

Naveed Zafar Ashfaq Jaffery & Co.

Chartered Accountants

A member firm of



PrimeGlobal

An Association of
Independent Accounting Firms

1st Floor Lamsay Acrade
Fakhar-e-Alam Road,
Peshawar, Pakistan.
Ph: 091-5274968, 5276102, 5274995
email: pesh@nzaj.com.pk
Web: www.nzaj.com.pk

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KHYBER PAKHTUNKHWA OIL & GAS COMPANY LIMITED

REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

We have audited the annexed financial statements of **Khyber Pakhtunkhwa Oil & Gas Company Limited (The Company) Peshawar**, which comprise the statement of financial position as at June 30, 2023, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows, together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2023 and of the loss, comprehensive loss, the changes in equity and cash flows for the year then ended.

Basis for Opinion.

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditors responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in 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 scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of managements use of going concern basis of accounting and based on the audit evidence obtained, whether material certainty exist related to events or conditions that may cast significant doubt on the company's ability to continue as 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;

- Proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- The statement of financial position, the statement of income and expenditure, statement of comprehensive income, the statement of changes in general fund, the statement of cash flows for the year 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;
- Investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- No Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Other matter

The financial statements of Khyber Pakhtunkhwa Oil and Gas Company Limited for the year ended June 30, 2022 were audited by other auditors who expressed an unmodified opinion on those financial statements on December 13, 2023.

The engagement partner on the audit resulting in this independent auditors' report is Mr. Syed Mukhtar Hussain Jaffery.

Place: Peshawar.

Date: 15 NOV 2024


Naveed Zafar Ashfaq Jaffery & Co
Chartered Accountants

UDIN: AR202310449UsmolGF8N

**KHYBER PAKHTUNKHWA OIL & GAS
COMPANY (KPOGCL) LIMITED**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 JUNE, 2023

NAVEED ZAFAR ASHFAQ JAFFERY & CO

CHARTERED ACCOUNTANTS

Khyber Pakhtunkhwa Oil and Gas Company Limited
Statement of Financial Position
As at June 30, 2023

	Note	2023 Rupees	2022 Rupees
SHARE CAPITAL AND RESERVES			
Share capital	5	3,000,000,000	3,000,000,000
Accumulated loss		(2,873,477,153)	(2,336,294,502)
		126,522,847	663,705,498
Advance against issue of shares	5.1	500,000,000	-
		626,522,847	663,705,498
LIABILITIES			
Non-current liabilities			
Deferred employees benefits	6	88,010,115	79,308,044
Provision for decommissioning cost	7	4,699,681	3,451,591
Lease liabilities	8	47,733,002	50,648,625
Total non-current liabilities		140,442,798	133,408,260
Current liabilities			
Lease liabilities - current portion	8	12,799,909	15,512,758
Payable against joint operations	9	1,340,647,884	1,620,874,610
Trade and other payables	10	52,221,887	57,511,562
Total current liabilities		1,405,669,680	1,693,898,930
Total equity and liabilities		2,172,635,325	2,491,012,688
Contingencies and commitments	11		

ASSETS

Non-current assets

	Note	2023 Rupees	2022 Rupees
Property and equipment	12	55,219,257	68,263,103
Intangible asset	13	-	-
Development and production assets	14	131,291,758	153,075,321
Exploration and evaluation assets	15	-	-
Acquisition of interest in joint arrangements	16	691,357,613	691,357,613
Total non-current assets		877,868,628	912,696,037

Current assets

	Note	2023 Rupees	2022 Rupees
Trade debts	17	39,150,357	29,479,446
Income tax refund	18	12,437,832	12,132,746
Advance for joint operations	19	2,161,142	2,161,142
Advances, deposits and prepayments	20	16,674,902	6,714,662
Cash and cash equivalents	21	1,224,342,464	1,527,828,655
Total current assets		1,294,766,697	1,578,316,651
Total assets		2,172,635,325	2,491,012,688

The annexed notes 1 to 36 form an integral part of these financial statements.

NAAG/na

M. W. Khan

Chief Executive

M. W. Khan

Director

Khyber Pakhtunkhwa Oil and Gas Company Limited
Statement of Profit or Loss
For the year ended June 30, 2023

	Note	2023 Rupees	2022 Rupees
Turnover, net	22	138,944,634	86,032,516
Royalty		(16,800,234)	(10,754,065)
Operating expenses	23	(40,290,273)	(43,163,799)
		(57,090,507)	(53,917,864)
Gross profit		81,854,127	32,114,652
Exploration and prospecting expenditure	24	(97,347,136)	(927,692,448)
General and administration expenses	25	(224,302,423)	(312,890,295)
Exchange loss for the year	26	(457,590,043)	(9,779,471)
Finance cost	28	(8,274,797)	(3,225,203)
Other income	27	164,417,702	66,187,354
Loss before tax		(541,242,570)	(1,155,285,411)
Taxation	29	-	-
Loss for the year		(541,242,570)	(1,155,285,411)

The annexed notes 1 to 36 form an integral part of these financial statements.

NRK PWS

Muhammad Khan
Chief Executive

Muhammad Jafar
Director

Khyber Pakhtunkhwa Oil and Gas Company Limited
Statement of Comprehensive Income
For the year ended June 30, 2023

	Note	2023 Rupees	2022 Rupees
Loss for the year		(541,242,570)	(1,155,285,411)
Other comprehensive income			
Item that will not be subsequently reclassified to profit or loss:			
Remeasurement gain/(loss) on defined benefits obligation	6.1.2	4,059,919	(40,447)
Total comprehensive loss for the year		(537,182,651)	(1,155,325,858)

The annexed notes 1 to 36 form an integral part of these financial statements.

NZA/pe

M. Shukhan
Chief Executive

M. Shukhan

Director

Khyber Pakhtunkhwa Oil and Gas Company Limited
Statement of Changes in Equity
For the year ended June 30, 2023

	Share Capital	Accumulated loss	Total
	-----Rupees-----		
Balance as at 01 July 2021	1,900,000,000	(1,180,968,644)	719,031,356
Loss for the year	-	(1,155,285,411)	(1,155,285,411)
Other comprehensive income	-	(40,447)	(40,447)
Total comprehensive loss for the year - (loss)	-	(1,155,325,858)	(1,155,325,858)
<i>Transactions with the owners of the Company</i>			
Contribution			-
- Issuance of share capital	1,100,000,000	-	1,100,000,000
Total Contribution	1,100,000,000	-	1,100,000,000
Balance at 30 June 2022	3,000,000,000	(2,336,294,502)	663,705,498
Loss for the year	-	(541,242,570)	(541,242,570)
Other comprehensive income	-	4,059,919	4,059,919
Total comprehensive loss for the year - (loss)	-	(537,182,651)	(537,182,651)
Balance at 30 June 2023	3,000,000,000	(2,873,477,153)	126,522,847

The annexed notes 1 to 36 form an integral part of these financial statements.

NDA/MS


Chief Executive


Director

Khyber Pakhtunkhwa Oil and Gas Company Limited
Statement of Cash Flows
For the year ended June 30, 2023

	Note	2023 Rupees	2022 Rupees
Cash flows from operating activities			
Loss before tax for the year		(541,242,570)	(1,155,285,411)
Adjustments for:			
- Depreciation	12	17,520,089	21,104,915
- Amortization of intangible asset		-	2,066,429
- Amortization of development and production assets	14	23,613,184	27,420,080
- Cost of dry and abandoned well	15	-	107,274,729
- Interest on saving accounts	27	(163,911,973)	(65,900,360)
- Gain on disposal	27	(67,075)	(144,383)
- Loss on early termination of lease	27	-	92,963
- Unwinding of lease liability	8	7,678,439	3,094,734
- Provision for / reversals of gratuity expense	6.1	19,273,390	17,667,876
- Unwinding of decommissioning cost	28	449,406	112,376
		(636,687,110)	(1,042,496,052)
Changes in:			
- Trade debts		(9,670,911)	4,209,417
- Advances, deposits and prepayments		(9,960,240)	294,362
- Payable to joint venture partners & trade and other payables		(285,516,401)	886,707,464
Cash used in operating activities		(941,834,662)	(151,284,809)
Income taxes paid		(305,086)	(109,417)
Gratuity paid	6.1	(6,368,120)	(9,526,242)
Leave encashment paid	6.2	(143,280)	(1,028,058)
Net cash used in operating activities		(948,651,148)	(161,948,526)
Cash flows from investing activities			
Acquisition of property and equipment	12	(60,000)	-
Additions to development and production assets	14	(1,030,937)	(4,598,696)
Additions to exploration and evaluation assets, net	15	-	(57,383,243)
Interest on saving accounts	27	163,911,973	65,900,360
Proceeds from sale of property and equipment	27	87,040	153,688
Net cash generated from investing activities		162,908,076	4,072,109
Cash flows from financing activities			
Payment of lease liability	8	(17,743,119)	(21,017,383)
Equity injection		-	1,100,000,000
Advance against issue of shares		500,000,000	-
Net cash generated from financing activities		482,256,881	1,078,982,617
Net decrease in cash and cash equivalents		(303,486,191)	921,106,200
Cash and cash equivalents at 1 July		1,527,828,655	606,722,455
Cash and cash equivalents at 30 June		1,224,342,464	1,527,828,655

The annexed notes 1 to 36 form an integral part of these financial statements.

NZAPheo

M. M. Khan

Executive

Mujahid

Director

Khyber Pakhtunkhwa Oil and Gas Company Limited
Notes to the financial statements
For the year ended June 30, 2023

1 Legal status and operations

- (i) Khyber Pakhtunkhwa Oil & Gas Company Limited was incorporated as Public Company on 8 February 2013 under the Companies Ordinance, 1984 (repealed with enactment of the Companies Act, 2017 dated 30 May 2017) as a provincial holding company of the Government of Khyber Pakhtunkhwa (GoKP) 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.
- (ii) 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. Geographical location of all other business units of the Company have been disclosed in note 34.
- (iii) The Company has been an operator of Lakki Petroleum Concession and had obtained exploration license to carry out exploration and evaluation activities in this block. During the year the company was engaged in negotiations with DGPC for the swap of exploration rights of Lakki Block with Miran Block. On 11 January 2023, the Director General Petroleum Concessions (DGPC) during a meeting officially granted exploration rights in the Miran Block to KPOGCL in exchange for the Lakki Block as part of the negotiations. However, it was agreed that complete work program for Lakki block should be transferred to Miran block i.e. at least a total 750 units for Miran block will be undertaken. Subsequent to year end, the Petroleum Concession Agreement (PCA) for Miran Block was signed after
- (iv) 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
Wali West (3269-1)	2.50%	18 March 2021
Orakzai (3369-1)**	20.00%	21 September 2022
Tirah (3370-14)**	15.00%	21 September 2022
Nowshera(3471-1)	2.5% (Carried interest)	22 September 2022

* The Company has declared Force Majeure over Peshawar East (3371-16) and gave Notice of Relinquishment for Paharpur Block (3170-8) and Kulachi Block (3170-8) effective from 13 March 2020 and 7 January 2021 respectively. The Director General Petroleum Concession (DGPC) approval of the Relinquishment Notice of Paharpur and Kulachi is still pending.

** However, draft Deed of Assignments (DOAs) for Orakzai and Tirah, from the Director General Petroleum Concession (DGPC), were approved on 16 June 2022 for Orakzai (3369-1) and 20 June 2022 for Tirah (3370-14) blocks and although DOAs were signed during the year but since the interest to acquire was already cleared by DGPC for both Concessions during last year, the Company did not consider the execution of DOAs as substantive and has accordingly accounted for the interest from the date of approval of the draft DOAs.

- (v) The Company's share of minimum work commitments in the concession where the Company has signed Deed of Assignments amounts to US\$ 12.52 million (2022: US\$ 12.75 million). The Company's minimum outstanding commitments have been disclosed in the note 11.2 to these financial statements.
- (vi) KP Government has invested Rs. 3.5 billion as at 30 June 2023 in the Company for equity as indicated in note 5 to the financial statements. The Company is fully owned by KP Government and funding requirements are met through annual budgetary allocation in the provincial budget. Further, Provincial Cabinet of KP Government approved total allocation of Rs. 19.6 billion to the Company in the meeting held on 16 June 2020. During the meeting held on 5 June 2021 under the chairmanship of Finance Secretary, Finance department of KP Government approved allocation of Rs 3.65 billion out of total allocation of Rs 19.6 billion fund, previously approved by the cabinet. Out of this amount, Rs 3 billion was already subscribed up to 30 June 2022 and further release of funds of Rs 500 million have been made during the year.

M. Agha

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) issued by International Accounting Standard Board 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, 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 under "historical cost convention" except for lease liability which have been measured at present value of lease payments payable at year end.

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.

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

2.4.1 Property and equipment - note 4.2 and 12

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.

2.4.2 Exploration and evaluation expenditure - note 4.3.2 and 15

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.

NA Agha

2.4.3 Development and production expenditure - note 4.3.3 and 14

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.

2.4.4 Provision for decommissioning cost - note 4.3.4

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.

2.4.5 Estimation of oil and natural gas reserves for amortization of development and production assets - note 4.3.3 and 14

Oil and gas reserves are an important element in calculation of amortization charge and for impairment testing of development and production assets and related property and equipment of the Company. Estimates of oil and natural gas reserves are inherently imprecise, require the application of judgment and are subject to future revisions. 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 hydrocarbons production activities.

2.4.6 Taxation - note 4.8 and 29

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 Stores and spares

The Company reviews the stores and spares for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of stores and spares with a corresponding affect on the provision.

2.4.7 Measurement of the expected credit loss allowance - note 4.4.4 and 30

The measurement of the expected credit loss ("ECL") allowance for financial assets measured at amortized 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 counter parties defaulting and the resulting losses).

Elements of the ECL models that are considered accounting judgments and estimates include:

- Development of ECL models, including the various formulas and choice of inputs;
- Determining the criteria if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a lifetime ECL basis and the qualitative assessment;
- The segmentation of financial assets when their ECL is assessed on a collective basis;
- Determination of associations between macroeconomic scenarios and, economic inputs, and their effect on probability of default (PDs), exposure at default (EADs) and loss given default (LGDs); and
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

KDAGW

2.4.8 Provision against financial assets measured at amortized cost - note 4.4.4 and 30

SECP through S.R.O. 985 (1)/2019 dated 02 September 2019 has notified that in respect of companies holding financial assets due from the Government of Pakistan (GoP), the requirements contained in IFRS 9 with respect to application of Expected Credit Loss (ECL) method shall not be applicable till 30 June 2021, provided that such companies shall follow relevant requirements of IAS 39 'Financial Instruments: Recognition and Measurement' in respect of above referred financial assets during the exemption period. Under the said S.R.O, the disclosure of the impacts of ECL was not required. SECP through S.R.O 1177(1)/2021 dated 13 September 2021 extended the exemption period till 30 June 2022. Further, subsequent to year ended 30 June 2022, in partial modification of its previous S.R.O. 1177 (1)/2021, SECP through S.R.O. 67(1)/2023 dated 20th January 2023, has extended the exemption period till December 31, 2024. Earlier to the aforesaid S.R.O. dated 02 September 2019, SECP in a press release dated 22 August 2019 communicated that IFRS 9 needs to be looked into from Pakistan perspective where phenomenon that circular debt need to be given due consideration. It was noted that concerns expressed by companies regarding practical limitations in determining ECL on debts due from government, due to uncertain cash recovery patterns of circular debt, carry weight. Public information regarding expected settlement of circular debt by GoP in coming years may result in subsequent reversals of impairment losses recognized in 2019. In accordance with the exemption granted by SECP, ECL has not been recognized in respect of financial assets due directly /ultimately from GoP which includes trade debts amounting to Rs.39,150,357 (2022: Rs 29,479,446) respectively.

2.4.9 Employees retirement benefits - note 6

Defined benefits are provided for workers of the Company as defined in the Khyber Pakhtunkhwa Industrial and Commercial Employment Standing Order Act 2013. 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. The assumptions used are determined by independent actuary annually.

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

2.4.10 Provision and contingencies - note 11

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.

2.4.11 Leases - note 4.1.1 and 8

The Company carries out assessment of arrangements, not legally characterized as leases, but that may contain leases to which IFRS 16 should be applied. According to IFRS 16 a contract is or contains a lease if the contract conveys the right to control the use of an identified asset. The right to control the use of identified asset is conveyed when the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Company also exercises judgments when determining the lease term of contract with renewal and termination options. The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Company applies judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

The Company uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use (ROU) asset in a similar economic environment.

M. Z. Rafique

3 New and amended standards and interpretations

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

- Amendment to IFRS 3 'Business Combinations' (effective for annual periods beginning on or after 1 January 2022). Minor amendments were made to update references to the Conceptual Framework for Financial Reporting and add an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' and IFRIC 21 'Levies'. The amendment also confirms that contingent assets should not be recognized at the acquisition date. The amendments are not likely to have impact on Company's financial statements.
- Amendments to IFRS 9 'Financial Instruments' (effective for annual periods beginning on or after 1 January 2019) on prepayment features with negative compensation. The amendments allow companies to measure particular prepayable financial assets with so called negative compensation at amortized cost or at fair value through other comprehensive income if a specified condition is met, instead of at fair value through profit or loss. The amendments are not likely to have impact on Company's financial statements.
- 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 assessing the requirements of IFRIC 23 to analyze its implications, if any, on the financial statements.
- Amendment to IFRS 4 'Insurance Contracts'. The fix expiry date for the exemption in IFRS 4 from applying IFRS 9 for an entity choosing to apply the deferral approach is now 01 January 2023. The amendments are not likely to have impact on Company's financial statements.
- 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 amendments are not likely to have an impact on 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 Company's financial statements.
- Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current (effective for the annual periods beginning on or after 1 January 2023). These amendments in the standard have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8. The amendments are not likely to have impact on Company's financial statements.
- Amendments to IAS 16 'Property, Plant and Equipment' Proceeds before Intended Use (effective for annual periods beginning on or after 1 January 2022). These amendments clarify that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The amendments are not likely to have impact on Company's financial statements.

na h k e

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

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

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

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

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

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

Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' Sale or Contribution of Assets between an Investor and its Associate or Joint Venture. The amendment changes the accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review. The amendments are not likely to have impact on Company's financial statements.

Na Agha

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

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

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

- The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after 1 January 2022.
 - IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.
 - IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.
 - IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.The above mentioned amendments are not likely to have an impact on Company's financial statements.

4 Significant accounting policies

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

4.1.1 Leases

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

N2A/mc

As a lessor

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

Finance lease

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

The Company derecognizes the underlying asset and recognizes a receivable at an amount equal to the net investment in a finance lease. Net investment in a finance lease is measured at an amount equal to the sum of the present value of lease payments from lessee including any unguaranteed residual value of the underlying asset. Initial direct costs are also included in the initial measurement of the net investment.

Operating leases

The Company classifies a lease as an operating lease if the lease does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee.

The Company recognizes lease payments received under operating lease as lease income on a straight-line basis over the lease term.

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

As a lessee

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

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

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

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

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

4.2 Property and equipment

Property and equipment and ROU assets arising from leasehold properties, 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.

NR/2020

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 12 to the financial statements so as to write off the cost of property and equipment over their estimated useful life. Moreover, depreciation is calculated on ROU assets arising from leasehold properties on the basis of lease term. 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 the statement of profit or loss.

4.3 Oil and gas assets

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

4.3.1 Pre license costs

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

4.3.2 Exploration and evaluation assets

Under the successful efforts method of accounting, all property acquisitions, exploratory/evaluation drilling costs are initially capitalized as intangible E&E assets in well, field or specific exploration cost 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 as exploration and prospecting expenditure in the statement of profit or loss.

Tangible assets used in E&E activities, include the Company's vehicles, drilling rigs, seismic equipment and other property and equipment used by the Company's exploration function and are classified as property 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 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 the statement of profit or loss.

E&E assets are not amortized prior to the conclusion of appraisal activities.

4.3.3 Development and production assets

Development and production assets are accumulated on a field by field basis and represent the cost of developing the discovered commercial reserves and bringing them into production, together with the capitalized E&E expenditures incurred in finding commercial reserves transferred from intangible E&E assets. 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 the statement of profit or loss.

NRAGHE

4.3.4 Decommissioning cost

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. 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 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 and equipment.

While the provision is based on the best estimate of future costs and the economic life of the facilities and property 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 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.

4.3.5 Impairment of 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. At the end of each reporting period, an assessment is made to determine whether there are any indications of impairment. 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 in profit or loss to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

4.4 Financial Instruments

4.4.1 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, amortized cost or cost as the case may be.

NA Affine

4.4.2 Classification of financial assets

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 amortized cost.

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

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

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

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

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

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

4.4.3 Subsequent measurement

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 recognized in other comprehensive income / (loss).

ii) Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value, and subsequently carried at amortized 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. Realized and unrealized 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 in the period in which they arise.

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

4.4.4 Impairment of financial asset

The Company recognizes loss allowance for ECL on financial assets measured at amortized cost except for financial assets due directly / ultimately from GoP in respect of which applicability of ECL model is deferred by SECP as explained in note 2.4.8. In relation to the financial assets not covered under aforementioned exemption, 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 deposits, other receivables, cash and bank balances i.e. to measure ECL through loss allowance at an amount equal to 12-month ECL if credit risk on a financial instruments has not increased significantly since initial recognition.

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;

N.A.A.P.M.E

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 365 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.

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

4.4.5 Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying value and the sum of the consideration received and receivable is recognized in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as 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.

Financial liabilities

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

4.5 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.

NA Agha

4.6 Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement comprise cash in hand and at bank and includes short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

4.7 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.

4.8 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.

Current tax

Provision for current taxation is based on taxable income as determined in accordance with special provisions under section 100 along with Fifth Schedule of the Income Tax Ordinance, 2001 at the current applicable rate of tax under agreement after taking into account applicable tax credits, rebates and exemptions available, if any, adjusted for payments to GoP for payments on account of royalty and any adjustment to tax payable in respect of previous years.

Deferred tax

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

Deferred tax is not recognized for the temporary differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to 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. 671,137,242 (2022: Rs 736,289,784).

4.9 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.

M. A. J. 20

4.10 Revenue recognition

Revenue from contracts with customers is recognized when or as the Company satisfies a performance obligation by transferring a promised good or service to a customer. Revenue associated with the sale of crude oil, 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.

4.11 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.

4.12 Intangibles

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

4.13 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.

4.14 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 signature bonus paid on acquisition of interest in joint operations is initially accounted for as an asset as 'Acquisition of interest in joint arrangements'.

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.

M2 Afhe

5	Share capital	Note	2023 Rupees	2022 Rupees
	Authorized share capital			
	2023 Numbers			
	2022 Numbers			
	<u>300,000,000</u>			
	<u>300,000,000</u>	Ordinary shares of Rs 10 each	<u>3,000,000,000</u>	<u>3,000,000,000</u>
	Issued, subscribed and paid up capital			
	<u>300,000,000</u>			
	<u>300,000,000</u>	Ordinary shares fully paid in cash	<u>3,000,000,000</u>	<u>3,000,000,000</u>
5.1	Advance against issue of shares represents amount received in June, 2023 from the KP Government for which shares have not yet been issued due to insufficient authorized share capital. This amount will be reclassified as share capital once the authorized share capital is increased and the shares have been issued.			
		Note	2023 Rupees	2022 Rupees
6	Deferred employees benefits			
	Provision for gratuity	6.1	87,791,288	78,945,937
	Provision for leave encashment	6.2	218,827	362,107
			<u>88,010,115</u>	<u>79,308,044</u>
6.1	Movement in net defined benefits (asset) / liability			
	Balance at 01 July		78,945,937	70,763,856
	Included in profit or loss	6.1.1	19,273,390	17,667,876
	Remeasurements chargeable in other comprehensive income	6.1.2	(4,059,919)	40,447
	Benefits paid during the year		(6,368,120)	(9,526,242)
	Balance at 30 June		<u>87,791,288</u>	<u>78,945,937</u>
6.1.1	Included in statement of profit or loss			
	Current service cost		12,850,337	13,210,694
	Interest cost		6,423,053	4,457,182
	Net defined benefits liability		<u>19,273,390</u>	<u>17,667,876</u>
6.1.2	Included in unconsolidated statement of comprehensive income			
	Actuarial gains from changes in financial assumptions	Note	(855,911)	(2,485,745)
	Experience adjustments on defined benefit liability		(3,204,008)	2,526,192
			<u>(4,059,919)</u>	<u>40,447</u>
6.1.3	Key actuarial assumptions			
	Significant actuarial assumptions used were as follows:			
	<i>Significant assumptions</i>			
	Discount rate used for interest cost in profit or loss		13.50%	10.25%
	Discount rate used for the year end obligation		15.75%	13.50%
	Expected increase in eligible salary		15.63%	14.00%
	<i>Other assumptions</i>			
	Mortality rate	6.1.4.1	SLIC 2001-2005 setback 1 year	SLIC 2001-2005 setback 1 year
6.1.3.1	Assumption regarding future mortality rate is based on State Life Corporation (SLIC 2001-2005), ultimate mortality rate with 1 year setback as per recommendation of Pakistan Society of Actuaries (PSOA).			
6.1.4	Sensitivity analysis			
	The calculation of the defined benefit obligation is sensitive to assumptions set out above. The following table summarizes how the impact on the defined benefit obligation at the end of the reporting period would have increased / (decreased) as a result of a change in respective assumptions by one percent.			
			Defined benefit obligation	
			Effect of 1 percent increase Rupees	Effect of 1 percent decrease Rupees
	Change in discount rate		52,428,208	66,435,250
	Change in salaries		66,509,249	52,248,093
6.1.4.1	Although the analysis does not take into account full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.			
6.1.5	Expected gratuity expense for the next year is Rs. 19,884,815.			

N2023/2022

6.1.6 Risks associated with defined benefit liability - gratuity

6.1.6.1 Salary risk - (linked to inflation risk)

The risk that the final salary at the time of cessation of service is greater than what was assumed. Since the benefit is calculated on the final salary (which will closely reflect inflation and other macroeconomic factors), the benefit amount increases as salary increases.

6.1.6.2 Demographic risks

Mortality risk - The risk that the actual mortality experience is different than the assumed mortality. This effect is more pronounced in schemes where the age and service distribution is on the higher side.

Withdrawal risk - The risk of actual withdrawals experience is different from assumed withdrawal probability. The significance of the withdrawal risk varies with the age, service and the entitled benefits of the beneficiary.

6.1.7 At 30 June 2023, the weighted average duration of defined benefit plan is 12 years. (2022: 12 Years)

6.2 Provision for leave encashment	Note	2023 Rupees	2022 Rupees
Balance at 01 July			
Benefits paid during the year		362,107	1,390,165
Balance at 30 June		(143,280)	(1,028,058)
	6.2.1	<u>218,827</u>	<u>362,107</u>

6.2.1 The Company has discontinued the leave encashment policy with effect from November 2019. Accordingly, the Company has not carried out any actuarial valuation in respect of provision for leave encashment.

7 Provision for decommissioning cost	Note	2023 Rupees	2022 Rupees
Balance at 01 July			
Provision of decommissioning cost during the year		3,451,591	1,275,142
Unwinding of provision of decommissioning cost during the year		-	1,741,920
		449,406	112,376
Revision in provision of decommissioning cost at 30 June		3,900,997	3,129,438
Balance at 30 June		798,684	322,153
Significant financial assumptions used were as follows:			
Discount rate per annum		10.56% ~ 15.28%	7.85% ~ 10.56%
Inflation rate per annum		13.17%	7.87%

8 Lease liabilities	Note	2023 Rupees	2022 Rupees
Balance at 01 July			
Additions during the year		66,161,383	14,923,729
		4,436,208	76,386,988
Unwinding of lease liabilities		70,597,591	91,310,717
Deletion, reversal and modification		7,678,439	3,094,734
Payments made during the year		-	(7,226,686)
Balance at 30 June		(17,743,119)	(21,017,383)
Less: current portion		60,532,911	66,161,383
		(12,799,909)	(15,512,758)
		<u>47,733,002</u>	<u>50,648,625</u>

9 Payables against joint operations	Note	2023 Rupees	2022 Rupees
Payable to OGDCL - Operator	9.2	<u>1,340,647,884</u>	<u>1,620,874,610</u>
Blocks			
Baratai			
Pezu		7,279,149	14,463,980
Kulachi		6,096,239	4,183,674
Orakzai		1,989,281	1,024,776
Tirah	9.1	988,620,724	669,238,102
	9.1	335,823,629	233,161,584
Payable to MPCL - Operator		<u>1,339,809,022</u>	<u>922,072,116</u>
Blocks			
Peshawar East			
Wali West		4,827,466	3,428,914
		(3,988,604)	4,015,967
		838,862	7,444,881
		<u>1,340,647,884</u>	<u>929,516,997</u>

Handwritten signature

Khyber Pakhtunkhwa Oil and Gas Company Limited
Notes to the financial statements
For the year ended June 30, 2023

9.1 It includes a total amount of Rs 1,266,932,741 (2022 - Rs 902,399,686) payable to joint venture partner (OGDCL) for proportionate share of past cost and post assignment expenditure expended by the Operator on Orakzai and Tirah Petroleum concessions with effect from 14 February 2014 to 21 September 2022 taken over on acquisition of working interest.

	Note	2023 Rupees	2022 Rupees
9.2 Payable to operator against past cost and post assignment expenditure		1,266,932,741	902,399,686
Payable against signature bonus on acquisition of interest to joint operations		-	691,357,613
Payable to operators against joint operating agreements		73,715,143	27,117,311
		<u>1,340,647,884</u>	<u>1,620,874,610</u>

10 Trade and other payables

	Note	2023 Rupees	2022 Rupees
CSR obligations	10.1	25,080,246	22,697,331
Accrued liabilities		7,427,579	7,491,449
Payable to Halliburton		7,891,112	7,891,112
Sales tax payable		2,168,755	1,968,237
Royalty payable		3,600,035	3,759,315
Other payables		6,054,160	13,704,119
		<u>52,221,887</u>	<u>57,511,562</u>

10.1 It represents outstanding obligations in respect of Corporate Social Responsibility for Lakki Petroleum Concessions for Social Welfare and Training obligations amounting to US\$ 87,510, covering the period from 12 September, 2018 to 11 September, 2021.

11 Contingencies and commitments

11.1 Contingencies

- (a) An assessment order under Section 122(9) of Income Tax Ordinance 2001 creating demanded tax recovery of Rs.1.09 Million for the tax year 2014 against which the company filed an appeal with Commissioner IR (Appeals I) on 22-01-2019. The case was decided in favor of the company but the department challenged the decision of Commissioner Appeals and filed an appeal in Appellate Tribunal Inland Revenue Peshawar dated May 16 2019. The case is currently pending adjudication and management believes that the balance of convenience favors the company accordingly no provision has been made in this respect in the financial statements.
- (b) Deputy Commissioner Inland Revenue (DCIR) vide its order dated 28 June 2022 raised tax demand of Rs. 19.8 million under Section 122(9) of Income Tax Ordinance 2001 for tax year 2016. The Company has filed an appeal before Commissioner Inland Revenue (Appeals). Management believes that the order is against income tax laws and regulations and accordingly no provision has been made in this respect in the financial statements.
- (c) The Company has filed an appeal before Commissioner Inland Revenue (Appeals) against demand of Rs. 7.7 million tax demanded under Section 161 of Income Tax Ordinance 2001 for tax year 2020. Management believes that the order is against income tax laws and regulations and accordingly no provision has been made in this respect in the financial statements.
- (d) The Company has filed an appeal before Commissioner Inland Revenue (Appeals) against withholding audit for the tax year 2021 thereby raising a demand of Rs.4.4 Million under Section 161(1a) of Income Tax Ordinance 2001. The case is currently pending adjudication, Management believes that the balance of convenience favors the Company accordingly no provision has been made in this respect in the financial statements.
- (e) There is a dispute in respect of amount payable to M/S Halliburton since 2018 against the software and services provided by them. They have submitted four invoices for such software and services with the total amount of Rs 12,456,989 whereas the Company has recognized and accounted for only two of their invoices amounting to Rs 7,891,112. Although last meeting with Halliburton was held on 22 January 2021 to resolve the matter but it has been pending since then and no progress has been made to resolve the issue.

11.2 Commitments

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

	2023 USD	2022 USD	2023 Rupees	2022 Rupees
Block No. 3270-9 - Lakki	7,500,000	7,500,000	2,149,489,500	1,536,350,250
Block No. 3070-16 - Pezu	65,448	65,448	18,757,305	13,406,807
Block No. 3371-16 - Peshawar East	19,320	19,320	5,537,085	3,957,638
Block No. 3371-17 - Baratai	654,800	652,750	187,664,763	133,713,683
Block No. 3170-5 - Paharpur	47,628	47,628	13,650,118	9,756,439
Block No. 3170-8 - Kulachi	141,245	141,245	40,480,619	28,933,572
Block No. 3370-15 - Karak North	76,750	76,750	21,996,443	15,721,984
Block No. 3269-1 - Wali West	946,500	975,250	271,265,575	199,776,744
Block No. 3369-1 - Orakzai	519,260	750,060	148,819,189	153,647,316
Block No. 3370-14 - Tirah	534,435	534,435	153,168,323	109,477,246
	<u>10,505,386</u>	<u>10,762,886</u>	<u>3,010,828,920</u>	<u>2,204,741,680</u>

M. Zahid

12 Property and Equipment

PARTICULARS	C O S T				Rate %	DEPRECIATION			W.D.V AS AT June 30, 2023	
	As at July 1, 2022	Additions	Deletion / Reversal	As at June 30, 2023		As at July 1, 2022	Accumulated depreciation Reversed	For the Year June 30, 2023		UP TO June 30, 2023
Leasehold Properties (R.O.U)	118,268,457	4,436,208	(43,997,053)	78,707,612		53,688,610	(43,997,053)	15,779,077	25,470,634	53,236,978
Owned assets										
Geological Equipment	352,369	-	-	352,369	20	352,369	-	-	352,369	-
Office Equipment	6,123,437	-	(87,040)	6,036,397	33.33	5,837,070	(67,075)	209,478	5,979,473	56,924
Furniture	3,416,612	60,000	-	3,476,612	20	3,403,610	-	19,402	3,423,012	53,600
Computer and Related Accessories	29,900,822	-	-	29,900,822	33.33	29,274,570	-	377,897	29,652,467	248,355
Motor Vehicle	59,733,878	-	-	59,733,878	20	56,977,757	-	1,132,721	58,110,478	1,623,400
Electrical Equipment	2,261,259	-	-	2,261,259	33.33	2,259,745	-	1,514	2,261,259	-
Security equipment	11,259,566	-	-	11,259,566	33.33	11,259,566	-	-	11,259,566	-
Total	231,316,400	4,496,208	(44,084,093)	191,728,515		163,053,297	(44,064,128)	17,520,089	136,509,258	55,219,257

PARTICULARS	C O S T				Rate %	DEPRECIATION			W.D.V AS AT June 30, 2022	
	As at July 1, 2021	Additions	Deletion / Modification	As at June 30, 2022		As at July 1, 2021	Accumulated depreciation Reversed	For the Year June 30, 2022		UP TO June 30, 2022
Leasehold Properties (R.O.U)	49,201,118	76,386,988	(7,319,649)	118,268,457	50	35,627,767	-	18,060,843	53,688,610	64,579,847
Owned assets										
Geological Equipment	352,369	-	-	352,369	20	352,369	-	-	352,369	-
Office Equipment	6,281,867	-	(158,430)	6,123,437	33.33	5,728,386	(149,125)	257,809	5,837,070	286,367
Furniture	3,975,261	-	(558,649)	3,416,612	20	3,841,606	(558,649)	120,653	3,403,610	13,002
Computer and Related Accessories	29,900,822	-	-	29,900,822	33.33	28,752,777	-	521,793	29,274,570	626,252
Motor Vehicle	59,836,778	-	(102,900)	59,733,878	20	54,955,006	(102,900)	2,125,651	56,977,757	2,756,121
Electrical Equipment	2,261,259	-	-	2,261,259	33.33	2,241,579	-	18,166	2,259,745	1,514
Security equipment	11,259,566	-	-	11,259,566	33.33	11,259,566	-	-	11,259,566	-
Total	163,069,040	76,386,988	(8,139,628)	231,316,400		142,759,056	(810,674)	21,104,915	163,053,297	68,263,103

12.1 Right of use assets includes:

Description	Amount (WDV)
Islamabad guest house (E11/2 Markaz, Islamabad)	2,680,209
Ali Tower 3rd Floor (university road Peshawar)	25,937,249
Ali Tower 4th Floor (university road Peshawar)	24,619,520
	<u>53,236,978</u>

12.2 The ROU assets deleted during the year pertain to the lease that expired in the previous year.

12.3 Out of 38 vehicles, 29 are registered in the name of the Energy and Power Department of the Government of Khyber Pakhtunkhwa (KP).

12.4 Depreciation has been calculated on the basis of individual items of assets which are not fully depreciated.

NZafar

Khyber Pakhtunkhwa Oil and Gas Company Limited
Notes to the financial statements
For the year ended June 30, 2023

	Note	2023 Rupees	2022 Rupees
13 Intangible asset - Software			
Cost			
Balance at 01 July		58,899,925	58,899,925
Additions during the year		-	-
Balance at 30 June		58,899,925	58,899,925
Amortization			
Balance at 01 July		(58,899,925)	(56,833,496)
Charge for the year	13.1	-	(2,066,429)
Balance at 30 June		(58,899,925)	(58,899,925)
Carrying amount at 30 June		-	-

13.1 It represents amortization of the ERP software which was acquired in July 2017 and was fully amortized by June 2022.

	Note	2023 Rupees	2022 Rupees
14 Development and production assets Producing fields - joint operations			
Cost			
Balance at 01 July		195,351,285	76,267,996
Additions during the year	14.1	1,030,937	4,598,696
Transfer from exploration and evaluation assets during the year		-	112,420,520
Recognition of provision of decommissioning cost		-	1,741,920
Revision in provision of decommissioning cost	7	798,684	322,153
Balance at 30 June		197,180,906	195,351,285
Amortization			
Balance at 01 July		42,275,964	14,855,884
Charge for the year		23,613,184	27,420,080
Balance as at 30 June		65,889,148	42,275,964
Carrying amount		131,291,758	153,075,321

14.1 In the year 2019, DGPC approved declaration of commerciality over discovery of Dhok Hussain well of Baratai Block. Accordingly, further cost on account of field development and inventory has been recognized during the year ended 30 June 2023.

	Note	2023 Rupees	2022 Rupees
15 Exploration and evaluation assets			
Balance at 01 July		-	162,312,006
Additions during the year		-	57,383,243
Cost of dry and abandoned well during the year	15.1	-	(107,274,729)
Cost of well transferred to development and production assets during the year		-	(112,420,520)
Balance at 30 June		-	-

15.1 On 29th December 2021, the Directorate General Petroleum Concession (DGPC) approved the 'Plug and Abandonment Well Notice' in respect of Seni Gumbat-I well of Baratai Block. Accordingly, the Company had transferred the cost related to the dry well to Exploration and Prospecting Expenditure.

	Note	2023 Rupees	2022 Rupees
16 Acquisition of interest in joint arrangements			
Cost			
Balance at 01 July		691,357,613	691,357,613
Additions during the year		-	-
		691,357,613	691,357,613
Amortization			
Balance at 01 July		-	-
Charge for the year		-	-
		691,357,613	691,357,613

Last year, the Company acquired 20% and 15% working interests in Orakzai and Tirah Petroleum Concessions respectively. The approval of Draft Deed of Assignment (DoA) from the Director General Petroleum Concession (DGPC) for Orakzai block (3369-1) was obtained on June 16, 2022 and for Tirah block (3370-14) on June 30, 2022. However, the Deed of Assignments have been executed on September 20, 2022.

NZA/MS

17 Trade Debts

Un-secured - Considered good

Trade debts include amount of Rs 35,405,571 (2022: Rs 24,024,896) due from related party, Sui Northern Gas Pipeline Limited and Rs 3,744,786 (2022: Rs 5,454,549) from Attock Refinery Limited. However, subsequent to the year end significant portion is recovered by the company.

18 Income Tax Refund	Note	2023 Rupees	2022 Rupees
Opening balance		12,132,746	12,023,329
Tax paid/deducted during the year:			
Tax withheld on interest income		184,876	109,417
Tax withheld by PTCL		116,587	-
Tax withheld by Nayatel		3,624	-
		305,087	109,417
Less: Paid/Adjusted during the year		-	-
		<u>12,437,833</u>	<u>12,132,746</u>

19 Advance for joint operations - Operator	Note	2023 Rupees	2022 Rupees
Advance to KUPEC	19.1	<u>2,161,143</u>	<u>2,161,143</u>

19.1 It represents balance of advance paid to the Operator KUPEC in respect of Paharpur Block. However, the Operator has relinquished this block and its final audit to conclude joint operations is in progress and based on the outcome of the final audit a statement will be issued by the Operator and the final settlement will be made accordingly.

20 Advances, deposits and prepayments	Note	2023 Rupees	2022 Rupees
Deposits		2,794,300	2,161,500
Advances for expenses		400,400	457,900
Advances to employees		7,634,082	1,197,942
Prepayments		4,949,854	1,836,654
Advance to suppliers		586,738	531,622
Advance to KP Sales Tax Authority		309,528	309,528
Receivable from Pakhtunkhwa Energy Development Organization (PEDO)	20.1	214,634	214,634
Other receivable		-	219,516
		16,889,536	6,929,296
Provision against receivable from PEDO		(214,634)	(214,634)
		<u>16,674,902</u>	<u>6,714,662</u>

20.1 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.

21 Cash and cash equivalents	Note	2023 Rupees	2022 Rupees
Cash at bank			
- Current accounts		330,000	330,000
- Saving accounts		1,210,938,847	1,510,730,739
Accrued interest on saving accounts	21.1	12,565,399	16,106,335
		1,223,834,246	1,527,167,074
Cash in hand		508,218	661,581
		<u>1,224,342,464</u>	<u>1,527,828,655</u>

21.1 These carry markup ranging from 12.3% to 19.5% per annum (2022 : 5.5% to 12.3% per annum).

22 Turnover, net

Gross sales

- Crude oil
- Gas

NAAT

22,764,702	18,126,546
137,190,557	81,112,118
<u>159,955,259</u>	<u>99,238,664</u>

Khyber Pakhtunkhwa Oil and Gas Company Limited
Notes to the financial statements
For the year ended June 30, 2023

	Note	2023 Rupees	2022 Rupees
Less: Government levies			
- General sales tax			
Crude oil		-	765,458
Gas	22.1	20,305,813	11,785,509
- Excise duty		704,812	655,181
		<u>21,010,625</u>	<u>13,206,148</u>
		<u>138,944,634</u>	<u>86,032,516</u>
22.1	Government through Finance Act, 2021 imposed sales tax on crude oil with effect from 01 July 2021. This decision was reversed through Finance (Supplementary) Act, 2022 on 15 January 2022. The Federal Government however, enhanced the sales tax rate on gas from 17% to 18% with effect from 15 February 2023.		
23 Operating expenses			
Concession operating expenses		16,677,089	15,743,719
Amortization of development and production assets	14	23,613,184	27,420,080
		<u>40,290,273</u>	<u>43,163,799</u>
24 Exploration and prospecting expenditure			
Prospecting expenditure		96,851,814	815,742,906
Cost of post well evaluation of dry and abandoned well		495,322	-
Cost of dry and abandoned well		-	111,949,542
		<u>97,347,136</u>	<u>927,692,448</u>
25 General and administration expenses			
Salaries, wages and benefits		155,508,956	159,350,431
Directors' meeting expenses		11,181,972	6,174,655
Operators' general expenses		16,594,363	99,298,726
Training, welfare and corporate social responsibility (CSR)	25.1	-	2,215,930
Legal and professional		3,055,325	3,569,166
Vehicle running and maintenance cost		4,931,771	4,392,050
Repairs and maintenance		3,374,031	3,052,723
Utilities		3,460,937	3,073,084
Professional memberships and subscriptions		1,187,698	856,663
Insurance		1,624,951	1,694,114
Auditors' remuneration		1,000,000	1,000,000
Travelling and subsistence		404,722	979,054
Communication		1,274,181	1,576,498
Entertainment		478,753	509,816
Printing, stationery and publications		856,724	581,297
Advertising		250,860	271,778
Security services		632,500	297,000
Rent, fees and taxes		136,780	527,700
Training and workshop		197,600	90,000
Miscellaneous		630,210	208,266
Depreciation	12	17,520,089	21,104,915
Amortization		-	2,066,429
		<u>224,302,423</u>	<u>312,890,295</u>
25.1	CSR obligations pertaining to previous year relate to Lakki Petroleum Concession which has been swapped with Miran Block during the year.		
26	It represents the following foreign exchange losses:		
	Realized:		
	Exchange loss realized on payments made during the year on account of CSR outstanding balance and Signature Bonus for acquisition of interest in joint operations of Orakzai and Tihra made in the previous year is Rs. 71,402,749/-		
	Unrealized:		
	Unrealized exchange loss on outstanding balance of CSR obligations and against unpaid amounts payable to JV operators is Rs. 386,187,293/-		
27 Other income			
Income from financial assets			
Interest on saving accounts		163,911,973	65,900,360
Income from non-financial assets:			
Gain on disposal of property and equipment		67,075	144,383
Loss on early termination of lease		-	(92,963)
Others		438,654	235,574
		<u>164,417,702</u>	<u>66,187,354</u>

NDAP/HEO

Khyber Pakhtunkhwa Oil and Gas Company Limited
Notes to the financial statements
For the year ended June 30, 2023

	Note	2023 Rupees	2022 Rupees
28 Finance cost			
Bank charges		146,952	18,093
Unwinding of lease liabilities	8	7,678,439	3,094,734
Unwinding of decommissioning cost	7	449,406	112,376
		<u>8,274,797</u>	<u>3,225,203</u>
29 Taxation			
- Current tax	29.1		
For the year		-	-
For the prior year		-	-
- Deferred tax		-	-
		<u>-</u>	<u>-</u>

29.1 Company's tax liability is determined under special provisions of Section 100 along with Fifth Schedule of Income Tax Ordinance, 2001. In view of the loss during the year and keeping in view the special provisions as per Fifth Schedule, no provision for taxation has been made in these financial statements.

	2023 Rupees	2022 Rupees
29.2 Reconciliation of tax charge for the year:		
Accounting loss before taxation	<u>(541,242,570)</u>	<u>(1,155,285,411)</u>
Applicable tax rate	<u>40%</u>	<u>40%</u>
Tax credit on accounting loss at applicable rate	<u>(216,497,028)</u>	<u>(462,114,164)</u>
Tax effect of deferred tax asset - not recognized	<u>216,497,028</u>	<u>462,114,164</u>
	<u>-</u>	<u>-</u>

29.3 Tax losses carried forward

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

Expire		1,088,779,098	1,057,936,789
Never expire		82,495,077	75,927,791
Loss year	Expiry date (year)		
Unadjusted brought forward loss 2017	TY 2023	-	257,388,625
Unadjusted brought forward loss 2018	TY 2024	266,098,898	266,098,898
Unadjusted brought forward loss 2019 (Revised)	TY 2025	196,718,584	154,320,479
Unadjusted brought forward loss 2020	TY 2026	288,214,415	288,214,415
Unadjusted brought forward loss 2021	TY 2027	91,914,372	91,914,372
Unadjusted brought forward loss 2022	TY 2028	245,832,829	-

30 Financial instruments and risk management

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.

NR/ALU

30.1 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 bank balances, deposits, trade debts and other receivables. The carrying amount of financial assets represents the maximum credit exposure.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to

	Note	2023 Rupees	2022 Rupees
Bank balances	21	1,223,834,246	1,527,167,074
Deposits	20	2,794,300	2,161,500
Trade debts		39,150,357	29,479,446
Receivable from Energy and Department of GoKP - gross	20	214,634	214,634
Other receivable	20	-	219,516
		<u>1,265,993,537</u>	<u>1,559,242,170</u>

Trade debts

This mainly represents trade debts from Sui Northern Gas Pipeline Limited which is not yet due and covered under exemption as explained in the note 2.4.8 to these financial statements.

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.

			2023 Rupees	2022 Rupees
Banks	Credit Rating Agency	Short Term Rating		
National bank of Pakistan	JCR-VIS	A1+	330,000	330,000
Bank of Khyber	PACRA	A1	1,214,105,028	1,519,572,349
Bank Al-Falah	PACRA	A1+	9,331,674	7,205,312
Bank Al-Habib	PACRA	A1+	67,544	59,413
			<u>1,223,834,246</u>	<u>1,527,167,074</u>
Other financial assets				
Rated			-	-
Unrated			3,008,934	2,595,650
			<u>3,008,934</u>	<u>2,595,650</u>

Impact of ECL on financial assets not covered under exemption as explained in note 2.4.8 to these financial statements.

NAFICO

30.2 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:

	Carrying amount	Contractual cash flows	Maturity up to one year	Maturity from one to five years
2023				
Trade and other payables*	1,387,100,981	1,387,100,981	-	-
Lease liabilities including current portion	60,532,911	74,782,827	19,168,996	55,613,832
	<u>1,447,633,892</u>	<u>1,461,883,808</u>	<u>19,168,996</u>	<u>55,613,832</u>
2022				
Trade and other payables*	1,672,658,620	1,672,658,620	-	-
Lease liabilities including current portion	66,161,383	87,525,954	15,763,955	71,761,999
	<u>1,738,820,003</u>	<u>1,760,184,574</u>	<u>15,763,955</u>	<u>71,761,999</u>

*excluding employee benefits payable - current portion, project account, sales tax payable, royalty payable and excise duty payable.

30.3 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.

30.3.1 Currency risk

The Company had no currency risk at year end (2022: Nil).

30.3.2 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:

	2023	2022	2023	2022
	%	%	Rupees	Rupees
Fixed rate instruments				
Lease liability including current portion	16.38%	12.96%	60,532,911	66,161,382
Variable rate instruments				
Bank balances	12.25% to 19.50%	5.5% to 12.3%	1,223,834,246	1,527,167,074

Handwritten signature

(i) **Fair value sensitivity analysis for fixed rate instruments**

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore, a change in interest rates at the reporting date would not effect profit or loss for the year.

(ii) **Cash flow sensitivity analysis for variable rate instruments**

A change of 100 basis points in interest rates at the reporting date would have (decreased) / increased profit and loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit or loss	
	100 basis points increase	100 basis points decrease
	Rupees	
Cash flow sensitivity		
<i>Variable rate instruments</i>		
30 June 2023	12,238,342	(12,238,342)
30 June 2022	15,271,671	(15,271,671)

30.4 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 30.5.1. 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.

30.4.1 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.

30.4.2 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 methods.

Non - derivative financial assets

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

Non-derivative financial liabilities

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

Kafno

30.5 Financial instruments and risk management (continued)

30.5.1 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	Amortized cost	Financial liabilities at amortized cost	Total	Level 1	Level 2	Level 3	Total
	Rupees				Rupees			
June 30, 2023								
<i>Financial assets not measured at fair value</i>								
Cash and cash equivalents	-	1,224,342,464	-	1,224,342,464	-	-	-	-
Deposits	-	2,794,300	-	2,794,300	-	-	-	-
Trade debts	-	39,150,357	-	39,150,357	-	-	-	-
Receivable from Energy and Power Department of GoKP - gross	-	214,634	-	-	-	-	-	-
Other receivable	-	-	-	-	-	-	-	-
	-	1,266,501,755	-	1,266,287,121	-	-	-	-
<i>Financial liabilities not measured at fair value</i>								
Lease liabilities including current portion	-	-	60,532,911	60,532,911	-	-	-	-
Trade and other payables	-	-	1,387,100,981	1,387,100,981	-	-	-	-
	-	-	1,447,633,892	1,447,633,892	-	-	-	-
June 30, 2022								
<i>Financial assets not measured at fair value</i>								
Cash and cash equivalents	-	1,527,828,655	-	1,527,828,655	-	-	-	-
Deposits	-	2,161,500	-	2,161,500	-	-	-	-
Trade debts	-	29,479,446	-	29,479,446	-	-	-	-
Receivable from Energy and Power Department of GoKP - gross	-	214,634	-	214,634	-	-	-	-
Other receivable	-	219,516	-	219,516	-	-	-	-
	-	1,559,903,751	-	1,559,903,751	-	-	-	-
<i>Financial liabilities not measured at fair value</i>								
Lease liabilities including current portion	-	-	66,161,382	66,161,382	-	-	-	-
Trade and other payables	-	-	1,672,658,621	1,672,658,621	-	-	-	-
	-	-	1,738,820,003	1,738,820,003	-	-	-	-

N. A. G. K. O.

Khyber Pakhtunkhwa Oil and Gas Company Limited
Notes to the financial statements
For the year ended June 30, 2023

31 Number of employees	2023	2022
Total number of employees at year end		
- Contractual	115	125
- Daily wagers	12	12
	<u>127</u>	<u>137</u>
Average number of employees at year end		
- Contractual	120	121
- Daily wagers	12	21
	<u>132</u>	<u>142</u>

32 Related party transactions

Government of Khyber Pakhtunkhwa owns 99.9% (2022: 99.9%) 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:

	2023 Rupees	2022 Rupees
Bank of Khyber, government ownership		
- Balance at 30 June	1,214,105,028	1,519,572,349
- Interest income on saving account	162,679,469	65,900,360
Sui Northern Gas Pipeline Limited, government ownership		
- Sale of natural gas - net	116,179,932	68,671,428
- Trade debts	35,405,571	24,024,896
Joint operations		
- Exploration and prospecting expenditure	97,347,136	815,742,906
- Exploration and evaluation assets	-	57,383,243
- Development and production assets	1,030,937	4,598,696
- Acquisition of interest in joint arrangement	691,357,613	691,357,613
- Operating expenses	33,271,452	114,744,002
- Cash calls paid to joint venture partners	95,559,505	125,922,430
- Exchange gain / (loss)	(457,590,043)	(9,779,471)
- Advances to joint venture partners	2,161,143	2,161,143
- Payable against joint operations	1,340,647,884	929,516,997
Other government entities		
- Other receivables	214,634	214,634
Key management personnel		
- Remuneration of key management personnel (other than Chief Executive)	26,938,743	21,926,034

Acting Chief Executive Officer, Chief Financial Officer, Company Secretary, Chief Internal Auditor, Chief Field Geology and Chief HR

33 Remunerations of chief executive officer, directors and executives

		2023			2022		
		Chief Executive Officer	Directors	Executives	Chief Executive Officer	Directors	Executives
		Rupees					
Managerial remuneration	32.1	5,109,672	-	16,319,061	6,052,778	-	11,560,374
Gratuity expense		690,000	-	1,535,310	501,667	-	1,406,818
Medical allowance		-	-	-	218,182	-	315,246
Other allowances and benefits		2,834,328	-	9,084,372	2,715,389	-	4,774,544
Fee		-	10,187,500	-	-	6,174,655	-
		<u>8,634,000</u>	<u>10,187,500</u>	<u>26,938,743</u>	<u>9,488,016</u>	<u>6,174,655</u>	<u>18,056,982</u>
Number of persons		1	10	6	2	10	5

33.1 Remuneration during the year has been paid to an acting chief executive.

33.2 CEO and executives are also provided with free use of Company's cars in accordance with their entitlements.

NRANE

34 Interest in joint operations

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

Blocks	Operator	Location	Working interest	
			2023 %	2022 %
Exploration Licenses / Leases - operated				
Lakki Petroleum	Operated by the Lakki Marwat Company	D.I. Khan, Bannu	100	100
Development				
Baratai Petroleum	Oil and Gas Development Company	Kohat	2.5	2.5
Exploration Licenses / Leases - non-operated				
Pezu Petroleum	Oil and Gas Development Company	D.G. Khan, Lakki Marwat, Tank, D.I. Khan & Tribal area of D.I. Khan	1.62	1.62
Kulachi Petroleum	Oil and Gas Development Company	D.I. Khan, D.G. Khan, Layyah & Bhakkar	2.05	2.05
Paharpur Petroleum	Kirthar Pakistan B.V.	District D.I. Khan	2.43	2.43
Peshawar East Concession	Mari Petroleum Company Limited	Peshawar	1.84	1.84
Karak North	Talahassee Resources Incorporated	District Karak	2.50	2.50
	Mari Petroleum Company Limited	North Waziristan, South Waziristan, Tank District, Lakki Marwat and Bannu	2.50	2.50
Wali West				
Orakzai Petroleum Concession	Oil and Gas Development Company Limited	Orakzai Agency, Kurram Agency and Hungo District	20.00	20.00
Tirah Petroleum	Oil and Gas Development Company	Khyber, Kurram and Orakzai Agencies	15.00	15.00
Nowshera	Oil and Gas Development Company	Nowshera District (Carried interest)	2.50	0.00

35 Corresponding figures

Corresponding figures have been re-arranged and re-classified, where necessary, for more appropriate presentation.

36 Date of authorization

These financial statements were authorized for issue on 30 October, 24 by the Board of Directors of the Company.

[Handwritten signature]

[Handwritten signature]
Chief Executive

[Handwritten signature]
Director