



**PRIME AEP LIMITED**  
**ANNUAL REPORT**  
**AND FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED**  
**30 JUNE 2023**

**REGISTERED OFFICE**  
**5th Floor Halo, Counterslip,**  
**Bristol, United Kingdom,**  
**BS1 6AJ**

**Registered Number: 00307812**

**TUESDAY**



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**12/09/2023**

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**COMPANIES HOUSE**

**PRIME AEP LIMITED**

**DIRECTORS AND REGISTERED OFFICE**

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**BOARD OF DIRECTORS**

Aly Khan  
Kamran Ajmal Mian  
Muhammad Kamran Kamal  
Muhammad Asim Subhani

**REGISTERED OFFICE**

5th Floor Halo, Counterslip,  
Bristol, United Kingdom,  
BS1 6AJ

**INDEPENDENT AUDITORS**

Lubbock Fine LLP  
Paternoster House, 65 St. Paul's Churchyard,  
London EC4M 8AB, United Kingdom

**REGISTERED IN ENGLAND NO: 00307812**

## **PRIME AEP LIMITED**

### **DIRECTOR'S REPORT**

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The directors present their report and the audited financial statements for the period ended 30 June 2023.

#### **Directors**

The present directors of the Company are listed on page 1 and have held office since 29 December 2022, and are same.

#### **Principal activities**

Prime AEP Limited (formerly Eni AEP Limited) is engaged in the exploration for, and the production of, oil and gas in Pakistan, where the Company operates through a branch.

The Company is engaged in the exploration and production of oil and gas reserves. The principal areas of activity during the period were in Pakistan with participations in the Miano, Sawan and Gambat concessions.

The Company is a wholly owned subsidiary of Prime International Oil and Gas Company Limited, a company incorporated in Pakistan on September 14, 2020 as a public unlisted company. On March 02, 2021 Hub Power Holdings Limited (HPHL), a wholly owned subsidiary of The Hub Power Company Limited, acquired 50% shareholding in the Company. The Company is jointly owned (50:50) by HPHL and the EBO group (Prime's local employees).

#### **Future developments**

Management anticipate the performance of the producing fields and all business investments to be satisfactory in the coming period.

#### **Dividends**

During the period, the company paid no dividend.

#### **Branches outside the UK**

The company has a branch registered in Karachi, Pakistan.

#### **Post balance sheet events**

There are no post balance sheet events to report.

#### **Financial risk management**

The directors periodically review the Company's exposure to financial risks and set appropriate policies in order to mitigate the risks. The Company is exposed to the following financial risks:

**Commodity Price:** The Company is exposed to the effects of changes to prices of oil and subsequently prices of gas. As other Companies in the oil and gas sector are also facing the impact of recent steep fall in oil prices, the Company is also affected by this decrease.

**Credit risk:** The potential exposure of the Company to loss in the event of non-performance by counterparty. The Company follows guidelines of its treasury department on the choice of highly credit-rated counterparties in their use of financial and commodity instruments, including derivatives.

**Liquidity risk:** The risk that suitable sources of funding for the Company's business activities may not be available. The Company believes it has access to sufficient funding to meet currently foreseeable borrowing requirements.

**Currency risk:** The Company is not exposed to significant interest rate risks. The Company is exposed to foreign exchange fluctuations relating to non-USD (expenditures and receipts). Effective management of exchange rate risk is performed, within the central finance department which matches opposite positions of the group operating subsidiaries and hedges net positions using derivatives (such as currency swaps, forwards and options).

#### **Going concern**

The directors are satisfied that the Company has adequate financial resources to continue to operate for the foreseeable future being not less than twelve months from the date of signing of these financial statements and meet its obligations as they fall due.

## **PRIME AEP LIMITED**

### **DIRECTOR'S REPORT**

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The Company's forecasts and projections demonstrate that its assets are expected to generate free cash flow over the 12 months from the date of this report.

As a consequence, the directors have a reasonable expectation that the company is well placed to manage its business risks and generate sufficient funds to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

#### **Streamlined Energy and Carbon Reporting**

Climate change is likely to drive some of the most profound changes to businesses. Impacts on products and services, supply chains, loss of asset values and market dislocations are already being caused by more frequent and severe climate related events. A growing number of scientific projections are detailing the expected potential average increases in global temperatures and economic forecasts are consequently reflecting these impacts.

The Government introduced a 'Streamlined Energy and Carbon Reporting (SECR) Framework whereby large unquoted companies are obliged to report their UK energy use and associated greenhouse gas emissions as a minimum relating to gas, electricity and transport fuel, as well as an intensity ratio and information relating to energy efficiency action, through their annual reports.

The Company is not in scope for reporting on this matter, as it has no energy use and associated greenhouse gas emissions in the UK.

#### **Statement of director's responsibilities in respect of the Annual Report and the financial statements**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

#### **Provision of information to auditors**

The directors, as at the date of this report, have confirmed that insofar as they are aware there is no relevant audit information (that is, information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

## **PRIME AEP LIMITED**

### **DIRECTOR'S REPORT**

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#### **Independent auditors**

Pursuant to Section 487 (2) of the Companies Act 2006, Lubbock Fine LLP will be deemed to have been reappointed.

By order of the Board



**Kamran Ajmal Mian**  
Chief Executive Officer

29 August 2023.

**INDEPENDENT AUDITORS' REPORT****Opinion**

We have audited the financial statements of Prime AEP Limited ("the Company") for the period ended 30 June 2023 which comprise the Income Statement, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and FRS 101 – Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2023 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. 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 ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions related to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

**Other information**

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

**Partners:** Laurence Newman, Rohit Majithia, Russell Rich, Mark Turner, Lee Facey  
Stephen Banks, Andrew Noton, Neil Williams, Phil Moss, Matthew Green, David Chandra, Phil Blackburn  
Jaspal Singh Dhillon, James Gilliland, Sam Snelson, Simon de Souza, Jamie Johnson

**Consultants:** Naresh Shah, Pankaj Shah, Geoffrey Goodyear

Lubbock Fine LLP is registered to carry on audit work in the UK and regulated for a range of investment business activities by the Institute of Chartered Accountants in England & Wales. Registered in England and Wales as a limited liability partnership (OC431004). The term partner is used to refer to a member of the LLP.

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## **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report have been prepared in accordance with applicable legal requirements.

## **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

## **Directors' responsibilities**

As explained more fully in their statement set out on pages 2 to 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view and/or such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

## **Auditor's responsibilities**

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- Enquiries of management, including obtaining and reviewing supporting documentation, concerning the company's policies and procedures relating to:
    - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
    - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
    - the internal controls established to mitigate risks related to fraud or non-compliance of laws and regulations; and
  - Discussions among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.
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We also obtained an understanding of the legal and regulatory framework that the company operates in, focusing on provisions of those laws and regulations that had direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act and FRS 101 – Reduced Disclosure Framework.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

As a result of these procedures, we considered the particular areas that were susceptible to misstatement due to fraud were in respect of revenue recognition and management override.

Our procedures to respond to risks identified included the following:

- Reviewing the financial statement disclosures and testing these to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- Enquiring of management concerning actual and potential litigation and claims;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- Reading minutes of meetings of those charged with governance;
- Reviewing revenue recognition on a sample basis; and
- In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments for evidence of management override/bias against a range of different criteria; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the rationale of any significant transactions that are unusual or outside the normal course of the company's operations.

Due to the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' Report.

#### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

*Stephen Banks*

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**Stephen Banks (Senior Statutory Auditor)**  
 for and on behalf of Lubbock Fine LLP  
 Chartered Accountants and Statutory Auditor  
 Paternoster House  
 65 St Paul's Churchyard  
 London  
 EC4M 8AB

Date: 30 August 2023

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**PRIME AEP LIMITED**

**INCOME STATEMENT  
FOR THE PERIOD ENDED 30 JUNE 2023**

		For the period ended 30 June 2023	Year ended 31 December 2022
	Notes	£'000	£'000
Revenue	2	3,772	6,954
<b>Total revenue</b>		<b>3,772</b>	<b>6,954</b>
Other service costs and expenses	3	(1,576)	(2,535)
Depreciation, amortisation and impairment	9	(3,848)	(1,188)
<b>Operating (loss) / profit</b>	4	<b>(1,652)</b>	<b>3,231</b>
Interest receivable and similar income	6	13	19
Interest payable and similar charges	7	(412)	(513)
<b>(Loss)/ Profit before taxation</b>		<b>(2,051)</b>	<b>2,737</b>
Taxation charge	8	(815)	(651)
<b>(Loss) /Profit for the financial period</b>		<b>(2,866)</b>	<b>2,086</b>

**PRIME AEP LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 30 JUNE 2023**

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	For the period ended 30 June 2023	Year ended 31 December 2022
	£'000	£'000
(Loss) / Profit for the financial period	(2,866)	2,086
<i>Items that may be reclassified to profit or loss</i>		
Currency translation adjustment on foreign operations	(128)	179
<b>Total comprehensive (expense)/income for the financial period</b>	<b>(2,994)</b>	<b>2,265</b>

Total comprehensive (expense) /income for the period is attributable to the equity holders.

**PRIME AEP LIMITED**

**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE PERIOD ENDED 30 JUNE 2023**


	<i>Share Capital</i>	<i>Capital Reduction Reserve</i>	<i>Retained Earnings</i>	<i>Shareholder's Equity</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Balance at 1 January 2022	471	-	1,355	1,826
Profit for the period	-	-	2,086	2,086
Other comprehensive income for the year	-	-	179	179
Balance at 31 December 2022	<b>471</b>	-	<b>3,620</b>	<b>4,091</b>
(Loss) for the period	-	-	(2,866)	(2,866)
Other comprehensive (expense) for the period	-	-	(128)	(128)
Balance at 30 June 2023 (note 19)	<b>471</b>	-	<b>626</b>	<b>1,097</b>

**PRIME AEP LIMITED**

**BALANCE SHEET  
AS AT 30 JUNE 2023**

		As at 30 June 2023	As at 31 December 2022
	Notes	£'000	£'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	12	4,388	3,335
Trade and other receivables	11	5,375	4,712
Current tax asset		1,336	1,948
Inventories	10	2,080	2,481
		<u>13,179</u>	<u>12,476</u>
<b>Non-current assets</b>			
Property, plant and equipment	9	2,784	6,720
Deferred tax asset	15	(205)	462
		<u>2,579</u>	<u>7,182</u>
<b>Total assets</b>		<u>15,758</u>	<u>19,658</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	13	2,716	2,695
		<u>2,716</u>	<u>2,695</u>
<b>Non-current liabilities</b>			
Provisions	14	11,946	12,872
		<u>11,946</u>	<u>12,872</u>
<b>Total liabilities</b>		<u>14,662</u>	<u>15,567</u>
<b>Shareholders' equity</b>			
Share capital	16	471	471
Retained earnings		626	3,620
<b>Total shareholders' equity</b>		<u>1,097</u>	<u>4,091</u>
<b>Total liabilities and shareholders' equity</b>		<u>15,759</u>	<u>19,658</u>

The financial statements from pages 5 to 22 were approved by the Board on August 29, 2023 and were signed by an authorised director on behalf of the board.



**Kamran Ajmal Mian**  
Chief Executive Officer  
29 August 2023

## PRIME AEP LIMITED

### STATEMENT OF ACCOUNTING POLICIES

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A summary of the principal accounting policies which have been applied throughout the period is set out below:

#### General Information

The Company is a limited liability company, limited by shares, incorporated and domiciled in United Kingdom. The Company has a registered office as disclosed on page 1.

The Company is a participant involved in the exploration and exploitation of oil and gas in Pakistan with interests in Miano, Sawan, and Gambat. As a participant, the Company receives from the operators returns of income, expenditure, assets and liabilities of the consortia, the Company's shares of which are incorporated into its accounting records. The financial statements reflect the company's share of each activity as a participant in consortia.

On March 8, 2021, the Shareholders of the Company reached an agreement to sell its shares for ENI AEP Limited to Prime International Oil & Gas Company. The Prime International Oil & Gas Company is a joint venture between Hub Power Holding Limited, a wholly owned subsidiary of The Hub Power Company Limited (HUBCO) and former ENI Pakistan Limited – Pakistan Branch local employees. The transaction was completed on December 29, 2022 after receiving the approval from Directorate General Petroleum Concession (DGPC) in November 2022.

Consequently, the Company applied for the change of name from Eni AEP Limited to Prime AEP Limited in United Kingdom (UK). The change of name has been approved by the regulators in UK.

#### Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006 as applicable to companies using Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101).

The net asset position at 30 June 2023 was £1,097,000 (2022 £4,091,000). The directors believe that preparing accounts on the going concern basis is appropriate due to the continued financial support of its Parent Company including access to Company's financial resources, to continue to operate for the foreseeable future and meet its obligations as they fall due. The directors believe that the Company's forecast and projections, taking account of reasonably possible changes in trading performance, would show that the Company should be able to operate within the level of its current cash reserves. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements. However, these conditions indicate the existence of a material uncertainty which may cast significant doubt about the entity's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the entity was unable to continue as a going concern.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to:

- (a) the requirements of IFRS 7 Financial Instruments: Disclosures;
- (b) the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 11 and 134-136 of IAS 1 Presentation of Financial Statements;
- (c) the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
  - (i) paragraph 79(a)(iv) of IAS 1;
  - (ii) paragraph 73(e) of IAS 16 Property, Plant and Equipment; and
  - (iii) paragraph 118(e) of IAS 38 Intangible Assets.
- (d) the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135c-135e of IAS 36, Impairment of Assets;
- (e) the requirements of IAS 7 Statement of Cash Flows;
- (f) The requirements of paragraph 24(b) of IFRS 6 Exploration for and Evaluation of Mineral Resources to disclose the operating and investing cash flows arising from the exploration for and evaluation of mineral resources;
- (g) the requirements of paragraph 91 – 99 of IFRS 13 Fair Value Measurement;
- (h) the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers;
- (i) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors in relation to standards not yet effective;
- (j) the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures;
- (k) the requirements of IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member; and
- (l) the requirements of paragraph 74A(b) of IAS 16

The accounting policies have been applied consistently, other than where new policies have been adopted.

## PRIME AEP LIMITED

### STATEMENT OF ACCOUNTING POLICIES

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#### Basis of preparation (continued)

##### New and amended standards adopted

The company has applied the following standards and amendments for the first time for the annual reporting commencing on 1 January 2023:

Interest Rate Benchmark Reform – Phase 2 – amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.

The amendments listed above did not have any impact on the amounts recognised in prior periods and do not have a material impact on the entity in the current and future periods and on foreseeable future transactions.

##### New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2023 reporting periods and have not been early adopted by the company. These standards do not have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

#### Foreign currencies

The Company's functional and presentation currency is GBP. All financial information has been rounded to the nearest thousand (£'000), unless otherwise indicated. The branch maintains its records in US Dollars. Transactions denominated in a foreign currency are converted to GBP at rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies have been translated at the rates ruling at the balance sheet date. The resulting exchange gains or losses are recognised in the income statement.

#### Interests in joint arrangements

IFRS 11 defines a joint arrangement as an arrangement over which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities (being those that significantly affect the returns of the arrangement) require unanimous consent of the parties sharing control.

IFRS 11 classifies joint arrangements into two types i.e. joint operations and joint ventures. A joint operation is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

The Company participates in several joint operations which involve the joint control of assets used in the Company's oil and gas exploration and producing activities. Interests in joint operations are recognised by including the Company's share of assets, liabilities, income and expenses on a line-by-line basis. Liabilities and expenses incurred directly in respect of interests in joint operations are accounted for on an accrual basis. Income from the sale or use of the Company's share of the output of jointly operations, and its share of joint operation expenses, are recognised when it is probable that the economic benefits associated with the transactions will flow to/from the Company and their amount can be measured reliably.

#### Intangible assets – exploration and appraisal costs

Exploration costs represent the Company's share of expenditure by consortia and previously as operator on the exploration for oil and natural gas up to the date of any decision to exploit various finds.

Where no decision has been made by the balance sheet date to exploit a find, the costs are accounted for in accordance with the successful efforts method. The cost of drilling exploratory wells is carried forward as an intangible asset if in the opinion of the directors there is a reasonable prospect of development of the related fields commencing within three years of commencement of drilling. Costs of exploratory dry holes are written off at the time that the wells are determined to be dry and all licence fees, geological and geophysical expenses are written off as incurred. Where a decision has been made to exploit a find, the exploration costs are carried forward. In the period after a decision has been made to exploit a find but before field development programme approval has been granted, any pre-development costs that are incurred are also capitalised and carried forward. When field development programme approval is granted, the exploration and pre-development costs of that field are reclassified as Property, plant and equipment. Exploration wells that are being drilled at the year end are included in fixed assets as exploration and appraisal costs until the results of the drilling are determined.

## PRIME AEP LIMITED

### STATEMENT OF ACCOUNTING POLICIES

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#### Basis of preparation (continued)

##### Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the asset. Property, plant and equipment is depreciated on a straight line basis over its estimated useful life as follows:

- |  |               |
|--|---------------|
| • Office assets, fixtures and fittings | up to 5 years |
| • IT hardware                          | up to 3 years |

Property, plant and equipment includes oil and gas properties representing the Company's share of expenditure in respect of exploration, appraisal and development costs of fields where a decision to exploit their reserves has been made, field development programme approval has been granted and capital expenditure incurred when the fields are in production.

Interest costs incurred during the development stage of fields are capitalised from the date at which field development programme approval is granted until production commences.

These assets, except proven mineral interests, are depreciated using the unit of production method on a quarterly basis, using proved developed oil and gas reserves for each field in production as at the end of each quarter. Proven mineral interests are depreciated using the unit of production method on a quarterly basis, using proved developed and undeveloped oil and gas reserves for each field in production as at the end of each quarter. When there is a change in the estimated total recoverable proved developed reserves of a field, the undepreciated cost is written off over the revised remaining reserves.

##### Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Recoverable amount is the higher of fair value less costs to sell and value in use. Management has assessed its cash generating units (CGUs) as being an individual field, which is the lowest level for which cash inflows are largely independent of those of other assets.

In assessing value in use, future net cash flows for each field are calculated by utilising the company's estimate of proved reserves at year end, together with the company's estimates of future oil prices, future capital and operating costs and future decommissioning costs, required for recovering these remaining proved reserves. These estimated future cash flows are then discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

At the end of each reporting period, an assessment is made to determine whether there is any indication that an impairment loss recognised in prior periods may no longer exist or has decreased. Where such an indication exists, an impairment loss is reversed to the extent that the asset's carrying value does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

##### Inventories

Inventories are measured at the lower of purchase or production cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale, or, with reference to inventories of crude oil and petroleum products already included in binding sale contracts, the contractual selling price. Materials and other supplies held for use in production are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. This represents the company's share of inventories belonging to the consortia of which it is a member. Cost is determined by the weighted average method and comprises direct purchase costs, cost of production, transportation and manufacturing expenses.

The cost of inventories of hydrocarbons (crude oil, condensates and natural gas) and petroleum products is determined by applying the weighted average cost method on a three-month basis, or on a different time period (e.g. monthly), when it is justified by the use and the turnover of inventories of crude oil and petroleum products.

## PRIME AEP LIMITED

### STATEMENT OF ACCOUNTING POLICIES

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#### Basis of preparation (continued)

##### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, the Company's current bank accounts and short-term deposits originally due, generally, within 90 days, readily convertible to known amount of cash and subject to an insignificant risk of changes in value.

##### Financial Instruments

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. Trade receivables that do not contain a significant financing component or for which the company has applied the practical expedient are measured at the transaction price determined under IFRS 15.

##### *Financial assets at amortised cost (debt instruments)*

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The company's financial assets held at amortised cost includes trade and other receivables.

##### *Impairment of financial assets*

The company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

##### *Financial liabilities at 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 at fair value through profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial recognition date and only if the conditions in IFRS 9 are satisfied. Other financial liabilities are classified in the balance sheet as Trade and other payables.

##### 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 must be accessible by the Company.



## PRIME AEP LIMITED

### STATEMENT OF ACCOUNTING POLICIES

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#### Basis of preparation (continued)

#### Fair value measurement (continued)

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, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised 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
- 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 recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined 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.

#### Provisions

Provisions are recognised when: (i) there is a current obligation (legal or constructive), as a result of a past event; (ii) it is probable that the settlement of that obligation will result in an outflow of resources embodying economic benefits; and (iii) the amount of the obligation can be reliably estimated. The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the balance sheet date or to transfer it to third parties at that time.

#### Decommissioning provision

The estimated cost of dismantling the production and related facilities and site restoration at the end of the economic life of each field is recognised in full as a decommissioning provision when the asset is installed on the ground/environment is disturbed at the field location. The amount recognised is the present value of the estimated future restoration cost, and an offsetting tangible fixed asset is also recognised. The increase in the provision with the passage of time (unwinding of discount) is recognised as interest expense. The asset is depreciated on a unit of production basis. Changes to the present value of the estimated future restoration cost are accounted for as adjustments to the provision and the fixed asset.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the balance sheet date or to transfer it to third parties at that time.

#### Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

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

## **PRIME AEP LIMITED**

### **STATEMENT OF ACCOUNTING POLICIES**

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#### **Basis of preparation (continued)**

#### **Taxation (continued)**

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities.

#### **Revenue from contract with customers**

The Company is principally engaged in oil and gas exploration and production. Revenue from contracts with customers is recognised when or as the company satisfies a performance obligation by transferring control of a promised good or service to the customer. The company has generally concluded that it is the principal in its revenue contracts because it typically controls the products before transferring them to the customer. The transfer of control generally coincides with title passing to the customer and products having reached the processing terminal or when the products are lifted.

The Company principally satisfies its performance obligations at a point in time. When, or as, a performance obligation is satisfied, the group recognises as revenue the amount of the transaction price that is allocated to that performance obligation. The transaction price is the amount of consideration to which the company expects to be entitled in exchange for those products. Contracts from the sale of commodities are typically priced by reference to quoted prices.

Interest income is recognised on a time proportion basis.

#### **Over/underlift balances**

Lifting or offtake arrangements for oil and gas produced in certain of the Company's oil and gas properties are such that each participant may not receive and sell its precise share of the overall production in each period. The resulting imbalance between cumulative entitlement and cumulative volume sold less stock is 'underlift' or 'overlift'.

The company applies the sales method for the measurement and presentation of the over/underlift balances with underlift valued at cost and overlift valued at market price. The movements of the period are presented within the Other service costs and expenses.

#### **Dividends distribution**

Dividends are recognised at the date of the general Shareholders' Meeting in which they were declared, or in the case of an interim dividend declared by the Board, when paid.

#### **Use of accounting estimates, judgements and assumptions**

The Company's financial statements are prepared in accordance with FRS 101. This requires the use of estimates and assumptions that affect the assets, liabilities, revenues and expenses reported in the financial statements, as well as amounts included in the notes thereto, including discussion and disclosure of contingent liabilities. Estimates made are based on complex or subjective judgements, past experience and other assumptions deemed reasonable in consideration of the information available at the time. The accounting policies and areas that require the most significant judgements and estimates to be used in the preparation of the financial statements are in relation to the accounting for oil and natural gas activities, specifically in the determination of proved and proved developed reserves, impairment of property, plant and equipment and intangible assets, decommissioning provisions.

Although the Company uses its best estimates and judgements, actual results could differ from the estimates and assumptions used. A summary of significant estimates is as follows:

#### **a) Oil and gas activities**

Engineering estimates of the Company's oil and gas reserves are inherently uncertain. Although there are authoritative guidelines regarding the engineering criteria that must be met before estimated oil and gas reserves can be designated as

## PRIME AEP LIMITED

### STATEMENT OF ACCOUNTING POLICIES

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#### **Basis of preparation (continued)**

##### ***a) Oil and gas activities (continued)***

"proved", the accuracy of any reserve estimate is a function of the quality of available data and engineering and geological interpretation and judgment.

Oil and gas reserves have a direct impact on certain amounts reported in the financial statements. Estimated proved reserves are used in determining depreciation and depletion expenses and impairment expense. Depreciation rates on oil and gas assets using the units of production basis are determined from the ratio between the amount of hydrocarbons extracted in the quarter and proved developed reserves existing at the end of the quarter increased by the amounts extracted during the quarter.

Proved developed oil and gas reserves are reserves that can be expected to be recovered through existing wells with existing equipment and operating methods. Additional oil and gas expected to be obtained through the application of fluid injection, or other improved recovery techniques, for supplementing the natural forces and mechanisms of primary recovery will generally be included as proved developed reserves only after testing by a pilot project, or after the operation of an installed programme, has confirmed through production response that increased recovery will be achieved.

Proved oil and gas reserves are the estimated quantities of crude oil, natural gas and natural gas liquids which geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs under existing economic and operating conditions, that is, prices and costs as at the date that the estimate is made.

##### ***b) Impairment of assets***

The Company assesses its property, plant and equipment, intangible assets, for possible impairment if there are events or changes in circumstances that indicate the carrying values of the assets are not recoverable. Such indicators include changes in the Company's business plans, changes in commodity prices leading to unprofitable performance and, for oil and gas properties, significant downward revisions of estimated proved reserve quantities.

Determination as to whether and how much an asset is impaired involves management estimates on highly uncertain matters such as future commodity prices, the effects of inflation and technology improvements on operating expenses, production profiles and the outlook for global or regional market supply and demand conditions for crude oil, natural gas, commodity chemicals and refined products, and the discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

##### ***c) Decommissioning provision***

Obligations to remove tangible equipment and restore land or seabed require significant estimates in calculating the amount of the obligation and determining the amount required to be recorded at present value in the consolidated financial statements. Estimating future decommissioning provisions is complex. It requires management to make estimates and judgments with respect to removal obligations that will come to term many years into the future and contracts and regulations are often unclear as to what constitutes removal.

In addition, the ultimate financial impact of environmental laws and regulations is not always clearly known as asset removal technologies and costs constantly evolve as well as political, environmental, safety and public expectations.

The subjectivity of these estimates is also increased by the accounting method used that requires entities to record the fair value of a liability for decommissioning provisions in the period when it is incurred (typically, at the time, the asset is installed at the production location).

The recognized decommissioning provisions are based on future retirement cost estimates and incorporate many assumptions such as: expected recoverable quantities of crude oil and natural gas, abandonment time, future inflation rates and the discount rate.

##### ***d) Contingencies***

The Company accrues for all contingencies that are both probable and estimable. These contingencies are primarily related to litigation and tax issues. Determining appropriate amounts for accrual is a complex estimation process that includes subjective judgements.

## **PRIME AEP LIMITED**

### **STATEMENT OF ACCOUNTING POLICIES**

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#### **Basis of preparation (continued)**

##### **Impairment of non-financial assets**

The Company assesses its property, plant and equipment, intangible assets and those investments measured at cost, for possible impairment if there are events or changes in circumstances that indicate the carrying values of the assets are not recoverable. Such indicators include changes in the company's business plans, changes in commodity prices leading to unprofitable performance and, for oil and gas properties, significant downward revisions of estimated proved reserve quantities.

Determination as to whether and how much an asset is impaired involves management estimates on highly uncertain matters such as future commodity prices, the effects of inflation and technology improvements on operating expenses, production profiles and the outlook for global or regional market supply and demand conditions for crude oil, natural gas, commodity chemicals and refined products, and the discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

# PRIME AEP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### 1. Parent undertakings

The Company's immediate parent undertaking is Eni UK Limited.

The Company is a wholly owned subsidiary of Prime International Oil and Gas Company Limited, a company incorporated in Pakistan on September 14, 2020 as a public unlisted company. The registered office of the Company is situated at 9-B, 1st East Street Phase -1, Defence Housing Authority, Karachi.

On March 02, 2021 Hub Power Holdings Limited (HPHL), a wholly owned subsidiary of The Hub Power Company Limited, acquired 50% shareholding in the Company. The Company is jointly owned (50:50) by HPHL and the EBO group (ENI's local employees).

### 2. Revenue

	For the period ended 30 June 2023	For the year ended 31 December 2022
	£'000	£'000
Third parties	3,772	6,954
	<u>3,772</u>	<u>6,954</u>

For the purposes of the Companies Act 2006, the operations of the company constitute one class of business, the exploration and production of hydrocarbon liquids and gas. All activities of the company are undertaken in Pakistan.

### 3. Other service costs and expenses

	For the period ended 30 June 2023	For the year ended 31 December 2022
	£'000	£'000
Third parties	1,576	2,535
	<u>1,576</u>	<u>2,535</u>

Other service costs and expenses relating to third parties mainly represent royalty, gas purchases and the company's share of operating expenditure related to its oil and gas properties.

### 4. Operating profit

Operating profit is stated after charging the following amounts:

	For the period ended 30 June 2023	For the year ended 31 December 2022
	£'000	£'000
Depreciation, amortisation and impairment (note 9)	3,848	1,188
	<u>3,848</u>	<u>1,188</u>

Operating profit is stated after charging auditors' remuneration. Auditors' remuneration for the branch for 2023 was £11,582 (2022 - £11,335). For the purpose of disclosure, a fair allocation of head office audit fee would be £14,451 (2022 - £10,803).

### 5. Labour costs and employee information

The company had no employees (2022 - none).

# PRIME AEP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### 6. Interest receivable and similar income

	For the period ended 30 June 2023 £'000	For the year ended 31 December 2022 £'000
Third parties	13	13
Foreign exchange gain	-	6
	<u>13</u>	<u>19</u>

### 7. Interest payable and similar charges

	For the period ended 30 June 2023 £'000	For the year ended 31 December 2022 £'000
<b>Discontinued operations</b>		
Unwinding of discount on decommissioning provision	-	-
Group undertaking	-	350
<b>Continuing operations</b>		
Unwinding of discount on decommissioning provision (note 14)	219	-
Foreign exchange loss	193	163
	<u>412</u>	<u>513</u>

### 8. Taxation

	For the period ended 30 June 2023 £'000	For the year ended 31 December 2022 £'000
<b>United Kingdom</b>		
Current tax @ 40% (2022 – 40%)		
UK Corporation tax on profits for the year	-	-
Adjustments in respect of prior periods	-	-
Total current tax	-	-
<b>Foreign tax</b>		
Corporation tax on profits for the year	51	1,289
Adjustments in respect of prior periods	101	(279)
Total foreign tax	<u>152</u>	<u>1,010</u>
<b>Deferred corporation tax (note 15)</b>		
Current year	663	(195)
Adjustment in respect of previous periods	-	(164)
Total deferred tax	<u>663</u>	<u>(359)</u>
<b>Total taxation</b>	<u>815</u>	<u>651</u>
<b>Attributable to:</b>		
Continued operations	815	651
Discontinued operations	-	-
Total taxes	<u>815</u>	<u>651</u>

#### Factors affecting tax charge for the year

No numeric tax rate reconciliation is given as the Branch is liable for turnover tax for the current period under section 113 of the Income Tax Ordinance 2001.

**PRIME AEP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**9. Property, plant and equipment**

	Oil and gas properties	Office Equipment fixtures & fittings	Total
	Pakistan £'000	Pakistan £'000	£'000
<b>Cost</b>			
At 1 January 2023	254,940	2,590	257,530
Additions	208	(4)	204
Revision of decommissioning estimate (note 14)	(39)	-	(39)
Exchange difference	(14,007)	(142)	(14,149)
<b>At 30 June 2023</b>	<b>241,102</b>	<b>2,444</b>	<b>243,546</b>
<b>Accumulated depreciation and impairment</b>			
At 1 January 2023	(248,832)	(1,978)	(250,810)
Charge for year (note 4)	(1,252)	(9)	(1,261)
Impairment charge (note 4)	(2,587)	-	(2,587)
Exchange difference	13,786	110	13,896
<b>At 30 June 2023</b>	<b>(238,885)</b>	<b>(1,877)</b>	<b>(240,762)</b>
<b>Net book value as at 30 June 2023</b>	<b>2,217</b>	<b>567</b>	<b>2,784</b>
<b>Net book value as at 31 December 2022</b>	<b>6,108</b>	<b>612</b>	<b>6,720</b>

At the period end the write off of Sawan North Horizontal well amounting to £2,587 thousand was recorded.

The key assumptions in the annual impairment review were oil and natural gas prices, production and cost profiles, the inflation rate and the discount rate. The recoverable amount of the oil and gas assets is based on value in use and was determined at the level of the CGU. The key assumptions used in the impairment tests were an inflation rate from 2.1% to 4.0% (2022: 2.1% to 4.0%), pre-tax discount rate of 20% (2022: 20%) which is the company's average cost of capital based on the indicators assumed for the long term plan, and an average oil price of US\$83/bbl (2022: US\$103/bbl) based on the long term plan.

**10. Inventories**

	As at 30 June 2023	As at 31 December 2022
	£'000	£'000
Materials	2,080	2,481

The movement in inventory is presented in other service costs and expenses in the note 3

**11. Trade and other receivables**

	As at 30 June 2023	As at 31 December 2022
	£'000	£'000
Trade receivables		
Third parties	5,494	4,838
Less: provision for impairment of trade receivables	(119)	(126)
	<b>5,375</b>	<b>4,712</b>

# PRIME AEP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### 12. Cash and cash equivalents

	As at 30 June 2023	As at 31 December 2022
	£'000	£'000
Cash at bank and in hand		
Group undertaking	-	-
Third parties	4,388	3,335
Short term deposits		
Group undertaking		
	4,388	3,335

### 13. Trade and other payables

	As at 30 June 2023	As at 31 December 2022
	£'000	£'000
Amounts owed to group undertakings	720	1,255
Third parties	1,996	1,440
	2,716	2,695

### 14. Provisions

	Decommissioning provision	Others	Total
	£'000	£'000	£'000
At 1 January 2023	10,279	2,593	12,872
Exchange difference	(571)	(143)	(714)
Revision of cost estimate (note 9)	(39)	-	(39)
Depletion allowance	-	(392)	(392)
Utilisation during the year	-	-	-
Unwinding of discount (note 7)	219	-	219
At 30 June 2023	9,888	2,058	11,946

#### Decommissioning

A provision of £9,887,671 thousand has been recognised for decommissioning costs relating to producing oil and gas fields in which the company is a participant. The provision has been estimated using existing technology, existing life of field estimates, current decommissioning cost estimates and discounted using the directors' assessment of an appropriate risk adjusted discount rate ranging from 3.91% to 4.73%. The estimated life of field interests is between 2023 and 2031.

#### Depletion allowance

Under the laws of Pakistan, the company is allowed to claim a depletion allowance for the purpose of the tax calculation. The tax authorities have disputed the calculation of this depletion allowance. During the period, the Company has booked the provision for depletion allowance amounting to £ NIL. Depletion allowance provision as at June 2023 amounts to £1,802,000. The accumulated provisions are recorded on the basis of tax demands and returns filed.

#### Super Tax

Vide Finance Act 2022 and with effect from the year 2021, a tax namely Super tax has been imposed on every person earning taxable income of at least PKR 500 million (equivalent of £1,835,516) or more. The tax authorities have disputed the calculation of super tax. As at 30 June 2023 £227,598 (2022 – £237,713) has been provided.



# PRIME AEP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### 15. Deferred tax assets and liabilities

Deferred tax is calculated in full on temporary differences using a tax rate of 40% (2022 - 40%) being the rate applicable in Pakistan. The movement on the deferred tax account is shown below:

	As at 30 June 2023	As at 31 December 2022
	£'000	£'000
At 1 January	462	83
Charged to the Income Statement (note 8)	(663)	359
Exchange difference	(4)	20
<b>At 30 June</b>	<b>(205)</b>	<b>462</b>

Deferred tax assets and liabilities are only offset where there is a legally enforceable right of offset and there is an intention to settle the balances net. The movements in deferred tax assets and liabilities during the period are shown below:

#### Deferred tax liabilities

	Accelerated capital allowances	Decommissioning Cost	Total
	£'000	£'000	£'000
At 1 January 2022	-	(368)	(368)
Provided during the year	-	258	258
Exchange difference	-	(37)	(37)
<b>At 31 December 2022</b>	<b>-</b>	<b>(147)</b>	<b>(147)</b>
Provided / (utilised) during the period	-	(68)	(68)
Exchange difference	-	10	10
<b>At 30 June 2023</b>	<b>-</b>	<b>(205)</b>	<b>(205)</b>

#### Deferred tax assets

	Other Provisions	Total
	£'000	£'000
At 1 January 2022	451	451
Provided / (utilised) during the year	101	101
Exchange Difference	57	57
<b>At 31 December 2022</b>	<b>609</b>	<b>609</b>
Provided / (utilised) during the period	(595)	(595)
Exchange Difference	(14)	(14)
<b>At 30 June 2023</b>	<b>-</b>	<b>-</b>

## PRIME AEP LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

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#### 16. Share capital

	Allotted, called up and fully paid	
	As at 30 June 2023	As at 31 December 2022
	£'000	£'000
Share Capital	471	471

Under the Companies Act 2006, there is no requirement for the Company to have an authorised share capital and the company's Articles of Association do not set a maximum amount of shares that the company may allot.

#### 17. Commitments

The company has interests in various consortia engaged in exploration, development and production of oil and gas. As a member of these consortia, the company is committed to pay its share of the costs of development and exploration which stand at £nil.

#### 18. Joint operations

Name of license	Place of operation	Interest held
Miano D&P Lease	Pakistan	15.16%
Sawan	Pakistan	23.68%
Gambat D&P	Pakistan	23.68%

The interest held in joint operations is the same for financial years of 2022 and 2023.

#### 19. Post balance sheet events

No adjusting or non-adjusting events occurred between the reporting date and the date of authorisation of the financial statements.