

Application to OGRA
for Grant of Natural Gas / RLNG Sale License
for Pakistan GasPort Limited (PGPL)



Pakistan GasPort Limited
March 7, 2022

2

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Pakistan GasPort Limited
Associated House, Seven Egerton Road, Lahore 54000
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PGPL/OGRA/ 2022/61
March 7, 2022

Mr. Abdul Basit Qureshi
Registrar
Oil and Gas Regulatory Authority
54-B, Fazal-e-Haq Road, Blue Area,
Islamabad, Pakistan

Dear Sir,

Re: Application for Grant of Natural Gas / RLNG Sale License for Pakistan GasPort Limited

In response to your letter OGRA-6(1)-PGPC(NG)/2018 dated September 03, 2021.

This is to submit that Pakistan GasPort Limited ("PGPL") owns 100% of PGP Consortium Limited ("PGPC"), which owns and operates an LNG Import Terminal at Port Qasim, Karachi.

PGPC has an Operation and Services Agreement ("OSA") with Pakistan LNG Limited ("PLL") for providing storage and regasification services for LNG.

PGPC had earlier applied for an RLNG Sales Licence, but as advised by Oil & Gas Regulatory Authority ("OGRA"), PGPL is now submit a fresh application for grant of a Natural Gas/RLNG Sales Licence.

The Project has a regasification capacity of 750 mmcf/d of gas and the OGRA License No. OGRA-6(1)-LNG/2018, dated Apr. 3, 2018 shows the same.

Under the OSA, PGPC is obligated to re-gasify and deliver 600 mmcf/d of RLNG to PLL. Considering FSRU regasification capacity of 750 mmcf/d, free capacity of up to 150 mmcf/d is available with PGPC that will be utilized through PGPL or through another company or through group of companies.

In view of the foregoing, PGPL through this letter is requesting the Authority to kindly issue us a Natural gas / RLNG sale License/s under the Natural Gas Licensing Rules, 2002 and Sub-Rule-4 (2)(3)(5).

Please note that during commissioning of the project the regasification capacity was 750 mmcf/d as certified by Samsung Heavy Industries Co. Ltd, manufacturer of BW Integrity. A copy of the Certificate is attached as Annex-1.

JED
Lo



Amir Bhatti
9/3/22

9-3-2022
at 3:15 PM

The following documents are submitted:

Rule	Information Required	Enclosure Reference
2	Duly signed application as per format given in Schedule-I of Natural Gas Licensing Rules , 2002	Annex-2
3(a)	Attested copy of Applicant 's Memorandum & Article of Association	Annex-3
3(b)	Attested copy of PGPL 's Certificate of Commencement of Business	Annex- 4
3(c)	Attested copy of latest yearly submission to the Corporate Regulator	Annex- 5
3(d)	Attested copy of latest audited annual and unaudited half yearly financial statements	Annex- 6 <ul style="list-style-type: none"> • PGPL Consolidated and Separate Financial Statements 2019 (Audited) • PGPL Consolidated FS 2020 (Auditors Initialed) • PGPL Separate FS 2020 (Auditors initialed) • PGPL Consolidated Financial Statements 2021 (Unaudited) • PGPL Separate Financial Statements 2021 (Unaudited) • WACC, IRR and NPV
3(e)	Attested copy of the corporate authorization allowing submission of the application	Annex-7
3(f)	In case of subsidiary company, the documents specified in clauses (a) to (d) pertaining to its holding company	NA
3(g)	Details of consent required under applicable laws, from persons other than Authority.	NA
3(h)	Details of technical & financial expertise & resources available	Annex-8
3(i)	Details of the resources and expertise available to handle emergency situations arising out of natural calamities, accidental or criminal acts or omissions	Annex-9



Rule	Information Required	Enclosure Reference
3(j)	List of Names and business addresses of the applicants' senior management, including without limitation, departmental and/or divisional heads.	Annex-10
3(k)	If the applicant or any of its officers or directors Directly, or indirectly, owns, controls holds 10% or more of the voting interest in any other entity engaged in the production, transmission, distribution, or sale of natural gas, or in any person engaged in the financing, construction, maintenance or operation of such facilities.	Annex-11
3(l)	A list of all other applications, petition filed by the applicant which are pending before the Authority	PGPL has applied for its 2 nd LNG Terminal Construction License at Port Qasim, which is in process. But this 2 nd terminal license should not affect the RLNG sale license for PGPL.
3(m)	Details of market data	Annex-12 LOI from OQ Trading Limited for supply of 1 million tons of LNG per year is attached. For RLNG supplies, letters from Universal Gas Distribution Company and OTO Pakistan is attached.
3(n)	Such other information or documents as the Authority may require, from time to time	PGPL will provide any further information/data on demand from Authority as per requirement.
5(a)	Maps issued or certified by the Survey of Pakistan, drawn to an appropriate scale showing the territory within which the applicant wishes to distribute and sell natural gas; details of area where the distribution facilities are or are proposed to be located and the principal geographical features of the said areas.	Annex-13 The enclosed map mentioning the location of our facilities after which RLNG either will be sold at SSGC Custody Transfer Station (CTS) or will be sold to customers using gas network.

Rule	Information Required	Enclosure Reference
5(b)	Details of the sources and quality of supply of natural gas including forecasts of the available quantity from such sources.	Annex-14 RLNG specifications will be in compliance to OGRA standards.
5(c)	Detail of how the applicant proposes to meet the safety and service obligations prescribed by Authority.	Annex-15
5(d)	Technical specifications of the distribution facilities or pipelines for the sale of natural gas. (As per OGRA requirement, applicant is to provide MOU with SNGPL and/or SSGC).	RLNG either will be sold at SSGC Custody Transfer Station (CTS) or will be sold to customers using Sui's networks.

A pay order number 15877773 amounting to Rs 500,000/- dated 4-Mar-22 of license fee is attached with the letter.

The Economic Coordination Committee ("ECC") and the Government has approved the utilization of Excess Capacity by private sector and in view of the ongoing energy crisis in the Country, it is in the national interest to utilize the available capacity at our terminal as soon as possible.

We submit that our application is complete in every way except for non-mandatory (not listed as a requirement in the LNG Policy or Rules) Memorandums of Understanding ("MOU") with Sui Southern Gas Company Limited ("SSGC") and/or Sui Northern Gas Pipelines Limited ("SNGPL"). Be that as it may, we have requested both companies to kindly sign an MOU and evidence thereof is attached at **Annex-16**.

In view of the foregoing it is requested that our application may kindly be processed for issuance of License expeditiously.

Yours truly,

For Pakistan GasPort Limited

Iqbal Z. Ahmad
Chief Executive

SN2118 (BW INTEGRITY) REGAS PERFORMANCE TEST

Date : 22nd Dec 2017

Date	Test item	Target capacity	Duration	Test result
22nd Dec. 2017	Min Capacity Test - One Train			
	- A single Train [1A] (Train to be selected by BW randomly)	50 MMSCFD	0.5 Hour	Accepted (<input checked="" type="radio"/>), Not accepted (<input type="radio"/>)
	Capacity Test - One Skid			
	- A single Skid [Skid 1 (1A/1B)] (skid to be selected by BW randomly)	250 MMSCFD	0.5 Hour	Accepted (<input checked="" type="radio"/>), Not accepted (<input type="radio"/>)
	Capacity Test - Combination of 2 Skids			
	- A combination of 2 Skids [Skid 1/2 (1A/1B / 2A/2B)] (skid to be selected by BW randomly)	500 MMSCFD	2 hours	Accepted (<input checked="" type="radio"/>), Not accepted (<input type="radio"/>)
	Capacity Test - All 3 Skids			
	- All 3 skids	750 MMSCFD	1 hours	Accepted (<input checked="" type="radio"/>), Not accepted (<input type="radio"/>)
	Start - Stop - PSD			
	- Normal Start of Regas System Verification and Check Off	125 ~ 250 MMSCFD	4 hours	Accepted (<input checked="" type="radio"/>), Not accepted (<input type="radio"/>)
	- Controlled Stop incl. Restart Verification and Check Off	0 ~ 750 MMSCFD		Accepted (<input checked="" type="radio"/>), Not accepted (<input type="radio"/>)
	- Process Shut Down Test cause 1 (PSD1) Verification and Check Off	0 ~ 750 MMSCFD		Accepted (<input checked="" type="radio"/>), Not accepted (<input type="radio"/>)
	Preferential Trip 2 Test			
	With 2 (large) MGE feeding 6 Booster pumps, 3 SW Lifting pumps: → one MGE shutdown, PMS shall unload the Electric power system in order to prevent a blackout.	0 - 300 MMSCFD	2 hours	Accepted (<input checked="" type="radio"/>), Not accepted (<input type="radio"/>) ** Due to cargo loading schedule, BW Integrity should keep the continuous send out rate. Control logic in IAS is reflected in BW Integrity. Preferential Trip was tested in Sister Vessel (BW Singapore).

BW INTEGRITY





SAMSUNG HEAVY INDUSTRIES CO. LTD



J.K. Lee
SHI PM

SCHEDULE - I
[see Rule 4 (2)]

OIL AND GAS REGULATORY AUTHORITY

Application Form

Ref: No. PGPL/OGRA/2022/61A
March 7, 2022

1. Name of the Company (Applicant)
Pakistan GasPort Limited (PGPL)
2. Company's full Address along with telephone, fax, email and web details :

Full Address : Associated House, 7-Egerton Road, Lahore
Email Address : lhr@ag.com.pk
Office Tel. No. : 042-36306106, 36306108
Office Fax No. : 042-36368742

3. Name, Title and authorized signatures of the Company's Chief Executive.

Name : Mr. Iqbal Z. Ahmed
Title : Chief Executive

Specimen Signature

4. Names and addresses of current Directors of the Applicant:

Name	Addresses
Mr. Iqbal Z. Ahmed	: 26/3 Sarwar Road, Lahore Cantt.
Mr. Fasih Uddin Ahmed	: 26/3 Sarwar Road, Lahore Cantt.
Mr. Razi Uddin Ahmed	: 26/3 Sarwar Road, Lahore Cantt.
Qazi Humayun Fareed	: 77/H, Sarfaraz Rafique Road, Lahore Cantt.
Mian Amer Mahmood	: 64-E-1, Gulberg III, Lahore.
Mr. Asim Iftikhar	: House No.169 Street# 4, Cavalry Ground Lahore, Cantt.
Mr. M.N Beg	: 15, D-6, Asad Jan Road, Lahore, Cantt.

5. Name and address of any person or corporate body with a holding of more than one percent interest (1%) or more in the Applicant (attached with this Annex).

1. Regulated Activity for which a license is sought:

- a) Transmission License
- b) Distribution License
- c) **Sale License** ✓
- d) Integrated License
- e) Project License

2. Nature of license applied for (if exclusive, please provide detailed justifications):

Exclusive ✓
Non-Exclusive

3. Period for which license is sought:

From: Mar. 7, 2022
To: Mar. 6, 2042

4. Details of any license held, applied for, or applied for and refused under these rules, by the applicant or any of the interested parties or any of their affiliated or related undertakings.

Entity	License Specification
• Pakistan Gasport Limited	LNG Terminal Construction at PQ (in process)
• Gwadar GasPort (Pvt) Limited	Setting-up of LNG Terminal at Gwadar (in process)

For Pakistan GasPort Limited



Iqbal Z Ahmed
Chief Executive



Pakistan GasPort Limited
Associated House, Seven Egerton Road, Lahore 54000
T: +92 42 3636.8844 / F: +92 42 3636.8742 / lhr@ag.com.pk

Pakistan GasPort Limited ("PGPL")

Detail of Addresses of persons holding more than 1% interest in PGPL

Sr. No	Name	Address	Shares in %
1	Jamshoro Joint Venture Limited	Associated House, 7-Egerton Road, Lahore.	26.28%
2	Mian Amer Mahmood	64-E-1, Gulberg III, Lahore.	24.49%
3	Innovacy Petroleum Pvt. Ltd	House 4, St. 62, F-8/4, Islamabad.	8.31%
4	Fasih Ahmed	26/3, Sarwar Road, Lahore, Cantt.	5.36%
5	Razi Ahmed	26/3, Sarwar Road, Lahore, Cantt.	5.36%
6	Attiq Ahmed	26/3, Sarwar Road, Lahore, Cantt.	5.36%
7	Sadia Ahmed	26/3, Sarwar Road, Lahore, Cantt.	5.36%
8	Trafigura Holdings Limited	Leicester Court, Suite 2, Edger Bernard Street, Gzira GZR 1702, Malta.	5.26%
9	Ahmed Omer Khan	Fazaia Islamabad Highway, Rawalpindi.	3.66%
10	Syed Hasnain Ali	H no. 34, Shahdaab Aziz Avenue, Canal Bank, Gilberg-V	2.60%
11	Saman Ahsan	5-Canal Bank Zaman Park, Lahore	2.56%
12	Bilal Afzal	H. No.28-C, Model Town, Lahore.	1.79%
13	Rehmat Khan	Fazaia Islamabad Highway, Rawalpindi	1.59%



Company Secretary

THE COMPANIES ORDINANCE, 1984

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(PUBLIC COMPANY LIMITED BY SHARES)

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Memorandum of Association
of**PAKISTAN GASPORT LIMITED**

- I. The name of the Company is "Pakistan Gasport Limited".
- II. The Registered Office of the Company will be situated at Lahore, Punjab.
- III. The objects for which the Company is established are:
 1. To set up, establish, build, design, construct, engineer, maintain, and operate the Liquefied Natural Gas (LNG) Terminal Facility which will include, among other things, jetty and gas transmission system, equipment, marine and shore facilities, storage and re-gasification vessel and/or barge and storage vessel, and Liquefied Petroleum Gas (LPG) Extraction Plant.
 2. To acquire, import, procure, process, re-gasify, store, transfer, transmit, distribute, and sell re-gasified LNG (RLNG) to buyers, and to extract, process, import, export, transfer, distribute, sell, export LPG to buyers.
 3. To carry on the business of sale of LNG, RLNG, CNG, LPG and other natural gas liquids to subsidiaries, associates, whole sellers, agents, retailers, consumers, Government and non-Government corporations and entities.
 4. To carry on the business as importers, exporters, processors, distributors, contractors, stockers, transporters, sellers or otherwise deal in LNG, RLNG, CNG, LPG, natural gas liquids and other allied products in Pakistan or anywhere in the world.
 5. To establish, maintain and sublet transportation services for the purpose of transporting products including LNG, RLNG, CNG, LPG and other natural gas liquids of all kinds and to purchase, charter, hire, build, own, operate or otherwise acquire marine and land transportation vessels, tankers, vehicles, pipeline systems accordingly.



Pakistan GasPort Limited

Company Secretary

6. To, among other things, tender, offer, accept, purchase, and enter into joint venture agreements to construct, own and operate LNG, RLNG, CNG, LPG and other natural gas liquids facilities for their extraction, processing, transmission, distribution and sale. To set up terminals, plants, workshops, stations and other facilities to purchase, acquire, produce, manufacture, refine, treat, purify, blend, reduce, distil, store, transport, market, distribute, supply, sell and otherwise dispose off and generally trade in any and all kinds of petroleum products.
7. To acquire by concessions, grant, purchase, barter, lease, license or otherwise, either absolutely or conditionally and either solely or jointly with others, any lands, buildings, mines, minerals, potteries, pottery works, easements, way leaves, privileges, rights, licenses, power and concessions and in particular, any water rights, oil and gas exploration and extraction rights, licenses, power and concessions and in particular, any water rights, oil and gas exploration and extraction rights or concessions for the purpose of obtaining motive power and any machinery, plant, utensils, goods, trademarks or other intellectual property rights and other movable and immovable property of any description which the Company may think necessary or convenient for purpose of its business or which may seem to the Company capable of being turned to account.
8. To manufacture and deal in all kinds of plants, machinery, apparatus, tools, utensils and things necessary or convenient for carrying on the above specified business.
9. To enter into contracts, joint ventures or arrangements with the Government or Authority, central, provincial, municipal, local or otherwise, public bodies or any corporation, companies or persons that may seem conducive to the Company's objects or any of them and to obtain any licenses, permits, authorizations as may be required.
10. To pay and incur the costs and expenses relating to incorporation of the Company.
11. To acquire and undertake the whole or any part of the business, property and liabilities of any person or company or companies carrying on or proposing to carry on any business which the Company is authorized to carry on or possessed of property/properties suitable for the purposes of the Company, or which can be carried on in conjunction therewith or which is capable of being conducted so as directly or indirectly to benefit the Company.
12. To advance money or give credit to such persons or companies on such terms as may seem expedient, and to guarantee the performance of any contract or obligation and the payment of money of or by any such persons or companies and generally to give guarantees and indemnities.



Pakistan GasPort Limited
 Company Secretary

13. To guarantee the performance of the contracts and obligations of the Company in relation to the payment of any loan, debenture, TFCs, obligations or securities by or in favour of the Company and to guarantee the payment or return on such investment or dividends on any share of the Company and to issue indemnities for and guarantee the liabilities of associated companies and concerns, to grant advance or credit to associated companies and concerns and/or to offer its assets and properties as security for borrowings and obligations of associated companies and concerns, subsidiaries and companies and concerns in which a Director or member of the Company is also a Director, partner or member.
14. To purchase, take on lease or in exchange, hire a property or properties, movable or immovable, in furtherance of objects herein contained.
15. To open accounts with Bank(s) and to draw, make, accept, endorse, execute, issue, negotiate and discount cheques, promissory notes, bills of exchange, bills of lading, warrants, deposit notes, debentures, letter of credit and other financial instruments and securities.
16. To sell or otherwise dispose of the whole or any part of the undertaking of the Company, either together or in portions for such consideration as the Company may think fit.
17. To pay all costs, charges and expenses preliminary or incidental incurred in formation or about the promotion and establishment of the Company and to remunerate any person, firm or company for services rendered or to be rendered in or about the formation or promotion of the Company or the conduct of its business.
18. To give any servant or employee of the Company commission in the profits of the Company's business or any branch thereof and for the purpose to enter into any agreement or scheme of arrangement as the Company may deem fit and to procure any servants or employees of the Company to be insured against risk of accident in the course of their employment by the Company.
19. To distribute any of the Company's property and assets among the members in specie or in any manner whatsoever.
20. To cause the Company to be registered or recognized in any foreign country.
21. To grant pensions, gratuities, bonus, or other payment to any employees of the Company or their relatives or dependents or connections and to contribute to provident funds which may be created to benefit such persons or to grant loans to such persons with or without interest and to contribute to social, religious or charitable works and organizations to advance the interest of the Company or its members.



Pakistan GasPort Limited
 Company Secretary

22. To obtain local and/or foreign currency loans from scheduled banks and financial institutions for the purposes of purchase, manufacture, market, supply, export and import of machinery, construction of factory/building and for the purpose of working capital or for any other purpose.
23. To borrow or raise money by means of loans or other legal arrangements from banks, or other financial institutions, or Directors in such manner as the Company may think fit and in particular by issue of debenture stock, and to mortgage, charge or assign or create other security interest over the whole or any part of the property, assets or revenue of the Company, present or future, or transfer or convey the same absolutely or in trust as may seem expedient and to purchase, redeem or pay off any such securities.
24. To act as representatives or agents for any person, firm or company and to undertake and perform as sub-contractors, and also act through or by means of agents or sub-contractors and to do all or any of the things mentioned herein in any part of the world and either alone or in collaboration with others and by or through agents, sub-contractors or otherwise.
25. To foster, encourage and conduct research work in the field of operations of the Company.
26. To carry on any other business which seem to the Company, capable of being conveniently carried on in connection with its business or calculated directly or indirectly to enhance the value of or render profitable any of the Company's property or rights.
27. To do all or any of the above things and all such other things as are incidental or may be thought conducive to the attainment of the above objects or any of them or are calculated to add to the income or value of assets of the Company, and as principals, agents, contractors, or trustees and by or through trustees, or agents, and either alone or in conjunction with others, and the intention is that the objects set forth in each of the several paragraphs of this Memorandum are independent of each other, shall have the widest possible construction and shall not be limited or restricted by reference to or inference from the terms of any other paragraph of this clause or the name of the Company.
28. To issue Shares with different rights, restrictions and privileges, including but not limited to different voting rights ; voting rights disproportionate to the paid-up value of shares held ; voting rights for specific purposes only ; or no voting rights at all ; different rights for entitlement of dividend, rights shares or bonus shares or entitlement to receive the notices and to attend the general meetings ; rights and privileges for indefinite period, for a limited specified period or for such periods as may from time to time be determined by the Company ; and different manner and mode of redemption.



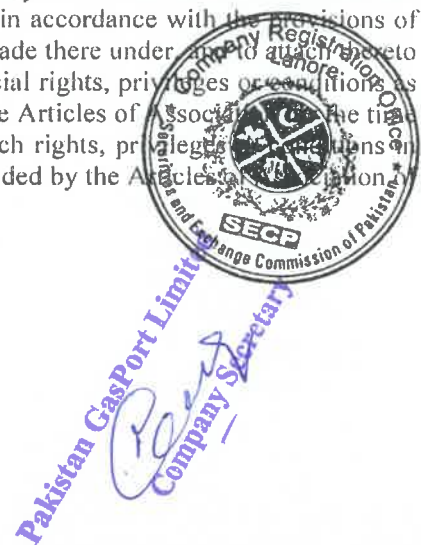
Pakistan GasPort Limited
Company Secretary

29. Notwithstanding anything stated in any object clause, the Company shall obtain such other approved or licence from the competent authority, as may be required under any law for the time being in force, to undertake a particular business.

30. It is declared that notwithstanding anything contained in the foregoing objects clauses of this Memorandum of Association nothing contained therein shall be construed as empowering the Company to undertake or to indulge in business of banking company, banking, leasing, investment, managing agency or insurance business directly or indirectly as restricted under the law or any unlawful operations.

IV. The liability of the members is limited

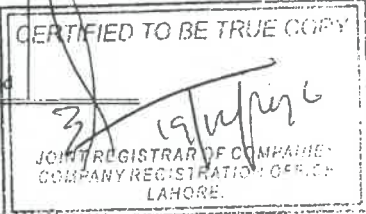
V. The Authorized Capital of the Company is Rs. 5,366,000,000 (Rupees Five Thousand Three Hundred Sixty Six Million only) divided into 450,000,000 B Class Ordinary Shares of Rs. 10/- each, 86,400,000 A Class Non-voting Ordinary Shares of Rs. 10/- each and 200,000 Preference Shares of Rs. 10/-each with powers to increase and reduce the Capital of the Company and to divide the Shares in the Capital for the time being into several classes in accordance with the provisions of the Companies Ordinance, 1984 or any rules made there under, to attach thereto respectively such preferential, qualified or special rights, privileges or conditions as may be determined by or in accordance with the Articles of Association for the time being, and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by the Articles of Association of the Company.



We, the several persons whose names and addresses are subscribed below, desirous of being formed into a Company, in pursuance of this Memorandum of Association, and we respectively agree to take the number of shares in Capital of the Company as set opposite to our respective names.



Name and Surname (Parents & Family) in Full (in Black Letters) and C.N.I.C. #	Father's / Name (in Full)	Nationality with any former Nationality	Occupation	Residential Address (in Full)	Number of shares taken by each sub- scriber	Signature
1. MR. IQBAL Z. AHMED C.N.I.C. # 35201-1455016-1	Zafar-ud-Din Ahmed	Pakistani	Business	26 / 3, Sarwar Road, Lahore - Cantt.	3,000 Three Thousand B Class Ordinary Shares	
2. MR. FASHI-UD- DIN AHMED C.N.I.C. # 35201-0454474-7	Iqbal Z. Ahmed	Pakistani	Business	26 / 3, Sarwar Road, Lahore - Cantt.	1,000 One Thousand B Class Ordinary Shares	
3. MR. RAZI-UD- DIN AHMED C.N.I.C. # 35201-1455016-9	Iqbal Z. Ahmed	Pakistani	Business	26 / 3, Sarwar Road, Lahore - Cantt.	1,000 One Thousand B Class Ordinary Shares	
				Total Number of Shares Taken	5,000 Five Thousand	



Dated this day of

Witness to the above signatures :

Signature

Nationality :

Full Name :

Occupation :

C.N.I.C. #

Full Address :

Father's / Husband's

Full Name :

Pakistan GasPort Limited
Company Secretary

THE COMPANIES ORDINANCE, 1984

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(PUBLIC COMPANY LIMITED BY SHARES)

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Articles of Association of PAKISTAN GASPORT LIMITED

INTERPRETATION

1. The regulations in Table "A" in the First Schedule to the Companies Ordinance, 1984 shall not apply to the Company except as reproduced herein.
2. In these Articles, unless the context or the subject matter otherwise requires:-
 - (a) "Articles" means these Articles as originally framed or as from time to time altered in accordance with law.
 - (b) "Board Meeting" or "Board" means a meeting of the Directors duly called and constituted or as the case may be, the Directors assembled at a Board.
 - (c) "Directors" means the Directors for the time being of the Company or as the case may be, the Directors assembled at a Board.
 - (ca) "Legend" means the words "The transfer of the shares in the Company are subject to the restrictions imposed by Shareholders Agreement dated November 3, 2016 entered into between Jamshoro Joint Venture Company Limited and Rafiq Holding Limited and certain other shareholders of the Company which shall be printed or deemed to be printed on each Share Certificate."
 - (d) "Non-voting Ordinary Shares" means A Class Ordinary Shares of the Company with rights and privileges as attached to B Class Ordinary Shares subject to the limitations / restrictions that holder of A Class Ordinary Shares shall not be entitled to receive notice, attend General Meetings and vote at the meetings of the shareholders of the Company, except as otherwise provided by the

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Pakistan GasPort Limited

Company Secretary

Companies Ordinance, 1984 whereby the holders of such Shares would be entitled to vote separately as a class i.e. provisions with respect to voting entitlement of shareholders of a particular kind or class on matters / issues affecting substantive rights or liabilities of that particular kind or class of shareholders.

- (e) "Ordinance" means the Companies Ordinance, 1984 or any modification or re-enactment thereof for the time being in force.
- (f) "Register" means, unless the context otherwise requires, the register of members to be kept pursuant to Section 147 of the Ordinance.
- (g) "Seal" means the common or official Seal of the Company.
- (h) "Section" means Section of the Ordinance.
- (i) "Special Resolution" means the special resolution of the Company as defined in Section (2) (1) (36) of the Ordinance.
- (ia) "Share Certificate" means each share certificate relating to the shares issued as an ordinary share held by a member in the Company.
- (j) Words importing masculine gender include the feminine gender.
- (k) Words importing singular number include the plural number and vice versa.
- (ka) "Shareholders Agreement" means the shareholders agreement dated November 3, 2016 entered into between Jamshoro Joint Venture Company Limited ("JJVL"), Trafigura Holding Limited ("Trafigura") and certain other shareholders of the Company.
- (l) Expression referring to writing shall, unless the contrary intention appears, be construed as including references to printing, lithography, photography and other modes or representations reproducing words in a visible form.
- (m) Words importing persons shall include bodies corporate.
- (n) The head notes are inserted for convenience and shall not affect the construction of these Articles.
- (o) Unless the context otherwise requires words or expressions contained in these Articles shall have the same meaning as in the Ordinance.



Pakistan GasPort Limited
Company Secretary

PUBLIC COMPANY

3. The Company is a Public Company within the meanings of Section 2(1)(30) of the Companies Ordinance, 1984.

CAPITAL

4. The Authorized Capital of the Company is 5,366,000,000 (Rupees Five Thousand Three Hundred Sixty Six Million only) divided into 450,000,000 B Class Ordinary Shares of Rs. 10/- each, 86,400,000 A Class Non-voting Ordinary Shares of Rs. 10/- each and 200,000 Preference Shares of Rs. 10/- each with such preferential qualification or special rights, privileges, conditions or restrictions or postponement or rights as the company may determine from time to time by special resolution, with the powers to increase or reduce the share capital and to divide the share capital for the time being into several Classes in so far as prescribed by law, to redeem any of its shares and to attach thereto respectively such preferential, qualified or special rights, privileges conditions or restrictions or postponement of rights and to vary, modify or abrogate any such rights, as may be determined by or in accordance with the Companies Ordinance, 1984 and the Articles of Association of the Company.

- (a) Subject to Section 90 and any rules in that regard made under the Ordinance, and without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares, any share in the Company may be issued with different rights, restrictions and privileges, including but not limited to the following as may be approved by the Company by special resolution.

- (i) different voting rights ; voting rights disproportionate to, paid-up value of shares held; voting rights for special purposes only ; or no voting rights at all ;
- (ii) different rights for entitlement of dividend, rights share bonus shares or entitlement to receive the notices and to attend the general meetings ;
- (iii) rights and privileges for indefinite period, for a limited specified period or for such periods as may from time to time be determined by the Company ; and
- (iv) different manner and mode of redemption, including redemption in accordance with the provisions of these Articles, subject to Sections 85 and 95 (4), including but not



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limited to, by way of conversion into shares with such rights and privileges as determined by the Company in the manner and mode provided in these Articles.

- (b) The respective rights of the preference shareholders, the B Class ordinary shareholders and the A Class Non-voting ordinary shareholders as to voting rights, income, redemption and capital are as follows:

(i) As regards voting rights, the holders of the preference shares shall not be entitled to receive notice of, attend, or vote at, any general meeting of the Company, except as otherwise provided by the Ordinance, whereby the holders of such shares would be entitled to vote separately as a class, that is, with respect to voting entitlement of the preference shareholders on matters affecting, respectively, their substantive rights and liabilities.

(ii) As regards income, the profits which the Company may determine to distribute in respect of any financial year or other period for which the accounts shall be made up shall be applied in the following order of priority :-

(a) in paying the holders of the preference shares the right to a cumulative preferential dividend as determined by the Board on the capital paid up thereon payable as regards each financial year out of the profits of the Company resolved to be distributed in respect of that year, but shall not be entitled to any further participation in profits (participatory), redeemable; and

(b) Subject to the rights of any class of shares for the time being issued, in distributing the balance among the holders of the ordinary shares according to the amounts paid up on the ordinary shares held by them respectively.

(iii) As regards conversion, the Company may partly or wholly convert the preference shares at the option of the Company in accordance, respectively, with the terms and conditions of their issue.

(iv) As regards redemption, subject to Section 85, the Company may, upon giving the holders of the shares to be redeemed notice in writing, redeem the whole or any parts of the



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preference shares in accordance, respectively, with the terms and conditions of their issue.

- (v) As regards capital, on a return of capital in a winding up or otherwise (except upon the redemption of shares of any class of preference shares or the purchase by the Company of its own shares), the surplus assets of the Company remaining after payment of its liabilities shall be applied in the following order of priority :-
- (a) in paying to the holders of the preference shares, the capital paid up on the same without any further right to participate in profits or assets ; and
- (b) subject to the rights of any other class of shares for the time being issued, in distributing the balance amongst the holders of the ordinary shares according to the amounts paid up on the ordinary shares held by them respectively.
- (vi) As regards entitlement to bonus or right shares, the holders of preference shares shall not be entitled to bonus or right shares in the event that the Company increases its capital by the issue of further shares or otherwise.
- (vii) As regards B Class Ordinary Shares, already issued by the Company or which may be issued from time to time, the same carry all rights including the right to profits, votes and other benefits.
- (viii) As regards A Class Ordinary Shares, the same shall be treated as voting Ordinary Shares.
5. The Directors shall, as regards any allotments of shares duly completed, comply with such of the provisions of Section 68 to 73 as may be applicable to the Company. The minimum subscription upon which the Directors shall proceed to make the first allotment has been fixed at Rs. 35,000 (Thirty Five Thousand only).
- 5a Except as otherwise permitted under, or required by, the Shareholders Agreement (as defined below), all subscribers shall maintain their respective shareholdings in the Company and shall not transfer wholly or partly their shares to third parties without the clear written consent of the other subscribers. Except as otherwise permitted under, or required by, the Shareholders Agreement (as defined below), the other subscribers shall have unanimous right to buy the shares of that subscriber who intends to



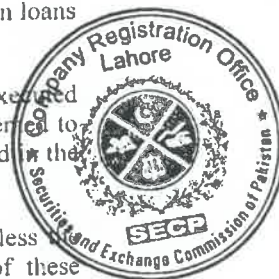
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dispose off his holdings and if the other subscribers clearly deny in writing only then the shareholder intending to dispose off his shares shall have right to sell his holding to anyone else. In addition to the foregoing, no shareholder shall transfer its shareholding to a business competitor of JJVI, or Trafigura or any of their respective subsidiaries.

6. Every person whose name is entered as a member in the Register shall, without payment, be entitled to receive within ninety days after allotment or within forty-five days of the application for registration of transfer, a Share Certificate under the Seal specifying the share or shares held by him and the amount paid thereon. Provided that, in respect of a share or shares held jointly by several persons, the Company shall not be bound to issue more than one Share Certificate, and delivery of a Share Certificate for a share to one of several joint holders shall be sufficient delivery to all.
- 6a. Till the termination of the Shareholder Agreement, all Share Certificates shall bear the Legend and any Share Certificate not bearing the Legend shall be deemed to have been defaced or destroyed. When any Share Certificate not bearing the Legend is presented with a transfer deed to the Company, such Share Certificate and transfer deed shall be deemed to be defective and invalid.
7. If a Share Certificate is defaced, lost or destroyed, it may be renewed payment of such fee, if any, not exceeding one rupee, and on such terms, if any, as to evidence and indemnity and any payment of expenses incurred by the Company in investigating title as the Directors think fit.
8. Except to the extent and in the manner allowed by Section 95, no part of the funds of the Company shall be employed in the purchase of, or in loans upon the security of, the Company's shares.
9. The instrument of transfer of any share in the Company shall be executed both by the transferor and transferee and the transferor shall be deemed to remain holder of the share until the name of the transferee is entered in the Register in respect thereof.
10. The Directors shall not refuse to transfer any fully paid shares unless the transfer deed is defective or invalid or executed in violation of these Articles of Association. If any transfer of shares is proposed to be made which is contrary to the Legend, then the transfer deed attached or relating thereto shall be deemed to be defective and invalid. The Directors may also suspend the registration of transfer prior to the determination of entitlement or rights of the shareholders by giving seven days previous notice in the manner provided in the Ordinance. The Directors may decline to recognize any instrument of transfer unless the duly stamped instrument of transfer is accompanied by a valid Share Certificate of the share to



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which it relates, and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer.

11. If the Directors refuse to register a transfer of shares, they shall within thirty (30) days after the date on which the transfer deed was lodged with the Company send to the transferee and the transferor notice of the refusal indicating the defect or invalidity to the transferee, who shall, after removal of such defect or invalidity be entitled to re-lodge the transfer deed with the Company.

TRANSMISSION OF SHARES

12. The executors, administrators, heirs or nominees, as the case may be, of a deceased sole holder of a share shall be the only persons recognized by the Company as having any title to the share. In the case of a share registered in the name of two or more holders, the survivor or survivors, or executors or administrators of the deceased shall be the only persons recognized by the Company as having any title to the share.
13. Any person becoming entitled to a share in consequence of the death or insolvency of a member shall, upon such evidence being produced as may from time to time be required by the Directors, have the right, either to be registered as a member in respect of the share or, instead of being registered himself, to make such transfer of the share as the deceased or insolvent person could have made before his death or insolvency; but the Directors shall, in either case have the same right to decline or suspend registration as they would have had in the case of a transfer of the share by the deceased or insolvent person before the death or insolvency.
14. A person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings by the Company.



ALTERATION OF CAPITAL

15. The Company may from time to time by special resolution increase the Share Capital by such sum, to be divided into shares of such amount, as the resolution shall prescribe.
16. Subject to the provisions of the Ordinance, all new shares shall, before issue, be offered to such persons who as at the date of the offer are entitled to be offered such shares under law. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which

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the offer if not accepted, will be deemed to be declined and after the expiration of that time, or on the receipt of an intimation from the persons to whom the offer is made that he declines to accept the shares offered, the Directors may dispose of the same in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot, in the opinion of the Directors, be conveniently offered under this regulation.

17. Subject to the provisions of Section 87, the Company may issue ordinary shares or grant option to convert into ordinary shares the outstanding balance of any loans, advances or credit or other non-interest bearing securities and obligations outstanding or having a term of not less than three years in the manner provided in any contract with any scheduled bank or financial institution to the extent of twenty percent (20%) of such balance.
18. The new shares shall be subject to the same provisions with reference to transfer, transmission and otherwise as the shares in the original share capital.
19. The Company may, by ordinary resolution :-
 - (a) consolidate and divide its share capital into shares of larger amount than its existing share;
 - (b) sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the Company's Memorandum of Association, subject, nevertheless, to the provisions of sub-Section (1) of Section 92.
 - (c) cancel any shares which, at the date of the resolution, have been taken or agreed to be taken by any person.
20. The Company may, by Special Resolution, reduce its share capital in any manner subject to any consent required by law.



GENERAL MEETING

21. The statutory General Meeting of the Company shall be held within the period required by Section 157.
22. A General Meeting to be called Annual General Meeting, shall be held, in accordance with the provisions of Section 158, within 18 months from the date of incorporation of the Company and thereafter once at least in every year within a period of 4 months following the close of its financial year

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and not more than 15 months after the holding of last preceding General Meeting as may be determined by the Directors.

23. All General Meetings of the Company other than the Annual General Meeting shall be called Extraordinary General Meetings.
24. The Directors may whenever they think fit, call an Extraordinary General Meeting, and Extraordinary General Meetings shall also be called on such requisition as is provided by Section 159. If at any time there are not within Pakistan sufficient Directors capable of acting to form a quorum, any Director of the Company may call an Extraordinary General Meeting in the same manner as nearly as possible as that in which Meetings may be called by the Directors.

NOTICE AND PROCEEDINGS OF GENERAL MEETING

25. Twenty one days notice at least (exclusive of the day on which the notice is served or deemed to be served, but inclusive of the day for which notice is given) specifying the place, the day and the hour of Meeting and, in case of special business, the general nature of that business, shall be given in the manner provided by the Ordinance for the General Meeting to such persons as are, under the Ordinance or under these Articles of Association, entitled to receive such notice from the Company ; but the accidental omission to give notice, or the non-receipt of notice by, any member shall not invalidate the proceedings at any General Meeting.

26. All business shall be deemed special that is transacted at any Extraordinary General Meeting, and also all that is transacted at an Annual General Meeting, with the exception of declaring a dividend, the consideration of the accounts, balance sheet and the reports of the Directors and auditors, the election of Directors, the appointment of, and the fixing of the remuneration of the auditors.

QUORUM

27. No business shall be transacted at any General Meeting unless a quorum of members is present at that time when the meeting proceeds to business. The quorum for a General Meeting shall be at least three members present personally who represent not less than fifty one per cent of the total voting power, either of their own account or as proxies.
28. If within half an hour from the time appointed for the meeting a quorum is not present, the meeting, if called upon the requisition of members, shall be dissolved; in any other case, it shall stand adjourned to the same day in the



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next week at the same time and place, and, if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, the members present, being not less than two, shall be a quorum.

29. The Chairman of the Board of Directors, if any, shall preside as Chairman at every General Meeting of the Company, but if there is no such Chairman, or if at any meeting he is not present within fifteen minutes after the time appointed for the meeting, or is unwilling to act as Chairman, any one of the Directors present may be elected to be Chairman, and if none of the Directors is present, or willing to act as Chairman, the members present shall choose one of their member to be Chairman.
30. The Chairman may, with the consent of any meeting at which a quorum is present (and shall if so directed by the meeting) adjourn the meeting from time to time but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting.

VOTES OF MEMBERS

31. At any General Meeting a resolution put to the vote of the members shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded. Unless a poll is so demanded, a declaration by the Chairman that a resolution has, on a show of hands, been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the books of the proceedings of the Company shall be conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favour of, or against that resolution.
32. A poll may be demanded only in accordance with provisions of Section 167.
33. If a poll is duly demanded, it shall be taken in accordance with the manner laid down in Section 168 and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.
34. A poll demanded on the election of Chairman or on a question of adjournment shall be taken at once.
35. In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting at which the show of hands takes place, or at which the poll is demanded, shall have and exercise a second or casting vote.
36. On a show of hands every member present in person shall have one vote except for election of Directors in which case the provisions of Section 178



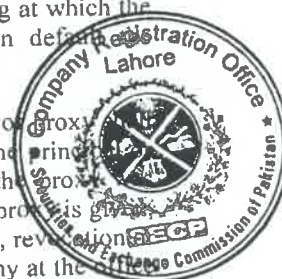
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shall apply. On a poll every member shall have voting rights as laid down in Section 160.

37. In case of joint-holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint-holders; and for this purpose seniority shall be determined by the order in which the name stand in the register.
38. A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on show of hands or on a poll, through his administrator or other legal guardian, and any such administrator or guardian may, on a poll, vote by proxy.

PROXY

39. On a poll vote may be given either personally or by proxy. Provided that no body corporate shall vote by proxy as long as a resolution of its Directors in accordance with the provisions of Section 162 is in force.
40. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorized in writing. A proxy must be member of the Company.
41. The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of that power or authority, shall be deposited at the registered office not less than forty eight hours before the time for holding the meeting at which the person named in the instrument proposes to vote and in default of such deposit the instrument of proxy shall not be treated as valid.
42. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the share in respect of which the proxy was given, provided that no intimation in writing of such death, insanity, revocation or transfer as aforesaid shall have been received by the Company at the registered office before the commencement of the meeting or adjourned meeting at which the proxy is used.



DIRECTORS

43. Unless otherwise determined by the Company in General Meeting the number of Directors shall not be less than three.
44. The following are the First Directors of the Company who shall hold office till the first Annual General Meeting.

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1. MR. IQBAL Z. AHMED
2. MR. FASIH-UD-DIN AHMED
3. MR. RAZI-UD-DIN AHMED

45. Save as provided in Section 187, no person shall be appointed as a Director unless he is member of the Company and holds shares of the minimum value of Rs. 5,000/- in his own name.
46. The remuneration of a Director for performing extra services, including holding of the office of Chairman and Chief Executive and the remuneration to be paid to any Director for attending the meetings of the Directors or a committee of Directors shall from time to time be determined by the Board of Directors in accordance with law.
47. The Director who resides out of station shall also be entitled to be paid such traveling and other expenses for attending the meeting for the Company as may be fixed by the Directors from time to time according to the provisions of the Ordinance.

CHAIRMAN

48. The Directors may from time to time appoint one of the Directors to be the Chairman of the Company for a period not exceeding three years on such terms and conditions as they deem fit. The Chairman shall preside over the meetings of the Board of Directors and members of the Company. In his absence, the Directors may elect any other Director to preside over the Board Meeting. The questions arising at a meeting of the Directors shall be decided by a majority of votes. In the case of equality of votes, the Chairman, or the Director presiding over the meeting, as the case may be, shall have a casting vote.

CHIEF EXECUTIVE

49. The first Chief Executive of the Company will be appointed by the Board of Directors within fifteen days from the date of incorporation of the Company who shall hold office till the first Annual General Meeting.
50. The first Directors including the Chief Executive shall hold office up to the First Annual General Meeting in accordance with the provisions of the Ordinance, unless any one of them resigns earlier or becomes disqualified from being Director or otherwise ceases to hold office.



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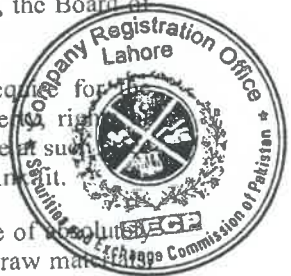
POWERS AND DUTIES OF DIRECTORS

51. The business of the Company shall be managed by the Chief Executive under the control and supervision of the Board of Directors, who may pay all expenses incurred in promoting and registering the Company and may exercise all such powers of the Company as are not by the Ordinance or any statutory modification thereof for the time being in force, or by these regulations, required to be exercised by the Company in General Meeting, subject nevertheless to the provisions of the Ordinance or to any of these regulations, and such regulations being not inconsistent with the aforesaid provisions, as may be prescribed by the Company in General Meeting but no regulation made by the Company in General Meeting shall invalidate any prior act of the Directors which would have been valid if that regulation had not been made.

MANAGEMENT

52. The whole business and affairs of the Company shall, subject to the control and supervision of the Board of Directors, be managed and controlled by the Chief Executive.
53. Subject to the limit fixed by the Directors, the Chief Executive may from time to time raise or borrow any sums of money for and on behalf of the Company from other companies, banks or financial institutions on such terms as may be approved by the Board of Directors from time to time.
54. Without prejudice to the powers conferred by these Articles, the Board of Directors shall have the following powers:-

- (a) To take on lease, purchase, erect or otherwise acquire for the Company any assets, stocks, lands, buildings, properties, rights, franchises, privileges which the Company is authorised to acquire and generally on such terms and conditions as they think fit.
- (b) To let, mortgage, sell, exchange or otherwise dispose of absolutely or conditionally all or any part of the assets, stocks, raw materials, properties, privileges and undertaking of the Company upon such terms and conditions and for such consideration as they think fit.
- (c) To appoint any person or persons to be attorney or attorneys of the Company for such purposes and with such powers, authorities and discretions and for such period and subject to such conditions as they may, from time to time, think fit.
- (d) To enter into, carry out, rescind or vary all financial arrangements with any bank, person, company, firm or corporation or in



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connection with such arrangements to deposit, pledge or hypothecate property of the Company or the documents representing or relating to the same.

- (e) To make and give receipts, release and discharge all moneys payable to the Company and for the claims and demands of the Company.
- (f) To compound or allow time for the payment or satisfaction of any debt due to or by the Company and any claim and demands by or against the Company and to refer claims or demands by or against the Company to arbitration and observe and perform the awards.
- (g) To institute, prosecute, compromise, withdraw or abandon any legal proceedings by or against the Company or its affairs or otherwise concerning the affairs of the Company.
- (h) To raise and borrow money from time to time for the purposes of the Company, on the mortgage of its property or any part thereof and/or on any bond or debenture payable to bearer otherwise repayable in such a manner and generally upon such terms as they think fit.
- (i) To open, operate and maintain bank account(s) individually or jointly as the Board may authorise or to any other person on its behalf.

BORROWING POWERS

- 55. The Board may from time to time borrow any moneys for the purposes of the Company from its members or from any other person, firm, companies, or corporations, Government Agencies, banks, financial institutions or the Directors may themselves lend moneys to the Company.
- 56. The Board may raise and secure payment of such sums of money in such manner and upon such terms and conditions in all respects as it may think fit, and in particular by the issue of TFC's, bonds, perpetual or redeemable debentures or by mortgage or charge or other security on the whole or any part of the property, assets and rights of the Company (both present and future).
- 57. Any TFC's, bonds, debentures or other securities issued or to be issued by the Company shall be under the control of the Board which may issue them.



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upon such terms and conditions and in such manner and for such consideration as shall be considered to be for the benefit of the Company.

58. Any TFC's, bonds, debentures or other securities may be issued with any special privileges as to redemption, surrender, drawing, convertibility into shares, attending and voting at General Meetings of the Company, appointment of Directors, and otherwise, provided that debentures with the right to vote or to be converted into shares shall be issued with the consent of the Company in General Meeting in terms of Section 114 of the Ordinance.
59. The Directors may from time to time, by Power of Attorney under the Company's Seal, appoint any person or persons to be the Attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in, or exercisable by, the Directors under these presents) and for such period and subject to such conditions as the Directors may from time to time think fit. Any such attorney(s) may, if authorized by the Directors, delegate all or any of the powers vested in him / them.
60. The Directors shall duly comply with the provisions of the Ordinance and in particular with the provisions in regard to the regulation of the particulars of mortgage and charges affecting the property of the Company or created by it, to the keeping of a register of the Directors, and to the sending to the Registrar of an annual list of members and a statement of particulars relating thereto and notice of any consolidation, increase of share capital, or subdivision of shares, and copies of Special Resolutions and a copy of the register of Directors and notifications of any amendments therein.
61. The Directors shall cause minutes to be made in books provided for the purpose of:
- (a) all appointments of officers made by the Directors ;
 - (b) the names of the Directors present at each meeting of the Directors and of any Committee of the Directors ;
 - (c) all resolutions and proceedings at all meetings of the Company and of the Directors and of Committees of Directors; and
 - (d) every Director present at any meeting of Directors or Committee of Director shall sign his name in a book to be kept for that purpose.



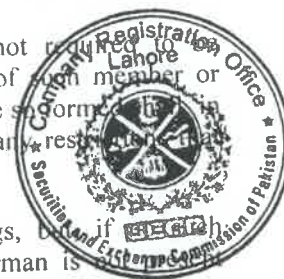
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DISQUALIFICATION OF DIRECTORS

62. No person shall become a Director of the Company if he suffers from any of the disabilities or disqualifications mentioned in Section 187 and, if already a Director, shall cease to hold such office from the date he so becomes disqualified or disabled. Provided, however, that no Director shall vacate his office by reason only of his being a member of any company which has entered into contracts with, or done any work for, the Company but such Director shall not vote in respect of any such contract or work, and if he does so vote his vote shall not be counted.

PROCEEDINGS OF DIRECTORS

63. The Directors may meet together for the dispatch of business, adjourn and otherwise regulate their meetings, as they think fit. The quorum for a meeting of Directors shall be four Directors. Questions arising at any meeting shall be decided by a majority of votes. In case of an equality of votes, the Chairman shall have and exercise a second or casting vote. A Director may, and the secretary on the requisition of a Director shall, at any time, summon a meeting of Directors. It shall not be necessary to give notice of a meeting of Directors to any Director for the time being absent from Pakistan.
64. The Directors may delegate any of their powers not required to be exercised in their meeting to committees consisting of any member or members of their body as they think fit. Any committee so formed shall exercise the powers so delegated, conform to any restrictions which may be imposed on them by the Directors.
65. A committee may elect a Chairman of its meetings, and if no Chairman is elected, or if at any meeting the Chairman is not present within ten minutes after the time appointed for holding the same or is unwilling to act as Chairman, the members present may choose one of them to be Chairman of the meeting.
66. A committee may meet and adjourn as it thinks proper. Questions arising at any meeting shall be determined by a majority of votes of the members present. In case of an equality of votes, the Chairman shall have and exercise a second or casting vote.
67. All acts done by any meeting of the Directors, or committee of Directors, or by any person acting as a Director, shall, notwithstanding that it be afterwards discovered that there was some defect in the appointment of such Directors or persons acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such person had been duly appointed and was qualified to be a Director.



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68. A resolution in writing circulated to all the Directors signed by or affirmed by the simple majority through telex or telegram shall be as valid and effectual as if it had been passed at a meeting of the Directors duly convened and held.

ELECTION AND REMOVAL OF DIRECTORS

69. At the First Annual General Meeting of the Company, all the Directors shall stand retired from office, and thereafter shall be eligible for re-election in accordance with the provisions of Section 178 for a term of three years.

70. A retiring Director shall be eligible for re-election.

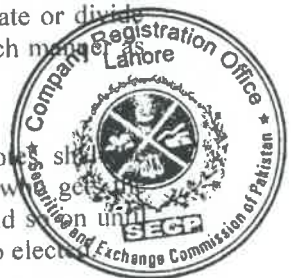
71. The Directors of the Company, unless the number of persons who offer themselves to be elected is not more than the number of Directors fixed by the Board of Directors, shall be elected to office by the members in General Meeting in the following manner :-

- (a) A member shall have such number of votes as is equal to the product of the number of voting shares or securities held by him and the number of Directors to be elected;
- (b) A member may give all his votes to a single candidate or divide them between more than one of the candidates in such manner as he may choose;
- (c) The candidate who gets the highest number of votes shall be declared elected as Director and then the candidate with the next highest number of votes shall be so declared and so on until the total number of Directors to be elected has been so elected.

72. Subject to the provisions of the Ordinance, the Company may from time to time in General Meeting increase or decrease the number of Directors.

73. Any casual vacancy occurring on the Board of Directors may be filled up by the Directors, but the person so chosen shall be subject to retirement at the same time as if he had become a Director on the day on which the Director in whose place he is chosen was last elected as Director.

74. The Company may remove a Director but only in accordance with the provisions of the Ordinance.



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NOMINEE DIRECTOR

75. In addition to the elected Directors, the Financial Institutions shall be entitled, during the currency of their respective loan(s) to the Company, to appoint one person on the Board of Directors of the Company to be called Nominee Director and to recall and / or replace such a person from time to time. Such Nominee Director on the Board of Directors of the Company may not be holder of Share(s) in the Capital of the Company and the regulations and or rules pertaining to the election, retirement, qualification and / or disqualification of the Director shall not apply to him.

THE SEAL

76. The Directors shall provide a Common Seal of the Company which shall not be fixed to any instrument except by the authority of a resolution of the Board or by a committee of Directors authorized in that behalf by the Directors, and a Director or any other person authorized in that behalf shall sign every instrument to which the Common Seal is affixed.
77. The Directors may provide for the use in any territory, district or place not situated in Pakistan, of an Official Seal which shall be a facsimile of the Common Seal of the Company, with the addition on its face of the name of every territory, district or place where it is to be used. The provisions of Section 213 shall apply to the use of the Official Seal.

DIVIDENDS AND RESERVES

78. The Company in General Meeting may declare dividends but not shall exceed the amount recommended by the Directors.
79. The Directors may from time to time pay to the members such interim dividends as appear to the Directors to be justified by the profits of the Company.
80. No dividend shall be paid otherwise than out of profits of the year or any other undistributed profits.
81. Subject to the rights of persons (if any) entitled to shares, all dividends shall be declared and paid according to the amounts paid on the shares, but if and so long as nothing is paid upon any of the shares in the Company, dividends may be declared and paid according to the amounts of the shares.
82. The Directors may, before recommending any dividend, set aside out of the profits of the Company such sums as they think proper as a reserve or reserves which shall, at the discretion of the Directors, be applicable for



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meeting contingencies, or for equalizing dividends, or for any other purpose to which the profits of the Company may be properly applied, and pending such application may, at the like discretion, either be employed in the business of the Company or be invested in such investments (other than shares of the Company) as the Director may, subject to the provisions of the Ordinance, from time to time think fit.

83. The Directors may carry forward any profits which they may think prudent not to distribute, without setting them aside as a reserve.
84. Any General Meeting may resolve that any moneys, investments, or other assets forming part of the undivided profits of the Company standing to the credit of any reserve or other fund or in the hands of the Company and available for dividend (or representing premiums received on the issue of shares and standing to the credit of the share premium account) be capitalized and distributed amongst such of the shareholders as would be entitled to receive the same if distributed by way of dividend (subject to Article 3b(vi)) and in the same proportions on the footing that they become entitled thereto as capital and that all or any part of such capitalized fund be applied on behalf of such shareholders in paying up in full, any unissued shares, debentures or debenture-stock of the Company which shall be distributed accordingly and that such distribution or payment shall be accepted by such shareholders in full satisfaction of their interest in the said capitalized sum.
85. A transfer of shares shall not pass the right to any dividend thereon before the registration of the transfer.
86. If several persons are registered as joint-holders any one of them may give effectual receipt for any dividend payable on the shares.
87. Notice of any dividend that may have been declared shall be given in the manner hereinafter mentioned to the persons entitled to share therein.
88. The dividend shall be paid within the period laid down in Section 251.
89. All dividends unclaimed for six years after having been declared shall be kept in trust by the Company but may be invested or otherwise made use of by the Directors for the benefit of the Company until claimed.



ACCOUNTS

90. The Directors shall cause to be kept proper Books of Account as required by Section 230.

Pakistan GasPort Limited
Company Secretary

91. The Books of Accounts shall be kept at the Registered Office of the Company or at such other place as the Directors shall think fit and shall be open to inspection by the Directors during business hours.
92. The Directors shall from time to time determine whether and to what extent and at what time and places and under what conditions or regulations the accounts and books or papers of the Company or any of them shall be open to the inspection of members not being Directors, and no member (not being a Director) shall have any right of inspecting any account and book or papers of the Company except as conferred by law or authorised by the Directors or by the Company in General Meeting.
93. The Directors shall as required by Section 233 and 236 cause to be prepared and to be laid before the Company in General Meeting such Profit and Loss Accounts and Balance Sheets and reports as are referred to in those Sections.
94. A Balance Sheet, Profit and Loss Account, and other Reports referred to in the preceding Article shall be made out in every year and laid before the Company in the Annual General Meeting made up to date not more than 4 months before such meeting. The Balance Sheet and Profit & Loss Account shall be accompanied by a Report of the Auditor of the Company and Report of Directors.
95. A copy of the Balance Sheet and Profit and Loss Account and Report of Directors and auditors shall, at least twenty one days before the meeting, be sent to the persons entitled to receive notices of General Meetings in the manner in which notices are to be given as hereinafter provided.
96. Every account of the Directors when audited and approved by a General Meeting shall be conclusive except as regards any errors discovered therein within three months next after the approval thereof. Whenever any such error is discovered within that period the account shall forthwith be corrected and thenceforth shall be conclusive.
97. The Directors shall in all respect comply with the provisions of Sections 230 to 236.



AUDIT

98. Once at least every year the accounts of the Company shall be audited and the correctness of Profit and Loss Account and Balance Sheet ascertained by one or more Auditors. The Auditors shall be appointed and their duties regulated in accordance with Sections 252 to 255 of the Companies Ordinance, 1984.

Pakistan GasPort Limited
Qasir
 Company Secretary

SECRETARY

99. The Board may appoint a Secretary of the Company who shall perform such functions and duties as are required in these Articles, or as may be directed by the Board.

NOTICES

100. Notices shall be given by the Company to Members and Auditors of the Company and other persons entitled to receive notices in accordance with Section 50 of the Ordinance.

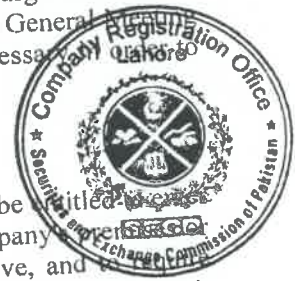
SECURITY

101. Every Director, Manager, Adviser, Auditor, Trustee, Member of a Committee, Officer, Servant, Agent, Accountant or other person employed in the business of the Company shall, if so, required by the Directors, before entering upon his duties, sign a declaration pledging himself to observe a strict secrecy respecting all transactions of the Company with its customers and the state of accounts with individuals and in matters relating thereto, and shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties except when required to do so by the Directors or by any General Meeting or by any Court of Law and except so far as may be necessary to comply with any of the provisions in these presents.

102. No member or other person (not being a Director) shall be entitled to examine upon the property of the Company or examine the Company's books or properties without the permission of the Chief Executive, and the discovery of or any information respecting any detail of the Company's trading or any matter which is or may be in the nature of a trade secret, mystery of trade, or secret process or of any matter whatsoever which may relate to the conduct of the business of the Company and which in the opinion of the Chief Executive will be in-expedient in the interest of the members of the Company to communicate.

RECONSTRUCTION

103. On any sale of the undertakings of the Company the Directors or the liquidators in winding up proceedings may, if authorized by a Special Resolution, accept fully paid shares, debentures or securities of any other company, either then existing or to be formed for the purchase in whole or in part of the property of the Company, and the Directors (if the profits of the Company permit), or the liquidators (in a winding up), may distribute



Pakistan GasPort Limited
Company Secretary

such shares or securities, or any other properties of the Company amongst the members without realization, or vest the same in trustees of them and any Special Resolution may provide for the distribution or appropriation of the cash, shares or other securities, benefits or property, otherwise than in accordance with the strict legal rights of the members or contributories of the Company for the valuation of any such securities or property at such price and in such manner as the meeting may approve and all holders of shares shall be bound to accept and shall be bound by any valuation or distribution so authorized and waive all rights in relation thereto save only such statutory rights (if any) as are, in case the Company is proposed to be or in the course of being wound up, incapable of being varied or excluded by these presents.

WINDING UP

104. If the Company is wound up, the liquidator may, with the sanction of a Special Resolution of the Company and any other sanction as required by the Ordinance, divide amongst the members in specie or kind the whole or any part of the assets of the Company (whether they consist of property of same kind or not) and may, for such purpose, set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trust for the benefit of the contributories, as the liquidator with the like sanction, shall think fit, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

INDEMNITY

105. Every officer or agent for the time being of the Company shall be indemnified out of the assets of the Company against any liability incurred by him in defending any proceedings, whether civil or criminal, arising out of his dealings in relation to the affairs of the Company, except those brought by the Company against him, in which judgment is given in his favour or in which he is acquitted, or in connection with any application under Section 488 in which relief is granted to him by the Court.

ARBITRATION

106. Whenever any difference arises between the Company on the one hand and any of the members, their executors, administrators or assignees on the other hand, touching the true intent or construction, or the incident or consequences of these Articles or of the statutes or touching anything there or thereafter done, executed, omitted or suffered in pursuance of these Articles or of the statutes or touching any breach or alleged breach of these



Pakistan GasPort Limited
[Signature]
 Company Secretary

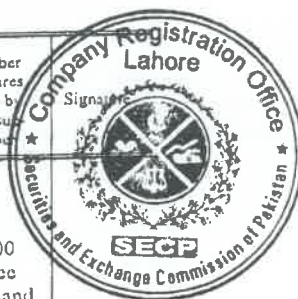
Articles, or any claim on account of any such breach or alleged breach, or otherwise relating to the presents, or to these Articles or to any statute affecting the Company or to any of the affairs of the Company, every such difference shall, as a condition precedent to any other action at law be referred in conformity with the Arbitration Act, 1940, or any statutory modification thereof and any rules made there-under, to the decision of an Arbitration to be appointed by the parties in difference or if they cannot agree upon a single Arbitrator to the decision of two Arbitrators of whom one shall be appointed by each of the parties in difference, or in the event of the two Arbitrators not agreeing, then of an umpire to be appointed by the two Arbitrators, in writing, before proceeding on the reference, and such decision shall be final and binding on the parties. The proceedings shall be conducted in English language and at Lahore.



Pakistan GasPort Limited
[Signature]
Company Secretary

We, the several persons whose names and addresses are subscribed below, are desirous of being formed into a Company, in pursuance of these Articles of Association, and we respectively agree to take the number of shares in Capital of the Company as set opposite to our respective names.

Name and Surname (Present & Former) in Full (in Block Letters) and C.N.I.C. #	Father's / Name (in Full)	Nationality with any former Nationality	Occupation	Residential Address (in Full)	Number of shares taken by each sub- scriber
1. MR. IQBAL Z. AHMED C.N.I.C. # 35201-1455016-1	Zafar-ud-Din Ahmed	Pakistani	Business	26 / 3, Sarwar Road, Lahore - Cantt.	3,000 Three Thousand B Class Ordinary Shares
2. MR. FASIH-UD- DIN AHMED C.N.I.C. # 35201-0454474-7	Iqbal Z. Ahmed	Pakistani	Business	26 / 3, Sarwar Road, Lahore - Cantt.	1,000 One Thousand B Class Ordinary Shares
3. MR. RAZI-UD- DIN AHMED C.N.I.C. # 35201-1455016-9	Iqbal Z. Ahmed	Pakistani	Business	26 / 3, Sarwar Road, Lahore - Cantt.	1,000 One Thousand B Class Ordinary Shares
				Total Number of Shares Taken	5,000 Five Thousand



CERTIFIED TO BE TRUE COPY

JOINT REGISTRAR OF COMPANIES
COMPANY REGISTRATION OFFICE
LAHORE.

Dated this day of

Witness to the above signatures :

Signature

Nationality :

Full Name :

Occupation :

C.N.I.C. #

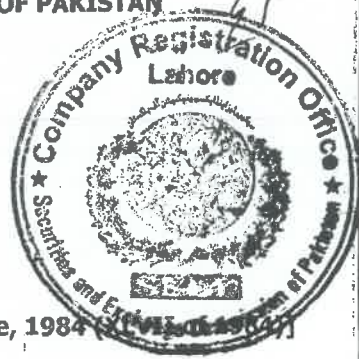
Full Address :

Father's / Husband's

Full Name :

Pakistan GasPort Limited
Company Secretary

SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN



[Under section 146(2) of the Companies Ordinance, 1984 (XLVII of 1984)]

CERTIFICATE FOR COMMENCEMENT OF BUSINESS

I hereby certify that the **"PAKISTAN GASPORT LIMITED"**.

XX XX XX XX XX XX

which was incorporated under the Companies Ordinance, 1984 (XLVII of 1984), on the 2nd day of April, 2007 and which has filed a duly verified declaration in the prescribed form that the conditions of clauses (a) to (e) of sub-section (1) of section 146 of the said Ordinance have been complied with, is entitled to commence business.

Given under my hand at Lahore this 14th day of May, 2007 two thousand and Seven.

Fee Rs. 200/-

No. ARL/ 23472

Dated: 15/5/07

(SHAHBAZ SARWAR)
Joint Registrar of Companies,

CERTIFIED TO BE TRUE COPY

Inkawaji
04/02/2010
DEPUTY REGISTRAR OF COMPANIES
COMPANY REGISTRATION OFFICE
LAHORE.

Pakistan Gasport Limited
Company Secretary

THE COMPANIES ACT, 2017
THE COMPANIES (GENERAL PROVISIONS AND FORMS) REGULATIONS, 2018
 [Section 197 and Regulations 4 and 20]
**PARTICULARS OF DIRECTORS AND OFFICERS, INCLUDING THE CHIEF EXECUTIVE,
 SECRETARY, CHIEF FINANCIAL OFFICER, AUDITORS AND LEGAL ADVISER OR OF
 ANY CHANGE THEREIN**

FORM 29

PART-I

1.1 CUIIN (Incorporation Number) 0080194
 1.2 Name of Company PAKISTAN GAS PORT LIMITED
 1.3 Fee Payment Details
 1.3.1 Challan Number E-2020-192155 1.3.2 Amount 800.0

PART-II

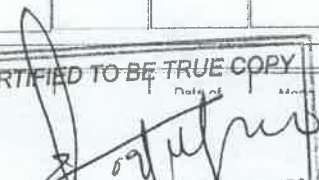
2. Particulars:-

2.1. New Appointment/Election

Present Name in Full (a)	NIC No. or Passport No. in case of Foreign National (b)	Father / Husband Name (c)	Usual Residential Address (d)	Designation (e)	Nationality** (f)	Business Occupation** * (if any) (g)	Date of Present Appointment or Change (h)	Mode of Appointment / change / any other remarks (i)	Nature of directorship (nominee/independ- ent/additional/ other) (j)
IQBAL Z. AHMED	35201-1455016-1	Z. Z. AHMED	26/3, SARWAR ROAD, LAHORE CANTT	Chief Executive	Pakistan		13/10/2020	Re-Appointment	
M. N. BEG	35201-7422212-5	ASHRAF BEG	15 D-6, ASAD JAN ROAD, LAHORE	Director	Pakistan		30/09/2020	Re-Elected	
MIAN AMER MAHMOOD	35202-1967706-3	MIAN ZAHOR UL HAQ	84-E-1, GULBERG-III, LAHORE	Director	Pakistan		30/09/2020	Re-Elected	
RAZUL AHMED	35201-1455016-1	Z. Z. AHMED	26/3, SARWAR ROAD, LAHORE CANTT.	Director	Pakistan		30/09/2020	Re-Elected	
ASIM IFTIKHAR	35202-2884837-9	IFTIKHAR AHMED KHAN	HOUSE NO 169, STREET NO.04, CAVALRY GROUND, LAHORE	Director	Pakistan		30/09/2020	Re-Elected	
QAZI HUMAYUN FAREED	35201-1534539-1	QAZI M FAREED	77/H, SARFRAZ RAFIQUI ROAD, LAHORE CANTT	Director	Pakistan		30/09/2020	Re-Elected	
RAZI UDDIN AHMED	35201-1455016-9	IQBAL Z. AHMED	26/3, SARWAR ROAD, LAHORE CANTT.	Director	Pakistan		30/09/2020	Re-Elected	
FASIH UDDIN AHMED	35201-0454474-7	IQBAL Z. AHMED	26/3, SARWAR ROAD, LAHORE CANTT.	Director	Pakistan		30/09/2020	Re-Elected	

2.2. Ceasing of Officer/Retirement/Resignation

NIC No. or									Nature of
------------	--	--	--	--	--	--	--	--	-----------

CERTIFIED TO BE TRUE COPY

 ADDITIONAL REGISTRAR OF COMPANIES
 COMPANY REGISTRATION OFFICE
 LAHORE

Pakistan GasPort Limited

 Company Secretary

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Present Name in Full (a)	NIC No. or Passport No. in case of Foreign National (b)	Father / Husband Name (c)	Usual Residential Address (d)	Designation (e)	Nationality** (f)	Business Occupation** * (if any) (g)	Date of Present Appointment or Change (h)	Mode of Appointment / change / any other remarks (i)	Nature of directorship (nominee/indepen- dent/additional/oth- er) (j)

2.3 Any other change in particulars relating to columns (a) to (g) above

Present Name in Full (a)	NIC No. or Passport No. in case of Foreign National (b)	Father / Husband Name (c)	Usual Residential Address (d)	Designation (e)	Nationality** (f)	Business Occupation* ** (if any) (g)	Date of Present Appointment or Change (h)	Mode of Appointment / change / any other remarks (i)	Nature of directorship (nominee/indepen- dent/additional/oth- er) (j)

* In the case of a firm, the full name, address and above mentioned particulars of each partner, and the date on which each became a partner.

** In case the nationality is not the nationality of origin, provide the nationality of origin as well.

*** Also provide particulars of other directorships or offices held, if any.

**** In case of resignation of a director, the resignation letter and in case of removal of a director, member's resolution be attached

PART-III

3.1 Declaration:

I do hereby solemnly, and sincerely declare that the information provided in the form is

(i) true and correct to the best of my knowledge, in consonance with the record as maintained by the Company and nothing has been concealed and

(ii) hereby reported after complying with and fulfilling all requirements under the relevant provisions of law, rules, regulations, directives, circulars and notifications whichever is applicable.

3.2 Name of Authorized Officer with designation/ Authorized Intermediary

FASIH UDDIN AHMED

Director

3.3 Signature

Electronically signed by FASIH UDDIN AHM

3.4 Registration No of Authorized Intermediary, if applicable

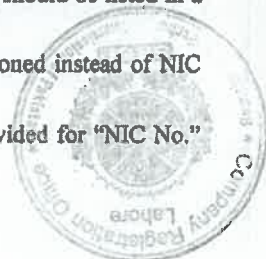
3.5 Date (DD/MM/YYYY)

14/10/2020

Pakistan GasPort Limited
Company Secretary

INSTRUCTIONS FOR FILLING FORM-A

1. The Form shall be made upto the date of last AGM of the Company or the last date of the calendar year where no AGM is held during the year.
2. Under S. No.2.17 above, the aggregate number of shares held by each member should be stated.
3. When the shares are of different classes the columns should be subdivided so that the number of each class held, is shown separately against S. Nos. 2.7, 2.8 and 2.17
4. If the space provided in the Form is insufficient, the required information should be listed in a separate statement attached to this return which should be similarly signed.
5. In case a body corporate is a member, registration number may be mentioned instead of NIC number.
6. In case of foreign nationals, indicate "passport number" in the space provided for "NIC No." Pakistani nationals will only indicate "NIC No."
7. This form is to be filed within 30 days of the date indicated in S.No.1.4.



Pakistan GasPort Limited

Company Secretary

THE COMPANIES ACT, 2017
THE COMPANIES (GENERAL PROVISIONS AND FORMS) REGULATIONS,
2018[Section 130(1) and Regulation 4]

ANNUAL RETURN OF COMPANY HAVING SHARE CAPITAL

PART-I

(Please complete in typescript or in bold block capitals.)

1.1 CUIN (Registration Number)

0 0 6 0 1 9 4

1.2 Name of the Company

PAKISTAN GASPORT LIMITED

1.3 Fee Payment Details

1.3.1 Challan No

1.3.2 Amount

1.4 Form A made up to

DD

MM

YYYY

1 0

1 2

2 0 2 0

1.5 Date of AGM

1 0

1 2

2 0 2 0

PART-II

Section-A

2.1 Registered office address

Associated House, 7-Egerton Road, Lahore.

2.2 Email Address:

lhr@ag.com.pk

2.3 Office Tel. No.:

042-36306106, 36306108

2.4 Office Fax No.:

042-36368742

2.5 Principal line of business

LNG TERMINAL

2.6 Mobile No. of Authorized officer
(Chief Executive/ Director/ Company
Secretary/Chief Financial Officer)

+92-332-8773321

2.7 Authorized Share Capital

Classes and kinds of Shares	No. of Shares	Amount	Face Value
Ordinary Shares B Class	450,000,000	4,500,000,000	Rs. 10 each
Ordinary Shares A Class (Non-Voting)	86,400,000	864,000,000	Rs. 10 each
Preference Shares	200,000	2,000,000	Rs. 10 each
TOTAL	536,600,000	5,366,000,000	Rs. 10 each

2.8 Paid up Share Capital

Classes and kinds of Shares	No. of Shares	Amount	Face Value
Ordinary Shares B Class	408,358,969	4,083,589,690	Rs. 10 each
TOTAL	408,358,969	4,083,589,690	Rs. 10 each

Pakistan GasPort Limited
Company Secretary

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2.9	Particulars of the holding /subsidiary company, if any		
	Name of company	Holding/Subsidiary	% of shares held
	PGPC Consortium Limited	Subsidiary	100%

2.10 Chief Executive Officer

Name	Mr. Iqbal Z. Ahmed												
Address	26/3 Sarwar Road, Lahore Cantt.												
NIC No	3	5	2	0	1	1	4	5	5	0	1	6	1

2.11 Chief Financial Officer

Name													
Address													
NIC No													

2.12 Secretary

Name	Mr. Nadeem Qader												
Address	Zalhab Square, B Block, Architect Housing Scheme, Lahore.												
NIC No	3	4	6	0	2	0	7	5	0	4	1	9	9

2.13 Legal Advisor

Name	Mustafa Raza Ansari												
Address	569-V, Lane No. 5, Peshawar Road, Rawalpindi.												
NIC No													

2.14 Particulars of Auditor(s)

Name	Address
RSM Avas Hyder Liaquat Nauman Chartered Accountants	Avas Chambers 1/C-5, Sikandar Malhi Road, Canal Park, Gulburg II, Lahore

2.15 Particulars of Share Registrar (if applicable)

Name	
Address	
e-mail	

Section-B

2.16 List of Directors as on the date annual return is made

S#	Name	Residential Address	Nationality	NIC No. (Passport No. if foreigner)													Date of appointment or election
1.	Mr. Iqbal Z. Ahmed	26/3 Sarwar Road, Lahore Cantt.	Pakistani	3	5	2	0	1	1	4	5	5	0	1	6	1	30-09-2020

Pakistan GasPort Limited

Company Secretary

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2.	Qazi Humayun Fareed	77/H Sarfarz Rafiqui Road, Lahore Cantt.	Pakistani	3	5	2	0	1	1	5	3	4	5	3	9	1	30-09-2020
3.	Mr. Fasih Uddin Ahmed	26/3 Sarwar Road, Lahore Cantt.	Pakistani	3	5	2	0	1	0	4	5	4	4	7	4	7	30-09-2020
4.	Mian Amer Mehmood	64-E-1, Gulberg-III, Lahore	Pakistani	3	5	2	0	2	1	9	6	7	7	0	6	3	30-09-2020
5.	Mr. Razi Uddin Ahmed	26/3 Sarwar Road, Lahore Cantt.	Pakistani	3	5	2	0	1	1	4	5	5	0	1	6	9	30-09-2020
6.	Mr. Asim Iftikhar	169 Street # 4, Cavalry Ground, Lahore	Pakistani	3	5	2	0	2	2	8	6	4	8	3	7	9	30-09-2020
7.	Mr. M.N. Beg	15 D-6, Asad Jan Road, Lahore	Pakistani	3	5	2	0	1	7	4	2	2	2	1	2	5	30-09-2020

2.17 List of members & debenture holders on the date upto which this Form is made

S#	Folio	Name	Address	Nationality	No. of shares held/ Debenture	NIC No. (Passport No. if foreigner)											
Members																	
1.	1	Mr. Iqbal Z. Ahmed	26/3 Sarwar Road, Lahore Cantt.	Pakistani	29,500	3	5	2	0	1	1	4	5	5	0	1	6
2.	2	Mr. Fasih Uddin Ahmed	26/3 Sarwar Road, Lahore Cantt.	Pakistani	21,901,316	3	5	2	0	1	0	4	5	4	4	7	4
3.	3	Mr. Razi Uddin Ahmed	26/3 Sarwar Road, Lahore Cantt.	Pakistani	21,901,316	3	5	2	0	1	1	4	5	5	0	1	6
4.	4	Jamshoro Joint Venture Limited	Associated House, 7-Egerton Road, Lahore	Pakistani	107,329,044	0	0	4	4	7	4	8					
5.	5	Mr. Tariq Hameed	House No. 57, Sarwar Road, Lahore Cantt.	Pakistani	2,000,000	3	7	4	0	5	0	2	6	0	7	3	6
6.	6	Mr. Belal Jabbar	House No. 163-GG DHA Phase 4, Lahore Cantt.	Pakistani	2,000,000	3	5	2	0	1	2	8	4	0	8	0	2
7.	9	Mr. Rehmat Khan	House No. 9 St No. 4, Fazaia Islamabad Highway Rawalpindi	Pakistani	6,500,000	6	1	1	0	1	1	8	9	9	2	6	0
8.	10	Qazi Humayun Fareed	77/H Sarfarz Rafiqui Road, Lahore Cantt.	Pakistani	1,060,500	3	5	2	0	1	1	5	3	4	5	3	9

Pakistan GasPort Limited

Company Secretary

9.	11	Mr. M.N. Beg	15 D-6, Asad Jan Road, Lahore	Pakistani	500	3	5	2	0	1	7	4	2	2	2	1	2	5
10.	13	Mr. Attiq Uddin Ahmed	26/3 Sarwar Road, Lahore Cantt.	Pakistani	21,901,316	3	5	2	0	1	1	4	5	1	1	9	8	3
11.	14	Mr. Asim Ifikhar	169 Street # 4, Cavalry Ground, Lahore	Pakistani	530,500	3	5	2	0	2	2	8	6	4	8	3	7	9
12.	15	Trafigura Holdings Limited	Leicester Court Suite 2, Edgar Bernard Street, Gzira GZR 1702, Malta	Malta	21,466,000	C	-	5	5	5	4	1						
13.	16	Ms. Sadia Ahmed	26/3 Sarwar Road, Lahore Cantt.	Pakistani	21,901,315	3	5	2	0	1	0	1	9	0	4	9	4	4
14.	17	Mian Amer Mahmood	64-E-1, Gulberg-III, Lahore	Pakistani	100,000,000	3	5	2	0	2	1	9	6	7	7	0	6	3
15.	18	Syed Hasnain Ali	H. No. 34, Shahdaab Aziz Avenue, Canal Bank, Gulberg V, Lahore	Pakistani	10,600,000	3	5	2	0	2	2	8	1	8	0	6	3	9
16.	19	Ms. Saman Ahsan	5 Canal Bank, Zaman Park, Lahore	Pakistani	10,463,000	3	5	2	0	2	5	5	7	9	5	2	1	6
17.	20	Mr. Hussain Lawai	C 205/1, KDA Scheme, Karachi East	Pakistani	1,500,000	9	1	4	0	0	0	1	4	0	4	6	4	5
18.	21	Innovacy Petroleum (Private) Limited	H. No. 486-FF, Phase IV, DHA, Lahore Cantt.	Pakistani	33,920,618	0	1	0	0	7	6	9						
19.	22	Mr. Farooq Ifikhar	75-B-III Gulberg III, Lahore	Pakistani	530,000	3	5	2	0	2	2	9	7	7	3	7	9	1
20.	23	Mr. Amir Ifikhar	75-B-III Gulberg III, Lahore	Pakistani	530,000	3	5	2	0	0	1	5	7	1	8	7	0	7
21.	25	Mr. Bilal Afzal	H. No. 28-C, Model Town, Lahore	Pakistani	7,329,044	3	5	2	0	2	8	4	8	9	4	5	2	5
22.	26	Mr. Ahmed Omer Khan	House No. 9 St No. 4, Fazaia Islamabad	Pakistani	14,965,000	6	1	1	0	1	8	2	4	2	1	6	5	5

Pakistan GasPort Limited
Company Secretary

2.18 Transfer of shares (debentures) since last Form A was made				
S#	Name of Transferor	Name of Transferee	Number of shares transferred	Date of registration of transfer
	Members			
1	Mr. Rehmat Khan	Mr. Ahmed Omer Khan	14,965,000	06-05-2020
	Debenture holders			

Copy of this form is being issued on the request of the applicant, however, this office does not take the responsibility of the correctness of the information furnished by them.

Copy of this form is being issued on the request of the applicant, however, this office does not take the responsibility of its genuineness as there is an investigation / inquiry by the Commission/ NAB/ FIA etc. and is pending finalisation.

Assistant/Deputy/Add. Joint/Additional
provided in the forms:

3.1 Declaration:

I do hereby solemnly, and sincerely declare that the information provided in the form is:

(i) true and correct to the best of my knowledge, in consonance with the record as maintained by the Company and nothing has been concealed; and

(ii) hereby reported after complying with and fulfilling all requirements under the relevant provisions of law, rules, regulations, directives, circulars and notifications whichever is applicable.

3.2 Name of Authorized Officer with designation/ Authorized Intermediary

Iqbal Z. Ahmed

Chief Executive

3.3 Signatures

3.4 Registration No of Authorized Intermediary, if applicable

3.5 Date

Day

1	0
---	---

Month _____

1	2
---	---

Year

2	0	2	0
---	---	---	---

Pakistan GasPort Limited

Company Secretary



Pakistan Gas Port Limited | Annual Report 2018-19

Disclaimer

Pakistan Gasport Limited's ("PGPL" or the "Company") Annual Report for the Financial Year ending June 30, 2019, (the "Report") is not intended for general distribution and has been produced only for the review and information of shareholders, financial institutions and other relevant authorities or persons who have been or who shall be provided with the Report at the sole discretion of the Company. Intended recipients may not make the Report publicly available or disseminate the whole or any portions of this Report through any form whether written or electronic to any parties or persons not intended by PGPL to be in possession of the information contained herein. Unintended recipients may kindly return this Report to the registered office of PGPL in person or through courier. PGPL is an unlisted public limited Company incorporated and existing under the (repealed) Companies Ordinance, 1984.

Pakistan Gas Port Limited | Annual Report 2018-19**Contents**

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About AG

Pakistan Gasport Limited is part of Associated Group ("AG"), which was founded in 1965 by Mr. Z.Z. Ahmed (1910-1989), a former Deputy Inspector General of Pakistan Police. AG is one of Pakistan's premier business houses specializing in the energy sector.

Pakistan Gasport Limited ("PGPL") has established the country's second LNG import tolling terminal through its wholly owned subsidiary PGP Consortium Limited ("PGPCL") at Mazhar Point, Port Qasim, Karachi, with a regasification capacity of upto 750mmcf/d (the "Project"). The Project is being implemented pursuant to PGPCL's 15-year LNG Operations & Services Agreement ("OSA") dated July 1, 2016, with Pakistan LNG Terminals Limited ("PLTL"), a wholly owned subsidiary of Government Holdings (Private) Limited, as the guaranteed capacity purchaser for 600mmcf/d.

AG is one of Pakistan's largest private sector LPG producer, transporter and marketer through its Companies Jamshoro Joint Venture Limited ("JJVL"), Lub Gas (Private) Limited and Mehran LPG (Private) Limited. From production and processing services to transportation to marketing and retail, AG has extensive supply-chain expertise in liquefied petroleum gas, an environment-friendly multipurpose fuel. AG has been in the LPG sector since 1989 and is an industry pioneer and leader. Its LPG companies include JJVL, Lub Gas (Private) Limited and Mehran LPG (Private) Limited.

AG entered the media sector in 2010 when it launched Newsweek Pakistan. AG Architectural Engineering and Design (Private) Limited is a construction Company specializing in high-quality design and construction innovations.

To streamline its philanthropic efforts, AG founded the Zohra and Z. Z. Ahmed Foundation in 2008. The Foundation supports education, health, and community development projects and the arts, focusing especially on communities neighboring AG facilities and areas where constructive reinforcement can make all the difference between aspired objectives and material change for the collective good

AG is headquartered at Lahore with offices in Islamabad and Karachi.

Vision

PGPL is an Associated Group (“AG”) Company, and its practices are consistent with the vision of AG founder Mr. Z.Z. Ahmed (1910-1989) to avail challenging opportunities, chart new entrepreneurial territory, excel in technological standards and advancement, be an equal opportunity employer, non-discriminatory in policies and to meet environmental standards as being a socially responsible entity to maintain high standards of ethics and integrity in the conduct of our business practices.

Mission

PGPL aims to establish a prominent position as a LNG terminal operator in Pakistan by further augmenting its role in the development of Pakistan's energy sector. In keeping with the Company Credo, Energy for the people, and capitalization on its successes, PGPL aggressively pursues opportunities to ensure availability of RLNG throughout the country and to explore energy sector for participating in nationally important projects.

Corporate information

Chairman and CEO

Mr Iqbal Z. Ahmed

Board of Directors

Mr Iqbal Z. Ahmed

Qazi Humayun Fareed

Mian Amer Mahmood

Mr Fasih Ahmed

Mr Asim Iftikhar

Mr Razi Ahmed

Mr. M. N. Beg

Management Team

Mr Iqbal Z. Ahmed, Chairman

Qazi Humayun Fareed, Vice Chairman

Mr Fasih Ahmed, Director

Mr Asim Iftikhar, Director Finance

Mr Razi Ahmed, Director

Mr. M. N. Beg, Director

Mr Rahat Kamal

Mr Mujeeb Ur Rehman

Mr Muhammad Kashif FCA

Mr Muhammad Yasin FCMA

Mr Mohsin Butt ACA

Company Secretary

Mr Nadeem Qader ACIS

Registered Office

Pakistan GasPort Limited

Associated House,

Seven Egerton Road,

Lahore 54000, Pakistan

T: (042) 630.0184 and 630.0274

F: (042) 630.0210 and 636.8742

info@ag.com.pk

www.ag.com.pk

Auditors

RSM Avais Hyder Liaqat Nauman, Chartered

Accountants

Avais Chamber, 1-C/5, Siukandar Malhi Road,

Canal Park, Gulberg II, Lahore.

Legal Counsel

Khawaja Ahmed Tariq Rahim

11-Gulberg V,

Lahore.

Muhammad Azhar Siddique
Ground Floor, Almas Tower,
Begum Salma Tassadaq Hussain Road,
26-The Mall, Lahore.

Rana Muhammad Afzal and Company
89-F, Jail Road, Lahore.

Transaction Lawyer
Tariq Zufar

Tax Counsel
A. F. Ferguson & Co., Chartered Accountants
(a member firm of PwC Network)
23-C Aziz Avenue, Canal bank, Gulberg V, P.O. Box
39, Lahore - 54660, Pakistan

Bankers
The Bank of Punjab
Summit Bank Limited
Habib Metropolitan Bank Limited
Pak Oman Investment Company Limited
Saudi Pak Industrial & Agricultural Investment
Company Limited
Pak Libya Holding Company Limited
Industrial and Commercial Bank of China

PGPL Karachi Office
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Lahore 54000, Pakistan
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F: (021) 3539, 5277
khi@ag.com.pk

PGPL Islamabad Office
Associated House,
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F: (051) 265. 2729
isb@ag.com.pk

Corporate inquiries
nadeem@ag.com.pk

Press inquiries
fasih@ag.com.pk

Chairman's Review

Chairman's Review

I am pleased to present the performance of Pakistan Gasport Limited (PGPL), the holding company of PGP Consortium Limited (PGPC) which owns and operate the country's second LNG import terminal having a regasification capacity of 750 mmscfd situated at Mazhar Point, Port Qasim, Karachi.

The LNG Import Terminal Project was implemented as a result of award from Pakistan LNG Terminals Limited ("PLTL") to PGPL. PGPL designated this project to its wholly owned subsidiary, PGPC, as per requirements of Request for Proposal. PGPC successfully commissioned the Terminal which started commercial operations on January 4, 2018. Till then the terminal is working to meet the energy shortfall in Pakistan.

Project Investment

The terminal represents partnership among and investment from, among others, Jamshoro Joint Venture Limited ("JJVL"), which is the country's largest private sector gas processing concern; BW Group, which has provided the BW Integrity FSRU (Floating Storage and Regasification Unit) to PGPC on a 15-year lease; Fauji Oil Terminal & Distribution Company Limited ("FOTCO"), which is part of Fauji Foundation; and Trafigura Pte. Ltd., which is one of the world's largest energy trading companies.

The engineering and construction of the terminal was undertaken by a consortium led by Xinjiang Petroleum Engineering Construction Company Limited ("XPE").

Collectively, the Project represents an investment of over half a billion dollars in the jetty, pipeline system, and FSRU, as follows:

Jetty and marine works (including securities and SBLC)	\$203.68
<i>BW Integrity FSRU</i>	\$270
RLNG pipeline and metering system	\$50.27
	\$523.95



During FY2018-19, the terminal completed 43 ship-to-ship transfers with 6,032,313m³ of cargo being loaded. The regasification capacity availability was 100 percent with 13,104 LTI (Lost Time Injuries)-free hours.

Project Value

The sponsors' equity as at June 30, 2019, stood at Rs. 9.78 billion as opposed to Rs. 4.69 billion during the previous financial year. In addition, the Company was able to attain long-term debt of Rs. 4.63 billion. The value of property, plant and equipment rose to Rs. 18.02 billion as against Rs. 12.03 billion in the preceding financial year.

Outlook The Terminal has provided services to state-owned Pakistan LNG Terminals Limited ("PLTL") without interruption and exceeding the performance thresholds agreed between the two companies in terms of the 15-year Operation and Services Agreement of July 1, 2016 ("OSA"). Such services are continuing pursuant to Clause 37.9 of the OSA following PLTL's issuance, on Oct. 14, 2019, of a purported termination letter. PGPC has been granted injunctive relief by the Islamabad High Court and the impugned termination, among other matters, is pending resolution at the London Court of International Arbitration ("LCIA").

Regulatory approvals for utilization of PGPC's excess regasification capacity of 150mmscfd are progressing and the institution of Third Party Access rules by the Government of Pakistan will enable the Company to add a revenue stream other than PLTL through the import and sale of LNG entirely in the private sector.



Heads of Agreement to this end have been executed among PGPC, Trafigura Pte. Ltd., and Universal Gas Distribution Company (Private) Limited ("UGDC"). The PGPC-PLTL contract is for 15 years, whereas the Implementation Agreement with Port Qasim Authority ("PQA") is for 30 years, with the option of extending it further by another 30 years.

PGPL sponsors are also progressing the development of the country's third LNG terminal, also at PQA, that operates on a purely private sector model.

I am grateful to the PGPL Board of Directors, staff, shareholders, foreign and local associates and partners for their support and efforts in ensuring the continued success of this landmark and nationally important Project.

Iqbal Z. Ahmed
Chairman

Lahore, November 02, 2020

Group Directors' Report

Report of the Directors for the year ended June 30, 2019

The members of the Board of Directors (the "Board") of Pakistan GasPort Limited (the "Group") are pleased to present the Directors' Report for the Financial Year ended June 30, 2019.

BOARD OF DIRECTORS

The Board consists of seven (7) directors, who were reelected in the Extraordinary General Meeting of Sep. 30, 2017, for another term of three (3) years. The Board, which has remained unchanged since then, comprises:

- | | | |
|----|-----------------------|------------------------------|
| 1. | Mr. Iqbal Z. Ahmed | (Chief Executive / Director) |
| 2. | Qazi Humayun Fareed | (Director) |
| 3. | Mian Amer Mahmood | (Director) |
| 4. | Mr. Fasih Uddin Ahmed | (Director) |
| 5. | Mr. Asim Iftikhar | (Director) |
| 6. | Mr. Razi Uddin Ahmed | (Director) |
| 7. | Mr. M. N. Beg | (Director) |

About the Group

The Group consists of two unlisted public Limited Companies, Pakistan GasPort Limited (The Parent Company and PGP Consortium Limited (The Subsidiary) incorporated in Pakistan on April 02, 2007 and September 1, 2015 respectively, under the (Repealed) Companies Ordinance, 1984 and owns second LNG Terminal of Pakistan. The registered office of the Group is situated at Associated House, Seven-Egerton Road, Lahore. The LNG terminal of the Group is located at Mazhar point, Hafeez Island, Port Qasim, Karachi.

The Group is principally engaged in providing LNG receiving, storage and re-gasification services. Pursuant to a transparent, international competitive bidding process, The Subsidiary entered into the 15-year Operation and Services Agreement (the "OSA") with state-owned Pakistan LNG Terminals Limited ("PLTL") on July 1, 2016. The Group's landmark terminal achieved Commercial Start Date ("CSD") on Jan. 4, 2018, and is providing storage and regasification services to PLTL for 600mmscfd at a record low tolling tariff of \$0.4177/mmbtu.

CAPITAL

The Group has Authorized Share Capital is Rs.7.37 billion comprising 450 million B Class-Voting Ordinary Shares of Rs.10 each, 86.4 million A Class Non-Voting Ordinary Shares of Rs.10 each and 200.2 million Preference Shares of Rs.10 each. The paid-up share capital is Rs. 5.66 billion comprising of 566.26 million B Class Voting Ordinary Shares of Rs. 10 each and 157.9 million preference shares of Rs.10 each.

OPERATIONS AND FINANCIAL RESULTS

During FY2018-2019, BW Group, whose companies have leased to the Group and operate and maintain the BW Integrity FSRU, reports that the terminal completed 43 ship-to-ship ("STS") transfers with 6,032,313m³ of cargo being loaded. The regasification capacity availability was 100 percent with 13,104 LTI (Lost Time Injuries)-free hours. On June 6, 2020, The Group completed its 100th STS transfer.

The Group earned a profit-before-tax of Rs. 338.85 million after recognition of Rs. 1,318.80 million being discounted value of BW Group pre-CSD charges. Tax, consisting mainly of deferred tax, amounted to Rs. 255.28 million. Revaluation of fixed assets recognized in the books of the Company amounted to Rs. 6,138.02 million, and, after setting off related deferred tax of Rs. 1,627.362 million, resulted in total comprehensive income for the financial year at Rs. 4,594.22 million.

BW Group's pre-CSD invoices have been charged to the P&L account for FY2018-2019 in the amount of Rs. 1,318.80 million, which is the discounted impact of the invoices in this account based on installments agreed with the BW Group over a period of three years plus a grace period of 14 months with effect from August 2020. Although the benefit of this span the duration of the 15-year contracts between the subsidiary and BW Group, it is being factored in FY2018-2019 in accordance with International Financial Reporting Standards ("IFRS").

Further, the Group has raised claims from PLTL of Rs. 1,997.77 million on account of payments made by the Group to BW Group and Rs. 722.06 million paid by the Group to PQA during FY2018-2019. These claims, inter alia, are being settled at the London Court of International Arbitration ("LCIA").

Auditors and Audit Report

The appended financial statements have been audited by RSM Awais Hayder Nauman, Chartered Accountants ("RSM"), in accordance with IFRS. Information on and explanation of the contents of modification in the auditors' report are as follows:

1. RSM has noted that the Group has factored in the discounted value of BW Group's pre-CSD invoices and related expenses, i.e. Rs. 1,318.80 million, based on a three-year installment plan agreed between the Company and BW Group versus the full invoiced amount of Rs. 1,997.77 million. The auditor has disagreed with this treatment and is of the opinion that since this is a non-adjusting event in accordance with IAS 10, Hence the lease expense and related liability should be recognized at full amount.

The Group's position is that the original 2016 lease and operations and maintenance agreements with BW Group are for 15 years which stipulated commencement of contractual payments from July 16, 2017. However due to delays in commercial start date, the Group commenced payments to BW Group in November 2017 even though CSD was achieved on Jan. 4, 2018 on account of delays caused by PLTL. Hence, the Group has raised claims with PLTL for these pre-CSD figures. An amount of \$12.14 million remained outstanding to BW Group for the period July 16, 2017, to Oct. 31, 2017.

On June 1, 2020, the Subsidiary and BW Group entered into an agreement to make payments in 36 installments commencing from Aug. 31, 2020. The total liability is Rs. 1,997.77 million as at June 30, 2019. However, the Company has recorded the liability of Rs. 1,318.80 million on Net Present Value basis using a discount rate of 16.97 percent for a similar instrument as management is of the view that discussions that culminated in the installment agreement were in contemplation during FY2018-2019.

2. The LCIA process underway is the result of PLTL's purported termination letter dated Oct. 14, 2019, and its inability to arrive at a fair and equitable resolution without incurring the costs of international arbitration on either side. The auditors observed that this indicates a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern.

The Group's position is that, as per PLTL's own express acknowledgement, business is continuing and both sides are fulfilling their obligations pursuant to Clause 37.9 of the OSA despite the purported termination of the contract. The basis for the purported termination letter was alleged

default under the Adequate Assurance of Performance clause of the OSA, despite the fact that both sides had agreed through correspondence on remedial measures, which were fulfilled by the Group. The Company has additionally also created a \$15-million pari passu charge on its fixed assets in favor of PLTL to fully address any alleged concerns regarding Adequate Assurance of Performance. The first hearing at the LCIA is scheduled to take place in January 2022.

In January 2020, the Islamabad High Court also granted the Subsidiary injunctive relief against any adverse move by PLTL that could shortchange or compromise the ongoing LCIA process.

Based on the view of its legal counsels, The Group is satisfied with the legality and legitimacy of its claims at LCIA. The Group's auditors, having reviewed the matter, are also agreed with the information provided above. Financial statements for FY2018-2019 have, therefore, been made on a going-concern basis.

Any Material Changes, Commitments affecting the Group's Financial Position

No other material changes or commitments affecting the financial position of the Group have occurred between the end of the financial year and the date of this report except as disclosed herein.

Principal Risks and Uncertainties

No other risks and uncertainties affecting the Group have been identified except the litigation with PLTL as described above along with mitigating strategies.

Adequacy of Internal Financial Controls

The Group's management is responsible for the establishment and maintenance of the Company's system of internal controls in order to identify and manage risks. This system reasonably assures that:

- Assets are safeguarded against unauthorized use or disposition;
- Proper and reliable accounting records are available for use within the business;
- Adequate control mechanisms have been established within the operational businesses; and
- Internal financial controls deployed within the Company have been satisfactory throughout the year.

Reporting

The Group complies with all statutory reporting requirements. All statements, financial and otherwise, duly reviewed by the Company's auditors are provided to shareholders, associates, financial institutions, and relevant authorities on a regular and responsible basis.

Future Outlook

Regulatory approvals for utilization of the Group's excess/surplus regasification capacity of 150mmscfd are progressing and the institution of Third-Party Access rules by the Government of Pakistan will enable the Company to add a revenue stream other than PLTL through the import and sale of LNG entirely in the private sector. Heads of Agreement to this end have been executed among the Group, Trafigura Pte. Ltd., and Universal Gas Distribution Company (Private) Limited ("UGDC"). The Group-PLTL contract is for 15 years, whereas the Implementation Agreement with Port Qasim Authority ("PQA") is for 30 years, with the option of extending it further by another 30 years.

Earnings per Share

As at June 30, 2019, the earnings per share of the Group is Rs. 0.17.

Dividend Declaration

The Board declared and approved payment of cash dividend of Rs. 377.43 million to Preference Shareholders during FY2018-2019, as per the terms and conditions of the Preference Shares Subscription agreements. No dividend has been recommended for Ordinary Shareholders for FY 2018-2019 in view of pre-CSD invoices however, the Management of the Group is confident to declare dividend to ordinary shareholders in coming financial years keeping in view the financial projections of the Company.

Monthly Remuneration Package of the Directors and Chief Executive

		Monthly Salary
Mr. Iqbal Z. Ahmed	Chairman	Rs. 3,885,555
Mr. Qazi Humayun Fareed	Vice Chairman	Rs. 818,889
Mr. Attiq Ahmed	Director	
Mr. Fasih Ahmed	Chief Executive Officer	Rs. 540,000
Mr. Razi Ahmed	Director	
Ms. Sadia Ahmed	Director	
Mr. Asim Iftikhar	Director Finance	Rs. 1,632,222

Corporate Social Responsibility

The Group is committed to its Corporate Social Responsibility ("CSR") charter and contribute toward health and education initiatives, and environmental care. It remains vigilant about the requirements and needs of host communities. The Group has also planted 27,000 mangroves in the Port Qasim area as part of its CSR charter.

Shareholding Pattern

The pattern of shareholdings is attached with this report.

The Board is grateful to the Company's staff and foreign and local associates and partners for their endeavors toward the abiding success of this landmark energy infrastructure project.

For and on behalf of the Board:



Iqbal Z. Ahmed
Chairman / Chief Executive



Qazi Humayun Fareed
Vice Chairman / Director

Lahore, November 02, 2020

Pattern of Shareholding Consolidated

PGPL's pattern of shareholding as on June 30, 2019, was as follows;

Ordinary Share Holding – B Class

Shareholders (no)	Range of shareholding		No of shares
02	1	to 50,000	30,000
10	50,001	to 15,000,000	36,543,044
09	15,000,001	to 100,000,000	371,785,925
			408,358,969

Category	No of shareholders	No of shares held	Percentage of shareholding
Chief executive, Directors, spouses and minor children	7	145,423,632	35.61%
Associated Undertakings	1	107,329,044	26.28%
Shareholding 10%	-	-	-
General Public	13	155,606,293	38.11%
Total	21	408,358,969	100.00%

Preference Share Holding

Shareholders (no)	Range of shareholding		No of shares
11	1	to 10,000,000	52,900,000
2	10,000,001	to 30,000,000	32,000,000
2	30,000,001	to 143,100,000	73,000,000
15		-	157,900,000

Category	No of shareholders	No of shares held	Percentage of shareholding
Chief executive, Directors, spouses and minor children	1	3,563,000	2.26%
Associated Undertakings	-	-	-
Shareholding 10%	3	93,000,000	58.90%
General Public	11	61,337,000	38.85%
Total	15	157,900,000	100.00%

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Credit Rating Report

66

Consolidated Financial Statements



RSM Avas Hyder Liaquat Nauman
Chartered Accountants

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Gulberg II, Lahore Pakistan

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INDEPENDENT AUDITORS' REPORT

To the members of Pakistan Gas Port Limited
Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of Pakistan Gas Port Limited and its subsidiary (the Group), which comprise the consolidated statement of financial position as at June 30, 2019 and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at June 30, 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Qualified Opinion

The Subsidiary has recorded lease liability and related lease expense of Floating Storage Regasification Unit, for the period from July 16, 2017 to October 31, 2017 amounting to US dollars 12.144 million, on net present value on the basis of the deferred payment arrangement as agreed with the vendor vide agreement dated June 01, 2020 (Refer Note 22.4). In our view, this is not in accordance with the requirements of International Accounting Standard 10 'Events after the Reporting Period' as the above referred deferred payment arrangement is a non-adjusting subsequent event. As a result, lease liability and related lease expense have been decreased by Rs. 678.973 million and consolidated profit for the year and equity as at the reporting date have been increased by Rs. 678.973 million.

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of the 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 qualified opinion.

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

Other Offices at:
Karachi : 92 (21) 3565 5975-6
Faisalabad : 92 (41) 854 1165/854 1965
Islamabad : 92 (51) 2114096-8
Quetta : 92 (81) 282 9809
Peshawar : 92 (91) 527 8310/527 7205
Kabul : 93 (799) 058155

RSM Avas Hyder Liaquat Nauman is a member of RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not a self a separate legal entity in any jurisdiction.

Material Uncertainty relating to Going Concern

We draw attention to Note 3.2 to the consolidated financial statements which indicates litigation between the Subsidiary and Pakistan LNG Terminals Limited (PLTL) relating to termination of the Operations and Service Agreement and acquisition of its LNG Terminal by PLTL. This indicates a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Information Other than the Consolidated Financial Statements and Auditors' Report Thereon

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

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 the Board of Directors for the Consolidated Financial Statements

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

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

The Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements


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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

The engagement partner on the audit resulting in this independent auditors' report is Syed Ali Adnan Tirmizey.


RSM AVAIS HYDER LIAQUAT NAUMAN
 Chartered Accountants
 Place: Lahore
 Date: November 02, 2020

RSM Avais Hyder Liaquat Nauman
Chartered Accountants

Avais Chambers, 1-C/5
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INDEPENDENT AUDITORS' REPORT

To the members of Pakistan Gas Port Limited

Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Opinion

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

Emphasis of Matter

We draw attention to Note 7.2 to the financial statements which describes litigation between Pakistan LNG Terminals Limited (PLTL) and PGP Consortium Limited (the Subsidiary) relating to termination of the Operations and Services Agreement by PLTL and issuance of Option Exercise Notice which may impact the investment of the Company in future. Our opinion is not modified with respect to this matter.

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 directors' report, but does not include the financial statements of the company and our auditors' report thereon.

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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 is responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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


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

Report on Other Legal and Regulatory Requirements

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

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

The engagement partner on the audit resulting in this independent auditors' report is Syed Ali Adnan Tirmizey.


RSM AVAIS HYDER LIAQUAT NAUMAN
 Chartered Accountants
 Place: Lahore
 Date: November 02, 2020

Statement of financial position

as at June 30, 2019

	Note	2019 Rupees	2018 Rupees
ASSETS			
NON CURRENT ASSETS			
Property and equipment	5	2,755	38,065
Intangible assets	6	130,051,373	139,596,317
Investment in subsidiary	7	4,083,589,690	3,214,752,180
		4,213,643,818	3,354,386,562
CURRENT ASSETS			
Loans, advances and other receivables	8	47,161,728	43,165,546
Cash and bank balances	9	94,187,823	69,767,083
		141,349,551	112,932,629
TOTAL ASSETS		4,354,993,369	3,467,319,191
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital	10	5,366,000,000	5,366,000,000
Issued, subscribed and paid up capital	11	4,083,589,690	3,141,461,740
(Accumulated loss)		(23,405,768)	(11,820,968)
Share deposit money		-	73,290,440
		4,060,183,922	3,202,931,212
CURRENT LIABILITIES			
Trade and other payables	12	5,747,217	6,125,894
Short term borrowings	13	289,062,230	258,262,085
		294,809,447	264,387,979
CONTINGENCY	14	-	-
		4,354,993,369	3,467,319,191

The annexed notes from 1 to 22 form an integral part of these financial statements.

Lahore

Date: November 02, 2020



CHIEF EXECUTIVE



DIRECTOR

Statement of profit or loss

for the year ended June 30, 2019

	Note	2019 Rupees	2018 Rupees
Other income		-	3,648,983
Administrative expenses	15	(11,006,085)	(9,776,406)
Marketing expenses		-	(1,875,000)
Bank charges and commission		(694,577)	(977,364)
Exchange gain / (loss)		115,862	(113,518)
		(11,584,800)	(12,742,288)
Loss for the year before taxation		(11,584,800)	(9,093,305)
Provision for taxation	16	-	-
Loss for the year		(11,584,800)	(9,093,305)

The annexed notes from 1 to 22 form an integral part of these financial statements.

Lahore
Date: November 02, 2020


CHIEF EXECUTIVE


DIRECTOR

Statement of comprehensive income

for the year ended June 30, 2019

	2019 Rupees	2018 Rupees
Loss for the year	(11,584,800)	(9,093,305)
Other comprehensive income	-	-
Total comprehensive loss for the year	<u>(11,584,800)</u>	<u>(9,093,305)</u>

The annexed notes from 1 to 22 form an integral part of these financial statements.

Lahore

Date: November 02, 2020



CHIEF EXECUTIVE



DIRECTOR

Statement of cash flows

for the year ended June 30, 2019

	2019 Rupees	2018 Rupees
A) CASH FLOW FROM OPERATING ACTIVITIES		
Loss for the year before taxation	(11,584,800)	(9,093,305)
Adjustment for:		
Depreciation	35,310	196,448
Amortization	9,544,944	3,181,648
Operating cash flow before working capital changes	(2,004,546)	(5,715,209)
Working capital changes:		
(increase) in current assets:		
Loan and advance	(3,996,182)	(35,446,727)
(Decrease) / increase in current liabilities:		
Trade and other payables	(378,677)	(7,343,640)
	(4,374,859)	(42,790,367)
Net cash (used in) operating activities	(6,379,405)	(48,505,576)
B) CASH FLOW FROM INVESTING ACTIVITIES		
Increase in capital work in progress	-	(43,246,500)
Investments made during the year	(868,837,510)	-
Net cash (used in) investing activities	(868,837,510)	(43,246,500)
C) CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of shares	868,837,510	-
Short term borrowing obtained	30,800,145	101,012,087
Net cash generated from financing activities	899,637,655	101,012,087
Net increase in cash and cash equivalents during the year (A+B+C)	24,420,740	9,260,011
Cash and cash equivalents at the beginning of the year	69,767,083	60,507,072
Cash and cash equivalents at the end of the year	94,187,823	69,767,083

The annexed notes from 1 to 22 form an integral part of these financial statements.

Lahore
Date: November 02, 2020


CHIEF EXECUTIVE


DIRECTOR

Statement of changes in equity

for the year ended June 30, 2019

	Issued, subscribed and paid up capital	(Accumulated Loss)	Share deposit money	Total
	Rupees			
Balance as at July 01, 2017	3,141,461,740	(2,727,663)	73,290,440	3,212,024,517
Total comprehensive loss				
Loss for the year	-	(9,093,305)	-	(9,093,305)
Other comprehensive income	-	-	-	-
	-	(9,093,305)	-	(9,093,305)
Balance as at June 30, 2018	3,141,461,740	(11,820,968)	73,290,440	3,202,931,212
Transactions with owners				
Share deposit money received during the year	-	-	868,837,510	868,837,510
Shares issued during the year	942,127,950	-	(942,127,950)	-
	942,127,950	-	(73,290,440)	868,837,510
Total comprehensive loss				-
Loss for the year	-	(11,584,800)	-	(11,584,800)
Other comprehensive income	-	-	-	-
	-	(11,584,800)	-	(11,584,800)
Balance as at June 30, 2019	4,083,589,690	(23,405,768)	-	4,060,183,922

The annexed notes from 1 to 22 form an integral part of these financial statements.

Lahore

Date: November 02, 2020



CHIEF EXECUTIVE



DIRECTOR

Notes to the financial statements

for the year ended June 30, 2019

1 CORPORATE AND GENERAL INFORMATION

Legal status and operations

Pakistan Gas Port Limited (the Company) is a public limited company incorporated in Pakistan on April 2, 2007 under the (repealed) Companies Ordinance, 1984. The Company is engaged in the business of importing, exporting, processing and distributing LNG, RLNG, CNG, LPG, natural gas liquids and other allied products. The registered office of the Company is situated at Associated House, Seven - Egerton Road, Lahore in the province of Punjab.

The Company is carrying out the project of running a liquified natural gas terminal facility through a special purpose vehicle, Ms. PGP Consortium Limited (a wholly owned subsidiary), as per terms of the contract with Pakistan LNG Terminals Limited (PLTL).

These financial statements pertain to the Company as an individual entity.

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:

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

-Provisions of and directives issued under the Companies Act, 2017.

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

2.2 Basis of Measurement

These financial statements have been prepared under the historical cost convention.

2.3 Functional and Presentation Currency

These financial statements have been presented in Pakistani Rupees which is the Company's functional and presentation currency.

2.4 Use of Estimate and Judgment

The preparation of financial statements in conformity with approved accounting standards requires the 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 and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values 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. Revision to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

The areas where various assumptions and estimates are significant to Company's financial statements or where judgments were exercised in application of accounting policies are as follows:

- Provision for current and deferred taxation
- Residual values and useful lives of depreciable assets
- Amortization of intangible assets
- Provisions

3 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS

Notes to the financial statements

for the year ended June 30, 2019

3.1 Standards, amendments to standards and interpretations becoming effective in current period

The following standards, amendments to standards and interpretations have become effective and are mandatory for financial statements of the Company for the periods beginning on or after July 01, 2018 and therefore, have been applied in preparing these financial statements.

i. IFRS 9 – Financial Instruments

IFRS 9 replaced the provisions of IAS 39 'Financial Instruments: Recognition and Measurement' that relates to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The adoption of IFRS 9 did not have a significant effect on the Company's accounting policies related to financial liabilities. The changes in accounting policies have been applied retrospectively. The nature and effect of the changes to previous accounting policies related to financial assets are set out below:

a. Classification and measurement of financial assets

IFRS 9 eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables, held for trading and available for sale. IFRS 9, classifies financial assets in the following three categories:

- fair value through other comprehensive income (FVOCI);
- fair value through profit or loss (FVTPL); and
- amortized cost.

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application:

- The determination of business model within which a financial asset is held; and
- The designation and revocation of previous designation of certain financial assets as measured at 'FVTPL.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as FVTPL:

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

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as FVTPL:

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

An investment in equity instruments, not held for trading, may be measured at FVOCI if an irrevocable election is made at the time of initial application of this IFRS or initial recognition of such investment.

All financial assets that are not classified as measured at amortized cost or FVOCI, as described above, are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

For assets measured at fair value, gains and losses will either be recorded in the statement of profit or loss account or other comprehensive income.

A financial asset is initially measured at fair value plus transaction costs that are directly attributable to its acquisition, except FVTPL which is measured at fair value.

A financial asset is initially measured at fair value plus transaction costs that are directly attributable to its acquisition, except FVTPL which is measured at fair value.

The following table explains the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets as at June 30, 2018:

	Original classification under ISA 39	New classification under IFRS 9	Carrying Amount	New Carrying Amount
			-----Rupees-----	
Loan to subsidiary	Loans and advances	Amortised cost	26,440,400	26,440,400
Advance against expenses	Loans and advances	Amortised cost	14,700,728	14,700,728
Cash and bank balances	Loans and advances	Amortised cost	69,767,083	69,767,083

Notes to the financial statements

for the year ended June 30, 2019

b. Impairment

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. IFRS 9 introduces a forward-looking expected credit loss model, rather than the current incurred loss model, when assessing the impairment of financial asset in the scope of IFRS 9. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments.

The Company applies the IFRS 9 simplified approach for measuring expected credit losses which uses a lifetime expected loss allowance for all loans and advances. Impairment losses related to loans and advances are presented separately in the statement of profit or loss. Loans and advances are written off when there is no reasonable expectation of recovery. Management used actual credit loss experience over past years to base the calculation of ECL on adoption of IFRS 9. Given the Company's experience of collection history and historical loss rates / bad debts and normal loans and advances aging, the move from an incurred loss model to an expected loss model has not had any significant impact on the financial position and / or financial performance of the Company.

Loss allowance on debt securities are measured at 12 months expected credit losses as those are determined to have low credit risk at the reporting date. Loss allowance on other securities and bank balances is also measured at 12 months expected credit losses. Since these assets are short term in nature, therefore no credit loss is expected on these balances.

ii. IFRS 15 - Revenue from Contracts with Customers

On 28 May 2014, the International Accounting Standards Board ("IASB") issued International Financial Reporting Standards ("IFRS") 15 "Revenue From Contracts with Customers" which provides a unified five-step model for determining the timing, measurement and recognition of revenue. The focus of the new standard is to recognize revenue as performance obligations are made rather than based on the transfer of risk and rewards. IFRS 15 includes a comprehensive set of disclosure requirements including qualitative and quantitative information about contracts with customers to understand the nature, amount, timing and uncertainty of revenue. The standard supersedes IAS 18 "Revenue", IAS 11 "Construction Contracts" and a number of revenue related interpretations.

The Company has applied the modified retrospective method upon adoption of IFRS 15 as allowed under the Standard. This method requires the recognition of the cumulative effect (without practical expedients) of initially applying IFRS 15 to opening retained earnings. Under this transition method, comparative information for prior periods are not required to be restated and continues to be reported in accordance with the previous standards and related interpretations.

The adoption of the standard has no impact on the Company's financial statements.

iii. IFRS 2 - Share-based Payment

Amendments to classification and measurement of Share-based Payment transactions, applicable for annual reporting periods beginning on or after January 01, 2018, contains the following clarifications and amendments:

Accounting for cash-settled share-based payment transactions that include a performance condition

Until now, IFRS 2 contained no guidance on how vesting conditions affect the fair value of liabilities for cash-settled share-based payments. IASB has now added guidance that introduces accounting requirements for cash-settled share-based payments that follows the same approach as used for equity-settled share-based payments.

Classification of share-based payment transactions with net settlement features

IASB has introduced an exception into IFRS 2 so that a share-based payment where the entity settles the share-based payment arrangement net is classified as equity-settled in its entirety provided the share-based payment would have been classified as equity-settled had it not included the net settlement feature.

Accounting for modifications of share-based payment transactions from cash-settled to equity-settled

Until now, IFRS 2 did not specifically address situations where a cash-settled share-based payment changes to an equity-settled share-based payment because of modifications of the terms and conditions. The IASB has introduced the following clarifications:

- On such modifications, the original liability recognized in respect of the cash-settled share-based payment is derecognized and the equity-settled share-based payment is recognized at the modification date fair value to the extent services have been rendered up to the modification date.

- Any difference between the carrying amount of the liability as at the modification date and the amount recognized in equity at the same date would be recognized in profit and loss immediately.

The application of these amendments has no impact on the Company's financial statements.

iv. IAS 40 - Investment Property

The amendments in Transfers of Investment Property, applicable for periods beginning on or after January 01, 2018, state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use.

Notes to the financial statements

for the year ended June 30, 2019

The application of these amendments has no impact on the Company's financial statements.

v. IFRIC 22 – Foreign Currency Transactions and Advance Consideration

IFRIC 22 clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency.

The Interpretation covers foreign currency transactions when an entity recognizes a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration before the entity recognizes the related asset, expense or income. It does not apply when an entity measures the related asset, expense or income on initial recognition at fair value or at the fair value of the consideration received or paid at a date other than the date of initial recognition of the non-monetary asset or non-monetary liability. Also, the Interpretation need not be applied to income taxes, insurance contracts or reinsurance contracts.

The application of these amendments has no impact on the Company's financial statements.

Standards, amendments to standards and interpretations becoming effective in current period but not relevant

There are certain new standards, amendments to standards and interpretations that became effective during the year and are mandatory for accounting periods of the Company beginning on or after July 01, 2018 but are considered not to be relevant to the Company's operations and are, therefore, not disclosed in these financial statements.

3.2 Standards, amendments to standards and interpretations becoming effective in future periods

The following standards, amendments to standards and interpretations have been published and are mandatory for the Company's accounting periods beginning on or after their respective effective dates.

i. IFRS 3 – Business Combinations

The IASB has issued 'Definition of a Business (Amendments to IFRS 3)' aimed at resolving the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments are effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020.

The application of these amendments has no impact on the Company's financial statements.

ii. Amendments to References to the Conceptual Framework in IFRS Standards:

The IASB issued Amendments to References to the Conceptual Framework in IFRS Standards. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32. Not all amendments, however update those pronouncements with regard to references to and quotes from the framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the framework they are referencing to (the IASC framework adopted by the IASB in 2001, the IASB framework of 2010, or the new revised framework of 2018) or to indicate that definitions in the standard have not been updated with the new definitions developed in the revised Conceptual Framework.

The amendments, where they actually are updates, are effective for annual periods beginning on or after January 1, 2020. The application of these amendments has no impact on the Company's financial statements.

iii. Annual Improvements to IFRS Standards 2015–2017 Cycle, applicable for annual reporting periods beginning on or after January 01, 2019.

In December 2017, the IASB published Annual Improvements to IFRS Standards 2015–2017 Cycle, containing the following amendments to IFRSs:

IFRS 3 – Business Combinations and IFRS 11 - Joint Arrangements— The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.

IAS 12 - Income Taxes — The amendments clarify that all income tax consequences of dividends (i.e. distribution of profits) should be recognized in profit or loss, regardless of how the tax arises.

IAS 23 - Borrowing Costs — The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalization rate on general borrowings.

The application of these amendments has no impact on the Company's financial statements.

iv. IAS 1 and IAS 8 – Presentation of Financial Statements

The International Accounting Standards Board (IASB) has issued 'Definition of Material (Amendments to IAS 1 and IAS 8)' to clarify the definition of and to align the definition used in the Conceptual Framework and the Standards themselves.

Notes to the financial statements

for the year ended June 30, 2019

'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.'

The amendments, where they actually are updates, are effective for annual periods beginning on or after January 1, 2020. The application of these amendments has no impact on the Company's financial statements.

v. IFRS 16 – Leases

IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

IFRS 16 replaces the following standards and interpretations:

- IAS 17 Leases
- IFRIC 4 Determining whether an Arrangement contains a Lease
- SIC-15 Operating Leases - Incentives
- SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease

IFRS 16 was issued in January 2016 and applies to annual reporting periods beginning on or after 1 January 2019, as notified by S.R.O. 434 (I)/2018 dated April 9, 2018. The management of the Company is reviewing the changes to evaluate the impact of application of standard on the financial statements.

vi. IAS 19 – Employee Benefits

Amendments, applicable for annual reporting periods beginning on or after January 01, 2019, relate to plan amendment, curtailment or settlement detailed as below:

- If a plan amendment, curtailment or settlement occurs, it is now mandatory that the current service cost and the net interest for the period after the remeasurement are determined using the assumptions used for the remeasurement.
- In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling.

The application of these amendments has no impact on the Company's financial statements.

vii. IAS 28 – Investments in Associates and Joint Ventures

Amendments resulting from Annual Improvements 2014–2016 Cycle (clarifying certain fair value measurements), applicable for periods beginning on or after January 01, 2018, clarified that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organization, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.

Further, amendments applicable for periods beginning on or after January 01, 2019 have been added to clarify that an entity applies IFRS 9 including its impairment requirements, to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.

The application of these amendments has no impact on the Company's financial statements.

viii. IFRIC 23 – Uncertainty over Income Tax Treatments

IFRIC 23 clarifies the accounting for uncertainties in income taxes.

The interpretation is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12.

IFRIC 23 is effective for annual reporting periods beginning on or after January 01, 2019. Earlier application is permitted.

The application of these amendments has no impact on the Company's financial statements.

Standards, amendments to standards and interpretations becoming effective in future period but not relevant

There are certain new standards, amendments to standards and interpretations that are effective from different future periods but are considered not to be relevant to the Company's operations, therefore, not disclosed in these financial statements.

3.3 Standards issued by IASB but not applicable in Pakistan

Following new standards have been issued by IASB which are yet to be notified by the SECP for purpose of applicability in Pakistan:

IFRS 1 - First-time adoption of International Financial Reporting Standards

IFRS 14 - Regulatory Deferral Accounts

IFRS 17 - Insurance Contracts

Notes to the financial statements

for the year ended June 30, 2019

4 SIGNIFICANT ACCOUNTING POLICIES

4.1 Property and Equipment

These are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

Depreciation is charged to profit and loss account using straight line method. Depreciation on additions is charged from the month in which the asset is available for use while no depreciation is charged for the month in which an asset is disposed off. Assets residual values, useful lives and depreciation rates are reviewed, and adjusted, if appropriate at each reporting date.

Maintenance and normal repairs are charged to statement of profit or loss as and when incurred, while major renewals and improvements are capitalized. The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognised as an income or expense.

All costs / expenditures connected with specific assets collected under capital work-in-progress. These are transferred to specific assets as and when assets are available for intended use.

4.2 Intangible Assets

Intangible assets are recognized if it is probable that future economic benefits will flow to the Company and the cost of such assets can be measured reliably. These are stated at cost less any accumulated amortization and accumulated impairment losses, if any.

The intangible assets of the Company comprise of computer software (which is in the process of being implemented) and the cost of settlement resulting in award of contract to the group for a term of 15 years, starting from January 04, 2018 for setting up of LNG storage and regasification services at Port Qasim, Karachi for Pakistan LNG Terminals Limited (PLTL).

Computer software are subject to amortization based on reducing balance method whereas the cost of settlement resulting in award of contract to the group for setting up of LNG storage and regasification services at Port Qasim, Karachi for Pakistan LNG Terminals Limited (PLTL) are subject to amortization over the life of contract over straight line basis. Amortization on additions during the year is charged from the month in which an asset is acquired or capitalized, while no amortization is charged for the month in which the asset is disposed off.

4.3 Impairment of Non-Financial Assets

The carrying amounts of non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated to determine the extent of impairment loss, if any. An impairment loss is recognised, as an expense in the profit and loss account. The recoverable amount is the higher of an asset's fair value less cost to disposal and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a pre tax discount rate that reflects current market assessments of the time value of money and the risk specific to the assets for which the estimate of future cash flows have not been adjusted. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An impairment loss is reversed if there is 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 recognised previously. Reversal of an impairment loss is recognised immediately in the profit and loss account.

4.4 Financial Instruments

4.4.1 Measurement of financial asset

Initial Measurement

The Company classifies its financial assets into following three categories:

- fair value through other comprehensive income (FVOCI);
- fair value through profit or loss (FVTPL); and
- measured at amortized cost.

A financial asset is initially measured at fair value plus transaction costs that are directly attributable to its acquisition, except FVTPL which is measured at fair value.

Notes to the financial statements

for the year ended June 30, 2019

Subsequent measurement

The subsequent measurement of financial assets depends on their classification, as follows:

Debt Investments at FVOCI

These assets are subsequently measured at fair value. Changes in fair value are recognized in other comprehensive income. Interest / markup income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss. On de-recognition, gains and losses accumulated in other comprehensive income are reclassified to the statement of profit or loss.

Equity Investments at FVOCI

These assets are subsequently measured at fair value. Changes in fair value are recognized in other comprehensive income and are never reclassified to the statement of profit or loss. Dividends are recognized as income in the statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest markup or dividend income, are recognized in the statement of profit or loss.

Financial assets measured at amortized cost

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest / markup income, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss.

Non-derivative financial assets

All non-derivative financial assets are initially recognized on trade date i.e. date on which the Company becomes party to the respective contractual provisions. Non-derivative financial assets comprise loans and receivables that are financial assets with fixed or determinable payments that are not quoted in active markets and includes trade debts, advances, other receivables and cash and cash equivalents.

Derecognition

The Company derecognizes the financial assets when the contractual rights to the cash flows from the assets expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risk and rewards of ownership of the financial assets are transferred or it neither transfers nor retain substantially all of the risks and rewards of ownership and does not retain control over the transferred assets.

4.4.2 Measurement of Financial liabilities

Initial Measurement

Financial liabilities are classified in the following categories:

- fair value through profit or loss; and
- other financial liabilities.

The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in case of other financial liabilities also include directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification, as follows:

Fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held-for-trading and financial liabilities designated upon initial recognition as being at fair value through profit or loss. The Company has not designated any financial liability upon recognition as being at fair value through profit or loss.

Other financial liabilities

After initial recognition, other financial liabilities which are interest bearing are subsequently measured at amortized cost using the effective interest rate method. Gain and losses are recognized in statement of profit or loss, when the liabilities are derecognized as well as through effective interest rate amortization process.

Derecognition

The Company derecognizes financial liabilities when and only when the Company's obligations are discharged, cancelled or expire.

Notes to the financial statements

for the year ended June 30, 2019

4.4.3 Offsetting of Financial Asset and Financial Liability

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when the Company has currently legally enforceable right to set-off the recognized amounts and the Company intends either to settle on a net basis or to realise the assets and to settle the liabilities simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in normal course of business and in the event of default, insolvency or winding up of the Company or the counter parties.

4.4.4 Impairment of financial assets

The Company recognizes loss allowances for Expected Credit Losses (ECLs) in respect of financial assets measured at amortized cost. The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balance for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for receivables are always measured at an amount equal to lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk. Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

4.5 Related Party Transactions

Transactions with related parties are carried out on arm's length basis. Prices for these transactions are determined on the basis of comparable uncontrolled price methods which sets the price by reference to comparable goods and services sold in an economically comparable market to a buyer un-related to the seller.

4.6 Investment in subsidiaries

Investment in subsidiary is initially recognized at cost. At subsequent reporting date, recoverable amounts are estimated to determine the extent of impairment loss, if any, and carrying amount of investment is adjusted accordingly. Impairment losses are recognized as expense in statement of profit or loss. Where impairment loss subsequently reverses, the carrying amounts of investment are increased to its revised recoverable amount but limited to the extent of initial cost of investment. Reversal of impairment losses are recognized in the statement of profit or loss.

The profits and losses of subsidiaries are carried forward in their financial statements and not dealt within these financial statements except to the extent of dividend declared by the subsidiaries. Gains and losses on disposal of investment are included in statement of profit or loss.

4.7 Cash and Cash Equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of statement of cash flows, cash and cash equivalents comprise cash in hand, cash with banks on current, saving and deposit accounts.

Notes to the financial statements

for the year ended June 30, 2019

4.8 Loans and Advances

These are classified at amortized cost and are initially recognized when they are originated and measured at fair value of consideration receivable. These assets are written off when there is no reasonable expectation of recovery. Actual credit loss experience over past years is used to base the calculation of expected credit loss.

4.9 Trade and Other Payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

4.10 Taxation

4.10.1 Current Tax

Provision of current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credits and tax rebates available under the law.

4.10.2 Deferred Tax

Deferred tax is provided using the liability method for all temporary differences at the reporting date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax asset is recognised for all deductible temporary differences and carry forward of unused tax losses, if any, to the extent that it is probable that taxable profit will be available against which such temporary differences and tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax is charged or credited in the statement of profit or loss, except in case of items credited or charged to equity in which case it is included in equity.

4.11 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in statement of profit or loss in the period in which they are incurred.

4.12 Foreign Currency Transactions

Transactions in currencies other than Pakistani Rupee are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting date except where forward exchange contracts have been entered into for repayment of liabilities, in that case, the rates contracted for are used. Gains and losses arising on retranslation are included in statement of profit or loss for the year.

4.13 Provisions

Provisions are 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 resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made to the extent of obligation. However, provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Notes to the financial statements

for the year ended June 30, 2019

5 PROPERTY AND EQUIPMENT

	Furniture and fixtures	Computers	Total
	----- Rupees -----		
At July 01, 2017			
Cost	8,300	631,651	639,951
Accumulated depreciation	(3,885)	(407,676)	(411,561)
Net book value	<u>4,415</u>	<u>223,975</u>	<u>228,390</u>
Year ended June 30, 2018			
Opening net book value	4,415	223,975	228,390
Depreciation charged	(830)	(189,495)	(190,325)
Closing net book value	<u>3,585</u>	<u>34,480</u>	<u>38,065</u>
As at June 30, 2018			
Cost	8,300	631,651	639,951
Accumulated depreciation	(4,715)	(597,171)	(601,886)
Net book value	<u>3,585</u>	<u>34,480</u>	<u>38,065</u>
Year ended June 30, 2019			
Opening net book value	3,585	34,480	38,065
Depreciation charged	(830)	(34,480)	(35,310)
Closing net book value	<u>2,755</u>	<u>-</u>	<u>2,755</u>
As at June 30, 2019			
Cost	8,300	631,651	639,951
Accumulated depreciation	(5,545)	(631,651)	(637,196)
Net book value	<u>2,755</u>	<u>-</u>	<u>2,755</u>
Annual rate of depreciation (%)	10%	30%	

6 INTANGIBLE ASSETS

	Note	2019 Rupees	2018 Rupees
Software development cost	6.1	1,194,630	1,194,630
Legal and settlement cost	6.2	128,856,743	138,401,687
		<u>130,051,373</u>	<u>139,596,317</u>

- 6.1 The Company has entered into an agreement with Intertec Business Systems (Pvt) Limited for the purchase of Application software (Syros) which is under development.

	Note	2019 Rupees	2018 Rupees
6.2 Legal and settlement cost			
Cost		141,583,335	141,583,335
Accumulated amortization		(12,726,592)	(3,181,648)
Net book value	6.2.1 & 6.2.2	<u>128,856,743</u>	<u>138,401,687</u>

Notes to the financial statements

for the year ended June 30, 2019

	2019 Rupees	2018 Rupees
6.2.1 Reconciliation of net book value		
Balance at the beginning of the year	138,401,687	-
Transfer from capital work in progress	-	141,583,335
Amortization charge for the year	(9,544,944)	(3,181,648)
Balance at the end of the year	<u>128,856,743</u>	<u>138,401,687</u>

- 6.2.2** It represents cost of settlement resulting in award of contract to the Company for a term of 15 years, starting from January 04, 2018 for setting up of LNG storage and regasification services at Port Qasim, Karachi for Pakistan LNG Terminals Limited (PLTL). This cost is being amortized over the contractual life of the project.

7 INVESTMENT IN SUBSIDIARY	Note	2019 Rupees	2018 Rupees
Unquoted - at cost			
PGP Consortium Limited			
408,358,969 (2018: 314,146,174) ordinary shares of Rs. 10/- each		4,083,589,690	3,141,461,740
Ownership interest 100% (2018: 100%)			
Share deposit money		-	73,290,440
	7.1 & 7.2	<u>4,083,589,690</u>	<u>3,214,752,180</u>

- 7.1** PGP Consortium Limited (the subsidiary) is a public limited company, incorporated in Pakistan under the repealed Companies Ordinance, 1984. The registered office of the subsidiary is situated at Associated House, 7-Egerton Road, Lahore, in the province of Punjab. The investment had been made in accordance with the requirements of the Companies Act, 2017.

- 7.2** The Subsidiary is operating an LNG Terminal under Operation and Services Agreement (OSA) signed between Pakistan LNG Terminals Limited (PLTL) and the subsidiary on July 01, 2016 for a term of 15 years. Subsequent to year end, PLTL issued Notice of Termination of OSA and Option Exercise Notice against which both parties went into litigation under clause 37 of the OSA and matter has been referred to London Court of International Arbitration (LCIA). LCIA has fixed the matter for hearing in January 2022. As per the clause 37.9 of OSA, both the parties are obligated to perform their respective obligation under OSA till the finalization of litigation by LCIA. The litigation is resulting in material uncertainty that may cast significant doubt on subsidiary's ability to continue as a going concern. Accordingly, it may impact the value of investment in future, however, there is no impact on the value at this stage.

8 LOANS, ADVANCES AND OTHER RECEIVABLES	Note	2019 Rupees	2018 Rupees
Considered good			
Advance income tax		2,024,418	2,024,418
Loan to subsidiary	8.1	30,000,000	26,440,400
Other receivable	8.2	15,137,310	14,700,728
		<u>47,161,728</u>	<u>43,165,546</u>

- 8.1** This is due from PGP Consortium Limited (the subsidiary company) and the maximum aggregate amount outstanding during the year was Rs. 30 million (2018: Rs. 80 million). This is unsecured, interest free and repayable on demand.

- 8.2** This represents expenses incurred on behalf of Pakistan Gas Solutions Limited (a related party) and the maximum aggregate amount outstanding during the year was Rs. 15.14 million (2018: Rs. 14.70 million). The amount is unsecured, interest free and repayable on demand.

Notes to the financial statements

for the year ended June 30, 2019

9	CASH AND BANK BALANCES	Note	2019 Rupees	2018 Rupees
	Cash in hand		55,668	18,999
	Cash at bank - in current accounts			
	Local currency		133,604	165,857
	Foreign currency	9.1	93,998,551	69,582,227
			94,132,155	69,748,084
			94,187,823	69,767,083

9.1 This amount includes USD 573,113/- equivalent to Rs. 93,991,991/- (2018: Rs. 69,432,640/-) on which lien is marked by Habib Metropolitan Bank Limited against Bank Guarantee issued in favor of Port Qasim Authority.

10 AUTHORIZED SHARE CAPITAL

2019	2018		2019 Rupees	2018 Rupees
Number of shares				
86,400,000	86,400,000	"A" class ordinary shares (Non Voting) of Rs. 10 each.	864,000,000	864,000,000
450,000,000	450,000,000	"B" class ordinary shares (Voting) of Rs. 10 each.	4,500,000,000	4,500,000,000
536,400,000	536,400,000		5,364,000,000	5,364,000,000
200,000	200,000	Preference shares of Rs. 10 each.	2,000,000	2,000,000
536,600,000	536,600,000		5,366,000,000	5,366,000,000

11 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2019	2018		2019 Rupees	2018 Rupees
Number of shares				
408,358,969	314,146,174	"B" class ordinary shares (Voting) of Rs. 10 each fully paid in cash	4,083,589,690	3,141,461,740

11.1 Reconciliation of issued, subscribed and paid-up share capital at beginning and at end of the year is as under:

314,146,174	314,146,174	At the beginning of the year	3,141,461,740	3,141,461,740
94,212,795	-	Shares issued during the year	942,127,950	-
408,358,969	314,146,174	At the end of the year	4,083,589,690	3,141,461,740

11.2 Jamshoro Joint Venture Limited held 26.28% (2018 : 34.17%) "B" class ordinary shares of the Company as at reporting date.

Notes to the financial statements

for the year ended June 30, 2019

	Note	2019 Rupees	2018 Rupees
12 TRADE AND OTHER PAYABLES			
Auditors' remuneration payable		873,100	790,150
Payable on account of consultancy services	12.1	4,816,643	5,261,644
With-holding tax payable		57,474	74,100
		<u>5,747,217</u>	<u>6,125,894</u>
12.1	It include Rs. 4,775,815/- (2018: Rs. 4,775,815/-) due to an associated company.		
13 SHORT TERM BORROWINGS			
	Note	2019 Rupees	2018 Rupees
Related parties			
Jamshoro Joint Venture Limited - associated company		22,392,548	21,708,548
PGP Consortium Limited - subsidiary company		235,209,682	205,093,537
Chief Executive Officer		<u>1,460,000</u>	<u>1,460,000</u>
		259,062,230	228,262,085
Others		<u>30,000,000</u>	<u>30,000,000</u>
	13.1	<u>289,062,230</u>	<u>258,262,085</u>
13.1	These are unsecured, interest free and repayable on demand. These represent payments made on behalf of the Company and funds received for investment/expenses of LNG Project which have been utilized accordingly.		
	These are unsecured, interest free and repayable on demand.		
14 CONTINGENCY			
	On behalf of the Company, Habib Metropolitan Bank Limited has issued a letter of guarantee for USD 1 million (2018: USD 1 million) in favour of Port Qasim Authority.		
	Note	2019 Rupees	2018 Rupees
15 ADMINISTRATIVE EXPENSES			
Fee and subscription		32,401	5,086,495
Professional charges		55,000	75,000
Depreciation	5.1	35,310	196,448
Amortization	6.2.1	9,544,944	3,181,648
Auditors' remuneration	15.1	1,207,500	971,750
Rates and taxes		100,000	201,000
Miscellaneous		<u>30,930</u>	<u>64,065</u>
		<u>11,006,085</u>	<u>9,776,406</u>
15.1 Auditors' remuneration			
Audit Fee		795,000	680,000
Half year review		200,000	165,000
Out of pocket expenses		99,500	84,500
Sales tax		<u>113,000</u>	<u>42,250</u>
		<u>1,207,500</u>	<u>971,750</u>

Notes to the financial statements

for the year ended June 30, 2019

	Note	2019 Rupees	2018 Rupees
16 PROVISION FOR TAXATION			
Current tax			
For the year	16.1	-	-
Deferred tax	16.2	-	-
		<u>-</u>	<u>-</u>

16.1 No provision for taxation has been made in these financial statements as the Company has no taxable income and turnover.

16.2 Deferred taxation

Deferred tax asset of Rs. 228.84 million (2018: Rs. 260.11 million) on account of carry forward tax losses has not been recognised in these financial statements due to less probability of availability of taxable income in future.

17 NUMBER OF EMPLOYEES

No employee was employed by the company in the current and prior year.

18 RELATED PARTY TRANSACTIONS

The Company in the normal course of business carries out transactions with various related parties which comprise of Directors, Chief Executive Officer, Subsidiary Company and Associated Companies. Transactions with related parties which have not been disclosed elsewhere in the financial statements are as under:

Name of related party	Basis of relationship	Percentage of Shareholding	Nature of transaction during the year	2019 Rupees	2018 Rupees
Pakistan Gas Port Consortium Limited	Subsidiary Company	100%	Payments made on behalf of the Company	436,582	39,788,876
			Loan obtained from the subsidiary	5,379,100	-
			Loan provided to the subsidiary	6,608,700	80,000,000
			Loan repaid by the subsidiary	3,049,100	53,559,600
			Investment during the year	868,837,510	-
Jamshoro Joint Venture Limited	Associated Company due to shareholding in the Company	26.28%	Loan received during the year	684,000	21,708,548
Pakistan Gas Solutions Limited	Related Party due to common Directorship	-	Paid during the year	436,582	14,700,728
Fasih ud din Ahmed	Directors	5.36%	Share issued during the year	217,161,880	-
Razi ud din Ahmed		5.36%		217,161,880	-

Notes to the financial statements

for the year ended June 30, 2019

19 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company finances its operations through the mix of equity, debt and working capital management with a view to maintain an appropriate mix between various sources of finance to minimize risk. The overall risk management is carried out by the finance department under oversight of the Board of Directors in line with the policies approved by the Board.

	2019 Rupees	2018 Rupees
19.1 FINANCIAL INSTRUMENTS BY CATEGORY		
Financial assets at amortised cost :		
Loan to subsidiary	30,000,000	26,440,400
Other receivable	15,137,310	14,700,728
Cash and bank balances	94,187,823	69,767,083
	<u>139,325,133</u>	<u>110,908,211</u>
Financial liabilities at amortised cost :		
Trade and other payables	5,689,743	6,051,794
Short term borrowing	289,062,230	258,262,085
	<u>294,751,973</u>	<u>264,313,879</u>

19.2 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

The Company's activities expose it to a variety of financial risks (credit risk, liquidity risk and market risk). Risks measured and managed by the Company are explained below:

19.2.1 Credit risk and concentration of credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties failed completely to perform as contracted. The maximum exposure to credit risk at the reporting date is as follows:

	2019 Rupees	2018 Rupees
Loan to subsidiary	30,000,000	26,440,400
Other receivable	15,137,310	14,700,728
Bank balances	94,132,155	69,748,084
	<u>139,269,465</u>	<u>110,889,212</u>

The credit risk exposure is limited in respect of bank balances as bank balances are placed with local banks having good credit rating.

19.2.2 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to manage liquidity is to maintain sufficient level of liquidity of the Company on the basis of expected future cash flows. The Company is exposed to liquidity risk in respect of trade and other payables of Rs. 5.75 million (2018: Rs. 6.13 million and short term borrowing of Rs. 289.06 million (2018 : Rs. 53.17 million). The Company has liquid assets of Rs.139.33 million (2018 : Rs.110.91 million) as at reporting date to manage the liquidity risk.

19.2.3 Market risk

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

Notes to the financial statements

for the year ended June 30, 2019

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. However, the Company is not exposed to any significant interest rate risk.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument, will fluctuate because of changes in foreign exchange rates. Foreign currency risk arises mainly where receivables and payables exist due to foreign currency transactions. The Company is not significantly exposed to currency risk.

19.2.4 Fair values of financial instruments

The carrying values of all the financial assets and financial liabilities reported in the financial statements approximate their fair values.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

20 CAPITAL RISK MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern and to maintain a strong capital base to support the sustained development of the businesses.

The Company manages its capital by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount by issue of new shares. The Company also monitors capital using a gearing ratio, which is net debt, trade and other payables, less cash and bank balances. Capital signifies equity as shown in the statement of financial position plus net debt. The Company is not significantly exposed to capital risk.

21 DATE OF AUTHORIZATION FOR ISSUE

The Financial Statements have been authorized for issue by the board of directors of the Company on November 02, 2020.

22 GENERAL

22.1 Prior year figures have been reclassified/ rearranged wherever considered necessary for the purpose of better presentation. Major reclassification / rearrangement made to these financial statements is as follows:

'Advance from PGP Consortium Limited' of Rs. 205,093,537/- which was previously shown on face of the statement of financial position which has now been clubbed in the head 'Short term borrowings'.

22.2 Figures have been rounded off to the nearest Rupee, unless otherwise stated.

Lahore
Date: November 02, 2020


CHIEF EXECUTIVE


DIRECTOR

General Layout of the Jetty and Route Map of the pipeline



Night view of LNG Terminal Jetty.



**PAKISTAN GAS PORT LIMITED
AUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

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RSM Avas Hyder Liaquat Nauman
Chartered Accountants

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INDEPENDENT AUDITORS' REPORT

To the members of Pakistan Gas Port Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of Pakistan Gas Port Limited and its subsidiary (the Group), which comprise the consolidated statement of financial position as at June 30, 2020 and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at June 30, 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Material Uncertainty relating to Going Concern

We draw attention to Note 3.2 to the consolidated financial statements which indicates litigation between the Subsidiary and Pakistan LNG Terminals Limited (PLTL) relating to issuance of notice of termination of the Operations and Service Agreement and Option Exercise Intention notice to acquire the LNG Terminal of the subsidiary. This indicates a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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Peshawar : 92 (91) 527 8310 / 527 7205
Kabul : 93 (799) 058 155

RSM Avas Hyder Liaquat Nauman is a member of the RSM network, and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

Information Other than the Consolidated Financial Statements and Auditors' Report Thereon

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

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 the Board of Directors for the Consolidated Financial Statements

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

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

The Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

A handwritten signature in blue ink, appearing to be 'RSM', is located at the bottom right of the page.

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

The engagement partner on the audit resulting in this independent auditors' report is Syed Ali Adnan Timizey.

RSM AVAIS HYDER LIAQUAT NAUMAN
CHARTERED ACCOUNTANTS

Place: Lahore

Date:



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PAKISTAN GAS PORT LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2020

AS AT JUNE 30, 2020		Note	2020	2019
			Rupees in thousand	
ASSETS				
Non current assets				
Property, plant and equipment	6	18,645,504	18,015,354	
Intangible assets	7	120,108	130,051	
Net investment in lease	8	40,104,827	-	
Direct cost on Floating Storage and Re-gasification Unit	9	1,533,040	1,657,340	
Long term loan to associated company	10	-	961,254	
		60,403,479	20,763,999	
Current assets				
Current portion of non-current assets	11	2,732,605	-	
Stores and spares	12	49,116	60,396	
Trade debts - unsecured	13	1,411,338	1,391,620	
Advances, deposits, prepayments and other receivables	14	853,999	601,719	
Cash and bank balances	15	1,430,142	1,691,649	
		6,477,200	3,745,384	
Oth		66,880,679	24,509,383	
EQUITY AND LIABILITIES				
Share capital and reserves				
Authorized capital	16	7,366,000	7,366,000	
Issued, subscribed and paid up capital				
408,358,969 (2019: 408,358,969) Ordinary shares of Rs. 10 each	17	4,083,590	4,083,590	
157,900,000 (2019: 157,900,000) Preference shares of Rs. 10 each	18	1,579,000	1,579,000	
Revenue reserve: Un-appropriated profit / (loss)		968,825	(1,340,537)	
Capital Reserve: Revaluation surplus				
on property, plant and equipment - Net of tax	19	4,989,278	4,779,288	
		11,620,693	9,101,341	
Non current liabilities				
Long term finances	20	2,092,634	3,389,043	
Lease liabilities	21	39,568,225	-	
Long term payable	22	1,361,525	58,467	
Deferred income		232,910	-	
Deferred liabilities	23	27,641	19,171	
Deferred taxation	24	2,455,432	2,139,066	
		45,738,367	5,605,747	
Current liabilities				
Current portion of non-current liabilities	25	3,222,550	1,657,960	
Trade and other payables	26	6,052,210	7,806,583	
Short term borrowing	27	53,853	53,853	
Provision for taxation		30,509	-	
Accrued finance costs	28	162,497	283,899	
		9,521,619	9,802,295	
CONTINGENCIES AND COMMITMENTS				
	29	-	-	
		66,880,679	24,509,383	

The annexed notes from 1 to 48 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

PAKISTAN GAS PORT LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2020

	Issued, subscribed and paid up capital		Share deposit money	Revenue reserve: Un-appropriated profit / (loss)	Capital Reserve: Revaluation surplus	Total
	Ordinary shares	Preference shares				
Rupees in thousand						
Balance as at July 01, 2018	3,141,462	1,579,000	73,290	(374,267)	275,205	4,694,690
Transactions with owners						
Share deposit money received during the year	-	-	868,838	-	-	868,838
Shares issued during the year	942,128	-	(942,128)	-	-	-
Preference shares dividend paid	-	-	-	(377,434)	-	(377,434)
	942,128	-	(73,290)	(377,434)	-	491,404
Total comprehensive income						
Loss for the year - restated (refer Note 26.4)	-	-	-	(595,409)	-	(595,409)
Other comprehensive income	-	-	-	-	-	-
Surplus on revaluation of property, plant and equipment	-	-	-	-	6,138,018	6,138,018
Deferred tax on surplus on revaluation of property, plant and equipment	-	-	-	-	(1,627,362)	(1,627,362)
Incremental depreciation for the year on revalued assets	-	-	-	(595,409)	4,510,656	3,915,247
Balance as at June 30, 2019	4,083,590	1,579,000	-	6,573	(6,573)	-
	4,083,590	1,579,000	-	(1,340,537)	4,779,288	9,101,341
Balance as on June 30, 2019 as originally presented	4,083,590	1,579,000	-	(661,564)	4,779,288	9,780,314
Correction of error (net of tax) - (refer Note 26.4)	-	-	-	(678,973)	-	(678,973)
Balance as at July 01, 2019	4,083,590	1,579,000	-	(1,340,537)	4,779,288	9,101,341
Transactions with owners						
Preference shares dividend paid	-	-	-	(272,889)	-	(272,889)
Total comprehensive income						
Profit for the year	-	-	-	2,423,404	-	2,423,404
Other comprehensive income	-	-	-	-	-	-
Remeasurements of retirement benefits	-	-	-	361	-	361
Tax effect of remeasurements of retirement benefits	-	-	-	(105)	-	(105)
Surplus on revaluation of property, plant and equipment	-	-	-	-	508,220	508,220
Deferred tax on surplus on revaluation of property, plant and equipment	-	-	-	-	(139,639)	(139,639)
Incremental depreciation for the year on revalued assets	-	-	-	2,423,660	368,581	2,792,241
Balance as at June 30, 2020	4,083,590	1,579,000	-	158,591	(158,591)	-
	4,083,590	1,579,000	-	968,825	4,989,278	11,620,693

The annexed notes from 1 to 48 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

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PAKISTAN GAS PORT LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020	2019
		Rupees in thousand	
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	40	3,488,684	3,226,704
Effect on cash flows due to working capital changes:			
Increase in advances, deposits and other receivables		(282,502)	(230,101)
Decrease / (increase) in trade debts		612,821	(371,293)
Decrease in stores		11,280	7,471
(Decrease) / increase in trade and other payables		(1,298,793)	1,196,427
		(957,194)	602,504
Net cash flow after working capital changes		2,531,490	3,829,208
Proceeds from net investment in lease		1,087,543	-
Finance income received on net investment in lease		4,670,562	-
Finance cost paid on lease liabilities		(3,377,303)	-
Repayment of lease liabilities		(1,212,361)	-
Finance costs paid		(1,011,125)	(778,204)
Taxes paid		(25,413)	(2,455)
Gratuity paid		(2,543)	-
Net cash generated from operating activities	(A)	2,660,850	3,048,549
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(46,671)	(92,692)
Direct cost on FSRU paid		(708,909)	(654,455)
Loan repaid to associated company - net		(1,495,048)	(961,256)
Net decrease in long term payables		1,082,841	(5,745)
Net cash (used in) investing activities	(B)	(1,167,787)	(1,714,148)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from long term finances - secured		73,000	4,625,000
Repayment of long term finances		(1,572,500)	(710,741)
Share deposit money received		-	868,838
Dividend paid		(272,889)	(377,434)
Transaction cost paid		-	(73,102)
Proceeds from short term borrowings - unsecured		11,125,482	10,689,288
Repayment of short term borrowings - unsecured		(11,107,663)	(14,841,083)
Net cash (used in) / generated from financing activities	(C)	(1,754,570)	180,766
Net (decrease) / increase in cash and cash equivalents	(A+B+C)	(261,507)	1,515,167
Cash and cash equivalents at the beginning of the year		1,691,649	176,482
Cash and cash equivalents at the end of the year		1,430,142	1,691,649

The annexed notes from 1 to 48 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

PAKISTAN GAS PORT LIMITED
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

1 CORPORATE AND GENERAL INFORMATION

1.1 Legal status and operations of Group

The Group consists of Pakistan Gas Port Limited (the Parent) and PGP Consortium Limited (the Subsidiary).

Pakistan Gas Port Limited is an unlisted public limited company incorporated in Pakistan on April 2, 2007 under the (repealed) Companies Ordinance, 1984 (now the Companies Act, 2017). The Company was incorporated to engage in the business of importing, exporting, processing and distributing LNG, RLNG, CNG, LPG, natural gas liquids and other allied products. The registered office of the Parent is situated at Associated House, Seven - Egerton Road, Lahore in the province of Punjab.

PGP Consortium Limited was incorporated in Pakistan on September 1, 2015 as an unlisted public limited company under the (repealed) Companies Ordinance, 1984 (now the Companies Act, 2017). The subsidiary is principally involved in the business to set up, build, design, construct, engineer, maintain, own and operate the Liquefied Natural Gas (LNG) Terminal Facility. The registered office of the subsidiary is situated at Associated House, Seven - Egerton Road, Lahore. The LNG terminal of the Subsidiary is located at Mazhar Point, Hafeez Island, Port Qasim, Karachi.

Pakistan LNG Terminals Limited (PLTL) awarded second LNG terminal project (the Project) through a competitive bidding process in which the Parent was the successful bidder and it was awarded the Project. As per the requirements of Request For Proposal (RFP), project was to be carried through a Special Purpose Vehicle (SPV) by the successful bidder. In pursuance of this requirement, the Subsidiary was designated as Special Purpose Vehicle (SPV) to carry out the project under the requirements of RFP.

An Operations and Services Agreement (OSA) was signed between PLTL and the Subsidiary for a 15 years term on July 01, 2016 under which PLTL provided off-take guarantee to the Subsidiary. PLTL is paying a capacity fee for 600 MMSCFD committed capacity calculated on a daily basis to the Subsidiary irrespective of the quantity of LNG re-gasified. Subsequent to the year ended June 30, 2020, PLTL has been merged with another state owned entity, Pakistan LNG Limited (PLL).

2 BASIS OF CONSOLIDATION

The financial statements of the Parent and Subsidiary are combined on a line by line basis. The financial statements of the subsidiary are consolidated from the date on which more than 50% voting rights are transferred to or power to control the subsidiary is established and are excluded from consolidation from the date of disposal or reduction of control.

All intra-group balances, transactions and resulting unrealized profits, if any, are eliminated.

Non-controlling interest is that part of the net results of the operations and net assets of the subsidiary attributable to interests which are not owned by the Parent.

3 BASIS OF PREPARATION

3.1 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:

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

PAKISTAN GAS PORT LIMITED
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

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

3.2 Going concern assumption

PLTL, on October 14, 2019 issued termination notice to the Subsidiary under clause 35.3.1 of OSA alleging Operators default under clause 29.4 (Adequate Assurance of Performance) of OSA since Operator Guarantor (Jamshoro Joint Venture Limited) failed to maintain the specified credit rating as per the requirement of the clause 29.2 of OSA. The Subsidiary rejected the contentions of PLTL, as PLTL unconditionally agreed on the subsidiary's offer for provision of charge on fixed assets amounting to USD 15 million as adequate assurance of performance under Clause 29.4. The subsidiary invoked Clause 37 of OSA for amicable resolution of the matter and both parties appointed their authorized representatives. Subsequent to issuance of termination notice the Subsidiary successfully completed the process of registration of Pari Passu charge with Securities and Exchange Commission of Pakistan, on its fixed assets in favor of PLTL, as per the requirement of Clause 29.4 of OSA. However, the authorized representatives failed in amicable resolution of the matter and PLTL has also issued the option exercise intention notice dated October 14, 2019 to acquire LNG terminal under terms and conditions of the fixed assets option agreement dated April 25, 2017 between both parties. This indicates the existence of a material uncertainty, which may cast significant doubt on the Group's ability to continue as a going concern and, therefore, the Group may be unable to realize its assets and discharge its liabilities in the normal course of business. To address the issue, following steps have been taken:

- The subsidiary has referred the matter to London Court of International Arbitration (LCIA) on January 29, 2020. Moreover, on March 04, 2020, the Subsidiary has also filed in LCIA for settlement of its financial claim of recovery of losses of USD 58.129 million and Rs 790.361 million related to delay in commissioning caused by PLTL due to its failure in meeting its contractual obligations, recovery of revenue of USD 2.225 million for rendering LNG Services prior to commercial start date, reimbursement of payments made to Port Qasim Authority ('PQA') of Rs. 1,880.313 million on account of royalties paid to PQA for the import of LNG by PLTL and also for reimbursement by PLTL of royalty to be paid on import of LNG in future. The Subsidiary reserves its right to amend royalty claim and increase this amount as and when further royalty is paid to PQA. PLTL has in turn submitted to LCIA a claim for liquidated damages of USD 42 million against the Subsidiary on account of delay in commercial start date ('CSD'). The Subsidiary has already recognized one million dollar in respect of liquidated damages payable to PLTL as per arbitrator's recommendations as disclosed in note 22. The LCIA has consolidated the two arbitrations, on the Subsidiary's request, and has fixed the matter for hearing in January 2022; and
- On January 22, 2020, the company filed an arbitration petition in Islamabad High Court ('IHC') which has granted status quo, being extended in every hearing. The case was last fixed for hearing on April 1, 2021 but was adjourned. The case will be fixed for hearing by the relevant branch of the Islamabad High Court in due course.

As a result of the status quo as per OSA being maintained by both parties under the Court's order, the Subsidiary is still providing toll manufacturing services to PLTL under OSA and is claiming its capacity and utilization charges through raising monthly invoices which are duly settled by PLTL. Based on the view of its legal counsel, the management of the subsidiary is confident for a favorable outcome. Accordingly, these financial statements have been prepared on a going concern basis.

3.3 Basis of Measurement

These financial statements have been prepared under the historical cost convention unless otherwise mentioned in accounting policies stated herein.

3.4 Functional and Presentation Currency

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the Group operates (the functional currency). The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

3.5 Use of Estimate and Judgement

The preparation of financial statements in conformity with the approved accounting standards require management to make judgments, estimates and assumptions that affect the application of accounting policies and the 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 the judgments about carrying values 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 the estimates are revised if the revision affects only that period, or in the period of the revision and future periods. Judgments made by management in application of the approved accounting standards that have significant effect on the financial statements and estimates with a significant risk of material adjustments in the next year are discussed in respective policy notes. The areas where various assumptions and estimates are significant to the group's financial statements or where judgment was exercised in application of accounting policies are as follows:

i) Estimated useful lives and residual values of property, plant and equipment

The Company reviews the useful life and residual values of property, plant and equipment on a regular basis. Any change in estimate in future years might effect the carrying amounts of respective items of property, plant and equipment with a corresponding effect on the depreciation charge.

ii) Leases

The adoption and application of IFRS 16 as detailed in note 2.3.1 (a) required significant management judgements and use of estimates. These include the following:

(a) Evaluation and separation of lease and non-lease components

The OSA has been determined to have an operating lease component with respect to terminal and connecting pipeline, a sublease of right-of-use asset (FSRU) and certain non-lease components including utilisation / re-gasification and operations and maintenance services. The assessment required significant judgements and interpretation of the requirements of IFRS 16 with respect to separation of lease components of terminal and right-of-use assets. Accordingly, the right-of-use assets and terminal were determined not to be highly dependent or interrelated to each other and the lessee having the ability to use the underlying asset on its own or together with other resources readily available to it. The arrangement of connecting pipeline does not contain a lease as the portion of the pipeline capacity allocated to the Company is not physically distinct and the Company is not entitled to use substantially all of the benefits of the connecting pipeline.

(b) Classification of lease

The classification of lease of terminal required the use of estimates of cashflows during the contract period, margins, residual values and allocation of amounts under daily capacity charges to lease and non-lease components, determination of minimum lease payments at the inception of lease from terminal and sublease of right-of-use assets. As a result, the lease terminal has been determined as an operating lease as significant risk and rewards relating to the same remain with the Company at the end of the lease term, taking into account the useful life and fair value of terminal assets, minimum lease payments, residual value and the assessment that the customer is not likely to exercise the purchase option.

(c) Non-lease components

The non-lease components include utilisation / regasification, pipeline hospitality charges, operations and maintenance services relating to the terminal, connecting pipeline and right of use assets and other recurring costs which have been determined and excluded from daily capacity charges based on the actual cost incurred and estimates of future costs. The recovery was estimated with reference to cost plus estimated margin, where applicable, as standalone prices were not observable.

PAKISTAN GAS PORT LIMITED
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

(d) Discount rate

The rate used on transition to discount future lease payments under FSRU Lease Agreement represents the Company's incremental borrowing rate. The rate has been estimated using the LIBOR rates available in the lease currency and adjusted to reflect the underlying lease term based on observable inputs.

iii) Impairment of financial assets

The Company uses default rate based on the credit rating of the party from which the balance is due, probability weighted cashflow projections for the party for which credit rating is not available and provision matrix for the party which has similar characteristics to calculate expected credit losses (ECL) for trade debts and other

The default rate is benchmarked and adjusted for forward looking information, cash flow projections are discounted using original effective interest rate, and the rate in provision matrix is based on days past due for the party that has similar loss pattern.

The provision matrix is initially based on the Company's historical observed default rate which is then adjusted for forward looking information. The assessment of the correlation between historical observed default rate and the projection of cashflows from the party, for forecast economic conditions and ECL is a significant estimate.

The amount of ECL is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of the party's actual default in the future.

4 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS

4.1 Initial application of standards, amendments or an interpretation to existing standards

The following amendments to existing standards have been published that are applicable to the Company's financial statements covering annual periods, beginning on or after the following dates:

4.1.1 Standards, amendments to published standards and interpretations that are effective in the current year

Certain standards, amendments and interpretations to IFRS are effective for accounting periods beginning on July 1, 2019 but are considered not to be relevant or to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these financial statements, except for the following:

(a) IFRS 16, 'Leases'

The Company has applied IFRS 16 retrospectively from the date of initial application of July 1, 2019, but has not restated comparatives, as permitted under the specific transitional provisions in the standards. The application has had a significant impact on the accounting for Company's arrangements under Floating Storage and Regasification Unit ('FSRU') Lease Agreement and Operation and Service Agreement ('OSA'). The application has also required management to reassess its arrangements under OSA which was previously accounted for as a contract for services due to exemption from application of IFRIC 4. The impact of adoption of this standard is, therefore, recognised in the opening statement of financial position as at July 1, 2019. The new accounting policies are disclosed in note 5.13.

The application of IFRS 16 and conclusions reached required management to apply significant judgements and make estimates particularly for the purpose of identification, evaluation and separation of multiple lease and non-lease components and classification of leases as disclosed in note 3.5 (ii). The weighted average lessee's incremental borrowing rate applied to the lease liabilities on July 1, 2019 was 10.75% per annum.

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PAKISTAN GAS PORT LIMITED
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The following summary reconciles the Subsidiary's operating lease commitments at June 30, 2019 as previously disclosed in note 29.2, to the lease liabilities recognised on initial application of IFRS 16 at July 1, 2019:

	Rupees in thousand
Operating lease commitments as at June 30, 2019	90,672,191
Short term leases not recognised as a liability	(24,890)
	<u>90,647,301</u>
Discounted using the lessee's incremental borrowing rate at the date of initial application.	
Lease liabilities recognised as at July 1, 2019	<u>40,345,311</u>

The right-of-use asset was measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position as at June 30, 2019.

Arrangement previously classified as operating lease - as a lessor

IFRS 16 does not change substantially how a lessor accounts for leases. Under IFRS 16, a lessor continues to classify the lease as either finance leases or operating leases and account for those two types of leases accordingly.

However, under IFRS 16, an intermediate lessor accounts for the head lease and the sublease as two separate contracts. The intermediate lessor is required to classify the sublease as a finance or operating lease by reference to the right-of-use asset arising from the head lease (and not by reference to the underlying asset which was the case under IAS 17).

At the date of initial application, the Company has reassessed its operating subleases on the basis of remaining contractual terms and conditions of the head lease and the sublease. Based on the assessment, the Company has reclassified its operating sublease arrangement relating to the right-of-use assets (FSRU) as a finance lease and has accounted for the sublease as a new finance lease entered into at the date of initial application as per requirements of IFRS 16.

The change in accounting policy affected the following items in the statement of financial position as at July 1, 2019:

	Rupees in thousand
Recognition of right of use asset	40,345,311
Recognition of lease liability	40,345,311
Derecognition of right-of-use assets on account of sublease	40,320,831
Recognition of net investment in lease	40,320,831
Recognition of deferred tax asset on lease liability	11,700,140
Recognition of deferred tax liability on right of use asset	7,099
Recognition of deferred tax liability on net investment in lease	11,693,041

Practical expedients applied

In applying IFRS 16 for the first time, the company has used the following practical expedients permitted by the standard:

- the accounting for operating leases with a remaining lease term of less than 12 months as at July 1, 2019 as short-term
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application.

4.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

There are certain standards, amendments to the IFRS and interpretations that are mandatory for companies having accounting periods beginning on or after July 1, 2020 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements, except for the following:

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(a) Definition of Material – Amendments to IAS 1, 'Presentation of Financial Statements' and IAS 8, 'Accounting policies, Changes in Accounting Estimates and Errors'

The IASB has made amendments to IAS 1 and IAS 8, which include the use of a consistent definition of materiality throughout IFRS and the Conceptual Framework for Financial Reporting, clarify when information is material and incorporate some of the guidance in IAS 1 about immaterial information.

In particular, the amendments clarify:

- that the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information, and that an entity assesses materiality in the context of the financial statements as a whole, and
- the meaning of 'primary users of general purpose financial statements' to whom those financial statements are directed, by defining them as 'existing and potential investors, lenders and other creditors' that must rely on general purpose financial statements for much of the financial information they need.

The Company is yet to assess the impact of these amendments.

(b) Revised Conceptual Framework for Financial Reporting

The IASB has issued a revised Conceptual Framework which will be used in standard-setting decisions with immediate effect.

Key changes include:

- increasing the prominence of stewardship in the objective of financial reporting;
- reinstating prudence as a component of neutrality;
- defining a reporting entity, which may be a legal entity, or a portion of an entity;
- revising the definitions of an asset and a liability;
- removing the probability threshold for recognition and adding guidance on derecognition;
- adding guidance on different measurement basis; and
- stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements.

No changes will be made to any of the current accounting standards. However, entities that rely on the Framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under the accounting standards will need to apply the revised Framework from effective date. These entities will need to consider whether their accounting policies are still appropriate under the revised Framework.

The Company is yet to assess the impact of this amendment.

5 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

5.1 Property, Plant and Equipment

Jetty and dredging and Plant and machinery are stated at revalued amounts less accumulated depreciation and accumulated impairment losses (if any). All other assets are stated at cost less accumulated depreciation and accumulated impairment losses (if any).

Depreciation is charged to income, applying the straight line method. The rates of depreciation are set out in note 6.1 to the financial statements.

The assets' residual values, the method of depreciation and useful lives are reviewed, at each financial year end, and adjusted if impact on depreciation is significant. The Company's estimate of the residual value of its operating fixed assets as at reporting date has not required any adjustment.

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Depreciation on additions to property, plant and equipment is charged from the date at which asset is acquired or capitalised till the date on which the asset is disposed off.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to statement of profit or loss and other comprehensive income during the period in which they are incurred.

Any revaluation increase arising on the revaluation of an item of property, plant and equipment is recognised in other comprehensive income and presented as a separate component of equity as "Revaluation surplus", except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. Any decrease in carrying amount arising on revaluation of an item of Property, plant and equipment is charged to profit or loss to the extent that it exceeds the balance, if any, held in the revaluation surplus on property, plant and equipment relating to a previous revaluation of that asset. The surplus on revaluation of property, plant and equipment to the extent of incremental depreciation charged (net of deferred tax) is transferred to unappropriated profit. In case of the sale or retirement of a revalued asset, the attributable revaluation surplus remaining in the surplus on revaluation is transferred directly to the unappropriated profit. All transfers to / from surplus on revaluation of fixed assets account are net of applicable deferred income tax. The revaluation reserve is not available for distribution to the Group's shareholders.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognised as an income or expense.

5.2 Capital work-in-progress

All expenditure connected with specific assets incurred during installation and construction period are carried under capital work in progress and are stated at revalued amount. These are transferred to specific assets as and when these assets are available for use.

5.3 Intangible assets

Intangible assets are recognized as assets if it is probable that future economic benefits will flow to the Group and the cost of such assets can be measured reliably. These are stated at cost less any accumulated amortization and accumulated impairment losses, if any.

The intangible assets of the Group comprise of computer software and the cost of settlement resulting in award of contract to the group for a term of 15 years, starting from January 04, 2018 for setting up of LNG storage and regasification services at Port Qasim, Karachi for Pakistan LNG Terminals Limited (PLTL).

Computer software are subject to amortization based on straight line basis over their useful life whereas the cost of settlement resulting in award of contract to the group for setting up of LNG storage and regasification services at Port Qasim, Karachi for Pakistan LNG Terminals Limited (PLTL) are subject to amortization over the life of contract over straight line basis. Amortization on additions during the year is charged from the month in which an asset is acquired or capitalized, while no amortization is charged for the month in which the asset is disposed off.

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5.4 Impairment of non-financial assets

The carrying amounts of non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated to determine the extent of impairment loss, if any. An impairment loss is recognized, as an expense in the statement of profit or loss. The recoverable amount is the higher of an asset's fair value less cost to disposal and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a pre tax discount rate that reflects current market assessments of the time value of money and the risk specific to the assets for which the estimate of future cash flows have not been adjusted. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An impairment loss is reversed if there is 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 previously. Reversal of an impairment loss is recognized immediately in the statement of profit or loss.

5.5 Financial Instruments

5.5.1 Measurement of financial asset

Initial Measurement

The group classifies its financial assets into following three categories:

- fair value through other comprehensive income (FVOCI);
- fair value through profit or loss (FVTPL); and
- measured at amortized cost.

A financial asset is initially measured at fair value plus transaction costs that are directly attributable to its acquisition, except FVTPL which is measured at fair value.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification, as follows:

Debt Investments at FVOCI

These assets are subsequently measured at fair value. Changes in fair value are recognized in other comprehensive income. Interest / markup income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss. On de-recognition, gains and losses accumulated in other comprehensive income are reclassified to the statement of profit or loss.

Equity Investments at FVOCI

These assets are subsequently measured at fair value. Changes in fair value are recognized in other comprehensive income and are never reclassified to the statement of profit or loss. Dividends are recognized as income in the statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

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Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest markup or dividend income, are recognized in the statement of profit or loss.

Financial assets measured at amortized cost

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest / markup income, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss.

Non-derivative financial assets

All non-derivative financial assets are initially recognized on trade date i.e. date on which the group becomes party to the respective contractual provisions. Non-derivative financial assets comprise loans and receivables that are financial assets with fixed or determinable payments that are not quoted in active markets and includes trade debts, advances, other receivables and cash and cash equivalents.

Derecognition

The group derecognizes the financial assets when the contractual rights to the cash flows from the assets expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risk and rewards of ownership of the financial assets are transferred or it neither transfers nor retain substantially all of the risks and rewards of ownership and does not retain control over the transferred assets.

5.5.2 Measurement of Financial liabilities

Initial Measurement

Financial liabilities are classified in the following categories:

- fair value through profit or loss; and
- other financial liabilities.

The group determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in case of other financial liabilities also include directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification, as follows:

Fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held-for-trading and financial liabilities designated upon initial recognition as being at fair value through profit or loss. The group has not designated any financial liability upon recognition as being at fair value through profit or

Other financial liabilities

After initial recognition, other financial liabilities which are interest bearing are subsequently measured at amortized cost using the effective interest rate method. Gain and losses are recognized in statement of profit or loss, when the liabilities are derecognized as well as through effective interest rate

Derecognition

The group derecognizes financial liabilities when and only when the group's obligations are discharged, cancelled or expire.

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5.5.3 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when the group has currently legally enforceable right to set-off the recognized amounts and the group intends either to settle on a net basis or to realise the assets and to settle the liabilities simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in normal course of business and in the event of default, insolvency or winding up of the group or the counter parties.

5.5.4 Impairment of financial assets

The group recognizes loss allowances for Expected Credit Losses (ECLs) in respect of financial assets measured at amortized cost. The group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balance for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for receivables are always measured at an amount equal to lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the group's historical experience and informed credit assessment and including forward-looking information.

The group assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the group is exposed to credit risk. Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. The gross carrying amount of a financial asset is written off when the group has no reasonable expectations of recovering of a financial asset in its entirety or a portion thereof. The group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the group's procedures for recovery of amounts due.

5.6 Share Capital

Ordinary shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, if any.

5.7 Trade Debts

Trade and other receivables are initially recognised at original invoice amount which is the fair value of consideration to be received in future and subsequently measured at cost as reduced by appropriate provision for receivables considered to be doubtful. A provision is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. The amount of provision is charged to profit and loss. Trade and other receivables considered irrecoverable are written-off.

Exchange gains and losses arising in respect of trade and other receivables in foreign currency are added to the carrying amount of the receivables.