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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
PAKISTAN MINERAL DEVELOPMENT CORPORATION (PRIVATE) LIMITED

Opinion

We have audited the annexed financial statements of **PAKISTAN MINERAL DEVELOPMENT CORPORATION (PRIVATE) LIMITED** (the Company), which comprises the statement of financial position as at June 30, 2023, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of the audit.

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

Basis for Opinion

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

Emphasis of matter

We draw user attention to notes 22.1.3 and 22.1.4 to the financial statements which describes the uncertainty relating to the outcome of tax litigation for which no provision is made in these financial statements for the reason disclosed in said notes. Our opinion is not modified in respect of this matter.

Information Other than Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. Other information comprises of directors' report for the year ended June 30, 2023 but doesn't include the financial statements and our auditor's report thereon.

Our opinion on the financial statements doesn't cover the other information and we don't express any form of assurance conclusion thereon.

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

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.

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- 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 comprehensive income, the statement of changes in equity, the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with 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 C.A Habib.

CROWE HUSSAIN CHAUDHURY & CO.
(CHARTERED ACCOUNTANTS)

Place: Islamabad
Dated: January 09, 2024
UDIN: AR202310349gYQm9K6p2

PAKISTAN MINERAL DEVELOPMENT CORPORATION (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2023

	Note	2023	2022 Restated	July 01, 2021 Restated
		----------Pak Rupees in '000'----------		
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	4	**304,318**	318,700	350,745
Long term investments	5	**164,896**	163,429	184,505
Long term loans to employees	6	**132,055**	147,526	157,122
Long term deposits		**18,435**	14,384	11,191
		619,704	644,039	703,563
CURRENT ASSETS				
Stores, spares and loose tools	7	**75,309**	49,116	52,413
Stock in trade	8	**48,592**	28,656	41,640
Trade debts	9	**208,192**	77,632	92,739
Loans and advances	10	**319,022**	210,083	150,121
Other receivables	11	**2,318,756**	895,727	709,591
Short term investment	12	**4,234,808**	2,565,686	1,761,178
Tax refunds due from government - net	13	**3,519**	125,000	-
Cash and bank balances	14	**326,808**	344,198	272,409
		7,535,006	4,296,098	3,080,091
TOTAL ASSETS		**8,154,710**	4,940,137	3,783,654
EQUITY AND LIABILITIES				
SHARE CAPITAL AND RESERVES				
Share capital	15	**10,000**	10,000	10,000
Equity funds from government for specific projects	16	**25,000**	25,000	25,000
Revenue reserves	17	**4,406,674**	2,790,690	2,123,651
		4,441,674	2,825,690	2,158,651
NON-CURRENT LIABILITIES				
Deferred liabilities	18	**784,457**	938,136	786,611
		784,457	938,136	786,611
CURRENT LIABILITIES				
Trade and other payables	19	**2,265,014**	991,982	677,498
Security deposits	20	**124,428**	90,147	87,551
Provision for taxation - net	21	**539,137**	94,182	73,343
		2,928,579	1,176,311	838,392
TOTAL EQUITY AND LIABILITIES		**8,154,710**	4,940,137	3,783,654
CONTINGENCIES AND COMMITMENTS	22			

The annexed notes from 1 to 39 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER **CHAIRMAN**

PAKISTAN MINERAL DEVELOPMENT CORPORATION (PRIVATE) LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023	2022 Restated
		------Pak Rupees in '000'------	
Revenue	23	**3,661,935**	2,817,044
Cost of sales	24	**(2,513,357)**	(1,948,829)
Gross profit		**1,148,578**	868,215
Operating expenses	25	**(600,556)**	(520,092)
Distribution cost	26	**(225,687)**	(166,181)
		(826,243)	(686,273)
Operating profit		**322,335**	181,942
Other income	27	**2,993,913**	1,204,038
Share of profit from associate	28	**1,467**	16,184
Other expenses	29	**(324,001)**	(119,407)
Profit before taxation		**2,993,714**	1,282,757
Tax expense	30	**(1,105,623)**	(467,898)
Profit for the year		**1,888,091**	814,859

The annexed notes from 1 to 39 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

CHAIRMAN

PAKISTAN MINERAL DEVELOPMENT CORPORATION (PRIVATE) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2023

	2023	2022 Restated
	------Pak Rupees in '000'------	
Profit for the year	**1,888,091**	814,859
Other comprehensive income		
Remeasurement loss on staff retiring benefits	**(77,049)**	(57,596)
Related deferred tax impact	**4,942**	29,776
	(72,107)	(27,820)
Total comprehensive income for the year	**1,815,984**	787,039

The annexed notes from 1 to 39 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

CHAIRMAN

PAKISTAN MINERAL DEVELOPMENT CORPORATION (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2023

Particulars	Share capital	Government Equity Funds	General Reserve	Insurance Reserve	Depletion Reserve	Unappropriated Profit	Total
	Rupees in '000'						
Balance as at June 30, 2021	10,000	25,000	683,633	50,000	641,318	885,094	2,295,045
Restatement (Note 3.26)	-	-	-	-	-	(136,394)	(136,394)
Balance as at July 01, 2021 (Restated)	10,000	25,000	683,633	50,000	641,318	748,700	2,158,651
Total comprehensive income	-	-	-	-	-	787,039	787,039
Dividend paid	-	-	-	-	-	(120,000)	(120,000)
Allocation for depletion reserve	-	-	-	-	60,839	(60,839)	-
Balance as at June 30, 2022 (Restated)	10,000	25,000	683,633	50,000	702,157	1,354,900	2,825,690
Balance as at July 01, 2022 (Restated)	**10,000**	**25,000**	**683,633**	**50,000**	**702,157**	**1,354,900**	**2,825,690**
Total comprehensive income	-	-	-	-	-	**1,815,984**	**1,815,984**
Dividend paid	-	-	-	-	-	**(200,000)**	**(200,000)**
Allocation for depletion reserve	-	-	-	-	**89,021**	**(89,021)**	-
Balance as at June 30, 2023	**10,000**	**25,000**	**683,633**	**50,000**	**791,178**	**2,881,863**	**4,441,674**

The annexed notes from 1 to 39 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

CHAIRMAN

PAKISTAN MINERAL DEVELOPMENT CORPORATION (PRIVATE) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023	2022 Restated
		------Pak Rupees in '000'------	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		2,993,714	1,187,487
Adjustment for:			
Depreciation	4.2	51,515	60,470
Loss on disposal of fixed assets		630	-
General provision for disputed share of profit		-	(1,146)
Interest income		(39,063)	(31,144)
Amortization loss of employees long term loans		174,653	50,856
Provision for workers profit participation fund	29	183,583	63,537
Provision for staff benefits		201,766	153,755
Exchange Gain		(135,254)	(28,143)
Income from MCC Huaye-Duddar Lead Zinc Mining Project		(1,987,973)	(805,430)
		(1,550,143)	(537,245)
Cash flow before working capital changes		1,443,571	650,242
Working capital changes			
Stores, spares and loose tools		(26,193)	3,297
Income from MCC Huaye-Duddar Lead Zinc Mining Project		940,685	271,540
Stock in trade		(19,936)	12,984
Trade debts		(130,560)	15,107
Other receivables		(250,860)	(25,996)
Trade and other payable		1,089,449	406,514
		1,602,585	683,446
Net cash generated from operating activities		3,046,156	1,333,688
Tax paid		(632,598)	(519,890)
Workers profit participation fund paid		-	(60,298)
Staff retirement benefits paid		(323,766)	320,820
Long term loans to employees - net		(229,059)	(70,077)
Security deposits - net		30,230	(597)
		(1,155,192)	(330,042)
Net cash generated from operating activities		1,890,964	1,003,646
CASH FLOW FROM INVESTING ACTIVITIES			
Payment for acquisition of property plant and equipment	4.2	(30,973)	(23,775)
Capital work in progress		(6,791)	(4,650)
Long term investment		(1,467)	21,076
Investments in term deposits		-	241,178
Net cash (used in)/generated from investing activities		(39,231)	233,829
CASH FLOW FROM FINANCING ACTIVITIES			
Dividend paid		(200,000)	(120,000)
Net cash used in financing activities		(200,000)	(120,000)
Net increase in cash and cash equivalents during the year		1,651,732	1,117,475
Cash and cash equivalent at the beginning of the year		2,784,884	1,667,409
Cash and cash equivalent at the end of the year	37	4,436,616	2,784,884

The annexed notes from 1 to 39 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

CHAIRMAN

PAKISTAN MINERAL DEVELOPMENT CORPORATION (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

1 STATUS AND NATURE OF BUSINESS

1.1 Pakistan Mineral Development Corporation (Private) Limited (the Company) was incorporated in Pakistan on June 17, 1974 under the Companies Act, 1913 (now the Companies Act, 2017). The Company is wholly owned by Government of Pakistan. Registered office of the Company is situated at plot No. 13, Sector H-9, Islamabad and it is domiciled in Islamabad.

1.2 GEOGRAPHICAL LOCATIONS OF PROJECTS OF THE BRANCH

The Company is engaged in the business of mining, exploration, development and exploitation of mineral deposits e.g. salt, coal, silica sand and gypsum. Currently the Company has the following working projects:

- Marketing Office Multan
- Regional Office Peshawar
- Regional Office Lahore
- Regional Office Quetta
- Salt Mines Khewra, Jehlum
- Salt Mines Warcha, Khushab
- Salt Mines Kalabagh, Mianwali
- Salt Mines Makrach,Chakwal
- Salt Mines BahadurKhel, Karak
- Coal Mines Lakhra, Daddur
- Coal Mines Sharigh, Harnai
- Coal Mines Degari, Quetta
- Coal Mines Sor Range, Quetta
- Silica Sand Project, Jamshoro

PRIVATISATION PROCESS

The Government of Pakistan approved privatization of the company consequent to which Privatisation Commission (the Commission) invited Expression of interest (EOI) from prospective buyers through an advertisement published on June 12, 2003. The Commission received nine EOIs but no one bid have yet been invited. Presently the company is not included in current Privatization programme / list of public enterprises to be privatized. Consequently the financial statements of the Company have been prepared under going concern assumption.

Privatisation Commission (PC) of Pakistan initiated privatization process, of operating units of PMDC, which was to be completed within 28 weeks starting from September 01, 2007. Accordingly a firm of chartered accountants was appointed as financial consultants.

As per developments/decisions taken in prior years, of the Transaction Committee on privatization of PMDC's projects, the process of privatization was to be carried out through adopting corporatization option/setting up of individual Private Limited Companies for each project. In Phase I, two projects were to be put for privatisation, one from each mineral category, named below:

i. Khewra Salt Mines
ii. Lakhra Coal Mining Project

No adjustment for future events has been made to the financial statements to reflect the fair value of assets and liabilities as no binding agreement(s) have yet been prepared/ finalized and the same are also not expected to be done in foreseeable future. The necessary adjustments will be made in the financial statements on the completion of the formal process and final decision made by Privatisation Commission, Government of Pakistan.

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 applicable in Pakistan 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 provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 shall prevail.

2.2 BASIS OF PREPARATION

These financial statements have been prepared under the historical cost convention except employee retirement benefits gratuity, pension, post retirement medical and leave salary (leave encashment) which are carried at present value.

2.3 FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are presented in Pak Rupees, which is the Company's functional currency.

2.4 SIGNIFICANT ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgment about carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Estimates and judgments are continually evaluated and are based on historical expenditure and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below:

(a) Depreciation on property, plant and equipment;
(b) Recoverable amount and related impairment of depreciable, amortizable and financial assets;
(c) Provision for taxation and related deferred tax asset or liability;
(d) Liability against employees' benefit; and
(e) Other provision, contingent liabilities and contingent assets.

However, assumptions and judgments made by the management in the application of accounting policies that have significant effect on the financial statements are not expected to result in material adjustment to the carrying amounts of assets and liabilities in the foreseeable period.

2.5 APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS TO PUBLISHED APPROVED ACCOUNTING AND REPORTING STANDARDS

2.5.1 NEW ACCOUNTING STANDARDS, AMENDMENTS AND IFRS INTERPRETATION THAT ARE EFFECTIVE FOR THE YEAR ENDED JUNE 30, 2023

The following standards, amendments and interpretations are effective for the year ended June 30, 2023. These standards, amendments and interpretations are either not relevant to the Company's operations or did not have significant impact on the financial statements other than certain additional disclosures.

	Effective for the period beginning
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.

2.5.2 New accounting standards, amendments and 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, 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 for the period beginning on or after
Amendments to IFRS 7 'Financial Instruments: Disclosures' Supplier finance arrangements	January 01, 2024
Amendments to IFRS 16 'Leases' - Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Non current liabilities with covenants	January 01, 2024
Amendments to IAS 7 'Statement of Cash Flows' - Supplier finance arrangements	January 01, 2024

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods in these financial statements:

3.1 PROPERTY, PLANT AND EQUIPMENT

These are stated at cost less accumulated depreciation and accumulated impairment losses, if any except land and capital work in progress, which are stated at cost less any identified impairment loss.

Depreciation on items of property, plant and equipment, other than leasehold land, is charged to income by using straight line method at the rates specified in Note 4.2 so as to write off the depreciable amount of an asset over its useful life. Leasehold land is amortized over period of lease. Full month's depreciation is charged on assets acquired and retired/disposed off during a specific month as mentioned in note 3.2 of the financial statements.

Subsequent costs including major renewals and improvements are included in the carrying amount of the asset or are recognized as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the asset will flow to the Company and the cost of the asset can be measured reliably. The carrying amount of the replaced part is derecognized at the time of replacement. Normal repair and maintenance and day- to-day servicing are charged to the statement of profit or loss as and when incurred. The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

The depreciation methods, useful lives and residual values of items of property, plant and equipment are reviewed periodically and altered if circumstances or expectations have changed significantly. Any change or adjustment in depreciation method, useful lives and residual values is accounted for as a change in accounting estimate under IAS 8, 'Accounting policies, changes in accounting estimates and errors' and is applied prospectively in the financial statements by adjusting the depreciation charge for the period in which the amendments or change has been made and for future periods.

3.2 LEASES

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company except for leases of short term or low value.

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

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

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

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

Payments associated with short-term leases and all leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option.

3.3 INVESTMENTS IN ASSOCIATED COMPANIES AND JOINT VENTURES

Investment in an associated companies and interests in joint ventures are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the Company's share of profit or loss of the investee after the date of acquisition. The Company's share of post acquisition profit or loss is recognized in the statement of profit or loss, and its share of post acquisition movements in other comprehensive income is recognized in other comprehensive income with the corresponding adjustment to the carrying amount of the investment. When the Company's share of losses in an Associate equals or exceeds its interest in the Associate, the Company does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associated company.

The Company determines at each reporting date whether there is any objective evidence that the investment in the associated company or interest in joint venture is impaired. If this is the case, the Company calculates the amount of impairment as the difference between the recoverable amount of the Associate and its carrying value and recognizes the amount adjacent to share of profit/ loss of an Associate in the statement of profit or loss.

3.4 LONG TERM LOANS TO EMPLOYEES AND SHORT TERM ADVANCES

Long term loans to employees and short term advances are carried at amortized cost as described in Note (3.16).

3.5 LONG TERM DEPOSITS

Long term deposits are carried at cost and are deposited with suppliers.

3.6 STORES, SPARES AND LOOSE TOOLS

These are valued at lower of moving average cost and net realizable value. The Company reviews the carrying amount of stores and spares on a regular basis and provision is made for obsolescence if there is any change in usage pattern and physical form of related stores, spares and loose tools. Impairment is also made for slow moving and/or items identified as surplus to the Company's requirement.

3.7 STOCK IN TRADE

Stocks are valued at the lower of average cost and net realizable value. Net realizable value signifies the estimated selling price in the ordinary course of business less net estimated average cost of stock and selling expenses. The Company reviews the carrying amount of stock-in-trade on an on-going basis and as appropriate, inventory is written down to its net realizable value, if the expected net realizable value is lower than the carrying amount or provision is made for obsolescence if there is any change in usage pattern and physical form of related inventory.

3.8 TRADE DEBTS AND OTHER RECEIVABLES

Trade debts and other receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing component in which case such are recognised at fair value. The Company holds the trade debts with the objective of collecting the contractual cash flows and therefore measures the trade debts subsequently at amortised cost using the effective interest rate method, less loss allowance. Debts considered irrecoverable are written off. The Company's impairment policy is disclosed in note 3.16.

3.9 SHORT TERM INVESTMENTS

Short term investments are investments in TDRs and are carried at amortized cost as described in note 3.16.

3.10 CASH AND CASH EQUIVALENTS

For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, cash with banks on current, saving and deposit accounts, and other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of change in value.

3.11 RETIREMENT AND OTHER SERVICE BENEFITS OBLIGATIONS

Pension

The Company operates an approved funded pension scheme under an independent trust for its permanent employees-officers cadre joined on or before November 12, 1998. The scheme defines the amount of benefit that an employee will receive on or after retirement subject to a minimum qualifying period of service under the scheme. Contribution to pension fund is made at the rate advised by the actuary. The most recent valuation is carried out as at June 30, 2023.

Staff gratuity

The Company has established a recognized gratuity fund for all permanent employees- staff cadre who complete qualifying period of service and age. The fund is administered by trustees. The liability recognized in the statement of financial position in respect of defined benefit plan is the present value of the defined benefit obligations at the reporting date less the fair value of plan assets. The defined benefit obligations are calculated annually by independent actuary using the Project Unit Credit (PUC) method. The latest actuarial valuations were carried out as of 30 June 2023.

Charge for the year is recognized in profit or loss. Actuarial gains or losses arising on remeasurement of the benefit at the reporting date are recorded directly in the other comprehensive income. Calculation of gratuity requires assumptions to be made of future outcomes which mainly include increase in remuneration, expected long-term return on plan assets and the discount rate used to convert future cash flows to current values. Calculations are sensitive to changes in the underlying assumptions.

Contributory provident fund

The Company operates a defined contributory provident fund for all its permanent employees- staff cadre. Obligations for contributions to defined contribution plan are recognized as an employee benefit expense in the statement of profit or loss when they are due. Contributions are made equally by the Company and the employees at the rate of 8.33% per annum of the basic salary.

Compensated absences

Paid leaves is provided for all eligible employees of the Company @ 1/11th of duty period per annum. Un-availed leaves can be accumulated up to 365 days in case of staff and without any upper limit for officers. Staff and officers can encash leave up to 60 days in a calendar year. Employees' entitlement to annual leaves is recognized when they accrue to the employees. A provision, based on full liability method is made for the estimated liability for annual leaves as a result of services rendered by employees up to the reporting date.

Charge for the year is recognized in profit or loss. Actuarial gains or losses arising on remeasurement of the benefit at the reporting date are recorded directly in the other comprehensive income. The latest actuarial valuations were carried out as of 30 June 2023.

Post-retirement medical allowance

The Company also provides post retirement medical allowance, payable to officers and supervisors only. Currently the allowance to be provided is Rs. 8,000 per month and upon demise of the employee, his/her suppose would be eligible for the allowance. The present value of obligation under the scheme is calculated by independent actuary using the Project Unit Credit (PUC) method. The latest actuarial valuations were carried out as of 30 June 2023.

3.12 TRADE AND OTHER PAYABLES

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

3.13 SECURITY DEPOSITS

Security deposits are deposited by suppliers and contractors and are not utilizable. These are carried at cost. Deposits refundable within 3 months are held in Bank accounts while the remaining are invested in TDRs.

3.14 TAXATION

Income tax expense comprises current and deferred tax. It is recognized in statement of profit or loss except to the extent that it relates to a items recognized directly in equity or in other comprehensive income.

Current

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year after taking into account applicable tax credits, rebates, losses and exemptions available, if any, and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantially enacted at the reporting date.

Deferred

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

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted. Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

3.15 CONTINGENCIES AND COMMITMENTS

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company, or the Company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of obligation cannot be measured with sufficient reliability.

3.16 FINANCIAL INSTRUMENTS

All financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. All the financial assets are derecognized at the time when the Company losses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognized at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gains or losses on de-recognition of the financial assets and financial liabilities are taken to the statement of profit or loss.

3.16.1 FINANCIAL ASSETS

The Company classifies its financial assets into following three categories:
- fair value through other comprehensive income (FVOCI);
- fair value through profit or loss (FVTPL); and
- measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

Amortized Cost

Assets that are held for collection of contractual cash flows where those cash flow represents solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets, impairment losses, foreign exchange gains and losses, and gain or loss arising on derecognition are recognized directly in profit or loss.

Fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are held within a business model whose objective is achieved by both collecting contractual cash flows and selling 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.

Fair value through profit or loss

Assets that do not meet the criteria for amortized cost or fair value through other comprehensive income or assets that are designated at fair value through profit or loss using fair value option, are measured at fair value through profit or loss. A gain or loss on debt investment that is subsequently measured at fair value through profit or loss is recognized in profit or loss in the period in which it arises.

3.16.2 FINANCIAL LIABILITIES

The Company classifies its financial liabilities in the following categories:
- at fair value through profit or loss; and
- other financial liabilities

The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in the case of other financial liabilities, also include directly attributable transaction costs. The subsequent measurement of financial liabilities depends on their classification, as follows:

Fair value through profit or loss

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

Amortized cost

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

De-recognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de- recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of profit or loss.

Offsetting

A financial asset and financial liability is off-set and the net amount is reported in the statement of financial position when there is a legally enforceable right to set-off the transaction and also there is an intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

Impairment

The Company assesses on a forward looking basis the Expected Credit Losses (ECL) associated with its debt instruments carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.
Following are financial instruments that are subject to the ECL model:

- Trade receivables
- Loans and advances
- Deposits and other receivables
- Short term investments
- Bank balances

The Company assesses on a forward looking basis the expected credit losses (ECL) associated with its financial assets carried at amortized cost and fair value recognized in other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The Company applies the simplified approach to recognize lifetime expected credit losses for trade receivables while general 3-stage approach for long term loans, deposits, other receivables, bank balances, etc. i.e. to measure ECL through loss allowance at an amount equal to 12-month ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition.

Recognition of loss allowance

The Company recognizes an impairment gain or loss in the statement of 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.

Write-off

The Company write off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount.
The Company may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in impairment gains.

3.17 FAIR VALUE MEASUREMENT

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market is accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

All assets and liabilities for which fair value is measured or disclosed in the unconsolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the unconsolidated financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company's chief financial officer determines the policies and procedures for both recurring fair value measurement and for non-recurring measurement. External valuers may be involved for valuation of significant assets and significant liabilities. For the purpose of fair value disclosures, the Company determines classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

3.18 REVENUE RECOGNITION

Revenue from operations of the Company are recognized when the goods are provided, and thereby the performance obligations are satisfied. Company's contract performance obligations are fulfilled at point in time when goods are provided to customer as the control is transferred is transferred to customer. The Company recognizes contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as 'advances from customers' in the statement of financial position.

Scrap sales and miscellaneous receipts are recognized on realized amounts.

Interest income is recorded on a time proportional basis.

Income form MCC Huaye is recognized when right to receive when the Company share is established and appropriation is made by MCC Huaye.

Revenue is recognized at the fair value of the consideration to which the Company expects to be entitled in exchange for transferring goods.

3.19 FOREIGN CURRENCIES

Transactions in foreign currency are accounted for at the exchange rates prevailing on the date of transactions. All monetary assets and liabilities denominated in foreign currencies at the year end are translated at exchange rates prevailing at the balance sheet date. Non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transactions. Exchange differences are included in profit and loss account for the year.

3.20 BORROWING COSTS

Borrowing costs incurred up to the date of commencement of commercial production are capitalized. All other borrowing costs are recognized as an expense in the period in which these are incurred.

3.21 PROVISIONS

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

3.22 DEPLETION RESERVE

It is provided @ 20% of the taxable profit as permissible allowance in accordance with Rule-3, Part-II of 5th Schedule to the Income Tax Ordinance, 2001.

3.23 IMPAIRMENT OF NON- FINANCIAL ASSETS

The Company assesses at each reporting date whether there is any indication that assets except deferred tax assets and inventory may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amounts. Where carrying values exceed the respective recoverable amounts, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in the statement of profit or loss. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

Where impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of the carrying amount that would have been determined (net of depreciation/amortization) had no impairment loss been recognized for the asset in prior years. Reversal of impairment loss is recognized in the statement of profit or loss.

3.24 RELATED PARTY TRANSACTIONS

All transactions with related parties are carried out at arm's length prices determined in accordance with comparable uncontrolled price method.

3.25 RELATED PARTIES

The Company deals with several state-controlled entities, directly or indirectly controlled by the Government of Pakistan through Government authorities, agencies, affiliates and other organizations. Transactions with these state-controlled are not very significant.

3.26 RESTATEMENTS

The Company has changed its policy of recognizing and measuring the long terms loans and advances granted to the employees at an amortized cost as per requirement of IFRS 9. This change in policy and rectification of error is made retrospectively by restating the opening balances of earlier period presented and comparative years. The effect of this change and rectification is summarized below:

	June 30, 2021	Adjustments	Restated July 01, 2021
	-----Rupees in '000'-----		
Statement of financial position (extracts)			
Non-current assets			
Long term loans to employees	293,516	(136,394)	157,122
	293,516	(136,394)	157,122
Statement of changes in equity (extracts)			
Unappropriated profit/(loss)	885,094	(136,394)	748,700

	June 30, 2022	Adjustments	Restated June 30, 2022
	-----Rupees in '000'-----		
Effect on statement of financial position			
Non-current assets			
Long term loans to employees	303,631	(156,105)	147,526
	303,631	(156,105)	147,526
Statement of changes in equity (extracts)			
Unappropriated profit/(loss)	1,511,005	(156,105)	1,354,900
Statement of profit or loss (extracts)			
Other expenses	(68,551)	(50,856)	(119,407)
Other income	1,172,894	31,144	1,204,038

4 PROPERTY, PLANT AND EQUIPMENT

	Note	2023	2022
		----Pak Rupees in '000'----	
Capital work-in-progress	4.1	16,172	9,381
Property, plant and equipment	4.2	288,146	309,319
		304,318	318,700

4.1 Capital work-in-progress

	2023	2022
Opening balance	9,381	4,731
Addition	6,791	4,650
Transfer to PPE	-	-
Closing balance	16,172	9,381

4.2 Property, plant and equipment

PARTICULARS	COST				RATE %	ACCUMULATED DEPRECIATION				Written Down Value
	As at 1-Jul-22	Addition	Disposal	As at 30-Jun-23		As at 1-Jul-22	For the Year	Disposal	As at 30-Jun-23	
	----Pak Rupees'000'----					----Pak Rupees'000'----				
Land - Lease hold	2,314	-	-	2,314	-	829	70	-	899	1,415
Land - Free hold	26,629	-	-	26,629	-	-	-	-	-	26,629
Roads	21,070	1,498	-	22,568	5%	17,645	516	-	18,160	4,408
Railway Siding & Culverts	11,157	-	-	11,157	5%	8,436	105	-	8,541	2,616
Residential , Office	-	-	-	-	-	-	-	-	-	-
& other Buildings	213,295	500	-	213,794	5% - 10%	118,758	9,527	-	128,285	85,509
Mine & Workshop building	-	79	-	79	-	-	-	-	-	79
- Lease hold	2,288	-	-	2,288	10%	2,131	-	-	2,131	156
- Free hold	9,452	-	-	9,452	5% - 10%	4,884	595	-	5,479	3,973
Plant & Machinery	305,113	5,996	-	311,109	10%	199,249	22,113	-	221,362	89,747
Installations	72,474	4,211	-	76,685	10%	55,400	6,098	-	61,498	15,187
Transport Assets	177,472	725	(2,226)	175,971	20%	172,098	2,669	(1,744)	173,023	2,948
Rail Transport	13,627	-	-	13,627	10% - 20%	8,003		-	8,003	5,624
Furniture & Fixture	49,525	5,499	(89)	54,934	10%	31,808	3,530	-	35,338	19,596
Office equipment	4,863	1,231	-	6,094	10%	3,729	356	-	4,085	2,009
Computers	27,237	3,835	(80)	30,992	30%	23,044	2,254	(80)	25,218	5,774
Sundry equipment	62,597	7,399	(59)	69,937	10%	45,076	2,545	-	47,621	22,316
Books	387	-	-	387	10%	373	2	-	375	12
Temporary Hutments	12,955	-	(3,065)	9,890	20%	11,673	1,135	(3,065)	9,743	147
Balance as at June 30, 2022	1,012,455	30,973	(5,519)	1,037,907		703,136	51,515	(4,889)	749,761	288,146

4.3 Property, plant and equipment

PARTICULARS	COST				RATE %	ACCUMULATED DEPRECIATION				Written Down Value
	As at 1-Jul-21	Addition	Disposal	As at 30-Jun-22		As at 1-Jul-21	For the Year	Disposal	As at 30-Jun-22	
	------------Pak Rupees'000'------------					------------Pak Rupees'000'------------				
Land - Lease hold	2,314	-	-	2,314	-	759	70	-	829	1,485
Land - Free hold	26,629	-	-	26,629	-	-	-	-	-	26,629
Roads	21,070	-	-	21,070	5%	17,625	20	-	17,645	3,425
Railway Siding & Culverts	11,157	-	-	11,157	5%	8,231	205	-	8,436	2,721
Residential , Office	-	-	-	-	-	-	-	-	-	-
& other Buildings	210,650	2,645	-	213,295	5% - 10%	109,013	9,745	-	118,758	94,537
Mine & Workshop building	-	-	-	-	-	-	-	-	-	-
- Lease hold	2,288	-	-	2,288	10%	2,089	42	-	2,131	157
- Free hold	9,452	-	-	9,452	5% - 10%	4,317	567	-	4,884	4,568
Plant & Machinery	294,641	10,472	-	305,113	10%	176,701	22,548	-	199,249	105,864
Installations	71,305	1,169	-	72,474	10%	51,085	4,315	-	55,400	17,074
Transport Assets	175,980	1,492	-	177,472	20%	162,354	9,744	-	172,098	5,374
Rail Transport	13,627	-	-	13,627	10% - 20%	6,741	1,262	-	8,003	5,624
Furniture & Fixture	44,910	4,615	-	49,525	10%	28,623	3,185	-	31,808	17,717
Office equipment	4,858	5	-	4,863	10%	3,442	287	-	3,729	1,134
Computers	24,317	2,920	-	27,237	30%	20,841	2,203	-	23,044	4,193
Sundry equipment	62,140	457	-	62,597	10%	42,387	2,689	-	45,076	17,521
Books	387	-	-	387	10%	370	3	-	373	14
Temporary Hutments	12,955	-	-	12,955	20%	8,088	3,585	-	11,673	1,282
Balance as at June 30, 2022	988,680	23,775	-	1,012,455		642,666	60,470	-	703,136	309,319

		Note	2023	2022
			-----Pak Rupees in '000'-----	
5	**LONG TERM INVESTMENTS**			
5.1	**Investment in related parties (associates and joint ventures - unquoted)**			
	Sarhad mineral (private) limited. (equity held: 49%)	5.1.1	-	-
	Lakhra coal development company limited (equity held: 43.95%)	5.1.2	-	-
	Baluchistan mineral exploration company limited (equity held: 10%)	5.1.3	160,000	160,000
	Investment in FATA joint venture	5.1.4	4,896	3,429
			164,896	163,429

		2023	2022
5.1.1	**Sarhad Mineral (Private) Limited**		
	Cost	1,225	1,225
	Share of post acquisition reserves		
	Share of profit for the year	-	-
	Post acquisition losses brought forward	(1,225)	(1,225)
		(1,225)	(1,225)
		-	-

Sarhad Mineral (Private) Limited was incorporated as private limited company on May 16, 1984 with the equity sharing of Sarhad Development Authority 51% (now Khyber Pakhtunkhwa Economic Zones Development and Management Company (KPEZDMC) and Pakistan Mineral Development Corporation (Private) Limited 49%. PMDC holds 137,200 ordinary shares fully paid up of Rs. 10/- each. The principle activity of the company is exploration, extraction and sale of rock salt from its salt quarries located at Naripanoos district Karak, Khyber Pakhtunkhwa. Up to FY 2006-07, the company was earning profits which was totally dependent upon export sale of salt to Afghanistan but due to ban on import of salt by Afghanistan in October, 2007 the revenues of the company were badly affected and so sustaining loss since then. Due to the persistent losses, the equity funds of the company were totally eroded. The management has recorded the share of losses up to cost of investment.

Summarized financial information are as follows:

Financial year	Assets	Liabilities	Net assets	Revenues	Profit/ (loss)
	----------Pak Rupees (000)----------				
2023 - Unaudited	**8,867**	**10,693**	**(1,826)**	**14,054**	**482**
2022 - Unaudited	4,815	7,742	(2,927)	11,557	1,027

		2023	2022
		-----Pak Rupees in '000'-----	
5.1.2	**Lakhra Coal Development Company Limited**		
	Cost	25,000	25,000
	Share of post acquisition reserves		
	Share of loss for the year	-	-
	Post acquisition profits brought forward	(25,000)	(25,000)
		(25,000)	(25,000)
		-	-

Lakhra Coal Development Company Limited (LCDCL), an unlisted public limited company was incorporated on February 06, 1990 as a joint-venture company between PMDC with 50% equity shares, Govt. of Sindh and WAPDA 25% shareholding equally. The company was set-up to develop and operate coal mines and limestone quarries for supply of coal and limestone to M/s. Lakhra Power Generation Company Limited (LPGCL) which is a coal based power plant of WAPDA. Prior to the mining lease dispute the company was earning handsome profit and operating well, but the Sindh Government had not renewed the mining lease of LCDCL in January 2015. LCDCL filed suit against the decision of Government of Sindh, however, the court rejected the application by order dated 20 August, 2016. In the year 2017 the Honorable High Court Sindh Hyderabad Circuit decided against LCDCL by dismissing the revision application along with its all pending applications. LCDCL has filed appeal against this decision in the Honorable Supreme Court of Pakistan on August 19, 2017, which is pending since its institution. The proceedings / hearings have been completed but judgement has been reserved by the Supreme Court. On the basis of available management accounts, the management has recorded the share of losses up to the cost of investment.

Summarized financial information are as follows:

Financial year	Assets	Liabilities	Net assets	Revenues	Profit/ (loss)
		----------Pak Rupees (000)----------			
2023 - unaudited	**127,455**	**173,808**	**(46,353)**	**-**	**(4,315)**
2022 - unaudited	128,530	170,568	(42,038)	21	(5,395)

5.1.3 Baluchistan Mineral Exploration Company Limited

The company has been incorporated on 19th August, 2020 to carry-out initial geological/geophysical investigations and exploratory activities. Based on result of the exploratory data the same will be marketed to potential investors for development and mining. Out of 10% equity participation in the company, PMDC has paid/injected first tranche of equity participation in the company in November, 2020.
No operations has been started yet.

	Note	2023	2022
		-----Pak Rupees in '000'-----	
5.1.4 FATA joint venture - under equity method			
Cost		**1,926**	1,926
Share of post acquisition reserves			
Share of profit for the year	28	**1,467**	16,184
General provision for disputed share of profit		**-**	(10,553)
Post acquisition profits brought forward		**1,503**	22,579
		2,970	28,210
Dividend received		**-**	(26,707)
		4,896	3,429

Soapstone Mining Project is a joint-venture project between FATA Development Authority, now Khyber Pakhtunkhwa Economic Zones Development and Management Company (KPEZDMC) and PMDC and was set-up through an agreement dated August 07, 2003. The principle activities of the project are exploration and mining of soapstone from Kurram Agency, Khyber Pakhtunkhwa. PMDC's profit sharing ratio was 30% as per original agreement which was subsequently changed to 51% through an addendum while changing performing party. The change in profit sharing ratio from 70:30 to 49:51 became disputed. KPEZDMC vide letter No. 692-94/FDA/Min:Dev:/28-MP dated 6th May, 2019 communicated that the profit sharing ratio change seems to be incompatible and unjustifiable against investment ratio of 70:30 signed in original agreement. The change in terms is still pending.

Summarized financial information are as follows:

Financial year	Assets	Liabilities	Net assets	Revenues	Profit / (loss)
		----------Pak Rupees (000)----------			
2023 - audited	**28,949**	**6,139**	**22,810**	**8,761**	**4,891**
2022 - audited	78,119	7,200	70,919	57,706	53,945

6 LONG TERM LOANS TO EMPLOYEES

	2023	2022 Restated
	-----Pak Rupees in '000'-----	
House Building Advance		
Opening balance	**147,686**	152,327
Additions during the year	**140,148**	39,690
Recovery during the year	**(67,668)**	(32,893)
Loss on additions and change in interest rate	**(111,528)**	(33,395)
Interest charged	**27,816**	21,958
Closing balance	**136,454**	147,686
Car/motor cycle		
Opening balance	**52,423**	53,523
Additions during the year	**26,183**	19,405
Recovery during the year	**(22,156)**	(23,651)
Loss on additions and change in interest rate	**(13,052)**	(4,743)
Interest charged	**9,267**	7,889
Closing balance	**52,665**	52,423
Marriage loan		
Opening balance	**10,036**	5,461
Additions during the year	**7,750**	9,190
Recovery during the year	**(5,653)**	(3,202)
Loss on additions and change in interest rate	**(2,610)**	(2,711)
Interest charged	**1,981**	1,298
Closing balance	**11,504**	10,036
Total	**200,623**	210,145
Current maturity	**(68,568)**	(62,619)
Net balance	**132,055**	147,526

6.1 Loans to employees are carried at cost and mainly comprise of house building loan, car/motorcycle loan and marriage loan. These loans are extended to employees under their terms of employment. These loans are secured against employees' retirement fund balances and recoverable through monthly deduction from salaries. House building loan is interest free for staff while it carries an interest of 0 to 5% for officers. These loans are recoverable in fifteen years. Cars and motorcycle loans carry interest of 5% and 3% respectively and are recoverable within 6 years. Marriage loans are interest free and are recoverable within 5 years.
The carrying values of these loans are neither past due nor impaired. The credit quality of these financial assets can be assessed with reference to negligible defaults in recent history.

	Note	2023	2022
		-----Pak Rupees in '000'-----	
7 STORES, SPARES AND LOOSE TOOLS			
Stores		**51,969**	26,594
Spares	7.1	**23,482**	22,684
Loose tools		**192**	172
Provisions for obsolescence	7.2	**(334)**	(334)
		75,309	49,116

7.1 This include generator procured from M/s MAK & MAK in 2017 against payment of Rs. 16.5 million, representing 72% of the cost. However, generator delivered was not as per specification for which management has initiated a legal case for recovery of amount, which is still pending in Honorable Islamabad High Court.

	Note	2023	2022
		-----Pak Rupees in '000'-----	
7.2 Provisions for obsolescence			
Opening balance		**334**	332
Charged for the year		**-**	2
		334	334
8 STOCKS IN TRADE			
Coal stock		**10,571**	17,972
Salt stock		**38,021**	10,684
		48,592	28,656
9 TRADE DEBTS - Unsecured			
Considered			
- good	9.1	**208,192**	77,632
- doubtful		**-**	-
		208,192	77,632
Less: Allowances for expected credit losses	9.2	**-**	-
		208,192	77,632

9.1 Aging analysis

	2023			2022		
	Due from related parties	**Other parties**	**Total**	Due from related parties	Other parties	Total
	--------------PKR Rupees '000'--------------					
Not overdue	-	-	-	-	-	-
Past overdue less than 30 days	**454**	**93,519**	**93,973**	103.00	55,360	55,463
Past overdue 31 to 60 days	**455**	**72,964**	**73,419**	-	5,719	5,719
Past overdue 61 to 90 days	**-**	**33,532**	**33,532**	726	6,083	6,809
Past overdue more than 91 days	**5,629**	**1,639**	**7,268**	8,086	1,555	9,641
Total trade receivable	**6,538**	**201,654**	**208,192**	8,915	68,717	77,632
Impairment provision for trade receivables	-	-	-	-	-	-
	6,538	**201,654**	**208,192**	8,915	68,717	77,632

9.2 The trade debtors are being received regularly and there is no expected loss to be recorded as per expectations of the management keeping in view the past trends.

10 LOANS AND ADVANCES

	Note	2023	2022
		-----Pak Rupees in '000'-----	
Unsecured			
Advance to suppliers/contractor and labor jamadar	10.1	**116,169**	68,042
Receivable from educational institutions	10.2	**27,221**	10,923
Receivable from miners		**823**	585
		144,213	79,550
Secured			
Advances to employees - considered good	10.3	**106,241**	67,914
Current portion of loans to employees	6	**68,568**	62,619
		319,022	210,083

10.1 These represents non-interest bearing advances to excavation, carriage and civil work contracts for execution of agreements.

10.2 These represents receivables from Educational institutions of PMDC established in Khewra District Jehlum (Model High School, Women Degree college and Survey Institute). The amount is receivable on account of payment of salaries to the staff of Model High School and Degree college. These are setoff against donations by PMDC, ICI and other donors.

10.3 Advances to employees includes advances for operational purpose, house rent assistance and against salaries which are recoverable/adjustable within a period of one year.

This include an amount of Rs. 1.441 million (2022: Rs. 1.845 million) recoverable from employees against stock shortage at Warcha.

11 OTHER RECEIVABLES

	Note	2023	2022
		-----Pak Rupees in '000'-----	
Unsecured			
Receivable from Niaz Akhtar and others		**56,488**	56,488
Raising contractors	**11.1**	**24,721**	11,638
Receivable from associated companies	**11.2**	**6,317**	4,257
Sales tax on supplies refund due- Federal Board of Revenue		**1,435**	1,880
Sales tax on services adjustable- Sindh Revenue Board		**-**	3,519
Receivable from Duddar Lead Zinc Mining Project	**27.4**	**1,987,973**	805,431
Other receivables		**13,656**	11,328
		2,090,590	894,541
Employees gratuity fund trust	**18.4**	**-**	10,373
Accrued interest		**284,654**	47,301
		284,654	57,674
Provision against Niaz Akhtar & others	**11.3**	**(56,488)**	(56,488)
Provision against other receivables		**-**	-
		2,318,756	895,727

11.1 These represent receivables from raising contractors on account of development of mines and cost of store items issued etc., and are recovered from their monthly bills for excavation / lifting of coal and salt or deposit of cash.

11.2 These are receivables from associated companies as described below:

11.2.1 PMDC has paid an amount of PKR 641,050 for incorporation of Baluchistan Mineral Exploration Company Limited which was to be recovered through the second tranche of capital injection.

11.2.2 PMDC has paid amount of PKR 1,608,302 as further capital investment in Sarhad Mineral Private Limited but KPK Government has not paid its half of the capital yet. So the amount paid to Sarhad Mineral Private Limited has been classified as loan to the company until the process of capital injection has been completed.

11.2.3 PMDC has been paying salaries to LCDC employees and other related expenses on behalf of LCDC. LCDC has closed its operations due to the facts mentioned in Note . The total outstanding balance as at 30 June, 2023 is PKR 4,068,000 (2022: 2,007,821).

The maximum outstanding balance during the year is PKR 6,317,000.

11.3 This represents provision against embezzlement of funds at Lakhra project by project accountant in abetment with others. This matter has been investigated by Federal Investigation Agency (FIA) Hyderabad and is under trial in the court of special Judge Anti-Corruption (Central) Hyderabad. Last hearing date was 23 February 2023.

12 SHORT TERM INVESTMENT

This represents term deposit receipts with banks and financial institutions in local currency, carrying interest rate ranging from 15.85% to 21.20% (2022: 10.50% to 14.74%) having maturity period between 2 to 11 months. These are carried at amortized cost.

	Note	2023	2022
		---------Pak Rupees in '000'---------	
13 TAX REFUNDS DUE FROM GOVERNMENT			
Opening balance		**125,000**	-
Deducted at source during the year		**89,974**	321,526
Income tax paid in advance against TY 2023		**450,000**	125,000
Less: Adjusted against current year provision	**21**	**(661,455)**	(321,526)
		3,519	125,000

	Note	2023	2022
		---------Pak Rupees in '000'---------	
14 CASH AND BANK BALANCES			
Cash at bank			
Local currency			
- Current accounts		**184,095**	190,170
- Deposit accounts	**14.1**	**141,503**	120,576
- Cash in hand/ cheque in transit		**1,210**	33,452
		326,808	344,198

14.1 The savings accounts earns interest at floating rates based on daily bank deposit rates ranging from 13% to 21.55% (2022: 5.76% to 12.26%) per annum.

	Note	2023	2022
		---------Pak Rupees in '000'---------	
15 SHARE CAPITAL			
AUTHORIZED CAPITAL			
100,000,000 (2021: 100,000,000) ordinary shares of Rs. 10 each		**1,000,000**	1,000,000
ISSUED, SUBSCRIBED AND PAID UP CAPITAL			
880,000 ordinary shares (2021: 880,000) of Rs. 10/- each issued in cash held by Government of Pakistan through its nominees.		**8,800**	8,800
120,000 ordinary shares (2021: 120,000) of 10/- each issued in free to BESOS Trust.	**15.2**	**1,200**	1,200
		10,000	10,000

15.1 These carry equal rights to vote, dividends and right & bonus issue.

15.2 On 14 August 2009, the Government of Pakistan launched Benazir employees stock option scheme (BESOS) whereby the Government of Pakistan transferred 120,000 shares to PMDC employees empowerment trust ("the Trust") without any payment by the eligible employees subject to transfer back of these shares to the Government of Pakistan as provided in the trust deed. Accordingly, the Government of Pakistan's shareholding in the Company is reduced to 88 % from 100 % with effect from 14 August 2009. As per the trust deed such shares have been allocated through unit certificates to eligible employees in proportion to their entitlement on the basis of length of service. The trust is entitled to receive dividends declared on or after 14 August 2009 and 50% of such dividends is being distributed among employees on the basis of units held while the balance 50% is being transferred to the privatization commission of Pakistan for payment to employees against their surrendered shares/units.

16 EQUITY FUNDS FROM GOVERNMENT FOR SPECIFIC PROJECTS

The amount was provided by the government for 50% equity contribution in the Lakhra coal development company limited (LCDCL).

17 REVENUE RESERVES

	Note	2023	2022 Restated
		---------Pak Rupees in '000'---------	
General reserves	17.1	**683,633**	683,633
Insurance reserves	17.2	**50,000**	50,000
Depletion reserve		**791,178**	702,157
Unappropriated profit		**2,881,863**	1,354,900
		4,406,674	2,790,690

17.1 General reserves

The Company created a general reserve starting from the year 2004-05 to meet the future uncertainties of the Company on account of privatization of PMDC projects.

17.2 Insurance reserves

The Company created self financing insurance scheme for risks which are not covered by compulsory insurance under the insurance ordinance, 2000. The scheme covers insurance requirements of head office and all its projects except specified categories of mine labor. Contribution by the projects and payments of claims are charged to income. It was decided by the board of directors in its meeting held on march 01, 1989 that a sum of Rs 6 million may be retained as self insurance reserve and further decided in its 140th AGM held October 26, 2011 that the amount of reserve be doubled over a period of two years to cover following future contingencies. The workmen compensation claims, group insurance and financial assistance package has been increased by the federal/ provincial governments, therefore, to meet the obligations, it has been decided by the board to increased the insurance reserves to Rs. 50 million and invest such reserves in fixed deposits with scheduled banks.

	2023	2022
	---------Pak Rupees in '000'---------	
Workmen compensation claim	**35,000**	35,000
Group insurance claim	**12,000**	12,000
Motor vehicle accident claim	**3,000**	3,000
	50,000	50,000

The cash funds have been invested in term deposit receipts with commercial banks keeping in view the privatization process initiated by the Privatization Commission of Pakistan (refer to note 1.2) and the fund balance under scheme will be transferred to head office account on winding up of schemes.

		Note	2023	2022
			---------Pak Rupees in '000'---------	
18	**DEFERRED LIABILITIES**			
	Compensated absences	18.1	137,297	155,495
	Post-retirement medical benefit	18.2	650,014	584,679
	Pension Fund Trust	18.3	309	135,890
	Employees Gratuity Trust	18.4	34,606	-
	Medical absences cost	18.5	4,931	6,419
	Deferred taxation	18.6	(42,700)	55,653
			784,457	938,136
18.1	**Compensated absences**			
	Balance at the beginning of the year		155,495	135,595
	Charge during the year		80,143	43,852
	Actuarial charge for the year	18.1.1	(14,438)	28,170
	Payments made during the year		(83,903)	(52,122)
			137,297	155,495

		2023	2022
		---------Pak Rupees in '000'---------	
18.1.1	**Movement in liability recognized in statement of financial position:**		
	Opening liability	155,495	145,157
	Charge for the year	65,705	62,459
	Payments during the year	(83,903)	(52,121)
		137,297	155,495
18.1.2	**The movement in the present value of defined benefit obligation is as follows:**		
	Balance as at beginning of the year	155,495	145,157
	Current service cost	13,902	12,747
	Interest cost	15,328	12,207
	Remeasurement due to:		
	-Experience	36,475	37,505
	Benefits paid during the year	(83,903)	(52,121)
		137,297	155,495
18.1.3	**Expense recognized in the Statement of profit or loss:**		
	Current service cost	13,902	12,747
	Interest cost	15,328	12,207
	Remeasurement of other long term benefits	36,475	37,505
	Expense charge in Statement of profit or loss	65,705	62,459
18.1.4	**Expense recognized in the Statement of comprehensive income:**		
	Remeasurement due to experience on obligation	-	-

18.1.5 Sensitivity analysis

Sensitivity analysis is performed by changing only one assumption at a time while keeping the other assumptions constant. Sensitivity analysis of discount rate and salary increase rate is presented in the below table:

	2023		2022	
	Effect of 1% increase	**Effect of 1% decrease**	Effect of 1% increase	Effect of 1% decrease
	Rupees in '000'		Rupees in '000'	
Discount rate	**123,369**	**153,656**	139,141	174,995
Salary increase rate	**153,369**	**123,381**	174,659	139,147

18.1.6 Risks associated with defined benefit plans

Through its defined benefit plans, the Company is exposed to a number of risks, the most significant of which are detailed below:

Discount rate risk

The risk of changes in discount rate may have an impact on the plans liabilities.

Salary increase / inflation risk

The risk that the actual salary increase are higher than the expected salary increase, where benefits are linked with final salary at the time of cessation of service, is likely to have an impact on liability.

Mortality risk

Actual mortality experience maybe different than that assumed in the calculation.

Withdrawal risk

Actual withdrawals experience may different from that assumed in the calculation.

18.1.7 The principal actuarial assumptions used in the actuarial valuation are as follows:

	2023	2022
Discount rate used for interest cost in profit or loss	**13.50%**	10.25%
Discount rate used for year end obligation	**15.75%**	13.50%
Rate of salary increase (long term)	**14.75%**	12.50%
Retirement assumption	**60 years**	60 years
Mortality rate	**SLIC 2001-2005 set back 1-4 year**	SLIC 2001-2005 set back 1-4 year
Withdrawal rate	**Age based (per appendix)**	Age based (per appendix)

The estimated charge to profit or loss for the next year is Rs. 38,321,994

The average duration of the defined benefit obligation as at 30 June 2023 is 11 years.

	Note	2023	2022
		---------Pak Rupees in '000'---------	
18.2 Post-retirement medical benefit			
Present value of defined benefit obligation	**18.2.1**	**650,014**	584,679

18.2.1 Movement in liability recognized in statement of financial position:

	2023	2022
Opening liability	**584,679**	617,756
Charge for the year	**94,492**	(3,851)
Payments during the year	**(29,157)**	(29,226)
Closing liability	**650,014**	584,679

18.2.2 The movement in the present value of defined benefit obligation is as follows:

	2023	2022
	---------Pak Rupees in '000'---------	
Balance as at beginning of the year	**584,679**	617,756
Current service cost	**4,857**	5,716
Interest cost	**76,963**	61,822
Remeasurement due to:		
-Experience	**12,672**	(71,389)
Benefits paid during the year	**(29,157)**	(29,226)
	650,014	584,679

18.2.3 Expense recognized in the Statement of profit or loss:

	2023	2022
Current service cost	**4,857**	5,716
Interest cost	**76,963**	61,822
Expense charge in Statement of profit or loss	**81,820**	67,538

18.2.4 Expense recognized in the Statement of comprehensive income:

	2023	2022
Remeasurement due to experience on obligation	**12,672**	(71,389)

18.2.5 Sensitivity analysis

Sensitivity analysis is performed by changing only one assumption at a time while keeping the other assumptions constant. Sensitivity analysis of discount rate and salary increase rate is presented in the below table:

	2023		2022	
	Effect of 1% increase	**Effect of 1% decrease**	Effect of 1% increase	Effect of 1% decrease
	Rupees in '000'		Rupees in '000'	
Discount rate	**562,763**	**722,369**	616,325	771,137
Medical allowance increase rate	**721,115**	**556,040**	774,696	609,738

18.2.6 Risks associated with defined benefit plans

Through its defined benefit plans, the Company is exposed to a number of risks, the most significant of which are detailed below:

Discount rate risk

The risk of changes in discount rate may have an impact on the plans liabilities.

Salary increase / inflation risk

The risk that the actual salary increase are higher than the expected salary increase, where benefits are linked with final salary at the time of cessation of service, is likely to have an impact on liability.

Mortality risk

Actual mortality experience maybe different than that assumed in the calculation.

Withdrawal risk

Actual withdrawals experience may different from that assumed in the calculation.

18.2.7 The principal actuarial assumptions used in the actuarial valuation are as follows:

	2022	2021
Discount rate used for interest cost in profit or loss	**13.50%**	10.25%
Discount rate used for year end obligation	**15.75%**	13.25%
Rate of salary increase (long term)	**13.75%**	11.25%
Retirement assumption	**60 years**	60 years
Mortality rate	**SLIC 2001-2005 set back 1-4 year**	SLIC 2001-2005 set back 1-4 year
Withdrawal rate	**Age based (per appendix)**	Age based (per appendix)

The estimated charge to profit or loss for the next year is Rs. 111,980,301.

The average duration of the defined benefit obligation as at 30 June 2023 is 12 years.

	Note	2023	2022
		---------Pak Rupees in '000'---------	
18.3 Pension			
Net liability/(asset) of defined benefit obligation	**18.3.1**	**309**	135,890
The amount recognized in the Statement of financial position is as follows:			
Present value of defined benefit obligation	**18.3.2**	**822,031**	785,338
Fair value of plan assets	**18.3.3**	**(821,722)**	(649,448)
Net liability/(assets) at end of the year		**309**	135,890

18.3.1 Movement in liability of defined benefit obligation

	2023	2022
Opening (assets)/liability	**135,890**	(83,327)
Charge for the year	**53,175**	147,134
Payments to the fund during the year	**(188,756)**	72,083
Closing (assets)/liability	**309**	135,890

	2023	2022
	---------Pak Rupees in '000'---------	
18.3.2 The movement in the present value of defined benefit obligation is as follows:		
Balance as at beginning of the year	**785,338**	633,226
Current service cost	**29,656**	20,572
Interest cost	**99,791**	60,092
Remeasurement due to:		
-Change in financial assumptions	**-**	-
-Experience	**(461)**	165,361
Benefits paid during the year	**(92,293)**	(93,913)
	822,031	785,338
18.3.3 The movement in the fair value of plan assets is as follows:		
Fair value of plan assets at beginning of the year	**649,448**	716,553
Interest income on plan assets	**94,187**	64,939
Remeasurement due to:		
-Investment return	**(18,376)**	33,952
Contributions	**188,756**	(72,083)
Promotion	**-**	-
Benefits paid during the year	**(92,293)**	(93,913)
	821,722	649,448
18.3.4 Expense recognized in the Statement of profit or loss:		
Service cost		
-Current service cost	**29,656**	20,572
-Past service cost	**-**	-
Net interest	**5,604**	(4,847)
Expense charge in Statement of profit or loss	**35,260**	15,725
18.3.5 Expense recognized in the Statement of comprehensive income:		
Remeasurement due to:		
-Change in financial assumptions	**-**	-
-Experience on obligation	**(461)**	165,361
-Investment return	**18,376**	(33,952)
Expense charge in Statement of comprehensive income	**17,915**	131,409

18.3.6 Sensitivity analysis

Sensitivity analysis is performed by changing only one assumption at a time while keeping the other assumptions constant. Sensitivity analysis of discount rate and salary increase rate is presented in the below table:

	2023		2022	
	Effect of 1% increase	**Effect of 1% decrease**	Effect of 1% increase	Effect of 1% decrease
	Rupees in '000'		Rupees in '000'	
Discount rate	**721,158**	**948,149**	715,431	869,054
Salary increase	**901,028**	**752,574**	854,013	725,268

18.3.7 The principal actuarial assumptions used in the actuarial valuation are as follows:

	2023	2022
Discount rate used for interest cost in profit or loss	**15.75%**	10.25%
Discount rate used for year end obligation	**13.50%**	13.50%
Rate of salary increase (long term)	**14.75%**	12.25%
Retirement assumption	**60 years**	60 years
Mortality rate	**SLIC 2001-2005 set back 1-4 year**	SLIC 2001-2005 set back 1-4 year
Withdrawal rate	**Age based (per appendix)**	Age based (per appendix)

18.3.8 Expected benefit payments

	2023 PKR '000'	2022 PKR '000'
Year 1	4,964	81,276
Year 2	91,174	17,021
Year 3	108,419	73,645
Year 4	32,281	82,347
Year 5	22,111	21,484
Year 6 to 10	249,561	109,105

The estimated charge to profit or loss for the next year is Rs. 27,748,978.
The average duration of the defined benefit obligation as at 30 June 2022 is 14 years.

	Note	2023	2022
		-----Pak Rupees in '000'-----	
18.4 Gratuity			
Net liability/(asset) of defined benefit obligation	18.4.1	**34,606**	(10,373)
The amount recognized in the Statement of financial position is as follows:			
Present value of defined benefit obligation	18.4.2	**456,784**	427,935
Fair value of plan assets	18.4.3	**(422,178)**	(438,308)
Net assets at end of the year		**34,606**	(10,373)

18.4.1 Movement in liability of defined benefit obligation

	2023	2022
Opening assets	**(10,373)**	(330,085)
Charge for the year	**66,929**	(10,373)
Payments to the fund during the year	**(21,950)**	330,085
Closing assets	**34,606**	(10,373)

	2023	2022
	---------Pak Rupees in '000'---------	
18.4.2 The movement in the present value of defined benefit obligation is as follows:		
Balance as at beginning of the year	**427,935**	371,306
Current service cost	**23,350**	25,884
Interest cost	**52,318**	37,142
Remeasurement due to:		
-Change in financial assumptions	**-**	-
-Experience	**33,963**	11,497
Benefits paid during the year	**(80,782)**	(17,894)
	456,784	427,935
18.4.3 The movement in the fair value of plan assets is as		
Fair value of plan assets at beginning of the year	**438,308**	701,391
Interest income on plan assets	**55,200**	70,976
Remeasurement due to:		
-Investment return	**(12,498)**	13,920
Contributions	**21,950**	(330,085)
Benefits paid during the year	**(80,782)**	(17,894)
	422,178	438,308
18.4.4 Expense recognized in the Statement of profit or loss:		
Service cost		
-Current service cost	**23,350**	25,884
Net interest	**(2,882)**	(33,834)
Expense charge in Statement of profit or loss	**20,468**	(7,950)
18.4.5 Expense recognized in the Statement of other comprehensive		
Remeasurement due to:		
-Change in financial assumptions	**-**	-
-Experience on obligation	**33,963**	11,497
-Investment return	**12,498**	(13,920)
Expense charge in Statement of comprehensive income	**46,461**	(2,423)

18.4.6 Sensitivity analysis

Sensitivity analysis is performed by changing only one assumption at a time while keeping the other assumptions constant. Sensitivity analysis of discount rate and salary increase rate is presented in the below table:

	2023		2022	
	Effect of 1% increase	**Effect of 1% decrease**	Effect of 1% increase	Effect of 1% decrease
	Rupees in '000'		Rupees in '000'	
Discount rate	**421,763**	**498,652**	360,881	423,122
Salary increase	**498,442**	**421,210**	423,009	360,483

18.4.7 Risks associated with defined benefit plans

Through its Defined Benefit Plans, the Company is exposed to a number of risks, the most significant of which are detailed below:

Discount rate risk

The risk of changes in discount rate may have an impact on the Plans Liabilities.

Salary increase / inflation risk

The risk that the actual salary increase are higher than the expected salary increase, where benefits are linked with final salary at the time of cessation of service, is likely to have an impact on liability.

Mortality risk

Actual mortality experience maybe different than that assumed in the calculation.

Withdrawal risk

Actual withdrawals experience may different from that assumed in the calculation.

18.4.8 The principal actuarial assumptions used in the actuarial valuation are as follows:	**2023**	2022
Discount rate used for interest cost in profit or loss	**13.50%**	10.25%
Discount rate used for year end obligation	**15.75%**	13.25%
Rate of salary increase (long term)	**14.75%**	12.25%
Retirement assumption	**60 years**	60 years
Mortality rate	**SLIC 2001-2005 set back 1-4 year**	SLIC 2001-2005 set back 1-4 year
Withdrawal rate	**Age based (per appendix)**	Age based (per appendix)

18.4.9 Expected benefit payments	**2023**	2022
	PKR '000'	PKR '000'
Year 1	**29,145**	30,063
Year 2	**50,848**	57,038
Year 3	**67,291**	56,091
Year 4	**41,702**	66,309
Year 5	**88,884**	40,364
Year 6 to 10	**313,191**	283,332

The estimated charge to profit or loss for the next year is Rs. 33,178,499.

The average duration of the defined benefit obligation as at 30 June 2023 is 8 years.

	2023	2022
	---------Pak Rupees in '000'---------	
18.5 Medical Leaves Plan	**4,931**	6,419

	2023	2022
	---------Pak Rupees in '000'---------	
18.5.1 Movement in liability recognized in statement of financial position:		
Opening liability	**6,419**	6,739
Charge for the year	**(1,488)**	(320)
Payments during the year	**-**	-
Closing liability	**4,931**	6,419
18.5.2 The movement in the present value of defined benefit obligation is as follows:		
Balance as at beginning of the year	**6,419**	6,739
Current service cost	**267**	279
Interest cost	**867**	691
Remeasurement due to:		
-Experience	**(2,622)**	(1,290)
Benefits paid during the year	**-**	-
	4,931	6,419
18.5.3 Expense recognized in the Statement of profit or loss:		
Current service cost	**267**	279
Interest cost	**867**	691
Remeasurement of other long term benefits	**(2,622)**	(1,290)
Expense charge in Statement of profit or loss	**(1,488)**	(320)
18.5.4 Expense recognized in the Statement of comprehensive income:		
Remeasurement due to experience on obligation	**-**	-

18.5.5 Sensitivity analysis

Sensitivity analysis is performed by changing only one assumption at a time while keeping the other assumptions constant. Sensitivity analysis of discount rate and salary increase rate is presented in the below table:

	2023		2022	
	Effect of 1% increase	**Effect of 1% decrease**	Effect of 1% increase	Effect of 1% decrease
	Rupees in '000'		Rupees in '000'	
Discount rate	**4,358**	**5,653**	5,819	7,213
Salary increase rate	**5,681**	**4,337**	7,222	5,796

18.5.6 Risks associated with defined benefit plans

Through its defined benefit plans, the Company is exposed to a number of risks, the most significant of which are detailed below:

Discount rate risk

The risk of changes in discount rate may have an impact on the plans liabilities.

Salary increase / inflation risk

The risk that the actual salary increase are higher than the expected salary increase, where benefits are linked with final salary at the time of cessation of service, is likely to have an impact on liability.

Mortality risk

Actual mortality experience maybe different than that assumed in the calculation.

Withdrawal risk

Actual withdrawals experience may different from that assumed in the calculation.

18.5.7 The principal actuarial assumptions used in the actuarial valuation are as follows:

	2023	2022
Discount rate used for interest cost in profit or loss	**13.50%**	10.25%
Discount rate used for year end obligation	**15.75%**	13.50%
Rate of salary increase (long term)	**15.75%**	12.50%
Retirement assumption	**60 years**	60 years
Mortality rate	**SLIC 2001-2005 set back 1-4 year**	SLIC 2001-2005 set back 1-4 year
Withdrawal rate	**Age based (per appendix)**	Age based (per appendix)

The estimated charge to profit or loss for the next year is Rs. 1,008,912.

The average duration of the defined benefit obligation as at 30 June 2023 is 13 years.

18.6 DEFERRED TAXATION - NET

	2023	2022
	-----Pak Rupees in '000'-----	
Deferred tax asset	**367,266**	192,944
Deferred tax liability	**(324,566)**	(248,597)
	42,700	(55,653)

18.6.1 Movement in deferred taxation

Deferred tax liabilities/(assets)	As at July 01, 2022	Statement of profit or loss	Other comprehensive income	As at June 30, 2023
	-----Pak Rupees in '000'-----			
The balance of deferred tax is in respect of the following temporary differences:				
Effect of deductible temporary differences				
General provision	-	-	-	-
Long term loans to employees	-	113,761	-	113,761
Post-retirement medical	192,944	55,619	4,942	253,505
	192,944	169,380	4,942	367,266
Effect of taxable temporary differences				
Accelerated depreciation/amortization allowance	16,885	(878)	-	16,007
Reserve for depletion	231,712	76,847	-	308,559
	248,597	75,969	-	324,566
	(55,653)	93,411	4,942	42,700

Deferred tax liabilities/(assets)	As at July 01, 2021	Statement of profit or loss	Other comprehensive income	As at June 30, 2022
	-----Rupees in '000'-----			
The balance of deferred tax is in respect of the following temporary differences:				
Effect of deductible temporary differences				
General provision	3,060	(3,060)	-	-
Post-retirement medical	179,148	(15,980)	29,776	192,944
	182,208	(19,040)	29,776	192,944
Effect of taxable temporary				
Accelerated depreciation/amortization allowance	29,486	(12,601)	-	16,885
Reserve for depletion	185,982	45,730	-	231,712
	215,468	33,129	-	248,597
	(36,320)	(52,169)	29,776	(55,653)

Deferred tax assets and liabilities on temporary differences are measured at the rate of 34% (2022: 33%).

	Note	2023	2022
		---------Pak Rupees in '000'---------	
19 TRADE AND OTHER PAYABLES			
Trade creditors		75,907	46,139
Accrued liabilities	19.1	335,992	290,348
Advance from customers - unsecured	19.2	95,251	115,050
Withholding income tax payable		28,003	14,588
Royalty, excise duty and other taxes		60,665	60,191
Insurance fund	19.3	94,072	95,300
Contractors current account		127,666	66,395
Other liabilities	19.4	1,255,324	295,420
Provision for workers' profit participation fund	19.5	192,134	8,551
		2,265,014	991,982

	Note	2023	2022
19.1 Accrued liabilities			
Salaries, wages and other benefits	19.1.1	253,022	240,544
Employee old age benefit contribution (EOBI)		13,346	6,619
Accrual for other operational expenses		69,624	43,185
		335,992	290,348

19.1.1 This includes an amount of PKR(000) 174,760 (2022: PKR(000) 178,056) which represents bonus payable to employees, miners and coal cutters.

19.2 It represents amount paid by customers to PMDC in advance for purchase of coal and salt. Theses are inclusive of sale tax, insurance contributions, royalty and excise duty as applicable on projects' sites. These are unsecured and will be adjusted against sales.

19.3 It represents amount received from raising contractors to cover compensation payment to be paid by the Company to workers of raising contractors in case of any fatal accident. This amount is collected at the rate of Rs. 20 per each tone of production of coal and at the rate of Rs. 3-5 per each tone of production of salt.

19.4 It includes an amount of PKR 1,212,225 (000) (2022 (000): PKR 271,540,441) payable to Baluchistan Development Authority (BDA) as per agreement. Further detail can be found in note 22.1.5.

	Note	2023	2022
		---------Pak Rupees in '000'---------	
19.5 Provision for workers' profit participation fund			
Opening balance		8,551	298
Charge for the year	29	149,348	68,551
Prior period adjustment		34,235	-
Payments made during the year		-	(60,298)
		192,134	8,551

20 SECURITY DEPOSITS - NON UTILIZABLE

These mainly includes interest free deposits from raising and carriage contractors and goods/services' vendors and are repayable on demand. These deposits are kept in separate bank account and invested in short term TDRs, having maturity of one to three months from time to time.

	Note	2023	2022
		---------Pak Rupees in '000'---------	
21 PROVISION FOR TAXATION - NET			
Provision for taxation		1,200,593	415,708
Less: Tax refund adjusted	13	(661,455)	(321,526)
		539,138	94,182

22 CONTINGENCIES AND COMMITMENTS

22.1 Contingencies

22.1.1 In Lakhra Project, mining lease No. 88 and No. 192 were granted by Government of Sindh to PMDC in district Dadu for a period of thirty years. Validity of lease No. 88 was up to 17 April 2015. PMDC had applied for extension for another period of 30 years but Government of Sindh had not granted the same. PMDC filed an appeal against the decision of the government of Sindh in the Sindh high court but court decided the case in the favor of government of Sindh. Then PMDC filed case in the Supreme Court against the decision of the Sindh high court. Supreme Court turned down the appeal of the PMDC. Review petition with supreme court of Pakistan against its earlier decision has been filed which is still pending. These financial statements do not include any adjustment in carrying value of Lakhra project assets as same is not expected to be material in case of unfavorable decision.

22.1.2 In silica project, a mining lease of silica sand was granted to PMDC by government of Sindh for 30 years, validity period of lease was February 07, 2015. PMDC has applied for extension of lease for another period of 30 years but Government of Sindh had not extended the lease.

22.1.3 During the year 2018-19, on 20th May 2019 Assistant Commissioner - SRB, raised a demand of Rs. 257.672 million alleging the company for short payment of Sindh Sales Tax with respect to FY 2011-12 to 2016-17 computed under the provisions of Sindh Sales Tax on Services Act 2011. On same day i.e. 20th May 2019, Assistant Commissioner, SRB issued recovery notice and withdrawn from the company's banks by attachment Rs. 3.319 million as partial recovery. The Company has filed appeal No. 206/2019 filed before Commissioner (Appeals-I), SRB, Karachi which is pending for adjudication. In the meanwhile, Company filed CP No. D-8667/2019 in Sindh High Court for stay the recovery till the disposal of Appeal by Commissioner, (Appeals), SRB, Karachi and stay granted by SHC on 28.05.2019 against the recovery by directing the Assistant Commissioner, SRB to de-attach bank accounts. The management is confident based on advisor opinion that the case will be decided in favor of the company, hence no provision has been made in this respect.

22.1.4 During the year 2019-20, on 21st November 2019, Assistant Commissioner - SRB, raised a demand of Rs. 8.861 million (including default surcharge) vide OiO No.776/2019 alleging the company for short payment of Sindh Sales Tax with respect to FY 2017-18 computed under the provisions of Sindh Sales Tax on Services Act 2011. The Company has filed appeal No. 405/2019 filed before Commissioner (Appeals-I), SRB, Karachi which is pending for adjudication along with 206/2019. In the meanwhile, Company filed CP No. D-8331/2019 in Sindh High Court for stay the recovery till the disposal of Appeal by Commissioner, (Appeals), SRB, Karachi and stay granted by SHC on 23.12.2019 against the recovery by Assistant Commissioner, SRB. The management is confident based on advisor opinion that the case will be decided in favor of the company, hence no provision has been made in this respect.

22.1.5 PMDC has undertaken the exploration and development of Duddar Zinc Lead Project in District Lasbela Baluchistan against an expenditure of Rs. 42.222 million. In 2003, an agreement was signed with MCC China (now through MCC Huaye Duddar Mining Company (Private) Limited, a wholly own subsidiary of MCC) for further development and exploration of the mineral. In return the Chinese company agreed to pay 20%-25% share in profit of the project to the Company when accrued. As per another agreement between the Company and Baluchistan Development Authority (BDA) this profit would further be shared between the Company and BDA on 50:50 basis. The profit accruing from project operations after the loans and supplier's credits fully repaid is to be apportioned between the parties at predetermined sharing ratio.

According to the original agreement dated November, 2003 the Company's share is to be computed on the basis of original feasibility study @ 25% of the distributable profit up to financial year ended December 31, 2020 comes to USD 19,265,544 whereas the MHD has computed USD 17,106,376 i.e. a difference of USD 2,159,168. Out of this profit share, 50% of the profit has to be shared with Baluchistan Development Authority (BDA) through another agreement between the Company and BDA dated January, 2007. Further the MHD is of the view that the entitlement will become due after repayment of loans and suppliers credit. The management is in negotiation with MHD and also considering option for legal interpretation of contract terms relating to implementation of project, sharing of data and determination of its share of profit.

22.2 Commitment

There is no commitment as of reporting date (2022: Nil).

		2023	2022
		---------Pak Rupees in '000'---------	
23	REVENUE		
	Gross sales	**4,235,722**	3,212,908
	Sales tax	**(573,787)**	(395,864)
	Net sales	**3,661,935**	2,817,044
23.1	Local sales	**3,661,935**	2,817,044
	Export sales	**-**	-
		3,661,935	2,817,044

As per letter B6561(126)/STM/2017/73561-R Dated 8th June, 2018 RTO Quetta clarified that the coal mines registered or to be registered with RTO, Quetta have to file the sales tax return and to pay sales tax due against supply of coal with the RTO Quetta while PMDC's jurisdiction is with the LTU therefore, has to deposit due tax with LTU, Islamabad.

24 COST OF SALES

	Note	2023	2022
		---------Pak Rupees in '000'---------	
Salary, wages and other benefits	26.1	**582,073**	510,751
Excavation charges		**668,201**	483,673
Development cost		**22,873**	13,615
Material and stores		**254,305**	156,611
Depreciation		**36,048**	46,897
Mine visiting and tourist resort cost	24.1	**86,830**	64,367
Other overhead		**551,939**	434,346
Carriage expense		**331,025**	225,586
Changes in stock		**(19,937)**	12,983
		2,513,357	1,948,829

24.1 This includes employees and other overheads cost relating to administration of mine visiting area and tourist resort.

25 OPERATING EXPENSES

	Note	2023	2022
		---------Pak Rupees in '000'---------	
Salary, wages and other benefits	25.1 & 26.1	**534,828**	457,947
Repair and maintenance		**12,770**	8,560
Audit fee and out of pocket expense		**1,728**	1,604
Depreciation		**4,625**	8,343
Miscellaneous		**46,605**	43,638
		600,556	520,092

25.1 Salary, wages and other benefits include amounts paid to Key Management Personnel as mentioned in note 35.

26 DISTRIBUTION COST

	Note	2023	2022
		---------Pak Rupees in '000'---------	
Salary, wages and other benefits	26.1	**52,950**	34,918
Loading and transportation		**32,415**	15,845
Depreciation		**5,654**	5,799
Royalty and other taxes		**108,852**	94,596
Miscellaneous expenses		**25,816**	15,023
		225,687	166,181

26.1 This includes contributions to defined contribution plans of Rs. 77,889 thousand (2022: Rs. 29,649 thousand), expense recognized in respect of defined benefit pension fund, defined gratuity fund, compensated absences and post-retirement medical benefit Rs. 90,193 thousand, (Rs. 48,613 thousand), and Rs. 29,156 thousand respectively (2022: Rs.35,260 thousand, Rs. 15,724 thousand, and Rs. 72,825 thousand).

	Note	2023	2022 Restated
		---------Pak Rupees in '000'---------	
27 OTHER INCOME			
Income from financial assets			
Interest income		**734,395**	210,934
Income from non-financial assets			
Rental income		**14,214**	14,556
Interest income under IFRS 9		**39,063**	31,144
Miscellaneous	27.1	**217,401**	101,345
Adjustment and reversal	27.2	**867**	33,606
Reversal of dividend written off from LCDC	27.3	-	7,023
Income from Duddar Lead Zinc Mining Project	27.4	**1,987,973**	805,430
		2,259,518	993,104
		2,993,913	1,204,038

27.1 This includes commission income from raising contractors, margin on sale of explosive material and exchange gain on receipts from MCC (Note 27.4.).

	Note	2023	2022
27.2 Adjustment and reversal			
Adjustment of cost of land at Sheikhupura	27.2.1	-	-
Reversal of excessive provisions		**867**	33,606
		867	33,606

27.2.1 This represents recognition of land at Ferozwala District Sheikhupura handed over to the Company in the event of liquidation of GEMCP against a claim, which is written off in 1995 as recoverable.

27.3 A dividend of PKR 7.023 Million (PMDC's Share) was declared by LCDC in 2018 but was not paid at the time. PMDC had written off the entire investment from the accounts in 2021. This amount was received in 2022.

27.4 Income from Duddar Lead Zinc Mining Project

This represents 25% share of profit of the Company from Duddar Zinc Lead Project for the period from 1 January, 2021 to 31 December, 2021 as per contractual arrangement between China Metallurgical Construction (Group) Corporation and the Company, wherein right to exploration and development was assigned to Chinese company in consideration of share of profit. According to feasibility study, the Company's share of profit (@ 25% out of which; 50% share of PMDC and 50% of Balochistan Government, note) amounting to USD 6,951,198 (12.5%) or PKR 1,987,973(000) has been recorded as accrued share for the financial year 2022-23 (2022: USD 3,931,841 (12.5%) or PKR 805,437,629).

	2023	2022
	---------Pak Rupees in '000'---------	
28 SHARE OF PROFIT/ (LOSS) FROM ASSOCIATES		
FATA joint venture	**1,467**	16,184
Lakhra Coal Development Company Limited	-	-
	1,467	16,184

		2023	2022 Restated
		-------Pak Rupees in '000'-------	
29	**OTHER EXPENSES**		
	Amortization loss of employees long term loans	**174,653**	50,856
	Workers' profit participation fund	**149,348**	68,551
		324,001	119,407
30	**TAXATION**		
	Current tax		
	- Current year	**1,200,593**	415,708
	- Prior year	**(1,559)**	21
		1,199,034	415,729
	Deferred tax	**(93,411)**	52,169
		1,105,623	467,898
	Reconciliation of current tax charge		
	Profit for the year	**2,993,714**	1,302,469
	Tax at applicable tax rates of 39% (2022: 33%)	**1,167,548**	429,815
	IFRS 09 amortization expense	**68,115**	-
	Net tax effect of inadmissible expenses for tax purpose	**20,091**	19,955
	Tax effect on re-measurement loss on staff retiring	**12,861**	5,796
	Tax effect of tax depreciation and expenses allowable on	**(16,961)**	(19,055)
	Tax effect of depletion allowance	**(34,717)**	(20,077)
	Interest income under IFRS 09	**(15,235)**	-
	Tax effect of presumptive income	**(1,109)**	(726)
		1,200,593	415,708

31 RELATED PARTY TRANSACTIONS

The Company deals with several state-controlled entities, directly or indirectly controlled by the Government of Pakistan through Government authorities, agencies, affiliates and other organizations. Transactions with these state-controlled are not very significant. The related parties also includes associated companies, joint venture, key management personnel of the Company and post employment benefit plans (Gratuity fund, Pension fund and Provident Fund). There are no related party transactions to be disclosed other than already disclosed in these financial statements.

Name of the related party	Relationship and percentage shareholding	Transactions type	Transactions during the year	
			2023	2022
			Rupees in '000'	
FATA joint venture	30% Joint venture	SOPA	**1,467**	16,184
FATA joint venture	30% Joint venture	Dividend received	**-**	26,707
Sarhad Mineral (Private) Limited	49% Associate	Amount received for stores issued	**-**	-
LCDCL	50% Associate	Salaries of employees paid	**2,060**	1,388
BMEC	10% Investment	Equity Investment	**-**	-
Utility store	Government Entity	Amount received sale of salt	**10,584**	8,766
Utility store	Government Entity	Sale of salt	**8,207**	3,607
Utility store	Government Entity	Purchase	**29,730**	-

Name of the related party	Relationship and percentage shareholding	Balance as at	
		2023	2022
		Rupees in '000'	
FATA joint venture	30% Joint venture	**4,896**	3,429
Sarhad Mineral (Private) Limited	49% Associate	**-**	-
LCDCL	50% Associate	**4,068**	2,008
BMEC	10% Investment	**160,641**	160,641
Utility store	Government Entity	**6,538**	8,915

32 NUMBER OF EMPLOYEES

	----Number---- 2023	2022
Officers	**92**	85
Supervisors	**31**	36
Staff and workers	**1,013**	1,043
Apprentices / management trainees	**-**	-
	1,136	1,164

33 NUMBER OF MINERS

	----Number---- 2023	2022
Salt cutters	**781**	786
Coal cutters	**240**	385
	1,021	1,171

34 KEY MANAGEMENT PERSONAL

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Company considers its chief executive officer, chief financial officer, company secretary, directors and departmental heads to be its key management personnel. There are no transactions with key management personnel other than their terms of employment/entitlement.

35 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in these financial statements in respect of remuneration including benefits applicable to managing director, directors and executives of the Company are given below:

	2023			2022		
	-----Pak Rupees in '000'-----					
	Chief Executive	**Directors**	**Executives**	Chief Executive	Directors	Executives
Managerial remuneration	**647**	**12,069**	**49,850**	2,266	14,140	64,857
Bording/ Lodging Reimbursement	**-**	**2,579**	**-**	-	1,445	-
Rent, utilities and conveyance allowance	**-**	**-**	**26,722**	-	-	50,367
Bonus and incentives	**-**	**-**	**48,397**	-	-	454
Other Allowances	**-**	**-**	**2,922**	-	-	5,101
Total	**647**	**14,648**	**127,891**	2,266	15,585	120,779
Number of persons	**1**	**8**	**27**	1	8	33

35.1 The chief executive, General Managers and Deputy General Managers are provided with a Company maintained car. Managerial remuneration represents the meeting fees paid to non-executive directors. Travelling expenses of directors for official purposes are reimbursed by the Company on actual basis.

36 FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT

Fair value is the amount that would be received on sale of an asset or paid on transfer of a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and fair value estimates. Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market prices used for financial assets held by the Company is current bid price. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13 'Fair Value Measurements' requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

36.1 The following table shows the carrying amounts of financial assets and financial liabilities:

	Note	2023	2022
		-------Pak Rupees in '000'-------	
Financial assets - amortized cost			
Loans and advances	**6 & 10**	**451,077**	357,609
Long term deposits		**18,435**	14,384
Trade debts	**9**	**208,192**	77,632
Other receivables	**11**	**2,318,756**	885,354
Short term investment	**12**	**4,234,808**	2,565,686
Cash and bank balances	**14**	**326,808**	344,198
		7,558,076	4,244,863
Financial liabilities - amortized cost			
Trade and other payables	**19**	**1,888,961**	793,602
Security deposits	**20**	**124,428**	90,147
		2,013,389	883,749

36.2 The Company has not disclosed the fair value for these financial assets and financial liabilities, as these are either short term in nature or reprised periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

The Company has exposure to the credit risk, liquidity risk and market risk from its use of financial instruments.

The board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

The board of directors of the Company oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

36.3 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from loans and advances, deposits, investments, trade debts and bank balances. The carrying amount of financial assets represents the maximum credit exposure.

The credit quality of the Company's financial assets have been assessed below by reference to external credit rating of counterparties determined by the Pakistan Credit Rating Agency Limited (PACRA). The counterparties for which external credit ratings were not available have been assessed by reference to internal credit ratings determined based on their historical information for any default in meeting obligations.

The Company's credit risk exposures and its credit quality are categorized under the following headings:

	2023	2022
	--------Pak Rupees in '000'-------	
Counterparties without external credit ratings		
Loans and advances	**451,077**	357,609
Long term deposits	**18,435**	14,384
Trade debtors - unsecured considered good	**208,192**	77,632
Other receivables	**2,034,102**	838,053
	2,711,806	1,287,678
Counterparties with external credit ratings		
Short term investment	**4,234,808**	2,565,686
Bank balances	**325,598**	310,746
Accrued interest	**284,654**	47,301
	4,845,060	2,923,733

The ageing of loans and advances at 30 June is as follows:		
- not yet due		
- from 1 to 30 days	**19,571**	78,999
- from 31 to 180 days	**89,554**	52,633
- over 180 days	**341,953**	382,083
	451,077	513,715
Allowance for expected credit losses	**-**	-
	451,077	513,715

	2023	2022
	-------Pak Rupees in '000'-------	
The ageing of long term deposits at 30 June is as follows:		
- not yet due		
- from 1 to 30 days	-	1,867
- from 31 to 180 days	150	3,313
- over 180 days	18,285	9,203
	18,435	14,383
Allowance for expected credit losses	-	-
	18,435	14,383
The ageing of trade debts at 30 June is as follows:		
- not yet due		
- from 1 to 30 days	4,335	55,360
- from 31 to 180 days	43,465	11,920
- over 180 days	160,392	1,437
	208,192	68,717
Allowance for expected credit losses	-	-
	208,192	68,717
The ageing of other receivables at 30 June is as		
- not yet due		
- from 1 to 30 days	2,010,880	1,502,862
- from 31 to 180 days	1,954	8,637
- over 180 days	305,921	27,004
	2,318,756	1,538,503
Allowance for expected credit losses	-	-
	2,318,756	1,538,503

Based on past experience, the management believes that no impairment allowance is necessary in respect of carrying amount of loans and advances, deposits, trade debts and other receivables.

The allowance account in respect of trade debts is used to record impairment losses unless the Company is satisfied that no recovery of the amount owing is possible; at that point the amount considered irrecoverable is written off against the financial asset directly.

Cash/investments is held only with reputable banks with high quality external credit rating assessed by external rating agencies. Following are the credit ratings of banks with which balances are held or credit lines available:

Bank	Rating Agency	Short term/ long term rating	2023	2022
			------Rupees in '000'------	
Habib Bank Limited	VIS	A-1+/AAA	**1,530,392**	1,382,313
The Bank of Punjab	PACRA	A-1+/AA+	**690,000**	690,000
Habib Metropolitan Bank Limited	PACRA	A-1+/AA+	**400,000**	400,000
Bank Al-Falah Limited.	PACRA	A-1+/AA+	**242,559**	242,353
National Bank of Pakistan	PACRA	A-1+/AAA	**73,291**	100,425
Zarai Taraqiati Bank Limited	VIS	A-1+/AAA	**10**	3
Askari Bank Limited	PACRA	A-1+/AA+	**6,340**	3,207
Allied Bank Limited	PACRA	A-1+/AAA	**49,426**	52,993
Soneri Bank Limited	PACRA	A-1+/AA-	**107**	107
Sindh Bank Limited	VIS	A-1/A+	**1**	1
United Bank Limited	VIS	A-1+/AAA	**1,417**	4,463
Faysal Bank Limited	PACRA/VIS	A-1+/AA	**-**	-
MCB Bank Limited	PACRA	A-1+/AAA	**527**	567
			2,994,070	2,876,432

36.4 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company uses different methods which assists it in monitoring cash flow requirements and optimizing its cash return on investments. Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a reasonable period, including the servicing of financial obligation; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. Further liquidity position of the Company is monitored by the board through budgets, cash flow projections and comparison with actual results.

Following is the maturity analysis of financial liabilities:

	Carrying amount	Six months or less	Six to twelve months	Above five years
	---------------------Rupees in '000'---------------------			
June 30, 2023				
Trade and other payables	**1,888,961**	**1,667,223**	**221,738**	**-**
Security deposits	**124,428**	**-**	**124,428**	**-**
	2,013,389	**1,667,223**	**346,166**	**-**
June 30, 2022				
Trade and other payables	793,602	631,907	161,695	-
Security deposits	90,147	-	90,147	-
	883,749	631,907	251,842	-

36.5 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, markup rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk. The Company is exposed to currency and mark up rate risk.

36.5.1 Markup rate risk

The markup rate risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate due to changes in the market markup rates. The Company adopts a policy to ensure that markup rate risk is minimized by investing its surplus funds in fixed rate investments like TDRs.

Fair value sensitivity analysis for fixed rate instruments

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

Profile

At the reporting date the markup rate profile of the Company's markup-bearing financial instruments is:

	Note	2023	2022
		-------Pak Rupees in '000'-------	
Financial assets			
Investment - at amortized cost	12	4,234,808	2,565,686
Bank balances	14	325,598	310,746
		4,560,406	2,876,432

36.5.2 Currency risk

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

37 CASH AND CASH EQUIVALENTS

	Note	2023	2022
		-------Pak Rupees in '000'-------	
Short term highly liquid investments	12	4,109,808	2,440,686
Cash and bank balances	14	326,808	344,198
		4,436,616	2,784,884

38 EVENT AFTER REPROTING DATE

The Board of Directors has recommended a dividend for the year ended June 30, 2023 of Rs. ________________ per ordinary share (2022: Rs. 200 per ordinary share).

39 GENERAL

All figures have been rounded off to nearest Rupee in thousands.

These financial statements were authorized for issue by the Board of Directors in their meeting held on 09 JAN 2024.

CHIEF EXECUTIVE OFFICER

CHAIRMAN