OIL AND GAS DEVELOPMENT COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

Annexure II
CS04-08 (PSX/LSE/SECP)
September 28, 2021

	Note	30 June 2021	30 June 2020 Restated	01 July 2019 Restated
		(Rupees '000)		
SHARE CAPITAL AND RESERVES				
Share capital	5	43,009,284	43,009,284	43,009,284
Reserves	6	18,824,000	17,269,580	14,614,483
Unappropriated profit		707,810,761	650,285,112	588,591,228
		769,644,045	710,563,976	646,214,995
NON CURRENT LIABILITIES				
Deferred taxation	7	27,667,937	34,866,398	33,924,500
Deferred employee benefits	8	28,010,167	26,531,023	22,154,000
Provision for decommissioning cost	9	28,992,057	27,654,493	22,862,587
		84,670,161	89,051,914	78,941,087
CURRENT LIABILITIES				
Trade and other payables	10	72,357,460	63,589,152	46,736,547
Unpaid dividend	11	29,112,645	25,557,624	22,951,943
Unclaimed dividend		209,503	210,970	213,785
		101,679,608	89,357,746	69,902,275
TOTAL LIABILITIES		186,349,769	178,409,660	148,843,362
		955,993,814	888,973,636	795,058,357

	Note	30 June 2021	30 June 2020 Restated	01 July 2019 Restated
		(Rupees '000)		
NON CURRENT ASSETS				
Property, plant and equipment	13	95,745,594	100,740,773	100,942,511
Development and production assets	14	100,415,134	101,449,010	91,958,684
Exploration and evaluation assets	15	16,732,676	16,420,604	15,216,824
		212,893,404	218,610,387	208,118,019
Long term investments	16	45,525,871	61,217,831	22,895,586
Long term loans	17	8,783,849	8,468,690	8,085,201
Long term prepayments		861,430	783,536	868,036
Lease receivables	18	37,259,605	44,821,590	45,626,052
		305,324,159	333,902,034	285,592,894
CURRENT ASSETS				
Stores, spare parts and loose tools	19	19,169,273	18,726,550	18,751,790
Stock in trade		404,339	472,505	446,645
Trade debts	20	358,821,853	307,563,536	231,941,980
Loans and advances	21	15,916,922	13,322,160	9,669,299
Deposits and short term prepayments	22	1,262,865	1,313,370	1,329,883
Other receivables	23	822,149	575,305	7,762,428
Income tax - advance	24	45,751,659	37,118,984	20,027,510
Current portion of long term investments	16.2	122,465,116	95,115,426	113,770,186
Current portion of lease receivables	18	22,253,115	16,360,220	10,469,597
Other financial assets	25	56,358,320	47,661,241	74,726,436
Cash and bank balances	26	7,444,044	16,842,305	20,569,709
		650,669,655	555,071,602	509,465,463
		955,993,814	888,973,636	795,058,357

CONTINGENCIES AND COMMITMENTS 12

The annexed notes 1 to 49 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 2021

	2021	2020 Restated
	-----------(Rupees '000)-----------	
Profit for the year	91,534,424	100,937,893
Other comprehensive income/ (loss) for the year		
Items that will not be reclassified to profit or loss:		
Remeasurement gain/ (loss) on employee retirement benefit plans	3,117,169	(15,609,921)
Current tax (charge)/ credit related to remeasurement gain/ (loss) on employee retirement benefit plans	(1,596,374)	8,048,475
Share of other comprehensive income of the associate - net of taxation	2,184	3,801
	1,522,979	(7,557,645)
Total comprehensive income for the year	93,057,403	93,380,248

The annexed notes 1 to 49 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 2021

		Reserves							
		Capital reserves				Other reserves			
	Share capital	Capital reserve	Self insurance reserve	Share of capital redemption reserve fund in associated company	Share of self insurance reserve in associated company	Share of undistributed percentage return reserve in associated company	Unappropriated profit	Total equity
	(Rupees '000)							
Balance as at 01 July 2019 as previously reported	43,009,284	836,000	11,020,000	2,118,000	520,000	120,483	567,741,481	625,365,248
Impact of adoption of IFRS 16 on certain agreements previously exempted - Note 3.1	-	-	-	-	-	-	20,849,747	20,849,747
Balance as at 1 July 2019 - restated	43,009,284	836,000	11,020,000	2,118,000	520,000	120,483	588,591,228	646,214,995
Total comprehensive income for the year- restated								
Profit for the year- restated	-	-	-	-	-	-	100,937,893	100,937,893
Other comprehensive loss for the year	-	-	-	-	-	-	(7,557,645)	(7,557,645)
Total comprehensive income for the year- restated	-	-	-	-	-	-	93,380,248	93,380,248
Transfer to self insurance reserve	-	-	2,480,476	-	-	-	(2,480,476)	-
Charge to self insurance reserve	-	-	(476)	-	-	-	476	-
Transfer from undistributed percentage return reserve by an associated company	-	-	-	-	-	(24,903)	24,903	-
Transfer to self insurance reserve by an associated company	-	-	-	-	200,000	-	(200,000)	-
Transactions with owners of the Company								
Distributions								
Final dividend 2019: Rs 2.50 per share	-	-	-	-	-	-	(10,752,321)	(10,752,321)
First interim dividend 2020: Rs 2.50 per share	-	-	-	-	-	-	(10,752,321)	(10,752,321)
Second interim dividend 2020: Rs 1.75 per share	-	-	-	-	-	-	(7,526,625)	(7,526,625)
Total distributions to owners of the Company	-	-	-	-	-	-	(29,031,267)	(29,031,267)
Balance as at 30 June 2020- restated	43,009,284	836,000	13,500,000	2,118,000	720,000	95,580	650,285,112	710,563,976
Balance as at 1 July 2020 - restated	43,009,284	836,000	13,500,000	2,118,000	720,000	95,580	650,285,112	710,563,976
Total comprehensive income for the year								
Profit for the year	-	-	-	-	-	-	91,534,424	91,534,424
Other comprehensive income for the year	-	-	-	-	-	-	1,522,979	1,522,979
Total comprehensive income for the year	-	-	-	-	-	-	93,057,403	93,057,403
Transfer to self insurance reserve	-	-	1,461,064	-	-	-	(1,461,064)	-
Charge to self insurance reserve	-	-	(11,064)	-	-	-	11,064	-
Transfer from undistributed percentage return reserve by an associated company	-	-	-	-	-	(95,580)	95,580	-
Transfer to self insurance reserve by an associated company	-	-	-	-	200,000	-	(200,000)	-
Transactions with owners of the Company								
Distributions								
Final dividend 2020: Rs 2.50 per share	-	-	-	-	-	-	(10,752,321)	(10,752,321)
First interim dividend 2021: Rs 2.00 per share	-	-	-	-	-	-	(8,601,857)	(8,601,857)
Second interim dividend 2021: Rs 1.60 per share	-	-	-	-	-	-	(6,881,485)	(6,881,485)
Third interim dividend 2021: Rs 1.80 per share	-	-	-	-	-	-	(7,741,671)	(7,741,671)
Total distributions to owners of the Company	-	-	-	-	-	-	(33,977,334)	(33,977,334)
Balance as at 30 June 2021	43,009,284	836,000	14,950,000	2,118,000	920,000	-	707,810,761	769,644,045

The annexed notes 1 to 49 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 2021

	Note	2021	2020 Restated
		-----------(Rupees '000)----------	
Cash flows from operating activities			
Profit before taxation		128,986,345	144,361,628
Adjustments for:			
Depreciation		10,013,432	10,552,028
Amortization of development and production assets		17,864,645	17,247,061
Royalty		27,422,366	27,626,096
Workers' profit participation fund		6,788,755	7,597,981
Provision for employee benefits		6,246,406	5,313,779
(Reversal)/ charge of provision for decommissioning cost		-	(480,019)
Unwinding of discount on provision for decommissioning cost		2,199,467	3,007,255
Reversal due to change in decommissioning cost estimates		(1,019,391)	(44,432)
Interest income on investments and bank deposits		(10,726,476)	(18,343,450)
Interest income on lease		(7,627,527)	(7,917,810)
Un-realized gain on investments at fair value through profit or loss		(86,765)	(8,263)
Exchange loss/ (gain) on lease		2,211,109	(4,148,536)
Exchange loss/ (gain) on foreign currency investment and deposit accounts		4,010,528	(1,726,720)
Dividend income from NIT units		(5,857)	(7,037)
Gain on disposal of property, plant and equipment		(25,032)	(58,878)
(Reversal)/ provision for slow moving, obsolete and in transit stores		(93,283)	503,367
Provision for doubtful claims		691	-
Share of profit in associate		(6,288,982)	(6,062,575)
Stores inventory written off		27,956	26,482
		179,898,387	177,437,957
Changes in:			
Stores, spare parts and loose tools		(377,396)	(504,609)
Stock in trade		68,166	(25,860)
Trade debts		(51,258,317)	(75,621,556)
Deposits and short term prepayments		50,505	16,513
Advances and other receivables		(3,157,456)	(4,199,592)
Trade and other payables		(334,355)	9,085,108
Cash generated from operations		124,889,534	106,187,961
Royalty paid		(16,915,850)	(25,979,217)
Employee benefits paid		(3,343,338)	(3,763,371)
Long term prepayments		(77,894)	84,500
Decommissioning cost paid		(129,266)	(143,978)
Payment to workers' profit participation fund-net		(9,240,211)	(9,294,706)
Income taxes paid		(54,879,431)	(51,524,836)
		(84,585,990)	(90,621,608)
Net cash generated from operating activities		40,303,544	15,566,353
Cash flows from investing activities			
Capital expenditure		(19,153,546)	(33,470,292)
Interest received		6,201,210	11,116,349
Lease payments received		2,611,615	2,112,046
Dividends received		1,805,012	163,622
Encashment of investments		1,833,441	10,170,987
Purchase of investments		-	(11,833,441)
Proceeds from disposal of property, plant and equipment		45,085	75,195
Net cash used in investing activities		(6,657,183)	(21,665,534)
Cash flows from financing activities			
Dividends paid		(30,423,780)	(26,428,401)
Net cash used in financing activities		(30,423,780)	(26,428,401)
Net increase/ (decrease) in cash and cash equivalents		3,222,581	(32,527,582)
Cash and cash equivalents at beginning of the year		64,248,291	95,049,153
Effect of movements in exchange rate on cash and cash equivalents		(4,010,528)	1,726,720
Cash and cash equivalents at end of the year	38	63,460,344	64,248,291

The annexed notes 1 to 49 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

These 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.

2.2 BASIS OF MEASUREMENT

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

2.3 ADOPTION OF NEW ACCOUNTING STANDARDS

The Company adopted IFRS 16 'Leases' in its financial statements for the year ended 30 June 2020 except for its gas sales agreements with Uch Power (Private) Limited (UPL) and Uch II Power (Private) Limited (UCH-II) for which temporary exemption was granted to the Company by the Security of Exchange Commission of Pakistan (SECP) till 30 September 2020. During the year, the Company has adopted IFRS-16 in respect of its gas sale agreements with UPL and UCH-II. Further, the Company has adopted the guidance "Accounting of Gas Infrastructure Development Cess (GIDC)" issued by the Institute of Chartered Accountants of Pakistan (ICAP) during the year. For details of adoption, refer note 3.1 to these financial statements.

2.4 FUNCTIONAL AND PRESENTATION CURRENCY

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

2.5 ACCOUNTING ESTIMATES

The preparation of these financial statements in conformity with the approved accounting standards 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 these financial statements:

2.5.1 Property, plant and equipment

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.

2.5.2 Exploration and evaluation expenditure

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

2.5.3 Estimation of oil and natural gas reserves for amortization of development and production assets

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 in future periods.

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

	Rupees in million
Amortization charge would have been lower by	1,883
Development and production assets would have been higher by	1,883
Deferred tax liability and deferred tax expense would have been higher by	580
Total comprehensive income for the year would have been higher by	1,209

2.5.4 Impairment of development and production assets and related property, plant and equipment

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 assess at the end of each reporting period whether there is any indication that an asset may be impaired. Where indications of impairment are identified, an impairment test is performed by the Company based on the estimte 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.

2.5.5 Provision for decommissioning cost

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

During the year, the Company revised its estimates of decommissioning cost, reserve life, discount and inflation rates. This has been treated as change in accounting estimates, applied prospectively, in accordance with IFRIC Interpretation-1 "Changes in Existing Decommissioning, Restoration and Similar Liabilities". The impacts of change on the current year are given below. It is impracticable to estimate the effect of this change in accounting estimates in future periods.

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

	Rupees in million
Provision for decommissioning cost would have been higher by	1,262
Property, plant and equipment would have been higher by	784
Development and production assets would have been lower by	(542)
Operating expenses would have been higher by	1,019
Total comprehensive income would have been lower by	1,043

2.5.6 Employee benefits

Defined benefit plans are provided for regular/contractual employees of the Company. The employees pension and gratuity plan 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.

2.5.7 Taxation

There are transactions and calculation 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 any outflow is remote. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax balances in the year in which such determination is made.

2.5.8 Stores, spare parts and loose tools

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

2.5.9 Measurement of the expected credit loss allowance

The measurement of the expected credit loss ("ECL") allowance for financial assets requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (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.

2.5.10 Provision against financial assets not subject to ECL model

As referred to note 2.6.2, 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 30 June 2022. Accordingly, the Company reviews the recoverability of its trade debts, lease receivables and investments that are due directly/ ultimately from GoP to assess whether there is any objective evidence of impairment as per requirements of IAS 39 'Financial Instruments: Recognition and Measurement' at each reporting date.

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

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

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

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

2.5.11 Leases

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 which the Company is reasonably certain to exercise and the periods for which the Company has termination options which the Company is not reasonably certain to exercise. For contracts that contain a lease component, the Company allocates the consideration in the contract to each lease component on the basis of it's relative stand-alone prices. Further, judgement is made whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underline asset to classify the lease as a finance or operating lease.

2.6 NEW AND AMENDED STANDARDS AND INTERPRETATIONS

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

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

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

- Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current (effective for the annual periods beginning on or after 1 January 2023). These amendments in the standard have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity’s right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8. The Company is currently assessing the impact on its financial statements.

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

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

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

- Amendments to IFRS 16 'Leases' COVID-19-Related Rent Concessions – the International Accounting Standards Board (the Board) has issued amendments to IFRS 16 (the amendments) to provide practical relief for lessees in accounting for rent concessions. The amendments were effective for periods beginning on or after 1 June 2020, with earlier application permitted. Under the standard's previous requirements, lessees assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications. This generally involves remeasuring the lease liability using the revised lease payments and a revised discount rate. In light of the effects of the COVID-19 pandemic, and the fact that many lessees were applying the standard for the first time in their financial statements, the Board provided an optional practical expedient for lessees. Under the practical expedient, lessees were not required to assess whether eligible rent concessions are lease modifications, and instead were permitted to account for them as if they were not lease modifications. The amendment had no impact on Company's financial statements.

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

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

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

- Amendments to IAS 1 'Presentation of Financial Statements' and IFRS Practice Statement 2-Disclosure of Accounting Policies (effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted)–the Board has issued amendments on the application of materiality to disclosure of accounting policies and to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:
  - requiring companies to disclose their material accounting policies rather than their significant accounting policies;
  - clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
  - clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

  The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The Company is currently assessing the impact on its financial statements.

  Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'-Definition of Accounting Estimates – The amendments introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for periods beginning on or after 1 January 2023, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments. The Company is currently assessing the impact on its financial statements.

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

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

  IFRS 1 – The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs, refer note 2.6.3.

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

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

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

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

2.6.2 SECP through S.R.O. 985 (I)/2019 dated 02 September 2019 has notified that in respect of companies holding financial assets due from the Government of Pakistan (GoP), the requirements contained in IFRS 9 with respect to application of Expected Credit Loss (ECL) method shall not be applicable till 30 June 2021, provided that such companies shall follow relevant requirements of IAS 39 'Financial Instruments: Recognition and Measurement' in respect of above referred financial assets during the exemption period. Under the said S.R.O, the disclosure of the impacts of ECL was not required. Further, subsequent to year ended 30 June 2021, SECP through S.R.O 1177(I)/2021 dated 13 September 2021 extended the exemption period till 30 June 2022. Earlier to the aforesaid S.R.O. dated 02 September 2019, SECP in a press release dated 22 August 2019 communicated that IFRS 9 needs to be looked into from Pakistan perspective where phenomenon that circular debt need to be given due consideration. It was noted that concerns expressed by companies regarding practical limitations in determining ECL on debts due from government, due to uncertain cash recovery patterns of circular debt, carry weight. Public information regarding expected settlement of circular debt by GoP in coming years may result in subsequent reversals of impairment losses recognized in 2019. Further, SECP vide letter No. EMD/IACC/9/2009-174 dated 05 September 2019 has clarified to the Company that financial assets due from GoP include those that are directly due from GoP and that are ultimately due from GoP in consequence of the circular debt. In accordance with the exemption granted by SECP, ECL has not been recognised in respect of financial assets due directly /ultimately from GoP which includes trade debts and lease receivables amounting to Rs 358,150 million (2020: Rs 306,649 million) and Rs 59,513 million (2020: Rs 61,182 million) respectively on account of inter-corporate circular debts and principal and interest due on Term Finance Certificates (TFCs) outstanding from Power Holding Limited (PHL), formerly Power Holding (Private) Limited amounting to Rs 82,000 million (2020: Rs 82,000 million) and Rs 50,715 million (2020: Rs 42,986 million) respectively.

2.6.3 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 2021:

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

2.6.4 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. Also refer note 45 to the financial statements.

3 CHANGE IN ACCOUNTING POLICIES

3.1 ADOPTION OF IFRS-16 'LEASES' IN RESPECT OF GAS SALE AGREEMENTS WITH UPL AND UCH-II

The Company has gas sale agreements with Uch Power (Private) Limited (UPL) and Uch-II Power (Private) Limited (Uch-II). These contractual arrangements with UPL and Uch-II were previously classified as a lease under IFRIC 4 “Determining whether an Arrangement Contains a Lease”. However, due to exemption from the Securities and Exchange Commission of Pakistan (SECP), these were not accounted for as a lease in prior years.

IFRS 16 'Leases' became applicable from 01 July 2019 and replaced existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27' Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. The Company adopted IFRS 16 'Leases' in its financial statements for the year ended 30 June 2020 except for its gas sales agreements with UPL and Uch-II for which temporary exemption was granted to the Company by SECP till 30 September 2020. The Company has reassessed its gas sale agreements with UPL and Uch-II under the requirements of IFRS 16 and concluded that these agreements contain lease as previously assessed under IFRIC 4. Accordingly, the impacts of adoption of IFRS 16 on the gas sales agreements with UPL and Uch-II have been retrospectively accounted for in these financial statements and comparative information has been restated.

The assessment involved Judgement whether the arrangements with UPL and Uch-II contains lease under the requirements of IFRs 16. It has been assessed that there was an identified asset, the power companies obtain substantially all of the economic benefits from the assets and have the right to direct how and for what purpose the asset is used throughout the period of use. The Company has assessed the lease as finance lease as the period of lease covers substantially all of the useful life of the assets and the Company will recover significantly all of the investment in the asset from the lessee. The Company has derecognised the underlying asset and recognised a receivable at an amount equal to the net investment in a lease. Net investment in a lease is measured at an amount equal to the sum of the present value of lease payments from lessee discounted at interest rate implicit in the lease. The difference between the gross lease receivable and the present value of the lease receivable is unearned finance income. Lease income is recognized over the term of the lease so as to reflect a constant periodic rate of return.

A third statement of financial position as at 01 July 2019 has also been presented in accordance with the requirement of IAS -1 " Presentation of Financial Statements". The effects of the restatement are summarized in note 3.3 below:

3.2 ACCOUNTING GUIDANCE ISSUED BY ICAP RELATING TO GAS INFRASTRUCTURE DEVELOPMENT CESS (GIDC)

As a result of events and developments occurred during the year including orders and judgements of the Honourable Supreme Court of Pakistan, the Institute of Chartered Accountants of Pakistan (ICAP) has issued a guidance "Accounting of Gas Infrastructure Development Cess (GIDC)" (the Guidance) through Circular no. 1/2021 dated 21 January 2021. In light of the said guidance, gas companies should consider the timing of recognition of liabilities (with a corresponding assets), where the obligation of the gas companies is to pay the collected amounts to Federal Government on receipt basis. Liability for such amounts should be recognized at the time of receipt of GIDC from gas consumers and not at the time of billing to the gas consumers.

Under the laws and regulations governing GIDC, the Company is responsible to invoice the same to the customers and deposit the collected amounts to the GoP on receipt from customers. Accordingly, the Company has recorded liability for GIDC in the financial statements to the extent received from customers but not deposited with the GoP. Further, GIDC billed to customers has been excluded from gross sales in the notes to the financial statements.

The Guidance has been applied retrospectively and the comparative information has been restated, which has not affected current period or prior years' net sales, profit, equity and cash flows. In accordance with requirements of IAS 1 "Presentation of Financial Statements", a third statement of financial position as of 01 July 2019 has also been presented. The effects of the restatement are summarized in note 3.3 below:

3.3 The following tables present the impacts of restatements as explained in note 3.1 & 3.2 above:

	Without the impact of note 3.1 and 3.2	IFRS-16 (Note 3.1)	GIDC (Note 3.2)	As presented
	(Rupees '000)			
Statement of financial position				
30 June 2021				
Non-current assets				
Property, plant and equipment	109,618,590	(13,872,996)	-	95,745,594
Lease receivables	-	37,259,605	-	37,259,605
Current assets				
Trade debts	379,838,746	(16,778,800)	(4,238,093)	358,821,853
Current portion of lease receivables	-	22,253,115	-	22,253,115
Non-current liabilities				
Deferred taxation	18,784,259	8,883,678	-	27,667,937
Current liabilities				
Trade and other payables	75,152,506	1,443,047	(4,238,093)	72,357,460
Share capital and reserves				
Unappropriated Profit	689,276,562	18,534,199	-	707,810,761

	As previously reported	IFRS-16 (Note 3.1)	GIDC (Note 3.2)	Restated
	(Rupees '000)			
30 June 2020				
Non-current assets				
Property, plant and equipment	116,355,157	(15,614,384)	-	100,740,773
Lease receivables	-	44,821,590	-	44,821,590
Current assets				
Trade debts	325,620,971	(11,357,860)	(6,699,575)	307,563,536
Current portion of lease receivables	-	16,360,220	-	16,360,220
Non-current liabilities				
Deferred taxation	24,073,280	10,793,118	-	34,866,398
Current liabilities				
Trade and other payables	68,578,248	1,710,479	(6,699,575)	63,589,152
Share capital and reserves				
Unappropriated Profit	628,579,143	21,705,969	-	650,285,112
01 July 2019				
Non-current assets				
Property, plant and equipment	117,787,033	(16,844,522)	-	100,942,511
Lease receivables	-	45,626,052	-	45,626,052
Current assets				
Trade debts	242,731,940	(6,406,534)	(4,383,426)	231,941,980
Current portion of lease receivables	-	10,469,597	-	10,469,597
Non-current liabilities				
Deferred taxation	23,571,884	10,352,616	-	33,924,500
Current liabilities				
Trade and other payables	49,477,743	1,642,230	(4,383,426)	46,736,547
Share capital and reserves				
Unappropriated Profit	567,741,481	20,849,747	-	588,591,228

	30 June 2021 - without the impact of note 3.1 and 3.2	IFRS-16 (Note 3.1)	GIDC (Note 3.2)	31 June 2021 - as presented	30 June 2020 - as previously reported	IFRS-16 (Note 3.1)	GIDC (Note 3.2)	30 June 2020 - restated
	(Rupees '000)				(Rupees '000)			
Statement of profit or loss								
Sales - net	251,610,001	(12,506,448)	-	239,103,553	244,856,754	(11,931,511)	-	232,925,243
Operating expenses	71,918,782	(1,741,388)	-	70,177,394	66,560,465	(1,230,138)	-	65,330,327
Finance and other income	8,562,555	5,416,418	-	13,978,973	21,749,789	12,066,346	-	33,816,135
Workers' profit participation fund	7,056,187	(267,432)	-	6,788,755	7,529,732	68,249	-	7,597,981
Taxation	39,361,361	(1,909,440)	-	37,451,921	42,983,233	440,502	-	43,423,735
Profit for the year	94,706,194	(3,171,770)	-	91,534,424	100,081,671	856,222	-	100,937,893
Earnings per share - basic and diluted (Rupees)	22.02	(0.74)	-	21.28	23.27	0.20	-	23.47
Statements of cash flows								
Cash flows from operating activities								
Profit before taxation	134,067,555	(5,081,210)	-	128,986,345	143,064,904	1,296,724	-	144,361,628
Adjustments for:								
Depreciation	11,754,820	(1,741,388)	-	10,013,432	11,782,166	(1,230,138)	-	10,552,028
Workers' profit participation fund	7,056,187	(267,432)	-	6,788,755	7,529,732	68,249	-	7,597,981
Exchange loss/ (gain) on lease	-	2,211,109	-	2,211,109	-	(4,148,536)	-	(4,148,536)
Interest income on lease	-	(7,627,527)	-	(7,627,527)	-	(7,917,810)	-	(7,917,810)
Changes in:								
Trade debts	(54,217,775)	5,420,940	(2,461,482)	(51,258,317)	(82,889,031)	4,951,326	2,316,149	(75,621,556)
Trade and other payables	(2,795,837)	-	2,461,482	(334,355)	11,401,257	-	(2,316,149)	9,085,108
Net cash generated from operating activities	47,389,052	(7,085,508)	-	40,303,544	22,546,538	(6,980,185)	-	15,566,353
Cash flows from investing activities								
Interest received	1,727,317	4,473,893	-	6,201,210	6,248,210	4,868,139	-	11,116,349
Lease payments received	-	2,611,615	-	2,611,615	-	2,112,046	-	2,112,046
Net cash used in investing activities	(13,742,691)	7,085,508	-	(6,657,183)	(28,645,719)	6,980,185	-	(21,665,534)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by the Company except for the changes as disclosed in note 3 to these financial statements:

4.1 EMPLOYEE BENEFITS

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

4.1.1 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 will be 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 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 benefits obligations are calculated annually by independent actuary using the Project Unit Credit (PUC) method. The latest actuarial valuations were carried out as of 30 June 2021.

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

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

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.

4.2 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.

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

4.2.2 Deferred tax

Deferred tax is accounted for using the balance sheet liability method in respect of all taxable temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

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

Deferred tax has been calculated at the tax rate of 30.78% (2020: 31.55%) after taking into account depletion allowance and set offs, where available, in respect of royalty payment to the Government of Pakistan. The tax rate is reviewed annually.

4.2.3 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.

4.3 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 4.5.4 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 13 to the financial statements so as to write off the cost of property, plant and equipment over their estimated useful life. Depreciation on additions to property, plant and equipment is charged from the month in which property, plant and equipment is available for intended use while no depreciation is charged for the month in which property, plant and equipment is disposed off.

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.

4.4 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.

4.4.1 As a Lessee

Leases are recognized as a lease liability and a corresponding Right of Use ("ROU") asset at the date on which the leased asset is available for use by the Company. Liabilities and assets arising from a lease are initially measured on a present value basis. Lease liabilities are measured at the present value of the remaining lease payments, discounted using the Company's estimated incremental borrowing rate when the rate implicit in the lease is not readily available. The corresponding ROU assets are measured at the amount equal to the lease liability.

The lease liability is remeasured when there is a change in the future lease payments arising from a change in an index or rate, if there is a change in the amount expected to be payable under a residual value guarantee or if there is a change in the assessment of whether the Company will exercise a purchase, extension or termination option that is within the control of the Company.

The ROU asset, initially measured at an amount equal to the corresponding lease liability, is depreciated on a straight-line basis, over the shorter of the estimated useful life of the asset or the lease term. The ROU asset may be adjusted for certain re-measurements of the lease liability and impairment losses.

Lease payments are allocated between the lease liability and finance costs.

Leases that have terms of less than twelve months or leases on which the underlying asset is of low value are recognized as an expense in the statement of profit or loss when incurred.

4.4.2 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 derecognises the underlying asset and recognises 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 not included in the measurement of net investment in lease and are recognized as revenue for the year.

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

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 recognises 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.

4.5 OIL AND GAS ASSETS

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

4.5.1 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.

4.5.2 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.

4.5.3 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 accounting policy 4.5.2 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 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.

4.5.4 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 required on construction or installation. An obligation for decommissioning may also crystallize during the period of operation of a well/ facility through a change in legislation or through a decision to terminate operations. The amount recognized is the estimated cost of decommissioning, discounted to its net present value and the expected outflow of economic resources to settle this obligation is up to next thirty years.

Decommissioning cost, as appropriate, relating to producing or 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.

4.6 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.

4.7 INVESTMENTS IN ASSOCIATED COMPANIES

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 these financial statements using the equity method of accounting. Under the equity method, investments in associates are initially recognized at cost adjusted thereafter to recognize the Company's share of the post-acquisition profits or losses of the associate in profit or loss and the Company's share of movements in other comprehensive income of the associate in other comprehensive income. Dividends received or receivable from the associate is recognized as a reduction in the carrying amount of the investment. 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. The carrying amount of equity-accounted investment is tested for impairment in accordance with the policy described in note 4.6.

4.8 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.

4.9 STOCK IN TRADE

Stock in trade is valued at the lower of production cost and net realizable value. Net realizable value signifies the estimated selling price in the ordinary course of business less net estimated cost of production and selling expenses.

4.10 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 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, if any.

4.11 REVENUE RECOGNITION

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

Revenue is measured at the transaction price, net of government levies. Transaction prices of crude oil and gas are specified in relevant agreements and / or as notified by the government authorities based on agreements with customers, relevant applicable petroleum policy, decision of ECC of the Cabinet or Petroleum Concession Agreements. Prices of liquefied petroleum gas are approved by the appropriate authority 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 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.

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

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

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.

4.13 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 assessed the nature of its arrangements and determined them to be joint operations.

The Company has recognized its share of assets, liabilities, revenues and expenses jointly held or incurred under the joint operations on the basis of latest available audited financial statements of the joint operations and where applicable, the cost statements received from the operator of the joint operation, for the intervening period up to the statement of financial position date. The difference, if any, between the cost statements and audited financial statements is accounted for in the next accounting year.

4.14 FOREIGN CURRENCIES

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.

4.15 FINANCIAL INSTRUMENTS

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

4.15.1 Classification of financial assets

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

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

The Company determines the classification of financial assets at initial recognition. the classification of instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. The Company reclassifies its debt investment when and only when its business model for managing those instruments changes.

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

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

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

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

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

4.15.2 Classification of financial liabilities

The Company classifies its financial liabilities in the following categories:

- at fair value through profit or loss (FVTPL); and
- financial liabilities at amortized cost

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

4.15.3 Initial recognition

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

4.15.4 Subsequent measurement

Financial assets (other than equity instruments) and liabilities

- at amortised cost

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

- at FVTPL

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

Financial assets (other than equity instruments) at FVTOCI

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

Financial assets- equity instruments

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

4.15.5 Impairment of financial assets

The Company recognizes loss allowance for ECL on financial assets measured at amortised cost except for financial assets due directly / ultimately from GoP which includes certain trade debts, lease receivables and investment in Term Finance Certificates (TFCs) issued by PHL in respect of which applicability of ECL model is deferred by SECP as explained in note 2.6.2. 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 expected credit losses (loss allowance) which uses a life time expected allowance. The Company uses General 3-stage approach for loans and advances, deposits, long term 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 as the present value of all cash shortfalls i.e. the difference between cash flows due to the entity in accordance with the contract and cash flows that the Company expects to receive.

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

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

4.15.6 Derecognition

- **Financial assets**

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

- **Financial liabilities**

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

4.15.7 Offsetting of financial assets and financial liabilities

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

4.16 PROVISIONS AND CONTINGENT LIABILITIES

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

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

4.17 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.

4.18 DIVIDEND

Dividend distribution to shareholders is accounted for in the period in which it is declared, unpaid / unclaimed dividend is recognized as a liability.

4.19 SELF INSURANCE SCHEME

The Company is following a policy to set aside reserve for self insurance of rigs, wells, plants, pipelines, buildings, inventory, vehicles, workmen compensation, terrorism and losses of petroleum products in transit and is keeping such reserve invested in specified investments.

4.20 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.

4.21 TRADE AND OTHER PAYABLES

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

5 SHARE CAPITAL

Authorized share capital

2021	2020		2021	2020
------(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

1,075,232,100	1,075,232,100	Ordinary shares of Rs 10 each issued for consideration other than cash (note 5.1)	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

5.1 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, GoP holds 74.97% (2020: 74.97%) paid up capital of the Company.

6 RESERVES

	Note	2021	2020
		------------(Rupees '000)------------	
Capital reserves:			
Capital reserve	6.1	836,000	836,000
Self insurance reserve	6.2	14,950,000	13,500,000
Capital redemption reserve fund - associated company	6.3	2,118,000	2,118,000
Self insurance reserve - associated company	6.4	920,000	720,000
Other reserves:			
Undistributed percentage return reserve - associated company	6.5	-	95,580
		18,824,000	17,269,580

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

6.2 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 16.2.1 for investments against this reserve. Accordingly, the reserve is not available for distribution to shareholders.

6.3 This represents statutory reserve created by the associated company for redemption of redeemable preference shares in the form of cash to the preference shareholders.

6.4 This represents a specific capital reserve set aside by the associated company for self insurance of assets which have not been insured for uninsured risks and for deductibles against insurance claims.

6.5 This represents Company's share of profit set aside by the associated company from distributable profits related to undistributed percentage return reserve from which dividend was appropriated and paid during the year.

7 DEFERRED TAXATION

The balance of deferred tax is in respect of following temporary differences:

	2021	2020 Restated
	-----------(Rupees '000)-----------	
Accelerated depreciation on property, plant and equipment	9,128,561	9,408,033
Expenditure of prospecting, exploration and evaluation and development and production assets	146,526	4,220,725
Provision for decommissioning cost	(146,696)	(196,191)
Lease receivable	13,153,922	15,719,456
Long term investment in associate	3,457,935	2,784,134
Provision for doubtful debts, claims and advances	(113,017)	(113,977)
Provision for slow moving and obsolete stores	(1,066,482)	(1,122,781)
Unrealised exchange gain - net	3,107,188	4,166,999
	27,667,937	34,866,398

8 DEFERRED EMPLOYEE BENEFITS

	Note	2021	2020
		-----------(Rupees '000)-----------	
Post retirement medical benefits	8.1	20,045,424	19,144,871
Accumulating compensated absences	8.2	7,964,743	7,386,152
		28,010,167	26,531,023

8.1 Post retirement medical benefits

	2021	2020
Movement in the present value of defined benefit obligation is as follows:		
Present value of defined benefit obligation at beginning of the year	19,144,871	17,261,231
Current service cost	164,628	551,271
Interest cost	1,741,808	2,423,556
Past service cost	-	(1,146,809)
Benefits paid	(629,028)	(507,639)
Remeasurement (gain)/ loss recognized in other comprehensive income	(376,855)	563,261
Present value of defined benefit obligation at end of the year	20,045,424	19,144,871
Movement in liability recognized in the statement of financial position is as follows:		
Opening liability	19,144,871	17,261,231
Expense for the year	1,906,436	1,828,018
Benefits paid	(629,028)	(507,639)
Remeasurement (gain)/ loss recognized in other comprehensive income	(376,855)	563,261
Closing liability	20,045,424	19,144,871
Expense recognized is as follows:		
Current service cost	164,628	551,271
Interest cost	1,741,808	2,423,556
Past service cost	-	(1,146,809)
	1,906,436	1,828,018
The expense is recognized in the following:		
Operating expenses - profit or loss	1,017,064	1,003,915
General and administration expenses - profit or loss	261,354	246,782
Technical services	628,018	577,321
	1,906,436	1,828,018

	2021	2020
Significant actuarial assumptions used were as follows:		
Discount rate per annum	10.00%	9.25%
Medical inflation rate per annum - retired/ in service	10.00%	9.25%
Mortality rate	Adjusted SLIC 2001-2005	
Withdrawal rate	Low	Low
Weighted average duration of the obligation	10.09 years	10.46 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 10.4. 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%	(2,715,373)	3,379,813
Medical indexation	1%	2,741,539	(2,305,596)
Withdrawal	10%	(533)	533

	1 year setback	**1 year set forward**
	-----------(Rupees '000)-----------	
Mortality	942,706	(847,996)

The expected medical expense for the next financial year is Rs 2,216.082 million.

	2021	**2020**
	-----------(Rupees '000)-----------	

8.2 Accumulating compensated absences

Present value of defined benefit obligation at beginning of the year	7,386,152	4,892,769
Charge for the year - net	3,245,511	4,012,638
Payments made during the year	(2,666,920)	(1,519,255)
Present value of defined benefit obligation at end of the year	7,964,743	7,386,152

The discount rate of 10% per annum (2020: 9.25%) and salary increase rate of 10% per annum (2020: 9.25%) were assumed. The mortality rate, withdrawal rate and weighted average duration of the obligation is assumed same as disclosed in note 8.1 above. The Company faces longevity, discount rate fluctuation, withdrawal and salary increase risk on account of compensated absences plan as explained in note 10.4.

	2021	**2020**
	-----------(Rupees '000)-----------	
The expense is recognized in the following:		
Operating expenses - profit or loss	1,829,952	2,198,857
General and administration expenses - profit or loss	398,945	522,078
Technical services	1,016,614	1,291,703
	3,245,511	4,012,638

The expected accumulating compensated expense for the next financial year is Rs 1,206.255 million.

9 PROVISION FOR DECOMMISSIONING COST

	Note	**2021**	**2020**
		-----------(Rupees '000)-----------	
Balance at beginning of the year		27,654,493	22,862,587
Provision during the year		528,908	523,222
Decommissioning cost incurred during the year		(129,266)	(143,978)
Reversal in respect of fields decommissioned during the year		-	(480,019)
		28,054,135	22,761,812
Revision due to change in estimates		(1,261,545)	1,885,426
Unwinding of discount on provision for decommissioning cost	32	2,199,467	3,007,255
Balance at end of the year		28,992,057	27,654,493

	2021	**2020**
Significant financial assumptions used were as follows:		
Discount rate per annum	8.61% ~ 10.54%	7.82% ~ 10.51%
Inflation rate per annum	7.87%	7.58%

10 TRADE AND OTHER PAYABLES

	Note	2021	2020 Restated
		-----------(Rupees '000)-----------	
Creditors		1,157,086	670,392
Accrued liabilities		13,358,536	17,145,383
Payable to partners of joint operations	10.1	7,515,704	7,977,718
Retention money payable		5,725,852	6,133,678
Royalty payable to the Government of Pakistan		16,349,028	5,842,512
Excise duty payable		195,272	203,835
General sales tax payable		1,307,195	1,461,153
Gas Infrastructure Development Cess (GIDC) payable	10.2	-	175,276
Petroleum levy payable		124,915	116,808
Withholding tax payable		654,860	306,959
Trade deposits	10.3	159,164	117,164
Workers' profit participation fund - net		6,788,755	9,240,211
Employees' pension trust	10.4	9,146,862	8,157,458
Gratuity fund	10.5	180,536	122,337
Provident fund		69,775	-
Advances from customers		3,838,475	2,621,375
Other payables	10.6	5,785,445	3,296,893
		72,357,460	63,589,152

10.1 This includes payable to related parties amounting to Rs 5,154 million (2020: Rs 3,100 million) as per relevant Petroleum Concession Agreement (PCA).

10.2 GIDC amounting to Rs 4,238 million (2020: Rs 6,700 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 has been presented as payable to the extent that it is received from customers but not deposited with the GoP. Also refer note 3.2.

During the year, the Supreme Court of Pakistan has decided the matter of GIDC and ordered gas consumers to pay GIDC arrears in instalments. The fertilizer companies have obtained stay against recovery from the Sindh High Court, where the matter is subjudice.

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

10.4 Employees' pension trust

	2021	2020
	-----------(Rupees '000)-----------	
The amount recognized in the statement of financial position is as follows:		
Present value of defined benefit obligation	106,062,965	101,837,507
Fair value of plan assets	(96,916,103)	(93,680,049)
Liability at end of the year	9,146,862	8,157,458
The movement in the present value of defined benefit obligation is as follows:		
Present value of defined benefit obligation at beginning of the year	101,837,507	80,335,095
Current service cost	2,855,803	2,778,192
Interest cost	9,032,174	10,998,287
Benefits paid	(8,384,766)	(6,308,271)
Remeasurement loss recognized in other comprehensive income	722,247	14,034,204
Present value of defined benefit obligation at end of the year	106,062,965	101,837,507

	2021	2020
	(Rupees '000)	
The movement in the fair value of plan assets is as follows:		
Fair value of plan assets at beginning of the year	93,680,049	87,685,460
Expected return on plan assets	8,277,612	12,132,685
Contributions	53	1,220,643
Benefits paid	(8,384,766)	(6,308,271)
Remeasurement gain/ (loss) recognized in other comprehensive income	3,343,155	(1,050,468)
Fair value of plan assets at end of the year	96,916,103	93,680,049
The movement in liability/ (asset) recognized in the statement of financial position is as follows:		
Opening liability/ (asset)	8,157,458	(7,350,365)
Expense for the year	3,610,365	1,643,794
Remeasurement (gain)/ loss recognized in other comprehensive income	(2,620,908)	15,084,672
Payments to the fund during the year	(53)	(1,220,643)
Closing liability	9,146,862	8,157,458
Expense recognized is as follows:		
Current service cost	2,855,803	2,778,192
Net interest cost/ (income)	754,562	(1,134,398)
	3,610,365	1,643,794
Remeasurement (gain)/ loss recognized in other comprehensive income:		
Remeasurement loss on defined benefit obligation	722,247	14,034,204
Remeasurement (gain)/ loss on plan assets	(3,343,155)	1,050,468
	(2,620,908)	15,084,672

Plan assets comprise:

	2021			2020		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
	(Rupees '000)					
Regular income certificates	-	73,946,487	73,946,487	-	73,921,920	73,921,920
Mutual funds	1,702,238	-	1,702,238	1,280,614	-	1,280,614
Term deposit receipts	-	18,076,726	18,076,726	-	15,860,423	15,860,423
Cash and bank balances	-	3,190,653	3,190,653	-	2,617,092	2,617,092
	1,702,238	95,213,866	96,916,104	1,280,614	92,399,435	93,680,049

Quoted plan assets comprise of 1.76% (2020: 1.37%) 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 most common type of retirement benefit is one where the benefit is linked with final salary. 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.

	2021	2020
	-----------(Rupees '000)-----------	
The expense is recognized in the following:		
Operating expenses - profit or loss	1,909,027	877,538
General and administration expenses - profit or loss	663,830	309,726
Technical services	1,037,508	456,530
	3,610,365	1,643,794
Actual return on plan assets	11,620,767	11,082,217

Significant actuarial assumptions used were as follows:

	2021	2020
Discount rate per annum	10.00%	9.25%
Salary increase rate per annum	10.00%	9.25%
Expected rate of return on plan assets per annum	10.00%	9.25%
Pension indexation rate per annum	5.75%	5.00%
Mortality rate	Adjusted SLIC 2001-2005	
Withdrawal rate	Low	Low
Weighted average duration of the obligation	10.09 years	10.46 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%	(9,118,415)	10,900,266
Salary increase	1%	449,173	(230,912)
Pension indexation	1%	7,615,249	(6,531,053)
Withdrawal	10%	(4,985)	4,994

	1 year setback	1 year set forward
	-----------(Rupees '000)-----------	
Mortality	1,936,098	(1,773,111)

The Company expects to make a contribution of Rs 12,888 million (2020: Rs 11,767) to the employees' pension trust during the next financial year and the expected expense for the next year amounts to Rs 3,741 million.

10.5 Gratuity fund

	2021	2020
	-----------(Rupees '000)-----------	
The amount recognized in the statement of financial position is as follows:		
Present value of defined benefit obligation	882,970	675,171
Fair value of plan assets	(702,434)	(552,834)
Liability at end of the year	180,536	122,337
The movement in the present value of defined benefit obligation is as follows:		
Present value of defined benefit obligation at beginning of the year	675,171	462,452
Current service cost	243,637	187,752
Interest cost	60,597	61,646
Benefits paid	(40,132)	(15,250)
Remeasurement gain recognized in other comprehensive income	(56,303)	(21,429)
Present value of defined benefit obligation at end of the year	882,970	675,171
The movement in the fair value of plan assets is as follows:		
Fair value of plan assets at beginning of the year	552,834	-
Expected return on plan assets	79,292	35,667
Contributions	47,337	515,834
Benefits paid	(40,132)	(15,250)
Remeasurement gain recognized in other comprehensive income	63,103	16,583
Fair value of plan assets at end of the year	702,434	552,834
The movement in liability recognized in the statement of financial position is as follows:		
Opening liability	122,337	462,452
Expense for the year	224,942	213,731
Remeasurement gain recognized in other comprehensive income during the year	(119,406)	(38,012)
Payments to the fund during the year	(47,337)	(515,834)
Closing liability	180,536	122,337
Expense recognized is as follows:		
Current service cost	243,637	187,752
Net interest (income)/ cost	(18,695)	25,979
	224,942	213,731
Remeasurement gain recognized in other comprehensive income:		
Remeasurement gain on defined benefit obligation	56,303	21,429
Remeasurement gain on plan assets	63,103	16,583
	119,406	38,012

	2021	2020
Significant actuarial assumptions used were as follows:		
Withdrawal rate	Low	Low
Mortality rate	Adjusted SLIC 2001-2005	
Discount rate	10.00%	9.25%
Salary increase rate	10.00%	9.25%
Weighted average duration of the obligation	10.09 years	10.46 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%	(133,781)	165,214
Salary increase	1%	128,721	(109,977)
Withdrawal	10%	1,018	(1,027)

	1 year setback	**1 year set forward**
	-----------(Rupees '000)-----------	
Mortality	(986)	979

The Company expects to make a contribution of Rs 405.968 million to the employees' Gratuity fund during the next financial year and expected expense for the next year amounts to Rs 225.432 million.

Plan assets comprise:

	2021			**2020**		
	Quoted	**Unquoted**	**Total**	**Quoted**	**Unquoted**	**Total**
	---(Rupees '000)---					
Term deposit receipts	-	684,493	684,493	-	543,199	543,199
Cash and bank balances	-	17,941	17,941	-	9,635	9,635
	-	702,434	702,434	-	552,834	552,834

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. All trustees are employees of the Company.

The Company offers a defined post-employment gratuity benefits to contractual and regular employees. The gratuity fund is governed under OGDCL employees gratuity fund rules, 2019. Responsibility for governance of plan, including investment decisions and contribution schedule lie with 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 10.4.

	2021	**2020**
	-----------(Rupees '000)-----------	
The expense is recognized in the following:		
Operating expenses - profit or loss	119,848	121,796
General and administration expenses - profit or loss	46,386	33,087
Technical services	58,708	58,848
	224,942	213,731

10.6 This includes an amount of Rs 5,038 million (2020: Rs 2,562 million) received from customers on account of additional revenue and related sales tax due to enhanced gas price incentive as explained in note 27.3.

11 UNPAID DIVIDEND

This includes an amount of Rs 28,441 million (2020: Rs 25,027 million) payable to OGDCL Employees' Empowerment Trust (OEET). The payment of dividend has been withheld since GoP is considering to revamp Benazir Employees' Stock Option Scheme (BESOS) as communicated to the Company by Privatization Commission of Pakistan (PCP). PCP vide letter no. F. No. 13(4)12/PC/BESOS/OGDCL dated 15 May 2018 informed that the matter of BESOS, as a scheme, is pending adjudication before the Honorable Supreme Court of Pakistan, hence status quo may be maintained till final decision of Honorable Supreme Court of Pakistan.

The Finance Division, GoP vide letter no. F. No. 2(39)BIU-I/2018-19 dated 15 April 2019 advised the Company to deposit the GoP share of dividend including interest, if any, lying in OEET account(s) or any other reserve/ account till date in the Federal Consolidated Fund pursuant to decision of the Federal Cabinet in its meeting held on 09 April 2019. Furthermore, PCP vide letter no. 1(1)PC/BESOS/F&A/2019 dated 08 May 2019, requested the Company not to remit any amounts on the account of BESOS in view of the decision of the Federal Cabinet. Based on the legal advice, OEET submitted its response to Petroleum Division on 05 August 2019 that the matter is pending adjudication before the Honourable Supreme Court of Pakistan, the transfer would commit breach of fiduciary duties of the trustees and therefore the directions to be kindly recalled.

The Ministry of Energy, GoP, vide letter no. U.O. No. 8(9)/ 2014/D-III/BESOS, dated 27 December 2019 requested the Company to transfer Federal Government's share of dividend money to PCP on immediate basis as per the direction of Finance Division, GoP. OEET submitted its response vide letter no. OEET-127/2019 dated 30 December 2019 that in order to proceed further with the direction given above, it is requested that PCP withdraw the above mentioned letter no. F. No.13(4)12/PC/BESOS/OGDCL dated 15 May 2018 and all previous letters related to maintaining status quo in respect of this matter.

During the year, the Finance Division, GoP vide letter No. F. 2(39)-NTR/2020-F dated 19 November 2020 directed the Company to deposit all the accrued BESOS principal amount along with interest earned thereon till date in the Federal Consolidated Fund in light of the Honourable Supreme Court of Pakistan's short order dated 22 October 2020. OEET submitted its response to the Ministry of Energy, GoP on 17 December 2020 that there is no guidance or clarity on any issue in the short order and in these circumstances, it would be prudent and appropriate to await the detailed reasons for the short order, which are yet to be released by the Honourable Supreme Court of Pakistan, prior to taking any action in pursuance of the directives of Finance Division, GoP. PCP vide letter no.F.No. 1(20PC/BESOS(WIND-up)/2019 dated 30 December 2020, inform that fund maintained by PCP has closed since December 2020, therefore, the amounts retained on account of Employees Empowerment Fund be directly deposited in the Federal Consolidated Fund maintained by Finance Division.

12 CONTINGENCIES AND COMMITMENTS

12.1 Contingencies

12.1.1 Claims against the Company not acknowledged as debts amounted to Rs 739.690 million at year end (2020: Rs 1,262.824 million). Details of the major legal proceedings disclosed as contingencies are as follows:

Parties involved	Date of institution of the case	Court, agency or authority where proceedings are pending	Facts of the case and relief sought	2021	2020
				---------(Rupees '000)---------	
Commissioner Inland Revenue (CIR)	25-Oct-18	Islamabad High Court	Alleged default surcharge and penalty on short payment of sales tax for the period of 1999-2000 to 2007-08, in respect of Uch gas field. Islamabad High court passed judgment against OGDCL. OGDCL filed a Civil Petition for Leave to Appeal (CPLA) in Supreme Court against the judgment. The Supreme Court vide order dated 25 October 2018 set-aside the order of Islamabad High Court and referred it back to Islamabad High Court for determination in accordance with law which is still pending. Management believes that case will be decided in favour of company.	515,967	515,967
M/s Sprint Oil and Gas Service Pakistan	18-Mar-19	Islamabad High Court	OGDCL withheld sales tax on services provided by M/s Sprint Oil and Gas Services Pakistan (Sprint). Sprint filed a petition claiming that it is the responsibility of OGDCL to bear the tax and that Sprint should be paid the amount in full, as per contract. Islamabad High Court vide order dated 01 March 2019 accepted the petition that services provided by Sprint were taxable and consequently the liability to pay sales tax was on the Company. The Company filed an intra court appeal on 18 March 2019. During the year the case is decided in favour of the Company.	-	123,020
Subtotal				515,967	638,987
Other immaterial cases				223,723	623,837
Total				**739,690**	**1,262,824**

12.1.2 During the year ended 30 June 2019, Attock Refinery Limited (ARL) filed a writ petition against the Company before Islamabad High Court on 17 December 2018 and has disputed and withheld amounts invoiced to it on account of adjustment of premium or discount as announced by Saudi Aramco for deliveries to Asian customers/ destinations under the sale agreement signed on 13 March 2018. The Islamabad High Court vide order dated 16 January 2019 granted interim relief to ARL until next hearing. During the year, the Islamabad High Court vide order dated 09 June 2021 clarified that there is no injunctive order regarding supplies of crude oil made after 2018, and ARL paid an amount of Rs 1,108 million subsequent to year ended 30 June 2021 against the invoices pertaining to period after signing of sale agreement. Accordingly, the amount withheld and disputed by ARL amounts to Rs 1,333 million (2020: Rs 2,246 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 (2020: Rs 562 million). The Company believes that the debit notes/ invoices have been raised in accordance with the sale agreements signed with GoP and no provision is required in this respect.

12.1.3 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 1,276.311 million (2020: Rs 833.111 million). Management believes that the matter will be decided in favour of the Company. Also refer note 29.1.

12.1.4 Certain banks have issued guarantees on behalf of the Company in ordinary course of business aggregating Rs 1.281 million (2020: Rs 1.281 million), refer note 26.1 to the financial statements.

12.1.5 For contingencies related to tax matters, refer note 24.1 to 24.3 and note 33.2.

12.1.6 For contingencies related to sales tax and federal excise duty, refer note 21.3 and 21.4.

12.1.7 For matter relating to conversion of certain blocks to Petroleum Policy 2012, refer note 27.3.

12.1.8 The Company's share of associate's unavailed credit facilities issued by various banks to the associate in the ordinary course of business amounts to Rs 2,699.94 million (2020: Rs 798.08 million).

12.2 Commitments

12.2.1 Commitments outstanding at the year end amounted to Rs 41,972.846 million (2020: Rs 42,430.417 million). These include amounts aggregating to Rs 21,365.516 million (2020: Rs 24,360.796 million) representing the Company's share in the minimum work commitments under Petroleum Concession Agreements.

12.2.2 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 6,374.588 million (2020: Rs 4,899.632 million).

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

	2021	2020
	(Rupees '000)	
Capital expenditure:		
Share in joint operations	2,195,085	3,871,108
Others	3,525,540	1,180,036
	5,720,625	5,051,144

13 PROPERTY, PLANT AND EQUIPMENT

(Rupees '000)

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	Vehicles	Decom-missioning cost	Capital work in progress (Note 13.4)	Stores held for capital expenditure	Total
Cost															
Balance as at 1 July 2019	264,326	54,039	4,598,366	7,473,280	171,197,968	5,105,257	20,957,344	1,325,567	2,252,974	222,837	5,346,082	2,142,503	2,340,751	4,676,317	227,957,611
Impact of adoption of IFRS 16	-	-	-	(959,316)	(22,770,312)	-	(9,495,685)	-	-	-	-	(313,344)	-	-	(33,538,657)
Balance as at 1 July 2019 - restated	264,326	54,039	4,598,366	6,513,964	148,427,656	5,105,257	11,461,659	1,325,567	2,252,974	222,837	5,346,082	1,829,159	2,340,751	4,676,317	194,418,954
Additions during the year	90	-	97,784	164,914	5,207,960	263,254	1,048,613	16,274	59,863	2,569	127,402	84,430	2,929,500	2,895,354	12,898,007
Revision due to change in estimate	-	-	-	-	(159,268)	-	(3,204)	-	-	-	-	656,358	-	-	493,886
Disposals/transfers during the year	-	-	-	-	(18,502)	(11,799)	-	(3,355)	(61,632)	(128)	(173,390)	-	(1,690,278)	(419,352)	(2,378,436)
Adjustments during the year	-	-	-	959,316	(959,316)	-	-	-	-	-	-	-	-	-	-
Balance as at 30 June 2020- restated	264,416	54,039	4,696,150	7,638,194	152,498,530	5,356,712	12,507,068	1,338,486	2,251,205	225,278	5,300,094	2,569,947	3,579,973	7,152,319	205,432,411
Balance as at 1 July 2020-restated	264,416	54,039	4,696,150	7,638,194	152,498,530	5,356,712	12,507,068	1,338,486	2,251,205	225,278	5,300,094	2,569,947	3,579,973	7,152,319	205,432,411
Additions during the year	-	-	33,804	760,205	5,886,772	106,420	669,025	82,188	293,467	5,957	136,324	42,938	2,561,332	2,630,622	13,209,054
Revision due to change in estimate	-	-	(5,424)	(8,661)	(225,419)	-	(13,333)	-	-	-	-	(531,453)	-	-	(784,290)
Disposals/transfers during the year	-	-	-	-	(32,888)	(18,802)	(7,801)	(6,018)	(80,924)	-	(71,319)	-	(3,976,922)	(2,455,414)	(6,650,088)
Adjustments during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 30 June 2021	264,416	54,039	4,724,530	8,389,738	158,126,995	5,444,330	13,154,959	1,414,656	2,463,748	231,235	5,365,099	2,081,432	2,164,383	7,327,527	211,207,087
Depreciation															
Balance as at 1 July 2019	-	54,036	2,786,476	2,797,903	77,088,005	3,264,452	14,155,923	1,057,715	2,111,063	134,578	5,001,436	1,295,991	-	87,954	109,835,532
Impact of adoption of IFRS 16	-	-	-	-	(8,257,868)	-	(8,122,923)	-	-	-	-	(313,344)	-	-	(16,694,135)
Balance as at 1 July 2019- restated	-	54,036	2,786,476	2,797,903	68,830,137	3,264,452	6,033,000	1,057,715	2,111,063	134,578	5,001,436	982,647	-	87,954	93,141,397
Charge for the year- restated	-	-	205,661	629,604	8,608,200	406,144	924,537	90,282	87,190	14,312	165,945	335,817	-	(8)	11,467,684
On disposals	-	-	-	-	(18,423)	(11,793)	-	(3,193)	(60,628)	(125)	(158,327)	-	-	-	(252,489)
Adjustments during the year	-	-	-	294,190	(294,190)	-	-	-	-	-	-	-	-	-	-
Balance as at 30 June 2020- restated	-	54,036	2,992,137	3,721,697	77,125,724	3,658,803	6,957,537	1,144,804	2,137,625	148,765	5,009,054	1,318,464	-	87,946	104,356,592
Balance as at 1 July 2020-restated	-	54,036	2,992,137	3,721,697	77,125,724	3,658,803	6,957,537	1,144,804	2,137,625	148,765	5,009,054	1,318,464	-	87,946	104,356,592
Charge for the year	-	-	177,442	62,293	8,383,609	403,030	1,295,600	85,484	117,620	15,305	129,451	298,337	-	(618)	10,967,553
On disposals	-	-	-	-	(32,845)	(18,792)	(7,799)	(5,807)	(79,157)	-	(53,298)	-	-	-	(197,698)
Adjustments during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 30 June 2021	-	54,036	3,169,579	3,783,990	85,476,488	4,043,041	8,245,338	1,224,481	2,176,088	164,070	5,085,207	1,616,801	-	87,328	115,126,447
Impairment															
Balance as at 1 July 2019	-	-	61,204	128,386	143,717	-	333	-	-	-	1,079	327	-	-	335,046
Charge for the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 30 June 2020- restated	-	-	61,204	128,386	143,717	-	333	-	-	-	1,079	327	-	-	335,046
Balance as at 1 July 2020	-	-	61,204	128,386	143,717	-	333	-	-	-	1,079	327	-	-	335,046
Charge for the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 30 June 2021	-	-	61,204	128,386	143,717	-	333	-	-	-	1,079	327	-	-	335,046
Carrying amount - 30 June 2020 -restated	264,416	3	1,642,809	3,788,111	75,229,089	1,697,909	5,549,198	193,682	113,580	76,513	289,961	1,251,156	3,579,973	7,064,373	100,740,773
Carrying amount - 30 June 2021	264,416	3	1,493,747	4,477,362	72,506,790	1,401,289	4,909,288	190,175	287,660	67,165	278,813	464,304	2,164,383	7,240,199	95,745,594
Rates of depreciation (%)	-	3.3~4	2.5~8	2.5~8	4~20	10	10	15	33.33	10	20	2.5~10	-	-	

13.1 Particulars of 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
Dhodak colony	Samajabad	Multan	31.92
Kot Adu logistic base	Kot Adu	Taunsa	29.74
Regional office	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

13.2 Cost and accumulated depreciation as at 30 June 2021 include Rs 57,755 million (2020: Rs 57,031 million) and Rs 44,272 million (2020: Rs 40,450 million) respectively being the Company's share in property, plant and equipment relating to joint operations operated by other working interest owners and are not in possession and control of the Company.

Operator wise breakup is summarised below:

	2021	2020	2021	2020
	Cost		Accumulated depreciation	
	(Rupees '000)			
Pakistan Petroleum Limited	10,418,584	10,192,056	4,873,218	4,277,681
Eni Pakistan Limited	21,812,212	21,702,111	19,818,955	18,337,304
Pakistan Oilfields Limited	832,264	823,106	826,421	821,280
United Energy Pakistan Limited	2,941,347	2,904,477	2,909,699	2,862,815
Spud Energy Pty Limited	121,652	119,176	120,781	118,957
Ocean Pakistan Limited	352,243	338,972	322,842	298,938
MOL Pakistan Oil and Gas B.V.	15,151,579	14,946,092	9,849,586	9,200,729
OMV (Pakistan) Exploration	6,029,425	5,910,703	5,459,216	4,441,826
Petroleum Exploration (Pvt) Limited	95,554	94,704	91,513	90,460
	57,754,860	57,031,397	44,272,231	40,449,990

13.3 The depreciation charge has been allocated to:

	Note	2021	2020 Restated
		(Rupees '000)	
Operating expenses - profit or loss	28	9,805,115	10,381,264
General and administration expenses - profit or loss	31	208,317	170,764
Technical services		954,121	915,656
		10,967,553	11,467,684

13.4 Capital work in progress

	2021	2020
	(Rupees '000)	
Production facilities and other civil works in progress:		
Wholly owned	478,486	465,414
Joint operations	1,516,470	3,072,601
	1,994,956	3,538,015
Construction cost of field offices and various bases/offices owned by the Company	169,427	41,958
	2,164,383	3,579,973

13.5 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 Company's policy:				
Dr. Naseem Ahmad	3,547	2,601	2,601	-
Mr. Munsif Hussain Channa	3,183	2,334	2,334	-
Mr. Zahid Abbas	3,183	2,388	2,388	-
Mr. Masood Nabi	2,720	1,360	1,360	-
Mr. Khan Alam	2,399	1,280	1,280	-
Mr. Ihsanullah Khan	2,331	1,554	1,554	-
Mr. Abid Tufail	2,331	1,477	1,477	-

	Cost	Book value	Sale proceeds	Gain/ (loss)
	(Rupees '000)			
Vehicles sold to following in-service/retiring employees as per Company's policy: Continued				
Dr. Syed Ahmed Nadeem	2,224	742	742	-
Mr. Muhammad Younis Mako	1,974	1,020	1,020	-
Mr. Muhammad Asif Khan	1,807	693	693	-
Mr. Liaqat Ali Farooq	1,807	392	392	-
Mr. Hamid Raza	1,802	1	180	179
Mr. Munawar Ali Khan	1,802	1	180	179
Mr. Manzoor Ahmed	1,784	595	595	-
Mr. Iftikhar Abassi	1,772	1	177	176
Mr. Shahid Waqar Malik	1,772	1	177	176
Dr. Mubashar Ayaz	1,772	1	177	176
Mr. Muhammad Ajaz Sarwar	1,772	1	177	176
Mr. Jamal Nasir	1,772	1	177	176
Mr. Muhammad Akram Qureshi	1,772	60	177	117
Mr. Mohammad Irfanullah	1,772	1	177	176
Mr. Abdur-raziq Khattak	1,772	1	177	176
Mr. Muhammad Yousaf	1,772	90	177	88
Mr. Mohammad Haider	1,745	1,251	1,251	-
Mr. Muhammad Akram	1,053	1	105	104
Mr. Muhammad Saleem	1,053	1	105	104
Mr. Habibullah Chohan	1,053	1	105	104
Mr. Abdul Karim Sheikh	1,053	1	105	104
Mr. Muhammad Iqbal Khan	1,053	1	105	104
Mr. Ajmal Hussain Shah	1,034	70	103	34
Mr. Suhail Atta Chaudhry	1,034	1	103	102
Mr. Hafeez Ur Rehman	1,034	1	103	102
Mr. Mahmood Nadeem	1,034	1	103	102
Mr. Ghulam Mustafa Tabassum	1,034	18	103	85
Mr. Mukhtar Ahmad Sajid	1,034	1	103	102
Mr. Munawar Ali	1,034	1	103	102
Mr. Taj Muhammad	1,034	1	103	102
Mr. Ghulam Abbas	1,034	1	103	102
Mr. Abdul Waheed	1,034	1	103	102
Mr. Jaffer Hussain	1,034	1	103	102
Mr. Muhammad Ali Khan	1,034	70	103	34
	68,258	18,018	21,410	3,392
Computers/ mobile phones, with individual book value not exceeding Rs 500,000, sold to employees as per Company's policy	20,974	1,507	3,025	1,517
Items of property, plant and equipment with individual book value not exceeding Rs 500,000 sold through public auction	128,519	527	20,650	20,123
30 June 2021	**217,751**	**20,053**	**45,085**	**25,032**
30 June 2020	268,806	16,317	75,195	58,878

14 DEVELOPMENT AND PRODUCTION ASSETS

(Rupees '000)

Description	Producing fields		Shut-in fields/ fields in		Stores held for development and production activities	Wells in progress (Note 14.1)	Sub total	Decom-missioning cost	Total
	Wholly owned	Joint operations	Wholly owned	Joint operations					
Cost									
Balance as at 1 July 2019	89,585,427	135,517,941	6,591,190	24,646,363	-	6,147,180	262,488,101	6,515,418	269,003,519
Adjustment	(4,871,314)	966,166	4,871,314	(966,166)	-	-	-	-	-
Additions during the year	-	-	-	-	2,412,807	15,636,918	18,049,725	438,792	18,488,517
Transfers in/(out) during the year	3,525,065	12,438,500	879,609	74,499	-	(16,917,673)	-	-	-
Transfer from exploration and evaluation assets during the year	-	369,803	-	6,443,095	-	-	6,812,898	-	6,812,898
Revision due to change in estimate	(1,667)	(20,180)	-	-	-	-	(21,847)	1,457,819	1,435,972
Fields decommissioned/ surrendered during the year	(3,395,866)	-	-	-	-	-	(3,395,866)	(143,235)	(3,539,101)
Balance as at 30 June 2020	84,841,645	149,272,230	12,342,113	30,197,791	2,412,807	4,866,425	283,933,011	8,268,794	292,201,805
Balance as at 1 July 2020	84,841,645	149,272,230	12,342,113	30,197,791	2,412,807	4,866,425	283,933,011	8,268,794	292,201,805
Adjustment	1,424,236	2,063,841	(1,424,236)	(2,063,841)	-	-	-	-	-
Additions during the year	-	-	-	-	1,725,613	5,600,675	7,326,288	485,970	7,812,258
Transfers in/(out) during the year	1,250,947	3,379,013	1,538,423	151,949	(879,431)	(6,320,332)	(879,431)	-	(879,431)
Transfer from exploration and evaluation assets during the year	-	395,514	4,166,507	4,793,785	-	-	9,355,806	-	9,355,806
Revision due to change in estimate	(375,456)	(60,191)	-	(3,388)	-	-	(439,035)	981,171	542,136
Fields decommissioned/ surrendered during the year	-	-	-	-	-	-	-	-	-
Balance as at 30 June 2021	87,141,372	155,050,407	16,622,807	33,076,296	3,258,989	4,146,768	299,296,639	9,735,935	309,032,574
Amortization									
Balance as at 1 July 2019	66,184,384	98,774,733	700,240	2,477,617	-	-	168,136,974	3,060,334	171,197,308
Adjustment	(3,813,078)	(660,734)	3,813,078	660,734	-	-	-	-	-
Fields decommissioned/ surrendered during the year	(3,029,549)	-	-	-	-	-	(3,029,549)	(117,288)	(3,146,837)
Charge for the year	5,491,349	10,734,254	-	-	-	-	16,225,603	1,021,458	17,247,061
Balance as at 30 June 2020	64,833,106	108,848,253	4,513,318	3,138,351	-	-	181,333,028	3,964,504	185,297,532
Balance as at 1 July 2020	64,833,106	108,848,253	4,513,318	3,138,351	-	-	181,333,028	3,964,504	185,297,532
Adjustment	87,415	(565,279)	(87,415)	565,279	-	-	-	-	-
Fields decommissioned/ surrendered during the year	-	-	-	-	-	-	-	-	-
Charge for the year	4,797,850	12,416,212	-	-	-	-	17,214,062	650,583	17,864,645
Balance as at 30 June 2021	69,718,371	120,699,186	4,425,903	3,703,630	-	-	198,547,090	4,615,087	203,162,177
Impairment									
Balance as at 1 July 2019	1,691,534	1,004,360	966,035	1,920,296	-	-	5,582,225	265,302	5,847,527
Adjustment	-	-	-	-	-	-	-	-	-
Fields decommissioned/ surrendered during the year	(366,317)	-	-	-	-	-	(366,317)	(25,947)	(392,264)
Charge for the year	-	-	-	-	-	-	-	-	-
Balance as at 30 June 2020	1,325,217	1,004,360	966,035	1,920,296	-	-	5,215,908	239,355	5,455,263
Balance as at 1 July 2020	1,325,217	1,004,360	966,035	1,920,296	-	-	5,215,908	239,355	5,455,263
Adjustment	-	-	-	-	-	-	-	-	-
Fields decommissioned/ surrendered during the year	-	-	-	-	-	-	-	-	-
Charge for the year	-	-	-	-	-	-	-	-	-
Balance as at 30 June 2021	1,325,217	1,004,360	966,035	1,920,296	-	-	5,215,908	239,355	5,455,263
Carrying amount - 30 June 2020	18,683,322	39,419,617	6,862,760	25,139,144	2,412,807	4,866,425	97,384,075	4,064,935	101,449,010
Carrying amount - 30 June 2021	16,097,784	33,346,861	11,230,869	27,452,370	3,258,989	4,146,768	95,533,641	4,881,493	100,415,134

14.1 Wells in progress at year end represent:

	2021	2020
	(Rupees '000)	
Wholly owned	3,684,327	2,847,848
Joint operations	462,441	2,018,577
	4,146,768	4,866,425

15 EXPLORATION AND EVALUATION ASSETS

	Note	2021	2020
		(Rupees '000)	
Balance at beginning of the year		15,699,342	15,129,892
Additions during the year		18,524,889	17,408,312
		34,224,231	32,538,204
Cost of dry and abandoned wells during the year	30	(8,372,663)	(10,025,964)
Cost of wells transferred to development and production assets during the year		(9,355,806)	(6,812,898)
		(17,728,469)	(16,838,862)
		16,495,762	15,699,342
Stores held for exploration and evaluation activities		236,914	721,262
Balance at end of the year		16,732,676	16,420,604

15.1 Liabilities, other assets and expenditure incurred on exploration and evaluation activities are:

	Note	2021	2020
		(Rupees '000)	
Liabilities related to exploration and evaluation		1,562,697	2,118,804
Exploration and prospecting expenditure	30	17,366,187	18,213,438

16 LONG TERM INVESTMENTS

	Note	2021	2020
Investment in related party - associate, quoted	16.1	23,126,401	18,634,390
Investments at amortised cost	16.2	22,399,470	42,583,441
		45,525,871	61,217,831

16.1 Investment in related party - associate, quoted

	2021	2020
Mari Petroleum Company Limited (MPCL)		
Cost of investment (26,680,500 (30 June 2020: 26,680,500) fully paid ordinary shares of Rs 10 each including 19,330,500 (30 June 2020: 19,330,500) bonus shares)	73,500	73,500
Post acquisition profits brought forward	18,560,890	12,651,099
	18,634,390	12,724,599
Share of profit for the year - net of taxation	6,288,982	6,062,575
Share of other comprehensive income of the associate - net of taxation	2,184	3,801
Dividend received	(1,799,155)	(156,585)
	4,492,011	5,909,791
	23,126,401	18,634,390

16.1.1 MPCL is a listed company incorporated in Pakistan and is principally engaged in exploration, production and sale of hydrocarbons. The Company has 20% (2020: 20%) holding in the associate. The market value of the investment in associate as of the year end is Rs 40,671 million (2020: Rs 32,994 million). At the year end 222,337 bonus shares (2020: 222,337) have not been issued by MPCL due to pending resolution of issue relating to withholding tax on issuance of bonus shares.

16.1.2 The tables below provides summarized financial statements for the associate. The information disclosed reflects the amounts presented in the annual audited financial statements of the associate for the year ended 30 June 2021 (2020: year ended 30 June 2020) and not the Company's share of those amounts. In light of Guidance " Accounting of GIDC issued by ICAP through circular no. 1/2021 dated 21 January 2021, MPCL has retrospectively restated prior year financial statements which has not effected current or prior years' net sales, profit, equity and cashflows.

	2021	2020 Restated
	(Rupees '000)	
Summarized statement of financial position		
Current assets	85,462,500	83,979,544
Non-current assets	64,923,633	42,165,189
Current liabilities	(23,680,845)	(22,653,488)
Non-current liabilities	(11,171,723)	(10,342,139)
Net assets	115,533,565	93,149,106
Reconciliation to carrying amounts:		
Opening net assets	93,149,106	63,606,729
Total comprehensive income for the year	31,455,829	30,331,877
Dividends paid	(9,071,370)	(789,500)
Closing net assets	115,533,565	93,149,106
Company's percentage shareholding in the associate	20%	20%
Company's share in carrying value of net assets	23,106,713	18,629,821
Others	19,688	4,569
Carrying amount of investment	23,126,401	18,634,390
Summarized statement of comprehensive income		
Revenue for the year - gross	82,692,664	81,603,884
Profit for the year	31,444,909	30,312,873
Other comprehensive income for the year	10,920	19,004
Total comprehensive income for the year	31,455,829	30,331,877

Previously, gas price mechanism for Mari field of MPCL was governed by Mari Wellhead Gas Pricing Agreement ("the Agreement") dated 22 December 1985, between the President of Islamic Republic of Pakistan and MPCL. Effective 01 July 2014, the agreement was replaced with revised Agreement dated 29 July 2015 ("Revised Agreement 2015") in line with the Economic Coordination Committee (ECC) decision, whereby the wellhead gas pricing formula was replace with a crude oil price linked formula, which provides the discounted wellhead gas price. The Revised Agreement 2015 provided dividend distribution to be continued for ten (10) years upto 30 June 2024 in line with the previous cost plus formula, according to which the shareholders were entitled to a minimum return of 30 % per annum, net of all taxes, on shareholders' funds, to be escalated in the event of increase in the MPCL's gas or equivalent oil production beyond the level of 425 MMSCFD at the rate of 1%, net of all taxes, on shareholder's funds for each additional 20 MMSCFD of gas or equivalent oil produced, prorated for part there off on an annual basis, subject to a maximum of 45% per annum.

Effective 01 July 2020, dividend distribution cap has been removed vide ECC decision in the meeting held on 03 February 2021, which has also been ratified by the Federal Cabinet on 09 February 2021. Accordingly, the Company is allowed to distribute dividend in accordance with the provisions of Companies Act 2017 and rules made thereunder, without any lower or upper limit as mentioned above. Subsequently, an amendment agreement to Revised Agreement 2015 has been executed between the Government of Pakistan and MPCL on 17 April 2021, giving effect to ECC decision.

		Note	2021	2020
			(Rupees '000)	
16.2	**Investments at amortised cost**			
	Term Deposit Receipts (TDRs)	16.2.1	12,149,470	12,713,049
	Investment in Term Finance Certificates (TFCs)	16.2.2	132,715,116	124,985,818
			144,864,586	137,698,867
	Less: Current portion shown under current assets			
	Term Deposit Receipts (TDRs)		-	(879,608)
	Term Finance Certificates (TFCs)		(122,465,116)	(94,235,818)
		16.2.3	(122,465,116)	(95,115,426)
			22,399,470	42,583,441

16.2.1 This represents investments in local currency TDRs and includes interest amounting to Rs 2,149.41 million carrying effective interest rate of 14% (2020: 13.10% to 14%) per annum have maturities of five (5) years. These investments are earmarked against self insurance reserve as explained in note 6.2 to the financial statements.

16.2.2 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 PHL, which is 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 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. PHL requested the Company to prepare revised term sheet for onward submission to Finance division of GoP for approval. During the year ended 30 June 2020, the Board of Directors resolved that management may take further steps for the extension of investor agreement with PHL for a further period of three (3) years. Currently, management is in discussion with PHL for signing the revised term sheet with PHL as per the terms approved by ECC. As at 30 June 2021, the classification of principal balance of TFCs is based expected realization as per the revised term sheet to be signed with PHL. As per the revised terms, principal repayment amounting to Rs 51,250 million (2020: Rs 30,750 million) was past due as at 30 June 2021. Further, interest due as of 30 June 2021 was Rs 50,715 million (2020: Rs 42,986 million) of which Rs 48,517 million (2020: Rs 39,561 million) was past due. The Company considers the principal and interest to be fully recoverable as these are backed by Sovereign Guarantee of GoP. Adjustments, if any, will be made after the execution of extention in the investor agreement. As disclosed in note 2.6.2, SECP has deferred the applicability of ECL model till 30 June 2022 on financial assets due directly/ ultimately from GoP in consequence of the circular debt.

16.2.3 Current portion includes Rs Nil (2020: Rs 879.608 million) and Rs 50,715 million (2020: Rs 42,986 million) representing accrued mark-up on TDRs and TFCs respectively.

		Note	**2021**	**2020**
			------------(Rupees '000)------------	
17	**LONG TERM LOANS**			
	Long term loans:			
	Secured	17.1	8,783,849	8,468,690
	Unsecured		-	-
			8,783,849	8,468,690
17.1	**Long term loans - secured**			
	Considered good:			
	Loans to employees	17.1.1	10,637,889	10,195,571
	Current portion shown under loans and advances	21	(1,854,040)	(1,726,881)
			8,783,849	8,468,690
17.1.1	Movement of carrying amount of loans to executives and other employees:			
	Balance at beginning of the year		10,195,571	9,613,346
	Disbursements		2,358,559	2,309,897
	Repayments		(1,916,241)	(1,727,672)
	Balance at end of the year		10,637,889	10,195,571

17.1.2 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 5 years respectively. These loans are secured against the underlying assets. Included in these are loans of Rs 9,673.097 million (2020: Rs 9,162.872 million) which carry no interest. The balance amount carries an effective interest rate of 12.20% (2020: 11.53%) per annum. Interest free loans to employees have not been discounted as required by IFRS 9 "Financial Instruments" as its effect is immaterial.

17.1.3 Loans to employees include an amount of Rs 66.621 million (2020: Rs 56.673 million) receivable from key management personnel. Maximum aggregate amount outstanding at any time during the year was Rs 88.258 million (2020: Rs 88.904 million).

18 LEASE RECEIVEABLES

Net investment in lease has been recognized on gas sale agreements with power companies i.e. UPL and Uch-II as follows:

	Note	2021	2020 Restated
		(Rupees '000)	
Net investment in lease	18.1	59,512,720	61,181,810
Less: Current portion of net investment in lease	18.2	(22,253,115)	(16,360,220)
		37,259,605	44,821,590

18.1 Movement during the year in net investment in lease:

	2021	2020 Restated
Balance at the beginning of the year	61,181,810	56,095,649
Interest income	7,627,527	7,917,810
Exchange (loss)/ gain	(2,211,109)	4,148,536
Interest income received during the year	(4,473,893)	(4,868,139)
Principal repayments during the year	(2,611,615)	(2,112,046)
Balance at the end of the year	59,512,720	61,181,810

18.2 Current portion of net investment in lease includes amounts billed to customers of Rs 16,779 million (2020: Rs 11,358 million) out of which Rs 15,320 million (2020: Rs 9,934 million) is overdue on account of inter-corporate circular debt. As disclosed in note 2.6.2, SECP has deferred the applicability of ECL model till 30 June 2022 on debts due directly/ ultimately from 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 as per accounting policy disclosed in note 4.11.

18.3 Income relating to variable lease payments that depend on an index not included in the measurement of net investment in lease amounts to Rs 8,463 million till 30 June 2021, of which Rs 4,927 million (2020: Rs 379 million) has been recorded in revenue for the year.

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

	2021	2020 Restated
	(Rupees '000)	
Less than one year	28,831,833	24,080,573
One to two years	12,053,032	12,722,713
Two to three years	6,956,699	12,722,713
Three to four years	5,257,921	7,286,495
Four to five years	5,257,921	5,474,422
Beyond year 5	67,038,487	75,273,300
Total undiscounted lease receivable - Gross investment in lease	125,395,893	137,560,216
Unearned finance income	(65,883,173)	(76,378,406)
Net investment in lease	59,512,720	61,181,810

		Note	2021	2020
			(Rupees '000)	
19	**STORES, SPARE PARTS AND LOOSE TOOLS**			
	Stores, spare parts and loose tools		21,891,511	20,006,902
	Stores and spare parts in transit		742,505	2,278,382
			22,634,016	22,285,284
	Provision for slow moving, obsolete and in transit stores	19.1	(3,464,743)	(3,558,734)
			19,169,273	18,726,550
19.1	Movement of provision for slow moving, obsolete and in transit stores			
	Balance at beginning of the year		3,558,734	3,055,367
	(Reversal)/ provision for the year		(93,283)	503,367
	Provision written back during the year		(708)	-
	Balance at end of the year		3,464,743	3,558,734

		2021	2020 Restated
		(Rupees '000)	
20	**TRADE DEBTS**		
	Un-secured, considered good	358,821,853	307,563,536
	Un-secured, considered doubtful	101,113	101,113
		358,922,966	307,664,649
	Provision for doubtful debts	(101,113)	(101,113)
		358,821,853	307,563,536

20.1 Trade debts include overdue amount of Rs 303,853 million (2020: Rs 262,459 million) on account of Inter-corporate circular debt, receivable from oil refineries and gas companies out of which Rs 141,486 million (2020: Rs 130,536 million) and Rs 114,861 million (2020: Rs 106,625 million) is overdue from related parties, Sui Southern Gas Company Limited and Sui Northern Gas Pipeline 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 only to the extent that it is highly probable that a significant reversal in the amount of income recognized will not occur when the uncertainty associated with the interest/ surcharge is subsequently resolved, which is when the interest/ surcharge on delayed payments is received by the Company. As disclosed in note 2.6.2 to these financial statements, SECP has deferred the applicability of ECL model till 30 June 2022 on financial assets due directly/ ultimately from GoP in consequence of the circular debt.

20.2 Total amount due from related parties as on 30 June 2021 is Rs 284,171 million (2020: Rs 265,080 million) and maximum amount due at the end of any month during the year was Rs 284,171 million (2020: Rs 265,080 million). For party wise details refer note 40.

20.3 For aging of amount due from related parties, refer note 37.1.3.

20.4 As detailed in note 3.3, trade debts have been adjusted for GIDC receivable from the customers.

21 LOANS AND ADVANCES

	Note	2021	2020
		(Rupees '000)	
Advances considered good:			
Suppliers and contractors		539,200	273,357
Sales tax	21.3 & 21.4	3,806,263	3,568,552
Adhoc salaries and festival advance		951,129	989,470
Others		39,117	45,880
		5,335,709	4,877,259
Receivable from partners in joint operations	21.1 & 21.2	8,727,173	6,718,200
Current portion of long term loans - secured	17.1	1,854,040	1,726,881
		15,916,922	13,322,340
Advances considered doubtful		187,655	187,655
		16,104,577	13,509,995
Provision for doubtful advances		(187,655)	(187,655)
Loans and advances written off		-	(180)
		15,916,922	13,322,160

21.1 Total amount due from related party and associated companies as partner in joint operations in accordance with terms of related Petroleum Concession Agreement (PCA) in relation to operational activities of the Concessions as on 30 June 2021 is Rs 6,937 million (2020: Rs 4,813 million) and maximum amount due at the end of any month during the year was Rs 4,813 million (2020: Rs 4,813 million). For name wise details refer note 40.

21.2 For aging of amount due from related parties, refer note 37.1.3.

21.3 This includes an amount of Rs 3,180 million (2020: 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 Limited (UPL) challenged the grant of time relaxation 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 and currently the matter is pending with FBR.

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 Civil Petition for Leave to Appeal (CPLA) against the Company and others, before the Honorable Supreme Court of Pakistan against the decision of IHC, which is currently pending. FBR has linked the disposal of OGDCL's condonation request with the outcome of UPL's aforementioned CPLA. The Company and its legal advisors are confident that CPLA of UPL before Honorable Supreme Court of Pakistan will be decided in favour of the Company and required condonations will be obtained and the amount will be recovered from UPL. Accordingly no provision in this respect has been made in these financial statements.

21.4 This also includes recoveries of Rs 317 million (2020: 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 (2020: Rs 7,113 million) relating to periods July 2012 to June 2014. The Honourable 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. These demands were raised by tax authorities due to difference between computation of sales/ production reported by the Company in its sales tax returns and sales/ production based on other sources of data. During the year additional demand of Rs 9,668 million relating to periods 2017-18 and 2018-19 were raised on the same issue by the tax department, against which the Company filed appeals before Commissioner Inland Revenue (Appeals) (CIRA) on 29 June 2021 which are pending adjudication. The Company believes that these demands were raised without legal validity and will be decided by IHC and CIRA in favor of the Company as previously decided by ATIR in favour of the Company.

		Note	2021	2020
			------------(Rupees '000)------------	
22	**DEPOSITS AND SHORT TERM PREPAYMENTS**			
	Security deposits		30,062	29,287
	Short term prepayments		1,232,803	1,284,083
			1,262,865	1,313,370
23	**OTHER RECEIVABLES**			
	Development surcharge		80,666	80,666
	Claims receivable		265,333	25,226
	Others		476,150	469,413
			822,149	575,305
	Claims considered doubtful		8,946	9,637
			831,095	584,942
	Provision for doubtful claims		(8,946)	(9,637)
			822,149	575,305
24	**INCOME TAX - ADVANCE**			
	Income tax- advance at beginning of the year		37,118,984	20,027,510
	Income tax paid during the year		54,879,431	51,524,836
	Provision for current taxation - profit or loss	33	(44,650,382)	(42,481,837)
	Tax (charge)/ credit related to remeasurement (gain)/ loss on employee retirement benefit plans - other comprehensive income		(1,596,374)	8,048,475
	Income tax - advance at end of the year	24.1 to 24.4	45,751,659	37,118,984

24.1 The tax authorities has raised demand of Rs 29,727 million on account of disallowance of actuarial loss amounting to Rs 58,744 million which the Company claimed in its return for the tax years 2014 to 2018 and 2020, out of which Rs 21,785 million (2020: Rs 21,785 million) has been paid to tax authorities. 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 disallowed 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 and 2018 on 08 January 2016, 30 June 2020, 05 January 2018, 21 August 2019 and 12 February 2020 respectively and against the order of Additional Commissioner Inland Revenue with the CIRA for tax year 2020 on 19 April 2021 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 favor of the Company by appellate forums available under the law.

24.2 During the year ended 30 June 2014, tax authorities raised demands of Rs 13,370 million (2020: Rs 13,370 million) by disallowing effect of price discount on sale of crude from Kunnar field and have recovered Rs 5,372 million (2020: Rs 5,372 million) from the Company upto 30 June 2021. 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.

24.3 Income tax advance includes Rs 1,259 million (2020: 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.

24.4 During the year the tax authorities have raised demand of Rs 15,295 million for tax year 2020 on account of alleged production differences and by making disallowances on account of post retirement medical benefits, compensated absences, cost of dry and abandoned wells, field decommissioned/ surrendered during the year and Workers' profit participation fund (WPPF) out of which Rs 4,558 million has been paid. Appeal has been filed by the Company before CIRA on 19 April 2021, which is 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.

25 OTHER FINANCIAL ASSETS

	Note	2021	2020
		(Rupees '000)	
Investment in Term Deposit Receipt (TDRs)	25.1	56,016,300	47,405,986
Investment at fair value through profit or loss - NIT units		342,020	255,255
		56,358,320	47,661,241

25.1 This represents foreign currency TDRs amounting to USD 356.149 million (2020: USD 281.320 million), and accrued interest amounting to USD 0.453 million (2020: USD 0.993 million), carrying interest rate ranging from 0.60% to 1.55% (2020: 1.45% to 5.06%) per annum, having maturities up to six months (2020: six months).

26 CASH AND BANK BALANCES

	Note	2021	2020
		(Rupees '000)	
Cash at bank:			
Deposit accounts	26.1	7,205,296	12,120,165
Current accounts	26.2	203,238	4,674,103
		7,408,534	16,794,268
Cash in hand		35,510	48,037
		7,444,044	16,842,305

26.1 These deposit accounts carry interest rate of 0.05% to 7.05% (2020: 0.20% to 7.90%) per annum and include foreign currency deposits amounting to USD 15.545 million (2020: USD 33.535 million). Deposits amounting to Rs 1.281 million (2020: Rs 1.281 million) with banks were under lien to secure bank guarantees issued on behalf of the Company.

26.2 This includes foreign currency current account amounting to USD 0.462 million (2020: USD 20.491 million).

	2021	2020 Restated
	----------(Rupees '000)----------	
27 SALES - NET		
Gross sales		
Crude oil	97,257,246	95,456,260
Gas	148,346,586	147,514,059
Liquefied petroleum gas	24,399,345	21,702,920
Sulphur	501,467	348,376
Gas processing	115,519	121,523
	270,620,163	265,143,138
Government levies		
General sales tax	(27,541,313)	(28,274,944)
Petroleum levy	(1,369,464)	(1,259,724)
Excise duty	(2,605,833)	(2,683,227)
	(31,516,610)	(32,217,895)
	239,103,553	232,925,243

27.1 Gas sales include sales from Nur-Bagla field invoiced on provisional prices. There may be adjustment in revenue upon issuance of final wellhead prices notification by Ministry of Energy (Petroleum Division), impact of which cannot be determined at this stage.

27.2 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.

27.3 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 Tal Block SA 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) 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 Petroleum Concession Agreements (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 Venture Partners has challenged the applicability of WLO against the backdrop of supplemental agreements already executed pursuant to PP 2012 in the Honorable Islamabad High Court which has granted stay order 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 these 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 16,876 million (2020: Rs 12,608 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).

28 OPERATING EXPENSES

	Note	2021	2020 Restated
		-----------(Rupees '000)-----------	
Salaries, wages and benefits	28.1	25,635,217	22,880,377
Stores and supplies consumed		1,848,602	1,673,141
Contract services		2,550,970	2,245,364
Joint operations expenses		111,292	533,729
Workover charges		2,578,114	1,225,157
(Reversal)/ charge of provision for decommissioning cost		-	(480,019)
Travelling and transportation		594,020	663,098
Repairs and maintenance		1,665,030	915,370
Rent, fee and taxes		1,404,831	928,748
Insurance		419,727	379,424
Communication		38,170	36,525
Utilities		86,068	76,797
Land and crops compensation		408,161	1,259,496
Desalting, decanting and naphtha storage charges		59,430	71,354
Gas processing charges		165,644	189,633
Training, welfare and Corporate Social Responsibility (CSR)		1,937,487	1,447,235
(Reversal)/ provision for slow moving, obsolete and in transit stores		(93,283)	503,367
Stores inventory written off		27,956	26,482
Depreciation	13	9,805,115	10,381,264
Amortization of development and production assets	14	17,864,645	17,247,061
Reversal due to change in decommissioning cost estimates		(1,019,391)	(44,432)
Transfer from general and administration expenses	31	4,013,895	3,189,999
Miscellaneous		7,528	7,017
		70,109,228	65,356,187
Stock of crude oil and other products:			
Balance at beginning of the year		472,505	446,645
Balance at end of the year		(404,339)	(472,505)
		70,177,394	65,330,327

28.1 These include charge against employee retirement benefits of Rs 3,046 million (2020: Rs 2,003 million).

29 FINANCE AND OTHER INCOME

	Note	2021	2020 Restated
		-----------(Rupees '000)-----------	
Income from financial assets			
Interest income on:			
Investments and bank deposits		10,726,476	18,343,450
Finance income - lease		7,627,527	7,917,810
		18,354,003	26,261,260
Dividend income from NIT units		5,857	7,037
Un-realized gain on investments at fair value through profit or loss		86,765	8,263
Exchange (loss)/ gain -net		(6,158,620)	6,143,464
		12,288,005	32,420,024
Income from non financial assets			
Signature bonus/ contract renewal fee	29.1	443,200	248,720
Gain on disposal of property, plant and equipment		25,032	58,878
Gain on disposal of stores, spare parts and loose tools		205,275	125,930
Liquidated damages / penalty imposed on suppliers		673,096	443,497
Others		344,365	519,086
		1,690,968	1,396,111
		13,978,973	33,816,135

29.1 This represents income recognized on account of signature bonus/ contract renewal fee in respect of allocation of LPG quota. For contingencies related to this matter refer note 12.1.3

30 EXPLORATION AND PROSPECTING EXPENDITURE

	Note	2021	2020
		-----------(Rupees '000)-----------	
Cost of dry and abandoned wells	15	8,372,663	10,025,964
Prospecting expenditure		8,993,524	8,187,474
		17,366,187	18,213,438

31 GENERAL AND ADMINISTRATION EXPENSES

	Note	2021	2020
Salaries, wages and benefits	31.1	7,825,150	6,811,117
Joint operations expenses		1,136,882	1,212,662
Unallocated expenses of technical services		413,217	704,994
Travelling and transportation		420,607	460,675
Repairs and maintenance		40,357	40,349
Stores and supplies consumed		85,663	65,866
Rent, fee and taxes		244,058	214,464
Communication		50,491	50,408
Utilities		91,964	100,579
Training and scholarships		35,817	33,921
Legal and professional services		39,821	35,257
Contract services		215,919	229,725
Auditors' remuneration	31.2	48,443	29,347
Advertising		144,289	93,363
Insurance		264	267
Depreciation	13.3	208,317	170,764
Miscellaneous		44,050	35,127
		11,045,309	10,288,885
Allocation of expenses to:			
Operations	28	(4,013,895)	(3,189,999)
Technical services		(2,363,304)	(2,027,982)
		(6,377,199)	(5,217,981)
		4,668,110	5,070,904

31.1 These include charge against employee retirement benefits of Rs 972 million (2020: Rs 590 million).

	Note	2021	2020
		(Rupees '000)	
31.2 Auditors' remuneration			
M/s KPMG Taseer Hadi & Co., Chartered Accountants			
Annual audit fee		3,200	2,420
Half yearly review		1,200	968
Concession/ Joint operations audit fee		3,575	3,442
Audit fee for claims lodged by employees under BESOS		-	262
Verification of Central Depository Company record		100	100
Verification of statement of free float of shares		200	200
Certification of fee payable to OGRA		1,200	200
Certification on payment of petroleum levy		1,125	-
Dividend certification		200	200
Out of pocket expenses		984	677
		11,784	8,469
M/s A. F. Ferguson & Co., Chartered Accountants			
Annual audit fee		3,200	2,420
Half yearly review		1,200	968
Concession/ Joint operations audit fee		3,711	3,823
Verification of Central Depository Company record		100	100
Verification of statement of free float of shares		200	200
Dividend certification		-	100
Decommissioning certification		1,462	1,364
Tax services		18,379	7,242
Physical verification - Stores, spare parts & loose tools		4,292	2,873
Physical verification - Fixed Assets		1,990	-
Services for certification of payment to Government		431	925
Out of pocket expenses		1,694	863
		36,659	20,878
		48,443	29,347
32 FINANCE COST			
Unwinding of discount on provision for decommissioning cost	9	2,199,467	3,007,255
Others		5,307	4,199
		2,204,774	3,011,454

	2021	2020 Restated
	(Rupees '000)	
33 TAXATION		
Current- charge for the year	44,650,382	42,481,837
Deferred- (credit)/ charge for the year	(7,198,461)	941,898
	37,451,921	43,423,735

33.1 Reconciliation of tax charge for the year:

	2021	2020 Restated
	----------(Rupees '000)----------	
Accounting profit	128,986,345	144,361,628
Tax rate	51.21%	51.56%
Tax on accounting profit at applicable rate	66,053,907	74,432,855
Tax effect of royalty allowed for tax purposes	(10,724,792)	(11,071,958)
Tax effect of depletion allowance	(14,745,143)	(14,956,216)
Tax effect of exempt income	(47,450)	(11,275)
Tax effect of unwinding of discount on provision for decommissioning cost	1,126,347	1,550,541
Tax effect of income chargeable to tax at reduced corporate rate	(4,595,573)	(7,071,032)
Others	384,625	550,820
	37,451,921	43,423,735

33.2 Various appeals in respect of assessment years 1992-93 to 2002-03, tax years 2003 to 2020 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 2003-2020 amounts to Rs 136,275 million out of which an amount of Rs 131,654 million has been paid to tax authorities and has also been provided for in these financial statements. Also refer to note 24.1 to 24.3 of these financial statements.

33.3 During the year the tax authorities have raised demand of Rs 4,311 million for tax years 2013 and 2016 on account of alleged issue of not offereing consideration of sale of working interest in a block for tax and by making disallowances on account of GIDC payable and certain expenditure due to alleged non deduction of withholding taxes. Appeals have been filed by the Company before CIRA for assessment year 2013 and 2016 on 30 June 2021 and 26 March 2021 respectively, which are currently pending adjudication. Management is confident that the above demands 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.

34 EARNINGS PER SHARE - BASIC AND DILUTED

	2021	2020 Restated
Profit for the year (Rupees '000)	91,534,424	100,937,893
Average number of shares outstanding during the year ('000)	4,300,928	4,300,928
Earnings per share - basic (Rupees)	21.28	23.47

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

35 SALARIES, WAGES AND BENEFITS

Salaries, wages and benefits have been allocated as follows:

	Operating expenses	General and administrative expenses	Technical services	Total
	Note 28	Note 31	Note 35.1	
	(Rupees '000)			
For year ended 30 June 2021				
Salaries and wages	14,813,858	4,429,506	8,418,181	27,661,545
Awards and bonuses	3,960,161	1,362,508	2,235,712	7,558,381
Charge for accumulating compensated absences	1,829,952	398,945	1,016,614	3,245,511
Gratuity expense	119,848	46,386	58,708	224,942
Charge for post retirement medical benefits	1,017,064	261,354	628,018	1,906,436
Charge for employees' pension	1,909,027	663,830	1,037,508	3,610,365
Other allowances and benefits	1,985,307	662,621	1,368,831	4,016,759
	25,635,217	7,825,150	14,763,572	48,223,939
For year ended 30 June 2020				
Salaries and wages	13,967,517	4,179,596	8,119,098	26,266,211
Awards and bonuses	2,719,863	916,154	1,591,770	5,227,787
Charge for accumulating compensated absences	2,198,857	522,078	1,291,703	4,012,638
Gratuity expense	121,796	33,087	58,848	213,731
Charge for post retirement medical benefits	1,003,915	246,782	577,321	1,828,018
Charge for employees' pension	877,538	309,726	456,530	1,643,794
Other allowances and benefits	1,990,891	603,694	1,351,853	3,946,438
	22,880,377	6,811,117	13,447,123	43,138,617

35.1 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 Company's policy.

36 OPERATING SEGMENTS

For management purposes, the activities of the Company's are organized into a single reportable segment. The operating interests of the Company are confined to Pakistan. Accordingly, the financial statements have been prepared on the basis of a single reportable segment. Revenue from external customres for products of the Company is disclosed in note 27.

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% (2020: 57%) of total revenue for the year:

Customer Name	Product	2021	2020
		(Rupees '000)	
Sui Northern Gas Pipelines Limited	Gas	63,068,179	62,009,606
Sui Southern Gas Company Limited	Gas	45,246,273	53,129,705
Attock Refinery Limited	Crude	52,082,931	46,880,409

The sales to Government owned entities other than those mentioned above amounts to Rs 36,609 million (2020: Rs 33,575 million).

37 FINANCIAL INSTRUMENTS

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

- Credit risk
- Liquidity risk
- Market risk

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

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

The Company's risk management policies are established to identify and analyze the risks faced by the Company to set appropriate risk limits and controls, and to monitor risks 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.

37.1 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:

37.1.1 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 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 GoP till 30 June 2021 as per policy disclosed in note 4.15.5 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 issued by PHL. Investment in TFCs is secured by sovereign guarantee of GoP. 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:

	2021		2020		
	Short term	Long term	Short term	Long term	Credit rating agency
National Bank of Pakistan	A-1+	AAA	A-1+	AAA	PACRA
Allied Bank Limited	A-1+	AAA	A-1+	AAA	PACRA
Askari Bank Limited	A-1+	AA+	A-1+	AA+	PACRA
Bank Alfalah Limited	A-1+	AA+	A-1+	AA+	PACRA
Bank Al-Habib Limited	A-1+	AA+	A-1+	AA+	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.	P-1	A-1	P-1	Aa3	Moody's
Meezan Bank Limited	A-1+	AAA	A-1+	AA+	VIS
National Investment Trust	-	AM1	-	AM2++	PACRA

37.1.2 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:

	2021	2020 Restated
	-----------(Rupees '000)-----------	
Long term investments	22,399,470	42,583,441
Long term loans	8,783,849	8,468,690
Trade debts - net of provision	358,821,853	307,563,536
Lease receivable	37,259,605	44,821,590
Loans and advances	11,571,459	9,480,431
Deposits	30,062	29,287
Other receivables	741,483	494,639
Current portion of long term investments	122,465,116	95,115,426
Current portion of lease receivables	22,253,115	16,360,220
Other financial assets	56,358,320	47,661,241
Bank balances	7,408,534	16,794,268
	648,092,866	589,372,769

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

Oil refining companies	27,951,136	20,623,531
Gas distribution companies	273,764,966	257,796,772
Power generation companies	93,740,246	73,254,336
National Bank of Pakistan	21,293,054	21,671,861
Banks and financial institutions-others	54,623,270	55,241,442
Power Holding Limited	132,715,116	124,985,818
Partners in joint operations	8,727,173	6,718,200
Others including employees	35,277,905	29,080,809
	648,092,866	589,372,769

The Company’s most significant customers, are an oil refining company and two gas distribution companies (related parties), amounts to Rs 289,101 million of trade debts as at 30 June 2021 (2020: Rs 268,478 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	2021	2020
		-----------(Rupees '000)-----------	
Investments			
AAA	16.2	12,149,470	12,713,049
Unrated	16.2	132,715,116	124,985,818
		144,864,586	137,698,867

	Note	2021	2020
		-----------(Rupees '000)-----------	
Other financial assets			
A-1+		56,016,300	47,405,986
AM2++		-	255,255
AM1		342,020	-
	25	56,358,320	47,661,241
Bank balances			
AAA		4,135,368	8,184,092
AA+		1,372,116	3,829,274
AA		1,697,725	106,707
AA-		88	92
A-1+		203,228	4,674,094
P-1		9	9
	26	7,408,534	16,794,268

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

	2021	2020 Restated
	-----------(Rupees '000)-----------	
Crude oil	28,083,179	20,731,646
Gas	330,614,347	286,761,729
Kerosene oil	-	1,984
High speed diesel oil	-	86
Liquefied petroleum gas	88,281	38,541
Other operating revenue	36,046	29,550
	358,821,853	307,563,536

37.1.3 Impairment losses

The aging of trade debts at the reporting date was:

	Note	2021 Gross debts	2021 Impaired	2020 Gross debts Restated	2020 Impaired
		-----------------------------(Rupees '000)-----------------------------			
Not past due		50,111,591	-	37,943,990	-
Past due 0-30 days		15,244,397	-	10,732,052	-
Past due 31-60 days		13,145,398	-	15,820,638	-
Past due 61-90 days		13,613,299	-	11,288,258	-
Over 90 days		266,808,281	(101,113)	231,879,711	(101,113)
	20	358,922,966	(101,113)	307,664,649	(101,113)

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 2021							
Enar Petroleum Refining Facility	2,890,959	3,103,492	-	-	-	(212,533)	-
Pakistan Refinery Limited	3,422,574	1,496,963	602,345	468,864	523,383	331,019	-
Pak Arab Refinery Company Limited	4,092,535	3,031,375	993,682	-	41	67,437	-
Sui Northern Gas Pipelines Limited	124,696,006	9,667,093	4,900,677	4,738,045	4,774,983	100,615,208	-
Sui Southern Gas Company Limited	149,068,959	6,859,144	3,422,356	3,574,024	3,702,130	131,511,305	-
WAPDA	-	-	-	-	-	21,282	(21,282)
	284,171,033	**24,158,067**	**9,919,060**	**8,780,933**	**9,000,537**	**232,333,718**	**(21,282)**

	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 2020							
Enar Petroleum Refining Facility	755,612	951,829	16,316	-	-	(212,533)	-
Pakistan Refinery Limited	2,619,216	517,746	218,541	519,495	813,704	549,730	-
Pak Arab Refinery Company Limited	1,879,657	1,558,887	40,080	189,420	-	91,270	-
Sui Northern Gas Pipelines Limited	116,344,013	9,384,080	3,823,500	5,050,307	3,894,944	94,191,182	-
Sui Southern Gas Company Limited	140,535,396	9,275,312	3,201,896	4,470,636	4,351,828	119,235,724	-
Engro Fertilizers Limited	285,789	222,105	-	32,327	31,357	-	-
WAPDA	-	-	-	-	-	21,282	(21,282)
Pakistan State Oil	1,867	-	-	-	-	1,867	-
	262,421,550	**21,909,959**	**7,300,333**	**10,262,185**	**9,091,833**	**213,878,522**	**(21,282)**

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

	2021	2020
	-----------(Rupees '000)-----------	
Balance at beginning of the year	101,113	101,113
Written off during the year	-	-
Balance at end of the year	101,113	101,113

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

	2021	2020 Restated
	-----------(Rupees '000)-----------	
Not past due	1,458,374	1,424,096
Past due 0-30 days	1,016,282	990,337
Past due 31-60 days	1,022,433	990,358
Past due 61-90 days	1,022,433	990,358
Over 90 days	12,259,279	6,962,711
	16,778,801	11,357,860

As explained in note 18.2 and note 20 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 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 2.6.2 was not material and accordingly has not been included in these financial statements.

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

	2021	2020
	-----------(Rupees '000)-----------	
Not past due	6,936,633	4,869,526
Past due	-	-
	6,936,633	4,869,526
Impaired	-	-
	6,936,633	4,869,526

Expected credit loss on loans, advances, deposits and other receivables is calculated using general approach (as disclosed in note 4.15.5). As at the reporting date, Company envisages that default risk on account of loans, advances, deposits and other receivables is immaterial based on historic trends adjusted to reflect forward looking information. The movement in the expected credit loss allowance in respect of these financial assets during the year was as follows:

	2021	2020
	-----------(Rupees '000)-----------	
Balance at beginning of the year	197,292	197,472
Reversed + written off during the year	(691)	(180)
Balance at end of the year	196,601	197,292

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

	2021	2020
	(Rupees '000)	
Not past due	30,750,000	51,250,000
Past due	51,250,000	30,750,000
	82,000,000	82,000,000

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

	2021	2020
Not past due	2,198,454	3,424,612
Past due	48,516,662	39,561,206
	50,715,116	42,985,818

As explained in note 16.2.2 to the financial statements, the TFCs are secured by sovereign guarantee of 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 2.6.2.

37.2 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:

	2021		2020	
All the trade and other payables have maturity upto one year	Carrying amount	Contractual cash flows	Carrying amount	Contractual cash flows
	(Rupees '000)			
Trade and other payables	33,701,787	33,701,787	35,341,228	35,341,228
Unpaid dividend	29,112,645	29,112,645	25,557,624	25,557,624
Unclaimed dividend	209,503	209,503	210,970	210,970
	63,023,935	63,023,935	61,109,822	61,109,822

37.3 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.

37.3.1 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:

	2021	2020 Restated
	---------(USD ($) '000)---------	
Trade debts	44,060	47,076
Lease receivable	271,256	301,061
Other financial assets	356,602	281,320
Cash and bank balances	16,007	33,535
Loans and advances	55,397	39,878
Trade and other payables	(85,405)	(122,398)
	657,917	580,472
	----------(EURO (€) '000)---------	
Trade and other payables	2,205	2,200

Foreign currency commitments outstanding at year end are as follows:	2021	2020
	-----------(Rupees '000)-----------	
Euro	7,740,555	8,228,842
USD	37,249,753	36,474,375
GBP	72,434	1,172,607
	45,062,742	45,875,824

The following significant exchange rates were applied during the year:

	Average rate		Reporting date mid spot rate	
	2021	2020	2021	2020
	----------------(Rupees)----------------			
USD 1	160.60	158.32	157.54	168.47

Foreign currency sensitivity analysis

A 10 percent strengthening of the PKR against the USD at 30 June 2021 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 2020.

	2021	2020
	-----------(Rupees '000)-----------	
Statement of profit or loss	10,364,824	9,779,212

A 10 percent weakening of the PKR against the USD at 30 June 2021 would have had the equal but opposite effect on USD to the amounts shown above, on the basis that all other variables remain constant.

37.3.2 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 while the Company has no borrowings.

Profile

The return on investments in TFCs amounting to Rs 82,000 million is related with KIBOR as disclosed in note 16.2.2. The interest rate profile of the Company's remaining interest - bearing financial instruments at the reporting date is as follows:

	2021	2020	2021	2020
	---------------%---------------		-----------(Rupees '000)-----------	
Fixed rate instruments				
Financial assets				
Investments	14	13.10 to 14.00	12,149,470	11,833,441
Long term loans	12.2	11.53	964,792	1,032,699
Other financial assets	0.6 to 1.55	1.45 to 5.06	56,016,300	47,405,986
Cash and bank balances	0.05 to 7.05	0.20 to 7.90	7,205,296	12,120,165
			76,335,858	72,392,291
Financial liabilities			-	-
			76,335,858	72,392,291

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.

37.3.3 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 (2020: Rs 22.701 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 10,624 million (2020: Rs 7,159 million) on the basis that all other variables remain constant.

37.4 Fair values and risk management

The following table shows the 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 as the current financial assets and liabilities are short term and some financial assets are also interest bearing. Further, the financial assets due directly/ ultimately from GoP carries contractual right and entitlement to receive interest on late payment and is exempt from ECL accounting/ disclosure as disclosed in note 2.6.2. The non current financial assets are also interest bearing.

		Carrying amount			
		Financial assets at amortised cost	**Fair value through profit or loss**	**Financial liabilities at amortized cost**	**Total**
30 June 2021	**Note**	(Rupees '000)			
Financial assets measured at fair value					
Other financial assets- NIT Units	25	-	342,020	-	342,020
Financial assets not measured at fair value					
Long term investments	16.2	22,399,470	-	-	22,399,470
Long term loans	17	8,783,849	-	-	8,783,849
Trade debts - net of provision	20	358,821,853	-	-	358,821,853
Lease receivable	18	37,259,605	-	-	37,259,605
Loans and advances	21	11,571,459	-	-	11,571,459
Deposits	22	30,062	-	-	30,062
Other receivables	23	741,483	-	-	741,483
Current portion of long term investments	16.2	122,465,116	-	-	122,465,116
Other financial assets	25	56,016,300	-	-	56,016,300
Bank balances	26	7,408,534	-	-	7,408,534
		625,497,731	342,020	-	625,839,751
Financial liabilities not measured at fair value					
Trade and other payables	10	-	-	33,701,787	33,701,787
Unpaid dividend		-	-	29,112,645	29,112,645
Unclaimed dividend		-	-	209,503	209,503
		-	-	63,023,935	63,023,935

	Note	Carrying amount			
		Financial assets at amortised cost	Fair value through profit or loss	Financial liabilities at amortized cost	Total
		--------(Rupees '000)--------			
30 June 2020 - Restated					
Financial assets measured at fair value					
Other financial assets - NIT units	25	-	255,255	-	255,255
Financial assets not measured at fair value					
Long term investments	16.2	42,583,441	-	-	42,583,441
Long term loans	17	8,468,690	-	-	8,468,690
Trade debts - net of provision	20	307,563,536	-	-	307,563,536
Lease receivable	18	44,821,590	-	-	44,821,590
Loans and advances	21	9,480,431	-	-	9,480,431
Deposits	22	29,287	-	-	29,287
Other receivables	23	494,639	-	-	494,639
Current portion of long term investments	16.2	95,115,426	-	-	95,115,426
Other financial assets	25	47,405,986	-	-	47,405,986
Cash and bank balances	26	16,794,268	-	-	16,794,268
		572,757,294	255,255	-	573,012,549
Financial liabilities not measured at fair value					
Trade and other payables	10	-	-	35,341,228	35,341,228
Unpaid dividend		-	-	25,557,624	25,557,624
Unclaimed dividend		-	-	210,970	210,970
		-	-	61,109,822	61,109,822

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)------		
30 June 2021			
Financial assets measured at fair value			
Other financial assets - NIT units	342,020	-	-
30 June 2020			
Financial assets measured at fair value			
Other financial assets - NIT units	255,255	-	-

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.

Non - derivative financial assets

The fair value of non-derivative financial assets is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes.

Non-derivative financial liabilities

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

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.

38 CASH AND CASH EQUIVALENTS

	Note	2021	2020
		-----------(Rupees '000)-----------	
Cash and bank balances	26	7,444,044	16,842,305
Short term highly liquid investments			
Investment in Term Deposit Receipts	25	56,016,300	47,405,986
		63,460,344	64,248,291

39 NUMBER OF EMPLOYEES

	2021	2020
Total number of employees at the end of the year were as follows:		
Regular	10,440	9,571
Contractual	1,454	2,562
	11,894	12,133
Average number of employees during the year were as follows:		
Regular	10,006	9,142
Contractual	2,008	2,903
	12,014	12,045

40 RELATED PARTIES TRANSACTIONS

Government of Pakistan owns 74.97% (2020: 74.97%) shares of the Company. Therefore, all entities owned and controlled by the Government of Pakistan are related parties of the Company. Other related parties comprise associated company, major shareholders, directors, companies with common directorship, key management personnel, The Company in normal course of business pays for airfare, electricity, telephone, gas, yield analysis required under Petroleum Concession Agreements and make regulartory payments to entities controlled by GoP which are not material, hence not disclosed in these financial statements. Transactions with related parties other than disclosed below are disclosed in relevant notes to these financial statements. Transactions of the Company with related parties and balances outstanding at year end are as follows:

	2021	2020
	-----------(Rupees '000)-----------	
Associated company-20% share holding of the Company and common directorship		
MPCL		
Share of profit in associate - net of taxation	6,288,982	6,062,575
Share of other comprehensive income of the associate - net of taxation	2,184	3,801
Dividend received	1,799,155	156,585
Expenditure charged to joint operations partner- net	360,999	314,752
Cash calls received from/ (paid to) joint operations partner- net	501,424	(64,243)
Share (various fields) payable as at 30 June	595,211	272,009
Share (various fields) receivable as at 30 June	385,125	202,348
Major shareholders		
Government of Pakistan (74.97% share holding)		
Dividend paid	22,926,970	19,589,041
Dividend paid - Privatization Commission of Pakistan	2,547,441	2,176,611
OGDCL Employees' Empowerment Trust (OEET) (10.05% share holding)		
Dividend payable	28,441,367	25,027,074

RELATED PARTIES TRANSACTIONS- continued

Related parties by virtue of GoP holdings and /or common directorship

	2021	2020
	-----------(Rupees '000)-----------	
Sui Northern Gas Pipelines Limited		
Sale of natural gas	63,068,179	62,009,606
Trade debts as at 30 June	124,696,007	116,344,013
Pakistan State Oil Company Limited		
Sale of liquefied petroleum gas	790,104	807,294
Purchase of petroleum, oil and lubricants	1,462,351	4,766,989
Trade debts as at 30 June	-	1,867
Payable as at 30 June	7,879	7,151
Advance against sale of LPG as at 30 June	94,923	64,284
Pakistan Petroleum Limited		
Expenditure charged to joint operations partner- net	5,348,160	1,531,426
Cash calls received from joint operations partner- net	2,745,864	669,499
Share (various fields) receivable as at 30 June	4,258,766	2,897,057
Share (various fields) payable as at 30 June	1,843,790	2,821,070
Pak Arab Refinery Company Limited		
Sale of crude oil	14,176,040	12,164,880
Trade debts as at 30 June	4,092,535	1,879,657
PARCO Pearl Gas (Private) Limited		
Sale of liquefied petroleum gas	433,347	314,921
Advance against sale of LPG as at 30 June	8,596	15,981
Pakistan Refinery Limited		
Sale of crude oil	5,453,159	6,295,365
Trade debts as at 30 June	3,422,574	2,619,216
Khyber Pakhtunkhwa Oil & Gas Company (KPOGCL)		
Expenditure charged to joint operations partner	109,713	91,729
Cash calls received from joint operations partner	77,710	104,268
KPOGCL share (various fields) receivable as at 30 June	47,028	15,025
State Bank of Pakistan		
Interest earned on Treasury Bills	-	2,616,538
Sui Southern Gas Company Limited		
Sale of natural gas	44,624,837	52,630,576
Sale of liquefied petroleum gas	621,436	499,129
Pipeline rental charges	36,660	36,660
Trade debts as at 30 June	149,068,959	140,535,396
Advance against sale of LPG as at 30 June	13,634	18,920
Sui Southern Gas Company LPG (Pvt) Limited		
Sale of liquefied petroleum gas	444,175	550,369
Advance against sale of LPG as at 30 June	43,301	24,966

	Note	2021	2020
		-----------(Rupees '000)-----------	
RELATED PARTIES TRANSACTIONS- continued			
Government Holdings (Private) Limited (GHPL)			
Expenditure charged to joint operations partner		3,839,630	5,137,189
Cash calls (received from)/ paid to joint operations partner		(3,332,662)	4,849,605
GHPL share (various fields) receivable as at 30 June		2,245,714	1,713,448
GHPL share (various fields) payable as at 30 June		2,714,871	7,269
National Investment Trust			
Investment as at 30 June		342,020	255,255
Dividend received		5,857	7,037
National Bank of Pakistan			
Balance at bank as at 30 June		1,700,731	4,106,138
Balance of investment in TDRs as at 30 June		19,592,323	17,565,723
Interest earned		360,834	554,742
Power Holding Limited (PHL)			
Mark-up earned		7,729,298	11,464,274
Balance of investment in TFCs not yet due as at 30 June		30,750,000	51,250,000
Balance of past due principal repayment of TFCs as at 30 June		51,250,000	30,750,000
Balance of mark-up receivable on TFCs not yet due as at 30 June		2,198,454	3,424,612
Balance of past due mark-up receivable on TFCs as at 30 June		48,516,662	39,561,206
National Insurance Company Limited			
Insurance premium paid		1,189,648	532,935
Payable as at 30 June		164	164
National Logistic Cell			
Crude transportation charges paid		2,278,419	1,853,758
Payable as at 30 June		521,527	821,929
Enar Petrotech Services Limited			
Consultancy services		31,243	27,817
Payable as at 30 June		-	7,477
Enar Petroleum Refining Facility			
Sale of crude oil		15,311,775	13,441,671
Trade debts as at 30 June		2,890,959	755,612
Other related parties			
Contribution to pension fund (also refer note 10)		53	1,220,643
Contribution to gratuity fund (also refer note 10)		47,337	515,834
Remuneration including benefits and perquisites of key management personnel	40.1	699,405	669,606

40.1 Key management personnel

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

	2021	2020
	-----------(Rupees '000)-----------	
Managerial remuneration	238,787	242,351
Housing and utilities	159,162	167,347
Award and bonus	162,229	113,404
Other allowances and benefits	86,353	92,250
Leave encashment	15,896	16,640
Medical benefits	6,423	11,434
Pension fund	16,779	10,687
Gratuity fund	13,776	15,493
	699,405	669,606
Number of persons	28	35

40.2 The amounts of the trade debts outstanding are unsecured and will be settled in cash. No expense has been recognized in the current or prior years for bad or doubtful debts in respect of the amounts owed by related parties.

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

1. Mr. Shahid Salim Khan
2. Dr. Naseem Ahmad
3. Mr. Irteza Ali Qureshi
4. Mr. Muhammad Aamir Salim
5. Mr. Muhammad Anas Farook
6. Mr. Shahzad Safdar
7. Mr. Ahmed Hayyat Lak
8. Lt Col (R) Tariq Hanif
9. Mr. Salim Baz Khan
10. Mr. Kamran Yusuf Shami
11. Mr. Khan Alam
12. Mr. Irfan Babar Khan
13. Mr. Jahangaiz Khan
14. Dr. Syed Ahmad Nadeem
15. Mr. Syed Nadeem Hassan Rizvi
16. Mr. Masood-ul- Hasan
17. Mr. Muhammad Fasih Akhtar
18. Mr. Munsif Hussain Channa
19. Mr. Ameen Aftab Khan
20. Mr. Muhammad Hussain
21. Mr. Syed Iftikhar Mustafa Rizvi
22. Mr. Zahid Abbas
23. Mr. Muhammad Azim
24. Mr. Abdul Rashid Wattoo
25. Mr. Shahid Waqar Malik
26. Mr. Rohail Aziz Quidwai
27. Mr. Ashraf Ali Pathan
28. Mr. Jamal Nasir

41 REMUNERATION OF CHIEF EXECUTIVES, DIRECTORS AND EXECUTIVES

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

	2021		2020	
	Chief Executive	Executives	Chief Executive	Executives
	----------------------------(Rupees '000)----------------------------			
Managerial remuneration	29,419	7,064,462	19,230	5,003,842
Housing and utilities	16,181	5,781,106	11,721	4,049,294
Award and bonus	10,808	4,595,196	10,329	2,431,928
Other allowances and benefits	3,098	5,826,785	3,309	3,268,625
Leave encashment	-	1,039,900	4,334	367,706
Medical benefits	-	253,161	4,098	226,322
Pension fund	-	954,294	-	356,995
Gratuity fund	-	56,426	238	35,038
	59,506	25,571,330	53,259	15,739,750
Number of persons including those who worked part of the year	1	3,300	3	2,315

- Executive means any employee whose basic salary exceeds Rs 1,200,000 (2020: 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 these financial statements in respect of fee to 20 directors (2020: 12) was Rs 26.085 million (2020: Rs 21.525 million). This amount includes Rs 1.713 million (2020: Rs 2.4 million) in respect of monthly compensation being paid to Chairman of board of directors.
- The employees of the Company have option to avail car facility as per the entitlement policy of the Company.

42 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.

43 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.

	Description	Explanation	--(Rupees '000)--
i)	Bank balances as at 30 June 2021	Placed under Shariah permissible arrangement	41,201
ii)	Return on bank deposits for the year ended 30 June 2021	Placed under Shariah permissible arrangement	50,204
iii)	Relationship with banks having Islamic windows	Meezan Bank Limited & Dubai Islamic Bank	

Disclosures other than above are not applicable to the Company.

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	
		2021	2020
Operated by OGDCL- Wholly owned concessions		(%)	
Exploration licenses	**Location**		
Bela North	Khuzdar, Awaran & Lasbela	100	100
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	-
Lilla	Chakwal, Jhelum & Khushab	100	-
Sujawal South	Thatta	100	-
Nowshera **	Nowshera, Mardan, Charsada & Swabi	100	-
Hazro **	Attack, Swabi & Haripur	100	-
Vehari **	Bahawalpur, Vehari & Lodhran	100	-
Sutlej **	Bahawalpur, Vehari, Khenewal & Bahawalnagar	100	-
Khewari East **	Khairpur	100	-
Jandaran	Barkhan, Kohlu & Loralai	100	100
Jandran West	Kohlu & Barkhan	100	100
Kharan	Kharan & Noshki	100	100
Lakhi Rud	Loralai, Musakhel, Barkhan & Kohlu	100	100
Latamber *	Bannu & Tribal area adjacent to Bannu	-	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	-	100
Shahana	Washuk & Punjgur	100	100
Soghri	Attock, Punjab & Kohat, KPK	100	100
Thal	Khairpur, Sukkur & Ghotki	100	100
Wali	South Waziristan Agency, Bannu, Lakki Marwat & Tribal area adjacent to Taank	100	100
Development and Production/ Mining Leases			
Soghri	Attock, Punjab & Kohat, KPK	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, KPK	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

* The Company has requested DGPC for relinquishment of these exploratory blocks and development and production lease.
** These exploration licences have been granted to the Company subsequent to the year end.

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

		Working Interest	
		2021	2020
		(%)	
Development and Production/ Mining Leases	**Location**		
Nandpur	Multan & Jhang, Punjab	100	100
Nur	Thatta & Badin, Sindh	100	100
Pali	Hyderabad, Sindh	100	100
Pasahki & Pasahki North	Hyderabad, Sindh	100	100
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
Zhob	Zhob, Musa Khail Bazar & Tribal area of D.I. Khan	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
Kalchas	Kohlu, Dera Bugti & Rajanpur	50.00	50.00
Khanpur *	Rahim Yar Khan	-	-
Khewari	Khairpur & Shaheed Benazirabad	95.00	95.00
Killah Saifullah	Killah Saifullah	60.00	-
Suleiman	MusaKhel, Zhob, Killa Saifullah & Loralai	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	-	95.45
Nashpa	Kohat, Karak, North Waziristan & Mianwali	65.00	65.00
Shakr Ganj West	Pakpatan, Bahawalnagar, Vehari & Sahiwal	50.00	100.00
Khuzdar South	Khuzdar & Dadu	97.50	100.00
Nim	Hyderabad & Tharparker	95.00	95.00
Orakzai	Kurram, Orakzai Agency & Hangu	95.34	95.34
Pasni West	Gwadar & Kech	97.50	97.50
Pezu	D.G. Khan, Lakki Marwat, Tank, D.I. Khan & Tribal area of D.I. Kh	68.38	68.38
Plantak	Washuk & Panjgur	97.50	97.50
Rakhshan	Washuk	97.50	97.50
Ranipur	Khairpur, Larkana & Naushahro Feroz	95.00	95.00
Sinjhoro	Sanghar & Khairpur	76.00	76.00
Tando Allah Yar	Hyderabad & Tharparker	95.00	95.00
Tirah	Khyber, Kurram & Orakzai Agencies.	95.00	95.00
Zin	Dera Bugti, Nasirabad, Kohlu & Sibbi	95.00	95.00
Zorgarh *	Ghotki, Jaffarabad, Kashmore, Dera Bugti & Rajanpur	-	95.80

* The Company has requested DGPC for relinquishment of these exploratory blocks and development and production lease.

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

		Working Interest	
		2021	2020
		(%)	
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, KPK	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, KPK	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, KPK	56.45	56.45
Nashpa	Karak, KPK	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	-
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

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

Non Operated	Location	Operator	Working Interest 2021 %	Working Interest 2020 %
Exploration Licenses				
Block-28	Kohlu, Dera Bughti & Barkhan	Mari Petroleum Company Limited	5.00	5.00
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	47.80
South Kharan	Washuk	Pakistan Petroleum Limited	46.50	46.50
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	-
Sharan	Killa Saifullah and Zhob	Mari Petroleum Company Limited	40.00	-
Development and Production/ Mining Leases				
Adhi /Adhi sakessar	Rawalpindi & Jhelum, Punjab	Pakistan Petroleum Limited	50.00	50.00
Ali Zaur	Badin, Sindh	United Energy Pakistan Limited	15.00	15.00
Badar	Kashmor, Sukkur & Ghotki, Sindh	Petroleum Exploration (Pvt) Limited	50.00	50.00
Badhra	Dadu, Sindh	Eni Pakistan Limited	20.00	20.00
Bhangali	Gujjar Khan, Punjab	Ocean Pakistan Limited	50.00	50.00
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
Jalal	Hyderabad, Sindh	United Energy Pakistan Limited	49.00	49.00
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	-
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	OMV (Pakistan) Exploration (OMV)	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
Raj	Hyderabad, Sindh	United Energy Pakistan Limited	24.00	24.00
Ratana	Attock, Punjab	Ocean Pakistan Limited	25.00	25.00
Rind	Tando Muhammed Alam & Badin, Sindh	United Energy Pakistan Limited	49.00	49.00
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
Shah Dino	Badin, Sindh	United Energy Pakistan Limited	15.00	15.00
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

44.2 GEOGRAPHICAL LOCATIONS OF REGIONAL OFFICES

Office	Address	Location
Kohat	Bunglow # 22, CMH Road	Kohat, KPK
Quetta	House # 3, Jinnah Town	Quetta, Balochistan
Sukkur	Bungalow # A-25, Shikarpur Road	Sukkur, Sindh
Karachi	Bangalow # 1, PECHS Shaheed-e-Millat	Karachi, Sindh
Hyderabad	Muslim Housing Society	Hyderabad, Sindh
Multan	Piraan Ghaib Road	Multan, Punjab

45 BENAZIR EMPLOYEES' STOCK OPTION SCHEME (BESOS)

On August 14, 2009, the Government of Pakistan (GoP) launched BESOS Scheme for employees of certain State Owned Enterprises (SOEs) and non-State Owned Enterprises where GoP holds significant investments (non-SOEs).

However, keeping in view the difficulties that may be faced by the entities covered under the BESOS Scheme, the Securities and Exchange Commission of Pakistan had granted exemption to state owned enterprises from the application of IFRS2 to the Scheme vide SRO 587 (I)/2011 dated 07 June 2011.

During the year, it has been communicated by the GoP that pursuant to the Honourable Supreme Court of Pakistan's short order dated 22 October 2020, the status of Trust enforceable under BESOS Scheme is illegal hence; void ab-initio. The detailed order of the Supreme Court is still awaited. Also refer note 11.

46 IMPACT OF COVID-19 ON THE FINANCIAL STATEMENTS

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

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

47 NON ADJUSTING EVENT AFTER REPORTING DATE

47.1 Subsequent to the year end, a Consortium comprising of the Company, Mari Petroleum Company Limited (MPCL), Government Holdings (Private) Limited (GHPL) and Pakistan Petroleum Limited (PPL) (Operator) has been awarded Offshore Block 5 in Abu Dhabi's second competitive exploration block bid round. Offshore Block 5 covers an area of 6,223 square kilometers and is located 100 kilometers north-east of Abu Dhabi city. To this end, the consortium companies have established an independent company viz., Pakistan International Oil Limited (PIOL) at Abu Dhabi Global Market with each consortium company having a 25% equity stake in PIOL. The exploration concession agreement between PIOL and Abu Dhabi National Oil Company (ADNOC) was signed on 31 August 2021. The minimum commitment of the consortium under the concession documents is USD 304.7 million during the exploration phase.

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

47.2 Subsequent to the year end, the Company signed Petroleum Concession Agreements (PCAs) for five (5) new exploratory blocks in Pakistan. The Company's share in the minimum work commitments of these exploratory blocks under PCA amounts to Rs 2,098 million.

47.3 The Board of Directors recommended final cash dividend at the rate of Rs 1.50 per share amounting to Rs. 6,451 million in its meeting held on September 27, 2021.

48 GENERAL

48.1 Capacity and Production

Saleable production (net) from Company's fields including share from non-operated fields for the year ended 30 June 2021 is as under:

Product	Unit	Actual production for the year
Crude oil/condensate (at ambient temperature)	Barrels	13,465,715
Natural gas	MMSCF	317,443
Liquefied petroleum gas	M.Ton	293,153
Sulphur	M.Ton	18,827

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

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

49 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on September 27, 2021 by the Board of Directors of the Company.

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