Pakistan LNG Limited

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2020

◆YOUSUF ADIL

Yousuf Adil
Chartered Accountants

18-B/1, Chohan Mansion
G-8 Markaz, Islamabad
44000, Pakistan

Tel: +92 (51) 8734400-3
Fax: +92 (51) 8350602
www.yousufadil.com

INDEPENDENT AUDITOR'S REPORT

To the members of Pakistan LNG Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Pakistan LNG Limited (the Company), which comprise the statement of financial position as at June 30, 2020, and the statement of profit or loss, 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, statement of profit or loss, 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 loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (the Code), as adopted by the Institute of Chartered Accountants of Pakistan 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 1.4 to the financial statements, in respect of Company's merger with Pakistan LNG Terminals Limited (PLTL). Our opinion is not modified in respect of this matter.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.
Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with the audit of 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 information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

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

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

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

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

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

Report on Other Legal and Regulatory Requirements

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

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

b) the statement of financial position, the statement of profit or loss, 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 auditor's report is Mr. Syed Asmatullah.

Yousuf Adil.

Chartered Accountants
Place: Islamabad
Date: April 28, 2021

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

	Note	2020	2019
		---------Rupees---------	
ASSETS			
Non Current Assets			
Property and equipment	6	14,696,856	18,947,643
Right of use asset	8	151,665,993,228	-
Deferred tax asset	24	1,855,942,352	-
Intangible assets	7	136,979	105,729
		153,536,769,415	19,053,372
Current Assets			
Stock-in-trade	11	3,311,051,899	4,863,244,948
Advances and prepayments		2,871,498	2,586,901
Accrued interest		32,206,012	79,470,447
Recoverable from tax authorities	9	2,436,576,699	1,115,641,693
Trade and other receivables	10	28,261,108,411	33,718,497,573
Cash and bank balances	12	3,331,261,122	6,454,307,739
		37,375,074,641	46,033,749,301
TOTAL ASSETS		190,911,844,056	46,052,802,673
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorized share capital (100,000,000 ordinary shares of Rs. 10 each)		1,000,000,000	1,000,000,000
Issued, subscribed and paid-up capital	13	15,000,030	15,000,030
Accumulated (losses)/ profits		(2,712,673,395)	800,786,027
Total Equity		(2,697,673,365)	815,786,057
Non Current Liabilities			
Deferred employees' benefits	14	18,769,341	18,827,636
Loan from a related party - unsecured	15	-	2,782,346,884
Lease liability	8	146,949,150,079	-
		146,967,919,420	2,801,174,520
Current Liabilities			
Loan from a related party - current portion	15	5,316,346,884	2,534,000,000
Accrued interest		667,935,946	1,393,180,077
Lease liability - current portion	8	11,090,702,603	-
Payable to Government - ITFC Agreement	16	22,098,287,921	11,401,228,197
Income tax payable		70,618,650	-
Trade and other payables	17	7,397,706,997	27,107,433,822
		46,641,598,001	42,435,842,096
Total Liabilities		193,609,517,421	45,237,016,616
TOTAL EQUITY AND LIABILITIES		190,911,844,056	46,052,802,673
CONTINGENCIES AND COMMITMENTS	18		

The annexed notes 1 to 32 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

PAKISTAN LNG LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020	2019
		---------Rupees---------	
Revenue from contract with a customer	19	**150,886,959,567**	179,477,667,268
Cost of sales	20	**(145,026,001,349)**	(173,419,391,792)
Gross profit		**5,860,958,218**	6,058,275,476
Administrative expenses	21	**(149,959,030)**	(179,693,166)
Other income	22	**592,971,578**	393,515,681
Exchange loss		**(4,567,594,851)**	(3,595,795,930)
Finance cost	23	**(4,309,333,455)**	(924,745,940)
(Loss) / profit before tax		**(2,572,957,540)**	1,751,556,321
Taxation	24	**(940,501,882)**	(1,891,865,075)
Loss after tax	25	**(3,513,459,422)**	(140,308,754)
Other comprehensive income for the year		**-**	-
Total comprehensive loss for the year		**(3,513,459,422)**	(140,308,754)

The annexed notes 1 to 32 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

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

	Note	2020	2019
		---------Rupees--------	
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) / profit before tax		(2,572,957,540)	1,751,556,321
Adjustment for non-cash items			
-Depreciation expense		12,137,597,785	6,818,602
-Amortization expense	21	58,750	36,250
-Provision for gratuity and leave encashment		14,442,524	12,033,951
-Provision for contribution to provident fund		6,281,337	2,386,644
-Interest expense	23	4,309,333,455	924,745,940
-Unrealised exchange loss		4,558,541,009	366,285,631
-Gain on disposal		(10,000)	-
-Interest income	22	(592,808,578)	(367,821,556)
Working capital changes			
(Increase) / decrease in current assets			
-Advances and prepayments		(284,597)	(1,568,932)
-Trade and other receivables		5,457,389,162	(19,730,371,430)
-Recoverable from tax authorities		(1,820,560,897)	1,199,626,952
-Stock-in-trade		1,352,193,049	(1,197,045,138)
Increase / (decrease) in current liabilities			
-Trade and other payable		(19,770,099,936)	7,935,324,794
Cash used in operations		3,079,115,623	(9,095,991,971)
Employee benefits paid		(16,581,164)	(3,017,134)
Income taxes paid		(2,226,199,693)	(2,417,056,291)
Lease rentals paid	8	(13,670,553,890)	-
Interest paid		(1,625,813,690)	(34,649,956)
Net cash flows used in operating activities		(14,460,032,814)	(11,550,715,352)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment	6	(72,540)	(379,358)
Purchase of intangible assets	7	(90,000)	-
Proceeds of fixed assets sold		15,000	-
Income received from bank deposits		640,074,013	304,088,182
Net cash flows generated from investing activities		639,926,473	303,708,824
CASH FLOWS FROM FINANCING ACTIVITIES			
ITFC loan proceeds - net		10,697,059,724	11,401,228,197
Net cash flows generated from financing activities		10,697,059,724	11,401,228,197
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		(3,123,046,617)	154,221,669
Cash and cash equivalents at the beginning of the year	12	6,454,307,739	6,300,086,070
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	12	3,331,261,122	6,454,307,739

The annexed notes 1 to 32 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

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

	Share capital	Revenue reserve	
	Issued, subscribed and paid up capital	Accumulated profit / (losses)	Total
	----------Rupees----------		
Balance as at June 30, 2018	15,000,030	941,094,781	956,094,811
Total comprehensive income for the year			
Loss for the year ended June 30, 2019	-	(140,308,754)	(140,308,754)
Other comprehensive income	-	-	-
Total comprehensive loss for the year	-	(140,308,754)	(140,308,754)
Balance as at June 30, 2019	15,000,030	800,786,027	815,786,057
Total comprehensive income for the year			
Loss for the year ended June 30, 2020	-	(3,513,459,422)	(3,513,459,422)
Other comprehensive income	-	-	-
Total comprehensive loss for the year	-	**(3,513,459,422)**	**(3,513,459,422)**
Balance as at June 30, 2020	**15,000,030**	**(2,712,673,395)**	**(2,697,673,365)**

The annexed notes 1 to 32 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

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

1. THE COMPANY AND ITS OPERATIONS

1.1 Pakistan LNG Limited (the Company) was incorporated in Pakistan as a public company on December 11, 2015 under the repealed Companies Ordinance, 1984. The principle activity of the Company is to import, transport, market and distribute Liquefied Natural Gas (LNG). The Company's registered office is located at 3rd floor, Block A, Pak Secretariat, Islamabad, Pakistan. The Company achieved its commercial operation date on January 04, 2018. The Company is wholly owned by Government Holdings (Private) Limited (the Parent Company).

1.2 In previous years, the Company has awarded contracts to M/s. Gunvor and M/s. ENI SPI (the Sellers) for purchase and import of one (01) LNG cargo per month from each seller for a period of five years and fifteen years respectively. Under the award, the Company shall purchase and import a total of two hundred and forty (240) cargos over the respective contract periods.

1.3 Imported LNG is re-gasified at LNG Terminal operated by Pakistan LNG Terminal Limited (PLTL), an associated company. PLTL has Operation and Service Agreement (OSA) with PGP Consortium Limited (PGPCL) as Terminal Operator. In the meanwhile, the Company has agreed the terms of Terminal Use and Regasification Agreement (TURA) with PLTL for obtaining the re-gasification capacity of terminal. Under the said agreement, the Company has committed to purchase 600 MMSCFD per day subject to 96% availability factor.

1.4 Ministry of Energy (Petroleum Division) vide its letter dated February 06, 2018 had directed to merge the Company with PLL. In this regard a presentation to Joint Boards of the Company, Pakistan LNG Limited (PLL) and Government Holdings Private Limited (the Parent Company) was given about the economics of merger. The Board of directors of the parent company has accorded its principle approval and referred the matter to Economic Coordination Committee of the Cabinet (ECC) for formal approval. Ministry of Energy (Petroleum Division) vide its letter dated January 2, 2020 has conveyed the formal decision of ECC and Cabinet for merger of the Company with PLL under section 284(2)(a) of Companies Act, 2017. The matter of surviving entity was referred to the Parent Company who has approved that the Company should be amalgamated/merged with and vest in PLL. Existing shares of acquiree (the Company) shall stand cancelled and acquirer (PLL) shall with effect from the completion date be entitled to carry out all the business of the Company in its own right and shall be entitled to all the rights and obligations thereof. Subsequent to the year end, the agreed scheme of amalgamation/merger was approved in the 84th Board of Directors' meeting held on December 08, 2020 with effective date of Merger being January 01, 2021. In that resolution, the Board also approved cancelation of PLTL shares without payment or any further consideration and all of its debts would be paid by Pakistan LNG Limited (the amalgamated entity). The Company has notified the Securities and Exchange Commission of Pakistan (SECP) of the said amalgamation as approved by the Board. SECP's acknowledgement regarding certification of the merger is pending till date.

1.5 The Company has also agreed the terms of Gas Sales and Purchase Agreement (GSPA) with Sui Northern Gas Pipelines Limited (SNGPL) (the Buyer) for sale of re-gasified LNG (RLNG). However, formal execution of Gas Sales and Purchase Agreement with the Buyer is pending. Further, final sales price determination in this regard is subject to Oil and Gas Regulatory Authority (OGRA) approval which is pending.

1.6 The Company has agreed the terms of "LNG Terminal Use & Regasification Agreement" (TURA) with PLTL, an associated company, for re-gasification at LNG Terminal to be operated by PLTL. PLTL has Operation and Service Agreement (OSA) with PGP Consortium Limited (PGPCL) as Terminal Operator.

As per the terms of above referred Operation and Service Agreement, PGPCL was required to achieve the commercial operation date (COD) on or before July 1, 2017; failing which, PLTL is entitled to receive liquidated damages from PGPCL @ US$ 200,000/- per day until new scheduled COD (i.e. November 28, 2017) and thereafter @ US$ 300,000/- per day until the COD is achieved. Said terms for achieving COD and liquidated damages are mutatis mutandis applicable to TURA between the Company and PLTL. The COD was delayed and actually achieved on January 4, 2018. Accordingly, the Company is entitled to receive liquidated damages from PLTL for the period of delay. Accordingly, the Company has lodged a claim to PLTL in this respect.

During the year, PLTL terminated the OSA with PGPCL on October 14, 2019 with immediate effect due to persistent breach by PGPCL of its obligations under the OSA. PGPCL has raised a dispute regarding the termination by PLTL under the relevant provisions of the OSA pertaining to dispute resolution, and the matter is currently in arbitration and both parties have appointed their respective representatives. As per the terms of the OSA, the parties are required to continue to perform their respective obligations to the extent not affected by the relevant dispute, therefore, management believes that the Company's future operations shall not be affected by this event.

1.7 PLL is pursuing the matter of "Reimbursement of Port Charges" with its LNG Suppliers for both term and spot cargos. From October 07, 2020 onwards, PLL is making payments as per its interpretation of Port Charges and adjusting LNG payments accordingly. For historical payments, PLL has issued Debit Notes to the respective term and spot suppliers for the recovery of all outstanding amounts on account of Port Charges. Some Spot suppliers have already agreed with PLL's stance and reimbursed the amonts sought by PLL in such Debit Notes.

2. BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

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

- 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 the provisions of and directives issued under the Companies Act, 2017 differ from 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, except financial instruments which are stated at fair value. The methods used to measure fair values are discussed further in their respective policy notes.

2.3 FUNCTIONAL AND PRESENTATION CURRENCY

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

3. USE OF ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with approved accounting and reporting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future period affected.

Significant estimates used by the management in preparation of these financial statements are disclosed and explained in notes 5.3, 5.6, 5.7, 5.9 and 5.14.

4. ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS

4.1 New accounting standards / amendments and IFRS interpretations that are effective for the year ended June 30, 2020

The following standards, amendments and interpretations are effective for the year ended June 30, 2020. These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

	Effective from accounting period beginning on or after
IFRS 14 – Regulatory Deferral Accounts	July 01, 2019
Amendments to IFRS 9 'Financial Instruments' - prepayment features with negative compensation	January 01, 2019
Amendments to IAS 28 'Investments in Associates and Joint Ventures' - Long-term interests in associates and joint ventures	January 01, 2019
Amendments to IAS 19 'Employee Benefits' - Plan amendment, curtailment or settlement	January 01, 2019
IFRIC 23 'Uncertainty over Income Tax Treatments'	January 01, 2019

Certain annual improvements have also been made to a number of IFRSs.

4.2 Impact of initial application of IFRS 16 - Leases

IFRS 16 - *Leases* replaced IAS 17 - *Leases*, the former lease accounting standard and became effective for periods beginning on or after January 01, 2019.

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. The impact of the adoption of IFRS 16 on the Company's financial statements is described below.

IFRS 16 introduced a single, on-balance sheet accounting model for leases. As a result, the Company as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets; and lease liabilities representing its obligation to make lease payments.

The Company applied IFRS 16 using the modified retrospective approach, under which the Company has recognised lease liabilities at the date of initial recognition at the present value of the remaining lease payments using the Company's incremental borrowing rate and recognising right of use assets at an amount equal to the lease liabilities, adjusted for the amounts of prepaid rent, if any. Accordingly, the comparative figures presented for 2019 have not been restated.

	As at July 01, 2019 Rupees
Total lease liability	163,799,272,686

The recognised right-of-use assets relate to the following type of asset:

LNG Terminal	163,799,272,686

The effect of this change in accounting policy is as follows:

Impact on Statement of Financial Position

Increase in fixed assets - right of use asset	163,799,272,686
Increase in liabilities - lease liability	(163,799,272,686)
Impact on equity	-

4.3 New accounting standards, amendments and IFRS interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

	Effective from accounting period beginning on or after
Amendments to the conceptual framework for financial reporting, including amendments to references to the conceptual framework in IFRS	January 01, 2020
Amendments to IFRS 3 'Business Combinations' - Definition of a business	January 01, 2020
Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of material	January 01, 2020
Amendments to IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 7 'Financial Instruments: Disclosures' - Interest rate benchmark reform	January 01, 2020
Amendment to IFRS 16 'Leases' - Covid-19 related rent concessions	January 01, 2020
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2022
Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework	January 01, 2022
Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	January 01, 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts — cost of fulfilling a contract	January 01, 2022

Certain annual improvements have also been made to a number of IFRSs.

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

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

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below.

5.1 TRADE DEBTS AND OTHER RECEIVABLES

Trade debts and other receivables are initially recognized at fair value which is the invoice value. After initial recognition these are measured at amortized cost using the effective interest method, less provision for impairment (if any). Any change in their value is recognized in statement of profit and loss. Trade and other receivables are assessed on regular basis for impairment.

5.2 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprises of cash balances and bank deposits. Cash equivalents are 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.

5.3 PROPERTY AND EQUIPMENT

These are initially recognized at acquisition cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Company's management. These assets are subsequently measured using the cost model, cost less subsequent depreciation and impairment losses, if any.

The cost includes the cost of replacing parts of the equipment when that cost is incurred, if the recognition criteria are met. Depreciation is charged using the straight line method at the rates specified in note 5 when assets are available for use. No depreciation is charged on the assets in the month of sale/disposal, while full depreciation is charged in the month of acquisition. Maintenance and normal repairs are charged to income for the year as and when incurred, while major renewals and improvements are capitalized.

The carrying amounts of the Company's assets are reviewed at each date of the statement of financial position to determine whether there is any indication of impairment loss. If any such indication exists, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment losses are charged to income for the year. An item of fixed assets is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset is included in profit and loss in the year the asset is derecognized. The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

5.4 TRADE AND OTHER PAYABLES

Liabilities for trade and other amounts payables are carried at cost which is the fair value considered to be paid in the future for goods and services received, whether or not billed to the Company. Subsequent to initial recognition trade and other payables are measured at amortized cost using the effective interest method.

5.5 PROVISIONS

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate.

5.6 INTANGIBLE ASSETS

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

5.7 RIGHT OF USE ASSETS AND LEASE LIABILITIES

5.7.1 Right of use assets

On initial recognition, right-of-use assets are measured at an amount equal to initial 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 be incurred to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

Right-of-use assets are subsequently stated at cost less any accumulated depreciation/accumulated impairment losses and are adjusted for any remeasurement of lease liability. The remeasurement of lease liability will only occur in cases where the terms of the lease are changed during the lease tenure.

Right-of-use assets are depreciated over their expected useful lives using the straight-line method. Depreciation on additions (new leases) is charged from the month in which the leases are entered into. No depreciation is charged in the month in which the leases mature or are terminated.

5.7.2 Lease liabilities

The lease liabilities are initially measured as the present value of the remaining lease payments, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. The lease liability is also remeasured to reflect any reassessment or change in lease terms. These remeasurements of lease liabilities are recognised as adjustments to the carrying amount of related right-of-use assets after the date of initial recognition.

Each lease payment is allocated between a reduction of the liability and a finance cost. The finance cost is charged to the profit and loss account as markup expense over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

5.8 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognized in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in the statement of profit or loss.

5.8.1 Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognized financial assets are measured subsequently in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

5.8.1.1 <u>Classification of financial assets:</u>

(i) Debt instruments designated at amortized cost

Debt instruments that meet the following conditions are measured subsequently at amortized cost:

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

(ii) Debt instrument designated at fair value comprehensive

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

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

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

For financial instruments other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortized cost of the debt instrument on initial recognition

<u>Amortized cost and effective interest rate method:</u>

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance.

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period.

Interest income is recognized using the effective interest method for debt instruments measured subsequently at amortized cost and at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Company recognizes interest income by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognized in profit or loss and is included in the "finance income - interest income" line item.

(iii) Equity instruments designated as at FVTOCI

On initial recognition, the Company may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the 'finance income' line item in profit or loss.

(iv) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortized cost or FVTOCI are measured at FVTPL. Specifically:

• Investments in equity instruments are classified as at FVTPL, unless the Company designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.

• Debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortized cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch") that would arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases. The Company has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss.

5.8.1.2 Impairment of financial assets:

The Company recognizes a loss allowance for expected credit losses on investments in debt instruments that are measured at amortized cost or at FVTOCI, lease receivables, trade receivables, contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognizes lifetime ECL for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the company compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the company's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organizations, as well as consideration of various external sources of actual and forecast economic information that relate to the company's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:
- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortized cost;

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor;

- significant increases in credit risk on other financial instruments of the same debtor;

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise.

Definition of default:

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or

- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Company).

Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than 90 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(ii) Credit-impaired financial assets:

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or

(e) the disappearance of an active market for that financial asset because of financial difficulties.

(iii) Write-off policy:

The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

(iv) Measurement and recognition of expected credit losses:

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with IFRS 16 Leases.

For a financial guarantee contract, as the Company is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Company expects to receive from the holder, the debtor or any other party.

If the Company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Company measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Company recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

5.8.1.3 Derecognition of financial assets:

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

5.8.2 Financial Liabilities

All financial liabilities are measured subsequently at amortized cost using the effective interest method or at FVTPL.

(i) Financial liabilities at FVTPL

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on changes in fair value recognized in the consolidated statement of profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognized in the consolidated statement profit or loss incorporates any interest paid on the financial liability.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in statement of other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch statement of in profit or loss. The remaining amount of change in the fair value of liability is recognized in statement of profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognized in statement of other comprehensive income are not subsequently reclassified to statement of profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Gains or losses on financial guarantee contracts issued by the Company that are designated by the Company as at FVTPL are recognized in profit or loss

(ii) Financial liabilities measured subsequently at amortized cost

Financial liabilities that are not designated as FVTPL, are measured subsequently at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

Derecognition of financial liabilities:

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

5.8.3 OFF-SETTING OF FINANCIAL ASSETS AND FINANCIAL

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

5.9 TAXATION

5.9.1 CURRENT

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the date of the statement of financial position. Management periodically evaluates positions taken in tax returns, with respect to situations in which applicable tax regulation is subject to interpretation, and establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

5.9.2 DEFERRED

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

Deferred tax liabilities are recognized for all taxable temporary differences and deferred income tax assets are recognized for all deductible temporary differences and carry forward unused tax losses, if any to the extent that it is probable that taxable profit will be available against which such deductible temporary differences and tax losses can be utilized.

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

5.10 REVENUE RECOGNITION

The Company recognizes revenue at a point in time when control of regasified liquified natural gas (RLNG) is transferred to the customer. Control is considered to be transferred when the RLNG is delivered into the customer's RLNG pipeline insfrastructure and a formal acknowledgment is received from the customer. Revenue is recognized at the fair value of consideration received or receivable.

5.11 FOREIGN CURRENCY TRANSACTIONS AND TRANSL

Foreign currency transactions during the year are recorded at the exchange rate ruling on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange ruling at the date of the statement of financial position. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Exchange differences are taken to the statement of profit and loss for the year.

5.12 DIVIDENDS

Dividend distribution and appropriation of reserves are recognized in the financial statements in the period in which these are approved.

5.13 STOCK-IN-TRADE

Inventories are stated at the lower of cost and net realizable value. Costs of inventories are determined on weighted average basis. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

5.14 STAFF RETIREMENT BENEFITS

5.14.1 Defined benefit plan

The Company operates an unfunded gratuity scheme for its eligible employees completing the minimum qualifying period of six month as specified in the scheme. Gratuity is equivalent to one month's last drawn gross salary for each year of service. All employees completing eighteen (18) months of service from the date of their joining are entitled to one additional salary, and thereafter, on completion of every twelve (12) months, the employees are further entitled to another additional salary. As of the year end, the Company is in process of registering of Gratuity fund.

5.14.2 Defined contribution plan

The Company operates a provident fund for its employees. Equal montly contributions are made both from the employer and the employee at the rate of 10% of the basic salary. The Company is currently in process of registering its provident fund, and accordingly, the amounts payable towards the Fund shall be transferred once the registration process is completed.

5.14.3 Compensated absences

The Company accounts for all compensated absences when employees render services that increase their entitlement to future compensated absences. Cash compensation for the balance of earned leaves upto maximum of 90 days at the time of retirement, resignation, death or termination of service. Leave encashment is paid at the rate of latest gross salary to the regular and contract employees of the Company.

6 PROPERTY AND EQUIPMENT

Particulars	Computer equipment	Furniture and fixture	Office equipment	Motor vehicle	Total
			-----Rupees-----		
Cost					
As at July 01, 2018	12,934,260	10,871,263	5,951,506	1,944,197	31,701,226
Additions during the year	105,458	204,000	-	69,900	379,358
As at June 30, 2019	13,039,718	11,075,263	5,951,506	2,014,097	32,080,584
Additions during the year	72,540	-	-	-	72,540
Disposal during the year	(100,000)	-	-	-	(100,000)
As at June 30, 2020	13,012,258	11,075,263	5,951,506	2,014,097	32,053,124
Depreciation					
As at July 01, 2018	4,064,454	921,117	1,001,834	326,934	6,314,339
Charge for the year	3,880,278	1,647,452	892,726	398,146	6,818,602
As at June 30, 2019	7,944,732	2,568,569	1,894,560	725,080	13,132,941
Charge for the year	1,358,011	1,661,289	892,726	406,301	4,318,327
Depreciation on disposals	(95,000)	-	-	-	(95,000)
As at June 30, 2020	9,207,743	4,229,858	2,787,286	1,131,381	17,356,268
Net book value					
As at June 30, 2020	**3,804,515**	**6,845,405**	**3,164,220**	**882,716**	**14,696,856**
As at June 30, 2019	**5,094,986**	**8,506,694**	**4,056,946**	**1,289,017**	**18,947,643**
Depreciation rate %	30%	15%	15%	20%	

	2020	2019
	---------Rupees---------	

7 INTANGIBLE ASSETS

Software

	2020	2019
Cost		
As at July 01	105,729	141,979
Additions during the year	90,000	-
As at June 30	195,729	141,979
Amortization		
As at July 01	-	-
Charge for the year	58,750	36,250
As at June 30	58,750	36,250
Net book value		
As at June 30	136,979	105,729
Amortization rate %	25%	25%

8 LEASES

Company as a lesee

	Rupees
Right of use asset	
Cost	
At July 01, 2019	-
Additions during the year	163,799,272,686
At June 30, 2020	163,799,272,686
Accumulated depreciation	
At July 01, 2019	-
Depreciation charge	12,133,279,458
At June 30, 2020	12,133,279,458
Net carrying amount - June 30, 2020	151,665,993,228
Lease liability	
At July 01, 2019	-
Recognized during the year	163,799,272,686
Interest charge during the year	3,408,763,996
Lease payments during the year	(13,670,553,890)
Exchange loss during the year	4,502,369,890
At June 30, 2020	158,039,852,682
less: current portion	(11,090,702,603)
Non-current portion	146,949,150,079

Amounts recognized in profit and loss

Depreciation charged on right of use asset	12,133,279,458
Exchange loss on lease liability	4,502,369,890
Interest expense on lease liability	3,408,763,996

9 RECOVERABLE FROM TAX AUTHORITIES

	Note	2020	2019
		---------Rupees---------	
Advance tax		-	499,625,891
General sales tax recoverable		2,436,576,699	616,015,802
		2,436,576,699	1,115,641,693

10 TRADE AND OTHER RECEIVABLES

	Note	2020	2019
Considered good - unsecured	10.1	28,261,108,411	33,718,497,573

10.1 Break up of trade and other receivables:

	Note	2020	2019
Sui Northern Gas Pipelines Limited		28,060,658,411	33,518,047,573
Accrued recoverable	10.2	200,450,000	200,450,000
		28,261,108,411	33,718,497,573

10.2 It represents the cost incurred and paid by the Company on commissioning cargo due to associated costs such as extended laytime, additional crew and activities related to commissioning of Floating Storage and Regasification Unit (FSRU). It will be recovered from SNGPL after the actualization of provisional price by OGRA.

11 STOCK-IN-TRADE

	Notes	2020	2019
		-----Rupees-----	
LNG held with third party	11.1	3,290,442,572	940,389,035
LNG in transit		-	3,700,448,933
RLNG held in pipeline	11.2	20,609,327	22,406,980
		3,311,051,899	4,663,244,948

11.1 Amount relates to closing stock of LNG 132,446.92 m^3 (2019: 35,753.18 m^3) inventory held with PGP Consortium Limited (PGPCL) at the Floating Storage and Regasification Unit (FSRU) as at June 30, 2020.

11.2 Amount relates to RLNG held in 14 km pipeline between Floating Storage and Regasification Unit (FSRU) and Custody Transfer System (CTS).

12 CASH AND BANK BALANCES

	Note	2020	2019
		-----Rupees-----	
Cash in hand		35,794	38,687
Cash at bank - Saving account	12.1	3,331,225,328	6,454,269,052
		3,331,261,122	6,454,307,739

12.1 These are in local currency and carry's profit at the rate ranging from 6.75% to 13.35% (2019: 6.75% to 12.5%).

13 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

	Note	2020	2019
		-----Rupees-----	
Issued, subscribed and paid up capital:			
1,500,003 ordinary shares of Rs.10 each fully paid in cash	13.1	15,000,030	15,000,030

13.1 Government Holdings (Private) Limited (parent company) holds 100% of the issued, subscribed and paid-up capital.

		Note	2020	2019
			-----Rupees-----	
14	**DEFERRED EMPLOYEES' BENEFITS**			
	Provision for gratuity	14.1	**11,941,437**	10,495,903
	Provision for leave encashment	14.2	**6,827,904**	8,331,733
			18,769,341	18,827,636

		2020	2019
14.1	**Provision for gratuity**		
	Balance at the beginning of the year	**10,495,903**	4,135,989
	Provision made during the year	**9,163,258**	7,946,876
	Payment made during the year	**(7,717,724)**	(1,586,962)
	Balance at the end of the year	**11,941,437**	10,495,903

		Note	2020	2019
14.2	**Provision for leave encashment**		-----Rupees-----	
	Balance at the beginning of the year		**8,331,733**	5,674,830
	Provision made during the year		**5,279,266**	4,087,075
	Payment made during the year		**(6,783,095)**	(1,430,172)
	Balance at the end of the year		**6,827,904**	8,331,733

		Note	2020	2019
15	**LOAN FROM A RELATED PARTY- UNSECURED**			
	Balance at the beginning of the year	15.1	**5,316,346,884**	5,316,346,884
	Received during the year		**-**	-
	Repayment made during the year		**-**	-
	Balance at the end of the year		**5,316,346,884**	5,316,346,884
	less: current portion		**(5,316,346,884)**	(2,534,000,000)
	Non-current portion		**-**	2,782,346,884

15.1 The Government Holdings (Private) Limited (GHPL) (the Parent Company) provided advances, solely to meet the operational activities related to LNG imports and to meet the guarantee requirements under the contract for LNG imports. On November 22, 2017, the Company agreed to convert entire amount of advances into interest bearing loan agreed under term sheet signed by both parties. The loan repayment schedule was re-negotiated by both parties through term sheet amendment dated October 19, 2018, with the loan now payable to GHPL over a course of three (03) years up till March 2021. No repayment of the loan installment has been made during the year. Rate of interest on loan is six (06) months KIBOR plus 2 percent at the date of transaction.

		Note	2020	2019
16	**PAYABLE TO GOVERNMENT - ITFC AGREEMENT**		----------Rupees----------	
	Balance at the beginning of the year		**11,401,228,198**	-
	Payments made during the year	16.1	**33,754,065,114**	18,547,575,610
	Amount repaid by the Company		**(23,057,005,391)**	(7,146,347,412)
	Balance at the end of the year		**22,098,287,921**	11,401,228,198

16.1 During the financial year ended June 30, 2019, the Government of Pakistan (GoP) and International Islamic Trade Finance Corporation (ITFC) entered into a deferred financing facility dated April 22, 2019, with PLL designated as an executing agency by the GoP. As per the agreement, payments to LNG suppliers are processed by ITFC, with PLL processing the payment to the State Bank of Pakistan (SBP) in the designated bank account in USD equivalent PKR. Accordingly, during the year PLL executed ten (10) transactions (2019: 5 transactions) with LNG suppliers under the agreement, amounting to USD 216.90 million (2019: USD 122.77 million). As at the year end, the payable to the GoP under the agreement stood at PKR 22.11 billion (2019: Rs. 11.40 billion).

		Note	2020	2019
			----------Rupees----------	
17	**TRADE AND OTHER PAYABLES**			
	Trade Payables	17.1	**7,340,344,120**	21,851,921,738
	Sales tax payable at import stage		**-**	1,415,021,660
	Income tax payable at import stage		**-**	132,068,689
	Excise duty and cess payable at import stage		**24,516,153**	177,849,276
	PQA Wharfage Payable		**13,400,182**	-
	Accrued liabilities		**10,699,821**	3,518,302,864
	Withholding income tax payable		**1,930,402**	9,655,268
	Withholding sales tax payable		**227,683**	227,683
	Provident fund payable	17.2	**6,587,636**	2,386,644
	Gratuity payable		**-**	-
			7,397,705,997	27,107,433,822

17.1 This amount includes payable to Pakistan LNG Terminals Limited (PLTL) of Rs. 1,458.08 million (2019: Rs. 1,465.59 million) on account of regasification charges and payable to LNG suppliers namely M/s. Gunvor International B.V and M/s ENI SPA amounting to Rs. 3,905.39 million (2019: Rs. 16,252.45 million) and Rs. 1,970.10 million (2019: Rs. 4,125.5 million) respectively.

17.2 The Company is in process of registering the provident fund as of June 30, 2020, and accordingly, the amounts payable towards the Fund shall be transferred once the registration process is completed.

18 CONTINGENCIES AND COMMITMENTS

18.1 Contingencies

18.1.1 The Company has awarded contracts to M/s. Gunvor and M/s ENI SPA (the Sellers) for purchase and import of LNG for the period of five years and fifteen years. The Company has provided the credit support in the form of irrevocable Standby Letter of Credit (SBLC) for an amount of USD 21,482,496 and USD 22,229,424 to M/s Gunvor and M/s ENI respectively. Aforementioned SBLCs shall expire on November 02, 2020 and November 15, 2020 respectively. The parent company on behalf of the Company has provided the security for issuance of SBLC in favor of the Sellers.

18.2 Commitments

18.2.1 In accordance with the provisions of the Terminal Use and Regasification Agreement (TURA), the Company shall pay to PLTL a capacity charge of USD 245,220 per day subject to capped availability factor (96%) and a flexibility charge in the event of excess terminal capacity utilisation at the rate of 25% of the applicable capacity fee, from the commencement of commercial operation date.

18.2.2 In accordance with the provisions of Master Sale and Purchase Agreement (MSPA), the Company is obliged to import one cargo of LNG per month from M/s. Gunvor and M/s. ENI SPA (the Sellers) for a period of 5 years and 15 years respectively from the start of commercial operation date.

18.2.3 The Company uses premises for official purposes which is rented from the Ministry of Energy (Petroleum Division). In respect of the same, the Company is required to make rental payments to the Ministry of Energy (Petroleum Division) on applicable rates notified from time to time. The Company has not received demand for rent from the said Ministry, consequent to which, the Company has recognized accrual for the rental expense amounting to Rs. 7.7 million till date.

		Note	2020	2019
			----------Rupees----------	
19	**REVENUE FROM CONTRACT WITH A CUSTOMER**			
	Gross sales - RLNG	19.1	**168,993,394,715**	201,014,987,340
	Sales tax		**(18,106,435,148)**	(21,537,320,072)
	Net sales		**150,886,959,567**	179,477,667,268

19.1 As per the decision of the Economic Coordination Committee (ECC) vide case no. ECC-62/12/2018 dated May 30, 2018, the LNG margin of PLL was increased from 2.5% to 3.75% w.e.f. June 01, 2018. This equates to USD 25.85 million recoverable for the period from June 2018 to June 2020. However, implementation of the same is currently pending with OGRA. Once implemented, the margin will be recovered by PLL prospectively in future fiscal years.

Furthermore, RLNG sales include sales to SNGPL and SSGCL invoiced on provisional prices. There may be adjustment in revenue upon issuance of final RLNG price notification by OGRA for the respective month, impact of which cannot be determined at this stage for all costs. Any possible impact related to such adjustments will be adjusted in prospective periods.

20 COST OF SALES	Note	2020	2019
		----------Rupees----------	
Opening stock of LNG / RLNG		**4,663,244,948**	3,466,199,810
Gas purchases:			
Purchase of LNG		**120,687,463,435**	159,229,108,037
Depreciation on right of use asset	8	**12,133,279,458**	-
Import related costs	20.1	**10,100,050,533**	3,126,184,313
Capacity, utilization and flexibility charges	20.2	**274,155,489**	11,774,466,631
LSA management fee - PLTL		**478,859,385**	486,679,949
		143,673,808,300	174,616,436,930
Less: Closing stock	11	**(3,311,051,899)**	(4,663,244,948)
		145,026,001,349	173,419,391,792

20.1 Under the Master Sales and Purchase Agreement ("MSPA") and the respective Confirmation Notices ("CN") signed with LNG Suppliers "Seller" of the Company, it is agreed that the Company "Buyer" shall make payment of invoices raised by the Seller and the Parties shall adjust port charges retrospectively upon availability of final Port Qasim Authority (PQA) invoices. The Company on the basis of legal opinion, is of the view that definition of "Port Charges", under the MSPA and CN, is restricted to Pilotage Fees (inclusive of towage charges) and any Monsoon Charges, and other charges which do not fall under this definition of "Port Charges" are the responsibility of the Seller, not the buyer (the Company).

During the period from November 24, 2017 to June 30, 2020, the LNG suppliers have claimed Port Charges which include certain components that do not fall under the definition of port charges as per interpretation of the management. The management, based on the above legal opinion, has disputed such charges and issued Debit Notes to respective term and spot suppliers for the recovery of such charges.

Total disputed recoverable amount on account of Port Charges from inception to June 30, 2020 is USD 24.5 million. PLL is pursuing the matter of 'Port Charges' with its LNG Suppliers of both term and spot cargoes.

20.2 As a result of the mandatory application of IFRS 16 - *Leases* by the Company in the current year, the fixed capacity charges fall under the ambit of the said accounting standard, whereby, these charges amounting to Rs. 13,661,254,301 have been treated as lease rentals for the purpose of valuation of right of use asset and the corresponding lease liability. Further details of the effects of application of IFRS 16 - *Leases* have been given in note 8 to the financial statements.

21	ADMINISTRATIVE EXPENSES		2020	2019
			--------Rupees--------	
	Salaries and allowances	21.1	88,128,727	112,440,049
	Fee and consultancy charges		6,171,698	4,328,832
	Board meetings		10,417,290	3,200,000
	Business promotion		3,496,791	1,167,923
	Travelling		2,695,154	5,404,547
	Rent		4,407,768	4,162,892
	Depreciation on property and equipment		4,318,327	6,816,602
	Utilities		3,761,222	3,347,672
	Insurance		1,969,938	1,357,108
	Entertainment		359,236	767,854
	Printing and stationary		345,348	298,854
	Custom clearing charges		5,584,296	8,379,477
	Bank charges		6,674,963	8,775,547
	Metering cost		7,489,470	13,164,078
	Auditors' remuneration	21.2	1,116,500	1,116,500
	Miscellaneous		341,782	393,186
	IT opex		1,541,813	2,149,760
	Repair and maintenance		384,984	911,815
	Security expenses		694,973	1,482,220
	Amortization		58,750	36,250
			149,959,030	179,693,166

21.1 It includes gratuity and leave encashment expenses amounting to Rs. 9.16 million (2019: Rs 7.95 million) and Rs. 5.28 million (2019: Rs 4.08 million) respectively, for eligible employees as per Company policy. Furthermore, it also includes contributions of both employer and employee to provident fund amounting to Rs. 3.138 million (2019: Rs. 1,193 million).

21.2	Auditors' remuneration	Notes	2020	2019
			--------Rupees--------	
	Statutory audit fee		880,000	880,000
	Report on compliance of Public Sector Companies (Corporate Governance) Rules 2013		82,500	82,500
	Sales tax		154,000	154,000
			1,116,500	1,116,500

22	OTHER INCOME		2020	2019
	- Profit on bank deposit		592,808,578	367,821,556
	- Others		163,000	25,694,325
			592,971,578	393,515,881

23	FINANCE COST		2020	2019
	Interest expense on lease liability	6	3,408,763,996	-
	Interest on loan from related party		438,762,820	436,652,393
	Interest on SBLC provided by a related party		463,443,591	453,443,591
	Interest on forced loan		8,363,048	34,649,956
			4,309,333,455	924,745,940

24	TAXATION	Notes	2020	2019
			-------Rupees--------	
	Current tax			
	- Current		2,263,304,394	1,745,925,728
	- Prior		533,139,840	145,939,347
			2,796,444,234	1,891,865,075
	Deferred tax		(1,855,942,352)	-
			940,501,882	1,891,865,075

24.1 Reconciliation of tax charge for the year

		2020	2019
Accounting (loss)/profit		(2,572,957,540)	1,751,556,321
Tax rate		29%	29%
Tax on accounting profit at applicable rate		-	507,951,333
Adjustment due to non-applicability of corporate tax regime		-	(539,599,003)
Tax effect of amounts that are taxable separately		-	1,777,573,398
Adjustment due to applicability of minimum tax u/s 113		2,263,304,394	-
Tax relating to prior years		533,139,840	145,939,347
		2,796,444,234	1,891,865,075

24.2 Movement in deferred tax

	2020	2019
Opening balance for the year	-	-
Net deferred tax income recognized during the year	1,855,942,352	-
Closing balance for the year	1,855,942,352	-

24.2.1 In view of the uncertainty of taxable profits in the foreseeable future against which the tax losses could be utilized, the Company has not recognized net deferred tax asset of Rs. 2.2 billion on account of minimum tax.

24.3 Matters related to current taxation

During Tax Year 2017, The Deputy Commissioner Inland Revenue (DCIR), Large Taxpayers Unit Islamabad Vide amended assessment order dated November 30, 2020 disallowed certain expenses amounting to Rs. 19.6 million and 14. 2 million on account of alleged non-deduction of withholding tax under section 21 (c) of the Income Tax Ordinance and late deposit of tax thereon respectively. The company is in process of filing an appeal against the aforesaid amended assessment order.

During Tax Year 2018, the additional Commissioner Inland Revenue (ACIR) issued show cause notice no 100000050274934 dated May 2, 2019 to which company filed response vide letter T5445 dated May 20, 2019 which was found unsatisfactory by the ACIR and thereafter amended Company's assessment vide order dated September 20, 2019 issued under section 122(5A) of the Income Tax Ordinance by making following disallowances:

- Credit of tax paid at import stage amounting to Rs 819 million; and
- Un-realized exchange loss amounting to Rs 101 million.

The company filed an appeal against the aforesaid order of the ACIR dated September 20, 2019 before the CIRA (Appeals), who vide order no. 335/2019 dated November 28, 2019 has remanded back the issue of disallowance of tax credit of tax paid at import stage by contending that the matter is still not decided by the Islamabad High Court in another case. Further, the CIRA has not decided the issue of disallowance of regasification charges and has rendered it pending till the decision of Economic coordination Committee (ECC) in this regard as it is contended that ECC has decided the case in respect of other companies while the decision in respect of the company is still pending. Further, CIRA has disallowed the unrealized exchange loss. The Company filed appeal against the appellate order dated November 28, 2019 before the ATIR.

The ACIR has also filed an Appeal against the aforesaid order of CIRA dated November 28, 2019 before the ATIR against the disallowance of tax credit of tax paid at the import stage.

The Company believes that there will be no future liability expected to arise in respect of said litigations.

25 IMPACT OF APPLICATION OF IFRS 16 - *LEASES* ON STATEMENT OF PROFIT AND LOSS

	Notes	2020	2019
		----------Rupees----------	
(Loss) / profit before tax		**(2,572,957,540)**	1,751,556,321
Impact of application of IFRS 16:			
Exchange loss on re-translation of liability as at June 30, 2020		**4,502,369,890**	-
De-recognition of terminal charges booked under cost of sales		**(13,670,553,890)**	-
Interest expense on lease liability		**3,408,763,996**	-
Depreciation of right of use asset		**12,133,279,458**	-
	8	**6,373,859,454**	-
Profit before tax without IFRS 16 implication		**3,800,901,914**	1,751,556,321
Current tax expense for the year		**(2,796,444,234)**	(1,891,865,075)
Profit after tax without IFRS 16 implication		**1,004,457,680**	(140,308,754)

26 TRANSACTIONS WITH RELATED PARTIES

The Company is wholly owned subsidiary of Government Holdings (Private) Limited. Other related parties comprise of associated company (Pakistan LNG Terminals Limited), directors, companies with common directorship and key management personnel. Balances of related parties are disclosed in the relevant notes to these financial statements, please refer to note 14 and 16. Significant transactions with related parties are as follows:

	Relationship basis/ ownership	2020	2019
		----------Rupees----------	
Balance with related parties			
Balance with the parent company			
Loan from Government Holdings (Pvt) Limited (GHPL)	GHPL as a parent company holds 100% shares of the Company	**(5,316,346,884)**	(5,316,346,884)
Interest payable to GHPL		**(667,935,946)**	(1,393,180,077)
Balance with associated company			
Pakistan LNG Terminals Limited	100% owned by the parent company (GHPL)	**1,458,080,305**	1,465,598,250
Transactions with related parties			
Transaction with parent parties			
Interest accrued on loan from GHPL		**(892,206,411)**	(890,095,984)

	Relationship basis/ ownership	2020	2019
		---Rupees---	
Transaction with associated company			
Regasification charges and management fee paid to PLTL	100% owned by the parent company (GHPL)	**753,014,874**	12,261,146,580
Other related parties			
Remuneration to Directors		**10,417,290**	3,200,000
Ministry of Energy (Petroleum Division)			
Rent		**4,407,768**	4,162,892

27 REMUNERATION OF CHIEF EXECUTIVE, EXECUTIVES AND DIRECTORS

The aggregate amount charged in the financial statements for the year for remuneration including certain benefits to Chief Executive Officer and executives are as follows:

	2020		2019	
	Chief Executive	**Executives**	Chief Executive	Executives
	---Rupees---		---Rupees---	
Basic salary	**2,614,597**	**24,319,402**	16,959,842	29,319,685
Rent allowance	**1,176,569**	**10,943,731**	7,631,929	13,193,858
Medical allowance	**261,460**	**2,431,940**	1,695,984	2,931,969
Utility allowance	**261,460**	**2,431,940**	1,695,984	2,931,969
Conveyance allowance	**333,333**	**3,647,910**	2,400,000	4,397,953
Mobile allowance	**13,333**	**309,000**	96,000	306,000
Gratuity	**2,999,995**	**5,015,410**	-	-
Leave encashment	-	**3,185,079**	-	-
Provident fund contribution	-	**488,998**	-	-
	7,660,747	**52,773,410**	30,479,739	53,081,434
Number of persons	1	10	1	11

The Chief Executive Officer relinquished his charge on August 20, 2020. In addition, 7 (2019: 4) directors were paid aggregate amount of Rs. 10.417 million (2019: Rs 3.2 million) on account of fee for attending various meetings.

28 FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks associated with its financial instruments:

Credit risk
Liquidity risk
Market risk

The senior management of the Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders. Further, senior management under the guidance of Board of Directors (the Board) ensures that the Company's financial risk-taking activities are governed through resolution passed by the Board and that financial risks are identified, measured and managed in accordance with the Company's policies and risk appetite.

The capital structure of the Company consists of equity (comprising issued capital and accumulated loss (as detailed in note 11). The Company is not subject to any externally imposed capital requirements.

The Board reviews and agrees the policies for measuring each of their risks which are summarized below:

FINANCIAL INSTRUMENTS BY CATEGORIES

The Company's activities are exposed to a variety of financial risks namely credit risk, interest rate risk, foreign exchange risk and liquidity risk. Overall, risks arising from the Company's financial instruments are limited. The Company manages its exposure to financial risk in the following manner:

June 30, 2020

Description	INTEREST / MARK UP BEARING			NON INTEREST / MARK-UP BEARING			
	Maturity up to one year	Maturity after one year	Sub Total	Maturity up to one year	Maturity after one year	Sub Total	Total
	Rupees						
FINANCIAL ASSETS							
Amortized cost							
Accrued Interest	-	-	-	32,205,012	-	32,205,012	32,205,012
Trade and other receivables	-	-	-	28,261,108,411	-	28,261,108,411	28,261,108,411
Cash and bank balances	3,331,225,328	-	3,331,225,328	35,794	-	35,794	3,331,261,122
	3,331,225,328	-	3,331,225,328	28,293,349,217	-	28,293,349,217	31,624,574,545
FINANCIAL LIABILITIES							
Financial liabilities measured at amortized cost							
Loan from a related party	5,316,346,884	-	5,316,346,884	-	-	-	5,316,346,884
Trade and other payables	-	-	-	7,371,259,442	-	7,371,259,442	7,371,259,442
Accrued Interest	-	-	-	667,935,946	-	667,935,946	667,935,946
Lease liability	11,090,702,603	146,949,150,079	158,039,852,682	-	-	-	158,039,852,882
Payable to Government	-	-	-	22,098,287,921	-	22,098,287,921	22,098,287,921
	16,407,049,487	146,949,150,079	163,356,199,566	30,137,483,309	-	30,137,483,309	193,493,682,875

June 30, 2019

Description	INTEREST / MARK UP BEARING			NON INTEREST / MARKUP BEARING			
	Maturity up to one year	Maturity after one year	Sub Total	Maturity up to one year	Maturity after one year	Sub Total	Total
	Rupees						
FINANCIAL ASSETS							
Amortized cost							
Accrued Interest	-	-	-	79,470,447	-	79,470,447	79,470,447
Trade and other receivables	-	-	-	34,334,513,375	-	34,334,513,375	34,334,513,375
Cash and bank balances	6,454,269,052	-	6,454,269,052	38,687	-	38,687	6,454,307,739
	6,454,269,052	-	6,454,269,052	34,414,022,509	-	34,414,022,509	40,868,291,561
FINANCIAL LIABILITIES							
Financial Liabilities Measured at Amortized Cost							
Loan from a related party	2,534,000,000	2,782,346,884	5,316,346,884	-	-	-	5,316,346,884
Trade and other payables	-	-	-	26,919,929,278	-	26,919,929,278	26,919,929,278
Accrued Interest	-	-	-	1,393,180,077	-	1,393,180,077	1,393,180,077
Payable to Government	-	-	-	11,401,228,197	-	11,401,228,197	11,401,228,197
	2,534,000,000	2,782,346,884	5,316,346,884	39,714,337,552	-	39,714,337,552	45,030,684,436

28.1 Credit risk

Credit risk represents that risk that one party to a financial instruments will cause a financial loss for the another party by failing to discharge an obligation. The carrying amount of financial assets represent the maximum credit exposure.

The maximum exposure to credit risk at the reporting date was as follow:

	2020	2019
	----------Rupees----------	
Bank balances	**3,331,225,328**	6,454,269,052
Accrued interest	**32,205,012**	79,470,447
Trade and other receivables	**28,261,108,411**	34,334,513,375
	31,624,538,751	40,868,252,874

28.1.1 Counter parties

The Company conducts transactions with the following major types of counterparties:

Companies

The Company has receivable from SNGPL which is a government owned entity and Company does not expect SNGPL to fail to meet its obligations.

Banks

The Company limits its exposure to credit risk by maintaining bank accounts only with banks having credit rating of at least A1 and A. Given these high credit ratings, management does not expect any counterparty to fail to meet obligations.

28.1.2 The Company's credit risk is primarily attributable to its short term investments and balances at banks. The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings. The name and credit ratings of major banks where the Company maintains its bank balances are as follows:

Name of Bank	Rating Agency	Credit Rating	
		Short Term	Long Term
National Bank of Pakistan	PACRA	A-1+	AAA
United Bank Limited	VIS	A-1+	AAA
MCB Bank Limited	PACRA	A-1+	AAA
Meezan Bank Limited	VIS	A-1+	AA+
Askari Bank Limited	PACRA	A-1+	AA+
Habib Metropolitan Bank	PACRA	A-1+	AA+
Bank Alfalah Limited	PACRA	A-1+	AA+
Habib Bank Limited	VIS	A-1+	AAA

28.2 Market risk

28.2.1 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 the changes in market interest rates. As the Company has fixed interest bearing assets, the Company's income and operating cash flows are substantially independent of market interest rates.

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

	2020	2019
	----------Rupees----------	
Financial assets		
Cash and bank balances	**3,331,225,328**	6,454,269,052
Financial liabilities		
Lease liability	**(158,039,852,682)**	-
Loan from a related party	**(5,316,346,884)**	(5,316,346,884)

The effective interest rates for the financial assets and liabilities are mentioned in respective notes to the financial statements.

Interest rate sensitivity analysis

At June 30, 2020 if interest rates had been 50 basis points higher/ lower and all other variables were held constant, the Company's profit before tax for the year ended June 30, 2020 would increase/decrease by Rs. 11.97 million (2019: increase/ decrease by Rs 5.69 million).

28.2.2 Foreign currency risk

Foreign currency risk is the risk that changes in foreign exchange rates will affect the Company's income of the value of its holding of financial instruments. The objective of foreign currency risk exposures within acceptable parameters, while optimizing the return on financial instruments.

	2020		2019	
	Rupees	US Dollar	Rupees	US Dollar
Foreign currency payables	7,333,573,264	43,560,589	(21,799,805,560)	(137,491,190)
Net exposure	7,333,573,264	43,560,589	(21,799,805,560)	(137,491,190)

The following significant exchange rates applied during the year:

	Average rate		Reporting date spot rate	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
	---------- (Pak Rupees) ----------			
USD	158.15	136.40	168.35	158.55

Foreign currency sensitivity

A 10% strengthening of the functional currency against USD at June 30, 2020 would have decreased profit and loss by Rs. 733.36 million (2019: 2,179.98 million). A 10% weakening of the functional currency against USD at June 30, 2020 would have had the equal but opposite effect of these amounts. The analysis assumes that all other variables remain constant.

28.3 Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulties in raising funds to meet commitments associated with financial instruments. Prudent liquidity risk management implies maintaining sufficient cash and bank balances and availability of funding through an adequate amount of committed credit facilities.

Financial liabilities in accordance with their contractual maturities are presented below:

June 30, 2020		**Rupees**	
	Carrying amount	**Contractual cash flows**	**Less than 1 Year**
Trade and other payables	7,371,259,442	7,371,259,442	7,371,259,442
Loan from related party	5,316,346,884	5,316,346,884	5,316,346,884
Accrued interest	667,935,946	667,935,946	667,935,946
Payable to Government - ITFC Agreement	22,098,287,921	22,098,287,921	22,098,287,921
Lease liability	158,039,852,682	158,039,852,682	11,090,702,603
	193,493,682,875	**193,493,682,875**	**46,544,532,796**

June 30, 2019		**Rupees**	
	Carrying amount	**Contractual cash flows**	**Less than 1 Year**
Trade and other payables	26,919,929,278	26,919,929,278	26,919,929,278
Loan from related party	5,316,346,884	5,316,346,884	5,316,346,884
Accrued Interest	1,393,180,077	1,393,180,077	1,393,180,077
GOP Payable - ITFC Agreement	11,401,228,197	11,401,228,197	11,401,228,197
	45,030,684,436	45,030,684,436	45,030,684,436

28.4 Fair value 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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. The Company has no financial instruments under the fair value hierarchy. As at the statement of financial position date, the carrying values of the financial assets and financial liabilities approximate their fair values.

28.4.1 Fair value hierarchy

The carrying values of the financial assets and financial liabilities approximate their fair values. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value hierarchy:

- **Level 1** Quoted prices (unadjusted) in active markets for identical assets or liabilities

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

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

The Company does not have any financial instruments which are required to be classified under aforesaid fair value hierarchies.

28.5 Capital risk management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern so that it can continue to provide return for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of it businesses.

The Company manages its capital to ensure that it will be able to continue as a going concern. There were no changes to the Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements.

29 NUMBER OF EMPLOYEES

	2020	2019
Total number of employees at end of the year	11	15
Average number of employees during the year	13	15

30 CORRESPONDING FIGURES

Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purpose of comparison. However, no reclassification is considered material enough to be separately disclosed.

31 DATE OF AUTHORISATION OF ISSUE

These financial statements were authorized for issue by the Board of Directors on April 07, 2021

32 GENERAL

Figures have been rounded off to the nearest rupee unless otherwise stated.

CHIEF EXECUTIVE OFFICER

DIRECTOR