit of tax paid under import stage, capacity, utilisation, flexibility charges and employees benefits encashment.

The Subsidiary Company, PLL, filed appeals on relevant forms which are currently pending, however management, based on the opinion of its tax consultants, believes that they have strong arguments in these matters hence, most likely these will be decided in their favour.

35.1.3.2 Pakistan LNG Terminals Limited (PLTL) entered into an Operation and Service Agreement (OSA) with PGP Consortium Limited (Operator), under which the Operator was required to achieve the commercial start date on or before July 1, 2017; failing which, PLTL was entitled to receive liquidated damages. The commercial start date was delayed by 187 days and achieved on January 4, 2018. Accordingly in pursuance of OSA, PLTL imposed liquidated damages of USD 41.1 million and claim for other damages of USD 991,000. The Operator disputed the demand made by PLTL and referred the matter for international arbitration at London Court of International Arbitration (LCIA) whereby it was original case number 204638.

PLTL sent a notice for termination of OSA to the Operator on October 14, 2019 with immediate effect citing persistent breach by the Operator of its obligations under the OSA to provide adequate assurance of performance. PGPCL disputed the termination and referred the matter to LCIA on February 28, 2020, whereby it was original case number 204593. The LCIA has merged both the aforesaid arbitration matters into one under the case number 204593 and same is pending for decision.

As per its commitment, PLL had provided Standby Letter of Credit (SBLC) equivalent to three (03) months capacity charge (USD 21.48 million). However, PGPCL had disputed the amount and had referred the matter to international arbitration. Further, the Operator has also demanded from PLL, reimbursement of Port Qasim Royalty. PLL has disputed the claim of royalty and accordingly matter is pending at international arbitration.

During arbitration proceedings, Operator has raised further counter claim related to:

1) Loss of revenue due to delay in commercial start amounting USD 58.13 million and Rs. 414.31 million.
2) Services charges for period prior to commercial start amounting USD 2.23 million.
3) Additional costs amounting to Rs. 376.05 million with interest at the Default Interest Rate from December 28, 2016 to the date the SBLC is provided.
4) Direct respondent to issue the SBLC for an amount of USD 22.07 million.

PGPCL disputed the termination and invoked dispute resolution clause of OSA for amicable settlement of dispute. The dispute resolution mechanism could not achieve desired objective of amicable settlement, hence, matter was referred to international arbitration at London Court of International Arbitration (LCIA) on February 28, 2020, under case number 204593. The LCIA has appointed Arbitration Tribunal and has merged the two arbitrations into one under Arbitration Case Number 204593. The relief sought by PGPCL against termination of OSA is to declare termination null and void and to ask PLL to reimburse the legal cost. As per the Arbitral Tribunal revised timetable the Tribunal will award its decision in January 2023.

The first hearing of the arbitration was held from May 1-5, 2022, followed by closing arguments on June 8-9, 2022. The Tribunal's decision is expected during 2023.

		Note	2022	2021
			Rupees ('000)	
35.2	**COMMITMENTS**			
35.2.1	**Government Holdings (Private) Limited (the Holding Company)**			
	Minimum work commitment	35.2.1.1	**3,636,842**	4,745,992

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

35.2.1.2 During the year, the Holding Company entered into shareholders' agreement with the consortium partners, as referred to under note 11.1 of the consolidated financial statements, under which the Holding Company has committed to invest up to USD 100 million in PIOL during five years out of which USD 25 million (Rs. 4,205 million) have been invested till June 30, 2022. Subsequent to the year end, the Holding Company further invested USD 10 million (Rs. 2,226 million).

35.2.2 Inter State Gas Systems (Private) Limited - ISGSL (the Subsidiary Company)

35.2.2.1 ISGSL has entered into an investment agreement in respect of which it shall be subscribing for 940,000 shares in TAPI Pipeline Company Limited (TPCL) at a consideration of US$ 10 per share. The said subscription shall be against first, second, third and fourth closings. Commitment amounting to USD 2.65 million in respect of fourth closing is still pending.

35.2.3 Pakistan LNG Limited - PLL (the Subsidiary Company)

35.2.3.1 In accordance with the provisions of the Operations and Services Agreement (OSA), PLL shall pay to PGPCL a capacity charge of USD 245,220 per day subject to capped availability factor (96%) and a flexibility charge in the event of excess terminal capacity utilisation at the rate of 25% of the applicable capacity fee, from the commencement of commercial operation date.

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

35.2.3.3 PLL uses premises for official purposes which is rented from the Ministry of Energy (Petroleum Division). In respect of the same, PLL is required to make rental payments to the Ministry of Energy (Petroleum Division) on applicable rates notified from time to time. Subsequent to year end, PLL has paid rent to the Ministry, due till June 30, 2021, consequent to which, PLL has recognised accrual for the rental expense amounting to Rs. 6.17 million.

36 REVENUE FROM CONTRACTS WITH CUSTOMERS - NET

	2022	2021
	--------------Rupees ('000)--------------	
Natural gas - gross sales	**51,926,836**	46,517,332
Sales tax	**(7,543,752)**	(6,755,924)
Excise duty	**(635,693)**	(695,523)
Natural gas - net sales	**43,747,391**	39,065,886
Crude oil- gross sales	**48,743,933**	23,462,625
Sales tax	**(2,919,845)**	-
Crude oil- net sales	**45,824,088**	23,462,625
Liquefied petroleum gas - gross sales	**11,401,864**	5,710,832
Sales tax	**(1,656,859)**	(827,400)
Excise duty	**(6,419)**	(6,665)
Petroleum development levy	**(349,419)**	(342,060)
Liquefied petroleum gas - net sales	**9,389,167**	4,534,707
Gross sales - Regasified liquified natural gas	**460,982,957**	242,942,917
Sales tax on sales of Regasified liquified natural gas	**(66,980,429)**	(26,029,598)
Gross sales - Regasification services	**5,308,898**	-
Sales Tax on Regasification services	**(732,262)**	-
Regasified liquified natural gas - net sales	**398,579,164**	216,913,318
	497,539,810	283,976,536

36.1 As per the decision of the Economic Coordination Committee (ECC) vide case no. ECC-62/12/2018 dated May 30, 2018, the LNG margin of PLL was increased from 2.5% to 3.75% w.e.f. June 01, 2018. However, implementation of the same is currently pending with Oil and Gas Regukatory Authority (OGRA). Once implemented, the margin will be recovered by PLL prospectively.

Furthermore, Regasified Liquified Natural Gas (RLNG) sales include sales to Sui Northern Gas Pipelines Limited (SNGPL) 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 prospectively.

36.2 **Contract liabilities**

During the year ended June 30, 2022, the Group has recognised the following contract liabilities related to contracts with customers of liquefied petroleum gas (LPG):

Movement in contract liabilities

Balance at beginning of the year	**82,097**
Advances received during the year	**4,386,640**
Transferred to revenue during the year	**(4,401,384)**
Balance at end of the year	**67,353**

SAAJJQL.

		Note	2022	2021
			------------Rupees ('000)------------	
37	**ROYALTY AND OTHER LEVIES**			
	Royalty	37.1	**10,595,840**	7,447,360
	Windfall levy	37.2	**763,551**	152,782
			11,359,391	7,600,142

37.1 Royalty and other levies charged by the Government of Pakistan.

37.2 This pertains to production from Gambat South, Dhok Sultan and Shah Bandar.

		Note	2022	2021
38	**OPERATING EXPENSES**			
	Operating and other direct expenses	38.1	**373,322,567**	202,834,948
	Depreciation on property, plant & equipment	6.4	**2,581,680**	2,297,716
	Depreciation on right of use asset	7	**10,701,431**	10,701,431
	Amortisation of development and production assets	10	**3,805,248**	3,972,123
	Impairment	38.2	**1,232,021**	307,512
	Decommissioning cost actualised during the year		**71,107**	-
	Reversal due to change in decommissioning cost estimates	29.3	**(347,222)**	(174,167)
			391,366,832	219,939,563

		Note	2022	2021
38.1	**Operating and other direct expenses**			
	Operating expenses - joint operations & LNG	38.1.1 & 38.1.2	**373,030,927**	202,567,373
	Capacity, utilisation and flexibility charges		**291,640**	267,575
			373,322,567	202,834,948

38.1.1 It includes the Holding Company's share in operating expenses of joint operation amounting to Rs. 8,819 million (2021: Rs. 6,765 million) mainly comprising of personnel cost, field / contract services, repair and maintenance, workovers, travelling etc.

38.1.2 Under the Master Sales and Purchase Agreement ("MSPA") and the respective Confirmation Notices ("CN") signed with LNG Suppliers "Seller" of PLL, it is agreed that PLL "Buyer" shall make payment of invoices raised by the Seller and the Parties shall adjust port charges retrospectively upon availability of final Port Qasim Authority (PQA) invoices. PLL on the bases of legal opinion, is of the view that definition of "Port Charges", under the MSPA and CN, is restricted to Pilotage Fees (inclusive of towage charges) and any Monsoon Charges. Management is of the view that any other charges which do not fall under this definition of "Port Charges" are the responsibility of the Seller.

During the period from November 2017 to October 2020, the liquified natural gas suppliers have claimed Port Charges which included certain components. The management, based on the above legal opinion, has disputed such charges and issued debit notes to respective term and spot suppliers for the recovery of such charges in the month of December 2020.

Total disputed recoverable amount on account of Port Charges from inception to October 2020 was USD 27.61 million out of which USD 12.71 million has been withheld during the year ending June 30, 2021. Amount recovered in presented in note 32 of these consolidated financial statements as liability as one of the liquified natural gas suppliers M/s Eni S.p.A ("Eni") after paying the disputed amount initiated arbitration on July 23, 2021 (Suit No. LCIA 215245 of USD 11.043 million) before the London Court of International arbitration ("LCIA"). The arbitration is still at an early stage. After Eni filed its request for arbitration ("RFA") on July 23, 2021, the PLL filed its response to the RFA on October 01, 2021. On November 19, 2021, the LCIA confirmed the appointment of the arbitral tribunal. Procedural order is yet to be issued by the arbitral tribunal after which exchange of correspondence between the arbitral tribunal and the parties will take place. PLL is also pursuing the matter of 'Port Charges' with its liquified natural gas suppliers of both term and spot cargoes who have not paid as per demand notices issued.

		Note	2022	2021
			------------Rupees ('000)------------	
38.2	**Impairment**			
	Impairment on property, plant and equipment	6.2	**459,808**	235,200
	Impairment on development and production assets	10	**772,213**	72,312
			1,232,021	307,512

38.2.1 During the current year, the Holding 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 as specified in above note.

38.2.2 The Holding Company considers the relationship between international oil prices, production profiles, petroleum reserves and carrying value of its joint operation investments, amongst other factors, when reviewing for indicators of impairment. As at June 30, 2022, 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.

38.2.3 For the purpose of carrying out impairment testing, each joint operation 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.

38.2.4 The recoverable amount of the joint operation 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 11.88% (2021: 14.78%).

		Note	2022	2021
			------------Rupees ('000)------------	
39	**FINANCE INCOME / (COSTS)**			
	Finance Income			
	Finance income from financial assets			
	Return on bank deposits		**1,575,015**	1,237,685
	Return on term deposit receipts		**3,431,349**	2,161,845
			5,006,364	3,399,530
	Finance income from non financial assets			
	Gain on long term liability due to change in estimate	27.1	**646,289**	177,617
	Finance Income		**5,652,653**	3,577,147
	Finance Cost			
	Interest expense on lease liability		**(5,683,227)**	(5,473,875)
	Unwinding of discount on provision for decommissioning cost	29.1	**(394,365)**	(216,362)
	Unwinding of discount on long term liability		**(9,829)**	(22,930)
	Interest on delayed payment		**(179,767)**	(77,561)
	Bank charges		**(21,173)**	(9,663)
	Finance cost		**(6,288,361)**	(5,800,391)
	Net finance cost		**(635,708)**	(2,223,244)

		Note	2022	2021
			----------------Rupees ('000)---------	
40	**EXPLORATION AND PROSPECTING EXPENDITURE**			
	Cost of dry and abandoned wells	9	388,609	306,996
	Prospecting expenditure		297,326	254,335
			685,935	561,331
41	**GENERAL AND ADMINISTRATIVE EXPENSES**			
	Salaries, wages and benefits	41.1	1,042,560	790,404
	TAPI-project expenditure		13,893	13,530
	Pak Stream Gas Pipeline (PSGP) project expenditure		80,315	-
	Travelling and conveyance		18,424	5,938
	Repairs and maintenance		27,724	24,881
	Rent		36,464	39,772
	Communications		1,580	1,550
	Utilities		28,889	15,528
	Training and seminars		6,750	7,803
	Printing and stationery		7,032	3,677
	Advertisement		7,771	11,999
	Entertainment		3,055	2,252
	Legal and professional charges		124,880	76,747
	Auditors' remuneration	41.5	20,069	5,830
	Fee and subscription		3,688	2,987
	Software maintenance fee		43,609	20,795
	Insurance		19,980	13,639
	Business development		89,865	2,235
	Corporate social responsibility		-	-
	Internship program of Ministry of Energy		2,368	172
	Arbitration cost		44,848	-
	Amortisation of intangible assets	8	18,786	26,922
	Depreciation	6.4	37,398	36,372
	Security services		5,878	5,054
	Loss on disposal		-	41
	Others		8,882	91,203
			1,694,708	1,199,331

41.1 It includes Rs. 172.59 million (2021: Rs.91.04 million) in respect of post employment benefits.

41.2 The aggregate amounts charged in these consolidated financial statements for the remuneration of the chief executive officer and executives of the Group are as follows:

	Chief Executive Officer		Executives	
	2022	2021	**2022**	2021
	---Rupees ('000)---			
Managerial remuneration	**42,633**	32,802	**615,848**	492,180
Bonus	**-**	-	**-**	-
Post employment benefits	**14,505**	6,689	**111,974**	59,952
Reimbursable expenses	**207**	135	**55,414**	43,646
Additional charge allowance	**-**	-	**696**	1,843
	57,345	39,626	**783,932**	597,621
Number of persons	**1**	1	**38**	34

41.3 **Key management personnel**

Key management personnel comprises chief executive, chief financial officer, company secretary, executive directors and general managers of the Group.

	2022	2021
	---Rupees ('000)---	
Managerial remuneration	**184,482**	153,175
Bonus	**1,176**	688
Post employment Benefit	**50,496**	28,229
Reimbursable expenses	**1,774**	1,241
	237,928	183,333

41.4 Fee paid to non-executive directors for attending the Board of Directors meetings amounted to Rs. 68.1 million (2021: Rs. 57.9 million).

41.5 **Auditors' remuneration**

	2022	2021
	---Rupees ('000)---	
Holding Company		
Statutory audit fee	**3,944**	1,640
Report on compliance of Public Sector Companies (Corporate Governance) Rules 2013	**116**	60
Decommissioning certification	**812**	200
Out of pocket expenses	**342**	176
Tax services	**1,225**	-
	6,439	2,076
Subsidiaries		
Statutory audit fee	**2,900**	3,483
Report on compliance of Public Sector Companies (Corporate Governance) Rules 2013	**200**	-
Other Services	**700**	-
Out of pocket expenses	**167**	272
Tax services	**9,663**	-
	13,630	3,755
	20,069	5,830

42 **OTHER EXPENSES**

Exchange loss - net		**11,373,219**	-
Exchange loss on translation of lease liability		**35,465,026**	-
Windfall levy on oil / condensate	35.1.1.4	**4,995,336**	1,320,292
		51,833,581	1,320,292

		2022	2021
		Rupees ('000)	
43	**OTHER INCOME**		
	Other income from non financial assets		
	Exchange gain	-	1,344,424
	Exchange gain on translation of lease liability	-	8,915,923
	Gain on disposal of fixed asset	2,481	-
	Signature bonus	31,500	-
	Others	601	753
		34,582	10,261,100
44	**TAXATION**		
	Current		
	Charge for the year	29,615,620	16,655,889
	Adjustment on account of group taxation	(1,984,719)	-
	Charge for prior year	-	14,672
		27,630,901	16,670,561
	Deferred		
	(Credit) / charge for the year	(11,994,763)	2,385,655
		15,636,138	19,056,216
44.1	**Reconciliation of tax charge for the year:**		
	Accounting profit	36,894,770	61,372,953
	Tax rate	44%	40%
	Tax on accounting profit at applicable rate 44% (2021: 40%)	16,233,699	24,549,181
	Tax effect of:		
	Unwinding of discount on provision of decommissioning cost	173,521	86,545
	Exchange loss / (gain) on provision of decommissioning cost	822,063	(213,258)
	Change in estimates related to provision of decommissioning cost	(558,812)	(248,144)
	Depletion allowance	(7,396,794)	(3,127,891)
	Effect of change in tax rate	655,414	-
	Income chargeable to tax at reduced corporate rate	2,787,285	(1,956,106)
	Deferred tax derecognised	3,741,075	-
	Prior years charge	-	14,672
	Difference in tax and accounting depreciation	(303,787)	
	Others	(517,524)	(48,783)
		(597,561)	(5,492,965)
		15,636,138	19,056,216

			2022	2021
45	**EARNINGS PER SHARE - BASIC AND DILUTED**			
	Profit for the year	Rupees	21,258,631,601	42,316,736,801
	Weighted average ordinary shares	Number	2,103,260,097	2,088,512,092
	Earnings per share - basic	Rupees	10.11	20.26

45.1 There is no dilutive effect on the earnings per share of the Group.

46 FINANCIAL INSTRUMENTS

The following detail shows the carrying amounts of financial assets and liabilities. It does not include fair value information as the carrying amount is a reasonable approximation of fair value as the current financial assets and liabilities are short term and some financial assets are also interest bearing. Further, the financial assets due directly / ultimately from GoP carries contractual right and entitlement to receive interest on late payment and is exempt from ECL accounting / disclosure as disclosed in note 3.3. The non current financial assets are also interest bearing.

	Carrying amount	
	2022	2021
	-----------------Rupees ('000)-----------------	
FINANCIAL ASSETS		
Financial assets classified as amortised cost:		
Short term investment	**25,517,895**	41,096,758
Loans to staff	**53,675**	24,280
Trade debts- net	**272,175,706**	192,006,383
Loan, advances and other receivables exclusive of staff loans and advances	**203,909**	258,825
Security deposits	**330**	385
Cash and bank balances	**17,604,323**	11,234,375
Accrued Interest	**216,721**	57,978
	315,772,559	244,678,984
FINANCIAL LIABILITIES		
Financial liabilities classified as amortised cost:		
Long term liability	**5,036,503**	4,331,436
Trade and other payables	**34,507,577**	22,675,647
Lease liability	**149,195,473**	123,359,788
Payable to Government	**120,565,163**	59,314,065
	309,304,716	209,680,936

Credit quality of financial assets

The credit quality of the Group financial assets have been assessed below by reference to external credit ratings of counterparties determined by The Pakistan Credit Rating Agency Limited (PACRA) and JCR - VIS Credit Rating Company Limited (JCR-VIS). The counterparties for which external credit ratings were not available have been assessed by reference to internal credit ratings determined based on their historical information for any defaults in meeting obligations.

	Rating	2022	2021
		-----------------Rupees ('000)-----------------	
Trade Debts			
Counter parties without external credit rating			
Due from associated companies		**261,220,000**	185,697,203
Others		**10,955,707**	6,309,180
		272,175,707	192,006,384
Loans, advances, deposits and other receivables			
Counterparties without external credit rating		**40,480**	29,912
Bank Balances			
Counterparties with external credit rating	A 1+	**17,602,333**	11,234,014

Interest rates used for determining fair value

The interest rates used to discount estimated cash flows, when applicable, are based on the government yield curve at the reporting date plus an adequate credit spread. Since the majority of the financial assets are fixed rate instruments, there is no significant difference in market rate and the rate of instrument, fair value significantly approximates to carrying value.

Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods.

Non - derivative financial assets

The fair value of non-derivative financial assets is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes.

Non - derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

46.1 Financial risk factors

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 risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The Board of Directors 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 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 and 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 risks faced by the Group. The audit and risk management committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the audit and risk management committee.

46.2 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 and its balances at banks.

Trade debts

Trade debts are essentially due from oil refining companies, gas distribution companies and power generation companies and the Group does not expect these companies to fail to meet their obligations. Majority of sales to the Group's customers are made on the basis of agreements approved by the GoP.

Sale of crude oil and gas is at prices specified in relevant agreements and/ or as notified by the Government authorities based on agreements with customers or relevant applicable petroleum policy or Petroleum Concession Agreements. Prices of liquefied petroleum gas are determined by the Group subject to maximum price notified by Oil and Gas Regulatory Authority (OGRA).

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade debts and lease receivables that are due directly / ultimately from the Government of Pakistan (GoP) till June 30, 2022 as per policy disclosed in note 5.13.1 to the consolidated financial statements.

Others

The credit risk related to balances with banks, in term deposits and saving accounts, are managed by investing in liquid securities and maintaining bank accounts only with counterparties that have a credit rating of at least A. While bank balances and investments in term deposits are also subject to the requirements of IFRS 9 the identified impairment loss was immaterial as the counterparties have reasonably high credit ratings.

The credit risk on advances to suppliers and other receivables is minimal as the Group has long established relationship with the counterparties, which are mainly state owned enterprises, and management does not expect non-performance by these counterparties on their obligations to the Group.

	2022		2021		
	Short Term	Long Term	Short Term	Long Term	Credit rating Agency
National Bank of Pakistan	A-1+	AAA	A-1+	AAA	PACRA
Allied Bank Limited	A-1+	AAA	A-1+	AAA	PACRA
Bank Alfalah Limited	A-1+	AA+	A-1+	AA+	PACRA
Habib Bank Limited	A-1+	AAA	A-1+	AAA	VIS
MCB Bank	A-1+	AAA	A-1+	AAA	PACRA
United Bank Limited	A-1+	AAA	A-1+	AAA	VIS
Meezan Bank Limited	A-1+	AAA	A-1+	AAA	VIS
Askari Bank Limited	A-1+	AA+	A-1+	AA+	PACRA
Habib Metropolitan Bank	A-1+	AA+	A-1+	AA+	PACRA
Bank of Punjab	A-1+	AA+	A-1+	AA+	PACRA

46.2.1 Exposure to credit risk

The Group's maximum exposure to credit risk for the components of consolidated statement of financial position at June 30, 2022 and 2021 is equal to the carrying amounts of financial assets as given below:

	2022	2021
	Rupees ('000)	
Loan to staff	**53,675**	24,280
Trade debts	**272,715,410**	192,006,383
Loan, advances and other receivables exclusive of staff loans and advances	**203,909**	258,825
Security deposits	**330**	385
Short term investments	**25,517,895**	41,096,758
Cash and bank balances	**17,604,323**	11,234,375
Accrued Interest	**216,721**	57,978
	316,312,263	244,678,984

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

Credit rating	Rating agency		
A-1+	PACRA	**14,554,667**	8,244,326
A-1+	JCR-VIS	**3,047,666**	3,047,666
		17,602,333	11,291,992

Credit ratings for short term investments disclosed in note 23 to the consolidated financial statements.

46.2.2 Impairment losses

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

	2022		2021	
	Gross Debts	Impaired	Gross Debts	Impaired
	Rupees		Rupees	
Not Past Due	31,734,926	-	20,433,320	-
Past due up to three months	132,469,385	-	89,092,404	-
Past due three to six months	11,895,706	-	11,057,851	-
Past due more than six months	96,615,393	539,704	71,422,808	-
	272,715,410	**539,704**	**192,006,383**	-

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

2022						
Party name	Not past due	Past Due			Impaired balance	Total
		Up to three months	Three to six months	More than six months		
Attock Refinery Limited	7,254,200	1,123,206	(245)	210,519	(57,549)	8,530,131
National Refinery Limited	186,554	975	-	152,709	(152,235)	188,003
Pakistan Refinery Limited	651,076	-	(2,637)	733	-	649,172
United Energy Pakistan Limited	1,497,913	-	-	-	-	1,497,913
Others	97,343	(78,941)	7,613	163,171	(98,701)	90,485
	9,687,086	1,045,240	4,731	527,132	(308,485)	10,955,704

Party name	Not past due	Past Due: Up to three months	Past Due: Three to six months	Past Due: More than six months	Impaired balance	Total
2021						
Attock Refinery Limited	2,975,386	925,901	1,684	484,170	-	4,387,141
National Refinery Limited	126,926	36,065	-	152,228	-	315,219
Pakistan Refinery Limited	443,612	455,621	105,632	733	-	1,005,598
United Energy Pakistan Limited	492,513	-	-	-	-	492,513
Others	79,119	-	29,587	-	-	108,706
	4,117,556	1,417,587	136,903	637,131	-	6,309,177

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

Party name	Not past due	Past Due: Up to three months	Past Due: Three to six months	Past Due: More than six months	Impaired balance	Total
2022						
Sui Northern Gas Pipelines Limited	**13,504,343**	**122,376,290**	**3,285,956**	**31,080,717**	**-**	**170,247,306**
Sui Southern Gas Company Limited	**6,393,137**	**8,799,352**	**8,606,423**	**63,312,585**	**-**	**87,111,497**
Pak Arab Refinery Company Limited	**1,497,423**	**201,318**	**(1,904)**	**33,111**	**(1,180)**	**1,728,768**
Enar Petroleum Refining Facility	**119,181**	**-**	**-**	**(29)**	**-**	**119,152**
Oil & Gas Development Company	**496,944**	**-**	**-**	**1,663,056**	**(230,039)**	**1,929,961**
Pakistan Petroleum Limited	**36,812**	**47,184**	**499**	**(1,179)**	**-**	**83,316**
	22,047,840	**131,424,144**	**11,890,974**	**96,088,261**	**(231,219)**	**261,220,000**

Party name	Not past due	Past Due: Up to three months	Past Due: Three to six months	Past Due: More than six months	Impaired balance	Total
2021						
Sui Northern Gas Pipelines Limited	8,859,829	79,868,450	3,348,095	23,233,749	-	115,310,122
Sui Southern Gas Company Limited	4,321,798	6,967,795	7,517,437	47,539,544	-	66,346,573
Pak Arab Refinery Company Limited	1,298,154	22,066	-	6,337	-	1,326,557
Enar Petroleum Refining Facility	10,818	-	-	-	-	10,818
Oil & Gas Development Company	1,815,775	802,395	41,402	6,047	-	2,665,619
Pakistan Petroleum Limited	9,388	14,112	14,014	-	-	37,514
	16,315,762	87,674,818	10,920,948	70,785,677	-	185,697,203

As explained in note 18.1 to the consolidated financial statements, the Group believes that no impairment allowance is necessary in respect of trade debts past due from Sui Northern Gas Pipelines Limited and Sui Southern Gas Company Limited. Trade debts are essentially due from oil refining companies, natural gas and liquefied petroleum gas transmission and distribution companies, the Group is actively pursuing for recovery of debts and the Group does not expect these companies to fail to meet their obligations. Impact of ECL on financial assets not covered under exemption as explained in note 3.3 has been recorded in note 18.3 to the consolidated financial statements.

Expected credit loss on loans, advances, deposits and other receivables is calculated using general approach (as disclosed in note 5.13.1). As at the reporting date, Group envisages that default risk on account of loans, advances, deposits and other receivables is immaterial based on historic trends adjusted to reflect forward looking information.

Bank balances and investments in term deposits are also subject to the requirements of IFRS 9 the identified impairment loss was immaterial as the counterparties have reasonably high credit ratings.

307721.

The movement in the allowance for impairment in respect of trade debts during the year was as follows:	2022	2021
	---------------Rupees---------------	
Balance at beginning of the year	-	-
Provision / (reversal) during the year	539,704	-
Balance at end of the year	539,704	-

46.3 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities to close out market positions due to dynamic nature of the business. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Since the Group has sufficient assets against its liabilities, and being fully owned by Government of Pakistan (GoP) it does not have any significant liquidity risk.

The maturity profile of the Group's financial assets and liabilities based on June 30, 2022, is summarized below:

2022	Effective yield / Interest Rate	Markup / Interest bearing	Non markup / Interest bearing	Total
	%	---------------Rupees ('000)---------------		
FINANCIAL ASSETS				
Maturity up to one year				
Long term loan	-	-	33,307	33,307
Trade debts - net	-	-	272,175,706	272,175,706
Loan, advances and other receivables	-	-	320,174	320,174
Deposits	-	-	330	330
Receivable from Government of Pakistan (GoP)	KIBOR + 0.50	63,966,965	-	63,966,965
Short-term investments	11.82 - 14.15	25,517,895	-	25,517,895
Bank balances	2.75 - 13.0	17,604,323	-	17,604,323
		107,089,183	272,529,517	379,618,700
Maturity after one year:				
Long term loan	-	-	20,368	20,368
		-	20,368	20,368
		107,089,183	272,549,885	379,639,068
FINANCIAL LIABILITIES				
Maturity up to one year				
Trade and other payables	-	-	34,507,577	34,507,577
Current portion of long term liabilities	-	-	1,599,557	1,599,557
Lease liability	4.20	11,528,681	-	11,528,681
Short term borrowing	KIBOR + 0.50	63,966,965	-	63,966,965
Payable to Government	-	-	120,565,163	120,565,163
		75,495,646	156,672,297	232,167,943
Maturity after one year:				
Long term liabilities	-	-	3,436,946	3,436,946
Lease liability	4.20	137,666,792	-	137,666,792
		137,666,792	3,436,946	141,103,738
		213,162,438	160,109,243	373,271,681

2021	Effective yield / Interest Rate	Markup / Interest bearing	Non markup / Interest bearing	Total
	%	Rupees ('000)		
FINANCIAL ASSETS				
Maturity up to one year				
Long term loan	-	-	9,551	9,551
Trade debts - net	-	-	192,006,383	192,006,383
Loan, advances and other receivables	-	-	258,825	258,825
Deposits	-	-	385	385
Short-term investments	6.9 - 7.55	41,096,758	-	41,096,758
Bank balances	5.5 - 6.7	11,291,904	-	11,291,904
		52,388,662	192,275,144	244,663,806
				-
Maturity after one year:				-
Long term loan	-	-	14,728	14,728
		-	14,728	14,728
		52,388,662	192,289,872	244,678,534
FINANCIAL LIABILITIES				
Maturity up to one year				
Trade and other payables	-	-	22,675,647	22,675,647
Current portion of long term liabilities	-	-	819,632	819,632
Lease liability	4.20	8,509,955	-	8,509,955
Payable to Government		-	59,314,065	59,314,065
		8,509,955	82,809,344	91,319,299
Maturity after one year:				
Long term liabilities	-	-	3,511,804	3,511,804
Lease liability	4.20	114,849,833	-	114,849,833
		114,849,833	3,511,804	118,361,637
		123,359,788	86,321,148	209,680,936

OFF BALANCE SHEET ITEMS	2022	2021
	Rupees ('000)	
Capital expenditure commitments	3,636,842	4,745,992

46.4 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 operation partners.

46.4.1 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 short term deposit receipts as mentioned in note 23.1. Further the Group has bank balances in deposit accounts that carry variable interest rates, as mentioned in note 24.1.

46.4.2 Foreign currency risk

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

Pakistani rupee (Rs.) is the functional currency of the Group and as a result currency exposure arise from transactions and balances in currencies other than Pakistani rupee. The Group's potential currency exposure comprise;

- Transactional exposure in respect of non functional currency monetary items.
- Transactional exposure in respect of non functional currency expenditure and revenues.

The potential currency exposures are discussed below;

Transactional exposure in respect of non functional currency monetary items

Monetary items, including financial assets and liabilities, denominated in currencies other than the functional currency of the Group are periodically restated to Pakistani rupee equivalent, and the associated gain or loss is taken to the consolidated statement of profit or loss. The foreign currency risk related to monetary items is managed as part of the risk management strategy.

Transactional exposure in respect of non functional currency expenditure and revenues

Certain operating and capital expenditure is incurred by the Group in currencies other than the functional currency. Certain sales revenue is earned in currencies other than the functional currency of the Group. These currency risks are managed as a part of overall risk management strategy. The Group does not enter into forward exchange contracts.

Exposure to foreign currency risk

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 operation operators. At the date of consolidated statement of financial position, the net foreign currency exposure aggregates to USD 104.40 million (2021: USD 98.70 million).

	2022	2021
	USD ('000)	
FINANCIAL ASSETS		
Short term exposure		
Trade debts	**54,291**	44,718
FINANCIAL LIABILITIES		
Short term exposure		
Due to joint operation operators	**(17,784)**	(21,706)
Long term liability (carried interest)	**(7,826)**	(5,210)
Foreign currency payables	**(116,262)**	(94,177)
	(141,872)	(121,093)
Long term exposure		
Long term liability (carried interest)	**(16,816)**	(22,324)
	(158,688)	(143,417)
Net exposure to foreign currency risk	**(104,397)**	(98,701)

SAAA20.

	2022	2021
	---Rupees ('000)---	
FINANCIAL ASSETS		
Short term exposure		
Trade debts	**11,096,074**	7,034,517
FINANCIAL LIABILITIES		
Short term exposure		
Due to joint operation operators	(3,634,749)	(3,414,548)
Long term liability (carried interest)	(1,599,557)	(819,632)
Foreign currency payables	(23,761,547)	(14,815,001)
	(28,995,853)	(19,049,181)
Long term exposure		
Long term liability (carried interest)	**(3,436,946)**	(3,511,804)
	(32,432,799)	(22,560,985)
Net exposure to foreign currency risk	**(21,336,725)**	(15,526,468)

The following significant exchange rates applied during the year:

Average rate		Reporting date spot rate	
2022	**2021**	**2022**	**2021**
(Pak Rupees)			
177.45	160.30	**204.38**	157.31

Foreign currency sensitivity

A 10% strengthening of the functional currency against USD at June 30, 2022 would have increased consolidated profit and loss by Rs. 2,134 million (2021: Rs. 1,553 million). A 10% weakening of the functional currency against USD at June 30, 2022 would have had the equal but opposite effect of these amounts. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for June 30, 2021.

46.5 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 Government of Pakistan (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.

47 BALANCES AND 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 subsidiaries, directors, major shareholders, companies with common directorship, key management personnel and gratuity fund. The Group in normal course of business pays for electricity, gas, airfare, rent and telephone to entities controlled by Government of Pakistan which are not material, hence not disclosed in these consolidated financial statements. Significant transactions of the Group with related parties and balances outstanding at the year end are as follows:

	2022	2021
	---Rupees ('000)---	
Pakistan International Oil Limited (PIOL)- Associated Company - 25% share holding of the company and common directorship		
Cost of investment	**4,205,500**	-
Share of loss in associate	**(2,502,980)**	-
Major shareholders		
Government of Pakistan (100% share holding)		
Dividend paid	**5,000,000**	7,000,000
Deposit against Reko Diq project	**34,301,231**	-

	2022	2021
	---------------Rupees ('000)---------------	
Related parties by virtue of GoP holdings and / or common directorship		
Pak Arab Refinery Company Limited		
Sale of crude oil - net	8,919,236	4,700,899
Trade debts as at June 30	1,728,768	1,326,557
Sui Northern Gas Pipelines Limited		
Sale of natural gas - net	12,918,367	12,843,792
Sale of RLNG - net	398,579,164	216,913,318
Trade debts as at June 30	170,247,306	115,310,122
Sui Southern Gas Company Limited		
Sale of natural gas - net	30,288,716	25,755,925
Trade debts as at June 30	87,111,498	66,346,573
Enar Petroleum Refining Facility		
Sale of crude oil - net	404,009	55,624
Trade debts as at June 30	119,152	10,818
Oil and Gas Development Company Limited		
Receivable as at June 30	1,929,961	2,665,619
Payable as at June 30	1,938,970	1,477,344
Expenditure charged by joint operation partner	4,702,205	3,547,350
Cash calls paid against joint operation partner expenses	3,973,822	3,099,761
Pakistan Petroleum Limited		
Receivable as at June 30	83,316	37,514
Payable as at June 30	620,551	605,625
Expenditure charged by joint operation partner	1,761,889	3,349,158
Cash calls paid against joint operation partner expenses	1,793,632	4,175,284
National Bank of Pakistan		
Balance of bank accounts	2,253,351	1,610,157
Balance of Investment (term deposit receipts) as at June 30	-	4,000,000
Interest earned during the year	250,561	189,445
Short term borrowing	63,966,965	-
Other related parties		
Contribution to gratuity fund (refer note 32.2)	44,277	52,680
Remuneration to key management personnel (refer note 41.3)	237,928	140,061
Contribution to provident fund	77,507	11,739

48 NUMBER OF EMLPOYEES

	2022	2021
Number of employees as at year end	138	130
Average number of employees employed during the year	135	122

49 STAFF PROVIDENT FUND

Investments out of provident fund have been made in accordance with the provision of section 218 of the Companies Act, 2017 and rules formulated for this purpose.

50 IMPACT OF COVID-19 ON THE CONSOLIDATED FINANCIAL STATEMENTS

The Group's operations, financial position and results have not been affected by Covid-19 during the year. Management's focus and efforts continued for coping up with the changing scenario at all levels.

Based on management's assessment there is no material impact on the carrying values of assets and liabilities as of June 30, 2022. From the very outset of Covid-19, the management has adopted various policies and practices to minimize adverse impact of Covid-19 on the business and is continuously monitoring the situation in order to proactively address any challenges which may arise from Covid-19.

51 GENERAL

51.1 Capacity and production

51.1.1 Government Holdings (Private) Limited (The Holding Company)

Product	Unit	Production for the year 2022	2021
Gas	MMSCF	**80,005**	82,099
Oil	Barrels	**2,862,337**	2,785,326
LPG	Metric ton	**75,097**	68,931

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

51.1.2 Pakistan LNG Limited - PLL (the Subsidiary Company)

Regasified liquified natural gas	Capacity (In MMSCFD)	Production (In MMSCFD)
2022	**600**	**414**
2021	600	472

51.1.3 Inter State Gas Systems (Private) Limited - ISGSL (the Subsidiary Company)

The company has not yet commenced any commercial operations and does not have any installed capacity as at reporting date.

51.2 Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.

51.3 Corresponding figures have been reclassified wherever necessary to reflect more appropriate presentation of events and transactions for the purpose of better presentation in accordance with the accounting and reporting standards as applicable in Pakistan.

52 EVENTS AFTER THE END OF THE REPORTING DATE

52.1 On September 21, 2022, a fire incident was reported at the TAL concession and loss including loss of inventory was reported. The Holding Company is a non-operator in the said concession. The Holding Company's share in the amount of inventory damage caused by the fire is preliminary assessed at Rs 415 million which will be finalised upon further action by operator including finalisation of related insurance claims.

52.2 Subsequent to the year end, deposit with the Government of Pakistan for equity stake in Reko Diq project was changed to equity in Reko Diq Mining (Private) Limited (RDML) through Pakistan Minerals (Private) Limited (PMPL) after finalisation of related agreements and regulatory approvals as explained in note 14.1.

52.3 Subsequent to the year end, the loan facility from National Bank of Pakistan (NBP) has been restructured with the approval of Economic Coordination Committee (ECC) as explained in note 31.2.

53 DATE OF AUTHORISATION OF ISSUE

These consolidated financial statements have been authorised for issue by the Board of Directors of the Group in its meeting held on May 19, 2023

Chief Executive Officer

Director