



Pakistan Petroleum Limited

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Tel: 92-21-35681391-95, 35683853-57, 35657730-39
UAN: 92-21-111-568-568
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Website: www.ppl.com.pk

Our reference: SAA/CS/SE-0538

Your reference:

Date: 29th October 2018

By PUCARS

The Pakistan Stock Exchange
Stock Exchange Building
Stock Exchange Road
Karachi.

Attention: Ms. Asmaa Saleem Malik
Deputy General Manager
Listing Department

Dear Sirs,

Re: *Quarterly Report for the Period Ended 30th September 2018*

Pursuant to Rule 5.6.4 (c) of the Rules of the Pakistan Stock Exchange we attach the quarterly report for the period ended 30th September 2018 for dissemination among your members.

Yours truly,

Shahana Ahmed Ali
Company Secretary

Enclosure: As above.

(saa/cs/ppl/psx/291018)



Pakistan Petroleum Limited

DELIVERING EXCELLENCE

Quarterly Report September 2018



COMPANY INFORMATION

Board of Directors

Mr. Salman Akhtar
Chairman

Mr. Saeed Ullah Shah
Chief Executive Officer /
Managing Director

Mr. Agha Jan Akhtar

Dr. Ibne Hassan

Dr. Tanveer Ahmad Qureshi

Mr. Mian Asad Hayaud Din

Mr. Muhammad Sajid Farooqi

Mr. Muhammad Tariq

Mr. Sajid Mehmood Qazi

Company Secretary

Ms. Shahana Ahmed Ali

Registered Office

P.I.D.C. House
Dr. Ziauddin Ahmed Road
P.O. Box 3942
Karachi-75530

Contact Details

UAN: +92 (21) 111 568 568
Fax: +92 (021) 35680005 & 35682125
Email: info@ppl.com.pk
Website: www.ppl.com.pk

Registration Number

CUIN: 0000378

Auditors

A.F. Ferguson & Co.
Chartered Accountants

Bankers

Allied Bank Limited
Askari Bank Limited
Bank Alfalah Limited
Bank AL Habib Limited
Dubai Islamic Bank
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
Industrial and Commercial Bank of China
JS Bank Limited
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
Samba Bank Limited
Soneri Bank Limited
Standard Chartered Bank (Pakistan) Limited
United Bank Limited

Shares Registrar

Messrs. FAMCO Associates (Private) Limited
8-F, Next to Hotel Faran, Nursery Block-6
P.E.C.H.S., Shahra-e-Faisal
Karachi.
Tel: +92 (21) 34380101-05
Fax: +92 (21) 34380106

Legal Advisors

Messrs. Surridge & Beecheno

DIRECTORS' INTERIM REVIEW

Your directors are pleased to present the unaudited condensed interim financial statements for the quarter ended September 30, 2018 and a brief review of the Company's operations.

OPERATIONAL AND FINANCIAL HIGHLIGHTS

Operational Highlights

The key operational highlights for the quarter ended September 30, 2018 are as follows:

Discoveries

Six discoveries have been made during the period under review in PPL and its subsidiaries; four in PPL operated blocks i.e. Hub X-1 (Hub block), Yasar X-1 (Kotri block), Badeel X-1 (Gambat South block) & Talagang X-1 (Karsal block) and two in partner operated blocks i.e. Bolan East-1 (Ziarat block) and Mela-5 (Nashpa block).

Further, subsequent to the period end, exploratory well Gulsher – 1 has been declared as a hydrocarbon discovery in partner operated Digri block.

Geophysical Activities

In PPL operated blocks, 2D seismic data acquisition of 381 Line Km was carried out during the current period, as compared to 421 Line Km during the corresponding period.

Further, in PPL operated blocks, 2,724 Line Km gravity and magnetic data was acquired during the current period.

Drilling Activities

In PPL operated blocks, two exploratory wells were spudded during the current quarter, similar to two wells (one exploratory and development each) in the corresponding period.

Financial Highlights

The key financial results of the Company for the quarter ended September 30, 2018 are as follows:

	Quarter ended September 30, 2018	Quarter ended September 30, 2017
	Rs Million	
Sales revenue (net)	38,217	32,212
Profit before taxation	19,527	18,663
Taxation	(5,338)	(5,985)
Profit after taxation	14,189	12,678
Basic and Diluted Earnings Per Share (Rs)	7.20	6.43

Sales revenue

Sales revenue increased by Rs 6,005 million during the current period as compared to the corresponding period. The increase is due to positive variance on account of price (including exchange rate) amounting to Rs 6,672 million, partially offset by negative volume variance of Rs 667 million.

Positive price variance is due to increase in average international crude oil prices from US\$ 49.98 / bbl in the corresponding period to US\$ 74.11 / bbl during the current period, further augmented by devaluation of Pak rupee against US dollar (average exchange rate for the current quarter was PKR 124.50 as compared to PKR 105.56 during the corresponding quarter).

A comparison of the Company's share of sales volumes from all PPL-operated and partner-operated fields is given below:

	Unit	Quarter ended September 30, 2018	Quarter ended September 30, 2017
Natural Gas	MMCF	71,423	75,419
Crude Oil / Natural Gas Liquids / Condensate	BBL	1,410,871	1,514,793
Liquefied Petroleum Gas (LPG)	Tonnes	27,956	20,928
Barytes	Tonnes	17,137	15,598

Profitability

Profitability of the Company increased by 12% as compared to the corresponding period. Main drivers are increased sales revenue (as explained above) and reversal of impairment loss on investment in PPLE, partially offset by increase in exploration expenses, operating expenses and levies (increased in line with sales).

The Company has reversed previously recorded impairment loss on investment in PPLE to the extent of Rs 600 million, out of which around Rs 250 million relates to the effects of exchange differences and working capital changes. The rest of the amount is attributed to discovery of hydrocarbons in Ziarat block as announced by the Operator during September 2018. Post-well analysis is being carried out currently and further adjustment, if required, will be made accordingly.

Increase in exploration expenses is due to higher cost of dry wells charged to profit or loss in the current period and also due to the fact that recovery of past cost from United Energy Pakistan Limited against farm out of the Company's 50% working interest in Korti North block was included in the corresponding period.

Increase in operating expenses is mainly under the heads of depreciation & amortisation and well interventions.

CORPORATE STRATEGY AND FOCUS AREAS

During the period, the operations of the Company remained in line with its Corporate Strategy.

Exploration

The Exploration & Business Development Directorate consists of three Assets i. e. South, North and Frontier Assets (also includes blocks in Iraq and Yemen) and Business Development and Geo-Services Departments. At present, the Company's portfolio, together with its subsidiaries, consists of forty-five exploratory blocks, out of which twenty-six are PPL operated (including Block-8 in Iraq being operated by PPL Asia) and remaining nineteen,

including three offshore blocks in Pakistan and one onshore block in Yemen, are partner operated. Details of major activities are as follows:

Exploration South Assets

In Gambat South block, drilling of exploratory well Hadaf X-1 has been completed and preparations are underway to test potential identified zones. Further, to mature additional prospect for drilling of well, detailed G&G evaluation is in progress.

Exploratory well Qamar X-1 (Hala block) was charged to profit or loss as dry well.

In Khipro East Block, 2D seismic data acquisition of 399 Line Km was completed.

Exploration North Assets

Preparations are underway to spud in 2nd exploratory well Dhok Sultan South X-1 in Dhok Sultan block.

In Sadiqabad Block, preparations are underway to spud in exploratory well Cholistan X-1.

Exploration Frontier Assets

In Kalat Block, acquisition of 346 Line Km 2D seismic data was completed in the southern part of the block to mature additional prospects. Acquisition of gravity & magnetic data of 2,778 Line Km was also completed.

In Kharan, Kharan East, & Kharan West blocks, Microbial Geo-Chemical Exploration Survey has been completed and its integration with other G&G data is in progress.

In Margand Block, acquisition of gravity & magnetic survey of 2,579 Line Km is in progress.

Business Development

Government of Pakistan has recently offered ten exploration blocks for bidding. Technical and commercial evaluation of these blocks is in progress.

Partner-Operated Areas

Exploratory well Mamikhel Deep-1 in Tal block has been plugged and suspended in view of discouraging results.

In Nashpa block, exploratory well Khanjar-1 has been charged to profit or loss as dry well. Further, 2D seismic data acquisition of 183 L. Km is in progress.

Exploratory well Roshan-1 in Kirthar block, has been charged to profit or loss as dry well.

Producing Fields

Sui Asset

Development well Sui-104 (M), was commissioned and contributing around 6 MMscfd of gas into the production network. Workover of Sui-29 (M) has been completed, which has resulted in incremental production of around 5 MMscfd.

Further, maintenance, upgrade and enhancement of plant reliability activities were undertaken at both Purification Plant and Sui Field Gas Compression Station, including major overhauls of one gas turbine and two boilers.

Kandhkot Asset

Development well KDT-45 (U) was commissioned, whereas land acquisition activities have been completed for development well KDT-47 (M).

Adhi Asset

Development well Adhi-31(T/K) was commissioned, resulting in additional production of around 120 BBLs/day of oil and 0.5 MMscfd of Gas.

Drilling of development well Adhi-32 (T/K) was completed in record time of around 50 days, which is the fastest and deepest well of the field. Testing and commissioning activities are in progress.

For Adhi Compression Project, all shipments, including five compressors have been received at Adhi Field. Civil works are planned to be commenced shortly.

Gambat South / Hala / Mazarani Assets

Installation and pre-commissioning activities of Gambat South Gas Processing Facility (GPF) - IV have been completed and first gas achieved in October 2018. Further, as part of phase-2 of the project, procurement of equipment has commenced to further enhance production from GPF-IV.

With respect to GPF-III, Contractor is being strongly pursued to expedite completion of remaining activities (including Fabrication, Packaging, Site construction etc.) to achieve first gas.

In addition, Grid Interconnection Study related to development and approval of 20 MW Hatim Power Project in Gambat South block, is under review by HESCO.

Partner-Operated Assets

Development well Qadirpur-59 was successfully completed as Gas producer.

Development wells Rehman-5 (Kirthar block) and Miano -28 (Miano block) were spudded during September 2018 and currently drilling is in progress.

Bolan Mining Enterprises

Feasibility report for Baryte-Lead-Zinc project to be installed at Gunga Khuzdar, is in final stages and expected to be completed during 2nd quarter of 2018-19, which will establish commercial viability of the project.

Purchase order to acquire grinding mill of 150,000 tons/annum capacity has been placed.

Corporate Social Responsibility

60 KW solar powered system was installed at District Head-Quarter Hospital, Washuk.

Further, to improve road infra-structure in PPL producing areas, construction work has been completed on 4.7 km road between Naban Saeeda and Mastala, near Adhi Field.

Human Resources

The Board of Directors have approved the new corporate values; Respect, Integrity, Value-Creation, Empowerment & Serve the Nation.

Quality, Health, Safety and Environment (QHSE)

Management Audits program is revitalised by adopting a risk based approach. Senior Management will now engage field staff on five critical HSE risks through meaningful two-way communication.

Process Safety Information (PSI) gap assessments at processing plants initiated from Sui Field as per Annual Plan.

PPL's first ever "First Aid Guide Book" published & circulated at Fields

Industrial Relations

Harmonious working environment and cordial industrial relations atmosphere prevailed at all locations of the Company, including Sui Gas Field.

ACKNOWLEDGEMENT

The Company's achievements could not have been possible without the continuous efforts of our employees, who deserve full compliments. We are also thankful to the continued support of the GoP and shareholders, whose unfaltering trust and confidence has enabled us to aim and achieve the best.



DIRECTOR



MANAGING DIRECTOR /
CHIEF EXECUTIVE OFFICER

Karachi: October 29, 2018

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John D. Jones

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انسانی

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پیداواری فیلڈز

سوئی اثاثہ

پیداواری کنوئیں سوئی-104 (M) کو پلانٹ سے منسلک کر دیا گیا ہے جو پیداواری نیٹ ورک میں یومہ 16 ایم ایم ایس سی ایف گیس فراہم کر رہا ہے۔ سوئی-29 (M) کا ورک اوور مکمل ہو چکا ہے جس کی بناء پر اس سے ہونے والی یومہ پیداوار میں تقریباً 15 ایم ایم ایس سی ایف کا اضافہ ہوا ہے۔
ساتھ ہی پیپورٹنگ سٹیشن پلانٹ اور سوئی فیلڈ گیس کپیریشن اسٹیشن کی مرمت، تجدید اور اس سے پیداوار بڑھانے، بشمول ایک ٹربائین اور دو پائیلرز کی مکمل مرمت، کے ذریعے ان پلانٹس کی کارکردگی کو بہتر بنایا گیا۔

کندھ کوٹ اثاثہ

کندھ کوٹ-45 (U) کو پیداواری سلسلے سے منسلک کر دیا گیا ہے جبکہ پیداواری کنوئیں کندھ کوٹ-47 (M) کے لئے جگہ/زمین کے حصول سے متعلقہ سرگرمیاں مکمل ہو چکی ہیں۔

آدہی اثاثہ

پیداواری کنوئیں آدہی-31 (T/K) سے پیداوار کا آغاز ہوا جس سے یومیہ اضافی 0.5 ایم ایم ایس سی ایف گیس اور 120 بیرل تیل حاصل ہوئے۔
پیداواری کنوئیں آدہی-32 (T/K) کی کھدائی ریکارڈ 50 دن میں مکمل ہوئی جو آدہی فیلڈ میں کھودا جانے والا سب سے تیز ترین اور گہرا کتواں ہے۔ اس وقت کنوئیں کا تجربہ اور اسے پیداواری نیٹ ورک سے جوڑنے کا کام جاری ہے۔
آدہی کپیریشن منصوبے کے حوالے سے تمام سامان بشمول پانچ کپیریشنز آدہی فیلڈ پر موصول ہو چکے ہیں۔ تعمیراتی کام جلد ہی شروع ہونے کا امکان ہے۔

گمبٹ ساؤتھ/ہال/مزرائی اثاثہ

گمبٹ ساؤتھ گیس پروسیسنگ فسیلٹی-IV (جی پی ایف-IV) کی تنصیب اور قبل از پیداوار سے متعلقہ سرگرمیاں مکمل ہو چکی ہیں۔ پلانٹ سے پہلی گیس اکتوبر 2018 میں حاصل ہوئی۔ اس منصوبے کے دوسرے مرحلے میں سامان کی خریداری کا آغاز ہو چکا ہے تاکہ جی پی ایف-IV سے پیداوار کو بڑھایا جاسکے۔
جی پی ایف-III کے حوالے سے ٹھیکیدار کو تختی سے پابند کیا گیا ہے کہ وہ بقیہ رہ جانے والے کاموں (بشمول فیکٹیشن، پیکیجنگ اور سائٹ کی تعمیر وغیرہ) کو جلد از جلد مکمل کرے تاکہ پلانٹ سے پہلی گیس حاصل کر لی جائے۔
مزید یہ کہ، گمبٹ ساؤتھ بلاک میں 20 میگا واٹ حاتم پاور منصوبے کی تیاری اور منظوری سے متعلق، گرڈ سے جوڑنے کی تحقیق، حیدر آباد الیکٹرک سپلائی کارپوریشن (HESCO) کے پاس زیرِ غور ہے۔

پارٹنر-آپریٹڈ اثاثہ

پیداواری کنوئیں قادر پور-59 کو کامیابی سے گیس کے پیداوار کنندہ کے طور پر مکمل کیا گیا۔
کیرتھر بلاک میں رحمان-5 اور میانو بلاک میں میانو-25 کی کھدائی کا آغاز ستمبر 2018 میں ہوا جس کی کھدائی ابھی جاری ہے۔

بولان مائننگ انٹرپرائزز

گڑگا، خضدار میں بیر ایٹ-لیڈ-زنک کی تلاش و دریافت کے منصوبے لئے ایک جامع امکان پذیری کی رپورٹ تکمیل کے قریب ہے اور 2018-19 کی دوسری سہ ماہی کے دوران مکمل ہو جائے گی، جس کی بنیاد پر منصوبے کے تجارتی طور پر قابل عمل ہونے کا فیصلہ کیا جاسکے گا۔
150 ہزار ٹن سالانہ کی صلاحیت پر مبنی نئی گرائنڈنگ مل کے حصول کے لئے آڈر دے دیا گیا ہے۔

اس وقت، پی پی ایل اور اسکی ذیلی کمیٹیوں کے پاس 45 دریافتی بلاکس ہیں، جن میں سے 26 پی پی ایل آپریٹڈ (بشمول عراق میں بلاک 8 جسے پی پی ایل ایشیا آپریٹ کرتی ہے) اور بقیہ 19 پارٹنر آپریٹڈ ہیں جن میں پاکستان میں 3 آف شور اور یمن میں 1 آن شور بلاکس بھی شامل ہیں۔

اہم سرگرمیوں کی تفصیل حسب ذیل ہے:

ایکسپلوریشن کے جنوبی اثاثے

گمبٹ ساؤتھ بلاک میں دریافتی کنوئیں ہدف 1-X کی کھدائی مکمل ہو چکی ہے اور امکانات والے زون کی جانچ کی تیاری جاری ہے۔ ساتھ ہی بلاک میں تفصیلی ارضیاتی اور ارضی فزیکل تحقیق جاری ہیں تاکہ مزید امکانات کو پختہ کیا جاسکے۔ ہالہ بلاک میں ساتویں دریافتی کنوئیں قمر 1-X کو نفع یا نقصان کے کھاتے میں بحیثیت ڈرائی ہول چارج کر دی گیا۔ کھروالیٹ میں 399 لائن کلومیٹر کے 2D سائز مک ڈیٹا کے حصول مکمل ہو گیا ہے۔

ایکسپلوریشن کے شمالی اثاثے

ڈھوک سلطان بلاک میں دوسرے دریافتی کنوئیں ڈھوک سلطان 2-X کی کھدائی کی تیاری جاری ہیں۔ صادق آباد بلاک میں دریافتی کنوئیں چولستان 1-X کھدائی کی تیاری جاری ہے۔

ایکسپلوریشن کے سرحدی اثاثے

قلاں بلاک کے جنوبی حصے میں 346 لائن کلومیٹر کے 2D سائز مک ڈیٹا کا حصول مکمل ہو گیا ہے جس سے مزید امکانات کو پختہ کرنے میں مدد ملے گی۔ ساتھ ہی 2,778 لائن کلومیٹر پر ارضیاتی اور مقناطیسی ڈیٹا بھی حاصل کیا گیا۔ خاران، خاران ایٹ اور خاران ویٹ بلاکس میں خرد حیاتی ارضی-کیمیائی دریافتی سروے مکمل ہو چکا ہے اور اس کی ارضیاتی و ارضی طبعیاتی تحقیق سے ہم آہنگی جاری ہے۔ مرگند بلاک میں 2,579 لائن کلومیٹر پر ارضیاتی اور مقناطیسی سروے جاری ہے۔

برنس ڈیولپمنٹ

حکومت پاکستان نے حال ہی میں دس دریافتی بلاکس کو بولی کے لئے پیش کیا ہے۔ اس وقت ان بلاکس کا تکنیکی اور تجارتی تجزیہ جاری ہے۔

پارٹنر آپریٹڈ اثاثے

ٹل بلاک میں مای شیل ڈیپ-1 کو غیر حوصلہ افزاء نتائج کی بناء پر ترک کر کے عارضی طور پر بند کر دیا گیا ہے۔ ناشپا بلاک میں دریافتی کنوئیں خنجر-1 کو نفع یا نقصان کے کھاتے میں بحیثیت ڈرائی ہول چارج کر دیا گیا ہے۔ جبکہ بلاک میں 183 لائن کلومیٹر کے سائز مک سروے کا حصول جاری ہے۔ کیترہ بلاک میں دریافتی کنوئیں روشن-1 کو نفع یا نقصان کے کھاتے میں بحیثیت ڈرائی ہول چارج کر دیا گیا ہے۔

فروخت آمدن

موجودہ مدت میں تقابلی عرصے کے مقابلے میں فروخت آمدن میں 6,005 ملین روپے کا اضافہ ہوا ہے۔ یہ اضافہ مثبت تغیر کو واضح کرتا ہے جو قیمت (بشمول زیرمبادلہ کی شرح) کی مد میں بالترتیب 6,672 ملین روپے رہا جس نے حجم کی مد میں 667 ملین روپے کے ہونے والے منفی تغیر کو جزوی طور پر زائل کیا۔ قیمت میں مثبت تغیر کی بنیادی وجہ خام تیل کی عالمی قیمتوں میں اوسط اضافہ ہے جو تقابلی عرصے کے مقابلے میں زیر جائزہ مدت میں 148.98 امریکی ڈالر فی بیرل سے 174.11 امریکی ڈالر فی بیرل رہا جسے پاکستانی روپے کی قدر میں امریکی ڈالر کے مقابلے میں ہونے والی کمی نے مزید مستحکم کیا (گزشتہ تقابلی سرمایہ میں زیرمبادلہ کی اوسط شرح 105.56 روپے کے مقابلے میں زیر نظر جائزے میں یہ شرح 124.50 روپے رہی)

پی پی ایل۔ آپریٹڈ اور پارٹنر آپریٹڈ فیلڈز سے فروخت کے حجم میں کمپنی کے حصے کا تقابلی جائزہ حسب ذیل ہے:

یونٹ	پہلی سرمایہ کا اختتام 30 ستمبر 2018	پہلی سرمایہ کا اختتام 30 ستمبر 2017
قدرتی گیس	ایم ایم سی ایف	71,423
خام تیل/قدرتی گیس مائع (این جی ایل)/کنڈنسٹ	بی پی ایل	1,410,871
مائع پٹرولیم گیس (ایل پی جی)	ٹن	27,956
بیرائٹس	ٹن	17,137

منفعت

منفعت میں تقابلی عرصے کے مقابلے میں 12 فیصد اضافہ ہوا۔ اس کی بنیادی وجہ فروخت آمدن میں ہونے والے اضافے (جسے اوپر بیان کیا گیا ہے) اور پی پی ایل یورپ ای اینڈ پی کمپنی لمیٹڈ (پی پی ایل۔ ای) میں کی جانے والی سرمایہ کاری میں ہونے والے خسارے میں کمی ہے، جس نے دریافتی سرگرمیوں میں ہونے والے اخراجات، آپریٹنگ اخراجات اور متعلقہ ٹیکس (جو فروخت میں اضافے سے منسلک ہے) میں ہونے والے اضافے کو جزوی طور پر زائل کیا۔

کمپنی نے پی پی ایل۔ ای میں پچھلے ریکارڈ کئے گئے سرمایہ کاری میں ہونے والے خسارے کو 600 ملین روپے تک زائل کر دیا ہے۔ جس میں سے 250 ملین روپے کرنسی میں تبادلے کے فرق اور کام کے لئے کی جانے والے سرمایہ کاری (ورکنگ کپٹل) میں تبدیلی کی بدولت ہے۔ بقیہ رقم آپریٹر کی جانب سے ستمبر 2018 میں زیارت بلاک سے ہائیڈروکاربن کی دریافت کے اعلان سے منسوب ہے۔ دریافت کا تجزیہ جاری ہے اور ضرورت پڑنے پر مزید مطابقتی حساب کیا جائے گا۔ نفع نقصان میں متعلقہ کریڈٹ کو دیگر آمدن میں ظاہر کیا گیا ہے۔

دریافتی اخراجات میں ہونے والا اضافہ خشک کنوؤں کی اضافی قیمت ہے جسے زیر نظر عرصے کے دوران منفعت اور خسارے کے اکاؤنٹ میں چارج کر دیا گیا ہے۔ ساتھ ہی کوٹری نار تھ بلاک میں پی پی ایل کی 50 فیصد کاروباری شراکت کی یونائیٹڈ انرجی پاکستان لمیٹڈ کو منتقلی کے نتیجے میں ملنے والی بقیہ رقم کا حصول ہے جسے تقابلی عرصے میں شامل کر دیا گیا۔ آپریٹنگ اخراجات میں اضافے کی وجہ سے کنوؤں اور پلائٹس کے آلات کی قیمت میں وقت کے ساتھ ہونے والی کمی ہے ساتھ ہی کنوؤں پر ہونے والا کام ہے۔

کاروباری حکمت عملی اور اہم شعبہ جات

زیر نظر جائزے کے دوران کمپنی کے آپریٹنگ کاروباری حکمت عملی کے مطابق رہے۔

دریافتی سرگرمیاں

کمپنی کا دریافتی پروگرام / ڈائریکٹوریٹ تین اثاثوں بنام شمالی، جنوبی اور سرحدی (بشمول عراق اور یمن بلاکس) اثاثوں اور برنس ڈیولپمنٹ اور جیوسروسر شعبہ جات پر مشتمل ہے۔

ڈائریکٹر ان کا عبوری جائزہ

آپ کے ڈائریکٹر ان 30 ستمبر 2018 کو ختم ہونے والے تین ماہ کے غیر آڈٹ شدہ مجتمع عبوری مالیاتی گوشواروں کے خلاصے اور کمپنی کے امور کا مختصر جائزہ پیش کرتے ہوئے مسرت محسوس کرتے ہیں۔

آپریٹل و مالیاتی جھلکیاں / اہم نکات

آپریٹل جھلکیاں / آپریٹرز کے اہم نکات
30 ستمبر 2018 کو ختم ہونے والی پہلی سہ ماہی کے دوران اہم کاروباری آپریٹرز حسب ذیل ہیں:

دریافتیں

زیر نظر عرصے کے دوران پی پی ایل اور اس کی ذیلی کمپنیوں کے اساسوں میں کل چھ دریافتیں ہوئیں۔ جن میں سے چار دریافتیں: حب-1 X (حب بلاک)، یسر-1 X (کوٹری بلاک)، بدیل-1 X (گمبٹ ساؤتھ بلاک) اور تالہ گنگ-1 X (کرسال بلاک) پی پی ایل آپریٹڈ اساسوں میں جبکہ دو دریافتیں: بولان ایسٹ-1 (زیارت بلاک) اور میلہ-5 (تشیلا بلاک) پارٹنر آپریٹڈ اساسوں میں ہوئیں ہیں۔ مزید یہ کہ زیر نظر عرصے کے بعد پارٹنر آپریٹڈ ڈگری بلاک کے دریافتی کنونکس گل شیر-1 سے بھی ہائیڈروکاربن کی دریافت ہوئی ہے۔

جیو فیزیکل سرگرمیاں

زیر جائزہ مدت میں، پی پی ایل آپریٹڈ بلاکس میں 381 لائن کلومیٹر پر 2D سائزنگ ڈیٹا حاصل کیا گیا جبکہ تقابلی عرصے میں 421 لائن کلومیٹر پر 2D ڈیٹا حاصل کیا گیا تھا۔ ساتھ ہی زیر نظر عرصے میں پی پی ایل آپریٹڈ بلاکس میں 2,724 لائن کلومیٹر پر ارضیاتی اور مقناطیسی ڈیٹا حاصل کیا گیا۔

کھدائی کی سرگرمیاں

موجودہ مدت میں پی پی ایل آپریٹڈ بلاکس میں 2 دریافتی کنونکس کھودے گئے جبکہ گزشتہ مدت میں بھی 2 (1 دریافتی اور 1 پیداواری) کنونکس کھودے گئے۔

مالیاتی جھلکیاں / مالیاتی سرگرمیوں کے اہم نکات

30 ستمبر 2018 کو ختم ہونے والی پہلی سہ ماہی پر کمپنی کے اہم مالیاتی نتائج حسب ذیل ہیں:

پہلی سہ ماہی کا اختتام 30 ستمبر 2017	پہلی سہ ماہی کا اختتام 30 ستمبر 2018	
ملین روپے		
32,212	38,217	فروخت آمدن (خالص)
18,663	19,527	قبل از ٹیکس منافع
(5,985)	(5,338)	ٹیکس
12,678	14,189	بعد از ٹیکس منافع
6.43	7.20	بنیادی اور تحلیل شدہ آمدن فی شیئر (روپے)

PAKISTAN PETROLEUM LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2018

	Note	September 30, 2018 Unaudited	June 30, 2018 Audited
----- Rs '000 -----			
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Property, plant and equipment	5	158,462,476	154,703,102
Intangible assets		352,580	420,287
		158,815,056	155,123,389
Long-term investments	6	39,403,590	37,690,970
Long-term loans		16,898	16,067
Long-term deposits		7,676	7,676
Long-term receivables		74,670	74,670
		198,317,890	192,912,772
CURRENT ASSETS			
Stores and spares		3,262,118	3,528,438
Trade debts	7	159,598,049	142,636,089
Loans and advances		1,601,478	1,506,404
Trade deposits and short-term prepayments		306,562	230,968
Interest accrued		472,009	494,758
Current maturity of long-term loans		8,892	1,378,972
Current maturity of long-term deposits		911,850	911,850
Current maturity of long-term receivables		50,786	50,786
Other receivables		2,002,887	1,882,477
Short-term investments	8	11,193,379	14,072,500
Cash and bank balances		8,604,396	7,714,754
		188,012,406	174,407,996
TOTAL ASSETS		386,330,296	367,320,768
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital		19,717,295	19,717,295
Reserves		234,863,597	220,674,676
		254,580,892	240,391,971
NON-CURRENT LIABILITIES			
Provision for decommissioning obligation		23,760,517	22,592,369
Liabilities against assets subject to finance lease		50,785	68,136
Deferred liabilities		2,694,842	2,651,531
Deferred taxation	9	38,157,102	37,522,952
		64,663,246	62,834,988
CURRENT LIABILITIES			
Trade and other payables	10	61,429,754	61,550,474
Unclaimed dividends		314,322	332,998
Current maturity of liabilities against assets subject to finance lease		73,998	74,621
Taxation - net		5,268,084	2,135,716
		67,086,158	64,093,809
TOTAL LIABILITIES		131,749,404	126,928,797
TOTAL EQUITY AND LIABILITIES		386,330,296	367,320,768
CONTINGENCIES AND COMMITMENTS			

The annexed notes 1 to 22 form an integral part of these unconsolidated condensed interim financial statements.


CHIEF FINANCIAL OFFICER


CHIEF FINANCIAL OFFICER


DIRECTOR


CHIEF EXECUTIVE


CHIEF EXECUTIVE

PAKISTAN PETROLEUM LIMITED**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2018**

	Note	Quarter ended September 30, 2018	Quarter ended September 30, 2017
		----- Rs '000 -----	
Sales - net	12	38,216,857	32,211,811
Operating expenses	13	(9,086,335)	(7,728,470)
Royalties and other levies		(5,637,085)	(4,890,043)
		(14,723,420)	(12,618,513)
Gross profit		23,493,437	19,593,298
Exploration expenses	14	(3,186,935)	84,786
Administrative expenses		(530,311)	(547,089)
Finance costs		(133,919)	(102,821)
Other charges		(2,100,483)	(1,543,159)
		17,541,789	17,485,015
Other income	15	1,984,849	1,177,728
Profit before taxation		19,526,638	18,662,743
Taxation	16	(5,337,717)	(5,984,422)
Profit after taxation		14,188,921	12,678,321
Basic and diluted earnings per share (Rs)	19	7.20	6.43

The annexed notes 1 to 22 form an integral part of these unconsolidated condensed interim financial statements.



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PAKISTAN PETROLEUM LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2018

	Quarter ended September 30, 2018	Quarter ended September 30, 2017
	----- Rs '000 -----	
Profit after taxation	14,188,921	12,678,321
Other comprehensive (loss) / income		
Items not to be reclassified to profit or loss in subsequent periods		
Remeasurement (losses) / gains on defined benefit plans - net	-	-
Deferred taxation	-	-
	-	-
Total comprehensive income	<u>14,188,921</u>	<u>12,678,321</u>

The annexed notes 1 to 22 form an integral part of these unconsolidated condensed interim financial statements.



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DIRECTOR



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PAKISTAN PETROLEUM LIMITED**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)****FOR THE QUARTER ENDED SEPTEMBER 30, 2018**

Note

Quarter ended
September 30,
2018Quarter ended
September 30,
2017

----- Rs '000 -----

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers
 Receipts of other income
 Payment to suppliers / service providers and employees - net
 Payment of indirect taxes and Government levies including royalties
 Income tax paid
 Finance costs paid
 Long-term loans to employees -net
 Net cash generated from operating activities

30,192,629	29,972,901
698,727	250,987
(5,154,710)	(6,030,723)
(17,934,154)	(12,018,329)
(1,571,199)	(1,057,461)
(4,013)	(7,324)
(831)	1,831
6,226,449	11,111,882

CASH FLOWS FROM INVESTING ACTIVITIES

Capital expenditure - net
 Proceeds from sale of property, plant and equipment
 Purchase of long-term investments
 Long-term loan to subsidiary
 Disposal / redemption of long-term investments
 Finance income received
 Net cash used in investing activities

(9,114,185)	(7,093,419)
2,375	1,406
(1,112,658)	(1,655,432)
1,370,080	-
-	550,000
675,110	724,724
(8,179,278)	(7,472,721)

CASH FLOWS FROM FINANCING ACTIVITIES

Payment of liabilities against assets subject to finance lease
 Dividends paid
 Net cash used in financing activities
 Net (decrease) / increase in cash and cash equivalents

(17,974)	(17,778)
(18,676)	(95,247)
(36,650)	(113,025)
(1,989,479)	3,526,136

Cash and cash equivalents at the beginning of the period

21,787,254

42,573,962

Cash and cash equivalents at the end of the period

17

19,797,775**46,100,098**

The annexed notes 1 to 22 form an integral part of these unconsolidated condensed interim financial statements.


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DIRECTOR

CHIEF EXECUTIVE

PAKISTAN PETROLEUM LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2018

	Subscribed and paid-up share capital		Capital reserve	Revenue reserves						Total reserves	Total
	Ordinary	Convertible preference		General and contingency reserve	Insurance reserve	Assets acquisition reserve	Dividend equalisation reserve	Unappropriated profit	Total		
	----- Rs '000 -----										
Balance as at June 30, 2017 (Audited)	19,717,175	120	1,428	69,761	34,021,894	23,751,980	2,535,354	135,971,165	196,350,154	196,351,582	216,068,877
Comprehensive income for the period											
Profit after taxation	-	-	-	-	-	-	-	12,678,321	12,678,321	12,678,321	12,678,321
Other comprehensive income for the quarter ended September 30, 2017, net of tax	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the quarter ended September 30, 2017	-	-	-	-	-	-	-	12,678,321	12,678,321	12,678,321	12,678,321
Balance as at September 30, 2017	19,717,175	120	1,428	69,761	34,021,894	23,751,980	2,535,354	148,649,486	209,028,475	209,029,903	228,747,198
Balance as at June 30, 2018 (Audited)	19,717,181	114	1,428	69,761	34,021,894	23,751,980	2,535,354	160,294,259	220,673,248	220,674,676	240,391,971
Comprehensive income for the period											
Profit after taxation	-	-	-	-	-	-	-	14,188,921	14,188,921	14,188,921	14,188,921
Other comprehensive income for the quarter ended September 30, 2018, net of tax	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the quarter ended September 30, 2018	-	-	-	-	-	-	-	14,188,921	14,188,921	14,188,921	14,188,921
Balance as at September 30, 2018	19,717,181	114	1,428	69,761	34,021,894	23,751,980	2,535,354	174,483,180	234,862,169	234,863,597	254,580,892

The annexed notes 1 to 22 form an integral part of these unconsolidated condensed interim financial statements.



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR



CHIEF EXECUTIVE

**Notes to and Forming Part of the Unconsolidated Condensed Interim
Financial Statements (Unaudited)**

For the quarter ended September 30, 2018

1. LEGAL STATUS AND OPERATIONS

1.1 Pakistan Petroleum Limited (the Company) was incorporated in Pakistan in 1950 with the main objectives of conducting exploration, prospecting, development and production of oil and natural gas resources. The shares of the Company are listed on the Pakistan Stock Exchange Limited and the registered office is located at PIDC House, Dr. Ziauddin Ahmed Road, Karachi.

1.2 These unconsolidated condensed interim financial statements are the separate condensed interim financial statements of the Company, in which investments in the below mentioned subsidiaries have been accounted for at cost less accumulated impairment losses, if any.

Wholly-owned subsidiaries as of the date of statement of financial position are as follows:

- a) PPL Europe E&P Limited (PPLE);
- b) PPL Asia E&P B.V. (PPLA); and
- c) The Pakistan Petroleum Provident Fund Trust Company (Private) Limited (PPPFTC).

1.3 The Sui Mining Lease expired on May 31, 2015. The Government of Pakistan (GoP) through various notifications has allowed the Company to continue producing from the Sui gas field, the most recent being dated May 25, 2018, whereby allowing the Company to continue producing from Sui gas field for a further period of one year with effect from the expiry of existing lease period i.e. May 31, 2018.

During May 2016, a Memorandum of Agreement (MoA) was executed between the GoP and the Government of Balochistan (GoB) for grant of Development & Production Lease (D&PL) to the Company over the Sui gas field, with effect from June 01, 2015. The MoA has been approved by the Economic Coordination Committee (ECC) of the Cabinet of the GoP on December 13, 2016, and accordingly D&PL will be formally granted in due course of time.

2. BASIS OF PREPARATION

2.1 These unconsolidated condensed interim financial statements have been prepared in accordance with the requirements of the International Accounting Standard 34 – ‘Interim Financial Reporting’ and provisions of and directives issued under the Companies Act, 2017. In case requirements differ, the provisions or directives of the Companies Act, 2017 shall prevail. These unconsolidated condensed interim financial statements are unaudited and do not include all the information and disclosures required in the audited annual unconsolidated financial statements and should be read in conjunction with the audited unconsolidated financial statements of the Company for the year ended June 30, 2018. Further, comparative unconsolidated condensed interim statement of financial position is extracted from the audited unconsolidated annual financial statements as of June 30, 2018, whereas comparative unconsolidated condensed interim statement of profit or loss, unconsolidated condensed interim statement of profit or loss and other comprehensive income, unconsolidated condensed interim statement of cash flows and unconsolidated condensed interim statement of changes in equity are stated from unaudited unconsolidated condensed interim financial statements for the quarter ended September 30, 2017.

2.2 Standards, interpretations and amendments to published approved accounting standards that are effective

There are certain new amendments to approved accounting standards which are mandatory for the Company's accounting periods beginning on or after July 1, 2018. However, such amendments do not have any significant impact on the Company's financial reporting, therefore, have not been detailed in these unconsolidated condensed interim financial statements.

However, the impact of adoption of IFRS 9 ‘Financial Instruments’ and IFRS 15 ‘Revenue from Contracts with Customers’ is disclosed in note 2.2.1.

2.2.1 Change in Significant Accounting Policies

(A) “IFRS – 9” Financial instruments

IFRS 9 has replaced the multiple classification and measurement models in IAS 39 ‘Financial Instruments: Recognition and Measurement’ with a single model having two classification categories (i.e. amortised cost

Notes to and Forming Part of the Unconsolidated Condensed Interim Financial Statements (Unaudited)

For the quarter ended September 30, 2018

and fair value). It has also introduced an expected credit loss impairment model. Following the application of IFRS 9, the Company's policy for financial instruments stands amended as follows:

(a) Financial assets

Classification

The Company classifies its financial assets at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

The management determines the classification of its financial assets at initial recognition and, where allowed and appropriate, re-evaluates the designation at each date of statement of financial position.

(i) At amortised cost

Financial assets at amortised cost are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These are classified as current and non-current assets in accordance with criteria set out by IFRSs.

(ii) At fair value through profit or loss

Financial assets at fair value through profit or loss are those financial assets which are either designated in this category or not classified in any of the other categories.

These are classified as current or non-current assets in accordance with criteria set out by IFRSs.

(iii) At 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.

Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade date - the date on which the Company commits to purchase or sell the asset. At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income are subsequently carried at fair value. Financial assets at amortised cost are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising on financial assets at amortised cost and financial assets at fair value through profit or loss are recognised in the profit or loss in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the profit or loss as part of other income when the Company's right to receive payments is established. Interest calculated under effective interest method, dividend, impairment and foreign exchange gains and losses on financial assets at fair value through other comprehensive income are also recognised in profit or loss. Gains and losses from changes in fair value of financial assets at fair value through other comprehensive income are recognised in other comprehensive income and, in case of debt instruments, are reclassified to profit or loss on derecognition or reclassification.

Impairment of financial assets

The Company evaluates at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. The Company assesses on a forward looking basis the expected credit losses associated with its financial assets carried at amortised cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

(b) Financial liabilities

All financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of an instrument. Financial liabilities are extinguished when these are discharged or cancelled or expire or when there is substantial modification in the terms and conditions of the original financial liability or part of it. If modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

(c) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle either on a net basis, or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

The adoption of IFRS – 9 will not result in any financial impact for the Company, however, will only result in change of certain policy notes and classification headings as mentioned above.

(B) IFRS 15 ‘Revenue from Contracts with Customers’

IFRS 15 introduces a single five-step model for revenue recognition with a comprehensive framework based on the core principle that an entity should recognise revenue representing the transfer of promised goods or services under separate performance obligations under the contract to a customer at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Following the application of IFRS 15, the Company’s policy for revenue recognition stands amended as follows:

Revenue recognition

Revenue from sale of petroleum products & barytes (the Products) is recognised when the Company satisfies a performance obligation by transferring promised Products to customer. Products are transferred when the customer obtains their control. Revenue is recognised at transaction price (that excludes estimates of variable consideration), which represents the fair value of the consideration received or receivable, net of Government levies. Effect of adjustments, if any, arising from revision in prices is reflected as and when the prices are finalised with the customers and / or approved by the GoP.

Revenue from sale of the Products in which the Company has an interest with other joint operations partners is recognised in accordance with the Company’s working interest and the terms of the relevant agreements.

The adoption of IFRS – 15 will not result in any financial impact for the Company, however, will only result in change of certain policy notes as mentioned above.

2.3 Standards, interpretations and amendments to published approved accounting standards that are not yet effective but relevant

There are certain new standards, amendments to the approved accounting standards and interpretations that will be mandatory for the Company’s annual accounting periods beginning on or after July 1, 2019 and may have impact on the financial statements of the Company. At present, the impact of application of these standards, amendments and interpretations on the Company’s future financial statements is being assessed.

Notes to and Forming Part of the Unconsolidated Condensed Interim Financial Statements (Unaudited)
For the quarter ended September 30, 2018

3. ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of these unconsolidated condensed interim financial statements are the same as those applied in the preparation of the unconsolidated financial statements for the year ended June 30, 2018, except as disclosed in note 2.2.1.

The Company follows the practice of conducting actuarial valuations annually at the year end. Hence, the impact of re-measurement of post-employment benefit plans has not been incorporated in these unconsolidated condensed interim financial statements.

4. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS, JUDGMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of these unconsolidated condensed interim financial statements in conformity with the approved accounting standards as applicable in Pakistan for interim reporting requires management to make estimates, assumptions and apply judgments that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revision to accounting estimates are recognised prospectively commencing from the period of revision.

Estimates, assumptions and judgments made by the management in the preparation of these unconsolidated condensed interim financial statements are the same as those applied in the preparation of the unconsolidated financial statements for the year ended June 30, 2018.

The Company's financial risk management objectives and policies are consistent with those disclosed in the unconsolidated financial statements for the year ended June 30, 2018.

4.1 Implications of revised IFRS 2 (Share-based Payment) on Benazir Employees' Stock Option Scheme

In June 2011, the SECP on receiving representations from some of entities covered under Benazir Employees' Stock Option Scheme (the Scheme) and after having consulted the ICAP, granted exemption to such entities from the application of International Financial Reporting Standard (IFRS) - 2 "Share-based Payment" to the Scheme. There has been no change in the status of the Scheme as stated in note 3.5 to the unconsolidated financial statements for the year ended June 30, 2018. The management believes that the Scheme is being revamped by the GoP and all claims and disbursements to the unit holders are kept in abeyance by the Privatisation Commission since June 2010.

Had the exemption not been granted, retained earnings and reserves would have been lower and higher by Rs 18,879 million (June 30, 2018: Rs 18,879 million).

September 30, 2018 Unaudited	June 30, 2018 Audited
----- Rs '000 -----	

5. PROPERTY, PLANT AND EQUIPMENT

Opening Net Book Value (NBV)	103,201,973	92,948,876
Additions to owned assets	4,185,163	25,523,297
	107,387,136	118,472,173
Disposals / adjustments during the period / year (NBV)	(374)	225,161
Depreciation / amortisation charged during the period / year	(4,588,537)	(15,495,361)
	102,798,225	103,201,973
Capital work-in-progress - note 5.1	55,664,251	51,501,129
	158,462,476	154,703,102

Notes to and Forming Part of the Unconsolidated Condensed Interim

Financial Statements (Unaudited)

For the quarter ended September 30, 2018

5.1 Capital work-in-progress

	September 30, 2018 Unaudited	June 30, 2018 Audited
	----- Rs '000 -----	
Plant, machinery, fittings and pipelines	9,118,323	8,980,797
Exploration and evaluation (E&E) assets - note 5.1.1	24,510,960	20,503,317
Development and production (D&P) assets	5,137,511	5,929,579
Lands, buildings and civil constructions	127,909	180,117
Capital stores for drilling and development	16,769,548	15,907,319
	55,664,251	51,501,129

- 5.1.1 Amounts under E&E assets are net off cost of dry wells charged to profit or loss during the period / year, amounting to Rs 1,828 million (June 30, 2018: 7,180 million).

6. LONG-TERM INVESTMENTS

Investments in related parties

- Wholly owned subsidiaries

- PPPFTC
- PPLE (net of impairment) - note 6.1
- PPLA (net of impairment)

September 30, 2018 Unaudited	June 30, 2018 Audited
----- Rs '000 -----	

1	1
3,365,044	2,765,082
3,296,502	3,296,502
6,661,547	6,061,585

Other investments

- At amortised cost

- Local currency term deposits with bank
- Foreign currency term deposits with banks

2,000,000	2,000,000
30,668,461	29,555,194
32,668,461	31,555,194

- Designated at fair value through profit or loss

- Mutual Funds

73,582	74,191
39,403,590	37,690,970

- 6.1 The Company has reversed previously recorded impairment loss on investment in PPLE to the extent of Rs 600 million, out of which around Rs 250 million relates to the effects of exchange differences and working capital changes. The rest of the amount is attributed to discovery of hydrocarbons in Ziarat block as announced by the Operator during September 2018. Post-well analysis is being carried out currently and further adjustment, if required, will be made accordingly. The corresponding credit in the profit or loss is included in 'other income'.

7. TRADE DEBTS

Unsecured and considered good

Related parties

- Central Power Generation Company Limited (GENCO-II)
- Sui Northern Gas Pipelines Limited (SNGPL)
- Sui Southern Gas Company Limited (SSGCL)
- Pak-Arab Refinery Limited (PARCO)
- Oil & Gas Development Company Limited (OGDCL)

September 30, 2018 Unaudited	June 30, 2018 Audited
----- Rs '000 -----	

18,118,557	15,395,000
72,104,337	66,873,563
55,408,335	50,044,516
1,078,734	912,202
622,533	259,447
147,332,496	133,484,728

Notes to and Forming Part of the Unconsolidated Condensed Interim Financial Statements (Unaudited)
For the quarter ended September 30, 2018

	September 30, 2018 Unaudited	June 30, 2018 Audited
	----- Rs '000 -----	
Non-related parties		
Attock Refinery Limited (ARL)	10,443,195	7,066,439
Pakistan Refinery Limited (PRL)	492,128	593,175
National Refinery Limited (NRL)	353,174	367,586
Others	977,056	1,124,161
	12,265,553	9,151,361
	159,598,049	142,636,089
Unsecured and considered doubtful		
Non-related party		
Byco Petroleum Pakistan Limited (Byco)	1,156,220	1,156,220
Less: Provision for doubtful debts - note 7.3	(1,156,220)	(1,156,220)
	-	-
	159,598,049	142,636,089
7.1 The ageing of trade debts is as follows:		
Neither past due nor impaired	28,786,202	25,186,711
Past due but not impaired:		
Related parties		
- within 90 days	20,740,023	19,001,211
- 91 to 180 days	16,442,772	18,804,522
- over 180 days	89,156,754	78,038,673
	126,339,549	115,844,406
Non-related parties		
- within 90 days	4,260,468	1,515,740
- 91 to 180 days	126,740	6,515
- over 180 days	85,090	82,717
	4,472,298	1,604,972
	159,598,049	142,636,089
7.2 Trade debts include overdue amount of Rs 126,338 million (June 30, 2018: Rs 115,843 million) receivable from the State controlled companies (i.e. GENCO-II, SNGPL, SSGCL and OGDCL) and Rs 5,630 million (June 30, 2018: Rs 2,763 million) overdue receivable from refineries (i.e. ARL, Byco, PARCO, NRL and Pakistan Refinery Limited) and various LPG customers. Based on the measures being undertaken by the GoP, the Company considers the overdue amounts to be fully recoverable and therefore, no further provision for doubtful debts has been made in these unconsolidated condensed interim financial statements, except for provision against receivable from Byco.		
7.3 The Company has filed a suit in the Sindh High Court (SHC) against Byco for recovery of overdue amount. The said suit is pending adjudication before the SHC.		
	September 30, 2018 Unaudited	June 30, 2018 Audited
	----- Rs '000 -----	
8. SHORT-TERM INVESTMENTS		
At amortised cost		
- Local currency term deposits with banks	11,193,379	14,072,500
	11,193,379	14,072,500

**Notes to and Forming Part of the Unconsolidated Condensed Interim
Financial Statements (Unaudited)**
For the quarter ended September 30, 2018

	September 30, 2018 Unaudited	June 30, 2018 Audited
	----- Rs '000 -----	
9. DEFERRED TAXATION		
(Deductible) / taxable temporary differences on:		
Exploration expenditure	(2,391,421)	(2,418,850)
Provision for staff retirement and other benefits	(1,454,357)	(1,441,797)
Provision for windfall levy on oil / condensate	(1,591,767)	(1,030,017)
Provision for obsolete / slow moving stores	(59,671)	(59,671)
Provision for doubtful debts	(462,488)	(462,488)
Provision for decommissioning obligation	2,469,935	2,108,978
Accelerated tax depreciation allowances	6,334,958	6,615,236
Exploratory wells cost	15,504,871	14,205,837
Development and production expenditure	19,807,824	20,005,133
Others	(782)	591
	38,157,102	37,522,952
10. TRADE AND OTHER PAYABLES		
Creditors	1,900,878	1,371,618
Accrued liabilities	5,841,851	5,886,085
Security deposits from LPG distributors	766,180	766,180
Retention money	128,603	127,870
Gas development surcharge (GDS)	10,031,119	9,031,121
Gas infrastructure development cess (GIDC)	4,717,337	4,021,115
Sales tax - net	883,738	902,433
Royalties	4,494,694	10,718,388
Lease extension bonus	11,854,229	10,768,415
Current accounts with joint operations	13,841,222	13,129,818
Staff retirement benefit funds	2,267,787	2,306,171
Provision for windfall levy on oil / condensate (WLO) - note 11.1	3,031,937	1,961,937
Federal excise duty	177,094	143,208
Workers' Profits Participation Fund (WPPF)	1,024,980	-
Others	468,105	416,115
	61,429,754	61,550,474
11. CONTINGENCIES AND COMMITMENTS		
There are no major changes in the status of contingencies and in total commitments as disclosed in the audited unconsolidated financial statements for the year ended June 30, 2018, except for the following:		
11.1 Contingency with respect to imposition of Windfall Levy on oil / condensate		
There has been no change in the status of the matter as disclosed in note 26.1.9 to the unconsolidated financial statements for the year ended June 30, 2018, except that the case came up for hearing on October 04, 2018, and stay order already in effect was extended till next date of hearing, which has not been fixed.		
The Windfall Levy, if also applicable on oil / condensate will amount to approximately Rs 20,979 million for the period up to September 30, 2018. Further, WLO provided for in the books of accounts from December 27, 2017 till September 30, 2018, amounts to Rs 3,032 million.		
Additionally, the cumulative impact of incremental revenue recorded in the books of accounts till September 30, 2018 and profit after tax thereof is Rs 11,185 million and Rs 5,851 million, respectively.		

**Notes to and Forming Part of the Unconsolidated Condensed Interim
Financial Statements (Unaudited)**
For the quarter ended September 30, 2018

11.2 Income Tax

During the period, the Commissioner Inland Revenue (Appeals) [CIR-(A)] vide Order no. 17 dated September 17, 2018 has confirmed the tax demand raised in respect of rate issue, depletion allowance, tax credits under sections 65A and 65B and super tax (non-agreement area) relating to the amendment of assessment proceedings for the tax year 2015. Being aggrieved, the Company is in the process of filing an appeal before the Appellate Tribunal Inland Revenue against the decision of CIR-(A).

Further, in the impugned appellate order, the CIR-(A) has decided the issue of levy of super tax on agreement areas in favour of the Company. The Company is in the process of filing an application with the tax authorities to pass an appeal effect order in respect of the said decision of CIR-(A).

Quarter ended September 30, 2018	Quarter ended September 30, 2017
----- Rs '000 -----	

12. SALES - net

Gross sales

Natural gas	31,762,843	28,971,518
Gas supplied to Sui villages	121,333	97,986
Internal consumption of gas	80,555	64,613
Crude oil / Condensate / Natural Gas Liquids	12,407,989	7,664,060
LPG	2,625,109	1,222,310
Barytes	170,265	139,155
	47,168,094	38,159,642

Government levies / discounts

Federal excise duty	(518,349)	(552,963)
Sales tax	(5,058,637)	(4,440,357)
GDS	(2,104,825)	331,740
GIDC	(1,125,394)	(1,279,567)
Petroleum Levy	(130,528)	-
Discounts (Barytes)	(13,504)	(6,684)
	(8,951,237)	(5,947,831)
	38,216,857	32,211,811

13. OPERATING EXPENSES

Salaries, wages, welfare and other benefits	1,903,857	1,295,043
Operators' personnel	414,560	414,770
Depreciation	1,866,016	1,511,866
Amortisation of decommissioning assets	392,116	413,759
Amortisation of D&P assets	2,309,411	2,077,217
Plant operations	743,019	659,507
Well interventions	490,319	306,813
Field services	397,825	422,130
Crude oil transportation	234,136	246,248
Travelling and conveyance	75,964	81,505
Training & development	3,166	1,267
PCA overheads	20,979	34,692
Insurance expenses	69,415	135,708
Free supply of gas to Sui villages	121,333	97,986
Social welfare / community development	41,187	11,298
Other expenses	3,032	18,661
	9,086,335	7,728,470

Notes to and Forming Part of the Unconsolidated Condensed Interim**Financial Statements (Unaudited)**

For the quarter ended September 30, 2018

14. EXPLORATION EXPENSES

- 14.1 Exploration expenses for the period also include cost of dry wells amounting to Rs 1,828 million (September 30, 2017: Nil).

Quarter ended September 30, 2018	Quarter ended September 30, 2017
----- Rs '000 -----	

15. OTHER INCOME**Income from financial assets**

Income on loans and bank deposits
Income on term deposits
Income on long-term investments at amortised cost
Income from investment in treasury bills
Gain on re-measurement / disposal of investments
designated at fair value through profit or loss (net)

90,628	86,724
100,658	354,869
362,101	200,007
98,973	201,299
-	18,099
652,360	860,998

Income from assets other than financial assets

Rental income on assets
Profit on sale of property, plant and equipment (net)
Exchange gain on foreign currency (net)
Reversal of impairment loss on investment in PPPE -note 6.1
Share of profit on sale of LPG
Others

1,524	317
2,001	1,176
716,210	108,842
599,961	-
6,729	15,046
6,064	191,349
1,332,489	316,730
1,984,849	1,177,728

16. TAXATION

Current
Deferred

4,703,567	4,755,920
634,150	1,228,502
5,337,717	5,984,422

17. CASH AND CASH EQUIVALENTS

Cash and bank balances
Short-term highly liquid investments

8,604,396	3,655,787
11,193,379	42,444,311
19,797,775	46,100,098

18. TRANSACTIONS WITH RELATED PARTIES

The related parties are comprised of state controlled entities, subsidiary companies, associated companies, joint operations, companies where directors also hold directorship, key management personnel and other related parties. Details of transactions with related parties, other than those which have been specifically disclosed elsewhere in these unconsolidated condensed interim financial statements are as follows:

Notes to and Forming Part of the Unconsolidated Condensed Interim

Financial Statements (Unaudited)

For the quarter ended September 30, 2018

	Quarter ended September 30, 2018	Quarter ended September 30, 2017
	----- Rs '000 -----	
Sales of gas / barytes to State controlled entities (including Government levies)		
GENCO-II	6,583,557	3,579,462
SSGCL	8,299,503	5,843,842
SNGPL	16,840,783	19,545,189
OGDCL	43,622	38,213
	<u>31,767,465</u>	<u>29,006,706</u>
Long-term receivables, trade debts and other receivables from State controlled entities as at September 30	<u>146,409,671</u>	<u>99,894,793</u>
Transactions with subsidiaries		
Receivable from PPLA as at September 30	14,939	56,142
Receivable from PPLE as at September 30	36,594	4,242
Interest income on long-term loan to PPLE	18,565	12,851
Loan receivable from PPLE as at September 30	-	1,188,381
Payment of employees cost on secondment	14,826	17,367
Deposit for bank guarantee on behalf of PPLE - Block 29, Yemen	911,850	787,500
Transactions with Associated Companies		
Sales of crude oil / condensate to PARCO	1,491,455	1,587,995
Expenses incurred	-	1,900
Transactions with Joint Operations		
Payments of cash calls to joint operations	9,749,203	8,326,669
Expenditures incurred by the joint operations	10,536,546	8,722,502
Under advance balances relating to joint operations as at September 30	12,427,601	5,112,601
Current account receivables relating to joint operations as at September 30	1,780,588	2,803,770
Current account payables relating to joint operations as at September 30	123,472	112,241
Income from rental of assets to joint operations	1,524	317
Purchase of goods from BME (net)	88,703	96,375
Reimbursement of employee cost on secondment to BME	4,220	4,786
Other related parties		
Transactions with retirement benefit funds	215,888	234,349
Remuneration to key management personnel - note 18.2	532,742	782,001
Payment of rental to Pakistan Industrial Development Corporation	29,296	26,082
Payment of rental to Karachi Port Trust	235	3,224
Payment to National Insurance Company Limited (NICL)	90,774	147,094
Insurance claim received from NICL	-	958
Payment to Pakistan State Oil Company Limited	111,853	208,470

- 18.1 Aggregate amount charged in these unconsolidated condensed interim financial statements in respect of fees paid to eight non-executive directors was Rs 6.630 million (September 2017: Rs 3.740 million to thirteen non-executive directors).

Notes to and Forming Part of the Unconsolidated Condensed Interim

Financial Statements (Unaudited)

For the quarter ended September 30, 2018

- 18.2 No amount has been charged on account of remuneration of the chief executive, appointed with effect from July 01, 2018, since it is yet to be decided by the Board of Directors of the Company.
- 18.3 The Company has guaranteed to Midland Oil Company, Iraq (MdOC) the performance and fulfilment of obligations by PPLA under the Exploration, Development and Production Service Contract (EDPSC). Total financial commitment of PPLA is US\$ 100 million (Rs 12,430 million), out of which US\$ 68.052 million (Rs 8,459 million) is outstanding.
- 18.4 The Company has provided parent company guarantee amounting to US\$ 5.3 million (Rs 659 million) to GoP in respect of PPLE's exploration licenses in Pakistan i.e. Barkhan, Harnai and Ziarat.
- 18.5 Gas sales are made to various State controlled entities, at prices notified by the GoP. Transactions with BME for purchase of goods are conducted at prices determined by reference to comparable goods sold in an economically comparable market to a buyer unrelated to the seller.

	Quarter ended September 30, 2018	Quarter ended September 30, 2017
19. EARNINGS PER SHARE		
19.1 Basic earnings per share		
Profit after taxation (Rs'000)	14,188,921	12,678,321
Dividend on convertible preference shares (Rs'000)	(34)	(36)
Profit attributable to ordinary shareholders (Rs'000)	<u>14,188,887</u>	<u>12,678,285</u>
Weighted average number of ordinary shares in issue	<u>1,971,718,096</u>	<u>1,971,717,476</u>
Basic earnings per share (Rs)	<u>7.20</u>	<u>6.43</u>

- 19.1.1 Profit after taxation has been adjusted for dividend to a maximum rate of thirty percent per annum of the value of total number of convertible preference shares held.

	Quarter ended September 30, 2018	Quarter ended September 30, 2017
19.2 Diluted earnings per share		
Profit after taxation (Rs'000)	14,188,921	12,678,321
Weighted average number of ordinary shares in issue	1,971,718,096	1,971,717,476
Adjustment for convertible preference shares	11,359	11,979
Weighted average number of ordinary shares for diluted earnings per share	<u>1,971,729,455</u>	<u>1,971,729,455</u>
Diluted earnings per share (Rs)	<u>7.20</u>	<u>6.43</u>

20. DATE OF AUTHORISATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorised for issue on October 29, 2018 by the Board of Directors of the Company.

Notes to and Forming Part of the Unconsolidated Condensed Interim

Financial Statements (Unaudited)

For the quarter ended September 30, 2018

21. GENERAL

- 21.1 Corresponding figures have been reclassified for the purpose of better presentation and comparison, where necessary.
- 21.2 Figures have been rounded off to the nearest thousand rupees, unless otherwise stated.

22. SUBSEQUENT / NON-ADJUSTING EVENTS

- 22.1 Final cash dividend and bonus shares recommended by the Board of Directors in its meeting held on September 18, 2018, was approved by the shareholders in the Annual General Meeting held on October 26, 2018. Further details are mentioned in note 46 to the audited unconsolidated financial statements for the year ended June 30, 2018.



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR



CHIEF EXECUTIVE

PAKISTAN PETROLEUM LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2018

	Note	September 30, 2018 (Unaudited)	June 30, 2018 (Audited)
----- Rs '000 -----			
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Property, plant and equipment	5	159,434,814	155,354,034
Intangible assets		352,580	420,287
		159,787,394	155,774,321
Long-term investments	6	32,742,044	31,629,386
Long-term loans		16,898	16,067
Long-term deposits		7,676	7,676
Long-term receivables		74,670	74,670
		192,628,682	187,502,120
CURRENT ASSETS			
Stores and spares		3,262,118	3,528,438
Trade debts	7	159,757,393	142,824,745
Loans and advances		1,601,478	1,506,404
Trade deposits and short-term prepayments		310,967	234,923
Interest accrued		523,438	547,409
Current maturity of long-term loans		8,892	8,892
Current maturity of long-term deposits		911,850	911,850
Current maturity of long-term receivables		50,786	50,786
Other receivables		2,328,249	2,214,976
Short-term investments	8	18,306,667	22,379,416
Cash and bank balances		8,758,866	8,251,633
		195,820,704	182,459,472
TOTAL ASSETS		388,449,386	369,961,592
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital		19,717,295	19,717,295
Reserves		234,670,083	220,732,201
		254,387,378	240,449,496
NON-CURRENT LIABILITIES			
Provision for decommissioning obligation		24,142,118	22,963,492
Liabilities against assets subject to finance lease		50,785	68,136
Deferred liabilities		2,694,842	2,651,531
Deferred taxation	9	38,157,102	37,522,952
		65,044,847	63,206,111
CURRENT LIABILITIES			
Trade and other payables	10	62,900,606	63,298,624
Unclaimed dividends		314,322	332,998
Current maturity of liabilities against assets subject to finance lease		73,998	74,621
Taxation - net		5,728,235	2,599,742
		69,017,161	66,305,985
TOTAL LIABILITIES		134,062,008	129,512,096
TOTAL EQUITY AND LIABILITIES		388,449,386	369,961,592
CONTINGENCIES AND COMMITMENTS			

The annexed notes 1 to 22 form an integral part of these consolidated condensed interim financial statements.


CHIEF FINANCIAL OFFICER


CHIEF FINANCIAL OFFICER


DIRECTOR


CHIEF EXECUTIVE


CHIEF EXECUTIVE

PAKISTAN PETROLEUM LIMITED**CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2018**

	Note	Quarter ended September 30, 2018	Quarter ended September 30, 2017
		----- Rs '000 -----	
Sales - net	12	38,333,728	32,318,234
Operating expenses	13	(9,157,711)	(7,825,706)
Royalties and other levies		(5,647,823)	(4,900,693)
		(14,805,534)	(12,726,399)
Gross Profit		23,528,194	19,591,835
Exploration expenses	14	(3,007,011)	(7,660)
Administrative expenses		(545,632)	(556,813)
Finance costs		(138,706)	(109,312)
Other charges		(2,100,483)	(986,967)
		17,736,362	17,931,083
Other income	15	1,416,763	1,198,807
Profit before taxation		19,153,125	19,129,890
Taxation	16	(5,343,896)	(5,988,754)
Profit after taxation		13,809,229	13,141,136
Basic and diluted earnings per share (Rs)	19	7.00	6.66

The annexed notes 1 to 22 form an integral part of these consolidated condensed interim financial statements.


CHIEF FINANCIAL OFFICER


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DIRECTOR


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PAKISTAN PETROLEUM LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2018

	Quarter ended September 30, 2018	Quarter ended September 30, 2017
	----- Rs '000 -----	
Profit after taxation	13,809,229	13,141,136
Other comprehensive (loss) / income		
Items not to be reclassified to profit or loss in subsequent periods		
Remeasurement (losses) / gains on defined benefit plans - net	-	-
Deferred taxation	-	-
Items potentially reclassifiable to profit or loss in subsequent periods		
Foreign exchange differences on translation of subsidiaries	128,653	27,510
Other comprehensive income, net of tax	128,653	27,510
Total comprehensive income for the period	13,937,882	13,168,646

The annexed notes 1 to 22 form an integral part of these consolidated condensed interim financial statements.



CHIEF FINANCIAL OFFICER



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CHIEF FINANCIAL OFFICER



DIRECTOR



CHIEF EXECUTIVE

PAKISTAN PETROLEUM LIMITED**CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2018**

Note	Quarter ended September 30, 2018	Quarter ended September 30, 2017
	----- Rs '000 -----	

CASH FLOWS FROM OPERATING ACTIVITIES

Cash receipts from customers	30,361,228	30,085,523
Receipts of other income	698,727	250,987
Cash paid to suppliers / service providers and employees - net	(5,355,118)	(6,199,499)
Payment of indirect taxes and Government levies including royalties	(17,961,880)	(12,049,885)
Income tax paid	(1,592,325)	(1,056,892)
Finance costs paid	(10,808)	(7,055)
Long-term loans - net	(831)	1,831
Net cash generated from operating activities	6,138,993	11,025,010

CASH FLOWS FROM INVESTING ACTIVITIES

Capital expenditure - net	(9,436,220)	(7,155,765)
Proceeds from sale of property, plant and equipment	2,375	1,406
Purchase of long-term investments	(1,112,658)	(1,655,432)
Disposal / redemption of long-term investments	-	550,000
Finance income received	711,175	749,445
Net cash used in investing activities	(9,835,328)	(7,510,346)

CASH FLOWS FROM FINANCING ACTIVITIES

Payment of liabilities against assets subject to finance lease	(17,974)	(17,778)
Dividends paid	(18,676)	(95,247)
Net cash used in financing activities	(36,650)	(113,025)
Net (decrease) / increase in cash and cash equivalents	(3,732,985)	3,401,639
Cash and cash equivalents at the beginning of the period	30,631,049	50,404,838
Net foreign exchange differences	167,469	37,111
Cash and cash equivalents at the end of the period	27,065,533	53,843,588

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The annexed notes 1 to 22 form an integral part of these consolidated condensed interim financial statements.


CHIEF FINANCIAL OFFICER


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DIRECTOR


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PAKISTAN PETROLEUM LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2018

	Subscribed and paid-up share capital		Capital reserve	Revenue reserves						Total reserves	Total	
	Ordinary	Convertible preference		General and contingency reserve	Insurance reserve	Assets acquisition reserve	Dividend equalisation reserve	Unappropriated profit	Translation reserve			Total
-----Rs '000-----												
Balance as at June 30, 2017 (Audited)	19,717,175	120	1,428	69,761	34,021,894	23,751,980	2,535,354	133,511,046	1,514,648	195,404,683	195,406,111	215,123,406
Comprehensive income for the period												
Profit after taxation	-	-	-	-	-	-	-	13,141,136	-	13,141,136	13,141,136	13,141,136
Other comprehensive income for the quarter ended September 30, 2017, net of tax	-	-	-	-	-	-	-	-	27,510	27,510	27,510	27,510
Total comprehensive income for the quarter ended September 30, 2017	-	-	-	-	-	-	-	13,141,136	27,510	13,168,646	13,168,646	13,168,646
Balance as at September 30, 2017	19,717,175	120	1,428	69,761	34,021,894	23,751,980	2,535,354	146,652,182	1,542,158	208,573,329	208,574,757	228,292,052
Balance as at June 30, 2018 (Audited)	19,717,181	114	1,428	69,761	34,021,894	23,751,980	2,535,354	157,972,291	2,379,493	220,730,773	220,732,201	240,449,496
Comprehensive income for the period												
Profit after taxation	-	-	-	-	-	-	-	13,809,229	-	13,809,229	13,809,229	13,809,229
Other comprehensive income for the quarter ended September 30, 2018, net of tax	-	-	-	-	-	-	-	-	128,653	128,653	128,653	128,653
Total comprehensive income for the quarter ended September 30, 2018	-	-	-	-	-	-	-	13,809,229	128,653	13,937,882	13,937,882	13,937,882
Balance as at September 30, 2018	19,717,181	114	1,428	69,761	34,021,894	23,751,980	2,535,354	171,781,520	2,508,146	234,668,655	234,670,083	254,387,378

The annexed notes 1 to 22 form an integral part of these consolidated condensed interim financial statements.


CHIEF FINANCIAL OFFICER


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CHIEF EXECUTIVE


DIRECTOR


CHIEF EXECUTIVE

1. LEGAL STATUS AND OPERATIONS

The Group consists of Pakistan Petroleum Limited (the Holding Company) and its subsidiary companies i.e. PPL Europe E&P Limited (PPLE), PPL Asia E&P B.V. (PPLA) and The Pakistan Petroleum Provident Fund Trust Company (Private) Limited (PPPFTC).

The Group, except PPPFTC, is principally engaged in conducting exploration, prospecting, development and production of oil and natural gas resources. Brief profiles of the Holding Company and its subsidiary companies are as follows:

1.1 Pakistan Petroleum Limited

The Holding Company was incorporated in Pakistan in 1950 with the main objectives of conducting exploration, prospecting, development and production of oil and natural gas resources. The shares of the Holding Company are listed on the Pakistan Stock Exchange Limited and the registered office is located at PIDC House, Dr. Ziauddin Ahmed Road, Karachi, Pakistan.

1.1.1 The Sui Mining Lease expired on May 31, 2015. The Government of Pakistan (GoP) through various notifications has allowed the Holding Company to continue producing from the Sui gas field, the most recent being dated May 25, 2018, whereby allowing the Holding Company to continue producing from Sui gas field for a further period of one year with effect from the expiry of existing lease period i.e. May 31, 2018.

During May 2016, a Memorandum of Agreement (MoA) was executed between the GoP and the Government of Balochistan (GoB) for grant of Development & Production Lease (D&PL) to the Holding Company over the Sui gas field, with effect from June 01, 2015. The MoA has been approved by the Economic Coordination Committee (ECC) of the Cabinet of the GoP on December 13, 2016, and accordingly D&PL will be formally granted in due course of time.

1.2 PPL Europe E&P Limited

The Holding Company acquired on March 21, 2013, 100% shareholding of MND Exploration and Production Limited, a company incorporated in England and Wales. Subsequent to acquisition, the name of the subsidiary was changed to PPL Europe E&P Limited.

PPLE's main objective is exploration and production of oil and gas and currently it has working interest in one producing field and three exploration blocks in Pakistan, as well as one exploration block in Yemen. The registered office of PPLE is situated at 6th Floor, One London Wall, London, United Kingdom.

1.3 PPL Asia E&P B.V.

The Holding Company established a wholly-owned subsidiary, PPLA on July 22, 2013, a company incorporated in Amsterdam, Kingdom of Netherlands. The registered office of PPLA is situated at 4th Floor, PIDC House, Dr. Ziauddin Ahmed Road, Karachi, Pakistan .

PPLA's main objective is exploration and production of oil and natural gas resources and currently it owns 100% interest in Block-8, Iraq, under the Exploration, Development and Production Service Contract (EDPSC) with the Midland Oil Company, Iraq (MdOC).

1.4 The Pakistan Petroleum Provident Fund Trust Company (Private) Limited

PPPFTC was incorporated in Pakistan as a private limited company on November 7, 1955. The subsidiary is engaged in administrating the trusts formed for the benefits of the employees of the Holding Company.

2. BASIS OF PREPARATION

2.1 These consolidated condensed interim financial statements have been prepared in accordance with the requirements of the International Accounting Standard – 34, 'Interim Financial Reporting' and provisions of and directives issued under the Companies Act, 2017. In case requirements differ, the provisions or directives of the Companies Act, 2017 shall prevail. These consolidated condensed interim financial statements are unaudited and do not include all the information and disclosures required in the audited annual consolidated financial statements and should be read in conjunction with the audited consolidated financial statements for the year ended June 30, 2018. Further, comparative consolidated condensed interim statement of financial position is extracted from the audited consolidated annual financial statements as of June 30, 2018, whereas comparative consolidated condensed interim statement of profit or loss, consolidated condensed interim statement of profit or loss and other comprehensive income, consolidated condensed interim statement of cash flows and consolidated condensed interim statement of changes in equity are stated from unaudited consolidated condensed interim financial statements for the quarter ended September 30, 2017.

2.2 The SECP through its letter CLD/RD/CO.237/PPL/2004 dated July 6, 2004 has exempted the Holding Company from consolidation of financial statements in respect of its investment in PPPFTC, a wholly owned subsidiary. Accordingly, the Group has not consolidated the subsidiary in its consolidated condensed interim financial statements for the quarter ended September 30, 2018.

2.3 Standards, interpretations and amendments to published approved accounting standards that are effective

There are certain new amendments to approved accounting standards which are mandatory for the Group's accounting periods beginning on or after July 1, 2018. However, such amendments do not have any significant impact on the Group's financial reporting, therefore, have not been detailed in these consolidated condensed interim financial statements.

However, the impact of adoption of IFRS 9 'Financial Instruments' and IFRS 15 'Revenue from Contracts with Customers' is disclosed in note 2.3.1.

2.3.1 Change in Significant Accounting Policies

(A) "IFRS – 9" Financial instruments

IFRS 9 has replaced the multiple classification and measurement models in IAS 39 'Financial Instruments: Recognition and Measurement' with a single model having two classification categories (i.e. amortised cost and fair value). It has also introduced an expected credit loss impairment model. Following the application of IFRS 9, the Group's policy for financial instruments stands amended as follows:

a) Financial assets

Classification

The Group classifies its financial assets at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

The management determines the classification of its financial assets at initial recognition and, where allowed and appropriate, re-evaluates the designation at each date of statement of financial position.

(i) At amortised cost

Financial assets at amortised cost are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These are classified as current and non-current assets in accordance with criteria set out by IFRSs.

(ii) At fair value through profit or loss

Financial assets at fair value through profit or loss are those financial assets which are either designated in this category or not classified in any of the other categories.

These are classified as current or non-current assets in accordance with criteria set out by IFRSs.

(iii) At 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.

Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade date - the date on which the Group commits to purchase or sell the asset. At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income are subsequently carried at fair value. Financial assets at amortised cost are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising on financial assets at amortised cost and financial assets at fair value through profit or loss are recognised in the profit or loss in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the profit or loss as part of other income when the Group's right to receive payments is established. Interest calculated under effective interest method, dividend, impairment and foreign exchange gains and losses on financial assets at fair value through other comprehensive income are also recognised in profit or loss. Gains and losses from changes in fair value of financial assets at fair value through other comprehensive income are recognised in other comprehensive income and, in case of debt instruments, are reclassified to profit or loss on derecognition or reclassification.

Impairment of financial assets

The Group evaluates at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. The Group assesses on a forward looking basis the expected credit losses associated with its financial assets carried at amortised cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

b) Financial liabilities

All financial liabilities are recognised at the time when the Group becomes a party to the contractual provisions of an instrument. Financial liabilities are extinguished when these are discharged or cancelled or expire or when there is substantial modification in the terms and conditions of the original financial liability or part of it. If modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

c) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle either on a net basis, or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

The adoption of IFRS – 9 will not result in any financial impact for the Group, however will only result in change of certain policy notes and classification headings as mentioned above.

(B) IFRS 15 'Revenue from Contracts with Customers'

IFRS 15 introduces a single five-step model for revenue recognition with a comprehensive framework based on the core principle that an entity should recognise revenue representing the transfer of promised goods or services under separate performance obligations under the contract to a customer at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Following the application of IFRS 15, the Group's policy for revenue recognition stands amended as follows:

Revenue recognition

Revenue from sale of petroleum products & barytes (the Products) is recognised when the Group satisfies a performance obligation by transferring promised Products to customer. Products are transferred when the customer obtains their control. Revenue is recognised at transaction price (that excludes estimates of variable consideration), which represents the fair value of the consideration received or receivable, net of Government levies. Effect of adjustments, if any, arising from revision in prices is reflected as and when the prices are finalised with the customers and / or approved by the GoP.

Revenue from sale of the Products in which the Group has an interest with other joint operations partners is recognised in accordance with the Group's working interest and the terms of the relevant agreements.

The adoption of IFRS – 15 will not result in any financial impact for the Group, however, will only result in change of certain policy notes as mentioned above.

2.4 Standards, interpretations and amendments to published approved accounting standards that are not yet effective but relevant

There are certain new standards, amendments to the approved accounting standards and interpretations that will be mandatory for the Group's annual accounting periods beginning on or after July 1, 2019 and may have impact on the financial statements of the Group. At present, the impact of application of these standards, amendments and interpretations on the Group's future financial statements is being assessed.

3. ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of these consolidated condensed interim financial statements are the same as those applied in the preparation of the consolidated financial statements for the year ended June 30, 2018, except as disclosed in note 2.3.1.

The Group follows the practice of conducting actuarial valuations annually at the year end. Hence, the impact of re-measurement of post-employment benefit plans has not been incorporated in these consolidated condensed interim financial statements.

4. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS, JUDGMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of these consolidated condensed interim financial statements in conformity with the approved accounting standards, as applicable in Pakistan for interim reporting, requires management to make estimates, assumptions and apply judgments that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively, commencing from the period of revision.

**Notes to and Forming Part of the Consolidated Condensed Interim
Financial Statements (Unaudited)**
For the quarter ended September 30, 2018

Estimates, assumptions and judgments made by the management in the preparation of these consolidated condensed interim financial statements are the same as those applied in the preparation of the consolidated financial statements for the year ended June 30, 2018.

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements for the year ended June 30, 2018.

4.1 Implications of revised IFRS-2 (Share-based Payment) on Benazir Employees' Stock Option Scheme

In June 2011, the SECP on receiving representations from some of entities covered under Benazir Employees' Stock Option Scheme (the Scheme) and after having consulted the ICAP, granted exemption to such entities from the application of IFRS - 2 "Share-based Payment" to the Scheme. There has been no change in the status of the Scheme as stated in note 4.5 to the consolidated financial statements for the year ended June 30, 2018. The management of the Holding Company believes that the Scheme is being revamped by the GoP and all claims and disbursements to the unit holders are kept in abeyance by the Privatisation Commission since June 2010.

Had the exemption not been granted, retained earnings and reserves would have been lower and higher by Rs 18,879 million (June 2018: Rs 18,879 million).

September 30, 2018 Unaudited	June 30, 2018 Audited
Rs '000	

5. PROPERTY, PLANT AND EQUIPMENT

Operating Net Book Value (NBV)	103,852,905	93,688,982
Additions to owned assets	4,195,187	25,547,205
	<u>108,048,092</u>	<u>119,236,187</u>
Disposals / adjustments during the period / year (NBV)	12,202	323,063
Depreciation / amortisation charged during the period / year	(4,646,269)	(15,706,345)
	<u>103,414,025</u>	<u>103,852,905</u>
Capital work-in-progress - note 5.1	56,020,789	51,501,129
	<u>159,434,814</u>	<u>155,354,034</u>

5.1 Capital work-in-progress

Plant, machinery, fittings and pipelines	9,118,323	8,980,797
Exploration and Evaluation (E&E) assets - note 5.1.1	24,867,498	20,503,317
Development and production (D&P) assets	5,137,511	5,929,579
Lands, buildings and civil constructions	127,909	180,117
Capital stores for drilling and development	16,769,548	15,907,319
	<u>56,020,789</u>	<u>51,501,129</u>

**Notes to and Forming Part of the Consolidated Condensed Interim
Financial Statements (Unaudited)**
For the quarter ended September 30, 2018

- 5.1.1** Amounts under E&E assets are net off cost of dry wells charged to profit or loss during the period / year, amounting to Rs 1,828 million (June 30, 2018: 7,180 million).

September 30, 2018 Unaudited	June 30, 2018 Audited
Rs '000	

6. LONG-TERM INVESTMENTS

Investments in related parties

- Wholly owned subsidiaries
 - PPPFTC

1 1

Other investments

- At amortised cost
 - Local currency term deposits with bank
 - Foreign currency term deposits with banks
- Designated at fair value through profit or loss
 - Mutual Funds

2,000,000	2,000,000
30,668,461	29,555,194
32,668,461	31,555,194
73,582	74,191
32,742,044	31,629,386

7. TRADE DEBTS

Unsecured and considered good

Related parties

Central Power Generation Company Limited (GENCO-II)
Sui Northern Gas Pipelines Limited (SNGPL)
Sui Southern Gas Company Limited (SSGCL)
Pak-Arab Refinery Limited (PARCO)
Oil & Gas Development Company Limited (OGDCL)

18,118,557	15,395,000
72,141,341	66,902,697
55,530,675	50,204,038
1,078,734	912,202
622,533	259,447
147,491,840	133,673,384

Non-related parties

Attock Refinery Limited (ARL)
Pakistan Refinery Limited (PRL)
National Refinery Limited (NRL)
Others

10,443,195	7,066,439
492,128	593,175
353,174	367,586
977,056	1,124,161
12,265,553	9,151,361
159,757,393	142,824,745

Unsecured and considered doubtful

Non-related party

Byco Petroleum Pakistan Limited (Byco)
Less: Provision for doubtful debts - note 7.3

1,156,220	1,156,220
(1,156,220)	(1,156,220)
159,757,393	142,824,745

**Notes to and Forming Part of the Consolidated Condensed Interim
Financial Statements (Unaudited)**
For the quarter ended September 30, 2018

September 30, 2018 Unaudited	June 30, 2018 Audited
Rs '000	

7.1 The ageing of trade debts is as follows:

Neither past due nor impaired	28,879,286	25,267,261
Past due but not impaired:		
Related parties		
- within 90 days	20,779,735	19,109,317
- 91 to 180 days	16,469,320	18,804,522
- over 180 days	89,156,754	78,038,673
	126,405,809	115,952,512
Non-related parties		
- within 90 days	4,260,468	1,515,740
- 91 to 180 days	126,740	6,515
- over 180 days	85,090	82,717
	4,472,298	1,604,972
	159,757,393	142,824,745

7.2 Trade debts include overdue amount of Rs 126,404 million (2018: Rs 115,951 million) receivable from the State controlled companies (i.e. GENCO-II, SNGPL, SSGCL and OGDCL) and Rs 5,630 million (2018: Rs 2,763 million) overdue receivable from refineries (i.e. ARL, Byco, PARCO, NRL and Pakistan Refinery Limited) and various LPG customers.

Based on the measures being undertaken by the GoP, the Group considers the overdue amounts to be fully recoverable and therefore, no further provision for doubtful debts has been made in these consolidated condensed interim financial statements, except for provision against receivable from Byco.

7.3 The Holding Company has filed a legal suit in the Sindh High Court (SHC) against Byco for recovery of overdues. The said suit is pending adjudication before the SHC.

September 30, 2018 Unaudited	June 30, 2018 Audited
Rs '000	

8. SHORT-TERM INVESTMENTS

Held-to-maturity		
Local currency term deposits with banks	11,193,379	14,072,500
Foreign currency term deposits with banks	7,113,288	8,306,916
	18,306,667	22,379,416

**Notes to and Forming Part of the Consolidated Condensed Interim
Financial Statements (Unaudited)**
For the quarter ended September 30, 2018

September 30, 2018 Unaudited	June 30, 2018 Audited
Rs '000	

9. DEFERRED TAXATION

(Deductible) / taxable temporary differences on:

Exploration expenditure	(2,391,421)	(2,418,850)
Provision for staff retirement and other benefits	(1,454,357)	(1,441,797)
Provision for windfall levy on oil / condensate	(1,591,767)	(1,030,017)
Provision for obsolete / slow moving stores	(59,671)	(59,671)
Provision for doubtful debts	(462,488)	(462,488)
Provision for decommissioning obligation	2,469,935	2,108,978
Accelerated tax depreciation allowances	6,334,958	6,615,236
Exploratory wells cost	15,504,871	14,205,837
Development and production expenditure	19,807,824	20,005,133
Others	(782)	591
	38,157,102	37,522,952

10. TRADE AND OTHER PAYABLES

Creditors	1,900,878	1,371,618
Accrued liabilities	5,934,485	6,001,897
Security deposits from LPG distributors	766,180	766,180
Retention money	128,603	127,870
Gas Development Surcharge (GDS)	10,031,119	9,031,121
Gas Infrastructure Development Cess (GIDC)	4,717,337	4,021,115
Federal excise duty (net)	177,094	143,208
Sales tax (net)	889,502	908,317
Royalties	4,498,878	10,721,863
Lease extension bonus	11,854,229	10,768,415
Current accounts with joint operations	14,143,585	13,593,750
Staff retirement benefit plans	2,267,787	2,306,171
Provision for windfall levy on oil / condensate - note 11.1	3,031,937	1,961,937
WPPF	1,024,980	-
Contractual obligations for Iraq EDPSC	1,064,074	1,156,432
Others	469,938	418,730
	62,900,606	63,298,624

11. CONTINGENCIES AND COMMITMENTS

There are no major changes in the status of contingencies and in total commitments as disclosed in the audited consolidated financial statements for the year ended June 30, 2018, except for the following;

11.1 Contingency with respect to imposition of Windfall Levy on oil / condensate

There has been no change in the status of the matter as disclosed in note 27.1.9 to the consolidated annual financial statements for the year ended June 30, 2018, except that the case came up for hearing on October 04, 2018, and stay order already in effect was extended till next date of hearing, which has not been fixed.

The Windfall Levy, if also applicable on oil / condensate will amount to approximately Rs 20,979 million for the period up to September 30, 2018. Further, WLO provided for in the books of accounts from December 27, 2017 till September 30, 2018, amounts to Rs 3,032 million.

Additionally, the cumulative impact of incremental revenue recorded in the books of accounts till September 30, 2018 and profit after tax thereof is Rs 11,185 million and Rs 5,851 million, respectively.

11.2 Income Tax

During the period, with respect to the Holding Company, the Commissioner Inland Revenue (Appeals) [CIR-(A)] vide Order no. 17 dated September 17, 2018 has confirmed the tax demand raised in respect of rate issue, depletion allowance, tax credits under sections 65A and 65B and super tax (non-agreement area) relating to the amendment of assessment proceedings for the tax year 2015. Being aggrieved, the Holding Company is in the process of filing an appeal before the Appellate Tribunal Inland Revenue against the decision of CIR-(A).

Further, in the impugned appellate order, the CIR-(A) has decided the issue of levy of super tax on agreement areas in favour of the Holding Company. The Holding Company is in the process of filing an application with the tax authorities to pass an appeal effect order in respect of the said decision of CIR-(A).

**Notes to and Forming Part of the Consolidated Condensed Interim
Financial Statements (Unaudited)**
For the quarter ended September 30, 2018

	Quarter ended September 30, 2018	Quarter ended September 30, 2017
	----- Rs '000 -----	
12. SALES - net		
Gross sales		
Natural gas	31,897,825	29,096,597
Gas supplied to Sui villages	121,333	97,986
Internal consumption of gas	80,555	64,613
Crude oil / Condensate / Natural Gas Liquids	12,407,989	7,664,060
LPG	2,625,109	1,222,310
Barytes	170,265	139,155
	47,303,076	38,284,721
Government levies / discounts		
Federal excise duty	(518,349)	(552,963)
Sales tax	(5,076,748)	(4,459,013)
GDS	(2,104,825)	331,740
GIDC	(1,125,394)	(1,279,567)
Petroleum levy	(130,528)	-
Discounts (Barytes)	(13,504)	(6,684)
	(8,969,348)	(5,966,487)
	38,333,728	32,318,234
13. OPERATING EXPENSES		
Salaries, wages, welfare and other benefits	1,903,857	1,295,043
Operator's personnel	418,537	430,228
Depreciation	1,872,682	1,511,916
Amortisation of decommissioning assets	392,116	414,263
Amortisation of D&P assets	2,360,477	2,128,176
Plant operations	747,405	683,852
Well interventions	494,076	310,813
Field services	398,527	422,537
Crude oil transportation	234,136	246,248
Travelling and conveyance	75,964	81,505
Training & development	3,229	1,312
PCA overheads	21,213	35,514
Insurance expenses	69,688	136,047
Free supply of gas to Sui villages	121,333	97,986
Social welfare / community development	41,439	11,605
Other expenses	3,032	18,661
	9,157,711	7,825,706
14. EXPLORATION EXPENSES		
14.1 Exploration expenses for the period also include cost of dry wells amounting to Rs 1,828 million (September 30, 2017: Nil).		

**Notes to and Forming Part of the Consolidated Condensed Interim
Financial Statements (Unaudited)**

For the quarter ended September 30, 2018

	Quarter ended September 30, 2018	Quarter ended September 30, 2017
	----- Rs '000 -----	
15. OTHER INCOME		
Income from financial assets		
Income on loans and bank deposits	72,063	107,803
Income on term deposits	152,642	354,869
Income on long-term investments at amortised cost	362,101	200,007
Income from investment in treasury bills	98,973	201,299
Gain on re-measurement / disposal of investments designated at fair value through profit or loss (net)	-	18,099
	685,779	882,077
Income from assets other than financial assets		
Rental income on assets	1,524	317
Profit on sale of property, plant and equipment (net)	2,001	1,176
Exchange gain on foreign currency (net)	714,666	108,842
Share of profit on sale of LPG	6,729	15,046
Others	6,064	191,349
	730,984	316,730
	1,416,763	1,198,807
16. TAXATION		
Current	4,709,746	4,760,252
Deferred	634,150	1,228,502
	5,343,896	5,988,754
17. CASH AND CASH EQUIVALENTS		
Cash and bank balances	8,758,866	3,929,927
Short-term highly liquid investments	18,306,667	49,913,661
	27,065,533	53,843,588
18. TRANSACTIONS WITH RELATED PARTIES		

The related parties are comprised of state controlled entities, subsidiary companies, associated companies, joint operations, companies where directors also hold directorship, key management personnel and other related parties. Details of transactions with related parties, other than those which have been specifically disclosed elsewhere in these consolidated financial statements are as follows:

**Notes to and Forming Part of the Consolidated Condensed Interim
Financial Statements (Unaudited)**
For the quarter ended September 30, 2018

	Quarter ended September 30, 2018	Quarter ended September 30, 2017
	Rs '000	
Sales of gas / barytes to state controlled entities (including Government Levies)		
GENCO-II	6,583,557	3,579,462
SSGCL	8,398,471	5,935,569
SNGPL	16,876,797	19,578,540
OGDCL	43,622	38,213
	<u>31,902,447</u>	<u>29,131,784</u>
Long-term receivables, trade debts and other receivables from state controlled entities as at September 30	<u>146,569,015</u>	<u>100,043,161</u>
Transactions with Associated Companies		
Sales of crude oil / condensate to PARCO	<u>1,491,455</u>	<u>1,587,995</u>
Expenses incurred	<u>-</u>	<u>1,900</u>
Transactions with Joint Operations		
Payments of cash calls to joint operations	<u>10,081,487</u>	<u>8,495,577</u>
Expenditures incurred by the joint operations	<u>10,696,682</u>	<u>8,790,577</u>
Under advance balances relating to joint operations as at September 30	<u>12,729,964</u>	<u>5,320,556</u>
Current account receivables relating to joint operations as at September 30	<u>1,780,588</u>	<u>2,803,770</u>
Current account payables relating to joint operations as at September 30	<u>123,472</u>	<u>112,241</u>
Income from rental of assets to joint operations	<u>1,524</u>	<u>317</u>
Purchase of goods from BME (net)	<u>88,703</u>	<u>96,375</u>
Reimbursement of employee cost on secondment to BME	<u>4,220</u>	<u>4,786</u>
Other related parties		
Transactions with retirement benefit funds	<u>215,888</u>	<u>234,349</u>
Remuneration to key management personnel - note 18.5	<u>532,742</u>	<u>782,001</u>
Payment of rental to Pakistan Industrial Development Corporation	<u>29,296</u>	<u>26,082</u>
Payment of rental to Karachi Port Trust	<u>235</u>	<u>3,224</u>
Payment to National Insurance Company Limited (NICL)	<u>90,774</u>	<u>147,094</u>
Insurance claim received from NICL	<u>-</u>	<u>958</u>
Payment to Pakistan State Oil Company Limited	<u>111,853</u>	<u>208,470</u>

**Notes to and Forming Part of the Consolidated Condensed Interim
Financial Statements (Unaudited)**
For the quarter ended September 30, 2018

- 18.1** Aggregate amount charged in these consolidated condensed interim financial statements in respect of fees paid to eight non-executive directors was Rs 6.630 million (September 2017: Rs 3.740 million to thirteen non-executive directors).
- 18.2** The Holding Company has guaranteed the performance and fulfilment of obligations by PPLA under the Exploration, Development and Production Service Contract (EDPSC). Total financial commitment of PPLA is US\$ 100 million (Rs 12,430 million), out of which US\$ 68.052 million (Rs 8,459 million) is outstanding.
- 18.3** The Holding Company has provided parent company guarantee amounting to US\$ 5.3 million (Rs 659 million) to GoP in respect of PPLE's exploration licenses in Pakistan i.e. Barkhan, Harnai and Ziarat.
- 18.4** Gas sales are made to various State controlled entities, at prices notified by the GoP. Transactions with BME for purchase of goods are conducted at prices determined by reference to comparable goods sold in an economically comparable market to a buyer unrelated to the seller.
- 18.5** No amount has been charged on account of remuneration of the chief executive of the Holding Company, appointed with effect from July 01, 2018, since it is yet to be decided by the Board of Directors of the Holding Company.

Quarter ended September 30, 2018	Quarter ended September 30, 2017
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19. EARNINGS PER SHARE

19.1 Basic earnings per share

Profit after taxation (Rs '000)	13,809,229	13,141,136
Dividend on convertible preference shares (Rs '000)	(34)	(36)
Profit attributable to ordinary shareholders (Rs '000)	<u>13,809,195</u>	<u>13,141,100</u>
Weighted average number of ordinary shares in issue	<u>1,971,718,096</u>	<u>1,971,717,476</u>
Basic earnings per share (Rs)	<u>7.00</u>	<u>6.66</u>

- 19.1.1** Profit after taxation has been adjusted for dividend to a maximum rate of thirty percent per annum of the value of total number of convertible preference shares held.

**Notes to and Forming Part of the Consolidated Condensed Interim
Financial Statements (Unaudited)**
For the quarter ended September 30, 2018

	Quarter ended September 30, 2018	Quarter ended September 30, 2017
19.2 Diluted earnings per share		
Profit after taxation (Rs '000)	<u>13,809,229</u>	<u>13,141,136</u>
Weighted average number of ordinary shares in issue	1,971,718,096	1,971,717,476
Adjustment of convertible preference shares	<u>11,359</u>	<u>11,979</u>
Weighted average number of ordinary shares for	<u>1,971,729,455</u>	<u>1,971,729,455</u>
Diluted earnings per share (Rs)	<u>7.00</u>	<u>6.66</u>

20. DATE OF AUTHORISATION FOR ISSUE

These consolidated condensed interim financial statements were authorised for issue on October 29, 2018 by the Board of Directors of the Holding Company.

21. GENERAL

21.1 Corresponding figures have been reclassified for the purpose of better presentation and comparison, where necessary.

21.2 Figures have been rounded off to the nearest thousand rupees, unless otherwise stated.

22. SUBSEQUENT / NON -ADJUSTING EVENTS

Final cash dividend and bonus shares recommended by the Board of Directors of Holding Company in its meeting held on September 18, 2018, was approved by the shareholders of the Holding Company in the Annual General Meeting held on October 26, 2018. Further details are mentioned in note 47 to the audited consolidated financial statements for the year ended June 30, 2018.



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

CHIEF EXECUTIVE