KPMG Taseer Hadi & Co.
Chartered Accountants
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INDEPENDENT AUDITORS' REPORT

To the Members of Khyber Pakhtunkhwa Oil and Gas Company Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Khyber Pakhtunkhwa Oil and Gas Company Limited (the Company), which comprise the statement of financial position as at 30 June 2019, and the statement of profit and loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit and loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2019 and of the loss and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional

Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

Report on Other Legal and Regulatory Requirements

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

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

b) the statement of financial position, the statement of profit and loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

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

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Islamabad
07 July 2020

KPMG

KPMG Taseer Hadi & Co.

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b) the statement of financial position, the statement of profit and loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

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Chartered Accountants

Islamabad
07 July 2020

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Chartered Accountants

Khyber Pakhtunkhwa Oil and Gas Company Limited

Financial Statements

For the year ended

30 June 2019

Khyber Pakht ınkhwa Oil and Gas Company Limited
Statement of Financial Position
As at 30 June . 019

	Note	2019 Rupees	2018 Rupees
Share capital and reserves			
Share capital	4	1,900,000,000	1,900,000,000
Accumulated loss		(827,422,165)	(654,907,083)
Total equity		1,072,577,835	1,245,092,917
LIABILITIES			
Non-current liabilities			
Deferred employee benefits	5	15,460,725	9,741,834
Provision for decommissioning cost		1,125,985	-
Total non-current liabilities		16,586,710	9,741,834
Current liabilities			
Trade and other payables	6	99,644,718	30,419,964
Total current liabilities		99,644,718	30,419,964
Total liabilities		116,231,428	40,161,798
Total equity and liabilities		1,188,809,263	1,285,254,715
Contingencies and commitments	7		

	Note	2019 Rupees	2018 Rupees
Non current assets			
Property, plant and equipment	8	33,548,791	54,895,827
Intangible asset	9	17,849,180	29,629,165
Development and production assets	10	68,591,508	-
Exploration and evaluation assets	11	24,700,957	43,080,316
Total non-current assets		144,690,436	127,605,308
Current assets			
Trade receivables	12	-	-
Advances, deposits, prepayments and other receivables	13	17,310,090	15,393,730
Income tax - advance		11,300,154	11,169,373
Accrued markup		8,418,335	5,523,749
Cash and bank balances	14	1,007,090,248	1,125,562,555
Total current assets		1,044,118,827	1,157,649,407
Total assets		1,188,809,263	1,285,254,715

The annexed notes 1 to 24 form an integral part of these financial statements.

Chief Executive

Director

Khyber Pakhtunkhwa Oil and Gas Company Limited
Statement of Profit or Loss
For the year ended 30 June 2019

	Note	2019 Rupees	2018 Rupees
Service revenue		-	3,628,538
Cost of services		-	(424,130)
Gross profit		-	3,204,408
Exploration and prospecting expenditure	15	**(27,086,858)**	(39,036,433)
General and administration expenses	16	**(236,598,903)**	(312,149,908)
Other income	17	**91,170,679**	84,061,242
Loss before taxation		**(172,515,082)**	(263,920,691)
Taxation	18	-	(223,171)
Loss for the year		**(172,515,082)**	(264,143,862)

The annexed notes 1 to 24 form an integral part of these financial statements.

Chief Executive **Director**

Khyber Pakhtunkhwa Oil and Gas Company Limited
Statement of Comprehensive Income
For the year ended 30 June 2019

	2019 Rupees	2018 Rupees
Loss for the year	**(172,515,082)**	(264,143,862)
Other comprehensive income	-	-
Total comprehensive income for the year	**(172,515,082)**	(264,143,862)

The annexed notes 1 to 24 form an integral part of these financial statements.

Chief Executive

Director

Khyber Pakhtunkhwa Oil and Gas Company Limited
Statement of Cash Flows
For the year ended 30 June 2019

	Note	2019 Rupees	2018 Rupees
Cash flows from operating activities			
Loss before tax for the year		**(172,515,082)**	(263,920,691)
Adjustments for:			
- Depreciation	8	**23,943,971**	22,542,587
- Amortization	9	**11,779,985**	12,116,713
- Interest income	17	**(88,613,407)**	(76,841,491)
- Loss on disposal	17	**45,065**	113,822
- Provision for doubtful receivables		**-**	1,006,700
- Gratuity charge for the year	5.1	**7,739,767**	8,956,300
- Reversal of provision for gratuity during the year	5.1	**-**	(9,651,300)
- Leave encashment charge for the year	5.2	**344,137**	2,098,333
		(217,275,564)	(303,579,027)
Changes in:			
- Advances, deposits, prepayments and other receivables		**(1,916,360)**	5,540,572
- Trade and other payables		**68,241,456**	(31,474,629)
Cash used in operating activities		**(150,950,468)**	(329,513,084)
Income taxes paid		**(130,781)**	(523,175)
Gratuity paid	5.1	**(300,000)**	(859,501)
Leave encashment Paid		**(1,081,715)**	-
Net cash used in operating activities		**(152,462,964)**	(330,895,760)
Cash flows from investing activities			
Acquisition of property and equipment		**(2,650,443)**	(26,963,052)
Acquisition of intangible asset		**-**	(3,277,500)
Additions to exploration and evaluation assets		**(23,967,826)**	(36,017,525)
Additions to development and production assets		**(25,118,338)**	-
Interest received		**85,718,821**	115,936,439
Proceeds from sale of property, plant and equipment		**8,443**	12,000
Net cash generated from investing activities		**33,990,657**	49,690,362
Net decrease in cash and cash equivalents		**(118,472,307)**	(281,205,398)
Cash and cash equivalents at 1 July		**1,125,562,555**	1,406,767,953
Cash and cash equivalents at 30 June		**1,007,090,248**	1,125,562,555

The annexed notes 1 to 24 form an integral part of these financial statements.

Chief Executive

Director

Khyber Pakhtunkhwa Oil and Gas Company Limited
Statement of Changes in Equity
For the year ended 30 June 2019

	Share Capital	Accumulated loss	Total
	---------------------Rupees---------------------		
Balance at 01 July 2017	1,900,000,000	(390,763,221)	1,509,236,779
Loss for the year	-	(264,143,862)	(264,143,862)
Other comprehensive income	-	-	-
Total comprehensive income for the year - (loss)	-	(264,143,862)	(264,143,862)
Balance at 30 June 2018	**1,900,000,000**	**(654,907,083)**	**1,245,092,917**
Balance at 01 July 2018	1,900,000,000	(654,907,083)	1,245,092,917
Loss for the year	-	(172,515,082)	(172,515,082)
Other comprehensive income	-	-	-
Total comprehensive income for the year - (loss)	-	(172,515,082)	(172,515,082)
Balance at 30 June 2019	**1,900,000,000**	**(827,422,165)**	**1,072,577,835**

The annexed notes 1 to 24 form an integral part of these financial statements.

Chief Executive

Director

Khyber Pakhtunkhwa Oil and Gas Company Limited
Notes to the financial statements
For the year ended 30 June 2019

1 Legal status and operations

Khyber Pakhtunkhwa Oil & Gas Company Limited was incorporated as Public Company on 08 February 2013 under the Companies Ordinance, 1984 as a provincial holding company of the Government of Khyber Pakhtunkhwa pursuant to clause 4.1.3 (6) of Petroleum Exploration and Production Policy, 2012. The registered office of the Company is situated at Third Floor, Ali Tower, University Road, Peshawar.

The Company is established to engage in the exploration and development of oil and gas resources, including production and sale of oil and gas and related activities in the province of Khyber Pakhtunkhwa.

The Company is an operator of Lakki Petroleum Concession and has obtained exploration license to carry out exploration and evaluation activities in this block.

In addition, the Company has signed deeds of assignment (DOA) in respect of blocks as follows:

Blocks	Working Interest	DOA Date
Baratai (3371-17)	2.50%	09 September 2016
Peshawar East (3371-16)	1.84%	21 June 2017
Karak North (3370-15)	2.50%	21 June 2017
Paharpur (3170-5)	2.43%	08 November 2017
Pezu (3070-16)	1.62%	24 May 2019
Kulachi (3170-8)	2.05%	03 December 2019

The Company's share of minimum work commitments in the concession where the Company has signed Deed of Assignment amounts to US$ 2.58 million. The Company's minimum commitment for Lakki Petroleum Concession is US$ 7.7 million. GoKPK has invested Rs. 1.9 billion till 30 June 2019 in the shape of equity. The Company is fully owned by GoKPK and funding requirements are met through annual budgetary allocation in the provincial budgets.

2 Basis of preparation

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS Standards) issued by International Accounting Standard 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 differs 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 basis.

2.3 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. These financial statements have been presented in Pakistan Rupees (PKR) which is Company's functional and presentation currency. All the financial information presented has been rounded off to the nearest rupee, unless otherwise stated.

2.4 Significant 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.

Judgments made by the management in the application of approved accounting standards that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the ensuing paragraphs.

2.4.1 Property and equipment

The Company reviews the useful lives and residual values of property 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 and equipment with a corresponding effect on the depreciation charge and impairment.

2.4.2 Impairment of assets

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment loss. Any change in estimates in future years might affect the carrying amounts of the respective assets with corresponding effect on depreciation charge and impairment.

2.4.3 Taxation

The Company takes into account the current income tax laws and decisions taken by appellate authorities. 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 shown as contingent liabilities.

2.4.4 Provision against doubtful trade debts, advances and other receivables

The Company reviews the recoverability of its trade debts, advances and other receivables to assess amount of bad debts and provision required there against on annual basis.

2.4.5 Employee benefits

Defined benefits are provided for contractual employees of the Company. The Company recognizes deferred liability for gratuity and accumulating compensated absences. These calculations are made on the basis of current remuneration and number of years in service.

2.4.6 Provision and contingencies

The Company reviews the status of all the legal cases on a regular basis. Based on the expected outcome and lawyers judgments. appropriate disclosure or provision is made.

2.4.7 Exploration and evaluation expenditure

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

2.4.8 Development and production expenditure

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.

2.4.9 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. The timing of recognition requires the application of judgment to existing facts and circumstances, which can be subject to change. 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 carrying amount of provision is reviewed annually and adjusted to take account of such changes.

2.4.10 Estimation of oil and natural gas reserves

Oil and gas reserves are an important element in calculation of amortization charge and for impairment testing of development and production assets of the Company. Estimates of oil and natural gas reserves are inherently imprecise, require the application of judgement and are subject to future revision. Proved reserves are estimated 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. All proved 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 to the estimates of proved developed reserves, affect the amount of amortization recorded and impairment, if any, in the financial statements for fixed assets related to hydrocarbon production activities.

2.4.11 Measurement of the expected credit loss allowance

The measurement of the expected credit loss ("ECL") allowance for financial assets measured at amortised cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior (e.g. the likelihood of customers 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; and

– 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).

Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

2.5 New accounting standards and IFRIC interpretations that are not yet effective

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July 2019:

- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The Company is currently in the process of assessing the impact on the Company's financial statements.

- IFRS 16 'Leases' (effective for annual period beginning on or after 1 January 2019). IFRS 16 replaces 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'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. At present, the Company is in the process of determining the impacts of application of IFRS 16 on future financial statements of the Company.

- Amendment to IFRS 9 'Financial Instruments' – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 January 2019). For a debt instrument to be eligible for measurement at amortised cost or FVOCI, IFRS 9 requires its contractual cash flows to meet the SPPI criterion – i.e. the cash flows are 'solely payments of principal and interest'. Some prepayment options could result in the party that triggers the early termination receiving compensation from the other party (negative compensation). The amendment allows that financial assets containing prepayment features with negative compensation can be measured at amortised cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of IFRS 9. The application of amendment is not likely to have an impact on the Company's financial statements.

- Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 1 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The application of amendment is not likely to have an impact on the Company's financial statements.

- Amendments to IAS 19 'Employee Benefits'- Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on the Company's financial statements.

- Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.

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

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

- Annual Improvements to IFRS Standards 2015–2017 Cycle - the improvements address amendments to following approved accounting standards:

  - IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

  - IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.

  - IAS 23 Borrowing Costs - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

  The above amendments are effective from annual period beginning on or after 1 July 2019 and are not likely to have an impact on Company's financial statements.

3 Summary of significant accounting policies

The accounting policies as set out below have been applied consistently to all periods presented in these financial statements, except for the changes as indicated below:

- **IFRS 9 'Financial Instruments'**

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments ("IFRS 9") that replaces IAS 39 Financial Instruments: recognition and measurement ("IAS 39") and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments: classification & measurement, impairment and hedge accounting. IFRS 9 introduces a single approach to determine whether a financial asset is measured at amortized cost or fair value and replaces the multiple rules in IAS 39. The three principal classification categories under the new standard for financial instruments are: measured at amortized cost, fair value through other comprehensive income ("FVTOCI") and fair value through profit or loss ("FVTPL"). The classification of financial instruments under IFRS 9 is generally based on the business model in which a financial instrument is managed and its contractual cash flow characteristics. The previous categories under IAS 39 of held to maturity, loans and receivables and available for sale have been removed. For financial liabilities, IFRS 9 retains most of the requirements of IAS 39; however, where the fair value option is applied to financial liabilities, any change in fair value resulting from an entity's own credit risk is recorded in other comprehensive income.

The following table explains the original measurement categories under IAS 39 and new measurement categories under IFRS 9 for each class of the Company's financial assets and financial liabilities as at 1 July 2018.

	Original classification under IAS 39	New classification Under IFRS 19
Financial Assets		
Deposits	Loans and receivables	Amortised cost
Accrued markup	Loans and receivables	Amortised cost
Other receivable	Loans and receivables	Amortised cost
Bank balances	Loans and receivables	Amortised cost
Financial liabilities		
Trade and other payables	Amortised cost	Amortised cost

There is no change in the carrying amounts of financial assets and financial liabilities at the initial application date of IFRS-9, except for a change in accounting classification under IFRS - 9 from category under IAS - 39 as disclosed in the above table.

IFRS 9 replaces the "incurred loss" model in IAS 39 with an "expected loss" model. The new impairment model applies to financial instruments measured at amortized cost, and contract assets and debt investments measured at FVTOCI. Under IFRS 9, credit losses will be recognized earlier than under IAS 39. The standard also provides a simplified approach to measure expected credit losses using a lifetime expected loss allowance. The credit loss model groups receivables based on similar credit risk characteristics and days past due in order to estimate loss allowance. There was no material expected credit loss recognized at initial application date and as at 30 June 2019.

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) model 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. 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.

- **IFRS 15 'Revenue from Contracts with Customers'**

The IASB issued IFRS 15 Revenue from Contracts with Customers ("IFRS 15") in May 2014. This IFRS replaces IAS 18 Revenue, IAS 11 Construction Contracts and several revenue-related interpretations. IFRS 15 establishes a single revenue recognition framework which requires an entity to recognize revenue to reflect the transfer of goods and services for the amount it expects to receive, when control is transferred to the purchaser. The adoption of IFRS did not have a material impact on the Company's statement of profit or loss, statement of comprehensive income and financial position.

3.1 Property and equipment

Owned

Property and equipment, recognized initially at cost less accumulated depreciation and any accumulated impairment losses, except for freehold land and capital work-in-progress which are stated at cost less accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the items which comprises of purchase price, non-refundable local taxes and other directly attributable cost including borrowing cost. Capital work-in-progress consists of expenditure incurred and advances made in respect of tangible assets in the course of their construction and installation. Transfers are made to the relevant operating fixed assets category as and when assets are available for use.

The cost of replacing part of an item of property 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 and equipment are recognized in profit or loss account as incurred.

Depreciation is provided on straight line method at rates specified in note 8 to the financial statements so as to write off the cost of property and equipment over their estimated useful life. Depreciation on additions to property and equipment is charged from the month in which property and equipment is acquired or capitalized while no depreciation is charged for the month in which property and equipment is disposed off.

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

3.2 Oil and gas assets

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

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 centers 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 against income 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.

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. 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, which is the ratio of oil and gas production in the year to the estimated quantities of proved developed reserves at the end of the year plus the production during the year, 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.

Development and production assets

The activities of the Company normally give rise to obligations for site restoration. Restoration activities may include 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 to dismantle and remove a facility or an item of plant and to restore the site on which it is located, 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 fulfill the obligation of site restoration and rehabilitation. Where an obligation exists for a new facility, such as oil and natural gas production or transportation facilities, this will be on construction or installation. An obligation for decommissioning may also crystallize during the period of operation of a 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 forty two years. Decommissioning cost, as appropriate, relating to producing/shut-in fields and production facilities 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.

While the provision is based on the best estimate of future costs and the economic life of the facilities and property, plant and equipment, there is uncertainty regarding both the amount and timing of incurring these costs. 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. The unwinding of the discount on the decommissioning provision is recognized as finance cost in the statement of profit or loss.

3.3 Financial Instruments - Initial recognition and subsequent measurement

3.3.1 Initial Recognition

All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given or received. These are subsequently measured at fair value, amortised cost or cost as the case may be.

3.3.2 Classification of financial assets - policy applicable from 01 July 2018

The Company classifies its financial instruments in the following categories:

- at fair value through profit or loss ("FVTPL"),
- at fair value through other comprehensive income ("FVTOCI"), or
- at amortised cost.

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

Financial assets that meet the following conditions are subsequently measured at 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.

3.3.3 Classification of financial liabilities - policy applicable from 01 July 2018

The Company classifies its financial liabilities in the following categories:

- at fair value through profit or loss ("FVTPL"), or
- at amortised 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.

3.3.4 Subsequent measurement - policy applicable from 01 July 2018

i) Financial assets at FVTOCI

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains or losses arising from changes in fair value recognised in other comprehensive income / (loss).

ii) Financial assets and liabilities at amortised cost

Financial assets and liabilities at amortised cost are initially recognised at fair value, and subsequently carried at amortised cost, and in the case of financial assets, less any impairment.

iii) Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of profit or loss and other comprehensive income. Realised and unrealised gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statement of profit or loss and other comprehensive income in the period in which they arise.

Where management has opted to recognise a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income / (loss).

3.3.5 Recognition, classification and measurement of financial assets and liabilities - Policies applicable before 01 July 2018

Financial assets comprise of trade debts, other receivables and bank balances. Financial liabilities are classified according to substance of the contractual arrangement entered into. Significant financial liabilities include accrued and other liabilities.

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. The particular measurement methods adopted are disclosed in the individual policy statements associated with each item.

The Company derecognizes the financial asset when the contractual rights to the cash flows from the assets expire, or it transfers the right to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial asset that is created or retained by the Company is recognized as a separate asset or liability. Financial liabilities are derecognized when its contractual obligations are discharged cancelled or expired. Any gain and losses on de-recognition of the financial assets and liabilities is taken to profit or loss account currently.

Liabilities for trade and other amounts payable are initially recognized at fair value less any directly attributable transaction cost. Subsequent to initial recognition, these are measured at amortized cost using effective interest method.

Trade debts and other receivables are initially recognized at fair value plus any directly attributable transaction cost. Subsequent to initial recognition, these are measured at amortized cost using effective interest method, less any impairment losses. Known bad debts are written off, when identified.

Financial assets and liabilities and tax assets and liabilities are offset in the statement of financial position, only when the Company has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

3.3.6 Impairment of financial asset - Policy applicable from 1 July 2018

The Company recognises loss allowance for Expected Credit Loss (ECL) on financial assets measured at amortised cost and FVTOCI at an amount equal to lifetime ECLs except for the financial assets in which there is no significant increase in credit risk since initial recognition or financial assets which are determined to have low credit risk at the reporting date, in which case 12 months' ECL is recorded.

For trade debts (if any) 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 other financial assets 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.

The following were either determined to have low or there was no increase in credit risk since initial recognition as at the reporting date:

- Deposits
- accrued markup
- bank balances;

Loss allowance for trade receivables (if any) are always measured at an amount equal to life time ECLs. The Company considers a financial asset in default when it is more than 180 days past due.

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

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

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

3.3.7 Impairment of financial assets - Policy applicable before 1 July 2018

Financial assets are assessed at each reporting date to determine whether there is objective evidence that they are impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. Objective evidence that financial assets are impaired may include default or delinquency by a debtor, indications that a debtor or issuer will enter bankruptcy.

All individually significant assets are assessed for specific impairment. All individually significant assets found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

3.3.8 Derecognition - Policies applicable from 01 July 2018

i) Financial assets

The Company derecognises 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 recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to statement of changes in equity.

ii) Financial liabilities

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

3.4 Impairment of Non- Financial assets

The carrying amounts of non-financial assets other than stock in trade are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU").

The Company's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs. An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss.

Impairment loss recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only 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.

Oil and gas assets

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 is also 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.

The carrying value is compared against expected recoverable amount of the oil and gas assets, generally by reference to the future net cash flows expected to be derived from such assets. The cash generating unit 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.

Where conditions giving rise to impairment subsequently reverse, the effect of the impairment charge is also reversed as a credit to the profit or loss, net of any depreciation/ amortization that would have been charged since the impairment.

3.5 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. Cash and cash equivalents comprise cash in hand and balances at banks.

3.6 Provisions

A provision is recognized in the statement of financial position when the Company has a 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 obligation. Provisions are measured at the present value of expected expenditure, discounted at a pre tax rate that reflects current market assessment of the time value of the money and the risk specific to the obligation. Provisions are reviewed at each reporting date and adjusted to reflect current best estimate.

3.7 Taxation

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

3.7.1 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.

3.7.2 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 investment in jointly controlled entities 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 temporary difference. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted or substantively enacted by the reporting date, adjusted for payments to GoP on account of royalty.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

In view of the uncertainty about timings of taxable profits in the foreseeable future against which the tax loss as carry forward can be utilized, the Company has not recognized deferred tax asset on tax losses and therefore created an equivalent valuation reserve against net deferred tax asset amounting to Rs. 223,463,039 (2018: Rs. 134,981,048).

3.8 Foreign currency transactions and balances

Transactions in foreign currencies are translated into functional currency at exchange rates at the date of transaction. Monetary assets and liabilities denominated in foreign currencies at balance sheet date are translated to the functional currency at the exchange rates prevailing at the balance sheet date. The foreign currency gain or loss on monetary items is the difference between amortized costs in the functional currency at beginning of the year, adjusted for effective interest and payments during the year, and amortized cost in foreign currency translated at the exchange rate at reporting date. Exchange differences are included in the profit or loss.

3.9 Revenue recognition

Policy applicable from 01 July 2018

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, natural gas and liquefied petroleum gas is measured based on the consideration specified in contracts with customers. 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 oil, natural gas and liquefied petroleum gas coincides with title passing to the customer and the customer taking physical possession.

Revenue is measured at the fair value of the consideration received or receivable which the Company expects to be entitled in exchange for transferring goods, net of government levies. Prices of crude oil and gas are specified in relevant agreements and / or as notified by the Government Authorities based on contracts with customers or petroleum policy. 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.

Policy applicable before 01 July 2018

Revenue from sale of goods is recognized when significant risk and reward of ownership is transferred to the vendor, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

Revenue from sale of goods is measured at fair value of the consideration received or receivable, net of Government Levies.

Revenue from services is recognized on rendering of services to customers and is measured at fair value of consideration received or receivable.

3.10 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 benefit for other stakeholders, and to maintain a strong capital base to support the sustained development of its activities.

The Company manages its capital structure which comprises capital and reserves by monitoring returns on net assets and make adjustments to it in the light of changes in economic conditions. There were no changes to Company's approach to capital management during the period and the Company is not subject to externally imposed capital requirement.

3.11 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.

3.12 Staff retirement benefits

The Company is operating an unfunded gratuity scheme for all its contractual staff with the minimum qualifying period of service as specified by the scheme. Provision for gratuity is determined on the basis of last drawn salary multiplied by number of years of service or any part thereof, in excess of six months and is charged to profit or loss.

3.13 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 venture, for the intervening period up to the reporting date. The difference, if any, between the cost statements and audited financial statements is accounted for in the next accounting year.

Khyber Pakhtunkhwa Oil and Gas Company Limited
Notes to the financial statements
For the year ended 30 June 2019

4 Share capital

	Note	2019 Rupees	2018 Rupees
Authorized share capital			
30,000,000 (2018: 30,000,000) ordinary shares of Rupees 100 each		3,000,000,000	3,000,000,000
Issued, subscribed and paid up capital			
19,000,000 (2018: 5,000,000) ordinary shares of Rupees 100 each allotted for consideration paid in cash		1,900,000,000	1,900,000,000

Pattern of holding of Company's share capital	Number of shares	
Government of Khyber Pakhtunkhwa	18,999,997	18,999,997
Mr. Zafar Iqbal	1	1
Mr. Sahabzada Saeed Ahmed	1	1
Mr. Shumail But	1	1
	19,000,000	19,000,000

5 Deferred employee benefits

	Note	2019	2018
Provision for gratuity	5.1	14,254,907	8,725,216
Provision for leave encashment	5.2	1,205,818	1,016,618
		15,460,725	9,741,834

5.1 Provision for gratuity

	Note	2019	2018
Balance at 01 July		11,003,758	12,558,259
Charge for the year		7,739,767	8,956,300
Reversal during the year	5.1.1	-	(9,651,300)
Benefits paid during the year		(300,000)	(859,501)
Balance at 30 June		18,443,525	11,003,758
Current maturity		(4,188,618)	(2,278,542)
		14,254,907	8,725,216

5.1.1 The Company has not carried out actuarial valuation in respect of provision for gratuity since the management believes that the impact of such valuation is not material.

5.2 Provision for leave encashment

	2019 Rupees	2018 Rupees
Balance at 01 July	2,098,333	-
Charge for the year	344,137	2,098,333
Benefits paid during the year	(1,081,715)	-
Current maturity	(154,937)	(1,081,715)
Balance at 30 June	1,205,818	1,016,618

6 Trade and other payables

	Note	2019 Rupees	2018 Rupees
Trade and other payables		16,831,091	23,911,141
Employee benefits payable - Current maturity	5.1 & 5.2	4,343,555	3,360,257
Project account	6.1	877,740	1,391,963
Accrued Liabilities		7,300,854	-
Security cost payable		735	467,278
Payable to Employees' Old-Age Benefit Institution		177,192	114,012
Wages and salaries payable		10,243,820	90,323
Payable to joint venture partners		59,869,731	1,084,990
		99,644,718	30,419,964

	Note	2019 Rupees	2018 Rupees
6.1 Project account			
Opening balance at 01 July		**1,391,963**	2,015,142
Amount received during the year		-	-
Expenditure incurred during the year		**(514,223)**	(623,179)
Closing balance at 30 June	6.1.1	**877,740**	1,391,963

6.1.1 This represents amount received from Energy and Power (E&P) Department of GoKPK for installation of video conferencing facility. During the year, the Company has incurred expenditure of Rs. 514,223 (2018: Rs. 623,179) at PTCL leased line charges from Jul 2018 to Mar 2019 advised by E&P Department of GoKPK, whereas the unspent balance will be utilized for meeting operating expenses of these video conferencing facilities.

7 Contingencies and commitments

7.1 Contingencies

There were no contingencies as of the reporting date (2018: Nil).

7.2 Commitments

Commitments in respect of the Company's minimum financial expenditure in following Petroleum Concessions, where the Company is working interest owner:

	2019 USD	2018 USD	2019 Rupees	2018 Rupees
Block No. 3270-9 - Lakki	**7,680,000**	-	**1,263,360,000**	-
Block No. 3371-16 - Peshawar East	**9,247**	19,320	**1,521,100**	2,349,312
Block No. 3371-17 - Baratai	**1,176,207**	1,783,320	**193,486,080**	216,851,703
Block No. 3170-5 - Paharpur	-	42,289	-	5,142,398
Block No. 3370-15 - Karak North	**76,750**	76,750	**12,625,375**	9,332,800
	8,942,204	1,921,679	**1,470,992,555**	233,676,213

8 Property and equipment

	Geological equipment	Office equipment	Furniture	Computers and related accessories	Motor vehicle	Electrical equipment	Security equipment	Total
				Rupees				
Cost								
Balance as at 01 July 2017	352,369	5,332,657	4,256,196	3,448,892	51,926,020	2,206,759	11,259,566	78,782,459
Additions during the year	-	302,700	-	22,808,094	3,852,258	-	-	26,963,052
Disposals during the year	-	(153,020)	(233,067)	-	-	-	-	(386,087)
Balance as at 30 June 2018	352,369	5,482,337	4,023,129	26,256,986	55,778,278	2,206,759	11,259,566	105,359,424
Balance as at 01 July 2018	**352,369**	**5,482,337**	**4,023,129**	**26,256,986**	**55,778,278**	**2,206,759**	**11,259,566**	**105,359,424**
Additions during the year	-	**122,700**	**52,007**	**2,475,736**	-	-	-	**2,650,443**
Disposals during the year	-	**(63,090)**	**(99,875)**	-	-	-	-	**(162,965)**
Balance as at 30 June 2019	**352,369**	**5,541,947**	**3,975,261**	**28,732,722**	**55,778,278**	**2,206,759**	**11,259,566**	**107,846,902**
Depreciation								
Balance as at 01 July 2017	128,466	1,693,523	1,174,449	2,452,048	18,361,762	1,041,757	3,329,270	28,181,275
Charge for the year	70,724	2,319,258	831,915	2,062,413	10,859,197	1,056,360	5,342,720	22,542,587
Adjustments	-	(107,169)	(153,096)	-	-	-	-	(260,265)
Balance as at 30 June 2018	199,190	3,905,612	1,853,268	4,514,461	29,220,959	2,098,117	8,671,990	50,463,597
Balance as at 01 July 2018	**199,190**	**3,905,612**	**1,853,268**	**4,514,461**	**29,220,959**	**2,098,117**	**8,671,990**	**50,463,597**
Charge for the year	**65,396**	**1,254,425**	**792,939**	**8,500,438**	**10,885,081**	**83,240**	**2,362,452**	**23,943,971**
Adjustments/ disposal	-	**(41,303)**	**(68,154)**	-	-	-	-	**(109,457)**
Balance as at 30 June 2019	**264,586**	**5,118,734**	**2,578,053**	**13,014,899**	**40,106,040**	**2,181,357**	**11,034,442**	**74,298,111**
Carrying value at 30 June 2018	153,179	1,576,725	2,169,861	21,742,525	26,557,319	108,642	2,587,576	54,895,827
Carrying value at 30 June 2019	**87,783**	**423,213**	**1,397,208**	**15,717,823**	**15,672,238**	**25,402**	**225,124**	**33,548,791**
Depreciation rates	20%	33.33%	20%	33.33%	20%	33.33%	33.33%	

8.1 Vehicles of the Company are registered in the name of the Energy and Power Department, Government of Khyber Pakhtunkhwa.

9	Intangible asset	Note	2019 Rupees	2018 Rupees
	Cost			
	Balance at the beginning of the year		58,899,925	55,622,425
	Additions during the year		-	3,277,500
	Balance at end of the year		58,899,925	58,899,925
	Amortization			
	Balance at the beginning of the year		(29,270,760)	(17,154,047)
	Charge for the year		(11,779,985)	(12,116,713)
	Balance at end of the year		(41,050,745)	(29,270,760)
	Carrying amount		17,849,180	29,629,165

10	Development and production assets	Note	2019 Rupees	2018 Rupees
	Cost			
	Balance at 01 July		-	-
	Transfer from exploration and evaluation asset during the year	10.1	42,347,185	-
	Additions during the year		25,118,338	-
	Balance at 30 June		67,465,523	-
	Decommissioning cost			
	Balance at 01 July		-	-
	Charge for the year		1,125,985	-
	Balance at 30 June		1,125,985	-
	Carrying amount as at 30 June 2019		68,591,508	-

10.1 During the year, DGPC has approved the Field Development Plan of Dhok Hussain Field and granted Development and Production Lease for a period of 25 years with effect from 27 August 2018. Accordingly, cost of exploratory well already recognised as exploration and evaluation asset has been transferred to development and production assets. No amortisation has been recognised as production has not commenced till the reporting date.

11	Exploration and evaluation assets	Note	2019 Rupees	2018 Rupees
	Balance at 01 July		43,080,316	7,062,791
	Additions during the year		44,311,223	36,017,525
	Cost of dry and abandoned well during the year	11.1	(20,343,397)	-
	Cost of well transferred to development and production assets during the year		(42,347,185)	-
	Balance at 30 June		24,700,957	43,080,316

11.1 This represents cost of Paharpur X-1 well in the Paharpur Concession which has been approved by as Plugged & Abandoned on 21 May 2019. Subsequent to year end, the operator has applied for relinquishment of this Concession and related exploration license with effect from 13 March 2020 and transfer of minimum work commitment to its other concessions. The Company has also has also right to transfer its share of remaining work units of minimum work commitment to its other blocks. However, final decision in this respect has not been made.

		Note	2019 Rupees	2018 Rupees
12	Trade receivables			
	Considered good		-	-
	Considered doubtful		792,065	792,065
			792,065	792,065
	Provision for doubtful receivables			
	Provision for doubtful receivables		-	(792,065)
	Written-off during the year		(792,065)	
			-	-
12.1	**Movement in provision for doubtful receivables**			
	Balance at beginning of the year		(792,065)	(792,065)
	Provision made during the year		-	-
	Written off during the year		792,065	-
	Balance at end of the year		-	(792,065)
13	**Advances, deposits, prepayments and other receivables**			
	Advances to joint venture partners		13,848,806	11,018,857
	Advances for expenses		806,712	487,160
	Advance to KP Sales Tax Authority		309,528	309,528
	Deposits		1,980,500	1,980,500
	Prepayments		53,428	1,454,826
	Receivable from Pakhtunkhwa Energy Development Organisation (PEDO)	13.1	214,634	214,634
	Other receivable		311,116	142,859
	Provision against receivable from PEDO	13.1	(214,634)	(214,634)
			17,310,090	15,393,730

13.1 This represents receivable on account of expenses incurred by the Company on behalf of PEDO, a related party, in respect of rent and utility expenses of Islamabad Guest House operated by the Company in accordance with agreement dated 19 August 2015. This receivable is interest free. A provision of complete amount has been made in the financial statements.

		2019 Rupees	2018 Rupees
14	Cash and bank balances		
	Cash at bank		
	- Current accounts	330,000	330,000
	- Saving accounts	1,006,544,512	1,124,678,747
		1,006,874,512	1,125,008,747
	Cash in hand	215,736	553,808
		1,007,090,248	1,125,562,555

14.1 These carry markup ranging from 6.30% to 10.10% per annum (2018: 3.75% to 6.30% per annum).

		Note	2019 Rupees	2018 Rupees
15	Exploration and prospecting expenditure			
	Prospecting expenditure		6,743,461	39,036,433
	Cost of dry and abandoned wells	11	20,343,397	-
			27,086,858	39,036,433

Khyber Pakhtunkhwa Oil and Gas Company Limited
Notes to the financial statements
For the year ended 30 June 2019

16	General and administration expenses	Note	2019 Rupees	2018 Rupees
	Salaries, wages and benefits	16.1	**133,570,670**	200,836,772
	Depreciation	8	**23,943,971**	22,542,587
	Rent, fees and taxes		**15,737,590**	13,758,208
	Amortization	9	**11,779,985**	12,116,713
	Training, welfare and Corporate Social Responsibility (CSR)		**6,002,480**	-
	Concession operating expenses		**12,037,369**	12,922,516
	Repairs and maintenance		**2,730,166**	8,864,579
	Legal and professional		**12,185,025**	6,350,311
	Vehicle running and maintenance cost		**3,685,688**	4,533,868
	Training and workshop		**626,473**	4,178,592
	Miscellaneous		**1,073,779**	3,275,076
	Travelling and subsistence		**813,674**	3,004,862
	Utilities		**1,954,258**	2,608,365
	Advertising		**979,861**	2,448,796
	Printing, stationery and publications		**1,382,862**	2,334,981
	Entertainment		**653,356**	2,216,097
	Communication		**797,482**	1,709,870
	Security		**264,000**	1,567,600
	Professional memberships and subscriptions		**1,813,966**	1,423,263
	Meeting costs		**2,311,974**	1,426,323
	Exchange loss		**1,581,806**	-
	Insurance		-	1,907,004
	Provision for doubtful receivables		-	1,006,700
	Auditors' remuneration		**495,000**	505,525
	Registration and promotion		**12,430**	412,969
	Newspapers and periodicals		**115,038**	148,331
	Donation		**50,000**	50,000
			236,598,903	312,149,908

16.1 This includes Rs. 31,420,157 (2018: 87,623,009) paid to daily wages staff. Further, this amount also includes charge for contractual staff gratuity expenses of Rs. 7,739,767 (2018: 11,054,633) and charge for leave encashment for of Rs 344,137 (2018: Rs 2,098,333).

17	Other income	2019 Rupees	2018 Rupees
	Income from financial assets		
	Interest on saving accounts	**88,613,407**	76,841,491
	Income from non-financial assets:		
	Loss on disposal of property and equipment	**(45,065)**	(113,822)
	Others	**2,602,337**	7,333,573
		91,170,679	84,061,242

18	Taxation	2019	2018
	- Current		
	For the year	-	333,825
	For prior year	-	(110,654)
		-	223,171
	- Deferred	-	-
	- Others	-	-
		-	223,171

18.1 Reconciliation of tax charge for the year:

	Note	2019 Rupees	2018 Rupees
Accounting loss before taxation		(172,515,082)	(263,920,691)
Applicable tax rate		29%	29%
Tax on accounting loss at applicable rate		(50,029,374)	(76,537,000)
Tax rate difference		-	(2,109,406)
Prior year		-	(110,654)
Minimum tax on service revenue		-	333,825
Tax effect of deferred tax asset reserve		50,029,374	78,646,406
		-	223,171

18.2 Tax returns for and up to Tax Year 2014 to 2018 have been filed and stand assessed under section 120 of the Income Tax Ordinance, 2001. However, the taxation authorities are empowered to question the assessment at any time within five years of the end of financial year in which the return was filed.

18.3 *Tax losses carried forward*

Tax losses for which no deferred tax asset was recognized expire as follows:

		2019 Rupees	2018 Rupees
Expire		689,605,348	423,556,450
Never expire		46,922,557	27,663,177
Loss year	Expiry date (year)		
Unadjusted brought forward loss 2013	TY 2019	-	50,000
Unadjusted brought forward loss 2014	TY 2020	16,998,502	16,998,502
Unadjusted brought forward loss 2015	TY 2021	66,883,136	66,883,136
Unadjusted brought forward loss 2016	TY 2022	82,236,187	82,236,187
Unadjusted brought forward loss 2017	TY 2023	257,388,625	257,388,625
Unadjusted brought forward loss 2018	TY 2024	266,098,898	-

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19 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.

19.1 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, and arises principally from the Company's trade debts, advances and deposits. The carrying amount of financial assets represents the maximum credit exposure.

19.1.1 *Trade debts*

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

19.1.2 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:

	2019 Rupees	2018 Rupees
Bank balances	1,006,874,512	1,125,008,747
Accrued markup	8,418,335	5,523,749
Deposits	1,980,500	1,980,500
Receivable from Energy and Power Department of GoKPK - gross	214,634	214,634
Other receivable	311,116	142,859
	1,017,799,097	1,132,870,489

Bank balances

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 A1 and A1+. Given these high credit ratings, management does not expect any counterparty to fail to meet its obligations.

	2019	2018
Rating	Rupees	Rupees
A1	1,001,111,179	1,121,848,958
A1+	14,181,668	8,683,538
	1,015,292,847	1,130,532,496
Other financial assets		
Rated	-	-
Unrated	2,506,250	2,337,993
	2,506,250	2,337,993

Impact of ECL on financial assets was not material and accordingly has not been included in these financial statements.

19.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The following are the contractual maturities of the financial liabilities:

	2019	2018
	Rupees	Rupees
Trade and other payables		
Maturity up to one year	**99,644,718**	30,419,964
Carrying amount	**99,644,718**	30,419,964

19.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates 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.

19.3.1 Currency risk

The Company had no currency risk at year end (2018: Nil).

19.3.2 Interest rate risk

The interest rate risk is the risk that the value of the financial instrument will fluctuate due to the changes in the market interest rates. Sensitivity to the interest rate risk arises from mismatches of financial assets and liabilities that mature in a given period.

Profile

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments was:

	2019	2018	**2019**	2018
	%		**Rupees**	Rupees
Bank balances	**6.30% to 10.10%**	3.75% to 6.30%	**1,007,090,248**	1,125,562,555
			1,007,090,248	1,125,562,555

19 Financial instruments (continued)

19.3.3 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 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).

	Carrying amount				Fair value			
	Fair Value through profit and loss	Amortised cost	Financial liabilities at amortised cost	Total	Level 1	Level 2	Level 3	Total
		Rupees				Rupees		
30 June 2019								
Financial assets not measured at fair value								
Deposits	-	1,980,500	-	1,980,500	-	-	-	-
Accrued markup	-	8,418,335	-	8,418,335	-	-	-	-
Receivable from Energy and Power Department of GoKPK	-	214,634	-	214,634	-	-	-	-
Other receivable	-	311,116	-	311,116	-	-	-	-
Cash and bank balances	-	1,007,090,248	-	1,007,090,248	-	-	-	-
	-	1,018,014,833	-	1,018,014,833	-	-	-	-
Financial liabilities not measured at fair value								
Trade and other payables	-	-	99,644,718	99,644,718	-	-	-	-
	-	-	99,644,718	99,644,718	-	-	-	-
	Carrying amount							
	Held to maturity	Loans and receivables	Other financial liabilities	Total				
30 June 2018								
Financial assets not measured at fair value								
Deposits	-	1,980,500	-	1,980,500	-	-	-	-
Accrued markup	-	5,523,749	-	5,523,749	-	-	-	-
Receivable from Energy and Power Department of GoKPK	-	214,634	-	214,634	-	-	-	-
Other receivable	-	142,859	-	142,859	-	-	-	-
Cash and bank balances	-	1,125,562,555	-	1,125,562,555	-	-	-	-
	-	1,133,424,297	-	1,133,424,297	-	-	-	-
Financial liabilities not measured at fair value								
Trade and other payables	-	-	30,419,964	30,419,964	-	-	-	-
	-	-	30,419,964	30,419,964	-	-	-	-

19.4 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 asset measured at fair value is shown in note 19.3.3. It does not include fair value information for financial asset and financial liabilities not measured at fair value as the carrying amount is a reasonable approximation of fair value.

19.4.1 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.

19.4.2 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

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.

20 Number of employees

	2019	2018
Total number of employees at year end		
- Contractual	81	87
- Daily wagers	113	122
	194	209
Average number of employees at year end		
- Contractual	84	83
- Daily wagers	118	255
	203	338

21 Related party transactions

Government of Khyber Pakhtunkhwa owns 100% (2018: 100%) shares of the Company. Therefore, all entities owned and controlled by the Government of Khyber Pakhtunkhwa and Federal Government of Pakistan are related parties of the Company. Other related parties comprise directors, companies with common directorship and key management personnel. The Company in normal course of business pays for electricity, gas and telephone to entities controlled by Federal Government of Pakistan and Government of Khyber Pakhtunkhwa which are not material, hence not disclosed in these financial statements. Transactions of the Company with the related parties and balances outstanding at the year end are as follows:

	2019 Rupees	2018 Rupees
Energy and Power Department, Khyber Pakhtunkhwa		
- Expenditure incurred on video conferencing facility on behalf of E&P	514,223	623,179
- Payable at year end	877,740	1,391,963
Pakhtunkhwa Energy Development Organization		
- Other receivables	214,634	214,634
- Provision	214,634	214,634
Joint operations		
- Exploration and prospecting expenditure	23,219,503	39,036,433
- Exploration and evaluation assets	23,967,826	43,080,316
- Development and production assets	25,118,338	-
- Operating expenses	10,738,995	12,922,516
- Exchange Loss	1,581,806	-
- Cash calls paid to joint venture partners	28,671,678	106,058,122
- Advances to joint venture partners	13,848,806	11,018,857
- Payable to joint venture partners	59,869,731	1,084,990
Other government entities		
- Cost of services	-	424,130
- Payments made	-	4,341,655
- Other receivables	311,116	142,859

Key management personnel

Chief Executive Officer, Chief Financial Officer, Company Secretary, Chief Internal Auditor, General Manager Explorations, General Manager Reservoirs are the key management personnel. Transactions with key management personnel and other executives are disclosed in note 22 to the financial statements.

22 Remunerations of Key Management personnel, directors and other executives

		2019			2018		
	Note	Chief Executive Officer	Key Management Personnel	Executives	Chief Executive Officer	Key Management Personnel	Executives
		Rupees					
Managerial remuneration		17,022,163	11,514,562	13,680,766	26,321,724	15,923,304	11,167,411
Other allowances and benefits	5.1.1	3,157,951	4,847,353	6,327,727	6,375,403	3,335,057	2,836,736
		20,180,114	16,361,915	20,008,493	32,697,127	19,258,361	14,004,147
Number of persons		2	3	7	1	4	6

- Executive means any employee whose basic salary exceeds Rs. 1,200,000 (2018: 1,200,000) per year. Comparative figures have been restated to reflect changes in definition of executive as per the Companies Act, 2017
- The chief executive is provided with free use of Company's cars in accordance with their entitlement.
- The aggregate amount charged in these financial statements in respect of fee to 11 directors (2018: 08) is Rs. 2,100,000 (2018: Rs. 1,426,323).

23 Interest in joint operations

The company has working interest in the following non operated exploration licenses / leases in Pakistan:

Exploration Licenses / Leases		Working interest	
		2019	2018
		%	%
Operated			
Lakki Petroleum Concession		100	-
Non Operated	**Operator**		
Baratai Petroleum Concession	Oil and Gas Development Company Limite	2.5	2.5
Pezu Petroleum Concession	Oil and Gas Development Company Limite	1.62	1.62
Kulachi Petroleum Concession	Oil and Gas Development Company Limite	2.05	2.05
Paharpur Petroleum Concession	Kirthar Pakistan B.V	2.43	2.43
Peshawar East Concession	Mari Petroleum Company Limited	1.84	1.84
Karak North	Talahassee Resources Incorporated	2.5	2.5

24 General

24.1 Subsequent events

The COVID-19 pandemic has significantly impacted global economies, resulting in workforce and travel restrictions, supply chain and production disruptions and reduced demand and spending across many sectors. While the effects of these events cannot be estimated at date of approval of these financial statement, we do not expect the impact to be material for the Company because of the fact that Company is in pre-operation phase and majority of costs are employee related and that sale of its share of gas from newly discovered field will commence in 2021 and oil prices are expected to stabilize by then. However, effects of COVID-19 and the required mitigating actions will continue to be monitored and evaluated by management during the financial year 2020.

24.2 Authorisation of financial statements

These financial statements were authorized for issue on ________________ by the Board of Directors of the Company.

Chief Executive

Director