



Pakistan Petroleum Limited



# Mapping New Frontiers

Quarterly Report September 2017

## **DIRECTORS' INTERIM REVIEW**

Your directors are pleased to present the unaudited condensed interim financial statements for the quarter ended September 30, 2017 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, 2017 are as follows:

#### **Seismic Activities**

In PPL Operated blocks, 2D seismic data acquisition of 421 Line Km was carried out during the period, as compared to 2D and 3D seismic data acquisitions of 286 Line Km and 467 Sq. Km, respectively in the corresponding period.

#### **Drilling Activities**

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

#### **Financial Highlights**

The key financial results of the Company for the quarter ended September 30, 2017 are as follows:

	<b>Quarter ended September 30, 2017</b>	<b>Quarter ended September 30, 2016</b>
	<b>Rs Million</b>	
Sales revenue (net)	32,212	18,810
Profit before taxation	18,663	8,184
Taxation	(5,985)	(2,435)
Profit after taxation	12,678	5,749
Basic and Diluted Earnings Per Share (Rs)	6.43	2.92

#### **Sales revenue**

Sales revenue increased by Rs 13,402 million during the current quarter as compared to the corresponding quarter, representing positive variances on account of price and volume amounting to Rs 11,348 million and Rs 2,054 million, respectively.

Positive price variance is mainly due to revision in wellhead gas price of Tal (as disclosed in note 1.4 to the unconsolidated condensed interim financial statements for the quarter ended September 30, 2017) and Sui (refer note 1.3 to the unconsolidated financial statements for the year ended June 30, 2017) fields.

Positive volume variance is attributable to the combined effect of 5%, 17%, 18% and 90% increase in gas, oil, LPG & barytes sales volumes, respectively.

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



		Quarter ended September 30, 2017	Quarter ended September 30, 2016
Natural Gas	MMCF	75,419	71,678
Crude Oil / Natural Gas Liquids / Condensate	BBL	1,514,793	1,296,033
Liquefied Petroleum Gas (LPG)	Tonnes	20,928	17,788
Barytes	Tonnes	15,598	8,191

### **Profitability**

Profitability of the Company increased by 121% as compared to the corresponding quarter. Main drivers are increased sales revenue (as explained above) and reduced exploration expenses, partially offset by impairment loss on investment in PPL Europe E&P Limited (PPLE), increase in operating expenses and levies (increased in line with sales).

Reduced exploration expenses are mainly due to the recovery of past cost (incurred by the Company from inception till the assignment date) amounting to Rs 1,015 million from United Energy Pakistan Limited, as a result of farming out of the Company's 50% Working Interest along with transfer of operatorship in Kotri North block.

The reason for impairment loss is reduction in net working capital of PPLE, whereas higher operating expenses are mainly as a result of increased depreciation and amortisation on account of capitalisation of new wells and facilities.

### **CORPORATE STRATEGY AND FOCUS AREAS**

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

#### **Exploration**

The Exploration Directorate consists of three Assets i.e. South, North and Frontier Assets (Frontier Assets also include blocks in Iraq, Yemen and new ventures). At present, the Company's portfolio, together with its subsidiaries, consists of forty-four exploratory blocks, out of which twenty-five are PPL operated (including Block-8 in Iraq being operated by PPL Asia) and remaining nineteen, including three offshore blocks in Pakistan and two onshore blocks in Yemen, are partner operated. Details of major activities are as follows:

#### **Exploration South Assets**

6<sup>th</sup> exploratory well in Hala block (Zarbab X-1) and 1<sup>st</sup> exploratory well in Zamzama South block (Manchar X-1), have been suspended for further evaluation.

In Naushahro Firoz Block, drilling of NF X-1 horizontal appraisal well was completed by re-entry in to the existing well. During initial testing, the well flowed 1.3 MMscfd of gas. Further testing, including multistage frac is being carried out.

Preparations are underway to spud-in 1<sup>st</sup> exploratory well Benari X-1 in Shah Bandar Block.

In Kotri, Gambat South, Hala and Sirani blocks, 3D seismic data interpretation and mapping are in progress to mature additional prospects for drilling of exploratory wells.

#### **Exploration North Assets**

Preparations are underway to spud-in 1<sup>st</sup> exploratory well Talagang X-1 in Karsal Block.

In Dhok Sultan Block, 2D and 3D seismic surveys have been completed to appraise the Dhok Sultan X-1 discovery and mature additional prospects for drilling. Further, plan is to



sidetrack the existing Dhok Sultan X-1 well, which is suspended due to high temperatures. International experts on high temperatures have been engaged to understand how to best develop this discovery and others like it in the block.

Location of 1<sup>st</sup> exploratory well Misrial X-1 has been staked in Hisal Block. Further, 2D seismic data is being acquired to firm up 2<sup>nd</sup> exploratory well prospect.

In Sadiqabad block, source rock evaluation and 3D petroleum system modeling are in progress to mature prospect for drilling exploratory well Cholistan X-1.

### **Exploration Frontier Assets**

1<sup>st</sup> exploratory well in Kalat block (Kalat X-1) has been suspended for further evaluation.

1<sup>st</sup> exploratory well in Hub block (Hub X-1) was spud-in September 2017 and currently drilling is in progress.

Acquisition of 500 Line Km 2D seismic is in progress in Kharan and Kharan East blocks.

Preparations are underway to spud-in exploratory wells in Nausherwani (Nausherwani X-1), Hub (Hub X-2) and Bela West (Bela West X-1) blocks.

### **Partner-Operated Areas**

In Tal Block, drilling of exploratory well Tolanj East-1 is in progress. Further, Manzalai West gravity survey processing and interpretation is in progress.

Drilling of exploratory wells, Kacha Khel-1 and Khanjar-1 is in progress in Nashpa Block.

In Kirthar Block, drilling of appraisal well Rizq-2 is in progress and PSDM processing of 511 Sq.Km 3D data has been completed.

Preparations are underway to spud-in exploratory wells in Sukhpur (Lundi-1) and Kotri North (Aliabad -1) blocks.

### **Producing Fields**

#### **Sui Asset**

Production from well Sui-64(M) was successfully revived (as a result of workover) and the well was re-commissioned into production network, which is currently producing 5 MMscfd of gas. Workover at well Sui-36 (M) was carried out, whereas workover of well Sui-40 (M) is in progress. Further, maintenance, upgrade and enhancement of plant reliability activities were undertaken at both Purification Plant and Sui Field Gas Compression Station, including commissioning of 6<sup>th</sup> evaporative cooler to enhance turbine efficiency.

#### **Kandhkot Asset**

Development wells KDT-41(M), KDT-43(M) and KDT-44(U), were successfully completed and commissioned, resulting in enhanced field deliverability by approximately 24 MMscfd of gas. Further, completion and commissioning activities of well KDT-39(M), spud-in July 2017, are in progress. Further, well-by-well reviews were carried out to identify candidates for remedial jobs. Installation and hookup of two Compressors, shifted from Sui to Kandhkot, was completed successfully with commissioning planned in October 2017.

Moreover, higher gas sales were recorded during the current period at an average of 231 MMscfd. Accordingly, commitment with the Government of Pakistan for enhancing production from Kandhkot gas field was timely fulfilled.



### **Adhi Asset**

Development well Adhi-28(T/K) was commissioned in September 2017, resulting in additional production of around 1.3 MMscfd of gas and 320 BBLs of oil per day, whereas, drilling of well Adhi-29(T/K) was completed satisfactorily, and its testing and completion is in progress.

Further, Performance Test and Reliability Guarantee Test of Plant-III was completed in September 2017 and plant operations were handed over to PPL by the contractor. Furthermore, purchase order for supply of compressors for Adhi Compression Project has been issued and detailed engineering and preparation of tender documents for construction work is in progress.

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

Optimum plan for the utilisation of recently acquired Rehmat Gas Plant (RGP) has been finalised for production enhancement by 50MMscfd of gas from Gambat South by installing it as Gas Processing Facility (GPF) IV. Accordingly, the contract for RGP relocation has been awarded.

Further, Letter of Agreement has been signed with SSGCL for supply of gas from Gambat South block. Furthermore, GPF - III project is under procurement and construction phase.

Moreover, construction work has commenced for Kabir X-1 EWT facility with commencement of gas sales planned in October 2017, through virtual pipeline.

Reference to note 36.1 to the unconsolidated financial statements for the year ended June 30, 2017, Asia Resourced Oil Limited (AROL), on October 25, 2017 has paid PPL a sum of USD 54.8 million in lieu of its outstanding liabilities (including final settlement amount and current cash calls) in the Kotri North and Gambat South blocks. Hence, AROL's outstanding liabilities in respect of Gambat South and Kotri North blocks stand cleared. For Naushahro Firoz block, AROL did not pay the settlement amount. Accordingly, as per the Naushahro Firoz SA, AROL's 10% working interest therein would stand irrevocably forfeited in favour of PPL.

### **Partner-Operated Assets**

In Tal block, completion activities in respect of development well Makori East-6 are in progress.

Drilling of development wells (Mela-5, Mela-6 and Nashpa-8) and EPCC project for installation of LPG / NGL plant is in progress in Nashpa block.

Development wells Qadirpur-58 (SML) and Qadirpur HRL-12 were successfully completed as gas producers, whereas development well Qadirpur HRL-14 was spud-in September, 2017 and currently drilling is in progress.

### **Bolan Mining Enterprises**

Mining and Grinding operations for production of Barytes at Khuzdar remained satisfactory. Sales of Baryte powder to local E&P companies and export of Baryte Ore was as per expectations. As part of preparation for Bankable Feasibility Report for exploitation of Baryte-Lead-Zinc (BLZ) deposits at Gunga Khuzdar, exploratory drilling up to approximately 10,000 meters was completed in September 2017 to establish commercial viability of the project.



In addition, exploratory drilling of around 550 meters is in progress at Nokkundi Iron Ore site for resource evaluation.

### **Corporate Social Responsibility**

As a responsible organisation, PPL is committed to bringing positive change in the lives of its communities residing in the surroundings of its exploratory and producing areas as well as in other parts of the country through welfare projects of mass benefit in line with the local needs, ensuring transparency and sustainability. The CSR initiatives are mainly focused on education, health care, infra-structure development and water resource development. The main activities are mentioned below;

Sponsorship for establishment of FC Girls College at Sui and construction of four academic blocks at various Govt Schools. Further, the Company sponsored four PPL-TCF Schools at Kandhkot and two Govt Schools at UC Ghaibi Dero. Furthermore, construction work was completed at three water supply schemes, while construction work is progressing on twenty five schemes at various districts.

Women Vocational Training Centre, Mastala near Adhi Field and Vocational Training Institute, Sui operated satisfactorily.

Construction work progressed on various roads at or in the surroundings of Kandhkot, Shahdadpur and Adhi Fields.

### **Human Resources**

PPL continues to provide employees with good opportunities for professional and personal development, by keeping its focus on skills and competencies development of staff, through leadership programs, technical trainings and awareness sessions.

Company's ongoing Associate Program that offers on-job training to help build a talent pipeline of professionals, concluded with an intake of additional 36 graduates. Further, the Company invested extensively in Leadership Assessments for its senior management to plan and roll out focused development opportunities.

The Company believes in providing equal opportunity in recruitment, promotion, rewards, training and career development to all employees.

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

Management Audits by senior management continued to serve as a key tool for fostering QHSE culture in the organisation. Further, QHSE Week was celebrated at Sui Gas Field to inculcate safety culture.

QHSE trainings remained a key focus area to build up organisational capabilities and accordingly, multiple sessions were conducted on QHSE Automation Software (Incident & Risk Modules), Process Hazard Analysis (HAZOP & HAZID) and Emergency Response. Further, PSM Leadership workshops conducted for around thirty-five senior management staff through internationally recognised facilitator.

Pre-Mobilisation HSE Workshop was conducted with contractors to ensure safety of PPL & Contractor's personnel. Further, QHSE monitoring was conducted during demobilisation and crane operations at Dhok Sultan Seismic Site.

Technologically Enhanced Naturally Occurring Radioactive Materials (TENORM) survey was carried out at Kandhkot Field (Plants and Drilling Site) to establish current baseline.



## **Industrial Relations**

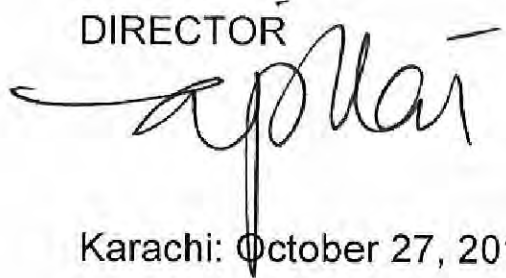
The negotiations on Charter of Demands 2015-16 are in progress.

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

## **ACKNOWLEDGEMENT**

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

DIRECTOR



Karachi: October 27, 2017



MANAGING DIRECTOR /  
CHIEF EXECUTIVE OFFICER



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۔

  
مینجنگ ڈائریکٹر / چیف ایگزیکٹو

  
ڈائریکٹر

کراچی

27 اکتوبر 2017



انسانی وسائل

پی پی ایل اپنے عملے کی پیشہ وارانہ اور ذاتی ترقی کے ضمن میں تکنیکی اور قائدانہ دیگر صلاحیتوں میں اضافے کے لئے تکنیکی تربیت اور آگاہی کی نشستیں جاری رکھتی ہے۔

کمپنی کا جاری ایسوسی ایٹس پروگرام، جس کے تحت دوران ملازمت تربیت کی سہولت فراہم کی جاتی ہے تاکہ مستقبل میں پیشہ وارانہ افراد کی دستیابی کو یقینی بنایا جاسکے، مکمل ہوا۔  
ساتھ ہی 36 نئے گریجویٹس کو پروگرام میں شامل کیا گیا۔

کمپنی نے اعلیٰ انتظامیہ کی قیادت کی جانچ کے سلسلے میں خاصا کام کیا تاکہ انفرادی سطح پر حسب ضرورت تربیتی پروگرام ترتیب دیا جاسکے۔

کمپنی بھرتیوں، تمام عملے کی پیشہ وارانہ تربیت و ترقی اور اجر کے لئے مساوی مواقع فراہم کرنے پر یقین رکھتی ہے۔

معیار، صحت، تحفظ و ماحول (کیوانچ ایس ای)

اعلیٰ انتظامیہ کی جانب سے کئے جانے والے آڈٹ نے کمپنی میں کیوانچ ایس ای کلچر کو فروغ دینے میں اہم کردار ادا کیا ہے۔ سوئی گیس فیلڈ میں ہفتہ کیوانچ ایس ای منایا گیا جس میں تحفظ کے رواج کو پروان چڑھانے پر زور دیا گیا۔

کیوانچ ایس ای کے حوالے سے منعقد کی جانے والی تربیتی نشستوں نے عملے کی صلاحیتوں کو بہتر بنانے میں اہم کردار ادا کیا۔ اس ضمن میں، کیوانچ ایس ای آٹومیشن سافٹ ویئر (وقوع پذیری اور متعلقہ خطرات کے موڈ پولز) طریقہ کار میں خطرات کی جانچ (HAZOP & HAZID) اور ایمرجنسی ریسپونس کے لئے مختلف نشستوں کا انعقاد کیا گیا۔  
اس کے علاوہ، بین الاقوامی ماہر کی تربیت میں اعلیٰ انتظامیہ کے تقریباً 35 ارکان نے طریقہ کار میں تحفظ کے انتظام کی قیادت ورکشاپ میں شرکت کی۔

سائز مک، کھدائی و دیگر کاموں کی شروعات سے قبل منعقد کئے جانے والے ایوانچ ایس ای ورکشاپس کے تحت ٹھیکیداروں کے لئے نشست کا اہتمام کیا گیا تاکہ کمپنی اور ٹھیکیداروں کے عملے کے تحفظ کو یقینی بنایا جاسکے۔ ساتھ ہی ڈھوک سلطان سائز مک سروے کی سائٹ پر ڈی مو بیلا زیشن اور کرین آپریشن کے دوران کیوانچ ایس ای کی جانچ کی گئی۔

ٹیکنالوجی سے جلا پانے والا قدرتی طور پر وقوع پذیر تابکاری موڈ (TENORM) کی موجودگی کے حوالے سے کندھ کوٹ گیس فیلڈ میں پلانٹ اور کھدائی کی سائٹ پر سروے کیا گیا تاکہ موجودہ مقدار کا اندازہ لگایا جاسکے۔

انڈسٹریل ریلیشنز

2015-16 کے لئے چارٹرڈ آف ڈیمانڈ پرنڈا کرات جاری ہیں

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

جون 2017.30 کو ختم ہونے والے مالی سال کے غیر اشتهال شدہ مالیاتی گوشواروں کے نوٹ 36.1 کے مطابق ایشیاءری سورمز آئل لمیٹڈ (اے آراو ایل) نے 25 اکتوبر 2017 کو پی پی ایل کو کوٹری نار تھ اور گمبٹ ساؤتھ بلاکس میں اپنے بقایا جات (بشمول حتمی تصفیاتی رقم اور حالیہ بقایا جات) کی مد میں 54.8 ملین امریکی ڈالر ادا کئے۔ چنانچہ، کوٹری نار تھ اور گمبٹ ساؤتھ بلاکس میں اے آراو ایل کے بقایا جات ختم ہو گئے۔ جبکہ اے آراو ایل نے نوشہرہ فیروز بلاک میں اپنے بقایا جات ادا نہیں کئے لحاظ نوشہرہ فیروز بلاک کے معاہدے کے تحت، بلاک میں اے آراو ایل کی 10 فیصد حصہ داری پی پی ایل کے حق میں ناقابل تسخیر طور پر ضبط کر لی جائے گی۔

پارٹنر۔ آپریٹڈ اثاثے

ٹل بلاک میں پیداواری کنوئیں ماکوٹری ایسٹ-6 کی تکمیل پر کام جاری ہے۔  
نٹیا بلاک میں پیداواری کنوئیں میلہ-5، میلہ-6 اور نٹیا-8 کی کھدائی جاری ہے۔ مزید یہ کہ ایل پی جی/این جی ایل پلانٹ کی تنصیب کے لئے ای پی سی سی منصوبہ جاری ہے۔  
قادر پور فیلڈ میں پیداواری کنوئیں قادر پور-58 (ایس ایم ایل) کو گیس کے پیداوار کنندہ کے طور پر مکمل کر لیا گیا ہے جبکہ قادر پور ایچ آرایل-14 کی کھدائی کا آغاز ستمبر 2017 میں ہوا، جس پر کام ابھی جاری ہے۔

بولان مائننگ انٹرپرائزز

خضدار میں بیرامیٹ کی پیداوار کے لئے مائننگ اور گرائنڈنگ آپریشنز تسلی بخش رہے۔ مقامی پیداواری اور دریافتی کمپنیوں کو بیرامیٹ پاؤڈر کی فراہمی اور اس کی درآمد و توقع کے مطابق رہی۔

گڑگا، خضدار میں بیرامیٹ۔ لیڈ اور زنک کی تلاش و دریافت کے لئے ایک جامع امکان پذیری کی رپوٹ، جس کی بنیاد پر سرمایہ کاری کی جاسکے، کی تیاری کے حوالے سے 10,000 میٹر تک کے احاطے میں دریافتی کھدائی ستمبر 2017 میں مکمل ہو چکی ہے تاکہ منصوبے کے تجارتی طور پر قابل عمل ہونے کا تجربہ کیا جاسکے۔

ساتھ ہی نوکنڈی خام لوہے کے منصوبے کی سائٹ پر ذخائر کی جانچ کے لئے تقریباً 550 میٹر کی دریافتی کھدائی جاری ہے۔

کاروباری سماجی ذمہ داری (سی ایس آر)

ایک ذمہ دار کاروباری ادارے کے طور پر، پی پی ایل اپنے آپریشنل علاقوں کے ارد گرد رہنے والی اور ملک کے دیگر علاقوں میں مستحق آبادیوں کی زندگیوں میں مثبت تبدیلی لانے کے لئے سماجی بھلائی کے منصوبوں کو مقامی ضروریات کے تحت شفافیت اور پائیدار کو یقینی بناتے ہوئے انجام دے رہا ہے۔ کمپنی نے گزشتہ چھ دہائیوں کے دوران تعلیم، صحت، روزگاری فراہمی اور تعمیرات اور پانی کی فراہمی کے اقدامات کیے ہیں۔

پی پی ایل نے ایف سی گرلز کالج، سوئی کے قیام اور مختلف اسکولوں میں چار تعلیمی بلاکس کی تعمیر کے لئے اعانت کی۔ ساتھ ہی کمپنی کے تعاون سے چلنے والے کندھ کوٹ میں 4 پی پی ایل۔ ٹی سی ایف اسکول اور نجی ڈیرو، قمبر شہداد کوٹ میں 2 گورنمنٹ اسکول تسلی بخش کام کر رہے ہیں۔

اس کے علاوہ فراہمی آب کی 3 اسکیموں پر کام مکمل ہو چکا ہے جبکہ دیگر 25 اسکیموں پر کام مختلف اضلاع میں جاری ہے۔

مستقلہ، آدنی فیلڈ کے نزدیک خواتین کا ووڈ کیشنل تربیتی سینٹر اور سوئی میں ووڈ کیشنل تربیتی انسٹیٹیوٹ تسلی بخش کام انجام دے رہے ہیں۔

کندھ کوٹ، ضلع کشمور، شہداد پور ضلع ساٹکھڑ، سندھ اور آدنی تحصیل گوجر خان میں مختلف سڑکوں کی تعمیر جاری ہے۔



پیداواری فیلڈز

سوئی اٹاش

پیداواری کنوئیں سوئی-64 (M) کو دورک اور کے بعد بحال کر کے پھر سے نیٹ ورک سے منسلک کر دیا گیا جو اس وقت یومیہ تقریباً 15 ایم ایم ایس سی ایف گیس فراہم کر رہا ہے۔ جبکہ سوئی-36 (M) کا دورک اور مکمل ہو گیا سوئی-40 (M) کا دورک اور ابھی جاری ہے۔

ساتھ ہی، بیورٹیفیکیشن پلانٹ اور سوئی فیلڈ گیس کمپریسر اسٹیشن کی تجدید، مرمت اور پائپس کی کارکردگی بڑھانے کے حوالے سے مختلف سرگرمیاں انجام دیں گئیں۔ جس میں چھٹے بخاراتی کولر کے اضافے سے ٹربائین کی صلاحیت کو بڑھانا شامل ہے۔

کندھ کوٹ اٹاش

پیداواری کنوئیں KDT-41 (M) KDT-43 (M) KDT-44 (U) کی کامیابی سے تکمیل کے بعد پیداوار حاصل کرنا شروع کر دی گئی ہے جس سے فیلڈ کی صلاحیت میں یومیہ تقریباً 24 ایم ایم ایس سی ایف گیس کا اضافہ ہوا ہے۔ ساتھ ہی KDT-39 (M) جس کی کھدائی کا آغاز جولائی 2017 میں ہوا تھا، کی تکمیل اور اسے پیداواری سلسلے سے جوڑنے کا عمل جاری ہے۔ علاوہ ازیں، ہر کنوئیں کا تجزیہ کیا جا رہا ہے تاکہ جہاں دشواریاں ہوں اس کی شناخت کی جائے۔ ساتھ ہی سوئی گیس فیلڈ سے منتقل کئے گئے دو کمپریسر پائپس کی تنصیب اور اسے پیداواری سلسلے سے جوڑنے کا عمل کامیابی کے ساتھ اکتوبر 2017 میں مکمل ہو گیا۔ مزید برآں یہ کمزیر جائزہ مدت میں فیلڈز سے فروخت ہونے والی گیس کی زیادہ سے زیادہ مقدار ریکارڈ کی گئی جو اوسطاً یومیہ 231 ایم ایم ایس سی ایف رہی۔ جس کی بناء پر حکومت پاکستان سے کئے گئے عہد کی مقررہ وقت میں پاسداری ممکن ہوئی۔

آدہی اٹاش

پیداواری کنوئیں آدہی-28 (T/K) سے پیداوار کا آغاز ستمبر 2017 میں ہوا جس سے یومیہ 1.3 ایم ایم ایس سی ایف گیس اور 320 بیرل تیل حاصل ہوئے۔ آدہی-29 (T/K) کی تسلی بخش کھدائی مکمل ہو چکی ہے جبکہ کنوئیں کا تجزیہ اور تکمیل جاری ہے۔ آدہی ایل پی جی/این جی ایل پلانٹ II کی کارکردگی اور قابل اعتماد ہونے کی گارنٹی کی جانچ ستمبر 2017 میں مکمل ہو چکی ہے اور ٹھیکیدار نے پلانٹ کے آپریشنز کو پی پی ایل کو منتقل کر دیا ہے۔ مزید یہ کہ آدہی کمپریسر منصوبے کے ضمن میں کمپریسرز کی فراہمی کے حوالے سے خریداری کا آڈر جاری کر دیا گیا ہے جبکہ تفصیلی انجینئرنگ اور تعمیراتی کام کے لئے بولیوں کے دستاویزات کی تیاری جاری ہے۔

گمبٹ ساؤتھ/ہالہ/مزرانی اٹاش

حال ہی میں حاصل کئے گئے رحمت گیس پلانٹ، جسے گیس پروسیسنگ پلانٹ IV کی حیثیت سے گمبٹ ساؤتھ سے 150 ایم ایم ایس سی ایف تک پیداوار میں اضافے کے لئے تنصیب کئے جانے کے منصوبے کو مکمل حد تک حتمی شکل دی جا چکی ہے۔ اس ضمن میں رحمت گیس پلانٹ کو منتقل کرنے کے حوالے سے کنٹریکٹ ایوارڈ کیا جا چکا ہے۔

گمبٹ ساؤتھ سے گیس کی فراہمی کے لئے ایس ایس جی ایل کے ساتھ معاہدے پر دستخط ہو چکے ہیں۔ جی پی ایف-II منصوبے کے لئے سامان کی خریداری اور تعمیراتی کام جاری ہے۔

ساتھ ہی کیر-1 X سے پیداوار کی ابتدائی جانچ کے لئے مطلوبہ فیسلیٹی کی تعمیر کا کام شروع ہو چکا ہے جس کے تحت ورچول پائپ لائن کے ذریعے گیس کی فروخت کا آغاز اکتوبر 2017 تک متوقع ہے۔

ایکسپلوریشن کے جنوبی اثاثے

ہالہ بلاک میں چھپے دریافتی کنوئیں زرباب 1-X اور زمزمہ ساوتھ بلاک میں پہلے دریافتی کنوئیں منچھر 1-X میں مزید جانچ کے لئے کام کو روک دیا گیا ہے۔  
نوشہروز بلاک میں افقی تجزیاتی کنوئیں این ایف 1-X (دوبارہ داخل کئے گئے) کی کھدائی مکمل ہو چکی ہے۔ ابتدائی جانچ کے دوران کنوئیں سے یومیہ 3.1 ایم ایم ایس سی ایف گیس حاصل ہوئی۔ مزید جانچ جس میں کثیرالسطحی فریکچرنگ بھی شامل ہے، جاری ہے۔  
شاہ بندر بلاک میں پہلے دریافتی کنوئیں بناری 1-X کی کھدائی کی تیاریاں جاری ہیں۔  
کوٹری بلاک، گمبٹ ساوتھ، ہالہ اور سیرانی بلاکس سے حاصل کئے گئے 3D سائزنگ ڈیٹا کی تشریح اور مپنگ جاری ہے تاکہ دریافتی کنوئیں کی کھدائی کے لئے اضافی امکانات کو پختہ کیا جائے۔

ایکسپلوریشن کے شمالی اثاثے

کرسل بلاک میں پہلے دریافتی کنوئیں تلہ گنگ 1-X کی کھدائی کے آغاز کی تیاریاں جاری ہیں۔  
ڈھوک سلطان بلاک میں 2D اور 3D سائزنگ سروے مکمل ہو چکے ہیں تاکہ ڈھوک سلطان 1-X دریافت کی جانچ کے ساتھ ساتھ کھدائی کے لئے مزید مقامات کو پختہ کیا جاسکے۔ مزید برآں، ڈھوک سلطان 1-X کو، جو اس وقت غیر متوقع طور پر زیادہ درجہ حرارت کی وجہ سے متروک ہے، سائٹڈریک کرنے کے حوالے سے منصوبہ بندی کی جارہی ہے۔ (کنوئیں کے) زیادہ درجہ حرارت کے حوالے سے کام کرنے والے غیر ملکی ماہرین کی خدمات حاصل کی گئی ہیں تاکہ اس دریافت اور بلاک میں اس جیسی دوسری دریافتوں سے پیداوار کے حصول کے حوالے سے بہتر سمجھ حاصل کی جاسکے۔  
حصال بلاک میں مہریال 1-X کی کھدائی کے ممکنہ مقام کو پختہ کیا جا چکا ہے۔ مزید یہ کہ 2D سائزنگ سروے کا حصول جاری ہے تاکہ دوسرے کنوئیں کی کھدائی کے ممکنہ مقام کو پختہ کیا جاسکے۔  
صادق آباد بلاک میں منبع چٹان کا تجزیہ اور 3D پٹرولیم سسٹم ماڈلنگ جاری ہے تاکہ پہلے دریافتی کنوئیں چولستان 1-X کی کھدائی کے ممکنہ مقام کو پختہ کیا جاسکے۔

ایکسپلوریشن کے سرحدی اثاثے

قلاں بلاک میں پہلے دریافتی کنوئیں قلات 1-X کو مزید جانچ تک عارضی طور پر ترک کر دیا گیا ہے۔  
حب بلاک میں حب 1-X کو ستمبر 2017 میں کھودا گیا۔ جسکی کھدائی ابھی جاری ہے۔  
خاران اور خاران ایسٹ بلاکس میں 500 لائن کلومیٹر کے 2D سائزنگ سروے کا حصول جاری ہے۔  
نوشہروانی، حب اور ہیلادیسٹ بلاکس میں بالترتیب نوشہروانی 1-X، حب 2-X اور ہیلادیسٹ 1-X کی کھدائی کی تیاریاں جاری ہیں۔

پارٹنر آپریٹڈ اثاثے

ٹل بلاک میں دریافتی کنوئیں تولنج ایسٹ 1-X کی کھدائی ہو رہی ہے۔ ساتھ ہی منزلی ویسٹ کے گریوٹی سروے کی پروسیسنگ اور تشریح جاری ہے۔  
نہا بلاک میں دریافتی کنوئیں کچا خیل 1-X اور خنجر 1-X کی کھدائی جاری ہے۔  
کیہر بلاک میں تجزیاتی کنوئیں رزق 2-X کی کھدائی جاری ہے۔ 511 مربع کلومیٹر 3D سائزنگ ڈیٹا کی پری اسٹیک ڈیٹا مینجمنٹ پروسیسنگ مکمل ہو چکی ہے۔  
سکھ پور بلاک (لنڈی 1) اور کوٹری نارٹھ بلاک (علی آباد 1) میں دریافتی کنوئیں کی کھدائی جاری ہے۔



قیمت میں مثبت تغیر کی بنیادی وجہ ٹیل اور سوئی کے ویل ہیز کی ترمیم شدہ قیمت ہے۔ (جیسا کہ 30 ستمبر 2017 کے غیر اشتہال شدہ مالیاتی گوشواروں کے نوٹ 1.4 اور 30 جون 2017 کے اشتہال شدہ مالیاتی گوشواروں کے نوٹ 1.3 میں بیان کیا گیا ہے۔)

حجم میں مثبت تغیر گیس، تیل، ایل پی جی اور پیرائیتھس کی فروخت میں بالترتیب 5، 17، 18 اور 90 فیصد کے مشترکہ اضافے کے اثر سے منسوب ہے

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

یونٹ	پہلی سہ ماہی کا اختتام 30 ستمبر 2017	پہلی سہ ماہی کا اختتام 30 ستمبر 2016	
قدرتی گیس	ایم ایم سی ایف	75,419	71,678
خام تیل/ قدرتی گیس مائع (این جی ایل)/ کنڈنسٹ	بی بی ایل	1,514,793	1,296,033
مائع پٹرولیم گیس (ایل پی جی)	ٹن	20,928	17,788
پیرائیتھس	ٹن	15,598	8,191

#### منفعت

منفعت میں تقابلی عرصے کے مقابلے میں 121 فیصد اضافہ ہوا۔ اس کی بنیادی وجہ فروخت آمدن میں ہونے والے اضافے (جیسے اوپر بیان کیا گیا ہے) اور دریافتی سرگرمیوں میں ہونے والے اخراجات میں کمی ہے۔ جس نے پی پی ایل یورپ ای اینڈ پی سی پی لیٹنڈ (پی پی ایل۔ ای) میں سرمایہ کاری سے ہونے والے خسارے، آپریٹنگ اخراجات میں اضافے اور متعلقہ ٹیکس (جو فروخت میں اضافے سے منسلک ہے) کو جزوی طور پر زائل کیا۔

دریافتی اخراجات میں کمی کی اہم وجہ کوٹری نار تھ بلاک میں ماضی میں ہونے والے اخراجات کی مد میں 1,015 ملین روپے کی یونائیٹڈ انرجی پاکستان لیٹنڈ سے وصولی ہے۔ جسے حال ہی میں پی پی ایل نے 50 فیصد کاروباری شراکت کے ساتھ بلاک کی آپریٹر شپ دے دی ہے۔

غیر نقدی خسارے کی وجہ پی پی ایل۔ ای کے اثاثے کی مروجہ قیمت میں ہونے والی کمی ہے جبکہ آپریٹنگ اخراجات میں اضافے کی وجہ سے کنوؤں اور پائپس کے آلات کی قیمت میں وقت کے ساتھ ہونے والی کمی ہے۔

#### کاروباری حکمت عملی اور اہم شعبہ جات

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

#### دریافتی سرگرمیاں

کمپنی کا دریافتی پروگرام/ ڈائریکٹوریٹ تین اثاثوں بنام شمالی، جنوبی اور سرحدی اثاثوں پر مشتمل ہے۔ (سرحدی اثاثوں میں عراق، یمن اور نئے کاروباری اشتراک بلاکس بھی شامل ہیں)۔ اس وقت، پی پی ایل اور اسکی ذیلی کمپنیوں کے پاس 44 دریافتی بلاکس ہیں، جن میں سے 25 پی پی ایل آپریٹڈ (بشمول عراق میں بلاک 8 جسے پی پی ایل ایشیا آپریٹ کرتی ہے) اور بقیہ 19 پارٹنر آپریٹڈ ہیں جن میں پاکستان میں 3 آف شور اور یمن میں 2 آن شور بلاکس بھی شامل ہیں۔ اہم سرگرمیوں کی تفصیل حسب ذیل ہے:

## ڈائریکٹران کا عبوری جائزہ

آپ کے ڈائریکٹران 30 ستمبر 2017 کو ختم ہونے والے غیر آڈٹ شدہ عبوری مالیاتی گوشواروں کے خلاصے اور کمپنی کے امور کا مختصر جائزہ پیش کرتے ہوئے مسرت محسوس کرتے ہیں۔

## آپریٹنل و مالیاتی جھلکیاں / اہم نکات

### آپریٹنل جھلکیاں / آپریٹنل کے اہم نکات

30 ستمبر 2017 کو ختم ہونے والی سہ ماہی کے دوران اہم کاروباری آپریٹنل حسب ذیل ہیں:

### سائزنگ سرگرمیاں

اس مدت میں، پی پی ایل آپریٹڈ بلاکس میں 421 لاکھ کلومیٹر پر 2D سائزنگ سروے کیا گیا۔ جبکہ تقابلی عرصے میں 286 لاکھ کلومیٹر پر 2D اور 467 مربع کلومیٹر پر 3D سروے کیا گیا تھا۔

### کھدائی کی سرگرمیاں

موجودہ مدت میں پی پی ایل آپریٹڈ اثاثوں میں 2 کنوئیں (1 دریافتی اور 1 پیداواری کنوئیں) کھودے گئے جبکہ پچھلے سال اسی عرصے کے دوران 4 کنوئیں (2 دریافتی اور 2 پیداواری کنوئیں) کھودے گئے تھے۔

### مالیاتی جھلکیاں / مالیاتی سرگرمیوں کے اہم نکات

30 ستمبر 2017 کو ختم ہونے والی پہلی سہ ماہی پر کمپنی کے اہم مالیاتی نتائج حسب ذیل ہیں:

پہلی سہ ماہی کا اختتام 30 ستمبر 2016	پہلی سہ ماہی کا اختتام 30 ستمبر 2017	
ملین روپے		
18,810	32,212	فروخت آمدن (خالص)
8,184	18,663	قبل از ٹیکس منافع
(2,435)	(5,985)	ٹیکس
5,749	12,678	بعد از ٹیکس منافع
2.92	6.43	بنیادی اور تحلیل شدہ آمدن فی شیئر (روپے)

### فروخت آمدن

موجودہ مدت میں تقابلی عرصے کے مقابلے میں فروخت آمدن میں 13,402 ملین روپے کا اضافہ ہوا ہے۔ جو قیمت و حجم میں بالترتیب 11,348 ملین روپے اور 2,054 ملین روپے کے مثبت تغیر کا اظہار کرتا ہے۔



**PAKISTAN PETROLEUM LIMITED**  
**UNCONSOLIDATED CONDENSED INTERIM BALANCE SHEET**  
**AS AT SEPTEMBER 30, 2017**

	Note	September 30, 2017 Unaudited	June 30, 2017 Audited
----- Rs '000 -----			
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
<b>Fixed assets</b>			
Property, plant and equipment	5	142,618,460	139,294,643
Intangible assets		370,552	405,249
		142,989,012	139,699,892
Long-term investments	6	28,825,527	27,661,070
Long-term loans		1,206,916	1,203,104
Long-term deposits		7,676	7,676
Long-term receivables		261,119	261,119
		173,290,250	168,832,861
<b>CURRENT ASSETS</b>			
Stores and spares		3,984,658	4,337,207
Trade debts	7	107,463,913	99,283,854
Loans and advances		3,134,438	3,982,991
Trade deposits and short-term prepayments		162,463	443,761
Interest accrued		538,845	422,330
Current maturity of long-term investments	6	33,247	581,824
Current maturity of long-term deposits		787,500	787,500
Current maturity of long-term receivables		88,858	88,858
Other receivables		3,952,705	2,948,428
Short-term investments	8	42,444,311	36,493,072
Cash and bank balances		3,655,787	6,080,890
		166,246,725	155,450,715
<b>TOTAL ASSETS</b>		<b>339,536,975</b>	<b>324,283,576</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital		19,717,295	19,717,295
Reserves		209,029,903	196,351,582
		228,747,198	216,068,877
<b>NON-CURRENT LIABILITIES</b>			
Provision for decommissioning obligation		20,464,958	20,104,544
Liabilities against assets subject to finance lease		125,426	143,323
Deferred liabilities		2,395,699	2,363,123
Deferred taxation	9	33,050,424	31,821,922
		56,036,507	54,432,912
<b>CURRENT LIABILITIES</b>			
Trade and other payables	10	45,875,182	48,602,277
Current maturity of liabilities against assets subject to finance lease		112,683	112,564
Taxation - net		8,765,405	5,066,946
		54,753,270	53,781,787
<b>TOTAL LIABILITIES</b>		<b>110,789,777</b>	<b>108,214,699</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>339,536,975</b>	<b>324,283,576</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			

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



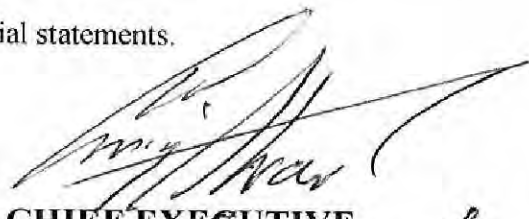
**CHIEF FINANCIAL OFFICER**



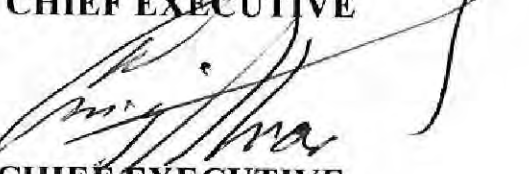
**CHIEF FINANCIAL OFFICER**



**DIRECTOR**



**CHIEF EXECUTIVE**



**CHIEF EXECUTIVE**



**PAKISTAN PETROLEUM LIMITED**  
**UNCONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2017**

	Note	Quarter ended September 30, 2017	Quarter ended September 30, 2016
		----- Rs '000 -----	
<b>Sales - net</b>	12	32,211,811	18,809,611
Operating expenses	13	(7,728,470)	(6,511,243)
Royalties and other levies		(4,890,043)	(2,243,635)
		(12,618,513)	(8,754,878)
<b>Gross profit</b>		<b>19,593,298</b>	<b>10,054,733</b>
Exploration expenses	14	84,786	(1,428,787)
Administrative expenses		(547,089)	(807,606)
Finance costs		(102,821)	(116,797)
Other charges		(1,543,159)	(641,155)
		<b>17,485,015</b>	<b>7,060,388</b>
Other income	15	1,177,728	1,123,953
<b>Profit before taxation</b>		<b>18,662,743</b>	<b>8,184,341</b>
Taxation	16	(5,984,422)	(2,435,583)
<b>Profit after taxation</b>		<b>12,678,321</b>	<b>5,748,758</b>
<b>Basic and diluted earnings per share (Rs)</b>	19	<b>6.43</b>	<b>2.92</b>

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



**CHIEF FINANCIAL OFFICER**



**CHIEF EXECUTIVE**



**CHIEF FINANCIAL OFFICER**



**DIRECTOR**



**CHIEF EXECUTIVE**



PAKISTAN PETROLEUM LIMITED  
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2017

	Quarter ended September 30, 2017	Quarter ended September 30, 2016
	----- Rs '000 -----	
Profit after taxation	12,678,321	5,748,758
Other comprehensive income		
Items not to be reclassified to profit and loss account in subsequent periods		
Remeasurement gains / (losses) on defined benefit plans - net	-	-
Deferred taxation	-	-
	-	-
Total comprehensive income	12,678,321	5,748,758

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



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DIRECTOR



CHIEF EXECUTIVE



**PAKISTAN PETROLEUM LIMITED**  
**UNCONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2017**


	Note	Quarter ended September 30, 2017	Quarter ended September 30, 2016
----- Rs '000 -----			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash receipts from customers		29,972,901	28,444,229
Receipts of other income		250,987	32,757
Cash paid to suppliers / service providers and employees - net		(6,030,723)	(12,927,432)
Payment of indirect taxes and Government levies including royalties		(12,018,329)	(8,718,806)
Income tax paid		(1,057,461)	(304,542)
Finance costs paid		(7,324)	(10,913)
Long-term loans - net		1,831	1,296
Net cash generated from operating activities		11,111,882	6,516,589
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure - net		(7,093,419)	(5,398,121)
Proceeds from sale of property, plant and equipment		1,406	6,397
Purchase of long-term investments		(1,655,432)	(6,538,002)
Disposal / redemption of long-term investments		550,000	-
Finance income received		724,724	1,799,181
Net cash used in investing activities		(7,472,721)	(10,130,545)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payment of liabilities against assets subject to finance lease		(17,778)	(26,403)
Dividends paid		(95,247)	(3,049)
Net cash used in financing activities		(113,025)	(29,452)
Net increase / (decrease) in cash and cash equivalents		3,526,136	(3,643,408)
Cash and cash equivalents at the beginning of the period		42,573,962	22,285,524
Cash and cash equivalents at the end of the period	17	<b>46,100,098</b>	<b>18,642,116</b>

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

  
**CHIEF FINANCIAL OFFICER**

  
**CHIEF FINANCIAL OFFICER**

  
**DIRECTOR**

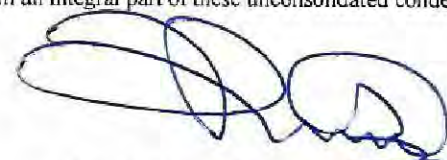
  
**CHIEF EXECUTIVE**  
  
**CHIEF EXECUTIVE**



**PAKISTAN PETROLEUM LIMITED**  
**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2017**

	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, 2016 (Audited)	19,717,173	122	1,428	69,761	34,021,894	23,751,980	5,000,000	110,086,579	172,930,214	172,931,642	192,648,937
Comprehensive income for the period											
Profit after taxation	-	-	-	-	-	-	-	5,748,758	5,748,758	5,748,758	5,748,758
Other comprehensive income for the quarter ended September 30, 2016, net of tax	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the quarter ended September 30, 2016	-	-	-	-	-	-	-	5,748,758	5,748,758	5,748,758	5,748,758
Balance as at September 30, 2016	19,717,173	122	1,428	69,761	34,021,894	23,751,980	5,000,000	115,835,337	178,678,972	178,680,400	198,397,695
Balance as at June 30, 2017 (Audited)	19,717,175	120	1,428	69,761	34,021,894	23,751,980	2,535,354	135,971,165	196,350,154	196,351,582	216,068,877
Comprehensive income for the period											
Profit after taxation	-	-	-	-	-	-	-	12,678,321	12,678,321	12,678,321	12,678,321
Other comprehensive income for the quarter ended September 30, 2017, net of tax	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the quarter ended September 30, 2017	-	-	-	-	-	-	-	12,678,321	12,678,321	12,678,321	12,678,321
Balance as at September 30, 2017	19,717,175	120	1,428	69,761	34,021,894	23,751,980	2,535,354	148,649,486	209,028,475	209,029,903	228,747,198

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



CHIEF EXECUTIVE

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

For the quarter ended September 30, 2017

## 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 balance sheet date:

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

1.3 The Sui Mining Lease expired on May 31, 2015. The Government of Pakistan (GoP) through various notifications has allowed the Company to continue producing from the Sui gas field, the most recent being dated May 31, 2017, whereby allowing the Company to continue producing from Sui gas field for a further period of six months with effect from June 01, 2017.

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

1.4 During the year ended June 30, 2016, the Company signed the 'Supplemental Agreement' with the GoP for conversion of Petroleum Concession Agreement to the Petroleum Exploration and Production Policy, 2012 in respect of Mamikhel, Maramzai & Makori East discoveries in Tal block. Under the said arrangement, price regime of Petroleum Policy (PP) 2007 will be applicable for Mamikhel, whereas, for Maramzai and Makori East, average of price regime PP 2001 and PP 2009 will be applicable.

During October 2017, Oil and Gas Regulatory Authority (OGRA) notified the revised wellhead prices in accordance with the Tal block Supplemental Agreement for the period from the commencement of production from the respective discoveries till June 30, 2015. Accordingly, the financial impact of the price revision has been duly incorporated in these unconsolidated condensed interim financial statements. This subsequent event has been treated as an "Adjusting Event" in accordance with the International Accounting Standard (IAS)-10 'Events after the Reporting Period'.

## 2. BASIS OF PREPARATION

2.1 These unconsolidated condensed interim financial statements have been prepared in accordance with the requirements of the International Accounting Standard 34 – 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.



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

For the quarter ended September 30, 2017

- 2.2** The Companies Act, 2017 was enacted on May 30, 2017. Securities and Exchange Commission of Pakistan (SECP) vide its circular 23 of 2017 dated October 04, 2017 and Institute of Chartered Accountants of Pakistan (ICAP) vide its circular No. 17/2017 dated October 06, 2017, have clarified that the Interim Financial Statements of the companies for the periods ending on or before December 31, 2017, shall be prepared in accordance with the provisions of the repealed Companies Ordinance, 1984. The Companies Act, 2017 has added certain disclosure requirements which will be applicable in future.
- 2.3** These unconsolidated condensed interim financial statements are unaudited and do not include all of the information and disclosures required in the audited unconsolidated financial statements and should be read in conjunction with the audited unconsolidated financial statements for the year ended June 30, 2017. Further, comparative unconsolidated condensed interim balance sheet is extracted from the audited unconsolidated annual financial statements as of June 30, 2017, whereas comparative unconsolidated condensed interim profit and loss account, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim cash flow statement and unconsolidated condensed interim statement of changes in equity are stated from unaudited unconsolidated condensed interim financial statements for the quarter ended September 30, 2016.

## **3. ACCOUNTING POLICIES**

The accounting policies and the methods of computation adopted in the preparation of these unconsolidated condensed interim financial statements are the same as those applied in the preparation of the unconsolidated financial statements for the year ended June 30, 2017.

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

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

The preparation of these unconsolidated condensed interim financial statements in conformity with the approved accounting standards as applicable in Pakistan for interim reporting requires management to make estimates, assumptions and apply judgments that affect the application of accounting policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on the 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, 2017.

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, 2017.

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

In June 2011, the SECP on receiving representations from some of entities covered under Benazir Employees' Stock Option Scheme (the Scheme) and after having consulted the ICAP,

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

For the quarter ended September 30, 2017

granted exemption to such entities from the application of International Financial Reporting Standard (IFRS) - 2 "Share-based Payment" to the Scheme. There has been no change in the status of the Scheme as stated in note 2.5 to the unconsolidated financial statements for the year ended June 30, 2017. The management believes that the Scheme is being revamped by the GoP and all claims and disbursements to the unit holders are kept in abeyance by the Privatisation Commission since June 2010.

Had the exemption not been granted, retained earnings and reserves would have been lower and higher by Rs 18,879 million (June 30, 2017: Rs 18,879 million).

## 5. PROPERTY, PLANT AND EQUIPMENT

	September 30, 2017 Unaudited	June 30, 2017 Audited
	----- Rs '000 -----	
Opening Net Book Value (NBV)	92,948,876	93,267,558
Additions to:		
- owned assets	3,569,824	17,187,126
- assets subject to finance lease	-	26,181
	3,569,824	17,213,307
	96,518,700	110,480,865
Disposals / adjustments during the period / year (NBV)	(230)	(2,620,900)
Depreciation / amortisation charged during the period / year	(4,031,267)	(14,911,089)
	92,487,203	92,948,876
Capital work-in-progress - note 5.1	50,131,257	46,345,767
	<b>142,618,460</b>	<b>139,294,643</b>

### 5.1 Capital work-in-progress

Plant, machinery, fittings and pipelines	13,671,905	12,896,913
Exploration and evaluation assets	16,498,093	13,797,746
Development and production (D&P) assets	4,954,017	5,066,878
Lands, buildings and civil constructions	215,651	214,057
Capital stores for drilling and development	14,791,591	14,370,173
	<b>50,131,257</b>	<b>46,345,767</b>



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

For the quarter ended September 30, 2017

September 30, 2017 Unaudited	June 30, 2017 Audited
----- Rs '000 -----	

## 6. LONG-TERM INVESTMENTS

### Investments in related parties

#### - Wholly owned subsidiaries

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

1	1
2,765,082	3,324,076
3,296,502	3,296,502
6,061,585	6,620,579

### Other investments

#### - Held-to-maturity

- Term Finance Certificates (TFCs)
- Pakistan Investment Bonds (PIBs)
- Local currency term deposits with bank
- Foreign currency term deposits with banks

33,247	33,247
-	548,577
2,000,000	2,000,000
20,688,502	18,955,491
22,721,749	21,537,315

#### - Designated at fair value through profit or loss

- Mutual Funds

75,440 85,000

### Less: Current maturities

- TFCs
- PIBs

(33,247)	(33,247)
-	(548,577)
(33,247)	(581,824)
28,825,527	27,661,070

- 6.1 During the period, the Company has recorded an impairment loss amounting to Rs 559 million. The reason for impairment is reduction in net working capital of PPLE. The corresponding charge to profit and loss account is appearing in “other charges”.

September 30, 2017 Unaudited	June 30, 2017 Audited
----- Rs '000 -----	

## 7. TRADE DEBTS

### Unsecured and considered good

#### Related parties

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

11,345,384	12,478,222
51,408,070	45,528,352
36,718,997	35,594,097
1,062,713	786,710
53,727	28,027
100,588,891	94,415,408

#### Non-related parties

- Attock Refinery Limited (ARL)
- National Refinery Limited (NRL)
- Others

5,599,084	3,642,162
336,237	325,767
939,701	900,517
6,875,022	4,868,446
107,463,913	99,283,854

**Notes to and Forming Part of the Unconsolidated Condensed Interim Financial Statements (Unaudited)**  
For the quarter ended September 30, 2017

		September 30, 2017 Unaudited	June 30, 2017 Audited
		----- Rs '000 -----	
<b>Unsecured and considered doubtful</b>			
<b>Non-related party</b>			
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)
		-	-
		<b>107,463,913</b>	<b>99,283,854</b>
7.1	The ageing of trade debts is as follows:		
	Neither past due nor impaired	62,869,021	53,370,553
	Past due but not impaired:		
	<b>Related parties</b>		
	- within 90 days	12,957,373	14,595,959
	- 91 to 180 days	11,427,793	14,232,795
	- over 180 days	17,869,239	16,752,693
		42,254,405	45,581,447
	<b>Non-related parties</b>		
	- within 90 days	2,268,214	265,573
	- 91 to 180 days	11,266	11,756
	- over 180 days	61,007	54,525
		2,340,487	331,854
		<b>107,463,913</b>	<b>99,283,854</b>
7.2	Trade debts include overdue amount of Rs 42,253 million (June 30, 2017: Rs 45,580 million) receivable from the State controlled companies (i.e. GENCO-II, SNGPL, SSGCL and OGDCL) and Rs 3,498 million (June 30, 2017: Rs 1,490 million) overdue receivable from refineries (i.e. ARL, Byco, PARCO, NRL and Pakistan Refinery Limited) and various LPG customers.		
	Based on the measures being undertaken by the GoP, the Company considers the overdue amounts to be fully recoverable and therefore, no further provision for doubtful debts has been made in these unconsolidated condensed interim financial statements, except for provision against receivable from Byco.		
7.3	The Company has filed a legal suit in the Sindh High Court (SHC) against Byco for recovery of overdues.		



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

For the quarter ended September 30, 2017

September 30, 2017 Unaudited	June 30, 2017 Audited
----- Rs '000 -----	

## 8. SHORT-TERM INVESTMENTS

### Held-to-maturity

- Local currency term deposits with banks	19,022,500	33,568,750
- Treasury Bills	17,631,712	2,924,322

### Designated at fair value through profit or loss

- Mutual Funds	5,790,099	-
	<b>42,444,311</b>	<b>36,493,072</b>

## 9. DEFERRED TAXATION

### (Deductible) / taxable temporary differences on:

Exploration expenditure	(2,606,276)	(2,645,032)
Provision for obsolete / slow moving stores	(44,933)	(44,933)
Provision for doubtful debts	(462,488)	(462,488)
Provision for staff retirement and other benefits	(478,086)	(468,313)
Provision for decommissioning obligation	1,439,400	1,348,350
Accelerated tax depreciation allowances	5,176,930	5,346,334
Exploratory wells cost	11,809,787	10,958,994
Development and production expenditure	18,184,553	17,787,295
Amortisation of intangible assets	14,315	3,144
Others	17,222	(1,429)
	<b>33,050,424</b>	<b>31,821,922</b>

## 10. TRADE AND OTHER PAYABLES

Creditors	614,372	458,490
Accrued liabilities	5,959,948	7,697,241
Security deposits from LPG distributors	766,180	766,180
Retention money	105,296	92,757
Unpaid and unclaimed dividends	267,113	362,360
Gas development surcharge (GDS)	8,257,254	9,845,119
Gas infrastructure development cess (GIDC)	3,197,710	2,162,798
Sales tax - net	1,195,591	2,717,430
Royalties	7,617,545	7,835,813
Lease extension bonus	8,371,360	7,204,961
Current accounts with joint operation partners	8,135,340	8,543,136
Workers' Profits Participation Fund (WPPF)	978,819	600,542
Others	408,654	315,450
	<b>45,875,182</b>	<b>48,602,277</b>

## 11. CONTINGENCIES AND COMMITMENTS

There are no major changes in the status of contingencies and in total commitments as disclosed in the audited unconsolidated financial statements for the year ended June 30, 2017.



**Notes to and Forming Part of the Unconsolidated Condensed Interim  
Financial Statements (Unaudited)**  
For the quarter ended September 30, 2017

Quarter ended September 30, 2017	Quarter ended September 30, 2016
----- Rs '000 -----	

**12. SALES - net**

**Gross sales**

Natural gas	28,971,518	19,728,607
Gas supplied to Sui villages	97,986	45,084
Internal consumption of gas	64,613	30,340
Crude oil / Condensate / Natural Gas Liquids	7,664,060	5,852,899
LPG	1,222,310	785,849
Barytes	139,155	87,761
	<b>38,159,642</b>	<b>26,530,540</b>

**Government levies / discounts**

Federal excise duty	(552,963)	(521,061)
Sales tax	(4,440,357)	(3,019,968)
GDS	331,740	(3,443,091)
GIDC	(1,279,567)	(731,064)
Discounts (Barytes)	(6,684)	(5,745)
	<b>(5,947,831)</b>	<b>(7,720,929)</b>
	<b>32,211,811</b>	<b>18,809,611</b>

**13. OPERATING EXPENSES**

Salaries, wages, welfare and other benefits	1,295,043	1,411,843
Operator's personnel	414,770	367,317
Depreciation	1,511,866	1,494,893
Amortisation of decommissioning assets	413,759	415,678
Amortisation of D&P assets	2,077,217	1,147,867
Plant operations	659,507	513,235
Well interventions	306,813	91,546
Field services	422,130	417,849
Crude oil transportation	246,248	285,717
Travelling and conveyance	81,505	99,260
Training & development	1,267	2,376
PCA overheads	34,692	53,671
Insurance expenses	135,708	139,125
Free supply of gas to Sui villages	97,986	45,084
Social welfare / community development	11,298	18,370
Other expenses	18,661	7,412
	<b>7,728,470</b>	<b>6,511,243</b>

**14. EXPLORATION EXPENSES**

During August 2017, the Company farmed out its 50% Working Interest in Kotri North block to United Energy Pakistan Limited (UEPL), along with operatorship of the block. Exploration expenses are stated net of recovery of past cost amounting to Rs 1,015 million from UEPL, incurred by the Company from inception till the assignment date.



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

For the quarter ended September 30, 2017

	Quarter ended September 30, 2017	Quarter ended September 30, 2016
	----- Rs '000 -----	
<b>15. OTHER INCOME</b>		
<b>Income from financial assets</b>		
Income on loans and bank deposits	86,724	102,962
Income on term deposits	354,869	225,828
Income on long-term held-to-maturity investments	200,007	716,796
Income from investment in treasury bills	201,299	-
Gain on re-measurement / disposal of investments designated at fair value through profit or loss (net)	18,099	41,358
	860,998	1,086,944
<b>Income from assets other than financial assets</b>		
Rental income on assets	317	314
Profit on sale of property, plant and equipment (net)	1,176	4,785
Exchange gain on foreign currency (net)	108,842	8,963
Share of profit on sale of LPG	15,046	20,191
Others – note 15.1	191,349	2,756
	316,730	37,009
	<b>1,177,728</b>	<b>1,123,953</b>
<b>15.1</b> Current period amount includes signature bonus received from UEPL (as explained in note 14 above) as per the terms of farm-in agreement.		
	Quarter ended September 30, 2017	Quarter ended September 30, 2016
	----- Rs '000 -----	
<b>16. TAXATION</b>		
Current	4,755,920	442,745
Deferred	1,228,502	1,992,838
	<b>5,984,422</b>	<b>2,435,583</b>
<b>17. CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	3,655,787	2,676,616
Short-term highly liquid investments	42,444,311	15,965,500
	<b>46,100,098</b>	<b>18,642,116</b>
<b>18. TRANSACTIONS WITH RELATED PARTIES</b>		
The related parties are comprised of state controlled entities, subsidiary companies, associated companies, joint operations, companies where directors also hold directorship, key management personnel and other related parties. Details of transactions with related parties, other than those which have been specifically disclosed elsewhere in these unconsolidated condensed interim financial statements are as follows:		

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

For the quarter ended September 30, 2017

	Quarter ended September 30, 2017	Quarter ended September 30, 2016
	----- Rs '000 -----	
<b>Sales of gas / barytes to State controlled entities (including Government levies)</b>		
GENCO-II	3,579,462	6,098,607
SSGCL	5,843,842	3,553,773
SNGPL	19,545,189	10,076,228
OGDCL	38,213	34,811
	<b>29,006,706</b>	<b>19,763,419</b>
<b>Long-term receivables, trade debts and other receivables from State controlled entities as at September 30</b>	<b>99,894,793</b>	<b>50,864,288</b>
<b>Transactions with subsidiaries</b>		
Receivable from PPLA as at September 30	56,142	28,301
Receivable from PPLE as at September 30	4,242	21,577
Interest income on long-term loan to PPLE	12,851	11,239
Loan receivable from PPLE as at September 30	1,188,381	1,179,917
Payment of employees cost on secondment	17,367	10,215
Deposit for bank guarantee on behalf of PPLE - Block 29, Yemen	787,500	787,500
<b>Transactions with Associated Companies</b>		
Sales of crude oil / condensate	1,587,995	884,914
Expenses incurred	1,900	5,842
<b>Transactions with Joint Operations</b>		
Payments of cash calls to joint operations	8,326,669	13,217,851
Expenditures incurred by the joint operations	8,722,502	6,206,141
Under advance balances relating to joint operations as at September 30	5,112,601	3,628,858
Current account receivables relating to joint operations as at September 30	2,803,770	888,669
Current account payables relating to joint operations as at September 30	112,241	18,943
Income from rental of assets to joint operations	317	314
Purchase of goods from BME (net)	96,375	76,271
Reimbursement of employee cost on secondment to BME	4,786	4,641



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

For the quarter ended September 30, 2017

Quarter ended September 30, 2017	Quarter ended September 30, 2016
----- Rs '000 -----	

## Other related parties

Transactions with retirement benefit funds	234,349	219,286
Remuneration to key management personnel	782,001	735,300
Payment of rental to Pakistan Industrial Development Corporation	26,082	24,640
Payment of rental to Karachi Port Trust	3,224	3,170
Payment to National Insurance Company Limited (NICL)	147,094	134,127
Insurance claim received from NICL	958	-
Payment to Pakistan State Oil Company Limited	208,470	163,607

- 18.1** Aggregate amount charged in these unconsolidated condensed interim financial statements in respect of fees paid to thirteen non-executive directors was Rs 3.740 million (September 2016: Rs 0.765 million to four non-executive directors).
- 18.2** The 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 10,550 million), out of which US\$ 69.983 million (Rs 7,383 million) is outstanding.
- 18.3** The Company has provided parent company guarantee amounting to US\$ 5.3 million (Rs 559 million) to GoP in respect of PPLE's exploration licenses in Pakistan i.e. Barkhan, Harnai and Ziarat.
- 18.4** Gas sales are made to various State controlled entities, at prices notified by the GoP. Transactions with BME for purchase of goods are conducted at prices determined by reference to comparable goods sold in an economically comparable market to a buyer unrelated to the seller.

Quarter ended September 30, 2017	Quarter ended September 30, 2016
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## 19. EARNINGS PER SHARE

### 19.1 Basic earnings per share

Profit after taxation (Rs'000)	12,678,321	5,748,758
Dividend on convertible preference shares (Rs'000)	(36)	(37)
Profit attributable to ordinary shareholders (Rs'000)	12,678,285	5,748,721
Weighted average number of ordinary shares in issue	1,971,717,476	1,971,717,279
Basic earnings per share (Rs)	6.43	2.92

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

For the quarter ended September 30, 2017

	Quarter ended September 30, 2017	Quarter ended September 30, 2016
<b>19.2 Diluted earnings per share</b>		
Profit after taxation (Rs'000)	<b>12,678,321</b>	<b>5,748,758</b>
Weighted average number of ordinary shares in issue	1,971,717,476	1,971,717,279
Adjustment for convertible preference shares	11,979	12,176
Weighted average number of ordinary shares for diluted earnings per share	<b>1,971,729,455</b>	<b>1,971,729,455</b>
<b>Diluted earnings per share (Rs)</b>	<b>6.43</b>	<b>2.92</b>

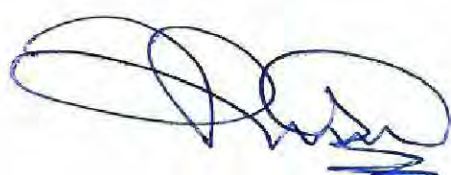
## 20. DATE OF AUTHORISATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorised for issue on October 27, 2017 by the Board of Directors of the Company.

## 21. GENERAL

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

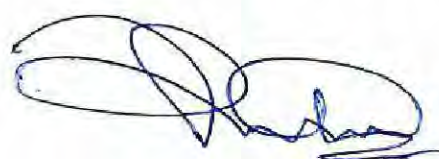
21.2 Figures have been rounded off to the nearest thousand rupees, unless otherwise stated.



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR



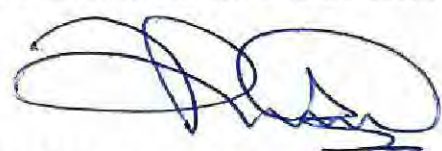
CHIEF EXECUTIVE



**PAKISTAN PETROLEUM LIMITED**  
**CONSOLIDATED CONDENSED INTERIM BALANCE SHEET**  
**AS AT SEPTEMBER 30, 2017**

		September 30, 2017 (Unaudited)	June 30, 2017 (Audited)
	Note	----- Rs '000 -----	
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
<b>Fixed assets</b>			
Property, plant and equipment	5	143,317,385	140,034,749
Intangible assets		370,552	405,249
		<u>143,687,937</u>	<u>140,439,998</u>
Long-term investments	6	22,763,943	21,040,492
Long-term loans		18,535	20,366
Long-term deposits		7,676	7,676
Long-term receivables		261,119	261,119
		<u>166,739,210</u>	<u>161,769,651</u>
<b>CURRENT ASSETS</b>			
Stores and spares		3,984,658	4,337,207
Trade debts	7	107,612,281	99,419,151
Loans and advances		3,172,978	4,018,518
Trade deposits and short-term prepayments		166,028	447,579
Interest accrued		586,003	473,155
Current maturity of long-term investments	6	33,247	581,824
Current maturity of long-term deposits		787,500	787,500
Current maturity of long-term receivables		88,858	88,858
Other receivables		4,212,490	3,234,123
Short-term investments	8	49,913,661	43,972,753
Cash and bank balances		3,929,927	6,432,085
		<u>174,487,631</u>	<u>163,792,753</u>
<b>TOTAL ASSETS</b>		<b><u>341,226,841</u></b>	<b><u>325,562,404</u></b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital		19,717,295	19,717,295
Reserves		208,574,757	195,406,111
		<u>228,292,052</u>	<u>215,123,406</u>
<b>NON-CURRENT LIABILITIES</b>			
Provision for decommissioning obligation		20,833,048	20,469,209
Liabilities against assets subject to finance lease		125,426	143,323
Deferred liabilities		2,395,699	2,363,123
Deferred taxation	9	33,050,424	31,821,922
		<u>56,404,597</u>	<u>54,797,577</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	10	47,292,496	50,109,198
Current maturity of liabilities against assets subject to finance lease		112,683	112,564
Taxation - net		9,125,013	5,419,659
		<u>56,530,192</u>	<u>55,641,421</u>
<b>TOTAL LIABILITIES</b>		<b><u>112,934,789</u></b>	<b><u>110,438,998</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>341,226,841</u></b>	<b><u>325,562,404</u></b>
<b>CONTINGENCIES AND COMMITMENTS</b>			

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**



**CHIEF EXECUTIVE**



PAKISTAN PETROLEUM LIMITED
CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2017

	Note	Quarter ended September 30, 2017	Quarter ended September 30, 2016
		----- Rs '000 -----	
Sales - net	12	32,318,234	18,929,014
Operating expenses	13	(7,825,706)	(6,676,305)
Royalties and other levies		(4,900,693)	(2,254,259)
		(12,726,399)	(8,930,564)
Gross Profit		19,591,835	9,998,450
Exploration expenses	14	(7,660)	(1,476,309)
Administrative expenses		(556,813)	(832,402)
Finance costs		(109,312)	(118,586)
Other charges		(986,967)	(853,204)
		17,931,083	6,717,949
Other income	15	1,198,807	1,137,996
Profit before taxation		19,129,890	7,855,945
Taxation	16	(5,988,754)	(2,448,657)
Profit after taxation		13,141,136	5,407,288
Basic and diluted earnings per share (Rs)	19	6.66	2.74

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



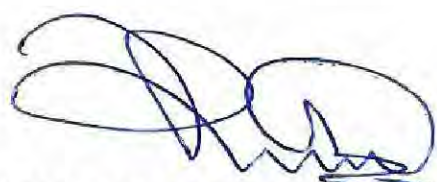
CHIEF EXECUTIVE



**PAKISTAN PETROLEUM LIMITED****CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2017**

	Quarter ended September 30, 2017	Quarter ended September 30, 2016
	----- Rs '000 -----	
<b>Profit after taxation</b>	13,141,136	5,407,288
<b>Other comprehensive income</b>		
<b>Items not to be reclassified to profit and loss account in subsequent periods</b>		
Remeasurement losses on defined benefit plans - net	-	-
Deferred taxation	-	-
<b>Items potentially reclassifiable to profit and loss account in subsequent periods</b>		
Foreign exchange differences on translation of subsidiaries	27,510	6,067
Other comprehensive income, net of tax	27,510	6,067
<b>Total comprehensive income</b>	<b>13,168,646</b>	<b>5,413,355</b>

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



**CHIEF FINANCIAL OFFICER**



**CHIEF EXECUTIVE**



**CHIEF FINANCIAL OFFICER**



**DIRECTOR**



**CHIEF EXECUTIVE**



**PAKISTAN PETROLEUM LIMITED****CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2017**

Note	Quarter ended September 30, 2017	Quarter ended September 30, 2016
	----- Rs '000 -----	

**CASH FLOWS FROM OPERATING ACTIVITIES**

Cash receipts from customers	30,085,523	28,603,825
Receipts of other income	250,987	32,757
Cash paid to suppliers / service providers and employees - net	(6,199,499)	(12,867,099)
Payment of indirect taxes and Government levies including royalties	(12,049,885)	(8,745,648)
Income tax paid	(1,056,892)	(304,488)
Finance costs paid	(7,055)	(10,922)
Long-term loans - net	1,831	1,296
Net cash generated from operating activities	11,025,010	6,709,721

**CASH FLOWS FROM INVESTING ACTIVITIES**

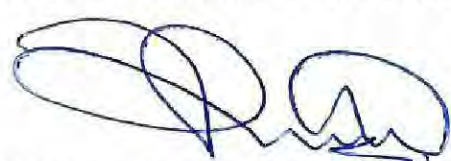
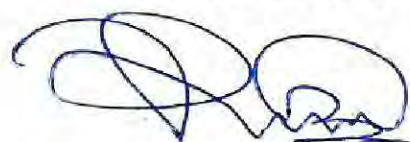
Capital expenditure - net	(7,155,765)	(6,528,869)
Proceeds from sale of property, plant and equipment	1,406	6,397
Purchase of long-term investments	(1,655,432)	(6,538,002)
Disposal / redemption of long-term investments	550,000	-
Finance income received	749,445	1,802,050
Net cash used in investing activities	(7,510,346)	(11,258,424)

**CASH FLOWS FROM FINANCING ACTIVITIES**

Payment of liabilities against assets subject to finance lease	(17,778)	(26,403)
Dividends paid	(95,247)	(3,049)
Net cash used in financing activities	(113,025)	(29,452)
Net increase / (decrease) in cash and cash equivalents	3,401,639	(4,578,155)
Cash and cash equivalents at the beginning of the period	50,404,838	31,975,103
Net foreign exchange differences	37,111	7,121
<b>Cash and cash equivalents at the end of the period</b>	<b>53,843,588</b>	<b>27,404,069</b>

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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 FINANCIAL OFFICER**

**DIRECTOR**

**CHIEF EXECUTIVE**

**CHIEF EXECUTIVE**



**PAKISTAN PETROLEUM LIMITED**  
**CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2017**

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, 2016 (Audited)	19,717,173	122	1,428	69,761	34,021,894	23,751,980	5,000,000	108,605,964	1,478,179	172,927,778	172,929,206	192,646,501
<b>Comprehensive income for the period</b>												
Profit after taxation	-	-	-	-	-	-	-	5,407,288	-	5,407,288	5,407,288	5,407,288
Other comprehensive income for the quarter ended September 30, 2016, net of tax	-	-	-	-	-	-	-	-	6,067	6,067	6,067	6,067
Total comprehensive income for the quarter ended September 30, 2016	-	-	-	-	-	-	-	5,407,288	6,067	5,413,355	5,413,355	5,413,355
<b>Balance as at September 30, 2016</b>	<b>19,717,173</b>	<b>122</b>	<b>1,428</b>	<b>69,761</b>	<b>34,021,894</b>	<b>23,751,980</b>	<b>5,000,000</b>	<b>114,013,252</b>	<b>1,484,246</b>	<b>178,341,133</b>	<b>178,342,561</b>	<b>198,059,856</b>
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
<b>Comprehensive income for the period</b>												
Profit after taxation	-	-	-	-	-	-	-	13,141,136	-	13,141,136	13,141,136	13,141,136
Other comprehensive income for the quarter ended September 30, 2017, net of tax	-	-	-	-	-	-	-	-	27,510	27,510	27,510	27,510
Total comprehensive income for the quarter ended September 30, 2017	-	-	-	-	-	-	-	13,141,136	27,510	13,168,646	13,168,646	13,168,646
<b>Balance as at September 30, 2017</b>	<b>19,717,175</b>	<b>120</b>	<b>1,428</b>	<b>69,761</b>	<b>34,021,894</b>	<b>23,751,980</b>	<b>2,535,354</b>	<b>146,652,182</b>	<b>1,542,158</b>	<b>208,573,329</b>	<b>208,574,757</b>	<b>228,292,052</b>

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

  
CHIEF EXECUTIVE



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

For the quarter ended September 30, 2017

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## 1. LEGAL STATUS AND OPERATIONS

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

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

### 1.1 Pakistan Petroleum Limited

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

- 1.1.1** The Sui Mining Lease expired on May 31, 2015. The Government of Pakistan (GoP) through various notifications has allowed the Holding Company to continue producing from the Sui gas field, the most recent being dated May 31, 2017, whereby allowing the Holding Company to continue producing from Sui gas field for a further period of six months with effect from June 01, 2017.

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

- 1.1.2** During the year ended June 30, 2016, the Holding Company signed the 'Supplemental Agreement' with the Government of Pakistan (GoP) for conversion of Petroleum Concession Agreement (PCA) to the Petroleum Exploration and Production Policy, 2012 in respect of Mamikhel, Maramzai & Makori East discoveries in Tal block. Under the said arrangement, price regime of Petroleum Policy (PP) 2007 will be applicable for Mamikhel, whereas, for Maramzai and Makori East, average of price regime PP 2001 and PP 2009 will be applicable.

During October 2017, Oil and Gas Regulatory Authority (OGRA) notified the revised wellhead prices in accordance with the Tal block Supplemental Agreement for the period from the commencement of production from the respective discoveries till June 30, 2015. Accordingly, the financial impact of the price revision has been duly incorporated in these consolidated condensed interim financial statements. This subsequent event has been treated as an "Adjusting Event" in accordance with the International Accounting Standard (IAS)-10 'Events after the Reporting Period'.

### 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



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

For the quarter ended September 30, 2017

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two exploration blocks 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 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 (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.

## 2. BASIS OF PREPARATION

2.1 These consolidated condensed interim financial statements have been prepared in accordance with the requirements of the International Accounting Standard – 34, 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

2.2 The Companies Act, 2017 was enacted on May 30, 2017. Securities and Exchange Commission of Pakistan (SECP) vide its circular 23 of 2017 dated October 04, 2017 and Institute of Chartered Accountants of Pakistan (ICAP) vide its circular No 17/2017 dated October 06, 2017, have clarified that the Interim Financial Statements of the companies for the periods ending on or before December 31, 2017, shall be prepared in accordance with the provisions of the repealed Companies Ordinance, 1984. The Companies Act, 2017, has added certain disclosure requirements which will be applicable in future.

2.3 These consolidated condensed interim financial statements are unaudited and do not include all of the information and disclosures required in the audited consolidated financial statements and should be read in conjunction with the audited consolidated financial statements for the year ended June 30, 2017. Further, comparative consolidated condensed interim balance sheet is extracted from the audited consolidated annual financial statements as of June 30, 2017, whereas comparative consolidated condensed interim profit and loss account, consolidated condensed interim statement of comprehensive income, consolidated condensed interim cash flow statement and consolidated condensed interim statement of changes in equity are stated from unaudited consolidated condensed interim financial statements for the quarter ended September 30, 2016.

2.4 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 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, 2017.



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

For the quarter ended September 30, 2017

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## **3. ACCOUNTING POLICIES**

The accounting policies and the methods of computation adopted in the preparation of these consolidated condensed interim financial statements are the same as those applied in the preparation of the consolidated financial statements for the year ended June 30, 2017.

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

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

The preparation of these consolidated condensed interim financial statements in conformity with the approved accounting standards as applicable in Pakistan for interim reporting requires management to make estimates, assumptions and apply judgments that affect the application of accounting policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on the 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 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, 2017.

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, 2017.

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

In respect of the Holding Company, in June 2011, the SECP on receiving representations from some of entities covered under Benazir Employees' Stock Option Scheme (the Scheme) and after having consulted the ICAP, granted exemption to such entities from the application of International Financial Reporting Standard (IFRS)-2 "Share-based Payment" to the Scheme. There has been no change in the status of the Scheme as stated in note 3.5 to the consolidated financial statements for the year ended June 30, 2017. The management believes that the Scheme is being revamped by the GoP and all claims and disbursements to the unit holders are kept in abeyance by the Privatisation Commission since June 2010.

Had the exemption not been granted, retained earnings and reserves would have been lower and higher by Rs 18,879 million (June 30, 2017: Rs 18,879 million).



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

For the quarter ended September 30, 2017

	September 30, 2017 Unaudited	June 30, 2017 Audited
	----- Rs'000 -----	
<b>5. PROPERTY, PLANT AND EQUIPMENT</b>		
Opening Net Book Value (NBV)	93,688,982	94,279,729
Additions to:		
- owned assets	3,576,498	17,176,397
- assets subject to finance lease	-	26,181
	3,576,498	17,202,578
	97,265,480	111,482,307
Disposals / adjustments during the period / year (NBV)	3,428	(2,629,801)
Depreciation / amortisation charged during the period / year	(4,082,780)	(15,163,524)
	<b>93,186,128</b>	<b>93,688,982</b>
Capital work-in-progress - note 5.1	50,131,257	46,345,767
	<b>143,317,385</b>	<b>140,034,749</b>
<b>5.1 Capital work-in-progress</b>		
Plant, machinery, fittings and pipelines	13,671,905	12,896,913
Exploration and evaluation assets	16,498,093	13,797,746
Development and production (D&P) assets	4,954,017	5,066,878
Lands, buildings and civil constructions	215,651	214,057
Capital stores for drilling and development	14,791,591	14,370,173
	<b>50,131,257</b>	<b>46,345,767</b>
<b>6. LONG-TERM INVESTMENTS</b>		
Investment in related party		
- Wholly owned subsidiary		
- PPPFTC - note 2.4	1	1
Other investments		
- Held-to-maturity		
- Term Finance Certificates (TFCs)	33,247	33,247
- Pakistan Investment Bonds (PIBs)	-	548,577
- Local currency term deposits with bank	2,000,000	2,000,000
- Foreign currency term deposits with banks	20,688,502	18,955,491
	22,721,749	21,537,315
- Designated at fair value through profit or loss		
- Mutual Funds	75,440	85,000
Less: Current maturities		
- TFCs	(33,247)	(33,247)
- PIBs	-	(548,577)
	(33,247)	(581,824)
	<b>22,763,943</b>	<b>21,040,492</b>



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

For the quarter ended September 30, 2017

	September 30, 2017 Unaudited	June 30, 2017 Audited
	----- Rs'000 -----	
<b>7. TRADE DEBTS</b>		
<b>Unsecured and considered good</b>		
<b>Related parties</b>		
Central Power Generation Company Limited (GENCO-II)	11,345,384	12,478,222
Sui Northern Gas Pipelines Limited (SNGPL)	51,464,939	45,557,919
Sui Southern Gas Company Limited (SSGCL)	36,810,496	35,699,827
Pak-Arab Refinery Limited (PARCO)	1,062,713	786,710
Oil & Gas Development Company Limited (OGDCL)	53,727	28,027
	100,737,259	94,550,705
<b>Non-related parties</b>		
Attock Refinery Limited (ARL)	5,599,084	3,642,162
National Refinery Limited (NRL)	336,237	325,767
Others	939,701	900,517
	6,875,022	4,868,446
	<b>107,612,281</b>	<b>99,419,151</b>
<b>Unsecured and considered doubtful</b>		
<b>Non-related party</b>		
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)
	-	-
	<b>107,612,281</b>	<b>99,419,151</b>
<b>7.1 The ageing of trade debts is as follows:</b>		
Neither past due nor impaired	62,959,478	53,461,720
Past due but not impaired:		
<b>Related parties</b>		
- within 90 days	13,015,284	14,640,089
- 91 to 180 days	11,427,793	14,232,795
- over 180 days	17,869,239	16,752,693
	42,312,316	45,625,577
<b>Non-related parties</b>		
- within 90 days	2,268,214	265,573
- 91 to 180 days	11,266	11,756
- over 180 days	61,007	54,525
	2,340,487	331,854
	<b>107,612,281</b>	<b>99,419,151</b>

**7.2** Trade debts include overdue amount of Rs 42,311 million (June 30, 2017: Rs 45,624 million) receivable from the State controlled companies (i.e. GENCO-II, SNGPL, SSGCL and OGDCL) and Rs 3,498 million (June 30, 2017: Rs 1,490 million) overdue receivable from



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

For the quarter ended September 30, 2017

refineries (i.e. ARL, Byco, PARCO, NRL and Pakistan Refinery Limited) and various LPG customers.

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

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

September 30, 2017 Unaudited	June 30, 2017 Audited
----- Rs'000 -----	

## 8. SHORT-TERM INVESTMENTS

### Held-to-maturity

- Local currency term deposits with banks	19,022,500	33,568,750
- Treasury Bills	17,631,712	2,924,322
- Foreign currency term deposits with banks	7,469,350	7,479,681

### Designated at fair value through profit or loss

- Mutual Funds	5,790,099	-
	<u>49,913,661</u>	<u>43,972,753</u>

## 9. DEFERRED TAXATION

### (Deductible) / taxable temporary differences on:

Exploration expenditure	(2,606,276)	(2,645,032)
Provision for staff retirement and other benefits	(478,086)	(468,313)
Provision for obsolete / slow moving stores	(44,933)	(44,933)
Provision for doubtful debts	(462,488)	(462,488)
Provision for decommissioning obligation	1,439,400	1,348,350
Accelerated tax depreciation allowances	5,176,930	5,346,334
Exploratory wells cost	11,809,787	10,958,994
Development and production expenditure	18,184,553	17,787,295
Amortisation of intangible assets	14,315	3,144
Others	17,222	(1,429)
	<u>33,050,424</u>	<u>31,821,922</u>



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

For the quarter ended September 30, 2017

September 30, 2017 Unaudited	June 30, 2017 Audited
----- Rs'000 -----	

## 10. TRADE AND OTHER PAYABLES

Creditors	614,372	458,490
Accrued liabilities	6,083,693	7,812,291
Security deposits from LPG distributors	766,180	766,180
Retention money	105,296	92,757
Unpaid and unclaimed dividends	267,113	362,360
Gas development surcharge (GDS)	8,257,254	9,845,119
Gas infrastructure development cess (GIDC)	3,197,710	2,162,798
Sales tax (net)	1,201,634	2,725,679
Royalties	7,620,951	7,840,957
Lease extension bonus	8,371,360	7,204,961
Current accounts with joint operations	8,381,809	8,886,054
Workers' Profits Participation Fund (WPPF)	978,819	600,542
Contractual obligations for Iraq EDPSC	1,031,785	1,031,470
Others	414,520	319,540
	<b>47,292,496</b>	<b>50,109,198</b>

## 11. CONTINGENCIES AND COMMITMENTS

There are no major changes in the status of contingencies and in total commitments as disclosed in the audited consolidated financial statements for the year ended June 30, 2017.

Quarter ended September 30, 2017	Quarter ended September 30, 2016
----- Rs'000 -----	

## 12. SALES - net

### Gross sales

Natural gas	29,096,597	19,869,047
Gas supplied to Sui villages	97,986	45,084
Internal consumption of gas	64,613	30,340
Crude oil / Condensate / Natural Gas Liquids	7,664,060	5,852,899
LPG	1,222,310	785,849
Barytes	139,155	87,761
	<b>38,284,721</b>	<b>26,670,980</b>

### Government levies / discounts

Federal excise duty	(552,963)	(521,061)
Sales tax	(4,459,013)	(3,041,005)
GDS	331,740	(3,443,091)
GIDC	(1,279,567)	(731,064)
Discounts (Barytes)	(6,684)	(5,745)
	<b>(5,966,487)</b>	<b>(7,741,966)</b>
	<b>32,318,234</b>	<b>18,929,014</b>



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

For the quarter ended September 30, 2017

	Quarter ended September 30, 2017	Quarter ended September 30, 2016
	----- Rs'000 -----	
<b>13. OPERATING EXPENSES</b>		
Salaries, wages, welfare and other benefits	1,295,043	1,411,843
Operator's personnel	430,228	371,869
Depreciation	1,511,916	1,494,989
Amortisation of decommissioning assets	414,263	418,956
Amortisation of D&P assets	2,128,176	1,294,682
Plant operations	683,852	517,303
Well interventions	310,813	96,112
Field services	422,537	418,312
Crude oil transportation	246,248	285,717
Travelling and conveyance	81,505	99,260
Training & development	1,312	2,456
PCA overheads	35,514	53,912
Insurance expenses	136,047	139,525
Free supply of gas to Sui villages	97,986	45,084
Social welfare / community development	11,605	18,873
Other expenses	18,661	7,412
	<b>7,825,706</b>	<b>6,676,305</b>

## 14. EXPLORATION EXPENSES

During August 2017, the Holding Company farmed out its 50% Working Interest in Kotri North block to United Energy Pakistan Limited (UEPL), along with operatorship of the block. Exploration expenses are stated net of recovery of past cost amounting to Rs 1,015 million from UEPL, incurred by the Holding Company from inception till the assignment date.

	Quarter ended September 30, 2017	Quarter ended September 30, 2016
	----- Rs'000 -----	
<b>15. OTHER INCOME</b>		
<b>Income from financial assets</b>		
Income on loans and bank deposits	107,803	102,334
Income on term deposits	354,869	240,641
Income on long-term held-to-maturity investments	200,007	716,796
Income from investment in treasury bills	201,299	-
Gain on re-measurement / disposal of investments designated at fair value through profit or loss (net)	18,099	41,358
	<b>882,077</b>	<b>1,101,129</b>
<b>Income from assets other than financial assets</b>		
Rental income on assets	317	314
Profit on sale of property, plant and equipment (net)	1,176	4,785
Exchange gain on foreign currency (net)	108,842	8,822
Share of profit on sale of LPG	15,046	20,191
Others – note 15.1	191,349	2,755
	<b>316,730</b>	<b>36,867</b>
	<b>1,198,807</b>	<b>1,137,996</b>

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

For the quarter ended September 30, 2017

- 15.1** Current period amount includes signature bonus received from UEPL (as explained in note 14 above) as per the terms of farm-in agreement.

	Quarter ended September 30, 2017	Quarter ended September 30, 2016
	----- Rs'000 -----	
<b>16. TAXATION</b>		
Current	4,760,252	455,819
Deferred	1,228,502	1,992,838
	<b>5,988,754</b>	<b>2,448,657</b>

## **17. CASH AND CASH EQUIVALENTS**

Cash and bank balances	3,929,927	3,564,332
Short-term highly liquid investments	49,913,661	23,839,737
	<b>53,843,588</b>	<b>27,404,069</b>

## **18. 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 condensed interim financial statements are as follows:

	Quarter ended September 30, 2017	Quarter ended September 30, 2016
	----- Rs'000 -----	
<b>Sales of gas / barytes to State controlled entities (including Government levies)</b>		
- GENCO-II	3,579,462	6,098,607
- SSGCL	5,935,569	3,626,582
- SNGPL	19,578,540	10,143,860
- OGDCL	38,213	34,811
	<b>29,131,784</b>	<b>19,903,860</b>
<b>Long-term receivables, trade debts and other receivables from State controlled entities as at September 30</b>	<b>100,043,161</b>	<b>50,960,579</b>
<b>Transactions with Associated Companies</b>		
Sales of crude oil / condensate	<b>1,587,995</b>	<b>884,914</b>
Expenses incurred	<b>1,900</b>	<b>5,842</b>



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

For the quarter ended September 30, 2017

	Quarter ended September 30, 2017	Quarter ended September 30, 2016
	----- Rs'000 -----	
<b>Transactions with Joint Operations</b>		
Payments of cash calls to joint operations	8,495,577	13,389,006
Expenditures incurred by the joint operations	8,790,577	6,464,128
Under advance balances relating to joint operations as at September 30	5,320,556	3,894,216
Current account receivables relating to joint operations as at September 30	2,803,770	888,669
Current account payables relating to joint operations as at September 30	112,241	18,943
Income from rental of assets to joint operations	317	314
Purchase of goods from BME - net	96,375	76,271
Reimbursement of employee cost on secondment to BME	4,786	4,641
<b>Other related parties</b>		
Transactions with retirement benefit funds	234,349	219,286
Remuneration to key management personnel	782,001	735,300
Payment of rental to Pakistan Industrial Development Corporation	26,082	24,640
Payment of rental to Karachi Port Trust	3,224	3,170
Payment to National Insurance Company Limited (NICL)	147,094	134,127
Insurance claim received from NICL	958	-
Payment to Pakistan State Oil Company Limited	208,470	163,607

- 18.1** Aggregate amount charged in these consolidated condensed interim financial statements in respect of fees paid to thirteen non-executive directors of the Holding Company was Rs 3.740 million (September 2016: Rs 0.765 million to four non-executive directors).
- 18.2** The Holding Company has guaranteed the performance and fulfilment of obligations by PPLA under the EDPSC. Total financial commitment of PPLA is US\$ 100 million (Rs 10,550 million), out of which US\$ 69.983 million (Rs 7,383 million) is outstanding.
- 18.3** The Holding Company has provided parent company guarantee amounting to US\$ 5.3 million (Rs 559 million) to GoP in respect of PPLE's exploration licences in Pakistan i.e. Barkhan, Harnai and Ziarat.
- 18.4** Gas sales are made to various State controlled entities, at prices notified by the GoP. Transactions with BME for purchase of goods are conducted at prices determined by reference to comparable goods sold in an economically comparable market to a buyer unrelated to the seller.

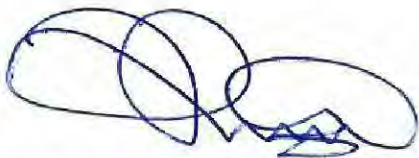


**Notes to and Forming Part of the Consolidated Condensed Interim Financial Statements (Unaudited)**  
For the quarter ended September 30, 2017

	Quarter ended September 30, 2017	Quarter ended September 30, 2016
<b>19. EARNINGS PER SHARE</b>		
<b>19.1 Basic earnings per share</b>		
Profit after taxation (Rs'000)	13,141,136	5,407,288
Dividend on convertible preference shares (Rs'000)	(36)	(37)
Profit attributable to ordinary shareholders (Rs'000)	<u><b>13,141,100</b></u>	<u><b>5,407,251</b></u>
Weighted average number of ordinary shares in issue	<u>1,971,717,476</u>	<u>1,971,717,279</u>
<b>Basic earnings per share (Rs)</b>	<u><b>6.66</b></u>	<u><b>2.74</b></u>
<b>19.2 Diluted earnings per share</b>		
Profit after taxation (Rs'000)	<u><b>13,141,136</b></u>	<u><b>5,407,288</b></u>
Weighted average number of ordinary shares in issue	1,971,717,476	1,971,717,279
Adjustment for convertible preference shares	<u>11,979</u>	<u>12,176</u>
Weighted average number of ordinary shares for diluted earnings per share	<u>1,971,729,455</u>	<u>1,971,729,455</u>
<b>Diluted earnings per share (Rs)</b>	<u><b>6.66</b></u>	<u><b>2.74</b></u>

**20. DATE OF AUTHORISATION FOR ISSUE**  
These consolidated condensed interim financial statements were authorised for issue on October 27, 2017 by the Board of Directors of the Holding Company.

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



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR



CHIEF EXECUTIVE