5.8 Dividend

Dividend distribution to the Group's shareholders is recognized as a liability in the period in which the dividends are approved.

5.9 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.

5.10 Stores and spares

These are valued principally at moving average cost and net realizable value except for items in transit which are stated at invoice value plus other charges paid thereon till the statement of financial position date. The Group reviews stores for possible impairment on an annual basis and provision is made for obsolescence.

5.11 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, demand deposits, other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

5.12 Deferred income

Amount received on account of operating lease rental income for terminal is recognised as deferred income where not earned and credited to the statement of profit or loss and other comprehensive income in the relevant period of provision of services for recognition of rentals on straight line basis.

5.13 Leases

The Group is the lessee:

Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;

- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

- the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:

- the Group has the right to operate the asset; or

- the Group designed the asset in a way that predetermines how and for what purpose it will be used.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or not exercise a termination option. Extension option (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated).

Lessee

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Group's incremental borrowing rate.

Lease payments include fixed payments, variable lease payment that are based on an index or a rate which are initially measured using the index or rate as at the commencement date, amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option, less any lease incentives receivable. The extension and termination options are incorporated in determination of lease term only when the Company is reasonably certain to exercise these options.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is re-measured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. The corresponding adjustment is made to the carrying amount of the right-to-use asset, or is recorded in statement of profit or loss if the carrying amount of right-to-use asset has been reduced to zero.

A change in the scope of a lease, or the consideration for a lease, that was not a part of the original terms and conditions of the lease is accounted for as a lease modification. The lease modification is accounted for as a separate lease if modification increases the scope of the lease by adding the right to use one or more underlying assets and the consideration for lease increases by an amount that is commensurate with the stand alone price of the increase in scope adjusted to reflect the circumstances of the particular contracts, if any. When the lease modification is not accounted for as a separate lease, the lease liability is remeasured and corresponding adjustment is made to the right-of-use asset.

The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right-of-use asset is depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

Lessor

The Group enters into lease arrangements with respect to its LNG Infrastructure for receipt, storage and re-gasification of LNG.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.
The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from the lessee under finance leases are recognised as receivables at the amount of the Group's net investment in lease. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

When a contract includes lease and non-lease components, the Group applies IFRS 15 to allocate the consideration under the contract to each component.

5.14 Trade and Other Payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Liabilities for creditors and other costs payable are initially recognised at the fair value of the consideration to be paid in future for goods and / or services, whether or not billed to the Group and subsequently measured at amortised cost using the effective interest method. Exchange gains and losses arising on translation in respect of liabilities in foreign currency are added to the carrying amount of the respective liabilities.

5.15 Defined benefit plans

The Company operates an unfunded gratuity scheme covering all permanent employees who complete prescribed qualifying period of service. The obligation under gratuity scheme is calculated on the basis of last drawn basic salary and length of service of the employee. The latest actuarial valuation for the gratuity scheme was carried out as at June 30, 2019. Projected unit credit method, using the following significant assumptions is used for the valuation of this scheme:

- Discount rate 9.25 (2019: 14.5) percent per annum;
- Expected rate of increase in salary level 9.25 (2019: 13.25) percent per annum;
- Expected mortality rate as per SLIC (2001-2005) Mortality Table, with one year setback;

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past service costs are recognized immediately in income.

5.16 Revenue

Revenue shall be recognised when (or as) the entity satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset and thus has the ability to direct the use and obtain the benefits from the good or service.

Revenue from Operational LNG services to PLTL is recognized on the following basis:

- Pipeline hospitality arrangement over time
- Operations and maintenance revenue over time
- Utilization charge on the basis of RLNG processing throughput to PLTL

The Group recognises the revenue using the output method, when the Group has a right to consideration for an amount that corresponds directly with the value of the Group's performance to date and the right to invoice is established.
Return on deposits/loans is accrued on a time proportion basis by reference to the principal outstanding and the applicable rate of return

5.17 Taxation

5.17.1 Current Tax

Provision for current taxation is based on the taxable income for the year, determined in accordance with the prevailing law for taxation on income. The charge for current tax is calculated using prevailing tax rates. The charge for current tax also includes adjustments for prior years or otherwise considered necessary for such years.

Provision of current tax is based on taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

5.17.2 Deferred Tax

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the statement of financial position date. Deferred tax is charged or credited in the statement of profit or loss and other comprehensive income, except in the case of items credited or charged to other comprehensive income or equity in which case it is included in other comprehensive income or equity.

5.18 Staff

The group operates a defined benefit plan - unfunded gratuity scheme covering all permanent employees. Provision is made annually on the basis of actuarial recommendation to cover the period of service completed by employees using Projected Unit Credit Method. All actuarial gains and losses are recognized in 'other comprehensive income' as they occur.

5.19 Borrowings

Borrowings are recognised initially at fair value (proceeds received), net of transaction costs incurred and are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Finance costs are accounted for on an accrual basis and are shown as accrued finance cost to the extent of the amount remaining unpaid.

5.20 Borrowing Costs

General and specific 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 profit or loss in the period in which they are incurred.

5.21 Foreign Currency Transactions

Foreign currency transactions are translated into Pakistani Rupees at exchange rates prevailing on the date of transaction. All monetary assets and liabilities in foreign currencies are translated into Rupees at the rates of exchange prevailing at the reporting date. Exchange differences are taken to the statement of profit or loss currently.

5.22 Provisions

Provisions are recognized when the Group has a present, legal or constructive obligation as a result of past events, it is probable that an out flow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

6 PROPERTY, PLANT AND EQUIPMENT

	Note	2020	2019
		Rupees in thousand	
Operating fixed assets	6.1	18,622,384	17,974,553
Right of use asset	6.2	23,120	-
Capital work in progress - civil works		-	40,801
		18,645,504	18,015,354

6.1 Operating fixed assets

	Leasehold land	Furniture and fixtures	Office Equipment	Vehicles	Jetty & Dredging	Plant & Machinery	Total
	Rupees in thousand						
As at July 01, 2018							
Cost	100,050	1,850	1,612	15,181	8,564,198	3,529,782	12,212,673
Accumulated depreciation	(33,319)	(121)	(568)	(1,213)	(77,078)	(66,183)	(178,482)
Net book value	66,731	1,729	1,044	13,968	8,487,120	3,463,599	12,034,191
Year ended June 30, 2019							
Opening net book value	66,731	1,729	1,044	13,968	8,487,120	3,463,599	12,034,191
Additions at cost	-	-	465	42	76,440	18,910	95,857
Revaluation	-	-	-	-	4,469,219	1,668,799	6,138,018
Depreciation charged	(3,544)	(183)	(517)	(1,520)	(153,030)	(134,719)	(293,513)
Closing net book value	63,187	1,546	992	12,490	12,879,749	5,016,589	17,974,553
As at June 30, 2019							
Cost	100,050	1,850	2,077	15,223	13,109,857	5,217,491	18,446,548
Accumulated depreciation	(36,863)	(304)	(1,085)	(2,733)	(230,108)	(200,902)	(471,995)
Net book value	63,187	1,546	992	12,490	12,879,749	5,016,589	17,974,553
Year ended June 30, 2020							
Opening net book value	63,187	1,545	992	12,490	12,879,749	5,016,589	17,974,552
Additions at cost	-	1,015	1,665	127	214,953	387,685	605,445
Revaluation	-	-	-	-	362,071	146,149	508,220
Depreciation charged	(3,544)	(184)	(902)	(1,535)	(242,674)	(216,995)	(465,834)
Closing net book value	59,643	2,376	1,755	11,082	13,214,099	5,333,428	18,622,383
As at June 30, 2020							
Cost	100,050	2,865	3,742	15,350	13,686,881	5,751,325	19,560,213
Accumulated depreciation	(40,407)	(488)	(1,987)	(4,268)	(472,782)	(417,897)	(937,829)
Net book value	59,643	2,377	1,755	11,082	13,214,099	5,333,428	18,622,384
Annual rate of depreciation (%)	3.33%-5%	10%	30%	10%	2%	5%	

		Note	2020	2019
			Rupees in thousand	
6.1.1	The depreciation charge for the year has been allocated as follows:			
	Operating expenses	31	463,213	291,257
	Administrative expenses	32	2,621	2,256
			465,834	293,513

6.1.2 The Company had jetty and dredging and plant and machinery revalued by an independent valuer on market value basis on June 30, 2020 which resulted in revaluation surplus of Rs. 508.22 million (2019: Rs. 6,138.018 million). The forced sales value of the jetty and dredging and plant and machinery on the date of revaluation was Rs. 11,232 million and Rs. 4,533.3 million, respectively.

6.1.3 The carrying amount of jetty and dredging and plant and machinery as at June 30, 2020 would have been Rs. 4,984.275 million (2019: Rs. 4,710.436 million) and Rs. 1,772.006 million (2019: Rs. 1,696.216 million) respectively had there been no revaluation.

6.1.4 Leasehold land represents land situated at Mazhar point, Hafeez Island, Port Qasim, Karachi covering an area of 35 acres and is being amortised over the term of 30 years.

6.2 Right of use asset

	2020	2019
Impact of initial application of IFRS 16	24,480	-
Depreciation charged	(1,360)	-
Net book value at end of the year	23,120	-

7	INTANGIBLE ASSETS	Note	2020	2019
			Rupees in thousand	
	Accounting Software (Syros)	7.1	797	1,195
	Legal and settlement cost	7.2	119,311	128,856
			120,108	130,051

7.1 Accounting Software (Syros)

	Note	2020	2019
Cost		1,195	1,195
Accumulated amortization		(398)	-
Written down value	7.1.1 & 7.1.2	797	1,195

7.1.1 Reconciliation of written down value

	2020	2019
Balance at the beginning of the year	1,195	1,195
Amortization charge for the year	(398)	-
Balance at the end of the year	797	1,195
Annual rate of amortization (%)	33.33%	

7.1.2 Accounting software (Syros) developed under agreement with Intertec Business Systems (Pvt) Limited became operational during the year.

7.2 Legal and settlement cost

	Note	2020	2019
Cost		141,583	141,583
Accumulated amortization		(22,272)	(12,727)
Written down value	7.2.1&7.2.2	119,311	128,856

7.2.1 Reconciliation of written down value

	2020	2019
Balance at the beginning of the year	128,856	138,401
Amortization charge for the year	(9,545)	(9,545)
Balance at the end of the year	119,311	128,856

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7.2.2 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.

8	NET INVESTMENT IN LEASE	Note	2020	2019
			Rupees in thousand	
	Net investment in lease	8.1	41,556,608	-
	Loss allowance on net investment in lease	33	(36,673)	-
			41,519,935	-
	Less: current portion shown under current assets		(1,415,108)	-
			40,104,827	-

8.1	Undiscounted lease payments		
	Recoverable within 12 months	6,741,130	
	Recoverable after 12 months	77,606,100	-
		84,347,230	-
	Unearned finance income	(42,790,622)	-
	Net investment in lease	41,556,608	-

8.2	Maturity analysis of net investment in lease:		
	Within 1 year	1,415,108	-
	Between 1 and 2 years	1,610,739	-
	Between 2 and 3 years	1,833,416	-
	Between 3 and 4 years	2,106,160	-
	Between 4 and 5 years	2,378,042	-
	Later than 5 years	32,213,143	-
		41,556,608	-

8.3 The Company's implicit rate of return on net investment in lease is 13.81% per annum.

9	DIRECT COST ON FLOATING STORAGE AND RE-GASIFICATION UNIT	Note	2020	2019
			Rupees in thousand	
	Customs duty on import of FSRU	9.1	1,817,818	1,817,818
	Wharfage charges		46,688	46,688
			1,864,506	1,864,506
	Less: Accumulated amortization		(331,466)	(207,166)
			1,533,040	1,657,340

9.1 This represents customs duty on import of Floating Storage and Re-gasification Unit (FSRU) for its use in storage and regasification of LNG. The amount is being expensed over the period of operating lease and expense of Rs 124.3 million (2019: Rs 124.3 million) has been charged in operating expenses as referred to in note 31.

10	LONG TERM LOAN TO ASSOCIATED COMPANY	Note	2020	2019
			Rupees in thousand	
	Unsecured			
	Long term loan given to associated company	10.1	1,373,459	961,254
	Loss allowance	33	(55,962)	-
			1,317,497	961,254
	Current portion shown under current assets		(1,317,497)	-
			-	961,254

10.1 This represents the loan given to associated company - Jamshoro Joint Venture Limited (JJVL), which carries markup at the higher of three months KIBOR or average borrowing cost of the Company. This loan was to be repaid in 4 quarterly installments commencing from July 1, 2020. However, subsequent to the year end, the shareholders in extraordinary general meeting dated August 29, 2020 increased the loan limit to Rs 3,000 million and approved that the loan and accrued interest thereon due uptil December 31, 2021 will be recovered in six quarterly installments with first quarter commencing from January 1, 2022.

This shareholders' approval being granted subsequent to the date of statement of financial position, has been treated as a non adjusting event for the purpose of these financial statements. The maximum aggregate amount due from JJVL at the end of any month during the year was Rs 1,430.403 million (2019: Rs 1,217.813 million).

11	CURRENT PORTION OF NON-CURRENT ASSETS	Note	2020	2019
			Rupees in thousand	
	Current portion of net investment in lease	8	1,415,108	-
	Current portion of long term loan to associated company	10	1,317,497	-
			2,732,605	-

12	STORES AND SPARES	2020	2019
		Rupees in thousand	
	Stores	31,385	60,396
	Spares	17,731	-
		49,116	60,396

13 TRADE DEBTS - UNSECURED

This represents amount recoverable from PLTL, which is neither past due nor impaired, in respect of finance income on sub lease, pipeline hospitality charges, operating lease rentals, utilisation / re-gasification services, operations and maintenance services billed in accordance with the terms of OSA.

14	ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES	Note	2020	2019
			Rupees in thousand	
	Cash margins with banks for guarantees	14.1	42,400	47,190
	Due from related parties - considered good	14.2	346,040	104,736
	Security deposit - considered good	14.3	435,884	400,130
	Prepaid insurance		5,190	17,239
	Other advances		24,310	25,142
	Income tax recoverable		175	7,282
			853,999	601,719

14.1 This represents amounts held as cash margins of Rs 42.4 million (2019: Rs 42.4 million) and Nil (Rs. 1.909 million) in order to secure the guarantees issued by the Summit Bank Limited of Rs 424 million (2019: Rs 424 million), issued in favor of The Bank of Punjab, for securing the performance bond issued to PLTL and Rs 3.679 million (2019: Rs 3.679 million), issued in favor of Model Customs Collectorate Port Qasim respectively. These margins will be recovered upon the retirement of the said facilities.

14.2	Due from related parties - considered good	Note	2020	2019
			Rupees in thousand	
	Associated companies			
	Phoenix Aviation (Private) Limited		35,846	5,542
	Jamshoro Joint Venture Limited (Interest receivable)		294,920	83,957
	Pakistan Gas Solutions Limited		15,274	15,137
	Director		-	100
		14.2.1	346,040	104,736

14.2.1 These are in normal course of business, unsecured and interest free. The maximum aggregate amount due from these related parties at the end of any month during the year was Rs 346.04 million (2019: Rs 339.945 million).

14.3 This includes:

- Rs. 420.884 million (2019: Rs. 400.130) paid as security deposit to BW Gas Limited in respect of the FSRU.

- Pending National Accountability Bureau's (NAB) ongoing investigation against one of the shareholders, SECP had placed the Group's request to register charge against its assets on hold. The Group filed a writ petition with Lahore High Court (LHC) to remove the hold. Under LHC's direction to SECP for registration of the charge, Rs. 15 million has been deposited with Deputy Registrar (Judicial) - LHC as security along with an unconditional guarantee and undertaking by the Group that the shares in question shall not be transferred/alienated to any third party without prior approval of NAB.

15	**CASH AND BANK BALANCES**	**Note**	**2020**	**2019**
			Rupees in thousand	
	Cash at bank			
	- in current accounts	15.1 & 15.2	1,429,486	1,091,193
	- in savings accounts		17	15
			1,429,503	1,091,208
	Cash in hand		639	441
	Cheques in hand		-	600,000
			1,430,142	1,691,649

15.1 This includes Rs 1,259 million (2019: 910 million) and USD 0.427 million (2019: USD 0.427 million), in respect of restricted funds held under lien by banks for issuance of performance bond to PLTL and for the purpose of securing a guarantee issued in favor of the PQA as per the Implementation Agreement, respectively.

15.2 This includes USD 573,113/- equivalent to Rs.96,489,774/- (2019: Rs. 93,991,991) on which lien is marked by Habib Metropolitan Bank Limited against bank guarantee issued in favor of Port Qasim Authority.

16	**AUTHORIZED CAPITAL**			**2020**	**2019**
				Rupees in thousand	
	2020	**2019**			
	(Number of shares)				
	86,400,000	86,400,000	"A" class ordinary shares (Non Voting) of Rs. 10	864,000	864,000
	450,000,000	450,000,000	"B" class ordinary shares (Voting) of Rs. 10 each.	4,500,000	4,500,000
	536,400,000	536,400,000		5,364,000	5,364,000
	200,000	200,000	Preference shares of Rs. 10 each - the Parent	2,000	2,000
	200,000,000	200,000,000	Preference shares of Rs. 10 each - the Subsidiary	2,000,000	2,000,000
	200,200,000	200,200,000		2,002,000	2,002,000
	736,600,000	736,600,000		7,366,000	7,366,000

17	**ISSUED, SUBSCRIBED AND PAID UP CAPITAL - ORDINARY SHARES**			**2020**	**2019**
				Rupees in thousand	
	2020	**2019**			
	(Number of shares)				
	408,358,969	408,358,969	"B" class ordinary shares (Voting) of Rs. 10 each fully paid in cash	4,083,590	4,083,590

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

408,358,969	314,146,174	At the beginning of the year	4,083,590	3,141,462
-	94,212,795	Shares issued during the year	-	942,128
408,358,969	408,358,969	At the end of the year	4,083,590	4,083,590

17.2 As at reporting date, Jamshoro Joint Venture Limited held 107,329,044 (2019: 107,329,044) 'B' class ordinary shares of Rs. 10 each of the Parent.

17.3 As per directions of Lahore High Court (LHC) 1,500,000 'B' class ordinary shares of Rs. 10 each held by one of the Company's shareholders can not be transferred/alienated without prior approval of National Accountability Bureau (NAB). (Refer Note 14.3).

18 ISSUED, SUBSCRIBED AND PAID UP CAPITAL - PREFERENCE SHARES

This represents 157,900,000 (2019: 157,900,000) preference shares of Rs 10 each fully paid in cash and are held by certain corporate investors and individuals. The Board of Directors of the Group have announced a cash dividend of Rs 125.281 million on January 07, 2020 and of Rs 147.609 million on April 24, 2020 at the agreed rate of return (6 months Kibor plus 5.5%).

18.1 Key terms of the preference shares

Key terms of the preference shares are as follows:

Rate of return

The preference shares shall be cumulative and shall carry entitlement of a variable annual cumulative dividend of 6 months KIBOR plus 5.5% per annum prevailing one business day prior to the date of allotment and thereafter one business day prior to the beginning of each subsequent semi-annual period. The entitlement for dividend shall not lapse if no dividend is paid within that year. Dividends shall be cumulative and shall be carried forward to the subsequent year(s) if not paid within that year. Dividend payable with respect to the preference shares shall be paid to the investor from the profits of the Subsidiary, subject to the approval of the Board of Directors of the Subsidiary.

Redemption

The preference shares shall be redeemable at par value solely at the option of the Subsidiary, only through a sinking fund created out of the profits of the Subsidiary at any time after the fifth anniversary of the allotment.

Call and put option

PGPL, the holding company, shall have the option (the 'call option') to call upon the preference share holder to sell the preference shares held at any time after the 6th anniversary of the allotment of the preference shares and after all outstanding accumulated dividends have been paid to the preference shareholder. The price payable for the number of preference shares to be sold shall be equal to the par value of the preference shares together with accumulated unpaid dividend.

The preference shareholder shall have the option (the 'put option') to call upon PGPL, the holding company, to purchase any or all of the preference shares held by the preference shareholder at any time after the 6th anniversary of the allotment of preference shares. The price payable for the number of preference shares to be purchased shall be equal to the par value of the preference shares together with accumulated unpaid dividend.

Conversion swap option

Twenty percent of the preference shares may be convertible into ordinary shares of PGPL, the holding company, at the option of the preference shareholder, within a period of three months from the date of fourth anniversary of the allotment of preference shares. The conversion swap price for the conversion swap option shall be calculated on the basis of the book value per share of the Company, along with all outstanding accumulated dividends relating to the preference shares being converted.

Other

The preference shares shall not carry any entitlement of ordinary dividend, right shares or bonus shares, or have any right to participate in the profits of the Subsidiary.

18.2 As the preference shares are redeemable only at the option of the Subsidiary and payment of dividends is subject to the discretionary approval of the Board of Directors and as preference shares were issued under the provisions of section 83 of the Companies Act, 2017 (the Act) read with section 58 of the Act and the Companies Share Capital (Variation in Rights and Privileges) Rules, 2000, after approval by the members of the Subsidiary at the Extra Ordinary General Meeting held on September 30, 2016, therefore, the preference shares have been treated as part of equity in these financial statements.

19	REVALUATION SURPLUS ON PROPERTY, PLANT AND EQUIPMENT	Note	2020	2019
			Rupees in thousand	
	Balance as at July 1		6,406,650	275,205
	Surplus on revaluation during the year	6.1	508,220	6,138,018
	Transferred to un-appropriated profit / (loss)			
	in respect of incremental depreciation charged during the year		(158,591)	(6,573)
			6,756,279	6,406,650
	Related deferred tax liability			
	- at the beginning of the year		(1,627,362)	-
	- on revaluation surplus during the year		(139,639)	(1,627,362)
			(1,767,001)	(1,627,362)
			4,989,278	4,779,288

20	LONG TERM FINANCES	Note	2020	2019
			Rupees in thousand	
	Term finance loans - secured:			
	Pak Oman Investment Company Limited			
	- Term finance facility - 1	20.1	516,980	612,170
	- Term finance facility - 2	20.2	472,222	500,000
	Pak Libya Holding Company (Private) Limited			
	- Long term finance facility agreement	20.3	163,636	200,000
	Saudi Pak Industrial and Agricultural Investment Company Limited			
	- Term finance facility agreement	20.4	381,818	347,000
	The Bank of Punjab			
	- Demand finance - 1	20.5	897,222	1,463,889
	- Demand finance - 2	20.6	1,279,880	2,088,200
			3,711,758	5,211,259
	Less: Transaction costs		(109,054)	(164,256)
			3,602,704	5,047,003
	Less: Current portion shown under current liabilities	25	(1,510,070)	(1,657,960)
			2,092,634	3,389,043

20.1 Term finance facility - 1

This loan has been obtained from Pak Oman Investment Company to fund the construction of LNG import terminal project. The aggregate amount of the loan was Rs 750 million.

Mark-up

It carries mark-up at three month Karachi Inter Bank Offered Rate (KIBOR) plus 3 per cent per annum (2019: KIBOR plus 3 per cent per annum). The effective mark-up charged during the year ranges from 11.14 per cent to 16.91 per cent per annum (2019: 9.46 per cent to 15.84 per cent per annum). Mark-up is payable quarterly in arrears.

Tenor and repayment

In accordance with State Bank of Pakistan's Circular ERD/M&PRD/PR/01/2020-32 dated March 26, 2020, the lender extended the initially agreed repayment schedule for a year. The balance of loan as at year end is payable in seventeen quarterly unequal instalments ending on April 2025.

Security

The loan is secured through Joint Pari Passu charge by way of hypothecation over all of its present and future fixed assets (excluding land and building), with 25% margin along with plant, machinery & equipment, installation fitting and texture thereon, cross-corporate guarantee by the associated company, personal guarantee by the Chairman of the Company.

20.2 Term finance facility - 2

This loan has been obtained from Pak Oman Investment Company to finance the shortfall in original funding requirement of construction of LNG import terminal project. The aggregate loan amount was Rs 500 million.

Mark-up

It carries mark-up at three month Karachi Inter Bank Offered Rate (KIBOR) plus 3 per cent per annum (2019: KIBOR plus 3 per cent per annum). The effective mark-up charged during the year ranges from 10.89 per cent to 16.85 per cent per annum (2019: 15.92 per cent per annum). Mark-up is payable quarterly in arrears.

Tenor and repayment

In accordance with State Bank of Pakistan's Circular ERD/M&PRD/PR/01/2020-32 dated March 26, 2020, the lender extended the initially agreed repayment schedule for a year. The balance of loan as at year end is payable in seventeen quarterly instalments ending on June 2025.

Security

The loan is secured through Joint Pari Passu charge by way of hypothecation over all of its present and future fixed assets (excluding land and building), with 25% margin along with plant, machinery & equipment, installation fitting and texture thereon, cross-corporate guarantee by the associated company, personal guarantee by the Chairman of the Company.

20.3 Long term finance facility agreement

This loan has been obtained from Pak Libya Holding Company (Private) Limited. The aggregate loan amount was Rs 200 million.

Mark-up

It carries mark-up at three month Karachi Inter Bank Offered Rate (KIBOR) plus 3 per cent per annum (2019: KIBOR plus 3 per cent per annum). The effective mark-up charged during the year ranges from 11.29 per cent to 16.91 per cent per annum (2019: 9.41 per cent to 14.28 per cent per annum). Mark-up is payable quarterly in arrears.

Tenor and repayment

This loan is repayable in eighteen equal quarterly instalments ending on February 2025.

Security

The loan is secured through Joint Pari Passu charge by way of hypothecation over all of its present and future fixed assets (excluding land and building), with 25% margin along with plant, machinery & equipment, installation fitting and texture thereon, cross-corporate guarantee by the associated company, personal guarantee by the Chairman of the Company.

20.4 Term finance facility agreement

This loan has been obtained from Saudi Pak Industrial and Agricultural Investment Company Limited ('Saudi Pak'). The aggregate loan amount was Rs 420 million.

Mark-up

It carries mark-up at six month Karachi Inter Bank Offered Rate (KIBOR) plus 3 per cent per annum (2019: KIBOR plus 3 per cent per annum). The effective mark-up charged during the year ranges from 16.05 per cent to 16.49 per cent per annum (2019: 9.15 per cent to 13.64 per cent per annum). Mark-up is payable quarterly in arrears.

Tenor and repayment

In accordance with State Bank of Pakistan's Circular ERD/M&PRD/PR/01/2020-32 dated March 26, 2020, the lender extended the initially agreed repayment schedule for a year. The balance of loan as at year end is payable in twenty quarterly instalments ending on December 2025.

Security

The loan is secured through Joint Pari Passu charge by way of hypothecation over all of its present and future fixed assets (excluding land and building), with 25% margin along with plant, machinery & equipment, installation fitting and texture thereon, cross-corporate guarantee by the associated company, personal guarantee by the Chairman of the Company.

20.5 Demand finance - 1

This loan has been obtained from Bank of Punjab (BoP) to settle the short term borrowing of related parties of the company. The aggregate loan amount was Rs 1,700 million.

Mark-up

It carries mark-up at three month Karachi Inter Bank Offered Rate (KIBOR) plus 3 per cent per annum (2019: KIBOR plus 3 per cent per annum). The effective mark-up charged during the year ranges from 10.25 per cent to 16.84 per cent per annum (2019: 13.96 per cent to 13.99 per cent per annum). Mark-up is payable quarterly in arrears.

Tenor and repayment

This loan is repayable in nineteen equal monthly installments ending on January 2022.

Security

The loan is secured through Joint Pari Passu charge by way of hypothecation over all of its present and future fixed assets (excluding land and building), with 25% margin along with plant, machinery & equipment, installation fitting and texture thereon of JJVL, an associated company, cross-corporate guarantee by the associated company, personal guarantee by the Chairman of the Company.

20.6 Demand finance - 2

This loan has been obtained from Bank of Punjab (BoP) . The aggregate loan amount was Rs 2,425 million.

Mark-up

It carries mark-up at three month Karachi Inter Bank Offered Rate (KIBOR) plus 3 per cent per annum (2019: KIBOR plus 3 per cent per annum). The effective mark-up charged during the year ranges from 10.25 per cent to 16.84 per cent per annum (2019: 13.96 per cent to 13.99 per cent per annum). Mark-up is payable quarterly in arrears.

Tenor and repayment

This loan is repayable in nineteen equal monthly installments ending on January 2022.

Security

The loan is secured through Joint Pari Passu charge by way of hypothecation over all of its present and future fixed assets (excluding land and building), with 25% margin along with plant, machinery & equipment, installation fitting and texture thereon of Educational Excellence Limited, an associated company, cross-corporate guarantee by the associated company, personal guarantee by the Chairman of the Company.

21 LEASE LIABILITIES	Note	2020	2019
		Rupees in thousand	
Non-current portion		39,568,225	-
Current portion shown under current liabilities	25	1,712,480	-
Total lease liabilities as at June 30	21.1	41,280,705	-

		2020	2019
		Rupees in thousand	
21.1	**Reconciliation of the carrying amount is as follows:**		
	Effect of initial application of IFRS 16	40,345,311	-
	Finance cost on lease liabilities	4,059,445	-
	Rentals paid during the year	(4,589,664)	-
	Invoices due transferred to trade and other payables	(965,277)	-
	Exchange loss	2,430,890	-
		41,280,705	-
21.2	**Maturity analysis**		
	Within 1 year	1,712,480	-
	Between 1 and 2 years	1,895,916	-
	Between 2 and 3 years	2,099,836	-
	Between 3 and 4 years	2,342,303	-
	Between 4 and 5 years	2,577,616	-
	Later than 5 years	30,652,554	-
		41,280,705	-

21.3 The minimum lease payments are discounted over a lease term ranging from 12.5 to 17 years.

22	LONG TERM PAYABLE	Note	2020	2019
			Rupees in thousand	
	Payable to PLTL	22.1	58,467	58,467
	Provision for Customs duty on FSRU	22.2	-	708,909
	Payable to BW Group	22.3 & 26.4	1,819,516	-
			1,877,983	767,376
	Less: Current portion of customs duty on import of FSRU shown under trade and other payables	26	-	(708,909)
	Less: Current portion of payable to BW shown under trade and other payables	26	(516,458)	-
			1,361,525	58,467

22.1 This represents interest free liquidated damages to be paid to PLTL relating to a delay in commissioning of the project as per the recommendations of representatives of PLTL and the Company, under clause 37 'Dispute Resolution' of the OSA and total liquidated damages of Rs 168.35 million (USD 1 million) will be repaid in 15 years in equal monthly installments. However, PLTL has not yet formally acknowledged these recommendations. The liability has been accrued on prudence basis and has been initially recognized at discounted value based on estimated market interest rate of 16.97% per annum for a similar instrument.

22.2 This represented customs duty payable on import of Floating Storage and Re-gasification Unit ('FSRU') for its use in storage and regasification of LNG.

22.3 Payable to BW Group has been classified in long term payables due to rescheduling of the payable balance as referred to in note 26.4 and has been recognized at discounted value based on estimated market interest rate of 7.18% per annum for a similar instrument. Gain on rescheduling payable to BW Group as at June 1, 2020 amounts to Rs 229.27 million (note 36) and finance cost on unwinding of payable to BW Group from June 1, 2020 to June 30, 2020 amounts to Rs 10.202 million (note 35).

23	DEFERRED LIABILITIES	2020	2019
		Rupees in thousand	

It represents provision for gratuity as on reporting date.

23.1 Amounts recognized in the statement of financial position are as follows:

	2020	2019
Present value of defined benefit obligation	53,959	44,152
Less: Receivable from other group company - JJVL	(26,318)	(24,981)
Liability as at June 30	27,641	19,171

		2020	2019
		Rupees in thousand	
23.2	Amounts recognized in the statement of profit or loss are as follows:		
	Current service cost	5,157	4,504
	Past service cost	-	14,667
	Interest cost	6,218	-
		11,375	19,171
23.3	Movement in the present value of defined benefit obligation is as follows:		
	Opening balance	44,152	-
	Current service cost	5,157	4,504
	Past service cost	-	14,667
	Interest cost	6,218	-
	Receivable from other group company	1,335	24,981
	Benefits paid	(2,542)	-
	Experience adjustment	(638)	-
	Actuarial loss from change in financial assumptions	277	-
	Closing balance	53,959	44,152
23.4	Year end sensitivity analysis on defined benefit obligation are as follows:		
	Discount rate + 100 bps	48,222	39,632
	Discount rate - 100 bps	60,667	49,392
	Salary increase + 100 bps	60,543	49,299
	Salary increase - 100 bps	48,225	39,635

24	**DEFERRED TAXATION**	**Note**	**2020**	**2019**
			Rupees in thousand	
	The net liability for deferred taxation comprises of taxable / (deductible) temporary differences relating to:			
	Deferred tax liability			
	Property, plant and equipment	24.1	2,471,139	2,139,066
	Net investment in lease		12,051,416	-
	Right of use asset		6,705	-
	Deferred tax asset			
	Lease liabilities		(11,971,404)	-
	Loss allowance		(26,864)	-
	Deferred liabilities		(8,016)	-
	Deferred income		(67,544)	-
			2,455,432	2,139,066
24.1	Deferred tax liability in respect of property, plant and equipment			
	Surplus on revaluation of property plant and equipment - movement recognized in equity	19	1,767,001	1,627,362
	Accelerated tax depreciation		1,388,385	1,167,844
	Unabsorbed depreciation		(684,247)	(656,140)
			704,138	511,704
			2,471,139	2,139,066

24.2 The gross movement in net deferred tax liability during the year is as follows:

	2020	2019
	Rupees in thousand	
Opening balance	2,139,066	256,420
Charged to other comprehensive income	139,744	1,627,362
Charged to statement of profit or loss	176,622	255,284
Deferred tax liability	2,455,432	2,139,066

25 CURRENT PORTION OF NON-CURRENT LIABILITIES	Note	2020	2019
		Rupees in thousand	
Current portion of long term finances	20	1,510,070	1,657,960
Current portion of lease liabilities	21	1,712,480	-
		3,222,550	1,657,960

26 TRADE AND OTHER PAYABLES	Note	2020	2019
		Rupees in thousand	
Creditors		1,855,150	2,075,148
Payable to consultants	26.1	50,185	51,853
Accrued liabilities	26.2	2,646,927	2,095,330
Payable to related parties	26.3	29,709	23,796
Provision for customs duty on FSRU - current portion	22	-	708,909
Payable to BW group	26.4	-	1,997,770
Current portion of payable to BW Group	22	516,458	-
With-holding tax payable		498,557	595,493
Sales tax payable		267,019	241,734
Workers' Profit Participation Fund	26.5	133,723	16,550
Workers' Welfare Fund	26.6	54,482	-
		6,052,210	7,806,583

26.1 It include Nil (2019: Rs. 4,775,815/-) due to an associated company.

26.2 This includes an accrual of Rs 2,450.357 million (2019: Rs.1,921.425 million) in respect of un-invoiced value of work due under EPC contract with M/s Xinjiang Petroleum Engineering Company Limited.

26.3 This represents amount payable to following parties:

	2020	2019
	Rupees in thousand	
Lub Gas (Private) Limited	184	184
AG Publications (Private) Limited	12,667	12,666
Mehran LPG (Private) Limited	3,300	3,300
Directors	13,558	7,646
	29,709	23,796

26.4 The Subsidiary signed lease agreements for the hire and operation services of Floating Storage and Regasification Unit ('FSRU') for a period of fifteen (15) years for its LNG terminal with BW Gas Limited and BW Fleet Management AS, respectively (collectively referred to as 'BW Group') with agreed contractual commencement date of July 16, 2017. Due to delays in the commercial start of the terminal, the Subsidiary started making payments to BW Group from November 2017. For FSRU lease charge of USD 10.218 million and FSRU operation services charge of USD 1.926 million for the period of July 16, 2017 to October 31, 2017 amounting to USD 12.144 million in total, the management of the Subsidiary was in negotiation with the BW group and was confident that the commencement date of the agreement will be revised as agreements are for a period of 15 years and despite delays in commencement, the payments for complete 15 years was expected to be made to BW Group starting from a later date.

However, the Subsidiary signed an agreement with BW Group on June 01, 2020 to settle this claim through 36 monthly instalments commencing from August 31, 2020 subject to the approval of State Bank of Pakistan. In the financial statements for the year ended June 30, 2019, the Subsidiary recorded a liability of Rs 1,318.797 million on net present value basis as the management was of the view that the discussions that culminated in a documented agreement on June 01, 2020, were in contemplation during the year ended June 30, 2019. This contention of the Subsidiary was disagreed by its auditors as the said agreement was entered into subsequent to the year ended June 30, 2019 and therefore, the liability should have been recognised on gross value basis. The audit opinion was modified to reflect this disagreement.

However, during the current year, the Subsidiary has decided to correct the prior period error and recognise a liability of Rs 1,997.770 million on gross value basis in respect of the amount payable to the BW group for the period of July 16, 2017 to October 31, 2017 by restating the opening balance (June 30, 2019) in line with the requirements of the approved accounting standards as applicable in Pakistan. The effect of recognition of prior period error is summarized below:

	At June 30, 2019		
Effect on statement of financial position:	**Previously reported**	**Restated**	**Restatement**
Trade and other payables	7,127,610	7,806,583	678,973
Revenue reserve: Un-appropriated profit / (loss)	(661,563)	(1,340,537)	(678,973)

	Year ended June 30, 2019		
Effect on statement of comprehensive income	**Previously reported**	**Restated**	**Restatement**
Other operating expenses	1,513,878	2,192,851	678,973

26.5 Workers' Profit Participation Fund	**Note**	**2020**	**2019**
		Rupees in thousand	
Opening balance		16,550	35,008
Provision for the year	34	143,372	-
Payments made during the year		(26,199)	(18,458)
Closing balance		133,723	16,550

26.6 This represents provision in relation to Workers' Welfare Fund made during the year.

27 SHORT TERM BORROWING	**Note**	**2020**	**2019**
		Rupees in thousand	
Related parties			
Jamshoro Joint Venture Limited - associated company		22,393	22,393
Chief Executive Officer		1,460	1,460
	27.1	23,853	23,853
Others	27.2	30,000	30,000
		53,853	53,853

27.1 These are unsecured, interest free and repayable on demand. These represent payments made on behalf of the Group and funds received for investment/expenses of LNG Project which have been utilized accordingly.

27.2 This caries interest at 6 months KIBOR plus 5.5% per annum. This is unsecured and repayable on demand.

28 ACCRUED FINANCE COST	**Note**	**2020**	**2019**
		Rupees in thousand	
Accrued mark up on:			
Long-term finances		153,785	181,463
Short-term borrowings	28.1	8,712	2,425
Custom duties on FSRU		-	100,011
		162,497	283,899

28.1 This includes Rs 3.420 million (2019: Nil) in respect of interest on short term borrowings payable to BoP.

29 CONTINGENCIES AND COMMITMENTS

29.1 CONTINGENCIES

(1) On behalf of the Group, Habib Metropolitan Bank Limited has issued a letter of guarantee for USD 1 million equivalent to Rs. 168.36 million (2019: Rs. 164 million) in favour of Port Qasim Authority.

(2) Performance bond issued by The Bank of Punjab to PLTL against the performance of the Operations and Services Agreement amounting to Rs 1,774 million (2019: Rs 1,677 million).

(3) Guarantee issued by Summit Bank, amounting to Rs 424 million (USD 4 million) (2019: Rs 424 million (USD 4 million)) as security against the performance bond issued by The BOP.

(4) Claims against the Subsidiary not acknowledged as debts amount to Rs 28.206 million.

(5) During the year ended June 30, 2017, the Subsidiary made a payment of USD 14.712 million to Xinjiang Petroleum Engineering Company Limited ('EPC contractor') without withholding any income tax. The Subsidiary is of the view that this payment relates to purchase of goods under the EPC contract, the title of which was transferred to the Subsidiary outside Pakistan and is therefore exempt from withholding of income tax under section 152(7A) of the Income Tax Ordinance 2001 ('I.T.O 2001'). However, the Commissioner Inland Revenue ('CIR') in his order dated December 20, 2016 concluded that the EPC contract relates to a 'turnkey project' and therefore all payments made under the EPC contract are subject to withholding of income tax under section 152(1) of I.T.O 2001. The Subsidiary, being aggrieved from the impugned order, filed an appeal before the Chief Commissioner under section 122B of I.T.O 2001 who in his order dated March 14, 2017 maintained the impugned order of CIR. The Subsidiary filed a writ petition before Lahore High Court dated March 15, 2017 against the impugned orders of CIR and Chief Commissioner Inland Revenue dated December 20, 2016 and March 14, 2017. The Lahore High Court through order dated April 22, 2019 disposed off the case without granting relief. The Subsidiary, being aggrieved from the order of the Lahore High Court, filed Civil Petition dated June 25, 2019 before the Honorable Supreme Court of Pakistan which is pending for adjudication. Based on the view of its legal counsel, the management of the Subsidiary is confident of favourable resolution of the matter and has recognized a provision of Rs 428.451 million in the financial statements to the extent of onshore portion of the contract amount.

(6) The Inland Revenue Officer raised a demand of Rs 165.963 million through order dated May 21, 2018 as 10% withholding tax on payments made to BW Gas Limited (BW) for FSRU hire, which as per arrangement between the parties, if leviable, is to be borne by the Subsidiary. This was contested by the Subsidiary before the Commissioner Inland Revenue (Appeals) who upheld the impugned order. The Subsidiary filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) on the grounds that the lease of FSRU is part of business income of BW and as it does not have a permanent establishment in Pakistan, therefore no tax is liable to be deducted or deposited in Pakistan. The ATIR, through its orders dated July 30, 2018 and September 29, 2019 has decided the case in the Subsidiary's favour by ruling that no taxes are required to be deducted on these payments, in view of which withholding tax provision at 10% on FSRU hire expense is not considered necessary. The tax authorities have filed reference against the decisions of the ATIR before the Lahore High Court which is still pending. The total exposure of withholding tax as at June 30, 2020 is of Rs 1,499.039 million (2019: Rs 942.360 million). Based on the view of its legal counsel and previous orders of ATIR in the Subsidiary's favour, the management of the Subsidiary is confident of favourable resolution of the matter. No provision has been recognized in these financial statements in this respect.

(7) The Royalty is required to be paid to Port Qasim Authority (PQA) on account of per tonne LNG import and export handling. Total exposure in respect of sales tax on royalty is Rs 173.356 million (2019: Rs 103.021 million) as at year end under Sindh Sales Tax on Services Act, 2011 (The Act). The Subsidiary has filed an appeal before Sindh High Court in Karachi dated May 23, 2018 against Sindh Revenue Board that the sales tax may not be levied on the royalty as it does not fall in the definition of franchise services, under the Act as the royalty is paid for import of LNG. The Sindh High Court passed an interim order and granted the stay to the Subsidiary. The management believes that the Subsidiary has an arguable case and is confident of favorable outcome in this matter. No provision has been recognized in these financial statements in this respect.

29.2 COMMITMENTS	**Note**	**2020**	**2019**
		Rupees in thousand	
(1) Contracts for other than capital expenditure	29.2.1	-	5,570
(2) Commitment for commission fee, retirement fee and FED payable		3,590	19,410

29.2.1 In addition to the above commitments for contracts other than capital expenditure, the Subsidiary is also under obligation for making contractual payments to the following parties:

(1) Payments to Fauji Oil Terminal and Distribution Company (FOTCO) as service fee for the use of FOTCO facilities, calculated based on 18% guaranteed net return per annum on an estimated total investment of approximately USD 50.27 million.

(2) Payments to Port Qasim Authority as royalty on account of per tonne LNG import and export handling as follows:

Period	1-5 years	6-10 years	11-15 years	16-20 years	21-25 years	26-30 years
USD per tonne	1.9	2.375	3.325	4	5	5.624

30	REVENUE	2020	2019
		Rupees in thousand	
	Finance Income on Sub-Lease	5,166,528	-
	Others:		
	Capacity charge	-	11,609,843
	Operating lease rental income	4,076,649	-
	Revenue in respect of pipeline hospitality arrangement	1,777,238	-
	Revenue from O&M services	1,379,514	-
	Revenue from utilisation / re-gasification services	172,374	175,065
	Flexibility charge	2,816	-
		7,408,591	11,784,908
		12,575,119	11,784,908
30.1	Gross amount billed	15,819,236	13,316,946
	Less: Sales tax	(1,822,713)	(1,532,038)
	Allocations to:		
	Less: Receipts against net investment in lease	(1,217,670)	-
	Less: Deferred income	(203,734)	-
		12,575,119	11,784,908

31	OPERATING EXPENSES	Note	2020	2019
			Rupees in thousand	
	Finance cost on lease liability		4,059,445	-
	Others:			
	FSRU hire cost		-	4,809,588
	FSRU operation and service cost		1,131,528	1,075,262
	Pipeline hospitality charges		1,552,177	1,339,422
	Royalty to Port Qasim Authority	31.1	703,347	709,782
	Insurance		127,837	114,212
	Jetty operating and service cost		139,993	65,566
	Technical consultancy charges		85,032	82,420
	Depreciation on operating assets	6.1.1	463,213	291,257
	Depreciation on right of use asset	6.2	1,360	-
	Amortization of direct cost on FSRU	9	124,300	124,300
	OGRA license fee		58,698	66,504
	Professional services		4,260	21,186
	Salaries, wages and benefits		13,609	11,371
	Security charges		-	705
	Others		2,860	3,534
			4,408,214	8,715,109
			8,467,659	8,715,109

31.1 The Group and its directors do not have relationship with / interest in PQA, having its headquarters at Port Muhammad Bin Qasim, Karachi.

32	ADMINISTRATIVE EXPENSES	Note	2020	2019
			Rupees in thousand	
	Salaries, wages & benefits		153,307	128,157
	Travelling and conveyance		106,208	99,067
	Legal and professional charges	32.1	128,372	62,258
	Rent, rates and taxes		17,642	18,615
	Fees and subscriptions		550	900
	Entertainment expenses		3,363	2,382
	Advertisement		5,262	7,994
	Repairs and maintenance		18,295	22,057
	Depreciation on operating assets	6.1.1	2,621	2,256
	Amortization on intangible assets	7	9,943	9,545
	Utilities		6,186	4,721
	Printing and stationary		2,158	1,783
	Balance written off		1,851	-
	Others		3,988	4,485
			459,746	364,220

32.1 Legal and Professional charges includes in respect of auditor's service for:

	2020	2019
Statutory audit	11,173	7,978
Reporting to auditors of parent company	300	300
Special audit and review	-	1,603
Tax advisory	600	3,350
Certification and others	35	1,755
	12,108	14,986

33	IMPAIRMENT LOSS ON FINANCIAL ASSET	Note	2020	2019
			Rupees in thousand	
	Loss allowance on net investment in lease	8	36,673	-
	Loss allowance on long term loan to associated company	10	55,962	-
			92,635	-

34	OTHER OPERATING EXPENSES	Note	2020	2019
			Rupees in thousand	
	Exchange loss		99,333	195,081
	Workers' profit participation fund		143,372	-
	Workers' welfare fund		54,482	-
	Loss on disposal of bunker		16,231	-
	FSRU lease and operations and services cost	34.1	-	1,997,770
	Unrealized:			
	- Exchange loss on lease liabilities		2,430,890	-
	- Exchange loss on deferred income		29,176	-
	- Exchange gain on net investment in lease		(2,453,448)	-
			6,618	-
			320,036	2,192,851

34.1 This represents FSRU lease and operation and service cost for the Pre-CSD period from July 16, 2017 to October 31, 2017 as referred to in note 22.3.

35	FINANCE COSTS	Note	2020	2019
			Rupees in thousand	
	Interest / markup on:			
	- Short term borrowings		140,220	422,332
	- Long term finances		730,715	293,734
	- Customs duty on import of FSRU		-	119,046
	- Payable to BW Group	22.3	10,202	-
	Surcharge on late payment to suppliers		63,767	12,281
	Amortization of transaction cost		55,203	15,889
	Bank charges and others		74,385	77,143
			1,074,492	940,425

36	OTHER INCOME	Note	2020	2019
			Rupees in thousand	
	Income from financial assets			
	Interest income		210,963	83,957
	Balance written back		4,776	-
	Income from non-financial assets			
	Scrap sales		49	3,499
	Liability written back		55,596	-
	Exchange gain		-	116
	Others			
	Gain on rescheduling of payable to BW Group	22.3	229,270	-
			500,654	87,572

37	TAXATION	Note	2020	2019
			Rupees in thousand	
	Current tax	37.2	61,179	-
	Deferred tax	37.3	176,622	255,284
			237,801	255,284

37.1	Tax charge reconciliation	2020	2019
		%	%
	Numerical reconciliation between the average effective tax rate and the applicable tax rate		
	Applicable tax rate	29.00	29.00
	Change in tax rates	-	(12.10)
	Unrecognised losses and tax credits	(21.43)	(92.21)
	Not chargeable to tax	1.55	-
	Others	(0.18)	(0.25)
	Average effective tax rate charged to statement of profit or loss	8.94	(75.56)

37.2 Current Taxation

The profits and gains derived by LNG Terminal Operators and Terminal Owners are exempt for a period of five years beginning from the date when commercial operations are commenced in terms of clause 141 of Part I of the Second Schedule to the I.T.O 2001. Under clauses 11A and 11D of Part IV of the Second Schedule to the I.T.O 2001, the Subsidiary is also exempt from levy of minimum tax on 'turnover' and alternative corporate tax respectively under section 113 of the I.T.O 2001. The provision for current tax has been made on interest income on long term loan to associated company.

37.3 Deferred Taxation

Post 5 year tax holiday period, the taxable income of the Subsidiary will be chargeable to tax as per applicable corporate tax rates. The Subsidiary will also be required to pay a minimum tax under section 153 of I.T.O 2001 on total revenue generated under OSA with PLTL.
Deferred tax asset of Rs. 212.04 million (2019: Rs. 228.84 million) on account of carry forward tax losses of the Parent has not been recognised in these financial statements due to less probability of availability of taxable income in future.

38 RELATED PARTY TRANSACTIONS

The related parties includes the holding company, associates of the holding company, associated companies, companies where directors also hold directorships and key management personnel. The Group in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under receivables and payables. Significant related party transactions have been disclosed in respective notes in these financial statements other than the following:

Name of related party	Basis of relationship	Percentage of shareholding	Nature of transaction during the year	2020	2019
				Rupees in thousand	
Jamshoro Joint Venture Limited	Associated company due to common directorship and shareholding in the Parent	26.28%	Loan received during the year	-	684
			Loan repaid during the year		1,700,000
			Interest charged	-	149,273
			Expenses incurred on their behalf	54,265	11,704
			Expenses incurred on behalf of company	6,718	56,066
			Loan provided to group	1,440,783	2,788,431
			Loan repaid by group	1,076,125	1,827,176
			Interest on loan provided to group company	210,963	83,957
Fasih ud din Ahmed	Directors	5.36%	Share issued during the year	-	217,162
Razi ud din Ahmed		5.36%	Share issued during the year	-	217,162
			Loan received during the year	-	12,000
			Loan repaid during the year	-	12,000
Mr. Iqbal Z. Ahmed	Chief Executive Officer	0.01%	Loan received during the year	-	3,600
			Loan repaid during the year	-	3,800
Ms. Sadia Ahmed	Shareholder	5.36%	Rent expense	15,707	15,707
Education Excellence Limited	Associated company due to common Directorship		Loan repaid during the year	-	2,425,000
			Interest charged	-	188,535
Phoenix Aviation (Private)			Purchase of services	65,703	65,177
AG Publications (Private) Limited				-	4,534
Mehran LPG (Private) Limited				-	3,300
Pakistan Gas Solutions Limited			Expense incurred on behalf of the associate	138	437
Lub Gas (Private) Limited			Liability written back	(4,776)	-
			Purchase of services	-	417

All transactions with related parties have been carried out on mutually agreed terms and conditions.

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39 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the financial statements for the year for remuneration to the Chief Executive, Directors and Executives of the Group is as follows:

	2020	2019
	Rupees in thousand	
Managerial remuneration		
Chief Executive	6,750	5,310
Directors	84,154	76,580
Executives	41,220	26,605
	132,124	108,495
Number of person(s)		
Chief Executive	1	1
Directors	6	6
Executives	12	11

40 Cash generated from operations

	2020	2019
	Rupees in thousand	
Profit / (loss) before taxation	2,661,205	(340,125)
Adjustment for:		
Gratuity expense	11,375	19,171
Balance written off	1,851	-
Depreciation on property, plant and equipment	465,834	293,513
Amortization of intangible assets	9,943	9,545
Amortization of loan transaction cost	55,203	15,889
Finance costs	955,522	911,560
Amortization of direct cost on FSRU	124,300	124,300
Finance income on net investment in lease	(5,166,528)	-
Finance cost on lease liability	4,059,445	-
Exchange loss	99,333	195,081
Exchange loss on lease liability	2,430,890	-
Exchange gain on net investment in lease	(2,453,448)	-
Exchange loss on deferred income	29,178	-
Deferred income recognised during the year	203,734	-
Workers' profit participation fund	143,372	-
Workers' welfare fund	54,482	-
Impairment loss on financial assets	92,635	-
FSRU Cost	-	1,997,770
Gain on rescheduling of payable to BW Group	(229,270)	-
Liability written back	(60,372)	-
Profit before working capital changes	3,488,684	3,226,704

41 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

Risk management is carried out by the Group's finance department under policies approved by the Board of Directors. The Group's finance department evaluates financial risks. The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk and liquidity risk. All treasury related transactions are carried out within the parameters of these policies.

41.1 FINANCIAL INSTRUMENTS BY CATEGORY

	2020	2019
	Rupees in thousand	
Financial assets at amortised cost :		
Net investment in lease	41,519,935	-
Long term loan to associated company - unsecured	1,317,497	961,254
Trade debts - unsecured	1,411,338	1,391,620
Advances, deposits and other receivables	848,634	577,198
Cash and bank balances	1,430,142	1,691,649
	46,527,546	4,621,721
Financial liabilities at amortised cost :		
Long term finances - secured	3,602,704	5,047,003
Lease liabilities	41,280,705	-
Trade and other payables	4,581,971	6,243,897
Short term borrowing	53,853	53,853
Accrued finance costs	162,497	283,899
	49,681,730	11,628,652

41.2 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

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

41.2.1 Credit risk and concentration of credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2020	2019
	Rupees in thousand	
Net investment in lease	41,519,935	-
Long term loan to associated company - unsecured	1,317,497	961,254
Trade debts - unsecured	1,411,338	1,391,620
Advances, deposits and other receivables	848,634	577,198
Cash at bank	1,429,503	1,091,208
Cheques in hand	639	441
	46,527,546	4,021,721

The credit quality of Group's bank balance can be assessed with reference to external credit rating as follows:

	Rating Short Term	Rating Long Term	Rating Agency	2020	2019
				Rupees in thousand	
Bank of Punjab (BOP)	A1+	AA	PACRA	1,205,424	925,169
Summit Bank	Nil	Nil	Nil	14,834	548
Industrial Commercial Bank of China	P1	A1	Moody's	93	95
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	169,432	165,380
National Bank of Pakistan	A1+	AAA	JCR-VIS	17	15
				1,389,800	1,091,208

Due to the Group's business relationships with the banks and after giving due consideration to their strong financial standing, management does not expect non-performance by the banks on their obligations to the Group. Accordingly, the credit risk is minimal.

41.2.2 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The Group's approach to managing liquidity is to ensure that, as far as possible, it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable loss or risking damage to the company's reputation.

Management monitors the forecasts of the Group's cash and cash equivalents on the basis of expected cash flow. This is generally carried out in accordance with practice and limits set by the Group. The Group's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet its liabilities, monitoring statement of financial position liquidity ratios against internal and external regulatory requirements, and maintaining debt financing plans. Following are the contractual maturities of financial liabilities, including interest payments:

As at June 30, 2020	Carrying amount	Contractual Cashflows	Less than 1 year	Between 1 to 5 years	Over 5 years
	-----Rupees in thousand-----				
Financial Liabilities					
Long term finances - secured	3,602,704	3,711,758	1,510,070	2,201,688	-
Lease liabilities	41,280,705	73,345,417	5,861,852	23,463,467	44,020,098
Short term borrowing	53,853	53,853	53,853	-	-
Trade and other payables	4,581,971	4,581,971	4,581,971	-	-
Accrued finance costs	162,497	162,497	162,497	-	-
	49,681,730	81,855,496	12,170,243	25,665,155	44,020,098

As at June 30, 2019	Carrying amount	Contractual Cashflows	Less than 1 year	Between 1 to 5 years	Over 5 years
Financial Liabilities					
Long term finances - secured	5,047,003	5,211,259	1,657,960	3,553,299	-
Short term borrowing	53,853	53,853	53,853	-	-
Trade and other payables	6,243,897	6,243,897	6,243,897	-	-
Accrued finance costs	283,899	283,899	283,899	-	-
	11,628,652	11,792,908	8,239,609	3,553,299	-

41.2.3 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 Group'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.

i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument shall fluctuate because of changes in foreign exchange rates.

The Group is exposed to currency risk arising mainly from the US Dollar. Currency risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the Group's functional currency.

At June 30, 2020, if the Rupee had weakened / strengthened by 5% against the USD with all other variables held constant, the impact on profit for the year would have been Rs. 189.391 million (2019: Rs 159.778 million) lower / higher mainly as a result of foreign exchange losses / gains on translation of USD-denominated financial assets and liabilities.

ii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Group is not exposed to equity price risk since the Group has not invested in equity securities. Moreover, the Group is not exposed to commodity price risk since it does not hold any financial instrument based on commodity prices.

iii) Interest rate risk

This represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group has significant long-term and short-term interest-bearing liability which is obtained at variable rates exposing the Group to cash flow interest rate risk.

If interest rates at the year end date, fluctuates by 1% higher / lower with all other variables held constant, profit for the year would have been increased / decreased by Rs 41.146 million (2019: Rs 84.087 million).

41.2.4 Fair values of financial instruments

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. Underlying the definition of fair value is the presumption that the Group is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms. The estimated fair value of all financial assets and liabilities is considered not significantly different from book values as the items are either short - term in nature or repriced periodically. 'IFRS 13, 'Fair Value Measurements' requires the Group to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).

- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

Certain categories of operating fixed assets (Jetty and dredging and plant and machinery) are carried at revalued amounts (level 3 measurement) determined by a professional valuer based on their assessment determined using a depreciated replacement cost approach, whereby, the current replacement cost of aforementioned classes of assets, capacity and level of technology has been adjusted using a suitable depreciation rate on account of normal wear and tear.The higher the cost of acquisition of similar aforementioned assets, higher the fair value of such assets. Further, higher the depreciation rate, the lower the fair value of such aforementioned assets.

42 CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group monitors the capital structure on the basis of gearing ratio. This ratio is calculated as net debt divided by total capital employed. Net debt is calculated as total borrowings including current and non-current borrowings less transaction cost as disclosed in Note 20. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt. The gearing ratio as at June 30, 2020 and June 30, 2019 is as follows:

	2020	2019
	Rupees in thousand	
Long term finances	3,602,704	5,047,003
Lease liabilities	41,280,705	-
Short term borrowings	53,853	53,853
Net debt	44,937,262	5,100,856
Total equity	11,620,693	9,101,341
Total capital	56,557,955	14,202,197
Gearing ratio	79%	36%

In accordance with the terms of agreement with the lenders of long term finances (as discussed in note 20 to these financial statements), the Group is required to comply with certain financial covenants in respect of capital requirements which the the Group has complied with throughout the reporting period.

	For the year ended June 30, 2020	For the year ended June 30, 2019
43 LNG TERMINAL CAPACITY AND ACTUAL OUTPUT	Million standard cubic feet per day (MMSCFD)	Million standard cubic feet per day (MMSCFD)
Total capacity	750	750
Capacity made available to PLTL	600	600
Capacity for merchant business	150	150
Average capacity utilization (PLTL)	302	347
Average capacity utilization (merchant business)	-	-

For capacity made available to PLTL, output produced by the LNG terminal is dependent on the volume as and when required by PLTL. The capacity available for merchant business is not utilized during the year and is expected to be availed in future after finalization of certain arrangements.

44 NUMBER OF EMPLOYEES	2020	2019
Total number of employees as at June 30,	43	41
Average number of employees during the year	41	30

45 IMPACT OF COVID-19 (CORONA VIRUS)

On March 11, 2020, the World Health Organisation declared Covid-19 a global pandemic. The pandemic has resulted in consequences on health and society and on economy affecting the earnings and cash flows of businesses, after the announcement of lock-downs by the government authorities, resulting in closure of business operations except for specifically exempted industries. The management has assessed the accounting implications of these developments on these financial statements, however, according to management's assessment, there is no significant accounting impact of the effects of Covid-19 on these financial statements.

46 EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

On December 03, 2020, the Subsidiary has entered into separate agreements ('the Agreements') with Jamshoro Joint Venture Limited and Educational Excellence Limited for payment of compensation for financial support. At the time of construction of the project in year 2017, due to certain factors, the Subsidiary was unable to materialise the agreed financing from the banks. On the request of the Subsidiary, JJVL and EEL, being related parties of the Subsidiary, agreed to provide a financing of Rs 1,700 million and Rs 2,425 million respectively for facilitating the Subsidiary to establish the Letter of Credit facility in favor of the EPC contractor for timely completion of the project. These facilities were arranged by these parties through the Bank of Punjab to secure the LC exposure of the Subsdiiary and the facilities were secured through funded and guarantee-based mechanisms, against the collaterals provided by JJVL and EEL. Under the terms of these arrangements, mark-up and other costs charged by the bank were fully borne by the Subsidiary.

Under the terms of the Agreements, in order to compensate the provision of financial support as arranged by JJVL and EEL in the year 2017, the Subsidiary shall pay to these parties, in addition to the actual cost charged by the bank, a further compensation of Rs 506.532 million and Rs 600 million respectively. JJVL shall continue to be compensated on the similar basis against the ongoing or any future financial support to the Subsidiary. This transaction has been accounted for as a non-adjusting event for the purpose of these financial statements.

46.1 The profits and gains derived by LNG Terminal Operators and Terminal Owners were exempt for a period of five years beginning from the date when commercial operations are commenced in terms of clause 141 of Part I of the Second Schedule to the I.T.O 2001. Under clauses 11A and 11D of Part IV of the Second Schedule to the I.T.O 2001, the Subsidiary was also exempt from levy of minimum tax on 'turnover' and alternative corporate tax respectively under section 113 of the I.T.O 2001. The said exemption has been withdrawn vide Tax Laws (Second Amendment) Ordinance, 2021 dated March 22, 2021 with immediate effect. Being aggrieved from the withdrawal of exemption, a writ petition has been filed before the Honorable Lahore High Court wherein withdrawal of exemption has been challenged.

46.2 The Board of Directors of the Subsidiary, on November 04, 2020 have declared and approved the payment of dividends of Rs 149.305 million to the preference shareholders as per terms and conditions of preference shares subscription agreements signed between the Company and preference shareholders.

47 DATE OF AUTHORIZATION FOR ISSUE

The consolidated financial statements have been authorized for issue by the Board of Directors of the Group on ____________________.

48 GENERAL

48.1 Figures have been rounded off to the nearest thousand rupees.

48.2 Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison and better presentation as per reporting framework. Significant rearrangements made to these financial statements are as follows.

- Late payment surcharge of Rs. 12,281 thousand previously presented in 'Operating expenses' is now presented under the heading 'Finance costs'.

CHIEF EXECUTIVE OFFICER **DIRECTOR**

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

RSM

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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, 2020, and 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 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, 2020 and of the 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 8.2 to the financial statements which describes litigation between Pakistan LNG Terminals Limited (PLTL) and PGP Consortium Limited (the Subsidiary) relating to issuance of notice of termination of the Operations and Services Agreement by PLTL and Option Exercise Intention notice to acquire LNG Terminal of the subsidiary which may impact the ability of the subsidiary to continue as a going concern and hence, may also impact the investment of the Company in the subsidiary 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.

RSM

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.

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RSM

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

b) the statement of financial position, the statement of 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;

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

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

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

RSM

RSM AVAIS HYDER LIAQUAT NAUMAN
CHARTERED ACCOUNTANTS
Place: Lahore
Date:

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

	Note	2020 Rupees	2019 Rupees
ASSETS			
NON CURRENT ASSETS			
Property and equipment	6	1,925	2,755
Intangible assets	7	120,108,219	130,051,373
Investment in subsidiary	8	4,083,589,690	4,083,589,690
		4,203,699,834	4,213,643,818
CURRENT ASSETS			
Loans, advances and other receivables	9	65,741,027	49,586,728
Cash and bank balances	10	96,655,292	94,187,823
		162,396,319	143,774,551
TOTAL ASSETS		4,366,096,153	4,357,418,369
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital	11	5,366,000,000	5,366,000,000
Issued, subscribed and paid up capital	12	4,083,589,690	4,083,589,690
Accumulated loss		(31,791,078)	(23,405,768)
		4,051,798,612	4,060,183,922
CURRENT LIABILITIES			
Accrued and other liabilities	13	7,415,928	8,172,217
Short term borrowings	14	306,881,613	289,062,230
		314,297,541	297,234,447
CONTINGENCY	15	-	-
		4,366,096,153	4,357,418,369

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

CHIEF EXECUTIVE OFFICER **DIRECTOR**

PAKISTAN GAS PORT LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
Other income	16	7,642,815	2,540,862
Administrative expenses	17	(13,161,125)	(11,006,085)
Finance cost	18	(2,867,000)	(3,119,577)
Loss for the year before taxation		(8,385,310)	(11,584,800)
Provision for taxation	19	-	-
Loss for the year		(8,385,310)	(11,584,800)
Other comprehensive income		-	-
Total comprehensive loss for the year		(8,385,310)	(11,584,800)

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

CHIEF EXECUTIVE OFFICER **DIRECTOR**

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

	Issued, subscribed and paid up capital	Accumulated loss	Share deposit money	Total
	Rupees			
Balance as at July 01, 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
Total comprehensive loss				
Loss for the year	-	(8,385,310)	-	(8,385,310)
Other comprehensive income	-	-	-	-
	-	(8,385,310)	-	(8,385,310)
Balance as at June 30, 2020	4,083,589,690	(31,791,078)	-	4,051,798,612

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

CHIEF EXECUTIVE OFFICER **DIRECTOR**

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

	2020 Rupees	2019 Rupees
A) CASH FLOW FROM OPERATING ACTIVITIES		
Loss for the year before taxation	(8,385,310)	(11,584,800)
Adjustment for:		
Balance written off	1,850,523	-
Liability written back	(4,775,815)	-
Depreciation	830	35,310
Amortization	9,943,154	9,544,944
Operating cash flows before working capital changes	(1,366,618)	(2,004,546)
Working capital changes:		
(Increase) in current assets:		
Loans, advances and other receivables	(18,004,822)	(3,996,182)
Increase/(decrease) in current liabilities:		
Trade and other payables	4,019,526	(378,677)
	(13,985,296)	(4,374,859)
Net cash used in operating activities	(15,351,914)	(6,379,405)
B) CASH FLOW FROM INVESTING ACTIVITIES		
Investments made during the year	-	(868,837,510)
Net cash used in investing activities	-	(868,837,510)
C) CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of shares	-	868,837,510
Short term borrowing obtained	17,819,383	30,800,145
Net cash generated from financing activities	17,819,383	899,637,655
Net increase in cash and cash equivalents during the year (A+B+C)	2,467,469	24,420,740
Cash and cash equivalents at the beginning of the year	94,187,823	69,767,083
Cash and cash equivalents at the end of the year	96,655,292	94,187,823

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

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

1 CORPORATE AND GENERAL INFORMATION

Legal status and operations

Pakistan Gas Port Limited (the Company) is an unlisted public limited company incorporated in Pakistan on April 02, 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 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

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, 2019 and therefore, have been applied in preparing these financial statements.

i. IFRS 16 – Leases

The Company has adopted IFRS 16 from July 01, 2019. The standard replaces IAS 17 'Leases' and for lessees, eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets and an interest expense on the recognised lease liabilities. In the earlier periods of the lease, the expenses associated with the lease under IFRS 16 will be higher when compared to lease expenses under IAS 17. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

The application of IFRS 16 has not had a significant impact on the financial position and / or financial performance of the Company. Accordingly, there was no adjustment to retained earnings on application of IFRS 16 at July 01, 2019.

ii. Annual Improvements to IFRS Standards 2015–2017 Cycle

In December 2017, the IASB published Annual Improvements to IFRS Standards 2015–2017 Cycle, containing the following amendments to IFRSs. These ammendments are applicable for annual reporting periods beginning on or after January 01, 2019:

- **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 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.

iii. 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.

iv. 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.

v. 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.

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

3.2 Standards, amendments to standards and interpretations becoming effective in the current year 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, 2019 but are considered not to be relevant to the Company's operations and are, therefore, not disclosed in these financial statements.

3.3 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. Application of these standards, amendments to standards and interpretations do not have impact of the Company's financial statements.

i. IFRS 7 — Financial Instruments: Disclosures, IFRS 9 — Financial Instruments and IAS 39 — Financial Instruments: Recognition and Measurement

The amendments deal with 'Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)' as IASB's first reaction to the potential effects the IBOR reform on financial reporting. It deals with issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative interest rate and address the implications for specific hedge accounting requirements. The amendments are effective for annual periods beginning on or after 1 January 2020, with earlier application permitted.

ii. IFRS 16 - Leases

The IASB has published 'Covid-19-Related Rent Concessions (Amendment to IFRS 16)' amending the standard to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification. Concurrently, the IASB also published a proposed Taxonomy Update to reflect this amendment.

The ammendments are applicable for annual periods beginning on or after 1 June 2020.

iii. Annual Improvements to IFRS Standards 2018–2020 Cycle

The IASB has issued 'Annual Improvements to IFRS Standards 2018–2020'. The pronouncement contains amendments to the following Financial Reporting Standards (IFRSs) as result of the IASB's annual improvements project.

- IFRS 9 Financial Instruments - Fees in the '10 per cent' test for derecognition of financial liabilities. The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.
- IFRS 16 Leases - The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.
- IAS 41 Agriculture - The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This will ensure consistency with the requirements in IFRS 13.

The ammendments are applicable for annual periods beginning on or after 1 January 2022.

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iv. IAS 16 – Property, Plant and Equipment

The IASB has published 'Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16)' regarding proceeds from selling items produced while bringing an asset into the location and condition necessary for it to be capable of operating in the manner intended by management.

The standard to prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.

The ammendments are applicable for annual periods beginning on or after 1 January 2022. An entity applies the amendments retrospectively only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.

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

3.5 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 17 - Insurance Contracts

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

The intangible assets of the Company 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.

4.3 Stock-In-Trade

Stock-in-trade of fuel is valued at lower of cost using first-in-first-out basis of accounting and its net realizable value, and stock-in-trade of lubricants using average cost and its net realizable value except stock in transit which is stated at cost (invoice value) plus other charges incurred thereon till reporting date. Cost comprises invoice value and charges such as excise, custom duties, etc. and other direct costs.

Provision is made for obsolete / slow moving stocks where necessary and recognised in the profit and loss account. Net realizable value is the estimated selling price in the ordinary course of business less estimated costs necessary to be incurred in order to make a sale.

4.4 Revenue Recognition

Revenue is recognized to the extent it is probable that economic benefits will flow to the Company and the revenue can be measured reliably. Revenue is measured at the fair value of consideration received or receivable on the following basis:

- Sales are recorded when significant risks and rewards of ownership of goods have passed to Customer which coincides with dispatch of goods to customers.

- Joining fee, franchise fee and hospitality income are recognized on accrual basis.

4.5 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.

4.6 Financial Instruments

4.6.1 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.

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.

4.6.2 Measurement of Financial liabilities

Initial Measurement

Financial liabilities are classified in the following categories:

- 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.

4.6.3 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.

4.6.4 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 of 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.

4.7 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

4.8 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.

4.9 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.

4.10 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.

4.11 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.

4.12 Taxation

4.12.1 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.

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

4.13 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.

4.14 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.

4.15 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.

5 RECTIFICATION OF ERROR

During the previous year, Interest at 6 month KIBOR plus 5.5 per cent per annum on 'Loan to the Subsidiary' of Rs. 30 million (refer Note 9) and 'Short term borrowing' of Rs. 30 million (refer Note 14) was not accounted.

During the year, the Company has corrected this error through restating its financial statements for the prior year in accordance with IAS 8 - 'Accounting Policies, Changes in Accounting Estimates and Errors'.

Impact on these financial statements of this rectification is summarized below as of June 30, 2019:

	Previously reported	As restated	Difference
	Rupees		
Statement of financial position			
Loans, advances and other receivables	47,161,728	49,586,728	2,425,000
Accrued and other liabilities	5,747,217	8,172,217	2,425,000
Statement of comprehensive income			
Other income	115,862	2,540,862	2,425,000
Finance cost	694,577	3,119,577	2,425,000

6	PROPERTY AND EQUIPMENT	Note	2020 Rupees	2019 Rupees
	Furniture and fixtures			
	Written down value			
	Cost		8,300	8,300
	Accumulated depreciation		(6,375)	(5,545)
		6.1	1,925	2,755
6.1	**Reconciliation of written down value**			
	Balance at the beginning of the year		2,755	3,585
	Depreciation charge for the year		(830)	(830)
	Balance at the end of the year		1,925	2,755
	Annual rate of depreciation (%)		10%	10%

7	INTANGIBLE ASSETS	Note	2020 Rupees	2019 Rupees
	Accounting Software (Syros)	7.1	796,420	1,194,630
	Legal and settlement cost	7.2	119,311,799	128,856,743
			120,108,219	130,051,373
7.1	**Accounting Software (Syros)**			
	Cost		1,194,630	1,194,630
	Accumulated amortization		(398,210)	-
	Written down value	7.1.1 & 7.1.2	796,420	1,194,630
7.1.1	Reconciliation of written down value			
	Balance at the beginning of the year		1,194,630	1,194,630
	Amortization charge for the year		(398,210)	-
	Balance at the end of the year		796,420	1,194,630
	Annual rate of amortization (%)		33.33%	-

7.1.2 Accounting software (Syros) developed under agreement with Intertec Business Systems (Pvt) Limited became operational during the year.

7.2	**Legal and settlement cost**			
	Cost		141,583,335	141,583,335
	Accumulated amortization		(22,271,536)	(12,726,592)
	Written down value	7.2.1 & 7.2.2	119,311,799	128,856,743
7.2.1	Reconciliation of written down value			
	Balance at the beginning of the year		128,856,743	138,401,687
	Amortization charge for the year		(9,544,944)	(9,544,944)
	Balance at the end of the year		119,311,799	128,856,743

7.2.2 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.

8	INVESTMENT IN SUBSIDIARY	Note	2020 Rupees	2019 Rupees
	PGP Consortium Limited			
	Unquoted - at cost			
	408,358,969 (2019: 408,358,969) ordinary shares of Rs. 10/- each			
	Ownership interest 100% (2019: 100%)	8.1 & 8.2	4,083,589,690	4,083,589,690

8.1 PGP Consortium Limited (the subsidiary) is an unlisted public limited company, incorporated in Pakistan on September 01, 2015 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.

8.2 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. On October 14, 2019, PLTL issued Notice of Termination of OSA and Option Exercise Intention notice against which both parties went into litigation. The cases have been filed in London Court of International Arbitration (LCIA) and honourable Islamabad High Court (IHC) for arbitration and settlement which are in process. The IHC has granted status quo. The litigation has resulted in material uncertainty that may cast significant doubt on subsidiary's ability to continue as a going concern and, hence, may also have impact on the value of investment in future, however, there is no impact on the value at this stage.

9	LOANS, ADVANCES AND OTHER RECEIVABLES	Note	2020 Rupees	2019 Rupees
	Considered good			
	Advance income tax		174,717	2,024,418
	Loan to subsidiary	9.1	30,000,000	30,000,000
	Accrued profit (restated - Refer Note 5)	9.2	5,292,000	2,425,000
	Other receivable	9.3	15,274,310	15,137,310
	Security deposit	9.4	15,000,000	-
			65,741,027	49,586,728

9.1 This is due from PGP Consortium Limited (the subsidiary company) and the maximum aggregate amount outstanding during the year was Rs. 30 million (2019: Rs. 30 million). This caries interest at 6 months KIBOR plus 5.5% per annum. This is unsecured and repayable on demand.

9.2 This represents profit accrued on loan to the subsidiary company.

9.3 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. 15.27 million (2019: Rs. 15.14 million). The amount is unsecured, interest free and repayable on demand.

9.4 Pending National Accountability Bureau's (NAB) ongoing investigation against one of the shareholders, SECP had placed the Company's request to register charge against assets of the subsidiary company on hold. The Company filed a writ petition with Lahore High Court (LHC) to remove the hold. Under LHC's direction to SECP for registration of the charge, the Company has deposited this amount with Deputy Registrar (Judicial), LHC as security along with an unconditional guarantee and undertaking by the Company that the shares in question shall not be transferred/alienated to any third party without prior approval of NAB.

10	CASH AND BANK BALANCES	Note	2020 Rupees	2019 Rupees
	Cash in hand		23,098	55,668
	Cash at bank - in current accounts			
	Local currency		135,860	133,604
	Foreign currency	10.1	96,496,334	93,998,551
			96,632,194	94,132,155
			96,655,292	94,187,823

10.1 This amount includes USD 573,113/- equivalent to Rs.96,489,774/- (2019: Rs. 93,991,991) on which lien is marked by Habib Metropolitan Bank Limited against bank guarantee issued in favor of Port Qasim Authority.

11 AUTHORIZED SHARE CAPITAL

2020	2019		2020	2019
Number of shares			Rupees	Rupees
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

12 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2020	2019		2020	2019
Number of shares			Rupees	Rupees
408,358,969	408,358,969	'B' class ordinary shares (Voting) of Rs. 10 each fully paid in cash	4,083,589,690	4,083,589,690

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

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

12.2 As at reporting date, Jamshoro Joint Venture Limited held 107,329,044 (2019: 107,329,044) 'B' class ordinary shares of Rs. 10 each of the Company.

12.3 As per directions of Lahore High Court (LHC) 1,500,000 'B' class ordinary shares of Rs. 10 each held by one of the Company's shareholders can not be transferred/alienated without prior approval of National Accountability Bureau (NAB). (Refer Note

13 ACCRUED AND OTHER LIABILITIES

	Note	2020 Rupees	2019 Rupees
Accured finance cost (restated - Refer Note 5)		5,292,000	2,425,000
Auditors' remuneration payable		2,080,600	873,100
Payable on account of consultancy services	13.1	40,828	4,816,643
Withholding tax payable		2,500	57,474
		7,415,928	8,172,217

13.1 It include Nil (2019: Rs. 4,775,815/-) due to an associated company.

14 SHORT TERM BORROWINGS

	Note	2020 Rupees	2019 Rupees
Related parties			
Jamshoro Joint Venture Limited - associated company		22,392,548	22,392,548
PGP Consortium Limited - subsidiary company		253,029,065	235,209,682
Chief Executive Officer		1,460,000	1,460,000
	14.1	276,881,613	259,062,230
Others	14.2	30,000,000	30,000,000
		306,881,613	289,062,230

14.1 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.

14.2 This caries interest at 6 months KIBOR plus 5.5% per annum. This is unsecured and repayable on demand.

15 CONTINGENCY

On behalf of the Company, Habib Metropolitan Bank Limited has issued a letter of guarantee for USD 1 million equivalent to Rs. 168.36 million (2019: Rs. 164 million) in favour of Port Qasim Authority.

16 OTHER INCOME

	Note	2020 Rupees	2019 Rupees
Profit on receivable from the Subsidiary (restated - Refer Note 5)		2,867,000	2,425,000
Liability written back		4,775,815	-
Exchange gain		-	115,862
		7,642,815	2,540,862

17	ADMINISTRATIVE EXPENSES	Note	2020 Rupees	2019 Rupees
	Fee and subscription		13,970	32,401
	Professional charges		25,000	55,000
	Depreciation	6.1	830	35,310
	Amortization	7.1.1 & 7.2.1	9,943,154	9,544,944
	Auditors' remuneration	17.1	1,207,500	1,207,500
	Rates and taxes		100,000	100,000
	Balance written off		1,850,523	-
	Miscellaneous		20,148	30,930
			13,161,125	11,006,085

17.1	Auditors' remuneration		
	Audit fee	1,020,000	850,000
	Half year review	-	200,000
	Certifications	30,000	-
	Out of pocket expenses	105,000	105,000
	Sales tax	52,500	52,500
		1,207,500	1,207,500

18	FINANCE COST	Note	2020 Rupees	2019 Rupees
	Finance cost on short term borrowing (restated - Refer Note 5)	14.2	2,867,000	2,425,000
	Bank charges and commission		-	694,577
			2,867,000	3,119,577

19	PROVISION FOR TAXATION	Note	2020 Rupees	2019 Rupees
	Current tax			
	For the year	19.1	-	-
	Deferred tax	19.2	-	-
			-	-

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

19.2 Deferred taxation

Deferred tax asset of Rs. 212.04 million (2019: Rs. 228.84 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.

20 NUMBER OF EMPLOYEES

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

21 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	2020 Rupees	2019 Rupees
PGP Consortium Limited	Subsidiary company	100% shareholding in the subsidiary company	Payments made on behalf of the Company	-	436,582
			Loan obtained during the year	18,652,275	5,379,100
			Loan provided during the year	-	6,608,700
			Loan repaid during the year	3,330,675	3,049,100
			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
Pakistan Gas Solutions Limited	Associated company due to common Directorship	-	Expense incurred on behalf of the associate	137,000	436,582
Lub Gas (Private) Limited		-	Liability written back	(4,775,815)	-
Fasih ud din Ahmed	Directors	5.36%	Share issued during the year	-	217,161,880
Razi ud din Ahmed		5.36%		-	217,161,880

22 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.

22.1 FINANCIAL INSTRUMENTS BY CATEGORY

	2020 Rupees	2019 Rupees
Financial assets at amortised cost :		
Loan to subsidiary	30,000,000	30,000,000
Accrued profit	5,292,000	2,425,000
Other receivable	15,274,310	15,137,310
Cash and bank balances	96,655,292	94,187,823
	147,221,602	141,750,133
Financial liabilities at amortised cost :		
Accrued and other liabilities	7,413,428	8,114,743
Short term borrowing	306,881,613	289,062,230
	314,295,041	294,751,973

22.2 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 :

22.2.1 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:

	2020	2019
	Rupees	Rupees
Loan to subsidiary	30,000,000	30,000,000
Accrued profit	5,292,000	2,425,000
Other receivable	15,274,310	15,137,310
Bank balance	96,632,194	94,132,155
	147,198,504	141,694,465

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

22.2.2 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.7.41 million (2019: Rs. 8.11 million) and short term borrowing of Rs. 306.88 million (2019: Rs. 289.06 million). The Company has liquid assets of Rs.147.22 million (2019: Rs. 141.75 million) as at reporting date to manage the liquidity risk.

22.2.3 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.

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.

22.2.4 Fair values of financial instruments

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

22.2.5 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.

23 DATE OF AUTHORIZATION FOR ISSUE

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

24 GENERAL

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

24.2 Nomenclature of 'Trade and other liabilities' has been changed to 'Accrued and other liabliites' for better presentation.

CHIEF EXECUTIVE OFFICER **DIRECTOR**

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PAKISTAN GAS PORT LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2021

	Note	2021	2020
		Rupees in thousand	
ASSETS			
Non current assets			
Property, plant and equipment	6	21,425,958	18,645,504
Intangible assets	7	110,164	120,108
Net investment in lease	8	36,010,331	40,104,827
Direct cost on Floating Storage and Re-gasification Unit	9	1,408,740	1,533,040
Long term loan to associated company	10	1,757,790	-
		60,712,983	60,403,479
Current assets			
Current portion of non-current assets	11	2,216,133	2,732,605
Stores and spares	12	47,281	49,116
Trade debts - unsecured	13	1,335,541	1,411,338
Advances, deposits, prepayments and other receivables	14	1,269,399	853,999
Cash and bank balances	15	1,474,831	1,430,142
		6,343,185	6,477,200
		67,056,168	66,880,679
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 (2020: 408,358,969) Ordinary shares of Rs. 10 each	17	4,083,590	4,083,590
160,900,000 (2020: 157,900,000) Preference shares of Rs. 10 each	18	1,609,000	1,579,000
Revenue resereve: Un-appropriated profit / (loss)		2,165,114	968,825
Capital Reserve: Revaluation surplus on property, plant and equipment - Net of tax	19	7,076,862	4,989,278
		14,934,566	11,620,693
Non current liabilities			
Long term finances	20	1,028,529	2,092,634
Lease liabilities	21	35,247,187	39,568,225
Long term payable	22	725,320	1,361,525
Deferred income		306,692	232,910
Deferred liabilities	23	39,909	27,641
Deferred taxation	24	3,637,947	2,455,432
		40,985,584	45,738,367
Current liabilities			
Current portion of non-current liabilities	25	2,982,134	3,222,550
Trade and other payables	26	7,483,779	6,052,210
Short term borrowing	27	123,853	53,853
Provision for taxation		113,326	30,509
Accrued finance costs	28	432,926	162,497
		11,136,018	9,521,619
CONTINGENCIES AND COMMITMENTS	29	-	-
		67,056,168	66,880,679

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

CHIEF EXECUTIVE OFFICER **DIRECTOR**

PAKISTAN GAS PORT LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021	2020
		Rupees in thousand	
Revenue			
Finance Income on Sub-Lease	30	5,084,936	5,166,528
Others	30	7,546,281	7,408,591
		12,631,217	12,575,119
Operating expenses:			
Finance cost on lease liability	31	(3,966,981)	(4,059,445)
Others	31	(4,917,651)	(4,408,214)
		(8,884,632)	(8,467,659)
Gross profit		3,746,585	4,107,460
Administrative expenses	32	(885,110)	(459,746)
Impairment loss on financial asset	33	8,128	(92,635)
Other operating expenses	34	(248,724)	(320,036)
Finance costs	35	(1,890,413)	(1,074,492)
Other income	36	749,723	500,654
		(2,266,396)	(1,446,255)
Profit/(loss) before taxation		1,480,189	2,661,205
Taxation	37	(294,963)	(237,801)
Profit/(loss) for the year		1,185,226	2,423,404
Other comprehensive income			
Items that will not be reclassified to profit or loss in subsequent periods			
Remeasurements of retirement benefits		(284)	361
Tax effect of remeasurements of retirement benefits		82	(105)
Surplus on revaluation of property, plant and equipment		3,220,093	508,220
Deferred tax on surplus on revaluation of property, plant and equipment		(971,939)	(139,639)
		2,247,952	368,837
Total comprehensive income for the year		3,433,178	2,792,241

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

CHIEF EXECUTIVE OFFICER **DIRECTOR**

PAKISTAN GAS PORT LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021	2020
		Rupees in thousand	
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	40	2,698,647	3,487,036
Effect on cash flows due to working capital changes:			
Increase in loans, advances, deposits and other receivables		(495,332)	(282,502)
Decrease / (increase) in trade debts		661,475	612,821
Decrease in stores		1,835	11,280
(Decrease) / increase in trade and other payables		(97,728)	(1,298,793)
		70,250	(957,194)
Net cash flow after working capital changes		2,768,897	2,529,842
Proceeds from net investment in lease		1,180,537	1,087,543
Finance income received on net investment in lease		4,632,281	4,670,562
Finance cost paid on lease liabilities		(3,344,942)	(3,377,303)
Repayment of lease liabilities		(1,316,013)	(1,212,361)
Finance costs paid		(267,077)	(1,011,125)
Taxes paid		(311,971)	(25,413)
Gratuity paid		(164)	(2,543)
Net cash generated from operating activities	(A)	3,341,548	2,659,202
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(27,311)	(46,671)
Direct cost on FSRU paid		-	(708,909)
Loan given to associated company		(2,244,092)	(1,495,048)
Loan repaid to associated company - net		932,900	1,082,841
Long-term payable paid		(478,200)	-
Net cash (used in) investing activities	(B)	(1,816,703)	(1,167,787)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from long term finances - secured		-	73,000
Repayment of long term finances		(1,421,349)	(1,572,500)
Dividend paid		(149,305)	(272,889)
Ordinary shares issued			-
Proceeds from short term borrowings - unsecured		12,844,000	11,125,482
Repayment of short term borrowings - unsecured		(12,744,000)	(11,107,663)
Net cash (used in) / generated from financing activities	(C)	(1,470,654)	(1,754,570)
Net (decrease) / increase in cash and cash equivalents	(A+B+C)	54,191	(263,155)
Cash and cash equivalents at the beginning of the year		1,430,142	1,691,649
Effects of exchange rate changes on cash and cash equivalents		(9,502)	1,648
Cash and cash equivalents at the end of the year		1,474,831	1,430,142

The annexed notes from 1 to 47 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, 2021

	Issued, subscribed and paid up capital		Share deposit money	Revenue resereve: Un-appropriated profit / (loss)	Capital Reserve: Revaluation surplus	Total
	Ordinary shares	Preference shares				
	Rupees in thousand					
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)
	-	-	-	2,423,660	368,581	2,792,241
Incremental depreciation for the year on revalued assets	-	-	-	158,591	(158,591)	-
Balance as at June 30, 2020	4,083,590	1,579,000	-	968,825	4,989,278	11,620,693
Transactions with owners						
New preference shares issued	-	30,000	-	-	-	30,000
Preference shares dividend paid	-	-	-	(149,305)	-	(149,305)
Total comprehensive income						
Profit for the year	-	-	-	1,185,226	-	1,185,226
Other comprehensive income						
Remeasurements of retirement benefits	-	-	-	(284)	-	(284)
Tax effect of remeasurements of retirement benefits	-	-	-	82	-	82
Surplus on revaluation of property, plant and equipment	-	-	-	-	3,220,093	3,220,093
Deferred tax on surplus on revaluation of property, plant and equipment	-	-	-	-	(971,939)	(971,939)
	-	-	-	1,185,024	2,248,154	3,433,178
Incremental depreciation for the year on revalued assets	-	-	-	160,570	(160,570)	-
Balance as at June 30, 2021	4,083,590	1,609,000	-	2,165,114	7,076,862	14,934,566

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

CHIEF EXECUTIVE OFFICER **DIRECTOR**

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PAKISTAN GAS PORT LIMITED
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

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.

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 royalities 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 ultilization 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 accoutning 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 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 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.

(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, 2020 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) 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,
- 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

The amendments clarify the definition of materiality and make IFRS more consistent and have not materially impacted the financial statements of the Company.

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:

(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.

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.

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.

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.

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.

5.8 Dividend

Dividend distribution to the Group's shareholders is recognized as a liability in the period in which the dividends are approved.

5.9 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.

5.10 Stores and spares

These are valued principally at moving average cost and net realizable value except for items in transit which are stated at invoice value plus other charges paid thereon till the statement of financial position date. The Group reviews stores for possible impairment on an annual basis and provision is made for obsolescence.

5.11 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, demand deposits, other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

5.12 Deferred income

Amount received on account of operating lease rental income for terminal is recognised as deferred income where not earned and credited to the statement of profit or loss and other comprehensive income in the relevant period of provision of services for recognition of rentals on straight line basis.

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5.13 Leases

The Group is the lessee:

Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;

- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

- the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:

- the Group has the right to operate the asset; or

- the Group designed the asset in a way that predetermines how and for what purpose it will be used.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or not exercise a termination option. Extension option (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not

Lessee

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Group's incremental borrowing rate.

Lease payments include fixed payments, variable lease payment that are based on an index or a rate which are initially measured using the index or rate as at the commencement date, amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option, less any lease incentives receivable. The extension and termination options are incorporated in determination of lease term only when the Company is reasonably certain to exercise these options.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is re-measured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. The corresponding adjustment is made to the carrying amount of the right-to-use asset, or is recorded in statement of profit or loss if the carrying amount of right-to-use asset has been reduced to zero.

A change in the scope of a lease, or the consideration for a lease, that was not a part of the original terms and conditions of the lease is accounted for as a lease modification. The lease modification is accounted for as a separate lease if modification increases the scope of the lease by adding the right to use one or more underlying assets and the consideration for lease increases by an amount that is commensurate with the stand alone price of the increase in scope adjusted to reflect the circumstances of the particular contracts, if any. When the lease modification is not accounted for as a separate lease, the lease liability is remeasured and corresponding adjustment is made to the right-of-use asset.

The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right-of-use asset is depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

Lessor

The Group enters into lease arrangements with respect to its LNG Infrastructure for receipt, storage and re-gasification of LNG.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from the lessee under finance leases are recognised as receivables at the amount of the Group's net investment in lease. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

When a contract includes lease and non-lease components, the Group applies IFRS 15 to allocate the consideration under the contract to each component.

5.14 Trade and Other Payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Liabilities for creditors and other costs payable are initially recognised at the fair value of the consideration to be paid in future for goods and / or services, whether or not billed to the Group and subsequently measured at amortised cost using the effective interest method. Exchange gains and losses arising on translation in respect of liabilities in foreign currency are added to the carrying amount of the respective liabilities.

5.15 Defined benefit plans

The Subsidary operates an unfunded gratuity scheme covering all permanent employees who complete prescribed qualifying period of service. The obligation under gratuity scheme is calculated on the basis of last drawn basic salary and length of service of the employee. The latest actuarial valuation for the gratuity scheme was carried out as at June 30, 2020. Projected unit credit method, using the following significant assumptions is used for the valuation of this scheme:

- Discount rate 10 percent per annum (2020: 14.15 percent per annum);
- Expected rate of increase in salary level 10 percent per annum (2020: 13.25 percent per annum);
- Expected mortality rate as per SLIC (2001-2005) Mortality Table, with one year setback

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past service costs are recognized immediately in income.

5.16 Revenue

Revenue shall be recognised when (or as) the entity satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset and thus has the ability to direct the use and obtain the benefits from the good or service.

Revenue from Operational LNG services to PLTL is recognized on the following basis:

- Pipeline hospitality arrangement over time
- Operations and maintenance revenue over time
- Utilization charge on the basis of RLNG processing throughput to PLTL

The Group recognises the revenue using the output method, when the Group has a right to consideration for an amount that corresponds directly with the value of the Group's performance to date and the right to invoice is established.

Return on deposits/loans is accrued on a time proportion basis by reference to the principal outstanding and the applicable rate of return

5.17 Taxation

5.17.1 Current Tax

Provision for current taxation is based on the taxable income for the year, determined in accordance with the prevailing law for taxation on income. The charge for current tax is calculated using prevailing tax rates. The charge for current tax also includes adjustments for prior years or otherwise considered necessary for such years.

Provision of current tax is based on taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

5.17.2 Deferred Tax

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the statement of financial position date. Deferred tax is charged or credited in the statement of profit or loss and other comprehensive income, except in the case of items credited or charged to other comprehensive income or equity in which case it is included in other comprehensive income or equity.

5.18 Staff Retirement Benefits

The group operates a defined benefit plan - unfunded gratuity scheme covering all permanent employees. Provision is made annually on the basis of actuarial recommendation to cover the period of service completed by employees using Projected Unit Credit Method. All actuarial gains and losses are recognized in 'other comprehensive income' as they occur.

5.19 Borrowings

Borrowings are recognised initially at fair value (proceeds received), net of transaction costs incurred and are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Finance costs are accounted for on an accrual basis and are shown as accrued finance cost to the extent of the amount remaining unpaid.

5.20 Borrowing Costs

General and specific 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 profit or loss in the period in which they are incurred.

5.21 Foreign Currency Transactions

Foreign currency transactions are translated into Pakistani Rupees at exchange rates prevailing on the date of transaction. All monetary assets and liabilities in foreign currencies are translated into Rupees at the rates of exchange prevailing at the reporting date. Exchange differences are taken to the statement of profit or loss currently.

5.22 Provisions

Provisions are recognized when the Group has a present, legal or constructive obligation as a result of past events, it is probable that an out flow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

6 PROPERTY, PLANT AND EQUIPMENT

	Note	2021	2020
		Rupees in thousand	
Operating fixed assets	6.1	21,399,571	18,622,384
Right of use asset	6.2	26,387	23,120
		21,425,958	18,645,504

6.1 Operating fixed assets

	Leasehold land	Furniture and fixtures	Office Equipment	Vehicles	Jetty & Dredging	Plant & Machinery	Total
	Rupees in thousand						
As at June 30, 2019							
Cost	100,050	1,850	2,077	15,223	13,109,857	5,217,491	18,446,548
Accumulated depreciation	(36,863)	(304)	(1,085)	(2,733)	(230,108)	(200,902)	(471,995)
Net book value	63,187	1,546	992	12,490	12,879,749	5,016,589	17,974,553
Year ended June 30, 2020							
Opening net book value	63,187	1,545	992	12,490	12,879,749	5,016,589	17,974,552
Additions at cost	-	1,015	1,665	127	214,953	387,685	605,445
Revaluation	-	-	-	-	362,071	146,149	508,220
Depreciation charged	(3,544)	(184)	(902)	(1,535)	(242,674)	(216,995)	(465,834)
Closing net book value	59,643	2,376	1,755	11,082	13,214,099	5,333,428	18,622,383
As at June 30, 2020							
Cost	100,050	2,865	3,742	15,350	13,686,881	5,751,325	19,560,213
Accumulated depreciation	(40,407)	(488)	(1,987)	(4,268)	(472,782)	(417,897)	(937,829)
Net book value	59,643	2,377	1,755	11,082	13,214,099	5,333,428	18,622,384
Year ended June 30, 2021							
Opening net book value	59,643	2,377	1,755	11,082	13,214,099	5,333,428	18,622,384
Additions at cost	-	309	3,240	22,546	1,216	-	27,311
Revaluation	-	-	-	-	3,473,846	(253,753)	3,220,093
Depreciation charged	(3,544)	(299)	(1,652)	(2,663)	(246,384)	(215,675)	(470,217)
Closing net book value	56,099	2,387	3,343	30,965	16,442,777	4,864,000	21,399,571
As at June 30, 2021							
Cost	100,050	3,174	6,982	37,896	17,161,943	5,497,572	22,807,617
Accumulated depreciation	(43,951)	(787)	(3,639)	(6,931)	(719,166)	(633,572)	(1,408,046)
Net book value	56,099	2,387	3,343	30,965	16,442,777	4,864,000	21,399,571
Annual rate of depreciation (%)	3.33%-5%	10%	30%	10%	2%	5%	

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		Note	2021	2020
			Rupees in thousand	
6.1.1	The depreciation charge for the year has been allocated as follows:			
	Operating expenses	31	465,603	463,213
	Administrative expenses	32	4,614	2,621
			470,217	465,834

6.1.2 The Subsidary had jetty and dredging and plant and machinery revalued by an independent valuer on market value basis on June 30, 2020 which resulted in revaluation surplus of Rs. 3,220.09 million (2020: Rs. 508.22 million). The forced sales value of the jetty and dredging and plant and machinery on the date of revaluation was Rs. 13,976 million and Rs. 3,891 million, respectively.

6.1.3 The carrying amount of jetty and dredging and plant and machinery as at June 30, 2021 would have been Rs. 8,076.1 million (2020: Rs. 8,229.82 million) and Rs. 3,414.87 million (2020: Rs. 3,561.42 million) respectively had there been no revaluation.

6.1.4 Leasehold land represents land situated at Mazhar point, Hafeez Island, Port Qasim, Karachi covering an area of 35 acres and is being amortised over the term of 30 years.

			2021	2020
6.2	Right of use asset			
	Opening Balance		23,120	-
	Impact of initial application of IFRS 16		4,891	24,480
	Depreciation charged		(1,624)	(1,360)
	Net book value at end of the year		26,387	23,120

7	INTANGIBLE ASSETS	Note	2021	2020
			Rupees in thousand	
	Accounting Software (Syros)	7.1	398	797
	Legal and settlement cost	7.2	109,766	119,311
			110,164	120,108
7.1	Accounting Software (Syros)			
	Cost		1,195	1,195
	Accumulated amortization		(796)	(398)
	Written down value	7.1.1 & 7.1.2	399	797
7.1.1	Reconciliation of written down value			
	Balance at the beginning of the year		796	1,195
	Amortization charge for the year		(398)	(398)
	Balance at the end of the year		398	797
	Annual rate of amortization (%)		33.33%	33.33%

7.1.2 Accounting software (Syros) developed under agreement with Intertec Business Systems (Private) Limited became operational during the financial year 2020.

			2021	2020
7.2	Legal and settlement cost			
	Cost		141,583	141,583
	Accumulated amortization		(31,816)	(22,272)
	Written down value	7.2.1&7.2.2	109,767	119,311
7.2.1	Reconciliation of written down value			
	Balance at the beginning of the year		119,312	128,856
	Amortization charge for the year		(9,545)	(9,545)
	Balance at the end of the year		109,767	119,311

7.2.2 It represents cost of settlement resulting in award of contract to the Subsidary 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.

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8	NET INVESTMENT IN LEASE	Note	2021	2020
			Rupees in thousand	
	Net investment in lease	8.1	37,550,228	41,556,608
	Loss allowance on net investment in lease	33	(33,137)	(36,673)
			37,517,091	41,519,935
	Less: current portion shown under current assets		(1,506,760)	(1,415,108)
			36,010,331	40,104,827
8.1	Undiscounted lease payments			
	Recoverable within 12 months		6,305,966	6,741,130
	Recoverable after 12 months		66,290,392	77,606,100
			72,596,358	84,347,230
	Unearned finance income		(35,046,130)	(42,790,622)
	Net investment in lease		37,550,228	41,556,608
8.2	Maturity analysis of net investment in lease:			
	Within 1 year		1,506,760	1,415,108
	Between 1 and 2 years		1,715,063	1,610,739
	Between 2 and 3 years		1,970,200	1,833,416
	Between 3 and 4 years		2,224,532	2,106,160
	Between 4 and 5 years		2,532,062	2,378,042
	Later than 5 years		27,601,611	32,213,143
			37,550,228	41,556,608

8.3 The Subsidary's implicit rate of return on net investment in lease is 13.81% per annum.

9	DIRECT COST ON FLOATING STORAGE AND RE-GASIFICATION UNIT	Note	2021	2020
			Rupees in thousand	
	Customs duty on import of FSRU	9.1	1,817,818	1,817,818
	Wharfage charges		46,688	46,688
			1,864,506	1,864,506
	Less: Accumulated amortization		(455,766)	(331,466)
			1,408,740	1,533,040

9.1 This represents customs duty on import of Floating Storage and Re-gasification Unit (FSRU) for its use in storage and regasification of LNG. The amount is being expensed over the period of operating lease.

10	LONG TERM LOAN TO ASSOCIATED COMPANY	Note	2021	2020
			Rupees in thousand	
	Unsecured			
	Long term loan given to associated company	10.1	2,128,118	1,373,459
	Interest receivable from an associated company		585,623	-
			2,713,741	1,373,459
	Loss allowance	33	(51,370)	(55,962)
			2,662,371	1,317,497
	Current portion shown under current assets		(709,373)	(1,317,497)
	Current portion of interest receivable shown under advances,		(195,208)	
			1,757,790	-

10.1 This represents the loan given to an associated company - Jamshoro Joint Venture Limited (JJVL), which carries markup at the higher of three months KIBOR or average borrowing cost of the Subsidary and the interest accrued thereon till June 30, 2021. During the year, the shareholders via extraordinary general meeting dated August 29, 2020, have increased the limit of the loan to Rs 3,000 million and have approved that the loan and accrued interest thereon due uptil December 31, 2021 to be recovered in six quarterly installments with first installment falling due on March 31, 2022. As a result of this deferral, the Subsidary has derecognised interest receivable amounting to Rs 98.55 million.

The maximum aggregate amount due from JJVL at the end of any month during the year was Rs 2,181.81 million (2020: 1,430.40 million)

11	CURRENT PORTION OF NON-CURRENT ASSETS	Note	2021	2020
			Rupees in thousand	
	Current portion of net investment in lease	8	1,506,760	1,415,108
	Current portion of long term loan to associated company	10	709,373	1,317,497
			2,216,133	2,732,605

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12	STORES AND SPARES	2021	2020
		Rupees in thousand	
	Stores	19,137	31,385
	Spares	28,144	17,731
		47,281	49,116

13 TRADE DEBTS - UNSECURED

This represents amount recoverable from PLL, which is neither past due nor impaired, in respect of finance income on sub-lease, pipeline hospitality charges, operating lease rentals, utilization / re-gasification services, operations and maintenance services billed in accordance with the terms of OSA.

14	ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES	Note	2021	2020
			Rupees in thousand	
	Cash margins with banks for guarantees	14.1	42,400	42,400
	Due from related parties - considered good	14.2	289,512	346,040
	Security deposit - considered good	14.3	564,272	435,884
	Prepaid insurance		23,618	5,190
	Other advances	14.2.3	38,939	24,310
	Income tax recoverable		310,658	175
			1,269,399	853,999

14.1 This represents amounts held as cash margins of Rs 42.4 million (2020: Rs 42.4 million) in order to secure the guarantee issued by the Summit Bank Limited of Rs 424 million (2020: Rs 424 million), issued in favor of The Bank of Punjab, for securing the performance bond issued to PLL. These margins will be recovered upon the retirement of the said facility.

14.2 Due from related parties - considered good

	Note	2021	2020
Associated companies			
Phoenix Aviation (Private) Limited	14.2.1	53,912	35,846
Jamshoro Joint Venture Limited (Interest receivable)		195,208	294,920
Pakistan Gas Solutions Limited	14.2.1	21,217	15,274
Gwadar Gasport (Private) Limited		17,975	
Director		1,200	-
	14.2.2	289,512	346,040

14.2.1 These are in the normal course of business and are interest free. The maximum aggregate amount due from these related parties at the end of any month during the year was Rs 237.22 million (2020: Rs 289.93 million).

14.2.2 These are in the normal course of business and are interest free. The maximum aggregate amount due from these related parties at the end of any month during the year was Rs 237.22 million (2020: Rs 289.93 million).

14.2.3 This includes Rs 1.61 million (2020: Nil) in respect of advance against salary provided to a Director of the Subsidary.

14.3 This includes:

- This represents security deposit paid to BW Gas Limited and FOTCO amounting to Rs 393.73 million (2020: Rs 393.73 million) and Rs 155.54 million (2020: Nil) respectively.
- The profits and gains derived by LNG Terminal Operators and Terminal Owners were exempt for a period of five years beginning from the date when commercial operations are commenced in terms of clause 141 of Part I of the Second Schedule to the I.T.O 2001. The Subsidary was also exempt from levy of minimum tax on 'turnover' and alternative corporate tax respectively under section 113 of the I.T.O 2001. The said exemption was withdrawn vide Tax Laws (Second Amendment) Ordinance, 2021 dated March 22, 2021. Being aggrieved from the withdrawal of exemption, a writ petition was filed before the Honorable Lahore High Court (LHC) wherein withdrawal of exemption was challenged. Rs 310.48 million were deposited by / withheld from the Subsidary in this regard which has been recognised as income tax recoverable in these financial statements. However, through Finance Act, 2021 it was clarified that the existing beneficiaries, including the Subsidary shall continue to enjoy the benefit given through clause 141 of Part I of the Second Schedule to the I.T.O 2001.

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15	CASH AND BANK BALANCES	Note	2021	2020
			Rupees in thousand	
	Cash at bank			
	- in current accounts	15.1 & 15.2	1,474,469	1,429,486
	- in savings accounts		17	17
			1,474,486	1,429,503
	Cash in hand		345	639
			1,474,831	1,430,142

15.1 This includes Rs 1,440 million (2020: 1,259 million) in respect of restricted funds held under lien by The Bank of Punjab for issuance of performance bond to PLL and for the purpose of securing a guarantee issued in favor of the PQA as per the Implementation Agreement.

15.2 This includes USD Nil equivalent to Rs Nil (2020: Rs 96,489,774) on which lien is marked by Habib Metropolitan Bank Limited against bank guarantee issued in favor of Port Qasim Authority.

16 AUTHORIZED CAPITAL

2020	2019		2021	2020
(Number of shares)			Rupees in thousand	
86,400,000	86,400,000	"A" class ordinary shares (Non Voting) of Rs. 10	864,000	864,000
450,000,000	450,000,000	"B" class ordinary shares (Voting) of Rs. 10 each.	4,500,000	4,500,000
536,400,000	536,400,000		5,364,000	5,364,000
200,000	200,000	Preference shares of Rs. 10 each - the Parent	2,000	2,000
200,000,000	200,000,000	Preference shares of Rs. 10 each - the Subsidiary	2,000,000	2,000,000
200,200,000	200,200,000		2,002,000	2,002,000
736,600,000	736,600,000		7,366,000	7,366,000

17 ISSUED, SUBSCRIBED AND PAID UP CAPITAL - ORDINARY SHARES

2021	2020		2021	2020
(Number of shares)			Rupees in thousand	
408,358,969	408,358,969	"B" class ordinary shares (Voting) of Rs. 10 each fully paid in cash	4,083,590	4,083,590

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

408,358,969	408,358,969	At the beginning of the year	4,083,590	4,083,590
-	-	Shares issued during the year	-	-
408,358,969	408,358,969	At the end of the year	4,083,590	4,083,590

17.2 As at reporting date, Jamshoro Joint Venture Limited held 107,329,044 (2020: 107,329,044) 'B' class ordinary shares of Rs. 10 each of the Parent.

17.3 As per directions of Lahore High Court (LHC) 1,500,000 'B' class ordinary shares of Rs. 10 each held by one of the Subsidary's shareholders can not be transferred/alienated without prior approval of National Accountability Bureau (NAB).

18 ISSUED, SUBSCRIBED AND PAID UP CAPITAL - PREFERENCE SHARES

This represents 160,900,000 (2020: 157,900,000) preference shares of Rs 10 each fully paid in cash and are held by certain corporate investors and individuals. The Board of Directors of the Subsidary, on July 3, 2021 and October 7, 2021 have declared and approved the payment of dividends of Rs 104.038 million and Rs 102.615 million respectively to the preference shareholders as per terms and conditions of preference shares subscription agreements signed between the Subsidary and preference shareholders.

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18.1 Key terms of the preference shares

Key terms of the preference shares are as follows:

Rate of return

The preference shares shall be cumulative and shall carry entitlement of a variable annual cumulative dividend of 6 months KIBOR plus 5.5% per annum prevailing one business day prior to the date of allotment and thereafter one business day prior to the beginning of each subsequent semi-annual period. The entitlement for dividend shall not lapse if no dividend is paid within that year. Dividends shall be cumulative and shall be carried forward to the subsequent year(s) if not paid within that year. Dividend payable with respect to the preference shares shall be paid to the investor from the profits of the Subsidary, subject to the approval of the Board of Directors of the Subsidary.

Redemption

The preference shares shall be redeemable at par value solely at the option of the Subsidary, only through a sinking fund created out of the profits of the Subsidary at any time after the fifth anniversary of the allotment.

Call and put option

PGPL, the holding company, shall have the option (the 'call option') to call upon the preference share holder to sell the preference shares held at any time after the 6th anniversary of the allotment of the preference shares and after all outstanding accumulated dividends have been paid to the preference share holder. The price payable for the number of preference shares to be sold shall be equal to the par value of the preference shares together with accumulated unpaid dividend.

The preference share holder shall have the option (the 'put option') to call upon PGPL, the holding company, to purchase any or all of the preference shares held by the preference share holder at any time after the 6th anniversary of the allotment of preference shares. The price payable for the number of preference shares to be purchased shall be equal to the par value of the preference shares together with accumulated unpaid dividend.

Conversion swap option

Twenty percent of the preference shares may be convertible into ordinary shares of the Company at the option of the preference share holder, within a period of three months from the date of fourth anniversary of the allotment of preference shares. The conversion swap price for the conversion swap option shall be calculated on the basis of the book value per share of the Company, along with all outstanding accumulated dividends relating to the preference shares being converted.

Other

The preference shares shall not carry any entitlement of ordinary dividend, right shares or bonus shares, or have any right to participate in the profits of the Subsidary.

18.2 As the preference shares are redeemable only at the option of the Subsidary and payment of dividends is subject to the discretionary approval of the Board of Directors and as preference shares were issued under the provisions of section 83 of the Companies Act, 2017 (the Act) read with section 58 of the Act and the Companies Share Capital (Variation in Rights and Privileges) Rules, 2000, after approval by the members of the Subsidary at the Extra Ordinary General Meeting held on September 30, 2016, therefore, the preference shares have been treated as part of equity in these financial statements.

19	REVALUATION SURPLUS ON PROPERTY, PLANT AND EQUIPMENT	Note	2021	2020
			Rupees in thousand	
	Balance as at July 1		6,756,279	6,406,650
	Surplus on revaluation during the year	6.1	3,220,093	508,220
	Transferred to un-appropriated profit / (loss)			
	in respect of incremental depreciation charged during the year		(160,570)	(158,591)
			9,815,802	6,756,279
	Related deferred tax liability			
	- at the beginning of the year		(1,767,001)	(1,627,362)
	- on revaluation surplus during the year		(971,939)	(139,639)
			(2,738,940)	(1,767,001)
			7,076,862	4,989,278

20	LONG TERM FINANCES	Note	2021	2020
			Rupees in thousand	
	Term finance loans - secured:			
	Pak Oman Investment Company Limited			
	- Term finance facility - 1	20.1	516,980	516,980
	- Term finance facility - 2	20.2	472,222	472,222
	Pak Libya Holding Company (Private) Limited			
	- Long term finance facility agreement	20.3	136,364	163,636
	Saudi Pak Industrial and Agricultural Investment Company Limited			
	- Term finance facility agreement	20.4	362,727	381,818
	The Bank of Punjab			
	- Demand finance - 1	20.5	330,556	897,222
	- Demand finance - 2	20.6	471,560	1,279,880
			2,290,409	3,711,758
	Less: Transaction costs		(53,851)	(109,054)
			2,236,558	3,602,704
	Less: Current portion shown under current liabilities	25	(1,208,029)	(1,510,070)
			1,028,529	2,092,634

20.1 Term finance facility - 1

This loan has been obtained from Pak Oman Investment Company to fund the construction of LNG import terminal project. The aggregate amount of the loan was Rs 750 million.

Mark-up

It carries mark-up at three month Karachi Inter Bank Offered Rate (KIBOR) plus 3 per cent per annum (2020: KIBOR plus 3 per cent per annum). The effective mark-up charged during the year ranges from 10.13 per cent to 11.14 per cent per annum (2020: 11.14 per cent to 16.91 per cent per annum). Mark-up is payable quarterly in arrears.

Tenor and repayment

The balance of the loan as at the year end is payable in seventeen quarterly unequal instalments ending on May 2025.

Security

The loan is secured through joint pari passu charge by way of hypothecation over all of its present and future fixed assets (excluding land and building), with 25% margin along with plant, machinery & equipment, installation fitting and texture thereon, cross-corporate guarantee by the associated company, personal guarantee by the Chairman of the Subsidary, and three post dated cheques of Rs 250 million each.

20.2 Term finance facility - 2

This loan has been obtained from Pak Oman Investment Company to finance the shortfall in original funding requirement of construction of LNG import terminal project. The aggregate loan amount was Rs 500 million.

Mark-up

It carries mark-up at three month KIBOR plus 3 per cent per annum (2020: KIBOR plus 3 per cent per annum). The effective mark-up charged during the year ranges from 10.25 per cent to 10.89 per cent per annum (2020: 10.89 per cent to 16.85 per cent per annum). Mark-up is payable quarterly in arrears.

Tenor and repayment

The balance of the loan as at the year end is payable in seventeen quarterly instalments ending on June 2025.

Security

The loan is secured through pari passu charge by way of hypothecation over all of its present and future fixed assets (excluding land and building), with 25% margin along with plant, machinery & equipment, installation fitting and texture thereon, personal guarantee by the Chairman of the Subsidary and eighteen post dated cheques of Rs 27.78 million each.

20.3 Long term finance facility agreement

This loan has been obtained from Pak Libya Holding Company (Private) Limited. The aggregate loan amount was Rs 200 million.

Mark-up

It carries mark-up at three month KIBOR plus 3 per cent per annum (2020: KIBOR plus 3 per cent per annum). The effective mark-up charged during the year ranges from 10.16 per cent to 11.29 per cent per annum (2020: 11.29 per cent to 16.91 per cent per annum). Mark-up is payable quarterly in arrears.

Tenor and repayment

The balance of the loan as at the year end is repayable in fifteen equal quarterly installments ending on November 2024.

Security

The loan is secured through joint pari passu charge by way of hypothecation over all of its present and future fixed assets (excluding land and building), with 25% margin along with plant, machinery & equipment, installation fitting and texture thereon, cross-corporate guarantee by the associated company, and personal guarantee by the Chairman of the Subsidary.

20.4 Term finance facility agreement

This loan has been obtained from Saudi Pak Industrial and Agricultural Investment Company Limited ('Saudi Pak'). The aggregate loan amount was Rs 420 million.

Mark-up

It carries mark-up at six month KIBOR plus 3 per cent per annum (2020: KIBOR plus 3 per cent per annum). The effective mark-up charged during the year ranges from 10.35 per cent to 10.95 per cent per annum (2020: 16.05 per cent to 16.49 per cent per annum). Mark-up is payable quarterly in arrears.

Tenor and repayment

The balance of the loan as at the year end is payable in nineteen quarterly instalments ending on December 2025.

Security

The loan is secured through joint pari passu charge by way of hypothecation over all of its present and future fixed assets (excluding land and building), with 25% margin along with plant, machinery & equipment, installation fitting and texture thereon, cross-corporate guarantee by the associated company, and personal guarantee by the Chairman of the Subsidary.

20.5 Demand finance - 1

This loan has been obtained from Bank of Punjab (BoP) to settle the short term borrowing of related parties of the Subsidary. The aggregate loan amount was Rs 1,700 million.

Mark-up

It carries mark-up at three month KIBOR plus 3 per cent per annum (2020: KIBOR plus 3 per cent per annum). The effective mark-up charged during the year ranges from 10.25 per cent to 10.58 per cent per annum (2020: 10.25 per cent to 16.84 per cent per annum). Mark-up is payable quarterly in arrears.

Tenor and repayment

This loan is repayable in seven equal monthly installments ending on January 2022.

Security

The loan is secured through joint pari passu charge by way of hypothecation over all of its present and future fixed assets (including land and building), with 25% margin along with plant, machinery & equipment, installation fitting and texture thereon, cross-corporate guarantee by the associated company, and personal guarantee by the Chairman of the Subsidary.

20.6 Demand finance - 2

This loan has been obtained from Bank of Punjab (BoP) . The aggregate loan amount was Rs 2,425 million.

Mark-up

It carries mark-up at three month KIBOR plus 3 per cent per annum (2020: KIBOR plus 3 per cent per annum). The effective mark-up charged during the year ranges from 10.25 per cent to 10.58 per cent per annum (2020: 10.25 per cent to 16.84 per cent per annum). Mark-up is payable quarterly in arrears.

Tenor and repayment

This loan is repayable in seven equal monthly installments ending on January 2022.

Security

The loan is secured through joint pari passu charge by way of hypothecation over all of its present and future fixed assets (including land and building), with 25% margin along with plant, machinery & equipment, installation fitting and texture thereon, cross-corporate guarantee by the associated company, and personal guarantee by the Chairman of the Subsidary.

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21	LEASE LIABILITIES	Note	2021	2020
			Rupees in thousand	
	Non-current portion		35,247,187	39,568,225
	Current portion shown under current liabilities	25	1,774,105	1,712,480
	Total lease liabilities as at June 30	21.1	37,021,292	41,280,705
21.1	**Reconciliation of the carrying amount is as follows:**			
	Effect of initial application of IFRS 16		41,280,705	40,345,311
	During the year addition		4,890	-
	Finance cost on lease liabilities		3,966,981	4,059,445
	Rentals paid during the year		(4,660,955)	(4,589,664)
	Invoices due transferred to trade and other payables		(907,298)	(965,277)
	Exchange loss		(2,663,031)	2,430,890
			37,021,292	41,280,705
21.2	**Maturity analysis**			
	Within 1 year		1,774,105	1,712,480
	Between 1 and 2 years		1,964,147	1,895,916
	Between 2 and 3 years		2,190,991	2,099,836
	Between 3 and 4 years		2,411,149	2,342,303
	Between 4 and 5 years		2,670,535	2,577,616
	Later than 5 years		26,010,365	30,652,554
			37,021,292	41,280,705

22	LONG TERM PAYABLE	Note	2021	2020
			Rupees in thousand	
	Payable to PLTL	22.1	58,467	58,467
	Payable to BW Group	22.2	1,339,891	1,819,516
			1,398,358	1,877,983
	Less: Current portion of customs duty on import of FSRU shown under trade and other payables	26		-
	Less: Current portion of payable to BW shown under trade and other payables	26	(673,038)	(516,458)
			725,320	1,361,525

22.1 This represents interest free liquidated damages to be paid to PLL relating to a delay in commissioning of the project as per the recommendations of representatives of PLL and the Subsidary, under clause 37 'Dispute Resolution' of the OSA and total liquidated damages of Rs 157.54 million (USD 1 million) [2020: Rs 168.35 million (USD 1 million)] will be repaid in 15 years in equal monthly installments. However, PLL has not yet formally acknowledged these recommendations. The liability has been accrued on prudence basis and has been recognized at discounted value based on estimated market interest rate of 16.97% for a similar instrument.

22.2 the Subsidary signed lease agreements for the hire and operation services of Floating Storage and Regasification Unit ('FSRU') for a period of fifteen (15) years for its LNG terminal with BW Gas Limited and BW Fleet Management AS respectively (collectively referred to as 'BW Group') with agreed contractual commencement date of July 16, 2017. Due to delays in the commercial start of the terminal, the Subsidary started making payments to BW Group from November 2017. For FSRU lease charge of USD 10.218 million and FSRU operation services charge of USD 1.926 million for the period of July 16, 2017 to October 31, 2017 amounting to USD 12.144 million in total, the Subsidary signed an agreement with BW Group on June 1, 2020 to settle this claim through 36 monthly installments commencing from August 31, 2020. The liability has been recognised at discounted value based on estimated market interest rate of 7.18% for a similar instrument.

However, the Subsidary signed an agreement with BW Group on June 01, 2020 to settle this claim through 36 monthly instalments commencing from August 31, 2020. the Subsidary has recognised the liability on net present value basis.

23	DEFERRED LIABILITIES	2021	2020
		Rupees in thousand	
	It represents provision for gratuity as on reporting date.		
23.1	Amounts recognized in the statement of financial position are as follows:		
	Present value of defined benefit obligation of the Subsidary	124,951	53,959
	Less: Receivable from other group company - JJVL	(85,042)	(26,318)
	Liability as at June 30	39,909	27,641

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		2021	2020
		Rupees in thousand	
23.2	Amounts recognized in the statement of profit or loss are as follows:		
	Current service cost	7,166	5,157
	Interest cost	4,981	6,218
		12,147	11,375
23.3	Movement in the present value of defined benefit obligation is as follows:		
	Opening balance	53,959	44,152
	Current service cost	7,166	5,157
	Interest cost	58,726	6,218
	Receivable from other group company	4,981	1,335
	Benefits paid	(164)	(2,542)
	Experience adjustment	345	(638)
	Actuarial loss from change in financial assumptions	(62)	277
	Closing balance	124,951	53,959
23.4	Year end sensitivity analysis on defined benefit obligation are as follows:		
	Discount rate + 100 bps	116,607	48,222
	Discount rate - 100 bps	134,589	60,667
	Salary increase + 100 bps	134,408	60,543
	Salary increase - 100 bps	116,614	48,225

23.5 Risks faced by the Company on account of employees scheme.

(i) Demographic risks:

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

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

24	DEFERRED TAXATION	Note	2021	2020
			Rupees in thousand	
	The net liability for deferred taxation comprises of taxable / (deductible) temporary differences relating to:			
	Deferred tax liability			
	Property, plant and equipment	24.1	3,601,926	2,471,139
	Net investment in lease		10,889,566	12,051,416
	Right of use asset		7,652	6,705
	Deferred tax asset			
	Lease liabilities		(10,736,175)	(11,971,404)
	Loss allowance		(24,507)	(26,864)
	Deferred liabilities		(11,574)	(8,016)
	Deferred income		(88,941)	(67,544)
			3,637,947	2,455,432
24.1	Deferred tax liability in respect of property, plant and equipment			
	Surplus on revaluation of property plant and equipment - movement recognized in equity	19	2,738,940	1,767,001
	Accelerated tax depreciation		1,547,232	1,388,385
	Unabsorbed depreciation		(684,246)	(684,247)
			862,986	704,138
			3,601,926	2,471,139
24.2	The gross movement in net deferred tax liability during the year is as follows:			
	Opening balance		2,455,432	2,139,066
	Charged to other comprehensive income		971,857	139,744
	Charged to statement of profit or loss		210,658	176,622
	Deferred tax liability		3,637,947	2,455,432

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25	CURRENT PORTION OF NON-CURRENT LIABILITIES	Note	2021	2020
			Rupees in thousand	
	Current portion of long term finances	20	1,208,029	1,510,070
	Current portion of lease liabilities	21	1,774,105	1,712,480
			2,982,134	3,222,550

26	TRADE AND OTHER PAYABLES	Note	2021	2020
			Rupees in thousand	
	Creditors		2,462,703	1,855,150
	Payable to consultants		267,407	50,185
	Accrued liabilities	26.1	2,488,527	2,646,927
	Payable to related parties	26.2	33,443	29,709
	Current portion of payable to BW Group	22	673,038	516,458
	With-holding tax payable		688,838	498,557
	Sales tax payable		572,624	267,019
	Workers' Profit Participation Fund	26.3	204,288	133,723
	Workers' Welfare Fund	26.4	92,911	54,482
			7,483,779	6,052,210

26.1 This includes an accrual of Rs 2,315.90 million (2020: Rs 2,450.36 million) in respect of un-invoiced value of work due under EPC contract with Xinjiang Petroleum Engineering Company Limited.

26.2 This represents amount payable to following parties:

	2021	2020
Lub Gas (Private) Limited	6,010	184
AG Publications (Private) Limited	12,919	12,667
Mehran LPG (Private) Limited	3,300	3,300
Directors	11,214	13,558
	33,443	29,709

26.3 Workers' Profit Participation Fund

	Note	2021	2020
Opening balance		133,723	16,550
Provision for the year	34	79,623	143,372
Mark up for the year		15,542	
		228,888	
Payments made during the year		(24,600)	(26,199)
Closing balance		204,288	133,723

26.4 This represents provision in relation to Workers' Welfare Fund made during the year.

27	SHORT TERM BORROWING	Note	2021	2020
			Rupees in thousand	
	Related parties			
	Jamshoro Joint Venture Limited - associated company		22,393	22,393
	Bank of Punjab	27.1 & 27.2	100,000	-
	Chief Executive Officer		1,460	1,460
		27.3	123,853	23,853
	Others	27.4	-	30,000
			123,853	53,853

27.1 This represents the outstanding balance against short-term finance amounting to Rs 500 million (2020: Nill), obtained during the current year for payment of outstanding liability of Port Qasim Authority, Fauji Oil Terminal and Distribution Company Limited, and Oil and Gas Regulatory Authority. This facility carry markup of three month KIBOR + 3 percent per annum repayable in ten equal monthly installments after a grace period of two months.

27.2 The Subsidary has also used a working capital facility from Bank of Punjab ('BoP') during the year with the maximum limit of Rs 1,140 million (2020: Rs 990 million). This facility carries mark-up at the rate of one month KIBOR plus 3% per annum. The amounts availed against this facility were repaid during the year and no outstanding balance exists at year end.

27.3 These are unsecured, interest free and repayable on demand. These represent payments made on behalf of the Group and funds received for investment/expenses of LNG Project which have been utilized accordingly.

27.4 This caries interest at 6 months KIBOR plus 5.5% per annum. This is unsecured and repayable on demand.

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28	ACCRUED FINANCE COST	Note	2021	2020
			Rupees in thousand	
	Accrued mark up on:			
	Long-term finances		77,365	153,785
	Short-term borrowings	28.1	5,561	8,712
	Compensation for financial support - Education Excellence Limited		350,000	
			432,926	162,497

28.1 This includes Rs 3.420 million (2019: Nil) in respect of interest on short term borrowings payable to BoP.

29 CONTINGENCIES AND COMMITMENTS

29.1 CONTINGENCIES

(1) On behalf of the Group, Habib Metropolitan Bank Limited has issued a letter of guarantee for USD 1 million equivalent to Rs. 168.36 million (2019: Rs. 164 million) in favour of Port Qasim Authority.

(2) Performance bond issued by The Bank of Punjab to PLTL against the performance of the Operations and Services Agreement amounting to Rs 1,696.2 million (2020: Rs 1,774 million).

(3) Guarantee issued by Summit Bank, amounting to Rs 424 million (USD 4 million) (2020: Rs 424 million (USD 4 million)) as security against the performance bond issued by The BOP.

(4) Claims against the Subsidiary not acknowledged as debts amount to Nil (2020: Rs 28.206 million).

(5) Performance bond issued by the Bank of Punjab to Port Qasim Authority (PQA) against the Implementation Agreement amounting to Rs 157.49 million (2020: Nil)

(6) During the year ended June 30, 2017, the Subsidiary made a payment of USD 14.712 million to Xinjiang Petroleum Engineering Company Limited ('EPC contractor') without withholding any income tax. The Subsidiary is of the view that this payment relates to purchase of goods under the EPC contract, the title of which was transferred to the Subsidiary outside Pakistan and is therefore exempt from withholding of income tax under section 152(7A) of the Income Tax Ordinance 2001 ('I.T.O 2001'). However, the Commissioner Inland Revenue ('CIR') in his order dated December 20, 2016 concluded that the EPC contract relates to a 'turnkey project' and therefore all payments made under the EPC contract are subject to withholding of income tax under section 152(1) of I.T.O 2001. The Subsidiary, being aggrieved from the impugned order, filed an appeal before the Chief Commissioner under section 122B of I.T.O 2001 who in his order dated March 14, 2017 maintained the impugned order of CIR. The Subsidiary filed a writ petition before Lahore High Court dated March 15, 2017 against the impugned orders of CIR and Chief Commissioner Inland Revenue dated December 20, 2016 and March 14, 2017. The Lahore High Court through order dated April 22, 2019 disposed off the case without granting relief. The Subsidiary, being aggrieved from the order of the Lahore High Court, filed Civil Petition dated June 25, 2019 before the Honorable Supreme Court of Pakistan which is pending for adjudication. Based on the view of its legal counsel, the management of the Subsidiary is confident of favourable resolution of the matter and has recognized a provision of Rs 428.451 million in the financial statements to the extent of onshore portion of the contract amount.

(7) The Inland Revenue Officer raised a demand of Rs 165.963 million through order dated May 21, 2018 as 10% withholding tax on payments made to BW Gas Limited (BW) for FSRU hire, which as per arrangement between the parties, if leviable, is to be borne by the Subsidiary. This was contested by the Subsidiary before the Commissioner Inland Revenue (Appeals) who upheld the impugned order. The Subsidiary filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) on the grounds that the lease of FSRU is part of business income of BW and as it does not have a permanent establishment in Pakistan, therefore no tax is liable to be deducted or deposited in Pakistan. The ATIR, through its orders dated July 30, 2018 and September 29, 2019 has decided the case in the Subsidiary's favour by ruling that no taxes are required to be deducted on these payments, in view of which withholding tax provision at 10% on FSRU hire expense is not considered necessary. The tax authorities have filed reference against the decisions of the ATIR before the Lahore High Court which is still pending. The total exposure of withholding tax as at June 30, 2020 is of Rs 1,499.039 million (2019: Rs 942.360 million). Based on the view of its legal counsel and previous orders of ATIR in the Subsidiary's favour, the management of the Subsidiary is confident of favourable resolution of the matter. No provision has been recognized in these financial statements in this respect.

(8) The Royalty is required to be paid to Port Qasim Authority (PQA) on account of per tonne LNG import and export handling. Total exposure in respect of sales tax on royalty is Rs 281.480 million (2020: Rs 173.356 million) as at year end under Sindh Sales Tax on Services Act, 2011 (The Act). the Subsidary has filed an appeal before Sindh High Court in Karachi dated May 23, 2018 against Sindh Revenue Board that the sales tax may not be levied on the royalty as it does not fall in the definition of franchise services, under the Act as the royalty is paid for import of LNG. The Sindh High Court passed an interim order and granted the stay to the Subsidary. The management believes that the Subsidary has an arguable case and is confident of favorable outcome in this matter. No provision has been recognized in these financial statements in this respect.

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29	COMMITMENTS	Note	2021	2020
			Rupees in thousand	
	(1) Contracts for other than capital expenditure	29.1		-
	(2) Commitment for commission fee, retirement fee and FED payable		22,730	3,590

The Subsidary has commitment in respect of short-term lease rentals against properties amounting to Rs 17.56 million (2020: Rs 12.76 million).

29.1 In addition to the above commitments for contracts other than capital expenditure, the Subsidiary is also under obligation for making contractual payments to the following parties:

(1) Payments to Fauji Oil Terminal and Distribution Company (FOTCO) as service fee for the use of FOTCO facilities, calculated based on 18% guaranteed net return per annum on an estimated total investment of approximately USD 50.27 million.

(2) Payments to Port Qasim Authority as royalty on account of per tonne LNG import and export handling as follows:

Period	1-5 years	6-10 years	11-15 years	16-20 years	21-25 years	26-30 years
USD per tonne	1.900	2.375	3.325	4.000	5.000	5.624

30	REVENUE	2021	2020
		Rupees in thousand	
	Finance Income on Sub-Lease	5,084,936	5,166,528
	Others:		
	Operating lease rental income	4,039,381	4,076,649
	Revenue in respect of pipeline hospitality arrangement	1,786,098	1,777,238
	Revenue from O&M services	1,448,164	1,379,514
	Revenue from utilisation / re-gasification services	265,963	172,374
	Flexibility charge	6,675	2,816
		7,546,281	7,408,591
		12,631,217	19,983,710
30.1	Gross amount billed	15,829,102	15,819,236
	Less: Sales tax	(1,821,047)	(1,822,713)
	Allocations to:		
	Less: Receipts against net investment in lease	(1,313,560)	(1,217,670)
	Less: Deferred income	(63,278)	(203,734)
		12,631,217	12,575,119

31	OPERATING EXPENSES	Note	2021	2020
			Rupees in thousand	
	Finance cost on lease liability		3,966,981	4,059,445
	Others:			
	FSRU operation and service cost		1,223,476	1,131,528
	Pipeline hospitality charges		1,559,880	1,552,177
	Royalty to Port Qasim Authority	31.1	1,081,241	703,347
	Insurance		146,471	127,837
	Jetty operating and service cost		133,857	139,993
	Technical consultancy charges		81,956	85,032
	Depreciation on operating assets	6.1.1	465,603	463,213
	Depreciation on right of use asset	6.2	1,624	1,360
	Amortization of direct cost on FSRU	9	124,300	124,300
	OGRA license fee		56,389	58,698
	Professional services		4,748	4,260
	Salaries, wages and benefits		14,432	13,609
	Others		23,674	2,860
			4,917,651	4,408,214
			8,884,632	8,467,659

31.1 The Group and its directors do not have relationship with / interest in PQA, having its headquarters at Port Muhammad Bin Qasim, Karachi.

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32	ADMINISTRATIVE EXPENSES	Note	2021	2020
			Rupees in thousand	
	Salaries, wages & benefits		207,226	153,307
	Travelling and conveyance		83,973	106,208
	Legal and professional charges	32.1	470,989	128,372
	Rent, rates and taxes		30,255	17,642
	Fees and subscriptions		1,096	550
	Entertainment expenses		4,262	3,363
	Advertisement		10,486	5,262
	Repairs and maintenance		26,299	18,295
	Depreciation on operating assets	6.1.1	4,614	2,621
	Amortization on intangible assets	7	9,943	9,943
	Utilities		10,423	6,186
	Printing and stationary		3,674	2,158
	Balance written off		-	1,851
	Others		21,870	3,988
			885,110	459,746

32.1	Legal and Professional charges includes in respect of auditor's service for:			
	Statutory audit		5,444	11,173
	Reporting to auditors of parent company		350	300
	Tax advisory		1,200	600
			6,994	12,108

33	IMPAIRMENT LOSS ON FINANCIAL ASSET	Note	2021	2020
			Rupees in thousand	
	Loss allowance on net investment in lease	8	(3,536)	36,673
	Loss allowance on long term loan to associated company	10	(4,592)	55,962
			(8,128)	92,635

34	OTHER OPERATING EXPENSES	Note	2021	2020
			Rupees in thousand	
	Exchange loss		-	99,333
	Workers' profit participation fund		79,623	143,372
	Workers' welfare fund		30,257	54,482
	Loss on disposal of bunker		-	16,231
	Financial asset derecognised		98,551	-
	FSRU lease and operations and services cost	34.1	-	-
	Unrealized:			
	- Exchange loss on lease liabilities		(2,663,031)	2,430,890
	- Exchange loss on deferred income		10,504	29,176
	- Exchange gain on net investment in lease		2,692,820	(2,453,448)
			40,293	6,618
			248,724	320,036

34.1 This represents FSRU lease and operation and service cost for the Pre-CSD period from July 16, 2017 to October 31, 2017 as referred to in note 22.2.

35	FINANCE COSTS	Note	2021	2020
			Rupees in thousand	
	Interest / markup on:			
	- Short term borrowings		108,508	140,220
	- Long term finances		318,128	730,715
	- Payable to BW Group	22.2	112,738	10,202
	- Workers Profit Participation Fund	0	15,542	-
	- Workers' Welfare Fund		8,172	-
	Compensation for financial support provided by:			
	- Education Excellence Limited (EEL)		600,000	-
	- Jamshoro Joint Venture Limited (JJVL)		556,533	-
	Surcharge on late payment to suppliers		28,434	63,767
	Amortization of transaction cost		55,202	55,203

Bank charges and others	87,156	74,385
	1,890,413	1,074,492

On December 03, 2020, the Subsidary has entered into separate agreements ('the Agreements') with Jamshoro Joint Venture Limited and Educational Excellence Limited for payment of compensation for financial support. At the time of construction of the project in year 2017, due to certain factors, the Subsidary was unable to materialise the agreed financing from the banks. On the request of the Subsidary, JJVL and EEL, being related parties of the Subsidary, agreed to provide a financing of Rs 1,700 million and Rs 2,425 million respectively for facilitating the Subsidary to establish the Letter of Credit facility in favor of the EPC contractor for timely completion of the project. These facilities were arranged by these parties through the Bank of Punjab to secure the LC exposure of the Subsidary and the facilities were secured through funded and guarantee-based mechanisms, against the collaterals provided by JJVL and EEL. Under the terms of these arrangements, mark-up and other costs charged by the bank were fully borne by the Subsidary.

Under the terms of the Agreements, in order to compensate the provision of financial support as arranged by JJVL and EEL in the year 2017, the Subsidary shall pay to these parties, in addition to the actual cost charged by the bank, a further compensation of Rs 506.532 million and Rs 600 million respectively uptil October 31, 2020 . JJVL shall continue to be compensated on a similar basis against the ongoing financial support provided to the Subsidary.

36	OTHER INCOME	Note	2021	2020
			Rupees in thousand	
	Income from financial assets			
	Interest income		389,255	210,963
	Interest income on TDRs		272	-
	Balance written back		-	4,776
	Income from non-financial assets			
	Scrap sales		722	49
	Liability written back		30,165	55,596
	Insurance claim		850	-
	Exchange gain		328,459	-
	Others			
	Gain on rescheduling of payable to BW Group	22.2	-	229,270
			749,723	500,654

37	TAXATION	Note	2021	2020
			Rupees in thousand	
	Current tax	37.2	84,305	61,179
	Deferred tax	37.3	210,658	176,622
			294,963	237,801

37.1	Tax charge reconciliation	2021 %	2020 %
	Numerical reconciliation between the average effective tax rate and the applicable tax rate		
	Applicable tax rate	29.00	29.00
	Change in tax rates	-	-
	Unrecognised losses and tax credits	(12.09)	(21.43)
	Not chargeable to tax	2.99	1.55
	Others	-	(0.18)
	Average effective tax rate charged to statement of profit or loss	19.90	8.94

37.2 Current Taxation

The profits and gains derived by LNG Terminal Operators and Terminal Owners are exempt for a period of five years beginning from the date when commercial operations are commenced in terms of clause 141 of Part I of the Second Schedule to the I.T.O 2001. Under clauses 11A and 11D of Part IV of the Second Schedule to the I.T.O 2001, the Subsidiary is also exempt from levy of minimum tax on 'turnover' and alternative corporate tax respectively under section 113 of the I.T.O 2001. The provision for current tax has been made on interest income on long term loan to associated company.

37.3 Deferred Taxation

Post 5 year tax holiday period, the taxable income of the Subsidiary will be chargeable to tax as per applicable corporate tax rates. The Subsidiary will also be required to pay a minimum tax under section 153 of I.T.O 2001 on total revenue generated under OSA with PLTL.

Deferred tax asset of Rs. 215.19 million (2020: Rs. 212.04 million) related to the Company 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.

38.0 RELATED PARTY TRANSACTIONS

The related parties includes the holding company, associates of the holding company, associated companies, companies where directors also hold directorships and key management personnel. The Group in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under receivables and payables. Significant related party transactions have been disclosed in respective notes in these financial statements other than the following:

Name of related party	Basis of relationship	Percentage of shareholding	Nature of transaction during the year	2021	2020
				Rupees in thousand	
Jamshoro Joint Venture Limited	Associated company due to common directorship and shareholding in the Parent	26.00%	Expenses incurred on their behalf	43,187	54,265
			Expenses incurred on behalf of the Group Company	5,084	6,718
			Loan provided to the Group Company	2,200,905	1,440,783
			Loan repaid by the Group Company	371,283	1,076,125
			Interest on loan provided to the Group Company	389,255	210,963
			Compensation given by the Subsidary	556,533	-
Ms. Sadia Ahmed	Shareholder	5.36%	Rent expense	15,707	15,707
Mr. Attique-ud-Din Ahmad	Director	5.36%	Rent expense	5,880	-
Directors			Directors' remmuneration	111,326	84,154
Education Excellence	Associated company due to common Directorship		Compensation given by the Company	250,000	-
Phoenix Aviation (Private)			Purchase of services	75,833	65,703
AG Publications (Private) Limited			Purchase of services	251	-
Gawadar Gasport (Private) Limited			Expense incurred on behalf of the associate	17,976	-
Pakistan Gas Solutions Limited			Expense incurred on behalf of the associate	21,217	138
Lub Gas (Private) Limited			Transfer of advance against transfer of employee to the Group Company	5,749	-
			Expenses incurred on their behalf	18	-

All transactions with related parties have been carried out on mutually agreed terms and conditions.

39	REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES	2021	2020
		Rupees in thousand	

The aggregate amount charged in the financial statements for the year for remuneration to the Chief Executive, Directors and Executives of the Group is as follows:

	2021	2020
Managerial remuneration		
Chief Executive	6,480	6,750
Directors	111,326	84,154
Executives	60,791	41,220
	178,597	132,124
Number of person(s)		
Chief Executive	1	1
Directors	6	6
Executives	18	12

40	Cash generated from operations	2021	2020
		Rupees in thousand	
	Profit / (loss) before taxation	1,480,189	2,661,205
	Adjustment for:		
	Gratuity expense	12,147	11,375
	Balance written off	-	1,851
	Depreciation on property, plant and equipment	470,217	465,834
	Amortization of intangible assets	9,943	9,943
	Amortization on right of use asset	1,624	-
	Amortization of loan transaction cost	55,202	55,203
	Finance costs	1,806,777	955,522
	Amortization of direct cost on FSRU	124,300	124,300
	Finance income on net investment in lease	(5,084,936)	(5,166,528)
	Finance cost on lease liability	3,966,981	4,059,445
	Exchange gain	(318,955)	97,685
	Exchange loss on lease liability	(2,663,031)	2,430,890
	Exchange gain on net investment in lease	2,692,820	(2,453,448)
	Exchange loss on deferred income	10,504	29,178
	Deferred income recognised during the year	63,278	203,734
	Workers' profit participation fund	79,623	143,372
	Workers' welfare fund	30,257	54,482
	Impairment loss on financial assets	(8,128)	92,635
	Gain on rescheduling of payable to BW Group	-	(229,270)
	Liability written back	(30,165)	(60,372)
	Profit before working capital changes	2,698,647	3,487,036

41 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

Risk management is carried out by the Group's finance department under policies approved by the Board of Directors. The Group's finance department evaluates financial risks. The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk and liquidity risk. All treasury related transactions are carried out within the parameters of these policies.

41.1	FINANCIAL INSTRUMENTS BY CATEGORY	2021	2020
		Rupees in thousand	
	Financial assets at amortised cost :		
	Net investment in lease	37,517,091	41,519,935
	Long term loan to associated company - unsecured	2,662,371	1,317,497
	Trade debts - unsecured	1,411,338	1,411,338
	Advances, deposits and other receivables	935,123	848,634
	Cash and bank balances	1,474,831	1,430,142
		44,000,754	46,527,546

	2021	2020
	Rupees in thousand	
Financial liabilities at amortised cost :		
Long term finances - secured	2,236,558	3,602,704
Lease liabilities	37,021,292	41,280,705
Trade and other payables	5,252,080	4,581,971
Short term borrowing	123,853	53,853
Accrued finance costs	432,926	162,497
	45,066,709	49,681,730

41.2 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

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

41.2.1 Credit risk and concentration of credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2021	2020
	Rupees in thousand	
Net investment in lease	37,517,091	41,519,935
Long term loan to associated company - unsecured	2,662,371	1,317,497
Trade debts - unsecured	1,411,338	1,411,338
Advances, deposits and other receivables	935,123	848,634
Cash at bank	1,474,486	1,429,503
Cash in hand	345	639
	44,000,754	46,527,546

The credit quality of Group's bank balance can be assessed with reference to external credit rating as follows:

	Rating Short Term	Rating Long Term	Rating Agency	2021	2020
				Rupees in thousand	
Bank of Punjab (BOP)	A1+	AA+	PACRA	1,472,817	1,205,424
Summit Bank	-	-	-	602	14,834
Industrial Commercial Bank of China	P1	A1	SBP	93	93
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	951	169,432
National Bank of Pakistan	A1+	AAA	PACRA	17	17
Soneri Bank Limited	A1+	AA-	PACRA	6	-
				1,474,486	1,389,800

Due to the Group's business relationships with the banks and after giving due consideration to their strong financial standing, management does not expect non-performance by the banks on their obligations to the Group. Accordingly, the credit risk is minimal.

41.2.2 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The Group's approach to managing liquidity is to ensure that, as far as possible, it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable loss or risking damage to the Group's reputation.

Management monitors the forecasts of the Group's cash and cash equivalents on the basis of expected cash flow. This is generally carried out in accordance with practice and limits set by the Group. The Group's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet its liabilities, monitoring statement of financial position liquidity ratios against internal and external regulatory requirements, and maintaining debt financing plans. Following are the contractual maturities of financial liabilities, including interest payments:

As at June 30, 2021	Carrying amount	Contractual Cashflows	Less than 1 year	Between 1 to 5 years	Over 5 years
	---Rupees in thousand---				
Financial Liabilities					
Long term finances - secured	2,236,558	2,290,409	1,284,839	1,005,570	-
Lease liabilities	37,021,292	63,127,268	5,483,449	21,948,819	35,695,000
Long term payables	1,398,358	1,597,730	683,541	809,160	105,029
Short term borrowing	123,853	123,853	123,853	-	-
Trade and other payables	5,252,080	5,252,080	5,252,080	-	-
Accrued finance costs	432,926	432,926	432,926	-	-
	46,465,067	72,824,266	13,260,688	23,763,549	35,800,029
As at June 30, 2020					
Financial Liabilities					
Long term finances - secured	3,602,704	3,711,758	1,510,070	2,201,688	-
Lease liabilities	41,280,705	73,345,417	5,861,852	67,483,565	-
Short term borrowing	53,853	53,853	53,853	-	-
Trade and other payables	4,581,971	4,581,971	4,581,971	-	-
Accrued finance costs	162,497	162,497	162,497	-	-
	49,681,730	81,855,496	12,170,243	69,685,253	-

41.2.3 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 Group'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.

i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument shall fluctuate because of changes in foreign exchange rates.

The Group is exposed to currency risk arising mainly from the US Dollar. Currency risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the Group's functional currency.

At June 30, 2021 if the Rupee had weakened / strengthened by 5% against the USD with all other variables held constant, the impact on profit for the year would have been Rs 164.250 million (2020: Rs 189.391 million) lower / higher mainly as a result of foreign exchange losses / gains on translation of USD-denominated financial assets and liabilities.

At June 30, 2021 if the Rupee had weakened / strengthened by 5% against the GBP with all other variables held constant, the impact on profit for the year would have been Rs 11.518 million (2020: Rs nil) lower / higher mainly as a result of foreign exchange losses / gains on translation of USD-denominated financial assets and liabilities.

At June 30, 2021 if the Rupee had weakened / strengthened by 5% against the AED with all other variables held constant, the impact on profit for the year would have been Rs 792 (2020: nil) lower / higher mainly as a result of foreign exchange losses / gains on translation of USD-denominated financial assets and liabilities.

ii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Group is not exposed to equity price risk since the Group has not invested in equity securities. Moreover, the Group is not exposed to commodity price risk since it does not hold any financial instrument based on commodity prices.

iii) Interest rate risk

This represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group has significant long-term and short-term interest-bearing liability which is obtained at variable rates exposing the Group to cash flow interest rate risk.

If interest rates at the year end date, fluctuates by 1% higher / lower with all other variables held constant, profit for the year would have increased / decreased by Rs 40.358 million (2020: Rs 41.146 million).

41.2.4 Fair values of financial instruments

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. Underlying the definition of fair value is the presumption that the Group is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms. The estimated fair value of all financial assets and liabilities is considered not significantly different from book values as the items are either short - term in nature or repriced periodically. 'IFRS 13, 'Fair Value Measurements' requires the Group to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).

- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

Certain categories of operating fixed assets (Jetty and dredging and plant and machinery) are carried at revalued amounts (level 3 measurement) determined by a professional valuer based on their assessment determined using a depreciated replacement cost approach, whereby, the current replacement cost of aforementioned classes of assets, capacity and level of technology has been adjusted using a suitable depreciation rate on account of normal wear and tear.The higher the cost of acquisition of similar aforementioned assets, higher the fair value of such assets. Further, higher the depreciation rate, the lower the fair value of such aforementioned assets.

42 CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group monitors the capital structure on the basis of gearing ratio. This ratio is calculated as net debt divided by total capital employed. Net debt is calculated as total borrowings including current and non-current borrowings less transaction cost as disclosed in Note 20. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt. The gearing ratio as at June 30, 2020 and June 30, 2019 is as follows:

	2021	2020
	Rupees in thousand	
Long term finances	2,236,558	3,602,704
Lease liabilities	37,021,292	41,280,705
Short term borrowings	123,853	53,853
Net debt	39,381,703	44,937,262
Total equity	14,934,566	11,620,693
Total capital	54,316,269	56,557,955
Gearing ratio	73%	79%

In accordance with the terms of agreement with the lenders of long term finances (as discussed in note 20 to these financial statements), the Group is required to comply with certain financial covenants in respect of capital requirements which the the Group has complied with throughout the reporting period.

43 LNG TERMINAL CAPACITY AND ACTUAL OUTPUT	For the year ended	
	June 30, 2021	June 30, 2020
	Million standard cubic feet per day (MMSCFD)	Million standard cubic feet per day (MMSCFD)
Total capacity	750	750
Capacity made available to PLTL	600	600
Capacity for merchant business	150	150
Average capacity utilization (PLTL)	464	302
Average capacity utilization (merchant business)	-	-

For capacity made available to PLTL, output produced by the LNG terminal is dependent on the volume as and when required by PLTL. The capacity available for merchant business is not utilized during the year and is expected to be availed in future after finalization of certain arrangements.

PAKISTAN GAS PORT LIMITED
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

44	NUMBER OF EMPLOYEES	2021	2020
	Total number of employees as at June 30,	82	43
	Average number of employees during the year	68	43

45 The Board of Directors of the Subsidary vide their meetings held on July 3, 2021 and October 7, 2021 have declared and approved the payment of dividends amounting to Rs 104.038 million and Rs 102.615 million respectively, to the preference shareholders as per terms and conditions of preference shares subscription agreements signed between the Subsidary and preference shareholders.

The preference shareholders of the Subsidary, vide their meeting held on May 3, 2021, and ordinary shareholders of the Subsidary, via special resolution dated July 15, 2021, have approved certain variations in the terms and conditions attached to the preference shares whereby the Conversion Swap Option may only be exercised within a period of three months after July 09, 2022, the redemption option may be exercised by the Subsidary after July 9, 2023, the call option my be exercised by PGPL at any time after July 9, 2024 and the put option may be exercised by the preference shareholders at any time after July 9, 2024.

46 DATE OF AUTHORIZATION FOR ISSUE

The consolidated financial statements have been authorized for issue by the Board of Directors of the Group on ______________.

47 GENERAL

47.1 Figures have been rounded off to the nearest thousand rupees.

47.2 Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison and better presentation as per reporting framework.

CHIEF EXECUTIVE OFFICER **DIRECTOR**

PAKISTAN GAS PORT LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees
ASSETS			
NON CURRENT ASSETS			
Property and equipment	4	1,095	1,925
Intangible assets	5	110,165,065	120,108,219
Investment in subsidiary	6	4,083,589,690	4,083,589,690
		4,193,755,850	4,203,699,834
CURRENT ASSETS			
Loans, advances and other receivables	7	54,854,595	65,741,027
Cash and bank balances	8	1,526,709	96,655,292
		56,381,304	162,396,319
TOTAL ASSETS		4,250,137,154	4,366,096,153
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital	9	5,366,000,000	5,366,000,000
Issued, subscribed and paid up capital	10	4,083,589,690	4,083,589,690
Accumulated loss		(42,665,660)	(31,791,078)
		4,040,924,030	4,051,798,612
CURRENT LIABILITIES			
Accrued and other liabilities	11	2,048,098	7,415,928
Short term borrowings	12	207,165,026	306,881,613
		209,213,124	314,297,541
CONTINGENCY	13	-	-
		4,250,137,154	4,366,096,153

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

CHIEF EXECUTIVE OFFICER **DIRECTOR**

PAKISTAN GAS PORT LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees
Other income	14	893,951	7,642,815
Administrative expenses	15	(10,870,444)	(13,161,125)
Finance cost	16	(898,089)	(2,867,000)
Loss for the year before taxation		(10,874,582)	(8,385,310)
Provision for taxation	17	-	-
Loss for the year		(10,874,582)	(8,385,310)
Other comprehensive income		-	-
Total comprehensive loss for the year		(10,874,582)	(8,385,310)

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

CHIEF EXECUTIVE OFFICER **DIRECTOR**

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PAKISTAN GAS PORT LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2021

	Issued, subscribed and paid up capital	Accumulated loss	Share deposit money	Total
	Rupees			
Balance as at July 01, 2019	4,083,589,690	(23,405,768)	-	4,060,183,922
Total comprehensive loss				
Loss for the year	-	(8,385,310)	-	(8,385,310)
Other comprehensive income	-	-	-	-
	-	(8,385,310)	-	(8,385,310)
Balance as at June 30, 2020	4,083,589,690	(31,791,078)	-	4,051,798,612
Total comprehensive loss				
Loss for the year	-	(10,874,582)	-	(10,874,582)
Other comprehensive income	-	-	-	-
	-	(10,874,582)	-	(10,874,582)
Balance as at June 30, 2021	4,083,589,690	(42,665,660)	-	4,040,924,030

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

CHIEF EXECUTIVE OFFICER **DIRECTOR**

PAKISTAN GAS PORT LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021

	2021 Rupees	2020 Rupees
A) CASH FLOW FROM OPERATING ACTIVITIES		
Loss for the year before taxation	(10,874,582)	(8,385,310)
Adjustment for:		
Balance written off	-	1,850,523
Liability written back	-	(4,775,815)
Depreciation	830	830
Amortization	9,943,154	9,943,154
Operating cash flows before working capital changes	(930,598)	(1,366,618)
Working capital changes:		
(Increase) in current assets:		
Loans, advances and other receivables	10,886,432	(18,004,822)
Increase/(decrease) in current liabilities:		
Trade and other payables	77,214	1,807,155
	10,963,646	(16,197,667)
Net cash used in operating activities	10,033,048	(17,564,285)
B) CASH FLOW FROM INVESTING ACTIVITIES		
Investments made during the year	-	-
Net cash used in investing activities	-	-
C) CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of shares	-	-
Short term borrowing obtained	(99,716,587)	17,819,383
Net cash generated from financing activities	(99,716,587)	17,819,383
Net increase in cash and cash equivalents during the year (A+B+C)	(89,683,539)	255,098
Cash and cash equivalents at the beginning of the year	96,655,292	94,187,823
Effects of exchange rate changes on cash and cash equivalents	(5,445,044)	2,212,371
Cash and cash equivalents at the end of the year	1,526,709	96,655,292

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

CHIEF EXECUTIVE OFFICER **DIRECTOR**

1 CORPORATE AND GENERAL INFORMATION

Legal status and operations

Pakistan Gas Port Limited (the Company) is an unlisted public limited company incorporated in Pakistan on April 02, 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 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.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for the preparation of these financial statements are the same as those applied in the preparation of preceding annual financial statements of the Company for the year ended June 30, 2020.

PAKISTAN GAS PORT LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

4	PROPERTY AND EQUIPMENT	Note	2021 Rupees	2020 Rupees
	Furniture and fixtures			
	Written down value			
	Cost		8,300	8,300
	Accumulated depreciation		(7,205)	(6,375)
		4.1	1,095	1,925
4.1	**Reconciliation of written down value**			
	Balance at the beginning of the year		1,925	2,755
	Depreciation charge for the year		(830)	(830)
	Balance at the end of the year		1,095	1,925
	Annual rate of depreciation (%)		10%	10%

5	INTANGIBLE ASSETS	Note	2021 Rupees	2020 Rupees
	Accounting Software (Syros)	5.1	398,210	796,420
	Legal and settlement cost	5.2	109,766,855	119,311,799
			110,165,065	120,108,219
5.1	**Accounting Software (Syros)**			
	Cost		1,194,630	1,194,630
	Accumulated amortization		(796,420)	(398,210)
	Written down value	5.1.1 & 5.1.2	398,210	796,420
5.1.1	Reconciliation of written down value			
	Balance at the beginning of the year		796,420	1,194,630
	Amortization charge for the year		(398,210)	(398,210)
	Balance at the end of the year		398,210	796,420
	Annual rate of amortization (%)		33.33%	33.33%

5.1.2 Accounting software (Syros) developed under agreement with Intertec Business Systems (Private) Limited became operational during the year.

5.2	**Legal and settlement cost**	Note	2021 Rupees	2020 Rupees
	Cost		141,583,335	141,583,335
	Accumulated amortization		(31,816,480)	(22,271,536)
	Written down value	5.2.1 & 5.2.2	109,766,855	119,311,799
5.2.1	Reconciliation of written down value			
	Balance at the beginning of the year		119,311,799	128,856,743
	Amortization charge for the year		(9,544,944)	(9,544,944)
	Balance at the end of the year		109,766,855	119,311,799

5.2.2 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.

6	INVESTMENT IN SUBSIDIARY	Note	2021 Rupees	2020 Rupees
	PGP Consortium Limited			
	Unquoted - at cost			
	408,358,969 (2020: 408,358,969) ordinary shares of Rs. 10/- each			
	Ownership interest 100% (2020: 100%)	6.1 & 6.2	4,083,589,690	4,083,589,690

6.1 PGP Consortium Limited (the Subsidiary) is an unlisted public limited company, incorporated in Pakistan on September 01, 2015 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.

6.2 Pakistan LNG Terminals Limited (PLTL) awarded second LNG terminal project through a competitive bidding process in which the Subsidiary 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 Company 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 PGPCL. PLTL is paying a capacity fee for 600 MMSCFD committed capacity calculated on a daily basis to the PGPCL irrespective of the quantity of LNG re-gasified. During the current year, PLTL has been merged with another state-owned entity, Pakistan LNG Limited (PLL).

7 LOANS, ADVANCES AND OTHER RECEIVABLES	Note	2021 Rupees	2020 Rupees
Considered good			
Advance income tax		178,317	174,717
Loan to subsidiary	7.1	-	30,000,000
Accrued profit		483,855	5,292,000
Other receivable	7.2	39,192,423	15,274,310
Security deposit	7.3	15,000,000	15,000,000
		54,854,595	65,741,027

7.1 This is due from the Subsidiary and the maximum aggregate amount outstanding during the year was nil (2020: Rs. 30 million). This caries interest at 6 months KIBOR plus 5.5% per annum. This has been repaid by the Company during this year.

7.2 This represents expenses incurred on behalf of Pakistan Gas Solutions Limited (a related party) of Rs. 21.22 million (2020: Rs. 15.27 million) and Gwadar Gasport (Private) Limited of Rs. 17.98 million (2020: Nil). The amount is unsecured, interest free and repayable on demand.

7.3 Pending National Accountability Bureau's (NAB) ongoing investigation against one of the shareholders, SECP had placed the Company's request to register charge against assets of the subsidiary company on hold. The Company filed a writ petition with Lahore High Court (LHC) to remove the hold. Under LHC's direction to SECP for registration of the charge, the Company has deposited this amount with Deputy Registrar (Judicial), LHC as security along with an unconditional guarantee and undertaking by the Company that the shares in question shall not be transferred/alienated to any third party without prior approval of NAB.

8 CASH AND BANK BALANCES	Note	2021 Rupees	2020 Rupees
Cash in hand		87,112	23,098
Cash at bank - in current accounts			
Local currency		1,439,597	135,860
Foreign currency	8.1	-	96,496,334
		1,439,597	96,632,194
		1,526,709	96,655,292

8.1 This amount included nil (2020: USD 573,113) equivalent to nil (2020: Rs.96,489,774) on which lien was marked by Habib Metropolitan Bank Limited against bank guarantee issued in favour of Port Qasim Authority, This guarantee has now been withdrawn.

9 AUTHORIZED SHARE CAPITAL

2021	2020		2021	2020
Number of shares			Rupees	Rupees
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

PAKISTAN GAS PORT LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

10 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2021	2020		2021	2020
Number of shares			Rupees	Rupees
408,358,969	408,358,969	'B' class ordinary shares (Voting) of Rs. 10 each fully paid in cash	4,083,589,690	4,083,589,690

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

408,358,969	314,146,174	At the beginning of the year	4,083,589,690	4,083,589,690
-	94,212,795	Shares issued during the year	-	-
408,358,969	408,358,969	At the end of the year	4,083,589,690	4,083,589,690

10.2 As at reporting date, Jamshoro Joint Venture Limited held 107,329,044 (2020: 107,329,044) 'B' class ordinary shares of Rs. 10 each of the Company.

10.3 As per directions of Lahore High Court (LHC) 1,500,000 'B' class ordinary shares of Rs. 10 each held by one of the Company's shareholders can not be transferred/alienated without prior approval of National Accountability Bureau (NAB). (Refer Note 7.3)

11 ACCRUED AND OTHER LIABILITIES

	Note	2021 Rupees	2020 Rupees
Accrued finance cost		483,855	5,292,000
Auditors' remuneration payable		1,455,100	2,080,600
Payable on account of consultancy services		40,828	40,828
Withholding tax payable		68,315	2,500
		2,048,098	7,415,928

12 SHORT TERM BORROWINGS

	Note	2021 Rupees	2020 Rupees
Related parties			
Jamshoro Joint Venture Limited - associated company		22,392,548	22,392,548
PGP Consortium Limited - subsidiary company		183,312,478	253,029,065
Chief Executive Officer		1,460,000	1,460,000
	12.1	207,165,026	276,881,613
Others	12.2	-	30,000,000
		207,165,026	306,881,613

12.1 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.

12.2 This caries interest at 6 months KIBOR plus 5.5% per annum. This is unsecured and repayable on demand.

13 CONTINGENCY

There is no contingency as at June 30, 2020

14 OTHER INCOME

	Note	2021 Rupees	2020 Rupees
Profit on receivable from the Subsidiary		893,951	2,867,000
Liability written back		-	4,775,815
		893,951	7,642,815

PAKISTAN GAS PORT LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

15	ADMINISTRATIVE EXPENSES	Note	2021 Rupees	2020 Rupees
	Fee and subscription		-	13,970
	Professional charges		352,340	25,000
	Depreciation	4.1	830	830
	Amortization	5.1.1 & 5.2.1	9,943,154	9,943,154
	Auditors' remuneration	15.1	444,000	1,207,500
	Rates and taxes		120,000	100,000
	Balance written off		-	1,850,523
	Miscellaneous		10,120	20,148
			10,870,444	13,161,125

15.1	Auditors' remuneration		
	Audit fee	-	1,020,000
	Certifications	-	30,000
	Out of pocket expenses	-	105,000
	Sales tax	-	52,500
		-	1,207,500

16	FINANCE COST	Note	2021 Rupees	2020 Rupees
	Finance cost on short term borrowing	12.2	893,951	2,867,000
	Bank charges and commission		4,138	-
			898,089	2,867,000

17	PROVISION FOR TAXATION	Note	2021 Rupees	2020 Rupees
	Current tax			
	For the year	17.1	-	-
	Deferred tax	17.2	-	-
			-	-

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

17.2 Deferred taxation

Deferred tax asset of Rs. 215.19 million (2020: Rs. 212.04 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.

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	2021 Rupees	2020 Rupees
PGP Consortium Limited	Subsidiary company	100% shareholding in the subsidiary company	Adjustment of loan against issuance of preference shares	30,000,000	-
			Refund of advance given by the Subsidary	96,485,557	18,652,275
			Advance provided by the Subsidiary	16,076,452	-
			Expenses incurred on behalf of the Subsidary	1,267,380	3,330,675
			Interest paid by the Subsidary	483,855	
			Expenses incurred on behalf of the Company	11,960,615	-

Jamshoro Joint Venture Limited	Associated company due to shareholding in the company	26.28%	Loan received during the year	-	-
Pakistan Gas Solutions Limited	Associated company due to common Directorship	-	Expense incurred on behalf of the associate	21,217,049	137,000
Gwadar Gasport (Private) Limited			Expense incurred on behalf of the associate	17,975,374	-
Lub Gas (Private) Limited		-	Liability written back	-	(4,775,815)
Fasih ud din Ahmed	Directors	5.36%	Share issued during the year	-	-
Razi ud din Ahmed		5.36%		-	-

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.

20 DATE OF AUTHORIZATION FOR ISSUE

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

21 GENERAL

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

CHIEF EXECUTIVE OFFICER **DIRECTOR**

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Weighted Average Cost of Capital

Supplementary information	
Risk-free rate	10.70%
Equity risk premium	6.50%
Sector beta	100.00%
Target D/E	60.00%
Tax rate	29.00%
Cost of equity	17.20%
Cost of Equity With Preference Shares	16.58%
Cost of debt	13.70%

WACC	**Mix**	**Kd / Ke**	**K(1-t)**	**WACC**
Debt	30.0%	13.70%	9.73%	2.92%
Preference Shares	11.2%	16.58%	16.58%	1.86%
Equity	58.8%	17.20%	17.20%	10.11%

Weighted Average Cost of Capital				**14.89%**

IRR and NPV (Rupees in Million)	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
EBIT		1,270	1,211	1,199	1,185	1,170
Less: Taxes		-	(285)	(281)	(277)	(273)
		1,270	**926**	**917**	**908**	**897**
Less:						
Working Capital Changes Finance Cost	-	(229)	(229)	(229)	(229)	(229)
PGPC deposit against capacity charge	(840)	-	-	-	-	-
Working Capital Changes	(1,669)	-	-	-	-	-
	(2,509)	(229)	(229)	(229)	(229)	(229)
Net Cash Surplus from Excess Capacity	**(2,509)**	**1,041**	**698**	**689**	**679**	**669**
IRR	16.8%					
NPV	91					

PGP

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

Certified extract of Resolutions passed by the Board of Directors of Pakistan GasPort Limited on March 3, 2022 at its registered office, Associated House, 7- Egerton Road, Lahore.

We hereby certify that the following resolutions of the Board of Directors of Pakistan GasPort Limited ("PGPL") were passed on the **03rd** day of **March 2022**:

RESOLUTIONS:

a) **"RESOLVED** that the Board of Directors of Pakistan GasPort Limited do hereby approve the submission of application with Oil and Gas Regulatory Authority ("OGRA") for sale of RLNG / Natural Gas under Natural Gas Licensing Rules, 2002."

b) **"FURTHER RESOLVED** that Mr. Iqbal Z. Ahmed (Chairman / Director), the Company be and is hereby authorized to sign and submit the application with OGRA and in this connection he is also hereby authorized to sign, stamp the necessary document(s)/agreement(s) in connection with aforesaid and to do all such acts, deeds and things as may be necessary and /or incidental for carrying out the foregoing purposes and to affix the Common Seal of the Company upon any or all the documents referred herein."

We, the undersigned, DO HEREBY CERTIFY that the foregoing is a true copy of the Resolutions which (a) were duly passed in accordance with the Memorandum and Articles of Association, (b) have been duly recorded in the minutes book of the Company, and (c) remain in full force and effect, no action having been taken to rescind or amend the said Resolutions.

By and on behalf of
Board of Directors

Pakistan Gas Port Limited PGPL

Chairman **Company Secretary**

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Fasih Ahmed

26/3 Sarwar Road, Lahore 54810, Pakistan, C: +92-300-848-8245, Email: fasih@ag.com.pk

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EDUCATION

2002 **Columbia University, New York, USA**
Bachelor of Arts

EXPERIENCE

2004 -Present **Associated Group, Director**

AG is a private-sector business house with lines of business in LPG, LNG, Power and Media

- Serving as the founding CEO of Pakistan GasPort Consortium Limited, which owns Pakistan's first greenfield LNG import project and also its largest LNG terminal at Port Qasim, Sindh.
- Successfully negotiated agreements with reputable international companies for the EPC, FSRU (Floating Storage Regasficiation Unit), and equity participation in the LNG Terminal of the group.
- Serving as a Director of Jamshoro Joint Venture Limited since 2004. JJVL owns Pakistan's first private-sector processing plant which is exclusively dedicated to the production of LPG.
- Over the years, led the expansion of the group's LPG portfolio and added new revenue streams.
- Created a formal HR unit to streamline HR practices across the group and its personnel of over 300 staff members.
- Served as a spokesperson for the LPGAP (LPG Association of Pakistan) advocating a ramp-up of domestic LPG production to save foreign exchange, and provide indigenous product at domestically-viable prices so that the LPG market is further indigenized
- Represented the Group, as a speaker, at national and international conferences including the 2020 Oil & Gas conference in Islamabad and at the 2017 FSRU ceremony at Samsung Heavy Industries headquarters, Busan, South Korea.

2010 -Present **Newsweek Pakistan, Editor-in-Chief**

Newsweek Pakistan has been published under a license from Newsweek International

- Founded *Newsweek Pakistan* as a weekly newsmagazine in 2010 and nurtured a new team of young reporters, who have over the years won international awards and accolades
- During 2010-14, *Newsweek Pakistan* print circulation reached the highest in the country with figures of each edition surpassing the numbers of monthly magazines in Pakistan.

JOURNALISM

- Staff Reporter, **The Wall Street Journal ,** Washington D.C.
- Features and OP-ED Writing: **Daily Beast, Newsweek International, DAWN, Daily Times** and **The Friday Times**

RECOGNITION

- Won 2008 **New York Press Club** award for **Newsweek's** coverage of formerprime minister Benazir Bhutto's assassination.
- Served on the Jury of the **Aitchison College Malik Chirag Cup** (in recognition of the best debator)
- Fellow, **East-West Institute**, Hawaii

OTHER SKILLS

Additional Training:

- **LUMS** Lahore, Director Finance Program

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Razi Ahmed

26/3 Sarwar Road, Lahore 54810, Pakistan, C: +92-345-846-2233, Email: razi@ag.com.pk

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EDUCATION

May 2011 **Columbia University, School of International and Public Affairs** **New York, USA**
Master of International Affairs specializing in **International Energy Management and Policy**

June 2005 **University of Chicago** **Chicago, USA**
Bachelor of Arts (Hons) in Political Science
- Study Abroad Program, **Université Paris-Dauphine**, France 2004
- Courses at **Chicago Booth School of Business**: Guide to Business Ethics, Economics of Marketing

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EXPERIENCE

October 2005-(AG)Present **Associated Group**
Director
Founded in 1965, AG is a private-sector business house with lines of business in LPG and LNG
- Team Leader in the development and successful operations of the 125 mmscfd JJVL LPG Production Facility, which formed the expansion of the first JJVL Plant
- Negotiated contracts with Exterran, an American gas compression company, for maximizing plant efficiency and boosting local production of LPG at the JJVL Plants
- Supervise and daily monitor the sale and transportation of the group's LPG portfolio
- Facilitated and been a team player in the negotiations for the financial close and project financing of the country's single largest LNG terminal at Port Qasim, owned by the group company, Pakistan GasPort Limited
- As part of our group's aim for a low-carbon footprint, spearheaded plantations of over 37,000mangroves in Port Qasim in June, 2019 and 2021.

2013-Present **Lahore Literary Festival (LLF)**
Founder and CEO; Up to now, have curated 17 editions of the LLF
- Founded and have institutionalized the annual Lahore Literary Festival, an open and free to the public event, which draws tens of thousands of book-lovers and has hosted in Lahore prominentPakistani and global writers and thinkers
- Forged cultural alliances with Asia Society in New York and the British Library in London to annually host the LLF, as part of these prestigious platforms' official programming, to engage the Pakistani community as well as global opinion-makers to celebrate contemporary Pakistani writing
- Galvanized a community of individuals, from Pakistan and the Pakistani community abroad, to support theLLF through donations and formed a community-based collective 'Friends of LLF'
- Nurtured new Pakistani writing and publications through the LLF, including but not limited to, anillustrated book on the Pakistani modernist-artist Shakir Ali

JOURNALISM

OP-ED Writing: **Huffington Post** (2010); **Dissent** (2010); **Open Democracy** (2009); **DAWN** (2008)

RECOGNITION
- Served on the Jury of the **2015 DSC Jaipur Literature Festival Prize for South Asian Fiction**
- Interviewed by **TANK Magazine** (2008), **DAWN Images** (2008) and **Monocle Radio** (2020); Mentions in articles on **New YorkReview of Books Online**, **NPR Online**, and **BBC Online**

OTHER SKILLS

Languages: English (native) and Urdu (native)
Additional Training:
- **LUMS** Lahore, Director Training Program (2019)
- **INSEAD** Singapore, Family Business Management (2016)
- **University of Cambridge**, Judge Business School, Executive Management Program (2008)

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Asim Iftikhar

BSC(Hons), BFP(ICAEW), FCA(ICAP), ACA(ICAEW)
M: +92.300.8441366
E: iftik.asim@gmail.com

Professional Summary

Mr. Asim Iftikhar is a senior Chartered Accountant with over 35 years' experience in providing Assurance and Advisory Services to Public and Private Companies including Governmental organizations. He is a co-founder and a former Senior Partner of Grant Thornton Pakistan, a category "A" firm of Chartered Accountants as per State Bank of Pakistan's Panel of Auditors Maintained Under Section 35 (1) of Banking Companies Ordinance, 1962.

He joined Associated Group on a full-time basis in June 2012 after his retirement from the CA Firm. Presently, Mr. Asim Iftikhar is on the Board of Jamshoro Joint Venture Limited (JJVL) and PGP Consortium Ltd (PGPCL) where his primary responsibility is to ensure that the financial decisions taken by the Board of Directors are in line with Generally Accepted Accounting Principles (GAAP) and comply with Corporate Governance rules. Mr. Asim Iftikhar is also minority shareholder of JJVL and PGPCL.

Academic & Professional Qualifications

- **Chartered Accountant - ACA (Full voting member)** - Institute of Chartered Accountants in England and Wales (ICAEW)

- **Chartered Accountant - FCA (Full voting member)** - Institute of Chartered Accountants in Pakistan (ICAP)

- **ICAEW Business and Finance Professional (BFP)** - Institute of Chartered Accountants in England and Wales (ICAEW)

- **Bachelor with Honours (BSC Hons)** – University of the Punjab.

- **Matriculation** -- St Anthony's High School, Lahore.

Work Experience 1983 to date

Associated Group Lahore
Director Finance
February 2012 – Present

Key Role and Responsibility

- Finance Director of Jamshoro Joint Venture Ltd (JJVL) and PGP Consortium Ltd (PGPCL) since 2012.
- He has been overseeing senior management functions relating to Accounting and Finance and sits on the Boards of JJVL and PGPCL.
- He advises the Board on financial, management, corporate and policy matters.

Anjum Asim Shahid Rehman Grant Thornton (GT Pakistan)
Founder and Senior Partner
January 1982 – January 2012

Skills, Expertise and Services provided

- Mr Iftikhar's was Head of External and Internal Audit at GT where his primary responsibility was to oversee the Statutory Audit Services of International and Local clients ranging from private and listed companies to Investment Banks, Leasing companies and Modarabas.
- Conducted detailed review of credit policy, classification of loans, investment policy and internal system review.
- Provided Advisory Services to various Governmental entities.
- Investment advisory including the preparation of Financial Feasibilities/Business Plans by matching the fund requirements with the potential sources of funds.
- Audit and Accountancy Services.
- Development and implementation of accounting and management systems and SOPs' for various private and public sector companies to facilitate management reporting and decision making.
- Due diligence and business valuations for the purpose of acquisitions/disposals and evaluation of offers and negotiation of terms for the clients.
- Corporate and financial analysis and review of business process and provided strategic business advice on corporate strategy and maximization of shareholder' value.
- Human Resource Services including organization design & development, human resource due diligence, need assessment and restructuring.
- Performance Analysis and Evaluation of Companies by assessing their policies procedures, design and effectiveness of internal controls and accounting and reporting systems.
- Advisory Services to Set Up Companies, Share Flotation and Foreign Investment by identifying Joint Venture and other business options and completing procedural requirements and to carry out Statutory and Internal Audit

Computer and ERP Skills

- Microsoft Office (Advanced)
- Financial Modelling (Advanced)
- SAP
- External and Internal Audit Software
- GT Explorer and Voyager
- Epicor
- Navision

Social Memberships (Past & Present)

- Member of Lahore Chamber of Commerce and Industry (LCCI)
- Member of Committee Sick Units Revival of IDBP
- Member of Finance Committee of Universal Health Sciences
- Member of Board of Management of Lahore General Hospital

Languages

- English - Native or bilingual proficiency
- Urdu - Native or bilingual proficiency

Muhammad Kashif, ACA

382-, Askari-X, Lahore Cell: +92 301 4110483
Email: muh_kashif@hotmail.com

Chartered Accountant with over fifteen years proven business evaluation & establishment experience with renowned business group and one of the BIG five international accounting firm in managerial capacity having proven vision, analytical mind, solution-oriented thinking and sound decision-making abilities having deep understanding of energy sector in particular and business and industrial sector in general in the country.

Core Expertise

- Financial modeling & advance simulations
- Business/Project Evaluation
- Corporate and financial structuring & restructuring
- Accounting & Financial Mgt
- Business analysis, evaluation & planning
- Financial Analysis & Reporting
- Market research & surveys
- Controllership & Decision Support
- Growth Strategy Development
- Resource Management
- Corporate governance

Major Sectors Served

- Energy (especially LNG Sector)
- Real Estate / Construction
- Food & Agriculture

Professional Experience

Chief Financial Officer, PGP Consortium Limited

Working with PGP Consortium Limited, an Associated Group company formed to set up a LNG Import Terminal at Port Qasim Karachi. I am part of strategic team of Associated Group responsible for Energy Sector projects planning, development, implementation and monitoring with specific focus on LNG sector.

Major achievements include:

- Part of team that successfully implemented Pakistan's 2nd LNG Import Terminal Project.
- Part of team negotiating agreements with various stakeholders of the LNG import terminal starting from terminal development to operations and expansion.
- Worked as a member of team engaged in LNG import terminal bidding process for PLTL tender, engaged in preparation of all bidding documents to secure the Project successfully.
- Facilitated management in all post bid activities including contract negotiation with PLTL.
- Engaged with top management in devising a feasible business model and prepared financial feasibility and business plan.
- Prepared presentations for equity investors, banks, financial institutions and other stakeholders.
- Facilitated management in negotiation with FSRU supplier, EPC & O&M contractors and other counter parties for various MOUs and agreements.
- Liaison with various environmental, technical, market/commercial and financial consultants and interpreting and translating their reports and recommendations to assess the financial impact in line with the business model of the company.
- Facilitated technical, commercial and financial due diligence of the project by the potential investors, sponsors and their appointed consultants.

Past Positions Held
Grant Thornton International, Pakistan

- **Manager Advisory Services – (August 2010 to June 2012)**
- **Assistant Manager Advisory Services – (February 2009 to August 2010)**
- **Financial Analyst/Articleship Trainee – (July 2005 to February 2009)**

In addition to development and supervision of back-office departments of the firm, served a diversified mix of clients in core service lines of corporate finance, risk assessment & management and market research & surveys. Added new service lines and improved service delivery of Management Advisory Services Department through resource development and knowledge management.

Major achievements:

- Successfully completed more than 70 consultancy assignments for clients from various sectors.
- Accomplished financial modeling of seven power projects - value exceeding US$ 980 million and capacity exceeding 1,000MW.
- Provided Advisory services for real estate and construction sector projects like JW Marriott hotel, Sports City Lahore, Master City, Eden Builders and Ashiana Housing Scheme of Govt. of Punjab.
- Developed business plans, implementation & monitoring strategy, carried out product development surveys, developed products suitable for these entities in their respective areas of operations.
- Re-organization of corporate finance department and supervision of Knowledge Management and Business Intelligence disciplines.
- Carried out department's human resource requirements assessment and developed and implemented strategy to train and retain specialized staff.
- Improved quality of services and reduced delivery time to 70% by developing standard procedures and benchmarks with the help of knowledge management.
- Designed and implemented the strategy to move towards paperless working environment.
- Improved service line of market research & surveys and carried out "Skill Gap Assessment" survey for the first time in Pakistan and "SME sector specific Banking Products Development" survey along with many other assignments.

Concept Papers and Research Work

- Concept paper for **Establishment of Foreign Company in Pakistan** to facilitate foreign investment.
- Concept paper for the establishment of companies to take up different **Joint Venture Projects.**
- Research Paper on **Community Based Adaptation to Climate change** in district Bahawalnagar.
- Prepared an awareness manual for farmers for **Promotion of Drip Irrigation in Southern Punjab**.

Trainings and Workshops

- **Certified Director**, registered with Pakistan Institute of Corporate Governance under SECP regulations.
- Training on **Public Procurement Regulatory Authority (PPRA) Rules** organized by ICMAP.
- Training Workshop on **High Performance Culture** organized by ICAP.
- Training workshop on **Anti Money Laundering** organized by TerraBiz.

Countries Visited

- Frequently visited **UAE, USA, UK, Vietnam & Thailand** for business meetings and Conferences.

Key Qualifications & Memberships

Fellow Chartered Accountant (FCA) - June 2010 (The Institute Of Chartered Accountants Of Pakistan)
Associated Corporate Secretary (March 2012) (The Institute of Corporate Secretaries of Pakistan)
MS Project Management (COMSATS) Course work completed

Professional Associations

Served as:

- **Member** Pakistan Renewable Energy Society
- **Member of Standing Committee** of "Lahore Chamber of Commerce and Industry" on "Corporate Governance"
- **Fellow** of Lead Pakistan
- **Member** CA **Toastmasters** Club Lahore

RAHAT KAMAL SIDDIQUI
NIC No. 42301-7206968-3

March 2021

Education	– Master of Science in Civil Engineering (Construction and Engineering Management *) from Oklahoma State University, USA - 1984 (3.82 GPA) – Bachelor of Civil Engineering from NED Engineering College, Karachi-1974
Experience Summary	45 years overseas and local experience 1. **PGP Consortium Limited (PGPCL): A subsidiary of Associated Group, Lahore** – **Duration:** Six years plus (since Nov 2014) – **Position:** Sr. Project Director – **Job Responsibility:** – Played lead role in technical, commercial and project management: ▪ in the setting up of PGPL LNG Import terminal (Phase-1) at Port Qasim, Karachi from the bidding stage upto construction/commissioning and currently its operation since Jan 2018. ▪ Proposed LNG Import Terminal (Phase-2) which is ready for commencement of construction. Remained associated with the team all along the project since inception to the current stage where it is ready for construction. ▪ Gwader LNG Import Terminal: Part of project team and lead in technical matters and project management. 2. **Sui Southern Gas Company Limited, Karachi** – **Duration: 29 years (1985-2014)** – **Last Position:** Deputy Managing Director (Operations) and Project Director. – **Job Nature:** Worked mostly in **engineering** and **non-engineering** departments of SSGC either directly in the department or these are/were reporting to me in my senior management capacity; such as: **Engineering** – World Bank funded Natural Gas Efficiency Project – LNG import projects – Special Projects – Planning & Development – Gas Measurement – Construction – Transmission – Services **Non-Engineering** – Procurement and Stores – Customer Relations – Customer Billing – Sales – Meter Plant – Training Institute
	3. **Cansult Limited, Canada: 7 years 8 months (Dec 1975 to Aug 1983)** – Worked in Saudi Arabia with Cansult Limited; a consortium of Canadian Consulting

	Companies; as Field Engineer; supervised/managed multi million riyals public utility projects viz. water, sewerage, storm drainage, in the cities of Riyadh and Medinah, Saudi Arabia, involving international contractors.
	4. **NESPAK, Quality Builders and Soil Mechanics Ltd. August 1974 to Dec 1975** Worked with NESPAK and Quality Builders on Pakistan Steel Mills construction project, and with Soil Mechanics on the construction of State Life Building No-9, Karachi.

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ALI HASEEB

(B.Sc. Chemical Engineering)
(Certified Professional Engineer)

Address : 135-B, Gulshan-E-Ravi, Lahore, Pakistan
Contact : 0092 345 4006885
E-mail : ali_haseeb@hotmail.com

Area of Expertise:

Operational:

Liquid/Gas separation, crude oil sweetening & stabilization, sour gas sweetening & dehydration, LPG & NGL extraction, gas compression, sulphur production, gas online metering & chromatography, water treatment, trouble shooting/diagnosis, theoretical calculations, gas shrinkage, plant material & energy balances and billing etc.

Projects:

Erection of gas processing facilities, LNG terminals, projects feasibility, design review, projects management, standard codes & practices.

Miscellaneous:

Budgeting, tendering, bidding, contracts formulations, standard procedures development & implementation, JSA, PTW, safety procedures development & implementation, assets integrity, QHSE policies implementation and safety trainings.

Professional Experience (Total = 19 Years):

A) "Sr. Manager Technical" - Jamshoro Joint Venture Limited
(Sep-2006 to Date)

Jamshoro Joint Venture Limited (JJVL) owned largest LPG and NGL Plants having gas handling capacity of **325 mmscfd** with productions of up to 800 M Tons/Day of LPG and 250 M Tons/Day of NGL. The group also owned LNG terminals and marketing companies.
Working as "Sr. Manager Technical" and my key responsibilities include operations & maintenance of gas processing plants, projects feasibility and projects formulation.

Areas of Responsibilities/Experience in Jamshoro Plants:

1. Operations & Maintenance of LPG/NGL extraction plants using SCORE process and recompression of 300 mmscfd of residual gas. Solvent oil recovery from NGL.
2. Project Leader for installation and operation of 125 mmscfd of LPG/NGL extraction facility (Phase-II).
3. Project Engineer for installation, testing, commissioning and operations of LNG Terminal-I at Port Qasim having gas handling capacity of 750 mmscfd.
4. Project Engineer for installation of LNG Terminal-II at Port Qasim having gas handling capacity of 750 mmscfd.
5. Working as Project Engineer for LNG Terminal at Gawadar.

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B) "Process Engineer" - Pakistan Oilfields Limited
(Aug-2001 to Sep-2006)

Worked with **Pakistan Oilfields Limited** as Process Engineer at various oil & gas installations and responsible for plants & well head operations, troubleshooting, implementation of company HSE policy, daily & monthly production reports and production database control.

Experience in Pakistan Oilfields Limited:

1. Well Head and Tank Farm operations.
2. Sour crude oil sweetening, stabilization, storage and pumping.
3. 20,000 Bbls/Day of crude oil decanting, metering and pumping facilities.
4. Sour gas Purification Plants using circulating flow of methyldiethanol amine, MDEA and monoethanol amine, MEA (Girbitol Process).
5. Sulphur recovery units (Claus Process).
6. Natural gas dehydration using glycol (TEG) and Molecular Sieves.
7. LPG recovery by cryogenic process using Turbo Expander and residual gas recompression by Gas Turbine driven Multi stage centrifugal compressor. Solvent oil recovery from NGL.
8. Solvent oil extraction from crude oil & NGL.
9. Operation & Maintenance of Equipments handling includes hot oil heaters, coolers, boilers, chillers, condensers, gas turbines, compressors, turbo-expander, gas & diesel engines, instrumentations, pumps and plant utilities.

C) Miscellaneous
(December-2000 to July-2001)

Worked as Production Engineer in

1. Century Paper & Board Mills.
2. Sampak Paper & Board Mills Limited.
3. Descon Engineering Limited in HSE department.
4. FMC Pvt. Limited manufacturing pesticides and herbicides.

NASIR PERVEZ GILL

(+92) 323 777 0321 | gillkhan@gmail.com
Apartment 7A, Block 118, Askari 5, Malir Cantt, Karachi

SENIOR PROJECT MANAGER

Business Strategy | Field Development | EPCM

Senior manager with 18 years of experience, managing a diverse portfolio in Oil and Gas, LNG Import Terminal, Pipelines and Civil & Infrastructure projects. Established US$ 0.5 Billion LNG Import Terminal on Build, Operate and Transfer (BOT) and currently overseeing its operations. Lead conceptual engineering of US$3 Billion Greenfield onshore sour gas field development project and several other multi-million dollar projects. Natural leader, guiding teams in engineering and project management. Managing large disciplinary teams in delivering projects on time and within budget. Strong industry networking, liaison and ability to strategize and plan all phases of the project and implement business strategies. Established engineering design office in Pakistan.

- Upstream Oil & Gas
- Strategy Making & Evaluation
- Corporate Strategy & Governance
- EPCM
- LNG & LPG terminal
- Pipelines
- O&M Management
- Conceptual Engineering
- Project Management & Engineering
- Contract Management
- New Venture Creation
- Procurement & Supply Chain
- Multi-million dollar Projects
- FEED Packages
- Sales & Marketing
- Construction Management
- Business development
- Civil & Infrastructure

PROFESSIONAL EXPERIENCE

PAKISTAN GASPORT LIMITED (PGPL), Karachi, Pakistan — **2017 – Present**
Senior Project Manager

Conceptual Design, EPC and Commissioning of Pakistan's largest LNG Import Terminal worth US $ 500 Million, involving chartering of one of the largest FSRU (LNG capacity of 170,000 m^3) in the world, construction/laying of 30-inch dia., 14 km high pressure transmission pipeline (including 1.1 km section of HDD pipeline 6 meters under sea bed) having capacity of 1.2 BCFD. Major roles include:

- Develop & monitor project strategies, schedules, costs and change orders to ensure seamless delivery.
- Adherence and compliance with all relevant regulations including environmental and HSE standards.
- Overseeing operational matters to ensure maximization of profits and terminal efficiency.
- Review and monitor O&M budgets for the LNG terminal.

PETRONAS, Twin Towers, Kuala Lumpur, Malaysia — **2013 – 2016**
Executive Front-End Engineering

Key Projects:

MLNG Dua, Area Development Plan (ADP), Sarawak, Malaysia, 2015 – 2016
Project Lead

- Lead multi-disciplinary team of 15 lead engineers in highly strategic project involving critical assessment and optimum development of 10 offshore assets (WHP, CPPs, RPs) to enhance PSC value and GSA commitment aimed at strengthening PETRONAS' E&P aspirations.

Terenganu Crude Oil Terminal, Water Handling Capacity Upgrade Project (FEL2), Peninsular Malaysia, 2014 – 2015
Project Lead

- Enhanced PETRONAS' critical asset's operational value, making it capable of stabilizing and exporting 380kbd of crude oil.
- Saved US$80M in CAPEX and OPEX through strategic technical assessment and changing project's entire dynamics from CAPEX intensive to operational enhancement concept.
- Lead multi-disciplinary team of 6 engineers.
- Played instrumental role in minimizing risk and changing stakeholders' mindset who were in support of CAPEX investment

continued...

- Involved in establishment of design procedures for the "Performance Test Run" of crude oil terminal successfully accomplished for the first time in Malaysia.

Terminal Crossover Project (FEL1), Peninsular, Malaysia, 2013
Project Manager

- Saved US$2B in capital investment for the construction of a new Gas Terminal intended to secure gas supply in case of downturn. Project started as critical and ended as non-critical. Project feasibility was developed for a total CAPEX of US$70M with recommendation to deter investment due to non-critical nature of project.
- Saved US$1M in engineering feasibility studies by cutting resources to 3 individuals from initially planned 10.

Pre-Investment Appraisals of Oil and Gas Projects, Myanmar, 2013 – 2014
Lead Front-End Engineer for seven pre-investment appraisals of various Oil & Gas projects.

- Developed pre-investment proposals favoring lower investments with high returns, leading to PETRONAS winning 3PSCs.

WORLEY PARSONS RESOURCES AND ENERGY, Muscat, Oman **2009 – 2013**

Project Manager, Shell, Oman, 2011 – 2012

- Developed and engineered US$3B Shell's Yibal Khuff integrated gas field development project.
- Successfully introduced Oman's first SRU and tail-end gas treatment technology with this project.
- Implemented robust project engineering and project management system ensuring high-quality projects completed within scheduled timeframe and budget, saving US$300,000.

Senior Package & Project Engineer, BP, Oman, 2012 – 2013

- Spearheaded 60-member team of engineers and designers for the development of off-plot Design and Tendering Packages of US$15 billion BP Khazzan Gas Field Development Project, with Tendering Packages worth US$3B.
- Developed multiple FEED packages, comprising Water Gathering & Supply System, Gas & Condensate Export System and multiple infrastructure works.

Project Manager, Shell's Engineering & Maintenance Contract Brownfields, Oman, 2009 – 2011

- Managed and oversaw overall US$50M project for Shell's Engineering Maintenance Contract of Brownfield Hydrocarbon facilities.
- Successfully completed all brownfield projects ahead of time and within budget, including the commissioning of construction packages for 300km GRP/GRE pipelines and 200Km CS pipelines.

Proposal Manager (additional responsibility), 2010

- Developed US$4.5M PMC proposal for a Shell Gas field development project in Oman.
- Developed US$650M EPC proposal for Desalination Plant in Oman.

FUTURE PIPE INDUSTRIES, Muscat, Oman **2006 – 2009**
Construction Project Manager

Managed projects worth US$60M, which includes 8" 37km high pressure Oil export pipeline for Shell, 30km of sea water supply/return pipeline for Alstom's 1000MW Power Generation Plant (1st Power Plant in Oman), 40km sea water supply pipelines of various diameters feeding multiple industrial requirements at Sohar Port, Oman.

DEFENSE HOUSING AUTHORITY & ARMY HOUSING DIRECTORATE, Karachi, Pakistan **2001 – 2006**
Executive Engineer / Site Incharge

- Supervised projects worth US$ 5 Million.
- Responsible for design, contract and construction of multibillion rupees projects including concept design and development of the largest phase (Phase-8) of Karachi.
- Established a Design office comprising a team of 10 engineers and designers.

EDUCATION, CREDENTIALS & AFFILIATIONS

- **Master in Business Administration (MBA),** Strategic Business Management, University of Strathclyde, UK, 2020.
- **Bachelor of Engineering (Civil),** National University of Science and Technology (NUST), Pakistan, 2001.
- **Project Management Professional (PMP),** Project Management Institute, USA, 2012, *Certification No. 1525898.*
- **Professional Engineer (PE),** Pakistan Engineering Council, Washington Accord, USA. *Membership No. Civ/22242.*

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Ali Iftikhar

BA(Hons), Grad Cert, Grad Dip, SA Fin, BFP(ICAEW), CA(ANZ), ACA(ICAEW)
M: +92.300.8445152
E: aiftik@gmail.com

Professional Summary

Ali is a qualified Chartered Accountant from three prestigious institutes spanning three different continents with over 16 years of global experience in providing Assurance, Advisory and Consulting services. He has provided these services across listed, multinational, local private and public sectors spanning multiple industries from Construction, Real Estate, Manufacturing, Energy and Consumer Business to Start-ups. His leadership capabilities have been recognised through his nomination for the development and roll-out of key internal projects at Deloitte.

Ali has led large teams operating out of different continents, executing complex projects from inception to completion and is able to provide a structured framework to analyse complex situations into simple strategic imperatives while meeting strict deadlines and maintaining excellent client relationships. His hands-on management approach has ensured exceptional service delivery as well as enabling valuable upskilling for team members. He is a trusted advisor who builds sustainable relationships with clients and is known for bringing a pragmatic and commercial approach to complex client issues and transactions.

Ali's extensive portfolio at Deloitte incorporated some of the world's largest multinational organisations.

Academic & Professional Qualifications

- **Chartered Accountant - ACA (Full voting member)** - Institute of Chartered Accountants in England and Wales (ICAEW)
- **Chartered Accountant - CA (Full voting member)** - Chartered Accountants Australia and New Zealand (CA ANZ)
- **Chartered Accountant - CA** - Institute of Chartered Accountants in Pakistan (ICAP)
  **membership being awarded on the basis of ICAEW & CA ANZ.*
- **ICAEW Business and Finance Professional (BFP)** - Institute of Chartered Accountants in England and Wales (ICAEW)
- **Senior Associate – SA Fin (Full voting member)** - Financial Services Institute of Australasia (FINSIA) *represents the entire financial services industry across Australasia.*
- **Graduate Diploma of Chartered Accounting (Grad Dip)** - Chartered Accountants Australia and New Zealand (CA ANZ)
- **Graduate Certificate in Business (Grad Cert)** - Queensland University of Technology, Australia.
- **Bachelor with Honours in Accounting and Finance (BA Hons)** - University of Essex, UK.
- **Cambridge External Examinations *A Levels*** – LACAS, Lahore.
- **Cambridge External Examinations *O Levels*** – Aitchison College, Lahore.

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Employment

Associated Group
Business Development and Finance, Lahore, Pakistan
Head of Business Development
Feb 2019 – Present

Key Role and Responsibility

- Contributing to the achievement of the company's business objectives by providing advice and guidance on financial matters.
- Reviewing financial models, financial statements and agreements.
- Analysing financial risks and benefits on new business ventures.
- Evaluating and performing due-diligence on new investment opportunities and making recommendations based on evaluation.
- Providing financial advice and guidance to the company's managers and staff to enable them to achieve their objectives.
- Developing and managing strategic partnerships with external partners.
- Managing stakeholder relationships at all levels of seniority.
- Driving process improvement, organisational change and business growth.

Deloitte Asia Pacific
Assurance and Advisory, Sydney, Australia
Experienced Analyst, Senior Analyst, Assistant Manager, Manager, Senior Manager, Treasurer Deloitte Foundation and National Taskforce Leader – Audit Transformation.
April 2013 – Feb 2019

Key Role and Responsibility

- Managed a large varied engagement portfolio of audit clients (revenue ranging from A$500 Million to A$60 Billion), including strategic accounts.
- Responsible for supporting partners in executing the business strategy, managing client relationships and applying strengths to grow the business which includes actively targeting and managing new and existing clients, as well as providing additional offerings.
- Worked closely with partners to develop talent, managing engagement budgets, resourcing, WIP management, negotiating fees, cost overruns, cash collection and delivering operational metrics.
- Managed and coordinated client service team meetings for strategic clients.
- In the capacity of Counsellor, responsible for managing career plan, objectives and development of junior staff.
- Performed engagement quality control reviews in line with Deloitte policy and Audit approach manual, which includes objective evaluation of the significant judgements made by the engagement team and the conclusions reached in formulating the audit report.

Skills and Expertise

- Prepared and presented Board Audit Committee and Audit Strategy reports to Senior Management, Audit Committee and the Board, including application of digital reports to further enhance the communication with the Board.
- Attended Annual General Meetings and Managing Key Stakeholders.

- Chief Financial Officer Transition Workshop - Ali provided valuable insights from his in-depth knowledge of client's business in regards to the preparation of "CFO Transition Workshop" conducted by Deloitte Sydney to facilitate the transition of the newly appointed CFO for a strategic listed client. This workshop was received very positively by the Senior Management and the Board.
- Managed simultaneous audit engagements with competing priorities and challenging deadlines for multi-national, public, private and Australian Stock Exchange (ASX) listed entities.
- Proactive leadership and management style to ensure teams meet deadlines whilst assisting them to develop and strengthen their skills.
- Successfully managed large teams on complex and strategic listed client engagements.
- Proven ability to develop strong client relationships, which is evident from high ratings received on most of the client service assessments.
- In-depth knowledge of IFRS and International Auditing Standards. Responding to technical accounting queries from clients, which include conducting necessary research within the relevant accounting standards, liaising with internal specialists and presenting an appropriate accounting and commercial solution.
- Facilitated and presented IFRS updates to the clients including the implications of new standard and to assist clients to manage the transition effectively.
- Review of financial models (Value in Use and Fair Value) for impairment testing in conjunction with Corporate Finance team.
- Prepared and reviewed general purpose and special purpose financial statements under IFRS.
- Advised clients on IFRS related queries.
- Evaluated the design, implementation and operating effectiveness of entity level controls and process level controls.
- Proven ability to manage and lead innovation and change management projects.
- Ali worked closely with the digital team to help facilitate the preparation of Board Audit Committee and Audit Strategy reports in a digital format compatible on various IT platforms. This project assisted in enhancing the user experience from Senior Management, Audit Committee and the Board of Directors' perspective.
- Presented Deloitte Thought Leadership, Economic and Industry Update to Senior Management, Audit Committee and the Board of Directors.
- Application of Data Analytics - Coordinated workshops with the Data Analytics team to leverage their capability in significant audit risks areas like Revenue (applying advanced analytics capabilities to derive and identify long term construction contract selections) and Trade Debtors (profiling / analysing ageing and recoverability). This assisted in enhancing audit quality and efficiency and resulted in creating a unique audit experience, valuable insights, ideas and generating solutions through a deeper understanding for the client's activities.

Grant Thornton Australia
Assurance and Audit, Brisbane, Australia
Trainee, Graduate, Accountant, Senior Accountant
Sep 2006 – Dec 2012

Key Role and Responsibility

- Started as a trainee in the firm's Assurance and Audit division.
- Audit of mid-size companies as per requirements of International and Australian financial accounting standards, Australian Stock Exchange (ASX) requirements, ASX listing requirements, Australian Securities and Investments Commissions (ASIC) requirements, Australian Auditing Standards and Sarbanes-Oxley Act.
- Conducted and participated in numerous training seminars on various financial reporting issues including updates from the Chartered Accountants Australia and New Zealand.

- Conducted special assignments, including due diligence procedures and agreed-upon procedures, as they arose.
- Reviewed client's internal controls and procedures with solutions to mitigate material misstatement and detect fraud.
- Prepared of financial statements of companies including consolidation.

Computer and ERP Skills

- Alteryx (Data Analysis)
- Microsoft Office (Advanced)
- Financial Modelling (Advanced)
- SAP
- External and Internal audit software
- Tailored ERPs
- Tableau for Data Visualization
- Epicor
- Microsoft Navision

Other

- **Lahore Chamber of Commerce and Industry (LCCI)**
  - Convener Standing Committee on Energy and LNG
  - Member Standing Committee on Banking, Finance & Taxation
- **Lahore Chamber of Commerce and Industry Start-up Incubation Centre (LASIC)**
  - Board Member and Mentor

Languages

- English - Native or bilingual proficiency
- Urdu - Native or bilingual proficiency

References

Available on request.

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

Resources to handle emergency situations

PGPCL, subsidiary of PGPL, is safely operating the LNG Terminal at Port Qasim since April 3, 2018 that supplying RLNG through 14 Km pipeline of 30 in. PGPL is planning to sale RLNG at Custody Transfer Station (CTS) or through end customers using Sui networks.

PGPL has an O & M arrangement for RLNG transmission from FSRU to CTS of SSGC.

PGPL/FOTCO shall make adequate arrangements to handle emergency conditions like accidental damage, pipeline rupture, gas leak, gas fire, natural calamity, riots, etc.

The standard arrangements shall include:

- A 24/7 Control Centre shall be established for surveillance and monitoring of gas pipeline network.
- A dedicated team of technical staff shall be available to handle pipeline emergency at short notice.
- Regular patrolling of high pressure pipeline network shall be done for security.
- Auto gas shutoff valves shall be installed at vulnerable points.
- Adequate machinery and equipment shall be made available for handling of emergencies.

PGPL shall comply with all service obligations notified by Oil and Gas Regulatory Authority Natural Gas Licensing Rules, 2002.

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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

Associated House, Seven Egerton Road, Lahore 54000

Names and Business Addresses of PGPL's Senior Management

1.	Chairman	Mr. **Iqbal Z. Ahmed** Associated House, Seven Egerton Road, Lahore
2.	Director	Mr. **Fasih Ahmed** Associated House, Seven Egerton Road, Lahore
3.	Director	Mr. **Razi Ahmed** Associated House, Seven Egerton Road, Lahore
4.	Director (Legal)	Mr. **M. N. Beg** Associated House, Seven Egerton Road, Lahore
5.	Head of Finance	Mr. **Asim Iftikhar** Associated House, Seven Egerton Road, Lahore
6.	Head of Finance & Business Development	Mr. **Ali Iftikhar** Associated House, Seven Egerton Road, Lahore
7.	General Manager (Finance)	Mr. **Muhammad Kashif** Associated House, Seven Egerton Road, Lahore
8.	Senior General Manager (Tax)	Mr. **Saquib Usman Malik** Associated House, Seven Egerton Road, Lahore
9.	General Manager (Technical)	Mr. **Ali Haseeb** Associated House, Seven Egerton Road, Lahore
10.	Company Secretary	Mr. **Nadeem Qader** Associated House, Seven Egerton Road, Lahore
11.	Senior Director (Technical)	Mr. **Rahat Kamal** 65, Old Clifton, Karachi
12.	Senior Director (Administration)	Mr. **Zuhair Siddiqui** 65, Old Clifton, Karachi
13.	General Manager (Coordination)	Col. **Muhammad Akmal Moughal**, retired 65, Old Clifton, Karachi
14.	Senior Director (Pipelines)	Mr. **Qamar Kazi** 65, Old Clifton, Karachi
15.	Manager (Administration)	Mr. **Ali Raza** 65, Old Clifton, Karachi

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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 Directors & PGPL holding more than 10% voting interest in other entity engaged in business of Natural Gas.

Sr. No	Name	Entity	Shareholding - Voting Rights %
1	Pakistan GasPort Limited	PGP Consortium Limited	100.00%
2	Iqbal Z. Ahmed	Jamshoro Joint Venture Limited	51.00%
		Lub Gas (Private) Limited	70.16%
		Mehran LPG (Private) Limited	79.38%
3	Qazi Humayun Fareed	Jamshoro Joint Venture Limited	17.93%
		Lub Gas (Private) Limited	21.57%
4	Asim Iftikhar	Tez Gas (Private) Limited	11.03%

Company Secretary

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

Information Required Rule-4(3)(m) of Natural Gas Licensing Rules, 2002

i) The terminal is expected to have excess capacity available of 150 mmscfd available.

ii) These private sale negotiations are in advanced stages of finalizing with:

a. **Universal Gas Distribution Company (Pvt.) Limited** for supply RLNG. Letter of intent is attached

b. **OTO Pakistan** for supply of 50 mmscfd of RLNG. Letter of intent is attached.

iii) & iv) All supplies to aforementioned consumers would be consistent and as per agreement

In addition to above, **OQ Trading Limited** will supply 1 million tons of LNG per year to PGPL.

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GDC

The Chief Executive Officer,
Pakistan GasPort Limited,
Associated House,
7-Egerton Road, Lahore.

Ref: UGDC-PGPC-003
Date: December 27, 2021

Dear Sir,

Re: Letter of Intent

We note with interest that Gwadar GasPort (Private) Limited ("GGPL") is intending to bring LNG to Gwadar Port and distribute it through "virtual pipeline" on LNG tankers. This model is successful in many parts of the world and is particularly useful for CNG stations.

Universal Gas Distribution Company ("UGDC") is keenly interested to utilize maximum gas that can be made available to us, subject to commercial terms and pricing. UGDC is a ready customer for use of LNG and as all its transactions are against cash and there are no payment problems.

We appreciate the initiative taken by you to bring gas through a virtual pipeline system because it will help setting up CNG stations in the remote areas of the Country to the benefit of the consumers.

We estimate that over a year or so, we can utilize around 100 mmcfd or more of LNG from GGPL.

Yours truly,

Universal Gas Distribution Company (Pvt) Ltd

On behalf of UGDC

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OTO
driving together

Ref: OTO/F&A/20105012
July 26, 2021

The Chief Executive
Pakistan GasPort Limited
Associated House
7-Egerton Road
LAHORE

Subject: **Supply of RLNG**

Dear Sir,

We understand that you are successfully operating LNG Import Terminal at Port Qasim, Karachi and that the Terminal has the excess capacity that can be sold to other customers including both public and private sector consumers.

We OTO Pakistan (Private) Limited (OTO) is an Oil Marketing Company (OMC) based in Punjab, Pakistan with a focus on high levels of quality & quantity standards to a class of educated customers. It is managed by its two founding directors and has an average of last five years annual turnover of around PKR 4.85 billion (USD 38.71 million), a direct customer base of around 50 customers, seven (7) retail outlets and a dedicated & focused team of around 50 employees. It is growing its revenue slightly above the industry average and achieved industry's best practice KPIs. The company is duly licensed for the activity of OMC by Oil & Gas Regulatory Authority (OGRA) of Pakistan. OTO was incorporated in 2008. The Company was approved for OMC License in 2014 and had been issued provisional license for marketing of Oil Products in 2017. The Authorized Capital of the Company is PKR 1.00 billion (USD 6.45 million) of which Rs. 704.00 million (USD 4.54 million) is currently paid up.

To diversify in current composition of product being marketed by OTO, the Company has applied for permission of Sale of Natural Gas to OGRA through its subsidiary company OTO Gas (Private) Limited however, the permission is currently being withheld for want of an MOU with Operational LNG Terminal Operator which in the current scenario can only be provided either by Engro Elengy Terminal Limited or PGP Consortium Limited provided if they can commit any surplus capacity for in support to our pending license.

Keeping in view above, we may enter a discussion with you on the basis of following general commitments:

- Offtake of minimum 50 MMCFD of RLNG.
- The supply shall be on a "give-or-pay" or a "take-or-pay" basis.
- Minimum term of the Agreement shall be the remaining period of available capacity whichever is less.

OTO PAKISTAN (PRIVATE) LIMITED

LUKOIL LUBRICANTS

OTO Pakistan (Pvt) Ltd
Formerly Outreach (Pvt) Ltd
OTO House, 66-B, Block C-3, Gulberg III, Lahore, Pakistan
Tel: +92-42-111-OTO-OTO (686) +9242-35772492-98 Fax:+9242-35772499
www.otopakistan.com

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- The price at the Delivery Point in Port Qasim shall be negotiated but shall not exceed the OGRA determined price for the relevant month included of allowed margin of Selling Company.
- Reach to consensus on "Heads of Agreement" duly cover understanding on payment mechanism of RLNG.

We are available at mutual convenience to engage in detailed discussions with you at the earliest so that, subject to our agreement, the final application is moved by OTO with the relevant Government authorities required approvals.

We are looking forward to an early response from you on the matter.

Yours truly,

Tariq Mehmood
Chief Executive

OTO PAKISTAN (PRIVATE) LIMITED

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The Managing Director,
Pakistan GasPort Limited,
Associated House,
7-Egerton Road, Lahore.

1-Aug-2021

Dear Sir,

<u>Subject: OQT/PGPL Potential LNG Supply Arrangements at Gwadar and Port Qasim</u>

Reference is made to our various discussion held on LNG Supply arrangements at Gwadar Port and Port Qasim Terminal.

As briefed earlier, OQ Trading wholly owned by the Government of Oman formerly known as OTI was initially established as a joint venture between Oman Oil Company and a leading international energy trader. Through our heritage, we have developed a world-class operation, enabling the business to compete effectively on a global scale. We seek long-term commercial relationships, reflected in our growing network of trusted suppliers and customers, which include the world's largest national oil companies as well as refiners, producers, international oil companies and independent trading houses.

As the country's international commodities trading arm and a fully integrated division of OQ we are actively pursuing commercial arrangements within the region to play a pivotal role in shaping the energy demand with primary focus on value chain optimization and cost-effective solutions.

As Pakistan's LNG demand is growing with the economic activities in the Country, Oman being the nearest source provides a natural flow to meet in-country demand. As such OQT would like to extend discussion towards the Commercial Arrangements in parallel with technical evaluation with PGPL for supplying 1 million Ton of LNG per year.

We look forward hearing the project update at the earliest enabling both the entities to initiate the mutually agreed commercial terms and conditions.

Regards.
Dawood Hasan
Country Manager-Pakistan
OQ Trading Limited

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GOVERNMENT OF PAKISTAN
Ministry of Defence
Survey of Pakistan
Directorate of Map Publication
Tele: 051-9290207, Fax: 051-9290207

No. 2411-C /42-A-3/Sec.(DSCO)

Dated: 09 - 11 -2016

To,

Mr, Rahat Kamal Sidiquie,
Senior Project Director,
PAKITAN GASPORT LIMITED, 65 Old Clifton,
KARACHI.

Sub: **PROVISION OF SITE CO-ORDINATES IN WGS-84:**
Ref: Your office letter No. PGPL/K/NOC&PERMITS/07/03, dated. 20-10-2016.

It is intimated that site co-ordinates and height AMSL of Your site location **Mazhar Point, Port Qasim, Karachi.** have been issued vide this office letter No. 2410-C /42-A-3/Sec, (DSCO), dated. 09 -11-2016, to the concerned authorities as detailed below:-

i) **The General Manager,**
Directorate of Air Space and Aerodrome Regulations,
H.Q. Civil Aviation Authority, Jinnah International Airport,
KARACHI:

ii) **The Assistant Director Navigation,**
Directorate of ATS, Air Headquarters, ISLAMABAD:

You are requested to contact with the above offices, for further proceedings, please.

(PERVEZ ALAM)
ASSISTANT DIRECTOR
MAP PUBLICATION OFFICE
RAWALPINDI

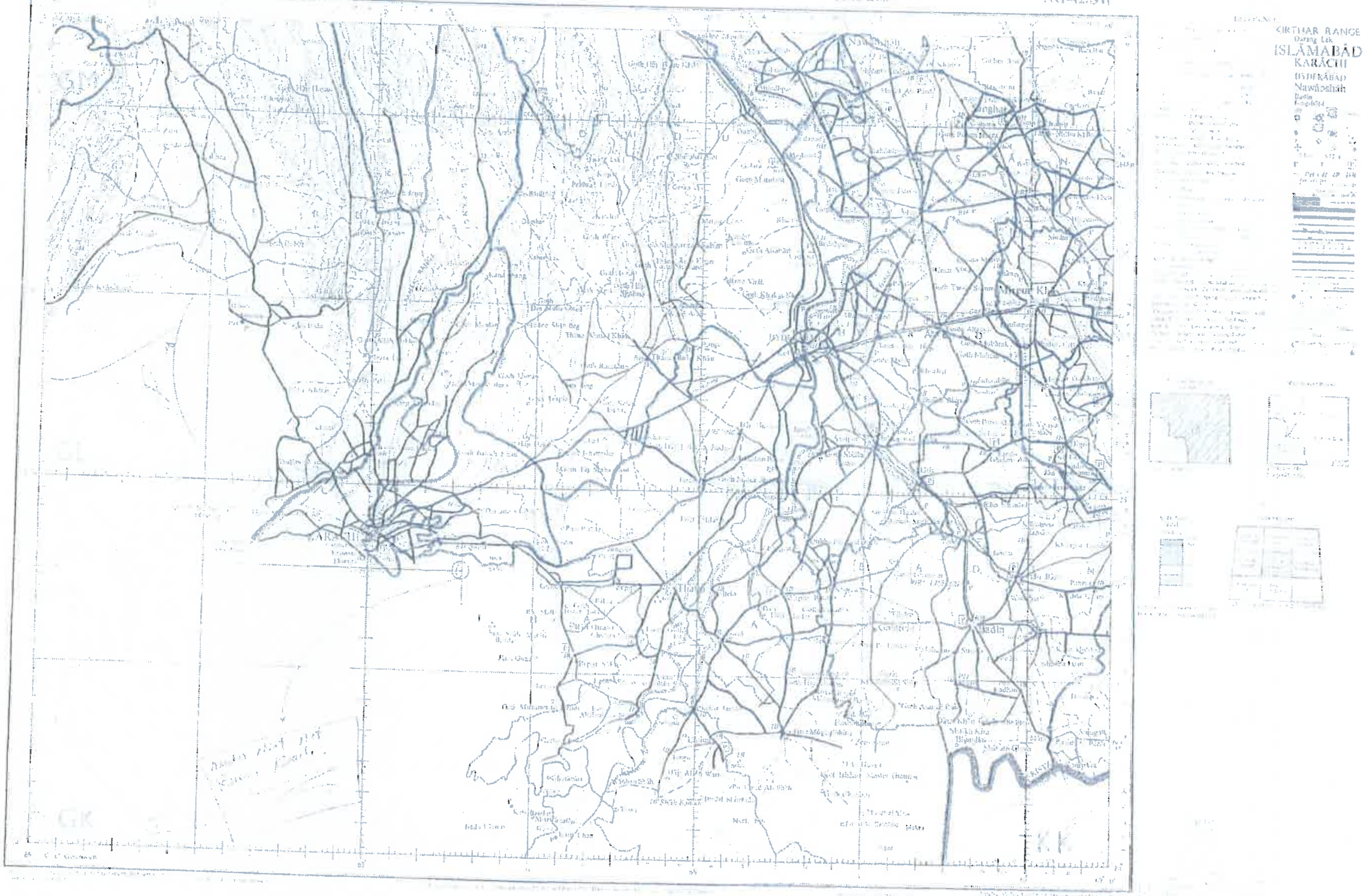
Copy to:-

The Director Southern Circle, Survey of Pakistan, Karachi, for information, with reference No. 1835-T/42-A-2, dated. 28-10-2016, please.

PAKISTAN 1:500 000

KARĀCHI

NG-42/SW



289

OQ

The Managing Director,
Pakistan GasPort Limited,
Associated House,
7-Egerton Road, Lahore.

1-Aug-2021

Dear Sir,

Subject: OQT/PGPL Potential LNG Supply Arrangements at Gwadar and Port Qasim

Reference is made to our various discussion held on LNG Supply arrangements at Gwadar Port and Port Qasim Terminal.

As briefed earlier, OQ Trading wholly owned by the Government of Oman formerly known as OTI was initially established as a joint venture between Oman Oil Company and a leading international energy trader. Through our heritage, we have developed a world-class operation, enabling the business to compete effectively on a global scale. We seek long-term commercial relationships, reflected in our growing network of trusted suppliers and customers, which include the world's largest national oil companies as well as refiners, producers, international oil companies and independent trading houses.

As the country's international commodities trading arm and a fully integrated division of OQ we are actively pursuing commercial arrangements within the region to play a pivotal role in shaping the energy demand with primary focus on value chain optimization and cost-effective solutions.

As Pakistan's LNG demand is growing with the economic activities in the Country, Oman being the nearest source provides a natural flow to meet in-country demand. As such OQT would like to extend discussion towards the Commercial Arrangements in parallel with technical evaluation with PGPL for supplying 1 million Ton of LNG per year.

We look forward hearing the project update at the earliest enabling both the entities to initiate the mutually agreed commercial terms and conditions.

Regards.
Dawood Hasan
Country Manager-Pakistan
OQ Trading Limited

HEALTH, SAFETY, AND ENVIRONMENTAL (HSE) POLICY PAKISTAN GASPORT LIMITED

PGP Consortium Limited recognizes that providing and integrating a sound environmental, health and safety program into our business is key to our success.
It is our policy to:
Comply with Pakistan Environmental Protection Act 1997, World Bank giving HSE Guide Lines, OGRA Ordinance LNG policy 2011 & Rule 2007, Port Qasim Authority (PQA) and Govt of Sind Environment Impact assessment (SEPA),

WE strongly believes in implementing Stat-of - the- art solution to further reduce Environmental Impact across the LNG value chain while maintaining robust performance to follow The Govt. of Sind EIA/IEE Regulation 13,14,17 & 18 to allow Independent Monitoring Consultant (IMC) to monitor LNG Project for the application of all required HSSEQ regulation and Standard to address if required any further improvement.

Comply with National Fire Protection association (NFPA) CFR 49 given guide lines for Construction & Operation of LNG HSE pertinent environmental and safety laws. rules and regulations. All electrical equipment, panel boards, Operation Controllers, terminal boxes installed on (Zone - 0 and Zone – 1) "Potential Hazardous Explosion Atmospheres" Secondary Protection on basis of Inter National Standard IEC 60079 & ISO80079 Explosive proof to minimize the Fire Hazard.

- Comply with all pertinent environmental and safety laws. rules and regulations, not just because it is legally required, but also because we believe it is the responsible way to conduct our business
- Set HSE targets and goals annually to measure our performance, to achieve superior results and to continually improve
- Monitor, revise and reemploy safety systems and environmental assessments on a regular basis
- Provide education and training to our employees in order for them to have the knowledge, skills, and understanding to perform their responsibilities and duties at the highest level
- Routinely review and verify performance with audits, evaluations and other quality assurance and quality control methods
- Empower and expect employees and contractors to promptly report non-compliance or unsafe conditions and to take immediate action to prevent injuries or environmental accidents
- Provide relevant safety and health information to contractors and require them to provide proper training for the safe, environmentally sound performance of their work and
- Communicate our commitment to this policy to our subsidiaries, affiliates and contractors

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As a condition of employment, all employees are required to comply with all safety- and environmental-related rules and regulations. Each employee understands that they are individually responsible for their own safety and the safety of those around them. Violation of this policy will be cause for disciplinary action up to and including termination of employment. Social development is our core mission of a part of our policy which states "Be socially responsible – actively contributing to social, community and local business partnerships." Activities and initiatives that fulfill this mission are carried out under our Social Investment (SI) Program "Zohra and Z.Z.Ahmed Foundation" incorporated in 2008 is AG's philanthropic arm and understand that actively contributing to the community developing partnerships with local businesses "FOTCO" is essential to successfully engage and serve the needs of the people located near the Port Qasim & Landhi Industrial Zone and in the rest of Pakistan.

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

Ref. PGPL/SNGPL/2022/51
February 28, 2022

Most Urgent

The Managing Director,
Sui Southern Gas Company Limited,
SSGC House, ST-4/B, Block-14,
Sir Shah Suleman Road,
Gulshan-e-Iqbal, Karachi-75300

Dear Sir,

Re: Request for Signing of a Non-Disclosure Agreement ("NDA") and Memorandum of Understanding ("MOU")

Pakistan GasPort Limited ("**PGPL**"), is the owner of PGP Consortium Limited ("**PGPC**"), which owns and operates Pakistan's second LNG Import Terminal at Port Qasim Karachi with a storage capacity of 170,000 m^3 and daily regasification capacity of 750 mmscf.

To-date, the terminal has:

a. Received and successfully handled 195 LNG carriers.
b. Delivered over 579 bcf of RLNG
c. Unloaded over 27.2 million m^3 of LNG

PGPC has a contractual arrangement with Pakistan LNG Limited ("**PLL**") through which a storage capacity of 140,000 m^3 and regasification capacity of 600 mmcfd is allocated to PLL and the remaining capacity of 150 mmcfd is available to be used by PGPC/Third Parties.

This arrangement is covered under Clause 9.4 of the Operation and Services Agreement ("**OSA**") between PLL and PGPC. (Extract at **Annex-1**).

PGPC holds an Oil & Gas Regulatory Authority ("**OGRA**") License which reflects the capacity of 750 mmcfd at the PGPC LNG Terminal (**Annex-2**).

PGPC had applied in May 2018 for a natural gas sale license under Natural Gas Licencing Rules 2002. However, we have been advised by the Oil & Gas Regulatory Authority ("**OGRA**") to reapply for the same as PGPL.

Given the current energy crisis in the Country, especially in the gas sector PGPC has been in negotiations with the Government of Pakistan for utilizing its excess capacity for private sector LNG import on a Business-to-Business model.

On approaching OGRA for issuance of the License, we were advised that we should provide a Memorandum of Understanding ("**MOU**")/Non-Disclosure Agreement ("**NDA**") between PGPC and Sui Northern Gas Pipelines Limited ("**SNGPL**") and/or Sui Southern Gas Company Limited ("**SSGC**"). The wording of the MOU and NDA has been agreed with SSGC previously.

For your convenience, we now attach 2 signed and stamped copies of the requested MOU, along with 2 signed and stamped copies of the NDA. **(Annex-3 & 4)**.

You are requested to kindly countersign these documents and return one copy of each to us at your earliest convenience.

It is understood that the MOU is non-binding on SSGC.

We will be grateful for your immediate action.

Yours truly,
For Pakistan GasPort Limited,

Fasih Ahmed
Director

CC: Chairman, OGRA, Islamabad

9.3.5 The Peak Daily Delivery Capacity shall be the maximum capacity in any Day that the Customer can request from the Operator and the Operator shall on a reasonable endeavours basis accept such request of the Customer.

9.3.6 The Parties agree and acknowledge that the Customer may request the Operator to make available to the Customer the Total Physical Capacity of the FSRU, provided that there is Available Inventory and the Parties shall agree to the terms and conditions on which any excess capacities shall be made available to the Customer, in advance.

9.4 Third Party Access

9.4.1 The Parties acknowledge that in accordance with the LNG Policy at any time during the Term any other Person may request, and the Operator may, subject to any capacity available at the LNG Services Infrastructure and the necessary Authorisations by the relevant Competent Authority, if any, have to provide to such Person, certain services at and third party access to (any part of) the LNG Services Infrastructure.

9.4.2 If any such Person requests LNG services and requires third party access as referred to in Clause 9.4.1, such access shall be on a negotiated basis and for such purpose the Parties shall develop, and negotiate in good faith with such Person the applicable general terms and conditions relating to access to the LNG Services Infrastructure but, for clarification, not user-specific terms such as price (subject to OGRA approval where applicable) and capacity (which shall be negotiated directly by the Operator with such Person) for such services and access in a fair, non-discriminatory and transparent manner and with a view to agreeing the necessary amendments to this Agreement; provided always that in so doing the Parties are mindful of the Customer's obligations owed to any LNG Supplier to take delivery of LNG under any LNG sale and purchase agreement entered into by the Customer and any RLNG supply agreement entered into by the Customer which may be affected by such third party access. For the avoidance of doubt, such terms and conditions of third party access shall preserve the Customer's right to schedule LNG cargoes as per the Annual Programme and the Customer's right to establish the annual programme for all users of the LNG Services Infrastructure in accordance with the principles of Clause 13, taking into consideration, to the extent possible, the requirements a third party user may have under its LNG supply arrangement(s).

9.4.3 Any such Person seeking services at and third party access to the LNG Services Infrastructure may not enjoy any terms of access that are more favourable than the terms of this Agreement and such Person shall comply with credit requirements equivalent to those which the Customer has to comply with under this Agreement.

9.5 Operating Manual

9.5.1 The Operator will, in cooperation with the Customer, establish and issue (in such number of hard copies and soft copies as may be requested by the Customer) for the Customer's approval (and thereafter) an operating manual, setting out detailed technical requirements and operating procedures (consistent with applicable National Standards and International Standards and other Laws) relating to the use of the LNG Services Infrastructure by the Customer and such other matters as are contemplated in this Agreement, including detailed aspects of vetting and Approval of LNG Carriers and the technical and operational interface between LNG Carriers and the Unloading Facilities (**"Operating Manual"**).

9.5.2 Subject to Clause 9.5.3, the Parties shall be bound by the Operating Manual and the Operator may not revise, amend or re-issue the Operating Manual without the Customer's consent.

PGP Consortium Limited PGPC

ADVOCATES

2. **Terms and Conditions Applicable to the Licensee:**

2.1 The regulated activities carried out by the Licensee shall be governed by the provisions of the Ordinance, LNG Rules, policy guidelines, as well as other applicable rules, regulations made there under and as amended from time to time.

2.2 The Licence is valid for operation of LNG receiving terminal and allied facilities which includeoperation of FSRU (Storage and Regasification of LNG) till downstream of regasification facility within the LNG terminal limits. The Licensee shall not undertake any other regulated activity without obtaining a Licence or written approval where applicable, as the case may be, from the Authority.

3. **Licence Type:**

3.1 LNG Terminal Owner and Operator (TO/O) / Un-bundled Project Structure Licence (LNG Policy 2011).

4. **Terminal Capacity:**

4.1 The handling capacity of the LNG receiving terminal is 600 MMCFD with peak handling capacity of 750 MMCFD as confirmed by the independent consultant (SGS Pakistan), appointed by the Authority pursuant to Rule 31(1)(ii) of the LNG Rules, vide their report reference 5004391 dated 19th January 2018, which will form part of this operational licence.

4.2 Any further extension in terminal capacity may be allowed under LNG Rules, as amended from time to time.

5. **Payment of Fees:**

5.1 TheLicensee shall promptly and regularly pay the fees prescribed in the LNG Rules, as amended from time to time, to the Authority, for carrying out regulated activities.

5.2 The Licensee shall pay the annual fee at the time of the grant of Licence. Thereafter, annual fee shall be payable yearly in advance in accordance with Schedule-II of the LNG Rules effective from the grant of Licence.

5.3 Unless otherwise prescribed in the rules, the Licensee shall pay the annual fee computed as one-half of one percent of the gross revenue of the Licensee, generated from the regulated activities carried out under the Licence, in respect of the most recent completed financial year.

5.4 In case the gross revenue of the Licensee is not certain then the Licensee shall use reasonable estimate of the gross revenue on the basis of actual accounts for the most recent financial year.

5.5 The Licensee shall, in case it uses an estimate of the gross revenue under condition 5.4, shall file with the Authority a revised account showing the actual gross revenue and the annual fee on the basis of such actual amount on or before 30th September of the year in which the estimates were made, or any other date approved by the Authority in respect of annual fee where an estimate of the gross revenue was used as

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E-STAMP

E-Stamp ID : PB-LHR-BF70194E53A67F7C
Stamp Type : Low Denomination
Amount : Rs 100/-

Description :	CERTIFICATE OR OTHER DOCUMENT - 19
Applicant :	Pakistan Gas Port Limited[00000-0000000-0]
Representative From :	nil
Address :	LHR
Issue Date :	28-Feb-2022 12:41:00 PM
Delisted On/Validity :	7-Mar-2022
Amount in Words :	One Hundred Rupees Only
Reason :	MOU Bahaq Sui Southern Gas Company Limited
Vendor Information :	Hafiz Hassan Butt | PB-LHR-95 | Turner Road

نوٹ :یہ ٹرانزیکشن تاریخ اجرا سے سات دنوں تک کے لیےقابل استعمال ہے۔

MEMORANDUM OF UNDERSTANDING

SUI SOUTHERN GAS COMPANY LIMITED

AND

PAKISTAN GASPORT LIMITED

This Memorandum of Understanding ("MOU") is made on 28th day of February 2022.

BY AND BETWEEN:

Sui Southern Gas Company Limited (hereinafter referred to as (**"SSGCL"**), a Public Listed Company incorporated under the laws of Pakistan and having its registered office at ST-4/B, Block 14, Sir Shah Suleman Road, Gulshan-e-Iqbal, Karachi which expression shall, where the context so admits, include its successors and assigns. **Party of the First Part AND**

Pakistan GasPort Limited hereinafter referred to as **"PGPL"**), incorporated under the laws of Pakistan and having its registered office at Associated House, Seven Egerton Road, Pakistan which expression shall, where the context so admits, include its successors in interest and permitted assigns. **Party of the Second Part**

SSGCL and PGPL are referred to herein collectively as the **"Parties"** or individually as a **"Party"**.

WHEREAS:

(A) SSGC is the authorized and licensee of transmission and distribution of natural gas in the Province of Sindh and Balochistan;
(B) PGPL is a Company which owns and operate FSRU based LNG Terminal at Port Qasim
(C) PGPL is desirous to supply RLNG to Private Customer and have accordingly applied to Oil & Gas Regulatory Authority (OGRA) for RLNG Sale License under Third Party Access Rules 2018 (TPA Rules 2018);

ATTESTED

297

E-STAMP

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E-Stamp ID : PB-LHR-8AA4B769299B553C
Stamp Type : Low Denomination
Amount : Rs 200/-

Description :	CERTIFICATE OR OTHER DOCUMENT - 19
Applicant :	Pakistan Gas Port Limited [00000-0000000-0]
Representative From :	Nil
Address :	Lahore
Issue Date :	28-Feb-2022 12:19:02 PM
Delisted On/Validity :	7-Mar-2022
Amount in Words :	Two Hundred Rupees Only
Reason :	MOU Bahaq Sui Southern Gas Company Limited
Vendor Information :	Hafiz Hassan Butt | PB-LHR-95 | Turner Road

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Now therefore this Memorandum of Understanding (MOU) sets forth the understanding between the Parties:

1. SCOPE

The scope of this MOU is restricted to the purpose of recording the understanding between the Parties regarding initiation of negotiation for Pipeline capacity, subject to its availability.

2. NON-BINDING NATURE OF MOU

This MOU shall be non-binding on the Parties and shall have no legal effect. Nothing contained in this MOU shall confer any legal right or entitlement whatsoever in favour of PGPL.

3. CAPACITY ALLOCATION

SSGCL, shall subject to availability of the Pipeline Capacity will follow the provisions of the Third Party Access Rules 2018. In case PGPL is allocated capacity by SSGCL, the Parties shall enter into a binding Agreement on mutually agreed terms and conditions subject to completion of all codal and legal formalities.

4. COUNTERPARTS

This MOU shall be executed in two (2) counterparts; one to be retained by each Party and the each instrument shall be considered as original and duly executed by the Parties.

5. PERIOD

This Non- Binding MOU shall be valid for a period of six (6) months with effect from the date of its signing by both the parties and may be extended for a similar period through mutual written consent of the Parties.

IN WITNESS whereof the Parties have signed this MOU in two counterparts on the day and year first above written.

ATTESTED
M. ALI IRFAN
ADVOCATE HIGH COURT

298

E-STAMP

27/8/22

E-Stamp ID :	PB-LHR-82CB3A0A09D40A92
Stamp Type :	Low Denomination
Amount :	Rs 200/-

Description :	CERTIFICATE OR OTHER DOCUMENT - 19
Applicant :	Pakistan Gas Port Limited [00000-0000000-0]
Representative From :	Nil
Address :	Lahore
Issue Date :	28-Feb-2022 12:19:02 PM
Delisted On/Validity :	7-Mar-2022
Amount in Words :	Two Hundred Rupees Only
Reason :	MOU Bahaq Sui Southern Gas Company Limited
Vendor Information :	Hafiz Hassan Butt | PB-LHR-95 | Turner Road

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Sui Southern Gas Company Limited	Pakistan GasPort Limited
By:	By:
Name:	Name: Iqbal Z. Ahmed
Title:	Title: Chief Executive

Witness

Signature:	Signature:
Name:	Name: Ali Haseeb
CNIC:	CNIC: 35200-1505310-3

ATTESTED

M. ALI IRFAN
ADVOCATE HIGH COURT

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E-STAMP

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E-Stamp ID :	PB-LHR-8E3C8B02EC637A1B
Stamp Type :	Low Denomination
Amount :	Rs 200/-

Description :	CERTIFICATE OR OTHER DOCUMENT - 19
Applicant :	Pakistan Gas Port Limited [00000-0000000-0]
Representative From :	Nil
Address :	LHR
Issue Date :	28-Feb-2022 12:21:34 PM
Delisted On/Validity :	7-Mar-2022
Amount in Words :	Two Hundred Rupees Only
Reason :	NDA Bahaq Sui Southern Gas Company Limited
Vendor Information :	Hafiz Hassan Butt | PB-LHR-95 | Turner Road

نوٹ :یہ ٹرانزیکشن تاریخ اجرا سے سات دنوں تک کے لیےقابل استعمال ہے۔

NON DISCLOSURE AGREEMENT

THIS NON DISCLOSURE AGREEMENT (hereinafter referred to as the "NDA") is made and entered into on this 28th day of February 2022.

BETWEEN

Sui Southern Gas Company Limited, a Public Limited Company, incorporated under the Companies Ordinance 1984 and having its Registered Head Office at ST-4/B, Block 14, Sir Shah Suleman Road, Gulshan-e-Iqbal, Karachi (hereinafter referred to as "**SSGC/Company**" which expression shall include its successors in interest, nominees, legal representatives, administrators and assigns) of the first part.

AND

Pakistan GasPort Limited hereinafter referred to as "**PGPL**"), incorporated under the laws of Pakistan and having its registered office at Associated House, Seven Egerton Road, Lahore Pakistan which expression shall, where the context so admits, include its successors in interest and permitted assigns. (hereinafter referred to as the "**PGPL**" which expression shall, wherever the context so permits mean and include its successors-in-interest, executors, nominees, legal representatives and permitted assigns) of the second part;

Both the Company and the Consulting party may hereinafter collectively be referred to as the "**Parties**" and individually as a ("**Party**").

RECITALS

WHEREAS

A. The Parties are desirous of exchanging their Confidential Information for the purpose of Transportation of RLNG (hereinafter the "**Project**").

B. The Parties have agreed to share/exchange their Confidential Information for the purposes set out in Recital A on the terms and conditions of this Agreement.

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E-STAMP

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E-Stamp ID :	PB-LHR-951DDBBCE2404DE9
Stamp Type :	Low Denomination
Amount :	Rs 200/-

Description :	CERTIFICATE OR OTHER DOCUMENT - 19
Applicant :	Pakistan Gas Port Limited [00000-0000000-0]
Representative From :	Nil
Address :	LHR
Issue Date :	28-Feb-2022 12:21:34 PM
Delisted On/Validity :	7-Mar-2022
Amount in Words :	Two Hundred Rupees Only
Reason :	NDA Bahaq Sui Southern Gas Company Limited
Vendor Information :	Hafiz Hassan Butt | PB-LHR-95 | Turner Road

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C. The Parties have agreed to protect the Confidential Information disclosed to each other prior to or after the execution of this Agreement and otherwise agree to be bound by the terms and conditions of this Agreement.

NOW, THEREFORE THIS AGREEMENT WITNESSETH, for good and valuable consideration, it is hereby agreed between the Parties as under:

1. CONFIDENTIAL INFORMATION

1.1 "Confidential Information" means any information disclosed by either Party to the other Party, either directly, indirectly or incidentally, in writing, orally or by way of comment, advice, representation, perusal or by inspection of tangible objects (including without limitation documents, manuals, software, graphs, charts, processes, supplier lists, price lists, customer lists, product information, market research information, correspondence, letters and papers of every description including copies of and extracts from the same, concepts, media statements, notes, reports, opinions, interpretations, forecasts, cost/benefit analysis, records, prototypes, samples, plant and equipment), which is designated or stated to be as "Confidential," "Proprietary" or some similar designation or where disclosed orally, is identified as Confidential at the time of such disclosure. Confidential Information includes but is not limited to any documentation, data, records, drawings, graphs, formulae, samples, electronic data and any other means by which the Confidential Information may be stored or reproduced.

1.2 Confidential Information shall not, however, include any information which:

i. was or becomes publicly known and made or to be made generally available in the public domain, to the receiving party;

ii. becomes publicly known and made generally available after disclosure by the disclosing party to the receiving party through no action or inaction of the receiving party;

iii. is already in the possession of the receiving party at the time of disclosure by the disclosing party immediately prior to the time of disclosure;

iv. is obtained by the receiving party from a third party provided that such third party is not known to the receiving party to be bound by obligations of confidentiality;

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E-STAMP

E-Stamp ID : PB-LHR-C40D76064277BEC9
Stamp Type : Low Denomination
Amount : Rs 100/-

Description : CERTIFICATE OR OTHER DOCUMENT - 19
Applicant : Pakistan Gas Port Limited[00000-0000000-0]
Representative From : nil
Address : LHR
Issue Date : 28-Feb-2022 12:41:00 PM
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v. is independently developed by the receiving party without use of or reference to the disclosing party's Confidential Information, as shown by documents and other competent evidence in the receiving party's possession.

1.3 Confidential Information shall be disclosed when it is required by applicable law, regulation, legal process or stock exchange rules or regulations (whether through oral question, interrogatories, requests for information or documents, subpoena, civil investigative demand or other similar process or through press release or other public disclosure), to be disclosed by the receiving party, provided that the receiving party where practicable gives the disclosing party prompt written notice of such requirement prior to such disclosure and reasonable assistance in obtaining an order protecting the information from public disclosure.

2. NON-USE AND NON-DISCLOSURE

2.1 Each Party agrees not to use any Confidential Information of the other Party for any purpose except to evaluate and engage in discussions concerning a potential business relationship between the Parties.

2.2 Each Party agrees not to disclose any Confidential Information of the other Party to third parties or to such party's employees, except to those employees of the Party who are required to have the information in order to evaluate the Project or engage in discussions concerning the contemplated business relationship. Neither Party shall reverse engineer, disassemble or decompile any prototypes, software or other tangible objects which embody the other Party's Confidential Information and which are provided to the Party hereunder.

3. MAINTENANCE OF CONFIDENTIALITY

3.1 Each Party agrees that it shall make reasonable efforts to take *bona fide* measures to protect the secrecy of and avoid disclosure and unauthorized use of the Confidential Information of the other Party. Save as considered appropriate for the purpose of Project evaluation, neither Party shall make any copies of the Confidential Information of the other Party or make or assist any person to make any unauthorized use of the same unless the same is previously approved in writing by the other Party. Each Party shall reproduce the other Party's proprietary rights notices

ATTESTED
M. ... IRFAN
ADV ... COURT

on any such approved copies, in the same manner in which such notices were set forth in or on the original.

3.2 The Parties agree to take reasonable measures so as not to permit unauthorized persons to have access to places where the other Party's Confidential Information is displayed, reproduced or stored.

3.3 The Parties agree to cooperate and provide the other Party with all reasonable assistance in any action which the other Party may take to protect the confidentiality of the Confidential Information against persons who are subject to the confidentiality obligations imposed by this Agreement or have executed confidentiality agreement further to or in connection with this Agreement.

4. NO OBLIGATION

Nothing herein shall obligate either Party to proceed with any transaction between them, and each reserves the right, in its sole discretion, to terminate the discussions contemplated by this Agreement at any time concerning the business opportunity by providing a two (2) days prior written notice to this effect to the other Party.

5. NO WARRANTY

All Confidential Information under this Agreement shall be provided as and when available. Each Party makes no representations, warranties, express, implied or otherwise, regarding its accuracy, reliability, completeness or performance except that such information has been disclosed in good faith. Notwithstanding the forgoing, the receiving party agrees that none of the disclosing party or any of its representatives shall have any liability to the receiving party or any of its representatives unless the disclosing party, or its representatives, knowingly pass information which is incorrect, incomplete, misleading, erroneous, or inaccurate, in any way, shape or form, in which case the disclosing party and its representatives shall be fully liable towards the receiving party and its representatives for any direct and consequential losses.

6. RETURN OF MATERIALS

6.1 All documents and all other tangible objects containing or representing Confidential Information which have been disclosed by either Party to the other Party, and all copies thereof which are in the possession of the other Party, shall be and remain the property of the disclosing party and shall be promptly returned within ten (10) days to the disclosing party upon the disclosing party's prior written request.

6.2 Documents and records either Party is required to keep in compliance with internal and external audit requirements as well as for regulatory and reporting purposes are specifically excluded from the general obligation to return the documents and other tangible objects referred to in this paragraph.

7. NO LICENSE

Nothing in this Agreement is intended to grant, either expressly or by implication, estoppels or otherwise, any rights or license to either Party under any patent, trade secret, invention, trademark, copyright, or other intellectual property right of the other Party, nor shall this Agreement grant any Party any rights in or to the Confidential Information of the other Party except as expressly set forth herein.

8. TERM

Subject to the provisions of Clause 4 above, this Agreement is valid for one (1) year from the date of its execution, after which it may be renewed upon the same terms and conditions, subject to a fresh execution of the Agreement.

9. REMEDIES

9.1 The receiving party acknowledges that disclosure or use of Confidential Information in violation of this Agreement could cause irreparable harm to the disclosing party for which monetary damages may be difficult to ascertain or be an inadequate remedy. The receiving party, therefore, agrees that the disclosing party shall have the right, in addition to its other rights and remedies, to seek and obtain injunctive relief for any violation of this Agreement.

9.2 In the event of litigation relating to this Agreement, if a court of competent jurisdiction determines in a final, non-appealable order that a Party has breached this Agreement, then such Party shall be liable and pay to the non-breaching party, the reasonable legal fees that such non-breaching party has incurred in connection with such litigation, including any appeal there from.

10. MEDIATION / ARBITRATION I DISPUTE RESOLUTION

10.1 Any and every dispute, difference or question which may arise between the Parties to this Agreement shall be first settled by the Parties by an attempt at amicably settling the dispute through mutual negotiations.

10.2 In case the disputes, difference or questions cannot be so settled amicably or satisfactorily by correspondence or by mutual discussion within thirty (30) days after receipt by one Party of the Party's request for amicable settlement, it shall be referred to Arbitration in accordance with the Arbitration Act 1940 and any applicable rules made there under for the time being in force, for the equitable decision of two joint arbitrators, one to be appointed by each of the Parties, and failing agreement between the arbitrators, to the decision of the umpire, to be appointed by the arbitrators before entering upon the reference. The award made by such arbitrators or the umpire, as the case may be, shall be final and binding on the Parties. The venue of the arbitration shall be Karachi and the arbitration proceedings shall be conducted in English language.

11. GOVERNING LAW

Subject to Clause 10 above, this Agreement shall be governed by and construed in accordance with the laws of Pakistan. In relation to any legal action or proceedings arising out of or in connection with this Agreement, each of the Parties irrevocably submits to civil jurisdiction of the competent Courts of Karachi, Pakistan.

12. MISCELLANEOUS

This Agreement shall bind and inure to the benefit of the Parties hereto and their successors and assigns.

The Parties further acknowledge and agree that:

a) any provision found to be invalid or unenforceable shall not affect any other provision in this Agreement;

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b) this Agreement must not be construed to exclude the operation of any principle of law or equity once the Party under consideration becomes aware of it (if not aware already) which is intended to protect and preserve the confidentiality of the shared Information;

c) neither Party intends to create a partnership, agency or joint venture under this agreement and nothing herein shall be regarded or construed as creating any of these relationships between the Parties;

d) Subject to the provision of this Agreement, both Parties agree to refrain from taking any action that would subject the other Party to liability or penalty under any and all laws, rules, regulations or decrees of any governmental authority;

e) this Agreement shall be executed in two (2) counterparts, each of which shall be deemed to be an original;

f) this Agreement may only be amended / modified in prior writing and signed by both Parties; and

g) the recitals to this Agreement shall form an integral part hereof.

13. THIRD PARTY RIGHTS

A person who is not a party to this Agreement has no right to enforce any term of this Agreement.

14. WAIVER

No waiver by either Party of any default by the other in the performance of any of provisions of this Agreement shall be effective unless in prior writing duly executed by an authorised representative of the Party and no such waiver shall operate or be construed as a waiver of any other or further whether of alike or of a different character.

15. NOTICES

15.1 Any notice or other communication given under this Agreement must be in writing and served on a Party at its address as specified in this Clause 15 (or any other address it has notified to the other Party in accordance with this Clause 15) as follows: by hand; by registered post; by courier; by fax which is automatically confirmed by the sender's fax machine to have been sent without error to the recipient's fax number; or by other electronic method of communication agreed in writing from time to time between the Parties.

15.2 Notices or communications sent by registered post will be deemed to have been served on the date that such mail is delivered or delivery is attempted. Notices or communications sent by fax will be deemed to have been served on the day of transmission if transmitted before 4.00pm in the time zone of receipt but otherwise on the next day. In all other cases, notices and communications will be deemed to have been served on the day when they are actually received.

Notices to the SSGC will be sent to:

Attention : Managing Director
Address : Head Office at ST-4/B, Block 14, Sir Shah Suleman Road, Gulshan-e-Iqbal, Karachi
Facsimile : 99231602-3

Notices to PGPL will be sent to:

Attention : Mr. Iqbal Z. Ahmed
Address : Associated House, 7-Egerton Road, Lahore
Fax : 042 36368742

16. ASSIGNMENT

This Agreement as well as any rights and obligations hereunder shall not be assigned by any Party hereto, either in whole or in part, without the prior written consent of the other Party, and any attempt to do so without such consent shall be null and void and of no effect, and shall be deemed to be a material breach of this Agreement.

17. SEVERABILITY

If any provision of this Agreement is held invalid or otherwise unenforceable, the enforceability of the remaining provisions shall not be impaired thereby. In such case, the Parties shall make every effort to replace the ineffective provision with a new provision which has the same effect, or as approximate an effect as possible as the said provision.

18. ENTIRETY

These terms and conditions constitute the entire agreement between the Parties and supersede all prior communications, proposals, understandings and agreements, written or oral between the Parties with respect to the subject matter of this Agreement.

IN WITNESS WHERE OF THE PARTIES HERETO HAVE SET THEIR RESPECTIVE HANDS THE DAY AND YEAR FIRST ABOVE WRITTEN

Sui Southern Gas Company Limited	**Pakistan GasPort Limited**
By:	By:
Name:	Name: **Iqbal Z. Ahmed**
Title:	Title: **Chief Executive**
Witness	
Signature:	Signature:
Name:	Name: Ali Haseeb
CNIC No:	CNIC No: 35200-1505310-3

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

Ref. PGPL/SNGPL/2022/50
February 28, 2022

Most Urgent

The Managing Director,
Sui Northern Gas Pipelines Limited,
Gas House, 21-Kashmir Road,
Lahore.

Dear Sir,

Re: Request for Signing of a Memorandum of Understanding ("MOU")

Pakistan GasPort Limited ("**PGPL**"), is the 100% owner of PGP Consortium Limited ("**PGPC**"), which owns and operates Pakistan's second LNG Import Terminal at Port Qasim Karachi with a storage capacity of 170,000 m^3 and daily regasification capacity of 750 mmscf.

To-date, the terminal has:

a. Received and successfully handled 195 LNG carriers.
b. Delivered over 579 bcf of RLNG
c. Unloaded over 27.2 million m^3 of LNG

PGPC has a contractual arrangement with Pakistan LNG Limited ("**PLL**") through which a storage capacity of 140,000 m^3 and regasification capacity of 600 mmcfd is allocated to PLL and the remaining capacity of 150 mmcfd is available to be used by PGPC/Third Parties.

This arrangement is covered under Clause 9.4 of the Operation and Services Agreement ("**OSA**") between PLL and PGPC. (Extract at **Annex-1**).

PGPC holds an Oil & Gas Regulatory Authority ("**OGRA**") License which reflects the capacity of 750 mmcfd at the PGPC LNG Terminal (**Annex-2**).

PGPC had applied in May 2018 for a natural gas sale license under Natural Gas Licencing Rules 2002. However, we have been advised by the Oil & Gas Regulatory Authority ("**OGRA**") to reapply for the same as PGPL.

Given the current energy crisis in the Country, especially in the gas sector PGPC has been in negotiations with the Government of Pakistan for utilizing its excess capacity for private sector LNG import on a Business-to-Business model.

On approaching OGRA for issuance of the License, we were advised that we should providea Memorandum of Understanding ("**MOU**") between PGPC and Sui Northern Gas Pipelines Limited ("**SNGPL**") and/or Sui Southern Gas Company Limited ("**SSGC**").

Sui Northern Gas Pipelines Limited ("**SNGPL**") and PGPC had previously signed a Memorandum of Understanding ("**MOU**") on Sep. 18, 2020, however, Oil & Gas Regulatory Authority ("**OGRA**") now has asked us to apply for the License in the name of PGPL, which, as submitted above, is the 100% owner of the PGPC.

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For your convenience, we now attach 2 copies, signed and stamped by us, of the requested MOU. **(Annex-3)**. You are requested to kindly countersign the MOU and return one copy to us at your earliest convenience.

A copy of the previous MOU, signed between SNGPL and PGPC is enclosed at **Annex-4** .

As the government is keenly pursuing the private sector imports of LNG and sale of RLNG your early signing of the MOU will be gratefully appreciated.

Yours truly,
For Pakistan GasPort Limited,

Fasih Ahmed
Director

CC: Chairman, OGRA, Islamabad

9.3.5 The Peak Daily Delivery Capacity shall be the maximum capacity in any Day that the Customer can request from the Operator and the Operator shall on a reasonable endeavours basis accept such request of the Customer.

9.3.6 The Parties agree and acknowledge that the Customer may request the Operator to make available to the Customer the Total Physical Capacity of the FSRU, provided that there is Available Inventory and the Parties shall agree to the terms and conditions on which any excess capacities shall be made available to the Customer, in advance.

9.4 **Third Party Access**

9.4.1 The Parties acknowledge that in accordance with the LNG Policy at any time during the Term any other Person may request, and the Operator may, subject to any capacity available at the LNG Services Infrastructure and the necessary Authorisations by the relevant Competent Authority, if any, have to provide to such Person, certain services at and third party access to (any part of) the LNG Services Infrastructure.

9.4.2 If any such Person requests LNG services and requires third party access as referred to in Clause 9.4.1, such access shall be on a negotiated basis and for such purpose the Parties shall develop, and negotiate in good faith with such Person the applicable general terms and conditions relating to access to the LNG Services Infrastructure but, for clarification, not user-specific terms such as price (subject to OGRA approval where applicable) and capacity (which shall be negotiated directly by the Operator with such Person) for such services and access in a fair, non-discriminatory and transparent manner and with a view to agreeing the necessary amendments to this Agreement; provided always that in so doing the Parties are mindful of the Customer's obligations owed to any LNG Supplier to take delivery of LNG under any LNG sale and purchase agreement entered into by the Customer and any RLNG supply agreement entered into by the Customer which may be affected by such third party access. For the avoidance of doubt, such terms and conditions of third party access shall preserve the Customer's right to schedule LNG cargoes as per the Annual Programme and the Customer's right to establish the annual programme for all users of the LNG Services Infrastructure in accordance with the principles of Clause 13, taking into consideration, to the extent possible, the requirements a third party user may have under its LNG supply arrangement(s).

9.4.3 Any such Person seeking services at and third party access to the LNG Services Infrastructure may not enjoy any terms of access that are more favourable than the terms of this Agreement and such Person shall comply with credit requirements equivalent to those which the Customer has to comply with under this Agreement.

9.5 **Operating Manual**

9.5.1 The Operator will, in cooperation with the Customer, establish and issue (in such number of hard copies and soft copies as may be requested by the Customer) for the Customer's approval (and thereafter) an operating manual, setting out detailed technical requirements and operating procedures (consistent with applicable National Standards and International Standards and other Laws) relating to the use of the LNG Services Infrastructure by the Customer and such other matters as are contemplated in this Agreement, including detailed aspects of vetting and Approval of LNG Carriers and the technical and operational interface between LNG Carriers and the Unloading Facilities (**"Operating Manual"**).

9.5.2 Subject to Clause 9.5.3, the Parties shall be bound by the Operating Manual and the Operator may not revise, amend or re-issue the Operating Manual without the Customer's consent.

PGP Consortium Limited PGPC

ADVOCATES

2. **Terms and Conditions Applicable to the Licensee:**

2.1 The regulated activities carried out by the Licensee shall be governed by the provisions of the Ordinance, LNG Rules, policy guidelines, as well as other applicable rules, regulations made there under and as amended from time to time.

2.2 The Licence is valid for operation of LNG receiving terminal and allied facilities which includeoperation of FSRU (Storage and Regasification of LNG) till downstream of regasification facility within the LNG terminal limits. The Licensee shall not undertake any other regulated activity without obtaining a Licence or written approval where applicable, as the case may be, from the Authority.

3. **Licence Type:**

3.1 LNG Terminal Owner and Operator (TO/O) / Un-bundled Project Structure Licence (LNG Policy 2011).

4. **Terminal Capacity:**

4.1 The handling capacity of the LNG receiving terminal is 600 MMCFD with peak handling capacity of 750 MMCFD as confirmed by the independent consultant (SGS Pakistan), appointed by the Authority pursuant to Rule 31(1)(ii) of the LNG Rules, vide their report reference 5004391 dated 19th January 2018, which will form part of this operational licence.

4.2 Any further extension in terminal capacity may be allowed under LNG Rules, as amended from time to time.

5. **Payment of Fees:**

5.1 TheLicensee shall promptly and regularly pay the fees prescribed in the LNG Rules, as amended from time to time, to the Authority, for carrying out regulated activities.

5.2 The Licensee shall pay the annual fee at the time of the grant of Licence. Thereafter, annual fee shall be payable yearly in advance in accordance with Schedule-II of the LNG Rules effective from the grant of Licence.

5.3 Unless otherwise prescribed in the rules, the Licensee shall pay the annual fee computed as one-half of one percent of the gross revenue of the Licensee, generated from the regulated activities carried out under the Licence, in respect of the most recent completed financial year.

5.4 In case the gross revenue of the Licensee is not certain then the Licensee shall use reasonable estimate of the gross revenue on the basis of actual accounts for the most recent financial year.

5.5 The Licensee shall, in case it uses an estimate of the gross revenue under condition 5.4, shall file with the Authority a revised account showing the actual gross revenue and the annual fee on the basis of such actual amount on or before 30th September of the year in which the estimates were made, or any other date approved by the Authority in respect of annual fee where an estimate of the gross revenue was used as

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E-STAMP

27P31

E-Stamp ID :	PB-LHR-922C3E8E25D14AF4
Stamp Type :	Low Denomination
Amount :	Rs 200/-

Description :	CERTIFICATE OR OTHER DOCUMENT - 19
Applicant :	Pakistan Gas Port Limited [00000-0000000-0]
Representative From :	Nil
Address :	LHR
Issue Date :	28-Feb-2022 12:25:05 PM
Delisted On/Validity :	7-Mar-2022
Amount in Words :	Two Hundred Rupees Only
Reason :	MOU Bahaq Sui Northern Gas Pipeline Limited
Vendor Information :	Hafiz Hassan Butt | PB-LHR-95 | Turner Road

نوٹ :یہ ٹرانزیکشن تاریخ اجرا سے سات دنوں تک کے لیےقابل استعمال ہے۔

Memorandum of Understanding

SUI NORTHERN GAS PIPELINES LIMITED

AND

Pakistan GasPort Limited

THIS MEMORANDUM OF UNDERSTANDING ("MOU") is made on the day of February 28, 2022.

BY AND BETWEEN:

Sui Northern Gas Pipelines Limited (hereinafter referred to as **"SNGPL"**), a Public Limited Company incorporated under the laws of Pakistan and having its registered office at Gas House, 21 Kashmir Road, Lahore which expression shall, where the context so admits, include its successors and assigns. **Party of the First Part**

AND

Pakistan GasPort Limited (hereinafter referred to as **"PGPL"**), a Public (unlisted) Limited Company incorporated under the law of Pakistan and having its registered office at Associated House, Seven Egerton Road, Lahore-54000, which expression shall, where the context so admits, include its successors in interest and permitted assigns. **Party of the Second Part**

SNGPL and PGPL are referred to herein collectively as the **"Parties"** or individually as a **"Party"**

WHEREAS:

(A) Whereas SNGPL is authorized and licensed for the transmission and distribution of natural gas in the north of Pakistan.

ATTESTED

27832

311

E-STAMP

E-Stamp ID : PB-LHR-A26B758EAA4C9C35
Stamp Type : Low Denomination
Amount : Rs 200/-

Description : CERTIFICATE OR OTHER DOCUMENT - 19
Applicant : Pakistan Gas Port Limited [00000-0000000-0]
Representative From : Nil
Address : LHR
Issue Date : 28-Feb-2022 12:25:05 PM
Delisted On/Validity : 7-Mar-2022
Amount in Words : Two Hundred Rupees Only
Reason : MOU Bahaq Sui Northern Gas Pipeline Limited
Vendor Information : Hafiz Hassan Butt | PB-LHR-95 | Turner Road

نوٹ :یہ ٹرانزیکشن تاریخ اجرا سے سات دنوں تک کے لیےقابل استعمال ہے۔

(B) Whereas PGPL is a Company engaged in LNG business at Port Qasim for LNG storage, re-gasification and transportation of RLNG. After fulfilling Pakistan LNG Terminal Limited (PLTL) obligations, PGPL has an excess capacity of 150 mmscfd of RLNG and intends to transport.

(C) Whereas PGPL is desirous to obtain the services of SNGPL for transportation of its gas from the designated entry points to designated exit points;

(D) Whereas SNGPL may provide the requisite services in accordance with the Third Party Access (TPA) Rules, 2018 read with Pakistan Gas Network Code, subject to PGPL being allocated capacity in accordance with the said TPA Rules and Pakistan Gas Network Code and subject to the Parties entering into a binding and formal Gas Transportation Agreement.

NOW THEREFORE THIS MEMORANDUM OF UNDERSTANDING (MOU) SETS FORTH THE UNDERSTANDING BETWEEN THE PARTIES AS FOLLOWS:

1. SCOPE

The scope of this MOU is restricted to the purpose of recording the understanding between the Parties regarding initiation of negotiation of transportation of gas in accordance with the relevant provisions of the TPA Rules, 2018 together with the applicable rules of Pakistan Gas Network Code.

2. NON-BINDING NATURE OF MOU

This MOU shall be non- binding on the Parties and shall have no legal effect. Nothing contained in this MOU shall confer any legal right or entitlement whatsoever in favour of PGPL.

3. CAPACITY ALLOCATION

SNGPL shall follow the provisions in respect of capacity allocation contained in the TPA Rules and Pakistan Gas Network Code including advertisement of available capacity.

ATTESTED

31

E-STAMP

27831

E-Stamp ID : PB-LHR-C540DCBBF9BFD7FD
Stamp Type : Low Denomination
Amount : Rs 100/-

Description :	CERTIFICATE OR OTHER DOCUMENT - 19
Applicant :	Pakistan Gas Port Limited[00000-0000000-0]
Representative From :	nil
Address :	LHR
Issue Date :	28-Feb-2022 12:41:00 PM
Delisted On/Validity :	7-Mar-2022
Amount in Words :	One Hundred Rupees Only
Reason :	MOU Bahaq Sui Northern Gas Pipeline Limited
Vendor Information :	Hafiz Hassan Butt | PB-LHR-95 | Turner Road

نوٹ :یہ ٹرانزیکشن تاریخ اجرا سے سات دنوں تک کے لیےقابل استعمال ہے۔

PGPL acknowledges that SNGPL is required to allocate capacity on a "first come first serve basis". In case PGPL is allocated capacity by SNGPL, the Parties shall enter into a binding Gas Transportation Agreement on mutually agreed terms and conditions subject to completion of all codal and legal formalities.

4- This MOU shall be executed in two (2) counterparts; one to be retained by each Party and the each instrument shall be considered as original and duly executed by the Parties.

IN WITNESS whereof the Parties have signed this MOU on the day and year first above written.

Sui Northern Gas Pipelines Ltd.	Pakistan GasPort Limited
By: ____________	By: ____________
Name: ____________	Name: Iqbal Z. Ahmed
Title: ____________	Title: Chief Executive
Date: ____________	Date: ____________

ATTESTED

Annex-4

SUI NORTHERN GAS PIPELINES LIMITED
GAS HOUSE, 21 KASHMIR ROAD, P.O. BOX 56, LAHORE (PAKISTAN)

Ref: GMS (TPA-Allocations)

Sep 22, 2020

Mr. Fasih Ahmed,
Chief Executive Officer,
PGP Consortium Limited,
Associated House, Seven Egerton Road,
Lahore

EXECUTION OF MOU BETWEEN PAKISTAN GASPORT CONSORTIUM LTD & SUI NORTHERN GAS PIPELINES LIMITED (SNGPL)

Dear Sir,

Reference your letter No: PGPC/SNGPL/2020/180 dated September 08, 2020 on the subject cited above.

In this context, we are enclosing herewith one set of MOU duly signed by SNGPL, in original, for your further necessary action.

With best regards,

Yours faithfully
Sui Northern Gas Pipelines Limited

(Majid Hussain)
General Manager BD (C)
for MANAGING DIRECTOR

AE655268

Strictly Confidential

100 Rupees

۱۰۰ روپیہ

Memorandum of Understanding

SUI NORTHERN GAS PIPELINES LIMITED

AND

Pakistan GasPort Consortium Limited

THIS MEMORANDUM OF UNDERSTANDING ("MOU") is made on the day of September 5, 2020.

BY AND BETWEEN:

Sui Northern Gas Pipelines Limited (hereinafter referred to as **"SNGPL"**), a Public Limited Company incorporated under the laws of Pakistan and having its registered office at Gas House, 21 Kashmir Road, Lahore which expression shall, where the context so admits, include its successors and assigns. **Party of the First Part**

AND

Pakistan GasPort Consortium Limited (hereinafter referred to as **"PGPCL"**), a Public (unlisted) Limited Company incorporated under the law of Pakistan and having its registered office at Associated House, Seven Egerton Road, Lahore-54000, which expression shall, where the context so admits, include its successors in interest and permitted assigns. **Party of the Second Part**

SNGPL and PGPCL are referred to herein collectively as the "**Parties**" or individually as a "**Party**".

WHEREAS:

(A) Whereas SNGPL is authorized and licensed for the transmission and distribution of natural gas in the north of Pakistan.

(B) Whereas PGPCL is a Company engaged in LNG business at Port Qasim for LNG storage, re-gasification and transportation of RLNG. After fulfilling Pakistan LNG Terminal Limited (PLTL) obligations, PGPCL has an excess capacity of 150 mmscfd of RLNG and intends to transport.

(C) Whereas PGPCL is desirous to obtain the services of SNGPL for transportation of its gas from the designated entry points to designated exit points;

(D) Whereas SNGPL may provide the requisite services in accordance with the Third Party Access (TPA) Rules, 2018 read with Pakistan Gas Network Code, subject to PGPCL being allocated capacity in accordance with the said TPA Rules and Pakistan Gas Network Code and subject to the Parties entering into a binding and formal Gas Transportation Agreement.

NOW THEREFORE THIS MEMORANDUM OF UNDERSTANDING (MOU) SETS FORTH THE UNDERSTANDING BETWEEN THE PARTIES AS FOLLOWS:

1. SCOPE

The scope of this MOU is restricted to the purpose of recording the understanding between the Parties regarding initiation of negotiation of transportation of gas in accordance with the relevant provisions of the TPA Rules, 2018 together with the applicable rules of Pakistan Gas Network Code.

2. NON-BINDING NATURE OF MOU

This MOU shall be non-binding on the Parties and shall have no legal effect. Nothing contained in this MOU shall confer any legal right or entitlement whatsoever in favour of PGPCL.

3. CAPACITY ALLOCATION

SNGPL shall follow the provisions in respect of capacity allocation contained in the TPA Rules and Pakistan Gas Network Code including advertisement of available capacity. PGPCL acknowledges that SNGPL is required to allocate capacity on a "first come first serve basis". In case PGPCL is allocated capacity by SNGPL, the

316

Parties shall enter into a binding Gas Transportation Agreement on mutually agreed terms and conditions subject to completion of all codal and legal formalities.

4- This MOU shall be executed in two (2) counterparts; one to be retained by each Party and the each instrument shall be considered as original and duly executed by the Parties.

IN WITNESS whereof the Parties have signed this MOU on the day and year first above written.

SUI NORTHERN GAS PIPELINES LIMITED	**Pakistan GasPort Consortium Limited**
By:	By:
Name: Amer Tufail	Name: Fasih Ahmed
Title: Managing Director	Title: Chief Executive Officer
Date: 18 September in 2020	Date: ______ in ______

Subject: **PAY ORDER / BANK DRAFT**

Please find attached herewith a copy of application of Pakistan GasPort Limited March 07, 2022 alongwith Pay order of Rs 5,00,000/ bearing P.O No. 15877773 issued by Habib Metropolitan Bank Ltd Lahore Branch, Branch Code 2, as Fee for sale of Natural Gas Licence, Please.

(Abdul Malik Sherani)
Law Officer
10-03- 2022

Accounts Officer, OGRA

Received Pay Order / Bank Draft (In Original)

10/3/22

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Account Payee only

HABIB METROPOLITAN BANK LTD.

Lahore Branch

Branch Code : 2

P.O No. 15877773

Stationery/Ref. No. 15877773

Date : 0 4 0 3 2 2

Pay to OIL & GAS REGULATORY AUTHORITY A/C PAKISTAN GASPORT LIMITED or Order

Rupees five hundred thousand only

PKR ***500,000.00***

Signatory Attorney No. 553

Signatory Attorney No.

Please do not write below this line

⑈158777 3⑈064000 2⑆00000000000 76951⑈020⑈