GOVERNMENT HOLDINGS (PRIVATE) LIMITED

Annual Report 2023

CONTENTS

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

Mr. Nasir Mahmood Khosa
(Chairman
Independent, Non-Executive Director)

Mr. Momin Agha
(Non-Executive Director)

Ms. Saira Najeeb Ahmed
(Non-Executive Director)

Mr. Shahbaz Tahir Nadeem
(Non-Executive Director)

Ms. Huma Pasha
(Independent, Non-Executive Director)

Rana Tariq Mehmood
(Independent, Non-Executive Director)

Mr. Ahmed Ali Quddusi
(Independent, Non-Executive Director)

Mr. Saqib A. Saki
(Independent, Non-Executive Director)

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

CHIEF FINANCIAL OFFICER

Mr. Muhammad Arif

COMPANY SECRETARY

Mr. Sohail Abbas Rajani

AUDITORS

A.F. Ferguson & Co.,
Chartered Accountants

LEGAL ADVISORS

Rehman & Associates
Attorneys at law & Corporate Counsel

TAX ADVISORS

M/s A.F. Ferguson & 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, 2023

Mr. Haseeb Shakoor Paracha	Chairman
Ms. Saira Najeeb Ahmed	Member
Mr. Shahbaz Tahir Nadeem	Member
Dr. Sajjad Ahmad	Member

Terms of Reference

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

- Review of annual and interim financial statements of the company, prior to their approval by the Board;
- Review any financial, operational, or legal matters which could significantly impact the financial statements;
- Facilitating the external audit and discussion with external auditors on major observations arising from interim and final audits and any matter that the auditors may wish to highlight;
- Ensuring coordination between the internal and external auditors of the company;
- Review of management letter issued by external auditors and management's response thereto;
- Suggesting the appointment of external auditors and any questions of resignation or removal of the external auditors, audit fees, and the provision by the external auditors of any service to the Company in addition to the audit of the Company's financial statements.
- 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 the scope and extent of the internal audit, audit plan, reporting framework, and procedures and ensure 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;
- Recommending the hiring or removal of the chief internal auditor;
- Determination of compliance with relevant statutory requirements;
- Monitoring compliance with the best practices of corporate governance and identification of significant violations thereof;
- Review Code of Conduct and related policies applicable to employees, officers, and director and other agents and associates of the Company as and when required;
- Determination of appropriate measures to safeguard the company's assets;
- 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;
- Overseeing whistle-blowing policy and protection mechanism; and
- Consideration of any other issue or matter as may be assigned by the Board.

Board **Finance, Procurement and Risk Management** Committee

Composition as at June 30, 2023

Ms. Saira Najeeb Ahmed	Chairperson
Ms. Ayla Majid	Member
Mr. Mohammad Hassan Iqbal	Member
Mr. Shahbaz Tahir Nadeem	Member
Mr. Haseeb Shakoor Paracha	Member
Mr. Masood Nabi	Member

Terms of Reference

The Terms of Reference of the Board Finance, Procurement and Risk Management Committee include the following:

Finance

- Review and recommendation of operational plans, long-term projections and financing plans for the Company's projects/operations for approval by the Board of Directors;
- Evaluation and recommendation of the Annual Operating and Capital Budget;
- Review of policies relating to financial matters prepared by management for Board approval; and
- Review corporate objectives, strategies developed by the Management and the Company's overall performance against the Annual Strategy;

Procurement

- Review and recommend the Annual Procurement Plan of the Company and the required budget;
- Review the Company's policies and procedures for the procurement of goods, services, and works and recommend changes for improvement thereof;
- Ensure compliance by management with applicable laws, including the PPRA Rules while procuring goods, services, and consultancy;
- Review special cases of procurement referred by the Management for seeking directives/guidance/instructions of the Committee; and
- Review any changes to financial authorities relating to procurement.

Risk Management

- Identification and management of strategic business risks of the Company;
- Review the risk identification and management process developed by management to confirm it is consistent with the Company's strategy and business plan;
- Review management's assessment of risk periodically and provide an update to the Board in this regard;
- Monitor steps management has implemented to manage and mitigate identifiable risks, and assess the effectiveness of the Company's Risk Management processes and recommend improvements;
- Review the controls, risk mitigation measures, and extent of disclosure with the objective of obtaining reasonable assurance that all risks are being effectively managed and controlled;
- Review with the Company's counsel, legal matters which could have a material impact on the Company and related public disclosure, including through the financial statements; and
- Providing regular updates to the Board of Directors on key risk management issues and its proposed mitigating factors.

Environmental, Social, and Governance (ESG)

- Recommend to the Board the Company's overall strategy with respect to ESG Matters;
- Identify the Company's ESG risks and opportunities;
- Oversee the development of related policies, practices, and performance with respect to ESG matters across the company; and
- Report to the Board on ESG matters that may affect the business, operations, performance, or public image of the Company or are otherwise pertinent to the Company and its stakeholders and, if appropriate, detail actions taken in relation to the same.

Board **Business Development & Strategy** Committee

Composition as at June 30, 2023

Ms. Ayla Majid	Chairperson
Ms. Saira Najeeb Ahmed	Member
Mr. Shahbaz Tahir Nadeem	Member
Dr. Sajjad Ahmad	Member
Mr. Masood Nabi	Member

Terms of Reference

The Terms of Reference of the Board Business Development & Strategy Committee include the following:

- Review the corporate medium to long-term business development strategy of the company prepared by the management and recommend it to the Board.
- Review proposals/feasibility studies for special projects to assess possibilities for prospective business expansion and investment.
- Review the proposed annual Business Plan to ensure alignment with the overall strategy of the company and endorse the same for approval of the Board.
- Review and advise on business opportunities in upstream sectors such as Farm-in in Exploration Joint Ventures
- Review growth possibilities through new projects and diversification.
- The Committee shall consider any other issue or matter as may be assigned by the Board

Board **Human Resources and Nomination** Committee

Composition as at June 30, 2023

Dr. Sajjad Ahmad	Chairman
Ms. Ayla Majid	Member
Ms. Saira Najeeb Ahmed	Member
Mr. Shahbaz Tahir Nadeem	Member
Mr. Masood Nabi	Member

Terms of Reference

The Terms of Reference of the Board Human Resources and Nomination Committee include the following:

- Recommend the human resource management policies to the Board
- Review organization structure periodically and recommend changes in the organization, functions, and reporting relationships of management positions;
- Establish plans and procedures that provide an effective basis for management control and monitoring over company manpower;
- Review and recommend to the Board, succession plans and talent management for critical Senior positions;
- Determine appropriate 'Limits of Authority' and approval procedures for personnel matters requiring decisions at different levels of management.
- Recommend to the Board for consideration and approval a policy framework for determining the remuneration of directors and senior management;
- Ensure that compensation policies and procedures are aptly designed to attract and retain the caliber of personnel needed to manage the business effectively;
- Recommend annual increments and bonus to employees;
- Review and recommend to the Board the development and training needs of employees and Board members in line with the strategy of the company;

- Undertaking, annually, a formal process of evaluation of performance of the Board as a whole, its members and its committees; either directly or by engaging an external independent consultant;
- Develop professional and ethical standards and values to be incorporated in the Code of Ethics / Code of Conduct and provide support to the Board on various aspects of employee relations;
- Employee workplace policies concerning safety and wellbeing, engagement, work-life balance, diversity and inclusion and other standards detailed within the Company's Code of Conduct;
- Formulation and oversee the implementation of gender diversity policy for recruitment, promotion along with gender pay gap analysis within the organization;
- 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; and
- Monitoring whether satisfactory orientation at the time of induction is provided for new directors with respect to their Board and Board Committee responsibilities

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
Ali Raza Bhutta *	5	5	-	-	-	-
Ayla Majid	15	15	-	-	6	6
Haseeb Shakoor Paracha	15	15	7	7	6	6
Hassan Mehmood Yousafzai **	8	8			3	3
Muhammad Anwer Shiekh ***	8	8	4	4	3	3
Saira Najeeb Ahmed ***	11	11	6	6	3	3
Sajjad Ahmed	15	15	7	7	-	-
Syed Imtiaz Hussain Shah ****	4	4	-	-	-	-
Muhammad Mahmood *	10	10	-	-	-	-
Nisar Ahmad ****	3	3	-	-	-	-
Shahbaz Tahir Nadeem *****	3	3	-	-	1	1
Muhammad Anwar Ul Haq Azad *****	1	1	1	1	-	-
Mohammad Hassan Iqbal **	7	7			3	3
Abrar Ahmad Mirza *****	4	3	2	2	2	2

Name of Director	Board Business Development & Strategy Committee		Board HR & Nomination Committee		Board Special Purpose Committee		Fee paid to the Directors
	Meetings	Attendance	Meetings	Attendance	Meetings	Attendance	(Rupees)
Ali Raza Bhutta *	1	1	-	-	-	-	800,000
Ayla Majid	9	9	11	11	9	9	7,350,000
Haseeb Shakoor Paracha	-	-	-	-	-	-	4,000,000
Hassan Mehmood Yousafzai **	-	-	-	-	-	-	1,550,000
Muhammad Anwer Shiekh ***	7	6	5	5	-	-	3,650,000
Saira Najeeb Ahmed ***	6	6	7	7	2	2	5,000,000
Sajjad Ahmed	9	9	11	11	11	11	7,700,000
Syed Imtiaz Hussain Shah ****	-	-	3	3	-	-	900,000
Muhammad Mahmood *	-	-	-	-	-	-	1,500,000
Nisar Ahmad ****	-	-	2	2	-	-	750,000
Shahbaz Tahir Nadeem *****	-	-	1	1	-	-	750,000
Muhammad Anwar Ul Haq Azad *****	1	1	-	-	-	-	450,000
Mohammad Hassan Iqbal **	-	-	-	-	-	-	1,500,000
Abrar Ahmad Mirza *****	1	1	5	4	-	-	1,800,000

** Mr. Ali Raza Bhutta was replaced by Muhammad Mahmood w.e.f October 28, 2022*
*** Mr. Hassan Mehmood Yousafzai was replaced by Mohammad Hassan Iqbal w.e.f February 24, 2023*
**** Mr. Muhammad Anwer Sheikh was replaced by Ms. Saira Najeeb Ahmed w.e.f April 14, 2023*
***** Syed Imtiaz Hussain Shah was replaced by Mr. Nisar Ahmad w.e.f October 28, 2022*
****** Muhammad Anwar Ul Haq was replaced by Abrar Ahmad Mirza and Shahbaz Tahir Nadeem succeeded him w.e.f June 22, 2023*

HIGHLIGHTS 2022-23

Operational Highlights

13	11	06	2,257	1,009
Exploration / Appraisal wells	Development wells	Discoveries	Line Km 2D seismic acquired	Sq. Km 3D seismic acquired

Operational activity in partner operated blocks

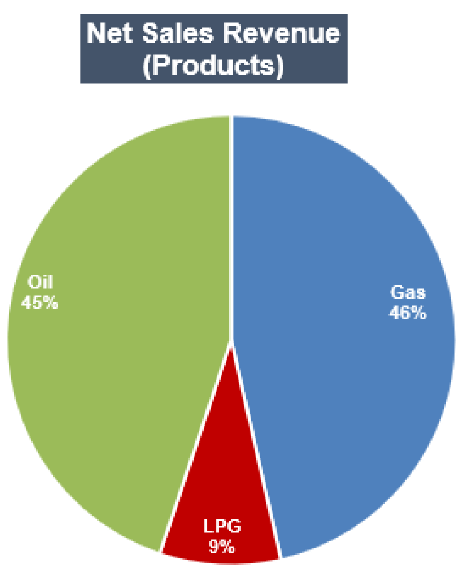
Financial Performance

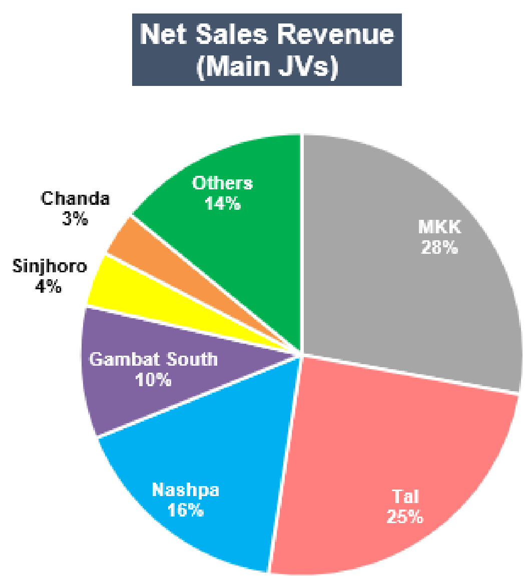
Rs. 126	Rs. 92.4	Rs. 49.2	Rs. 22.71	39%
Net Sales Revenue (billion)	Gross Profit (billion)	Profit after taxes (billion)	Earnings per Share (basic and diluted)	Net Profit Margin

Production Results

7,730	196	201
Oil/condensate (BPD)	Gas (MMSCFD)	LPG (MTD)

Net GHPL's share of Production

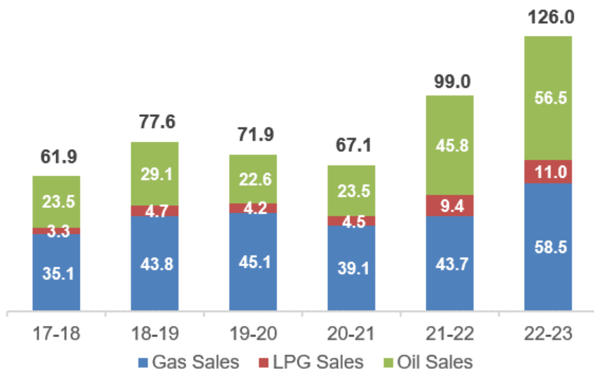




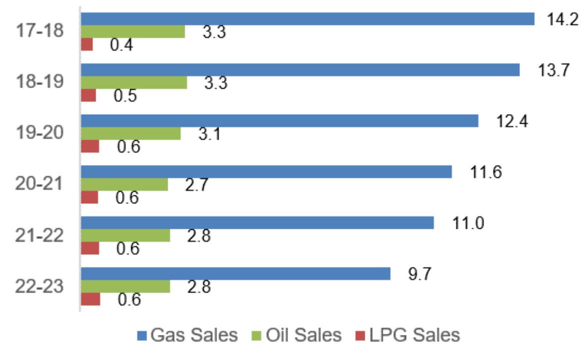
SIX YEARS SUMMARY

		2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Operational Performance							
Seismic Survey - 2 D	line km	2,166	619	938	640	1,045	2,257
Seismic Survey - 3 D	sq. km	440	614	510	730	600	1,009
Wells Drilled - Exploratory / Appraisal	numbers	22	21	9	10	13	13
Wells Drilled - Development	numbers	7	10	5	4	10	11
Oil & Gas Discoveries	numbers	6	8	3	3	6	6
Production (GHPL's Share)							
Oil / Condensate	BPD	9,384	9,094	7,780	7,781	7,899	7,730
Gas	MMSCFD	262	257	233	227	219	196
LPG	MTD	163	197	181	189	206	201
Financial Results							
Sales - Gross	Rs. billion	69.5	86.8	81.4	75.7	111.3	139.2
Sales - Net	Rs. billion	61.9	77.6	71.9	67.1	99.0	126.0
Gross Profit	Rs. billion	42.9	59.6	49.4	46.3	71.4	92.4
EBITDA	Rs. billion	48.0	58.1	58.0	55.1	73.8	94.3
Profit before Taxation	Rs. billion	42.1	54.4	50.4	48.4	65.2	85.8
Profit after Taxation	Rs. billion	27.5	34.6	33.0	33.5	43.2	49.2
Financial Position							
Share Capital & Reserves	Rs. billion	103.4	136.7	165.1	193.5	232.5	291.8
Non Current Liabilities	Rs. billion	17.2	17.6	17.7	16.8	14.3	84.2
Current Liabilities	Rs. billion	11.1	15.6	16.4	12.7	89.0	42.3
Total Equity & Liabilities	**Rs. billion**	**131.7**	**169.8**	**199.2**	**223.0**	**335.8**	**418.3**
Fixed Assets	Rs. billion	48.8	48.2	49.9	48.7	47.0	49.3
Long term investment & deposit	Rs. billion	2.8	3.0	3.4	5.3	42.2	61.6
Long term loan including current portion	Rs. billion	8.1	8.4	7.9	6.7	5.6	4.4
Receivable from GoP	Rs. billion	-	-	-	-	64.0	70.4
Trade Receivables	Rs. billion	53.4	84.7	104.5	109.0	141.5	191.7
Cash, Bank & Term Desposits	Rs. billion	15.3	22.2	30.0	49.2	31.4	35.7
Other Current Assets	Rs. billion	3.2	3.3	3.6	4.1	4.2	5.0
Total Assets	**Rs. billion**	**131.7**	**169.8**	**199.2**	**223.0**	**335.8**	**418.3**
Cash Flows							
Operating activities	Rs. billion	6.1	19.8	14.4	27.1	26.8	7.9
Investing activities	Rs. billion	11.1	(1.4)	(2.5)	(9.0)	(37.4)	11.0
Financing activities	Rs. billion	(18.0)	(4.8)	(4.6)	(5.1)	(4.7)	(4.5)
Changes in Cash & Equivalents	**Rs. billion**	**(0.9)**	**13.6**	**7.3**	**13.1**	**(15.2)**	**14.4**
Reserved against Mining project	Rs. billion	-	-	-	-	-	(5.0)
Cash & Equivalents at year end	**Rs. billion**	**2.6**	**16.2**	**23.5**	**36.6**	**21.4**	**30.7**
Contribution to National Exchequer							
Total Contribution	Rs. billion	31.8	40.3	42.4	40.4	47.8	66.8
Profitability Ratios							
Gross Profit Margin	%	69%	77%	69%	69%	72%	73%
EBITDA Margin	%	78%	75%	81%	82%	75%	75%
Pre tax Margin	%	68%	70%	70%	72%	66%	68%
Net Profit Margin	%	44%	45%	46%	50%	44%	39%
Return on equity	%	30%	29%	22%	19%	20%	19%
Return on average capital employed	%	39%	40%	30%	25%	29%	28%
Turnover Ratios							
Debtor turnover	Times	1.7	1.2	0.9	0.7	0.9	0.8
Debtors Collection period	Days	219	293	428	519	413	439
Liquidity Ratios							
Current ratio	Times	7.0	7.3	8.9	12.9	7.1	6.4
Cash to Current Liabilities	Times	1.4	1.4	1.8	3.9	1.3	1.0
Investment Ratios							
Earnings per Share	Rupees	13.6	16.8	15.8	16.0	20.5	22.7
Dividend per share	Rupees	2.5	2.4	2.4	3.4	2.3	2.2
Dividend Payout Ratio	%	18%	14%	15%	21%	12%	10%

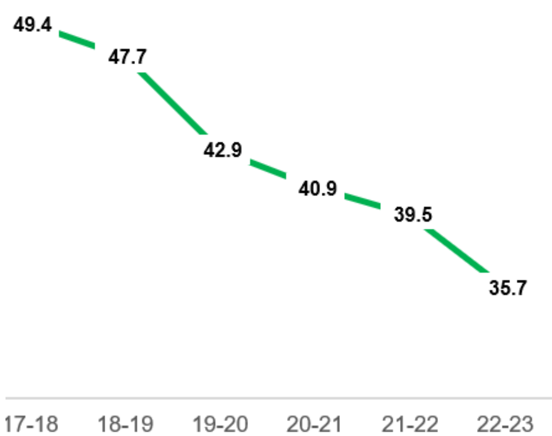
Net Sales (Rs. in billion)



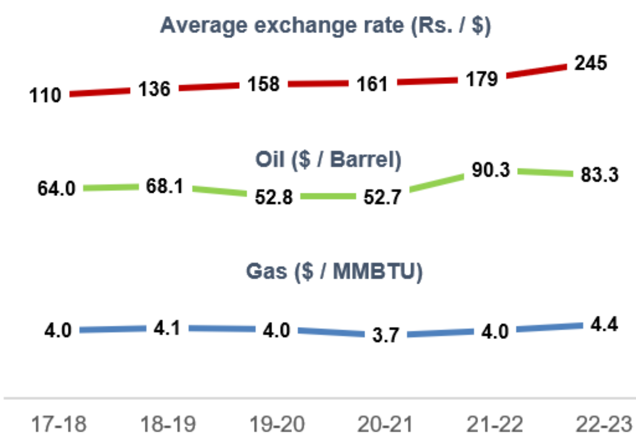
Sales Volume (BoEs in million)



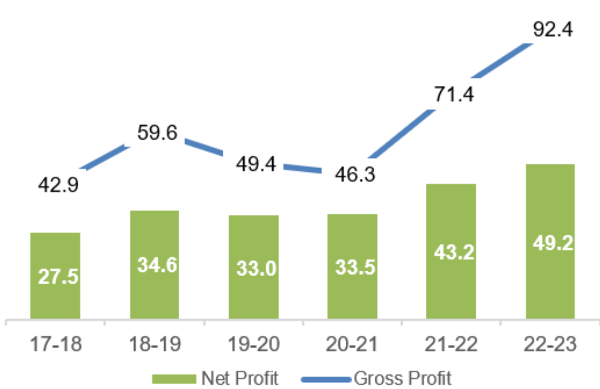
Sales per day (BoEs in 000')



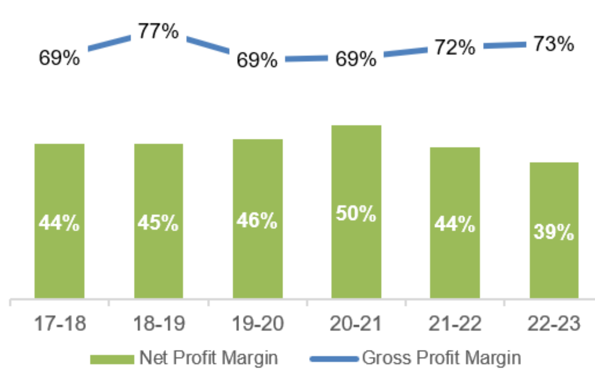
Average Realized Exchange Rate & Prices



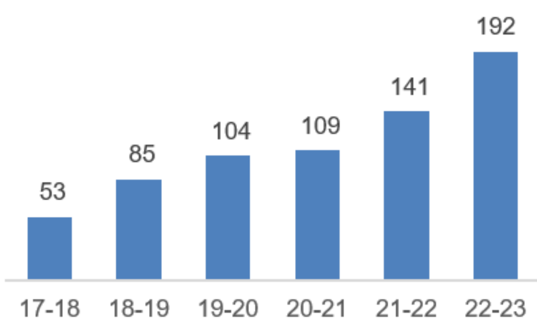
Gross Profit & Net Profit (Rs. in billion)



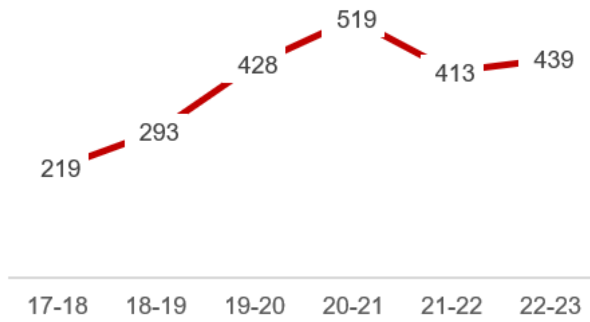
Margins (%)



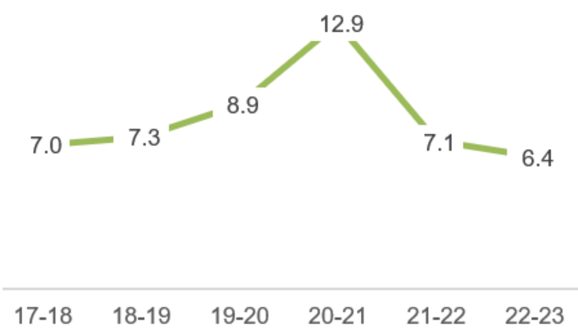
Trade Receivables (Rs. in Billion)



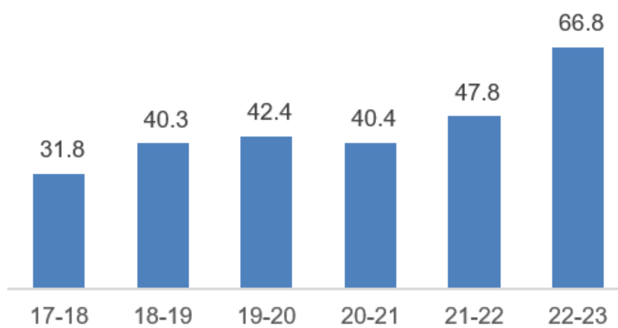
Debtors Turnover (in days)



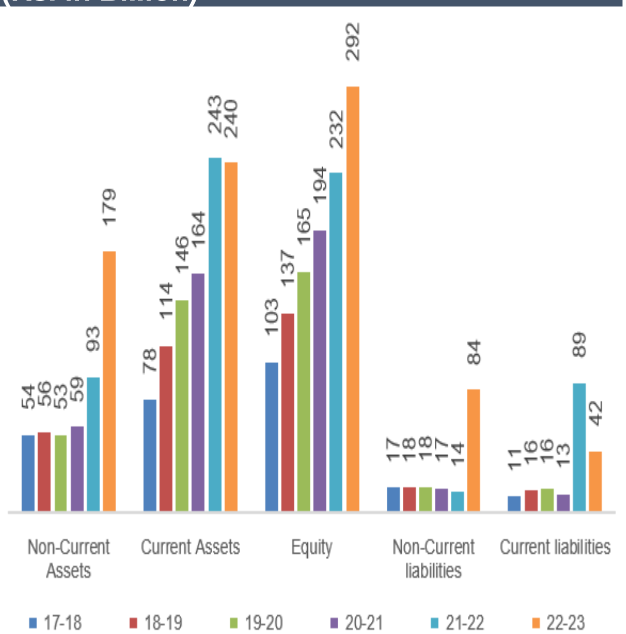
Current Ratio (times)



Contribution to National Exchequer (Rs. in Billion)



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



- The Company's revenue grew to its highest level of Rs. 126 billion for FY 2022-23 mainly due to positive 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 2022-23, the trade receivables reached unprecedented level of Rs. 192 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.

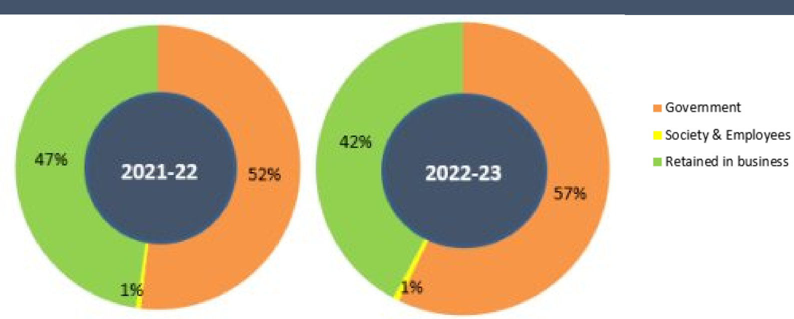
VERTICAL & HORIZONTAL ANALYSIS

	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Vertical Analysis						
Profit & Loss Account						
Sales - Net	100%	100%	100%	100%	100%	100%
Cost of Sales	-31%	-23%	-31%	-31%	-28%	-27%
Gross Profit	**69%**	**77%**	**69%**	**69%**	**72%**	**73%**
Expenditure & Other income - net	-1%	-7%	1%	3%	-6%	-5%
Profit before Taxation	**68%**	**70%**	**70%**	**72%**	**66%**	**68%**
Taxation	-24%	-26%	-24%	-22%	-22%	-29%
Profit after Taxation	**44%**	**45%**	**46%**	**50%**	**44%**	**39%**
Balance Sheet						
Share Capital &Reserves	78%	81%	83%	87%	69%	70%
Non Current Liabilities	13%	10%	9%	8%	4%	20%
Current Liabilities	8%	9%	8%	6%	27%	10%
Total Equity & Liabilities	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
Non Current Assets	41%	33%	27%	27%	28%	43%
Current Assets	59%	67%	73%	73%	72%	57%
Total Assets	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
Horizontal Analysis (base year: 2017-18)						
Profit or Loss Account						
Sales - Net	100%	125%	116%	108%	160%	204%
Cost of Sales	100%	95%	119%	109%	145%	177%
Gross Profit	**100%**	**139%**	**115%**	**108%**	**166%**	**215%**
Expenditure & Other income - net	100%	622%	-123%	-252%	749%	785%
Profit before Taxation	**100%**	**129%**	**120%**	**115%**	**155%**	**204%**
Taxation	100%	137%	119%	103%	151%	252%
Profit after Taxation	**100%**	**125%**	**120%**	**121%**	**157%**	**178%**
Balance Sheet						
Share Capital &Reserves	100%	132%	160%	187%	225%	282%
Non Current Liabilities	100%	102%	103%	97%	83%	490%
Current Liabilities	100%	140%	147%	115%	800%	380%
Total Equity & Liabilities	**100%**	**129%**	**151%**	**169%**	**255%**	**318%**
Non Current Assets	100%	104%	99%	110%	173%	333%
Current Assets	100%	146%	187%	210%	311%	307%
Total Assets	**100%**	**129%**	**151%**	**169%**	**255%**	**318%**

STATEMENT OF VALUE ADDITION

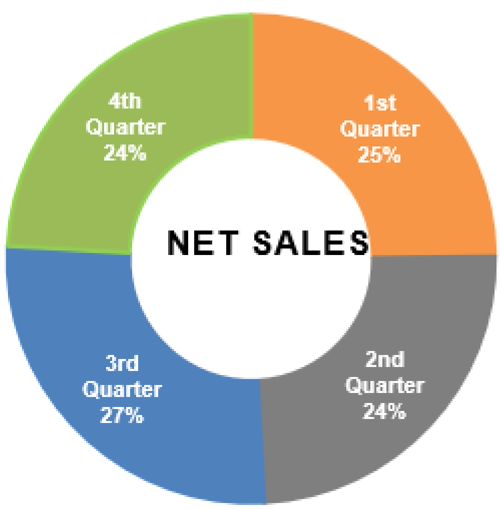
	2021-22 Rs. Billion	2021-22 %	2022-23 Rs. Billion	2022-23 %
Gross Revenue	111.3	114%	139.2	113%
Less: Operating, G&A and Exploration Expenses	(9.4)	-10%	(11.5)	-9%
	101.9	104%	127.6	104%
Add: Income from Financial Assets	4.9	5%	12.6	10%
Income from Non-Financial Assets	0.8	1%	0.8	1%
Less: Other Expenses	(10.0)	-10%	(18.4)	-15%
Total Value Added	**97.6**	**100%**	**122.7**	**100%**
DISTRIBUTED AS FOLLOWS:				
Employees Remuneration and Benefits	0.5	1%	0.9	1%
Government as:				
Company Taxation	22.0	23%	36.6	30%
Sales Tax, Excise Duty etc	12.4	13%	13.1	11%
Royalty and other levies	11.4	12%	15.3	12%
Dividends	5.0	5%	5.0	4%
	50.7	52%	70.0	57%
To Society	0.0	0%	0.1	0%
Retained in Business:				
Depreciation	2.6	3%	2.6	2%
Amortization	3.8	4%	4.7	4%
Impairment	1.8	2%	0.1	0%
Net Earnings	38.2	39%	44.2	36%
	46.4	47%	51.6	42%
Total Value Added	**97.6**	**100%**	**122.7**	**100%**

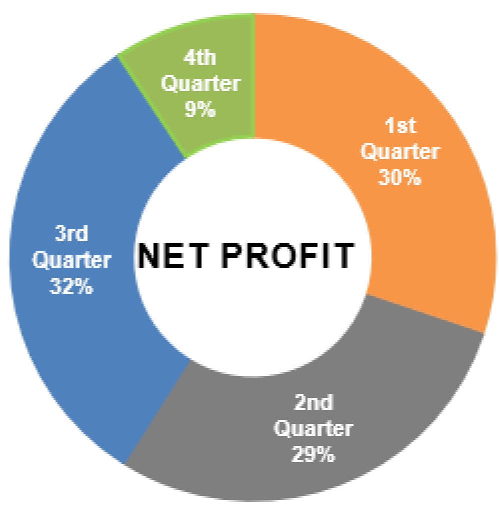
DISTRIBUTION OF VALUE ADDED



QUARTERLY ANALYSIS FY 2022-23

		1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Annual
STATEMENT OF PROFIT OR LOSS						
SALES - NET	**Rs. billion**	**31.3**	**30.6**	**33.6**	**30.5**	**126.0**
Royalty and other levies	Rs. billion	(3.9)	(3.8)	(4.2)	(3.4)	**(15.3)**
Operating expenses	Rs. billion	(3.8)	(3.9)	(3.9)	(6.8)	**(18.4)**
GROSS PROFIT	**Rs. billion**	**23.6**	**23.0**	**25.5**	**20.2**	**92.4**
Exploration & prospecting expenditure	Rs. billion	(0.1)	(0.1)	(0.1)	(0.2)	**(0.4)**
General and administrative expenses	Rs. billion	(0.4)	(0.3)	(0.3)	(0.5)	**(1.5)**
Net impairment loss on financial assets	Rs. billion	-	-	-	0.3	**0.3**
Other income	Rs. billion	0.0	0.3	0.0	-	**0.3**
Other expenses	Rs. billion	(2.6)	(1.8)	(2.7)	(4.0)	**(11.2)**
Finance income / (cost) - net	Rs. billion	1.5	1.7	1.2	2.1	**6.5**
Share of loss of associate	Rs. billion	(0.0)	(0.1)	(0.1)	(0.5)	**(0.7)**
PROFIT BEFORE TAXATION	**Rs. billion**	**22.0**	**22.8**	**23.4**	**17.6**	**85.8**
Taxation	Rs. billion	(7.2)	(8.6)	(7.8)	(13.1)	**(36.6)**
PROFIT AFTER TAX	**Rs. billion**	**14.8**	**14.2**	**15.6**	**4.5**	**49.2**
SALES VOLUME						
Gas	MMBTUS in million	14	14	14	13	**55**
Oil	BBLs in million	0.7	0.8	0.7	0.6	**2.8**
LPG	MTs in thousands	19	18	18	18	**73**





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, 2023.

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, 2023.

A.F.Ferguson & Co.

Chartered Accountants
Islamabad
Date: December 28, 2023
UDIN: CR202310083YoZ5jcglL

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, 2023

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 an 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 (as of June 30, 2023) 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. Capt. (Retd.) Muhammad Mahmood
2. Mr. Mohammad Hassan Iqbal
3. Mr. Shahbaz Tahir Nadeem
4. Ms. Saira Najeeb Ahmed
5. Dr. Sajjad Ahmad</td><td>28-Oct-2022
24-Feb-2023
22-Jun-2023
14-Apr-2023
03-Jan-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>

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, 2023

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

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, 2023

S. #	Provision of the Rules	Rule No.	Y	N	Remarks
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 165, 166, 168, 169, 170, 172, 173, 174, 176, 177, 178, and 179 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	✓		-
21.	(a) The board has approved the profit and loss account for, and balance sheet as at the end of, the first, second and third quarter of the year as well as the financial year end.	10		✓	The company has not placed the quarterly financial statements within the stipulated time

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, 2023

<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></td><td>(b) In case of listed PSCs, the Board has prepared half yearly accounts and undertaken limited scope review by the auditors.</td><td></td><td>N/A</td><td></td><td>before the board as required by Public Sector Companies (Corporate Governance) Rules, 2013.</td></tr>
<tr><td></td><td>(c) The Board has placed the annual financial statements on the company's website.</td><td></td><td>✓</td><td></td><td>-</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>4</td><td>Dr. Sajjad Ahmad</td></tr>
<tr><td>Finance, Procurement and Risk Management Committee</td><td>5</td><td>Ms. Saira Najeeb Ahmed</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>Number of Independent directors was lower than the requirement of the rules.</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>
<tr><td>25.</td><td>The Chief Financial Officer and the Company Secretary have requisite qualification prescribed in the Rules.</td><td>14</td><td>✓</td><td></td><td>-</td></tr>
<tr><td>26.</td><td>The company has adopted International Financial Reporting Standards notified by the Commission in terms of sub-section (1) of section 225 of the Act.</td><td>16</td><td>✓</td><td></td><td>-</td></tr>
<tr><td>27.</td><td>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.</td><td>17</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, 2023

<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>28.</td><td>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.</td><td>18</td><td>✓</td><td></td><td>-</td></tr>
<tr><td>29.</td><td>(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.</td><td>19</td><td>✓
✓</td><td></td><td>-
-</td></tr>
<tr><td>30.</td><td>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.</td><td>20</td><td>✓</td><td></td><td>-</td></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><th>Name of Member</th><th>Category</th><th>Professional background</th></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 (CF) in the Ministry of Finance (Finance Division)</td></tr>
<tr><td>Mr. Shahbaz Tahir Nadeem</td><td>Non-Executive Director</td><td>Joint Secretary (CA/A) in the Ministry of Energy (Petroleum Division)</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>
</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, 2023

S. #	Provision of the Rules	Rule No.	Y	N	Remarks
32.	(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.	21(3)	✓ ✓ ✓		-
33.	(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.	22	✓ ✓ ✓		-
34.	The external auditors of the company have confirmed that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as applicable in Pakistan.	23(4)	✓		-
35.	The auditors have confirmed that they have observed applicable guidelines issued by IFAC with regard to provision of non-audit services.	23(5)	✓		-

Nasir Mahmood Khosa

Name: NASIR MAHMOOD KHOSA

Chairman

Dated:
Islamabad

Name: MASOOD NABI

Managing Director/ CEO

Dated:
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, 2023**

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 the next accounting year.

Sr. No.	Rule /sub-rule no.	Reasons of Non-Compliance	Further course of action
1	2(d), 3(2) & 12(2)	One of the Independent Directors, Dr. Sajjad Ahmad was initially appointed as Independent Director on 03rd Jan. 2020. However, on 29 July 2021, he was appointed by the Government of Pakistan for another assignment in its Attached Department, the Geological Survey of Pakistan.	The Government of Pakistan reconstituted the Board on July 03, 2023 and the requisite number of independent directors on the Board as well as on Board Committees have been achieved in compliance with Public Sector Companies (Corporate Governance) Rules, 2013.
2	3(5)	One of the Director, Capt. (Retd.) Muhammad Mahmood has not confirmed that he is not serving as a director on more than five public sector companies and listed companies simultaneously, except their subsidiaries.	The required declaration is in process and expected to be provided before the signing of the report.
3	10	The Board has approved the profit and loss account for and balance sheet as at the end of, the first, second, and third quarter of the year as well as the financial year. However, the Quarterly Financial Statements 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 as per the Petroleum Concession Agreement (PCA) approved by the Government of Pakistan (GoP).	There is a time limitation for the preparation and approval of quarterly financial statements because cost statements are issued by the JV operator within 30 days of the relevant month as per the signed Petroleum Concession Agreement. However, efforts will be made to ensure preparation of Quarterly Financial Statements within the required time including taking up the matter with the respective operators.

Nasir Mahmood Khosa

Name: NASIR MAHMOOD KHOSA

Chairman

Dated:
Islamabad

Name: MASOOD NABI

Managing Director/ CEO

Dated:
Islamabad

DIRECTORS' REPORT 2022-23

DIRECTORS' REPORT

for the year ended June 30, 2023

On behalf of the Board of Directors, we are pleased to present the Directors' Report for the year ended June 30, 2023 along with the Annual Report, the audited Financial Statements of the Company, and the Auditors' Report thereon.

INTRODUCTION

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

GHPL is one of the three public sector Oil and Gas Exploration and Production (E&P) Companies operating under the governance of the Petroleum Division of the Ministry of Energy, Pakistan. It is also the fifth-largest E&P company in the country.

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

PATTERN OF SHAREHOLDING

The Company 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 holds 100% equity stake in Interstate Gas Systems (Private) Limited (ISGS) and Pakistan LNG Limited (PLL).

ISGS is mandated by GoP to oversee the import of transnational gas pipelines into the country and make improvements in Pakistan's strategic Oil and Gas infrastructure. PLL's principal activity is to import, transport, market and distribute Liquefied Natural Gas (LNG).

Collectively, the Company and its subsidiaries are referred to as "the Group".

GHPL also holds a 25% equity interest in Pakistan International Oil Limited (PIOL), an E&P Company based in Abu Dhabi, UAE. Moreover, as part of its diversification strategy, GHPL owns a 33.33% equity stake in Pakistan Minerals (Private) Limited (PMPL) that holds an indirect 25% non-operating share in the Reko Diq Mining Project for the extraction of gold and copper.

EXPLORATION & PRODUCTION PORTFOLIO

GHPL holds a diverse portfolio of exploration and production assets across the country with international presence in UAE. It is partner with several local and foreign E&P companies, 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 comprised of:

i. 52 Exploration Licenses under various Petroleum Concession Agreements (PCA)
ii. 103 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.

The Company is also the licensee of two (02) 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 2,257 L. Km of 2D seismic and 1,009 Sq. Km of 3D seismic lines were acquired during the year in different non-operated blocks of the

Company. In 2021-22, the corresponding figures were 1,045 L. Km and 600 Sq. Km, respectively.

Drilling Activities

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

Wells Status	2022-23	2021-22
Exploration & Appraisal	**13**	13
Development	**11**	10

Discoveries

A total of 6 discoveries were made during the year ended June 2023:

- Takhat-1 discovery was made in Mirpurkhas Block operated by UEPL.
- Fatah-1 discovery was made in Khipro Block operated by UEPL.
- Shahpur Chakar North discovery was made in Gambat South Block operated by PPL.
- Tolanj West-2 discovery was made in Tal Block operated by MOL.
- Kot Nawab-1 discovery was made in Sinjhoro Block operated by OGDCL.
- Kot Palak-1 discovery was made in Baska North Block operated by Al-Haj.

These discoveries resulted in an addition of ~22.17 BCF of natural gas and ~0.7 MMBO of oil/condensate to the Company's hydrocarbon resources/reserves.

Production

GHPL's share of average daily production from all fields during the year ended June 2023 is as follows:

	2022-23	2021-22
Oil (BOPD)	**7,730**	7,947
Gas (MMSCFD)	**196**	221
LPG (MT/D)	**201**	204

The reduction in production is primarily attributable to natural decline in the Company's mature fields, in line with the overall depletion of hydrocarbon reserves in the country. New oil discoveries brought on production have contributed to sustaining oil production levels, resulting in only a marginal 2% decline. Nevertheless, the Company's share of production in the year 2022-23 remained consistent with the previous year, accounting for 11%, 6%, and 10% of the Country's overall Oil, Gas and LPG production.

(%age of Company's production to the Country's overall production as reported in PPIS Annual Report for FY 2022-23)*

Reserves

The total net proved (1P) reserves of the Company as of June 30, 2023, are 8.23 MMBO (2022: 10.02 MMBO) of oil/condensate and 262.92 BCF (2022: 287.45 BCF) of gas.

Major Development and Producing Assets

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

- Operated by UEPL.
- Total average production from these two blocks was ~274.55 MMscfd (Million Standard Cubic Feet Per Day) of Gas, ~7,213 Bpd (Barrels per day) of Condensate and ~71.14 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 the segregation of LPG-rich gas from lean gas and selling gas through separate delivery points after revised Gas Sales Agreements.
- New discoveries in the blocks as well as production from new development wells resulted in oil & gas production sustainability/enhancement.

Tal Block (GHPL's WI 15%)

- Operated by MOL Pakistan
- Total average production was ~252.55 MMscfd of Gas, ~14,932 Bpd of Oil & condensate & ~452 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 Manzalai Field Secondary compression and Makori-3 Produced Water Treatment & Injection Facility Project

Nashpa Block (GHPL's WI 15%)

- Operated by OGDCL
- Average production was ~87.97 MMscfd Gas, ~10,822 Bpd Oil and ~337.43 MTD of LPG.
- Compression remained operational during the year.
- Several well interventions, surface well testing, and reservoir monitoring activities were carried out during the year for production continuity and enhancement.

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

- Operated by OGDCL
- Average production was ~9.57 MMscfd, ~2,435 Bpd and ~13.14 MT/D of LPG (Metric Ton per Day) from 05 wells.
- A reservoir simulation study has been completed to evaluate further potential and enhance recovery.

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

- Operated by OGDCL
- Average production was ~32.94 MMscfd Gas, ~716 Bpd Oil/Condensate and ~73.74 MTD of LPG.
- Production from the field is being processed at KPD-TAY Plant.
- Pasakhi East-1 well production revived post-workover.
- Several well intervention activities and workovers are planned to bring shut-in wells on production.

Gambat South Block (GHPL's WI 25%)

- Operated by PPL
- Total average production was around ~135.75 MMscfd Gas, ~1,285 Bpd condensate and ~11.32 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.
- Shahpur Chakar North-1 flowline is in progress to connect the well with the existing gathering network.

Sinjhoro Block (GHPL's WI 22.5%)

- Operated by OGDCL
- Average production from fields was ~ 30.6 MMscfd Gas, ~1,559 Bpd Oil/Condensate and ~122.44 MT/D of LPG.
- Several well-intervention jobs were carried out to maintain/enhance production.
- Lala-Jamali-2 and Kot Nawab-1 wells were put on production after tie-in with Sinjhoro processing facilities.

Nim Block (GHPL's WI 22.5%)

- Operated by OGDCL
- The average production was ~13.07 MMscfd Gas, ~317 Bpd Oil/ Condensate and ~06 MT/D of LPG.
- 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 wells are being processed at the KPD-TAY LPG plant. Saand-2 well ceased to flow during the year. However, production was reinstated after carrying out a workover to mitigate well integrity issues.
- Surface well testing of low-pressure wells in the Block was carried out.

Guddu Block (GHPL's WI 22.5%)

- Operated by OGDCL
- Average production from the field was around ~7.4 MMscfd Gas.
- Gas from the Guddu field is being supplied to a third party (M/s Engro).
- Umair SE-1 exploratory well injected into the system during the year.
- The Field Compression project has been completed and commissioned.

Bitrism Block (GHPL's WI 22.5%)

- Operated by OGDCL
- Average production was around ~8.44 MMscfd Gas, ~423 Bpd Condensate and ~24.1 MTD of LPG.
- Bitrism wells are being processed at Sinjhoro processing facilities.
- Production continued from Pandhi-1 and remained suspended from Gundanwari-1 well after the water breakthrough and loaded up.
- Sulaiman field development is currently in progress.

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

- Operated by OGDCL
- Field ceased to flow during the year and production could not revive even after several attempts. Exploration prospects are being evaluated

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

- Operated by MPCL
- Average production was ~3.58 MMscfd Gas and ~0.01 Bpd Condensate
- Due to rains and floods in August 2022, production remained suspended for ~4 months due to damage to SNGPL sales gas line and wells feeder lines.
- Security issues remain a threat, however, and are being managed for smooth operations.

Dhok Sultan Block (GHPL's WI 25%)

- Operated by PPL
- Total average production was ~2.79 MMscfd Gas, ~1570 Bpd Oil and ~14.28 MTD of LPG.
- The work on the rental oil handling facility & gas transportation pipeline for gas processing and LPG recovery at a third-party plant was completed to bring the well on production.

Mehar Block (GHPL's WI 25%)

- Operated by UEP
- Average production was ~15.9 MMscfd Gas and ~752 Bpd Condensate from four wells.
- Compression remained operational during the year.
- Mehar-6 well brought on production during the year.
- Sofiya-4 well is currently under drilling.
- Several well intervention activities including reservoir surveillance, and reperforations were carried out during the year.

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

- Operated by UEP
- The average gas production was around ~22.94 MMscfd.
- Production from Sawan undergoing natural decline.
- Several well intervention activities and application of deliquification techniques for off-loading of wells & continuity of production were carried out to maintain/enhance the 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 ~8.92 MMscfd Gas and ~38 Bpd condensate.
- The field is on natural decline.
- Several well intervention activities including reservoir surveillance, and water shut-off /additional perforations jobs especially at Zamzama-6 were carried out.

Others

- Average production from **Benari D&PL** (GHPL's WI: 2.5%; Operator: PPL) was ~0.17 MMscfd Gas and ~0.09 Bpd condensate. Well witnessed a sharp decline.

- Average production from **Chabaro D&PL** (GHPL's WI 22.5%; Operator: OGDCL) was ~9.57 MMscfd Gas, ~48 Bpd condensate and ~5.28 MTD of LPG.

- Average production from the **Mazarani D&PL** (GHPL's WI: 12.5%; Operator: PPL) was ~2.21 MMscfd and ~06 Bpd Condensate.

- Average production from **Chachar D&PL** (GHPL's WI: 25%; Operator: PPL) was ~1.47 MMscfd Gas.

SUBSIDIARIES

The Company has two (02) subsidiaries namely Interstate Gas Systems (Private) Limited (ISGS) and Pakistan LNG Limited (PLL).

Interstate Gas Systems (Private) Limited (ISGS)

Interstate 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 holds 100% shares of ISGS.

Moreover, under a loan arrangement between the Company and ISGS for funding the latter's operational requirements, the total outstanding amount due from ISGS is Rs. 107.9 million on account of principal and Rs. 82.9 million on account of accrued interest on June 30, 2023.

Pakistan LNG Limited (PLL)

PLL was incorporated as a public company on December 11, 2015. In compliance with the 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 principal 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 a loan to PLL to meet its operational requirements. As of June 30, 2023, the total outstanding amount due from PLL is Rs. 2,596 million on account of principal and Rs. 1,543 million on account of accrued interest. Subsequent to year-end, the outstanding loan amount along with interest has been fully repaid by PLL.

FINANCING ARRANGEMENT

In FY 2021-22, the Government of Pakistan (GoP), through GHPL, secured a short-term finance facility from the National Bank of Pakistan (NBP) to fulfil its commitment towards the Government of Balochistan (GoB) to acquire an equity stake for GoB in the reconstituted Reko-Diq Project.

During the year, this loan facility was renewed, for a tenor of seven years, including a two-year grace period, effective from December 31, 2022. The loan carries an interest rate of 6-month KIBOR + 0.20% and is repayable in equal semi-annual instalments of the principal amount starting from June 30, 2025. The loan is secured against a GoP guarantee and letter of comfort.

As of year-end, the outstanding loan amount including interest is Rs. 70,447 million. Accordingly, a corresponding amount has been recognized as receivable from GoP at June 30, 2023.

FINANCIAL RESULTS

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

	2022-23	2021-22
	Rs. in million	
Sales	**126,036**	98,961
Gross Profit	**92,362**	71,439
Profit before tax	**85,799**	65,179
Profit after tax	**49,160**	43,190
EPS - basic (Rs.)	**22.71**	20.53

Sales Revenue

During the year, the Company's net revenue increased by 27% to its highest level at Rs. 126,036 million, reflecting a substantial Rs. 27,075 million increase from the previous year's revenue of Rs. 98,961 million.

The revenue increase is mainly attributable to a positive foreign exchange variance of Rs. 30,957 million as the realized exchange rate for the year (Rs. 245 / US$) was significantly higher as compared to the previous year (Rs. 179 / US$).

Gas sales revenue increased by Rs. 14,787 million to Rs. 58,534 million, predominantly driven by favourable price and exchange rate variance, aggregating Rs. 20,143 million, which offset a negative volume variance of Rs. 5,356 million. The net negative volume variance is attributable to the natural decline in MKK, Zamzama, Sawan, and Tal JVs.

Similarly, oil sales revenue increased by Rs. 10,698 million to Rs. 56,522 million, largely due to favourable foreign exchange variance of Rs. 14,853 million that offset negative variances in both price (Rs. 3,465 million) and quantity (Rs. 691 million). Although oil sales volumes experienced a marginal decline, the average realized oil prices reduced to $83.3/bbl in FY23 from $ 90.26/bbl the previous year, in alignment with the decline in international oil prices.

Additionally, LPG sales revenue grew by Rs. 1,590 million to Rs. 10,980 million, primarily due to an increase in LPG prices.

Profitability

In the fiscal year, the Company recorded its highest profit after tax at Rs. 49,160 million surpassing the previous year's profit of Rs. 43,190 million. These results translated into earnings per share of Rs. 22.71 up from Rs. 20.53 in the previous year.

The Company's pre-tax margin improved from 66% in FY22 to 68% primarily due to growth in sales revenue and finance income, effectively offsetting increased expenses under the heads of cost of sales (royalty and operating expenses) and other expense (exchange losses, provision for windfall levy).

However, the Company's net profit margin declined to 39% from 44% in the previous year, primarily due to a disproportionate increase in the tax expense as a result of the imposition of a 10% super tax through the Finance Act 2023. Despite the decline in net profit margin, the Company's profits increased by Rs. 5,970 million, marking a 13.8% year-over-year increase.

Liquidity Management and cash flows

An amount of Rs. 7,922 million (2022: Rs 26,813 million) was generated from the 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 30,728 million (2022: Rs 21,367 million).

The Company places a strong emphasis on liquidity management and as part of this effort, financial projections are prepared regularly to ensure the availability of funds at all times while generating optimum returns through the placement of surplus liquid funds in a secure and well-diversified investment portfolio.

Trade Receivables

As at June 30, 2023, the Company's trade debts have increased significantly to reach the highest level of Rs 191,709 million compared to Rs. 141,458 million in the previous year. This includes overdue trade receivables of Rs. 170,710 million with over 97% of these receivables due from SNGPL and SSGCL.

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

The mounting trade debt balance places a strain on the Company's liquidity position. However, the recent measures taken by the Government to address the circular debt issue, including an increase in power and gas tariffs, are expected to contribute positively to the resolution of the outstanding debt issue.

Dividends

During the year, the Company paid an interim cash dividend of Rs 5,000 million (Rs. 2.15 per share).

Contribution to national economy

The Company is a significant contributor to the national economy. During the year, GHPL contributed Rs. 66,848 million to the National Exchequer on account of corporate taxation, dividend, royalty, sales tax, federal excise duty, petroleum levy, and windfall levy.

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

Movement in Reserve position

During the year, profits aggregating Rs. 51,231 million, set aside in prior years against the general reserve, committed outlay reserve, asset insurance reserve, and LNG project reserve, were reverted to accumulated profits. Additionally, a Mining project reserve of Rs. 20 billion has been created, in view of the future funding requirements for the Reko-Diq project, against which the required funds are to be accumulated over a span of four years. As at year-end, an amount of Rs. 5 billion out of the Company's short-term investments, has been earmarked against the reserve.

Group's Financial Performance

The Group reported sales revenue and profit after tax of Rs. 237,544 million (2022: 497,540 million) and Rs 10,965 million (2022: Rs. 21,259 million).

Auditors' Opinion

The Auditors have expressed an unmodified opinion in their Audit Reports on the unconsolidated and consolidated financial statements for the year ended June 30, 2023.

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 the 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 the 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 the 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, 2023.
- 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 the relevant section of the Directors' Report.
- Key operating and financial data of the last six years has been summarized in the 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 as of June 30, 2023 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, 2023 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 upon 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 the re-appointment of A.F. Ferguson & Co., Chartered Accountants, as external auditors for the financial year 2023-24. The Board of Directors has endorsed the Audit Committee's recommendation for approval at the Company's upcoming Annual General Meeting.

FUTURE OUTLOOK

The Company remains firmly committed to working closely with its Joint Venture partners to expand and expedite exploration efforts aimed at discovering new hydrocarbon resources within the country. These discoveries are critical for reducing the country's import bill and meeting its growing energy requirements. The Company will also maintain its focus on the development and production activities within its non-operated blocks to sustain and enhance production levels.

Looking ahead, the Company will actively seek opportunities to strengthen its existing portfolio by acquiring or increasing its stake 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, dedication, hard work, and commitment of the Management and staff. The Directors acknowledge and deeply appreciate their contributions toward the 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.

Chief Executive Officer

Saira Ahmed

Director

UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Government Holdings (Private) Limited
Financial Statements
For the Year Ended
June 30, 2023

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, 2023, 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, 2023 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.

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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).

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

A.F.Ferguson&Co.

Chartered Accountants
Islamabad
Date: December 26, 2023
UDIN: AR202310083Vjsezn1wF

GOVERNMENT HOLDINGS (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2023

	Note	2023	2022
		Rupees ('000)	
EQUITY AND LIABILITIES			
EQUITY			
Share capital	22	23,221,212	21,327,561
Capital reserves	23	25,000,000	53,946,247
Revenue reserves	23	15,471,304	2,668,599
Unappropriated profit		227,603,263	152,222,554
Advance against issue of shares	22.3	525,069	2,329,895
TOTAL EQUITY		291,820,848	232,494,856
NON CURRENT LIABILITIES			
Long term liabilities	24	4,507,802	3,436,946
Loan from National Bank of Pakistan (NBP) - secured	25	64,899,131	-
Deferred tax liability	26	315,880	2,579,898
Provision for decommissioning cost	27	14,408,445	8,240,916
Deferred employee benefits	28	45,537	64,797
		84,176,795	14,322,557
CURRENT LIABILITIES			
Trade and other payables	29	26,207,297	18,788,392
Current portion of long term liabilities	24	1,667,523	1,599,557
Contract liabilities	32.1	1,708	67,353
Current portion of loan from National Bank of Pakistan (NBP) - secured	25	5,548,325	63,966,965
Provision for taxation	30	8,836,207	4,571,974
		42,261,060	88,994,241
TOTAL LIABILITIES		126,437,855	103,316,798
TOTAL EQUITY AND LIABILITIES		418,258,703	335,811,654
CONTINGENCIES AND COMMITMENTS	31		

	Note	2023	2022
		Rupees ('000)	
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	6	28,531,464	27,429,821
Intangible assets	7	1,663	7,872
Exploration and evaluation assets	8	4,438,429	5,775,066
Development and production assets	9	16,367,623	13,759,289
Investment in subsidiaries	10	5,849,981	5,761,156
Long term investment in associates	11	55,759,241	2,165,989
Deposit with the Government of Pakistan for equity stake in Reko Diq project	19	-	34,301,231
Receivable from Government of Pakistan (GoP)	12	64,899,131	-
Long term loan to subsidiaries and staff	13	2,706,956	3,724,238
		178,554,488	92,924,662
CURRENT ASSETS			
Stores, spares and loose tools - share in Joint operations' inventory	14	4,800,359	4,132,757
Current portion of long term loan to subsidiaries and staff	13	1,721,218	1,910,578
Trade debts - net	16	191,708,859	141,458,170
Loans, advances and other receivables	17	177,595	12,641
Short term prepayments	18	20,090	11,287
Receivable from Government of Pakistan (GoP)	12	5,548,325	63,966,965
Accrued interest receivable	15	137,567	160,036
Short term investments	20	28,258,016	24,053,955
Cash and bank balances	21	7,332,186	7,180,603
		239,704,215	242,886,992
TOTAL ASSETS		418,258,703	335,811,654

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

Chief Executive Officer

Director

GOVERNMENT HOLDINGS (PRIVATE) LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023	2022
		---------------Rupees ('000)---------------	
Revenue from contracts with customers - net	32	**126,035,663**	98,960,646
Royalty and other levies	33	**(15,262,778)**	(11,359,391)
Operating expenses	34	**(18,410,825)**	(16,161,786)
GROSS PROFIT		**92,362,060**	71,439,469
Exploration and prospecting expenditure	36	**(447,903)**	(685,935)
General and administrative expenses	37	**(1,494,115)**	(763,140)
Net impairment reversal / (loss) on financial assets	16.3	**343,004**	(539,704)
Other income	39	**328,592**	149,195
Other expenses	38	**(11,156,460)**	(7,070,135)
OPERATING PROFIT		**79,935,178**	62,529,750
Finance income	35	**13,157,664**	5,568,907
Finance cost	35	**(6,610,271)**	(405,630)
Finance income – net		**6,547,393**	5,163,277
Share of loss of associates accounted for under equity method	11	**(683,150)**	(2,513,552)
PROFIT BEFORE TAXATION		**85,799,421**	65,179,475
Taxation	40	**(36,638,987)**	(21,989,152)
PROFIT FOR THE YEAR		**49,160,434**	43,190,323
Earnings per share- basic and diluted (Rupees)	41	**22.71**	20.53

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

Chief Executive Officer

Director

GOVERNMENT HOLDINGS (PRIVATE) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023	2022
		----------------Rupees ('000)----------------	
PROFIT FOR THE YEAR		**49,160,434**	43,190,323
Other comprehensive income / (loss):			
Items that will not be subsequently reclassified to statement of profit or loss:			
Remeasurement loss on employees' retirement benefits	29.3	**(28,835)**	(39,971)
Taxation		**18,237**	17,587
		(10,598)	(22,384)
Items that may be subsequently reclassified to statement of profit or loss:			
Effects of translation of investment in a foreign associate	11	**1,460,902**	474,041
Share of effect of translation of investment in a foreign associated company of the associate	11	**14,020,097**	-
Taxation		**(393,668)**	(90,068)
		15,087,331	383,973
Other comprehensive income for the year		**15,076,733**	361,588
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**64,237,167**	43,551,912

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

Chief Executive Officer

Director

GOVERNMENT HOLDINGS (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2023

	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	Mining project reserve	Total	Unappropriated profits	Total
	Rupees ('000)												
Balance as at July 1, 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	-	53,946,247	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	-	53,946,247	152,222,554	232,494,856
Balance as at July 1, 2022	21,327,561	2,329,895	2,284,626	-	383,973	20,946,247	25,000,000	3,000,000	5,000,000	-	53,946,247	152,222,554	232,494,856
Total comprehensive income for the year													
Profit for the year	-	-	-	-	-	-	-	-	-	-	-	49,160,434	49,160,434
Other comprehensive income / (loss) for the year	-	-	-	-	15,087,331	-	-	-	-	-	-	(10,598)	15,076,733
Total comprehensive income for the year	-	-	-	-	15,087,331	-	-	-	-	-	-	49,149,836	64,237,167
Transactions with owners of the Company													
Contributions													
Advance received against issue of shares	-	88,825	-	-	-	-	-	-	-	-	-		88,825
Issue of shares	1,893,651	(1,893,651)	-	-	-	-	-	-	-	-	-		-
Transfer of reserves to unappropriated profits	-	-	(2,284,626)		-	(20,946,247)	(25,000,000)	(3,000,000)	-	-	(48,946,247)	51,230,873	-
Transfer of profits to Mining project reserve	-	-	-		-	-	-	-	-	20,000,000	20,000,000	(20,000,000)	-
	1,893,651	(1,804,826)	(2,284,626)	-	-	(20,946,247)	(25,000,000)	(3,000,000)	-	20,000,000	(28,946,247)	31,230,873	88,825
Distributions													
Interim dividend 2023: Rs. 2.15 per share	-	-	-	-	-	-	-	-	-	-	-	(5,000,000)	(5,000,000)
Total contributions and distributions- net	1,893,651	(1,804,826)	(2,284,626)	-	-	(20,946,247)	(25,000,000)	(3,000,000)	-	20,000,000	(28,946,247)	26,230,873	(4,911,175)
Balance as at June 30, 2023	23,221,212	525,069	-	-	15,471,304	-	-	-	5,000,000	20,000,000	25,000,000	227,603,263	291,820,848

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

Chief Executive Officer

Director

GOVERNMENT HOLDINGS (PRIVATE) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023	2022
		-----Rupees ('000)-----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		**85,799,421**	65,179,475
Adjustments for:			
Depreciation on Joint operations' fixed assets	34	**2,611,052**	2,581,680
Amortization of development and production assets	34	**4,739,174**	3,805,248
Gain on disposal of property, plant and equipment	39	**(328,571)**	(1,003)
Impairment on property, plant and equipment	34.2	**104,076**	459,808
Impairment on development and production assets	34.2	**308,352**	772,213
Depreciation on owned fixed assets	37	**22,291**	23,620
Amortization of intangible assets	37	**6,655**	18,212
Share of loss of associate	11	**683,150**	2,513,552
Dry hole wells	36	**7,160**	388,609
Provision for employee benefits	28 & 29	**69,759**	73,557
Unwinding of discount on provision for decommissioning cost	35	**923,436**	394,365
Unwinding of discount on long term liability	35	**137,133**	9,829
Discount of long term liability	35	**(519,532)**	(646,289)
Unrealized exchange loss		**4,911,634**	2,146,675
Provision for windfall levy on oil / condensate	38	**5,881,892**	4,995,336
Reversal due to change in decommissioning cost estimates	27.3	**(391,758)**	(347,222)
Net impairment (reversal) / loss on financial assets	16.3	**(343,004)**	539,704
Interest income	35	**(12,638,132)**	(5,038,916)
		91,984,190	77,868,453
Changes in working capital:			
Increase in stores, spare and loose tools - share in Joint operations' inventory		**(667,603)**	(33,546)
Increase in trade debts		**(49,670,240)**	(32,559,435)
Increase in loans, advances and other receivables		**(164,954)**	(1,843)
Increase in short-term prepayments		**(8,802)**	(882)
(Decrease) / increase in trade and other payables		**(273,568)**	1,044,680
(Decrease) / increase in contract liabilities		**(65,645)**	67,353
		(50,850,811)	(31,483,673)
Cash generated from operations		**41,133,379**	46,384,780
Increase in loans to staff		**(67,505)**	(6,804)
Income tax paid	30	**(33,023,266)**	(19,504,130)
Employee benefits paid	28 & 29.3	**(120,333)**	(60,662)
Net cash generated from operating activities		**7,922,275**	26,813,184

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	Note	2023	2022
		Rupees ('000)	
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		**(8,576,999)**	(7,096,162)
Deposit with the Government of Pakistan in connection with Reko Diq Project		-	(34,301,231)
Proceeds from disposal of property, plant and equipment		**328,631**	1,055
Interest received		**12,666,188**	5,432,412
Investment in subsidiary		**(88,825)**	(436,244)
Investment in associates		**(4,494,172)**	(4,205,500)
Sale of short term investments		**10,000,000**	2,000,000
Receipts against loan to subsidiaries		**1,117,674**	1,240,291
Net cash used in investing activities		**10,952,497**	(37,365,380)
CASH FLOWS FROM FINANCING ACTIVITIES			
Advance received against issue of shares		**88,825**	436,244
Repayment of short term borrowing		**(63,966,965)**	-
Proceeds from long term loan		**63,966,965**	-
Repayments against long term liabilities		**396,715**	(109,003)
Dividend paid		**(5,000,000)**	(5,000,000)
Net cash used in financing activities		**(4,514,460)**	(4,672,759)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**14,360,312**	(15,224,955)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**21,367,457**	36,592,412
CASH AND CASH EQUIVALENTS RESERVED AGAINST MINING PROJECT RESERVE		**(5,000,000)**	-
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	21.2	**30,727,769**	21,367,457

The annexed notes from 1 to 47 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.

Pursuant to enactment of "Sovereign Wealth Fund Act, 2023" (the Act), Pakistan sovereign wealth fund (the Fund) is to be established by the Government of Pakistan (GoP). Subsequent to the creation of the Fund, the entire shareholding of the GoP in the Company is expected to be transferred to the Fund subject to regulatory approvals and other procedural matters.

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) Pakistan Minerals (Private) Limited (PMPL) - 33.33% 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 recognized 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
MPCL	Mach	2.5	Balochishtan
MPCL	Dhadhar	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

Operator	Concession / Block	Working Interest (%)	Province
OGDCL	Khuzdar South	2.5	Sindh & Balochistan
OGDCL	Khuzdar North	2.5	Balochistan
OGDCL	Khewari	5 (Exp) ~ 25 (Dev)*	Sindh
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	Chah Bali	2.5	Balochistan
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	Naushenwani	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
PPL	Sui North	2.5	Balochistan
PPL	Kalat West	2.5	Balochistan
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 Pakistani 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 7	Statement of Cash Flows (Amendments)	January 1, 2022
IFRS 7	Financial Instruments	January 1, 2023
IAS 12	Income taxes (Amendments)	January 1, 2023
IFRS 4	Insurance Contracts (Amendments)	January 1, 2023
IFRS 16	Leases (Amendments)	January 1, 2024

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, 2022, 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. 166,972 million (2022: Rs. 117,764 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 recognize 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 16.3

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 27

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	**714,814**
Property, plant and equipment would have been higher by	**49,241**
Development and production assets would have been higher by	**273,815**
Exploration & evaluation assets would have been higher by	**-**
Operating expenses would have been higher by	**391,758**
Total comprehensive income would have been lower by	**391,758**

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, 28 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 16.3

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 December 31, 2024 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 14

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 recognized is derecognized 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 recognized 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 at 33% per annum 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 recognized 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 recognized 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 recognized 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 recognized 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 recognized on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognized 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) Amortized 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 amortized 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 recognized 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 recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to statement of profit or loss and recognized 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 amortized cost or FVTOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognized 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 amortized 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
- Accrued interest receivable
- 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, , 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 recognized when there is reduction in the net present value of expected cash flows. On a significant increase in credit risk, allowances are recognized 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 recognizes 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 based on payment profiles of sales over the period of 60 months before June 30, 2023, adjusted for factors that are specific to the debtors, corresponding historical credit losses experienced within this period, 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. The historical loss rates are adjusted to reflect current and forward-looking information affecting the ability of the customers to settle the receivables. Trade debts outstanding on account of inter-corporate circular debt is exempt from recognition of ECL and are accounted for under IAS 39 'Financial Instruments: Recognition and Measurement' which is further described in note 3.3.

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 reorganization; 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, the Company considers that a default has occurred 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.

Amortized 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 recognized 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. Each employee can encash the un-utilized leave balance up to 90 days based on last drawn gross salary at the time of resignation, contract renewal / termination.

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 recognized 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 recognized in statement of profit or loss except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

The Company recognizes 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 recognized for all taxable temporary differences and deferred tax assets are recognized 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 recognized 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 recognized 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 recognized 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	2023	2022
			Rupees ('000)	
6	**PROPERTY, PLANT AND EQUIPMENT**			
	Owned fixed assets	6.1	62,360	41,803
	Share in joint operations' fixed assets	6.2	**24,593,240**	24,021,823
	Share in joint operations' capital work in progress	6.3	**3,875,864**	3,366,195
			28,531,464	27,429,821

6.1 Owned fixed assets

	Office equipment	Furniture and fixtures	Computer equipment	Vehicles	Total
	Rupees ('000)				
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 July 1, 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
Year ended June 30, 2023					
Opening net book value	**13,586**	**13,550**	**14,305**	**362**	**41,803**
Additions	**10,552**	**8,632**	**1,882**	**21,842**	**42,908**
Disposals					
Cost	**1,176**		**694**	-	**1,870**
Accumulated depreciation	**(1,154)**		**(656)**	-	**(1,810)**
	(22)	-	**(38)**	-	**(60)**
Depreciation charge	**(6,848)**	**(5,000)**	**(9,337)**	**(1,106)**	**(22,291)**
Closing net book value	**17,268**	**17,182**	**6,812**	**21,098**	**62,360**
As at June 30, 2023					
Cost	**45,406**	**44,223**	**52,805**	**33,678**	**176,112**
Accumulated depreciation	**(28,138)**	**(27,041)**	**(45,993)**	**(12,580)**	**(113,752)**
Net book value	**17,268**	**17,182**	**6,812**	**21,098**	**62,360**
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, 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 / (adjustments)	-	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 July 1, 2022								
Cost	54,895	47,914,964	8,450,718	350,823	77,683	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
Year ended June 30, 2023								
Opening net book value	-	**20,572,065**	**3,080,500**	**23,056**	**1,091**	**8,984**	**336,127**	**24,021,823**
Additions / (adjustments)	-	**(359,695)**	**30,998**	**28,221**	**1,195**	**40**	**752,594**	**453,353**
Adjustment of decommissioning cost	-	**(46,304)**	**(1,288)**	-	-	-	-	**(47,592)**
Transfers From CWIP	-	**2,456,697**	**420,303**	-	-	-	-	**2,877,000**
Disposals								
Cost	-	**332,712**	-	-	-	-	-	**332,712**
Accumulated depreciation		**(274,782)**						**(274,782)**
Accumulated Impairment	-	**(57,930)**	-	-	-	-	-	**(57,930)**
	-	-	-	-	-	-	-	-
Depreciation charge	-	**(1,984,102)**	**(509,826)**	**(8,497)**	**(378)**	**(2,326)**	**(105,923)**	**(2,611,052)**
Impairment charge	-	**(85,002)**	**(12,517)**	**(2,624)**	**(149)**	-	-	**(100,292)**
Closing net book value	-	**20,553,659**	**3,008,170**	**40,156**	**1,759**	**6,698**	**982,798**	**24,593,240**
As at June 30, 2023								
Cost	**54,895**	**49,632,950**	**8,900,731**	**379,044**	**78,884**	**184,339**	**1,716,690**	**60,947,533**
Accumulated depreciation	**(41,950)**	**(25,880,918)**	**(5,109,047)**	**(305,993)**	**(73,160)**	**(174,445)**	**(657,729)**	**(32,243,242)**
Accumulated Impairment	**(12,945)**	**(3,198,373)**	**(783,514)**	**(32,895)**	**(3,965)**	**(3,196)**	**(76,163)**	**(4,111,051)**
Net book value	-	**20,553,659**	**3,008,170**	**40,156**	**1,759**	**6,698**	**982,798**	**24,593,240**
Annual rate of depreciation (%)	33-4	33-4	33-4	20	15	20	33-4	

		Note	2023	2022
			-----------Rupees ('000)-----------	
6.3	**Share in joint operations' capital work in progress**			
	Balance at the beginning of the year		**3,587,696**	3,311,421
	Cost incurred during the year		**3,393,976**	756,340
	Transferred to development and production assets		**(3,523)**	-
	Transferred to share in joint operations' fixed assets		**(2,877,000)**	(480,065)
			4,101,149	3,587,696
	Accumulated impairment	6.3.2	**(225,285)**	(221,501)
	Balance at the end of the year		**3,875,864**	3,366,195

6.3.1 Total capitalized cost includes asset decommissioning cost amounting to Rs. 235,200 thousand as at June 30, 2023 (2022: Rs. 151,892 thousand)

		Note	2023	2022
			-----------Rupees ('000)-----------	
6.3.2	Movement in accumulated impairment			
	Balance at the beginning of the year		**221,501**	221,501
	Charge for the year		**3,784**	-
	Balance at the end of the year		**225,285**	221,501
6.4	**Allocation of depreciation**			
	Operating expenses	34	**2,611,052**	2,581,680
	General and administrative expenses	37	**22,291**	23,620
			2,633,343	2,605,300
6.5	**Allocation of impairment**			
	Operating expenses	34	**104,076**	459,808

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.

		2023	2022
		-----------Rupees ('000)-----------	
7	**INTANGIBLE ASSTES - SOFTWARES**		
	Cost	**116,589**	116,143
	Accumulated amortization	**(114,926)**	(108,271)
	Net book value	**1,663**	7,872
	Opening net book value	**7,872**	24,065
	Additions	**446**	2,019
	Disposals		
	Cost	-	-
	Accumulated amortization	-	-
		-	-
	Amortization charge for the year	**(6,655)**	(18,212)
	Closing net book value	**1,663**	7,872
	Annual rate of amortization (%)	**33%**	33%

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		Note	2023	2022
			-----------Rupees ('000)-----------	
8	**EXPLORATION AND EVALUATION ASSETS**			
	Balance at the beginning of the year	8.1	**5,775,066**	5,752,966
	Expenditure incurred during the year		**442,770**	410,709
			6,217,836	6,163,675
	Cost of dry and abandoned wells during the year	36	**(7,160)**	(388,609)
	Transfer to development and production assets during the year		**(1,772,247)**	-
			(1,779,407)	(388,609)
	Balance at the end of the year		**4,438,429**	5,775,066

8.1 This includes asset decommissioning cost amounting to Rs. 7,293 thousand which has been transferred to development and production assets during the year.

9 DEVELOPMENT AND PRODUCTION ASSETS

2023		Cost						Amortization			Impairment			Carrying amount
Particulars	Working Interest	As at July 1, 2022	Additions	Adjustments	Adjustment of Decommissioning Cost	Transfers	As at June 30, 2023	As at July 1, 2022	Charge for the year	As at June 30, 2023	As at July 1, 2022	Charge for the year	As at June 30, 2023	As at June 30, 2023
		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%	259,905	-	-	-	-	259,905	204,718	-	204,718	55,187	-	56,187	-
Ahmadal/Pasakhi	17.50%	779,472	2,235	-	-	-	781,707	637,512	41,470	678,987	-	-	-	102,720
Miawal	17.50%	3,831	-	(19)	-	-	3,812	1,782	85	1,867	-	-	-	1,945
Mazarani	12.50%	136,602	-	-	-	-	136,602	115,273	-	115,273	21,328	-	21,328	1
Sawan	22.50%	3,420,321	2,531	-	-	-	3,422,852	2,623,018	28,352	2,651,370	604,063	-	604,063	167,519
Zamzama	25.00%	4,774,426	15,660	(2,134)	(21,493)	-	4,766,459	3,711,562	15,301	3,726,863	1,016,730	-	1,016,730	22,866
Mubarak	25.00%	1,404,700	96,828	(52,190)	-	-	1,449,138	272,211	5,167	277,378	1,089,875	-	1,089,875	81,885
Nim	22.50%	520,845	149,130	(102,131)	-	-	567,844	237,483	71,525	309,008	-	-	-	258,836
Mehran	25.00%	69,203	-	-	-	-	69,203	1,933	-	1,933	67,270	-	67,270	-
Chanda	17.50%	1,616,436	-	-	-	-	1,616,436	1,166,480	108,612	1,275,098	-	-	-	341,338
Gambat	25.00%	442,403	7,253	-	-	-	449,656	242,720	7,253	249,973	199,682	-	199,682	1
Tal (all fields)	15.00%	6,253,675	198,532	9,341	(42,262)	255,349	6,674,634	5,272,414	389,486	5,661,900	-	-	-	1,012,734
Khipro (all fields)	25.00%	3,245,991	469,855	(5,245)	-	148,867	3,859,468	2,413,344	349,360	2,762,704	-	-	-	1,096,764
MirpurKhas (all fields)	25.00%	6,200,628	1,063,966	(110,158)	-	143,304	7,297,743	5,136,448	650,235	5,786,683	-	-	-	1,511,060
Chachar	25.00%	251,861	-	-	(613)	-	251,248	159,060	118	159,178	91,855	-	91,855	215
Nashpa	15.00%	5,029,483	-	(3)	-	-	5,029,480	2,734,902	437,277	3,172,179	-	-	-	1,857,301
Sinjhoro	22.50%	830,390	78,051	-	(2,137)	163,010	1,069,313	472,602	137,946	610,550	-	-	-	458,763
Mehar	25.00%	4,372,405	15,945	(38,891)	-	-	4,349,458	1,745,730	510,447	2,256,178	671,218	187,264	858,482	1,234,798
Jhakro	22.50%	10,107	-	-	-	-	10,107	10,079	-	10,079	28	-	28	-
Guddu	22.50%	154,939	29	-	(1,691)	-	153,277	119,855	5,299	125,154	-	-	-	28,123
Bolan	17.50%	565,815	-	(2,437)	-	-	563,378	473,111	29,530	502,641	-	-	-	60,737
Gambat South	25.00%	1,734,930	-	-	(53,887)	335,907	2,016,950	702,527	194,699	897,226	-	-	-	1,119,724
Bitrism	22.50%	312,907	1,231	(3,203)	-	-	310,934	120,232	22,796	143,028	-	-	-	167,906
Tando Allah Yar (all fields)	22.50%	258,519	61,506	-	(709)	25,311	344,627	215,374	20,767	236,141	-	-	-	108,486
Shah Bandar	2.50%	59,017	-	-	-	-	59,017	57,030	1,986	59,016	-	-	-	1
Khewari	22.50%	209,763	-	(2,381)	-	-	207,382	6,770	39,784	46,554	-	-	-	160,828
Dhok Sultan	25.00%	-	-	-	-	1,764,954	1,764,954	-	1,008,390	1,008,390	-	-	-	756,564
Decommissioning cost		3,062,347	1,660,105		(139,053)	7,293	4,590,692	1,861,536	663,272	2,524,808	231,921	12,443	244,364	1,821,520
Sub total producing fields		45,287,712	3,822,756	(309,448)	(261,846)	2,843,994	52,383,168	31,022,498	4,739,174	35,761,669	4,049,157	199,707	4,248,864	12,372,635

*This includes reversal of decommissioning cost amounting Rs. 122,792 thousand directly made against related field assets under provisions of IFRIC 1 - Changes in existing decommissioning, restoration and similar liabilities

Developing fields-Joint operations

2023		Cost						Amortization			Impairment			Carrying amount
Particulars	Working Interest	As at July 1, 2022	Additions	Adjustments	Adjustment of Decommissioning Cost	Transfers	As at June 30, 2023	As at July 1, 2022	Charge for the year	As at June 30, 2023	As at July 1, 2022	Charge for the year	As at June 30, 2023	As at June 30, 2023
		Rupees ('000)						Rupees ('000)			Rupees ('000)			Rupees ('000)
Developing fields-Joint operations														
Mehar	25.00%	-	825,033	-	-	-	825,033	-	-	-	-	108,644	108,644	716,389
Ahmadal/Pariwali	17.50%	-	-	-	-	-	-	-	-	-	-	-	-	-
Tando Allah Yar (all fields)	22.50%	25,311	184,137	-	-	(25,311)	184,136	-	-	-	-	-	-	184,136
Kandra	25.00%	3,577	-	-	-	-	3,577	-	-	-	3,577	-	3,577	-
Nim	22.50%	(2,807)	-	-	-	-	(2,807)	-	-	-	-	-	-	(2,807)
Kotra	20.00%	87,942	6,829	-	-	-	94,771	-	-	-	50,824	-	50,824	43,947
Mubarak	25.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
Tal	15.00%	255,366	1,104	(17)	-	(255,349)	1,104	-	-	-	-	-	-	1,104
MirpurKhas (all fields)	25.00%	139,781	23,600	-	-	(139,781)	23,600	-	-	-	-	-	-	23,600
Khipro (all fields)	25.00%	156,287	5,619	-	-	(148,867)	13,039	-	-	-	-	-	-	13,039
Sawan	22.50%	-	-	-	-	-	-	-	-	-	-	-	-	-
Nashpa	15.00%	572,581	942,987	-	-	-	1,515,568	-	-	-	-	-	-	1,515,568
Mazarani	12.50%	-	-	-	-	-	-	-	-	-	-	-	-	-
Badin #	25.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
Gambat South	25.00%	970,684	-	-	-	(335,907)	634,777	-	-	-	-	-	-	634,777
Block-22	22.50%	15,534	-	-	-	-	15,534	-	-	-	15,534	-	15,534	-
Zamzama	25.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
Sinjhoro	22.50%	153,010	214,681	-	-	(153,010)	214,681	-	-	-	-	-	-	214,681
Chanda	17.50%	-	452,881	-	-	-	452,881	-	-	-	-	-	-	452,881
Bitrism	22.50%	-	-	-	-	-	-	-	-	-	-	-	-	-
Khewari	22.50%	108,700	-	(16,259)	-	-	92,441	-	-	-	-	-	-	92,441
Decommissioning cost		124,495	-	-	(11,971)	-	112,524	-	-	-	7,294	-	7,294	105,230
Sub total developing fields		2,620,452	2,856,872	(16,277)	(11,971)	(1,058,224)	4,180,881	-	-	-	77,229	108,644	185,873	3,994,988
Total		48,908,174	6,479,628	(325,725)	(273,815)	1,775,769	56,564,029	31,022,499	4,739,174	35,761,669	4,126,385	308,352	4,434,737	16,367,623

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

9.2 DEVELOPMENT AND PRODUCTION ASSETS

2022		Cost						Amortization			Impairment			Carrying amount
Particulars	Working interest	As at July 1, 2021	Additions	Adjustments	Adjustment of Decommissioning Cost	Transfers	As at June 30, 2022	As at July 1, 2021	Charge for the year	As at June 30, 2022	As at July 1, 2021	Charge / (Reversal) 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	(567)	-	218,761	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	411,761	(20,468)	(15,647)	-	3,245,991	2,230,132	183,212	2,413,344	-	-	-	832,647
MirpurKhas (all fields)	25.00%	5,570,871	706,614	(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		43,656,036	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. 271,026 thousand 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 July 1, 2021	Additions	Adjustments	Adjustment of Decommissioning Cost	Transfers	As at June 30, 2022	As at July 1, 2021	Charge for the year	As at June 30, 2022	As at July 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%	-	-	-	-	-	-	-	-	-	-	-	-	-
Ahmadal/Pariwali	17.50%	-	-	-	-	-	-	-	-	-	-	-	-	-
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
Mubarak	25.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
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
Mazarani	12.50%	-	-	-	-	-	-	-	-	-	-	-	-	-
Badin III	25.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
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%	-	-	-	-	-	-	-	-	-	-	-	-	-
Bitrism	22.50%	-	-	-	-	-	-	-	-	-	-	-	-	-
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		**45,461,989**	**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**

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

		2023	2022
10	**INVESTMENT IN SUBSIDIARIES**	------------Rupees ('000)------------	
	Investment in subsidiaries - at cost		
	Inter State Gas Systems (Private) Limited (ISGSL) - note 10.1		
	Shares issued by ISGSL	**5,294,912**	3,401,261
	Advance against issue of shares	**525,069**	2,329,895
		5,819,981	5,731,156
	Pakistan LNG Limited (PLL) - note 10.2	**30,000**	30,000
		5,849,981	5,761,156

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 529,491,231 (2022:100% with 340,126,105) 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.

	2023	2022
Movement in investment in ISGSL during the year is as follows	------------Rupees ('000)------------	
Shares issued by ISGSL		
Balance at the beginning of the year	**3,401,261**	2,958,821
Shares issued against advance during the year	**1,893,651**	442,440
Balance at the end of the year	**5,294,912**	3,401,261
Advance against issue of shares		
Balance at the beginning of the year	**2,329,895**	2,336,091
Shares issued against advance during the year	**(1,893,651)**	(442,440)
Advance disbursed for issue of shares	**88,825**	436,244
Balance at the end of the year	525,069	2,329,895
	5,819,981	5,731,156

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 (2022:100% 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. The 1,500,000 equity shares at Rs.10 each of PLTL were transferred to PLL.

10.4 The summarized 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, 2023.

			2023	2022
	Inter State Gas Systems (Private) Limited	Pakistan LNG Limited (PLL)	Total	Total
	------------	------------Rupees ('000)	------------	------------
Summarized statement of financial position				
Current assets	549,755	146,548,265	147,098,020	174,162,909
Non- current assets	3,845,104	125,971,051	129,816,155	128,268,265
Current liabilities	(475,059)	(150,635,853)	(151,110,912)	(169,156,315)
Non-current liabilities	(111,821)	(171,716,666)	(171,828,487)	(141,434,408)
Net assets	3,807,979	(49,833,203)	(46,025,224)	(8,139,549)
Reconciliation to carrying amounts:				
Opening net assets	3,749,063	(11,888,612)	(8,139,549)	13,206,794
Advance against issue of shares	(1,804,826)	-	(1,804,826)	(6,196)
Issue of Share Capital	1,893,651	-	1,893,651	442,440
Changes in reserves	293,292	-	293,292	284,490
Remeasurement loss on employees' retirement benefits - net of tax	(10,405)	-	(10,405)	(23,752)
Profit / (Loss) for the year / period	(312,796)	(37,944,591)	(38,257,387)	(22,043,325)
Closing net assets	3,807,979	(49,833,203)	(46,025,224)	(8,139,549)
Company's percentage shareholding in the subsidiary	100%	100%		
Company's share in net assets at cost	3,807,979	(49,833,203)	(46,025,224)	(8,139,549)

	Inter State Gas Systems (Private) Limited	Pakistan LNG Limited (PLL)	2023 Total	2022 Total
	-----	-----Rupees ('000)-----		
Summarized statements of comprehensive income				
Gross profit	-	12,691,048	12,691,048	23,262,485
Profit / (Loss) for the year	(740,371)	(49,615,120)	(49,615,120)	(28,396,339)
Tax for the year	427,575	11,670,529	12,098,104	6,353,014
Other comprehensive income / (loss)	282,887	-	282,887	260,738
Total comprehensive loss	(29,909)	(37,944,591)	(37,234,129)	(21,782,587)

10.5 During the year ended June 30, 2023, 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, 2023 using the value-in-use (VIU) model. In assessing the value in use, estimated future cash flows are discounted to their present value, using a discount rate that is based on the existing policy rate prevailing within the country. The discount rate applied to cash flow projections is 18.37% per annum. The project's recoverable amount i-e VIU based on management cash flow forecasts is Rs 42,065 million which is determined to be higher than the carrying amount. Based on the above, management has concluded that there is no need to recognize an impairment loss in the financial statements.

11 LONG TERM INVESTMENT IN ASSOCIATE

	Note	2023	2022
		-----Rupees ('000)-----	
Unquoted Company			
Foreign Operation - Pakistan International Oil Limited (PIOL)			
Cost of investment (3,500,000 (2022: 2,500,000) fully paid ordinary shares of USD 10 each)	11.1	6,431,700	4,205,500
Post acquisition profits / (losses) brought forward		(2,039,511)	-
Share of loss for the year	11.2	(297,110)	(2,513,552)
Effect of translation of investment		1,460,902	474,041
		1,163,792	(2,039,511)
Post acquisition profits / (losses) carry forward		(875,719)	(2,039,511)
Closing Balance		5,555,981	2,165,989
Pakistan Minerals (Private) Limited - PMPL			
Cost of investment			
Issued Share Capital (4,000 (2022: Nil) fully paid ordinary shares of Rs. 10 each)		40	-
Advance against equity		36,569,163	
	11.3	36,569,203	-
Share of loss for the period - net of tax (Nov 24, 2022 to Jun 30, 2023)	11.4	(386,040)	-
Share of other comprehensive income for the period - net of tax		14,020,097	-
Post acquisition profit carry forward		13,634,057	-
Closing Balance		50,203,260	-
		55,759,241	2,165,989

11.1 Pakistan International Oil Limited (PIOL) is a company 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. Each consortium company (investors) which includes the Company, Mari Petroleum Company limited (MPCL), Pakistan Petroleum Company Limited (PPL) and Oil & Gas Development Company Limited (OGDCL) have a 25% equity stake in PIOL. During the year, 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 loss for the period mainly relates to exploration and evaluation expenses incurred by PIOL.

11.3 The Company made a deposit of Rs 35,901 million (2022: Rs 34,301 million) for investment in Reko Diq Project, subject to conditions precedent as set out in Framework Agreement signed on March 20, 2022. The Framework Agreement sets out the conditions for the reconstitution and development of Reko Diq Mining Project. All the conditions precedent, including but not limited to, the signing of the definitive agreements and judicial validation were completed as on December 15, 2022. The Company has invested in the project company, i.e. Reko Diq Mining Company (Private) Limited (RDMC) through Pakistan Minerals (Private) Limited (PMPL), an entity incorporated in Pakistan under the Companies Act, 2017, with initial subscribed share capital of 12,000 shares with par value of Rs 10 each in accordance with the agreements for collective representation of the Company, Pakistan Petroleum Limited (PPL) and Oil and Gas Development Company Limited (OGDCL), together called the State Owned Enterprises (SOEs). RDMC is engaged in the mineral exploration activities in Pakistan. PMPL holds an indirect working interest of 25% (8.33% of each SOE) in the RDMC through offshore holding companies namely Reko Diq Holdings Limited and Reko Diq Investments Limited (hereinafter referred to as "Holdcos"). RDMC 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 RDMC. The SOEs have representation on the Boards of Holdcos and RDMC through PMPL.

The investment in PMPL by the Company has been accounted for as an associate with the carrying amount of investment amounting to Rs 35,901 million, based on the total purchase consideration paid by the Company in the form of initial entry fee Rs 34,301 million and the interest payments Rs 1,600 million thereon till December 15, 2022. Initial accounting in respect of acquisition under the applicable financial reporting framework involves identifying and determining the fair values to be assigned to the investee's identifiable assets and liabilities, for determination of goodwill or bargain purchase gain, if any. The Company has conducted its assessment for identification and valuation of assets and liabilities of the investee, and as a result of this assessment has not identified any goodwill or bargain purchase gain in the aforesaid acquisition.

During the year, the Company made additional investment in PMPL amounting to Rs 668 million which increased the total equity investment of the Company in the associate to Rs 36,569 million as at June 30, 2023. In addition to the initial subscribed share capital, PMPL is in the process of issuing shares to the Company against further equity contributions.

Furthermore, discussions are currently in progress in respect of the interest expressed by a potential investor in the equity stake of PMPL in the Reko Diq project. However, as of the date of approval of these financial statements, nothing has been materialized.

11.4 The loss for the period mainly relates to PMPL's share of loss in its associated Company, Reko Diq Holdings Limited (RDHL) while the other comprehensive income relates to gain on retranslation of PMPL's share of investment in foreign operation i-e RDHL.

11.5 **Summarized financial information for associates**

The share of loss of PMPL and the below summarized financial information is based on the audited financial statements of the associate for the period from inception to June 30, 2023 whereas 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, 2022, adjusted for transactions and events up to June 30, 2023 based on management accounts, in USD, converted into PKR at closing exchange rate.

	PMPL		PIOL	
	2023	2022	2023	2022
	---------- Rupees ('000) ----------		-------- Rupees ('000) --------	
Summarized statement of financial position				
Current assets	120,521	-	14,080,066	2,968,078
Non-current assets	167,171,543	-	8,845,552	6,310,510
Current liabilities	(8,590)	-	(701,696)	(614,634)
Non Current liabilities	(16,710,030)		-	-
Net assets	150,573,444	-	22,223,922	8,663,954
Reconciliation to carrying amounts:				
Opening net assets	-	-	8,663,954	-
Issued share capital	120	-	8,904,800	16,822,000
Advance against issue of shares	109,671,153	-		-
Profit / (loss) for the period	(1,158,120)	-	(1,188,439)	(10,054,208)
Other comprehensive income / (loss)	42,060,291	-	-	
Retranslation of investment	-	-	5,843,607	1,896,162
	150,573,444	-	22,223,922	8,663,954
Company's percentage shareholding in the associates	33.33%		25%	25%
Company's share in carrying value of net assets	50,191,148	-	5,555,981	2,165,988
Others - exchange rate difference on equity contributions	12,112	-	-	-
	50,203,260	-	5,555,981	2,165,988
Summarized statement of comprehensive income				
Total comprehensive loss for the period	(1,158,120)	-	(1,188,439)	(10,054,208)
Share of comprehensive loss	(386,040)	-	(297,110)	(2,513,552)

12 RECEIVABLE FROM GOVERNMENT OF PAKISTAN (GoP)

	2023			2022		
	Current	Non - Current	Total	Current	Non - Current	Total
	Rupees ('000)			Rupees ('000)		
Receivable from GoP						
Principal amount	-	64,899,131	64,899,131	61,895,156	-	61,895,156
Accrued interest	5,548,325	-	5,548,325	2,071,809	-	2,071,809
	5,548,325	64,899,131	70,447,456	63,966,965	-	63,966,965

12.1 This represents receivable from GoP against 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 principal amount is inclusive of all related expenses i.e. transaction cost, out of pocket expense incurred by the company. During the year ended June 30, 2022, the In order to fulfill the commitment of the Government of Pakistan (GoP) towards the Government of Balochistan (GoB), the Company arranged a short term finance facility for nine months. The Company settled the short term finance during the year. The settlement of short term finance facility was financed by the company through obtaining long term loan from National Bank of Pakistan (NBP) for tenor upto seven year which resulted 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.

12.2 Movement in principal amount and interest accrued is as follows

	2023	2022
	Rupees ('000)	
Principal Amount:		
Balance at beginning of the year	61,895,156	-
Additions during the year	3,003,975	61,895,156
Principal amount received during the year	-	-
Balance at end of the year	64,899,131	61,895,156
Accrued Interest:		
Balance at beginning of the year	2,071,809	-
Interest accrued during the year	9,714,875	2,071,809
Interest on loan from NBP directly repaid by GoP	(6,238,359)	-
Balance at end of the year	5,548,325	2,071,809

13 LONG TERM LOAN TO SUBSIDIARIES AND STAFF

	Note	2023			2022		
		Current	Non - Current	Total	Current	Non - Current	Total
		Rupees ('000)			Rupees ('000)		
Loan to subsidiaries							
Principal							
Pakistan LNG Limited (PLL)	13.1	1,200,000	1,395,747	2,595,747	1,240,291	2,466,347	3,706,638
Inter State Gas Systems (Private) Limited (ISGSL)	13.2	107,966	-	107,966	270,302	-	270,302
Accrued Interest							
Pakistan LNG Limited (PLL)		304,462	1,238,526	1,542,988	304,462	1,237,523	1,541,985
Inter State Gas Systems (Private) Limited (ISGSL)		82,886	-	82,886	84,808	-	84,808
Loan to staff	13.3	25,904	72,683	98,587	10,715	20,368	31,083
		1,721,218	2,706,956	4,428,174	1,910,578	3,724,238	5,634,816

		Note	2023	2022
			------Rupees ('000)------	
13.1	Balance at beginning of the year		3,706,638	4,946,929
	Repayment by PLL during the year		(1,040,291)	(1,240,291)
	Adjustment of group tax benefit		(70,600)	-
	Balance at end of the year		2,595,747	3,706,638

13.1.1 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 were adjusted 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 is to be constantly monitored by the board. During the year ended June 30, 2023, the Company has adjusted Rs 70.6 million of loan receivable against ,payable to PLL, the share of tax benefit claimed by the Company under group taxation. Subsequent to year end, the outstanding loan amount along with interest has been fully repaid by PLL.

		Note	2023	2022
			----------Rupees ('000)----------	
13.2	Balance at beginning of the year		270,302	270,302
	Repayment by ISGSL during the year		(77,383)	-
	Adjustment of group tax benefit		(84,953)	-
	Balance at end of the year	13.2.2	107,966	270,302

13.2.1 This represents amount paid to ISGSL under a loan agreement signed by the Company and ISGSL 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. ISGSL can not dispose of any of the properties and assets as mentioned hereinabove, except with the prior written consent of the Company.As at June 30, 2023 remaining loan is Rs. 107.966 million (2022: 270.302 million).The management expects that amount will be settled in next financial year.

		Note	2023	2022
			----------Rupees ('000)----------	
13.3	Balance at beginning of the year	13.3.1	31,083	24,280
	Loan disbursed during the year		87,179	18,737
	Repayment received during the year		(19,675)	(11,934)
	Balance at end of the year		98,587	31,083

13.3.1 This includes loan to managing director /chief executive officer amounting to Rs. 2.667 million (2022: Rs. 5.598 million). The loan was granted in accordance with the Company's service rules and is deductible against salary and carries no interest. The loan was fully repaid during the year

	2023	2022
	----------Rupees ('000)----------	
Balance at beginning of the year	2,677	5,598
Loan disbursed during the year	-	-
Repayment received during the year	(2,677)	(2,921)
Balance at end of the year	-	2,677

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		Note	2023	2022
			--------------Rupees ('000)--------------	
14	**STORES, SPARES AND LOOSE TOOLS - SHARE IN JOINT OPERATIONS' INVENTORY**			
	Store, spares and loose tools		**5,296,066**	4,628,464
	Impairment for slow moving and obsolete stores, spares and loose tools	14.1	**(495,707)**	(495,707)
			4,800,359	4,132,757

		2023	2022
14.1	**Movement of provision for slow moving, obsolete and in transit stores**		
	Balance at beginning of the year	**495,707**	495,707
	Impairment charge for the year	-	-
	Balance at end of the year	**495,707**	495,707

14.2 Stores and spares include items which may result in fixed capital expenditure but are distinguishable upon usage.

		Note	2023	2022
			--------------Rupees ('000)--------------	
15	**ACCRUED INTEREST RECEIVABLE**			
	Accrued interest receivable on bank deposits	15.1	**137,567**	160,036

15.1 This represents interest accrued on bank deposits carrying mark-up at the rate ranging between 14.50% and 18.50% per annum (2022: 11.50% and 13.00% per annum).

		Note	2023	2022
			--------------Rupees ('000)--------------	
16	**TRADE DEBTS**			
	Unsecured - considered good		**191,708,859**	141,458,170
	Unsecured - considered doubtful		**196,700**	539,704
			191,905,559	141,997,874
	Provision for doubtful debts	16.3	**(196,700)**	(539,704)
			191,708,859	141,458,170

16.1 Trade debts include overdue amount of Rs. 166,972 million (2022: Rs. 117,764 million) on account of Inter-corporate circular debt, excluding oil refineries, receivable from gas companies out of which Rs. 116,506 million (2022: Rs.80,718 million) and Rs. 50,467 million (2022: Rs. 37,046 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.

16.2 Total amount due from related parties as on June 30, 2023 is Rs 182,673 million (2022: Rs 130,502 million) and maximum amount due at the end of any month during the year was Rs 182,673 million (2022: Rs 130,502 million). For party wise details refer note 42.

			2023	2022
			----------------Rupees ('000)----------------	
16.3	Movement in provision for doubtful debts			
	Balance at beginning of the year		**539,704**	-
	Provision during the year		-	539,704
	Reversal of provision		**(343,004)**	-
	Balance at end of the year		**196,700**	539,704

17	**LOANS, ADVANCES AND OTHER RECEIVABLES**			
	Secured			
	Advances against salary to staff		**24,301**	9,813
	Unsecured and considered good			
	Advances to suppliers		**3,063**	806
	Receivable from ISGS	17.1	**150,000**	-
	Payment of security services on behalf of subsidiaries		**231**	391
	Other receivables		-	1,631
			177,595	12,641

17.1 This represents the funds provided to ISGS by the Company under stop-gap arrangement.

18	**SHORT TERM PREPAYMENTS**			
	Software maintenance fee		**11,308**	4,128
	Insurance		**8,782**	7,159
			20,090	11,287

19	**DEPOSIT WITH THE GOVERNMENT OF PAKISTAN FOR EQUITY STAKE IN REKO DIQ PROJECT**			
	Deposit for equity stake in Reko Diq project	19.1	-	34,301,231

19.1 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 (Private) 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 were required to be satisfied before binding arrangements become 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. Further, interest at the rate of US Prime plus 2% was payable to Antofagasta if the conditions were not satisfied by June 30, 2022.

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.

As the conditions set out in the Framework Agreement were not satisfied by June 30, 2022, the Company deposited additional amount of Rs. 1,599.9 million, on account of interest equivalent to US Prime plus 2% on the Company's deposit of USD 187.5 million with the GoP, as mentioned above.

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". Consequently, the Economic Coordination Committee (ECC) of the Cabinet approved the opening of an escrow account for depositing $900 million for making the project operational. 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.

Upon completion of all the pre-conditions as set out in the Framework Agreement, including but not limited to, the signing of the definitive agreements and judicial validation by December 15, 2022, the transaction for reconstitution of Reko Diq project was completed. Consequently the Company's deposit with GoP for equity stake in Reko Diq Project amounting Rs. 35,901.17 million, comprising of Initial deposit and interest payment, was transferred to Pakistan Minerals (Private) Limited (PMPL) w.e.f December 15, 2022, under the share subscription agreement dated December 01, 2022 signed between SOEs and PMPL which has been further explained in note 11.

	Note	2023	2022
		Rupees ('000)	
Movement during the year			
Initial deposit with GoP ($ 187.5 million)		**34,301,231**	34,301,231
Interest payments		**1,599,940**	-
Total deposit with GoP for equity stake in Reko Diq Project		**35,901,171**	34,301,231
Equity stake in Reko Diq against deposit with GoP	11.3	**(35,901,171)**	-
		-	34,301,231

20 SHORT TERM INVESTMENTS

Investment held at amortized cost

	Note	2023	2022
Term deposit receipts	20.1	**28,000,000**	24,000,000
Interest accrued		**258,016**	53,955
		28,258,016	24,053,955

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

Credit rating	Rating agency	Rate	2023	2022
			Rupees ('000)	
Investments maturing within three months				
A-1+	VIS	20.25%	**8,000,000**	-
A-1+	PACRA	20.25%	**8,000,000**	10,000,000
A-1+	PACRA	21.15%	**12,000,000**	4,000,000
Interest accrued			**258,016**	26,818
			28,258,016	14,026,818
Investments maturing after three months				
A-1+	VIS		**-**	10,000,000
Interest accrued			**-**	27,137
			-	10,027,137
Total investments			**28,258,016**	24,053,955

20.2 This include Rs 5,000 million (2022: Rs nil) which is subject to restriction as the amount is reserved against funded mining project reserve which is further explained in note 23.9.

		Note	2023	2022
			---Rupees ('000)---	
21	**CASH AND BANK BALANCES**			
	Cash:			
	- In hand		**41**	54
	- At banks - savings accounts	21.1	**7,332,145**	7,180,549
			7,332,186	7,180,603

21.1 These carry mark-up at the rate ranging between 12.25% and 20.00% per annum (2022: 6.25% and 13.00% per annum).

		Note	2023	2022
			---Rupees ('000)---	
21.2	**Cash and cash equivalents**			
	Term deposit receipts (TDRs)	20.1	**28,258,016**	14,026,818
	Cash and bank balances	21	**7,332,186**	7,180,603
	Accrued interest with up-to 3 months maturity	15	**137,567**	160,036
			35,727,769	21,367,457
	Less: TDRs reserved against Mining project reserve	20.2	**(5,000,000)**	-
			30,727,769	21,367,457

22 **SHARE CAPITAL**

Authorized share capital

2023	2022		2023	2022
---Number of shares---			---Rupees ('000)---	
4,500,000,000	4,500,000,000	Ordinary shares of Rs. 10 each, fully paid in cash	**45,000,000**	45,000,000

Issued, subscribed and paid up capital

2023	2022			
---Number of shares---				
2,322,121,233	2,132,756,107	Ordinary shares of Rs. 10 each, fully paid in cash	**23,221,212**	21,327,561
2,164,316,961	2,103,260,097	Weighted average shares		

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

	2023	2022	2023	2022
	---Number of shares---		---Rupees ('000)---	
At July 1	2,132,756,107	2,088,512,092	**21,327,561**	20,885,121
Ordinary shares of Rs 10 each paid in cash issued during the year	189,365,126	44,244,015	**1,893,651**	442,440
At June 30	2,322,121,233	2,132,756,107	**23,221,212**	21,327,561

22.2 Government of Pakistan (GoP) holds 100% shares. Of these shares, two nominee directors hold one qualification share, each. All ordinary shares rank equally with regard to the Company's residual assets. GoP as holder of these shares is entitled to dividend as declared from time to time and are entitled to vote at general meetings of the Company.

Subsequent to enactment of "Sovereign Wealth Fund Act, 2023" (the Act), Pakistan sovereign wealth fund (the Fund) is to be established by the Government of Pakistan (GoP). Subject to the creation of the Fund, the entire shareholding of the GoP in the Company is expected to be transferred to the Fund subject to regulatory approvals and other procedural matters.

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.

23 RESERVES

	Note	2023	2022
		Rupees ('000)	
Revenue reserves			
General reserve	23.2	-	2,284,626
Foreign currency translation reserve	23.3	1,451,207	383,973
Foreign currency translation reserve - associated company	23.4	14,020,097	-
		15,471,304	2,668,599
Capital reserves			
Committed outlay reserve	23.5	-	20,946,247
Asset insurance reserve	23.6	-	3,000,000
Assets acquisition reserve	23.7	5,000,000	5,000,000
LNG project reserve	23.8	-	25,000,000
Mining project reserve	23.9	20,000,000	-
		25,000,000	53,946,247
		40,471,304	56,614,846

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

23.2 The general reserve was created to cater for contingencies related to relevant interest carried cost based on current exploration commitments and other unforeseen events. During the year, this reserve has been reverted back to accumulated profits.

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

23.4 This represents accumulated balance of translation effect of a foreign operation in Rupees of associated company.

23.5 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. During the year, this reserve has been reverted back to accumulated profits.

23.6 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. During the year, this reserve has been reverted back to accumulated profits.

23.7 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.

23.8 This reserve is created to cater funding / financial support for LNG Projects being undertaken by incorporated subsidiary Pakistan LNG Limited (PLL) . During the year, this reserve has been reverted back to accumulated profits.

23.9 This reserve is created in view of the future funding requirements for the Reko-Diq project. These reserves are to be funded for which the Company plan to accumulate the required funds over the next four years. This reserve is not available for distribution to shareholders. Refer note 20.2 for funds earmarked against the reserve.

	Note	2023	2022
		----------Rupees ('000)-----------	

24 LONG TERM LIABILITIES

	Note	2023	2022
Due to the joint operators	24.1	6,175,325	5,036,503
Current portion shown under current liabilities		(1,667,523)	(1,599,557)
		4,507,802	3,436,946

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	2023	2022
		----------Rupees ('000)---------	
Balance at beginning of the year		5,036,503	4,331,436
Unwinding of long term liability		137,133	9,629
Payments net off exchange loss		(396,714)	(109,003)
Additions / adjustments during the year		207,779	214,317
Discounting of long term liability	35	(519,532)	(646,289)
Unrealized exchange loss on revaluation		1,710,156	1,236,213
	24.2	6,175,325	5,036,503

24.2 Long term liabilities in US Dollars have been discounted at a rate of 5.85% (2022: 3.32%).

25 LOAN FROM NATIONAL BANK OF PAKISTAN (NBP) - SECURED

		2023			2022		
		Current	Non - Current	Total	Current	Non - Current	Total
		-------------------Rupees ('000)----------------			---------------Rupees ('000)---------------		
Short term borrowing	**25.1**						
Principal amount		-	-	-	61,895,156	-	61,895,156
Accrued Interest		-	-	-	2,071,809	-	2,071,809
Long term loan	**25.2**						
Principal amount		-	64,899,131	64,899,131	-	-	-
Accrued Interest		5,548,325	-	5,548,325	-	-	-
		5,548,325	64,899,131	70,447,456	63,966,965	-	63,966,965

25.1 This represents the short term finance facility obtained by the Company from National Bank of Pakistan (NBP) on behalf of Government of Pakistan (GoP) in order to fulfill the commitment of the GoP towards the Government of Balochistan (GoB) in relation to Reko Diq project. The Company arranged a short term finance facility secured against GoP guarantee 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. The facility has been repaid by the Company during the year on behalf of GoP by obtaining long term loan from NBP.

	2023	2022
	-----------Rupees ('000)-----------	
Balance at beginning of the year	63,966,965	-
Draw down during the year	2,881,322	61,895,156
Interest accrued during the year	4,166,550	2,071,809
Repayment directly made by GoP	(6,238,359)	-
Repayments by the Company during the year	(64,776,478)	-
Balance at end of the year	-	63,966,965

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25.2 This represents the long term finance facility obtained by the Company from National Bank of Pakistan (NBP) in order to settle the short term finance facility obtained by the company on behalf of the GoP in order to fulfill the commitment of the Government of Pakistan (GoP) towards the Government of Balochistan (GoB) in relation to Reko Diq project. The loan carries interest calculated at 6-month Karachi Interbank Offered Rate (KIBOR) + 0.20% effective from the date of disbursement. The loan was availed for a tenor of seven years (inclusive of a two-year grace period) with effect from December 31, 2022 and is repayable in equal semi annual installments of principal amount starting from June 30, 2025. The loan is secured against a GoP guarantee and letter of comfort.

	2023	2022
	----------Rupees ('000)----------	
Balance at beginning of the year	-	-
Draw down during the year	64,899,131	-
Interest accrued during the year	5,548,325	-
Repayments during the year	-	-
Balance at end of the year	70,447,456	-

		Note	2023	2022
			----------Rupees ('000)----------	
26	**DEFERRED TAX LIABILITY**			
	Deferred tax liability	26.1	315,880	2,579,898
26.1	**Movement in the deferred tax liability:**			
	Balance at the beginning of the year		2,579,898	5,870,866
	Credited to the statement of profit or loss	40	(2,639,448)	(3,363,449)
	Debited to statement of other comprehensive income		375,430	72,481
			315,880	2,579,898

		2023	2022
		----------Rupees ('000)----------	
26.2	**Deferred tax comprises of the following:**		
	Taxable temporary difference arising in respect of:		
	Accelerated depreciation on property, plant and equipment	7,330,655	6,301,879
	Development and production expenditure	5,275,558	4,508,753
	Provision for decommissioning cost	658,643	131,817
	Unwinding of long term liability (carried interest)	525,794	294,443
	Effects of translation of investment in a foreign associate	483,736	90,068
		14,274,386	11,326,960
	Deductible temporary difference arising in respect of:		
	Impairment of stores, spares and loose tools	(247,854)	(218,111)
	Unrealized exchange gain / (loss)	(1,956,638)	(1,083,672)
	Work in progress	(198,285)	-
	Expenditure of exploration and prospecting	(2,070,487)	(1,689,404)
	Provision for windfall levy on oil / condensate	(8,642,719)	(5,017,560)
	Remeasurement of employees' retirement benefits	(41,507)	(23,270)
	Net impairment loss on financial assets	(98,350)	(237,470)
	Share of loss from associate	(702,666)	(477,575)
		(13,958,506)	(8,747,062)
		315,880	2,579,898

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26.3 Deferred tax has been calculated at the current effective tax rate of 50% (2022: 44%).The increase in tax rate from 44% to 50% was substantively enacted on June 26, 2023 as a result of imposition of revised super tax rates and is effective from July 1, 2023. As a result, the relevant deferred tax balances have been remeasured. The impact of the change in tax rate has been recognized in tax expense in profit or loss, except to the extent that it relates to items previously recognized outside profit or loss. For the Company, such items include in particular remeasurements of post-employment benefit liabilities and the translation gain on foreign associate.

		Note	2023	2022
			----------Rupees ('000)----------	
27	**PROVISION FOR DECOMMISSIONING COST**			
	Provision for decommissioning cost	27.1	**14,408,445**	8,240,916
27.1	**Provision for decommissioning cost**			
	Balance at the beginning of the year		**8,240,916**	7,343,545
	Provision / (reversal) made during the year	27.2	**2,497,657**	562,831
	Revisions due to change in estimates	27.3	**(714,814)**	(1,928,151)
	Revaluation exchange loss / (gain)		**3,461,250**	1,868,326
	Unwinding of discount on provision for decommissioning cost	35	**923,436**	394,365
			14,408,445	8,240,916
27.2	Provision made during the year is distributed as under			
	Share in Joint operations' fixed assets	6.2	**752,594**	95,424
	Share in Joint operations' fixed assets - CWIP	6.3	**84,958**	23,669
	Development and production assets	9	**1,660,105**	443,738
			2,497,657	562,831
27.3	Adjustment made during the year is distributed as under			
	Share in joint operations' fixed assets	6.2	**(47,592)**	(543,078)
	Share in joint operations' fixed assets - CWIP	6.3	**(1,649)**	(18,805)
	Exploration and evaluation assets	8	**-**	(21,571)
	Development and production assets	9	**(273,815)**	(997,475)
	Operating expenses	34	**(351,758)**	(347,222)
			(714,814)	(1,928,151)
27.4	Significant financial assumptions used were as follows:			
	Discount rate per annum		**7.5% ~ 11.4%**	9.0% ~ 9.6%
	Inflation rate per annum		**5.81%**	5.00%

		Note	2023	2022
			Rupees ('000)	
28	**DEFERRED EMPLOYEE BENEFITS**			
	Accumulating compensated absences	28.1	45,537	64,797

28.1 Accumulating compensated absences

	2023	2022
Present value of defined benefit obligation at beginning of the year	**64,797**	39,183
Current service cost	**5,480**	4,828
Interest cost	**5,250**	3,176
Payments made during the year	**(51,794)**	(16,385)
Remeasurement of accumulating leave absences	**21,804**	33,994
Present value of defined benefit obligation at end of the year	**45,537**	64,797

The movement in liability recognized in the statement of financial position is as follows:

	2023	2022
Liability at beginning of the year	**64,797**	39,183
Expense for the year	**32,534**	41,999
Payments to the fund during the year	**(51,794)**	(16,385)
Liability at end of the year	**45,537**	64,797

The remeasurement loss arising from:

	2023	2022
Experience Adjustments	**21,804**	33,994
Financial Assumptions	**-**	-
	21,804	33,994

Principle actuarial assumptions:	Percentage	
Valuation discount rate (%)	**15.75%**	13.50%
Salary increase rate (%)	**14.75%**	12.50%

Sensitivity analysis	Rupees ('000)	
Defined Benefit Obligation	**45,537**	64,797
1% increase in discount rate	**42,182**	58,368
1% decrease in discount rate	**49,339**	72,202
1% increase in salary rate	**49,298**	72,147
1% decrease in salary rate	**42,164**	58,310

Expected employee benefit cost to be recognized in statement of profit or loss	**For the year June 30, 2024 Rupees ('000)**
Current service cost	7,450
Interest expense	7,172
	14,622

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	2023	2022
			---------------Rupees ('000)---------------	
29	**TRADE AND OTHER PAYABLES**			
	Creditors due to joint operations		**3,905,427**	3,634,748
	Accrued liabilities		**202,386**	37,039
	Current account with subsidiary - ISGSL	29.1	**476,867**	192,198
	Current account with subsidiary - PLL	29.2	**2,536,997**	1,307,074
	Payable to gratuity fund	29.3	**66,060**	68,539
	Payable to provident fund		**4,200**	3,010
	Sales tax payable		**822,487**	807,936
	Other payables		**5,066**	5,066
	Levies payable		**13,713**	11,359
	Royalty payable		**888,657**	1,317,878
	Provision for windfall levy on oil / condensate	31.1.4	**17,285,437**	11,403,545
			26,207,297	18,788,392

29.1 This amount includes Rs. 476,018 thousand 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.

		2023	2022
		---------------Rupees ('000)---------------	
29.3	**Gratuity fund**		

The amount recognized in the statement of financial position is as follows:

	2023	2022
Present value of defined benefit obligation	**292,733**	224,062
Fair value of plan assets	**(226,673)**	(155,523)
Net liability at end of the year	**66,060**	68,539

The movement in the present value of defined benefit obligation is as follows:

	2023	2022
Present value of defined benefit obligation at beginning of the year	**224,062**	163,258
Current service cost	**32,696**	29,443
Interest cost	**28,380**	16,581
Benefits paid	**(13,479)**	(23,886)
Remeasurement of defined benefit obligation	**21,074**	38,666
Present value of defined benefit obligation at end of the year	**292,733**	224,062

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

	2023	2022
Fair value of plan assets at beginning of the year	**155,523**	121,972
Contributions	**55,785**	41,286
Payment by employer on behalf of plan	**12,754**	2,991
Expected return on plan assets	**23,851**	14,465
Benefits paid	**(13,479)**	(23,886)
Remeasurement of plan assets	**(7,761)**	(1,305)
Fair value of plan assets at end of the year	**226,673**	155,523

	2023	2022
	----------------Rupees ('000)----------------	

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

	2023	2022
Liability at beginning of the year	**68,539**	41,286
Expense for the year	**37,225**	31,559
Remeasurement loss recognized in other comprehensive income during the year	**28,835**	39,971
Payments to the fund during the year	**(68,539)**	(44,277)
Liability at end of the year	**66,060**	68,539

Detail of plan assets

	2023	2022
Cash at bank	**140,370**	16,721
Term deposits	**86,303**	138,802
	226,673	155,523

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.

	2023	2022
	----------------Rupees ('000)----------------	
Amounts recognized in statement of profit and loss:		
Current service cost	**32,696**	29,443
Net interest cost	**4,529**	2,116
	37,225	31,559
Amounts recognized in statement of other comprehensive income:		
Remeasurement loss recognized on defined benefit obligation	**21,074**	38,666
Remeasurement loss recognized on plan assets	**7,761**	1,305
	28,835	39,971
The remeasurement loss arising from:		
Experience Adjustments	**28,835**	39,971
Financial Assumptions	**-**	-
	28,835	39,971
Principle actuarial assumptions:		
Valuation discount rate (%)	**15.75%**	13.50%
Salary increase rate (%)	**14.75%**	12.50%
Mortality Rates	**Adjusted SLIC 2001-2005**	

327720.

Sensitivity Analysis	Rupees ('000)	
Defined Benefit Obligation	**292,733**	224,062
1% increase in discount rate	**248,894**	201,872
1% decrease in discount rate	**304,812**	250,262
1% increase in salary rate	**305,028**	250,452
1% decrease in salary rate	**248,195**	201,265

Expected defined benefit cost to be recognized in statement of profit or loss	**For the year ending June 30, 2024 Rupees ('000)**
Current service cost	43,111
Interest expense	42,710
Interest income on plan assets	(39,552)
	46,269
Expected contributions to gratuity fund	**66,060**

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	2023	2022
		Rupees ('000)	
Balance at the beginning of the year		**4,571,974**	422,041
Income tax paid during the year		**(33,023,266)**	(19,504,129)
Recoverable from FBR on behalf of PLL under group taxation		**(1,621,189)**	(1,507,315)
Recoverable from FBR on behalf of ISGSL under group taxation		**(284,794)**	(191,224)
Provision for current taxation for the year	40	**39,193,482**	25,352,601
Balance at the end of the year		**8,836,207**	4,571,974

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, unrealized 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 above-mentioned amount includes depletion allowance of Rs 3,686 million for which the Commissioner Appeals (CIR - A) has decided the matter in favor of the Company, however, the matter has been taken up by the tax authorities in the Appellate Tribunal which is pending for adjucation.

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	2023	2022
			----------------Rupees ('000)----------------	
31	**CONTINGENCIES AND COMMITMENTS**			
31.1	**Contingencies**			
	Relating to carried cost liability	31.1.1	**2,507,151**	1,765,033
	Sales tax contingency	31.1.2	**18,177,837**	18,177,837
			20,684,987	19,942,870

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 tax year 2022 and 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 additional tax demand of Rs 4,917.94 million and Rs 4,046.82 million for tax year 2022 and 2021 respectively. 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 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 which included imposition of Windfall Levy on Oil / Condensate (WLO). The said notification required the Supplemental Agreements already executed for conversion from Petroleum policies of 1994 and 1997 to be amended within 90 days, failing which the working interest owners will not remain eligible for gas price incentive. Directorate General Petroleum Concessions (DGPC), on January 3, 2018, 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, 2023 amount to approximately Rs 27,602 million (2022: Rs 21,719 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. 17,285 million to prospectively account for the impact of WLO from the date of the SRO i.e. December 27, 2017 till June 30, 2023. The provision has been adequately disclosed in note 29.

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 investment in Pakistan International Oil Limited (PIOL), each associate of the consortium companies including GHPL have provided, joint and several, parent company guarantees to Abu Dhabi National Oil Company (ADNOC) and Supreme Council for Financial and Economic Affairs Abu Dhabi, UAE to guarantee the obligations of the associate, PIOL. The exposure against the said guarantee as at year end amounts to US$ 195 million (2022: US$ 225 million).

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 (2022: 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	2023	2022
			Rupees ('000)	
31.2	**Commitments**			
	Minimum work commitment	31.2.1	**3,224,789**	3,636,842

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 As part of the Shareholders Agreement with the consortium partners in PIOL, associate, the Company has committed to invest up to US$ 100 million in PIOL during the next five years from 31 August 2021, out of which US$ 35 million has been invested till 30 June 2023 (2022: US$ 25 million). The remaining amount of US$ 65 million (2022: US$ 75 million) will be invested in subsequent years

31.2.3 As per the Joint Venture Agreement, for reconstitution of the Reko Diq project referred in note 11.3, the Company has entered into a JV agreement with stakeholder under which it has committed US$ 398 million, adjustable for inflation, to fund its contributing interest of all cost and expenses of the project. The Company has also provided a corporate guarantee in this respect.

		2023	2022
32	**REVENUE FROM CONTRACTS WITH CUSTOMERS - NET**	Rupees ('000)	
	Gross sales:		
	Local		
	- Natural gas	**69,380,609**	51,198,837
	- Crude oil	**48,803,085**	41,102,933
	- Liquefied petroleum gas	**13,298,902**	11,401,864
	Export		
	- Crude oil	**7,686,164**	7,641,000
		139,168,760	111,344,634
	Government levies:		
	- Sales tax	**(12,218,068)**	(11,332,627)
	- Excise duty	**(573,080)**	(701,942)
	- Petroleum development levy	**(341,950)**	(349,419)
		(13,133,097)	(12,383,988)
		126,035,663	98,960,646

32.1 **Contract liabilities**

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

	2023	2022
	Rupees ('000)	
Movement in contract liabilities		
Balance at beginning of the year	**67,353**	82,097
Advances received during the year	**5,230,309**	4,386,640
Transferred to revenue during the year	**(5,295,954)**	(4,401,384)
Balance at end of the year	**1,708**	67,353

		Note	2023	2022
			Rupees ('000)	
33	**ROYALTY AND OTHER LEVIES**			
	Royalty	33.1	**13,864,396**	10,595,840
	Windfall levy	33.2	**1,398,382**	763,551
			15,262,778	11,359,391

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.

34 OPERATING EXPENSES

	Note	2023	2022
Joint operation's operating expenses	34.1	**10,973,959**	8,818,952
Depreciation	6.4	**2,611,052**	2,581,680
Amortization of development and production assets	9	**4,739,174**	3,805,248
Impairment	34.2	**412,428**	1,232,021
Decommissioning cost actualized during the year		**65,970**	71,107
Reversal due to change in decommissioning cost estimates	27.1	**(391,758)**	(347,222)
		18,410,825	16,161,786

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	2023	2022
			Rupees ('000)	
34.2	**Impairment**			
	Impairment on property, plant and equipment	6.5	**104,076**	459,808
	Impairment on development and production assets	9	**308,352**	772,213
			412,428	1,232,021

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, 2023, 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 As a result of change in estimates of future production profiles of the Mehar concession (the CGU), the CGU has been written down to its recoverable amount of Rs 2,719 million , which 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 post-tax discount rate that is based on the existing policy rate prevailing within the country. The discount rate applied to cash flow projections is 15.16% (2022: 11.88%) per annum. As a result, impairment loss of 412 million is recognized which has been respectively allocated to the property plant and equipment (PPE) and development and production (D&P) assets of the CGU as disclosed in note 34.2

		Note	2023	2022
			----------------Rupees ('000)----------------	
35	**FINANCE INCOME / (COSTS)**			
	Finance Income			
	Finance income from financial assets			
	Return on bank deposits		2,863,833	1,136,271
	Return on term deposit receipts		3,958,113	3,431,349
	Interest on long term receivable from GoP	12	5,548,325	-
	Interest on loan to subsidiaries		267,861	354,998
			12,638,132	4,922,618
	Finance income from non financial assets			
	Gain on long term liability due to change in estimate	24.1	519,532	646,289
	Finance Income		13,157,664	5,568,907
	Finance Cost			
	Unwinding of discount on provision for decommissioning cost	27.1	(923,436)	(394,365)
	Unwinding of discount on long term liability		(137,133)	(9,829)
	Interest on long term loan	25	(5,548,325)	-
	Bank charges		(1,377)	(1,436)
	Finance cost		(6,610,271)	(405,630)
	Net Finance income		6,547,393	5,163,277
36	**EXPLORATION AND PROSPECTING EXPENDITURE**			
	Cost of dry and abandoned wells	8	7,160	388,609
	Prospecting expenditure		440,743	297,326
			447,903	685,935
37	**GENERAL AND ADMINISTRATIVE EXPENSES**			
	Salaries, wages and benefits	37.1	946,049	506,075
	Travelling and conveyance		10,274	4,060
	Repairs and maintenance		7,439	5,866
	Rent		15,427	15,501
	Communications		1,650	1,580
	Utilities		14,484	11,510
	Training and seminars		23,612	1,834
	Printing and stationery		2,552	2,487
	Advertisement		8,484	1,970
	Entertainment		4,209	2,124
	Legal and professional charges		14,502	5,708
	Auditors' remuneration and tax services	37.5	6,450	6,439
	Fee and subscription		5,244	3,688
	Software maintenance fee		41,867	37,944
	Insurance		10,945	13,960
	Business development		272,475	89,865
	Corporate social responsibility		70,250	-
	Internship program of Ministry of energy		-	2,368
	Amortization of intangible assets	7	6,655	18,212
	Depreciation	6.4	22,291	23,620
	Security services		4,250	4,115
	Others		5,007	4,214
			1,494,115	763,140

37.1 It includes Rs. 94.004 million (2022: Rs. 90.927 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	
	2023	2022	2023	2022
	Rupees ('000)			
Short term employee benefits				
Managerial remuneration	60,704	42,633	471,980	308,624
Bonus - Note 37.2.1	23,903	-	196,128	-
Post employment benefits				
Company's contribution to				
Provident fund	2,582	1,733	19,480	12,282
Gratuity benefit	7,473	8,096	58,108	58,606
Other long term employment benefit	3,495	4,676	27,174	33,848
Reimbursable expenses	220	207	2,380	1,392
	98,377	57,344	775,250	414,752
Number of persons	1	1	53	38

Executive means an employee, other than the chief executive and directors, whose basic salary exceeds twelve hundred thousand rupees in a financial year

37.2.1 Bonus includes accruals of expected bonus payment for financial years ended June 22 and June 23.

37.3 **Key management personnel**

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

	2023	2022
	Rupees ('000)	
Managerial remuneration	134,104	113,473
Bonus - Note 37.2.1	53,258	-
Post employment benefit	22,187	26,038
Other long term employment benefit	7,721	12,445
Reimbursable expenses	220	222
	217,490	152,178

37.4 Fee paid to non-executive directors for attending the Board of Directors meetings amounted to Rs. 37.7 million (2022: Rs. 25 million).

	2023	2022
	Rupees ('000)	
37.5 Auditors' remuneration and tax services		
Statutory audit fee	4,278	3,599
Report on consolidated financial statements	414	345
Report on compliance of Public Sector Companies (Corporate Governance) Rules 2013	138	116
Decommissioning certification	966	812
Out of pocket expenses	504	342
Tax services	150	1,225
	6,450	6,439

		Note	2023	2022
			---------------Rupees ('000)---------------	
38	**OTHER EXPENSES**			
	Exchange loss		5,274,568	2,074,799
	Windfall levy on oil / condensate		5,881,892	4,995,336
			11,156,460	7,070,135

		Note	2023	2022
39	**OTHER INCOME**			
	Other income from non financial assets			
	Gain on disposal of fixed assets		328,571	1,003
	Signature bonus		-	31,500
	Others		21	394
			328,592	32,897
	Fair Value Adjustment Reserve- Subsidiary		-	116,298
			328,592	149,195

		Note	2023	2022
40	**TAXATION**			
	Current			
	Charge for the current year		39,193,482	25,352,601
	Charge for prior year		84,953	-
			39,278,435	25,352,601
	Deferred			
	Credit for the current year	26	(2,639,448)	(3,363,449)
			36,638,987	21,989,152

		Note	2023	2022
40.1	**Reconciliation of tax charge for the year:**			
	Accounting profit		85,799,421	65,179,475
	Tax rate		50%	44%
	Tax on accounting profit at applicable rate 50% (2022: 44%)		42,899,711	28,678,969
	Tax effect of:			
	Unwinding of discount on provision of decommissioning cost		461,718	173,521
	Exchange loss / (gain) on provision of decommissioning cost		1,730,598	822,063
	Change in estimates related to provision of decommissioning cost		268,152	(558,812)
	Depletion allowance		(8,304,690)	(7,396,793)
	Income chargeable to tax at reduced corporate rate		(511,924)	74,107
	Prior years charge		(57,118)	-
	Difference in tax and accounting depreciation		-	(303,789)
	Effect of change in tax rate		257,006	655,414
	Interest on loans from subsidiaries		(104,466)	(155,528)
			(6,260,724)	(6,689,817)
			36,638,987	21,989,152

			2023	2022
41	**EARNINGS PER SHARE - BASIC AND DILUTED**			
	Profit for the year	Rupees	49,160,434,000	43,190,323,069
	Weighted average ordinary shares	Number	2,164,316,961	2,103,260,097
	Earnings per share - basic	Rupees	22.71	20.53

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	
	2023	2022
	-----------------Rupees ('000)-----------------	
FINANCIAL ASSETS		
Financial assets classified as amortized cost:		
Receivable from GoP	**70,447,456**	63,966,965
Short term investment	**28,258,016**	24,053,955
Loans / advances to staff	**122,888**	40,896
Loan to subsidiaries	**4,329,587**	5,603,733
Trade debts- net	**191,708,859**	141,458,170
Other receivables	**150,231**	2,022
Accrued interest receivable	**137,567**	160,036
Cash and bank balances	**7,332,186**	7,180,603
	302,486,790	242,466,381
FINANCIAL LIABILITIES		
Financial liabilities classified as amortized cost:		
Loan from National Bank of Pakistan (NBP) - secured	**70,447,456**	63,966,965
Long term liabilities	**6,175,325**	5,036,503
Trade and other payables	**8,019,600**	6,497,013
	84,642,380	75,500,480

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	2023	2022
		------Rupees ('000)------	
Trade Debts			
Counter parties without external credit rating			
Due from associated companies		182,859,268	130,502,465
Others		8,849,591	10,955,705
		191,708,859	141,458,170
Loans, advances, deposits and other receivables			
Counter parties without external credit rating			
Due from associated companies		4,479,818	5,603,733
Others		122,888	22,160
		4,602,706	5,625,893
Receivable from Government of Pakistan (GoP)			
Counter parties without external credit rating		70,447,456	63,966,965
Bank Balances			
Counter parties with external credit rating	A 1+	7,332,145	7,180,549
Short term Investments			
Counter parties with external credit rating	A 1+	28,258,016	24,053,955
Accrued Interest receivable			
Counter parties with external credit rating	A 1+	137,567	160,036

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 long term financial instruments with floating rate, 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

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.

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, 2023 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.

	2023		2022		
	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, 2023 and 2022 is equal to the carrying amounts of financial assets as given below:

	2023	2022
	Rupees ('000)	
Receivable from Government of Pakistan (GoP)	70,447,456	63,966,955
Loan to staff	98,587	31,083
Trade debts - net	191,708,859	141,458,170
Loan to subsidiaries	4,329,587	5,603,733
Advances to staff and other receivables	174,532	11,835
Accrued interest receivable	137,567	160,036
Short term investments	28,258,016	24,053,955
Cash and bank balances	7,332,186	7,180,603
	302,486,790	242,466,380

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

Credit rating	Rating agency		
A-1+	PACRA	5,934,981	5,019,026
A-1+	JCR-VIS	1,397,164	2,161,523
		7,332,145	7,180,549

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:

	2023		2022	
	Gross Debts	Impaired	Gross Debts	Impaired
	Rupees ('000)		Rupees ('000)	
Not past due	20,998,596	-	20,714,101	-
Past due up to three months	17,239,829	-	12,772,673	-
Past due three to six months	18,303,562	-	11,895,705	-
Past due more than six months	135,363,572	196,700	96,615,393	539,704
	191,905,559	196,700	141,997,874	539,704

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

2023						
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	5,736,594	865,113	-	207,692	(77,917)	6,732,482
National Refinery Limited	117,774	37,679	(11,359)	163,593	(19,554)	288,133
Pakistan Refinery Limited	538,337	793,190	348,060	(402)	-	1,679,185
Others	197,963	(113,560)	1,911	152,178	(98,701)	149,791
	6,590,668	1,583,422	338,612	533,061	(196,172)	8,849,591

Party name	Not past due	Past Due			Impaired balance	Total
2022		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)	8,530,130
National Refinery Limited	186,554	975	-	152,709	(152,235)	188,004
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	(96,701)	90,485
	9,687,085	1,045,240	4,731	527,132	(308,485)	10,955,704

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

Party name	Not past due	Past Due			Impaired balance	Total
2023		Up to three months	Three to six months	More than six months		
	-----Rupees ('000)-----					
Sui Northern Gas Pipelines Limited	**3,307,653**	**4,257,583**	**4,793,414**	**41,415,754**	**-**	**53,774,404**
Sui Southern Gas Company Limited	**8,536,440**	**10,203,699**	**13,087,237**	**93,214,623**	**-**	**125,041,999**
Pak Arab Refinery Company Limited	**1,944,201**	**1,069**	**(5,865)**	**6,306**	**(6)**	**1,945,705**
Enar Petroleum Refining Facility	**76,165**	**-**	**(3,384)**	**3,355**	**-**	**76,136**
Oil & Gas Development Company	**519,490**	**1,114,498**	**-**	**191,652**	**(522)**	**1,825,118**
Pakistan Petroleum Limited	**23,979**	**79,558**	**93,548**	**(1,179)**	**-**	**195,906**
	14,407,928	**15,656,407**	**17,964,950**	**134,830,511**	**(528)**	**182,859,268**

Party name	Not past due	Past Due			Impaired balance	Total
2022		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)	-	83,317
	11,027,016	11,727,432	11,890,974	96,088,261	(231,219)	130,502,465

As explained in note 16.1 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 16.3 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:

	2023	2022
	Rupees ('000)	
Balance at beginning of the year	539,704	-
(Reversal) / provision during the year	(343,004)	539,704
Balance at end of the year	196,700	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, 2023, is summarized below:

2023	Effective yield / Interest Rate	Markup/ Interest bearing	Non markup/ Interest bearing	Total
	%	Rupees ('000)		
FINANCIAL ASSETS				
Maturity up to one year				
Loan to staff	-	-	25,904	25,904
Trade debts - net	-	-	191,708,859	191,708,859
Receivable from Government of Pakistan (GoP)	KIBOR+0.2	5,548,325	-	5,548,325
Staff advances and other receivables	-	-	171,469	171,469
Loan to subsidiaries - ISGSL	KIBOR+0.1	190,852	-	190,852
Loan to subsidiaries - PLL	KIBOR+2	1,504,462	-	1,504,462
Accrued interest receivable	14.5 - 18.5	137,567	-	137,567
Short-term investments	20.25 - 21.15	28,258,016	-	28,258,016
Bank balances	6.25 - 20.0	7,332,145	-	7,332,145
		42,971,367	191,906,232	234,877,599
Maturity after one year:				
Loan to staff	-	-	72,683	72,683
Receivable from Government of Pakistan (GoP)	KIBOR+0.2	64,899,131	-	64,899,131
Loan to subsidiaries - PLL	KIBOR+2	2,634,273	-	2,634,273
		67,533,404	72,683	67,606,087
		110,504,771	191,978,915	302,483,686
FINANCIAL LIABILITIES				
Maturity up to one year				
Trade and other payables	-	-	5,907,996	5,907,996
Loan from National Bank of Pakistan (NBP) - secured	KIBOR+0.2	5,548,325	-	5,548,325
Current portion of long term liabilities	-	-	1,667,523	1,667,523
		5,548,325	7,575,519	13,123,844
Maturity after one year:				
Loan from National Bank of Pakistan (NBP) - secured	KIBOR+0.2	64,899,131	-	64,899,131
Long term liabilities	-	-	4,507,802	4,507,802
		64,899,131	4,507,802	69,406,933
		70,447,456	12,083,321	82,530,777

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	-	-	11,835	11,835
Loan to subsidiaries - ISGSL	KIBOR+0.1	355,110	-	355,110
Loan to subsidiaries - PLL	KIBOR+2	1,544,753	-	1,544,753
Accrued interest receivable	11.5 - 13	160,036.49		
Short-term investments	6.9-7.55	24,053,955	-	24,053,955
Bank balances	5.5-6.7	7,180,549	-	7,180,549
		33,294,404	141,480,720	174,615,087
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
		36,998,273	141,501,086	178,339,325
FINANCIAL LIABILITIES				
Maturity up to one year				
Trade and other payables	-	-	5,885,575	5,885,575
Loan from National Bank of Pakistan (NBP) - secured	KIBOR + .5	63,966,965	-	63,966,965
Current portion of long term liabilities	-	-	1,599,557	1,599,557
		63,966,965	7,485,132	71,452,097
Maturity after one year:				
Long term liabilities	-	-	3,436,946	3,436,946
		-	3,436,946	3,436,946
		63,966,965	10,922,078	74,889,043

OFF BALANCE SHEET ITEMS	2023	2022
	Rupees ('000)	
Capital expenditure commitments	3,224,789	3,636,842

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 have interest bearing financial liability i-e long term loan. The Company does not hedges any of its interest bearing liabilities. Moreover, 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 1.97 million (2022: USD 11.86 million).

	2023	2022
	USD ('000)	
FINANCIAL ASSETS		
Short term exposure		
Trade debts	37,171	54,291
FINANCIAL LIABILITIES		
Short term exposure		
Due to joint operation operators	(13,637)	(17,784)
Long term liabilities (carried interest)	(5,823)	(7,826)
	(19,460)	(25,610)
Long term exposure		
Long term liabilities (carried interest)	(15,740)	(16,816)
	(35,200)	(42,426)
Net exposure to foreign currency risk	1,971	11,865

The following significant exchange rates applied during the year:

Average rate		Reporting date rate	
2023	2022	2023	2022
(Pak Rupees)			
248.04	177.45	286.39	204.38

Foreign currency sensitivity

A 10% strengthening of the functional currency against USD at June 30, 2023 would have reduced profit before taxation by Rs. 56.46 million (2022: reduced profit by Rs. 242.5 million). A 10% weakening of the functional currency against USD at June 30, 2023 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, 2022.

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 operations of the Company are solely financed from its equity. Long term loan from NBP is obtained by the Company on behalf of GoP in relation to Reko Diq project for which corresponding receivable is also booked.

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.

42.5.1 Reconciliation of movement of liabilities to cashflows arising from financing activities

The reconciliation of movement of liabilities to cashflows arising from financing activities is as follows

	Long term loans	Long term liabilities	Short term borrowings	Total
	Rs ('000)			
As at July 1, 2021	-	(4,331,436)	-	(4,331,436)
Cash flows	-	109,003	(63,966,965)	(63,857,962)
Other non cash movements	-	(814,070)	-	(814,070)
As at June 30, 2022	-	(5,036,503)	(63,966,965)	(69,003,468)
As at July 1, 2022	-	**(5,036,503)**	**(63,966,965)**	**(69,003,468)**
Cashflows	**(66,848,287)**	**396,714**	**66,848,287**	**396,714**
Other non cash movement	**(3,599,169)**	**(1,535,537)**	**(2,881,322)**	**(8,016,028)**
As at June 30, 2023	(70,447,456)	(6,175,326)	-	(76,622,782)

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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:

	Note	2023	2022
		Rupees ('000)	
Subsidiary companies			
Shares held in subsidiary companies		**5,324,912**	3,431,261
Advance against investment in Shares		**525,069**	2,329,895
Long Term Loan to Subsidiary			
Non- Current Portion		**2,634,274**	3,703,870
Current Portion		**1,695,313**	1,899,863
Interest income on loan to subsidiaries		**267,861**	354,998
Fair value adjustment on loan to subsidiary during the year		-	116,298
Pakistan LNG Limited (PLL) - wholly owned subsidiary and common directorship			
Loan as at June 30		**2,595,747**	3,706,638
Loan repaid during the year		**1,040,291**	1,240,291
Loan adjusted during the year against group tax benefit		**70,600**	-
Payment of security services on behalf PLL		**231**	391
Benefit payable to PLL under group taxation		**2,536,997**	1,307,074
Interest receivable		**1,542,988**	1,541,985
Interest Income		**253,341**	341,063
Interest received		**257,338**	300,000
Fair value adjustment on loan to subsidiary during the year		-	116,298
Interstate Gas Systems (Private) Limited (ISGSL) - wholly owned subsidiary and common directorship			
Advance against issue of shares		**525,069**	2,329,895
Advance received by ISGSL from Government of Pakistan against issue of shares to the Company		**88,825**	436,244
Loan as at June 30		**107,966**	270,302
Loan disbursed during the year		-	-
Loan repaid during the year		**77,383**	-
Loan adjusted during the year against group tax benefit		**84,953**	-
Interest receivable		**82,886**	84,808
Receivable from ISGSL under stop gap arrangement		**150,000**	-
Benefit payable to PLL under group taxation		**476,867**	192,198
Interest income		**9,519**	13,935
Interest received		**11,441**	-
Pakistan International Oil Limited (PIOL)- Associated Company - 25% share holding of the company and common directorship			
Cost of Investment		**6,431,700**	4,205,500
Share of loss in associate		**(297,110)**	(2,513,552)
Pakistan Minerals (Private) Limited (PMPL)- Associated Company - 33.3% share holding of the company and common directorship			
Cost of Investment		**36,569,203**	-
Share of loss in associate		**(386,040)**	-

[illegible]

	Note	2023	2022
		-------------Rupees ('000)-------------	
Major shareholders			
Government of Pakistan (100% share holding)			
Dividend paid		**5,000,000**	5,000,000
Deposit against Reko Diq project		**-**	34,301,231
Long term receivable from GoP		**70,447,456**	63,966,965
Interest accrued on long term receivable from GoP		**5,548,325**	-
Related parties by virtue of GoP holdings and / or common directorship			
Pak Arab Refinery Company Limited			
Sale of crude oil - net		**9,980,008**	8,919,236
Trade debts as at June 30		**1,945,705**	1,728,768
Sui Northern Gas Pipelines Limited			
Sale of natural gas - net		**17,173,129**	12,918,367
Trade debts as at June 30		**53,774,404**	39,529,770
Sui Southern Gas Company Limited			
Sale of natural gas - net		**40,684,094**	30,288,716
Trade debts as at June 30		**125,041,999**	87,111,497
Enar Petroleum Refining Facility			
Sale of crude oil - net		**667,609**	404,009
Trade debts as at June 30		**76,136**	119,152
Oil and Gas Development Company Limited			
Receivable as at June 30		**1,825,118**	1,929,961
Payable as at June 30		**2,041,207**	1,938,970
Expenditure charged by joint operation partner		**5,099,029**	4,702,205
Cash calls paid against joint operation partner expenses		**5,218,579**	3,973,822
Pakistan Petroleum Limited			
Receivable as at June 30		**195,906**	83,316
Payable as at June 30		**702,955**	620,551
Expenditure charged by joint operation partner		**1,554,740**	1,761,889
Cash calls paid against joint operation partner expenses		**1,562,877**	1,793,632
National Bank of Pakistan			
Balance of bank accounts		**925,777**	2,253,351
Interest earned during the year		**289,432**	250,561
Long term loan		**70,447,456**	-
Interest accrued on long term loan during the year		**5,548,325**	-
Short term borrowing		**-**	63,966,965
Other related parties			
Contribution to gratuity fund (refer note 29.3)		**55,785**	41,286
Remuneration to key management personnel (refer note 37.3)		**217,490**	152,178

44 NUMBER OF EMLPOYEES

	2023	2022
Number of employees as at year end	**73**	64
Average number of employees employed during the year	**68**	64

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 GENERAL

46.1 Capacity and production

Product	Unit	Production for the year 2023	2022
Gas	MMSCF	**71,458**	80,005
Oil	Barrels	**2,821,611**	2,862,337
LPG	Metric ton	**73,494**	75,097

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

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

46.3 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.

47 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 15-11-2023 The directors have the power to amend and reissue the financial statements.

Chief Executive Officer

Director

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

GOVERNMENT HOLDINGS (PRIVATE) LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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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, 2023, 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, 2023 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.

Emphasis of Matter

We draw attention to note 35.1.2 to the financial statements, which describes the matter of non-accrual of any penalty under the terms of Gas Sale Purchase Agreement with National Iranian Oil Company – an Iran state owned enterprise. Our opinion is not modified in respect of these matters.

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

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

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

In connection with 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.

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.

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

A.F.Ferguson&Co.

Chartered Accountants
Islamabad
Date: December 26, 2023
UDIN: AR202310083VCJ3qmuTt

GOVERNMENT HOLDINGS (PRIVATE) LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2023

	Note	2023	2022
		Rupees ('000)	
EQUITY AND LIABILITIES			
EQUITY			
Share capital	25	23,221,212	21,327,561
Capital reserves	26	25,000,000	53,946,247
Revenue reserves	26	16,183,456	3,033,404
Unappropriated profit		175,087,882	137,913,444
Advance against issue of shares	25.3	525,069	2,329,896
EQUITY ATTRIBUTABLE TO OWNERS OF THE HOLDING COMPANY		240,017,620	218,550,552
NON-CONTROLLING INTEREST		-	-
TOTAL EQUITY		240,017,620	218,550,552
NON CURRENT LIABILITIES			
Long term liabilities	27	4,507,802	3,436,946
Loan from National Bank of Pakistan (NBP) - secured	31	64,899,131	-
Provision for decommissioning cost	29	14,408,445	8,240,917
Lease liability	7.1	169,165,917	137,666,792
Deferred employee benefits	30	118,013	124,681
		253,099,308	149,469,336
CURRENT LIABILITIES			
Trade and other payables	32	42,314,083	52,454,002
Current portion of long term liabilities	27	1,667,523	1,599,557
Contract liabilities	36.2	1,708	67,353
Loan from National Bank of Pakistan (NBP) - secured	31	5,548,325	-
Short term borrowing - secured	31	-	63,966,965
Lease liability - current portion	7.1	16,252,001	11,528,681
Payable to Government under ITFC Agreement	33	113,898,102	120,565,163
Provision for taxation	34	4,586,480	-
		184,268,222	250,181,721
TOTAL LIABILITIES		437,367,530	399,651,057
TOTAL EQUITY AND LIABILITIES		677,385,150	618,201,609
CONTINGENCIES AND COMMITMENTS	35		

	Note	2023	2022
		Rupees ('000)	
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	6	30,800,143	29,968,846
Right of use asset	7	101,663,596	112,365,027
Intangible assets	8	3,799	8,577
Exploration and evaluation assets	9	4,438,429	5,775,066
Development and production assets	10	16,367,623	13,759,289
Long term loan	14	72,683	20,368
Long term investment in associates	11	55,759,241	2,165,989
Investment in joint venture	12	1,592,996	1,209,463
Deposit with the Government of Pakistan for equity stake in Reko Diq project	15	-	34,301,231
Receivable from the Government of Pakistan (GoP)	13	64,899,131	-
Deferred tax asset	28	23,912,934	9,530,548
		299,510,575	209,104,404
CURRENT ASSETS			
Stores, spares and loose tools - share in joint operations' inventory	16	4,800,359	4,132,756
Current portion of long term loan	14	25,904	33,307
Stock in trade	17	8,483,425	15,720,587
Trade debts - net	19	292,997,128	272,175,706
Recoverable from tax authorities	20	9,587,829	9,337,737
Loans, advances and other receivables	21	1,097,851	320,174
Trade deposits and short term prepayments	22	28,024	19,146
Receivable from the Government of Pakistan (GoP)	13	5,548,325	63,966,965
Accrued interest receivable	18	296,255	216,721
Advance tax	34	-	51,888
Short term investments	23	31,427,558	25,517,895
Cash and bank balances	24	23,581,917	17,604,323
		377,874,575	409,097,205
TOTAL ASSETS		677,385,150	618,201,609

The annexed notes from 1 to 51 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, 2023

	Note	2023	2022
		Rupees ('000)	
Revenue from contracts with customers - net	36	**237,543,745**	497,539,810
Royalty and other levies	37	**(15,262,778)**	(11,359,391)
Operating expenses	38	**(117,227,860)**	(391,366,832)
GROSS PROFIT		**105,053,107**	94,813,587
Exploration and prospecting expenditure	40	**(447,903)**	(685,935)
General and administrative expenses	41	**(2,698,865)**	(1,694,708)
Capital work in progress written off during the year	6.5	**(278,668)**	-
Net impairment loss on financial assets	19.3	**343,004**	(539,704)
Other income	43	**506,041**	34,582
Other expenses	42	**(66,635,881)**	(51,833,581)
OPERATING PROFIT		**35,840,835**	40,094,241
Finance income	39	**14,331,039**	5,652,653
Finance cost	39	**(14,007,989)**	(6,288,361)
Finance cost – net		**323,050**	(635,708)
Share of loss of associate accounted for under equity method	11	**(683,150)**	(2,513,552)
Share of loss of joint venture accounted for under equity method	12	**(35,433)**	(50,211)
PROFIT BEFORE TAXATION		**35,445,302**	36,894,770
Taxation	44	**(24,480,735)**	(15,636,138)
PROFIT FOR THE YEAR		**10,964,567**	21,258,632
PROFIT ATTRIBUTABLE TO:			
Owners of the Holding Company		**10,964,567**	21,258,632
Non-controlling interest		**-**	-
		10,964,567	21,258,632
Earnings per share- basic and diluted (Rupees)	45	**5.07**	10.11

The annexed notes from 1 to 51 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, 2023

	Note	2023	2022
		---Rupees ('000)---	
PROFIT FOR THE YEAR		**10,964,567**	21,258,632
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	**(39,240)**	(63,724)
Taxation		**18,237**	28,039
		(21,003)	(35,685)
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	**1,067,234**	383,973
Share of effect of translation of investment in a foreign associated company of the associate		**14,020,097**	
Effects of translation of investment in a foreign joint venture - net of tax	12	**347,347**	230,437
		15,434,678	**614,410**
Other comprehensive income for the year		**15,413,675**	**578,725**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**26,378,242**	**21,837,357**

The annexed notes from 1 to 51 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, 2023

	Attributable to owners of the Holding Company										
	Share Capital		Revenue Reserve		Capital Reserve						
	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	Mining project reserve	Unappropriated profits	Total Equity
	Rupees ('000)										
Balance as at July 1, 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
Total comprehensive income for the year											
Profit for the year	-	-	-	-	-	-	-	-	-	21,258,632	21,258,632
Other comprehensive loss for the year	-	-	-	614,410	-	-	-	-	-	(35,685)	578,725
Total comprehensive income for the year	-	-	-	614,410	-	-	-	-	-	21,222,947	21,837,357
Transactions with owners of the Holding Company											
Contributions											
Advance received against issue of shares	-	436,244	-	-	-	-	-	-	-	-	436,244
Issue of shares	442,440	(442,440)	-	-	-	-	-	-	-	-	-
	442,440	(6,196)	-	-	-	-	-	-	-	-	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)	-	-	-	-	-	-	-	(5,000,000)	(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
Balance as at July 01, 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
Total comprehensive income for the year											
Profit for the year	-	-	-	-	-	-	-	-	-	10,964,567	10,964,567
Other comprehensive income / (loss) for the year	-	-	-	15,434,678	-	-	-	-	-	(21,003)	15,413,675
Total comprehensive income for the year	-	-	-	15,434,678	-	-	-	-	-	10,943,565	26,378,242
Transactions with owners of the Holding Company											
Contributions											
Advance received against issue of shares	-	88,825	-	-	-	-	-	-	-	-	88,825
Issue of shares	1,893,651	(1,893,651)	-	-	-	-	-	-	-	-	-
Transfer of reserves to unappropriated profits	-	-	(2,284,626)	-	(20,946,247)	(25,000,000)	(3,000,000)	-	-	51,230,874	-
Transfer of profits to Mining project reserve	-	-	-	-	-	-	-	-	20,000,000	(20,000,000)	-
	1,893,651	(1,804,826)	(2,284,626)	-	(20,946,247)	(25,000,000)	(3,000,000)	-	20,000,000	31,230,874	88,825
Distributions											
Interim dividend 2023: Rs. 2.15 per share	-	-	-	-	-	-	-	-	-	(5,000,000)	(5,000,000)
Total contributions and distributions- net	1,893,651	(1,804,826)	(2,284,626)	-	(20,946,247)	(25,000,000)	(3,000,000)	-	20,000,000	26,230,874	(4,911,175)
Balance as at June 30, 2023	23,221,212	525,069	-	16,183,456	-	-	-	5,000,000	20,000,000	175,087,882	240,017,620

The annexed notes from 1 to 51 form an integral part of these consolidated financial statements.

Chief Executive Officer

Director

GOVERNMENT HOLDINGS (PRIVATE) LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023	2022
		----------Rupees ('000)----------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		**35,445,302**	36,894,770
Adjustments for:			
Amortisation of development and production assets	10	**4,739,174**	3,805,248
Depreciation on joint operations' fixed assets	6.2	**2,611,052**	2,581,680
Depreciation on right of use assets	7	**10,701,431**	10,701,431
(Gain) / loss on disposal of property, plant and equipment	43	**337,989**	(2,481)
Loss on assets written off	6.5.1	**278,668**	-
Impairment on property, plant and equipment	38.2	**104,076**	459,808
Impairment on development and production assets	38.2	**308,352**	772,213
Depreciation on owned fixed assets	6.1	**37,981**	37,397
Amortisation of intangible assets	8	**7,324**	18,786
Share of loss of associate	11	**683,150**	2,513,552
Dry hole wells	40	**7,160**	388,609
Provision for employee benefits	30 & 32.2	**153,827**	131,814
Unwinding of discount on provision for decommissioning cost	29.1	**923,436**	394,365
Unwinding of discount on long term liability	27.1	**137,133**	9,829
Discount of long term liability	27.1	**(519,532)**	(646,289)
Unrealised exchange (gain) / loss		**55,129,662**	37,611,701
Share of loss from joint venture - net of taxation	12.1	**35,433**	50,211
Provision for windfall levy on oil / condensate	42	**5,881,892**	4,995,336
Reversal due to change in decommissioning cost estimates	29.3	**(391,758)**	(347,222)
Net impairment loss on financial assets	19.3	**(343,004)**	539,704
Interest on delayed payment	39	**47,510**	179,767
Interest expense on lease liability	39	**7,337,880**	5,683,227
Interest income	39	**(13,811,507)**	(5,006,366)
		109,842,631	101,767,090
Changes in working capital:			
Increase in stores, spare and loose tools - share in joint operations' inventory		**(667,603)**	(33,546)
(Increase) / decrease in stock in trade		**7,237,162**	(12,845,661)
Increase in trade debts		**(20,137,883)**	(80,225,672)
Increase in recoverable from tax authorities		**(250,092)**	(5,338,281)
Decrease / (increase) in loans, advances and other receivables		**(777,676)**	16,819
Increase in trade deposits and short-term prepayments		**(8,879)**	(488)
Increase / (decrease) in trade and other payables		**(16,000,998)**	15,178,288
Increase in contract liabilities		**(65,645)**	67,353
		(30,671,614)	(83,181,188)
Cash generated from operations		**79,171,018**	18,585,902
Long term loan to staff	14	**(44,912)**	(29,396)
Income tax paid	34	**(34,671,804)**	(27,991,363)
Employee benefits paid	30 & 32.2	**(198,221)**	(90,744)
Interest paid on delayed payments	39	**(47,510)**	(179,767)
Net cash (used) / generated from operating activities		**44,208,571**	(9,705,367)

	Note	2022	2021
		--------------------Rupees ('000)--------------------	
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		**(8,603,225)**	(7,111,719)
Deposit with the Government of Pakistan in connection with Riko Diq project		**-**	(34,301,231)
Proceeds from disposal of property, plant and equipment		**338,110**	1,511
Interest received		**13,838,644**	5,567,878
Investment in associate		**(4,494,172)**	(4,205,500)
Investment in joint venture		**-**	-
Sale / (purchase) of short term investments		**10,000,000**	2,000,000
Net cash used in investing activities		**11,079,357**	(38,049,062)
CASH FLOWS FROM FINANCING ACTIVITIES			
Advance received against issue of shares	25.3	**88,825**	436,244
Repayment of short term borrowing		**(63,966,965)**	
Proceeds from long term loan		**63,966,965**	
Repayments against long term liabilities		**(396,714)**	(109,003)
Dividend paid		**(5,000,000)**	(5,000,000)
Lease rentals paid		**(21,319,049)**	(15,312,568)
Government loan proceeds		**(6,667,061)**	61,251,098
Net cash used in financing activities		**(33,293,999)**	41,265,771
NET INCREASE IN CASH AND CASH EQUIVALENTS		**21,993,928**	(6,488,658)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**33,311,802**	39,800,460
CASH AND CASH EQUIVALENTS RESERVED AGAINST MINING PROJECT RESERVE		**(5,000,000)**	-
CASH AND CASH EQUIVALENTS MARKED WITH LIEN FOR BANK GUARANTEE		**(3,169,542)**	-
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	24.2	**47,136,188**	33,311,802

The annexed notes from 1 to 51 form an integral part of these consolidated financial statements.

Chief Executive Officer

Director

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) Pakistan Minerals (Private) Limited - PMPL - 33.33% shareholding

The Holding Company has invested in the project company, i.e. Reko Diq Mining Company (Private) Limited (RDMC) through Pakistan Minerals (Private) Limited (PMPL), an entity incorporated in Pakistan with initial subscribed share capital of 12,000 shares with par value of Rs 10 each in accordance with the agreements for collective representation of the Company, Pakistan Petroleum Limited (PPL) and Oil and Gas Development Company Limited (OGDCL), together called the State Owned Enterprises (SOEs). RDMC is engaged in the mineral exploration activities in Pakistan. PMPL holds an indirect working interest of 25% (8.33% of each SOE) in the RDMC through offshore holding companies namely Reko Diq Holdings Limited and Reko Diq Investments Limited (hereinafter referred to as "Holdcos"). RDMC 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 RDMC.

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
MPCL	Mach	2.5	Balochishtan
MPCL	Dhadhar	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
OGDCL	Orakzai	4.66	KPK
OGDCL	Palantak	2.5	Balochistan

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Operator	Concession / Block	Working Interest (%)	Province
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	Chah Bali	2.5	Balochistan
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
PPL	Sui North	2.5	Balochistan
PPL	Kalat West	2.5	Balochistan
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 (Exp)*	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

- 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 7	Statement of Cash Flows (Amedments)	January 1, 2022
IFRS 7	Financial Instruments	January 1, 2023
IAS 12	Income taxes (Amendments)	January 1, 2023
IFRS 4	Insurance Contracts (Amendments)	January 1, 2023
IFRS 16	Leases (Amendments)	January 1, 2024

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, 2022, 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 2, 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. 263,190 million (2022: Rs. 237,461 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 19.1

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	714,814
Property, plant and equipment would have been higher by	49,241
Development and production assets would have been higher by	273,815
Exploration & evaluation assets would have been higher by	-
Operating expenses would have been higher by	391,758
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 16

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 Cash 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.

As outlined in note 19, trade debts are separately assessed for ECL measurement except for inter corporate circular debts. 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

The Group has a policy to set aside out of the profits of the Group such amount as the Group 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 Group may be properly applied, and pending such application may, in the like discretion, either be employed in the business of the Group or be invested in such investments, 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.

6 PROPERTY, PLANT AND EQUIPMENT

	Note	2023	2022
		Rupees ('000)	
Owned fixed assets	6.1	**98,389**	69,510
Share in joint operations' fixed assets	6.2	**24,593,240**	24,021,823
Share in joint operations' capital work in progress	6.3	**3,875,864**	3,366,195
Capital work in progress	6.5	**2,232,650**	2,511,318
		30,800,143	29,968,846

6.1 Owned fixed assets

	Office equipment	Furniture and fixtures	Computer equipment	Vehicles	Total
	Rupees ('000)				
As at July 1, 2022					
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
Write off					
Cost	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-
	-	-	-	-	-
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 July 1, 2023					
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
Year ended June 30, 2023					
Opening net book value	**15,362**	**19,947**	**29,502**	**4,699**	**69,510**
Additions	**10,691**	**9,275**	**14,552**	**32,516**	**67,034**
Disposals					
Cost	**1,515**	**652**	**22,666**	**6,576**	**31,409**
Accumulated depreciation	**(1,494)**	**(652)**	**(22,514)**	**(6,576)**	**(31,236)**
	21	**-**	**152**	**-**	**173**
Write off					
Cost	**-**	**-**	**-**	**-**	**-**
Accumulated depreciation	**-**	**-**	**-**	**-**	**-**
	-	**-**	**-**	**-**	**-**
Depreciation charge	**(8,996)**	**(7,824)**	**(16,685)**	**(4,477)**	**(37,981)**
Closing net book value	**17,036**	**21,398**	**27,217**	**32,739**	**98,390**
As at June 30, 2023					
Cost	**65,819**	**67,629**	**102,511**	**63,582**	**299,541**
Accumulated depreciation	**(48,783)**	**(46,232)**	**(75,294)**	**(30,843)**	**(201,153)**
Net book value	**17,036**	**21,397**	**27,217**	**32,739**	**98,389**
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, 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 / (adjustments)	-	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 July 1, 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
Year ended June 30, 2023								
Opening net book value	-	**20,572,065**	**3,080,500**	**23,056**	**1,091**	**8,984**	**336,127**	**24,021,823**
Additions / (adjustments)	-	**(359,695)**	**30,998**	**28,221**	**1,195**	**40**	**752,594**	**453,353**
Adjustment of decommissioning cost	-	**(46,304)**	**(1,288)**	-	-	-	-	**(47,592)**
Transfers From CWIP	-	**2,456,697**	**420,303**	-	-	-	-	**2,877,000**
Disposals								
Cost	-	**332,712**	-	-	-	-	-	**332,712**
Accumulated depreciation		**(274,782)**						**(274,782)**
Accumulated Impairment	-	**(57,930)**	-	-	-	-	-	**(57,930)**
	-	-	-	-	-	-	-	-
Depreciation charge	-	**(1,984,102)**	**(509,826)**	**(8,497)**	**(378)**	**(2,326)**	**(105,923)**	**(2,611,052)**
Impairment charge	-	**(85,002)**	**(12,517)**	**(2,624)**	**(149)**	-	-	**(100,292)**
Closing net book value	-	**20,553,659**	**3,008,170**	**40,156**	**1,759**	**6,698**	**982,798**	**24,593,240**
As at June 30, 2023								
Cost	**54,895**	**49,632,950**	**8,900,731**	**379,044**	**78,884**	**184,339**	**1,716,690**	**60,947,533**
Accumulated depreciation	**(41,950)**	**(25,880,918)**	**(5,109,047)**	**(305,993)**	**(73,160)**	**(174,445)**	**(657,729)**	**(32,243,242)**
Accumulated Impairment	**(12,945)**	**(3,198,373)**	**(783,514)**	**(32,895)**	**(3,965)**	**(3,196)**	**(76,163)**	**(4,111,051)**
Net book value	-	**20,553,659**	**3,008,170**	**40,156**	**1,759**	**6,698**	**982,798**	**24,593,240**
Annual rate of depreciation (%)	33-4	33-4	33-4	20	15	20	33-4	

			2023	2022
6.3	**Share in joint operations' capital work in progress**		-----------Rupees ('000)-----------	
	Balance at the beginning of the year		**3,587,696**	3,311,421
	Cost incurred during the year		**3,393,976**	756,340
	Transferred to development and production assets		**(3,523)**	-
	Transferred to share in joint operations' fixed assets		**(2,877,000)**	(480,065)
			4,101,149	3,587,696
	Accumulated impairment		**(225,285)**	(221,501)
	Balance at the end of the year		**3,875,864**	3,366,195

6.3.1 Total capitalised cost includes asset decommissioning cost amounting to Rs. 235,200 thousand as at June 30, 2023 (2022: Rs. 151,892 thousand)

			2023	2022
6.3.2	Movement in accumulated impairment	**Note**	-----------Rupees ('000)-----------	
	Balance at the beginning of the year		**221,501**	221,501
	Charge for the year		**3,784**	-
	Balance at the end of the year		**225,285**	221,501
6.4	**Allocation of depreciation**			
	Operating expenses	38	**2,611,052**	2,581,680
	General and administrative expenses	41	**37,981**	37,397
			2,649,033	2,619,077
6.5	**Capital work in progress**			
	Iran Pakistan Gas Pipeline Project	6.5.1	**2,232,650**	2,511,318
6.5.1	**Iran Pakistan Gas Pipeline Project**			
	Consultancy services	0	**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- Iran-Pakistan Gas Pipeline Project	6.5.1.2	**(278,668)**	-
	Impairment loss- Gwadar-Nawabshah LNG project	6.5.1.3	**(553,916)**	(553,916)
			2,232,650	2,511,318

6.5.1.1 **Consultancy services**

Engineering and Project Management (E&PM) consultancy

Stage I

Bankable Feasibility Study	**409,866**	409,866
Development of Front End Engineering Design (FEED)	**527,429**	527,429
Detailed Route Survey	**308,451**	308,451
Social and Environmental Impact Assessment (SEIA)	**146,485**	146,485
Project Management	**233,473**	233,473
Other costs	**130,840**	130,840
	1,756,544	1,756,544

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	2023	2022
	-----------Rupees ('000)------------	
Stage II		
Project Management	362,351	362,351
Procurement Services of Long Lead Items (LLI's) and - Engineering, Procurement Construction (EPC) Contract	86,960	86,960
Engineering Support LLI's/EPC Tender	216,371	216,371
Other cost	104,563	104,563
	770,245	770,245
Other consultancy services	19,782	19,782
	2,546,571	2,546,571

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 Subsidiary Company, 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, 2023 using discount rate of 10.07% per annum and growth rate of 4% per annum using the value-in-use model. The project's VIU based on management cash flow forecasts is determined to USD 361.54 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. The existence of future profits is based on business plan which involves making judgements regarding key assumptions underlying the estimation of future profits of the subsidiary company. These assumptions, if not met have significant risk of causing a material adjustment to the carrying amount of CWIP.

6.5.1.2 The management conducted an impairment assessment of the capital work in progress at year ended June 30, 2023. Consequently, they have written off an amount of Rs. 278.7 million, attributing it to the uncertainty surrounding the recoverability of these costs in the future

6.5.1.3 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.

		Note	2023	2022
			---Rupees ('000)---	
6.6	**Allocation of impairment**			
	Operating expenses	38	104,076	459,808

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.

		2023	2022
		---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	32,104,293	21,402,862
	Depreciation charge	10,701,431	10,701,431
	As at end of the year	42,805,724	32,104,293
	Net carrying amount at end of the year	101,663,596	112,365,027
	Usefil life	15 years	15 years

		2023	2022
		------------Rupees ('000)------------	
7.1	**Lease liability**		
	As at beginning of the year	149,195,473	123,359,788
	Interest charge during the year	7,337,880	5,683,227
	Lease payments during the year	(21,319,049)	(15,312,568)
	Exchange loss / (gain) during the year	50,203,614	35,465,026
	As at end of the year	185,417,918	149,195,473
	Current portion	(16,252,001)	(11,528,681)
	Non-current portion	169,165,917	137,666,792
	Maturity analysis - contractual undiscounted cash flows		
	Not later than one year	23,741,862	17,579,399
	Later than one year and not later than five years	120,460,757	87,993,321
	Later than five years	81,020,724	79,227,703
		225,223,343	184,800,423

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% i-e 4.2% on the date of commencement of lease to reflect the rate at which external financiers would lend to the Group for the type of asset leased.

		Note	2023	2022
8	**INTANGIBLE ASSETS - SOFTWARES**		------------Rupees ('000)----------	
	Cost		**136,320**	133,774
	Accumulated amortisation		**(132,521)**	(125,197)
	Net book value		**3,799**	8,577
	Opening net book value		**8,577**	25,119
	Additions		**2,546**	2,244
	Disposals			
	Cost		**4,215**	-
	Accumulated amortisation		**(4,215)**	-
			-	-
	Amortisation charge		**(7,324)**	(18,786)
	Closing net book value		**3,799**	8,577
	Annual rate of amortisation (%)		**20-33**	20-33
9	**EXPLORATION AND EVALUATION ASSETS**			
	Balance at beginning of the year	9.1	**5,775,066**	5,752,966
	Expenditure incurred during the year		**442,770**	410,709
			6,217,836	6,163,675
	Cost of dry and abandoned wells during the year	40	**(7,160)**	(388,609)
	Transfer to development and production assets during the year		**(1,772,247)**	-
			(1,779,407)	(388,609)
	Balance at end of the year		**4,438,429**	5,775,066

9.1 This includes asset decommissioning cost amounting to Rs. 7,293 thousand which has been transferred to development and production assets during the year.

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10 DEVELOPMENT AND PRODUCTION ASSETS

2023

Particulars	Working interest	Cost: As at July 1, 2022	Cost: Additions	Cost: Adjustments	Cost: Adjustment of Decommissioning Cost	Cost: Transfers	Cost: As at June 30, 2023	Amortization: As at July 1, 2022	Amortization: Charge for the year	Amortization: As at June 30, 2023	Impairment: As at July 1, 2022	Impairment: Charge for the year	Impairment: As at June 30, 2023	Carrying amount: As at June 30, 2023
		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%	259,905	-	-	-	-	259,905	204,718	-	204,718	55,187	-	55,187	-
Ahmadal/Pariwali	17.50%	779,472	2,238	-	-	-	781,707	637,512	41,475	678,987	-	-	-	102,720
Miwal	17.50%	3,831	-	(19)	-	-	3,812	1,782	87	1,867	-	-	-	1,945
Mazarani	12.50%	136,602	-	-	-	-	136,602	118,273	-	115,273	21,328	-	21,328	1
Sawan	22.50%	3,420,321	2,431	-	-	-	3,422,852	2,623,018	28,352	2,651,370	604,063	-	604,063	167,819
Zamzama	25.00%	4,774,426	15,880	(2,134)	(21,493)	-	4,766,459	3,711,562	16,301	3,728,863	1,016,730	-	1,016,730	22,866
Mubarak	25.00%	1,404,700	96,628	(52,190)	-	-	1,449,136	272,211	5,167	277,378	1,089,875	-	1,089,875	81,885
Nim	22.50%	520,844	149,130	(102,131)	-	-	567,844	237,483	71,525	309,008	-	-	-	258,836
Mehran	25.00%	89,203	-	-	-	-	89,203	1,933	-	1,933	67,270	-	67,270	-
Chanda	17.50%	1,616,436	-	-	-	-	1,616,436	1,166,480	108,618	1,275,098	-	-	-	341,338
Gambat	25.00%	442,403	7,253	-	-	-	449,656	242,720	7,253	249,973	199,682	-	199,682	1
Tal (all fields)	15.00%	6,253,675	198,532	9,341	(42,262)	255,349	6,674,634	5,272,414	389,486	5,661,900	-	-	-	1,012,734
Khipro (all fields)	25.00%	3,245,991	459,855	(5,248)	-	148,867	3,859,460	2,413,344	349,360	2,762,704	-	-	-	1,096,754
MirpurKhas (all fields)	25.00%	6,200,628	1,093,996	(110,156)	-	143,304	7,297,743	5,136,448	680,235	5,786,683	-	-	-	1,511,060
Chachar	25.00%	251,861	-	-	(613)	-	251,248	159,060	118	159,178	91,855	-	91,855	215
Nashpa	15.00%	5,029,483	-	(3)	-	-	5,029,480	2,734,902	437,277	3,172,179	-	-	-	1,857,301
Sinjhoro	22.50%	830,390	78,051	-	(2,137)	163,010	1,069,313	472,602	137,948	610,550	-	-	-	458,763
Maher	25.00%	4,372,405	15,945	(36,891)	-	-	4,349,458	1,745,730	510,448	2,256,178	671,218	187,264	858,482	1,234,798
Jhakro	22.50%	10,107	-	-	-	-	10,107	10,079	-	10,079	28	-	28	-
Guddu	22.50%	154,939	29	-	(1,691)	-	153,277	119,855	5,299	125,154	-	-	-	28,123
Bolan	17.50%	565,815	-	(2,437)	-	-	563,378	473,111	29,530	502,641	-	-	-	60,737
Gambat South	25.00%	1,734,930	-	-	(53,887)	335,907	2,016,950	702,527	194,699	897,226	-	-	-	1,119,724
Bitrisim	22.50%	312,907	1,231	(3,200)	-	-	310,934	120,232	22,796	143,028	-	-	-	167,906
Tando Allah Yar (all fields)	22.50%	258,519	61,506	-	(709)	25,311	344,627	215,374	20,767	236,141	-	-	-	108,486
Shah Bandar	2.50%	59,017	-	-	-	-	59,017	57,030	1,986	59,016	-	-	-	1
Khewari	22.50%	209,763	-	(2,381)	-	-	207,382	6,770	39,784	46,554	-	-	-	160,828
Dhok Sultan	25.00%	-	-	-	-	1,764,954	1,764,954	-	1,008,390	1,008,390	-	-	-	756,564
Decommissioning cost		3,062,347	1,660,105		(139,053)	7,293	4,596,692	1,861,536	663,272	2,524,808	231,921	12,443	244,364	1,821,520
Sub total producing fields		48,237,712	3,922,758	(305,446)	(261,845)	2,843,994	52,383,168	31,022,458	4,739,174	35,761,665	4,048,157	199,707	4,248,864	12,372,835

*This includes reversal of decommissioning cost amounting Rs. 122,792 thousand directly made against related field assets under provisions of IFRIC 1 - Changes in existing decommissioning, restoration and similar liabilities.

Developing fields-Joint operations

2023		Cost						Amortization			Impairment			Carrying amount
Particulars	Working interest	As at July 1, 2022	Additions	Adjustments	Adjustment of Decommissioning Cost	Transfers	As at June 30, 2023	As at July 1, 2022	Charge for the year	As at June 30, 2023	As at July 1, 2022	Charge for the year	As at June 30, 2023	As at June 30, 2023
		Rupees ('000)						Rupees ('000)			Rupees ('000)			Rupees ('000)
Developing fields-Joint operations														
Meher	25.00%	-	825,033	-	-	-	825,033	-	-	-	-	108,644	108,644	716,389
Ahmadal/Panwali	17.50%	-	-	-	-	-	-	-	-	-	-	-	-	-
Tando Allah Yar (all fields)	22.50%	25,311	184,137	-	-	(25,311)	184,138	-	-	-	-	-	-	184,138
Kandra	25.00%	3,577	-	-	-	-	3,577	-	-	-	3,577	-	3,577	-
Nim	22.50%	(2,807)	-	-	-	-	(2,807)	-	-	-	-	-	-	(2,807)
Xodra	20.00%	87,942	6,829	-	-	-	94,771	-	-	-	50,824	-	50,824	43,947
Mubarak	25.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
Tal	15.00%	255,366	1,104	(17)	-	(255,349)	1,104	-	-	-	-	-	-	1,104
MirpurKhas (all fields)	25.00%	139,781	23,600	-	-	(139,781)	23,600	-	-	-	-	-	-	23,600
Khipro (all fields)	25.00%	156,287	5,619	-	-	(148,867)	13,039	-	-	-	-	-	-	13,039
Sawan	22.50%	-	-	-	-	-	-	-	-	-	-	-	-	-
Nashpa	15.00%	572,581	942,987	-	-	-	1,515,568	-	-	-	-	-	-	1,515,568
Mazarani	12.50%	-	-	-	-	-	-	-	-	-	-	-	-	-
Badin III	25.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
Gambat South	25.00%	870,684	-	-	-	(335,907)	534,777	-	-	-	-	-	-	534,777
Block-22	22.50%	15,534	-	-	-	-	15,534	-	-	-	15,534	-	15,534	-
Zamzama	25.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
Sinjhoro	22.50%	163,010	214,681	-	-	(163,010)	214,681	-	-	-	-	-	-	214,681
Chanda	17.50%	-	452,881	-	-	-	452,881	-	-	-	-	-	-	452,881
Bitrism	22.50%	-	-	-	-	-	-	-	-	-	-	-	-	-
Khewari	22.50%	108,700	-	(16,259)	-	-	92,441	-	-	-	-	-	-	92,441
Decommissioning cost		124,495	-	-	(11,971)	-	112,524	-	-	-	7,294	-	7,294	105,230
Sub total developing fields		2,620,462	2,656,872	(16,277)	(11,971)	(1,068,224)	4,180,881	-	-	-	77,229	108,644	185,873	3,994,985
Total		48,908,174	6,479,628	(325,725)	(273,815)	1,775,769	56,584,029	31,022,486	4,739,174	35,761,660	4,126,386	308,352	4,434,737	16,387,623

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

10.2 DEVELOPMENT AND PRODUCTION ASSETS

2022		Cost						Amortization			Impairment			Carrying amount
Particulars	Working Interest	As at July 1, 2021	Additions	Adjustments	Adjustment of Decommissioning Cost	Transfers	As at June 30, 2022	As at July 1, 2021	Charge for the year	As at June 30, 2022	As at July 1, 2021	Charge / (Reversal) 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	-	871,218	871,218	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	958,890
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. 271.086 thousand 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 July 1, 2021	Additions	Adjustments	Adjustment of Decommissioning Cost	Transfers	As at June 30, 2022	As at July 1, 2021	Charge for the year	As at June 30, 2022	As at July 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%	-	-	-	-	-	-	-	-	-	-	-	-	-
Ahmadal/Pariwali	17.50%	-	-	-	-	-	-	-	-	-	-	-	-	-
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
Mubarak	25.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
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
Sewan	22.50%	-	-	-	-	-	-	-	-	-	-	-	-	-
Nashpa	15.00%	48,614	565,358	-	-	(41,391)	572,581	-	-	-	-	-	-	572,581
Mazarani	12.50%	-	-	-	-	-	-	-	-	-	-	-	-	-
Badin III	25.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
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%	-	-	-	-	-	-	-	-	-	-	-	-	-
Bitrism	22.50%	-	-	-	-	-	-	-	-	-	-	-	-	-
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	4,684,264	(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

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

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	Note	2023	2022
		-------------Rupees ('000)-------------	
11 LONG TERM INVESTMENT IN ASSOCIATES			
Unquoted Company			
Pakistan International Oil Limited (PIOL) - Foreign Operation			
Cost of investment (3,500,000 (2022: 2,500,000) fully paid ordinary shares of USD 10 each)	11.1	**6,431,700**	4,205,500
Post acquisition loss brought forward		**(2,039,511)**	-
Share of loss for the year	11.3	**(297,110)**	(2,513,552)
Effect of translation of investment		**1,460,902**	474,041
		1,163,792	(2,039,511)
Post acquisition loss carry forward		**(875,719)**	(2,039,511)
Closing Balance		**5,555,981**	2,165,989
Pakistan Minerals (Private) Limited - PMPL			
Cost of investment			
Issued Share Capital (4,000 (2022: Nil) fully paid ordinary shares of Rs. 10 each)		**40**	-
Advance against equity		**36,569,163**	-
	11.3	**36,569,203**	-
Share of loss for the period - net of tax (Nov 24, 2022 to Jun 30, 2023)	11.4	**(386,040)**	-
Share of effect of translation of investment in foreign associate - net of tax		**14,020,097**	-
Post acquisition profit carry forward		**13,634,057**	-
Closing Balance		**50,203,260**	-
		55,759,241	2,165,989

11.1 Pakistan International Oil Limited (PIOL) is a company 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. Each consortium company (investors) which includes the Holding Company, Mari Petroleum Company limited (MPCL), Pakistan Petroleum Company Limited (PPL) and Oil & Gas Development Company Limited (OGDCL) have a 25% equity stake in PIOL. During the period, 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 share of loss for the year mainly relates to exploration and evaluation expenses incurred by PIOL.

11.3 The Holding Company made a deposit of Rs 35,901 million (2022: Rs 34,301 million) for investment in Reko Diq Project, subject to conditions precedent as set out in Framework Agreement signed on March 20, 2022. The Framework Agreement sets out the conditions for the reconstitution and development of Reko Diq Mining Project. All the conditions precedent, including but not limited to, the signing of the definitive agreements and judicial validation were completed as on December 15, 2022. The Holding Company has invested in the project company, i.e. Reko Diq Mining Company (Private) Limited (RDMC) through Pakistan Minerals (Private) Limited (PMPL), an entity incorporated in Pakistan under COmpanies Act, 2017, with initial subscribed share capital of 12,000 shares with par value of Rs 10 each in accordance with the agreements for collective representation of the Holding Company, Pakistan Petroleum Limited (PPL) and Oil and Gas Development Company Limited (OGDCL), together called the State Owned Enterprises (SOEs). RDMC is engaged in the mineral exploration activities in Pakistan. PMPL holds an indirect working interest of 25% (8.33% of each SOE) in the RDMC through offshore holding companies namely Reko Diq Holdings Limited and Reko Diq Investments Limited (hereinafter referred to as "Holdcos"). RDMC 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 RDMC. The SOEs have representation on the Boards of Holdcos and RDMC through PMPL.

The investment in PMPL by the Holding Company has been accounted for as an associate with the carrying amount of investment amounting to Rs 35,901 million, based on the total purchase consideration paid by the Holding Company in the form of initial entry fee Rs 34,301 million and the interest payments Rs 1,600 million thereon till December 15, 2022. Initial accounting in respect of acquisition under the applicable financial reporting framework involves identifying and determining the fair values to be assigned to the investee's identifiable assets and liabilities, for determination of goodwill or bargain purchase gain, if any. The Holding Company has conducted its assessment for identification and valuation of assets and liabilities of the investee, and as a result of this assessment has not identified any goodwill or bargain purchase gain in the aforesaid acquisition.

During the year, the Holding Company made additional investment in PMPL amounting to Rs 668 million which increased the total equity investment of the Holding Company in the associate to Rs 36,569 million as at June 30, 2023. In addition to the initial subscribed share capital, PMPL is in the process of issuing shares to the Holding Company against further equity contributions.

Furthermore, discussions are currently in progress in respect of the interest expressed by a potential investor in the equity stake of PMPL in the Reko Diq project. However, as of the date of approval of these consolidated financial statements, nothing has been materialized.

11.4 The loss for the period mainly relates to PMPL's share of loss in its associated Company, Reko Diq Holdings Limited (RDHL) while the other comprehensive income relates to gain on retranslation of PMPL's share of investment in foreign operation i-e RDHL.

11.5 Summarised financial information for associates

The share of loss of PMPL and the below summarized financial information is based on the audited financial statements of the associate for the period from inception to June 30, 2023 whereas 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, 2022, adjusted for transactions and events up to June 30, 2023 based on management accounts, in USD, converted into PKR at closing exchange rate.

	PMPL		PIOL	
	2023	2022	**2023**	2022
	------------Rupees ('000)------------		----------Rupees ('000)-----------	
Summarised statement of financial position				
Current assets	**120,521**	-	**14,080,066**	2,968,078
Non-current assets	**167,171,543**	-	**8,845,552**	6,310,510
Current	**(8,590)**	-	**(701,696)**	(614,634)
Non Current liabilities	**(16,710,030)**		**-**	-
Net assets	**150,573,444**	-	**22,223,922**	8,663,954

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	PMPL		PIOL	
	2023	2022	**2023**	2022
	-------------Rupees ('000)-------------		----------Rupees ('000)-----------	
Reconciliation to carrying amounts:				
Opening net assets	-	-	**8,663,954**	-
Issued share capital	**120**	-	**8,904,800**	16,822,000
Advance against issue of shares	**109,671,153**	-		-
Profit / (loss) for the period	**(1,158,120)**	-	**(1,188,439)**	(10,054,208)
Other comprehensive income / (loss)	**42,060,291**	-	-	
Retranslation of investment	-	-	**5,843,607**	1,896,162
	150,573,444	-	**22,223,922**	8,663,954
Company's percentage shareholding in	**33.33%**		**25%**	25%
Company's share in carrying value of	**50,191,148**	-	**5,555,981**	2,165,988
Others - exchange rate difference on equity contributions	**12,112**	-	-	-
	50,203,260	-	**5,555,981**	2,165,988
Summarised statement of comprehensive income				
Total comprehensive loss for the	**(1,158,120)**	-	**(1,188,439)**	(10,054,208)
Share of comprehensive loss	**(386,040)**	-	**(297,110)**	(2,513,552)

		Note	**2023**	2022
			----------Rupees ('000)-----------	
12	**INVESTMENT IN JOINT VENTURE**			
	TAPI Pipeline Company Limited (TPCL)	12.1	**1,592,996**	1,209,463
12.1	Opening cost of investment (825,000 shares (2022: 825,000 shares) of USD 10 each)		**1,077,561**	1,077,561
	Investment during the year		-	-
	Closing cost of investment (825,000 shares (2022: 825,000 shares) of USD 10 each)		**1,077,561**	1,077,561
	Post acquisition gains / (losses) brought forward		**131,902**	(102,377)
	Share of loss for the period - net of taxation		**(35,433)**	(50,211)
	Foreign exchange translation gain		**418,966**	284,490
	Post acquisition gain carry forward		**515,435**	131,902
	Balance at the end of the year		**1,592,996**	1,209,463

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.

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

The following table summarizes the financial information of the TPCL as included in the latest available unaudited management accounts for the 12-month periods ended June 30, 2023 and June 30, 2022. The table also reconciles the summarized financial information to the carrying amount of the Company's interest in TPCL.

	2023	2022
	---------Rupees ('000)---------	
Summarized statement of financial position		
Cash and Cash Equivalents	**5,114,694**	5,020,637
Other current assets	**209,997**	46,841
Non-current assets	**26,539,881**	19,221,764
Current liabilities	**(17,035)**	(109,146)
Non-current liabilities	**12,372**	9,167
Net assets	**31,859,909**	24,189,263
Reconciliation to carrying amounts:		
Opening net assets	**24,144,483**	21,245,872
Total comprehensive loss for the period	**(654,831)**	(361,789)
Shareholder account	**-**	-
Foreign exchange translation gain	**8,370,257**	3,305,180
Closing net assets	**31,859,909**	24,189,263
Company's percentage shareholding in the joint venture	**5%**	5%
Company's share in carrying value of net assets	**1,592,996**	1,209,463
Summarized statement of comprehensive income		
Loss for the period	**(654,831)**	(361,789)
Depreciation for the year	**(33,189)**	(40,091)

13 RECEIVABLE FROM GOVERNMENT OF PAKISTAN (GoP)

	Note	2023			2022		
		Current	**Non - Current**	**Total**	Current	Non - Current	Total
		---Rupees ('000)---			---Rupees ('000)---		
Receivable from GoP	13.1						
Principal amount		-	**64,899,131**	**64,899,131**	61,895,156	-	61,895,156
Accrued interest		**5,548,325**	-	**5,548,325**	2,071,809	-	2,071,809
		5,548,325	**64,899,131**	**70,447,456**	63,966,965	-	63,966,965

13.1 This represents receivable from GoP against 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 principal amount is inclusive of all related expenses i.e. transaction cost, out of pocket expense incurred by the company. During the year ended June 30, 2022, the In order to fulfill the commitment of the Government of Pakistan (GoP) towards the Government of Balochistan (GoB), the Holding Company arranged a short term finance facility for nine months. The Holding Company settled the short term finance during the year. The settlement of short term finance facility was financed by the Holding Company through long term loan from National Bank of Pakistan (NBP) for tenor upto seven year which resulted 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.

	2023	2022
	-----------Rupees ('000)-----------	

13.2 Movement in principal amount and interest accrued is as follows

	2023	2022
Principal Amount:		
Balance at beginning of the year	**61,895,156**	-
Additions during the year	**3,003,975**	61,895,156
Principal amount received during the year	**-**	-
Balance at end of the year	**64,899,131**	61,895,156
Accrued Interest:		
Balance at beginning of the year	**2,071,809**	-
Interest accrued during the year	**9,714,875**	2,071,809
Interest on loan from NBP directly repaid by GoP	**(6,238,359)**	-
Balance at end of the year	**5,548,325**	2,071,809

14 LONG TERM LOAN

	Note	2023			2022		
		Current	**Non - Current**	**Total**	Current	Non - Current	Total
		-----Rupees ('000)-----			-----Rupees ('000)-----		
Loan to staff		**25,904**	**72,683**	**98,587**	33,307	20,368	53,675
		25,904	**72,683**	**98,587**	33,307	20,368	53,675

14.1 This includes loan to managing director /chief executive officer amounting to Rs. 2.667 million (2022: Rs. 5.598 million). The loan was granted in accordance with the Group's service rules and is deductible against salary and carries no interest. The loan was fully repaid during the year

	2023	2022
	-----------Rupees ('000)-----------	
Balance at beginning of the year	**2,677**	5,598
Loan disbursed during the year	**-**	-
Repayment received during the year	**(2,677)**	(2,921)
Balance at end of the year	**-**	2,677

15 DEPOSIT WITH THE GOVERNMENT OF PAKISTAN FOR EQUITY STAKE IN REKO DIQ PROJECT

	Note	2023	2022
Deposits for equity stake in Reko Diq project	15.1	-	34,301,231

15.1 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. Further, an interest at the rate of US Prime plus 2% (Interest Amount) was payable to Antofagasta, if the conditions were not satisfied by June 30, 2022.

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 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 agreed to fund its corresponding share of the Interest Amount as and when accrued and payable.

As the conditions set out in the Framework Agreement were not satisfied by June 30, 2022, the Holding Company deposited additional amount of Rs. 1,599.9 million, on account of interest equivalent to US Prime plus 2% on the Holding Company's deposit of USD 187.5 million with the GoP, as mentioned above.

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 "legal". Consequently, the Economic Coordination Committee (ECC) of the Cabinet approved the opening of an escrow account for depositing $900 million for making the project operational. 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.

Upon completion of all the pre-conditions as set out in the Framework Agreement, including but not limited to, the signing of the definitive agreements and judicial validation by December 15, 2022, the transaction for reconstitution of Reko Diq project was completed. Consequently the Holding Company's deposit with GoP for equity stake in Reko Diq Project amounting Rs. 35,901.17 million, comprising of Initial deposit and interest payment, was transferred to Pakistan Minerals (Private) Limited (PMPL) with effect from December 15, 2022, under the share subscription agreement dated December 1, 2022 signed between SOEs and PMPL which has been further explained in note 11.

	Note	**2023**	2022
		Rupees ('000)	
Movement during the year			
Initial deposit with GoP ($ 187.5 million)		**34,301,231**	34,301,231
Interest payments		**1,599,940**	-
Total deposit with GoP for equity stake in Reko Diq Project		**35,901,171**	34,301,231
Equity stake in Reko Diq against deposit with GoP	11.3	**(35,901,171)**	-
		-	34,301,231

		Note	2023	2022
			----------------Rupees ('000)----------------	
16	**STORES, SPARES AND LOOSE TOOLS - SHARE IN JOINT OPERATIONS' INVENTORY**			
	Store, spares and loose tools		5,296,066	4,628,463
	Impairment for slow moving and obsolete stores, spares and loose tools	16.1	(495,707)	(495,707)
			4,800,359	4,132,756
16.1	**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

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

		Note	2023	2022
			----------------Rupees ('000)----------------	
17	**STOCK-IN-TRADE**			
	LNG held with third party	17.1	8,382,078	15,619,240
	RLNG held in pipeline	17.2	101,347	101,347
			8,483,425	15,720,587

17.1 This represents closing stock of LNG 86,091.66 m^3 (2022: 135,823.76 m^3) inventory held with PGP Consortium Limited (PGPCL) at the Floating Storage and Regasification Unit (FSRU) as at June 30, 2023. Furthermore, the inventory includes a stock of 38,310.03 m^3 on account of borrowing and lending mechanism with SNGPL, in relation to LNG cargoes received PLL at FSRU. As per the mechanism, the LNG inventory in MMBTU terms is recouped by PLL from subsequent month cargo received by SNGPL. The borrowing and lending mechanism is a molecule to molecule adjustment, with no financial transaction taking place between SNGPL and PLL.

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

		Note	2023	2022
			----------------Rupees ('000)----------------	
18	**ACCRUED INTEREST RECEIVABLE**			
	Accrued interest receivable on bank deposits	18.1	296,255	216,721

18.1 This represents interest accrued on bank deposits carrying mark-up at the rate ranging between 18.50% and 20.00% per annum (2022: 11.50% and 13.00% per annum).

			2023	2022
19	**TRADE DEBTS**	Note	Rupees ('000)	
	Unsecured - considered good		**292,997,128**	272,175,706
	Unsecured - considered doubtful		**196,700**	539,704
			293,193,828	272,715,410
	Provision for doubtful debts	19.3	**(196,700)**	(539,704)
			292,997,128	272,175,706

19.1 Trade debts include overdue amount of Rs. 263,190 million (2022: Rs. 237,461 million) on account of inter-corporate circular debt, receivable from oil refineries and gas companies out of which Rs. 116,505 million (2022: Rs. 80,718 million) and Rs. 146,684 million (2022: Rs. 156,743 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.

19.2 Total amount due from related parties as on June 30, 2023 is Rs. 284,147 million (2022: Rs. 261,220 million) and maximum amount due at the end of any month during the year was Rs. 284,147 million (2022: Rs. 261,220 million). For party wise details refer note 46.2.2.

		2023	2023
		Rupees ('000)	
19.3	Movement in provision for doubtful debts		
	Balance at beginning of the year	**539,704**	-
	Provision during the year	**-**	539,704
	Reversal of provision	**(343,004)**	-
	Balance at end of the year	**196,700**	539,704

20	**RECOVERABLE FROM TAX AUTHORITIES**			
	General sales tax recoverable	20.1	**9,587,829**	9,337,737

20.1 This mainly pertains to import of LNG cargos and management is confident that it is adjustable against future sales of the Group. General sales tax recoverable has been recognised taking into account the availability of future sales as per business plan of the Group. The existence of future sales is based on business plan which involves making judgements regarding key assumptions underlying the estimation of the future sales of the Group. These assumptions, if not met have significant risk of causing a material adjustment to the carrying amount of general sales tax recoverable. The management believes that it is probable that the Group will be able to achieve the sales projected in the business plan.

			2023	2023
21	**LOANS, ADVANCES AND OTHER RECEIVABLES**		Rupees ('000)	
	Secured			
	Advances against salary to staff	21.1	**67,772**	10,013
	Unsecured and considered good			
	Advances to suppliers		**4,136**	11,321
	Advance against arbitration		**78,026**	94,931
	Other receivable	21.2	**947,917**	203,909
			1,097,851	320,174

21.1 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.

21.2 It includes Rs. 200.45 million (2022: 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).

22 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

	Note	2023	2022
		Rupees ('000)	
Security deposits		**1,031**	330
Short term prepayments			
Software maintenance fee		**11,308**	4,128
Insurance		**8,782**	7,159
Others		**6,903**	7,529
		26,993	18,816
		28,024	19,146

23 SHORT TERM INVESTMENTS

Investment held at amortised cost

	Note	2023	2022
Term deposit receipts	23.1	**31,065,431**	25,446,864
Interest accrued		**362,127**	71,031
		31,427,558	25,517,895

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

Credit rating	Rating agency	Rate	2023	2022
Investments maturing within three months				
A-1+	PACRA	20.25%	**8,000,000**	-
A-1+	PACRA	20.25%	**8,000,000**	10,000,000
A-1+	PACRA	21.15%	**12,000,000**	4,000,000
A-1+	VIS	14.80%	**3,065,431**	1,371,864
A-1+	VIS		-	75,000
Interest accrued			**362,127**	43,894
			31,427,558	15,490,758
Investments maturing after three months				
A-1+	VIS		-	10,000,000
Interest accrued			-	27,137
			-	10,027,137
Total investments			**31,427,558**	25,517,895

23.2 This include Rs 5,000 million (2022: Rs nil) which is subject to restriction as the amount is reserved against funded mining project reserve which is further explained in note 26.9.

23.3 Term deposit receipts (TDRs), including interest accrued thereon, of Rs 3,169.542 million have been placed as a guarantee on account of Sindh Infrastructure Cess, as referred to in para iii of note 35.1.3.2. After conclusion of Court proceedings and the related judgement by the Court, the amount will be released accordingly.

24 CASH AND BANK BALANCES

	Note	2023	2022
		------------Rupees ('000)------------	
Cash:			
- In hand		**1,864**	1,991
- At banks	24.1		
Saving accounts		**23,579,940**	17,571,611
Current accounts		**113**	30,721
		23,581,917	17,604,323

24.1 These carry mark-up at the rate ranging between 6.83% and 20.00% per annum (2022: 3.01% and 13.00% per annum).

24.2 Cash and cash equivalents

	Note	2023	2,022
		------------Rupees ('000)------------	
Investment in term deposit receipts	23.1	**31,427,558**	15,490,758
Cash and bank balances	24	**23,581,917**	17,604,323
Accrued interest on savings accounts	18	**296,255**	216,721
		55,305,730	33,311,802
Less:			
TDRs reserved against mining project reserve	23.2	**(5,000,000)**	-
TDRs marked with lien for bank guarantee	23.3	**(3,169,542)**	-
		(8,169,542)	-
		47,136,188	33,311,802

25 SHARE CAPITAL

Authorized share capital

2023	2022		2023	2022
--------------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

2023	2022		2023	2022
--------------Number of shares--------------			------------Rupees ('000)------------	
2,322,121,233	2,132,756,107	Ordinary shares of Rs. 10 each, fully paid in cash	**23,221,212**	21,327,561
2,164,316,961	2,103,260,097	Weighted average shares		

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

	2023	2022	2023	2022
	---------- Number of shares ---------		------------Rupees ('000)------------	
At July 1	**2,132,756,107**	2,088,512,092	**21,327,561**	20,885,121
Ordinary shares of Rs 10 each paid in cash issued during the year	**189,365,126**	44,244,015	**1,893,651**	442,440
At June 30	**2,322,121,233**	2,132,756,107	**23,221,212**	21,327,561

25.2 Government of Pakistan (GoP) holds 100% shares. Of these shares, two nominee directors hold one qualification share, each. All ordinary shares rank equally with regard to the Group's residual assets. GoP as holder of these shares is entitled to dividend as declared from time to time and are entitled to vote at general meetings of the Group.

Subsequent to enactment of "Sovereign Wealth Fund Act, 2023" (the Act), Pakistan sovereign wealth fund (the Fund) is to be established by the Government of Pakistan (GoP). Subject to the creation of the Fund, the entire shareholding of the GoP in the Group is expected to be transferred to the Fund subject to regulatory approvals and other procedural matters.

25.3 Advance against issue of shares

	2023	2022
	----------Rupees ('000)----------	
Balance at beginning of the year	**2,329,895**	2,336,091
Advance received against issue of shares	**88,825**	436,244
Issue of shares	**(1,893,651)**	(442,440)
Balance at end of the year	**525,069**	2,329,895

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	2023	2022
		----------Rupees ('000)----------	
Revenue reserves			
General reserve	26.2	**-**	2,284,626
Foreign currency translation reserve	26.3	**2,163,359**	748,778
Foreign currency translation reserve - associated company	26.4	**14,020,097**	-
		16,183,456	3,033,404
Capital reserves			
Committed outlay reserve	26.5	**-**	20,946,247
Asset insurance reserve	26.6	**-**	3,000,000
Assets acquisition reserve	26.7	**5,000,000**	5,000,000
LNG project reserve	26.8	**-**	25,000,000
Mining project reserve	26.9	**20,000,000**	-
		25,000,000	53,946,247
		41,183,456	56,979,651

26.1 The Group has appropriated and created these reserves in accordance with the principles of prudence.

26.2 The general reserve was created to cater for contingencies related to relevant interest carried cost based on current exploration commitments and other unforeseen events. During the year, this reserve has been reverted back to accumulated profits.

26.3 This represents the translation reserve net of related tax of the retranslation of the investment in the associated company and joint venture.

26.4 This represents accumulated balance of translation effect of a foreign operation in Rupees of associated company.

26.5 The committed outlay reserve was created for future requirements based on expected cash outlay for capital commitments, decommissioning obligations and liability against relevant interest carried cost. During the year, this reserve has been reverted back to accumulated profits.

26.6 The asset insurance reserve was 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. During the year, this reserve has been reverted back to accumulated profits.

26.7 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.

26.8 This reserve was created to cater funding / financial support for LNG Projects being undertaken by incorporated subsidiary company Pakistan LNG Limited (PLL) . During the year, this reserve has been reverted back to accumulated profits.

26.9 This reserve is created in view of the future funding requirements for the Reko-Diq project. This reserve is to be funded for which the Group plans to accumulate the required funds over the next four years.This reserve is not available for distribution to shareholders. Refer Note 23.2 for funds earmarked against this reserve.

		Note	2023	2022
			---Rupees ('000)---	
27	**LONG TERM LIABILITIES**			
	Due to the joint operators	27.1	**6,175,325**	5,036,503
	Current portion shown under current liabilities		**(1,667,523)**	(1,599,557)
			4,507,802	3,436,946

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	2023	2022
		---Rupees ('000)---	
Balance at beginning of the year		**5,036,503**	4,331,436
Unwinding of long term liability		**137,133**	9,829
Payments net off exchange loss		**(396,714)**	(109,003)
Additions / adjustments during the year		**207,779**	214,317
Discounting of long term liability	39	**(519,532)**	(646,289)
Unrealised exchange Loss / (gain) on revaluation		**1,710,156**	1,236,213
	27.2	**6,175,325**	5,036,503

27.2 Long term liabilities in US Dollars have been discounted at a rate of 5.85% per annum (2022: 3.32% per annum).

		Note	2023	2022
			---Rupees ('000)---	
28	**DEFERRED TAX ASSET**			
	Deferred tax asset	28.1	**23,912,934**	9,530,548
28.1	**Movement in the deferred tax asset / (liability):**			
	Balance at beginning of the year		**9,530,548**	(2,348,133)
	Credited to the consolidated statement of profit or loss	44	**14,829,437**	11,994,763
	Credited to the consolidated statement of comprehensive income		**(447,051)**	(116,082)
			23,912,934	9,530,548
28.2	**Deferred tax comprises of following:**			
	Taxable temporary difference arising in respect of:			
	Accelerated depreciation on property, plant and equipment		**(7,328,324)**	(6,301,880)
	Development and production expenditure		**(5,275,558)**	(4,508,753)
	Unwinding of long term liabilities (carried interest)		**(658,643)**	(131,817)
	Provision for decommissioning cost		**(525,794)**	(294,443)
	Effects of translation of investment in a foreign joint venture		**(125,674)**	(54,053)
	Effects of translation of investment in a foreign associate		**(483,736)**	(90,068)
			(14,397,729)	(11,381,014)

	2023	2022
	Rupees ('000)	
Deductible temporary difference arising in respect of:		
Impairment of stores, spares and loose tools	**247,854**	218,111
Unrealised exchange gain / (loss)	**1,956,638**	1,083,672
Work in progress	**198,285**	
Exploration and prospecting expenditure	**2,070,487**	1,689,405
Provision for windfall levy on oil / condensate	**8,642,719**	5,017,560
Operating lease on Floating Storage and Regasification Unit (FSRU)	**24,288,753**	12,154,047
Remeasurement of employees' retirement benefits	**67,005**	33,722
Net impairment loss on financial assets	**98,350**	237,470
Share of loss from associate and foreign joint venture	**740,572**	477,575
	38,310,663	20,911,562
	23,912,934	9,530,548

28.3 Deferred tax has been calculated at the current effective tax rate of 50% (2022: 44%) in case of the Holding Company and 29% (2022: 33%) in case of subsidiary companies. The change in tax rate was substantively enacted on June 26, 2023 as a result of imposition of revised super tax rates and is effective from July 1, 2023. As a result, the relevant deferred tax balances have been remeasured. The impact of the change in tax rate has been recognized in tax expense in profit or loss, except to the extent that it relates to items previously recognized outside profit or loss.

		Note	2023	2022
			Rupees ('000)	
29	**PROVISION FOR DECOMMISSIONING COST**			
	Provision for decommissioning cost	29.1	**14,408,445**	8,240,917
29.1	**Provision for decommissioning cost**			
	Balance at beginning of the year		**8,240,917**	7,343,545
	Provision / (reversal) made during the year	29.2	**2,497,657**	562,832
	Revision due to change in estimates	29.3	**(714,814)**	(1,928,151)
	Revaluation exchange loss / (gain)		**3,461,250**	1,868,326
	Unwinding of discount on provision for decommissioning cost	39	**923,436**	394,365
			14,408,445	8,240,917
29.2	Provision / (reversal) made during the year is distributed as under			
	Share in joint operations' fixed assets	6.2	**752,594**	95,424
	Share in joint operations' capital work in progress	6.3	**84,958**	23,670
	Development and production assets	10	**1,660,105**	443,738
			2,497,657	562,832
29.3	Revision due to change in estimates			
	Share in joint operations' fixed assets		**(47,592)**	(543,078)
	Share in joint operations' fixed assets - capital work in progress		**(1,649)**	(18,805)
	Exploration and evaluation assets		**-**	(21,571)
	Development and production assets		**(273,815)**	(997,475)
	Operating expenses		**(391,758)**	(347,222)
			(714,814)	(1,928,151)
29.4	Significant financial assumptions used were as follows:			
	Discount rate per annum		**7.5% - 11.4%**	9.0% to 9.6%
	Inflation rate per annum		**5.81%**	5.00%

		Note	2023	2022
			----------Rupees ('000)----------	
30	**DEFERRED EMPLOYEE BENEFITS**			
	Accumulating compensated absences		**118,013**	124,681
30.1	**Accumulating compensated absences**			
		30.1		
	Present value of defined benefit obligation at beginning of the year		**124,680**	85,586
	Charge for the year - net		**60,369**	64,020
	Payments made during the year		**(67,036)**	(24,925)
	Present value of defined benefit obligation at end of the year		**118,013**	124,681

Principle actuarial assumptions:

	2023	2022
Valuation discount rate (%)	**15.75% - 16.25%**	13.50%
Salary increase rate (%)	**14.75% to 16.25%**	12.50% to 13.50%

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.

31 LOAN FROM NATIONAL BANK OF PAKISTAN (NBP) - SECURED

		2023			2022		
		Current	Non - Current	Total	Current	Non - Current	Total
		--------Rupees ('000)--------			--------Rupees ('000)--------		
Short term borrowing	31.1						
Principal amount		-	-	-	61,895,156	-	61,895,156
Accrued Interest		-	-	-	2,071,809	-	2,071,809
Long term loan	31.2						
Principal amount		-	64,899,131	**64,899,131**	-	-	-
Accrued Interest		5,548,325	-	**5,548,325**	-	-	-
		5,548,325	**64,899,131**	**70,447,456**	63,966,965	-	63,966,965

Signature

31.1 This represents the short term finance facility obtained by the Holding Company from National Bank of Pakistan (NBP) on behalf of Government of Pakistan (GoP) in order to fulfill the commitment of the Government of Pakistan (GoP) towards the Government of Balochistan (GoB) in relation to Reko diq project. The Holding Company arranged a short term finance facility secured against GoP guarantee 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. The facility has been repaid by the Holding Company during the year on behalf of GoP by obtaining long term loan from NBP.

	2023	2022
	-----------Rupees ('000)-----------	
Balance at beginning of the year	**63,966,965**	-
Draw down during the year	**2,881,322**	61,895,156
Interest accrued during the year	**4,166,550**	2,071,809
Repayment directly made by GoP	**(6,238,359)**	
Repayments during the year	**(64,776,478)**	-
Balance at end of the year	**-**	63,966,965

31.2 This represents the long term finance facility obtained by the Holding Company form National Bank of Pakistan (NBP) in order to settle the short term finance facility obtained by the Holding Company on behalf of the GoP in order to fulfill the commitment of the Government of Pakistan (GoP) towards the Government of Balochistan (GoB) in relation to Reko Diq project. The loan carries interest calculated at 6-month Karachi Interbank Offered Rate (KIBOR) + 0.20% effective from the date of disbursement. The loan was availed for a tenor of seven year (inclusive of a two-year grace period) with effect from December 31, 2022 and is repayable in equal semi annual installments of principal amount starting from June 30, 2025. The loan is secured against a GoP guarantee and letter of comfort.

	2023	2022
	-----------Rupees ('000)-----------	
Balance at beginning of the year	**-**	-
Draw down during the year	**64,899,131**	-
Interest accrued during the year	**5,548,325**	-
Repayments during the year	**-**	-
Balance at end of the year	**70,447,456**	-

32	TRADE AND OTHER PAYABLES	Note	2023	2022
			--------------Rupees ('000)--------------	
	Trade Creditors			
	Due to joint operators		**3,905,427**	3,634,747
	Due to vendors for services acquired		**14,017**	39,283
	Trade payables	32.1	**10,808,080**	25,494,185
			14,727,524	29,168,215
	Other Payables			
	Accrued liabilities		**468,570**	138,804
	Provision for legal disputes	35.1.3.2	**131,900**	-
	Gratuity fund	32.2	**145,964**	144,450
	Payable to provident fund		**4,200**	3,010
	Sales tax payable		**822,487**	807,936
	Port charges recovered		**4,539,305**	3,871,262
	Withholding tax payable		**210,478**	6,372
	Other payables		**10,417**	11,418
	Excise duty and cess payable at import stage		**3,065,431**	5,569,753
	Other levies (receivable) / payable		**13,713**	11,359
	Royalty payable		**888,657**	1,317,878
	Provision for windfall levy on oil / condensate	35.1.1.4	**17,285,437**	11,403,545
			27,586,559	23,285,787
			42,314,083	52,454,002

32.1 This amount includes payable to PGP Consortium Limited (PGPCL) of Rs. 2,318.01 million (2022: Rs. 1,732.64 million) on account of regasification charges and payable to LNG suppliers amounting to Rs. 8,490.07 million (2022: Rs. 23,761.54 million).

The Subsidiary Company, PLL had issued demand letters to its LNG suppliers namely ENI, Gunvor International (GI) and Gunvor Singapore (GS) to claim the amount due to PLL in relation to amounts overbilled to PLL 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 PLL at London Court of International Arbitration (LCIA). Hearing of the case is scheduled on September 28, 2023 at LCIA.

In relation to supplies made by Gunvor International (GI) PLL has raised debit notes for an amount of USD 10.7 million for the recovery of Port Charges. PLL adjusted the aforesaid amount from GI's invoice of February 2022.

Furthermore, GI provided a Standby Letter of Credit (SBLC) amounting to USD 53 million to PLL. Pursuant to the GI's refusal to renew their performance guarantee, PLL encashed the SBLC on date of expiry i.e. March 1st, 2022. GI has initiated arbitration proceedings with LCIA against the aforementioned adjustment and encashment. 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. Subsequent to the year end, the Tribunal issued a procedural order according to which, the Hearing of the case is scheduled in March 2024.

besides the foregoing, PLL has signed Settlement Agreement with Gunvor Singapore (GS) for an amount of USD 2.4 million for recovery of entire overbilled port charges and reimbursement of legal cost amounting USD 280,000. Subsequent to year end the amount has been received in PLL's lawyer account.

32.2	Gratuity fund	2023	2022
		--------------Rupees ('000)--------------	
	The amount recognised in the consolidated statement of financial position is as follows:		
	Present value of defined benefit obligation	**501,099**	393,609
	Fair value of plan assets	**(355,135)**	(249,159)
	Net liability at end of the year	**145,964**	144,450
	The movement in the present value of defined benefit obligation is as follows:		
	Present value of defined benefit obligation at beginning of the year	**393,609**	289,251
	Current service cost	**81,718**	62,593
	Interest cost	**50,127**	28,718
	Benefits paid	**(48,046)**	(45,836)
	Remeasurement of defined benefit obligation	**23,691**	58,883
	Present value of defined benefit obligation at end of the year	**501,099**	393,609

	2023	2022
	--------------Rupees ('000)--------------	
The movement in the fair value of plan assets is as follows:		
Fair value of plan assets at beginning of the year	**249,159**	210,499
Contributions	**86,328**	44,277
Expected return on plan assets	**38,387**	23,518
Payment by employer on behalf of plan	**12,754**	-
Benefits paid	**(15,944)**	(24,294)
Remeasurement of plan assets	**(15,549)**	(4,841)
Fair value of plan assets at end of the year	**355,135**	249,159
The movement in asset / (liability) recognised in the consolidated statement of financial position is as follows:		
Liability at beginning of the year	**144,451**	144,450
Expense for the year	**93,458**	67,793
Remeasurement loss recognised in other comprehensive income during the year	**39,240**	63,724
Payments to the fund during the year	**(131,185)**	(65,819)
Liability at end of the year	**145,964**	210,148
Detail of plan assets		
Cash at bank	**268,832**	110,357
Term deposits	**86,303**	138,802
	355,135	249,159

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.

	2023	2022
	--------------Rupees ('000)--------------	
Amounts recognised in consolidated statement of profit and loss:		
Current service cost	**81,718**	62,593
Net interest cost	**11,740**	5,201
	93,458	67,794
Amounts recognised in consolidated statement of comprehensive income:		
Remeasurement loss recognised on defined benefit obligation	**23,691**	58,883
Remeasurement loss recognised on plan assets	**15,549**	4,841
	39,240	63,724
The remeasurement loss arising from:		
Experience adjustments	**39,240**	63,724
Financial assumptions	**-**	-
	39,240	63,724
Principle actuarial assumptions:	------------------Percentage------------	
Valuation discount rate (%)	**15.75% to 16.25%**	13.50%
Salary increase rate (%)	**14.75% to 16.25%**	12.5% to 13.5%
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, 2023 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	2023	2022
			------Rupees ('000)------	
33	**PAYABLE TO GOVERNMENT UNDER ITFC AGREEMENT**			
	Balance at the beginning of the year		**120,565,163**	59,314,065
	Utilisation during the year	33.1	**5,743,542**	75,464,202
	Amount repaid during the year		**(12,410,603)**	(14,213,104)
	Balance at the end of the year		**113,898,102**	120,565,163

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 2 transactions (2022: 13 transactions) with LNG suppliers under the agreement, amounting to Rs. 5,744 million (2022: Rs. 75,464 million).

		Note	2023	2022
			------Rupees ('000)------	
34	**PROVISION FOR TAXATION / (ADVANCE TAX)**			
	Income tax - payable at beginning of the year		**(51,888)**	308,574
	Income tax paid during the year		**(34,671,804)**	(27,991,363)
	Provision for taxation for the year	44	**39,310,172**	27,630,901
	Income tax - (receivable) / payable at end of the year		**4,586,480**	(51,888)

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 above-mentioned amount includes depletion allowance of Rs 3,686 for which the Commissioner Appeals (CIR - A) has decided the matter in favour of the Holding Company, however, the matter has been taken up by the tax authorities in the Appellate Tribunal which is pending for adjucation.

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	2023	2022
			----------------Rupees ('000)----------------	

35 CONTINGENCIES AND COMMITMENTS

35.1 Contingencies

35.1.1 Government Holdings (Private) Limited (The Holding Company)

	Note	2023	2022
Relating to carried cost liability	35.1.1.1	**2,507,151**	1,765,033
Tax contingencies	35.1.1.2	**18,177,837**	18,177,837
		20,684,988	19,942,870

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 tax year 2022 and 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 additional tax demand of Rs 4,917.94 million and Rs 4,046.82 million for tax year 2022 and 2021 respetively. The Holding Company filed appeal against the order of ADCIR before CIR (A) which is pending for adjudication.

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 3, 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, 2023 amount to approximately Rs 27,602 million (2022: Rs 21,719 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. 17,285 million to prospectively account for the impact of WLO from the date of the SRO i.e. December 27, 2017 till June 30, 2023. The provision has been adequately disclosed in note 32.

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 investment in Pakistan International Oil Limited (PIOL), each associate of the consortium companies including GHPL have provided, joint and several, parent company guarantees to Abu Dhabi National Oil Company (ADNOC) and Supreme Council for Financial and Economic Affairs Abu Dhabi, UAE to guarantee the obligations of the associate, PIOL. The exposure against the said guarantee as at year end amounts to US$ 195 million (2022: US$ 225 million).

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 (2022: 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)

ISGSL has not accrued any penalty under the terms of GSPA with National Iranian Oil Company (NIOC) - an Iran state owned enterprise on the basis of management's assessment of related matters. In making its assessment, the management has considered that owing to the underlying facts and circumstances an extension was agreed in 2019 wherein pipeline was required to be completed by 2024 and subsequent to that various factors including pandemic and other matters have been an impediment in achieving the target. Further, management of the ISGSL believes that both the entities need additional time to fulfil their respective obligations under the GSPA. In addition, not only the matter is being evaluated from legal perspective but the matter is also being considered for a Government to Government level discussion to get an extension in the limitation period expiring in 2024. Keeping in view the foregoing and certain other allied factors, the management believes there is least likelihood of the Group being exposed to penal consequences in foreseeable future and accordingly, no penalty is presently required to be accrued in these consolidated financial statements.

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 204636.

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 terminal Operator has also demanded from PLL, reimbursement of Port Qasim Royalty. PLL has disputed the reimbursement natue of claim of royalty.

London Court of International Arbitration (LCIA) announced its final Award on April 26, 2023 and rejected all claims of parties except following:

1) LCIA finds that it does not have jurisdiction over PGPCL's claim of Pre-CSD and PQA Royalty Claim.
2) Agrees with PLL's calculation of SBLC amounting USD 21,482,272.
3) Award PGPCL to pay USD 7.2 million along with Default Interest @ 3 months KIBOR+1% starting from March 13, 2018 to PLL on account of liquidated damages, till full and final amount is paid.
4) PLL was not entitled to terminate the OSA.
5) Order parties to share arbitration costs in equal shares.
6) Order PLL to pay PGPCL PKR 109.46 million, GBP 8,534.91 and GBP 5,825.36 along with Default Interest @ 3 months KIBOR+1% starting from April 27, 2023 till final payment.

In pursuance of LCIA Award, PLL has settled entire amount in equivalent USD as referred in 6 above amounting USD 4,141,470 on May 22, 2023, has provided SBLC amounting USD 21,482,272. on July 5, 2023, and has agreed to recover LDs amount in equal installment of USD 800,000/- over 16 months till the amount is fully recovered. The estimated amount of LDs along with Interest is USD 12.43 million. During the year PLL has recovered USD 1.6 million from PGPCL.

PGPCL has filed enforcement petition wherein they have sought relief to pay LDs amount along with Default Interest at an exchange rate prevailing as on March 13, 2018. PLL has disputed the relief as the judgement currency is in USD and the LDs amount payable by PGPCL has to be in USD or equivalent PKR prevailing as of the payment date. The matter is pending with Islamabad High Court.

		Note	2023	2022
			Rupees ('000)	
35.2	**COMMITMENTS**			
35.2.1	**Government Holdings (Private) Limited (the Holding Company)**			
	Minimum work commitment	35.2.1.1	**3,224,789**	3,636,842

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 As part of the Shareholders Agreement with the consortium partners in PIOL, associate, the Holding Company has committed to invest upto US$ 100 million in PIOL during the next five years from 31 August 2021, out of which US$ 35 million has been invested till 30 June 2023 (2022: US$ 25 million). The remaining amount of US$ 65 million (2022: US$ 75 million) will be invested in subsequent years

35.2.1.3 As per the Joint Venture Agreement, for reconstitution of the Reko Diq project, the Holding Company has entered into a JV agreement with stakeholder under which it has committed US$ 398 million, adjustable for inflation, to fund its contributing interest of all cost and expenses of the project. The Holding Company has also provided a corporate guarantee in this respect.

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. Under the agreement, PLL has issued a Standby Letter of Credit (SBLC) to Eni for USD 42,433,104.

35.2.3.3 The Company uses premises for official purposes which is rented from the Ministry of Energy (Petroleum Division). In respect of the same, the Company 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 Company has paid rent to the Ministry, due till June 30, 2021, consequent to which, the Company has recognized accrual for the rental expense amounting to Rs. 6.17 million.

35.2.3.4 As at 30 June 2023, PLL has FATR / LC facilities with commercial banks of USD 380.79 million, which are duly secured against a Pari Passu charge on current assets registered with the SECP.

	2023	2022
	----------------Rupees ('000)----------------	
36 REVENUE FROM CONTRACT WITH CUSTOMERS - NET		
Local		
Sales		
- Natural gas	**69,380,608**	51,198,837
- Crude oil	**48,803,085**	41,102,933
- Liquefied petroleum gas	**13,298,902**	11,401,864
- Regasified liquified natural gas	**114,431,048**	460,982,957
Services		
- Regasification services	**16,429,124**	5,308,898
Export		
- Crude oil	**7,686,164**	7,641,000
	270,028,931	577,636,489
Government levies:		
- Sales tax	**(31,570,156)**	(79,045,318)
- Excise duty	**(573,080)**	(701,942)
- Petroleum development levy	**(341,950)**	(349,419)
	(32,485,186)	(80,096,679)
	237,543,745	497,539,810
	237,543,745	497,539,810

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.

Regassified liquified natural gas sales include sales to SNGPL invoiced on provisional prices. There may be adjustment in revenue upon issuance of final regassified liquified natural gas 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**

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

	2023	2022
	----------------Rupees ('000)----------------	
Movement in contract liabilities		
Balance at beginning of the year	**67,353**	82,097
Advances received during the year	**5,230,309**	4,386,640
Transferred to revenue during the year	**(5,295,954)**	(4,401,384)
Balance at end of the year	**1,708**	67,353

		Note	2023	2022
			-------------Rupees ('000)-------------	
37	**ROYALTY AND OTHER LEVIES**			
	Royalty	37.1	**13,864,396**	10,595,840
	Windfall levy	37.2	**1,398,382**	763,551
			15,262,778	11,359,391

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	2023	2022
38	**OPERATING EXPENSES**			
	Operating and other direct expenses	38.1	**99,089,563**	373,322,567
	Depreciation on property, plant & equipment	6.4	**2,611,052**	2,581,680
	Depreciation on right of use asset	7	**10,701,431**	10,701,431
	Amortisation of development and production assets	10	**4,739,174**	3,805,248
	Impairment	38.2	**412,428**	1,232,021
	Decommissioning cost actualised during the year		**65,970**	71,107
	Reversal due to change in decommissioning cost estimates	29.3	**(391,758)**	(347,222)
			117,227,860	391,366,832
38.1	**Operating and other direct expenses**			
	Operating expenses - joint operations & LNG	38.1.1 & 38.1.2	**93,910,835**	348,558,289
	LNG Import related costs		**5,183,589**	24,472,638
	Capacity, utilisation and flexibility charges		**(11,015)**	291,640
	Operations & Maintenance		**6,154**	-
			99,089,563	373,322,567

38.1.1 It includes the Holding Company's share in operating expenses of joint operation amounting to Rs. 10,974 million (2022: Rs. 8,819 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	2023	2022
			-------------Rupees ('000)-------------	
38.2	**Impairment**			
	Impairment on property, plant and equipment	6.6	**104,076**	459,808
	Impairment on development and production assets	10	**308,352**	772,213
			412,428	1,232,021

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, 2023, 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 15.16% (2022: 11.88%) per annum. As a result, impairment loss of 412 million is recognized which has been respectively allocated to the property plant and equipment (PPE) and development and production (D&P) assets of the CGU as disclosed in note 38.2

		Note	2023	2022
			-------------Rupees ('000)-------------	
39	**FINANCE INCOME / (COSTS)**			
	Finance Income			
	Finance income from financial assets			
	Return on bank deposits		**4,290,533**	1,575,015
	Return on term deposit receipts		**3,972,649**	3,431,349
	Interest on long term receivable from GoP		**5,548,325**	-
			13,811,507	5,006,364
	Finance income from non financial assets			
	Gain on long term liability due to change in estimate	27.1	**519,532**	646,289
	Finance Income		**14,331,039**	5,652,653
	Finance Cost			
	Interest expense on lease liability		**(7,337,880)**	(5,683,227)
	Unwinding of discount on provision for decommissioning cost	29.1	**(923,436)**	(394,365)
	Unwinding of discount on long term liability	27.1	**(137,133)**	(9,829)
	Interest on long term loan		**(5,548,325)**	-
	Interest on delayed payment		**(47,510)**	(179,767)
	Bank charges		**(13,705)**	(21,173)
	Finance cost		**(14,007,989)**	(6,288,361)
	Net finance cost		**323,050**	(635,708)

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		Note	2023	2022
			----------------Rupees ('000)----------	
40	**EXPLORATION AND PROSPECTING EXPENDITURE**			
	Cost of dry and abandoned wells	9	**7,160**	388,609
	Prospecting expenditure		**440,743**	297,326
			447,903	685,935
41	**GENERAL AND ADMINISTRATIVE EXPENSES**			
	Salaries, wages and benefits	41.1	**1,642,585**	1,042,560
	TAPI-project expenditure		**3,712**	13,893
	Iran Pakistan gas pipeline project		**2,127**	-
	Pak Stream Gas Pipeline (PSGP) project expenditure		**1,728**	80,315
	Travelling and conveyance		**37,014**	18,424
	Repairs and maintenance		**20,811**	27,724
	Rent		**49,709**	36,464
	Communications		**1,650**	1,580
	Utilities		**24,910**	28,889
	Training and seminars		**29,725**	6,750
	Printing and stationery		**8,382**	7,032
	Advertisement		**14,454**	7,771
	Entertainment		**4,789**	3,055
	Legal and professional charges		**73,599**	124,880
	Auditors' remuneration	41.5	**18,052**	20,069
	Fee and subscription		**5,244**	3,688
	Software maintenance fee		**47,135**	43,609
	Insurance		**19,591**	19,980
	Business development		**272,475**	89,865
	Corporate social responsibility		**74,250**	-
	Internship program of Ministry of Energy		**-**	2,368
	Arbitration cost		**278,655**	44,848
	Amortisation of intangible assets	8	**7,324**	18,786
	Depreciation	6.4	**37,982**	37,398
	Security services		**14,058**	5,878
	Others		**8,905**	8,882
			2,698,865	1,694,708

41.1 It includes Rs. 205.32 million (2022: Rs.172.59 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	
	2023	2022	**2023**	2022
	----Rupees ('000)----			
Managerial remuneration	**60,704**	42,633	**948,174**	650,403
Bonus - Note 41.2.1	**23,903**	-	**196,128**	-
Post employment benefits	**13,550**	14,505	**265,748**	172,902
Reimbursable expenses	**220**	207	**2,380**	1,392
Additional charge allowance	**-**	-	**-**	
	98,377	57,345	**1,412,431**	824,698
Number of persons	**1**	1	**107**	89

41.2.1 Bonus includes accruals of expected bonus payment for financial years ended June 22 and June 23.

41.3 Key management personnel

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

	2023	2022
	----Rupees ('000)----	
Managerial remuneration	**186,024**	184,482
Bonus - Note 41.2.1	**53,258**	1,176
Post employment Benefit	**41,801**	50,496
Reimbursable expenses	**220**	1,774
	281,303	237,928

41.4 Fee paid to non-executive directors for attending the Board of Directors meetings amounted to Rs. 65.7 million (2022: Rs. 68.1 million).

	2023	2022
	----Rupees ('000)----	
41.5 Auditors' remuneration		
Holding Company		
Statutory audit fee	**4,692**	3,944
Report on compliance of Public Sector Companies (Corporate Governance) Rules 2013	**138**	116
Decommissioning certification	**966**	812
Out of pocket expenses	**504**	342
Tax services	**150**	1,225
	6,450	6,439
Subsidiaries		
Statutory audit fee	**3,741**	2,900
Report on compliance of Public Sector Companies (Corporate Governance) Rules 2013	**258**	200
Other Services	**996**	700
Out of pocket expenses	**205**	167
Tax services	**6,402**	9,663
	11,602	13,630
	18,052	20,069

42 OTHER EXPENSES

Exchange loss - net		**10,550,375**	11,373,219
Exchange loss on translation of lease liability		**50,203,614**	35,465,026
Windfall levy on oil / condensate	35.1.1.4	**5,881,892**	4,995,336
		66,635,881	51,833,581

		2023	2022
		----------------Rupees ('000)----------------	
43	**OTHER INCOME**		
	Other income from non financial assets		
	Gain on disposal of fixed asset	337,989	2,481
	Contract renewal fee	-	31,500
	Others	168,052	601
		506,041	34,582
44	**TAXATION**		
	Current		
	Charge for the year	41,051,510	29,615,620
	Adjustment on account of group taxation	(1,741,338)	(1,984,719)
	Charge for prior year	-	-
		39,310,172	27,630,901
	Deferred		
	(Credit) / charge for the year	(14,829,437)	(11,994,763)
		24,480,735	15,636,138
44.1	**Reconciliation of tax charge for the year:**		
	Accounting profit	35,445,302	36,894,770
	Tax rate	50%	44%
	Tax on accounting profit at applicable rate 50% (2022: 44%)	17,722,651	16,233,699
	Tax effect of:		
	Unwinding of discount on provision of decommissioning cost	461,718	173,521
	Exchange loss / (gain) on provision of decommissioning cost	1,730,598	822,063
	Change in estimates related to provision of decommissioning cost	268,152	(558,812)
	Depletion allowance	(8,304,690)	(7,396,794)
	Effect of change in tax rate	127,772	655,414
	Income chargeable to tax at reduced corporate rate	9,957,280	2,787,285
	Deferred tax derecognised	496,273	3,741,075
	Prior years charge	(57,118)	-
	Difference in tax and accounting depreciation	-	(303,787)
	Unrecognised tax benefits	2,168,992	
	Others	(90,893)	(517,524)
		6,758,084	(597,560)
		24,480,735	15,636,138

45 EARNINGS PER SHARE - BASIC AND DILUTED

		2023	2022
Profit for the year	Rupees	10,964,566,955	21,258,632,301
Weighted average ordinary shares	Number	2,164,316,961	2,103,260,097
Earnings per share - basic	Rupees	5.07	10.11

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	
	2023	2022
	----------------Rupees ('000)----------------	
FINANCIAL ASSETS		
Financial assets classified as amortised cost:		
Receivable from GoP	**70,447,456**	63,966,965
Short term investment	**31,427,558**	25,517,895
Loans to staff	**98,587**	53,675
Trade debts- net	**292,997,128**	272,175,706
Loan, advances and other receivables exclusive of Staff loans and other receivables	**1,015,689**	203,909
Security deposits	**1,031**	330
Cash and bank balances	**23,581,917**	17,604,323
Accrued Interest	**296,255**	216,721
	419,865,621	379,739,524
FINANCIAL LIABILITIES		
Financial liabilities classified as amortised cost:		
Loan from National Bank of Pakistan (NBP) - secured	**70,447,456**	63,966,965
Long term liabilities	**6,175,325**	5,036,503
Trade and other payables	**20,766,373**	34,507,577
Lease liability	**185,417,918**	149,195,473
Payable to Government	**113,898,102**	120,565,163
	396,705,174	373,271,681

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	2023	2022
		----------------Rupees ('000)----------------	
Trade Debts			
Counter parties without external credit rating			
Due from associated companies		**284,147,536**	261,220,000
Others		**8,849,592**	10,955,707
		292,997,128	272,175,707
Loans, advances, deposits and other receivables			
Counterparties without external credit rating		**99,932**	40,480
Bank Balances			
Counterparties with external credit rating	A 1+	**23,580,053**	17,602,333
Short term investments			
Counter parties with external credit rating	A 1+	**31,427,558**	25,517,895
Accrued Interest receivable			
Counter parties with external credit rating	A 1+	**296,255**	216,721

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).

As outlined in note 3.3. 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, 2023.

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.

	2023		2022		
	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, 2023 and 2022 is equal to the carrying amounts of financial assets as given below:

	2023	2022
	Rupees ('000)	
Receivable from Government of Pakistan (GoP)	70,447,456	63,966,965
Loan to staff	98,587	53,675
Trade debts	293,193,828	272,715,410
Staff advances and other receivables	1,015,689	213,922
Security deposits	1,031	330
Short term investments	31,427,558	25,517,895
Cash and bank balances	23,581,917	17,604,323
Accrued Interest	296,255	216,721
	420,062,321	380,289,241

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

Credit rating	Rating agency		
A-1+	PACRA	17,404,890	14,554,667
A-1+	JCR-VIS	6,175,164	3,047,666
		23,580,054	17,602,333

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:

	2023		2022	
	Gross Debts	Impaired	Gross Debts	Impaired
	Rupees		Rupees	
Not Past Due	26,069,445	-	31,734,926	-
Past due up to three months	113,457,250	-	132,469,385	-
Past due three to six months	18,303,562	-	11,895,706	-
Past due more than six months	135,363,572	196,700	96,615,393	539,704
	293,193,829	196,700	272,715,410	539,704

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

2023						
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
Attock Refinery Limited	5,736,594	866,113	-	207,692	(77,917)	6,732,482
National Refinery Limited	117,774	37,679	(11,359)	163,593	(19,554)	288,133
Pakistan Refinery Limited	538,337	793,190	348,060	(402)	-	1,679,185
Others	197,963	(113,559)	1,911	162,178	(98,701)	149,792
	6,590,668	1,583,423	338,612	533,061	(196,172)	8,849,592

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

2023						
Party name	**Not past due**	**Past Due**			**Impaired balance**	**Total**
		Up to three months	**Three to six months**	**More than six months**		
Sui Northern Gas Pipelines Limited	**8,378,502**	**100,475,002**	**4,793,414**	**41,415,754**	**-**	**155,062,672**
Sui Southern Gas Company Limited	**8,536,440**	**10,203,699**	**13,087,237**	**93,214,623**	**-**	**125,041,999**
Pak Arab Refinery Company Limited	**1,944,201**	**1,069**	**(5,865)**	**6,306**	**(6)**	**1,945,705**
Enar Petroleum Refining Facility	**76,165**	**-**	**(3,384)**	**3,355**	**-**	**76,136**
Oil & Gas Development Company	**519,490**	**1,114,498**	**-**	**191,652**	**(522)**	**1,825,118**
Pakistan Petroleum Limited	**23,979**	**79,558**	**93,548**	**(1,179)**	**-**	**195,906**
	19,478,777	**111,873,826**	**17,964,950**	**134,830,511**	**(528)**	**284,147,536**

2022						
Party name	Not past due	Past Due			Impaired balance	Total
		Up to three months	Three to six months	More than six months		
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

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.

The movement in the allowance for impairment in respect of trade debts during the year was as follows:	2023	2022
	----------Rupees----------	
Balance at beginning of the year	539,704	-
Provision / (reversal) during the year	(343,004)	539,704
Balance at end of the year	196,700	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, 2023, is summarized below:

2023	Effective yield / Interest Rate	Markup / Interest bearing	Non markup / interest bearing	Total
	%	----------Rupees ('000)----------		
FINANCIAL ASSETS				
Maturity up to one year				
Long term loan	-	-	25,904	25,904
Trade debts - net	-	-	292,997,128	292,997,128
Receivable from Government of Pakistan (GoP)	KIBOR+0.2	5,548,325	-	5,548,325
Loan, advances and other receivables	-	-	1,097,851	1,097,851
Deposits	-	-	1,031	1,031
Receivable from Government of Pakistan (GoP)	KIBOR + 0.50	5,548,325	-	5,548,325
Short-term investments	11.82 - 14.15	31,427,558	-	31,427,558
Bank balances	2.75 - 13.0	23,581,917	-	23,581,917
		66,106,125	294,121,914	360,228,039
Maturity after one year:				
Long term loan	-	-	72,683	72,683
Receivable from Government of Pakistan (GoP)	KIBOR+0.2	64,899,131	-	64,899,131
		64,899,131	72,683	64,971,814
		131,005,256	294,194,597	425,199,853
FINANCIAL LIABILITIES				
Maturity up to one year				
Trade and other payables	-	-	20,766,373	20,766,373
Loan from National Bank of Pakistan (NBP) - secured	KIBOR+0.2	5,548,325	-	5,548,325
Current portion of long term liabilities	-	-	1,667,523	1,667,523
Lease liability	4.20	16,252,001	-	16,252,001
Short term borrowing	KIBOR + 0.50	5,548,325	-	5,548,325
Payable to Government	-	-	113,898,102	113,898,102
		27,348,651	136,331,998	163,680,649
Maturity after one year:				
Long term liabilities	-	-	4,507,802	4,507,802
Loan from National Bank of Pakistan (NBP) - secured	KIBOR+0.2	64,899,131	-	64,899,131
Lease liability	4.20	169,165,917	-	169,165,917
		234,065,048	4,507,802	238,572,850
		261,413,700	140,839,800	402,253,499

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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
Receivable from Government of Pakistan (GoP)	KIBOR+0.5	63,966,964.93	-	63,966,965
Loan, advances and other receivables	-	-	320,174	320,174
Deposits			330	330
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+0.5	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

	2023	2022
OFF BALANCE SHEET ITEMS	Rupees ('000)	
Capital expenditure commitments	3,224,789	3,636,842

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 26.97 million (2022: USD 104.40 million).

	2023	2022
	USD ('000)	
FINANCIAL ASSETS		
Short term exposure		
Trade debts	37,171	54,291
FINANCIAL LIABILITIES		
Short term exposure		
Due to joint operation operators	(13,637)	(17,784)
Long term liability (carried interest)	(5,823)	(7,826)
Foreign currency payables	(28,947)	(116,262)
	(48,407)	(141,872)
Long term exposure		
Long term liability (carried interest)	(15,740)	(16,816)
	(64,147)	(158,688)
Net exposure to foreign currency risk	(26,976)	(104,397)

The following significant exchange rates applied during the year:

	Average rate		Reporting date rate	
	2023	2022	2023	2022
	---------------------------------- (Pak Rupees) ----------------------------------			
	248.04	177.45	**286.39**	204.38

Foreign currency sensitivity

A 10% strengthening of the functional currency against USD at June 30, 2023 would have increased consolidated profit and loss by Rs. 772 million (2022: Rs. 2,134 million). A 10% weakening of the functional currency against USD at June 30, 2023 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, 2022.

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:

	2023	2022
	--------------Rupees ('000)---------------	
Pakistan International Oil Limited (PIOL)- Associated Company - 25% share holding of the company and common directorship		
Cost of investment	**6,431,700**	4,205,500
Share of loss in associate	**(297,110)**	(2,513,552)
Pakistan Minerals (Private) Limited (PMPL)- Associated Company - 33.3% share holding of the company and common directorship		
Cost of investment	**36,569,203**	-
Share of loss in associate	**(386,040)**	-
Major shareholders		
Government of Pakistan (100% share holding)		
Dividend paid	**5,000,000**	5,000,000
Receivable from GoP	**70,447,456**	63,966,965
Deposit against Reko Diq project	**-**	34,301,231
Payable to GoP under ITFC arrangements	**113,898,102**	120,565,163

	2023	2022
	---------------Rupees ('000)---------------	
Related parties by virtue of GoP holdings and / or common directorship		
Pak Arab Refinery Company Limited		
Sale of crude oil - net	**9,980,008**	8,919,236
Trade debts as at June 30	**1,945,705**	1,728,768
Sui Northern Gas Pipelines Limited		
Sale of natural gas - net	**17,161,874**	12,918,367
Sale of RLNG - net	**111,508,083**	398,579,164
Trade debts as at June 30	**155,062,672**	170,247,306
Sui Southern Gas Company Limited		
Sale of natural gas - net	**40,665,688**	30,288,716
Trade debts as at June 30	**125,041,999**	87,111,498
Enar Petroleum Refining Facility		
Sale of crude oil - net	**667,609**	404,009
Trade debts as at June 30	**76,136**	119,152
Oil and Gas Development Company Limited		
Receivable as at June 30	**1,825,118**	1,929,961
Payable as at June 30	**2,041,207**	1,938,970
Expenditure charged by joint operation partner	**5,091,888**	4,702,205
Cash calls paid against joint operation partner expenses	**5,218,579**	3,973,822
Pakistan Petroleum Limited		
Receivable as at June 30	**195,905**	83,316
Payable as at June 30	**702,955**	620,551
Expenditure charged by joint operation partner	**1,565,925**	1,761,889
Cash calls paid against joint operation partner expenses	**1,562,877**	1,793,632
National Bank of Pakistan		
Balance of bank accounts	**925,777**	2,253,351
Interest earned during the year	**289,432**	250,561
Long term loan	**70,447,456**	-
Short term borrowing	**-**	63,966,965
Other related parties		
Contribution to gratuity fund (refer note 32.2)	**86,328**	44,277
Remuneration to key management personnel (refer note 41.3)	**281,303**	237,928

48 NUMBER OF EMLPOYEES

	2023	2022
Number of employees as at year end	**151**	138
Average number of employees employed during the year	**145**	135

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 GENERAL

50.1 Capacity and production

50.1.1 Government Holdings (Private) Limited (The Holding Company)

Product	Unit	Production for the year 2023	2022
Gas	MMSCF	**71,458**	80,005
Oil	Barrels	**2,821,611**	2,862,337
LPG	Metric ton	**73,494**	75,097

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

50.1.2 Pakistan LNG Limited (The Subsidiary Company)

Regasified liquified natural gas	2023	2022
	In MMSCFD	
Capacity	**600**	600
Production	**266**	414

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

50.3 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.

51 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 15-11-2023 The directors have the power to amend and reissue these consolidated financial statements.

Chief Executive Officer

Director