

# Unlocking POTENTIAL



Pakistan Petroleum Limited



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## Vision

To maintain PPL's position as the premier producer of hydrocarbons in the country by exploiting conventional and unconventional oil and gas resources, resulting in value addition to shareholders investment and the nation as a whole.

## Mission

To sustain long term growth by pursuing an aggressive hydrocarbons exploration and production optimization program in the most efficient manner through a team of professionals deploying latest technology, maintaining the highest standards of quality, health, safety & environment (QHSE) protection and addressing community development needs.

## Core values

- Promote Leadership, Empowerment and Accountability
- Pursue Highest Standards of Integrity.
- Value people as the most important resource.
- Promote innovation and value creation.
- Ensure excellence in all spheres of performance.
- Advocate Teamwork aligned with business objectives.
- Conserve Environment by minimizing carbon footprint.

# Company Information

## Board of Directors

- Mr. Waqar A. Malik - Chairman (Independent, Non-Executive Director)
- Mr. Syed Wamiq Bokhari (Chief Executive Officer / Managing Director)
- Mr. Aftab Nabi (Independent, Non-Executive Director)
- Mr. Arshad Mirza (Non-Executive Director)
- Mr. Asif Baigmohamed (Independent, Non-Executive Director)
- Mr. Imtiaz Hussain Zaidi (Independent, Non-Executive Director)
- Mr. Muhammad Ashraf Iqbal Baluch (Independent, Non-Executive Director)
- Mr. Nadeem Mumtaz Qureshi (Independent, Non-Executive Director)
- Mr. Saeedullah Shah (Non-Executive Director)
- Mr. Shahbaz Yasin Malik (Independent, Non-Executive Director)

## Company Secretary

Ms. Danish Zuberi

## Auditors

A.F. Ferguson & Co.  
Chartered Accountants

## Registered Office

P.I.D.C. House, Dr. Ziauddin Ahmed Road,  
P.O. Box 3942, Karachi-75530, Pakistan.  
UAN: +92 (21) 111-568-568  
Fax: +92 (21) 35680005, 35682125  
Website: [www.ppl.com.pk](http://www.ppl.com.pk)  
Email: [info@ppl.com.pk](mailto:info@ppl.com.pk)

## Shares Registrar

FAMCO Associates (Pvt.) Ltd.  
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

Surridge & Beecheno

## Directors' Interim Review

Your directors are pleased to present the unaudited condensed interim financial statements for the quarter ended September 30, 2015 and a brief review of the Company's operations.

### OPERATIONAL AND FINANCIAL HIGHLIGHTS

#### Operational Highlights

The key operational highlights for the quarter ended September 30, 2015 are as follows:

##### Discoveries

Two discoveries have been made during the quarter under review; one in Gambat South Block (ninth exploratory well Kabir X-1) and one in Hala Block (fourth exploratory well Fazl X-1).

##### Seismic Activities

In PPL operated blocks, 2D and 3D seismic acquisition of 710 Line Km and 371 Sq. Km, respectively, were carried out during this quarter, which represent increase of 46% in 2D and decrease of 24% in 3D seismic over the corresponding period.

#### Financial Highlights

The key financial results of the Company during the quarter ended September 30, 2015 are as follows:

	Quarter ended September 30, 2015	Quarter ended September 30, 2014
	Rs Million	
Sales revenue (net)	20,554	30,967
Profit before taxation	8,118	19,674
Taxation	(2,241)	(5,986)
Profit after taxation	5,877	13,688
Basic and Diluted Earnings Per Share (Rs)	2.98	6.94

#### Sales revenue

Sales revenue has decreased by Rs 10,413 million during the current period as compared to the corresponding period. Negative variance on account of crude oil price amounting to Rs 9,953 million was partially offset by positive exchange rate variance of Rs 493 million. Further, decrease in sales revenue amounting to Rs 953 million was due to negative volume variance.

Negative volume variance is due to 10% decrease in oil sales volumes whereas, both LPG and gas sales volumes were increased by 2%. Unfavourable oil sales volume is due to decline in oil volumes from Tal, Hala, Adhi, Nashpa and Ghauri fields. Gas sales volumes were increased from Sui, Kandhkot, Miano, Block-22, Chachar, Hala, Nashpa fields and commencement of production from Gambat South field in March 2015, which were partially offset by decrease in gas sales volumes from Adhi, Qadirpur, Sawan, Mazarani, Tal, Gambat, Kirthar, Sukhpur and

## Directors' Interim Review

Latif fields. LPG sales increased due to increase in production from Tal field.

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

	Unit	Quarter ended September 30, 2015	Quarter ended September 30, 2014
Natural Gas	MMCF	70,726	69,051
Crude Oil / Natural Gas Liquids (NGL) / Condensate	BBL	1,228,728	1,370,148
Liquefied Petroleum Gas (LPG)	Tonnes	12,508	12,253

### Profitability

In addition to decline in sales revenue, profitability of the Company has also decreased, mainly due to increase in field expenditures by Rs 2,248 million, which is 26% higher as compared to the corresponding period. Major reason of increase in field expenditures is due to increase in seismic acquisition cost in respect of Sadiqabad, Shah Bandar, Bela West, Naushahro Firoz, Khipro East and Ghauri blocks.

### CORPORATE STRATEGY AND FOCUS AREAS

The operations of the Company are in line with the Corporate Strategy, to enhance exploration and drilling activities and to optimise production.

### EXPLORATION

The Exploration Directorate consists of three Assets namely South, North and Frontier Assets. At present, the Company's portfolio consists of forty seven exploration blocks, out of which twenty seven are PPL operated (including Block-8 in Iraq being operated by PPL Asia) and remaining twenty, including three offshore blocks in Pakistan and two onshore blocks in Yemen, are partner operated. New and ongoing activities that took place during the current period were as follows:

#### Exploration South Assets

In Naushahro Firoz Block, 3D seismic survey has been completed.

In Khipro East Block, 2D seismic survey has been completed.

In Shah Bandar Block, 3D seismic survey is in progress.

In Jungshahi Block, well Nooriabad X-1 was spud in June 2015 and currently drilling is in progress.

In Gambat South Block, preparations are underway to spud in 10<sup>th</sup> and 11<sup>th</sup> exploratory well Hatim X-1 and Hadi X-1, respectively.

#### Exploration North Assets

In Sadiqabad Block, 3D seismic survey is in progress.

In Dhok Sultan Block, 1<sup>st</sup> exploratory well Dhok Sultan X-1 was spud in December 2014 and currently drilling is in progress.



In Zindan Block, preparations are underway to spud in 1<sup>st</sup> exploratory well Lakki X-1.

In Hisal Block, preparations are underway to acquire 2D seismic after obtaining NOC from Ministry of Defence.

### **Exploration Frontier Assets**

In Bela West Block, 2D seismic survey is in progress.

In Margand and Hub blocks, preparations are underway to start 2D seismic surveys.

### **Partner-Operated Areas**

In Jati Block, 1<sup>st</sup> exploratory well Jhim-1, was plugged and abandoned.

In Tal Block, exploratory well Mardan Khel-1 was completed as gas / condensate discovery, whereas, drilling of exploratory wells Makori Deep-1, Tolanj South-1 and Tolanj West-1 is in progress.

In Nashpa Block, drilling of exploratory wells Nashpa X-5 and Shawa-1 is in progress.

In Latif Block, exploratory well Latif South-1 was spud in followed by well testing.

## **PRODUCING FIELDS AND DEVELOPMENT**

### **Sui Asset**

In Sui Asset, workover of Sui well-24 has been successfully completed in July 2015, whereas, workover of Sui well-33 is in progress.

### **Adhi Asset**

In Adhi Asset, development well Adhi-24(T/K) was successfully drilled to the target depth and rig was released on September 09, 2015. Drilling at development well Adhi-23(T/K) is in progress. Further, workover operations at Adhi-13(T/K) and Adhi-18(T/K) were successfully completed during the quarter. Adhi Plant-III was mechanically completed, however, commissioning is awaited due to pending license from OGRA for production and storage of LPG.

### **Gambat South / Hala / Mazarani Assets**

In Gambat South Asset, up-gradation of GPF-I project is progressing as per schedule with target completion in May 2016. Consignment of process related equipment is expected to arrive for GPF-II project in second quarter and contractor is being pursued to expedite progress and make all efforts for earliest First Gas. FEED study for GPF-III project is completed. Further, First Gas produced from Shahdad X-1 on September 09, 2015 through GPF-I.

### **Partner-Operated Fields**

In Tal Block, development well Makori East-4 and Maramzai-3 were completed in July and August 2015, respectively, as gas / condensate producer. Further, drilling of development well Makori East-5 is in progress.

In Miano Block, development well Miano-17 was completed in August 2015 as gas / condensate producer.

## Directors' Interim Review

In Nashpa Field, drilling of development wells Nashpa-6 and Nashpa-7 is in progress.

In Qadirpur Field, drilling of development well Qadirpur-55 is in progress.

In Kirthar Block, operator has submitted document of commerciality in August 2015 for Rehman Field.

In Latif Block, workover of well Latif-2 is successfully completed.

In Kirthar Block, new plant was commissioned in August 2015. Plant has been designed to process up to 40 MMscfd from current and future wells.

### Corporate Social Responsibility

PPL, as a responsible corporate entity, has always played an active role in the uplift and welfare of communities around its producing fields and exploratory areas. In this regard, the Company has taken many initiatives for the promotion of education, healthcare, infrastructure development, skill development and livelihood generation in its operational and exploration areas and beyond.

#### Education

During the period, PPL continued to provide financial support for promotion of education at its producing and exploratory areas across the country. During the current period, one science lab and two school buildings are being constructed at Barkhan and Adhi field. Moreover, construction is continued for three school buildings and examination halls at Washuk, Khuzdar, Kandhkot and Adhi fields. Furthermore, applications are being invited for scholarship scheme for Higher Professional Education for students of district Dera Bugti, Kamber-Shahdadkot, Kashmore, Sanghar and Tehsil Gujjar Khan.

#### Healthcare

More than 10,000 poor patients were treated and provided free medicine at 28 surrounding villages and colonies near Kandhkot and Mazarani fields through Mobile Dispensaries. Average 300 patients inclusive of natal and emergency cases provided free treatment and medicine on daily basis at the PPL Public Welfare Hospital, Sui. Furthermore, arrangements are being finalized to hold 06 free surgical eye camps during the next six months at Adhi, Mazarani, Sui, Dera Bugti, Shahdadpur and Kandhkot fields.

#### Skill Development

At Women Vocational Training Centre (WVTC), Adhi, 30 females were trained in dress making, hand and machine embroidery. More than 130 trained females continued to receive livelihood by working at WVTC. 7 students under the Scholarship Scheme for Skill Development for Male Youth of Sui continued diploma studies and promoted to level 2 at The Hunar Foundation, Tando Allah Yar, a City & Guilds, UK recognized skills development institution.

#### Infrastructure Development

During the period, about one-third carpeting of 8.5 km new road from Indus Highway to Punhal Golo Village at Kandhkot has been completed.

#### Human Resources

Revisited Remuneration Policy for providing clear linkage between pay and performance while giving due consideration to affordability by the Company on sustainable basis. In line with competitive market practices, the Company introduced equal work rotation cycle for field staff.

For developing talent pipeline, the Company announced on-job training opportunity for qualified young professionals as Associates. Candidates will be selected on merit and will be provided structured on-job learning.

### Quality, Health, Safety and Environment (QHSE)

Company's Senior Management is strongly committed to take QHSE as a core value for sustainable business growth and profitability. Visible QHSE leadership is being demonstrated by Senior Management through Safety Observation & Feedback Tour (SOFT) Audit of Assets / Locations.

QHSE activities that progressed during the quarter includes issuance of Management of Change procedure, commencement of third party inspection of plant piping at Hala Gas, 100% screening of pipelines at Sui through Advanced Non-Destructive Testing technique, initiation of risk based inspection of tanks & pressure vessels at Sui Purification Plant and execution of Initial Environmental Examination Study for Gambat South Gas Process Facility (GPF-II). In terms of ISO & OHSAS Certifications, Sui Production, Sui Field Gas Compressor Station, Sui Purification Plant, Adhi Asset, Design & Construction and Production Engineering Departments got recertified against the ISO & OHSAS International Standards.

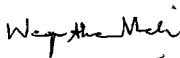
As a responsible operator, Company considers its obligation to ensure safe operations by all contractors. Accordingly, special focus is being made towards improving contractor's QHSE performance through systematic approach. Automation of QHSE processes has also initiated in order to have real-time QHSE data, facilitate its analysis and enhance overall effectiveness of QHSE Management System.

### Industrial Relations

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

### ACKNOWLEDGEMENT

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



(WAQAR A. MALIK)  
CHAIRMAN

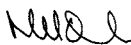
Karachi  
October 21, 2015

# Unconsolidated Condensed Interim Balance Sheet

As At September 30, 2015

	Note	September 30, 2015 Unaudited	June 30, 2015 Audited
Rs '000			
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed assets			
Property, plant and equipment	4	97,356,112	93,773,934
Intangible assets		241,870	259,294
		97,597,982	94,033,228
Long-term investments	5	59,671,093	53,701,019
Long-term loans		1,199,115	1,172,140
Long-term deposits		765,176	765,176
Long-term receivables		253,352	315,418
		159,486,718	149,986,981
<b>CURRENT ASSETS</b>			
Stores and spares		3,868,977	3,890,333
Trade debts	6	56,755,734	58,754,078
Loans and advances		2,043,126	2,156,096
Trade deposits and short-term prepayments		49,895	76,791
Interest accrued		692,386	1,435,212
Current maturity of long-term investments	5	648,733	648,238
Current maturity of long-term receivables		62,066	60,632
Other receivables		5,660,163	7,022,637
Short-term investments	7	20,586,242	21,455,000
Taxation - net		648,760	922,998
Cash and bank balances		3,883,243	1,266,827
		94,899,325	97,688,842
		254,386,043	247,675,823
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital		19,717,295	19,717,295
Reserves		170,229,887	172,239,921
		189,947,182	191,957,216
<b>NON-CURRENT LIABILITIES</b>			
Provision for decommissioning obligation		11,886,188	11,731,814
Liabilities against assets subject to finance leases		191,905	209,647
Deferred liabilities		2,170,436	2,098,135
Deferred taxation	8	20,370,177	18,691,138
		34,618,706	32,730,734
<b>CURRENT LIABILITIES</b>			
Trade and other payables	9	29,723,343	22,879,753
Current maturity of liabilities against assets subject to finance leases		96,812	108,120
		29,820,155	22,987,873
<b>CONTINGENCIES AND COMMITMENTS</b>			
	10	254,386,043	247,675,823

The annexed notes 1 to 19 form an integral part of these unconsolidated condensed interim financial statements.



Director



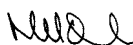
Chief Executive

# Unconsolidated Condensed Interim Profit and Loss Account (Unaudited)

For The Quarter Ended September 30, 2015

	Note	Quarter ended September 30, 2015	Quarter ended September 30, 2014
		Rs '000	
Sales - net	11	20,553,636	30,966,981
Field expenditures	12	(10,962,085)	(8,713,793)
Royalties		(2,391,143)	(3,685,929)
		(13,353,228)	(12,399,722)
		7,200,408	18,567,259
Other income	13	1,513,887	2,280,062
Other operating expenses		(431,915)	(1,035,465)
Finance costs		(163,897)	(138,099)
Profit before taxation		8,118,483	19,673,757
Taxation	14	(2,241,649)	(5,986,164)
Profit after taxation		5,876,834	13,687,593
Basic and diluted earnings per share (Rs)	17	2.98	6.94

The annexed notes 1 to 19 form an integral part of these unconsolidated condensed interim financial statements.



Director



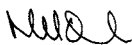
Chief Executive

# Unconsolidated Condensed Interim Statement of Comprehensive Income (Unaudited)

For The Quarter Ended September 30, 2015

	Quarter ended September 30, 2015	Quarter ended September 30, 2014
	Rs '000	
Profit after taxation	5,876,834	13,687,593
Other comprehensive income	-	-
Total comprehensive income	<u>5,876,834</u>	<u>13,687,593</u>

The annexed notes 1 to 19 form an integral part of these unconsolidated condensed interim financial statements.



Director



Chief Executive

# Unconsolidated Condensed Interim Cash Flow Statement (Unaudited)

For The Quarter Ended September 30, 2015

Note	Quarter ended September 30, 2015	Quarter ended September 30, 2014
	Rs '000	

## CASH FLOWS FROM OPERATING ACTIVITIES

Cash receipts from customers	29,106,669	35,380,289
Receipts of other income	17,330	115,700
Cash paid to suppliers / service providers and employees	(7,520,025)	(5,691,155)
Payment of indirect taxes and Government levies including royalty	(9,920,733)	(10,086,678)
Income tax paid	(288,369)	(2,832,817)
Finance costs paid	(9,523)	(9,226)
Long-term loans (net)	(28,215)	(73,780)
Net cash generated from operating activities	11,357,134	16,802,333

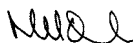
## CASH FLOWS FROM INVESTING ACTIVITIES

Capital expenditure (net)	(5,908,277)	(4,908,115)
Proceeds on sale of property, plant and equipment	4,468	7,274
Purchase of long-term investments	(5,680,779)	(1,224,578)
Disposal / redemption of long-term investments	-	1,795,000
Long-term receivables	60,632	-
Financial income received	1,944,701	2,059,945
Net cash used in investing activities	(9,579,255)	(2,270,474)

## CASH FLOWS FROM FINANCING ACTIVITIES

Payment of liabilities against assets subject to finance leases	(25,342)	(27,202)
Dividends paid	(4,879)	-
Net cash used in financing activities	(30,221)	(27,202)
Net increase in cash and cash equivalents	1,747,658	14,504,657
Cash and cash equivalents at the beginning of the period	22,721,827	21,625,912
Cash and cash equivalents at the end of the period 15	24,469,485	36,130,569

The annexed notes 1 to 19 form an integral part of these unconsolidated condensed interim financial statements.



Director



Chief Executive

# Unconsolidated Condensed Interim Statement of Changes In Equity (Unaudited)

For The Quarter Ended September 30, 2015

	Subscribed and paid-up share capital		Capital reserve	Revenue reserves					Total reserves	Total
				General and contingency reserve	Insurance reserve	Assets acquisition reserve	Dividend equalisation reserve	Unappropriated profit		
	Ordinary	Convertible preference								
	Rs '000									
As at June 30, 2014	19,717,157	138	1,428	69,761	29,021,894	18,751,980	5,000,000	109,355,000	162,198,635	181,917,358
Appropriation of insurance reserve for the year ended June 30, 2014	-	-	-	-	5,000,000	-	-	(5,000,000)	-	-
Appropriation of assets acquisition reserve for the year ended June 30, 2014	-	-	-	-	-	5,000,000	-	(5,000,000)	-	-
Conversion of preference shares into ordinary shares	14	(14)	-	-	-	-	-	-	-	-
Profit after taxation	-	-	-	-	-	-	-	13,687,593	13,687,593	13,687,593
Other comprehensive income for the quarter ended September 30, 2014, net of tax	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the quarter ended September 30, 2014	-	-	-	-	-	-	-	13,687,593	13,687,593	13,687,593
As at September 30, 2014	19,717,171	124	1,428	69,761	34,021,894	23,751,980	5,000,000	113,042,593	175,886,228	195,604,951
As at June 30, 2015	19,717,171	124	1,428	69,761	34,021,894	23,751,980	5,000,000	109,394,858	172,239,921	191,957,216
Final dividend on ordinary shares @ 40% for the year ended June 30, 2015	-	-	-	-	-	-	-	(7,886,868)	(7,886,868)	(7,886,868)
Profit after taxation	-	-	-	-	-	-	-	5,876,834	5,876,834	5,876,834
Other comprehensive income for the quarter ended September 30, 2015, net of tax	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the quarter ended September 30, 2015	-	-	-	-	-	-	-	5,876,834	5,876,834	5,876,834
As at September 30, 2015	19,717,171	124	1,428	69,761	34,021,894	23,751,980	5,000,000	107,394,824	170,228,459	189,947,182

The annexed notes 1 to 19 form an integral part of these unconsolidated condensed interim financial statements.

  
Director

  
Chief Executive



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

For The Quarter Ended September 30, 2015

## 1. LEGAL STATUS AND NATURE OF BUSINESS

- 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 Company is listed on all the three Stock Exchanges of Pakistan with effect from September 16, 2004. The registered office of the Company 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 and jointly controlled entity have been accounted for at cost less accumulated impairment losses, if any. As of balance sheet date, the Company has the following subsidiaries and a jointly controlled entity:

### Wholly-owned subsidiaries:

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

### Jointly Controlled Entity:

Bolan Mining Enterprises – 50% shareholding

- 1.3 The Sui Mining Lease was due to expire on May 31, 2015. Accordingly, application for extension / renewal was filed by the Company with the Government of Pakistan (GoP). The GoP, through SRO\_(I)/2015 dated May 30, 2015, allowed the Company to continue production from the Sui Mining Lease area for a further period of one year with effect from the expiry of the existing lease period i.e. May 31, 2015.

The management is confident that the Company will be allowed further extension in order to continue production from the Sui Mining Lease.

## 2. BASIS OF PREPARATION

- 2.1 These unconsolidated condensed interim financial statements of the Company for the quarter ended September 30, 2015 have been prepared in accordance with the requirements of the International Accounting Standard 34 – 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.
- 2.2 These unconsolidated condensed interim financial statements are unaudited and do not include all the information and disclosures required in the annual unconsolidated financial statements and should be read in conjunction with the unconsolidated financial statements of the Company for the year ended June 30, 2015.

## 3. SIGNIFICANT ACCOUNTING POLICIES

### 3.1 Statement of Compliance

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, 2015.

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

For The Quarter Ended September 30, 2015

## 3.2 Implication of revised IFRS-2 (Share Based Payments) on BESOS

Benazir Employees' Stock Option Scheme (the scheme) including its terms and conditions, are the same, as mentioned in the unconsolidated financial statements for the year ended June 30, 2015. SECP has granted exemption from application of IFRS-2. Had the exemption not been granted, the impact based on the independent actuarial valuations conducted as on June 30, 2015 and June 30, 2014, as per the Company's policy, for the quarter ended September 30, 2015 and September 30, 2014 would have been as follows:

	Quarter ended September 30, 2015	Quarter ended September 30, 2014
	Rs '000	
Staff costs of the Company for the period would have been higher by:	-	1,270,859
Profit after taxation would have been lower by:	-	1,270,859
Earnings per share would have been lower by (Rs):	-	0.64

	September 30, 2015 Unaudited	June 30, 2015 Audited
	Rs '000	
Retained earnings would have been lower by:	18,879,277	18,879,277
Reserves would have been higher by:	18,879,277	18,879,277

## 4. PROPERTY, PLANT AND EQUIPMENT

Opening Net Book Value (NBV)	58,800,380	58,696,396
Additions to:		
- owned assets	740,052	14,582,404
- assets subject to finance leases	2,610	161,547
	742,662	14,743,951
	59,543,042	73,440,347
Disposals / adjustments during the period / year (NBV)	(9,562)	(5,467,587)
Depreciation / amortisation charged during the period / year	(2,306,550)	(9,172,380)
	57,226,930	58,800,380
Capital work-in-progress – note 4.1	40,129,182	34,973,554
	97,356,112	93,773,934

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

For The Quarter Ended September 30, 2015

September 30, 2015 Unaudited	June 30, 2015 Audited
Rs '000	

## 4.1 Capital work-in-progress

Plant, machinery, fittings and pipelines	12,170,984	10,663,290
Prospecting and development expenditures	15,092,454	11,634,341
Land, buildings and civil constructions	382,662	384,023
Capital stores for drilling and development	12,483,082	12,291,900
	<u>40,129,182</u>	<u>34,973,554</u>

## 5. LONG-TERM INVESTMENTS

### Investment in related parties

#### - Wholly owned subsidiaries

The Pakistan Petroleum Provident Fund Trust  
Company (Private) Limited  
PPL Europe E&P Limited (PPLE)  
PPL Asia E&P B.V. (PPLA)

1	1
10,311,467	10,311,467
7,870,946	7,870,946
<u>18,182,414</u>	<u>18,182,414</u>

#### - Investment in jointly controlled entity

Bolan Mining Enterprises

15,000 15,000

### Other investments

#### Held-to-maturity

- Term Finance Certificates
- Pakistan Investment Bonds
- GoP Ijara Sukuk
- Local currency term deposits with banks
- Foreign currency term deposits with banks

99,780	99,780
22,463,128	22,523,986
500,000	500,000
2,000,000	2,000,000
11,894,792	11,028,077
<u>36,957,700</u>	<u>36,151,843</u>

Designated at fair value through profit or loss

- Mutual Funds

5,164,712 -

Less: Current maturity of long-term investments

- Term Finance Certificates
- PIB's
- GoP Ijara Sukuk

(40)	(40)
(148,693)	(148,198)
(500,000)	(500,000)
<u>(648,733)</u>	<u>(648,238)</u>
<u>59,671,093</u>	<u>53,701,019</u>

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

For The Quarter Ended September 30, 2015

September 30, 2015 Unaudited	June 30, 2015 Audited
Rs '000	

## 6. TRADE DEBTS

Unsecured and considered good

### Related parties

Central Power Generation Company Limited  
(GENCO-II)  
Sui Northern Gas Pipelines Limited (SNGPL)  
Sui Southern Gas Company Limited (SSGCL)

8,078,127	8,787,638
17,404,032	17,911,494
22,005,783	22,420,463
47,487,942	49,119,595

### Non-related parties

Attock Refinery Limited (ARL)  
National Refinery Limited (NRL)  
Pak-Arab Refinery Limited (PARCO)  
Others

7,581,920	7,763,800
566,900	626,508
627,514	740,110
491,458	504,065
9,267,792	9,634,483
56,755,734	58,754,078

Unsecured and considered doubtful

### Non-related party

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

1,156,220	1,156,220
(1,156,220)	(1,156,220)
-	-
56,755,734	58,754,078

## 6.1 The ageing of trade debts is as follows:

Neither past due nor impaired

14,037,579	17,974,406
------------	------------

Past due but not impaired:

Related parties

- within 90 days
- 91 to 180 days
- over 180 days

15,537,059	13,230,407
9,026,488	9,896,353
13,318,847	13,946,350
37,882,394	37,073,110

Non-related parties

- within 90 days
- 91 to 180 days
- over 180 days

4,679,462	3,589,444
71,198	16,895
85,101	100,223
4,835,761	3,706,562
56,755,734	58,754,078

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

For The Quarter Ended September 30, 2015

- 6.2 Trade debts include overdue amount of Rs 37,882 million (June 30, 2015: Rs 37,073 million) receivable from the State controlled utility companies (i.e. GENCO-II, SNGPL and SSGCL) and Rs 5,992 million (June 30, 2015: Rs 4,863 million) overdue receivable from refineries (i.e. ARL, Byco, PARCO, NRL and Pakistan Refinery Limited) and various LPG customers.

Based on the measures being undertaken by the Government of Pakistan (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.

September 30, 2015 Unaudited	June 30, 2015 Audited
Rs '000	

## 7. SHORT-TERM INVESTMENTS

### Held-to-maturity

Local currency term deposits with banks  
Investment in Treasury Bills

12,354,000	21,455,000
8,232,242	-
<u>20,586,242</u>	<u>21,455,000</u>

## 8. DEFERRED TAXATION

### Credit / (debit) balances arising on account of:

Exploration expenditure	(3,287,000)	(3,332,000)
Amortisation of intangible assets	1,357	2,048
Provision for staff retirement and other benefits	(876,038)	(928,386)
Provision for obsolete / slow moving stores	(40,553)	(41,861)
Provision for doubtful debts	(462,488)	(462,488)
Provision for decommissioning obligation	(416,408)	(444,393)
Accelerated tax depreciation allowances	5,601,832	5,848,653
Exploratory wells cost	8,799,538	7,755,838
Prospecting and development expenditure	11,045,662	10,288,414
Others	4,275	5,313
	<u>20,370,177</u>	<u>18,691,138</u>

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

For The Quarter Ended September 30, 2015

September 30, 2015 Unaudited	June 30, 2015 Audited
Rs '000	

## 9. TRADE AND OTHER PAYABLES

Creditors	621,852	536,042
Accrued liabilities	3,535,005	3,925,183
Security deposits from LPG distributors	602,618	602,618
Retention money	38,145	57,913
Unpaid and unclaimed dividends	8,113,643	231,654
Gas development surcharge	4,911,174	5,162,115
Gas infrastructure development cess	1,789,793	1,957,188
Federal excise duty (net)	172,228	-
Royalties	2,646,464	5,191,988
Current accounts with joint venture partners	6,134,827	4,348,976
Liabilities for staff retirement benefit plans	624,916	803,071
Workers' Profits Participation Fund	427,289	-
Others	105,389	63,005
	<u>29,723,343</u>	<u>22,879,753</u>

## 10. CONTINGENCIES AND COMMITMENTS

There are no major changes in the status of contingencies and commitments as reported in the annual unconsolidated financial statements for the year ended June 30, 2015.

Quarter ended September 30, 2015	Quarter ended September 30, 2014
Rs '000	

## 11. SALES - net

Natural gas	13,391,304	15,879,529
Gas supplied to Sui villages	38,755	67,126
Internal consumption of gas	32,717	50,044
Crude oil / Condensate / NGL	6,509,824	14,170,538
LPG	581,036	799,744
	<u>20,553,636</u>	<u>30,966,981</u>

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

For The Quarter Ended September 30, 2015

Quarter ended September 30, 2015	Quarter ended September 30, 2014
--	--

Rs '000

## 12. FIELD EXPENDITURES

Development and drilling	1,903,442	1,569,383
Exploration	3,732,777	2,682,825
Depreciation	1,073,050	1,039,032
Amortisation of intangible assets	29,061	49,864
Amortisation of decommissioning cost	149,088	336,891
Amortisation of prospecting and development expenditure	1,084,410	833,394
Salaries, wages, welfare and other benefits	2,691,459	1,750,573
Employees' medical benefits	105,131	86,006
Manpower development	4,144	15,544
Travelling and conveyance	104,210	105,539
Communication	8,126	4,088
Stores and spares consumed	221,705	209,062
Fuel and power	63,937	83,624
Rent, rates and taxes	29,303	28,723
Insurance	132,295	141,508
Repairs and maintenance	103,113	89,858
Professional services	8,266	9,435
Auditors' remuneration	1,138	1,103
Free supply of gas to Sui villages	47,947	82,216
Donations	12,136	59,887
Social welfare / community development	21,496	20,137
Other expenses	32,175	33,522
	<u>11,558,409</u>	<u>9,232,214</u>
Recoveries	<u>(596,324)</u>	<u>(518,421)</u>
	<u>10,962,085</u>	<u>8,713,793</u>

## 13. OTHER INCOME

### Income from financial assets

Income on loans and bank deposits	78,799	108,282
Income on term deposits	292,662	585,926
Income on long-term held-to-maturity investments	687,310	764,135
Income from investment in treasury bills	82,246	81,071
Gain on re-measurement / disposal of investments designated at fair value through profit or loss (net)	34,712	218,990
	<u>1,175,729</u>	<u>1,758,404</u>

### Income from assets other than financial assets

Rental income on assets	307	61,555
Profit on sale of property, plant and equipment	266	1,173
Profit on sale of stores and spares (net)	-	282
Exchange gain on foreign currency	315,936	404,785
Share of profit on sale of LPG	20,814	50,059
Others	835	3,804
	<u>338,158</u>	<u>521,658</u>
	<u>1,513,887</u>	<u>2,280,062</u>

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

For The Quarter Ended September 30, 2015

Quarter ended September 30, 2015	Quarter ended September 30, 2014
--	--

Rs '000

## 14. TAXATION

Current	562,607	5,623,319
Deferred	1,679,042	362,845
	<u>2,241,649</u>	<u>5,986,164</u>

## 15. CASH AND CASH EQUIVALENTS

Cash and bank balances	3,883,243	3,693,340
Short-term highly liquid investments	20,586,242	32,437,229
	<u>24,469,485</u>	<u>36,130,569</u>

## 16. TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties are as follows:

Sale of gas to State controlled entities  
(including Government Levies):

GENCO-II	4,961,690	4,581,386
SSGCL	3,660,562	4,112,951
SNGPL	11,206,782	13,095,945
	<u>19,829,034</u>	<u>21,790,282</u>

Trade debts and other receivables from State  
controlled entities as at September 30

	<u>47,844,276</u>	<u>40,075,688</u>
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Transactions with subsidiaries:

Receivable from PPLA	23,620	12,059
Receivable from PPLA, Iraq branch	267,565	164,515
Receivable from PPLE	654	926
Long-term loan to PPLE	1,173,709	1,032,873
Interest income on long term loan to PPLE	9,774	5,825
Payment of employees cost on secondment	15,678	7,295

Transactions with Associated Companies:

Sales of crude oil / condensate	869,570	2,026,580
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# Notes to and Forming Part of the Unconsolidated Condensed Interim Financial Statements (Unaudited)

For The Quarter Ended September 30, 2015

	Quarter ended September 30, 2015	Quarter ended September 30, 2014
	Rs '000	
<b>Transactions with Bolan Mining Enterprises:</b>		
Purchase of goods	4,413	4,051
Reimbursement of employee cost on secondment	12,716	6,377
<b>Transactions with Joint Ventures:</b>		
Payments of cash calls to joint ventures	9,381,545	6,045,112
Expenditures incurred by the joint ventures	11,351,998	7,986,639
Current account receivables relating to joint ventures as at September 30	5,171,077	2,366,201
Current account payables relating to joint ventures as at September 30	19,483	14,672
Under advance balances relating to joint ventures as at September 30	6,115,344	2,648,860
Income from rental of assets to joint ventures	307	61,555
<b>Other related parties:</b>		
Transactions with retirement benefit funds	191,607	166,005
Remuneration to key management personnel	717,827	398,134
Payment of rental to Pakistan Industrial Development Corporation	19,665	16,279
Payment to National Insurance Company Limited	216,726	406,157
Payment to Pakistan State Oil Company Limited	119,290	118,792

- 16.1 Aggregate amount charged in these unconsolidated condensed interim financial statements in respect of fees paid to seven non-executive directors was Rs 3.902 million.

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

For The Quarter Ended September 30, 2015

	Quarter ended September 30, 2015	Quarter ended September 30, 2014
<b>17. EARNINGS PER SHARE</b>		
<b>17.1 Basic earnings per share</b>		
Profit after taxation (Rs'000)	5,876,834	13,687,593
Dividend on convertible preference shares (Rs'000)	(37)	(37)
Profit attributable to ordinary shareholders (Rs'000)	<u>5,876,797</u>	<u>13,687,556</u>
Weighted average number of ordinary shares in issue	1,971,717,086	1,971,717,086
Basic earnings per share (Rs)	<u>2.98</u>	<u>6.94</u>
<b>17.2 Diluted earnings per share</b>		
Profit after taxation (Rs'000)	5,876,834	13,687,593
Weighted average number of ordinary shares in issue	1,971,717,086	1,971,717,086
Adjustment for convertible preference shares	12,369	12,369
Weighted average number of ordinary shares for diluted earnings per share	<u>1,971,729,455</u>	<u>1,971,729,455</u>
Diluted earnings per share (Rs)	<u>2.98</u>	<u>6.94</u>

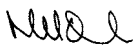
## 18. DATE OF AUTHORISATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorised for issue on October 21, 2015 by the Board of Directors of the Company.

## 19. GENERAL

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

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



Director



Chief Executive

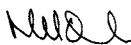
# Consolidated Condensed Interim Financial Statements

# Consolidated Condensed Interim Balance Sheet

As At September 30, 2015

	Note	September 30, 2015 Unaudited	June 30, 2015 Audited
Rs '000			
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed assets			
Property, plant and equipment	5	110,441,632	106,696,685
Intangible assets	6	241,870	259,294
		<b>110,683,502</b>	<b>106,955,979</b>
Equity-accounted investment in joint venture		1,016,887	973,687
Long-term investments	7	41,473,680	35,503,606
Long-term loans		25,406	26,646
Long-term deposits		765,176	765,176
Long-term receivables		253,352	315,418
		<b>154,218,003</b>	<b>144,540,512</b>
<b>CURRENT ASSETS</b>			
Stores and spares		3,868,977	3,890,333
Trade debts	8	56,896,927	58,892,017
Loans and advances		2,043,126	2,156,096
Trade deposits and short-term prepayments		53,404	81,327
Interest accrued		686,859	1,420,963
Current maturity of long-term investments	7	648,733	648,238
Current maturity of long-term receivables		62,066	60,632
Other receivables		5,765,669	7,191,851
Short-term investments	9	29,216,468	29,610,259
Taxation - net		562,969	743,599
Cash and bank balances		5,669,603	3,178,177
		<b>105,474,801</b>	<b>107,873,492</b>
		<b>259,692,804</b>	<b>252,414,004</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital		19,717,295	19,717,295
Reserves		171,978,796	173,552,154
		<b>191,696,091</b>	<b>193,269,449</b>
<b>NON-CURRENT LIABILITIES</b>			
Provision for decommissioning obligation		12,233,945	12,068,746
Liabilities against assets subject to finance leases		191,905	209,647
Deferred liabilities		2,170,436	2,098,135
Deferred taxation	10	22,511,540	20,829,177
		<b>37,107,826</b>	<b>35,205,705</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	11	30,792,075	23,830,730
Current maturity of liabilities against assets subject to finance leases		96,812	108,120
		<b>30,888,887</b>	<b>23,938,850</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	12		
		<b>259,692,804</b>	<b>252,414,004</b>

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



Director



Chief Executive

# Consolidated Condensed Interim Profit and Loss Account (Unaudited)

For The Quarter Ended September 30, 2015

	Note	Quarter ended September 30, 2015	Quarter ended September 30, 2014
		Rs '000	
Sales - net	13	20,735,938	31,272,300
Field expenditures	14	(11,336,494)	(9,068,460)
Royalties		(2,410,972)	(3,718,533)
		(13,747,466)	(12,786,993)
		6,988,472	18,485,307
Share of profit in equity-accounted investment in joint venture		43,200	63,200
Other income	15	1,517,344	2,286,323
Other operating expenses		(431,915)	(1,035,465)
Finance costs		(166,404)	(151,997)
<b>Profit before taxation</b>		<b>7,950,697</b>	<b>19,647,368</b>
Taxation	16	(2,192,772)	(5,968,991)
<b>Profit after taxation</b>		<b>5,757,925</b>	<b>13,678,377</b>
<b>Basic and diluted earnings per share (Rs)</b>	19	<b>2.92</b>	<b>6.94</b>

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

  
Director

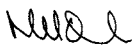
  
Chief Executive

# Consolidated Condensed Interim Statement of Comprehensive Income (Unaudited)

For The Quarter Ended September 30, 2015

	Quarter ended September 30, 2015	Quarter ended September 30, 2014
	Rs '000	
Profit after taxation	5,757,925	13,678,377
Other comprehensive income potentially reclassifiable to profit and loss account in subsequent years		
Foreign exchange differences on translation of subsidiaries	555,585	947,658
Total comprehensive income	<u>6,313,510</u>	<u>14,626,035</u>

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



Director



Chief Executive

# Consolidated Condensed Interim Cash Flow Statement (Unaudited)

For The Quarter Ended September 30, 2015

Note	Quarter ended September 30, 2015	Quarter ended September 30, 2014
	Rs '000	

## CASH FLOWS FROM OPERATING ACTIVITIES

Cash receipts from customers	29,282,743	35,792,869
Receipts of other income	17,330	115,700
Cash paid to suppliers / service providers and employees	(7,460,898)	(5,839,656)
Payment of indirect taxes and Government levies including royalty	(9,940,469)	(10,089,861)
Income tax paid	(291,287)	(2,850,189)
Finance costs paid	(19,158)	(20,662)
Long-term loans (net)	-	(743)
Net cash generated from operating activities	11,588,261	17,107,458

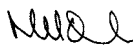
## CASH FLOWS FROM INVESTING ACTIVITIES

Capital expenditure (net)	(6,034,185)	(5,030,561)
Proceeds on sale of property, plant and equipment	4,468	7,274
Purchase of long-term investments	(5,680,779)	(1,224,578)
Disposal / redemption of long-term investments	-	1,795,000
Long-term receivables	60,632	-
Financial income received	1,967,205	2,067,282
Net cash used in investing activities	(9,682,659)	(2,385,583)

## CASH FLOWS FROM FINANCING ACTIVITIES

Payment of liabilities against assets subject to finance leases	(25,342)	(27,202)
Dividends paid	(4,879)	-
Net cash used in financing activities	(30,221)	(27,202)
Net increase in cash and cash equivalents	1,875,381	14,694,673
Cash and cash equivalents at the beginning of the period	32,788,436	30,971,791
Net foreign exchange differences	222,254	377,910
Cash and cash equivalents at the end of the period	34,886,071	46,044,374

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



Director



Chief Executive

# Consolidated Condensed Interim Statement of Changes In Equity (Unaudited)

For The Quarter Ended September 30, 2015

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	Transition reserve	Total			
Rs '000												
19,717,157	138	1,428	69,761	29,021,894	18,751,980	5,000,000	109,357,106	(353,603)	161,847,138	161,846,566	181,565,861	
As at June 30, 2014												
Appropriation of insurance reserve for the year ended June 30, 2014												
-	-	-	-	5,000,000	-	-	(5,000,000)	-	-	-	-	
Appropriation of assets acquisition reserve for the year ended June 30, 2014												
-	-	-	-	-	5,000,000	-	(5,000,000)	-	-	-	-	
Conversion of preference shares into ordinary shares												
14	(14)	-	-	-	-	-	-	-	-	-	-	
Profit after taxation												
-	-	-	-	-	-	-	13,678,377	-	13,678,377	13,678,377	13,678,377	
Other comprehensive income for the quarter ended												
-	-	-	-	-	-	-	-	947,658	947,658	947,658	947,658	
September 30, 2014, net of tax												
-	-	-	-	-	-	-	13,678,377	947,658	14,626,035	14,626,035	14,626,035	
Total comprehensive income for the quarter ended September 30, 2014												
19,717,171	124	1,428	69,761	34,021,894	23,751,980	5,000,000	113,035,483	594,055	176,473,173	176,474,601	196,191,896	
As at September 30, 2014												
19,717,171	124	1,428	69,761	34,021,894	23,751,980	5,000,000	110,426,333	280,758	173,550,726	173,552,154	193,269,449	
As at June 30, 2015												
-	-	-	-	-	-	-	(7,886,888)	-	(7,886,888)	(7,886,888)	(7,886,888)	
Final dividend on ordinary shares @ 40% for the year ended June 30, 2015												
Profit after taxation												
-	-	-	-	-	-	-	5,757,925	-	5,757,925	5,757,925	5,757,925	
Other comprehensive income for the quarter ended												
-	-	-	-	-	-	-	-	555,585	555,585	555,585	555,585	
September 30, 2015, net of tax												
-	-	-	-	-	-	-	5,757,925	555,585	6,313,510	6,313,510	6,313,510	
Total comprehensive income for the quarter ended September 30, 2015												
19,717,171	124	1,428	69,761	34,021,894	23,751,980	5,000,000	108,297,380	836,343	171,977,368	171,978,796	191,696,091	
As at September 30, 2015												

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



Director



Chief Executive



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

For The Quarter Ended September 30, 2015

## 1. LEGAL STATUS AND NATURE OF BUSINESS

The Group consists of Pakistan Petroleum Limited (the Holding Company) and its subsidiary companies i.e. PPL Europe E&P Limited, PPL Asia E&P B.V. 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:

### **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 Holding Company is listed on all the three stock exchanges of Pakistan with effect from September 16, 2004. The registered office of the Holding Company is located at PIDC House, Dr. Ziauddin Ahmed Road, Karachi, Pakistan.

The Sui Mining Lease was due to expire on May 31, 2015. Accordingly, application for extension / renewal was filed by the Holding Company with the Government of Pakistan (GoP). The GoP, through SRO\_(I)/2015 dated May 30, 2015, allowed the Holding Company to continue production from the Sui Mining Lease area for a further period of one year with effect from the expiry of the existing lease period i.e. May 31, 2015.

The management is confident that the Holding Company will be allowed further extension in order to continue production from the Sui Mining Lease.

### **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).

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 two exploration blocks in Yemen. The registered office of PPLE is situated at 6th Floor, One London Wall, London, United Kingdom.

### **PPL Asia E&P B.V.**

The Holding Company has established a wholly-owned subsidiary, PPL Asia E&P B.V. (PPLA) on July 22, 2013, a company incorporated in Amsterdam, Kingdom of Netherlands. The registered office of PPLA is situated at Prins Bernhardplein 200, 1097 JB Amsterdam, the Netherlands.

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.

### **The Pakistan Petroleum Provident Fund Trust Company (Private) Limited**

PPPFTC was incorporated in Pakistan as a private limited company on November 7,

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

For The Quarter Ended September 30, 2015

1955. The Subsidiary Company is engaged in administrating the trusts formed for the benefits of the employees of the Holding Company.

## 2. BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Holding Company and its subsidiary companies, except PPPFTC as mentioned in note 3.3 to these consolidated financial statements, here-in-after referred to as “the Group”.

A company is a subsidiary, if an entity (the Holding Company) directly or indirectly controls, beneficially owns or holds more than fifty percent of its voting securities or otherwise has power to elect and appoint more than fifty percent of its directors.

Subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. Assets, liabilities, income and expenses of a subsidiary acquired or disposed off during the year are included in the profit and loss account from the date the Group gains control until the date the Group ceases to control the subsidiary.

The financial statements of the subsidiaries are prepared for the same reporting period as the Holding Company, using consistent accounting policies. However, the accounting policies of subsidiaries have been changed to conform with accounting policies of the Group, wherever needed.

All intra-group balances, transactions and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Where the ownership of a subsidiary is less than 100% and, therefore, a non-controlling interest (NCI) exists, the NCI is allocated its share of the total comprehensive income of the period, even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the assets (including goodwill) and liabilities of the subsidiary, carrying amount of any NCI, cumulative translation differences recognised in equity, and recognises fair value of consideration received, any investment retained, surplus or deficit in profit and loss account, and reclassifies the Holding Company share of components previously recognised in other comprehensive income to profit and loss account or retained earnings, as appropriate.

The assets, liabilities, income and expenses of subsidiary companies are consolidated on a line by line basis and the carrying value of investments held by the Holding Company is eliminated against the subsidiary companies' shareholders' equity in the consolidated financial statements.

The presentation and functional currency of the Holding Company, as well as, PPPFTC are Pakistani Rupee and the functional currency of other subsidiary companies is US Dollar. For the purpose of consolidation, the financial statements of the subsidiary companies are translated to functional currency of the Holding Company.

## 3. BASIS OF PREPARATION

- 3.1 The consolidated condensed interim financial statements for the quarter ended September 30, 2015, has been prepared in accordance with the requirements of

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

For The Quarter Ended September 30, 2015

International Accounting Standard 34, "Interim Financial Reporting" as applicable in Pakistan and the provisions and directives of the Companies Ordinance, 1984 and directives issued by the Securities and Exchange Commission of Pakistan (SECP). In case where the requirements differ, the provisions of and directives issued under the Companies Ordinance, 1984 have been followed.

- 3.2 These consolidated condensed interim financial statements are unaudited and do not include all of the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the consolidated financial statements for the year ended June 30, 2015.
- 3.3 Securities and Exchange Commission of Pakistan (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 "The Pakistan Petroleum Provident Fund Trust Company (Private) Limited" (PPPFTC), a wholly owned Subsidiary under section 237 of the Companies Ordinance, 1984. Accordingly, the Group has not consolidated the Subsidiary in its consolidated condensed interim financial statements for the quarter ended September 30, 2015.

## 4. SIGNIFICANT ACCOUNTING POLICIES

### 4.1 Statement of Compliance

The accounting policies and the methods of computation adopted in the preparation of this 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, 2015.

### 4.2 Implication of revised IFRS-2 (Share Based Payments) on BESOS

In respect of the Holding Company, Benazir Employees' Stock Option Scheme (the scheme) including its terms and conditions, are the same, as mentioned in the consolidated financial statements for the year ended June 30, 2015. SECP has granted exemption from application of IFRS-2. Had the exemption not been granted, the impact based on the independent actuarial valuations conducted as on June 30, 2015 and June 30, 2014 as per the Group's policy, for the quarter ended September 30, 2015 and September 30, 2014 would have been as follows:

	Quarter ended September 30, 2015	Quarter ended September 30, 2014
	Rs '000	
Staff costs of the Group for the period would have been higher by:	-	1,270,859
Profit after taxation would have been lower by:	-	1,270,859
Earnings per share would have been lower by (Rs):	-	0.64

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

For The Quarter Ended September 30, 2015

	September 30, 2015 Unaudited	June 30, 2015 Audited
	Rs '000	
Retained earnings would have been lower by:	18,879,277	18,879,277
Reserves would have been higher by:	18,879,277	18,879,277
<b>5. PROPERTY, PLANT AND EQUIPMENT</b>		
Opening Net Book Value (NBV)	60,542,740	61,507,149
Additions to:		
- owned assets	746,364	14,730,575
- assets subject to finance leases	2,610	161,547
	748,974	14,892,122
	61,291,714	76,399,271
Disposals / adjustments during the period / year (NBV)	28,847	(5,385,444)
Impairment loss	-	(249,706)
Depreciation / amortisation charged during the period / year	(2,522,396)	(10,221,381)
	58,798,165	60,542,740
Capital work-in-progress – note 5.1	51,643,467	46,153,945
	110,441,632	106,696,685
<b>5.1 Capital work-in-progress</b>		
Plant, machinery, fittings and pipelines	12,175,326	10,667,528
Prospecting and development expenditures	26,273,608	22,493,712
Land, buildings and civil constructions	382,662	384,023
Capital stores for drilling and development	12,811,871	12,608,682
	51,643,467	46,153,945

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

For The Quarter Ended September 30, 2015

September 30, 2015 Unaudited	June 30, 2015 Audited
Rs '000	

## 6. INTANGIBLE ASSETS

Computer software including ERP System	154,068	183,174
Intangible assets under development	87,802	76,120
	<u>241,870</u>	<u>259,294</u>

## 7. LONG-TERM INVESTMENTS

Investment in related party		
- Wholly owned subsidiary		
Fully paid shares in PPPFTC – note 3.3	1	1
Other investments		
Held-to-maturity		
- Term Finance Certificates	99,780	99,780
- Pakistan Investment Bonds	22,463,128	22,523,986
- GoP Ijara Sukuk	500,000	500,000
- Local currency term deposits with banks	2,000,000	2,000,000
- Foreign currency term deposits with banks	11,894,792	11,028,077
	<u>36,957,700</u>	<u>36,151,843</u>
Designated at fair value through profit or loss		
- Mutual Funds	5,164,712	-
Less: Current maturity of long-term investments		
- Term Finance Certificates	(40)	(40)
- PIB's	(148,693)	(148,198)
- GoP Ijara Sukuk	(500,000)	(500,000)
	<u>(648,733)</u>	<u>(648,238)</u>
	<u>41,473,680</u>	<u>35,503,606</u>

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

For The Quarter Ended September 30, 2015

September 30, 2015 Unaudited	June 30, 2015 Audited
Rs '000	

## 8. TRADE DEBTS

Unsecured and considered good

### Related parties

Central Power Generation Company Limited  
(GENCO-II)  
Sui Northern Gas Pipelines Limited (SNGPL)  
Sui Southern Gas Company Limited (SSGCL)

8,078,127	8,787,638
17,458,069	17,987,842
22,092,939	22,482,054
47,629,135	49,257,534

### Non-related parties

Attock Refinery Limited (ARL)  
National Refinery Limited (NRL)  
Pak-Arab Refinery Limited (PARCO)  
Others

7,581,920	7,763,800
566,900	626,508
627,514	740,110
491,458	504,065
9,267,792	9,634,483
56,896,927	58,892,017

Unsecured and considered doubtful

### Non-related party

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

1,156,220	1,156,220
(1,156,220)	(1,156,220)
-	-
56,896,927	58,892,017

## 8.1 The ageing of trade debts is as follows:

Neither past due nor impaired

14,138,188	18,112,345
------------	------------

Past due but not impaired:

Related parties

- within 90 days
- 91 to 180 days
- over 180 days

15,577,643	13,230,407
9,026,488	9,896,353
13,318,847	13,946,350
37,922,978	37,073,110

Non-related parties

- within 90 days
- 91 to 180 days
- over 180 days

4,679,462	3,589,444
71,198	16,895
85,101	100,223
4,835,761	3,706,562
56,896,927	58,892,017

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

For The Quarter Ended September 30, 2015

- 8.2 Trade debts include overdue amount of Rs 37,923 million (June 30, 2015: Rs 37,073 million) receivable from the State controlled utility companies (GENCO-II, SNGPL and SSGCL) and Rs 5,992 million (June 30, 2015: Rs 4,863 million) overdue receivable from refineries (ARL, Byco, PARCO, NRL and Pakistan Refinery Limited) and various LPG customers.

Based on the measures being undertaken by the Government of Pakistan (GoP), the Holding Company considers the overdue amount 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.

September 30, 2015 Unaudited	June 30, 2015 Audited
Rs '000	

## 9. SHORT-TERM INVESTMENTS

### Held-to-maturity

Local currency term deposits with banks	12,354,000	21,455,000
Foreign currency term deposits with banks	8,630,226	8,155,259
Investment in Treasury Bills	8,232,242	-
	<u>29,216,468</u>	<u>29,610,259</u>

## 10. DEFERRED TAXATION

### Credit / (debit) balances arising on account of:

Exploration expenditure	(3,287,000)	(3,332,000)
Amortisation of intangible assets	1,357	2,048
Provision for staff retirement and other benefits	(876,038)	(928,386)
Provision for obsolete / slow moving stores	(40,553)	(41,861)
Provision for doubtful debts	(462,488)	(462,488)
Provision for decommissioning obligation	(416,408)	(444,393)
Accelerated tax depreciation allowances	5,420,321	5,681,404
Exploratory wells cost	8,799,538	7,755,838
Prospecting and development expenditure	13,379,998	12,631,399
Tax losses and credits	(11,462)	(37,697)
Others	4,275	5,313
	<u>22,511,540</u>	<u>20,829,177</u>

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

For The Quarter Ended September 30, 2015

September 30, 2015 Unaudited	June 30, 2015 Audited
Rs '000	

## 11. TRADE AND OTHER PAYABLES

Creditors	621,852	536,042
Accrued liabilities	3,603,677	3,989,176
Security deposits from LPG distributors	602,618	602,618
Retention money	38,145	57,913
Unpaid and unclaimed dividends	8,113,643	231,654
Gas development surcharge	4,911,174	5,162,115
Gas infrastructure development cess	1,789,793	1,957,188
Federal excise duty (net)	172,228	-
Sales tax (net)	3,734	9,662
Royalties	2,646,464	5,191,988
Current accounts with joint venture partners	6,370,525	4,493,899
Liabilities for staff retirement benefit plans	-	803,071
Workers' Profits Participation Fund	427,289	-
Contractual obligations for Iraq EDPSC	734,522	716,779
Others	756,411	78,625
	<u>30,792,075</u>	<u>23,830,730</u>

## 12. CONTINGENCIES AND COMMITMENTS

There are no major changes in the status of contingencies and commitments as reported in the consolidated financial statements for the year ended June 30, 2015.

Quarter ended September 30, 2015	Quarter ended September 30, 2014
Rs '000	

## 13. SALES - net

Natural gas	13,391,304	16,184,848
Gas supplied to Sui villages	38,755	67,126
Internal consumption of gas	32,717	50,044
Crude oil / Condensate / NGL	6,692,126	14,170,538
LPG	581,036	799,744
	<u>20,735,938</u>	<u>31,272,300</u>



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

For The Quarter Ended September 30, 2015

Quarter ended September 30, 2015	Quarter ended September 30, 2014
--	--

Rs '000

## 14. FIELD EXPENDITURES

Development and drilling	1,922,818	1,582,334
Exploration	3,855,135	2,778,266
Depreciation	1,073,346	1,040,946
Amortisation of intangible assets	239,416	49,864
Amortisation of decommissioning cost	154,283	340,035
Amortisation of prospecting and development expenditure	1,084,410	1,053,293
Salaries, wages, welfare and other benefits	2,696,674	1,763,870
Employees' medical benefits	105,131	86,006
Manpower development	4,144	15,544
Travelling and conveyance	104,655	106,533
Communication	8,184	4,197
Stores and spares consumed	221,705	209,062
Fuel and power	63,976	83,864
Rent, rates and taxes	30,458	30,931
Insurance	132,667	141,872
Repairs and maintenance	103,913	90,398
Professional services	16,571	10,700
Auditors' remuneration	1,759	1,168
Free supply of gas to Sui villages	47,947	82,216
Donations	12,136	59,887
Social welfare / community development	21,496	20,137
Other expenses	31,994	35,758
	11,932,818	9,586,881
Recoveries	(596,324)	(518,421)
	11,336,494	9,068,460

## 15. OTHER INCOME

### Income from financial assets

Income on loans and bank deposits	77,089	114,273
Income on term deposits	292,662	585,926
Income on long-term held-to-maturity investments	690,325	764,135
Income from investment in treasury bills	82,246	81,071
Gain on re-measurement / disposal of investments designated at fair value through profit or loss (net)	34,712	218,990
	1,177,034	1,764,395

### Income from assets other than financial assets

Rental income on assets	307	61,555
Profit on sale of property, plant and equipment	266	1,173
Profit on sale of stores and spares (net)	-	282
Exchange gain on foreign currency	318,088	404,785
Share of profit on sale of LPG	20,814	50,059
Others	835	4,074
	340,310	521,928
	1,517,344	2,286,323

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

For The Quarter Ended September 30, 2015

Quarter ended September 30, 2015	Quarter ended September 30, 2014
--	--

Rs '000

## 16. TAXATION

Current

- For the quarter	562,607	5,623,319
- For the prior year	(312)	(100)

Deferred

	562,295	5,623,219
	1,630,477	345,772
	2,192,772	5,968,991

## 17. CASH AND CASH EQUIVALENTS

Cash and bank balances	5,669,603	5,397,567
Short-term highly liquid investments	29,216,468	40,646,807
	34,886,071	46,044,374

## 18. TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties are as follows:

Sale of gas to State controlled entities  
(including Government Levies):

GENCO-II	4,961,690	4,581,386
SSGCL	3,776,774	4,148,412
SNGPL	11,304,583	13,418,844
	20,043,047	22,148,642

Trade debts and other receivables from State  
controlled entities as at September 30

	47,985,469	40,310,550
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Transactions with Associated Companies:

Sales of crude oil / condensate	869,570	2,026,580
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Transactions with Bolan Mining Enterprises:

Purchase of goods	4,413	4,051
Reimbursement of employee cost on secondment	12,716	6,377

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

For The Quarter Ended September 30, 2015

	Quarter ended September 30, 2015	Quarter ended September 30, 2014
	Rs '000	
<b>Transactions with Joint Ventures:</b>		
Payments of cash calls to joint ventures	9,392,072	6,176,943
Expenditures incurred by the joint ventures	11,468,793	8,100,716
Current account receivables relating to joint ventures as at September 30	5,229,122	2,428,129
Current account payables relating to joint ventures as at September 30	255,181	196,005
Under advance balances relating to joint ventures as at September 30	6,115,344	2,648,859
Income from rental of assets to joint ventures	307	61,555
<b>Other related parties:</b>		
Transactions with retirement benefit funds	191,607	166,005
Remuneration to key management personnel	723,071	409,720
Payment of rental to Pakistan Industrial Development Corporation	19,665	16,279
Payment to National Insurance Company Limited	216,726	406,157
Payment to Pakistan State Oil Company Limited	119,290	118,792

- 18.1 Aggregate amount charged in these consolidated condensed interim financial statements in respect of fees paid to seven non-executive directors was Rs 3.902 million.

	Quarter ended September 30, 2015	Quarter ended September 30, 2014
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## 19. EARNINGS PER SHARE

### 19.1 Basic earnings per share

Profit after taxation (Rs'000)	5,757,925	13,678,377
Dividend on convertible preference shares (Rs'000)	(37)	(37)
Profit attributable to ordinary shareholders (Rs'000)	5,757,888	13,678,340
Weighted average number of ordinary shares in issue	1,971,717,086	1,971,717,086
Basic earnings per share (Rs)	2.92	6.94

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

For The Quarter Ended September 30, 2015

Quarter ended September 30, 2015	Quarter ended September 30, 2014
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## 19.2 Diluted earnings per share

Profit after taxation (Rs'000)	5,757,925	13,678,377
Weighted average number of ordinary shares in issue	1,971,717,086	1,971,717,086
Adjustment for convertible preference shares	12,369	12,369
Weighted average number of ordinary shares for diluted earnings per share	1,971,729,455	1,971,729,455
Diluted earnings per share (Rs)	2.92	6.94

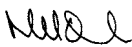
## 20. DATE OF AUTHORISATION FOR ISSUE

These consolidated condensed interim financial statements were authorised for issue on October 21, 2015 by the Board of Directors of the Holding Company.

## 21. GENERAL

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

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



Director



Chief Executive

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## Pakistan Petroleum Limited



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