



Pakistan Petroleum Limited

P.I.D.C. House, Dr. Ziauddin Ahmed Road,
P. O. Box 3942, Karachi-75530, Pakistan
Tel: 92-21-35681391-95, 35683853-57, 35657730-39
UAN: 92-21-111-568-568
Fax: 92-21-35680005 & 35682125
Website: www.ppl.com.pk

Our reference: SAA/CS/SE-0126

Your reference:

Date: 1st March 2019

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: Report for the Half Year Ended 31st December 2018

Pursuant to Rule 5.6.4 (c) of the Pakistan Stock Exchange Rules we attach the report for the half year ended 31st December 2018 for dissemination to your members.

Yours truly,

Shahana Ahmed Ali
Company Secretary

Enclosed as above.

(saa/cs/ppl/psx/010319)



Pakistan Petroleum Limited

DELIVERING EXCELLENCE

Half Yearly Report December 2018



COMPANY INFORMATION

Board of Directors

Mr. Salman Akhtar
Chairman

Mr. Moin Raza Khan
Chief Executive Officer /
Managing Director

Mr. Agha Jan Akhtar

Dr. Ibne Hassan

Mr. Mian Asad Hayaud Din

Mr. Muhammad Sajid Farooqi

Mr. Muhammad Tariq

Mr. Saeed Ullah Shah

Mr. Sajid Mehmood Qazi

Dr. Tanveer Ahmad Qureshi

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 half year ended December 31, 2018 and a brief review of the Company's operations.

OPERATIONAL AND FINANCIAL HIGHLIGHTS

Operational Highlights

The key operational highlights for the half year ended December 31, 2018 are as follows:

Discoveries

Eight discoveries have been made during the period under review; six 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), Hadaf X-1 (Gambat South block) and Benari X-1 (Shah Bandar block) and two in partner operated blocks namely Mela-5 (Nashpa block) and Gulsher – 1 (Digri block).

Further, one discovery has been made in PPL Europe in partner operated block i.e. Bolan East-1 (Ziarat block).

Geological & Geophysical Activities

In PPL operated blocks, 2D and 3D seismic data of 381 line Km and 49 Sq Km, respectively was acquired during the current period, as compared to 943 Line Km 2D seismic data during the corresponding period.

Further, in PPL operated blocks, 4,387 Line Km gravity and magnetic data was acquired during the current period.

Drilling Activities

In PPL operated blocks, three exploratory wells were spudded during the current period, as compared to four wells (two exploratory and two development) in the corresponding period.

Financial Highlights

The key financial results of the Company for the half year ended December 31, 2018 are as follows:

	Half year ended December 31, 2018	Half year ended December 31, 2017
	Rs Million	
Sales revenue (net)	78,810	60,974
Profit before taxation	40,969	32,838
Taxation	(9,930)	(10,814)
Profit after taxation	31,039	22,024
Basic and Diluted Earnings Per		(Restated)
Share (Rs)	13.69	9.71

Sales revenue

Sales revenue increased by Rs 17,836 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 18,142 million, partially offset by negative volume variance of Rs 306 million.

Positive price variance is due to increase in average international crude oil prices from US\$ 54.63 / bbl in the corresponding period to US\$ 71.14 / bbl during the current period, further augmented by devaluation of Pak rupee against US dollar (average exchange rate for the current period was PKR 129.75 as compared to PKR 106.10 during the corresponding period).

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

		Half year ended December 31, 2018	Half year ended December 31, 2017
Natural Gas	MMcf	142,441	145,263
Crude Oil / Natural Gas Liquids / Condensate	BBL	2,860,836	2,887,775
Liquefied Petroleum Gas (LPG)	Tonnes	57,049	44,212
Barytes	Tonnes	58,654	39,595

Profitability

Profitability of the Company increased by 41% as compared to the corresponding period. Main drivers are increased sales revenue (as explained above), reversal of impairment loss on investment in PPLE and higher exchange gain, partially offset by increase in exploration expenses, operating expenses and levies (increased in line with sales).

Reversal of impairment loss on investment in PPLE is due to (i) significant devaluation of Pak Rupee against US Dollar and (ii) discovery of hydrocarbons in Ziarat block as announced by the operator during September 2018.

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 past cost from United Energy Pakistan Limited (against farm out of the Company's 50% working interest in Korti North block along with transfer of operatorship) was recovered in the corresponding period.

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

LIQUIDITY MANAGEMENT AND CASH FLOW POSITION

The Company continued to witness stress on its liquidity on account of historical accretion in the circular debt levels. As at December 31, 2018, the total receivables registered a 31% increase and stood at Rs 187 billion (June 30, 2018: Rs 143 billion). This has created severe stress on the Company's operational liquidity position which declined to Rs 8.8 billion (December 31, 2017: Rs 38.2 billion). The Board considers the circular debt issue as the most critical risk in the achievement of strategic objectives of the Company. Accordingly, besides escalation of recovery efforts through servicing legal notices to the defaulting customers of natural gas nominated by GoP, the Company has actively engaged all key

stakeholders at relevant Ministries to explore possible mechanisms for earliest resolution of the subject matter.

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), Business Development and Geo-Services departments. At present, the Company's portfolio, together with its subsidiaries, consists of forty-four exploratory blocks, out of which twenty-six are PPL operated (including Block-8 in Iraq being operated by PPL Asia) and remaining eighteen, 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

Drilling and rig-less testing of 3rd exploratory well Nusrat X-1 (Hor) was completed in Naushahro Firoz block. The well is currently shut-in and post testing evaluation is in progress.

In Sirani block, feasibility study is in progress for planning / designing of access route for rig mobilization and civil works for drilling of exploratory well in marshy area.

Preparations are underway to spud in 5th exploratory well Durab X-1 in Kotri block.

Exploratory wells Samar X-1 (Gambat South block) and Rajab X-1 (Kotri block) have been charged to profit or loss as dry wells.

Exploration North Assets

In Dhok Sultan block, 3D seismic acquisition is in progress.

In Hisal block, exploratory well Misrial X-1(ST-1) has been declared as plugged and abandoned subsequent to the period end.

Exploration Frontier Assets

In Bela West block, 1st exploratory well Bela West X-1 was spudded during the period and currently drilling is in progress.

Preparations are underway to spud in 2nd exploratory well Murad X-1 in Kalat block.

In Margand block, preparations are underway to spud in 1st exploratory well Margand X-1. Moreover, acquisition of gravity and magnetic data of 2,434 Line Km was completed.

In Kharan, Kharan East & Kharan West blocks, microbial geo-chemical exploration survey and its integration with other G&G data has been completed.

Exploratory well Harboi South in Kalat block has been charged to profit or loss as dry well.

Drilling of first exploratory well is planned in Block-8, Iraq during April 2019.

Business Development

Two new exploration blocks (Sorah and Musa Khel) have been won by PPL in bid round 2018.

Partner-Operated Exploration Blocks

Exploratory wells Qadirpur Deep-1 (Qadirpur block) and Unarpur-1 (Kotri North block) were spudded during the period and currently drilling is in progress.

In Kirthar block, acquisition of 65 L. Km 2D & 230 Sq. Km 3D seismic over western leads is in progress.

Exploratory well Kekra-1 in Offshore Indus-G block has been spudded subsequent to the period end.

Further, exploratory wells Mamikhel Deep-1 (Tal block) and Kotri North X-2 (Kotri North block) have been charged to profit or loss as dry wells.

Producing Fields

Sui Asset

Development wells Sui-105(U), Sui-106(U), Sui-107(U), Sui-108(P) and Sui-109(M) have been staked and land acquisition activities have been completed. Site construction activities at well Sui-109(M) and Sui-28(M) workover are in progress.

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, one compressor, one purification bank and optimization of purification banks operations.

Kandhkot Asset

Reservoir surveillance jobs were executed successfully at Kandhkot wells and acquired data is currently under evaluation. Further, well intervention jobs were carried out for production enhancement and well integrity.

Further, Modular gas turbine units driving centrifugal gas compressors on 2 trains were successfully replaced.

Adhi Asset

Adhi-32(T/K) was completed and commissioned, adding around 800 bbl/day of oil and 0.5 MMscfd of gas.

For Adhi Compression Project, civil works for installation of nodal compressors have commenced at wells sites of Adhi-05,14,15,17 &18.

Gambat South / Hala / Mazarani Assets

In Gambat South, the Contractor of GPF-III served a notice on the Company, invoking the arbitration clause of the Contract and subsequently initiated arbitration proceedings in which it has filed a number of claims against the Company. The Company intends to file a strong response and raise counter-claims against the Contractor. The Company, after reviewing the claims made against it and consulting its legal counsel, is reasonably confident of a favourable outcome.

In respect of Hala plant, takeover of operational and maintenance activities from the contractor has been accomplished, which will result in enhanced management control and cost optimisation.

GoP has been requested for re-grant of Mazarani D&PL for 2 years with effect from September 2019, along with price revision.

Partner-Operated Assets

Testing of development well Mela-6 is in progress at Nashpa.

Development well Qadirpur-60 (Horizontal) was spudded during the period and currently drilling is in progress.

At Miano, development well Miano-28 was completed as a gas producer, whereas, development well Miano-22 was spudded and currently drilling is in progress.

Corporate Social Responsibility

PPL continued to work for promotion of education at its producing and exploratory areas across the country and in this regard construction of various schools was completed during the period.

Further, scholarships were awarded to 43 deserving students for higher professional education of District Dera Bugti, District Kashmore, District Sanghar and Matiari and Tehsil Gujjar Khan, District Rawalpindi.

The company also completed water supply schemes at village Muneeb Langari at District Kalat and village Asghar Khan Chachar at District Kashmore.

Quality, Health, Safety and Environment (QHSE)

Process Safety Information gap assessment was conducted at Gambat South, Sui and Kandhkot plants.

Industrial Relations

Harmonious working environment and cordial industrial relations atmosphere prevailed at all locations of the Company.

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.

SUBSEQUENT EVENTS

The Board of Directors of the Company appointed Mr. Moin Raza Khan, acting Chief Executive Officer of the Company as of January 07, 2019, for a term of three months or until the appointment of, or assumption of the charge of office by a regular chief executive officer, whichever is earlier.

In respect of exploratory well Nooh X-1 (Hub Block), on February 13, 2019, during routine operation of displacing drilling fluids inside the casing, it was observed that the well started flowing with water influx accompanied by uncontrolled flow of gas. The well was immediately shut as per the Company's policy, taking all safety precautions. The well was subsequently killed by pumping mud through casing spool side-outlet valve. Currently, the well is under control and preparation is underway to resume drilling of the next section.


DIRECTOR

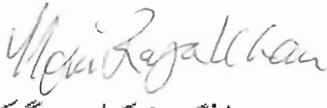

MANAGING DIRECTOR /
CHIEF EXECUTIVE OFFICER


Karachi: February 28, 2019

بعد ازیں واقعات

کمپنی کے بورڈ آف ڈائریکٹرز نے 7 جنوری 2019 کو تین ماہ کے لئے پابجسٹک کوئی مستقل چیف ایگزیکٹو آفیسر عہدہ سنبھال لے، دونوں میں سے جو بھی پہلے ہو، معین رضا خان کو کمپنی کا قائم مقام چیف ایگزیکٹو آفیسر مقرر کر دیا۔

دریافتی کنونین نوح X-1 (حب بلاک) میں کیسنگ میں موجود کھدائی کے سیال کو ہٹانے کے معمول کے مطابق آپریشن کے دوران 13 فروری 2019 کو یہ بات مشاہدے میں آئی کہ کنونین سے پانی کے ساتھ ساتھ قابل کنٹرول گیس کا بہاؤ بھی پایا گیا۔ کمپنی پالیسی کے تحت تحفظ کی تمام ہدایات کو ملحوظ خاطر رکھتے ہوئے، کنونین کو فوری طور پر بند کر دیا گیا۔ بعد میں کیسنگ اسپول کی سائیڈ آؤٹ لٹ والو سے گارامٹی ڈال کر کنونین کو مکمل بند کر دیا گیا۔ اس وقت، کنواں مکمل کنٹرول میں ہے اور نئے سیکشن کی کھدائی کو بحال کرنے کے لئے تیاریاں جاری ہیں۔


مینجنگ ڈائریکٹر/ چیف ایگزیکٹو


ڈائریکٹر

کراچی

28 فروری 2019

آدھی کھیر لیر منسوبے کے حوالے سے نوڈل کھیر لیر کی تنصیب کے لئے آدھی-5، آدھی-14، آدھی-15، آدھی-17 اور آدھی-18 پر تھیراتی کام کا آغاز ہو چکا ہے۔

گھمبٹ ساؤتھ/ہالہ/مزارانی ڈائٹ

گھمبٹ ساؤتھ بلاک میں، گھمبٹ ساؤتھ گیس پروسیسنگ فیکٹری-III کے ٹھیکیدار نے معاہدے کی ڈالٹی کی شق کو استعمال کرتے ہوئے کمپنی کے خلاف مختلف ہرجانوں کے لئے ڈالٹی کے طریقہ کار کا آغاز کر دیا ہے۔ کمپنی اس کے خلاف سخت جواب دینے اور ٹھیکیدار کے خلاف جوابی ہرجانے وائر کرنے کا ارادہ رکھتی ہے۔ کمپنی اپنے خلاف لگائے جانے والے ہرجانوں کے دعوؤں کے قانونی تجزیے کے نتیجے میں اپنے حق میں مثبت فیصلے کی متنی ہے۔

ہالہ پلانٹ کے حوالے سے، ٹھیکیدار کی جانب سے چلائی جانے والی آپریشنل اور مینٹیننس سرگرمیوں کی کمپنی انتظامیہ کو منتقلی کے بعد پلانٹ کی انتظام کاری اور لاگت کا موثر انتظام ممکن ہو سکے گا۔

حکومت پاکستان سے مزارانی گیس فیلڈ کی ڈیولپمنٹ اور پیداواری لیز کو دو سال کے لئے، جو ستمبر 2019 سے نافذ عمل ہوگی، قیمت میں تجزیے کے ساتھ، دوبارہ جاری کرنے کی درخواست کر دی گئی ہے۔

پارٹنر-آپریٹڈ ڈائٹ

پیداواری کنونینس میلہ-6 کی جانچ جاری ہے۔

قادر پور-60 (فنی) کی کھدائی کا آغاز زیر نظر عرسے کے دوران کیا گیا جس پر کام ابھی جاری ہے۔

میانو بلاک میں میانو-28 کو گیس کے پیداوار کنندہ کے طور پر مکمل کر لیا گیا جبکہ میانو-22 کی کھدائی کا آغاز ہو گیا ہے جس پر کام ابھی جاری ہے۔

کاروباری سماجی ذمہ داری (سی ایس آر)

پی پی ایل ملک میں اپنے ویلفیو پیداواری علاقوں میں تعلیم کے فروغ کے لئے کام جاری رکھے ہوئے ہے، اس ضمن میں زیر جائزہ مدت میں بہت سے اسکولوں کی تعمیر مکمل ہوئی۔ مزید یہ کہ ڈیرہ گنٹی، کشمور، ساٹھڑ اور میاری اضلاع کے ساتھ ساتھ تحصیل گوجر خان اور ضلع راولپنڈی کے 43 مستحق طلبہ کو اعلیٰ پیشہ وارانہ تعلیم کے لئے وظائف دیئے گئے۔ کمپنی نے دودھیہاتوں، ضلع قلات میں ٹیبلنگری اور ضلع کشمور میں اصغر خان چاچڑ میں پانی کی فراہمی کے منصوبے مکمل کئے۔

معیار صحت، تحفظ و ماحول (کیو ایچ ایس ای)

گھمبٹ ساؤتھ، سوئی اور کندھ کوٹ کے پلانٹس کے لئے کام کے دوران تحفظ کے حوالے سے معلومات کے خلاء کا تجزیہ کرایا گیا۔

انڈسٹریل ریلیشنز

کمپنی کی تمام لوکیشنز میں ہم آہنگ کاروباری ماحول اور خوش گوار صنعتی فضا کو پروان چڑھایا گیا۔

اعتراف

کمپنی کی کامیابیاں ہمارے عملے کی جانفشانی کے بغیر ممکن نہیں تھیں، جو بھرپور ستائش کے حقدار ہیں۔ ہم حکومت پاکستان اور حصص داروں کے مسلسل تعاون پر بھی شکر گزار ہیں جو ہم پر غیر متزلزل بھروسہ کرتے ہیں اور ہمیں اس قابل بناتے ہیں کہ ہم اپنے اہداف کو بہترین طریقے سے حاصل کر سکیں۔

قلا ت بلاک میں ہر یوٹی ساؤتھ کو خشک کنوئیں ہونے کی بنیاد پر نفع و نقصان کے کھاتے میں درج کر دیا گیا ہے۔ جبکہ بلاک میں دوسرے دریافتی کنوئیں مراد X-1 کی کھدائی شروع کرنے کے لئے تیاریاں جاری ہیں۔

مرگند بلاک میں، پہلے دریافتی کنوئیں مرگند X-1 کی کھدائی شروع کرنے کے لئے تیاریاں جاری ہیں۔ مزید یہ کہ 2,434 لائن کلومیٹر کے ثقہ اور متناطیس ڈیٹا کے حصول کا عمل مکمل ہو چکا ہے۔

خاران، خاران ایسٹ اور خاران ویسٹ بلاکوں میں خرد حیات یافتی ارضی۔ کیمائی دریافتی سروے اور اسے ارضیاتی و ارضی طبیعیاتی ڈیٹا میں ضم کرنے کا کام مکمل ہو گیا۔ اپریل 2019 کے دوران بلاک 8 عراق میں پہلے دریافتی کنوئیں کو کھودنے کی منصوبہ بندی کی گئی ہے۔

برنس ڈیو پلمنٹ

پی پی ایل نے 2018 میں بولی کے مرحلے میں دو نئے دریافتی بلاکس سورہ اور موسیٰ خیل حاصل کئے۔

پارٹنر آپریشن ڈاٹا

دریافتی کنوئیں، قادر پور ڈیپ-1، قادر پور فیلڈ اور اوڑ پور-1، کوٹری نا رتھ بلاک کو زیر جائزہ مر سے کو دوران کھودا گیا جن پر کام ابھی جاری ہے۔ کیرتھر بلاک میں مغربی (جانب) مواقعوں کو مزید مستحکم کرنے کے لئے 65 لائن کلومیٹر 2D اور 230 کلومیٹر 3D سائزنگ ڈیٹا کا حصول جاری ہے۔ آف شور انڈس G بلاک میں دریافتی کنوئیں ٹیکڑا-1 کی کھدائی کا آغاز ہو چکا ہے جس پر کام ابھی جاری ہے۔ مزید یہ کہ ٹیل بلاک میں مائی خیل ڈیپ-1 اور کوٹری نا رتھ X-2، کوٹری نا رتھ بلاک کو خشک کنوئیں ہونے کی بنیاد پر نفع و نقصان کے کھاتے میں درج کر دیا گیا ہے۔

پیدواری فیلڈز

سوئی اٹا

پیدواری کنوئیں سوئی-105 (U)، سوئی-106 (U)، سوئی-107 (U)، سوئی-108 (P)، سوئی-109 (M) کی کھدائی کے لئے جگہ کا تعین کر لیا گیا ہے جبکہ زمین کے حصول کے حوالے سے اقدامات مکمل ہو چکے ہیں۔ اس ضمن میں نا حال سوئی-109 (M) کے ساتھ ساتھ سوئی-28 (M) (جس پر ورک اوور ہوا ہے) کے لئے تعمیراتی کام جاری ہے۔

مزید یہ کہ پیورٹیکیشن پلانٹ اور سوئی فیلڈ گیس کمپریشن اسٹیشن کی مرمت و تجدید، پلانٹ کی صلاحیت بڑھانے سے متعلقہ سرگرمیاں بشمول ایک گیس ٹربائین، ایک کمپریسر اور ایک پیورٹیکیشن پینک کی مکمل تبدیلی کے ساتھ ساتھ تمام پیورٹیکیشن بینکوں کی کارکردگی کو بہتر بنایا گیا۔

کندھ کوٹ اٹا

کندھ کوٹ کے کنوئیں کے لئے ذخائر کی تخمینہ کاری اور ان سے ممکنہ پیداوار کے حصول کی خاطر کی جانے والی تحقیق (ریزروائر سرولینس جاب) مکمل ہو چکی ہے اور حاصل ہونے والے ڈیٹا کی جانچ جاری ہے۔ مزید یہ کہ پیداوار بڑھانے اور کنوئیں سے پیداوار مستحکم کرنے کے لئے سرگرمیاں انجام دی گئیں۔ مزید برآں، مرکز گریز گیس کمپریسرز کو 2 ٹریڈر پر چلانے والے موڈیولر گیس ٹربائن یونٹس کو کامیابی سے تبدیل کر دیا گیا۔

آدی اٹا

پیدواری کنوئیں آدی-32 (T/K) کی تکمیل کے بعد اس سے پیداوار کا آغاز ہو چکا ہے جس سے پیداوار میں تقریباً یومیہ 800 بیرل تیل اور یومیہ 10.5 ایم ایم ایس سی ایف گیس کا اضافہ ہوا ہے۔

سیالیت کی انتظام کاری اور کیش فلو کی صورتحال

گردشی قرضوں میں تاریخی اضافے کی بناء پر کمپنی کی سیالیت پر بتدریج دباؤ بڑھتا گیا ہے۔ اس ضمن میں، 31 دسمبر 2018 کو کمپنی کی وصولیات 31 فیصد اضافے کے ساتھ 187 بلین روپے رہی (جبکہ 30 جون 2018 کو یہ 143 بلین روپے تھی)۔ اسکی بناء پر کمپنی کی آپریشنل سرگرمیوں کے لئے درکار سیالیت کی موجودہ سطح شدید دباؤ کے شکار کے ساتھ کم ہو کر 8.8 بلین روپے رہ گئی ہے (جبکہ 31 دسمبر 2018 کو یہ سطح 38.2 بلین روپے تھی)۔ پی پی ایل کے بورڈ آف ڈائریکٹرز کے مطابق گردش قرضہ کمپنی کی حکمت عملی کے حصول کے لئے شدید ترین خطرہ (رہسک) ہے۔ چنانچہ، حکومت پاکستان کی جانب سے مامز و کروہ قدرتی گیس کے مہنگا ہندوگان گاہکوں کو قانونی نوٹس بھجوا کر قرضوں کی واپسی کے لئے کوششوں کو تیز کرنے کے علاوہ کمپنی نے متعلقہ وزارتوں میں تمام شرائط اوروں کو ساتھ لیا ہے تاکہ اس مسئلے کا جلد حل نکالنے کے لئے ممکنہ طریقہ کار تلاش کئے جاسکیں۔

کاروباری حکمت عملی اور اہم شعبہ جات

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

دریافتی سرگرمیاں

کمپنی کا دریافتی اور بزنس ڈیولپمنٹ ڈائریکٹوریٹ تین اثاثوں بنام شمالی، جنوبی اور سرحدی (بشمول عراق اور یمن بلاکس) اثاثوں اور بزنس ڈیولپمنٹ اور جیوسروسز شعبہ جات پر مشتمل ہے۔ اس وقت، پی پی ایل اور اسکی ذیلی کمپنیوں کے پاس 44 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 18 پائزر 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

نوشہر و فیروز بلاک میں تیسرے دریا فٹی کنوئیں نصرت X-1 (Hor) کی کھدائی اور رگ کے بغیر جانچ مکمل ہو گئی ہے۔ کنواں اس وقت بند کر دیا گیا ہے اور جانچ کے بعد تجزیے کا عمل جاری ہے۔

سیرانی بلاک میں، ولدلی علاقے میں دریافتی کنوئیں کی کھدائی کے لئے سول کام اور رگ کو منتقل کرنے کے لئے سڑک کی تعمیر کے ڈیزائن منصوبہ بندی کے لئے قابل عمل ہونے کی تحقیق جاری ہے۔

کوڑی بلاک میں پانچویں دریا فٹی کنوئیں وراب X-1 کی کھدائی شروع کرنے کے لئے تیاریاں جاری ہیں۔

گہمٹ ساؤتھ بلاک میں دریافتی کنوئیں شم X-1 اور کوڑی بلاک میں رجب X-1 کو خشک کنوئیں ثابت ہونے پر نفع و نقصان کے کھاتے میں درج کر دیا گیا ہے۔

ایکسپلوریشن کے شمالی اثاثے

ڈھوک سلطان بلاک میں 3D سائزنگ کا حصول جاری ہے۔

حصال بلاک میں، دریافتی کنوئیں مصریال X-1 (ST-1) کو مدت گزار جانے کے بعد متروک اور اس کے وہانے کو بند کر دیا گیا۔

ایکسپلوریشن کے سرحدی اثاثے

زیر جائزہ مدت میں پیلا ویسٹ بلاک میں، پہلے دریافتی کنوئیں پیلا ویسٹ X-1 کی کھدائی کا آغاز کیا گیا اور نا حال کھدائی جاری ہے۔

بعد از ٹیکس منافع	31,039	22,024
بنیادی اور تحلیل شدہ آمدن فی شیئر (روپے)	13.69	9.71 (اعادہ شدہ)

فروخت آمدن

موجودہ مدت میں تقابلی عرصے کے مقابلے میں فروخت آمدن میں 17,836 ملین روپے کا اضافہ ہوا ہے۔ یہ اضافہ مثبت تغیر کو واضح کرتا ہے جو قیمت (بشمول زرمبادلہ کی شرح) کی مد میں بالترتیب 18,142 ملین روپے رہا جس نے حجم کی مد میں 306 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 54.63 امریکی ڈالر فی بیرل کے مقابلے میں زیر جائزہ مدت میں 71.14 امریکی ڈالر فی بیرل رہا جسے پاکستانی روپے کی قدر میں امریکی ڈالر کے مقابلے میں ہونے والی کمی نے مزید مضحکم کیا (گزشتہ تقابلی سرمایہ میں زرمبادلہ کی اوسط شرح 106.10 روپے کے مقابلے میں زیر نظر جائزے میں یہ شرح 129.75 روپے رہی)

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

یونٹ	پہلی ششماہی کا اختتام 31 دسمبر 2018	پہلی ششماہی کا اختتام 31 دسمبر 2017
قدرتی گیس	ایم ایم سی ایف	142,441
خام تیل/قدرتی گیس مائع (این جی ایل)/کنڈسیف	بی بی ایل	2,860,836
مائع پٹرولیم گیس (ایل پی جی)	ٹن	57,049
بیرائٹس	ٹن	58,564
		145,263
		2,887,775
		44,212
		39,595

منفعت

کمپنی کی منفعت میں تقابلی عرصے کے مقابلے میں 41 فیصد اضافہ ہوا۔ اس کی بنیادی وجہ فروخت آمدن میں ہونے والے اضافے (جسے اوپر بیان کیا گیا ہے) 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 اور زرمبادلہ کی مد میں ہونے والا نفع ہے، جس نے دریا فنی 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۔

پی پی ایل۔ای میں کی جانے والی سرمایہ کاری میں ہونے والے خسارے میں کمی کی وجوہات میں (i) پاکستانی روپے کی قدر میں امریکی ڈالر کے مقابلے میں ہونے والی نمایاں کمی اور (ii) زیارت بلاک میں آپریٹر کے ستمبر 2018 کے اعلامیے کے مطابق ہونے والی ہائیڈروکاربن کی دریافت ہے۔

دریا فنی اخراجات میں ہونے والا اضافہ خشک کنوں کی اضافی قیمت ہے جسے زیر نظر عرصے کے دوران منفعت اور خسارے کے اکاؤنٹ میں چارج کر دیا گیا ہے۔ ساتھ ہی کوٹری ناتھ بلاک میں پی پی ایل کی 50 فیصد کاربائی شراکت اور آپریٹر شپ کی یو این ڈی انرجی پاکستان لمیٹڈ کو منتقلی کے نتیجے میں ملنے والی بقیہ رقم کا تقابلی عرصے میں حصول ہے۔

آپریٹنگ اخراجات میں اضافے کی وجہ سے نئے کنوؤں اور پلانٹس کے آلات کی قیمت میں وقت کے ساتھ ہونے والی کمی ہے ساتھ ہی کنوؤں پر ہونے والا کام ہے۔

ڈائریکٹران کا عبوری جائزہ

آپ کے ڈائریکٹران 31 دسمبر 2018 کو ختم ہونے والے چھ ماہ کے غیر آڈٹ شدہ مجمع عبوری مالیاتی گوشواروں کے خلاصہ اور کمپنی کے امور کا مختصر جائزہ پیش کرتے ہوئے مسرت محسوس کرتے ہیں۔

آپریٹنگ مالیتی جھلکیاں / اہم نکات

آپریٹنگ جھلکیاں / آپریٹنگ کے اہم نکات

31 دسمبر 2018 کو ختم ہونے والی پہلی ششماہی کے دوران اہم کاروباری آپریٹنگ حسب ذیل ہیں:

دریا فیتیں

زیر نظر عرصے کے دوران آٹھ دریا فیتیں ہوئیں جن میں سے چھ دریا فیتیں: جب-1 (جب بلاک)، لیر-1 (کوڑی بلاک)، ہڈیل-1 (گہٹ ساؤتھ بلاک)، تالہ گنگ-1 (کر سال بلاک)، ہڈف-1 (گہٹ ساؤتھ بلاک) اور بیاری-1 (شاہندر بلاک) پی پی ایل آپریٹنگ اساسوں میں جبکہ دو دریا فیتیں: میلہ-5 (شیا بلاک) اور گل شیر-1 (ڈگری بلاک) پانڈرا آپریٹنگ اساسوں میں ہوئیں۔ مزید یہ کہ پی پی ایل یورپ کے پانڈرا آپریٹنگ نیارت بلاک سے ایک دریا فیت بولان ایسٹ-1 ہوئی۔

ارضیاتی وارضی طبعیاتی سرگرمیاں

زیر جائزہ مدت میں، پی پی ایل آپریٹنگ بلاکس میں بالترتیب 381 لاکھ کلومیٹر پر 2D اور 49 مربع کلومیٹر پر 3D سائز مک ڈیٹا حاصل کیا گیا جبکہ تقابلی عرصے میں 943 لاکھ کلومیٹر 2D ڈیٹا حاصل کیا گیا تھا۔ ساتھ ہی زیر نظر عرصے میں پی پی ایل آپریٹنگ بلاکس میں 4,387 لاکھ کلومیٹر ٹھنڈی اور متناطیسی ڈیٹا حاصل کیا گیا۔

کھدائی کی سرگرمیاں

موجودہ مدت میں پی پی ایل آپریٹنگ بلاکس میں 3 دریائی کنوئیں کھودے گئے جبکہ گذشتہ مدت میں 4 کنوئیں (2 دریائی اور 2 پیداواری) کھودے گئے تھے۔

مالیتی جھلکیاں / مالیاتی سرگرمیوں کے اہم نکات

31 دسمبر 2018 کو ختم ہونے والی پہلی ششماہی پر کمپنی کے اہم مالیاتی نتائج حسب ذیل ہیں:

پہلی ششماہی کا اختتام 31 دسمبر 2017	پہلی ششماہی کا اختتام 31 دسمبر 2018	
ملین روپے		
60,974	78,810	فروختہ آمدن (خالص)
32,838	40,969	قبل از ٹیکس منافع
(10,814)	(9,930)	ٹیکس



INDEPENDENT AUDITOR'S REVIEW REPORT

**TO THE MEMBERS OF PAKISTAN PETROLEUM LIMITED
REPORT ON REVIEW OF UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS**

Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of Pakistan Petroleum Limited as at December 31, 2018 and the related 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 changes in equity, and unconsolidated condensed interim statement of cash flows, and notes to the unconsolidated condensed interim financial statements for the half year then ended (here-in-after referred to as the "unconsolidated condensed interim financial statements"). Management is responsible for the preparation and presentation of these unconsolidated condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these unconsolidated condensed interim financial statements based on our review.

The figures of the unconsolidated condensed interim statement of profit or loss and unconsolidated condensed interim statement of profit or loss and other comprehensive income for the quarters ended December 31, 2018 and 2017 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2018.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of unconsolidated condensed interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unconsolidated condensed interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the audit resulting in this independent auditor's report is Farrukh Rehman.


Chartered Accountants
Karachi

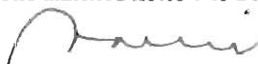

Date: February 28, 2019

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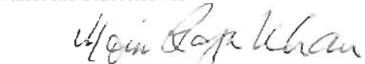
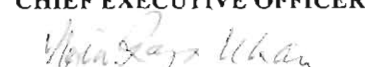
PAKISTAN PETROLEUM LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2018

	Note	December 31, 2018 Unaudited	June 30, 2018 Audited
Rs '000			
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Property, plant and equipment	5	156,610,109	154,703,102
Intangible assets		363,010	420,287
		156,973,119	155,123,389
Long-term investments	6	43,563,359	37,690,970
Long-term loans		16,029	16,067
Long-term deposits		7,676	7,676
Long-term receivables		74,670	74,670
		200,634,853	192,912,772
CURRENT ASSETS			
Stores and spares		3,318,514	3,528,438
Trade debts	7	186,735,678	142,636,089
Loans and advances		1,375,483	1,506,404
Trade deposits and short-term prepayments		734,586	230,968
Interest accrued		529,978	494,758
Current maturity of long-term loans		8,108	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		5,053,045	1,882,477
Short-term investments	8	4,642,500	14,072,500
Cash and bank balances		4,190,767	7,714,754
		207,551,295	174,407,996
TOTAL ASSETS		408,186,148	367,320,768
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital		22,674,872	19,717,295
Reserves		245,798,959	220,674,676
		268,473,831	240,391,971
NON-CURRENT LIABILITIES			
Provision for decommissioning obligation		22,913,522	22,592,369
Liabilities against assets subject to finance lease		40,763	68,136
Deferred liabilities		2,736,478	2,651,531
Deferred taxation		36,039,733	37,522,952
		61,730,496	62,834,988
CURRENT LIABILITIES			
Trade and other payables	9	70,978,470	61,550,474
Unclaimed dividends		320,066	332,998
Current maturity of liabilities against assets subject to finance lease		55,092	74,621
Taxation - net		6,628,193	2,135,716
		77,981,821	64,093,809
TOTAL LIABILITIES		139,712,317	126,928,797
CONTINGENCIES AND COMMITMENTS			
TOTAL EQUITY AND LIABILITIES	10	408,186,148	367,320,768

The annexed notes 1 to 21 form an integral part of these unconsolidated condensed interim financial statements.


CHIEF FINANCIAL OFFICER

CHIEF FINANCIAL OFFICER


DIRECTOR


CHIEF EXECUTIVE OFFICER

CHIEF EXECUTIVE OFFICER

PAKISTAN PETROLEUM LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2018

	Note	Quarter ended December 31, 2018	Quarter ended December 31, 2017	Half Year Ended December 31, 2018	Half Year Ended December 31, 2017
		Rs '000		Rs '000	
Sales - net	11	40,593,563	28,761,722	78,810,420	60,973,533
Operating expenses	12	(10,369,199)	(8,120,595)	(19,455,534)	(15,849,065)
Royalties and other levies		(5,973,841)	(4,072,003)	(11,610,926)	(8,962,046)
		(16,343,040)	(12,192,598)	(31,066,460)	(24,811,111)
Gross profit		24,250,523	16,569,124	47,743,960	36,162,422
Exploration expenses	13	(4,810,900)	(4,357,853)	(7,997,835)	(4,273,067)
Administrative expenses		(548,357)	(455,074)	(1,078,668)	(1,002,163)
Finance costs		(130,112)	(136,487)	(264,031)	(239,308)
Other charges		(2,200,877)	(749,957)	(4,301,360)	(2,293,116)
		16,560,277	10,869,753	34,102,066	28,354,768
Other income	14	4,882,507	3,305,442	6,867,356	4,483,170
Profit before taxation		21,442,784	14,175,195	40,969,422	32,837,938
Taxation	15	(4,592,268)	(4,829,852)	(9,929,985)	(10,814,274)
Profit after taxation		16,850,516	9,345,343	31,039,437	22,023,664
			(Restated)		(Restated)
Basic and diluted earnings per share (Rs)	18	7.43	4.12	13.69	9.71

The annexed notes 1 to 21 form an integral part of these unconsolidated condensed interim financial statements.



CHIEF FINANCIAL OFFICER



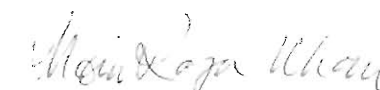
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DIRECTOR



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PAKISTAN PETROLEUM LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2018

	Quarter ended December 31, 2018	Quarter ended December 31, 2017	Half Year Ended December 31, 2018	Half Year Ended December 31, 2017
	Rs '000		Rs '000	
Profit after taxation	16,850,516	9,345,343	31,039,437	22,023,664
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Remeasurement gains on defined benefit plans - net	-	-	-	-
Deferred taxation	-	-	-	-
	-	-	-	-
Total comprehensive income	16,850,516	9,345,343	31,039,437	22,023,664

The annexed notes 1 to 21 form an integral part of these unconsolidated condensed interim financial statements.



CHIEF FINANCIAL OFFICER



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DIRECTOR



CHIEF EXECUTIVE OFFICER

PAKISTAN PETROLEUM LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2018

Note	Half Year Ended December 31, 2018	Half Year Ended December 31, 2017
	Rs '000	

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	54,533,970	60,559,551
Receipts of other income	4,882,020	1,589,807
Payment to suppliers / service providers and employees - net	(14,585,661)	(7,303,803)
Payment of indirect taxes and Government levies including royalties	(27,012,167)	(21,208,531)
Income tax paid	(6,920,727)	(6,585,711)
Finance costs paid	(7,116)	(14,200)
Long-term loans - net	823	(965)
Net cash generated from operating activities	10,891,142	27,036,148

CASH FLOWS FROM INVESTING ACTIVITIES

Capital expenditure - net	(18,204,948)	(14,034,495)
Proceeds from sale of property, plant and equipment	18,993	5,080
Purchase of long-term investments	(5,272,427)	(7,606,111)
Repayment of loan by subsidiary	1,370,080	-
Disposal / redemption of long-term investments	-	583,247
Long-term receivables	-	62,962
Finance income received	1,260,584	1,544,952
Net cash used in investing activities	(20,827,718)	(19,444,365)

CASH FLOWS FROM FINANCING ACTIVITIES

Payment of liabilities against assets subject to finance lease	(46,902)	(57,420)
Dividends paid	(2,970,509)	(11,894,396)
Net cash used in financing activities	(3,017,411)	(11,951,816)
Net decrease in cash and cash equivalents	(12,953,987)	(4,360,033)

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	8,833,267	38,213,929

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The annexed notes 1 to 21 form an integral part of these unconsolidated condensed interim financial statements.



CHIEF FINANCIAL OFFICER



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CHIEF FINANCIAL OFFICER
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DIRECTOR



CHIEF EXECUTIVE OFFICER

PAKISTAN PETROLEUM LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 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	-	-	-	-	-	-	-	22,023,664	22,023,664	22,023,664	22,023,664
Other comprehensive income for the half year ended December 31, 2017, net of tax	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the half year ended December 31, 2017	-	-	-	-	-	-	-	22,023,664	22,023,664	22,023,664	22,023,664
Transactions with owners											
Final dividend on ordinary shares @ 60% for the year ended June 30, 2017	-	-	-	-	-	-	-	(11,830,305)	(11,830,305)	(11,830,305)	(11,830,305)
Conversion of preference shares into ordinary shares	3	(3)	-	-	-	-	-	-	-	-	-
Balance as at December 31, 2017	19,717,178	117	1,428	69,761	34,021,894	23,751,980	2,535,354	146,164,524	206,543,513	206,544,941	226,262,236
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	-	-	-	-	-	-	-	31,039,437	31,039,437	31,039,437	31,039,437
Other comprehensive income for the half year ended December 31, 2018, net of tax	-	-	-	-	-	-	-	-	-	-	-
December 31, 2018	-	-	-	-	-	-	-	31,039,437	31,039,437	31,039,437	31,039,437
Transactions with owners											
Issuance of bonus shares @ 15% for the year ended June 30, 2018	2,957,577	-	-	-	-	-	-	(2,957,577)	(2,957,577)	(2,957,577)	-
Final dividend on ordinary shares @ 15% for the year ended June 30, 2018	-	-	-	-	-	-	-	(2,957,577)	(2,957,577)	(2,957,577)	(2,957,577)
Conversion of preference shares into ordinary shares	4	(4)	-	-	-	-	-	-	-	-	-
Balance as at December 31, 2018	22,674,762	110	1,428	69,761	34,021,894	23,751,980	2,535,354	185,418,542	245,797,531	245,798,959	268,473,831

The annexed notes 1 to 21 form an integral part of these unconsolidated condensed interim financial statements.


CHIEF FINANCIAL OFFICER


CHIEF FINANCIAL OFFICER


DIRECTOR


CHIEF EXECUTIVE OFFICER


CHIEF EXECUTIVE OFFICER

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

For the half year ended December 31, 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).

2. BASIS OF PREPARATION

- 2.1 These unconsolidated condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board as notified under the Companies Act, 2017 and provisions of and directives issued under the Companies Act, 2017. Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

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.

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 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, except for, the impact of adoption of IFRS 15 'Revenue from Contracts with Customers' as disclosed in note 2.3.

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

For the half year ended December 31, 2018

2.3 Change in Significant Accounting Policies

- 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.

The adoption of IFRS – 15 has not resulted in any financial impact for the Company.

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 Company's annual accounting periods beginning on or after July 1, 2019 and may have impact on the financial statements of the Company e.g. IFRS 16 'Leases' is applicable for the annual period beginning on January 1, 2019. At present, the impact of application of these standards, amendments and interpretations on the Company's future financial statements is being assessed.

Further, IFRS 9 'Financial Instruments' (previously applicable from annual periods beginning on or after July 1, 2018) replaced the multiple classification and measurement models in IAS 39 'Financial Instruments: Recognition and Measurement' with a single model having three classification categories (i.e. amortised cost, fair value through profit or loss and fair value through OCI). It also introduced an expected credit loss impairment model that replaces the incurred loss impairment model as defined in IAS 39. However, based on representations from various entities including the Company, highlighting practical difficulties in implementation of the said IFRS, SECP through SRO 229(I)/2019 dated February 14, 2019 has deferred the application of IFRS 9 till June 30, 2019. The Company is in the process of evaluating the potential impacts of applicability of IFRS 9 on its future financial statements.

3. ACCOUNTING POLICIES

3.1 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 2.3.

3.2 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, being immaterial.

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

For the half year ended December 31, 2018

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, except for as defined below:

The Company has changed the depreciation method for certain classes of immovable assets from straight line method to unit of production method to align its depreciation policy with international best practices. This change in estimate is applied prospectively to field based asset classes in accordance with IAS 8 "Accounting policies, change in accounting estimates and errors", including plant and machinery and tanks and pipelines. Had there been no change in the depreciation method, depreciation expense would have been lower by Rs 1,189 million.

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.

December 31, 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	5,134,734	25,523,297
	<u>108,336,707</u>	<u>118,472,173</u>
Disposals during the period / year (NBV)	(3,118)	(6,825)
Adjustments during the period / year (NBV)	(696,065)	231,986
Depreciation / amortisation charged during the period / year	<u>(10,310,633)</u>	<u>(15,495,361)</u>
	97,326,891	103,201,973
Capital work-in-progress - note 5.1	59,283,218	51,501,129
	<u><u>156,610,109</u></u>	<u><u>154,703,102</u></u>

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

For the half year ended December 31, 2018

December 31, 2018 Unaudited	June 30, 2018 Audited
----- Rs '000 -----	

5.1 Capital work-in-progress

Plant, machinery, fittings and pipelines	10,667,786	8,980,797
Exploration and evaluation (E&E) assets - note 5.1.1	25,463,604	20,503,317
Development and production (D&P) assets	5,386,370	5,929,579
Lands, buildings and civil constructions	162,825	180,117
Capital stores for drilling and development	17,602,633	15,907,319
	59,283,218	51,501,129

- 5.1.1** Amounts under E&E assets are net cost of dry wells charged to profit or loss during the period / year, amounting to Rs 6,010 million (June 30, 2018: Rs 7,180 million).

December 31, 2018 Unaudited	June 30, 2018 Audited
----- Rs '000 -----	

6. LONG-TERM INVESTMENTS

Investments in related parties

- Wholly owned subsidiaries

- PPPFTC	1	1
- PPLE (net of impairment) - note 6.1	3,365,044	2,765,082
- PPLA (net of impairment)	3,296,502	3,296,502
	6,661,547	6,061,585

Other investments

- Held-to-maturity

- Local currency term deposits with bank	2,000,000	2,000,000
- Foreign currency term deposits with banks - note 6.2	34,831,289	29,555,194
	36,831,289	31,555,194

- Designated at fair value through profit or loss

- Mutual Funds	70,523	74,191
	43,563,359	37,690,970

- 6.1** The Company has reversed previously recorded impairment loss on investment in PPLE to the extent of Rs 600 million. The reasons for reversal are (i) significant devaluation of Pak Rupee against US Dollar (ii) discovery of hydrocarbons in Ziarat block as declared by the operator during September 2018. The corresponding credit in the statement of profit or loss is included in other income.

- 6.2** This represents foreign currency term deposits amounting to US\$ 251.308 million (June 30, 2018: US\$ 243.453 million).

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

For the half year ended December 31, 2018

	December 31, 2018 Unaudited	June 30, 2018 Audited
	----- Rs '000 -----	
7. TRADE DEBTS		
Unsecured and considered good		
Related parties		
Central Power Generation Company Limited (GENCO-II)	25,180,631	15,395,000
Sui Northern Gas Pipelines Limited (SNGPL)	86,386,129	66,873,563
Sui Southern Gas Company Limited (SSGCL)	60,935,815	50,044,516
Pak-Arab Refinery Limited (PARCO)	1,415,926	912,202
Oil & Gas Development Company Limited (OGDCL)	409,861	259,447
	<u>174,328,362</u>	<u>133,484,728</u>
Non-related parties		
Attock Refinery Limited (ARL)	10,272,118	7,066,439
Pakistan Refinery Limited (PRL)	676,630	593,175
National Refinery Limited (NRL)	511,329	367,586
Others	947,239	1,124,161
	<u>12,407,316</u>	<u>9,151,361</u>
	<u>186,735,678</u>	<u>142,636,089</u>
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)
	<u>-</u>	<u>-</u>
	<u>186,735,678</u>	<u>142,636,089</u>
7.1 The ageing of trade debts is as follows:		
Neither past due nor impaired	26,287,301	25,186,711
Past due but not impaired:		
Related parties		
- within 90 days	30,213,026	19,001,211
- 91 to 180 days	19,722,858	18,804,522
- over 180 days	104,960,594	78,038,673
	<u>154,896,478</u>	<u>115,844,406</u>
Non-related parties		
- within 90 days	4,570,246	1,515,740
- 91 to 180 days	209,321	6,515
- over 180 days	772,332	82,717
	<u>5,551,899</u>	<u>1,604,972</u>
	<u>186,735,678</u>	<u>142,636,089</u>

Notes to and Forming Part of the Unconsolidated Condensed Interim

Financial Statements (Unaudited)

For the half year ended December 31, 2018

- 7.2** Trade debts include overdue amount of Rs 153,996 million (June 30, 2018: Rs 115,843 million) receivable from the State controlled companies (i.e. GENCO-II, SNGPL, SSGCL and OGDCL) and Rs 7,609 million (June 30, 2018: Rs 2,763 million) overdue receivable from refineries (i.e. ARL, Byco, PARCO, NRL and PRL) 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.

December 31, 2018 Unaudited	June 30, 2018 Audited
----- Rs '000 -----	

8. SHORT-TERM INVESTMENTS

Held-to-maturity

- Local currency term deposits with banks

4,642,500	14,072,500
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9. TRADE AND OTHER PAYABLES

Creditors	541,131	1,371,618
Accrued liabilities	5,313,581	5,886,085
Security deposits from LPG distributors	766,180	766,180
Retention money	127,286	127,870
Gas development surcharge (GDS)	13,895,056	9,031,121
Gas infrastructure development cess (GIDC)	5,615,743	4,021,115
Sales tax - net	805,839	902,433
Royalties	6,591,801	10,718,388
Lease extension bonus	13,020,917	10,768,415
Current accounts with joint operations	15,227,425	13,129,818
Staff retirement benefit funds	2,355,971	2,306,171
Provision for windfall levy on oil / condensate - note 10.1	4,014,937	1,961,937
Federal excise duty	-	143,208
Workers' Profits Participation Fund (WPPF)	2,142,737	-
Others	559,866	416,115
	70,978,470	61,550,474

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

For the half year ended December 31, 2018

10. 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:

10.1 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 next date of hearing has been fixed for February 28, 2019 and stay order already in effect has been extended till the said date.

The Windfall Levy, if also applicable on oil / condensate will amount to approximately Rs 21,962 million for the period up to December 31, 2018. Further, WLO provided for in the books of accounts from December 27, 2017 till December 31, 2018, amounts to Rs 4,015 million.

Additionally, the cumulative impact of incremental revenue recorded in the books of accounts till December 31, 2018 and profit after tax thereof is Rs 11,964 million and Rs 6,259 million, respectively.

10.2 Sales Tax

During the period, the Tax Authority has passed an order in respect of remand back proceedings involving various tax periods intending to disallow input sales tax claimed by the Company under the provisions of the Sales Tax Act, 1990. The Tax Authorities have passed the order creating a demand of Rs 60 million, which was duly paid by the Company under protest. The Company, being aggrieved with the decision, has filed an appeal before the CIR-(A) against the said order.

Further, the CIR-(A) has also decided various appeals filed by the Company in respect of sales tax proceedings involving different tax periods wherein the Tax Authorities has disallowed input sales tax claimed by the Company under the relevant provisions of the Sales Tax Act, 1990. In the said orders, the CIR-(A) has given partial relief to the Company. The Company has filed appeals before the ATIR relating to input sales tax demand maintained by CIR-(A), however, in respect of demand deleted / set-aside, the Company has filed applications before the Tax Authorities to give effect to the extent of relief provided by the CIR-(A).

10.3 Income Tax

During the period, the Tax Authorities while amending the assessment for the tax year 2018 have created a demand of Rs 1,024 million in respect of rate issue, depletion allowance, tax credits under section 65B relating to Agreement Areas and other issues. The demand created was duly paid by the Company under protest.

Further, the Tax Authorities had concluded the income tax audit proceedings for the tax year 2017 wherein a demand of Rs 238 million was raised, which was duly paid by the Company under protest. The Company being aggrieved with the above decisions, has filed an appeal before the Commissioner – Appeals [CIR-(A)] against the aforesaid orders. The appeal for assessment proceedings of tax year 2018 was filed subsequent to the period ended December 31, 2018.

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

For the half year ended December 31, 2018

During the period, the CIR-(A) has also decided the appeals filed by the Company in respect of assessment proceedings for the tax years 2015 to 2017. In the said decision, the CIR-(A) has decided the issues of rate, depletion allowance, tax credits under sections 65A and 65B and super tax on Non-Agreement areas against the Company, whereas, the issue of super tax on Agreement Areas has been decided in favour of the Company. Being aggrieved with the said decision, an appeal has been filed before the Appellate Tribunal Inland Revenue (ATIR) in respect of issues decided against the Company.

Moreover, the CIR-(A) has also decided an appeal in favour of the Company relating to the monitoring proceedings for the tax year 2016 wherein a demand of Rs 25 million was raised. The Company has filed an application with the Tax Department to give effect to the said decision of CIR-(A).

10.4 Other Contingencies

The Contractor of Gambat South Gas Processing Facility (GPF) - III served a notice on the Company, invoking the arbitration clause of the Contract and subsequently initiated arbitration proceedings in which it has filed a number of claims against the Company. The Company intends to file a strong response and raise counter-claims against the Contractor. The financial effect of the matter, if any, cannot be reliably estimated at present. The Company, after reviewing the claims made against it and consulting its legal counsel, is reasonably confident of a favourable outcome.

Half year ended December 31, 2018	Half year ended December 31, 2017
----- Rs '000 -----	

11. SALES - net

Gross sales

Natural gas	67,045,293	55,016,993
Gas supplied to Sui villages	262,771	186,185
Internal consumption of gas	153,756	115,192
Crude oil / Condensate / Natural Gas Liquids	25,499,480	16,173,865
LPG	5,118,676	3,072,147
Barytes	569,417	363,028
	98,649,393	74,927,410

Government levies / discounts

Federal excise duty	(1,014,845)	(1,057,323)
Sales tax	(10,549,369)	(8,550,757)
GDS	(5,968,762)	(1,995,098)
GIDC	(2,023,800)	(2,269,796)
Petroleum Levy	(266,363)	(61,701)
Discounts (Barytes)	(15,834)	(19,202)
	(19,838,973)	(13,953,877)
	78,810,420	60,973,533

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

For the half year ended December 31, 2018

	Half year ended December 31, 2018	Half year ended December 31, 2017
	----- Rs '000 -----	
12. OPERATING EXPENSES		
Salaries, wages, welfare and other benefits	3,621,755	2,613,603
Operators' personnel	837,223	830,015
Depreciation - note 4	4,940,186	3,025,994
Amortisation of decommissioning assets	673,464	828,238
Amortisation of D&P assets	4,656,666	4,195,267
Plant operations	1,602,012	1,452,389
Well interventions	834,132	657,454
Field services	885,989	866,079
Crude oil transportation	460,932	482,256
Travelling and conveyance	222,454	210,654
Training & development	6,247	3,518
PCA overheads	56,448	52,182
Insurance expenses	263,321	284,295
Free supply of gas to Sui villages	262,771	186,185
Social welfare / community development	75,598	116,806
Other expenses	56,336	44,130
	19,455,534	15,849,065

13. EXPLORATION EXPENSES

13.1 Exploration expenses for the period also include cost of dry wells amounting to Rs 6,010 million (December 31, 2017: Rs 3,005 million).

	Half year ended December 31, 2018	Half year ended December 31, 2017
	----- Rs '000 -----	

14. OTHER INCOME

Income from financial assets

Income on loans and bank deposits	170,000	182,107
Income on term deposits	186,820	682,539
Income on long-term held-to-maturity investments	810,483	427,527
Income from investment in treasury bills	128,501	344,880
Gain on re-measurement / disposal of investments designated at fair value through profit or loss (net)	112,820	108,713
	1,408,624	1,745,766

Income from assets other than financial assets

Rental income on assets	4,300	638
Profit on sale of property, plant and equipment (net)	15,875	3,740
Exchange gain on foreign currency (net)	4,795,095	1,450,612
Insurance income	631	236,347
Reversal of impairment loss on investment in PPLE - note 6.1	599,961	-
Share of profit on sale of LPG	16,460	50,061
Others	26,410	996,006
	5,458,732	2,737,404
	6,867,356	4,483,170

Notes to and Forming Part of the Unconsolidated Condensed Interim

Financial Statements (Unaudited)

For the half year ended December 31, 2018

	Half year ended December 31, 2018	Half year ended December 31, 2017
	----- Rs '000 -----	
15. TAXATION		
Current		
- For the half year	11,590,600	8,234,641
- For the prior year	(177,396)	232,253
	11,413,204	8,466,894
Deferred	(1,483,219)	2,347,380
	9,929,985	10,814,274
16. CASH AND CASH EQUIVALENTS		
Cash and bank balances	4,190,767	4,556,716
Short-term highly liquid investments	4,642,500	33,657,213
	8,833,267	38,213,929

17. 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:

	Half year ended December 31, 2018	Half year ended December 31, 2017
	----- Rs '000 -----	
Sales of gas / barytes to State controlled entities (including Government levies)		
GENCO-II	14,777,631	9,372,298
SSGCL	16,431,106	12,710,789
SNGPL	35,743,097	32,931,054
OGDCL	101,509	80,744
	67,053,343	55,094,885

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

For the half year ended December 31, 2018

	Half year ended December 31, 2018	Half year ended December 31, 2017
	----- Rs '000 -----	
Long-term receivables, trade debts and other receivables from State controlled entities as at December 31	173,066,172	105,375,669
Transactions with subsidiaries		
Receivable from PPLA as at December 31	66,924	81,739
Receivable from PPLE as at December 31	36,883	10,482
Interest income on long-term loan to PPLE	18,565	26,874
Loan receivable from PPLE as at December 31- note 17.1	-	1,244,809
Payment of employees cost on secondment	29,568	30,902
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	3,165,623	2,680,311
Expenses incurred	-	3,400
Transactions with Joint Operations		
Payments of cash calls to joint operations	21,605,054	13,624,422
Expenditures incurred by the joint operations	22,610,623	16,838,386
Under advance balances relating to joint operations as at December 31	12,645,827	7,930,732
Current account receivables relating to joint operations as at December 31	4,648,235	2,822,811
Current account payables relating to joint operations as at December 31	1,466,762	1,659,409
Income from rental of assets to joint operations	4,300	638
Purchase of goods from BME (net)	143,625	186,792
Reimbursement of employee cost on secondment to BME	10,393	8,984



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

For the half year ended December 31, 2018

Half year ended December 31, 2018	Half year ended December 31, 2017
----- Rs '000 -----	

Other related parties

Dividend to GoP - note 17.4	<u>1,996,591</u>	<u>7,986,364</u>
Dividend to trust under BESOS - note 17.4	<u>217,454</u>	<u>869,814</u>
Dividend to trusts under retirement benefit funds - note 17.4	<u>1,646</u>	<u>6,585</u>
Transactions with retirement benefit funds	<u>443,610</u>	<u>447,854</u>
Remuneration to key management personnel - note 17.2	<u>1,371,521</u>	<u>1,385,494</u>
Payment of rental to Pakistan Industrial Development Corporation	<u>58,592</u>	<u>51,653</u>
Payment of rental to Karachi Port Trust	<u>3,229</u>	<u>4,174</u>
Payment to National Insurance Company Limited (NICL)	<u>889,631</u>	<u>316,372</u>
Insurance claim received from NICL	<u>573</u>	<u>236,284</u>
Payment to Pakistan State Oil Company Limited	<u>208,876</u>	<u>347,262</u>

- 17.1** During the current period, the loan receivable amounting to Rs 1,402 million (US\$ 11.286 million) from PPLE, and PPLE Pakistan branch has been fully received by the Company.
- 17.2** Aggregate amount charged in these unconsolidated condensed interim financial statements in respect of fees paid to ten non-executive directors was Rs 13.005 million (December 2017: Rs 7.565 million to thirteen non-executive directors).
- 17.3** No amount has been charged on account of remuneration of chief executive officer, appointed for the period from July 01, 2018 till December 31, 2018, since it is yet to be decided by the Board of Directors of the Company.
- 17.4** The Company also issued bonus shares to GoP (199,659,102 shares), trust under BESOS (21,745,360 shares) and trusts under retirement benefit funds (164,631 shares).
- 17.5** The Company has guaranteed to Midland Oil Company, Iraq (MdOC) for 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 13,910 million), out of which US\$ 65.286 million (Rs 9,081 million) is outstanding.
- 17.6** The Company has provided parent company guarantee amounting to US\$ 5.3 million (Rs 737 million) to GoP in respect of PPLE's exploration licenses in Pakistan i.e. Barkhan, Harnai and Ziarat.

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

For the half year ended December 31, 2018

	Half year ended December 31, 2018	Half year ended December 31, 2017
18. EARNINGS PER SHARE		
18.1 Basic earnings per share		
Profit after taxation (Rs '000)	31,039,437	22,023,664
Dividend on convertible preference shares (Rs '000)	(34)	(35)
Profit attributable to ordinary shareholders (Rs '000)	<u>31,039,403</u>	<u>22,023,629</u>
Weighted average number of ordinary shares in issue	<u>2,267,475,884</u>	(Restated) <u>2,267,475,242</u>
Basic earnings per share (Rs)	<u>13.69</u>	(Restated) <u>9.71</u>

18.1.1 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.

	Half year ended December 31, 2018	Half year ended December 31, 2017
18.2 Diluted earnings per share		
Profit after taxation (Rs '000)	31,039,437	22,023,664
Weighted average number of ordinary shares in issue	2,267,475,884	(Restated) 2,267,475,242
Adjustment for convertible preference shares	<u>11,285</u>	<u>11,927</u>
Weighted average number of ordinary shares for diluted earnings per share	<u>2,267,487,169</u>	(Restated) <u>2,267,487,169</u>
Diluted earnings per share (Rs)	<u>13.69</u>	(Restated) <u>9.71</u>

18.3 During the current period, the Company has issued 15% bonus shares (i.e. fifteen shares for every hundred shares held), which has resulted in restatement of basic and diluted earnings per share for the half year ended December 31, 2017.

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

For the half year ended December 31, 2018

19. DATE OF AUTHORISATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorised for issue on February 28, 2019 by the Board of Directors of the Company.

20. SUBSEQUENT / NON-ADJUSTING EVENTS

- 20.1 The Board of Directors in its meeting held on February 28, 2019 declared nil interim dividend on the paid up value of both ordinary share capital (December 2017: @ 40% amounting to Rs 7,886.872 million) and convertible preference share capital (December 2017: @ 30% amounting to Rs 0.034 million).

21. GENERAL

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



CHIEF FINANCIAL OFFICER



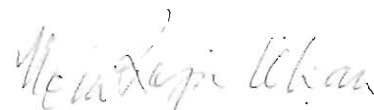
CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER



DIRECTOR



CHIEF EXECUTIVE OFFICER



INDEPENDENT AUDITOR'S REVIEW REPORT

**TO THE MEMBERS OF PAKISTAN PETROLEUM LIMITED
REPORT ON REVIEW OF CONSOLIDATED CONDENSED INTERIM
FINANCIAL STATEMENTS**

Introduction

We have reviewed the accompanying consolidated condensed interim statement of financial position of Pakistan Petroleum Limited and its subsidiary companies as at December 31, 2018 and the related 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 changes in equity, and consolidated condensed interim statement of cash flows, and notes to the consolidated condensed interim financial statements for the half year then ended (here-in-after referred to as the "consolidated condensed interim financial statements"). Management is responsible for the preparation and presentation of these consolidated condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these consolidated condensed interim financial statements based on our review.

The figures of the consolidated condensed interim statement of profit or loss and consolidated condensed interim statement of profit or loss and other comprehensive income for the quarters ended December 31, 2018 and 2017 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2018.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated condensed interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated condensed interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the audit resulting in this independent auditor's report is Farrukh Rehman.


Chartered Accountants
Karachi

Date: February 28, 2019

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>

PAKISTAN PETROLEUM LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2018

	Note	December 31, 2018 (Unaudited)	June 30, 2018 (Audited)
----- Rs '000 -----			
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Property, plant and equipment	5	157,822,420	155,354,034
Intangible assets		363,010	420,287
		158,185,430	155,774,321
Long-term investments	6	36,901,813	31,629,386
Long-term loans		16,029	16,067
Long-term deposits		7,676	7,676
Long-term receivables		74,670	74,670
		195,185,618	187,502,120
CURRENT ASSETS			
Stores and spares		3,318,514	3,528,438
Trade debts	7	186,956,329	142,824,745
Loans and advances		1,375,483	1,506,404
Trade deposits and short-term prepayments		741,153	234,923
Interest accrued		638,322	547,409
Current maturity of long-term loans		8,108	8,892
Current maturity of long-term deposits		911,850	911,850
Current maturity of long-term receivables		50,786	50,786
Other receivables		5,380,256	2,214,976
Short-term investments	8	12,366,539	22,379,416
Cash and bank balances		4,384,390	8,251,633
		216,131,730	182,459,472
TOTAL ASSETS		411,317,348	369,961,592
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital		22,674,872	19,717,295
Reserves		245,939,564	220,732,201
		268,614,436	240,449,496
NON-CURRENT LIABILITIES			
Provision for decommissioning obligation		23,327,623	22,963,492
Liabilities against assets subject to finance lease		40,763	68,136
Deferred liabilities		2,736,478	2,651,531
Deferred taxation		36,039,733	37,522,952
		62,144,597	63,206,111
CURRENT LIABILITIES			
Trade and other payables	9	72,964,297	63,298,624
Unclaimed dividends		320,066	332,998
Current maturity of liabilities against assets subject to finance lease		55,092	74,621
Taxation - net		7,218,860	2,599,742
		80,558,315	66,305,985
TOTAL LIABILITIES		142,702,912	129,512,096
CONTINGENCIES AND COMMITMENTS			
TOTAL EQUITY AND LIABILITIES	10	411,317,348	369,961,592

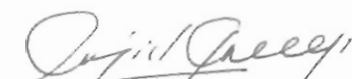
The annexed notes 1 to 21 form an integral part of these consolidated condensed interim financial statements.



CHIEF FINANCIAL OFFICER



CHIEF FINANCIAL OFFICER



DIRECTOR



CHIEF EXECUTIVE OFFICER



CHIEF EXECUTIVE OFFICER

PAKISTAN PETROLEUM LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2018

	Note	Quarter ended December 31, 2018	Quarter ended December 31, 2017	Half year ended December 31, 2018	Half year ended December 31, 2017
		Rs '000		Rs '000	
Sales - net	11	40,723,109	28,862,620	79,056,837	61,180,854
Operating expenses	12	(10,436,093)	(8,209,923)	(19,593,804)	(16,035,629)
Royalties and other levies		(5,992,874)	(4,081,950)	(11,640,697)	(8,982,643)
		(16,428,967)	(12,291,873)	(31,234,501)	(25,018,272)
Gross Profit		24,294,142	16,570,747	47,822,336	36,162,582
Exploration expenses	13	(5,181,638)	(4,462,364)	(8,188,649)	(4,470,024)
Administrative expenses		(555,076)	(471,184)	(1,100,708)	(1,027,997)
Finance costs		(141,747)	(143,045)	(280,453)	(252,357)
Other charges		(2,200,877)	(753,658)	(4,301,360)	(1,740,625)
		16,214,804	10,740,496	33,951,166	28,671,579
Other income	14	4,927,838	3,325,566	6,344,601	4,524,373
Profit before taxation		21,142,642	14,066,062	40,295,767	33,195,952
Taxation	15	(4,684,342)	(4,847,268)	(10,028,238)	(10,836,022)
Profit after taxation		16,458,300	9,218,794	30,267,529	22,359,930
			(Restated)		(Restated)
Basic and diluted earnings per share (Rs)	18	7.26	4.07	13.35	9.86

The annexed notes 1 to 21 form an integral part of these consolidated condensed interim financial statements.



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER



DIRECTOR



CHIEF EXECUTIVE OFFICER

PAKISTAN PETROLEUM LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2018

	Quarter ended December 31, 2018	Quarter ended December 31, 2017	Half year ended December 31, 2018	Half year ended December 31, 2017
	----- Rs '000 -----		----- Rs '000 -----	
Profit after taxation	16,458,300	9,218,794	30,267,529	22,359,930
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Remeasurement gains on defined benefit plans - net	-	-	-	-
Deferred taxation	-	-	-	-
Items that may be reclassified to profit or loss				
Foreign exchange differences on translation of subsidiaries	560,422	267,056	854,988	294,566
Other comprehensive income, net of tax	560,422	267,056	854,988	294,566
Total comprehensive income	17,018,722	9,485,850	31,122,517	22,654,496

The annexed notes 1 to 21 form an integral part of these consolidated condensed interim financial statements.




CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER



DIRECTOR



CHIEF EXECUTIVE OFFICER

PAKISTAN PETROLEUM LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2018

Note	Half Year Ended December 31, 2018	Half Year Ended December 31, 2017
	----- Rs '000 -----	

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	54,816,176	60,775,735
Receipts of other income	4,882,020	1,589,807
Payment to suppliers / service providers and employees - net	(14,762,901)	(7,436,666)
Payment of indirect taxes and Government levies including royalties	(27,080,514)	(21,268,975)
Income tax paid	(6,967,582)	(6,598,261)
Finance costs paid	(7,116)	(14,200)
Long-term loans - net	823	(965)
Net cash generated from operating activities	10,880,906	27,046,475

CASH FLOWS FROM INVESTING ACTIVITIES

Capital expenditure - net	(18,823,100)	(14,217,711)
Proceeds from sale of property, plant and equipment	18,993	5,080
Purchase of long-term investments	(5,272,427)	(7,606,111)
Disposal / redemption of long-term investments	-	583,247
Long-term receivables	-	62,962
Finance income received	1,313,354	1,593,294
Net cash used in investing activities	(22,763,180)	(19,579,239)

CASH FLOWS FROM FINANCING ACTIVITIES

Payment of liabilities against assets subject to finance lease	(46,902)	(57,420)
Dividends paid	(2,970,509)	(11,894,396)
Net cash used in financing activities	(3,017,411)	(11,951,816)
Net decrease in cash and cash equivalents	(14,899,685)	(4,484,580)
Cash and cash equivalents at the beginning of the period	30,631,049	50,404,838
Net foreign exchange differences	1,019,565	406,120
Cash and cash equivalents at the end of the period	16,750,929	46,326,378

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The annexed notes 1 to 21 form an integral part of these consolidated condensed interim financial statements.



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER



DIRECTOR





CHIEF EXECUTIVE OFFICER



PAKISTAN PETROLEUM LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 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	-	-	-	-	-	-	-	22,359,930	-	22,359,930	22,359,930	22,359,930
Other comprehensive income for the half year ended December 31, 2017, net of tax	-	-	-	-	-	-	-	-	294,566	294,566	294,566	294,566
Total comprehensive income for the half year ended December 31, 2017	-	-	-	-	-	-	-	22,359,930	294,566	22,654,496	22,654,496	22,654,496
Transactions with owners												
Final dividend on ordinary shares @ 60% for the year ended June 30, 2017	-	-	-	-	-	-	-	(11,830,305)	-	(11,830,305)	(11,830,305)	(11,830,305)
Conversion of preference shares into ordinary shares	3	(3)	-	-	-	-	-	-	-	-	-	-
Balance as at December 31, 2017	19,717,178	117	1,428	69,761	34,021,894	23,751,980	2,535,354	144,040,671	1,809,214	206,228,874	206,230,302	225,947,597
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	-	-	-	-	-	-	-	30,267,529	-	30,267,529	30,267,529	30,267,529
Other comprehensive income for the half year ended December 31, 2018, net of tax	-	-	-	-	-	-	-	-	854,988	854,988	854,988	854,988
Total comprehensive income for the half year ended December 31, 2018	-	-	-	-	-	-	-	30,267,529	854,988	31,122,517	31,122,517	31,122,517
Transactions with owners												
Issuance of bonus shares @15% for the year ended June 30, 2018	2,957,577	-	-	-	-	-	-	(2,957,577)	-	(2,957,577)	(2,957,577)	-
Final dividend on ordinary shares @ 15% for the year ended June 30, 2018	-	-	-	-	-	-	-	(2,957,577)	-	(2,957,577)	(2,957,577)	(2,957,577)
Conversion of preference shares into ordinary shares	4	(4)	-	-	-	-	-	-	-	-	-	-
Balance as at December 31, 2018	22,674,762	110	1,428	69,761	34,021,894	23,751,980	2,535,354	182,324,666	3,234,481	245,938,136	245,939,564	268,614,436

The annexed notes 1 to 21 form an integral part of these consolidated condensed interim financial statements.


CHIEF FINANCIAL OFFICER

CHIEF FINANCIAL OFFICER


DIRECTOR


CHIEF EXECUTIVE OFFICER

CHIEF EXECUTIVE OFFICER

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

For the half year ended December 31, 2018

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.

1.2 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 administering the trusts formed for the benefits of the employees of the Holding Company.

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

For the half year ended December 31, 2018

2. BASIS OF PREPARATION

2.1 These consolidated condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board as notified under the Companies Act, 2017 and provisions of and directives issued under the Companies Act, 2017. Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

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.

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 half year ended December 31, 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 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, except for, the impact of adoption of IFRS 15 'Revenue from Contracts with Customers' as disclosed in note 2.4.

2.4 Change in Significant Accounting Policies

- 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.

The adoption of IFRS – 15 has not resulted in any financial impact for the Group.

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

For the half year ended December 31, 2018

2.5 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 e.g. IFRS 16 'Leases' is applicable for the annual period beginning on July 1, 2019. At present, the impact of application of these standards, amendments and interpretations on the Company's future financial statements is being assessed.

Further, IFRS 9 'Financial Instruments' (previously applicable from annual periods beginning on or after July 1, 2018) replaced the multiple classification and measurement models in IAS 39 'Financial Instruments: Recognition and Measurement' with a single model having three classification categories (i.e. amortised cost, fair value through profit or loss and fair value through OCI). It also introduced an expected credit loss impairment model that replaces the incurred loss impairment model as defined in IAS 39. However, based on representations from various entities including the Holding Company, highlighting practical difficulties in implementation of the said IFRS, SECP through SRO 229(I)/2019 dated February 14, 2019 has deferred the application of IFRS 9 till June 30, 2019. The Group is in the process of evaluating the potential impacts of applicability of IFRS 9 on its future financial statements.

3. ACCOUNTING POLICIES

3.1 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 2.4.

3.2 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, being immaterial.

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 half year ended December 31, 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, except for as defined below:

The Holding Company has changed the depreciation method for certain classes of immovable assets from straight line method to unit of production method to align its depreciation policy with international best practices. This change in estimate is applied prospectively to field based asset classes in accordance with IAS 8 "Accounting policies, change in accounting estimates and errors", including plant and machinery and tanks and pipelines. Had there been no change in the depreciation method, depreciation expense would have been lower by Rs 1,189 million.

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.

December 31, 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	5,136,937	25,547,205
	<u>108,989,842</u>	<u>119,236,187</u>
Disposals during the period / year (NBV)	(3,118)	(6,825)
Adjustments during the period / year (NBV)	(614,742)	329,888
Depreciation / amortisation charged during the period / year	<u>(10,413,903)</u>	<u>(15,706,345)</u>
	97,958,079	103,852,905
Capital work-in-progress - note 5.1	59,864,341	51,501,129
	<u>157,822,420</u>	<u>155,354,034</u>

5.1 Capital work-in-progress

Plant, machinery, fittings and pipelines	10,667,786	8,980,797
Exploration and Evaluation (E&E) assets - note 5.1.1	26,044,722	20,503,317
Development and production (D&P) assets	5,386,370	5,929,579
Lands, buildings and civil constructions	162,825	180,117
Capital stores for drilling and development	17,602,638	15,907,319
	<u>59,864,341</u>	<u>51,501,129</u>

5.1.1 Amounts under E&E assets are net of cost of dry wells charged to profit or loss during the period / year, amounting to Rs 6,010 million (June 30, 2018: Rs 7,180 million).

**Notes to and Forming Part of the Consolidated Condensed Interim
Financial Statements (Unaudited)**
For the half year ended December 31, 2018

December 31, 2018 Unaudited	June 30, 2018 Audited
Rs '000	

7.1 The ageing of trade debts is as follows:

Neither past due nor impaired 26,411,766 25,267,261

Past due but not impaired:

Related parties

- within 90 days	30,293,529	19,109,317
- 91 to 180 days	19,738,541	18,804,522
- over 180 days	104,960,594	78,038,673
	154,992,664	115,952,512

Non-related parties

- within 90 days	4,570,246	1,515,740
- 91 to 180 days	209,321	6,515
- over 180 days	772,332	82,717
	5,551,899	1,604,972
	186,956,329	142,824,745

7.2 Trade debts include overdue amount of Rs 154,092 million (2018: Rs 115,951 million) receivable from the State controlled companies (i.e. GENCO-II, SNGPL, SSGCL and OGDCL) and Rs 7,609 million (2018: Rs 2,763 million) overdue receivable from refineries (i.e. ARL, Byco, PARCO, NRL and PRL) 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.

December 31, 2018 Unaudited	June 30, 2018 Audited
Rs '000	

8. SHORT-TERM INVESTMENTS

Held-to-maturity

Local currency term deposits with banks	4,642,500	14,072,500
Foreign currency term deposits with banks - note 8.1	7,724,039	8,306,916
	12,366,539	22,379,416

8.1 This represents foreign currency term deposits amounting to US\$ 55.729 million (June 30, 2018: US\$ 68.426 million).

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

For the half year ended December 31, 2018

December 31, 2018 Unaudited	June 30, 2018 Audited
Rs '000	

9. TRADE AND OTHER PAYABLES

Creditors	541,131	1,371,618
Accrued liabilities	5,683,727	6,001,897
Security deposits from LPG distributors	766,180	766,180
Retention money	127,286	127,870
Gas Development Surcharge (GDS)	13,895,056	9,031,121
Gas Infrastructure Development Cess (GIDC)	5,615,743	4,021,115
Federal excise duty (net)	-	143,208
Sales tax (net)	816,117	908,317
Royalties	6,599,125	10,721,863
Lease extension bonus	13,020,917	10,768,415
Current accounts with joint operations	15,629,425	13,593,750
Staff retirement benefit plans	2,355,971	2,306,171
Provision for windfall levy on oil / condensate - note 10.1	4,014,937	1,961,937
WPPF	2,142,737	-
Contractual obligations for Iraq EDPSC	1,194,026	1,156,432
Others	561,919	418,730
	72,964,297	63,298,624

10. 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;

10.1 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 financial statements for the year ended June 30, 2018, except that next date of hearing has been fixed for February 28, 2019 and stay order already in effect has been extended till the said date.

The Windfall Levy, if also applicable on oil / condensate will amount to approximately Rs 21,962 million for the period up to December 31, 2018. Further, WLO provided for in the books of accounts from December 27, 2017 till December 31, 2018, amounts to Rs 4,015 million.

Additionally, the cumulative impact of incremental revenue recorded in the books of accounts till December 31, 2018 and profit after tax thereof is Rs 11,964 million and Rs 6,259 million, respectively.

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

For the half year ended December 31, 2018

10.2 Sales Tax

During the period, the Tax Authority has passed an order in respect of remand back proceedings involving various tax periods intending to disallow input sales tax claimed by the Holding Company under the provisions of the Sales Tax Act, 1990. The Tax Authorities have passed the order creating a demand of Rs 60 million, which was duly paid by the Holding Company under protest. The Holding Company, being aggrieved with the decision, has filed an appeal before the CIR-(A) against the said order.

Further, the CIR-(A) has also decided various appeals filed by the Holding Company in respect of sales tax proceedings involving different tax periods wherein the Tax Authorities has disallowed input sales tax claimed by the Holding Company under the relevant provisions of the Sales Tax Act, 1990. In the said orders, the CIR-(A) has given partial relief to the Holding Company. The Holding Company has filed appeals before the ATIR relating to input sales tax demand maintained by CIR-(A), however, in respect of demand deleted / set-aside, the Holding Company has filed applications before the Tax Authorities to give effect to the extent of relief provided by the CIR-(A).

10.3 Income Tax

During the period, with respect to the Holding Company, the Tax Authorities while amending the assessment for the tax year 2018 have created a demand of Rs 1,024 million in respect of rate issue, depletion allowance, tax credits under section 65B relating to Agreement Areas and other issues. The demand created was duly paid by the Holding Company under protest.

Further, with respect to the Holding Company, the Tax Authorities had concluded the income tax audit proceedings for the tax year 2017 wherein a demand of Rs 238 million was raised, which was duly paid by the Holding Company under protest. The Holding Company being aggrieved with the above decisions, has filed an appeal before the Commissioner – Appeals [CIR-(A)] against the aforesaid orders. The appeal for assessment proceedings of tax year 2018 was filed subsequent to the period ended December 31, 2018.

During the period, the CIR-(A) has also decided the appeals filed by the Holding Company in respect of assessment proceedings for the tax years 2015 to 2017. In the said decision, the CIR-(A) has decided the issues of rate, depletion allowance, tax credits under sections 65A and 65B and super tax on Non-Agreement areas against the Holding Company, whereas, the issue of super tax on Agreement Areas has been decided in favour of the Holding Company. Being aggrieved with the said decision, an appeal has been filed before the Appellate Tribunal Inland Revenue (ATIR) in respect of issues decided against the Holding Company.

Moreover, the CIR-(A) has also decided an appeal in favour of the Holding Company relating to the monitoring proceedings for the tax year 2016 wherein a demand of Rs 25 million was raised. The Holding Company has filed an application with the Tax Department to give effect to the said decision of CIR-(A).

10.4 Other contingencies

The Contractor of Gambat South Gas Processing Facility (GPF) - III served a notice on the Holding Company, invoking the arbitration clause of the Contract and subsequently initiated arbitration proceedings in which it has filed a number of claims against the Holding Company. The Holding Company intends to file a strong response and raise counter-claims against the Contractor. The financial effect of the matter, if any, cannot be reliably estimated at present. The Holding Company, after reviewing the claims made against it and consulting its legal counsel, is reasonably confident of a favourable outcome.

**Notes to and Forming Part of the Consolidated Condensed Interim
Financial Statements (Unaudited)**
For the half year ended December 31, 2018

Half year ended December 31, 2018	Half year ended December 31, 2017
----- Rs '000 -----	

11. SALES - net

Gross sales

Natural gas	67,321,551	55,260,648
Gas supplied to Sui villages	262,771	186,185
Internal consumption of gas	153,756	115,192
Crude oil / Condensate / Natural Gas Liquids	25,510,321	16,173,865
LPG	5,118,676	3,072,147
Barytes	569,417	363,028
	98,936,492	75,171,065

Government levies / discounts

Federal excise duty	(1,014,845)	(1,057,323)
Sales tax	(10,590,051)	(8,587,091)
GDS	(5,968,762)	(1,995,098)
GIDC	(2,023,800)	(2,269,796)
Petroleum levy	(266,363)	(61,701)
Discounts (Barytes)	(15,834)	(19,202)
	(19,879,655)	(13,990,211)
	79,056,837	61,180,854

12. OPERATING EXPENSES

Salaries, wages, welfare and other benefits	3,621,755	2,613,603
Operator's personnel	853,699	855,850
Depreciation - note 4	4,940,186	3,026,076
Amortisation of decommissioning assets	673,464	829,249
Amortisation of D&P assets	4,759,936	4,296,949
Plant operations	1,610,930	1,498,199
Well interventions	840,788	666,573
Field services	887,276	866,823
Crude oil transportation	460,932	482,256
Travelling and conveyance	222,454	210,654
Training & development	6,375	3,646
PCA overheads	57,042	53,041
Insurance expenses	263,878	284,925
Free supply of gas to Sui villages	262,771	186,185
Social welfare / community development	75,982	117,470
Other expenses	56,336	44,130
	19,593,804	16,035,629

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

For the half year ended December 31, 2018

13. EXPLORATION EXPENSES

- 13.1** Exploration expenses for the period also include cost of dry wells amounting to Rs 6,010 million (December 31, 2017: Rs 3,005 million).

Half year ended December 31, 2018	Half year ended December 31, 2017
----- Rs '000 -----	

14. OTHER INCOME

Income from financial assets

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

151,435	223,310
291,507	682,539
810,483	427,527
128,501	344,880
112,820	108,713
1,494,746	1,786,969

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)
Share of profit on sale of LPG
Insurance Income
Others

4,300	638
15,875	3,740
4,786,180	1,450,612
16,460	50,061
631	236,347
26,409	996,006
4,849,855	2,737,404
6,344,601	4,524,373

15. TAXATION

Current

- For the half year
- For the prior year

11,672,688	8,256,759
(161,231)	231,883
11,511,457	8,488,642
(1,483,219)	2,347,380
10,028,238	10,836,022

Deferred

16. CASH AND CASH EQUIVALENTS

Cash and bank balances
Short-term highly liquid investments

4,384,390	4,932,723
12,366,539	41,393,655
16,750,929	46,326,378

**Notes to and Forming Part of the Consolidated Condensed Interim
Financial Statements (Unaudited)**
For the half year ended December 31, 2018

17. TRANSACTIONS WITH RELATED PARTIES

The related parties are comprised of state controlled entities, 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:

	Half year ended December 31, 2018	Half year ended December 31, 2017
	Rs '000	
Sales of gas / barytes to state controlled entities (including Government Levies)		
GENCO-II	14,777,631	9,372,298
SSGCL	16,500,568	12,895,761
SNGPL	35,949,893	32,989,737
OGDCL	101,509	80,744
	67,329,601	55,338,540
Long-term receivables, trade debts and other receivables from state controlled entities as at December 31	173,278,086	105,546,634
Transactions with Associated Companies		
Sales of crude oil / condensate	3,165,623	2,680,311
Expenses incurred	-	3,400
Transactions with Joint Operations		
Payments of cash calls to joint operations	22,109,748	13,794,195
Expenditures incurred by the joint operations	22,989,959	16,968,109
Under advance balances relating to joint operations as at December 31	13,042,134	8,207,061
Current account receivables relating to joint operations as at December 31	4,648,235	2,822,811
Current account payables relating to joint operations as at December 31	1,466,762	1,659,409
Income from rental of assets to joint operations	4,300	638
Purchase of goods from BME (net)	143,625	186,792
Reimbursement of employee cost on secondment to BME	10,393	8,984

Notes to and Forming Part of the Consolidated Condensed Interim

Financial Statements (Unaudited)

For the half year ended December 31, 2018

	Half year ended December 31, 2018	Half year ended December 31, 2017
	Rs '000	
Other related parties		
Dividend to GoP - note 17.3	1,996,591	7,986,364
Dividend to trust under BESOS - note 17.3	217,454	869,814
Dividend to trusts under retirement benefit funds - note 17.3	1,646	6,585
Transactions with retirement benefit funds	443,610	477,854
Remuneration to key management personnel - note 17.2	1,371,521	1,385,494
Payment of rental to Pakistan Industrial Development Corporation	58,592	51,653
Payment of rental to Karachi Port Trust	3,229	4,174
Payment to National Insurance Company Limited (NICL)	889,631	316,372
Insurance claim received from NICL	573	236,284
Payment to Pakistan State Oil Company Limited	208,876	347,262
17.1 Aggregate amount charged in these consolidated condensed interim financial statements in respect of fees paid to ten non-executive directors was Rs 13.005 million (December 2017: Rs 7.565 million to thirteen non-executive directors).		
17.2 No amount has been charged on account of remuneration of the chief executive officer of the Holding Company, appointed with effect from July 01, 2018 till December 31, 2018, since it is yet to be decided by the Board of Directors of the Holding Company.		
17.3 The Holding Company also issued bonus shares to GoP (199,659,102 shares), trust under BESOS (21,745,360 shares) and trusts under retirement benefit funds (164,631 shares).		
17.4 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 13,910 million), out of which US\$ 65.286 million (Rs 9,081 million) is outstanding.		
17.5 The Holding Company has provided parent company guarantee amounting to US\$ 5.3 million (Rs 737 million) to GoP in respect of PPLE's exploration licenses in Pakistan i.e. Barkhan, Harnai and Ziarat.		

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

For the half year ended December 31, 2018

	Half year ended December 31, 2018	Half year ended December 31, 2017
18. EARNINGS PER SHARE		
18.1 Basic earnings per share		
Profit after taxation (Rs '000)	30,267,529	22,359,930
Dividend on convertible preference shares (Rs '000)	(34)	(35)
Profit attributable to ordinary shareholders (Rs '000)	<u>30,267,495</u>	<u>22,359,895</u>
		(Restated)
Weighted average number of ordinary shares in issue	<u>2,267,475,884</u>	<u>2,267,475,242</u>
		(Restated)
Basic earnings per share (Rs)	<u>13.35</u>	<u>9.86</u>

- 18.1.1** 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.

	Half year ended December 31, 2018	Half year ended December 31, 2017
18.2 Diluted earnings per share		
Profit after taxation (Rs '000)	<u>30,267,529</u>	<u>22,359,930</u>
		(Restated)
Weighted average number of ordinary shares in issue	2,267,475,884	2,267,475,242
Adjustment of convertible preference shares	<u>11,285</u>	<u>11,927</u>
		(Restated)
Weighted average number of ordinary shares for diluted earnings per share	<u>2,267,487,169</u>	<u>2,267,487,169</u>
		(Restated)
Diluted earnings per share (Rs)	<u>13.35</u>	<u>9.86</u>

- 18.3** During the current period, Holding Company has issued 15% bonus shares (i.e. fifteen shares for every hundred shares held), which has resulted in restatement of basic and diluted earnings per share for the half year ended December 31, 2017.

19. DATE OF AUTHORISATION FOR ISSUE

These consolidated condensed interim financial statements were authorised for issue on February 28, 2019 by the Board of Directors of the Holding Company.

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

For the half year ended December 31, 2018

20. SUBSEQUENT / NON -ADJUSTING EVENTS

The Board of Directors of the Holding Company in its meeting held on February 28, 2019 declared nil interim dividend on the paid up value of both ordinary share capital (December 2017: @ 40% amounting to Rs 7,886.872 million) and convertible preference share capital (December 2017: @ 30% amounting to Rs 0.034 million).

21. GENERAL

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



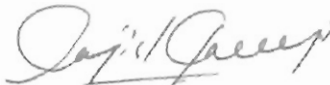
CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER



DIRECTOR



CHIEF EXECUTIVE OFFICER