GOVERNMENT HOLDINGS (PRIVATE) LIMITED

ANNUAL REPORT 2020-21

CONTENTS

VISION STATEMENT

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

MISSION STATEMENT

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

CORE VALUES

- Professional Competence
- Creative and Proactive
- Ethical Behavior and Integrity
- Authority with Responsibility
- Accountability

CORPORATE INFORMATION

Board of Directors

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

Mr. Ali Raza Bhutta
(Non-Executive Director)

Mr. Hassan Mehmood Yousufzai
(Non-Executive Director)

Mr. Syed Imtiaz Hussain Shah
(Non-Executive Director)

Mr. Muhammad Anwer Sheikh
(Non-Executive Director)

Ms. Saira Najeeb Ahmed
(Non-Executive Director)

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

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

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

Chief Financial Officer

Mr. Muhammad Arif

Company Secretary

Mr. Manzar Hayat
As on June 30, 2021, Mr. Muhammad Arif was serving as Company Secretary, GHPL

Auditors

KPMG Taseer Hadi & Co
Chartered Accountants

Legal Advisors

Rahman & Associates
Attorneys at law & Corporate Counsel

Tax Advisors

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

Bankers

National Bank of Pakistan
United Bank Limited
Allied Bank Limited
Habib Bank Limited
MCB Bank Limited

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

Mr. Haseeb Shakoor Paracha	Chairman
Mr. Muhammad Anwer Sheikh	Member
Ms. Saira Najeeb Ahmed	Member
Dr. Sajjad Ahmad	Member

Terms of Reference

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

- Determination of appropriate measures to safeguard the company's assets;
- Review of quarterly, half-yearly and annual financial statements of the company, prior to their approval by the Board of Directors;
- Facilitating the external audit and discussion with external auditors on major observations.
- Ensuring coordination between the internal and external auditors of the company;
- Review of the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company;
- Consideration of major findings of internal investigations and management's response thereto;
- Ascertaining that the internal control system including financial and operational controls, accounting system and reporting structure are adequate and effective;
- Review of the company's statement on internal control system prior to endorsement by the Board of Directors;
- Instituting special projects, value for money studies or other investigations on any matter specified by the Board of Directors, in consultation with the Chief Executive;
- To consider remittance of any matter to the external auditors or to any other external body;
- Determination of compliance with relevant statutory requirements;
- Monitoring compliance with the best practices of corporate governance and identification of significant violations thereof;
- Recommending of approving the hiring or removal of the chief internal auditor;
- Overseeing whistle-blowing policy and protection mechanism and consideration of any other issue or matter as may be assigned by the Board of Directors;
- Suggesting the appointment of external auditor to the Board, the audit fee and any question of resignation or dismissal;
- Considering the objective and scope of any non-financial audit or consultancy work to be undertaken by the external auditors and reviewing the remuneration of this work;
- Review Code of Conduct and related policies applicable to employees, officers, and director and other agents and associates of the Company at least annually and make recommendations to the Board as appropriate;
- Provide oversight as needed to ensure that the Compliance program effectively prevents and/or detects violations by Company employees, officers, directors and other agents and associates of the Company law, regulation, Company policy, special conditions imposed on the Company by any licensing authorities, and the Code of Conduct;
- The Whistle blowing unit will report to the Audit Committee.

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

Composition

Mr. Muhammad Anwer Sheikh	Chairman
Ms. Ayla Majid	Member
Ms. Saira Najeeb Ahmed	Member
Mr. Hassan Mehmood Yousufzai	Member
Mr. Haseeb Shakoor Paracha	Member
Mr. Masood Nabi	Member

Terms of Reference

The Terms of Reference of the Committee are given below:

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

Board **Business Development & Strategy** Committee

Composition

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

Terms of Reference

The Terms of Reference of the Committee are given below:

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

Board **Human Resource and Nomination** Committee

Composition

Ms. Saira Najeeb Ahmed	Chairperson
Ms. Ayla Majid	Member
Mr. Syed Imtiaz Hussain Shah	Member
Mr. Muhammad Anwer Sheikh	Member
Dr. Sajjad Ahmad	Member
Mr. Masood Nabi	Member

Terms of Reference

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

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

ATTENDANCE OF BOARD & COMMITTEE MEETINGS

Name of Director	Board of Directors		Board Audit Committee		Board Finance, Procurement & Risk Management Committee	
	Meetings	Attendance	Meetings	Attendance	Meetings	Attendance
Ms. Ayla Majid	11	11	-	-	8	8
Mian Asad Hayaud Din *	10	10	-	-	-	-
Mr. Muhammad Anwer Shiekh	11	11	4	4	8	8
Ms. Saira Najeeb Ahmed	11	11	4	4	8	8
Mr. Haseeb Shakoor Paracha	8	8	4	4	7	7
Mr. Hassan Mehmood Yousufzai	1	1	-	-	-	-
Mr. Nadeem Irshad Kiyani **	8	8	1	1	-	-
Mr. Sajjad Ahmed	11	11	4	4	-	-
Mr. Muhammad Zubair ***	11	11	-	-	-	-
Dr. Arshad Mahmood ****	1	1	-	-	-	-

Name of Director	Board Business Development Strategy Committee		Board HR & Nomination Committee		Fee paid to the Directors
	Meetings	Attendance	Meetings	Attendance	(Rupees)
Ms. Ayla Majid	9	9	3	3	3,100,000
Mian Asad Hayaud Din *	-	-	-	-	1,000,000
Mr. Muhammad Anwer Shiekh	9	9	3	3	3,500,000
Ms. Saira Najeeb Ahmed	9	9	3	3	3,500,000
Mr. Haseeb Shakoor Paracha	-	-	-	-	1,900,000
Mr. Hassan Mehmood Yousufzai	-	-	-	-	100,000
Mr. Nadeem Irshad Kiyani **	-	-	-	-	900,000
Mr. Sajjad Ahmed	9	9	-	-	2,400,000
Mr. Muhammad Zubair ***	-	-	3	3	1,400,000
Dr. Arshad Mahmood ****	-	-	-	-	100,000

** Mian Asad Hayaud Din was replaced by Dr. Arshad Mahmood w.e.f June 18, 2021*
*** Mr. Nadeem Irshad Kiyani was replaced by Mr. Hassan Mehmood Yousufzai w.e.f June 18, 2021*
**** Mr. Muhammad Zubair was replaced by Syed Imtiaz Hussain Shah w.e.f October 28, 2021*
***** Dr. Arshad Mahmood was replaced by Mr. Ali Raza Bhutta w.e.f January 07, 2022*

YEAR AT A GLANCE

Operational Highlights

10	04	03	640	730
Exploration / Appraisal wells	Development wells	Discoveries	Line Km 2D seismic acquired	Sq. Km 3D seismic acquired

Operational activity in partner operated blocks

Financial Performance

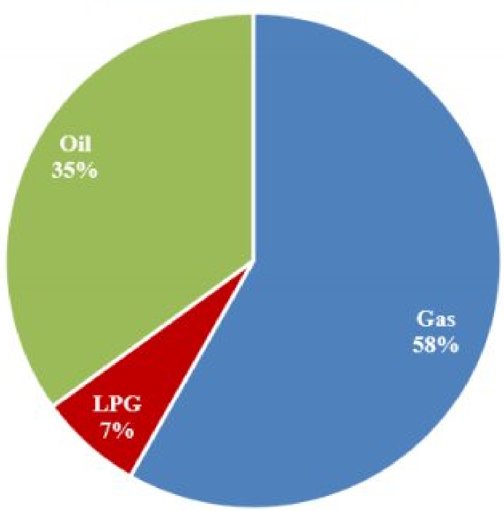
Rs. **67.1**	Rs. **46.3**	Rs. **33.5**	Rs. **16.0**	**50**%
Net Sales Revenue (billion)	Gross Profit (billion)	Profit after taxes (billion)	Earnings per Share (basic and diluted)	Net Profit Margin

Production Results

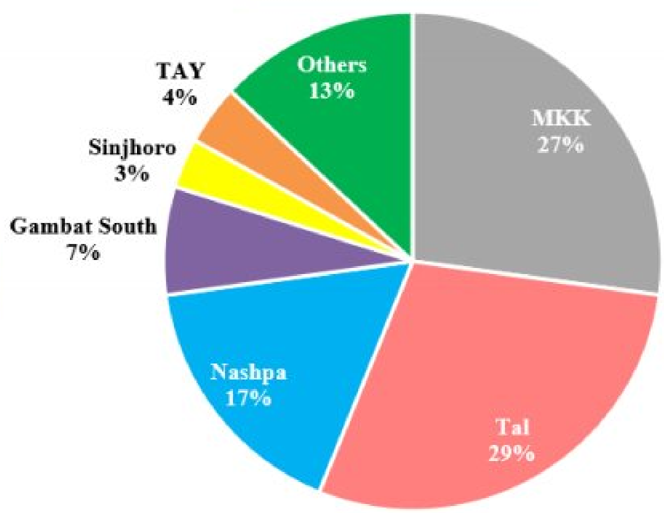
7,781	**227**	**189**
Oil/condensate (BPD)	Gas (MMSCFD)	LPG (MTD)

Net GHPL's share of Production

Net Sales Revenue (Products)



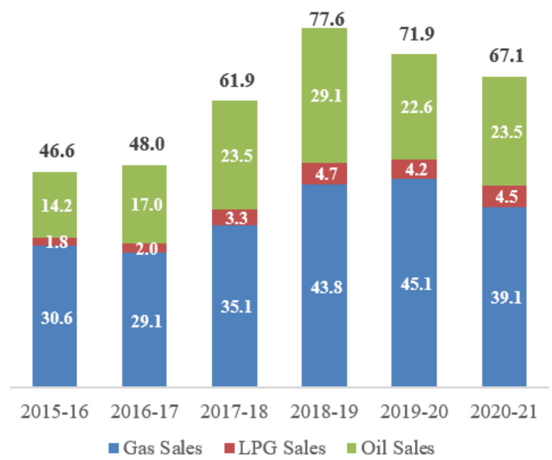
Net Sales Revenue (Main JVs)



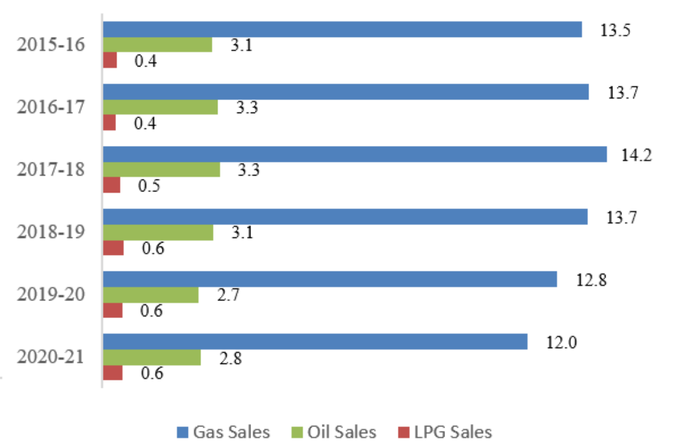
SIX YEARS SUMMARY

		2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Operational Performance							
Seismic Survey - 2 D	line km	4,079	2,975	2,166	619	938	640
- 3 D	sq. km	3,523	1,483	440	614	510	730
Wells Drilled - Exploratory / Appraisal	numbers	25	25	22	21	9	10
Development	numbers	7	12	7	10	5	4
Oil & Gas Discoveries	numbers	11	10	6	8	3	3
Production (GHPL's Share)							
Oil / Condensate	BPD	8,706	9,001	9,384	9,094	7,780	7,781
Gas	MMSCFD	240	253	262	257	233	227
LPG	MTD	113	125	163	197	181	189
Financial Results							
Sales - Net	Rs. billion	46.6	48.0	61.9	77.6	71.9	67.1
Gross Profit	Rs. billion	28.2	30.3	42.9	59.6	49.4	46.3
Profit before Taxation	Rs. billion	29.2	32.2	42.1	54.4	50.4	48.4
Profit after Taxation	Rs. billion	18.1	20.3	27.5	34.6	33.0	33.5
Financial Position							
Share Capital & Reserves	Rs. billion	80.1	80.4	103.4	136.7	165.1	193.5
Non Current Liabilities	Rs. billion	15.3	16.2	17.2	17.6	17.7	16.8
Current Liabilities	Rs. billion	5.4	22.0	11.1	15.6	16.4	12.7
Total Equity & Liabilities	**Rs. billion**	**100.8**	**118.6**	**131.7**	**169.8**	**199.2**	**223.0**
Fixed Assets	Rs. billion	47.0	47.7	48.8	48.2	49.9	48.7
Long term investment & Loan	Rs. billion	2.8	3.1	4.8	11.4	11.3	12.0
Trade Receivables	Rs. billion	33.2	28.8	53.4	84.7	104.5	109.0
Cash, Bank Balances &TDRs	Rs. billion	14.6	35.5	15.3	22.2	30.0	49.2
Other Current Assets	Rs. billion	3.2	3.5	9.2	3.3	3.6	4.1
Total Assets	**Rs. billion**	**100.8**	**118.6**	**131.7**	**169.8**	**199.2**	**223.0**
Cash Flows							
Opening Balance	**Rs. billion**	**35.6**	**2.9**	**3.5**	**2.6**	**16.2**	**23.5**
Operating activities	Rs. billion	5.7	36.0	5.9	19.8	14.4	27.1
Investing activities	Rs. billion	(23.4)	(28.4)	11.2	(1.4)	(2.5)	(9.0)
Financing activities	Rs. billion	(15.0)	(7.0)	(18.0)	(4.8)	(4.6)	(5.1)
Changes in Cash & Equivalents	**Rs. billion**	**(32.8)**	**0.6**	**(0.9)**	**13.6**	**7.3**	**13.1**
Cash & Cash Equivalents at year end	**Rs. billion**	**2.9**	**3.5**	**2.6**	**16.2**	**23.5**	**36.6**
Contribution to National Exchequer							
Total Contribution	Rs. billion	38.1	41.5	31.8	40.3	42.4	40.6
Profitability Ratios							
Gross Profit Margin	%	60%	63%	69%	77%	69%	69%
EBITDA Margin	%	47%	53%	59%	66%	61%	62%
Net Profit Margin	%	39%	42%	44%	45%	46%	50%
Return on equity	%	23%	25%	30%	32%	22%	19%
Return on average capital employed	%	31%	34%	39%	40%	30%	25%
Turnover Ratios							
Debtor turnover	Times	1.95	1.72	1.67	1.25	0.85	0.70
Debtors Collection period	Days	187	212	219	292	428	519
Liquidity Ratios							
Current ratio	Times	9.37	3.08	7.02	7.08	8.43	12.74
Cash to Current Liabilities	Times	2.7	1.6	1.4	1.4	1.8	3.9
Earnings per Share	Rupees	722.6	10.0	13.6	16.8	15.8	16.0
Dividend per share	Rupees	600	10	2.5	2.4	2.4	3.4
Dividend Payout Ratio	%	83%	98%	18%	14%	15%	21%

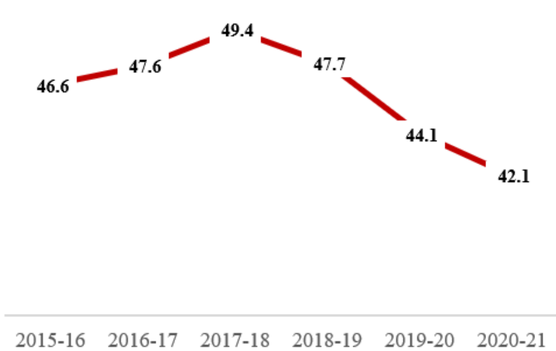
Net Sales (Rs. in billion)



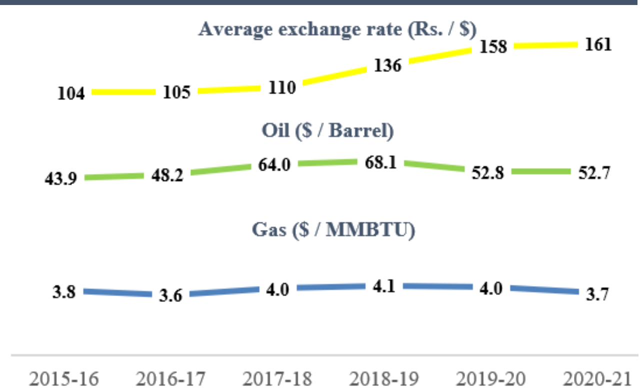
Sales Volume (BoEs in million)



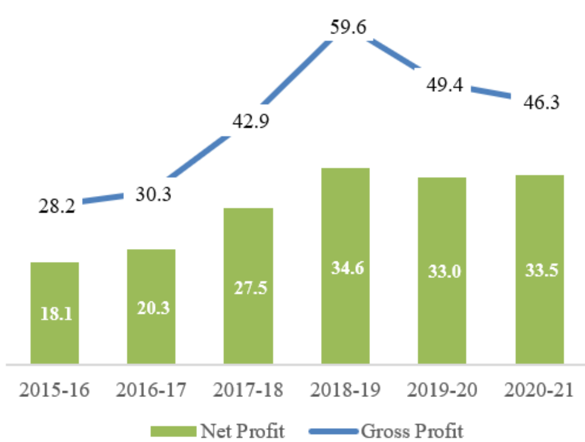
Sales per day (BoEs in 000')



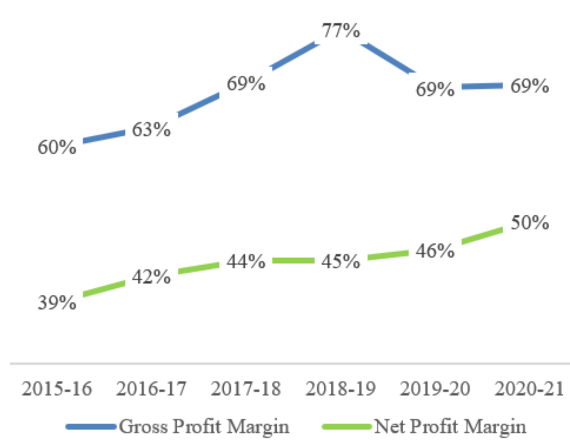
Average Realized Exchange Rate & Prices



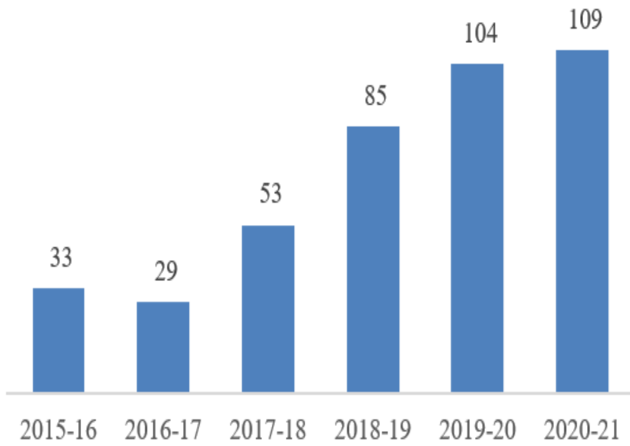
Gross Profit & Net Profit (Rs. in billion)



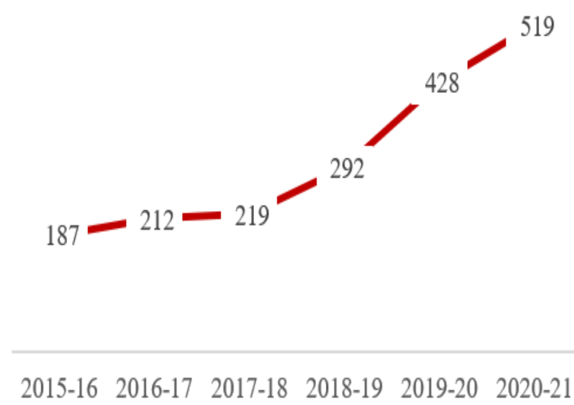
Gross Profit Margin & Net Profit Margin (%)



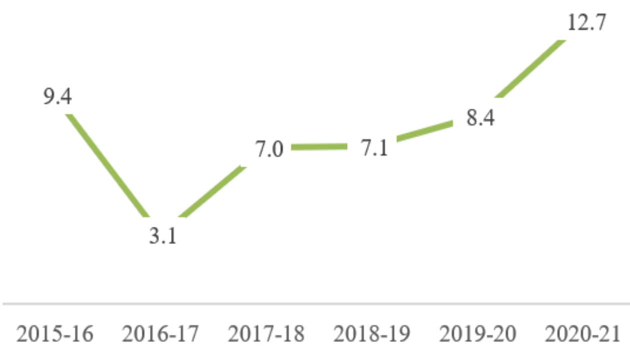
Trade Receivables (Rs. in Billion)



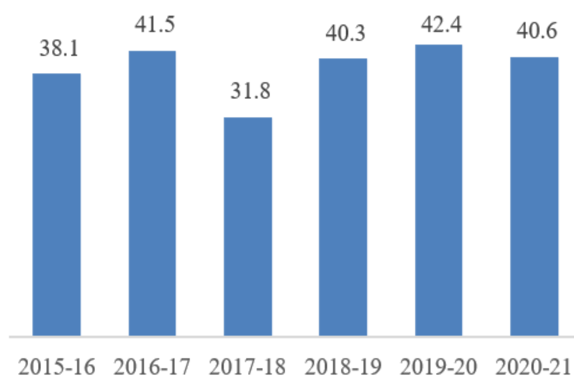
Debtors Turnover (in days)



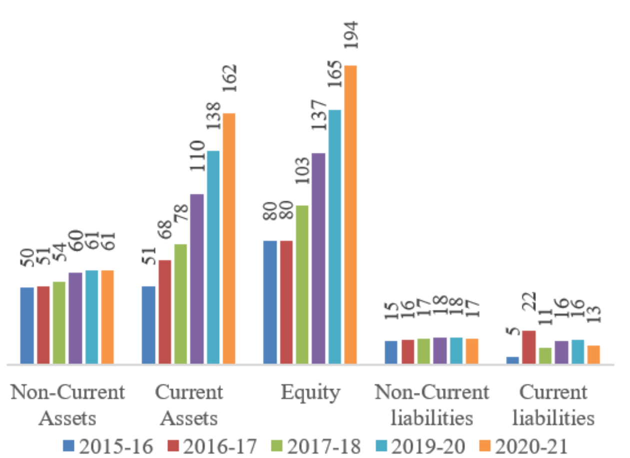
Current Ratio (times)



Contribution to National Exchequer (Rs. in Billion)



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



- The Company's revenue declined by 7% during FY 2020-21 mainly due to negative gas price and gas / oil volume variance.
- The Company's revenue fluctuates due to changes in international oil prices, production level and USD/Rs. exchange rates. Total revenue increased by 44% over the last six years.
- Over the years, the Company's trade receivables have increased due to the circular debt issue.
- During FY 2020-21, the trade receivables reached the unparalleled level of Rs. 109 billion in the Company's history, mainly due to low recoveries from SNGPL and SSGCL.
- Despite mounting receivables and liquidity constraints, the Company successfully met all its operating, regulatory & statutory financial obligations and is a significant contributor to the National Exchequer.

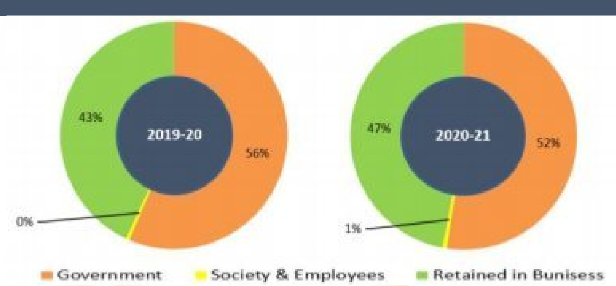
VERTICAL & HORIZONTAL ANALYSIS

	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Vertical Analysis						
Profit & Loss Account						
Sales - Net	100%	100%	100%	100%	100%	100%
Cost of Sales	-40%	-37%	-31%	-29%	-31%	-31%
Gross Profit	**60%**	**63%**	**69%**	**71%**	**69%**	**69%**
Other Income	5%	7%	4%	4%	6%	7%
Expl. & Prospecting Expenditure	-1%	-2%	-2%	-1%	-1%	-1%
General & Admin expenses	0%	-1%	0%	0%	-1%	-1%
Other expenses	-1%	-1%	0%	-2%	-3%	-2%
Profit before Taxation	**63%**	**67%**	**70%**	**72%**	**70%**	**72%**
Taxation	-29%	-23%	-19%	-19%	-24%	-22%
Profit after Taxation	**34%**	**44%**	**51%**	**53%**	**46%**	**50%**
Balance Sheet						
Share Capital &Reserves	79%	68%	78%	81%	83%	87%
Non Current Liabilities	15%	14%	13%	10%	9%	8%
Current Liabilities	5%	19%	8%	9%	8%	6%
Total Equity & Liabilities	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
Non Current Assets	49%	43%	41%	35%	31%	27%
Current Assets	51%	57%	59%	65%	69%	73%
Total Assets	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
Horizontal Analysis (base year: 2015-16)						
Profit or Loss Account						
Sales - Net	100%	103%	133%	167%	154%	144%
Cost of Sales	100%	96%	103%	123%	123%	113%
Gross Profit	**100%**	**107%**	**152%**	**195%**	**175%**	**164%**
Other Income	100%	152%	98%	137%	198%	195%
Expl. & Prospecting Expenditure	100%	179%	179%	89%	98%	92%
General & Admin expenses	100%	159%	136%	183%	279%	289%
Other expenses	100%	93%	68%	424%	619%	342%
Profit before Taxation	**100%**	**109%**	**149%**	**190%**	**172%**	**165%**
Taxation	100%	82%	87%	107%	127%	109%
Profit after Taxation	**100%**	**133%**	**203%**	**262%**	**211%**	**214%**
Balance Sheet						
Share Capital &Reserves	100%	100%	129%	171%	206%	242%
Non Current Liabilities	100%	106%	112%	115%	116%	110%
Current Liabilities	100%	404%	204%	286%	301%	234%
Total Equity & Liabilities	**100%**	**118%**	**131%**	**168%**	**197%**	**221%**
Non Current Assets	100%	102%	108%	120%	123%	122%
Current Assets	100%	133%	153%	216%	270%	318%
Total Assets	**100%**	**118%**	**131%**	**168%**	**198%**	**221%**

STATEMENT OF VALUE ADDITION

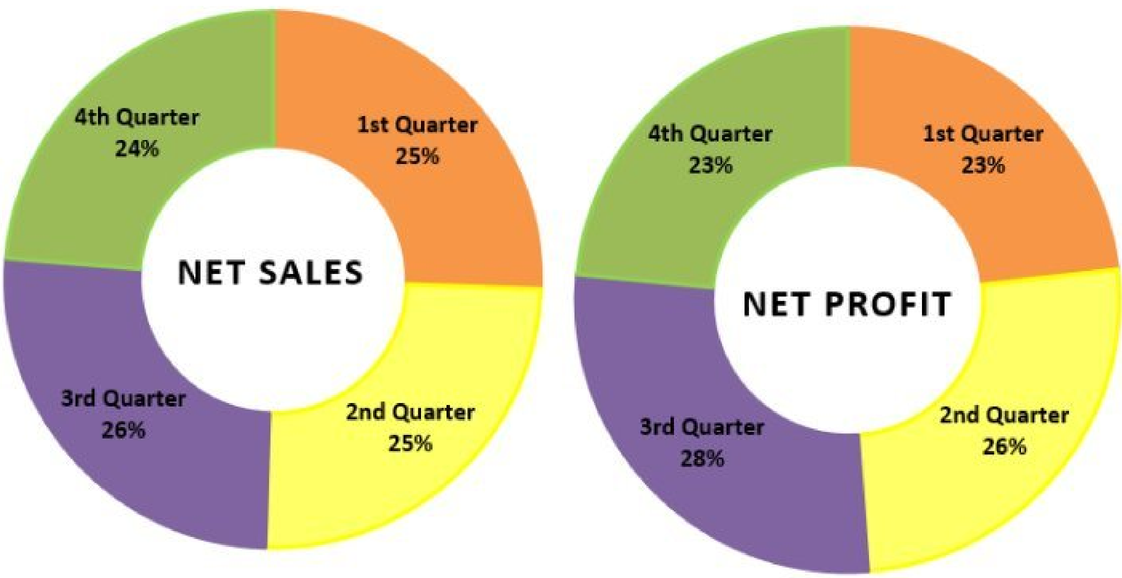
	2019-20 Rs. Billion	2019-20 %	2020-21 Rs. Billion	2020-21 %
Gross Revenue	81.4	108%	75.7	106%
Less: Operating, G&A and Exploration Expenses	(8.5)	-11%	(7.3)	-10%
	72.9	97%	68.4	96%
Add: Income from Financial Assets	4.7	6%	3.9	6%
Income from Non-Financial Assets	0.0	0%	0.7	1%
Less: Other Expenses	(2.5)	-3%	(1.4)	-2%
Total Value Added	**75.1**	**100%**	**71.6**	**100%**
DISTRIBUTED AS FOLLOWS:				
Employees Remuneration and Benefits	0.4	0%	0.4	1%
Government as:				
Company Taxation	19.8	26%	14.3	20%
Sales Tax, Excise Duty etc	9.5	13%	8.6	12%
Royalty and other levies	8.1	11%	7.6	11%
Dividends	5.0	7%	7.0	10%
	42.4	56%	37.5	52%
To Society	0.0	0%	0.0	0%
Retained in Business:				
Depreciation	2.9	4%	2.3	3%
Amortization	3.5	5%	4.0	6%
Impairment	0.4	1%	0.3	0%
Deffered Taxation	(2.5)	-3%	0.6	1%
Net Earnings	28.0	37%	26.4	37%
	32.4	43%	33.7	47%
Total Value Added	**75.1**	**100%**	**71.6**	**100%**

DISTRIBUTION OF VALUE ADDED



QUARTERLY ANALYSIS FY 2020-21

		1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Annual
STATEMENT OF PROFIT OR LOSS						
SALES - NET	**Rs. billion**	**17.1**	**16.7**	**17.3**	**15.9**	**67.1**
Royalty and other levies	Rs. billion	(1.9)	(1.7)	(1.3)	(2.7)	**(7.6)**
Operating expenses	Rs. billion	(3.2)	(3.6)	(3.2)	(3.2)	**(13.2)**
GROSS PROFIT	**Rs. billion**	**12.1**	**11.4**	**12.8**	**10.0**	**46.3**
Other income	Rs. billion	0.9	1.2	1.3	1.3	**4.6**
Exploration and prospecting expenditure	Rs. billion	(0.1)	(0.1)	(0.0)	(0.4)	**(0.6)**
General and administrative expenses	Rs. billion	(0.1)	(0.1)	(0.1)	(0.2)	**(0.6)**
Other expenses	Rs. billion	(0.1)	0.1	(0.1)	(1.2)	**(1.3)**
OPERATING PROFIT	**Rs. billion**	**12.7**	**12.5**	**13.8**	**9.5**	**48.5**
Finance cost	Rs. billion	(0.1)	(0.0)	(0.0)	0.0	**(0.1)**
PROFIT BEFORE TAXATION	**Rs. billion**	**12.6**	**12.4**	**13.8**	**9.6**	**48.4**
Taxation	Rs. billion	(4.8)	(3.9)	(4.6)	(1.7)	**(14.9)**
NET PROFIT FOR THE YEAR	**Rs. billion**	**7.8**	**8.6**	**9.2**	**7.9**	**33.5**
EARNINGS PER SHARE	**Rs.**	**3.7**	**4.1**	**4.4**	**3.8**	**16.0**
SALES VOLUME						
Gas	MMBTUS in million	16.8	16.7	16.5	16.0	**65.9**
Oil	BBLs in million	0.7	0.7	0.7	0.7	**2.8**
LPG	MTs in thousands	15.8	17.9	17.1	18.1	**68.9**



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

KPMG Taseer Hadi & Co.
Chartered Accountants
Sixth Floor, State Life Building, Blue Area
Islamabad, Pakistan
Telephone 92 (51) 282 3558, Fax 92 (51) 282 2671

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 30 June 2021.

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.

KPMG Taseer Hadi & Co.

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 30 June 2021.

KPMG Taseer Hadi & Co.
Chartered Accountants
Islamabad

22 July 2022

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

Name of company: **Government Holdings (Private) Limited**
Name of the line ministry: **Ministry of Energy (Petroleum Division)**
For the year ended: **June 30, 2021**

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

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

<table>
<tr><th rowspan="2">Sr. No</th><th rowspan="2">Provision of the Rules</th><th rowspan="2">Rule no.</th><th>Yes</th><th>No</th></tr>
<tr><th colspan="2">Tick in the Relevant box</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></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, 2021) 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. Dr. Sajjad Ahmad
3. Mr. Haseeb Shakoor Paracha</td><td>03-Jan-2020
03-Jan-2020
03-Jan-2020</td></tr>
<tr><td>Non-Executive Directors</td><td>1. Dr. Arshad Mahmood
2. Mr. Hassan Mehmood Yousufzai
3. Muhammad Anwer Sheikh
4. Muhammad Zubair
5. Ms. Saira Najeeb Ahmed</td><td>18-Jun-2021
18-Jun-2021
03-Jan-2020
25-Sep-2020
27-Apr-2020</td></tr>
</table></td><td>3(2)</td><td>✓</td><td></td></tr>
<tr><td>3.</td><td>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.</td><td>3(4)</td><td>✓</td><td></td></tr>
<tr><td>4.</td><td>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.</td><td>3(6)</td><td>✓</td><td></td></tr>
<tr><td>5.</td><td>The chairman of the board is working separately from the chief executive of the Company.</td><td>4(1)</td><td>✓</td><td></td></tr>
</table>

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

Sr. No	Provision of the Rules	Rule no.	Yes	No
			Tick in the Relevant box	
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)	None	
17.	The Board has ensured compliance with policy directions requirements received from the Government.	5(11)	✓	
18.	a) The board has met at least once, each quarter of the year. b) Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. c) The minutes of the meetings were appropriately recorded and circulated.	6(1) 6(2) 6(3)	✓	
19.	The Board has monitored and assessed the performance of senior management on annual basis and held them accountable for accomplishing objectives, goals and key performance indicators set for this purpose.	8(2)	✓	
20.	The board has reviewed and approved the related party transactions placed before it after recommendations of the audit committee. A party wise record of transactions entered with the related parties during the year has been maintained.	9(1) and 9(4)	✓	
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. b) In cases of listed PSCs, the Board has prepared half yearly accounts and undertaken limited scope review by the auditors. c) The Board has placed the annual financial statements on company's website.	10	✓ Not Applicable ✓	
22.	All the board members underwent an orientation course arranged by the company to apprise them of the material developments and information as specified in the Rules.	11(3)	✓	
23.	(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:	12	✓	

Committee	No. of Members	Name of Chairman
Audit Committee	4	Mr. Haseeb Shakoor Paracha

<table>
<tr><th rowspan="2">Sr. No</th><th rowspan="2">Provision of the Rules</th><th rowspan="2">Rule no.</th><th>Yes</th><th>No</th></tr>
<tr><th colspan="2">Tick in the Relevant box</th></tr>
<tr><td></td><td><table>
<tr><td>Human Resources & Nomination Committee</td><td>5</td><td>Ms. Saira Najeeb Ahmed</td></tr>
<tr><td>Finance, Procurement and Risk Management Committee</td><td>5</td><td>Muhammad Anwer Sheikh</td></tr>
<tr><td>Business Development and Strategy Committee</td><td>5</td><td>Ms. Ayla Majid</td></tr>
</table></td><td></td><td></td><td></td></tr>
<tr><td>24.</td><td>The Board has approved appointment of Chief Financial Officer, Company Secretary and Chief Internal Auditor, by whatever name called, with their remuneration and terms and conditions of employment.</td><td>13(1) and 13(2)</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></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></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></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(1) and 18(2)</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(1) and 19(4)</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></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 as at June 30, 2021:
<table>
<tr><th>Name of Members</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>Independent Director</td><td>Technical (Geologist)</td></tr>
<tr><td>Ms. Saira Najeeb Ahmed</td><td>Non- Executive Director</td><td>Joint Secretary (I & JV) in Ministry of Energy (Petroleum Division)</td></tr>
<tr><td>Muhammad Anwer Sheikh</td><td>Non- Executive Director</td><td>Senior Joint Secretary (CF-II) Finance Division (CF-Wing)</td></tr>
</table>
The Chief Executive and Chairman of the Board are not members of the audit committee.</td><td>21(1) and 21(2)</td><td>✓</td><td></td></tr>
</table>

Sr. No	Provision of the Rules	Rule no.	Yes	No
			Tick in the Relevant box	
32.	(a) The chief financial officer, the chief internal auditor, and a representative of the external auditors attended all meeting of the audit committee at which issues relating to accounts and audit were discussed. (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 works in accordance with standards for the professional practice of internal audit issued by the Institute of Internal Auditors. (b) The chief internal auditor has requisite qualification and experience prescribed in the Rules. (c) The internal auditor reports have been provided to the external auditors for their review.	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 regarding provision of non-audit services.	23(5)	✓	

Name: Dr. SAJJAD AHMED

Independent Non-Executive Director

Dated:
Islamabad

Name: MASOOD NABI

Managing Director/ CEO

Dated:
Islamabad

DIRECTORS' REPORT 2020-21

DIRECTORS' REPORT

for the year ended June 30, 2021

The Board of Directors is pleased to present the Directors' Report along with Audited Financial Statements of the Company and the Auditors' Report thereon for the year ended June 30, 2021.

INTRODUCTION

Government Holdings (Private) Limited (GHPL) is the 5th largest oil and gas exploration and production Company of Pakistan.

It was incorporated in the year 2000 as a private limited company under the Companies Ordinance, 1984 (current Companies Act 2017) and is fully owned by the Government of Pakistan.

GHPL is the third public sector Oil and Gas Exploration Company working under the Petroleum Division of Ministry of Energy, Pakistan.

PATTERN OF SHAREHOLDING

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

GROUP STRUCTURE

The Company has two wholly owned subsidiaries namely Interstate Gas Systems (Private) Limited (ISGS) and Pakistan LNG Limited (PLL) [PLL being the surviving entity after merger with Pakistan LNG Terminals Limited with effect from January 01, 2021].

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

Subsequent to year end, the Company has subscribed to 25% share capital in Pakistan International Oil Limited (PIOL).

The Company, subsequent to year end, entered into a non-binding framework agreement to invest 8.33% equity for the reconstitution of a joint mining project at Reko Diq.

EXPLORATION & PRODUCTION PORTFOLIO

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

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

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

i. 48 Exploration Licences under Petroleum Concession Agreements (PCA)
ii. 98 Development and Production (D&P) Leases

Subsequent to year end, the Company made investment in PIOL (25%) which holds working interest (exploration: 100%; D&P: 40%) in Abu Dhabi Offshore Block – 5.

GHPL is also licensee of four (04) offshore blocks within country, under Production Sharing Agreements (PSA).

The Company continuously explore opportunities for enhancement of its investments in Energy Sector.

OPERATIONAL HIGHLIGHTS

Seismic Activities

A total of 640 L. Km (2020: 938 L. Km) of 2 D seismic and 730 Sq. Km (2020: 510 Sq. Km) of 3D seismic lines were acquired during the year in different partner operated blocks.

Further processing and reprocessing of 2,353 L.Km 2D (2020: 4,784 L.Km) and 5,397 Sq. Km 3D (2020: 9,311 Sq. Km) was carried out in Blocks where GHPL is JV partner.

Due to COVID-19 pandemic, few 2D/3D Seismic acquisition and processing/reprocessing projects were delayed to next fiscal year.

Drilling Activities

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

Wells Status	2019-2020	2020-2021
Exploration & Appraisal	9	**10**
Development	5	4

Furthermore, due to COVID-19 pandemic, few Exploration/Appraisal and Development wells were postponed to next fiscal year.

Discoveries

A total of 3 discoveries were made during the year ended June 2021:

- Singhar-1 & Baqa-1 discovery were made in Mirpurkhas Block by UEPL.
- Sial-1 discovery was made in Tando Allah Yar Block by OGDCL.

Production

GHPL's share of average daily production from all fields during the year ended June 2021 is as follows:

	2019-2020	2020-2021
Oil/condensate (Bpd)	7,780	**7,781**
Gas (MMscfd)	233	**227**
LPG (MT/D)	181	**189**

The Company's share of production accounts for 10%, 6% and 9% of the Country's overall gas, oil and LPG production* respectively during the year 2020-21.

*(*Country's overall production as reported in PPIS Annual Report for FY 2020-21)*

Reserves

The total net proved (1P) reserves of the Company as on June 30, 2021, are 11.2 MMSTB (2020: 12.5 MMSTB) of oil / condensate and 323.3 BCF (2020: 337.1 BCF) of gas.

Major Development and Producing Assets

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

- Operated by UEPL.
- Total average production during 2020-21 was 351 MMscfd of Gas, 2,977 Bpd of Condensate and 19 MT/D of LPG.
- Several well intervention activities were carried out along with Rig workovers, artificial lift and compression projects to maintain production and enhance recovery.
- New discoveries Baqa-1, Baqa-2 and Singhar-1 production added during the year enhancing oil production.
- Various compression and efficiency improvement projects were initiated/ completed during the year.
- Production of LPG remained constrained due to Wobbe index control issue.

Tal Block (GHPL's WI 15%)

- Operated by MOL Pakistan
- Total average production during 2020-21 was 297.39 MMscfd of Gas, 18590 Bpd of Oil & condensate & 459.13 MT/D of LPG.
- Mamikhel South-1 was drilled as an exploratory well last year and resulted in discovery. The well tie-in activities have been completed.
- Several well interventions and reservoir monitoring activities were also carried out during the year for production continuity and enhancement.
- Projects in progress in TAL Block at year end were Maramzai field compression and Makori-3 Produced Water Treatment & Injection Facility Project.

Nashpa Block (GHPL's WI 15%)

- Operated by OGDCL
- Average production during 2020-21 was around 100 MMscfd Gas, 16,144 Bpd Condensate and 331 MTD of LPG
- In Mela D&PL, work completed on following projects: a) Mela Compression project b) up-gradation of Mela processing facilities and c) laying of pipeline from Mela to Nashpa plant for extraction of LPG. Diversion of Mela gas to Nashpa plant for LPG recovery was accomplished.
- In Nashpa D&PL, Nashpa Front-End Compression Project has been completed.
- Nashpa 10 and Mela 7 brought on production during the year
- Upcoming projects include Nashpa reservoir simulation study, further development wells.

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

- Operated by OGDCL
- Average production during 2020-21 was 10.39 MMscfd; 3,377 Bpd and 16.35 MT/D of LPG.
- Reservoir simulation study is in progress to evaluate further potential and enhance recovery.
- Acid Stimulation job was carried out at Chanda-1 well resulting in increase in production by 1.78 MMscfd & 110 bpd. Moreover, Water Isolation in Kingriali formation has been successfully completed in Chanda-2 well resulting in decrease in water by 331 bpd and increase in oil by 565 bpd & gas by 0.536 mmscfd. Both these wells resulted in increase of LPG production from 10 to 20 MT/D.
- Further, well interventions are being planned to enhance production & recoveries.

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

- Operated by OGDCL
- Average production from the field during 2020-21 was about 52 MMscfd Gas, 1148 Bpd Oil/Condensate and 100 MTD of LPG.
- Production from the field is being processed at KPD-TAY Plant.
- Production commenced from TAY SW-1 well in Nov 2020.
- Sub-surface/surface studies for compression of TAY field have been initiated.

Gambat South Block (GHPL's WI 25%)

- Operated by PPL
- Total average production from Gambat South block during 2020-21 was about 112.83 MMscfd Gas, 1,143 Bpd condensate and 10.27 MTD of LPG.
- GPF-IV Phase-II was completed in Jan 2021 and works on GPF-III continued and expected to be completed by 2Q-2022-23 respectively.
- Production increased to +140 mmscfd after commissioning of Hadaf-1 well, Sharf-3 well and GPF-IV (Phase-II) processing facilities.
- Additional Perforations jobs carried out at Sharaf-1 & Sharaf-2 wells.

- Regular reservoir surveillance and well intervention activities were conducted.
- G & G and reservoir studies are in progress to identify further drilling prospects.
- A flowline was in progress to produce the Kabir X-1 through Hadaf line upto the processing facilities and sales through SSGC network.
- Development options are under review to exploit the reserves of Hatim discovery due to its low heating value gas.

Sinjhoro Block (GHPL's WI 22.5%)

- Operated by OGDCL
- Average production was around 26 MMscfd Gas, 1,165 Bpd Oil/Condensate and 110 MT/D of LPG.
- Field is on decline and options are being evaluated to enhance production and put shut in wells on production.
- Several well intervention jobs were carried out to maintain/enhance production.

Nim Block (GHPL's WI 22.5%)

- Operated by OGDCL
- The average production 2020-21 was around 23.81 MMscfd Gas & 467 Bpd Oil/ Condensate.
- Additional production achieved from Mangrio-1, Saand-1 and Saand-2 wells commissioning. Saand-1/2 well are being processed at KPD-TAY LPG plant.
- Mangrio-2 well was drilled during the year.

Guddu Block (GHPL's WI 22.5%)

- Operated by OGDCL
- Average production from the field during 2020-21 was about 11 MMscfd Gas
- Gas from Guddu field is being supplied to third party (M/s Engro).
- Umair-1 well came on production.
- Field Compression project is in progress and expected to be completed by 2022-23.

Bitrism Block (GHPL's WI 22.5%)

- Operated by OGDCL
- Average production during 2020-21 was 6.75 MMscfd Gas, 709 Bpd Condensate and 47.78 MTD of LPG.
- Bitrism well(s) are being processed through Sinjhoro gas processing facilities & LPG Plant.
- Bitrism West-1A well was put on regular production during the year.

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

- Operated by OGDCL
- Average production from the field during 2020-21 was around 1.33 MMscfd Gas, 10 Bpd Condensate and 4.12 MTD of LPG
- Jakhro field is being processed at Sinjhoro processing facilities.

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

- Operated by MPCL
- Average production from the field during 2020-21 was about 23.78 MMscfd Gas & 03 Bpd Condensate.
- Water shut off job was carried out at ZS-1 well.
- Security issues remain a threat, however, are being managed for smooth operations.
- G & G and reservoir studies are in progress and development wells may be drilled subject to Technical and commercial viability.

Dhok Sultan Block (GHPL's WI 25%)

- Operated by PPL
- EWT operation at Dhok Sultan X-1 ST-remained suspended due to licensing issue of third party gas buyer.
- A short duration testing was carried out at the subject well at different choke sizes to ascertain the well performance under the stuck BPV condition in Jan 2021.

- Well Killing & BPV retrieval job successfully carried out in March 2021 and well was tested at full potential.
- The work on rental oil handling facility & gas transportation pipeline for gas processing and LPG recovery at third party plant was in progress at year end.

Mehar Block (GHPL's WI 25%)

- Operated by UEP
- Average production during 2020-21 was about 9.28 MMscfd Gas and 347 Bpd Condensate.
- Compression remained operational during the year.
- Mehar-4 well was drilled during the year and put on production in FY 2021-22.
- Sofiya-2 well ceased to flow in June 2020. Several revival activities carried out but remained unsuccessful.
- Several well intervention activities including reservoir surveillance and re/ additional perforations were carried out along with process optimizations to maintain/ enhance production and reduce OPEX.
- G & G and reservoir studies are in progress to identify further drilling prospects.

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

- Operated by UEP
- The average gas production during 2020-21 was 28.9 MMscfd.
- Production from Sawan undergoing natural decline.
- Several well intervention activities including additional perforations/scale cleanout jobs carried out to maintain/enhance production especially at Sawan-3 and Sawan-11.
- At Sawan-4 well, hydraulic fracturing to revive production successfully carried out.
- Sawan processing facilities continued to process Latif JV gas resulting in efficient utilization of processing facilities and extension of field life for both fields.
- Different projects for arresting production decline and OPEX optimization were in progress during the year including Sawan single plant operation and Replacement of existing front-end compressors with smaller machines. These projects have been completed in year 2021-22.

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

- Operated by OPPL
- The average production during 2020-21 was 18.25 MMscfd Gas and 80 BCPD condensate.
- The field is on natural decline.
- Several well intervention activities including scale clean out (Zam-2 and Zam-6 wells) were carried out along with process optimizations to maintain / enhance production and reduce OPEX.

Others

- Production started from **Benari D&PL** of Shah Bandar JV (GHPL's WI: 2.5%; Operator: PPL) well in May 2021. Since achievement of first gas, average production during the year was about 7.75 MMscfd Gas and 20.76 Bpd condensate.

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

- In **Chachar D&PL** (GHPL's WI: 25%; Operator: PPL), gas offtake by GENCO-II through SNGPL remained suspended since

January 2021 due to maintenance of turbines.

- JV partners applied for relinquishment of **Gambat exploration license** (GHPL's WI: 25%; Operator: UEP). Gas production continued from Tajjal field of Gambat Block through Sawan Font End Compression.

SUBSIDIARIES

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

Interstate Gas Systems (Private) Limited (ISGS)

Inter State Gas System (Private) Limited (ISGS) was incorporated on August 04, 1996 as a private limited company.

Projects being pursued by the ISGS include:

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

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

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

- Strategic Underground Gas Storage (SUGS) Project; and

- South North Gas Pipeline (SNGP) Project.

The Company has a direct shareholding of 100% with 295,882,090 (2020: 99.83% with 295,392,090) equity shares of Rs.10 each held in ISGS.

The Company acquired 100% shareholding in ISGS during the year, after Sui Northern Gas Pipelines Limited transferred its 490,000 shares of ISGS of Rs. 4,900,000 to GHPL in pursuance of the directives of the Economic Coordination Committee (ECC) of the Federal Cabinet.

Further, an advance against issue of shares amounting Rs. 2,336,091,408 was outstanding as at year end. This advance comprised of Rs. 442,441,408 million for TAPI project and Rs. 1,893,650,000 for PSPG Project received directly from Ministry of Finance. As per GoP directives, ISGS is to issue shares to the Company for the related amount received from GoP and against which the Company will issue shares to the President of Pakistan through Secretary Petroleum Ministry of Energy (Petroleum Division). Subsequent to year end, ISGS issued shares of Rs. 442,441,408 million to the Company. The Company issued corresponding amount of shares to GoP, subsequent to year end.

Under the loan arrangement between the Company and ISGS for funding ISGS's operational requirements, the total outstanding amount due from ISGS is Rs. 270.3 million on account of principal and Rs. 70.9 million on account of accrued interest at June 30, 2021. During the year, Rs. 97.5 million were disbursed to ISGS while ISGS repaid Rs. 1,300 million of principal and Rs. 360 million of interest.

Pakistan LNG Limited (PLL)

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

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

The Company holds 100% shares of PLL.

The Company also provided loan to PLL to meet its operational requirements. As at June 30, 2021 the total outstanding amount due from PLL is Rs. 4,947 million on account of principal and Rs.

1,388 million on account of accrued interest. During the year, PLL repaid Rs. 490 million of principal and Rs. 55 million of interest.

The Company has also provided lien, against its short-term investments amounting USD 18.2 million, for the guarantee issued by PLL in favour of the LNG suppliers. Subsequent to year end, the said lien was released.

FINANCIAL RESULTS

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

	2020*	2021
	Rs. in million	
Sales	71,924	**67,063**
Gross Profit	49,360	**46,295**
Profit before tax	50,390	**48,401**
Profit after tax	33,036	**33,456**
EPS - basic (Rs.)	15.82	**16.02**

*restated

Sales Revenue

During the year, the Company recorded net revenue of Rs. 67.1 billion (2020: Rs. 71.9 billion) which is Rs. 4.8 billion (6.8%) lower than corresponding year. The fall in revenues is attributed to negative price and volume variance of Rs. 3.8 billion and Rs. 2.2 billion respectively which was partially offset by favourable forex variance of Rs. 1.2 billion.

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

The net negative price variance is primarily on account of lower notified gas prices compared to last year despite improvement in year-on-year crude prices due to six months lag in gas pricing formulae.

The favourable forex variance resulted as the realized exchange rate (Rs. 161 / US$) for the year was higher as compared to last year (Rs. 158 / US$).

Profitability

During the year, the Company reported profit after tax of Rs. 33.5 billion (2020: Rs. 33.0 billion) that translated into earning per share of Rs. 16.02 (2020: Rs. 15.82).

The impact of decline in the revenues (by Rs. 4.8 billion) on the Company's net profit was mitigated by lower cost of sales (by Rs. 1.8 billion owing to OPEX optimization and lower royalties) and taxation expenses (by Rs. 2.2 billion due to higher tax deductible capital expenditure and tax savings on interest from subsidiaries after opting for group taxation).

Liquidity Management and cash flows

An amount of Rs. 27.1 billion (2020: Rs 14.4 billion) was generated from Operating activities of the Company which was mainly used to undertake exploration and development activities, capital expenditures, investments and payment of dividends. At the end of the year, the Company reported cash and cash equivalents of Rs 36.6 billion (2020: Rs 23.5 billion).

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

Trade Receivables

As at June 30, 2021, the Company's trade debts stood at Rs 109 billion (2020: Rs. 104 billion). This includes overdue trade debts of Rs. 94.2 billion (2020: 92.1 billion). Out of total overdue receivables, Rs. 62.0 billion (2020: Rs. 60.8 billion) and Rs. 30.0 billion (2020: Rs. 28.6

billion) are recoverable from SSGCL and SNGPL respectively.

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

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

Group Taxation

From the financial year 2020-21, GHPL alongwith 100% owned subsidiaries, ISGS and PLL opted for Group Taxation u/s 59AA of Income Tax Ordinance, 2001.

Dividends

During the year, the Company paid interim cash dividend of Rs 7 billion (Rs. 3.35 per share).

Contribution to national economy

The Company is a significant contributor to the national economy. During the year, GHPL contributed Rs. 40.6 billion (2020: Rs 42.4 billion) to National Exchequer on account of Corporate taxation, dividend, royalty, sales tax, federal excise duty, petroleum levy and windfall levy.

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

Group's Financial Performance

The financial statements of the group reflected an increase in consolidated profits by 39% The Group reported sales revenue and profit after tax of Rs.283.9 billion (2020 Rs. 222.8 billion) and Rs.42.3 billion (2020: Rs. 30.5 billion)

Restatement in Financial Statements

During the year, the Company restated comparative financial information in respect of matters explained in Note 42 and Note 45 to the unconsolidated and consolidated financial statements respectively.

Auditors' Observation

The Auditors in their Audit Report on the unconsolidated financial statement for the year ended June 30, 2021 have drawn attention to Note 10.1.1, Note 14.1 and Note 42 to the financial statements.

The Auditor's Opinion is not modified in respect of these matters

The Auditors in their Audit Report on the consolidated financial statement for the year ended June 30, 2021 have drawn attention to Note 1.7, Note 6.5.1.1, Note 15.1 and Note 45 to the financial statements.

The Auditor's Opinion is not modified in respect of these matters

CORPORATE GOVERNANCE

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

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

- The Board has complied with the relevant principles of corporate governance, and has identified the regulations that have not been complied with, the period such non-compliance continued and reasons for such non-compliance.
- The financial statements, prepared by the Management of the Company, present its

state of affairs fairly, the result of its operations, cash flows and changes in equity.

- Proper books of accounts have been maintained by the Company.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards as applicable in Pakistan have been followed in preparation of financial statements.
- There are no doubts upon the Company's ability to continue as a going concern.
- The Board recognizes its responsibility to establish and maintain sound system of internal control, which is regularly reviewed and monitored.
- The appointment of the Chairman and other members of the Board and their terms of appointment along with the remuneration policy adopted are in the best interest of the Company as well as in line with the best practices.
- Disclosure on remuneration of Chief Executives and Executives is given in Note 33.2 of the Company's unconsolidated Financial Statements for the year ended June 30, 2021.
- Directors only receive directors' fees for attending meetings of the Board and Board Committees. The details of fees paid to each director are included in the Annual Report in the relevant section of the Annual Report.
- No subsidy or financial support has been taken from the Government.
- Reasons for significant deviations from last year's operating results have been explained in relevant section of the Directors' Report.
- Key operating and financial data of last six years has been summarized in relevant section of the Annual report.
- Information about outstanding taxes and levies is given in the notes to the financial statements.
- The value of investment in employee retirement funds based on the latest audited accounts as of June 30, 2021 is as follows.

- Employees Provident Fund	Rs. 55,000,000
- Employees Gratuity Fund	Rs. 123,477,922

- 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 30 June 2021 has been disclosed in the Directors Report.

EXTERNAL AUDITORS

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

The Audit Committee considered the matter of appointment of auditors and recommended to change the auditors of the Company for the financial year 2021-22. The recommendation of the Audit Committee has been endorsed by the Board of Directors.

POST BALANCE SHEET EVENTS

Award of Offshore Block

Subsequent to the year end, a Consortium comprising of the Company, Mari Petroleum Company Limited (MPCL), Oil and Gas Development Company Limited (OGDCL) and Pakistan Petroleum Limited (PPL) (Operator) has been awarded Offshore Block 5 in Abu Dhabi's second competitive exploration block bid round.

The consortium companies have established an independent company Pakistan International Oil Limited (PIOL) at Abu Dhabi Global Market with each consortium company having a 25% equity stake in PIOL.

Investment in Reko Diq Project

Subsequent to the year end, the Company has entered into a non-binding framework agreement with the GoP, the Government of Balochistan (GOB), OGDCL, PPL and Barrick Gold Corporation ("BGC") for the reconstitution of a joint mining project at Reko Diq ('the Project") in pursuance of settlement of the Reko Diq Dispute with Tethyan Copper Company (TCC) a joint venture between Antofagasta PLC and Barrick Gold Corporation.

Through the framework agreement, the Company has in principle agreed to participate in 8.33% equity, (which may be held through onshore or offshore holding companies) along with OGDCL and PPL, in aggregate amounting to 25% of equity in the Project.

FUTURE OUTLOOK

The Company will continue working with JV partners to expand and expedite exploration activities for new oil/gas discoveries in the country which are much needed for containing import bill and meeting country's energy needs. Development and production activities will continue in the Company's non-operated blocks to boost / sustain production levels.

The Company will also look into opportunities for enhancing its existing portfolio by acquiring / increasing participatory share in new / existing petroleum blocks both in domestic and international markets and through business diversification.

ACKNOWLEDGEMENT

The results for the year could not have been made possible without the loyalty, devotion, hard work and commitment of all employees. The Directors acknowledge and deeply appreciates their contribution toward achievement of the Company's goals.

The Directors would also like to express their gratitude to the Ministry of Energy, DGPC and other government's division and departments for their continuous support, guidance and cooperation.

Chief Executive Officer

Director

UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

KPMG

KPMG Taseer Hadi & Co.
Chartered Accountants
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Islamabad, Pakistan
Telephone 92 (51) 282 3558, Fax 92 (51) 282 2671

INDEPENDENT AUDITORS' 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 30 June 2021, 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 30 June 2021 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 *Auditors' 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.

Emphasis of Matters

We draw attention to:

- Note 10.1.1 to the financial statements, which describes reasons for delays in the implementation and status of activities of the Iran Pakistan Gas Pipeline Project.

- Note 14.1 to the financial statements, which describes in detail matter relating to overdue receivables on account of Inter-corporate circular debt.

- Note 42 to the financial statements, which indicates that the comparative information presented as at and for the year ended 30 June 2020 has been restated.

Our opinion is not modified in respect of these matters.

Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2021 but does not include the financial statements and our auditors' report thereon.

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

In connection with 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.

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.

Auditors' 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 auditors' 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 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 judgement and maintain professional scepticism 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 auditors' 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 auditors' 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).

KPMG

KPMG Taseer Hadi & Co.

Other Matters

- The financial statements of the Company as at and for the year ended 30 June 2020 and 1 July 2019 excluding the adjustments described in Note 42 to the financial statements were audited by another auditor who expressed an unmodified opinion on those financial statements on 28 December 2020.

- As part of our audit of the financial statements as at and for the year ended 30 June 2021, we audited the adjustments described in Note 42 that were applied to restate the comparative information presented as at and for the year ended 30 June 2020 and the statement of financial position as at 1 July 2019. We were not engaged to audit, review, or apply any procedures to the financial statements for the years ended 30 June 2020 or to the statement of financial position as at 1 July 2019, other than with respect to the adjustments described in Note 42 to the financial statements. Accordingly, we do not express an opinion or any other form of assurance on those respective financial statements taken as a whole. However, in our opinion, the adjustments described in Note 42 are appropriate and have been properly applied.

The engagement partner on the audit resulting in this independent auditors' report is Inam Ullah Kakra.

KPMG Taseer Hadi & Co.

KPMG Taseer Hadi & Co.
Chartered Accountants
Islamabad

Date: 22 July 2022

GOVERNMENT HOLDINGS (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2021

	Note	30 June 2021	30 June 2020	01 July 2019
		----(Rupees)----		
			Restated	Restated
EQUITY AND LIABILITIES				
EQUITY				
Share capital	19	20,885,120,920	20,885,120,920	20,885,120,920
Reserves	20	57,695,064,976	57,357,681,972	56,930,754,672
Unappropriated profit		112,590,424,238	86,479,775,181	58,874,136,684
Advance against issue of shares	19.2	2,336,091,408	414,327,501	-
TOTAL EQUITY		193,506,701,542	165,136,905,574	136,690,012,276
NON CURRENT LIABILITIES				
Long term liability	21	3,511,804,183	4,188,263,503	4,122,651,375
Deferred taxation	22	5,870,866,413	5,232,140,867	7,702,252,052
Provision for decommissioning cost	23	7,343,544,525	8,263,964,544	5,698,232,494
Deferred employee benefit	24	39,182,386	39,321,222	29,738,690
		16,765,397,507	17,723,690,136	17,552,874,611
CURRENT LIABILITIES				
Trade and other payables	25	11,497,087,320	11,715,537,561	11,076,480,303
Current portion of long term liability	21	819,631,897	794,851,274	971,546,027
Provision for taxation	26	422,040,612	3,866,645,542	3,509,380,562
		12,738,759,829	16,377,034,377	15,557,406,892
TOTAL LIABILITIES		29,504,157,336	34,100,724,513	33,110,281,503
TOTAL EQUITY AND LIABILITIES		223,010,858,878	199,237,630,087	169,800,293,779
CONTINGENCIES AND COMMITMENTS	27			

	Note	30 June 2021	30 June 2020	01 July 2019
		----(Rupees)----		
			Restated	Restated
ASSETS				
NON CURRENT ASSETS				
Property, plant and equipment	6	28,041,515,708	28,046,314,614	27,806,225,816
Intangible assets	7	24,065,310	47,489,261	37,746,471
Exploration and evaluation assets	8	5,752,965,834	5,456,332,060	4,132,725,421
Development and production assets	9	14,910,564,502	16,387,356,198	16,265,329,262
Investment in subsidiaries	10	5,324,912,308	3,398,248,401	2,983,920,900
Long term loan	11	5,099,549,415	45,059,555	4,375,854,312
		59,153,573,077	53,380,800,089	55,601,802,182
CURRENT ASSETS				
Stores, spares and loose tools - share in Joint operations' inventory	12	4,099,209,673	3,552,307,005	3,295,805,619
Current portion of loan	13	1,591,175,045	7,833,275,953	4,069,473,302
Trade debts - net	14	108,955,084,171	104,484,054,965	84,659,136,116
Loans, advances and other receivables	15	20,349,023	12,357,718	10,010,896
Trade deposits and short term prepayments	16	10,404,843	5,993,677	5,587,466
Short term investments	17	39,621,953,700	24,481,865,753	18,109,504,106
Cash and bank balances	18	9,559,109,346	5,486,974,927	4,048,974,092
		163,857,285,801	145,856,829,998	114,198,491,597
TOTAL ASSETS		223,010,858,878	199,237,630,087	169,800,293,779

The annexed notes from 1 to 46 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, 2021

	Note	30 June 2021	30 June 2020
		(Rupees)	
			Restated
SALES - NET	28	**67,063,218,276**	71,923,815,442
Royalty and other levies	29	**(7,600,141,538)**	(8,109,289,414)
Operating expenses	30	**(13,168,127,662)**	(14,454,263,997)
GROSS PROFIT		**46,294,949,076**	49,360,262,031
Finance and other income	31	**4,604,777,129**	4,670,233,427
Exploration and prospecting expenditure	32	**(561,330,842)**	(598,307,034)
General and administrative expenses	33	**(555,341,985)**	(536,554,642)
Other expenses	34	**(1,320,292,007)**	(1,673,716,779)
OPERATING PROFIT		**48,462,761,371**	51,221,917,003
Finance cost	35	**(61,738,560)**	(832,006,704)
PROFIT BEFORE TAXATION		**48,401,022,811**	50,389,910,299
Taxation	36	**(14,944,466,624)**	(17,353,692,797)
PROFIT FOR THE YEAR		**33,456,556,187**	33,036,217,502
EARNINGS PER SHARE - BASIC AND DILUTED	37	**16.02**	15.82

The annexed notes from 1 to 46 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, 2021

	Note	30 June 2021	30 June 2020
		(Rupees)	
			Restated
PROFIT FOR THE YEAR		**33,456,556,187**	33,036,217,502
Other comprehensive loss for the year			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement loss on employees' retirement benefits	25.2	(14,206,877)	(6,086,175)
Tax effect of remeasurement loss on employee's retirement benefits		5,682,751	2,434,470
Other comprehensive loss for the year		(8,524,126)	(3,651,705)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		33,448,032,061	33,032,565,797

The annexed notes from 1 to 46 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, 2021

	Share capital		Revenue Reserve		Capital Reserve					
	Issued, Subscribed and Paid-up	Advance against issue of shares	General reserve	Fair value adjustment on collateral arrangement with subsidiary	Committed outlay reserve	LNG project reserve	Asset insurance reserve	Assets acquisition reserve	Unappropriated profits	Total
	(Rupees)									
Balance as at 1 July 2019 as previously reported	20,885,120,920	-	2,284,626,436		20,946,247,416	25,000,000,000	3,000,000,000	5,000,000,000	56,015,381,649	133,131,376,421
Impact of restatement- note 42	-	-	-	699,880,820	-	-	-	-	2,858,755,035	3,558,635,855
Balance as at 1 July 2019 - restated	**20,885,120,920**	**-**	**2,284,626,436**	**699,880,820**	**20,946,247,416**	**25,000,000,000**	**3,000,000,000**	**5,000,000,000**	**58,874,136,684**	**136,690,012,276**
Total comprehensive income for the year - restated										
Profit for the year - restated	-	-	-	-	-	-	-	-	33,036,217,502	33,036,217,502
Other comprehensive loss for the year	-	-	-	-	-	-	-	-	(3,651,705)	(3,651,705)
Total comprehensive income for the year - restated	-	-	-	-	-	-	-	-	33,032,565,797	33,032,565,797
Transactions with owners of the Company										
Contributions										
Advance received against issue of shares	-	414,327,501	-	-	-	-	-	-	-	414,327,501
Fair value adjustment on collateral arrangement with subsidiary	-	-	-	426,927,300	-	-	-	-	(426,927,300)	-
	-	414,327,501	-	426,927,300	-	-	-	-	(426,927,300)	414,327,501
Distributions										
Interim dividend 2020 Rs. 2.39 per share	-	-	-	-	-	-	-	-	(5,000,000,000)	(5,000,000,000)
	-	-	-	-	-	-	-	-	(5,000,000,000)	(5,000,000,000)
Total contributions and distributions- net	-	414,327,501	-	426,927,300	-	-	-	-	(5,426,927,300)	(4,585,672,499)
Balance as at 30 June 2020 - restated	**20,885,120,920**	**414,327,501**	**2,284,626,436**	**1,126,808,120**	**20,946,247,416**	**25,000,000,000**	**3,000,000,000**	**5,000,000,000**	**86,479,775,181**	**165,136,905,574**
Balance as at 1 July 2020 - restated	**20,885,120,920**	**414,327,501**	**2,284,626,436**	**1,126,808,120**	**20,946,247,416**	**25,000,000,000**	**3,000,000,000**	**5,000,000,000**	**86,479,775,181**	**165,136,905,574**
Total comprehensive income for the year										
Profit for the year	-	-	-	-	-	-	-	-	33,456,556,187	33,456,556,187
Other comprehensive loss for the year	-	-	-	-	-	-	-	-	(8,524,126)	(8,524,126)
Total comprehensive income for the year	-	-	-	-	-	-	-	-	33,448,032,061	33,448,032,061
Transactions with owners of the Company										
Contributions										
Advance received against issue of shares	-	1,921,763,907	-	-	-	-	-	-	-	1,921,763,907
Fair value adjustment on collateral arrangement with subsidiary	-	-	-	337,383,004	-	-	-	-	(337,383,004)	-
	-	1,921,763,907	-	337,383,004	-	-	-	-	(337,383,004)	1,921,763,907
Distributions										
Interim dividend 2021 Rs. 3.35 per share	-	-	-	-	-	-	-	-	(7,000,000,000)	(7,000,000,000)
	-	-	-	-	-	-	-	-	(7,000,000,000)	(7,000,000,000)
Total contributions and distributions- net	-	1,921,763,907	-	337,383,004	-	-	-	-	(7,337,383,004)	(5,078,236,093)
Balance as at June 30, 2021	**20,885,120,920**	**2,336,091,408**	**2,284,626,436**	**1,464,191,124**	**20,946,247,416**	**25,000,000,000**	**3,000,000,000**	**5,000,000,000**	**112,590,424,238**	**193,506,701,542**

The annexed notes from 1 to 46 form an integral part of these financial statements.

Chief Executive Officer

Director

GOVERNMENT HOLDINGS (PRIVATE) LIMITED
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED JUNE 30, 2021

	Note	30 June 2021	30 June 2020
		----------(Rupees)----------	
			Restated
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		48,401,022,811	50,389,910,299
Adjustments for:			
Amortization of development and production assets	9	3,972,122,094	3,517,195,565
Depreciation on Joint operations' fixed assets	6.2	2,297,716,363	2,889,072,499
Gain on disposal of property, plant and equipment	31	(138,735)	-
Impairment on property, plant and equipment	30.2	235,200,492	113,425,750
Impairment on development and production assets	30.2	72,311,420	270,267,309
Depreciation on owned fixed assets	6.1	19,782,969	13,692,912
Amortization of intangible assets	7	25,844,925	20,624,479
Dry hole wells	32	306,995,847	111,492,335
Provision for employee benefits	24.1 & 25.1	40,274,624	29,965,200
Unwinding of discount	35	239,292,095	563,345,067
Discount of long term liability	35	(177,616,628)	268,567,794
Unrealised exchange (gain) / loss		(1,186,932,910)	(313,159,297)
Provision for windfall levy on oil/condensate	34	1,320,292,007	1,328,505,943
Reversal due to change in decommissioning cost estimates	30	(174,167,380)	(23,254,123)
Interest income	31	(3,948,033,290)	(4,666,609,927)
		51,443,966,704	54,513,041,805
Changes in:			
Stores, spare and loose tools - share in Joint operations' inventory		(546,902,668)	(256,501,386)
Trade debts - net		(4,618,322,600)	(20,076,536,711)
Loans, advances and other receivables		(7,991,305)	(2,011,872)
Trade deposits and short-term prepayments		(4,411,166)	(406,211)
Trade and other payables		(1,908,351,239)	(244,112,796)
		(7,085,978,978)	(20,579,568,976)
Cash generated from operations		44,357,987,726	33,933,472,829
Income tax paid	26	(17,190,434,246)	(19,464,104,532)
Employee benefits paid	24.1 & 25.1	(38,373,566)	(23,319,439)
Net cash generated from operating activities		27,129,179,914	14,446,048,858
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(6,047,840,621)	(6,869,288,409)
Proceeds from disposal of property, plant and equipment		138,735	-
Interest received		3,330,189,668	4,823,406,333
Investment in subsidiary		(1,926,663,907)	(414,327,501)
Purchase of short term investments		(6,000,000,000)	-
Proceeds form loan repayment		1,790,290,860	242,738,656
Loan disbursed		(107,459,752)	(298,570,353)
Net cash used in investing activities		(8,961,345,017)	(2,516,041,274)
CASH FLOWS FROM FINANCING ACTIVITIES			
Advance received against issue of shares	19.2	1,921,763,907	414,327,501
Dividend paid		(7,000,000,000)	(5,000,000,000)
Net cash used in financing activities		(5,078,236,093)	(4,585,672,499)
NET INCREASE IN CASH AND CASH EQUIVALENTS		13,089,598,804	7,344,335,085
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		23,502,813,283	16,158,478,198
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	18.2	36,592,412,087	23,502,813,283

The annexed notes from 1 to 46 form an integral part of these financial statements.

Chief Executive Officer

Director

GOVERNMENT HOLDINGS (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

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 (Currently Companies Act, 2017). The Company's registered office is situated at 7th Floor, Petroleum House, Ataturk Avenue, G-5/2, Islamabad. The main objectives of the Company are to:

a) Acquire shares of the companies or interest of Government of Pakistan (GoP) in the existing and new oil and gas concessions, either by payment or by issuance of shares, credited as fully paid, or other securities, as the Company may think fit and to hold and enjoy all interests, rights, contracts and privileges vested in, or connected with, the title of such shares; and

b) Take over, acquire, renew, unitize, and hold any exploration, prospecting, development and production concessions of whatever nature or otherwise acquire any estate or interest, develop resources of work, dispose off or otherwise turn to account land or sea beds in any part of the world containing or thought to contain petroleum or any other oil in any form, and to search for or participate in the exploration for petroleum or any other oil in any form, asphalt, bitumen or similar substances or natural gas, or any substance used or which may be capable of use, and to organize, equip and employ expeditions, experts and other agents to carry out drilling and other exploratory operations, and to establish and operate oil and gas wells and other undertakings for the extraction of any of the aforesaid substances.

1.2 The Company has 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.

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

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

1.5 Ministry of Energy (Petroleum Division) vide its letter dated January 02, 2020 directed the Pakistan LNG Limited (PLL) and Pakistan LNG Terminals Limited (PLTL) be merged as a single autonomous body. The Boards of PLL & PLTL principally agreed to the merger and the matter was referred to the Company, being holding Company, along with the merger due diligence report, tax advice and legal opinion thereon by external consultants. The Company vide its letter no. DF / FIN / 619 / 2020 dated October 06, 2020 communicated the decision of its Board of Directors regarding approval for the amalgamation of PLTL into PLL. The Boards of PLL and PLTL passed resolution for merger of both Companies, whereby PLTL was merged into PLL, being surviving entity. The effective date of merger was January 01, 2021. The 1,500,000 equity shares at Rs.10 each of PLTL transferred to PLL.

1.6 As of the date of statement of financial position, the Company has the following wholly owned subsidiaries:
a) Inter State Gas System (Private) Limited (ISGSL)
b) Pakistan LNG Limited (PLL)

PLL and PLTL merged with effect from January 01, 2021 with PLL being the surviving entity.

1.7 These financial statements are separate financial statements of the Company in which investment in subsidiary company is accounted for on the basis of direct equity interest rather than on the basis of reported results. Consolidated financial statements are prepared separately.

1.8 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
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	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	Punjab & KPK
OGDCL	Zin	5	Balochistan
OPPL	Zamzama	25	Sindh
PEL	Block 22	5 (Exp) ~ 22.5 (Dev)*	Sindh
PEL	Kandra	5 (Exp) ~ 25 (Dev)*	Sindh
PEL	Mirpur Mathelo	5	Sindh
POL	Pariwali	17.5	Punjab
POL	Minwal	17.5	Punjab
PPL	Bela West	2.5	Balochistan
PPL	Dhok Sultan	25	Punjab & KPK
PPL	Gambat South	25	Sindh
PPL	Hisal	2.5	Punjab
PPL	Hub	2.5	Balochistan
PPL	Mazarani	12.5	Sindh
PPL	Chachar	25	Sindh
PPL	Nausherwani	25	Balochistan
PPL	Sadiqabad	2.5	Punjab
PPL	Shah Bandar	2.5	Sindh

Operator	Concession / Block	Working Interest (%)	Province
PPL	Sirani	25	Sindh
PPL	South Kharan	2.5	Balochistan
PPL	Musakhel	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
OGDCL	Khuzdar South	2.5	Sindh & Balochistan
Paige	Murgha Faqir Zai	5	Balochistan
PPL	Punjab	2.5	Punjab

* 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

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

3 NEW AND AMENDED STANDARDS AND INTERPRETATIONS

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

The following are new and amended standards and interpretations which became applicable for accounting period beginning July 01, 2020 but are considered not to be relevant or do not have any significant effect on the Company's financial statements:

- Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The Board has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test.

- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the Board has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.

- On 29 March 2018, the Board has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the Board to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallize. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.

- Interest Rate Benchmark Reform which amended IFRS 9, IAS 39 and IFRS 7 is applicable for annual financial periods beginning on or after 1 January 2020. The G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of major interest rate benchmarks. Following the review, the FSB published a report setting out its recommended reforms of some major interest rate benchmarks such as IBORs. Public authorities in many jurisdictions have since taken steps to implement those recommendations. This has in turn led to uncertainty about the long-term viability of some interest rate benchmarks. In these amendments, the term 'interest rate benchmark reform' refers to the market-wide reform of an interest rate benchmark including its replacement with an alternative benchmark rate, such as that resulting from the FSB's recommendations set out in its July 2014 report 'Reforming Major Interest Rate Benchmarks' (the reform). The amendments made provide relief from the potential effects of the uncertainty caused by the reform. A company shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform.

3.2 Standards, amendments and interpretations to accounting and reporting standards that are not yet effective

The following International Financial Reporting Standards (IFRS Standards), interpretations and the amendments as notified under Companies Act, 2017 are effective for accounting periods beginning from the dates specified below:

- Amendment to IFRS 3 'Business Combinations' (effective for annual periods beginning on or after 1 January 2022). Minor amendments were made to update references to the Conceptual Framework for Financial Reporting and add an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' and IFRIC 21 'Levies'. The amendment also confirms that contingent assets should not be recognised at the acquisition date. This amendment is not likely to have an impact on Company's financial statements.

- Amendment to IFRS 4 'Insurance Contracts'. The fix expiry date for the exemption in IFRS 4 from applying IFRS 9 for an entity choosing to apply the deferral approach is now 01 January 2023. This amendment is not likely to have an impact on Company's financial statements.

- Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current (effective for the annual periods beginning on or after 1 January 2023). These amendments in the standard have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8. This amendment is not likely to have an impact on Company's financial statements.

- Amendments to IAS 16 'Property, Plant and Equipment' Proceeds before Intended Use (effective for annual periods beginning on or after 1 January 2022). These amendments clarify that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. This amendment is not likely to have an impact on Company's financial statements.

- Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' Onerous Contracts – Cost of Fulfilling a Contract (effective for annual periods beginning on or after 1 January 2022). It amends IAS 1 by mainly adding paragraphs which clarifies what comprise the cost of fulfilling a contract, cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application. This amendment is not likely to have an impact on Company's financial statements.

- Amendments to IFRS 9 'Financial Instruments, IAS 39 'Financial Instruments: Recognition and Measurement', IFRS 7 'Financial Instruments: Disclosures', IFRS 4 'Insurance Contracts' and IFRS 16 'Leases' Interest Rate Benchmark Reform – Phase 2 (applicable for annual financial periods beginning on or after 1 January 2021, with earlier application permitted). The amendments introduce a practical expedient to account for modifications of financial assets or financial liabilities if a change results directly from IBOR reform and occurs on an 'economically equivalent' basis. In these cases, changes will be accounted for by updating the effective interest rate. A similar practical expedient will apply under IFRS 16 for lessees when accounting for lease modifications required by IBOR reform. The amendments also allow a series of exemptions from the regular, strict rules around hedge accounting for hedging relationships directly affected by the interest rate benchmark reforms and shall be applied retrospectively. Hedging relationships previously discontinued solely because of changes resulting from the reform will be reinstated if certain conditions are met. This amendment is not likely to have an impact on Company's financial statements.

- Amendments to IFRS 16 'Leases' COVID-19-Related Rent Concessions – the International Accounting Standards Board (the Board) has issued amendments to IFRS 16 (the amendments) to provide practical relief for lessees in accounting for rent concessions. The amendments were effective for periods beginning on or after 1 June 2020, with earlier application permitted. Under the standard's previous requirements, lessees assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications. This generally involves remeasuring the lease liability using the revised lease payments and a revised discount rate. In light of the effects of the COVID-19 pandemic, and the fact that many lessees were applying the standard for the first time in their financial statements, the Board provided an optional practical expedient for lessees. Under the practical expedient, lessees were not required to assess whether eligible rent concessions are lease modifications, and instead were permitted to account for them as if they were not lease modifications. This amendment is not likely to have an impact on Company's financial statements.

  The practical expedient introduced in the 2020 amendments only applied to rent concessions for which any reduction in lease payments affected payments originally due on or before 30 June 2021. In light of persistence of economic challenges posed by the COVID-19 pandemic, the Board has extended the practical expedient for COVID-19 related rent concessions by one year i.e. permitting lessees to apply it to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022. Rent concessions are eligible for the practical expedient if they occur as a direct consequence of the COVID-19 pandemic and if all the following criteria are met:

  - the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
  - any reduction in lease payments affects only payments originally due on or before 30 June 2022; and
  - there is no substantive change to the other terms and conditions of the lease.

  The amendments are not likely to have impact on Company's financial statements.

- Amendments to IAS 1 'Presentation of Financial Statements' and IFRS Practice Statement 2-Disclosure of Accounting Policies (effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted)–the Board has issued amendments on the application of materiality to disclosure of accounting policies and to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:

  - requiring companies to disclose their material accounting policies rather than their significant accounting policies;
  - clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
  - clarifying that not ALL Accounting policies that relate to material transactions, other events or conditions are themselves material to a Company's Financial statements.

  The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. This amendment is not likely to have an impact on Company's financial statements.

- Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'-Definition of Accounting Estimates – The amendments introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a Company develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for periods beginning on or after 1 January 2023, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the Company applies the amendments. This amendment is not likely to have an impact on Company's financial statements.

- Amendments to IAS 12 'Income Taxes'-Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted) – The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. This amendment is not likely to have an impact on Company's financial statements.

- The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after 1 January 2022.

  IFRS 1 – The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs.

  IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.

  IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.

  IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

  The above mentioned amendments are not likely to have an impact on Company's financial statements.

3.3 Securities and Exchange Commission of Pakistan (SECP) through S.R.O. 985 (I)/2019 dated 02 September 2019 has notified that in respect of companies holding financial assets due from the Government of Pakistan (GoP), the requirements contained in IFRS 9 with respect to application of Expected Credit Loss (ECL) method shall not be applicable till 30 June 2021, 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. Under the said S.R.O, the disclosure of the impacts of ECL was not required. Further, subsequent to year ended 30 June 2021, SECP through S.R.O 1177(I)/2021 dated 13 September 2021 extended the exemption period till 30 June 2022. Earlier to the aforesaid S.R.O. dated 02 September 2019, SECP in a press release dated 22 August 2019 communicated that IFRS 9 needs to be looked into from Pakistan perspective where phenomenon that 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 recognised in respect of financial assets due directly /ultimately from GoP which includes trade debts amounting to Rs. 108,316 million.

3.4 Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been notified locally by the SECP as at 30 June 2021:

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

3.5 The following interpretation / IFRS issued by IASB have been waived off by SECP:

- IFRIC 12 – Service Concession Arrangements

4. ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future period affected.

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

4.1 Property, plant and equipment

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

4.2 Exploration and evaluation expenditure

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

4.3 Development and production expenditure

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 the recognise corresponding development and production expenditure; on the basis of best estimates available from the shared cost statement of the relevant joint operation. An adjustment is made based on the finalized cost with the operator.

4.4 Taxation

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 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. Deferred income tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted or substantively enacted, by the date of the statement of financial position.

4.5 Measurement of the expected credit loss allowance

The measurement of the expected credit loss ("ECL") allowance for financial assets 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

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

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 effected had there been no change in estimates:

	Rupees
Provision for decommissioning cost would have been higher by	603,635,997
Property, plant and equipment would have been higher by	336,110,721
Development and production assets would have been higher by	93,357,896
Operating expenses would have been higher by	174,167,380
Total comprehensive income would have been lower by	345,954,827

4.7 Estimation of oil and natural gas reserves

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, 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.

Changes in estimates of reserves and other certain estimates and assumptions similar to those described above for exploration and evaluation expenditure also impact on determining economic viability of projects. The Company assess at the end of each reporting period whether there is any indication that an asset may be impaired. Where indications of impairment are identified, an impairment test is performed by the Company based on the estimate of the recoverable value of that asset and/ or Cash Generating Unit (CGU). The calculation of recoverable value of development and production assets and related property, plant and equipment requires management to make estimates and judgements, such as estimation of volume of oil and gas recoverable reserves, future oil and gas prices, costs and discount rate.

It is reasonably possible that a change in these assumptions may require a material adjustment to the carrying value of development and production assets and related property plant and equipment. The Company monitors internal and external indicators of impairment relating to its assets.

4.8 Employee benefits

Defined benefits plans are provided for employees of the Company. 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 Company. 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.

4.9 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 30 June 2022. Accordingly, the Company reviews the recoverability of its trade debts and investments that are due directly/ ultimately from GoP 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 at 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.

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. No depreciation is charged on the assets in the month of sale/disposal, while full depreciation is charged in the month of acquisition. 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 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. The cost of intangible is amortized over the estimated useful life on straight line basis.

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

5.3 Exploration and evaluation assets

The exploration cost of all those joint operations, where GHPL participates on full sharing basis, is accounted for under the "Successful Efforts" method. 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 charged to profit and loss as they are occurred.

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 capitalized costs are written off as dry and abandoned wells and are charged to profit or loss. E&E assets are not amortized prior to the conclusion of appraisal activities.

5.4 Development and production assets

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

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

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

Expenditure carried within each field is amortized from the commencement of production on a unit of production basis, 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 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 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.

5.6 Joint Operations

The Company has certain contractual arrangements with other participants to engage in joint activities, where all significant operating and financial matters are determined by the participants, such that the operator itself has no significant independence to pursue its own commercial strategy. These contractual arrangements do not create a joint venture entity and are accounted for as jointly controlled assets. The Company accounts for its share of the jointly controlled assets, liabilities and operating expenses on proportionate basis.

5.7 Investment in subsidiary

Subsidiaries are all entities over which the Company has control to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Further, the Company also considers whether:

- it has power over the investee entity;
- it has exposure, rights to variable returns from its involvement in investee entity; and
- it has ability to use its power over the investee entity to affect the amount of the Company's returns.

Investment in subsidiary is stated at cost less accumulated impairment losses, if any. A reversal of an impairment loss on subsidiary is recognised as it arises provided the increased carrying value does not exceed cost.

The profits and losses of the subsidiaries are carried forward in the financial statements of the subsidiaries and not dealt within or for the purpose of these financial statements except to the extent of dividend declared by the subsidiaries.

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

Stores and spares 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.

5.9 Financial instruments

Financial assets and financial liabilities are recognized in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument. All the financial assets are derecognized at the time when the Company loses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognized at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled, or expired. Any gains or losses on de-recognition of the financial assets and financial liabilities are taken to the statement of profit or loss.

5.9.1 Classification of financial assets

The Company classifies its financial instruments in the following categories:

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

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

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

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

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

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

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

5.9.2 Classification of financial liabilities

The Company classifies its financial liabilities in the following categories:

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

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

5.9.3 Initial recognition

The financial assets are initially recognized at fair value with the exception of trade debts which do not contain a significant financing component and the Company has applied the practical expedient to measure them at the transaction price, plus, in case of a financial asset not at FVTPL, transaction costs. Transaction cost of financial assets carried at FVTPL are expensed in statement of profit or loss. All financial liabilities are initially measured at fair value and in the case of loans and borrowings (if any) and payables, net of directly attributable transaction costs.

5.9.4 Subsequent measurement

Financial assets and liabilities at amortized cost-Other than equity instruments

Subsequent to the initial recognition, these are measured at effective interest rate method and subject to impairment. Gains and losses are recognized in profit or loss when the asset/ liability is derecognized/ or modified or the assets is impaired.

Financial assets and liabilities at FVTPL-Other than equity instruments

Subsequent to the initial recognition, these are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

Financial assets at FVTOCI-Other than equity instruments

Subsequent changes in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognized in statement of profit or loss.

Financial assets- equity instruments

The Company subsequently measure all equity instruments at fair value. Where the Company's management has elected to present fair value gain and loss on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

5.9.5 Impairment of financial assets

The Company recognizes loss allowance for ECL on financial assets measured at amortised cost except for financial assets due directly / ultimately from GoP which includes certain trade debts and investments/loans in respect of which applicability of ECL model is deferred by SECP as explained in note 3.3. For trade debts not subject of ECL exemption, the Company applies IFRS 9 simplified approach to measure the expected credit losses (loss allowance) which uses a life time expected allowance. The Company uses General 3-stage approach for loans and advances, term deposits, short term investments, other receivables, other financial assets and cash and bank balances i.e. to measure ECL through loss allowance at an amount equal to 12-month ECL if credit risk on a financial instruments has not increased significantly since initial recognition.

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

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

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

In respect of financial assets due directly /ultimately from GoP, on which ECL model is not applicable as per the aforesaid notification of SECP, the financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

5.9.6 Derecognition

Financial assets

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

Financial liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability 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.

5.9.7 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.

5.10 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 and cash at banks alongwith interest accrued thereon. 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.

5.11 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. If, for mature fields, revised oil and gas assets net of decommissioning provisions exceeds the recoverable value, that portion of the increase is charged directly to the statement of profit or loss.

5.12 Employee benefits

Gratuity, contributory provident fund and accumulating compensated absences

The Company operates an approved funded gratuity scheme for its employees. Provision for the scheme is made on the basis of actuarial valuation.

The Company accounts for all compensated absences when employees render services that increase their entitlement to future compensated absences.

The Company operates an approved contributory provident fund scheme for its employees. Equal monthly contributions are made, both the Company and the employees, to the fund at the rate of 8.33% of basic salary. The trustees of the fund are responsible to plan administration and investment. The Company appoints the trustees. All trustees are employees of the Company.

The liability recognized in the statement of financial position in respect of defined benefit plans is the present value of the defined benefit obligations at the reporting date less the fair value of plan assets. The defined benefits obligations are calculated annually by independent actuary using the Project Unit Credit (PUC) method. The latest actuarial valuations were carried out as of 30 June 2021.

The Company's obligation in respect of defined benefit plans is calculated separately for each plan by estimating the present value of the future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value.

The interest element of the defined benefit cost represents the change in present value of scheme obligations resulting from the passage of time, and is determined by applying the discount rate to the net defined benefit liability/(asset). This cost is included in employee benefit expense in the statement of profit or loss. Past service costs are recognized immediately in profit or loss.

5.13 Taxation

Taxation for the year comprises current and deferred tax. Taxation is recognized in profit or loss except to the extent that it relates to items recognized outside profit or loss (whether in other comprehensive income or directly in equity), if any, in which case the tax amounts are recognized outside profit or loss.

Current tax

Provision for current taxation is based on taxable income at the current rate of tax after taking into account applicable tax credits, rebates and exemptions available, if any, adjusted for payments to GoP for payments on account of royalty and any adjustment to tax payable in respect of previous years.

Deferred tax

Deferred tax is accounted for using the balance sheet liability method in respect of all taxable temporary differences arising from differences 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 for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized. Deferred tax 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 realized.

Deferred tax is not recognized 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 recognized for taxable temporary differences arising on the initial recognition of goodwill.

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

Group Taxation

The Company is taxed as a one fiscal unit along with its 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 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 parent 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 respective group entities.

Offsetting deferred tax assets and liabilities

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

5.14 Provisions and contingent liabilities

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

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

5.15 Revenue recognition

Revenue from contracts with customers is recognized when or as the Company satisfies a performance obligation by transferring a promised good or service to a customer. 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 or as the Company satisfies a performance obligation by transferring a promised good or service to a customer. A good or service is transferred when the customer obtains control of that good or service. The transfer of control of 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 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 authority. Effect of adjustments, if any, arising from revision in sale prices is reflected as and when the prices are finalized with the customers and/or approved by the GoP.

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

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.

5.16 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.

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.

5.17 Foreign currency translations

These financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency. Foreign currency transactions during the year are recorded at the exchange rate ruling on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the Pak Rupee at rate of exchange ruling at the date of the statement of financial position. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Exchange differences are taken to the statement of profit or loss for the year.

5.18 Dividends

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

5.19 Earning per share

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

6 PROPERTY, PLANT AND EQUIPMENT

	Note	30 June 2021	30 June 2020
		----(Rupees)----	
			Restated
Owned fixed assets	6.1	50,878,499	51,432,229
Share in Joint operations' fixed assets	6.2	24,900,716,854	25,140,124,602
Share in Joint operations' fixed assets - CWIP	6.3	3,089,920,355	2,854,757,783
		28,041,515,708	28,046,314,614

6.1 Owned fixed assets

30 June 2021	Cost				Rate	Depreciation				Carrying amount
Particulars	As at Jul 01, 2020	Additions	Disposal	As at June 30, 2021	%	As at Jul 01, 2020	Charge for the year	Disposal	As at June 30, 2021	As at June 30, 2021
	----Rupees----					----Rupees----				Rupees
Office equipment	24,662,873	13,225,960	(438,480)	37,450,353	20	15,113,314	4,923,291	(438,480)	19,598,125	17,852,228
Furniture and fixtures	30,653,204	2,403,586	-	33,056,790	15	14,094,459	3,859,531	-	17,953,990	15,102,800
Computer equipment	41,622,338	3,599,693	(811,000)	44,411,031	20-33	18,767,914	9,944,659	(811,000)	27,901,573	16,509,458
Vehicles	11,835,858	-	-	11,835,858	20	9,366,357	1,055,488	-	10,421,845	1,414,013
	108,774,273	19,229,239	(1,249,480)	126,754,032		57,342,044	19,782,969	(1,249,480)	75,875,533	50,878,499

30 June 2020	Cost				Rate	Depreciation				Carrying amount
Particulars	As at Jul 01, 2019	Additions	Disposal	As at Jun 30, 2020	%	As at Jul 01, 2019	Charge for the year	Disposal	As at Jun 30, 2020	As at Jun 30, 2020
	----Rupees----					----Rupees----				Rupees
Office equipment	24,566,874	95,999	-	24,662,873	20	10,751,576	4,361,738	-	15,113,314	9,549,559
Furniture and fixtures	30,653,204	-	-	30,653,204	15	10,243,224	3,851,235	-	14,094,459	16,558,745
Computer equipment	19,511,798	22,110,540	-	41,622,338	20-33	14,350,700	4,417,214	-	18,767,914	22,854,424
Vehicles	11,835,858	-	-	11,835,858	20	8,303,632	1,062,725	-	9,366,357	2,469,501
	86,567,734	22,206,539	-	108,774,273		43,649,132	13,692,912	-	57,342,044	51,432,229

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6.2 Share in Joint operations' fixed assets

30 June 2021	Cost				Rate	Depreciation			Impairment			Carrying amount
Particulars	As at Jul 01, 2020	Additions*	Transfers from CWIP	As at June 30, 2021	%	As at Jul 01, 2020	Charge for the year	As at June 30, 2021	As at Jul 01, 2020	Charge / reversal for the year	As at June 30, 2021	As at June 30, 2021
	Rupees					Rupees			Rupees			Rupees
	(Restated)					(Restated)						
Leasehold land	54,214,896	680,417	-	54,895,313	4-33	40,460,371	1,489,151	41,949,522	6,457,517	-	6,457,517	6,488,274
Plant and equipment*	44,670,646,004	583,007,599	849,118,191	46,102,771,794	4-33	20,088,195,699	1,938,335,991	22,026,531,690	2,851,547,157	9,611,462	2,861,158,619	21,215,081,485
Pipelines*	7,358,277,775	354,805,198	201,721,092	7,914,804,065	4-33	3,877,138,259	402,805,776	4,279,944,035	634,728,590	14,591,152	649,319,742	2,985,540,288
Office equipment	335,957,026	8,789,448	-	344,746,474	20	284,688,230	8,240,172	292,928,402	25,938,706	29,891	25,968,597	25,849,475
Furniture and fixtures	77,806,649	61,821	-	77,868,470	15	71,939,484	635,715	72,575,199	3,815,727	-	3,815,727	1,477,544
Vehicles	172,609,209	7,290,770	-	179,899,979	20	159,453,696	7,406,377	166,860,073	3,129,702	-	3,129,702	9,910,204
Decommissioning cost	1,082,836,496	76,845,751	220,833	1,159,903,080	4-33	505,698,589	(61,196,819)	444,501,770	59,031,726	-	59,031,726	656,369,584
CWIP - Tangible assets	2,715,679,073	448,674,791	-	3,164,353,864		-	-	-	10,533,076	210,927,710	221,460,786	2,942,893,078
CWIP - Decommissioning	149,832,576	(2,544,232)	(220,833)	147,067,511		-	-	-	-	40,277	40,277	147,027,234
	53,752,348,055	1,031,481,004	1,051,060,116	55,834,889,175		25,027,574,328	2,297,716,363	27,325,290,691	3,584,649,125	24,232,505	3,608,881,630	24,900,716,854

*This includes reversal of decommissioning cost amounting Rs. 351,056,105 and Rs. 58,905,358 directly made against related assets in Plant and equipment and Pipelines respectively, under IFRIC 1 - Changes in existing decommissioning, restoration and similar liabilities.

30 June 2020	Cost				Rate	Depreciation			Impairment			Carrying amount
Particulars	As at Jul 01, 2019	Additions/ (adjustments)	Transfers from CWIP	As at Jun 30, 2020	%	As at Jul 01, 2019	Charge for the year	As at Jun 30, 2020	As at Jul 01, 2019	Charge / reversal for the year	As at Jun 30, 2020	As at Jun 30, 2020
	Rupees Restated					Rupees Restated			Rupees			Rupees Restated
Leasehold land	54,214,896	-	-	54,214,896	4-33	38,998,911	1,461,460	40,460,371	6,457,517	-	6,457,517	7,297,008
Plant and equipment	43,364,984,363	1,128,021,212	177,640,429	44,670,646,004	4-33	17,693,699,329	2,394,496,370	20,088,195,699	2,766,078,052	85,469,105	2,851,547,157	21,730,903,148
Pipelines	6,947,042,848	346,093,324	65,141,603	7,358,277,775	4-33	3,491,778,607	385,359,652	3,877,138,259	562,519,440	72,209,150	634,728,590	2,846,410,926
Office equipment	314,157,987	21,799,039	-	335,957,026	20	260,300,434	24,387,796	284,688,230	25,338,327	600,379	25,938,706	25,330,090
Furniture and fixtures	77,777,750	28,899	-	77,806,649	15	68,076,234	3,863,250	71,939,484	3,793,939	21,788	3,815,727	2,051,438
Vehicles	174,426,295	(1,817,086)	-	172,609,209	20	147,719,998	11,733,698	159,453,696	3,129,702	-	3,129,702	10,025,811
Decommissioning cost	617,934,875	464,538,951	362,670	1,082,836,496	4-33	437,928,316	67,770,273	505,698,589	44,487,983	14,543,743	59,031,726	518,106,181
	51,550,539,014	1,958,664,339	243,144,702	53,752,348,055		22,138,501,829	2,889,072,499	25,027,574,328	3,411,804,960	172,844,165	3,584,649,125	25,140,124,602

6.3 Share in Joint Operations' fixed assets - CWIP

	30 June 2021	30 June 2020
	(Rupees)	
Opening balance	2,865,290,859	1,833,026,480
Add: Cost incurred during the year	1,592,167,255	1,275,409,081
Less: transferred to development and production assets	(94,976,580)	-
Less: transferred to Share in Joint operations' fixed assets	(1,051,060,116)	(243,144,702)
	3,311,421,418	2,865,290,859
Less: Accumulated Impairment	(221,501,063)	(10,533,076)
Closing balance	3,089,920,355	2,854,757,783

6.3.1 Total capitalized cost includes asset decommissioning cost amounting to Rs. 147,027,234 as at June 30, 2021 (2020: Rs. 149,832,576)

	Note	30 June 2021	30 June 2020
		----(Rupees)----	
6.4 Allocation of depreciation			
Operating expenses	30	2,297,716,363	2,889,072,499
General and administrative expenses	33	19,782,969	13,693,229
		2,317,499,332	2,902,765,728
6.5 Allocation of impairment / (reversal) of impairment			
Operating expenses	30	235,200,492	113,425,750

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

7 INTANGIBLE ASSETS

30 June 2021	Cost			Rate	Amortization			Carrying amount
Particulars	As at Jul 01, 2020	Additions	As at June 30, 2021	%	As at Jul 01, 2020	Charge for the year	As at June 30, 2021	As at June 30, 2021
		Rupees				Rupees		Rupees
Software	111,703,105	2,420,974	114,124,079	33	64,213,844	25,844,925	90,058,769	24,065,310

30 June 2020	Cost			Rate	Amortization			Carrying amount
Particulars	As at Jul 01, 2019	Additions	As at Jun 30, 2020	%	As at Jul 01, 2019	Charge for the year	As at Jun 30, 2020	As at Jun 30, 2020
		Rupees				Rupees		Rupees
Software	81,335,836	30,367,269	111,703,105	33	43,589,365	20,624,479	64,213,844	47,489,261

	Note	30 June 2021	30 June 2020
		----(Rupees)----	
8 EXPLORATION AND EVALUATION ASSETS			
Opening balance		5,456,332,060	4,132,725,421
Expenditure incurred during the year		978,946,496	1,435,098,974
Transfer to development and production assets		(375,316,875)	-
Cost of dry and abandoned wells during the year	32	(306,995,847)	(111,492,335)
		5,752,965,834	5,456,332,060

8.1 Total capitalized cost includes asset decommissioning cost amounting to Rs. 28,864,555 at June 30, 2021 (2020: Rs. 31,170,766).

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9 DEVELOPMENT AND PRODUCTION ASSETS

30 June 2021		Cost				Amortization			Impairment			Carrying amount
Particulars	Working Interest	As at Jul 01, 2020	Additions*	Transfers	As at June 30, 2021	As at Jul 01, 2020	Charge for the year	As at June 30, 2021	As at Jul 01, 2020	Charge for the year	As at June 30, 2021	As at June 30, 2021
		Rupees				Rupees			Rupees			Rupees
		Restated				Restated						
Producing fields-Joint operations												
Badin III	25.00%	306,791,706	-	-	306,791,706	306,791,706	-	306,791,706	-	-	-	-
Block-22 (all fields)	22.50%	275,417,663	(7,142,927)	-	268,274,736	220,230,515	(7,142,927)	213,087,588	55,187,148	-	55,187,148	-
Ahmadal/Pariwali	17.50%	777,960,630	753,039	-	778,713,669	565,187,203	30,730,207	595,917,410	-	-	-	182,796,259
Miriwal	17.50%	3,498,062	148,867	-	3,646,929	1,584,032	102,178	1,686,209	-	-	-	1,960,720
Mazarani	12.50%	136,694,963	(54,367)	-	136,640,596	115,366,566	(54,367)	115,312,199	21,328,397	-	21,328,397	-
Sawan*	22.50%	3,350,400,241	(33,947,683)	95,313,391	3,411,765,949	2,564,254,001	32,075,689	2,596,329,690	604,063,167	-	604,063,167	211,373,092
Zamzama*	25.00%	4,637,892,186	(83,523,480)	-	4,554,368,706	3,716,139,128	(32,312,743)	3,683,826,385	861,643,053	8,643,463	870,286,516	255,805
Mubarak	25.00%	1,234,126,958	117,151,217	-	1,351,278,175	208,650,151	6,610,255	215,260,406	1,025,476,807	-	1,025,476,807	110,540,962
Nim	22.50%	112,438,643	90,701,190	88,153,044	291,292,877	112,438,643	3,464,208	115,902,851	-	-	-	175,390,026
Mehran	25.00%	69,203,189	-	-	69,203,189	1,933,209	-	1,933,209	67,269,980	-	67,269,980	-
Chanda	17.50%	1,040,443,967	(18,007,005)	590,077,209	1,612,514,171	812,434,399	187,371,077	999,805,476	-	-	-	612,708,695
Gambat	25.00%	387,341,394	54,097,534	-	441,438,928	187,658,923	54,097,534	241,756,457	199,682,471	-	199,682,471	-
Tal (all fields)*	15.00%	5,747,497,739	242,011,365	284,840,820	6,274,349,924	3,694,165,423	1,145,353,153	4,839,518,576	-	-	-	1,434,831,348
Khipro (all fields)*	25.00%	2,674,752,862	134,372,367	61,220,025	2,870,345,254	1,965,313,558	264,818,610	2,230,132,168	-	-	-	640,213,086
MirpurKhas (all fields)*	25.00%	5,508,593,373	62,236,942	40,355	5,570,870,670	3,910,352,852	695,952,710	4,606,305,562	-	-	-	964,565,108
Chachar	25.00%	257,891,437	-	-	257,891,437	158,306,327	649,615	158,955,942	91,854,609	-	91,854,609	7,080,886
Nashpa	15.00%	3,729,813,961	126,004,671	1,151,692,422	5,007,511,054	1,429,147,790	668,859,639	2,098,007,429	-	-	-	2,909,503,625
Sinjhoro	22.50%	414,696,783	-	86,441,019	501,137,802	275,935,741	94,657,458	370,593,199	-	-	-	130,544,603
Mehar*	25.00%	2,312,133,593	468,954,009	537,894,733	3,318,982,335	960,797,617	233,513,464	1,194,311,081	-	-	-	2,124,671,254
Jhakro	22.50%	10,107,129	-	-	10,107,129	9,835,051	195,101	10,030,152	-	-	-	76,977
Guddu	22.50%	154,901,346	8,276	-	154,909,622	98,005,256	13,418,874	111,424,130	-	-	-	43,485,492
Bolan*	17.50%	397,221,174	(141,356,495)	307,924,212	563,788,891	269,603,370	102,725,127	372,328,497	-	-	-	191,460,394
Gambat South*	25.00%	1,053,109,525	208,231,254	548,416,405	1,809,757,184	432,923,887	106,614,777	539,538,664	-	-	-	1,270,218,520
Bitrisim	22.50%	261,234,863	24,845,630	-	286,080,493	15,334,956	54,885,240	70,220,196	-	-	-	215,860,297
Tando Allah Yar (all fields)	22.50%	267,261,768	-	487,949	267,749,717	162,504,254	16,507,526	179,011,780	-	-	-	88,737,937
Shah Bandar	2.50%	-	-	59,951,192	59,951,192	-	11,342,117	11,342,117	-	-	-	48,609,075
Khewari	25.00%	-	76,200,551	100,524,320	176,724,871	-	-	-	-	-	-	176,724,871
Decommissioning cost		2,741,357,375	480,701,123	77,889,170	3,299,947,668	1,050,235,200	287,687,572	1,337,922,772	195,351,680	-	195,351,680	1,766,673,216
Sub total producing fields		37,862,782,530	1,802,386,078	3,990,866,266	43,656,034,874	23,245,129,758	3,972,122,094	27,217,251,851	3,121,857,312	8,643,463	3,130,500,775	13,308,282,248

*This includes reversal of decommissioning cost amounting Rs. 553,056,354 directly made against related field assets under provisions of IFRIC 1 - Changes in existing decommissioning, restoration and similar liabilities.

Developing fields-Joint operations

30 June 2021		Cost				Amortization			Impairment			Carrying amount
Particulars	Working Interest	As at Jul 01, 2020	Additions*	Transfers	As at June 30, 2021	As at Jul 01, 2020	Charge for the year	As at June 30, 2021	As at Jul 01, 2020	Charge for the year	As at June 30, 2021	As at June 30, 2021
		Rupees				Rupees			Rupees			Rupees
Developing fields-Joint operations												
Mehar	25.00%	537,894,733	-	(537,894,733)	-	-	-	-	-	-	-	-
Tando Allah Yar (all fields)	22.50%	487,949	-	(487,949)	-	-	-	-	-	-	-	-
Kandra	25.00%	3,577,000	-	-	3,577,000	-	-	-	3,577,000	-	3,577,000	-
Nim	22.50%	85,346,830	151,064,609	(88,153,044)	148,258,395	-	-	-	-	-	-	148,258,395
Kotra	20.00%	87,720,893	1,622,054	-	89,342,947	-	-	-	-	50,823,545	50,823,545	38,519,402
Tal	15.00%	285,177,631	-	(285,177,631)	-	-	-	-	-	-	-	-
MirpurKhas (all fields)	25.00%	40,355	-	(40,355)	-	-	-	-	-	-	-	-
Khipro (all fields)	25.00%	68,639,892	-	(61,220,025)	7,419,867	-	-	-	-	-	-	7,419,867
Sawan	22.50%	-	-	-	-	-	-	-	-	-	-	-
Nashpa	15.00%	1,192,475,280	7,831,083	(1,151,692,422)	48,613,941	-	-	-	-	-	-	48,613,941
Gambat South	25.00%	1,203,856,420	(121,523)	(233,050,722)	970,684,175	-	-	-	-	-	-	970,684,175
Block-22	22.50%	15,533,960	-	-	15,533,960	-	-	-	15,533,960	-	15,533,960	-
Zamzama	25.00%	219,264,569	(483,075)	-	218,781,494	-	-	-	140,892,676	5,550,795	146,443,471	72,338,023
Sinjhoro	22.50%	86,441,019	-	(86,441,019)	-	-	-	-	-	-	-	-
Chanda	17.50%	590,077,209	-	(590,077,209)	-	-	-	-	-	-	-	-
Bolan	17.50%	307,924,212	-	(307,924,212)	-	-	-	-	-	-	-	-
Khewari	25.00%	100,524,320	154,196,483	(100,524,320)	154,196,483	-	-	-	-	-	-	154,196,483
Decommissioning cost		266,582,102	(19,147,347)	(77,889,170)	169,545,585	-	-	-	-	7,293,617	7,293,617	162,251,968
Sub total developing fields		5,051,564,374	294,962,284	(3,520,572,811)	1,825,953,847	-	-	-	160,003,636	63,667,957	223,671,593	1,602,282,254
Total		42,914,346,904	2,097,340,362	470,293,455	45,481,988,721	23,245,129,758	3,972,122,094	27,217,251,851	3,281,860,948	72,311,420	3,354,172,368	14,910,564,502

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

9.2 DEVELOPMENT AND PRODUCTION ASSETS

30 June 2020		Cost				Amortization			Impairment			Carrying amount
Particulars	Working interest	As at Jul 01, 2019	Additions	Transfers	As at Jun 30, 2020	As at Jul 01, 2019	Charge for the year	As at Jun 30, 2020	As at Jul 01, 2019	Charge / (Reversal) for the year	As at Jun 30, 2020	As at Jun 30, 2020
		Rupees				Rupees Restated			Rupees			Rupees
Producing fields-Joint operations												
Badin III	25.00%	306,791,706	-	-	306,791,706	272,488,920	34,302,786	306,791,706	-	-	-	-
Block-22 (all fields)	22.50%	275,417,663	-	-	275,417,663	193,253,787	26,976,728	220,230,515	1,476,363	53,710,785	55,187,148	-
Ahmadal/Pariwali	17.50%	760,015,909	17,944,721	-	777,960,630	506,207,671	58,979,532	565,187,203	-	-	-	212,773,427
Minwal	17.50%	3,295,834	202,228	-	3,498,062	1,184,388	399,645	1,584,032	-	-	-	1,914,030
Mazarani	12.50%	136,694,963	-	-	136,694,963	115,366,566	-	115,366,566	21,328,397	-	21,328,397	-
Sawan	22.50%	3,329,035,325	21,364,916	-	3,350,400,241	2,504,392,114	59,861,887	2,564,254,001	604,063,167	-	604,063,167	182,083,073
Zamzama	25.00%	4,669,628,568	(31,736,382)	-	4,637,892,186	3,398,349,520	317,789,608	3,716,139,128	783,786,703	77,856,350	861,643,053	60,110,005
Mubarak	25.00%	1,234,126,958	-	-	1,234,126,958	128,859,759	79,790,392	208,650,151	1,025,476,807	-	1,025,476,807	-
Nim	22.50%	107,582,064	4,856,579	-	112,438,643	61,285,470	51,153,173	112,438,643	-	-	-	-
Mehran	25.00%	69,203,189	-	-	69,203,189	1,933,209	-	1,933,209	67,269,980	-	67,269,980	-
Chanda	17.50%	1,039,102,708	1,341,259	-	1,040,443,967	634,868,179	177,566,220	812,434,399	-	-	-	228,009,568
Gambat	25.00%	380,517,667	6,823,727	-	387,341,394	182,657,675	5,001,248	187,658,923	197,232,511	2,449,960	199,682,471	-
Tal (all fields)	15.00%	5,456,017,446	291,480,293	-	5,747,497,739	3,018,843,276	675,322,147	3,694,165,423	-	-	-	2,053,332,316
Khipro (all fields)**	25.00%	2,984,149,510	(309,396,648)	-	2,674,752,862	1,963,272,884	2,040,674	1,965,313,558	-	-	-	709,439,304
MirpurKhas (all fields)	25.00%	5,174,865,029	200,884,582	132,843,762	5,508,593,373	2,916,587,156	993,765,696	3,910,352,852	-	-	-	1,598,240,521
Chachar	25.00%	257,891,437	-	-	257,891,437	156,018,815	2,287,512	158,306,327	91,854,609	-	91,854,609	7,730,501
Nashpa	15.00%	3,700,770,715	29,043,246	-	3,729,813,961	1,197,510,804	231,636,986	1,429,147,790	-	-	-	2,300,666,171
Sinjhoro	22.50%	414,696,783	-	-	414,696,783	168,624,367	107,311,374	275,935,741	-	-	-	138,761,042
Mehar	25.00%	2,221,637,285	90,496,308	-	2,312,133,593	613,140,783	347,656,834	960,797,617	-	-	-	1,351,335,976
Jhakro	22.50%	10,107,129	-	-	10,107,129	9,661,279	173,772	9,835,051	-	-	-	272,078
Guddu	22.50%	141,239,183	13,662,163	-	154,901,346	77,715,208	20,290,048	98,005,256	-	-	-	56,896,090
Bolan	17.50%	386,109,812	11,111,362	-	397,221,174	139,828,329	129,775,041	269,603,370	-	-	-	127,617,804
Gambat South*	25.00%	1,093,653,136	(40,543,611)	-	1,053,109,525	310,938,082	121,985,805	432,923,887	-	-	-	620,185,638
Bitrisim	22.50%	-	261,234,863	-	261,234,863	-	15,334,956	15,334,956	-	-	-	245,899,907
Tando Allah Yar (all fields)	22.50%	235,927,475	31,334,293	-	267,261,768	110,029,899	52,474,355	162,504,254	-	-	-	104,757,514
Decommissioning cost		1,320,108,237	1,421,249,138	-	2,741,357,375	1,044,916,054	5,319,146	1,050,235,200	107,370,321	87,981,359	195,351,680	1,495,770,495
Sub total producing fields		35,708,585,731	2,021,353,037	132,843,762	37,862,782,530	19,727,934,194	3,517,195,565	23,245,129,758	2,899,858,858	221,998,454	3,121,857,312	11,495,795,460

*This includes reversal of decommissioning cost amounting Rs. 40,543,611 directly made against related JV assets under provisions of IFRIC 1 - Changes in existing decommissioning, restoration and similar liabilities.

** Additions include reversal amounting Rs. 325,417,525 in respect of two capitalized development wells whose classification, during the year, was revised to exploratory wells (with Company's share being carried). Accordingly, related accumulated depreciation amounting Rs. 177,223,787 has also been reversed.

GOVERNMENT HOLDINGS (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Developing fields-Joint operations

30 June 2020		Cost				Amortization			Impairment			Carrying amount
Particulars	Working Interest	As at Jul 01, 2019	Additions	Transfers	As at Jun 30, 2020	As at Jul 01, 2019	Charge for the year	As at Jun 30, 2020	As at Jul 01, 2019	Charge for the year	As at Jun 30, 2020	As at Jun 30, 2020
		Rupees				Rupees			Rupees			Rupees
		Restated										
Developing fields-Joint operations												
Mehar	25.00%	337,219,554	200,675,179	-	537,894,733	-	-	-	-	-	-	537,894,733
Tando Allah Yar (all fields)	22.50%	487,949	-	-	487,949	-	-	-	-	-	-	487,949
Kandra	25.00%	3,577,000	-	-	3,577,000	-	-	-	3,577,000	-	3,577,000	-
Nim	22.50%	85,346,830	-	-	85,346,830	-	-	-	-	-	-	85,346,830
Kotra	20.00%	85,372,382	2,348,511	-	87,720,893	-	-	-	-	-	-	87,720,893
Tal	15.00%	152,517,166	132,660,465	-	285,177,631	-	-	-	-	-	-	285,177,631
MirpurKhas (all fields)	25.00%	132,843,764	40,353	(132,843,762)	40,355	-	-	-	-	-	-	40,355
Khipro (all fields)	25.00%	6,857,713	61,782,179	-	68,639,892	-	-	-	-	-	-	68,639,892
Sawan	22.50%	-	-	-	-	-	-	-	-	-	-	-
Nashpa	15.00%	452,794,841	739,680,439	-	1,192,475,280	-	-	-	-	-	-	1,192,475,280
Mazarani	12.50%	-	-	-	-	-	-	-	-	-	-	-
Badin III	25.00%	-	-	-	-	-	-	-	-	-	-	-
Gambat South	25.00%	1,190,740,108	13,116,312	-	1,203,856,420	-	-	-	-	-	-	1,203,856,420
Block-22	22.50%	15,533,960	-	-	15,533,960	-	-	-	279,122	15,254,838	15,533,960	-
Zamzama	25.00%	222,741,208	(3,476,639)	-	219,264,569	-	-	-	107,878,659	33,014,017	140,892,676	78,371,893
Sinjhoro	22.50%	86,441,019	-	-	86,441,019	-	-	-	-	-	-	86,441,019
Chanda	17.50%	319,261,789	270,815,420	-	590,077,209	-	-	-	-	-	-	590,077,209
Bolan	17.50%	-	307,924,212	-	307,924,212	-	-	-	-	-	-	307,924,212
Khewari	25.00%	-	100,524,320	-	100,524,320	-	-	-	-	-	-	100,524,320
Decommissioning cost		204,536,081	62,046,021	-	266,582,102	-	-	-	-	-	-	266,582,102
Sub total developing fields		3,296,271,364	1,888,136,772	(132,843,762)	5,051,564,374	-	-	-	111,734,781	48,268,855	160,003,636	4,891,560,738
Total		39,004,857,095	3,909,489,809	-	42,914,346,904	19,727,934,194	3,517,195,565	23,245,129,758	3,011,593,639	270,267,309	3,281,860,948	16,387,356,198

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.

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

The Board of Directors of the Company referred the matter to Ministry of Energy (Petroleum Division) for advice. The matter is also under consideration at Public Accounts Committee (PAC) which directed the Ministry to conduct an inquiry into the matter. An inquiry report has been presented by the Ministry before the PAC for advice on further action. The Company's Board in its 89th meeting dated September 25, 2017 has advised the management to follow the recommendations of the inquiry report and take further actions based on PAC advice.Subsequent to year end, PAC in its meeting dated March 17, 2022 has settled the matter and did not changed assigned working interests hence there is no implications on the financial statements of the Company.

	Note	30 June 2021	30 June 2020
		---(Rupees)---	
10 INVESTMENT IN SUBSIDIARIES			
Investment in subsidiaries - at cost			
Inter State Gas Systems (Private) Limited (ISGSL)			
Share capital issued by ISGSL	10.1	2,958,820,900	2,953,920,900
Advance - Share capital to be issued by ISGSL	19.2	2,336,091,408	414,327,501
		5,294,912,308	3,368,248,401
Pakistan LNG Terminals Limited (PLTL)	10.2	-	15,000,000
Pakistan LNG Limited (PLL)	10.2	30,000,000	15,000,000
		5,324,912,308	3,398,248,401

10.1 Inter State Gas System (Private) Limited (ISGSL) was incorporated on 4 August 1996 in Pakistan under Companies Ordinance 1984 as a private limited Company. The Company has a direct shareholding of 100% with 295,882,090 (2020: 99.83% with 295,392,090) equity shares of Rs.10 each held in ISGSL. Projects being pursued by the ISGSL 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.

10.1.1 Following is the significant information relating to its principle project i.e. Iran- Pakistan Gas Pipeline Project (IP- Project):

The Governments of Pakistan and Iran signed an Inter-Governmental Framework Declaration (IGFD) for the Iran Pakistan Gas Pipeline Project (IP-Project) on 24 May 2009. ISGSL then entered into an Iran Pakistan Gas Sale Purchase Agreement (IP-GSPA) with National Iranian Oil Company (NIOC) on 5 June 2009 which became effective on 13 June 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 28 May 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 was 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 the 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 Company.

Government to Government Co-operation Agreement as initialed on 1 December 2012 was endorsed by the Federal Cabinet on 30 January 2013. The President of Pakistan and the President of Iran inaugurated the construction phase of IP-Project in a Ground Breaking Ceremony held on 11 March 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 financers, reputable international suppliers of crucial equipment and contractors. ISGSL believed that this had created a Force Majeure and Excusing Events situation and accordingly the matter was taken up with Government of Iran as per the provisions of the signed IP-GSPA. In terms of the letter dated 14 April 2014, NIOC rejected the ISGSL's Force Majeure notice on the premise that substantively, the situations alluded by the ISGSL do not constitute any ground for the occurrence of Force Majeure or Excusing Events under the IP-GSPA.

On 27 February 2019, NIOC issued a formal notice of material breach of buyer's warranties under the IP-GSPA. After negotiation with Iran, on 5 September 2019, Pakistan and Iran 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 ISGSL did not accrue any penalty under the terms of IP-GSPA agreement with NIOC.

Also, Government of Pakistan has provided sovereign guarantee to National Iranian Oil Company on behalf of the ISGSL regarding its performance of obligations under the Gas Sale and Purchase Agreement signed between NIOC and the ISGSL. Notwithstanding, various current impediments relating to the implementation of the Agreement, in order to meet growing energy needs of Pakistan, Government of Pakistan is committed at providing its operational and financial support for implementation of the Agreement to the ISGSL. Furthermore, the Government of Pakistan is also exploring alternative mechanism to realize this strategically important project for country energy needs.

Despite the implementation delays, the management of the Company 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 capitalized as at the reporting date are not impaired and are fully recoverable.

10.1.2 Following is the significant information relating to one of the abandoned project namely Gwadar-Nawabshah LNG terminal & Pipeline project (GNP):

ECC in its meeting held on 2 October 2014 approved the Gwadar-Nawabshah LNG terminal & Pipeline project (GNP). It was envisaged that GNP shall not only serve to meet ever growing energy needs of Pakistan but can also be utilized to link up to Iranian border in future and therefore Pakistan would substantially be complying with its contractual obligations under the IP-GSPA. As essential technical work of pipeline route has already been done for IP project, it has been envisaged that the same shall be utilized for the Gwadar Nawabshah LNG terminal & Pipeline.

During the visit of President of China to Pakistan on 20 April 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 the 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 6 June 2017 directed MoE to drop the GNP forthwith. As per the said direction, the ISGSL during 2017 discontinued the GNP and recognized an impairment loss against aggregate cost incurred on GNP.

10.1.3 In connection with Company's investment in ISGSL , following is the significant information relating to another major abandoned project namely Machike-Tarujabba Oil Pipeline Project (MTOPP):

The ECC of the Cabinet in its meeting held on 1 November 2017 vide case no.EE-117/21/2017 assigned the Machike-Tarujabba Oil Pipeline Project ("MTOPP") to ISGSL. The ECC directed ISGSL to implement the Project on Build, Own, Operate and Transfer ("BOOT") basis for a fifteen years term, through open tendering process, divided into three (3) separate sections originating from Machike via Chakpirana, Rawat and terminate at Taru Jabba completing the pipeline 'backbone' from Karachi to Peshawar. The ownership of MTOPP was to be transferred to ISGSL after 15 years or earlier as per the BOOT Agreement to be signed between the ISGSL and the successful bidder of each section.

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

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

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

10.2 Pakistan LNG Terminals Limited (PLTL) and Pakistan LNG Limited (PLL) (Collectively referred to as the subsidiaries) were incorporated in Pakistan as a public companies on December 11, 2015 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The Company has subscribed 100% shareholding in the subsidiaries with 1,500,000 equity shares in each.

10.2.1 Ministry of Energy (Petroleum Division) vide its letter dated January 02, 2020 directed the Pakistan LNG Limited (PLL) and Pakistan LNG Terminals Limited (PLTL) be merged as a single autonomous body. The Boards of PLL & PLTL principally agreed to the merger and the matter was referred to the Company, being holding Company, along with the merger due diligence report, tax advice and legal opinion thereon by external consultants. The Company vide its letter no. DF / FIN / 619 / 2020 dated October 06, 2020 communicated the decision of its Board of Directors regarding approval for the amalgamation of PLTL into PLL. The Boards of PLL and PLTL passed resolution for merger of both Companies, whereby PLTL was merged into PLL, being surviving entity. The effective date of merger was January 01, 2021. The 1,500,000 equity shares at Rs.10 each of PLTL transferred to PLL.

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

		Note	30 June 2021	30 June 2020
			------(Rupees)------	
11	**LONG TERM LOAN**			
	Loan to subsidiaries - Principal	11.2	3,946,928,604	40,290,860
	Loan to subsidiaries - Accrued interest	11.1	1,137,892,364	-
			5,084,820,968	40,290,860
	Long term loans to staff	11.3	14,728,447	4,768,695
			5,099,549,415	45,059,555

11.1 This includes non-current portion of loan to subsidiaries as presented in note 11.2, and accrued interest on the loan to PLL amounting to Rs. 1,138 million.

		Note	30 June 2021	30 June 2020
11.2	**Loan to subsidiaries - Principal**			
	Pakistan LNG Terminals Limited (PLTL)	11.2.1	-	120,872,580
	Pakistan LNG Limited (PLL)	11.2.2	4,946,928,604	5,316,346,884
	Inter State Gas Systems (Private) Limited (ISGSL)	11.2.3	270,302,249	1,472,802,249
			5,217,230,853	6,910,021,713
	Current portion			
	Pakistan LNG Terminals Limited (PLTL)		-	80,581,720
	Pakistan LNG Limited (PLL)		1,000,000,000	5,316,346,884
	Inter State Gas Systems (Private) Limited (ISGSL)		270,302,249	1,472,802,249
	Total current portion		1,270,302,249	6,869,730,853
	Non - current portion			
	Pakistan LNG Terminals Limited (PLTL)		-	40,290,860
	Pakistan LNG Limited (PLL)		3,946,928,604	-
	Inter State Gas Systems (Private) Limited (ISGSL)		-	-
	Total non - current portion		3,946,928,604	40,290,860
	Total loan to subsidiaries- principal		5,217,230,853	6,910,021,713
11.2.1	Balance at beginning of the year		120,872,580	241,745,160
	Disbursed to PLTL during the year		-	-
	Repayment by PLTL during the year		-	(120,872,580)
	Transferred to PLL	10.2.1	(120,872,580)	
	Balance at end of the year		-	120,872,580
11.2.2	Balance at beginning of the year		5,316,346,884	5,316,346,884
	Transferred from PLTL	10.2.1	120,872,580	
	Disbursed to PLL during the year		-	-
	Repayment by PLL during the year		(490,290,860)	-
	Balance at end of the year	11.2.4	4,946,928,604	5,316,346,884
11.2.3	Balance at beginning of the year		1,472,802,249	1,293,168,325
	Disbursed to ISGSL during the year		97,500,000	301,500,000
	Repayment by ISGSL during the year		(1,300,000,000)	(121,866,076)
	Balance at end of the year	11.2.5	270,302,249	1,472,802,249

11.2.4 The Company had provided advances to PLL solely to meet the operational activities related to LNG imports and to meet the guarantee requirements under the contract for LNG imports. On 22 November 2017, the Company agreed to convert entire amount of advances into interest bearing loan agreed under term sheet signed by both parties. The loan repayment schedule was re-negotiated by both parties by term sheet amendment dated 19 October 2018, with the loan now payable to GHPL over a course of three (03) years up till March 2021. Rate of interest on loan is six (06) months KIBOR plus 2 percent at the date of transaction.

During the year, the loan payment rescheduled. Accordingly, five installments of Rs. 200 million on account of principal amount and of Rs. 50 million on account of interest will be paid to Company after end of reporting period. Continuous review of repayment of loan will be carried out by board.

11.2.5 This represents amount paid to ISGSL, the Company and the ISGSL signed a loan agreement on 9 August 2018 as per the directive of the ECC dated 15 December 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 14 December 2020.

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

Pursuant to the decision of ECC of the Federal Cabinet in its meeting held on 24 December 2020, repayment of Company's loan is approved through Gas Infrastructure Development Cess (GIDC) funds till the date of actual payment/settlement by the Finance Division. Accordingly, upon release of GIDC funds by Finance Division, the repayment of loan amounting Rs. 1,660,000,000 (Principal amount Rs. 1,300,000,000 and interest accrued Rs. 360,000,000) has been made to the Company. As at 30 June 2021 remaining loan is Rs. 270 million (2020: 1473 million) which is expected to be received in next financial year.

		Note	30 June 2021	30 June 2020
			(Rupees)	
11.3	Long term loans to staff			
	Considered good - unsecured	11.3.1	**24,279,733**	9,104,601
	Current portion of long term loan		**(9,551,286)**	(4,335,906)
			14,728,447	4,768,695
11.3.1	Balance at beginning of the year		**9,104,601**	14,292,389
	Loan disbursed during the year		**24,026,000**	2,535,000
	Repayment received during the year		**(8,850,868)**	(7,722,788)
	Balance at end of the year	11.3.1.1	**24,279,733**	9,104,601

11.3.1.1 This includes loan disbursed to managing director /chief executive officer amounting to Rs. 7,789,000 during the period. The loan is granted in accordance with the Company's service rules. The loan so provided is for short term period deductible against salary and carry no interest. Movement is as follows:

	30 June 2021	30 June 2020
	(Rupees)	
Balance at beginning of the year	**-**	-
Loan disbursed during the year	**7,789,000**	-
Repayment received during the year	**(2,190,654)**	-
Balance at end of the year	**5,598,346**	-

12 STORES, SPARES AND LOOSE TOOLS - SHARE IN JOINT OPERATIONS' INVENTORY

		30 June 2021	30 June 2020
	Store, spares and loose tools	**4,594,917,079**	4,048,014,411
	Impairment for slow moving and obsolete stores, spares and loose tools	**(495,707,406)**	(495,707,406)
		4,099,209,673	3,552,307,005
12.1	Balance at beginning of the year	495,707,406	495,707,406
	Impairment (reversal) / charge for the year	-	-
	Balance at end of the year	495,707,406	495,707,406

		Note	30 June 2021	30 June 2020
			(Rupees)	
13	**CURRENT PORTION OF LOAN**			
	Principal amount			
	Pakistan LNG Terminals Limited (PLTL)	11.2	-	80,581,720
	Pakistan LNG Limited (PLL)	11.2	1,000,000,000	5,316,346,884
	Inter State Gas Systems (Private) Limited (ISGSL)	11.2	270,302,249	1,472,802,249
			1,270,302,249	6,869,730,853
	Accrued interest			
	Pakistan LNG Terminals Limited (PLTL)		-	569,719
	Pakistan LNG Limited (PLL)		250,000,000	667,935,946
	Inter State Gas Systems (Private) Limited (ISGSL)		70,872,796	295,039,435
			320,872,796	963,545,100
			1,591,175,045	7,833,275,953

		30 June 2021	30 June 2020
		(Rupees)	
14	**TRADE DEBTS**		Restated
	Unsecured - considered good	108,955,084,171	104,484,054,965
		108,955,084,171	104,484,054,965

14.1 Trade debts include overdue amount of Rs. 94,219 million (June 2020: Rs. 92,087 million) on account of Inter-corporate circular debt, receivable from oil refineries and gas companies out of which Rs. 62,025 million (June 2020: Rs. 60,835 million) and Rs. 30,004 million (June 2020: Rs. 28,609 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 considers this amount to be fully recoverable because the Government of Pakistan has been assuming the responsibility to settle the Inter-corporate circular debt in the energy sector. 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 30 June 2022 on financial assets due directly/ ultimately from GoP in consequence of the circular debt.

14.2 Total amount due from related parties as on 30 June 2021 is Rs 102,646 million (2020: Rs 99,612 million) and maximum amount due at the end of any month during the year was Rs 102,646 million (2020: Rs 99,612 million). For party wise details refer note 38.1.2.

		Note	30 June 2021	30 June 2020
15	**LOANS, ADVANCES AND OTHER RECEIVABLES**		(Rupees)	
	Advances against salary to staff	15.1	9,562,949	7,091,834
	Current portion of loan to staff	11.3	9,551,286	4,335,906
	Advances to suppliers		599,600	595,028
	Current account with Subsidiary - PLL		635,188	167,475
	Current account with Subsidiary - PLTL		-	167,475
			20,349,023	12,357,718

15.1	**Movement of carrying amount of advances against salary:**	Executives	Other employees	Total
			(Rupees)	
	Balance at beginning of the year	6,963,501	128,333	7,091,834
	Disbursement during the year	17,840,000	4,666,000	22,506,000
	Repayments during the year	(16,236,711)	(3,798,174)	(20,034,885)
	Balance at end of the year	8,566,790	996,159	9,562,949

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

		Note	30 June 2021	30 June 2020
			(Rupees)	
16	**TRADE DEPOSITS AND SHORT TERM PREPAYMENTS**			
	Security deposits		55,250	55,250
	Short term prepayments			
	Software maintenance fee		3,673,635	2,488,414
	Insurance		6,675,958	3,450,013
			10,349,593	5,938,427
			10,404,843	5,993,677
17	**SHORT TERM INVESTMENTS**			
	Investment held at amortized cost			
	Investment in term deposit receipts	17.1	39,621,953,700	24,481,865,753

17.1 This includes accrued interest amounting to Rs. 621.95 million (2020: Rs. 481.87 million). Investment in term deposit receipts placed with the commercial banks. The breakup is as under:

Credit rating	Rating agency	Rate	Note	30 June 2021	30 June 2020
				Rupees	
Investments maturing within three months					
A-1+	VIS	7.55%		27,000,000,000	18,000,000,000
Interest accrued				33,302,741	15,838,356
				27,033,302,741	18,015,838,356
Investments maturing after three months					
A-1+	PACRA	7.12%		2,000,000,000	-
A-1+	PACRA	7.16%		6,000,000,000	-
Interest accrued				418,513,973	-
				8,418,513,973	-
Investments marked under lien					
A-1+	PACRA	6.90%	17.2	4,000,000,000	6,000,000,000
Interest accrued				170,136,986	466,027,397
				4,170,136,986	6,466,027,397
Total investments				39,621,953,700	24,481,865,753

17.2 Also refer to Note 27.1.3 which discloses that a lien has been created on the term deposit receipt of Rs. 4 billion (2020: Rs. 6 billion) for issuing guarantee on behalf of subsidiaries.

		Note	30 June 2021	30 June 2020
			Rupees	
18	**CASH AND BANK BALANCES**			
	Cash:			
	- In hand		150,050	25,640
	- At banks - savings accounts	18.1	9,558,959,296	5,486,949,287
			9,559,109,346	5,486,974,927

18.1 These carry mark-up at the rate ranging between 5.50% and 6.70% p.a (2020: 6% and 7.61% p.a).

18.2 Cash and cash equivalents

	Note	30 June 2021	30 June 2020
		---Rupees---	
Investment in term deposit receipts	18.2.1	27,033,302,741	18,015,838,356
Cash and bank balances	18	9,559,109,346	5,486,974,927
		36,592,412,087	23,502,813,283

18.2.1 Term depository receipts having maturity up to three months.

19 SHARE CAPITAL

Authorized share capital

30 June 2021	30 June 2020		30 June 2021	30 June 2020
(Number of shares)			---Rupees---	
4,500,000,000	4,500,000,000	Ordinary shares of Rs. 10 each	45,000,000,000	45,000,000,000

Issued, subscribed and paid up capital

30 June 2021	30 June 2020			
(Number of shares)				
2,088,512,092	2,088,512,092	Ordinary shares of Rs. 10 each, fully	20,885,120,920	20,885,120,920

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

19.2 ECC of the Federal Cabinet in its meeting held on 18 December 2015 approved 5% (estimated at US$ 200,000,000) equity injection as equity share of Government of Pakistan (GoP) through the Inter State Gas Systems (Private) Limited (ISGSL) in Turkmenistan-Afghanistan-Pakistan-India (TAPI) Gas Pipeline Project. Accordingly, during the year, the GoP against the commitments of third closing of USD 2,650,000 as per the Investment Agreement of the ISGS with TAPI Pipeline Company Limited (TPCL), paid balance amount of US$ 169,000 (Rs. 28,110,000) to the ISGS for subscription of 16,900 Class 'A' shares in TAPI Pipeline Company Limited (TPCL). Ministry of Finance (MoF) directed the ISGSL to issue shares to Company for the related amounts received from GoP. The shares against these amounts have been issued to the Company subsequent to the year end.

ECC of the Federal Cabinet in its meeting held on 24 December 2020 approved Company's funding from Gas Infrastructure Development Cess (GIDC) as an equity from Government of Pakistan (GoP) for Pak stream gas pipeline (PSGP) Project of Rs. 14,355,000,000 (utilized Rs. 9,650,000), loan repayment to the Company amounting Rs. 1,720,000,000 (released and repaid Rs. 1,660,000,000) and Rs. 224,000,000 for ISGSL's operational expenditures. A total amount of Rs. 1,893,650,000 was utilized during the year. The shares issuance to Company against such amount is in process.

20 RESERVES

	Note	30 June 2021	30 June 2020
		---Rupees---	
			Restated
Revenue reserves			
General reserve	20.2	2,284,626,436	2,284,626,436
Fair value adjustment on collateral arrangement with subsidiary	20.7	1,464,191,124	1,126,808,120
		3,748,817,560	3,411,434,556
Capital reserves			
Committed outlay reserve	20.3	20,946,247,416	20,946,247,416
Asset insurance reserve	20.4	3,000,000,000	3,000,000,000
Assets acquisition reserve	20.5	5,000,000,000	5,000,000,000
LNG project reserve	20.6	25,000,000,000	25,000,000,000
		53,946,247,416	53,946,247,416
		57,695,064,976	57,357,681,972

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

20.2 The general reserve is created during the fiscal year 2014 to cater for contingencies related to relevant interest carried cost based on current exploration commitments and other unforeseen events.

20.3 The committed outlay reserve is created during the fiscal year 2014 for future requirements based on expected cash outlay for capital commitments, decommissioning obligations and liability against relevant interest carried cost.

20.4 The asset insurance reserve has been created during the fiscal year 2014 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.

20.5 In view of the declining hydrocarbon reserves profile of the Company, it is intended to acquire sizeable producing reserves for which a separate assets acquisition reserve has been established during the fiscal year 2014 and the Company plans to continue to build-up this reserve in future years.

20.6 This reserve is created during the fiscal year 2016 to cater funding / financial support for LNG Projects being undertaken by incorporated subsidiary Pakistan LNG Limited (PLL) .

20.7 This reserve represents the interest charged over and above of market rate to PLL, on account of lien created on the term deposit receipt of GHPL for issuing guarantee on behalf of PLL. Refer note 27.1.3.

		Note	30 June 2021	30 June 2020
			Rupees	
21	**LONG TERM LIABILITY**			
	Due to the joint operators	21.1	4,331,436,080	4,983,114,777
	Current portion shown under current liabilities		(819,631,897)	(794,851,274)
			3,511,804,183	4,188,263,503

21.1 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	30 June 2021	30 June 2020
			Rupees	
21.1	Balance at beginning of the year		4,983,114,777	5,094,197,402
	Unwinding of long term liability		22,929,861	94,999,285
	Payments		(1,271,107,035)	(1,557,765,372)
	Additions / adjustments during the year		851,916,063	594,428,483
	Exchange loss realized		522,412,411	744,811,517
	Discounting of long term liability		(177,616,628)	268,567,794
	Exchange (gain) / loss on revaluation		(600,213,369)	(256,124,332)
		21.2	4,331,436,080	4,983,114,777

21.2 Long term liability in US dollars have been discounted using 0.24% (2020: 0.60%) rate of interest.

		Note	30 June 2021	30 June 2020
			---Rupees---	
				Restated
22	**DEFERRED TAXATION**			
	Deferred taxation		5,870,866,413	5,232,140,867
22.1	**Movement in the deferred tax liability:**			
	Balance at beginning of the year		5,232,140,867	7,702,252,052
	Credited to the statement of profit or loss	36	644,408,297	(2,467,676,715)
	Credited to statement of other comprehensive income		(5,682,751)	(2,434,470)
			5,870,866,413	5,232,140,867
22.2	**Deferred tax in respect of taxable/(deductible) temporary differences:**			
	Accelerated depreciation on property, plant and equipment		5,927,200,559	5,874,946,823
	Impairment of stores, spares and loose tools		(198,282,962)	(198,282,962)
	Unrealized exchange gain / (loss)		(873,816,720)	(1,135,331,428)
	Development and production expenditure		4,616,643,613	4,005,576,214
	Unwinding of long term liability (carried interest)		13,091,799	-
	Expenditure of exploration and prospecting		(1,558,574,197)	(1,618,604,246)
	Provision for decommissioning cost		513,570,662	341,437,724
	Provision for windfall levy on oil/condensate		(2,563,283,591)	(2,035,166,788)
	Remeasurement of employees' retirement benefits		(5,682,750)	(2,434,470)
			5,870,866,413	5,232,140,867

22.3 Deferred tax has been calculated at the current effective tax rate of 40% (2020: 40%).

		Note	30 June 2021	30 June 2020
23	**PROVISION FOR DECOMMISSIONING COST**			
	Provision for decommissioning cost	23.1	7,343,544,525	8,263,964,544
23.1	**Provision for decommissioning cost**			
	Balance at beginning of the year		8,263,964,544	5,698,232,494
	Provision/(reversal) made during the year	23.2	(603,636,109)	1,957,218,850
	Revaluation exchange loss / (gain)		(533,146,144)	140,167,417
	Unwinding of decommissioning cost	35	216,362,234	468,345,783
			7,343,544,525	8,263,964,544
23.2	Provision / (reversal) made during the year is distributed as under			
	Share in Joint operations' fixed assets	6.2	(335,659,944)	524,905,480
	Exploration and evaluation assets	8	(2,306,206)	12,815,945
	Development and production assets	9	(91,502,579)	1,442,751,548
	Operating expenses	30	(174,167,380)	(23,254,123)
			(603,636,109)	1,957,218,850

		30 June 2021	30 June 2020
23.3	Significant financial assumptions used were as follows:		
	Discount rate per annum	4.1% ~ 5.5%	1.70% ~ 4.04%
	Inflation rate per annum	2.75%	1.83%

		Note	30 June 2021	30 June 2020
			----------Rupees----------	
24	**DEFERRED EMPLOYEE BENEFITS**			
	Accumulating compensated absences	24.1	39,182,386	39,321,222

24.1 Accumulating compensated absences

	30 June 2021	30 June 2020
Present value of defined benefit obligation at beginning of the year	39,321,222	29,738,690
Charge for the year - net	12,410,893	11,012,275
Payments made during the year	(12,549,729)	(1,429,743)
Present value of defined benefit obligation at end of the year	39,182,386	39,321,222
Principle actuarial assumptions:	----------Percentage----------	
Valuation discount rate	10.25	9.25
Salary increase rate	9.25	8.25
Sensitivity analysis	----------Rupees----------	
Defined Benefit Obligation	39,182,386	39,321,222
1% increase in discount rate	35,190,493	35,135,924
1% decrease in discount rate	43,790,402	44,189,790
1% increase in salary rate	43,757,886	44,153,457
1% decrease in salary rate	35,150,971	35,096,061

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	30 June 2021	30 June 2020
			----------Rupees----------	
25	**TRADE AND OTHER PAYABLES**			
	Trade creditors - due to joint operations		3,414,547,663	5,019,615,635
	Other payables			
	Accrued liabilities		53,233,924	89,289,825
	Current account with Subsidiary - ISGS		389,189	686,427
	Tax payable under group taxation - PLL	25.1	306,572,520	-
	Gratuity fund	25.2	41,285,859	25,039,088
	Payable to provident fund		2,677,386	1,952,257
	Sales tax payable		344,795,578	732,663,088
	Other payables		4,871,185	429,089
	Other levies payable		599,056	39,571
	Royalty payable		919,905,982	757,905,610
	Provision for windfall levy on oil/condensate	27.1.4	6,408,208,978	5,087,916,971
			8,082,539,657	6,695,921,926
			11,497,087,320	11,715,537,561

25.1 This represents net amount payable by GHPL to PLL after recovery from FBR, on account of minimum tax paid by PLL over and above PLL's corporate tax liability at 29%. This recoverable amount has arisen consequent of group taxation opted by GHPL and its subsidiaries under section 59AA of the Income Tax Ordinance, 2001. Break up is given as under

		30 June 2021	30 June 2020
		----------Rupees----------	
25.1.1	Recoverable from FBR on behalf of PLL under group taxation	554,229,011	-
	Advance tax paid by GHPL on behalf of PLL	(247,656,491)	-
		306,572,520	-

25.2 **Gratuity fund**

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

	30 June 2021	30 June 2020
Present value of defined benefit obligation	163,258,115	120,663,183
Fair value of plan assets	(121,972,256)	(95,624,095)
Net liability at end of the year	41,285,859	25,039,088

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

	30 June 2021	30 June 2020
Present value of defined benefit obligation at beginning of the year	120,663,183	87,987,648
Current service cost	26,705,672	17,266,233
Interest cost	11,125,053	12,658,534
Benefits paid	(1,693,246)	(2,337,656)
Remeasurement of defined benefit obligation	6,457,453	5,088,424
Present value of defined benefit obligation at end of the year	163,258,115	120,663,183

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

	30 June 2021	30 June 2020
Fair value of plan assets at beginning of the year	95,624,095	66,097,964
Contributions	25,823,837	21,889,684
Expected return on plan assets	9,966,994	10,971,854
Benefits paid	(1,693,246)	(2,337,656)
Remeasurement of plan assets	(7,749,424)	(997,751)
Fair value of plan assets at end of the year	121,972,256	95,624,095

Detail of plan assets

	30 June 2021	30 June 2020
Cash at bank	401,436	254,259
Term deposits	121,570,820	95,369,836
	121,972,256	95,624,095

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.

Amounts recognized in statement of profit and loss:

	30 June 2021	30 June 2020
Current service cost	26,705,672	17,266,245
Net interest cost	1,158,059	1,686,680
	27,863,731	18,952,925

Amounts recognized in statement of other comprehensive income:

	30 June 2021	30 June 2020
Remeasurement loss recognized	14,206,877	6,086,175

Principle actuarial assumptions:

	----------Percentage----------	
Valuation discount rate	10.25	9.25
Salary increase rate	9.25	8.25

GOVERNMENT HOLDINGS (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

	30 June 2021	30 June 2020
	----------Rupees----------	
Sensitivity Analysis		
Defined Benefit Obligation	163,258,115	120,663,183
1% increase in discount rate	147,021,715	107,828,925
1% decrease in discount rate	18,245,255	135,573,636
1% increase in salary rate	18,258,956	135,686,734
1% decrease in salary rate	146,571,799	107,507,011

	For the year ending 30 June 2022 Rupees
Expected defined benefit cost to be recognized in statement of profit or loss	
Current service cost	29,443,003
Interest expense	16,733,959
Interest income on plan assets	(12,502,158)
	33,674,804

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.

		Note	30 June 2021	30 June 2020
			----------Rupees----------	Restated
26	**PROVISION FOR TAXATION**			
	Income tax - payable at beginning of the year		3,866,645,542	3,509,380,562
	Income tax paid during the year		(17,190,434,246)	(19,464,104,532)
	Recoverable from FBR on behalf of PLL under group taxation	25.1.1	(554,229,011)	-
	Provision for current taxation for the year	36	14,285,385,928	18,261,039,032
	Provision for taxation - prior years	36	14,672,399	1,560,330,480
	Income tax - payable at end of the year		422,040,612	3,866,645,542

26.1 The Company has various tax litigations pending with the tax authorities in respect of tax years 2003 to 2020. These litigations are pending at different forums of taxation authorities. However, the Company has paid, under protest to avoid penalties under the Income Tax Ordinance 2001, full amount against the demand raised by tax authorities in respect of said years and has charged it to tax expense. The Company based on advise of its tax consultant believes that there will be no future liability expected to arise in respect of said litigations.

		Note	30 June 2021	30 June 2020
			----------Rupees----------	
27	**CONTINGENCIES AND COMMITMENTS**			
27.1	**Contingencies**			
	Relating to carried cost liability	27.1.1	1,280,462,681	1,692,661,540
	Tax contingency	27.1.2	18,177,836,600	18,177,836,600
			19,458,299,281	19,870,498,140

27.1.1 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.

27.1.2 This represents tax contingencies in respect of show cause notice issued by FBR regarding non - applicability of Zero percent sales tax on crude/condensate supplies by the Company from 2009-10 to 2013-14 as per SRO No. 549(I)/2008 dated 11.06.2008 with the condition of "Import and supplies thereof" and the Company is not importing crude/condensate. The Company does not charge sales tax on its crude /condensate supplies in line with industry practice and compliance of law. The Company has filed writ petition with Islamabad High Court, decision on which is pending. The estimated tax contingency has been calculated based on sales tax amount involved, penalty and default surcharge.

27.1.3 The Company also provided lien against its investments for the guarantee issued by PLL in favor of the LNG suppliers of amounting to USD 18.2 million (2020: USD 43.7 million). Subsequent to year end, the said lien against companies investments was released.

27.1.4 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 GoP for conversion of eligible existing and future discoveries under aforesaid PCAs to the Petroleum Policy (PP), 2012. Under the said arrangement, price regimes prevailing in PP 2007, PP 2009 and PP 2012 in terms of PP 2012 shall be applicable, correlated with the spud dates of the wells in the respective policies starting from November 27, 2007. The conversion package as defined in the SAs included windfall levy on natural gas only.

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

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

The Company along with other Joint Venture Partners has challenged the applicability of WLO against the backdrop of supplemental agreements already executed pursuant to PP 2012 in the Honorable Islamabad High Court which has granted stay order against the CCI decision dated 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, 2021 amount to approximately Rs 16,724 million (2020: Rs 15,404 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. 6,408 million to prospectively account for the impact of WLO from the date of the SRO i.e. December 27, 2017 till June 30, 2021.

27.1.5 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 DGPC's 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.

		Note	30 June 2021	30 June 2020
			----------Rupees----------	
27.2	**Commitments**			
	Minimum work commitment	27.2.1	4,742,992,390	6,083,320,227

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

		Note	30 June 2021	30 June 2020
			----------Rupees----------	
				Restated
28	**SALES - NET**			
	Natural gas - gross sales		46,517,332,289	53,602,947,957
	Sales tax		(6,755,923,559)	(7,777,394,678)
	Excise duty		(695,522,529)	(770,219,266)
	Natural gas - net sales		39,065,886,201	45,055,334,013
	Crude oil		23,462,624,793	22,632,186,708
	Liquefied petroleum gas - gross sales		5,710,832,432	5,157,032,051
	Sales tax		(827,399,897)	(774,062,848)
	Excise duty		(6,664,820)	(7,863,322)
	Petroleum development levy		(342,060,433)	(138,811,160)
	Liquefied petroleum gas - net sales		4,534,707,282	4,236,294,721
			67,063,218,276	71,923,815,442
29	**ROYALTY AND OTHER LEVIES**			
	Royalty	29.1	7,447,359,999	8,022,347,456
	Windfall levy	29.2	152,781,539	86,941,958
			7,600,141,538	8,109,289,414

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

29.2 This pertains to production from Gambat South, Hala, Dhoke Sultan and Shah Bandar.

		Note	30 June 2021	30 June 2020
30	**OPERATING EXPENSES**			
	Joint operation's operating expenses	30.1	6,764,944,673	7,687,556,997
	Depreciation		2,297,716,363	2,889,072,499
	Amortization of development and production assets		3,972,122,094	3,517,195,565
	Impairment		307,511,912	383,693,059
	Reversal due to change in decommissioning cost estimates	23.2	(174,167,380)	(23,254,123)
			13,168,127,662	14,454,263,997

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

		Note	30 June 2021	30 June 2020
			----------Rupees----------	
30.2	**Impairment**			
	Impairment on property, plant and equipment	6.5	235,200,492	113,425,750
	Impairment on development and production assets	9	72,311,420	270,267,309
	Impairment on inventory	12.1	-	-
			307,511,912	383,693,059

30.2.1 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 and respective Joint operations inventories as specified in above note.

30.2.2 The Company considers the relationship between international oil prices, production profiles, petroleum reserves and carrying value of its joint venture investments, amongst other factors, when reviewing for indicators of impairment. As at June 30, 2021, 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.

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

30.2.4 The recoverable amount of the joint venture investment is based on 'value-in-use' computations. In assessing the value in use, estimated future cash flows are discounted to their present value, using a pre-tax discount rate that is based on the existing policy rate prevailing within the country. The pre-tax discount rate applied to cash flow projections is 14.78% (June 30, 2020: 8.69%).

		Note	30 June 2021	30 June 2020
			---Rupees---	
31	**FINANCE AND OTHER INCOME**			
	Income from financial assets			
	Return on bank deposits		875,983,423	1,143,330,228
	Return on term deposit receipts		2,161,845,484	2,492,356,525
	Interest on loan to subsidiaries		910,204,383	1,030,923,174
			3,948,033,290	4,666,609,927
	Income from non financial assets			
	Exchange gain		656,288,646	-
	Gain on disposal of fixed asset		138,735	-
	Signature bonus		-	3,558,500
	Others		316,458	65,000
			656,743,839	3,623,500
			4,604,777,129	4,670,233,427
32	**EXPLORATION AND PROSPECTING EXPENDITURE**			
	Cost of dry and abandoned wells	8	306,995,847	111,492,335
	Prospecting expenditure		254,334,995	486,814,699
			561,330,842	598,307,034

	Note	30 June 2021	30 June 2020
		----------Rupees----------	

33 GENERAL AND ADMINISTRATIVE EXPENSES

	Note	30 June 2021	30 June 2020
Salaries, wages and benefits	33.1-33.4	423,233,798	345,963,846
Travelling and conveyance		1,187,325	7,257,568
Repairs and maintenance		6,852,864	6,813,191
Rent		15,454,386	20,049,984
Communications		1,549,733	1,629,194
Utilities		8,580,455	7,140,583
Training and seminars		2,444,147	2,641,153
Printing and stationery		1,445,493	2,300,968
Advertisement		1,622,613	4,864,940
Entertainment		1,513,336	1,480,564
Legal and professional charges		5,503,342	12,487,895
Auditors' remuneration	33.5	2,075,800	1,715,720
Fee and subscription		2,987,310	2,709,448
Software maintenance fee		18,839,078	18,870,397
Insurance		6,939,071	6,039,410
Business development		2,235,430	48,282,243
Corporate social responsibility		-	5,000,000
Internship Program of Ministry of energy		171,680	1,785,456
Amortization of intangible assets	7	25,844,925	20,624,479
Depreciation	6.4	19,782,969	13,692,912
Security services		3,749,775	2,885,099
Others		3,328,455	2,319,592
		555,341,985	536,554,642

33.1 It includes Rs. 48.196 million (2020: Rs.40.312 million) in respect of post employment benefits.

33.2 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	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	----------Rupees----------			
Managerial remuneration	32,801,603	3,654,452	275,721,068	210,695,890
Bonus	-	-	-	24,000,882
Post employment benefits	6,688,906	197,270	55,307,429	39,575,048
Reimbursable expenses	135,176	-	1,232,806	725,418
	39,625,685	3,851,722	332,261,303	274,997,238
Number of persons	1	1	34	30

33.3 Key management personnel

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

	30 June 2021	30 June 2020
	----------Rupees----------	
Managerial Remuneration	116,332,791	76,939,763
Bonus	-	10,085,065
Post Employment Benefit	23,402,774	14,051,403
Reimbursable Expenses	324,954	79,032
	140,060,519	101,155,263

33.4 Fee paid to non-executive directors for attending the Board of Directors meetings amounted to Rs. 18,000,000 (2020: Rs. 20,300,000).

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33.5 Auditors' remuneration

	Note	30 June 2021	30 June 2020
		Rupees	
Statutory audit fee		1,639,800	1,339,800
Report on compliance of Public Sector Companies (Corporate		60,000	76,560
Decommissioning certification		200,000	114,840
Out of pocket expenses		176,000	184,520
		2,075,800	1,715,720

	Note	30 June 2021	30 June 2020
		Rupees	Restated
34 OTHER EXPENSES			
Exchange loss		-	345,210,836
Windfall levy on oil/condensate	27.1.4	1,320,292,007	1,328,505,943
		1,320,292,007	1,673,716,779
35 FINANCE COST			
Unwinding of discount on provision for decommissioning cost	23.1	216,362,234	468,345,783
Unwinding of discount on long term liability	21.1	22,929,861	94,999,285
Discount of long term liability	21.1	(177,616,628)	268,567,794
Bank charges		63,093	93,842
		61,738,560	832,006,704
36 TAXATION			
Current			
Charge for the year		14,285,385,928	18,261,039,032
Charge for prior year		14,672,399	1,560,330,480
		14,300,058,327	19,821,369,512
Deferred			
Charge/ (credit) for the year	22	644,408,297	(2,467,676,715)
	36.1	14,944,466,624	17,353,692,797
36.1 Reconciliation of tax charge for the year:			
Accounting profit		48,401,022,811	50,389,910,299
Tax rate		40%	40%
Tax on accounting profit at applicable rate 40% (2020: 40%)		19,360,409,124	20,155,964,120
Tax effect of:			
Unwinding of discount on provision of decommissioning cost		86,544,894	187,338,313
Exchange loss / (gain) on provision of decommissioning cost		(213,258,458)	56,066,967
Change in estimates related to provision of decommissioning cost		(248,144,172)	(368,660,777)
Depletion allowance		(3,127,891,200)	(3,371,331,253)
Income chargeable to tax at reduced corporate rate		(515,001,303)	(342,563,322)
Prior years charge		14,672,399	1,560,330,480
Unrealized exchange gain / (loss)		(48,782,908)	(352,680,811)
Interest on loans from subsidiaries		(364,081,752)	(170,770,920)
		(4,415,942,500)	(2,802,271,323)
		14,944,466,624	17,353,692,797
37 EARNINGS PER SHARE - BASIC AND DILUTED			
Profit for the period (Rupees)		33,456,556,187	33,036,217,502
Average number of shares outstanding during the year		2,088,512,092	2,088,512,092
Earnings per share - basic (Rupees)		16.02	15.82

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

38 FINANCIAL INSTRUMENTS

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

- Credit risk
- Liquidity risk
- Market risk

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

38.1 Credit risk

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

The credit risk related to balances with banks, in term deposits and saving accounts, are managed 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 trade debts and loan to subsidiaries is minimal as the Company has long established relationship with the counter parties, which are mainly state owned enterprises, and management does not expect non-performance by these counter parties on their obligations to the Company. The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade debts and loan to subsidiaries that are due directly/ ultimately from GoP till 30 June 2021 as per policy disclosed in note 5.9.5 to the financial statements.

38.1.1 Exposure to credit risk

The Company's maximum exposure to credit risk for the components of statement of financial position at June 30, 2021 and 2020 is equal to the carrying amounts of financial assets as given below:

	30 June 2021	30 June 2020
	(Rupees)	
		Restated
Loan to staff	24,279,733	9,104,601
Trade debts - net	108,955,084,171	104,484,054,965
Loan to subsidiaries	6,675,996,813	7,873,566,813
Loan, advances and other receivables	635,188	334,950
Security deposits	55,250	55,250
Short term investments	39,621,953,700	24,481,865,753
Cash and bank balances	9,558,959,296	5,486,949,287
	164,836,963,351	142,335,931,619

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

Credit rating	Rating agency	30 June 2021	30 June 2020
		(Rupees)	
A-1+	PACRA	6,511,293,781	3,379,086,708
A-1+	JCR-VIS	3,047,665,515	2,107,862,579
		9,558,959,296	5,486,949,287

Credit ratings for short term investments disclosed in note 17.1 to the financial statements.

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38.1.2 Impairment losses

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

	Not past due	Past due			Impaired balance	Total
		Upto three months	Three to six months	More than six months		
June 2021	13,828,408,676	12,646,016,300	11,057,851,438	71,422,807,757	-	108,955,084,171
June 2020 - restated	10,954,205,761	11,267,483,816	14,661,920,787	67,600,444,601	-	104,484,054,965

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

June 2021						
Party name	Not past due	Past Due			Impaired balance	Total
		Upto three months	Three to six months	More than six months		
Attock Refinery Limited	2,975,386,394	925,900,888	1,684,474	484,170,022	-	4,387,141,778
National Refinery Limited	126,926,443	36,064,580	-	152,228,018	-	315,219,041
Pakistan Refinery Limited	443,612,091	455,621,079	105,632,153	733,084	-	1,005,598,407
United Energy Pakistan Limited	492,513,482	-	-	-	-	492,513,482
Others	79,119,151	-	29,586,771	-	-	108,705,922
	4,117,557,561	1,417,586,547	136,903,398	637,131,124	-	6,309,178,630

June 2020						
Party name	Not past due	Past Due			Impaired balance	Total
		Upto three months	Three to six months	More than six months		
Attock Refinery Limited	1,503,807,095	817,378,915	498,192,650	437,810,222	-	3,257,188,882
National Refinery Limited	236,816,489	292,842,877	10,658,275	135,702,852	-	676,020,493
Pakistan Refinery Limited	208,624,397	359,063,016	69,787,263	-	-	637,474,676
United Energy Pakistan Limited	-	93,302,947	27,993,797	-	-	121,296,744
Others	89,789,198	121,007,701	44,779,792	(75,635,431)	-	179,941,260
	2,039,037,179	1,683,595,456	651,411,777	497,877,643	-	4,871,922,055

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

June 2021						
Party name	Not past due	Past Due			Impaired balance	Total
		Upto three months	Three to six months	More than six months		
Sui Northern Gas Pipelines Limited	2,254,917,715	3,422,061,747	3,348,095,130	23,233,748,691	-	32,258,823,283
Sui Southern Gas Company Limited	4,321,797,731	6,967,794,588	7,517,437,043	47,539,544,058	-	66,346,573,420
Pak Arab Refinery Company Limited	1,298,153,993	22,065,923	-	6,337,381	-	1,326,557,297
Enar Petroleum Refining Facility	10,818,208	-	-	-	-	10,818,208
Oil & Gas Development Company	1,815,775,267	802,395,490	41,401,926	6,046,503	-	2,665,619,186
Pakistan Petroleum Limited	9,388,201	14,112,005	14,013,941	-	-	37,514,147
	9,710,851,115	11,228,429,753	10,920,948,040	70,785,676,633	-	102,645,905,541

June 2020 - restated						
Party name	Not past due	Past Due			Impaired balance	Total
		Upto three months	Three to six months	More than six months		
Sui Northern Gas Pipelines Limited	2,144,098,080	2,416,284,905	2,971,298,058	23,221,257,200	-	30,752,938,243
Sui Southern Gas Company Limited	6,072,838,197	7,044,773,389	10,946,000,693	42,844,553,297	-	66,908,165,576
Pak Arab Refinery Company Limited	373,904,488	15,094,727	-	6,337,381	-	395,336,596
Enar Petroleum Refining Facility	10,084,953	-	-	-	-	10,084,953
Oil & Gas Development Company	282,953,174	77,081,134	65,159,183	1,013,697,374	-	1,438,890,865
Pakistan Petroleum Limited	31,289,690	30,654,205	28,051,076	16,721,706		106,716,677
	8,915,168,582	9,583,888,360	14,010,509,010	67,102,566,958	-	99,612,132,910

MM

As explained in note 14.1 to the financial statements, the Company believes that no impairment allowance is necessary in respect of trade debts past due 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 was not material and accordingly has not been recorded in these 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 loans as disclosed in note 3.3.

Expected credit loss on loans, advances, deposits and other receivables is calculated using general approach (as disclosed in note 4.15.5). 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.

38.2 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, 2021, is summarized below:

30 June 2021	Effective yield/ Interest Rate	Markup/ Interest bearing	Non markup/ Interest bearing	Total
	%	---------------Rupees---------------		
FINANCIAL ASSETS				
Maturity up to one year				
Loan to staff	-	-	9,551,286	9,551,286
Trade debts - net	-	-	108,955,084,171	108,955,084,171
Loan, advances and other receivables	-	-	635,188	635,188
Loan to subsidiaries - ISGSL	KIBOR+.01	341,175,045	-	341,175,045
Loan to subsidiaries - PLL	KIBOR+2	1,250,000,000	-	1,250,000,000
Deposits	-	-	55,250	55,250
Short-term investments	6.9 - 7.55	39,621,953,700	-	39,621,953,700
Bank balances	5.5 - 6.7	9,558,959,296	-	9,558,959,296
		50,772,088,041	108,965,325,895	159,737,413,936
Maturity after one year:				
Loan to staff	-	-	14,728,447	14,728,447
Loan to subsidiaries - PLL	KIBOR+2	5,084,820,968	-	5,084,820,968
		5,084,820,968	14,728,447	5,099,549,415
		55,856,909,009	108,980,054,342	164,836,963,351
FINANCIAL LIABILITIES				
Maturity up to one year				
Trade and other payables	-	-	4,702,197,849	4,702,197,849
Current portion of long term liability	-	-	819,631,897	819,631,897
		-	5,521,829,746	5,521,829,746
Maturity after one year:				
Long term liability	-	-	3,511,804,183	3,511,804,183
		-	3,511,804,183	3,511,804,183
		-	9,033,633,929	9,033,633,929

WMD

June 2020 - restated	Effective yield/ Interest Rate	Markup/ Interest bearing	Non markup/ Interest bearing	Total
	%	--------------------Rupees--------------------		
FINANCIAL ASSETS				
Maturity up to one year				
Loan to staff	-	-	4,335,906	4,335,906
Trade debts - net	-	-	104,484,054,965	104,484,054,965
Loan, advances and other receivables	-	-	334,950	334,950
Loan to subsidiaries - ISGSL	KIBOR+.01	1,767,841,684	-	1,767,841,684
Loan to subsidiaries - PLL	KIBOR+2	5,984,282,830	-	5,984,282,830
Loan to subsidiaries - PLTL	KIBOR+.01	81,151,439	-	81,151,439
Deposits	-	-	55,250	55,250
Short-term investments	7.14 - 12.75	24,481,865,753	-	24,481,865,753
Bank balances	6 - 7.61	5,486,949,287	-	5,486,949,287
		37,802,090,993	104,488,781,071	142,290,872,064
				-
Maturity after one year:				-
Long-term loan	-	-	4,768,695	4,768,695
Loan to subsidiaries - PLTL	KIBOR+.01	40,290,860	-	40,290,860
		40,290,860	4,768,695	45,059,555
		37,842,381,853	104,493,549,766	142,335,931,619
FINANCIAL LIABILITIES				
Maturity up to one year				
Trade and other payables	-	-	5,869,878,843	5,869,878,843
Current portion of long term liability	-	-	794,851,274	794,851,274
		-	6,664,730,117	6,664,730,117
Maturity after one year:				
Long term liability	-	-	4,188,263,503	4,188,263,503
		-	4,188,263,503	4,188,263,503
		-	10,852,993,620	10,852,993,620

	30 June 2021	30 June 2020
OFF BALANCE SHEET ITEMS	---------(Rupees)---------	
Capital expenditure commitments	4,742,992,390	6,083,320,227

38.3 Market risk

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

38.3.1 Interest rate risk

Interest / mark-up rate risk management is the risk that the value of a financial instrument will fluctuate due to changes in interest rate. The Company does not have interest bearing financial liability; therefore, it does not have any interest rate/mark-up risk in respect of financial liabilities. The Company has invested in fixed interest bearing securities in the form of short term deposit receipts as mentioned in Note 17.1. Further the Company has bank balances in deposit accounts that carry variable interest rates, as mentioned in Note 18.1.

38.3.2 **Foreign currency risk**

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 venture operators. At the date of statement of financial position, the net foreign currency exposure aggregates to USD 4.50 million (2020: USD 29.95 million).

	30 June 2021	30 June 2020
	(USD)	
FINANCIAL ASSETS		
Short term exposure		
Trade debts	44,717,542	29,533,278
FINANCIAL LIABILITIES		
Short term exposure		
Due to joint venture operators	(21,705,853)	(29,852,011)
Long term liability (carried interest)	(5,210,297)	(4,727,037)
	(26,916,150)	(34,579,048)
Long term exposure		
Long term liability (carried interest)	(22,324,100)	(24,907,901)
	(49,240,250)	(59,486,949)
Net exposure to foreign currency risk	(4,522,708)	(29,953,671)

The following significant exchange rates applied during the year:

Average rate		Reporting date spot rate	
2021	2020	2021	2020
(Pak Rupees)			
160.3	158.26	157.31	168.15

Foreign currency sensitivity

A 10% strengthening of the functional currency against USD at June 30, 2021 would have increased profit and loss by Rs. 71.1 million (2020: Rs. 503.7 million). A 10% weakening of the functional currency against USD at June 30, 2021 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 30 June 2020.

38.4 Fair values and risk management

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		Fair Value		
	2021	2020	Level 1	Level 2	Level 3
	Rupees		Rupees		
		Restated			
FINANCIAL ASSETS					
Financial assets measured at fair value	-	-	-	-	-
Financial assets not measured at fair value:					
Amortized cost					
Short term investment	39,621,953,700	24,481,865,753	-	-	-
Long-term loan	24,279,733	9,104,601	-	-	-
Loan to subsidiaries	6,675,996,013	7,873,566,813	-	-	-
Trade debts- net	108,955,084,171	104,484,054,965	-	-	-
Loan, advances and other receivables	635,188	334,950	-	-	-
Security deposits	55,250	55,250	-	-	-
Cash and bank balances	9,558,959,296	5,486,949,287	-	-	-
	164,836,963,351	142,335,931,619	-	-	-
FINANCIAL LIABILITIES					
Financial assets not measured at fair value:					
Amortized cost					
Long term liability	4,331,436,080	4,983,114,777	-	-	-
Trade and other payables	4,702,197,849	5,869,878,843	-	-	-
	9,033,633,929	10,852,993,620	-	-	-

Interest rates used for determining fair value

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

Determination of fair values

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

Non - derivative financial assets

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.

38.5 Capital management

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

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

39 TRANSACTIONS 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 to entities controlled by Government of Pakistan which are not material, hence not disclosed in these financial statements. Transactions of the Company with related parties and balances outstanding at the period end are as follows:

	30 June 2021	30 June 2020
	----------Rupees----------	
		Restated
Subsidiary companies		
Shares held in subsidiary companies	**2,988,820,900**	2,983,920,900
Advance against issue of shares	**2,336,091,408**	414,327,501
Long term loan to subsidiary		
Non- current portion	**5,084,820,968**	40,290,860
Current portion	**1,591,175,045**	7,833,275,953
Interest Income on loan to subsidiaries	**910,204,383**	1,030,923,174
Current account - receivable/ (payable)	**245,999**	(351,477)
Pakistan LNG Limited (PLL)		
Loan as at 30 June	**6,334,820,968**	5,984,282,830
Current account - receivable	**635,188**	167,475
Tax payable under group taxation	**306,572,520**	-
Interest income	**769,386,700**	892,206,410
Pakistan LNG Terminal Limited (PLTL)		
Loan as at 30 June	**-**	121,442,299
Current account - receivable	**-**	167,475
Interest income	**4,984,322**	15,445,510
Interstate Gas Systems (Private) Limited (ISGSL)		
Advance against issue of shares	**2,336,091,408**	414,327,501
Loan as at 30 June	**341,175,045**	1,767,841,684
Current account with ISGSL- payable	**389,189**	686,427
Interest income	**135,833,361**	123,271,254
Major shareholders		
Government of Pakistan (100% share holding)		
Dividend paid	**7,000,000,000**	5,000,000,000
Related parties by virtue of GoP holdings and /or common directorship		
Pak Arab Refinery Company Limited		
Sale of crude oil - net	**4,700,898,577**	3,122,657,636
Trade debts as at 30 June	**1,326,557,297**	395,336,596
Sui Northern Gas Pipelines Limited		
Sale of natural gas - net	**12,843,791,746**	15,881,946,580
Trade debts as at 30 June	**32,258,823,283**	30,752,938,243

	30 June 2021	30 June 2020
	------Rupees------	
		Restated
Sui Southern Gas Company Limited		
Sale of natural gas - net	**25,755,924,283**	31,160,887,323
Trade debts as at 30 June	**66,346,573,420**	66,908,165,576
Enar Petroleum Refining Facility		
Sale of crude oil - net	**55,623,782**	90,826,482
Trade debts as at 30 June	**10,818,208**	10,084,953
Oil and Gas Development Company Limited		
Receivable as at 30 June	**2,665,619,185**	1,438,890,865
Payable as at 30 June	**1,477,343,750**	1,048,025,102
Expenditure charged by joint operation partner	**3,547,350,298**	4,241,090,727
Pakistan Petroleum Limited		
Receivable as at 30 June	**37,514,145**	106,716,677
Payable as at 30 June	**605,625,024**	1,590,973,248
Expenditure charged by joint operation partner	**3,349,157,944**	3,173,598,808
National Bank of Pakistan		
Balance of bank accounts	**1,610,156,842**	1,971,052,204
Balance of Investment (term deposit receipts) as at 30 June	**4,000,000,000**	6,000,000,000
Interest earned during the period	**189,445,315**	554,067,197
Other related parties		
Contribution to gratuity fund (refer note 25.1)	**25,823,837**	21,889,684
Remuneration to key management personnel (refer note 33.3)	**140,060,519**	101,155,263

40 NUMBER OF EMLPOYEES

	2021	2020
Number of employees as at year end	**65**	61
Average number of employees employed during the year	**63**	57

41 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.

42 RESTATEMENT OF COMPARATIVE FINANCIAL INFORMATION

42.1 Correction of prior period errors

During the year ended 30 June 2021, the Company identified matters as explained in note 42.1.1 to 42.1.5 which had been incorrectly accounted for in the prior year financial statements.

42.1.1 Provision for decommissioning cost

In the previous years, provision for decommissioning cost has been erroneously measured by discounting the estimated cost of decommissioning to its net present value using a short term discount rate which did not reflect the risks specific to the decommissioning liability and in case of decommissioning cost of wells using the maximum life of the concession rather than the life of the field which reflects the expected outflow of economic resources to settle this obligation as required by IAS 37, Provisions, Contingent Liabilities and Contingent Assets. These errors have now been corrected by discounting the estimated cost of decommissioning, to its net present value at a discount rate that reflects the risks specific to the decommissioning liability and using the life of the field which reflects the expected outflow of economic resources to settle this obligation.

As required under IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, the correction of these errors has been accounted for retrospectively and the comparative information of prior periods has been restated as disclosed in note 42.3 to these financial statements.

42.1.2 Amortization of development and production assets

In the previous years, the development and production expenditure carried within each field was erroneously 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 and probable reserves, on a field by field basis which did not reflect the accounting policy adopted by the Company of using proved reserves.

As required under IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, the correction of this error has been accounted for retrospectively and the comparative information of prior periods has been restated as disclosed in note 42.3 to these financial statements.

42.1.3 Provision for doubtful debts

During the year ended 30 June 2014, the Company recognised a general provision for trade debts outstanding at 30 June 2014, by recognising 100% provision against trade debts outstanding for over one year and 50% provision against trade debts outstanding for over six months. The Company has a policy of reviewing the recoverability of its trade debts that are due directly/ultimately from GoP to assess whether there is any objective evidence of impairment as per requirements of IAS 39 at each reporting date. In the absence of objective evidence of impairment and approved accounting policy, the Company has erroneously recorded provision against doubtful debts during prior years. This error has now been corrected by derecognizing this provision. The derecognition of provision has resulted in an increase in trade debts-net with a corresponding increase in unappropriated profits as at 30 June 2020 and 01 July 2019.

As required under IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, the correction of this error has been accounted for retrospectively and the comparative information of prior periods has been restated as disclosed in note 42.3 to these financial statements.

42.1.4 Revenue of Tando Allah Yar (TAY) concession

In the previous years, the Company had erroneously not recognised revenue and related royalty expense from TAY concession relating to the years 2017 to 2020. This error has now been corrected by recording revenue and related royalty for these years in unappropriated profits as at 30 June 2020 and 01 July 2019.

As required under IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, the correction of this error has been accounted for retrospectively and the comparative information of prior periods has been restated as disclosed in note 42.3 to these financial statements.

42.1.5 Deffered taxation on unrealised exchange loss

In the previous years, deferred tax asset amount relating to opening unrealised exchange losses had not been recognised by the Company. This error has now been corrected by recognising the correct deferred tax asset on cumulative unrealised exchange losses with a corresponding increase in unappropriated profits of the Company as at 30 June 2020 and 01 July 2019.

As required under IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, the correction of this error has been accounted for retrospectively and the comparative information of prior periods has been restated as disclosed in note 42.3 to these financial statements.

42.2 Reclassifications - corresponding figures

42.2.1 Reclassification of interest accrued on long term loans, short term investments and cash and bank balances

The following reclassifications have been made in these financial statements as required under IFRS 9, Financial Instruments
- interest accrued on long term loan to PLL, PLTL and ISGS has been reclassified to long term loans and current portion of long term loans
- interest accrued on term deposit receipts has been reclassified to short term investments
- interest accrued on bank deposits has been reclassified to cash and bank balances
- interest received has been reclassified from cash flow from operating activities to cash flow from investing activities

42.2.2 Reclassification of interest accrued on amount placed under lien as guarantee for standby letter of credit (SBLC) of Pakistan LNG Limited (a subsidiary company)

The Company has provided lien against its investments in term deposit receipts for the guarantee issued by a subsidiary Company in favor of the liquified natural gas (LNG) suppliers of amounting to USD 18.2 million (2020: USD 43.7 million). The Company was charging interest to the subsidiary Company at KIBOR+2% for making available the above collaterals and guarantee for the subsidiary Company and that rate charged by the Company was considered to be above above-market rate, considering the terms and conditions of the collaterals, local industry practice and local market circumstances. The interest charged in excess of reasonable market rate of 0.5% has now been reclassified to fair value adjustment on collateral arrangements with the subsidiary Company reserve from unappropriated profits of the Company .

These reclassifications have been applied retrospectively and the comparative information of prior periods has been reclassified as disclosed in note 42.3 to these financial statements.

GOVERNMENT HOLDINGS (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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RESTATEMENT OF COMPARATIVE FINANCIAL INFORMATION- CONTINUED

42.3 The following tables present the impacts of restatements as explained in note 42.1.1 - 42.1.5, 42.2.1 and 42.2.2 above:

	As previously reported	Adjustments for:						Restated/ Reclassified
		Provision for decommissioning cost (Note 42.1.1)	Amortisation cost (Note 42.1.2)	Provision for doubtful debts (Note 42.1.3)	Revenue (Note 42.1.4)	Deffered tax asset (Note 42.1.5)	Reclassification (Note 42.2.1) and (Note 42.2.2)	
	(Rupees)							
STATEMENT OF FINANCIAL POSITION								
30 June 2020								
NON CURRENT ASSETS								
Property, plant and equipment	28,429,906,526	(383,591,912)	-	-	-	-	-	28,046,314,614
Development and production assets	19,718,032,030	(788,557,281)	(2,542,118,551)	-	-	-	-	16,387,356,198
CURRENT ASSETS								
Trade debts - net	98,688,246,709	-	-	4,604,647,534	1,191,160,722	-	-	104,484,054,965
Current portion of loan	6,869,730,853	-	-	-	-	-	963,545,100	7,833,275,953
Interest accrued	1,519,130,600	-	-	-	-	-	(1,519,130,600)	-
Short term investments	24,000,000,000	-	-	-	-	-	481,865,753	24,481,865,753
Cash and bank balances	5,413,255,180	-	-	-	-	-	73,719,747	5,486,974,927
NON CURRENT LIABILITIES								
Provision for decommissioning cost	9,078,006,417	(814,041,873)	-	-	-	-	-	8,263,964,544
Deferred taxation	6,192,651,064	(468,859,677)	(1,016,847,420)	1,841,859,013	-	(1,316,662,113)	-	5,232,140,867
CURRENT LIABILITIES								
Provision for taxation	3,461,650,897	-	-	-	404,994,645	-	-	3,866,645,542
SHARE CAPITAL AND RESERVES								
Unappropriated profits	84,155,485,364	110,752,357	(1,525,271,131)	2,762,788,521	786,166,077	1,316,662,113	(1,126,808,120)	86,479,775,181
Reserves	56,230,873,852	-	-	-	-	-	1,126,808,120	57,357,681,972

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	As previously reported	Adjustments for:						Restated/ Reclassified
		Provision for decommissioning cost (Note 42.1.1)	Amortisation cost (Note 42.1.2)	Provision for doubtful debts (Note 42.1.3)	Revenue (Note 42.1.4)	Deferred tax asset (Note 42.1.5)	Reclassification (Note 42.2.1) and (Note 42.2.2)	
	(Rupees)							
STATEMENT OF FINANCIAL POSITION								
30 June 2019								
NON CURRENT ASSETS								
Property, plant and equipment	28,316,544,677	(510,318,861)	-	-	-	-	-	27,806,225,816
Development and production assets	19,363,950,890	(1,048,731,706)	(2,049,889,922)	-	-	-	-	16,265,329,262
Interest accrued on long term loan	171,768,181	-	-	-	-	-	(171,768,181)	-
Long term loan	4,204,086,131	-	-	-	-	-	171,768,181	4,375,854,312
CURRENT ASSETS								
Trade debts - net	79,216,558,399	-	-	4,604,647,534	837,930,183	-	-	84,659,136,116
Current portion of loan	2,654,872,580	-	-	-	-	-	1,414,600,722	4,069,473,302
Interest accrued	1,622,084,537	-	-	-	-	-	(1,622,084,537)	-
Short term investments	18,000,000,000	-	-	-	-	-	109,504,106	18,109,504,106
Cash and bank balances	3,950,994,383	-	-	-	-	-	97,979,709	4,048,974,092
NON CURRENT LIABILITIES								
Provision for decommissioning cost	7,148,060,428	(1,449,827,934)	-	-	-	-	-	5,698,232,494
Deferred taxation	8,262,319,007	(623,620,227)	(819,955,969)	1,841,859,014	-	(958,349,773)	-	7,702,252,052
CURRENT LIABILITIES								
Provision for taxation	3,224,484,300	-	-	-	284,896,262	-	-	3,509,380,562
SHARE CAPITAL AND RESERVES								
Unappropriated profits	56,015,381,649	514,397,594	(1,229,933,953)	2,762,788,520	553,033,921	958,349,773	(699,880,820)	58,874,136,684
Reserves	56,230,873,852	-	-	-	-	-	699,880,820	56,930,754,672
STATEMENT OF PROFIT OR LOSS								
For the year ended 30 June 2020								
Sales - Net	71,520,123,397	-	-	-	403,692,045	-	-	71,923,815,442
Royalty and other levies	(8,058,827,908)	-	-	-	(50,461,506)	-	-	(8,109,289,414)
Operating expenses	(13,985,289,491)	23,254,123	(492,228,629)	-	-	-	-	(14,454,263,997)
Other expenses	(1,705,207,585)	31,490,806	-	-	-	-	-	(1,673,716,779)
Finance cost	(528,377,088)	(303,629,616)	-	-	-	-	-	(832,006,704)
Taxation	(17,634,037,656)	(154,760,550)	196,891,452	-	(120,098,383)	358,312,340	-	(17,353,692,797)

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STATEMENT OF CASH FLOWS

For the year ended 30 June 2020

	As previously reported	Adjustments for:						Restated/ Reclassified
		Provision for decommissioning cost (Note 42.1.1)	Amortisation cost (Note 42.1.2)	Provision for doubtful debts (Note 42.1.3)	Revenue (Note 42.1.4)	Deffered tax asset (Note 42.1.5)	Reclassification (Note 42.2.1) and (Note 42.2.2)	
	(Rupees)							
CASH FLOWS FROM OPERATING ACTIVITIES								
Profit before taxation	50,777,793,076	(248,884,687)	(492,228,629)	-	353,230,539	-	-	50,389,910,299
Interest received	4,941,332,045	-	-	-	-	-	(4,941,332,045)	-
Adjustments for:								
Amortization of development and production assets	3,024,966,936	-	492,228,629	-	-	-	-	3,517,195,565
Reversal due to change in decommissioning cost estimates	-	(23,254,123)	-	-	-	-	-	(23,254,123)
Unwinding of discount	259,715,452	303,629,615	-	-	-	-	-	563,345,067
Unrealised exchange (gain) / loss	(281,668,492)	(31,490,805)	-	-	-	-	-	(313,159,297)
Changes in working capital								
Trade debts - net	(19,723,306,172)	-	-	-	(353,230,539)	-	-	(20,076,536,711)
CASH FLOWS FROM INVESTING ACTIVITIES								
Interest received	-	-	-	-	-	-	4,823,406,333	4,823,406,333
NET INCREASE IN CASH AND CASH EQUIVALENTS	7,462,260,797	-	-	-	-	-	(117,925,712)	7,344,335,085
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	15,950,994,383	-	-	-	-	-	207,483,815	16,158,478,198
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	23,413,255,180	-	-	-	-	-	89,558,103	23,502,813,283

43 IMPACT OF COVID-19 ON THE FINANCIAL STATEMENTS

During the year ended 30 June 2021, second and third wave/ resurgence of Coronavirus (Covid-19) was encountered across the Country. Management's focus and efforts continued for coping up with the changing scenario at all levels. The Company's operations financial position and results have not been affected by Covid-19 during the year.

Based on management's assessment there is no material impact on the carrying values of assets and liabilities as of 30 June 2021. From the very outset of Covid-19, the management has adopted various policies and practices to minimize adverse impact of Covid-19 on the business and is continuously monitoring the situation in order to proactively address any challenges which may arise from Covid-19.

44 NON ADJUSTING EVENT AFTER REPORTING DATE

44.1 Subsequent to the year end, a Consortium comprising of the Company, Mari Petroleum Company Limited (MPCL), Oil and Gas Development Company Limited (OGDCL) and Pakistan Petroleum Limited (PPL) (Operator) has been awarded Offshore Block 5 in Abu Dhabi's second competitive exploration block bid round. Offshore Block 5 covers an area of 6,223 square kilometers and is located 100 kilometers north-east of Abu Dhabi city. The consortium companies have established an independent company Pakistan International Oil Limited (PIOL) at Abu Dhabi Global Market 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 31 August, 2021. The minimum commitment of the consortium under the concession documents is USD 304.7 million during the exploration phase. In pursuance of this commitment Company has invested Rs. 4,205 million (USD 25 million) in PIOL.

As part of the arrangement, each of the Consortium companies have also provided, joint and several, parent Company guarantees to ADNOC and Supreme Council For Financial and Economic Affairs, Abu Dhabi, UAE to guarantee the obligations of PIOL.

44.2 Subsequent to the year end, 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, PPL and 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. Pursuant to the Decision, each SOE was also directed to pay USD 187.5 million (collectively USD 562.5 million) 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, for the arrangement of GOB contribution of USD 337.5 million, the GOP through the Company has arranged a short-term finance facility of Rs. 65 billion from the National Bank of Pakistan against GOP guarantee and which will be settled through budgetary allocation.

On the basis of the Decision, the Company decided to enter into a non-binding framework agreement with the GoP, the GoB, PPL, OGDCL and Barrick, which sets out, inter alia, the ownership/transaction structure, rights, obligations and common objectives of the parties towards facilitating the implementation of the Project (Framework Agreement). In terms of the Framework Agreement, several conditions are required to be satisfied before binding arrangements are effective including receipt of administrative and regulatory approvals, execution of definitive agreements, deposit of USD 900 million in a designated escrow account, stabilization of the fiscal regime and legislative and judicial validation amongst others. If the conditions are not satisfied by June 30, 2022, interest at the rate of US Prime plus 2% (Interest Amount) would be payable to Antofagasta. If the conditions are not satisfied latest by December 15, 2022, the terms of settlement/resolution will be cancelled and terminated and the entry fee along with the Interest Amount will be refunded to the respective SOEs/GoP. Only upon satisfaction of the stated conditions in the Framework Agreement, the entry fee along with the Interest Amount, if any, will be released to Antofagasta against acquisition of corresponding equity interest by the SOEs and GoB, thereby settling the historical disputes relating to Reko Diq project.

Subsequent to the Decision and based on written advice from the Finance Division dated March 29, 2022 and approval of the board of directors, the Company has deposited its corresponding share of the entry fee amounting to USD 187.5 million in an escrow account maintained by the Hongkong Shanghai Banking Corporation, and jointly operated by the GoP and Antofagasta. Further, the Company has agreed to fund its corresponding share of the Interest Amount as and when accrued and payable. The amount of USD 187.5 million represents a deposit with the GoP on account of contribution made by the Company, on behalf of the GoP, for the settlement of the Reko Diq dispute.

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45 GENERAL

45.1 Capacity and Production

Product	Unit	Production for the year 2021	2020
Gas	MMSCF	**82,099**	85,932
Oil	Barrels	**2,785,326**	2,832,706
LPG	Metric ton	**68,931**	66,283

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

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

46 DATE OF AUTHORIZATION OF ISSUE

These financial statements have been authorized for issue by the Board of Directors of the Company in its meeting held on June 29, 2022.

Chief Executive Officer

Director

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

KPMG

KPMG Taseer Hadi & Co.
Chartered Accountants
Sixth Floor, State Life Building, Blue Area
Islamabad, Pakistan
Telephone 92 (51) 282 3558, Fax 92 (51) 282 2671

INDEPENDENT AUDITORS' REPORT

To the members of Government Holdings (Private) Limited

Report on the Audit of the 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 30 June 2021, 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 30 June 2021, 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 *Auditors' 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.

KPMG

KPMG Taseer Hadi & Co.

Emphasis of Matters

We draw attention to:

- Note 1.7 to the consolidated financial statements, which describes merger of amalgamated subsidiary Company Pakistan LNG Terminals Limited (PLTL) with surviving subsidiary Pakistan LNG Limited (PLL) under section 284(2)(a) of Companies Act, 2017 with effect from 01 January 2021.

- Note 6.5.1.1 to the consolidated financial statements, which describes reasons for delays in the implementation and status of activities of the Iran Pakistan Gas Pipeline Project.

- Note 15.1 to the consolidated financial statements, which describes in detail matter relating to overdue receivables on account of Inter-corporate circular debt.

- Note 45 to the consolidated financial statements, which indicates that the comparative information presented as at and for the year ended 30 June 2020 has been restated.

Our opinion is not modified in respect of these matters.

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

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

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

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

KPMG

KPMG Taseer Hadi & Co.

Auditors' 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 auditors' 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 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 judgement and maintain professional scepticism 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 auditors' 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 auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

Other Matters

- The consolidated financial statements of the Group as at and for the year ended 30 June 2020 and 1 July 2019 excluding the adjustments described in Note 45 to the consolidated financial statements were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on 03 May 2021.

- As part of our audit of the consolidated financial statements as at and for the year ended 30 June 2021, we audited the adjustments described in Note 45 that were applied to restate the comparative information presented as at and for the year ended 30 June 2020 and the statement of consolidated financial position as at 1 July 2019. We were not engaged to audit, review, or apply any procedures to the consolidated financial statements for the years ended 30 June 2020 or to the statement of consolidated financial position as at 1 July 2019, other than with respect to the adjustments described in Note 45 to the Consolidated Financial statements.

Accordingly, we do not express an opinion or any other form of assurance on those respective consolidated financial statements taken as a whole. However, in our opinion, the adjustments described in Note 45 are appropriate and have been properly applied.

The engagement partner on the audit resulting in this independent auditors' report is Inam Ullah Kakra.

KPMG Taseer Hadi & Co.

KPMG Taseer Hadi & Co.
Chartered Accountants
Islamabad

22 July 2022

GOVERNMENT HOLDINGS (PRIVATE) LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2021

	Note	30 June 2021	30 June 2020	01 July 2019
		----------(Rupees)----------		
			Restated	Restated
EQUITY AND LIABILITIES				
EQUITY				
Share capital	21	20,885,120,920	20,885,120,920	20,885,120,920
Reserves	22	56,230,873,852	56,230,873,852	56,230,873,852
Unappropriated profit		121,690,497,736	86,408,141,260	60,931,294,097
Foreign currency translation reserve		134,367,488	202,214,515	182,225,632
Advance against issue of shares	21.2	2,336,091,408	414,327,501	-
EQUITY ATTRIBUTABLE TO OWNERS OF THE HOLDING COMPANY		201,276,951,404	164,140,678,048	138,229,514,501
NON-CONTROLLING INTEREST		-	1,374,730	1,574,511
TOTAL EQUITY		201,276,951,404	164,142,052,778	138,231,089,012
NON CURRENT LIABILITIES				
Long term liability	23	3,511,804,183	4,188,263,503	4,122,651,375
Deferred taxation	24	2,348,133,464	-	5,584,762,492
Provision for decommissioning cost	25	7,343,544,525	8,263,964,544	5,698,232,494
Lease liability	7.1	114,849,832,761	131,867,184,140	-
Deferred employee benefits	26	85,586,572	84,059,636	78,029,390
		128,138,901,505	144,403,471,823	15,483,675,751
CURRENT LIABILITIES				
Trade and other payables	27	32,690,911,485	19,196,786,425	38,418,287,893
Current portion of long term liability	23	819,631,897	794,851,274	971,546,027
Lease liability - current portion	7.1	8,509,955,347	8,722,947,680	-
Payable to Government	28	59,314,064,562	22,098,287,921	11,401,228,198
Provision for taxation	29	308,574,430	4,073,769,432	3,267,612,828
		101,643,137,721	54,886,642,732	54,058,674,946
TOTAL LIABILITIES		229,782,039,226	199,290,114,555	69,542,350,697
TOTAL EQUITY AND LIABILITIES		431,058,990,630	363,432,167,333	207,773,439,709
CONTINGENCIES AND COMMITMENTS	30			

	Note	30 June 2021	30 June 2020	01 July 2019
		----------(Rupees)----------		
			Restated	Restated
ASSETS				
NON CURRENT ASSETS				
Property, plant and equipment	6	30,579,682,367	30,596,777,464	30,371,469,276
Right of use asset	7	123,066,457,935	133,767,889,061	-
Intangible assets	8	25,118,800	49,015,169	40,357,417
Exploration and evaluation assets	9	5,752,965,834	5,456,332,060	4,132,725,421
Development and production assets	10	14,910,563,902	16,387,356,198	16,265,329,262
Long term loan	11	14,728,447	4,768,695	7,698,342
Investment in Joint Venture	12	975,183,663	1,036,034,612	621,634,289
Deferred taxation	24	-	31,838,569	-
		175,324,700,948	187,330,011,828	51,439,214,007
CURRENT ASSETS				
Stores, spares and loose tools - share in Joint operations' inventory	13	4,099,209,673	3,552,307,005	3,295,805,619
Stock in trade	14	2,874,926,460	3,311,051,899	4,663,244,948
Trade debts - net	15	192,006,383,177	132,544,713,376	118,177,183,689
Recoverable from tax authorities	16	3,999,456,255	2,436,576,699	616,015,802
Loans, advances and other receivables	17	346,543,320	216,001,959	224,340,185
Trade deposits and short term prepayments	18	18,659,423	15,261,075	11,733,595
Short term investments	19	41,096,758,390	24,481,865,753	18,369,504,106
Cash and bank balances	20	11,292,352,984	9,544,377,739	10,976,397,758
		255,734,289,682	176,102,155,505	156,334,225,702
TOTAL ASSETS		431,058,990,630	363,432,167,333	207,773,439,709

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

Chief Executive Officer

Director

GOVERNMENT HOLDINGS (PRIVATE) LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2021

	Note	30 June 2021	30 June 2020
		---(Rupees)---	
			Restated
SALES - NET	31	**283,976,536,688**	222,810,775,009
Royalty and other levies	32	**(7,600,141,538)**	(8,109,289,414)
Operating expenses	33	**(219,939,562,248)**	(157,620,089,658)
GROSS PROFIT		**56,436,832,902**	57,081,395,937
Finance and other income	34	**13,660,631,530**	4,596,985,198
Exploration and prospecting expenditure	35	**(561,330,842)**	(598,307,034)
General and administrative expenses	36	**(1,199,332,842)**	(1,169,584,073)
Share of loss from Joint Venture - net of taxation	12	**(20,781,135)**	(19,949,219)
Other expenses	37	**(1,320,292,007)**	(5,699,998,925)
OPERATING PROFIT		**66,995,727,606**	54,190,541,884
Finance cost	38	**(5,622,774,754)**	(6,590,453,367)
PROFIT BEFORE TAXATION		**61,372,952,852**	47,600,088,517
Taxation	39	**(19,056,215,773)**	(17,104,275,321)
PROFIT FOR THE YEAR		**42,316,737,079**	30,495,813,196
PROFIT ATTRIBUTABLE TO:			
Owners of the holding Company		42,316,737,079	30,496,014,339
Non-controlling interests		-	(201,143)
		42,316,737,079	**30,495,813,196**
EARNINGS PER SHARE - BASIC AND DILUTED	40	**20.26**	14.60

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

Chief Executive Officer

Director

GOVERNMENT HOLDINGS (PRIVATE) LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2021

	Note	30 June 2021	30 June 2020
		----------(Rupees)----------	
			Restated
PROFIT FOR THE YEAR		**42,316,737,079**	30,495,813,196
Other comprehensive loss for the year			
Items that will not be reclassified to profit or loss			
Remeasurement loss on employees' retirement benefits	27.2	(36,202,646)	(21,633,442)
Tax effect of remeasurement loss on employee's retirement benefits		5,682,751	2,434,470
		(30,519,895)	(19,198,972)
Items that may be subsequently reclassified to profit or loss			
Foreign currency translation reserve		(68,182,465)	20,022,041
Other comprehensive loss/(income) for the year		(98,702,360)	823,069
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		42,218,034,719	30,496,636,265
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the holding Company		42,218,034,719	30,496,836,046
Non-controlling interests		-	(199,781)
		42,218,034,719	30,496,636,265

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

Chief Executive Officer

Director

GOVERNMENT HOLDINGS (PRIVATE) LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2021

	Attributable to owners of the holding Company												
	Share capital	Advance against issue of shares	Revenue Reserve	Capital Reserve				Foreign currency translation reserve	Unappropriated profit	Total	Non-controlling interest	Total Equity
	Issued, Subscribed and Paid-up		General reserve	Committed outlay reserve	LNG project reserve	Asset insurance reserve	Assets acquisition reserve					
	(Rupees)											
Balance as at 1 July 2019 as previously reported	20,885,120,920	-	2,284,626,436	20,946,247,416	25,000,000,000	3,000,000,000	5,000,000,000	186,170,001	55,277,317,333	132,579,482,106	1,614,335	132,581,096,441
Impact of restatement- note 45	-	-	-	-	-	-	-	(3,944,369)	5,653,976,764	5,650,032,395	(39,824)	5,649,992,571
Balance as at 1 July 2019 - restated	20,885,120,920	-	2,284,626,436	20,946,247,416	25,000,000,000	3,000,000,000	5,000,000,000	182,225,632	60,931,294,097	138,229,514,501	1,574,511	138,231,089,012
Total comprehensive income for the year - restated												
Profit for the year - restated	-	-	-	-	-	-	-	-	30,496,014,339	30,496,014,339	(201,143)	30,495,813,196
Other comprehensive income/(loss) for the year - restated	-	-	-	-	-	-	-	19,988,883	(19,167,176)	821,707	1,362	823,069
Total comprehensive income for the year - restated	-	-	-	-	-	-	-	19,988,883	30,476,847,163	30,496,836,046	(199,781)	30,496,636,265
Transactions with owners of the Company												
Contributions												
Advance received against issue of shares	-	414,327,501	-	-	-	-	-	-	-	414,327,501	-	414,327,501
	-	414,327,501	-	-	-	-	-	-	-	414,327,501	-	414,327,501
Distributions												
Interim dividend 2020: Rs. 2.39 per share	-	-	-	-	-	-	-	-	(5,000,000,000)	(5,000,000,000)	-	(5,000,000,000)
	-	-	-	-	-	-	-	-	(5,000,000,000)	(5,000,000,000)	-	(5,000,000,000)
Total transactions with owners of the Company	-	414,327,501	-	-	-	-	-	-	(5,000,000,000)	(4,585,672,499)	-	(4,585,672,499)
Balance as at 30 June 2020 - restated	20,885,120,920	414,327,501	2,284,626,436	20,946,247,416	25,000,000,000	3,000,000,000	5,000,000,000	202,214,515	86,408,141,260	164,140,678,048	1,374,730	164,142,052,778
Balance as at 1 July 2020 - restated	20,885,120,920	414,327,501	2,284,626,436	20,946,247,416	25,000,000,000	3,000,000,000	5,000,000,000	202,214,515	86,408,141,260	164,140,678,048	1,374,730	164,142,052,778
Total comprehensive income for the year												
Profit for the year	-	-	-	-	-	-	-	-	42,316,737,079	42,316,737,079	-	42,316,737,079
Other comprehensive loss for the year	-	-	-	-	-	-	-	(68,182,465)	(30,519,895)	(98,702,360)	-	(98,702,360)
Total comprehensive income/ (loss) for the year	-	-	-	-	-	-	-	(68,182,465)	42,286,217,184	42,218,034,719	-	42,218,034,719
Transactions with owners of the Company												
Acquisition of minority interest	-	-	-	-	-	-	-	335,438	(3,860,708)	(3,525,270)	(1,374,730)	(4,900,000)
	-	-	-	-	-	-	-	335,438	(3,860,708)	(3,525,270)	(1,374,730)	(4,900,000)
Contributions												
Advance received against issue of shares	-	1,921,763,907	-	-	-	-	-	-	-	1,921,763,907	-	1,921,763,907
	-	1,921,763,907	-	-	-	-	-	-	-	1,921,763,907	-	1,921,763,907
Distributions												
Interim dividend 2021: Rs. 3.35 per share	-	-	-	-	-	-	-	-	(7,000,000,000)	(7,000,000,000)	-	(7,000,000,000)
	-	-	-	-	-	-	-	-	(7,000,000,000)	(7,000,000,000)	-	(7,000,000,000)
Total transactions with owners of the Company	-	1,921,763,907	-	-	-	-	-	-	(7,000,000,000)	(5,078,236,093)	-	(5,078,236,093)
Balance as at June 30, 2021	20,885,120,920	2,336,091,408	2,284,626,436	20,946,247,416	25,000,000,000	3,000,000,000	5,000,000,000	134,367,488	121,690,497,736	201,276,951,404	-	201,276,951,404

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

Chief Executive Officer

Director

GOVERNMENT HOLDINGS (PRIVATE) LIMITED
CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE YEAR ENDED JUNE 30, 2021

	Note	30 June 2021	30 June 2020
		----(Rupees)----	Restated
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		61,372,952,852	47,600,088,517
Adjustments for:			
Amortization of development and production assets	10	3,972,122,694	3,517,195,565
Depreciation on Joint Operations' property, plant and equipment	6.2	2,297,716,363	2,889,072,499
Depreciation on right of use assets		10,701,431,126	10,701,431,125
(Gain) / loss on disposal of property, plant and equipment	36	40,894	(10,000)
Loss on assets written off		2,635,015	415,405
Impairment on property, plant and equipment	33.3	235,200,492	113,425,750
Impairment on development and production assets	33.3	72,311,420	270,267,309
Depreciation on owned fixed assets	6.1	36,372,194	29,024,729
Amortization of intangible assets	8	26,922,227	22,163,445
Dry hole wells	35	306,995,847	111,492,335
Provision for employee benefits	26.1 & 27.2	81,866,864	72,331,546
Unwinding of discount	38	239,292,095	563,345,067
Discount of long term liability	38	(177,616,628)	268,567,794
Unrealised exchange (gain) / loss		(10,101,220,654)	3,772,318,400
Share of loss from Joint Venture - net of taxation		20,781,135	19,949,219
Provision for windfall levy on oil/condensate	37	1,320,292,007	1,328,505,943
Reversal due to change in decommissioning cost estimates	33	(174,167,380)	(23,254,123)
Reversal of payable/accrued expenses		-	(276,496,425)
Interest on forced loan		77,560,677	8,363,048
Interest expense on lease liability		5,473,875,341	5,743,351,824
Interest income	34	(3,399,530,971)	(4,316,700,273)
		72,385,833,610	72,414,848,699
Changes in:			
Stores, spare and loose tools - share in Joint operations' inventory		(546,902,668)	(256,501,386)
Stock in trade		436,125,439	1,352,193,049
Trade debts - net		(59,608,963,195)	(14,619,147,549)
Recoverable from Tax Authorities		(1,562,879,556)	(1,820,560,897)
Loans, advances and other receivables		(130,541,361)	8,338,226
Trade deposits and short-term prepayments		(3,398,348)	(3,527,480)
Trade and other payables		12,358,149,691	(19,872,206,043)
		(49,058,409,998)	(35,211,412,080)
Cash generated from operations		23,327,423,612	37,203,436,619
Income tax paid	29	(20,435,755,991)	(21,912,285,308)
Employee benefits paid	26.1 & 27.2	(101,627,969)	(88,227,513)
Interest paid on forced loan		(77,560,677)	(8,363,048)
Net cash generated from operating activities		2,712,478,975	15,194,560,750
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(6,055,745,086)	(6,870,713,949)
Proceeds from disposal of property, plant and equipment		330,639	15,000
Interest received		3,276,907,409	3,842,309,829
Investment in Joint Venture		(28,112,652)	(414,327,501)
Purchase of short term investments		(6,000,000,000)	-
Purchase of non controlling interest		(4,900,000)	-
Long-term loan		(9,959,752)	2,929,647
Net cash used in investing activities		(8,821,479,442)	(3,439,786,974)
CASH FLOWS FROM FINANCING ACTIVITIES			
Advance received against issue of shares	21.2	1,921,763,907	414,327,501
Dividend paid		(7,000,000,000)	(5,000,000,000)
Lease rentals paid		(13,788,295,761)	(13,651,846,769)
Government loan proceeds		37,215,776,641	10,697,059,723
Net cash used in financing activities		18,349,244,787	(7,540,459,545)
NET INCREASE IN CASH AND CASH EQUIVALENTS		12,240,244,320	4,214,314,231
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		27,560,216,095	23,345,901,864
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	20.2	39,800,460,415	27,560,216,095

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

Chief Executive Officer

Director

GOVERNMENT HOLDINGS (PRIVATE) LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

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 (Currently Companies Act, 2017). The holding Company's registered office is situated at 7th Floor, Petroleum House, Ataturk Avenue, G-5/2, Islamabad. The main 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 The holding 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
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	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

Operator	Concession / Block	Working Interest (%)	Province
OGDCL	Gurgalot	5	Punjab & KPK
OGDCL	Zin	5	Balochistan
OPPL	Zamzama	25	Sindh
PEL	Block 22	5 (Exp) - 22.5 (Dev)*	Sindh
PEL	Kandra	5 (Exp) - 25 (Dev)*	Sindh
PEL	Mirpur Mathelo	5	Sindh
POL	Pariwali	17.5	Punjab
POL	Minwal	17.5	Punjab
PPL	Bela West	2.5	Balochistan
PPL	Dhok Sultan	25	Punjab & KPK
PPL	Gambat South	25	Sindh
PPL	Hisal	2.5	Punjab
PPL	Hub	2.5	Balochistan
PPL	Mazarani	12.5	Sindh
PPL	Chachar	25	Sindh
PPL	Nausherwani	25	Balochistan
PPL	Sadiqabad	2.5	Punjab
PPL	Shah Bandar	2.5	Sindh
PPL	Sirani	25	Sindh
PPL	South Kharan	2.5	Balochistan
PPL	Musakhel	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
OGDCL	Khuzdar South	2.5	Sindh & Balochistan
Paige	Murgha Faqir Zai	5	Balochistan
PPL	Punjab	2.5	Punjab

* Exp- Exploratory phase
* Dev- Development phase

1.4 Inter State Gas Systems (Private) Limited

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.

1.5 Pakistan LNG Limited

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.

1.6 Pakistan LNG Terminals Limited

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

1.7 Merger of PLL and PLTL

Ministry of Energy (Petroleum Division) vide its letter dated January 02, 2020 directed the Pakistan LNG Limited (PLL) and Pakistan LNG Terminals Limited (PLTL) be merged as a single autonomous body. The Boards of PLL & PLTL principally agreed to the merger and the matter was referred to the Company, being holding Company, along with the merger due diligence report, tax advice and legal opinion thereon by external consultants. The Company vide its letter no. DF / FIN / 619 / 2020 dated October 06, 2020 communicated the decision of its Board of Directors regarding approval for the amalgamation of PLTL into PLL. The Boards of PLL and PLTL passed resolution for merger of both Companies, whereby PLTL was merged into PLL, being surviving entity. The effective date of merger was January 01, 2021. The 1,500,000 equity shares at Rs.10 each of PLTL transferred to PLL.

1.8 As of the date of statement of financial position, the holding Company has the following wholly owned subsidiaries:
a) Inter State Gas System (Private) Limited (ISGSL)
b) Pakistan LNG Limited (PLL)

PLL and PLTL merged with effect from January 01, 2021 with PLL being the surviving entity.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

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

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

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

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

3 NEW AND AMENDED STANDARDS AND INTERPRETATIONS

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

The following are new and amended standards and interpretations which became applicable for accounting period beginning July 01, 2020 but are considered not to be relevant or do not have any significant effect on the Group's financial statements:

- Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The Board has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test.

- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the Board has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.

- On 29 March 2018, the Board has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the Board to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallize. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.

- Interest Rate Benchmark Reform which amended IFRS 9, IAS 39 and IFRS 7 is applicable for annual financial periods beginning on or after 1 January 2020. The G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of major interest rate benchmarks. Following the review, the FSB published a report setting out its recommended reforms of some major interest rate benchmarks such as IBORs. Public authorities in many jurisdictions have since taken steps to implement those recommendations. This has in turn led to uncertainty about the long-term viability of some interest rate benchmarks. In these amendments, the term 'interest rate benchmark reform' refers to the market-wide reform of an interest rate benchmark including its replacement with an alternative benchmark rate, such as that resulting from the FSB's recommendations set out in its July 2014 report 'Reforming Major Interest Rate Benchmarks' (the reform). The amendments made provide relief from the potential effects of the uncertainty caused by the reform. A company shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform.

3.2 Standards, amendments and interpretations to accounting and reporting standards that are not yet effective

The following International Financial Reporting Standards (IFRS Standards), interpretations and the amendments as notified under Companies Act, 2017 are effective for accounting periods beginning from the dates specified below:

- Amendment to IFRS 3 'Business Combinations' (effective for annual periods beginning on or after 1 January 2022). Minor amendments were made to update references to the Conceptual Framework for Financial Reporting and add an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' and IFRIC 21 'Levies'. The amendment also confirms that contingent assets should not be recognised at the acquisition date. This amendment is not likely to have an impact on Group's financial statements.

- Amendment to IFRS 4 'Insurance Contracts'. The fix expiry date for the exemption in IFRS 4 from applying IFRS 9 for an entity choosing to apply the deferral approach is now 01 January 2023. This amendment is not likely to have an impact on Group's financial statements.

- Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current (effective for the annual periods beginning on or after 1 January 2023). These amendments in the standard have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8. This amendment is not likely to have an impact on Group's financial statements.

- Amendments to IAS 16 'Property, Plant and Equipment' Proceeds before Intended Use (effective for annual periods beginning on or after 1 January 2022). These amendments clarify that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. This amendment is not likely to have an impact on Group's financial statements.

- Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' Onerous Contracts – Cost of Fulfilling a Contract (effective for annual periods beginning on or after 1 January 2022). It amends IAS 1 by mainly adding paragraphs which clarifies what comprise the cost of fulfilling a contract, cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application. This amendment is not likely to have an impact on Group's financial statements.

- Amendments to IFRS 9 'Financial Instruments, IAS 39 'Financial Instruments: Recognition and Measurement', IFRS 7 'Financial Instruments: Disclosures', IFRS 4 'Insurance Contracts' and IFRS 16 'Leases' Interest Rate Benchmark Reform – Phase 2 (applicable for annual financial periods beginning on or after 1 January 2021, with earlier application permitted). The amendments introduce a practical expedient to account for modifications of financial assets or financial liabilities if a change results directly from IBOR reform and occurs on an 'economically equivalent' basis. In these cases, changes will be accounted for by updating the effective interest rate. A similar practical expedient will apply under IFRS 16 for lessees when accounting for lease modifications required by IBOR reform. The amendments also allow a series of exemptions from the regular, strict rules around hedge accounting for hedging relationships directly affected by the interest rate benchmark reforms and shall be applied retrospectively. Hedging relationships previously discontinued solely because of changes resulting from the reform will be reinstated if certain conditions are met. This amendment is not likely to have an impact on Group's financial statements.

- Amendments to IFRS 16 'Leases' COVID-19-Related Rent Concessions – the International Accounting Standards Board (the Board) has issued amendments to IFRS 16 (the amendments) to provide practical relief for lessees in accounting for rent concessions. The amendments were effective for periods beginning on or after 1 June 2020, with earlier application permitted. Under the standard's previous requirements, lessees assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications. This generally involves remeasuring the lease liability using the revised lease payments and a revised discount rate. In light of the effects of the COVID-19 pandemic, and the fact that many lessees were applying the standard for the first time in their financial statements, the Board provided an optional practical expedient for lessees. Under the practical expedient, lessees were not required to assess whether eligible rent concessions are lease modifications, and instead were permitted to account for them as if they were not lease modifications. This amendment is not likely to have an impact on Group's financial statements.

  The practical expedient introduced in the 2020 amendments only applied to rent concessions for which any reduction in lease payments affected payments originally due on or before 30 June 2021. In light of persistence of economic challenges posed by the COVID-19 pandemic, the Board has extended the practical expedient for COVID-19 related rent concessions by one year i.e. permitting lessees to apply it to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022. Rent concessions are eligible for the practical expedient if they occur as a direct consequence of the COVID-19 pandemic and if all the following criteria are met:

  - the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
  - any reduction in lease payments affects only payments originally due on or before 30 June 2022; and
  - there is no substantive change to the other terms and conditions of the lease.

The amendments are not likely to have impact on Group's financial statements.

- Amendments to IAS 1 'Presentation of Financial Statements' and IFRS Practice Statement 2-Disclosure of Accounting Policies (effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted)–the Board has issued amendments on the application of materiality to disclosure of accounting policies and to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:

  - requiring companies to disclose their material accounting policies rather than their significant accounting policies;
  - clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
  - clarifying that not all Accounting policies that relate to material transactions, other events or conditions are themselves material to a Group's Financial statements.

  The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. These amendment is not likely to have an impact on Group's financial statements.

- Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'-Definition of Accounting Estimates – The amendments introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a Group develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for periods beginning on or after 1 January 2023, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the Group applies the amendments. This amendment is not likely to have an impact on Group's financial statements.

- Amendments to IAS 12 'Income Taxes'-Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted) – The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. This amendment is not likely to have an impact on Group's financial statements.

- The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after 1 January 2022.

  IFRS 1 – The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs.

  IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.

  IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential

  IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

  The above mentioned amendments are not likely to have an impact on Group's financial statements.

3.3 Securities and Exchange Commission of Pakistan (SECP) through S.R.O. 985 (I)/2019 dated 02 September 2019 has notified that in respect of companies financial assets due from the Government of Pakistan (GoP), the requirements contained in IFRS 9 with respect to application of Expected Credit Loss (ECL) method shall not be applicable till 30 June 2021, 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. Under the said S.R.O, the disclosure of the impacts of ECL was not required. Further, subsequent to year ended 30 June 2021, SECP through S.R.O 1177(I)/2021 dated 13 September 2021 extended the exemption period till 30 June 2022. Earlier to the aforesaid S.R.O. dated 02 September 2019, SECP in a press release dated 22 August 2019 communicated that IFRS 9 needs to be looked into from Pakistan perspective where phenomenon that 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 recognised in respect of financial assets due directly /ultimately from GoP which includes trade debts amounting to Rs. 191,367 million.

3.4 Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been notified locally by the SECP as at 30 June 2021:

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

3.5 The following interpretation / IFRS issued by IASB have been waived off by SECP:

- IFRIC 12 – Service Concession Arrangements

4. ACCOUNTING JUDGMENTS AND ESTIMATES

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 recognized in the period in which the estimates are revised and in any future period affected.

In the process of applying the Group's accounting policies, the management has made the following estimates, assumptions and judgments which are relevant to these financial statements:

4.1 Property, plant and equipment

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

4.2 Exploration and evaluation expenditure

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

4.3 Development and production expenditure

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 the recognise corresponding development and production expenditure; on the basis of best estimates available from the shared cost statement of the relevant joint operation. An adjustment is made based on the finalized cost with the operator.

4.4 Taxation

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. Deferred income tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted or substantively enacted, by the date of the statement of financial position.

4.5 Measurement of the expected credit loss allowance

The measurement of the expected credit loss ("ECL") allowance for financial assets 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

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

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 effected had there been no change in estimates:

	Rupees
Provision for decommissioning cost would have been higher by	603,635,997
Property, plant and equipment would have been higher by	336,110,721
Development and production assets would have been higher by	93,357,896
Operating expenses would have been higher by	174,167,380
Total comprehensive income would have been lower by	345,954,827

4.7 Estimation of oil and natural gas reserves

Oil and gas reserves are an important element in calculation of amortization 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, 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.

Changes in estimates of reserves and other certain estimates and assumptions similar to those described above for exploration and evaluation expenditure also impact on determining economic viability of projects. The Group assess at the end of each reporting period whether there is any indication that an asset may be impaired. Where indications of impairment are identified, an impairment test is performed by the Group based on the estimate of the recoverable value of that asset and/ or Cash Generating Unit (CGU). The calculation of recoverable value of development and production assets and related property, plant and equipment requires management to make estimates and judgements, such as estimation of volume of oil and gas recoverable reserves, future oil and gas prices, costs and discount rate.

It is reasonably possible that a change in these assumptions may require a material adjustment to the carrying value of development and production assets and related property plant and equipment. The Group monitors internal and external indicators of impairment relating to its assets.

4.8 Employee benefits

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.

4.9 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 30 June 2022. Accordingly, the Group reviews the recoverability of its trade debts and investments that are due directly/ ultimately from GoP 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. 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 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 at 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 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 Group.

4.10 Accounting estimates related to capital work in progress and lease are disclosed and explained in notes 5.7 and 5.8 respectively.

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 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. No depreciation is charged on the assets in the month of sale/disposal, while full depreciation is charged in the month of acquisition. 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 Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. Maintenance and normal repairs are charged to 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. The cost of intangible is amortized over the estimated useful life on straight line basis.

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

5.3 Exploration and evaluation assets

The exploration cost of all those joint operations, where the Group participates on full sharing basis, 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 charged to profit and loss as they are occurred.

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 capitalized costs are written off as dry and abandoned wells and are charged to profit or loss. E&E assets are not amortized prior to the conclusion of appraisal activities.

5.4 Development and production assets

Where concession blocks subject of privilege for Group under carried cost working interest holding, during exploratory phase 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. 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 Petroleum Concession Agreements.

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

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

Expenditure carried within each field is amortized from the commencement of production on a unit of production basis, 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 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 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.

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 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 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.

5.6 Joint Arrangements

Joint operations

The Group has certain contractual arrangements with other participants to engage in joint activities, where all significant operating and financial matters are determined by the participants, such that the operator itself has no significant independence to pursue its own commercial strategy. These contractual arrangements do not create a joint venture entity and are accounted for as jointly controlled assets. The Group accounts for its share of the jointly controlled assets, liabilities and operating expenses on proportionate basis.

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 Company 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.

The 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 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 statement of profit or loss.

5.8 Leases

5.8.1 Right of use assets

On initial recognition, right-of-use assets are measured at an amount equal to initial 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 be incurred to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

Right-of-use assets are subsequently stated at cost less any accumulated depreciation/accumulated impairment losses and are adjusted for any remeasurement of lease liability. The remeasurement of lease liability will only occur in cases where the terms of the lease are changed during the lease tenure.

Right-of-use assets are depreciated over their expected useful lives using the straight-line method. Depreciation on additions (new leases) is charged from the month in which the leases are entered into. No depreciation is charged in the month in which the leases mature or are terminated.

5.8.2 Lease liabilities

The lease liabilities are initially measured as the present value of the remaining lease payments, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Group's incremental borrowing rate.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. The lease liability is also remeasured to reflect any reassessment or change in lease terms. These remeasurements of lease liabilities are recognised as adjustments to the carrying amount of related right-of-use assets after the date of initial recognition.

Each lease payment is allocated between a reduction of the liability and a finance cost. The finance cost is charged to the profit and loss account as markup expense over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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

Stores and spares 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 Stock in trade

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

5.11 Financial instruments

Financial assets and financial liabilities are recognized in the statement of financial position when the Group becomes a party to the contractual provisions of the instrument. All the financial assets are derecognized at the time when the Group loses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognized at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled, or expired. Any gains or losses on de-recognition of the financial assets and financial liabilities are taken to the statement of profit or loss.

5.11.1 Classification of financial assets

The Group classifies its financial instruments in the following categories:

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

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

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

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

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

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

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

5.11.2 Classification of financial liabilities

The Group classifies its financial liabilities in the following categories:

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

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

5.11.3 Initial recognition

The financial assets are initially recognized at fair value with the exception of trade debts which do not contain a significant financing component and the Group has applied the practical expedient to measure them at the transaction price, plus, in case of a financial asset not at FVTPL, transaction costs. Transaction cost of financial assets carried at FVTPL are expensed in statement of profit or loss. All financial liabilities are initially measured at fair value and in the case of loans and borrowings (if any) and payables, net of directly attributable transaction costs.

5.11.4 Subsequent measurement

Financial assets and liabilities at amortized cost-other than equity instruments

Subsequent to the initial recognition, these are measured at effective interest rate method and subject to impairment. Gains and losses are recognized in profit or loss when the asset/ liability is derecognized/ or modified or the assets is impaired.

Financial assets and liabilities at FVTPL-other than equity instruments

Subsequent to the initial recognition, these are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

Financial assets at FVTOCI-Other than equity instruments

Subsequent changes in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognized in statement of profit or loss.

Financial assets- equity instruments

The Group subsequently measure all equity instruments at fair value. Where the Group's management has elected to present fair value gain and loss on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

5.11.5 Impairment of financial assets

The Group recognizes loss allowance for ECL on financial assets measured at amortised cost except for financial assets due directly / ultimately from GoP which includes certain trade debts and investments/loans in respect of which applicability of ECL model is deferred by SECP as explained in note 3.3. For trade debts not subject of ECL exemption, the Group applies IFRS 9 simplified approach to measure the expected credit losses (loss allowance) which uses a life time expected allowance. The Group uses General 3-stage approach for loans and advances, term deposits, short term investments, other receivables, other financial assets and cash and bank balances i.e. to measure ECL through loss allowance at an amount equal to 12-month ECL if credit risk on a financial instruments has not increased significantly since initial recognition.

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

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

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

In respect of financial assets due directly /ultimately from GoP, on which ECL model is not applicable as per the aforesaid notification of SECP, the financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

5.11.6 Derecognition

Financial assets

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

Financial liabilities

The Group derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability 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.

5.11.7 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 Group has legally enforceable right to set-off the recognized amounts and the Group intends to settle on a net basis or realize the asset and settle the liability

5.12 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 and cash at banks alongwith interest accrued thereon. 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.

5.13 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 recognized 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 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 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 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 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. If, for mature fields, revised oil and gas assets net of decommissioning provisions exceeds the recoverable value, that portion of the increase is charged directly to the statement of profit or loss.

5.14 Employee benefits

Gratuity, contributory provident fund and accumulating compensated absences

The Group operates an approved funded gratuity scheme for its employees. Provision for the scheme is made on the basis of actuarial valuation.

The Group accounts for all compensated absences when employees render services that increase their entitlement to future compensated absences.

The Group operates an approved contributory provident fund scheme for its employees. Equal monthly contributions are made, both the Group and the employees, to the fund at the rate of 8.33% and 10% of basic salary for the holding Company and the Subsidiary companies respectively. The trustees of the fund are responsible to plan administration and investment. The Group appoints the trustees. All trustees are employees of the Group.

The liability recognized in the statement of financial position in respect of defined benefit plans is the present value of the defined benefit obligations at the reporting date less the fair value of plan assets. The defined benefits obligations are calculated annually by independent actuary using the Project Unit Credit (PUC) method. The latest actuarial valuations were carried out as of 30 June 2021 by holding Company and ISGS Subsidiary Company respectively.

The Group's obligation in respect of defined benefit plans is calculated separately for each plan by estimating the present value of the future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value.

The interest element of the defined benefit cost represents the change in present value of scheme obligations resulting from the passage of time, and is determined by applying the discount rate to the net defined benefit liability/(asset). This cost is included in employee benefit expense in the statement of profit or loss. Past service costs are recognized immediately in profit or loss.

5.15 Taxation

Taxation for the year comprises current and deferred tax. Taxation is recognized in profit or loss except to the extent that it relates to items recognized outside profit or loss (whether in other comprehensive income or directly in equity), if any, in which case the tax amounts are recognized outside profit or loss.

Current tax

Provision for current taxation is based on taxable income at the current rate of tax after taking into account applicable tax credits, rebates and exemptions available, if any, adjusted for payments to GoP for payments on account of royalty and any adjustment to tax payable in respect of previous years.

Deferred tax

Deferred tax is accounted for using the balance sheet liability method in respect of all taxable temporary differences arising from differences 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 for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized. Deferred tax 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 realized.

Deferred tax is not recognized 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 recognized for taxable temporary differences arising on the initial recognition of goodwill.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the date of the statement of financial position. Deferred tax assets and liabilities are only offset if they relate to income taxes levied by the same taxation authority and the entity has a legally enforceable right to set off current tax assets against current tax liabilities.

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 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. 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

5.16 Provisions and contingent liabilities

A provision is recognised in the 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.

5.17 Revenue recognition

Revenue from contracts with customers is recognized when or as the Group satisfies a performance obligation by transferring a promised good or service to a customer. Revenue associated with the sale of crude oil, 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 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 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 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 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 authority. Effect of adjustments, if any, arising from revision in sale prices is reflected as and when the prices are finalized with the customers and/or approved by the GoP.

Revenue associated with the sale of regasified liquified natural gas (RLNG) is recognized at transaction price that is allocated to that performance obligation. Revenue from contracts with customers is recognized when or as the Group satisfies a performance obligation by transferring a promised good or service to a customer. A good or service is transferred when the customer obtains control of that good or service. The transfer of control of regasified liquified natural gas (RLNG) coincides with injection of RLNG into customer's pipeline infrastructure at the tie in point through Custody Transfer Station. The Group principally satisfies its performance obligations at a point in time and recognizes revenue relating to the performance.

Revenue is related to RLNG measured at the transaction price, net of government levies. Transaction prices of RLNG are notified by the government authorities on monthly based 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 finalized with the customers and/or approved by the GoP.

Billings related to Gas, Crude oil and LPG are generally raised by the end of each month which are payable within 30 to 45 days. Billings related RLNG 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 recognized 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.

The Group has contractual right and is entitled to charge interest if payments from customers delayed beyond credit terms, however, the Group 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 Group.

5.18 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.

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.

5.19 Foreign currency translations

These financial statements are presented in Pak Rupees, which is the Group's functional and presentation currency. Foreign currency transactions during the year are recorded at the exchange rate ruling on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the Pak Rupee at rate of exchange ruling at the date of the statement of financial position. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Exchange differences are taken to the statement of profit or loss for the year.

The results and financial position of foriegn currency joint venture are translated into Group's presentation currency as:
- assets and liabilities of financial position are translated in Pak Rupee at the closing rate at the date of that statement of financial position of group;
- income and expenses presenting profit or loss and other comprehensive income are translated in Pak Rupee at exchange rates at the dates of the transactions; and
- all resulting exchange differences are recognised in other comprehensive income

5.20 Dividends

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

5.21 Earning per share

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

6 PROPERTY, PLANT AND EQUIPMENT

	Note	30 June 2021	30 June 2020
		----(Rupees)----	
			Restated
Owned fixed assets	6.1	2,589,045,158	2,601,895,079
Share in Joint operations' fixed assets	6.2	24,900,716,854	25,140,124,602
Share in Joint operations' fixed assets - CWIP	6.3	3,089,920,355	2,854,757,783
		30,579,682,367	30,596,777,464

6.1 Owned fixed assets

30 June 2021		Cost					Rate	Depreciation					Carrying amount
Particulars	Note	As at Jul 01, 2020	Additions	Disposal	Write off	As at June 30, 2021	%	As at Jul 01, 2020	Charge for the year	Disposal	Write off	As at June 30, 2021	As at June 30, 2021
			----Rupees----							----Rupees----			Rupees
Leasehold improvements		6,509,147	-	-	(3,905,488)	2,603,659	15	3,009,565	487,962	-	(2,099,200)	1,398,327	1,205,332
Office equipment		45,398,957	13,352,148	(438,480)	(817,453)	57,495,172	15-20	30,426,246	7,497,973	(438,480)	(585,841)	36,899,898	20,595,274
Furniture and fixtures		50,882,683	4,002,084	-	(1,291,060)	53,593,707	15	25,209,440	6,341,155	-	(693,945)	30,856,650	22,737,057
Computer equipment		87,874,049	9,174,589	(3,556,040)	-	93,492,598	20-33	51,175,958	18,221,595	(3,184,507)	-	66,213,046	27,279,552
Vehicles		36,258,105	-	-	-	36,258,105	15-20	26,524,258	3,823,509	-	-	30,347,767	5,910,338
Capital work in progress	6.5	2,511,317,605	-	-	-	2,511,317,605		-	-	-	-	-	2,511,317,605
		2,738,240,546	26,528,821	(3,994,520)	(6,014,001)	2,754,760,846		136,345,467	36,372,194	(3,622,987)	(3,378,986)	165,715,688	2,589,045,158

30 June 2020		Cost					Rate	Depreciation					Carrying amount
Particulars	Note	As at Jul 01, 2019	Additions	Disposal	Write off	As at Jun 30, 2020	%	As at Jul 01, 2019	Charge for the year	Disposal	Write off	As at Jun 30, 2020	As at Jun 30, 2020
			----Rupees----							----Rupees----			Rupees
Leasehold improvements		6,656,601	-	-	(147,454)	6,509,147	15	2,073,043	992,964	-	(56,442)	3,009,565	3,499,582
Office equipment		45,606,515	95,999	-	(303,557)	45,398,957	15-20	23,273,201	7,316,717	-	(163,672)	30,426,246	14,972,711
Furniture and fixtures		51,104,826	18,000	-	(240,143)	50,882,683	15	19,095,994	6,209,555	-	(96,109)	25,209,440	25,673,243
Computer equipment		65,000,969	23,063,080	(100,000)	(90,000)	87,874,049	20-33	41,046,563	10,274,995	(95,000)	(50,600)	51,175,958	36,698,091
Vehicles		36,258,105	-	-	-	36,258,105	15-20	22,293,758	4,230,500	-	-	26,524,258	9,733,847
Capital work in progress	6.5	2,511,317,605	-	-	-	2,511,317,605		-	-	-	-	-	2,511,317,605
		2,715,944,621	23,177,079	(100,000)	(781,154)	2,738,240,546		107,782,559	29,024,731	(95,000)	(366,823)	136,345,467	2,601,895,079

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

These assets are not in the possession and are assets of joint operations in which the parent Company has working interest

30 June 2021	Cost				Rate	Depreciation			Impairment			Carrying amount
Particulars	As at Jul 01, 2020	Additions*	Transfers from CWIP	As at June 30, 2021	%	As at Jul 01, 2020	Charge for the year	As at June 30, 2021	As at Jul 01, 2020	Charge / reversal for the year	As at June 30, 2021	As at June 30, 2021
	Rupees (Restated)					Rupees (Restated)			Rupees			Rupees
Leasehold land	54,214,896	680,417	-	54,895,313	4-33	40,460,371	1,489,151	41,949,522	6,457,517	-	6,457,517	6,488,274
Plant and equipment*	44,670,646,004	583,007,599	849,118,191	46,102,771,794	4-33	20,088,195,699	1,938,335,991	22,026,531,690	2,851,547,157	9,611,462	2,861,158,619	21,215,081,485
Pipelines*	7,358,277,775	354,805,198	201,721,092	7,914,804,065	4-33	3,877,138,259	402,805,776	4,279,944,035	634,728,590	14,591,152	649,319,742	2,985,540,288
Office equipment	335,957,026	8,789,448	-	344,746,474	20	284,688,230	8,240,172	292,928,402	25,938,706	29,891	25,968,597	25,849,475
Furniture and fixtures	77,806,649	61,821	-	77,868,470	15	71,939,484	635,715	72,575,199	3,815,727	-	3,815,727	1,477,544
Vehicles	172,609,209	7,290,770	-	179,899,979	20	159,453,696	7,406,377	166,860,073	3,129,702	-	3,129,702	9,910,204
Decommissioning cost	1,082,836,496	76,845,751	220,833	1,159,903,080	4-33	505,698,589	(61,196,819)	444,501,770	59,031,726	-	59,031,726	656,369,584
	53,752,348,055	1,031,481,004	1,051,060,116	55,834,889,175		25,027,574,328	2,297,716,363	27,325,290,691	3,584,649,125	24,232,505	3,608,881,630	24,900,716,854

*This includes reversal of decommissioning cost amounting Rs. 351,056,105 and Rs. 58,905,358 directly made against related assets in Plant and equipment and Pipelines respectively, under IFRIC 1 - Changes in existing decommissioning, restoration and similar liabilities.

30 June 2020	Cost				Rate	Depreciation			Impairment			Carrying amount
Particulars	As at Jul 01, 2019	Additions/ (adjustments)	Transfers from CWIP	As at Jun 30, 2020	%	As at Jul 01, 2019	Charge for the year	As at Jun 30, 2020	As at Jul 01, 2019	Charge / reversal for the year	As at Jun 30, 2020	As at Jun 30, 2020
	Rupees Restated					Rupees Restated			Rupees			Rupees Restated
Leasehold land	54,214,896	-	-	54,214,896	4-33	38,998,911	1,461,460	40,460,371	6,457,517	-	6,457,517	7,297,008
Plant and equipment	43,364,984,363	1,128,021,212	177,640,429	44,670,646,004	4-33	17,693,699,329	2,394,496,370	20,088,195,699	2,766,078,052	85,469,105	2,851,547,157	21,730,903,148
Pipelines	6,947,042,848	346,093,324	65,141,603	7,358,277,775	4-33	3,491,778,607	385,359,652	3,877,138,259	562,519,440	72,209,150	634,728,590	2,846,410,926
Office equipment	314,157,987	21,799,039	-	335,957,026	20	260,300,434	24,387,796	284,688,230	25,338,327	600,379	25,938,706	25,330,090
Furniture and fixtures	77,777,750	28,899	-	77,806,649	15	68,076,234	3,863,250	71,939,484	3,793,939	21,788	3,815,727	2,051,438
Vehicles	174,426,295	(1,817,086)	-	172,609,209	20	147,719,998	11,733,698	159,453,696	3,129,702	-	3,129,702	10,025,811
Decommissioning cost	617,934,875	464,538,951	362,670	1,082,836,496	4-33	437,928,316	67,770,273	505,698,589	44,487,983	14,543,743	59,031,726	518,106,181
	51,550,539,014	1,958,664,339	243,144,702	53,752,348,055		22,138,501,829	2,889,072,499	25,027,574,328	3,411,804,960	172,844,165	3,584,649,125	25,140,124,602

6.3 **Share in Joint Operations' fixed assets - CWIP**

	30 June 2021	30 June 2020
	(Rupees)	
Opening balance	2,865,290,859	1,833,026,480
Add: Cost incurred during the year	1,592,167,255	1,275,409,081
Less: transferred to development and production assets	(94,976,580)	-
Less: transferred to Share in Joint operations' fixed assets	(1,051,060,116)	(243,144,702)
	3,311,421,418	2,865,290,859
Less: Accumulated Impairment	(221,501,063)	(10,533,076)
Closing balance	3,089,920,355	2,854,757,783

6.3.1 Total capitalized cost includes asset decommissioning cost amounting to Rs. 147,027,234 as at June 30, 2021 (2020: Rs. 149,832,576).

		Note	30 June 2021	30 June 2020
			--------------(Rupees)--------------	
6.4	**Allocation of depreciation**			
	Operating expenses	33	2,297,716,363	2,889,072,499
	General and administrative expenses	36	36,372,194	29,024,731
			2,334,088,557	2,918,097,230
6.5	**Capital Work in progress**			
	Iran Pakistan Gas Pipeline Project	6.5.1	2,511,317,605	2,511,317,605
			2,511,317,605	2,511,317,605
6.5.1	**Iran Pakistan Gas Pipeline Project**			
	Consultancy services	6.5.1.1	2,546,569,184	2,546,569,184
	Travelling and transportation expenses		63,901,225	63,901,225
	Field security expenses		25,345,440	25,345,440
	Tendering expenses		19,227,149	19,227,149
	Rent, rates and utilities		28,288,486	28,288,486
	Personnel costs and benefits		246,580,466	246,580,466
	Training and capacity building		5,059,501	5,059,501
	Insurance		2,918,854	2,918,854
	Repairs and maintenance		27,781,884	27,781,884
	Legal and professional services		11,175,751	11,175,751
	Depreciation		39,409,071	39,409,071
	Amortization		8,893,242	8,893,245
	Others		11,161,408	11,161,408
	Impairment loss	6.5.1.2	(524,994,056)	(524,994,056)
			2,511,317,605	2,511,317,605

6.5.1.1 The Governments of Pakistan and Iran signed an Inter-Governmental Framework Declaration (IGFD) for the Iran Pakistan Gas Pipeline Project (IP-Project) on May 24, 2009. The Group has entered via ISGS 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, ISGS 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 ISGS. 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. ISGS 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 ISGS's force majeure notice on the premise that substantively, the situations alluded by ISGS 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, Government of Pakistan has provided sovereign guarantee to National Iranian Oil Company on behalf of ISGS regarding the performance of obligations of ISGS under the Gas Sale and Purchase Agreement signed between NIOC and ISGS. Notwithstanding, various current impediments relating to the implementation of the Agreement, in order to meet growing energy needs of Pakistan, Government of Pakistan is committed at providing its operational and financial support for implementation of the Agreement to ISGS. Furthermore, the Government of Pakistan is also exploring alternative mechanism to realize this strategically important project for country energy needs.

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 capitalized as at the reporting date are not impaired and are fully recoverable.

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

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

7 RIGHT OF USE ASSET

Leases - Group as lessee

The Group recognised the lease on Floating Storage and Regasification Unit (FSRU), Jetty and connecting pipelines assets located at LNG terminal.

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

	30 June 2021	30 June 2020
	------------(Rupees)------------	
		(Restated)
Cost		
At 01 July	144,469,320,186	-
Additions during the year	-	144,469,320,186
At 30 June	144,469,320,186	144,469,320,186
Accumulated depreciation		
At 01 July	10,701,431,125	-
Depreciation charge	10,701,431,126	10,701,431,125
At 30 June	21,402,862,251	10,701,431,125
Net carrying amount - 30 June	123,066,457,935	133,767,889,061

7.1 LEASE LIABILITY

	30 June 2021	30 June 2020
At 01 July	140,590,131,820	-
Recognized during the year	-	144,469,320,186
Interest charge during the year	5,473,875,341	5,743,351,824
Lease payments during the year	(13,788,295,761)	(13,651,846,769)
Exchange (gain) loss during the year	(8,915,923,292)	4,029,306,579
At 30 June	123,359,788,108	140,590,131,820
less: current portion	(8,509,955,347)	(8,722,947,680)
Non-current portion	114,849,832,761	131,867,184,140

Maturity analysis - contractual undiscounted cash flows

	30 June 2021	30 June 2020
Not later than one year	13,532,522,552	14,465,780,710
Later than one year and not later than five years	54,167,165,611	57,902,755,116
Later than five years	88,091,160,502	108,632,068,291
	155,790,848,665	181,000,604,117

Amounts recognized in profit and loss

	30 June 2021	30 June 2020
Depreciation charged on right of use asset	10,701,431,126	10,701,431,125
Exchange loss on lease liability	(8,915,923,292)	4,029,306,579
Interest expense on lease liability	5,473,875,341	5,743,351,824

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	Note	30 June 2021	30 June 2020
		---(Rupees)---	
Amounts recognised in statement of cash flows			
Total lease payments		13,788,295,761	13,651,846,769

8 INTANGIBLE ASSETS

	30 June 2021	30 June 2020
Cost		
Opening balance	128,503,776	97,698,007
Additions	3,025,858	30,822,269
Disposals / Writeoffs	-	(16,500)
Closing balance	131,529,634	128,503,776
Accumulated amortization		
Opening balance	79,488,607	57,340,590
Amortization charge	26,922,227	22,163,445
Disposals / Writeoffs	-	(15,428)
Closing balance	106,410,834	79,488,607
Carrying amount at 30 June	25,118,800	49,015,169
Annual rate of amortization	20% - 33%	20% - 33%

9 EXPLORATION AND EVALUATION ASSETS

	Note	30 June 2021	30 June 2020
Opening balance		5,456,332,060	4,132,725,421
Expenditure incurred during the year		978,946,496	1,435,098,974
Transfer to development and production assets		(375,316,875)	-
Cost of dry and abandoned wells during the year	35	(306,995,847)	(111,492,335)
		5,752,965,834	5,456,332,060

9.1 Total capitalized cost includes asset decommissioning cost amounting to Rs. 28,864,555 at June 30, 2021 (2020: Rs. 31,170,766).

10 DEVELOPMENT AND PRODUCTION ASSETS

30 June 2021		Cost				Amortization			Impairment			Carrying amount
Particulars	Working Interest	As at Jul 01, 2020	Additions*	Transfers	As at June 30, 2021	As at Jul 01, 2020	Charge for the year	As at June 30, 2021	As at Jul 01, 2020	Charge for the year	As at June 30, 2021	As at June 30, 2021
		Rupees				Rupees			Rupees			Rupees
		Restated				Restated						
Producing fields-Joint operations												
Badin III	25.00%	306,791,706	-	-	306,791,706	306,791,706	-	306,791,706	-	-	-	-
Block-22 (all fields)	22.50%	275,417,663	(7,142,927)	-	268,274,736	220,230,515	(7,145,927)	213,084,588	55,187,148	-	55,187,148	3,000
Ahmadal/Pariwali	17.50%	777,960,630	753,039	-	778,713,669	565,187,203	30,730,207	595,917,410	-	-	-	182,796,259
Minwal	17.50%	3,498,062	148,867	-	3,646,929	1,584,032	102,178	1,686,209	-	-	-	1,960,720
Mazarani	12.50%	136,694,963	(54,367)	-	136,640,596	115,366,566	(54,367)	115,312,199	21,328,397	-	21,328,397	-
Sawan*	22.50%	3,350,400,241	(33,947,683)	95,313,391	3,411,765,949	2,564,254,001	32,075,689	2,596,329,690	604,063,167	-	604,063,167	211,373,092
Zamzama*	25.00%	4,637,892,186	(83,523,480)	-	4,554,368,706	3,716,139,128	(32,312,743)	3,683,826,385	861,643,053	8,643,463	870,286,516	255,805
Mubarak	25.00%	1,234,126,958	117,151,217	-	1,351,278,175	208,650,151	6,610,255	215,260,406	1,025,476,807	-	1,025,476,807	110,540,962
Nim	22.50%	112,438,643	90,701,190	88,153,044	291,292,877	112,438,643	3,464,508	115,903,151	-	-	-	175,389,726
Mehran	25.00%	69,203,189	-	-	69,203,189	1,933,209	-	1,933,209	67,269,980	-	67,269,980	-
Chanda	17.50%	1,040,443,967	(18,007,005)	590,077,209	1,612,514,171	812,434,399	187,371,077	999,805,476	-	-	-	612,708,695
Gambat	25.00%	387,341,394	54,097,534	-	441,438,928	187,658,923	54,097,534	241,756,457	199,682,471	-	199,682,471	-
Tal (all fields)*	15.00%	5,747,497,739	242,011,365	284,840,820	6,274,349,924	3,694,165,423	1,145,353,153	4,839,518,576	-	-	-	1,434,831,348
Khipro (all fields)*	25.00%	2,674,752,862	134,372,367	61,220,025	2,870,345,254	1,965,313,558	264,818,610	2,230,132,168	-	-	-	640,213,086
MirpurKhas (all fields)*	25.00%	5,508,593,373	62,236,942	40,355	5,570,870,670	3,910,352,852	695,952,710	4,606,305,562	-	-	-	964,565,108
Chachar	25.00%	257,891,437	-	-	257,891,437	158,306,327	649,615	158,955,942	91,854,609	-	91,854,609	7,080,886
Nashpa	15.00%	3,729,813,961	126,004,671	1,151,692,422	5,007,511,054	1,429,147,790	668,859,639	2,098,007,429	-	-	-	2,909,503,625
Sinjhoro	22.50%	414,696,783	-	86,441,819	501,137,802	275,935,741	94,657,458	370,593,199	-	-	-	130,544,603
Mehar*	25.00%	2,312,133,593	468,954,009	537,894,733	3,318,982,335	960,797,617	233,513,464	1,194,311,081	-	-	-	2,124,671,254
Jhakro	22.50%	10,107,129	-	-	10,107,129	9,835,051	195,101	10,030,152	-	-	-	76,977
Guddu	22.50%	154,901,346	8,276	-	154,909,622	98,005,256	13,418,874	111,424,130	-	-	-	43,485,492
Bolan*	17.50%	397,221,174	(141,356,495)	307,924,512	563,789,191	269,603,370	102,725,127	372,328,497	-	-	-	191,460,694
Gambat South*	25.00%	1,053,109,525	208,231,254	548,416,405	1,809,757,184	432,923,887	106,614,777	539,538,664	-	-	-	1,270,218,520
Bhitsim	22.50%	261,234,863	24,845,630	-	286,080,493	15,334,956	54,885,540	70,220,496	-	-	-	215,859,997
Tando Allah Yar (all fields)	22.50%	267,261,768	-	487,949	267,749,717	162,504,254	16,507,526	179,011,780	-	-	-	88,737,937
Shah Bandar	2.50%	-	-	59,951,192	59,951,192	-	11,345,117	11,345,117	-	-	-	48,606,075
Khewari	25.00%	-	76,200,551	100,524,320	176,724,871	-	-	-	-	-	-	176,724,871
Decommissioning cost		2,741,357,375	480,701,123	77,889,170	3,299,947,668	1,050,235,200	287,687,572	1,337,922,772	195,351,680	-	195,351,680	1,766,673,216
Sub total producing fields		37,862,782,530	1,802,386,078	3,990,866,566	43,656,035,174	13,245,129,758	3,972,122,694	27,217,252,451	3,121,857,312	8,643,463	3,130,500,775	13,308,281,948

*This includes reversal of decommissioning cost amounting Rs. 553,056,354 directly made against related field assets under provisions of IFRIC 1 - Changes in existing decommissioning, restoration and similar liabilities.

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FOR THE YEAR ENDED JUNE 30, 2021

30 June 2021		Cost				Amortization			Impairment			Carrying amount
Particulars	Working Interest	As at Jul 01, 2020	Additions*	Transfers	As at June 30, 2021	As at Jul 01, 2020	Charge for the year	As at June 30, 2021	As at Jul 01, 2020	Charge for the year	As at June 30, 2021	As at June 30, 2021
		Rupees				Rupees			Rupees			Rupees
Developing fields-Joint operations												
Mehar	25.00%	537,894,733	-	(537,894,733)	-	-	-	-	-	-	-	-
Tando Allah Yar (all fields)	22.50%	487,949	-	(487,949)	-	-	-	-	-	-	-	-
Kandra	25.00%	3,577,000	-	-	3,577,000	-	-	-	3,577,000	-	3,577,000	-
Nim	22.50%	85,346,830	151,064,609	(88,153,044)	148,258,395	-	-	-	-	-	-	148,258,395
Kotra	20.00%	87,720,893	1,622,054	-	89,342,947	-	-	-	-	50,823,545	50,823,545	38,519,402
Tal	15.00%	285,177,631	-	(285,177,631)	-	-	-	-	-	-	-	-
MirpurKhas (all fields)	25.00%	40,355	-	(40,355)	-	-	-	-	-	-	-	-
Khipro (all fields)	25.00%	68,639,892	-	(61,220,025)	7,419,867	-	-	-	-	-	-	7,419,867
Sawan	22.50%	-	-	-	-	-	-	-	-	-	-	-
Nashpa	15.00%	1,192,475,280	7,831,083	(1,151,692,422)	48,613,941	-	-	-	-	-	-	48,613,941
Gambat South	25.00%	1,203,856,420	(121,523)	(233,050,722)	970,684,175	-	-	-	-	-	-	970,684,175
Block-22	22.50%	15,533,960	-	-	15,533,960	-	-	-	15,533,960	-	15,533,960	-
Zamzama	25.00%	219,264,569	(483,075)	-	218,781,494	-	-	-	140,892,676	5,550,795	146,443,471	72,338,023
Sinjhoro	22.50%	86,441,019	-	(86,441,019)	-	-	-	-	-	-	-	-
Chanda	17.50%	590,077,209	-	(590,077,209)	-	-	-	-	-	-	-	-
Bolan	17.50%	307,924,212	-	(307,924,512)	(300)	-	-	-	-	-	-	(300)
Khewari	25.00%	100,524,320	154,196,483	(100,524,320)	154,196,483	-	-	-	-	-	-	154,196,483
Decommissioning cost		266,582,102	(19,147,347)	(77,889,170)	169,545,585	-	-	-	-	7,293,617	7,293,617	162,251,968
Sub total developing fields		5,051,564,374	294,962,284	(3,520,573,111)	1,825,953,547	-	-	-	160,003,636	63,667,957	223,671,593	1,602,281,954
Total		42,914,346,904	2,097,348,362	478,293,455	45,481,988,721	23,245,129,758	3,972,122,694	27,217,252,451	3,281,860,948	72,311,420	3,354,172,368	14,910,563,902

DEVELOPMENT AND PRODUCTION ASSETS

30 June 2020		Cost				Amortization			Impairment			Carrying amount
Particulars	Working Interest	As at Jul 01, 2019	Additions	Transfers	As at Jun 30, 2020	As at Jul 01, 2019	Charge for the year	As at Jun 30, 2020	As at Jul 01, 2019	Charge / (Reversal) for the year	As at Jun 30, 2020	As at Jun 30, 2020
		Rupees				Rupees Restated			Rupees			Rupees
Producing fields-Joint operations												
Badin III	25.00%	306,791,706	-	-	306,791,706	272,488,920	34,302,786	306,791,706	-	-	-	-
Block-22 (all fields)	22.50%	275,417,663	-	-	275,417,663	193,253,787	26,976,728	220,230,515	1,476,363	53,710,785	55,187,148	-
Ahmadal/Pariwali	17.50%	760,015,909	17,944,721	-	777,960,630	506,207,671	58,979,532	565,187,203	-	-	-	212,773,427
Minwal	17.50%	3,295,834	202,228	-	3,498,062	1,184,388	399,645	1,584,032	-	-	-	1,914,030
Mazarani	12.50%	136,694,963	-	-	136,694,963	115,366,566	-	115,366,566	21,328,397	-	21,328,397	-
Sawan	22.50%	3,329,035,325	21,364,916	-	3,350,400,241	2,504,392,114	59,861,887	2,564,254,001	604,063,167	-	604,063,167	182,083,073
Zamzama	25.00%	4,669,628,568	(31,736,382)	-	4,637,892,186	3,398,349,520	317,789,608	3,716,139,128	783,786,703	77,856,350	861,643,053	60,110,005
Mubarak	25.00%	1,234,126,958	-	-	1,234,126,958	128,859,759	79,790,392	208,650,151	1,025,476,807	-	1,025,476,807	-
Nim	22.50%	107,582,064	4,856,579	-	112,438,643	61,285,470	51,153,173	112,438,643	-	-	-	-
Mehran	25.00%	69,203,189	-	-	69,203,189	1,933,209	-	1,933,209	67,269,980	-	67,269,980	-
Chanda	17.50%	1,039,102,708	1,341,259	-	1,040,443,967	634,868,179	177,566,220	812,434,399	-	-	-	228,009,568
Gambat	25.00%	380,517,667	6,823,727	-	387,341,394	182,657,675	5,001,248	187,658,923	197,232,511	2,449,960	199,682,471	-
Tal (all fields)	15.00%	5,456,017,446	291,480,293	-	5,747,497,739	3,018,843,276	675,322,147	3,694,165,423	-	-	-	2,053,332,316
Khipro (all fields)**	25.00%	2,984,149,510	(309,396,648)	-	2,674,752,862	1,963,272,884	2,040,674	1,965,313,558	-	-	-	709,439,304
MirpurKhas (all fields)	25.00%	5,174,865,029	200,884,582	132,843,762	5,508,593,373	2,916,587,156	993,765,696	3,910,352,852	-	-	-	1,598,240,521
Chachar	25.00%	257,891,437	-	-	257,891,437	156,018,815	2,287,512	158,306,327	91,854,609	-	91,854,609	7,730,501
Nashpa	15.00%	3,700,770,715	29,043,246	-	3,729,813,961	1,197,510,804	231,636,986	1,429,147,790	-	-	-	2,300,666,171
Sinjhoro	22.50%	414,696,783	-	-	414,696,783	168,624,367	107,311,374	275,935,741	-	-	-	138,761,042
Mehar	25.00%	2,221,637,285	90,496,308	-	2,312,133,593	613,140,783	347,656,834	960,797,617	-	-	-	1,351,335,976
Jhakro	22.50%	10,107,129	-	-	10,107,129	9,661,279	173,772	9,835,051	-	-	-	272,078
Guddu	22.50%	141,239,183	13,662,163	-	154,901,346	77,715,208	20,290,048	98,005,256	-	-	-	56,896,090
Bolan	17.50%	386,109,812	11,111,362	-	397,221,174	139,828,329	129,775,041	269,603,370	-	-	-	127,617,804
Gambat South*	25.00%	1,093,653,136	(40,543,611)	-	1,053,109,525	310,938,082	121,985,805	432,923,887	-	-	-	620,185,638
Bitrism	22.50%	-	261,234,863	-	261,234,863	-	15,334,956	15,334,956	-	-	-	245,899,907
Tando Allah Yar (all fields)	22.50%	235,927,475	31,334,293	-	267,261,768	110,029,899	52,474,355	162,504,254	-	-	-	104,757,514
Decommissioning cost		1,320,108,237	1,421,249,138	-	2,741,357,375	1,044,916,054	5,319,146	1,050,235,200	107,370,321	87,981,359	195,351,680	1,495,770,495
Sub total producing fields		35,708,585,731	2,021,353,037	132,843,762	37,862,782,530	19,727,934,194	3,517,195,565	23,245,129,758	2,899,858,858	221,998,454	3,121,857,312	11,495,795,460

*This includes reversal of decommissioning cost amounting Rs. 40,543,611 directly made against related JV assets under provisions of IFRIC 1 - Changes in existing decommissioning, restoration and similar liabilities.

** Additions include reversal amounting Rs. 325,417,525 in respect of two capitalized development wells whose classification, during the year, was revised to exploratory wells (with Company's share being carried). Accordingly, related accumulated depreciation amounting Rs. 177,223,787 has also been reversed.

GOVERNMENT HOLDINGS (PRIVATE) LIMITED
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FOR THE YEAR ENDED JUNE 30, 2021

30 June 2020		Cost				Amortization			Impairment			Carrying amount
Particulars	Working Interest	As at Jul 01, 2019	Additions	Transfers	As at Jun 30, 2020	As at Jul 01, 2019	Charge for the year	As at Jun 30, 2020	As at Jul 01, 2019	Charge for the year	As at Jun 30, 2020	As at Jun 30, 2020
		----------Rupees----------				----------Rupees---------- Restated			----------Rupees----------			Rupees
Developing fields-Joint operations												
Mehar	25.00%	337,219,554	200,675,179	-	537,894,733	-	-	-	-	-	-	537,894,733
Tando Allah Yar (all fields)	22.50%	487,949	-	-	487,949	-	-	-	-	-	-	487,949
Kandra	25.00%	3,577,000	-	-	3,577,000	-	-	-	3,577,000	-	3,577,000	-
Nim	22.50%	85,346,830	-	-	85,346,830	-	-	-	-	-	-	85,346,830
Kotra	20.00%	85,372,382	2,348,511	-	87,720,893	-	-	-	-	-	-	87,720,893
Tal	15.00%	152,517,166	132,660,465	-	285,177,631	-	-	-	-	-	-	285,177,631
MirpurKhas (all fields)	25.00%	132,843,764	40,353	(132,843,762)	40,355	-	-	-	-	-	-	40,355
Khipro (all fields)	25.00%	6,857,713	61,782,179	-	68,639,892	-	-	-	-	-	-	68,639,892
Sawan	22.50%	-	-	-	-	-	-	-	-	-	-	-
Nashpa	15.00%	452,794,841	739,680,439	-	1,192,475,280	-	-	-	-	-	-	1,192,475,280
Mazarani	12.50%	-	-	-	-	-	-	-	-	-	-	-
Badin III	25.00%	-	-	-	-	-	-	-	-	-	-	-
Gambat South	25.00%	1,190,740,108	13,116,312	-	1,203,856,420	-	-	-	279,122	15,254,838	15,533,960	1,203,856,420
Block-22	22.50%	15,533,960	-	-	15,533,960	-	-	-	107,878,659	33,014,017	140,892,676	-
Zamzama	25.00%	222,741,208	(3,476,639)	-	219,264,569	-	-	-	-	-	-	78,371,893
Sinjhoro	22.50%	86,441,019	-	-	86,441,019	-	-	-	-	-	-	86,441,019
Chanda	17.50%	319,261,789	270,815,420	-	590,077,209	-	-	-	-	-	-	590,077,209
Bolan	17.50%	-	307,924,212	-	307,924,212	-	-	-	-	-	-	307,924,212
Khewari	25.00%	-	100,524,320	-	100,524,320	-	-	-	-	-	-	100,524,320
Decommissioning cost		204,536,081	62,046,021	-	266,582,102	-	-	-	-	-	-	266,582,102
Sub total developing fields		3,296,271,364	1,888,136,772	(132,843,762)	5,051,564,374	-	-	-	111,734,781	48,268,855	160,003,636	4,891,560,738
Total		39,004,857,095	3,909,489,809	-	42,914,346,904	19,727,934,194	3,517,195,565	23,245,129,758	3,011,593,639	270,267,309	3,281,860,948	16,387,356,198

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

The Board of Directors of the holding Company referred the matter to Ministry of Energy (Petroleum Division) for advice. The matter was also under consideration at Public Accounts Committee (PAC) which directed the Ministry to conduct an inquiry into the matter. An inquiry report has been presented by the Ministry before the PAC for advice on further action. The holding Company's Board in its 89th meeting dated September 25, 2017 has advised the management to follow the recommendations of the inquiry report and take further actions based on PAC advice. Subsequent to year end, PAC in its meeting dated March 17, 2022 has settled the matter and did not changed assigned working interests hence there is no implications on the financial statements of the holding Company and the Group.

GOVERNMENT HOLDINGS (PRIVATE) LIMITED
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11 LONG TERM LOAN

	30 June 2021	30 June 2020
	---(Rupees)---	
Considered good - unsecured	24,279,733	9,104,601
Current portion of long term loan	(9,551,286)	(4,335,906)
	14,728,447	4,768,695

12 INVESTMENT IN JOINT VENTURE

	30 June 2021	30 June 2020
	---(Rupees)---	Restated
TAPI Pipeline Company Limited (TPCL)	975,183,663	621,707,112
Advance for shares in joint venture	-	414,327,500
	975,183,663	1,036,034,612

	30 June 2021	30 June 2020
12.1 Opening cost of investment (265,000 shares of USD 10 each)	635,120,901	635,120,901
Shares subscribed during the period (295,000 shares of USD 10 each)	442,440,152	-
Closing cost of investment (560,000 class A shares (2020: 265,000) of USD 10 each)	1,077,561,053	635,120,901
Post acquisition profits/(losses) brought forward	(13,413,790)	(13,486,612)
Share of loss for the period - net of taxation	(20,781,135)	(19,949,219)
Foreign exchange translation gain	(68,182,465)	20,022,041
	(88,963,600)	72,822
Post acquisition profits carry forward	(102,377,390)	(13,413,790)
Balance at the end of the year	975,183,663	621,707,112

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 ISGS holds 5% equity interest in TPCL, however it has joint control due to its representation in decision making of TPCL under the provisions of Shareholders Agreement signed by the all founding shareholders of the TPCL.

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

12.2 During the year, ISGS against the commitments as per the Investment Agreement with TAPI Pipeline Company Limited (TPCL), made a payment of USD 0.169 million (Rs. 28.11 million) for subscription of 16,900 remaining shares. Upon such payment, TPCL has issued 265,000 class A shares to the ISGS.

GOVERNMENT HOLDINGS (PRIVATE) LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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	Note	30 June 2021	30 June 2020
		---------------(Rupees)---------------	
13 STORES, SPARES AND LOOSE TOOLS - SHARE IN JOINT OPERATIONS' INVENTORY			
Store, spares and loose tools	13.1	4,594,917,079	4,048,014,411
Impairment for slow moving and obsolete stores, spares and loose tools		(495,707,406)	(495,707,406)
		4,099,209,673	3,552,307,005

	30 June 2021	30 June 2020
13.1 Balance at beginning of the year	495,707,406	495,707,406
Impairment (reversal) / charge for the year	-	-
Balance at end of the year	495,707,406	495,707,406

	Note	30 June 2021	30 June 2020
14 STOCK-IN-TRADE			
LNG held with third party	14.1	2,852,022,134	3,290,445,572
RLNG held in pipeline	14.2	22,904,326	20,609,327
		2,874,926,460	3,311,051,899

14.1 Amount relates to closing stock of LNG 112,787.62 m^3 (2020: 132,446.92 m^3) inventory held with PGP Consortium Limited (PGPCL) at the Floating Storage and Regasification Unit (FSRU) as at June 30, 2021.

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

	Note	30 June 2021	30 June 2020
		---------------(Rupees)---------------	Restated
15 TRADE DEBTS			
Unsecured - considered good	15.1	192,006,383,177	132,544,713,376
		192,006,383,177	132,544,713,376

15.1 Trade debts include overdue amount of Rs. 171,573 million (June 2020: Rs. 119,241 million) on account of Inter-corporate circular debt, receivable from oil refineries and gas companies out of which Rs. 62,025 million (June 2020: Rs. 60,835 million) and Rs. 106,450 million (2020: Rs. 54,320 million) is mainly overdue from related parties, Sui Southern Gas Company Limited and Sui Northern Gas Pipeline Limited respectively. The management of Group 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 Group considers this amount to be fully recoverable because the Government of Pakistan has been assuming the responsibility to settle the Inter-corporate circular debt in the energy sector. The Group 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 Group. As disclosed in note 3.3 to these financial statements, SECP has deferred the applicability of ECL model till 30 June 2022 on financial assets due directly/ ultimately from GoP in consequence of the circular debt.

15.2 Total amount due from related parties as on 30 June 2021 is Rs 185,697 million (2020: Rs 127,673 million) and maximum amount due at the end of any month during the year was Rs 185,697 million (2020: Rs 131,912 million). For party wise details refer note 41.10.2.

	Note	30 June 2021	30 June 2020
		--------------(Rupees)--------------	
			Restated
16 RECOVERABLE FROM TAX AUTHORITIES			
General sales tax recoverable		**3,999,456,255**	2,436,576,699
		3,999,456,255	2,436,576,699

	Note	30 June 2021	30 June 2020
		--------------(Rupees)--------------	
17 LOANS, ADVANCES AND OTHER RECEIVABLES			
Advances against salary to staff	17.1	**10,168,892**	7,745,957
Current portion of loan to staff	11	**9,551,286**	4,335,906
Advances to suppliers		**1,083,298**	788,053
Receivable from PSGP - SPV	17.2	**56,666,367**	-
Advance against arbitration		**66,914,838**	-
Other receivable	17.3	**202,158,639**	203,132,043
		346,543,320	216,001,959

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

17.2 The Subsidiary Company, ISGS is the nominated entity working on the directions of the Government of Pakistan (GoP) for the implementation of Pak Stream Gas Pipeline Project (PSGP). The project activities are being under taken in compliance with the decision of the Honorable Supreme Court of Pakistan on utilization of GIDC. The GoP is committed for the funding of the project through GIDC. The negotiation process of Shareholders Agreement in respect of establishment of PSGP - Special Purpose Vehicle (PSGP - SPV) is at an advanced stage between the ISGS and Russian State nominated Company and as per the draft agreement, any prudent expenditure incurred by the parties in relation to the the project shall be reimbursable to the parties upon formation of the PSGP - SPV. Accordingly, cost incurred so far has been recognized as receivable from the PSGP - SPV.

17.3 It includes Rs. 200.45 million (2020: 200.45 million) related to cost incurred and paid by PLL on commissioning cargo due to associated costs such as extended laytime, additional crew and activities related to commissioning of Floating Storage and Regasification Unit (FSRU). It will be recovered from SNGPL after the actualization of provisional price by OGRA.

GOVERNMENT HOLDINGS (PRIVATE) LIMITED
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18 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

	30 June 2021	30 June 2020
	(Rupees)	
Security deposits	385,250	785,250
Short term prepayments		
Software maintenance fee	3,673,635	2,488,414
Insurance	6,675,958	3,450,013
Others	7,924,580	8,537,398
	18,274,173	14,475,825
	18,659,423	15,261,075

19 SHORT TERM INVESTMENTS

	Note	30 June 2021	30 June 2020
Investment held at amortized cost			
Investment in term deposit receipts	19.1	41,096,758,390	24,481,865,753

19.1 This includes accrued interest amounting to Rs. 628.76 million (2020: Rs. 481.87 million). Breakup of investment in term deposit receipts placed with the commercial banks is as under:

Credit rating	Rating agency	Rate	Note	30 June 2021	30 June 2020
				(Rupees)	
Investments maturing within three months					
A-1+	VIS	7.55%		27,000,000,000	18,000,000,000
A-1+	VIS	6.55%		60,000,000	-
A-1+	Pacra	7.35%		1,408,000,000	-
Interest accrued				40,107,431	15,838,356
				28,508,107,431	18,015,838,356
Investments maturing after three months					
A-1+	PACRA	7.12%		2,000,000,000	-
A-1+	PACRA	7.16%		6,000,000,000	-
Interest accrued				418,513,973	-
				8,418,513,973	-
Investments marked under lien					
A-1+	PACRA	6.90%	19.2	4,000,000,000	6,000,000,000
Interest accrued				170,136,986	466,027,397
				4,170,136,986	6,466,027,397
Total investments				41,096,758,390	24,481,865,753

19.2 Also refer to Note 30.2.1.2 which discloses that a lien has been created on the term deposit receipt of Rs. 4,000 million (2020: Rs. 6,000 million) for issuing guarantee on behalf of subsidiary Company PLL.

GOVERNMENT HOLDINGS (PRIVATE) LIMITED
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	Note	30 June 2021	30 June 2020
		--------------(Rupees)--------------	
20 CASH AND BANK BALANCES			
Cash:			
- In hand		**360,973**	403,509
- At banks			
Saving accounts	20.1	**11,291,903,940**	9,543,898,348
Current accounts		**88,071**	75,882
		11,292,352,984	9,544,377,739

20.1 These carry mark-up at the rate ranging between 2.75% and 6.70% p.a (2020: 3.54% and 13.35% p.a).

	Note	30 June 2021	30 June 2020
		--------------(Rupees)--------------	
20.2 Cash and cash equivalents			
Investment in term deposit receipts	19.1	**28,508,107,431**	18,015,838,356
Cash and bank balances	20	**11,292,352,984**	9,544,377,739
		39,800,460,415	27,560,216,095

21 SHARE CAPITAL

Authorized share capital

30 June 2021	30 June 2020		30 June 2021	30 June 2020
(Number of shares)			--------------(Rupees)--------------	
4,500,000,000	4,500,000,000	Ordinary shares of Rs. 10 each	**45,000,000,000**	45,000,000,000

Issued, subscribed and paid up capital

30 June 2021	30 June 2020			
(Number of shares)				
2,088,512,092	2,088,512,092	Ordinary shares of Rs. 10 each, fully paid in cash	**20,885,120,920**	20,885,120,920

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

21.2 ECC of the Federal Cabinet in its meeting held on 18 December 2015 approved 5% (estimated at US$ 200 million) equity injection as equity share of Government of Pakistan (GoP) through the Inter State Gas Systems (Private) Limited (ISGSL) in Turkmenistan-Afghanistan-Pakistan-India (TAPI) Gas Pipeline Project. Accordingly, during the year, the GoP against the commitments of third closing of USD 2.65 million as per the Investment Agreement of the ISGS with TAPI Pipeline Company Limited (TPCL), paid balance amount of US$ 0.169 million (Rs. 28.11 million) to the ISGS for subscription of 16,900 Class 'A' shares in TAPI Pipeline Company Limited (TPCL). Ministry of Finance (MoF) directed the ISGSL to issue shares to holding Company for the related amounts received from GoP. The shares against these amounts have been issued to the holding Company subsequent to the year end. The holding Company has also issued corresponding shares to GoP subsequent to year end.

		Note	30 June 2021	30 June 2020
			-------------(Rupees)-------------	
22	**RESERVES**			
	Revenue reserves			
	General reserve	22.2	**2,284,626,436**	2,284,626,436
	Capital reserves			
	Committed outlay reserve	22.3	**20,946,247,416**	20,946,247,416
	Asset insurance reserve	22.4	**3,000,000,000**	3,000,000,000
	Assets acquisition reserve	22.5	**5,000,000,000**	5,000,000,000
	LNG project reserve	22.6	**25,000,000,000**	25,000,000,000
			53,946,247,416	53,946,247,416
			56,230,873,852	56,230,873,852

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

22.2 The general reserve is created during the fiscal year 2014 to cater for contingencies related to relevant interest carried cost based on current exploration commitments and other unforeseen events.

22.3 The committed outlay reserve is created during the fiscal year 2014 for future requirements based on expected cash outlay for capital commitments, decommissioning obligations and liability against relevant interest carried cost.

22.4 The asset insurance reserve has been created during the fiscal year 2014 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.

22.5 In view of the declining hydrocarbon reserves profile of the holding Company, it intends to acquire sizeable producing reserves for which a separate assets acquisition reserve has been established during the fiscal year 2014 and is planned to continue to build-up this reserve in future years.

22.6 This reserve is created during the fiscal year 2016 to cater funding / financial support for LNG Projects being undertaken by incorporated subsidiary Pakistan LNG Limited (PLL) .

		Note	30 June 2021	30 June 2020
			-------------(Rupees)-------------	
23	**LONG TERM LIABILITY**			
	Due to the joint operators	23.1 & 23.2	**4,331,436,080**	4,983,114,777
	Current portion shown under current liabilities		**(819,631,897)**	(794,851,274)
			3,511,804,183	4,188,263,503

23.1 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.

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		Note	30 June 2021	30 June 2020
			--------------(Rupees)--------------	
23.2	Balance at beginning of the year		4,983,114,777	5,094,197,402
	Unwinding of long term liability		22,929,861	94,999,285
	Payments		(1,271,107,035)	(1,557,795,372)
	Additions / adjustments during the year		851,916,063	594,458,483
	Exchange loss realized		522,412,411	744,811,517
	Discounting of long term liability		(177,616,628)	268,567,794
	Exchange (gain) / loss on revaluation		(600,213,369)	(256,124,332)
		23.3	4,331,436,080	4,983,114,777

23.3 Long term liability in US dollars have been discounted using 0.24% (2020: 0.60%) rate of interest.

		Note	30 June 2021	30 June 2020
			--------------(Rupees)--------------	
				Restated
24	**DEFERRED TAXATION**			
	Deferred taxation	24.1	2,348,133,464	(31,838,569)
24.1	**Movement in the deferred tax liability:**			
	Balance at beginning of the year		(31,838,569)	5,584,762,492
	Credited to the statement of profit or loss	39	2,385,654,784	(5,614,166,591)
	Credited to statement of other comprehensive income		(5,682,751)	(2,434,470)
			2,348,133,464	(31,838,569)
24.2	**Deferred tax in respect of taxable/(deductible) temporary differences:**			
	Accelerated depreciation on property, plant and equipment		5,926,130,401	5,873,360,919
	Impairment of stores, spares and loose tools		(198,282,962)	(198,282,962)
	Unrealized exchange gain / (loss)		(873,816,720)	(1,135,331,428)
	Development and production expenditure		4,616,643,613	4,005,576,214
	Unwinding of long term liability (carried interest)		13,091,799	-
	Unrealized exchange gain / (loss) on operating lease on FSRU		(85,065,750)	(1,978,450,400)
	Minimum tax paid over and above corporate tax liability		(3,429,951,222)	(3,276,737,681)
	Pre commencement expenditure		-	(1,762,343)
	Expenditure of exploration and prospecting		(1,558,574,197)	(1,618,604,246)
	Provision for decommissioning cost		513,570,662	341,437,724
	Provision for windfall levy on oil/condensate		(2,563,283,591)	(2,035,166,788)
	Remeasurement of employees' retirement benefits		(12,328,569)	(7,877,578)
			2,348,133,464	(31,838,569)

24.3 Deferred tax has been calculated at the current effective tax rate of 40% (2020: 40%) in case of holding Company and 29% (2020: 29%) in case of subsidiary Companies.

		Note	30 June 2021	30 June 2020
			(Rupees)	
25	**PROVISION FOR DECOMMISSIONING COST**			
	Provision for decommissioning cost	25.1	7,343,544,525	8,263,964,544
25.1	**Provision for decommissioning cost**			
	Balance at beginning of the year		8,263,964,544	5,698,232,494
	Provision/(reversal) made during the year	25.2	(603,636,109)	1,957,218,850
	Revaluation exchange loss / (gain)		(533,146,144)	140,167,417
	Unwinding of decommissioning cost	38	216,362,234	468,345,783
			7,343,544,525	8,263,964,544
25.2	Provision / (reversal) made during the year is distributed as under:			
	Share in Joint operations' fixed assets		(335,659,944)	524,905,480
	Exploration and evaluation assets		(2,306,206)	12,815,945
	Development and production assets		(91,502,579)	1,442,751,548
	Operating expenses		(174,167,380)	(23,254,123)
			(603,636,109)	1,957,218,850
25.3	Significant financial assumptions used were as follows:			
	Discount rate per annum (%)		4.10 ~ 5.50	1.70 ~ 4.04
	Inflation rate per annum (%)		2.75	1.83
26	**DEFERRED EMPLOYEE BENEFITS**			
	Accumulating compensated absences	26.1	85,586,572	84,059,636
			85,586,572	84,059,636
26.1	**Accumulating compensated absences**			
	Present value of defined benefit obligation at beginning of the year		84,059,636	78,029,390
	Charge for the year - net		27,775,481	27,075,752
	Payments made during the year		(26,248,545)	(21,045,506)
	Present value of defined benefit obligation at end of the year		85,586,572	84,059,636
	Principle actuarial assumptions:			
	Valuation discount rate (%)		10.25	9.25
	Salary increase rate (%)		9.25 ~ 10.25	8.25 ~ 9.25

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Description of risks to the Group

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

- Discount rate risk - The risk of changes in discount rate, since discount rate is based on corporate / government bonds, any decrease in bond yields will increase plan liabilities.

- Salary increase / inflation risk - The risk that the actual salary increase are higher than the expected salary increase, where benefits are linked with final salary at the time of cessation of service, is likely to have an impact on liability.

- Mortality risk - The risk that the actual mortality experience is lighter than that of expected i.e. the actual life expectancy is longer than assumed.

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

		Note	30 June 2021	30 June 2020
			---------------(Rupees)---------------	
27	**TRADE AND OTHER PAYABLES**			Restated
	Trade creditors			
	Due to Joint operators		3,414,547,663	5,019,615,635
	Due to vendors for services acquired		66,469,973	22,641,764
	Trade payables	27.1	16,170,068,083	7,295,129,574
			19,651,085,719	12,337,386,973
	Other payables			
	Accrued liabilities		136,818,535	155,637,337
	Gratuity fund	27.2	78,751,538	63,836,931
	Payable to provident fund		2,677,386	8,539,893
	Sales tax payable		344,953,017	741,839,510
	Port charges recovered	33.2	1,959,223,612	-
	Withholding tax payable		4,505,482	5,181,757
	Other payables		8,612,971	13,985,719
	Excise duty and cess payable at import stage		3,175,569,209	24,516,153
	Other levies payable		599,056	39,571
	Royalty payable		919,905,982	757,905,610
	Provision for windfall levy on oil/condensate	30.1.1.3	6,408,208,978	5,087,916,971
			13,039,825,766	6,859,399,452
			32,690,911,485	19,196,786,425

27.1 This amount includes payable to Pakistan Gas Port Consortium Limited (PGPCL) of Rs. 1,344.34 million (2020: Rs. 1,458.08 million) on account of regasification charges and payable to LNG suppliers amounting to Rs. 14,823.58 million (2020: Rs. 5,875.49 million).

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	30 June 2021	30 June 2020
	(Rupees)	

27.2 Gratuity fund

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

	30 June 2021	30 June 2020
Present value of defined benefit obligation	289,250,814	248,125,443
Fair value of plan assets	(210,499,276)	(184,288,512)
Net liability at end of the year	78,751,538	63,836,931

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

	30 June 2021	30 June 2020
Present value of defined benefit obligation at beginning of the year	248,125,440	182,101,354
Current service cost	54,226,486	41,267,665
Interest cost	19,136,921	24,572,253
Benefits paid	(54,796,207)	(18,794,345)
Remeasurement of defined benefit obligation	22,558,174	18,978,513
Present value of defined benefit obligation at end of the year	289,250,814	248,125,440

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

	30 June 2021	30 June 2020
Fair value of plan assets at beginning of the year	184,288,512	117,971,652
Contributions	52,680,258	53,633,799
Expected return on plan assets	19,272,022	20,584,124
Benefits paid	(32,097,014)	(5,246,134)
Remeasurement of plan assets	(13,644,502)	(2,654,929)
Fair value of plan assets at end of the year	210,499,276	184,288,512

Detail of plan assets

	30 June 2021	30 June 2020
Cash at bank	401,436	254,559
Term deposits	210,097,840	184,033,953
	210,499,276	184,288,512

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.

Amounts recognized in statement of profit and loss:

	30 June 2021	30 June 2020
	(Rupees)	
Current service cost	54,226,486	41,267,665
Net interest cost	(135,101)	3,988,129
	54,091,385	45,255,794

	30 June 2021	30 June 2020
	--------------(Rupees)--------------	
Amounts recognized in statement of other comprehensive income:		
Remeasurement loss recognized	36,202,676	21,633,445
Principle actuarial assumptions:		
Valuation discount rate (%)	10.00	9.00
Salary increase rate (%)	9.25 - 10.25	8.25 - 9.25

These results and balances related to employees' benefits are based on actuarial calculations carried out for the year ended June 30, 2021 for holding and subsidiaries respectively. The Management believes that any change in market assumptions as of today would not have any material impact on the financial statements.

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.

28 PAYABLE TO GOVERNMENT

	Note	30 June 2021	30 June 2020
		--------------(Rupees)--------------	
Balance at the beginning of the year		22,098,287,921	11,401,228,198
Payments made during the year	28.1	37,215,776,641	33,754,065,114
Amount repaid		-	(23,057,005,391)
Balance at the end of the year		59,314,064,562	22,098,287,921

28.1 During the financial year ended June 30, 2019, the Government of Pakistan (GoP) and International Islamic Trade Finance Corporation (ITFC) entered into a deferred financing facility dated April 22, 2019, with 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 fourteen (14) transactions (2020: 10 transactions) with LNG suppliers under the agreement, amounting to USD 233.80 million (2020: USD 216.90 million).

29 PROVISION FOR TAXATION

	Note	30 June 2021	30 June 2020
		----------(Rupees)----------	Restated
Income tax - payable at beginning of the year		4,073,769,432	3,267,612,828
Income tax paid during the year		(20,435,755,991)	(21,912,285,308)
Provision for current taxation for the year	39	16,655,888,590	20,624,971,592
Provision for taxation - prior years	39	14,672,399	2,093,470,320
Income tax - payable at end of the year		308,574,430	4,073,769,432

29.1 The holding company has various tax litigations pending with the tax authorities in respect of tax years 2003 to 2020. These litigations are pending at different forums of taxation authorities. However, the holding Company has paid, under protest to avoid penalties under the Income Tax Ordinance 2001, full amount against the demand raised by tax authorities in respect of said years and has charged it to tax expense. The holding Company based on advise of its tax consultant believes that there will be no future liability expected to arise in respect of said litigations.

30 CONTINGENCIES AND COMMITMENTS

30.1 Contingencies

30.1.1 Government Holdings (Private) Limited (The holding Company)

	Note	30 June 2021	30 June 2020
		----------(Rupees)----------	
Relating to carried cost liability	30.1.1.1	1,280,462,681	1,692,661,540
Tax contingency	30.1.1.2	18,177,836,600	18,177,836,600
		19,458,299,281	19,870,498,140

30.1.1.1 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 Group's estimates varies with those of the operator.

30.1.1.2 This represents tax contingencies in respect of show cause notice issued by FBR regarding non - applicability of Zero percent sales tax on crude/condensate supplies by the holding Company from 2009-10 to 2013-14 as per SRO No. 549(1)/2008 dated 11.06.2008 with the condition of "Import and supplies thereof" and the holding Company is not importing crude/condensate. The holding Company does not charge sales tax on its crude /condensate supplies in line with industry practice and compliance of law. The holding Company has filed writ petition with Islamabad High Court, decision on which is pending. The estimated tax contingency has been calculated based on sales tax amount involved, penalty and default surcharge.

30.1.1.3 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 GoP for conversion of eligible existing and future discoveries under aforesaid PCAs to the Petroleum Policy (PP), 2012. Under the said arrangement, price regimes prevailing in PP 2007, PP 2009 and PP 2012 in terms of PP 2012 shall be applicable, correlated with the spud dates of the wells in the respective policies starting from November 27, 2007. The conversion package as defined in the SAs included windfall levy on natural gas only.

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

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

The holding Company along with other Joint Venture Partners has challenged the applicability of WLO against the backdrop of supplemental agreements already executed pursuant to PP 2012 in the Honorable Islamabad High Court which has granted stay order against the CCI decision dated 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, 2021 amount to approximately Rs 16,724 million (2020: Rs 15,404 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 Group has booked provision of Rs. 6,408 million to prospectively account for the impact of WLO from the date of the SRO i.e. December 27, 2017 till June 30, 2021.

30.1.1.4 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 DGPC's 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.

30.1.2 Inter State Gas Systems (Private) Limited - ISGS (the subsidiary Company)

There are no contingencies as at 30 June 2021. (30 June 2020: Nil)

30.1.3 Pakistan LNG Limited - PLL (the subsidiary Company)

30.1.3.1 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 unrealized exchange loss, credit of tax paid under import stage, capacity, utilization, flexibility charges and employees benefits enchashment.

The Company 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.

30.1.3.2 PLTL which has now been merged into the PLL from 01 January 2021, had provided standby letter of credit (SBLC) to PGP Consortium Limited- PGPCL (the Operator) equivalent to three (03) months capacity charge (i.e. Rs. 2,266,000,000) as per Operations and Services Agreement (OSA). However, PGPCL had disputed the amount and had referred the matter to dispute resolution mechanism in terms of OSA. The dispute resolution mechanism had been completed and no amicable resolution was achieved. In terms of the clause 37 and 37.1 of the OSA, the matter had been referred to international arbitration at London Court of International Arbitration (LCIA) on 5 March 2020 under the case number 204638. Accordingly, the PLL has not renewed the SBLC.

30.1.3.3 Pakistan LNG Terminals Limited (prior to its merger with PLL as explained in Note 1.7) sent a notice for termination of OSA to PGPCL on 14 October 2019 with immediate effect due to persistent breach by PGPCL of its obligations under the OSA to provide Adequate Assurance of Performance in terms of either:

(1) SBLC equivalent to USD 10,000,000;
(2) Security Interest in an Asset equivalent to USD 15,000,000; or
(3) A Corporate Guarantee from an entity having long term credit rating of at least A+ and Short term credit rating of A1.

PGPCL disputed the termination and invoked dispute resolution clause of OSA for amicable settlement of dispute. The dispute resolution mechanism could not achieve desired objective of amicable settlement, hence, matter was referred to international arbitration at London Court of International Arbitration (LCIA) on 28 February 2020, under case number 204593. The LCIA has appointed Arbitration Tribunal and has merged the two arbitrations into one under Arbitration Case Number 204593. The relief sought by PGPCL against termination of OSA is to declare termination null and void and to ask PLL (after merger with PLTL) to reimburse the legal cost. As per the Arbitral Tribunal timetable, the Arbitration Award is not expected before September 2022. In terms of the ancillary agreements of OSA, parties are required to continue to perform their respective obligations to the extent not affected by the relevant dispute. The management is confident of a favorable outcome in the Arbitration Award.

		Note	30 June 2021	30 June 2020
			----(Rupees)----	
30.2	**Commitments**			
30.2.1	**Government Holdings (Private) Limited (The holding Company)**			
	Minimum work commitment	30.2.1.1	4,745,992,390	6,083,320,227

30.2.1.1 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.

30.2.1.2 PLL has awarded contracts to M/s. Gunvor and M/s ENI SPA (the Sellers) for purchase and import of LNG for the period of five years and fifteen years. PLL has provided the credit support in the form of irrevocable Standby Letter of Credit (SBLC) for an amount of USD 26,909,568 and USD 22,194,144 to M/s Gunvor and M/s ENI respectively. Aforementioned SBLCs has expired on November 02, 2021 and November 15, 2021 respectively. The holding Company on behalf of PLL had provided the security for USD 18.18 million for issuance of SBLC in favor of the Sellers, with the remaining amount of USD 30.9 million secured against Government of Pakistan (GoP) guarantee issued in favour of PLL. Subsequent to year end, the said lien against companies investments was released.

30.2.2 Inter State Gas Systems (Private) Limited - ISGS (the subsidiary Company)

30.2.2.1 ISGS 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.

30.2.3 Pakistan LNG Limited - PLL (the subsidiary Company)

30.2.3.1 In accordance with the provisions of the Terminal Use and Regasification Agreement (TURA), 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.

30.2.3.2 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. Gunvor and M/s. ENI SPA (the Sellers) for a period of 5 years and 15 years respectively from the start of commercial operation date.

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		Note	30 June 2021	30 June 2020
			--------------(Rupees)--------------	
				Restated
31	**SALES - NET**			
	Natural gas - gross sales		46,517,332,289	53,602,947,957
	Sales tax		(6,755,923,559)	(7,777,394,678)
	Excise duty		(695,522,529)	(770,219,266)
	Natural gas - net sales		39,065,886,201	45,055,334,013
	Crude oil		23,462,624,793	22,632,186,708
	Liquefied petroleum gas - gross sales		5,710,832,432	5,157,032,051
	Sales tax		(827,399,897)	(774,062,848)
	Excise duty		(6,664,820)	(7,863,322)
	Petroleum development levy		(342,060,433)	(138,811,160)
	Liquefied petroleum gas - net sales		4,534,707,282	4,236,294,721
	RLNG- regasified liquified natural gas	31.1	242,942,916,621	168,993,394,715
	Sales tax		(26,029,598,209)	(18,106,435,148)
	Regasified liquified natural gas - net sales		216,913,318,412	150,886,959,567
			283,976,536,688	222,810,775,009

31.1 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. This equates to USD 40.6 million recoverable for the period from June 2018 to June 2021. However, implementation of the same is currently pending with OGRA. Once implemented, the margin will be recovered by PLL prospectively in future fiscal years.

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

		Note	30 June 2021	30 June 2020
32	**ROYALTY AND OTHER LEVIES**		--------------(Rupees)--------------	
	Royalty	32.1	7,447,359,999	8,022,347,456
	Windfall levy	32.2	152,781,539	86,941,958
			7,600,141,538	8,109,289,414

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

32.2 This pertains to production from Gambat South, Hala, Dhoke Sultan and Shah Bandar.

33 OPERATING EXPENSES

		30 June 2021	30 June 2020
		--(Rupees)--	
Operating and other direct expenses	33.1 & 33.2	**202,834,947,533**	140,151,951,533
Depreciation on property, plant & equipment	6.4	**2,297,716,363**	2,889,072,499
Depreciation on right of use asset	7	**10,701,431,126**	10,701,431,125
Amortization of development and production assets	10	**3,972,122,694**	3,517,195,565
Impairment	33.3	**307,511,912**	383,693,059
Reversal due to change in decommissioning cost estimates	25.2	**(174,167,380)**	(23,254,123)
		219,939,562,248	157,620,089,658

33.1 Operating and other direct expenses

Joint operation's operating expenses	**202,567,372,954**	139,827,264,014
Capacity, utilization and flexibility charges	**267,574,579**	324,687,519
	202,834,947,533	140,151,951,533

33.2 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 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 that do not fall under the definition of port charges as per interpretation of the management. 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 12.71 million has been recovered during the year ending 30 June 2021. Amount recovered in presented in note 27 of these 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 23 July 2021 (Suit No. LCIA 215245 of USD 11,045,924) 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 23 July 2021, the PLL filed its response to the RFA on 01 October 2021. On 19 November 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	30 June 2021	30 June 2020
			----(Rupees)----	
33.3	**Impairment**			
	Impairment on property, plant and equipment	6.2	235,200,492	113,425,750
	Impairment on development and production assets	10	72,311,420	270,267,309
			307,511,912	383,693,059

33.3.1 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 and respective Joint operations inventories as specified in above note.

The holding Company considers the relationship between international oil prices, production profiles, petroleum reserves and carrying value of its joint venture investments, amongst other factors, when reviewing for indicators of impairment. As at June 30, 2021, 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.

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

The recoverable amount of the joint venture investment is based on 'value-in-use' computations. In assessing the value in use, estimated future cash flows are discounted to their present value, using a pre-tax discount rate that is based on the existing policy rate prevailing within the Country. The pre-tax discount rate applied to cash flow projections is 14.78% (2020: 8.69%).

		30 June 2021	30 June 2020
		----(Rupees)----	
			Restated
34	**FINANCE AND OTHER INCOME**		
	Income from financial assets		
	Return on bank deposits	1,237,685,487	1,824,343,748
	Return on term deposit receipts	2,161,845,484	2,492,356,525
		3,399,530,971	4,316,700,273
	Income from non financial assets		
	Reversal of payable/accrued expenses	-	276,496,425
	Exchange gain	1,344,424,009	-
	Exchange gain on translation of lease liability	8,915,923,292	-
	Signature bonus	-	3,558,500
	Gain on disposal of fixed assets	-	10,000
	Others	753,258	220,000
		10,261,100,559	280,284,925
		13,660,631,530	4,596,985,198

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	Note	30 June 2021	30 June 2020
		----(Rupees)----	
35 EXPLORATION AND PROSPECTING EXPENDITURE			
Cost of dry and abandoned wells	9	306,995,847	111,492,335
Prospecting expenditure		254,334,995	486,814,699
		561,330,842	598,307,034

	Note	30 June 2021	30 June 2020
		----(Rupees)----	
			Restated
36 GENERAL AND ADMINISTRATIVE EXPENSES			
Salaries, wages and benefits	36.1-36.4	790,404,443	760,316,215
TAPI-Project expenditure		13,529,890	1,833,722
North South Gas (NSG) Pipeline Project expenditure		-	1,850,301
Iran Pakistan Gas Pipeline Project		-	16,452,893
Offshore Gas Pipeline Project		-	361,364
Travelling and conveyance		5,937,664	10,896,157
Repairs and maintenance		12,976,516	11,669,451
Rent		39,771,725	40,129,456
Communications		1,549,733	3,318,047
Utilities		15,528,054	19,926,409
Training and seminars		7,803,486	8,004,938
Printing and stationery		3,677,258	4,550,001
Advertisement		11,999,393	10,631,984
Entertainment		2,251,830	2,065,560
Legal and professional charges		76,747,135	73,520,770
Auditors' remuneration	36.5	5,830,400	5,569,970
Fee and subscription		2,987,310	2,709,448
Software maintenance fee		20,795,323	20,412,210
Insurance		13,639,438	14,267,735
Business development		2,235,430	48,282,243
Corporate social responsibility		-	6,000,000
Internship Program of Ministry of Energy		171,680	1,785,456
Amortization of intangible assets	6.4	26,922,227	22,163,445
Depreciation	6.4	36,372,194	29,024,729
Security services		16,957,723	16,478,292
Loss on disposal		40,894	-
Others		91,203,096	37,363,277
		1,199,332,842	1,169,584,073

36.1 It includes Rs. 91.041 million (2020: Rs.99.381 million) in respect of post employment benefits.

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

	Chief Executive Officer		Executives	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	Rupees			
Managerial remuneration	32,936,779	3,654,452	276,953,874	211,451,308
Bonus	-	-	-	24,000,882
Post employment benefits	6,688,906	197,270	55,307,459	39,575,048
	39,625,685	3,851,722	332,261,333	275,027,238
Number of persons	1	1	34	30

36.3 Key management personnel

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

	30 June 2021	30 June 2020
	(Rupees)	
Managerial Remuneration	116,332,791	76,939,763
Bonus	-	10,085,065
Post Employment Benefit	23,402,774	14,051,403
Reimbursable Expenses	324,954	79,032
	140,060,519	101,155,263

36.4 Fee paid to non-executive directors for attending the Board of Directors meetings of holding Company amounted to Rs. 18 million (2020: Rs. 20.30 million).

	30 June 2021	30 June 2020
	(Rupees)	
36.5 Auditors' remuneration		
holding Company		
Statutory audit fee	1,699,800	1,416,360
Decommissioning certification	200,000	114,840
Out of pocket expenses	176,000	184,520
	2,075,800	1,715,720
Subsidiaries		
Statutory audit fee	3,482,600	3,636,600
Out of pocket expenses	272,000	217,650
	3,754,600	3,854,250
	5,830,400	5,569,970

		Note	30 June 2021	30 June 2020
			-------------(Rupees)-------------	
				Restated
37	**OTHER EXPENSES**			
	Exchange loss - Net		-	341,450,515
	Exchange loss on translation of lease liability		-	4,029,306,579
	Provision for windfall levy on oil/condensate	30.1.1.3	1,320,292,007	1,328,505,943
	Loss on assets write off		-	415,405
	Bad debts		-	320,483
			1,320,292,007	5,699,998,925
38	**FINANCE COST**			
	Interest expense on lease liability	7	5,473,875,341	5,743,351,824
	Unwinding of discount on provision for decommissioning cost	25.1	216,362,234	468,345,783
	Unwinding of discount on long term liability	23.2	22,929,861	94,999,285
	Discount of long term liability	23.2	(177,616,628)	268,567,794
	Interest on forced loan		77,560,677	8,363,048
	Bank charges		9,663,269	6,825,633
			5,622,774,754	6,590,453,367
39	**TAXATION**			
	Current			
	Charge for the year		16,655,888,590	20,624,971,592
	Charge for prior year		14,672,399	2,093,470,320
			16,670,560,989	22,718,441,912
	Deferred			
	Charge/ (credit) for the year	24.1	2,385,654,784	(5,614,166,591)
		39.1	19,056,215,773	17,104,275,321
39.1	**Reconciliation of tax charge for the year:**			
	Accounting profit		61,372,952,852	47,600,088,517
	Tax rate		40%	40%
	Tax on accounting profit at applicable rate 40% (2020: 40%)		24,549,181,141	19,040,035,407
	Tax effect of:			
	Unwinding of discount on provision of decommissioning cost		86,544,894	187,338,314
	Exchange loss / (gain) on provision of decommissioning cost		(213,258,458)	56,066,967
	Change in estimates related to provision of decommissioning cost		(248,144,172)	(368,660,777)
	Depletion allowance		(3,127,891,200)	(3,371,331,253)
	Income chargeable to tax at reduced corporate rate		(1,956,105,923)	1,798,487,554
	Tax impact of operating lease on FSRU		-	(1,978,450,400)
	Prior years charge		14,672,399	2,093,470,320
	Unrealized exchange gain / (loss)		(48,782,908)	(352,680,811)
			(5,492,965,368)	(1,935,760,086)
			19,056,215,773	17,104,275,321

40 EARNINGS PER SHARE - BASIC AND DILUTED

	30 June 2021	30 June 2020
	(Rupees)	
Profit for the period - restated	42,316,737,079	30,495,813,196
Average number of shares outstanding during the year	2,088,512,092	2,088,512,092
Earnings per share - basic - restated	20.26	14.60

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

41 FINANCIAL INSTRUMENTS

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

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Group's exposure to each of the above 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 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 adhoc reviews of risk management controls and procedures, the results of which are reported to the audit and risk management committee.

41.1 Credit risk

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

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 trade debts is minimal as the Group has long established relationship with the counter parties, which are mainly state owned enterprises, and management does not expect non-performance by these counter parties on their obligations to the Group. The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade debts that are due directly/ ultimately from GoP till 30 June 2021 as per policy disclosed in note 5.11.5 to the financial statements.

41.1.1 Exposure to credit risk

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

	30 June 2021	30 June 2020
	--------------(Rupees)--------------	
		Restated
Loan to staff	24,279,733	9,104,601
Trade debts - net	192,006,383,177	132,544,713,376
Loan, advances and other receivables	258,825,006	203,132,043
Security deposits	385,250	785,250
Short term investments	41,096,758,390	24,481,865,753
Bank balances	11,291,903,940	9,543,898,348
	244,678,535,496	166,783,499,371

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

Credit rating	Rating agency	30 June 2021	30 June 2020
		--------------(Rupees)--------------	
A-1+	PACRA	8,244,326,496	7,436,111,650
A-1+	JCR-VIS	3,047,665,515	2,107,862,580
		11,291,992,011	9,543,974,230

Credit ratings for short term investments disclosed in note 19.1 to the financial statements.

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41.1.2 **Impairment losses**

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

	Not past due	Past due			Impaired balance	Total
		Upto three months	Three to six months	More than six months		
	Rupees					
As at 30 June 2021	20,433,319,837	89,092,404,145	11,057,851,438	71,422,807,757	-	192,006,383,177
As at 30 June 2020 - restated	13,303,565,285	32,089,838,716	19,550,865,074	67,600,444,301	-	132,544,713,376

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

Party name	Not past due	Past Due			Impaired balance	Total
		Upto three months	Three to six months	More than six months		
	Rupees					
As at 30 June 2021						
Attock Refinery Limited	2,975,386,394	925,900,888	1,684,474	484,170,022	-	4,387,141,778
National Refinery Limited	126,926,443	36,064,580	-	152,228,018	-	315,219,041
Pakistan Refinery Limited	443,612,091	455,621,079	105,632,153	733,084	-	1,005,598,407
United Energy Pakistan Limited	492,513,482	-	-	-	-	492,513,482
Others	79,119,151	-	29,586,771	-	-	108,705,922
	4,117,557,561	1,417,586,547	136,903,398	637,131,124	-	6,309,178,630
As at 30 June 2020						
Attock Refinery Limited	1,503,807,095	817,378,915	498,192,650	437,810,222	-	3,257,188,882
National Refinery Limited	236,816,489	292,842,877	10,658,275	135,702,852	-	676,020,493
Pakistan Refinery Limited	208,624,397	359,063,016	69,787,263	-	-	637,474,676
United Energy Pakistan Limited	-	93,302,947	27,993,797	-	-	121,296,744
Others	89,789,198	121,007,701	44,779,792	(75,635,731)	-	179,940,960
	2,039,037,179	1,683,595,456	651,411,777	497,877,343	-	4,871,921,755

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

	Not past due	Upto three months	Three to six months	More than six months	Impaired balance	Total
As at 30 June 2021						
Sui Northern Gas Pipelines Limited	8,859,828,876	79,868,449,592	3,348,095,130	23,233,748,691	-	115,310,122,289
Sui Southern Gas Company Limited	4,321,797,731	6,967,794,588	7,517,437,043	47,539,544,058	-	66,346,573,420
Pak Arab Refinery Company Limited	1,298,153,993	22,065,923	-	6,337,381	-	1,326,557,297
Enar Petroleum Refining Facility	10,818,208	-	-	-	-	10,818,208
Oil & Gas Development Company	1,815,775,267	802,395,490	41,401,926	6,046,503	-	2,665,619,186
Pakistan Petroleum Limited	9,388,201	14,112,005	14,013,941	-	-	37,514,147
	16,315,762,276	87,674,817,598	10,920,948,040	70,785,676,633	-	185,697,204,547
As at 30 June 2020 - restated						
Sui Northern Gas Pipelines Limited	4,493,457,604	23,238,639,505	7,860,242,345	23,221,257,200	-	58,813,596,654
Sui Southern Gas Company Limited	6,072,838,197	7,044,773,389	10,946,000,693	42,844,553,297	-	66,908,165,576
Pak Arab Refinery Company Limited	373,904,488	15,094,727	-	6,337,381	-	395,336,596
Enar Petroleum Refining Facility	10,084,953	-	-	-	-	10,084,953
Oil & Gas Development Company	282,953,174	77,081,134	65,159,183	1,013,697,374	-	1,438,890,865
Pakistan Petroleum Limited	31,289,690	30,654,505	28,051,076	16,721,706	-	106,716,977
	11,264,528,106	30,406,243,260	18,899,453,297	67,102,566,958	-	127,672,791,621

As explained in note 15.1 to the financial statements, the Group believes that no impairment allowance is necessary in respect of trade debts past due. 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 was not material and accordingly has not been recorded in these financial statements.

Expected credit loss on loans, advances, deposits and other receivables is calculated using general approach (as disclosed in note 5.11.5). 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 counter parties have reasonably high credit ratings.

41.2 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 a subsidiary of the GoP it does not have any significant liquidity risk.

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

As at 30 June 2021	Effective yield / Interest Rate	Markup/ Interest bearing	Non markup/ Interest bearing	Total
	%	----------Rupees----------		
FINANCIAL ASSETS				
Maturity up to one year				
Loan to staff	-	-	9,551,286	9,551,286
Trade debts - net	-	-	192,006,383,177	192,006,383,177
Loan, advances and other receivables	-	-	258,825,006	258,825,006
Deposits	-	-	385,250	385,250
Short-term investments	6.9 - 7.55	41,096,758,390	-	41,096,758,390
Bank balances	5.5 - 6.7	11,291,903,940	-	11,291,903,940
		52,388,662,330	192,275,144,719	244,663,807,049
Maturity after one year:				
Loan to staff	-		14,728,447	14,728,447
		-	14,728,447	14,728,447
		52,388,662,330	192,289,873,166	244,678,535,496
FINANCIAL LIABILITIES				
Maturity up to one year				
Trade and other payables	-	-	22,675,646,819	22,675,646,819
Current portion of long term liability	-	-	819,631,897	819,631,897
Lease liability	4.20	8,509,955,347	-	8,509,955,347
Payable to Government	-	-	59,314,064,562	59,314,064,562
		8,509,955,347	82,809,343,278	91,319,298,625
Maturity after one year:				
Long term liability	-	-	3,511,804,183	3,511,804,183
Lease liability	4.20	114,849,832,761	-	114,849,832,761
		114,849,832,761	3,511,804,183	118,361,636,944
		123,359,788,108	86,321,147,461	209,680,935,569

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As at 30 June 2020 - restated	Effective yield/ Interest Rate	Markup/ Interest bearing	Non markup/ Interest bearing	Total
	%	-----	Rupees	-----
FINANCIAL ASSETS				
Maturity up to one year				
Loan to staff	-	-	4,335,906	4,335,906
Trade debts - net	-	-	132,544,713,376	132,544,713,376
Loan, advances and other receivables	-	-	203,132,043	203,132,043
Deposits	-	-	785,250	785,250
Short-term investments	7.14 - 12.75	24,481,865,753	-	24,481,865,753
Bank balances	6 - 7.61	9,543,898,348	-	9,543,898,348
		34,025,764,101	132,752,966,575	166,778,730,676
				-
Maturity after one year:				-
Long-term loan	-	-	4,768,695	4,768,695
		-	4,768,695	4,768,695
		34,025,764,101	132,757,735,270	166,783,499,371
FINANCIAL LIABILITIES				
Maturity up to one year				
Trade and other payables	-	-	13,264,915,639	13,264,915,639
Current portion of long term liability	-	-	794,851,274	794,851,274
Lease liability	4.20	8,722,947,680	-	8,722,947,680
Payable to Government		22,098,287,921	-	22,098,287,921
		30,821,235,601	14,059,766,913	44,881,002,514
Maturity after one year:				
Long term liability	-	-	4,188,263,503	4,188,263,503
Lease liability	4.20	131,867,184,140	-	131,867,184,140
		131,867,184,140	4,188,263,503	136,055,447,643
		162,688,419,741	18,248,030,416	180,936,450,157

	30 June 2021	30 June 2020
	----- (Rupees)	-----
OFF BALANCE SHEET ITEMS		
Capital expenditure commitments	4,745,992,390	6,083,320,227

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41.3 **Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three type of risks; interest rate risk, foreign exchange risk and other price risk.

41.3.1 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 19.1. Further the Group has bank balances in deposit accounts that carry variable interest rates, as mentioned in Note 20.1.

41.3.2 Foreign currency risk

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 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 venture operators. At the date of statement of financial position, the net foreign currency exposure aggregates to USD 98.7 million (2020: USD 73.6 million).

	30 June 2021	30 June 2020
	(USD)	
FINANCIAL ASSETS		
Short term exposure		
Trade debts	**44,717,542**	29,533,278
FINANCIAL LIABILITIES		
Short term exposure		
Due to joint venture operators	**(21,705,853)**	(29,852,011)
Long term liability (carried interest)	**(5,210,297)**	(4,727,037)
Foreign currency payables	**(94,177,111)**	(43,615,029)
	(121,093,261)	(78,194,077)
Long term exposure		
Long term liability (carried interest)	**(22,324,100)**	(24,907,901)
	(143,417,361)	(103,101,978)
Net exposure to foreign currency risk	**(98,699,819)**	(73,568,700)

The following significant exchange rates applied during the year:

	Average rate		Reporting date spot rate	
	2021	2020	2021	2020
	(Rupees)			
	160.3	158.26	157.31	168.15

Foreign currency sensitivity

A 10% strengthening of the functional currency against USD at June 30, 2021 would have increased profit and loss by Rs. 1,553 million (2020: Rs. 1,237 million). A 10% weakening of the functional currency against USD at June 30, 2021 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 30 June 2020.

41.4 Fair values and risk management

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		Fair Value		
	2021	2020	Level 1	Level 2	Level 3
	Rupees		Rupees		
		Restated			
FINANCIAL ASSETS					
Financial assets measured at fair value	-	-	-	-	-
Financial assets not measured at fair value					
Amortized cost					
Short term investment	41,096,758,390	24,481,865,753	-	-	-
Long-term loan	24,279,733	9,104,601	-	-	-
Trade debts- net	192,006,383,177	132,544,713,376	-	-	-
Loan, advances and other receivables	258,825,006	203,132,043	-	-	-
Security deposits	385,250	785,250	-	-	-
Bank balances	11,291,903,940	9,543,898,348	-	-	-
	244,678,535,496	166,783,499,371	-	-	-
FINANCIAL LIABILITIES					
Financial assets not measured at fair value					
Amortized cost					
Long term liability	4,331,436,080	4,983,114,777	-	-	-
Trade and other payables	22,675,646,819	13,264,915,639	-	-	-
Lease liability	123,359,788,108	140,590,131,820	-	-	-
Payable to Government	59,314,064,562	22,098,287,921	-	-	-
	27,007,082,899	18,248,030,416	-	-	-

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.

41.5 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 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.

42 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 financial statements. Transactions of the Group with related parties and balances outstanding at the period end are as follows:

GOVERNMENT HOLDINGS (PRIVATE) LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

	30 June 2021	30 June 2020
	--------------(Rupees)--------------	
		Restated
Major shareholders		
Government of Pakistan (100% share holding)		
Dividend paid	**7,000,000,000**	5,000,000,000
Related parties by virtue of GoP holdings and /or common directorship		
Pak Arab Refinery Company Limited		
Sale of crude oil - net	**4,700,898,577**	3,122,657,636
Trade debts as at 30 June	**1,326,557,297**	395,336,596
Sui Northern Gas Pipelines Limited		
Sale of natural gas - net	**12,843,791,746**	15,881,946,580
Sale of RLNG - net	**216,913,318,412**	150,886,959,567
Trade debts as at 30 June	**115,310,122,289**	58,813,596,654
Sui Southern Gas Company Limited		
Sale of natural gas - net	**25,755,924,583**	31,160,887,323
Trade debts as at 30 June	**66,346,573,420**	66,908,165,576
Enar Petroleum Refining Facility		
Sale of crude oil - net	**55,623,782**	90,826,482
Trade debts as at 30 June	**10,818,208**	10,084,953
Oil and Gas Development Company Limited		
Receivable as at 30 June	**2,665,619,185**	1,438,890,865
Payable as at 30 June	**1,477,343,750**	1,048,025,102
Expenditure charged by joint operation partner	**3,547,350,298**	4,541,090,727
Pakistan Petroleum Limited		
Receivable as at 30 June	**37,514,145**	106,716,677
Payable as at 30 June	**605,625,024**	1,590,973,248
Expenditure charged by joint operation partner	**3,349,157,944**	3,173,598,808

	30 June 2021	30 June 2020
	----------(Rupees)----------	
		Restated
National Bank of Pakistan		
Balance of bank accounts	**1,610,156,845**	1,971,052,204
Balance of Investment (term deposit receipts) as at 30 June	**4,000,000,000**	6,000,000,000
Interest earned during the period	**189,445,315**	554,067,197
Other related parties		
Contribution to gratuity fund (refer note 27.2)	**52,680,258**	53,633,799
Remuneration to key management personnel (refer note 36.3)	**140,060,519**	101,155,263
Contribution to provident fund	**11,738,827**	2,080,345

43 NUMBER OF EMLPOYEES

	2021	2020
Number of employees as at year end	**130**	113
Average number of employees employed during the year	**122**	113

44 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.

45 RESTATEMENT OF COMPARATIVE FINANCIAL INFORMATION

45.1 Correction of prior period errors

During the year ended 30 June 2021, the Group identified matters as explained in note 45.1.1 to 45.1.8 and 45.2.1 which had been incorrectly accounted for in the prior year financial statements.

45.1.1 Provision for decommissioning cost

In the previous years, provision for decommissioning cost has been erroneously measured by discounting the estimated cost of decommissioning to its net present value using a short term discount rate which did not reflect the risks specific to the decommissioning liability and in case of decommissioning cost of wells using the maximum life of the concession rather than the life of the field which reflects the expected outflow of economic resources to settle this obligation as required by IAS 37, Provisions, Contingent Liabilities and Contingent Assets. These errors have now been corrected by discounting the estimated cost of decommissioning, to its net present value at a discount rate that reflects the risks specific to the decommissioning liability and using the life of the field which reflects the expected outflow of economic resources to settle this obligation.

45.1.2 Amortization of development and production assets

In the previous years, the development and production expenditure carried within each field was erroneously 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 and probable reserves, on a field by field basis which did not reflect the accounting policy adopted by the Group of using proved reserves.

45.1.3 Provision for doubtful debts

During the year ended 30 June 2014, the Group recognised a general provision for trade debts outstanding at 30 June 2014, by recognising 100% provision against trade debts outstanding for over one year and 50% provision against trade debts outstanding for over six months. The Group has a policy of reviewing the recoverability of its trade debts that are due directly/ultimately from GoP to assess whether there is any objective evidence of impairment as per requirements of IAS 39 at each reporting date. In the absence of objective evidence of impairment and approved accounting policy, the Group has erroneously recorded provision against doubtful debts during prior years. This error has now been corrected by derecognizing this provision. The derecognition of provision has resulted in an increase in trade debts-net with a corresponding increase in unappropriated profits as at 30 June 2020 and 01 July 2019.

45.1.4 Revenue of Tando Allah Yar (TAY) concession

In the previous years, the Group had erroneously not recognised revenue and related royalty expense from TAY concession relating to the years 2017 to 2020. This error has now been corrected by recording revenue and related royalty for these years in unappropriated profits as at 30 June 2020 and 01 July 2019.

45.1.5 Deferred taxation on unrealised exchange loss

In the previous years, deferred tax asset amount relating to opening unrealised exchange losses had not been recognised by the Group. This error has now been corrected by recognising the correct deferred tax asset on cumulative unrealised exchange losses with a corresponding increase in unappropriated profits of the Company as at 30 June 2020 and 01 July 2019.

45.1.6 Share of net assets in joint venture

In prior years, post-acquisition change in ISGS's share of the TAPI Pipeline Company Limited (TPCL)'s net assets was erroneously accounted for based on separate financial statements of TPCL as required by the accounting and reporting standards as applicable in Pakistan. This error has now been corrected in these financial statements to account for post-acquisition change in Company's share of the TPCL's net assets based on combined financial statements of TPCL.

45.1.7 Recognition of deferred tax asset under IAS 12 on minimum tax paid under section 113 of Income Tax Ordinance, 2001

In the previous years, PLL paid excess of minimum tax over corporate tax liability amounting to Rs. 379 million, Rs. 1,735 million and Rs. 1,161 million for the financial year ended 30 June 2018, 30 June 2019 and 30 June 2020 respectively. Clause (c) of sub-section (2) of section 113 of the Ordinance states that the excess amount of tax paid over corporate tax liability shall be carried forward and adjusted against tax liability for five tax years immediately succeeding the tax year for which the amount was paid. Paragraph 3.1 of TR-27 published by ICAP states that "In case in a particular year, current tax liability is calculated under provisions of Section 113 due to taxable loss the effect of temporary differences should be calculated and deferred tax liability/ asset should be recognized". The Group did not recognize deferred tax on minimum tax over corporate tax liability in any of preceding financial year. The error has now been corrected by recording deferred tax and related deferred tax income in accumulated profit and loss and profit or loss account for the financial year 2019 and 2020 respectively.

45.1.8 Lease liability and right-of-use asset

The lease liability was initially measured by PLL at the present value of the lease payments by using LIBOR as incremental borrowing rate. However, during the year it was note that LIBOR does not reflect the credit risk of the Group. Accordingly, the incremental borrowing rate has been changed from LIBOR to LIBOR+2% by the Group to reflect the rate at which external financiers would lend to the Group for the type of asset leased. This error has been corrected by restating comparative financial information.

As required under IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, the correction of the errors described in 45.1.1 to 45.1.8 above has been accounted for retrospectively and the comparative information of prior periods has been restated as disclosed in note 45.3 to these financial statements.

45.2 Corresponding figures

45.2.1 Reclassifications

The following reclassifications have been made in these consolidated financial statements:

- interest accrued on term deposit receipts has been reclassified to short term investments
- interest accrued on bank deposits has been reclassified to cash and bank balances
- interest received has been reclassified from cash flow from operating activities to cash flow from investing activities
- GST recoverable from Tax Authorities has been reclassified from Trade debts to recoverable from tax authorities
- Gratuity payable has been reclassified from deferred employee benefits to trade and other payables

These reclassifications have been applied retrospectively and the comparative information of prior periods has been reclassified as disclosed in note 45.3 to these consolidated financial statements.

RESTATEMENT OF COMPARATIVE FINANCIAL INFORMATION- CONTINUED

45.3 The following tables present the impacts of restatements as explained in note 45.1.1 - 45.1.8 and 45.2.1 above:

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	As previously reported	Adjustments for:									Restated/ Reclassified
		Provision for decommissioning cost (Note 45.1.1)	Amortisation cost (Note 45.1.2)	Provision for doubtful debts (Note 45.1.3)	Revenue (Note 45.1.4)	Deferred tax asset (Note 45.1.5)	Share of net assets in joint venture (Note 45.1.6)	Deferred tax asset on minimum tax paid (Note 45.1.7)	Leases (Note 45.1.8)	Reclassification (Note 45.2.1)	
	---(Rupees)---										
NON CURRENT ASSETS											
Property, plant and equipment	30,980,369,376	(383,591,912)	-	-	-	-	-	-	-	-	30,596,777,464
Right of use Asset	151,665,993,228	-	-	-	-	-	-	-	(17,898,104,167)	-	133,767,889,061
Development and production assets	19,718,032,030	(788,557,281)	(2,542,118,551)	-	-	-	-	-	-	-	16,387,356,198
Investment in Joint Venture	1,084,090,522	-	-	-	-	-	(48,055,910)	-	-	-	1,036,034,612
CURRENT ASSETS											
Trade debts - net	129,185,481,819	-	-	4,604,647,534	1,191,160,722	-	-	-	-	(2,436,576,699)	132,544,713,376
Recoverable from tax authorities	-	-	-	-	-	-	-	-	-	2,436,576,699	2,436,576,699
Interest accrued	591,352,025	-	-	-	-	-	-	-	-	(591,352,025)	-
Short term investments	24,000,000,000	-	-	-	-	-	-	-	-	481,865,753	24,481,865,753
Cash and bank balances	9,434,891,467	-	-	-	-	-	-	-	-	109,486,272	9,544,377,739
NON CURRENT LIABILITIES											
Provision for decommissioning cost	9,078,006,417	(814,041,873)	-	-	-	-	-	-	-	-	8,263,964,544
Deferred taxation	4,335,440,466	(468,859,677)	(1,016,847,420)	1,841,859,014	-	(1,316,662,113)	-	(3,276,737,681)	(130,031,158)	-	(31,838,569)
Lease Liability	146,949,150,079	-	-	-	-	-	-	-	(15,081,965,939)	-	131,867,184,140
Deferred employee benefits	147,896,567	-	-	-	-	-	-	-	-	(63,836,931)	84,059,636
CURRENT LIABILITIES											
Trade and other payables	19,132,949,494	-	-	-	-	-	-	-	-	63,836,931	19,196,786,425
Lease liability - current portion	11,090,702,603	-	-	-	-	-	-	-	(2,367,754,923)	-	8,722,947,680
Provision for taxation	3,668,774,787	-	-	-	404,994,645	-	-	-	-	-	4,073,769,432
SHARE CAPITAL AND RESERVES											
Unappropriated profit	80,036,836,193	110,752,357	(1,525,271,131)	2,762,788,520	786,166,077	1,316,662,113	(38,178,403)	3,276,737,681	(318,352,147)	-	86,408,141,260
Foreign currency translation reserve	212,012,438	-	-	-	-	-	(9,797,923)	-	-	-	202,214,515
Non controlling Interest	1,454,314	-	-	-	-	-	(79,584)	-	-	-	1,374,730

	As previously reported	Adjustments for: Provision for decommissioning cost (Note 45.1.1)	Amortisation cost (Note 45.1.2)	Provision for doubtful debts (Note 45.1.3)	Revenue (Note 45.1.4)	Deferred tax asset (Note 45.1.5)	Share of net assets in joint venture (Note 45.1.6)	Deferred tax asset on minimum tax paid (Note 45.1.7)	Leases (Note 45.1.8)	Reclassification (Note 45.2.1)	Restated/ Reclassified
	-(Rupees)-										
CONSOLIDATED STATEMENT OF FINANCIAL POSITION											
As at 30 June 2019											
NON CURRENT ASSETS											
Property, plant and equipment	30,881,788,137	(510,318,861)	-	-	-	-	-	-	-	-	30,371,469,276
Development and production assets	19,363,950,890	(1,048,731,706)	(2,049,889,922)	-	-	-	-	-	-	-	16,265,329,262
Investment in Joint Venture	645,681,699	-	-	-	-	-	(24,047,410)	-	-	-	621,634,289
CURRENT ASSETS											
Trade debts - net	113,350,621,774	-	-	4,604,647,534	837,930,183	-	-	-	-	(616,015,802)	118,177,183,689
Recoverable from tax authorities	-	-	-	-	-	-	-	-	-	616,015,802	616,015,802
Interest accrued	296,055,603	-	-	-	-	-	-	-	-	(296,055,603)	-
Short term investments	18,260,000,000	-	-	-	-	-	-	-	-	109,504,106	18,369,504,106
Cash and bank balances	10,789,846,261	-	-	-	-	-	-	-	-	186,551,497	10,976,397,758
NON CURRENT LIABILITIES											
Provision for decommissioning cost	7,148,060,428	(1,449,827,934)	-	-	-	-	-	-	-	-	5,698,232,494
Deferred taxation	8,260,233,573	(623,620,227)	(819,955,969)	1,841,859,014	-	(958,349,773)	-	(2,115,404,126)	-	-	5,584,762,492
Deferred employee benefits	142,159,092	-	-	-	-	-	-	-	-	(64,129,702)	78,029,390
CURRENT LIABILITIES											
Provision for taxation	2,982,716,566	-	-	-	284,896,262	-	-	-	-	-	3,267,612,828
Trade and other payables	38,354,158,191	-	-	-	-	-	-	-	-	64,129,702	38,418,287,893
SHARE CAPITAL AND RESERVES											
Unappropriated profit	55,277,317,333	514,397,594	(1,229,933,953)	2,762,788,520	553,033,921	958,349,773	(20,063,217)	2,115,404,126	-	-	60,931,294,097
Foreign currency translation reserve	186,170,001	-	-	-	-	-	(3,944,369)	-	-	-	182,225,632
Non controlling interest	1,614,335	-	-	-	-	-	(39,824)	-	-	-	1,574,511
CONSOLIDATED STATEMENT OF PROFIT OR LOSS											
For the year ended 30 June 2020											
Sales - Net	222,407,082,964	-	-	-	403,692,045	-	-	-	-	-	222,810,775,009
Royalty and other levies	(8,058,827,908)	-	-	-	(50,461,506)	-	-	-	-	-	(8,109,289,414)
Operating expenses	(158,564,256,364)	23,254,123	(492,228,629)	-	-	-	-	-	1,413,141,212	-	(157,620,089,658)
Share of loss from associate - net of taxation	(1,803,982)	-	-	-	-	-	(18,145,237)	-	-	-	(19,949,219)
Other expenses	(6,204,553,042)	31,490,806	-	-	-	-	-	-	473,063,311	-	(5,699,998,925)
Finance cost	(3,952,235,923)	(303,629,616)	-	-	-	-	-	-	(2,334,587,828)	-	(6,590,453,367)
Taxation	(18,675,984,893)	(154,760,550)	196,891,452	-	(120,098,383)	358,312,340	-	1,161,333,555	130,031,158	-	(17,104,275,321)
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME											
For the year ended 30 June 2020											
Foreign currency translation reserve	25,885,305	-	-	-	-	-	(5,863,264)	-	-	-	20,022,041

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2020

	As previously reported	Adjustments for:									Restated/ Reclassified
		Provision for decommissioning cost (Note 45.1.1)	Amortisation cost (Note 45.1.2)	Provision for doubtful debts (Note 45.1.3)	Revenue (Note 45.1.4)	Deferred tax asset (Note 45.1.5)	Share of net assets in joint venture (Note 45.1.6)	Deferred tax asset on minimum tax paid (Note 45.1.7)	Leases (Note 45.1.8)	Reclassification (Note 45.2.1)	
	-(Rupees)-										
CASH FLOWS FROM OPERATING ACTIVITIES											
Profit before taxation	48,454,499,836	(248,884,687)	(492,228,629)	-	353,230,539	-	(18,145,237)	-	(448,383,305)	-	47,600,088,517
Interest received	4,013,040,803	-	-	-	-	-	-	-	-	(4,013,040,803)	-
Adjustments for:											
Amortization of development and production assets	3,024,966,936	-	492,228,629	-	-	-	-	-	-	-	3,517,195,565
Depreciation on right of use assets	12,133,279,458	-	-	-	-	-	-	-	(1,431,848,333)		10,701,431,125
Reversal due to change in decommissioning cost estimates	-	(23,254,123)	-	-	-	-	-	-	-	-	(23,254,123)
Unwinding of discount	259,715,451	303,629,616	-	-	-	-	-	-	-	-	563,345,067
Unrealised exchange (gain) / loss	4,276,872,517	(31,490,806)	-	-	-	-	-	-	(473,063,311)	-	3,772,318,400
Interest expense on lease liability	3,408,763,996	-	-	-	-	-	-	-	2,334,587,828	-	5,743,351,824
Share of loss from Joint Venture - net of taxation	1,803,982	-	-	-	-	-	18,145,237	-	-	-	19,949,219
Changes in working capital											
Trade debts - net	(16,086,477,907)	-	-	-	(353,230,539)	-	-	-	-	1,820,560,897	(14,619,147,549)
Recoverable from tax authorities	-									(1,820,560,897)	(1,820,560,897)
CASH FLOWS FROM FINANCING ACTIVITIES											
Lease rentals paid	(13,670,553,890)	-	-	-	-	-	-	-	18,707,121	-	(13,651,846,769)
CASH FLOWS FROM INVESTING ACTIVITIES											
Interest received	-	-	-	-	-	-	-	-	-	3,842,309,829	3,842,309,829
NET INCREASE IN CASH AND CASH EQUIVALENTS	4,385,045,206	-	-	-	-	-	-	-	-	(170,730,975)	4,214,314,231
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	23,048,846,261	-	-	-	-	-	-	-	-	297,055,603	23,345,901,864
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	27,434,891,467	-	-	-	-	-	-	-	-	125,324,628	27,560,216,095

46 IMPACT OF COVID-19 ON THE FINANCIAL STATEMENTS

During the year ended 30 June 2021, second and third wave/ resurgence of Coronavirus (Covid-19) was encountered across the Country. Management's focus and efforts continued for coping up with the changing scenario at all levels. The Group's operations financial position and results have not been affected by Covid-19 during the year.

Based on management's assessment there is no material impact on the carrying values of assets and liabilities as of 30 June 2021. From the very outset of Covid-19, the management has adopted various policies and practices to minimize adverse impact of Covid-19 on the business and is continuously monitoring the situation in order to proactively address any challenges which may arise from Covid-19.

47 NON ADJUSTING EVENT AFTER REPORTING DATE

47.1 Subsequent to the year end, a Consortium comprising of the holding Company, Mari Petroleum Company Limited (MPCL), Oil and Gas Development Company Limited (OGDCL) and Pakistan Petroleum Limited (PPL) (Operator) has been awarded Offshore Block 5 in Abu Dhabi's second competitive exploration block bid round. Offshore Block 5 covers an area of 6,223 square kilometers and is located 100 kilometers north-east of Abu Dhabi city. The consortium companies have established an independent company Pakistan International Oil Limited (PIOL) at Abu Dhabi Global Market 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 31 August, 2021. The minimum commitment of the consortium under the concession documents is USD 304.7 million during the exploration phase. In pursuance of this commitment holding Company has invested Rs. 4,205 million (USD 25 million) in PIOL.

As part of the arrangement, each of the Consortium companies have also provided, joint and several, parent Company guarantees to ADNOC and Supreme Council For Financial and Economic Affairs, Abu Dhabi, UAE to guarantee the obligations of PIOL.

47.2 Subsequent to the year end, 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, PPL and 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. Pursuant to the Decision, each SOE was also directed to pay USD 187.5 million (collectively USD 562.5 million) 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, for the arrangement of GOB contribution of USD 337.5 million, the GOP through the Company has arranged a short-term finance facility of Rs. 65 billion from the National Bank of Pakistan against GOP guarantee and which will be settled through budgetary allocation.

On the basis of the Decision, the holding Company decided to enter into a non-binding framework agreement with the GoP, the GoB, PPL, OGDCL and Barrick, which sets out, inter alia, the ownership/transaction structure, rights, obligations and common objectives of the parties towards facilitating the implementation of the Project (Framework Agreement). In terms of the Framework Agreement, several conditions are required to be satisfied before binding arrangements are effective including receipt of administrative and regulatory approvals, execution of definitive agreements, deposit of USD 900 million in a designated escrow account, stabilization of the fiscal regime and legislative and judicial validation amongst others. If the conditions are not satisfied by June 30, 2022, interest at the rate of US Prime plus 2% (Interest Amount) would be payable to Antofagasta. If the conditions are not satisfied latest by December 15, 2022, the terms of settlement/resolution will be cancelled and terminated and the entry fee along with the Interest Amount will be refunded to the respective SOEs/GoP. Only upon satisfaction of the stated conditions in the Framework Agreement, the entry fee along with the Interest Amount, if any, will be released to Antofagasta against acquisition of corresponding equity interest by the SOEs and GoB, thereby settling the historical disputes relating to Reko Diq project.

Subsequent to the Decision and based on written advice from the Finance Division dated March 29, 2022 and approval of the board of directors, the holding Company has deposited its corresponding share of the entry fee amounting to USD 187.5 million in an escrow account maintained by the Hongkong Shanghai Banking Corporation, and jointly operated by the GoP and Antofagasta. Further, the holding Company has agreed to fund its corresponding share of the Interest Amount as and when accrued and payable. The amount of USD 187.5 million represents a deposit with the GoP on account of contribution made by the holding Company, on behalf of the GoP, for the settlement of the Reko Diq dispute.

48 GENERAL

48.1 Capacity and Production

Product	Unit	Production for the year 2021	2020
Gas	MMSCF	82,099	85,932
Oil	Barrels	2,785,326	2,832,706
LPG	Metric ton	68,931	66,283

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

	Capacity In MMSCFD	Production In MMSCFD
Regasified liquefied natural gas		
2021	750	466
2020	750	302

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

49 DATE OF AUTHORIZATION OF ISSUE

These financial statements have been authorized for issue by the Board of Directors of the Group in its meeting held on June 29, 2023

Chief Executive Officer

Director