



Pakistan Petroleum Limited



Mapping New Frontiers

Half Yearly Report December 2017



COMPANY INFORMATION

Board of Directors

Mr. Syed Wamiq Bokhari
Chief Executive Officer /
Managing Director

Mr. Agha Jan Akhtar

Mr. Hassan Nasir Jamy

Dr. Ibne Hassan

Mr. Mohammad Jalal Sikandar
Sultan

Mr. Muhammad Sajid Farooqi

Mr. Nadeem Mumtaz Qureshi

Mr. Saeed Ullah Shah

Mr. Sabino Sikandar Jalal

Mr. Salman Akhtar

Company Secretary

Ms. Shahana Ahmed Ali

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Registration Number

CUIN: 0000378

Auditors

A.F. Ferguson & Co.
Chartered Accountants

Bankers

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

Shares Registrar

Messrs. FAMCO Associates (Private) Limited
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Legal Advisors

Messrs. Surridge & Beecheno

DIRECTORS' INTERIM REVIEW

Your directors are pleased to present the unaudited condensed interim financial statements for the half year ended December 31, 2017 and a brief review of the Company's operations.

OPERATIONAL AND FINANCIAL HIGHLIGHTS

Operational Highlights

The key operational highlights for the half year ended December 31, 2017 are as follows:

Seismic Activities

In PPL Operated blocks, 2D seismic data acquisition of 943 Line Km was carried out during the period, as compared to 2D and 3D seismic data acquisitions of 380 Line Km and 897 Sq. Km, respectively in the corresponding period.

Drilling Activities

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

Financial Highlights

The key financial results of the Company for the half year ended December 31, 2017 are as follows:

	Half year ended December 31, 2017	Half year ended December 31, 2016
	Rs Million	
Sales revenue (net)	60,974	40,025
Profit before taxation	32,838	16,360
Taxation	(10,814)	(4,563)
Profit after taxation	22,024	11,797
Basic and Diluted Earnings Per Share (Rs)	11.17	5.98

Sales revenue

Sales revenue increased by Rs 20,949 million during the current period as compared to the corresponding period, representing positive variances on account of price (including exchange rate) and volume amounting to Rs 20,177 million and Rs 772 million, respectively.

Positive price variance is mainly due to revision in wellhead gas price of Sui (refer note 1.3 to the unconsolidated financial statements for the year ended June 30, 2017) and Tal (as disclosed in note 11.1 to the unconsolidated condensed interim financial statements for the half year ended December 31, 2017) fields, coupled with increase in average international crude oil prices from US\$ 45.17 / bbl to US\$ 54.63 / bbl during the current period as compared to the corresponding period.

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

	Unit	Half year ended December 31, 2017	Half year ended December 31, 2016
Natural Gas	MMCF	145,263	146,541
Crude Oil / Natural Gas Liquids / Condensate	BBL	2,887,775	2,865,865
Liquefied Petroleum Gas (LPG)	Tonnes	44,212	37,826
Barytes	Tonnes	39,595	16,830

Profitability

Profitability of the Company increased by 87% as compared to the corresponding period. 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.

Reduced exploration expenses are mainly due to the recovery of past cost (incurred by the Company from inception till the assignment date) from United Energy Pakistan Limited, as a result of farming out of the Company's 50% Working Interest along with transfer of operatorship of 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 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-three exploratory blocks, out of which twenty-five are PPL operated (including Block-8 in Iraq being operated by PPL Asia) and remaining eighteen, including three offshore blocks in Pakistan and one onshore block in Yemen, are partner operated. Details of major activities are as follows:

Exploration South Assets

In Gambat South and Hala blocks, interpretation & mapping of 3D seismic data has been completed and several prospects have been identified. To mature the additional prospects, detailed studies & processing of 3D seismic volumes are in progress. Further, in Gambat South block, preparations are underway to spud-in

exploratory well Hadaf X-1, whereas tight gas evaluation of Hadi X-1A discovery is in progress.

Preparations are underway to spud in 3rd exploratory well Rajab X-1 in Kotri block.

In Naushahro Firoz Block, drilling of NF X-1 horizontal appraisal well was completed by re-entry into the existing well. During post frac clean up, well flowed around 13.5 MMscfd of gas. Evaluation is in progress to establish its commercial viability.

In addition, exploratory wells Manchar X-1 (Zamzama South block) and Kotri X-1 (Kotri block) have been charged to profit and loss account as dry holes.

Exploration North Assets

Preparations are underway to spud in exploratory wells, Misrial X-1 (Hisal block) and Cholistan X-1 (Sadiqabad block).

Exploration Frontier Assets

2D seismic data acquisition of 752 Line Km and 46 Line Km (infill) has been completed in Kharan / Kharan East and Kalat blocks, respectively. Acquisition of 200 and 600 Line Km 2D seismic data is in progress in Margand and South Kharan blocks, respectively.

In Nausherwani block, 1st exploratory well Nausherwani X-1 was spudded in October 2017 and currently drilling is in progress.

Partner-Operated Areas

In Tal block, drilling of exploratory well Mamikhel Deep-1 is in progress. Further, Manzalai West gravity survey processing and interpretation has been completed.

In Nashpa block, drilling of exploratory well Kacha Khel-1 has been completed and its testing is planned, whereas, drilling of exploratory well, Shawa X-1 is in progress.

Drilling of exploratory wells Dharian-1 (Ghauri block), Aliabad-1 (Kotri North block) and Lundi-1 (Sukhpur block), is in progress.

In Kirthar block, appraisal well Rizq-2 was successfully completed as a gas producer.

In addition, exploratory wells Kot-1 (Tal block) and Jherruck-1 (Jherruck block) have been charged to profit and loss account as dry holes.

Producing Fields

Sui Asset

Development wells Sui-36 (M) and Sui-40 (M) were re-commissioned into production network after workovers and currently producing 6 MMscfd of gas including incremental 3 MMscfd after workovers.

Locations for three new development wells, Sui-102 (U), 103 (U) and 104 (M) have been staked and construction activities have commenced.

Maintenance, upgrade and enhancement of plant reliability activities were undertaken at both Purification Plant and Sui Field Gas Compression Station, including commissioning of 7th evaporative cooler to enhance turbine efficiency.

Kandhkot Asset

Development well KDT-39(U/M) was commissioned, producing around 17 MMscfd of gas, marking the first commercial gas supply from West SUL dome. Further, acid stimulation job was carried out at development well KDT-38(M) resulting in incremental gas production of around 5 MMscfd. Further, rig operations have commenced at development well KDT-15 for workover.

Two compressors, which were relocated from Sui field during last quarter, were refurbished and successfully commissioned, adding around 44 MMscfd to the gas handling capacity of the plant.

Adhi Asset

Highest ever production of gas i.e. 78.6 MMscfd and LPG i.e. 317 M.Ton / day was achieved during the current period, reaching another milestone in the continuous development of the field.

Development well Adhi-29(T/K) was commissioned, resulting in additional production of around 1.5 MMscfd Gas and 500 BBLs/day oil. Development well Adhi-9K was revived through gas injection, resulting in production increase of around 0.2 MMscfd gas and 100 BBLs/day oil.

For Adhi Compression Project, a hazard and operability (HAZOP) study was conducted. Bids for construction services have been invited and detailed engineering of compressor packages is in progress.

Gambat South / Hala / Mazarani Assets

In Gambat South, dismantling of Rehmat Gas Plant from current location and site construction of new location as Gas Processing Facility (GPF) IV is in progress.

Further in Gambat South, first gas sales from Kabir X-1 EWT facility commenced during October 2017 through virtual pipeline. Furthermore, GPF - III project is under procurement and construction phase.

Reference to note 36.1 to the unconsolidated financial statements for the year ended June 30, 2017, Asia Resources Oil Limited (AROL), on October 25, 2017 paid a sum of USD 54.8 million in lieu of its outstanding liabilities in Gambat South (USD 52 million including Late Payment Surcharge (LPS) of USD 8.6 million) and Kotri North [USD 2.8 million including LPS of USD 0.6 million] blocks.

Accordingly, AROL's outstanding liabilities in respect of Gambat South and Kotri North blocks stand cleared. However, AROL did not pay any amount for settlement of Naushahro Firoz block liabilities due to which, as per the terms of Naushahro Firoz Settlement Agreement, AROL's 10% working interest therein stands forfeited in favour of PPL. PPL has applied to the regulator for approval of assignment of AROL's working interest following forfeiture.

Partner-Operated Assets

In Tal block, development well Makori East-6 was successfully completed as a gas & condensate producer.

In Nashpa block, development well Mela-5 has reached its TD and its testing is planned.

Development well Rehman-4 in Kirthar block, was spudded in November 2017 and currently drilling is in progress.

Development well Qadirpur HRL-14 was successfully completed as a gas producer, whereas development well Qadirpur-25A (ST) was spudded in November 2017 and currently testing is in progress.

With respect to Tal block, as fully explained under note 11.1 to the unconsolidated condensed interim financial statements, the Company along with other working interest owners, signed a Supplemental Agreement dated August 28, 2015 (SA) with the President of Pakistan in accordance with the 'Conversion Regime' introduced in the Petroleum Exploration and Production Policy 2012 (PP 2012) as applicable at that date. This Conversion Regime was transformed and included in the SA as a 'Conversion Package' which inter alia included the revised price for exploration and production of petroleum products and windfall levy on natural gas only.

The Ministry of Energy (Petroleum Division) revised PP 2012 (with the approval of the Council of Common Interests) through SRO ____ (I)/2017 dated December 27, 2017 (SRO) which inter alia implies that (i) the windfall levy which was restricted previously to natural gas in the SA is also payable on exploration and production of oil / condensate; (ii) that such policy shall be applicable on those PCA's also that have availed the conversion option before the revision; and (iii) it was provided that any entity not agreeing to the said amendment will revert back to prices as were applicable before the conversion.

The Company challenged the SRO before the Islamabad High Court (IHC) on the grounds that the terms of none of the existing PCAs as amended to date by the existing SAs can be unilaterally revised by the GoP, nor can the GoP lawfully require and direct that such amendments be made mandatorily to include imposition of Windfall Levy on Oil / Condensate retrospectively and nor can the GoP unilaterally hold and direct that the gas pricing incentives to which the Company is presently entitled and receiving under the existing 'Conversion Package' as enshrined in the existing SAs will stand withdrawn or that the Company shall cease to be eligible for such incentives in the event of failure to execute fresh SAs. The petition was heard on February 20, 2018 and an order was passed by IHC directing the parties to maintain status quo till the next hearing of the petition on March 15, 2018.

Bolan Mining Enterprises

Sales of Baryte powder to local E&P companies and export of Baryte Ore was higher than planned. As part of preparation for Bankable Feasibility Report for exploitation of Baryte-Lead-Zinc deposits at Gunga Khuzdar, exploratory drilling of

approximately 10,000 meters has been completed, while core logging and metallurgical analysis are in progress. Further, feasibility report by external consultant is expected to be completed by 3rd quarter of the current fiscal year, which will establish commercial viability of the project.

On June 12, 2004, PPL was granted a prospecting licence ("PL") for iron ore for an area measuring 8755.16 acres near Mashkichah, District Chagai, Balochistan. On March 29, 2007, the PL was converted into a mining lease ("ML") for iron ore for an area measuring 2551.49 acres. The ML area also included land measuring 95.30 acres for which a prospecting licence (March 30, 2001) and subsequently a mining lease (August 24, 2005) for marble only were granted to M/s. Marble Enterprises. Faheem Iron Ore, related company of Marble Enterprises, acquired another prospecting licence for iron ore (February 23, 2008) over the same area of 95.3 acres and got it converted into a mining lease dated April 1, 2008.

Through multiple litigations between PPL/BME and Marble Enterprises/Faheem Iron Ore, the matter has been decided against PPL in respect of disputed area of 95.3 acres. Thus PPL / BME have lost lease rights over highly prospective area of 95.30 acres out of the total area of 2551.49 acres allotted to it for iron ore. However, PPL/BME still hold legal rights upon remaining area of 2456.19 acres.

Corporate Social Responsibility

PPL continued to work for promotion of education at its producing and exploratory areas across the country and constructed academic blocks at educational institutions in Barkhan, Awaran, and Khuzdar, awarded scholarships to 70 new students. Further, newly established Virtual University at Sui operated satisfactorily where 17 new students secured admissions.

PPL Public Welfare Hospital, Sui operated and continued to provide free consultation, treatment and medicines to over 16,500 residents of Sui town. In addition, over 1,680 patients were provided free of cost consultation and treatment at Public Dispensary near Adhi Field. PPL also held surgical eye camps at Sui, Dera Bugti, Kandhkot and Shahdadpur.

PPL installed 40 KW solar powered system at District Headquarter Hospital, Kalat and two 100 KVA Generators at Shahdadpur Institute of Medical Sciences, at District Sanghar.

Further, eight water supply schemes, two solar powered water supply schemes and 2.2 km dual carriageway Shahdadpur bypass road at District Sanghar, were completed.

Human Resources

Professional and personal development of staff continues to remain a focus with emphasis on embedding a safety culture. While PPL has an established system for training management staff, this year training & development team is successfully implementing skill building programs for non-management staff across the organisation.

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.

QHSE trainings remained a key focus area to build up organisational capabilities and accordingly, multiple sessions were conducted on QHSE awareness, basic first aid, fire safety, fire & gas detection, incident investigation, risk management and hazardous area classification. Further, Basic First Aid guide was published at corporate level.

Process Safety Competence gap assessment was completed at Gambat South to form current baseline. HAZOP & HAZID Studies were undertaken to improve recognition of Process hazards / risks at plant sites. Also, HAZID technique was utilised to assess safety aspects for relocation of Gas Processing Plant from Rehmat Field to Gambat South.

For automation, Velocity EHS Software (Risk Management & Incident Investigation) went live and a number of hands-on training sessions were conducted to ensure smooth transition from manual processes to use of software.

Further, full-fledged desktop exercise was held at Head Office to verify preparedness of Incident Management Teams in handling real emergencies.

Industrial Relations

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

ACKNOWLEDGEMENT

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



DIRECTOR



MANAGING DIRECTOR /
CHIEF EXECUTIVE OFFICER

Karachi: February 27, 2018

گھٹ ساؤتھ میں موجودہ بنیاد سے پروسس سیفٹی کمپینٹس گیپ کا تجزیہ مکمل کیا گیا۔ پلانٹ سائٹ پر پروسس کے دوران خطرات/خداشات کی شناخت کو بہتر بنانے کے لئے HAZOP & HAZID اسٹڈیز کی گئیں۔ رحمت گیس فیلڈ سے گھٹ ساؤتھ تک گیس پروسسنگ پلانٹ کی منتقلی میں بھی تحفظ کو ملحوظ خاطر رکھتے ہوئے بھی HAZID تکنیک استعمال کی گئی۔

خود کاری کے لئے، ولاسٹی ای ایچ ایس سافٹ ویئر (خطرات کی انتظام کاری اور واقعات کی تحقیق کے لئے) کو نافذ کر دیا گیا۔ اس سافٹ ویئر کے استعمال کو فروغ دینے کے لئے کئی تربیتی نشستیں ہوئیں تاکہ مروجہ طریقہ کار سے سافٹ ویئر پر تبدیلی کو یقینی بنایا جاسکے۔

حقیقی معنوں میں ہنگامی صورتحال سے نبرد آزما ہونے کے لئے وقوع پذیری کی انتظامی ٹیم کو صدر دفتر میں بھرپور مشق کرائی گئی۔

انڈسٹریل ریلیشنز

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

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 فروری 2018

فہم آئرن اور جو ماربل انٹرپرائزز سے متعلقہ ایک کمپنی ہے، نے اسی رقبہ 195.3 ایکڑ پر 23 فروری 2008 کو خام لوہے کے امکانات کی تلاش کے لئے لائسنس حاصل کیا۔ جسے انہوں نے یکم اپریل 2008 کو مائننگ لیز میں تبدیل کر دیا۔

اس حوالے پی پی ایل / بی ایم ای اور ماربل انٹرپرائزز / فہم آئرن اور کے مابین قانونی چارہ جوئی کے کئی مراحل کے بعد 95.3 ایکڑ کا فیصلہ پی پی ایل کے خلاف ہوا۔ جس کی رو سے پی پی ایل / بی ایم ای 12551.49 ایکڑ پر مشتمل رقبے میں سے 95.3 ایکڑ امکانات سے بھرپور رقبے سے معدنیات کی تلاش کے حق سے دستبردار ہونا پڑا۔ تاہم پی پی ایل / بی ایم ای کے پاس 2456.19 ایکڑ کے بقیہ رقبے پر معدنیات کی تلاش کا قانونی اختیار باقی رہے گا۔

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 مستحق آبادیوں کے لئے تعلیم کے فروغ کا کام جاری رکھا، جسکے تحت بارکھان، آواران، خضدار میں تعلیمی بلاکس تعمیر کئے۔ 70 نئے طالب علموں کو وظائف دیئے گئے۔ سوئی میں ورچوئل یونیورسٹی کے آپریشنز تسلی بخش رہے جہاں 17 نئے طالب علموں نے داخلے حاصل کئے۔ پی پی ایل پبلک ویلفیئر ہسپتال، سوئی میں 16500 سے زائد مقامی باشندوں کو مفت علاج و معالجے اور ادویہ فراہم کی گئیں۔ آدھی فیلڈ کے قریب پبلک ڈسپنری میں 1680 سے زائد مریضوں کو مفت علاج و معالجے کی سہولت فراہم کی گئی۔ ساتھ ہی سوئی، ڈیرہ بگٹی، کندھ کوٹ اور شہداد پور میں مفت آئی کمپ منعقد کئے۔

پی پی ایل نے ڈسٹرک ہسپتال، قلات میں 40 کلوواٹ کا شمسی توانائی نظام اور شہداد پور انسٹیٹیوٹ برائے میڈیکل سائنسز، ضلع ساگھڑ میں 100 کلوواٹ کے جزیر نصب کئے۔

مزید یہ کہ فراہمی آب کی 8 اسکیموں جن میں سے 2 شمسی توانائی پر کام کریں گیں، اور 2.2 کلو میٹر کا شہداد پور بانی پاس پر کام مکمل ہو چکا ہے۔

انسانی وسائل

زیر جائزہ مدت میں عملے کی پیشہ دار انداز ذاتی ترقی کے ضمن میں خصوصاً تحفظ کی روایت کو فروغ دینے پر توجہ مرکوز رہی۔ پی پی ایل نے انتظامی عملے کی تربیت کے لئے اپنے نظام کو پختہ کر لیا ہے اب اس سال پوری کمپنی کے غیر انتظامی عملے کی صلاحیتوں میں اضافے کے پروگرام پر ٹریننگ و ڈیولپمنٹ کی ٹیم کامیابی سے عمل پیرا ہے۔

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

اعلیٰ انتظامیہ کی جانب سے کئے جانے والے آڈٹ نے کمپنی میں کیو ایچ ایس ای کلچر کو فروغ دینے میں اہم کردار ادا کیا ہے۔

کیو ایچ 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، کیو ایچ ایس ای سے واقفیت کی بہت سی نشستیں ہوئیں جن میں ابتدائی طبی امداد کے بنیادی خدوخال، آگ اور گیس کی کاپالگانا، حادثے کی تحقیقات، خطرات کی انتظام کاری اور خطرات سے بھرپور جگہ کی نشاندہی شامل ہیں۔ ساتھ ہی کارپوریٹ سطح پر ابتدائی طبی امداد کے بنیادی خدوخال پر ایک رہنما کتابچہ بھی چھاپا گیا۔

پارٹنر۔ آپریٹڈ اثاثے

ٹل بلاک میں پیداواری کنوئیں ماکوڑی ایسٹ-6 کوگیس اور کنڈنسیٹ کے پیداوار کنندہ کے طور پر کامیابی سے مکمل کیا گیا۔

تشیابلاک میں پیداواری کنوئیں میلہ-5 کی کھدائی مطلوبہ ہدف تک ہو چکی ہے اور اس کی جانچ کی منصوبہ بندی کی گئی ہے۔

کیرتھر بلاک میں رحمان-4 کی کھدائی کا آغاز نومبر 2017 میں ہو چکا ہے اور اس وقت کھدائی کا کام جاری ہے۔

قادر پور فیلڈ میں پیداواری کنوئیں قادر پور ایچ آر ایل-14 کوگیس کے پیداوار کنندہ کے طور پر مکمل کر لیا گیا ہے جبکہ قادر پور A25(ST) کی کھدائی کا آغاز نومبر 2017 میں ہوا، جس کی جانچ ابھی جاری ہے۔

ٹل بلاک کے حوالے سے، جیسا کہ غیر اشتمال شدہ مجتمع عبوری مالیاتی گوشواروں کے نوٹ 11.1 میں بھی تفصیل سے بیان کیا گیا ہے، کمپنی اور دیگر شراکت داروں نے صدر پاکستان کے ساتھ 28 اگست 2015 کو پٹرولیم کی دریافتی پیداواری پالیسی 2012 میں متعارف کروائی گئی تبادلے کی مہم، جو اس وقت لاگو تھی، کے تحت اضافی معاہدے پر دستخط کئے۔ اس تبادلے میں مزید تبدیلی لا کر اسے بطور تبادلہ ٹیکنیج اضافی معاہدے میں شامل کر دیا گیا جس میں دیگر معاملات کے ساتھ ساتھ پٹرولیم کی دریافت و پیداوار کی ترمیم شدہ قیمت اور صرف قدرتی گیس پروڈکٹس کے لاگو ہونے کی وضاحت شامل تھیں۔

وزارت توانائی (پٹرولیم ڈویژن) نے (مشترکہ مفادات کی کنسل کی رضا مندی کے بعد) 27 دسمبر 2017 کو نوٹیفیکیشن ایس آر او ————— (1/2017) کے تحت پٹرولیم پالیسی 2012 میں ترمیم کر دی ہے۔ جس کے تحت (i) ونڈ فال ٹیکس جو اضافی معاہدے میں پہلے صرف قدرتی گیس پر عائد تھا اب وہ تیل اور کنڈنسیٹ کی دریافت و پیداوار پر بھی عائد ہوگا (ii) اس ضمن میں یہ تبدیلی ان پٹرولیم کنسیشن معاہدات پر بھی لاگو ہوگی جو اس ترمیم سے قبل ہی تبادلے کے دیئے گئے موقع سے فائدہ اٹھا چکے ہیں (iii) یہ بھی واضح کیا گیا ہے کہ وہ کمپنیاں جو اس ترمیم سے متفق نہ ہوں انہیں تبادلے کی شق کے نفاذ سے قبل کی قیمتوں کو لاگو کرنا ہوگا۔

کمپنی نے اسلام آباد ہائی کورٹ میں اس ایس آر او کو اس بنیاد پر چیلنج کر دیا ہے کہ حکومت پاکستان ایک طرفہ طور پر کسی بھی پٹرولیم کنسیشن معاہدے کی شرائط میں تبدیلی نہیں کر سکتی ہے جن میں اب تک موجودہ اضافی معاہدے کی روشنی میں ترمیم کی گئی ہے، نہ ہی ہو وہ قانونی طور پر اس بات کا حکم نامہ جاری کر سکتی ہے کہ اسی شرائط لازمی طور پر لاگو ہوں جن سے تیل اور کنڈنسیٹ کی دریافت و پیداوار پر پچھلے دورانیے (پر لاگو ہونے والا) ونڈ فال ٹیکس عائد ہو۔ نہ ہی حکومت پاکستان ایک طرفہ طور پر موجودہ اضافی معاہدے میں دئے گئے تبادلہ ٹیکنیج کو واپس لینے کا حکم نامہ جاری کر سکتی جس کے تحت اس وقت کمپنی گیس کی قیمتوں سے فائدہ اٹھا رہی ہے اور ایسا کرنے کی مجاز ہے اور غنی ترمیم کی روشنی میں نئے اضافی معاہدے پر عمل پیرا نہ ہونے کی صورت میں کمپنی کو گیس کی قیمتوں سے فائدہ اٹھانے کے حق سے دستبردار ہونا پڑے گا۔

اس کیس کی شنوائی 20 فروری 2018 کو ہوئی جس میں اسلام آباد ہائی کورٹ نے تمام فریقین کو 15 مارچ 2018 کو ہونے والی اگلی سماعت تک موجودہ طریقہ کار پر کام کرنے کا حکم دیا ہے۔

بولان مائننگ انٹرپرائزز

بیرائیٹ پاؤڈر کی مقامی دریافتی و پیداواری کمپنیوں کو فروخت اور خام بیرائیٹ کی درآمدتوق سے زیادہ رہی۔

گنگا، خضدار میں بیرائیٹ۔ لیڈ اور زنک کی تلاش و دریافت کے لئے ایک جامع امکان پذیری کی رپورٹ، جس کی بنیاد پر سرمایہ کاری کی جاسکے، کی تیاری کے حوالے سے 10,000 میٹر تک کے احاطے میں دریافتی کھدائی مکمل ہو چکی ہے تاکہ منصوبے کے تجارتی طور پر قابل عمل ہونے کا تجزیہ کیا جاسکے۔ جبکہ کورونگ اور مینار جیکل تجزیہ جاری ہے۔ جبکہ بیرونی مشیر کی امکان پذیری کی رپورٹ موجودہ مالی سال کی تیسری سہ ماہی میں مکمل ہو جائے گی جس سے منصوبے کی تجارتی بنیادوں عمل پذیری کو واضح کیا جائیگا۔

12 جون 2004 کو پی پی ایل کوٹشکی چھا، ضلع چاغی، بلوچستان میں 18755.16 ایکڑ پر مشتمل رقبے پر خام لوہے کے امکانات کی تلاش کے لئے لائسنس جاری کیا گیا۔ 29 مارچ 2007 کو خام لوہے کے امکانات کی تلاش کے لئے دیئے جانے والے لائسنس 2551.49 ایکڑ رقبے کے لئے مائننگ لیز میں تبدیل کر دیا گیا۔ اس مائننگ لیز میں 95.30 ایکڑ کا وہ رقبہ بھی شامل ہے جس کے لئے میسرز ماربل انٹرپرائزز کو 30 مارچ 2001 کو ماربل کے امکانات کی تلاش کے لئے لیز جسے 24 مارچ 2005 کو مائننگ لیز میں تبدیل کر دیا گیا تھا، دی گئی تھی۔ (5)

کندھ کوٹ اثاثہ

کندھ کوٹ 39 (U/M) سے پیداوار کا آغاز ہو چکا ہے جو اس وقت یومیہ 17 ایم ایم ایس سی ایف ہے، اس پیداوار کے ذریعے سوئی اپر لائم اسٹون کے مغربی ڈوم سے گیس کی پہلی تجارتی رسد شروع ہوئی۔ ساتھ ہی کندھ کوٹ 38-M پر کی جانے والی تیز ابلی عمل کاری کے ذریعے اس کی پیداوار میں تقریباً یومیہ 15 ایم ایم ایس سی ایف کا اضافہ ہوا ہے۔ مزید یہ کہ کندھ کوٹ-15 پر ورک اور کے لئے رگ آپریشنز جاری ہیں۔

ساتھ ہی سوئی گیس فیلڈ سے منتقل کئے گئے دو کمپریسر یونٹس کی تنصیب اور اسے پیداواری سلسلے سے جوڑنے کا عمل کامیابی کے ساتھ اکتوبر 2017 میں مکمل ہو گیا جس کی وجہ سے پلانٹ کی گیس پروسیسنگ کی صلاحیت میں یومیہ تقریباً 44 ایم ایم ایس سی ایف کا اضافہ ہوا ہے۔

آدہی اثاثہ

زیر جائزہ مدت میں آدہی سے گیس اور ایل پی جی کی پیداوار میں ریکارڈ اضافہ یومیہ 78.6 ایم ایم ایس سی ایف گیس اور 317 میٹرک ٹن ایل پی جی حاصل ہوا۔ جو کہ فیلڈ سے پیداوار میں اضافے کے لئے کی جانے والی کوششوں میں ایک اہم سنگ میل ثابت ہوگا۔

پیداواری کنوئیں آدہی (T/K) 29 سے پیداوار کا آغاز ہوا جس سے یومیہ اضافی 1.5 ایم ایم ایس سی ایف گیس اور 500 بیرل تیل حاصل ہوئے۔

آدہی-9 (K) کو گیس انجکشن کے ذریعے بحال کیا گیا جس سے اس کی پیداوار میں یومیہ 10.2 ایم ایم ایس سی ایف گیس اور 100 بیرل تیل کا اضافہ ہوا۔

آدہی کمپریسر منصوبے کے لئے خطرات اور فعالیت کی تحقیق مکمل کی گئی۔ تعمیراتی کام کے لئے بولیاں منگوائی گئی ہیں اور کمپریسر پیکیجز کے لئے تفصیلی انجینئرنگ جاری ہے۔

گمبٹ ساؤتھ/ہالہ/مزرانی اثاثے

رحمت گیس پلانٹ، جسے گیس پروسیسنگ پلانٹ IV کی حیثیت سے گمبٹ ساؤتھ سے 50 ایم ایم ایس سی ایف تک پیداوار میں اضافے کے لئے تنصیب کیا جائے گا کے لئے پلانٹ کی منتقلی اور نئی سائٹ کا تعمیراتی کام جاری ہے۔

گمبٹ ساؤتھ میں کبیر X-1 سے پیداوار کی ابتدائی جانچ کے ذریعے پہلی پیداوار اور چول پائپ لائن کے ذریعے حاصل کی گئی۔ مزید یہ کہ جی پی ایف III منصوبے کے لئے سامان کی خریداری اور تعمیراتی کام جاری ہے۔

جون 2017، 30 کو ختم ہونے والے مالی سال کے غیر اشتهال شدہ مالیاتی گوشواروں کے نوٹ 36.1 کے مطابق ایشیاءری سورسز آئل لمیٹڈ (اے آراو ایل) نے 25 اکتوبر 2017 کو پی پی ایل کو گمبٹ ساؤتھ (52 ملین امریکی ڈالر بشمول ادائیگی میں تاخیر کا سرچارج 8.6 ملین امریکی ڈالر) اور کوٹری نارتھ (امریکی ڈالر 2.8 بشمول ادائیگی میں تاخیر کا سرچارج 0.6 ملین امریکی ڈالر) میں اپنے بقایا جات کی مد میں 54.8 ملین امریکی ڈالر ادا کئے۔ چنانچہ، کوٹری نارتھ 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 منتیخ طور پر ضبط ہو گئی۔ اس ضمن میں پی پی ایل نے بلاک میں 10 فیصد حصہ داری حاصل کرنے کے اجازت نامے کے لئے ریکو لیٹر کو درخواست دے دی ہے۔

ایکسپلوریشن کے جنوبی اثاثے

گمبٹ ساؤتھ اور ہالہ بلاکس سے حاصل کئے گئے 3D سائز مک ڈیٹا کی تشریح اور میپنگ مکمل ہو چکی ہے اور دریافتی کنوؤں کی کھدائی کے لئے اضافی امکانات کی نشاندہی ہو چکی ہے۔

دریافتی کنوؤں کی کھدائی کے لئے اضافی مقامات کو پختہ کرنے کی غرض سے تفصیلی تحقیق اور 3D سائز مک والیوم کی پروسیسنگ جاری ہے۔ مزید یہ کہ گمبٹ ساؤتھ بلاک میں دریافتی کنوئیں ہدف X-1 کی کھدائی کی تیاریاں جاری ہیں جبکہ ہادی X-1A سے ہونے والی ٹائمیٹ گیس دریافت کا تجربہ جاری ہے۔ کوٹری بلاک میں تیسرے دریافتی کنوئیں رجب X-1 کی کھدائی کی تیاریاں جاری ہیں۔

نوشہرو فیروز بلاک میں افقی تجزیاتی کنوئیں این ایف X-1 (دوبارہ داخل کئے گئے) کی کھدائی مکمل ہو چکی ہے۔ فریکچرنگ مکمل ہونے کے بعد کی جانے والی صفائی کے نتیجے میں کنوئیں سے یومیہ 13.5 ایم ایم ایس سی ایف گیس حاصل ہوئی۔ حاصل ہونے والی گیس کی تجارتی بنیادوں پر پیداوار کے لئے اس وقت تجربہ جاری ہے۔ دریافتی کنوؤں منجھر X-1 زمزمہ ساؤتھ بلاک اور کوٹری X-1 (کوٹری بلاک) کو منافع و خسارے کے اکاؤنٹ میں ڈرائی ہول کے طور پر ذکر کیا گیا ہے۔

ایکسپلوریشن کے شمالی اثاثے

دریافتی کنوؤں چولستان X-1، صادق آباد بلاک اور مصریال X-1، حصال بلاک میں کھدائی کی تیاریاں جاری ہیں۔

ایکسپلوریشن کے سرحدی اثاثے

خاران/ خاران ایسٹ اور قلات بلاکس میں بالترتیب 752 لائن کلومیٹر اور 46 لائن کلومیٹر (ان قبل) 2D سائز مک سروے کا حصول مکمل ہو چکا ہے۔ مرگند اور ساؤتھ خاران بلاکس میں بالترتیب 200 اور 600 لائن کلومیٹر کے 2D سائز مک ڈیٹا کا حصول جاری ہے۔ نوشہروانی بلاک کے پہلے دریافتی کنوئیں نوشہروانی X-1 کی کھدائی کا آغاز اکتوبر 2017 میں ہوا، جوابھی جاری ہے۔

پارٹنر آپریٹڈ اثاثے

ٹل بلاک میں دریافتی کنوئیں مای خیل ڈیپ-1 کی کھدائی جاری ہے۔ ساتھ ہی منزلی ویسٹ کے گریوٹی سروے کی پروسیسنگ اور تشریح مکمل ہو چکی ہے۔ نچا بلاک میں دریافتی کنوئیں کچا خیل-1 کی کھدائی مکمل ہو چکی ہے اور اس کے تجربے کی منصوبہ بندی کی گئی ہے جبکہ دریافتی کنوئیں شاد X-1 کی کھدائی جاری ہے۔ دریافتی کنوؤں کی کھدائی دھاریان-1 (غوری بلاک)، علی آباد-1 (کوٹری نارتھ بلاک) اور لنڈی-1 (سکھ پور بلاک) میں جاری ہے۔ کیرتھر بلاک میں تجزیاتی کنوئیں رزق-2 کو گیس کے پیداوار کنندہ کے طور پر مکمل کیا گیا۔ دریافتی کنوؤں کوٹ-1 (ٹل بلاک) اور جھرک-1 (جھرک بلاک) کو منافع و خسارے کے اکاؤنٹ میں ڈرائی ہول کے طور پر ذکر کیا گیا ہے۔

پیداواری فیلڈز

سوئی اثاثہ

پیداواری کنوئیں سوئی 36 (M) اور سوئی 40 (M) کو دورک اور کے بعد بحال کر کے پھر سے نیٹ ورک سے منسلک کر دیا گیا جو اس وقت یومیہ تقریباً 6 ایم ایم ایس سی ایف گیس فراہم کر رہا ہے۔ جس میں دورک اور کے نتیجے میں یومیہ 3 ایم ایم ایس سی ایف کا اضافہ شامل ہے۔

تین نئے پیداواری کنوؤں سوئی 102 (U)، سوئی 103 (U) اور سوئی 104 (U) کے لئے مقامات کی نشاندہی ہو چکی ہے اور تعمیراتی کام شروع ہو چکا ہے۔ پورٹفولیو پلانٹ اور سوئی فیلڈ گیس کمپریسر اسٹیشن کی تجدید، مرمت اور پلانٹس کی کارکردگی بڑھانے کے حوالے سے مختلف سرگرمیاں انجام دیں گئیں۔ جس میں ساتویں بخاراتی کولر کے اضافے سے ٹربائین کی صلاحیت کو بڑھانا شامل ہے۔ (3)

قیمت میں مثبت تغیر کی بنیادی وجہ سوئی اور ٹیل کے ویل ہیلڈ کی ترمیم شدہ قیمت ہے۔ (جیسا کہ 30 جون 2017 کو ختم ہونے والے سال کے غیر اشتهال شدہ مالیاتی گوشواروں کے نوٹ 1.3 اور 31 دسمبر 2017 کے غیر اشتهال شدہ مجمع عبوری مالیاتی گوشواروں کے نوٹ 11.1 میں بیان کیا گیا ہے)۔ ساتھ ہی خام تیل کی عالمی قیمتوں میں اوسط اضافہ جو تقابلی عرصے کے مقابلے میں زیر جائزہ مدت میں 17.14 امریکی ڈالر سے 54.63 فی سیل رہا۔

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

یونٹ	ششماہی کا اختتام 31 دسمبر 2017	ششماہی کا اختتام 31 دسمبر 2016	
قدرتی گیس	ایم ایم سی ایف	145,263	146,541
خام تیل/قدرتی گیس مائع (این جی ایل)/کنڈنسٹ	بی بی ایل	2,887,775	2,865,865
مائع پٹرولیم گیس (ایل پی جی)	ٹن	44,212	37,826
بیرائٹس	ٹن	39,595	16,830

منفعت

منفعت میں تقابلی عرصے کے مقابلے میں 87 فیصد اضافہ ہوا۔ اس کی بنیادی وجہ فروخت آمدن میں ہونے والے اضافے (جسے اوپر بیان کیا گیا ہے) اور دریافتی سرگرمیوں میں ہونے والے اخراجات میں کمی ہے۔ جس نے پی پی ایل یورپ ای اینڈ پی کمپنی لمیٹڈ (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 کوئٹہ نارتھ بلاک میں ماضی میں ہونے والے اخراجات (بلاک کے حصول سے لے کر یونائیٹڈ انرجی پاکستان لمیٹڈ کو منتقلی) کی مد میں 1,015 ملین روپے کی یونائیٹڈ انرجی پاکستان لمیٹڈ سے وصولی ہے۔ جسے حال ہی میں پی پی ایل نے 50 فیصد کاروباری شراکت کے ساتھ بلاک کی آپریٹنگ 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 نئے کنوؤں اور پلانٹس 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 43 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 18 پارٹنر آپریٹڈ ہیں جن میں پاکستان میں 3 آف شور اور یمن میں 1 آن شور بلاکس بھی شامل ہیں۔ اہم سرگرمیوں کی تفصیل حسب ذیل ہے:

ڈائریکٹران کا عبوری جائزہ

آپ کے ڈائریکٹران 31 دسمبر 2017 کو ختم ہونے والے چھ ماہ کے غیر آڈٹ شدہ مجتمع عبوری مالیاتی گوشواروں کے خلاصے اور کمپنی کے امور کا مختصر جائزہ پیش کرتے ہوئے مسرت محسوس کرتے ہیں۔

آپریشنل و مالیاتی جھلکیاں / اہم نکات

آپریشنل جھلکیاں / آپریشنز کے اہم نکات

31 دسمبر 2017 کو ختم ہونے والی ششماہی کے دوران اہم کاروباری آپریشنز حسب ذیل ہیں:

سائز مک سرگرمیاں

زیر جائزہ مدت میں، پی پی ایل آپریٹڈ بلاکس میں 943 لاکھ کلومیٹر پر 2D سائز مک سروے کیا گیا جبکہ تقابلی عرصے میں بالترتیب 380 لاکھ کلومیٹر پر 2D اور 897 مربع کلومیٹر پر 3D سروے کیا گیا تھا۔

کھدائی کی سرگرمیاں

گذشتہ مدت میں پی پی ایل آپریٹڈ بلاکس میں 9 کنوؤں (4 دریافتی اور 5 پیداواری کنوؤں) کے مقابلے میں موجودہ مدت میں 4 کنوئیں (2 دریافتی اور 2 پیداواری کنوئیں) کھودے گئے۔

مالیاتی جھلکیاں / مالیاتی سرگرمیوں کے اہم نکات

31 دسمبر 2017 کو ختم ہونے والے نصف سال پر کمپنی کے اہم مالیاتی نتائج حسب ذیل ہیں:

ششماہی کا اختتام 31 دسمبر 2016	ششماہی کا اختتام 31 دسمبر 2017	
ملین روپے		
40,025	60,974	فروخت آمدن (خالص)
16,360	32,838	قبل از ٹیکس منافع
(4,563)	(10,814)	ٹیکس
11,797	22,024	بعد از ٹیکس منافع
5.98	11.17	بنیادی اور تحلیل شدہ آمدن فی شیئر (روپے)

فروخت آمدن

موجودہ مدت میں تقابلی عرصے کے مقابلے میں فروخت آمدن میں 20,949 ملین روپے کا اضافہ ہوا ہے۔ یہ اضافہ مثبت تغیر کو واضح کرتا ہے جو قیمت (بشمول زیر مبادلہ کی شرح) اور حجم کی مد میں بالترتیب 20,177 ملین روپے اور 772 ملین روپے سے منسوب ہے۔



AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

Introduction

We have reviewed the accompanying unconsolidated condensed interim balance sheet of Pakistan Petroleum Limited (the Company) as at December 31, 2017 and the related unconsolidated condensed interim profit and loss account, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim statement of changes in equity, unconsolidated condensed interim cash flow statement together with the notes forming part thereof for the six months period then ended (here-in-after referred to as the 'interim financial statements'). Management is responsible for the preparation and presentation of these interim financial statements in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these unconsolidated condensed interim financial statements based on our review.

The figures included in the unconsolidated condensed interim profit and loss account and unconsolidated condensed interim statement of comprehensive income for the quarters ended December 31, 2017 and 2016 and the notes forming part thereof have not been reviewed, as we are required to review only the cumulative figures for the six months period ended December 31, 2017.

Scope of Review

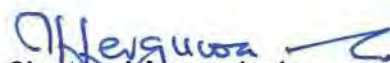
We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. A review of the interim financial statements consists of making inquiries, primarily of persons responsible for financial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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements as of and for the six months period ended December 31, 2017 are not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Emphasis of Matter

We draw attention to note 11.1 to the accompanying interim financial statements which inter alia describes matters relating to the Supplemental Agreement for Tal block. Our conclusion is not modified in respect of this matter.


Chartered Accountants
Karachi, February 27, 2018

Engagement Partner: Khurshid Hasan

PAKISTAN PETROLEUM LIMITED
UNCONSOLIDATED CONDENSED INTERIM BALANCE SHEET
AS AT DECEMBER 31, 2017

ASSETS

NON-CURRENT ASSETS

Fixed assets

Property, plant and equipment

Intangible assets

Long-term investments

Long-term loans

Long-term deposits

Long-term receivables

CURRENT ASSETS

Stores and spares

Trade debts

Loans and advances

Trade deposits and short-term prepayments

Interest accrued

Current maturity of long-term investments

Current maturity of long-term deposits

Current maturity of long-term receivables

Other receivables

Short-term investments

Cash and bank balances

TOTAL ASSETS

EQUITY AND LIABILITIES

SHARE CAPITAL AND RESERVES

Share capital

Reserves

NON-CURRENT LIABILITIES

Provision for decommissioning obligation

Liabilities against assets subject to finance lease

Deferred liabilities

Deferred taxation

CURRENT LIABILITIES

Trade and other payables

Current maturity of liabilities against assets subject to finance lease

Taxation - net

TOTAL LIABILITIES

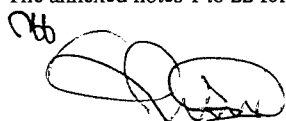
TOTAL EQUITY AND LIABILITIES

CONTINGENCIES AND COMMITMENTS

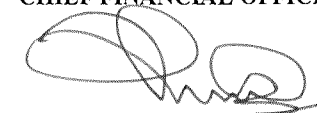
Note	December 31, 2017 Unaudited	June 30, 2017 Audited
	Rs '000	
5	143,499,393	139,294,643
	335,254	405,249
	143,834,647	139,699,892
6	35,861,383	27,661,070
	1,266,141	1,203,104
	7,676	7,676
	261,119	261,119
	181,230,966	168,832,861
7	3,899,268	4,337,207
	113,632,511	99,283,854
	1,310,611	3,982,991
	162,788	443,761
	513,008	422,330
6	-	581,824
	787,500	787,500
	25,896	88,858
	2,975,367	2,948,428
8	33,657,213	36,493,072
	4,556,716	6,080,890
	161,520,878	155,450,715
	342,751,844	324,283,576
	19,717,295	19,717,295
	206,544,941	196,351,582
	226,262,236	216,068,877
	21,642,983	20,104,544
	97,518	143,323
	2,429,521	2,363,123
9	34,169,302	31,821,922
	58,339,324	54,432,912
10	51,101,206	48,602,277
	100,949	112,564
	6,948,129	5,066,946
	58,150,284	53,781,787
	116,489,608	108,214,699
	342,751,844	324,283,576

11

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



CHIEF FINANCIAL OFFICER



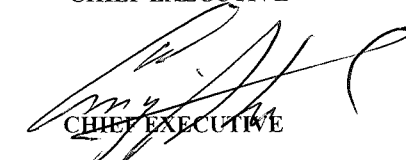
CHIEF FINANCIAL OFFICER



DIRECTOR



CHIEF EXECUTIVE



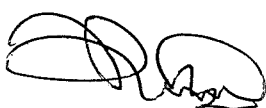
CHIEF EXECUTIVE

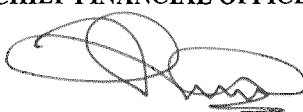
PAKISTAN PETROLEUM LIMITED
UNCONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2017

	Note	Quarter ended December 31, 2017	Quarter ended December 31, 2016	Half Year Ended December 31, 2017	Half Year Ended December 31, 2016
		Rs '000	Rs '000	Rs '000	Rs '000
Sales - net	12	28,761,722	21,215,492	60,973,533	40,025,103
Operating expenses	13	(8,120,595)	(7,226,513)	(15,849,065)	(13,737,756)
Royalties and other levies		(4,072,003)	(2,517,695)	(8,962,046)	(4,761,330)
		(12,192,598)	(9,744,208)	(24,811,111)	(18,499,086)
Gross profit		16,569,124	11,471,284	36,162,422	21,526,017
Exploration expenses	14	(4,357,853)	(3,819,221)	(4,273,067)	(5,248,008)
Administrative expenses		(455,074)	(245,835)	(1,002,163)	(1,053,441)
Finance costs		(136,487)	(115,528)	(239,308)	(232,325)
Other charges		(749,957)	(226,881)	(2,293,116)	(868,036)
		10,869,753	7,063,819	28,354,768	14,124,207
Other income	15	3,305,442	1,111,376	4,483,170	2,235,329
Profit before taxation		14,175,195	8,175,195	32,837,938	16,359,536
Taxation	16	(4,829,852)	(2,126,971)	(10,814,274)	(4,562,554)
Profit after taxation		9,345,343	6,048,224	22,023,664	11,796,982
Basic and diluted earnings per share (Rs)	19	4.74	3.07	11.17	5.98

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

966


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CHIEF FINANCIAL OFFICER


DIRECTOR

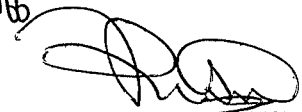

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PAKISTAN PETROLEUM LIMITED**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)****FOR THE HALF YEAR ENDED DECEMBER 31, 2017**

	Quarter ended December 31, 2017	Quarter ended December 31, 2016	Half Year Ended December 31, 2017	Half Year Ended December 31, 2016
	Rs '000		Rs '000	
Profit after taxation	9,345,343	6,048,224	22,023,664	11,796,982
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	9,345,343	6,048,224	22,023,664	11,796,982

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

76

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DIRECTOR


CHIEF EXECUTIVE


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PAKISTAN PETROLEUM LIMITED**UNCONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2017**

Note

Half Year Ended December 31, 2017	Half Year Ended December 31, 2016
----- Rs '000 -----	

CASH FLOWS FROM OPERATING ACTIVITIES

Cash receipts from customers	60,559,551	55,177,487
Receipts of other income	1,589,807	87,961
Cash paid to suppliers / service providers and employees - net	(7,303,803)	(21,449,459)
Payment of indirect taxes and Government levies including royalties	(21,208,531)	(17,708,593)
Income tax paid	(6,585,711)	(503,715)
Finance costs paid	(14,200)	(20,558)
Long-term loans - net	(965)	3,583
Net cash generated from operating activities	27,036,148	15,586,706

CASH FLOWS FROM INVESTING ACTIVITIES

Capital expenditure - net	(14,034,495)	(11,158,791)
Proceeds from sale of property, plant and equipment	5,080	9,550
Purchase of long-term investments	(7,606,111)	(9,627,286)
Disposal / redemption of long-term investments	583,247	4,569,148
Long-term receivables	62,962	-
Finance income received	1,544,952	2,187,108
Net cash used in investing activities	(19,444,365)	(14,020,271)

CASH FLOWS FROM FINANCING ACTIVITIES

Payment of liabilities against assets subject to finance lease	(57,420)	(65,216)
Dividends paid	(11,894,396)	(4,601)
Net cash used in financing activities	(11,951,816)	(69,817)
Net (decrease) / increase in cash and cash equivalents	(4,360,033)	1,496,618

Cash and cash equivalents at the beginning of the period	42,573,962	22,285,524
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Cash and cash equivalents at the end of the period	17	38,213,929	23,782,142
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The annexed notes 1 to 22 form an integral part of these unconsolidated condensed interim financial statements.


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DIRECTOR

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PAKISTAN PETROLEUM LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 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	-	-	-	-	-	-	-	11,796,982	11,796,982	11,796,982	11,796,982
Other comprehensive income for the half year ended December 31, 2016, net of tax	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the half year ended December 31, 2016	-	-	-	-	-	-	-	11,796,982	11,796,982	11,796,982	11,796,982
Transaction with owners											
Conversion of preference shares into ordinary shares	2	(2)	-	-	-	-	-	-	-	-	-
Balance as at December 31, 2016	19,717,175	120	1,428	69,761	34,021,894	23,751,980	5,000,000	121,883,561	184,727,196	184,728,624	204,445,919
Balance as at June 30, 2017 (Audited)	19,717,175	120	1,428	69,761	34,021,894	23,751,980	2,535,354	135,971,165	196,350,154	196,351,582	216,068,877
Comprehensive income for the period											
Profit after taxation	-	-	-	-	-	-	-	22,023,664	22,023,664	22,023,664	22,023,664
Other comprehensive income for the half year ended December 31, 2017, net of tax	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the half year ended December 31, 2017	-	-	-	-	-	-	-	22,023,664	22,023,664	22,023,664	22,023,664
Transaction with owners											
Final dividend on ordinary shares @ 60% for the year ended June 30, 2017	-	-	-	-	-	-	-	(11,830,305)	(11,830,305)	(11,830,305)	(11,830,305)
Conversion of preference shares into ordinary shares	3	(3)	-	-	-	-	-	-	-	-	-
Balance as at December 31, 2017	19,717,178	117	1,428	69,761	34,021,894	23,751,980	2,535,354	146,164,524	206,543,513	206,544,941	226,262,236

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

76


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 half year ended December 31, 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 are:

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

1.3 The Sui Mining Lease expired on May 31, 2015. The Government of Pakistan (GoP) through various notifications has allowed the Company to continue producing from the Sui gas field, the most recent being dated December 20, 2017, whereby allowing the Company to continue producing from Sui gas field for a further period of six months with effect from December 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.

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 repealed Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the repealed Companies Ordinance, 1984 shall prevail. These unconsolidated condensed interim financial statements are unaudited and do not include all the information and disclosures required in the audited annual unconsolidated financial statements and should be read in conjunction with the audited unconsolidated financial statements of the Company for the year ended June 30, 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 half year ended December 31, 2016.

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.

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

For the half year ended December 31, 2017

2.3 These unconsolidated condensed interim financial statements comprise of the unconsolidated condensed interim balance sheet as at December 31, 2017 and the unconsolidated condensed interim profit and loss account, the unconsolidated condensed interim statement of comprehensive income, the unconsolidated condensed interim cash flow statement and the unconsolidated condensed interim statement of changes in equity and notes thereto for the half year then ended which have been subjected to a limited review in accordance with the listing regulations, but not audited. These unconsolidated condensed interim financial statements also include the unconsolidated condensed interim profit and loss account for the quarter ended December 31, 2017 which has neither been reviewed nor audited.

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

There are certain new amendments to approved accounting standards which are mandatory for the Company's accounting periods beginning on or after July 1, 2017. However, such amendments do not have any significant impact on the Company's financial reporting, therefore, have not been detailed in these unconsolidated condensed interim financial statements.

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

The following are the new standards, amendments to existing approved accounting standards and new interpretations that will be effective for the periods beginning on or after July 1, 2018 that may have an impact on the financial statements of the Company.

- IFRS 9 'Financial instruments' - This standard replaces the guidance in IAS 39. It includes requirements of the classification and measurement of financial assets and liabilities; it also includes an expected credit loss model that replaces the current incurred loss impairment model.
- IFRS 15 'Revenue from contracts with customers' - IFRS 15 replaces the previous revenue standards: IAS 18 Revenue, IAS 11 Construction Contracts, and the related interpretations on revenue recognition.
- IFRS 15 introduces a single five-step model for revenue recognition and establishes a comprehensive framework for recognition of revenue from contracts with customers based on a core principle that an entity should recognise revenue representing the transfer of promised goods or services to customers of an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The management is in the process of assessing the impact of changes laid down by these standards on its financial statements.

9/6

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

For the half year ended December 31, 2017

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, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revision to accounting estimates are recognised prospectively commencing from the period of revision.

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

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

For the half year ended December 31, 2017

	December 31, 2017 Unaudited	June 30, 2017 Audited
	----- Rs '000 -----	
5. PROPERTY, PLANT AND EQUIPMENT		
Opening Net Book Value (NBV)	92,948,876	93,267,558
Additions to:		
- owned assets	6,336,117	17,187,126
- assets subject to finance lease	-	26,181
	6,336,117	17,213,307
	99,284,993	110,480,865
Disposals / adjustments during the period / year (NBV)	(1,340)	(2,620,900)
Depreciation / amortisation charged during the period / year	(8,105,823)	(14,911,089)
	91,177,830	92,948,876
Capital work-in-progress - note 5.1	52,321,563	46,345,767
	143,499,393	139,294,643
5.1 Capital work-in-progress		
Plant, machinery, fittings and pipelines	15,077,683	12,896,913
Exploration and evaluation (E&E) assets - note 5.1.1	15,920,085	13,797,746
Development and production (D&P) assets	6,277,271	5,066,878
Lands, buildings and civil constructions	224,130	214,057
Capital stores for drilling and development	14,822,394	14,370,173
	52,321,563	46,345,767

5.1.1 Amounts under E&E assets have been offset by cost of dry wells charged to profit and loss account during the period / year, amounting to Rs 3,005 million (June 30, 2017: Rs 5,971 million).

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

For the half year ended December 31, 2017

December 31, 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
-	548,577
2,000,000	2,000,000
27,726,664	18,955,491
29,726,664	21,537,315

- Designated at fair value through profit or loss

- Mutual Funds

73,134 85,000

Less: Current maturities

- TFCs
- PIBs

-	(33,247)
-	(548,577)
-	(581,824)
35,861,383	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 has been recorded under "other charges".

December 31, 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)

13,147,720	12,478,222
51,479,033	45,528,352
40,399,494	35,594,097
792,842	786,710
43,580	28,027
105,862,669	94,415,408

986

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

For the half year ended December 31, 2017

	December 31, 2017 Unaudited	June 30, 2017 Audited
	----- Rs '000 -----	
Non-related parties		
Attock Refinery Limited (ARL)	6,173,174	3,642,162
National Refinery Limited (NRL)	372,902	325,767
Others	1,223,766	900,517
	7,769,842	4,868,446
	113,632,511	99,283,854
Unsecured and considered doubtful		
Non-related party		
Byco Petroleum Pakistan Limited (Byco)	1,156,220	1,156,220
Less: Provision for doubtful debts - note 7.3	(1,156,220)	(1,156,220)
	-	-
	113,632,511	99,283,854
7.1 The ageing of trade debts as at December 31 is as follows:		
Neither past due nor impaired	22,288,762	53,370,553
Past due but not impaired:		
Related parties		
- within 90 days	54,235,473	14,595,959
- 91 to 180 days	13,975,085	14,232,795
- over 180 days	20,719,901	16,752,693
	88,930,459	45,581,447
Non-related parties		
- within 90 days	2,383,446	265,573
- 91 to 180 days	2,436	11,756
- over 180 days	27,408	54,525
	2,413,290	331,854
	113,632,511	99,283,854

- 7.2** Trade debts include overdue amount of Rs 88,929 million (June 30, 2017: Rs 45,580 million) receivable from the State controlled companies (i.e. GENCO-II, SNGPL, SSGCL and OGDCL) and Rs 3,571 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 suit in the Sindh High Court (SHC) against Byco for recovery of overdue amount.

96

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

For the half year ended December 31, 2017

December 31, 2017 Unaudited	June 30, 2017 Audited
----- Rs '000 -----	

8. SHORT-TERM INVESTMENTS

Held-to-maturity

- Local currency term deposits with banks	24,222,500	33,568,750
- Treasury Bills	-	2,924,322

Designated at fair value through profit or loss

- Mutual Funds	9,434,713	-
	33,657,213	36,493,072

9. DEFERRED TAXATION

(Deductible) / taxable temporary differences on:

Exploration expenditure	(2,567,518)	(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	(670,589)	(468,313)
Provision for decommissioning obligation	1,974,665	1,348,350
Accelerated tax depreciation allowances	5,430,965	5,346,334
Exploratory wells cost	11,483,645	10,958,994
Development and production expenditure	19,025,282	17,787,295
Amortisation of intangible assets	1,552	3,144
Others	(1,279)	(1,429)
	34,169,302	31,821,922

10. TRADE AND OTHER PAYABLES

Creditors	280,228	458,490
Accrued liabilities	5,726,762	7,697,241
Security deposits from LPG distributors	766,180	766,180
Retention money	123,517	92,757
Unpaid and unclaimed dividends	298,269	362,360
Gas development surcharge (GDS)	8,113,881	9,845,119
Gas infrastructure development cess (GIDC)	3,426,255	2,162,798
Sales tax - net	1,211,745	2,717,430
Federal excise duty	171,827	-
Royalties	9,236,396	7,835,813
Lease extension bonus	9,015,280	7,204,961
Current accounts with joint operation partners	10,663,905	8,543,136
Workers' Profits Participation Fund (WPPF)	1,721,314	600,542
Others	345,647	315,450
	51,101,206	48,602,277

966

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

For the half year ended December 31, 2017

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, except for the following:

- 11.1 The Company is a party to the Tal Block Petroleum Concession Agreement (PCA), which was signed under the Petroleum Policy 1997 on February 11, 1999. Subsequently, the Company, along with other working interest owners, signed the Supplemental Agreement for Tal block dated August 28, 2015 ("SA") with the President of Pakistan in accordance with the 'Conversion Regime' introduced in the Petroleum Exploration and Production Policy 2012 (PP 2012) as applicable at that date. This Conversion Regime was transformed and included in the SA as a 'Conversion Package' which inter alia included revised price for exploration and production of petroleum products and Windfall Levy on Natural Gas only.

The financial impacts of the price revision under the SA have been duly accounted for in the financial statements for the years ended June 30, 2016, 2017 as well as in these unconsolidated condensed interim financial statements on the completion of the process laid down in the law and in line with the Company's accounting policy following the revised prices notified during the period from July 1, 2015 to December 31, 2017.

In the meantime, the Ministry of Energy (Petroleum Division) revised PP 2012 (with the approval from the Council of Common Interests) through SRO ___(I)/2017 dated December 27, 2017 (SRO), which inter alia implies that (i) the Windfall Levy which was restricted previously to Natural Gas in the SA is also payable on exploration and production of oil / condensate; (ii) that such policy shall be applicable on those PCA's also that have availed the conversion option before the revision; and (iii) it was provided that any entity not agreeing to the said amendment will revert back to prices as were applicable before the conversion.

This SA read with PP 2012 reveals that:

- (I) Windfall Levy is applicable on exploration and production of natural gas only;
- (II) such amendments are not applicable for SAs signed before the amendment date being December 27, 2017; and
- (III) there is no requirement of reverting back to earlier pricing arrangement under the Conversion Package already executed before December 27, 2017.

The aforesaid view is duly supported by legal advice which inter alia states that the terms of none of the existing PCAs as amended to date by the existing SAs can be unilaterally revised by the GoP (through introduction of the 2017 Amendments), nor can the GoP lawfully require and direct that such amendments be made mandatorily to include imposition of Windfall Levy on Oil / Condensate (WLO) retrospectively and nor can the GoP unilaterally hold and direct that the gas pricing incentives to which the Company is presently entitled and receiving under the existing 'Conversion Package' as enshrined in the existing SAs will stand withdrawn or that the Company shall cease to be eligible for such incentives in the event of failure to execute the new SAs. Pursuant to the legal advice, the Company challenged the SRO in the Honourable Islamabad High Court and the Court has passed an order directing the parties to maintain status quo till the next date of hearing, which is fixed for March 15, 2018.

The Windfall Levy, if also applicable on oil / condensate, will amount to approximately Rs 18,075 million for the period upto December 31, 2017.

The cumulative impact of incremental revenue recorded in the books of account and profit after tax thereof is Rs 7,814 million and Rs 4,088 million respectively.

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

For the half year ended December 31, 2017

11.2 Sales Tax

During the period, the Company received notices from Tax Authorities for various tax periods, either disallowing / intending to disallow input sales tax claimed under the provisions of the Sales Tax Act, 1990. The Tax Authorities have passed orders creating a demand of Rs 55.542 million, which was duly paid by the Company under protest. The Company, being aggrieved with the decision, has subsequently filed an appeal before the CIR-(A) against the said order.

11.3 Income Tax

During the period, the Tax Authorities while amending the assessment for the tax year 2017 have created a demand of Rs 2,196 million in respect of rate issue, depletion allowance, tax credits under section 65A and 65B relating to Agreement Areas and other issues. The demand created was duly paid by the Company under protest.

Further, the Tax Authorities had initiated the monitoring proceedings of withholding income tax for the tax year 2017 and raised a demand of Rs 27.887 million, which was paid by the Company subsequent to the period end, under protest.

The Company being aggrieved with the above decisions, has filed an appeal before the CIR-(A) against the said orders, subsequent to the period ended December 31, 2017.

Half year ended December 31, 2017	Half year ended December 31, 2016
----- Rs '000 -----	

12. SALES - net

Gross sales

Natural gas	55,016,993	40,010,693
Gas supplied to Sui villages	186,185	87,651
Internal consumption of gas	115,192	52,097
Crude oil / Condensate / Natural Gas Liquids	16,173,865	13,491,897
LPG	3,072,147	1,879,463
Barytes	363,028	181,213
	74,927,410	55,703,014

Government levies / discounts

Federal excise duty	(1,057,323)	(1,063,134)
Sales tax	(8,550,757)	(6,165,717)
GDS	(1,995,098)	(6,959,260)
GIDC	(2,269,796)	(1,477,644)
Petroleum Levy	(61,701)	-
Discounts (Barytes)	(19,202)	(12,156)
	(13,953,877)	(15,677,911)
	60,973,533	40,025,103

96

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

For the half year ended December 31, 2017

Half year ended December 31, 2017	Half year ended December 31, 2016
----- Rs '000 -----	

13. OPERATING EXPENSES

Salaries, wages, welfare and other benefits	2,613,603	2,689,002
Operators' personnel	830,015	704,193
Depreciation	3,025,994	3,059,829
Amortisation of decommissioning assets	828,238	878,039
Amortisation of D&P assets	4,195,267	2,819,880
Plant operations	1,452,389	1,255,860
Well interventions	657,454	83,197
Field services	866,079	917,584
Crude oil transportation	482,256	513,444
Travelling and conveyance	210,654	229,995
Training & development	3,518	2,195
PCA overheads	52,182	84,436
Insurance expenses	284,295	305,622
Free supply of gas to Sui villages	186,185	87,651
Social welfare / community development	116,806	78,488
Other expenses	44,130	28,341
	15,849,065	13,737,756

14. EXPLORATION EXPENSES

14.1 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.

14.2 Exploration expenses for the period also include cost of dry wells amounting to Rs 3,005 million (December 31, 2016: Rs 2,884 million).

96

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

For the half year ended December 31, 2017

15. OTHER INCOME

Income from financial assets

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

Half year ended December 31, 2017	Half year ended December 31, 2016
----- Rs '000 -----	

182,107	147,355
682,539	550,224
427,527	1,347,587
344,880	-
108,713	94,296
1,745,766	2,139,462

Income from assets other than financial assets

Rental income on assets
Profit on sale of property, plant and equipment (net)
Exchange gain on foreign currency (net)
Insurance Income
Share of profit on sale of LPG
Others – note 15.1

638	627
3,740	8,530
1,450,612	17,476
236,347	-
50,061	65,429
996,006	3,805
2,737,404	95,867
4,483,170	2,235,329

- 15.1** Current period amount includes: (i) signature bonus received from UEPL (as explained in note 14 above) as per the terms of farm-in agreement and (ii) Late Payment Surcharge received from Asia Resources Oil Limited as per the terms of Settlement Agreements as explained under note 36.1 of the unconsolidated financial statements for the year ended June 30, 2017.

16. TAXATION

Current
- For the half year
- For the prior year

Deferred

Half year ended December 31, 2017	Half year ended December 31, 2016
----- Rs '000 -----	

8,234,641	1,779,620
232,253	-
8,466,894	1,779,620
2,347,380	2,782,934
10,814,274	4,562,554

17. CASH AND CASH EQUIVALENTS

Cash and bank balances
Short-term highly liquid investments

4,556,716	2,924,642
33,657,213	20,857,500
38,213,929	23,782,142

96

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

For the half year ended December 31, 2017

18. TRANSACTIONS WITH RELATED PARTIES

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

	Half year ended December 31, 2017	Half year ended December 31, 2016
	----- Rs '000 -----	
Sales of gas / barytes to State controlled entities (including Government levies)		
GENCO-II	9,372,298	12,326,654
SSGCL	12,710,789	7,533,985
SNGPL	32,931,054	20,150,054
OGDCL	80,744	71,585
	55,094,885	40,082,278
Long-term receivables, trade debts and other receivables from State controlled entities as at December 31	105,375,669	51,786,668
Transactions with subsidiaries		
Receivable from PPLA as at December 31	81,739	33,036
Receivable from PPLE as at December 31	10,482	17,239
Interest income on long-term loan to PPLE	26,874	22,853
Loan receivable from PPLE as at December 31	1,244,809	1,180,481
Payment of employees cost on secondment	30,902	21,342
Deposit for bank guarantee on behalf of PPLE - Block 29, Yemen	787,500	787,500
Transactions with Associated Companies		
Sales of crude oil / condensate	2,680,311	1,993,237
Expenses incurred	3,400	6,387
Transactions with Joint Operations		
Payments of cash calls to joint operations	13,624,422	22,506,769
Expenditures incurred by the joint operations	16,838,386	15,807,281
Under advance balances relating to joint operations as at December 31	7,930,732	3,941,080
Current account receivables relating to joint operations as at December 31	2,822,811	1,584,534
Current account payables relating to joint operations as at December 31	1,659,409	18,943
Income from rental of assets to joint operations	638	627
Purchase of goods from BME (net)	186,792	163,832
Reimbursement of employee cost on secondment to BME	8,984	8,462

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

For the half year ended December 31, 2017

	Half year ended December 31, 2017	Half year ended December 31, 2016
	----- Rs '000 -----	
Other related parties		
Dividend to GoP	7,986,364	-
Dividend to Trust under BESOS	869,814	-
Transactions with retirement benefit funds	447,854	464,582
Remuneration to key management personnel	1,385,494	1,313,912
Payment of rental to Pakistan Industrial Development Corporation	51,653	49,279
Payment of rental to Karachi Port Trust	4,174	3,310
Payment to National Insurance Company Limited (NICL)	316,372	334,127
Insurance claim received from NICL	236,284	-
Payment to Pakistan State Oil Company Limited	347,262	257,398

- 18.1** Aggregate amount charged in these unconsolidated condensed interim financial statements in respect of fees paid to thirteen non-executive directors was Rs 7.565 million (December 2016: Rs 2.550 million to six non-executive directors). Further, Rs 0.3 million was paid to chairman of the Board of Directors as managerial remuneration as per the approved policy.
- 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 11,050 million), out of which US\$ 69.225 million (Rs 7,649 million) is outstanding.
- 18.3** The Company has provided parent company guarantee amounting to US\$ 5.3 million (Rs 585 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.

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

For the half year ended December 31, 2017

	Half year ended December 31, 2017	Half year ended December 31, 2016
19. EARNINGS PER SHARE		
19.1 Basic earnings per share		
Profit after taxation (Rs'000)	22,023,664	11,796,982
Dividend on convertible preference shares (Rs'000)	(35)	(36)
Profit attributable to ordinary shareholders (Rs'000)	<u>22,023,629</u>	<u>11,796,946</u>
Weighted average number of ordinary shares in issue	<u>1,971,717,528</u>	<u>1,971,717,312</u>
Basic earnings per share (Rs)	<u>11.17</u>	<u>5.98</u>

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

	Half year ended December 31, 2017	Half year ended December 31, 2016
19.2 Diluted earnings per share		
Profit after taxation (Rs'000)	22,023,664	11,796,982
Weighted average number of ordinary shares in issue	1,971,717,528	1,971,717,312
Adjustment for convertible preference shares	11,927	12,143
Weighted average number of ordinary shares for diluted earnings per share	<u>1,971,729,455</u>	<u>1,971,729,455</u>
Diluted earnings per share (Rs)	<u>11.17</u>	<u>5.98</u>

20. DATE OF AUTHORISATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorised for issue on February 27, 2018 by the Board of Directors of the Company.

21. SUBSEQUENT / NON-ADJUSTING EVENTS

21.1 The Board of Directors in its meeting on February 27, 2018 approved interim cash dividend @ 40% amounting to Rs 7,886.873 million (December 2016: @ 30% amounting to Rs 5,915.153 million) on paid up value of ordinary share capital and 30% amounting to Rs 0.034 million (December 2016: @ 30% amounting to Rs 0.036 million) on the paid up value of convertible preference share capital.


966

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

For the half year ended December 31, 2017

22. GENERAL

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


CHIEF FINANCIAL OFFICER


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR


CHIEF EXECUTIVE



AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

Introduction

We have reviewed the accompanying consolidated condensed interim balance sheet of Pakistan Petroleum Limited (the Holding Company) and its subsidiaries (together referred to as Group) as at December 31, 2017 and the related consolidated condensed interim profit and loss account, consolidated condensed interim statement of comprehensive income, consolidated condensed interim statement of changes in equity and consolidated condensed interim cash flow statement together with the notes forming part thereof for the six months period then ended (here-in-after referred to as the 'consolidated condensed interim financial statements'). Management is responsible for the preparation and presentation of these consolidated condensed interim financial statements in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these consolidated condensed interim financial statements based on our review.

The figures included in the consolidated condensed interim profit and loss account and consolidated condensed interim statement of comprehensive income for quarters ended December 31, 2017 and 2016 and the notes forming part thereof have not been reviewed, as we are required to review only the cumulative figures for the six months period ended December 31, 2017.

Scope of Review

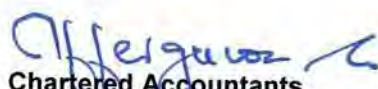
We conducted our review in accordance with International Standards on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated condensed interim financial statements as of and for the six months period ended December 31, 2017 are not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Emphasis of Matter

We draw attention to note 11.1 to the accompanying consolidated condensed interim financial statements which inter alia describes matters relating to the Supplemental Agreement for Tal block. Our conclusion is not modified in respect of this matter.


Chartered Accountants
Karachi, February 27, 2018

Audit Engagement Partner: Khurshid Hasan

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

PAKISTAN PETROLEUM LIMITED

CONSOLIDATED CONDENSED INTERIM BALANCE SHEET

AS AT DECEMBER 31, 2017

	Note	December 31, 2017 Unaudited	June 30, 2017 Audited
----- Rs '000 -----			
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Property, plant and equipment	5	144,178,955	140,034,749
Intangible assets		335,254	405,249
		<u>144,514,209</u>	<u>140,439,998</u>
Long-term investments	6	29,799,799	21,040,492
Long-term loans		21,331	20,366
Long-term deposits		7,676	7,676
Long-term receivables		261,119	261,119
		<u>174,604,134</u>	<u>161,769,651</u>
CURRENT ASSETS			
Stores and spares		3,899,268	4,337,207
Trade debts	7	113,803,476	99,419,151
Loans and advances		1,315,354	4,018,518
Trade deposits and short-term prepayments		165,517	447,579
Interest accrued		560,215	473,155
Current maturity of long-term investments	6	-	581,824
Current maturity of long-term deposits		787,500	787,500
Current maturity of long-term receivables		25,896	88,858
Other receivables		3,220,500	3,234,123
Short-term investments	8	41,393,655	43,972,753
Cash and bank balances		4,932,723	6,432,085
		<u>170,104,104</u>	<u>163,792,753</u>
TOTAL ASSETS		<u>344,708,238</u>	<u>325,562,404</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital		19,717,295	19,717,295
Reserves		206,230,302	195,406,111
		<u>225,947,597</u>	<u>215,123,406</u>
NON-CURRENT LIABILITIES			
Provision for decommissioning obligation		22,030,286	20,469,209
Liabilities against assets subject to finance lease		97,518	143,323
Deferred liabilities		2,429,521	2,363,123
Deferred taxation	9	34,169,302	31,821,922
		<u>58,726,627</u>	<u>54,797,577</u>
CURRENT LIABILITIES			
Trade and other payables	10	52,587,325	50,109,198
Current maturity of liabilities against assets subject to finance lease		100,949	112,564
Taxation - net		7,345,740	5,419,659
		<u>60,034,014</u>	<u>55,641,421</u>
TOTAL LIABILITIES		<u>118,760,641</u>	<u>110,438,998</u>
TOTAL EQUITY AND LIABILITIES		<u>344,708,238</u>	<u>325,562,404</u>
CONTINGENCIES AND COMMITMENTS			
	11		

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


CHIEF FINANCIAL OFFICER


CHIEF FINANCIAL OFFICER


DIRECTOR

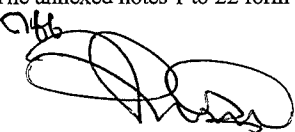

CHIEF EXECUTIVE


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PAKISTAN PETROLEUM LIMITED**CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)****FOR THE HALF YEAR ENDED DECEMBER 31, 2017**

	Note	Quarter ended December 31, 2017	Quarter ended December 31, 2016	Half year ended December 31, 2017	Half year ended December 31, 2016
		Rs '000	Rs '000	Rs '000	Rs '000
Sales - net	12	28,862,620	21,327,112	61,180,854	40,256,126
Operating expenses	13	(8,209,923)	(7,371,176)	(16,035,629)	(14,047,481)
Royalties and other levies		(4,081,950)	(2,528,453)	(8,982,643)	(4,782,712)
		(12,291,873)	(9,899,629)	(25,018,272)	(18,830,193)
Gross Profit		16,570,747	11,427,483	36,162,582	21,425,933
Exploration expenses	14	(4,462,364)	(4,437,725)	(4,470,024)	(5,914,034)
Administrative expenses		(471,184)	(258,792)	(1,027,997)	(1,091,194)
Finance costs		(143,045)	(117,007)	(252,357)	(235,593)
Other charges		(753,658)	(14,832)	(1,740,625)	(868,036)
		10,740,496	6,599,127	28,671,579	13,317,076
Other income	15	3,325,566	1,127,158	4,524,373	2,265,154
Profit before taxation		14,066,062	7,726,285	33,195,952	15,582,230
Taxation	16	(4,847,268)	(2,122,160)	(10,836,022)	(4,570,817)
Profit after taxation		9,218,794	5,604,125	22,359,930	11,011,413
Basic and diluted earnings per share (Rs)	19	4.68	2.84	11.34	5.58

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



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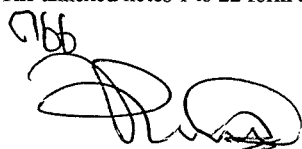


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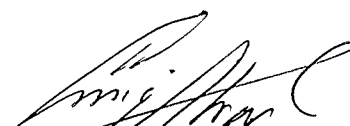
PAKISTAN PETROLEUM LIMITED**CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)****FOR THE HALF YEAR ENDED DECEMBER 31, 2017**

	Quarter ended December 31, 2017	Quarter ended December 31, 2016	Half year ended December 31, 2017	Half year ended December 31, 2016
	Rs '000		Rs '000	
Profit after taxation	9,218,794	5,604,125	22,359,930	11,011,413
Other comprehensive income				
Items not to be reclassified to profit and loss account in subsequent periods				
Remeasurement losses on defined benefit plans - net	-	-	-	-
Deferred taxation	-	-	-	-
	-	-	-	-
Items potentially reclassifiable to profit and loss account in subsequent periods				
Foreign exchange differences on translation of subsidiaries	267,056	6,569	294,566	12,636
Other comprehensive income, net of tax	267,056	6,569	294,566	12,636
Total comprehensive income	9,485,850	5,610,694	22,654,496	11,024,049

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


CHIEF FINANCIAL OFFICER

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PAKISTAN PETROLEUM LIMITED
CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2017

Note	Half year ended December 31, 2017	Half year ended December 31, 2016
	----- Rs '000 -----	

CASH FLOWS FROM OPERATING ACTIVITIES

Cash receipts from customers	60,775,735	55,478,711
Receipts of other income	1,589,807	87,961
Cash paid to suppliers / service providers and employees - net	(7,436,666)	(20,492,428)
Payment of indirect taxes and Government levies including royalties	(21,268,975)	(17,758,160)
Income tax paid	(6,598,261)	(504,155)
Finance costs paid	(14,200)	(20,558)
Long-term loans - net	(965)	3,583
Net cash generated from operating activities	27,046,475	16,794,954

CASH FLOWS FROM INVESTING ACTIVITIES

Capital expenditure - net	(14,217,711)	(13,828,760)
Proceeds from sale of property, plant and equipment	5,080	9,550
Purchase of long-term investments	(7,606,111)	(9,627,286)
Disposal / redemption of long-term investments	583,247	4,569,148
Long-term receivables	62,962	-
Finance income received	1,593,294	2,201,445
Net cash used in investing activities	(19,579,239)	(16,675,903)

CASH FLOWS FROM FINANCING ACTIVITIES

Payment of liabilities against assets subject to finance lease	(57,420)	(65,216)
Dividends paid	(11,894,396)	(4,601)
Net cash used in financing activities	(11,951,816)	(69,817)
Net (decrease) / increase in cash and cash equivalents	(4,484,580)	49,234
Cash and cash equivalents at the beginning of the period	50,404,838	31,975,103
Net foreign exchange differences	406,120	12,838
Cash and cash equivalents at the end of the period	46,326,378	32,037,175

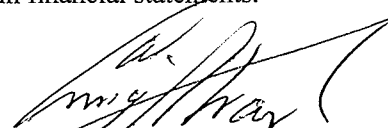
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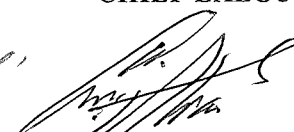
The annexed notes 1 to 22 form an integral part of these consolidated condensed interim financial statements.


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PAKISTAN PETROLEUM LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 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-----											
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
-	-	-	-	-	-	-	11,011,413	-	11,011,413	11,011,413	11,011,413
-	-	-	-	-	-	-	-	12,636	12,636	12,636	12,636
-	-	-	-	-	-	-	11,011,413	12,636	11,024,049	11,024,049	11,024,049
2	(2)	-	-	-	-	-	-	-	-	-	-
19,717,175	120	1,428	69,761	34,021,894	23,751,980	5,000,000	119,617,377	1,490,815	183,951,827	183,953,255	203,670,550
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
-	-	-	-	-	-	-	22,359,930	-	22,359,930	22,359,930	22,359,930
-	-	-	-	-	-	-	-	294,566	294,566	294,566	294,566
-	-	-	-	-	-	-	22,359,930	294,566	22,654,496	22,654,496	22,654,496
-	-	-	-	-	-	-	(11,830,305)	-	(11,830,305)	(11,830,305)	(11,830,305)
3	(3)	-	-	-	-	-	-	-	-	-	-
19,717,178	117	1,428	69,761	34,021,894	23,751,980	2,535,354	144,040,671	1,809,214	206,228,874	206,230,302	225,947,597

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

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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 half year ended December 31, 2017

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 December 20, 2017, whereby allowing the Holding Company to continue producing from Sui gas field for a further period of six months with effect from December 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.

1.2 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 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.



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

For the half year ended December 31, 2017

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

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

2. BASIS OF PREPARATION

2.1 These consolidated condensed interim financial statements have been prepared in accordance with the requirements of the International Accounting Standard – 34, 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail. These consolidated condensed interim financial statements are unaudited and do not include all the information and disclosures required in the audited annual consolidated financial statements and should be read in conjunction with the audited consolidated financial statements for the year ended June 30, 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 half year ended December 31, 2016.

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 comprise of the consolidated condensed interim balance sheet as at December 31, 2017 and the consolidated condensed interim profit and loss account, the consolidated condensed interim statement of comprehensive income, the consolidated condensed interim cash flow statement and the consolidated condensed interim statement of changes in equity and notes thereto for the half year then ended which have been subjected to a limited review in accordance with the listing regulations, but not audited. These consolidated condensed interim financial statements also include the consolidated condensed interim profit and loss account for the quarter ended December 31, 2017 which has neither been reviewed nor audited.

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

For the half year ended December 31, 2017

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 half year ended December 31, 2017.

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

There are certain new amendments to approved accounting standards which are mandatory for the Group's accounting periods beginning on or after July 1, 2017. However, such amendments do not have any significant impact on the Group's financial reporting, therefore, have not been detailed in these consolidated condensed interim financial statements.

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

The following are the new standards, amendments to existing approved accounting standards and new interpretations that will be effective for the periods beginning on or after July 1, 2018 that may have an impact on the financial statements of the Group.

- IFRS 9 'Financial instruments' - This standard replaces the guidance in IAS 39. It includes requirements of the classification and measurement of financial assets and liabilities; it also includes an expected credit loss model that replaces the current incurred loss impairment model.
- IFRS 15 'Revenue from contracts with customers' - IFRS 15 replaces the previous revenue standards: IAS 18 Revenue, IAS 11 Construction Contracts, and the related interpretations on revenue recognition.
- IFRS 15 introduces a single five-step model for revenue recognition and establishes a comprehensive framework for recognition of revenue from contracts with customers based on a core principle that an entity should recognise revenue representing the transfer of promised goods or services to customers of an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The management is in the process of assessing the impact of changes laid down by these standards on its financial statements.

966

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

For the half year ended December 31, 2017

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, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revision to accounting estimates are recognised prospectively commencing from the period of revision.

Estimates, assumptions and judgments made by the management in the preparation of these 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 half year ended December 31, 2017

5. PROPERTY, PLANT AND EQUIPMENT

	December 31, 2017 Unaudited	June 30, 2017 Audited
	----- Rs '000 -----	
Opening Net Book Value (NBV)	93,688,982	94,279,729
Additions to:		
- owned assets	6,343,291	17,176,397
- assets subject to finance lease	-	26,181
	6,343,291	17,202,578
	100,032,273	111,482,307
Disposals / adjustments during the period / year (NBV)	33,717	(2,629,801)
Depreciation / amortisation charged during the period / year	(8,208,598)	(15,163,524)
	91,857,392	93,688,982
Capital work-in-progress - note 5.1	52,321,563	46,345,767
	144,178,955	140,034,749

5.1 Capital work-in-progress

Plant, machinery, fittings and pipelines	15,077,683	12,896,913
Exploration and evaluation (E&E) assets - note 5.1.1	15,920,085	13,797,746
Development and production (D&P) assets	6,277,271	5,066,878
Lands, buildings and civil constructions	224,130	214,057
Capital stores for drilling and development	14,822,394	14,370,173
	52,321,563	46,345,767

5.1.1 Amounts under E&E assets have been offset by cost of dry wells charged to profit and loss account during the period / year, amounting to Rs 3,005 million (June 30, 2017: Rs 6,671 million).

98

Notes to and Forming Part of the Consolidated Condensed Interim

Financial Statements (Unaudited)

For the half year ended December 31, 2017

December 31, 2017 Unaudited	June 30, 2017 Audited
----- Rs '000 -----	

6. LONG-TERM INVESTMENTS

Investments in related parties

- Wholly owned subsidiary

- PPPFTC - note 2.4

1

1

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
-	548,577
2,000,000	2,000,000
27,726,664	18,955,491
29,726,664	21,537,315

- Designated at fair value through profit or loss

- Mutual Funds

73,134

85,000

Less: Current maturities

- TFCs

- PIBs

-	(33,247)
-	(548,577)
-	(581,824)
29,799,799	21,040,492

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)

13,147,720	12,478,222
51,559,795	45,557,919
40,489,697	35,699,827
792,842	786,710
43,580	28,027
106,033,634	94,550,705

Non-related parties

Attock Refinery Limited (ARL)

National Refinery Limited (NRL)

Others

6,173,174	3,642,162
372,902	325,767
1,223,766	900,517
7,769,842	4,868,446
113,803,476	99,419,151

Unsecured and considered doubtful

Non-related party

Byco Petroleum Pakistan Limited (Byco)

Less: Provision for doubtful debts - note 7.3

1,156,220	1,156,220
(1,156,220)	(1,156,220)
-	-
113,803,476	99,419,151

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

For the half year ended December 31, 2017

December 31, 2017 Unaudited	June 30, 2017 Audited
----- Rs '000 -----	

7.1 The ageing of trade debts as at December 31 is as follows:

Neither past due nor impaired 22,332,951 53,461,720

Past due but not impaired:

Related parties

- within 90 days	54,341,396	14,640,089
- 91 to 180 days	13,995,938	14,232,795
- over 180 days	20,719,901	16,752,693
	89,057,235	45,625,577

Non-related parties

- within 90 days	2,383,446	265,573
- 91 to 180 days	2,436	11,756
- over 180 days	27,408	54,525
	2,413,290	331,854
	113,803,476	99,419,151

7.2 Trade debts include overdue amount of Rs 89,056 million (June 30, 2017: Rs 45,624 million) receivable from the State controlled companies (i.e. GENCO-II, SNGPL, SSGCL and OGDCL) and Rs 3,571 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 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 suit in the Sindh High Court (SHC) against Byco for recovery of overdue amount.

December 31, 2017 Unaudited	June 30, 2017 Audited
----- Rs '000 -----	

8. SHORT-TERM INVESTMENTS

Held-to-maturity

- Local currency term deposits with banks	24,222,500	33,568,750
- Treasury Bills	-	2,924,322
- Foreign currency term deposits with banks	7,736,442	7,479,681

Designated at fair value through profit or loss

- Mutual Funds	9,434,713	-
	41,393,655	43,972,753

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

For the half year ended December 31, 2017

December 31, 2017 Unaudited	June 30, 2017 Audited
----- Rs '000 -----	

9. DEFERRED TAXATION

(Deductible) / taxable temporary differences on:

Exploration expenditure	(2,567,518)	(2,645,032)
Provision for staff retirement and other benefits	(670,589)	(468,313)
Provision for obsolete / slow moving stores	(44,933)	(44,933)
Provision for doubtful debts	(462,488)	(462,488)
Provision for decommissioning obligation	1,974,665	1,348,350
Accelerated tax depreciation allowances	5,430,965	5,346,334
Exploratory wells cost	11,483,645	10,958,994
Development and production expenditure	19,025,282	17,787,295
Amortisation of intangible assets	1,552	3,144
Others	(1,279)	(1,429)
	34,169,302	31,821,922

10. TRADE AND OTHER PAYABLES

Creditors	292,298	458,490
Accrued liabilities	5,854,274	7,812,291
Security deposits from LPG distributors	766,180	766,180
Retention money	123,517	92,757
Unpaid and unclaimed dividends	298,269	362,360
Gas development surcharge (GDS)	8,113,881	9,845,119
Gas infrastructure development cess (GIDC)	3,426,255	2,162,798
Federal excise duty	171,827	-
Sales tax (net)	1,217,916	2,725,679
Royalties	9,240,803	7,840,957
Lease extension bonus	9,015,280	7,204,961
Current accounts with joint operations	10,944,998	8,886,054
Workers' Profits Participation Fund (WPPF)	1,721,314	600,542
Contractual obligations for Iraq EDPSC	1,054,866	1,031,470
Others	345,647	319,540
	52,587,325	50,109,198

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, except for the following;

98

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

For the half year ended December 31, 2017

- 11.1** The Holding Company is a party to the Tal Block Petroleum Concession Agreement (PCA), which was signed under the Petroleum Policy 1997 on February 11, 1999. Subsequently, the Holding Company, along with other working interest owners, signed the Supplemental Agreement for Tal block dated August 28, 2015 ("SA") with the President of Pakistan in accordance with the 'Conversion Regime' introduced in the Petroleum Exploration and Production Policy 2012 (PP 2012) as applicable at that date. This Conversion Regime was transformed and included in the SA as a 'Conversion Package' which inter alia included revised price for exploration and production of petroleum products and Windfall Levy on Natural Gas only.

The financial impacts of the price revision under the SA have been duly accounted for in the consolidated financial statements for the years ended June 30, 2016, 2017 as well as in these consolidated condensed interim financial statements on the completion of the process laid down in the law and in line with the Holding Company's accounting policy following the revised prices notified during the period from July 1, 2015 to December 31, 2017.

In the meantime, the Ministry of Energy (Petroleum Division) revised PP 2012 (with the approval from the Council of Common Interests) through SRO ____ (I)/2017 dated December 27, 2017 (SRO), which inter alia implies that (i) the Windfall Levy which was restricted previously to Natural Gas in the SA is also payable on exploration and production of oil / condensate; (ii) that such policy shall be applicable on those PCA's also that have availed the conversion option before the revision; and (iii) it was provided that any entity not agreeing to the said amendment will revert back to prices as were applicable before the conversion.

This SA read with PP 2012 reveals that:

- (I) Windfall Levy is applicable on exploration and production of natural gas only;
- (II) such amendments are not applicable for SAs signed before the amendment date being December 27, 2017; and
- (III) there is no requirement of reverting back to earlier pricing arrangement under the Conversion Package already executed before December 27, 2017.

The aforesaid view is duly supported by legal advice which inter alia states that the terms of none of the existing PCAs as amended to date by the existing SAs can be unilaterally revised by the GoP (through introduction of the 2017 Amendments), nor can the GoP lawfully require and direct that such amendments be made mandatorily to include imposition of Windfall Levy on Oil / Condensate (WLO) retrospectively and nor can the GoP unilaterally hold and direct that the gas pricing incentives to which the Holding Company is presently entitled and receiving under the existing 'Conversion Package' as enshrined in the existing SAs will stand withdrawn or that the Holding Company shall cease to be eligible for such incentives in the event of failure to execute the new SAs. Pursuant to the legal advice, the Holding Company challenged the SRO in the Honourable Islamabad High Court and the Court has passed an order directing the parties to maintain status quo till the next date of hearing, which is fixed for March 15, 2018.

The Windfall Levy, if also applicable on oil / condensate, will amount to approximately Rs 18,075 million for the period upto December 31, 2017.

The cumulative impact of incremental revenue recorded in the books of account and profit after tax thereof is Rs 7,814 million and Rs 4,088 million respectively.

066

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

For the half year ended December 31, 2017

11.2 Sales Tax

During the period, the Holding Company received notices from Tax Authorities for various tax periods, either disallowing / intending to disallow input sales tax claimed under the provisions of the Sales Tax Act, 1990. The Tax Authorities have passed orders creating a demand of Rs 55.542 million, which was duly paid by the Holding Company under protest. The Holding Company, being aggrieved with the decision, has subsequently filed an appeal before the CIR-(A) against the said order.

11.3 Income Tax

With respect to the Holding Company, during the period, the Tax Authorities while amending the assessment for the tax year 2017 have created a demand of Rs 2,196 million in respect of rate issue, depletion allowance, tax credits under section 65A and 65B relating to Agreement Areas and other issues. The demand created was duly paid by the Holding Company under protest.

Further, the Tax Authorities had initiated the monitoring proceedings of withholding income tax for the tax year 2017 and raised a demand of Rs 27.887 million, which was paid by the Holding Company subsequent to the period end, under protest.

The Holding Company being aggrieved with the above decisions, has filed an appeal before the CIR-(A) against the said orders, subsequent to the period ended December 31, 2017.

Half year ended December 31, 2017	Half year ended December 31, 2016
----- Rs '000 -----	

12. SALES - net

Gross sales

Natural gas	55,260,648	40,282,319
Gas supplied to Sui villages	186,185	87,651
Internal consumption of gas	115,192	52,097
Crude oil / Condensate / Natural Gas Liquids	16,173,865	13,491,897
LPG	3,072,147	1,879,463
Barytes	363,028	181,213
	<u>75,171,065</u>	<u>55,974,640</u>

Government levies / discounts

Federal excise duty	(1,057,323)	(1,063,134)
Sales tax	(8,587,091)	(6,206,320)
GDS	(1,995,098)	(6,959,260)
GIDC	(2,269,796)	(1,477,644)
Petroleum levy	(61,701)	-
Discounts (Barytes)	(19,202)	(12,156)
	<u>(13,990,211)</u>	<u>(15,718,514)</u>
	<u>61,180,854</u>	<u>40,256,126</u>

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

For the half year ended December 31, 2017

Half year ended December 31, 2017	Half year ended December 31, 2016
----- Rs '000 -----	

13. OPERATING EXPENSES

Salaries, wages, welfare and other benefits	2,613,603	2,689,002
Operators' personnel	855,850	721,805
Depreciation	3,026,076	3,059,983
Amortisation of decommissioning assets	829,249	884,136
Amortisation of D&P assets	4,296,949	3,092,073
Plant operations	1,498,199	1,260,436
Well interventions	666,573	85,854
Field services	866,823	919,122
Crude oil transportation	482,256	513,444
Travelling and conveyance	210,654	229,995
Training & development	3,646	2,460
PCA overheads	53,041	85,236
Insurance expenses	284,925	306,950
Free supply of gas to Sui villages	186,185	87,651
Social welfare / community development	117,470	81,137
Other expenses	44,130	28,197
	16,035,629	14,047,481

14 EXPLORATION EXPENDITURE

14.1 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.

14.2 Exploration expenses for the period also include cost of dry wells amounting to Rs 3,005 million (December 31, 2016: Rs 3,431 million).

Half year ended December 31, 2017	Half year ended December 31, 2016
----- Rs '000 -----	

15. OTHER INCOME

Income from financial assets

Income on loans and bank deposits	223,310	147,771
Income on term deposits	682,539	579,603
Income on long-term held-to-maturity investments	427,527	1,347,587
Income from investment in treasury bills	344,880	-
Gain on re-measurement / disposal of investments designated at fair value through profit or loss (net)	108,713	94,296
	1,786,969	2,169,257

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

For the half year ended December 31, 2017

Half year ended December 31, 2017	Half year ended December 31, 2016
----- Rs '000 -----	

Income from assets other than financial assets

Rental income on assets
Profit on sale of property, plant and equipment (net)
Exchange gain on foreign currency (net)
Insurance income
Share of profit on sale of LPG
Others – note 15.1

638	627
3,740	8,530
1,450,612	17,506
236,347	-
50,061	65,429
996,006	3,805
2,737,404	95,897
4,524,373	2,265,154

- 15.1 Current period amount includes: (i) signature bonus received from UEPL (as explained in note 14 above) as per the terms of farm-in agreement and (ii) Late Payment Surcharge received from Asia Resources Oil Limited as per the terms of Settlement Agreement as explained under note 37.1 of the consolidated financial statements for the year ended June 30, 2017.

Half year ended December 31, 2017	Half year ended December 31, 2016
----- Rs '000 -----	

16. TAXATION

Current

- For the half year
- For the prior year

Deferred

8,256,759	1,787,883
231,883	-
8,488,642	1,787,883
2,347,380	2,782,934
10,836,022	4,570,817

17. CASH AND CASH EQUIVALENTS

Cash and bank balances
Short-term highly liquid investments

966

4,932,723	3,650,393
41,393,655	28,386,782
46,326,378	32,037,175

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

For the half year ended December 31, 2017

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:

	Half year ended December 31, 2017	Half year ended December 31, 2016
	----- Rs '000 -----	
Sales of gas / barytes to State controlled entities (including Government levies)		
GENCO-II	9,372,298	12,326,654
SSGCL	12,895,761	7,681,263
SNGPL	32,989,737	20,274,402
OGDCL	80,744	71,585
	55,338,540	40,353,904
Long-term receivables, trade debts and other receivables from State controlled entities as at December 31	105,546,634	51,872,649
Transactions with Associated Companies		
Sales of crude oil / condensate	2,680,311	1,993,237
Expenses incurred	3,400	6,387
Transactions with Joint Operations		
Payments of cash calls to joint operations	13,794,195	22,985,050
Expenditures incurred by the joint operations	16,968,109	16,038,870
Under advance balances relating to joint operations as at December 31	8,207,061	4,379,213
Current account receivables relating to joint operations as at December 31	2,822,811	1,584,534
Current account payables relating to joint operations as at December 31	1,659,409	18,943
Income from rental of assets to joint operations	638	627
Purchase of goods from BME (net)	186,792	163,832
Reimbursement of employee cost on secondment to BME	8,984	8,462

9/8

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

For the half year ended December 31, 2017

	Half year ended December 31, 2017	Half year ended December 31, 2016
	----- Rs '000 -----	
Other related parties		
Dividend to GoP	7,986,364	-
Dividend to Trust under BESOS	869,814	-
Transactions with retirement benefit funds	477,854	464,582
Remuneration to key management personnel	1,385,494	1,313,912
Payment of rental to Pakistan Industrial Development Corporation	51,653	49,279
Payment of rental to Karachi Port Trust	4,174	3,310
Payment to National Insurance Company Limited (NICL)	316,372	334,127
Insurance claim received from NICL	236,284	-
Payment to Pakistan State Oil Company Limited	347,262	257,398

- 18.1** Aggregate amount charged in these consolidated condensed interim financial statements in respect of fees paid to thirteen non-executive directors was Rs 7.565 million (December 2016: Rs 2.550 million to six non-executive directors). Further, Rs 0.3 million was paid to chairman of the Board of Directors of the Holding Company as managerial remuneration as per the approved policy.
- 18.2** The Holding Company has guaranteed the performance and fulfilment of obligations by PPLA under the Exploration, Development and Production Service Contract (EDPSC). Total financial commitment of PPLA is US\$ 100 million (Rs 11,050 million), out of which US\$ 69.225 million (Rs 7,649 million) is outstanding.
- 18.3** The Holding Company has provided parent company guarantee amounting to US\$ 5.3 million (Rs 585 million) to GoP in respect of PPPL'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.

96

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

For the half year ended December 31, 2017

	Half year ended December 31, 2017	Half year ended December 31, 2016
19. EARNINGS PER SHARE		
19.1 Basic earnings per share		
Profit after taxation (Rs'000)	22,359,930	11,011,413
Dividend on convertible preference shares (Rs'000)	(35)	(36)
Profit attributable to ordinary shareholders (Rs'000)	<u>22,359,895</u>	<u>11,011,377</u>
Weighted average number of ordinary shares in issue	<u>1,971,717,528</u>	<u>1,971,717,312</u>
Basic earnings per share (Rs)	<u>11.34</u>	<u>5.58</u>
19.2 Diluted earnings per share		
Profit after taxation (Rs'000)	<u>22,359,930</u>	<u>11,011,413</u>
Weighted average number of ordinary shares in issue	1,971,717,528	1,971,717,312
Adjustment for convertible preference shares	11,927	12,143
Weighted average number of ordinary shares for diluted earnings per share	<u>1,971,729,455</u>	<u>1,971,729,455</u>
Diluted earnings per share (Rs)	<u>11.34</u>	<u>5.58</u>

20. SUBSEQUENT / NON - ADJUSTING EVENTS

The Board of Directors of the Holding Company in its meeting on February 27, 2018 approved interim cash dividend @ 40% amounting to Rs 7,886.873 million (December 2016: @ 30% amounting to Rs 5,915.153 million) on paid up value of the ordinary share capital and 30% amounting to Rs 0.034 million (December 2016: @ 30% amounting to Rs 0.036 million) on the paid up value of convertible preference share capital.

21. DATE OF AUTHORISATION FOR ISSUE

These consolidated condensed interim financial statements were authorised for issue on February 27, 2018 by the Board of Directors of the Holding Company.

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

For the half year ended December 31, 2017

22. GENERAL

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

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


CHIEF FINANCIAL OFFICER


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR


CHIEF EXECUTIVE