



**Pakistan Petroleum Limited**

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

Our reference: SAA/CS/PSX

Your reference:

Date: 26<sup>th</sup> February 2020

**By PUCARS**

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

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

Dear Sirs,

**Re: Financial Statements for the Half Year Ended 31<sup>st</sup> December 2019**

Pursuant to Rule 5.6.4 (c) of the Pakistan Stock Exchange Rules, we attach the Report for the half year ended 31<sup>st</sup> December 2019. It may be disseminated to your members as required.

Yours truly,

**Shahana Ahmed Ali**  
Company Secretary

Enclosed as above.

(saa/cs/ppl/psx/260220)



# FORGING AHEAD

Half Yearly Report December 2019



## COMPANY INFORMATION

### Board of Directors

Mr. Shamsul Islam  
Chairman

Mr. Moin Raza Khan  
Chief Executive Officer /  
Managing Director

Mr. Abdul Jabbar Memon

Mr. Abid Sattar

Mr. Mian Imtiazuddin

Mr. Mir Balakh Sher Marri

Mr. Sajid Mehmood Qazi

Mr. Sheryar Taj

Ms. Tahira Raza

Dr. Tanveer Ahmad Qureshi

### Company Secretary

Ms. Shahana Ahmed Ali

### Registered Office

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

### Contact Details

UAN: +92 (21) 111 568 568  
Fax: +92 (021) 35680005 & 35682125  
Website: [www.ppl.com.pk](http://www.ppl.com.pk)

### Registration Number

CUIN: 0000378

### Auditors

A.F. Ferguson & Co.  
Chartered Accountants

### Bankers

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

### Shares Registrar

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

### Legal Advisors

Messrs. Surridge & Beecheno

## **DIRECTORS' INTERIM REVIEW**

Your directors are pleased to present the unaudited condensed interim financial statements for the half year ended December 31, 2019 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, 2019 are as follows:

#### **Discoveries**

Two discoveries have been made during the period under review; one in PPL operated block i.e. Margand X-1 (Margand block) and one in partner operated block i.e. Bitro-1 (Latif block).

#### **Drilling Activities**

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

#### **Financial Highlights**

The key financial results of the Company for the half year ended December 31, 2019 are as follows:

	<b>Half year ended December 31, 2019</b>	<b>Half year ended December 31, 2018</b>
	<b>Rs Million</b>	
Sales revenue (net)	85,410	78,810
Profit before taxation	32,936	40,969
Taxation	(8,382)	(9,930)
Profit after taxation	24,554	31,039
Basic and Diluted Earnings Per Share (Rs)	9.02	(Restated) 11.41

#### **Sales revenue**

Sales revenue increased by Rs 6,600 million during the current period as compared to the corresponding period. The increase is due to positive variance on account of price (including exchange rate) amounting to Rs 10,992 million, partially offset by negative volume variance of Rs 4,392 million.

Positive price variance is due to devaluation of Pak rupee against US dollar (average exchange rate for the current period was PKR 156.90 as compared to PKR 129.75 during the corresponding period), partially offset by decrease in average international crude oil prices from US\$ 71.14 / bbl in the corresponding period to US\$ 62.64 / bbl in the current period. In addition, negative volume variance is mainly attributable to Sui, Kandhkot, Adhi & Nashpa fields.

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

	<b>Unit</b>	<b>Half year ended December 31, 2019</b>	<b>Half year ended December 31, 2018</b>
Natural Gas	MMscf	126,934	142,441
Crude Oil / Natural Gas Liquids / Condensate	BBL	2,693,849	2,860,836
Liquefied Petroleum Gas (LPG)	Tonnes	55,257	57,049
Barytes	Tonnes	30,682	58,654

### **Profitability**

Profitability declined by 21% as compared to the corresponding period. Main drivers are increase in exploration expenses, other charges, operating expenses, levies (increased in line with sales) and decrease in other income, partially offset by increase in sales revenue (as explained above).

Increase in exploration expenses is primarily due to higher cost of dry wells charged to profit or loss during the current period, whereas, increase in operating expenses is mainly driven by higher amortization on account of capitalization of new wells.

Change in other charges and other income is due to 1) exchange loss in the current period as compared to exchange gain in the corresponding period (included in other income) and 2) Impairment loss on investment in PPL Asia in the current period as compared to reversal of impairment on investment in PPL Europe in the corresponding period (included in other income).

### **LIQUIDITY MANAGEMENT AND CASH FLOW POSITION**

The Company continued to witness unprecedented stress on its liquidity on account of muted collections from the government nominated natural gas customers. As at December 31, 2019, the total receivables registered a 24% increase and stood at Rs 282 billion (June 30, 2019: Rs 227 billion). Your directors consider natural gas and power sector circular debt as the most critical risk in the achievement of strategic objectives of the Company. Accordingly, besides escalation of recovery efforts, the Company has actively engaged with all key stakeholders at relevant Ministries to explore possible mechanisms for earliest resolution of the subject matter.

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

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

#### **Exploration**

At present, the Company's portfolio, together with its subsidiaries, consists of forty-eight exploratory blocks, out of which twenty-eight are PPL operated (including Block-8 in Iraq being operated by PPL Asia) and remaining twenty, including three offshore blocks in Pakistan and one onshore block in Yemen, are partner operated. Update of major activities is as follows:

#### **Exploration South Assets**

In Shah Bandar block, contract has been awarded for acquisition of 130 sq. km 3D seismic data.

### **Exploration North Assets**

Exploratory well Talagang X-1 in Karsal block was charged to profit or loss as the commercial feasibility of the well could not be established through various well interventions and testing.

### **Exploration Frontier Assets**

1st exploratory well Margand X-1 (Margand block) was tested in Chiltan Limestone, where the well flowed ~ 10.98 MMscfd gas and accordingly gas discovery was announced. The well is being deepened to further evaluate the discovery.

Exploratory well Nooh X-1 in Hab block was charged to profit or loss as dry well.

In Block-8 Iraq, drilling and testing of 1<sup>st</sup> exploratory well Madain-1 has been completed. The well is currently plugged and suspended for further evaluation.

### **Partner-Operated Exploration Blocks**

In Kotri North block, drilling of appraisal Well Unarpur-2 has been completed and rig-less testing is in progress.

Exploratory well Mamikhel South-1 (Tal block) was spud-in during October 2019 and currently drilling is in progress.

In Latif block, exploratory well Bitro-1 was spud-in during October 2019 and completed as a gas discovery.

Drilling of exploratory well Miraj-1 has been completed up to Nammal Formation in Ghauri block and currently testing of already drilled section is in progress before deciding the way forward to drill and test deeper Khewra formation.

### **New Ventures**

Punjab block has been formally granted to the Company as an Operator.

A consortium of Pakistani Companies, namely, PPL, OGDCL, MPCL and GHPL submitted the bid for one of the blocks in Abu Dhabi Bid Round 2019. The consortium is led by PPL as the Operator.

### **Producing Fields**

#### **Sui**

Development well Sui-106(U) has been commissioned into production network, whereas, development well Sui-110(U) was staked and its site construction activities have been initiated.

Further, maintenance and upgrade / enhancement of plant reliability activities were undertaken at both Purification Plant and Sui Field Gas Compression Station, including major overhaul of one compressor, one gas turbine, one boiler and one purification bank.

#### **Kandhkot**

Maintenance and upgrade / enhancement of plant reliability activities were undertaken at Kandhkot Field Gas Compression Station, including completion of Top End overhaul of Gas Genset-B and major overhaul of gas compressor.

Gas sales during the current period averaged only 153 MMscfd as against field potential of ~230 MMscfd, due to lower offtakes by the customer i.e. GENCO-II.

### **Adhi / Dhok Sultan**

Development wells Adhi-South 4(T/K) and Adhi-33(T/K) were completed and commissioned, collectively adding 1,300 bbl/day of oil and 4 MMscfd of gas into the production network.

For Adhi compression project, all compressors have been installed and are in operation. Performance testing is being planned.

In Dhok Sultan, oil and gas production through Extended Well Testing commenced from November 02, 2019. About 1 MMscfd gas is being sold through virtual pipeline setup along with around 650 Bopd of oil to Refinery.

Further, appraisal well Dhok Sultan-2 has been expedited to fast track the evaluation of the discovery and is expected to be spud by April 2020.

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

In Gambat South, perforation job was carried out at well Sharf X-1, resulting in productivity enhancement of the well by 25 MMscfd gas.

With respect to Phase-II of Gas Processing Facility (GPF)-IV project, mechanical completion is in progress.

In Mazarani, interim extension of Development & Production Lease (D&PL) till February 2020 on existing terms & conditions was granted by the Government of Pakistan (GoP). However, approval for two-year re-grant with gas price revision is awaited.

In Hala, D&PL of Bashar X-1 ST has been approved by the GoP, whereas, exploratory well Fazl X-1 has been commissioned into production network.

Bidding for third party gas sales through virtual pipeline has been completed for wells Yasar X-1 (Kotri Block) and Bashar X-1 ST (Hala Block). Award of contract to the successful bidder is pending due to delay in third party gas allocation by the GoP.

### **Partner-Operated Assets**

In Nashpa, drilling of appraisal well Nashpa-5A has been completed and testing is in progress, whereas, development well Nashpa-10 was spud-in during October 2019 and currently drilling is in progress.

### **Corporate Social Responsibility**

PPL continued to work for promotion of education at its producing and exploratory areas across the country. Accordingly, construction of various schools was completed and around 94 scholarships were released under 'Higher Professional Education Scholar Scheme'.

Similarly, PPL continued to provide healthcare facilities to the population residing in surrounding areas of its fields. Accordingly, Public Welfare Hospital Sui, Public Dispensary Adhi and Mobile Medical Unit at Mazarani, Kandhkot and Gambat South, operated satisfactorily during the period.

Further, i) construction of 2 Reverse Osmosis (RO) plants at Naushahro Firoz and Hyderabad, was completed ii) 134 smokeless stoves were provided to local population of Kalat and iii)

construction of 1.4 Km road from Nawabshah – Shahdadpur road to a village Muhammad Khoso at district Sanghar, was completed.

### **Industrial Relations**

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

### **ACKNOWLEDGEMENT**

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



DIRECTOR

Karachi: February 25, 2020



MANAGING DIRECTOR /  
CHIEF EXECUTIVE OFFICER

پی پی ایل ملک میں اپنے دریافتی و پیداواری علاقوں میں تعلیم کے فروغ کے لئے کام جاری رکھے ہوئے ہے، اس ضمن میں زیر جائزہ مدت میں بہت سے اسکولوں کی تعمیر مکمل ہوئی اور پی پی ایل کی جانب سے اعلیٰ تعلیم کے حصول کے لئے وظائف کے تحت تقریباً 94 مستحق طلبہ علموں کو وظائف دیئے گئے۔

اسی طرح، پی پی ایل نے اپنی فیلڈز کے گرد و نواح میں بسنے والی آبادیوں کو صحت کی سہولیات کی فراہمی جاری رکھی۔ اس حوالے سے پبلک ویلفیئر ہسپتال۔ سوئی، پبلک ڈسپنسری۔ آدہی اور مزرانی، کندھ کوٹ اور گمٹ ساؤتھ کے آس پاس چلنے والی موبائل میڈیکل ڈسپنسری کی کارکردگی تسلی بخش رہی۔

مزید یہ کہ نوشہرہ فیروز اور حیدرآباد میں صاف پانی کی فراہمی کے لئے رپورس آسموسس کے دو پلانٹ کی تنصیب مکمل ہو چکی ہے اس کے علاوہ قلات میں مقامی آبادیوں میں دھوئیں سے پاک 134 چولہے تقسیم کئے گئے۔ ساتھ ہی نوابشاہ۔ شہداد پور روڈ کو ضلع ساٹھڑ کے محمد کھوسو دیہات سے ملانے والے 1.4 کلومیٹر طویل سڑک کی تعمیر مکمل کی گئی۔

انڈسٹریل ریلیشنز

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

اعتراف

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

Moin Khan  
مینجنگ ڈائریکٹر / چیف ایگزیکٹو آفیسر

Shamul Islam  
ڈائریکٹر

کراچی

25 فروری 2020

مزید یہ کہ بیور ہیفیکیشن پلانٹ اور سوئی فیلڈ گیس کمپریشن اسٹیشن میں پلانٹ کی صلاحیت بڑھانے سے متعلقہ سرگرمیاں جس میں ایک کپریسر، گیس ٹریمان، بائیلر کے ساتھ ساتھ بیور ہیفیکیشن بنک کی مکمل تجدید اور مرمت بھی شامل ہے۔

کندھ کوٹ

کندھ کوٹ فیلڈ گیس کمپریشن اسٹیشن میں پلانٹ کی صلاحیت بڑھانے سے متعلقہ سرگرمیاں جس میں گیس جنینیٹ B کی مکمل تجدید کے ساتھ ساتھ گیس کپریسر کی بڑے پیمانے پر تجدید کی تکمیل بھی شامل ہیں۔  
زیر جائزہ عرصے کے دوران جینکو-11 کی جانب سے گیس کی کم خریداری کی بناء پر فیلڈ سے گیس کی فروخت صرف یومیہ 1153 ایم ایم ایس سی ای رہی جبکہ فیلڈ کی مجموعی پیداواری صلاحیت تقریباً یومیہ 230 ایم ایم ایس سی ایف ہے۔

آدہی/ڈھوک سلطان

پیداواری کنوئیں آدہی-ساؤتھ (T/K)4 اور آدہی-33 (T/K) کو مکمل کر کے پیداواری سلسلے سے جوڑ دیا گیا ہے جس سے مجموعی طور پر یومیہ 1300 بیرل تیل اور یومیہ 14 ایم ایم ایس سی ایف گیس پیداواری سلسلے میں شامل ہو گئی۔  
آدہی کپریسر منصوبے کے حوالے تمام کپریسرز کی تنصیب مکمل ہو چکی ہے جو کام کر رہے ہیں۔ ان کپریسرز کی صلاحیت کا تجزیہ کرنے کی منصوبہ بندی کی گئی ہے۔  
ڈھوک سلطان سے کنوئیں کی ابتدائی تجزیاتی پیداوار کے ذریعے تیل و گیس کی پیداوار کا آغاز 2 نومبر 2019 کو کیا گیا۔ تقریباً یومیہ 11 ایم ایم ایس سی ایف گیس مجازی پائپ لائن سیٹ۔ اپ کے ذریعے فروخت کی جا رہی ہے جبکہ یومیہ 650 بیرل تیل ریفاؤنڈری کو فروخت کیا جا رہا ہے۔

گمبٹ ساؤتھ/ہالہ/مزرانی

گمبٹ ساؤتھ بلاک میں شرف X-1 کنوئیں پرفورمیشن کے عمل سے اس سے گیس کی پیداوار یومیہ 25 ایم ایم ایس سی ایف سے بڑھ کر یومیہ 50 ایم ایم ایس سی ایف ہو گئی۔  
گیس پروسیسنگ فیسٹلٹی-4 منصوبے کے دوسرے مرحلے میں میکینیکل کمپلیشن جاری ہے۔

حکومت پاکستان نے موجودہ قواعد و ضوابط کے تحت مزرانی کی ڈیو پلپمنٹ اینڈ پروڈکشن لیز (ڈی اینڈ پی ایل) کی عبوری تجدید کی منظوری دے دی ہے جبکہ ڈی اینڈ پی ایل کی دو سال کے لیے تجدید بمعہ گیس کی قیمت کے اعادے کے ساتھ منظوری ابھی باقی ہے۔

حکومت پاکستان نے ہالہ بلاک کے بشر X-1 (ساؤڈ ٹریک) کی ڈی اینڈ پی ایل کی منظوری دے دی ہے جبکہ فضل X-1 کو پیداواری سلسلے سے جوڑ دیا گیا ہے۔

یسر X-1 (کوٹری بلاک) اور بشر X-1 (ساؤڈ ٹریک) ہالہ بلاک سے تیسرے فریق کے ذریعے مجازی پائپ لائن سے گیس کی فروخت کے حوالے سے بولیاں منگوانے کا عمل مکمل ہو چکا ہے۔ بولی کے نتیجے میں کامیاب ہونے والے امیدوار کو معاہدہ ایوارڈ کرنے کا عمل حکومت پاکستان کی جانب تیسرے فریق کو گیس کی فراہمی کے سلسلے میں منظوری میں ہونے والے تعطل کے باعث رکاوٹ کا شکار ہے۔

پارٹنر۔ آپریٹڈ اثاثے

نشا میں، تجزیاتی کنوئیں نشا-5A کی کھدائی مکمل ہو چکی ہے اور جانچ جاری ہے جبکہ پیداواری کنوئیں نشا-10 کی کھدائی کا آغاز اکتوبر 2019 میں ہوا جس پر کام ابھی جاری ہے۔

اہم سرگرمیوں کی تفصیل حسب ذیل ہے:

ایکسپلوریشن کے جنوبی اثاثے

شاہ بندر بلاک میں 130 مربع کلومیٹر پر 3D سائز مک سروے کے لئے معاہدہ کر لیا گیا ہے۔

ایکسپلوریشن کے شمالی اثاثے

کرسل بلاک میں دریافتی کنوئیں تلہ گنگ-1 X کونفٹ و نقصان کے کھاتے میں درج کر دیا گیا ہے کیونکہ کنوئیں پر کئے گئے تجزیات کے باوجود تجارتی بنیادوں پر پیداوار کے حصول کے امکانات واضح نہیں ہو سکے۔

ایکسپلوریشن کے سرحدی اثاثے

مرگند بلاک کے پہلے دریافتی کنوئیں مرگند-1 X کا چلتن لائم اسٹون میں تجزیہ کیا گیا جہاں کنوئیں سے تقریباً یومیہ 110.98 ایم ایم ایس سی ایف گیس حاصل کی گئی، چنانچہ مرگند-1 X سے گیس کی دریافت کا اعلان کیا گیا۔ کنوئیں کو مزید گہرا کر کے دریافت کا تجزیہ کیا جا رہا ہے۔  
حب بلاک میں دریافتی کنوئیں نوح-1 X کونفٹ و نقصان کے کھاتے میں خشک کنوئیں کی حیثیت سے درج کر دیا گیا۔  
بلاک-8 عراق میں پہلے دریافتی کنوئیں مدائن-1 X کی کھدائی اور تجزیہ مکمل ہو چکا ہے جبکہ کنوئیں کو بند کر کے مزید جانچ کے لئے ترک کر دیا گیا ہے۔

پارٹنر آپریٹڈ اثاثے

کوٹری نارٹھ بلاک میں تجزیاتی کنوئیں اونر پور-2 کی کھدائی مکمل ہو چکی ہے جبکہ اس پر رگ کے بغیر تجزیے کا کام جاری ہے۔  
ٹل بلاک میں دریافتی کنوئیں مائی نیل ساؤتھ 1 کی کھدائی کا آغاز اکتوبر 2019 میں ہوا جس پر ابھی کام جاری ہے۔  
لطیف بلاک میں دریافتی کنوئیں بیٹرو-1 کی کھدائی کا آغاز اکتوبر 2019 میں ہوا اور گیس کی دریافت کے طور پر مکمل ہو۔  
غوری بلاک میں دریافتی کنوئیں معراج-1 کی کھدائی کو ٹیل فارمیشن تک مکمل کر لیا گیا ہے۔ تا حال کھدائی کئے گئے حصے کا تجزیہ جاری ہے۔ اس کے بعد کنوئیں کی کھیوڑہ فارمیشن میں مزید کھدائی اور جانچ کا فیصلہ کیا جائے گا۔

نئے کاروباری مواقع

کمپنی کو پنجاب بلاک بحیثیت آپریٹر باقاعدہ طور پر دے دیا گیا۔

پاکستانی کمپنیوں کی ایک شراکت جس میں پی پی ایل، اوجی ڈی سی ایل، ایم پی سی ایل اور جی ایچ پی ایل شامل ہیں، نے ابوظہبی میں 2019 میں بولی کے مرحلے میں ایک بلاک کے لئے بولی جمع کرادی ہے۔ اس شراکت کی سربراہی پی پی ایل بحیثیت آپریٹر کر رہا ہے۔

پیداواری فیلڈز

سوئی

پیداواری کنوئیں سوئی-106 (U) کو پیداواری سلسلے سے منسلک کر دیا گیا ہے۔ جبکہ سوئی-110 (U) کی کھدائی کے لئے جگہ کا تعین کر لیا گیا ہے۔ اور جگہ کی تیاری کیلئے تعمیراتی سرگرمیوں کا آغاز کر دیا گیا ہے۔

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

ششماہی کا اختتام 31 دسمبر 2018	ششماہی کا اختتام 31 دسمبر 2019	یونٹ	
142,441	126,934	ایم ایم سی ایف	قدرتی گیس
2,860,836	2,693,849	بی بی ایل	خام تیل/قدرتی گیس مائع (این جی ایل)/کنڈنسٹ
57,049	55,257	ٹن	مائع پٹرولیم گیس (ایل پی جی)
58,654	30,682	ٹن	بیرائٹس

منفعت

کمپنی کی عمومی منفعت میں تقابلی عرصے کے مقابلے میں 21 فیصد کمی ہوئی ہے۔ جس کی بنیادی وجہ دریاقتی اخراجات کے ساتھ ساتھ دیگر اخراجات، کاروباری اخراجات اور متعلقہ ٹیکس (جو فروخت میں اضافے سے منسلک ہے) میں اضافے کے ساتھ ساتھ دیگر آمدنی میں ہونے والی کمی ہے جسے فروخت آمدن میں ہونے والے اضافے (جو کہ اوپر بیان کئے گئے ہیں) نے جزوی طور پر زائل کیا۔

دریاقتی سرگرمیوں میں ہونے والے اضافے کی وجہ خشک کنوں پر لگنے والی کثیر لاگت ہے جسے زیر نظر عرصے میں نفع و نقصان کے کھاتے میں درج کر دیا گیا ہے۔ جبکہ کاروباری اخراجات میں ہونے والا اضافہ وقت کے ساتھ ساتھ کمپنی کے اثاثہ جات کی قدر میں کمی اور نئے کنوؤں کی کھدائی کے لئے لگنے والی لاگت کی بناء پر ہے۔

دیگر اخراجات اور دیگر آمدنی میں ہونے والی تبدیلی کی وجہ (i) زیر نظر عرصے میں تقابلی عرصے کے مقابلے میں زر مبادلہ کی مد میں کمی ہوئی (جسے دیگر آمدنی میں شامل کیا گیا ہے) (ii) پی پی ایل ایشیا ای اینڈ پی بی وی میں کی جانے والی سرمایہ کاری میں ہونے والے خسارہ ہے جبکہ اس کے مقابلے میں پچھلے عرصے کے دوران پی پی ایل یورپ ای اینڈ پی کمپنی لمیٹڈ میں کی جانے والی سرمایہ کاری میں ہونے والے خسارہ میں کمی ہوئی تھی (جسے دیگر آمدنی میں شامل کیا گیا ہے)۔

سیالیت/لیکویڈیٹی کی انتظام کاری اور کیش فلوکس صورتحال

حکومت کے نامزد کردہ قدرتی گیس کے صارفین کی جانب سے رقم کی عدم وصولی کی بناء پر کمپنی کی سیالیت پر بتدریج دباؤ بڑھتا گیا ہے۔ اس ضمن میں، 31 دسمبر 2019 کو کمپنی کی وصولیات 24 فیصد اضافے کے ساتھ 282 بلین روپے رہی (جبکہ 30 جون 2019 کو یہ 227 بلین روپے تھی)۔ بورڈ آف ڈائریکٹرز کے مطابق قدرتی گیس اور توانائی کے شعبے کے گروڈی قرضے کمپنی کی حکمت عملی کے حصول کے لئے شدید ترین خطرہ (رہسک) ہیں۔ قرضوں کی واپسی کے لئے کوششوں کو تیز تر کرنے کے علاوہ کمپنی نے متعلقہ وزارتوں میں تمام شرائط داروں کو ساتھ لیا ہے تاکہ اس مسئلے کا جلد حل نکالنے کے لئے ممکنہ طریقہ کار تلاش کئے جاسکیں۔

کاروباری حکمت عملی اور اہم شعبہ جات

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

دریاقتی سرگرمیاں

اس وقت، پی پی ایل اور اسکی ذیلی کمپنیوں کے پاس 48 دریاقتی بلاکس ہیں، جن میں سے 28 پی پی ایل آپریٹڈ (بشمول عراق میں بلاک 8 جسے پی پی ایل ایشیا آپریٹ کرتی ہے) اور بقیہ 20 پارٹنر آپریٹڈ ہیں جن میں پاکستان میں 3 آف شور اور یمن میں 1 آن شور بلاکس بھی شامل ہیں۔

## ڈائریکٹران کا عبوری جائزہ

آپ کے ڈائریکٹران 31 دسمبر 2019 کو ختم ہونے والی ششماہی کے غیر آڈٹ شدہ مجمع عبوری مالیاتی گوشواروں کے خلاصے اور کمپنی کے امور کا مختصر جائزہ پیش کرتے ہوئے مسرت محسوس کرتے ہیں۔

آپریٹنل و مالیاتی جھلکیاں / اہم نکات

آپریٹنل جھلکیاں / آپریٹنل کے اہم نکات

31 دسمبر 2019 کو ختم ہونے والی ششماہی کے دوران اہم کاروباری آپریٹنل حسب ذیل ہیں:

دریافتیں

زیر جائزہ عرصے کے دوران دو دریافتیں ہوئیں۔ ایک (مرگند X-1) پی پی ایل کے آپریٹنل بلاک مرگند میں جبکہ دوسری بیٹرو-1 شراکتی بلاک لطیف میں ہوئی۔

کھدائی کی سرگرمیاں

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

مالیاتی جھلکیاں / مالیاتی سرگرمیوں کے اہم نکات

31 دسمبر 2019 کو ختم ہونے والی ششماہی پر کمپنی کے اہم مالیاتی نتائج حسب ذیل ہیں:

ششماہی کا اختتام 31 دسمبر 2018	ششماہی کا اختتام 31 دسمبر 2019	
ملین روپے		
78,810	85,410	فروخت آمدن (خالص)
40,969	32,936	قبل از ٹیکس منافع
(9,930)	(8,382)	ٹیکس
31,039	24,554	بعد از ٹیکس منافع
11.41 (اعادہ شدہ)	9.02	بنیادی اور تحلیل شدہ آمدن فی شیئر (روپے)

فروخت آمدن

موجودہ مدت میں تقابلی عرصے کے مقابلے میں فروخت آمدن میں 6,600 ملین روپے کا اضافہ ہوا ہے۔ یہ اضافہ مثبت تغیر کو واضح کرتا ہے جو قیمت (بشمول زرمبادلہ کی شرح)

کی مد میں بالترتیب 10,992 ملین روپے رہا جس نے حجم کی مد میں 4,392 ملین روپے کے ہونے والے منفی تغیر کو جزوی طور پر زائل کیا۔

قیمت میں مثبت تغیر کی بنیادی وجہ امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں کمی (زیر نظر عرصے کے دوران زرمبادلہ کی اوسط شرح 156.90 روپے فی امریکی ڈالر تھی

جبکہ تقابلی سال کے دوران یہ شرح 129.75 روپے فی امریکی ڈالر تھی) جس نے خام تیل کی بین الاقوامی قیمتوں میں ہونے والی کمی کو تقابلی سال میں 71.14/bb امریکی

ڈالر تھی کے مقابلے میں موجودہ سال کے دوران 62.64/bb امریکی ڈالر ہو گئی، کے اثر کو جزوی طور پر زائل کیا۔ حجم میں منفی تغیر سوئی، کندھ کوٹ، آدہی اور شپا فیلڈز میں کمی کی

بناء پر آیا۔

**PAKISTAN PETROLEUM LIMITED**  
**UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2019**



**INDEPENDENT AUDITOR'S REVIEW REPORT**

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

**Introduction**

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of Pakistan Petroleum Limited as at December 31, 2019 and the related unconsolidated condensed interim statement of profit or loss, unconsolidated condensed interim statement of profit or loss and other comprehensive income, unconsolidated condensed interim statement of changes in equity, and unconsolidated condensed interim statement of cash flows, and notes to the unconsolidated condensed interim financial statements for the half year then ended (here-in-after referred to as the "unconsolidated condensed interim financial statements"). Management is responsible for the preparation and presentation of these unconsolidated condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these unconsolidated condensed interim financial statements based on our review.

The figures of the unconsolidated condensed interim statement of profit or loss and unconsolidated condensed interim statement of profit or loss and other comprehensive income for the quarters ended December 31, 2019 and December 31, 2018 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2019.

**Scope of Review**

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

**Conclusion**

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

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

  
**A. F. Ferguson & Co.,  
Chartered Accountants  
Karachi**

Date: February 26, 2020

*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



UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2019

	Note	December 31, 2019 (Unaudited) (Rupees in thousand)	June 30, 2019 (Audited)
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
<b>Fixed assets</b>			
Property, plant and equipment	5	152,442,705	159,842,053
Intangible assets		392,810	481,135
		<u>152,835,515</u>	<u>160,323,188</u>
Long-term investments	6	34,761,654	45,284,852
Long-term loans		47,261	34,019
Long-term deposits		7,676	7,676
Long-term receivables		41,905	83,810
		<u>187,694,011</u>	<u>205,733,545</u>
<b>CURRENT ASSETS</b>			
Stores and spares		3,872,171	3,146,982
Trade debts	7	282,063,168	227,382,001
Loans and advances		1,472,786	1,064,992
Trade deposits and short-term prepayments		482,494	468,338
Interest accrued		440,170	764,306
Current maturity of long-term investments	6	3,000,000	-
Current maturity of long-term loans		18,030	12,705
Current maturity of long-term deposits		1,175,250	911,850
Current maturity of long-term receivables		41,905	125,714
Other receivables		3,441,030	2,415,811
Short-term investments	8	4,071,953	8,242,798
Cash and bank balances		3,145,749	8,021,760
		<u>303,224,706</u>	<u>252,557,257</u>
<b>TOTAL ASSETS</b>		<u><b>490,918,717</b></u>	<u><b>458,290,802</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital		27,209,836	22,674,872
Reserves		291,418,620	275,934,116
		<u>318,628,456</u>	<u>298,608,988</u>
<b>NON-CURRENT LIABILITIES</b>			
Provision for decommissioning obligation		24,237,908	24,843,371
Liabilities against assets subject to finance lease		7,357	12,107
Deferred liabilities		2,882,409	2,754,275
Deferred taxation		33,686,140	37,134,401
		<u>60,813,814</u>	<u>64,744,154</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	9	100,465,561	88,086,584
Unclaimed dividends		313,428	302,539
Current maturity of liabilities against assets subject to finance lease		31,197	56,029
Taxation - net		10,666,261	6,492,508
		<u>111,476,447</u>	<u>94,937,660</u>
<b>TOTAL LIABILITIES</b>		<u><b>172,290,261</b></u>	<u><b>159,681,814</b></u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>490,918,717</b></u>	<u><b>458,290,802</b></u>
<b>CONTINGENCIES AND COMMITMENTS</b>	10		

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 Officer  
  
Chief Executive Officer

PAKISTAN PETROLEUM LIMITED


UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UNAUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2019

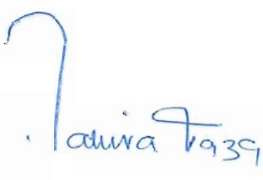
	Note	Quarter Ended December 31, 2019	Quarter Ended December 31, 2018	Half Year Ended December 31, 2019	Half Year Ended December 31, 2018
----- (Rupees in thousand) -----					
Revenue from contracts with customers	11	43,650,913	40,593,563	85,410,105	78,810,420
Operating expenses	12	(12,128,365)	(10,369,199)	(21,339,248)	(19,455,534)
Royalties and other levies		(6,540,769)	(5,973,841)	(12,680,520)	(11,610,926)
		(18,669,134)	(16,343,040)	(34,019,768)	(31,066,460)
<b>Gross profit</b>		<b>24,981,779</b>	<b>24,250,523</b>	<b>51,390,337</b>	<b>47,743,960</b>
Exploration expenses	13	(8,877,818)	(4,810,900)	(11,741,891)	(7,997,835)
Administrative expenses		(724,655)	(548,357)	(1,336,407)	(1,078,668)
Finance costs		(248,259)	(130,112)	(519,377)	(264,031)
Other charges	14	(2,966,815)	(2,200,877)	(7,323,395)	(4,301,360)
		12,164,232	16,560,277	30,469,267	34,102,066
Other income	15	1,585,202	4,882,507	2,466,896	6,867,356
<b>Profit before taxation</b>		<b>13,749,434</b>	<b>21,442,784</b>	<b>32,936,163</b>	<b>40,969,422</b>
Taxation	16	(3,432,303)	(4,592,268)	(8,381,720)	(9,929,985)
<b>Profit after taxation</b>		<b>10,317,131</b>	<b>16,850,516</b>	<b>24,554,443</b>	<b>31,039,437</b>
			(Restated)		(Restated)
<b>Basic and diluted earnings per share (Rs)</b>	19	<b>3.79</b>	6.19	<b>9.02</b>	11.41


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

  
Chief Financial Officer

  
Chief Financial Officer

  
Chief Executive Officer

  
Director

  
Chief Executive Officer

PAKISTAN PETROLEUM LIMITED


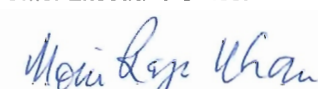
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME (UNAUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2019

	Quarter Ended December 31, 2019	Quarter Ended December 31, 2018	Half Year Ended December 31, 2019	Half Year Ended December 31, 2018
----- (Rupees in thousand) -----				
Profit after taxation	10,317,131	16,850,516	24,554,443	31,039,437
Other comprehensive income / (loss) Items that will not be subsequently reclassified in profit or loss				
Remeasurement gains / (losses) on defined benefit plans - net	-	-	-	-
Deferred taxation	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>10,317,131</b>	<b>16,850,516</b>	<b>24,554,443</b>	<b>31,039,437</b>

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 Officer  
  
Chief Executive Officer

**PAKISTAN PETROLEUM LIMITED**

**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2019**

	Half Year Ended December 31, 2019	Half Year Ended December 31, 2018
Note	2019	2018
	(Rupees in thousand)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	55,881,095	54,533,970
Receipts of other income	685,360	4,882,020
Payment to suppliers / service providers and employees - net	(19,056,975)	(14,585,661)
Payment of indirect taxes and Government levies including royalties	(24,219,723)	(27,012,167)
Income tax paid	(7,656,228)	(6,920,727)
Finance costs paid	(4,739)	(7,116)
Long-term loans to employees - net	(18,567)	823
Net cash generated from operating activities	<u>5,610,223</u>	<u>10,891,142</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditure	(14,915,757)	(18,204,948)
Proceeds from sale of property, plant and equipment	10,634	18,993
Redemption / (purchase) of long-term investments	2,867,495	(5,272,427)
Repayment of loan by PPLE	-	1,370,080
Disposal of mutual funds	4,049,860	-
Long-term deposits	(263,400)	-
Long-term receivables	125,714	-
Finance income received	2,038,341	1,260,584
Net cash used in investing activities	<u>(6,087,113)</u>	<u>(20,827,718)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payment of liabilities against assets subject to finance lease	(29,582)	(46,902)
Dividends paid	(4,524,086)	(2,970,509)
Net cash used in financing activities	<u>(4,553,668)</u>	<u>(3,017,411)</u>
Net decrease in cash and cash equivalents	<u>(5,030,558)</u>	<u>(12,953,987)</u>
Cash and cash equivalents at the beginning of the period	12,248,260	21,787,254
<b>Cash and cash equivalents at the end of the period</b>	<u><u>7,217,702</u></u>	<u><u>8,833,267</u></u>

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 Officer



  
Chief Executive Officer




PAKISTAN PETROLEUM LIMITED

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2019

	Subscribed and paid-up share capital		Capital reserve	Revenue reserves	Total
	Ordinary	Convertible preference			
----- (Rupees in thousand) -----					
Balance as at June 30, 2018 (Audited)	19,717,181	114	1,428	220,673,248	240,391,971
<b>Comprehensive income for the period</b>					
Profit after taxation	-	-	-	31,039,437	31,039,437
Other comprehensive income for the half year ended December 31, 2018, net of tax	-	-	-	-	-
Total comprehensive income for the half year ended December 31, 2018	-	-	-	31,039,437	31,039,437
<b>Transactions with owners</b>					
Issuance of 15% bonus shares to ordinary shareholders	2,957,577	-	-	(2,957,577)	-
Final dividend on ordinary shares for the year ended June 30, 2018 @ 15%	-	-	-	(2,957,577)	(2,957,577)
Conversion of preference shares into ordinary shares	4	(4)	-	-	-
<b>Balance as at December 31, 2018</b>	<b>22,674,762</b>	<b>110</b>	<b>1,428</b>	<b>245,797,531</b>	<b>268,473,831</b>
Balance as at June 30, 2019 (Audited)	22,674,764	108	1,428	275,932,688	298,608,988
<b>Comprehensive income for the period</b>					
Profit after taxation	-	-	-	24,554,443	24,554,443
Other comprehensive income for the half year ended December 31, 2019, net of tax	-	-	-	-	-
Total comprehensive income for the half year ended December 31, 2019	-	-	-	24,554,443	24,554,443
<b>Transactions with owners</b>					
- Ordinary shareholders					
Issuance of 20% bonus shares	4,534,953	-	-	(4,534,953)	-
Final dividend for the year ended June 30, 2019 @ 20%	-	-	-	(4,534,953)	(4,534,953)
- Convertible preference shareholders					
Issuance of 10% bonus shares	-	11	-	(11)	-
Final dividend for the year ended June 30, 2019 @ 20%	-	-	-	(22)	(22)
Conversion of preference shares into ordinary shares	1	(1)	-	-	-
<b>Balance as at December 31, 2019</b>	<b>27,209,718</b>	<b>118</b>	<b>1,428</b>	<b>291,417,192</b>	<b>318,628,456</b>

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 Officer  
  
Chief Executive Officer

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

For the half year ended December 31, 2019

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## 1. LEGAL STATUS AND OPERATIONS

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

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

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

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

## 2. BASIS OF PREPARATION

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

These unconsolidated condensed interim financial statements are unaudited and do not include all the information and disclosures required in the audited annual unconsolidated financial statements and should be read in conjunction with the audited unconsolidated financial statements of the Company for the year ended June 30, 2019.

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

IFRS 16 'Leases' - IFRS 16 replaces the previous lease standard: IAS 17 Leases. It will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short term and low value leases.

The changes laid down by this standard have been disclosed in note 3.2 of these unconsolidated condensed interim financial statements.

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

The other new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after January 1, 2019 are considered not to be relevant for the Company's financial statements and hence have not been detailed here.

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

For the half year ended December 31, 2019

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## 3. CHANGE IN SIGNIFICANT ACCOUNTING POLICIES

3.1 The accounting policies and the methods of computation adopted in the preparation of these unconsolidated condensed interim financial statements are the same as those applied in the preparation of the unconsolidated financial statements for the year ended June 30, 2019, except for 'Leases' as mentioned in note 3.2.

### 3.2 IFRS - 16 "Leases"

Effective July 1, 2019, the Company has adopted IFRS 16, "Leases" which replaces existing guidance on accounting for leases, including IAS 17 'Leases', IFRIC 4 'Determining whether an arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the substance of transactions involving the legal form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right-of-use of the underlying asset and a lease liability representing its obligations to make lease payments. Lessor accounting remains unchanged i.e. lessors continue to classify leases as finance or operating leases. The accounting policies relating to Company's right-of-use asset and lease liability are disclosed in note 3.3.

The Company has adopted IFRS 16 retrospectively from July 1, 2019. Based on the assessment carried out during the period, the impact of IFRS 16 on these unconsolidated condensed interim financial statements is not material. Therefore, no adjustment has been made in these unconsolidated condensed interim financial statements.

### 3.3 Lease liability and right-of-use asset

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate.

Lease payments include fixed payments, variable lease payments that are based on an index or a rate, amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option, less any lease incentives receivable. The extension and termination options are incorporated in determination of lease term only when the Company is reasonably certain to exercise these options.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. The corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit and loss if the carrying amount of right-of-use asset has been reduced to nil value.

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

For the half year ended December 31, 2019

The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right-of-use asset is depreciated on a straight line basis over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits associated with the right-of-use asset. The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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

## 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, 2019.

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, 2019.

December 31, 2019 Unaudited	June 30, 2019 Audited
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(Rupees in thousand)

## 5. PROPERTY, PLANT AND EQUIPMENT

Opening Net Book Value (NBV)	99,328,260	103,201,973
Additions to owned assets - note 5.1	13,811,348	17,258,357
	<u>113,139,608</u>	<u>120,460,330</u>
Disposals during the period / year (NBV)	(3,008)	(4,638)
Adjustments during the period / year (NBV)	(1,284,076)	(454,421)
Depreciation / amortisation charged during the period / year	(11,456,543)	(20,673,011)
	<u>100,395,981</u>	<u>99,328,260</u>
Capital work-in-progress - note 5.2	52,046,724	60,513,793
	<u>152,442,705</u>	<u>159,842,053</u>

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

For the half year ended December 31, 2019

- 5.1 This includes cost of Unarpur-1 well in Kotri North block amounting to Rs 672 million. The Company farmed-out its 50% working interest in Kotri North block along with operatorship to United Energy Pakistan Limited (UEPL). As part of the farm-out agreement, UEPL carried the Company in the said well by paying its share of the cost. Post discovery and commencement of commercial production from the well, the Company has capitalised the well at its share of cost. The corresponding credit in the statement of profit or loss is included in other income.

	December 31, 2019 Unaudited	June 30, 2019 Audited
	(Rupees in thousand)	
<b>5.2 Capital work-in-progress</b>		
Plant, machinery, fittings and pipelines	11,616,580	9,310,018
Exploration and evaluation (E&E) assets - note 5.2.1	15,524,521	25,602,557
Development and production (D&P) assets	7,975,088	7,461,181
Lands, buildings and civil constructions	149,453	157,547
Capital stores for drilling and development	16,781,082	17,982,490
	<u>52,046,724</u>	<u>60,513,793</u>

- 5.2.1 Amounts under E&E assets are net of cost of dry wells charged to profit or loss during the period / year, amounting to Rs 10,423 million (June 30, 2019: Rs 18,998 million).

	December 31, 2019 Unaudited	June 30, 2019 Audited
	(Rupees in thousand)	
<b>6. LONG-TERM INVESTMENTS</b>		
<b>Investments in related parties</b>		
- <b>Wholly owned subsidiaries</b>		
- PPPFTC	1	1
- PPLE (net of impairment)	3,798,094	3,798,094
- PPLA (net of impairment) - note 6.1	-	2,294,529
	<u>3,798,095</u>	<u>6,092,624</u>
<b>Other investments</b>		
- <b>At amortised cost</b>		
- Foreign currency term deposits with banks - note 6.2	33,963,559	39,192,228
Less: Current Maturity of Foreign currency term deposits	(3,000,000)	-
	<u>34,761,654</u>	<u>45,284,852</u>

- 6.1 In line with the reasons mentioned in note 6.3.2 to the unconsolidated financial statements for the year ended June 30, 2017, the Company continues to impair the excess of the carrying amount of investment in PPLA over its recoverable amount. Impairment loss for the current period is Rs 2,295 million, which is mainly due to write-off of the cost (incurred during the period) of exploratory well in PPLA. The corresponding charge in the statement of profit or loss is included in other charges.



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

For the half year ended December 31, 2019

6.2 This represents foreign currency term deposits with banks amounting to US\$ 219.332 million (June 30, 2019: US\$ 238.977 million).

	December 31, 2019 Unaudited (Rupees in thousand)	June 30, 2019 Audited
<b>7. TRADE DEBTS</b>		
<b>Unsecured and considered good</b>		
<b>Related parties</b>		
Central Power Generation Company Limited (GENCO-II)	46,900,821	36,356,708
Sui Northern Gas Pipelines Limited (SNGPL)	131,529,215	107,783,916
Sui Southern Gas Company Limited (SSGCL)	89,554,372	73,424,543
Pak-Arab Refinery Limited (PARCO)	1,323,374	1,335,964
Pakistan Refinery Limited (PRL)	733,767	623,152
Oil & Gas Development Company Limited (OGDCL)	28,865	371,716
	<u>270,070,414</u>	<u>219,895,999</u>
<b>Non-related parties</b>		
Attock Refinery Limited (ARL)	11,052,887	6,339,650
National Refinery Limited (NRL)	697,044	639,950
Others	242,823	506,402
	<u>11,992,754</u>	<u>7,486,002</u>
	<u>282,063,168</u>	<u>227,382,001</u>
<b>Unsecured and considered doubtful</b>		
<b>Non-related party</b>		
Byco Petroleum Pakistan Limited (Byco)	1,156,220	1,156,220
Less: Provision for doubtful debts - note 7.3	(1,156,220)	(1,156,220)
	<u>-</u>	<u>-</u>
	<u>282,063,168</u>	<u>227,382,001</u>
<b>7.1 The ageing of trade debts is as follows:</b>		
Neither past due nor impaired	29,615,865	29,727,763
Past due but not impaired:		
<b>Related parties</b>		
- within 90 days	42,776,850	33,471,925
- 91 to 180 days	30,972,602	30,226,725
- over 180 days	172,806,794	130,362,092
	<u>246,556,246</u>	<u>194,060,742</u>
<b>Non-related parties</b>		
- within 90 days	4,435,370	2,477,229
- 91 to 180 days	289,101	134,240
- over 180 days	1,166,586	982,027
	<u>5,891,057</u>	<u>3,593,496</u>
	<u>282,063,168</u>	<u>227,382,001</u>

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

For the half year ended December 31, 2019

- 7.2 Trade debts include overdue amount of Rs 245,883 million (June 30, 2019: Rs 192,827 million) receivable from the State controlled companies (i.e. GENCO-II, SNGPL, SSGCL and OGDCL) and Rs 7,720 million (June 30, 2019: Rs 5,984 million) overdue receivable from refineries (i.e. ARL, Byco, PARCO, NRL and PRL) and various LPG customers.

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

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

December 31, 2019 Unaudited	June 30, 2019 Audited
-----------------------------------	-----------------------------

(Rupees in thousand)

### 8. SHORT-TERM INVESTMENTS

#### At amortised cost

- |   |           |           |
|---|-----------|-----------|
| - Local currency term deposits with banks | 4,071,953 | 4,226,500 |
|---|-----------|-----------|

#### At fair value through profit or loss

- |                |   |           |
|----------------|---|-----------|
| - Mutual Funds | - | 4,016,298 |
|----------------|---|-----------|

<b>4,071,953</b>	<b>8,242,798</b>
------------------	------------------

### 9. TRADE AND OTHER PAYABLES

Creditors	650,097	858,920
Accrued liabilities	7,149,335	8,761,292
Security deposits from LPG distributors	200,000	347,280
Retention money	87,058	117,425
Gas Development Surcharge (GDS)	31,407,448	21,537,888
Gas Infrastructure Development Cess (GIDC)	9,461,815	7,667,350
Sales tax - net	145,247	59,617
Royalties	8,036,063	9,151,573
Lease extension bonus	17,965,333	15,481,758
Current accounts with joint operations	15,757,877	17,162,496
Staff retirement benefit funds	421,055	1,050,689
Provision for windfall levy on oil / condensate -note 10.2	7,294,937	5,718,937
Workers' Profits Participation Fund (WPPF)	1,741,133	-
Others	148,163	171,359
	<b>100,465,561</b>	<b>88,086,584</b>

### 10. CONTINGENCIES AND COMMITMENTS

There are no major changes in the status of contingencies and in total commitments as disclosed in the audited unconsolidated financial statements for the year ended June 30, 2019, except for the following:



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

For the half year ended December 31, 2019

- 10.1** During the period, the Tax Authorities while amending the assessment for the tax year 2019 have created a demand of Rs 2,437 million primarily on account of provision for windfall levy and unrealised exchange gain. The demand created was duly paid by the Company under protest. Being aggrieved the Company has filed an appeal before the CIR-(A).

Subsequent to the period, the Tax Authorities have also issued a show-cause notice intending to further amend the assessment of the Company for the tax year 2019 on account of depletion allowance, tax credit under section 65B and super tax. Based on the advice of the legal counsel, the Company filed a Constitutional Petition challenging the impugned show-cause notice before the Honourable Sindh High Court (SHC). The Honourable SHC vide an interim order dated January 23, 2020 has directed the Tax Authorities not to pass an adverse final order in respect of the said show-cause notice.

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

- 10.2 Contingency with respect to imposition of Windfall Levy on oil / condensate**

There has been no change in the status of the matter as disclosed in note 26.1.9 to the unconsolidated financial statements for the year ended June 30, 2018, except that the case lastly came up for hearing on January 16, 2020 on which date the Federation sought an adjournment. The stay order already in effect was extended till next date of hearing, which is fixed for March 19, 2020.

	Half Year Ended December 31, 2019	Half Year Ended December 31, 2018
	(Rupees in thousand)	

## 11. REVENUE FROM CONTRACTS WITH CUSTOMERS

### Gross revenue

Natural gas	80,537,534	67,045,293
Gas supplied to Sui villages	323,060	262,771
Internal consumption of gas	202,627	153,756
Crude oil / Condensate / Natural Gas Liquids	24,776,467	25,499,480
LPG	4,370,495	5,118,676
Barytes	371,379	569,417
	110,581,562	98,649,393

### Government levies / discounts

Federal excise duty	(906,972)	(1,014,845)
Sales tax	(12,323,051)	(10,549,369)
GDS	(9,869,560)	(5,968,762)
GIDC	(1,794,465)	(2,023,800)
Petroleum Levy	(258,109)	(266,363)
Discounts (Barytes)	(19,300)	(15,834)
	(25,171,457)	(19,838,973)
	85,410,105	78,810,420

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

For the half year ended December 31, 2019

- 11.1 Revenue from contracts with customers includes revenue recognised based on take-or-pay arrangements.

Half Year Ended December 31, 2019	Half Year Ended December 31, 2018
--	--

(Rupees in thousand)

### 12. OPERATING EXPENSES

Salaries, wages, welfare and other benefits	3,716,161	3,621,755
Operators' personnel	1,058,943	837,223
Depreciation	4,714,031	4,940,186
Amortisation of decommissioning assets	618,851	673,464
Amortisation of D&P assets	6,009,756	4,656,666
Plant operations	1,782,109	1,602,012
Well interventions	731,665	834,132
Field services	1,073,350	885,989
Crude oil transportation	601,154	460,932
Travelling and conveyance	244,113	222,454
Training & development	15,880	6,247
PCA overheads	68,637	56,448
Insurance expenses	252,123	263,321
Free supply of gas to Sui villages	323,060	262,771
Social welfare / community development	97,206	75,598
Other expenses	32,209	56,336
	<u>21,339,248</u>	<u>19,455,534</u>

### 13. EXPLORATION EXPENSES

- 13.1 Exploration expenses for the period also include cost of dry wells amounting to Rs 10,423 million (December 2018: Rs 6,010 million).

Half Year Ended December 31, 2019	Half Year Ended December 31, 2018
--	--

(Rupees in thousand)

### 14. OTHER CHARGES

WPPF charge	1,741,133	2,164,440
Exchange loss on foreign currency (net)	1,711,733	-
Impairment loss on investment in PPLA - note 6.1	2,294,529	-
Provision for windfall levy on oil / condensate	1,576,000	2,053,000
Loss on disposal / write-off of stores and spares (net)	-	83,920
	<u>7,323,395</u>	<u>4,301,360</u>

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

For the half year ended December 31, 2019

	Half Year Ended December 31, 2019	Half Year Ended December 31, 2018
	(Rupees in thousand)	
<b>15. OTHER INCOME</b>		
<b>Income from financial assets</b>		
Income on loans and bank deposits	447,322	170,000
Income on term deposits	237,034	186,820
Income on long-term investments at amortised cost	990,742	810,483
Income from investment in treasury bills	39,107	128,501
Dividend income / gain on re-measurement / disposal of investments designated at fair value through profit or loss (net)	37,347	112,820
	<u>1,751,552</u>	<u>1,408,624</u>
<b>Income from assets other than financial assets</b>		
Rental income on assets	3,188	4,300
Profit on sale of property, plant and equipment (net)	7,626	15,875
Exchange gain on foreign currency (net)	-	4,795,095
Reversal of impairment loss on investment in PPLE	-	599,961
Share of profit on sale of LPG	4,785	16,460
Others - note 5.1	699,745	27,041
	<u>715,344</u>	<u>5,458,732</u>
	<u>2,466,896</u>	<u>6,867,356</u>
<b>16. TAXATION</b>		
Current		
- For the half year	12,282,871	11,590,600
- For the prior year	(452,890)	(177,396)
	<u>11,829,981</u>	<u>11,413,204</u>
Deferred	(3,448,261)	(1,483,219)
	<u>8,381,720</u>	<u>9,929,985</u>
<b>17. CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	3,145,749	4,190,767
Short-term highly liquid investments	4,071,953	4,642,500
	<u>7,217,702</u>	<u>8,833,267</u>

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

For the half year ended December 31, 2019

## 18. TRANSACTIONS WITH RELATED PARTIES

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

	Half Year Ended December 31, 2019	Half Year Ended December 31, 2018
	(Rupees in thousand)	
<b>Sales of gas / barytes to state controlled entities (including Government Levies)</b>		
GENCO-II	20,489,791	14,777,631
SSGCL	21,933,859	16,431,106
SNGPL	37,920,821	35,743,097
OGDCL	71,165	101,509
	<u>80,415,636</u>	<u>67,053,343</u>
<b>Long-term receivables, trade debts and other receivables from State controlled entities as at December 31</b>		
	<u>268,132,542</u>	<u>173,066,172</u>
<b>Transactions with subsidiaries</b>		
Receivable from PPLA as at December 31	-	66,924
Receivable from PPLE as at December 31	-	36,883
Payment of employees cost on secondment	69,777	29,568
Deposit for bank guarantee on behalf of PPLE - Block 29, Yemen	1,175,250	911,850
<b>Transactions with Associated Companies</b>		
Sales of crude oil / condensate to PARCO	3,587,887	3,165,623
Sales of crude oil / condensate to PRL	1,396,485	-
Payment to Total PARCO Pakistan Limited	277,066	403,189
Payment to Petroleum Institute of Pakistan	4,092	-
Deposits with Askari Bank Limited as at December 31	9,616	-

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

For the half year ended December 31, 2019

	Half Year Ended December 31, 2019	Half Year Ended December 31, 2018
	(Rupees in thousand)	
<b>Transactions with Joint Operations</b>		
Payments of cash calls to joint operations	<b>20,210,470</b>	21,605,054
Expenditures incurred by the joint operations	<b>18,952,735</b>	22,610,623
Under advance balances relating to joint operations as at December 31	<b>13,947,792</b>	12,645,827
Current account receivables relating to joint operations as at December 31	<b>2,878,957</b>	4,648,235
Current account payables relating to joint operations as at December 31	<b>683,048</b>	1,466,762
Income from rental of assets to joint operations	<b>3,188</b>	4,300
Purchase of goods from BME (net)	<b>267,783</b>	143,625
Reimbursement of employee cost on secondment to BME	<b>13,571</b>	10,393
<b>Other related parties</b>		
Dividend to GoP - note 18.2	<b>3,061,440</b>	1,996,591
Dividend to trust under BESOS - note 18.2	<b>333,429</b>	217,454
Dividend to trusts under retirement benefit funds - note 18.2	<b>2,524</b>	1,646
Transactions with retirement benefit funds	<b>550,815</b>	443,610
Remuneration to key management personnel	<b>1,625,688</b>	1,371,521
Payment of rental to Pakistan Industrial Development Corporation	<b>64,454</b>	58,592
Payment of rental to Karachi Port Trust	<b>3,200</b>	3,229
Payment to National Insurance Company Limited (NICL)	<b>264,565</b>	889,631
Insurance claim received from NICL	<b>72</b>	573
Payment to Pakistan State Oil Company Limited	<b>158,433</b>	208,876

**18.1** Aggregate amount charged in these unconsolidated condensed interim financial statements in respect of fees paid to ten non-executive directors was Rs 11.660 million (December 2018: Rs 13.005 million to ten non-executive directors).

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

For the half year ended December 31, 2019

- 18.2** The Company also issued bonus shares to (i) GoP: 306,143,957 shares (December 2018: 199,659,102 shares), (ii) Trust under BESOS: 33,342,886 shares (December 2018: 21,745,360 shares) and (iii) Trusts under retirement benefit funds: 252,437 shares (December 2018: 164,631 shares).
- 18.3** The Company has guaranteed to Midland Oil Company, Iraq (MdOC) for the performance and fulfilment of obligations by PPLA under the Exploration, Development and Production Service Contract (EDPSC). Total financial commitment of PPLA is US\$ 100 million (Rs 15,535 million), out of which US\$ 36.423 million (Rs 5,658 million) is outstanding.
- 18.4** The Company has provided parent company guarantee amounting to US\$ 5.3 million (Rs 823 million) to GoP in respect of PPLA's exploration licenses in Pakistan i.e. Barkhan, Harnai and Ziarat.

	Half Year Ended December 31, 2019	Half Year Ended December 31, 2018
<b>19. EARNINGS PER SHARE</b>		
<b>19.1 Basic earnings per share</b>		
Profit after taxation (Rs '000)	24,554,443	31,039,437
Dividend on convertible preference shares (Rs '000)	(35)	(34)
Profit attributable to ordinary shareholders (Rs '000)	<u>24,554,408</u>	<u>31,039,403</u>
		(Restated)
Weighted average number of ordinary shares in issue	<u>2,720,971,689</u>	2,720,971,169
		(Restated)
<b>Basic earnings per share (Rs)</b>	<u>9.02</u>	<u>11.41</u>
<b>19.1.1</b> 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, 2019	Half Year Ended December 31, 2018
<b>19.2 Diluted earnings per share</b>		
Profit after taxation (Rs '000)	24,554,443	31,039,437
		(Restated)
Weighted average number of ordinary shares in issue	2,720,971,689	2,720,971,169
Adjustment for convertible preference shares	<u>11,839</u>	<u>12,359</u>
Weighted average number of ordinary shares for diluted earnings per share	<u>2,720,983,528</u>	(Restated) 2,720,983,528
		(Restated)
<b>Diluted earnings per share (Rs)</b>	<u>9.02</u>	<u>11.41</u>

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

For the half year ended December 31, 2019

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## 20. DATE OF AUTHORISATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorised for issue on February 25, 2020 by the Board of Directors of the Company.

## 21. SUBSEQUENT / NON-ADJUSTING EVENTS

21.1 There are no subsequent / non-adjusting events that require disclosure in these unconsolidated condensed interim financial statements.

## 22. GENERAL

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

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

CHIEF EXECUTIVE OFFICER

**PAKISTAN PETROLEUM LIMITED**  
**CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2019**



**INDEPENDENT AUDITORS' REVIEW REPORT**

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

**Introduction**

We have reviewed the accompanying consolidated condensed interim statement of financial position of Pakistan Petroleum Limited as at December 31, 2019 and the related consolidated condensed interim statement of profit or loss, consolidated condensed interim statement of profit and loss and other comprehensive income, consolidated condensed interim statement of changes in equity, and consolidated condensed interim statement of cash flows, and notes to the consolidated condensed interim financial statements for the half year then ended (here-in-after referred to as the 'consolidated condensed interim financial statements'). Management is responsible for the preparation and presentation of these consolidated condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these consolidated condensed interim financial statements based on our review.

The figures of the consolidated condensed interim statement of profit or loss and consolidated condensed interim statement of profit or loss and other comprehensive income for the quarters ended December 31, 2019 and December 31, 2018 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2019.

**Scope of Review**

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

**Conclusion**

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

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

  
**A. F. Ferguson & Co.,  
Chartered Accountants  
Karachi**

Date: February 26, 2020

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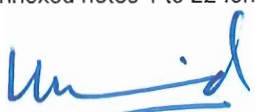

*A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network  
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan  
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>*

PAKISTAN PETROLEUM LIMITED



CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2019

	Note	December 31 2019 Unaudited (Rupees in thousand)	June 30 2019 Audited
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
<b>Fixed assets</b>			
Property, plant and equipment	5	153,584,310	161,072,524
Intangible assets		392,810	481,135
		<u>153,977,120</u>	<u>161,553,659</u>
Long-term investments	6	30,963,560	39,192,229
Long-term loans		47,261	34,019
Long-term deposits		7,676	7,676
Long-term receivables		41,905	83,810
		<u>185,037,522</u>	<u>200,871,393</u>
<b>CURRENT ASSETS</b>			
Stores and spares		3,872,171	3,146,982
Trade debts	7	282,293,585	227,630,133
Loans and advances		1,472,786	1,075,652
Trade deposits and short-term prepayments		485,920	471,475
Interest accrued		465,327	855,251
Current maturity of long-term investments	6	3,000,000	-
Current maturity of long-term loans		18,030	12,705
Current maturity of long-term deposits		1,175,250	911,850
Current maturity of long-term receivables		41,905	125,714
Other receivables		3,912,972	2,834,303
Short-term investments	8	8,767,470	16,115,618
Cash and bank balances		4,186,741	8,562,493
		<u>309,692,157</u>	<u>261,742,176</u>
<b>TOTAL ASSETS</b>		<u>494,729,679</u>	<u>462,613,569</u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital		27,209,836	22,674,872
Reserves		290,600,527	275,529,423
		<u>317,810,363</u>	<u>298,204,295</u>
<b>NON-CURRENT LIABILITIES</b>			
Provision for decommissioning obligation		24,560,881	25,164,640
Liabilities against assets subject to finance lease		7,357	12,107
Deferred liabilities		2,882,409	2,754,275
Deferred taxation		33,686,140	37,134,401
		<u>61,136,787</u>	<u>65,065,423</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	9	104,191,589	91,821,865
Unclaimed dividends		313,428	302,539
Current maturity of liabilities against assets subject to finance lease		31,197	56,029
Taxation - net		11,246,315	7,163,418
		<u>115,782,529</u>	<u>99,343,851</u>
<b>TOTAL LIABILITIES</b>		<u>176,919,316</u>	<u>164,409,274</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>494,729,679</u>	<u>462,613,569</u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	10		

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 OFFICER  
  
CHIEF EXECUTIVE OFFICER

PAKISTAN PETROLEUM LIMITED

CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UNAUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2019

	Note	Quarter ended December 31, 2019	Quarter ended December 31, 2018	Half year ended December 31, 2019	Half year ended December 31, 2018
----- (Rupees in thousand) -----					
<b>Revenue from contracts with customers</b>	11	<b>43,752,889</b>	40,723,109	<b>85,630,629</b>	79,056,837
Operating expenses	12	(12,230,291)	(10,436,093)	(21,533,587)	(19,593,804)
Royalties and other levies		(6,550,718)	(5,992,874)	(12,703,060)	(11,640,697)
		<u>(18,781,009)</u>	<u>(16,428,967)</u>	<u>(34,236,647)</u>	<u>(31,234,501)</u>
<b>Gross Profit</b>		<b>24,971,880</b>	24,294,142	<b>51,393,982</b>	47,822,336
Exploration expenses	13	(10,668,080)	(5,181,638)	(14,263,219)	(8,188,649)
Administrative expenses		(719,454)	(555,076)	(1,331,102)	(1,100,708)
Finance costs		(258,822)	(141,747)	(540,535)	(280,453)
Other charges	14	(1,440,852)	(2,200,877)	(5,008,753)	(4,301,360)
		<u>11,884,672</u>	<u>16,214,804</u>	<u>30,250,373</u>	<u>33,951,166</u>
Other income	15	1,620,985	4,927,838	2,556,801	6,344,601
<b>Profit before taxation</b>		<b>13,505,657</b>	21,142,642	<b>32,807,174</b>	40,295,767
Taxation	16	(3,408,709)	(4,684,342)	(8,362,644)	(10,028,238)
<b>Profit after taxation</b>		<b>10,096,948</b>	<u>16,458,300</u>	<b>24,444,530</b>	<u>30,267,529</u>
			(Restated)		(Restated)
<b>Basic and diluted earnings per share (Rs)</b>	19	<b>3.71</b>	6.05	<b>8.98</b>	11.12

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

  
CHIEF FINANCIAL OFFICER

  
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DIRECTOR

  
CHIEF EXECUTIVE OFFICER



  
CHIEF EXECUTIVE OFFICER

PAKISTAN PETROLEUM LIMITED



CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME (UNAUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2019

	Quarter ended December 31, 2019	Quarter ended December 31, 2018	Half year ended December 31, 2019	Half year ended December 31, 2018
	----- (Rupees in thousand) -----			
Profit after taxation	10,096,948	16,458,300	24,444,530	30,267,529
Other comprehensive income / (loss)				
Items that will not be subsequently reclassified in profit or loss				
Remeasurement gains / (losses) on defined benefit plans - net	-	-	-	-
Deferred taxation	-	-	-	-
Items that may be reclassified to profit or loss in subsequent periods				
Foreign exchange differences on translation of subsidiaries	(39,040)	560,422	(303,487)	854,988
Other comprehensive (loss) / income, net of tax	(39,040)	560,422	(303,487)	854,988
<b>Total comprehensive income for the year</b>	<u>10,057,908</u>	<u>17,018,722</u>	<u>24,141,043</u>	<u>31,122,517</u>

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

  
CHIEF FINANCIAL OFFICER  
  
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DIRECTOR

  
CHIEF EXECUTIVE OFFICER  
  
CHIEF EXECUTIVE OFFICER

PAKISTAN PETROLEUM LIMITED

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2019

	Half year ended December 31, 2019	Half year ended December 31, 2018
Note	(Rupees in thousand)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	56,143,946	54,816,176
Receipts of other income	703,864	4,882,020
Payment to suppliers / service providers and employees - net	(19,077,490)	(14,762,901)
Payment of indirect taxes and Government levies including royalties	(24,278,074)	(27,080,514)
Income tax paid	(7,693,959)	(6,967,582)
Finance costs paid	(4,739)	(7,116)
Long-term loans to employees - net	(18,567)	823
Net cash generated from operating activities	5,774,981	10,880,906
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditure	(17,471,756)	(18,823,100)
Proceeds from sale of property, plant and equipment	10,634	18,993
Redemption / (purchase) of long-term investments	2,867,495	(5,272,427)
Disposal of mutual funds	4,049,860	-
Long-term deposits	(263,400)	-
Long-term receivables	125,714	-
Finance income received	2,192,732	1,313,354
Net cash used in investing activities	(8,488,721)	(22,763,180)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payment of liabilities against assets subject to finance lease	(29,582)	(46,902)
Dividends paid	(4,524,086)	(2,970,509)
Net cash used in financing activities	(4,553,668)	(3,017,411)
Net decrease in cash and cash equivalents	(7,267,408)	(14,899,685)
Cash and cash equivalents at the beginning of the period	20,661,813	30,631,049
Net foreign exchange differences	(440,194)	1,019,565
<b>Cash and cash equivalents at the end of the period</b>	17 12,954,211	16,750,929

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

  
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CHIEF EXECUTIVE OFFICER

PAKISTAN PETROLEUM LIMITED

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2019

	Subscribed and paid-up share capital		Capital reserve	Revenue reserves	Total
	Ordinary	Convertible preference			
----- (Rupees in thousand) -----					
Balance as at June 30, 2018 (Audited)	19,717,181	114	1,428	220,730,773	240,449,496
<b>Comprehensive income for the period</b>					
Profit after taxation	-	-	-	30,267,529	30,267,529
Other comprehensive income for the half year ended December 31, 2018, net of tax	-	-	-	854,988	854,988
Total comprehensive income for the half year ended December 31, 2018	-	-	-	31,122,517	31,122,517
<b>Transactions with owners</b>					
Issuance of 15% bonus shares to ordinary shareholders	2,957,577	-	-	(2,957,577)	-
Final dividend on ordinary shares for the year ended June 30, 2018 @ 15%	-	-	-	(2,957,577)	(2,957,577)
Conversion of preference shares into ordinary shares	4	(4)	-	-	-
<b>Balance as at December 31, 2018</b>	<b>22,674,762</b>	<b>110</b>	<b>1,428</b>	<b>245,938,136</b>	<b>268,614,436</b>
Balance as at June 30, 2019 (Audited)	22,674,764	108	1,428	275,527,995	298,204,295
<b>Comprehensive income for the period</b>					
Profit after taxation	-	-	-	24,444,530	24,444,530
Other comprehensive loss for the half year ended December 31, 2019, net of tax	-	-	-	(303,487)	(303,487)
Total comprehensive income for the half year ended December 31, 2019	-	-	-	24,141,043	24,141,043
<b>Transactions with owners</b>					
- Ordinary shareholders					
Issuance of 20% bonus shares	4,534,953	-	-	(4,534,953)	-
Final dividend for the year ended June 30, 2019 @ 20%	-	-	-	(4,534,953)	(4,534,953)
- Convertible preference shareholders					
Issuance of 10% bonus shares	-	11	-	(11)	-
Final dividend for the year ended June 30, 2019 @ 20%	-	-	-	(22)	(22)
Conversion of preference shares into ordinary shares	1	(1)	-	-	-
<b>Balance as at December 31, 2019</b>	<b>27,209,718</b>	<b>118</b>	<b>1,428</b>	<b>290,599,099</b>	<b>317,810,363</b>

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 OFFICER

  
CHIEF EXECUTIVE OFFICER

**NOTES TO AND FORMING PART OF THE CONSOLIDATED CONDENSED INTERIM  
FINANCIAL STATEMENTS (UNAUDITED)**

For the half year ended December 31, 2019

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**1. LEGAL STATUS AND OPERATIONS**

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

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

**1.1 Pakistan Petroleum Limited**

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

**1.2 PPL Europe E&P Limited**

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

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

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

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

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

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

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

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**NOTES TO AND FORMING PART OF THE CONSOLIDATED CONDENSED INTERIM  
FINANCIAL STATEMENTS (UNAUDITED)**

For the half year ended December 31, 2019

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**2. BASIS OF PREPARATION**

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

These consolidated condensed interim financial statements are unaudited and do not include all the information and disclosures required in the audited annual consolidated financial statements and should be read in conjunction with the audited consolidated financial statements for the year ended June 30, 2019.

- 2.2** The SECP through its letter CLD/RD/CO.237/PPL/2004 dated July 6, 2004 has exempted the Holding Company from consolidation of financial statements in respect of its investment in PPPFTC, a wholly owned subsidiary. Accordingly, the Group has not consolidated the subsidiary in its consolidated condensed interim financial statements for the half year ended December 31, 2019.

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

IFRS 16 'Leases' - IFRS 16 replaces the previous lease standard: IAS 17 Leases. It will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short term and low value leases.

The changes laid down by this standard have been disclosed in note 3.2 of these consolidated condensed interim financial statements.

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

The other new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after January 1, 2019 are considered not to be relevant for the Group's financial statements and hence have not been detailed here.

**3. CHANGE IN SIGNIFICANT ACCOUNTING POLICIES**

- 3.1** The accounting policies and the methods of computation adopted in the preparation of these consolidated condensed interim financial statements are the same as those applied in the preparation of the consolidated financial statements for the year ended June 30, 2019, except for 'Leases' as mentioned in note 3.2.

**NOTES TO AND FORMING PART OF THE CONSOLIDATED CONDENSED INTERIM  
FINANCIAL STATEMENTS (UNAUDITED)**

For the half year ended December 31, 2019

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**3.2 IFRS - 16 "Leases"**

Effective July 1, 2019, the Group has adopted IFRS 16, "Leases" which replaces existing guidance on accounting for leases, including IAS 17 'Leases', IFRIC 4 'Determining whether an arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the substance of transactions involving the legal form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right-of-use of the underlying asset and a lease liability representing its obligations to make lease payments. Lessor accounting remains unchanged i.e. lessors continue to classify leases as finance or operating leases. The accounting policies relating to Group's right-of-use asset and lease liability are disclosed in note 3.3.

The Group has adopted IFRS 16 retrospectively from July 1, 2019. Based on the assessment carried out during the period, the impact of IFRS 16 on these consolidated condensed interim financial statements is not material. Therefore, no adjustment has been made in these consolidated condensed interim financial statements.

**3.3 Lease liability and right-of-use asset**

At inception of a contract, the Group assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Group's incremental borrowing rate.

Lease payments include fixed payments, variable lease payments that are based on an index or a rate, amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option, less any lease incentives receivable. The extension and termination options are incorporated in determination of lease term only when the Group is reasonably certain to exercise these options.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. The corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit and loss if the carrying amount of right-of-use asset has been reduced to nil value.

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**NOTES TO AND FORMING PART OF THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**

For the half year ended December 31, 2019

The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right-of-use asset is depreciated on a straight line basis over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits associated with the right-of-use asset. The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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

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

The preparation of these consolidated condensed interim financial statements in conformity with the accounting and reporting standards as applicable in Pakistan for interim reporting requires management to make estimates, assumptions and apply judgments that affect the application of accounting policies and the reported amounts of assets, 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, 2019.

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, 2019.

	<b>December 31, 2019 Unaudited</b>	<b>June 30, 2019 Audited</b>
	(Rupees in thousand)	
<b>5. PROPERTY, PLANT AND EQUIPMENT</b>		
Operating Net Book Value (NBV)	<b>99,830,396</b>	103,852,905
Additions to owned assets - note 5.1	<b>13,895,739</b>	17,269,328
	<b>113,726,135</b>	121,122,233
Disposals during the period / year (NBV)	<b>(3,008)</b>	(4,638)
Adjustments during the period / year (NBV)	<b>(1,311,754)</b>	(451,895)
Depreciation / amortisation charged during the period / year	<b>(11,566,696)</b>	(20,835,304)
	<b>100,844,677</b>	99,830,396
Capital work-in-progress - note 5.2	<b>52,739,633</b>	61,242,128
	<b>153,584,310</b>	161,072,524

**NOTES TO AND FORMING PART OF THE CONSOLIDATED CONDENSED INTERIM  
FINANCIAL STATEMENTS (UNAUDITED)**

For the half year ended December 31, 2019

- 5.1 This includes cost of Unarpur-1 well in Kotri North block amounting to Rs 672 million. The Holding Company farmed-out its 50% working interest in Kotri North block along with operatorship to United Energy Pakistan Limited (UEPL). As part of the farm-out agreement, UEPL carried the Holding Company in the said well by paying its share of the cost. Post discovery and commencement of commercial production from the well, the Holding Company has capitalised the well at it's share of cost. The corresponding credit in the statement of profit or loss is included in other income.

	<b>December 31, 2019 Unaudited</b>	<b>June 30, 2019 Audited</b>
	(Rupees in thousand)	
<b>5.2 Capital work-in-progress</b>		
Plant, machinery, fittings and pipelines	11,739,449	9,418,322
Exploration and Evaluation (E&E) assets - note 5.2.1	16,040,748	26,217,783
Development and production (D&P) assets	7,975,088	7,461,181
Lands, buildings and civil constructions	149,453	157,547
Capital stores for drilling and development	16,834,895	17,987,295
	<u>52,739,633</u>	<u>61,242,128</u>

- 5.2.1 Amounts under E&E assets are net of cost of dry wells charged to profit or loss during the period / year, amounting to Rs 10,423 million (June 30, 2019: Rs 18,998 million).

	<b>December 31, 2019 Unaudited</b>	<b>June 30, 2019 Audited</b>
	(Rupees in thousand)	
<b>6. LONG-TERM INVESTMENTS</b>		
<b>Investments in related parties</b>		
- Wholly owned subsidiaries		
- PPPFTC	1	1
<b>Other investments</b>		
- At amortised cost		
- Foreign currency term deposits with banks - note 6.1	33,963,559	39,192,228
Less: Current Maturity of Foreign currency term deposits	(3,000,000)	-
	<u>30,963,560</u>	<u>39,192,229</u>

- 6.1 This represents foreign currency term deposits with banks amounting to US\$ 219.332 million (June 30, 2019: US\$ 238.977 million).

**NOTES TO AND FORMING PART OF THE CONSOLIDATED CONDENSED INTERIM  
FINANCIAL STATEMENTS (UNAUDITED)**  
For the half year ended December 31, 2019

	December 31, 2019 Unaudited (Rupees in thousand)	June 30, 2019 Audited
<b>7. TRADE DEBTS</b>		
<b>Unsecured and considered good</b>		
<b>Related parties</b>		
Central Power Generation Company Limited (GENCO-II)	46,900,821	36,356,708
Sui Northern Gas Pipelines Limited (SNGPL)	131,622,622	107,862,822
Sui Southern Gas Company Limited (SSGCL)	89,681,625	73,583,432
Pak-Arab Refinery Limited (PARCO)	1,323,374	1,335,964
Pakistan Refinery Limited (PRL)	733,767	623,152
Oil & Gas Development Company Limited (OGDCL)	28,865	371,716
	<u>270,291,074</u>	<u>220,133,794</u>
<b>Non-related parties</b>		
Attock Refinery Limited (ARL)	11,062,644	6,349,987
National Refinery Limited (NRL)	697,044	639,950
Others	242,823	506,402
	<u>12,002,511</u>	<u>7,496,339</u>
	<u>282,293,585</u>	<u>227,630,133</u>
<b>Unsecured and considered doubtful</b>		
<b>Non-related party</b>		
Byco Petroleum Pakistan Limited (Byco)	1,156,220	1,156,220
Less: Provision for doubtful debts - note 7.3	(1,156,220)	(1,156,220)
	<u>-</u>	<u>-</u>
	<u>282,293,585</u>	<u>227,630,133</u>
<b>7.1 The ageing of trade debts is as follows:</b>		
Neither past due nor impaired	29,682,032	29,826,683
Past due but not impaired:		
<b>Related parties</b>		
- within 90 days	42,878,792	33,604,162
- 91 to 180 days	31,018,881	30,228,424
- over 180 days	172,813,062	130,377,368
	<u>246,710,735</u>	<u>194,209,954</u>
<b>Non-related parties</b>		
- within 90 days	4,435,370	2,477,229
- 91 to 180 days	289,101	134,240
- over 180 days	1,176,347	982,027
	<u>5,900,818</u>	<u>3,593,496</u>
	<u>282,293,585</u>	<u>227,630,133</u>

**NOTES TO AND FORMING PART OF THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**

For the half year ended December 31, 2019

- 7.2** Trade debts include overdue amount of Rs 246,104 million (June 30, 2019: Rs 192,966 million) receivable from the State controlled companies (i.e. GENCO-II, SNGPL, SSGCL and OGDCL) and Rs 7,730 million (June 30, 2019: Rs 5,994 million) overdue receivable from refineries (i.e. ARL, Byco, PARCO, NRL and PRL) and various LPG customers.

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

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

	<b>December 31, 2019 Unaudited</b>	<b>June 30, 2019 Audited</b>
	(Rupees in thousand)	
<b>8. SHORT-TERM INVESTMENTS</b>		
<b>At amortised cost</b>		
- Foreign currency term deposits with banks	4,695,517	7,872,820
- Local currency term deposits with banks	4,071,953	4,226,500
<b>At fair value through profit or loss</b>		
- Mutual Funds	-	4,016,298
	<u>8,767,470</u>	<u>16,115,618</u>
<b>9. TRADE AND OTHER PAYABLES</b>		
Creditors	650,097	858,920
Accrued liabilities	9,835,578	10,066,034
Security deposits from LPG distributors	200,000	347,280
Retention money	87,058	117,425
Gas Development Surcharge (GDS)	31,407,448	21,537,888
Gas Infrastructure Development Cess (GIDC)	9,461,815	7,667,350
Federal excise duty (net)	-	16,751
Sales tax (net)	150,547	66,747
Royalties	8,036,063	9,153,785
Lease extension bonus	17,965,333	15,481,758
Current accounts with joint operations	16,356,901	17,635,895
Staff retirement benefit plans	421,055	1,050,689
Provision for windfall levy on oil/condensate - note 10.2	7,294,937	5,718,937
Workers' Profits Participation Fund (WPPF)	1,741,133	-
Contractual obligations for Iraq EDPSC	396,781	1,709,746
Others	186,843	392,660
	<u>104,191,589</u>	<u>91,821,865</u>
<b>10. CONTINGENCIES AND COMMITMENTS</b>		

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, 2019, except for the following:

**NOTES TO AND FORMING PART OF THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**

For the half year ended December 31, 2019

**10.1** During the period, with respect to the Holding Company, the Tax Authorities while amending the assessment for the tax year 2019 have created a demand of Rs 2,437 million primarily on account of provision for windfall levy and un-realised exchange gain. The demand created was duly paid by the Holding Company under protest. Being aggrieved the Holding Company has filed an appeal before the CIR-(A).

Subsequent to the period, the Tax Authorities have also issued a show-cause notice intending to further amend the assessment of the Holding Company for the tax year 2019 on account of depletion allowance, tax credit under section 65B and super tax. Based on the advice of the legal counsel, the Holding Company filed a Constitutional Petition challenging the impugned show-cause notice before the Honourable Sindh High Court (SHC). The Honourable SHC vide an interim order dated January 23, 2020 has directed the Tax Authorities not to pass an adverse final order in respect of the said show-cause notice.

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

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

There has been no change in the status of the matter as disclosed in note 27.1.9 to the consolidated financial statements for the year ended June 30, 2018, except that the case lastly came up for hearing on January 16, 2020 on which date the Federation sought an adjournment. The stay order already in effect was extended till next date of hearing, which is fixed for March 19, 2020.

Half year ended December 31, 2019	Half year ended December 31, 2018
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(Rupees in thousand)

**11. REVENUE FROM CONTRACTS WITH CUSTOMERS**

**Gross revenue**

Natural gas	80,796,504	67,321,551
Gas supplied to Sui villages	323,060	262,771
Internal consumption of gas	202,627	153,756
Crude oil / Condensate / Natural Gas Liquids	24,776,467	25,510,321
LPG	4,370,495	5,118,676
Barytes	371,379	569,417
	<u>110,840,532</u>	<u>98,936,492</u>

**Government levies / discounts**

Federal excise duty	(906,972)	(1,014,845)
Sales tax	(12,361,497)	(10,590,051)
GDS	(9,869,560)	(5,968,762)
GIDC	(1,794,465)	(2,023,800)
Petroleum levy	(258,109)	(266,363)
Discounts (Barytes)	(19,300)	(15,834)
	<u>(25,209,903)</u>	<u>(19,879,655)</u>
	<u>85,630,629</u>	<u>79,056,837</u>

**NOTES TO AND FORMING PART OF THE CONSOLIDATED CONDENSED INTERIM  
FINANCIAL STATEMENTS (UNAUDITED)**  
For the half year ended December 31, 2019

- 11.1 Revenue from contracts with customers includes revenue recognised based on take-or-pay arrangements.

	Half year ended December 31, 2019	Half year ended December 31, 2018
	(Rupees in thousand)	
<b>12. OPERATING EXPENSES</b>		
Salaries, wages, welfare and other benefits	3,716,161	3,621,755
Operator's personnel	1,084,838	853,699
Depreciation	4,757,064	4,940,186
Amortisation of decommissioning assets	618,851	673,464
Amortisation of D&P assets	6,076,876	4,759,936
Plant operations	1,792,979	1,610,930
Well interventions	752,519	840,788
Field services	1,096,064	887,276
Crude oil transportation	601,154	460,932
Travelling and conveyance	244,113	222,454
Training & development	15,880	6,375
PCA overheads	70,183	57,042
Insurance expenses	254,203	263,878
Free supply of gas to Sui villages	323,060	262,771
Social welfare / community development	97,206	75,982
Other expenses	32,436	56,336
	<b>21,533,587</b>	<b>19,593,804</b>

**13. EXPLORATION EXPENSES**

- 13.1 Exploration expenses for the period also include cost of dry wells amounting to Rs 10,423 million (December 2018: Rs 6,010 million).

	Half year ended December 31, 2019	Half year ended December 31, 2018
	(Rupees in thousand)	
<b>14. OTHER CHARGES</b>		
WPPF charge	1,741,133	2,164,440
Exchange loss on foreign currency (net)	1,691,620	-
Provision for windfall levy on oil / condensate	1,576,000	2,053,000
Loss on disposal / write-off of stores and spares (net)	-	83,920
	<b>5,008,753</b>	<b>4,301,360</b>

**NOTES TO AND FORMING PART OF THE CONSOLIDATED CONDENSED INTERIM  
FINANCIAL STATEMENTS (UNAUDITED)**

For the half year ended December 31, 2019

	Half year ended December 31, 2019	Half year ended December 31, 2018
	(Rupees in thousand)	
<b>15. OTHER INCOME</b>		
<b>Income from financial assets</b>		
Income on loans and bank deposits	447,322	151,435
Income on term deposits	326,939	291,507
Income on long-term investments at amortised cost	990,742	810,483
Income from investment in treasury bills	39,107	128,501
Dividend income /gain on re-measurement /disposal of investments designated at fair value through profit or loss (net)	37,347	112,820
	<u>1,841,457</u>	<u>1,494,746</u>
<b>Income from assets other than financial assets</b>		
Rental income on assets	3,188	4,300
Profit on sale of property, plant and equipment (net)	7,626	15,875
Exchange gain on foreign currency (net)	-	4,786,180
Share of profit on sale of LPG	4,785	16,460
Others - note 5.1	699,745	27,040
	<u>715,344</u>	<u>4,849,855</u>
	<u>2,556,801</u>	<u>6,344,601</u>
<b>16. TAXATION</b>		
Current		
- For the half Year	12,297,430	11,672,688
- For the previous Year	(486,525)	(161,231)
	<u>11,810,905</u>	<u>11,511,457</u>
Deferred	(3,448,261)	(1,483,219)
	<u>8,362,644</u>	<u>10,028,238</u>
<b>17. CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	4,186,741	4,384,390
Short-term highly liquid investments	8,767,470	12,366,539
	<u>12,954,211</u>	<u>16,750,929</u>

**NOTES TO AND FORMING PART OF THE CONSOLIDATED CONDENSED INTERIM  
FINANCIAL STATEMENTS (UNAUDITED)**

For the half year ended December 31, 2019

**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, 2019	Half year ended December 31, 2018
	(Rupees in thousand)	
<b>Sales of gas / barytes to State controlled entities (including Government levies)</b>		
GENCO-II	20,489,791	14,777,631
SSGCL	22,021,765	16,500,568
SNGPL	38,091,885	35,949,893
OGDCL	71,165	101,509
	<u>80,674,606</u>	<u>67,329,601</u>
<b>Long-term receivables, trade debts and other receivables from state controlled entities as at December 31</b>	<u>268,353,202</u>	<u>173,278,086</u>
<b>Transactions with Associated Companies</b>		
Sales of crude oil / condensate to PARCO	<u>3,587,887</u>	<u>3,165,623</u>
Sales of crude oil / condensate to PRL	<u>1,396,485</u>	<u>-</u>
Payment to Total PARCO Pakistan Limited	<u>277,066</u>	<u>403,189</u>
Payment to Petroleum Institute of Pakistan	<u>4,092</u>	<u>-</u>
Deposits with Askari Bank Limited as at December 31	<u>9,616</u>	<u>-</u>
<b>Transactions with Joint Operations</b>		
Payments of cash calls to joint operations	<u>20,236,065</u>	<u>22,109,748</u>
Expenditures incurred by the joint operations	<u>19,141,945</u>	<u>22,989,959</u>
Under advance balances relating to joint operations as at December 31	<u>14,546,818</u>	<u>13,042,134</u>
Current account receivables relating to joint operations as at December 31	<u>2,878,957</u>	<u>4,648,235</u>
Current account payables relating to joint operations as at December 31	<u>683,048</u>	<u>1,466,762</u>
Income from rental of assets to joint operations	<u>3,188</u>	<u>4,300</u>
Purchase of goods from BME (net)	<u>267,783</u>	<u>143,625</u>
Reimbursement of employee cost on secondment to BME	<u>13,571</u>	<u>10,393</u>



**NOTES TO AND FORMING PART OF THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**

For the half year ended December 31, 2019

	Half year ended December 31, 2019	Half year ended December 31, 2018
	(Rupees in thousand)	
<b>Other related parties</b>		
Dividend to GoP - note 18.2	<u>3,061,440</u>	<u>1,996,591</u>
Dividend to trust under BESOS - note 18.2	<u>333,429</u>	<u>217,454</u>
Dividend to trusts under retirement benefits funds - note 18.2	<u>2,524</u>	<u>1,646</u>
Transactions with retirement benefit funds	<u>550,815</u>	<u>443,610</u>
Remuneration to key management personnel	<u>1,625,688</u>	<u>1,371,521</u>
Payment of rental to Pakistan Industrial Development Corporation	<u>64,454</u>	<u>58,592</u>
Payment of rental to Karachi Port Trust	<u>3,200</u>	<u>3,229</u>
Payment to National Insurance Company Limited (NICL)	<u>264,565</u>	<u>889,631</u>
Insurance claim received from NICL	<u>72</u>	<u>573</u>
Payment to Pakistan State Oil Company Limited	<u>158,433</u>	<u>208,876</u>

**18.1** Aggregate amount charged in these consolidated condensed interim financial statements in respect of fees paid to ten non-executive directors of the Holding Company was Rs 11.660 million (December 2018: Rs 13.005 million to ten non-executive directors).

**18.2** The Holding Company also issued bonus shares to (i) GoP: 306,143,957 shares (December 2018: 199,659,102 shares), (ii) Trust under BESOS: 33,342,886 shares (December 2018: 21,745,360 shares) and (iii) Trusts under retirement benefit funds: 252,437 shares (December 2018: 164,631 shares).

**18.3** 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 15,535 million), out of which US\$ 36.423 million (Rs 5,658 million) is outstanding.

**18.4** The Holding Company has provided parent company guarantee amounting to US\$ 5.3 million (Rs 823 million) to GoP in respect of PPLA's exploration licenses in Pakistan i.e. Barkhan, Harnai and Ziarat.

	Half year ended December 31, 2019	Half year ended December 31, 2018
<b>19. EARNINGS PER SHARE</b>		
<b>19.1 Basic earnings per share</b>		
Profit after taxation (Rs '000)	<u>24,444,530</u>	<u>30,267,529</u>
Dividend on convertible preference shares (Rs '000)	<u>(35)</u>	<u>(34)</u>
Profit attributable to ordinary shareholders (Rs '000)	<u>24,444,495</u>	<u>30,267,495</u>
		(Restated)
Weighted average number of ordinary shares in issue	<u>2,720,971,689</u>	<u>2,720,971,169</u>
		(Restated)
<b>Basic earnings per share (Rs)</b>	<u>8.98</u>	<u>11.12</u>

**NOTES TO AND FORMING PART OF THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**

For the half year ended December 31, 2019

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, 2019	Half year ended December 31, 2018
<b>19.2 Diluted earnings per share</b>		
Profit after taxation (Rs '000)	<u>24,444,530</u>	<u>30,267,529</u>
		(Restated)
Weighted average number of ordinary shares in issue	<u>2,720,971,689</u>	2,720,971,169
Adjustment for convertible preference shares	<u>11,839</u>	12,359
		(Restated)
Weighted average number of ordinary shares for diluted earnings per share	<u>2,720,983,528</u>	<u>2,720,983,528</u>
		(Restated)
Diluted earnings per share (Rs)	<u>8.98</u>	<u>11.12</u>

**20. DATE OF AUTHORISATION FOR ISSUE**

These consolidated condensed interim financial statements were authorised for issue on February 25, 2020 by the Board of Directors of the Holding Company.

**21. SUBSEQUENT / NON-ADJUSTING EVENTS**

21.1 There are no subsequent / non-adjusting events that require disclosure in these consolidated condensed interim financial statements.

**22. GENERAL**

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

  
CHIEF FINANCIAL OFFICER

  
CHIEF FINANCIAL OFFICER

  
DIRECTOR

  
CHIEF EXECUTIVE OFFICER

  
CHIEF EXECUTIVE OFFICER



**Pakistan Petroleum Limited**

PIDC House, Dr. Ziauddin Ahmed Road  
P.O. Box 3942, Karachi-75530, Pakistan  
UAN: +92 (21) 111 568568  
Fax: +92 (21) 35680005, 35682125  
website: [www.ppl.com.pk](http://www.ppl.com.pk)