Annexure-II
Ref: CS-04-08 (PSX/LSE/SECP)
September 23, 2024

OIL AND GAS DEVELOPMENT COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2024

	Note	2024	2023
		(Rupees '000)	
SHARE CAPITAL AND RESERVES			
Share capital	4	43,009,284	43,009,284
Reserves	5	38,321,066	38,112,050
Unappropriated profit		1,169,165,868	1,001,776,543
		1,250,496,218	1,082,897,877
NON CURRENT LIABILITIES			
Deferred taxation	6	70,513,508	87,644,041
Deferred employee benefits	7	42,787,838	36,910,439
Provision for decommissioning cost	8	59,600,474	55,648,929
		172,901,820	180,203,409
CURRENT LIABILITIES			
Trade and other payables	9	139,527,262	123,306,181
Unpaid dividend	10	41,125,052	37,452,267
Unclaimed dividend		203,788	205,560
		180,856,102	160,964,008
TOTAL LIABILITIES		353,757,922	341,167,417
		1,604,254,140	1,424,065,294
CONTINGENCIES AND COMMITMENTS	11		

	Note	2024	2023
		(Rupees '000)	
NON CURRENT ASSETS			
Property, plant and equipment	12	86,837,819	85,815,832
Development and production assets	13	120,435,679	122,581,188
Exploration and evaluation assets	14	19,299,078	6,122,217
		226,572,576	214,519,237
Long term investments	15	199,530,767	118,679,120
Long term loans- secured	16	10,229,161	9,654,397
Long term prepayments		2,230,708	1,063,357
Lease receivables	17	105,201,693	121,031,547
		543,764,905	464,947,658
CURRENT ASSETS			
Stores, spare parts and loose tools	18	23,175,901	22,049,369
Stock in trade		1,263,052	1,349,347
Trade debts	19	635,016,335	576,968,545
Loans and advances	20	17,283,158	16,678,552
Deposits and short term prepayments	21	1,882,569	1,494,549
Other receivables	22	1,488,350	871,634
Income tax- advance	23	54,019,658	33,315,033
Current portion of long term investments	15.5	17,091,021	155,694,636
Current portion of lease receivables	17	50,268,663	37,625,777
Other financial assets	24	117,970,327	87,304,487
Cash and bank balances	25	141,030,201	25,765,707
		1,060,489,235	959,117,636
		1,604,254,140	1,424,065,294

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

Chief Financial Officer **Chief Executive** **Director**

OIL AND GAS DEVELOPMENT COMPANY LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2024

	Note	2024	2023
		-----------(Rupees '000)-----------	
Profit for the year		208,975,771	224,617,797
Other comprehensive (loss) /income			
Items that will not be reclassified to profit or loss:			
Remeasurement (loss) /gain on employee retirement benefit plans		(5,168,784)	6,986,812
Current tax credit /(charge) related to remeasurement gain /(loss) on employee retirement benefit plans		3,089,382	(4,203,965)
Share of remeasurement gain on defined benefit plans of the associates - net of taxation		6,172	14,512
		(2,073,230)	2,797,359
Items that will be subsequently reclassified to profit or loss:			
Effects of translation of investment in a foreign associate	15.3	(232,492)	1,465,748
Share of effect of translation of investment in foreign associated company of the associates		(1,008,492)	14,322,113
		(1,240,984)	15,787,861
Other comprehensive (loss) /income for the year		(3,314,214)	18,585,220
Total comprehensive income for the year		205,661,557	243,203,017

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

Chief Financial Officer **Chief Executive** **Director**

OIL AND GAS DEVELOPMENT COMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2024

	Share capital	Reserves					Unappropriated profit	Total equity
		Capital reserves				Other reserves		
		Capital reserve	Self insurance reserve	Share of capital redemption reserve fund in associated company	Share of self insurance reserve in associated company	Foreign translation currency reserve		
	(Rupees '000)							
Balance as at 1 July 2022	43,009,284	836,000	16,400,000	2,118,000	920,000	600,189	811,509,093	875,392,566
Total comprehensive income for the year								
Profit for the year	-	-	-	-	-	-	224,617,797	224,617,797
Other comprehensive income for the year	-	-	-	-	-	15,787,861	2,797,359	18,585,220
Total comprehensive income for the year	-	-	-	-	-	15,787,861	227,415,156	243,203,017
Transfer to self insurance reserve	-	-	1,450,804	-	-	-	(1,450,804)	-
Charge to self insurance reserve	-	-	(804)	-	-	-	804	-
Transactions with owners of the Company								
Distributions								
Final dividend 2022: Rs 2.50 per share	-	-	-	-	-	-	(10,752,321)	(10,752,321)
First interim dividend 2023: Rs 1.75 per share	-	-	-	-	-	-	(7,526,625)	(7,526,625)
Second interim dividend 2023: Rs 2.25 per share	-	-	-	-	-	-	(9,677,089)	(9,677,089)
Third interim dividend 2023: Rs 1.80 per share	-	-	-	-	-	-	(7,741,671)	(7,741,671)
Total distributions to owners of the Company	-	-	-	-	-	-	(35,697,706)	(35,697,706)
Balance as at 30 June 2023	43,009,284	836,000	17,850,000	2,118,000	920,000	16,388,050	1,001,776,543	1,082,897,877
Balance as at 1 July 2023	43,009,284	836,000	17,850,000	2,118,000	920,000	16,388,050	1,001,776,543	1,082,897,877
Total comprehensive income for the year								
Profit for the year	-	-	-	-	-	-	208,975,771	208,975,771
Other comprehensive loss for the year	-	-	-	-	-	(1,240,984)	(2,073,230)	(3,314,214)
Total comprehensive income for the year	-	-	-	-	-	(1,240,984)	206,902,541	205,661,557
Transfer to self insurance reserve	-	-	1,452,189	-	-	-	(1,452,189)	-
Charge to self insurance reserve	-	-	(2,189)	-	-	-	2,189	-
Transactions with owners of the Company								
Distributions								
Final dividend 2023: Rs 2.75 per share	-	-	-	-	-	-	(11,827,553)	(11,827,553)
First interim dividend 2024: Rs 1.60 per share	-	-	-	-	-	-	(6,881,485)	(6,881,485)
Second interim dividend 2024: Rs 2.50 per share	-	-	-	-	-	-	(10,752,321)	(10,752,321)
Third interim dividend 2024: Rs 2.00 per share	-	-	-	-	-	-	(8,601,857)	(8,601,857)
Total distributions to owners of the Company	-	-	-	-	-	-	(38,063,216)	(38,063,216)
Balance as at 30 June 2024	43,009,284	836,000	19,300,000	2,118,000	920,000	15,147,066	1,169,165,868	1,250,496,218

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

Chief Financial Officer **Chief Executive** **Director**

OIL AND GAS DEVELOPMENT COMPANY LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2024

	Note	2024	2023
		-------------(Rupees '000)------------	
Cash flows from operating activities			
Profit before taxation		293,787,094	383,772,763
Adjustments for:			
Depreciation		10,497,044	10,026,924
Amortization of development and production assets	27	24,241,911	19,616,009
Impairment of development and production assets	27	-	4,975,263
Delayed payments surcharge from customers	28	(7,400,664)	(3,371,001)
Gain on modification of finance lease	28	-	(75,475,889)
Fair value loss on PIBs	28	487,136	1,093,819
Loss on modification in terms of TFCs	28	23,108,330	-
Royalty		54,278,860	48,394,430
Workers' profit participation fund		15,462,479	20,198,567
Provision for employee benefits		11,068,261	8,699,787
Reversal of provision for decommissioning cost	27	-	(36,960)
Unwinding of discount on provision for decommissioning cost	31	7,133,841	4,708,300
Reversal due to change in decommissioning cost estimates	27	(831,107)	(121,366)
Interest income on investments and bank deposits	28	(42,980,349)	(27,386,004)
Interest income on lease	28	(21,047,426)	(8,058,535)
Un-realized (gain) /loss on investments at fair value through profit or loss	28	(157,457)	65,244
Exchange loss /(gain) on lease		3,569,258	(16,597,521)
Exchange loss /(gain) on foreign currency investment and deposit accounts		3,538,759	(24,896,562)
Dividend income from NIT units	28	(23,156)	(11,078)
Gain on disposal of property, plant and equipment	28	(51,095)	(114,330)
Provision for slow moving, obsolete and in transit stores	27	1,639,650	1,603,099
Share of profit (net) in associates- net of taxation		(13,186,479)	(10,543,257)
Stores inventory written off	27	5,520	7,834
Reversal of trade debts provision	27	(3,250)	(2,750)
		363,137,160	336,546,786
Changes in:			
Stores, spare parts and loose tools		(2,771,702)	(3,702,087)
Stock in trade		86,295	(788,668)
Trade debts		(64,782,241)	(135,499,862)
Deposits and short term prepayments		(388,020)	(286,881)
Loan and advances and other receivables		(1,596,333)	205,647
Trade and other payables		19,907,033	6,301,372
Cash generated from operations		313,592,192	202,776,307
Royalty paid		(59,979,340)	(38,347,963)
Employee benefits paid		(7,913,883)	(7,513,681)
Long term prepayments		(1,167,351)	(154,748)
Decommissioning cost paid	8	(12,032)	(224,656)
Payment to workers' profit participation fund-net		(20,198,567)	(12,237,966)
Income taxes paid	23	(119,557,099)	(116,480,131)
		(208,828,272)	(174,959,145)
Net cash generated from operating activities		104,763,920	27,817,162
Cash flows from investing activities			
Capital expenditure		(45,036,420)	(13,180,791)
Interest received		38,814,954	20,795,903
Lease payments received	17	11,065,039	4,973,555
Dividends received		4,150,630	4,006,260
Repayment of TFCs		82,000,000	-
Investment in associated companies		(12,115,449)	(4,492,161)
Proceeds from disposal of property, plant and equipment	12.5	61,165	131,895
Net cash generated from investing activities		78,939,919	12,234,661
Cash flows from financing activities			
Dividends paid		(34,392,203)	(31,983,963)
Net cash used in financing activities		(34,392,203)	(31,983,963)
Net increase in cash and cash equivalents		149,311,636	8,067,860
Cash and cash equivalents at beginning of the year		112,840,364	79,875,942
Effect of movements in exchange rate on cash and cash equivalents		(3,538,759)	24,896,562
Cash and cash equivalents at end of the year	37	258,613,241	112,840,364

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

Chief Financial Officer **Chief Executive** **Director**

1 LEGAL STATUS AND OPERATIONS

Oil and Gas Development Company Limited (OGDCL), 'the Company', was incorporated on 23 October 1997 under the Companies Ordinance, 1984 (now the Companies Act, 2017). The Company was established to undertake exploration and development of oil and gas resources, including production and sale of oil and gas and related activities formerly carried on by Oil and Gas Development Corporation, which was established in 1961. The registered office of the Company is located at OGDCL House, Plot No. 3, F-6/G-6, Blue Area, Islamabad, Pakistan. The shares of the Company are quoted on Pakistan Stock Exchange Limited. The Global Depository Shares (1GDS = 10 ordinary shares of the Company) of the Company are listed on the London Stock Exchange.

Geographical location of all other business units of the Company have been disclosed in note 44.

2 BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards as 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.

During the year, on 07 June 2024, the Company incorporated Pakistan Energy Development (Private) Limited, a wholly owned subsidiary. These financial statements are the separate financial statements of the Company. The consolidated financial statements of the Company for the year ended 30 June 2024 have not been prepared pursuant to the specific exemption obtained from the Securities and Exchange Commission of Pakistan vide its letter reference no. SMD/PRDD/Comp/(118)/2023/85 dated 03 September 2024.

2.2 BASIS OF MEASUREMENT

The financial statements have been prepared under the historical cost convention, except as otherwise stated in the respective notes of accounting policies below.

2.3 FUNCTIONAL AND PRESENTATION CURRENCY

The financial statements are presented in Pakistan Rupee (PKR/ Rupees/ Rs) which is the Company’s functional currency.

2.4 ACCOUNTING ESTIMATES

The preparation of the financial statements in conformity with the approved accounting and reporting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgment about carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which estimates are revised if the revision affects only that year, or in the year of the revision and any future year 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 the financial statements:

2.4.1 Property, plant and equipment- note 3.3 and 12

The Company reviews the useful lives and residual values of property, plant and equipment on the reporting date. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.

2.4.2 Exploration and evaluation expenditure- note 3.5.2 and 14

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 in profit or loss.

2.4.3 Estimation of oil and natural gas reserves for amortization of development and production assets- note 3.5.3 and 13

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. Oil and gas reserves are estimated by an independent expert with 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. The reserve estimates are subject to revision, either upward or downward, based on new information, such as from development drilling and production activities or from changes in economic factors, including product prices, contract terms or development plans. Changes in estimates of reserves, affects the amount of amortization recorded in the financial statements for development and production assets.

During the year, the Company revised its estimates of reserves based on report from independent consultant hired for this purpose. The change has been accounted for prospectively, in accordance with the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'. The impacts of change on the current year are given below. It is impracticable to estimate the effect of this change in accounting estimates on future periods.

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

	Rupees in million
Amortization charge would have been higher by	384
Development and production assets would have been lower by	384
Deferred tax liability and deferred tax expense would have been lower by	162
Total comprehensive income for the year would have been lower by	203

2.4.4 Impairment of non financial assets including development and production assets and related property, plant and equipment- note 3.6, 12 and 13

Development and production activities commence after project sanctioning by the appropriate level of management. Judgment is applied by the management in determining when a project is economically viable. In exercising this judgment, management is required to make certain estimates and assumptions similar to those described above for capitalized exploration and evaluation expenditure. Any such estimates and assumptions may change as new information becomes available. If, after having commenced development activity, a judgment is made that a development and production asset is impaired, the appropriate amount is written off in profit or loss.

The Company assesses 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 significant 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.

2.4.5 Provision for decommissioning cost- note 3.5.4 and 8

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

2.4.6 Employee benefits- note 3.1, 7, 9.3 and 22.1

Defined benefit plans are provided for entitled regular/contractual employees of the Company. The employees pension and gratuity plans are structured as separate legal entities managed by trustees. The Company recognizes deferred liability for post retirement medical benefits and accumulating compensated absences. These calculations require assumptions to be made of future outcomes, the principal ones being in respect of increases in future remuneration and pension benefit levels, medical benefit rate 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.

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

2.4.7 Taxation- note 3.2, 6, 23 and 32

There are transactions and calculations related to tax for which the ultimate tax outcome is uncertain as these matters are being contested at various legal forums. In determining tax provision, the Company takes into account the current income tax laws and decisions taken by appellate authorities. The current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. Instances where the Company's view differs from the view taken by the income tax department at the assessment stage and the Company considers that its view on items of material nature is in accordance with law, the amounts are disclosed as contingent liabilities unless the possibility of 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.

2.4.8 Stores, spare parts and loose tools - note 3.8, and 18

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

2.4.9 Measurement of the expected credit loss allowance- note 3.14.4 and 36

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.

2.4.10 Provision against financial assets not subject to ECL model- note 3.14.4 and 36

As referred in note 2.5.3, the Securities and Exchange Commission of Pakistan (SECP) has deferred applicability of ECL model in respect of financial assets due directly /ultimately from Government of Pakistan (GoP) till 31 December 2024. Accordingly, the Company reviews the recoverability of its trade debts, lease receivables and investments that are due directly /ultimately from the 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, gas supply and power 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 the Company's debts. Inter-corporate circular debt in Pakistan arises due to delayed payments in the energy sector supply chain; the 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 (Guarantee) Limited (CPPA-G), a government owned entity, is sole power purchaser for the Country on behalf of Electricity Distribution Companies (DISCOs) and K-Electric and the circular debt is a shortfall of payments primarily at the CPPA-G level, 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 the 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, enforceable contractual rights to receive compensation for delayed payments and plans of the GoP to settle the issue of inter- corporate circular debt.

The Company has enforceable contractual right and is entitled to charge interest if payments from customers are delayed beyond credit terms, however considering the uncertainties relating to recoverability of interest, the Company recognizes interest, if any, on delayed payments from customers, on investments and lease arrangements when the interest on delayed payments is received by the Company.

2.4.11 Leases- note 3.4 and 17

The Company assesses whether a contract is or contains a lease at inception of the contract. This assessment involves the exercise of judgment to determine if the control of an identified asset has been passed between the parties. Control exists if substantially all of the economic benefits from the use of the asset are transferred to the lessee and the lessee has the ability to direct its use for a period of time. Further, the Company assesses the lease term as the non-cancellable lease term in line with lease contract together with the period for which the Company has extension options if it is reasonably certain to be exercised and the periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. For contracts that contain a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. Further, the judgement is made whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset to classify the lease as a finance or operating lease.

In case of modification of finance lease, the Company assess whether the modification results in a separate lease or not. For a modification that is not accounted for as a separate lease, it is reassessed whether the lease would have been classified as an operating lease had the modification been in effect at the inception, which requires judgement. In case the lease is continued to be classified as a finance lease, the Company in case of significant modification, derecognize the existing lease receivable and recognize a new lease receivable and the resulting difference is taken to profit or loss. The recognition of new lease receivable includes judgements regarding estimates of future contractual cashflows and discount rate.

2.4.12 Investment in associates- note 3.7 and 15

The Company uses the equity method of accounting for the entities over which it has significant influence. Initial accounting in respect of acquisition under the applicable financial reporting framework involves identifying and determining the fair values to be assigned to the investee's identifiable assets and liabilities, including goodwill or bargain purchase gain, if any. Classification of the investment as an associate requires the management making significant judgement with respect to the relevant activities of the investee entities. Purchase price allocation also involved significant estimation/ judgement in respect of determining fair values of identifiable assets and liabilities including goodwill or bargain purchase gain.

2.4.13 Derecognition of financial assets- note 3.14.3 and 15.5.3

In case of the renegotiation or modification of the contractual cashflows of a financial asset, the Company assesses whether it is a significant modification which will lead to the derecognition of the existing financial asset in accordance with the requirements of IFRS 9 'Financial Instruments'. When the renegotiation or modification of a financial asset results in the derecognition of the existing financial asset and the subsequent recognition of the renegotiated or modified financial asset, the renegotiated or modified financial asset is considered a new financial asset recognized at fair value and the resulting difference between the carrying amount of the existing financial asset and the renegotiated or modified financial asset is taken to profit or loss. The recognition of the renegotiated or modified financial assets at fair value mainly includes estimate of the discount rate.

2.5 NEW AND AMENDED STANDARDS AND INTERPRETATIONS

2.5.1 There are certain amendments to the accounting and reporting standards which became applicable to the Company on 1 July 2023. However, these amendments do not have any significant impact on the Company's financial statements except as disclosed in note 3 to the financial statements.

2.5.2 The following standards, interpretations and amendments as notified under Companies Act, 2017 are effective for accounting periods beginning from the dates specified below and have not been early adopted by the Company:

- 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 01 January 2024). 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's expectation and discretion at the reporting date to refinance or to reschedule payments on a long-term basis are no longer relevant for the classification of a liability as current or non-current. An entity shall apply those amendments retrospectively in accordance with IAS 8. The Company is currently assessing the impact on its financial statements.

- Amendment to IAS 1 ‘Presentation of Financial Statements’ - Non-current Liabilities with Covenants (effective for annual reporting periods beginning on or after 01 January 2024). This amendment aims to improve the information an entity provides when its right to defer settlement of a liability for at least twelve months is subject to compliance with conditions. The amendment is also intended to address concerns about classifying such a liability as current or non-current. Only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability’s classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date. The amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments are not likely to have an impact on the Company's financial statements.

- Amendments to IAS 7 ‘Statement of Cash Flows’ and IFRS 7 ‘Financial Instruments: Disclosures’ - Supplier Finance Arrangements (effective for annual reporting periods beginning on or after 01 January 2024). These amendments introduce two new disclosure objectives for a company to provide information about its supplier finance arrangements that would enable users (investors) to assess the effects of these arrangements on the company’s liabilities and cash flows, and the company’s exposure to liquidity risk. Under the amendments, companies also need to disclose the type and effect of non-cash changes in the carrying amounts of the financial liabilities that are part of a supplier finance arrangement. The amendments also add supplier finance arrangements as an example to the existing disclosure requirements in IFRS 7 on factors a company might consider when providing specific quantitative liquidity risk disclosures about its financial liabilities. The amendments are not likely to have an impact on the Company's financial statements.

- Amendment in IAS 21 ‘The Effects of Changes in Foreign Exchange Rates’, - lack of exchangeability (effective for annual reporting periods beginning on or after January 1, 2025). This amendment clarify that a currency is exchangeable when an entity is able to exchange that currency for the other currency through markets or exchange mechanisms that create enforceable rights and obligations without undue delay at the measurement date and for a specified purpose; a currency is not exchangeable into the other currency if an entity can only obtain an insignificant amount of the other currency. The amendment is not likely to have an impact on the Company's financial statements.

- Amendment to IFRS 7 ‘Financial Instruments: Disclosures’ and IFRS 9 ‘Financial Instruments’ - Classification and Measurement of Financial Instruments (effective for annual reporting periods beginning on or after January 1, 2026 with early adoption available). These amendments clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system; clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion; add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI). The amendments are not likely to have an impact on the Company's financial statements.

- Amendments to IFRS 16 ‘Leases’ - Lease Liability in a Sale and Leaseback (effective for annual periods beginning on or after 01 January 2024). The amendments adds subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements to be accounted for as a sale. The amendment confirms that on initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction. After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognizes no gain or loss relating to the right of use it retains. A seller-lessee may adopt different approaches that satisfy the new requirements on subsequent measurement. Under IAS 8, a seller-lessee will need to apply the amendments retrospectively to sale-and-leaseback transactions entered into or after the date of initial application of IFRS 16 and will need to identify and re-examine sale-and-leaseback transactions entered into since implementation of IFRS 16 in 2019, and potentially restate those that included variable lease payments. If an entity (a seller-lessee) applies the amendments arising from Lease Liability in a Sale and Leaseback for an earlier period, the entity shall disclose that fact. The amendments are not likely to have an impact on the Company's financial statements.

- IFRS 17 ‘Insurance Contracts’ establishes the principles for the recognition, measurement, presentation and disclosure of Insurance contracts within the scope of the Standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity’s financial position, financial performance and cash flows. SECP vide its SRO 1715(I)/2023 dated November 21, 2023 has directed that IFRS 17 shall be followed for the period commencing January 1, 2026 by companies engaged in insurance / takaful and re-insurance / re-takaful business. The amendment is not likely to have an impact on the Company's financial statements.

2.5.3 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. SECP through S.R.O 1177(I)/2021 dated 13 September 2021 extended the exemption period till 30 June 2022 and through S.R.O 67(1)/2023 dated 20 January 2023 further extended the exemption till financial year ending on or before 31 December 2024. Subsequently, the Company vide its letter dated 12 July 2024 has requested SECP that deferment /exemption from application of ECL method under IFRS 9 in respect of financial assets due directly or ultimately from GoP may kindly be extended till such date the circular debt issue is resolved. Response from SECP is still awaited. 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 the GoP in coming years may result in subsequent reversals of impairment losses recognized in 2019. Further, SECP vide letter No. EMD/IACC/9/2009-174 dated 05 September 2019 has clarified to the Company that financial assets due from the GoP include those that are directly due from the GoP and that are ultimately due from the GoP in consequence of the circular debt. In accordance with the exemption granted by SECP, ECL has not been assessed/ recognized in respect of financial assets due directly/ ultimately from the GoP which includes trade debts and lease receivables amounting to Rs 633,627 million (2023: Rs 575,731 million) and Rs 155,470 million (2023: Rs 158,657 million) respectively on account of inter-corporate circular debts and investment in Term Finance Certificates (TFCs) outstanding from Power Holding Limited (PHL) amounting to Rs 69,609 million (2023: Rs 155,207 million).

2.5.4 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 Securities and Exchange Commission of Pakistan (SECP) as at 30 June 2024:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 18 – Presentation and Disclosure in Financial Statements
- IFRS 19 – Subsidiaries without Public Accountability: Disclosures

2.5.5 The following interpretations/ IFRS issued by IASB have been waived off by SECP:

- IFRIC 12 – Service Concession Arrangements
- IFRS 2 – Share based payment in respect of Benazir Employees' Stock Option Scheme.

3 MATERIAL ACCOUNTING POLICY INFORMATION

The Company adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statements 2 'Making Materiality Judgements') from 01 July 2023. Although amendments did not result in any changes to the accounting policies themselves, they impact the accounting policy information disclosed in the financial statements.

The amendments require disclosure of 'material', rather than 'significant' accounting policies. The amendments also provide the guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful entity specific accounting policy information that users need to understand other information in the financial statements.

The material accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.1 EMPLOYEE BENEFITS

Salaries, wages and benefits are accrued in the period in which the associated services are rendered by entitled employees of the Company. The accounting policy for pension, gratuity, post retirement medical benefits and accumulating compensated absences is described below:

3.1.1 Pension, gratuity, post retirement medical benefits and accumulating compensated absences

The Company operates an approved funded pension scheme under an independent trust for its permanent employees regularized before 1 January 2016, as a defined benefit plan. The employees regularized from 1 January 2016 and onwards are entitled to gratuity, a defined benefit plan and provident benefit, a defined contributory plan instead of pension benefit. In contributory provident fund, the Company shall match the contribution by employees upto one basic salary annually. The contractual employees of the Company are also entitled to gratuity. The Company has also created a separate fund under an independent trust for its gratuity scheme.

The Company also provides post retirement medical benefits to its permanent employees who were in service prior to 28 April 2004 and their families as a defined benefit plan.

The Company also has a policy whereby its regular /contractual officers and regular staff are eligible to encash accumulated leave balance at the time of retirement in case of officers and at the time of retirement or during the service in case of regular staff.

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 benefit obligations are calculated annually by an independent actuary using the Project Unit Credit (PUC) method. The latest actuarial valuations were carried out as of 30 June 2024.

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 and 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.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are credited or charged in other comprehensive income in the year in which they arise.

Past service costs are recognized immediately in profit or loss.

3.2 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.

3.2.1 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 the GoP for payments on account of royalty and any adjustment to tax payable in respect of previous years.

3.2.2 Deferred tax

Deferred tax is accounted for using the balance sheet liability method in respect of all 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 tax has been calculated at the tax rate of 42.09% (2023: 41.62%) after taking into account depletion allowance and set offs, where available, in respect of royalty payment to the GoP. The tax rate is reviewed annually.

3.2.3 Offsetting

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

3.3 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses, if any, except for freehold land and capital work in progress, which are stated at cost less impairment loss, if any. Cost in relation to property, plant and equipment comprises acquisition and other directly attributable costs and decommissioning cost as referred in the note 3.5.4 to the financial statements. The cost of self constructed assets includes the cost of materials, direct labour and any other costs directly attributable to bringing the assets to working condition for their intended use. Software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

Depreciation is provided on straight line method at rates specified in note 12 to the financial statements so as to write off the cost of property, plant and equipment over their estimated useful life. The Company starts charging depreciation on additions to property, plant and equipment when it is available for intended use till the date of disposal of property, plant and equipment.

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. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within “other income” in the statement of profit or loss.

Capital work in progress is stated at cost less accumulated impairment losses, if any, and is transferred to the respective item of property, plant and equipment when available for intended use.

3.4 LEASES

The Company assesses whether a contract is or contains a lease at the inception of the contract and whether the contract conveys the right to control the use of an underlying asset for a period of time in exchange for consideration.

As a Lessor

As a lessor, the Company determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset to the lessee.

Finance lease

Leases where the Company transfers substantially all of the risks and rewards incidental to the ownership of an asset to the lessee are classified as finance leases.

The Company derecognizes the underlying asset and recognizes a receivable at an amount equal to the net investment in a finance lease. Net investment in a finance lease is measured at an amount equal to the sum of the present value of lease payments from lessee including any unguaranteed residual value of the underlying asset. Initial direct costs are also included in the initial measurement of the net investment. Variable lease payments that depend on an index are included in the measurement of net investment in lease based on the index at the inception of the lease and impacts of subsequent changes in index are recognized annually in profit or loss.

The difference between the gross receivable and the present value of the receivable is recognized as unearned finance income. Lease income is recognized over the term of the lease using the net investment method so as to reflect a constant periodic rate of return.

The Company considers the reassessment of lease classification if there is a lease modification. Changes in estimates, or changes in circumstances, do not give rise to a new classification of a lease. The Company accounts for a modification to a finance lease as a separate lease if both:

a) the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

b) the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a modification to a finance lease that is not accounted for as a separate lease, the Company accounts for the modification as follows:

a) if the lease would have been classified as an operating lease had the modification been in effect at the inception date, the Company accounts for the lease modification as a new lease from the effective date of the modification, and measures the carrying amount of the underlying asset as the net investment in the lease immediately before the effective date of the lease modification.

b) if the modification does not result in derecognition of the lease receivable, the Company recalculates the gross carrying amount of the lease receivable at the date of modification based on modified contractual terms and recognizes a corresponding gain or loss in profit or loss. However, if the modification results in derecognition of lease receivable, a new lease receivable is recognized based on discounted contractual cashflows and the resulting gain/ loss is recognized in profit or loss.

Operating lease

The Company classifies a lease as an operating lease if the lease does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee. The Company recognizes lease payments received under operating lease as lease income on a straight-line basis over the lease term.

If an arrangement contains lease and non-lease components, the Company allocates the consideration in the contract to the lease and non-lease components based on the stand-alone selling prices in accordance with the principles in IFRS 15.

The Company accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

3.5 OIL AND GAS ASSETS

The Company applies the “Successful Efforts” method of accounting for Exploration and Evaluation (E&E) costs.

3.5.1 Pre-license costs

Costs incurred prior to having obtained the legal rights to explore an area are charged directly to profit or loss as they are incurred.

3.5.2 Exploration and evaluation assets

Under the successful efforts method of accounting, all property acquisitions, exploratory/evaluation drilling costs are initially capitalized as intangible E&E assets in well, field or specific exploration cost centres as appropriate, pending determination.

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.

Tangible assets used in E&E activities, include the Company’s vehicles, drilling rigs, seismic equipment and other property, plant and equipment used by the Company’s exploration function and are classified as property, plant and equipment. However, to the extent that such a tangible asset is consumed in developing an intangible E&E asset, the amount reflecting that consumption is recorded as part of the cost of the intangible asset. Such intangible costs include directly attributable overheads, including the depreciation of property, plant and equipment utilized in E&E activities, together with the cost of other materials consumed during the exploration and evaluation phases.

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.

3.5.3 Development and production assets

Development and production assets are accumulated on a field by field basis and represent 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 intangible E&E assets as outlined in note 3.5.2 above. The cost of development and production assets also includes the cost of acquisition of such assets, directly attributable overheads, 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 developed 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.

3.5.4 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 recognized on construction or installation. The amount recognized is the estimated cost of decommissioning, discounted to its net present value and the expected outflow of economic resources to settle this obligation is up to next forty six (46) years. 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.

Decommissioning cost, as appropriate, relating to producing or shut-in fields /fields in development 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 and property, plant and equipment. 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.

3.6 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 CGU applied for impairment test purpose is generally field by field basis, except that a number of fields may be grouped as a single cash generating unit where the cash flows of each field are inter-dependent.

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. The impairment loss is allocated to the assets in CGU on a prorata basis.

Where conditions giving rise to impairment subsequently reverse, the effect of the impairment charge is also reversed as a credit in 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.

3.7 INVESTMENTS IN ASSOCIATES

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

The results, assets and liabilities of the associate have been incorporated in the financial statements using the equity method of accounting. Under the equity method, investments in associates are initially recognized at cost adjusted thereafter to recognize the Company's share of the post-acquisition profits or losses of the associate in profit or loss and the Company's share of movements in other comprehensive income of the associate in other comprehensive income. Dividends received or receivable from the associate is recognized as a reduction in the carrying amount of the investment. Losses of an associate in excess of Company's interest in that associate are recognized only to the extent that the Company has incurred legal or constructive obligation or made payment on behalf of the associate.

On acquisition of the investment, any difference between the cost of the investment and the associate’s share of the net fair value of the investee’s identifiable assets and liabilities is accounted for as follows:

a) Goodwill relating to an associate is included in the carrying amount of the investment.
b) Any excess of the associate’s share of the net fair value of the investee’s identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity’s share of the associate profit or loss in the period in which the investment is acquired.

Where objective evidence of impairment of investment in associate is identified, then the carrying amount of equity-accounted investment is tested for impairment in accordance with the policy described in note 3.6.

3.8 STORES, SPARE PARTS AND LOOSE TOOLS

Stores, spare parts and loose tools are valued at the lower of cost and net realizable value less allowance for slow moving, obsolete and in transit items. Cost is determined on the moving average basis and comprises cost of purchases and other costs incurred in bringing the inventories to their present location and condition. 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.

Materials in transit are stated at cost comprising invoice value and other charges paid thereon.

3.9 INTANGIBLES

An intangible asset is recognized if it is probable that future economic benefits that are attributable to the asset will flow to the Company and that the cost of such asset can also be measured reliably. Intangible assets having definite useful life are stated at cost less accumulated amortization and impairment, if any, and are amortized based on the pattern in which the assets' economic benefits are consumed. Intangible assets which have indefinite useful life are not amortized and tested for impairment annually.

3.10 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. 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, relevant decision of Economic Coordination Committee (ECC) of the Cabinet or relevant Petroleum Concession Agreements. Prices of liquefied petroleum gas are approved by the appropriate authority within the Company. 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 are subject to interest under the contracts signed with customers and accordingly this delay does not result in a significant financing component.

The Company collects signature bonus/ contract renewal fee from its customers of liquefied petroleum gas at the time of signing of contracts against the allocation of fixed quantities to be supplied over the contract term. Accordingly, performance obligation in case of signature bonus/ contract renewal fee is satisfied over time and the Company recognizes signature bonus/ contract renewal fee over the term of contract.

3.11 FINANCE INCOME AND EXPENSE

Finance income comprises interest income on funds invested, delayed payments from customers, on investments and lease arrangements, dividend income, exchange gain, gain or loss on disposal of property, plant & equipment, stores, spare parts & loose tools and changes in the fair value of financial assets at fair value through profit or loss. Interest income on financial assets at amortized cost is calculated using the effective interest method and is recognized in statement of profit or loss. Interest income is calculated by applying the effective interest rate to gross carrying amount of a financial asset except for financial assets that subsequently become credit impaired. For credit impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial assets. Dividend income is recognized when the right to receive the payment is established. Foreign currency gains and losses are reported on a net basis.

The Company has contractual right and is entitled to charge interest if payments from customers are delayed beyond credit terms, however, considering the uncertainties relating to recoverability of interest, the Company recognizes interest, if any, on delayed payments from customers, on investments and lease arrangements when the interest on delayed payments is received by the Company.

Finance cost comprises interest expense on borrowings (if any), unwinding of the discount on provisions 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.

3.12 JOINT OPERATIONS

Investments in joint arrangements are classified as either joint operations or joint ventures depending on contractual rights and obligations of the parties to the arrangement.

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 joint operations /jointly controlled assets ('joint operations'). The Company accounts for its share of the joint operations' assets, liabilities and operating expenses on the basis of latest available audited statements of expenditures of the joint operations and where applicable, the cost statements received from the operator, for the intervening period up to the statement of financial position date. The difference, if any, between the cost statements and audited statements of expenditures is accounted for in the next accounting year.

3.13 FOREIGN CURRENCIES

3.13.1 Foreign currency transactions and translations

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

3.13.2 Foreign operations

The assets and liabilities of foreign operations are translated into rupees at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the date of the transactions. The resulting exchange differences arising on translation are recognized in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is reclassified to profit or loss.

Any goodwill /bargain purchase arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the exchange rate prevailing at the reporting date.

3.14 FINANCIAL INSTRUMENTS – INITIAL RECOGNITION AND SUBSEQUENT MEASUREMENT

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

3.14.1 FINANCIAL ASSETS

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are ‘solely payments of principal and interest (SPPI)’ on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

3.14.2 SUBSEQUENT MEASUREMENT

For the purposes of subsequent measurement, financial assets are classified in following categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortized cost (debt instruments)

The Company measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective 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 at amortized cost are subsequently measured using the Effective Interest Rate (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired. The Company's financial assets at amortized cost are mentioned in note 36.4.

Financial assets at fair value through OCI (debt instruments)

The Company measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; 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.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation, and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on the financial assets are never recycled to profit or loss. Dividends are recognized as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment. The Company has not designated any financial asset in this category.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss 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. The Company's financial assets at fair value through profit or loss are mentioned in note 36.4.

3.14.3 DERECOGNITION

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Company’s statement of financial position) when:

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

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

The financial asset is also derecognized when there is significant modification in the terms of the financial asset. When the renegotiation or modification of a financial asset results in the derecognition of the existing financial asset and the subsequent recognition of the renegotiated or modified financial asset, the renegotiated or modified financial asset is considered a new financial asset recognized at fair value and the resulting difference between the carrying amount of the existing financial asset and the renegotiated or modified financial asset is taken to profit or loss.

3.14.4 IMPAIRMENT OF FINANCIAL ASSETS

The Company recognizes loss allowance for ECL on financial assets measured at amortized cost except for financial assets due directly/ ultimately from the GoP which includes certain trade debts, lease receivables and investment in TFCs issued by PHL in respect of which applicability of ECL model is deferred by SECP as explained in note 2.5.3. For trade debts other than trade debts on which ECL model is not applicable as per aforesaid notification of SECP, the Company applies IFRS 9 simplified approach to measure the ECL (loss allowance) which uses a life time expected allowance. The Company uses General 3-stage approach for loans and advances, deposits, long term loans, long term investments other than TFCs on which ECL model is not applicable as per aforesaid notification of SECP, 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 at 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 the GoP, on which ECL model is not applicable as per the notification of SECP in note 2.5.3, the financial asset is assessed under IAS 39 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.

3.14.5 FINANCIAL LIABILITIES

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, and financial liabilities at amortized cost, as appropriate. All financial liabilities are recognized initially at fair value and, in the case of financial liabilities at amortized cost, net of directly attributable transaction costs.

3.14.6 SUBSEQUENT MEASUREMENT

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at amortized cost

After initial recognition, interest-bearing financial liabilities are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance cost in the statement of profit or loss. The Company's financial liabilities carried at amortized cost are mentioned in note 36.4.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Gains or losses on liabilities held for trading are recognized in the statement of profit or loss. The Company has not designated any financial liability as at fair value through profit or loss.

3.14.7 DERECOGNITION

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

3.14.8 OFFSETTING OF FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

3.15 PROVISIONS AND CONTINGENT LIABILITIES

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

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

3.16 CASH AND CASH EQUIVALENTS

Cash and cash equivalents for the purpose of cash flow statement comprise cash in hand and at bank and includes 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.

3.17 OPERATING SEGMENTS

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

3.18 TRADE AND OTHER PAYABLES

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

4 SHARE CAPITAL

Authorized share capital

2024	2023		2024	2023
------(Number of shares)---------			------------(Rupees '000)-----------	
5,000,000,000	5,000,000,000	Ordinary shares of Rs 10 each	50,000,000	50,000,000

Issued, subscribed and paid up capital

2024	2023		2024	2023
1,075,232,100	1,075,232,100	Ordinary shares of Rs 10 each issued for consideration other than cash (note 4.1)	10,752,321	10,752,321
3,225,696,300	3,225,696,300	Ordinary shares of Rs 10 each issued as fully paid bonus shares	32,256,963	32,256,963
4,300,928,400	4,300,928,400		43,009,284	43,009,284

4.1 In consideration for all the properties, rights, assets, obligations and liabilities of Oil and Gas Development Corporation vested in the Company, 1,075,232,100 ordinary fully paid shares of Rs 10 each were issued to the Government of Pakistan (GoP) on 23 October 1997. Currently, the GoP holds 74.97% (2023: 74.97%) paid up capital of the Company. Pursuant to the decision of the Supreme Court of Pakistan as explained in note 10, the shares currently held by OGDCL Employees' Empowerment Trust (OEET) 10.05% (2023: 10.05%) will be transferred back to the GoP and accordingly, the GoP holding will be increased. During the year, the Pakistan Sovereign Wealth Fund Act, 2023 became effective. Under the said Act, the GoP's shareholding in the Company including shares held by OEET stands transferred to the Pakistan Sovereign Wealth Fund (PSWF). Accordingly, the GoP is in the process of taking necessary actions required to record the transfer of the shares to PSWF.

5 RESERVES

	Note	2024	2023
		------------(Rupees '000)------------	
Capital reserves:			
Capital reserve	5.1	836,000	836,000
Self insurance reserve	5.2	19,300,000	17,850,000
Capital redemption reserve fund- associate	5.3	2,118,000	2,118,000
Self insurance reserve- associate	5.4	920,000	920,000
		23,174,000	21,724,000
Other reserves:			
Foreign currency translation reserve	5.5	1,729,048	1,961,540
Foreign currency translation reserve- associates (net)	5.6	13,418,018	14,426,510
		15,147,066	16,388,050
		38,321,066	38,112,050

5.1 This represents bonus shares issued by former wholly owned subsidiary- Pirkoh Gas Company (Private) Limited (PGCL) prior to merger. Accordingly, this reserve is not available for distribution to shareholders.

5.2 The Company has set aside a specific capital reserve for self insurance of rigs, buildings, wells, plants, pipelines, workmen compensation, inventory, terrorism, vehicle repair and losses for petroleum products in transit. Refer note 15.5.1 for investments against this reserve. Accordingly, this reserve is not available for distribution to shareholders.

5.3 This represents reserve created by an associate for redemption of redeemable preference shares in the form of cash to the preference shareholders.

5.4 This represents a specific capital reserve set aside by an associate for self insurance of its assets which have not been insured, for uninsured risks and for deductibles against insurance claims.

5.5 This represents accumulated balance of translation effect of a foreign operation in Rupees as per the Company's accounting policy.

5.6 This represents accumulated balance of a translation effect of foreign operations in Rupees of associates.

		Note	2024	2023
			------------(Rupees '000)------------	
6	**DEFERRED TAXATION**			
	The balance of deferred tax is in respect of following temporary differences:			
	Accelerated depreciation on property, plant and equipment		11,211,853	11,824,893
	Expenditure of prospecting, exploration and evaluation, and development and production assets		(7,249,421)	(8,080,741)
	Loss on TFC's and PIBs		(9,628,821)	-
	Provision for decommissioning cost		1,028,607	4,520,453
	Lease receivables		49,486,180	54,815,281
	Long term investment in associates		11,256,610	8,423,872
	Provision for doubtful debts, claims and advances		(152,959)	(110,939)
	Provision for slow moving, obsolete and in transit stores		(2,876,367)	(2,161,769)
	Unrealised exchange gain- net		17,437,826	18,412,991
			70,513,508	87,644,041
6.1	**Movement during the year**			
	Opening deferred tax liability		87,644,041	39,364,380
	(Reversal) /charge for the year in respect of:			
	Accelerated depreciation on property, plant and equipment		(613,040)	1,255,500
	Expenditure of prospecting, exploration and evaluation and development and production assets		831,320	(5,313,736)
	Loss on TFC's and PIBs		(9,628,821)	-
	Provision for decommissioning cost		(3,491,846)	2,049,728
	Lease receivables		(5,329,101)	37,651,081
	Long term investment in associates		2,832,738	3,455,676
	Provision for doubtful debts, claims and advances		(42,020)	(4,533)
	Provision for slow moving, obsolete and in transit stores		(714,598)	(888,408)
	Unrealised exchange gain - net		(975,165)	10,074,353
			70,513,508	87,644,041
7	**DEFERRED EMPLOYEE BENEFITS**			
	Post retirement medical benefits	7.1	33,573,889	28,071,009
	Accumulating compensated absences	7.2	9,213,949	8,839,430
			42,787,838	36,910,439
7.1	**Post retirement medical benefits**			
	Movement in the present value of defined benefit obligation is as follows:			
	Present value of defined benefit obligation at beginning of the year		28,071,009	24,899,650
	Current service cost		181,192	157,616
	Interest cost		4,465,117	3,243,911
	Benefits paid		(1,186,726)	(834,601)
	Remeasurement loss recognized in other comprehensive income		2,043,297	604,433
	Present value of defined benefit obligation at end of the year		33,573,889	28,071,009
	Movement in liability recognized in the statement of financial position is as follows:			
	Opening liability		28,071,009	24,899,650
	Expense for the year		4,646,309	3,401,527
	Benefits paid		(1,186,726)	(834,601)
	Remeasurement loss recognized in other comprehensive income		2,043,297	604,433
	Closing liability		33,573,889	28,071,009
	Expense recognized is as follows:			
	Current service cost		181,192	157,616
	Interest cost		4,465,117	3,243,911
			4,646,309	3,401,527
	The remeasurement (gain) /loss arising from:			
	Financial assumptions		(81,783)	360,361
	Experience adjustments		2,125,080	244,072
			2,043,297	604,433

	Note	2024	2023
		------------(Rupees '000)------------	
The expense is recognized in the following:			
Operating expenses	27	2,636,265	1,872,099
General and administration expenses	30	716,892	452,259
Technical services	34	1,293,152	1,077,169
		4,646,309	3,401,527

	2024	2023
Significant actuarial assumptions used were as follows:		
Discount rate per annum	14.75%	16.25%
Medical inflation rate per annum	14.75%	16.25%
Mortality rate	Adjusted SLIC 2001-2005	
Withdrawal rate	Low	Low
Weighted average duration of the obligation	9.31 years	9.07 years

The calculation of the defined benefit obligation is sensitive to assumptions set out above. The Company faces longevity, discount rate fluctuation and withdrawal risk on account of medical benefits as explained in note 9.3. The following table summarizes how the impact on the defined benefit obligation at the end of the reporting period would have increased/ (decreased) as a result of change in respective assumptions:

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
		------------(Rupees '000)------------	
Discount	1%	(4,046,646)	4,975,805
Medical indexation	1%	4,316,850	(3,630,934)
Withdrawal	10%	106	(113)

	1 year set back	1 year set forward
	------------(Rupees '000)------------	
Mortality	1,505,413	(1,354,094)

The expected post retirement medical expense for the next financial year is Rs 4,935 million (2023: 4,743 million).

7.2 Accumulating compensated absences

	2024	2023
	------------(Rupees '000)------------	
Present value of defined benefit obligation at beginning of the year	8,839,430	8,139,410
Charge for the year- net	4,049,306	4,439,887
Payments made during the year	(3,674,787)	(3,739,867)
Present value of defined benefit obligation at end of the year	9,213,949	8,839,430

The discount rate of 14.75% (2023: 16.25%) per annum and salary increase rate of 14.75% (2023: 16.25%) per annum were assumed. The mortality rate, withdrawal rate and weighted average duration of the obligation is assumed same as disclosed in note 7.1 above. The Company faces longevity, discount rate fluctuation, withdrawal and salary increase risk on account of compensated absences plan as explained in note 9.3.

	Note	2024	2023
		------------(Rupees '000)------------	
The expense is recognized in the following:			
Operating expenses	27	2,460,484	2,664,107
General and administration expenses	30	470,269	491,801
Technical services	34	1,118,553	1,283,979
		4,049,306	4,439,887

The calculation of the defined benefit obligation is sensitive to assumptions. The following table summarizes how the impact on the defined benefit obligation at the end of the reporting period would have increased/ (decreased) as a result of change in respective assumptions:

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
		------------(Rupees '000)------------	
Discount	1%	(248,420)	275,347
Salary increase	1%	95,301	(109,222)
Withdrawal	10%	2,015	(2,019)

	1 year set back	1 year set forward
	------------(Rupees '000)------------	
Mortality	(5,559)	5,545

The expected accumulating compensated expense for the next financial year is Rs 1,840 million (2023: 2,003 million).

8 PROVISION FOR DECOMMISSIONING COST

	Note	2024	2023
		------------(Rupees '000)------------	
Balance at beginning of the year		55,648,929	43,121,524
Provision during the year		1,006,871	487,999
Decommissioning cost incurred during the year		(12,032)	(224,656)
Reversal of provision for decommissioning cost		-	(36,960)
		56,643,768	43,347,907
Revision due to change in estimates		(4,177,135)	7,592,722
Unwinding of discount on provision for decommissioning cost	31	7,133,841	4,708,300
Balance at end of the year		59,600,474	55,648,929

	2024	2023
Significant financial assumptions used were as follows:		
Discount rate per annum	13.97% ~ 16.50%	15.28% ~ 19.47%
Inflation rate per annum	12.70%	13.17%

9 TRADE AND OTHER PAYABLES

	Note	2024	2023
		------------(Rupees '000)------------	
Creditors		1,596,539	1,615,576
Accrued liabilities		30,128,954	17,894,851
Payable to partners of joint operations	9.1	12,435,678	9,712,871
Retention money payable		5,486,135	7,989,139
Royalty payable to the Government of Pakistan		33,587,390	39,287,870
Excise duty payable		177,717	187,617
General sales tax payable		2,742,210	2,631,123
Petroleum levy payable		213,936	174,075
Withholding tax payable		352,505	336,089
Trade deposits	9.2	276,471	164,227
Workers' profit participation fund- net		15,462,479	20,198,567
Employees' pension trust	9.3	12,787,989	6,005,907
Gratuity fund	22.1	-	31,466
Advances from customers- unsecured		6,834,758	6,730,026
Other payables	9.4	17,444,501	10,346,777
		139,527,262	123,306,181

9.1 This includes payable to related parties amounting to Rs 5,494 million (2023: Rs 5,573 million) as per relevant Petroleum Concession Agreement (PCA).

9.2 The amount is utilisable for the purpose of the Company's business.

	2024	2023
	------------(Rupees '000)------------	

9.3 Employees' pension trust

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

	2024	2023
Present value of defined benefit obligation	128,264,533	112,549,841
Fair value of plan assets	(115,476,544)	(106,543,934)
Liability at end of the year	12,787,989	6,005,907

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

	2024	2023
Present value of defined benefit obligation at beginning of the year	112,549,841	113,977,851
Current service cost	2,577,741	2,775,729
Interest cost	17,363,564	14,443,524
Benefits paid	(11,394,279)	(9,940,242)
Past service cost	2,899,532	-
Remeasurement loss /(gain) recognized in other comprehensive income	4,268,134	(8,707,021)
Present value of defined benefit obligation at end of the year	128,264,533	112,549,841

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

	2024	2023
Fair value of plan assets at beginning of the year	106,543,934	101,816,780
Expected return on plan assets	16,611,042	13,014,370
Contributions	2,750,000	2,750,000
Benefits paid	(11,394,279)	(9,940,242)
Remeasurement gain /(loss) recognized in other comprehensive income	965,847	(1,096,974)
Fair value of plan assets at end of the year	115,476,544	106,543,934

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

	2024	2023
Opening liability	6,005,907	12,161,071
Expense for the year	6,229,795	4,204,883
Remeasurement loss /(gain) recognized in other comprehensive income	3,302,287	(7,610,047)
Payments to the fund during the year	(2,750,000)	(2,750,000)
Closing liability	12,787,989	6,005,907

Expense recognized is as follows:

	2024	2023
Current service cost	2,577,741	2,775,729
Net interest cost	752,522	1,429,154
Past service cost	2,899,532	-
	6,229,795	4,204,883

Remeasurement loss /(gain) recognized in other comprehensive income is as follows:

	2024	2023
Remeasurement loss /(gain) on defined benefit obligation	4,268,134	(8,707,021)
Remeasurement (gain) /loss on plan assets	(965,847)	1,096,974
	3,302,287	(7,610,047)

The remeasurement loss /(gain) arising from:

	2024	2023
Financial assumptions	3,148,200	(8,827,275)
Experience adjustments	154,087	1,217,228
	3,302,287	(7,610,047)

Plan assets comprise of:

	2024			2023		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
	---------------------(Rupees '000)---------------------					
Pakistan Investment Bonds	-	10,288,798	10,288,798	-	-	-
Treasury -Bills	-	29,132,524	29,132,524	-	-	-
Regular income certificates	-	-	-	-	73,954,245	73,954,245
Mutual funds	13,454,227	-	13,454,227	1,410,177	-	1,410,177
Term deposit receipts	-	61,563,415	61,563,415	-	28,396,815	28,396,815
Cash and bank balances	-	1,037,580	1,037,580	-	2,782,696	2,782,696
	13,454,227	102,022,317	115,476,544	1,410,177	105,133,756	106,543,933

Quoted plan assets comprise of 11.65% (2023: 1.32%) of total plan assets.

Funds covered were invested within limits specified by regulations governing investment of approved retirement funds in Pakistan. The funds have no investment in the Company's own securities.

The pension plan is a defined benefit final salary plan invested through approved trust fund. The fund is governed under Trusts Act. 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 which are appointed by the Company are responsible for plan administration and investment. All trustees are employees of the Company.

The Company faces the following risks on account of defined benefit plan:

Investment Risks- The risk arises when the actual performance of the investments is lower than expectation and thus creating a shortfall in the funding objectives. The risk is mitigated by closely monitoring the performance of investment. The investment in mutual funds is subject to adverse fluctuation as a result of change in prices.

Longevity Risks- The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

Salary Increase Risk- The risk arises when the actual increases are higher than expectation and impacts the liability accordingly.

Withdrawal Risk- The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.

Discount rate fluctuation- The plan liabilities are calculated using a discount rate set with reference to market yield on government bonds. A decrease in discount rate will increase the plan liabilities. However, this will be partially offset by an increase in the value of asset plan bond holdings in case of funded plans.

	Note	2024	2023
		------------(Rupees '000)------------	
The expense is recognized in the following:			
Operating expenses	27	3,456,582	2,282,068
General and administration expenses	30	1,141,057	779,151
Technical services	34	1,632,156	1,143,664
		6,229,795	4,204,883
Actual return on plan assets		17,576,889	11,917,396

	2024	2023
Significant actuarial assumptions used were as follows:		
Discount rate per annum	14.75%	16.25%
Salary increase rate per annum	14.75%	16.25%
Expected rate of return on plan assets per annum	14.75%	16.25%
Pension indexation rate per annum	10.00%	11.50%
Mortality rate	Adjusted SLIC 2001-2005	
Withdrawal rate	Low	Low
Weighted average duration of the obligation	9.31 years	9.07 years

The calculation of the defined benefit obligation is sensitive to assumptions set out above. The following table summarizes how the impact on the defined benefit obligation at the end of the reporting period would have increased/ (decreased) as a result of a change in respective assumptions:

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
	---------------------(Rupees '000)---------------------		
Discount	1%	(10,180,932)	11,968,739
Salary increase	1%	114,517	(128,711)
Pension indexation	1%	9,304,747	(8,050,856)
Withdrawal	10%	1,970	(1,977)

	1 year set back	1 year set forward
	------------(Rupees '000)------------	
Mortality	(24,772)	26,108

The Company expects to make a contribution of Rs 17,275 million (2023: Rs 9,560 million) to the employees' pension trust during the next financial year and the expected expense for the next year amounts to Rs 4,488 million (2023: Rs 3,554 million).

9.4 This includes an amount of Rs 15,263 million (2023: Rs 8,419 million) received from customers on account of additional revenue due to enhanced gas price incentive as explained in note 26.1. This also includes an amount of Rs 1,484 million (2023: 1,484 million) representing the interest earned by OGDCL Employees' Empowerment Trust (OEET) on dividends previously paid by the Company to OEET which has been transferred by OEET to the Company during the year ended 30 June 2022. For details, refer note 10.

9.5 Gas Infrastructure Development Cess (GIDC) amounting to Rs 2,255 million (2023: Rs 2,255 million) is recoverable from customers and payable to the GoP. These financial statements do not reflect the said amount since under the provisions of the GIDC laws and regulations, the Company is required to pay the said amount as and when the same is collected from customers. The GIDC is presented as payable to the extent that it is received from customers but not deposited with the GoP. As at year end, no such amount was received which was not deposited with the GoP. On 13 August 2020, the Supreme Court of Pakistan has decided the matter of GIDC by restraining from charging GIDC from 01 August 2020 onward and ordered gas consumers to pay GIDC arrears due upto 31 July 2020 in instalments. The fertilizer companies have obtained stay against recovery from the Sindh High Court, where the matter is subjudice.

10 UNPAID DIVIDEND

This includes an amount of Rs 40,871 million (2023: Rs 37,046 million) related to shares held by the OGDCL Employees' Empowerment Trust (OEET) under the Benazir Employees' Stock Option Scheme (BESOS). The Privatization Commission of Pakistan (PCP) communicated to the Company in 2018 that BESOS was under adjudication before the Honorable Supreme Court of Pakistan, with instructions to maintain the status quo until the Court's final decision.

In 2022, the Honorable Supreme Court of Pakistan declared the BESOS scheme ultra vires, rendering all benefits arising from the scheme illegal. Following this ruling, the Ministry of Energy, GoP, instructed the transfer of accrued amounts. Accordingly, OEET transferred Rs 2,316 million representing dividends previously received from OGDCL and Rs 1,484 million representing interest earned thereon for onward settlement with the GoP. The Finance Division directed the Company vide letter no F.No.8(6)AO-CF/2021-22 dated 09 May 2022 to deposit the remaining balance into the Federal Consolidated Fund.

Based on latest communications of the Company with the Finance Division, GoP, the unpaid dividend amount of Rs 20,000 million has been paid in cash to GoP on 11 September 2024, and the remaining amount will be paid during the year ending 30 June 2025.

11 CONTINGENCIES AND COMMITMENTS

11.1 Contingencies

11.1.1 Claims against the Company not acknowledged as debts amounted to Rs 161 million at year end (2023: Rs 212 million).

11.1.2 During the year ended 30 June 2024, DCIR issued show cause notices dated 02 February 2024 and 05 March 2024 for the tax period 2018-19 and 2020-21 respectively, wherein the DCIR alleged that the Company has claimed inadmissible input tax of Rs 2,010 million and 3,186 million for the tax year 2018-19 and 2020-21 respectively. On scrutiny of the Company's response, the DCIR reduced the impugned demand to Rs 774 million and 775 million vide orders dated 29 July 2024 and 28 August 2024 respectively. Being aggrieved, the Company has filed writ petitions before the Honourable Islamabad High Court (IHC) against the decision of DCIR, which are currently pending. Management believes that the Company has rightfully claimed input tax in its returns.

11.1.3 On 17 December 2018, Attock Refinery Limited (ARL) filed a writ petition against the Company before Islamabad High Court and has disputed and withheld amounts invoiced to it prior to the signing of sales agreement i.e. 13 March 2018 on account of adjustment of premium or discount as announced by Saudi Aramco for deliveries to Asian customers /destinations under the sales agreement. The amount withheld and disputed by ARL amounts to Rs 1,292 million (2023: Rs 1,292 million). Further, ARL has also contested and claimed the amounts already paid in this respect during the period 2007 to 2012 amounting to Rs 562 million (2023: Rs 562 million). The Company believes that the debit notes /invoices have been raised in accordance with the sale agreements signed with the GoP and no provision is required in this respect.

11 CONTINGENCIES AND COMMITMENTS- continued

11.1.4 Oil and Gas Regulatory Authority (OGRA) vide its decision dated 22 June 2018 decided that LPG producers, in public or private sector, cannot charge signature bonus in compliance with LPG Policy 2016. The Company has challenged this decision in Islamabad High Court on 23 July 2018. Signature bonus recognized as income by the Company after decision of OGRA amounts to Rs 4,019 million (2023: Rs 2,863 million). The Company believes that the matter will be decided in favour of the Company. Also refer note 28.1.

11.1.5 During the year ended 30 June 2022, Large Taxpayers Office Islamabad vide notices dated 05 October 2021 required all Exploration and Production (E&P) companies including OGDCL to provide information relating to the value of condensate sold during the period from July 2008 to September 2021, pursuant to the judgment of ATIR dated 08 September 2021 in case of another E&P company wherein the Appellate Tribunal Inland Revenue (ATIR) held that condensate is separate product other than crude oil and is subject to sales tax @ 17% against zero percent charged by the E&P companies. OGDCL and other E&P companies have filed writ petitions before Islamabad High Court challenging issuance of above notices dated 05 October 2021 where stay has been granted to the Company till the date of next hearing. The Company is confident that the matter will be decided in its favor.

11.1.6 Certain banks have issued guarantees on behalf of the Company in ordinary course of business aggregating Rs 1.281 million (2023: Rs 1.281 million), refer note 25.1 to the financial statements. Further, the Company's share of the letter of guarantee facility obtained from a bank on behalf of the associate is Rs 10 million (2023: nil).

11.1.7 For contingencies related to income tax matters, refer note 23.1 to 23.4, 32.2 and 32.3.

11.1.8 For contingencies related to sales tax and federal excise duty, refer note 20.1 and 20.2.

11.1.9 For matter relating to conversion of certain blocks to Petroleum Policy 2012, refer note 26.1.

11.1.10 As part of the investment in Pakistan International Oil Limited (PIOL), each associate of the consortium companies including OGDCL have provided, joint and several, parent company guarantees to Abu Dhabi National Oil Company (ADNOC) and Supreme Council for Financial and Economic Affairs Abu Dhabi, UAE to guarantee the obligations of the associate, PIOL. The exposure against the said guarantee as at year end amounts to US$ 120 million; Rs: 33,444 million (2023: US$ 195 million; Rs: 55,946 million).

11.2 Commitments

11.2.1 Commitments outstanding at the year end amounted to Rs 85,365 million (2023: Rs 75,556 million). These include amounts aggregating to Rs 37,029 million (2023: Rs 42,409 million) representing the Company's share in the minimum work commitments under Petroleum Concession Agreements (PCAs). The Company and its associate has given corporate guarantees to GoP under various PCAs for the performance of obligations.

11.2.2 Letters of credit issued by various banks on behalf of the Company in ordinary course of the business, outstanding at year end amounted to Rs 17,121 million (2023: Rs 1,957 million).

11.2.3 The Company's share of associate commitments at year end is as follows:

	2024	**2023**
	-----------(Rupees '000)-----------	
Commitment for capital expenditure	4,586,076	4,094,322
Outstanding minimum work commitments under various PCAs	5,568,681	5,430,351

11.2.4 As part of the Shareholders Agreement with the consortium partners in PIOL, associate, the Company has committed to invest upto US$ 100 million in PIOL during the next five years from 31 August 2021, out of which US$ 60 million has been invested till 30 June 2024 (2023: US$ 35 million). The remaining amount of US$ 40 million; Rs 11,148 million (2023: US$ 65 million; Rs 18,649 million) will be invested in subsequent years. The Company's share of associate commitment in this respect amounts to US$ 8 million; Rs 2,230 million (2023: US$ 13 million; Rs 3,581 million).

11.2.5 The Company has committed to invest a total amount up to US$ 378 million; Rs 105,349 million (2023: US$ 396 million; Rs 113,612 million) (including post-acquisition investments), to be adjusted for inflation, for funding its proportionate share during Phase-1 of the Reko Diq project. In addition, the Company has committed to contribute, in the form of equity, up to US$ 1 million; Rs 279 million per year towards its proportionate share in the administrative expenses of Pakistan Minerals (Private) Limited (PMPL). Furthermore, the Company has provided a corporate guarantee to fund the aforementioned obligations.

12 PROPERTY, PLANT AND EQUIPMENT

Description	Freehold land	Leasehold land	Buildings, offices and roads on freehold land	Buildings, offices and roads on leasehold land	Plant and machinery	Rigs	Pipelines	Office and domestic equipment	Office and technical data computers	Furniture and fixtures	Light and heavy vehicles	Decom-missioning cost	Capital work in progress (Note 12.4)	Stores held for capital expenditure	Total
	(Rupees '000)														
Cost															
Balance as at 1 July 2022	264,416	54,039	4,728,241	8,832,766	163,641,465	5,471,017	14,171,735	1,692,119	2,603,763	236,518	5,339,726	2,858,388	1,606,657	5,683,576	217,184,426
Additions during the year	39,599	-	42,709	1,159,149	3,249,075	10,312	152,362	62,406	109,182	8,106	42,458	-	1,934,489	543,415	7,353,262
Revision due to change in estimate	-	-	(1,940)	(2,119)	(66,009)	-	(14,199)	-	-	-	-	(78,969)	-	-	(163,236)
Disposals/transfers during the year	-	-	-	-	(83,549)	(75,979)	-	(29,617)	(75,562)	(2,009)	(107,476)	-	(1,690,428)	(1,370,594)	(3,435,214)
Balance as at 30 June 2023	304,015	54,039	4,769,010	9,989,796	166,740,982	5,405,350	14,309,898	1,724,908	2,637,383	242,615	5,274,708	2,779,419	1,850,718	4,856,397	220,939,238
Balance as at 1 July 2023	304,015	54,039	4,769,010	9,989,796	166,740,982	5,405,350	14,309,898	1,724,908	2,637,383	242,615	5,274,708	2,779,419	1,850,718	4,856,397	220,939,238
Additions during the year	-	-	41,994	451,494	3,181,735	74,084	1,119,489	145,360	545,570	19,783	1,361,896	25,198	5,523,524	1,698,005	14,188,132
Revision due to change in estimate	-	-	(1,975)	(1,314)	(80,827)	-	(283)	-	-	-	-	(53,327)	-	-	(137,726)
Disposals/transfers during the year	-	-	-	-	(161,388)	(24,705)	-	(12,612)	(68,917)	(797)	(47,371)	-	(1,158,741)	(493,339)	(1,967,870)
Balance as at 30 June 2024	304,015	54,039	4,809,029	10,439,976	169,680,502	5,454,729	15,429,104	1,857,656	3,114,036	261,601	6,589,233	2,751,290	6,215,501	6,061,063	233,021,774
Accumulated depreciation															
Balance as at 1 July 2022	-	54,036	3,181,356	4,175,642	92,927,721	4,398,876	9,081,636	1,302,196	2,258,706	176,863	5,114,925	1,684,928	-	87,072	124,443,957
Charge for the year	-	-	171,116	421,758	8,181,493	369,393	1,166,901	91,378	205,404	13,779	79,113	280,390	-	-	10,980,725
On disposals	-	-	-	-	(83,107)	(70,798)	-	(29,228)	(73,999)	(1,980)	(97,515)	-	-	-	(356,627)
Balance as at 30 June 2023	-	54,036	3,352,472	4,597,400	101,026,107	4,697,471	10,248,537	1,364,346	2,390,111	188,662	5,096,523	1,965,318	-	87,072	135,068,055
Balance as at 1 July 2023	-	54,036	3,352,472	4,597,400	101,026,107	4,697,471	10,248,537	1,364,346	2,390,111	188,662	5,096,523	1,965,318	-	87,072	135,068,055
Charge for the year	-	-	152,604	501,412	8,520,869	300,632	1,117,012	93,734	216,639	13,577	178,154	271,636	-	-	11,366,269
On disposals	-	-	-	-	(160,867)	(24,687)	-	(12,293)	(66,838)	(781)	(40,254)	-	-	-	(305,720)
Balance as at 30 June 2024	-	54,036	3,505,076	5,098,812	109,386,109	4,973,416	11,365,549	1,445,787	2,539,912	201,458	5,234,423	2,236,954	-	87,072	146,128,604
Accumulated impairment															
Balance as at 1 July 2022	-	-	-	-	53,612	-	333	-	-	-	1,079	327	-	-	55,351
Charge for the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 30 June 2023	-	-	-	-	53,612	-	333	-	-	-	1,079	327	-	-	55,351
Balance as at 1 July 2023	-	-	-	-	53,612	-	333	-	-	-	1,079	327	-	-	55,351
Charge for the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 30 June 2024	-	-	-	-	53,612	-	333	-	-	-	1,079	327	-	-	55,351
Carrying amount- 30 June 2023	304,015	3	1,416,538	5,392,396	65,661,263	707,879	4,061,028	360,562	247,272	53,953	177,106	813,774	1,850,718	4,769,325	85,815,832
Carrying amount- 30 June 2024	304,015	3	1,303,953	5,341,164	60,240,781	481,313	4,063,222	411,869	574,124	60,143	1,353,731	514,009	6,215,501	5,973,991	86,837,819
Rates of depreciation (%)	-	3.3~4	2.5~8	2.5~8	4~20	10	10	15	33.33	10	20	2.5~10	-	-	

12.1 Particulars of the Company's significant immovable property including location and area of land are as follows:

Particulars of land and buildings	Field/ Location	District	Area of land in Acres
Dakhni plant residential colony	Dakhni	Attock	65.58
Dakhni (expansion of plant)	Dakhni	Attock	7.04
Sadqal road	Sadqal	Attock	1.33
I-9 workshop/ store/ OGTI Islamabad	Base store I-9	Islamabad	10.91
Head office	Head office blue area	Islamabad	0.73
Masood Mansion	F-8 Markaz	Islamabad	0.33
Plot	Kuri road	Islamabad	10.00
Plant residential colony	Nandpur	Multan	21.54
Plant residential colony	Dhodhak plant	Taunsa	381.82
Regional office Multan/ Dhodak colony	Samajabad	Multan	31.92
Kot Adu logistic base	Kot Adu	Taunsa	29.74
Plot	Quetta (Mastung)	Quetta	40.99
Filling point	Tando Alam	Hyderabad	20.28
Officers residential colony	Tando Alam	Hyderabad	11.02
Plant residential colony	Bobi	Sanghar	46.00
Plant residential colony	Qadirpur	Ghotki	389.63
Uch pipeline	Uch	Dera Bugti	107.30
Mela to Naspha flow line	Mela	Karak	15.84
Rajian well-1	Rajian	Chakwal	0.71
Tabular yard	Korangi	Karachi	2.53
Base store/ workshop	Korangi	Karachi	15.60
Medical center	Korangi	Karachi	0.15
Lodge, D-35	Clifton	Karachi	0.20
Computer center	Fateh Jang	Attock	0.50
Security check post	Nashpa plant	Karak	14.99
Base Store	Khadejee	Karachi	61.00
Base Store	Chak Naurang	Chakwal	2.46
Dhuliyan guest house	Pindi Gheb	Attock	0.25
Shiekhan	Togh	Kohat	24.58

12.2 Cost and accumulated depreciation as at 30 June 2024 include Rs 63,617 million (2023: Rs 61,335 million) and Rs 54,894 million (2023: Rs 51,037 million) respectively being the Company's share in operating property, plant and equipment relating to joint operations operated by other working interest owners and are not in possession of the Company.

Operator wise breakup in respect of capitalized items is summarized below:

	2024	2023	2024	2023
	Cost		**Accumulated depreciation**	
	(Rupees '000)			
Pakistan Petroleum Limited	10,910,477	10,780,585	8,120,253	6,838,853
Prime Pakistan Limited	24,189,326	23,436,299	22,735,871	21,900,226
Pakistan Oilfields Limited	890,511	832,746	884,087	830,468
United Energy Pakistan Limited	2,901,737	2,625,676	2,639,523	2,625,676
Spud Energy Pty Limited	123,663	122,758	123,663	120,781
Orient Pakistan Limited	314,078	359,778	301,974	348,326
MOL Pakistan Oil and Gas B.V.	17,611,776	16,621,436	13,738,421	12,223,470
UEP Beta GmbH	6,519,145	6,459,806	6,254,794	6,055,980
Petroleum Exploration (Pvt) Limited	156,297	95,624	95,018	92,991
	63,617,010	61,334,708	54,893,604	51,036,771

12.3 The depreciation charge has been allocated to:

	Note	2024	2023
		---------(Rupees '000)---------	
Operating expenses	27	10,270,994	9,834,236
General and administration expenses	30	226,050	192,688
Technical services		869,225	953,801
		11,366,269	10,980,725

12.4 Capital work in progress

	2024	2023
Production facilities and other civil works in progress:		
Wholly owned	478,083	245,047
Joint operations	4,618,330	1,109,660
	5,096,413	1,354,707
Construction cost of field offices and various bases/ offices owned by the Company	1,119,088	496,011
	6,215,501	1,850,718

12.5 Details of property, plant and equipment sold:

	Cost	Book value	Sale proceeds	Gain/ (loss)
	---------------------------(Rupees '000)---------------------------			
Vehicles sold to following in-service/ retiring employees as per the Company's policy:				
Mr. Shahid Waqar	3,575	2,443	2,443	-
Mr. Muhammad Azim	3,183	213	318	105
Mr. Ameen Aftab Khan	3,183	425	425	-
Mr. Ghulam Abbas	1,795	1,048	1,048	-
Mr. Arshad Ahmad	1,785	1,071	1,071	-
Mr. Najma Ashfaq	1,745	466	466	-
Mr. Muhammad Shafiq	1,745	292	292	-
Mr. Abid Aslam Khokhar	1,745	495	495	-
Mr. Asif Mahmood	1,745	524	524	-
Mr. Rahat Hussain	1,571	1	157	156
Mr. Anwar Ul Haq	1,270	1	127	126
Mr. Musharaff Uddin	925	1	93	92
	24,267	6,980	7,459	479
Computers/ mobile phones, with individual book value not exceeding Rs 500,000, sold to employees as per the Company's policy	22,736	1,358	3,172	1,814
Property, plant and equipment sold through public auction:				
Items with individual book value not exceeding Rs 500,000	268,649	1,612	50,534	48,922
Items written off:				
Items with individual book value not exceeding Rupees 500,000	138	120	-	(120)
30 June 2024	**315,790**	**10,070**	**61,165**	**51,095**
30 June 2023	374,192	17,565	131,895	114,330

13 DEVELOPMENT AND PRODUCTION ASSETS

Description	Producing fields		Shut-in fields/ fields in development		Stores held for development and production activities	Wells in progress (Note 13.1)	Sub total	Decom-missioning cost	Total
	Wholly owned	Joint operations	Wholly owned	Joint operations					
	(Rupees '000)								
Cost									
Balance as at 1 July 2022	90,300,225	164,366,213	25,460,570	35,699,645	4,574,649	2,878,868	323,280,170	20,674,172	343,954,342
Transfers between producing fields and shut-in fields/ fields in development	1,446,454	327,626	(1,446,454)	(327,626)	-	-	-	-	-
Additions during the year	-	-	-	-	3,003,885	16,593,454	19,597,339	487,999	20,085,338
Transfers in/(out) during the year									
-Wells	3,839,693	4,648,793	54,993	709,942	-	(9,253,421)	-	-	-
-Stores	-	-	-	-	(4,587,591)	-	(4,587,591)	-	(4,587,591)
Transfer from exploration and evaluation assets during the year	4,455,242	1,058,171	-	-	-	-	5,513,413	-	5,513,413
Revision due to change in estimate	-	(16,079)	-	-	-	-	(16,079)	7,893,403	7,877,324
Balance as at 30 June 2023	100,041,614	170,384,724	24,069,109	36,081,961	2,990,943	10,218,901	343,787,252	29,055,574	372,842,826
Balance as at 1 July 2023	100,041,614	170,384,724	24,069,109	36,081,961	2,990,943	10,218,901	343,787,252	29,055,574	372,842,826
Transfers between producing fields and shut-in fields/ fields in development	(308,143)	(966,550)	308,143	966,550	-	-	-	-	-
Additions during the year	-	-	-	-	2,087,369	21,988,905	24,076,274	981,673	25,057,947
Transfers in/(out) during the year									
-Wells	5,305,340	14,493,449	-	4,890,552	-	(24,689,341)	-	-	-
-Stores	-	-	-	-	(2,990,943)	-	(2,990,943)	-	(2,990,943)
Transfer from exploration and evaluation assets during the year	-	-	1,186,715	2,050,985	-	-	3,237,700	-	3,237,700
Revision due to change in estimate	(45,135)	(58,390)	-	(27,252)	-	-	(130,777)	(3,077,525)	(3,208,302)
Balance as at 30 June 2024	104,993,676	183,853,233	25,563,967	43,962,796	2,087,369	7,518,465	367,979,506	26,959,722	394,939,228
Accumulated amortization									
Balance as at 1 July 2022	73,070,538	131,072,866	3,896,313	5,992,225	-	-	214,031,942	5,469,335	219,501,277
Transfers between producing fields and shut-in fields/ fields in development	(2,201,343)	(47,251)	2,201,343	47,251	-	-	-	-	-
Charge for the year	5,046,430	11,613,814	-	-	-	-	16,660,244	2,955,765	19,616,009
Balance as at 30 June 2023	75,915,625	142,639,429	6,097,656	6,039,476	-	-	230,692,186	8,425,100	239,117,286
Balance as at 1 July 2023	75,915,625	142,639,429	6,097,656	6,039,476	-	-	230,692,186	8,425,100	239,117,286
Transfers between producing fields and shut-in fields/ fields in development	(1,363,905)	(3,030,004)	1,363,905	3,030,004	-	-	-	-	-
Charge for the year	6,419,310	10,212,531	-	-	-	-	16,631,841	7,610,070	24,241,911
Balance as at 30 June 2024	80,971,030	149,821,956	7,461,561	9,069,480	-	-	247,324,027	16,035,170	263,359,197
Accumulated impairment									
Balance as at 1 July 2022	1,325,217	1,004,360	1,525,396	1,920,296	-	-	5,775,269	393,820	6,169,089
Charge for the year	2,018,874	-	2,816,364	-	-	-	4,835,238	140,025	4,975,263
Balance as at 30 June 2023	3,344,091	1,004,360	4,341,760	1,920,296	-	-	10,610,507	533,845	11,144,352
Balance as at 1 July 2023	3,344,091	1,004,360	4,341,760	1,920,296	-	-	10,610,507	533,845	11,144,352
Charge for the year	-	-	-	-	-	-	-	-	-
Balance as at 30 June 2024	3,344,091	1,004,360	4,341,760	1,920,296	-	-	10,610,507	533,845	11,144,352
Carrying amount- 30 June 2023	20,781,898	26,740,935	13,629,693	28,122,189	2,990,943	10,218,901	102,484,559	20,096,629	122,581,188
Carrying amount- 30 June 2024	20,678,555	33,026,917	13,760,646	32,973,020	2,087,369	7,518,465	110,044,972	10,390,707	120,435,679

		2024	2023
		------------(Rupees '000)------------	
13.1	**Wells in progress at year end represent:**		
	Wholly owned	3,314,924	914,587
	Joint operations	4,203,541	9,304,314
		7,518,465	10,218,901

13.2 The Company performed an impairment assessment for development and production assets and related property, plant and equipment. The test was performed by the management based on the estimate of the recoverable value of the CGU. As a result of the assessment of the same no further impairment was identified. An impairment charge of Rs 4,975 million was recognized during the year ended 30 June 2023, using a discount rate of 15.16%. The recoverable amount of the CGU was nil as on 30 June 2023. The gas production from the Thal Petroleum Concession continued to decline significantly due to drop in wellhead flowing pressures and excessive formation water production caused by a water breakthrough in the naturally fractured reservoir. Based on management’s assessment, the recoverability of the reserves was not economically feasible. The calculation involved estimates and judgements, such as estimation of volume of oil and gas recoverable reserves, future oil and gas prices, costs and discount rate.

		Note	2024	2023
			------------(Rupees '000)------------	
14	**EXPLORATION AND EVALUATION ASSETS**			
	Balance at beginning of the year		5,117,678	12,780,350
	Additions during the year		17,075,236	5,012,660
			22,192,914	17,793,010
	Cost of dry and abandoned wells during the year	29	(402,215)	(7,161,919)
	Cost of wells transferred to development and production assets during the year		(3,237,700)	(5,513,413)
			(3,639,915)	(12,675,332)
			18,552,999	5,117,678
	Stores held for exploration and evaluation activities		746,079	1,004,539
	Balance at end of the year		19,299,078	6,122,217
14.1	**Liabilities, other assets and expenditure incurred on exploration and evaluation activities are:**			
	Liabilities related to exploration and evaluation		2,313,219	555,037
	Exploration and prospecting expenditure	29	12,560,886	19,023,821

14.2 The cash outflow relating to exploration and evaluation activities including prospecting expenditure amounts to Rs 27,217 million (2023: Rs 18,210 million).

		Note	2024	2023
			------------(Rupees '000)------------	
15	**LONG TERM INVESTMENTS**			
	Investment in subsidiary:			
	Pakistan Energy Development (Private) Limited, unquoted	15.1	100	-
	Investment in associates:			
	Mari Petroleum Company Limited, quoted	15.2	45,099,938	33,768,989
	Pakistan International Oil Limited, unquoted	15.3	12,283,074	5,565,865
	Pakistan Minerals (Private) Limited, unquoted	15.4	52,252,601	50,361,218
	Investments at amortized cost	15.5	89,895,054	28,983,048
			199,530,767	118,679,120

15.1 During the year, on 07 June 2024, the Company incorporated a wholly owned subsidiary in Pakistan, Pakistan Energy Development (Private) Limited (PEDL), under the Companies Act, 2017. The principal line of business of PEDL is to engage in exploration, exploitation and development of renewable energy resources. PEDL has not yet commenced commercial operations. The total subscribed capital of PEDL is Rs 100 thousand divided into 10,000 ordinary shares of Rs 10 each, payable by the Company. Except for this equity and related receivable, PEDL has no other assets /liabilities.

	2024	2023
	------------(Rupees '000)------------	
15.2 Mari Petroleum Company Limited- associate, quoted		
Mari Petroleum Company Limited		
Cost of investment [26,680,500 (2023: 26,680,500) fully paid ordinary shares of Rs 10 each including 19,330,500 (2023: 19,330,500) bonus shares]	73,500	73,500
Post acquisition total comprehensive income brought forward	33,695,489	26,148,401
	33,768,989	26,221,901
Share of profit for the year- net of taxation	15,457,611	11,225,742
Share of remeasurement gain on defined benefit plans- net of taxation	6,723	14,512
Share of effect of translation of investment in foreign associate	(5,911)	302,016
Dividend received	(4,127,474)	(3,995,182)
	11,330,949	7,547,088
	45,099,938	33,768,989

Mari Petroleum Company Limited (MPCL) is a listed company incorporated in Pakistan and is principally engaged in exploration, production and sale of hydrocarbons. The Company has 20% (2023: 20%) holding in the associate. The market value of the investment in associate as at year end is Rs 72,367 million (2023: Rs 40,411 million). At the year end, 222,338 bonus shares (2023: 222,338) have not been issued by MPCL due to pending resolution of issue relating to withholding tax on issuance of bonus shares.

Share of profit of associate and the below summarized financial information of the associate is based on the amounts presented in the annual audited financial statements of the associate for the year ended 30 June 2024 (2023: year ended 30 June 2023).

	2024	2023
	------------(Rupees '000)------------	
Summarized statement of financial position		
Current assets	175,832,970	123,795,261
Non-current assets	170,739,280	130,801,536
Current liabilities	(62,946,443)	(62,635,182)
Non-current liabilities	(58,718,141)	(23,535,275)
Net assets	224,907,666	168,426,340
Reconciliation to carrying amounts:		
Opening net assets	168,426,340	130,858,767
Total comprehensive income for the year	77,292,116	57,711,351
Dividends paid	(20,810,790)	(20,143,778)
Closing net assets	224,907,666	168,426,340
Company's percentage shareholding in the associate	20%	20%
Company's share in carrying value of net assets	44,981,533	33,685,268
Others- effect of dividends due to pending issue of bonus shares	118,405	83,721
Carrying amount of investment	45,099,938	33,768,989

	2024	2023
	------------(Rupees '000)------------	
Summarized statement of comprehensive income		
Revenue for the year- gross	204,604,788	163,156,446
Profit for the year	77,288,057	56,128,711
Other comprehensive income for the year	4,059	1,582,640
Total comprehensive income for the year	77,292,116	57,711,351
Share of comprehensive income	15,458,423	11,542,270

15.3 Pakistan International Oil Limited, unquoted

	2024	2023
Pakistan International Oil limited		
Cost of investment (6,000,000 (2023: 3,500,000) fully paid ordinary shares of USD 10 each).	13,451,250	6,403,750
Post acquisition loss brought forward	(837,885)	(2,007,188)
	12,613,365	4,396,562
Share of loss for the year- net of taxation	(97,799)	(296,445)
Effect of translation of investment	(232,492)	1,465,748
	(330,291)	1,169,303
	12,283,074	5,565,865

Pakistan International Oil Limited (PIOL) is a company engaged in the business of extraction of oil and natural gas and is registered as a limited liability company in the Emirate of Abu Dhabi and incorporated in Abu Dhabi Global Market. Each consortium company (investors) which includes OGDCL, Mari Petroleum Company limited (MPCL), Pakistan Petroleum Company Limited (PPL) and Government Holdings (Private) Limited (GHPL) have a 25% equity stake in PIOL. The concession agreement between PIOL and Abu Dhabi National Oil Company (ADNOC) was signed on 31 August 2021 and the Offshore Block 5 was awarded to PIOL. Till 30 June 2024, the Company has subscribed 6 million ordinary shares of PIOL (2023: 3.5 million ordinary shares) by paying USD 60 million; Rs 13,451 million (2023: USD 35 million; Rs 6,395 million).

The share of loss of PIOL and the below summarized financial information is based on the audited financial statements of the associate for the period upto to 31 December 2023, adjusted for transactions and events upto 30 June 2024 based on management accounts, in USD, converted to PKR at closing exchange rate.

	2024	2023
	------------(Rupees '000)------------	
Summarized statement of financial position		
Current assets	35,681,930	14,105,115
Non-current assets	20,748,754	8,861,287
Current liabilities	(7,298,394)	(702,944)
Net assets	49,132,290	22,263,458
Reconciliation to carrying amounts:		
Company's percentage shareholding in the associate	25%	25%
Company's share in carrying value of net assets	12,283,074	5,565,865
Summarized statement of comprehensive income		
Total comprehensive loss for the year	(391,196)	(1,185,780)
Share of comprehensive loss	(97,799)	(296,445)

	2024	2023
	------------(Rupees '000)------------	

15.4 Pakistan Minerals (Private) Limited - associate, unquoted

	2024	2023
Cost of investment	41,795,010	36,727,161
Post acquisition total comprehensive income brought forward	13,634,055	-
	55,429,065	36,727,161
Share of loss for the year- net of taxation	(2,173,333)	(386,040)
Share of effect of translation of investment in foreign associate- net of taxation	(1,002,580)	14,020,097
Share of remeasurement loss on defined benefit plan of associate	(551)	-
	(3,176,464)	13,634,057
	52,252,601	50,361,218

The Company has invested in the Reko Diq project company i.e. Reko Diq Mining Company (Private) Limited (RDMC) through Pakistan Minerals (Private) Limited (PMPL), an entity incorporated in Pakistan. RDMC is engaged in the mineral exploration activities in Pakistan. PMPL holds an indirect working interest of 25% in the RDMC through offshore holding companies namely Reko Diq Holdings Limited and Reko Diq Investments Limited (hereinafter referred to as "Holdcos"). RDMC is incorporated in Pakistan and Holdcos are incorporated in Bailiwick of Jersey. The Company's equity interest in PMPL is 33.33% with an effective interest of 8.33% in RDMC. Till 30 June 2024, the Company has invested Rs 40 thousand (2023: Rs 40 thousand) for 4,000 ordinary shares of PMPL and also made advance against future issue of shares of Rs 41,795 million (2023: Rs 36,727 million).

During the year and as at year end, based on directions from GoP, the SOEs are in the process of discussing and evaluating the terms of a potential transaction with a sovereign foreign investor with respect to divestment in the Reko Diq Project and advisors were appointed through PMPL to assist in this regard. The divestment and its conditions will require significant approvals including from the Federal Cabinet of GoP, Board of Directors and shareholders of the SOEs and other investors of the Reko Diq project.

Financial information of PMPL is summarized below, which is based on the audited financial statements of the associate for the year ended 30 June 2024.

	Note	2024	2023
		------------(Rupees '000)------------	
Summarized statement of financial position			
Current assets		266,181	120,521
Non-current assets		168,806,655	167,171,543
Current liabilities		(198,430)	(8,590)
Non Current liabilities		(12,886,616)	(16,710,030)
Net assets		155,987,790	150,573,444
Reconciliation to carrying amounts:			
Company’s percentage shareholding in the associate		33.33%	33.33%
Company’s share in carrying value of net assets		51,995,930	50,191,148
Others- Exchange rate difference in equity contribution		256,671	170,070
		52,252,601	50,361,218
Summarized statement of comprehensive income			
Total comprehensive income for the year		(9,529,391)	40,902,171
Share of comprehensive income		(3,176,464)	13,634,057

15.5 Investments at amortized cost

	Note	2024	2023
Term Deposit Receipts (TDRs)	15.5.1	16,355,616	14,947,967
Pakistan Investment Bonds (PIBs)	15.5.2	21,021,050	14,522,249
Term Finance Certificates (TFCs)	15.5.3	69,609,409	155,207,468
		106,986,075	184,677,684
Less: Current portion shown under current assets			
Term Deposit Receipts (TDRs)		(16,355,616)	-
Pakistan Investment Bonds (PIBs)		(735,405)	(487,168)
Term Finance Certificates (TFCs)		-	(155,207,468)
		(17,091,021)	(155,694,636)
		89,895,054	28,983,048

15.5.1 This represents investments in local currency TDRs and includes interest amounting to Rs 6,355 million (2023: Rs 4,947 million) carrying effective interest rate of 14% (2023: 14%) per annum. These investments are earmarked against self insurance reserve as explained in note 5.2 to the financial statements.

15.5.2 This represents PIBs received from Uch Power Private Limited against partial settlement of overdue trade receivables on 27 June 2023 and 04 July 2023. Face value and fair value of the PIBs on the date of initial recognition amounts to Rs 21,866 million (2023: Rs 15,128 million) and Rs 20,286 million (2023: Rs 14,522 million) respectively and are carried at floating interest rate of 21.84% per annum (2023: 21.95% per annum). The Company has adjusted the trade receivables against the face value of PIBs and has recognized a fair value loss of Rs 487 million (2023: Rs 1,094 million) as disclosed in note 28.

15.5.3 This represents investment in privately placed TFCs amounting to Rs 82,000 million. In 2013, the Government of Pakistan (GoP), for partial resolution of circular debt issue prevailing in the energy sector, approved issuance of TFCs amounting to Rs 82,000 million by Power Holding Limited (PHL), which is a government owned entity and a related party. These TFCs were subscribed by the Company in order to settle its overdue receivables from oil refineries and gas companies.

As per original terms of investor agreement between the Company and PHL, TFCs were for a period of seven (7) years including grace period of three (3) years carrying interest rate of KIBOR + 1%, payable semi-annually. The principal portion of these TFCs was to be paid in eight (8) equal instalments starting from 42nd month of date of transaction. National Bank of Pakistan executed the transaction on 10 September 2012 as Trustee. These TFCs are secured by Sovereign Guarantee of the GoP, covering the principal, mark-up, and /or any other amount becoming due for payment in respect of investment in TFCs.

On 23 October 2017, PHL communicated to the Company that a proposal was submitted by the Ministry of Energy (Power Division) to Economic Coordination Committee (ECC) of the Cabinet for extension in the tenure of TFCs of Rs 82,000 million from seven (7) years to ten (10) years including extension in grace period from three (3) years to six (6) years. The ECC of the Cabinet considered and approved the proposal of Ministry of Energy (Power Division) subject to the condition that a revised term sheet, based on above, with the Company shall be agreed by PHL.

During the year, an addendum to the agreement was signed with PHL on 26 June 2024 for the settlement of TFCs. As per the terms of the addendum, the overdue principal amount of Rs 82,000 million was received on 27 June 2024 and the interest accrued up to that date of Rs 92,718 million is to be received in twelve (12) equal monthly installments commencing from July 2025 and the unrecognized liquidated damages have been waived off. There will be no interest on unpaid interest. Considering the significant modification of the terms of TFCs, the carrying amount of the existing financial asset of Rs 174,718 million was derecognized and a new financial asset of Rs 151,610 million was recognized resulting in a loss on modification in terms of TFCs of Rs 23,108 million as disclosed in note 28.

	Note	2024	2023
		------------(Rupees '000)------------	
16 LONG TERM LOANS- SECURED			
Loans to employees		12,511,400	11,801,135
Current portion shown under loans and advances	20	(2,282,239)	(2,146,738)
		10,229,161	9,654,397

16.1 Movement of carrying amount of long term loans to employees:

	2024	2023
Balance at beginning of the year	11,801,135	11,884,445
Disbursements	3,272,669	2,432,826
Repayments	(2,562,404)	(2,516,136)
Balance at end of the year	12,511,400	11,801,135

16.2 The loans are granted to the employees of the Company in accordance with the Company's service rules. House building and conveyance loans are for maximum period of 15 and 7 years respectively. These loans are secured against the underlying assets. Included in these are loans of Rs 12,418 million (2023: Rs 11,502 million) which carry no interest. The balance amount carries an effective interest rate of 15.58% (2023: 11.20%) per annum. Interest free loans to employees have not been discounted as required by IFRS 9 "Financial Instruments" as its effect is immaterial.

16.3 Loans to employees include an amount of Rs 31 million (2023: Rs 41 million) receivable from key management personnel. Maximum aggregate amount outstanding at any time during the year was Rs 86 million (2023: Rs 83 million).

17 LEASE RECEIVABLES

Net investment in lease has been recognized on Gas Sale Agreements (GSAs) with power companies i.e. Uch Power (Private) Limited (UPL) and Uch-II Power (Private) Limited (Uch-II) as follows:

	Note	2024	2023
		------------(Rupees '000)------------	
Net investment in lease	17.1	155,470,356	158,657,324
Less: Current portion of net investment in lease	17.2	(50,268,663)	(37,625,777)
		105,201,693	121,031,547

17.1 Movement during the year in net investment in lease:

	Note	2024	2023
Balance at the beginning of the year		158,657,324	69,937,832
Interest income		21,047,427	8,058,535
Exchange (loss) /gain		(3,569,258)	16,597,521
Interest income received during the year		(9,600,098)	(6,438,898)
Principal repayments during the year		(11,065,039)	(4,973,555)
Gain on modification	17.3	-	75,475,889
Balance at the end of the year		155,470,356	158,657,324

17.2 Current portion of net investment in lease includes amounts billed to customers of Rs 37,898 million (2023: Rs 26,950 million) out of which Rs 34,445 million (2023: Rs 24,688 million) is overdue on account of inter-corporate circular debt. As disclosed in note 2.5.3, SECP has deferred the applicability of ECL model till financial year ending on or before 31 December 2024 on debts due directly/ ultimately from the GoP in consequence of the circular debt. The amount is considered to be fully recoverable as the GoP is committed, hence continuously pursuing for satisfactory settlement of inter-corporate circular debt issue. The Company has contractual right and is entitled to charge interest if lease payments are delayed beyond agreed payment terms, however, the same is recognized when received by the Company.

17.3 The GSA between the Company and UPL was amended on 26 June 2023 to extend the lease term for a period of five (5) years till September 2028. At the date of modification, the Company reassessed that the lease arrangement would have been classified as finance lease had the modification been known at the lease inception. Considering the significant modification of lease receivable, the carrying amount of original lease receivable of Rs 3,016 million was derecognized and new lease receivable of Rs 78,492 million was recognized, resulting in modification gain of Rs 75,476 million during the year ended 30 June 2023. The new lease receivable was determined by discounting expected future contractual cash flows as per amended terms.

17.4 Income relating to variable lease payments as a result of change in index during the year amounts to Nil (2023: Rs 8,084 million) has been recorded as revenue for the year.

17.5 Following is the maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the reporting date:

	2024	2023
	------------(Rupees '000)------------	
Less than one year	69,674,080	59,660,642
One to two years	31,776,021	32,710,946
Two to three years	31,776,021	32,710,946
Three to four years	31,776,021	32,710,946
Four to five years	14,920,245	32,710,946
Beyond year 5	90,691,120	108,718,697
Total undiscounted lease receivable- Gross investment in lease	270,613,508	299,223,123
Unearned finance income	(115,143,152)	(140,565,799)
Net investment in lease	155,470,356	158,657,324

		Note	2024	2023
			(Rupees '000)	
18	**STORES, SPARE PARTS AND LOOSE TOOLS**			
	Stores, spare parts and loose tools		26,143,626	26,460,563
	Stores and spare parts in transit		3,866,125	783,006
			30,009,751	27,243,569
	Provision for slow moving, obsolete and in transit stores	18.1	(6,833,850)	(5,194,200)
			23,175,901	22,049,369
18.1	Movement of provision for slow moving, obsolete and in transit stores			
	Balance at beginning of the year		5,194,200	3,591,101
	Provision for the year	27	1,639,650	1,603,099
	Balance at end of the year		6,833,850	5,194,200
19	**TRADE DEBTS**			
	Un-secured- considered good		635,016,335	576,968,545
	Un-secured- considered doubtful		94,363	97,613
			635,110,698	577,066,158
	Provision for doubtful trade debts	36.1.3	(94,363)	(97,613)
			635,016,335	576,968,545

19.1 Trade debts include overdue amount of Rs 561,025 million (2023: Rs 510,849 million) on account of inter-corporate circular debt, receivable from oil refineries, gas companies and power producers out of which Rs 244,982 million (2023: Rs 200,577 million) and Rs 235,429 million (2023: Rs 210,304 million) are overdue from related parties, Sui Northern Gas Pipeline Limited and Sui Southern Gas Company Limited respectively. 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 when the interest/ surcharge on delayed payments is received by the Company. As disclosed in note 2.5.3, SECP has deferred the applicability of ECL model till financial year ending on or before 31 December 2024 on financial assets due directly/ ultimately from the GoP in consequence of the circular debt.

19.2 Total amount due from related parties as on 30 June 2024 is Rs 531,292 million (2023: Rs 452,483 million) and maximum amount due at the end of any month during the year was Rs 531,292 million (2023: Rs 452,483 million). For party wise details refer note 39 and for aging of amount due from related parties, refer note 36.1.3.

		Note	2024	2023
			(Rupees '000)	
20	**LOANS AND ADVANCES**			
	Advances considered good:			
	Suppliers and contractors		899,761	852,382
	Sales tax	20.1 & 20.2	3,569,769	3,569,769
	Adhoc salaries and festival advance to employees		799,341	1,152,220
	Others		77,011	37,990
			5,345,882	5,612,361
	Receivable from partners in joint operations	20.3	9,655,037	8,919,453
	Current portion of long term loans- secured	16.1	2,282,239	2,146,738
			17,283,158	16,678,552
	Advances considered doubtful		187,655	187,655
			17,470,813	16,866,207
	Provision for doubtful advances		(187,655)	(187,655)
			17,283,158	16,678,552

20.1 This includes an amount of Rs 3,180 million (2023: Rs 3,180 million) paid under protest to Federal Board of Revenue (FBR) on account of sales tax demand raised in respect of capacity invoices from Uch gas field for the period July 2004 to March 2011. Based on Sales Tax General Order (STGO) 1 of 2000 dated 24 January 2000, the matter was argued before various appellate forums, however, the Supreme Court of Pakistan finally decided the issue against the Company on 15 April 2013. The FBR granted time relaxation to the Company for issuance of debit note for an amount of Rs 750 million for the period April 2011 to May 2012, accounted for as trade debt. Uch Power (Private) Limited (UPL) challenged the grant of time relaxation/ condonation to the Company by FBR before Islamabad High Court. On 27 December 2013, the Honorable Court decided the matter in favor of the Company. In light of the Islamabad High Court decision, the Company has applied to FBR for obtaining condonation of time limit for issuing debit notes to UPL/ revision of sales tax returns for the remaining amount of Rs 3,180 million for the period July 2004 to March 2011, FBR responded that as per the decision of Islamabad High court no condonation is required for payment of sale tax and accordingly also withdrawn the earlier granted condonation for Rs 750 million vide letter dated 12 July 2017.

UPL filed an intra-court appeal against the decision of the Islamabad High Court (IHC). IHC through its order dated 17 November 2016 dismissed the intra-court appeal in favour of the Company. In January 2017, UPL filed a Civil Petition for Leave to Appeal (CPLA) against the Company and others, before the Honorable Supreme Court of Pakistan against the decision of IHC. On 21 August 2023, the Honorable Supreme Court of Pakistan dismissed UPL's CPLA as infructuous on the grounds that FBR had withdrawn their earlier granted condonation dated 30 June 2012, vide letter dated 12 July 2017.

As per the direction of the Honorable Islamabad High Court, for the period July 2008 onward, debit notes can be issued without condonation of time relaxation. However, for revision of sales tax returns condonation of time relaxation is required from FBR. The Company is in the process of obtaining condonation from FBR for revision of sales tax returns and will issue the debit notes for the period July 2004 to March 2011, once the said condonation is provided by FBR. The Company is confident that the said condonation will be obtained and the amount will be recovered from UPL. Accordingly, no provision in this respect has been made in the financial statements.

20.2 This also includes recoveries of Rs 317 million (2023: Rs 317 million) made by the tax department during the year ended 30 June 2016, against Sales Tax and Federal Excise Duty (FED) demand of Rs 6,708 million (30 June 2023: Rs 6,708 million) relating to periods July 2012 to June 2014. The Appellate Tribunal Inland Revenue (ATIR) has accepted the Company's appeals and annulled the demands passed by the tax authorities being void ab-initio and without jurisdiction. The Commissioner Inland Revenue (CIR) has filed sales tax reference before Islamabad High Court (IHC) against judgment of ATIR on 09 February 2018. IHC through its judgement dated 15 November 2023 set aside the order of ATIR and directed ATIR to decide the matter on merits. For the periods July 2012 to June 2013, ATIR has remanded back the demand of Rs 1,810 million vide its order dated 29 May 2024 to the assessing officer with the direction to decide the matter afresh and for the period July 2013 to June 2014, the matter is currently pending with ATIR. These demands were raised by tax authorities due to difference between computation of sales and production reported by the Company in its sales tax returns and sales and production based on other sources of data.

During the year ended 30 June 2021, additional demand of Rs 9,668 million (2023: Rs 9,668 million) relating to periods 2017-18 and 2018-19 were raised on the same issue by the Deputy Commissioner Inland Revenue (DCIR), against which, the Company had filed appeals before Commissioner Inland Revenue (Appeals) (CIRA). CIRA vide order dated 29 November 2022 remanded back the case to DCIR. The Company has filed appeal before ATIR on 24 January 2023 which is pending.

The Company believes that the matter against which the demands are raised are factually not correct and will be decided in favour of the Company.

20.3 Total amount due from related party and associated companies as partner in joint operations in accordance with terms of related PCAs in relation to operational activities of the Concessions as at 30 June 2024 is Rs 6,276 million (2023: Rs 6,772 million) and maximum amount due at the end of any month during the year was Rs 8,410 million (2023: Rs 6,772 million). For party wise details, refer note 39 and for aging of amount due from related parties, refer note 36.1.3.

		Note	2024	2023
			------------(Rupees '000)------------	
21	**DEPOSITS AND SHORT TERM PREPAYMENTS**			
	Security deposits		28,972	28,755
	Short term prepayments		1,804,988	1,256,773
	Deposits with Central Depository Company (CDC)	21.1	48,609	209,021
			1,882,569	1,494,549

21.1 This represents the amount deposited by the Company with CDC which acts as its paying agent for distribution of dividend payable in cash to entitled shareholders on behalf of the Company.

		Note	2024	2023
			------------(Rupees '000)------------	
22	**OTHER RECEIVABLES**			
	Claims receivable		520,050	520,050
	Gratuity fund	22.1	199,753	-
	Others	22.2	768,547	351,584
			1,488,350	871,634
	Claims considered doubtful		8,946	8,946
			1,497,296	880,580
	Provision for doubtful claims		(8,946)	(8,946)
			1,488,350	871,634

22.1 Gratuity fund

	2024	2023
The amount recognized in the statement of financial position is as follows:		
Present value of defined benefit obligation	(1,720,731)	(1,434,198)
Fair value of plan assets	1,920,484	1,402,732
Asset /(liability) at end of the year	199,753	(31,466)
The movement in the present value of defined benefit obligation is as follows:		
Present value of defined benefit obligation at beginning of the year	(1,434,198)	(1,044,630)
Current service cost	(265,875)	(230,896)
Interest cost	(231,066)	(138,413)
Past service cost	-	259
Benefits paid	43,343	14,477
Remeasurement gain /(loss) recognized in other comprehensive income	167,065	(34,995)
Present value of defined benefit obligation at end of the year	(1,720,731)	(1,434,198)
The movement in the fair value of plan assets is as follows:		
Fair value of plan assets at beginning of the year	1,402,732	1,059,803
Expected return on plan assets	248,990	152,000
Contributions	302,370	189,213
Benefits paid	(43,343)	(14,477)
Remeasurement gain recognized in other comprehensive income	9,735	16,193
Fair value of plan assets at end of the year	1,920,484	1,402,732
The movement in asset /(liability) recognized in the statement of financial position is as follows:		
Opening (liability) /asset	(31,466)	15,173
Expense for the year	(247,951)	(217,050)
Remeasurement gain /(loss) recognized in other comprehensive income during the year	176,800	(18,802)
Payments to the fund during the year	302,370	189,213
Closing asset /(liability)	199,753	(31,466)
Expense recognized is as follows:		
Current service cost	(265,875)	(230,896)
Net interest income	17,924	13,587
Past service cost	-	259
	(247,951)	(217,050)

	2024	2023
	(Rupees '000)	
Remeasurement gain /(loss) recognized in other comprehensive income:		
Remeasurement gain /(loss) on defined benefit obligation	167,065	(34,995)
Remeasurement gain on plan assets	9,735	16,193
	176,800	(18,802)
The remeasurement gain/ (loss) arising from:		
Financial assumptions	31,582	85,848
Experience adjustments	(208,382)	(104,650)
	(176,800)	(18,802)

	2024	2023
Significant actuarial assumptions used were as follows:		
Discount rate	14.75%	16.25%
Salary increase rate	14.75%	16.25%
Weighted average duration of the obligation	9.31 years	9.07 years
Withdrawal rate	Low	Low
Mortality rate	Adjusted SLIC 2001-2005	

The calculation of the defined benefit obligation is sensitive to assumptions set out above. The following table summarizes how the impact on the defined benefit obligation at the end of the reporting period would have increased/(decreased) as a result of a change in respective assumptions:

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
	(Rupees '000)		
Discount	1%	(209,388)	248,866
Salary increase	1%	221,516	(190,953)
Withdrawal	10%	1,800	(1,810)

	1 year set back	1 year set forward
	(Rupees '000)	
Mortality	(2,161)	2,149

The Company expects to make a contribution of Rs Nil (2023: Rs 302 million) to the employees' Gratuity fund during the next financial year and expected expense for the next year amounts to Rs 196 million (2023: Rs 271 million).

Plan assets comprise:

	2024			2023		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
	(Rupees '000)					
Term deposit receipts	-	1,311,968	1,311,968	-	1,077,162	1,077,162
Cash and bank balances	-	608,516	608,516	-	325,570	325,570
	-	1,920,484	1,920,484	-	1,402,732	1,402,732

Funds covered were invested within limits specified by regulations governing investment of approved retirement funds in Pakistan. The funds have no investment in the Company's own securities.

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 and all trustees are employees of the Company and the responsibility for governance of plan, including investment decisions and contribution schedule lie with the Board of Trustees of the Fund.

The Company faces the investment, longevity, salary increase, withdrawal and discount rate fluctuation risks on account of gratuity plan as explained in note 9.3.

	Note	2024	2023
		------------(Rupees '000)------------	
The expense is recognized in the following:			
Operating expenses	27	124,740	114,065
General and administration expenses	30	61,972	44,238
Technical services	34	61,239	58,747
		247,951	217,050

22.2 This includes an amount of Rs 435 million (2023: Rs Nil) against the interest accrued on bank deposits.

23 INCOME TAX- ADVANCE

	Note	2024	2023
		------------(Rupees '000)------------	
Income tax- advance at beginning of the year		33,315,033	31,914,172
Income tax paid during the year		119,557,099	116,480,131
Provision for current taxation- profit or loss	32	(101,941,856)	(110,875,305)
Tax credit /(charge) related to remeasurement gain on employee retirement benefit plans- other comprehensive income		3,089,382	(4,203,965)
Income tax- advance at end of the year	23.1 to 23.5	54,019,658	33,315,033

23.1 This includes amount of Rs 29,727 million (2023: Rs 29,727 million) paid to tax authorities on account of disallowance of actuarial loss amounting to Rs 63,232 million (2023: Rs 63,232 million) which the Company claimed in its return for the tax years 2014 to 2018, 2020 and 2022. This actuarial loss was recognized in the books as a result of retrospective application of IAS 19 (as revised in June 2011) 'Employee Benefits' from the year ended 30 June 2014 and onwards. CIRA upheld the disallowances on account of the actuarial loss for tax years 2015 and 2016, however, allowed to claim the actuarial loss for tax years 2014, 2017 and 2018 over a period of seven years. Being aggrieved, the Company has filed appeals against the orders of CIRA in the Appellate Tribunal Inland Revenue (ATIR) for tax years 2014, 2015, 2016, 2017, 2018 and 2020 on 08 January 2016, 30 June 2020, 05 January 2018, 21 August 2019, 12 February 2020 and 20 January 2023 respectively and in the Islamabad High Court for tax year 2022 on July 24, 2024, which are currently pending. The management, based on opinion of its tax consultant, believes that the actuarial loss is an admissible expense under the tax laws and there is reasonable probability that the matter will be decided in favour of Company by appellate forums available under the law.

23.2 During the year ended 30 June 2014, tax authorities raised demands of Rs 13,370 million (2023: Rs 13,370 million) by disallowing effect of price discount on sale of crude oil from Kunnar field and have recovered Rs 5,372 million (2023: Rs 5,372 million) from the Company upto 30 June 2024. During the year ended 30 June 2015, appeal before ATIR against the said demands were decided against the Company. The Company filed a reference application before Islamabad High Court (IHC) against the decision of ATIR. IHC vide order dated 17 February 2016, set aside the order of ATIR and remanded the case back to ATIR with the instructions to pass a speaking order. The case is currently pending before ATIR. Further, IHC vide order dated 14 January 2019 directed ATIR to decide the appeal expeditiously and until seven days after the decision on the Company's appeal, the tax department is restrained from adopting coercive measures for the recovery of the disputed tax liability in the event the appeal is dismissed. Management and its legal advisor are of the view that the price discount is not the income of the Company and hence not liable to tax. Accordingly, management is confident that the matter will be decided in favor of the Company as the discounted price for Kunnar field was finally determined by the Ministry of Energy (Petroleum Division) and the total amount of price discount amount has been paid to the Government of Pakistan (GoP) upon directions from the Ministry of Finance, to this effect.

23.3 Income tax advance includes Rs 1,259 million (2023: Rs 1,259 million) on account of disallowances made by the Additional Commissioner Inland Revenue (ACIR) in respect of decommissioning cost for tax year 2015. The CIRA vide order dated 18 March 2020 has remanded the case back to ACIR and the Company has filed an appeal against the order of CIRA in ATIR on 30 June 2020. Management believes that the disallowance is against income tax laws and regulations and accordingly no provision has been made in this respect in these financial statements.

23.4 Tax authorities have raised demand of Rs 10,186 million for tax years 2016, 2020, 2021, 2022 and 2023 (2023: Rs 17,280 million) by making disallowances on account of post retirement medical benefits, compensated absences, cost of dry and abandoned wells, field decommissioned/ surrendered during the year, workers' profit participation fund, GIDC payable and certain other expenditures due to alleged non deduction of withholding taxes, which has been paid (2023: Rs 16,520 million). Appeals in this respect are pending with CIRA for tax years 2016 and 2023 and with the Honourable Islamabad High Court for tax years 2020, 2021 and 2022 which are currently pending adjudication. Management is confident that the above disallowances do not hold any merits and the related amounts have been lawfully claimed in the tax returns as per the applicable tax laws. Accordingly, no provision has been made in respect of these in the financial statements.

23.5 The Honorable Supreme Court of Pakistan through its decision dated 29 November 2023 and written order issued on 08 January 2024, dismissed Civil Petition filed by the tax department and has decided the matter of depletion allowance in favor of the Company. Pursuant to the decision, for the purpose of calculation of depletion allowance in accordance with Rule 3 of Part 1 of the Fifth Schedule to the Income Tax Ordinance, the royalty amount is not to be deducted when establishing the wellhead value. Accordingly, the Company has reversed the provisions amounting to Rs 28,164 million already carried in the financial statements in respect of depletion allowance from tax years 1999 to 2023. The Company had already filed refund application for tax years 1999-2007 based on decision of Islamabad High Court and is in the process of filing refund applications for remaining tax years based on decision of Supreme Court of Pakistan.

24 OTHER FINANCIAL ASSETS

	Note	2024	2023
		------------(Rupees '000)------------	
Investment in Term Deposit Receipts (TDRs)- at amortized cost	24.1	117,583,040	87,074,657
Investment at fair value through profit or loss- NIT units		387,287	229,830
		117,970,327	87,304,487

24.1 This represents foreign currency TDRs amounting to USD 419.479 million; Rs 116,699 million (2023: USD 300.926 million; Rs 86,185 million), and accrued interest amounting to USD 3.178 million; Rs 884 million (2023: USD 3.104 million; Rs 890 million), carrying interest rate ranging from 8.51% to 11.01% (2023: 10.15% to 13.56%) per annum, having maturities up to six months (2023: six months).

25 CASH AND BANK BALANCES

	Note	2024	2023
		------------(Rupees '000)------------	
Cash at bank:			
Deposit accounts	25.1	140,302,902	25,454,348
Current accounts	25.2	677,670	271,331
		140,980,572	25,725,679
Cash in hand		49,629	40,028
		141,030,201	25,765,707

25.1 These deposit accounts carry interest rate of 1.25% to 20.75% (2023: 2.10% to 19.80%) per annum and include foreign currency deposits amounting to USD 5.111 million; Rs 1,424 million (2023: USD 44.087 million; Rs 12,627 million). Deposits amounting to Rs 1.281 million (2023: Rs 1.281 million) with banks were under lien to secure bank guarantees issued on behalf of the Company.

25.2 This includes foreign currency current account amounting to USD 0.370 million; Rs 103 million (2023: USD 0.349 million; Rs 100 million).

26 SALES- NET

	2024	2023
	-----------(Rupees '000)-----------	
Gross sales		
Crude oil	229,844,027	203,568,100
Gas	232,847,239	207,370,205
Liquefied petroleum gas	51,566,516	47,180,204
Sulphur	281,188	380,948
	514,538,970	458,499,457
Government levies		
General sales tax	(47,524,061)	(41,463,591)
Petroleum levy	(1,229,304)	(1,222,337)
Excise duty	(2,087,744)	(2,219,520)
	(50,841,109)	(44,905,448)
	463,697,861	413,594,009

26.1 In respect of six of its operated concessions, namely, Gurgalot, Sinjhoro, Bitrisim, Khewari, Nim and TAY Blocks and one non-operated Tal Block, Petroleum Concession Agreements (PCAs) were executed under the framework of Petroleum Policies 1994 and 1997. Later on, in pursuance to the option available under Petroleum Policy (PP) 2012, the Tal Block working interest owners wherein the Company's working interest is 27.7632% signed the Supplemental Agreement (SA) dated 28 August 2015 with the GoP for conversion of eligible existing and future discoveries under Tal PCA to the PP 2012. Further, for aforementioned operated Concessions, the Company also signed the SAs for conversion to 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 27 November 2007. The conversion package as defined in the SAs included windfall levy on natural gas only.

Oil and Gas Regulatory Authority (OGRA) has been notifying the revised wellhead prices in accordance with the relevant Supplemental Agreements for the period from the commencement of production of the respective discoveries. Accordingly, the financial impacts of the price revision were duly accounted for in the financial statements for the years ended 30 June 2016, 30 June 2017 and 30 June 2018 on completion of the process laid down in the law and in line with the Company's accounting policy.

On 27 December 2017, the Ministry of Energy (Petroleum Division) (MoE) notified amendments in PP 2012 after approval from the Council of Common Interests (CCI) dated 24 November 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 03 January 2018, the Directorate General Petroleum Concessions (DGPC) has required all exploration and production companies to submit supplemental agreements to incorporate the aforementioned amendments in PCAs signed under 1994 and 1997 policies, for execution within the stipulated time as specified above.

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

The Company along with other joint operation partners has challenged the applicability of WLO against the backdrop of supplemental agreements already executed pursuant to PP 2012 in the Honorable Islamabad High Court which has granted stay order till next date of hearing against the CCI decision dated 24 November 2017 on imposition of WLO. As mentioned above, the Company on the advice of its legal counsel is confident that it has sound grounds to defend the aforesaid issue in the Court and that the issue will be decided in favour of the Company.

The cumulative past benefit accrued and recorded in the financial statements by the Company upto 23 November 2017 in the form of revenue and profit after tax is Rs 8,550 million and Rs 4,426 million respectively. However, without prejudice to the Company's stance in the court case, revenue of Rs 39,496 million (2023: Rs 31,090 million) related to gas price incentive against the supplemental agreements has been set aside on a point forward basis effective 24 November 2017 (the date of decision of CCI).

26.2 Gas Sale Agreement (GSA) in respect of Kunnar Pasakhi Deep (KPD) fields between the Company and Sui Southern Gas Company Limited is being finalized and adjustments, if any, will be accounted for in the financial statements after execution of GSA.

26.3 During the year, MoE has approved formula for wellhead price of gas sale from Nur-Bagla field and the Company has applied, on 19 July 2024 by paying wellhead gas price application fee, to OGRA for notification of price of gas. Accordingly sales revenue has been recognised as per price applicable according to the formula approved by the MoE. In case of any change between price notified by OGRA and formula provided by MoE, there may be adjustment in revenue accordingly.

27 OPERATING EXPENSES

	Note	2024	2023
		(Rupees '000)	
Salaries, wages and benefits	34	37,896,471	30,170,658
Stores and supplies consumed		4,074,917	3,008,474
Contract services		5,647,172	3,827,964
Joint operations expenses		(1,314,753)	(177,705)
Workover charges		6,087,529	3,903,637
Reversal of provision for decommissioning cost		-	(36,960)
Travelling and transportation		2,507,296	1,442,423
Repairs and maintenance		4,605,146	3,574,313
Rent, fee and taxes	27.2	17,970,818	4,740,998
Insurance		838,854	586,921
Communication		37,418	36,138
Utilities		183,619	142,512
Land and crops compensation		754,020	651,396
Desalting, decanting and naphtha storage charges		165,221	138,053
Training, welfare and Corporate Social Responsibility (CSR)		2,612,872	1,881,912
Provision for slow moving, obsolete and in transit stores	18.1	1,639,650	1,603,099
Reversal of trade debts provision		(3,250)	(2,750)
Stores inventory written off		5,520	7,834
Depreciation	12.3	10,270,994	9,834,236
Amortization of development and production assets	13	24,241,911	19,616,009
Impairment of development and production assets		-	4,975,263
Reversal due to change in decommissioning cost estimates		(831,107)	(121,366)
Transfer from general and administration expenses	30	6,057,549	4,589,109
Miscellaneous		9,247	6,483
		123,457,114	94,398,651
Stock of crude oil and other products:			
Balance at beginning of the year		1,349,347	560,679
Balance at end of the year		(1,263,052)	(1,349,347)
		123,543,409	93,609,983

27.1 Salaries, wages and benefits include charge against employee retirement benefits of Rs 6,218 million (2023: Rs 4,268 million).

27.2 These include additional 15% of wellhead value of petroleum produced payable to the Federal Government amounting to Rs 17,135 million (2023: Rs 3,898 million) relating to re-grant of lease after expiry of lease term, in accordance with rule 35 of the Pakistan Onshore Petroleum (Exploration and Production) Rules, 2013.

	Note	2024	2023
		(Rupees '000)	
28 FINANCE AND OTHER INCOME			
Income from financial assets			
Interest income on:			
Investments and bank deposits		42,980,349	27,386,004
Finance income- lease	17.1	21,047,426	8,058,535
		64,027,775	35,444,539
Delayed payments surcharge from customers		7,400,664	3,371,001
Gain on modification of finance lease	17.3	-	75,475,889
Fair value loss on PIBs	15.5.2	(487,136)	(1,093,819)
Loss on modification in terms of TFCs	15.5.3	(23,108,330)	-
Dividend income from NIT units		23,156	11,078
Un-realized gain /(loss) on investments at fair value through profit or loss		157,457	(65,244)
Exchange (loss) /gain- net		(8,385,190)	38,287,248
		39,628,396	151,430,692
Income from non financial assets			
Signature bonus/ contract renewal fee	28.1	1,156,014	1,700,714
Gain on disposal of property, plant and equipment	12.5	51,095	114,330
Gain on disposal of stores, spare parts and loose tools		146,560	226,782
Income on account of liquidated damages /penalty imposed on suppliers		78,850	222,925
Others		282,777	996,642
		1,715,296	3,261,393
		41,343,692	154,692,085

28.1 This represents income recognized on account of signature bonus /contract renewal fee in respect of allocation of LPG quota. For contingency related to this matter refer note 11.1.4.

	Note	2024	2023
		(Rupees '000)	
29 EXPLORATION AND PROSPECTING EXPENDITURE			
Cost of dry and abandoned wells	14	402,215	7,161,919
Prospecting expenditure		12,158,671	11,861,902
		12,560,886	19,023,821
30 GENERAL AND ADMINISTRATION EXPENSES			
Salaries, wages and benefits	34	11,495,135	8,883,761
Joint operations expenses		2,178,833	1,782,472
Unallocated expenses of technical services		2,079,231	1,400,628
Travelling and transportation		668,900	566,961
Repairs and maintenance		86,578	77,064
Stores and supplies consumed		157,237	112,702
Rent, fee and taxes		503,203	781,713
Communication		82,971	61,871
Utilities		274,931	186,892
Training and scholarships		47,784	45,381
Legal and professional services		75,843	52,974
Contract services		375,870	374,525
Auditors' remuneration	30.2	81,641	34,215
Advertising		280,077	190,444
Insurance		2,142	2,256
Depreciation	12.3	226,050	192,688
Miscellaneous		52,858	66,827
		18,669,284	14,813,374
Allocation of expenses to:			
Operations	27	(6,057,549)	(4,589,109)
Technical services		(3,722,182)	(2,972,593)
		(9,779,731)	(7,561,702)
		8,889,553	7,251,672

OIL AND GAS DEVELOPMENT COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

30.1 Salaries, wages and benefits include charge against employee retirement benefits of Rs 1,920 million (2023: Rs 1,276 million).

		Note	2024	2023
			-----------(Rupees '000)-----------	
30.2	**Auditors' remuneration**			
	M/s KPMG Taseer Hadi & Co., Chartered Accountants			
	Annual audit fee		5,741	4,416
	Half yearly review		2,153	1,656
	Verification of Central Depository Company record		130	100
	Verification of statement of free float of shares		260	200
	Dividend certification		-	200
	Reimbursement of cost for regulatory review		10,000	-
	Out of pocket expenses		8,601	657
			26,885	7,229
	M/s A. F. Ferguson & Co., Chartered Accountants			
	Annual audit fee		5,741	4,416
	Half yearly review		2,153	1,656
	Concession/ Joint operations audit fee		4,624	3,839
	Verification of Central Depository Company record		130	100
	Verification of statement of free float of shares		260	200
	Dividend certification		360	400
	Decommissioning certification		1,551	1,551
	Tax services		17,837	13,005
	Reimbursement of cost for regulatory review		10,000	-
	Services for certification of payment to Government		434	434
	Out of pocket expenses		11,666	1,385
			54,756	26,986
			81,641	34,215
31	**FINANCE COST**			
	Unwinding of discount on provision for decommissioning cost	8	7,133,841	4,708,300
	Others		9,289	6,855
			7,143,130	4,715,155
32	**TAXATION**			
	Current tax- charge /(credit)			
	- for the year		130,106,339	110,875,305
	- for prior years	23.5	(28,164,483)	-
			101,941,856	110,875,305
	Deferred tax- (credit) /charge for the year		(17,130,533)	48,279,661
			84,811,323	159,154,966
32.1	**Reconciliation of tax charge for the year:**			
	Accounting profit		293,787,094	383,772,763
	Tax rate		49.77%	50.17%
	Tax on accounting profit at applicable rate		146,217,837	192,538,795
	Tax effect of royalty allowed for tax purposes		(20,597,505)	(18,906,779)
	Tax effect of depletion allowance		(32,417,506)	(25,493,460)
	Tax effect of exempt income		89,891	27,175
	Tax effect of unwinding of discount on provision for decommissioning cost		3,550,513	2,362,154
	Tax effect of income chargeable to tax at reduced corporate rate		(10,420,008)	(15,498,475)
	Tax effect of prior years		(28,164,483)	-
	Effect of super tax		27,187,301	23,004,337
	Others		(634,717)	1,121,219
			84,811,323	159,154,966

32.2 Various appeals in respect of assessment years 1992-93 to 2002-03, tax years 2003 to 2023 are pending at different appellate forums in the light of the order of the Commissioner of Inland Revenue (Appeals) and decision of the Adjudicator, appointed by both the Company as well as the Federal Board of Revenue (FBR) mainly on the issues of decommissioning cost, depletion allowance, prospecting, exploration and development expenditure, tax rate, super tax and unrealized exchange gain /loss. Total amount of tax demand against the major issues, raised in respect of assessment years 1992-93 to 2002-03 and tax years 2003 to 2023 amounts to Rs 117,865 million out of which an amount of Rs 108,070 million has been paid to tax authorities and has also been provided for in the financial statements. Prospecting, exploration and development expenditure and unrealized exchange gain /loss are timing differences, hence, the relevant impacts are also taken in deferred tax.

32.3 During the year ended 30 June 2021, tax authorities have raised demand of Rs 1,047 million for tax year 2013 (2023: Rs 1,047 million) on account of alleged issue of not offering consideration of sale of working interest in a block for tax. Appeal has been filed by the Company before CIRA on 30 June 2021, which is currently pending adjudication. Management is confident that the above demand does not hold any merit under the applicable tax laws. Accordingly, no provision has been made in respect of these in these financial statements.

32.4 For the tax year 2022, the tax authorities disallowed certain exploration & development expenditures and prospecting expenditures, arguing that the nature of these expenditures is intangible and capital in nature. In the current year, similar disallowances have been made by the tax authorities for the tax year 2023 through amendment proceedings under Section 122(5A) of the Income Tax Ordinance, 2001 (“the Ordinance”), and further assessments have been amended for tax years 2018 to 2021. The total tax demand raised through these orders amounts to Rs 78,650 million.

The Company, supported by its tax advisors, believes that the disallowances made by the tax authorities are without factual or legal merit and will not withstand scrutiny in the appellate process. Consequently, no provision has been recognized in these financial statements in respect of the disallowed expenditures. The Company had filed appeals before the Appellate Tribunal Inland Revenue (ATIR), which were rejected in limine. The ATIR based its decision on the grounds that the Company, being a State-Owned Entity (SOE), is required to settle its tax cases through the Alternate Dispute Resolution Committee (ADRC) under the provisions introduced by the Tax Amendment Act, 2024, and the Finance Act, 2024.

The Company contends that the amendments introduced through the Tax Amendment Act, 2024 have unjustly curtailed its right to appeal, which violates principles of natural justice and fair play. Accordingly, the Company has filed a reference application before the Islamabad High Court (IHC), where the matter is currently pending adjudication. Management remains confident that the ultimate outcome of the appeals process will be in the Company's favor and, therefore, no liability has been recognized in these financial statements in relation to this matter.

33 EARNINGS PER SHARE- BASIC AND DILUTED

	2024	2023
Profit for the year (Rupees '000)	208,975,771	224,617,797
Average number of shares outstanding during the year ('000)	4,300,928	4,300,928
Earnings per share- basic (Rupees)	48.59	52.23

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

34 SALARIES, WAGES AND BENEFITS

Salaries, wages and benefits have been allocated as follows:

	Operating expenses	General and administration expenses	Technical services	Total
	Note 27	Note 30	Note 34.1	
	--------------------------------(Rupees '000)--------------------------------			
For year ended 30 June 2024				
Salaries and wages	20,944,042	6,004,884	9,958,519	36,907,445
Awards and bonuses	5,278,952	1,889,355	2,700,645	9,868,952
Charge for accumulating compensated absences	2,460,484	470,269	1,118,553	4,049,306
Gratuity expense	124,740	61,972	61,239	247,951
Charge for post retirement medical benefits	2,636,265	716,892	1,293,152	4,646,309
Charge for employees' pension	3,456,582	1,141,057	1,632,156	6,229,795
Other allowances and benefits	2,995,406	1,210,706	1,709,487	5,915,599
	37,896,471	11,495,135	18,473,751	67,865,357
For year ended 30 June 2023				
Salaries and wages	17,601,113	5,163,178	8,560,611	31,324,902
Awards and bonuses	3,051,693	1,047,913	1,289,491	5,389,097
Charge for accumulating compensated absences	2,664,107	491,801	1,283,979	4,439,887
Gratuity expense	114,065	44,238	58,747	217,050
Charge for post retirement medical benefits	1,872,099	452,259	1,077,169	3,401,527
Charge for employees' pension	2,282,068	779,151	1,143,664	4,204,883
Other allowances and benefits	2,585,513	905,221	1,711,128	5,201,862
	30,170,658	8,883,761	15,124,789	54,179,208

34.1 Salaries, wages and benefits relating to in-house technical services of the Company are further allocated to various cost centers including wells, projects and prospecting expenditure as per the Company's policy.

35 OPERATING SEGMENTS

For management purposes, the activities of the Company are organized into a single reportable segment. The operating interests of the Company are confined to Pakistan except for investment in PIOL, which is disclosed in detail in note 15.3. The financial statements have been prepared on the basis of a single reportable segment. Revenue from external customers for products of the Company is disclosed in note 26.

Following are the details of the major customers with whom the revenue transactions amounting to 10% or more of the Company's overall gross revenue and which constitutes 59% (2023: 59%) of total revenue for the year:

Customer Name	Product	2024	2023
		-----------(Rupees '000)-----------	
Sui Northern Gas Pipelines Limited (SNGPL)	Gas	110,082,208	90,746,666
Sui Southern Gas Company Limited (SSGCL)	Gas & LPG	58,050,814	54,393,876
Attock Refinery Limited	Crude oil	137,740,643	125,106,544

The sales to Government owned entities other than SNGPL and SSGCL as mentioned above amounts to Rs 79,134 million (2023: Rs 67,829 million).

36 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 the 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 and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board's Risk Management Committee assists the Board in the identification and monitoring of the principal risks and opportunities of the Company ensuring that appropriate systems and internal control framework are in place to manage these risks and opportunities, including, safeguarding the public reputation of the Company. The Committee is required to oversee, report and make recommendations to the Board in respect of financial and non-financial risks faced by the Company.

36.1 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. As part of these processes, the financial viability of all counterparties is regularly monitored and assessed.

The Company is exposed to credit risk from its operating and certain investing activities and the Company's credit risk exposures are categorized under the following headings:

36.1.1 Counterparties

The Company conducts transactions with the following major types of counterparties:

Trade debts and lease receivables

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

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

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade debts and lease receivables that are due directly/ ultimately from the GoP till 30 June 2024 as per policy disclosed in note 3.14.4 to the financial statements.

Bank balances and investments

The Company limits its exposure to credit risk by investing in liquid securities and maintaining bank accounts only with counterparties that have a credit rating of at least A. In addition to the exposure with Banks, the Company also holds investments in Term Finance Certificates (TFCs) issued by PHL and PIBs issued by State Bank of Pakistan. Investment in TFCs is secured by sovereign guarantee of the GoP. Investment in PIBs are also secured by GoP guarantee. 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 rating of the counterparties is as follows:

	2024		2023		
	Short term	Long	Short term	Long term	Credit rating agency
National Bank of Pakistan	A-1+	AAA	A-1+	AAA	PACRA
Allied Bank Limited	A-1+	AAA	A-1+	AAA	PACRA
Askari Bank Limited	A-1+	AA+	A-1+	AA+	PACRA
Bank Alfalah Limited	A-1+	AAA	A-1+	AA+	PACRA
Bank Al-Habib Limited	A-1+	AAA	A-1+	AAA	PACRA
Standard Chartered Bank	A-1+	AAA	A-1+	AAA	PACRA
Faysal Bank	A-1+	AA	A-1+	AA	PACRA
Habib Bank Limited	A-1+	AAA	A-1+	AAA	VIS
Habib Metropolitan Bank	A-1+	AA+	A-1+	AA+	PACRA
Dubai Islamic Bank	A-1+	AA	A-1+	AA	VIS
MCB Bank	A-1+	AAA	A-1+	AAA	PACRA
Soneri Bank Limited	A-1+	AA-	A-1+	AA-	PACRA
United Bank Limited	A-1+	AAA	A-1+	AAA	VIS
Citibank N.A.	F-1	A+	P-1	Aa3	Moody's
Meezan Bank Limited	A-1+	AAA	A-1+	AAA	VIS
National Investment Trust	-	AM1	-	AM1	PACRA

36.1.2 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Note	2024	2023
		-------------(Rupees '000)-------------	
Long term investments	15.5	89,895,054	28,983,048
Long term loans	16.1	10,229,161	9,654,397
Trade debts- net of provision	19	635,016,335	576,968,545
Lease receivables	17	105,201,693	121,031,547
Loans and advances	20	12,813,628	12,256,401
Deposits	21	28,972	28,755
Other receivables	22	1,288,597	871,634
Current portion of long term investments	15.5	17,091,021	155,694,636
Current portion of lease receivables	17	50,268,663	37,625,777
Other financial assets	24	117,970,327	87,304,487
Bank balances	25	140,980,572	25,725,679
		1,180,784,023	1,056,144,906

The maximum exposure to credit risk for financial assets at the reporting date by type of counter party was:

	2024	2023
Oil refining companies	36,552,848	30,897,796
Gas distribution companies	513,907,208	438,842,868
Power generation companies	238,637,429	264,694,802
National Bank of Pakistan	111,687,807	67,551,172
Banks and financial institutions-others	163,618,708	60,426,961
Power Holding Limited	69,609,409	155,207,468
Employees of the Company	12,511,400	11,801,135
Partners in joint operations	9,655,037	8,919,453
Government of Pakistan	21,021,050	14,522,249
Others	3,583,127	3,281,002
	1,180,784,023	1,056,144,906

The Company’s most significant customers, are an oil refining company and two gas distribution companies (related parties), amounts to Rs 529,316 million of trade debts as at 30 June 2024 (2023: Rs 453,577 million).

The credit quality of financial assets that can be assessed by reference to external credit ratings or to historical information about counterparty default rates:

	Note	2024	2023
		(Rupees '000)	
Investments			
AAA	15.5	16,355,616	14,947,967
Unrated- Government guaranteed		90,630,459	169,729,717
	15.5	106,986,075	184,677,684
Other financial assets			
A-1+		117,583,040	87,074,657
AM1		387,287	229,830
	24	117,970,327	87,304,487
Bank balances			
AAA		130,176,340	25,305,594
AA+		3,269,986	130,301
AA		7,534,088	18,309
AA-		149	145
A+		9	-
A-1+		-	271,321
P-1		-	9
	25	140,980,572	25,725,679

The maximum exposure to credit risk for trade debts at the reporting date by type of product was:

	Note	2024	2023
		(Rupees '000)	
Crude oil		36,854,072	31,298,622
Gas		597,877,197	545,522,331
Liquefied petroleum gas		240,698	103,224
Other operating revenue		44,368	44,368
	19	635,016,335	576,968,545

36.1.3 Impairment losses

The aging of trade debts at the reporting date was:

	Note	2024 Gross debts	2024 Impaired	2023 Gross debts	2023 Impaired
		(Rupees '000)			
Not past due		69,805,858	-	62,120,209	-
Past due 0-30 days		18,001,549	-	19,116,249	-
Past due 31-60 days		18,636,623	-	18,389,027	-
Past due 61-90 days		17,377,132	-	10,854,765	-
Over 90 days		511,289,536	(94,363)	466,585,908	(97,613)
	19	635,110,698	(94,363)	577,066,158	(97,613)

36.1.3 Impairment losses- continued

The aging of trade debts from related parties at the reporting date was:

	Total	Not past due	Past due 0-30 days	Past due 31-60 days	Past due 61-90 days	Over 90 days	Impaired balance
	----------(Rupees '000)----------						
30 June 2024							
Enar Petroleum Refining Facility	3,779,606	3,458,514	115,304	139,137	109,618	(42,967)	-
Pakistan Refinery Limited	4,573,635	1,684,090	826,358	151,755	272,286	1,639,146	-
Pak Arab Refinery Company Limited	9,031,494	7,085,875	1,249,867	676,014	-	19,738	-
Sui Northern Gas Pipelines Limited	265,898,428	20,748,347	6,752,848	7,983,548	7,613,374	222,800,311	-
Sui Southern Gas Company Limited	248,008,780	12,249,554	4,301,637	4,489,531	4,322,035	222,646,023	-
WAPDA	-	-	-	-	-	21,282	(21,282)
	531,291,943	**45,226,380**	**13,246,014**	**13,439,985**	**12,317,313**	**447,083,533**	**(21,282)**
30 June 2023							
Enar Petroleum Refining Facility	4,280,179	4,261,603	-	9,937	(2,038)	10,677	-
Pakistan Refinery Limited	4,558,039	1,584,625	641,322	856,809	620,391	854,892	-
Pak Arab Refinery Company Limited	4,801,605	4,402,431	337,725	49,972	(27,168)	38,645	-
Sui Northern Gas Pipelines Limited	219,057,832	18,313,234	7,794,252	7,764,878	3,309,390	181,876,078	-
Sui Southern Gas Company Limited	219,785,035	9,149,949	4,417,963	4,510,403	2,080,701	199,626,019	-
WAPDA	-	-	-	-	-	21,282	(21,282)
	452,482,690	**37,711,842**	**13,191,262**	**13,191,999**	**5,981,276**	**382,427,593**	**(21,282)**

36.1.3 Impairment losses- continued

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

	2024	2023
	(Rupees '000)	
Balance at beginning of the year	97,613	100,363
Reversal during the year	(3,250)	(2,750)
Balance at end of the year	94,363	97,613

The aging of current portion of lease receivables billed to the customers at the reporting date was:

	2024	2023
Not past due	3,452,167	2,261,293
Past due 0-30 days	2,673,135	1,537,577
Past due 31-60 days	2,683,383	1,434,350
Past due 61-90 days	2,683,383	1,434,350
Over 90 days	26,405,989	20,282,127
	37,898,057	26,949,697

As explained in note 17.2 and note 19.1 to the financial statements, the Company believes that no impairment allowance is necessary in respect of lease receivables and trade debts past due other than the amount provided. Trade debts and lease receivables are essentially due from oil refining companies, natural gas and liquefied petroleum gas transmission and distribution companies and power generation companies. The Company is actively pursuing for recovery of these 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 2.5.3 was trivial and accordingly has not been included in the financial statements.

The aging of loan and advances from related parties at the reporting date was:

	2024	2023
	(Rupees '000)	
Not past due	6,275,859	6,772,394
Past due	-	-
	6,275,859	6,772,394

Expected credit loss on loans, advances, deposits and other receivables is calculated using general approach as disclosed in note 3.14.4. 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. The movement in the expected credit loss allowance in respect of the financial assets during the year was as follows:

	2024	2023
	(Rupees '000)	
Balance at beginning of the year	196,601	196,601
Reversed/ written off during the year	-	-
Balance at end of the year	196,601	196,601

The aging of principal amount of TFCs at the reporting date was:

	2024	2023
Not past due	-	-
Past due	-	82,000,000
	-	82,000,000

The aging of interest accrued on TFCs at the reporting date was:

	2024	2023
Not past due	69,609,409	-
Past due	-	73,207,468
	69,609,409	73,207,468

As explained in note 15.5.3 to the financial statements, the TFCs are secured by sovereign guarantee of the GoP, covering the principal, markup, and/ or any other amount becoming due for payment. ECL has not been assessed in respect of TFCs as disclosed in note 2.5.3.

36.2 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.

The maturity profile of the Company's financial liabilities based on the contractual amounts is as follows:

	2024		2023	
	Carrying amount	**Contractual cash flows**	**Carrying amount**	**Contractual cash flows**
	-----------------------------(Rupees '000)-----------------------------			
All the trade and other payables have maturity upto one year				
Trade and other payables	67,368,278	67,368,278	47,723,441	47,723,441
Unpaid dividend	41,125,052	41,125,052	37,452,267	37,452,267
Unclaimed dividend	203,788	203,788	205,560	205,560
	108,697,118	108,697,118	85,381,268	85,381,268

36.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, equity price and crude oil price will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

36.3.1 Foreign currency risk management

PKR is the functional currency of the Company and as a result currency exposure arise from transactions and balances in currencies other than PKR. 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 PKR 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 foreign currency risk was as follows based on carrying values:

	2024	2023
	---------(USD ($) '000)---------	
Trade debts	35,385	28,714
Lease receivables	421,860	459,072
Other financial assets	422,657	304,030
Cash and bank balances	5,481	44,436
Loans and advances	34,643	31,089
	920,026	867,341
Trade and other payables ('000)		
USD	78,775	141,626
Euro	1,886	1,021
CNY	6,654	3,570

	-----------(Rupees '000)-----------	
Foreign currency commitments outstanding at year end are as follows:		
USD	187,028,380	193,452,215
Euro	8,879,335	10,556,815
CNY	16,184,903	2,238,783
GBP	-	1,495,265
	212,092,618	207,743,078

The following significant exchange rates were applied during the year:

	Average rate		Reporting date spot rate	
	2024	2023	2024	2023
	---------(Rupees)---------			
USD 1	283.48	248.18	278.70	286.90

Foreign currency sensitivity analysis

A 10 percent strengthening of the PKR against the USD at 30 June 2024 would have decreased equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 30 June 2023.

	2024	2023
	-----------(Rupees '000)-----------	
Statement of profit or loss	11,187,921	12,065,633

A 10 percent weakening of the PKR against the USD at 30 June 2024 would have had the equal but opposite effect on USD to the amounts shown above, on the basis that all other variables remain constant. The sensitivities for currencies other than USD are not material.

36.3.2 Interest rate risk management

The interest rate risk is the risk that the value of the financial instrument will fluctuate due to changes in the market interest rates. Sensitivity to interest rate risk arises from mismatches of financial assets and liabilities that mature in a given period. The Company adopts a policy to ensure that interest rate risk is minimized by investing in fixed rate investments like TDRs and PIBs while the Company has no borrowings.

Profile

The interest rate profile of the Company's remaining interest- bearing financial instruments at the reporting date is as follows:

	2024	2023	2024	2023
	----------------%----------------		------------(Rupees '000)-----------	
Floating rate instrument				
Financial assets				
Investment	21.84	21.95	21,021,050	14,522,249
Fixed rate instruments				
Financial assets				
Investments	14	14	16,355,616	14,947,967
Long term loans	15.58	11.2	93,182	299,454
Other financial assets	8.51 to 11.01	10.15 to 13.56	117,583,040	87,074,657
Cash and bank balances	1.25 to 20.75	2.1 to 19.8	140,302,902	25,454,348
			274,334,740	127,776,426
Financial liabilities			-	-
			274,334,740	127,776,426

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Company does not have derivatives as hedging instruments recognized under fair value hedge accounting model. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

36.3.3 Other market price risk

The Company is following a policy to set aside reserve for self insurance of rigs, buildings, wells, plants, pipelines, workmen compensation, inventory, terrorism, vehicle repair and losses for petroleum products in transit and is keeping such reserve invested in specified investments. The primary goal of the Company’s investment strategy is to maximize investment returns on surplus funds. The Company's price risk arises from investments in NIT units which are designated at fair value through profit or loss, however, in accordance with the investment strategy the performance of NIT units is actively monitored and they are managed on a fair value basis.

Sensitivity analysis of price risk

A change of Rs 5 in the value of investments at fair value through profit or loss would have increased or decreased profit or loss by Rs 22.701 million (2023: Rs 21.566 million).

Sensitivity analysis of crude oil price risk

A change of USD 5 in average price of crude oil would increase or decrease profit by Rs 5,278 million (2023: Rs 5,279 million) on the basis that all other variables remain constant.

36.4 Classification of financial assets and liabilities, fair values and risk management

The following table shows the classification, carrying amounts and fair values of financial assets and liabilities. The fair value of financial assets measured at fair value is shown below. It does not include fair value information for financial assets and financial liabilities not measured at fair value as the carrying amount is a reasonable approximation of fair value because 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 the GoP carries enforceable contractual right and entitlement to receive interest on late payment and is exempt from ECL accounting/ disclosure as disclosed in note 2.5.3. The non-current financial assets are also interest bearing.

		Carrying amount			
		Financial assets at amortized cost	**Fair value through profit or loss**	**Financial liabilities at amortized cost**	**Total**
30 June 2024	**Note**	-----------------------------------(Rupees '000)-----------------------------------			
Financial assets measured at fair value					
Other financial assets- NIT Units	24	-	387,287	-	387,287
Financial assets not measured at fair value					
Long term investments	15.5	89,895,054	-	-	89,895,054
Long term loans	16	10,229,161	-	-	10,229,161
Trade debts- net of provision	19	635,016,335	-	-	635,016,335
Lease receivables	17	105,201,693	-	-	105,201,693
Loans and advances		12,813,628	-	-	12,813,628
Deposits	21	28,972	-	-	28,972
Other receivables	22	1,288,597	-	-	1,288,597
Current portion of long term investments	15.5	17,091,021	-	-	17,091,021
Current portion of lease receivables	17	50,268,663	-	-	50,268,663
Other financial assets	24	117,583,040	-	-	117,583,040
Bank balances	25	140,980,572	-	-	140,980,572
Cash in hand	25	49,629	-	-	49,629
		1,180,446,365	387,287	-	1,180,833,652
Financial liabilities not measured at fair					
Trade and other payables		-	-	67,368,278	67,368,278
Unpaid dividend	10	-	-	41,125,052	41,125,052
Unclaimed dividend		-	-	203,788	203,788
		-	-	108,697,118	108,697,118
30 June 2023					
Financial assets measured at fair value					
Other financial assets- NIT units	24	-	229,830	-	229,830
Financial assets not measured at fair value					
Long term investments	15.5	28,983,048	-	-	28,983,048
Long term loans	16	9,654,397	-	-	9,654,397
Trade debts- net of provision	19	576,968,545	-	-	576,968,545
Lease receivables	17	121,031,547	-	-	121,031,547
Loans and advances		12,256,401	-	-	12,256,401
Deposits	21	28,755	-	-	28,755
Other receivables	22	871,634	-	-	871,634
Current portion of long term investments	15.4	155,694,636	-	-	155,694,636
Current portion of lease receivables	17	37,625,777	-	-	37,625,777
Other financial assets	24	87,074,657	-	-	87,074,657
Bank balances	25	25,725,679	-	-	25,725,679
Cash in hand	25	40,028	-	-	40,028
		1,055,955,104	229,830	-	1,056,184,934
Financial liabilities not measured at fair value					
Trade and other payables		-	-	47,723,441	47,723,441
Unpaid dividend	10	-	-	37,452,267	37,452,267
Unclaimed dividend		-	-	205,560	205,560
		-	-	85,381,268	85,381,268

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.

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3
	---------------------(Rupees '000)	---------------------	
Financial assets measured at fair value			
Other financial assets- NIT units			
30 June 2024	387,287	-	-
30 June 2023	229,830	-	-

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.

Investment in fair value through profit or loss

The fair value of held for trading investment is determined by reference to their quoted closing repurchase price at the reporting date.

Investment in associate

The fair value of investment in associate is determined by reference to their quoted closing bid price at the reporting date. The fair value is determined for disclosure purposes. Refer note 15.2.

Recognition of significantly modified financial asset

The fair value of significantly modified financial asset is determined by discounting the modified future contractual cashflows using market interest rate.

Recognition of finance lease receivable on modification

During the year ended 30 June 2024, the finance lease receivable at modification date was determined by discounting expected contractual cashflows using a risk adjusted discount rate.

Capital management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders, and to maintain a strong capital base to support the sustained development of its businesses.

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 shareholders and/ or issue new shares. There were no changes to Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirement.

	Note	2024	2023
		----------(Rupees '000)----------	

37 CASH AND CASH EQUIVALENTS

	Note	2024	2023
Cash and bank balances	25	141,030,201	25,765,707
Investment in Term Deposit Receipts	24	117,583,040	87,074,657
		258,613,241	112,840,364

38 NUMBER OF EMPLOYEES

	2024	2023
Total number of employees at the end of the year were as follows:		
Regular	10,386	10,686
Contractual	349	521
	10,735	11,207
Average number of employees during the year were as follows:		
Regular	10,536	10,827
Contractual	435	591
	10,971	11,418

39 RELATED PARTIES TRANSACTIONS

Government of Pakistan owns 74.97% (2023: 74.97%) shares of the Company. Pursuant to the decision of the Supreme Court of Pakistan as explained in note 10, the shares currently held by OGDCL Employees' Empowerment Trust (OEET) 10.05% (2023: 10.05%) will be transferred back to the GoP and accordingly, the GoP holding will be increased. Therefore, all entities owned and controlled by the Government of Pakistan are related parties of the Company. Other related parties comprise associates, major shareholders, directors, companies with common directorship, key management personnel, OGDCL employees empowerment trust, employees pension trust and gratuity fund. The Company in normal course of business pays for airfare, electricity, telephone, gas, yield analysis required under Petroleum Concession Agreements and make regulatory payments to entities controlled by the GoP which are not material, hence not disclosed in the financial statements. Transactions with related parties other than disclosed below are disclosed in relevant notes to the financial statements. Transactions of the Company with related parties and balances outstanding at year end are as follows:

	2024	2023
	----------(Rupees '000)----------	
PEDL- Subsidiary company- 100% shareholding of the Company and common directorship		
Cost of investment	100	-
Payable as at 30 June	100	-
MPCL- Associated company- 20% shareholding of the Company and common directorship		
Share of profit in associate- net of taxation	15,457,611	11,225,742
Share of other comprehensive income of the associate- net of taxation	812	316,528
Dividend received	4,127,474	3,995,182
Expenditure charged by joint operations partner- net	(6,344,581)	(1,254,057)
Cash calls paid to joint operations partner- net	(5,343,166)	(1,092,169)
Share (various fields) payable as at 30 June	1,519,889	660,716
Share (various fields) receivable as at 30 June	103,320	245,562
PIOL- Associated company- 25% shareholding of the Company and common directorship		
Cost of investment made during the year	7,047,500	2,227,500
Share of loss in associate	(97,799)	(296,445)
Share of other comprehensive income	(232,492)	1,465,748

	2024	2023
	----------(Rupees '000)----------	
RELATED PARTIES TRANSACTIONS- continued		
PMPL- Associated company- 33.33% shareholding of the Company and common directorship		
Cost of investment made during the year	5,067,849	36,727,161
Share of loss in associate	(2,173,333)	(386,040)
Share of other comprehensive income	(1,003,131)	14,020,097
Major shareholders		
Government of Pakistan (74.97% share holding)		
Dividend paid	25,684,019	24,087,541
Dividend paid- Privatization Commission of Pakistan	2,853,779	2,676,424
OGDCL Employees' Empowerment Trust (10.05% share holding)- note 10		
Dividend withheld	40,870,881	37,046,008
Related parties by virtue of the GoP holdings and/ or common directorship		
Sui Northern Gas Pipelines Limited		
Sale of natural gas	110,082,208	90,746,666
Trade debts as at 30 June	265,898,428	219,057,832
Pakistan State Oil Company Limited		
Sale of liquefied petroleum gas	1,015,533	1,152,594
Purchase of petroleum, oil and lubricants	5,827,314	105,113
Payable as at 30 June	278,663	6,000
Advance against sale of LPG as at 30 June	145,107	189,612
Pakistan Petroleum Limited		
Expenditure charged by joint operations partner- net	(1,329,386)	(2,193,396)
Cash calls paid to joint operations partner- net	(1,308,392)	(1,392,551)
Share (various fields) receivable as at 30 June	1,475,737	2,141,494
Share (various fields) payable as at 30 June	2,504,085	3,148,848
Pak Arab Refinery Company Limited		
Sale of crude oil	33,693,611	25,741,685
Trade debts as at 30 June	9,031,494	4,801,605
PARCO Pearl Gas (Private) Limited		
Sale of liquefied petroleum gas	1,196,037	1,046,194
Advance against sale of LPG as at 30 June	80,202	54,626
Pakistan Refinery Limited		
Sale of crude oil	10,351,617	11,590,190
Trade debts as at 30 June	4,573,635	4,558,039
Khyber Pakhtunkhwa Oil & Gas Company (KPOGCL)		
Expenditure charged to joint operations partner	86,920	1,347,853
Cash calls received from joint operations partner	516,618	27,033
KPOGCL share (various fields) receivable as at 30 June	910,457	1,340,155
Signature bonus received	-	755,798
Sindh Energy Holding Company Limited (SEHCL)		
Expenditure charged to joint operations partner	745	10,491
Cash calls received from joint operations partner	10,705	30,541
SEHCL share (various fields) payable as at 30 June	2,183	-
SEHCL share (various fields) receivable as at 30 June	-	7,777

	2024	2023
	----------(Rupees '000)----------	
RELATED PARTIES TRANSACTIONS- continued		
Sui Southern Gas Company Limited		
Sale of natural gas	56,612,706	53,071,085
Sale of liquefied petroleum gas	1,438,108	1,322,791
Trade debts as at 30 June	248,008,780	219,785,035
Advance against sale of LPG as at 30 June	102,402	30,638
Sui Southern Gas Company LPG (Pvt) Limited		
Sale of liquefied petroleum gas	198,685	839,098
Advance against sale of LPG as at 30 June	28,062	104,732
Government Holdings (Private) Limited (GHPL)		
Expenditure charged to joint operations partner	6,727,380	5,620,049
Cash calls received from joint operations partner	6,178,027	5,537,092
GHPL share (various fields) receivable as at 30 June	3,786,345	3,037,406
GHPL share (various fields) payable as at 30 June	1,467,496	1,763,555
National Investment Trust		
Investment as at 30 June	387,287	229,830
Dividend received	23,156	11,078
National Bank of Pakistan		
Balance at bank as at 30 June	16,756,089	14,255,115
Balance of investment in TDRs as at 30 June	94,931,718	53,296,057
Interest earned	9,694,225	3,412,688
Power Holding Limited (PHL)		
Principal repayment	82,000,000	-
Mark-up earned	19,510,271	14,512,832
Balance of past due principal repayment of TFCs as at 30 June	-	82,000,000
Balance of mark-up receivable on TFCs as at 30 June	69,609,409	-
Balance of past due mark-up receivable on TFCs as at 30 June	-	73,207,468
National Insurance Company Limited		
Insurance premium paid	1,670,685	690,411
National Logistic Cell		
Crude transportation charges paid	1,567,669	1,180,356
Payable as at 30 June	678,518	510,457
Enar Petrotech Services Limited		
Consultancy services	20,868	41,841
Payable as at 30 June	2,780	-
Enar Petroleum Refining Facility		
Sale of crude oil	32,678,665	27,458,845
Trade debts as at 30 June	3,779,606	4,280,179
Other related parties		
Contribution to pension fund	2,750,000	2,750,000
Contribution to gratuity fund	302,370	189,213
Remuneration including benefits and perquisites of key management personnel- note 39.1	1,158,166	763,626

39.1 Key management personnel

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

	2024	2023
	(Rupees '000)	
Managerial remuneration	319,386	285,694
Housing and utilities	213,291	184,088
Award and bonus	269,505	60,048
Other allowances and benefits	258,669	179,630
Leave encashment	12,513	10,883
Medical benefits	3,280	3,198
Pension fund	29,744	18,933
Gratuity fund	51,778	21,152
	1,158,166	763,626
Number of persons	31	30

39.2 The amounts of the trade debts outstanding are unsecured and will be settled in cash. For details of trade debts from related parties, refer note 36.1.3.

39.3 The names of key management personnel during the year or at year end are as follows:

1 Mr. Ahmed Hayat Lak
2 Mr. Muhammad Anas Farook
3 Mr. Muhammad Aamir Salim
4 Mr. Shahzad Safdar
5 Mr. Atif Ghafoor Mirza
6 Mr. Zia Salahuddin
7 Mr. Farrukh Saghir
8 Lt Col (R) Tariq Hanif
9 Mr. Khurram Shiraz
10 Mr. Kamran Yusuf Shami
11 Mr. Salim Baz Khan
12 Mr. Hameed Afzal
13 Mr. Imran Sadiq
14 Mr. Syed Nadeem Hassan Rizvi
15 Mr. Ameen Aftab Khan
16 Mr. Mumtaz Ali Soomro
17 Mr. Muhammad Yunus
18 Mr. Muhammad Azim
19 Mr. Shahid Waqar Malik
20 Mr. Qamar-ud-Din
21 Mr. Jamal Nasir
22 Mr. Irshad Muhammad
23 Mr. Pir Asim Jan Sirhandi
24 Mr. Khalid Amin Khan
25 Mr. Shaukat Hayat
26 Mr. Abdur Raziq Khattak
27 Mr. Muhammad Iqbal Memon
28 Mr. Mushfiq Hameed Paracha
29 Ms. Shazia Talat
30 Mr. Sohail Anwar
31 Mr. Wasim Ahmad

40 REMUNERATION OF CHIEF EXECUTIVES, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the financial statements for the remuneration of the chief executive and executives is as follows:

	2024		2023	
	Chief Executive	Executives	Chief Executive	Executives
	(Rupees '000)			
Managerial remuneration	25,554	9,981,491	23,722	8,740,531
Housing and utilities	14,055	8,336,708	8,008	7,167,339
Award and bonus	22,243	6,023,948	8,436	2,352,347
Other allowances and benefits	17,688	11,887,869	4,434	11,178,608
Leave encashment	-	1,933,978	-	1,798,525
Medical benefits	68	414,469	27	351,163
Pension fund	-	1,689,977	-	1,160,542
Gratuity fund	16,218	664,507	611	101,690
	95,826	40,932,947	45,238	32,850,745
Number of persons including those who worked part of the year	1	4,500	2	4,032

- Executive means any employee whose basic salary exceeds Rs 1,200,000 (2023: Rs 1,200,000) per year. Non management employees whose basic salary is more than Rs 1,200,000 per year have also been included in the executives.

- Awards are paid to employees on start of commercial production and new discoveries of natural resources. Bonus includes performance bonus with respect to officers and for staff under section 10-C of the West Pakistan Industrial and Commercial Employment (standing orders) Ordinance 1968.

- The aggregate amount charged in the financial statements in respect of fee to 15 directors (2023: 15) was Rs 34.688 million (2023: Rs 40.625 million).

- The employees of the Company have option to avail car facility as per the entitlement policy of the Company.

41 INFORMATION RELATING TO PROVIDENT FUND

Oil and Gas Development Company Limited (OGDCL) Employees' Provident Fund is a contribution plan for benefit of permanent employees of the Company. For employees regularized before 01 January 2016, the Company does not contribute to the fund in respect of employees who are eligible for pension benefits and the contributions are made by the employees only. Investments out of Provident Fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for the purpose.

During the year ended 30 June 2016, the Company changed its policy for entitlement of pension fund whereby employees regularized after 01 January 2016 will contribute one basic salary towards provident fund annually and the Company shall match the contribution. Contributory provident fund trust in this respect has not yet been created.

42 DISCLOSURE REQUIREMENTS FOR ALL SHARES ISLAMIC INDEX

Following information has been disclosed as required under para 10 of Part-I of the Fourth Schedule to the Companies Act, 2017.

			2024	2023
			----------(Rupees '000)----------	
	Description	**Explanation**		
i)	Bank deposits, bank balances and TDRs as at 30 June 2024	Placed under Shariah permissible arrangement	8,110,425	30,119
ii)	Return on bank deposits, bank balances and TDRs for the year ended 30 June 2024	Placed under Shariah permissible arrangement	1,360,479	357,281
iii)	Revenue earned for the year ended 30 June 2024	Earned from Shariah compliant business	463,697,861	413,594,009
iv)	Relationship with banks having Islamic windows	Meezan Bank Limited, Dubai Islamic Bank & Faysal Bank Limited		

43 CAPACITY AND PRODUCTION

Saleable production (net) from Company's fields including share from non-operated fields is as under:

Product	**Unit**	**2024**	**2023**
Crude oil/condensate (at ambient temperature)	Barrels	12,120,663	11,854,368
Natural gas	MMSCF	262,520	278,903
Liquefied petroleum gas	M.Ton	262,436	262,852
Sulphur	M.Ton	8,677	10,635

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

44 INTEREST IN JOINT OPERATIONS, WHOLLY OWNED CONCESSIONS AND GEOGRAPHICAL LOCATION AND ADDRESSES OF ALL BUSINESS UNITS

44.1 The Company has working interest in the following operated and non operated exploration licenses/ leases in Pakistan and their geographical location and addresses are as follows:

		Working Interest	
		2024	**2023**
		(%)	
Operated by OGDCL- Wholly owned concessions			
Exploration licenses	**Location**		
Bela North*	Khuzdar, Awaran & Lasbella	-	-
Bostan	Ziarat, Pishin, Killah Abdullah & Quetta	100	100
Cholistan	Bahawalnagar & Bahawalpur	100	100
Fateh Jang	Islamabad, Rawalpindi & Attock	100	100
Jhelum	Jhelum and Gujrat	100	100
Sujawal South	Thatta	100	100
Vehari	Bahawalpur, Vehari & Lodhran	100	100
Jandaran	Barkhan, Kohlu & Loralai	100	100
Jandran West	Kohlu & Barkhan	100	100
Zhob	Zhob, Musa Khail Bazar & Tribal area of D.I. Khan	100	100
Kharan	Kharan & Noshki	100	100
Lakhi Rud	Loralai, Musakhel, Barkhan & Kohlu	100	100
Mari East	Ghotki, Rahim Yar Khan & Rajanpur	100	100
Samandar	Awaran & Uthal	100	100
Saruna	Khuzdar & Lasbella	100	100
Shaan*	Zhob, Qila Saifullah & Musakhel Bazar	-	-
Alipur*	Multan, Bahawalpur, Rahim Yar Khan & Muzaffargarh	-	-
Shahana	Washuk & Punjgur	100	100
Soghri	Attock, Punjab & Kohat, KP	100	100
Thal	Khairpur, Sukkur & Ghotki	100	100
Wali	South Waziristan Agency, Bannu, Lakki Marwat & Tribal area adjacent to Taank	100	100
Zindhan-II	Bhakkar & Mianwali	100	-
Sehwan	Dadu, Naushahro Firoz, Khairpur, Shaheed Benazir Abad and Jamshoro	100	-
Kotra East	Nasirabad, Jaffarabad, Jhal Magsi and Khuzdar	100	-
Murradi	Kamber, Shahdadkot, Larkana, Dadu and Naushahro Firoz	100	-
Development and Production/ Mining Leases			
Soghri	Attock, Punjab & Kohat, KP	100	100
Bagla	Thatta & Badin, Sindh	100	100
Bhal Syedan	Attock, Punjab	100	100
Bhambra	Sukkur, Sindh	100	100
Bobi/ Dhamrakhi	Sanghar, Sindh	100	100
Buzdar	Hyderabad, Sindh	100	100
Chak 5 Dim South	Sanghar, Sindh	100	100
Dakhni	Attock, Punjab & Kohat, KP	100	100
Daru	Thatta, Sindh	100	100
Dhodak	Dera Ghazi Khan, Punjab	100	100
Fimkassar	Chakwal, Punjab	100	100
Hundi	Dadu, Sindh	100	100
Kal	Chakwal, Punjab	100	100
Kunnar	Hyderabad, Sindh	100	100
Kunnar Deep	Hyderabad, Sindh	100	100
Kunnar West	Hyderabad, Sindh	100	100
Lashari Centre & South	Hyderabad, Sindh	100	100
Loti	Dera Bugti Agency, Balochistan	100	100
Misan	Hyderabad, Sindh	100	100
Missa Keswal	Rawalpindi, Punjab	100	100
Nur	Thatta & Badin, Sindh	100	100
Pali	Hyderabad, Sindh	100	100
Pasahki & Pasahki North	Hyderabad, Sindh	100	100

* The Company has requested DGPC for relinquishment of these exploratory blocks.

INTEREST IN JOINT OPERATIONS, WHOLLY OWNED CONCESSIONS AND GEOGRAPHICAL LOCATION AND ADDRESSES OF ALL BUSINESS UNITS- Continued

		Working Interest	
		2024	2023
		(%)	
Development and Production/ Mining Leases	**Location**		
Pasahki Deep	Hyderabad, Sindh	100	100
Pirkoh	Sibi (Bugti Tribal Territory), Balochistan	100	100
Pirkoh (Additional)	Dera Bugti Agency, Balochistan	100	100
Rajian	Chakwal & Jehlum, Punjab	100	100
Sadkal	Attock, Punjab	100	100
Sara West	Ghotki, Sindh	100	100
Sari Sing	Dadu, Sindh	100	100
Sono	Hyderabad, Sindh	100	100
Tando Alam	Hyderabad, Sindh	100	100
Thal East	Sukkur, Sindh	100	100
Thal West	Khairpur & Sukkur, Sindh	100	100
Thora/ Thora East & Thora Add	Hyderabad, Sindh	100	100
Toot	Attock, Punjab	100	100
Uch	Dera Bugti, Balochistan	100	100

Operated by OGDCL- Joint operations

Exploration licenses

Baratai	Kohat	97.50	97.50
Bitrism	Shaheed Benazirabad, Khairpur & Sanghar	95.00	95.00
Gawadar	Gwadar & Kech	97.50	97.50
Guddu	Rajanpur, Rahim Yar Khan, Ghotki & Kashmore	70.00	70.00
Gurgalot	Kohat & Attock	75.00	75.00
Hazro	Attock, Swabi & Haripur	97.50	100.00
Kalchas	Kohlu, Dera Bugti & Rajanpur	50.00	50.00
Nowshera	Nowshera, Mardan, Charsada & Swabi	97.50	97.50
Khanpur*	Rahim Yar Khan	-	-
Khewari	Khairpur & Shaheed Benazirabad	95.00	95.00
Killah Saifullah	Killah Saifullah	58.50	60.00
Khewari East	Khairpur	95.00	100.00
Lilla	Chakwal, Jhelum & Khushab	95.00	100.00
Suleiman	MusaKhel, Zhob, Killa Saifullah & Loralai	50.00	50.00
Khuzdar North	Khuzdar	72.50	72.50
Kohat	Kohat, Naushera, Orakzai Agency, Peshawar & Darra Adam Khel	50.00	50.00
Kohlu	Kohlu, Dera Bugti & Barkhan	40.00	40.00
Kulachi*	D.I. Khan, D.G. Khan, Layyah & Bhakkar	-	-
Nashpa	Kohat, Karak, North Waziristan & Mianwali	65.00	65.00
Shakr Ganj West	Pakpatan, Bahawalnagar, Vehari & Sahiwal	50.00	50.00
Sutlej	Bahawalpur, Vehari, Khenewal & Bahawalnagar	97.50	100.00
Khuzdar South	Khuzdar & Dadu	97.50	97.50
Nim	Hyderabad & Tharparker	95.00	95.00
Orakzai	Kurram, Orakzai Agency & Hangu	75.34	75.34
Pasni West	Gwadar & Kech	97.50	97.50
Pezu	D.G. Khan, Lakki Marwat, Taank, D.I. Khan & Tribal area of D.I. Khan	68.38	68.38
Plantak*	Washuk & Panjgur	-	97.50
Rakhshan*	Washuk	-	97.50
Ranipur	Khairpur, Larkana & Naushahro Feroz	95.00	95.00

* The Company has requested DGPC for relinquishment of these exploratory blocks.

Operated by OGDCL- Joint operations

Exploration licenses

Sinjhoro	Sanghar & Khairpur	76.00	76.00
Tirah	Khyber, Kurram & Orakzai Agencies	80.00	80.00
Tanishpa	Zhob and Qilla Saifullah	37.00	-

INTEREST IN JOINT OPERATIONS, WHOLLY OWNED CONCESSIONS AND GEOGRAPHICAL LOCATION AND ADDRESSES OF ALL BUSINESS UNITS- Continued

		Working Interest 2024	Working Interest 2023
		(%)	
Lugai	Qilla Saifullah and Pishin	40.00	-
Zin	Dera Bugti, Nasirabad, Kohlu & Sibbi	95.00	95.00
Chahbali	Mach, Mastung, Ketch & Kalat	66.50	70.00
Zorgarh*	Ghotki, Jaffarabad, Kashmore, Dera Bugti & Rajanpur	-	-
Armala *	Tharparkar	-	-
Hetu*	Bhakkar, Mianwali & D.I. Khan	-	-
Warnalai*	Chakwal, Jhelum & Rawalpindi	-	-
Tando Allah Yar	Hyderabad & Tharparker	95.00	95.00

* The Company has requested DGPC for relinquishment of these exploratory blocks.

Development and Production/ Mining Leases	**Location**		
Baloch	Sanghar, Sindh	62.50	62.50
Britism West	Shaheed Benazirabad, Khairpur & Sanghar, Sindh	77.50	77.50
Chabaro	Khairpur & Shaheed Benazirabad, Sindh	77.50	77.50
Chak Naurang	Chakwal, Punjab	85.00	85.00
Chak-63	Sanghar, Sindh	62.50	62.50
Chak-63 South East	Sanghar, Sindh	62.50	62.50
Chak-66	Sanghar, Khairpur, Sindh	62.50	62.50
Chak-7A	Sanghar, Sindh	62.50	62.50
Chanda	Kohat, KP	72.00	72.00
Chandio	Hyderabad, Sindh	77.50	77.50
Chak-2	Sanghar, Sindh	62.50	62.50
Dars	Hyderabad, Sindh	77.50	77.50
Dars Deep	Hyderabad, Sindh	77.50	77.50
Dars West	Hyderabad, Sindh	77.50	77.50
Dhok Hussain	Kohat, KP	97.50	97.50
Gopang	Hyderabad, Sindh	77.50	77.50
Gundanwari	Shaheed Benazirabad, Khairpur & Sanghar, Sindh	77.50	77.50
Hakeem Dahu	Sanghar, Khairpur, Sindh	62.50	62.50
Jakhro	Sanghar, Sindh	77.50	77.50
Jhal Magsi South	Jhal Magsi, Balochistan	56.00	56.00
Kunnar South	Hyderabad, Sindh	77.50	77.50
Lala Jamali	Sanghar, Sindh	62.50	62.50
Maru	Ghotki, Sindh	57.76	57.76
Maru South	Ghotki, Sindh	57.76	57.76
Mela	Kohat, KP	56.45	56.45
Nashpa	Karak, KP	56.45	56.45
Nim	Hyderabad, Sindh	77.50	77.50
Nim West	Hyderabad, Sindh	77.50	77.50
Chutto & Mangrio	Hyderabad, Sindh	77.50	77.50
Jarwar	Hyderabad, Sindh	77.50	77.50
Norai Jagir	Hyderabad, Sindh	77.50	77.50
Pasahki East	Hyderabad, Sindh	77.50	77.50
Pakhro	Tando Mohammad Khan, Sindh	77.50	77.50
Qadirpur	Ghotki & Kashmore, Sindh	75.00	75.00
Resham	Sanghar, Sindh	62.50	62.50
Reti	Ghotki,Sindh	57.76	57.76
Saand	Tando Allah Yar, Sindh	77.50	77.50
Shah	Hyderabad, Sindh	77.50	77.50
Tando Allah Yar	Hyderabad, Sindh	77.50	77.50
Tando Allah Yar North	Hyderabad, Sindh	77.50	77.50
Tando Allah Yar South West	Hyderabad, Sindh	77.50	77.50
Unnar	Hyderabad, Sindh	77.50	77.50
Togh/ Togh bala	Kohat, KP	50.00	50.00
Suleman	MusaKhel, Zhob, Killa Saifullah & Loralai	77.50	-

INTEREST IN JOINT OPERATIONS, WHOLLY OWNED CONCESSIONS AND GEOGRAPHICAL LOCATION AND ADDRESSES OF ALL BUSINESS UNITS- Continued

			Working Interest	
			2024	2023
Non Operated- Joint operations	**Location**	**Operator**	(%)	
Exploration Licenses				
Block-28	Kohlu, Dera Bughti & Barkhan	Mari Petroleum Company Limited	5.00	5.00
Waziristan (Bunnu West)	Bannu & North Waziristan Agency	Mari Petroleum Company Limited	35.00	35.00
Offshore Indus-G	Offshore Area	Eni Pakistan Limited	25.00	25.00
Musakhel	Musa Khel & Zhob District, Balochistan	Pakistan Petroleum Limited	35.30	35.30
South Kharan	Washuk	Pakistan Petroleum Limited	46.50	46.50
Saruna West**	Khuzdar & Lasbella District, Balochistan	Pakistan Oilfields Limited	30.00	-
Tal Block	Kohat, Karak & Bannu	MOL Pakistan Oil and Gas B.V.	30.00	30.00
Makhad	Attock, Punjab	Kirthar Pakistan B.V. (KUFPEC)	15.00	15.00
Punjab	Pakpatan, Sahiwal, Okara and Bahawalnagar	Pakistan Petroleum Limited	50.00	50.00
Sharan	Killa Saifullah and Zhob Distirc, Balochistan	Mari Petroleum Company Limited	38.97	40.00
Shaigalu**	Killa Saifullah and Zhob Distirc, Balochistan	Pakistan Petroleum Limited	30.00	-
South Pishin**	Killa Saifullah and Zhob Distirc, Balochistan	Mari Petroleum Company Limited	28.00	-
Gambat-II**	Khairpur & Sukkur, Sindh	Pakistan Petroleum Limited	30.00	-
Development and Production/ Mining Leases				
Adhi /Adhi sakessar	Rawalpindi & Jhelum, Punjab	Pakistan Petroleum Limited	50.00	50.00
Badar	Kashmor, Sukkur & Ghotki, Sindh	Petroleum Exploration (Pvt) Limited	50.00	50.00
Badhra	Dadu, Sindh	Eni Pakistan Limited	20.00	20.00
Bhit	Dadu, Sindh	Eni Pakistan Limited	20.00	20.00
Buzdar South	Badin, Sindh	United Energy Pakistan Limited	49.00	49.00
Dhurnal	Attock, Punjab	Ocean Pakistan Limited	20.00	20.00
Fateh Shah North	Thatta, Sindh	United Energy Pakistan Limited	15.00	15.00
Jabo	Golarchi & Badin, Sindh	United Energy Pakistan Limited	49.00	49.00
Jagir	Badin, Sindh	United Energy Pakistan Limited	24.00	24.00
Jhaberi South	Badin, Sindh	United Energy Pakistan Limited	15.00	15.00
Kadanwari	Khairpur, Sindh	Eni Pakistan Limited	50.00	50.00
Kato	Tando Muhammed Alam & Badin, Sindh	United Energy Pakistan Limited	49.00	49.00
Makori	Karak, KPK	MOL Pakistan Oil and Gas B.V.	27.76	27.76
Makori Deep	Karak, KPK	MOL Pakistan Oil and Gas B.V.	27.76	27.76
Makori East	Karak, KPK	MOL Pakistan Oil and Gas B.V.	27.76	27.76
Mamikhel	Kohat & Hangu, KPK	MOL Pakistan Oil and Gas B.V.	27.76	27.76
Mamikhel South	Kohat & Hangu, KPK	MOL Pakistan Oil and Gas B.V.	27.76	27.76
Manzalai	Karak, Kohat & Bannu, KPK	MOL Pakistan Oil and Gas B.V.	27.76	27.76
Maramzai	Kohat & Hangu, KPK	MOL Pakistan Oil and Gas B.V.	27.76	27.76
Meyun Ismail	Hyderabad, Sindh	United Energy Pakistan Limited	49.00	49.00
Miano	Sukkur, Sindh	UEP Beta GmbH	52.00	52.00
Muban	Hyderabad, Sindh	United Energy Pakistan Limited	24.00	24.00
Paniro	Matli & Badin, Sindh	United Energy Pakistan Limited	49.00	49.00
Pindori	Chakwal, Punjab	Pakistan Oilfields Limited	50.00	50.00
Pir	Golarchi & Badin, Sindh	United Energy Pakistan Limited	49.00	49.00
Ratana	Attock, Punjab	Ocean Pakistan Limited	25.00	25.00
Sakhi Deep	Tando Muhammad Khan, Sindh	United Energy Pakistan Limited	24.00	24.00
Sara	Ghotki, Sindh	Spud Energy Pty Limited	40.00	40.00
Suri	Ghotki, Sindh	Spud Energy Pty Limited	40.00	40.00
Tolang	Kohat, KPK	MOL Pakistan Oil and Gas B.V.	27.76	27.76
Tolang West	Kohat, KPK	MOL Pakistan Oil and Gas B.V.	27.76	27.76
Zaur	Badin, Sindh	United Energy Pakistan Limited	49.00	49.00

** These Exploratory licences have been granted during the year.

44.2 Geographical locations of regional offices

Office	Address	Location
Kohat	Bungalow # 22, CMH Road	Kohat, KPK
Quetta	House # 148/112-B, Jinnah Town	Quetta, Balochistan
Sukkur	Bungalow # A-25, Shikarpur Road	Sukkur, Sindh
Karachi	Bangalow # 20, Block A, SMCHS	Karachi, Sindh
Hyderabad	Muslim Housing Society	Hyderabad, Sindh
Multan	Piraan Ghaib Road	Multan, Punjab

45 NON ADJUSTING EVENT AFTER REPORTING DATE

The Board of Directors recommended final cash dividend for the year ended 30 June 2024 at the rate of Rs 4.00 per share amounting to Rs 17,204 million in its meeting held on 23 September 2024.

46 GENERAL

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

47 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 23 September 2024 by the Board of Directors of the Company.

Chief Financial Officer **Chief Executive** **Director**